

ANNEXURE A

**RESEARCH REPORT PUBLISHED TO ASCERTAIN THE
VALUE OF ORDINARY VOTING SHARES OF
LTL HOLDINGS LIMITED**

LTL HOLDINGS LIMITED



LTL HOLDINGS
Local Engineering, at its Global best

RESEARCH REPORT



JOINT FINANCIAL ADVISORS AND MANAGERS TO THE ISSUE

July 31, 2024

The preparers of the Research Report possess the requisite expertise to prepare reports of this nature involving a company quoted on the Colombo Stock Exchange

July 31, 2024
Board of Directors,
LTL Holdings Limited,
No. 77, Level 1
Park Street, Colombo 02

Dear Sirs,

RESEARCH REPORT ON THE VALUATION OF LTL HOLDINGS LIMITED

We, NDB Investment Bank Limited and CT CLSA Capital (Private) Limited, as Joint Financial Advisors and Managers to the Initial Public Offering, (hereinafter collectively referred to as "Joint Managers to the Issue") of LTL Holdings Limited (hereinafter referred to as "LTLH" or the "Company"), wish to submit the enclosed Research Report in accordance with Section 3.1.4.c (ii) of the Listing Rules of the Colombo Stock Exchange.

The "Terms of Engagement" agreed upon between the Joint Managers to the Issue and the Company for the same include, amongst other activities to be performed under the role of Financial Advisors and Managers to the Issue, carrying out a valuation based on information provided to the Joint Managers to the Issue by LTLH and other publicly available information, and the preparation of a report on the valuation of LTLH.

We have carried out a detailed analysis of the business operations of LTLH to arrive at the fair value of LTLH's Shares on a pre-money basis (i.e. - without incorporating the effects of the IPO funds) as at March 31, 2024 based on a Sum-Of-The-Parts valuation approach, which is the Primary Valuation Methodology used. A forward Price-to-Earnings based Relative Valuation approach using peer multiples as at July 10, 2024 was also carried out in order to support the Primary Valuation and the results have been summarised below.

Valuation Methodology	Per Share Value (LKR)	Upside to the Offer Price of LKR 14.50
<u>PRIMARY VALUATION METHODOLOGY</u> Sum-Of-The-Parts Approach (combination of DCF and NAV methodologies)	19.39	33.75%
<u>SECONDARY VALUATION METHODOLOGY</u> Forward Price-to-Earnings based Relative Valuation Method*	36.32	150.46%

*The pre-IPO number of Shares has been considered to arrive at the value per share since the pre-money forward earnings was considered for this methodology. This is also consistent with the approach followed in the Primary Valuation Methodology. The resultant Per Share Value and Upside based on the post-IPO number of Shares is LKR 28.21 and 94.56%, respectively. Please refer Section 5.2 for further details.

We are of the view that LTLH's Shares would have a fair value of LKR 19.39, as per the Primary Valuation Methodology. The valuation obtained via the Secondary Valuation Methodology of LKR 36.32 was not used in arriving at the fair value due to the lack of comparable listed peers on the Colombo Stock Exchange. A group-wide Net Asset Value based valuation was disregarded for this valuation exercise as it does not capture the earnings capacity of the Company and due to the unique business models of key companies in the LTLH Group (Refer Section 5.1 for a more detailed justification).

Considering the need to offer an upside to potential investors and the healthy marketability of shares, we recommend an offer price of **LKR 14.50 per share** (which translates to an upside of 33.75% to the Primary Valuation Methodology), for the purpose of the IPO.

The detailed Research Report is enclosed herewith for your reference.

Thank you.
Yours faithfully,

NDB INVESTMENT BANK LIMITED

Sgd.
Darshan Perera
Director/Chief Executive Officer

CT CLSA CAPITAL (PRIVATE) LIMITED

Sgd.
Zakir Mohamedally
Director/Chief Executive Officer

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1 LIST OF ABBREVIATIONS

ASIATIC	Asiatic Electrical & Switchgear (Private) Limited
BDT	Bangladeshi Taka
Bn	Billion
BPC	Bangladesh Petroleum Corporation
BPDB	Bangladesh Power Development Board
BRIGHT	Bright International Power Pte. Limited
c.	Circa
CAGR	Compound Annual Growth Rate
CEB	Ceylon Electricity Board
CSE	Colombo Stock Exchange
CT CLSA	CT CLSA Capital (Private) Limited
DCF	Discounted Cash Flow
EBIT	Earnings Before Interest and Tax
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EPC	Engineering, Procurement & Construction
EUR	Euro
FCFE	Free Cash Flows to Equity
FENI	Feni Lanka Power Limited
FY	Financial Year (April to March, unless mentioned otherwise)
GDP	Gross Domestic Product
GoSL	Government of Sri Lanka
GP	Gross Profit
GWh	Gigawatt hours
H₂	Hydrogen gas
HELAD	Heladhanavi Limited
HFO	Heavy Fuel Oil
INFRA	Infra & Engineering (Private) Limited
IMF	International Monetary Fund
IPO	Initial Public Offering
IPP	Independent Power Producer
IRR	Internal Rate of Return
kWh	Kilowatt Hours
LAK	Lakdhanavi Limited
LBPL	Lakdhanavi Bangla Power Limited
LC	Letter of Credit
LD	LD Heavy Engineering (Private) Limited
LIPE	Lanka Industrial Products Engineering (Private) Limited
LKR	Sri Lanka Rupees
LNG	Liquified Natural Gas
LTLE	LTL Energy (Private) Limited
LTLG	LTL Galvanizers (Private) Limited

LTLH/LTLH Group/the Company	LTL Holdings Limited/LTLH Holdings Limited and its subsidiaries (wherever applicable)
LTLT	LTL Transformers (Private) Limited
LVL	LVL Energy Fund PLC
MAKARI	Makari Gad Hydro Power (Private) Limited
Mn	Million
MW	Megawatts
MWh	Megawatt Hours
NAE	Nividhu Assupiniella (Private) Limited
NAV	Net Asset Value
NDBIB	NDB Investment Bank Limited
NIVIDHU	Nividhu (Private) Limited
NP	Net Profit
NPV	Net Present Value
O&M	Operations & Maintenance
PDPL	Pawan Danavi (Private) Limited
PER	Price-to-Earnings Ratio
PPA	Power Purchase Agreement
PPE	Property, Plant and Equipment
PV	Present Value
RAJ	Raj Lanka Power Company Limited
Rividhanavi	Rividhanavi (Private) Limited
Sahasdhanavi	Sahasdhanavi Limited
SOBA	Sobadhanavi Limited
SOTP	Sum-Of-The-Parts
SPPA	Standardised Power Purchase Agreement
TWh	Terawatt Hours
USD	United States Dollar
WCP	West Coast Power (Private) Limited
YoY	Year-on-Year

2 OVERVIEW - LTL HOLDINGS LIMITED

This section lays out an overview of the business and operations of LTLH, in order to better contextualize the findings of the rest of the Research Report. Prospective investors are advised to refer Section 7 of the Prospectus for a more thorough and in-depth understanding of the Company, prior to making an investment decision.

2.1 BACKGROUND

Renowned as one of Sri Lanka's foremost engineering companies, with a distinguished history spanning over 40 years, LTL Holdings Limited (LTLH/ the Company or LTLH Group) operates across diversified business segments. These include investment in power generation, focusing on **Renewable Energy** and **Conventional¹ Energy**, provision of **Engineering Services** for power plants as an **EPC** (Engineering, Procurement, and Construction) and **O&M** (Operations & Maintenance) contractor, **Manufacturing and Sale** of Transformers and Switchgear required for power distribution and providing **Heavy Engineering Services** in fabrication and galvanizing of steel structures.

Originally established in 1982 as a transformer manufacturing company through a Public Private Partnership (PPP) between CEB and Bonar Long of Scotland, LTLH transitioned into power generation as an Independent Power Producer (IPP) in 1996 with the commissioning of the 24 MW Heavy Fuel Operated power plant in Sapugaskanda, Sri Lanka. Subsequently, by securing landmark projects such as the 100 MW Heladhanavi power plant, Sri Lanka in 2002 and 300 MW West Coast Power Plant², Sri Lanka in 2007, LTLH further solidified its expertise in EPC and O&M of power plants. Expanding its reach, LTLH ventured into developing and operating power plants in Bangladesh, where it currently operates three thermal power plants with a total capacity of 218 MW. In March 2023, LTLH commissioned a 10 MW Hydro Power plant in Nepal. Furthermore, LTLH has commissioned the open cycle operations of Sobadhanavi Limited (SOBA) in August 2024, making SOBA on track to be the first power plant with the capability to operate on LNG in Sri Lanka.

LTLH's **current operational** power generation footprint spans **nine power plants** combining to a total installed capacity of **894MW** across Sri Lanka, Bangladesh, and Nepal. In addition, LTLH operates **two production facilities** in Sri Lanka and India, specializing in the manufacturing of transformers and electrical switchgears for power distribution. LTLH also operates a **hot dip galvanizing and steel fabrication** facility in Sri Lanka, and a subsidiary in Singapore to further facilitate its EPC/O&M services.

¹ Conventional energy in the context of this Report refers to energy generated from Thermal Power Plants which are powered by either, diesel or HFO or LNG or H₂

² West Coast power plant, also known as "Yugadhanavi" power plant was constructed and commissioned by LTLH in 2010. West Coast power plant is owned by West Coast Power (Private) Limited (WCP). LTLH through LAK is contracted to provide O&M services to the plant till 2035. In February 2024, the CEB partly settled its dues to WCP by way of transferring 28% of its stake in LTLH to WCP, thereby effectively making WCP a shareholder in LTLH. Additionally, LAK also holds a minority stake in WCP. Refer footnote in Section 8.2.4.1 for further details.

At a Glance



1.1 GW

Capacity of Projects
Undertaken to Date



30+

Export Markets



70%+

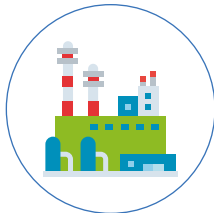
Foreign Currency Linked
Revenue in FY24



780+

Staff
Strength

Business Segments of LTLH



Conventional Energy

Combined cycle and engine-based power plants with a capacity of 869 MW in Sri Lanka and Bangladesh and 350MW Combined Cycle Power Plant in the pipeline in Sri Lanka



Renewable Energy

26MW capacity of hydro and wind power plants in Sri Lanka and Nepal and 100MW ground mounted solar power plant under development in Sri Lanka and a further two 4 MW Solar Power Plants under development in India



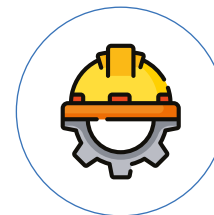
Engineering Services

> 1,100MW of EPC and O&M contracts undertaken across Sri Lanka, Bangladesh, Nepal, and Maldives



Manufacturing

- Manufacturing of distribution transformers in a state-of-the-art manufacturing facility in Sri Lanka with an annual manufacturing capacity of 4,000 transformers and a newly set up transformer assembling facility in Tanzania
- Manufacturing of Low and Medium voltage Switchgear products in a state-of-the-art manufacturing facility in India



Heavy Engineering

Facility with a 24,000MT annual hot-dip galvanizing capacity and 12,000MT annual steel fabrication capacity in Sri Lanka

2.2 OVERVIEW ON THE FINANCIAL PERFORMANCE OF THE LTLH GROUP

Table 2-1 - Key Historical Financial Metrics³

LTL HOLDINGS LIMITED - GROUP	FY23	FY24
Revenue (LKR Mn)	53,785	59,753
Gross Profit (LKR Mn)	17,188	18,910
EBITDA (LKR Mn)	20,582	13,960
EBITDA from Core Operations (LKR Mn)*	15,291	17,161
Net Finance Costs (LKR Mn)	4,193	5,353
Net Profit (LKR Mn)	13,234	5,750
Profit Attributable to the Parent (LKR Mn)	10,372	4,365
Total Assets (LKR Mn)	135,934	133,582
Total Equity Attributable to the Parent (LKR Mn)	54,138	56,611
Total Equity (LKR Mn)	72,123	74,365
Total Debt (LKR Mn)**	45,438	47,262
GP Margin	32%	32%
NP Margin	25%	10%
ROE Attributable to the Parent	22%	8%
ROA - Company	10%	4%
Current Ratio (x)	1.54	1.27
Debt : Equity Ratio (x)	0.63	0.64
Interest Coverage Ratio (x)***	4.75	2.44

*Adjusting for exchange gains and losses, profit on PPE disposals, dividend income and other significant one-off income and expense items emanating outside LTLH Group's core operations.

**Includes interest-bearing loans (excluding overdrafts).

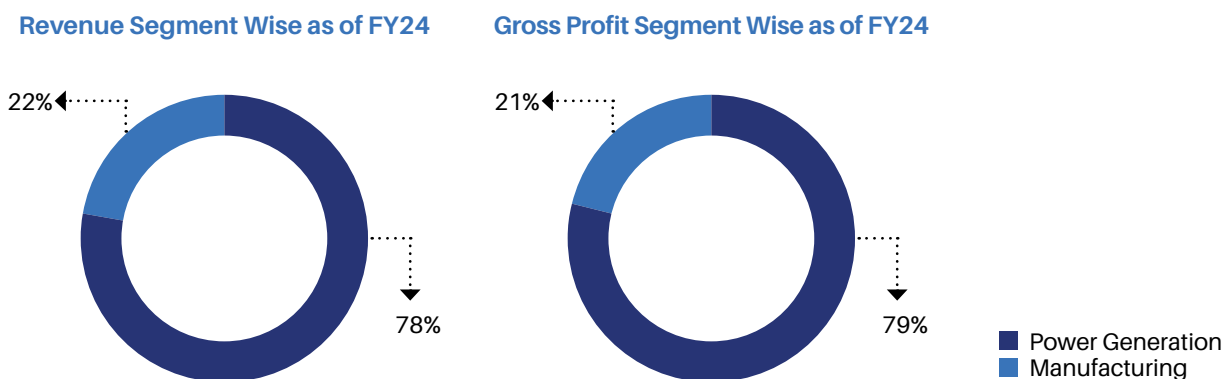
*** Interest Cover Ratio = EBIT/Net Finance Cost

LTLH's revenue is composed of; (1) Revenue from Power Generation (via Conventional and Renewable power plants and provisioning of engineering services as an EPC and O&M contractor for power plants) and, (2) Revenue from Manufacturing and Heavy Engineering operations (via the sale of distribution transformers, switchgear and steel galvanizing and fabrication operations).

A noteworthy feature of LTLH's revenue profile is that a portion of its revenue is; (1) hedged against exchange rate risks via tariff linkage to local and hard currencies, and also (2) hedged against inflation via inflation indexing, due to the tariff structures customary to PPA/O&M contracts of conventional power plants operated on a long-term basis. Please refer Section 8.2.5.1 for further details on tariff structures.

³ Source: Audited Financial Statements of LTL Holdings Limited for FY23 and FY24

Figure 2-1: Revenue and Gross Profit Segment Wise as of FY24⁴



LTLH Group recorded high EBITDA and Net Profit figures in FY23, as a result of significant net exchange gains (recognized as translation gains) on foreign currency deposits of the Group during the year and dividend income received from WCP. Although the Net Profit for FY24 is lower than the previous year, LTLH Group’s performance in terms of EBITDA from Core Operations grew by c. 12% YoY, due to improved profitability in the engineering services, manufacturing of switchgear and steel galvanizing and fabrication business segments (*Refer the note under Table 2-1 for the basis of computing EBITDA from Core Operations*).

LTLH Group’s net debt position increased in FY24 since LAK as the EPC contractor to SOBA continued to finance the construction of the power plant, utilising its working capital facility limits and cash reserves until the commencement of drawdown of the project loan by SOBA. As a result, the interest paid on these borrowings obtained to finance the construction work of the SOBA power plant is reflected in the finance cost of FY24 (without being capitalized as part of the project cost of SOBA). Net finance costs further increased in FY24 due to the reduction in finance income with the utilization of cash reserves of LAK to finance the construction of SOBA.

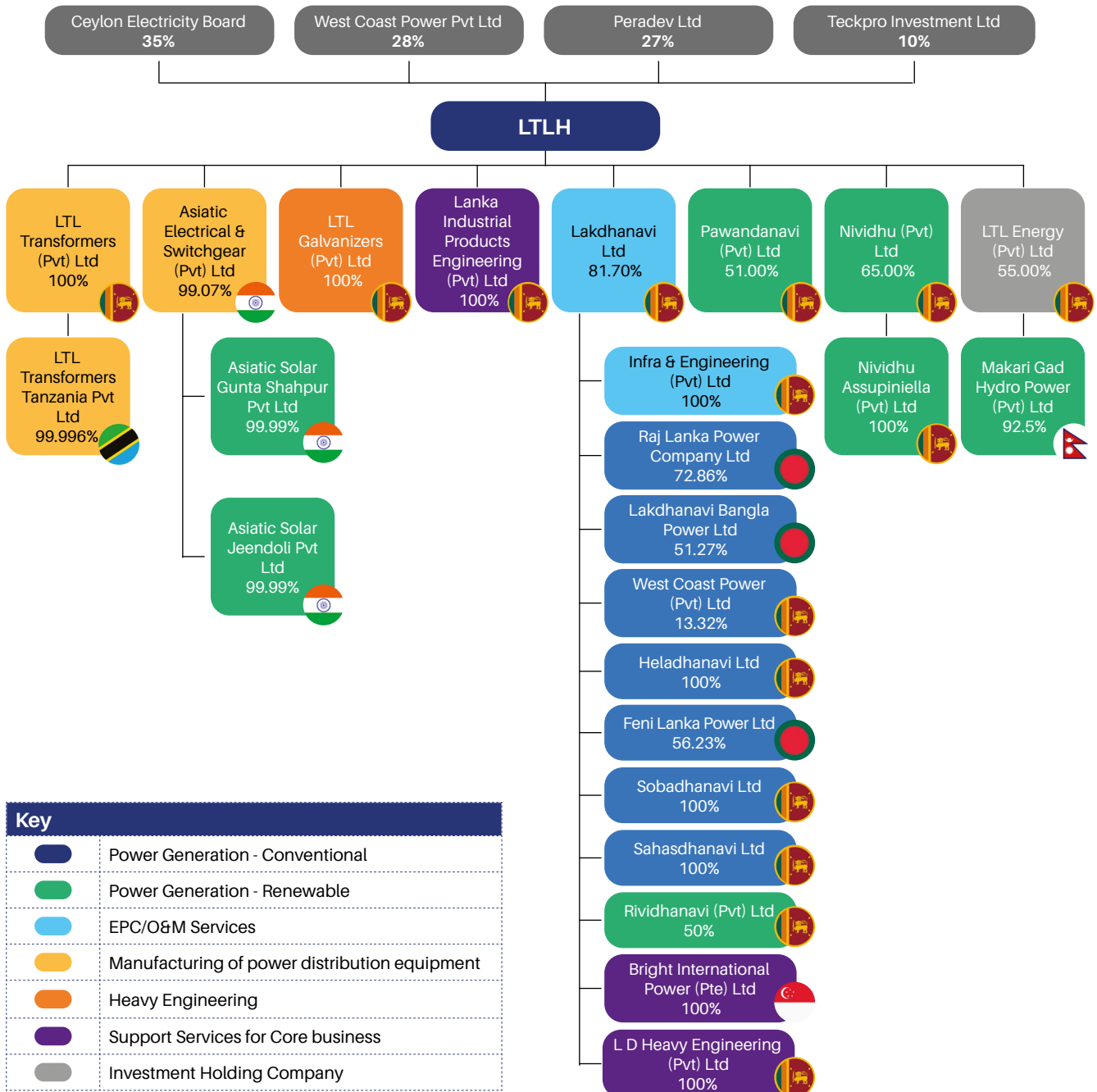
The increase in short-term loan facilities mainly obtained for the construction work of SOBA has impacted the working capital position of the LTLH Group, which is reflected in the reduction in the current ratio in FY24. These short term loan facilities are expected to be settled by the LTLH Group upon the commencement of drawdown of the SOBA project loan during FY25.

⁴ Source: Audited Financial Statements of LTL Holdings Limited for FY24

2.3 GROUP STRUCTURE

The following figure illustrates the Group structure of LTLH and the respective shareholding of LTLH in each company.

Figure 2-2: Group Structure - LTLH



2.4 OBJECTIVES OF THE ISSUE

As detailed in Section 5.6 of the Prospectus, LTLH intends to utilize the IPO proceeds of up to LKR c. 20 Bn in the following manner.

Table 2-2 - Utilization of IPO Proceeds

Use of Proceeds*	Amount up to (LKR Mn)
Equity investment in Rividhanavi (Private) Limited [Rividhanavi]- 100MW solar power project at Siyambalanduwa, Sri Lanka	6,047
Equity investment in Sahasdhanavi Limited [Sahasdhanavi] - 350 MW combined cycle LNG power plant project at Kerawalapitiya, Sri Lanka	13,503
Cost of the IPO	450
Total	20,000

*Investors are strongly advised to refer Section 5.6 - Objectives of the Issue of the Prospectus for further insight on the aforementioned equity investments.

Upon the commissioning of Rividhanavi and Sahasdhanavi⁵, LTLH will have conventional and renewable power plants in Sri Lanka, Bangladesh, Nepal and India with a combined capacity of over 1,300 MW.

It is important to note that the financial projections and valuation do not consider the additional returns to be generated for shareholders through Rividhanavi, Sahasdhanavi and other pipeline projects of LTLH.

⁵ For the avoidance of doubt, upon commissioning, Sahasdhanavi will be the third operational thermal powerplant in the Kerawalapitiya premises, following West Coast Power (Private) Limited (WCP - a 300 MW combined cycle power plant) and Sobadhanavi Limited (SOBA). As such, WCP, SOBA and Sahasdhanavi are also referred to as K1, K2 and K3 in the context of the power generation space in Sri Lanka, respectively.

3 INDUSTRY OVERVIEW

LTLH's participation in the power industry encompasses power generation, EPC and O&M services, manufacturing and sale of distribution transformers and switchgear and fabrication & galvanizing of steel structures. Business growth for LTLH is expected to be driven by the expected economic growth and the resulting surge in demand for electricity in target markets.

A key aspect of meeting the expected growth in demand for electricity requires expanding the existing power generation, transmission and distribution infrastructure across all geographies and all target markets of LTLH. For instance, in countries such as Sri Lanka and Bangladesh, where there is already high levels of access to electricity capacity expansions are primarily required to meet the increasing demand for electricity rather than achieving universal access.

As per the reports published by International Energy Agency, the global demand for electricity grew by 2.2% in 2023, with a faster rate of projected growth over the next three years, averaging 3.4% annually from 2024 to 2026⁶ supported by an improved economic outlook. In 2023, approximately 70% of the global electricity supply was generated from non-renewable energy sources, with the remainder generated through renewables⁶.

LTLH's target markets are in South Asia, Africa and selected countries in South-East Asia; regions which are predominantly forecasted to have increased electrification requirements in the medium to long term. For example, as of 2022, only 57%⁷ of the population in Africa had access to electricity. This figure is forecasted to increase significantly as African countries strive to achieve universal access to electricity by 2030 as laid out by UN Sustainable Development Goal 7. Although, insufficient power capacity and infrastructure development issues have hampered the growth of electricity demand in the region, Africa's demand for electricity is estimated to grow over 4% between 2024 to 2026⁶, higher than the global growth in demand for electricity.

LTLH, being an integrated power producer, is poised to take advantage of the increasing electrification requirements and infrastructure developments in target regions.

As LTLH currently operates in Sri Lanka, Bangladesh, Nepal and India, a detailed review and analysis of each country's operations and future potential are provided in the subsections below.

3.1 SRI LANKA POWER SECTOR

The Ceylon Electricity Board (CEB) is responsible for the generation, transmission and distribution of electricity in the country and the nation already has reached 100% electrification.

The presence of private sector participation in the power industry has increased over the years with IPPs accounting for 1,163 MW of installed capacity as at 2023. The growth of the private sector enabled the industry to reduce its reliance on CEB owned power plants over the years and the capacity composition contributed by the public sector to Sri Lanka's installed capacity has reduced to 73% in 2023, with a total installed capacity of 3,218 MW⁸.

⁶ International Energy Agency (IEA), *Electricity 2024*, accessed through <https://iea.blob.core.windows.net/assets/18f3ed24-4b26-4c83-a3d2-8a1be51c8cc8/Electricity2024-Analysisandforecastto2026.pdf> on 10 July 2024

⁷ *Africa Energy Outlook 2022*, International Energy Agency, accessed through <https://iea.blob.core.windows.net/assets/220b2862-33a6-47bd-81e9-00e586f4d384/AfricaEnergyOutlook2022.pdf> on 10 July 2024

⁸ *Statistical Digest - 2023*, Ceylon Electricity Board accessed through https://www.ceb.lk/front_img/img_reports/1719383943Statistical_Digest_2023_n.pdf on 10 July 2024

Table 3-1 - Sri Lanka's Total Installed Capacity (Public and Private)

Installed Capacity (MW)		2021	2022	2023	2023 %*
CEB	Major Hydro	1,383	1,413	1,413	32%
	Thermal - Coal	900	900	900	21%
	Thermal - Oil	654	654	801	18%
	Non- Conventional Renewable Energy - Wind	104	104	104	2%
	Total - CEB	3,040	3,071	3,218	73%
IPP	Thermal	433	270	387	9%
	Non- Conventional Renewable Energy - Mini Hydro	414	414	419	10%
	Non- Conventional Renewable Energy - Wind	148	148	163	4%
	Non- Conventional Renewable Energy - Other	150	180	193	4%
	Total - IPP	1,146	1,013	1,163	27%
Total	4,186	4,084	4,381		

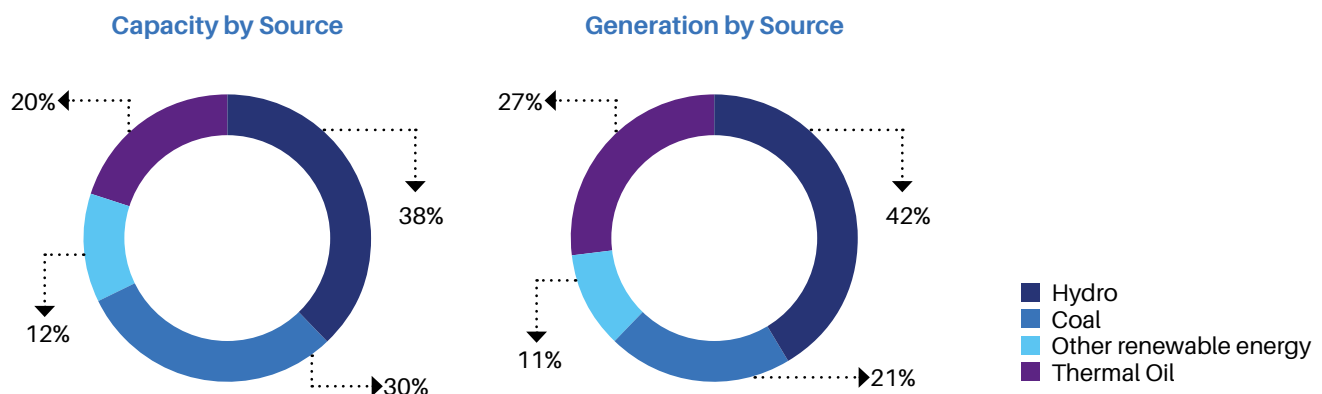
Source: CEB Statistical Digest Report 2022 and CEB Statistical Digest Report 2023 accessed on 2nd August 2024

*Percentages are calculated based on the total installed capacity base of 4,381 MW

At the end of 2023, the installed capacity of Sri Lanka comprised 2,088 MW (47.7%) of thermal power generation capacity and 2,293 MW (52.3%) of renewable energy-based power generating capacity.

