

**Panasian Power PLC**

Annual Report 2021/22



# GROWING AHEAD





# GROWING AHEAD

When considering growth, there is much to assess in terms of our endurance and resilience. We chose to adapt and fortify, in the new normal, staying on pace with the renewed requirement for sustainable and clean energy in a changing world. Therefore in creating a more prudent game plan for our long term development and value, we have balanced our sustainability goals along with our progress in order to make headway in our journey while, most importantly, expanding our capacity to meet growing energy needs.

**With growth ahead, we are growing ahead!**



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## Management Discussion and Analysis

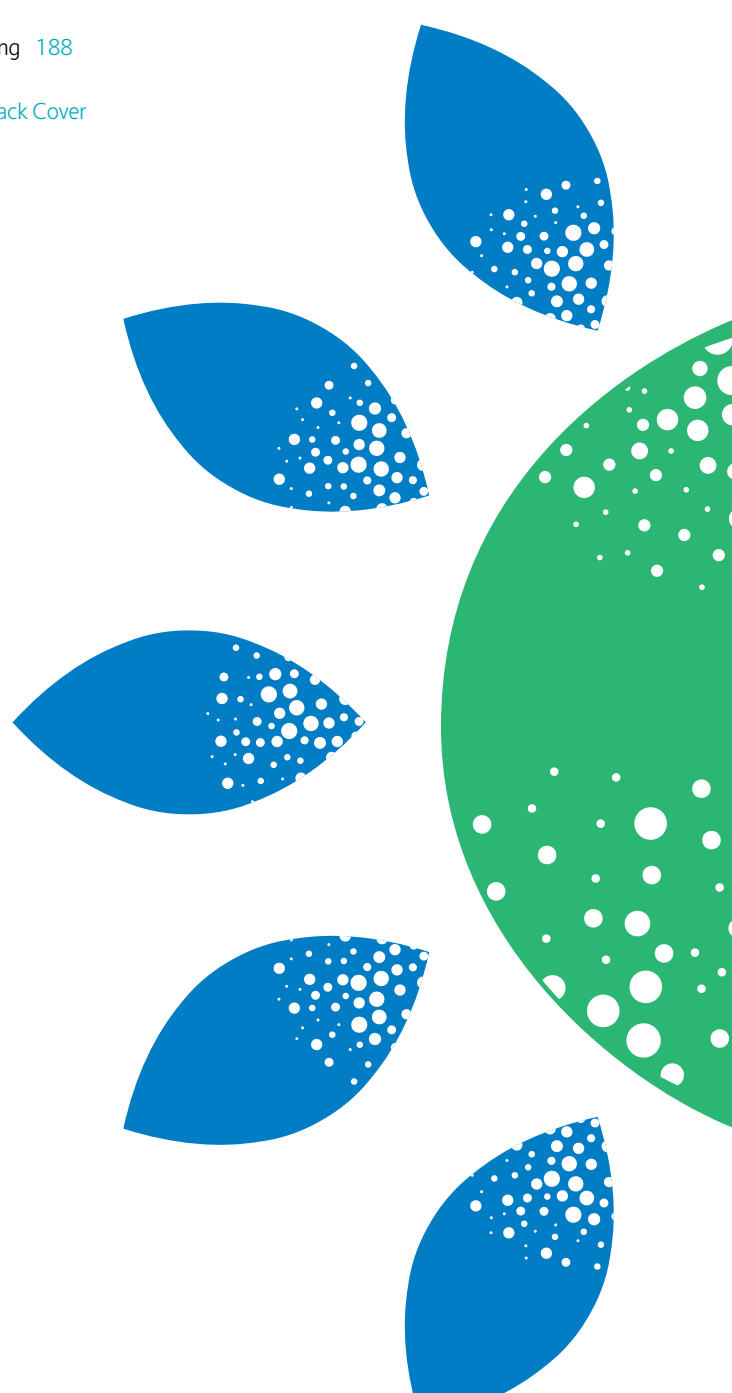
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# About Us

## 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.

## 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

# About the Report

## Scope and Boundary

This is the 3rd integrated report published by Panasian Power PLC (PAP). It covers the activities of the Company for the financial period from 01 April 2021 to 31 March 2022 which coincides with the Company's financial reporting cycle. The report captures the financial and non-financial performance of the Company for the reporting period.

While the overall scope and boundary of this report is much the same as the previous report published for FY 2020/21, this current report provides a much deeper insight into the Company's progress in non-financial and qualitative aspects of the business.

All previous reports including the most recent past report for FY 2020/21 are available for viewing and download on the corporate website - [www.panasianpower.com](http://www.panasianpower.com) (investors tab)

## Materiality

The content of this report has been arranged on the basis of Materiality, where we have given prominence to matters that substantially affect the Company's ability to create and sustain value over the short, medium and long-term. We have adopted a comprehensive process to determine what aspects are Material. This is explained in greater detail on page 14 of this report.

## Reporting Frameworks

### Integrated Reporting

To capture the Company's progress in delivering stakeholder value, this report has been compiled in line with International Integrated Reporting Council's ("IIRC's") Integrated Reporting <IR> Framework, which considers the six capitals, namely financial, manufactured, intellectual, human, social and relationship and natural capital.

## Assurance

Assurance is provided by a combination of internal and external sources. The content included in this Integrated Report has been approved by the respective business heads and reviewed by the Corporate Management Team prior to submission to the Board of Directors for approval.

An independent review of PAP's Financial Statements as at 31 March 2022 has been carried out by the Company's external Auditors - M/S KPMG. Their report is shown on pages 112 to 115.

## Forward Looking Statements

Certain information contained in this Integrated Report may constitute "forward-looking statements". It is important to note that the actual results and the Company's performance at a later date, may differ from those implied by such statements due to many factors. Readers are therefore cautioned not to place undue reliance on such "forward-looking statements".



### Financial Reporting

Financial Statements for the year ended 31 March 2022 have been prepared in accordance with;

- Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka
- International Financial Reporting Standards - (IFRS) Foundation
- The Companies Act no. 7 of 2007



### Governance Reporting

The Corporate Governance Report on page 66 has been prepared in accordance with the Code of Best Practice on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka (ICASL).



### Sustainability Reporting

Sustainability disclosure have been aligned to;

- Global Reporting Initiative (GRI) Standards "In Accordance Core"
- United Nations Sustainable Development Goals (SDG's)

PAP does not undertake any obligation to update any revisions to these statements publicly after the date of this report.

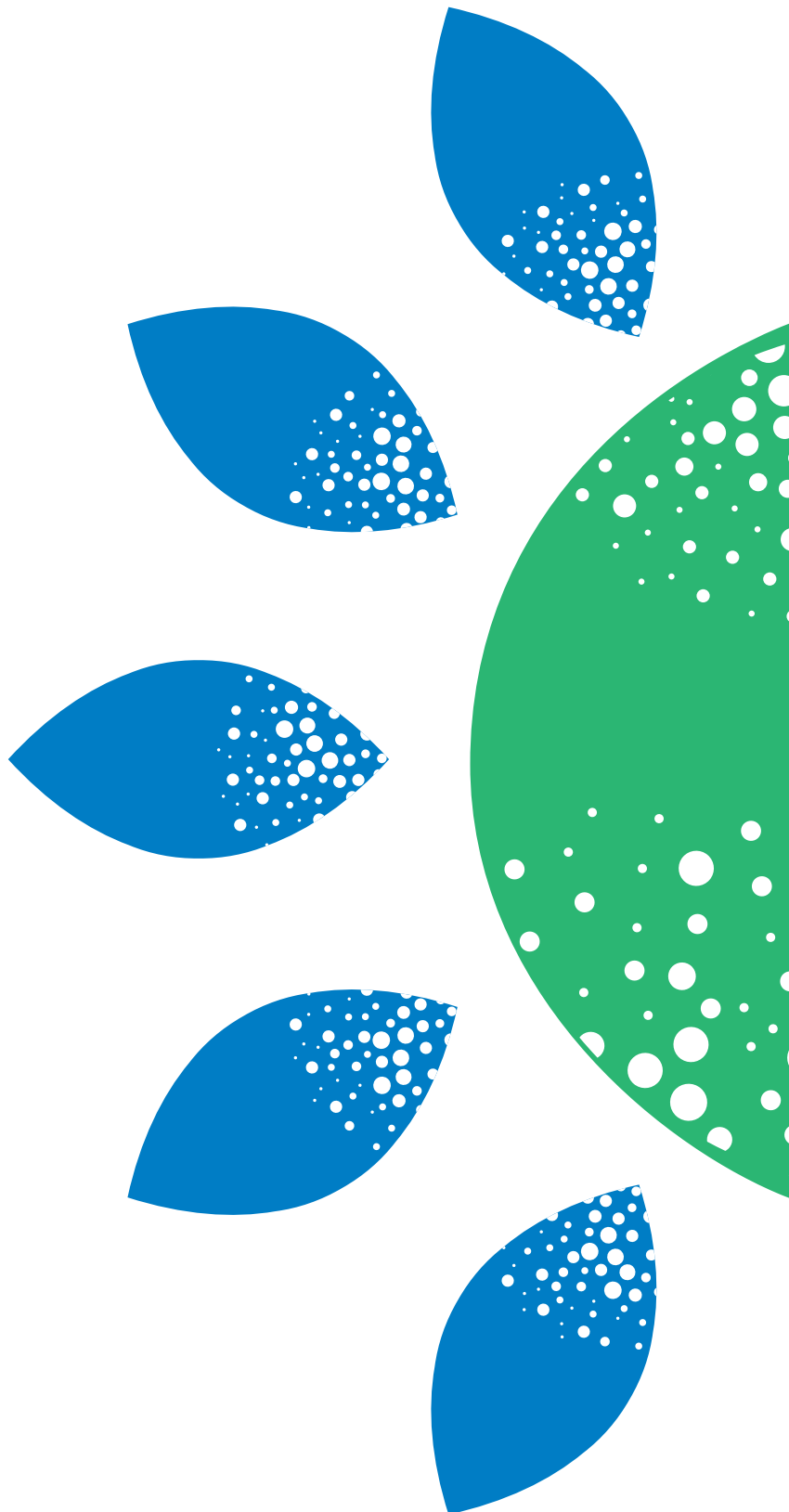
### **Board Responsibility**

The Pansian Power PLC Board of Directors understand their responsibility for ensuring the accuracy and completeness of this Integrated Report. Accordingly, the Board confirms that it has collectively reviewed the content of the Integrated Report, and has approved the report for release.

The Board further confirms that there are no material restatement of information provided in earlier reports.

### **Feedback**

In line with PAP's commitment to continuously improve the quality of its reporting suite, the Company encourages stakeholders to provide their feedback on this report or any other matters, to: [info@panasianpower.com](mailto:info@panasianpower.com)



# Key Milestones

**2002**

Company incorporated

**2004**

Rathganga 2 MW Mini Hydro Plant commissioned

**2008**

Manelwala 2.4 MW Mini Hydro plant commissioned

**2011**

Panasian Power goes public and lists on Colombo Stock Exchange

**2014**

Rathganga 1 MW expansion

**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)

Pannala - Commissioned 1 MW  
Ground Solar Project

2020

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

Matara - Commissioned 3  
Ground solar projects  
(1MW each)

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

2019

PAP commissions its first  
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

2018

PAP commissions  
it's 1st rooftop solar  
projects - Kelaniya,  
Kolonna, Kohuwala,  
Uhumeeya



## Financial Highlights

Year Ended 31 March	Group		Change %	
	2022	2021		
<b>Operating Results</b>				
Group Revenue	Rs. '000	<b>935,513</b>	729,074	28%
Operating Profit	Rs. '000	<b>498,324</b>	373,977	33%
(Loss) / Profit Before Taxation	Rs. '000	<b>(109,811)</b>	274,578	(140%)
(Loss) / Profit After Taxation	Rs. '000	<b>(167,800)</b>	268,261	(163%)
(Loss) / Profit Attributable to Parent	Rs. '000	<b>(195,861)</b>	239,685	(182%)
Gross Dividend Paid	Rs. '000	<b>212,500</b>	137,500	55%
Cash From Operations	Rs. '000	<b>524,893</b>	250,870	109%
<b>Financial Position</b>				
Total Assets	Rs. '000	<b>5,065,593</b>	4,556,652	11%
Equity Attributable to Equity Holders of the Parent	Rs. '000	<b>2,561,858</b>	2,183,718	15%
No. of Ordinary Shares	No. '000	<b>625,000</b>	625,000	0%
Debt to equity ratio – Company	%	<b>23%</b>	27%	15%
Debt to equity ratio – Group	%	<b>82%</b>	90%	9%
<b>Shareholder Information</b>				
Return on equity	%	<b>(6.73%)</b>	12%	(156%)
(Loss) / Earning Per Share	Rs.	<b>(0.31)</b>	0.38	(182%)
Dividend Per Share	Rs.	<b>0.34</b>	0.22	55%
Dividend Payout	%	<b>(110%)</b>	57%	(292%)
Net Asset Per Share	Rs.	<b>4.37</b>	3.70	18%
Market Capitalization	Rs. '000	<b>2,312,500</b>	2,250,000	3%
Float Adjusted Market Capitalization	Rs. '000	<b>591,168</b>	849,449	(30%)
Price Earning Ratio	Times	<b>(11.81)</b>	9.40	(226%)
Market Price as at 31 March	Rs.	<b>3.70</b>	3.60	3%
Interest Cover	Times	<b>3.42</b>	3.46	(1%)
Highest price for the year	Rs.	<b>7.20</b>	5.00	44%
Lowest price for the year	Rs.	<b>3.50</b>	2.50	40%

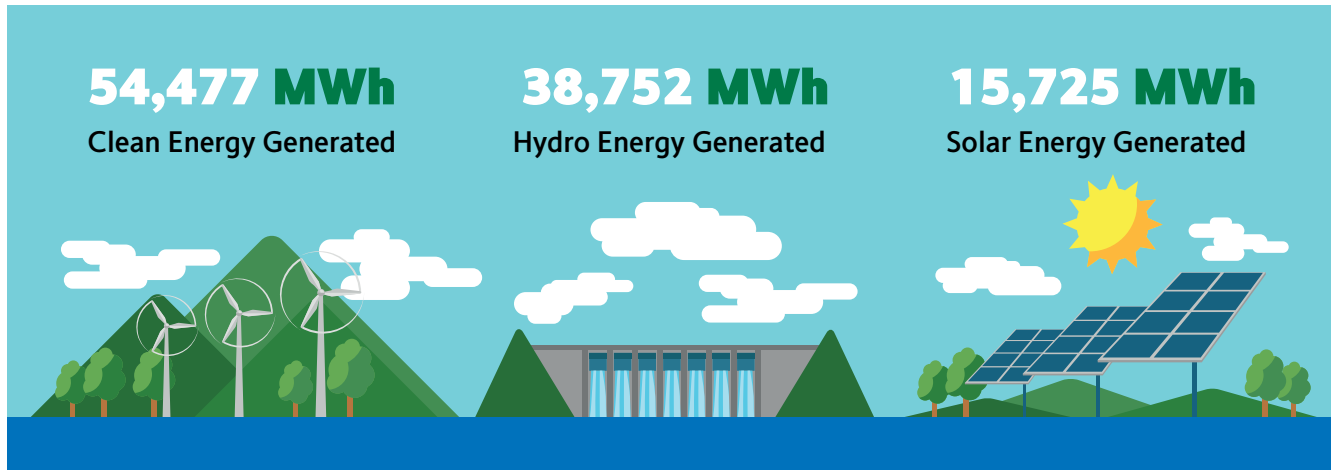
**935.5 Mn**

**Group Revenue**

**64.6 Mn**

**Group Tax Paid**

## Non-Financial Highlights



**24MW**

Total MW Installed



**44%**

Head Office Female  
Participation

**6,990**

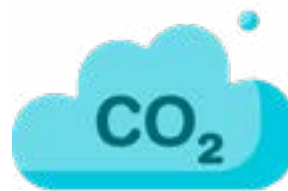
Number of Shareholders  
as at 31.03.2022

**64**

Total Employees

**212.5Mn**

Dividend Paid



**48,218Tons**

CO<sub>2</sub> Avoided



# GROWING AHEAD

PAP Commissioned 4MW ac of solar plants during the financial year

**Ground Solar Project Pannala**

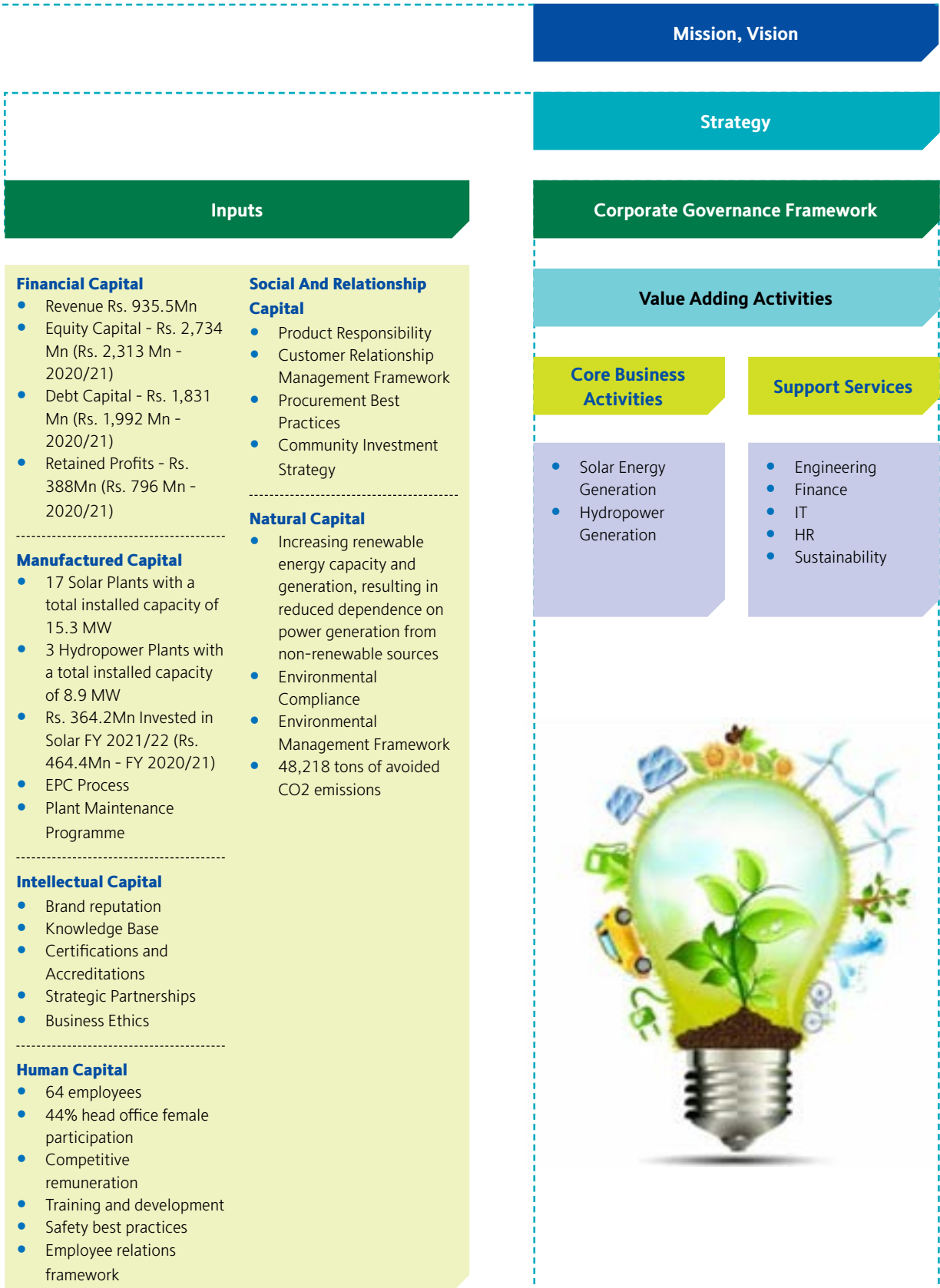
**1 MW**



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# Business Model

External Environment Opportunities and Challenges



Mission, Vision

Strategy

Corporate Governance Framework

Value Adding Activities

Core Business Activities

Support Services

- Solar Energy Generation
- Hydropower Generation

- Engineering
- Finance
- IT
- HR
- Sustainability

Inputs

**Financial Capital**

- Revenue Rs. 935.5Mn
- Equity Capital - Rs. 2,734 Mn (Rs. 2,313 Mn - 2020/21)
- Debt Capital - Rs. 1,831 Mn (Rs. 1,992 Mn - 2020/21)
- Retained Profits - Rs. 388Mn (Rs. 796 Mn - 2020/21)

**Social And Relationship Capital**

- Product Responsibility
- Customer Relationship Management Framework
- Procurement Best Practices
- Community Investment Strategy

**Natural Capital**

- Increasing renewable energy capacity and generation, resulting in reduced dependence on power generation from non-renewable sources
- Environmental Compliance
- Environmental Management Framework
- 48,218 tons of avoided CO2 emissions

**Manufactured Capital**

- 17 Solar Plants with a total installed capacity of 15.3 MW
- 3 Hydropower Plants with a total installed capacity of 8.9 MW
- Rs. 364.2Mn Invested in Solar FY 2021/22 (Rs. 464.4Mn - FY 2020/21)
- EPC Process
- Plant Maintenance Programme

**Intellectual Capital**

- Brand reputation
- Knowledge Base
- Certifications and Accreditations
- Strategic Partnerships
- Business Ethics

**Human Capital**

- 64 employees
- 44% head office female participation
- Competitive remuneration
- Training and development
- Safety best practices
- Employee relations framework



### Stakeholder Outcomes

#### Shareholders, Investors, Banks

- Revenue Rs. 935.5Mn (Rs. 729 Mn- 2020/21)
- Gross Profit Rs. 639Mn (Rs. 487 Mn- 2020/21)
- Loan commitments paid - Rs. 443 Mn (Rs. 167 Mn- 2020/21)
- Dividend Paid to shareholders – Rs. 243.1Mn Rs. 168.1 Mn - 2020/21
- Highest Share price during the year Rs.7.20 ( Rs. 5.00 – 2020/21)

#### Customers

- Uninterrupted supply of renewable energy
- Affordable access to the latest renewable energy technology
- Reliable after sales service

#### Employees

- Total Value of Benefits distributed Rs. 57 Mn (Rs. 59 Mn - 2020/21)
- Opportunities for training and developments
- Collaborative work culture
- Employee well-being and work satisfaction
- Career development opportunities

#### Suppliers

- Fair and equitable relationship
- On time payments

#### Regulators and Government

- Taxes Paid Rs. 64.6 Mn (Rs. 33.7Mn - 2020/21)
- Support for minimizing power disruptions
- Reduces the need for imported fuel and impact on foreign reserves
- Infrastructure investment Rs. 364.2Mn

#### Community

- Replanting at hydro sites
- Construction of classrooms in Anuradhapura
- Access roads built in Padiyapelella
- Vocational training for youth
- Women's empowerment program

#### Environment

- 54 GWh of renewable electricity generated equivalent to 48,218 tons of avoided CO2 emissions or; CO2 emissions from 19.3 Mn KGs of coal burned or; Carbon sequestered by 638,380 seedlings grown for 10 years

### Outputs for PAP

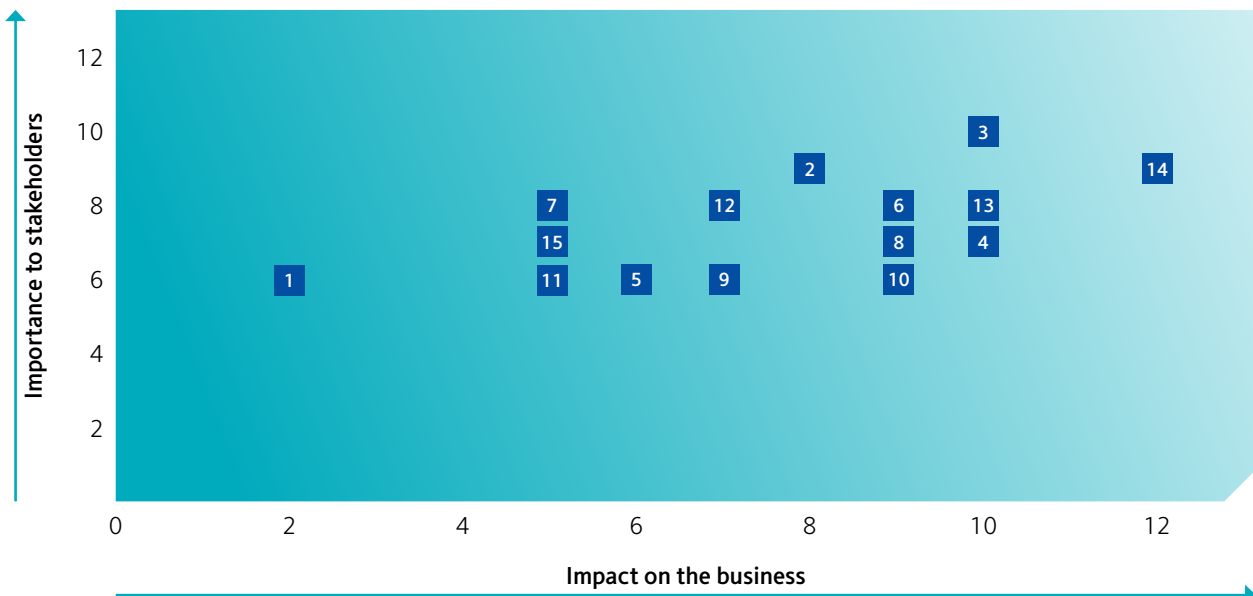
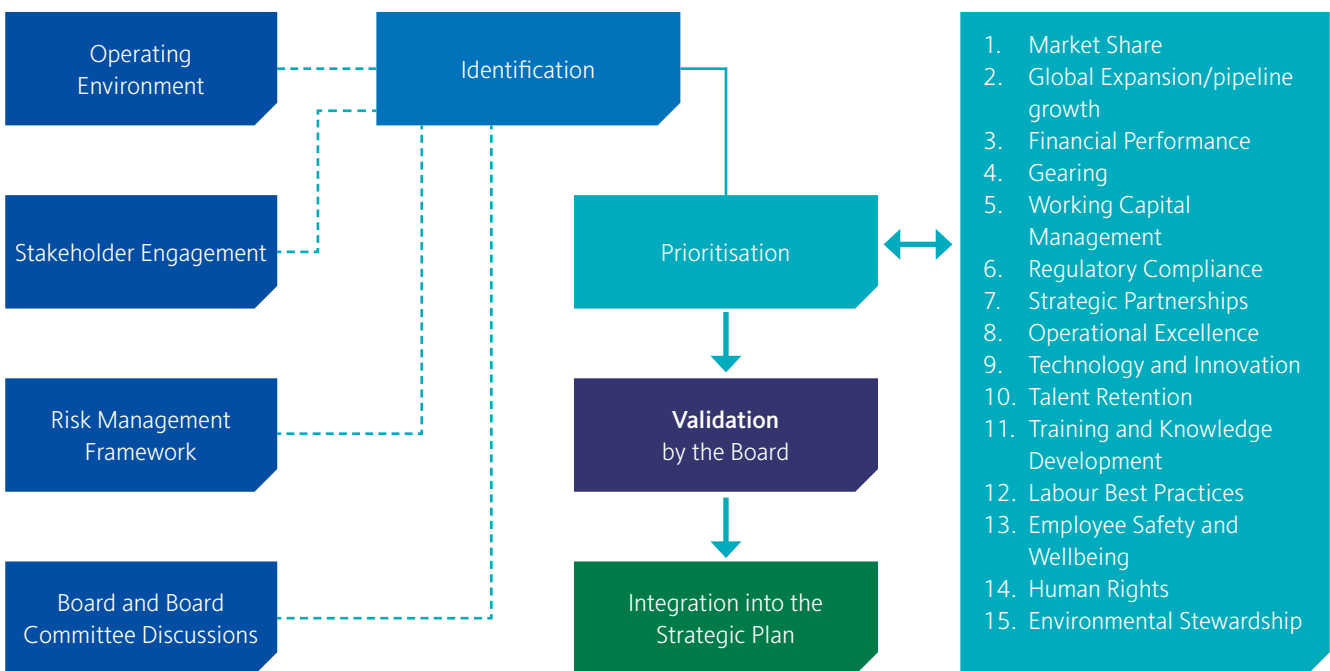
- Improved brand equity
- Higher market share
- Higher customer NPS
- Leadership in renewable energy technology through partnerships
- Best in-class team expertise
- Efficiency of plant operations resulting in lower costs
- Ability to position as an employer of choice
- Reliability of the supply chain
- No lost days
- Strong standing in the community

# Materiality Determination

We apply the principle of Materiality to identify and prioritise the issues that matter most to our business and our stakeholders. A topic is deemed to be material, if on one hand, it impacts our business significantly in terms of growth, cost or risk. On the other hand, matters important to stakeholders, are also considered to be Material for PAP.

The determination of Material Topics is an extensive exercise that considers the findings from various different processes. On this basis a total of 15 Material Topics are deemed Material for PAP and its stakeholders.

## Materiality Determination Process



Material Topic	Reason for Materiality	Topic Boundary	GRI Indicators	Link to SDG's	Management Approach	Additional References
1. Market Share	Safeguards Revenue generation capacity	Relates to PAP's renewable energy infrastructure	N/A		Ongoing development of the project pipeline	Manufactured Capital - page 44  Review of Operations - page 32  Chairman's Statement - page 20
2. Global Expansion/ pipeline growth			N/A			
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 34
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 98
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 66
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 47  Social and Relationship Capital - page 52

## Materiality Determination

Material Topic	Reason for Materiality	Topic Boundary	GRI Indicators	Link to SDG's	Management Approach	Additional References
<b>8. Operational Excellence</b>	Reduces costs and improves profitability	Covers the management of day to day operations	GRI 416 - Customer Health and Safety		Promoting continuous and ongoing improvement	Manufactured Capital - page 44  Intellectual Capital - page 47
<b>9. Technology and Innovation</b>	Builds customer trust	Refers to PAP's commitment to invest in industry leading solutions	N/A	 	Develop innovative first to market solutions	
<b>10. Talent Retention</b>	Safeguards PAP's knowledge base	Relates to PAP's Human Capital	GRI 201 - Economic Performance	  	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 36
<b>11. Training and Knowledge Development</b>			GRI 202 - Market Presence			
<b>12. Labour Best Practices</b>	Improves employee motivation and job satisfaction		GRI 402 - Labour Management and Relations			
<b>13. Employee Safety and Wellbeing</b>			GRI 403-Occupational Health and safety			
<b>14. Human Rights</b>			GRI 404 - Training and Education GRI 405 - Diversity and Equal Opportunity GRI 406-Non discrimination			
<b>15. Environmental Stewardship</b>	Augments brand reputation	Refers to environmental considerations relating to the business	GRI 408 - child Labour  GRI 409 - Forced or Compulsory Labour		Implement environmental best practices atv all operational plants	Natural Capital - page 50

# Stakeholder Engagement

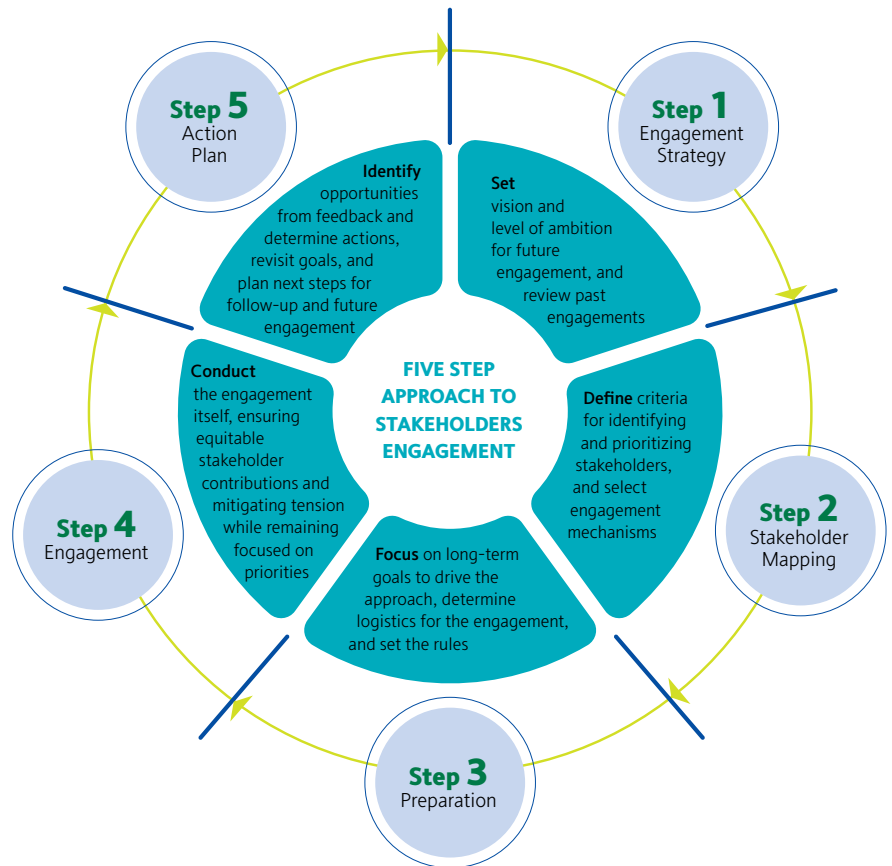
## Management Approach

PAP's approach to stakeholder engagement is based on the globally accepted 5-step process.

## Governance and Oversight

The PAP Board is the ultimate authority responsible for stakeholder engagement. The Board works to honour the rights of stakeholders by ensuring platforms are in place to foster effective two-way dialogue between stakeholders and the Company. While retaining overall supervisory oversight, the Board has delegated the execution of stakeholder engagement to the Company's Corporate Management team headed by PAP's CEO.

Regular reporting by the Corporate Management ensures the Board is kept apprised on the progress of stakeholder engagements. This ensures any significant issues are proactively addressed.



## Shareholders

As a listed entity PAP had 6990 shareholders as at 31st March 2022.

Method of Engagement	Frequency of Engagement	Material Themes Relevant to Shareholders
Annual General Meeting	Annual	<ul style="list-style-type: none"> <li>Financial Performance</li> <li>Market share</li> <li>Global Expansion</li> <li>Long term strategy</li> <li>Gearing</li> <li>Working Capital Management</li> <li>Regulatory Compliance</li> </ul>
Annual Report	Annual	
Extraordinary General Meetings	As needed	
Interim Financial Statements	Quarterly	
CSE Announcements	As needed	
Press Conferences / Press Releases	As needed	
Corporate Website	Continuous and Ongoing	
Social Media Platforms	Continuous and Ongoing	

## Customers

The Ceylon Electricity Board is PAP's main customer. Rest of the customers mainly represents EPC & IPP companies that are registered in SEA purchasing Sungrow inverters & PV modules.

Method of Engagement	Frequency of Engagement	Material Themes Relevant to Customers
One-on-one meetings	As needed	<ul style="list-style-type: none"> <li>Operational Excellence</li> <li>Technology and Innovation</li> <li>Service and support</li> </ul>
Press Conferences / Press Releases	As needed	
Corporate Website	Continuous and Ongoing	
Social Media Platforms	Continuous and Ongoing	

## Stakeholder Engagement

### Employees

PAP's workforce consists of 64 employees.

Method of Engagement	Frequency of Engagement	Material Themes relevant to Employees
Staff Meetings	As needed	<ul style="list-style-type: none"> <li>• Talent Retention</li> <li>• Training and Knowledge Development</li> <li>• Employee Safety and Wellbeing</li> <li>• Human Rights</li> <li>• Labour best practices</li> </ul>
Performance Appraisal	Annual	
Internal Communications	Continuous and Ongoing	
Training Activities	Continuous and Ongoing	
Staff events	Occasionally	

### Regulators

As a renewable energy producer, PAP's primary governing body is the Sri Lanka Sustainable Energy Authority. Other significant regulatory bodies directly applicable to the Company's operations include; the Central Environmental Authority, Board of Investment, the Colombo Stock Exchange and the Securities and Exchange Commission, the Inland Revenue Department, Sri Lanka Accounting and Auditing Standards Monitoring Board, Public Utilities Commission of Sri Lanka.

Method of Engagement	Frequency of Engagement	Material Themes Relevant to Regulators
One-on-one meetings	As needed	<ul style="list-style-type: none"> <li>• Employee Safety and Wellbeing</li> <li>• Human Rights</li> <li>• Labour best practices</li> <li>• Regulatory Compliance</li> <li>• Environmental Stewardship</li> </ul>
Directives and circulars	Continuous and Ongoing	
Interim Financials	Quarterly	
Annual Report	Annual	
Regulatory submissions / filings	As mandated	
Other meetings	As needed	

### Investors

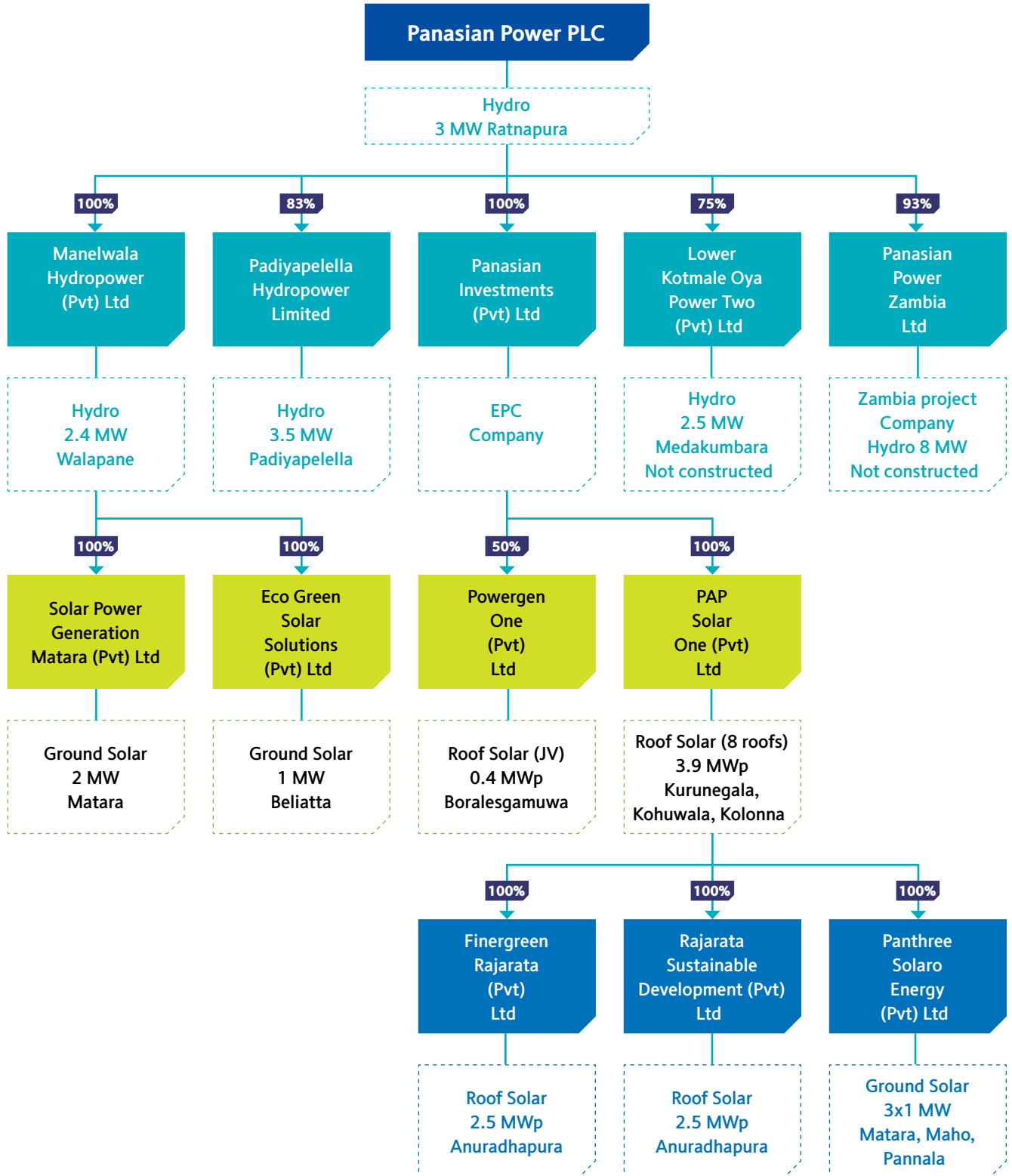
Method of Engagement	Frequency of Engagement	Material Themes Relevant to Investors
Investor Forums / Road Shows	Quarterly and as needed	<ul style="list-style-type: none"> <li>• Project pipeline</li> <li>• Financial performance</li> <li>• Global Expansion</li> <li>• Strategic Partnerships</li> <li>• Gearing</li> <li>• Working Capital Management</li> <li>• Operational Excellence</li> <li>• Technology and Innovation</li> <li>• Talent Retention</li> <li>• Employee Safety and Wellbeing</li> <li>• Human Rights</li> <li>• Labour best practices</li> <li>• Regulatory Compliance</li> <li>• Environmental Stewardship</li> </ul>
Annual General Meeting	Annual	
Annual Report	Annual	
Interim Financial Statements	Quarterly	
CSE Announcements	As needed	
Press Conferences / Press Releases	As needed	
Corporate Website	Continuous and Ongoing	
Social Media Platforms	Continuous and Ongoing	

### Community

Community stakeholders who live in and around PAP's plant sites and projects

Method of Engagement	Frequency of Engagement	Material Themes Relevant to the Community
Press Conferences / Press Releases	As needed	<ul style="list-style-type: none"> <li>• Human Rights</li> <li>• Regulatory Compliance</li> <li>• Environmental Stewardship</li> </ul>
Corporate Website	Continuous and Ongoing	
Social Media Platforms	Continuous and Ongoing	
Annual Report	Annual	
Community Initiatives/grievance meetings/town halls	As needed	

# Project and Group Structure



## Chairman's Review



**“The government’s intention to increase the share of renewable energy in the Country’s energy mix, continued to provide the impetus for PAP to pursue expansion of the project pipeline both in solar and hydropower domains.**



**“For our part, we will work in tandem with the government’s 2030 renewable energy target and in doing so aim to systematically invest in growing our renewable energy infrastructure in Sri Lanka.**

It is with great pride and pleasure that I present to you the Annual Report and Financial Statements of Pansasian Power PLC for the year ended 31 March 2022.

We are now in our 20 year of operations and I must say our journey has been one of tremendous learning and sustained growth. Our pioneering role in advocating for Sri Lanka’s green energy transition, has allowed PAP to earn the trust and respect of all stakeholders. Today our investments in renewable energy infrastructure is in excess of Rs. 4,125Mn and our total installed capacity stands at 24.2 MW, making PAP among the top three private renewable energy producers in Sri Lanka.

Our success is mirrored in the consistent year on year improvement in our financial performance. The FY 2021/22, once again provided the opportunity to demonstrate the relevance of our strategy in delivering stakeholder expectations. PAP reported Revenue of Rs. 935.5 Mn in FY 2021/22, is a solid 28% increase compared to the previous year.

#### **Economic Environment**

Reflecting on macroeconomic developments in this past year, it is clear that the global economy was finally on the mend as the threat of COVID-19 slowly abated. Data published by the World Bank in their January 2022 - World Economic Prospects Report suggests that the global economy bounced back strongly to record 5.5% growth the fastest rebound in post WWII history.

In Sri Lanka too we saw signs of recovery as all sectors appeared to resume operations after the pandemic induced lull in the previous year. Strong contributions from all sectors in turn saw Sri Lanka’s GDP expanding by 3.7% in 2021, a sharp contrast to the 2.2% challenges witnessed in the year before. However the latter part of 2021 brought fresh challenges amidst the rapidly depleting dollar reserves, and its spillover effects on the exchange rate and the Country’s ability to secure essential imports.

Meanwhile as Sri Lanka continues to struggle with a deepening energy crisis, the importance of renewable energy has never been more apparent as it is today. As a Country blessed with year-round sunlight and two cyclical monsoons, Sri Lanka is ideally positioned to harness the benefits of solar and hydropower. However our limited renewable energy infrastructure has meant the Country has up to now been unable to fully catalyse its potential in terms of renewable energy generation. It is nevertheless very encouraging to note the government maintaining its firm stance on driving renewable energy sector growth.

#### **A Strong Strategy**

The government's intention to increase the share of renewable energy in the Country’s energy mix, continued to provide the impetus for PAP to pursue expansion of the project pipeline both in solar and hydropower domains. I am pleased to report that we have already received provisional approvals for several of the EOA’s submitted during the year.

## Chairman's Review

935.5 Mn  
**Revenue**

We made excellent progress on our ongoing projects, with the successful commissioning of two new ground solar and one large rooftop project to augment our total installed solar capacity by another 30%. At a total investment of Rs.258 million the two ground solar projects, one in Maho and the other in Pannala will collectively generate 2,700,000 kWh of green electricity annually, saving the equivalent of 2,390 metric tons of CO<sub>2</sub> which would otherwise be emitted using non renewable energy sources.

The year saw PAP proceeding with its planned project implementation schedule. Under phase II, another 0.9 MW will be added to the installed capacity of the Padiyapelella hydropower plant, thereby further increasing the share of hydropower in PAP's overall renewable energy mix.

I am indeed pleased to report that our overseas expansion plans also gathered momentum in this past year. Despite COVID - 19 related travel restrictions, PAP was able to make inroads into the renewable energy space in the African continent, where we were successful in securing provisional approvals to invest in both solar and hydropower domains.

### Focus On Communities

PAP has always been passionate about caring for the communities that live in and around its projects and plants. In the years under review, we mobilised Rs. 1.6 Mn towards community efforts, with special emphasis on rehabilitation community infrastructure.

We also rolled out a new capacity building initiative to provide vocational training for youth. The program which was carried out in partnership with NAITA was run in the Padiyapelella, Manelwala and Rathganga areas for the benefit of youth in neighbouring communities.

