



SHAPING YOUR FUTURE

LAUGFS POWER PLC | ANNUAL REPORT 2021/22



SHAPING YOUR FUTURE

At LAUGFS Power, we have been on a steady journey shaping the future of our nation with sustainable solutions that promise a greener tomorrow. Today, we are a leading contender in Sri Lanka's renewable power sector, with seven power plants located across Sri Lanka. We have further broadened our horizon to explore other energy sources such as Wind Power, fuelling our growth aspirations in alignment with the country's clean energy agenda.

During the year under review, we continued with our efforts to diversify our portfolio, in a bid to support the socioeconomic progress of the country. Moving ahead, we aim to steadily expand our footprint locally and internationally to satisfy the growing demand for energy with sustainable solutions that are better and safer for the planet.

At LAUGFS Power, we are actively shaping your future.



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VISION

TO BE THE MOST PREFERRED AND TRUSTED SRI LANKAN CONGLOMERATE THAT TOUCHES THE DAY-TO-DAY LIVES OF PEOPLE IN SRI LANKA AND BEYOND, THROUGH A DIVERSE RANGE OF BUSINESSES THAT EXTENDS ACROSS TRANSNATIONAL BORDERS.

MISSION

BE THE LEADER IN THE MARKET SEGMENTS WE OPERATE IN.

INTRODUCE LATEST INNOVATIONS, TECHNOLOGY AND SOLUTIONS TO ADD VALUE TO THE CONSUMER.

PROMOTE A SAFETY CULTURE, ENCOMPASSING PEOPLE, PRODUCTS AND PROCESSES.

ENSURE FAIR RETURNS TO ALL OUR STAKEHOLDERS.

LEAD BY EXAMPLE AS A RESPONSIBLE CORPORATE ENTITY.

FOSTER A CULTURE OF ONE 'LAUGFS FAMILY'.

ABOUT US

“

LAUGFS POWER PLC IS A FRONT-RUNNER IN SRI LANKA'S RENEWABLE ENERGY SECTOR, SPEARHEADING THE COUNTRY'S RENEWABLE ENERGY SECTOR GROWTH TOWARDS A GREENER FUTURE WITH ITS VENTURES INTO SOLAR, HYDRO ENERGY AND WIND ENERGY.



Revenue

LKR1,028 Mn



Assets

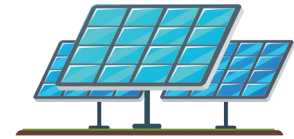
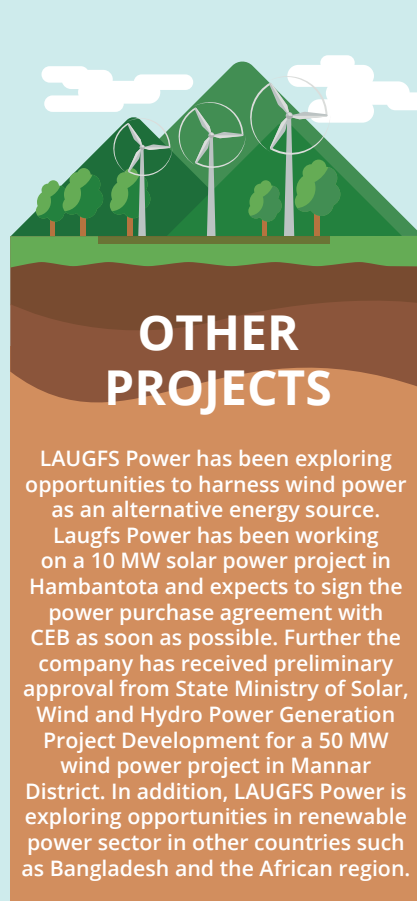
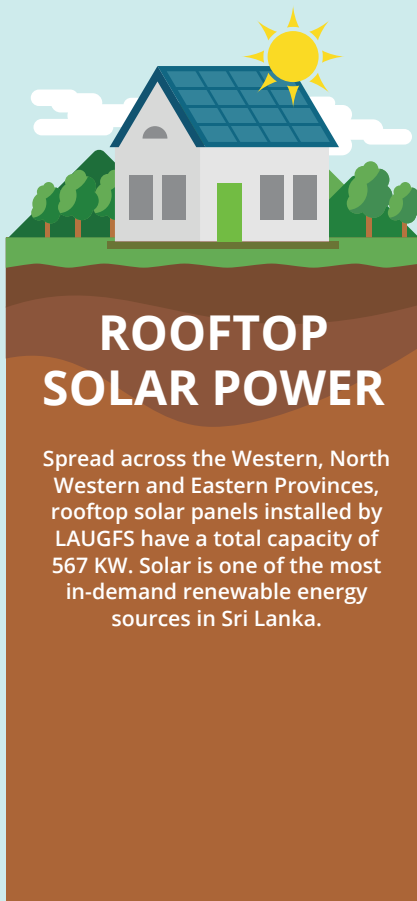
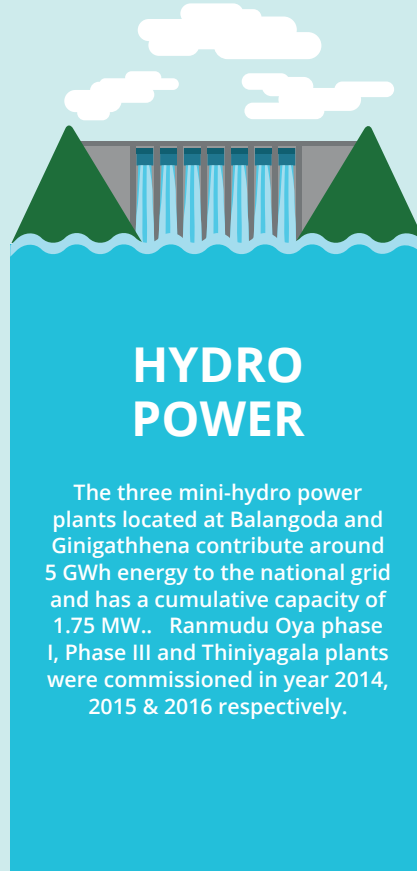
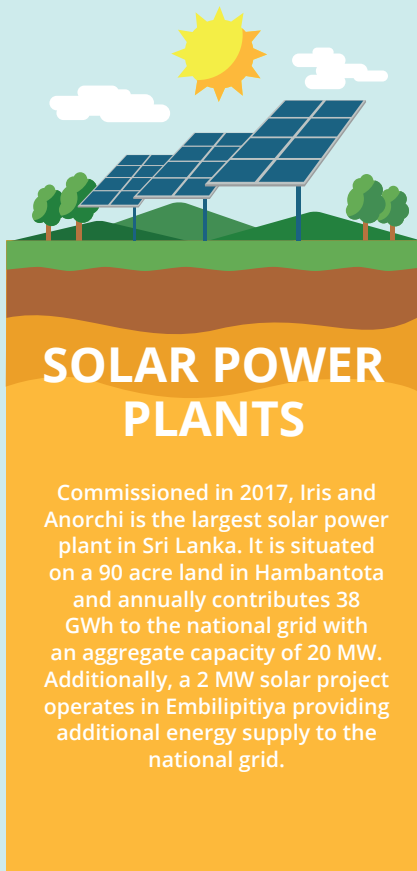
LKR 4,645Mn