Sri Lanka generated total electricity of 15,576 GWh⁹ in 2023, and the highest peak demand recorded in 2023 was 2,414.8 MW⁸.

Figure 3-1 Sri Lanka Capacity and Generation by Source - 2023



Source: CEB Statistical Digest - 2023, Ceylon Electricity Board accessed on 12 July 2024

The future outlook of Sri Lanka Power Sector

The electricity demand in Sri Lanka is expected to reach up to 27,300 GWh by 2030, growing at a CAGR of 6% (2023-2030), whilst peak demand is expected to reach 4,378 MW by 2030⁹ in Sri Lanka.

In line with the worldwide movement towards low carbon-intensity energy systems, the GoSL has committed to give prominence to sustainable electricity generation to meet the future demand for electricity. By 2030, GoSL intends to

⁹ Long term generation expansion plan 2023-2042, Ceylon Electricity board accessed through <https://www.ceb.lk/publication-media/planning-documents/121/en> on 14 August 2024

source 70%⁹ of the power generation from renewable energy, a significant increase from the current level of 52.3%⁸. Since the major hydropower potential in the country has been vastly exploited with only 31MW⁹ capacity additions from major hydropower envisaged for development in the next two decades, Sri Lanka has to rely on significant growth in wind and solar capacity additions to achieve the renewable energy target. As a result, Sri Lanka's total energy mix from wind and solar is expected to increase from 11% in 2023⁸ to 50% by 2042⁹.

In line with the policy of GoSL to transition towards sustainable energy generation, LTLH intends to actively participate in future GoSL projects aimed at enhancing the renewable energy generation capacity of the country. LAK is the lead member of the consortium which was awarded for the development of the 100MW solar power project in Siyambalanduwa¹⁰, which is the largest ground mounted solar power project and first large-scale renewable power project to be undertaken under the IPP model in Sri Lanka. The project which is currently under development through the SPV named Rividhanavi (Private) Limited signifies LTLH Group's commitment to develop large scale renewable power projects to support the country's policy towards sustainable electricity generation.

It should be noted that the transition towards sustainable energy generation will be gradual since the capacity to replace fossil fuel generation sources will require large investments and necessary grid support technologies. The CEB estimates Sri Lanka will require investments of US\$ 25.2Bn between 2023-2042, for the forecasted capacity expansions in the development of the required Wind and Solar power plants⁹.

Further, due to the intermittent nature of renewable power generation, the generation mix of the country will continue to require firm capacity such as storage hydropower and conventional thermal power plants which can be dispatched based on the requirements of the national grid.

CEB estimates that Sri Lanka will require an additional 3,080 MW of Thermal capacity (including LNG) by 2042. Out of this, combined cycle power generation capacity of the country is to increase by 700 MW by 2027⁹. This capacity will be added to the national grid by the two combined cycle power plants developed by LTLH, under subsidiaries Sobadhanavi Limited (350 MW) and Sahasdhanavi Limited (350 MW) in the Kerawalapitiya Power Plant complex. These two power plants are to be operated using LNG upon the development of the LNG infrastructure in the country, and also has the ability to replace LNG by Hydrogen for upto 30% as well in the future.

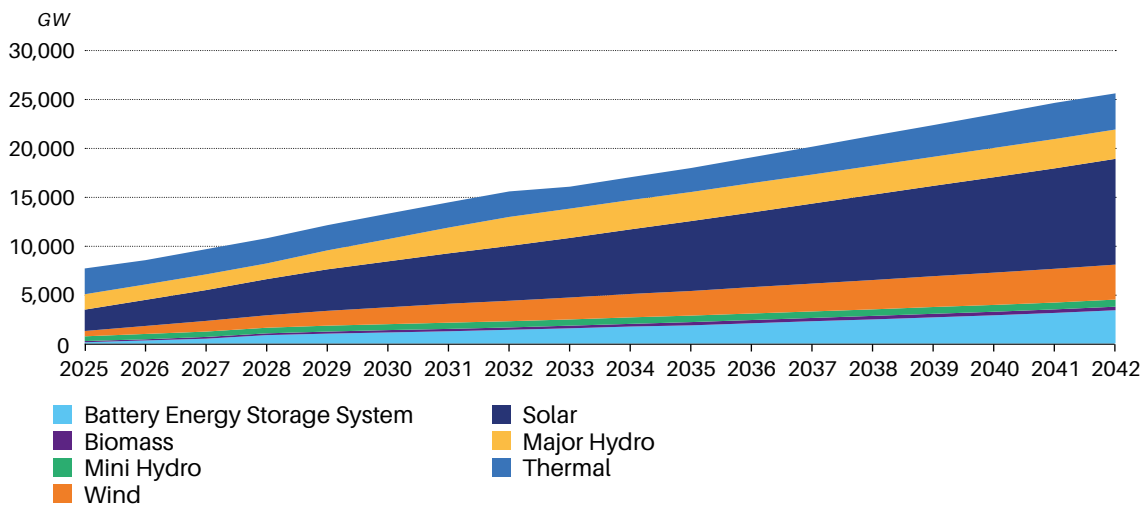
Due to the adverse environmental impact of oil and coal, LNG has been identified as the better alternative fuel source¹¹, since it is a significantly cleaner form of fuel than oil and coal and is notably more energy and cost-efficient. The GoSL is currently pursuing the options available for Sri Lanka to develop the necessary infrastructure and to secure the supply of LNG to enable the Power Plants at Kerawalapitiya to generate electricity using LNG as the main source of fuel within the next few years. The CEB proposal also took into account the possibility of converting the fuel sources of the other existing combined cycle power plants in Sri Lanka from Liquid Fuel to LNG. Further, CEB has not envisaged any new additions to Coal Based Power Generation in the future considering environmental impacts⁹.

As mentioned, given the intermittent nature of renewable-based energy generation and the lack of economically viable energy storage mechanisms, such as battery storage, LNG power plants such as Sobadhanavi and Sahasdhanavi will therefore have a key role to play in providing the necessary base load and enhancing the country's energy security while also facilitating the transition to the increased reliance on cleaner sources of energy for the generation of electricity in Sri Lanka.

¹⁰ <https://www.dailynews.lk/2024/02/09/admin-catagories/breaking-news/390123/sri-lankas-first-large-scale-solar-project-unveiled/> accessed on 08 August 2024

¹¹ The Institute of Engineers Sri Lanka, <https://iesl.lk/SLEN/52/Switching%20Power%20Sector%20from%20Fuel%20Oil%20Coal%20to%20LNG.php> accessed on 23 May 2022

Figure 3-2 Sri Lanka Projected Electricity Capacity Mix



Source: Long Term Generation Expansion Plan 2023 - 2042, Ceylon Electricity Board accessed on 10 July 2024

3.2 BANGLADESH POWER SECTOR

Following the introduction of reforms to the Bangladesh power sector in the early 90’s, the private investments were allowed to enter the power sector of the country. This enabled companies like LTLH to invest in power plants in Bangladesh. At present, LTLH has three thermal based power plants in Bangladesh with a combined installed capacity of 218 MW.

The access to electricity in Bangladesh has risen significantly over the years reaching 99.4% as of 2022¹². During FY23, Bangladesh generated total electricity of 88,450 GWh¹³ (+3.32% YoY) with a total generation capacity of 24,911 MW. The highest peak demand recorded during FY23 was 15,648 MW¹³ which witnessed a 5.9% growth relative to the previous year. Despite challenges during the COVID-19 pandemic, electricity consumption has shown notable progress, increasing at a 5-Year CAGR of 5.8% reaching 79,270 GWh (+3.4% YoY) in FY23 (The difference between generation and consumption of electricity here is the losses that occur in transmission).

To meet the growing demand for electricity, Bangladesh’s power generation capacity witnessed a robust growth with a 10 year CAGR of 12.6%, reaching 24,911 MW by 2023¹³. This was aided by the favorable structural reforms in the power sector coupled with the active participation of the private sector.

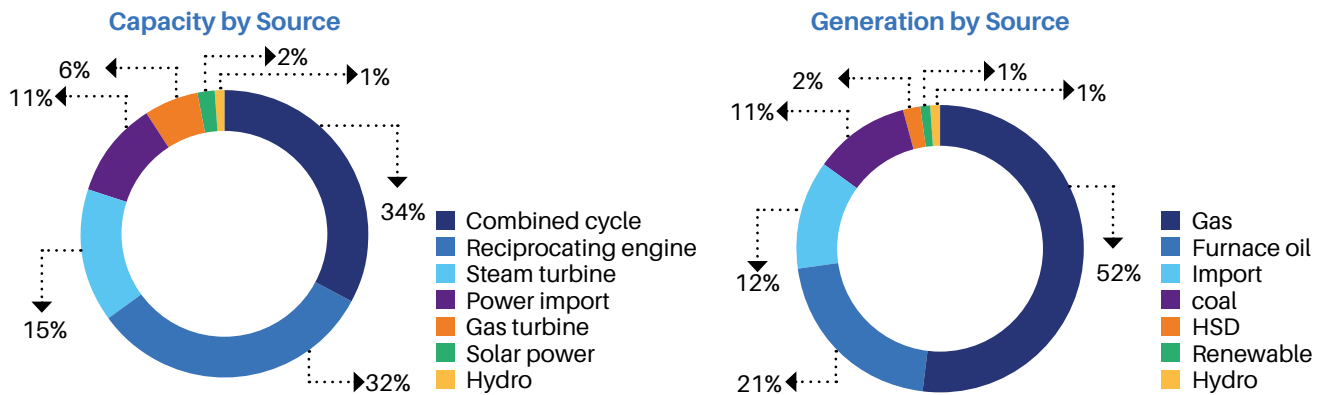
At present, the state organizations lead the power generation in the country, accounting for 47.9% of total generation, followed by private sector power generation at 40.3%, and the remainder being imported from India¹³.

The power generation capacity of the country is highly skewed towards thermal based power generation contributing c. 87% of total generating capacity whilst renewable-based sources contributed 2.8% and the remaining 10.7% was through imported power¹³.

¹² World Bank Group accessed through <https://data.worldbank.org/indicator/EG.ELC.ACCS.ZS?locations=BD> on 10 July 2024

¹³ BPDP Annual Report FY2022-2023, accessed through https://bpdh.portal.gov.bd/sites/default/files/files/bpdh.portal.gov.bd/page/771c9a89_a06c_4c2f_9b8c_699d17ed769a/2023-12-20-09-13-bc35a2ac1abda167c7c48437e4dc1061.pdf on 10 July 2024

Figure 3-3 Bangladesh Capacity and Generation by Source - 2023

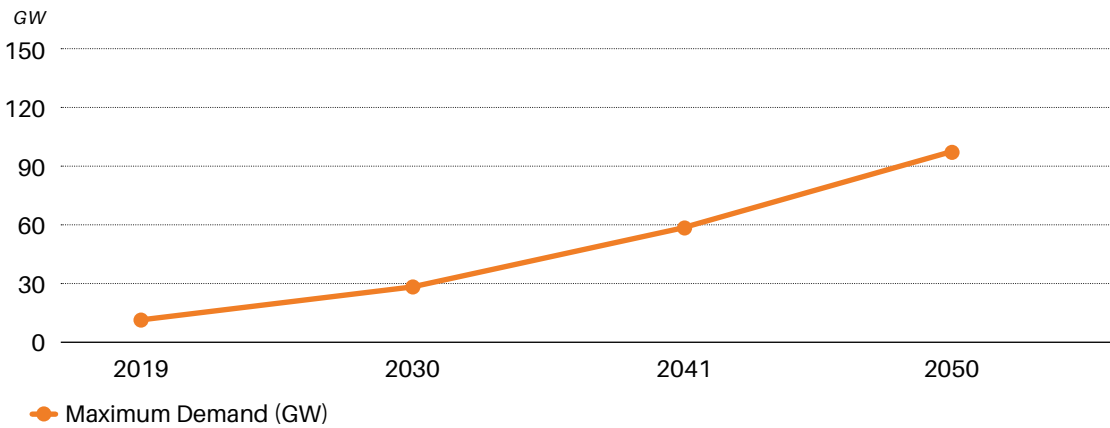


Source: BPDP Annual Report FY 2022-23

Power Industry Outlook of Bangladesh

The strong momentum in demand for electricity is expected to continue, driven by the rapid progression of the country. Bangladesh’s GDP is estimated to grow in the range from 5.7% to 7.0% from 2024 to 2029¹⁴, which bodes well for the future electricity demand. The peak demand for electricity is forecasted to reach to 29,257MW by 2030 and 58,597 by 2041¹⁵ growing at a CAGR of 7.1% from 2019 to 2041.

Figure 3-4 Bangladesh Forecasted Future Maximum Demand



Source: Integrated Energy and Power Master Plan (IEPMP) 2023

At present, natural gas is the backbone of energy generation in Bangladesh. However, due to depletion of local natural gas supplies, Bangladesh is seeking to reduce its reliance on natural gas and diversify into other conventional fuel sources. As a result, alternative imported energy source such as Coal, LNG, Nuclear Power and imported power from neighboring countries are being explored.

¹⁴ World Economic Outlook 2024 accessed through <https://www.imf.org/-/media/Files/Publications/WEO/2024/April/English/text.ashx> on 10 July 2024

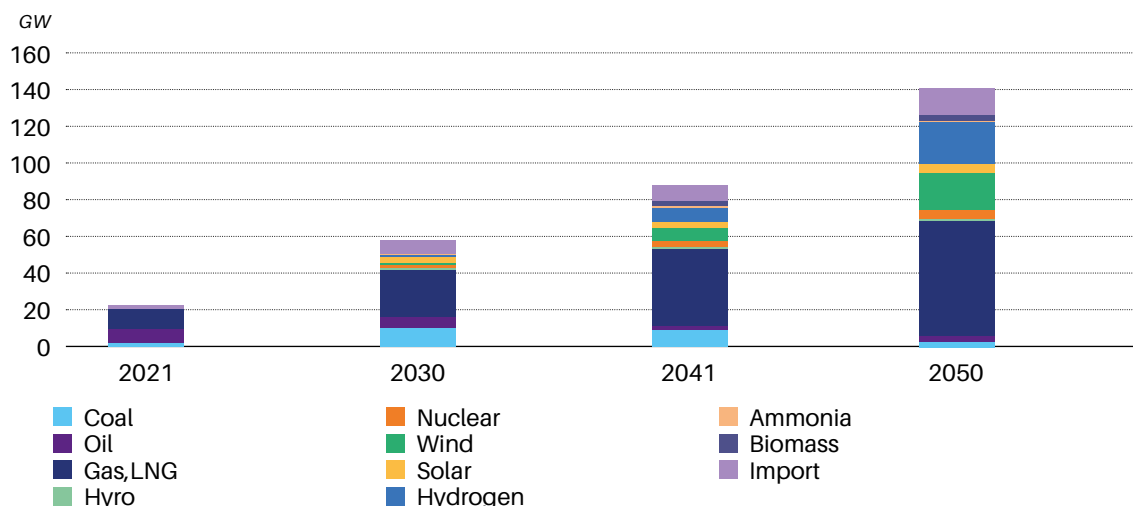
¹⁵ Integrated Energy and Power Master Plan (IEPMP) 2023 accessed through https://powerdivision.portal.gov.bd/sites/default/files/files/powerdivision.portal.gov.bd/page/4f81bf4d_1180_4c53_b27c_8fa0eb11e2c1/IEPMP%202023.pdf on 10 July 2024

Despite these diversification efforts, natural gas is expected to maintain its dominance as it is a cleaner source of energy in comparison to other fossil fuel alternatives. The Natural gas share in Bangladesh’s energy mix is projected to range between 45% to 50% from 2021 to 2050¹⁵.

However, the additional environmental impact and the public opposition with regard to coal-based power plants remains a barrier in future power mix. Therefore, long term diversification is expected to eventually take place to bring a more balanced power mix. It is envisaged that the overall contribution by coal power will be reduced to just 1% of Bangladesh’s energy mix by 2050.

In alignment with global trends toward low carbonization, Bangladesh aims to achieve a clean power generation ratio of 40%¹⁵ by 2041, including renewable energy, hydrogen/ammonia thermal power, thermal power with Carbon Capture and Storage (CCS), nuclear power, and imported hydropower. By 2050, the share of wind power and hydrogen-fired thermal power is expected to increase significantly, contributing 17% and 19% of the total capacity, respectively.

Figure 3-5 Bangladesh Composition of the Installed Capacity - PP2041



Source: Integrated Energy and Power Master Plan (IEPMP) 2023

According to the Integrated Energy and Power Master Plan (IEPMP) 2023, existing installed capacity of 21.5GW in 2021 is scheduled to gradually decrease to 6.7GW by 2041 as aging plants are retired, widening the gap between generation capacity and demand. Therefore, to meet the future demand, new capacity additions of 121GW has been envisaged in the future.

Table 3-2 Forecasted Capacity and Forecasted Demand

In GW	2021	2030	2041	2050
Capacity from Existing Power Plants	22	16	7	1
Capacity from future additions	-	26	71	121
Total Capacity	22	42	78	122
Maximum Demand	14	29	59	97

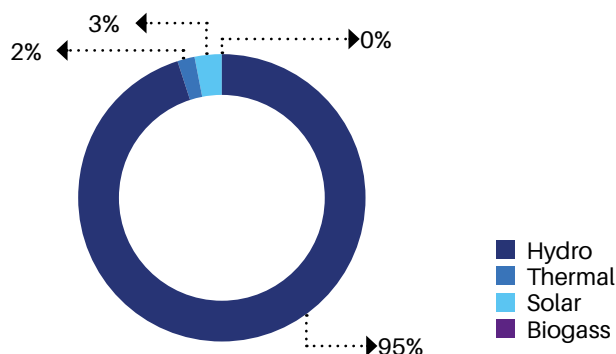
Source: Integrated Energy and Power Master Plan (IEPMP) 2023

We believe that the current social and political unrest in the country will not have a medium to long term impact on the expected growth trajectory of the country. LTLH intends to leverage on its strong expertise and established presence in Bangladesh to continue exploring opportunities to expand its installed power generation capacity in Bangladesh, in both thermal and renewable energy. LTLH will also focus on expanding its EPC and O&M services to power plants operating in Bangladesh and explore new opportunities in the country in other business segments of the LTLH Group such as galvanizing and fabrication of steel.

3.3 NEPAL POWER SECTOR

The introduction of reforms in Nepal power sector, enabled investment companies like LTLH to enter the electricity generation market in Nepal. As a country with substantial hydro power resources, LTLH has entered this market with the development of a 10 MW Hydro Power Plant (Makari Gad) and is positioned pursue further opportunities in undertaking power projects in the country.

Figure 3-6 Nepal Installed Capacity by Source - 2023



Source: Nepal Electricity Authority Annual report 2023

As of 2022, about 91.3%¹⁶ of Nepal's population had access to electricity, but the supply is of poor quality due to supply shortages and reliability issues¹⁷. Despite an increase in per capita electricity consumption, from 63 kWh in 2000 to 267 kWh in 2020, Nepal remains as one of the countries with the lowest per capita electricity consumption in Asia¹⁸.

Nepal Electricity Authority (NEA) is the sole-off-taker of power generation from IPPs in the country. It also operates its own power plants consisting of Hydro, Solar and Thermal, which contributes 44% of Nepal's energy demand. The balance demand is supplied by IPPs, and electricity imported from India, which contributes 41% and 15%, respectively¹⁹.

Although Nepal imports electricity from India, primarily to the western part of the country, which faces a generation deficit due to an inability to meet growing demand, transmission line constraints prevent the surplus generation in the eastern region from being fully transmitted to the west. As a result, Nepal both exports and imports electricity. In FY23, Nepal exported 1,346 GWh of electricity, leading to a net import of 487 GWh¹⁹.

¹⁶ The World Bank, accessed through <https://data.worldbank.org/indicator/EG.ELC.ACCS.ZS?locations=NP> on 10 July 2024

¹⁷ Hydropower Development and Economic Growth in Nepal, ADB South Asia Working Paper Series, No.70, June 2020, Asian Development Bank accessed on 10 July 2024

¹⁸ Energy Outlook for Asia and the Pacific. Manila: Asian Development Bank, 2015 accessed through <https://www.adb.org/sites/default/files/publication/29782/energy-outlook.pdf> on 10 July 2024

¹⁹ Nepal Electricity Authority, Annual report 2022/23 accessed through https://www.nea.org.np/annual_report on 10 July 2024

The landlocked country has ample water resources (c. 45,000 km of rivers/streams), translating to around 42,133 MW of economically viable²⁰ hydro power. In 2023, Nepal was constructing nine projects which would add 615 MW to the grid. At the same time projects with an aggregate capacity of 3.6GW capacity have been proposed to be added in the future²⁰. These expansion plans for renewables are expected to greatly reduce Nepal's reliance on energy imports and be a self-sufficient nation in respect of its energy requirements.

Rapid urbanization and the surge of energy-intensive industries is expected to drive demand for electricity from 7,313GWh (2022) to 59,498GWh (in 2040)²¹.

Nepal's potential from LTLH's perspective goes beyond meeting its domestic demand. LTLH can contribute to Nepal's capacity expansion, which will not only support Nepal in becoming more self-sufficient in energy but also enhance its ability to export electricity to India, particularly to the neighboring states of Uttar Pradesh and Bihar, which are among India's most populous and power-deficient regions.

3.4 INDIAN POWER SECTOR AND THE POTENTIAL OF LTLH

LTLH has a presence in India through the acquisition of ASIATIC in 2016, which manufactures medium and low voltage distribution products.

The Indian power sector is characterized by a diverse mix of energy sources. The country has a total installed capacity of around 417 GW as of 31st May 2023²². This capacity is distributed among coal (49.1%), renewable energy sources including wind, solar, and hydro (38.8%), and natural gas, nuclear, and other sources (12.1%). The renewable energy sector, particularly solar and wind, has seen rapid growth due to government policies and incentives.

India has a robust framework of state-owned and private entities in the power generation and distribution sectors. The state-owned National Thermal Power Corporation (NTPC) is the largest power producer, while there are other private sector participants.

The country's renewable energy potential is immense, with solar power estimated to be around 748 GW²³ and wind power around 695 GW²⁴. In 2023, India was developing multiple large-scale solar parks and wind farms, aiming to add over 500 GW of renewable capacity by 2034. These projects are a part of India's commitment to increasing the share of renewables in the energy mix and reducing carbon emissions under international climate agreements.

India's demand for electricity is projected to grow substantially due to urbanization, industrialization, and population growth. The total electricity consumption is expected to rise from 1,624 TWh in 2021 to around 2,500 TWh by 2030²⁵. This growing demand will drive significant investments into power infrastructure, including generation, transmission, and distribution networks.

LTLH has been awarded two Solar Projects in India with a combined capacity of 8 MW, through ASIATIC. This will serve as a stepping-stone in establishing LTLH's presence as an Independent Power Producer, with a focus on undertaking further renewable projects in India, whilst continuously focusing on increasing its presence in the Indian market via the operations undertaken by ASIATIC.

²⁰ *Electricity Demand Forecast Report (2015 - 2040)*, Water and Energy Commission Secretariat, Government of Nepal, January 2017

²¹ *Government of Nepal, Water and energy Commission Secretariat, Electricity Demand Creation in Different Sectors*, [http://weecs.gov.np/source/Electricity%20demand%20creation%20in%20different%20sectors%20\(3\).pdf](http://weecs.gov.np/source/Electricity%20demand%20creation%20in%20different%20sectors%20(3).pdf) accessed 10 July 2024

²² *Power Sector at a Glance ALL INDIA | Government of India | Ministry of Power (powermin.gov.in)* accessed through <https://powermin.gov.in/en/content/power-sector-glance-all-India> on the 3 August 2024.

²³ *Press release Detailm: Press Information Bureau (pib.gov.in)* accessed through <https://pib.gov.in/PressReleaseDetailm.aspx?PRID=1754477> on the 10 July 2024.

²⁴ *India's Wind Potential Atlas at 120m agl (niwe.res.in)* accessed through https://niwe.res.in/assets/Docu/India's_Wind_Potential_Atlas_at_120m_agl.pdf on the 3 of August 2024

²⁵ *India's Electricity Transition Pathways to 2050*, The Energy And Resources Institute accessed through https://www.teriin.org/sites/default/files/2024-02/Power_Sector_2050_Report.pdf on the 3 August 2024

4 SOURCES OF INFORMATION

The following sources were referred to when formulating the Company Overview, Industry Overview, and the Forecasts and Valuation:

1. Audited/Draft Unaudited stand-alone Financial Statements of LTLH Group and consolidated Financial Statements of LTLH for the Financial Years ended March 31, 2022, 2023 and 2024
2. Power Purchase Agreements, Fuel Supply Agreements, Implementation Agreements and Service Agreements, O&M Agreements and EPC contracts related to LTLH and its Group companies
3. Budgets and internal forecasts provided by the Management of LTLH and its respective subsidiaries
4. Information on S&P Capital IQ Platform and Bloomberg Terminal
5. Trading related information available on the Colombo Stock Exchange
6. Input from the management in the form of discussions and budgets (in order to gain a better understanding of the nature of operations and future growth plans associated with the relevant companies)
7. Other publicly available information (referenced wherever used)

The Joint Managers to the Issue are of the view that the information sources listed above were adequate to carry out the equity valuation of LTLH in a fair and reasonable basis to the best of their knowledge.

Furthermore, it should be noted that the Joint Managers to the Issue have not carried out an independent verification of the information provided by the Company. In addition, no information has come to the attention of the Joint Managers to the Issue to believe that the facts and data set forth in the report is incorrect.

5 VALUATION SUMMARY

The assumptions used to arrive at the fair value of the Shares of LTLH detailed below are given in Section 8.0 and the applicable methodologies in deriving the same are detailed in Section 7.0.

5.1 VALUATION OVERVIEW

Given that LTLH is a holding company comprising of a significant number of subsidiaries held directly or indirectly via Group entities, the Joint Managers to the Issue employed a Sum-Of-The-Parts (SOTP) approach (combination of Discounted Cash Flow Method and the Net Asset Value Method) as the primary valuation methodology in arriving at the value of LTLH. In addition to the SOTP approach, a forward Price-to-Earnings based relative valuation method (Forward PER) was also carried out as a secondary valuation to validate and support the primary valuation. The SOTP approach was considered the most suitable valuation method given the lack of directly comparable peers on the CSE, and hence was solely considered as the basis of the fair value LTLH.

Furthermore, a group-wide valuation purely on Net Asset Value was disregarded for this valuation exercise as it does not adequately capture the earning capacity of the Company. However, as detailed in Sections 7.1.2 and 8.2.6, entities that provide support services and non-operational entities have been considered at NAV for the SOTP valuation.

