Lotus Renewables

ANNUAL REPORT 2025-26

RESHAPING THE FUTURE

Turning the Hardest Lessons into the Strongest Foundations.

CONTENTS

About Us

Lotus Hydro Power PLC, headquartered in Colombo, Sri Lanka, is a prominent corporation specializing in the development and operation of renewable energy sources. The company currently oversees the operation of four active power plants strategically located in the Rathnapura, Kandy, and Nuwara Eliya regions. Lotus Hydro Power PLC is deeply committed to delivering value to its shareholders and stakeholders while upholding principles of integrity, social responsibility, and environmental stewardship. Central to its ethos is the prioritization of renewable and sustainable energy initiatives. The company maintains a steadfast dedication to the effective management of economic, social, and environmental aspects of its operations, reflecting its core values of concern for both people and the environment.

VISION & MISSION

To be a valuable stakeholder in the Sri Lankan Renewable Energy Industry by supplying green energy while safeguarding the environment

VALUES

Accountability

Responsibility to all our stakeholders

Bias for action

We are driven to get results, swiftly

Integrity

Treat others with respect and honesty and are true ourselves

Innovative

Develop outside the box solutions

Passion

Develop outside the box solutions

Quality

What we do, we do well

DELIVERY OF VALUE

Total kW Installed

4,900kW

Revenue

Rs.**199**Mn.

Taxes paid to Government

Rs.**27**Mn.

Operating Profit

Rs.**7.4**Mn.

No. of Employees

51

Number of Shareholders

2,716

Net Assets Value per Share

Rs.**6.13**

CO2 Avoided Verified

60,527 Tons

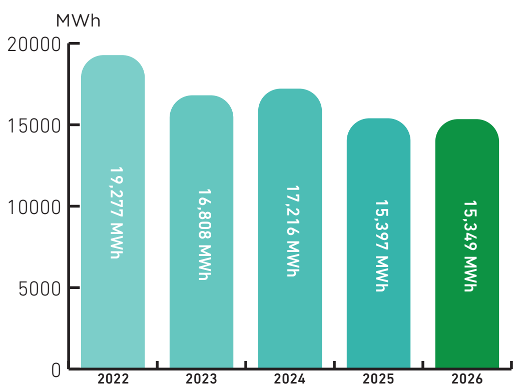
Electricity Generation

15,349,013kWh

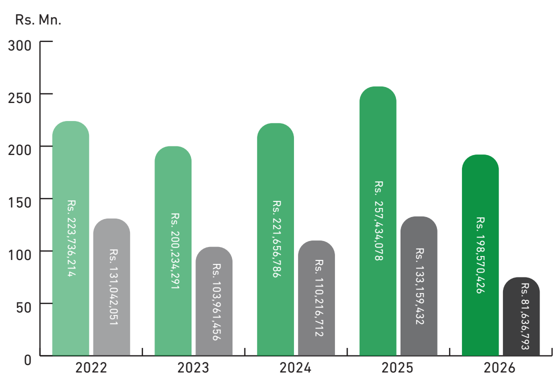
FINANCIAL HIGHLIGHTS – GROUP

Year Ended 31st March	2026	2025	Change	2024
	Rs.	Rs.	%	Rs.
Operating Results				
Group revenue (Rs.)	198,570,426	257,434,078	(22.87)	221,656,786
Profit before taxation (Rs.)	27,546,434	121,454,599	(77.32)	81,534,704
Profit after taxation (Rs.)	11,747,344	87,792,815	(86.62)	65,008,250
Other comprehensive income/(Loss) (Rs.)	(353,429)	26,531,076	(101.33)	339,293
Total Comprehensive income (Rs.)	**11,393,915**	**114,323,891**	**(90.03)**	**65,347,543**
Financial Position highlights				
Total shareholders' funds (Rs.)	669,001,581	744,878,156	(10.19)	706,915,943
Total assets (Rs.)	825,697,951	922,131,054	(10.46)	879,778,012
No of ordinary share (Nos.)	109,088,112	109,088,112	-	109,088,112
Shareholders information				
Earnings per share (Rs.)	0.11	0.80	(86.54)	0.60
Return on equity (%)	1.76	11.79	(85.07)	9.20
Net asset per share (Rs.)	6.13	6.83	(10.21)	6.48
Current ratio (Times)	17.64	11.91	48.11	11.01
Dividend payout ratio (%)	742.90	86.98	754.10	234.93
Market price as at 31st March (Rs.)	13.50	12.00	12.50	9.50
Market capitalization (Rs.)	1,472,689,512	1,309,057,344	12.50	1,036,337,064

Electricity Generation - MWh



Turnover (Rs.) / Gross Profit (Rs.)



OUR BUSINESS OPERATIONS

Global Energy Landscape

The global energy sector continues to undergo a profound transformation, shaped by increasing demand, climate-related imperatives, and rapid technological advancement. Energy consumption worldwide is expanding steadily, driven by population growth, urbanization, and industrial development, particularly in emerging economies.

At the same time, the urgency to address climate change has accelerated the transition toward low-carbon energy systems. Governments, multilateral institutions, and private sector participants are aligning their strategies to reduce greenhouse gas emissions and achieve long-term sustainability targets. This has led to a notable shift in investment patterns, with a growing share of capital being directed toward renewable energy projects.

Hydropower continues to play a vital role within this transition. As a mature and reliable renewable energy source, it provides both base-load and flexible generation capacity, supporting grid stability while complementing intermittent sources such as solar and wind. In many regions, hydropower also contributes to water resource management, flood control, and irrigation, further enhancing its strategic importance.

Despite the rapid expansion of other renewable technologies, hydropower remains a cornerstone of global renewable energy generation. Its ability to deliver consistent and predictable output positions it as a key enabler in achieving energy security while facilitating the integration of variable renewable energy sources. As the global energy landscape evolves, the importance of resilient and diversified energy systems will continue to grow, reinforcing the relevance of hydropower in the overall energy mix.

The Company's standout achievement is its ability to maintain stable and uninterrupted hydropower generation despite adverse climatic conditions.

Sri Lanka Energy Sector Outlook

Sri Lanka's energy sector is navigating a period of transition, with increasing emphasis on sustainability, energy security, and reduced dependence on imported fossil fuels. Historically, the country has relied significantly on thermal power generation, exposing the economy to fluctuations in global fuel prices and foreign exchange constraints.

In response, national energy policies have prioritized the expansion of renewable energy sources, with hydropower continuing to serve as a fundamental component of the generation mix. Over the years, Sri Lanka has successfully harnessed its river systems to develop both large-scale and mini-hydropower projects, contributing meaningfully to the national grid. In recent years, the development of solar and wind energy has gained momentum, supported by policy incentives and growing private sector participation. However, hydropower remains uniquely positioned due to its reliability and established infrastructure.

A key challenge within the Sri Lankan context is the variability of hydrological conditions. Rainfall patterns have become increasingly unpredictable due to changing climatic conditions, directly impacting reservoir levels and river flows. This variability introduces an element of uncertainty into hydropower generation, requiring operators to adopt adaptive and resilient operational strategies. Notwithstanding these challenges, Sri Lanka's renewable energy sector continues to offer significant potential. The country's long-term energy vision emphasizes increasing the share of renewables, enhancing grid stability, and promoting sustainable development. Within this framework, hydropower operators play a critical role in ensuring consistent energy supply while supporting national environmental objectives.

Our Operations

During the financial year 2025/2026, the Company generated a total of 15.35 GWh of electricity (15,349,013 kWh), representing a marginal decrease of 48,441 kWh compared to the previous financial year. The performance for the year reflects the inherent sensitivity of hydropower operations to environmental and climatic conditions. In particular, the impact of Cyclone Ditwah posed significant operational challenges, affecting three of the Company's principal hydropower plants. The cyclone disrupted normal hydrological patterns, influencing water inflows and temporarily affecting generation capacity.

In addition to extreme weather events, variations in rainfall distribution throughout the year contributed to fluctuations in river flow levels. These conditions required careful management of available water resources to optimize generation while maintaining operational stability.

Despite these external challenges, the Company maintained uninterrupted operations across its power plants, demonstrating operational resilience and effective management practices. The ability to sustain generation levels close to the previous year, despite adverse conditions, reflects the robustness of the Company's asset base and operational discipline. The Company's operational approach continues to emphasize reliability, efficiency, and adherence to established maintenance protocols. By maintaining consistent operational standards, the Company ensures the longevity of its assets while minimizing unplanned disruptions.

Furthermore, the Company remains committed to continuous monitoring and performance evaluation across its operations. While no major upgrades or technological enhancements were undertaken during the year, existing systems and processes were effectively utilized to sustain stable performance levels.The year under review highlights the importance of resilience in hydropower operations. As climate variability becomes increasingly pronounced, the ability to adapt to changing environmental conditions will remain a critical success factor. The Company's performance during the year demonstrates its capacity to navigate such challenges while continuing to contribute to the national grid.

Sanquhar Mini Hydro Power Project

Project Details	
Capacity	1,600 kW
Date of SPPA	December 2003
Tenure of SPPA	December 2038
Status of the Project	Operational
Location	Sanquhar Estate
District	Kandy
River	Galatha Oya
Tariff	Rs. 13.76 (2026)

Plant factor	
2025/2026	32.24%
2024/2025	24.18%

Generation	
2025/2026	4,518,590 kWh
2024/2025	3,388,640 kWh

Revenue	
2025/2026	Rs. 66,602,121
2024/2025	Rs. 44,236,521

Delta Mini Hydro Power Project

Project Details	
Capacity	1,600 kW
Date of SPPA	April 2006
Tenure of SPPA	April 2041
Status of the Project	Operational
Location	Delta Estate
District	Kandy
River	Atabage Oya
Tariff	Rs. 11.63 (2026)

Plant factor	
2025/2026	38.42%
2024/2025	38.64%

Generation	
2025/2026	5,385,601 kWh
2024/2025	5,416,299 kWh

Revenue	
2025/2026	Rs. 60,759,199
2024/2025	Rs. 59,409,248

Stellenberg Mini Hydro Power Project

Project Details	
Capacity	900 kW
Date of SPPA	January 2014
Tenure of SPPA	January 2034
Status of the Project	Operational
Location	Pupuressa
District	Kandy
River	Atabage Oya
Tariff	Rs. 13.04

Plant factor	
2025/2026	43.29%
2024/2025	48.33%

Generation	
2025/2026	3,413,312 kWh
2024/2025	3,810,513 kWh

Revenue	
2025/2026	Rs. 44,509,588
2024/2025	Rs. 49,693,367

Thebuwana Mini Hydro Power Project

Project Details	
Capacity	800 kW
Date of SPPA	June 2015
Tenure of SPPA	June 2035
Status of the Project	Operational
Location	Devipahala
District	Rathnapura
River	Devipahala Maha Ela
Tariff	Rs. 13.04

Plant factor	
2025/2026	28.99%
2024/2025	39.70%

Generation	
2025/2026	2,031,510 kWh
2024/2025	2,782,002 kWh

Revenue	
2025/2026	Rs. 26,490,890
2024/2025	Rs. 36,277,306

OUR ORGANISATIONAL STRUCTURE

Lotus Hydro Power PLC is a limited liability company listed on the Colombo Stock Exchange. The Company and its subsidiaries are incorporated and domiciled in Sri Lanka.

LOTUS HYDRO POWER PLC
Delta & Sanquhar Mini Hydro Plants total capacity
3.2 Mw

THEBUWANA HYDRO POWER (PVT) LTD
Thebuwana Mini Hydro Plant Capacity
0.8 Mw

STELLENBERG HYDRO POWER (PVT) LTD
Stellenberg Mini Hydro Plant Capacity
0.9 Mw

HALGRANOYA HYDRO POWER (PVT) LTD
Standardised Power Purchase Agreement Signed
0.65 Mw

Name of Company	Reg: No.	Date of Incorporation	Ownership	Stated capital (Rs.)	Principal Activities	Directors
Stellenberg Hydro Power (Pvt) Ltd	PV 70024	19/11/2009	100%	150 Mn	The Company was established to generate Hydro Power.	Mr. Gary Seaton Mr. Menaka Athukorala Mr. Gowri Shankar
Thebuwana Hydro Power (Pvt) Ltd	PV 70022	19/11/2009	100%	200 Mn	The Company was established to generate Hydro Power.	Mr. Gary Seaton Mr. Menaka Athukorala Mr. Gowri Shankar
Halgranoya Hydro Power (Pvt) Ltd	PV 68774	20/08/2009	100%	10 Mn	The Company was established to generate Hydro Power (not commenced)	Mr. Gary Seaton Mr. Menaka Athukorala Mr. Gowri Shankar

CHAIRMAN'S REVIEW

Dear Shareholders,

On behalf of the Board of Directors, it is my privilege to present the Annual Report and Audited Financial Statements of Lotus Hydro Power PLC for the financial year ended 31st March 2026. This period has been one of significant operational testing, as we navigated an environment defined by extreme weather events and shifting economic conditions. Despite these hurdles, our commitment to renewable energy and long-term value creation remains steadfast.

The global energy landscape continues to prioritize the transition to net-zero emissions, a goal that aligns perfectly with our core mission. Domestically, the role of hydropower remains vital to Sri Lanka's energy security. However, the year under review highlighted the increasing volatility of hydrological patterns. In November 2025, the island was struck by Cyclone Ditwah, a severe weather event that directly impacted our catchment areas and necessitated a swift, coordinated response from our technical teams.

Financial Performance and Strategic Resilience

Group revenue for the year stood at Rs. 198.6 million, representing a 22.87% decrease from the Rs. 257.4 million recorded in financial year 2024/25. This decline was primarily attributable to the operational downtime caused by the cyclone, periods of lower-than-average rainfall during the early part of the year, and a significant reduction in interest income received from the Ceylon Electricity Board (CEB). Interest income from delayed payments amounted to Rs. 67 million in 2024/25, compared to only Rs. 0.2 million in 2025/26.

Reflecting the lower revenue and the necessary maintenance costs following the weather disruptions, Profit After Tax (PAT) for the year was Rs. 12 million, compared to Rs. 88 million in the preceding year. While this reduction is significant, it must be viewed in the context of the Company's robust balance sheet. We concluded the year with zero debt and total assets of Rs. 826 million. Our net asset value per share remains healthy at Rs. 6.13, underscoring the underlying strength of our asset base.

Operational Excellence and Internal Innovation

Our four power plants—Sanquhar, Delta, Stellenberg, and Thebuwana—collectively generated 15.35 GWh of electricity. This consistent output, nearly matching the previous year's generation despite the cyclone, is a testament to our operational efficiency. Following the cyclone, the Stellenberg plant resumed operations on 12th December 2025 after completing the necessary repair works. The Sanquhar plant recommenced commercial operations on 01st February 2026 following the successful completion of repairs, while repair works at the Delta plant were completed on 09th June 2026, enabling the plant to resume commercial operations.

A key highlight of our operational strategy this year was the focus on internalizing technical rectification works. By utilizing our in-house engineering expertise to repair damaged infrastructure post-cyclone, we were able to achieve significant cost savings, avoiding an estimated Rs. 3.2 million to Rs. 3.8 million in external contractor fees. This approach not only preserved capital but also strengthened the technical competencies of our workforce.

Sustainable Impact and Environmental

Sustainability is central to our purpose, not just our business model. In financial year 2025/26,

Beyond carbon performance, we remain committed to protecting the ecosystems around our plants by investing in responsible water management and biodiversity conservation. Through ongoing community engagement, we aim to set a benchmark for ethical and sustainable energy production across the Ratnapura, Kandy, and Nuwara Eliya regions.

Corporate Governance

Integrity and transparency remain the hallmarks of our governance framework. This year, we welcomed Mr. Mayura Fernando as Senior Independent Non-Executive Director and Dr. Rohantha Athukorala to the Board, whose expertise will be invaluable to our growth. I also extend my gratitude to Mr. Indrajith Fernando for his dedicated service.

Looking ahead, we are focused on enhancing climate resilience across our sites. With a debt-free balance sheet and an experienced team, Lotus Hydro Power is well-positioned to navigate future challenges and deliver long-term value to our 2,716 shareholders.

Future Outlook

As we move into financial year 2026/27, our priorities are strengthening climate resilience and improving asset performance. We are evaluating targeted investments in protective infrastructure at vulnerable sites to reduce exposure to extreme weather risks, while continuing to assess selective growth opportunities in the renewable energy sector aligned with our risk and sustainability objectives.

The transition to a greener grid is inevitable, and Lotus Hydro Power PLC remains well-positioned as a reliable, debt-free, and operationally robust partner in this journey.

Appreciation

I would like to thank my colleagues on the Board for their strategic foresight and the management team for their resilience during a challenging year. My sincere appreciation goes to our staff at the plant sites, whose dedication ensured our turbines kept turning. Finally, I thank our shareholders for their continued belief in our vision.

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G D Seaton
Chairman
24th August 2026

Conclusion

The financial year 2025/26 demonstrated Lotus Hydro Power PLC's resilience and steady growth through strong operational performance and a debt-free capital structure.

Looking forward, the company aims to diversify into solar energy to align with national clean energy objectives. With a clear strategy and solid financial position, the company is well-placed to create long-term value for its stakeholders.

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Environment and Strategic Focus

The financial year 2025/26 was defined by an exceptionally challenging operating environment, shaped primarily by the impact of Cyclone Ditwah in November 2025 alongside continued hydrological variability across the Company's catchment areas. Nationally, the renewable energy sector maintained its growth trajectory, supported by sustained policy emphasis on clean energy expansion and the progressive reduction of dependence on thermal generation. Lotus Hydro Power PLC navigated these conditions with resolve, maintaining uninterrupted plant operations and demonstrating the resilience embedded within its operational and governance frameworks. The cyclone's impact has further reinforced the Board's commitment to strengthening the Company's climate resilience infrastructure and longer-term asset management strategy.

Financial Performance Overview

The financial year 2025/26 was materially more challenging than the preceding year, with Group revenue declining by 22.87% to Rs. 199 million, primarily due to cyclone-related disruptions, prolonged downtime at the Delta plant, and hydrological variability. Revenue was further impacted by a sharp decline in CEB delay interest income, which fell to Rs. 0.2 million in FY 2025/26 from Rs. 67 million in FY 2024/25. Profitability was significantly impacted, with profit after tax reducing to Rs. 12 million (FY 2024/25: Rs. 88 million) and earnings per share declining to Rs. 0.11 from Rs. 0.80. Notwithstanding these pressures, the Company maintained a zero-debt position and a strong balance sheet, with total assets of Rs. 826 million and shareholders' funds of Rs. 669 million as at 31st March 2026.

Operational Performance and Asset Management

The Company's four mini-hydropower plants—Sanquhar, Delta, Stellenberg, and Thebuwana—generated 15.35 GWh during the year, a marginal decline from the previous year. Cyclone Ditwah caused damage to the Sanquhar and Stellenberg plants, which were repaired within the year, while the Delta plant sustained more severe damage and remains under rehabilitation completed by June 2026. The Thebuwana plant was not directly affected, though generation declined due to weaker hydrological flows. Preventive maintenance programs continued across all plants, supporting operational reliability.

Climate Event — Impact of Cyclone Ditwah

Cyclone Ditwah was the most significant operational event during the year, causing damage to three of the Company's plants. Sanquhar and Stellenberg were restored within the year by the internal engineering team, while the Delta plant sustained severe damage and remains under advanced rehabilitation, completed by June 2026. This event has led to a Board-level review of infrastructure resilience, with enhancements to be integrated into future capital and asset management plans.

Regulatory Environment and Industry Advocacy

The Company continues to operate under the regulatory framework of the Ceylon Electricity Board (CEB) and the Public Utilities Commission of Sri Lanka (PUCSL). Tariff adequacy and the timely revision of power purchase pricing remain key concerns for the small hydropower sector. As an active member of the Small Hydropower Association, Lotus Hydro Power PLC continued to contribute to industry-level advocacy for more equitable and inflation-responsive tariff structures. Full compliance with all requirements of the Sustainable Energy Authority (SEA) and the Central Environmental Authority (CEA) was maintained throughout the year.

Risk Management and Climate Adaptation

Climate variability and the risk of extreme weather events remain the most significant operational risks faced by the Company, made acutely tangible by the impact of Cyclone Ditwah during the reporting period. In response, the Company has prioritised the completion of the Delta rehabilitation, a review of civil and structural resilience standards across all plants, and the development of enhanced contingency protocols for extreme weather scenarios. The Company continues to emphasise conservative generation forecasting, robust preventive maintenance, and adaptive water resource management in the face of increasing hydrological unpredictability across its catchment areas.

Capital Structure and Financial Discipline

Lotus Hydro Power PLC maintained its zero-debt policy throughout FY 2025/26, funding all operational costs, cyclone repair activities, and capital requirements from internal cash flows. The current ratio strengthened to 17.64 times as at 31st March 2026 (FY 2024/25: 11.91 times), reflecting strong short-term liquidity. Net asset value per share stood at Rs. 6.13 (FY 2024/25: Rs. 6.83), and the Company's market capitalisation improved to Rs. 1,472,689,512 at the close of the financial year. The debt-free capital structure continues to provide the financial flexibility required to fund the Delta rehabilitation and to pursue future growth selectively.

Sustainability and Environmental Commitment

All electricity generated by Lotus Hydro Power PLC is 100% clean and renewable. During FY 2025/26, the Company's generation contributed to the avoidance of approximately 10,462 metric tons of CO_2-equivalent emissions, reinforcing its role in Sri Lanka's low-carbon energy transition. Minimum environmental flows were strictly maintained across Galatha Oya, Atabage Oya, and Devipahala Maha Ela. Zero hazardous waste was generated, and operational waste recycling exceeded 99%. The Company continued its community engagement activities in the regions surrounding its plant operations.

Human Capital and Governance

The Company's workforce, drawn predominantly from the districts of Rathnapura, Kandy, and Nuwara Eliya, maintained the technical dedication that is a hallmark of Lotus Hydro Power PLC's operational culture. A zero workplace injury record was achieved across all locations, underpinned by structured safety protocols and periodic audits. All employees participated in technical training and safety development programmes during the year. The Board of Directors maintained its oversight responsibilities with diligence, ensuring continued alignment with the Corporate Governance Code issued by CA Sri Lanka and the Listing Rules of the Colombo Stock Exchange.

Future Outlook

Looking ahead, Lotus Hydro Power PLC remains cautiously optimistic regarding its recovery and growth prospects. With the Group now operating at its full four-plant capacity, management anticipates a meaningful improvement in power generation and financial performance during the 2026/27 financial year.

The Company remains firmly committed to operational excellence, prudent financial management, and responsible environmental stewardship. In parallel, the Board continues to evaluate selective growth opportunities within the renewable energy sector, including the proposed Halgranoya Hydro Power Project and potential investments in solar energy, subject to meeting the Company's strategic, financial, and sustainability criteria.

As Sri Lanka advances its transition towards a more sustainable energy future, Lotus Hydro Power PLC is well positioned to play a meaningful role in supporting the nation's renewable energy objectives while creating long-term value for its shareholders and other stakeholders.

"The challenges, lessons, and opportunities shaping our future."

BOARD OF DIRECTORS

MR. GARY SEATON

Executive Director/ Chairman

Mr. Gary Seaton was born and educated in Sydney, Australia, completing his formal education at the University of NSW. He embarked upon a career in Agribusiness, joining the Gardner Smith Group as a trainee in 1975. In 1984, Mr. Seaton opened up Gardner Smith's Singapore office as the first stepping stone to Gardner Smith's expansion to become a global player in the world market before rejoining Gardner Smith in 1988 to head their International Operations. Mr. Seaton was responsible for the company's expansion into global operations with the establishment of offices in India, Pakistan, Sri Lanka, China, Korea, South Africa, United Kingdom, Tanzania and Turkey. He left Gardner Smith in 1998 to form his own group of companies including the Oceanic Group that continued their investments and engagements in Asia.

Mr. Seaton currently heads the Oceanic Group operates in Singapore, Malaysia, Sri Lanka (tea and coffee plantations), India (investment in manufacturing plants) and Australia predominantly in the agricultural sector. Mr.Seaton has served as a Director Australian Oilseeds Investment since its inception. He has also served as the Managing Director of Cootamundra Oilseeds Pty Ltd. ("Cootamundra"), Cowcumbla Investments Pty Ltd ("Cowcumbla") and CQ Oilseeds Pty Ltd. since 2014, and he is Chief Executive Officer and Chairman of the Board of Directors of Australian Oilseeds Holding, a Nasdaq listed company.

Mr. Seaton also holds Directorship in Hatton Plantations PLC, Lotus Renewable Energy (Private) Limited, Thebuwana Hydro Power (Private) Limited, Stellenberg Hydro Power (Private) Limited, Halgranoya Hydro Power (Private) Limited, Zyrex Power Company Limited, HI - Tech Power Systems (Private) Limited, Mark Marine Services (Pvt) Ltd, Sri Bio Tech Lanka (Pvt) Ltd, G & G Agro Commodities (Private) Limited.

He is Chairman of the Heart of Love Foundation Australia, a philanthropic organisation providing free healthcare, education, nutrition, and social services across Australia and the Pacific. The Foundation is part of the One World, One Family Mission—a global humanitarian organisation that offers essential services to those who need them most, completely free of charge. The Mission operates the world's largest network of free pediatric cardiac hospitals, with over 36,000 surgeries performed to date. It also runs 27 values-based educational campuses and provides free morning nutrition to 10 million schoolchildren each day in India and other countries.

MR. MENAKA ATHUKORALA

Executive Director

Mr. Menaka Athukorala is a seasoned professional in the plantation industry with over three decades of industry experience, and he is well-experienced in the renewable energy and agribusiness sectors He studied at Nalanda College, Colombo and is a Higher National Diploma holder in Plantation Management and Agriculture. He has further strengthened his academic credentials by completing a Master of Business Administration (MBA) (General) from the University of Bedfordshire, United Kingdom, and is currently reading for a Doctor of Business Administration (DBA) at the University of Colombo. His career path started as a Junior Assistant Superintendent in 1992 and steadily progressed through the plantation sector. In 2002, he was appointed Superintendent at Salawa Estate under Pussellawa Plantations Limited, where he demonstrated strong leadership and operational expertise, leading to his subsequent promotion as Deputy General Manager.

Mr. Athukorala joined Lalan Rubber as the Group General Manager in 2013, further expanding his exposure to diversified plantation operations and value-added agribusiness. At Present, he serves as the Chief Operating Officer and Country Manager/ Director of Lotus Renewable Energy (Pvt) Ltd. Concurrently, he also carries out duties and responsibilities in the capacity of Managing Director/ CEO of Hatton Plantations PLC, where he plays a pivotal role in advancing sustainable energy initiatives.

Mr. Athukorala also holds Directorship in several listed and private companies, including Alpha Fire PLC, Origin Tea Exports (Private) Limited, Hatton Plantations PLC, Lotus Renewable Energy (Private) Limited, Thebuwana Hydro Power (Private) Limited, Stellenberg Hydro Power (Private) Limited, Halgranoya Hydro Power (Private) Limited, Zyrex Power Company Limited, HI - Tech Power Systems (Private) Limited, Mark Marine Services (Pvt) Ltd, Sri Bio Tech Lanka (Private) Limited, and G & G Agro Commodities (Private) Limited.

MR. GOWRI SHANKAR

Non- Executive Director

Mr. Gowri Shankar is a seasoned professional with over 23 years of experience spanning mechanical engineering, corporate strategy, renewable energy, agri-commodity trading, and financial structuring. He is currently the Managing Director & CEO of the G & G Group of Companies, Singapore, with operations across Southeast Asia and Australia. He is also an expert in structuring finance for mergers and acquisitions, managing diversified portfolios, and advising governments, development banks, and private sector entities on strategic investments. He holds a Bachelor of Technology in Machine Design and Automation Engineering from NIT Jalandhar and an MBA in Finance and Systems from NIT Warangal. He is currently pursuing research in Economics and International Trade at NIT Warangal and was recently recognised with the "Distinguished Young Alumni" award by the institute.

Mr. Shankar also holds directorships in several companies, including Hatton Plantations PLC, Lotus Renewable Energy Limited, Thebuwana Hydro Power Limited, Stellenberg Hydro Power Limited, Halgranoya Hydro Power Limited, Zyrex Power Company Limited, and HI - Tech Power Systems (Private) Limited, Mark Marine Services (Pvt) Ltd.

In addition to his corporate roles, Mr.

Shankar serves as Board Advisor to the Prashanthi Balamandira Trust, the lead trust of the One World One Family Mission, a global humanitarian organisation that offers world-class healthcare, education, and nutrition, completely free of charge to those who need it most. In this role, he leads financial strategy, impact investment, fundraising, and partnerships, designing strategic financial frameworks to support the Mission's large-scale philanthropic operations. The Mission operates the world's largest network of free pediatric cardiac hospitals, with over 36,000 surgeries performed to date. It also runs 27 values-based educational campuses and provides free morning nutrition to 10 million schoolchildren every day across India and other countries.

DR. THIRUGNANASAMBANDAR SENTHILVERL

Non- Executive Director

Dr. Thirugnanasambandar Senthilverl was appointed to the Board of Directors of Lotus Hydro Power PLC in 2010 as a Non – Executive director. For over 5 decades he has been actively engaged in Manufacturing, Trading, Land Development, Health Insurance, Finance, Power and Energy sectors and in industrial turnkey projections. At present Dr. Senthilverl currently serves on the Boards of several public listed and private companies.

MR. MAYURA FERNANDO

Senior Independent Non- Executive Director

Mr. Mayura Fernando started his professional career at KPMG Ford Rhodes Thornton & Company and was a Partner of the Firm. He has extensive experience as Head of Finance, holding positions of Senior Vice President – Finance of Vanik and Forbes Ceylon Group, Group Finance Director of Confifi Group, and Director Finance – Asian Region of Virtusa (An Information Technology Company based in Boston USA). Mr. Fernando has also held senior general management positions such as the Managing Director of Capital Reach Holdings Ltd, Director/Chief Executive Officer of Softlogic Finance PLC, Director/Chief Executive Officer of Laugfs Capital Ltd, and Chief Executive Officer of Orient Finance PLC. He was a Non-Executive Independent Director and the Chairman of the Audit Committee of DFCC Bank PLC from 2013 to 2022 and The Lanka Hospitals Corporation PLC from 2020 to 2024. Currently, he is a Non-Executive Independent Director of Laugfs Gas PLC, Laugfs Power PLC, Renuka Hotels PLC, PGP Glass Ceylon PLC, Hatton Plantations PLC and several Directorships in other non-listed companies.

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

DR. ROHANTHA ATHUKORALA

Independent Non- Executive Director (appointed w.e.f. 22nd July 2025)

Dr. Rohantha Athukorala brings over 21 years of experience in brand marketing, sales leadership, and public sector transformation to the Board. He has held senior leadership roles with leading multinational corporations including Unilever, Reckitt Benckiser, and Diversey Lever India. As former Country Head for Sri Lanka and the Maldives, he has a proven track record in building brands, driving market growth, and developing high-performing teams.

Dr. Athukorala has also made significant contributions at the national and international level. He is the youngest individual to have chaired both the Sri Lanka Export Development Board and Sri Lanka Tourism. He served as Commissioner General for Sri Lanka at the World Expo in Milan. At the United Nations Office for Project Services (UNOPS), as Portfolio Development Head for Sri Lanka and the Maldives, he led initiatives that earned Sri Lanka the global 'Best Project' award and the Dr. A.P.J. Abdul Kalam "Pride of the Nation" award.

In 2025, he was appointed by the Government of Sri Lanka to develop the Strategic Plans 2025-2029 for the University Grants Commission, Ministry of Higher Education, Immigration Government of Sri Lanka and for the National Insurance Trust Fund, Ministry of Finance. He has also led key national tourism projects including the UNDP-funded Central Province Master Plan and the EU-funded Uva Province Tourism Master Plan 2023-2028.

Dr. Athukorala currently serves as Country Head for Sri Lanka and Maldives at Clootrack Software Labs, a leading South Asian artificial intelligence and brand mapping company. He is also a Board Director of the Asia Pacific Institute of Information Technology (APIIT) and Vice President for Asia Pacific at the World Rural Tourism Council.

A thought leader and recognized marketing professional, Dr. Athukorala is a recipient of the 'Marketing Achiever' award from the Chartered Institute of Marketing and the Business Achiever award from the Postgraduate Institute of Management, University of Sri Jayewardenepura. He is also the only Sri Lankan to receive the global 'Rotary International People of Action' award. Dr. Athukorala is a Double Degree in Marketing, MBA, and Doctorate in Business Administration. Alumnus of Harvard University.

MR. INDRAJITH FERNANDO

Former Senior Independent Non- Executive Director (resigned w.e.f. 22nd July 2025)

Mr. Indrajith Fernando is a Director of Strategic Insurance Brokers (Pvt) Ltd. Beyond Wealth (Pvt) Ltd and Global Connect Partners.

He serves as a Chartered Institute of Securities Investments (CISI) Advisory Committee member in Sri Lanka and as a Non-Executive Director, Chairman of the Audit Committee and the Integrated Risk Management Committee of listed companies.

Mr. Fernando serves as a Director on the Board of Lanka Rating Company Ltd (LRA), Kerner Haus Global Solutions PLC, and Kandy Hotels PLC. He is a thought leader with over 36 years of experience in business and the accountancy profession. He is a past president of the Institute of Chartered Accountants of Sri Lanka (ICA), Member of International Federation of Accountant (IFAC) Developing Nations Committee, President–South Asian Federation of Accountants, Advisor/ Chairman SAFA Committee on improving Transparency, Accountability and Governance (CiTAG). He is a fellow of the ICA-SL, CIMA UK and CMA Sri Lanka and a Senior Member of CPA-Maldives, He holds an MBA from the University of Queensland, Australia.

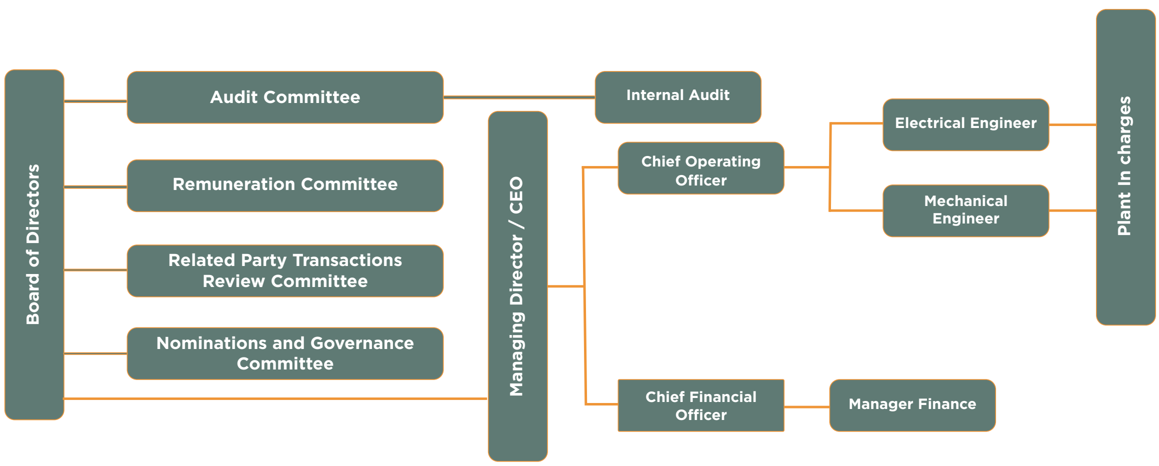
CORPORATE MANAGEMENT TEAM

	Board of Directors	
01	Mr. Gary Seaton	Executive Director/ Chairman
02	Mr. Menaka Athukorala	Executive Director
03	Mr. Gowri Shankar	Non- Executive Director
04	Dr. Thirugnanasambandar Senthilverl	Non- Executive Director
05	Mr. Mayura Fernando	Senior Independent Non- Executive Director
06	Dr. Rohantha Athukorala *(appointed w.e.f. 22nd July 2025)*	Independent Non- Executive Director
07	Mr. Indrajith Fernando *(resigned w.e.f. 22nd July 2025)*	Senior Independent Non- Executive Director

	Management Team	
01	Ms. Disna Lokugalappaththi	Chief Financial Officer
02	Mr. Shamindra Saparamadu	Chief Operating Officer
03	Mr. Asanka Ekanayake	Manager Finance
04	Mr. Harsha Jayathilaka	Mechanical Engineer
05	Mr. Upendra Yatawaka	Electrical Engineer
06	Mr. Anjana Maveekumbura	Electrical Engineer

	Power Station In Charge		
01	Mr. B L D Udayakumara	Plant In Charge	Delta Mini Hydro Power Project
02	Mr. K T S C Ruwanthilaka	Plant In Charge	Thebuwana Mini Hydro Power Project
03	Mr. D R R Abeysinghe	Plant In Charge	Thebuwana Mini Hydro Power Project
04	Mr. H A S K Sarathchandra	Plant In Charge	Stellenberg Mini Hydro Power Project
05	Mr. S G G C K De Silva	Plant In Charge	Stellenberg Mini Hydro Power Project
06	Mr. G W L Rajawansa	Plant In Charge	Sanquhar Mini Hydro Power Project
07	Mr. H G M Kularatne	Plant In Charge	Sanquhar Mini Hydro Power Project

GOVERNANCE STRUCTURE

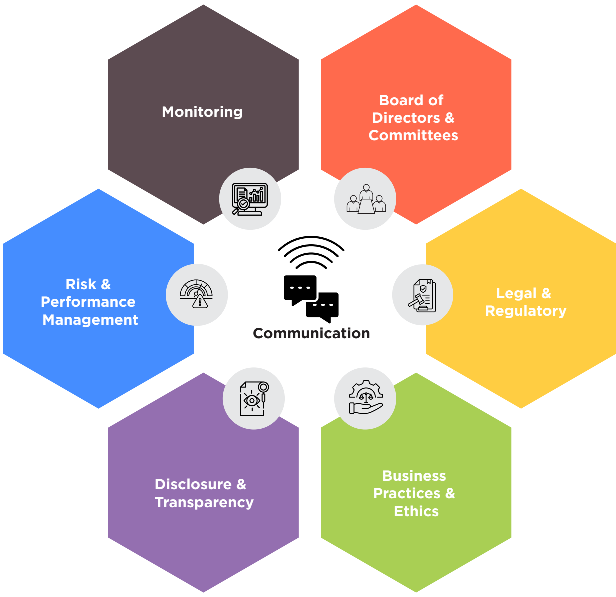


CORPORATE GOVERNANCE

Governance is the responsibility of the Board of Directors for the competent and ethical operations of the business. Lotus Hydro Power PLC understands the paramount importance of practicing Corporate Governance, as any non adherence would cause consequences.