Equity

LKR 2,044 Mn





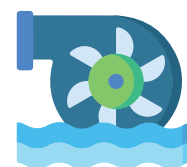
41,326,498 kWh

Solar (ground mounted)



695,221 kWh

Solar rooftops



5,113,841 kWh

Hydro plant



47,135,560 kWh

Total

ABOUT US

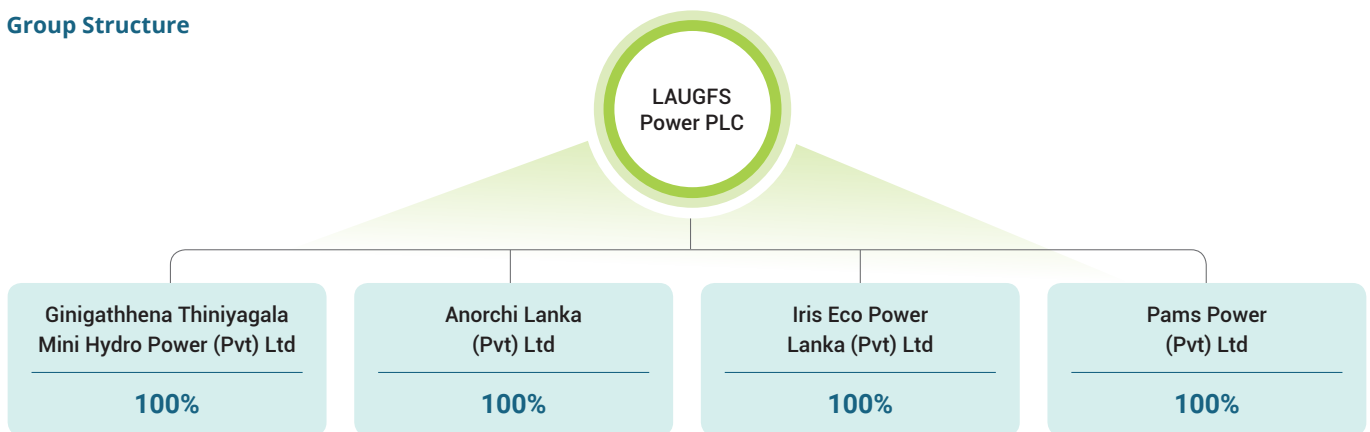
LAUGFS POWER

LAUGFS Power is a subsidiary of the LAUGFS Group focused on developing renewable energy resources to power Sri Lanka's economic growth. The Iris and Anorchi is the largest solar power plants in Sri Lanka which has an aggregate capacity of 20 MW. It adds approximately 38 GWh annually to the national grid.

With three mini-hydro power plants situated at Balangoda and Ginigathhena and two solar projects in Embilipitiya, LAUGFS Power Group is a reliable contributor of green energy to the national grid.

LAUGFS Power PLC is a front-runner in Sri Lanka's renewable energy sector, spearheading the country's renewable energy sector growth towards a greener future with its ventures into solar, hydro energy and wind energy.

Group Structure



SOLAR POWER PLANT

Commissioned in 2017, Iris and Anorchi is the largest solar power plants Sri Lanka. It is situated on a 90 acre land in Hambantota and annually contributes 38 GWh to the national grid with an aggregate capacity of 20 MW. Additionally, a 2 MW solar project operates in Embilipitiya providing additional energy supply to the national grid.

ROOFTOP SOLAR POWER

Spread across the Western, North Western and Eastern Provinces, rooftop solar panels installed by LAUGFS have a total capacity of 567 KW. Solar is one of the most in-demand renewable energy sources in Sri Lanka.

HYDRO POWER

The three mini-hydro power plants located at Balangoda and Ginigathhena contribute around 5 GWh energy to the national grid and has a cumulative capacity of 1.75 MW. Ranmudu Oya phase I, Phase III and Thiniyagala plants were commissioned in year 2014, 2015 & 2016 respectively.

OTHER PROJECTS

LAUGFS Power has been exploring opportunities to harness wind power as an alternative energy source. Laugfs Power has been working on a 10 MW solar power project in Hambantota and expects to sign power purchase agreement with CEB as soon as possible. Further the company has received preliminary approval from State Ministry of Solar, Wind and Hydro Power Generation Project Development for 50 MW wind power project in Mannar District. In addition to that Laugfs Power is exploring opportunities in renewable power sector in other countries such as Bangladesh and African region.

EXPERTISE AND PROFESSIONALISM

LAUGFS Power engages a team of qualified engineers, technicians, and energy experts to drive our growth and strategic planning. The efficient and competent team of engineers provide decades of skills and experience in delivering exceptional energy management and renewable energy generation solutions. We are proud of our trained teams capable of supporting solar and hydro turbine maintenance of our own plants.