The following table depicts the equity values and the per share fair values derived with respect to each of the valuation approaches used.

Table 5-1 - Valuation Summary

Valuation Methodology	Equity Value (LKR Mn)	Per Share Value (LKR)*	Upside to the Offer Price of LKR 14.50
PRIMARY VALUATION METHODOLOGY			
Sum-Of-The-Parts (SOTP) Approach (combination of DCF and NAV methodologies)**	93,112	19.39 ²⁶	33.75%
SECONDARY VALUATION METHODOLOGY			
Forward Price-to-Earnings based Relative Valuation Method***	174,363	36.32	150.46%

*per share value based on the pre-IPO number of Shares in issue (4,801,193,380 shares)

**Valuation as at March 31, 2024

***Based on Peer Multiples as at July 10, 2024. The resultant Per Share Value and Upside to the Offer Price based on the Post-IPO number of Shares amounts to LKR 28.21 and 94.56%, respectively.

Accordingly, the proposed Offer Price of LKR 14.50 per share provides a 33.75% upside to investors, based on the SOTP-based valuation, which was considered in the determination of the fair value of LTLH.

²⁶ The per share value setout herein, is subject to the viability forecasts/assumptions made in Section 8 of this Research Report

5.2 SUM-OF-THE-PARTS VALUATION OVERVIEW

Table 5-2 - SOTP Company-Wise Valuation Summary

Business Segment	Company	Effective Holding of LTL Holdings (%)	Valuation Method ²⁷	Equity Value (LKR Mn)	Value Attributable to LTL Holdings (LKR Mn)
Holding Company	LTL Holdings (Private) Limited [LTLH]		DCF	1,031	1,031
Manufacturing and Heavy Engineering	LTL Transformers (Private) Limited [LTLT]	100.00%	DCF	4,829	4,829
	LTL Galvanizers (Private) Limited [LTLG]	100.00%	DCF	4,488	4,488
	Asiatic Electrical & Switchgear (Private) Limited [ASIATIC]	99.07%	DCF	3,606 ²⁸	3,573
Renewable Power Generation	Nividhu (Private) Limited [NIVIDHU]	65.00%	DCF	245	159
	Nividhu Assupiniella (Private) Limited [NAE]	65.00%	DCF	299	194
	Pawandanavi (Private) Limited [PDPL]	51.00%	DCF	692	353
	Makari Gad Hydropower Pvt. Ltd [MAKARI]	50.88%	DCF	1,600	814
Thermal Power Generation	Lakdhanavi Bangla Power Limited [LBPL]	41.89%	DCF	3,734	1,564
	Raj Lanka Power Company Limited [RAJ]	59.53%	DCF	689	410
	Feni Lanka Power Limited [FENI]	45.94%	DCF	19,584	8,997
	Sobadhanavi Limited [SOBA]	81.70%	DCF	28,345	23,158
Engineering Services	Infra & Engineering (Private) Limited [INFRA]	81.70%	DCF	4,180	3,415
	Lakdhanavi Limited [LAK]	81.70%	DCF	50,958	41,633
Other	Bright International Power Pte. Ltd [BRIGHT]	81.70%	NAV	985	805
	Heladhanavi Limited [HELAD]	81.70%	NAV	584	477
	Lanka Industrial Products Engineering (Private) Limited [LIPE]	100.00%	NAV	35	35
	LTL Energy (Private) Limited [LTLE]	55.00%	Adjusted NAV	(178) ²⁹	(98)
	L D Heavy Engineering (Private) Limited [LD]	81.70%	NAV	335	274
	Dividend Adjustment - LTLH ³⁰			(3,000)	(3,000)
	Total				123,043

²⁷ As cited in Section 5.1, a pure group-wide valuation based on NAV was not conducted due its failure to capture the growth potential of the Group in a meaningful manner. However, for the purpose of the SOTP valuation, five subsidiaries were valued based on the NAV. Refer Sections 7 and 8.2.6 for further details.

²⁸ LTLH secured two solar power projects amounting to a capacity of 8 MW in India. Returns from the two solar power plant SPVs/projects incorporated under ASIATIC have not been factored in the valuation since these are yet to be commissioned. (Refer Section 8.2.2.1 for further details.

²⁹ LTLE is the majority shareholder of MAKARI. Since MAKARI is valued separately for the valuation purposes, the NAV of LTLE is adjusted by carving out the investment in MAKARI recorded on the balance sheet of LTLE. This treatment causes the Adjusted NAV of LTLE to be negative.

³⁰ Dividend already declared on account of FY24 earnings has been deducted from the valuation.

Accordingly, a per share value of LKR 19.39 for LTLH was arrived at, after dividing the total Equity Value of LTLH (LKR 93,112 Mn) by the pre-IPO number of Shares in issue (4,801,193,380 shares). The SOTP valuation was conducted on a pre-money basis, i.e. the value generated from the use of proceeds of the IPO (investments into Rividhanavi and Sahasdhanavi) are not considered and hence not reflected in the forecast financials provided in Section 6.0 either. Therefore, the resultant valuation has been divided by the pre-IPO number of Shares to derive the per share value.

The following table depicts the general approach adopted in valuing the subsidiaries of LTLH based on the business segment of the respective subsidiary (refer Section 7.1 for further information on the SOTP valuation methodology).

Table 5-3 - SOTP Valuation Approach

Business Segment	Approach
Holding Company/Manufacturing and Heavy Engineering	Discounted Cash Flow Methodology - Based on financials forecasted for 5 years. Thereafter, a terminal value was calculated.
Renewable and Thermal Power Generation	Discounted Cash Flow Methodology - Based on financials forecasted until the end of the PPAs of the respective power plants.
Engineering Services	Discounted Cash Flow Methodology - Based on financials forecasted until the end of the O&M contracts currently undertaken.
Other	Based on the Net Asset Value/Adjusted Net Asset Value

5.3 FORWARD PRICE-TO-EARNINGS (PER) BASED RELATIVE VALUATION OVERVIEW

Table 5-4 - Forward PER based Relative Valuation Summary

In LKR Mn unless otherwise stated	
Net Profit to Equity Holders of LTLH - FY26	15,031
FY26 PER of Listed Proxy (x)	11.6 x
Equity Valuation of LTLH	174,363
Shares in Issue pre-IPO (nos.)*	4,801,193,380
Value per share of LTLH (LKR)	36.32

*The pre-IPO Shares were considered since the forecasted earnings do not reflect the financial impact of the equity infusion from the IPO (valuation conducted on a pre-money basis). Please refer Section 5.2 for further details. The resultant Value per share computed on the post-IPO Shares amounts to LKR 28.21

A 2-year forward multiple based relative valuation was derived using the Net Profit attributable to the Parent for FY26 as the respective earnings benchmark since it will be the first financial year which will fully reflect the performance of Sobadhanavi Limited, once it's commissioned as a combined cycle power plant (refer Section 7.2.2 for further details).

Furthermore, given the unique profile of LTLH as the leading IPP and a holistic power solutions provider in Sri Lanka, there is an absence of a directly comparable listed peer on the CSE. However, WindForce PLC was considered as a Listed Proxy in order to carry out this valuation exercise, based on the criteria set out in Section 7.2.1 of this report.

6 CONSOLIDATED FINANCIALS

6.1 CONSOLIDATED STATEMENTS OF PROFIT/LOSS

Table 6-1 - Proforma Consolidated Statements of Profit/Loss [FY23 to FY29E]

	FY23	FY24	FY25E*	FY26E*	FY27E*	FY28E*	FY29E*
In LKR Mn							
Revenue	53,785	59,753	91,906	148,157	149,776	153,383	157,529
Gross Profit	17,188	18,910	20,028	37,302	38,233	39,285	39,934
EBIT	19,922	13,048	17,078	34,110	34,686	35,325	35,588
Net Finance Cost	(4,193)	(5,353)	(4,905)	(9,722)	(8,258)	(7,052)	(5,940)
Profit Before Tax	15,729	7,695	12,173	24,388	26,427	28,274	29,648
Profit After Tax	13,234	5,750	8,127	20,059	21,433	22,864	23,726
Profit Attributable to Parent	10,372	4,365	5,871	15,031	15,799	16,849	17,726
<i>GP Margin</i>	32%	32%	22%	25%	26%	26%	25%
<i>EBIT Margin</i>	37%	22%	19%	23%	23%	23%	23%
<i>NP Margin</i>	25%	10%	9%	14%	14%	15%	15%
Effective P/E multiple**			11.86	4.63	4.41	4.13	3.93

*The financial impact resulting from the eventual operations of Rividhanavi (Private) Limited and Sahasdanavi Limited, (for which the IPO proceeds will be routed) have not been factored into the projections. Both of these projects are expected to yield equity IRRs of 15% in USD terms as per initial management estimates. Furthermore, the financial impact of the 8 MW of solar power to be developed in India (which has been awarded to ASIATIC) is not reflected either. The projections above incorporate the income statement resultants of the explicitly forecasted companies (companies valued via the DCF methodology as depicted in Table 5-2) and are based on the existing operations of the LTLH Group and Sobadhanavi Limited (which will be commissioned in August 2024).

**Effective P/E multiple = Number of existing Shares * Offer Price/Profit Attributable to Parent.

The LTLH Group enjoyed substantially higher profit margins in FY23 owing to exchange gains on foreign currency holdings (c. LKR 3.5 Bn) and other non-recurring incomes (c. LKR 4.5 Bn) which are reflected under EBIT during the year. As for FY24, there was an increase in net finance costs on account of facilities obtained by LAK to facilitate the provision of construction services to SOBA, which could have been capitalized had the project loan been disbursed during the year (SOBA project loans are expected to be disbursed in FY25).

Furthermore, the utilization of a significant portion of the Group's foreign currency reserves for the development of SOBA contributed to the decrease in finance income in FY24.

A significant increase in revenue is expected in FY25 with the commissioning of the open cycle phase of SOBA. However, the higher revenue does not translate to a significant increase in gross profits during the year since the power plant will receive the capacity charge for only the 3-month operational period for a lower capacity of 212 MW under open cycle operations (SOBA will have to be temporarily shut down for combined cycle testing and commissioning work to be carried out in order to prepare the plant for combined cycle operations from the start of FY26). Furthermore, it should be noted that the revenue includes the fuel charge (in line with the tariff structure of thermal PPAs) which is a passthrough cost for the power offtaker. This will be a drag on profitability margins in FY25.

The financial performance of the Group in FY26 includes the first full year of operations of SOBA under combined cycle operations on Diesel, whereby the increase in capacity to 312MW and higher plant efficiency as a result of the operation of both the gas turbine and steam turbine will result in the significant increase in profitability from the gross profit level. Parallely, an increase in the net finance cost is expected in FY26 primarily on account of the finance cost in relation to the SOBA project loan. As a result, the profit attributable to the parent is expected to reach LKR 15 Bn by FY26 and grow thereon (please refer Section 8.2.5.6 for further details). This effect is also reflected in the drop in the effective P/E multiple on FY26 profitability and beyond.

Given that the valuation of LTLH includes the value of SOBA, which only commences full year operations in FY26, profitability from FY26 onwards is the most accurate representation of LTLH's operating outlook as reflected in the effective forward P/E multiples as well. In addition, the returns of the Rividhanavi and Sahasdhanavi (equity contributions for these will be partially funded through this IPO) will commence flowing in during the period analyzed here, thus providing substantial further upside to prospective IPO investors.

A further point to note is that profits generated through the provision of EPC services for the development of power plants within the Group are not reflected in the consolidated financial statements as a result of inter-company eliminations in line with the accounting standards. However, there is significant cash accumulation (as early as FY25 when the SOBA project loan is disbursed) as a result of the same, which can be utilized to finance future projects and provide attractive dividends to shareholders.

Additionally, given LTLH's unmatched track record in the sector in Sri Lanka, its status as the only entity with participation across the power sector value chain and its regional expertise, LTLH is uniquely positioned to take advantage of certain upstream and downstream opportunities that are expected to arise in the near future. LTLH is already in discussions with GoSL to facilitate the development of the requisite LNG infrastructure to enable the three power plants of LTLH in Kerawalapitiya with a combined capacity of 1,000MW to operate on LNG in the coming years. Furthermore, LTLH expects to be involved as a private sector participant in the eventual restructuring of the CEB (as contemplated by the recently passed Sri Lanka Electricity Act No. 36 of 2024), when the envisaged restructuring materializes.

6.2 CONSOLIDATED PROFORMA DEBT POSITION AND NET ASSET VALUE OF THE LTLH GROUP

Table 6-2 - Consolidated Proforma Debt Position [FY25E to FY29E]

Total Debt (in LKR Mn)	FY25E	FY26E	FY27E	FY28E	FY29E
Debt residing at Sobadhanavi Limited	46,177	49,955	45,486	41,018	36,552
Debt residing at the Bangladesh Power Plants	27,315	17,681	15,816	14,288	13,785
Debt residing at Other Foreign Group Companies	4,485	4,495	4,494	4,446	4,328
Debt residing at Other Sri Lankan Companies	5,404	2,411	135	90	45
Total Debt*	83,382	74,542	65,931	59,842	54,710

*Includes the term borrowings and working capital facilities of the companies valued via the DCF method, as depicted in Table 5-2.

The majority of debt from FY25 is forecasted to reside at SOBA level owing to the project loan that would be obtained from syndicate banks and from its working capital facilities. SOBA's debt position will subsequently subside with the gradual settlement of project loans. A significant level of debt exists at the Bangladesh-based thermal plants, primarily at FENI which has outstanding USD-denominated term loans amounting to c. USD 45.9 Mn as at FY24. These are the project loans obtained to construct the plant in FY19. These will also subside with the gradual settlement in line with the respective repayment schedule.

Table 6-3 - Consolidated Proforma NAV [FY24 to FY29E]

In LKR Mn	FY24	FY25E	FY26E	FY27E	FY28E	FY29E
Closing Net Asset Value Attributable to the Parent Company	56,611	59,482	68,714	77,313	86,562	96,188

The NAV Attributable to the Parent Company is expected to substantially increase upon the commencement of Combined Cycle operations of SOBA in FY26. Do note that this pro forma NAV calculation is conducted on a pre-money basis and does not consider the IPO proceeds or the returns generated through the use of IPO proceeds. Furthermore, any effects stemming from Other Comprehensive Income have not been factored (e.g. - foreign currency-related consolidation adjustments at LTLH level).

7 VALUATION METHODOLOGY

The Joint Managers to the Issue utilized a Sum-Of-The-Parts (a combination of DCF and NAV methodology) approach as the primary valuation approach in arriving at the value of LTLH. In addition to the primary valuation approach, a forward Price-to-Earnings (P/E) based Relative valuation was carried out as a secondary valuation to validate and support the primary valuation.

A group-wide Net Asset Value based valuation was disregarded for this valuation exercise as it does not capture the earnings capacity of the Company. However, the NAV approach was utilized in valuing BRIGHT, HELAD, LIPE, LTLE and LD, since detailed financial forecasts have not been carried out for these companies (Refer Table 7-2 for further information).

7.1 SUM-OF-THE-PARTS (SOTP) VALUATION METHODOLOGY

7.1.1 Discounted Cash Flow Method (DCF)

The DCF analysis takes into consideration the future free cash flows and their timing to arrive at the theoretical value of a firm. As such, the DCF approach, utilized to arrive at the intrinsic values for LTLH and its subsidiaries in this valuation exercise, was deemed appropriate given that it captures the business fundamentals of LTLH as well as its growth prospects.

The following lays down the theoretical underpinnings of this method.

- The **Business Value** attributable to the Capital Providers of the firm is reflected by the summation of the present values of all future Free Cash Flows available to the providers of capital, discounted at an appropriate discount rate.
- The **Strategic Value** is arrived after adjusting the Business Value for any Non-Operating Assets and/or Liabilities.
- Accordingly, the Business Value attributable to shareholders refers to the Free Cash Flows attributable to Equity providers (FCFEs), discounted to the present at an appropriate Cost of Equity. The Joint Managers to the Issue have forecasted the future cash flows of the LTLH and its subsidiaries valued under the DCF method until the last year of relevant explicit period as outlined in Table 7-1. Furthermore, as depicted in Table 7-1, for LTLH, LTLT, LTLG and ASIATIC, (the Holding Company and the companies with manufacturing and heavy engineering operations), a time-horizon from FY25 to FY29 was considered as the explicit time horizon, and a terminal value was considered to capture the value of FCFEs in the implicit period. The resale values for the Bangladesh power plants have also been factored into the models at the end of the PPAs of the respective power plants, given that these are engine based power plants which have a secondhand market.

Table 7-1 - Rationale for the Explicit Period - DCF Valuation

Company	Explicit Period from	Rationale and Approach
Holding Company and Manufacturing and Heavy Engineering companies [LTL Holdings Limited LTL Transformers (Private) Limited LTL Galvanizers (Private) Limited Asiatic Electrical and Switchgear (Private) Limited]	FY25E to FY29E	A five-year time horizon was deemed reasonable based on the availability of the business plans of the respective companies. A terminal value was considered to capture the value of FCFEs in the implicit period.
Nividhu (Private) Limited	FY25E to FY39E	Until the end of the PPA.
Nividhu Assupiniella (Private) Limited	FY25E to FY41E	Until the end of the PPA.
Pawan Danavi (Private) Limited	FY25E to FY33E	Until the end of the PPA.
Makari Gad Hydropower Pvt. Ltd	FY25E to FY53E	Until the end of the PPA.
Lakdhanavi Bangla Power Limited	FY25E to FY30E	Until the end of the PPA. A resale value considered at the end of the PPA.
Raj Lanka Power Company Limited	FY25E to FY29E	Until the end of the PPA. A resale value considered at the end of the PPA.
Feni Lanka Power Limited	FY25E to FY35E	Until the end of the PPA. A resale value considered at the end of the PPA.
Sobadhanavi Limited	FY25E to FY45E	Until the end of the PPA.
Infra & Engineering (Private) Limited	FY25E to FY41E	Until the end of existing O&M contracts.
Lakdhanavi Limited	FY25E to FY45E	Until the end of existing O&M contracts.

The following equation provides the basis of arriving at the Business Value of a Subsidiary of LTLH;

$$V_0 = \left[\sum_{t=1}^T \frac{FCFE_t}{(1 + k_e)^t} \right]$$

Where,

V_0 – Business Value attributable to Shareholders

T – Number of years in the explicit time period

t – Year

$FCFE$ – Free Cash flows to Equity Holders, which was calculated as follows;

Net increase/(decrease) in cash and cash equivalents

(-) Interest Income net of taxes

(+) Scrap Value (if any)

= $FCFE$

K_e – Cost of Equity, which was calculated using the Build-up method as follows;

Risk-free rate

+ Equity risk premium

+ Country risk premium (where applicable)

= Cost of Equity

Accordingly, the following formula was used to derive the intrinsic value attributable to the shareholders:

$$\text{Intrinsic Value of the firm} = V_0 + \text{Other Adjustments}^*$$

* Please refer the company-wise equity value buildups under Section 8 for further insight on Other Adjustments

In arriving at the Value of each subsidiary attributable to LTLH, the Intrinsic Value of the subsidiary was multiplied by the respective shareholding held by LTLH in such a subsidiary.

7.1.2 Net Asset Value Method

The Net Asset Value (NAV) methodology arrives at the value of the company by deducting total liabilities from the total assets at a given point in time.

In arriving at the Value of each subsidiary attributable to LTLH, the Intrinsic Value of the subsidiary was multiplied by the effective shareholding held by LTLH.

$$\begin{aligned} \text{Net Asset Value of the respective subsidiary attributable to LTLH} \\ = [\text{Total Assets} \\ - \text{Total Liabilities}] \times \text{Shareholding \% attributable to LTLH} \end{aligned}$$

The following table outlines the subsidiaries of LTLH valued under the NAV method in the SOTP valuation methodology and the rationale for their consideration.

Table 7-2 - Rationale for the use of the NAV valuation method

Subsidiary	Rationale for relying on the NAV
Bright International Power Pte. Ltd	Engaged in the provision of support services for the core business of LAK
Heladhanavi Limited	No ongoing operations
Lanka Industrial Products Engineering (Private) Limited	No ongoing operations
LTL Energy (Private) Limited*	Functions as the holding company of MAKARI
L D Heavy Engineering (Private) Limited	Engaged in the provision of support services for the core business of LAK

*An adjusted NAV was considered for LTL Energy (Private) Limited. Refer Section 8.2.6 for further insight.

The value per share of LTLH under the SOTP methodology was arrived at using the following formula.

$$\begin{aligned} \text{Value per share of LTLH} \\ = \frac{\sum[\text{Intrinsic Value of the subsidiary}^* \times \text{Shareholding \%}] + \text{Other Adjustments}^{**}}{\text{Shares in issue}} \end{aligned}$$

* Obtained via the DCF or the NAV approaches

** Please refer Section 8.2.6 for more details on Other Adjustments

7.2 FORWARD PRICE-TO-EARNINGS (PER) RELATIVE VALUATION METHOD

The forward P/E multiple was utilized as a market-based metric to gauge the relative value of a share of LTLH.

The P/E multiple is a measure of a company's share price relative to its annual earnings per share. It technically conveys how much money an investor is willing to commit for one unit of firm earnings. A high P/E multiple may be reflective of anticipated earnings growth in the future. Hence, the P/E multiple is used as a supportive market-based measure to factor in the price and growth expectations of the industry to LTLH based on its earnings.

Accordingly, the following formula was used in arriving at the relative value per share of LTLH.

$$\text{Relative Value per share of LTLH} = \frac{\left[\text{Earnings}_{t+2} \times \frac{P}{E} \text{ Multiple} \right]}{\text{Pre - IPO shares in issue}}$$

Where,

Earnings $t+2$ – Earnings attributable to shareholders in FY26E

P/E Multiple – Median P/E Multiple of the Peer Group

7.2.1 Peer Selection

In selecting comparable peer companies under GICS classification "Utilities", companies that own and operate installed capacity exceeding 100 MW and operations beyond Sri Lanka were shortlisted, considering LTLH's existing operational capacity of 894 MW and its presence in Bangladesh, India and Nepal in addition to Sri Lanka. As such, only WindForce PLC (245 MW of installed capacity³¹) was considered as a proxy to LTLH. It should be noted that WindForce PLC too is a proxy and not a directly comparable peer, given LTLH's operations in manufacturing of power distribution equipment and in the provision of heavy engineering services (in addition to power generation and EPC/O&M services), the significant difference in scale of LTLH's current operational capacity (over 3.5x that of the proxy) and its significant exposure to thermal power, where the tariffs structure is different (please refer Section 8.2.5 for further details) as opposed to the tariff structures of SPPA based renewable power projects.

Table 7-3 - Details of the Listed Proxy

Listed Proxy	Market Capitalisation (LKR Mn)*	Profit Attributable to Equity Holders of the Listed Proxy - FY26 (LKR Mn)**	Forward Implied PER - FY26 (x)
WindForce PLC	27,015	2,325	11.6

Source: Bloomberg, CSE

* Market Capitalisation as at July 10, 2024 as per CSE Daily

** Profit attributable to equity holders for FY26E is based on broker consensus from Bloomberg as at July 10, 2024. It should be noted that the broker consensus comprises of a single broker, CT CLSA Securities (Private) Limited, a sister company of CT CLSA Capital (Private) Limited (Joint Managers to the Issue). CT CLSA Securities (Private) Limited has continuously covered WindForce PLC since its IPO in 2021.

³¹ Source: WindForce PLC - Annual Report 2024 (Accessed via https://cdn.cse.lk/cmt/upload_report_file/2173_1717498558965.pdf, on July 10, 2024)

7.2.2 PER Valuation - Rationale and Methodology

LTLH's profitability is expected to witness substantial growth in FY26, driven by the expected commissioning of combined cycle operations of the Sobadhanavi power plant. Initially, the plant is expected to be commissioned with a 212 MW capacity under the open cycle operations for three months, increasing to 312 MW under combined cycle (Diesel) operations in start of FY26, and finally reaching 350 MW under combined cycle (LNG) operations, once the required LNG infrastructure is developed by the GoSL to enable the power plant to operate with LNG as the primary fuel source. We have estimated such infrastructure to be in place by FY31, at which time, SOBA is expected to primarily run on LNG.

Moreover, during FY24, a significant portion of the LTLH Group's capital was tied up in SOBA with no earnings reflected on the LTLH Group's books from the project, since LAK as the project promoter and EPC contractor continued to infuse funds into the project beyond the equity commitment to ensure that construction work on the project can continue until the project loan is disbursed to enable the project to commission well ahead of the contractual timeline. In FY25, the plant will be operational for only three months under the open cycle phase, where electricity will be generated only via the operation of the gas turbine, with combined cycle operations are expected to commence in March 2025, upon the commissioning of the steam turbine, which will enable the power plant to operate at a higher efficiency level due to the use of the latest technology F class gas turbine. Consequently, FY26 will fully reflect the performance of the Group and the SOBA project.

Based on the forecasts carried out, SOBA is expected to contribute 8.4% to the total Group EBITDA in FY25 and 56.3% in FY26.

Table 7-4 - EBITDA Workings for the Secondary Valuation

LKR Mn	FY25E	FY26E
LTLH Group - EBITDA	18,716	38,957
SOBA - EBITDA	1,175	20,974
SOBA Contribution to Future LTLH Group EBITDA	6.3%	53.8%

Given SOBA's significant projected contribution to LTLH's profits in the forecasted period, we have utilized the forecasted FY26 earnings of LTLH and applied implied forward multiple (FY26) of the proxy to derive the PER-based valuation for LTLH.

8 VALUATION METHODOLOGY

Note that the financial forecasts for the operating companies of the LTLH Group are on a pre-money basis, considering the current operations of the respective companies.

8.1 KEY COMMON ASSUMPTIONS

The following variables were commonly used in driving the forecasts of LTLH and its subsidiaries.

8.1.1 Exchange Rates

Since LTLH has operations in foreign countries (Bangladesh, India and Nepal) and derives hard currency linked revenue through the thermal power plants operated in Bangladesh and Sri Lanka, the future movement in exchange rates listed in the table below needed to be considered in the valuation.

Exchange rates³² were assumed as follows.

Table 8-1 - Exchange Rate Assumptions

	Year End Exchange Rates as at March 31, 2024	Year End Exchange Rates as at March 31, 2025	Annual Depreciation % - FY26E onwards*
USD: LKR	301.18	310.00	4.00%
EUR: LKR	326.03	335.58	4.00%
USD: BDT**	109.75	120.72	2.00%
EUR: BDT**	118.16	129.98	3.30%
BDT: LKR***	2.74	2.57	1.96%
NPR: LKR	2.26	2.30	2.00%
INR : LKR	3.61	3.69	2.00%

*Historical long-term average currency depreciation rates were used as the basis when arriving at the year-end exchange rates from FY26 onwards

**A higher than average BDT depreciation rate was assumed against the USD and EUR in FY25, due to the macro-economic volatility and exchange regime adopted at present in Bangladesh

***BDT:LKR rate assumed is a derivation of the USD:LKR and USD:BDT cross rates

The above exchange rates were also applied in translating foreign currency loans and deposits to the presentation currency of the respective companies.