The Corporate Governance framework of the company given below is a reflection of our culture, policies, relationships with stakeholders and commitment to values. It also expects a high level of commitment across the Company and the creation of awareness at all levels.

The Corporate Governance framework of the Company is depicted below:



- Complying with laws, rules and regulations of the Sri Lanka
- Recognition to the Group Values
- Ensuring that no individual has unfettered decision making powers
- Exercising professionalism and integrity in all business transactions

Timely and efficient decision making and resource allocation within a framework that is compliant with the laws of the organizational territory and standards of governance.

The key components of the Corporate Governance framework of the Company comprise the Internal Governance Structure, Assurance of Compliance and Regulatory Frameworks guiding the Company towards progress by way of developing and implementing appropriate corporate strategies, are discussed in this report.

A. INTERNAL GOVERNANCE STRUCTURE

Internal Governance Structure of the Company facilitates effective and efficient decision making with accountability. This is based on,

I. The Chairman and the Board of Directors

The Chairman's primary role is to ensure that the Board is effective in its tasks of setting and implementing the Company's directions and strategy. The Board of Directors, along with the Chairman is the ultimate governing body of the Company. The wide and varying knowledge and experience of the directors make a well balanced board.

The Board is responsible for the ultimate supervision and accountability for the stewardship function of the Company. It provides leadership in setting the strategic direction and establishing a sound control framework for successful functioning of the Company. The Board of Directors is committed to upholding the highest standards of integrity, transparency, accountability and professional ethics, rewarding all its stakeholders with greater creation of values within the Company. Directors and employees of the Company and the Group at all levels are expected to display ethical and transparent behavior through their communication and role modeling in keeping with acceptable business practices.

The Board ensures compliance with the Code of Best Practices on

Corporate Governance (Contd.)

Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka and the Listing Rules of the Colombo Stock Exchange on Corporate Governance.

As of date, the Board consists of 06 members as follows-

- 2 Non-Executive Directors
- 2 Independent Non-Executive Directors
- 2 Executive Directors

No	Name of Director	Executive/Non Executive	Independent/ Non Independent	Gender Representation
01	Mr. Gary Seaton	Executive (Chairman)	Non-Independent	Male
02	Mr. Menaka Athukorala	Executive	Non-Independent	Male
03	Mr. Gowri Shankar	Non-Executive	Non-Independent	Male
04	Dr. Thirugnanasambandar Senthilverl	Non-Executive	Non-Independent	Male
05	Mr. Mayura Fernando	Non-Executive	Independent	Male
06	Dr. Rohantha Athukorala *(appointed w.e.f. 22nd July 2025)*	Non-Executive	Independent	Male
07	Mr. Indrajith Fernando *(resigned w.e.f. 22nd July 2025)*	Non-Executive	Independent	Male

The Board consists of Directors with varied experience and skills. The Profiles of the Chairman and each Director with their experience in business and profession, are set out in pages 14 and 17.

Independence of the Directors has been determined in terms of the prevailing Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance issued jointly by the Securities and Exchange Commission of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka. The two Independent, Non- Executive Directors have submitted signed confirmations of their Independence. Apart from the determination of Independence, each Director has a continuing responsibility to determine whether he has a potential or actual conflict of interest arising from external associations, interests or personal relationships in material matters. All Directors make a formal declaration of all their interests on an annual basis.

All Directors are able to and willingly add value and express an Independent opinion on the decision-making process, which is of immense benefit to the effective functioning of the Board. The Board of Directors is accountable to the shareholders for the governance of the company, the proper stewardship of the Company's affairs, and share the responsibility for ensuring the highest standards of disclosure and reporting, ethics, and integrity across the Company and the Group. The Board of Directors maintains an appropriate dialog with the share holders and any issues raised by them at General Meeting are dealt with.

All the Directors have access to the Company Secretaries, S S P Corporate Services (Pvt) Ltd who are responsible to the Board in ensuring that the proper Board practices are followed and that applicable rules and regulations are complied with.

Board Meetings

Board Meetings are held for the following purposes:

- To review strategic and operational issues.
- To approve annual budgets and interim and full year financial statements.
- To review profit and working capital forecasts and monthly management accounts.
- To provide advice and guidelines to Divisional Heads and Senior Managers.
- To provide and circulate timely and periodic reports to shareholders.
- To sanction major investments.

Corporate Governance (Contd.)

- To adopt annual and interim reports before they are published.

In addition, ad hoc meetings are scheduled to discuss and review urgent matters.

The Directors are provided with all relevant information prior to each meeting to enable their effective participation.

For the financial year ended 31st March 2026 only four (04) Board Meetings were held.

Name	Attendance
Mr. Gary Seaton	4/4
Mr. Menaka Athukorala	4/4
Mr. Gowri Shankar	4/4
Dr. Thirugnanasambandar Senthilverl	4/4
Mr. Indrajith Fernando *(resigned w.e.f. 22nd July 2025)*	1/1
Mr. Mayura Fernando	4/4
Dr. Rohantha Athukorala *(appointed w.e.f. 22nd July 2025)*	3/3

II. Sub-Committees

The Board has delegated some of its functions to Board Committees while retaining final decision rights pertaining to matters under the purview of these committees.

The Sub-Committees and their responsibilities;

Audit Committee:

Oversight of Internal Controls and Financial Reporting

Remuneration Committee:

Recommendation of remuneration framework of the Company

Related Party Transactions Review Committee:

To assist the Board in reviewing all Related Party Transactions.

Nominations and Governance Committee:

To assist the Board in complying with the requirements of the Code of Best Practice on Corporate Governance and the Listing Rules of the CSE.

Audit Committee

The Audit Committee comprises:

Mr. Mayura Fernando
Chairman / Senior Independent Non-Executive Director

Dr. Rohantha Athukorala
Member/ Independent Non-Executive Director
(appointed w.e.f. 22nd July 2025)

Mr. Gowri Shankar
Member/ Non-Executive Director

Mr. Indrajith Fernando
Former Chairman / Senior Independent Non-Executive Director *(resigned w.e.f. 22nd July 2025)*

The Executive Director, Chief Financial Officer and other representatives of Senior Management are invited to join the meetings of the committee by invitation when necessary. S S P Corporate Services (Pvt) Ltd functions as the Secretary to the Committee.

For the financial year ended 31st March 2026 there were a total number of four (04) Audit Committee Meetings.

The Audit Committee report is given on page 70-71 of the Annual Report.

Remuneration Committee

The Remuneration Committee comprises of:

Mr. Mayura Fernando
Chairman / Senior Independent Non-Executive Director

Dr. Rohantha Athukorala
Member/ Independent Non-Executive Director
(appointed w.e.f. 22nd July 2025)

Mr. Gowri Shankar
Member/ Non-Executive Director

Mr. Indrajith Fernando
Former Chairman / Senior Independent Non-Executive Director *(resigned w.e.f. 22nd July 2025)*

S S P Corporate Services (Pvt) Ltd functions as the Secretary to the Committee. The Chairman of the Company shall be invited to attend meetings and shall be consulted on the performance and remuneration of Directors and senior management.

The Remuneration Committee is responsible for-

- Assisting the Board of Directors in establishing remuneration policies and practices in the Company;
- Reviewing and recommending to the Board appropriate remuneration packages based on industry level and the contributions made to the organization

For the financial year ended 31st March 2026 one (01) Remuneration Committee Meetings was held.

The Remuneration Committee Report is given on page 72 to 73 of the Annual Report.

Corporate Governance (Contd.)

Related Party Transactions Review Committee

The Committee comprises the following members and meets on a quarterly basis:

Mr. Mayura Fernando
Chairman / Senior Independent Non-Executive Director

Dr. Rohantha Athukorala
Member/ Independent Non-Executive Director
(appointed w.e.f. 22nd July 2025

Mr. Gowri Shankar
Member/ Non-Executive Director

Mr. Gary Seaton
Member / Executive Director

Mr. Menaka Athukorala
Member / Executive Director

Mr. Indrajith Fernando
Former Chairman / Senior Independent Non-Executive Director *(resigned w.e.f. 22nd July 2025)*

The purpose of the Committee is to review in advance all proposed Related Party Transactions of the Company as per the terms given in the Listing Rules of the Colombo Stock Exchange.

The Related Party Transactions Review Committee is responsible for the following:

- To review in advance all proposed Related Party Transactions of the Company except those explicitly exempted;
- To adopt policies and procedures to review Related Party Transactions of the Company and reviewing and overseeing existing policies and procedures;
- To determine whether Related Party Transactions that are to be entered into by the Company require the approval of the Board or Shareholders of the Company;
- To establish separate guide lines to follow Recurrent Related Party Transactions of the Company;
- To ensure that no Director of the Company shall participate in any discussion of a proposed Related Party Transaction which he or she is a related party, unless such a Director is requested to do so by the Committee for the express purpose of providing information concerning the Related Party Transaction to the Committee;
- If there is any potential conflict in any Related Party Transaction, the Committee may recommend the creation of a special committee to review and approve the proposed Related Party Transaction;
- To ensure that immediate market disclosures and disclosures in the Annual Report as required by the applicable rules and regulations are made in a timely and detailed manner.

The Related Party Transactions Review Committee Report is given on page 74-75 of the Annual Report.

Nominations and Governance Committee

The Nominations and Governance Committee comprises of:

Mr. Mayura Fernando
Chairman / Senior Independent Non-Executive Director

Dr. Rohantha Athukorala
Member/ Independent Non-Executive Director
(appointed w.e.f. 22nd July 2025)

Mr. Gowri Shankar
Member/ Non-Executive Director

Mr. Indrajith Fernando
Former Chairman / Senior Independent Non-Executive Director *(resigned w.e.f. 22nd July 2025)*

This committee was established to ensure that the Company complies with the requirements of the Code of Best Practice on Corporate Governance and the Listing Rules issued by the Colombo Stock Exchange with effect from 02nd August 2024.

The Nominations and Governance Committee is responsible for the following:

- To evaluate the appointment of the Directors.
- To consider and recommend (or not recommend) the re-appointment / reelection of current Directors.
- To establish and maintain formal and transparent procedures to evaluate, select and appoint/ re-appoint Directors.
- To evaluation of the performance of the Board, Sub committees, Individual directors, and the Managing Director.
- To formulate a succession plan for the Board of Directors and the Key Management Personnel of the Entity.
- To review the structure, size and composition of the Board and Board Committees regarding effective discharge of duties and responsibilities.
- To review and recommend the overall corporate governance framework and periodically update and review it.

The Nominations and Governance Committee Report is given on page 76 of the Annual Report.

Corporate Governance (Contd.)

III. Internal Controls

Internal Controls namely, the Code of Business Conduct and Ethics, The Governance and the Internal Audit are designed to support and maintain a transparent and effective internal control system and institutionalize of the best processes of governance. The Board is committed to maintain high ethical standards in conducting its business and communicating its values to its employees and ensure their conduct is based such values.

B. ASSURANCE OF COMPLIANCE

Assurance of compliance is the supervisory module of the Corporate Governance structure, where a range of assurance mechanisms such as monitoring, tests on effectiveness are carried out and corrective actions are proposed and implemented towards a sound governance system. The Board is conscious of its responsibility to the shareholders, the Government and the society in which it operates and is committed to upholding the highest standards of ethical behavior in conducting its business. The Board, through the Group Legal Division, the Group Finance Division and its other operating structures, monitors and assesses the level of compliance of the Company with laws and regulations. It also reviews the changes in regulations and strives to ensure that the Company is in compliance with the regulatory requirements of the country.

Report to the Shareholders and Public

The Board considers the Annual General Meeting as a prime opportunity to communicate with its shareholders and encourages their participation. A Form of Proxy accompanies each Notice of Meeting giving an opportunity to those who are unable to attend, to cast their vote. The Notice of the Annual General Meeting and the relevant documents are published and dispatched to the shareholders fifteen working days prior to the meeting as required by the Companies Act No. 07 of 2007.

Going Concern and Financial Reporting

The Directors are satisfied that the company has sufficient resources to continue its operations in the foreseeable future. The company has adopted the going concern principle in preparing the financial statements. The Directors, Report highlights all Statutory and material declarations. The Statement of Directors' Responsibilities in relation to financial reporting is given on page 67. The Directors' interests in contracts of the company are disclosed in note 27.1 to the Financial Statements.

Corporate Social Responsibility

The Company recognizes sensitively the need to look after the rights and claims of non-shareholder groups such as employees, consumers, suppliers, lenders, and government. The Company is also mindful, when making corporate decisions, of the outcome affecting the stakeholder groups.

The Company considers the natural environment as one of its key and important stakeholders and makes deliberate efforts to take care of it in the best possible manner. The business units of the Company adhere to stringent eco- friendly practices, which ensure outputs that contribute towards a sustainable environment.

External Audit

M/s. KPMG, Chartered Accountants have functioned as the external Auditors of the Company.

C. REGULATORY FRAME WORK

This refers to the regulatory structure within which the Company operates, conforming to established governance related laws, regulations and best practices.

Corporate Governance (Contd.)

COMPLIANCE SUMMARY

REGULATORY BENCHMARKS		
Adoption	**Standard/Principle/Code**	**Adherence**
Mandatory Provisions	The Companies Act No.7 of 2007 and regulations	✓
Mandatory Provisions	Listing Rules of the Colombo Stock Exchange (CSE)	✓
Mandatory Provisions	The Securities and Exchange Commission of Sri Lanka Act, No. 19 of 2021, and the rules, regulations, directives, and circulars issued thereunder	✓
Mandatory Provisions	Code of Best Practice on Related Party Transactions (2013) issued by the Securities and Exchange Commission of Sri Lanka (SEC), as incorporated into and read together with the Corporate Governance Rules and Section 9 of the Listing Rules of the Colombo Stock Exchange (as amended)	✓
Voluntary provisions	Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), together with the Corporate Governance Rules issued by the Securities and Exchange Commission of Sri Lanka (SEC)	✓

Adoption	Adherence
Articles of Association	✓
Environmental Management System	✓
Project Management Manual	✓
Code of Business Ethics	✓
Internal Control System	✓
Risk Management Framework	✓
HR Policies	✓
Finance Policies	✓
Operational Manual	✓

Corporate Governance (Contd.)

STATEMENT OF COMPLIANCE UNDER SECTION 7.6 OF THE RULES OF THE COLOMBO STOCK EXCHANGE (CSE).

MANDATORY PROVISIONS - FULLY COMPLIANT

CSE Rule	CSE Rule and Description	Compliance Status	Section Reference in the Annual Report
7.6 Contents of Annual Report			
I	Names of persons who during the financial year were Directors of the Entity.	✓	Annual Report of the Board of Directors on page 14 to 17.
II	Principal activities of the Entity and its subsidiaries during the year and any changes therein.	✓	Annual report of the board of directors on the affairs of the company page 63 and our organisational structure page 09.
III	The names and the number of shares held by the 20 largest holders of voting and non-voting shares and the percentage of such shares held.	✓	List of 20 major shareholders on page 132.
IV	The float adjusted market capitalization, public holding percentage (%), number of public shareholders and under which option the Listed Entity complies with the Minimum Public Holding requirement.	✓	Share Information on page 131.
V	A statement of each Director's holding and Chief Executive Officer's holding" in shares of the Entity at the beginning and end of each financial year.	✓	Annual report of the board of directors on the affairs of the company page 64.
VI	Information pertaining to material foreseeable risk factors of the Entity	✓	Risk Management on page 53 to 56.
VII	Details of material issues pertaining to employees and industrial relations of the Entity.	✓	Annual report of the board of directors on the affairs of the company page 65.
VIII	Extents, locations, valuations and the number of buildings of the Entity's land holdings and investment properties.	✓	Notes to the Financial Statements (Note 11.3).
IX	Number of shares representing the Entity's stated capital.	✓	Notes to the Financial Statements, (Note 19) Share Information.
X	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings in different categories.	✓	Share Information on page 131 to 132.

Corporate Governance (Contd.)

CSE Rule	CSE Rule and Description	Compliance Status	Section Reference in the Annual Report
XI	The following ratios and market price information: ♦ Dividend per share ♦ Dividend pay out ♦ Net asset value per share ♦ Market value per share -Highest and lowest values recorded during the financial year. -Last traded price.	✓	Financial Highlights page 04 and Share Information on page 131.
XII	Significant changes in the Entity's or its subsidiaries' fixed assets and the market value of land, if the value differs substantially from the book value.	✓	Notes 11 to the Financial Statements.
XIII	If during the year, the Entity has raised funds either through a public issue, Rights Issue, and private placement; a. Statement as to the manner in which the proceeds of such issue has been utilized; b. If any shares or debentures have been issued, the number, class and consideration received and the reason for the issue; and, c. Any material change in the use of funds raised through an issue of Securities.	N/A	
XIV	Disclosures of each employee share option schemes and employee share purchase schemes.	N/A	
XV	Disclosures pertaining to Corporate Governance practices in terms of Section 9 of the Listing Rules.	✓	Corporate Governance on page 19 to 52.
XVI	Related Party transactions exceeding 10% of the Equity or 5% of the total assets of the Entity as per Audited Financial Statements, whichever is lower. Details of investments in a Related Party and/or amounts due from a Related Party to be set out separately. The details shall include, as a minimum; I. The date of the transaction II. The name of the Related Party III. The relationship between the Entity and the Related Party IV. The amount of the transaction and terms of the transaction V. The rationale for entering into the transaction (This section was repealed on 1st January 2016 and the Code of Best Practices on Related Party Transactions are applicable w.e.f 1st January 2016).	✓	No non-recurrent transactions meeting threshold.
XVII	In the event a Listed Entity has its Foreign Currency denominated Securities listed on the Exchange, the Entity shall additionally disclose the following in its Annual Report.	N/A	

Corporate Governance (Contd.)

STATEMENT OF COMPLIANCE UNDER SECTION 9 OF THE RULES OF THE COLOMBO STOCK EXCHANGE (CSE).

MANDATORY PROVISIONS - FULLY COMPLIANT

CSE Rule	CSE Rule and Description	Compliance Status	The Company's Action
9.1.3	Statement confirming the extent of compliance with the Corporate Governance Rules.	✓	Chairman's Statement on page 10 to 11.
9.2.1	Listed entities shall establish and maintain the following policies and disclose the fact of existence of such policies together with the details relating to the implementation of such policies by the entity on its website. a. Policy on the matters relating to the Board of Directors. b. Policy on Board Committees. c. Policy on Corporate Governance, Nominations and Re-election. d. Policy on Remuneration. e. Policy on Internal Code of Business Conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities. f. Policy on Risk Management and Internal Controls. g. Policy on Relations with Shareholders and Investors. h. Policy on Environmental, Social and Governance Sustainability. i. Policy on Control and Management of Company Assets and Shareholder Investments. j. Policy on Corporate Disclosures. k. Policy on Whistleblowing. l. Policy on Anti-Bribery and Corruption.	✓	The Company has already established and implemented these policies, which continue to be effective. These policies were published on the Company's website and remain accessible at: https://www.lotusreenergy.com/corp-governance-policies.pdf.
9.2.2	Any waivers from compliance with the Internal Code of business conduct and ethics or exemptions granted.	N/A	
9.2.3	i. List of policies in place as per Rule 9.2.1, with reference to website. ii. Any changes to policies adopted.	✓	Complied. The policies are published and remain accessible at https://www.lotusreenergy.com/corp-governance-policies.pdf.
9.2.4	Entity shall make available all such policies to shareholders upon a written request being made for any such Policy.	✓	A process has been introduced to provide these policies to shareholders upon written request.

Corporate Governance (Contd.)

CSE Rule	CSE Rule and Description	Compliance Status	The Company's Action
9.3	**Board Committees**		
9.3.1	Entity shall ensure that the following Board committees are established and maintained at a minimum and are functioning effectively. The said Board committees at minimum shall include; i. Nominations and Governance Committee ii. Remuneration Committee iii. Audit Committee iv. Related Party Transactions Review Committee.	✓	The company has established all the mandatory sub committees.
9.3.2	Listed entities shall comply with the composition, responsibilities and disclosures required in respect of the above-Board committees as set out in these Rules.	✓	Please refer the Audit Committee Report and sections 9.11, 9.12, 9.13 & 9.14 below.
9.3.3	The Chairperson of the Board of Directors of the listed entity shall not be the Chairperson of the Board committees referred to in Rule 9.3.1 above.	✓	The Chairman of the Board does not act as chairman of any committee.
9.4.1	Entities shall maintain records of all resolutions and the following information upon a resolution being considered at any General Meeting of the Entity. The Entity shall provide copies of the same at the request of the CSE and/or the SEC. i. The number of shares in respect of which proxy appointments have been validly made; ii. The number of votes in favour of the resolution iii. The number of votes against the resolution; and iv. The number of shares in respect of which the vote was directed to be abstained.	✓	The company secretary keeps records of this information, and the company will supply copies upon request by the CSE and SEC.
9.4.2	Communication and relations with shareholders and investors: a. Listed entities shall have a policy on effective communication and relations with shareholders and investors. b. Listed entities shall disclose the contact person for such communication. c. The policy on relations with shareholders and investors shall include a process to make all Directors aware of major issues and concerns of shareholders. d. Listed entities holding shareholder meetings virtually or in hybrid form must comply with the Exchange's published guidelines.	✓	The Company has established a formal policy for communication with investors, which will be complied with as and when required.
9.5.1	Listed entities must establish and maintain a formal policy for their Board of Directors.	✓	The company maintains a formal policy in this regard covering the areas specified in section 9.5.1.

Corporate Governance (Contd.)

CSE Rule	CSE Rule and Description	Compliance Status	Section Reference in the Annual Report
9.5.2	Listed entities shall confirm compliance with the requirements of the policy referred to in Rule 9.5.1 above in the Annual Report and provide explanations for any noncompliance with any of the requirements with reasons for such non-compliance and the proposed remedial action.	N/A	Company will be on alert regarding such events and will be disclosed when required.
9.6.1	The Chairperson of every Listed Entity shall be a Non-Executive Director and the positions of the Chairperson and CEO shall not be held by the same individual, unless otherwise a SID is appointed by such entity in terms of Rule 9.6.3 below.	✓	The Chairman of the Company serves as an Executive Director, and a Senior Independent Director (SID) has been appointed in accordance with Rule 9.6.3. The functions of the Managing Director and Chairman are separated.
9.6.2	A Listed Entity that is unable to comply with Rule 9.6.1 above shall make a Market Announcement within a period of one (1) month from the date of implementation of these Rules or an immediate Market Announcement from the date of non-compliance.	✓	The initial appointment as Senior Independent Director (SID) was announced to the market on 21st November 2023. Upon his resignation, new Senior Independent Directors were appointed, as disclosed on page 68.
9.6.3 9.6.4	The requirement for a SID.	✓	The Chairman of the Company serves as an Executive Director. A Senior Independent Director has been appointed; please refer to page 68 for further details.
9.7.1	The listed entities shall take necessary steps to ensure that their Directors and the CEO are, at all times, fit and proper persons as required in terms of these Rules: In evaluating fitness and propriety of the persons referred in these Rules, listed entities shall utilize the "Fit and Proper Assessment Criteria".	✓	The company annually collects declarations from directors, confirming that each has consistently met the fit and proper assessment criteria according to the Rule.
9.7.2	Listed entities shall ensure that persons recommended by the Nominations and Governance Committee as Directors are fit and proper as required in terms of these Rules before such nominations are placed before the shareholders' meeting or appointments are made.	✓	The Nominations and Governance Committee will carry out the Fit and Proper Assessment of the Directors at least annually for current Directors and maintain records of the assessments.
9.7.3	Fit and Proper Assessment Criteria. 1. Honesty, Integrity and Reputation 2. Competence and Capability 3. Financial Soundness	✓	

Corporate Governance (Contd.)

CSE Rule	CSE Rule and Description	Compliance Status	Section Reference in the Annual Report
9.7.4	Listed entities shall obtain declarations from their Directors and CEO on an annual basis confirming that each of them has continuously satisfied the Fit and Proper Assessment Criteria is set out in these Rules during the financial year concerned and satisfies the said criteria as at the date of such confirmation.	✓	During the year the company obtained confirmation from Directors and satisfied the fit and proper assessment criteria set out.
9.7.5 (a)	A statement that the Directors and CEO of the entity satisfy the Fit and proper assessment criteria stipulated in the CSE.	✓	Board of Directors profiles are given in the Annual Report.
9.7.5 (b)	Any non-compliance and remedial actions taken by the entity.	N/A	
9.8.1	The Board of Directors of a listed entity shall, at a minimum, consist of five (05) Directors.	✓	The Board Consist of 06 Directors as of 31st March 2026.
9.8.2	Minimum Number of Independent Directors.	✓	The Board consists of Two Independent Non-Executive Directors.
9.8.3	A Director is not independent if they have recent employment, business, or family ties with the Listed Entity, hold significant shares, served over nine years, are linked to conflicting businesses, or are over 70 without required approvals.	✓	The Company is complied with the criteria for determining independence of a Director.
9.8.4	For Rule 9.8.3: "Acting in Concert" per Takeovers Code; "Business Connection" is greater than or equal to 30% turnover (or greater than or equal to 50% assets for banks); "Close Family" are dependents; "Financially dependent" means over 50% support from director/CEO; "Listed Entity" includes related companies; "Material Business" is greater than or equal to 20% of income; "Significant Shareholding" is greater than or equal to 10% voting rights.	✓	The Company is complied with the criteria for determining independence of a Director.
9.8.5	The Board of Directors of listed entities shall require: a. Each Independent Director to annually submit a signed and dated declaration of their "independence" or "non-independence". b. Annually assess the "independence" or "non-independence "of each Independent Director based on their declaration and other available information. c. If the Board finds that the independence of an Independent Director is compromised according to the criteria in Rule 9.8.3, it should immediately issue a market announcement regarding this determination.	✓	Please refer the Board Of Directors in pages 14 - 17.

Corporate Governance (Contd.)

CSE Rule	CSE Rule and Description	Compliance Status	Section Reference in the Annual Report
9.9	Requirements to be complied in relation to the Alternative Director.	N/A	Company will be on Alert regarding such events and will be disclosed when required.
9.10.1	Listed entities shall disclose its policy on the maximum number of directorships its Board members shall be permitted to hold in the manner specified in Rule 9.5.1. In the event such a number is exceeded by a Director(s), the entity shall provide an explanation for such noncompliance in the manner specified in Rule 9.5.2 above.	✓	The policy on the maximum number of directorships its Directors are permitted to hold.
9.10.2	Listed entities shall, upon the appointment of a new Director to its Board, make an immediate Market Announcement setting out the following; 1. A brief resume of such Director; 2. His/her capacity of directorship; and 3. Statement by the entity indicating whether such appointment has been reviewed by the Nominations and Governance Committee of the Entity.	✓	New Director was appointed to the Board during the Year. Announcement published on 22nd July 2025.
9.10.3	Listed entities shall make an immediate Market Announcement regarding any changes to the composition of the Board Committees referred to in Rule 9.3 above containing, at minimum, the details of changes including the capacity of directorship with the effective date thereof.	✓	The Company made an immediate Market Announcement as per the Rule 9.10.3.
9.10.4	Listed entities shall also disclose the following in relation to the Directors in the Annual Report: a. Name, qualifications and a brief profile. b. The nature of his/her expertise in relevant functional areas. c. Whether either the Director or Close Family Members has any material business relationships with other Directors of the Entity. d. Whether Executive, Non-Executive and/or independent Director. e. The total number and names of companies in Sri Lanka in which the Director concerned serves as a Director and/or Key Management Personnel. f. Number of Board meetings of the Listed Entity attended during the year; g. Names of Board Committees in which the Director serves as Chairperson or a member.	✓	Please refer the Below pages in This Report • Directors' profiles page 14-17. • Committee Meeting Reports page 70-76.

Corporate Governance (Contd.)

CSE Rule	CSE Rule and Description	Compliance Status	Section Reference in the Annual Report
9.10.4	h. Details of attendance of Committee Meetings of the Audit, Related Party Transactions Review, Nominations and Governance and Remuneration Committees. Such details shall by each member.; and, include the number of meetings held and the number attended. i. The terms of reference and powers of the SID.		Please refer the Below pages in This Report • Directors' profiles page 14-17. • Committee Meeting Reports page 70-76.
9.11.1	Listed entities shall have a Nominations and Governance Committee that conforms to the requirements set out in Rule 9.11 of these Rules.	✓	Please refer the Report of the Nominations and Governance committee in page 76.
9.11.2	Listed entities shall establish and maintain a formal procedure for the appointment of new Directors and reelection of Directors to the Board through the Nominations and Governance Committee.	✓	Complied on the effective date of 01st October 2024 complying with Rule 9.11.3.
9.11.3	The Nominations and Governance Committee shall have written terms of reference clearly defining its scope, authority, duties, and matters pertaining to the quorum of meetings.	✓	Complied on the effective date of 01st October 2024 complying with Rule 9.11.3
9.11.4	Composition of the Committee complied with as per section 9.11.4 the committee. 1. The members of the Nominations and Governance Committee shall; • comprise a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors of the Listed Entity. • It should not comprise of Executive Directors of the Entity.	✓	Appointed the Nominations and Governance committee w.e.f 02nd August 2024 complying with Rule 9.11.4 (refer page 76).
9.11.4	2. An Independent Director shall be appointed as the Chairperson of the Nominations and Governance Committee by the Board 3. The Chairperson and the members of the Nominations and the Governance Committee shall be identified in the Annual Report of the entity.	✓	Appointed the Nominations and Governance Committee w.e.f 02nd August 2024 complying with Rule 9.11.4
9.11.5	Functions of the Nomination and Governance Committee	✓	Please refer the Report of the Nominations and Governance Committee Report in page 76.

Corporate Governance (Contd.)

CSE Rule	CSE Rule and Description	Compliance Status	Section Reference in the Annual Report
9.11.6	Disclosures in Annual Report.	✓	Please refer the Report of the Nominations and Governance Committee Report in page 76.
9.12.2	Listed entities shall have a Remuneration Committee that conforms to the requirements set out in Rule 9.12 of these Rules.	✓	Please refer the Report of the Remuneration Committee in page 72 to 73.
9.12.3	The Remuneration Committee shall set and maintain a clear, formal process for developing Executive Directors' remuneration policy and determining individual Directors' packages. No Director shall participate in deciding their own pay.	✓	Please refer the Report of the Remuneration Committee in page 72 to 73.
9.12.4	Non-Executive Directors' remuneration should follow a fair, non-discriminatory policy to maintain their independence	✓	Please refer the Report of the Remuneration Committee in page 72 to 73.
9.12.5	The Remuneration Committee shall have written terms of reference outlining its scope, authority, duties, and meeting quorum.	✓	Please refer the Report of the Remuneration Committee in page 72 to 73.
9.12.6	Composition of the Remuneration Committee 1. The members of the Remuneration Committee shall • Comprise a minimum of three (03) Directors of the Entity, out of which a minimum of two (02) members shall be Independent Directors of the Listed Entity. • Not comprised of Executive Directors of the Listed Entity. 2. An Independent Director shall be appointed as the Chairperson of the Remuneration Committee by the Board of Directors.	✓	Please refer the Report of the Remuneration Committee in page 72 to 73.
9.12.7	Functions: 1. The Remuneration Committee shall recommend the Report on remuneration payable to the Executive Directors and the CEO of the Listed Entity and/or equivalent position thereof to the Board of the Listed Entity which will make the final determination upon consideration of such recommendations. 2. The Remuneration Committee may engage any external consultant or expertise that may be considered necessary to ascertain or assess the relevance of the remuneration levels applicable to Directors and CEO.	✓	Please refer the Report of the Remuneration Committee in page 72 to 73.

Corporate Governance (Contd.)

CSE Rule	CSE Rule and Description	Compliance Status	Section Reference in the Annual Report
9.12.8	Disclosure in Annual Report The Annual Report should set out the following: a. Names of the Chairperson and members of the Remuneration Committee and the nature of directorships held by such members (or persons in the parent company's Remuneration Committee in the case of a group company). b. A statement regarding the remuneration policy and, c. The aggregate remuneration of the Executive and Non-Executive Directors.	✓	Please refer the Report of the Remuneration committee in page 72 to 73 and Note 8 in page 103.
9.13	Audit Committee.	✓	Please refer the Audit Committee report page 70-71.
9.13.1	Where Listed entities do not maintain separate Committees to perform the Audit and Risk Functions, the Audit Committee of such Listed entities shall additionally perform the Risk Functions set out in Rule 9.13 of these Rules.	✓	Please refer the Audit Committee report page 70-71.
9.13.2	The Audit Committee shall have a written terms of reference clearly defining its scope, authority and duties.	✓	Please refer the Audit Committee report page 70-71.
9.13.3	Composition 1. The members of the Audit Committee shall. a. comprise a minimum of three (03) directors of the Listed Entity, out of which a minimum of two (02) or a majority of the members, whichever higher, shall be Independent Directors. b. not comprise Executive Directors of the entity. 2. The quorum for a meeting of the Audit Committee shall require that the majority of those in attendance to be independent directors. 3. The Audit Committee may meet as often as required provided that the Audit Committee compulsorily meets on a quarterly basis prior to recommend the financials to be released to the market. 4. An Independent Director shall be appointed as the Chairperson of the Audit Committee by the Board of Directors.	✓	Please refer the Report of the Audit Committee in page 70-71 and the Directors' profiles in pages 14-17.

Corporate Governance (Contd.)

CSE Rule	CSE Rule and Description	Compliance Status	Section Reference in the Annual Report
9.13.3	5. Unless otherwise determined by the Audit Committee, the CEO and the Chief Financial Officer (CFO) of the Listed Entity shall attend the Audit Committee meetings by invitation. 6. The Chairperson of the Audit Committee shall be a Member of a recognized professional accounting body.	✓	Please refer the Report of the Audit Committee in page 70-71 and the Directors' profiles in pages 14-17.
9.13.4	Functions of the Audit Committee.	✓	Please refer the Audit Committee report in pages 70-71.
9.13.5	Disclosures in the Annual Report.	✓	Please refer the Audit Committee report in pages 70-71.
9.14	Board Related Party Transactions Review Committee.	✓	Please refer the Report of the Related Party Transaction Review Committee in page 74-75.
9.14.1	Listed entities shall have a Related Party Transactions Review committee (RPT) that conforms to the requirements set out in Rule 9.14 of these Rules.	✓	Please refer the Report of the Related Party Transaction Review Committee in page 74-75.
9.14.2	The Related Party Transactions Review Committee (RPT) shall comprise a minimum of three (03) Directors of the entity, out of which two (02) members shall be Independent Directors of the Listed Entity. It may also include executive directors, at the option of the Entity. An Independent Director shall be appointed as the Chairperson of the Committee.	✓	Please refer the Report of the Related Party Transaction Review Committee in page 74-75.
9.14.3	Functions of the Related Party Transaction Review Committee.	✓	Please refer the Report of the Related Party Transaction Review Committee in page 74-75.
9.14.4 (1)	The Related Party Transactions Review Committee shall meet quarterly and ensure meeting minutes are properly documented and shared with the Board.	✓	Please refer the Report of the Related Party Transaction Review Committee in page 74-75.
9.14.4 (2)	The Related Party Transactions Review Committee members must have or access sufficient knowledge to assess proposed transactions and obtain expert advice when needed.	✓	Please refer the Report of the Related Party Transaction Review Committee in page 74-75.
9.14.4 (3)	Where needed, the Committee shall seek Board approval for Related Party Transactions under review, obtaining it before proceeding.	✓	Please refer the Report of the Related Party Transaction Review Committee in page 74-75.