RESEARCH AND DEVELOPMENT

The Company invests in continuous research and development in the renewable energy sector through overseas knowledge transfer and training. In addition, research within Sri Lanka's abundant natural energy sources is regularly conducted to identify and assess potential energy projects within the island.

PERFORMANCE HIGHLIGHTS

	2022 Rs. 000	Group 2021 Rs. 000	Change	2022 Rs. 000	Company 2021 Rs. 000	Change
POWER GENERATION (KWH)	47,066	44,628	5%	5,634	4,595	23%
Revenue	1,027,699	982,880	5%	94,780	76,941	23%
Gross Profit	709,762	666,600	6%	62,554	48,141	30%
Other Operating Income	-	-	0%	-	100,000	-100%
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	(444,702)	787,683	-156%	14,382	107,685	-87%
Profit/(Loss) for the year	(902,871)	234,744	-485%	(10,681)	29,374	-136%
SUMMARY OF FINANCIAL POSITION						
Total Non-Current Assets	3,934,737	5,447,025	-28%	3,293,789	4,440,794	-26%
Total Current Assets	709,889	491,778	44%	260,418	171,814	52%
Total Assets	4,644,626	5,938,803	-22%	3,554,208	4,612,608	-23%
Total Non-Current Liabilities	1,889,041	2,403,241	-21%	154,462	203,864	-24%
Total Current Liabilities	711,457	590,081	21%	1,355,617	1,234,614	10%
Total Liabilities	2,600,497	2,993,322	-13%	1,510,079	1,438,477	5%
Total Equity	2,044,129	2,945,481	-31%	2,044,129	3,174,130	-36%
FINANCIAL RATIOS						
Gross Profit Margin	69%	68%	2%	66%	63%	5%
EBITDA Margin	(43%)	80%	-154%	15%	140%	-89%
Net Profit Margin	(88%)	24%	-468%	(11%)	38%	-130%
Earnings Per Share (EPS)	(2.33)	0.61	-485%	(0.03)	0.08	-136%
Net Assets Value per Share (Rs.)	5.28	7.61	-31%	5.28	8.20	-36%

CHAIRMAN'S MESSAGE



“
GROUP GROSS PROFIT REPORTED A GAIN OF RS. 709.7 MN COMPARED WITH RS.666.6 MN LAST YEAR, LARGELY DUE TO SIGNIFICANT INCREASE IN REVENUE.

Dear Shareholder,

I am pleased to share with you that your company, LAUGFS Power PLC has performed favourably during the year ending 31st March 2022 despite unpredictable weather patterns and macro-economic challenges. LAUGFS Power contributed 47.13 GWh of energy to the national grid during the financial year.

In 2021/22 FY, LAUGFS Power PLC reported a Rs.1,028 Mn revenue of which solar contributed 93% of top line growth, the balance was accounted for by the mini hydro power plants. However, the positive performance in the top line was not reflected in the bottom line of the company due to a technicality in impairment adjustment of investments in subsidiaries in keeping with the fair value principles adopted. As a result, profit after tax significantly lowered to a loss of Rs.903 Mn.

LAUGFS Power PLC continued to support the national energy requirement through investments in Non-Conventional Renewable Energy (NCRE) sources such as solar power including rooftop solar projects and mini hydro power plants. We are proud to support Sri Lanka's journey towards clean energy as they contribute positively to lower impacts of climate change. Adoption of NCRE technologies over conventional sources of energy has been a commendable step forward both in creating better social responsibility and as a better choice for the environment. LAUGFS Power PLC's long-term plans for expansion of NCRE continue to be regularly reviewed to ensure alignment with national strategies.

GLOBAL INTEREST IN NCRE

The pandemic led to an increase in the global energy demand, recording an increase of 4.6% . Majority of the demand was created by emerging economies which accounted for 70% of the demand increase, driving a growth of 3.4% above pre-pandemic levels. Advanced

economies continued to reduce in conventional energy demand and moved towards non-conventional energy sources.

Global demand for coal and electricity increased by 4.5% each by the end of 2021. Emerging and developing economies drove electricity demand and accounted for 80% of the increase in demand. Among other factors, the Russia- Ukraine war impacted world crude oil prices resulting in request for more NCRE as an affordable source of alternative energy. Overall, global demand for renewable energy in 2021 grew by 8%.

PERFORMANCE

The performance of the power sector continued to be volatile due to unpredictable weather patterns contributing to unanticipated increase in solar and hydro power generation.

Group gross profit reported a gain of Rs. 709.7 Mn compared with Rs.666.6 Mn last year, largely due to significant increase in revenue. The decline in benchmark AWPLR (Average Weighted Prime Lending Rate) during the first half of the year, caused by favourable bank interest rates compared with last year's rates reported during the same period, helped to manage costs.

FUTURE OUTLOOK

The interest and widespread awareness of NCRE over conventional sources of energy is an encouraging sign. This is seen as an important step in managing climate change and has increased the demand for NCRE. Emerging and developing economies are taking a commendable interest as a result in diversifying into NCRE sector.

LAUGFS Power PLC planned for capacity enhancement of operational solar power projects at a cost of Rs. 105 Mn adding 1.5 MW of solar capacity to the Group's portfolio. The expansion of rooftop solar projects were planned during the year and it is expected to add a further 0.655 MW over the course of the next few years. A mini hydro power plant with a capacity of 2 MW will be commissioned next year contributing a further 2 MW of hydro power to the portfolio.

Diversification is important in developing NCRE as a reliable source due to unpredictability of weather patterns. The Group continue to be on the lookout for opportunities to diversify its portfolio and has been taking an interest in investing in wind power and will venture out to develop projects to harness it.

A stable exchange rate is important in encouraging investment in NCRE and the macro-economic situation of the country added a dimension of risk which affected the sourcing of machinery. Despite the challenges, LAUGFS Power PLC remain committed to contribute to the development of the NCRE sector and aiding the country in achieving its clean energy goals.