³² Sources for historical data - LKR rates via CBSL (accessed via <https://www.cbsl.gov.lk/en/rates-and-indicators/exchange-rates/dailyindicative-exchange-rates>, on July 3, 2024) | Other currency pairs via [investing.com](https://www.investing.com), accessed on July 3, 2024).

8.1.2 Inflation Rates

Table 8-2 - Inflation Rate Assumptions

Annual Average for	FY24	FY25E	FY26E onwards*
US**	3.50%	2.50%	2.00%
Euro Area [EUHICP]**	4.76%	3.20%	2.00%
Bangladesh**	9.69%	9.00%	6.00%
Sri Lanka**	8.85%	5.50%	6.00%
India	5.37%	4.50%	4.50%
Nepal	6.51%	6.00%	5.50%

* Assumed to be the long-run rates going forward, based on long-term historical averages (10-15 years based on data availability) and supported by medium-term inflation rates estimated for the above geographies by the IMF in July 2024³³

** Inflation has been gradually tapered down over time³³ from the highs witnessed in FY24 Annual averages for FY24 were computed considering monthly inflation figures sourced on July 2, 2024, via, CBSL (Sri Lanka), European Commission (EU), tradingeconomics.com (USA, Bangladesh and Nepal) and rateinflation.com (India).

The inflation rates depicted above were used to drive the inflation-indexed revenue and cost streams as well as key inflation-driven operating expenses such as salaries and general administration expenses.

8.1.3 Interest rates

Table 8-3 - Interest Rate Assumptions

Annual Average for	FY24	FY25E	FY26E	FY27E	FY28E onwards*
AWPLR ^{34**}	15.52%	10.00%	12.00%	12.00%	12.00%
SOFR ^{35***}	5.21%	5.10%	4.50%	3.75%	3.50%

* Long-term historical average was assumed

** AWPLR, based on the current trend in market interest rates is expected to reside at c. 10% on average in FY25. However, from FY26 onwards it is expected to settle at 12%. The average AWPLR for FY12-14 and FY17-FY20 periods is c. 11.5%. . These were periods with relative macroeconomic stability without noteworthy shocks on the credit cycle. AWPLR as at July 26, 2024 was 8.8%.

*** A long-term view on the SOFR was assumed and the SOFR is expected to taper down and normalize at 3.50% from FY28 onwards based on the forward rates published by Pensford on June 18, 2024

The interest rates forecasted as per the table above were utilized when calculating the finance cost of local and foreign denominated loans and borrowings.

³³ Source: IMF (accessed via https://www.imf.org/external/datamapper/PCPIPCH@WEO/OEMDC/ADVEC/WEO_WORLD on July 3, 2024)

³⁴ Source: CBSL (Accessed via https://www.cbsl.lk/eResearch/Modules/RD/SearchPages/CMB_LendingAndDeposit.aspx on July 27, 2024)

³⁵ Source: Pensford.com (Accessed via <https://www.pensford.com/resources/forward-curve> on 14th June 2024)

8.1.4 Cost of Equity

The cost of equity to be applied for the companies forming the LTLH Group which have been valued based on the Free Cash Flow to Equity (FCFE) approach has been determined as per a build-up approach.

In the build-up approach, we have considered both a long-term Risk-free Rate (which reflects the minimum rate of return expected by an investor, normally the treasury bond rate of the locality in operations) and a Risk Premium (which captures equity risk and other company-specific risks) to arrive at the overall Cost of Equity. In the case of subsidiaries operating outside Sri Lanka (in this case, Bangladesh, India and Nepal), an additional premium (Country Risk Premium) has been considered to factor in the relative risk of LTLH operating in foreign markets in comparison to an entity whose shareholders are domiciled in that respective geography.

Cost of Equity - Sri Lanka	FY25E onwards
Risk-free Rate	12.00%*
Risk Premium	6.00%**
Cost of Equity	18.00%

*based on the 14-year of the secondary market yield of 5-year Treasury Bonds (from FY11 to FY24)³⁶

**A risk premium of 6% was deemed to adequately capture the inherent risks of a privately-owned company (company specific risk premium and the equity risk premium) operating in the power sector by the Joint Managers to the Issue. This risk premium was applied to all geographies of operation.

Cost of Equity - Bangladesh	FY25E	FY26E to FY28E	FY29E onwards
Risk-free Rate*	12.79%	9.84%	6.90%**
Risk Premium	6.00%	6.00%	6.00%
Country Risk Premium***	3.00%	3.00%	3.00%
Cost of Equity	21.79%	18.84%	15.90%

*12.79% - based on the 5-year Treasury Bond yield prevalent as of June 13, 2024³⁷. Risk-free rate has been tapered down to reach the long-term average assuming the gradual normalization of the macroeconomic environment in Bangladesh

**based on the long-term secondary market yield of 5-year Treasury Bonds

***Risk premium to capture the risks borne by an investor domiciled outside of Bangladesh.

Cost of Equity - Nepal	FY25E onwards
Risk-free Rate*	7.70%
Risk Premium	6.00%
Country Risk Premium**	3.00%
Cost of Equity	16.70%

*Since Nepal does not have a matured secondary bond market³⁸, the 365 day Treasury Bill rate was adjusted with a maturity premium.

**Risk premium to capture the risks borne by an investor domiciled outside of Nepal

36 Source: CBSL (accessed via <https://www.cbsl.lk/eResearch/Modules/RD/SearchPages/SelectItems.aspx?R=sERk7Xuvy5c=>, on January 3, 2024)

37 Source: investing.com (accessed via <https://www.investing.com/rates-bonds/bangladesh-5-year-historical-data> on June 13, 2024)

38 Source: PwC India (accessed via <https://www.pwc.in/assets/pdfs/consulting/financial-services/a-roadmap-for-strengthening-nepals-bond-market.pdf>)

Cost of Equity - India	FY25E onwards
Risk-free Rate	7.00%*
Risk Premium	6.00%
Country Risk Premium**	2.50%
Cost of Equity	15.50%

*based on the yield of 5-year Treasury Bonds as of June 15, 2024³⁹

**Risk premium to capture the risks borne by an investor domiciled outside of India

8.2 COMPANY-WISE FINANCIAL FORECASTS

8.2.1 LTL Holdings Limited

LTLH operates as a holding company with income primarily earned through dividends from its subsidiaries, however given that this valuation is considered on a SOTP basis these dividends have not been considered as income at LTLH company-level for valuation purposes.

LTLH generates revenue through lease income from the land and premises leased out to its subsidiaries, LTLT, LTLG and PDPL and reimbursement of common administration expenses incurred on behalf of LAK, LTLT and LTLG. The proportion of common administration expenses borne by each subsidiary depends on the scale of operations of each company and the level of time and resources of the holding company utilized towards each subsidiary, as stipulated in an agreement entered into by LTLH and the respective subsidiary companies.

Revenue (LKR Mn)	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E
Common Administration Expenses Reimbursement	119	137	226	240	254	269	285
Lease Rentals	57	64	70	73	77	81	85
Other Revenues	19	31	9	8	9	9	9
Total Revenue	195	232	305	322	340	359	380

Cost of Sales consists primarily of the common administration expense incurred by LTLH on behalf of LAK, LTLT and LTLG. Operating Expenses includes staff salaries and office related expenses borne by LTLH. These were forecasted to grow on a YoY basis based on either inflation or management expectations. A 30% tax rate on taxable income was assumed from FY25 onwards.

Summarised Statements of Profit and Loss

in LKR Mn*	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E
Revenue	195	232	305	322	340	359	380
Gross Profit	52	64	79	82	86	90	94
Operating Profit	(26)	(99)	(12)	19	19	19	20
Net Finance Cost	(82)	(18)	21	38	35	36	38
Profit Before Tax	(108)	(117)	10	57	54	56	58
Profit	(54)	(404)	(4)	40	38	39	40

*Excluding Other Income and Gains and (Charge)/Reversal of Impairment

³⁹ Source: WorldGovernmentBonds (accessed via - <https://www.worldgovernmentbonds.com/bond-historical-data/india/5-years/>, on June 17, 2024)

Unlike the other companies in the LTLH Group, a forecast Balance Sheet has not been prepared for LTLH, given the basis of forecasting for valuation purposes as mentioned above. Thus, selected items consistent with the methodology have been forecasted: loan settlement as per the existing loan repayment schedules, gratuity calculation in line with accounting standards and settlement of related party receivables and payables in line with management guidance.

Free Cash Flows to Equity of LTLH are as follows:

Free Cash Flows (LKR Mn)	FY25E	FY26E	FY27E	FY28E	FY29E
Increase/(Decrease) in Net Cash Flow*	(198)	28	27	29	30
Less: Interest Income (after tax)	(32)	(27)	(24)	(25)	(26)
Terminal value	-	-	-	-	26
Free Cash Flow to Equity	(230)	2	3	4	30

*incorporates the effects of Profit After Tax, Non-Cash items, Net Debt Repayments and Other Balance Sheet Adjustments

A terminal growth rate of 2% was assumed given the nature of LTLH's operations as a holding company.

The PV of FCFE of LTLH was arrived at after discounting the applicable cash flows of the company at the Sri Lankan cost of equity.

in LKR Mn	
Present Value of FCFE of LTLH as at March 31, 2024	(177)
Surplus Financial Assets* as at March 31, 2024	1,071
Excess Cash as at March 31, 2024	137
Equity Value of LTLH as at March 31, 2024	1,031

*includes investments in REPOs and foreign currency fixed deposits

8.2.2 Manufacturing and Heavy Engineering Companies

8.2.2.1 Overview

The Manufacturing and Heavy Engineering segment of LTLH consists of three key entities: LTL Transformers (Private) Limited (LTLT), LTL Galvanizers (Private) Limited (LTLG) and Asiatic Electrical & Switchgear (Private) Limited (ASIATIC). Operations of LTLT and LTLG are based out of Sri Lanka while ASIATIC is based out of India.

- LTLT is the only local manufacturer of power distribution transformers in Sri Lanka⁴⁰. It caters to the transformer requirements of the Ceylon Electricity Board (CEB), Lanka Electricity Company Limited (LECO), local private clients and exports to over 25 countries⁴⁰.
- LTLG began operations in 1991, as an extension of the transformer manufacturing operations of LTLH. LTLG operates a hot dip galvanizing facility in Sri Lanka⁴¹ and also carries out the fabrication of steel structures. Steel galvanizing and fabrication services are provided by LTLG to the CEB, other Group companies and private customers in the telecom, shipping, construction and other industrial sectors.

⁴⁰ LTL Transformers (Private) Limited Company Profile, accessed through <https://www.ltl.lk/wp-content/uploads/2021/12/LTLT-Brochure-2019.pdf>

⁴¹ LTL Galvanizers (Private) Limited Company Profile, accessed through <https://www.galvanize.lk/images/pdf/brochuer.pdf>

- ASIATIC, a reputed power distribution accessory manufacturer in India, was acquired by the LTLH Group in 2016, consolidating the LTLH Group's synergies in the "last mile" of the electrical distribution business. ASIATIC produces low and medium voltage switchgear products for power utilities for the Indian and overseas markets. It has a strong export footprint across the Middle East, UK, Africa and Sri Lanka. Sales are generated by securing tenders from power utilities. Furthermore, recently, LTLH, through ASIATIC secured two solar power projects amounting to a capacity of 8MW in India. These have been incorporated as SPV entities under ASIATIC. Returns from these powerplants have not been factored in our valuation exercise since these are yet to be commissioned, thereby providing further upside to investors.

As a measure of maintaining consistency across the manufacturing and heavy engineering businesses of LTLH, a common methodology has been adopted when forecasting items with similar characteristics. Administrative expenses which includes common overheads and office related expenses among others were grown in line with inflation and as per management guidance. A similar approach was taken for salary expenses. Selling and distribution expenses were forecasted on a percentage of sales basis. A 30% effective tax rate has been assumed going onwards for LTLT and LTLG.

8.2.2.2 LTL Transformers (Private) Limited

LTLT's revenues are segregated into three main categories: local transformer sales, export of transformers and other sales (which include sale of insulating oils and repair and maintenance services). Local sales are predominantly to the CEB and also includes sales to LECO and other private parties.

Revenue (LKR Mn)	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E
Local Transformer Sales	4,541	5,817	6,883	6,275	6,754	7,270	7,827
Export of Transformers	-	121	1,315*	2,082	2,760	3,513	4,473
Oil and Other Sales	193	256	220	242	254	266	280
Net Revenue**	4,734	6,194	8,418	8,598	9,768	11,050	12,579

*Exports orders are secured through tenders. There were limited tenders for LTLT to bid for in FY23 and FY24 due to the global macroeconomic environment. FY25 forecast is based on awarded tenders for export sales.

**Net of Social Security Contribution Levy

The gross profit margins for FY25 were primarily based on company budgets which in turn were derived from the historical average and immediate expectations on raw material price movement. It was assumed that these margins would normalize from FY26 onwards, based on management expectations.

Summarised Statement of Profit and Loss

in LKR Mn	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E
Revenue	4,797*	6,194	8,418	8,598	9,768	11,050	12,579
Gross Profit	1,692	1,625	2,271	1,928	2,262	2,602	3,009
Operating Profit	1,130	1,274	1,689	1,353	1,632	1,910	2,244
Other Income and Net Finance Income/(Cost)	(324)	(208)	(104)	(66)	(43)	(27)	(13)
Profit Before Tax	806	1,066	1,585	1,287	1,589	1,882	2,230
Profit After Tax	611	837	1,062	852	1,078	1,287	1,535
GP Margin	35%	26%	27%	22%	23%	24%	24%
OP Margin	24%	21%	20%	16%	17%	17%	18%
NP Margin	13%	14%	13%	10%	11%	12%	12%

*Includes Social Security Contribution Levy

Inventory days was inflated in FY24 primarily due to the accumulation of raw materials purchased to cater contracted orders. Inventory days is assumed to normalize from FY25 onwards, however relatively high levels are maintained throughout for factors such as supplier lead times, imports in bulk and contract-based sales of LTLT. Receivables days resulting from related party sales improved in FY24 upon accelerated payments by the CEB. All working capital movements in general are expected to normalize from FY25 onwards as per the figures in the table provided below.

Working Capital Assumptions	FY23	FY24	FY25E onwards
Inventory Days	156	183	155
Trade Receivable Days - Related Parties*	243	58	60
Trade Receivable Days - Others	60	48	45
Trade Payable Days	21	46	30

*Majorly arising from transformer sales to the CEB

A total capital expenditure of LKR 310 Mn is assumed to be incurred by LTLT across FY25 – FY29. A majority of it is expected to be incurred in FY25 with the balance split across the remaining financial years.

Summarised Statements of Financial Position

In LKR Mn	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E
Total Assets	4,303	4,008	4,389	4,772	5,367	6,099	6,971
Total Equity	1,953	2,282	3,045	3,705	4,274	4,914	5,677
Total Liabilities	2,350	1,725	1,344	1,067	1,093	1,185	1,294

Free Cash Flows to Equity of LTLT are as follows:

Free Cash Flows (LKR Mn)	FY25E	FY26E	FY27E	FY28E	FY29E
Cash from operating activities	593	889	776	919	1,048
Cash from investing activities	(114)	(50)	(39)	(27)	(11)
Cash from financing activities*	(95)	(109)	(79)	(26)	(30)
Net increase/(decrease) in Cash	384	730	658	867	1,007
Less: Interest Income net of taxes	(1)	(5)	(13)	(22)	(33)
Terminal value	-	-	-	-	7,230
Free Cash Flow to Equity	383	725	645	844	8,203

*Excluding dividends

A terminal growth rate of 4% was assumed for LTLT, on account of LTLT's strong position in the transformer space in Sri Lanka and growing export presence

The PV of FCFE of LTLT was arrived at after discounting the applicable cash flows at the Sri Lankan cost of equity.

	LKR Mn
Present Value of FCFE of LTLT as at March 31, 2024	5,258
Surplus Financial Assets as at March 31, 2024	2
Surplus Cash as at March 31, 2024*	(432)
Equity Value of LTLT as at March 31, 2024	4,829

*Net of Overdraft

8.2.2.3 LTL Galvanizers (Private) Limited

LTLG's revenues are generated from three key sources: Galvanizing Operations, Fabrication Operations and the Hire of Solar Power. Steel galvanizing and fabrication services are provided by LTLG to the CEB, other Group companies and private customers in the telecom, shipping, construction and other industrial sectors. Income from the hire of solar power is the revenue generated from solar panels installed on the factory roof of LTLG.

Revenue (LKR Mn)	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E
Galvanizing Operations	1,378	1,901	2,401	2,532	2,771	3,037	3,336
Fabrication Operations	282	664	515	632	758	910	1,092
Hire of Solar Power	8	9	15	15	15	15	15
Total Revenue	1,668	2,574	2,931	3,178	3,544	3,962	4,443

GP margins for FY25 were primarily based on company budgets which in turn were derived from the historical average and immediate expectations on raw material price movement. These margins were expected to normalize from FY26 onwards, based on management expectations.

Summarised Statement of Profit and Loss

in LKR Mn	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E
Revenue	1,668	2,574	2,931	3,178	3,544	3,962	4,443
Gross Profit	498	1,108	1,104	968	1,081	1,221	1,382
Operating Profit	436	916	806	666	752	861	989
Net Finance Income/(Cost)	94	126	87	61	79	99	130
Profit Before Tax	531	1,042	893	728	831	961	1,119
Profit After Tax	391	738	619	503	576	669	781
<i>GP Margin</i>	<i>30%</i>	<i>43%</i>	<i>38%</i>	<i>30%</i>	<i>31%</i>	<i>31%</i>	<i>31%</i>
<i>OP Margin</i>	<i>26%</i>	<i>36%</i>	<i>27%</i>	<i>21%</i>	<i>21%</i>	<i>22%</i>	<i>22%</i>
<i>NP Margin</i>	<i>23%</i>	<i>29%</i>	<i>21%</i>	<i>16%</i>	<i>16%</i>	<i>17%</i>	<i>18%</i>

Working capital days from FY25 onwards are expected to normalize based on the historical averages and the nature of business operations of LTLG.

Working Capital Assumptions	FY23	FY24	FY25E onwards
Inventory Days	149	111	88
Trade Receivable Days	64	46	60
Trade Payable Days	33	4	30

A total capital expenditure of LKR 566 Mn is assumed to be incurred by LTLG across FY25 - FY29. A majority of it is expected to be incurred in FY25 with the balance split across the remaining financial years. 50% of the funding requirement associated with the capital expenditure for FY25 is assumed to be debt financed.

Summarised Statements of Financial Position

In LKR Mn	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E
Total Assets	1,868	2,284	2,781	2,697	2,902	3,346	3,742
Total Equity	1,476	1,809	1,927	1,931	2,107	2,376	2,757
Total Liabilities	393	475	854	767	795	970	985

Free Cash Flows to Equity of LTLG are as follows:

Free Cash Flows (LKR Mn)	FY25E	FY26E	FY27E	FY28E	FY29E
Cash from operating activities	610	400	547	567	653
Cash from investing activities	(411)	2	47	57	107
Cash from financing activities*	221	(45)	(45)	(45)	(45)
Net increase/(decrease) in Cash	421	357	550	579	715
Less: Interest Income net of taxes	(69)	(61)	(70)	(80)	(97)
Terminal value	-	-	-	-	4,238
Free Cash Flow to Equity	351	296	480	499	4,855

*Excluding dividends

A terminal growth rate of 3% was assumed for LTLG considering the growth prospects of LTLG and the expected long term economic growth rate of Sri Lanka.

The PV of FCFE of LTLG was arrived at after discounting the applicable cash flows at the Sri Lankan cost of equity.

	LKR Mn
Present Value of FCFE of LTLG as at March 31, 2024	3,182
Surplus Financial Assets as at March 31, 2024	1,271
Excess Cash as at March 31, 2024	36
Equity Value of LTLG as at March 31, 2024	4,488

8.2.2.4 Asiatic Electrical & Switchgear (Private) Limited

ASIATIC's revenue is accrued from the Sale of Products and Rendering of Services/Contract Revenue in relation to the same.

Revenue (INR Mn)	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E
Low Voltage Products	130	329	413	463	518	580	650
Medium Voltage Panel Boards	570	632	1,011	1,132	1,268	1,420	1,590
Other	325	265	251	281	315	352	395
Total Revenue	1,025	1,226	1,674	1,875	2,100	2,352	2,635

Total revenue for FY25 was based on company budgets. A YoY growth rate of 12% was assumed for the remainder of the forecast period for each product category.

Gross profit margins are expected to remain stable from FY25 onwards.

The effective Tax Rate considered for the forecast period is after accounting for allowable and disallowable items is 25.2%.

Summarised Statement of Profit and Loss

in INR Mn	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E
Total Income*	1,044	1,261	1,703	1,910	2,140	2,398	2,687
Operating Profit	83	106	133	169	199	237	283
Finance Cost	(16)	(15)	(14)	(19)	(21)	(23)	(25)
Profit Before Tax	67	91	118	150	178	214	258
Profit After Tax	50	69	88	112	133	160	193
OP Margin	8%	8%	8%	9%	9%	10%	11%
NP Margin	5%	5%	5%	6%	6%	7%	7%

*Including Finance Income

Working capital cycles are expected to normalize from FY25 onwards.

Working Capital Assumptions	FY23	FY24	FY25E Onwards
Inventory days	76	101	80
Trade Receivables days	101	74	85
Trade Payables days	116	112	110

Capital expenditure amounting to INR 25 Mn has been considered from FY25 to FY29.

Summarised Statements of Financial Position

In INR Mn	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E
Total Assets	766	927	1,111	1,258	1,426	1,593	1,787
Total Equity	274	340	429	503	588	662	752
Total Liabilities	492	587	682	756	838	931	1,035

Free Cash Flows to Equity of ASIATIC are as follows:

Free Cash Flows (INR Mn)	FY25E	FY26E	FY27E	FY28E	FY29E
Cash from operating activities	53	115	136	159	189
Cash from investing activities	(23)	(22)	(20)	(18)	(16)
Cash from financing activities*	(10)	(3)	(4)	(5)	(5)
Net increase/(decrease) in Cash	20	90	112	136	169
Less: Interest Income net of taxes	(2)	(3)	(4)	(6)	(8)
Terminal value	-	-	-	-	1,453
Free Cash Flow to Equity	18	87	108	130	1,614

*Excluding dividends

A terminal growth rate of 4% was assumed for ASIATIC, on account of growth potential in both India and its key export markets.

The PV of FCFE of ASIATIC was arrived at after discounting the applicable cash flows at the Indian cost of equity.

In INR Mn (unless specified otherwise)	
Present Value of FCFE of ASIATIC as at March 31,2024	1,008
Excess Cash and Financial Assets as at March 31,2024*	(11)
Equity Value of ASIATIC as at March 31,2024	998
Exchange Rate (LKR per INR as at March 31,2024)	3.61
Equity Value of ASIATIC as at March 31, 2024 (in LKR Mn)	3,606

*Net of overdrafts

8.2.3 Renewable Power Plants

8.2.3.1 Overview

LTLH currently operates 4 renewable power plants with installed capacity of 26MW, comprising of 3 hydro power plants in Sri Lanka and Nepal, and 1 wind power plant in Sri Lanka.

- Nividhu (Private) Limited (NIVIDHU) operates the 2.2 MW hydro plant located in Belihuloya, Sri Lanka. The plant was commissioned in April 2002, and the term of the current SPPA is effective until December 31, 2038. Therefore, the financial performance of NIVIDHU was forecasted up to the expiry of the SPPA for the purpose of the valuation.
- Nividhu Asupiniella (Private) Limited (NAE) is a fully owned subsidiary of NIVIDHU. NAE operates a 4.0 MW hydro power plant in Aranayake, in the Kegalle district of Sri Lanka. The plant was commissioned in October 2005, and the term of the current SPPA is effective until October 2025, with the opportunity of further extending the term until October 2040 as per the current policy of the CEB. Therefore, the financial performance of the NAE has been forecasted for the same period for the purpose of valuation.
- Pawan Danavi (Private) Limited (PDPL) operates a 10MW wind farm in Kalpitiya, in the Puttalam District in the North-Western Province of Sri Lanka. The wind farm was commissioned in March 2013 and operates under a SPPA with the CEB that spans for a period of 20 years ending in February 2033. Therefore, the financial performance of PDPL has been forecasted upto the expiry of the SPPA for the purpose of valuation.
- Makari Gad Hydro Power (Private) Limited (MAKARI) operates a 10MW hydro power plant in the Darchula District in Nepal. MAKARI was commissioned in March 2023 and has an PPA for 30 years running through February 2053. Therefore, the financial performance of MAKARI has been forecasted upto the expiry of the PPA for the purpose of valuation.

Revenue for the forecast period is based on the tariff rates stipulated in the power purchase agreement signed between the respective power plant and the applicable energy off-taker (CEB for Sri Lankan Plants and Nepal Electricity Authority for MAKARI).

Delayed payment interest was paid to the Sri Lankan renewable power plants by the CEB in lieu of the extended payment delays in 2022 and 2023. This is a one off and is not expected to continue going forward.

Majority of the cost of sales is attributable to O&M costs payable to INFRA for Sri Lankan renewable power plants. All other direct costs were assumed to increase on a YoY basis in line with inflation and management assumptions as appropriate. O&M Cost estimates were provided by management for FY25 and have been assumed to escalate in line with O&M agreements between the respective O&M provider and power plants. All power plants are assumed to be fully depreciated over the term of the PPA. Plant depreciation was calculated in line with the company policy.

Administration expenses have been assumed to increase on a YoY basis at either the rate of inflation or the long term expected growth rate in line with management expectations. It is assumed that the profits would be subject to taxes at an income tax rate of 30% for Sri Lankan plants.

8.2.3.2 Nividhu (Private) Limited

It is envisaged that the plant will generate electricity based on the annual average plant factors given in the table below, which were determined based on the average historical plant factors.

Plant Factor and Generation	FY23	FY24	FY25E	FY26E- FY38E	FY39E
Effective Annual Plant Factor (%)	48.9%	50.4%	44.4%	45.8%	38.2%*
Units Generated (MWh)	9,431	9,712	8,564	8,819	7,355

*FY39 covers only a 9-month period ending December 31, 2038

Summarised Statement of Profit and Loss

in LKR Mn	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E
Revenue	129	105	85	89	92	95	97	100	103
Gross Profit	162*	58	36	36	36	35	35	34	33
Operating Profit**	155	160	56	33	32	32	31	30	29
Net Finance Income/ (Cost) and other associated costs	(33)	24	8	8	6	4	4	4	4
Profit Before Tax	122	184	64	41	38	36	35	34	33
Profit After Tax	109	142	43	27	24	23	22	22	21
GP Margin	126%	55%	42%	41%	39%	37%	36%	34%	32%
OP Margin	121%	152%	66%	37%	35%	34%	32%	30%	28%
NP Margin	85%	135%	51%	30%	26%	24%	23%	22%	20%

in LKR Mn	FY32E	FY33E	FY34E	FY35E	FY36E	FY37E	FY38E	FY39E
Revenue	106	109	113	116	119	123	127	108
Gross Profit	32	31	30	30	30	29	27	28
Operating Profit*	27	26	25	25	24	23	21	22
Net Finance Income/ (Cost) and other associated costs	7	7	5	3	3	5	8	5
Profit Before Tax	34	34	30	27	27	29	29	26
Profit After Tax	21	21	19	17	17	18	19	17
GP Margin	30%	28%	27%	26%	25%	24%	22%	26%
OP Margin	26%	24%	22%	21%	20%	19%	17%	20%
NP Margin	20%	19%	17%	14%	14%	15%	15%	16%

* With the extension of the tenure of the SPPA, an adjustment to the useful life of the plant considered for the calculation of annual depreciation was carried out in FY23, which resulted in an increase in the Gross Profits for the year.