Corporate Governance (Contd.)

CSE Rule	CSE Rule and Description	Compliance Status	Section Reference in the Annual Report
9.14.4 (4)	If a Director has a material personal interest in a Related Party Transaction under Rule 9.14.4(3), they must not be present during the discussion or vote on the matter.	✓	Please refer the Report of the Related Party Transaction Review Committee in page 74-75.
9.14.5	The Committee reviews all related party transactions and major changes in advance. Management provides details. It considers benefits, fairness, and director independence, may seek Board approval or form a special committee. Involved directors don't vote but can inform. Ongoing transactions are guided and reviewed yearly.	✓	Please refer the Report of the Related Party Transaction Review Committee in page 74-75.
9.14.6	Shareholder Approval for the transactions as specified by the Rules 9.14.6.(1) – 9.14.6.(3).	✓	No Transactions were occurred as specified in Section 9.14.6.
9.14.7	Disclosures.	✓	Made relevant disclosures as required by the section.
9.14.8	Disclosures in the Annual Report.	✓	Please refer the Report of the Related Party Transaction Review Committee in page 74-75.
9.14.9	Acquisition and disposal of assets from related parties 1. Shareholder approval via Special Resolution is required if a Listed Entity or its subsidiary acquires/disposes of a substantial asset (over 1/3 of Total Assets) from/to a Related Party, unless exempt under Rule 9.14.10. 2. Approval must be obtained before the transaction or its completion (if conditional). 3. Exemptions: transactions with wholly owned subsidiaries, inter-subsidiary deals, takeover offers, and arm's length bank transactions. 4. The RPT Review Committee must obtain competent independent advice from an unaffiliated expert. 5. This advice must be shared with shareholders in the meeting notice. 6. The advice must detail assumptions, valuation methods, data sources, expert credentials, independence, and confirm if the transaction is fair, reasonable, and in the Entity's best interest.	✓	Please refer the Report of the Related Party Transaction Review Committee in page 74-75.

Corporate Governance (Contd.)

CSE Rule	CSE Rule and Description	Compliance Status	Section Reference in the Annual Report
9.14.10	Exempted related party transactions: ♦Recurrent, revenue/trading transactions necessary for operations on fair terms; ♦Dividends, share issues (e.g., rights, options), sub-divisions/consolidations; ♦ESOP-related grants or issues; ♦Open market securities trades with unknown counter parties; ♦Financial services from licensed entities on normal terms; ♦Directors' fees and employee remuneration	✓	Please refer the Report of the Related Party Transaction Review Committee in page 74-75 and Note to the Financial Statements Note 27.
9.17	The Board confirms that it has disclosed all material interests in contracts involving the Entity, conducted a review of the internal controls including financial, operational, compliance, and risk management systems, is fully aware of all applicable laws and regulations, and has disclosed any material instances of non-compliance or fines, if any.	✓	Refer to the Chairman's Review on pages 10 to 11 and the Management Discussion and Analysis on pages 12 to 13 of the Report.

Corporate Governance (Contd.)

STATEMENT OF COMPLIANCE DISCLOSURES REQUIRED BY THE COMPANIES ACT NO. 07 OF 2007.

Section reference in the Companies Act No. 07 of 2007	Disclosure Requirement	Reference in the Annual Report
168 (1) (a)	The nature of the business of the Group and the Company together with any change thereof during the accounting period.	Notes to the financial statements -page 89 to 129.
168 (1) (b)	Signed Financial Statements of the Group and the Company for the accounting period completed.	Financial Statements and Note to the Financial Statements - page 84 to 129.
168 (1) (c)	Auditor's Report on Financial Statements of the Group and the Company.	Independent Auditors' Report page 81 to 83.
168 (1) (d)	Accounting Policies and any changes there of	Notes to the Financial Statements - page 89 to 101.
168 (1) (e)	Particulars of the entries made in the Interests Register during the accounting period.	Annual Report of the Board of Directors page 64.
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company during the accounting period.	Notes to the Financial Statements page 103.
168 (1) (g)	Corporate Donations made by the Company and its subsidiaries during the accounting period.	Notes to the Financial Statements page 103.
168 (1) (h)	Information on the Directorate of the Company and its subsidiaries during and at the end of the accounting period.	Group structure - page 09 and Board of Directors - page 14 - 17.
168 (1) (i)	Amounts paid/payable to the External Auditors as audit fees and fees for other services rendered during the accounting period.	Notes to the Financial Statements - page 103.
168 (1) (j)	Auditors' relationship or any interest with the Company and its subsidiaries.	Annual Report of the Board of Directors page 63-66 and Audit Committee Report - page 70 - 71.
168 (1) (k)	Acknowledgement of the contents of this Report and signatures on behalf of the Board.	Financial statements / Annual Report of the Board of Directors page 63 - 66.

Corporate Governance (Contd.)

CODE OF BEST PRACTICES OF CORPORATE GOVERNANCE ISSUED BY THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA (CA SRI LANKA) IN CONJUNCTION WITH THE SECURITIES AND EXCHANGE COMMISSION OF SRI LANKA

(Issued on 2017 and includes amendments to date)

A. Directors

Rule		Compliance Status	Company's Action
A.1 The Board			
A.1	Company to be headed by an effective Board to direct and control the Company.	✓	The Company is headed by an effective Board of Directors who are responsible and accountable for the stewardship function of the company.
A.1.1	Regular Board meetings at least once every quarter.	✓	The Board met four times during the year and has decided to improve regularity of meetings in future.
A.1.2	The Board should be responsible for matters including implementation of business strategy, skills and succession of the management team, integrity of information, internal controls and risk management, compliance with laws and ethical standards, stakeholder interests, adopting appropriate accounting policies and fostering compliance with financial regulations and fulfilling other Board functions.	✓	Powers specifically vested in the Board to execute their responsibility include: Providing direction and guidance to the Company in the formulation of its strategies, with emphasis on the medium and long term, in the pursuance of its operational and financial goals; Reviewing and approving annual budget plans; Monitoring systems of governance and compliance; Reviewing and approving major investments, acquisitions, disposals and capital expenditure; Approving of the Company's equity/debt securities.
A.1.3	Act in accordance with the laws of the country and obtain professional advice as and when required.	✓	The Board seeks independent professional advice when deemed necessary.
A.1.4	Access to advice and services of the Company Secretary.	✓	To ensure robust deliberation and efficient decision making, the Directors have access to the services of the Company Secretaries whose appointment and/or removal is the responsibility of the Board.
A.1.5	Bring independent judgment on various business issues and standard of business conduct.	✓	Collectively, the Non-Executive Directors bring a wealth of value adding knowledge, ranging from domestic and international experience to functional know-how, thus ensuring adequate Board diversity in accordance with principles of Corporate Governance. Furthermore, every member of the Board brings independent judgment on various business issues.

Corporate Governance (Contd.)

Rule		Compliance Status	Company's Action
A.1.6	Dedication of adequate time and effort.	✓	Allowing for Non-Executive Director involvement in various Board Committees and time spent by them in considering various matters that require discussion and decision in between the formal Board meetings, the Company estimates that Non- Executive Directors devote sufficient time to the Group during the year.
A.1.7	Calling for resolutions for the best interest to the Company.	✓	Any single Director may call for a resolution to be presented to the Board where he feels it is in the interest of the Company.
A.1.8	Board induction and training.	✓	In instances where Directors are newly appointed to the Board, they are apprised of the values and culture, operations of the Company/Group and its strategies,Operating model, Policies, Governance framework and processes, Responsibilities as a Director in terms of prevailing legislation, Important developments in the business activities of the Company/Group.
A.2 The Chairman and Chief Executive Officer			
A.2.1	Maintain a clear division between Chairman and the Chief Executive Officer.	✓	Mr. Gary Seaton is the Chairman of the Company. Mr. Menaka Athukorala acts in the capacity of the Chief Executive Officer.
A.3 The Chairman's role			
A.3.1	The Chairman should ensure that Board proceedings are conducted in a proper manner.	✓	Refer the Chairman's role in Corporate Governance section in the Annual Report.
A.4. Financial acumen			
A.4	The Board shall ensure the availability within it of those with sufficient financial acumen and knowledge to offer guidance on matters of finance.	✓	01 Board member hold membership in recognized professional accounting bodies. Refer Board of Director's section for more information.
A.5 Board balance			
A.5.1	The Board should include Non- Executive Directors of sufficient caliber.	✓	As at date, the Board consists of 06 Directors, with the majority being Non-Executive Directors.
A.5.2	Where the constitution of the Board of Directors includes only three Non-Executive Directors, both such Non-Executive Directors should be Independent Directors.	✓	The Board comprises of four Non-Executive Directors.

Corporate Governance (Contd.)

Rule		Compliance Status	Company's Action
A.5.3	Definition of Independent Directors.	✓	All the Independent Directors of the Board are independent of management and free of any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgment.
A.5.4	Declaration of Independent Directors.	✓	Each Non-Executive Director has submitted a signed and dated declaration of his/her independence.
A.5.5	Board determinations on independence or non-Independence of Non-Executive Directors.	✓	All of the Independent Directors of the Company met the criteria for independency specified in this rule.
A.5.6	Alternate Director.	N/A	No alternative director.
A.5.7	In the event the Chairman and the CEO are the same person, the Board should appoint one of the Independent Non-Executive Directors to be the 'Senior Independent Director' (SID).	✓	The Company appointed Senior Independent Non-Executive Director. Please refer page No. 68.
A.5.8	The Senior Independent Director should make himself available for confidential discussions with other Directors who may have concerns.	✓	The Company appointed Senior Independent Non-Executive Director. Please refer page No. 68.
A.5.9	The Chairman should hold meetings with the Non-Executive Directors only, without the Executive Directors being present, at least once each year.	✓	The Chairman will convene meetings as per this rule when deemed necessary.
A.5.10	Where Directors have concerns about the matters of the Company which cannot be unanimously resolved, they should ensure their concerns are recorded in the Board Minutes.	✓	All the Board meeting proceedings are comprehensively recorded in the Board Minutes.

Corporate Governance (Contd.)

Rule		Compliance Status	Company's Action
A.6 Supply of information			
A.6.1	Board should be provided with timely information to enable it to discharge its duties.	✓	The Board is provided with: • Information as necessary to carry out their duties and responsibilities effectively and efficiently • Periodic updates from management regarding significant developments, newly enacted regulations, and recognised best practices applicable to the Company's and the Group's business activities • External and internal auditors' opinions • Experts and other external professional services • The services of the Company Secretaries
A.6.2	Timely submission of the minutes, agenda and papers required for the Board meeting.	✓	Board agendas and necessary Board Papers and minutes are dispatched at least 07 days prior to the Board meeting.
A.7 Appointment to the Board			
A.7.1	Formal and transparent procedure for Board appointments.	✓	Board appointments follow a transparent and formal process.
A.7.2	Assessment of the capability of Board to meet strategic demands of the Company.	✓	The Board as a whole assesses its own composition to ascertain whether the experience and exposure of the Board members are adequate to meet the strategic demands faced by the Company.
A.7.3	Disclosure of new Board member profile and interests.	✓	Refer the Board of Directors' section. All appointments of new Directors are informed to the shareholders through public announcements to the Colombo Stock Exchange.
A.8 Re-election			
A.8.1 A.8.2	Re-election at regular intervals and should be subject to election and re-election by Shareholders.	✓	The Directors are appointed and recommended for re-election until their prescribed Company retirement age. The Directors are subject to re-election on the basis of 'longest in the office' as provided in the Articles of the Association. One third of the Directors shall retire by rotation on the basis prescribed in the Articles of Association the Company. Directors retiring by rotation or a Director who is subject to appointment are eligible for re-election by a shareholder resolution at the AGM. Refer in page 63.

Corporate Governance (Contd.)

Rule		Compliance Status	Company's Action
A.8.3	Resignation.	✓	Written communications are to be provided to the Board by Director.
A.9 Appraisal of Board performance			
A.9.1	The Board should annually appraise itself on its performance in the discharge of its key responsibilities.	✓	The Board continued with its annual Board performance appraisal. This is a formalized process of self-appraisal, whereby each member assesses, on an anonymous basis, the performance of the Board.
A.9.2 A. 9.3	The Board should also undertake an annual self-evaluation of its own performance and that of its Committees and need for review the participation, contribution and engagement of each director at the time of re-election.	✓	The Board considers following areas for the annual self-evaluation; - Role and effective discharge of responsibilities; - Systems and procedures; - Quality of participation; - Board image.
A.9.4	The Board should state how such performance evaluations have been conducted.	✓	The performance evaluations are analyzed to give the Board an indication of its effectiveness as well as areas that require addressing and/or strengthening.
A.10 Disclosure of information in respect of Directors			
A.10.1	- Profiles of the Board of Directors - Directors' interests - Board meeting attendance - Board Committee memberships	✓	Refer Board of Directors, Corporate Governance and Annual Report of the Board of Directors sections.
A.11 Appraisal of the Chief Executive Officer			
A.11.1	Target/Goals for the Chief Executive Officer.	✓	At the commencement of each financial year, the Board in consultation with the Managing Director sets financial and non financial goals based on the short, medium and long term objectives of the Company.
A.11.2	Evaluation of the performance of the Chief Executive Officer.	✓	The annual appraisal of the Managing Director is carried out by the Board with pre-agreed performance targets at the end of each financial year.

Corporate Governance (Contd.)

B. Directors Remuneration

Rule		Compliance Status	Company's Action
B.1 Remuneration procedure			
B.1.1	The Board of Directors should set up a Remuneration Committee.	✓	Complied with.
B.1.2.	The Remuneration Committees should consist exclusively of Non– Executive Directors.	✓	Refer Remuneration Committee Report. Please refer page No. 72.
B.1.3.	The Chairman and members of the Remuneration Committee should be listed in the Annual Report each year.	✓	Refer Remuneration Committee Report. Please refer page No. 72.
B.1.4.	Determination of the remuneration of Non-Executive Directors.	✓	NEDs receive a fee for devoting time and expertise for the benefit of the Group in their capacity as Directors.
B.1.5.	The Remuneration Committee should consult the Chairman about its proposals relating to the remuneration of other Executive Directors.	✓	Complied with.
B.2 Level and make-up of Remuneration.			
B.2.1	Level and make-up of the remuneration.	✓	The Board makes assessments on the fact that the remuneration of Executive and the Non-Executive Directors reflects the market expectations and is sufficient enough to attract and retain the quality of Directors needed to run the Company. The remuneration package of the Managing Director is structured to link rewards to corporate and individual performance, ensuring there is strong alignment between the short-term and long-term interests of the Company.
B.2.2 B.2.3	Design of remuneration for long term success and to promote long term success of the Company.	✓	Executive Directors' and Key Management's remuneration is designed to promote the long-term success of the Company/Group.
B.2.4	Comparison of remuneration with other companies in the Group.	✓	It also takes into consideration data concerning executive pay among the related group companies when determining annual salary increases.

Corporate Governance (Contd.)

Rule		Compliance Status	Company's Action
B.2.5	Performance related payments to the Managing Director.	✓	Performance based incentives have been determined to ensure that the total earnings of the Executive Directors are aligned with the achievement of objectives and budgets of the Company.
B.2.6	Executive share options.	✓	There are no share options that have been offered to the Executive Directors and senior management.
B.2.7	Deciding the Executive Directors' Remuneration.	✓	In deciding the remuneration of the Managing Director, the Committee takes note of the provisions set out in Schedule E of the Code.
B.2.8	Early termination of Directors.	✓	His terms of employment is governed by the employment contract.
B.2.9	Early termination not included in the initial contract.	N/A	
B.2.10	Remuneration of Non-Executive Directors.	✓	Please refer B.1.4 above.
B.3 Disclosure of remuneration policy and aggregate remuneration.			
B.3.1	Disclosure of remuneration policy and aggregate remuneration.	✓	In accordance with the guidelines of the Securities and Exchange Commission of Sri Lanka the aggregate remuneration paid to the Non-Executive Directors during the financial year 2025/2026 is disclosed in Note 8.

C. Relations with Shareholders

Shareholders have the opportunity at the AGM, to put forward questions to the Chairman and the Board of Directors to have better familiarity with the Company's business and operational aspects.

Rule		Compliance Status	Company's Action
C.1	Constructive use of the Annual General Meeting (AGM) and conduct of General Meetings.	✓	Complied with.
C.1.1	Notice of the Annual General Meeting to be sent to shareholders with other papers as per the statute.	✓	Notice of the AGM and related documents are sent to shareholders along with the Annual Report within the specified period. The contents of this Annual Report will enable existing and prospective stakeholders to make better informed decisions in their dealings with the Company.

Corporate Governance (Contd.)

Rule		Compliance Status	Company's Action
C.1.2	Separate resolution to be proposed for each item.	✓	Complied with.
C.1.3	Counting of proxy votes.	✓	Complied with.
C.1.4	Heads of Board sub-committees to be available to answer queries.	✓	All the Non-Executive Directors who are the heads of Board sub committees are available to answer queries.
C.1.5	Summary of procedures governing voting at General Meetings to be informed.	✓	Complied with.
C.2 Communication with shareholders			
C.2.1 C.2.2 C.2.3	Implementation of the policy and methodology for communication with shareholders.	✓	The Company adopts a two way communication policy with shareholders. At the Annual General Meeting, the Company openly welcomes any suggestions from the shareholders, and shareholders may elect to receive the Annual Report in printed form. The Board of Directors is prepared to provide comprehensive explanations for queries of shareholders.
C.2.4/ C.2.6	Contact person in relation to shareholders' matters.	✓	Shareholders may, at any time, direct questions, request for publicly available information and provide comments and suggestions to Directors or Management of the Company. Such questions, requests and comments should be addressed to the Company Secretary.
C.2.5	Process to make all Directors aware of major issues and concerns of shareholders.	✓	The Company Secretary shall maintain a record of all correspondence received and will deliver as soon as practicable such correspondence to the Board or individual Director/s as applicable. The Board or individual Director/s, as applicable, will generate an appropriate responses to all validly received shareholder correspondence and will direct the Company Secretary to send the response to particular shareholder.
C.2.7	The process of responding to shareholder matters.	✓	Please refer the comment for C.2.5 above.
C.3 Major and Material Transactions			
C.3.1/ C.3.2	Disclosure of major transactions to the shareholders and rules and regulation of Securities and Exchange Commission and by the Colombo Stock Exchange.	✓	There have been no transactions during the year under review which fall within the definition of major transaction as set out in the Companies Act No. 07 of 2007.

Corporate Governance (Contd.)

D. Accountability and Audit

Rule		Compliance Status	Company's Action
D.1 Financial and Business Reporting			
D.1.1	Publishing of Annual Report including Financial Statements.	✓	Complied with.
D.1.2	Balanced and understandable information.	✓	The Board is aware of its responsibility to present regulatory and statutory reporting in a balanced and understandable manner and a statement to this effect is given in the Responsibility on page 69 confirming this position.
D.1.3	CEO/CFO declaration.		In preparing annual and quarterly Financial Statements, the Company complies with the requirements of the; Companies Act No. 07 of 2007 Sri Lanka Accounting Standards and Listing Rules of the Colombo Stock Exchange. Refer the "Responsibility Statement of the Chief Executive Officer and Chief Financial Officer" on the page 69 of the Annual Report.
D.1.4	Directors' Report in the Annual Report.	✓	The Declarations required to be made by the Board are given in the Annual Report of the Board of Directors.
D.1.5	Statement of Directors' and Auditor's responsibility for the Financial Statements.	✓	Refer Statement on Directors' Responsibilities.
D.1.6	Management Discussion and Analysis.	✓	Refer Management Discussion and Analysis.
D.1.7	Remedial action at Extraordinary General Meeting (EGM) if net assets fall below half of value of Shareholders funds.	✓	In the unlikely event that the net assets of the Company fall below half of the Shareholders' funds, shareholders would be notified and an extraordinary resolution would be passed on the proposed way forward.
D.1.8	Related party transactions.	✓	The transactions entered into by the Company with the related parties is disclosed on Note 27 of the Financial Statements.
D.2 Risk Management and Internal Control			
D.2.1	Directors to review internal Controls.	✓	The internal audit function is outsourced to Sarukkali Associates (Chartered Accountants), who reports to the Board and Audit Committee.

Corporate Governance (Contd.)

Rule	Compliance Status	Company's Action
D.2.2 Internal Audit Function.	✓	The internal audit function of the Company is not outsourced to the external auditors of the Company to ensure the independence of the external auditor of the Company. The Auditors report on the Financial Statements of the Company for the year under review is dealt in the financial information section of the Annual Report.
D.2.3 Review of the process and effectiveness of risk management and internal controls by the Audit Committee.	✓	The Audit Committee monitors, reviews and evaluates the effectiveness of the risk management and internal control system, including the internal controls over financial reporting. The internal auditors review the adequacy and effectiveness of the Internal control system and report their findings to the Audit Committee. In the financial year under review, the Board of Directors was satisfied with the effectiveness of the system of internal controls of the Company. Please refer Audit Committee Report on page 70-71.
D.2.4 Responsibility of Directors.	✓	Please refer the Directors' Statement on page 67.
D.3 Audit Committee		
D.3.1 The Audit Committee should comprise of a minimum of three of whom at least two should be Independent Non-Executive Directors or exclusively Non- Executive Directors, the majority of whom should be independent, whichever is higher. The Chairman of the Committee should be a Independent Non-Executive Director, appointed by the Board.	✓	Refer the Audit Committee Report on page 70-71.
D.3.2 Terms of reference, duties and responsibilities.	✓	The Audit Committee has the overall responsibility for overseeing the preparation of Financial Statements in accordance with the laws and regulations of the Country and also of recommending to the Board, the adoption of best accounting policies. The Committee is also responsible for maintaining the relationship with the external auditors.

Corporate Governance (Contd.)

Rule		Compliance Status	Company's Action
D.3.3	The Audit Committee is to have written terms of reference covering the salient aspects as stipulated in the section.	✓	The Audit Committee has written terms of reference outlining the scope.
D.3.4	Composition of the Audit Committee and Independence of the Auditors.	✓	Refer Audit Committee Report.
D.4 Risk Committee			
D.4.1 D.4.2 D.4.3 D.4.4 D.4.5	The Board must establish a Risk Committee to oversee risk culture, appetite, and management. It should consist mainly of Non-Executive Directors, meet quarterly, and operate under clear terms of reference. The Committee reviews key risks, mitigation measures, insurance, IT security, ESG risks, and disaster recovery, and reports annually to the Board.	✓	Refer Risk Management report page 53 - 56.
D.5 Related Party Transactions Review Committee			
D.5.1	Related parties and transactions are as defined in LKAS 24 and Code D.1.8. Key management includes those with direct or indirect authority over the entity's operations, including the Chairman, CEO, Directors, and heads of strategic units.	✓	Refer Related Party Transaction Committee Report Page 74 to 75.
D.5.2	The Board shall establish an RPT Review Committee comprising at least three non-executive directors, the majority being independent. Chaired by an independent non-executive director, it shall meet quarterly. Executive directors may attend by invitation.	✓	Refer Related Party Transaction Committee Report Page 74 to 75.

Corporate Governance (Contd.)

Rule		Compliance Status	Company's Action
D.5.3	The RPT Review Committee shall operate under written Terms of Reference approved by the Board, clearly defining its authority, responsibilities, and procedures for reviewing, approving, and reporting related party transactions.	✓	Refer Related Party Transaction Committee Report Page 74 to 75.
D.6 Code of Business Conduct and Ethics			
D.6.1	Disclosures on presence of code of business conduct and ethics.	✓	The Company has adopted a Code of Conduct, upheld by its Directors and Key Management Personnel.
D.6.2	Reporting of price sensitive information.	✓	The Company ensures prompt disclosure of material and price-sensitive information to the Colombo Stock Exchange following Board decisions.
D.6.3	Disclosure of share information of Key Management Personnel.	✓	Directors' share transactions are promptly disclosed to the Company Secretary, who notifies the Colombo Stock Exchange.
D.6.4	Whistle blowing policy.	✓	There is a whistle-blowing policy in place.
D.6.5	Conducting Training on the code of business conduct and ethics.	✓	Regular training on the code of business conduct and ethics is provided to all employees, including new hires during induction, with annual compliance confirmation required.
D.6.6	Process for companywide dissemination of the policy, training arrangements, violations/non compliances.	✓	
D.6.7	Affirmation from chairman.	✓	Complied with.
D.7 Corporate Governance Disclosures			
D.7.1	Disclosures of Corporate Governance	✓	Complied with.

E. Institutional Investors

Rule		Compliance Status	Company's Action
E.1 Shareholder voting			
E.1.1	A Listed Company should conduct a regular and structured dialogue with shareholders based on mutual understanding of objectives.	✓	Complied with.
E.2 Evaluation of governance disclosures			
E.2.1	When evaluating the company governance arrangements, particularly those relating to the Board structure and composition, institutional investors should be encouraged to give due weight to all relevant factors drawning to their attention.	✓	Complied with.

Corporate Governance (Contd.)

F. Other investors

Rule		Compliance Status	Company's Action
F.1 Investing divesting decisions			
F.1.1	Individual shareholders, investing directly in shares of the companies should be encouraged to carry out adequate analysis or seek independent advice in investing or divesting decisions.	✓	The Company maintains an active dialogue with shareholders, potential investors, investment banks, stock brokers and other interested parties.
F.2 Shareholder voting			
	Individual shareholders should be encouraged to participate in General Meetings of companies and exercise their voting rights.	✓	All steps are taken to facilitate exercise of shareholder rights at AGMs, including the receipt of notice of the AGM and related documents within the specified period. Shareholders carry their voting rights for the each resolution passed at the AGM.

G. Internet of Things & Cyber Security

Rule		Compliance Status	Company's Action
G.1.1 - G.1.5	Internet of things and Cyber Security.	N/A	The Company's information security framework, under the oversight of the Board, is designed to mitigate risks arising from both internal and external information technology threats. In furtherance of this objective, the Company employs licensed software across its operations, monitors internet usage, maintains and manages its mail servers, and deploys anti-virus and firewall protections that are commensurate with the nature and scale of its business.

H. Environment Society and Governance

Rule		Compliance Status	Company's Action
Principle H.1 Sub code: H.1.1	Provide the impact of ESG Risks & Opportunities for the Board	✓	The Board oversees the impact of ESG risks and opportunities as an integral part of its strategic and risk management functions. Climate-related risks (e.g. the operational impact of Cyclone Ditwah) are reviewed by the Board and Audit Committee through the Integrated Risk Management Framework, and enhanced climate resilience planning is being developed accordingly.

Rule		Compliance Status	Company's Action
Principle H.2 Sub code: H.2.1	Recognising significant stakeholders and material matters	✓	The Company maintains active dialogue with its significant stakeholders, including shareholders, investors, employees, communities and suppliers. Material sustainability matters identified include climate resilience, water stewardship, workforce safety and wellbeing, and community and local economic development, as set out in the Sustainability Disclosures section of the Annual Report.
Principle H.3 Sub code: H.3.1.1 & H.3.1.2	Environmental and Social Governance	✓	The Company has adopted an integrated approach to environmental, social and governance factors in its business model. Environmental initiatives include generating 15,349,013 kWh of renewable hydro energy (avoiding ~60,527 metric tons of CO_2 emissions), zero hazardous waste, and 99% waste recycling. Social initiatives include a zero-workplace-injury record, non-discrimination policy, and community CSR investment.
Principle H.4 Sub code: H.4.1, H.4.2 & H.4.3	Governance structure to support sustainability/ESG factors	✓	Governance and ethics relating to sustainability/ESG matters are overseen by the Board, supported by the Audit Committee (risk management and internal controls) and the Nominations Committee, which maintains a structured plan to progressively enhance Board diversity. A whistleblowing mechanism has been in place since FY 2023/24, with zero incidents of corruption or unethical conduct reported to date.
Principle H.5 Sub code: H.5.1, H.5.2 & H.5.3	Information to enable investors and other stakeholders to assess ESG Risks and opportunities	✓	ESG-related risks, opportunities and performance are disclosed to investors and other stakeholders through the Sustainability Disclosures section of the Annual Report, prepared in alignment with the Sri Lanka Sustainability Disclosure Standards (SLSD) and mapped against relevant United Nations Sustainable Development Goals (SDGs).

I. Special Considerations for Listed Entities

Rule		Compliance Status	Company's Action
Principle I.1 Sub code: I.1.1, I.1.2, I.1.3 & I.1.4	Corporate Governance Policies	✓	In accordance with CSE Rule No. 9.2.1, Lotus Hydro Power PLC has adopted twelve (12) policies, as stated in the "Corporate Governance Policies", effective from October 1, 2024. These policies are published on the company's website and made available to shareholders. No significant changes were made to the above policies during the period, other than routine updates.
Principle I.2 Sub code: I.2.1 & I.2.2	Policy on matters relating to the Board of Directors	✓	Lotus Hydro Power PLC has established and maintains a formal policy governing matters related to the Board of Directors, as published on the company's website. This policy outlines guidelines for board composition and balance, the roles of the Chairperson, CEOs, and Executive Directors, as well as procedures for meetings, the Company Secretary, and board evaluations.

RISK MANAGEMENT

Absolutely, it's important to understand that every activity involves inherent risks. The establishment of an Audit Committee comprising industry experts and qualified professionals aids in identifying industry-specific risks and presenting mitigation recommendations to the Board of Directors. Involving all employees in the risk mitigation process, from top management to frontline staff, ensures a comprehensive approach to managing risks effectively.

RISK GOVERNANCE

The Board of Directors bears ultimate responsibility for identifying and managing the Company's risk exposures, with support from the Board Audit Committee. The Audit Committee ensures the adequacy of internal controls and drives continuous improvements based on internal audit findings, compliance reports, and recommendations from External Auditors. Risk identification is a continual process, involving stakeholder engagement and regular evaluation of internal and external business environments. Risk grids are updated continuously and reviewed by the Board. The Internal Audit team conducts due diligence activities to provide reasonable assurance of the efficacy of the Company's risk and internal control systems, fostering continuous improvement.

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

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

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

RISK MANAGEMENT PROCESS

IDENTIFICATION OF RISK	ASSESSMENT & RATING OF RISK	MITIGATION OF RISK	REPORTING	MONITORING & CONTROL
A 'Risk Event' is identified as any event with a degree of uncertainty which, if occurs, may result in the Business Unit failing to meet its stated objectives	Identified risks are assessed on a matrix of 'Impact to Company' and 'Likelihood of Occurrence'. Based on this matrix, each identified risk will be assigned a score, which is tabulated into the Risk Control Self-Assessment document on a scale of impact likelihood.	Risks are mitigated through two ways: Prevention: Risks are identified prior to occurrence, and action taken to prevent the same Detection & Correction The Risk Management Team identifies risks post-occurrence and assigns a 'Risk Owner' to implement and report on mitigation strategies. Prioritization is based on risk ratings from the impact likelihood matrix, with higher risks taking precedence.	Each business unit conducts periodic reviews of the Risk Control Self-Assessment document. The department head reviews this document quarterly, signing off on operational and financial compliance statements. These statements are then endorsed by each department head for review by the Audit Committee before being presented for discussion at the Board meeting.	The Risk Management Team, led by the Directors, ensures proper identification of risks, implementation of mitigation actions, and reporting during the risk review process. Operational and management controls, along with mitigation plans, undergo regular verification through independent internal audits.

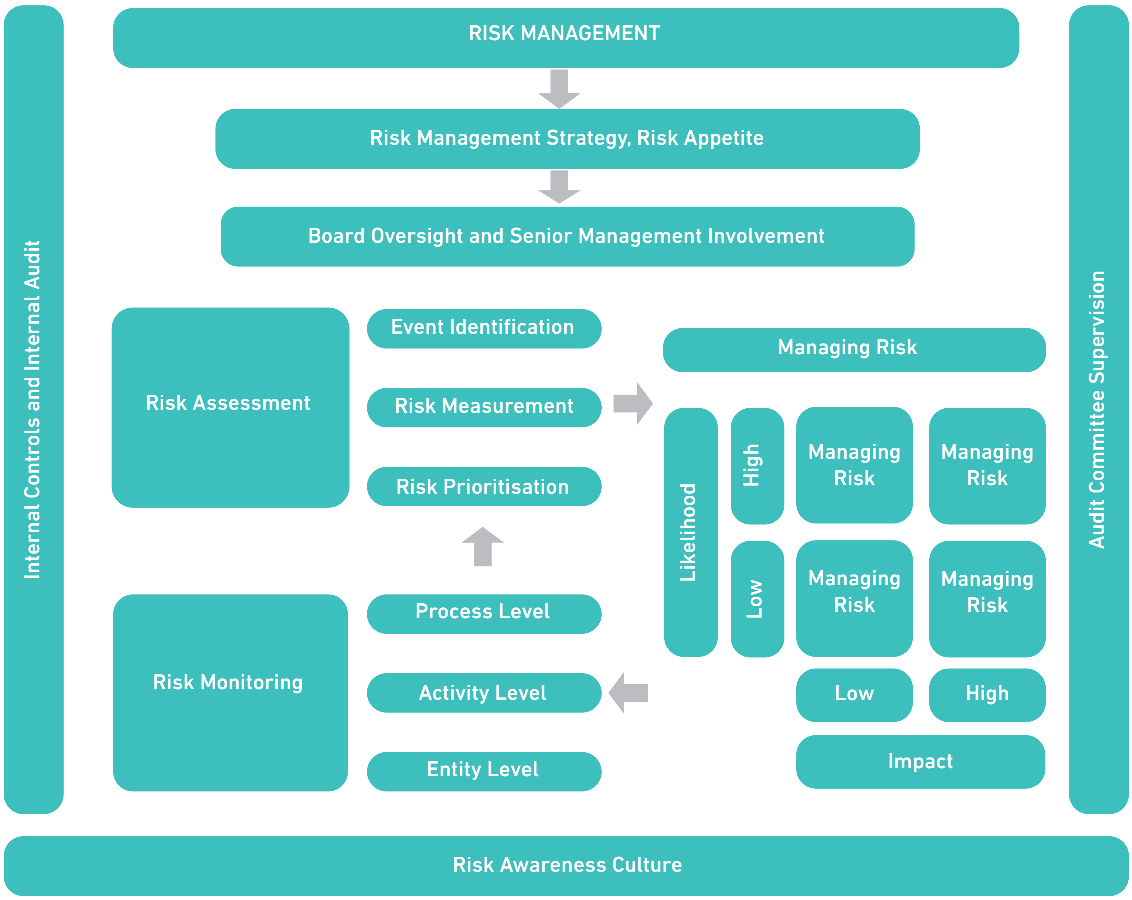
The Integrated Risk Management Framework (IRMF) delineates procedures and accountabilities for identifying, quantifying, mitigating, overseeing, and disclosing risks. It flows from the Lotus Hydro Power PLC strategic blueprint, aligning with the Company's Risk Management Strategy and Risk Appetite as ratified by the Lotus Hydro Power Board. These principles guide the identification, evaluation, control, and surveillance of significant risks, ensuring congruence with strategic aims and stakeholder anticipations.

RISK APPETITE

The Board establishes the organization's risk appetite, with management responsible for executing it. Risk appetite is determined by the level of risk the Company is prepared to undertake to achieve its goals, quantified by risk tolerance thresholds. The Board periodically assesses the risk appetite to ensure its appropriateness and defined boundaries.

RISK CULTURE

Our company places significant importance on fostering a culture of risk awareness to enhance the effectiveness of our risk management system. The Board establishes the tone by formulating policies and procedures, while business unit managers oversee their execution and compliance. Ongoing training and initiatives to build capacity serve to bolster risk awareness throughout all levels of the organization.