### Governance and Stewardship

As always the Board remained fully engaged providing oversight and leadership to ensure the affairs of the Company were carried out in adherence to all regulatory compliance requirements and in line with the highest standards of business integrity.

As Chairman of the Board, I wish to confirm that all the members of the Board of Directors and all Company employees have acted in compliance with the applicable regulatory and statutory requirements and, towards this end have discharged their duties in accordance

**“Our success is mirrored in the consistent year on year improvement in our financial performance. The FY 2021/22, once again provided the opportunity to demonstrate the relevance of our strategy in delivering stakeholder expectations.**



with the policies, procedures and standards covered by the PAP’s internal Code of Ethics.

**Moving Forward**

While it may seem obvious that Sri Lanka is heading for tough times in the years ahead, I am inclined to think that therein lies some very exciting opportunities for the renewable energy sector to step up to accelerate the Country’s green energy transition goals.

For our part, we will work in tandem with the government’s 2030 renewable energy target and in doing so aim to systematically invest in growing our renewable energy infrastructure in Sri Lanka. In this regard, we are quite keen to explore new areas such as over water solar and wind energy domains.

It goes without saying that our overseas expansion plan too will remain at the forefront of our strategic agenda in the next few years.

**Board Changes**

Changes to the board are mentioned in page 104.

**Appreciations**

As I step down as Chairman of Panasian Power PLC after 12 years, I wish to take this opportunity to thank all Directors of the company - present and past for their faith and confidence in me. I consider it to be a great honour to have been part of PAP’s incredible journey, where from humble beginnings the Company has grown to be what it is today.

I would also like to thank PAP’s dynamic CEO - Mr. Pathmanatha Poddiwala, his Corporate Management team and all employees for their unwavering commitment to fulfill our strategic purpose.

Let me conclude by extending my warmest thanks to all stakeholders of PAP - the CEB, our other customers, shareholders and other stakeholders for

their trust in what we do. I hope you will continue to support Pansasian Power PLC’s onward journey as well.

Sincerely

**Dr. Prathap Ramanujam**  
*Chairman*

## Chief Executive Officer's Review



**“I am pleased to report strong operational results for the FY 2021/22, with all key metrics showing notable improvements over the previous year**



**“Going forward, our goal is to ensure that green energy becomes a mainstream source of energy in Sri Lanka. In this regard, we expect to be aggressive in our efforts to grow PAP’s footprint locally especially through investments in largescale ground and floating solar projects.**

This past year once again tested PAP’s resilience. However, thanks to careful planning and preemptive action, we made excellent headway in cementing our position at the forefront of the local renewable energy sector.

But before I discuss PAP’s achievements for the year, let me first briefly recap some key points to bring some context to the challenges that we faced during the year.

#### **Year in Context**

As more frequent lockdowns and mobility restrictions were imposed amidst the rapid spread of the COVID-19 virus in the early part of the year, we had to contend with some disruptions to our project construction activities. The two large ground solar projects which were in progress at the start of the year - the 1 MW Maho project and the 1 MW project in Pannala, were both successfully completed, albeit with a slight delay in the time-line. Within the year we also undertook and completed a 1 MW solar rooftop project in Thirpanne.

What was more concerning were the challenges presented to our supply chain owing to the combined impact of the forex crisis in the Country as well as the Rupee devaluation in March 2022. These issues were felt across the industry. For our part, we adopted multiple strategies to safeguard our supply chain networks and revisited our cost structures in a bid to curtail the impact as much as possible.

Equally worrying perhaps was the cascading impact on the CEB’s repayment capacity owing to the payment concessions offered to consumers at the height of the COVID-19 pandemic. This too was an industry-wide issue that left PAP along with the rest of the renewable industry to contend with some notable settlement delays. I must reiterate however, our prudent liquidity management strategies held us in good stead, ensuring PAP’s cash flows continued to be well managed throughout the year.

#### **Exceeding Operational Targets**

I am pleased to report strong operational results for the FY 2021/22, with all key metrics showing notable improvements over the previous year. Backed by the additional 3MW ac of new capacity from the newly commissioned Maho, Pannala and Thirpanne, our total installed solar capacity increased by 28% to 15 MW.

Solar generation output, after recording steady growth for a good part of the current financial year, declined in the final quarter on the back of daily power interruptions introduced in early 2022. Nevertheless capacity injections during the year ensured PAP’s over-all solar generation volumes for FY 2021/22 remained on par with the previous year.

It is also very encouraging to note the strong contribution by our hydropower segment. A solid improvement in hydropower generation output was seen across all three plants for the second consecutive year, the result of high rainfall in catchment areas. Padiyapelella plant recorded the same level of generation output, while volumes at our Rathganga and Manelwala plants increased by 26% and 15% respectively compared to the previous year.

## Chief Executive Officer's Review

# 11% - Total Asset Base Increase

## Revenue

A combination of higher solar and hydro output volumes saw PAP generate 54 GWh of clean electricity during the year, denoting a 23% increase from the 44 GWh recorded in the previous year.

PAP's inverter business which had been gaining good traction in the past, unfortunately could not be developed as planned due to various factors that hampered the ability to import. Since PAP's appointment as the exclusive authorized agent for Sungrow inverters - the world's most bankable inverter brand, we have been quite aggressive in our efforts to promote the Sungrow range. Our network of service workshops in Colombo, Matara and Anuradhapura continue to play a highly supportive role in executing our after sales commitments, which has further augmented PAP credentials as the leading inverter specialist in Sri Lanka.

Meanwhile taking steps to further expand our market presence in the solar domain, we launched a solar panel range. The move marks an important milestone in strengthening PAP's position as the leading fully integrated renewable energy solutions provider in Sri Lanka.

### Strong Financial Results

Buttressed by strong operational performances from both our solar and hydro sector's Group revenue grew to Rs. 936 Million, just below our planned Rs. 1 Billion target. Nevertheless, at Rs.

936 Million, revenue for the FY 2021/22 showed a 28% year on year increase from the Rs. 729 Million recorded in the previous financial year.

Meanwhile the total asset base increased by 11% on the back of higher investments in our project pipeline.

### Progress on Projects

We made excellent progress on our project pipeline. As I mentioned earlier, the two ground solar projects that were ongoing at the start of the year, were commissioned during the year. The 1 MW Maho project, which is our fifth solar project, was commissioned in October 2021 while our latest project, the 1 MW project in Pannala commenced operations in January 2022.

I would like to highlight that both projects have gained prominence for their innovative technology and unique design concepts. The Maho project comprises the latest tier 1 bifacial solar panels combined with single axis trackers which follow the path of the sun to maximise power generation. The power plant at Pannala uses tier 1 bifacial panels and a raised structure to allow for organic farming underneath. With a total investment of Rs. 258, the Maho and Pannala plants are expected to contribute as much as Rs. 60 Million towards PAP's annual revenue.

We also undertook and fully commissioned a 2 MW rooftop solar project Thiripanne during the course of the year.

Meanwhile we continued to work towards aligning with the government's 2030 mandate to ensure 70% of the Country's energy requirements are met by renewable energy. In this regard, we secured provisional approval for a 2MW hydro power plant in Kothmale, which will not only boost PAP's installed hydropower capacity, but will also significantly increase the share of hydropower in our energy overall mix.

In responding to expression of interest called for by the State Ministry of Wind, Solar and Hydro Power Generation Projects Development, PAP was granted provisional approval for a 100MW ground solar project in Batticaloa. Pre development work on this project commenced in the latter part of 2022.

To support these ambitious expansion plans, we proceeded to build our internal capabilities. PAP's technical resource pool was further strengthened, and coupled with training. We also began the implementation of the ISO 45000 Occupational Health and Safety Standard and the ISO 14000 Environmental Management Standard to cover all site operations - at the construction stage as well as at operational plants.

I am pleased to announce that our efforts to penetrate overseas markets yielded good results, enabling PAP to secure a 9.5MW hydropower project, in Zambia.

### Awards and Accolades

It is indeed very gratifying to see our commitment to the core business being widely acknowledged across our industry. At the Sri Lanka Solar week 2021 conference & awards, PAP clinched the top spot as the Solar Company of the year - Developer 15MW and was recognized as the Solar service provider

of the year EPC (for Record Time completion). At the Sri Lanka Annual solar awards 2021 organized by EQ-EQ PV Invest Tech Colombo, PAP was declared the Technology adoption champ of the Year as well as the Developer & EPC company of the year.

At the National Business Excellence Awards 2021 conducted by The National Chamber of Commerce of Sri Lanka, PAP received a Merit Award under the Infrastructure & Utilities sector. PAP also secured the Bronze Award in the Power & Energy Companies category at the 56th Annual Report Awards 2021 conducted by the Institute of Chartered Accountants of Sri Lanka.

### Future Outlook

Having achieved all that we set out to do and more in this past year, notwithstanding challenges, I am confident that PAP is well placed to grow in all aspects of the business.

Going forward, our goal is to ensure that green energy becomes a mainstream source of energy in Sri Lanka. In this regard, we expect to be aggressive in our efforts to grow PAP's footprint locally especially through investments in large scale ground and floating solar projects. Equally importantly we will work to improve the share of hydropower in our overall portfolio mix. Expanding our inverter business and the most recent solar panel segment will also be key priorities.

I believe the government's continued interest in renewable energy coupled with the gradual normalization of the CEB's repayment cycle in due course will provide the impetus for PAP to realize these plans in the coming years.

That said, we also expect to focus more intently on growing our overseas project pipeline, where we will target mainly large scale solar and hydro projects with 10MW+ capacity. Toward this end, I

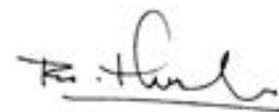
remain convinced that our expertise and strong track record of excellence will give PAP a solid competitive edge to pave the way for strong partnerships that will help secure the right projects in the right markets.

### Appreciations

I take this opportunity to thank our Chairman and the Board of Directors for their foresight and visionary leadership that has paved the way for Panasian Power PLC to continue to grow sustainably regardless of challenges. I also wish to express my sincere appreciation to the management and staff who continue to prove that they are indeed the back-bone of our operations. Thank you for your commitment and dedication, now and always.

To conclude, I wish to extend my sincere thanks to the Ceylon Electricity Board, Sri Lanka Sustainable Energy Authority and other project approving agencies, as well as all our customers, shareholders, business partners and the communities in and around our plants for their long-standing trust and confidence in PAP. I urge you to stay invested in PAP as we aspire to accelerate our growth trajectory in the years ahead.

Sincerely,



**Pathmanatha Poddimala**

*Chief Executive Officer / Executive Director*



4MW

**Maradankadawala and Thirappane  
Green House Roof Top Solar Projects**



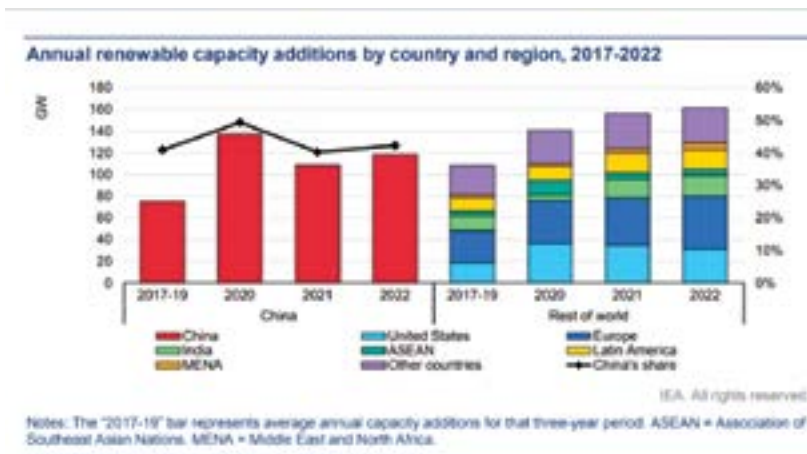
# Operating Environment

## Global Renewable Energy Industry Overview

Global investment in renewable Energy increased substantially in 2021.

The amount of annual wind capacity and hydropower additions decreased, possibly due to the high cost of investment. On the other hand continuous growth was observed in solar PV, attributed to lower average investment costs and widespread ongoing policy support. Meanwhile, expansion in other renewables, led by bioenergy, remained stable and represents 3% of total new renewable capacity additions.

A regional analysis points to Europe as the second largest investor in renewable energy in 2021, after China.



### Key Points to Note for the Future

- ▲ Solar PV capacity additions are set to increase
- ▲ Larger projects set to dominate the solar PV market
- ▲ Global offshore wind capacity additions are expected to increase
- ▲ Geographical diversity in offshore wind markets is expected to increase with more countries investing

Source: Renewable Energy Market Update - Outlook for 2021 and 2022

## Sri Lanka's Energy Sector

Electricity demand continued to expand in line with the recovery in economic activity, growing by 6.4% to 16,716 GWh in 2021, compared to the previous year.

A strong increase was witnessed in hydro electricity generation thanks to heavy rainfall in catchment areas which saw water levels in reservoirs remained above 60% throughout the year. Total electricity generation through hydro sources increased by 44.2% to 5,640 GWh, while the share of hydropower in the total electricity generation mix increased to 34% in 2021 from 25% recorded in 2020.

However with dry weather conditions setting in during the early part of 2022, hydropower generation volumes declined, resulting in increased reliance on thermal power to meet the Country's

energy demands. Nevertheless difficulties in fuel procurement owing to foreign exchange issues within the country along with heightened global commodity prices led to the implementation of a planned load shedding programme from February 2022 onwards.

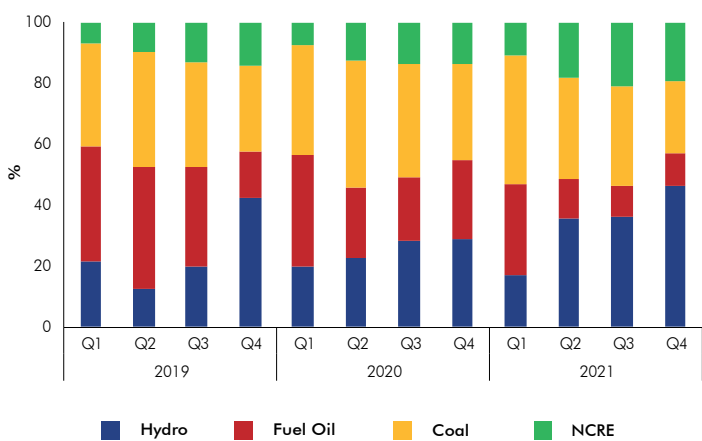
Meanwhile, Ceylon Electricity Board's (CEB) cashflow position continued to be affected by the Government's decision to provide consumers a grace period to settle electricity bills and to defer the disconnecting of services to unpaid consumers during the COVID-19 period. Consequently, short term borrowings by the CEB from banks and other outstanding liabilities to the CPC and IPPs increased to Rs. 237.8 billion by end 2021 from Rs. 208.4 billion recorded by end 2020.

## Impact of Renewable Energy

Power generation through Non-Conventional Renewable Energy (NCRE) sources registered growth of 56.6% to 2,922 GWh, largely driven by the addition of several new renewable energy plants to the national grid, particularly the 100 MW Mannar wind plant.

The share of power generated by the CEB in 2021 was 76.0%, while the remainder was purchased from Independent Power Producers (IPPs) producing NCRE through investments in solar, hydro and wind power generation.

### Electricity Generation Mix



Source: Ceylon Electricity Board

#### Key Points to Note for the Future

The Government's recent thrust to expand the renewable energy sector to cater to 70% of the country's energy requirement by 2030 is a welcome initiative as it provides the impetus to increase the investment in renewable energy, while strengthening the resilience of the Country's energy sector as a whole.

Source: CBSL AR 2021



## Review of Operations

PAP's solar segments performed well in the year under review, with power generation volumes increasing by 30% respectively compared to the previous year.

Supported by consistently high rainfall throughout the year, PAP's hydropower plants continued to operate at full capacity in FY 2021/22.

The solar segment also made good progress to record month on month improvements in generation volumes through the first three quarters of the financial year. However the inability to connect to the grid feeders due to the power interruption schedules introduced from February 2022, saw solar generation volumes declining in the last

quarter of the year. Nevertheless, higher installed capacity ensured generation volumes for 4Q 2022 remained on par with the corresponding period in the previous year. Installed capacity in the solar sector increased by 3MW in the year under review following the completion of 2 new ground solar projects in Maho and Pannala along with another roof-top project in Thirppane.

Good progress was made on the solar project pipeline. After securing approval for a 3MW hydro power plant in Kothmale, PAP commenced the social and environment impact assessment and kicked off the process of obtaining necessary permits to begin construction work. Construction work on the project is

expected to start in end of 2022, with the completion deadline set for end 2024.

PAP was also granted functional approval by the Sustainable Energy Authority for a 100MW ground solar project in Valaichenai along with the provisional approval for a 0.9MW capacity expansion at the Padiyapellela hydro power plant. Commenced the approval proses in the year 2022.

Focused efforts to penetrate overseas markets also yielded good results, and saw PAP securing a 9.5MW hydropower project and a 150 MW solar project, both in Zambia. With the completion of these two projects in PAP's installed capacity overseas will increase to 159.5 MW.





### Future Plans

Going forward, PAP will look to expand its project pipeline to support the Sri Lankan government's effort to meet 70% of the Country's energy needs through renewable energy. In this context, the Company will focus on expanding its footprint across solar and hydro, while exploring the possibilities to invest in the wind energy sphere as well. On the overseas front, PAP will look to further deepen the penetration into existing markets while tapping into new regions in the years ahead.

# Financial Capital



Financial Capital is the key enabler that allows Panasian Power PLC (PAP) to carry out its core business of generating renewable energy. Moreover, Financial Capital is also the key resource that ensures all other Capitals achieve their desired outcomes.

	2017/18	2018/19	2019/20	2020/21	2021/22
Total Equity (Rs.)	1,393,948,207	1,648,405,871	2,178,890,092	2,313,660,905	2,734,273,132
Debt (inc. leases) (Rs.)	746,734,723	1,116,638,760	1,529,845,985	2,052,004,546	1,876,096,997
Retained profits (Rs.)	453,226,549	691,573,610	701,817,869	796,381,691	388,455,268
Reserves (Rs.)	224,161,998	201,136,991	316,396,210	357,335,896	1,143,402,764

### Developing Our Financial Capital to Support Pap's Strategy

We endeavour to manage our Financial Capital, efficiently and effectively in order to achieve the following key objectives; Maintain an adequate liquidity pipeline to maintain existing assets and fund new projects to ensure the Company continues to remain profitable in order to provide the expected shareholder returns.

### Debt Capital Management

PAP's projects are funded mainly by way of commercial loans obtained from Banks or through special credit granting schemes at concessionary rates offered by various institutions from time to time. The appropriate level of debt for each project is determined by a variety of factors, including scale, complexity, construction timeline etc. Nevertheless, a benchmark 75:25 debt to equity ratio serves as a broad guideline in this regard. Most loans are taken for a longer tenure,

typically over 8 years with project assets secured against the loan. This gives PAP the bargaining power to negotiate to significantly low interest rates and also benefit grace periods in servicing loan commitments during the construction and pre-commissioning phases, at which point the project is not yet generating any revenue. Beyond this, the Company maintains a planned approach to receive loan disbursements for projects to further reduce the cost of funds.

Material Themes covered through our Financial Capital Development Approach are - Gearing and Working Capital Management.

### Cost Control

Cost control remains a major priority, especially at the project construction stage. PAP aims to work strictly within the approved bill of quantities in order to safeguard the financial feasibility of projects during the construction stage.

### Cash Flow Optimisation

Given the inherent delays in receiving dues from the CEB, PAP has adopted a prudent cash flow management approach. Based on the results of its rolling cash flow forecasts, PAP ensures adequate liquidity buffers are available to meet day to day running expenses at all plants, make supplier payments and fulfill debt service obligations.

### Our Track Record In 2021/22

	2018/19 Revenue (Rs.)	2019/20 Revenue (Rs.)	2020/21 Revenue (Rs.)	2021/22 Revenue (Rs.)
Hydropower	674,147,252	433,850,135	471,921,242	517,409,957
Solar	6,393,295	92,749,570	145,254,415	301,792,688
EPC	80,740,106	37,215,085	111,898,366	116,309,994
Total	761,280,653	563,814,790	729,074,023	935,512,639

Rs. '000s	Shareholder Value Creation			
	2018/19	2019/20	2020/21	2021/22
Net Profit / (Loss)	371,337	152,708	268,261	(167,800)
Net Profit / (Loss) attributable to shareholders of parent	332,236	138,912	239,685	(195,861)
Total Assets	2,983,028	3,963,672	4,555,746	5,065,593
Total Equity	1,648,406	2,178,890	2,313,661	2,734,273
Equity to shareholders	1,522,710	2,048,214	2,183,718	2,561,858
Dividends paid	95,000	140,300	137,500	212,500
ROA (%)	14.5	4	6	(3)
ROE (shareholders) (%)	24	8	12	(6)
Dividends payout ratio (%)	29	90	57	(108)
NAV per share (Group)	3.05	3.49	3.7	4.37

Looking forward we will continue to manage our Financial Capital prudently, investing in selective projects that give us strong returns both locally and abroad. We are discussing with banks to further reduce our borrowing rates and looking at alternative financing instruments for the medium term to allow us to continue development of our pipeline. From a cost perspective, we continue to benchmark our admin costs per MW against industry and aim to manage this going forward as we grow. The ongoing devaluation of the LKR against the USD will have an impact on capital costs and is being monitored closely.

# Human Capital

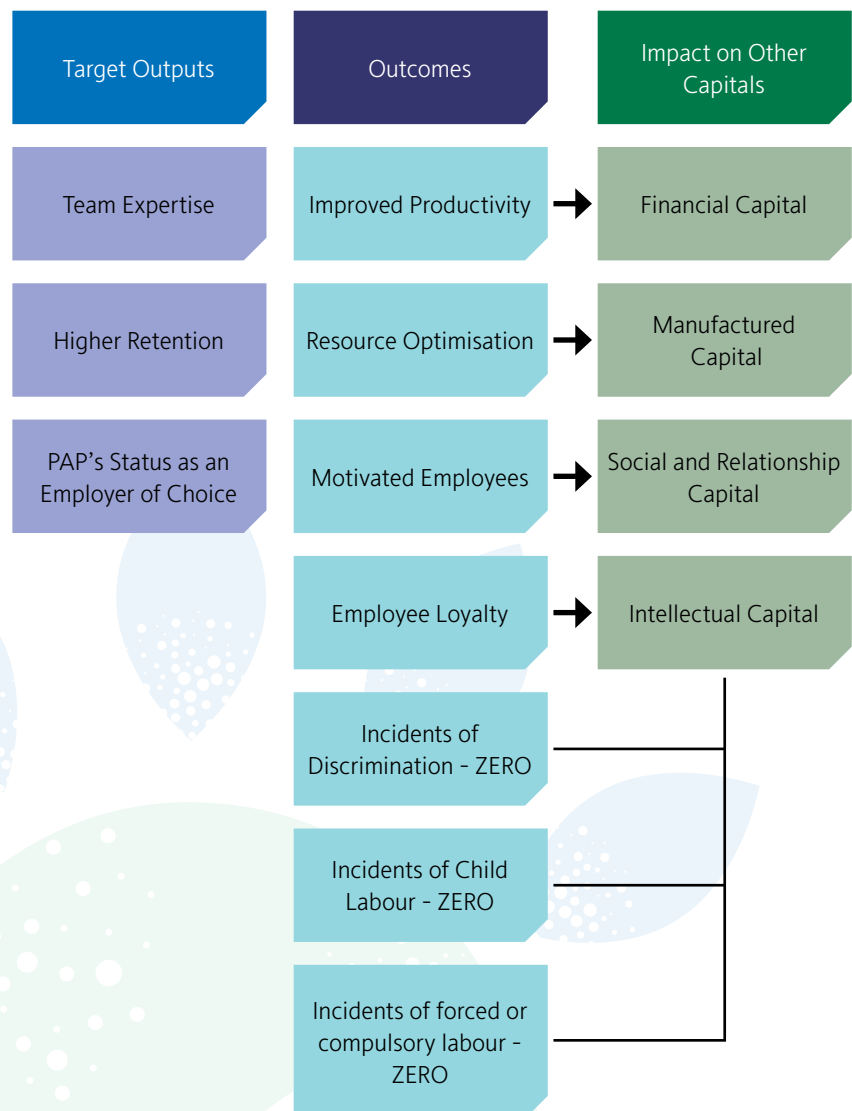


**Our Human Capital is represented by the Panasian Power PLC’s 64-strong workforce - the men and women whose knowledge, expertise and commitment are instrumental in the Company’s continued success.**

## Management Approach

Our approach to Human Capital development is founded on the belief that employees are the backbone of PAP’s success. We have always been passionate about our employees and have continued to work tirelessly to 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.

PAP complies with all applicable local labour laws. Beyond this we remain committed to adopt internationally recognized best practices and good governance mechanisms for fair and equitable management of labour. We seek to adhere to the ILO convention and the UNGC principles for human rights, wherein we have strict policies against child labour and forced and compulsory labour. We seek to create a diverse and inclusive workplace where all employees are treated with respect and dignity. Our non-discriminatory approach prevents us from discriminating against any employee based on their ideological views, colour, religion, gender, age, disability, or any other status protected by law.



Employment Type	Male			Female		
	2021/22	2020/21	2019/20	2021/22	2020/21	2019/20
Corporate Management	2	3	3	0	0	0
Senior Management	3	3	3	2	1	1
Executive Staff	9	16	11	6	4	3
Non-Executive staff	42	39	34	0	1	1
Other contracted employees	0	0	0	0	0	0
<b>Total</b>	<b>56</b>	<b>61</b>	<b>51</b>	<b>8</b>	<b>6</b>	<b>5</b>

Employee Profile As at 31 March	2022	2021	2020
Total number of employees (including probationers)	64	67	56

Category	
Technical & engineering	23
Finance	6
Admin	8
Sales	1
Site operational staff	26

Employee Age Distribution	2021/22		2020/21		2019/20	
	Male	Female	Male	Female	Male	Female
18 - 30 years	12	4	13	3	8	3
30 - 45 years	26	3	29	2	25	1
45 - 55 years	14	1	13	1	12	1
55 years and above	4	-	6	-	6	-



## Human Capital

### HR Governance

The HR department headed by the Assistant Manager - HR & Admin, handles all HR related matters, including compliance with all applicable labour laws. The HR department is further responsible for developing and implementing PAP's HR policy frameworks to reflect the Company's commitment to best practices for human capital management.

PAP's workforce practices are based on the following regulatory requirements;

Shop and office employees Act of 1954	Budgetary Relief Allowance of Workers Act no. 4 of 2016
Employee's Provident Fund Act No. 15 of 1958	Employees Trust Fund Act no. 46 of 1980
Payment of Gratuity Act no. 12 of 1983	Workmen's compensation Ordinance of 1935
Maternity Benefits Ordinance of 1939	Termination of Employment of Workmen Act of 1971

Recruitment activities of managerial and executive level are handled by relevant department heads and by the Assistant Manager - HR & Admin, under the guidance of PAP's CEO. All vacancies are advertised publicly to attract a wider talent pool. The selection of new recruits is done based on a series of predetermined criteria to assess the best-fit candidates for each job role. Shortlisted candidates are required to present themselves to the interview panel chaired by the CEO. While the CEO and the Assistant Manager - HR & Admin, are permanent members of the interview panel, department heads are subject to change based on the vacancy.

New recruits are on-boarded and placed on probation for a period of six months, whereafter their performance is reviewed by the Assistant Manager - HR & Admin, in collaboration with the respective department head. Successful candidates are absorbed into the permanent cadre.

Hiring of contract labour at sites for labour positions are carried out by the respective site in-charge/supervisor under the guidance of senior manager technical.



New Hires Breakdown	Female	Male	Total
18 to 30	2	3	5
31 to 45	1	1	2
46 to 55	-	1	1
Above 56	-	-	-

Turnover Breakdown	Female	Male	Total
18 to 30	1	5	6
31 to 45	-	5	5
46 to 55	-	-	-
Above 56	-	-	-

**Remuneration and Benefits**

Our remuneration and benefit structures are designed to ensure that all employees are compensated fairly in recognition of the nature of the job and their qualifications, experience and performance. We also make sure that our employees receive their entitlements stipulated under the EPF Act, ETF Act and the Payment of Gratuity Act of Sri Lanka. As such, we contribute 12% of an employees’ basic salary to the Employees Provident Fund and a further 3% to the Employees Trust Fund.

In addition employees of PAP are entitled to the following benefits;

Benefit	Permanent	Contract
Medical	54	5
Workmen compensation	47	0
Meal Facilities	14	4
Healthcare insurance - outpatient medical expenses	54	5
Performance-based Bonus	46	6

We frequently review our salary structures vis-a-vis the market and benchmark them against peers, with necessary updates made to ensure that PAP can compete effectively in attracting talent from the market.

**Performance Management**

All permanent employees (executive and Non executive) of PAP are entitled to have their performance reviewed at least once every year. The performance review process is highly streamlined and is based on a clear goal setting exercise where corporate objectives for a particular year are broken down into segment-wise targets and further cascaded down into individual employee level KPI’s. These KPI’s are communicated to employees prior to the start of the financial year, with all supervisors and employees required to carry on an on-going conversation throughout the year relating to job performance. The performance of individual employees against assigned targets is formally reviewed at the year end by the respective site in-charge/ supervisors, while the CEO is charged with evaluating the performance of managers and executives.

The results of the performance review process enables the determination of bonuses, increments and additional training requirements for employees. In FY 2021/22, all 54 permanent employees (85% male and 15% female) benefitted from the annual performance appraisal.

The performance of contract labour is assessed by the site manager annually with suitable candidates being awarded a new contract for a further one year period or confirming them as permanent employees. All 09 contract male employees had their performance contracts reviewed in the FY 2021/22.

**Training and Development**

Training and Development is a critical component of our Human Capital approach. Training activities are conducted based on the needs of the Company as well as to meet individual developmental needs. Individual training needs typically identified through the annual performance review process are collated into the annual training plan and budget for the next financial year. We use a combination of both in-house and external resources to provide timely and relevant technical training to equip our employees with the skills to perform their job roles and enable them to improve their capacity to dynamically adapt to changes in the business and regulatory environment in the renewable energy sector.



## Human Capital

### Training Interventions - FY 2021/22

Programme Scope	Duration (hours)	Facilitation	Target Audience	Participants		
				Male	Female	Total
Identification of Legal requirements	3	External	Legal team	8	2	10
Machinery Maintenance Training	12	Internal	Site staff and workers - RG Site	10	0	10
Electrical Maintenance Training	12	Internal	Site staff and workers - RG Site	10	0	10

### Occupational Health and Safety

Safety at our operations are governed by the Factory Ordinance No 45 of 1942 and Regulations on Electricity (Safety, Quality and continuity) Standards issued by the Minister of Power and Renewable Energy under section 54 and 56 of the Sri Lanka Electricity Act, No. 20 of 2009. PAP operations comply fully with all the above regulations. Further as stipulated by the Workmen’s Compensation Ordinance No. 19 of 1934, all employees at our worksite; including contracted labour are protected under a special accident insurance cover.

Our business as a renewable energy producer does not present any significant risk to our employees in terms of occupational diseases or ill health. However, there are certain safety hazards associated with the construction and operation phases of projects. As a responsible business entity, we have gone beyond compliance to voluntarily adopt the ISO 45000 Occupational Health and Safety Standard in order to ensure such safety hazards are managed in line with global best practices. A comprehensive safety management plan has been implemented at all our sites to cover all on-site personnel including contract labour and any visitors on the premises at any given time.



### COVID-19 Response

In the wake of the COVID-19 pandemic in 2020 and 2021, we took additional precautions to safeguard the health and wellbeing of our employees. A separate COVID-19 Health and Safety manual was developed and implemented to prevent the spread of the virus among staff and their first contacts.

In line with the COVID-19 safety measures, we provided personal protective equipment and other support measures for our employees.



Potential Safety Risks at the Construction Stage	
Identified Risk Activity	Safety Measures Adopted
Excavations, cut and fill operations	<ul style="list-style-type: none"> <li>• Locate and identify all utility services, such as electrical, water and sewer in the area before beginning any excavation or cut and fill activities.</li> <li>• Remove or secure trees, utility poles, rocks, or similar objects near the edge of an excavation, cut &amp; fill areas to prevent workers from being injured</li> <li>• Erect substantial guardrails or barriers around excavations/ cut &amp; fill operations to prevent workers or other persons from falling into them</li> <li>• Provide a ladder when workers are required to enter excavations over 1.5 m (5 ft) in depth Provide anchored stop blocks and barriers to prevent vehicles being driven into the excavation</li> </ul>
Working at Height	<ul style="list-style-type: none"> <li>• Erect a stable platform to support the weight of workers using it and any materials and equipment they are likely to be used or stored on it</li> <li>• Provide guard rails, barriers, etc. at open edges</li> <li>• Ensure appropriate safety signage</li> <li>• Safety guidelines for general access scaffolds</li> <li>• Safety guidelines for use of ladders</li> <li>• Safety guidelines for roof works</li> </ul>
Moving, Lifting and Handling Loads	<ul style="list-style-type: none"> <li>• Safety guidelines for manual storage and handling of construction material</li> <li>• Safety guidelines for handling of cranes</li> </ul>
Site Vehicles and Mobile Plan	<ul style="list-style-type: none"> <li>• Provide safe site entry and exit points with adequate turning room and good visibility for vehicle drivers</li> <li>• Keep pedestrians separate from vehicles</li> </ul>
Electrical Safety	<ul style="list-style-type: none"> <li>• An effective Lockout/Tagout system</li> <li>• Safety guidelines for the use and storage of electrical tools and equipment</li> </ul>

Potential Safety Risks in the day-to-day operations	
Identified risk Activity	Mitigation Measures
Handling of equipment	<ul style="list-style-type: none"> <li>• Mandatory wearing of recommended PPE during the maintenance work</li> <li>• Conducting awareness</li> </ul>
Impact from fire	<ul style="list-style-type: none"> <li>• Strict adherence to all fire safety regulations at all sites, Fixing required number of fire extinguishers</li> </ul>
Electrocution of employees	<ul style="list-style-type: none"> <li>• Regular monitoring and testing of the system</li> <li>• Implementation of separate Insulation Fault Protection system,</li> </ul>
Exposure to direct and Indirect lightning strike	<ul style="list-style-type: none"> <li>• Review lightning protection system and its design</li> <li>• Improve air terminal system</li> <li>• Installation of correct SPDs, ensure the effectiveness of the earthing system</li> </ul>

## Human Capital

If and when accidents do occur, a detailed investigation along with a root cause analysis is carried out by the internal audit team with findings presented to the Management Review meetings. Site-wise accidents records are presented to the Internal Audit team on a monthly basis, with the respective Site Supervisor/Operation In charge called upon to provide explanations and describe corrective measures implemented to prevent recurrence in the future.

Embedding the safety awareness culture is vital to the success of our safety management plan, especially in preventing accidents. We encourage site teams to stay vigilant to identify and report on safety hazards. Monthly meetings between the site supervisor and the Internal Audit teams aim to encourage active participation in safety matters.

Bi-annual audits conducted by PAP's internal audit team along with the annual ISO audit also help to identify safety gaps, and provides additional assurance regarding the overall efficacy of the safety management system in meeting safety objectives. Efforts to reinforce the safety culture is further supported by regular training on selected safety topics.

Safety Training - FY 2021/22			
Programme Scope	Facilitation	Target Audience	Duration (Hrs)
Basic introduction on EMS and OHSMS	External - Online	Senior Management & process owners	2
ISO 14001:2015 standard requirements	External - Online	Head of Departments	2
ISO 45001:2018 standard requirements	External - Online	Process owners and Internal audit team	2
First Aid Training	External	First Aid Team - Pannala	5
Introduction to ISO Systems	External	Internal Audit Team	2
Introduction to ISO Systems	External	Internal Audit Team	2
Fire Drill	External	Site staff and workers - RG Site	4
Fire Drill	External	Head Office staff	2
Fire Drill	Internal	Site staff and workers - Maho Site	3
Hazard Identification	External	Site staff and workers - Maho Site	2
Aspects and Impacts Assessment	External	Site staff and workers - Maho Site	2
IMS Documentation	External	Process Owners	2
Hazard Identification and Risk Assessment and Operational control	External	Head of Departments	2
Aspects and Impacts Assessment and operational control	External	Head of Departments	2
Emergency Preparedness	Internal	Site staff and workers	3

Injury Record - FY 2021/22				
		Employees	Contract Labour	Third Parties
Work-related Fatalities (No.)		0	0	0
Major Injuries (No.)		0	0	0
Minor Injuries		2 (Slipping on a steep road , Eye injury due to grass cutting)	2 (wounded finger due to shaft of a tractor, eye injury due to metal particles)	0
Main types of work related injuries	Minor Injuries	1 (Eye injury due to grass cutting)	2 (same as above)	0
	Major Injuries	0	0	0

### Employee Relations

As a BOI Company, PAP is guided by the Labour Standard and Employment Relation Manual of BOI Sri Lanka in defining the scope of its employee relations activities. As such we strive to build a direct, honest and open relationship with employees. Our managers are expected to connect regularly with employees under their supervision in order to give employees the confidence to come forward with their concerns. In addition, our open door policy gives employees the opportunity to connect one-on-one with the HR Manager or any other member of the senior management including PAP's CEO.

Other activities such as the annual staff get-together and seasonal celebrations aim to foster greater camaraderie and team spirit among employees.

Through these approaches PAP has succeeded in building strong ties with employees, thus preventing the need for collective agreement.

### Way Forward

Going forward, we expect to further deepen our investment in technical and safety training. At the same time we are aiming to build a framework to create systematic career progression pathways that will enable employees at all levels to grow with the Company and realise their career aspirations.



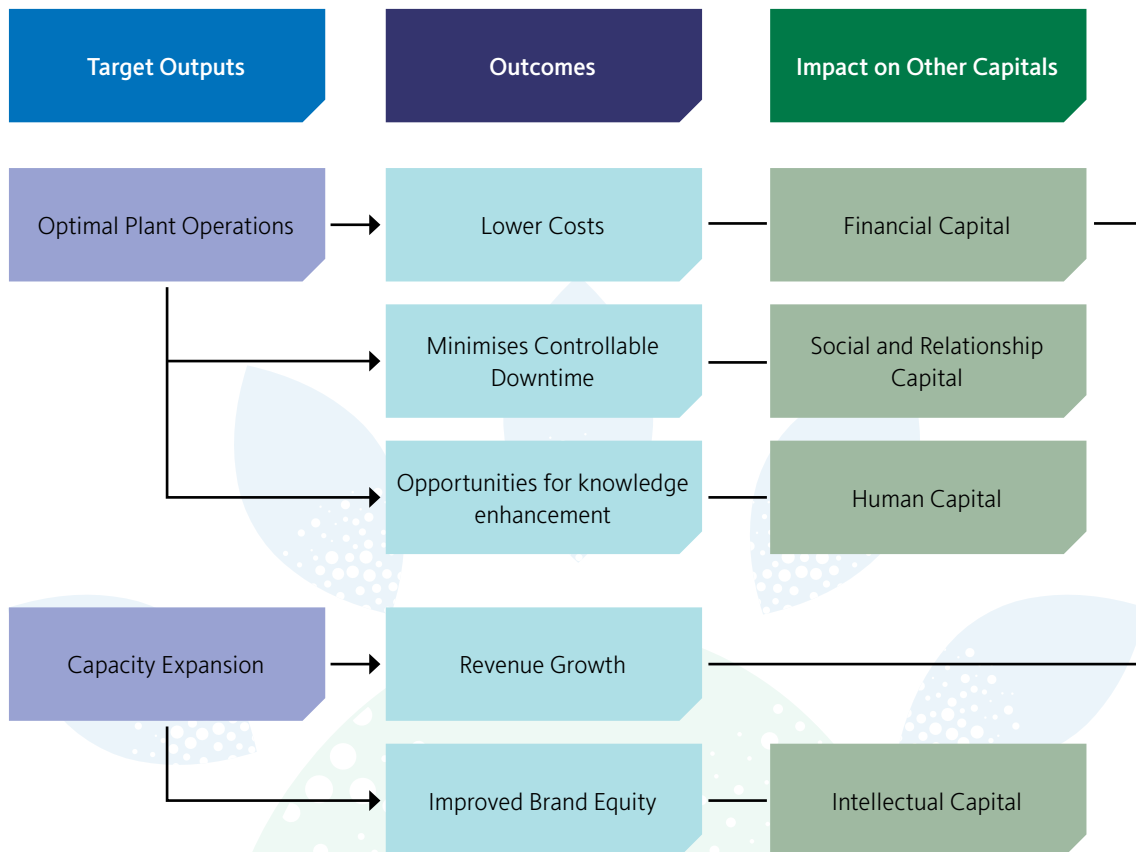
# Manufactured Capital



Our manufactured capital encompasses PAP's core infrastructure, namely the solar and hydropower generation plants as well as the plant monitoring technology that form the backbone of our operations.

## Management Approach

Our approach to developing Manufactured Capital is mainly aimed at increasing PAP's overall power generation capacity over time. This means ensuring we have the best in-class renewable energy infrastructure. Equally importantly, we focus on improving the efficiency of plant operations to ensure our operational plants continue to run at optimal levels at all times.

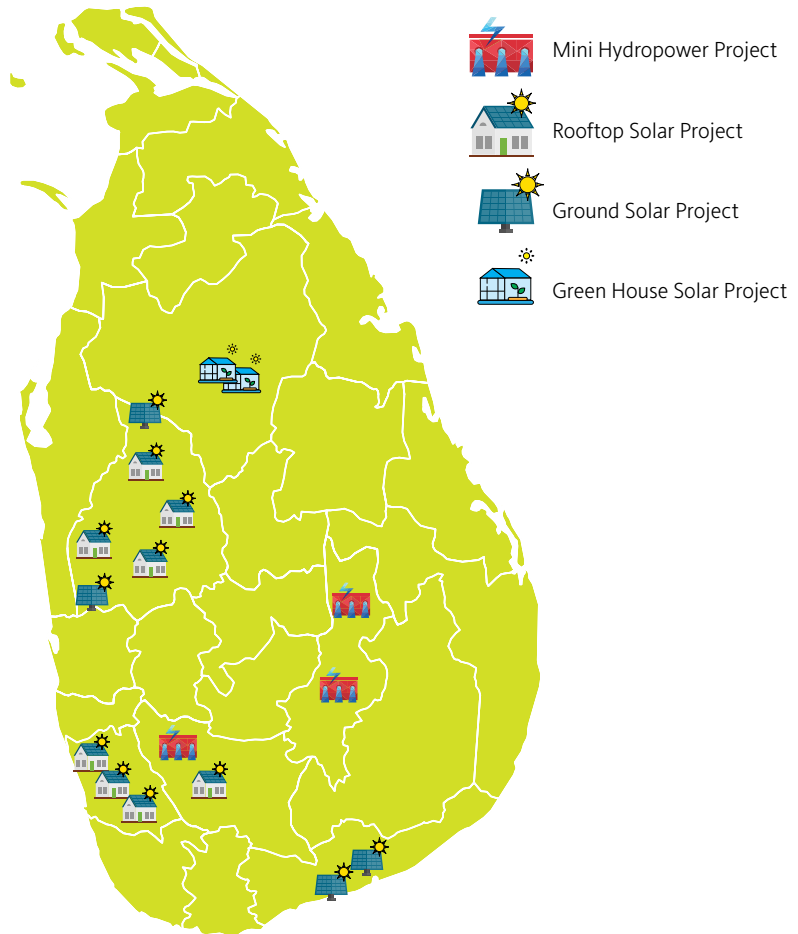


**Plant Infrastructure**

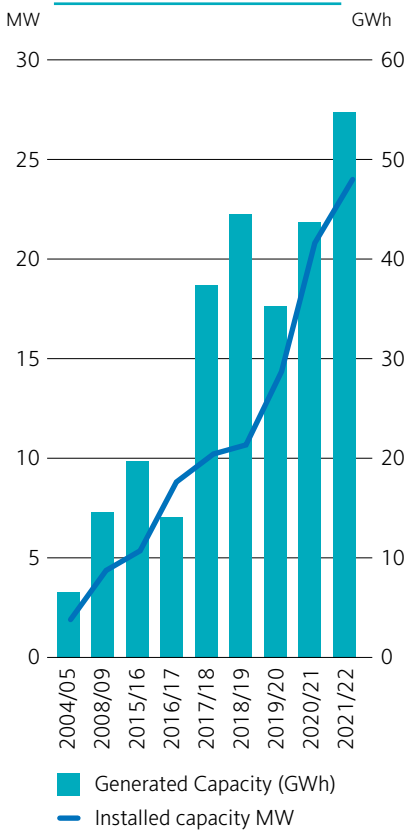
Progressive expansion of renewable energy infrastructure over the years has enabled PAP to build a solid asset base, comprising 19 solar and 03 hydropower plants located across Sri Lanka. Our plants collectively have an installed capacity of 24 MW.

Each plant produces and supplies electricity to the national grid, based on a long term Power Purchase Agreement with the Ceylon Electricity Board.

In recent years, PAP has further diversified its renewable energy footprint by investing in setting up plants overseas. These projects are ongoing.



**Generation Increasing year on year**



		FY19/20	FY20/21	FY21/22
Hydro	Rathganga	20.3%	49.3%	56.26%
Hydro	Manelwala	30.1%	32.1%	39.53%
Hydro	Padiyapelella	39.6%	50.5%	50.66%
Rooftop Solar	Weighted ave	13.1%	13.5%	14.30%
Ground Solar	Weighted ave	15.2%	17.5%	13.21%

**EPC (Engineering-Procurement-Construction) Process**

To ensure the quality, safety and efficacy of plants, PAP exercises full control over the EPC process for setting up of new plants. We leverage the skills and expertise of our in-house engineering and technical teams to manage the EPC process end-to-end. On this basis, the design, planning and procurement processes are handled by our teams. Although we appoint an experienced contractor for the civil work at the construction stage, our teams maintain strict supervisory oversight to ensure PAP’s standards are adhered to.