APPRECIATIONS

I extend my gratitude to our team at LAUGFS Power for their continued dedication and hard work to maintain the smooth and efficient functioning of the company during the year under review. I applaud the leadership led by the Group CEO for guiding the company to record a solid performance.

I wish to thank the Board for their expert counsel and guidance throughout the year.

I acknowledge the cooperation of the Public Utilities Commission of Sri Lanka, the Sustainable Energy Authority of Sri Lanka and the Ceylon Electricity Board. I thank our shareholders for their confidence in LAUGFS Power and look forward to their continued support.



Deshabandu W.K.H. Wegapitiya
Group Chairman

31st August 2022

DEPUTY CHAIRMAN'S MESSAGE



“
REVENUE FROM HYDRO POWER GENERATION WAS AT RS. 74.5 MN IN 2021/22 FY VERSUS RS. 52.8 MN IN THE LAST YEAR. SOLAR POWER GENERATION INCOME GREW TO RS. 953.16 MN IN THE CURRENT YEAR AGAINST THE RS. 930.03 MN LAST YEAR.

Dear Shareholder,

The financial year under review was an encouraging one for LAUGFS Power PLC as favourable weather conditions and state policies on renewable energy paved the way for increased non-conventional renewable energy (NCRE) generation.

POLICY ON RENEWABLE ENERGY

Sri Lanka has set itself a goal to meet 70% of Sri Lanka's electricity needs using renewable energy sources by 2030 in keeping with Sri Lanka's pledge to the UN Convention on Climate Change, a proposition welcomed by LAUGFS Power with an interest in strengthening its growth and position as a foremost player in the Non- Conventional Renewable Energy (NCRE) space.

According to the long-term generation expansion plans of the Ceylon Electricity Board, as well as the joint publication by the Asian Development Bank (ADB) and the United Nations Development Programme (UNDP), '100% Electricity Generation through Renewable Energy By 2050 - Assessment of Sri Lanka's Power Sector,' identified solar and wind energy generation as the key areas of growth for Sri Lanka on the renewable energy front.

Adopting renewable energy carries considerable economic advantages in the long-term with the main advantage being the considerable saving of foreign exchange outflow. The total cost of fuel and furnace oil was Rs. 119 Bn for the Ceylon Electricity Board in 2021 which was a substantial outlay of funds.

LAUGFS Power PLC has continued to align its business and strategies with Sri Lanka's renewable energy agenda, whilst being an advocate for economic, social and environmentally responsible initiatives in its development.

2021/22 FY PERFORMANCE

Unpredictable weather patterns supported the performance in the LAUGFS Power solar and hydro operations both of which reported a growth in revenue over the last year. Revenue from hydro power generation was at Rs. 74.5 Mn in 2021/22 FY versus Rs. 52.8 Mn in the last year. Solar power generation income grew to Rs. 953.16 Mn in the current year against the Rs. 930.03 Mn last year.

LAUGFS Power PLC's performance was comparatively resilient and was supported by lower interest rates during the first half of the year compared with the same period last year, while reduced borrowings and lower charges on taxation also contributed to better performance. Various capacity improvements and new energy source research projects commenced by the group in the diversification of the power portfolio factored in overall contribution to the Group's profitability.

The Group embarked on many initiatives to support its cash flow by focusing on working capital management. Debtors during the year grew as state purchases of electricity met with challenges where the government had to settle Rs. 606 Mn. The efficient cash flow management and the sustained profitability of the Group aided to strengthen the balance sheet and reduce debt by Rs. 436 Mn, to a 54% debt-equity ratio.

EXPANDING CAPACITY

LAUGFS Power PLC had also planned construction for capacity enhancement of solar power projects at a cost of Rs. 105 Mn adding 1.5 MW of solar capacity to the Group's portfolio. However, this could not be implemented due to the scarcity of foreign currency in the country and delays in regulatory processes.

No progress was made on the power purchase agreement for the landmark solar project with the Sustainable Energy Authority during the year under review.

However, the company plans to add 2 MW to the Group's installed capacity in the coming financial year, increasing the total capacity to 26.317 MW.

FUTURE OUTLOOK

State policies to move towards 70% renewables by 2030 are encouraging. We aim to support this government initiative by increasing our power generation capacities through investments in existing and new renewable energy sources.

LAUGFS Power recognises and appreciates the vast intellectual capital within our organisation that can be leveraged to develop renewable energy generation within Sri Lanka as well as overseas. LAUGFS Group has successfully established itself as a key player in the energy sector in Sri Lanka and looks forward to optimising the existing brand equity to expand to other emerging economies.

The Group looks forward to bidding on the new projects to be floated by the Ceylon Electricity Board and welcomes the plans to float a number of small projects to encourage independent power producers. However, the increasing competition from reduced scales puts pressure on potential returns for LAUGFS Power as it follows the least cost objective.

LAUGFS Power is confident of its proven track record of constructing and operating the largest solar power generation project in the country which will be to its advantage in bidding for future state projects as well.

The unceasingly increasing demand for electricity drives a positive way for the development of NCRE and LAUGFS Power aims to be at the forefront aiding the country to realise its vision of 70% renewable energy by 2030.

APPRECIATIONS

Our committed team is greatly appreciated for their commendable hard work in keeping our power plants running despite volatile conditions and challenges in the overall economy. We look forward to their unwavering support as we plan to expand our operations with the goal of providing affordable clean energy to the country.

I thank our Chairman and the Board for their guidance and insights into value creation for all our stakeholders. I acknowledge the cooperation of the regulators, the Public Utilities Commission of Sri Lanka, the Sustainable Energy Authority of Sri Lanka and the Ceylon Electricity Board in handling regulatory matters and anticipate their continued cooperation in related matters. I also extend my sincere appreciation to our shareholders for their confidence and invite you to continue to share our journey into a new era of sustainable growth through clean energy.