PRINCIPAL RISKS

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

Risk Category	Risk Event	Implications	Risk Mitigation Approach	FY 25/26	FY 24/25
Business Risk	Risk stemming from inaccuracies in initial planning concerning resource assessment and the procurement of renewable energy technology	Loss of expected revenue	Seek guidance from specialists and leverage management expertise. Utilize effective project planning tools	MEDIUM	LOW
	Complex approval process	Risk stemming from ineffective or opaque administration related to licensing and permits for renewable energy projects, leading to delays and/or unexpected cost overruns	Maintain ongoing communication and follow-up with pertinent regulatory bodies	MEDIUM	MEDIUM
Financial Risk	Interest Rate Risk	Negative effect on project profitability resulting from increased financing costs.	Maintain an appropriate mix of fixed and variable rates of borrowings	LOW	LOW
	Exchange Rate Risk	Increase in project expenses due to depreciation of the LKR	Engage in discussions with international suppliers to adjust payment terms	LOW	LOW
	Credit Risk	Effect on liquidity resulting from delays or non-payment by CEB.	Contracts with CEB are legally binding	LOW	LOW
Strategic Risk	Variation from anticipated outcomes due to errors, which may arise from simplifications, approximations, or inaccurate assumptions	Significant variance between projected profitability and actual profitability.	Sought expert opinions when establishing key assumptions and parameters	MEDIUM	MEDIUM

Risk Category	Risk Event	Implications	Risk Mitigation Approach	FY 25/26	FY 24/25
Operational Risk	Risk stemming from physical asset damage caused by negligence, accidents, wear and tear, and/or potential unplanned closures due to machinery breakdowns	Loss of Revenue	Consistent enhancement of health and safety policies, along with workshops and training sessions. Prompt maintenance of machinery and equipment. Conducting regular internal audits. Utilizing business interruption insurance coverage	MEDIUM	MEDIUM
IT Risks	Likelihood and risks associated with enterprise hardware, software, and networks	Adverse consequences resulting from data loss, system malfunctions, and obsolete systems	Perform routine maintenance and process upgrades. Strengthen cybersecurity measures	LOW	LOW
Regulatory and Legal Risk	Risk stemming from uncertainty surrounding potential adverse changes in relevant laws and regulations	Reduced revenue leading to higher tax obligations.	Compliance with any new laws and regulations	HIGH	HIGH
People and retention Risk	Risk arises from the challenge of attracting and retaining qualified and experienced personnel.	Can negatively impact operational efficiency, productivity, and financial performance	Adopt an inclusive approach to recruit top talent and retain employees.	LOW	LOW
Reputational Risk	The risk of not meeting stakeholders' expectations due to any event, behavior, action, or inaction	Adverse perceptions from stakeholders regarding the Company or Group	Compliance with statutory and regulatory requirements may be compromised without dedicated controls in place	LOW	LOW
Environmental Risk	Risk associated with both current and potential threats to the environment and local residents.	Negative environmental conditions can affect ongoing construction projects and reduce yields from hydro. This includes challenges like floods, droughts, and landslides.	Promptly address any adverse environmental impacts as they arise.	HIGH	MEDIUM

HUMAN CAPITAL

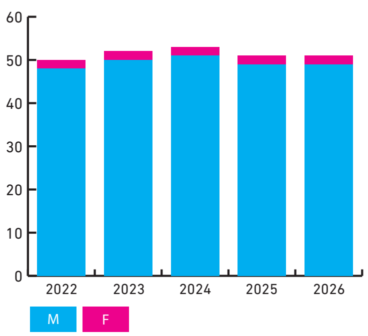
At Lotus, our people remain the driving force behind our continued success. We are committed to cultivating a workplace that prioritizes safety, inclusivity, and professional growth—empowering our employees to contribute meaningfully while supporting sustainable business performance.

A STRONG, DEDICATED TEAM

Our workforce reflects a well-balanced blend of youth, experience, and technical expertise. Every team member is carefully selected to uphold our values and contribute meaningfully to our operations.

TOTAL HEAD COUNT

Year	Male	Female	Total
2022	48	2	50
2023	50	2	52
2024	51	2	53
2025	49	2	51
2026	49	2	51



OUR PEOPLE AT A GLANCE

Our workforce reflects a strong balance of youth, experience, and technical capability. Each individual plays a vital role in maintaining operational excellence across our power generation activities.

Category	Age			Total	% of total employees
	Below 30	30-50	Above 50		
Senior Management	-	1	-	1	2%
Executives	1	3	-	4	8%
Technical Staff	-	4	3	7	14%
Power Plant Staff	9	22	8	39	76%
	10	30	11	51	100%

The team composition ensures operational resilience, supported by a skilled and dedicated plant-level workforce.

BUILDING A SAFE & SKILLED WORKFORCE

Safety continues to be a cornerstone of our human capital strategy. During the year, we strengthened employee capabilities through targeted training programs focused on operational safety and emergency preparedness.

Key Training Initiatives:

- Fire Protection Training
- Protective Equipment Handling
- Workplace Safety Procedures

These initiatives were conducted across all plant locations, ensuring that employees remain confident, competent, and prepared.

EMPLOYEE ENGAGEMENT & CULTURE

We actively foster a culture of collaboration and team spirit. Our annual employee gathering provided a platform for cross-functional interaction, strengthening relationships and celebrating collective achievements. This reflects our belief that a connected workforce drives stronger performance.

TALENT & WORKFORCE STABILITY

During the year, we welcomed two new employees, enhancing our talent base with fresh perspectives and skills. Despite the absence of formal retention programs, the Group continues to benefit from:

- A stable workforce
- Low employee turnover
- A strong sense of shared purpose

EMPLOYEE WELL-BEING & BENEFITS

We remain committed to supporting the financial and physical well-being of our employees through comprehensive benefit programs:

- Interest-Free Loan Schemes (medical, educational, and seasonal needs)
- Comprehensive Medical Insurance
- Accident and Workers' Compensation Coverage

These initiatives contribute to a secure and supportive working environment.

COMMITMENT TO A SAFE & SUSTAINABLE WORKPLACE

Our employees actively contributed to maintaining an environmentally safe and secure workplace through proper handling of equipment, adherence to safety protocols, and active participation in workplace safety programs.

We are proud to report:

- Zero major injuries during the financial year
- No workdays lost due to accidents

LOOKING AHEAD

While no major HR initiatives are planned for the upcoming year, we will continue to strengthen our existing frameworks—focusing on safety, capability development, and employee well-being.

Our goal remains clear: to create an environment where every employee can perform at their best and grow with the organization.

Salaries, incentives
54,211,586

EPF / ETF
5,461,947

Staff welfare
1,907,542

ENVIRONMENT CAPITAL

CHAMPIONING SUSTAINABILITY THROUGH RENEWABLE ENERGY

At Lotus Hydro Power PLC, environmental capital is more than a responsibility—it's at the heart of everything we do. As a company powered by nature, our success is intrinsically tied to the rhythms of the environment. Rainfall, flowing rivers, and healthy ecosystems are the lifeblood of our renewable energy generation. Recognizing this dependence, we remain steadfast in our commitment to environmental stewardship, viewing sustainability not just as a compliance obligation, but as a core driver of long-term value.

Hydropower stands as a clean, renewable, and climate-resilient solution—countering the environmental harm caused by fossil fuel-based energy sources. We are proud to position Lotus Hydro Power PLC as a beacon of environmental responsibility in Sri Lanka's renewable energy sector.

Yet, nature is unpredictable. Shifting climate patterns can either boost or hinder our performance. Ample rainfall energizes our output, while extreme weather events—like floods or landslides—can bring unexpected operational risks. That's why we operate with foresight: embracing the opportunities that climate variability presents, while proactively mitigating its threat.

OUR COMMITMENT TO ENVIRONMENTAL CAPITAL MANAGEMENT

Unlike man-made assets that can be rebuilt, many natural resources are irreplaceable. This reality shapes our philosophy. Our commitment to environmental protection is woven into every project, process, and policy. We believe that real sustainability means not only minimizing harm but also actively preserving and enriching the ecosystems we rely on.

Our Policy Pillars

The Environmental Capital Management Policy at Lotus Hydro Power PLC is built around key guiding principles that translate our vision into action.

OBJECTIVES

Integration	To integrate environmental considerations into decision-making processes at every organizational level.
Mitigation	To reduce adverse environmental impacts associated with our activities, products, and services.
Optimization	To enhance the utilization of renewable resources and advance energy efficiency.
Compliance	To adhere Strictly to pertinent environmental regulations and standards.
Nurturing	To nurture a culture of environmental consciousness and accountability among our workforce, stakeholders, and partners.
Enhancement	To continuously evaluate and enhance environmental performance through vigilant monitoring, assessment, and innovation.

PRINCIPLES

Sustainability	We pledge to champion sustainable practices that harmonize economic viability, social responsibility, and environmental conservation.
Efficiency	We endeavor to minimize waste generation, optimize resource utilization, and embrace technologies and methodologies that bolster efficiency.
Prevention	We proactively identify and address sources of pollution, striving to avert environmental harm before it arises.
Adherence	We uphold strict compliance with all applicable environmental laws, regulations, and industry standards, ensuring ethical conduct and legal conformity.
Transparency	We maintain transparent communication with stakeholders regarding our environmental endeavors, achievements, and challenges.
Progression	We engage in perpetual efforts to monitor, evaluate, and refine our environmental performance by routinely reviewing and enhancing policies, procedures, and practices.

IMPLEMENTATION

Accountability	Environmental stewardship is a collective responsibility shared across all echelons of our organization. Management shall provide leadership and allocate resources to support environmental initiatives, while employees are expected to actively participate in and adhere to environmental policies and protocols.
Education	We shall furnish comprehensive training and educational materials to equip employees with the requisite knowledge and competencies to discharge their environmental duties effectively.
Collaboration	We shall collaborate with suppliers, contractors, and other stakeholders to propagate environmental best practices and cultivate alliances that further our environmental objectives.
Monitoring and Reporting	We shall establish robust mechanisms for monitoring and gauging our environmental performance, regularly furnishing reports on key metrics, and strides toward our objectives.
Evaluation and Adaptation	We shall periodically assess and revise our Environmental Capital Management Policy to reflect shifts in environmental regulations, technological advancements, and best practices.

SOCIAL AND RELATIONSHIP CAPITAL

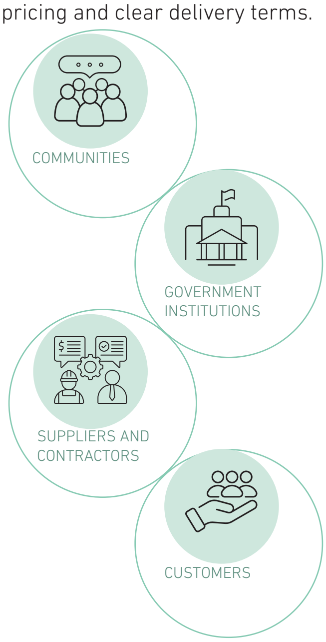
BUILDING TRUST, EMPOWERING PEOPLE, SUSTAINING PROGRESS

At Lotus Hydro Power PLC, we firmly believe that meaningful relationships with our stakeholders—customers, government institutions, communities, and suppliers—are central to our mission of sustainable development. These relationships go beyond transactions and compliance; they are partnerships built on trust, collaboration, and shared progress.

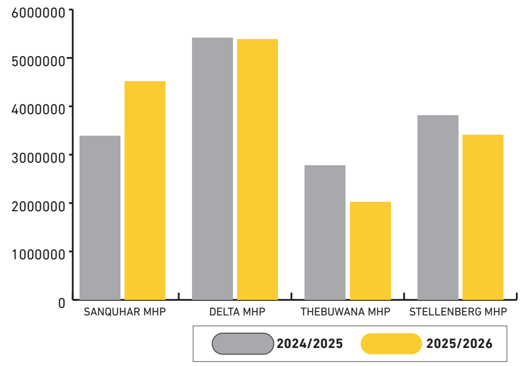
PARTNERING FOR NATIONAL ENERGY GOALS

Our relationship with the Ceylon Electricity Board (CEB) continues to be central to our operations. As the sole purchaser of electricity generated by our plants, CEB plays a vital role in helping us fulfill our mission of powering Sri Lanka through clean, non-conventional energy sources. Over the years, we have built strong ties with CEB officials at all levels, ensuring smooth coordination in project execution, energy dispatch, and regulatory compliance.

All energy generated from our hydropower plants is delivered to the national grid under standardized power purchase agreements (SPPAs), which guarantee transparent pricing and clear delivery terms.



ANNUAL PRODUCTION



All our projects operate under Standardized Power Purchase Agreements (SPPA). Our existing projects—Sanquhar, Delta, Thebuwana, and Stellenberg—have continued to perform reliably, and we are now preparing for the future with the upcoming Halgranoya Project, currently in the planning and approval stage.

Project	Ceylon Electricity Board regional office
SANQUHAR MHP	NAWAPITIYA
DELTA MHP	NUWARA ELIYA
THEBUWANA MHP	EHELIYAGODA
STELLENBERG MHP	NUWARA ELIYA

STRENGTHENING GOVERNMENT RELATIONS

We work in close alignment with a broad range of government institutions that provide essential regulatory, environmental, and infrastructural support to our projects. In the past year, our collaboration with local government authorities and Grama Niladhari officers has grown stronger, helping us address grassroots concerns and community-level coordination more efficiently. Key institutions we work with include:

1. Sustainable Energy Authority
2. Ceylon Electricity Board
3. Public Utilities Commission of Sri Lanka
4. Central Environmental Authority
5. Irrigation Department
6. Water Board
7. Forest Department
8. Divisional Secretariat Offices
9. Local Authorities
10. Board of Investments of Sri Lanka
11. Inland Revenue Department
12. Department of Labour

Our approach is guided by transparency, accountability, and mutual respect. We ensure that all project activities are fully compliant with environmental and regulatory requirements, and we maintain continuous engagement to align with national development priorities.

DEEPENING OUR COMMITMENT TO COMMUNITIES

Communities are not just neighbors to our power plants—they are vital stakeholders in our success. Our commitment to social responsibility is reflected in how we listen to, engage with, and support the people living near our sites This year, we proudly sponsored a Sinhala and Tamil New Year celebration, contributing to cultural connection and local morale. Beyond events, we also focused on livelihood development—recruiting five new employees from surrounding villages to ensure that the economic benefits of our projects reach the grassroots.Our teams engage with communities consistently, addressing daily concerns ranging from access roads and water management to land issues and safety. These are not treated as side issues—they are central to our way of working, and we take pride in being approachable, accountable, and respectful.

Our Code of Ethics ensures that we never make false promises or raise unrealistic expectations. We aim to deliver measurable, meaningful support and create lasting trust in the areas where we operate.

SUPPLIERS AND CONTRACTORS

Our engagement with suppliers transcends conventional supply contracts, as we prioritize the cultivation of enduring relationships rooted in trust, loyalty, and shared values. Fostering such partnerships, lays the foundation for sustainable business practices that benefit all parties involved. Central to our approach is the cultivation of professionalism, transparency, and fairness in all our interactions with suppliers. Through these principles, we ensure that operational excellence remains a consistency reality, safeguarding the integrity and efficiency of our endeavors.

COMMUNITIES

We subscribe to the steadfast commitment to empower the communities in which we operate, nurturing their sustainable livelihood development as an integral part of our organizational ethos. Throughout both the project and operational phases, we actively engage with surrounding communities, prioritizing meaningful involvement and mutual benefit. Central to our approach is the cultivation of strong, trust-based relationships with community members, grounded in transparency and integrity. Upholding this commitment, our Code of Ethics prohibits the dissemination of false promises, ensuring that we deliver on our commitments to the communities we serve. Our engagement extends beyond mere project implementation, as our team actively integrates into the daily life of the surrounding community, fostering a collaborative environment where local perspectives are valued and respected. Moreover, we prioritize the creation of employment opportunities for nearby villagers, providing both temporary roles during project development and permanent positions upon project completion.

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

The Board of Directors of Lotus Hydro Power PLC are pleased to present their Annual Report together with the Audited Financial Statements of the Company for the year ended 31st March 2026 together with the Auditor's Report thereon.

The Financial Statements and the disclosures made herein conform to the requirements of the Companies Act No. 07 of 2007. The Report also includes relevant disclosures required to be made under the Listing Rules of the Colombo Stock Exchange and is guided by the recommended best practices on accounting and corporate governance.

Principal Activities

Principal activities of the Company are to build, own, operate and maintain power generating facilities.

Parent entity

The Company's immediate parent and ultimate parent entities are Lotus Renewable Energy (Pvt) Ltd and Lotus Renewable Energy (Singapore) Pte Ltd respectively.

The Board of Directors

Mr. G.D. Seaton
Chairman/ Executive Director

Mr. A.U.A.M. Athukorala
Executive Director

Mr. K. Gowri Shankar
Non-Executive Director

Dr. T. Senthilverl
Non-Executive Director

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

Dr. R. N. A. Athukorala
Independent Non-Executive Director (appointed w.e.f. 22nd July 2025)

Mr. W. M. A. I. Fernando
Former Senior Independent Non-Executive Director (resigned w.e.f. 22nd July 2025)

The names and brief profiles of each Director who served as Directors of the Company during the year under review are given on pages 14 and 17.

Re-Election of Directors

In accordance with Article No. 24(6) of the Articles of Association of the Company Mr. P.M.B. Fernando retires by rotation as a Director and being eligible offers himself for re-election.

In accordance with Article No. 24(6) of the Articles of Association of the Company Dr. R.N.A. Athukorala retires by rotation as a Director and being eligible offers himself for re-election.

Re-appointment of Directors

A resolution for the re-appointment of Dr.Thirugnanasambandar Senthilverl who is over 70 years of age will be proposed at the Annual General Meeting in terms of Section 211 of the Companies Act No.07 of 2007. Dr. T. Senthilverl's re-appointment is recommended by the Directors.

A resolution for the re-appointment of Mr. G.D. Seaton who is over 70 years of age will be proposed at the Annual General Meeting in terms of Section 211 of the Companies Act No.07 of 2007. Mr. G.D. Seaton's re-appointment is recommended by the Directors.

Company Secretaries/ Registrars

S S P Corporate Services (Private) Limited has acted as Company Secretaries and Registrars during the year under review.

Board Committees

The Board has established the following Committees for better monitoring and guidance of different aspects in operations and control.

Audit Committee

The audit committee comprises of:

Mr. P. M. B. Fernando
Chairman/Senior Independent Non-Executive Director

Dr. R. N. A. Athukorala
Member/Independent Non-Executive Director (appointed w.e.f. 22nd July 2025)

Mr. K. Gowri Shankar
Member/Non-Executive Director

Mr. W. M. A. I. Fernando
Former Chairman/Senior Independent Non-Executive Director (resigned w.e.f. 22nd July 2025)

The report of the Audit Committee is given on page 70-71.

Remuneration Committee

The remuneration committee comprises of:

Mr. P. M. B. Fernando
Chairman/Senior Independent Non-Executive Director

Dr. R. N. A. Athukorala
Member/Independent Non-Executive Director (appointed w.e.f. 22nd July 2025)

Mr. K. Gowri Shankar
Member/Non-Executive Director

Mr. W. M. A. I. Fernando
Former Chairman/Senior Independent Non-Executive Director (resigned w.e.f. 22nd July 2025)

The report of the Remuneration Committee is given on page 72-73.

Related Party Transactions Review Committee

The Related Party Transactions Review Committee comprises of:

Mr. P. M. B. Fernando
Chairman/Senior Independent Non-Executive Director

Dr. R. N. A. Athukorala
Member/Independent Non-Executive Director (appointed w.e.f. 22nd July 2025)

Mr. G. D. Seaton
Member/ Executive Director

Mr. A.U.A.M. Athukorala
Member/ Executive Director

Mr. K. Gowri Shankar
Member/Non-Executive Director

Mr. W. M. A. I. Fernando
Former Chairman/Senior Independent Non-Executive Director (resigned w.e.f. 22nd July 2025)

The Related Party Transactions Review Committee Report is given on pages 74-75.

Nominations and Governance Committee

The Nominations and Governance committee comprises:

Mr. P. M. B. Fernando
Chairman/Senior Independent Non-Executive Director

Dr. R. N. A. Athukorala
Member/Independent Non-Executive Director (appointed w.e.f. 22nd July 2025)

Mr. K. Gowri Shankar
Member/Non-Executive Director

Mr. W. M. A. I. Fernando
Former Chairman/Senior Independent Non-Executive Director (resigned w.e.f. 22nd July 2025)

The Nominations and Governance Committee Report is given on pages 76.

Compliance with Related Parties

The Board of Directors affirm that the Company has complied with CSE listing Rule No. 9.14 pertaining to Related Party Transactions.

Stated Capital and Reserve

The Stated Capital of the Company as at 31st March 2026 was Rs. 482,300,200 and consists of 109,088,112 Ordinary Shares.

Share Holdings/Share Information

There were 2,716 registered shareholders as at 31st March 2026. An analysis of shareholders based on shares held, the distribution of ownership category, the list of the top twenty shareholders together with the last year's comparatives are available on page 131-132 and the Earnings Per Share of the Group for the year under review was Rs. 0.11 (Last year – Rs. 0.80). The Net assets per ordinary share of the Group for the year under review were Rs. 6.13 (Last year – Rs. 6.83).

Directors' Interest Register

The Company maintains the Directors' Interest Register conforming to the provisions of the Companies Act. The Directors of the Company have disclosed their interests in other companies to the Board and those interests are recorded in the Interest Register confirm with the provisions to the Companies Act.

The Shareholding of the Directors are as follows;

Name	31st March 2026	31st March 2025
Mr. G. D. Seaton	Nil	Nil
Mr. K. Gowri Shankar	Nil	Nil
Mr. A.U.A.M. Athukorala	Nil	Nil
Dr. T. Senthilverl	Nil	Nil
Sampath Bank PLC/ Senthilverl Holdings (Pvt) Ltd	16,557,457	16,557,457
Dr. R. N. A. Athukorala	Nil	N/A
Mr. A. I. Fernando	Nil	Nil
Mr. P. M. B. Fernando	1,500	1,500

Review of the year – Group

Financial performance is given below.

Year Ended 31st March	2025/2026 Rs.	2024/2025 Rs.
Revenue	**198,570,426**	257,434,078
Profit before taxation	**27,546,434**	121,454,599
Less: Income tax expense	**(15,799,090)**	(33,661,784)
Net profit for the year from continuing operations	**11,747,344**	87,792,815
Less: Other comprehensive expenses charged to retained profit	**(353,429)**	(1,293,559)
Total comprehensive income	**11,393,915**	86,499,256
Accumulated profit brought forward	**95,593,497**	76,185,384
Transferred from revaluation reserve to retained earnings	**8,298,417**	9,270,535
Transfer Revaluation Surplus related to the asset to Retained Earnings	**4,704,000**	-
Less: Dividend for the year	**(87,270,490)**	(76,361,678)
Accumulated profit carried forward	**32,719,339**	95,593,497

Property, Plant and Equipment

The total capital expenditure incurred by the Group during the year under review was Rs. 23,954,599/- (Last year Rs. 71,789/-) the details are available in Note 11.

Taxation

The Company has provided Rs. 9,145,757/- for income taxes (2025 - Rs. 18,677,553/-) and the Group has provided Rs. 15,799,090/- (2025 - Rs. 33,661,784/). The details are available in Note 9 to the financial statements.

Statutory Payments

The Directors to the best of their knowledge and belief, are satisfied that all statutory payments in relation to the Government and the employees have been made on time.

Corporate Governance

The Board of Directors has ensured that the Company have complied with the Listing Rules of the Colombo Stock Exchange and the Code of Best Practices on Corporate Governance issued by the Securities and Exchange Commission and the Institute of Chartered Accountants of Sri Lanka. The Board of Directors commitments in maintaining effective Corporate Governance practices are given in the Corporate Governance Report on Pages 19 to 52.

Related Party Transactions

The Board of Directors confirms that the Company has complied with Section 9 of the Colombo Stock Exchange Listing Rules, as well as the Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka.

CSR Expenses and Donations

Donations made by the Group during the year amounted to Rs. 5,000/- (2025– Rs. 60,000/-).

Subsidiaries and its Directors

The Directors of Subsidiaries are given on page 09 of the Annual Report.

Events Occurring after the Reporting

No circumstances have arisen subsequent to the reporting period that requires adjustments to or disclosures in the Financial Statements.

Going Concern

The Directors are satisfied that the Company and its subsidiaries have adequate resources to continue in operational existence for the foreseeable future to justify adopting the "Going Concern Basis" in the preparation of the Financial Statements.

Material Issues pertaining to Employees and Industrial Relations

There are no issues to be disclosed in this regard.

Annual Report

The Board of Directors approved the consolidated financial statements on 24th August 2026. The appropriate number of copies of this report will be submitted to the Colombo Stock Exchange and to the Sri Lanka Accounting and Auditing Standards Monitory Board on or before 31st August 2026.

Annual General Meeting

The Twenty Fifth Annual General Meeting will be held at as an on-line Audio-Visual Meeting at Lotus Hydro Power PLC, 2nd Floor, No.168, Negombo Road, Peliyagoda on the 24th September 2026 at 10.30 a.m. The Notice of Meeting is given on page 135.

Contingent Liabilities

The details of contingent liabilities are given in Note 25 to the financial statements.

Accounting Policies

The Financial Statements for the year ended 31st March 2026 and comparatives have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRS/ LKAS) and in compliance with the Companies Act No. 07 of 2007.

Auditors

In accordance with Section 154 (1) of the Companies Act No. 07 of 2007 a resolution proposing the reappointment of Messrs. KPMG, Chartered Accountants as Auditors of the Company for the ensuing year will be proposed at the Annual General Meeting.

In terms of Section 155 (a) of the Companies Act No. 07 of 2007 a resolution authorizing the Directors to fix the remuneration of the Auditors Messrs. KPMG, Chartered Accountants for the ensuing year will be proposed at the Annual General Meeting.

The Audit Report is found in the Financial Report Section of the Annual Report. The involvements of Audit Committee with the work of the Auditors are set out in the Audit Committee Report.

The fees paid to Auditors are disclosed in Note 8 to the financial statements. As far as the Directors are aware, the Auditors do not have any relationship with the Company or any of its subsidiaries other than that of an Auditor. The Auditors also do not have any interest in the Company or any of its Group companies.

For and on behalf of the Board

K. Gowrishankar

Menaka Athukorala
Executive Director

Gowri Shankar
Director

S S P Corporate Services (Private) Limited
Secretaries

Colombo
24th August 2026

STATEMENT OF DIRECTORS' RESPONSIBILITIES

In accordance with the Companies Act No. 07 of 2007, the Directors are required to prepare Financial Statements which give a true and fair view of the state of affairs of the Company and the Group as at end of the financial year and the profit and cash flows of the Company and the Group for the financial year.

The accompanying financial statements have been prepared in conformity with the Sri Lanka Accounting Standards (SLFRS / LKAS) and provide the information required by the Companies Act No. 07 of 2007 and the Listing Rules of the Colombo Stock Exchange.

The Directors have selected appropriate Accounting Policies and Standards in preparing the financial statements of the Group and the Company. The Directors have also taken reasonable steps to safeguard the assets of the Company and of the Group and to establish proper systems of internal control with a view to detecting and preventing any irregularities.

COMPLIANCE REPORT

The Directors confirm that to the best of their knowledge, all statutory payments relating to employees and the Government that were due in respect of the Company and its subsidiaries as at the reporting period have been paid or where relevant, provided for in the financial statements.

By order of the Board of

Lotus Hydro Power PLC

Menaka Athukorala
Executive Director
24th August 2026

STATEMENT BY THE SENIOR INDEPENDENT DIRECTOR

The Listing Rules of the Colombo Stock Exchange in terms of Rule 9.6.3 requires the appointment of a Senior Independent Director (SID) in the instances where the position of Chairman and Chief Executive Officer are held by the same individual and where the Chairman is an Executive Director.

Mr. Indrajith Fernando was appointed as the Senior Independent Non-Executive Director of the Company with effect from 31 December 2024. He subsequently resigned from the Board with effect from 22 July 2025. On the same date, Mr. Mayura Fernando was appointed as the Senior Independent Non-Executive Director of the Company

ROLE OF THE SENIOR INDEPENDENT DIRECTOR

The Senior Independent Director (SID) offers guidance to the Chairman on matters pertaining to the governance of the Company.

The role of the Senior Independent Director (SID) also underscores the importance of transparency in governance matters and necessitates a review of the Board's effectiveness.

The Senior Independent Director (SID) is available to any Director or employee for confidential discussions regarding the Company's affairs, as needed.

ACTIVITIES DURING THE YEAR

In accordance with regulatory requirements, I chaired the following meetings and exercised my voting rights as necessary.

Meeting was conducted with the Non-Executive Directors without presence of the Executive Directors. During this meeting, the performance of the Chairman was evaluated.

A separate meeting was held exclusively with the Independent Directors to discuss matters concerning the Company and the operation of the Board.

The outcomes of these meetings, along with recommendations, were duly communicated to the Chairman and the Board. The Company adheres strictly to mandatory requirements while also embracing voluntary compliance to enhance stakeholder acceptance and positively impact value creation.

COMPLIANCE REPORT

As the Senior Independent Director, I believe that I have diligently fulfilled the obligations entrusted to me in accordance with the Corporate Governance Guidelines.

Mayura Fernando
Senior Independent Director
24th August 2026

RESPONSIBILITY STATEMENT OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

COMPLIANCE WITH LAWS AND REGULATIONS

The Financial Statements of Lotus Hydro Power PLC and the Consolidated Financial Statements of the Company and its subsidiaries for the year ended 31st March 2026 are drafted and presented in compliance with the requirements of the following:

- Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka (SLFRS/ LKAS),
- The Companies Act No. 07 of 2007,
- Listing Rules of the Colombo Stock Exchange,
- Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995,
- Code of Best Practice on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka.

FINANCIAL REPORTING

The key Accounting Policies used in preparing the consolidated Financial Statements are appropriate and consistently applied, except as noted. These policies and estimates, involving significant judgment, were reviewed with the Audit Committee and External Auditors. No deviations from the prescribed Accounting Standards were made. Comparative information was reclassified as needed for current presentation. The Board and management accept responsibility for the integrity and objectivity of these Financial Statements. Estimates and judgments were made prudently to ensure a true and fair view. We confirm the Financial Statements, key Accounting Policies, and other financial information in this Annual Report fairly present the financial position, results, and Cash Flows of the Group. The Group has adequate resources to continue operating, applying the Going Concern basis in preparing these Financial Statements

SYSTEM OF INTERNAL CONTROLS

The Company has implemented a robust system of internal control and accounting records to safeguard assets and prevent fraud and irregularities, which are continuously reviewed and updated. We evaluated the Group's internal controls and procedures for the financial period under review and confirm there were no significant deficiencies or material weaknesses. However, inherent limitations exist in any system of internal control and accounting.

REPORT OF INDEPENDENT AUDITORS

The Financial Statements were audited by KPMG, Chartered Accountants, Independent Auditors, and their report is given on pages 81 to 83.

AUDIT COMMITTEE

The Audit Committee pre-approves KPMG's audit services and meets regularly with both the Internal and the Independent Auditors to review their performance and discuss auditing, internal control, and financial reporting issues. To ensure independence, Auditors have unrestricted access to the Audit Committee for any substantial matters. The Audit Committee Report is on pages 70-71.

CONCLUSION

We confirm that to the best of our knowledge:

- The Group has complied with all applicable laws, regulations, and guidelines, with no material litigation.
- The system of internal control is effective.
- The Financial Statements accurately reflect the Company's situation and transactions, and the Going Concern basis was applied.
- All taxes, duties, levies, and statutory payments due by the Group, including those for employees, as of 31st March 2026, have been paid or provided for.

Menaka Athukorala
(Chief Executive Officer)

D.P.Lokugalappaththi
(Chief Financial Officer)
24th August 2026

AUDIT COMMITTEE REPORT

The Audit Committee comprises of;

Mr. Mayura Fernando
Chairman/Senior Independent Non-Executive Director

Mr. Gowri Shankar
Member/ Non-Executive Director

Dr. Rohantha Athukorala
Member/Independent Non-Executive Director (appointed w.e.f. 22nd July 2025)

Mr. W. M. A. I. Fernando
Former Chairman/Senior Independent Non-Executive Director (resigned w.e.f. 22nd July 2025)

Mr. Mayura Fernando, the Chairman of the Committee, is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka (ICASL) and the Chartered Institute of Management Accountants (CIMA), UK. He was appointed as Chairman to the Audit Committee on 22nd July 2025, following the resignation of the former Chairman, Mr. Indrajith Fernando, with effect from the same date. Mr. Indrajith Fernando is also a Fellow Member of ICASL, CIMA (UK), and the Institute of Certified Management Accountants (CMA), Sri Lanka.

The Chief Financial Officer and Executive Director attend the Audit Committee Meetings by invitation of its members. The Secretary of S S P Corporate Services (Pvt) Ltd functions as the secretary to the Audit Committee.

The proceedings of the Audit Committee are regularly reported to the Board of Directors.

MEETINGS

There have been four Audit Committee meetings for the year under review.

Details of the participation of the members of the Audit Committee at such meetings is set out below:

Name	Attendance
Mr. Mayura Fernando *Chairman/Senior Independent Non-Executive Director*	4/4
Mr. Gowri Shankar *Member/ Non-Executive Director*	3/4
Dr. Rohantha Athukorala *Member/Independent Non-Executive Director (appointed w.e.f. 22nd July 2025)*	3/3
Mr. Indrajith Fernando *Former Chairman/Senior Independent Non-Executive Director (resigned w.e.f. 22nd July 2025)*	1/1
By Invitation	
Mr. Menaka Athukorala *Executive Director*	4/4
Mrs. D.P. Lokugalappaththi *Chief Financial Officer*	4/4

FINANCIAL REPORTING, CORPORATE GOVERNANCE AND CONTROLS

Main function of the Audit Committee is to discuss the Company's Financial Statements prior to publication, with relevant officials of the Company including the extent of compliance with the Sri Lankan Accounting Standards (SLFRS & LKAS) and adequacy of the disclosures required by other applicable laws.

The Committee also reviews the status of the independence and performance of External Auditors. The Audit Committee also discussed current and future operations of the Company and put forward the recommendations to the Board about the risk and controls needed to ensure smooth functioning of the company activities.

INTERNAL CONTROLS

The Committee was regularly updated on the group's compliance with the statutory laws and requirements. In line with the Code of Best Practices, during the year Sarukkali Associates Chartered Accountants continued as the Internal Auditors. The firm independently and objectively evaluating systems and operations, assists the Company to accomplish its objectives through the effectiveness of risk management, control, and governance processes

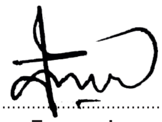
AUDIT AND AUDITOR'S INDEPENDENCE

The Audit Committee assessed the independence and performance of the Company's external auditors and made recommendations to the Board pertaining to appointment/re-appointment. The Audit Committee also reviewed the audit fees for the Company and approved the remuneration and terms of engagement of the external auditors and made recommendations to the Board. Upon review, the Audit Committee reviewed and determined that no non-audit services have been provided by the external auditors to the Company and thereby ensured that their independence as Auditors has not been impaired. The Audit Committee obtains an 'Auditor's Statement' from Messrs. KPMG confirming independence as required by Section 163 (3) of the Companies Act No.07 of 2007 on the audit of the statement of financial position and the related statements of profit or loss and other comprehensive income, changes in equity, and cash flows of the Company and the Lotus Group. The Audit Committee has recommended to the Board that Messrs KPMG, Chartered Accountants, be continued as external auditors of the Company for the financial year ending 31st March 2027.

KPMG acted as the External Auditors for the period under review. The Audit Committee is satisfied with the status of the independence and performance of the External Auditors.

CONCLUSION

Based on its work, the Audit Committee is of the opinion that the control procedures and environment within the Group provide reasonable assurance regarding monitoring of operations, accuracy of financial statements and safeguarding assets of the Group.



Mayura Fernando
Chairman – Audit Committee
24th August 2026

REMUNERATION COMMITTEE REPORT

The Remuneration Committee comprises of,

Mr. Mayura Fernando
Chairman/Senior Independent Non-Executive Director

Dr. Rohantha Athukorala
Member/Independent Non-Executive Director (appointed w.e.f. 22nd July 2025)

Mr. Gowri Shankar
Member/ Non-Executive Director

Mr. W. M. A. I. Fernando
Former Chairman/Senior Independent Non-Executive Director (resigned w.e.f. 22nd July 2025)

Mr. Mayura Fernando was appointed as the Chairman of the Remuneration Committee with effect from 22nd July 2025, following the resignation of the former Chairman, Mr. Indrajith Fernando, with effect from the same date. The secretary of S S P Corporate Services (Pvt) Ltd functions as the secretary to the Remuneration Committee. The Remuneration Committee recommends and forwards for the approval of the Board of Directors the Remuneration Packages, bonuses and annual increments of Executive Directors and senior management as per the remuneration policy of the Company/ Group.

COMMITTEE MEETINGS

The Remuneration Committee meets as and when required and interacts with Board members to keep them informed of the decisions of the committee.

Details of the participation of the members of the Remuneration Committee at such meetings is set out below:

Name	Attendance
Mr. Mayura Fernando	1/1
Mr. Gowri Shankar	1/1
Dr. Rohantha Athukorala	1/1
By Invitation	
Mr. Menaka Athukorala	1/1
Ms. Disna Lokugalappaththi	1/1

The Committee held one meeting during the period under review. The minutes of meetings of the Remuneration Committee are circulated to all members of the Board.

ROLE OF THE COMMITTEE

Determine and recommend to the Board, the Company's remuneration philosophy and its principles ensuring that these are in line with the business strategy, objectives, values and long-term interests of the Company. Make recommendations to the Board on the Company's framework of executive remuneration and its cost, and determine on behalf of the Board specific remuneration packages and conditions of employment (including compensation entitlements) for Executive Directors.

Make recommendations to the Board and monitor the level and structure of remuneration for Senior Management.

Make recommendations to the Board regarding the content of the Board's Annual Report to shareholders on Directors' Remuneration (including the Company's policy on Executive Director's remuneration, details of individual remuneration and other terms and conditions).