**Dividend income from NIVIDHU's subsidiary Nividhu Assupiniella (Private) Limited, which has been historically a component of Operating Profit of NIVIDHU, has not been factored going forward under the Operating Profit of NIVIDHU given the FCFE valuation basis. This is considered directly at Nividhu Assupiniella, hence, higher operating profits are reflected historically in comparison to the forecast period.

Working capital cycles are expected to normalize by FY25 in line with the progress made in the settlement of invoices by the CEB during FY24. All receivables, payables and advances & prepayments are assumed to be fully recovered/ settled at the end of the SPPA extension period in FY39.

Working Capital Assumptions	FY23	FY24	FY25E Onwards
Receivables days	456	112	60
Payables days - INFRA*	31	62	60
Payables days - Other	35	20	90

*Linked to O&M payments to INFRA

NIVIDHU has no outstanding borrowings and the same has been assumed going forward.

An aggregate capital expenditure of c. LKR 45 Mn is considered across the remainder of the SPPA period in line with the view of the management.

Summarised Statement of Financial Position

(LKR Mn)	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E
Total Assets	462	397	354	332	307	281	305	278	300
Total Equity	423	344	325	301	276	248	270	242	263
Total Liabilities	40	54	29	30	32	33	34	36	37

(LKR Mn)	FY32E	FY33E	FY34E	FY35E	FY36E	FY37E	FY38E	FY39E
Total Assets	323	295	265	234	252	272	293	166
Total Equity	284	255	223	190	207	225	244	166
Total Liabilities	39	40	42	44	45	47	49	-

Free Cash Flows to Equity of NIVIDHU are as follows;

Free Cash Flows (LKR Mn)	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E	FY32E
Cash from operating activities	8	26	26	27	26	26	25	24
Cash from investing activities	17	(3)	6	4	(2)	5	(5)	7
Cash from financing activities*	-	-	-	-	-	-	-	-
Net increase/(decrease) in Cash	26	23	32	31	24	30	20	31
Less: Interest Income (after Tax)	(6)	(6)	(4)	(3)	(3)	(3)	(3)	(5)
Free Cash Flow to Equity	19	17	28	28	21	27	17	26

Free Cash Flows (LKR Mn)	FY33E	FY34E	FY35E	FY36E	FY37E	FY38E	FY39E
Cash from operating activities	23	23	22	21	19	17	(10)
Cash from investing activities	8	6	4	4	6	9	5
Cash from financing activities*	-	-	-	-	-	-	-
Net increase/(decrease) in Cash	31	28	26	25	26	26	(5)
Less: Interest Income (after Tax)	(6)	(4)	(2)	(2)	(4)	(6)	(3)
Free Cash Flow to Equity	25	24	23	22	21	20	(9)

*Excluding dividends

The PV of FCFE of NIVIDHU was arrived at after discounting the applicable cash flows at the Sri Lankan cost of equity.

	LKR Mn
Present Value of FCFE as at March 31, 2024	112
Surplus Assets available as at March 31, 2024	133
Equity Value of NIVIDHU as at March 31, 2024	245

8.2.3.3 Nividhu Assupiniella (Private) Limited

The plant is expected to generate electricity based on the annual average plant factors given in the table below.

Plant Factor and Generation	FY23	FY24	FY25E	F26E - FY40E	FY41E
Effective Annual Plant Factor %	45.4%	46.9%	39.4%	41.4%	28.0%*
Units Generated (MWh)	15,917	16,418	13,811	14,490	9,813

* FY41 covers a 7-month period ending October 31, 2040

Summarised Statement of Profit and Loss

In LKR Mn	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E
Revenue	163	143	114	122	126	130	134	138	142
Gross Profit	104	68	54	58	56	56	56	56	54
Operating Profit	101	65	85	55	52	52	52	52	49
Net Finance Income/ (Cost) and other associated costs	(36)	34	7	5	5	9	12	12	10
Profit Before Tax	66	99	92	59	57	62	64	63	59
Profit After Tax	47	71	63	40	37	40	42	41	38
GP Margin	64%	48%	48%	48%	45%	43%	42%	41%	38%
OP Margin	62%	45%	75%	45%	42%	40%	39%	37%	35%
NP Margin	29%	50%	55%	32%	29%	31%	31%	30%	27%

in LKR Mn	FY32E	FY33E	FY34E	FY35E	FY36E	FY37E	FY38E	FY39E	FY40E	FY41E
Revenue	146	150	155	159	164	169	174	179	185	128
Gross Profit	52	52	55	56	53	52	51	51	51	44
Operating Profit	47	47	50	50	47	45	44	44	43	36
Net Finance Income/ (Cost) and other associated costs	9	8	8	9	12	14	14	14	16	9
Profit Before Tax	55	55	58	58	59	60	58	57	59	45
Profit After Tax	35	35	38	39	38	39	38	38	40	30
GP Margin	36%	35%	36%	35%	32%	31%	29%	28%	28%	34%
OP Margin	32%	31%	32%	31%	28%	27%	25%	24%	23%	28%
NP Margin	24%	23%	24%	24%	23%	23%	22%	21%	21%	24%

Working capital cycles are expected to normalize by FY25 in line with the progress made in settling invoices by the CEB during FY24. All receivables, payables and advances & prepayments are assumed to be fully recovered/ settled at the end of the SPPA's extended period in FY41.

Working Capital Assumptions	FY 23	FY 24	FY25E Onwards
Receivables (CEB) days	362	100	60
Receivables (Other) days	29	2	10
Payables days - INFRA*	31	62	60

*Linked to O&M payments to INFRA

NAE has no outstanding borrowings and the same has been assumed going forward.

An aggregate capital expenditure of c. LKR 114 Mn is considered across the remainder of the SPPA period as per the view of the management.

Summarised Statement of Financial Position

in LKR Mn	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E
Total Assets	305	229	170	160	198	239	231	223	212
Total Equity	276	184	146	136	173	213	205	196	184
Total Liabilities	30	45	24	25	25	26	26	27	28

in LKR Mn	FY32E	FY33E	FY34E	FY35E	FY36E	FY37E	FY38E	FY39E	FY40E	FY41E
Total Assets	197	183	172	211	250	240	229	218	259	10
Total Equity	169	154	141	180	218	207	195	183	223	10
Total Liabilities	29	29	30	31	32	33	34	35	36	-

Free Cash Flows to Equity of NAE are as follows

Free Cash Flows (LKR Mn)	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E	FY32E
Cash from operating activities	58	40	41	40	39	38	39	39
Cash from investing activities	(8)	(36)	5	10	10	12	(19)	9
Cash from financing activities*	-	-	-	-	-	-	-	-
Net increase/(decrease) in Cash	50	4	46	49	49	51	19	48
Less: Interest Income (after Tax)	(6)	(4)	(4)	(7)	(9)	(9)	(8)	(6)
Free Cash Flow to Equity	45	0	42	43	40	42	12	41

Free Cash Flows (LKR Mn)	FY33E	FY34E	FY35E	FY36E	FY37E	FY38E	FY39E	FY40E	FY41E
Cash from operating activities	38	38	37	35	33	32	31	28	45
Cash from investing activities	9	9	(15)	13	15	15	15	17	9
Cash from financing activities*	-	-	-	-	-	-	-	-	-
Net increase/(decrease) in Cash	47	47	21	48	48	47	45	45	54
Less: Interest Income (after Tax)	(6)	(6)	(7)	(9)	(11)	(11)	(10)	(12)	(7)
Free Cash Flow to Equity	41	40	15	39	38	36	35	33	48

*Excluding dividends

The PV of FCFE of NAE was arrived at after discounting the applicable cash flows at the Sri Lankan cost of equity.

	LKR Mn
Present Value of FCFE as at March 31, 2024	174
Surplus Assets and Excess Cash available as at March 31, 2024	125
Equity Value of NAE as at March 31, 2024	299

8.2.3.4 Pawan Danavi (Private) Limited

The plant is expected to generate electricity based on the annual average plant factors given in the table below.

Plant Factor and Generation	FY23	FY24	FY25E	F26E - FY32E	FY33E
Effective Annual Plant Factor %	25.0%	25.8%	26.8%	28.5%	27.9%*
Units Generated (MWh)	21,423	22,120	23,045	24,493	23,911

* FY33 covers a 11-month period ending February 28, 2033

Plant O&M expenses comprise of a Euro denominated spare parts component and an LKR denominated service fee component. Other major costs include plant depreciation and forecast expenses to be incurred on repair & maintenance of the power plant over the remaining SPPA term.

Finance costs during the forecast period include interest to be paid on outstanding project financing loans facilities obtained by PDPL which will be fully settled by FY25.

Summarised Statement of Profit and Loss

in LKR Mn	FY23	FY24	FY25E	FY26E	FY27E	FY28E
Revenue	335	340	318	357	381	406
Gross Profit	67	69	70	107	126	143
Operating Profit	50	45	158*	87	105	121
Net Finance Income/ (Cost) and other associated costs	(134)	8	(2)	4	12	21
Profit Before Tax	(83)	53	156	91	117	143
Profit After Tax	(103)*	21	68	23	41	59
GP Margin	20%	20%	22%	30%	33%	35%
OP Margin	15%	13%	50%	24%	28%	30%
NP Margin	-31%	6%	21%	6%	11%	15%

in LKR Mn	FY29E	FY30E	FY31E	FY32E	FY33E
Revenue	406	321	332	347	353
Gross Profit	135	45	47	52	76
Operating Profit	112	20	21	25	49
Net Finance Income/ (Cost) and other associated costs	31	40	47	54	27
Profit Before Tax	143	61	69	79	76
Profit After Tax	60	2	7	14	17
GP Margin	33%	14%	14%	15%	22%
OP Margin	28%	6%	6%	7%	14%
NP Margin	15%	1%	2%	4%	5%

*The delay payment interest for FY23 which was impaired, but was subsequently recovered in FY24 is reflected.

Working capital cycles are expected to normalize by FY25 in line with the progress made in the settlement of invoices by the CEB during FY24. All receivables, advances & prepayments and payables are assumed to be fully recovered/ settled at the end of the SPPA period in FY33.

Working Capital Assumptions	FY 23	FY 24	FY 25E	FY26E Onwards
Receivables days	309	133	60	60
Payables days - INFRA*	461	107	60	60
Payables days	60	5	20	25

*Linked to O&M payments to INFRA

No Capital expenditure additions are anticipated throughout the SPPA period by the management; hence none were incorporated into the forecast since future expenses are captured under the repair & maintenance costs considered in the income statement.

SUMMARISED STATEMENT OF FINANCIAL POSITION

In LKR Mn	FY23	FY24	FY25E	FY26E	FY27E	FY28
Total Assets	1,708	1,406	1,204	1,182	1,178	1,189
Total Equity	1,084	1,105	1,173	1,147	1,138	1,147
Total Liabilities	624	301	30	35	40	42

In LKR Mn	FY29	FY30	FY31	FY32	FY33
Total Assets	1,200	1,154	1,114	1,081	47
Total Equity	1,156	1,108	1,066	1,030	25
Total Liabilities	44	46	48	51	22

Free Cash Flows to Equity of PDPL are as follows

Free Cash Flows (LKR Mn)	FY25E	FY26E	FY27E	FY28E	FY29E
Cash from operating activities	267	157	178	193	197
Cash from investing activities	-	-	-	-	-
Cash from financing activities*	(113)	-	-	-	-
Net increase/(decrease) in Cash	155	157	178	193	197
Less: Interest Income (after Tax)	(1)	(4)	(10)	(16)	(23)
Free Cash Flow to Equity	154	153	168	176	174

Free Cash Flows (LKR Mn)	FY30E	FY31E	FY32E	FY33E
Cash from operating activities	154	144	150	152
Cash from investing activities	-	-	-	-
Cash from financing activities*	-	-	-	-
Net increase/(decrease) in Cash	154	144	150	152
Less: Interest Income (after Tax)	(30)	(34)	(39)	(21)
Free Cash Flow to Equity	124	109	111	131

*Excluding dividends

The PV of FCFE of PDPL was arrived at after discounting the applicable cash flows at the Sri Lankan cost of equity.

	LKR Mn
Present Value of Cash Flows as at March 31, 2024	650
Surplus Assets available as at March 31, 2024	42
Equity Value of PDPL as at March 31, 2024	692

8.2.3.5 Makari Gad Hydro Power (Private) Limited

Expected generation of power during the term of the PPA have been arrived at based on the expected monthly average plant factors provided by the management and hydrology studies carried out at the project feasibility stage.

Plant Factor and Generation	FY24*	FY25E	FY26E - FY52E	FY53E
Effective Plant Factor %	59.0%	78.8%	79.6%	74.9%**
Units Generated (MWh)	51,704	69,006	69,731	65,577

*Commercial operations commenced in March 2023

**FY53 covers a 11-month period ending February 28, 2053

Summarised Statement of Profit and Loss

in NPR Mn	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E
Revenue*	8	288	411	418	430	442	453	453
Gross Profit	2	167	281	286	298	309	319	318
Operating Profit	(8)	134	250	255	265	275	284	282
Net Finance Income/ (Cost)	(13)	(211)	(180)	(150)	(146)	(138)	(126)	(113)
Profit before Tax	(22)	(77)	70	105	119	137	158	169
Profit for the Year	(22)	(77)**	70	105	119	137	158	169
GP Margin	22%	58%	68%	68%	69%	70%	70%	70%
OP Margin	-98%***	47%	61%	61%	62%	62%	63%	62%
NP Margin	-254%***	-27%	17%	25%	28%	31%	35%	37%

in NPR Mn	FY31E	FY32E	FY33E	FY34E	FY35E	FY36E	FY37E	FY38E
Revenue*	453	453	453	453	453	453	453	453
Gross Profit	317	315	314	312	311	315	313	312
Operating Profit	279	276	273	270	267	269	265	261
Net Finance Income/ (Cost)	(98)	(81)	(64)	(46)	(26)	(12)	(10)	(5)
Profit before Tax	181	195	209	224	241	256	255	256
Profit for the Year	181	195	209	202	217	231	230	230
GP Margin	70%	70%	69%	69%	69%	69%	69%	69%
OP Margin	62%	61%	60%	60%	59%	59%	58%	58%
NP Margin	40%	43%	46%	49%	53%	56%	56%	56%

in NPR Mn	FY39E	FY40E	FY41E	FY42E	FY43E	FY44E	FY45E	FY46E
Revenue*	453	453	453	453	453	453	453	453
Gross Profit	264	263	260	258	256	254	251	249
Operating Profit	211	207	202	197	192	187	181	175
Net Finance Income/ (Cost)	1	2	2	2	2	2	2	2
Profit before Tax	212	209	205	200	195	189	184	178
Profit for the Year	170	168	164	160	156	151	147	142
GP Margin	58%	58%	57%	57%	56%	56%	55%	55%
OP Margin	47%	46%	45%	44%	42%	41%	40%	39%
NP Margin	47%	46%	45%	44%	43%	42%	41%	39%

in NPR Mn	FY47E	FY48E	FY49E	FY50E	FY51E	FY52E	FY53E
Revenue*	453	453	453	453	453	453	413
Gross Profit	246	243	240	237	233	230	233
Operating Profit	169	162	155	148	140	132	131
Net Finance Income/ (Cost)	2	2	2	2	2	2	1
Profit before Tax	171	165	158	151	143	135	132
Profit for the Year	137	132	126	120	114	108	106
GP Margin	54%	54%	53%	52%	51%	51%	56%
OP Margin	37%	36%	34%	33%	31%	29%	32%
NP Margin	38%	36%	35%	33%	32%	30%	32%

*As per the SPPA, the tariff is escalated by 3% until FY29. There onwards no such tariff escalation is applicable. No change in plant factors are also assumed from FY26 onwards. Hence, the revenue figure from FY29 onwards will be constant.

**Revenue for FY24 has been lower due to changes in monsoon rains. Additionally, the finance cost for an entire year has been considered upon commencement of the commercial operations. These factors have mainly contributed to the negative earnings for FY24.

***Based on commercial operations for only 1 month.

A Trade Receivable period of 45 days has been assumed as per the terms of the PPA. All receivables, advances & prepayments and payables are assumed to be fully recovered/ settled at the end of the PPA period in 2053. Loans considered during the forecast period include project loans obtained for the commissioning of the power plant. No additional capital expenditure is anticipated as the plant is newly constructed. Maintenance expenses are captured as a part of operational expenses. Dividends are expected to be paid depending on the level of cash accumulation and profitability.

Summarised Statement of Financial Position

in NPR Mn	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E
Total Assets	2,814	2,791	2,797	2,583	2,487	2,394	2,301	2,207
Total Equity	754	744	815	805	869	883	985	1,041
Total Liabilities	2,060	2,047	1,982	1,777	1,619	1,511	1,316	1,167

in NPR Mn	FY31E	FY32E	FY33E	FY34E	FY35E	FY36E	FY37E	FY38E
Total Assets	2,114	2,021	1,928	1,834	1,741	1,648	1,554	1,461
Total Equity	1,121	1,216	1,307	1,425	1,553	1,521	1,428	1,416
Total Liabilities	993	805	621	409	188	127	126	45

in NPR Mn	FY39E	FY40E	FY41E	FY42E	FY43E	FY44E	FY45E	FY46E
Total Assets	1,368	1,275	1,182	1,088	995	902	809	716
Total Equity	1,336	1,242	1,148	1,054	960	866	772	678
Total Liabilities	32	33	34	35	35	36	37	38

in NPR Mn	FY47E	FY48E	FY49E	FY50E	FY51E	FY52E	FY53E
Total Assets	623	530	437	344	251	158	-
Total Equity	584	490	396	302	207	113	-
Total Liabilities	39	40	41	42	43	44	-

Free Cash Flows to Equity of MAKARI are as follows

Free Cash Flows (NPR Mn)	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E	FY32E
Cash from operating activities	166	69	136	227	192	258	270	283
Cash from investing activities	-	-	-	-	-	-	-	-
Cash from financing activities*	(42)	(72)	(80)	(104)	(136)	(145)	(169)	(183)
Net increase/(decrease) in Cash	124	(3)	56	123	55	114	101	100
Less: Interest Income (after Tax)	(5)	(5)	(2)	(2)	(2)	(2)	(2)	(2)
Free Cash Flow to Equity	119	(8)	54	121	53	111	99	98

Free Cash Flows (NPR Mn)	FY33E	FY34E	FY35E	FY36E	FY37E	FY38E	FY39E	FY40E
Cash from operating activities	297	290	307	320	323	324	279	261
Cash from investing activities	-	-	-	-	-	-	-	-
Cash from financing activities*	(179)	(207)	(217)	(57)	(1)	(82)	(28)	-
Net increase/(decrease) in Cash	118	83	89	263	322	242	251	261
Less: Interest Income (after Tax)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Free Cash Flow to Equity	116	81	87	261	320	240	249	259

Free Cash Flows (NPR Mn)	FY41E	FY42E	FY43E	FY44E	FY45E	FY46E	FY47E	FY48E
Cash from operating activities	258	254	250	245	241	236	231	226
Cash from investing activities	-	-	-	-	-	-	-	-
Cash from financing activities*	-	-	-	-	-	-	-	-
Net increase/(decrease) in Cash	258	254	250	245	241	236	231	226
Less: Interest Income (after Tax)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Free Cash Flow to Equity	256	252	248	243	239	234	229	224

Free Cash Flows (NPR Mn)	FY49E	FY50E	FY51E	FY52E	FY53E
Cash from operating activities	220	215	208	202	179
Cash from investing activities	-	-	-	-	-
Cash from financing activities*	-	-	-	-	-
Net increase/(decrease) in Cash	220	215	208	202	179
Less: Interest Income (after Tax)	(2)	(2)	(2)	(2)	(1)
Free Cash Flow to Equity	218	213	206	200	178

*Excluding dividends

The PV of FCFE of MAKARI was arrived at after discounting the applicable cash flows at the Nepali cost of equity.

in NPR Mn (unless specified otherwise)	
Present Value of Cash Flows as at March 31, 2024	650
Excess Cash Available as at March 31, 2024	59
Equity Value of MAKARI as at March 31, 2024	709
NPR:LKR Exchange Rate as at March 31, 2024	2.26
Equity Value of MAKARI (LKR Mn) as at March 31, 2024	1,600

8.2.4 Engineering and O&M Service Companies

Overview

- Lakdhanavi Limited (LAK) undertakes engineering services as an EPC and O&M contractor for power plants. LAK is the EPC contractor for Sobadhanavi Limited which is expected to be fully commissioned in March 2025 and will be the O&M contractor to the power plant during the PPA term. In addition, LAK is the O&M contractor for Raj Lanka Power Company Limited (RAJ), Lakdhanavi Bangla Power Limited (LBPL) and West Coast Power (Private) Limited (WCP).
- Infra and Engineering (Private) Limited (INFRA) is at present, engaged in the provisioning of O&M related services for NIVIDHU, NAE, PDPL and Feni Lanka Power Limited (FENI). The company also provides engineering services to LAK for the provision of O&M services to WCP.

For the purposes of valuation, only the future revenue to be generated by LAK and INFRA from the EPC and O&M contracts currently in force have been considered. Accordingly, the EPC and O&M income that will be generated from future secured projects to be undertaken by both companies such as Rividhanavi and Sahasdhanavi have not been considered for this valuation.

The revenue from EPC and O&M services have been computed in line with the tariff rates/ fees stipulated in the respective contracts with each of the power plants, during the remaining term of the contracts (O&M contracts are for the same duration of the respective PPAs of these power plants). Gross profits have been forecasted based on the margins maintained for the respective EPC and O&M contracts.

8.2.4.1 Lakdhanavi Limited

LAK is currently in the process of providing EPC services for SOBA.

The following lists out the power plants that LAK provides O&M services to,

Power Plant	Energy Source	Installed Capacity (MW)	Term End of O&M Contract
RAJ	Thermal (HFO)	52.2	January-29
LBPL	Thermal (HFO/LNG)	52.2	December-29
WCP	Thermal (HFO/Diesel/LNG)	300.0*	May-35
SOBA	Thermal (Diesel/LNG/H ₂)	350.0**	20 Years from the Combined Cycle Commission Date (Assumed to be March-45)

*Contracted capacity for liquid fuel as per the existing PPA is 270MW

**Refer the SOBA write-up for further details on contracted capacity

Revenue Breakdown

Revenue (LKR Mn)	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E
EPC Services*	4,055	6,581	10,612	-	-	-	-	-
O&M - Local Plants	5,291	7,947	9,000	11,709	12,341	12,983	13,760	14,504
O&M - Foreign Plants	188	293	289	292	312	332	324	142
Other**	152	22	-	-	-	-	-	-
Total Revenue	9,685	14,842	19,901	12,001	12,652	13,315	14,085	14,645

Revenue (LKR Mn)	FY31E	FY32E	FY33E	FY34E	FY35E	FY36E	FY37E	FY38E
O&M - Local Plants	13,944	14,720	15,587	16,379	17,375	6,895	4,994	5,296
Total Revenue	13,944	14,720	15,587	16,379	17,375	6,895	4,994	5,296

Revenue (LKR Mn)	FY39E	FY40E	FY41E	FY42E	FY43E	FY44E	FY45E
O&M - Local Plants	5,617	5,957	6,318	6,701	7,107	7,537	7,994
Total Revenue	5,617	5,957	6,318	6,701	7,107	7,537	7,994

*FY25 value reflects the EPC revenue from SOBA. EPC income to be generated via the Rividhanavi and Sahasdhanavi power projects have not been forecasted.

**This revenue stream has not been forecasted

Gross Profit is expected to increase in FY25 with the recognition of EPC profits on the Sobadhanavi power project. Operating expenses have been forecasted to increase in line with inflation or as per the view of the management as applicable.

The repayment schedules and applicable interest rates for loans were incorporated into the forecast to calculate the finance cost while income taxes were computed at 30%.

Summarised Statement of Profit and Loss

In LKR Mn	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E
Revenue	9,685	14,842	19,901	12,001	12,652	13,315	14,085	14,645
Gross Profit	4,430	6,885	11,039	8,435	8,889	9,349	9,902	10,381
Operating Profit	12,737*	5,194	9,842	7,545	7,944	8,306	8,795	9,181
Net Finance Income/(Cost)	(117)	(1,268)	(560)	439	938	1,167	1,485	1,762
Profit Before Tax	12,621	3,926	9,283	7,984	8,882	9,473	10,280	10,943
Profit After Tax	10,790	3,064	6,533	5,635	6,265	6,681	7,248	7,714
GP Margin	46%	46%	55%	70%	70%	70%	70%	71%
OP Margin	132%	35%	49%	63%	63%	62%	62%	63%
NP Margin	111%	21%	33%	47%	50%	50%	51%	53%

*The Operating Profit is higher than the Gross Profit in FY23 as a result of the Excess Dividends received from WCP and due to exchange gains stemming from the large foreign currency deposits that were maintained at the time.

In LKR Mn	FY31E	FY32E	FY33E	FY34E	FY35E	FY36E	FY37E	FY38E
Revenue	13,944	14,720	15,587	16,379	17,375	6,895*	4,994	5,296
Gross Profit	9,780	10,317	10,922	11,463	12,161	3,671*	2,039	2,163
Operating Profit	8,494	8,932	9,416	9,844	10,796	1,629*	2,024	2,141
Net Finance Income/(Cost)	1,870	1,876	1,868	1,889	1,917	1,886	1,766	1,754
Profit Before Tax	10,364	10,808	11,284	11,734	12,713	3,515	3,791	3,895
Profit After Tax	7,311	7,624	7,959	8,276	8,964	2,529	2,724	2,800
GP Margin	70%	70%	70%	70%	70%	53%	41%	41%
OP Margin	61%	61%	60%	60%	62%	24%	41%	40%
NP Margin	52%	52%	51%	51%	52%	37%	55%	53%

*The overall revenue and cost base (for selected line items that are linked to the scale of operations) were assumed to decrease substantially following the end of the WCP PPA tenure, given that the only operational contract considered thereafter is the SOBA O&M contract.

In LKR Mn	FY39E	FY40E	FY41E	FY42E	FY43E	FY44E	FY45E
Revenue	5,617	5,957	6,318	6,701	7,107	7,537	7,994
Gross Profit	2,294	2,433	2,581	2,738	2,904	3,080	3,267
Operating Profit	2,263	2,393	2,529	2,672	2,823	2,982	3,149
Net Finance Income/(Cost)	1,802	1,818	1,834	1,851	1,868	1,886	1,525
Profit Before Tax	4,064	4,210	4,363	4,523	4,691	4,868	4,675
Profit After Tax	2,922	3,027	3,137	3,252	3,373	3,501	3,369
GP Margin	41%	41%	41%	41%	41%	41%	41%
OP Margin	40%	40%	40%	40%	40%	40%	39%
NP Margin	52%	51%	50%	49%	47%	46%	42%

LAK has invested its equity portion in SOBA by utilizing its foreign currency deposits. The debt position and finance costs of LAK were elevated in FY24 as a result of providing funds for the continuation of the construction work on the Sobadhanavi power plant until SOBA is able to drawdown on the project loan in FY25E.