U.K. Thilak De Silva
Group Deputy Chairman

31st August 2022

GROUP MANAGING DIRECTOR/GROUP CHIEF EXECUTIVE OFFICER'S MESSAGE



“
LAUGFS POWER PLC DELIVERED A REVENUE GROWTH OF 5% TO RECORD RS.1,028 MN FOR THE YEAR ENDED 31ST MARCH 2022

Dear Shareholder,

I am pleased to share that LAUGFS Power PLC delivered a revenue growth of 5% to record Rs.1,028 Mn for the year ended 31st March 2022, a performance greatly supported by the solar power segment. The Group has recognised the importance of diversification of the energy portfolio to mitigate any impact on its renewable energy sector and has embarked on several capacity enhancements and new energy source opportunities.

SRI LANKA'S DEMAND FOR RENEWABLE ENERGY

In 2021, the total electricity generated from Non-Conventional Renewable Energy (NCRE) was 17% of the total electricity generation share, an increase of 5% compared to 2020. Installed

capacity of NCRE also increased by 12.1%. However, the average tariff for NCRE declined by 3.7% from Rs. 18.22 per kWh in 2019 to Rs. 17.55 per kWh in 2020 reflecting the pressures on margins

COST OF ENERGY PRODUCTION

The contribution of Independent Power Producers (IPP) remained an important and reliable source of power for the country's power supply. IPP supplied 29.1% of the country's electricity requirement in 2020 compared to 28.9% in 2019.

The pricing of electricity continued to be an area of concern for the power sector. Wide-ranging measures to reduce costs resulted in the average cost of NCRE by the private sector reducing by 3.7% to Rs. 17.55. On the other hand, the cost of generating electricity using

fuel oil increased by 7.6% to Rs. 27.87. Both these trends reflected the overall pressure to reduce costs of generating electricity.

LAUGFS POWER'S PERFORMANCE

LAUGFS Power maintained its top line during the year under review, mostly supported by the contribution of solar power which grew by 2% to Rs. 953 Mn. However, the Group recorded a loss after tax of Rs.902 Mn compared to a profit after tax of Rs.234 Mn in the last year.

The significant loss in the accounts was due to an impairment adjustment in investments in subsidiaries of the Group at fair value at financial year end using the discounted cashflow methodology (DCF). Accordingly, an impairment is recognised in the current financial year when valuing the fair valuation of subsidiaries amounting to LKR 1,095Mn. This impairment is purely technical in nature, where the increase in risk free rate and the risk premiums prevailing in the market has reduced the present value of the future cashflows.

The Management, in conjunction with the Group's external valuer, has compared the change in the fair value of each asset with relevant external sources to determine whether the change is fair and prudent.

Of the total impairment adjustment on consolidated accounts for the financial year which amounts to LKR 1,262 Mn, LKR 1,095Mn impairment is attributable to the reduction in the fair valuations of four subsidiary companies (Ginigathhena Thiniyagala Mini Hydro Power (Pvt) Ltd, Anorchi Lanka (Pvt) Ltd, Iris Eco Power Lanka (Pvt) Ltd & Pams Power (Pvt) Ltd); and the balance is due to an impairment of Property Plant & Equipments of "Pams Power (Pvt) Ltd" is amounting to Rs. 167 Mn.

The Expected Carbon Credit from both Hambanthota Iris and Anorchi SPPs for the year 2021/22 was around 28,300 MT of carbon dioxide equivalents.

FUTURE PROSPECTS

The demand and focus on NCRE continued to gain traction across the world as the need to reduce reliance on fossil fuels is strongly felt with the increasing awareness on global warming. LAUGFS Power is confident of its position and experience in being able to contribute to growth in the area of NCRE with its diversified portfolio of hydro power, wind power and solar power.

A joint venture was signed in 2018 with the Sustainable Energy Authority of Sri Lanka for a project to generate 10 MW of solar power. The project is expected to be the first project of its kind in the country with a battery storage system, pioneering the generation of stable electricity from solar power.

Further the company has received preliminary approval from State Ministry of Solar, Wind and Hydro Power Generation Project Development for a 50 MW wind power project in Mannar District.

LAUGFS Power continues to be on the lookout to diversify its portfolio further by adding wind power projects and solar power projects. The Group is keen to step into overseas markets to drive growth and expand across markets as a socially and environmentally responsible venture.

APPRECIATIONS

I extend my gratitude to the Group Chairman, Deputy Chairman and the Board of directors for their leadership and strategic advice throughout the year to ensure our projects progressed as scheduled despite volatile conditions. I commend the employees of LAUGFS Power for their support and commitment in ensuring uninterrupted functioning of this essential service even during the pandemic and its lockdown.

I also thank the officials of the Public Utilities Commission, the Ceylon Electricity Board and the Sustainable Energy Authority for their cooperation

on regulatory matters. I thank our shareholders and look forward to their continued support with the hope of adding even more value to their investment in the year ahead.



Piyadasa Kudabalage
Group Managing Director/GCEO

31st August 2022

BOARD OF DIRECTORS



Deshabandu W.K.H. Wegapitiya
Group Chairman



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



Mr. Piyadasa Kudabalage
Group Managing Director/GCEO



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



Prof. S.P.P Amaratunge
Independent Non-Executive Director



Mr K.R Goonesinghe
Independent, Non-Executive Director

DESHABANDU W. K. H. WEGAPITIYA Group Chairman

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

In 1995 he was instrumental in creating Gas Auto Lanka (Private) Limited, the initial enterprise of now diversified LAUGFS Holdings Limited. The visionary leadership, remarkable entrepreneurship and his extraordinary personal traits to withstand and overcome all adversities thrown in his way, enabled him to succeed in all his endeavours to create the business conglomerate "LAUGFS", during a comparatively short period of time. A popular figure in the local entrepreneurial community in Sri Lanka as a success story, he was recognised as the best entrepreneur of the country many times. He is a frequent speaker, presenter and a panellist on topics such as "Business Excellence", "Leadership" and "Entrepreneurship" organised by a variety of organisations. He is a well-known personality in the global

LP gas and energy circles and also a regular participant and a speaker at international forums on LP gas and energy management. Presently he serves as a Council member of University of Sri Jayewardenepura.