ADVICE

The Committee is authorised by the Board to seek appropriate professional advice inside and outside the Company as and when it necessary.

REMUNERATION TO DIRECTORS

The Remuneration paid to Directors during the year under review is indicated in Note 8 to the Financial Statements.

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

The Committee studies and recommends the remuneration and perquisites applicable to the Executive Directors of the Company and makes appropriate recommendations to the Board of Directors of the Company for approval. The Committee also carries out periodic reviews to ensure that the remunerations are in line with market conditions. The Group remuneration policy was reviewed by the Committee and it remained unchanged during the year under review. Further, no Director was involved in deciding his/her own remuneration.

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

The Company's remuneration policy is based on the following principles.

- To deliver improved shareholder value by ensuring that individual performance and rewards reflect and reinforce the business objectives of the Company.
- To support the recruitment, motivation and retention of highly qualified Senior Executives.
- To ensure that performance is the key factor in determining individual rewards.

CONCLUSION

The annual evaluation of the Committee was carried out by the Board during the year and it was concluded that the Committee continues to operate effectively.

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Mayura Fernando
Chairman - Remuneration Committee
24th August 2026

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

The Related Party Transactions Review Committee comprises of a combination of Non-Executive Directors, Executive Directors and Independent Non-Executive Directors. One Independent Non-Executive Director was appointed as Chairman of the Committee.

The members are;

Mr. Mayura Fernando
Chairman / Senior Independent Non-Executive Director

Dr. Rohantha Athukorala
Member/ Independent Non-Executive Director (appointed w.e.f. 22nd July 2025)

Mr. Gowri Shankar
Member/ Non-Executive Director

Mr. Gary Seaton
Member / Executive Director

Mr. Menaka Athukorala
Member / Executive Director

Mr. Indrajith Fernando
Former Chairman / Senior Independent Non-Executive Director (resigned w.e.f. 22nd July 2025)

Mr. Mayura Fernando was appointed as the Chairman of the Related Party Transactions Review Committee with effect from 22nd July 2025, following the resignation of the former Chairman, Mr. Indrajith Fernando, with effect from the same date. The Chief Financial Officer attends meetings by invitation and the Secretary of S S P Corporate Services (Pvt) Ltd functions as the secretary to the Related Party Transactions Review Committee.

ROLE OF THE COMMITTEE

The role of the Committee is to review in advance all proposed Related Party Transactions (other than those exempted by the Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka) of the Company as per the terms given in the Listing Rules.

The committee ensures that the interests of shareholders as a whole are taken into account by the Company when entering into Related Party Transactions, so that it provides certain safeguards to prevent Directors, Chief Executives or Substantial Shareholders taking advantage of their positions.

COMMITTEE MEETINGS

Details of the participation of the members of the Related Party Transactions Review Committee at the meetings are set out below:

Name	Attendance
Mr. Mayura Fernando	4/4
Dr. Rohantha Athukorala	3/3
Mr. Indrajith Fernando	1/1
Mr. Gowri Shankar	3/4
Mr. Gary Seaton	0/4
Mr. Menaka Athukorala	4/4

The Committee held four meetings during the period under review. The minutes of meetings of the Related Party Committee are circulated to all members of the Board.

The role of the Committee further includes;

- Formulating and recommending a policy for adoption on related party transactions for the Company which is consistent with the Operating Model of the Company and the Listing Rules.
- Reviewing in advance all proposed Related Party Transactions of the Company except those explicitly exempted (if the transaction is expressed to be conditional on such review, prior to the completion of the transaction to be reviewed).
- Determine whether Related Party Transactions that are to be entered into by the Company require the approval of the Board or Shareholders of the Company;
- To establish separate guide lines to follow Recurrent Related Party Transactions of the Company.
- Ensure that no Director of the Company shall participate in any discussion of a proposed Related Party Transaction for which he or she is a related party, unless such a Director is requested to do so by the Committee for the express purpose of providing information concerning the Related Party Transaction to the Committee.
- If there is any potential conflict in any Related Party Transaction, the Committee recommends the creation of a special committee to review and approve the proposed Related Party Transaction.
- Ensure that immediate market disclosures and disclosures in the Annual Report as required by the applicable rules/regulations are made in a timely and detailed manner.

The Committee in discharging its function ensures:

- that there is compliance with the Listing Rules of CSE;

- that shareholder interests are protected; and
- that fairness and transparency are maintained

COMMITTEE MEETINGS

The Committee has meets at least quarterly and as and when necessity arises. The minutes of all meetings are properly documented and communicated to the Board of Directors.

PROCEDURES ARE ALSO IN PLACE FOR THE RELATED PARTY TRANSACTION COMMITTEE TO OBTAIN

1. Declarations of Related Party Transactions from Directors and Senior Management of all Group companies on recurrent and non-recurrent transactions undertaken by them or by their close family members.

2. Declarations of Directors & Senior Management of all Group companies who have a significant shareholding/ownership in a company.

Procedures are also in place for the assessment of the need to obtain shareholder approval for specified transactions and to inform the SEC/CSE on the applicable non-recurrent transactions.

Conclusion of the report

Based on its work, the Related Party Transactions Review Committee confirms that there were no non-recurrent transactions with related parties during the year that warranted prior shareholder approval. It is also noted that in respect of recurrent transactions, the transactions were in the ordinary course of business, there were no changes to terms or practices over the previous year and there general terms and the conditions applicable to such transactions with related parties are similar to those entered into with non-related parties taking into account, if any, factors such as volume, cost and any other special benefits which form part and parcel of such transactions. The observations of the Committee have been communicated to the Board of Directors.

DECLARATION

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

Mayura Fernando
Chairman - Related Party Transactions Review Committee
24th August 2026

NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

The Nominations and Governance Committee consists of a combination of Non-Executive Director and Independent Non-Executive Directors. One Independent Non-Executive Director was appointed as Chairman of the Committee. Mr. Mayura Fernando was appointed as the Chairman of the Nominations and Governance Committee with effect from 22nd July 2025, following the resignation of the former Chairman, Mr. Indrajith Fernando, with effect from the same date.

The members are;

Mr. Mayura Fernando
Chairman / Senior Independent Non-Executive Director

Dr. Rohantha Athukorala
Member/ Independent Non-Executive Director (appointed w.e.f. 22nd July 2025)

Mr. Gowri Shankar
Member/ Non-Executive Director

Mr. Indrajith Fernando
Former Chairman / Senior Independent Non-Executive Director (resigned w.e.f. 22nd July 2025)

The Secretary of S S P Corporate Services (Pvt) Ltd functions as the secretary to the Nominations and Governance Committee.

OBJECTIVE

This committee was formed to ensure that the Company complies with the requirements of the Code of Best Practice on Corporate Governance and the Listing Rules issued by the Colombo Stock Exchange.

COMMITTEE MEETINGS

The details of the Nominations and Governance Committee members' participation at the meetings are provided below"

Name	Attendance
Mr. Mayura Fernando	1/1
Dr. Rohantha Athukorala	1/1
Mr. Gowri Shankar	1/1
By Invitation	
Mr. Menaka Athukorala	1/1
Ms. Disna Lokugalappaththi	1/1

ROLE OF THE COMMITTEE

- Evaluate the appointment of the Directors.
- Consider and recommend (or not recommend) the re-appointment / reelection of current Directors.
- Establish and maintain formal and transparent procedures to evaluate, select and appoint/ re-appoint Directors.
- Evaluation of the performance of the Board, Sub committees, Individual directors, and the Managing Director.
- Develop succession plan for the Board of Directors and the Key Management Personnel of the Entity.
- Review the structure, size and composition of the Board and Board Committees regarding effective discharge of duties and responsibilities.
- Review and recommend the overall corporate governance framework and periodically update and review it.

DECLARATION

The Committee will continuously focus to comply with the listing rules of the Colombo Stock Exchange and the Code of Best Practices on Corporate Governance.

Mayura Fernando
Chairman - Nominations and Governance Committee

24th August 2026

SUSTAINABILITY DISCLOSURES

At Lotus Hydro Power PLC, sustainability is not merely a compliance obligation or an adjunct to our core operations — it is an intrinsic dimension of our corporate identity and the cornerstone of our long-term strategic direction. In a financial year marked by heightened climate volatility, economic uncertainty, and unforeseen natural events, the Company remained steadfast in its commitment to environmental stewardship, inclusive social development, and rigorous corporate governance.

The disclosures presented herein have been prepared in alignment with the Sri Lanka Sustainability Disclosure Standards (SLSD) and reflect our continued and measured contribution to national sustainability priorities and the broader agenda of global sustainable development.

ENVIRONMENTAL SUSTAINABILITY

Climate Action & Energy Efficiency

During FY 2025/26, Lotus Hydro Power PLC generated a total of 15,349,013 kilowatt-hours (kWh) of 100% clean, renewable hydroelectric energy. This output contributed to an estimated avoidance of approximately 10,462 metric tons of CO_2-equivalent emissions, reinforcing the Company's pivotal role in advancing Sri Lanka's low-carbon energy transition.

Key Initiatives and Outcomes:

Optimized Plant Performance:

Optimised Plant Performance: Sustained preventative maintenance regimes, real-time system monitoring, and advanced diagnostics have yielded measurable improvements in the overall plant load factor, reinforcing generation reliability and operational efficiency.

Infrastructure Upgrades for Long-Term Resilience:

Strategic capital investments in electromechanical systems and the adoption of automation technologies have enhanced generation stability and improved energy conversion rates across the Company's plant portfolio.

Water Stewardship

Water constitutes the essential resource underpinning all of the Company's operational activities. Accordingly, Lotus Hydro Power PLC manages water not merely as an input to power generation, but as a finite and shared environmental resource demanding responsible custodianship.

- **Total Water Diverted for Generation:**
  47,100,616 cubic metres across all operational sites during the reporting period
- **Environmental Flow Maintenance:**
  Minimum ecological flow requirements are strictly observed across all three principal watercourses — Galatha Oya, Atabage Oya, and Devipahala Maha Ela — in accordance with applicable environmental regulations and to safeguard the ecological integrity of downstream aquatic ecosystems.

Biodiversity & Land Use

The Company's hydropower facilities are sited, designed, and operated in a manner that minimises disruption to surrounding natural habitats and biodiversity-sensitive landscapes.

- **No Operation within Ecologically Sensitive Zones:**
  All active plants are situated outside designated critical biodiversity areas, in full compliance with national environmental planning requirements.
- **Reforestation & Watershed Restoration:**
  In active collaboration with local community stakeholders, the Company has implemented targeted native species tree-planting programmes designed to offset land usage impacts and contribute to the long-term restoration of watershed ecology.

Waste Management

The Company's operations are guided by a zero-waste philosophy, underpinned by stringent controls over material use, waste segregation, and responsible disposal practices.

- **99% Waste Recycled:** Through partnerships with licensed recycling service providers, the vast majority of operational waste generated is repurposed or responsibly reused, minimising landfill dependency.

- **Zero Hazardous Waste:** No hazardous waste was generated during FY 2025/26, a reflection of the Company's commitment to clean, well-managed operational processes.

CLIMATE RESILIENCE IMPACT OF CYCLONE DITWAH

The financial year under review was significantly impacted by an extreme weather event of considerable magnitude. Cyclone Ditwah, which made landfall in Sri Lanka during the reporting period, posed material operational challenges to Lotus Hydro Power PLC, disrupting normal hydrological patterns across the river catchment areas in which the Company's plants operate and creating irregular fluctuations in water inflows that temporarily affected generation capacity.

Operational Impact on the Three Affected Plants

Cyclone Ditwah directly affected three of the Company's principal mini-hydropower plants — the Sanquhar Mini Hydro Power Project (Galatha Oya, Kandy District), the Delta Mini Hydro Power Project (Atabage Oya, Kandy District), and the Stellenberg Mini Hydro Power Project (Atabage Oya, Kandy District). The cyclone disrupted prevailing hydrological patterns across the Galatha Oya and Atabage Oya catchment systems, causing erratic and at times extreme fluctuations in river water inflows, which in turn influenced generation capacity and plant load factors across these three facilities.

Management Response & Operational Resilience

Despite the material disruptions occasioned by Cyclone Ditwah, the Company maintained continuous, uninterrupted operations across all affected power plants throughout the reporting period. Total group generation of 15,349,013 kWh in FY 2025/26 reflected a marginal decline of only 48,441 kWh compared to the prior year — a testament to the robustness of the Company's asset base, the effectiveness of its operational management practices, and the professional competence of its plant operations teams.

Adaptive Hydrological Management: Operational teams implemented real-time adaptive water resource management strategies to optimise generation output in the face of irregular and unpredictable water inflow patterns caused by the cyclone across Galatha Oya and Atabage Oya.

Maintenance Protocol Adherence: Strict adherence to established preventative maintenance schedules ensured that plant infrastructure across all three affected sites remained in sound operational condition despite the extreme weather conditions encountered.

Enhanced Climate Resilience Planning: The impact of Cyclone Ditwah has further reinforced the Company's strategic commitment to climate resilience, accelerating the development of enhanced risk mitigation frameworks designed to safeguard operations against future extreme weather events, including cyclones, floods, and drought conditions.

SOCIAL SUSTAINABILITY

Workforce Wellbeing & Occupational Safety

The Company regards its human capital as its most strategically valuable asset. The safety, professional development, and overall welfare of all employees are accorded the highest operational priority.

- **Zero Workplace Injuries:** Rigorous adherence to occupational health and safety protocols, combined with routine safety drills and periodic third-party audits, resulted in an injury-free year across all operational locations.

- **Annual Employee Training:** All personnel, across every operational site, participated in structured technical training programmes and workplace safety modules, reinforcing professional development and operational excellence.

Community Engagement & Local Economic Empowerment

As a company that is both operationally embedded in and economically interconnected with the regions it serves, Lotus Hydro Power PLC is committed to contributing meaningfully to the well-being and advancement of surrounding communities.

- **CSR Investments:** The Company allocated Rs. 5,000 towards targeted community development projects during the reporting period, with a particular focus on educational support and local infrastructure improvement.
- **Local Employment:** In excess of 90% of the Company's workforce is sourced from neighbouring districts, including Rathnapura, Kandy, and Nuwara Eliya, reflecting a deliberate policy commitment to local economic empowerment and inclusive employment practice.

Human Rights & Diversity

Lotus Hydro Power PLC is committed to cultivating a workplace culture that is equitable, inclusive, and unequivocally grounded in respect for internationally recognised human rights principles.

- **Gender Representation:** Women currently represent 4% of the total workforce. While this figure remains modest, the Company is actively implementing targeted inclusive recruitment initiatives to progressively increase gender diversity at all levels of the organisation.
- **Non-Discrimination Policy:** The Company maintains a zero-tolerance policy on all forms of discrimination, ensuring equality of opportunity in recruitment, retention, career progression, and all other aspects of employment.

GOVERNANCE & ETHICS

Corporate Governance

Lotus Hydro Power PLC adheres to the highest standards of corporate accountability, ethical conduct, and transparent governance practice.

- **Board Composition:** The current Board of Directors is composed entirely of male members. In recognition of the importance of diversity to effective governance, the Nominations Committee Charter incorporates a structured strategic plan to progressively enhance gender balance and broader diversity at Board level.
- **Whistleblowing Mechanism:** Since the formal establishment of the Company's whistleblowing policy in FY 2023/24, zero incidents of corruption or unethical conduct have been reported, affirming the effectiveness of the Company's transparency and accountability framework.

Ethical Supply Chain

The Company upholds the principles of responsible and ethical procurement, requiring all supply chain partners to operate in accordance with its core organisational values.

- **100% Supplier Compliance:** All vendors and suppliers engaged by the Company are contractually required to comply with the Lotus Hydro Power PLC Supplier Code of Conduct, which incorporates provisions on environmental stewardship, labour rights, and sound business ethics.

Risk Management

Robust and proactive risk management is integral to the Company's governance architecture and operational philosophy.

- **Climate Resilience Planning:** As evidenced by the operational impact of Cyclone Ditwah during the reporting period, the Company has intensified its commitment to climate resilience planning. Enhanced risk mitigation frameworks are being developed to address the increasing frequency and severity of extreme weather events, including droughts, floods, and cyclones.
- **Regulatory Compliance:** All operations are conducted in full compliance with the applicable regulatory requirements of the Sustainable Energy Authority (SEA), the Central Environmental Authority (CEA), and the Ceylon Electricity Board (CEB).

CONTRIBUTION TO SUSTAINABLE DEVELOPMENT GOALS (SDGS)

Lotus Hydro Power PLC continues to actively align its sustainability strategy and operational practices with the United Nations Sustainable Development Goals (SDGs). The Company's principal contributions to the global development framework are summarised below:

SDG	Our Contribution
SDG 7: Affordable & Clean Energy	100% of energy generated is renewable and supplied to the national grid, supporting Sri Lanka's clean energy mandate.
SDG 13: Climate Action	Approximately 10,462 metric tons of CO_2 emissions avoided through clean hydropower generation in FY 2025/26.
SDG 8: Decent Work & Economic Growth	Comprehensive employee welfare benefits including interest-free loans, medical insurance, and annual technical development programmes.

OUR COMMITMENT FORWARD

At Lotus Hydro Power PLC, sustainability is not a goal with an end date — it is an evolving journey. We remain focused on deepening our environmental responsibility, strengthening social equity, and upholding strong corporate governance, all while driving value creation for our stakeholders. From the rivers we harness to the communities we serve, we are committed to a cleaner, fairer, and more resilient tomorrow.

INDEPENDENT AUDITOR'S REPORT

KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. 0. Box 186,
Colombo 00300, Sri Lanka.

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TO THE SHAREHOLDERS OF LOTUS HYDRO POWER PLC

Report on the Audit of the Financial statements

Opinion

We have audited the financial statements of Lotus Hydro Power PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 March 2026, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies as set out on pages 89 to 129 of this annual report.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2026, and of their financial performance and their cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards ("SLAuSs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants issued by CA Sri Lanka (Code of Ethics), and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company financial statements and the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the Company financial statements and the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters at Group level to communicate in our report.

Impairment of investments in subsidiaries – Company

Refer to the accounting policies in "Note 2.5.3: Impairment of non-financial assets" and "Note 14: Investments in subsidiaries" notes to the financial statements.

Risk Description	Our Response
As at 31 March 2026 the carrying amount of the Company's investment in subsidiaries amounted to Rs. 338,263,707/-. The Company is required to perform impairment assessment of its investments in subsidiaries whenever there is an indication that the investments may be impaired. Accordingly, the Company performed an impairment assessment on the cash generating units ("CGUs") relating to the subsidiaries which had an indication of impairment. The Company estimated the recoverable amounts of the CGUs based on its	Our audit procedures included; • Assessing the cash flow forecast prepared by the management against our own expectations based on our knowledge of the Company and experience of the industry in which it operates. • Testing the mathematical accuracy of, and the input data used in, the underlying calculations in the Company's discounted cash flow valuation models.

KPMG

Risk Description	Our Response
value in use ("VIU"). Estimating the VIU involves discounting the estimated future cash inflows and outflows expected to be derived from the CGUs to its present value using an appropriate discount rate. When determining the cash inflows and outflows the Company had to also estimate long term growth rates as well as the plant factor. We identified this as an area of audit focus as the VIU determined using discounted cash flows is complex and involves significant management judgement and estimates which could be subject to management bias.	• With the assistance of our own internal business valuation specialists, challenging the reasonableness of the key assumptions such as long-term growth rates, plant factors and discount rates. • Assessing the adequacy of the disclosures in the financial statements, including the description and appropriateness of the inherently subjective and key assumptions used.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

KPMG

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 3707.

CHARTERED ACCOUNTANTS
Colombo, Sri Lanka
24th August 2026

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(all amounts in Sri Lankan Rupees)

For the year ended 31st March,	Note	Group 2026	Group 2025	Company 2026	Company 2025
Revenue	5	198,570,426	257,434,078	127,487,664	154,242,306
Cost of electricity generated		(116,933,633)	(124,274,646)	(70,252,027)	(64,593,751)
Gross profit		81,636,793	133,159,432	57,235,637	89,648,555
Other income / (expenses)	6	(18,602,505)	21,942,334	15,897,495	16,500,000
Impairment reversal of investment in subsidiary		-	-	-	56,266,045
Administrative expenses		(55,633,497)	(56,078,924)	(52,935,740)	(53,329,417)
Profit from operating activities		7,400,791	99,022,842	20,197,392	109,085,183
Finance income		21,153,146	23,836,608	13,062,816	15,013,165
Finance costs		(1,007,503)	(1,404,851)	-	(359,731)
Net finance income	7	20,145,643	22,431,757	13,062,816	14,653,434
Profit before tax	8	27,546,434	121,454,599	33,260,208	123,738,617
Income tax expense	9	(15,799,090)	(33,661,784)	(9,145,757)	(18,677,553)
Profit for the year		11,747,344	87,792,815	24,114,451	105,061,064
Other comprehensive income					
Items that will never be reclassified to profit or loss					
Actuarial loss on retirement benefit obligations	22.1	(491,078)	(1,794,697)	(394,337)	(1,421,983)
Deferred tax on actuarial loss on retirement benefit obligations	21.3	137,649	501,138	118,301	426,595
Revaluation gain on property plant and equipment	11	-	31,815,851	-	(23,719,542)
Deferred tax on revaluation of property, plant and equipment	21.3	-	(3,991,216)	-	7,115,863
Other comprehensive income for the year, net of tax		(353,429)	26,531,076	(276,036)	(17,599,067)
Total comprehensive income for the year		11,393,915	114,323,891	23,838,415	87,461,997
Profit attributable to :					
Equity Holders of the Company		11,747,344	87,792,815	24,114,451	105,061,064
Non - controlling interests		-	-	-	-
Profit for the year		11,747,344	87,792,815	24,114,451	105,061,064
Total Comprehensive income attributable to :					
Equity Holders of the Company		11,393,915	114,323,891	23,838,415	87,461,997
Non - controlling interests		-	-	-	-
Total comprehensive income for the year		11,393,915	114,323,891	23,838,415	87,461,997
Earnings per share - Basic / Diluted	10	0.11	0.80	0.22	0.96

Figures in brackets indicate deductions.

The notes on pages 89 to 129 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

(all amounts in Sri Lankan Rupees)

		Group		Company	
As at 31st March,	Note	2026	2025	2026	2025
ASSETS					
Non-current assets					
Property, plant and equipment	11	534,403,938	562,169,822	235,755,407	248,173,240
Right of use assets	12	6,207,892	6,966,756	-	432,128
Capital work-in-progress	13	9,976,240	9,368,488	-	-
Investments in subsidiaries	14	-	-	338,263,707	338,263,707
Total non-current assets		550,588,070	578,505,066	574,019,114	586,869,075
Current assets					
Inventories	15	2,632,062	21,144,130	689,200	19,101,363
Trade and other receivables	16	28,732,357	22,004,084	16,173,157	14,565,581
Amounts due from related parties	17	621,056	-	5,499,901	4,610,056
Investment in fixed deposits		37,000,000	114,500,000	20,000,000	26,000,000
Cash and cash equivalents	18	206,124,406	185,977,774	108,952,283	141,576,564
Total current assets		275,109,881	343,625,988	151,314,541	205,853,564
Total assets		825,697,951	922,131,054	725,333,655	792,722,639
EQUITY AND LIABILITIES					
Equity					
Stated capital	19	482,300,200	482,300,200	482,300,200	482,300,200
Revaluation reserve	20.1	153,880,240	166,882,657	111,659,342	122,454,343
Other reserves	20.2	101,802	101,802	101,802	101,802
Retained earnings		32,719,339	95,593,497	40,031,311	92,668,385
Total equity attributable to the equity holders of the parent		669,001,581	744,878,156	634,092,655	697,524,730
Non-current liabilities					
Deferred tax liabilities	21	117,042,407	128,105,101	61,395,856	69,355,682
Lease liability	12.2	7,723,054	6,945,791	-	-
Retirement benefit obligations	22	16,332,372	13,359,694	11,780,824	9,460,143
Total non-current liabilities		141,097,833	148,410,586	73,176,680	78,815,825
Current liabilities					
Other payables	23	8,493,593	9,944,853	6,590,605	5,968,376
Amounts due to related parties	24	722,704	138,405	9,754,329	138,405
Lease liability	12.2	114,601	993,561	-	-
Income tax payable	9.4	6,267,639	17,721,612	1,719,386	10,231,422
Bank overdraft	18	-	43,881	-	43,881
Total current liabilities		15,598,537	28,842,312	18,064,320	16,382,084
Total liabilities		156,696,370	177,252,898	91,241,000	95,197,909
Total equity and liabilities		825,697,951	922,131,054	725,333,655	792,722,639
Net assets per ordinary share (Rs.)		6.13	6.83	5.81	6.39

Figures in brackets indicate deductions.

The notes on pages 89 to 129 form an integral part of these financial statements

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

....

D.P.Lokugalappaththi
(Chief Financial Officer)

The Board of Directors is responsible for the preparation and presentation of these financial statements.
Approved and signed for and on behalf of the Board of Directors of Lotus Hydro Power PLC.
For and on behalf of the Board ;

....

Menaka Athukorala
(Director)

K. Gowrishankar
....

Gowri Shankar
(Director)

Colombo
24th August 2026

STATEMENT OF CHANGES IN EQUITY-GROUP

(all amounts in Sri Lankan Rupees)

	Stated capital	Revaluation reserve	Other reserves	Retained earnings	Total equity
Balance as at 01st April, 2024	**482,300,200**	**148,328,557**	**101,802**	**76,185,384**	**706,915,943**
Total comprehensive income for the year					
- Profit for the year	-	-	-	87,792,815	87,792,815
- Other comprehensive income	-	27,824,635	-	(1,293,559)	26,531,076
	-	27,824,635	-	86,499,256	114,323,891
Dividends	-	-	-	(76,361,678)	(76,361,678)
Depreciation transfer on revalued assets	-	(9,270,535)	-	9,270,535	-
Balance as at 31st March 2025	**482,300,200**	**166,882,657**	**101,802**	**95,593,497**	**744,878,156**
Total comprehensive income for the year					
- Profit for the year	-	-	-	11,747,344	11,747,344
- Other comprehensive income	-	-	-	(353,429)	(353,429)
	-	-	-	11,393,915	11,393,915
Dividends	-	-	-	(87,270,490)	(87,270,490)
Depreciation transfer on revalued assets	-	(8,298,417)	-	8,298,417	-
Transfer revaluation surplus related to disposal of assets	-	(4,704,000)	-	4,704,000	-
Balance as at 31st March 2026	**482,300,200**	**153,880,240**	**101,802**	**32,719,339**	**669,001,581**

	Group		Company	
	2026	**2025**	**2026**	**2025**
Dividend paid	87,270,490	76,361,678	87,270,490	76,361,678
Weighted average number of ordinary shares in issue (Nos.)	109,088,112	109,088,112	109,088,112	109,088,112
Dividend per share	0.80	0.70	0.80	0.70

Figures in brackets indicate deductions.

The notes on pages 89 to 129 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY – COMPANY

(all amounts in Sri Lankan Rupees)

	Stated capital	Revaluation reserve	Other reserves	Retained earnings	Total equity
Balance as at 01st April, 2024	**482,300,200**	**148,328,557**	**101,802**	**55,693,852**	**686,424,411**
Total comprehensive income for the year					
- Profit for the year	-	-	-	105,061,064	105,061,064
- Other comprehensive income	-	(16,603,679)	-	(995,388)	(17,599,067)
	-	(16,603,679)	-	104,065,676	87,461,997
Dividends	-	-	-	(76,361,678)	(76,361,678)
Depreciation transfer on revalued assets	-	(9,270,535)	-	9,270,535	-
Balance as at 31st March 2025	**482,300,200**	**122,454,343**	**101,802**	**92,668,385**	**697,524,730**
Total comprehensive income for the year					
- Profit for the year	-	-	-	24,114,451	24,114,451
- Other comprehensive income	-	-	-	(276,036)	(276,036)
	-	-	-	23,838,415	23,838,415
Dividends	-	-	-	(87,270,490)	(87,270,490)
Depreciation transfer on revalued assets	-	(6,091,001)	-	6,091,001	-
Transfer revaluation surplus related to disposal of assets	-	(4,704,000)	-	4,704,000	-
Balance as at 31st March 2026	**482,300,200**	**111,659,342**	**101,802**	**40,031,311**	**634,092,655**

Figures in brackets indicate deductions.

The notes on pages 89 to 129 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

(all amounts in Sri Lankan Rupees)

		Group		Company	
For the year ended 31st March,	**Note**	**2026**	**2025**	**2026**	**2025**
Cash flows from operating activities					
Profit before taxation		27,546,434	121,454,599	33,260,208	123,738,617
Adjustments for:					
Depreciation of property, plant and equipment	11	40,695,483	44,527,079	25,323,932	20,481,445
Amortisation of prepaid lease rentals / right of use assets	12	758,864	1,608,230	432,128	1,272,128
Revaluation gain on property, plant and equipment	6	-	(21,942,334)	-	-
Impairment reversal of investment in subsidiary		-	-	-	(56,266,045)
Gain on disposal of property, plant and equipment	6	(475,000)	-	(475,000)	-
Certified Emission reduction provision for inventory	6	19,077,505	-	19,077,505	-
Certified Emission Reduction (CER) exchange loss		-	292,345	-	292,345
Exchange (gain) /loss on foreign currency (Euro) bank account		(85,370)	12,314	(85,370)	12,314
Provision for retirement benefit obligations	22.2	2,839,100	2,358,912	1,926,344	1,601,620
Interest income	7	(19,927,448)	(23,836,608)	(11,837,118)	(15,013,165)
Interest expense	7	1,007,503	1,100,192	-	55,072
Operating cash flows before working capital changes		71,437,071	125,574,729	67,622,629	76,174,331
(Increase) / decrease in inventories		(565,437)	678,630	(665,342)	678,630
(Increase) / decrease in trade and other receivables		(6,728,273)	10,720,163	(1,607,576)	(1,095,033)
Increase / (decrease) in amount due from related parties		4,193,761	(11,916,131)	3,924,972	(11,811,909)
Increase in amount due to related parties		584,299	24,931	9,615,924	24,931
(Decrease) / increase in other payables		(1,451,260)	1,017,372	622,229	(447,991)
		(3,966,910)	524,965	11,890,207	(12,651,372)
Cash generated from operating activities		67,470,161	126,099,694	79,512,836	63,522,959
Interest expense paid		(1,007,503)	(1,100,192)	-	(55,072)
Income tax paid		(38,178,108)	(35,986,989)	(25,499,318)	(26,220,403)
Retiring gratuity paid	22.1	(357,500)	(908,250)	-	(908,250)
Net cash flow generated from operating activities		27,927,050	88,104,263	54,013,518	36,339,234
Cash flow from investing activities					
Acquisition of property, plant and equipment	11	(23,954,599)	(71,789)	(23,931,099)	(71,789)
Proceeds from sale of property, plant and equipment		11,500,000	-	11,500,000	-
Proceed from the short term investments		265,000,000	255,500,000	90,000,000	26,000,000
Additions to the short term investments		(187,500,000)	(370,000,000)	(84,000,000)	(52,000,000)
Capital work-in-progress		(607,752)	-	-	-
Interest income received		19,927,448	23,836,608	11,837,118	15,013,165
Funds transferred to related companies		(114,858,348)	(69,672,913)	(114,858,348)	(69,672,913)
Funds received from related companies		110,043,531	150,917,233	110,043,531	150,917,233
Net cash generated / (used in) investing activities		79,550,280	(9,490,861)	591,202	70,185,696
Cash flow from financing activities					
Repayment of lease liability capital repayment		(101,697)	(997,892)	-	(905,612)
Dividend paid		(87,270,490)	(76,361,678)	(87,270,490)	(76,361,678)
Net cash used in financing activities		(87,372,187)	(77,359,570)	(87,270,490)	(77,267,290)
Net increase / (decrease) in cash and cash equivalents		20,105,143	1,253,832	(32,665,770)	29,257,640
Effect of movements in exchange rates		85,370	(12,314)	85,370	(12,314)
Cash and cash equivalents at the beginning of the year		185,933,893	184,692,375	141,532,683	112,287,357
Cash and cash equivalents at the end of the year	18	206,124,406	185,933,893	108,952,283	141,532,683

Figures in brackets indicate deductions.

The notes on pages 89 to 129 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(all amounts are in Sri Lankan Rupees unless otherwise stated)

1. CORPORATE INFORMATION

1.1 Domicile and legal form of reporting entity

Lotus Hydro Power PLC is a BOI approved quoted public company incorporated and domiciled in Sri Lanka; under the Companies Act No. 07 of 2007 and listed in the Colombo Stock Exchange. The registered office of the Company is located at 2nd Floor, No. 168, Negombo Road, Peliyagoda.

The financial statements of Lotus Hydro Power PLC for the year ended 31st March 2026 include the financial statements of the Company and its fully owned subsidiaries (together referred to as the “Group”). Companies in the Group are limited liability companies incorporated and domiciled in Sri Lanka and their financial statements are prepared for a common financial year, April to March.

1.2 Principal activities and nature of operations

The Company and subsidiaries were established for building, owning, operating and maintaining power generation facilities at Sanquhar, Delta, Stellenberg, Thebuwana in Pussellawa Plantations Limited (PPL).

1.3 Date of authorisation for issue

The financial statements of Lotus Hydro Power PLC., for the year ended 31st March, 2026 were authorised for issue on 24th August 2026 in accordance with a resolution of the Board of Directors.

1.4 Name of immediate and ultimate parent entity

In the opinion of the directors, as at 31st March 2026, the Company’s immediate parent entity was Lotus Renewable Energy (Pvt) Ltd, and its ultimate parent entity was Lotus Renewable Energy (Singapore) Pte Ltd which exercises ultimate control over the Company.

1.5 Consolidated financial statements

The Consolidated Financial Statements of Lotus Hydro Power PLC as at and for the year ended 31st March 2026 comprise the Company and its Subsidiaries namely Stellenberg Hydro Power (Pvt) Ltd, Thebuwana Hydro Power (Pvt) Ltd and Halgranoya Hydro Power (Pvt) Ltd.

1.6 Number of employees

The number of employees of the Group at the end of the year 31st March 2026 was 51 (2025 – 51) and Company 24 (2025 - 24).

2. BASIS OF PREPARATION

2.1 Statement of compliance

The Consolidated Financial Statements of the Group and the separate financial statements of the Company have been prepared in accordance with the Sri Lanka Accounting Standards (the “Accounting Standards”), as issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). The Accounting Standards comprise:

- Sri Lanka Financial Reporting Standards (“SLFRSs”)
- Sri Lanka Accounting Standards (“LKAS”)
- Statements of Recommended Practices (“SoRPs”)
- Statement of Alternate Treatment (SoATs)
- Financial Reporting Guidelines issued by the CA Sri Lanka.

The Accounting Standards along with FAQs issued are available at the website of CA Sri Lanka www.casrilanka.com.

2.2 Statement of Presentation

The financial statements of the Group and the separated financial statements of the Company have been presented in compliance with the requirements of the Companies Act No. 07 of 2007 and provide appropriate disclosures as required by the listing rules of the Colombo Stock Exchange.

2.3 Basis of measurement

These financial statements have been prepared under historical cost conversion except for Companies civil construction at power plant, electrical equipment at power plant, penstock pipeline and Motor vehicle measured at fair value and retirement benefit obligation measured at the present value of the defined benefit obligation.

The financial statements are presented in Sri Lankan Rupees, and all values are rounded to nearest rupee. Where appropriate, specific policies are explained in the succeeding notes. No adjustments have been made for inflationary factors in the Consolidated Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

(all amounts are in Sri Lankan Rupees unless otherwise stated)

2.4 Functional and presentation currency

Items included in the financial statement are measured using the currency of the primary economic environment in which the Group operates (the functional currency). These financial statements are presented in Sri Lankan rupees, the Group's functional and presentation currency. There was no change in the Group's presentation and functional currency during the year under review.

2.4.1 Rounding

The amounts in the Financial Statements have been rounded-off to the nearest rupees, except where otherwise indicated as permitted by the Sri Lanka Accounting Standard – LKAS 1 on "Presentation of Financial Statements" (LKAS 1).

2.5 Use of estimates and judgements

The preparation of financial statements in conformity with Sri Lanka Accounting Standards (LKAS/SLFRS) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results form the basis of making the judgements about the carrying amount of assets and liabilities that are not readily apparent from other sources.

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

Information about critical judgments and estimates in applying accounting policies that have the most significant effect on the amounts recognised in the Group's financial statements are included in the following notes;

2.5.1 Inventory valuation

Certified Emission Reduction Units (CER) as at the reporting date have been valued at their estimated net realizable value and disclosed in the financial statements as certified emission reduction units. (Note 15)

CER represent units of greenhouse gas reduction that has been generated and certified by the United Nations under the Cleaned Development Mechanism (CDM) provision of the Kyoto Protocol. These CERs can be traded and are used by industrialised countries to meet part of their emission reduction targets.