## Manufactured Capital



### Plant Maintenance

Plant maintenance activities play a vital role in ensuring our operational plants continue to function at optimal levels. The main aim of our plant maintenance programme is to minimise the controllable downtime.

Our approach to plant maintenance is based on continuous improvement and innovation. The dedicated Plant Operations Manager at each site is responsible for the day to day plant operations, including driving continuous improvement through innovation and due diligence. Our team of senior engineers also conduct regular site visits to assess the operational performance and determine the efficacy of operational systems in meeting controllable downtime objectives.

Year	Hydro Plants-Controllable Downtime (based on hours) %											
	Manelwala				Padiyapelella				Rathganga			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
2018/19	0.2%	0.2%	1.8%	0.3%	0.4%	0.1%	0.1%	0.0%	0.1%	0.3%	0.2%	0.0%
2019/20	0.0%	0.0%	0.8%	0.2%	0.0%	0.0%	0.2%	11.7%	0.1%	0.0%	0.0%	0.0%
2020/21	0.0%	0.0%	0.0%	0.1%	0.1%	0.0%	1.9%	0.4%	0.7%	0.0%	0.3%	0.1%
2021/22	0.6%	0.5%	1.0%	0.4%	0.5%	0.4%	1.4%	0.4%	0.6%	0.6%	0.6%	0.7%

# Intellectual Capital

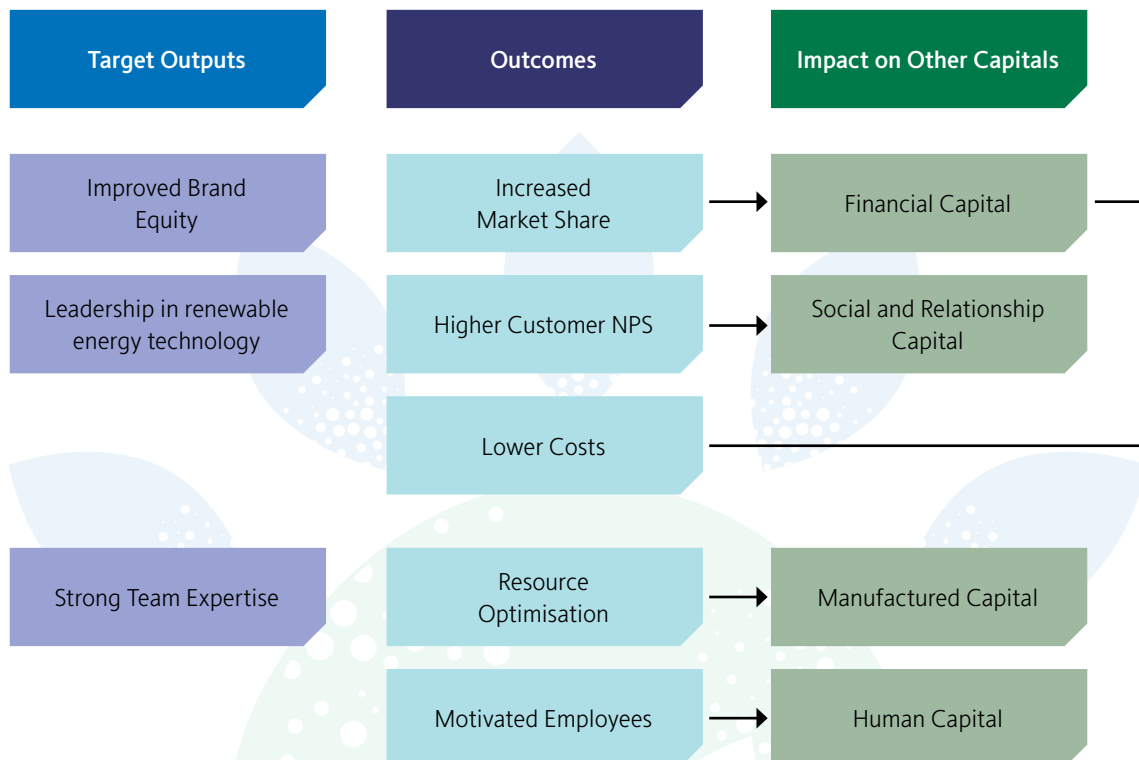


Our Intellectual Capital consists of several intangible components that work in synergy to produce competitive advantages that set Panasian Power PLC apart from its peers.

## Management Approach

Our approach to managing Intellectual Capital is based on strengthening the intangible assets of our business while also improving the symbiosis between these elements in order to position Panasian Power PLC (PAP) as the leading renewable energy producer in Sri Lanka.

We also allocate significant resources from our annual budget towards the development of our knowledge based systems. Where relevant, we also adopt globally accredited standards and certifications to further augment our knowledge and sharpen our operational capabilities. At the same time, we work to expand our presence in our chosen markets through strategic value adding partnerships that enable PAP to increase its bandwidth across the renewable energy value chain.



## Intellectual Capital

### Brand Performance

The Panasian Power PLC (PAP) brand has performed consistently well since its inception in 22nd April 2002. Our reputation with the Ceylon Electricity Board (CEB) - our main customer, remains strong. Our commitment to progressively increase the production and supply of clean energy to the national grid coupled with regular and ongoing discussions has reinforced our relationship with the CEB.

Other reasons for obtaining awards,

1. Competitiveness in the solar market having new technologies.
2. Business Excellence - Strong Financial rewards despite of COVID -19 Pandemic.
3. Expansion of business - New Solar projects.
4. Entering into new business ventures.
5. Maintaining cordial relationship with clients & business partners. (CEB is only one client)
6. Social responsibility /CSR & Women empowerment.

The Company's reputation as an independent power producer has also grown exponentially over the last 3 years. Today with over 19 (Ground, Rooftop) solar projects and another 03 mini hydro projects, we collectively contributed 54GWh of clean energy to the national grid, with PAP occupying a solid market position in the local renewable energy domain.

Backed by its dynamic growth strategy, PAP has recorded steady financial results and declared consistently high returns, to earn the respect of shareholders, investors and peers.

### Knowledge Base

Being in the renewable energy business, the knowledge and expertise of our employees are an invaluable asset to our day to day operations. Building competent engineering and technical teams is a key priority for PAP. As a policy, we recruit fully qualified Technical Staff with a strong background in renewable energy and give our Technical Staff the opportunity to further develop their skills on-the-job. We also invest in providing relevant training to enable continuous professional development. Equally importantly, we focus on upskilling our team of Operators by providing regular training in selected disciplines relevant to their job role. These measures have ensured a strong retention among our technicians, with over 48% having been with the Company for over 5 years.

### Our Track Record In 2021/22

PAP's Knowledge Base		
Qualified Engineers	5	Total Number of qualified Engineers/ Technical officers who have been with the Company

PAP's Knowledge Base				
Qualified Technicians	3	1 - 5 years	5 - 15 years	> 15 years
Technicians	7	6	2	7

### Training and Capacity Building Initiatives

	2018/19	2019/20	2021/22*
Total Annual Spend Value (Rs.)	1.0 Mn	1.4 Mn	0.5 Mn
Total training Hours	60	87	44

\* The reduction in training in the FY 2020/21 is attributed to the COVID-19 restriction



- National Business Excellence Awards 2021 conducted by The National Chamber of Commerce of Sri Lanka- Merit Award- Infrastructure & utilities sector



- Annual Report Awards 2021 conducted by the Institute of Chartered Accountants of Sri Lanka 56th annual report awards ceremony-Bronze Award-Power & Energy Companies
- Sri Lanka Annual solar awards 2021 organized by EQ- EQ PV Invest Tech Colombo 2021 – Technology adoption champ of the Year
- Sri Lanka Annual solar awards 2021 organized by EQ- EQ PV Invest Tech Colombo 2021 – Women Leadership & Business Excellence Award
- Sri Lanka Annual solar awards 2021 organized by EQ- EQ PV Invest Tech Colombo 2021 - Developer & EPC company of the year

### Certifications and Accreditations

To further enhance our knowledge in certain areas of the business, PAP makes a conscious effort to benchmark global standards. Our Environmental Management System is certified under the ISO 14001: Environmental Management Standard, while the safety of our construction sites and project operations are assured by the ISO 45000: Occupational Health and Safety standard.

### Strategic Partnerships

Since 2019 PAP has been on aggressive revenue diversification strategy, wherein the Company launched a trading arm as the exclusive distribution agent in Sri Lanka for Sungrow inverters. In recognition of the excellent sales performance within the first twelve months of securing the agency, PAP was also appointed the authorised service partner for Sungrow Inverters in Sri Lanka. Leveraging its success, PAP recently secured the rights to market the RT Inverter suitable for higher capacity of solar PV modules.

### Business Ethics

Business ethics are fundamental to the way we conduct our operations. The PAP Board and Corporate Management set the tone from the top by demonstrating the highest standards of ethics and integrity in all business dealings. The Company’s leadership regularly engages with employees at all levels to bring awareness to teams regarding the importance of aligning with ethical business principles. Ethical principles are further reinforced at the annual performance evaluation mechanism, where behavioral performance is allocated a sizable weightage in the determination of increments and annual bonuses.

### Way Forward

As PAP continues to grow in the coming years, we expect to further strengthen our core intangible assets specifically by pursuing strategic partnerships to achieve our long term ambitions. In parallel, we will look to establish a more cohesive ethics framework to serve as a guide for all employees when acting on behalf of PAP.

# Natural Capital

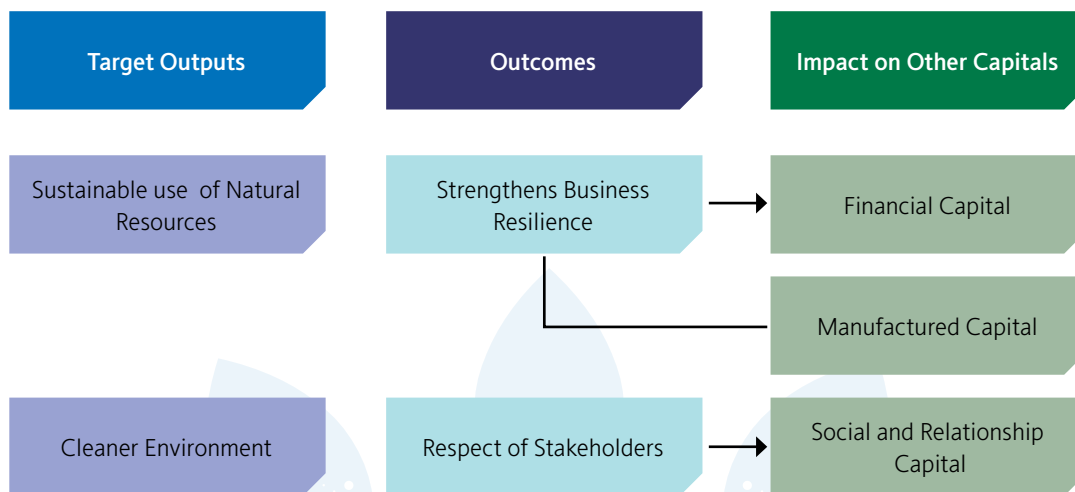


As a renewable energy producer, Natural Capital is a critical component of our business. The availability of natural resources - water and the rays of the sun are the fundamental pillars that support our day-to-day operations.

## Management Approach

Our approach to managing Natural Capital is deeply intertwined in the way we conduct our operations.

We begin by comprehensively assessing the inter-relationships between our operations and the environment and then take appropriate action to enhance the positive impact on the environment .



## Environmental Compliance

The National Environmental Act No. 47 of 1980, and its amendments No 56 of 1988 and No: 53 of 2000 are the main regulatory compliance requirements applicable to our business as a renewable energy producer, with the CEA (Central Environmental Authority) being the main governing body in charge of enforcing the requirements of the act. Different aspects of our business also fall under the purview of various other national and

local regulatory authorities.

As stipulated by the act, an Environmental Assessment is carried out prior to undertaking any new project with the aim of assessing potential short term and long-term impacts of our projects on the surrounding ecosystems as well as the communities living in the area. The scale of the assessment (Environment Impact Assessment / Initial Environment Examination/Environment Clearance) of

a certain project is decided by the CEA after evaluating the nature of the land, size of the land and sensitivity of the surrounding environment. Any negative impacts on environment and communities are managed by mitigation measures given in the Environment Management Plans (EMP) and the effectiveness of the mitigation actions are monitored using Environment Monitoring Plans (EMoP) of the said project.

PAP remains fully committed to comply with all applicable regulatory requirements, both during project construction as well as in the day to day plant operations. A dedicated Environment and Social Compliance Officer reviews and monitors PAP's compliance status on a continuous and ongoing basis. Regular due diligence activities are conducted by the Company's sustainability lead to provide assurance regarding the effectiveness of control processes in maintaining a 100% compliance record.

In FY 2021/22 PAP did not face any fines or penalties for non-compliance or delays in compliance with any applicable environmental regulations.

### Environmental Management Framework

Despite the minimal negative impact on the environment, we aim to run our operational plants in line with global best practices and have adopted the ISO 140001 Environmental Management Standard.

As per the framework in place, we manage impacts on the biological, social and physical environments (air, water and soil) and promote sustainable use of natural resources. This includes monitoring of water quality and noise levels during construction and operation periods, managing soil erosion, minimizing disturbances to the ecosystems during vegetation clearance, encouraging replanting activities. We also work to raise awareness among employees and plant workers regarding environment standards of the group and continue to maintain healthy relationships with surrounding communities and project stakeholders during project cycle. Moreover we have adhered to responsible waste disposal practices for the disposal of waste generated during construction and operation stages.

### Way Forward

Going forward, we expect to focus on obtaining authorization to issue Carbon Credits with Global Carbon Council (GCC) Mechanism and International Renewable Energy Certificates (IREC) to generate I-REC Certificates. Carbon Credits /REC's represent the energy generated by renewable energy sources, and are tradable, non-tangible commodities that serve as proof that electricity was generated from a renewable energy resource and was then fed into the shared system (Grid) of power lines that transport energy. Accordingly those who purchase CC/ RECs (business and investors and consumers), will be able to receive certified proof that they are using renewable energy from the grid without having to install solar panels or other renewable energy systems at their business. Hence this will enable PAP to assist other organizations to reduce their carbon footprint and associated climate change impacts.

### PAP's Impact on the Environment

As a renewable energy producer our daily operations have little or no negative impact on the environment. We use the rays of the sun to generate solar energy and supply to the national grid. This process does not result in any waste. Water used in the generation of hydropower is released back to the same water bodies in the same form as no contamination takes place during the hydropower generation process. Further, doing power generation, we have zero Co2 emission, which would otherwise generated during conventional power generation method(Coal). In this way we have less impact on environment.



# Social Capital

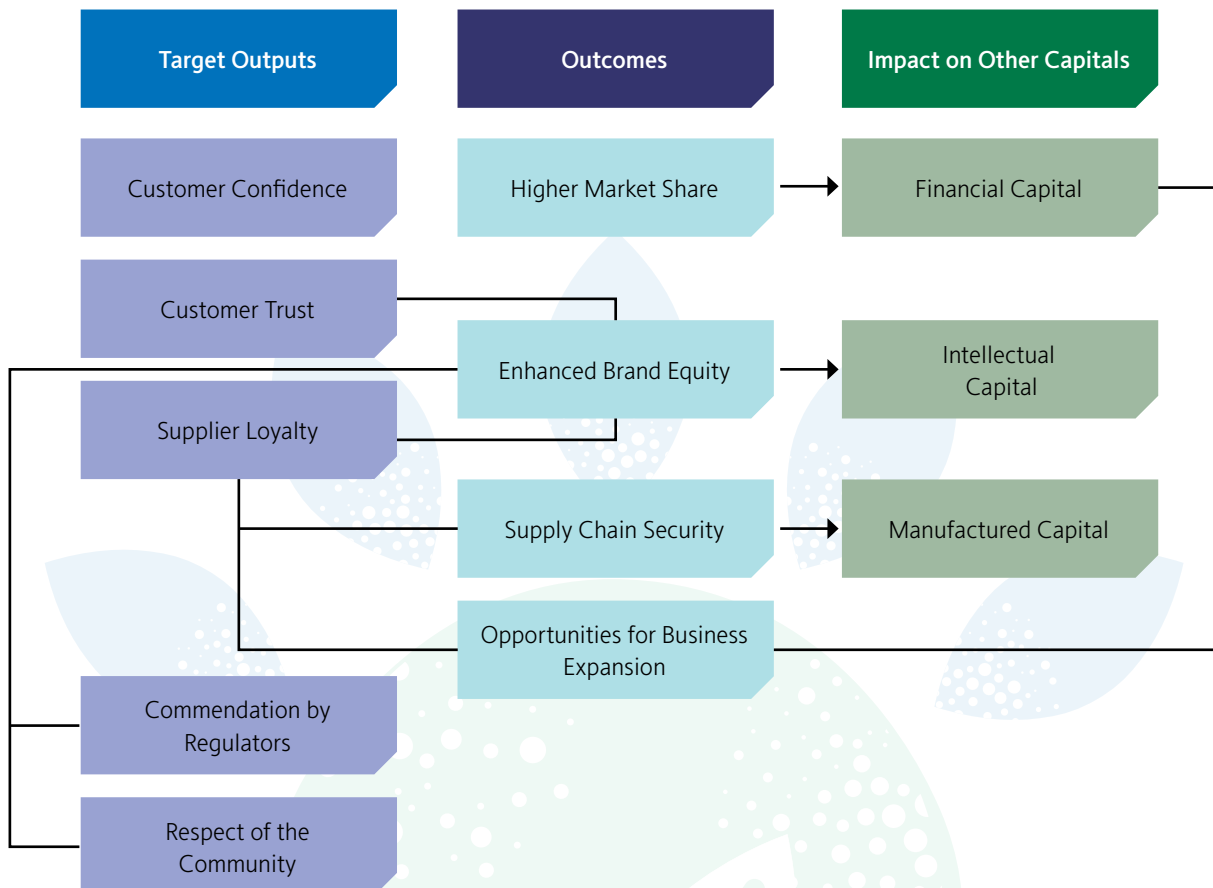


Our Social and Relationship Capital refers to the ties we have with our key stakeholders - valued customers, suppliers, and regulators who support the continuity of our operations as well as the wider communities in and around our operational sites.

## MANAGEMENT APPROACH

Our approach to developing Social and Relationship Capital is based on building strong relationships with key stakeholders in order to secure their support over the long term.

In seeking to build these relationships, we focus on first understanding what is important to each stakeholder category and then implementing unique approaches tailored to their specific requirements.



### Product Responsibility

At the heart of our customer promise is the commitment to honour all contractual obligations without exception. We remain fully committed to adhere to required Grid Codes outlined under our power-purchase-agreements with the CEB. At the same time we strive to ensure 100% satisfaction in the solar rooftop installations for both corporate and retail customers.

As the exclusive channel partner for Sungrow Inverters in Sri Lanka PAP provides its customers with the latest groundbreaking solar inverter infrastructure. Sungrow has been ranked the #1 most bankable inverter in the world for the past three consecutive years and also the #1 supplier of inverters to financed projects the world over.

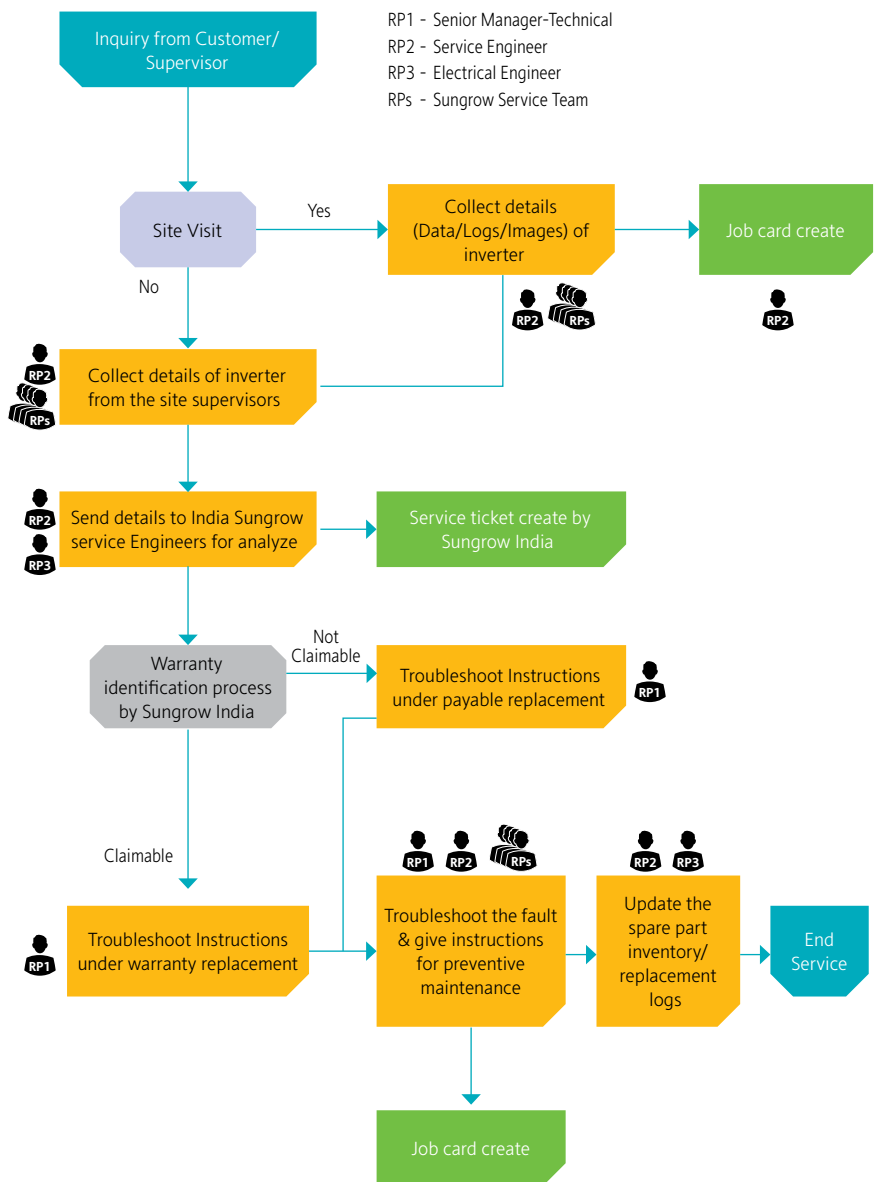
### Customer Relationships

Customer relationship management is an equally important component of our approach to strengthening customer capital. A dedicated coordinator handles relationships with the CEB, while our sales teams are trained to engage with B2B customers on an ongoing basis.

### Handling Customer Complaints

The complaints by the CEB, if any, are communicated by the CEB Area Engineer to the Energy Purchase Branch of the CEB through the respective Deputy General Manager of the area. The complaint is then conveyed to PAP by CEB. However, by consistently complying with CEB specified Grid Codes, PAP has been able to maintain a zero complaint track record with the CEB.

### Sungrow Inverter Service Process



## Social Capital

All repairs for Sungrow Inverters are handled at our fully fledged workshops in our own sites. Customers are kept apprised on the progress of their complaint via the Sungrow app.

Meanwhile EPC customers can raise complaints by contacting PAP through the general number, or via appointed service engineers. If required, customers can directly reach out to PAP's CEO regarding any concerns. In the event of defects/service breakdowns, the teams are expected to resolve the issue within 48 hours. If required PAP teams undertake to repair and/or replace any defective parts and ensure the system is functioning as it should be as soon as possible.

In FY 2021/22, there were no complaints received on product safety breaches. PAP was not subject to any fines or penalties in this regard.

### SUPPLIER CAPITAL

Supply chain partners as they relate to PAP's business model.

There were no material changes to PAP's supply chain in the year under review compared to the previous year.

#### Procurement Best Practices

Given the nature of our operations, we work with both overseas and local suppliers based in Sri Lanka.

In any case, we always aim to work with suppliers who share in PAP's vision for sustainable growth. Our overseas suppliers consist mainly of Original Equipment Manufacturers (OEM). These are reputed global suppliers with a proven track record of excellence in the supply of renewable energy infrastructure.

Our local suppliers too are chosen carefully based on their ability to align with our operational standards. The selection of suppliers is managed carefully as per the guidelines set out under PAP's Procurement Process, which has been developed in line with global best practices. The Board has delegated oversight and approval authority for procurement to PAP's Chief Executive Officer (CEO). The CEO further delegates procurement authority to the heads of departments on an individual basis accompanied with specified guidelines and authority limits. PAP's Procurement Committee, under the leadership of the CEO retains overall responsibility for efficient and cost-effective procurement.

The Procurement Committee comprises top management including the CEO, CFO/FM, and Senior Manager – Technical. Any decision made by the majority of the committee is deemed to have been approved by the committee. From time to time, other technical staff (e.g. Group Legal Officer, Environmental and Social Safeguard Officer) may be invited to the Procurement Committee by the CEO, depending on the nature and scope of the items being procured.

As per PAP's procurement guidelines, it is mandatory that comparative assessments are conducted between suppliers to evaluate such matters as product quality, compliance standards, certifications, warranties, price competitiveness, delivery record, and long-term availability of the spares among other things. For spare parts where only manufacturer recommended parts are used, no quotes are required unless multiple suppliers are available.

As mentioned above, in the case of installation and commissioning of inverters, we only work with SEA registered EPC companies. However, we do our own due diligence to verify their credentials and also to obtain

independent assurance regarding their labour and environmental compliance track record.

#### Regulator Capital Relations with Regulators

As a renewable energy producer, PAP falls under the purview of multiple regulatory bodies, both at the project construction stage as well as in the day to day plant operations. While prioritizing compliance with regulations, PAP also seeks to maintain cordial relations with all regulatory bodies.

#### Regulatory Bodies Applicable to PAP's

Ceylon Electricity Board (CEB)
Public Utilities Commission of Sri Lanka (PUCSL)
Sri Lanka Sustainable Energy Authority (SEA)
Board of Investments of Sri Lanka (BOI)
Ministry for Power and Energy
Central Environment Authority (CEA)
Department of Archaeology
Department of Wildlife Conservation
Department of Agrarian Services
National Water Supply and Drainage Board
Department of Irrigation
Urban Development Authority (UDA)
Divisional Secretariats
Pradeshiya Sabhas
Sri Lanka Customs
Telecommunications Regulatory Commission of Sri Lanka (TRCSL)

## COMMUNITY CAPITAL

### Community Investment

Our business as a renewable energy producer, our operations have a long-term positive impacts on the community. From the initial construction stage itself communities benefit from direct and indirect job opportunities. Our investments to rehabilitate road networks and other community infrastructure also bring significant long-term benefits for communities living in these areas. Any minor disruption to their day-to-day life during construction is carefully managed by adhering to Environment and Social Management Plans. In the year under review, we further deepened our investment in the community through the launch of a targeted initiative to provide vocational training for youth. The program which was carried out in partnership with NAITA was run in the Padiyapelella, Manelwala and Rathganga area for the benefit of youth in neighboring communities. A special women's empowerment program was also launched as part of CSR programs.

PAP spent Rs. 1.6 Mn in FY 2021/22 on various other CSR projects.



Woman empowerment/ Provision of employment opportunities to women in the project area - Maradankadawala Green House Solar project



Provision of 1 M to the Padiyapelella Village Development Society for the rehabilitation of Niliyamba Village Road



Provision of Cement bags for the proposed community hall



Construction of School building (40x 20 m ) for grade 4 and 5 at Pethisrambewa Primary School



Providing 15 numbers of 340W Solar panels for Installation of 5-kW solar PV system at the Bible, kotagala Piyangala Purana Temple



## Social Capital



*Provision of food ration for 125 families living along access roads of all power plants during covid pandemic*



*Provision of 300 plants to the Department of Forest for replanting activity in forest patch Gampaha*



*Provision of medical items to Aparakke District Ayurvedic Hospital and provision of Chairs for OPD at Munwatta Medical Center at Padiyapelella*

### Way Forward

In the coming year, we expect to further enhance the value created for customers by improving the diversity of our portfolio of offerings. At the same time we will look to leverage on social media to encourage greater customer engagement. We are also planning to use digital technology to create a supplier database in order to further streamline PAP's procurement process.



# WITH NATURE FOR NATURE

**Padiyapelella Hydropower Plant**



# Maho Solar Power Plant

11 MW



AC

## Board of Directors



**Dr. Prathap Ramanujam**  
*Chairman*



**Deepal Sooriyaarachchi**  
*Independent Non-Executive Director*



**Vajira Kulatilaka**  
*Independent Non-Executive Director*



**Pathmanatha Poddiwala**  
*Chief Executive Officer/Executive Director*



**Hiroshini Fernando**  
*Non-Executive Director*



**Lakshman Silva**  
*Independent Non-Executive Director*



**Kosala Kamburadeniya**  
*Independent Non-Executive Director*

**Dr. Prathap Ramanujam**  
*Chairman*

Dr. Prathap Ramanujam is the Chairman of the group. He retired after 38 years of distinguished service in the Public Sector. He was the Permanent Secretary to several key Ministries including Tourism, Livestock Development and Estate Infrastructure, Civil Aviation and Urban Development during the last 14 years of his career in the Public Sector. Dr. Ramanujam pioneered the introduction of private sector investment in infrastructure projects in Sri Lanka as far back as 1992, when he was the Director General of the Secretariat for Infrastructure Development and Investment (SIDI). This institution was created with the assistance of USAID for the promotion of private sector investment in infrastructure projects as Build-Operate-Own (BOO) or Build-Operate-Transfer (BOT) projects and was instrumental in initiating the first mini hydro project as Public Private sector project as far back as 1993.

In his long distinguished career within the Public Sector, he initiated many innovative policies and schemes for the expeditious development and implementation of projects and programs under his purview.

On his retirement from the Public Sector in 2010, Dr. Ramanujam joined the Private Sector by taking up the Directorship at Panasian Power Pvt. Ltd. He was appointed as Chairman and Chief Executive Officer of the Company in the same year. He relinquished his position as CEO in 2019 and continues to be the Chairman of the group.

Dr. Ramanujam has a First Class BSc. (Hons.) Degree from the University of Peradeniya, Sri Lanka, MSc. degree in Economics from the University of Bristol, UK and a PhD in Economics from the Australian National University, Canberra, Australia.

He currently serves as a Director in Ceylon Grain Elevators PLC, Three Acre Farms PLC and Iconic Development Pvt. Ltd. He is also the Chairman and Director of Senfin Asset Management (Pvt) Ltd. Dr. Ramanujam functions as an Advisor to the Director General of the International Water Management Institute (IWMI).

In recognition of his distinguished career in the public service, Dr. Ramanujam served as a Member of the Independent Public Service Commission appointed by the Constitutional Council from 2015 till 2020.

**Deepal Sooriyaarachchi**  
*Independent Non-Executive Director*

Deepal Sooriyaarachchi, is a senior business professional with a wide range of exposure and experience. He is a renowned Management Consultant, Speaker Trainer, Executive Coach and an Author.

Before embarking on full time consultancy work he was the Managing Director of AVIVA NDB Insurance PLC (now known as AIA Insurance PLC) and he serves as a non-executive independent director of; AIA Insurance Lanka PLC, and a number of leading corporates.

He is a Fellow member of the Chartered Institute of Marketing (CIM) UK and holds an MBA from the Post-graduate Institute of Management, University of Sri Jayewardenapura.

Mr. Sooriyaarachchi also serves on the Board of Management of the Post Graduate Institute of Management, University of Sri Jayewardenapura (PIM) and a consulting partner of Results Based Leadership Organization, USA.

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

## Board of Directors

### **Vajira Kulatilaka**

*Independent Non-Executive Director*

Vajira Kulatilaka holds a B.Sc. in Civil Engineering with a First-Class Honors from the University of Moratuwa and an 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.

Mr. Kulatilaka counts over 35 years of experience in Banking and Finance and Capital market operations in Sri Lanka. He served as the Director/CEO of NDB Investment Banking cluster, where 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.

He has 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 and Printcare PLC as well.

### **Pathmanatha Poddiwala**

*Chief Executive Officer/Executive Director*

Pathmanatha Poddiwala is an engineer in profession with qualifications into business administration (MBA in Technology Management) and Management Accountancy, CMA (Aust). He counts over 18 years’ experience in the field of engineering & management attached to leading conglomerates in which 13 + years in the field of the renewable energy sector. He has expertise in the 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 an expert in number of due diligences of power company merges and acquisitions.

Further Mr. Poddiwala serves as CDM expert for leading international audit firm as local expert. He also counts over 8 years’ experience as a senior lecturer for City & Guilds (UK) mechanical engineering curriculum. He has a strong network in the sector to access for information. He is also an active member of the Institution of Engineers Sri Lanka, Sri Lanka Energy Managers Association & CMA (Australia). He has been appointed as the Chief Executive Officer wef 1 April 2020.

### **Hiroshini Fernando**

*Non-Executive Director*

Hiroshini Fernando brings to the Board significant operational, administrative and strategic exposure.

She accounts for over 20 years of experience across a broad spectrum of commercial sectors. She has 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.

Ms. Fernando is the Chief Executive Officer and Executive Director of R I L Property PLC. Also acts as an Independent Non-Executive Director of DFCC Bank PLC and Non-Executive Director at United Motors Lanka PLC and a number of corporates.

She is a Fellow member of the Institute of Chartered Accountants of Sri Lanka and the Institute of Certified Management Accountants of Sri Lanka.

### Lakshman Silva

*Independent Non-Executive Director*

Lakshman Silva was the Chief Executive Officer of DFCC Bank PLC until December 2021 and an industry veteran who with his extensive background and expertise in the financial service and banking industry for over 30 years, has helped steer DFCC Bank into an arena of elite players, by becoming one of the respected and foremost commercial banks in the island.

Until his retirement in December 2021, he has 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.

Mr. Silva 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.

Currently a member of the Financial System Stability Consultative Committee of the Central Bank of Sri Lanka, Council Member of the Employer's Federation of Ceylon, Ceylon Chamber of Commerce and Association of Professional Bankers of Sri Lanka (Past President).

He holds a B.Com (Sp.) from the University of Kelaniya and an MBA from the Postgraduate Institute of Management of the University of Sri Jayawardenapura.

### Kosala Kamburadeniya

*Independent Non-Executive Director*

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 Jayawardenapura.

He is a member of the Engineering Council of Sri Lanka which is the legal body regulating practice of Engineering in the country. Also, he is an active member of the Institution of Engineers Sri Lanka and been the Vice-President for the year 2019/20. Mr. Kamburadeniya is a certified Building Services Engineer and a Certified Arbitrator of the Institution of Engineers, Sri Lanka.

His 28 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 of Subsidiaries

Directors Name & Company Name	Registration No.	Date of Incorporation
<b>Manelwala Hydropower (Pvt) Ltd</b>	<b>PV 10137</b>	<b>06.05.2002</b>
Dr. P. Ramanujam		
Mr. P. K. Pathmanatha		
Mr. W.A.I.R. Perera		
<b>Padiyapelella Hydropower Limited</b>	<b>PV 64694 PB</b>	<b>31.07.2008</b>
Dr. P. Ramanujam		
Dr. Z. A. M. Thahir		
Mrs. L.K.A.H. Fernando		
<b>Panasian Investments (Pvt) Ltd</b>	<b>PV 84223</b>	<b>14.02.2012</b>
Dr. P. Ramanujam		
Mr. P. K. Pathmanatha		
Mrs. R. Weudagedara		
<b>Eco Green Solar Solutions (Pvt) Ltd</b>	<b>PV 129828</b>	<b>15.02.2018</b>
Dr. P. Ramanujam		
Mr. P. K. Pathmanatha		
Mr. Y.M.K. Yapa Bandara		
<b>Panthree Solaro Energy (Pvt) Ltd</b>	<b>PV 00202822</b>	<b>06.08.2018</b>
Dr. P. Ramanujam		
Mr. P. K. Pathmanatha		
Mr. M.A.M. Ariyakumara		
Mr. W.A.I.R. Perera		
<b>Solar Power Generation Matara (Pvt) Ltd</b>	<b>PV 00205195</b>	<b>11.10.2018</b>
Dr. P. Ramanujam		
Mr. P. K. Pathmanatha		
Mr. W.A.I.R. Perera		
<b>Pap Solar One (Pvt) Ltd</b>	<b>PV 128774</b>	<b>11.01.2018</b>
Dr. P. Ramanujam		
Mr. P. K. Pathmanatha		
Mrs. R. Weudagedara		
<b>Rajarata Sustainable Development (Pvt) Ltd</b>	<b>PV 00206952</b>	<b>06.12.2018</b>
Dr. P. Ramanujam		
Mr. P. K. Pathmanatha		
Mrs. L.K.A.H. Fernando		
<b>Finergreen Rajarata (Pvt) Ltd</b>	<b>PV 00209489</b>	<b>05.03.2019</b>
Dr. P. Ramanujam		
Mr. P. K. Pathmanatha		
Mrs. L.K.A.H. Fernando		
<b>Panasian Power Zambia Limited</b>	<b>120180009477</b>	<b>09.11.2018</b>
Dr. P. Ramanujam		
Mr. P. K. Pathmanatha		
Mrs. L.K.A.H. Fernando		
Mr. A. Miyanadeniya		

## Management Team



### Seated left to right

**Jayamal Gunathilaka** – Senior Manager - Technical

**Pathmanatha Poddimala** – Chief Executive Officer / Executive Director

**Suhashini Sathiyaseelan** – Finance Manager

### Standing left to right

**Disna Bandara** – Manager - Environment and Social Compliance

**Mangala Siriwardana** – Project Manager

**Nadun Athukorala** – Assistant Manager - Admin & HR

**Ranjith Amarasinghe** – Project Manager

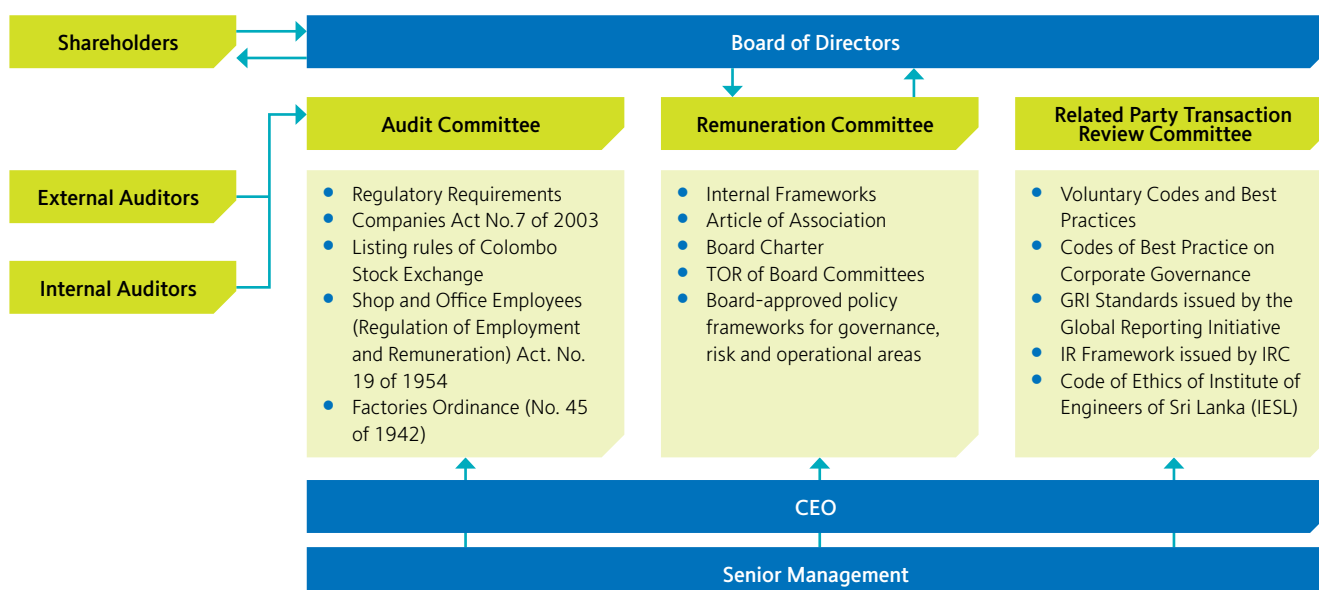
# Corporate Governance

At Panasian Power PLC (PAP), we believe good governance is the key to deliver sustainable growth in the interests of all stakeholders. Our corporate governance framework provides the foundation for ensuring the necessary authority and practices are in place to manage our business operations effectively, efficiently, with integrity and fairness in compliance with all regulatory requirements applicable to our Company.

In this regard, the regulations for listed entities along with the legal requirements applicable to our business as a renewable energy company serve as the overarching principles that underpins our governance approach, while our own internal constitution forms the basis of how we conduct our day-to-day operations.

Legal And Regulatory Requirements	Internal Constitutional Framework
Companies Act No. 07 of 2007	Articles of Association
Listing Rules of the Colombo Stock Exchange	Board Charter
Inland Revenue Act No. 24 of 2017 and amendments thereto	TOR of Board Sub Committees
Factories Ordinance No. 45 of 1942 and amendments thereto	Code of Conduct
Shop and Office Employees Act No. 19 of 1954 and amendments thereto	Board-approved Policies, procedures and guidelines
The Code of Best Practice on Corporate Governance as published by the Institute of Chartered Accountants of Sri Lanka (voluntary)	
Budgetary Relief Allowance of Workers Act	
Employee’s Provident Fund Act	
Employees Trust Fund Act	
The Payment of Gratuity Act	
Workmen’s compensation Ordinance	
Maternity Benefits Ordinance	
Termination of Employment of Workmen Act	
The National Minimum Wage of Workers Act	

## GOVERNANCE STRUCTURE



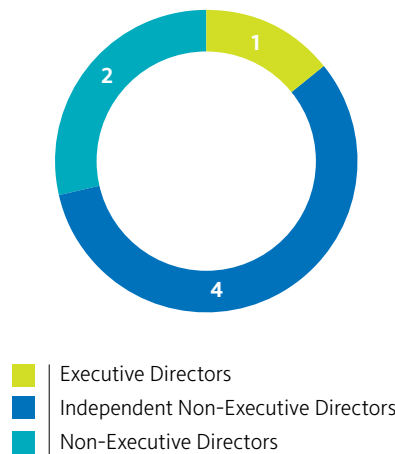
**The Role of the PAP Board**

PAP’s Board of Directors is the highest governing body within the organisation and as such is the main custodian of stakeholder interests. In this capacity the Board is accountable to all stakeholders for conducting the affairs of the Company in line with their expectations and aspirations. This includes setting the tone for a culture of ethics across the Company and for ensuring that PAP’s management remains committed to continuous and ongoing stakeholder engagement.

**Board Composition**

The Panasian Power PLC Board as at 31st March 2022 consisted of one Executive and six Non-Executive Directors. The current size and composition of the PAP Board are considered to have the appropriate balance and mix of skills to provide the necessary breadth and depth of knowledge and experience to meet the Board’s responsibilities and objectives. Please refer to page 60 of this report for the profiles of the Board of Directors.

**Mix of Directors**

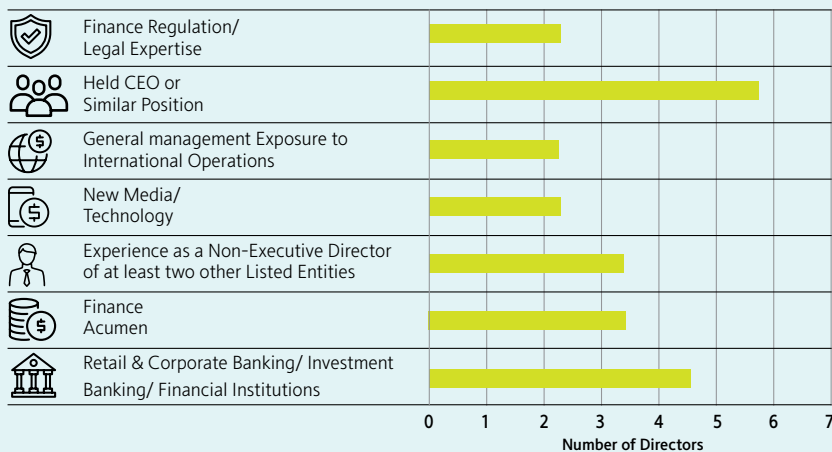


with applicable legal and regulatory frameworks and governance best practices.

Key responsibilities of the Board include;

- Setting the PAP’s vision, mission and values
- Overseeing the development of the corporate strategy to reflect the Company’s vision and reviewing and approving strategic plans
- Monitoring the operational and financial position and performance of the Company
- Identifying the principal risks faced by the Company and providing guidance for the implementation of appropriate internal controls and monitoring systems to manage and reduce the impact of these risks
- Ensuring that financial and other reporting mechanisms are in place to ensure accurate and timely information being provided to the Company’s shareholders and the regulators
- Overseeing the Company’s compliance
- Approving the Company’s budgets and business plans and monitoring the management of the Company’s capital structures, including the progress of any major capital expenditures, acquisitions or divestitures
- Approving and reviewing from time to time, the Company’s internal compliance procedures, including any codes of conduct and taking all reasonable steps to ensure that the business of the Company is conducted in an open and ethical manner
- Regularly reviewing and to the extent necessary, amending the Board Charter and the TOR’s of Board Committees
- Appointing the CEO, the Finance Manager and Company Secretary and approving other key Executive appointments
- Oversight for succession planning of key leadership positions

**Board Skills Matrix**



Non-Executive Directors have various different perspectives to facilitate active Board debate. They draw on their experience and knowledge to challenge management proposals in relation to the development of strategy and business objectives.