LAK's 13.32% shareholding in WCP is reflected as a financial asset of LAK.

Trade and other receivables in FY24 included LKR 9.8 Bn receivables from SOBA, which is expected to be settled in FY25 upon the commencement of drawdown of the SOBA project loan facility. As the O&M contractor, LAK will be required to maintain the required operational spare parts (classified as inventory) to ensure the uninterrupted operations of SOBA and WCL, which have been factored into the financial forecast. Trade and other payables days have been assumed to be 35 days going forward.

Summarised Statement of Financial Position

in LKR Mn	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E
Total Assets	60,546	66,042	60,810	57,836	61,924	68,517	75,586	76,160
Total Equity	45,046	44,778	51,020	51,505	57,479	63,869	70,659	71,007
Total Liabilities	15,501	21,264	9,790	6,332	4,445	4,648	4,926	5,153

in LKR Mn	FY31E	FY32E	FY33E	FY34E	FY35E	FY36E	FY37E	FY38E
Total Assets	75,438	75,795	76,202	76,618	77,847	68,691	68,974	69,334
Total Equity	70,493	70,701	70,939	71,189	72,087	65,869	66,291	66,603
Total Liabilities	4,946	5,094	5,263	5,428	5,760	2,822	2,683	2,731

in LKR Mn	FY39E	FY40E	FY41E	FY42E	FY43E	FY44E	FY45E
Total Assets	69,770	70,194	70,636	71,097	71,580	72,085	37,047
Total Equity	66,970	67,330	67,705	68,096	68,504	68,930	37,047
Total Liabilities	2,800	2,864	2,931	3,001	3,076	3,155	-

Free Cash Flows to Equity of LAK are as follows:

Free Cash Flows (LKR Mn)	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E
Cash from operating activities	29,189	4,653	5,277	5,405	5,657	5,782	5,018
Cash from investing activities	391	875	1,114	1,310	1,633	1,897	1,996
Cash from financing activities*	(9,011)	(2,547)	(2,194)	(16)	(2)	-	-
Net increase/(decrease) in Cash	20,569	2,980	4,197	6,698	7,288	7,679	7,013
Less: Interest Income (after Tax)	(302)	(565)	(721)	(842)	(1,064)	(1,259)	(1,334)
Free Cash Flow to Equity	20,267	2,415	3,476	5,856	6,224	6,420	5,680

Free Cash Flows (LKR Mn)	FY32E	FY33E	FY34E	FY35E	FY36E	FY37E	FY38E
Cash from operating activities	5,366	5,705	5,988	6,371	(374)	3,188	774
Cash from investing activities	2,010	1,999	2,035	2,455	1,890	1,773	1,762
Cash from financing activities*	-	-	-	-	-	-	-
Net increase/(decrease) in Cash	7,376	7,704	8,023	8,826	1,515	4,961	2,535
Less: Interest Income (after Tax)	(1,339)	(1,334)	(1,351)	(1,372)	(1,332)	(1,245)	(1,237)
Free Cash Flow to Equity	6,037	6,369	6,673	7,454	183	3,716	1,298

Free Cash Flows (LKR Mn)	FY39E	FY40E	FY41E	FY42E	FY43E	FY44E	FY45E
Cash from operating activities	849	912	989	1,073	1,162	1,257	2,403
Cash from investing activities	1,810	1,826	1,846	1,864	1,886	1,905	2,246
Cash from financing activities*	-	-	-	-	-	-	-
Net increase/(decrease) in Cash	2,659	2,738	2,835	2,937	3,048	3,162	4,649
Less: Interest Income (after Tax)	(1,271)	(1,282)	(1,295)	(1,307)	(1,320)	(1,333)	(1,082)
Free Cash Flow to Equity	1,388	1,455	1,540	1,630	1,728	1,828	3,567

*Excluding dividends

The PV of FCFE of LAK was arrived at after discounting the applicable cash flows at the Sri Lankan cost of equity.

	LKR Mn
Present Value of LAK as at March 31, 2024	37,683
Surplus Financial Assets as at March 31, 2024	4,463
Excess Cash as at March 31, 2024*	(709)
Investment in West Coast**	9,521
Equity Value of LAK as at March 31, 2024	50,958

*Net of overdrafts

**The investment in WCP recorded on the FY24 balance sheet of LAK is LKR 3,411 corresponding to a stake of 4.77%⁴². This value has been adjusted to reflect the increase in LAK's shareholding in WCP to 13.32% in June 2024.

⁴² As per the agreement entered into by the Secretary to the Treasury and LAK, LAK pledged and transferred 8.33% of its holding in WCP to the Secretary to the Treasury in order to obtain a Sovereign Guarantee to secure funding for the construction of WCP. As per the agreement, following the full settlement of the project loan, the aforementioned 8.33% was transferred back to LAK in June 2024.

8.2.4.2 Infra and Engineering (Private) Limited

The following lists out the power plants that INFRA provides O&M services to,

Power Plant	Energy Source	Installed Capacity (MW)	Validity Period
NIVIDHU	Hydro	2.2	Dec-2038
NAE*	Hydro	4.0	Oct-2040
PDPL	Wind	10.0	Feb-2033
FENI	Thermal (HFO)	114.0	Nov-2034

*The PPA expiring in October 2025 is expected to be extended for a further 15 years upon the renewal of the General License, as per the current policy in Sri Lanka for mini hydro plants

The forecast financial performance is limited to INFRA's O&M contracts currently in force for the power plants listed in the table above.

Revenue breakdown

Revenue (LKR Mn)	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E
O&M Services	332	340	347	362	387	413	442	473	506
EPC Contracts*	19	2	-	-	-	-	-	-	-
Engineering Services**	131	178	172	186	201	217	234	253	273
Total Revenue	481	520	519	548	587	630	676	726	779

Revenue (LKR Mn)	FY32E	FY33E	FY34E	FY35E	FY36E	FY37E	FY38E	FY39E	FY40E	FY41E
O&M Services	542	568	476	385	142	150	159	150	98	61
Engineering Services**	295	319	344	372	401	-	-	-	-	-
Total Revenue	837	887	820	756	543	150	159	150	98	61

*EPC income in FY23 and FY24 comprise of the EPC contracts undertaken for FENI and MAKARI

**Engineering Services is the salary cost of providing employees to LAK for the provision of O&M services to WCP inclusive of a profit margin

Cost of providing services to power plants has been forecasted based on the margins maintained for the respective O&M contracts. Other operating expenses have been inflation linked or forecasted to grow based on the assumptions of the management, as appropriate. Income Taxes have been assumed at 30% on taxable income as per the prevailing rates.

Summarised Statements of Profit or Loss

In LKR Mn	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E
Revenue	481	520	519	548	587	630	676	726	779
Gross Profit	156	174	172	178	190	202	216	230	245
EBIT*	430	(291)	144	186	192	198	204	210	217
Net Finance Income/(Cost)	311	336	243	349	366	379	406	435	449
Profit Before Tax	741	45	388	535	558	576	610	646	666
Profit After Tax	743	47	385	527	549	568	598	629	649
GP Margin	32%	33%	33%	33%	32%	32%	32%	32%	31%
EBIT Margin	89%	-56%	28%	34%	33%	31%	30%	29%	28%
NP Margin	154%	9%	74%	96%	93%	90%	88%	87%	83%

In LKR Mn	FY32E	FY33E	FY34E	FY35E	FY36E	FY37E	FY38E	FY39E	FY40E	FY41E
Revenue	837	887	820	756	543	150	159	150	98	61
Gross Profit	261	267	261	211	80	105	111	105	69	43
EBIT*	224	220	204	246	228	273	286	285	254	233
Net Finance Income/(Cost)	463	477	493	508	524	541	559	577	594	599
Profit Before Tax	687	698	696	755	752	814	844	861	849	831
Profit After Tax	671	682	682	740	739	792	823	844	838	827
GP Margin	31%	30%	32%	28%	15%	70%	70%	70%	70%	70%
EBIT Margin	27%	25%	25%	33%	42%	182%	180%	190%	258%	382%
NP Margin	80%	77%	83%	98%	136%	528%	517%	564%	851%	1357%

*Volatility of EBIT in FY23 and FY24 are due to the exchange gains and losses recognized (respectively) on the foreign currency denominated deposits maintained by INFRA. EBIT is presented here since the forecasted exchange gains and losses has a noteworthy contribution to Profit Before Tax.

Given the nature of its operations as a service provider, INFRA does not need to maintain any inventory nor incur any material capital expenditure. Trade Receivable Days are assumed to normalise through FY25 and FY26, as the working capital cycles of the power plants INFRA provides O&M services in Sri Lanka and Bangladesh improves.

Working Capital Assumptions	FY23	FY24E	FY25E	FY26E Onwards
Trade Receivable Days	294	217	90	45
Trade and Other Payable Days	61	91	90	90

INFRA has no outstanding borrowings currently and it is assumed to remain the same for the forecast period.

SUMMARISED STATEMENTS OF FINANCIAL POSITION

In LKR Mn	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E
Total Assets	4,894	4,793	4,880	5,107	5,269	5,433	5,615	5,807	5,986
Total Equity	4,391	4,359	4,709	4,947	5,101	5,257	5,429	5,609	5,787
Total Liabilities	503	434	171	160	168	176	186	197	198

In LKR Mn	FY32E	FY33E	FY34E	FY35E	FY36E	FY37E	FY38E	FY39E	FY40E	FY41E
Total Assets	6,172	6,355	6,512	6,697	6,837	7,015	7,232	7,452	7,653	7,430
Total Equity	5,971	6,150	6,320	6,549	6,733	6,971	7,199	7,426	7,632	7,430
Total Liabilities	201	205	192	148	104	44	32	26	21	-

Free Cash Flows to Equity of INFRA are as follows:

Free Cash Flows (LKR Mn)	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E	FY32E
Cash from operating activities	10	65	15	15	384*	6	(5)	(5)
Cash from investing activities	243	349	366	379	406	435	449	463
Net increase/(decrease) in Cash	254	414	382	393	791	441	444	458
Less: Interest Income (after Tax)	(241)	(341)	(358)	(370)	(394)	(418)	(433)	(447)
Free Cash Flow to Equity	13	73	24	23	397	23	11	11

Free Cash Flows (LKR Mn)	FY33E	FY34E	FY35E	FY36E	FY37E	FY38E	FY39E	FY40E	FY41E
Cash from operating activities	14	(10)	(20)	(8)	(6)	(5)	12	(26)	39
Cash from investing activities	477	493	508	524	541	559	577	594	599
Net increase/(decrease) in Cash	491	483	488	516	535	553	589	568	637
Less: Interest Income (after Tax)	(462)	(478)	(494)	(511)	(528)	(547)	(565)	(584)	(594)
Free Cash Flow to Equity	29	5	(6)	6	6	7	23	(16)	44

*Receivables from RAJ are expected to be settled upon the expiry of the PPA term in January 2029

The PV of FCFE of INFRA was arrived at after discounting the applicable cash flows at the Sri Lankan cost of equity.

	LKR Mn
Present Value of FCFE of INFRA as at March 31, 2024	291
Excess Cash as at March 31, 2024	33
Non-operational Assets as at March 31, 2024	3,856
Equity Value of INFRA as at March 31, 2024	4,180

8.2.5 Thermal Power Plants

8.2.5.1 Overview of Tariff/PPA Structure

The operating model and thereby the revenue and cost of sales structures of thermal power plants that are operated under long term Power Purchase Agreements (PPAs) are different to renewable power plants operated in Sri Lanka under SPPAs. Therefore, the Joint Managers to the Issue wish to provide the following overview of the Revenue and Cost of Sales drivers of Thermal Power plants for context when referring to the ensuing section.

The revenue of a Thermal power plant are governed by the terms set out in the PPA signed between the Power off-taker (in the case of Sri Lankan plants - CEB/in the case of Bangladeshi plants - BPDB) and the respective power plant. The tariff paid by the respective Power Off-taker to the power plant comprises of the Capacity Charge and the Energy Charge.

The Capacity Charge is paid based on the contracted capacity of the power plant as per the terms of the PPA and will be independent of the level of electricity generated by the power plant. This is because in a thermal power plant, the dispatch of the power plant (i.e. amount of electricity supplied to the power grid) is determined solely by the power off-taker, based on the requirement of the grid, whilst the obligation of the power plant is to make available the contracted capacity under the terms of the PPA to enable the power off-taker to dispatch the power plant when required. The Capacity Charge is further broken down into the following tariffs:

- *Capital Cost Recovery Charge* - This contains local currency and hard currency (USD or EUR) components, based on the currencies in which the investment of equity and debt for the development of the power plants was funded. The Capital Cost Recovery Component is structured to ensure that the capital and interest on the debt obtained for the development of the power plant can be settled and the equity returns anticipated at the time of bidding for the power plant can be realised, irrespective of the level of electricity generated.
- *Fixed O&M Charge*- These are inflation-indexed tariffs which are computed as per the terms set out in the PPA. These tariffs are denominated in local currency and in a hard currency (USD or EUR) to cover the power plant's fixed operating costs such as cost of spares, salaries, insurance and other fixed overheads.

Energy Charge, is driven by the amount of electricity generated (the level of dispatch) by the power plant, and comprises of the following;

- *Variable O&M Charge* - Comprises of inflation-indexed components which are computed as per the terms set out in the PPA. These are denominated in local currency as well as in hard currency (USD or EUR), to cover the additional operating expenses of a variable nature to be incurred depending on the dispatch level of the plant.
- *Fuel Charge*- This serves predominantly as a pass through of the fuel cost based on the actual generation of the power plant. The fuel payment offers protection from volatilities in fuel prices to the IPP. The fuel charge is paid based on the terms set out in the PPA.

The quantum of fuel for which the cost is reimbursed is calculated based on the heat rate (i.e. quantum of energy in kJ required to produce 1kWh of electricity) as stipulated in the PPA. Any variation in the actual quantum of fuel consumed by the power plant against the heat rate stipulated in the PPA can lead to the power plant incurring an additional expense or gain in the consumption of fuel. The cost or gain of this can be borne by the power plant or passed to the O&M contractor, based on the terms stipulated in the O&M agreement.

Large thermal power plants in general are operated and maintained by O&M contractors on behalf of the IPP, who have the required expertise to undertake these activities. There are corresponding fixed and variable costs relating to the operations of the power plants costs in relation to the above revenue items which are paid to the O&M contractor (with the exception of the fuel cost) based on the terms and formula agreed upon in the respective O&M agreements.

8.2.5.2 Overview of the Thermal Plants

- Feni Lanka Power Limited (FENI), an engine based HFO power plant located in Feni, Bangladesh, was commissioned in November 2019 with a capacity of 114 MW. The 15-year PPA, signed between FENI and BPDB is due to expire in November 2034.
- Lakdhanavi Bangla Power Limited (LBPL), a dual fuel power plant located in Comilla, Bangladesh, was commissioned in December 2014 with a capacity of 52.2 MW. The 15-year PPA, signed between LBPL and BPDB is due to expire in December 2029.
- Raj Lanka Power Company Limited (RAJ), an engine based HFO power plant located in Rajshahi, Bangladesh, was commissioned in January 2014 with a capacity of 52.2 MW. The 15-year PPA, signed between RAJ and BPDB is due to expire in January 2029.
- Sobadhanavi Limited (SOBA), the multi-fuel capable power plant in Kerawalapitiya, Sri Lanka (capable of running on Diesel/HFO/H2), is expected to commence operations in August 2024 as an Open Cycle - Liquid Fuel power plant for a period of 3 months. Thereafter, starting from March 2025⁴³, it will be run as a Combined Cycle powerplant for a further tenure of 20 years as set out by the PPA signed between Sobadhanavi Limited and the CEB in July 2021.

The forecasts for units generated per annum during the remainder of the PPAs of the power plants mentioned above are based on the average annual plant factor estimates provided by the management of LTLH, after taking into consideration factors such as future energy demand, other power plants operating in the area and prices of alternative energy sources.

The three Bangladesh-based plants (FENI, LBPL and RAJ) are expected to directly import 70% of its HFO requirement from FY26 onwards. These powerplants procured HFO solely from the BPC in FY24 due to the dollar liquidity crisis which prevailed in recent times. Payables days pertaining to LC payments on account of fuel imports have been assumed to be 365 days for FENI, LBPL and RAJ from FY26 onwards.

Operational expenses of FENI, LBPL and RAJ primarily comprise of the cost of fuel purchases, O&M expenses, depreciation and other fuel related expenditure. The O&M cost includes the fixed USD and BDT linked O&M fee paid to INFRA for FENI, to LAK for LBPL and RAJ in line with the terms stipulated in the respective O&M agreements. Additionally, the three Bangladesh-based plants would incur expenses for regular maintenance and overhauls, the cost of which has been estimated by the Management based the units generated annually. All other general costs have been increased in line with the inflation expectations for Bangladesh and the views of the management.

The three Bangladesh-based plants are not liable for the payment of taxes on its operational profits due to tax holidays extending over the full term of the PPA. However, 25% tax on finance income has been factored, as per current tax regulations. It should also be noted that the receivable days of all three plants have been adjusted for FY25 to reflect the normalization of payments of the BPDB in the last quarter of FY24 with the improvement in the payment capacity of BPDB.

Furthermore, for the four thermal plants, capital expenditure has not been separately considered in the projections/valuation since it is captured in the annual O&M expenses as maintenance/overhaul related expenses.

⁴³ For the purposes for forecasting and valuation, it has been assumed that the Combined Cycle operations for SOBA will commence in April 2025

8.2.5.3 Feni Lanka Power Limited

FENI's annual plant factor is expected to increase in FY25 due to the prevalent shortage of dispatch of power plants operating on natural gas in the region, necessitating FENI to cater a higher portion of the region's electricity demand. Plant factor from FY27 onwards is expected to normalize with anticipated plant additions in the medium term.

Plant Factor and Generation	FY23	FY24	FY25E	FY26E	FY27E to FY34E	FY35E
Plant Factor (%)	23.5%	33.1%	50.0%	45.0%	40.0%	40.0%
Units Generated (GWh/year)	234.3	330.6	499.3	449.4	399.5	266.3*

*The lower units generated is on account of the plant being operational for only 8 months in FY35

The summarized revenue breakdown including the currency composition of the forecasted revenue streams is given below.

Revenue breakdown

Revenue (BDT Mn)	FY23	FY24	FY25E	FY26E	FY27E	FY28E
Capacity Charge	1,470	1,559	1,706	1,673	1,656	1,637
Variable O&M Charge	121	184	430	403	375	392
Fuel Charge	4,018	6,100	9,205	7,618	6,904	7,039
Other Adjustments	252	216	-	-	-	-
Total Revenue	5,860	8,059	11,341	9,694	8,935	9,068
% - USD-linked Capacity and Variable O&M	96%	96%	91%	91%	91%	91%
% - BDT Capacity and Variable O&M	4%	4%	9%	9%	9%	9%

Revenue (BDT Mn)	FY29E	FY30E	FY31E	FY32E	FY33E	FY34E	FY35E
Capacity Charge	1,617	1,511	1,324	1,234	1,058	1,085	742
Variable O&M Charge	411	430	450	472	494	517	241
Fuel Charge	7,176	7,316	7,460	7,605	7,754	7,906	5,374
Total Revenue	9,204	9,258	9,234	9,312	9,306	9,509	6,357
% - USD-linked Capacity and Variable O&M	90%	89%	87%	86%	84%	83%	85%
% - BDT Capacity and Variable O&M	10%	11%	13%	14%	16%	17%	15%

USD denominated project loans obtained for the development of the power plant would be repaid by FY32.

Therefore, finance costs of FENI over the forecast period include interest paid on working capital facilities and project loans.

Summarised Statement of Profit and Loss

In BDT Mn	FY23	FY24	FY25E	FY26E	FY27E	FY28E
Revenue	5,860	8,059	11,341	9,694	8,935	9,068
Gross Profit	1,672	1,908	2,019	2,145	2,139	2,137
Operating Profit	1,569	1,609	1,942	2,064	2,053	2,046
Net Finance Cost	(827)	(1,036)	(1,009)	(966)	(742)	(683)
Profit Before Tax	742	573	933	1,098	1,311	1,363
Profit After Tax	735	563	928	1,089	1,301	1,352
<i>GP Margin</i>	29%	24%	18%	22%	24%	24%
<i>OP Margin</i>	27%	20%	17%	21%	23%	23%
<i>NP Margin</i>	13%	7%	8%	11%	15%	15%

In BDT Mn	FY29E	FY30E	FY31E	FY32E	FY33E	FY34E	FY35E
Revenue	9,204	9,258	9,234	9,312	9,306	9,509	6,357
Gross Profit	1,950	1,811	1,889	1,818	1,655	1,604	998
Operating Profit	1,854	1,711	1,782	1,706	1,535	1,477	909
Net Finance Cost	(642)	(611)	(485)	(465)	(170)	(165)	(103)
Profit Before Tax	1,213	1,100	1,298	1,241	1,365	1,312	806
Profit After Tax	1,202	1,090	1,288	1,231	1,354	1,298	799
<i>GP Margin</i>	21%	20%	20%	20%	18%	17%	16%
<i>OP Margin</i>	20%	18%	19%	18%	16%	16%	14%
<i>NP Margin</i>	13%	12%	14%	13%	15%	14%	13%

Working capital assumptions used for the forecast are based on expectations of Trade Receivable days to improve in FY25 and stabilize in FY26. Inventory days and Trade Payables days are expected to stabilize by FY25 and FY26, respectively.

Working Capital Assumptions	FY23	FY24	FY25E	FY26E onwards
Trade Receivables days	192	158	90	70
Inventory days	15	7	15	15
Trade Payables days	110	113	90	45

SUMMARISED STATEMENTS OF FINANCIAL POSITION

in BDT Mn	FY23	FY24E	FY25E	FY26E	FY27E	FY28E
Total Assets	10,772	10,533	11,092	10,796	10,357	10,099
Total Equity	2,208	2,747	3,379	3,749	4,217	4,579
Total Liabilities	8,563	7,786	7,713	7,047	6,139	5,520

in BDT Mn	FY29E	FY30E	FY31E	FY32E	FY33E	FY34E	FY35E
Total Assets	9,659	9,213	9,124	8,933	9,364	9,654	3,345
Total Equity	4,778	5,038	5,562	6,021	6,391	6,605	3,345
Total Liabilities	4,881	4,175	3,562	2,912	2,973	3,048	-

Free Cash Flows to Equity of FENI from FY25 to FY35 have been derived as follows.

Free Cash Flows (BDT Mn)	FY25E	FY26E	FY27E	FY28E	FY29E
Cash from operating activities	1,911	4,337	1,739	1,817	1,945
Cash from investing activities	17	36	43	43	42
Cash from financing activities*	379	(2,521)	(835)	(743)	(772)
Net increase/(decrease) in Cash	2,318	1,863	948	1,117	1,216
Less: Interest Income (after Tax)	(13)	(27)	(33)	(32)	(32)
Free Cash Flow to Equity	2,305	1,836	916	1,085	1,184

Free Cash Flows (BDT Mn)	FY30E	FY31E	FY32E	FY33E	FY34E	FY35E
Cash from operating activities	1,621	1,724	1,706	1,577	1,485	1,301
Cash from investing activities	41	40	41	46	55	29
Cash from financing activities*	(807)	(638)	(695)	22	22	(1,132)
Net increase/(decrease) in Cash	855	1,125	1,053	1,645	1,562	198
Less: Interest Income (after Tax)	(30)	(30)	(31)	(35)	(41)	(22)
Scrap Value	-	-	-	-	-	3,411**
Free Cash Flow to Equity	824	1,095	1,022	1,610	1,521	3,588

*Excluding dividends

** The resale value amounting to BDT 3,411 Mn comprises of the Net Book Value of the plant and the estimated fair value of land as at the end of the PPA (as per the recent valuation report carried out by an independent valuer in March, 2022).

The PV of FCFE of FENI was arrived at after discounting the Free Cash Flows to Equity of the company at the applicable Bangladeshi cost of equity.

In BDT Mn (unless specified otherwise)	
Present Value of FCFE of FENI as at March 31,2024	6,954
Excess Cash Available as at March 31,2024	183
Equity Value of FENI as at March 31,2024	7,136
Exchange Rate (LKR per BDT as at March 31,2024)	2.74
Equity Value of FENI (LKR Mn) as at March 31, 2024	19,584

8.2.5.4 Raj Lanka Power Company Limited

It is the expectation that RAJ would be dispatched at a minimal level by the BPDB during the remaining five year period of the PPA, due to the low level of demand growth in the region the power plant is located and the availability of lower cost power plants catering to the region such as the recently constructed coal power plant.

The summarized revenue breakdown including the currency composition of the forecasted revenue streams is given below.

Plant Factor and Generation	FY23	FY24	FY25E to FY28E	FY29E
Plant Factor (%)	18.5%	10.0%	5.0%	5.0%
Units Generated (GWh/year)	84.9	45.6	22.9	19.1*

*The lower units generated is on account of the plant being operational for only 10 months in FY29

Revenue Breakdown

Revenue (BDT Mn)	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E
Capacity Charge	505	224	272	277	284	292	250
Variable O&M Charge	27	17	13	13	14	14	10
Fuel Charge	1,476	839	415	387	394	402	341
Other Adjustments	145	74	-	-	-	-	-
Total Revenue	2,152	1,153	700	677	692	708	602
% - USD-linked Capacity and Variable O&M	98%	96%	92%	92%	92%	92%	91%
% - BDT Capacity and Variable O&M	2%	4%	8%	8%	8%	8%	9%

RAJ was LTLH Group's first entry into the Bangladeshi power sector. As a strategy for breaking into the Bangladeshi market, LAK bid at relatively lower tariff rates which steeply decline during the last years of the PPA term which results in the power plant incurring net losses during the last few years of operations.

RAJ has fully settled the project loans obtained for the development of the power plant. Therefore, finance costs include interest paid on working capital facilities and overdraft facilities maintained by RAJ for the operations of the power plant.

Summarised Statement of Profit and Loss

In BDT Mn	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E
Revenue	2,152	1,153	700	677	692	708	602
Gross Profit	343	5	(33)	2	(15)	5	(33)
Operating Profit	206	(192)	(60)	(25)	(44)	(25)	(61)
Net Finance Cost	(346)	(188)	(187)	(136)	(116)	(108)	(117)
Profit Before Tax	(140)	(380)	(247)	(161)	(160)	(133)	(177)
Profit After Tax	(141)	(382)	(247)	(161)	(160)	(133)	(177)
<i>GP Margin</i>	16%	0%	-5%	0%	-2%	1%	-6%
<i>OP Margin</i>	10%	-17%	-9%	-4%	-6%	-4%	-10%
<i>NP Margin</i>	-7%	-33%	-35%	-24%	-23%	-19%	-29%

Working capital assumptions used for the forecast are based on expectations that Trade Receivable days to improve in FY25 and stabilize in FY26. Inventory days and Trade Payables Days are expected to stabilize by FY25 onwards, respectively.