MR. U.K. THILAK DE SILVA Group Deputy Chairman

Mr. Thilak De Silva served as the Group Managing Director of LAUGFS Holdings Limited and all its subsidiaries from the inception, in the year 1995, until the new Group MD was appointed in 2020 as a result of the Group management succession plan. Thereafter, he is presently serving as the Group Deputy Chairman of this highly-diversified business conglomerate. The Group, is engaged with the widest landscape in business in the country, consisting of LP Gas downstream operations, petroleum fuel distribution, blending, storage distribution and sale of lubricants, maritime services including ownership and management of gas carriers, heavy engineering, vehicle emission testing, property development, leisure and hospitality with ownership and management of star class hotels, consumer retail chains, fast food chains, manufacture and export of solid tyres, manufacture and export of pharmaceuticals and IV solutions, hydro, solar and other types of renewable energy generation.

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

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

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

MR. PIYADASA KUDABALAGE Group Managing Director/GCEO

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

BOARD OF DIRECTORS

provision of supervisory and leading the management of all the subsidiary companies under LAUGFS Holdings Limited.

Mr. Kudabalage has an extensive and impressive career spanning well over 35 years, both in the leading and reputable public and private sector organisations in a diverse landscape of businesses across, plantation management, insurance, banking and finance, leisure and hospitality, power and energy and industrial manufacture.

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

In consideration of his outstanding career achievements, the "Professional Excellence Award" was awarded to Mr. Kudabalage by the Institute of

Chartered Management Accountants of Sri Lanka in year 2014 and also "Prasada Sambawana" award was granted to him by the University of Kelaniya in year 2014 for the excellent service rendered to the Government of Sri Lanka.

MR. P. M. B. FERNANDO **Independent, Non-Executive Director**

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

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

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

PROF. S.P.P AMARATUNGE **Independent Non-Executive Director**

(Appointed w.e.f 15th August 2022)

Professor S.P.P Amaratunge, a visionary and builder of organisations, astute university administrator, academic par-excellence, renowned business

consultant and humanist is presently serving as the Chairman of the University Grants Commission. He served as the Vice Chancellor, University of Sri Jayawardenepura, and was also appointed as the Chairman of the Committee of Vice Chancellors and Directors Sri Lanka (CVCD) 2019.

Professor Amaratunge, holds a BA (Hons.) in Economics from the University of Sri Jayawardenepura, MA in Economics from the University of Colombo, MSc. In Economics of Rural Development from Saga National University and Ph.D. from Kogoshima National University in Japan. He counts over 27 years' service in the University of Sri Jayawardenepura. An authority in Rural Economic Development, Professor Amaratunge has won several awards including the prestigious Research Excellence Award (2002) of the Kyushu Society of Rural Economics, Japan. He has over 75 refereed publications to his credit, both locally and internationally.

Having provided yeoman service as Dean, Faculty of Management Studies and Commerce, University of Sri Jayawardenepura (2008-2014) in completing several important infrastructure development projects and setting up of specialty facility units for undergraduate and postgraduate level education, Professor Amaratunge continued his organisation building endeavours under his stewardship as Vice Chancellor (2014-2017) of the university. Thus, he spearheaded setting up of two new Faculties of Study, Engineering and Technology, to the existing cluster of five (Faculties of Arts and Humanities, Management Studies and Commerce, Applied Sciences, Medicine and Graduate Studies). He served with distinction as Chairman, Federation of University Teachers Associations (FUTA) of Sri Lanka (2009 – 2012), a period studded with noteworthy achievements such as establishing sister unions, a research grant scheme

for academics and a facility scheme for entry at grade one for their children. Professor Amaratunge had the honour of being the youngest appointed member of the University Grants Commission (2010), and held key positions in several state commissions of importance. In addition, not confining his services to the academia, he sits on Boards of Management of several prominent corporates as an Independent Director.

MR K.R GOONESINGHE
Independent, Non-Executive Director

(Appointed w.e.f 15th August 2022)

Mr K.R Goonesinghe, is an Attorney-at-Law possessing over 36 years of experience in the Bar, and is a previous Vice President of the Bar Association of Sri Lanka. He is specialised in the areas of Criminal, Civil, Commercial and Arbitration Law.

He presently serves on the Board of LAUGFS Gas PLC as an Independent Non-Executive Director.

MANAGEMENT DISCUSSION AND ANALYSIS

The 2021/22 financial year under review proved favourable for the power sector with sufficient rainfall in catchment areas to generate hydro power during the initial months of the year and an increase in demand for solar power generation supporting the year to end on a growth momentum.

LAUGFS Power reported a revenue growth of 5% at LKR.1,028 Mn compared with LKR.983 Mn last year. The increase in revenue during the initial months of the year however had a slowing effect by the close of the financial year as poor rainfall and increasing costs of operations impacted income.

LAUGFS Power contributed 47.13 GWh to the national grid during the year which is 2.49 GWh higher than last year. Total energy generated by the group amounted to a total of 47.13 GWh in comparison to the previous year which amounted 44.63 GWh.

Hydro power generation saw a 41% increase in the year due to higher rainfall to the project catchment areas.. However from the Laugfs Power total generation of the year, solar power accounts for 89% while contribution from hydro remains at 11%

However, the total electricity demand from manufacturing and industrial sectors were lower due to COVID-19 lockdown impact.

Despite the effects of the pandemic, renewable energy set a record in power capacity in a global context. Investments in renewable energy continued to rise for the third consecutive year,

Factor	Impact	Result
forex scarcity	Solar panel imports have been affected	Inability to meet the solar demand
	Inability to import spare parts and equipment for testing	Upgrading and maintenance of equipment is a challenge
Climate changes	Changes in weather patterns have impacted hydro power generation	Lower hydro power generation
Exchange Rate Instability	Increase in maintenance cost	Difficulty in maintaining equipment
	increase in solar panel cost	Had to hold some solar projects as a result
	Increase in fuel prices	Cost of operation has increased
	Due to the US dollar crisis, we are unable to pursue international opportunities	
COVID-19	Planned expansions and growth of the company affected/ delayed	
	Lockdown for five months	
	State health guidelines and safety measures on plants and workplaces	Increase in unforeseen expenses
Economic Factors	Administrative delays	Impacting new project commencements
	Inflationary pressures increase cost of production and operations	The per unit cost of electricity generated has increased
	Renewable energy development costs have increased	Planned projects had to be delayed and existing plant maintenance have become a concern

HYDRO POWER GENERATION

The total Hydro-power generated amounted to a total of 5.11 GWh, compared to the 3.62 GWh produced in the last year.