**Board Responsibility**

The PAP Board as the highest governance body within the organisation provides leadership and strategic guidance to safeguard shareholder value. In doing so the Board provides leadership for conducting affairs of the Company in accordance

## Corporate Governance

- Monitoring the performance of the CEO and other senior Executives of the Company against strategy
- Reviewing and approving remuneration for the senior Executives of the Company

### Chairman of the Board

The Chairman presides over meetings of directors and shareholders, to enable the Board to perform its assigned role. The PAP Chairman – Dr. Prathap Ramanujam who serves in an executive capacity, is responsible for leading the Board in reviewing and discussing Board matters and making certain that the Board pays adequate attention to examine and review the Company’s performance vis-a-vis stated objectives and targets. In this regard, the Chairman is required to maintain regular contact with the CEO regarding operational matters and ensure that the Board is kept apprised of all major developments within the Company.

### Chief Executive Officer (CEO)

There is a clear division of responsibilities between the roles of the Chairman and the CEO, which is set out in writing and has been approved by the Board.

The Board has delegated responsibility for the day to day management of the Company to the CEO. Accordingly our CEO – Mr. Pathmanatha Poddiwala is accountable to the Board for;

- Executing strategy agreed by the Board and reporting regularly on the progress and performance of the Company
- Maximizing the contribution of senior management to business planning, operational control and profit performance
- Identifying and managing operational and other risks, where those risks could have a material impact on the Company’s business, formulating strategies for managing these risks for consideration by the Board and, subject to the Board’s approval, implementing these strategies

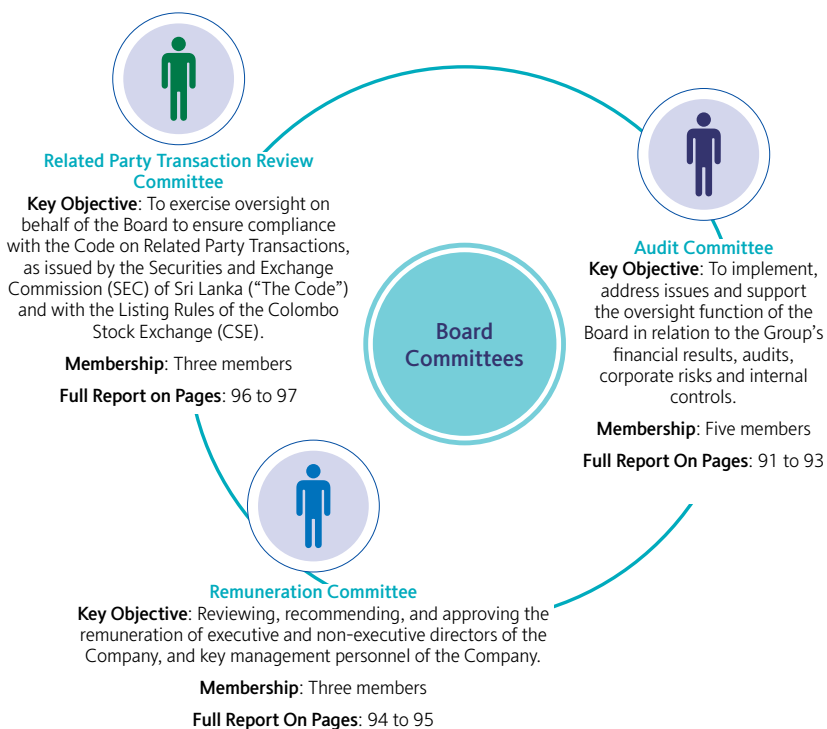
- Managing the Company’s current financial and other reporting mechanisms together with managing day-to-day operations within the budget
- Implementing the Company’s internal controls and procedures for monitoring these controls and ensuring that these controls and procedures are appropriate and effective
- Providing the Board with accurate and sufficient information regarding the Company’s operations on a timely basis and ensuring that the Board is made aware of all relevant matters

### Board Meetings

The PAP Board meets regularly to discuss and decide on business strategies / policies and review the financial and operational performance of the Company.

Board meetings are planned in advance and communicated to all Board members. The agenda for each Board meeting is set by the Chairman in discussion with the Company Secretary. The agenda and all relevant board papers are circulated among the Directors at least seven working days prior to the meeting. Directors are expected to fully review board papers in preparation for the Board meeting. For this purpose Directors have unfettered access to the Company Secretary and any member of the Management Team for any information or clarifications. All Directors are expected to attend and actively contribute at Board Meetings. On occasion, members of the Corporate Management Team may also be invited to attend meetings to address specific agenda items.

Minutes of every Board Meeting are documented and maintained under the purview of the Company Secretary. The Company Secretary is required to obtain the Chairman’s approval prior to circulating minutes among the Directors and other members of Corporate Management who were present at the particular meeting. The company Secretary ensures that a draft of minutes is submitted for chairman’s review within seven working days for approval.



### Board Committees

To facilitate the execution of its responsibilities, the Board has established different Committees to oversee and report to the Board on particular areas of responsibility. The Committees are tasked with providing oversight and guidance, and reporting to the board through their respective chairman. The roles and responsibilities of each Board Committee are set out in their respective TOR (Terms of Reference).

The level of compliance of Panasian Power PLC to the Code of best Practice on Corporate Governance 2017 issued by the Institute of Chartered Accountants of Sri Lanka and the Rules set out in Section 7.10 of the Colombo Stock Exchange Listing Rules on Corporate Governance is described below:

Corporate Governance Principle	Principle No.	Level of Compliance																																													
<b>Directors</b>																																															
A.1 The Board																																															
The company should be headed by an effective Board, which should direct, lead and control the Company.																																															
The Board consists of the Chairman, CEO/Executive Director, one Non-Executive Directors and four Independent Non-Executive Directors who are professionals in the fields of Engineering, Finance, Investment Banking and Management																																															
Frequency of Board Meetings	A.1.1	Complied	<p>Board meetings are held on quarterly basis at a minimum and meets more frequently whenever it is necessary.</p> <p>Quarterly Board meetings are scheduled to determine the Company's strategic direction, review the operational and financial performance, and to provide oversight.</p> <p>The attendance of Directors at the Board meetings held during the year is depicted below:</p> <table border="1"> <thead> <tr> <th rowspan="2">Name of the Director</th> <th colspan="2">Board Meeting</th> </tr> <tr> <th>Quarter 1</th> <th>Quarter 2-4</th> </tr> </thead> <tbody> <tr> <td>Dr. P. Ramanujam</td> <td>1/1</td> <td>6/6</td> </tr> <tr> <td>Mr. D. Sooriyaarachchi</td> <td>1/1</td> <td>4/6</td> </tr> <tr> <td>Mr. P. Poddiwala</td> <td>1/1</td> <td>6/6</td> </tr> <tr> <td>Mr. V. Kulatilaka *</td> <td>N/A</td> <td>5/6</td> </tr> <tr> <td>Mr. K. Kamburadeniya *</td> <td>N/A</td> <td>6/6</td> </tr> <tr> <td>Ms. L. K. A. H. Fernando *</td> <td>N/A</td> <td>6/6</td> </tr> <tr> <td>Mr. L. Silva (Appointed wef 01 March 2022)</td> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>Mr. E. Karthik **</td> <td>1/1</td> <td>N/A</td> </tr> <tr> <td>Mr. S. S. Kakiriwaragodage **</td> <td>1/1</td> <td>N/A</td> </tr> <tr> <td>Dr. T. Senthiverl **</td> <td>0/1</td> <td>N/A</td> </tr> <tr> <td>Mr. D. Pushparajah **</td> <td>0/1</td> <td>N/A</td> </tr> <tr> <td>Mr. D. Jinadasa **</td> <td>1/1</td> <td>N/A</td> </tr> <tr> <td>Mr. S. Senthil Nandhanan **</td> <td>1/1</td> <td>N/A</td> </tr> </tbody> </table> <p>* Appointed wef 03 August 2021 ** Resigned wef 03 August 2021</p>	Name of the Director	Board Meeting		Quarter 1	Quarter 2-4	Dr. P. Ramanujam	1/1	6/6	Mr. D. Sooriyaarachchi	1/1	4/6	Mr. P. Poddiwala	1/1	6/6	Mr. V. Kulatilaka *	N/A	5/6	Mr. K. Kamburadeniya *	N/A	6/6	Ms. L. K. A. H. Fernando *	N/A	6/6	Mr. L. Silva (Appointed wef 01 March 2022)	N/A	N/A	Mr. E. Karthik **	1/1	N/A	Mr. S. S. Kakiriwaragodage **	1/1	N/A	Dr. T. Senthiverl **	0/1	N/A	Mr. D. Pushparajah **	0/1	N/A	Mr. D. Jinadasa **	1/1	N/A	Mr. S. Senthil Nandhanan **	1/1	N/A
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## Corporate Governance

Corporate Governance Principle	Principle No.	Level of Compliance																	
			<p>A monthly board pack containing all relevant information is submitted to board of directors:</p> <table border="1"> <tr> <td>Financial and operational results on pre agreed Key Performance Indicators</td> <td>Included in monthly board pack</td> </tr> <tr> <td>financial performance compared to previous periods, budgets and targets</td> <td>Included in monthly board pack</td> </tr> <tr> <td>impact of risk factors on financial and operating results and actions to mitigate such risks</td> <td>Included in monthly board pack</td> </tr> <tr> <td>Forecast for the next period</td> <td>Budget set at beginning of year. Rolling 3 month cashflow presented in board pack</td> </tr> <tr> <td>Compliance with laws and regulations and any non-compliances</td> <td>Monthly CFO/ Finance Manager confirmation contains this</td> </tr> <tr> <td>internal control breaches or frauds during the period and related actions taken</td> <td>Monthly CFO/ Finance Manager confirmation contains this</td> </tr> <tr> <td>financial and operational decisions taken by the CEO within his delegated authority</td> <td>Discussed on ad hoc basis and through board pack and board meetings</td> </tr> <tr> <td>share trading of the Company and related party transactions by Key Management Personnel</td> <td>The company secretary informs the Board of any related party share transactions by Directors</td> </tr> </table>	Financial and operational results on pre agreed Key Performance Indicators	Included in monthly board pack	financial performance compared to previous periods, budgets and targets	Included in monthly board pack	impact of risk factors on financial and operating results and actions to mitigate such risks	Included in monthly board pack	Forecast for the next period	Budget set at beginning of year. Rolling 3 month cashflow presented in board pack	Compliance with laws and regulations and any non-compliances	Monthly CFO/ Finance Manager confirmation contains this	internal control breaches or frauds during the period and related actions taken	Monthly CFO/ Finance Manager confirmation contains this	financial and operational decisions taken by the CEO within his delegated authority	Discussed on ad hoc basis and through board pack and board meetings	share trading of the Company and related party transactions by Key Management Personnel	The company secretary informs the Board of any related party share transactions by Directors
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Responsibilities of the Board	A.1.2	Complied	<p>The Board of Directors is responsible for creating sustainable value to shareholders and ensuring stakeholder interests are satisfied in the business decisions.</p> <p>The Board adopted the following responsibilities;</p> <table border="1"> <tr> <td>Ensuring the formulation and implementation of a sound business strategy;</td> <td>The Board provides stewardship, vision and strategic direction to the Group and fosters a culture of responsibility and accountability across the Group. A stakeholder centric approach is adopted in strategy formulation. A review of business, marketing, financial and other strategies and their implementation takes place during the Board meetings</td> </tr> <tr> <td>Appointing the chair and the senior independent director if relevant;</td> <td>The Board appointed Dr Ramanujam as Chairman.</td> </tr> </table>	Ensuring the formulation and implementation of a sound business strategy;	The Board provides stewardship, vision and strategic direction to the Group and fosters a culture of responsibility and accountability across the Group. A stakeholder centric approach is adopted in strategy formulation. A review of business, marketing, financial and other strategies and their implementation takes place during the Board meetings	Appointing the chair and the senior independent director if relevant;	The Board appointed Dr Ramanujam as Chairman.												
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Corporate Governance Principle	Principle No.	Level of Compliance		
Responsibilities of the Board	A.1.2	Complied	<p>Ensuring that the Chief Executive Officer (CEO) and management team possess the skills, experience and knowledge to implement the strategy;</p>	<p>The Directors are from diverse backgrounds and bring a wide range of experience and competencies that facilitates the effective discharging of Board responsibilities.</p> <p>The Board ensures that the Chairman, CEO, and the Management team possess the skills to implement the overall strategy.</p> <p>A brief resume of each Director including skills and experience is available in the “Board of Directors” on pages from 60 to 63 of the Annual Report.</p>
			<p>Ensuring the adoption of an effective CEO and Key Management Personnel succession strategy;</p>	<p>Succession planning is given recognition through meetings of the remuneration committee where succession is discussed along with significant new hires.</p>
			<p>Approving budgets and major capital expenditure</p>	<p>Annual budget is being approved by the board.</p> <p>Capital expenditure is included in the budget. Further the Board reviews all significant capital expenditure made on a quarterly basis.</p>
			<p>Determining the matters expressly reserved to the board and those delegated to the management including limits of authority and financial delegation.</p>	<p>Board determines on the matters expressly reserved to the Board such as formulating the strategy, significant transactions and deciding on the risk appetite of the Group.</p>
			<p>Ensuring effective systems to secure integrity of information, internal controls, business continuity and risk management;</p>	<p>The Board identifies significant risks on an ongoing basis and ensure implementation of appropriate procedure to evaluate and manage the identified risks through internal and external audits and the Board sub-committees.</p>
			<p>Ensuring compliance with laws, regulations and ethical standards;</p>	<p>The Board ensures the compliance with laws, regulations and standards on each area of business operations. The internal auditors and the compliance officer monitor and report to the Audit Committee on their findings (if any).</p> <p>The governance structure is outlined on page 66.</p>

## Corporate Governance

Corporate Governance Principle	Principle No.	Level of Compliance	
			<p>Ensuring all stakeholder interests are considered in corporate decisions;</p> <p>The Board considers all stakeholders when making corporate decisions. The stakeholders have been identified on page 17 of this report</p>
			<p>Recognising sustainable business development in Corporate Strategy, decisions and activities and considering the need for adopting “integrated reporting”.</p> <p>The Board recognises the importance of including principles of sustainability in Corporate strategy, decisions and activities. The value creation model set out in pages from 12 to 13 of the Annual Report shows the inclusiveness of stakeholders and the environment in the value creation process.</p> <p>The Company is in the process of adopting integrated reporting and is partially compliant for the current year.</p>
			<p>Ensuring that the Company’s values and standards are set with emphasis on adopting appropriate accounting policies and fostering compliance with financial regulations;</p> <p>The Company keeps up to date with all current developments in relation to accounting standards and have reviewed the accounting policies in place.</p> <p>The Independent Auditor’s Report appears from pages 112 to 115 in the Annual Report and affirms that the Company’s Financial Statements are in line with Sri Lanka Accounting Standards.</p>
			<p>Establish a process of monitoring and evaluation of progress on strategy implementation, budgets, plans and related risks</p> <p>Each Board meeting, the progress of strategy implementation, achievement of budgets, plans and related risks are reviewed.</p>
			<p>Ensuring that a process is established for corporate reporting on annual and quarterly basis or more regularly as relevant to the Company.</p> <p>The Company provides its accounts quarterly and annually to the Board for their review.</p>
			<p>Fulfilling such other Board functions as are vital, given the scale, nature and complexity of the business concerned.</p> <p>During the year, the Board was committed in fulfilling their obligations towards all stakeholders in line with laws, regulations and governance practices of the Group.</p>
			<p>The Board has delegated several functions to Board Committees, while retaining final decision rights pertaining to matters under the purview of the Committees. The composition and the functions of these sub-committees are discussed in detailed under the relevant sections of this Report.</p>

Corporate Governance Principle	Principle No.	Level of Compliance																																																															
Compliance with Laws & independent Professional advice	A 1.3	Complied	<p>The Board collectively and Directors individually act in accordance with the laws applicable to the business enterprise.</p> <p>In discharging their duties, the Directors seek independent professional advice from external parties when necessary at the expense of the Company.</p>																																																														
Company Secretary	A 1.4	Complied	<p>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.</p> <p>Members of the Board have unrestricted accesses to the advice and services of the Company Secretary. The appointment and removal of the Company Secretary rests with the Board.</p>																																																														
Independent judgment	A1.5	Complied	All Directors exercise independent judgment in all decisions pertaining to strategy, performance, resource allocation and standards of business conduct.																																																														
Dedication of adequate time & effort by the Board	A 1.6	Complied	<p>The members of the Board dedicated adequate time and effort to fulfil their duties &amp; responsibilities as directors of the Company and ensure that they are satisfactorily discharged.</p> <p>In addition to the board meetings, Directors attended to Sub-Committee meetings and also contributed to decision making.</p> <p>Board Sub-Committees include</p> <ul style="list-style-type: none"> <li>• Audit Committee</li> <li>• Remuneration Committee</li> <li>• Related Party Review Committee</li> </ul> <p>Attendance to Sub-Committee meetings are shown below during the period of 1 April 2021 to 3 August 2021;</p>																																																														
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## Corporate Governance

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			The Board papers and the agenda are received by the Directors ahead of Board Meetings, enabling the Directors to review the papers and obtain clarifications ahead of the meetings. The papers contain financial and non-financial information.																																																																																			
Calling for resolutions for the best interest to the Company	A 1.7	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, resolutions can be passed with majority voting.																																																																																			
Training for new and existing Directors	A 1.8	Complied	<p>Directors are encouraged to participate in continuous professional and self-development activities as necessary.</p> <p>The Board recognises the requirement for continuous training and development required to effectively perform their duties as Directors.</p> <p>The Board regularly reviews the training and development needs of the Directors.</p>																																																																																			

Corporate Governance Principle	Principle No.	Level of Compliance	
A.2 Chairman and Chief Executive Officer	There are two key tasks at the top of every public Company – conducting business of the Board and facilitating executive responsibility for management of the Company’s business. There should be a clear division of responsibilities at the head of the Company, which will ensure a balance of power and authority, such that no individual has unfettered powers of decision.		
Separation of role Chairman & CEO	A 2.1	Complied	<p>The positions of Chairman and Group CEO are separate.</p> <p>The presence and involvement of the Senior Independent Director and other Independent Directors ensure that no single individual enjoys unfettered powers of decision-making and provides the basis for prevalence of independent judgment over standards of business conduct.</p> <p>The presence of a Senior Independent Director adds more emphasis to transparency in governance affairs. The Audit, Remuneration Committees and Related Party Transactions Review Committee are headed by Independent Non-Executive Directors.</p>
A.3 Chairman’s Role	The Chairman is responsible for preserving order and facilitating the effective discharge of Board functions.		
Chairman’s Role	A 3.1	Complied	<p>The Chairman in running of the Board, facilitates the effective discharge of board proceedings and ensures: -</p> <p>The effective participation of both executive and non- executive directors;            Agenda for Board meetings is developed in consultation with the Group CEO, Directors, CFO/ Finance Manager and the Company Secretary;            Information relating to the matters on the agenda are shared in a timely manner;            All directors are made aware of their duties and responsibilities;            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.</p>
A.4 Financial Acumen	The Board should ensure the availability within it of those with sufficient financial acumen and knowledge to offer guidance on matters of finance.		
A 4 Financial Acumen	A .4	Complied	<p>The board includes directors who possess the necessary knowledge and competence to offer the Board guidance on financial matters.</p> <p>A brief resume for each Director is on pages 61 to 63</p> <p>In addition, the Audit Committee can discuss with the external and internal auditors on matters of finance.</p>
A.5 Board Balance	The Board should have a balance of Executive and Non-Executive Directors such that no individual or small group of individuals can dominate the Board’s decision-taking.		
Board Balance	A 5.1	Complied	The Board comprises of the Chairman, Chief Executive Director and five Non-Executive Directors of whom four are Independent Directors. The profiles of the Non-Executive Directors are given on page 60 of this Annual Report.

## Corporate Governance

Corporate Governance Principle	Principle No.	Level of Compliance	
Independent Directors	A 5.2	Complied	Four out of the five Non-Executive Directors are considered independent for the concluded financial year.  Messrs. D. Sooriyaarachchi, V. Kulatilaka, K. Kamburadeniya, and L. Silva meet the criteria for independence specified by Rule 7.10.4 of the Listing Rules of the Colombo Stock Exchange.
	A 5.3	Complied	The Board considers Non-Executive Director's independence on an annual basis. Each is independent from management and free from any business or other relationship that could reasonable be perceived to materially interfere with the exercise of their unfettered and independent judgment.
	A 5.4	Complied	The Independent Directors have submitted written declarations of their independence as required by section 7.10.2(b) of the Listing rules.
	A 5.5	Complied	The Board annually determines the independence of each Non-Executive Director based on the declarations submitted by them and by other information available to the Board as per criteria set out by the Colombo Stock Exchange Listing Rules.
	A 5.6	Complied	No alternative directors were appointed during the year under review
	A 5.7	Complied	The Chairman and CEO are not the same person. Mr. Deepal Sooriyaarachchi has been appointed as the senior independent director (SID). SID met both Executive and Non-Executive Directors to enable discussion and communication of governance related matters as an when needed.
	A 5.8	Complied	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
Meeting of Non-Executive Directors	A 5.9	Not 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.
Recording of concerns in board minutes	A 5.10	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	Board should be provided with timely information in a form and quality appropriate to enable it to discharge its duties.		
Managements obligation to provide appropriate & timely information	A 6.1	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	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.
A.7 Appointments to The Board	A formal and transparent procedure should be followed for the appointment of new Directors to the Board.		
Appointments to the Board	A 7.1	Not complied	The Board has not established a Nominations Committee to make recommendations on Board appointments. Hence appointments to the Board are made collectively and with the consent of all the Directors.

Corporate Governance Principle	Principle No.	Level of Compliance	
	A 7.2	Not complied	The Board as a whole annually assesses Board composition despite the non-existence of nomination committee.
	A 7.3	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; <ul style="list-style-type: none"> <li>• ✦ the nature of his expertise in relevant functional area</li> <li>• ✦ other Directorships or memberships in Board sub committees</li> <li>• ✦ whether the Director is considered an Independent Director</li> </ul>
A.8 Re-election	All Directors should be required to submit themselves for re-election at regular intervals and at least once in every three years.		
Re-election of Directors	A 8.1	Complied	Ms. Hiroshini Fernando, Mr. Vajira Kulatilaka and Mr. Kosala Kamburudeniya were re-appointed for as directors at the AGM of FY2020/21.
	A 8.2	Complied	A Director who has reached 70 years of age vacates office at the conclusion of the Annual General Meeting commencing next year after he attains the age of 70 years. He may be re-appointed as a director after attaining the age of 70 years at the Annual General Meeting following the vacation and will be required to be reappointed at each AGM thereafter.
Resignation	A 8.3	Complied	Written communications are provided to the Board by Directors who resign prior to completion of his appointed term.
A.9 Appraisal of Board Performance	Boards should periodically appraise their own performance to ensure that Board responsibilities are satisfactorily discharged.		
Need to have a formal and rigorous process for reviewing the performance of the Board and its Committees.	A 9.1	Not Complied	No formal process for reviewing the performance of the Board and its Committees is performed. An informal process is adhered to whereby if the Board and its Committees are not performing, it can be taken up with the Chairman of the Board.
Need for the Board to appraise itself annually on its performance.	A 9.2	Not Complied	The Board does not undertake an annual self-evaluation of its own performance.
Need for review the participation, contribution and engagement of each director at the time of re-election	A 9.3	Complied	The Board prior to recommending the re - election of the Directors who are coming up for retirement by rotation would review the same.

## Corporate Governance

Corporate Governance Principle	Principle No.	Level of Compliance		
Need for the Board to state in the Annual Report how such performance evaluation is conducted	A 9.4	Not Complied	As no formal review of the performance has been undertaken, no statement is included in the Annual Report.	
A.10 Disclosure of information in respect of Directors	Details in respect of each Director should be disclosed in the Annual Report for the benefit of the shareholders.			
Disclosure of information in respect of Directors	A 10.1	Complied	Name, qualifications and brief profile;	Refer to pages 60 to 63
			The nature of his/her expertise in relevant functional areas;	Refer to pages 60 to 63
			Immediate family and/or material business relationships with other Directors of the Company;	No Directors have immediate family and/or material business relationships with other Directors of the Company
			Whether Executive, Non-Executive and/or independent Director;	Refer to pages 60 to 63
			Names of listed companies in Sri Lanka in which the Director concerned serves as a Director;	Not complied
			Names of other companies in which the Director concerned serves as a Director, provided that where he/she holds directorships in companies within a Group of which the Company is a part, their names need not be disclosed; it is sufficient to state that he/she holds other directorships in such companies;	Not complied
			Number/percentage of Board meetings of the Company attended during the year;	Refer to page 69 of this report
			The total number of Board seats held by each Director indicating listed and unlisted Companies and whether in an executive or non-executive capacity;	Not complied
			Names of Board Committees in which the Director serves as Chairman or a member; and	Refer to the "Committee Reports" on pages from 91 to 97
			Number/percentage of committee meetings attended during the year.	Refer to the "Committee Reports" on pages from 91 to 97

Corporate Governance Principle	Principle No.	Level of Compliance	
A.11 Appraisal of the Chief Executive Officer	The Board of Directors should at least annually assess the performance of the Chief Executive Officer.		
Target/Goals for the CEO	A.11.1	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.
Evaluation of the performance of the CEO	A.11.2	Complied	The CEO was appraised as part of the annual appraisal process.
<b>Directors' Remuneration</b>			
B.1 Remuneration Procedure The Company should have a formal and transparent procedure for developing policy on executive remuneration and fixing the remuneration packages of individual Directors. No Director should be involved in deciding his/her own remuneration.			
Remuneration Committee	B 1.1	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.
Composition	B 1.2	Complied	The Remuneration Committee consists of two Independent Non-Executive Directors and one Non-Executive Directors. The Chairman of the Committee is an independent non-executive Director.  The following Directors served on the Remuneration Committee during the period of 1 April 2021 to 3 August 2021 under review.  Mr. Deepal Sooriyaarachchi - Chairman Mr. Deshan Pushparajah Mr. Senthil Nandhanan Mr. Elangovan Karthik Mr. Senaka Kakiriwaragodage  The following Directors served on the Remuneration Committee for a period starting from 11 August 2021 under review. Mr. Deepal Sooriyaarachchi – Chairman Mr. Kosala Kamburadeniya Ms. Hiroshini Fernando
	B 1.3	Complied	The members of the Committee are indicated in the Annual Report of the Board of Directors on pages 104 to 108.
Remuneration of Non-Executive Directors	B 1.4	Complied	In terms of the Articles of Association of the Company, the Directors determine the fees payable to the Non-Executive Directors.

## Corporate Governance

Corporate Governance Principle	Principle No.	Level of Compliance	
Consultation of the Chairman and access to professional advice	B 1.5	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.
<p><b>B.2 Level and make-up of Remuneration</b> The level of remuneration of both Executive and Non-Executive Directors should be sufficient to attract and retain the Directors needed to run the Company successfully. A proportion of Executive Directors' remuneration should be structured to link rewards to the corporate and individual performance.</p>			
Level and make up of remuneration	B 2.1	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.
Design of remuneration for long term success	B 2.2	Complied	Executive Directors' and Key Management's remuneration is designed to promote the long-term success of the Company/Group.
Design the remuneration of the Executive Directors to promote long term success of the Company	B 2.3	Complied	As mentioned in B.2.1, the remunerations of the Executive Directors are designed to attract and retain high calibre executives which leads to long term success of the Company.
Comparison of remuneration within the Group	B 2.4	Complied	When determining annual salary increments, the remuneration committee is sensitive to remuneration and employment conditions elsewhere in the Group.
Performance based Remuneration	B 2.5	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.
Executive share options	B 2.6	N/A	The Company does not have executive share option scheme.
Designing the remuneration	B 2.7	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
Early Termination of Directors	B 2.8	Complied	If the situation arises, the Remuneration Committee will consider the compensation commitments to Directors in the event of early termination.
	B 2.9	Complied	If the situation arises, the Remuneration Committee will tailor their approach in the event of early termination to be relevant to the circumstances.
Remuneration for Non-Executive Directors	B 2.10	Complied	Remuneration of Non-Executive Directors reflects their time commitment and responsibilities of their role and market practices. It does not include share options.

Corporate Governance Principle	Principle No.	Level of Compliance	
B.3 Disclosure of Remuneration			
The Company should disclose the Remuneration Policy and the details of Remuneration of the Board as a whole.			
Disclosure of remuneration	B 3.1	Complied	The total remuneration paid to the Directors are disclosed in Note 10 to the Financial statements
Relations with Shareholders			
C.1 Constructive use of the Annual General Meeting and Conduct of General Meetings			
The Board should use the Annual General Meeting to communicate with shareholders and encourage their active participation.			
Adequate Notice of the AGM	C 1.1	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.
Separate resolution for all separate issues at the AGM	C.1.2	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.
Recording and counting proxy appointments	C.1.3	Not Complied	The Company ensures that all valid proxy appointments received for General Meetings are properly recorded and counted. The Company Secretary administers the AGM and gives notice to the CSE of resolutions passed at the AGM.  The Company will include for the AGM for the year ending 2021/22 in its disclosure to the CSE: <ul style="list-style-type: none"> <li>the number of shares in respect of which proxy appointments have been validly made;</li> <li>the number of votes for the resolution;</li> <li>the number of votes against the resolution; and</li> <li>the number of shares in respect of which the vote was directed to be withheld.</li> </ul> If, in the opinion of the board, a significant proportion of votes have been cast against a resolution at any general meeting, the Board will take steps to understand the reasons behind the vote results and determine if any actions are required.
Availability of Board sub-committee chairpersons	C.1.4	Complied	The Chairpersons of the Audit, Related Party Transaction Review Committee and Remuneration Committees as well as the Senior Independent Director are present at the AGM to answer any questions raised by the shareholders if so requested by the Chairman.
Procedure for voting	C.1.5	Complied	The procedure governing voting at the General Meeting is circulated with the Notice of Meeting

## Corporate Governance

Corporate Governance Principle	Principle No.	Level of Compliance	
C.2 Communication with shareholders The Board should implement effective communication with shareholders.			
Effective Communication with shareholders	C. 2.1	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.
	C. 2.2	Complied	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.
	C. 2.3	Complied	The implementation of the policy and the methodology is done through the adoption of the above-mentioned channels of communication.
Contact person in relation to shareholder communications	C. 2.4	Complied	The contact person for shareholder communication is the Company Secretary.
Process to make all directors aware of major issues and Concerns of shareholders and responding them	C.2.5	Complied	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.
Person to contact in relation to shareholders' matters	C. 2.6	Complied	The Contact Person in relation to all matters pertaining to the Shareholders is the Company Secretary
Responding to shareholder matters	C. 2.7	Complied	Company Secretary is assigned to respond to shareholders by the Board and update the Board on such matters.

Corporate Governance Principle	Principle No.	Level of Compliance	
C.3 Major and Material Transactions	Directors should disclose to shareholders all proposed material transactions which would materially alter the net asset position of the Company, if entered into.		
Major transaction	C. 3.1	Complied	<p>The Directors ensure that prior to engaging in or committing to a ‘Major related party transaction’ with a related party, involving the acquisition, sale or disposition of greater than one third of the value of the Company’s assets or that of a subsidiary which has a material bearing on the Company and/ or consolidated net assets of the Company, or a transaction which has or is likely to have the effect of the Company acquiring obligations and liabilities, of greater than one third of the value of the Company’s assets, or entering into transactions or a series of related transactions which have the purpose or effect of substantially altering the nature of the business carried on by the Company the Directors will disclose to shareholders the purpose and all material facts of such transaction and obtain shareholders’ approval by ordinary resolution at an extraordinary general meeting.</p> <p>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.</p>
	C. 3.2	Complied	Major transactions where shareholder’s approval is necessary will be approved through shareholder resolution. Disclosure is made in line with the rules and regulations of the SEC and CSE.

#### Accountability and Audit

##### D.1.1 Accountability and Audit

The Board should present a balanced and understandable assessment of the Company’s financial position, performance, business model, governance structure, risk management, internal controls and challenges, opportunities and prospects.

Boards responsibility for statutory and regulatory reporting	D.1.1	Complied	<p>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.</p>
	D.1.2.	Complied	<p>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 110 confirming this position.</p> <p>In preparing annual and quarterly Financial Statements, the Company complies with the requirements of the;</p> <ul style="list-style-type: none"> <li>• Companies Act No. 07 of 2007,</li> <li>• Sri Lanka Accounting Standards and</li> <li>• Listing Rules of the Colombo Stock Exchange</li> </ul>
	D.1.3		<p>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.</p> <p>Please refer the “Responsibility Statement of Chairman, Chief Executive Officer and Finance Manager” on page 111 of the Annual Report.</p>

## Corporate Governance

Corporate Governance Principle	Principle No.	Level of Compliance	
Directors Report	D.1.4	Complied	The Declarations required to be made by the Board are given in the Annual Report of the Board of Directors (refer pages 104 to 108)
Statement of Directors and Auditors responsibility for the financial statement	D.1.5	Complied	The statement of Directors responsibility in preparation of the Financial Statements is given on page 110 while the independent auditors report on pages 112 to 115 state the Auditors responsibility for the Financial Statements
Management Discussion Analysis	D. 1.6	Complied	<p>Management discussion and analysis and Financial Review is given on pages 30 to 56 of this report. The risk management report is given on pages 98 to 101. The 6 capitals are discussed on pages 34 to 56 of this report. These together discuss</p> <ul style="list-style-type: none"> <li>• Business model;</li> <li>• industry structure and developments;</li> <li>• opportunities and threats;</li> <li>• risk management;</li> <li>• internal control systems and their adequacy;</li> <li>• governance;</li> <li>• stakeholder relationships;</li> <li>• social and environmental protection activities carried out by the Company;</li> <li>• financial performance;</li> <li>• investment in physical and intellectual capital;</li> <li>• human resource / industrial relations activities carried out by the Company; and</li> <li>• prospects for the future.</li> </ul>
Summoning an Extra Ordinary General Meeting (EGM) to notify Serious loss of capital	D. 1.7	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 being taken
Related party transactions	D. 1.8	Complied	The transactions entered into by the Company with the related parties is disclosed on Note 37 of the Financial Statements
D.2 Risk Management and Internal Control	The board is responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives. The Board should have a process of risk management and a sound system of internal control to safeguard shareholders' investments and the Company's assets. Broadly, risk management and internal control is a process, effected by a Company's Board of Directors and management, designed to provide reasonable assurance regarding the achievement of Company's objectives.		
Monitor the company's risk management and internal control systems	D. 2.1	Complied	<p>The Company has its own internal audit processes implemented to ensure that effective controls are in place. These processes extend across all Company operations. The internal audit function is outsourced to BDO, who reports to the Board Audit Committee and Group CEO.</p> <p>The risk management section is covered on pages 98 to 101.</p>

Corporate Governance Principle	Principle No.	Level of Compliance	
Review the need for internal audit function	D. 2.2	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 91 to 93 and the Directors' Statement on Internal Control is on page 109.
Internal Audit function	D. 2.3	Complied	An Internal Audit is executed annually under supervision of the Audit Committee
Review of the process and effectiveness of risk management and internal controls	D. 2.4	Complied	The Audit Committee monitors, reviews and evaluates the effectiveness of internal control system including the internal controls over financial reporting. In the reporting period ended 31 March 2022, the Board of Directors was satisfied with the effectiveness of the system of internal controls of the Company. Refer the Directors' Statement on Internal Control on page 109 for details
D.3 Audit Committee	The Board should establish formal and transparent arrangements for selecting and apply accounting policies, financial reporting and internal control principles and maintaining an appropriate relationship with the Company's Auditors.		
Composition of the Audit Committee	D. 3.1	Complied	<p>The Audit Committee consists of five Independent Directors of the Parent Company - R I L Property PLC. The Chairman of the Committee is an independent Director appointed by the Board.</p> <p>The following Directors served on the Audit Committee during the period of 1 April 2021 to 3 August 2021 under review.</p> <p>Mr Deshan Pushparajah - Chairman – (Independent Non-Executive Director)            Mr. Senth Nandhanan – (Non-Executive Director)            Mr. Deepal Sooriyaarachchi – (Independent Non-Executive Director)            Mr. Senaka Kakiriwaragodage – (Non-Executive Director)            Mr. Elangovan Karthik – (Independent Non-Executive Director)</p> <p>The following Directors served on the Audit Committee for a period starting from 09 August 2021 under review.</p> <p>Ms. Coralie Pietersz - Chairman – (Independent Non-Executive Director)            Mr. Sunil Wijesinha - (Independent Non-Executive Director)            Ms. Chiranga Ranasinghe - (Independent Non-Executive Director)            Mr. Dhammika Abeyarathne – (Independent Non-Executive Director)            Ms. Chamali Kariyawasam – (Independent Non-Executive Director)</p>
Terms of Reference of the Audit Committee	D. 3.2	Complied	The Audit Committee has a written Terms of Reference dealing with its authority and duties.

## Corporate Governance

Corporate Governance Principle	Principle No.	Level of Compliance	
Disclosures of the Audit Committee	D. 3.3	Complied	<p>The Audit Committee Report is available on pages 91 to 93.</p> <p>This includes:</p> <ul style="list-style-type: none"> <li>• The names of Directors comprising the Audit Committee</li> <li>• The number of meetings held</li> <li>• Their scope of work and how its roles and responsibilities were discharged</li> <li>• Any significant issues in relation the financial statements and how these were addressed</li> <li>• The adequacy and effectiveness of the internal control system</li> <li>• An explanation of how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor</li> <li>• How auditor objectivity and independence are safeguarded in the event non audit services are provided by the external auditor</li> <li>• Determination of the independence of the auditors</li> </ul>
D.4 Related Party Transaction Review Committee			<p>The Board should establish a procedure to ensure that the Company does not engage in transactions with “related parties” in a manner that would grant such parties “more favourable treatment” than that accorded to third parties in the normal course of business.</p>
Disclosure of Related Party Transactions Review Committee	D. 4.1	Complied	<p>Related party and related party transactions are defined as per LKAS 24.</p>
	D 4.2	Complied	<p>The Related Party Transactions Review Committee consists of one Independent Directors and two Non-Executive Directors. The Chairman of the Committee is an independent Director appointed by the Board.</p> <p>The following Directors served on the Related Party Transactions Review Committee during the period of 1 April 2021 to 3 August 2021 under review.</p> <p>Mr Deepal Sooriyaarachchi - Chairman – (Independent Non-Executive Director)            Dr. T. Senthiverl – (Non-Executive Director)            Dr. Prathap Ramanujam – (Non-Executive Director)</p> <p>The following Directors served on the Related Party Transactions Review Committee for a period starting from 11 August 2021 under review.</p> <p>Mr. V. Kulatilaka - Chairman – (Independent Non-Executive Director)            Mr Deepal Sooriyaarachchi – (Independent Non-Executive Director)            Dr. Prathap Ramanujam – (Non-Executive Director)</p>
	D 4.3	Complied	<p>The Related Party Transactions Review Committee Report sets out the functions of the Committee which is given on pages 96 to 97.</p>

Corporate Governance Principle	Principle No.	Level of Compliance	
D.5 Code of Business Conduct and Ethics			Companies must adopt a Code of Business Conduct & Ethics for Directors, Key Management Personnel and all other employees' including but not limited to: dealing with shares of the company; compliance with listing rules; bribery and corruption; confidentiality; encouraging that any illegal, fraudulent and unethical behaviour be promptly reported to those charged with governance. The company must disclose waivers of the Code for Directors, if any.
Code of Business Conduct and ethics	D. 5.1	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	Complied	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	Complied	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. Any share transactions performed by Key Management Personnel other than Board Directors shall be informed to the Compliance Officer of the Company who will inform the Company Secretary.
Affirmation by the Chairman for no violation	D. 5.4	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 20 to 23.
D.6 Corporate Governance Disclosures			The Company should disclose the extent of adoption of best practices in Corporate Governance.
Corporate Governance Disclosures	D. 5.6	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
Institutional & Other Investors			
E.1 Shareholders voting			Institutional shareholders have a responsibility to make considered use of their votes and should be encouraged to ensure their voting intentions are translated into practice.
Shareholder Voting	E.1.1	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.
Evaluation of Governance Disclosures	E.2	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.

## Corporate Governance

Corporate Governance Principle	Principle No.	Level of Compliance	
<b>Other Investors</b>			
Investing & Divesting decisions	F.1	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.
Shareholder Voting	F .2	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
Sustainability Reporting			
Internet of things and Cyber Security	G 1.1 to G 1.5	Not Complied	Governance of information systems, Intranet and Cyber security have not been implemented considering the nature and size of the organisation.
Environment Society and Governance (Esg)	H 1.1 to H 1.7	Complied	The Company has adopted integrated approach for environmental, social and governance factors and the relevance of ESG factors for the business model and strategy, the implications of those ESG factors and how those risks and opportunities of ESG factors are recognized, managed, measured and reported are mentioned through the capital reports and value creation report on pages 36 to 56 and the risk management report on pages 98 to 101.

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

CSE Rule No.	Applicable Rule	Requirement	Status of compliance
<b>Board of Directors</b>			
7.10.1.	Non-executive Directors (NEDs)	One – third of the total number of Directors to be Non-executive Directors subject to a minimum of two.	Complied
7.10.2 (a)	Independent Directors	One – third of the Non – Executive Directors to be independent subject to a minimum of two.	Complied
7.10.2(b)	Declaration of Independence	Each Non-Executive Director should submit a declaration of independence/ non-independence.	Complied
7.10.3(a) and (b)	Disclosure relating to Directors Independence	Names of Independent Directors should be disclosed in the Annual Report and the basis for determination of independence of NEDs, if criteria for independence is not met.	Complied
7.10.3(c)	Disclosures relating to Directors	A brief resume of each Director should be included in the Annual Report, including his area of expertise.	Complied
7.10.3(d)	Disclosures relating to Directors	Upon appointment of a new Director a brief resume of the Director to be submitted to the Exchange.	Complied
<b>Remuneration Committee</b>			
7.10.5(a)	Composition	The Committee shall comprise of Non-Executive Directors, a majority of whom shall be independent.  The Chairman of the Committee shall be a Non-Executive Director.	Complied
7.10.5(b)	Functions of the Remuneration Committee	The Committee shall recommend the remuneration payable to the Executive directors and Chief executive officer or equivalent role.	Complied

CSE Rule No.	Applicable Rule	Requirement	Status of compliance
7.10.5 (c)	Disclosure in the Annual Report	The Annual Report should set out the names of the members of the Remuneration committee, a statement of Remuneration Policy and the aggregate remuneration paid to Executive and Non - Executive directors.	Complied
<b>Audit Committee</b>			
7.10.6. (a)	Composition	The committee shall comprise Non-Executive Directors a majority of who shall be independent.  The Chairman shall be a Non-Executive director.  The Chairman or a member should be a member of a recognized professional accounting body.	Complied
7.10.6. (b)	Functions	Overseeing the preparation, presentation and adequacy of the disclosures in the financial statements in accordance with the SLAS.  Overseeing compliance with financial reporting related regulations and requirements.  Overseeing the processes to ensure that internal controls and risk management are adequate.  Assessing the independence and performance of the external auditors.  Recommending to the board the appointment, re- appointment and removal of the external auditors and approving their remuneration and terms of engagement.	Complied
7.10.6. (c)	Disclosure in the Annual Report	The names of the members of the Audit Committee should be disclosed in the Annual Report  The committee to determine the independence of Auditors and disclose the basis of such determination in the Annual Report.  Annual Report to contain a report by the Audit Committee setting out the manner of compliance in relation with their functions.	Complied

<b>Contents of Annual Report</b>		
7.6 (i)	Names of persons who during the financial year were Directors of the entity.	Complied
7.6 (ii)	Principal activities of the entity and its subsidiaries during the year and any changes therein.	Complied
7.6 (iii)	The names and the number of shares held by the 20 largest holders of voting and non-voting shares and the percentage of such shares held.	Complied
7.6 (iv)	The public holding percentage.	Complied
7.6 (v)	A statement of each Director's holding and Chief Executive Officer's holding in shares of the entity at the beginning and end of each financial year.	Complied

## Corporate Governance

Contents of Annual Report		
7.6 (vi)	Information pertaining to material foreseeable risk factors of the entity.	Included in Risk Management Report on pages 98 to 101.
7.6 (vii)	Details of material issues pertaining to employees and industrial relations of the entity.	No material issues occurred during the year under review.
7.6 (viii)	Extents, locations, valuations and the number of buildings of the entity's land holdings and investment properties.	Complied
7.6 (ix)	Number of shares representing the entity's stated capital.	Complied
7.6 (x)	A distribution schedule of the number of holders in each class of equity securities and percentage of their total holdings.	Complied
7.6 (xi)	Ratios and market price information:	Complied
	Dividend per share, net assets value per share, interest rate of comparable Government Securities, Debt/equity ratio, interest cover and liquid asset ratio.	Complied
	Market information on listed debentures.	N/A – no listed debentures
	Any changes in credit rating.	Complied
7.6 (xii)	Significant changes in the entity's or its subsidiaries' fixed assets and the market value of the land, if the value differs substantially from the book value.	Complied
7.6 (xiii)	During the year the entity has raised funds either through a public issue, rights issue and private placement.	N/A
7.6 (xiv)	Information in respect of each employee share ownership or stock option scheme.	N/A
7.6 (xv)	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 Rules.	Complied
7.6 (xvi)	Related party transactions exceeding 10% of the equity or 5% of the total assets of the entity as per Audited Financial Statements, whichever is lower.	Complied

### Disclosures Required by the Companies Act No. 07 Of 2007

Section Reference	Requirement	Compliance status	Page reference
168 (1) (a)	The nature of the business of the Group and the Company together with any change thereof during the accounting period	Complied	124
168 (1) (b)	Signed Financial Statements of the Group and the Company for the accounting period completed	Complied	116 - 123
168 (1) (c)	Auditors' Report on Financial Statements of the Group and the Company	Complied	112 - 115
168 (1) (d)	Accounting Policies and any changes therein	Complied	124 - 183
168 (1) (e)	Particulars of the entries made in the Interests Register during the accounting period	Complied	106
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company during the accounting period	Complied	143
168 (1) (g)	Corporate donations made by the Company during the accounting period	Complied	143
168 (1) (h)	Information on the Directorate of the Company and its Subsidiaries during and at the end of the accounting period	Complied	64
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered during the accounting period	Complied	143
168 (1) (j)	Auditors' relationship or any interest with the Company and its Subsidiaries	Complied	91 - 93
168 (1) (k)	Acknowledgement of the contents of this Report and Signatures on behalf of the Board (Annual Report of the Board of Directors)	Complied	104 - 108

# Audit Committee Report

## ROLE OF THE COMMITTEE

The role of the Committee is to support the oversight function of the Board in relation to the integrity of the Group's financial reporting, adequacy of audits, monitoring of corporate risks, adequacy of internal controls and monitoring regulatory compliances.