Working Capital Assumptions	FY23	FY24	FY25E	FY26E onwards
Trade Receivables days	173	275	120	70
Inventory days	79	79	15	15
Trade Payables days	102	86	90	90

For the purposes of this valuation exercise, we have assumed that RAJ will continue to rely on its overdraft facilities to manage the continuing cash deficit without burdening its shareholders and has been factored into the valuation. It is expected that these working capital facilities can be fully settled through the resale of the power plant and the land the plant is situated, upon the expiry of the PPA.

Summarised Statements of Financial Position

In BDT Mn	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E
Total Assets	4,183	3,734	2,923	2,690	2,563	2,437	1,924
Total Equity	1,729	1,347	1,100	939	779	646	469
Total Liabilities	2,454	2,387	1,823	1,751	1,784	1,791	1,455

Free Cash Flows to Equity of RAJ from FY25 to FY29 have been derived as follows.

Free Cash Flows (BDT Mn)	FY25E	FY26E	FY27E	FY28E	FY29E
Cash from operating activities	525	172	(26)	(9)	(480)
Cash from investing activities	1	1	1	1	37
Cash from financing activities*	(516)	(173)	25	8	(1,023)
Net increase/(decrease) in Cash	10	0	0	0	(1,465)**
Less: Interest Income (after Tax)	(1)	(1)	(1)	(1)	(0)
Scrap Value	-	-	-	-	1,936***
Free Cash Flow to Equity	9	(1)	(1)	(1)	470

*Excluding dividends

**Given that RAJ is loss-making until the expiry of the PPA, it is assumed that RAJ will roll-over the working capital/ overdraft facility until FY29, until it settles the same at the expiry of the tenor of the PPA

***The resale value amounting to BDT 1,936 Mn comprises of the Net Book Value of the plant and the estimated fair value of land as at the end of the PPA (as per the valuation report carried out by an independent valuer in August, 2020).

The PV of FCFE of RAJ was arrived at after discounting the applicable cash flows at the Bangladeshi cost of equity.

In BDT Mn (unless specified otherwise)	
Present Value of FCFE of RAJ as at March 31, 2024	205
Excess Cash Available as at March 31, 2024	46
Equity Value of RAJ as at March 31, 2024	251
Exchange Rate (LKR per BDT as at March 31, 2024)	2.74
Equity Value of RAJ (LKR Mn) as at March 31, 2024	689

8.2.5.5 Lakdhanavi Bangla Power Limited

LBPL's annual plant factor is expected to increase in FY25 due to anticipated increase in demand as well as the temporary under-capacity in the region currently being experiencing in relation to power generation. However, with anticipated capacity additions in the foreseeable future, the plant factor is expected to gradually taper down over the remaining period of the PPA.

Plant Factor and Generation	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E
Plant Factor (%)	22.8%	36.3%	45.0%	30.0%	30.0%	27.0%	25.0%	20.0%
Units Generated (GWh/year)	104.8	166.0	205.8	137.2	137.2	123.5	114.3	68.6*

*The lower units generated is on account of the plant being operational for only 9 months in FY30 (in addition to the lower plant factor for the year)

The summarized revenue breakdown including the currency composition of the forecasted revenue streams is given below.

Revenue Breakdown

Revenue (BDT Mn)	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E
Capacity Charge	569	612	684	682	681	673	689	528
Variable O&M Charge	42	75	143	99	103	96	93	43
Fuel Charge	1,789	3,026	3,771	2,315	2,359	2,165	2,043	1,250
Other Adjustments	150	94	-	-	-	-	-	-
Total Revenue	2,550	3,806	4,599	3,095	3,143	2,934	2,825	1,821
% - USD-linked Capacity and Variable O&M	98%	99%	97%	97%	97%	97%	96%	96%
% - BDT Capacity and Variable O&M	2%	1%	3%	3%	3%	3%	4%	4%

Summarised Statement of Profit and Loss

In BDT Mn	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E
Revenue	2,550	3,806	4,599	3,095	3,143	2,934	2,825	1,821
Gross Profit	394	406	371	464	481	470	477	326
Operating Profit	302	271	323	413	428	413	418	280
Net Finance Income/(Cost)	(433)	(322)	(306)	(223)	(124)	(66)	(56)	(31)
Profit Before Tax	(131)	(51)	17	190	305	347	362	249
Profit After Tax	(134)	(54)	16	190	304	346	360	248
GP Margin	15%	11%	8%	15%	15%	16%	17%	18%
OP Margin	12%	7%	7%	13%	14%	14%	15%	15%
NP Margin	-5%	-1%	0%	6%	10%	12%	13%	14%

Working capital assumptions used for the forecast are based on expectations of Trade Receivable days to improve in FY25 and stabilize in FY26. Inventory and Trade Payable days are expected to stabilize by FY25, respectively.

Working Capital Assumptions	FY23	FY24	FY25E	FY26E onwards
Trade Receivables days	169	138	75	70
Inventory days	37	23	15	15
Trade Payables days	124	38	45	45

Summarised Statements of Financial Position

in BDT Mn	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E
Total Assets	4,459	4,352	3,772	3,267	3,307	3,267	3,233	1,696
Total Equity	1,731	1,781	1,807	2,033	2,186	2,228	2,242	1,696
Total Liabilities	2,728	2,571	1,965	1,234	1,121	1,040	991	-

Free Cash Flows to Equity of LBPL from FY25E to FY30E have been derived as follows.

Free Cash Flows (BDT Mn)	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E
Cash from operating activities	615	1,373	470	469	479	617
Cash from investing activities	1	1	3	5	7	4
Cash from financing activities*	(785)	(1,100)	(125)	(32)	(19)	(320)
Net increase/(decrease) in Cash	(169)	274	348	442	467	302
Less: Interest Income (after Tax)	(1)	(1)	(2)	(4)	(5)	(3)
Scrap Value	-	-	-	-	-	1,687**
Free Cash Flow to Equity	(170)	273	346	439	462	1,986

*Excluding dividends

** The resale value amounting to BDT 1,687 Mn comprises of the Net Book Value of the plant and machinery as at the end of the PPA.

The PV of FCFE of LBPL was arrived at after discounting the applicable cash flows at the Bangladeshi cost of equity.

In BDT Mn (unless specified otherwise)	
Present Value of FCFE of LBPL as at March 31,2024	1,383
Excess Cash Available as at March 31,2024*	(22)
Equity Value of LBPL as at March 31,2024	1,361
Exchange Rate (LKR per BDT as at March 31,2024)	2.74
Equity Value of LBPL (LKR Mn) as at March 31, 2024	3,734

*Net of overdrafts

8.2.5.6 Sobadhanavi Limited

It is assumed that SOBA will run on Liquid Fuel, on an Open Cycle basis from August 2024 to October 2024. Thereafter, for forecasting and valuation purposes, it is assumed that SOBA would run on Liquid Fuel for the first five years of the Combined Cycle phase, from April 2025 to March 2030, and then switch to LNG in April 2030, where it will continue to run on LNG until March 2045. SOBA will only be able to operate on LNG upon the GoSL making available the necessary infrastructure for the supply and distribution of LNG to the power plants. The current estimated timeline for the conversion to LNG has been made bearing in mind the progress made to date in developing the said infrastructure. The provisions of the PPA enable SOBA to continue to operate on liquid fuel until the infrastructure is in place and required agreements for the supply of LNG to the power plants are entered into between all parties.

The following table depicts the key operational variables that correspond to each of the stage of operations.

	FY25E*	FY26E to FY30E	FY30E to FY45E
Type of Operations**	Open Cycle - Fuel	Combined Cycle - Fuel	Combined Cycle - LNG
Capacity (MW)	212.0	312.0	350.0
Plant Factor (%)	12.5%	42.0%	50.0%
Units Generated (GWh)	202.6	1,004.2	1,306.1

*Forecasted to operate for three months in FY25

**In Open Cycle operations, power is generated through a generator coupled to a gas turbine as an intermediary measure until the combined cycle operation commences. In Combined Cycle operations, both the gas and steam turbines are used for the generation of electricity where the exhaust heat produced from the gas turbine is used to produce steam and that steam is routed to the steam turbine to generate additional power. This results in increasing the efficiency of the power plant and lowering the unit cost of electricity generated since a larger number of electricity units can be generated with the fuel consumed to fire the gas turbine.

The summarized revenue breakdown including the currency composition of the forecasted revenue streams is given below.

Revenue Breakdown - SOBA Project

Revenue (LKR Mn)	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E
Capacity Charge	1,172	16,144	15,743	15,353	14,975	14,610	13,236
Energy Charge	19,340	68,706	68,864	69,031	69,208	69,396	36,348
Variable O&M Charge	468	2,449	2,597	2,755	2,922	3,100	2,302
Fuel Charge	18,872	66,257	66,266	66,276	66,286	66,296	34,046
Total Revenue	20,511	84,850	84,606	84,383	84,183	84,005	49,585
% - USD-linked Capacity and Variable O&M	63.4%	29.6%	31.6%	33.6%	35.8%	38.1%	37.1%
% - LKR-linked Capacity and Variable O&M	36.6%	70.4%	68.4%	66.4%	64.2%	61.9%	62.9%

Revenue (LKR Mn)	FY32E	FY33E	FY34E	FY35E	FY36E	FY37E	FY38E
Capacity Charge	12,902	12,583	12,278	11,988	7,597	7,962	8,345
Energy Charge	37,852	39,418	41,051	42,752	44,525	46,372	48,298
Variable O&M Charge	2,442	2,590	2,747	2,914	3,091	3,278	3,477
Fuel Charge	35,410	36,828	38,304	39,838	41,434	43,094	44,821
Total Revenue	50,754	52,001	53,328	54,740	52,122	54,334	56,642
% - USD-linked Capacity and Variable O&M	39.5%	42.0%	44.6%	47.3%	69.3%	69.3%	69.3%
% - LKR-linked Capacity and Variable O&M	60.5%	58.0%	55.4%	52.7%	30.7%	30.7%	30.7%

Revenue (LKR Mn)	FY39E	FY40E	FY41E	FY42E	FY43E	FY44E	FY45E
Capacity Charge	8,747	9,169	9,612	10,078	10,568	11,082	11,622
Energy Charge	50,304	52,396	54,576	56,848	59,216	61,685	64,259
Variable O&M Charge	3,688	3,911	4,149	4,400	4,667	4,950	5,250
Fuel Charge	46,617	48,484	50,427	52,448	54,549	56,735	59,009
Total Revenue	59,051	61,565	64,188	66,926	69,784	72,767	75,881
% - USD-linked Capacity and Variable O&M	69.3%	69.4%	69.4%	69.4%	69.4%	69.4%	69.4%
% - LKR-linked Capacity and Variable O&M	30.7%	30.6%	30.6%	30.6%	30.6%	30.6%	30.6%

Profits of SOBA were arrived at after factoring in fuel expenses, O&M expenses to be paid to LAK, depreciation and other operational expenses.

The net finance costs incorporate the interest expenses on the long-term project financing facilities and working capital facilities obtained by SOBA for the development of the power plant and for fuel purchases, respectively.

SOBA will be entitled to an Accelerated Capital Allowance on the development cost of the project in line with the current tax regulations in the country, which would result in SOBA having to incur income taxes on the profits generated through operation only from FY36 onwards. Interest income will be liable to income tax during the tenor of the project.

Summarised Statements of Profit or Loss

In LKR Mn	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E
Revenue	-	-	20,511	84,850	84,606	84,383	84,183	84,005
Gross Profit	-	-	903	15,838	15,372	14,913	14,462	14,020
Operating Profit	(6)	(49)	903	15,387	14,894	14,407	13,926	13,451
Net Finance Cost	1	8	(101)	(6,648)	(6,579)	(5,946)	(5,313)	(4,680)
Profit Before Tax	(5)	(41)	802	8,740	8,315	8,461	8,612	8,771
Profit After Tax	(5)	(41)	799	8,723	8,296	8,440	8,589	8,745
GP Margin	N/A	N/A	4.4%	18.7%	18.2%	17.7%	17.2%	16.7%
OP Margin	N/A	N/A	4.4%	18.1%	17.6%	17.1%	16.5%	16.0%
NP Margin	N/A	N/A	3.9%	10.3%	9.8%	10.0%	10.2%	10.4%

In LKR Mn	FY31E*	FY32E	FY33E	FY34E	FY35E	FY36E	FY37E	FY38E
Revenue	49,585	50,754	52,001	53,328	54,740	52,122	54,334	56,642
Gross Profit	8,281	7,857	7,442	7,037	6,643	2,140	2,387	2,645
Operating Profit	7,678	7,218	6,765	6,320	5,882	1,334	1,532	1,739
Net Finance Cost	(3,805)	(2,919)	(2,309)	(1,699)	(1,089)	(622)	(441)	(446)
Profit Before Tax	3,873	4,299	4,457	4,621	4,793	712	1,091	1,294
Profit After Tax	3,853	4,279	4,436	4,601	4,772	(508)	(247)	(110)
GP Margin	16.7%	15.5%	14.3%	13.2%	12.1%	4.1%	4.4%	4.7%
OP Margin	15.5%	14.2%	13.0%	11.9%	10.7%	2.6%	2.8%	3.1%
NP Margin	7.8%	8.4%	8.5%	8.6%	8.7%	-1.0%	-0.5%	-0.2%

In LKR Mn	FY39E	FY40E	FY41E	FY42E	FY43E	FY44E	FY45E
Revenue	59,051	61,565	64,188	66,926	69,784	72,767	75,881
Gross Profit	2,916	3,199	3,496	3,807	4,133	4,474	4,832
Operating Profit	1,956	2,181	2,417	2,664	2,921	3,189	3,470
Net Finance Cost	(451)	(456)	(462)	(468)	(476)	(484)	(345)
Profit Before Tax	1,505	1,726	1,956	2,195	2,445	2,705	3,125
Profit After Tax	33	182	338	501	670	846	1,198
GP Margin	4.9%	5.2%	5.4%	5.7%	5.9%	6.1%	6.4%
OP Margin	3.3%	3.5%	3.8%	4.0%	4.2%	4.4%	4.6%
NP Margin	0.1%	0.3%	0.5%	0.7%	1.0%	1.2%	1.6%

*The decline in margins in FY31 is due to the change in the fuel source to LNG and resultant change in the tariff structure under the PPA and again in FY36 with the debt settlement related capacity payment ending with the full settlement of project loans.

The receivable days and payables days are as per the conditions set out in the PPA signed between SOBA and the CEB and the Fuel Supply Agreement signed between SOBA and the CPC, respectively. SOBA has not entered into a Fuel Supply Agreement for LNG yet, given the absence of an LNG fuel supply mechanism in Sri Lanka and hence the timeline for commencement of the LNG phase is yet to be determined (it has been assumed to be FY31 for purposes of this forecast and valuation). Therefore, the same assumptions on payables and receivables have been assumed based on precedence in the liquid fuel stage and the view of the management.

The impact of loans obtained by the Consortium of Local Banks for the funding of the project were factored into the forecast. These loans are expected to be fully settled by FY36.

Summarised Statements of Financial Position

in LKR Mn	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E
Total Assets	24,866	42,331	69,903	83,528	81,272	79,459	77,698	75,990
Total Equity	21,445	22,479	23,279	32,001	34,192	36,824	39,505	42,238
Total Liabilities	3,421	19,852	46,624	51,527	47,080	42,635	38,192	33,752

in LKR Mn	FY31E	FY32E	FY33E	FY34E	FY35E	FY36E	FY37E	FY38E
Total Assets	64,650	61,531	58,236	54,987	51,785	45,596	45,619	45,761
Total Equity	39,969	41,166	42,179	43,231	44,322	39,997	39,751	39,641
Total Liabilities	24,681	20,365	16,057	11,756	7,463	5,599	5,869	6,120

in LKR Mn	FY39E	FY40E	FY41E	FY42E	FY43E	FY44E	FY45E
Total Assets	46,057	46,487	46,965	47,494	48,075	48,710	18,828
Total Equity	39,674	39,830	40,022	40,252	40,522	40,832	18,828
Total Liabilities	6,383	6,657	6,943	7,242	7,553	7,878	-

The following depicts the Free Cash Flows to Equity of SOBA.

Free Cash Flows (LKR Mn)	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E	FY32E
Cash from operating activities	(8,861)	11,964	11,532	11,668	11,810	11,958	7,082	7,508
Cash from investing activities	(24,369)	57	62	70	78	86	69	69
Cash from financing activities*	34,439	(2,214)	(4,428)	(4,428)	(4,428)	(4,428)	(4,428)	(4,428)
Net increase/(decrease) in Cash	1,209	9,807	7,166	7,310	7,459	7,615	2,723	3,149
Less: Interest Income (after Tax)	(6)	(40)	(44)	(49)	(54)	(60)	(48)	(48)
Free Cash Flow to Equity	1,203	9,767	7,123	7,261	7,405	7,555	2,675	3,100

Free Cash Flows (LKR Mn)	FY33E	FY34E	FY35E	FY36E	FY37E	FY38E	FY39E	FY40E
Cash from operating activities	7,666	7,831	8,003	3,337	3,038	3,133	3,260	3,393
Cash from investing activities	68	68	68	55	70	86	103	120
Cash from financing activities*	(4,428)	(4,428)	(4,428)	(2,214)	-	-	-	-
Net increase/(decrease) in Cash	3,306	3,471	3,642	1,178	3,109	3,219	3,363	3,514
Less: Interest Income (after Tax)	(48)	(48)	(47)	(38)	(49)	(60)	(72)	(84)
Free Cash Flow to Equity	3,258	3,423	3,595	1,140	3,059	3,158	3,291	3,429

Free Cash Flows (LKR Mn)	FY41E	FY42E	FY43E	FY44E	FY45E
Cash from operating activities	3,533	3,679	3,832	3,992	3,596
Cash from investing activities	138	156	174	192	-
Cash from financing activities*	-	-	-	-	-
Net increase/(decrease) in Cash	3,671	3,835	4,005	4,184	3,596
Less: Interest Income (after Tax)	(97)	(109)	(122)	(135)	-
Free Cash Flow to Equity	3,574	3,725	3,884	4,049	3,596

*Excluding dividends

The PV of FCFE of SOBA was arrived at after discounting the applicable cash flows at the Sri Lankan cost of equity.

	LKR Mn
PV of FCFE of SOBA as at March 31, 2024	27,956
Excess Cash as at March 31, 2024	389
Equity Value of SOBA as at March 31, 2024	28,345

8.2.6 NAV-based Valuations

Detailed financial forecasts have not been carried out for Bright International Power Pte. Ltd (BRIGHT), Heladhanavi Limited (HELAD), Lanka Industrial Products Engineering (Private) Limited (LIPE), L D Heavy Engineering (Private) Limited (LD), and LTL Energy (Private) Limited (LTLE). Hence, the NAV method was used in arriving at the value of these companies based on the rationale stipulated in Section 7.1.2.

Table 8-4 - NAV based Equity Values

	Equity Value as at March 31, 2024 (LKR Mn)
Bright International Power Pte. Ltd	985
Heladhanavi Limited	584
Lanka Industrial Products Engineering (Private) Limited	35
LTL Energy (Private) Limited*	(178)
L D Heavy Engineering (Private) Limited	335

*LTLE is the majority shareholder of MAKARI. Since MAKARI is valued separately for the valuation purposes, the NAV of LTLE is adjusted by carving out the investment in MAKARI recorded on the balance sheet of LTLE.

8.2.7 Sensitivity Analysis

The impact to the SOTP valuation from possible changes to the Costs of Equity applied for the 2 key markets of operations (Sri Lanka and Bangladesh) were analysed in this sensitivity analysis. Accordingly, the long-run Cost of Equity of Sri Lanka (18.0% from FY25 onwards) and the long-run Cost of Equity of Bangladesh (15.9% from FY29 onwards) were treated as dynamic variables to arrive at the following resultant valuation figures.

Table 8-5 - Sensitivity Analysis

		Long-run Cost of Equity - Sri Lanka [FY25 onwards]				
		16.0%	17.0%	18.0%	19.0%	20.0%
Long-run Cost of Equity - Bangladesh [FY29 onwards]	13.9%	99,368	96,246	93,412	90,824	88,450
	14.9%	99,215	96,093	93,258	90,670	88,296
	15.9%	99,069	95,947	93,112	90,524	88,150
	16.9%	98,930	95,808	92,973	90,385	88,012
	17.9%	98,798	95,676	92,841	90,253	87,879

9 TRANSACTION TEAMS

9.1 NDBIB TEAM

Darshan Perera - Director/CEO - NDB Investment Bank Limited

Darshan is credited as being a dynamic team player, highly skilled in all aspects of financial and investment markets with over 30 years of experience in the Banking and Finance Sector. He has to his credit, led teams that have successfully managed a large number of IPOs, M&As, and debt raisings and in doing so, introduced to the country new products and achieved record breaking results. Darshan is renowned in the industry as a corporate advisory specialist, specialising in areas of business due diligence, fund raising and restructuring. Darshan has also been instrumental in leading NDBIB to win numerous international and local awards for consecutive years.

Prior to joining NDBIB, Darshan held senior management positions in a number of large organisations and banking institutions, including serving as an Assistant Vice President at Vanik Incorporation. Darshan's career is enriched with a myriad of different academic disciplines. He holds a B.Sc. in Physical Science and an MBA from the University of Colombo. He is an Associate Member of the Institute of Bankers, Sri Lanka and of the Chartered Institute of Marketing, UK. He also holds the Chartered Institute of Management Accountants qualification.

Sujani Perera - Vice President

Sujani has over 15 years of investment banking experience at NDBIB. Since joining NDBIB, Sujani has engaged in a diverse range of capital market transactions including IPOs, M&As, rights issues, private placements, corporate restructurings, loan syndications, structured debt facilities and de-listings for leading corporates spread across an array of industries, some of which have been milestone transactions for the Company and the country. Sujani is responsible for sourcing and advising clients with regard to capital market transactions, both in listed and unlisted space.

Sujani holds a B.Sc. (Hons) in Finance from the University of Sri Jayewardenepura, a Master of Financial Economics (Merit) from the University of Colombo and an LLB (Honours) from the University of London. Sujani is also an Associate Member of Chartered Institute of Management Accountants, UK (ACMA).

Savinda Fernando, CFA - Vice President

Savinda joined NDBIB in 2020 and is currently engaged in a range of corporate advisory transactions including business valuations, IPOs and M&As. Prior to joining NDBIB he worked as an Engineer at MAS Intimates (Pvt) Ltd.

Savinda has a MEng (Hons) in Mechanical Engineering from the University of Nottingham, UK, is a CFA Charterholder and is also an Associate Member of the Chartered Institute of Securities & Investment.

Vindula Perera - Senior Management Associate

Vindula joined NDBIB as an Intern in 2021, and has since been involved in a wide array of Corporate Advisory transactions, including IPOs, Valuations, ESOP structurings and M&As.

Vindula is a graduate in Finance with a First-class (Special) degree from the University of Sri Jayewardenepura. He also holds a BSc (Hons) in Applied Accounting from Oxford Brookes University and is an Affiliate of the Association of Chartered Certified Accountants, UK (ACCA). He is currently a CFA Level II candidate.

Nikila Dharmadasa - Senior Management Associate

Nikila joined NDBIB in 2022 and has since been involved in a wide range of transactions including M&As, private placements, valuations, and debt raisings.

Nikila is a graduate in Bachelor of Science (Honours) in Transport & Logistics Management with a Second Upper Class from University of Moratuwa. He is a Passed Finalist of Chartered Institute of Management Accountants, UK (CIMA) and possesses a Postgraduate Diploma in Professional Marketing from the Chartered Institute of Marketing, UK (CIM). He is currently a CFA Level II candidate.

Sachini Zoysa - Management Associate

Sachini joined NDBIB as an Intern in 2023 and has been involved with diverse range of transactions related to Corporate advisory including IPO's, valuations and private placements.

Sachini is a graduate in Bachelor of Business Administration (Hons) specialized in Business Economics with a First Class degree from University of Colombo. She is a Passed Finalist of Chartered Institute of Management Accountants, UK (CIMA) and Association of Accounting Technicians, Sri Lanka (AAT).

Malithi Jayaratne - Management Associate

Malithi joined NDBIB as an Intern in 2023 and has been involved with diverse range of transactions including valuations, private placements and debt raisings.

Malithi is a graduate in Bachelor of Science in Finance (Special) with a First-class degree from the University of Sri Jayewardenepura. She is also Passed Finalist of Chartered Institute of Management Accountants, UK (CIMA).

9.2 CT CLSA TEAM**Zakir Mohamedally - Group COO & Head of Investment Banking - CT CLSA Holdings Group**

Zakir has over 19 years of experience in the fields of Corporate Finance, Assurance and Advisory and joined the company in 2007. Prior to joining the CT CLSA Holdings Group, he was working with PricewaterhouseCoopers Sri Lanka.

Zakir is a Fellow Member of the Association of Chartered Certified Accountants (ACCA) UK and is an Associate Member of the Chartered Institute of Management Accountants (CIMA) UK. He is also a member of the Institute of Certified Management Accountants of Sri Lanka and holds a Post Graduate Diploma in Marketing from the Chartered Institute of Marketing (CIM) UK.

Ishan Eliyapura - Vice President

Ishan has over 9 years of experience in the fields of Investment Banking, Internal Audit, and Assurance. Since joining CT CLSA Capital in 2017, he has actively participated in transactions worth over LKR 68 Billion covering equity and debt instruments in various industries. Prior to joining CT CLSA Capital, he was associated with Ernst and Young Sri Lanka, a leading global firm of Chartered Accountants.

He holds a B.Sc (Hons) in Business Management from the University College Dublin, Ireland, and is a passed finalist of the Chartered Institute of Management Accountants (CIMA) UK.

Venkadesh Ramraj - Assistant Vice President

Venkadesh has over 8 years of work experience in Investment Banking, Deal Advisory and Financial Reporting. Prior to CT CLSA Capital, he held the position of Consultant in Transaction Services, KPMG, Sri Lanka. During his tenor in KPMG, he also participated in a three-month secondment program in the Advisory division of KPMG, Maldives.

Venkadesh is a Member of the Association of Chartered Certified Accountants (ACCA), UK and holds a MSc in Applied Finance from the University of Sri Jayewardenepura.

Raaidha Hamza - Senior Associate

Raaidha has over 5 years of experience in Equity and Investment Research. Prior to joining CT CLSA, she was attached to Lanka Securities as an Equity Research Analyst covering the counters under the Manufacturing sector. She also had a stint at Acuity Knowledge Partners where she was a part of the Fixed Income team and supported a European client who covered Emerging Markets in the Middle East and Africa.

Raaidha is CIMA qualified and has a degree in International Business and Finance from the University of the West of Scotland.

10 DISCLAIMER

The information, forecasts, analyses, assumptions and opinions contained herein have been compiled or arrived at solely based on information provided to the Managers to the Issue by LTLH. Such information has not been independently verified and no guarantee, representation or warranty, expressed or implied is made as to its accuracy, completeness or correctness. Nothing contained in this Research Report is, or shall be relied upon as, a promise or representation by the Joint Managers to the Issue. All such information is subject to change without notice and such changes could be due to unforeseen circumstances. This Research Report is for information purposes only and does not purport to be a complete description of the subject matter presented herein.