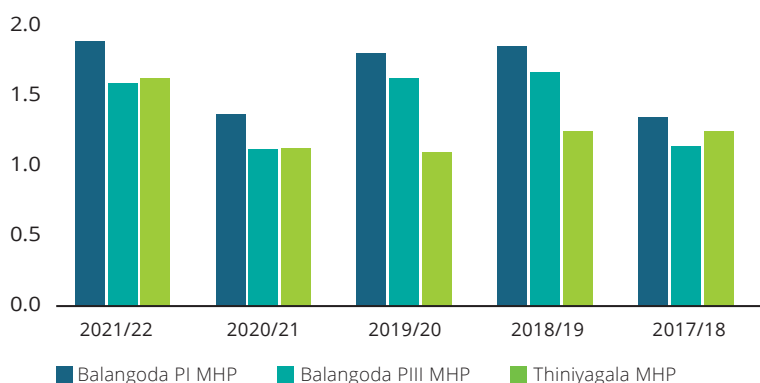
The three mini-hydro power plants located at Balangoda and Ginigathena contribute 5.11 GWh to the national grid and has a capacity of 1.75 MW of power generation.

Value Creation



HYDRO POWER GENERATION

(GWh)



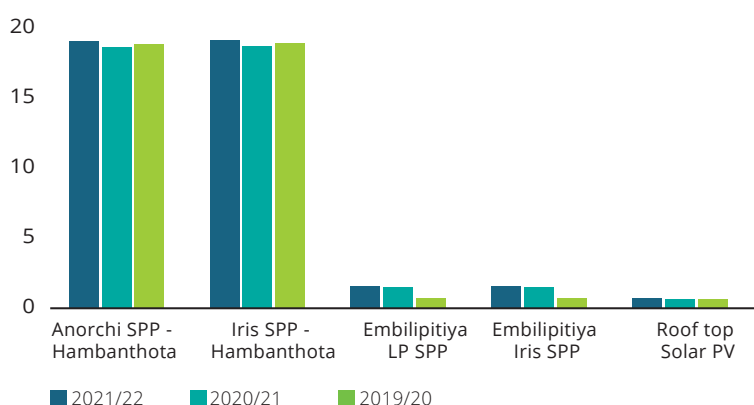
SOLAR POWER GENERATION

The total solar power generated during the year amounted to a total of 42.02 GWh compared to the 41.01 GWh produced during the previous year.

As the largest solar power plant operator in Sri Lanka, LAUGFS Power Commissioned in 2017, Iris and Anorchi situated on a 90 acre land in Hambantota and annually contributes 38 GWh to the national grid with an aggregate capacity of 20 MW. Additionally, a 2 MW solar project operates in Embilipitiya providing additional energy supply to the national grid.

SOLAR POWER GENERATION

(GWh)



CARBON CREDITS

Due to the significant impacts of the pandemic, the carbon verification processes were delayed, causing a delay in undertaking projects. Our carbon consumption is a focus area that is minimised in our usage of state-of-the-art technology. As a renewable power generation company, we maintain a negative carbon footprint. We have also applied for carbon credit certification for two of our upcoming projects which are undergoing the validation process.

Our Hambantota 10 MW X 2 Solar power projects were qualified for carbon credits in 2019 by United Nations Framework Convention on Climate Change (UNFCCC). During 2021/21 plants generated 38.28 GWh, equivalent to 27,827 metric tonnes of carbon emission reductions (CERs).

OUR STRATEGY

Laugfs Power PLC submitted a proposal for the development of a 50 MW wind power project in Mannar which is shortlisted to move forward. The State Ministry of Solar, Wind and Hydro Power requested us to submit the application for Provisional Approval (PA) from the Sustainable Energy Authority. The finalisation of land for the project is in progress.

At the same time, the Company is exploring renewable power generation opportunities in Bangladesh through the Group's synergy.

COST RESTRUCTURING

As a cost management measure, the Company restructured cost centers by outsourcing some services and lowering other operational costs. However, inevitable costs increases have been observed during the year especially in maintenance of power generation plants. Essential spare parts and equipment for the plants have gone up in price due to exchange rate rise while internal costs such as increase in salaries have been inevitable due to rising inflation within the country.

EXPANDING TO OTHER RENEWABLE ENERGY SOURCES

With the intention of being a strong player in the renewable energy sector, the possible future of power generation in Sri Lanka, the company is keen to expand its hydro and wind energy presence in the country. Some hydro and wind energy projects have been identified as expansion opportunities to grow the renewable energy sector as well as to meet increasing demand for energy in Sri Lanka.

OPTIMISING EXPERTISE

A key strength of LAUGFS Power PLC is having a professional, trained and qualified team of solar technology experts within the company. This intellectual and human capital has been a great value for the company in ensuring the growth of the industry in Sri Lanka as well as overseas. During the year, the company has provided solar technical expertise and consultancy to international clients, projects and is keen to expand this service through international partnerships.