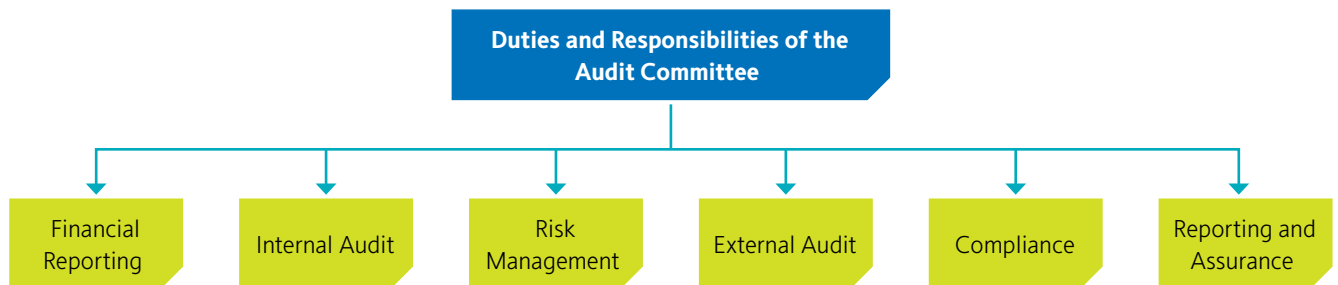
With effect from 09 August 2021 as set out in section 7.10.6 of the listing rules, the Audit Committee of the parent company R I L Property PLC acts as the Audit Committee of the Company. Prior to that date the members of the Audit Committee are appointed by the Board of Directors.

## OBJECTIVES OF THE AUDIT COMMITTEE

The committee is established to assist the Board with the following objectives:

1. To assist the Board in its oversight of the integrity of the Financial Statements of the Company.
2. Assess the adequacy and effectiveness of the Group's systems of internal control.
3. To assess the adequacy of the Risk Management Framework of the Company and identify and manage key risks
4. Assess the independence and the performance of the Company's external audit function and internal audit functions, and review compliance of the Company with legal and regulatory requirements

The authority, duties and responsibilities, composition, are set out in the Terms of Reference (ToR). The ToR of the Audit Committee, as is reviewed annually by the Board. The effectiveness of the Audit Committee is evaluated annually by each member of the Audit Committee. The work practices and performance of the external auditors are also reviewed.



## COMPOSITION OF THE COMMITTEE

As at 31 March 2022, the Audit Committee comprised five Independent Non-Executive Directors of the Parent Company – R I L Property PLC. In terms of the Listing Rules of the Colombo Stock Exchange, the audit committee of the parent company may function as the audit committee for its subsidiary. The Terms of Reference of the Audit Committee of the parent Company has extended its scope to function as the audit committee for its subsidiaries.

During the year the changes to the Committee composition is as follows:

Period	Committee composition			Compliance with the Listing Rules
1 April 2021 – 2 August 2021	Mr A. D. Pushparajah	Independent Non-Executive Director	Chairman	Fully complied
	Mr. D. Sooriyaarachchi	Independent Non-Executive Director	Member	
	Mr. S. Senth Nandhanan	Non-Executive Director	Member	
	Mr. E. Karthik	Independent Non-Executive Director	Member	
	Mr. S. S. Kakiriwaragodage	Non-Executive Director	Member	
3 August 2021 – 8 August 2021	Mr. D. Sooriyaarachchi	Non-Independent Non-Executive Director	Chairman	Not complied
9 August 2021 – 31 March 2022	Ms. C. Pietersz	Independent Non-Executive Director	Chairperson	Fully complied
	Mr. S. G. Wijesinha	Independent Non-Executive Director	Member	
	Ms. C. G. Ranasinghe	Independent Non-Executive Director	Member	
	Mr. L. W. D. Abeyarathne	Independent Non-Executive Director	Member	
	Ms. C. R. Kariyawasam	Independent Non-Executive Director	Member	

## Audit Committee Report

The Committee chair, Ms. C. Pietersz 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. Mr. S. G. Wijesinha, is a fellow member of the Chartered Institute of Management Accountants, Mr. L. W. D. Abeyarathne is a Fellow member of the Institute of Chartered Accountants of Sri Lanka. Ms. C. G. Ranasinghe is an Attorney-at-Law and Ms. C. Kariyawasam has a Bachelor of Science (Combined Honours) in Mathematics, Economics and Management from Royal Holloway, University of London and a Master of Science in Economics from University College London.

The Board Audit Committee consists exclusively of independent non – executive directors and the composition is in line with the Listing Rules of the Colombo Stock Exchange (CSE - Listing Rules) as well as the Code of best practice on corporate governance issued by the Institute of Chartered Accountants of Sri Lanka (CG Code 2017).

The Company Secretary functions as the Secretary to the Audit Committee.

### MEETINGS

The Committee met five times during the year under review. The Chairman, CEO and CFO/FM were invited to attend its meetings by invitation. Details of the meetings are as follows.

The attendance of the directors at meetings was satisfactory and is given in the table below.

For the period of 1 April 2021 to 3 August 2021 :

Name of Director	Directorship Status	Attendance
Mr A. D. Pushparajah	Independent Non-Executive Director	2/2
Mr. D. Sooriyaarachchi	Independent Non-Executive Director	2/2
Mr. S. S. Nandhanan	Non-Executive Director	2/2
Mr. E. Karthik	Independent Non-Executive Director	2/2
Mr. S. S. Kakiriwaragodage	Non-Executive Director	2/2

For the period start from 09 August 2021:

Name of Director	Directorship Status	Attendance
Ms. C. Pietersz	Independent Non-Executive Director	3/3
Mr. S. G. Wijesinha	Independent Non-Executive Director	3/3
Ms. C. G. Ranasinghe	Independent Non-Executive Director	3/3
Mr. L. W. D. Abeyarathne	Independent Non-Executive Director	3/3
Ms. C. R. Kariyawasam	Independent Non-Executive Director	3/3

### THE COMMITTEE FOCUSED ON THE BELOW AREAS DURING THE PERIOD UNDER REVIEW

- Reviewed the adequacy and effectiveness of the Group’s internal controls and risk management activities and highlighted the areas which required attention and made recommendations to the Board. The internal audit function is outsourced to BDO Partners.
- Monitored the Group’s compliance with relevant laws and regulations, and codes of conduct
- Reviewed the Group’s quarterly and annual financial statements, adequacy of disclosures, uniformity and appropriateness of the accounting policies adopted, major judgmental areas and ensured that they were in compliance with the Companies Act No. 7 of 2007, Sri Lanka Accounting Standards and requirements of other regulatory bodies as applicable for the Group,
- Evaluated the performance and effectiveness of the external auditors and assessed their independence.
- Evaluated the non-audit services obtained from the external auditor to safeguard the auditor’s independence and objectivity.

### INDEPENDENCE AND APPOINTMENT OF EXTERNAL AUDITORS

The Committee has reviewed the independence and objectivity of the independent external auditors, KPMG.

The Committee has received a declaration from KPMG confirming that having exercised their professional judgment, they are not aware of any relationship or interest in the Group that

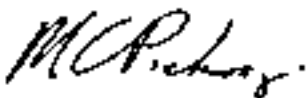
can reasonably be thought as having a bearing on their independence within the meaning of the Code of Conduct and Ethics of the Institute of Chartered Accountants of Sri Lanka.

The Committee has reviewed the independence and objectivity of the Independent External Auditors, Messrs KPMG, Chartered Accountants, including the non-audit services provided by the external auditors in determining their independence.

Pursuant to the acquisition of a controlling stake in Panasian Power PLC by R I L Property PLC, the financial statements of Panasian Power PLC are consolidated with the group financials of R I L Property PLC. Having taken note that the parent auditor is responsible for the group audit, in order to facilitate smooth functioning of the external audit so that the objectives of the audit can be met together with completion of the audit within stringent timeframes, the Audit Committee recommends the appointment of Ernst and Young, auditors of R I L Property PLC, as auditors of Panasian Power PLC for the year ended March 2023. Such appointment is subject to the approval of the shareholders at the Annual General Meeting to be held on the 28 June 2022.

#### CONCLUSION

The Audit Committee is satisfied that it has carried out its responsibilities, as stated in its Terms of Reference, effectively.



**Ms. C. Pietersz**  
*Chairperson of the Board Audit  
Committee*

2 June 2022

# Remuneration Committee Report

The Remuneration Committee (the committee) has oversight of the Group’s remuneration practices and policies. The committee is responsible for reviewing, recommending, and approving the remuneration of executive and non-executive directors of the Company, and key management personnel of the Company.

## COMPOSITION OF THE COMMITTEE

The committee comprises independent non-executive Mr. Kosala Kamburadeniya, Mr. D. Sooriyaarachchi (Chairman) and Ms. Hiroshini Fernando. A Brief profile of the members of the Committee are given on pages 60 to 63.

The changes to the Committee composition during the year are as follows:

Period	Committee composition			Compliance with the Listing Rules
1 April 2021 – 2 August 2021	Mr. Deepal Sooriyaarachchi	Independent Non-Executive Director	Chairman	√
	Mr. Deshan Pushparajah	Independent Non-Executive Director	Member	
	Mr. Senthin Nandhanan	Non-Executive Director	Member	
	Mr. Elangovan Karthik	Independent Non-Executive Director	Member	
	Mr. Senaka Kakiriwaragodage	Non-Executive Director	Member	
3 August 2021 – 10 August 2021	Mr. Deepal Sooriyaarachchi	Independent Non-Executive Director	Member	X
11 August 2021 – 31 March 2022	Mr. Deepal Sooriyaarachchi	Independent Non-Executive Director	Chairman	√
	Mr. Kosala Kamburadeniya	Independent Non-Executive Director	Member	
	Ms. Hiroshini Fernando	Non-Independent Non-Executive Director	Member	

During the period of 1 April 2021 to 3 August 2021, one meeting was held.

For the period start from 09 August 2021:

## MEETINGS

Name of Director	Directorship Status	Attendance
Mr. Deepal Sooriyaarachchi (Chair)	Independent Non-Executive Director	2/2
Mr. Kosala Kamburadeniya	Independent Non-Executive Director	2/2
Ms. Hiroshini Fernando	Non-Executive Director	2/2

## 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 members of the Group Management Committee are intended to be competitive and comprise a mix of fixed and variable return. The variable remuneration is linked to group’s profitability.

All Non-Executive Directors receive a fee for serving on the Board and on Board committees. They do not receive any performance related incentive payments.

### ROLE AND RESPONSIBILITY OF THE REMUNERATION 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 advises the Board on remuneration and remuneration related matters and makes decisions under delegated authority with a view to aligning the interests of employees and shareholders and enhancing shareholder value.

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.

The remuneration paid to the Directors is disclosed in Note 10 to the financial statements.

The Chairman of the committee reports to the board on all aspects of its work. This feedback covers all aspects of remuneration strategy and policy, how the policy objectives are being achieved and the implementation thereof.

There were no material policy exceptions during the period.

### 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 106 in the Annual Report of the Board of Directors



**Mr. Deepal Sooriyaarachchi**  
*Chairman*

02 June 2022

# Related Party Transactions Review Committee Report

## FORMATION OF THE COMMITTEE

The Board of Directors of Panasian Power PLC (PAP) has adopted the Code on Related Party Transactions, as issued by the Securities and Exchange Commission of Sri Lanka (“The Code”) and established the Related Party Transactions Review Committee (RPTRC) to assist the Board in reviewing all Related Party Transactions carried out by the Company and its Subsidiaries.

## PURPOSE OF THE COMMITTEE

The objective of the Committee is to exercise oversight on behalf of the Board to ensure compliance with the Code on Related Party Transactions, as issued by the Securities and Exchange Commission (SEC) of Sri Lanka (“The Code”) and with the Listing Rules of the Colombo Stock Exchange (CSE). The Committee has also adopted best practices as recommended by the Institute of Chartered Accountants of Sri Lanka and the CSE.

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.

The RPTRC comprises of Mr. Vajira Kulatilaka, Independent Non-Executive Director, as the Chairman, Mr Deepal Sooriyaarachchi and Dr. Prathap Ramanujam with effect from 11 August 2021.

Brief profiles of each member of the Committee are given on pages 61 to 63.

The changes to the Committee composition during the year are as follows:

Period	Committee composition			Compliance with the Listing Rules
1 April 2021 – 2 August 2021	Mr. Deepal Sooriyaarachchi	Independent Non-Executive Director	Chairman	√
	Mr. T. Senthiverl	Non-Executive Director	Member	
	Dr. Prathap Ramanujam	Non-Independent Non-Executive Director	Member	
3 August 2021 – 10 August 2021	Mr. Deepal Sooriyaarachchi	Independent Non-Executive Director	Member	√
	Dr. Prathap Ramanujam	Non-Independent Non-Executive Director	Chairman	
11 August 2021 – 31 March 2022	Mr. Vajira Kulathilaka	Independent Non-Executive Director	Chairman	√
	Mr. Deepal Sooriyaarachchi	Independent Non-Executive Director	Member	
	Dr. Prathap Ramanujam	Non-Independent Non-Executive Director	Member	

## 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.

## MEETINGS

The Committee met four times during the year under review with all the members in attendance. The Committee reviewed related party transactions carried out during the year under review and set out in Note 37 to financial statements.

Mentioned directors were appointed on 9 August 2021 and during the period of 01 April 2021 to 3 August 2021, one meeting was held.

For the period start from 11 August 2021:

The attendance of the members at meetings is as follows:

Name of Director	Directorship Status	Attendance
Mr. Vajira Kulatilaka (Chair)	Independent Non-Executive Director	3/3
Mr Deepal Sooriyaarachchi	Independent Non-Executive Director	3/3
Dr. Prathap Ramunajam	Non-Executive Director	3/3

### 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 into by the Company during the year under review is disclosed in Note 37 to the financial statements given in pages 172 to 174 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 37 to the Financial Statements. The activities and observations of the Committee are communicated to the Board.

### NON RECURRENT TRANSACTION

Name of the Related Party	Relationship	Value of the Related Party Transactions entered into during the financial year	Value of Related Party Transactions as a % of Equity and as a % of Total Assets	Terms and Conditions of the Related Party Transactions	The rationale for entering into the transactions
-	-	-	-	-	-

### RECURRENT TRANSACTION

Name of the Related Party	Relationship	Nature of the Transaction	Aggregate value of Related Party Transactions entered into during the financial year	Aggregate value of Related Party Transactions as a % of Net Revenue/ Income	Terms and Conditions of the Related Party Transactions
-	-	-	-	-	-

### EVALUATION OF THE COMMITTEE PERFORMANCE

The annual evaluation of the performance of the Committee was conducted by the Board during the year and the outcome of the evaluation is given on page 106 in the Annual Report of the Board of Directors.

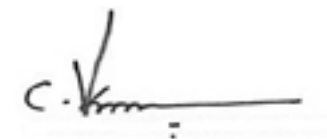
### DECLARATION BY THE BOARD

A declaration is given by the Board in the Annual Report of the Board of Directors on pages 104 as an affirmative statement stating compliance with the rules on Related Party Transactions.

### DECLARATION

It is declared affirmatively by the Committee that the Company is in compliance with Rule 9 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions during the year under review.

The Committee has reviewed the Related Party Transactions during the financial year and has communicated the comments/ observations to the Board of Directors.



**Mr. Vajira Kulathilaka**  
Chairman of the Related Party Transaction Review Committee

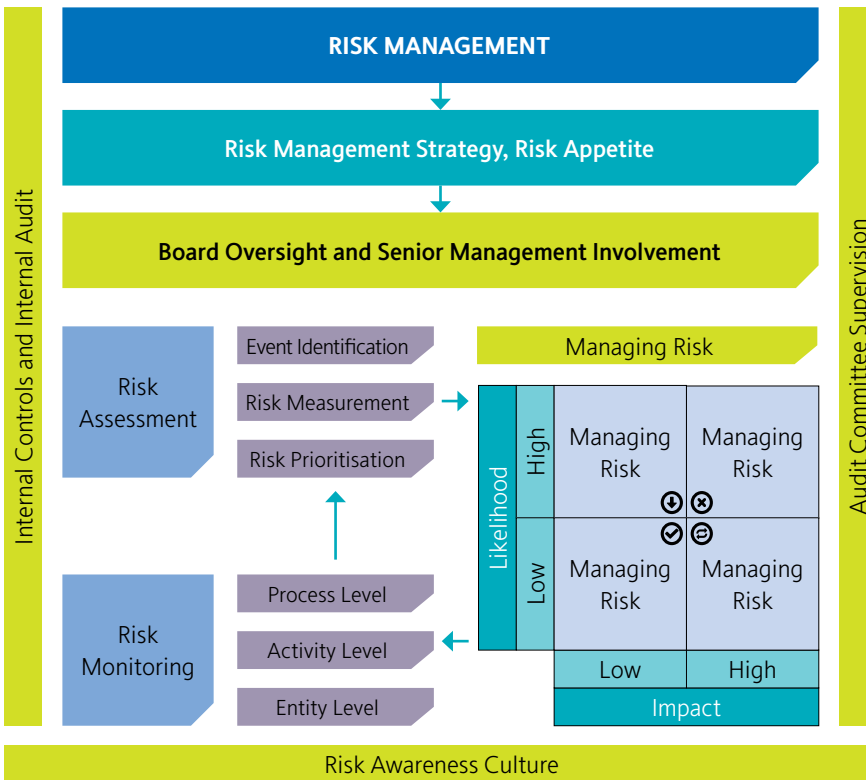
02 June 2022

# Risk Management Report

As a renewable energy procedure Panasian Power PLC (PAP) is exposed to various risks that may affect our current and future performance.

## INTEGRATED RISK MANAGEMENT SYSTEM

PAP has in place an Integrated Risk Management System (IRMS) to comprehensively identify, analyse, and control risks. The IRMS 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.



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.

Meanwhile 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.

## RISK AWARENESS CULTURE

PAP is of the opinion that the effectiveness of the IRMS 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.

## MANAGING PAP'S KEY RISKS

PAP's key risks are broadly categorised as Social, Political and Environmental Risks, Regulatory Risks, Financial Risks and Operational Risks. The Risk Impact of each risk category is established based on how it affects the Company.

## RISK GOVERNANCE

The PAP Board is the highest governance body in charge of providing oversight for proper risk management and control. The Board is responsible for developing the PAP's Risk Strategy and setting the Risk Appetite to support the Company's short, medium and long term business strategy. Assisting the Board in its Risk Management duties, is PAP's Audit Committee. The Board and the Audit Committee are jointly responsible for reviewing and updating the PAP's.

Risk Strategy and Risk Appetite in the context of any changes in the operating environment that may cause the Company's risk profile to be altered. The Audit Committee is responsible for ensuring the proper implementation of the IRMS at an operational level. The Audit Committee is also accountable for ensuring the adequacy

## SOCIAL, POLITICAL AND ENVIRONMENTAL RISK

How it affects PAP	Status Update for 2021/22	Risk	Risk Control Approach
<p><b>Strategic Risk</b> External events that could pose a risk to the Company's strategy</p>	Commissioning delays owing to COVID-19 restrictions as well as due to disruptions to the global supply chain due to pandemic related challenges	M	<p>PAP's Management teams were in constant dialogue with the CEB and suppliers to ensure projects were commissioned as soon as practicable once offices returned to work.</p> <p>Furthermore, PAP is in regular correspondence with the relevant authorities leading up to commissioning of a project so that the period between construction completion and commissioning is minimised.</p>
<p><b>Political / Regulatory Risk</b> Policy uncertainty that stems from political instability</p>	Stability on the political front and the government's stance on supporting renewable energy creates a conducive environment to allow the Company to grow	L	<p>PAP operates through long term PPA's, which are legally binding for the duration of the contract. Hence the terms of these PPA's are unlikely to change mid-contract.</p> <p>The Company has invested in its regulatory and compliance capability through Internal Audit, consultants, legal advice and the Audit Committee which has enabled the PAP to respond effectively to the volume of change, thereby reducing the risk.</p>
			<p>PAP continues to monitor proposed policies with the existing Government alongside potential policies that may be implemented if the Government were to change and the impact on our current projects and pipeline.</p> <p>At the same time, the Company continues to pursue overseas expansion opportunities.</p>
<p><b>Climate Risk</b> Risks are those that can arise as a result of erratic weather patterns. In PAP's hydropower business, the risk is primarily due to drought, while the solar operation faces irradiation risk.</p>	In the year under review, Sri Lanka experienced average weather conditions throughout the year, in line with expectations for solar and hydropower generation	L	<p>PAP manages climatic risk as much as possible by utilising our team of experts to select the most appropriate locations for hydro and solar sites based on past data and experience.</p> <p>Hydropower projects are designed based on past hydrological data analyses to minimise the risk of any deviation from their designed energy.</p> <p>Solar projects are designed on PVSyst external data and are assessed against actual data post commissioning and amended if necessary.</p>
<p><b>Social / Environmental Risk</b> The risk the Company faces if environmental and social issues related to a project are not considered and managed</p>		L	<p>At the start of any project the Company undertakes comprehensive environmental and social impact assessments as required by regulation and responds appropriately to any issues noted therein.</p> <p>On an ongoing basis the Company also further engages with local communities, key stakeholders, and workers to ensure that any concerns are heard.</p> <p>PAP's Environmental and Social Management System (ESMS) ensures social and environmental risk is monitored and managed in line with global best practices</p>

## Risk Management Report

### FINANCIAL RISKS

How it affects PAP	Status Update for 2021/22	Risk	Risk Control Approach
<p><b>Credit Risk</b> The risk that there are defaults or delays in debtor's settlements – the CEB is PAP's only customer</p>	<p>PAP continues to operate on the basis of long term PPA's, which are legally binding for the duration of the contract. Historically, the CEB has not defaulted on any payments to PAP. However, there is a delay in receiving payments for the hydro plants in the recent.</p> <p>Sungrow inverter sales are a trading business, however, carries minimal credit risk</p>	M	<p>PAP is committed to honour the terms and conditions of the PPA which has enabled the Company to build trust with the CEB. PAP monitors any receivables beyond the credit period and discusses with CEB on payment timelines.</p> <p>Sales of Sungrow inverters are supported by advances and LCs prior to opening LCs with the supplier. Therefore, there is no credit risk. Minimal stock is held at any one time.</p>
<p><b>Interest Rate Risk</b> The risk to the PAP's earnings that arises from fluctuations in interest rates and the degree of volatility of these rates</p>	<p>A majority of PAP's borrowings are at a floating rate which is advantageous for the Company in the current environment where lending rates are on a downward trend. But, fixed rate loans are mostly at a concessionary rate below the current floating lending rates.</p>	M	<p>The company more focusing fixed rate borrowings as floating lending rates are on a forward trend.</p>
<p><b>Investment Risk</b> Failure in investments/to achieve expected returns</p>	<p>Some delays were experienced due to the COVID-19 restrictions</p>	M	<p>Any planned investments are subjected to a thorough appraisal and feasibility procedure supported by expert advice to guarantee returns on investment. The Company seeks the expertise of specialists in estimating accurate project cost, detailed planning, building in contingencies and budgetary control over projects.</p> <p>Board approval and investment committee approval is obtained prior to commencement of a planned project.</p> <p>Project progress is closely monitored to ensure project deliverables are achieved within agreed budgets and timeline.</p> <p>Monitoring was further strengthened due to the COVID-19 pandemic, with a view to ensuring government policies on areas such as import tariffs and regulations do not adversely affect project costs and that they remain within tolerances set at the feasibility stage.</p>
<p><b>Capital Risk</b> The risk of insufficient capital resources to support the business</p>	<p>PAP's assets have highly predictable revenue streams and are considered stable for long term borrowing. This allows the Company to leverage its assets to fulfil its capital resources as and when needed.</p>	L	<p>PAP monitors its capital base on the basis of the gearing ratio calculated as debt divided by total equity attributable to shareholders. Debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the Consolidated Statement of Financial Position) less cash and cash equivalents.</p>

How it affects PAP	Status Update for 2021/22	Risk	Risk Control Approach
			The Company's borrowings are subject to maintaining covenants as defined by the debt funders. Throughout the year ended 31 March 2022 the Group complied with all external borrowing covenants and management monitors the continued compliance with these covenants on a quarterly basis.
<b>Liquidity Risk</b> The risk that the Company will face if adequate funding could not be raised to meet cash flow commitments	There is a delay in receiving payments for the hydro plants in the recent.  However, delay in settlements by the CEB due to pandemic related challenges.	H	The Company forecasts its liquidity requirements for the forthcoming year under normal and stressed conditions to ensure sufficient resources to meet operational needs while maintaining enough headroom on its undrawn committed borrowing facilities at all times so as not to breach borrowing limits or covenants .  Actual cash flows are monitored and used to update forecasts on a rolling basis to account for more realistic estimates  The Company closely monitored receivables from CEB and was in constant dialogue to ensure timely payment. Currently company is negotiating with banks for a grace period.
<b>Currency Risk</b> The likelihood of incurring losses due to currency fluctuations	For new projects the majority of capital expenditure is imported, therefore the Company is exposed to currency risk.	H	The Company manages currency risk by building contingencies in project costing for imported items with the expectation that there will be a depreciation of the Sri Lankan Rupee against the US Dollar.  PAP is also exploring overseas projects with US Dollar tariff structures to mitigate the Sri Lankan rupee value depreciation.  For our overseas exploration projects, Sri Lankan rupees are converted at the spot rate on the day as required as expenses are minimal. At the time these projects would likely be financed in the same currency as the tariff, therefore mitigating ongoing currency risk.

## IT RISKS

How it affects PAP	Status Update for 2021/22	Risk	Risk Control Approach
<b>IT Risk</b> The risk of system failure, outdated systems and loss of data	PAP does not perceive the risk to be high, However it is becoming increasingly relevant. With the COVID-19 pandemic, PAP transitioned to cloud based financial systems, which required stronger safeguards to protect the Company's systems against external breaches.	M	Existing IT systems are supported by modern technology. regular maintenance and regular upgrades to prevent unauthorised access to the information systems, while data is backed up to a secure server to prevent data loss.  Financial records are maintained using Sage and Quickbooks, which have been inbuilt security controls to ensure integrity of the system. Meanwhile the new cloud based financial systems are maintained with regular physical backups and appropriate security protocols.



# Matara Ground Solar Plant

3MW



IAC

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

## GENERAL

The Board of Directors take pleasure in presenting the Annual Report of the Company for the financial year ended 31 March 2022, that includes and covers the Audited Financial Statements, Chairman’s Message, Statements of Responsibility, Auditors’ Report, and other relevant information in the annual report.

The information table on ‘Disclosures required by the Companies Act No. 07 of 2007’ appearing in the corporate governance report on pages 89 to 90 forms part of this Annual Report of the Board of Directors.

The Annual Report of the Company including the Annual Report of the Board of Directors was adopted by the Board of Directors on 2 June 2022. The required number of copies of the Company’s Annual Report will be submitted to the Colombo Stock Exchange and to the Sri Lanka Accounting and Auditing Standards Monitoring Board within the stipulated time.

## GROUP STRUCTURE AND PRINCIPLE BUSINESS ACTIVITIES

The Group structure is available on page 19.

A brief description of the nature of the principal business activities of the Group and the Company is given in Note 01 to the Financial Statements on page 124 to 125.

## STATEMENTS OF MISSION, VISION AND VALUES

The Company’s statements of mission, vision and values are available on page 03. The Directors and all the employees conduct their activities with the highest level of ethical standards and integrity in achieving the aspiration and purpose. All employees are given a copy of the Code of Business Ethics of the Company and employees are required to adhere to it.

## THE BOARD OF DIRECTORS

The Board of Directors of the Company consisted of seven members as at 31st March 2022. Information relating to the Directors of the Company is available on pages 60 to 63.

Dr. P. Ramanujam	Non-Executive Director
Mr. D. Sooriyaarachchi	Independent Non-Executive Director
Mr. C. V. Kulatilaka	Independent Non-Executive Director
Mr. P. K. Poddiwala	Chief Executive Officer/Executive Director
Ms. L. K. A. H. Fernando	Non-Executive Director
Mr. L.H.A.L. Silva	Independent Non-Executive Director
Mr. W. W. M. S. B. K. G. Kamburadeniya	Independent Non-Executive Director

The changes to the directorate during the year are as follows:

Director	Change in directorate	Effective date
Mr. A. D. Pushparajah	Resignation	3 August 2021
Mr. E. Karthik	Resignation	
Mr. P. L. D. Jinadasa	Resignation	
Mr. S. Nanadhanan	Resignation	
Mr. S. S. Kakirivaragodage	Resignation	
Dr. T. Sentthilverl	Resignation	
Mr. C. V. Kulatilaka	Appointment	
Ms. L. K. A. H. Fernando	Appointment	1 March 2022
Mr. W. W. M. S. B. K. G. Kamburadeniya	Appointment	
Mr. L.H.A.L. Silva	Appointment	

The names of the Directors of Subsidiary Companies are given on page 64.

## RETIREMENT AND RE-ELECTION OF DIRECTORS

### Retirement by rotation

In accordance with principle A.8 of the The Code of Best Practice on Corporate Governance issued jointly by the Securities and Exchange Commission of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka 2017, Mr. D. Sooriyaarachchi retires by rotation and is eligible for re-election.

### Election

In accordance with Article 24(4) of the Articles of Association of the Company, Mr. C. V. Kulatilaka, Mr. W. W. M. S. B. K. G. Kamburadeniya, Mr. L.H.A.L. Silva and Ms. L. K. A. H. Fernando retire and are eligible for election.

Resumes of the Directors eligible for re – election and election are included on pages 60 to 63 of this report.

### Re - appointment

Dr. P. Ramanujam who is over 70 years of age has declared that he will not be seeking re - appointment at the upcoming AGM.

### REVIEW OF PERFORMANCE

A review of performance and future outlook of the Group is available in the Chairman's message on pages 20 to 23, Group Chief Executive Officer's message on page 24 to 27 and value created section appearing on pages 36 to 56.

### Investment activities during the year

There was no change in the percentage of shareholding in immediate subsidiaries of the Company.

Details of investments held by the Company are disclosed in Notes 19 and 21 to the Financial Statements.

### DISCLOSURES

The Annual Report of the Company fulfils the disclosure requirements of the Sri Lanka Accounting Standards (SLFRs/LKASs), Companies Act No. 07 of 2007 and the Listing Rules of the Colombo Stock Exchange.

A report on compliance with the Code of Best Practice on Corporate Governance 2017 issued by the Institute of Chartered Accountants of Sri Lanka is included in this report.

### FINANCIAL STATEMENTS

The Financial Statements of the Group and the Company have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRs/LKASs), issued by the Institute of Chartered Accountants of Sri Lanka and comply with requirements of the Companies Act No. 07 of 2007 and Listing Rules of the Colombo Stock Exchange. The Financial Statements for the year ended 31st March 2022 signed on behalf of the Board by the Chairman, Chair of the Audit Committee and Finance Manager are given on pages 118 to 119.

### FINANCIAL RESULTS AND APPROPRIATIONS

#### Turnover

The total gross Group turnover generated by the 03 business segments was Rs. 935.5 million (2020/21 - Rs. 729 million), while the turnover of the Company was Rs. 107 million (2020/21 - Rs. 85 million). A segment wise analysis is given in Note 7 appearing on pages 141 to 142.

#### PROFIT AND APPROPRIATIONS

The group loss after tax and group loss attributable to equity holders of the parent for the year were Rs. 167.8 million (profit - 2020/21 - Rs. 268 million) and Rs. 195.8 million (profit - 2020/21 - Rs. 239.6 million) respectively, whilst the profit after tax of the Company was Rs. 262 million (2020/21 - Rs. 144 million).

The Group total comprehensive income attributable to equity holders of the parent was Rs. 590.6 million (2020/21 - Rs. 281 million) and the Company's total comprehensive income for the year was Rs. 412 million (2020/21 - Rs. 165.8 million).

#### CAPITAL COMMITMENTS

Capital commitments are outlined in note 40 to the financial statements.

#### CONTINGENT LIABILITIES

There were no material contingent liabilities outstanding as at 31st March 2022, other than those disclosed in Note 41 to the financial statements.

#### DIVIDENDS AND RESERVES

The Company declared dividends of Rs. 0.14 per share and Rs. 0.20 per share for 2021/22, announced on 30th June 2021 and 28th March 2022 respectively.

The Group Reserve as at 31st March 2022 amounts to Rs. 2,562 million (2020/21 - Rs. 2,184 million). The composition of the reserves is shown in the Statement of Changes in Equity in the Financial Statements.

### INDEPENDENCE OF NON-EXECUTIVE DIRECTORS

Sections 7.10.3.b. and 7.10.4.e. of the Listing Rules of the Colombo Stock Exchange taken together specify that a Non- Executive Director shall not be considered independent if he/she has served on the Board for a period of nine years from the date of the first appointment, unless the Board taking into account all the circumstances, is of the opinion that the Director is nevertheless 'independent' and specify the criteria not met and the basis of its determination in the Annual Report.

Mr. D. Sooriyaarachchi completed nine years in office as a Non- Executive Director on 5th July 2019.

As allowed under Sec. 7.10.3 (a) & (b) of the Listing Rules of the Colombo Stock Exchange, the Board recognises that Mr. D. Sooriyaarachchi has acted in an independent manner over the years bringing his independent judgement upon matters relating to the Board Committees and the Board.

The Board is of the opinion that there is no reason to believe that his status as an Independent Director has been impaired in any manner due to his tenure in office. Having considered all relevant aspects, the Board determined that Mr. D. Sooriyaarachchi continue as an 'Independent Non-Executive Director' of the Company.

### BOARD COMMITTEES

The Board of Directors has appointed three Committees to assist the Board. They are Audit Committee, Remuneration Committee and Related Party Transactions Review Committee. The terms of reference of each committee is set by the Board.

### BOARD AND BOARD COMMITTEE MEETINGS

The number of Board meetings held, and the number of meetings attended by the

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

Directors is given on pages 69. The number of Board Committee meetings held, and the attendance of members are given in the respective Committee Report appearing on pages 73 and 74.

### REVIEW OF PERFORMANCE OF THE BOARD AND BOARD COMMITTEES

The review of performance of Board Committees were carried out during the year by way of a discussion during a Board meeting and it was concluded that performance of all Committees was satisfactory.

### DIRECTORS' REMUNERATION

Director's remuneration is given in Note 10 to the Financial Statements.

### DIRECTORS' SHAREHOLDINGS

Shareholdings of Directors and their spouses, as required by Listing Rules of the Colombo Stock Exchange, are given on page 185 under 'Share Information'.

Shareholding	As at 31.03.2022	As at 31.03.2021
Dr. P. Ramanujam	2,350,000	2,350,000
Mr. D. Sooriyaarachchi	Nil	Nil
Mr. P. L. D. Jinadasa *	Nil	146,787,306
Mr. P. K. Pathmanatha	Nil	Nil
Mr. A. D. Pushparajah *	Nil	Nil
Mr. S. S. Nandhanan *	Nil	75,000
Dr. T. Senthilverl *	Nil	8,150,625
Sampath Bank PLC/Dr. T. Senthilverl *	Nil	27,825,838
Ms. L. K. A. H. Fernando **	Nil	Nil
Mr. C. V. Kulatilaka **	Nil	Nil
Mr. W. W. M. S. B. K. G. Kamburadeniya **	Nil	Nil
Mr. L. H. A. L. Silva **	Nil	Nil

\* Resigned w.e.f. 03 August 2021

\*\* Appointed w.e.f. 03 August 2021

### INTEREST REGISTER AND DIRECTORS' INTERESTS IN CONTRACTS/PROPOSED CONTRACTS

An Interest Register is maintained by the Company as per requirements of the Companies Act No. 07 of 2007. All Directors have made 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 the Section 119 (1) (d) of the Companies Act No. 07 of 2007. The particulars of the Directors' Interests in Contracts are given on page 172 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.

### EMPLOYEE SHARE OWNERSHIP PLANS

The Group does not operate any share option scheme.

### RELATED PARTY TRANSACTIONS Non- Recurrent Related Party Transactions

There were no related party transaction of which aggregate value exceeded 10% of the equity or 5% of the total assets of the Company during the year ended 31st March 2022, which required specific disclosure in the Annual Report as required by Listing Rule 9.3.2 of the Colombo Stock Exchange and the Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission. This is disclosed on page 97.

### Recurrent Related Party Transactions

There were no recurrent related party transactions which in aggregate exceeded 10% of the consolidated revenue of the Group as per 31 March 2022 audited Financial Statements, which required additional disclosures in the 2021/22 Annual Report under Colombo Stock Exchange Listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission.

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. In accordance with the Related Party Transaction Policy, declarations are obtained from each Key Management Personnel of the Company for the purpose of identifying parties related to them in any company where they hold office or through ownership. Based on the information furnished in these declarations, the Company retrieves data on related party transactions from the database of the Company.

It is declared affirmatively by the Board that the Company is in compliance with Rule 9 of the Listing Rules of the

Colombo Stock Exchange pertaining to Related Party Transactions during the year under review.

#### ACCOUNTING POLICIES

The significant Accounting Policies adopted by the Group and the Company are given on pages 124 to 183.

The Financial Statements and Notes thereto give a true and fair view of the Company's and the Group's financial position as at 31st March 2022 and of their performance for the year ended on that date.

#### INDEPENDENT AUDITORS' REPORT, APPOINTMENT AND REMUNERATION

The Company's Independent External Auditors, Messrs KPMG, Chartered Accountants, who were re-appointed by a resolution passed at the last Annual General Meeting, have expressed their opinion which appears on page 112 to 115 of this Annual Report.

The details of their remuneration are given in Note 10 to the Financial Statements. As far as the Directors are aware, the Auditors do not have any relationship with the Company, or any of its subsidiaries. The Auditors do not have any interest in contracts with the Company, or any of its subsidiaries.

Pursuant to the acquisition of a controlling stake in Panasian Power PLC by R I L Property PLC, the financial statements of Panasian Power PLC are consolidated with the group financials of R I L Property PLC. Having taken note that the parent auditor is responsible for the group audit, in order to facilitate smooth functioning of the external audit so that the objectives of the audit can be met together with completion of the audit within stringent timeframes, the Audit Committee recommends the appointment of Ernst and Young, auditors of R I L Property PLC, as auditors of Panasian Power PLC for the year ended

March 2023. Such appointment is subject to the approval of the shareholders at the Annual General Meeting to be held on the 28 June 2022.

#### INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT

The Board considers that strong internal controls are integral to sound management of the Company and is committed to maintaining financial, operational and risk management controls over all its activities. Further details of these aspects are discussed in the Directors' Statement on Internal Controls on page 109 and in the risk management approach on pages 99 to 101.

#### GOING CONCERN

The Board of Directors, after reviewing the Company's Business Plans, is satisfied that the Company has adequate resources to continue its operations in the foreseeable future. Accordingly, the Financial Statements are prepared considering the Company and its subsidiaries as going concerns.

#### ENTERPRISE RISK MANAGEMENT

Pages 99 to 101 shows the governance and risk management structure of the Group and the manner in which the Board plays its stewardship role. The Company has put in place systems and procedures to ensure the implementation of sound corporate governance principles. The Audit Committee report and the Remuneration Committee report and Related of Party Transactions Review Committee Report are given in pages 96 to 97.

#### RESPONSIBLE CORPORATE BEHAVIOUR

The Board is committed to and considers it a key priority to act responsibly towards its stakeholders and to manage economic, environmental and social impacts during value creation activities, efficiently and effectively.

#### MATERIAL FORESEEABLE RISK FACTORS

Information pertaining to material foreseeable risk factors are discussed on pages 99 to 101 of this annual report.

#### EMPLOYMENT

Pages 36 to 39 covers the group's practices and policies relating to selection, training, development, promotion and employee relations. The Company is an equal opportunity employer without any discrimination.

As required by Colombo Stock Exchange listing rule 7.6 (vii), there were no material issues pertaining to employees or industrial relations during the year.

#### SHARE INFORMATION

Information relating to shareholding, market value of shares, public shareholding and top twenty shareholders are available on pages 184 to 185 under 'Share Information'.

#### EQUITABLE TREATMENT OF SHAREHOLDERS

The Company has made all endeavours to ensure that all shareholders are treated equitably.

#### RATIOS AND MARKET PRICE INFORMATION

The ratios relating to equity and debt as required by the listing requirements of the Colombo Stock Exchange are given in page 8 of this Report.

#### DONATIONS

The Group and the Company made donations during the year amounting to Rs. 3,004,967 and Rs. 578,140 respectively (2020/21 - Group: Rs. 1,176,052, Company - Rs. 770,720). No donations were made for political purposes.

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

### PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

The Group and the Company incurred Rs. 648,518,037 and Rs. 1,387,229 respectively (2020/21 - Group: Rs. 29,089,056, Company: Rs. 15,391,566) on acquisition of property, plant and equipment, details of which are available in Note 15 to the Financial Statements.

The investment in intangible assets by the Group during the year was Rs. 157,500 whilst the investment in intangible assets by the Company was Rs. 157,500. (2020/21 - Group: Rs. 1,906,000, Company: Rs. 1,906,000).

Specific information on extent, locations, valuations and number of buildings on the Company's land holdings are given in Note 15.7.3 to the Financial Statements.

### MARKET VALUE OF FREEHOLD LAND

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 15 to the Financial Statements.

### STATED CAPITAL

The stated capital of the Company as at 31 March 2022 amounted to Rs. 1,030 million (2020/21- Rs. 1,030 million), details of which are available in Note 29 to the Financial Statements.

### STATUTORY PAYMENTS

The Directors, to the best of their knowledge and belief are satisfied that all statutory payments to the government, other regulatory bodies and relating to the employees have been made on time.

The tax position of the Company is given in Note 11 to the Financial Statements.

### DISCLOSURE AS PER COLOMBO STOCK EXCHANGE RULE NO.7.6

	31.03.2021	31.03.2022
Market price per share	3.60	3.70
Highest share price during the year	5.00	7.20
Lowest share price during the year	2.50	3.50

### COMPLIANCE WITH LAWS AND REGULATIONS

To the best of knowledge and belief of the Board of Directors, the Group/ Company has not engaged in any activity, which contravenes laws and regulations of the country.

### ENVIRONMENTAL, HEALTH AND SAFETY PROTECTION

Policies and endeavours made on environmental preservation by the Group and the Company are covered on pages 50 to 51. All the laws and regulations in regard to environment, health and safety are strictly adhered to.

### EVENTS OCCURRING AFTER THE REPORTING PERIOD/ POST BALANCE SHEET EVENTS

There were no material events that occurred after the reporting date that require adjustment to or disclosure in the Financial Statements, other than those disclosed in Note 42 to the Financial Statements on page 182.

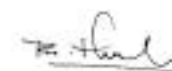
### ANNUAL GENERAL MEETING

Taking into consideration the current regulations/restrictions prevailing in the country due to the COVID-19 pandemic, the Board of Directors has decided to hold the Annual General Meeting (AGM) as a Virtual Meeting on 28 June 2022 at 9.30 a.m.

By order of the Board of Directors,



**Dr. P. Ramanujam**  
Chairman



**P. Poddiwala**  
Chief Executive Officer / Executive Director



**D. Sooriyaarachchi**  
Senior Independent Non-Executive Director



**R. Weudagedara**  
Company Secretary

Colombo  
02 June 2022

## 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 business environment and regulatory guidelines. However, this internal control system is designed to manage the

The Board is of the view that the system of internal controls over financial reporting in place is sound and adequate to provide reasonable assurance regarding the reliability of financial reporting, and that the preparation of Financial Statements for external purposes is in accordance with relevant accounting principles 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 91 to 93.

### 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

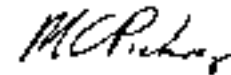
Act No. 7 of 2007, the Listing Rules of the Colombo Stock Exchange and any

other regulatory requirements. The consolidated financial statements for the year ended 31 March 2022 have been audited by Messrs. KPMG, Chartered Accountants.

By order of the Board



**Dr. Prathap Ramanujam**  
Chairman



**Ms. C. Pietersz**  
Audit Committee Chairman



**Suhashini Sathiyaseelan**  
Finance Manager

02 June 2022

# Statement Of Directors' Responsibility

The Section D.1.5 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 of Directors present a Responsibility Statement on preparation and presentation of Financial Statements in the Annual Report together with a statement by the Auditors about their reporting responsibilities.

The responsibilities of the Directors in relation to the Financial Statements of the Company and the Group are set out in this statement. The responsibility of the Auditors in relation to the Financial Statements is set out in the Report of the Auditors on pages 112 to 115.

As per the provision of sections 150 (1), 151, 152 and 153 (1) & (2) of the Companies Act No 7 of 2007, the Directors are responsible to prepare and present Financial Statements for each financial year giving a true and fair view of the state of affairs of the Company and the Group and the profit or loss of the Company and the Group for the financial year in accordance with applicable laws and regulations and SLFRSs and LKASS.

The Financial Statements comprise of:

- Statement of Profit or Loss and Other Comprehensive Income of the Group and the Company
- Statement of Financial Position of the Group and the Company
- Statement of Changes in Equity of the Group and the Company
- Statement of Cash Flows of the Group and the Company
- Notes to the Financial Statements

The Directors are also required to place these Financial Statements before a general meeting of shareholders. The Directors are also responsible, under section 148 of the Companies Act, for ensuring that proper accounting records are kept to enable the determination of financial position of the Group and the

Company with reasonable accuracy, and to enable preparation of financial statements and audit of such statements to be carried out readily and properly.

The Board of Directors accepts responsibility for the integrity and objectivity of the Financial Statements presented.