Any estimate, projection, opinion, forecast and valuation contained in this Research Report involve significant elements of subjective judgment and analysis, which may or may not be correct. No representation is made that any estimate, projection or forecast will be achieved. The actual future events may vary significantly from the estimates, projections, forecasts or valuation and each estimate, projection, forecast or valuation is based on a number of assumptions and is subject to matters which are outside the control of the Joint Managers to the Issue. Verification of assets of LTLH and evaluation of agreements between clients of LTLH have not been carried out during this exercise.

Accordingly, the Joint Managers to the Issue shall not be liable for any loss or damage howsoever arising as a result of any person acting or refrain from acting in reliance on any information, forecast analysis and opinion contained herein.

The recipients of this Research Report and/or Investors are expected to carry out their own independent evaluations taking into consideration macro-economic variables and other relevant conditions.

The valuation presented herein is valid for a period of three months (03) from the date of the final Prospectus i.e., August 29, 2024, however, subject to there being no material changes to the parameters impacting operations of LTLH.

ANNEXURE B
COLLECTION POINTS

Copies of the Prospectus and the Application Form can be obtained free of charge from the following collection points.

COMPANY

LTL Holdings Limited
No. 77, Level 1, Park Street
Colombo 02

Tel :+94 11 269 5007
Fax:+94 11 268 4900

REGISTRARS TO THE ISSUE

S S P Corporate Services (Private) Limited
No. 101, Inner Flower Road
Colombo 03

Tel : +94 11 257 3894/+94 11 257 6871
Fax: +94 11 257 3609

JOINT FINANCIAL ADVISORS AND MANAGERS TO THE ISSUE

NDB Investment Bank Limited
Level 1, NDB Capital Building
No. 135, Bauddhaloka Mawatha
Colombo 04

Tel : +94 11 230 0385-90
Fax: +94 11 230 0393

CT CLSA Capital (Private)Limited
No. 4-15, Majestic City
10, Station Road
Colombo 04

Tel : +94 11 258 4843
Fax: +94 11 258 0181

TRADING PARTICIPANTS OF THE COLOMBO STOCK EXCHANGE

NDB Securities (Private) Limited
Level 2, NDB Capital Building, No. 135,
Bauddhaloka Mawatha, Colombo 4

Tel : +94 11 213 1000
Fax : +94 11 231 4181
E-mail: mail@ndbs.lk

Somerville Stockbrokers (Private)Limited
No. 1A, Park Way, Park Road, Colombo 5

Tel : +94 11 250 2858/+94 11 250 2862
Fax : +94 11 250 2852
E-mail: contact@somerville.lk

Nation Lanka Equities (Private) Limited
No.44, Guildford Crescent, Colombo 7

Tel : +94 11 789 8302
Fax : +94 11 267 3355
E-mail: info@nlequities.com

John KeellsStock Brokers(Private) Limited
No. 186, Vauxhall Street, Colombo 2

Tel : +94 11 230 6250
Fax : +94 11 234 2068
E-mail: jkstock@keells.com

Asha Securities Limited
No.60, 5th Lane, Colombo 3

Tel : +94 11 242 9100
Fax : +94 11 242 9199
E-mail: asl@ashasecurities.net

Acuity Stockbrokers (Private)Limited
No. 53, Dharmapala Mawatha, Colombo 3

Tel : +94 11 220 6206
Fax : +94 11 220 6298/9
E-mail: sales@acuitystockbrokers.com

J B Securities (Private) Limited

No. 150, St. Joseph Street, Colombo 14

Tel : +94 11 249 0900

Fax : +94 11 243 0070

E-mail: jbs@jb.lk

Asia Securities (Private) Limited

4th Floor, Lee Hedges Tower,
No. 349, Galle Road, Colombo 3

Tel : +94 11 772 2000

Fax : +94 11 258 4864

E-mail: inquiries@asiasecurities.lk

S C Securities (Private) Limited

5th Floor, No. 26B, Alwis Place, Colombo 3

Tel : +94 11 471 1000/+94 11 471 1001

Fax : +94 11 239 4405

E-mail: itdivision@sampathsecurities.lk

First Capital Equities (Private) Limited

No. 2, Deal Place, Colombo 3

Tel : +94 11 263 9898/+94 11 265 1651

Fax : +94 11 257 6866/+94 11 263 9899

E-Mail: equity@firstcapital.lk

Almas Equities (Private) Limited

Westin Tower, 5th Level, No 2- 4/1, Lake Drive,
Colombo 8

Tel : +94 70 714 4 551

Fax : +94 11 267 3908

E-Mail: info@almasequities.com

Lanka Securities (Private) Limited

3rd Floor, "M2M Veranda Office", No34, W.A.D.
Ramanayake Mawatha, Colombo 2

Tel : +94 11 470 6757/+94 11 255 4942

Fax : +94 11 470 6767

E-mail: info@lankasec.com

Capital Trust Securities (Private) Limited

No, 42, Mohamed Macan Markar Mawatha,
Colombo 3

Tel : +94 11 217 4174/+94 11 217 4175

Fax : +94 11 217 4173

E-mail: inquiries@capitaltrust.lk

CT CLSA Securities (Private) Limited

4-14, Majestic City, 10, Station Road, Colombo 4

Tel : +94 11 255 2290 - 4

Fax : +94 11 255 2289

E-mail: info@ctcls.lk

BartleetReligare Securities (Private) Limited

Level "G", "Bartleet House", No. 65, Braybrooke
Place, Colombo 2

Tel : +94 11 522 0200

Fax : +94 11 243 4985

E-mail: info@bartleetstock.com

Sampath Bank PLC - Branch Network

Contact Point

Name	Contact Number	Email Address
Dilan Perera	+94 76 581 3914	dilanp@sampath.lk

Branch Name - Sampath Bank PLC	Address
City	No. 55, D R Wijewardena Mawatha, Colombo 10
Pettah	No.999, People's Park, Bodiraja Mawatha., Colombo 11
Nugegoda	79A, Stanley Thillakarathna Mawatha, Nugegoda
Borella	No 1022, Maradana Road, Borella, Colombo 8
Kiribathgoda	259, Kandy Road, Dalugama, Kelaniya
Kurunagala Super	31, Negombo Road, Kurunegala
Kandy Super	No. 19, Dalada Veediya, Kandy
Wattala	No.280 and 280/1, Negombo Road, Wattala
Navam Mawatha	46/38, Nawam Mawatha Colombo 2
Matara Super	03, Hakmana Road, Matara
Bambalapitiya	1-01, Majestic City , Station Road, Bambalapitiya, Colombo 4
Fort	98, Chatham Street Fort, Colombo 1
Maharagama	81, Highlevel Road, Maharagama
Deniyaya	69, Main Street, Deniyaya
Morawaka	Ranaweera Building, Akuressa Deniyaya Road, Morawake
Gampaha	08, Mangala Road, Gampaha
Dehiwela	155, Galle Road, Dehiwela
Ratmalana	261, Galle Road, Ratmalana
Piliyandala	61, Moratuwa Road,Piliyandala
Eheliyagoda	02, Ratnapura Road, Eheliyagoda
Anuradhapura Super	268, Maithripala, Senanayake Mw, Anuradhapura
Avissawella	64, Yatiyantota Road,Avissawella
Kuliyapitiya	259, Madampe Road, Kulipyapitiya
Negombo Super	408, Main Street, Negombo
Matale	No.184-186, Trincomalee Street, Matale
Panadura Super	373, Galle Raod, Panadura
Old Moor St.	371, Old Moor Street,Colombo 12
Tissamaharama	25/27, Main Street,Tissamaharama
Head Quarters	110, Sir James Peiris Mw,Colombo 2
Wennappuwa	191/A, Colombo Road, Wennappuwa
Moratuwa	No.653, Galle Road, Moratuwa
Katugastota	No.187, Madawala Road, Katugastota
Ratnapura	180-82, Main Street, Ratnapura
Thimbirigasyaya	No.134, Havelock Road, Colombo 5
Galle Super	No. 5, Wakwella Road, Galle
Wellawatta Super	591A, Galle Road, Colombo 6
Kotahena	165, George R De Silva Mawatha Colombo 13
Kaduruwela	626B, Dhsmasiri Building, Main Street Kaduruwela

Branch Name - Sampath Bank PLC	Address
Malabe	895, Athurugiriya Road, Malabe
Narahenpita	No. 475, Elvitigala Mawatha, Colombo 5
Kalawana	54/B, 54/C, Manana, Kalawana
Main Street	No.84, Main Street, Colombo 11
Embilipitiya	62, Main Street, Embilipitiya
Wariyapola	Nawinna Office & Shopping Complex, Kalugamuwa Road, Wariyapola
Wellampitiya	268, Kolonnawa Road, Wellampitiya
Bandarawela	253, 255 Main Street, Bandarawela
Panadura wekada	111B & 111C, Horana road, Wekada Panadura
Thambuttegama	255 C, Anuradhapura Road, Thambuttegama
Deraniyagala	63, Noori Road, Deraniyagala
Kalutara	No.312/A, Galle Road, Kalutara South
Peradeniya	No.901, Peradeniya Road, Kandy
Kottawa	No:948, High Level Road, Kottawa
Alawwa	9 9/1, Giriulla Road, Alawwa
Neluwa	Dellawa Road, Main Street, Neluwa
Vavuniya	No. 25, Station Road, Vavuniya
Mahiyangana	28, 29 New Town, Mahiyangana
Horana	114, Sri Somananda Mawatha, Horana
Harbour View	256, Srimath Ramanathan Mw, Colombo 15
Bandaragama	61A, Kalutara Road, Bandaragama
Kadawatha	174/3, Ragama Road, Kadawatha
Battaramulla	157, Main Street, Battaramulla
Ampara	No. 9 D S Senanayake Road, Ampara
Pelawatta	No:452, Pannipitiya Road, Pelawatte, Battaramulla
Kegalle	No.64, Main Street, Kegalle
Minuwangoda	31/1, Negombo Road, Minuwangoda
Trincomalee	262, Central Road, Trincomalee
Aturugiriya	106, Borella Road, Athurugiriya
Yakkala	No.97, Kandy Road, Yakkala
Homagama	46, 1st Lane, Station Road, Homagama
Gregory's Rd	106, Wijerama Mawatha, Colombo 7
Nittambuwa	Sri Ramya Building, Kandy Rd, Nittambuwa
Ambalangoda	118A, New Road, Amabalangoda
Ragama	No.44/A/1, Kadawatha Road, Ragama
Moneragala	No.75, Pohtuwil Road, Monaragala
Wadduwa	No. 555, Galle Road, Wadduwa
Kandana	No.72, Colombo Road, Kandana
Veyangoda	No.121, Negambo Road, Veyangoda
Ganemulla	No. 367/E, Kadawatha Road, Ganemulla
Aluthgama	No. 405, Galle Road, Aluthgama
Hatton	No. 173, Dimbula Road, Hatton

Branch Name - Sampath Bank PLC	Address
Welimada	No. 54, Nuwara Eliya Road, Welimada
Nawala	No. 143, Nawala Road, Nugegoda
Kirindiwela	91, Gampaha Road, Kirindiwela
Nuwara-Eliya	No. 01, Lawson Street, Nuwara Eliya
Digana	No. 42, Mahiyangana Road, Digana, Rajawella
Mirigama	No. 54, Giriulla Road, Mirigama
Pannipitiya	No. 568, High Level Road, Pannipitiya
Negombo II	No.203D, Telwatte Junction, Colombo Road, Negombo
Attidiya	No. 202, Main Road, Attidiya
Dambulla	No. 622, Anuradhapura Road, Dambulla
Pitakotte	No.128, Pagoda Road, Pitakotte
Maharagama Super	No. 200, High Level Road, Maharagama
Badulla	14, Dharmadutha Road, Badulla
Kohuwala	81, S De S Jayasinghe Mawatha, Kohuwala
Giriulla	No.103/A, Negombo Road, Giriulla
Hendala	No.210, Hendala Road, Hendala, Wattala
Balangoda	No.117, Barnes Ratwatta,Mawatha, Balangoda
Ja-Ela	No.165, Realty Plaza, Negombo Road, Ja-ela
Narammala	No.140, Negombo Road, Narammala
Kandy Metro	No.29, Cross Street, Kandy
Gampola	No.06, Panabokke Mawatha, Gampola
Nikawaratiya	No.136, Kurunegala Road, Nikaweratiya
Pelmadulla	No. 134, Main Street, Pelmadulla
Ambalanthota.	No.138 D, Tissa Road, Ambalantota
Wattegama.	No. 73/D, Kandy Road,Wattegama
Mathugama	No.214A, Aluthgama Road, Matugama
Batticaloa	No.7A,Lake Road 1, Puliyantivu, Batticaloa
Chilaw	No.64, Colombo Road, Chilaw
Mawathagama	No.95, Kurunegala Road, Mawathagama
Hingurakgoda	No.88, D S Senanayake Veediya, Hingurakgoda
Akkaraipattu	No.61, Sulaiman Shopping Complex, Main Street, Akkaraipattu
Kalmunai	No.18, Police Station Road, Kalmunai
Wellawaya	70/D, Kumaradasa Mawatha, Wellawaya
Embuldeniya	282, Old Kottawa Road, Embuldeniya, Nugegoda
Kattanakudy	57, 59, Main Street, Kattankudy 3
Tangalle	61, Muhudu Mawatha, Tangalle
Kirulapone	136,138 & 140, High Level Road,Kirulapone
Baddegama	No. 68, Galle-Baddegama Road,Baddegama
Mannar	28, Field Street,Ward No:06, Mannar
Jaffna	56/16, Link Road, Off Stanley Road, Jaffna
Chenkalady	Main Street, Chankalady
Rajagiriya	No.1596, Kotte Road, Rajagiriya

Branch Name - Sampath Bank PLC	Address
Kandy City Center	Shop No. :L1-6 Level One, Kandy City Centre Building, Dalada Veediya, Kandy
Oddamavadi	No 957, Main Street, Brainthuraichenai, Valaichchenai
Kaluwanchikudy	Hospital Road, Kaluwanchikudy
Sainthamaruthu	Main Steet, Sainthamaruthu 16
Grand Pass	No 355,357 M. Vincent Perera Mawatha, Colombo 14
Chunnakam	160, Sir Ponnambalam Ramanathan Veethy, Chunnakam
Nelliady	No 167, Jaffna Road, Nelliady
Pottuwil	Cassim Moulvai Building, Main Street, Pottuvil
Platinum Plus	No.18 Cambridge Place, Colombo 7
Nattandiya	No. 149, Kuliypitiya Road, Nattandiya
Kundasale	No: 232, Digana Road, Kundasale
Kollupitiya	Ground Floor, Platinum Residencies Building, No:1, Bagatale Road, Colombo 3
Gangodawila	No: 617E, High Level Road, Gangodawila, Nugegoda
Peliyagoda	304, Negombo Road, Peliyagoda
Hanwella	148/A, Pahala Hanwella, Hanwella
Nochchiyagama	No:62, Puttalam Road, Nochchiyagam
Batticaloa - 2	No:394, Trinco Road, Batticaloa
Ingiriya	No: 68D, Panadura Road, Ingiriya
Karapitiya	No:598/1H, Hiribura Road, Karapitiya
Boralasgamuwa	No:192, Kesbewa Road, Boralesgamuwa
Anamaduwa	No.69, Galgamuwa Rd, Anamaduwa
Maradana	No.657, Kularathne Mawatha, Maradana Road, Colombo 10
Buttala	Madurapperuma Building, Kataragama Rd, Buttala
Passara	187/1, Badulla Rd, Passara
Manipay	103, Jaffna Rd, Manipay
Kilinochchi	Unit 1-4, Antonipillai Building, Kilinochchi
Kekirawa	56, Main Street, Kekirawa
Pilimathalawa	246, Colombo Road, Pilimatalawa
Keselwatta	41A, Galle Road, Keselwatta, Panadura
Pussallawa	295, Nuwara Eliya Road, Pussellawa
Matara Bazaar	37, New Tangalle Road, Kotuwegoda, Matara
Aralaganwila	No.113, New Town, Aranganvila
Moratumulla	16, Sri Premaratana Mawatha Moratumulla
Puttalam	85/1, Kurunegala Road, Puttalam
Sooriyawewa	6719, Ambalantota Road, Sooriyawewa
Middeniya	Abeysing Building, Walasmulla Road, Middeniya
Galle Bazaar	Krishna Building, No:69, Old Matara Road, Pettigalawatte, Galle
Mawanella	209/ A, New Kandy Road, Mawanella
Bibile	34, Badulla Road, Bibile
Kaduwela	510/1 & 510/2, Avissawella Road, Kaduwela
Rikillagaskada	120, Kandy Road, Rikillagaskada
Chankanai	Main Street, Chankanai

Branch Name - Sampath Bank PLC	Address
Kochchikade	163, Chillaw Road, Kochchikade
Pannala	No. 109, Negombo Road, Pannala
Dehiattakandiya	F79, New Town, Dehiattakandiya
Anuradhapura New Town	521/19, Maithripala Senanayake Mawatha, New Town, Anuradhapura
Chavakachcheri	Kandy Road, Chavakachcheri
Vavuniya Metro	No. 7a, Horowpatana Road, Vavuniya
Kayts	Suruvil Road, Kayts
Kantale	70/1, Agrabodhi Road, Kantale
Gothatuwa New Town	55/4, Kotikawatta Road, Gothatuwa New Town
Mallavi	No. 6, Thunnukai Road, Mallavi
Colombo Super	103, Dharmapala Mawatha, Colombo 7
Mattegoda	102/40, Salgas Junction, Mattegoda
Kinniya	106,108,110, Main Road [Right Side] Kinniya 3
Thalawathugoda	244/4, Pannipitiya Road, Thalawathugoda
Akuressa	No:14-16, Pitabeddara Road, Akuressa
Beliatta	No:53/1, Dickwella Road, Beliatta
Habaraduwa	Dassana, Katukurunda, Habaraduwa
Ahangama	No. 71A, Matara Road, Ahangama
Marandagahamula	No. 86/A, Mirigama Road, Marandagahamula
Menikhinna	No. 82, Menikhinna walala road, Menikhinna
Ninthavur	No. 45/4A, Main Street, Ninthavur
Thirunelveli	Palaly Road, Thirunelveli North, Jaffna
Hettipola	Kurunegala Road, Hettipola
Rambukkana	No. 129, Kurunegala Road, Rambukkana
Madampe	No. 16, New Town, Medagama Road, Madampe
Galewela	No. 31C, Kurunegala Road, Galewela
Panchikawatte	No. 85 & 87, Panchikawatte Road, Colombo 10
Padukka	No. 15, Horana Road, Padukka
Mutwal	No. 811, Aluthmawatha Road, Colombo 15
Marawila	No. 87, Chilaw Road, Marawila
Nawalapitiya	No. 92, Gampola Road, Nawalapitiya
Dankotuwa	No. 63, Nattandiya Road, Dankotuwa
Maho	No. 112-114, Moragollagama Road, Maho
Divulapitiya	No. 72, Mirigama Road, Divulapitiya
Mount Lavinia	294, Galle Road, Mount Lavinia
Kiribathgoda Super	No. 139, Kandy Road, Kiribathgod
Ruwanwella	No. 61, Kegalle Road, Ruwanwella
Delgoda	351/1, New Kandy Road, Delgoda
Kahatagasdigiliya	No. 67, Anuradhapura Road, Kahatagasdigiliya
Elpitiya	No.10, Ambalangoda Road, Elpitiya
Warakapola	No. 95, Kandy Road, Warakapola
Kamburupitiya	No. 48, Mulatiyana Road, Kamburupitiya
Makola	94/3A, Makola South, Mokola

Branch Name - Sampath Bank PLC	Address
Muttur	67, Main Street, Muttur
Weligama	No. 253, Matara Road, Weligama
Karagampitiya	No. 182/A, Hill Street, Dehiwala
Talahena	557, Talangama North, Talangama
Gampaha Super	150, Colombo Road, Gampaha
Seeduwa	499, Negombo Road, Seeduwa
Orugodawatte	760 B, Dr. Danister de Silva Mawatha, Colombo 9
Kurunegala Metro	No. 183, Colombo Road, Kurunegala
Dickwella	No. 121, Main Street, Dickwella
Prince Street	No. 25, Prince Street, Colombo 11
Borella Super	No. 50, Dudley Senanayake Mawatha, Colombo 8
World Trade Centre	World Trade Center, Unit L03/EB/01, Level 03, East Block, Echelon Square, Colombo 1
Heerassagala	No.12, William Gopallawa Mawatha, Heerassagala, Kandy
Poojapitiya	No. 30/32/34, Main Street, Poojapitiya
Thalawakele	No. 148, Nuwara Eliya Road, Thalawakele
Nawala Koswatte	No. 49/A, Nawala Rd, Koswatte
Kesbewa	No. 76, Bandaragama Road, Kesbewa
Godakawela	No. 204, Main Road, Godakawela
Ratnapura Metro	No. 56/2, Bandaranayake Mawatha, Ratnapura
Kelaniya	No. 1011, Biyagama Road, Singharamulla, Kelaniya
Polgahawela	No. 21, Kurunegala Road, Polgahawela
Hikkaduwa	No. 249, Galle Road, Hikkaduwa

Hatton National Bank PLC - Branch Network

Contact Point

Name	Contact Number	Email Address
Nilan C. Kirihetti	+94 77 765 6187	nilan.kirihetti@hnb.lk

Branch Name - Hatton National Bank PLC	Address
Kandy	No. 1, Dalada Veediya, Kandy
Matale	No. 104, King Street, Matale
Nuwara Eliya	No. 42, Queen Elizabeth Drive, Nuwara Eliya
Ampara	No.103, Bandula Cinema & Shopping Complex, D. S. Senanayake Steet, Ampara
Batticaloa	No. 120-22, Bazar Street, Batticaloa
Trincomalee	No. 59, Ehamparam Road, Trincomalee
Anuradhapura	No. 30, Maithripala Senanayake Mw, Anuradhapura
Polonnaruwa	No. 467, Main Street, Kaduruwela, Polonnaruwa
Jaffna	No. 212 - 214, Hospital Road, Jaffna
Kilinochchi	Karadipokku Kandy Road, Kilinochchi
Mannar	No. 68, Main Street, Mannar

Branch Name - Hatton National Bank PLC	Address
Mullaitivu	Main Street, Mullaitivu
Vavuniya	No. 43, Inner Circular Road, Vavuniya
Kurunegala	No. 6, St. Anne Street, Kurunegala
Puttalam	No. 6, Kachcheri Road, Puttalam
Chilaw	No. 105, Colombo Road, Chilaw
Kegalle	No. 477/2, Kandy Road, Kegalle
Ratnapura	No. 9, Senanayake Mawatha, Ratnapura
Galle	No. 3, Wackwella Road, Galle
Hambantota	No. 47, Wilmot Street, Hambantota
Matara	No. 58D, Esplanade Road, Matara
Badulla	No. 15, 15 1/1, Udayaraja Mawatha, Badulla
Monaragala	No. 131, Wellawaya Road, Monaragala
Bambalapitiya	No. 285, Galle Rd, Colombo 04
Battaramulla	No. 165, Main Street, Battaramulla
Borella	No. 53/1, D S Senanayake Mawatha, Borella
Cinnamon Gardens	No. 85A, 87A, Barnes Place, Colombo 7
Dehiwela	No. 196, Galle Road, Dehiwela
Dematagoda	No. 284, Baseline Road, Dematagoda
Wellawatte	No. 100 & 102, Galle Road, Wellawatte
Colpetty	No. 324, Galle Road, Colombo 3
City Office	No. 16, Janadhipathi Mawatha, Colombo 1
World Trade Centre	Level 01, World Trade Centre, Echelon Sq, Colombo 1
Grandpass	No. 182, St Joseph's Street, Colombo 14
Head office	No. 479, T B Jayah Mawatha, Colombo 10
Islamic Banking	No. 502/1 A, Kollupitiya Rd (Facing Marine Drive), Colombo 3
Kiribathgoda	No. 141, Kandy Road, Kiribathgoda
Nugegoda	No. 190, 190/1, High Level Road, Nugegoda
Maharagama	No. 145, Colombo Road, Maharagama
Moratuwa	No. 143/1, New Galle Road, Moratuwa
Mutwal	No. 523, Ferguson Road, Colombo 15
Nawam Mawatha	No.10, Sri Uttarananda Mawatha, Colombo 3
Pettah	No. 149-151, Main Street, Colombo 11
Sea Street	No. 60, Sea Street, Colombo 11
Gampaha	No. 148, Colombo Road, Gampaha
Negombo	No. 18, Rajapakse Broadway, Negombo
Wattala	No. 270 - 270/1, Negombo Road, Wattala
JaEla	No. 73, Negombo Road, Ja Ela
Kalutara	No. 417, Galle Road, Kalutara South
Panadura	No. 402 - 404, Galle Road, Panadura

ANNEXURE C
CUSTODIAN BANKS

<p>Bank of Ceylon Head Office 11th Floor, 04, Bank of Ceylon Mawatha, Colombo 1 Tel: +94 11 220 4064</p>	<p>The Hongkong and Shanghai Banking Corporation Limited 24, Sir Baron Jayathilake Mawatha, Colombo 1 Tel: +94 11 232 5435, +94 11 244 6591, +94 11 244 6303</p>
<p>Citi Bank, N A 65 C, Dharmapala Mawatha, P. O. Box 888, Colombo 7 Tel: +94 11 479 4728</p>	<p>People's Bank Head Office - Treasury, 5th Floor, Sir Chittampalam A. Gardiner Mawatha, Colombo 2 Tel: +94 11 220 6782</p>
<p>Commercial Bank of Ceylon PLC Commercial House 21, Bristol Street, P.O. Box 853, Colombo 1 Tel: +94 11 244 5010-15</p>	<p>Public Bank Berhad 340, R A De Mel Mawatha, Colombo 3 Tel: +94 11 257 6289, +94 11 729 0200-7</p>
<p>Deutsche Bank AG P.O. Box 314, 86, Galle Road, Colombo 3 Tel: +94 11 244 7062/+94 11 243 8057</p>	<p>Standard Chartered Bank 37, York Street, P. O. Box 112, Colombo 1 Tel: +94 11 248 0450</p>
<p>Hatton National Bank PLC HNB Towers, 479, T. B. Jayah Mawatha, Colombo 10 Tel: +94 11 266 1762</p>	<p>Sampath Bank PLC 110, Sir James Peiris Mawatha, Colombo 2 Tel: +94 11 533 1458, +94 11 473 0662</p>
<p>Union Bank of Colombo PLC 64, Galle Road, Colombo 3 Tel: +94 11 237 4205</p>	<p>State Bank of India 16, Sir Baron Jayathilake Mawatha, Colombo 1 Tel: +94 11 462 2350</p>
<p>Nations Trust Bank PLC 256, Sri Ramanathan Mawatha, Colombo 15 Tel: +94 11 431 3131</p>	<p>Seylan Bank PLC Level 8, Ceylinco Seylan Towers, 90, Galle Road, Colombo 3 Tel: +94 11 470 1812, +94 11 470 1819</p>
<p>Pan Asia Banking Corporation PLC Head Office 450, Galle Road, Colombo 3 Tel: +94 11 256 5565</p>	