According to the advice given by Sri Lanka Accounting and Auditing Standards Monitoring Board (SLAASMB), CER units have been recognised as an asset and disclosed under inventories. These inventories have been measured at Net Realizable Value (NRV) and any changes in value as at the reporting date is recognised in the statement of profit or loss. (Note 15.1)

2.5.2 Useful lives and residual values appropriate for property, plant and equipment

The Group tests annually whether, the useful life and residual value estimates were appropriate and in accordance with its accounting policy. Useful lives and residual values of property, plant and equipment have been determined by professional valuers. (Note 11.4).

2.5.3 Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions on an arm's length basis of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation considers cash flow projections based on financial budgets approved by the Management. The key assumptions used include the growth rate and discount rate applicable. (Note 14.1).

2.5.4 Retirement Benefit Obligations

The Group annually measures the present value of the promised retirement benefits for gratuity, which is a Defined Benefit Plan. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. This involves making assumptions on discount rates, future salary increases and mortality rates. All assumptions are reviewed at each reporting date. Due to the long–term nature of these plans, such estimates are subject to significant uncertainty. (Note 22).

2.5.5 Valuation of property plant and equipment

Electrical equipment at the power plant, civil construction at the power plant, and the penstock pipeline are subsequently revalued. When revaluation is undertaken, the entire class of such assets is revalued to ensure consistency. Revaluations are performed at sufficient intervals at least every five years to ensure that the carrying amounts do not differ materially from their fair values as at the reporting date.

Following initial recognition at cost, these revalued property, plant, and equipment are carried at their revalued amounts, less any subsequent depreciation and impairment losses (refer Note 11.4). All other property, plant, and equipment are stated at historical cost, less accumulated depreciation and impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

(all amounts are in Sri Lankan Rupees unless otherwise stated)

2.6 Comparative information

The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year.

In addition, the Group presents an additional statement of financial position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements.

2.7 Materiality and aggregation

Each material class of similar items are presented separately in the financial statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

2.8 Offsetting

Assets and liabilities, and income and expenses, are not offset unless required or permitted by SLFRSs.

2.9 Going concern

The Directors have made an assessment of the Group's ability to continue as a going concern in the foreseeable future and they do not intend either to liquidate or to cease trading. Therefore, the Going Concern basis is used in the preparation of Financial Statements.

2.10 Directors' responsibilities for the financial statements

The Board of Directors are responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting and Auditing Standards Act. No 15 of 1995 and as per the provisions of the Companies Act No. 07 of 2007. Those responsibilities include, designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

3. MATERIAL ACCOUNTING POLICIES

The Group has consistently applied the following significant accounting policies to all periods presented in the Financial Statements by the Group, except as mentioned otherwise.

3.1 Changes in accounting policies

There were no changes in material accounting policies used by the Company and the Group during the financial year.

3.2 Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. in determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce inputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group measures goodwill at the acquisition date as:

The fair value of the consideration transferred; plus

The recognised amount of any non-controlling interests in the acquiree; plus

If the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less

The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss. Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

3.2.1 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group (investor) has the control over an entity (investee), when it is exposed, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the entity. Thus, the Group controls an entity, if and only if the Group has all of the following three criteria.

(a) Power over the entity.

The Group has the power over the entity, when the Group has existing rights that gives it the current ability to direct the relevant activities, i.e., the activities that significantly affect the investee's returns.

NOTES TO THE FINANCIAL STATEMENTS

(all amounts are in Sri Lankan Rupees unless otherwise stated)

(b) Exposure, or rights, to variable returns from its involvement with the entity.

The Group is exposed, or has rights to variable returns from its involvement with the investee, when the investor's return from its involvement has the potential to vary as a result of investee's performance.

(c) The ability to use its power over the entity to affect the amount of the Group's returns.

The Group controls an entity, if the Group not only has power over the entity and exposure or rights to variable returns from its involvement with the entity, but also has the ability to use its power to affect the Group's returns from its involvement with the entity.

The Group considers all facts and circumstances when assessing whether it controls an investee. The Group reassess whether it controls an investee, if facts and circumstances indicate that there are changes to one or more of the above three elements of control.

Joint ventures are arrangements in which the Group has joint control and have rights to the net assets of the arrangement. The Group has joint control in a venture when there is contractually agreed sharing of control of the venture and the decisions about the relevant activities of the venture require the unanimous consent of the parties sharing control.

The financial statements of subsidiaries are included in the Group financial statements from the date on which control effectively commences, until the date that control effectively ceases. Acquisition of subsidiaries is accounted for using the acquisition method of accounting.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, which is 12 months ended 31st March, using consistent accounting policies.

The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group. If a member of the Group uses accounting policies other than those adopted in the Group Financial Statements for similar transactions and events in similar circumstances, appropriate adjustments are made to its Financial Statements in preparing the Group Financial Statements.

Subsidiaries of the Group are the following:,

Subsidiary	Percentage of Holding
Thebuwana Hydro Power (Pvt.) Ltd	100%
Stellenberg Hydro Power (Pvt.) Ltd	100%
Halgranoya Hydro Power (Pvt.) Ltd	100%

3.2.2 Gain on bargain purchase

If the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the acquisition of the entity, the group will reassess the measurement of the acquiree's identifiable assets and liabilities and the measurement of the cost and recognise the difference immediately in the Consolidated Statement of Profit or Loss.

3.2.3 Transactions eliminated on consolidation

Intra-group balances, transactions and any unrealised income and expenses arising from intra- group transactions, are eliminated in preparing the Consolidated Financial Statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2.4 Loss of control

The parent can lose control of a subsidiary with or without a change in absolute or relative ownership levels. Upon the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in the Statement of Profit or Loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as other financial asset depending on the level of influence retained.

3.3 Assets and bases of their valuation

3.3.1 Property, plant and equipment

3.3.1.1 Cost and valuation

All items of property, plant and equipment are initially recorded at cost. Where items of Electrical equipment at power plant, Civil construction at power plant, Penstock pipeline and Motor vehicle are subsequently revalued, the entire class of such asset is revalued. Revaluations are made with sufficient intervals to ensure that their carrying amounts do not differ materially from their values at the reporting date. Subsequent to the initial recognition of an asset at cost, revalued property, plant and equipment are carried at revalued amounts and any subsequent depreciation and impairment losses thereon (Note 11.4). All other property, plant and equipment are stated at historical cost less depreciation and impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

(all amounts are in Sri Lankan Rupees unless otherwise stated)

Where items of Electrical equipment at power plant, Civil construction at power plant, Penstock pipeline and Motor vehicle are subsequently revalued, the entire class of such asset is revalued. Revaluation of the power plant are performed every 5 years, while motor vehicles are revalued every four years. When an asset is revalued any increase in the carrying amount is credited directly to a revaluation surplus unless it reverses a previous revaluation decrease relating to the same asset which was previously recognised as an expense. In these circumstances, the increase is recognised as income to the extent of the previous written down value. When asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised as an expense unless it reverses a previous increment relating to that asset, in which case it is charged against any related revaluation surplus, to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of that asset. Any balance remaining in the revaluation surplus in respect of an asset is transferred directly to retained earnings on retirement or disposal of such asset.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

3.3.1.2 Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is de-recognised. The costs of the day- to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

3.3.1.3 Depreciation and amortisation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in Profit or Loss on a straight-line basis over the estimated useful life of each component of an item of property, plant and equipment. Lands are not depreciated.

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is de-recognised.

The estimated useful lives for the current year are as follows:

Class of assets	Number of years
Civil construction at power plant	20 years
Computers and accessories	02 years
Electrical equipment at power plant	20 years
Furniture and fittings	05 years
Office equipment	05 years
Motor vehicles	04 years
Tools	02 years
Penstock pipe line	20 years
Roads	20 years

The asset's residual values, useful lives and methods of depreciation are reviewed and adjusted if appropriate at each financial year end.

3.3.1.4 Gains and losses on disposal of property, plant and equipment

Gains and losses on the disposal of property, plant and equipment and other non-current assets including investments have been accounted for in Profit or Loss having deducted from proceeds on disposal, the carrying amount of the assets and related property, plant and equipment amount remaining in revaluation reserve relating to that asset is transferred directly to retained earnings.

The Company's power plant assets, including civil construction, electrical equipment, and the penstock pipeline, are specialized assets that are integral to the operation of the power plant and do not have a readily realizable value through disposal, as they cannot be separately sold in their existing form. Accordingly, the economic benefits represented by the revaluation surplus are expected to be realized through the continued use of the assets rather than through their eventual disposal. Therefore, the additional depreciation arising from the revaluation surplus is transferred annually from the revaluation reserve to retained earnings in line with the Company's accounting policy.

3.3.1.5 De-recognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset calculated as the difference between the net disposal proceeds and the carrying amount. The gain or losses on de-recognition are recognized net amount other income and gains are not classified as revenue.

3.3.2 Capital work-in-progress

Capital work-in-progress is stated at cost.

These are expenses of capital nature, incurred in construction of Hydro Power Plants.

NOTES TO THE FINANCIAL STATEMENTS

(all amounts are in Sri Lankan Rupees unless otherwise stated)

Capital work in progress is transferred to the respective asset accounts when it is in a condition to be used by the Group in the manner it was intended to be used (Note 13).

3.3.3 Borrowing cost

Borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset, which takes a substantial period of time to get ready for its intended use or sale, are capitalised as a part of the asset.

Borrowing costs that are not capitalised are recognised as expenses in the period in which they are incurred and charged to the Statement of Profit or Loss and Other Comprehensive Income.

The amount of the borrowing costs which are eligible for capitalisation are determined in accordance with LKAS 23 - 'Borrowing Costs'.

3.3.4 Intangible assets

An Intangible asset is an identifiable non-monetary asset without physical substance held for use in the production or supply of goods or services, for rental or for administrative purpose.

An intangible asset is recognised if it is probable that future economic benefits that are attributable to the assets will flow to the entity and the cost of the assets can be measured reliably in accordance with LKAS 38 on 'Intangible Assets'.

3.3.5 Foreign currency transactions

All foreign exchange transactions are converted to Sri Lanka Rupees, which is the reporting currency, at the rates of exchange prevailing at the time the transactions were effected.

Monetary assets and liabilities denominated in foreign currencies are translated into Sri Lanka Rupees, at the rates of exchange prevailing at the reporting date while non-monetary assets and liabilities are translated at the rate prevailing at the time the transactions are effected.

The exchange difference arising there from is dealt within Profit or Loss.

3.4 Leases

Definition of a Lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in SLFRS 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a

NOTES TO THE FINANCIAL STATEMENTS

(all amounts are in Sri Lankan Rupees unless otherwise stated)

lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is re measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is re measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in right-of-use assets and lease liabilities in the statement of financial position.

Short term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Prepaid operating leases

The non-current and current portion of pre-paid operating lease solely consists of the operating lease paid in advance for the land leased by the group from Pussellawa Plantations Limited (PPL). The Group amortise the lease hold land over the lease period of Thirty-Three (33) years, on straight line basis.

Leased assets

At inception or on reassessment of an arrangement that contains a lease, the Group separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values.

If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group's incremental borrowing rate. Other leases are operating leases and, except for investment property, the leased assets are not recognised in the Group's statement of financial position. Investment property held under an operating lease is recognised in the Group's statement of financial position at its fair value.

3.5 Financial instruments

3.5.1 Recognition and initial measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

3.5.2 Classification and subsequent measurement

3.5.2.1 Financial assets

A. Classification

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designed as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This assessment in referred to as the SPPI test and it is performed at an instrument level. The Group's financial assets classified under amortised cost includes trade and other receivable, amounts due from related parties and cash and cash equivalents

B. Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio levels because this best reflects the way the business is managed and information is provided to management. The information considered includes:

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The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

C. Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- Terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual paramount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

D. Subsequent measurement and gains and losses

Financial assets at amortised cost:

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

E. Impairment

The Group applies the simplified approach permitted by SLFRS 9 in measuring expected credit losses (ECL) for trade receivables and recognizes lifetime ECLs at each reporting date. Trade receivables arise primarily from the sale of electricity to the Ceylon Electricity Board (CEB), a government-owned entity with a strong credit profile and a history of timely settlement.

In assessing expected credit losses, the Group considers historical payment experience, the ageing of receivables, current economic conditions, and forward-looking information. Although SLFRS 9 includes a rebuttable presumption that credit risk has increased significantly when contractual payments are more than 30 days past due, the Group may rebut this presumption where delays are administrative in nature and there is no evidence of deterioration in the creditworthiness of the counterparty.

A financial asset is considered credit-impaired when objective evidence indicates that the counterparty is unlikely to settle the outstanding contractual amounts in full. Receivables are written off when there is no reasonable expectation of recovery, after considering all available information and recovery actions.

Based on historical collection patterns and management's assessment of the creditworthiness of the CEB, no material expected credit losses were identified as at the reporting date.

Invoices are generally due for settlement within 30 days of submission. The Group measures loss allowances for trade receivables using the simplified approach under SLFRS 9 and recognises lifetime expected credit losses. In assessing expected credit losses, the Group considers historical collection experience, the creditworthiness of the customer

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and other forward-looking information. Based on the assessment performed, management has concluded that the expected credit loss allowance is not material due to the strong collection history and the nature of the counterparty.

The ageing of trade receivables at the reporting date has been disclosed in Note 33.3.1

F. Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the trade receivables.

G. Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

H. Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

3.5.3 Financial liabilities

3.5.3.1 Initial recognition and measurement

The Group initially recognise debt securities and loans & borrowings on the date that they are originated. All other financial liabilities are recognised at initially on the trade date, which is the date that the Group become party to the contractual provisions of the instruments.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using effective interest rate method.

Other financial liabilities comprise of loans and borrowings bank overdraft, amounts due to related parties and other payables.

3.5.3.2 Subsequent measurement

The measurement of financial liabilities depends on their classification as described below:

3.6 Current assets

Assets classified as current assets in the Statement of Financial Position are those expected to realise during the normal operating cycle of business or within one year from the reporting date, and cash balances. Assets other than current assets are those which the Group/Company intends to hold beyond the one year period from the Statement of Financial Position date.

3.6.1 Inventories

Inventories other than Certified Emission Reduction (CER) unit are measured at the lower of cost and net realizable value. The costs incurred in bringing such inventory to its present condition and location are recognized at their actual amounts. Net realizable value is the estimated selling price less estimated costs of completion and costs to sell.

Certified emission reduction CER as at the reporting date have been valued at their estimated net realizable value as inventories and disclosed in the financial statements as Certified Emission Reduction Units.

3.6.2 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and cash at banks and other highly liquid financial assets which are held for the purpose of meeting short-term cash commitments with original maturities of less than three months which are subject to insignificant risk of changes in their fair value.

3.6.2.1 Statment of cash flows

The Statement of cash flow has been prepared using the 'Indirect Method' of preparing Cash Flows in accordance with the LKAS 7 - 'Statement of cash flows'.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

3.7 Liabilities and provisions

3.7.1 General

Liabilities classified as current liabilities on the Statement of Financial Position are those which fall due for payment on demand or within one year from the reporting date. Non-current liabilities are those balances that fall due for payment after one year from the date of the Statement of Financial Position. All known liabilities have been accounted for in preparing these financial statements. Provisions and liabilities are recognised when the Group has a legal or constructive obligation as a result of past events and it is probable that an outflow of economic benefits will be required to settle the obligation.

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3.7.2 Retirement benefit obligations

3.7.2.1 Defined contribution plans – provident and trust fund

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the Statement of Profit or loss and Other Comprehensive Income in the periods during which services are rendered by employees.

3.7.2.2 Employees' Provident Fund (EPF)

The Group and employees contribute 12% and 8% respectively on the salary of each employee to the above mentioned funds..

3.7.2.3 Employees' Trust Fund (ETF)

The Group contributes 3% of the salary of each employee to the Employees' Trust Fund.

3.7.2.4 Defined benefit plans – Retiring gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs are deducted.

During the current year, the Group measured the present value of the defined benefits obligations using the actuarial method.

The liability recognized in the Statement of Financial Position is the present value of the defined benefit obligation. The calculation is performed by a qualified actuary using the projected units credit method. Any actuarial gains or losses are recognized in other comprehensive income immediately.

When the benefits of a plan are improved, the portion of the increased benefit related to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gain or losses on the settlement of a defined plan when the settlement occurs.

The nature of the benefit provided under the plan is a lump-sum gratuity payment based on the employee's final salary and completed years of service. The plan operates under the regulatory framework of the Payment of Gratuity Act No. 12 of 1983 of Sri Lanka.

3.8 Provisions

3.8.1 Other payables and accrued expenses

Provisions are made for all obligations existing as at the date of Statement of Financial Position when it is probable that such an obligation will result in an outflow of resources and a reliable estimate can be made of the quantum of the outflow. All contingent liabilities are disclosed as a note to the Financial Statements unless the outflow of resources is remote. Contingent assets are disclosed, where inflow of economic benefit is probable.

3.9 Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired.
If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations, including impairment on inventories, are recognised in Profit or Loss in those expense categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last

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impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

3.10 Statement of profit or loss and comprehensive income

3.10.1 Revenue recognition

The Group generates revenue from the sale of electricity to the Ceylon Electricity Board (CEB) under Power Purchase Agreements (PPAs).

Revenue is recognized at a point in time when electricity is delivered to the national grid and the CEB obtains control of the electricity. The quantity of electricity supplied is determined based on meter readings certified by the CEB.

The transaction price is determined in accordance with the applicable PPA tariff and is based on the actual units of electricity supplied during the billing period. Revenue is measured using the agreed tariff rates specified in the contract with the CEB.

Invoices are generally issued monthly based on certified meter readings, and payment is typically due within the credit period specified in the respective PPA. The contracts do not contain a significant financing component as the period between the transfer of electricity and receipt of payment is generally less than one year.

The Group's revenue contracts do not contain multiple performance obligations. The supply of electricity represents a single performance obligation that is satisfied at the point in time when electricity is delivered to the grid.

Any variable consideration arising from tariff adjustments, if applicable under the PPA, is recognized only to the extent that it is highly probable that a significant reversal of revenue recognized will not occur when the uncertainty is subsequently resolved.

A. Sale of electricity

The Group recognises revenue from electricity supplied upon delivery to the Ceylon Electricity Board when the electricity meets specifications of the Standardized Power Purchase Agreement and is received at the metering point when the Group satisfies the performance obligation by transferring the control of the promised good to the customer.

B. CER income

Revenue from the sale of CERs is recognised in accordance with SLFRS 15 when control of the CERs transfers to the customer, which is at the point in time when the serialised credits are transferred to the customer's registry account (or retired/cancelled on the customer's behalf) in accordance with the terms of the sales contract and the Company has an enforceable right to payment. The transaction price is the consideration specified in the contract to which the Company expects to be entitled. Where the sales price is not fixed at contract inception, revenue is measured using the amount of variable consideration that is highly probable not to result in a significant reversal. The carrying amount of the CERs sold is recognised as an expense (cost of sales) in the period in which the related revenue is recognised.

C. Interest

Interest income is recognized on a time-proportion basis using the effective interest method.

D. Other income

Other income is recognized on an accrual basis.

E. Dividend income

Dividend income is recognised in the Profit or loss on the date the Group's right to receive payment is established.

Gains and losses arising from incidental activities to main revenue generating activities and those arising from a Group of similar transactions which are not material, are aggregated, reported and presented on a net basis.

3.10.2 Expenditure recognition

Expenses are recognised in Profit or Loss on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant & equipment in a state of efficiency has been charged to income in arriving at the profit or loss for the year.

For the purpose of presentation of the Statement of Profit or Loss and Other Comprehensive Income the Directors are of the opinion that function of expenses method presents fairly the elements of the Group's performance and hence, such presentation method is adopted.

Preliminary and pre-operational expenditure is recognised in the Statement of Profit or Loss.

Repairs and renewals are charged to the Statement of Profit or Loss in the year in which the expenditure is incurred.

3.11 Income tax expense

Income tax expense comprises of current and deferred tax. Income tax expense is recognised in the statement of Profit or Loss and Other Comprehensive Income except to the extent that it relates to items recognised directly in the Statement of Changes in Equity.

The Group has determined that interest and penalties related

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to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under LKAS 37 Provisions, contingent liabilities and Contingent assets.

3.11.1 Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the tax on dividend income.

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the Commissioner General of Inland Revenue. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted on the reporting date in the country where the Company operates and generates taxable income.

Provision for taxation is made on the basis of the accounting profit for the year as adjusted for taxation purpose in accordance with the provision in the applicable Inland Revenue act. In estimating such provisions, the Group has applied the Inland Revenue Act No 24 of 2017 and amendments there to.

3.11.2 Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes using liability method.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Deferred tax assets and liabilities are not discounted. The net increase in the carrying amount of deferred tax liability net of deferred tax asset is recognised as deferred tax expense and conversely any net decrease is recognised as reversal to deferred tax expense, in the Statement of Profit or Loss and Other Comprehensive Income (Note 21).

3.12 The Group and Company profits are stated after:

Providing for all impairment losses and depreciation of property, plant and equipment.

Charging all expenses incurred in the day-to-day operations of the business and in maintaining the property, plant and equipment in a state of efficiency.

3.13 Earnings per share

Earnings per Share represent basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares (Note 10).

3.14 Related party disclosures

3.14.1 Transactions with related parties

The Company carries out transactions in the ordinary course of its business with parties who are defined as related parties in LKAS 24 (Note 27).

3.14.2 Transactions with key management personnel

According to LKAS 24 “Related party disclosures”, Key Management Personnel, are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Board of Directors (including executive and non-executive Directors) have been classified as Key Management Personnel of the Group.

3.15 Events after reporting period

All material events since the reporting date have been considered and where appropriate adjustments or disclosures have been made in the respective Notes to the Financial Statements.

3.16 Contractual commitments and contingencies

All discernible risks are accounted for in determining the amount of all known liabilities. Contingent Liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured. Contingent Liabilities are not recognised in the statement of financial position but are disclosed unless they are remote.

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4. EFFECTIVE OF ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following new or amended standards and interpretations have been issued, but not yet effective, as at the reporting date of the Consolidated Financial Statements. These are not expected to result in material impact to the Group on adoption.

Sri Lanka Accounting Standard – SLFRS 18 on "Presentation and Disclosure in Financial Statements" (SLFRS 18)

SLFRS 18 is a new accounting standard for presentation and disclosure in Financial Statements with effect from 1 January 2027. SLFRS 18 will replace the Sri Lanka Accounting Standard – LKAS 1 on "Presentation of Financial Statements" and applies to the Group effective from 1 January 2027. The new accounting standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the Statement of Profit or Loss, namely operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly defined operating profit sub totals. Entities' net profit will not change.
- Management – defined Performance Measures (MPMs) are disclosed in a single note in the Financial Statements.
- Enhanced guidance is provided on how to group information in the Financial Statements.

In addition, all entities are required to use the operating profit subtotals as the starting point for the Statement of Cashflows when presenting operating cashflows under indirect method.

The Group is still in the process of assessing the impact of the new accounting standards, particularly with respect to the structure of the Group's Income Statement, the Statement of Cashflows and the additional disclosures required for MPMs. The Group is also assessing the impact on how information is grouped in the Financial Statements including items currently labelled as 'other'.

Sri Lanka Accounting Standard – SLFRS 19 on "Subsidiaries without Public Accountability" (SLFRS 19)

SLFRS 19 is a new accounting standard for subsidiaries to apply the recognition, measurement, and presentation requirements of full SLFRS Standards while applying a reduced set of disclosure requirements in Financial Statements with effect from 1 January 2027. The Group does not expect this will result in a material impact on its Consolidated Financial Statements. However, this may have an impact on the separate Financial Statements of the subsidiaries of the Company as appropriate.

Other accounting standards

Annual improvements to SLFRS Accounting Standards – Volume 11

The amendments apply for annual reporting periods beginning on or after 1 January 2026. These changes are not expected to have a significant impact on the Company's Financial Statements.

SLFRS S1 General requirements for disclosure of sustainability related financial information and SLFRS S2 Climate-related disclosures

SLFRS S1 General Requirements for Disclosure of Sustainability related Financial Information requires an entity to disclose information about its sustainability related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.

SLFRS S2 Climate-related Disclosures is to requires an entity to disclose information about its climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

These standards will become effective for the Group from 1 January 2027, as the Company does not fall within the top 100 listed entities by market capitalization or the Main Board-listed entities. No financial impact is expected on the Company except for additional disclosures.

Classification and Measurement of Financial Instruments - Amendments to SLFRS 9 and SLFRS 7

The amendments introduce enhancements to the classification, measurement, derecognition, and disclosure requirements for financial instruments. Their objective is to strengthen transparency, promote greater consistency in financial reporting, and respond to emerging market developments – particularly features such as sustainability linked terms and nature dependent electricity contracts.

These amendments are effective for annual reporting periods beginning on or after 1 January 2026. Early application is permitted.

The amendments are not expected to have a material impact on the Financial Statements.

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For the year ended 31st March,

5. REVENUE

		Group		Company	
		2026	2025	2026	2025
Supply of electricity	-Sanquhar	66,602,121	44,236,521	66,602,121	44,236,521
	-Delta	60,759,199	59,409,248	60,759,199	59,409,248
	-Stellenberg	44,509,588	49,693,367	-	-
	-Thebuwana	26,490,890	36,277,306	-	-
Billing under the Standardized Power Purchase Agreement (Note 5.1)		208,628	67,817,636	126,344	50,596,537
		198,570,426	257,434,078	127,487,664	154,242,306

5.1 The Group have recognized and recorded income for the additional payment received from CEB as "Billing under the Standardized Power Purchase Agreement" which were recorded and billed as per the provisions of the Standardized power purchase Agreement with Ceylon Electricity Board.

6. OTHER INCOME/(EXPENSES)

	Group		Company	
	2026	2025	2026	2025
Dividend income	-	-	34,500,000	16,500,000
Revaluation gain on property, plant and equipment	-	21,942,334	-	-
Sale of fixed asset	475,000	-	475,000	-
Certified Emission Reduction provisions made during the year (Note 15.1)	(19,077,505)	-	(19,077,505)	-
	(18,602,505)	21,942,334	15,897,495	16,500,000

7. NET FINANCE INCOME

	Group		Company	
	2026	2025	2026	2025
Finance income				
Interest on inter-company balance	3,303,887	6,219,204	333,672	4,801,079
Unit trust investment income	72,910	2,499,085	72,910	2,499,085
Interest on deposits	16,550,651	15,118,319	11,430,536	7,713,001
Exchange gain	1,225,698	-	1,225,698	-
	21,153,146	23,836,608	13,062,816	15,013,165
Finance cost				
Exchange loss	-	(304,659)	-	(304,659)
Interest on overdraft	-	(15)	-	(15)
Interest on lease liability	(1,007,503)	(1,100,177)	-	(55,057)
	(1,007,503)	(1,404,851)	-	(359,731)
Net finance income	20,145,643	22,431,757	13,062,816	14,653,434

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8. PROFIT BEFORE TAX

	Group		Company	
	2026	2025	2026	2025
Stated after charging all expenses including following :				
Non-executive Directors' fees	3,300,000	3,300,000	3,300,000	3,300,000
Executive Directors' fees	1,500,000	1,500,000	1,500,000	1,500,000
Auditor's remuneration - Audit services	1,762,398	1,535,000	1,050,339	924,000
Depreciation on property, plant and equipment	40,695,483	44,527,079	25,323,932	20,481,445
Amortisation of prepaid lease rentals/ right of use assets	758,864	1,608,230	432,128	1,272,128
CSR expense and donations	5,000	60,000	5,000	45,000
Legal expenses and professional fees	641,209	1,675,056	167,484	1,113,484
Management fee	5,000,000	5,000,000	5,000,000	5,000,000
Secretarial charges	1,206,443	981,324	908,214	728,177
Staff costs				
Salaries, incentives and wages	54,211,586	50,156,899	35,128,547	32,982,762
Defined contribution plan costs - EPF / ETF	5,461,947	4,989,906	3,862,705	3,580,265
Defined benefit plan cost - Retiring gratuity	2,839,100	2,358,912	1,926,344	1,601,620
	62,512,633	57,505,717	40,917,596	38,164,647

9. INCOME TAX EXPENSE

Provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of Inland Revenue (Amended) Act No. 45 of 2022.

9.1 Companies exempt from income tax / liable to tax at concessionary rate

Company	Statute	Rate
Thebuwana Hydro Power (Pvt) Ltd	Section 17 of BOI law no.4 of 1978	20%
Stellernberg Hydro Power (Pvt) Ltd	Section 17 of BOI law no.4 of 1978	20%

9.1.1Stellenberg Hydro Power (Private) Limited

In accordance with the agreement entered into with the Board of Investment of Sri Lanka (BOI), the profits of the Company were exempt from income tax for a period of five (05) years, ending on 31 March 2019. Upon the expiration of the tax exemption period, the Company became liable to income tax at a concessionary rate of 10% for the financial years ended 31 March 2020 and 31 March 2021. Thereafter, the Company has been subject to income tax at the standard rate of 20%. Non-business income is taxed at the standard corporate rate of 30%.

Thebuwana Hydro Power (Private) Limited

Under the BOI agreement, the profits of the Company were exempt from income tax for a period of five (05) years, ending on 31 March 2022. Following the expiry of this exemption period, the Company was liable to income tax at a concessionary rate of 10% for the financial years ended 31 March 2023 and 31 March 2024. Upon the conclusion of this concessionary period, the applicable income tax rate will increase to 20%. Non-business income is taxed at the standard corporate rate of 30%.

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Lotus Hydro Power PLC

Lotus Hydro Power PLC is not entitled to any income tax exemptions and is subject to income tax at the standard corporate rate of 30%, in accordance with the provisions of the Inland Revenue (Amendment) Act No. 45 of 2022.

9.2 Income tax expense

		Group		Company	
	Note	2026	2025	2026	2025
Current tax expense					
- Taxation on current year profit	9.3	26,606,241	35,979,350	16,987,282	24,080,074
- Income Tax under provision during previous year of assessment		117,894	-	-	-
		26,724,135	35,979,350	16,987,282	24,080,074
Deferred tax expense					
- Reversal of temporary differences	21	(10,925,045)	(2,317,566)	(7,841,525)	(5,402,521)
		15,799,090	33,661,784	9,145,757	18,677,553

9.3 Reconciliation between the accounting profit and tax on current year

	Group		Company	
For the year ended 31st March,	**2026**	**2025**	**2026**	**2025**
Profit before income tax expense	27,546,434	121,454,599	33,260,208	123,738,617
Aggregate disallowable expenses / income	98,006,050	44,311,564	45,648,710	(32,711,295)
Aggregate allowable expenses	(7,231,144)	(22,172,133)	(5,030,187)	(2,505,545)
Non-business income	(54,422,990)	(40,331,745)	(46,332,660)	(31,508,302)
Aggregate exempt income from the business	(4,458)	597,013	(4,458)	(4,863)
Current year tax loss utilized (Note 9.3.1)	(392,980)	(392,980)	-	-
Adjusted profit from the business	63,500,912	103,466,318	27,541,613	57,008,612
Aggregate interest income	19,922,990	23,831,745	11,832,660	15,008,302
Tax on income taxable on dividend	34,500,000	16,500,000	34,500,000	16,500,000
Total taxable non business income	54,422,990	40,331,745	46,332,660	31,508,302
Total taxable income	117,923,902	143,798,063	73,874,273	88,516,914
Taxable income				
Taxable at 15%	34,500,000	16,500,000	34,500,000	16,500,000
Taxable at 20%	35,959,298	46,850,686	-	-
Taxable at 30%	47,464,604	80,447,377	39,374,273	72,016,914
Taxable income	117,923,902	143,798,063	73,874,273	88,516,914
Income tax charged at				
- Rate @ 15%	5,175,000	2,475,000	5,175,000	2,475,000
- Rate @ 20%	7,191,860	9,370,137	-	-
- Rate @ 30%	14,239,381	24,134,213	11,812,282	21,605,074
Taxation on profits for the year	26,606,241	35,979,350	16,987,282	24,080,074
Effective tax rate	96.59%	29.62%	51.07%	19.46%

9.3.1 The effective tax rate exceeds the statutory rate mainly due to non-deductible expenses, including the CER provision, differences between accounting depreciation and capital allowances, and the impact of dividend and interest income, with a significant portion of interest income being taxed at the standard rate rather than concessionary rates.

NOTES TO THE FINANCIAL STATEMENTS

(all amounts are in Sri Lankan Rupees)

9.3.2 Accumulated tax losses

	Group		Company	
For the year ended 31st March,	2026	2025	2026	2025
Tax loss brought forward	1,253,009	2,828,279	-	-
Adjustment to previous year losses	392,980	-	-	-
Tax loss for the year	238,794	601,876	-	-
Losses expired during the year	(115,199)	(1,784,166)	-	-
losses claimed during the year	(392,980)	(392,980)	-	-
Tax loss carried forward	1,376,604	1,253,009	-	-

9.3.4 Unrecognized deferred tax assets

The unrecognized deferred tax asset is arrived by applying the effective tax rate of 30% to the following temporary differences of the Subsidiary Company Halgranoya Hydro Power (Private) Limited as at 31 March 2026 (2025: 30%).

	2026		2025	
For the year ended 31st March,	Temporary difference	Tax effect	Temporary difference	Tax effect
Accumulated tax loss	1,376,604	412,981	1,253,009	375,903
	1,376,604	412,981	1,253,009	375,903

The Subsidiary Company had not recognized the deferred tax asset amounting to Rs.412,981/- for the year ended 31 March 2026 (2025: Rs. 375,903/-) because it is not probable that future taxable profits will be available against which the Company can utilize the benefit thereon.

9.4 Income tax payable

	Group		Company	
For the year ended 31st March,	2026	2025	2026	2025
Balance at the beginning of the year	17,721,612	17,729,251	10,231,422	12,371,751
Income tax provision for the year	26,606,241	35,979,350	16,987,282	24,080,074
Income Tax under provision during previous year of assessment	117,894	-	-	-
Income tax payments during the year	(38,178,108)	(35,986,989)	(25,499,318)	(26,220,403)
Balance at the end of the year	6,267,639	17,721,612	1,719,386	10,231,422

10. EARNINGS PER SHARE - BASIC / DILUTED

The earnings per ordinary share has been computed based on net profit attributable to ordinary shareholders for the year divided by weighted average number of ordinary shares in issue. It has been calculated as follows ;

	Group		Company	
For the year ended 31st March,	2026	2025	2026	2025
Net profit attributable to ordinary shareholders (Rs.)	11,747,344	87,792,815	24,114,451	105,061,064
Weighted average number of ordinary shares in issue (Nos.)	109,088,112	109,088,112	109,088,112	109,088,112
Earnings per ordinary share (Rs.)	0.11	0.80	0.22	0.96

There were no potential dilutive ordinary shares outstanding at any time during the year or previous year. Therefore diluted earnings per share is equal to basic earnings per share.