The Board of Directors are responsible for establishing an ongoing process for identifying, evaluating and managing the significant risks faced by the Group and the Company, and to regularly review the effectiveness of such process;

The Directors also are responsible for taking reasonable measures to safeguard the assets of the Group and the Company and in this regard to give proper consideration to the establishment of appropriate internal control systems with a view to preventing and detecting fraud and other irregularities. The Audit Committee, the Remuneration Committee and the Related Party Transaction Review Committee established by the Board strengthen the process of identifying and reviewing the adequacy and integrity of the system of internal controls and risk management.

The Directors are required to provide the Auditors with every opportunity to take whatever steps necessary to enable them to form their audit opinion.

The Directors, having reviewed the financial budget and cash flows for the year to 31st March 2023 and the bank facilities, consider that the Group/Company has adequate resources to continue in operation, and have continued to adopt the going concern basis in preparing these Financial Statements.

Further, as required by Section 56 (2) of the Companies Act No 7 of 2007, the Directors have confirmed that the Company, based on the information available, satisfies the solvency test immediately after the distribution of dividends, in accordance with Section 57 of the Companies Act No

7 of 2007, and has obtained a certificate of solvency from the Auditors, prior to the payment of dividends of Rs 0.34 per share for the year under review.

The Directors confirm that;

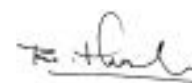
- Appropriate Accounting Policies have been selected and used in a consistent manner, and material departures, if any, have been disclosed and explained;
- The Financial Statements of the Group and the Company are prepared and presented in accordance with the Sri Lanka Accounting Standards (SLFRSs/LKASS); and that reasonable and prudent judgments and estimates have been made so that the form and substance of transactions are properly reflected;
- Listing Rules of the Colombo Stock Exchange are complied with; and
- To the best of their knowledge, are satisfied that all taxes, duties and levies and statutory payments in relation to all relevant regulatory and authorities which were due and payable by the Company and its subsidiaries as at the reporting date have been paid or where relevant provided for.

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

By Order of the Board,



**Dr. Prathap Ramanujam**  
Chairman



**P. Poddiwala**  
Chief Executive Officer/  
Executive Director

2 June 2022

## 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 2022 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. KPMG, Chartered Accountants, Independent External Auditors. Their report is given on pages from 112 to 115 of the Annual Report.

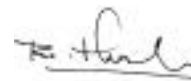
The Audit Committee of the Company meets periodically with the Internal Auditors and the Independent External Auditors to review the manner in which these Auditors are performing their responsibilities, and to discuss auditing, internal control and financial reporting issues. To ensure complete independence,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



**Dr. P. Ramanujam**  
Chairman



**P. Poddiwala**  
Chief Executive Officer / Executive Director



**S. Sathiyaseelan**  
Finance Manager

Colombo  
2 June 2022

# Independent Auditor's Report



**KPMG**  
(Chartered Accountants)  
32A, Sir Mohamed Macan Markar Mawatha,  
P. O. Box 186,  
Colombo 00300, Sri Lanka.

Tel : +94 - 11 542 6426  
Fax : +94 - 11 244 5872  
+94 - 11 244 6058  
Internet : [www.kpmg.com/lk](http://www.kpmg.com/lk)

## 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 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes set out on pages from 116 to 183 of this annual report.

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 2022, 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.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company financial statements and the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the Company financial statements and the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG, a Sri Lankan Partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

P.Y.S. Perera FCA	G.P. Jayatilake FCA	T.J.S. Rajakarier FCA
W.J.C. Perera FCA	Ms. S. Joseph FCA	Ms. S.M.B. Jayasekara FCA
W.K.D.C. Abeyratne FCA	S.T.D.L. Perera FCA	G.A.U. Karunaratne FCA
R.M.D.B. Rajapakse FCA	Ms. B.K.D.T.N. Rodrigo FCA	R.H. Rajan FCA
M.N.M. Shameel FCA	Ms. C.T.K.N. Perera ACA	A.M.R.P. Alahakoon ACA
Ms. P.M.K. Sumanasekara FCA		

Principals - S.R.J. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardena ACA, W.A.A. Weerasekera CFA, ACMA, MRCS



01 Impairment of Goodwill	
Refer to the significant accounting policy in Note 3.7 and explanatory Note 18.4 to these financial statements.	
Risk description	Our response
<p>The Group had recognized goodwill in its consolidated statement of financial position amounting to Rs. 462 Mn. Management had allocated the goodwill to the respective cash generating units (“CGUs”) as disclosed in Note 18.4 to the financial statements.</p> <p>During the year, total goodwill has been impaired as the recoverable amounts were below the carrying value of the CGUs based on the annual impairment testing.</p> <p>The recoverable amounts of the identified CGUs have been determined based on the higher of its fair value less costs of disposal and its value in use.</p> <p>Due to the complexity and judgement involved in computing recoverable values of CGUs, this is one of the key judgmental areas. Therefore, we have determined this to be a key audit matter.</p>	<p>Our audit procedures included among others:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of management’s impairment assessment process.</li> <li>• Assessing the underline data and appropriateness of assumptions used in fair value less costs of disposal and value in use computations based on our understanding of industry and macroeconomic environment.</li> <li>• Testing the mathematical accuracy of fair value less costs of disposal and its value in use computations.</li> <li>• Assessing the adequacy of the disclosures in the financial statements.</li> </ul>

01. Valuation of the Group’s freehold land, civil constructions and electromechanical equipment	
Refer to the significant accounting policy in 3.6 and explanatory 15 to these financial statements.	
Risk description	Our response
<p>As at 31 March 2022, the entire class of freehold land, civil constructions and electromechanical equipment have been revalued and a revaluation gain has been recognized in the consolidated statement of profit or loss and other comprehensive income amounting to Rs. 964 Mn as disclosed in Note 15 to the financial statements. This valuation has been carried out by a professional external expert engaged by the Management.</p> <p>Due to the materiality of the carrying amount, assumptions used and significant judgements involved in estimating the value, inherent uncertainty involved in determining the useful lifetime of the plants and structures and the unpredictability of continuation of the Standard Power Purchase agreement by CEB with the company which is used as the useful lifetime taken for valuation. Therefore, we have determined this to be a key audit matter.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>• Assessing the objectivity, independence, competence and professional qualifications of the external valuer.</li> <li>• Assessing the appropriateness of the valuation techniques used by the external valuer, taking into account the profile of the civil constructions and electromechanical equipment.</li> <li>• Engaging our in-house specialists to review the valuation reports and ensure that the assumptions and judgements made are appropriate along with the appropriateness of the valuation technique and mathematical accuracy.</li> <li>• Discussions with management and the external valuer and compare the key assumptions used against externally published market comparable or industry data where available and challenging the reasonableness of key assumptions based on our knowledge of the business, industry and macroeconomic environment.</li> <li>• Assessing the adequacy of the disclosures in the financial statements, including the description and appropriateness of the inherent degree of subjectivity and key assumptions in the estimates. This includes the relationships between the key unobservable inputs and fair values, in conveying the uncertainties.</li> </ul>



### **Other Information**

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our Auditor's Report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Group's internal control.



- 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 3272(FCA).

**Chartered Accountants**

Colombo, Sri Lanka

02 June 2022

# Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March,

		Group		Company	
	Note	2022 Rs.	2021 Rs.	2022 Rs	2021 RS
<b>Continuing operations</b>					
Revenue	6	935,512,639	729,074,023	107,376,899	85,208,888
Cost of Sales		(296,256,382)	(241,325,344)	(19,687,269)	(22,039,728)
Gross profit		639,256,257	487,748,679	87,689,630	63,169,160
Other income	8	4,490,643	11,099,242	280,669,544	150,153,387
Administrative expenses		(145,422,677)	(124,871,410)	(56,414,716)	(46,850,330)
Impairment loss on Trade Receivables	25.1	(14,257,310)	-	(1,505,534)	-
Impairment loss on Goodwill	18.4	(461,518,584)	-	-	-
Finance income	9.1	10,505,296	9,788,429	9,342,116	7,090,344
Finance costs	9.2	(145,536,560)	(111,624,545)	(17,740,345)	(20,703,321)
Net finance costs		(135,031,264)	(101,836,116)	(8,398,229)	(13,612,977)
Share of profit of equity accounted investees - net of tax	21.1	2,671,591	2,437,893	-	-
<b>(Loss)/Profit before taxation</b>	10	<b>(109,811,344)</b>	274,578,288	<b>302,040,695</b>	152,859,240
Income tax expense	11	(74,239,239)	(10,133,819)	(40,035,200)	(8,390,409)
<b>(Loss)/Profit from continuing operations</b>		<b>(184,050,583)</b>	264,444,469	<b>262,005,495</b>	144,468,831
<b>Discontinuing Operations</b>					
Profit from discontinued operation, net of tax	12	-	3,816,626	-	-
Gain on disposal of discontinued operations		16,250,484			
<b>(Loss)/Profit for the year</b>		<b>(167,800,099)</b>	268,261,095	<b>262,005,495</b>	144,468,831
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified to profit or loss</b>					
- Re-measurement of defined benefit obligation	30	505,669	530,358	33,653	340,319
- Deferred tax effect on Re-measurement of defined benefit obligation		(70,794)	(74,250)	(4,711)	(47,645)
- Revaluation of Property, plant and equipment					
- Share equity accounted investees		1,924,721	-	-	-
- Revaluation of Property, plant and equipment	15	964,131,080	-	174,603,646	-
- Deferred tax effect of revaluation		(134,978,351)	-	(24,444,510)	-
- Deferred tax implication on other comprehensive income due to rate differential		-	42,153,612	-	21,091,673
<b>Other comprehensive income for the year - net of tax</b>		<b>831,512,325</b>	42,609,720	<b>150,188,078</b>	21,384,347
<b>Total comprehensive income for the year</b>		<b>663,712,226</b>	310,870,815	<b>412,193,573</b>	165,853,178

For the year ended 31 March,

	Note	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs	2021 RS
<b>(Loss)/Profit attributable to:</b>					
Owners of the Company					
(Loss)/Profit from continuing operations, (net of tax)		<b>(212,111,560)</b>	235,868,056	<b>262,005,495</b>	144,468,831
Profit from discontinued operations, (net of tax)		-	3,816,626	-	-
Gain on disposal of discontinued operations		<b>16,250,484</b>			
		<b>(195,861,076)</b>	239,684,682	<b>262,005,495</b>	144,468,831
Non-controlling interests					
		<b>28,060,977</b>	28,576,413	-	-
		<b>(167,800,099)</b>	268,261,095	<b>262,005,495</b>	144,468,831
<b>Total comprehensive income attributable to:</b>					
Owners of the Company					
Total comprehensive income from Continuing operations, (net of tax)		<b>574,389,962</b>	277,260,223	<b>412,193,573</b>	165,853,178
Total comprehensive income from Discontinued operations, (net of tax)		<b>16,250,484</b>	3,816,626	-	-
		<b>590,640,446</b>	281,076,849	<b>412,193,573</b>	165,853,178
Non-controlling interests					
		<b>73,071,783</b>	29,793,966	-	-
		<b>663,712,226</b>	310,870,815	<b>412,193,573</b>	165,853,178
Basic (Loss)/Earnings per share (Rs.)	13	<b>(0.31)</b>	0.38	<b>0.42</b>	0.23
Basic (Loss)/Earnings per share (Rs.) - Continuing operations	13.1	<b>(0.34)</b>	0.38	<b>0.42</b>	0.23
Basic Earnings per share (Rs.) - Discontinuing operation	13.2	<b>0.03</b>	0.01	-	-

The accounting policies and notes on pages 124 to 183 form an integral part of these financial statements.  
The figures in bracket indicate deductions.

# Statement of Financial Position

As at 31 March,

	Note	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	15	4,273,282,886	2,798,890,549	449,192,126	285,782,237
Right of use assets	16	38,022,115	55,423,307	35,634,211	52,943,565
Capital work in progress	17	13,143,937	346,220,678	9,288,530	-
Intangible assets	18	84,677,309	551,532,930	2,250,381	3,360,727
Investment in subsidiaries	19	-	-	1,230,177,694	1,230,177,694
Investment in preference shares	20	13,915,410	13,915,410	23,000,000	23,000,000
Investment in Joint Ventures	21	15,399,299	10,802,988	-	-
Advances paid for acquisition	22	5,115,150	5,115,150	5,115,150	5,115,150
<b>Total non-current assets</b>		<b>4,443,556,106</b>	<b>3,781,901,012</b>	<b>1,754,658,092</b>	<b>1,600,379,373</b>
<b>Current assets</b>					
Inventories	23	45,604,306	69,962,890	227,250	97,500
Investment in unit trusts	24	450,603	102,683,190	73,706	31,999,286
Trade and other receivables	25	451,610,838	419,113,335	64,943,282	97,177,118
Income tax receivables	36	1,065,636	906,834	-	-
Amount due from related companies	26	4,191,999	20,625,190	166,727,787	70,922,484
Cash and cash equivalents	27	119,113,359	152,134,319	21,584,779	23,426,652
Assets held for sale	28	-	9,325,942	-	-
<b>Total current assets</b>		<b>622,036,741</b>	<b>774,751,700</b>	<b>253,556,804</b>	<b>223,623,040</b>
<b>Total assets</b>		<b>5,065,592,847</b>	<b>4,556,652,712</b>	<b>2,008,214,896</b>	<b>1,824,002,413</b>
<b>Equity and liabilities</b>					
<b>Equity</b>					
Stated capital	29	1,030,000,000	1,030,000,000	1,030,000,000	1,030,000,000
Revaluation reserves		1,143,402,764	357,335,896	292,050,040	141,890,904
Retained earnings		388,455,268	796,381,691	299,267,581	249,733,144
<b>Equity attributable to owners of the Company</b>		<b>2,561,858,032</b>	<b>2,183,717,587</b>	<b>1,621,317,621</b>	<b>1,421,624,048</b>
Non Controlling Interests	45	172,415,100	129,943,319	-	-
<b>Total equity</b>		<b>2,734,273,132</b>	<b>2,313,660,906</b>	<b>1,621,317,621</b>	<b>1,421,624,048</b>
<b>Non-current liabilities</b>					
Employee benefits	30	6,308,189	6,590,502	4,870,337	4,910,139
Lease liabilities	31	40,982,833	54,224,257	38,361,879	51,620,948
Interest bearing loans and borrowings	32	1,355,231,569	1,506,434,033	66,440,000	98,623,333
Deferred tax liabilities	33	221,585,069	76,953,458	56,381,687	33,588,245
<b>Total non-current liabilities</b>		<b>1,624,107,660</b>	<b>1,644,202,250</b>	<b>166,053,903</b>	<b>188,742,665</b>

As at 31 March,	Note	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 March Rs.
<b>Current liabilities</b>					
Lease liabilities	31	3,851,973	5,062,152	3,869,618	5,078,581
Interest bearing loans and borrowings	32	476,030,621	486,284,104	39,178,407	47,671,667
Amount due to related companies	34	91,300	-	2,383,409	119,955,595
Trade and Other payables	35	161,065,291	69,805,890	139,029,943	16,183,135
Income tax payables	36	37,753,577	37,612,755	24,505,545	24,746,722
Bank overdrafts	27	28,419,293	24,655	11,876,450	-
Total current liabilities		707,212,055	598,789,556	220,843,372	213,635,700
Total liabilities		2,331,319,715	2,242,991,806	386,897,275	402,378,365
Total equity and liabilities		5,065,592,847	4,556,652,712	2,008,214,896	1,824,002,413

The accounting policies and notes on pages 124 to 183 form an integral part of these financial statements.

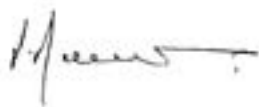
I certify that these financial statements are in compliance with the requirements of the Companies Act No. 07 of 2007.



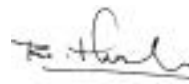
**S. Sathiyaseelan**  
Finance Manager

The Board of Directors are responsible for the preparation and presentation of the financial statements.

Signed on behalf of the board



**Dr. P. Ramanujam**  
Chairman



**P. Poddiwala**  
Chief Executive Officer/Executive Director

Colombo  
02 June 2022

## Statement of Changes in Equity

For the year ended 31 March,	Stated capital Rs.	Revaluation reserve Rs.	Retained earnings Rs.	Total Rs.	Non- Controlling Interest Rs.	Total equity Rs.
<b>Group</b>						
Balance as at 01 April 2020	1,030,000,000	316,396,210	701,817,869	2,048,214,079	130,676,013	2,178,890,092
<b>Total comprehensive income for the year</b>						
- Profit	-	-	239,684,682	239,684,682	28,576,413	268,261,095
- Other comprehensive income	-	40,939,686	452,481	41,392,167	1,217,552	42,609,720
<b>Transaction with owners of the company</b>						
<b>Change in ownership interests</b>						
- Effect of change in holding of subsidiary	-	-	(8,073,341)	(8,073,341)	73,341	(8,000,000)
<b>Distributions</b>						
- Dividends	-	-	(137,500,000)	(137,500,000)	(30,600,000)	(168,100,000)
<b>Balance as at 31 March 2021</b>	<b>1,030,000,000</b>	<b>357,335,896</b>	<b>796,381,691</b>	<b>2,183,717,587</b>	<b>129,943,319</b>	<b>2,313,660,906</b>
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
<b>Total comprehensive income for the year</b>						
- (Loss) / Profit	-	-	(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
<b>Distributions</b>						
- Dividends (Note 14)	-	-	(212,500,000)	(212,500,000)	(30,600,000)	(243,100,000)
<b>Balance as at 31 March 2022</b>	<b>1,030,000,000</b>	<b>1,143,402,764</b>	<b>388,455,668</b>	<b>2,561,858,032</b>	<b>172,415,100</b>	<b>2,734,273,132</b>

	Stated capital Rs.	Revaluation reserve Rs.	Retained earnings Rs.	Total Rs.
<b>Company</b>				
<b>Balance as at 01 April 2020</b>	1,030,000,000	120,799,231	242,471,639	1,393,270,870
<b>Total comprehensive income for the year</b>				
- Profit	-	-	144,468,831	144,468,831
- Other comprehensive income	-	21,091,673	292,674	21,384,347
<b>Transaction with owners of the company</b>				
<b>Change in ownership interests</b>				
<b>Distributions</b>				
- Dividends	-	-	(137,500,000)	(137,500,000)
<b>Balance as at 31 March 2021</b>	1,030,000,000	141,890,904	249,733,144	1,421,624,048
<b>Balance as at 01 April 2021</b>	1,030,000,000	141,890,904	249,733,144	1,421,624,048
<b>Total comprehensive income for the year</b>				
- Profit	-	-	262,005,495	262,005,495
- Other comprehensive income	-	150,159,136	28,942	150,188,078
<b>Transaction with owners of the company</b>				
<b>Distributions</b>				
- Dividends (Note 14)	-	-	(212,500,000)	(212,500,000)
<b>Balance as at 31 March 2022</b>	1,030,000,000	292,050,040	299,267,581	1,621,317,621

The accounting policies and notes on pages 124 to 183 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	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
<b>Cash flows from operating activities</b>				
(Loss)/Profit for the year	(167,800,099)	268,261,095	262,005,495	144,468,831
Adjustments for,				
Depreciation of property, plant and equipment	138,258,782	98,540,832	12,580,986	12,037,906
Depreciation of right of use asset	7,112,209	7,935,333	7,020,371	7,843,491
Amortisation of intangible asset	5,494,537	2,965,941	1,267,846	933,831
Goodwill impairment loss	461,518,584	-	-	-
Disposal gain on disposal of joint venture	(16,250,484)	-	-	-
Provision for retiring gratuity	803,021	1,987,910	573,516	1,556,481
Dividend income	-	-	(280,669,544)	(149,400,000)
Sundry income	(3,022,456)	-	-	-
Creditors written off	-	(965,594)	-	-
Other income	-	(500,000)	-	-
Dividend income	(1,140,545)	-	-	-
Profit from discontinuing operations	-	(3,816,626)	-	-
Share of Profit of Equity Accounted Investees - Joint Venture	(2,671,591)	(2,437,893)	-	-
Gain on sale of property plant and equipment	-	(4,325,000)	-	-
Interest income from unit trust	(4,467,413)	(5,605,844)	(374,420)	(109,554)
Interest income	(6,037,883)	(4,182,585)	(8,967,696)	(6,980,790)
Tax expense	74,239,239	10,133,819	40,035,200	8,390,409
Interest expense	145,536,559	111,624,545	20,926,842	20,703,321
<b>Operating profit before working capital changes</b>	<b>631,570,460</b>	<b>479,615,952</b>	<b>54,398,596</b>	<b>39,443,925</b>
Decrease / (Increase) in Inventories	24,358,584	(55,805,276)	(129,750)	(97,500)
(Increase) / Decrease in trade and other receivables	(32,497,503)	(55,184,543)	32,233,836	(12,652,855)
Decrease / (Increase) in amounts due from related parties	16,433,185	20,361,530	(95,805,303)	51,916,608
Increase in other payables	91,259,401	284,692	122,846,808	538,268
Increase / (Decrease) in amounts due to related parties	91,300	-	(117,572,186)	70,666,895
<b>Net Cash generated from / (used in)-operating activities</b>	<b>731,215,424</b>	<b>389,272,356</b>	<b>(4,027,999)</b>	<b>149,815,342</b>
Interest paid	(141,067,780)	(100,023,097)	(16,649,492)	(20,703,321)
Income tax paid	(64,674,751)	(33,792,559)	(41,932,156)	(1,951,720)
Retiring gratuity paid	(579,665)	(884,304)	(579,665)	(884,304)
<b>Net cash generated from / (used in)-operating activities</b>	<b>524,893,231</b>	<b>254,572,395</b>	<b>(63,189,312)</b>	<b>126,275,997</b>

For the period ended 31 March,

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
<b>Cash flows from investing activities</b>				
Acquisition of property, plant and equipment	(2,743,289)	(29,089,056)	(1,387,229)	(15,391,566)
Redemption of investments in preference shares	-	9,969,213	-	-
Investments in unit trusts	(343,000,000)	(710,000,000)	(69,000,000)	(74,000,000)
Withdrawals from unit trust	449,700,000	652,400,000	101,300,000	42,000,000
Investments in capital work in progress	(312,698,007)	(417,177,707)	(9,288,530)	-
Proceeds from sale of property plant and equipment	-	4,325,000	-	-
Investment in joint venture company	-	(3,092,649)	-	-
Acquisition of subsidiary company	-	-	-	(88,000,000)
Disposal of joint venture	25,576,426	-	-	-
Investments in intangible assets	(157,500)	(1,906,000)	(157,500)	(1,906,000)
Sundry income	3,022,456	500,000	-	-
Dividend received	1,140,545	-	280,669,544	149,400,000
Interest received	6,037,884	4,182,585	8,967,696	6,853,475
<b>Net cash (used in) / generated from investing activities</b>	<b>(173,121,485)</b>	<b>(489,888,614)</b>	<b>311,103,981</b>	<b>18,955,909</b>
<b>Cash flows from financing activities</b>				
Proceeds from loans and borrowings	264,826,050	620,917,188	-	25,000,000
Acquisition of NCI	-	(8,000,000)	-	-
Repayment of borrowings	(426,281,996)	(167,218,301)	(40,676,592)	(26,235,000)
Dividends paid	(243,100,000)	(168,100,000)	(212,500,000)	(137,500,000)
Payment of finance lease liabilities	(8,631,400)	(10,986,459)	(8,456,400)	(4,455,271)
<b>Net cash (used in) / generated from financing activities</b>	<b>(413,187,346)</b>	<b>266,612,428</b>	<b>(261,632,992)</b>	<b>(143,190,271)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(61,415,599)</b>	<b>31,296,209</b>	<b>(13,718,323)</b>	<b>2,041,635</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>152,109,665</b>	<b>120,813,455</b>	<b>23,426,652</b>	<b>21,385,017</b>
<b>Cash and cash equivalents at the end of the year (Note 27)</b>	<b>90,694,066</b>	<b>152,109,664</b>	<b>9,708,329</b>	<b>23,426,652</b>

The accounting policies and notes on pages 124 to 183 form an integral part of these financial statements.

# Notes to the Financial Statements

## 1 GENERAL INFORMATION

### 1.1 Reporting entity

(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 (Private) 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 31 March 2022 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 02 June 2022.

### 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 Standardized 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 the sale of electrical energy from Kurundu Oya Mini-Hydro Production Facilities for a period of 15 years, beginning on the Commercial Operation Date of 18th 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 01st 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 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 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 2500 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 1250 kWp project.

The sub subsidiary Finergreen Rajarata (Pvt) Ltd., completed construction of 2500 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 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 2020.

### 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.

## 2 Basis of preparation

### 2.1 Statement of compliance

The financial statements of the Group and the separate financial statements of the Company have been prepared in accordance with the Sri Lanka Accounting Standards (herein referred to as SLFRSs/ LKASs) effective from 1st 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](http://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.

## 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 2022, 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 are presented in Sri Lankan Rupees, which is the Group's functional currency.

### 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 15.6 – Valuation of Land, structures, hydro plants and solar plants  
Note 40 and 41 – Commitments and contingencies  
Note 30 – Defined benefit plan  
Note 33 – Deferred tax assets and Liabilities

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 1st 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. S. Sivasakantha, who is an incorporated valuer holding a degree of B.Sc 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 15.7.2

### 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 30.

### 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 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.

## Notes to the Financial Statements

### 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.

## 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

## Notes to the Financial Statements

- 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 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.

## Notes to the Financial Statements

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:

- 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 180 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 for 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.

The Group's lease liabilities are included in Loans and borrowings (see Note 31).

#### 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.

## Notes to the Financial Statements

### 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 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 15.6 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 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.

## Notes to the Financial Statements

### 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 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. Fair values are determined based on level 3 input.

#### 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 ex gratia 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 contract 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 table provides 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 palatines 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.

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;

## Notes to the Financial Statements

- 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.

### 3.16 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 40 and 41 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. 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

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. New and amended standards issued but not effective as at the reporting date

The following new and amended standards are not expected to have a significant impact on the Group's consolidated financial statements.

- Onerous Contracts- Cost of Fulfilling a contract (Amendments to LKAS 37)
- COVID-19 -Related concessions beyond 30 June 2021 (Amendments to SLFRS 16)
- Annual Improvements to SLFRS Standards 2018-2020
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to LKAS 16)
- Reference to conceptual framework (Amendments to SLFRS 03)
- Classification of Liabilities as Current or Non-Current (Amendments to LKAS 01)
- SLFRS 17 Insurance contracts and amendments to SLFRS 17
- Disclosure of Accounting policies (Amendments to LKAS 01 and SLFRS practice statement 2)
- Definition of Accounting Estimates (Amendments to LKAS 08)
- Deferred tax related to assets and liabilities arising from a single transaction 9 Amendments to LKAS 12

## Notes to the Financial Statements

For the year ended 31 March,	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
<b>6 Revenue</b>				
Supply of electricity	<b>819,202,645</b>	617,175,657	<b>107,376,899</b>	85,208,888
Sale of solar Inverters	<b>103,583,050</b>	109,995,675	-	-
Sale of Solar Panels	<b>10,453,000</b>	-	-	-
Solar plant maintenance income	<b>999,996</b>	1,902,691	-	-
Inverter Service Income	<b>1,273,948</b>	-	-	-
	<b>935,512,639</b>	729,074,023	<b>107,376,899</b>	85,208,888

### 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

Represents the Group's major continuing line of business. This includes two fully-owned mini-hydro plants and one with ownership of 83%. Operational hydropower 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

Represents the Group's latest continuing line of business. This includes twelve fully-owned operational solar power plants with an aggregate capacity of 10.5 MW 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. In addition to operational plants, capital work in progress of the Group's fully-owned solar power plants under construction and their liabilities are aggregated 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.

Information based on the primary segments (Business segments)

	2022				2021			
	Hydro Power	Solar Power	EPC Service	Group	Hydro Power	Solar Power	EPC Service	Group
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Revenue	517,409,957	301,792,688	116,309,994	935,512,639	471,921,242	145,254,415	111,898,366	729,074,023
Intra Segment Revenue	-	-	-	-	-	-	-	-
	517,409,957	301,792,688	116,309,994	935,512,639	471,921,242	145,254,415	111,898,366	729,074,023
Cost of electricity generated	(86,827,460)	(114,475,680)	(94,953,242)	(296,256,382)	(92,093,147)	(50,217,213)	(99,014,984)	(241,325,344)
Results from EBITDA	398,937,793	233,408,809	11,346,606	643,693,209	356,168,657	103,337,995	11,129,014	470,635,666
Depreciation	(58,017,949)	(87,273,581)	(77,456)	(145,368,986)	(53,577,107)	(42,841,341)	(240,707)	(96,659,155)
Impairment loss on Trade Receivables	(9,871,454)	(4,385,856)	-	(14,257,310)	-	-	-	-
Impairment loss on Goodwill	(461,518,584)	-	-	(461,518,584)	-	-	-	-
Net finance costs	(36,834,722)	(94,071,352)	(4,125,190)	(135,031,264)	(47,677,433)	(52,198,981)	(1,959,712)	(101,836,116)
Share of Profit of Equity Accounted Investees - Joint Venture	-	2,671,591	-	2,671,591	-	2,437,893	-	2,437,893
<b>(Loss)/Profit before taxation</b>	<b>(167,304,915)</b>	<b>50,349,611</b>	<b>7,143,960</b>	<b>(109,811,344)</b>	<b>254,914,127</b>	<b>10,735,566</b>	<b>8,928,595</b>	<b>274,578,288</b>
Income tax expense	(58,116,288)	(14,341,265)	(1,781,686)	(74,239,239)	(3,635,459)	(3,520,124)	(2,978,237)	(10,133,819)
Gain on disposal of joint venture	-	16,250,484	-	16,250,484	-	-	-	-
Profit (loss) from discontinued operation, net of tax	-	-	-	-	3,816,626	-	-	3,816,626
<b>(Loss)/Profit for the year</b>	<b>(225,421,203)</b>	<b>52,258,830</b>	<b>5,362,274</b>	<b>(167,800,099)</b>	<b>251,278,668</b>	<b>11,032,068</b>	<b>5,950,358</b>	<b>268,261,095</b>
<b>(Loss)/Profit Attributable to:</b>								
Owners of the Company	(253,482,180)	52,258,830	5,362,276	(195,861,076)	222,702,256	11,032,068	5,950,358	239,684,682
Non-controlling interests	28,060,977	-	-	28,060,977	28,576,412	-	-	28,576,413
	(225,421,203)	52,258,830	5,362,274	(167,800,099)	251,278,668	11,032,068	5,950,358	268,261,095
<b>Total comprehensive income</b>								
<b>Attributable to:</b>								
Owners of the Company				590,640,446				281,076,849
Non-controlling interests				73,071,780				29,793,965
				663,712,226				310,870,814
(Loss)/Earnings per share (Rs.)				(0.31)				0.38

## Notes to the Financial Statements

	2022				2021			
	Hydro Power	Solar Power	EPC Service	Group	Hydro Power	Solar Power	EPC Service	Group
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Assets</b>								
<b>Non-current assets</b>								
Property, plant and equipment	2,156,414,495	2,166,600,330	941,701	4,323,956,526	1,599,643,584	1,291,373,036	540,396	2,891,557,016
Right of use asset	35,634,211	2,387,904	-	38,022,115	-	-	-	-
Capital work in progress	9,288,530	3,855,407	-	13,143,937	-	354,680,772	-	354,680,772
Intangible assets	2,678,974	81,998,335	-	84,677,319	4,217,888	85,796,458	-	90,014,346
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	-	13,915,410	131,915,410	118,000,000	-	13,915,410	131,915,410
Investment in Joint Venture	-	-	12,515,200	12,515,200	-	-	38,091,625	38,091,625
Loans due from related companies	-	-	-	-	-	-	-	-
Advances paid for acquisition	5,115,150	-	-	5,115,150	5,115,150	-	-	5,115,150
<b>Segmental non-current assets</b>	<b>3,600,525,654</b>	<b>2,322,242,976</b>	<b>140,372,321</b>	<b>6,063,140,951</b>	<b>3,000,370,916</b>	<b>1,799,251,266</b>	<b>165,547,441</b>	<b>4,965,169,623</b>
Eliminations/Adjustments	-	-	-	(1,619,584,845)	-	-	-	(1,183,268,611)
<b>Total non-current assets</b>	<b>3,600,525,654</b>	<b>2,322,242,976</b>	<b>140,372,321</b>	<b>4,443,556,106</b>	<b>3,000,370,916</b>	<b>1,799,251,266</b>	<b>165,547,441</b>	<b>3,781,901,012</b>
<b>Current assets</b>								
Inventory	9,504,147	1,459,080	34,641,079	45,604,306	10,845,185	-	59,117,705	69,962,890
Investment in unit trust	450,603	-	-	450,603	102,683,190	-	-	102,683,190
Trade and other receivables	343,446,957	100,527,543	7,636,338	451,610,838	345,924,193	48,829,123	24,360,019	419,113,335
Amount due from related companies	479,898,238	137,500,561	99,074,266	716,473,065	343,933,789	160,929,791	61,798,312	566,661,892
Income tax receivable	906,833	-	158,803	1,065,636	906,834	-	-	906,834
Cash and cash equivalents	35,304,196	72,037,061	11,772,102	119,113,359	44,695,962	99,526,947	7,911,410	152,134,319
Assets held for sale	-	-	-	-	-	9,325,942	-	9,325,942
<b>Segmental current assets</b>	<b>869,510,974</b>	<b>311,524,245</b>	<b>153,282,588</b>	<b>1,334,317,807</b>	<b>848,989,153</b>	<b>318,611,803</b>	<b>153,187,446</b>	<b>1,320,788,402</b>
Eliminations/Adjustments	-	-	-	(712,281,066)	-	-	-	(546,036,703)
<b>Total current assets</b>	<b>869,510,974</b>	<b>311,524,245</b>	<b>153,282,588</b>	<b>622,036,741</b>	<b>848,989,153</b>	<b>318,611,803</b>	<b>153,187,446</b>	<b>774,751,700</b>
<b>Total assets</b>	<b>4,470,036,638</b>	<b>2,633,767,221</b>	<b>293,654,909</b>	<b>5,065,592,847</b>	<b>3,849,360,069</b>	<b>2,117,863,069</b>	<b>318,734,887</b>	<b>4,556,652,712</b>
<b>Non-current liabilities</b>								
Employee benefits	6,170,950	-	137,239	6,308,189	6,240,616	-	349,886	6,590,502
Finance lease obligation	38,361,879	2,620,954	-	40,982,833	51,620,948	2,603,309	-	54,224,257
Interest bearing loans and borrowings	348,297,162	999,318,977	7,615,431	1,355,231,569	439,975,729	1,046,701,856	19,756,448	1,506,434,033
Deferred tax liabilities	164,307,167	57,318,900	(40,998)	221,585,069	76,460,168	471,863	21,427	76,953,458
Loan due to related companies	-	-	-	-	-	-	-	-
<b>Segmental non-current liabilities</b>	<b>557,137,158</b>	<b>1,059,258,830</b>	<b>7,711,672</b>	<b>1,624,107,660</b>	<b>574,297,461</b>	<b>1,049,777,028</b>	<b>20,127,762</b>	<b>1,644,202,250</b>
Eliminations/Adjustments	-	-	-	-	-	-	-	-
<b>Total non-current liabilities</b>	<b>557,137,158</b>	<b>1,059,258,830</b>	<b>7,711,672</b>	<b>1,624,107,660</b>	<b>574,297,461</b>	<b>1,049,777,028</b>	<b>20,127,762</b>	<b>1,644,202,250</b>
<b>Current liabilities</b>								
Finance lease obligations	3,869,618	(17,645)	-	3,851,973	5,078,581	(16,429)	-	5,062,152
Interest bearing loans and borrowings	114,573,216	333,554,944	27,902,461	476,030,621	136,269,598	329,194,003	20,820,503	486,284,104
Amount due to related companies	59,926,917	586,468,137	65,977,472	712,372,533	137,367,689	325,327,161	83,341,868	546,036,721
Other payables and accruals	155,243,214	4,805,924	864,776	160,913,914	19,527,972	28,635,834	19,425,013	67,588,819
Income tax payable	37,753,577	-	-	37,753,577	37,523,545	-	89,209	37,612,755
Bank overdraft	12,738,084	1,532,489	14,148,720	28,419,293	-	-	24,655	24,655
<b>Segmental current liabilities</b>	<b>384,104,626</b>	<b>926,343,849</b>	<b>108,893,436</b>	<b>1,419,341,911</b>	<b>335,767,385</b>	<b>683,140,569</b>	<b>123,701,248</b>	<b>1,142,609,206</b>
Eliminations/Adjustments	-	-	-	(712,129,856)	-	-	-	(543,819,650)
<b>Total current liabilities</b>	<b>384,104,626</b>	<b>926,343,849</b>	<b>108,893,436</b>	<b>707,212,055</b>	<b>335,767,385</b>	<b>683,140,569</b>	<b>123,701,248</b>	<b>598,789,556</b>
<b>Total liabilities</b>	<b>941,341,784</b>	<b>1,985,602,679</b>	<b>116,605,109</b>	<b>2,331,319,715</b>	<b>910,064,846</b>	<b>1,732,917,597</b>	<b>143,829,010</b>	<b>2,242,991,806</b>

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
<b>8 Other income</b>				
Dividend income	1,140,545	1,645,679	280,669,544	149,400,000
Unclaimed dividend	-	753,387	-	753,387
Profit on disposal of property plant and equipment	-	8,527,493	-	-
Rental income	327,642	-	-	-
Sundry income	3,022,456	-	-	-
Creditors Writeback	-	172,683	-	-
	<b>4,490,643</b>	<b>11,099,242</b>	<b>280,669,544</b>	<b>150,153,387</b>

## 9 Finance income / (costs)

### 9.1 Finance income

Interest income	5,933,761	4,182,585	8,967,696	6,980,790
Exchange gains	104,122			
Interest income on unit trusts (Note 24)	4,467,413	5,605,844	374,420	109,554
	<b>10,505,296</b>	<b>9,788,429</b>	<b>9,342,116</b>	<b>7,090,344</b>

### 9.2 Finance costs

Interest on loans and borrowings	(137,743,547)	(105,639,741)	(16,649,492)	(19,221,126)
Foreign exchange loss	(2,355,044)	(434,203)	-	-
Amortization Loan Processing fees	(969,189)	(419,575)	-	-
Interest on finance lease obligations	(4,468,780)	(5,131,026)	(1,090,853)	(1,482,195)
	<b>(145,536,560)</b>	<b>(111,624,545)</b>	<b>(17,740,345)</b>	<b>(20,703,321)</b>
Net finance expenses	<b>(135,031,264)</b>	<b>(101,836,116)</b>	<b>(8,398,229)</b>	<b>(13,612,977)</b>

## 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)	18,477,549	20,954,913	6,373,945	6,641,754
Insurance	6,464,191	9,354,586	776,698	1,849,169
Repairs and maintenance services	18,451,253	14,420,943	1,155,275	2,980,899
Depreciation on property, plant and equipment	128,865,917	89,822,129	9,531,430	9,531,431
Amortisation of intangible assets	5,143,336	2,614,742	916,645	582,632

### Administrative expenses

Depreciation on property, plant and equipment	9,390,865	8,718,723	3,049,556	1,044,299
Depreciation on right of use assets	7,112,209	7,935,333	7,020,371	3,815,221
Amortization of intangible assets	351,201	351,199	351,201	351,199
Donations	3,004,967	1,176,052	578,140	770,720
Directors' fees remuneration	29,952,000	23,486,254	7,787,520	7,045,876
Audit Fees	2,883,615	2,276,845	1,129,470	403,760
Impairment on goodwill	461,518,584	-	-	-
Impairment of trade receivables	14,257,310	-	-	-
Staff cost (Note 10.2)	38,826,613	38,668,997	10,124,576	14,281,784

## Notes to the Financial Statements

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
<b>10.1 Staff Cost - Direct cost</b>				
Salaries and wages	17,133,936	19,196,772	5,871,859	6,119,984
Defined contribution plan cost - EPF and ETF	1,343,613	1,758,141	502,086	521,770
	<b>18,477,549</b>	20,954,913	<b>6,373,945</b>	6,641,754
<b>10.2 Staff Cost - Administrative expenses</b>				
Short term benefits	33,119,245	31,671,029	8,716,714	11,273,398
Defined contribution plan cost - EPF and ETF	4,904,347	5,010,058	1,407,863	1,451,905
Defined benefit plan cost - retiring gratuity (Note 30)	803,021	1,987,910	573,516	1,556,481
	<b>38,826,613</b>	38,668,997	<b>10,124,576</b>	14,281,784
Total staff cost	<b>57,304,162</b>	59,623,910	<b>16,498,521</b>	20,923,538
Number of employees at year end	64	66	29	30
<b>10.3 Key management personnel compensation</b>				
Key management personnel comprise the Directors and Senior Managers of the company. Comparative figure does not include the senior managers as of 31st March 2021 as they have identified as KMP from 1st April 2021.				
Short term employment benefits	42,016,780	23,486,254	10,924,363	7,045,876
	42,016,780	23,486,254	10,924,363	7,045,876
<b>11 Income tax expense</b>				
<b>Current tax expense</b>				
Current tax expense for the year (Note 11.1)	67,500,070	44,357,265	44,457,561	25,103,346
(Over) / under provision in respect of previous year	(2,843,297)	1,438,441	(2,766,582)	-
	<b>64,656,773</b>	45,795,706	<b>41,690,979</b>	25,103,346
<b>Deferred tax expense</b>				
Change in temporary differences (Note 33.1.1)	9,582,466	(35,661,887)	(1,655,779)	(16,712,937)
<b>Deferred tax expense in statement of profit or loss (Note 11.2)</b>	<b>9,582,466</b>	(35,661,887)	<b>(1,655,779)</b>	(16,712,937)
<b>Income tax expense in statement of profit or loss</b>	<b>74,239,239</b>	10,133,819	<b>40,035,200</b>	8,390,409
<b>Recognised in Statement of other comprehensive income</b>				
Deferred tax expense on defined benefit obligation	(70,794)	(74,250)	(4,711)	(47,645)
Deferred tax expense on revaluation gain	(134,978,351)	42,153,612	(24,444,510)	21,091,673
	<b>(135,049,145)</b>	42,079,362	<b>(24,449,221)</b>	21,044,028

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
<b>11.1 Tax reconciliation statement</b>				
(Loss) / Profit before taxation	(109,811,344)	274,578,288	302,040,495	152,859,240
Consolidation adjustment	745,743,809	162,659,532	-	-
Non business income	(342,624,723)	(204,640,042)	(290,011,660)	(155,649,095)
Aggregate disallowed expenses	177,133,556	142,604,685	27,537,786	32,296,782
Aggregate allowable expenses	(420,079,414)	(940,255,124)	(8,921,656)	(10,310,048)
Temporary concessions under 6th Schedule				
Total Statutory Income	(372,896,843)	(565,052,661)	30,645,165	19,196,879
Exempt income from business	(180,839,714)	(173,327,406)	-	-
	(503,374,673)	(738,380,067)	30,645,165	19,196,879
Taxable Income from Business	149,868,319	115,758,313	30,645,165	19,196,879
Loss incurred during the year	(653,242,992)	(854,138,380)	-	-
	(503,374,673)	738,380,067	19,196,879	19,196,879
Interest Income	44,431,555	35,283,951	9,342,116	6,249,095
Non business income - Liabe interest income	4,943,009	4,305,634	-	-
Non business income -Dividend income	270,893,785	-	270,893,785	149,400,000
Profit on disposal of Property, Plant & Equipment	-	4,325,000	-	-
Tax Loss utilised during the year	(13,596,957)	(10,501,535)	-	-
Total taxable income	456,539,711	149,171,363	310,881,066	174,845,974
Tax @ 14%	420,762,104	119,223,607	301,538,949	168,596,879
Tax @ 24%	35,777,607	25,622,755	9,342,116	6,249,095
Tax @ 10%	-	4,325,000	-	-
<b>Income tax charged at</b>				
Tax at rate of 14%	58,906,695	37,775,305	42,215,453	23,603,563
Tax rate of 24%	8,593,376	6,149,460	2,242,108	1,499,783
Tax rate of 10%	-	432,500	-	-
Taxation on current profits	67,500,070	44,357,265	44,457,561	25,103,346
<b>11.2 Deferred tax expense</b>				
Origination / (Reversal) of temporary difference arising from				
Property, Plant and Equipment	(24,023,225)	(10,549,023)	(929,909)	(17,411,594)
Provisions	1,362,344	937,857	(210,775)	1,226,189
Intangible Assets	178,172	(241,809)	(118,172)	(104,665)
Carried forward tax losses	11,842,615	(25,932,283)	-	-
Employee benefits	629,686	546,238	862	-
Leases	427,942	(422,867)	(397,785)	(422,867)
	9,582,466	(35,661,888)	(1,655,779)	(16,712,937)

## Notes to the Financial Statements

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
<b>11.3 Tax losses brought forward</b>				
Tax loss brought forward	1,635,524,936	793,382,632	-	-
Loss incurred during the year	653,242,992	854,138,380	-	-
Losses incurred during exempted period	-	(745,705)	-	-
Adjustment to tax loss brought forward	-	(748,836)	-	-
Tax loss utilized during the year	(13,596,957)	(10,501,535)	-	-
	<b>2,275,170,971</b>	<b>1,635,524,936</b>	-	-

### Panasian Power PLC

With the introduction of amendments to Inland Revenue act 24 of 2017, the Company pays the taxes at the rate of 14% on business income from the year of assessment 2021/22.

### Manelwala Hydropower (Pvt) Ltd

With the introduction of amendments to Inland Revenue act 24 of 2017, the Company pays the taxes at the rate of 14% on business income from the year of assessment 2021/22.

### Padiyapelella Hydropower Limited

In accordance with the agreement dated 3 June 2010 entered into with the Board of Investment (BOI) of Sri Lanka, the Company has been granted the following tax concessions :

- (i) For a period of five (05) years reckoned from the year of assessment as may be determined by the Board of Investment, The provisions of the Inland Revenue Act No. 10 of 2006 relating to the imposition, payment and recovery of income tax in respect of the profits and income of the Company shall not apply to the profits and income of the Company.