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(all amounts are in Sri Lankan Rupees)

11. PROPERTY,PLANT AND EQUIPMENT

11.1 Group

Cost / Valuation	Freehold land	Civil construction at power plant	Electrical equipment at power plant	Penstock pipe line	Roads	Motor vehicles	Tools	Plant and machinery	Office equipment	Furniture and fittings	Computers and accessories	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 01st April 2024	10,677,214	416,742,632	252,531,245	257,721,821	1,147,908	10,296,579	3,369,473	52,990	1,103,218	1,098,888	1,418,150	956,160,118
Right-of-Use asset is transferred (Note 12)	-	-	-	-	-	17,600,000	-	-	-	-	-	17,600,000
Revaluation gain / (loss)	-	77,918,351	(15,682,220)	(46,921,279)	-	38,443,333	-	-	-	-	-	53,758,185
Adjustment on revaluation	-	(230,513,136)	(101,129,224)	(105,668,190)	-	(20,789,912)	-	-	-	-	-	(458,100,462)
Additions	-	-	-	-	-	-	-	-	71,789	-	-	71,789
Balance as at 31st March 2025	10,677,214	264,147,847	135,719,801	105,132,352	1,147,908	45,550,000	3,369,473	52,990	1,175,007	1,098,888	1,418,150	569,489,630
Additions	-	-	-	-	-	23,468,100	79,400	-	305,390	101,709	-	23,954,599
Disposals	-	-	-	-	-	(12,600,000)	-	-	-	-	-	(12,600,000)
Balance as at 31st March 2026	10,677,214	264,147,847	135,719,801	105,132,352	1,147,908	56,418,100	3,448,873	52,990	1,480,397	1,200,597	1,418,150	580,844,229
Accumulated depreciation and impairment												
Balance as at 01st April 2024	-	214,437,620	88,502,662	92,781,644	586,977	10,241,579	3,351,180	52,990	731,677	975,379	1,418,150	413,079,858
Right-of-Use asset is transferred (Note 12)	-	-	-	-	-	7,813,333	-	-	-	-	-	7,813,333
Charger for the year	-	16,075,516	12,626,562	12,886,546	57,395	2,735,000	9,977	-	93,734	42,349	-	44,527,079
Adjustment on revaluation	-	(230,513,136)	(101,129,224)	(105,668,190)	-	(20,789,912)	-	-	-	-	-	(458,100,462)
Balance as at 31st March 2025	-	-	-	-	644,372	-	3,361,157	52,990	825,411	1,017,728	1,418,150	7,319,808
Charger for the year	-	14,803,853	7,851,249	5,978,233	57,396	11,768,175	21,548	-	161,680	53,349	-	40,695,483
Disposals	-	-	-	-	-	(1,575,000)	-	-	-	-	-	(1,575,000)
Balance as at 31st March 2026	-	14,803,853	7,851,249	5,978,233	701,768	10,193,175	3,382,705	52,990	987,091	1,071,077	1,418,150	46,440,291
Written down value												
- As at 31st March 2026	10,677,214	249,343,994	127,868,552	99,154,119	446,140	46,224,925	66,168	-	493,306	129,520	-	534,403,938
- As at 31st March 2025	10,677,214	264,147,847	135,719,801	105,132,352	503,536	45,550,000	8,316	-	349,596	81,160	-	562,169,822
Fully depreciated assets												
- As at 31st March 2026	-	-	-	-	-	75,000	3,369,473	52,990	736,004	983,864	1,418,150	6,635,481
- As at 31st March 2025	-	-	-	-	-	75,000	3,349,518	52,990	720,884	894,876	1,418,150	6,511,418

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11.2 Company

Cost / Valuation	Civil construction at power plant	Electrical equipment at power plant	Penstock pipe line	Motor vehicles	Tools	Office equipment	Furniture and fittings	Computers and accessories	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 01st April 2024	126,553,500	111,497,000	114,500,000	9,771,799	2,984,049	935,253	552,854	1,161,050	367,955,505
Right-of-Use asset transferred (Note 12)	-	-	-	17,600,000	-	-	-	-	17,600,000
Additions	-	-	-	-	-	71,789	-	-	71,789
Revaluation gain / (loss)	872,555	(19,707,281)	(42,578,149)	37,693,333	-	-	-	-	(23,719,542)
Adjustment on revaluation	(31,638,375)	(27,874,250)	(28,625,000)	(20,265,132)	-	-	-	-	(108,402,757)
Balance as at 31st March 2025	95,787,680	63,915,469	43,296,851	44,800,000	2,984,049	1,007,042	552,854	1,161,050	253,504,995
Additions	-	-	-	23,468,100	79,400	305,390	78,209	-	23,931,099
Disposals	-	-	-	(12,600,000)	-	-	-	-	(12,600,000)
Balance as at 31st March 2026	95,787,680	63,915,469	43,296,851	55,668,100	3,063,449	1,312,432	631,063	1,161,050	264,836,094
Accumulated depriciation									
Balance as at 01st April 2024	25,310,700	22,299,400	22,900,000	9,716,799	2,984,049	574,512	493,224	1,161,050	85,439,734
Right-of-Use asset transferred (Note 12)	-	-	-	7,813,333	-	-	-	-	7,813,333
Charge for the year	6,327,675	5,574,850	5,725,000	2,735,000	-	91,034	27,886	-	20,481,445
Adjustment on revaluation	(31,638,375)	(27,874,250)	(28,625,000)	(20,265,132)	-	-	-	-	(108,402,757)
Balance as at 31st March 2025	-	-	-	-	2,984,049	665,546	521,110	1,161,050	5,331,755
Charge for the year	6,385,845	4,261,031	2,886,457	11,580,675	13,233	158,980	37,711	-	25,323,932
Disposals	-	-	-	(1,575,000)	-	-	-	-	(1,575,000)
Balance as at 31st March 2026	6,385,845	4,261,031	2,886,457	10,005,675	2,997,282	824,526	558,821	1,161,050	29,080,687
Written down value									
- As at 31st March 2026	89,401,835	59,654,438	40,410,394	45,662,425	66,167	487,906	72,242	-	235,755,407
- As at 31st March 2025	95,787,680	63,915,469	43,296,851	44,800,000	-	341,496	31,744	-	248,173,240
Fully depreciated assets									
- As at 31st March 2026	-	-	-	75,000	2,984,049	581,539	510,145	1,161,050	5,311,783
- As at 31st March 2025	-	-	-	75,000	2,984,049	566,419	421,157	1,161,050	5,207,675

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11.3 Details of lands purchased by Thebuwana Hydro Power (Pvt) Ltd

Company	Location	Extent	Carrying amount as at 31st March 2026 (Rs.)
Thebuwana Hydro Power (Pvt) Ltd	Devipahala Grama Niladhari Division in Kuruwita Divisional Secretary's Division in Uda North Pattu of Kuruwiti Korale in the District of Ratnapura Sabaragamuwa province.	321 perches	10,353,214
	Agalawaththa - Kuruwita	54 perches	324,000
		Total	**10,677,214**

11.4 Revaluation of assets

The Company owns the Sanquhar Power Plant, constructed in December 2003, and the Delta Power Plant, constructed in April 2006. Additionally, the Stellenberg Hydro Power (Private) Limited plant and the Thebuwana Hydro Power (Private) Limited plant commenced operations in March 2014 and June 2015, respectively.

As at 31st March 2025, a revaluation of all project assets—including civil constructions, electrical equipment, penstock pipelines and motor vehicles—was carried out by an independent valuer, Mr. W.A. Chandrasena, Chartered Valuation Surveyor. This comprehensive revaluation covered the Sanquhar, Delta, Stellenberg, and Thebuwana power plants. In addition, all motor vehicles belonging to the Group were revalued as part of this exercise.

The said valuation has been incorporated in the financial statements and the gain/loss arising from the revaluation was recognized in 31 March 2025, a re-assessment of the valuation was performed by the management and no significant changes to the revalued carrying amount as at 31 March 2026.

This fair value measurement of the Company is catergorized under " Level 3" of the fair value hierarchy.

Valuation techniques and significant unobservable inputs

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

Asset	Method of valuation	Revalued Amount		Significant unobservable inputs	The estimated revalued amount would increase / decrease
		Group	Company		
Electrical equipment at power plant	Discounted cash flow basis*	135,719,801	63,915,469	Power Generation in kWh	Power Generation in kWh were higher / (lower)
				Operational cost	Operational cost were (lower) / higher
				YP capitalize	YP capitalize were higher / (lower)
				Price for unit	Price for unit were higher / (lower)
Civil construction at power plant	Discounted cash flow basis*	264,147,847	95,787,680	Power Generation in kWh	Power Generation in kWh were higher / (lower)
				Operational cost	Operational cost were (lower) / higher
				YP capitalize	YP capitalize were higher / (lower)
				Price for unit	Price for unit were higher / (lower)
Penstock pipeline	Discounted cash flow basis*	105,132,352	43,296,851	Power Generation in kWh	Power Generation in kWh were higher / (lower)
				Operational cost	Operational cost were (lower) / higher
				YP capitalize	YP capitalize were higher / (lower)
				Price for unit	Price for unit were higher / (lower)
Motor vehicles	Market value**	45,550,000	44,800,000	Market value	Market value were higher / (lower)

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*The Mini Hydro Power Plant asset was valued using the Discounted Cash Flow (DCF) Method, based on projected future income discounted. The Contractor's Method was used as a secondary reference.

** The asset was valued using the Market Approach, based on its estimated open market value, after applying appropriate depreciation for age and condition.

11.4.1 Carrying amount of revalued property, plant and equipment

	Group		Company	
For the year ended 31st March,	**2026**	**2025**	**2026**	**2025**
Electrical equipment at power plant	127,868,552	135,719,801	59,654,438	63,915,469
Civil construction at power plant	249,343,994	264,147,847	89,401,835	95,787,680
Penstock pipeline	99,154,119	105,132,352	40,410,394	43,296,851
Motor vehicles	46,224,925	45,550,000	45,662,425	44,800,000
	522,591,590	**550,550,000**	**235,129,092**	**247,800,000**

11.4.2 Valuation Techniques and Significant Unobservable Inputs

Mini Hydro Power Plants

Valuation of the Group's Mini Hydro Power Plants was carried out using the discounted cash flow method. The following key assumptions and unobservable inputs were applied:

Significant unobservable input	Range/Assumption
Annual plant factor	31% to 46%
Discount rate	12%
Forecast period	10 years
Tariff per kWh	Rs. 10.97 to Rs. 13.04
Annual tariff escalation	3%
Operating cost escalation	3% per annum

Motor Vehicles

Motor vehicles were valued using the market approach based on prevailing market values of comparable vehicles, adjusted for factors such as age, condition and estimated depreciation. The resulting market values were considered representative of fair value at the valuation date. Key assumptions are as follows

Significant unobservable input	Range/Assumption
Market value	Rs. 500,000 to Rs. 19,000,000
Depreciation adjustment	10% to 30%
Fair value	Rs. 350,000 to Rs. 16,500,000

11.5 Carrying amount of revalued property, plant and equipment had it been recorded at cost as at 31st March 2026

	Group			Company		
	Cost	**Accumulated depreciation**	**Written down value**	**Cost**	**Accumulated depreciation**	**Written down value**
Civil construction at power plant	431,078,573	346,317,252	84,761,321	140,889,441	137,694,649	3,194,792
Electrical equipment at power plant	246,784,541	186,056,981	60,727,560	105,750,295	105,750,295	-
Pestock pipe line	167,596,855	108,579,770	59,017,085	24,375,035	24,375,035	-
Motor vehicles	19,421,579	19,421,579	-	18,896,799	18,896,799	-

11.6 Temporarily idle Property, Plant and Equipment

There were no temporary idle Property, Plant and Equipment or any asset retired from active use and held for disposal on the date of statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

(all amounts are in Sri Lankan Rupees)

12. RIGHT OF USE ASSETS

As at 31st March,	Group 2026	Group 2025	Company 2026	Company 2025
Cost				
Balance as at beginning of the year	14,958,673	32,352,497	6,636,787	24,236,787
Right-of-Use asset transferred to Property, Plant and Equipment	-	(17,600,000)	-	(17,600,000)
Adjustment on right of use assets	-	206,176	-	-
Balance as at the end of the year	14,958,673	14,958,673	6,636,787	6,636,787
Amortisation				
Balance as at beginning of the year	7,991,917	14,197,020	6,204,659	12,745,864
Amortisation transferred to Property, Plant and Equipment	-	(7,813,333)	-	(7,813,333)
Amortisation for the year	758,864	1,608,230	432,128	1,272,128
Balance as at the end of the year	8,750,781	7,991,917	6,636,787	6,204,659
Carrying amount				
- At the end of the year	6,207,892	6,966,756	-	432,128

12.1 Right of use assets

As at 31st March,	Group 2026	Group 2025	Company 2026	Company 2025
Right of use assets - Land	6,207,892	6,966,756	-	432,128
Balance at the end of the year	6,207,892	6,966,756	-	432,128

12.2 Lease Liabilities

Lease liabilities included in the statement of financial position

As at 31st March,	Group 2026	Group 2025	Company 2026	Company 2025
Current liabilities	114,601	993,561	-	-
Non-current liabilities	7,723,054	6,945,791	-	-
	7,837,655	7,939,352	-	-
Lease liability				
Balance as at beginning of the year	7,939,352	8,731,068	-	905,612
Adjustment on lease liability	-	206,176	-	-
Interest charge	1,007,503	1,100,177	-	55,057
Repayment	(1,109,200)	(2,098,069)	-	(960,669)
Balance as at 31st March	7,837,655	7,939,352		-

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As at 31st March,	Group		Company	
	2026	2025	2026	2025
Amount recognized in statement of profit or loss				
Interest on lease liabilities	1,007,503	1,100,177	-	55,057
Right of use asset amortisation	758,864	1,608,230	432,128	1,272,128
Amount recognized in statement of cash flow				
Repayment of lease liability interest	1,007,503	1,100,177	-	55,057
Repayment of lease liability capital repayment	101,697	997,892	-	905,612
	1,109,200	2,098,069	-	960,669
Maturity analysis of lease liabilities - contractual undiscounted cashflow				
Less than one year	994,599	1,007,504	-	-
One to five years	3,813,313	3,883,524	-	-
More than five years	8,429,227	9,353,615	-	-
	13,237,139	14,244,643	-	-

Details of leases - Group

Lessor	Asset type	Repayment term	Interest rate	Balance as at 31st March 2026	Balance as at 31st March 2025
Pussewella Plantations Limited - Stellenberg	Land	26 years	12.69%	5,336,276	5,405,518
Pussewella Plantations Limited - Thebuwana	Land	26 years	12.69%	2,501,379	2,533,834
				7,837,655	**7,939,352**

There are no restrictions or covenants imposed by the Group's lease arrangements.

13. CAPITAL WORK-IN-PROGRESS

As at 31st March,	Group		Company	
	2026	2025	2026	2025
Balance at the beginning of the year	9,368,488	9,368,488	-	-
Additions during the year	607,752	-	-	-
Balance at the end of the year	9,976,240	9,368,488	-	-

13.1 Class of asset-wise break-up

As at 31st March,	Group		Company	
	2026	2025	2026	2025
Class of asset -wise break-up				
Civil construction at power plant	9,976,240	9,368,488	-	-
	9,976,240	9,368,488	-	-

The capital work- in- progress represents the project cost of Halgranoya Hydro Power (Pvt) Ltd.

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(all amounts are in Sri Lankan Rupees)

14. INVESTMENTS IN SUBSIDIARIES

As at 31st March,	Holding %	Group 2026	Group 2025	Company 2026	Company 2025
Thebuwana Hydro Power (Pvt) Ltd	100%	-	-	200,000,000	200,000,000
Stellenberg Hydro Power (Pvt) Ltd	100%	-	-	150,000,000	150,000,000
Halgranoya Hydro Power (Pvt) Ltd	100%	-	-	10,000,000	10,000,000
Provision for impairment – Thebuwana Hydro Power (Pvt) Ltd		-	-	(21,736,293)	(21,736,293)
		-	-	338,263,707	338,263,707

14.1 Impairment Assessment – Investment in Thebuwana Hydro Power (Pvt) Ltd

The recoverable amount of investments in Thebuwana Hydro Power (Pvt) Ltd is based on value-in-use computations. These calculations use cash flow projections based on financial budgets. The key assumptions used are given below.

Plant Factor	Based on estimated future production as well as past data on electricity generation at 37%.
Discount Rate	Risk free rate adjusted by the addition of an appropriate risk premium has been determined at 11.13%.

There are no significant restrictions on the ability to access or use the assets and settle the liabilities of the Group.

14.2 Sensitivity analysis

Sensitivity variation on plant factor and discount rate

Values appearing in financial statements are sensitive to changes in both financial and non-financial assumptions. Simulations conducted for investments in subsidiaries demonstrate that a 1% increase or decrease in the plant factor and discount rate results in the following effects on the investment in subsidiaries:

As at 31st March 2026	Company Variance (Rs.)	
	-1%	+1%
Plant factor	7,031,238	(7,031,238)
Discount rate	(11,999,958)	10,444,520

15. INVENTORIES

As at 31st March,	Group 2026	Group 2025	Company 2026	Company 2025
Certified Emission Reduction (CER) units	19,077,505	17,937,176	19,077,505	17,937,176
Spare parts	2,632,062	3,206,954	689,200	1,164,187
Less : Provision for CER units (Note 15.1)	(19,077,505)	-	(19,077,505)	-
	2,632,062	21,144,130	689,200	19,101,363

NOTES TO THE FINANCIAL STATEMENTS

(all amounts are in Sri Lankan Rupees)

15.1 Provision for CER units

As at 31st March,	Group		Company	
	2026	2025	2026	2025
Balance as at beginning of the year	-	-	-	-
Provisions made during the year	(19,077,505)	-	(19,077,505)	-
Balance as at the end of the year	(19,077,505)	-	(19,077,505)	-

The Company currently holds 60,527 units of Certified Emission Reductions (CERs), previously recognized at a carrying value of USD 1.00 per unit. These units were generated through the Companie's renewable energy projects and were intended for trade in the international carbon market. As of the reporting date, Management has conducted an impairment review of these assets based on the following observations:

Market Activity and Realizability: Active market evidence for this specific vintage of CERs is currently unavailable, and evolving carbon market regulations and eligibility requirements have created uncertainty regarding the future realization of economic benefits from these assets. Accordingly, management reassessed the recoverability of the CERs and recognized the resulting provision in the current year.

16. TRADE AND OTHER RECEIVABLES

As at 31st March,	Group		Company	
	2026	2025	2026	2025
Trade receivables	10,537,967	11,976,968	2,174,906	7,727,062
Deposits, prepayments and advances	17,226,797	9,059,523	13,030,658	5,870,926
Other receivables	967,593	967,593	967,593	967,593
	28,732,357	22,004,084	16,173,157	14,565,581

17. AMOUNTS DUE FROM RELATED PARTIES

As at 31st March,	Group		Company	
	2026	2025	2026	2025
Halgranoya Hydro Power (Pvt) Ltd	-	-	5,478,845	4,610,056
Zyrex Power Co Ltd	7,800	-	7,800	-
Sri Bio Tech Lanka (Pvt) Ltd	613,256	-	13,256	-
	621,056	-	5,499,901	4,610,056

NOTES TO THE FINANCIAL STATEMENTS

(all amounts are in Sri Lankan Rupees)

18. CASH AND CASH EQUIVALENTS

	Group		Company	
As at 31st March,	**2026**	**2025**	**2026**	**2025**
Favourable cash and cash equivalents				
Term deposits which matures within 03 months	190,000,000	132,000,000	100,000,000	132,000,000
Cash at bank	16,039,668	53,887,823	8,867,545	9,486,613
Cash in hand	84,738	89,951	84,738	89,951
	206,124,406	185,977,774	108,952,283	141,576,564
Unfavourable cash and cash equivalents				
Bank overdraft	-	(43,881)	-	(43,881)
Cash and cash equivalents for the purpose of cash flows statement	206,124,406	185,933,893	108,952,283	141,532,683

19. STATED CAPITAL

	Group		Company	
As at 31st March,	**2026**	**2025**	**2026**	**2025**
Issued and fully paid number of shares	482,300,200	482,300,200	482,300,200	482,300,200
- 109,088,112 ordinary shares	482,300,200	482,300,200	482,300,200	482,300,200

Rights, preference and restrictions of stated capital:

The holders of ordinary shares are entitled to receive dividend as declared from time to time and are entitled to one vote per share at meetings of the Company.

20. RESERVES

20.1 Revaluation reserve

	Group		Company	
As at 31st March,	**2026**	**2025**	**2026**	**2025**
On property, plant and equipment				
Balance as at beginning of the year	166,882,657	148,328,557	122,454,343	148,328,557
Other comprehensive income	-	27,824,635	-	(16,603,679)
Depreciation transfer on revalued assets	(8,298,417)	(9,270,535)	(6,091,001)	(9,270,535)
Transfer revaluation surplus related to disposal of assets	(4,704,000)	-	(4,704,000)	-
Balance as at the end of the year	153,880,240	166,882,657	111,659,342	122,454,343

Revaluation reserve represents the surplus on revaluation of civil construction at power plant, electrical equipment at power plant, penstock pipelines and Motor Vehicle. The revaluation surplus is transferred directly to retained earnings as the surplus is realised. This amount is determined based on the difference between the depreciation based on the revalued carrying amount of the asset and the depreciation based on the asset's original cost.

NOTES TO THE FINANCIAL STATEMENTS

(all amounts are in Sri Lankan Rupees)

The Company's power plant assets, including civil construction, electrical equipment, and the penstock pipeline, are specialized assets that are integral to the operation of the power plant and do not have a readily realizable value through disposal, as they cannot be separately sold in their existing form. Accordingly, the economic benefits represented by the revaluation surplus are expected to be realized through the continued use of the assets rather than through their eventual disposal. Therefore, the additional depreciation arising from the revaluation surplus is transferred annually from the revaluation reserve to retained earnings in line with the Company's accounting policy.

20.2 Other reserves

	Group		Company	
As at 31st March,	2026	2025	2026	2025
Balance as at beginning of the year	101,802	101,802	101,802	101,802
Balance as at the end of the year	101,802	101,802	101,802	101,802

This balance includes the favorable exchange rate difference transferred during the allotment of shares.

21. DEFERRED TAX LIABILITIES

	Group		Company	
As at 31st March,	2026	2025	2026	2025
Movement in deferred tax liabilities				
Balance at the beginnig of the year	128,105,101	126,932,589	69,355,682	82,300,661
Recognised in statement of profit or loss	(10,925,045)	(2,317,566)	(7,841,525)	(5,402,521)
Recognised in other comprehensive income	(137,649)	3,490,078	(118,301)	(7,542,458)
Balance at end of the year	117,042,407	128,105,101	61,395,856	69,355,682

21.1 The closing deferred tax liability relates to the following

	Group		Company	
As at 31st March,	2026	2025	2026	2025
Composition of deferred tax liabilities				
Accelerated depreciation of property , plant and equipment	74,715,188	68,416,487	28,384,098	19,713,292
Revaluation of property , plant and equipment	47,097,729	63,587,511	36,546,005	52,480,433
Retirement benefit obligations	(4,444,557)	(3,617,953)	(3,534,247)	(2,838,043)
Lease liability	(1,567,531)	(1,587,870)	-	-
Right of use assets	1,241,578	1,306,926	-	-
Balance at end of the year	117,042,407	128,105,101	61,395,856	69,355,682

NOTES TO THE FINANCIAL STATEMENTS

(all amounts are in Sri Lankan Rupees)

21.2 The composition of the deferred tax liabilities is as follows:

Group

As at 31st March,	2026		2025	
	Temporary difference	Deferred tax	Temporary difference	Deferred tax
Accelerated depreciation of property, plant and equipment (tax rate 30%)	94,613,659	28,384,098	65,710,974	19,713,292
Accelerated depreciation of property, plant and equipment (tax rate 20%)	231,655,448	46,331,090	243,515,973	48,703,195
Revaluation of property, plant and equipment (tax rate 30%)	121,820,015	36,546,005	174,934,778	52,480,433
Revaluation of property, plant and equipment (tax rate 20%)	52,758,621	10,551,724	55,535,391	11,107,078
Retirement benefit obligation (tax rate 30%)	(11,780,824)	(3,534,247)	(9,460,143)	(2,838,043)
Retirement benefit obligation (tax rate 20%)	(4,551,548)	(910,310)	(3,899,551)	(779,910)
Lease liability (tax rate 20%)	(7,837,655)	(1,567,531)	(7,939,352)	(1,587,870)
Right of use assets (tax rate 20%)	6,207,892	1,241,578	6,534,628	1,306,926
Balance at end of the year	482,885,608	117,042,407	524,932,698	128,105,101

Company

As at 31st March,	2026		2025	
	Temporary difference	Deferred tax	Temporary difference	Deferred tax
Accelerated depreciation of property , plant and equipment	94,613,659	28,384,098	65,710,974	19,713,292
Revaluation of property , plant and equipment	121,820,015	36,546,005	174,934,778	52,480,433
Retirement benefit obligation	(11,780,824)	(3,534,247)	(9,460,143)	(2,838,043)
	204,652,850	61,395,856	231,185,609	69,355,682

21.3 Deferred tax expenses

		Group		Company	
As at 31st March,		2026	2025	2026	2025
Recognized in statements of profit or loss					
Accelerated depreciation of property , plant and equipment	Tax rate 30%	8,670,806	(1,221,424)	8,670,806	(1,221,424)
	Tax rate 20%	(2,372,105)	3,285,177	-	-
Revaluation of property , plant and equipment	Tax rate 30%	(15,934,428)	(3,973,086)	(15,934,428)	(3,973,086)
	Tax rate 20%	(555,354)	-	-	-
Retirement benefit obligation	Tax rate 30%	(577,903)	(208,011)	(577,903)	(208,011)
	Tax rate 20%	(111,052)	(151,458)	-	-
Lease liability (tax rate 20%)		20,339	(22,779)	-	-
Right of use assets (tax rate 20%)		(65,348)	(25,985)	-	-
		(10,925,045)	(2,317,566)	(7,841,525)	(5,402,521)
Recognized in other comprehensive income					
Deferred tax on revaluation of property plant and equipment	Tax rate 30%	-	(7,115,863)	-	(7,115,863)
	Tax rate 20%	-	11,107,079	-	-
Deferred tax on actuarial gains/(losses) on retirement benefit obligations	Tax rate 30%	(118,301)	(426,595)	(118,301)	(426,595)
	Tax rate 20%	(19,348)	(74,543)	-	-
		(137,649)	3,490,078	(118,301)	(7,542,458)

21.4 The Company calculated deferred tax as of 31st March 2026 at the rate of 30% (2025 - 30%) and Subsidiaries calculated deferred tax as of 31st March 2026 at the rate of 20% (2025 - 20%).

NOTES TO THE FINANCIAL STATEMENTS

(all amounts are in Sri Lankan Rupees)

22 RETIREMENT BENEFIT OBLIGATIONS

22.1 Movement in present value of defined benefit obligation

As at 31st March,	Group		Company	
	2026	2025	2026	2025
Balance at the beginning of the year	13,359,694	10,114,335	9,460,143	7,344,790
- Current service cost	1,389,197	1,094,620	885,729	683,521
- Interest on obligation	1,449,903	1,264,292	1,040,615	918,099
- Acturial (gain) / loss on obligation (Note 22.3)	491,078	1,794,697	394,337	1,421,983
	16,689,872	14,267,944	11,780,824	10,368,393
- Benefits paid by the plan	(357,500)	(908,250)	-	(908,250)
Balance at the end of the year	16,332,372	13,359,694	11,780,824	9,460,143

22.2 Provision for retiring gratuity for the year is recognized in the following line items in profit or loss and other comprehensive income

As at 31st March,	Group		Company	
	2026	2025	2026	2025
Profit or loss				
- Cost of sales	1,490,356	1,307,314	577,600	550,022
- Administrative expenses	1,348,744	1,051,598	1,348,744	1,051,598
	2,839,100	2,358,912	1,926,344	1,601,620
Others comprehensive income	491,078	1,794,697	394,337	1,421,983
	3,330,178	4,153,609	2,320,681	3,023,603

The provision for retirement benefits obligation is based on the acturial valuation carried out by professionally qualified Actuaries, Messers, Units Actuaries & Consultants (Pvt) Ltd as at 31st March 2026. The liability is not externally funded.

The key assumptions used for the calculation are as follows:

	2026	2025
- Rate of interest	10.00%	11.00%
- Rate of salary increment	9%	10%
- Retirement age	60 years	60 years
- Staff turnover factor	5%	5%

The weighted average duration of retirement benefit obligation is 5.8 to 10.5 years.

The Group will continue as a going concern.

NOTES TO THE FINANCIAL STATEMENTS

(all amounts are in Sri Lankan Rupees)

22.3 Break up of actuarial (gain)/ loss on the defined benefit obligation

As at 31st March,	Group 2026	Group 2025	Company 2026	Company 2025
- Experience adjustment (Financial and Demographic)	559,979	314,129	439,640	337,143
- Due to changes in financial assumptions	(68,565)	1,480,568	(44,898)	1,084,840
- Due to changes in demographic assumptions	(336)	-	(405)	-
	491,078	1,794,697	394,337	1,421,983

Demographic assumption

Demographic assumptions are actuarial estimates that relate to the future characteristics and behavior of employees, which influence both the timing and amount of benefits payable under the plan. These are typically based on historical experience of the entity, Industry benchmarks, and Standard actuarial tables adjusted to reflect expected future trends. The key demographic assumptions used in this valuation are outlined below:

Mortality Rates:

Mortality rates represent the probability of death within one year for individuals at a given age. For this valuation, the IALM 2006–08 Mortality Table, developed by the Institute of Actuaries of India (IAI), has been adopted. Sample mortality rates are provided below:

Age	Sample mortality rates
20	0.089%
25	0.098%
30	0.106%
35	0.128%
40	0.180%
45	0.287%
50	0.495%
55	0.789%

This mortality table is relatively recent, widely used in South Asia, geographically consistent, and broadly aligned with Sri Lankan life expectancy. In the absence of a locally developed standard mortality table, the IALM 2006–08 table is considered appropriate and fit for the intended purpose of setting mortality assumptions. No explicit allowance has been made for future improvements in mortality.

Disability Rates:

Disability rates represent the probability that an employee will exit service due to permanent disability within one year at a given age.
For this valuation, disability rates have been assumed to be 10% of the corresponding mortality rates. This assumption is consistent with practices observed in comparable schemes, as scheme-specific data necessary for a more tailored analysis was not available.

Employee Turnover Rates:

The employee turnover rate at a given age represents the probability that an active employee will exit service within one year for reasons other than death, disability, or normal retirement. The employee turnover rate is influenced by several factors, primarily the nature of the business operations and the entity's human resource and retention policies. For this valuation, the following employee turnover rates have been applied:

Age	Sample mortality rates
18-24	5%
25-29	5%
30-34	5%
35-39	5%
40-44	5%
45-49	5%
50-54	5%
55-59	0%

These rates have been reviewed and remained unchanged from the previous year.

Post-Retirement Age:

The employees who are aged over the Normal Retirement Age (NRA) as of valuation date are assumed to retire on their respective next birthdays.

NOTES TO THE FINANCIAL STATEMENTS
(all amounts are in Sri Lankan Rupees)

22.4 Sensitivity analysis

Sensitivity variation on rate of salaries / wages increment

Value appearing in the financial statements are sensitive to the changes of financial and non-financial assumptions used. Simulations made for retirement obligation show that a rise or decrease by 1% of the rate of salary / wage increment has the following effects on the retirement benefit obligations.

As at 31st March 2026	Group		Company	
	Variance		Variance	
	-1%	+1%	-1%	+1%
Retirement benefit obligations (Rs.)	(1,327,098)	1,500,544	(965,832)	1,090,576

Sensitivity variation on discount rate

Simulations made for retirement obligation show that a rise or decrease by 1% of the estimated discount rate has the following effects on the retirement benefit obligations.

As at 31st March 2026	Group		Company	
	Variance		Variance	
	-1%	+1%	-1%	+1%
Retirement benefit obligations (Rs.)	1,052,170	(916,070)	1,052,170	(916,070)

Although the analysis does not take accounts of the distribution of full cash flow expected under the plan, it does provide approximation of sensitivity of the assumption given.

23. OTHER PAYABLES

As at 31st March,	Group		Company	
	2026	2025	2026	2025
Accrued expenses	7,560,505	9,233,802	5,657,517	5,257,325
Payable to contractor*	933,088	711,051	933,088	711,051
	8,493,593	9,944,853	6,590,605	5,968,376

*Payable to contractor that is the payment due to the contractor for the remaining balance related to rehabilitation at the Delta Mini Hydro Power Plant.

24. AMOUNTS DUE TO RELATED PARTIES

As at 31st March,	Group		Company	
	2026	2025	2026	2025
Hatton Plantaions PLC	722,704	138,405	722,704	138,405
Thebuwana Hydro Power (Pvt) Ltd	-	-	8,191,312	-
Stellenberg Hydro Power (Pvt) Ltd	-	-	840,313	-
	722,704	138,405	9,754,329	138,405

24.1 The above balance is payable on demand and unsecured. No interest is charged over this balance.

NOTES TO THE FINANCIAL STATEMENTS

(all amounts are in Sri Lankan Rupees)

25. CONTINGENT LIABILITIES

Contingent liabilities – Company and Group

The Company and the Group do not have any contingent liabilities which require adjustment to or disclosure in the financial statements as at the reporting date except as disclosed below.

Corporate guarantees given by Lotus Hydro Power PLC;

Name of the Company	Type of the facility	Name of the bank	Amount (Rs.)
Lotus Renewable Energy (Pvt) Ltd	Overdraft	Nation Trust Bank PLC	25,000,000
Lotus Renewable Energy (Pvt) Ltd	Overdraft / Revolving Money Market Loan	Seylan Bank PLC	75,000,000

Going concern assurance and financial support undertaking;

A confirmation letter has been provided by Lotus Hydro Power PLC to Halgranoya Hydro Power (Pvt) Ltd, affirming its commitment to support Halgranoya Hydro Power (Pvt) Ltd's ability to continue as a going concern. Accordingly, Lotus Hydro Power PLC has undertaken to provide unconditional and financial assistance to Halgranoya Hydro Power (Pvt) Ltd as necessary, to enable Halgranoya Hydro Power (Pvt) Ltd to meet its financial obligations as and when they fall due and payable.

26. CONTRACTUAL COMMITMENTS - COMPANY AND GROUP

There are no material capital commitments contracted but not provided for or authorized by the Board but not contracted for, that require adjustment to or disclose in financial statements.

27. RELATED PARTY TRANSACTIONS

The Company and Group carries out transactions in the ordinary course of its business with parties who are defined as related parties in LKAS 24 "Related Party Disclosures", the details of which are listed out below (Note 27.2).

27.1 Transactions with key management personnel

According to Sri Lanka Accounting Standard 24 "Related Party Disclosures" key management personnel are those having authority and responsibility for planning, directing and controlling activities of the entity. Accordingly, the Board of Directors has been classified as key management personnel of the Group.

(i)Loans given to directors

No loans have been given to Directors of the Company.

(ii) Key management personnel compensation

No compensation has been given to key management personnel of the Company and Group except as disclosed in Note No. 08 in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
(all amounts are in Sri Lankan Rupees)

27.2 Transactions with related Companies

Recurrent related party transactions

The Company has carried out recurrent related party transactions with entities that are related parties as defined in LKAS 24 as detailed below.

Name of the company	Relationship	Nature of transaction	Amount	Outstanding 31st March, 2026	Outstanding 31st March, 2025	Aggregate value of Related Party Transactions entered into during the financial year	Aggregate value of Related Party Transactions as a % of Net Revenue	Terms and Conditions of the Related Party Transactions
			Rs.	Rs.	Rs.	Rs.	%	
Halgranoya Hydro Power (Pvt) Ltd	Subsidiary Company	Expenses incurred	868,789	5,478,845	4,610,056	868,789	0.68%	-
Lotus Renewable Energy (Pvt) Ltd	Immediate Parent Company	Fund advance	66,416,666	-	-	-	0.00%	Interest is charged at the rate of AWPLR+1%.
		Interest Income	333,672					
		Settlement	(61,750,338)					
		Management fee payable	(5,000,000)					
Sri Bio-Tech Lanka (Pvt) Ltd	Other affiliate	Expenses incurred	178,700	13,256	-	13,256	0.01%	-
		Settlement	(165,444)					
Zyrex Power Co. Ltd	Other affiliate	Expenses incurred	3,742,943	7,800	-	7,800	0.01%	-
		Settlement	(3,735,143)					
Thebuwana Hydro Power (Pvt) Ltd	Subsidiary Company	Expenses incurred	383,346	(8,191,312)	-	(8,191,312)	-6.43%	-
		Fund advance	37,536,865					
		Settlement	(46,111,523)					
Stellenberg Hydro Power (Pvt) Ltd	Subsidiary Company	Expenses incurred	66,174	(840,313)	-	(840,313)	-0.66%	-
		Fund advance	6,090,000					
		Settlement	(6,996,487)					
Hatton Plantation PLC	Common Directors	Expenses incurred	(4,758,240)	(722,704)	(138,405)	(584,299)	0.46%	-
		Settlement	4,173,941					

27.3 The following directors of Lotus Hydro Power PLC are also the directors of following companies

Name of the Director	THP	SHP	HHP	SBTL	LRE	ZPC	HPL	HTPS
Mr. G D Seaton	√	√	√	√	√	√	√	√
Mr. Gowri Shankar	√	√	√	-	√	√	√	√
Mr. Menaka Athukorala	√	√	√	√	√	√	√	√
Mr. Indrajith Fernando*	-	-	-	-	-	-	√	-
Mr. Mayura Fernando	-	-	-	-	-	-	√	-

* Mr. Indrajith Fernando resigned w.e.f. 22nd July 2025

NOTES TO THE FINANCIAL STATEMENTS

(all amounts are in Sri Lankan Rupees)

Name of the company	Abbreviations	Nature of Relationship
Thebuwana Hydro Power (Pvt) Ltd	THP	Subsidiary
Stellenberg Hydro Power (Pvt) Ltd	SHP	Subsidiary
Halgranoya Hydro Power (Pvt) Ltd	HHP	Subsidiary
Sri Bio-Tech Lanka (Pvt) Ltd	SBTL	Common Directors
Lotus Renewable Energy (Pvt) Ltd	LRE	Immediate Parent
Zyrex Power Co Ltd	ZPC	Common Directors
Hatton Plantation PLC	HPL	Common Directors
HI - Tech Power Systems (Pvt) Ltd	HTPS	Common Directors

This note should be read in conjunction with amount due from / to related parties shown in the Note 17 & 24 to the financial statements respectively.

27.4 Non-recurrent related party transactions

The Company has not entered into any non-recurrent related party transactions during the year, which exceeds 10% of the equity or 5% of the total assets, whichever is lower, as per the Colombo Stock Exchange Section Listing rule 9.3.2.