For the above purpose the year of assessment shall be reckoned from the year in which the Company commences to make profits or any year of assessment not later the two (02) years reckoned from the date of commencement of commercial operations whichever is earlier as specified in a certificate issued by the Board of Investment. Company started commercial operation in March 2017.

- (ii) After the expiration of the aforesaid tax exemption period, the profits and income of the Company shall be charged at the rate of ten per centum (10%) for a period of two (02) years immediately succeeding the last date of the tax exemption period during which the profit and income of the Company is exempted from the income tax.

- (iii) However, after the expiration of the aforesaid tax exemption period, the profits and income of the enterprise are charged tax at the rate of 14% due to the amendments to the Inland Revenue act 24 of 2017.

### Panasian Investments (Pvt) Ltd

Company is liable to tax rate of 24% according to Inland Revenue act 24 of 2017.

### Other Subsidiaries

With the introduction of amendments to Inland Revenue act 24 of 2017, the Company pays the taxes at the rate of 14% on business income from the year of assessment 2021/22.

## 12 Discontinuing operations

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
<b>12.1 Results of discontinuing operations</b>				
Revenue	-	24,247,121	-	-
Depreciation	-	(6,273,451)	-	-
Net finance cost	-	(9,844,500)	-	-
Profit after tax	-	5,722,041	-	-
Other comprehensive income	-	-	-	-
Total comprehensive income (100%)	-	5,722,041	-	-
Group share of total comprehensive income (50%)	-	2,861,021	-	-
Depreciation on unrealised profit on sale of PPE	-	955,605	-	-
Group share of results of discontinuing operations net of tax (50%)	-	3,816,626	-	-
Group share of revaluation reserve of discontinuing operations net of tax (50%)	-	-	-	-

On 01 April 2021 a subsidiary company, Panasian Investments (Pvt) Limited entered into an agreement with Textile International Colombo (Pvt) Limited to sell its 50% stake in TIC Solar (Pvt) Ltd. Textile International Colombo (Pvt) Ltd was the joint venture partner in TIC Solar (Pvt) Ltd.

Accordingly, during the year the Group sold its 50% stake in TIC Solar (Pvt) Ltd and recognized a disposal gain of Rs. 16,250,484/-.

## 13 Basic Earnings / (Loss) per share

Basic earnings / (Loss) per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

For the year ended 31 March,	Group		Company	
	2022	2021	2022	2021
Net profit attributable to ordinary shareholders (Rs.)	<b>(195,861,076)</b>	239,684,682	<b>262,005,495</b>	144,468,831
Weighted average number of ordinary shares	<b>625,000,000</b>	625,000,000	<b>625,000,000</b>	625,000,000
(Loss) / Earnings per share (Rs.)	<b>(0.31)</b>	0.38	<b>0.42</b>	0.23

### 13.1 Basic Earnings / (Loss) per share - Continuing operations

For the year ended 31 March	Group		Company	
	2022	2021	2022	2021
Net profit attributable to ordinary shareholders from continuing operations (Rs.)	<b>(212,111,560)</b>	235,868,056	<b>262,005,495</b>	144,468,831
Weighted average number of ordinary shares	<b>625,000,000</b>	625,000,000	<b>625,000,000</b>	625,000,000
(Loss) / Earnings per share (Rs.)	<b>(0.34)</b>	0.38	<b>0.42</b>	0.23

### 13.2 Basic Earnings per share - Discontinuing operations

Net profit attributable to ordinary shareholders from discontinuing operations (Rs.)	<b>16,250,484</b>	3,816,626	-	-
Weighted average number of ordinary shares	<b>625,000,000</b>	625,000,000	-	-
Earnings per share (Rs.)	<b>0.03</b>	0.01	-	-

## Notes to the Financial Statements

### 14 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		Company	
	2022	2021	2022	2021
Interim dividends (Rs.)	212,500,000	137,500,000	212,500,000	137,500,000
Final dividend (Rs.)	-	-	-	-
Number of ordinary shares	625,000,000	625,000,000	625,000,000	625,000,000
Dividend per share - Interim (Rs.)	0.34	0.22	0.34	0.22

### 15 Property, plant and equipment

#### 15.1 Group

	Freehold lands	Office equipment	Furniture and fittings	Staff Quarters	Tools & Equipment	Motor vehicles	Intake weir and Headrace channel
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Cost and valuation</b>							
Balance as at 01 April	111,703,678	12,658,631	13,361,772	1,314,800	15,750	35,515,060	435,784,375
Additions during the year	-	1,762,184	191,645	-	-	789,460	-
Disposals	-	-	-	-	-	-	-
Transferred from CWIP	-	-	-	-	-	-	-
Revaluation gain	19,604,623	-	-	-	-	-	85,660,903
Accumulated depreciation on Revalued Assets	-	-	-	-	-	-	(23,733,466)
<b>Balance as at 31 March 2022</b>	<b>131,308,301</b>	<b>14,398,615</b>	<b>13,575,567</b>	<b>1,314,800</b>	<b>15,750</b>	<b>36,304,520</b>	<b>497,711,812</b>
<b>Accumulated depreciation</b>							
Balance as at 01 April	-	9,116,249	7,178,873	-	3,938	22,694,408	11,866,733
Depreciation for the year	-	1,510,601	2,026,060	164,352	3,608	5,686,250	11,866,733
Accumulated depreciation on disposals	-	-	-	-	-	-	-
Accumulated depreciation on Revalued Assets	-	-	-	-	-	-	(23,733,466)
<b>Balance as at 31 March 2022</b>	<b>-</b>	<b>10,626,850</b>	<b>9,204,933</b>	<b>164,352</b>	<b>7,546</b>	<b>28,380,658</b>	<b>-</b>
<b>Carrying amount 31 March 2022</b>	<b>131,308,301</b>	<b>3,771,765</b>	<b>4,370,634</b>	<b>1,150,448</b>	<b>8,204</b>	<b>7,923,862</b>	<b>497,711,812</b>
<b>Carrying amount 31 March 2021</b>	<b>111,703,678</b>	<b>3,542,384</b>	<b>6,182,849</b>	<b>1,314,800</b>	<b>11,812</b>	<b>12,820,652</b>	<b>423,917,642</b>

15.2 Cost of fully depreciated assets which are still in use as at reporting date is Rs. 24,635,859/- (Rs.21,600,204/- in 2021)

Civil construction			Electro mechanical equipment					Total	Total
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	2022	2021	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
118,741,501	58,398,595	345,627,015	452,812,501	65,806,978	52,531,250	1,223,430,354	<b>2,927,702,210</b>	2,244,279,251	
-	-	-	-	-	-	-	<b>2,743,289</b>	26,517,473	
-	-	-	-	-	-	-	-	(5,250,000)	
-	-	-	-	-	-	645,774,749	<b>645,774,749</b>	662,155,486	
33,225,361	19,010,008	93,364,331	338,197,105	40,219,635	35,305,725	299,543,389	<b>964,131,080</b>	-	
(6,060,862)	(3,391,353)	(18,812,596)	(35,453,356)	(5,838,385)	(4,886,975)	(120,507,109)	<b>(218,684,102)</b>	-	
145,906,000	74,017,250	420,178,750	755,556,250	100,188,228	82,950,000	2,048,241,383	<b>4,321,667,226</b>	2,927,702,210	
3,033,163	1,695,676	9,406,298	17,860,248	2,919,193	2,443,488	40,593,393	<b>128,811,660</b>	35,520,809	
3,027,699	1,695,676	9,406,298	17,593,108	2,919,192	2,443,487	79,913,716	<b>138,256,782</b>	98,540,852	
-	-	-	-	-	-	-	-	(5,250,000)	
(6,060,862)	(3,391,352)	(18,812,596)	(35,453,356)	(5,838,385)	(4,886,975)	(120,507,109)	<b>(218,684,102)</b>	-	
-	-	-	-	-	-	-	<b>48,384,340</b>	128,811,660	
145,906,000	74,017,250	420,178,750	755,556,249	100,188,228	82,950,000	2,048,241,383	<b>4,273,282,886</b>	-	
115,708,337	56,702,918	336,220,717	434,951,934	62,887,785	50,087,762	1,182,837,279		2,798,890,549	

## Notes to the Financial Statements

### 15.3 Revaluation of land, civil construction, electro mechanical equipment

Land, civil construction, electro mechanical equipment and solar power plants have been revalued by independent, qualified valuer Mr. S. Sivaskantha (F I V Sri Lanka chartered valuer, on the basis of depreciated replacement cost method for hydro power sector and discounted cash flows method (income approach) for solar power sector as at 31 March 2022.

Carrying amount of revalued property, plant and equipment if carried at cost as at 31 March 2022;

	Cost	Group Accumulated depreciation	Carrying amount
	Rs.	Rs.	Rs.
Electro mechanical equipment	564,451,620	409,285,641	155,165,979
Civil construction	945,306,480	532,027,460	413,279,020
Freehold land	54,505,522	-	54,505,522
Solar power plants	1,508,178,285	131,367,443	1,376,810,842
<b>Total</b>	<b>3,072,441,907</b>	<b>1,072,680,544</b>	<b>1,999,761,363</b>

### 15.4 Company

	Freehold land Rs.	Office equipment Rs.	Furniture and fittings Rs.	Motor vehicles Rs.	Intake weir and Headrace channel Rs.
<b>Cost and Valuation</b>					
Balance as at 01st April	19,093,640	9,416,549	12,409,059	1,347,790	58,145,000
Additions during the year	-	946,899	45,600	394,730	-
Revaluation gain	7,661,660	-	-	-	18,997,818
Accumulated depreciation on revalued assets	-	-	-	-	(3,222,818)
Disposals during the year	-	-	-	-	-
<b>Balance as at 31 March 2022</b>	<b>26,755,300</b>	<b>10,363,448</b>	<b>12,454,659</b>	<b>1,742,520</b>	<b>73,920,000</b>
<b>Accumulated Depreciation</b>					
Balance as at 01st April	-	7,009,836	6,259,292	1,342,993	1,611,409
Depreciation for the year	-	1,055,244	1,994,311	-	1,611,409
Accumulated depreciation on Revalued Assets	-	-	-	-	(3,222,818)
Accumulated depreciation on disposals	-	-	-	-	-
<b>Balance as at 31 March 2022</b>	<b>-</b>	<b>8,065,080</b>	<b>8,253,603</b>	<b>1,342,993</b>	<b>-</b>
<b>Carrying amount 31 March 2022</b>	<b>26,755,300</b>	<b>2,298,368</b>	<b>4,201,056</b>	<b>399,527</b>	<b>73,920,000</b>
<b>Carrying amount as at 31 March 2021</b>	<b>19,093,640</b>	<b>2,406,713</b>	<b>6,149,767</b>	<b>4,797</b>	<b>56,533,591</b>

**15.5** Cost of fully depreciated assets which are still in use as at reporting date is Rs.13,438,918/- (Rs.10,950,432/- in 2021)

Civil construction		Electro mechanical equipment				Total	Total
De-silting tank and forbay tank	Spillware gate and rest rooms	Pen stock and power house	Tubines and Generators	Transformers and power lines	Voltage panel and crane	2022	2021
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
32,625,001	16,675,001	48,357,500	86,562,501	12,325,000	12,968,750	<b>309,925,791</b>	294,534,225
-	-	-	-	-	-	<b>1,387,229</b>	15,391,566
10,169,509	5,756,560	33,545,324	79,551,790	8,778,503	10,142,482	<b>174,603,646</b>	-
(1,669,510)	(1,008,061)	(2,680,324)	(8,089,291)	(1,097,253)	(1,295,607)	<b>(19,062,864)</b>	-
-	-	-	-	-	-	-	-
41,125,000	21,423,500	79,222,500	158,025,000	20,006,250	21,815,625	<b>466,853,801</b>	309,925,791
834,756	504,030	1,340,162	4,044,645	548,627	647,804	<b>24,143,553</b>	12,105,647
834,754	504,031	1,340,162	4,044,646	548,626	647,803	<b>12,580,986</b>	12,037,906
(1,669,510)	(1,008,061)	(2,680,324)	(8,089,291)	(1,097,253)	(1,295,607)	<b>(19,062,864)</b>	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	<b>17,661,675</b>	24,143,553
41,125,000	21,423,500	79,222,500	158,025,000	20,006,250	21,815,625	<b>449,192,126</b>	-
31,790,245	16,170,971	47,017,338	82,517,856	11,776,373	12,320,946	-	285,782,237

## Notes to the Financial Statements

### 15.6 Revaluation of land, civil construction and electro mechanical equipment

Land, civil construction and electro mechanical equipment have been revalued by independent, qualified valuer Mr. S. Sivaskantha, on the basis of replacement cost method as at 31 March 2022.

Carrying amount of revalued property, plant and equipment if carried at cost as at 31 March 2022;

	Cost	Company Accumulated depreciation	Carrying amount
	Rs.	Rs.	Rs.
Electro mechanical equipment	106,088,061	95,932,575	10,155,486
Civil construction	148,160,843	131,612,859	16,547,984
Freehold land	11,361,484	-	11,361,484
<b>Total</b>	<b>265,610,388</b>	<b>227,545,434</b>	<b>38,064,954</b>

### 15.7 Measurement of Fair Values

#### 15.7.1 Fair Value Hierarchy

The fair value of property was determined by external independent property valuer having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

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.

#### 15.7.2 Valuation Technique and Significant Unobservable Inputs

The following table shows the valuation technique used in measuring the fair value of property, as well as the significant unobservable inputs used:

Description	Effective date of valuation	Valuation technique	Significant Unobservable Inputs	Interrelationship between Key Unobservable Inputs and Fair Value Measurements
Land of Panasian Power PLC	31.03.2022	Open Market Value method	Per perch value Rs. 55,000	Positive correlated sensitivity
Rathganga Power Plant of Panasian Power PLC Valued at Rs. 442,293,175	31.03.2022	Depreciated replacement Cost Method	- Estimated price per cubic meter Rs. 35,000 to Rs. 110,000 - Estimated price per electric mechanical equipment Rs. 2Mn - 45Mn - Percentage of depreciation	Positive correlated sensitivity Positive correlated sensitivity Negative correlated sensitivity
Land of Manelwala Hydropower (Pvt) Ltd	31.03.2022	Open Market Value method	Per perch value Rs. 25,000	Positive correlated sensitivity
Power Plant of Manelwala Hydropower (Pvt) Ltd Valued at Rs. 515,270,000	31.03.2022	Depreciated replacement Cost Method	- Estimated price per cubic meter Rs. 35,000 to Rs. 100,000 - Estimated price per electric mechanical equipment Rs. 7.5Mn - 100Mn - Percentage of depreciation	Positive correlated sensitivity Positive correlated sensitivity Negative correlated sensitivity

Description	Effective date of valuation	Valuation technique	Significant Unobservable Inputs	Interrelationship between Key Unobservable Inputs and Fair Value Measurements
Land of Padiyapelella Hydropower Limited	31.03.2022	Open Market Value method	Per perch value Rs. 30,000	Positive correlated sensitivity
Power Plant of Padiyapelella Hydropower Limited Valued at Rs. 1,191,371,438	31.03.2022	Depreciated replacement Cost Method	- Estimated price per cubic meter Rs. 35,000 to Rs. 110,000 - Estimated price per electric mechanical equipment Rs. 7Mn - 133Mn - Percentage of depreciation	Positive correlated sensitivity Positive correlated sensitivity Negative correlated sensitivity
Solar Power Plants of PAP Solar One (Pvt) Ltd Valued at Rs. 417,597,000	31.03.2022	Income Approach	Net cash flow Discount Rate	Positive correlated sensitivity Negative correlated sensitivity
Solar Power Plants of Solar Power Generation Matara (Pvt) Ltd Valued at Rs. 269,950,000	31.03.2022	Income Approach	Net cash flow Discount Rate	Positive correlated sensitivity Negative correlated sensitivity
Solar Power Plants of Panthree Solaro Energy Solutions (Pvt) Ltd Valued at Rs. 423,000,000	31.03.2022	Income Approach	Net cash flow Discount Rate	Positive correlated sensitivity Negative correlated sensitivity
Solar Power Plants of Rajarata Sustainable Development (Pvt) Ltd Valued at Rs. 437,700,000	31.03.2022	Income Approach	Net cash flow Discount Rate	Positive correlated sensitivity Negative correlated sensitivity
Solar Power Plants of Finergreen Rajarata (Pvt) Ltd Valued at Rs. 451,950,000	31.03.2022	Income Approach	Net cash flow Discount Rate	Positive correlated sensitivity Negative correlated sensitivity
Solar Power Plant of Eco Green Solar Solutions (Pvt) Ltd Valued at Rs. 148,000,000	31.03.2022	Income Approach	Net cash flow Discount Rate	Positive correlated sensitivity Negative correlated sensitivity

#### Summary description of valuation methodologies

Income Approach : The investment method 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.

The depreciated replacement cost method is an acceptable method used in financial reporting to arrive at a surrogate for the market value of specialised and limited market properties, for which market evidence is unavailable and net cash flows are unable to predict.

## Notes to the Financial Statements

### 15.7.3 Details of Freehold and Leasehold lands of the Group

Company (Perches)	Location	Land Extent	
		Leasehold	Freehold (Perches)
Panasian Power PLC	Ratturugala, Rathnapura	469.60	365.16
Manelwala Hydropower (Pvt) Ltd	Walapane, Nuwaraeliya	444.00	431.30
Padiyapelella Hydropower Limited	Walapane, Nuwaraeliya	27.10	1,159.90
Eco Green Solar Solutions (Pvt) Ltd	Beliatta	610.66	-
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
Finergreen Rajarata (Pvt) Ltd	Maradankadawala	-	828.25

### 15.8 Assets pledged as securities

Carrying value of property, plant & equipment of the group are pledged as security for bank borrowings ( Refer note 32.1).

### 15.9 Temporarily idle property, plant & equipment

There was no temporarily idle property, plant & equipment as of 31 March 2022.

### 15.10 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. 16,759,808/-.

## 16 Right of use assets

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
<b>Cost</b>				
Balance at the 01 April	65,319,512	62,747,929	62,747,929	62,747,929
Obtained during the year	-	2,571,583	-	-
Lease modification (Note 16.1)	(24,015,091)	-	(24,015,091)	-
Balance as at the end of the year	41,304,421	65,319,512	38,732,838	62,747,929
<b>Accumulated Depreciation</b>				
Balance at the 01 April	9,896,205	1,960,872	9,804,364	1,960,873
Lease modification	(13,726,108)	-	(13,726,108)	-
Depreciation for the year	7,112,209	7,935,333	7,020,371	7,843,491
Balance as at the end of the year	3,282,306	9,896,205	3,098,627	9,804,364
<b>Carrying amount 31 March</b>	<b>38,022,115</b>	<b>55,423,307</b>	<b>35,634,211</b>	<b>52,943,565</b>

### Note 16.1 Lease Modification

The company received 30% lease rental deduction with effect from 01 October 2021. Therefore there is a lease modification of Rs 10,288,983 identified.

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
<b>17 Capital Work in progress</b>				
Balance at the beginning of the year	346,220,678	527,739,561	-	-
Additions during the year	312,698,007	480,636,603	9,288,530	-
Transferred to property plant and equipment during the year	(645,774,749)	(662,155,486)	-	-
	13,143,937	346,220,678	9,288,530	-

## 18 Intangible Assets

### 18.1 Right to generate hydro power

#### Cost

At the beginning of the year	21,191,000	19,285,000	15,191,000	13,285,000
Additions during the year	-	1,906,000	-	1,906,000
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	17,285,471	16,274,271	12,142,632	11,560,000
Amortisation charge for the year	1,345,213	1,011,200	916,645	582,632
At the end of the year	18,630,684	17,285,471	13,059,277	12,142,632

<b>Carrying amount as at 31 March</b>	<b>2,560,316</b>	<b>3,905,529</b>	<b>2,131,723</b>	<b>3,048,368</b>
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18.1.1 The right to generate hydro power represent the amounts paid to purchase exclusive rights to generate hydropower.

### 18.2 Right to generate solar power

Eco Green Solar Solutions (Pvt) Ltd	11,495,000	12,155,000	-	-
Solar Power Generation Matara (Pvt) Ltd	14,125,000	14,875,000	-	-
Finergreen Rajarata (Pvt) Ltd	29,292,707	30,245,833	-	-
Rajarata Sustainable Development (Pvt) Ltd	27,085,628	28,520,625	-	-
	81,998,335	85,796,458	-	-

#### 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	1,603,542	-	-	-
Amortisation charge for the year	3,798,123	1,603,542	-	-
At the end of the year	5,401,665	1,603,542	-	-

<b>Carrying amount as at 31 March</b>	<b>81,998,335</b>	<b>85,796,458</b>	<b>-</b>	<b>-</b>
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## Notes to the Financial Statements

18.2.1 The right to generate solar power represent the amounts paid to purchase exclusive rights to generate solar power.

### 18.3 Software License

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
<b>Cost</b>				
At the beginning of the year	1,404,802	1,404,802	1,404,802	1,404,802
Additions During the year	157,500	-	157,500	-
At the end of the year	1,562,302	1,404,802	1,562,302	1,404,802
<b>Accumulated Amortisation</b>				
At the beginning of the year	1,092,443	741,244	1,092,443	741,244
Amortisation charge for the year	351,201	351,199	351,201	351,199
<b>At the end of the year</b>	<b>1,443,644</b>	<b>1,092,443</b>	<b>1,443,644</b>	<b>1,092,443</b>
<b>Carrying amount as at 31 March</b>	<b>118,658</b>	<b>312,359</b>	<b>118,658</b>	<b>312,359</b>

### 18.4 Goodwill on acquisition of subsidiaries

Manelwala Hydropower (Pvt) Limited	288,139,500	288,139,500	-	-
Padiyapelella Hydropower Limited	173,379,084	173,379,084	-	-
Impairment of Goodwill (Note 18.4.2)	(461,518,584)	-	-	-
	-	461,518,584	-	-
<b>Carrying amount as at 31 March</b>	<b>84,677,309</b>	<b>551,532,930</b>	<b>2,250,381</b>	<b>3,360,727</b>
Total amortisation for the year	5,494,537	2,965,941	1,267,846	933,831

18.4.1 Goodwill on acquisition of subsidiary in the year of 2021 represents that arising from the acquisition of equity in Manelwala Hydropower (Pvt) Ltd and Padiyapelella Hydropower Limited. The detail breakup of Goodwill is as follows.

Company	Goodwill Amount Rs.
Manelwala Hydropower (Pvt) Limited	288,139,500
Padiyapelella Hydropower Limited	173,379,084
<b>Total</b>	<b>461,518,584</b>

### 18.4.2 Impairment Loss on Goodwill

Goodwill impairment is tested annually. The recoverable amount of Cash Generating Unit ("CGU") was based on higher of fair value less costs of disposal and value in use. Net assets of CGUs were considered as the fair value as the assets and liabilities reflect approximately the fair value of such assets and liabilities considering the valuation of Property Plant and Equipment and short-term maturity of the rest of the assets and liabilities. This fair value measurement is categorized as level 3 measurement. Significant unobservable input is the net assets CGUs and has a positive correlated sensitivity with the fair value.

The key assumptions used in the value in use computations are set out below. The values assigned to the key assumptions represent management's assessment on historical data from both external and internal sources.

Discount Rate - Weighted average cost of capital has been used as the discount rate (12.09%).

Salary increment rate - Computation is prepared based on the salary increment rate of 10%.

Period covered - The value in use has been prepared by assuming the current SPPA will be extended/renewed for 20 years upon its expiration

Inflation rate – International monetary fund’s (IMF) projected inflation rates for future cashflows

The carrying amount of the CGUs was determined to be higher than its recoverable amount and an impairment loss of Rs.461,518,584/- was recognised during the year (2021: Nil). The impairment loss was fully allocated to goodwill and included in profit or Loss.

	% Holding	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
<b>19 Investment in subsidiaries</b>					
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

		Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
<b>20 Investment in preference shares</b>					
Eco Green Solar Solutions (Pvt) Ltd		-	-	23,000,000	23,000,000
Powergen One (Pvt) Ltd		13,915,410	13,915,410	-	-
		13,915,410	13,915,410	23,000,000	23,000,000

	% Holding	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
<b>21 Investment in Joint Ventures</b>					
Powergen One (Pvt) Ltd	50%	15,399,299	10,802,988	-	-
		15,399,299	10,802,988	-	-

## Notes to the Financial Statements

### 21.1 Share of Net Results of Equity Accounted Investee

	2022 Powergen One (Pvt) Ltd	2021 Powergen One (Pvt) Ltd
Revenue	<b>9,260,570</b>	10,111,310
Depreciation	<b>(2,620,219)</b>	(2,590,782)
Net finance cost	<b>(1,306,335)</b>	(1,815,767)
Profit/(loss) after tax	<b>4,756,906</b>	4,289,511
Other comprehensive income	<b>3,849,442</b>	-
Total comprehensive income (100%)	<b>8,606,347</b>	4,289,511
Group share of results of equity accounted investee net of tax (50%) - Before adjustment	<b>2,378,453</b>	2,144,756
Depreciation on unrealised profit on sale of PPE	<b>293,138</b>	293,138
Group share of results of equity accounted investee net of tax (50%)	<b>2,671,591</b>	2,437,893
Group share of revaluation of equity accounted investee net of tax (50%)	<b>1,924,721</b>	-

#### 21.1.1 Share of net financial highlights of equity accounted investees

	2022 Powergen One (Pvt) Ltd	2021 Powergen One (Pvt) Ltd
Non-current assets	<b>47,122,000</b>	44,259,218
Current assets (including cash and cash equivalents)	<b>9,821,585</b>	4,442,002
Non-current liabilities	-	(900,000)
Current liabilities	<b>(3,325,947)</b>	(2,789,930)
Net assets (100%)	<b>53,617,638</b>	45,011,290
Cash & cash equivalents	<b>8,687,070</b>	2,754,668

### 21.2 Reconciliation for carrying amount of equity accounted investee

	2022 Powergen One (Pvt) Ltd	2021 Powergen One (Pvt) Ltd
Initial Investment	<b>12,515,200</b>	12,515,200
Group share of unrealised profit	<b>(5,862,756)</b>	(5,862,756)
Retain earnings	<b>9,165,153</b>	6,787,300
Depreciation on unrealized profit	<b>1,148,122</b>	854,985
Group share of revaluation of equity accounted investee net of tax (50%)	<b>1,924,721</b>	-
Dividend paid	<b>(3,491,741)</b>	(3,491,741)
Net Investment in Joint Venture	<b>15,399,299</b>	10,802,988

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.

	% Holding	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
<b>22 Advances paid for acquisition</b>					
Lower Kothmale Oya Power Two (Pvt) Ltd	100%	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
		<b>5,115,150</b>	<b>5,115,150</b>	<b>5,115,150</b>	<b>5,115,150</b>

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 million to owners of Medakumbura Mini Hydropower Project.

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
<b>23 Inventories</b>				
Inventories	45,604,306	69,962,890	227,250	97,500
	<b>45,604,306</b>	<b>69,962,890</b>	<b>227,250</b>	<b>97,500</b>

Inventory represents the spare parts for hydro power plants and solar plants amounting to Rs. 10,963,227/- and solar power panels, inverters and other accessories imported for reselling purposes amounting to Rs. 34,641,079/- in Panasian Investments (Pvt) Ltd.

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
<b>24 Investment in Unit Trust</b>				
Balance at the beginning of the year	102,683,190	39,635,267	31,999,286	42,803
Investments during the year	343,000,000	710,000,000	69,000,000	74,000,000
Interest income	4,467,413	5,458,816	374,420	109,554
Fair value change	-	147,029	-	-
Interest received	-	(157,921)	-	(153,071)
Withdrawals during the period	(449,700,000)	(652,400,000)	(101,300,000)	(42,000,000)
Balance at the end of the year	<b>450,603</b>	<b>102,683,190</b>	<b>73,706</b>	<b>31,999,286</b>

<b>25 Trade and other receivables</b>				
Trade Receivable (Note 25.1)	425,702,369	402,323,837	52,433,953	88,271,447
Other Receivable (Note 25.2)	25,908,469	16,789,498	12,509,329	8,905,671
	<b>451,610,838</b>	<b>419,113,335</b>	<b>64,943,282</b>	<b>97,177,118</b>

## Notes to the Financial Statements

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
<b>25.1 Trade receivable</b>				
Ceylon Electricity Board	<b>433,998,221</b>	378,174,374	<b>53,939,487</b>	88,271,447
Other trade debtors	<b>5,961,458</b>	24,149,463	-	-
Less; Provision for doubtful debts (Note 25.1.1)	<b>(14,257,310)</b>	-	<b>(1,505,534)</b>	-
	<b>425,702,369</b>	402,323,837	<b>52,433,953</b>	88,271,447

### 25.1.1 Provision for doubtful debts

The Group recognized an impairment amounting to Rs. 14,257,310/- during the year based on the impairment assessment carried out.

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
<b>25.2 Other receivables</b>				
Deposits paid	<b>258,000</b>	258,000	<b>8,000</b>	8,000
Prepayments	<b>7,632,112</b>	3,768,781	<b>4,639,973</b>	935,242
Advance paid	<b>8,110,779</b>	6,633,340	<b>4,366,858</b>	4,212,574
Other receivable	<b>9,807,578</b>	6,129,377	<b>3,494,498</b>	3,749,855
Cash Margin for bank guarantees	<b>100,000</b>	-	-	-
	<b>25,908,469</b>	16,789,498	<b>12,509,329</b>	8,905,671

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
<b>26 Amount due from related companies</b>				
Padiyapelella Hydropower Limited	-	-	<b>51,545,448</b>	-
Solar power Generation Matara (Pvt) Ltd	-	-	<b>6,774,392</b>	8,112
Lower Kothmale Oya Power Two (Pvt) Ltd	<b>1,766,024</b>	855,695	<b>1,428,956</b>	542,819
Panasian Investments (Pvt)Ltd	-	-	<b>37,467,935</b>	38,327,195
Pap Solar One (Pvt) Ltd	-	-	<b>8,933,808</b>	4,747,150
Eco Green Solar Solutions (Pvt) Ltd	-	-	<b>4,210,864</b>	673,558
Powergen One (Pvt) Ltd	<b>2,425,975</b>	784,809	-	-
TIC Solar (Pvt) Ltd	-	18,984,686	-	4,573
Finergreen Rajarata (Pvt) Ltd	-	-	<b>41,536,632</b>	24,172,385
Rajarata Sustainable Development (Pvt) Ltd	-	-	<b>10,383,346</b>	2,446,692
Panthree Solaro Energy (Pvt) Ltd	-	-	<b>4,446,406</b>	-
	<b>4,191,999</b>	20,625,190	<b>166,727,787</b>	70,922,484

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
<b>27 Cash and cash equivalents</b>				
Cash at bank	118,451,569	151,555,150	21,434,784	23,324,278
Cash in hand	661,790	579,169	149,995	102,374
Cash and cash equivalents	119,113,359	152,134,319	21,584,779	23,426,652
Bank overdraft	(28,419,293)	(24,655)	(11,876,450)	-
Cash and cash equivalents for the purpose of cash flow statement	90,694,066	152,109,664	9,708,329	23,426,652

## 28 Assets held for sale

On 1 April 2021 a subsidiary company, Panasian Investments (Pvt) Limited entered into an agreement with Textile International Colombo (Pvt) Limited to sell its 50% stake in TIC Solar (Pvt) Ltd. Accordingly, the Group sold its 50% stake in TIC Solar (Pvt) Ltd during the year.

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Non-current assets	-	118,816,454	-	-
Current assets (including cash and cash equivalents)	-	18,170,855	-	-
Non-current liabilities	-	(50,193,015)	-	-
Current liabilities	-	(33,995,805)	-	-
Net assets (100%)	-	52,798,489	-	-
Cash & cash equivalents	-	10,591,077	-	-
Reconciliation for carrying amount of assets held for sale				
Initial Investment	-	25,576,425	-	-
Group share of unrealised profit	-	(19,112,105)	-	-
Retain earnings	-	(430,842)	-	-
Depreciation on unrelised profit	-	1,754,977	-	-
Group share of revaluation of equity accounted investee net of tax (50%)	-	1,537,487	-	-
Dividend paid	-	-	-	-
Net Investment in Joint Venture	-	9,325,942	-	-

## 29 Stated capital

### Issued and fully paid

Issued and fully paid				
625,000,000 (625,000,000 in 2021) ordinary shares	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 is having 74.06% stake of Panasian Power PLC at 31 March 2022

## Notes to the Financial Statements

As at 31 March,	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
<b>30 Employee benefit obligations</b>				
Present value of unfunded obligations	6,308,189	6,590,502	4,870,337	4,910,139
<b>Total present value of the obligation</b>	<b>6,308,189</b>	<b>6,590,502</b>	<b>4,870,337</b>	<b>4,910,139</b>
<b>Movement in present value of the defined benefit obligation</b>				
Balance as at the beginning of the year	6,590,502	6,017,254	4,910,139	4,858,667
Transfer In/(out)	-	-	-	(280,386)
Current service cost	971,648	1,386,184	738,805	1,098,653
Past service cost	(656,324)	-	(528,639)	-
Interest cost	487,697	601,726	363,350	457,828
Actuarial (gain)	(505,669)	(530,358)	(33,653)	(340,319)
	6,887,854	7,474,806	5,450,002	5,794,443
Payments during the year	(579,665)	(884,304)	(579,665)	(884,304)
Balance as at end of the year	6,308,189	6,590,502	4,870,337	4,910,139
<b>Expense recognised in profit or loss;</b>				
Interest cost	487,697	601,726	363,350	457,828
Past service cost	(656,324)	-	(528,639)	-
Current service cost	971,648	1,386,184	738,805	1,098,653
	803,021	1,987,910	573,516	1,556,481
<b>Actuarial gains or losses recognised in other comprehensive income</b>				
Recognised during the year	(505,669)	(530,358)	(33,653)	(340,319)

Gratuity liability were adjusted to reflect the new legal requirement in the country regarding the retirement age changed during the year. As a result of the plan amendment, the Group's and company's defined benefit obligation decreased by Rs. 656,324/- and 528,639/- respectively. A corresponding past service cost was recognised in the statement of profit or loss during the year.

### Principal actuarial assumptions used;

	2022 %	2021 %
(i) Rate of discount	15	7.4
(ii) Salary increment rate	10	10
(iii) Retirement age of 60 years (55 Years - 2021)		
(iv) The Company will continue in business as going concern		
(v) Assumption regarding future mortality are based on published statistics and mortality tables.		
(vi) The weighted retirement age of 10 years.		

### 30.1 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 2022. 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.

Discount Rate		Salary Increment Rate		Present Value of Defined Benefit Obligation	
Increase	Decrease	Increase	Decrease	Group Rs.	Company Rs.
1%	-	-	-	5,912,729	4,566,028
-	1%	-	-	6,750,477	5,209,574
-	-	1%	-	6,790,276	5,241,993
-	-	-	1%	5,872,622	4,533,422

This note indicates the assumptions used and the movement in the employee benefits and is not externally funded. As at 31 March 2022 the gratuity liability was actuarially valued under the projected unit credit (PUC) method by Mr. M. Poopalanathan, BSc. (Hons), A.I.A. (London) of Actuarial & Management Consultants (Pvt) Limited. The valuation is performed annually.

As at 31 March,

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
<b>31 Lease Liabilities</b>				
Balance as at the beginning of the year	<b>59,286,409</b>	62,570,259	<b>56,699,529</b>	61,154,800
Obtained during the year	-	2,571,583	-	-
Lease modification	<b>(10,288,983)</b>	-	<b>(10,288,983)</b>	-
Lease rentals paid during the year	<b>(8,631,400)</b>	(10,986,459)	<b>(8,456,400)</b>	(9,396,000)
Unwind interest	<b>4,468,780</b>	5,131,026	<b>4,277,351</b>	4,940,729
Balance as at the end of the year	<b>44,834,806</b>	59,286,409	<b>42,231,497</b>	56,699,529
Due within one year	<b>3,851,973</b>	5,062,152	<b>3,869,618</b>	5,078,581
Due after one year and within five years	<b>29,359,973</b>	31,327,283	<b>29,324,905</b>	31,325,403
Due after five years	<b>11,622,860</b>	22,896,974	<b>9,036,974</b>	20,295,545
	<b>40,982,833</b>	54,224,257	<b>38,361,879</b>	51,620,948
Balance as at the end of the year	<b>44,834,806</b>	59,286,409	<b>42,231,497</b>	56,699,529

## Notes to the Financial Statements

As at 31 March,

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
<b>32 Interest bearing loans and borrowings</b>				
Balance as at the beginning of the year	1,922,161,116	1,468,462,228	146,295,000	176,150,000
Adjustment	-	(346,152)	-	-
Obtained during the year	264,826,050	621,263,341	-	-
Repayments made during the year	(443,812,794)	(167,218,301)	(41,449,489)	(29,855,000)
	1,743,174,372	1,922,161,116	104,845,511	146,295,000
Accrued interest	95,842,983	78,414,123	772,896	-
Loan Processing Fees	(7,755,165)	(7,857,102)	-	-
Balance as at the end of the year	1,831,262,190	1,992,718,137	105,618,407	146,295,000
Due within one year - Loan repayment	453,415,372	472,211,333	38,405,511	47,671,667
Due within one year - Accrued interest	23,554,076	14,955,227	772,896	-
Loan Processing Fees	(938,827)	(882,456)	-	-
	476,030,621	486,284,104	39,178,407	47,671,667
Due after one year and within five years	896,089,000	1,038,349,783	66,440,000	98,623,333
Due after one year and within five years - Accrued interest	67,754,780	59,104,339	-	-
Due after five years	393,670,000	411,600,000	-	-
Due after five years - Accrued interest	4,534,127	4,354,557	-	-
Loan Processing Fees	(6,816,338)	(6,974,646)	-	-
	1,355,231,569	1,506,434,033	66,440,000	98,623,333
	1,831,262,190	1,992,718,137	105,618,407	146,295,000

As at 31 March,

### 32.1 Analysed by lending institutions

Lending Institution	Group		Company		Borrowing terms
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.	
Carrying Value of the loans of borrowings					
Sampath Bank PLC	96,512,171	121,295,000	96,512,171	121,295,000	The loan obtained Rs. 200,000,000 by Panasian Power PLC on 23rd May 2018 and repayable in 84 monthly installments applicable interest rate is AWPLR plus 2% per annum. The interest rate was revised from 03rd November 2021 as AWPLR plus 1%.
Sampath Bank PLC	328,000,000	368,000,000	-	-	- The loan obtained Rs. 500,000,000 by Padiyapelella Hydropower Limited on 24th May 2018 and repayable in 120 monthly installments applicable interest rate is AWPLR plus 2% per annum. The interest rate was revised from 03rd November 2021 as AWPLR plus 1%.

Lending Institution	Group		Company		Borrowing terms
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.	
Carrying Value of the loans of borrowings					
National Development Bank PLC	11,779,268	15,576,951	-	-	- The loan obtained Rs. 27,000,000 by Panasian Investments (Pvt) Ltd and repayable in 78 monthly installments including capital grace period of 6 months and applicable interest rate is 6.3% per annum.
National Development Bank PLC	8,942,876	11,771,443	-	-	- "Loan obtained Rs. 20,000,000 by Manelwala Hydropower (Pvt) Ltd and repayable in 78 monthly installments including capital grace period of 6 months and applicable interest rate is 6.3% per annum."
National Development Bank PLC	8,685,738	11,771,442	-	-	- Loan obtained Rs. 20,000,000 by PAP Solar One (Pvt) Ltd and repayable in 78 monthly installments including capital grace period of 6 months and applicable interest rate is 6.3% per annum.
National Development Bank PLC	79,166,657	124,999,997	-	-	- Loan obtained Rs. 200,000,000 by PAP Solar One (Pvt) Ltd and repayable in 60 monthly installments including capital grace period of 12 months and applicable interest rate is 10.12% per annum.
National Development Bank PLC	74,652,781	93,750,002	-	-	- Loan obtained Rs. 125,000,000 by PAP Solar One (Pvt) Ltd and repayable in 84 monthly installments including capital grace period of 12 months and applicable interest rate is AWPLR+ 2% per annum.
Sampath Bank PLC	43,840,000	47,800,000	-	-	- Loan obtained Rs. 50,000,000 by Eco Green Solar Solutions (Pvt) Ltd and repayable in 84 monthly installments including capital grace period of 12 months and applicable interest rate is AWPLR+ 2% per annum. The interest rate was revised from 03rd November 2021 as AWPLR plus 1%.
Sampath Bank PLC	58,064,172	63,500,000	-	-	- Loan obtained Rs. 70,000,000 by Eco Green Solar Solutions (Pvt) Ltd and repayable in 120 monthly installments including capital grace period of 12 months and applicable interest rate is AWPLR+ 2% per annum. The interest rate was revised from 03rd November 2021 as AWPLR plus 1%.
National Development Bank PLC	167,176,192	230,000,000	-	-	- Loan obtained Rs. 230,000,000 by Rajarata Sustainable Development (Pvt) Ltd and repayable in 98 monthly installments including capital grace period of 12 months and applicable interest rate is AWPLR+ 3% per annum.

## Notes to the Financial Statements

Lending Institution	Group		Company		Borrowing terms
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.	
Carrying Value of the loans of borrowings					
National Development Bank PLC	<b>167,176,192</b>	230,000,000	-	-	- Loan obtained Rs. 230,000,000 by Finergreen Rajarata (Pvt) Ltd and repayable in 98 monthly installments including capital grace period of 12 months and applicable interest rate is AWPLR+ 3% per annum.
Sampath Bank PLC	<b>118,000,000</b>	120,000,000	-	-	- The loan obtained Rs. 120,000,000 by Panthree Solaro Energy (Pvt) Ltd repayable in 120 monthly installments including capital grace period of 12 months and applicable interest rate is AWPLR+ 1.75% per annum. The interest rate was revised from 03rd November 2021 as AWPLR plus 1%.
Sampath Bank PLC	<b>227,543,361</b>	240,000,000	-	-	- The loan obtained Rs. 240,000,000 by Solar Power Generation Matara (Pvt) Ltd repayable in 120 monthly installments including capital grace period of 12 months and applicable interest rate is AWPLR+ 1.75% per annum. The interest rate was revised from 03rd November 2021 as AWPLR plus 1%.
Seylan Bank	<b>129,200,000</b>	-	-	-	- The loan obtained Rs. 130,000,000 by Panthree Solaro Energy (Pvt) Ltd repayable in 120 monthly installments including capital grace period of 09 months and applicable interest rate is AWPLR+ 1.25% and AWPLR+1.5% per annum.
Seylan Bank	<b>118,000,000</b>	-	-	-	- The loan obtained Rs. 119,000,000 by Panthree Solaro Energy (Pvt) Ltd repayable in 120 monthly installments including capital grace period of 09 months and applicable interest rate is AWPLR+ 1.25% and AWPLR+1.5% per annum.
National Development Bank PLC	<b>8,333,340</b>	25,000,000	<b>8,333,340</b>	25,000,000	The loan obtained Rs. 25,000,000 by Panasian Power PLC repayable in 18 monthly installments including capital grace period of 6 months and applicable interest rate is 4% per annum.
National Development Bank PLC	<b>8,333,340</b>	25,000,000	-	-	- The loan obtained Rs. 25,000,000 by Solar Power Generation Matara (Pvt) Ltd repayable in 18 monthly installments including capital grace period of 6 months and applicable interest rate is 4% per annum.
National Development Bank PLC	<b>8,333,340</b>	25,000,000	-	-	- The loan obtained Rs. 25,000,000 by Panasian Investments (Pvt) Ltd repayable in 18 monthly installments including capital grace period of 6 months and applicable interest rate is 4% per annum.
National Development Bank PLC	<b>5,000,000</b>	15,000,000	-	-	- The loan obtained Rs. 15,000,000 by Eco Green Solar Solutions (Pvt) Ltd repayable in 18 monthly installments including capital grace period of 6 months and applicable interest rate is 4% per annum.

Lending Institution	Group		Company		Borrowing terms
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.	
Carrying Value of the loans of borrowings					
National Development Bank PLC	8,333,340	25,000,000	-	-	- The loan obtained Rs. 25,000,000 by Padiyapelella Hydropower Limited repayable in 18 monthly installments including capital grace period of 6 months and applicable interest rate is 4% per annum.
National Development Bank PLC	8,333,340	25,000,000	-	-	- The loan obtained Rs. 25,000,000 by Finergreen Rajarata (Pvt) Ltd repayable in 18 monthly installments including capital grace period of 6 months and applicable interest rate is 4% per annum.
National Development Bank PLC	8,333,340	25,000,000	-	-	- The loan obtained Rs. 25,000,000 by Manelwala Hydropower (Pvt) Ltd repayable in 18 monthly installments including capital grace period of 6 months and applicable interest rate is 4% per annum.
National Development Bank PLC	8,333,340	25,000,000	-	-	- The loan obtained Rs. 25,000,000 by Panthree Solaro Energy (Pvt) Ltd repayable in 18 monthly installments including capital grace period of 6 months and applicable interest rate is 4% per annum.
National Development Bank PLC	6,666,674	25,000,000	-	-	- The loan obtained Rs. 25,000,000 by PAP Solar One (Pvt) Ltd repayable in 18 monthly installments including capital grace period of 6 months and applicable interest rate is 4% per annum.
National Development Bank PLC	18,030,304	25,000,000	-	-	- The loan obtained Rs. 25,000,000 by Rajarata Sustainable Development (Pvt) Ltd repayable in 18 monthly installments including capital grace period of 6 months and applicable interest rate is 4% per annum.
National Development Bank PLC	2,788,554	3,696,284	-	-	- The vehicle loan obtained Rs. 4,900,000 by PAP Solar One (Pvt) Ltd repayable in 60 monthly installments and applicable interest rate is 13.9% per annum.
National Development Bank PLC	5,785,500	-	-	-	- The import loan facility obtained Rs. 5,785,500 by Panasian Investments (Pvt) Ltd repayable by 3 months applicable interest rate is 10% per annum.
National Development Bank PLC	9,540,550	-	-	-	- The import loan facility obtained Rs.11,540,550 by Panasian Investments (Pvt) Ltd repayable by 3 months applicable interest rate is 10.5% per annum.
	<b>1,743,174,372</b>	1,922,161,116	<b>104,845,511</b>	146,295,000	

## Notes to the Financial Statements

The Group has pledged following assets as securities ,

<b>Assets pledged as securities</b>	<b>Loan Amount Rs.</b>
- Undertaking to mortgage over 100% shares of Padiyapelella Hydropower Ltd owned by Panasian Power PLC and Palacepath Holdings (Pvt) Ltd in favor of Sampath Bank PLC.	10,000,000
- Project lands together with other project assets including civil construction, power generation plants, machinery and other equipment's of Padiyapelella Mini Hydro Power Project (Phase - 1)	490,000,000
- Project lands together with other project assets including civil construction, power generation plants, machinery and other equipment's of Manelwala Mini Hydro Power Project	200,000,000
Roof Top Solar power plant located in Boralesgamuwa	27,000,000
Roof Top Solar power plant located in Kohuwala	20,000,000
Roof Top Solar power plant located in Kolonna	20,000,000
Roof Top Solar power plant located in Kurunegala District	325,000,000
Ground Solar power plant located in Beliatta	120,000,000
Roof Top Solar power plant I located in Anuradhapura District	230,000,000
Project lands located at Maho and Pannala	249,000,000
Roof Top Solar power plant II located in Anuradhapura District	230,000,000
Ground Solar power plants located in Matara	360,000,000
	<b>2,281,000,000</b>

The Group has provided other securities as follows,

<b>Security Provided</b>	<b>Loan Amount Rs.</b>
- Corporate Guarantee from Panasian Power PLC	500,000,000
- Deposit of all project approvals, licenses and Standard Power Purchase Agreements of Hydropower projects relating to companies namely Padiyapelella Hydropower Ltd and Manelwala Hydropower (Pvt) Ltd with the bank.	200,000,000
- Deposit of all project approvals, licenses and Standard Power Purchase Agreements of Hydropower projects relating to companies namely Padiyapelella Hydropower Ltd with the bank.	500,000,000
- Corporate Guarantee from Panasian Power PLC	27,000,000
- Corporate Guarantee from Panasian Power PLC	40,000,000
- Corporate Guarantee from Panasian Power PLC	72,000,000
- Corporate Guarantee from Panasian Power PLC	325,000,000
- Corporate Guarantee from Panasian Power PLC	230,000,000
- Corporate Guarantee from Panasian Power PLC	230,000,000
- Corporate Guarantee from Panasian Power PLC	360,000,000

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
<b>33 Deferred tax liabilities</b>				
Balance as at beginning of the year	76,953,458	154,694,708	33,588,245	71,345,210
Origination and reversal of temporary difference				
- Recognised in profit or loss (Note 33.1.1)	9,582,466	(35,661,888)	(1,655,779)	(16,712,937)
- Recognised in other comprehensive income (Note 33.1.1)	135,049,145	(42,079,362)	24,449,221	(21,044,028)
Balance as at end of the year	221,585,069	76,953,458	56,381,687	33,588,245

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.

### 33.1 Deferred tax liabilities (Group)

Composition of deferred tax assets and liabilities is as follows,

	2022		2021	
	Assets Rs.	Liabilities Rs.	Assets Rs.	Liabilities Rs.
<b>Deferred tax liabilities</b>				
Property, plant and equipment	8,059	(299,691,132)	-	(140,681,497)
Intangible Asset	99,762	(60,003)	-	(138,413)
Provision for debtors	1,362,344	-	-	-
Employee benefits	1,530,549	-	971,657	-
Lease obligation	953,777	-	525,835	-
Carried forward tax loss	74,211,575	-	62,368,960	-
	78,166,066	(299,751,135)	63,866,452	(140,819,910)
Net deferred tax		(221,585,069)		(76,953,458)

#### 33.1.1 Recognised deferred tax assets and liabilities

	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	(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
Employee benefits	971,657	629,686	(70,794)	1,530,550	-	1,530,550
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

The Group's total tax losses as of 31 March 2022 was Rs. 2,275,170,971/- out of which deferred tax asset was recognized for Rs. 530,082,672 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. 244,312,362/- for the remaining unutilized tax losses amounting to Rs. 1,745,088,299/- due the uncertainty recording the availability of future taxable profits against which deferred tax asset would be utilized.

## Notes to the Financial Statements

	Net balance as at 01.04.2020 Rs.	Recognised in profit or loss Rs.	Recognised in OCI Rs.	Net balance as at 31.03.2021 Rs.	Deferred tax liability Rs.	Deferred tax asset Rs.
Property, plant and equipment	(193,384,132)	10,549,023	42,153,612	(140,681,497)	(140,681,497)	-
Provisions	937,857	(937,857)	-	-	-	-
Intangible Asset	(380,222)	241,809	-	(138,413)	(138,413)	-
Carried forward tax losses	36,436,677	25,932,283	-	62,368,960	-	62,368,960
Employee benefits	1,592,145	(546,238)	(74,250)	971,657	-	971,657
Leases	102,968	422,867	-	525,835	-	525,835
	(154,694,708)	35,661,887	42,079,362	(76,953,458)	(140,819,910)	63,866,452

### 33.2 Deferred tax liabilities (Company)

Composition of deferred tax assets and liabilities is as follows,

	2022		2021	
	Assets Rs.	Liabilities Rs.	Assets Rs.	Liabilities Rs.
<b>Deferred tax liability</b>				
Property, plant and equipment	-	(58,297,690)	-	(34,783,089)
Intangible Asset	99,761	-	-	(18,411)
Provision for debtors	210,775	-	-	-
Employee benefits	681,847	-	687,420	-
Lease Obligation	923,620	-	525,835	-
	1,916,003	(58,297,690)	1,213,255	(34,801,500)
Net deferred tax		(56,381,687)		(33,588,245)

The Company has calculated deferred tax as of 31 March 2022 at the rate of 14% (14% - 2021).

#### 33.2.1 Recognised deferred tax assets and liabilities

	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
Employee benefits	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

	Net balance as at 01.04.2020 Rs.	Recognised in profit or loss Rs.	Recognised in OCI Rs.	Net balance as at 31.03.2021 Rs.	Deferred tax liability Rs.	Deferred tax asset Rs.
Property, plant and equipment	(73,286,356)	17,411,594	21,091,673	(34,783,089)	(34,783,089)	-
Intangible Asset	(123,076)	104,665	-	(18,411)	(18,411)	-
Provision	600,828	(600,828)	-	-	-	-
Employee benefits	1,360,426	(625,361)	(47,645)	687,420	-	687,420
Leases	102,968	422,867	-	525,835	-	525,835
	(71,345,210)	16,712,937	21,044,028	(33,588,245)	(34,801,500)	1,213,255

As at 31 March,	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
<b>34 Amount due to related companies</b>				
Manelwala Hydropower (Pvt) Ltd	-	-	2,300,159	106,354,121
Padiyapalella Hydropower Limited	-	-	-	13,434,196
Panthree Solaro Energy (Pvt) Ltd	-	-	-	167,278
RIL Property PLC	91,300	-	83,250	-
	91,300	-	2,383,409	119,955,595

As at 31 March,	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
<b>35 Trade and Other payables</b>				
Trade Creditors	4,528,843	1,327,460	3,295,616	-
Dividend payables	147,608,004	-	132,308,004	-
Other payables	3,308,264	58,446,983	969,465	10,304,780
Accrued expenses	5,620,180	10,031,447	2,456,858	5,878,355
	161,065,291	69,805,890	139,029,943	16,183,135

As at 31 March,	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
<b>36 Income Tax Payable</b>				
Opening Balance	36,705,921	24,702,762	24,746,722	1,595,096
During the year provision	67,500,070	44,357,265	44,457,561	25,103,346
Income tax under/(over) provision for previous year	(2,843,297)	1,438,441	(2,766,582)	-
WHT claimed against income tax	-	(107,958)	-	-
During the year payments	(64,674,751)	(33,684,599)	(41,932,156)	(1,951,720)
Closing Balance	36,687,943	36,705,921	24,505,545	24,746,722
Income tax payable	37,753,577	37,612,755	24,505,545	24,746,722
Income tax receivable	1,065,636	906,834	-	-
Net balance	36,687,943	36,705,921	24,505,545	24,746,722

## Notes to the Financial Statements

### 37 Related party transactions

#### 37.1 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.

#### 37.2 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 (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.

(ii) Transactions with related companies

The Company has a related party relationship with its related Group Companies. The following transactions were carried out with related parties during the year ended 31 March 2022.

Name of the Company	Relationship	Nature of Transaction	Outstanding amount as at 01/04/2021	Transaction Amount Rs.	Outstanding amount as at 31/03/2022
Panasian Investments (Pvt) Ltd	Subsidiary		38,327,195		
		Fund transfers		16,000,000	
		Funds settled		(23,000,000)	
		Shared cost		3,543,960	
		Interest		2,527,753	
		Expense reimbursement		69,027	37,467,935
Manelwala Hydropower (Pvt) Ltd	Subsidiary		(106,354,121)		
		Fund transfers		50,321,000	
		Dividend		131,269,544	
		Funds settled		(82,743,669)	
		Expense reimbursement		38,107	
		Shared cost		11,122,015	
		Interest		(5,953,035)	(2,300,159)
Padiyapelella Hydropower Limited	Subsidiary		(13,434,196)		
		Fund transfers		-	
		Funds settled		(96,905,555)	
		Expense reimbursement		(3,245,972)	
		Shared cost		16,236,459	
		Dividend		149,400,000	
		Interest		(505,288)	51,545,448
Lower Kothmale Oya Power Two (Pvt) Ltd	Affiliate		542,819		
		Interest		55,448	
		Expense reimbursement		830,689	1,428,956
R I L Property PLC	Parent		-		
		Services		(1,575,250)	
		Payments		1,492,000	(83,250)

Name of the Company	Relationship	Nature of Transaction	Outstanding amount as at 01/04/2021	Transaction Amount Rs.	Outstanding amount as at 31/03/2022
Eco Green Solar Solutions (Pvt) Ltd	Sub-subsidiary		673,558		
		Funds settled		(3,500,000)	
		Fund transfers		4,305,355	
		Shared cost		2,569,439	
		Expense reimbursement		29,395	
		Interest		133,117	4,210,864
TIC Solar (Pvt) Ltd	Formely a Joint Venture		4,573		
		Write off		(4,573)	-
Panthree Solaro Energy (Pvt) Ltd	Sub-subsidiary		(167,278)		
		Funds settled		(5,285,446)	
		Shared cost		7,763,101	
		Fund transfers		600,000	
		Expense reimbursement		1,392,797	
		Interest		143,232	4,446,406
Pap Solar One (Pvt) Ltd	Sub-subsidiary		4,747,150		
		Fund Transfer		1,000,000	
		Funds settled		(5,000,000)	
		Shared cost		7,702,207	
		Expense reimbursement		4,393	
		Interest		480,058	8,933,808
Solar Power Generation Matara (Pvt) Ltd	Sub-subsidiary		8,112		
		Interest		238,989	
		Funds settled		(4,203,069)	
		Fund Transfer		5,504,000	
		Shared cost		5,175,534	
		Expense reimbursement		50,826	6,774,392
Finergreen Rajarata (Pvt) Ltd	Sub-subsidiary		24,172,385		
		Fund transfers		15,000,000	
		Funds settled		(5,000,000)	
		Shared cost		4,276,289	
		Expense reimbursement		402,720	
		Interest		2,685,238	41,536,632

## Notes to the Financial Statements

Name of the Company	Relationship	Nature of Transaction	Outstanding amount as at 01/04/2021	Transaction Amount Rs.	Outstanding amount as at 31/03/2022
Rajarata Sustainable Development (Pvt) Ltd	Sub-subsidiary		2,446,692		
		Funds settled		(2,000,000)	
		Fund transfers		5,000,000	
		Interest		639,141	
		Shared Cost		4,276,289	
		Expense reimbursement		21,224	10,383,346

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 2022.

Name of the Company	Relationship	Nature of Transaction	Outstanding amount as at 01/04/2021	Transaction Amount Rs.	Outstanding amount as at 31/03/2022
Lower Kothmale Oya Power Two (Pvt) Ltd	Affiliate		855,695		
		Interest		810,053	
		Expense reimbursement		100,276	1,766,024
Powergen One (Private) Limited	Joint Venture		(784,809)		
		Fund transfers			
		Operational expenses		(118,107)	
		Interest		(1,523,059)	
		Dividend		-	(2,425,975)
R I L Property PLC	Parent		-		
		Services		(1,699,583)	
		Payments		1,608,283	(91,300)

Dividend of the Company was declared on 28th March 2022 and RIL Property PLC was entitled to receive Rs. 92,575,046/-.

For the material outstanding balances with related parties have been charged with a variable interest rate (AWPLR+1%) for related party balances.

### 38 Financial Instruments - Accounting Classifications and Fair values

#### Fair Values Versus Carrying Amounts

The fair values of financial assets and liabilities, together with the carrying amounts in the Balance Sheet, are as follows:

#### 38.1 Group

As at 31 March 2022	Financial Assets at amortised cost	Financial Assets at FVTPL	Other Financial Liabilities	Total Carrying Value	Fair value	Fair Value Measurement
	Rs.	Rs.	Rs.	Rs.		
Investment in unit trusts	-	450,603	-	450,603	450,603	Level 1
Trade receivables	425,702,369	-	-	425,702,369	-	
Related Party Receivables	4,191,999	-	-	4,191,999	-	
Investments in Preference Shares	13,915,410	-	-	13,915,410	-	
Cash and cash equivalents	118,451,569	-	-	118,451,569	-	
<b>Total</b>	<b>562,261,347</b>	<b>450,603</b>	<b>-</b>	<b>562,711,950</b>	<b>-</b>	
Bank Overdrafts	-	-	28,419,293	28,419,293	-	
Trade and other payables	-	-	155,445,111	155,445,111	-	
Finance lease liabilities	-	-	44,834,806	44,834,806	-	
Interest Bearing Borrowings	-	-	1,831,262,190	1,831,262,190	-	
<b>Total</b>	<b>-</b>	<b>-</b>	<b>2,059,961,400</b>	<b>2,059,961,400</b>	<b>-</b>	
As at 31 March 2021	Financial Assets at amortised cost	Financial Assets at FVTPL	Other Financial Liabilities	Total Carrying Value	Fair value	Fair Value Measurement
	Rs.	Rs.	Rs.	Rs.		
Investment in unit trusts	-	102,683,190	-	102,683,190	102,683,190	Level 1
Trade receivables	402,323,837	-	-	402,323,837	-	
Related Party Receivables	20,625,190	-	-	20,625,190	-	
Investments in Preference Shares	13,915,410	-	-	13,915,410	-	
Cash and cash equivalents	151,555,150	-	-	151,555,150	-	
<b>Total</b>	<b>588,419,587</b>	<b>102,683,190</b>	<b>-</b>	<b>691,102,777</b>	<b>-</b>	
Bank Overdrafts	-	-	24,655	24,655	-	
Trade and other payables	-	-	59,774,443	59,774,443	-	
Finance lease liabilities	-	-	59,286,409	59,286,409	-	
Interest Bearing Borrowings	-	-	1,992,718,137	1,992,718,137	-	
<b>Total</b>	<b>-</b>	<b>-</b>	<b>2,111,803,644</b>	<b>2,111,803,644</b>	<b>-</b>	

## Notes to the Financial Statements

### 38.2 Company

As at 31 March 2022	Financial Assets at amortised cost	Financial Assets at FVTPL	Other Financial Liabilities	Total Carrying Value	Fair value	Fair Value Measurement
Investment in unit trusts	-	73,706	-	73,706	73,706	Level 1
Trade receivables	52,433,953	-	-	52,433,953	-	
Amounts due from related parties	166,727,787	-	-	166,727,787	-	
Preference shares	23,000,000	-	-	23,000,000	-	
Cash and cash equivalents	21,434,784	-	-	21,434,784	-	
<b>Total</b>	<b>263,596,525</b>	<b>73,706</b>	<b>-</b>	<b>263,670,231</b>	<b>-</b>	
Other payables	-	-	133,277,469	133,277,469	-	
Bank Overdrafts	-	-	11,876,450	11,876,450	-	
Amounts due to related parties	-	-	2,383,409	2,383,409	-	
Interest Bearing Borrowings	-	-	105,618,408	105,618,408	-	
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>253,155,735</b>	<b>253,155,735</b>	<b>-</b>	
<b>Total</b>	<b>263,596,525</b>	<b>73,706</b>	<b>253,155,735</b>	<b>263,670,231</b>	<b>-</b>	
As at 31st March 2021	Financial Assets at amortised cost	Financial Assets at FVTPL	Other Financial Liabilities	Total Carrying Value	Fair value	Fair Value Measurement
Investment in unit trusts	-	31,999,286	-	31,999,286	31,999,286	Level 1
Trade receivables	88,271,447	-	-	88,271,447	-	
Amounts due from related parties	70,922,484	-	-	70,922,484	-	
Preference shares	23,000,000	-	-	23,000,000	-	
Cash and cash equivalents	23,426,652	-	-	23,426,652	-	
<b>Total</b>	<b>205,620,584</b>	<b>31,999,286</b>	<b>-</b>	<b>237,619,870</b>	<b>-</b>	
Other payables	-	-	10,304,780	10,304,780	-	
Amounts due to related parties	-	-	119,955,595	119,955,595	-	
Interest Bearing Borrowings	-	-	146,295,000	146,295,000	-	
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>276,555,375</b>	<b>276,555,375</b>	<b>-</b>	
<b>Total</b>	<b>205,620,584</b>	<b>31,999,286</b>	<b>276,555,375</b>	<b>237,619,870</b>	<b>-</b>	

## 39 Financial Risk Management

### 39.1 Overview

The Group has exposure to the following risks from its use of financial instruments.

- Credit Risk
- Liquidity Risk
- Market Risk
- Operational Risk

The note presents information about Group's exposure to each of above risks, the Group's objective, policies and processes measuring and managing risks and the Group's management of capital. Further qualitative disclosures are included through out these consolidated financial statements

### 39.2 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

### 39.3 Credit Risk

Credit risk' is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure.

The maximum exposure to credit risk at the reporting date was;

As at 31 March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Trade Receivables	425,702,369	402,323,837	52,433,953	88,271,447
Amounts due from related parties	4,191,999	20,625,190	166,727,787	70,922,483
Investments in preference shares	13,915,410	13,915,410	23,000,000	23,000,000
Investment in unit trusts	450,604	102,683,190	73,706	31,999,286
Cash at bank	118,451,569	151,555,150	21,434,784	23,324,278
	562,711,951	691,102,777	263,670,230	237,517,494

## Notes to the Financial Statements

### Trade and other receivables

Company's trades receivables are due from the Ceylon Electricity Board which purchase the electricity generated by the Group's hydropower and solar companies. Since it is a government organisation, exposure to credit risk is minimal and outstanding balances are regularly monitored

Aging profile: Not past due - Rs. 95 Mn, Past due 60- 90 days - 65 Mn, Past due 90-180 days: Rs. 226 Mn and Past due 180 days above - Rs. 48Mn. The Group has recognized an impairment provision of 14 Mn relating to these trade debtors.

### Amounts due from related parties

All the group companies are under the oversight of the Board of Panasian Power Group, hence intercompany receivables are closely monitored.

### Investment in unit trusts

Company has invested in unit trusts managed by reputed trust funds and investments are made under supervision of the Board.

### Cash at Bank

All bank accounts are held in banks with credit ratings of A or above as per Fitch Ratings Lanka. All material transactions involving bank accounts are overseen by the expertise of the Board.

### 39.4 Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group continuously prepares and monitors rolling cash flow forecasts and assess the liquidity requirements of each operating unit to ensure it has sufficient cash to meet operational needs. Regular reviews are also carried out to check actual performance against budgeted targets.

Surplus cash held by the operating units over and above balance required for working capital management are invested in interest bearing time deposits. At the reporting date, the Group held term deposits that are expected to readily generate cash inflows for managing liquidity risk.

#### 39.4.1 Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements

#### Group

31 March 2022	Carrying Amount	Total	Contractual Cash Flows				
			2 months of less	2-12 months	1-2 years	2-5 years	More than 5 years
<b>Non derivative financial liabilities</b>							
Secured bank loans	1,831,262,190	1,831,262,190	120,027,860	351,274,742	301,198,664	664,364,211	394,396,713
Bank overdrafts	28,419,293	28,419,293	28,419,293	-	-	-	-
Amounts due to related parties	91,300	91,300	91,300	-	-	-	-
Lease liabilities	44,834,806	44,834,806	619,592	3,232,382	4,239,016	25,120,956	11,622,860
Trade and other payables	161,065,291	161,065,291	161,065,291	-	-	-	-
	2,065,672,880	2,065,672,880	310,223,336	354,507,124	305,437,680	689,485,167	406,019,573

31 March 2021	Carrying Amount	Total	2 months of less	2-12 months	1-2 years	2-5 years	More than 5 years
<b>Non derivative financial liabilities</b>							
Secured bank loans	1,992,718,136	1,992,718,136	85,154,790	401,129,316	394,708,498	698,386,469	413,339,063
Lease liabilities	59,286,409	59,286,409	776,538	4,285,614	6,241,702	25,085,581	22,896,974
Trade and other payables	69,805,890	69,805,890	69,805,890	-	-	-	-
	2,121,810,435	2,121,810,435	155,737,218	405,414,930	400,950,200	723,472,050	436,236,037

### Company

31 March 2022	Carrying Amount	Total	Contractual Cash Flows				
			2 months of less	2-12 months	1-2 years	2-5 years	More than 5 years
<b>Non derivative financial liabilities</b>							
Bank overdrafts	11,876,450	11,876,450	11,876,450	-	-	-	-
Secured bank loans	105,618,407	105,618,407	10,328,400	28,850,007	28,620,000	37,820,000	-
Amounts due to related parties	2,383,409	2,383,409	2,383,409	-	-	-	-
Lease liabilities	42,231,497	42,231,497	621,062	3,248,556	4,232,966	25,091,939	9,036,974
Other Payables	139,029,943	139,029,943	139,029,943	-	-	-	-
	301,139,706	301,139,706	164,239,264	32,098,563	32,852,966	62,911,939	9,036,974

31 March 2021	Carrying Amount	Total	2 months of less	2-12 months	1-2 years	2-5 years	More than 5 years
<b>Non derivative financial liabilities</b>							
Secured bank loans	146,295,000	146,295,000	9,932,778	37,738,889	36,953,333	61,670,000	-
Amounts due to related parties	119,955,595	119,955,595	119,955,595	-	-	-	-
Lease liabilities	56,699,529	56,699,529	779,276	4,299,305	6,259,347	25,066,056	20,295,545
Other Payables	16,183,135	16,183,135	16,183,135	-	-	-	-
	339,133,259	339,133,259	146,850,784	42,038,194	43,212,680	86,736,056	20,295,545

The outflows disclosed in the above table represent the contractual undiscounted cash flows relating to non-derivative financial liabilities held for risk management purposes and which are not closed out before contractual maturity

Group's liquidity position was challenged mainly due to delays in settlements from Ceylon Electricity board and commitments to settle loan installments becoming due for the group. Subsequent to the yearend Public Utilities Commission of Sri Lanka had Directed the Ceylon Electricity board to settle the Power suppliers. Accordingly it is expected to receive settlements for overdue receivables immediately and going forward the settlements will be received within the credit period. Management has taken further steps to negotiate with its bankers and had requested for further working capital loans, where bankers are considering such requests positively. Management believe that these developments will assist the company to meet its commitments as it becomes due.

## Notes to the Financial Statements

### 39.5 Market Risk

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

#### 39.5.1 Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in market interest rates.

The table below summarises the interest rate profile of the group as at reporting date

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
<b>Fixed rate instruments</b>				
Financial liabilities	108,742,502	164,119,846	-	-
	<b>108,742,502</b>	<b>164,119,846</b>	<b>-</b>	<b>-</b>
<b>Variable rate instruments</b>				
Financial Assets	-	39,635,267	-	31,999,286
Financial Liabilities	1,722,519,689	1,200,275,726	104,845,511	146,295,000
	<b>1,722,519,689</b>	<b>1,239,910,993</b>	<b>104,845,511</b>	<b>178,294,286</b>

#### Cashflow sensitivity for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant

Group	Profit or Loss		Equity, Net of Tax	
	1% Increase	1% Decrease	1% Increase	1% Decrease
<b>31 March 2022</b>				
Variable rate instruments	(17,225,197)	17,225,197	(17,225,197)	17,225,197
Cash flow sensitivity (net)	(17,225,197)	17,225,197	(17,225,197)	17,225,197
<b>31 March 2021</b>				
Variable rate instruments	(12,002,757)	12,002,757	(12,002,757)	12,002,757
Cash flow sensitivity (net)	(12,002,757)	12,002,757	(12,002,757)	12,002,757

Company	Profit or Loss		Equity, Net of Tax	
	1% Increase	1% Decrease	1% Increase	1% Decrease
<b>31 March 2022</b>				
Variable rate instruments	(1,048,455)	1,048,455	(1,048,455)	1,048,455
Cash flow sensitivity (net)	(1,048,455)	1,048,455	(1,048,455)	1,048,455
<b>31 March 2021</b>				
Variable rate instruments	(1,462,950)	1,462,950	(1,462,950)	1,462,950
Cash flow sensitivity (net)	(1,462,950)	1,462,950	(1,462,950)	1,462,950

### 39.5.2 Currency Risk

The Group'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 evaluates the expected exchange rate at the time of purchase when evaluating projects.

Sri Lankan Rupee is the Group's functional currency and so is the currency in which sales and borrowings are made. Therefore Group's 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 extent of electricity generated for hydropower will vary depending on the rainfall received by the catchment area. The extent 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 commitments

Panasian power PLC has a commitment amounting to Rs.34,041,762/= to be incurred for rectifications and improvements of mini hydropower project at Rathganga.

There are no significant capital commitments made by the Group as at the reporting date other than disclosed above.

## 41 Contingent liabilities

The Company entered in to an agreement with owners of Lower Kothmale Oya Power Two (Pvt) Ltd., to acquire the project upon receiving a "Letter of Intent" from the Ceylon Electricity Board. The total purchase consideration for the above acquisition is Rs. 15 million and Rs. 3 million was paid as an advance for the acquisition. The balance Rs. 12 million will become payable upon receiving a Letter of Intent to the said project.

The Company entered in to memorandum of understanding with the owners of the Medakumbura Mini Hydro Power Project, to acquire the project upon receiving a "Letter of Intent" from the Ceylon Electricity Board. The total purchase consideration for the above acquisition is Rs. 10 million and Rs. 2 million has been paid as an advance for acquisition. Balance Rs. 8 million will become payable upon receiving the Letter of Intent to the said project.

There were no material contingent liabilities as at reporting date which require adjustments to or disclosure in the financial statements other than disclosed above.

## Notes to the Financial Statements

### 42 Events occurring after reporting date

There were no material events occurring after the reporting date that require adjustments to or disclosures in the financial statements.

### 43 Capital Management Disclosure

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends to ordinary shareholders.

The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position.

The Group's adjusted net debt to equity ratio at 31 March was as follows

	2022 Rs.	Group	2021 Rs.
Total Liabilities	<b>2,331,319,715</b>		2,242,991,806
Less: Cash and cash equivalents	<b>(119,113,359)</b>		(152,134,319)
Adjusted net debt	<b>2,212,206,356</b>		2,090,857,487
Total Equity	<b>2,734,273,132</b>		2,313,660,906
Net debt to equity ratio	<b>0.82</b>		0.90

### 44 Impact from corona virus (COVID-19) pandemic

The ongoing economic crisis in the country has increased the estimation uncertainty in the preparation of Consolidated Financial Statements. The estimation uncertainty is associated with the extent and duration of the expected economic downturn (and forecasts for key economic factors including GDP and employment) This includes the disruption to capital markets, deteriorating credit, liquidity concerns, increasing unemployment, declines in consumer discretionary spending, reductions in production because of decreased demand, and other restructuring activities; and the effectiveness of government and central bank measures that have and will be put in place to support businesses and consumers through this disruption and economic downturn.

However, In light of the ongoing economic crisis, the company has assessed its going concern and is satisfied that it has the resources to continue in business for the foreseeable future.

#### 45 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 31 March	2022 Rs.	2021 Rs.
NCI Percentage	17%	17%
Non current assets	1,191,421,267	911,500,946
Current assets	271,005,137	248,392,709
Non current liabilities	(316,428,652)	(324,749,601)
Current liabilities	(131,791,291)	(70,777,487)
Net assets	1,014,206,461	764,366,567
Net assets attributable to NCI	172,415,100	129,943,319
Revenue	250,234,958	247,214,595
Profit / (Loss) for the year	165,064,568	168,089,599
Other comprehensive income	264,769,432	7,169,018
Total comprehensive income	429,834,000	175,258,617
Profit / (Loss) allocated to NCI	28,060,977	28,576,413
OCI allocated to NCI	45,010,804	1,218,733
Cash flows from operating activities	181,303,263	168,858,065
Cash flows from investing activities	52,025,959	7,137,615
Cash flows from financing activities	(236,666,660)	(199,000,000)
Net increase/ (decrease) in cash and cash equivalents	(3,337,438)	(23,004,321)

#### 46 Director's responsibilities

The Board of Directors of the company are responsible for the preparation of financial statements.

# Investor Information

## 1. Analysis of shareholders According to the number of shares as at 31 March 2022

Shareholding	Resident			Non Resident			Total		
	Number of Shareholders	No. of Shares	Percentage %	Number of Shareholders	No. of Shares	Percentage %	Number of Shareholders	No. of Shares	Percentage %
01 - 1,000	2,750	1,445,212	0.24	8	5,397	0.00	2,758	1,450,609	0.24
1,001 - 10,000	2,842	12,961,026	2.07	11	68,500	0.01	2,853	13,029,526	2.08
10,001 - 100,000	1,162	39,319,345	6.29	11	633,300	0.10	1,173	39,952,645	6.39
100,001 - 1,000,000	175	47,083,803	7.53	5	2,133,000	0.34	180	49,216,803	7.87
Over 1,000,000	26	521,350,417	83.42	0	0	0.00	26	521,350,417	83.42
	6,955	622,159,803	99.55	35	2,840,197	0.45	6,990	625,000,000	100.00

## 2. Shareholders by Category as at 31 March 2022

Categories of shareholders	Number of shareholders	No. of shares
Individual	6,782	125,826,763
Institutional	208	499,173,237
Total	6,990	625,000,000

## 3. Twenty Major Shareholders of the Company as at 31 March 2022

Name	2022		2021 No. of Shares
	No. of Shares	Percentage %	
R I L Property PLC	462,875,231	74.06	-
Mr. Jinadasa Panadura Liyanage Dilanka	-	-	146,787,306
Emerald Sri Lanka Fund 1 Limited	-	-	125,000,000
Seylan Bank PLC/Senthilveri Holdings (PVT) LTD	-	-	90,287,419
Jinadasa Brothers (Pvt) Ltd	-	-	16,466,152
Mr. Weerasinghe Amarakoon Mudiyansele	11,300,000	1.81	11,300,000
Mr. Kangasu Chelvadurai Vignarajah	3,882,725	0.62	-
DFCC Bank Plc/S.M.D.N.P. Banda	3,852,216	0.62	-
Sampath Bank PLC/Dr.T.Senthilveri	-	-	8,150,625
JN Lanka Holdings Company (Pvt) Ltd	-	-	7,979,185
Mr. Wijemanna Dinal Gitanjan	-	-	7,500,000
California Link (Pvt) Ltd	-	-	5,758,746
Citizens Development Business Finance PLC/T.K. Fernando	3,629,140	0.58	4,000,000
Mrs.Silva Manawaduge Prasadie Rashmini	-	-	3,600,000
Mr.Weeraratne Pattiyapawulage Don Raj Rohitha	2,800,000	0.45	2,800,000
Mr. Agampodi Ushan De Silva	2,747,601	0.44	-
Seylan Bank PLC/Jayantha Dewage	2,426,000	0.39	2,426,000
Dr.Ramanujam Prathap	2,350,000	0.38	2,350,000
Cocoshell Activated Cargon Company Limited	2,150,000	0.34	2,750,000
People'S Leasing & Finance Plc/Mr.S. Gobinath	2,125,000	0.34	-
Mr. Ananda Deepthi Edussuriya	2,000,000	0.32	-
Metrocorp (Pvt) Ltd	2,000,000	0.32	-
Ms. Jayasinghe Anuja Chamila	-	-	2,288,174
J.B. Cocoshell (Pvt) Ltd	-	-	2,134,015
Mr.Nazeer Mohamed Hussain Mohamed	1,803,000	0.29	1,803,000
Mr. Mohamed Shahid Osman	1,590,000	0.25	-
Hatton National Bank Plc/Ravindra Erle Rambukwelle	1,500,000	0.24	-
Dr. Agampodi Sajini Nethma De Silva	1,497,500	0.24	-
Mr. Aruna Sriyan Jayasinghe	1,378,130	0.22	-
Mr. Balaruwaduge Manukulasuriya Francis Indika Mendis	1,350,000	0.22	-
Mr. Weerathunga Dickowita Kankanamge Athua Kithsiri	1,300,000	0.21	1,948,716
Hatton National Bank PLC/ Anuja Chamila Jayasinghe	-	-	1,683,624
	514,556,543	82.34	447,012,962
Shares held by remaining shareholders	110,443,457	17.66	177,987,038
	625,000,000	100	625,000,000

#### 4 Public Holding

Description	Number of shares 2022	Number of shares 2021
<b>Major shareholders</b>		
R I L Property PLC	462,875,231	
<b>Indirect Holding</b>		
Jinadasa Brothers (Pvt) Ltd	-	16,466,152
Seylan Bank PLC/Senthilverl Holdings (PVT) LTD	-	90,287,419
Emerald Sri Lanka Fund 1 Limited	-	125,000,000
<b>Directors' shareholding</b>		
Dr. P. Ramanujam	2,350,000	2,350,000
Mr. D. Sooriyaarachchi	-	-
Mr. P. L. D. Jinadasa	-	146,787,306
Mr. P. K. Pathmanatha	-	-
Mr. A. D. Pushparajah	-	-
Mr. S. Senthinandhanan	-	-
Dr. T. Senthilverl	-	8,150,625
Seylan Bank PLC/Dr.T.Senthilverl	-	-
Sampath Bank PLC/Dr.T.Senthilverl	-	-
MR. S. M. Farook	-	-
Ms. Hiroshini Fernando	-	-
Mr. Vajira Kulatilaka	-	-
Mr. Kosala Kamburudeniya	-	-
Mr. Lakshman Silva	-	-
<b>Spouses &amp; Children under 18 of directors</b>	-	-
	465,225,231	389,041,502
Issued share capital	625,000,000	625,000,000
Less: Directors' shareholding and major shareholders	465,225,231	389,041,502
Public Holding	159,774,769	235,958,498
<b>Public holding as a % of issued share</b>	<b>25.56%</b>	37.75%
<b>No. of Share holders representing the public holding</b>	<b>6,988</b>	7,052

#### 5 SHARE TRADING INFORMATION

Market Values	2021/2022	2020/2021
Highest (Rs)	7.20	5.00
Lowest (Rs)	3.50	2.50
Closing (Rs)	3.70	3.60

## Five Years Summary

### Company

As at 31 March	2022 Rs	2021 Rs	2020 Rs	2019 Rs	2018 Rs
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#### A) Summary of Financial position

Turnover	107,376,899	85,208,888	119,810,368	214,316,876	172,080,099
Gross Profit	87,689,630	63,169,160	98,767,530	192,644,424	151,740,858
Net Profit before Finance Cost	310,438,924	166,472,217	171,234,548	146,866,805	115,398,623
Profit before Taxation	302,040,695	152,859,240	151,652,638	97,347,486	71,813,015
Taxation	(40,035,200)	(8,390,409)	(5,023,982)	(33,972,570)	(17,245,858)
Profit or loss after Taxation	262,005,495	144,468,831	146,628,656	63,374,916	84,567,157

#### B) Summary of Financial position

##### Capital Reserves

Ordinary Shares	1,030,000,000	1,030,000,000	1,030,000,000	630,000,000	630,000,000
Preference Shares	Nil	Nil	Nil	Nil	Nil
Retained Earnings	299,267,581	249,733,144	242,471,639	225,977,625	256,050,119
Other Reserves	292,050,040	141,890,904	120,799,231	92,539,077	110,532,786
Total Equity	1,621,317,621	1,421,624,048	1,393,270,870	948,516,702	996,582,906

##### Asset & Liabilities

Current Assets	253,556,804	223,623,040	228,791,175	126,932,644	480,576,413
Current Liabilities	220,843,372	213,635,700	104,869,267	388,571,850	871,156,623
Net Current Assets	32,713,432	9,987,341	123,921,908	(261,639,206)	(390,580,210)
Property Plant & Equipment	449,192,126	338,725,802	343,215,633	251,220,211	260,676,820
Other Non Current Assets	1,305,465,966	1,261,653,571	1,172,681,402	1,171,307,600	1,161,704,819
Related Party Payables	2,383,409	119,955,595	49,288,700	328,806,900	172,507,854
Non Current Liabilities	166,053,903	188,742,665	246,548,074	212,371,902	35,218,524
Net Assets	1,621,317,619	1,421,624,048	1,393,270,870	948,516,702	996,582,905
Total Assets	2,008,214,896	1,824,002,413	1,744,688,210	1,549,460,455	1,902,958,052
Stated Capital	1,030,000,000	1,030,000,000	1,030,000,000	630,000,000	630,000,000
Dividends Declared / Paid	212,500,000	137,500,000	125,000,000	95,000,000	-

**Group**

As at 31 March

	2022	2021	2020	2019	2018
	Rs	Rs	Rs	Rs	Rs

**A) Summary of Financial position**

Turnover	935,512,639	729,074,023	563,814,790	761,280,652	489,392,823
Gross Profit	639,256,257	487,748,679	424,205,336	608,135,780	363,955,890
Net Profit before Finance Cost	22,548,329	373,976,510	306,679,605	515,631,949	298,615,917
Profit before Taxation	(109,811,344)	274,578,288	195,719,268	425,975,397	199,866,047
Taxation	(74,239,239)	(10,133,819)	(42,553,678)	(54,638,740)	(47,454,178)
Profit or loss after Taxation	(184,050,583)	268,261,095	153,165,590	371,336,657	152,411,869

**B) Summary of Financial position**

**Capital Reserves**

Ordinary Shares	1,030,000,000	1,030,000,000	1,030,000,000	630,000,000	630,000,000
Preference Shares	Nil	Nil	Nil	Nil	Nil
Retained Earnings	388,455,268	796,381,691	701,817,869	691,573,610	453,226,549
Other Reserves	1,143,402,764	357,335,896	316,396,210	201,136,991	224,161,998
Total Equity	2,734,273,132	2,313,660,906	2,178,890,092	1,648,405,871	1,393,948,207

**Asset & Liabilities**

Current Assets	622,036,741	773,844,866	579,521,849	436,097,425	324,457,016
Current Liabilities	707,212,055	597,882,722	317,814,772	214,451,106	776,880,265
Net Current Assets	(85,175,313)	175,962,144	261,707,078	221,646,319	(452,423,249)
Property Plant & Equipment	4,273,282,886	2,854,313,856	2,269,545,499	1,553,625,135	1,534,126,217
Other Non Current Assets	170,273,220	927,587,156	1,114,604,651	993,305,894	489,803,015
Related Party Payables	91,300	-	-	-	-
Non Current Liabilities	1,624,107,660	1,644,202,250	1,466,967,135	1,120,171,477	177,557,776
Net Assets	2,734,273,131	2,313,660,906	2,178,890,093	1,648,405,871	1,393,948,207
Total Assets	5,065,592,847	4,555,745,878	3,963,671,999	2,983,028,454	2,348,386,248
Stated Capital	1,030,000,000	1,030,000,000	1,030,000,000	630,000,000	630,000,000
Dividends Declared / Paid	212,500,000	137,500,000	140,300,000	95,000,000	4,500,000

# Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Panasian Power PLC will be held on 28th June 2022 at 9.30 a.m. via audio - visual means.

## AGENDA

1. To receive & 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 2022 together with the Report of the Auditors thereon;
2. To re - elect Mr. D. Sooriyaarachchi who in terms of Section A.8 of the Code of Best Practice on Corporate Governance 2017, retires by rotation at the Annual General Meeting as a Director;
3. To elect Ms. Ladduwa Kovisge Anne Hiroshini Fernando who in terms of Article 24 (2) of the Articles of Association of the Company retires at the Annual General Meeting as a Director;
4. To elect Mr. Condagamage Vajira Kulatilaka who in terms of Article 24 (2) of the Articles of Association of the Company retires at the Annual General Meeting as a Director;
5. To elect Mr. Wickramasundara Wanigasooriya Muhandiramrallage Shakya Bandara Kosala Gunarathna Kamburadeniya who in terms of Article 24 (2) of the Articles of Association of the Company retires at the Annual General Meeting as a Director;
6. To elect Mr. Lokugan Hewage Ananda Lakshman Silva who in terms of Article 24 (2) of the Articles of Association of the Company retires at the Annual General Meeting as a Director;
7. To 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;
8. To authorize the Board of Directors to determine donations for the year ending 31 March 2023 and up to the date of the next Annual General Meeting;
9. To consider any other business which due notice has been given.

By Order of the Board  
For and on behalf of Panasian Power PLC

Sgd.  
**Roshini Weudagedara**  
Company Secretary

02nd June 2022  
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 proxyholder 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 enclosed 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 [info@panasianpower.com](mailto: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;
4. Instructions given in the Circular to shareholders dated 02nd June, must be followed to join the meeting via audio - visual means.

# Form of Proxy

I/We .....of  
..... being a member/members of  
Panasian Power PLC, hereby appoint ..... (N I C No.....) of.....  
..... failing him/ her

Dr. P. Ramanujam	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
Mr. L. H. A. L. Silva	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 28th June 2022, at 9.30 A.M. at Level 04, BTL Shipping House, No. 45/2, Braybrooke Street, Colombo 02 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 & 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 2022 together with the Report of the Auditors thereon;	<input type="checkbox"/>	<input type="checkbox"/>
(2) To re - elect Mr. D. Sooriyaarachchi who in terms of Section A.8 of the Code of Best Practice on Corporate Governance 2017, retires by rotation at the Annual General Meeting as a Director;	<input type="checkbox"/>	<input type="checkbox"/>
(3) To elect Ms. Ladduwa Kovisge Anne Hiroshini Fernando who in terms of Article 24 (2) of the Articles of Association of the Company retires at the Annual General Meeting as a Director;	<input type="checkbox"/>	<input type="checkbox"/>
(4) To elect Mr. Condagamage Vajira Kulatilaka who in terms of Article 24 (2) of the Articles of Association of the Company retires at the Annual General Meeting as a Director;	<input type="checkbox"/>	<input type="checkbox"/>
(5) To elect Mr. Wickramasundara Wanigasooriya Muhandiramrallage Shakya Bandara Kosala Gunarathna Kamburadeniya who in terms of Article 24(2) of the Articles of Association of the Company retires at the Annual General Meeting as a Director;	<input type="checkbox"/>	<input type="checkbox"/>
(6) To elect Mr. Lokugan Hewage Ananda Lakshman Silva who in terms of Article 24 (2) of the Articles of Association of the Company retires at the Annual General Meeting as a Director;	<input type="checkbox"/>	<input type="checkbox"/>
(7) To 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;	<input type="checkbox"/>	<input type="checkbox"/>
(8) To authorize the Board of Directors to determine donations for the year ending 31 March 2023 and up to the date of the next Annual General Meeting;	<input type="checkbox"/>	<input type="checkbox"/>

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

.....  
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.

## Form of Proxy

### 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 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 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.

## Subsidiary Companies

Manelwala Hydropower (Pvt) Limited  
Panasian Investments (Pvt) Limited  
Padiyapelella Hydropower Limited  
PAP Solar One (Pvt) Limited  
Eco Green Solar Solutions (Pvt) Limited  
Panthree Solaro Energy (Pvt) Ltd  
Solar Power Generation Matara (Pvt) Ltd  
Rajarata Sustainable Development (Pvt) Ltd  
Finergreen Rajarata (Pvt) Ltd  
Panasian Power Zambia Limited

## 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

Dr. Prathap Ramanujam (Chairman)  
Mr. Deepal Sooriyaarachchi  
Mr. Poddiwala Kankanamge Pathmanatha (Chief Executive Officer / Executive Director)  
Ms. Hiroshini Fernando  
Mr. Vajira Kulatilaka  
Mr. Kosala Kamburudeniya  
Mr. Lakshman Silva

## Audit Committee

Ms. Coralie Pietersz (Chairperson)  
Mr. Sunil Wijesinha  
Ms. Chiranga Ranasinghe  
Mr. Dhammika Abeyarathne  
Ms. Chamali Kariyawasam

## Remuneration Committee

Mr. Deepal Sooriyaarachchi (Chairman)  
Mr. Kosala Kamburadeniya  
Ms. Hiroshini Fernando

## Related Party Transaction Review Committee

Mr. Vajira Kulatilaka (Chairman)  
Mr. Deepal Sooriyaarachchi  
Dr. Prathap Ramanujam

## Secretaries

Ms. Roshini Weudagedara

## Registrars

S S P Corporate Services (Pvt) Limited  
No 101, Inner Flower Road  
Colombo 3  
Tel: +94112573894

## Auditors

Ms KPMG  
Chartered Accountants  
32A, Sir Mohamed Macan Marker  
Mawatha  
Colombo 3  
Tel: +94112426301

## 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

## Website

[www.panasianpower.com](http://www.panasianpower.com)



**Panasian Power PLC**

Level 04, BTL Shipping House, No 45/2, Braybrooke Street, Colombo 02, Sri Lanka.  
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