28. EVENTS AFTER THE REPORTING PERIOD - COMPANY AND GROUP

There were no other material events that occurred between the reporting date and the date on which the financial statements are authorized for issue that require adjustment to or disclosure in the financial statements of the Group and Company other than those disclosed below.

Lotus Hydro Power PLC Group was affected by the “Ditwa” Cyclone in November 2025. Repair works at the Delta plant were successfully completed on 09th June 2026, and the company has recommenced commercial operations at the plant following the completion of the repairs.

29. ASSETS PLEDGED AS COLLATERALS

29.1 Assets pledged as collaterals – Company

No assets have been pledged as collaterals as at the reporting date.

29.2 Assets pledged as collaterals – Group

No assets have been pledged as collaterals as at the reporting date.

30. SEGMENTAL INFORMATION

The Company and subsidiaries are engaged in the generation of hydro power thereby segmental analysis information is not applicable, as there are no reportable segments.

31. DIRECTOR’S RESPONSIBILITY

Directors of the Company are responsible for the preparation and presentation of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(all amounts are in Sri Lankan Rupees)

32. FINANCIAL INSTRUMENTS

Fair values of financial instruments.

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced liquidation or sale.

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Fair value measurement

Level I: Quoted market price (unadjusted) in an active market for an identical instrument.

Level II: Valuation techniques based on observable inputs, either directly – i.e. as prices or indirectly – i.e. derived from prices. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level III: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments the bank determines fair values using valuation techniques.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates. The objective of the valuation technique is to arrive at a fair value determination that reflect the price of the financial instrument at the reporting date, that would have determined by the market participants acting at the arms length.

The Group recognised transfers between levels of the fair value hierarchy at the end of the reporting periods during which the changes occurred.

Fair value of financial instruments of the Company and Group

Classes of financial instruments that are not carried at fair value and are a reasonable approximation of fair value are trade and other receivables, amounts due from related parties, cash and cash equivalents, other payables, amounts due to related parties, bank overdrafts and loans and borrowings.

32.1 Accounting classifications of financial instruments

32.1.1 Group

As at 31st March 2026	Carrying amount		
	Financial assets at amortised cost	Other financial liabilities at amortised cost	Total
Financial assets not measured at fair value			
Trade and other receivables*	10,537,967	-	10,537,967
Amounts due from related parties	621,056	-	621,056
Investment in fixed deposits	37,000,000	-	37,000,000
Cash and cash equivalents	206,124,406	-	206,124,406
Financial liabilities not measured at fair value			
Other payables**	-	933,088	933,088
Amount due to related parties	-	722,704	722,704

NOTES TO THE FINANCIAL STATEMENTS

(all amounts are in Sri Lankan Rupees)

As at 31st March 2025	Carrying amount		
	Financial assets at amortised cost	Other financial liabilities at amortised cost	Total
Financial assets not measured at fair value			
Trade and other receivables*	11,976,968	-	11,976,968
Investment in fixed deposits	114,500,000	-	114,500,000
Cash and cash equivalents	185,977,774	-	185,977,774
Financial liabilities not measured at fair value			
Other payables**	-	711,051	711,051
Amount due to related parties	-	138,405	138,405
Bank overdrafts	-	43,881	43,881

*Trade and other receivables include prepayments and advances paid for services amounting to Rs. 18,194,390 (2025 – Rs. 10,027,116), which are not considered under financial assets.

**Other payables include accrued expenses amounting to Rs. 7,560,505 (2025 - 9,233,802) which are not considered under financial liabilities.

32.1.2 Company

As at 31st March 2026	Carrying amount		
	Financial assets at amortised cost	Other financial liabilities at amortised cost	Total
Financial assets not measured at fair value			
Trade and other receivables*	2,174,906	-	2,174,906
Amounts due from related parties	5,499,901	-	5,499,901
Investment in fixed deposits	20,000,000	-	20,000,000
Cash and cash equivalents	108,952,283	-	108,952,283
Financial liabilities not measured at fair value			
Other payables**	-	933,088	933,088
Amount due to related parties	-	9,754,329	9,754,329

As at 31st March 2025	Carrying amount		
	Financial assets at amortised cost	Other financial liabilities at amortised cost	Total
Financial assets not measured at fair value			
Trade and other receivables*	7,727,062	-	7,727,062
Amounts due from related parties	4,610,056	-	4,610,056
Investment in fixed deposits	26,000,000	-	26,000,000
Cash and cash equivalents	141,576,564	-	141,576,564
Financial liabilities not measured at fair value			
Other payables**	-	711,051	711,051
Amount due to related parties	-	138,405	138,405
Bank overdrafts	-	43,881	43,881

*Trade and other receivables include prepayments and advances paid for services amounting to Rs. 13,998,251 (2025 – Rs. 6,838,519), which are not considered under financial assets.

**Other payables include accrued expenses amounting to Rs. 5,657,517 (2025 - Rs. 5,257,325) which are not considered under financial liabilities.

The carrying amount of loans and receivables and other financial liabilities of the Company and Group does not significantly differ from the value based on amortised costs.

NOTES TO THE FINANCIAL STATEMENTS

(all amounts are in Sri Lankan Rupees)

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has other receivables, Trade and other receivables, cash and short term deposits that arise directly from its operations. The Group's principle financial liabilities, comprise of trade and other payables. The main purpose of these financial liabilities is to finance the group's operations. The Group is exposed to market risk, credit risk and liquidity risk.

33.1 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) other advances including loans and advances to staff/workers and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all clients who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the results that the group's exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets of the Company, such as cash and cash equivalents and short term investments, the Company's exposure to credit risk from default of the counter party.

33.2 Risk exposure

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts. Following table shows the maximum risk positions.

As at,	31st March 2026		31st March 2025	
	Amount	Exposure %	Amount	Exposure %
Group				
Trade and other receivables	10,537,967	4.15%	11,976,968	3.83%
Amounts due from related parties	621,056	0.24%	-	-
Investment in fixed deposits	37,000,000	14.56%	114,500,000	36.66%
Cash at bank	206,039,668	81.05%	185,887,823	59.51%
Total	254,198,691	100.00%	312,364,791	100.00%
Company				
Trade and other receivables	2,174,906	1.59%	7,727,062	4.30%
Amounts due from related parties	5,499,901	4.03%	4,610,056	2.56%
Investment in fixed deposits	20,000,000	14.65%	26,000,000	14.46%
Cash at bank	108,867,545	79.73%	141,486,613	78.68%
Total	136,542,352	100.00%	179,823,731	100.00%

33.2.1 Both the Group/Company held investment in fixed deposits and cash at bank of Rs. 243,039,668 and Rs. 128,867,545 respectively as at 31st March 2026.(2025 - Rs. 300,387,823 and Rs. 167,486,613). The investment in fixed deposits cash at bank are held with reputed commercial banks.

Fitch Rating	Group		Company	
	2026	2025	2026	2025
AA-	107,683,248	117,319,162	261,131	27,741,759
A+	120,042,945	-	120,031,019	-
A	12,402,478	100,111,926	5,664,398	100,100,000
A-	2,910,997	82,956,735	2,910,997	39,644,854
	243,039,668	300,387,823	128,867,545	167,486,613

NOTES TO THE FINANCIAL STATEMENTS

(all amounts are in Sri Lankan Rupees)

33.3 Trade receivables

As at 31st March,	Group 2026	Group 2025	Company 2026	Company 2025
Past due but not impaired				
- 0-90 Days	10,537,967	11,976,968	2,174,906	7,727,062
Total gross trade receivables	10,537,967	11,976,968	2,174,906	7,727,062
Impairment provision for trade receivable	-	-	-	-
Total net trade receivables	10,537,967	11,976,968	2,174,906	7,727,062

33.3.1 Impairment losses

The Group recognizes loss allowances for expected credit losses on trade and other receivables in accordance with its credit risk management policies. The loss allowance is measured based on historical collection patterns, current and forward-looking information, and specific assessments of individual receivable balances where appropriate. Trade receivables are assessed for impairment using a provision matrix based on past payment experience and an evaluation of prevailing economic conditions.

The ageing of trade receivables at the reporting date was as follows:

As at 31st March,	Group				Company			
	2026		2025		2026		2025	
	Gross balance	Impairment	Gross balance	Impairment	Gross balance	Impairment	Gross balance	Impairment
Past due 0-30 days	6,719,047	-	11,976,968	-	2,174,906	-	7,727,062	-
Past due 31-90 days	3,818,920	-	-	-	-	-	-	-
Past due 91-180 days	-	-	-	-	-	-	-	-
Past due 181-270 days	-	-	-	-	-	-	-	-
Past due 271-365 days	-	-	-	-	-	-	-	-
More than one year	-	-	-	-	-	-	-	-
Total trade receivables	10,537,967	-	11,976,968	-	2,174,906	-	7,727,062	-

33.4 Amounts due from related parties

The Group's amounts due from related parties mainly consist of balances due from companies under common control and from related companies.

33.5 Liquidity risk

The Group's policy is to hold cash and undrawn committed facilities at a level sufficient to ensure that the Group has available funds to meet its short and medium term capital and funding obligations, including organic growth and acquisition activities, and to meet any unforeseen obligations and opportunities. The Group holds cash and undraws committed facilities to enable the Group to manage its liquidity risk.

The Group monitors its risk to a shortage of funds using a daily cash management process. This process considers the maturity of both the Group's financial investments and financial assets (e.g. accounts receivable, other financial assets) and project.

The Group's objective is to maintain a balance between funding continuity and financial flexibility through the use of multiple sources, including overdrafts and other available credit facilities.

NOTES TO THE FINANCIAL STATEMENTS

(all amounts are in Sri Lankan Rupees)

33.5.1 Liquidity position

As at 31st March,	Group		Company	
	2026	**2025**	**2026**	**2025**
Short term investments	227,000,000	246,500,000	120,000,000	158,000,000
Amounts due from related parties	621,056	-	5,499,901	4,610,056
Cash in hand and at bank	16,124,406	53,977,774	8,952,283	9,576,564
Liquid assets	243,745,462	300,477,774	134,452,184	172,186,620

As at 31st March,	Group		Company	
	2026	**2025**	**2026**	**2025**
Amount due to related parties	722,704	138,405	9,754,329	138,405
Bank overdrafts	-	43,881	-	43,881
Other payables	8,493,593	9,944,853	6,590,605	5,968,376
Liquid liabilities	9,216,297	10,127,139	16,344,934	6,150,662
Net cash	234,529,165	290,350,635	118,107,250	166,035,958

Liquidity risk management

The mixed approach combines elements of the cash flow matching approach and the liquid assets approach. The business units attempt to match cash outflows in each time bucket against a combination of contractual cash inflows plus other inflows that can be generated through the sale of assets or other secured borrowings.

Maturity analysis

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Group

	Carrying amount	Contractual cash flows	Less than 3 months	3 to 12 Months	More than 12 Months	Total
As at 31st March 2026						
Other payables	933,088	933,088	933,088	-	-	933,088
Amount due to related parties	722,704	722,704	722,704	-	-	722,704
Lease liability	7,837,655	13,237,139	237,623	756,976	12,242,540	13,237,139
Total	9,493,447	14,892,931	1,893,415	756,976	12,242,540	14,892,931
As at 31st March 2025						
Other payables	711,051	711,051	711,051	-	-	711,051
Amount due to related parties	138,405	138,405	138,405	-	-	138,405
Lease liability	7,939,352	14,244,643	240,706	766,798	13,237,139	14,244,643
Bank overdrafts	43,881	43,881	43,881	-	-	43,881
Total	8,832,689	15,137,980	1,134,043	766,798	13,237,139	15,137,980

NOTES TO THE FINANCIAL STATEMENTS

(all amounts are in Sri Lankan Rupees)

Company

	Carrying amount	Contractual cash flows	Less than 3 months	3 to 12 Months	More than 12 Months	Total
As at 31st March 2026						
Other payables	933,088	933,088	933,088	-	-	933,088
Amount due to related parties	9,754,329	9,754,329	9,754,329	-	-	9,754,329
Total	10,687,417	10,687,417	10,687,417	-	-	10,687,417
As at 31st March 2025						
Other payables	711,051	711,051	711,051	-	-	711,051
Amount due to related parties	138,405	138,405	138,405	-	-	138,405
Bank overdrafts	43,881	43,881	43,881	-	-	43,881
Total	893,337	893,337	893,337	-	-	893,337

33.6 Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/'issuer's credit standing) will affect the Group's income or the value of its holdings of financial instruments. The objective 'of market risk management is to manage and control 'market risk exposures within acceptable parameters, while optimizing the return on risk.

33.6.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligation. The Group utilises various financial instruments to manage exposures to interest rate risks.

At the reporting date, the Group's interest-bearing financial instruments were as follows:

	Carrying Amount	
As at 31st March,	**2026**	**2025**
Variable rate instruments		
Financial Liabilities		
Bank overdraft	-	43,881
	-	43,881

Interest rate risk

Interest rate risk is the risk of fluctuation of the value or cash flows of an instrument due to changes in the market interest rates.

In order to reduce the Interest rate risk, the Group implements the following strategies.

1. Debt has been structured through variable interest rates in order to manage the volatility in the market.
2. Work towards the low gearing ratio.
3. Proper mechanism to monitor the fluctuations in interest rates.

33.6.2 Exposure to currency risk

	Carrying Amount			
	Group		Company	
As at 31st March,	**2026**	**2025**	**2026**	**2025**
Foreign Currency Banking Unit account (EUR)	2,028	2,012	2,028	2,012
	2,028	2,012	2,028	2,012

NOTES TO THE FINANCIAL STATEMENTS

(all amounts are in Sri Lankan Rupees)

As at 31st March,	Average rate 2026	Average rate 2025	Reporting date spot rate 2026	Reporting date spot rate 2025
Euro (EUR)	353.05	320.04	361.74	319.86

Sensitivity Analysis

A strengthening of the LKR, as indicated below, against the USD and EUR as at 31 March 2026 would have increased (decreased) the equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company and the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

	Strengthening		Weakening	
	Profit or Loss (Rs.)	Equity (Rs.)	Profit or Loss (Rs.)	Equity (Rs.)
31st March 2026				
EUR (10% movement)	73,348	73,348	(73,348)	73,348
	73,348	73,348	(73,348)	73,348
31st March 2025				
EUR (10% movement)	64,365	64,365	(64,365)	(64,365)
	64,365	64,365	(64,365)	(64,365)

34. CAPITAL MANAGEMENT

The objectives of the capital management can be summarised as follows:

Appropriately allocate capital to meet strategic objectives.

Enable the Group to face any economic downturn/ crisis situation.

The Group's policy is to maintain a strong capital base so as to ensure investor, creditor and market confidence in order to sustain future development of the business. The impact of the shareholders' return is also recognised and the Group recognises the need to maintain a balance between higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Group manages its capital structure and adjusts it accordingly in line with changes in global and local economic and market conditions and its overall risk appetite.

Given below is a summary of the capital structure of the Group and the Company as follows:

As at 31st March,	Group 2026	Group 2025	Company 2026	Company 2025
Long-term borrowings	-	-	-	-
Equity	669,001,581	744,878,156	634,092,655	697,524,730
Total equity and long-term borrowings	669,001,581	744,878,156	634,092,655	697,524,730
Gearing ratio (%)	-	-	-	-

FIVE YEAR SUMMARY – GROUP

FINANCIAL REVIEW AND INVESTOR INFORMATION OF LOTUS HYDRO POWER PLC

For the year end 31st March 2026 extracts of the financial statement and significant Group financial ratios can be summarized as follows;

Year ended 31st March	2022	2023	2024	2025	2026
	Rs.	Rs.	Rs.	Rs.	Rs.
A) Summary of operations					
Turnover	223,736,214	200,234,291	221,656,786	257,434,078	**198,570,426**
Gross profit	131,042,051	103,961,456	110,216,712	133,159,432	**81,636,793**
Profit before taxation	100,408,354	81,276,067	81,534,704	121,454,599	**27,546,434**
Taxation	(18,594,929)	(37,566,373)	(16,526,454)	(33,661,784)	**(15,799,090)**
Profit attributable to shareholders	**81,813,425**	**43,709,694**	**65,008,250**	**87,792,815**	**11,747,344**
B) Summary of financial position					
Capital and reserves					
Stated capital	482,300,200	482,300,200	482,300,200	482,300,200	**482,300,200**
Reserves	205,113,059	157,700,894	148,430,359	166,984,459	**153,982,042**
Retained earnings	105,585,239	154,290,664	76,185,384	95,593,497	**32,719,339**
Total equity	**792,998,498**	**794,291,758**	**706,915,943**	**744,878,156**	**669,001,581**
Assets and liabilities					
Current assets	246,736,657	360,739,471	309,173,787	343,625,988	**275,109,881**
Current liabilities	(16,410,527)	(24,232,660)	(28,077,638)	(28,842,312)	**(15,598,537)**
Net current assets /(liabilities)	230,326,130	336,506,811	281,096,149	314,783,676	**259,511,344**
Property, plant and equipment	628,569,131	585,475,784	543,080,260	562,169,822	**534,403,938**
Right of use assets	14,734,520	13,184,959	18,155,477	6,966,756	**6,207,892**
Other non-current assets	9,368,488	9,368,488	9,368,488	9,368,488	**9,976,240**
Non-current liabilities	(89,999,771)	(150,244,284)	(144,784,431)	(148,410,586)	**(141,097,833)**
Net assets	**792,998,498**	**794,291,758**	**706,915,943**	**744,878,156**	**669,001,581**
Key indicators					
Earnings per share (Rs.)	0.75	0.40	0.60	0.80	**0.11**
Dividends per share (Rs.)	1.00	-	1.40	0.70	**0.80**
Net assets per share (Rs.)	7.27	7.28	6.48	6.83	**6.13**
Current ratio (times)	15.04	14.89	11.01	11.91	**17.64**

SHARE ANALYSIS

Analysis of shareholders according to the category

As at 31st March 2026

Shares	Resident			Non-Resident Total			Total		
	No. of Shareholders	No. of shares	(%)	No. of Shareholders	No. of shares	(%)	No. of Shareholders	No. of shares	(%)
1 to 1000 shares	1,737	630,008	0.58	4	2,314	0.00	1,741	632,322	0.58
1001 to 10,000 shares	795	2,579,999	2.37	4	13,470	0.01	799	2,593,469	2.38
10,001 to 100,000 shares	157	4,575,397	4.19	1	54,344	0.05	158	4,629,741	4.24
100,001 to 1000,000 shares	16	4,324,242	3.96	-	-	-	16	4,324,242	3.96
over 1,000,000 shares	2	96,908,338	88.84	-	-	-	2	96,908,338	88.84
TOTAL	**2,707**	**109,017,984**	**99.94**	**9**	**70,128**	**0.06**	**2,716**	**109,088,112**	**100.00**

As at 31st March 2025

Shares	Resident			Non-Resident			Total		
	No. of Shareholders	No. of shares	(%)	No. of Shareholders	No. of shares	%	No. of Shareholders	No. of shares	%
1 to 1000 shares	1,512	598,905	0.55	3	2,014	-	1,515	600,919	0.55
1001 to 10,000 shares	735	2,431,892	2.23	4	13,470	0.01	739	2,445,362	2.24
10,001 to 100,000 shares	146	4,540,547	4.16	1	54,344	0.05	147	4,594,891	4.21
100,001 to 1000,000 shares	17	3,438,602	3.15	-	-	-	17	3,438,602	3.15
over 1,000,000 shares	3	98,008,338	89.85	-	-	-	3	98,008,338	89.85
TOTAL	**2,413**	**109,018,284**	**99.94**	**8**	**69,828**	**0.06**	**2,421**	**109,088,112**	**100.00**

Catergories of Shareholders	As at 31st March 2026			As at 31st March 2025		
	No of shareholders	No of shares	%	No of shareholders	No of shares	%
Individual	2,665	11,617,874	10.65	2,366	11,507,055	10.55
Institutional	51	97,470,238	89.35	55	97,581,057	89.45
TOTAL	**2,716**	**109,088,112**	**100.00**	**2,421**	**109,088,112**	**100.00**

Share Price Information on ordinary shares of the Company

	2026	2025
Highest during the period (Rs.)	17.80	14.00
Lowest during the period (Rs.)	10.60	9.30
Last Traded Price (Rs.)	13.50	12.00

LIST OF 20 MAJOR SHAREHOLDERS

As at 31st March 2026

Name		No. of Shares	%
1.	Lotus Renewable Energy (Pvt) Ltd	80,350,881	73.66
2.	Sampath Bank PLC/Senthilverl Holdings (Pvt) Ltd	16,557,457	15.18
3.	Mr. D.D. Gunaratne	1,000,000	0.92
4.	Mr. H.A.R. Pieris	475,000	0.44
5.	Mr. S.N. Senthilverl	469,200	0.43
5.	Mr. S. Senthimaaran	469,200	0.43
7.	Dr. B.V.N.C. Vidanage	294,437	0.27
8.	Mr. Y.K.H. Gunawardena	200,000	0.18
8.	Mrs. S. Vasudevan	200,000	0.18
10.	Mr. J.P. Jayaramu	177,025	0.16
11.	Mr. U.H. Palihakkara	173,313	0.16
12.	Mr. G.K. Kulatilleke	152,300	0.14
13.	Mr. R.A.M.K.T. Bandara	150,422	0.14
14.	Mr. M.W.M.D. Weeraratne	122,154	0.11
15.	Mr. M.N. Aththas	116,427	0.11
16.	Merchant Bank of Sri Lanka & Finance PLC/H.M.C.M. Abewardana	115,090	0.11
17.	Mr. S.M.C.N. Samarakoon	105,710	0.10
18.	Miss. K.K.U.D. Weerasinghe	103,964	0.10
19.	Miss. S.V.T. Fernando	100,000	0.09
19.	Mr. S.A. Obeyesekere	100,000	0.09
19.	People's Leasing & Finance PLC/Dr. H.S.D. Soysa & Mrs. G. Soysa	100,000	0.09
TOTAL		101,532,580	93.07

As at 31st March 2025

Name		No. of Shares	%
1.	Lotus Renewable Energy (Pvt) Ltd	80,350,881	73.66
2.	Sampath Bank PLC/Senthilverl Holdings (Pvt) Ltd	16,557,457	15.18
3.	Mr. D.D Gunaratne	1,100,000	1.01
4.	Mr. H.A.R. Pieris	475,000	0.44
5.	Mr. S. N. Senthilverl	469,200	0.43
5.	Mr. S. Senthimaaran	469,200	0.43
7.	Mrs. S. Vasudevan	213,771	0.20
8.	Dr. A.R. Mohamed	199,293	0.18
9.	Mr. A.M.K.M.G. Dharmasena	192,460	0.18
10.	Mr. P. Ramesh	176,223	0.16
11.	Mr. G.K. Kulatilleke	152,300	0.14
12.	EST.OF LAT K.C. Vignarajah	133,486	0.12
13.	Miss. J.M.M.N. Galgamuwa	131,863	0.12
14.	Mr. R.A.M.K.T. Bandara	125,748	0.12
15.	Ms. T.A. Rathnayake	124,900	0.11
16.	Merchant Bank Of Sri Lanka Finance PLC/U.D.L.C. Udawatta	120,469	0.11
17.	Mr. M.N. Aththas	116,427	0.11
18.	Merchant Bank Of Sri Lanka & Finance PLC/H.M.C.M. Abewardana	115,090	0.11
19.	Mr. N. Rameshraja	115,082	0.11
20.	Mr. U.H. Palihakkara	108,090	0.10
TOTAL		101,446,940	93.00

	As at 31st March 2026	As at 31st March 2025
No. of shares held by public (Nos.)	12,178,274	12,178,274
No. of shareholders representing the public holding (Nos.)	2,713	2,418
Percentage of shares held by public (%)	11.16%	11.16%
Existing float adjusted market Capitalization (Rs.)	164,406,699	146,139,288

The float adjusted market capitalisation of the Company falls under Option 2 of Rule 7.13.1(b) of the Listing Rules of the Colombo Stock Exchange and the Company has complied with the minimum public holding requirement applicable under the said option.

GLOSSARY OF FINANCIAL TERMS

Accounting Policies
The specific principles, bases, conventions rules and practices adopted by an enterprise in preparing and presenting Financial Statements.

Accrual Basis
Recognizing the effects of transactions and other events when they occur without waiting for receipt or payment of cash or cash equivalent.

Amortization
The systematic allocation of the depreciable amount of an intangible asset over its useful life.

Basic Earnings per Share (EPS)
Profits attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the period.

Borrowings
All interest bearing liabilities.

Cash Equivalents
Liquid investments with original maturity periods of three months or less.

Capital Employed
Total equity and interest –bearing borrowings.

Current Ratio
Current assets divided by current liabilities - a measure of liquidity

Contingent Liability
A possible obligation that arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise.

Capital Reserves
Reserves identified for specific purposes and considered not available for distribution.

Dividends
Distribution of profits to holders of equity investments.

Dividend Cover
Profit attributable to ordinary shareholders divided by dividend - Measure the number of times divided is covered by distribution of profits.

Dividend Yield
Dividend per share as a percentage of the market price - A measure of return on investments.

Defferred Taxation
The tax effect of timing differences deferred to/from other periods, which would only qualify for on a tax return at a future date.

EBITDA
Abbreviation for Earnings before Interest Tax, Depreciation and Amortization.

Effective Tax Rate
Provision for taxation excluding deferred taxation divided by the profit before tax.

Equity
Shareholders' fund.

Fair Value
Fair value is the amount for which an asset could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction.

Foreign Currency Transactions
The realized gain recorded when assets or liabilities denominated in foreign currencies are translated into Sri Lankan Rupees on the balance sheet date at prevailing rates which differ from those rates in force at inception or on the previous balance sheet date.

Financial Instruments
Is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Gearing
Proportion of total interest –bearing borrowings to capital employed.

Group
A group is a parent and all its subsidiaries.

LKAS
Sri Lanka Accounting Standards.

SLFRS
Sri Lanka Financial Reporting Standards.

Impairment
This occurs when recoverable amount of an asset is less than its carrying amount.

Intangible Asset
An identifiable non-monetary asset without physical substance held for use in the production / supply of goods / services for rental to others or for administrative purposes.

Key Management Personnel
The management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

Market Capitalization
Number of Shares issues multiplied by the market value of each share at the reported date.

Market Risk
This refers to the possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates credit spreads and other asset prices.

Net Assets Per Share
Shareholders' funds divided by the weighted average number of ordinary shares in issue. A basis of share valuation.

OCI
Other Comprehensive Income.

Parent
A parent is an entity that has one or more subsidiaries.

Price–Earnings Ratio
Market price of a share divided by earnings per share as reported date.

Related Parties
Parties who could control or significantly influence the financial and operating policies of the business.

Retirement Benefits
Present value of a defined benefit obligation is the present value of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

Return on Average Assets (ROA)
Net income expressed as a percentage of average total assets, used along with ROE as a measure of profitability and as a basis of intra- industry performance comparison.

Return on Average Equity (ROE)
Net income, less preferred share dividends if any, expressed as a percentage of average ordinary shareholders' equity.

Return on Capital Employed
Profit before tax plus net interest cost divided by capital employed.

Revaluation Reserve
Excess value identified between the fair value and carrying value of the revalued assets.

Revenue Reserves
Reserves consolidated as being available for distribution and investments.

SLFRS / LKAS
Sri Lanka Accounting Standards corresponding to International Financial Reporting standards.

Subsidiary
A subsidiary is an entity, including an unincorporated entity such as a partnership that is controlled by another entity (known as the parent).

Shareholders' Funds
Total of issued and fully paid share capital, capital reserves and revenue reserves.

Value Addition
The quantum of wealth generated by the activities of the Group measured as the difference between turnover and the cost of materials and services bought in.

Working Capital
Capital required to finance day to day operations computed as the excess of current assets over current liabilities.

Non- Financial Terms

CEB	-Ceylon Electricity Board
SLSEA	-Sri Lanka Sustainable Energy Authority.
PUCSL	-Public Utilities Commission of Sri Lanka.
CEA	-Central Environmental Authority
CSE	-Colombo Stock Exchange
CDM	-Clean Development Mechanism
CER	-Certified Emission Reduction
MHPP	-Mini Hydro Power Project
CSR	-Corporate Social Responsibility
GRI	-Global Reporting Initiatives.
Watt-hour	-Unit of energy expended for one hour of time.
Kilowatt (kW)	-Equal to 1000 watt.
Mega watt	-Equals to one million watts or (MW) to 1000 kilowatts.
Giga watt	-Equal to one billion watts or to 1000 megawatts.
GWh	-Giga watt hours
SPPA	-Standard Power Purchase Agreement
SID	-Senior Independent Director
MoUs	Memorandum of Understanding
ESG	Environmental, Social, and Governance

NOTICE OF THE ANNUAL GENERAL MEETING

LOTUS HYDRO POWER PLC
REG. NO. PV/PB 7385 PQ

NOTICE IS HEREBY GIVEN THAT THE TWENTY FIFTH ANNUAL GENERAL MEETING OF LOTUS HYDRO POWER PLC WILL BE HELD ON 24TH SEPTEMBER 2026 AT 10.30 A.M. AS AN ON-LINE AUDIO-VISUAL MEETING FROM LOTUS HYDRO POWER PLC, 2ND FLOOR, NO.168, NEGOMBO ROAD, PELIYAGODA.

The business to be brought before the meeting will be:

1. To receive and consider the Annual Report of the Board of Directors and the Audited Financial Statements for the year ended 31st March 2026 together with the Report of the Auditors thereon.
2. To re-elect Mr. P.M.B.Fernando as a Director who retires by rotation in accordance with Article 24(6) of the Articles of Association of the Company.
3. To re-elect Dr. R.N.A.Athukorala as a Director who retires by rotation in accordance with Article 24(6) of the Articles of Association of the Company.
4. To consider and if thought fit to pass the following ordinary resolution pertaining to the re-appointment of Mr. Gary Donald Seaton as a Director who is over 70 years of age, in compliance with Section 211 of the Companies Act No.07 of 2007 and whose re-appointment is recommended by the Board of Directors.

ORDINARY RESOLUTION

"That the age limit of 70 years referred to in Section 210 of the Companies Act No.07 of 2007 shall not apply to Mr. Gary Donald Seaton, Director who is 71 years of age and accordingly that Mr. Gary Donald Seaton be and is hereby re-appointed as a Director of the Company in terms of Section 211 of the Companies Act No.07 of 2007".

5. To consider and if thought fit to pass the following ordinary resolution pertaining to the re-appointment of Dr. Thirugnanasambandar Senthilverl as a Director who is over 70 years of age, in compliance with Section 211 of the Companies Act No.07 of 2007 and whose re-appointment is recommended by the Board of Directors.

ORDINARY RESOLUTION

"That the age limit of 70 years referred to in Section 210 of the Companies Act No.07 of 2007 shall not apply to Dr. Thirugnanasambandar Senthilverl, Director who is 81 years of age and accordingly that Dr. Thirugnanasambandar Senthilverl be and is hereby re-appointed as a Director of the Company in terms of Section 211 of the Companies Act No.07 of 2007".

6. To re-appoint M/s KPMG, Chartered Accountants as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company and authorize the Directors to determine their remuneration.
7. To authorize the Directors to determine contributions to charities and other donations for the year 2026/2027 until the next Annual General Meeting.

BY ORDER OF THE BOARD OF
LOTUS HYDRO POWER PLC
S S P CORPORATE SERVICES (PRIVATE) LIMITED

SECRETARIES
24th August 2026

Notes:
1. Any member/s is/are entitled to attend and vote is/are entitled to appoint a proxy in his stead.
2. A form of Proxy accompanies this notice. A proxy need not be a shareholder.
3. Instruments appointing proxies must be lodged with the Company not less than 48 Hours before the meeting.

NOTE

NOTE

NOTE

FORM OF PROXY

LOTUS HYDRO POWER PLC – PV/PB 7385 PQ

I/We,..

of..

being a member/members of Lotus Hydro Power PLC hereby appoint Mr./Mrs./Ms...

....................(NIC No...) of.. whom failing,

Mr. Gary Donald Seaton	whom failing,
Mr. Athukorala Udumullage Asantha Menaka Athukorala	whom failing,
Mr. Krishnamoorthy Gowri Shankar	whom failing,
Dr. Thirugnanasambandar Senthilverl	whom failing,
Mr. Pattage Mayurasiri Bandula Fernando	whom failing,
Dr. Rohantha Neville Anthony Athukorala	

as my /our proxy to represent me/us and vote on my/our behalf at the Annual General Meeting of the Company to be held on 24th September 2026 at 10.30 a.m. as an on-line Audio-Visual Meeting from Lotus Hydro Power PLC, 2nd Floor, No.168, Negombo Road, Peliyagoda and at any adjournment thereof.

		FOR	AGAINST
1.	To receive and consider the Annual Report of the Board of Directors and the Audited Financial Statements for the year ended 31st March 2026 together with the Report of the Auditors thereon.	○	○
2.	To re-elect Mr. P.M.B.Fernando as a Director who retires by rotation in accordance with Article 24(6) of the Articles of Association of the Company.	○	○
3.	To re-elect Dr. R.N.A.Athukorala as a Director who retires by rotation in accordance with Article 24(6) of the Articles of Association of the Company.	○	○
4.	To re-appoint Mr. Gary Donald Seaton, who is over 70 years of age as a Director of the Company, by passing the ordinary resolution set out in the Notice of Meeting.	○	○
5.	To re-appoint Dr.Thirugnanasambandar Senthilverl, who is over 70 years of age as a Director of the Company, by passing the ordinary resolution set out in the Notice of Meeting.	○	○
6.	To re-appoint M/s KPMG, Chartered Accountants as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company and authorize the Directors to determine their remuneration.	○	○
7.	To authorize the Directors to determine contributions to charities and other donations for the year 2026/2027 until the next Annual General Meeting.	○	○

(a)*Please delete the inappropriate words.

(b) Instructions are noted on the reverse hereof.

Please provide the following details;

Full Name of the Shareholder	:	....
CDS A/C No/ NIC No/Company Reg No.	:	....
E – Mail address	:	....
Folio No/ No of Shares held	:	....
Full Name of the Proxy holder	:	....
Proxy holder's ID No (if not a Director)	:	....
Proxy holder's E – Mail address	:	....

As witness my/our hand/s this ....day of 2026

....

NIC Number/Reg. No Signature

INSTRUCTIONS FOR THE COMPLETION OF THE FORM OF PROXY:

1. Please complete the Form of Proxy after filling in legibly your full name, NIC Number and address and by signing in the space provided.

2. To be valid, this Form of Proxy must be deposited at the Registered Office of the Company, Lotus Hydro Power PLC, 2nd Floor, No. 168, Negombo Road, Peliyagoda not less than 48 hours before the time appointed for holding the meeting.

3. Please indicate clearly how your proxy is to vote on the resolution. If no indication is given, the proxy in his discretion may vote as he thinks fit.

4. If the shareholder is a Company or body corporate, a form of Corporate Representation executed under its Common Seal in Accordance with its Articles of Association or Constitution should be submitted.

5. Where the Form of Proxy is signed under a Power of Attorney (POA) which has not been registered with the company, the original POA together with a photocopy of same or a copy certified by a Notary Public must be lodged with the company along with the Form of Proxy.

6. Any Shareholder / Proxy attending the Annual General Meeting is kindly requested to bring with him/her the National Identity Card or any other form of valid identification

CORPORATE INFORMATION

NAME OF COMPANY

LOTUS HYDRO POWER PLC

LEGAL FORM

A Public Limited Liability Company incorporated in Sri Lanka on 24th April 2000 under the Compaies Act No.07 of 2007 and is a BOI approved Company quoted on Colombo Stock Exchange.

DATE OF INCORPORATION

24th April 2000

COMPANY REGISTRATION NO.

PV/PB 7385 PQ

DIRECTORS

Mr. Gary Seaton
Chairman/Executive Director

Mr. Menaka Athukorala
Executive Director

Mr. Gowri Shankar
Non-Executive Director

Dr. Thirugnanasambandar Senthilverl
Non-Executive Director

Mr. Mayura Fernando
Senior Independent Non-Executive Director

Dr. Rohantha Athukorala
Independent Non-Executive Director
(appointed w.e.f. 22nd July 2025)

Mr. Indrajith Fernando
Former Senior Independent Non-Executive Director
(resigned w.e.f. 22nd July 2025)

REGISTERED OFFICE

2nd Floor, No. 168, Negombo Road,
Peliyagoda, Sri Lanka.

BUSINESS OFFICE

2nd Floor, No. 168, Negombo Road,
Peliyagoda, Sri Lanka.
Tel No.: +94112983277

COMPANY SECRETARIES

S S P Corporate Services (Pvt) Ltd
No. 101, Inner Flower Road, Colombo 03.

AUDITORS

KPMG, Chartered Accountants,
32 A, Sir Mohamed Macan Markar
Mawatha , Colombo 03.

BANKERS

Sampath Bank
National Development Bank PLC
Nations Trust Bank PLC
Hatton National Bank PLC
Seylan Bank PLC