MANAGEMENT DISCUSSION AND ANALYSIS

	Units	2021/22	2020/21	Variance
Financial Performance				
Revenue	LKR.000	1,027,699	982,880	5%
Gross Profits	LKR.000	709,762	666,600	6%
Impairment Adjustment	LKR.000	1,261,889	-	100%
Earnings Before Interest, Tax, Depreciation and Amortisation (With Impairment Adjustment)	LKR.000	(444,702)	787,683	-156%
Earnings Before Interest, Tax, Depreciation and Amortisation (Without Impairment Adjustment)	LKR.000	817,187	787,683	4%
Profit after tax (With Impairment Adjustment)	LKR.000	(902,871)	234,744	-485%
Profit after tax (Without Impairment Adjustment)	LKR.000	359,018	234,744	53%
Gross profit margin	%	69%	68%	2%
EBITDA margin	%	(43 %)	80%	-154%
Net profit margin	%	(88 %)	24%	-468%
Financial Position				
Non-current Assets	LKR.000	3,934,737	5,447,025	-28%
Current Assets	LKR.000	709,889	491,778	44%
Total Assets	LKR.000	4,644,626	5,938,803	-22%
Non-current Liabilities	LKR.000	1,889,041	2,403,241	-21%
Current Liabilities	LKR.000	711,457	590,081	21%
Total Liabilities	LKR.000	2,600,497	2,993,322	-13%
Total Equity	LKR.000	2,044,129	2,945,481	-31%
Gearing	%	54%	49%	10%
Net assets per share	LKR./share	5.28	7.61	-31%
Shareholder Information				
No. of shares in issue	No	387,000,086	387,000,086	
Earnings per share	LKR./share	(2.33)	0.61	-482%

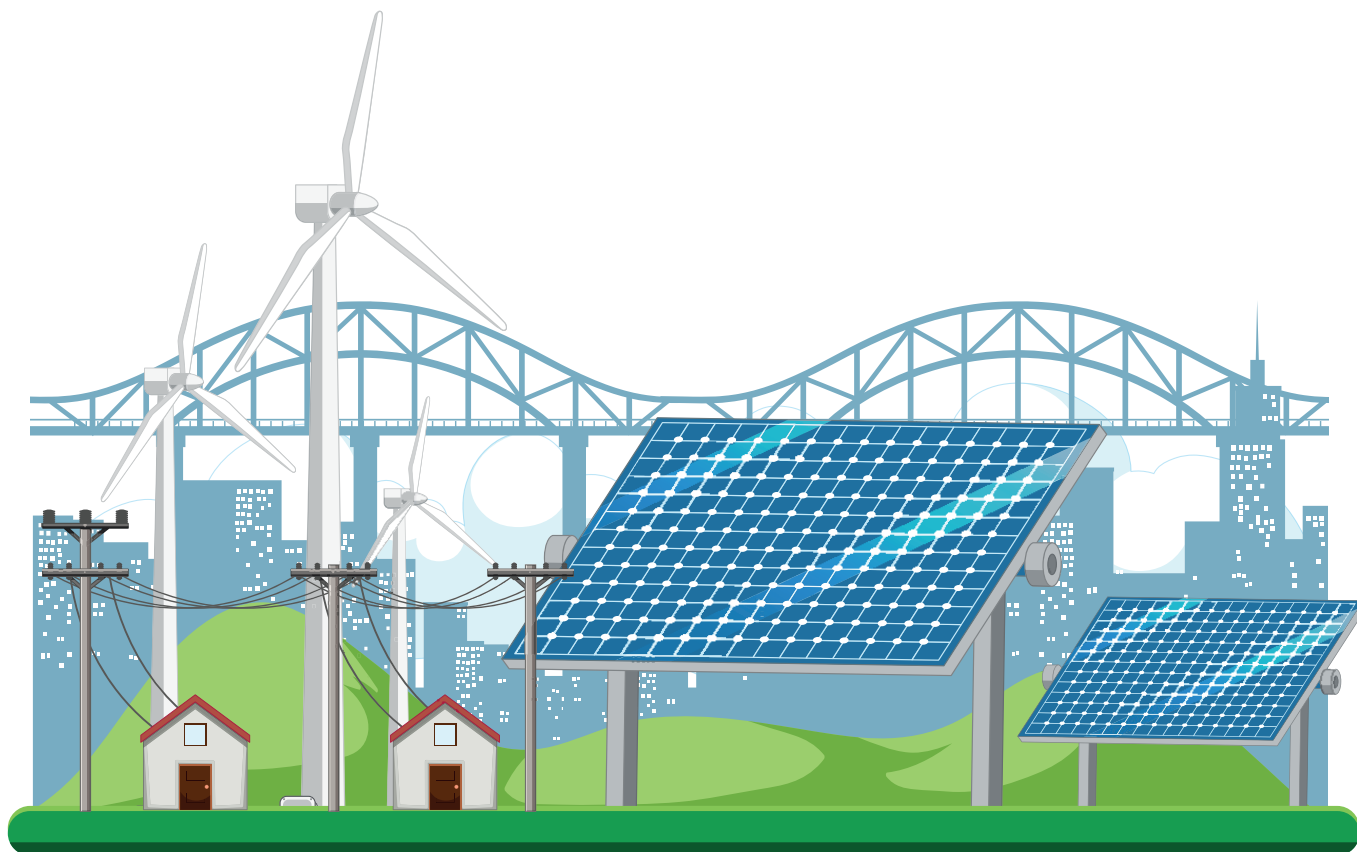
FINANCIAL PERFORMANCE

LAUGFS Power PLC's revenue grew by 5% at LKR.1,028 Mn as against LKR.983 Mn last year. The increased revenue was on the back of increased demand for solar power generation and higher hydro based electricity generation. However, the demand for power from industrial and manufacturing sectors were lower as COVID induced lockdowns slowed economic activities during most months of the year.

The Company's profit after tax fell by 485% to a loss of LKR.902.8 Mn compared with the profit last year of LKR.234.7 Mn. The positive growth in revenues was not equally reflected

in profit after tax on an impairment adjustment in the consolidated accounts to the value of LKR 1,262 Mn. An impairment amount of LKR 1,095Mn is attributable to the reduction in the fair valuations of four subsidiary companies (Ginigathhena Thiniyagala Mini Hydro Power (Pvt) Ltd, Anorchi Lanka (Pvt) Ltd, Iris Eco Power Lanka (Pvt) Ltd & Pams Power (Pvt) Ltd); and the balance is due to an impairment of Property Plant & Equipments of "Pams Power (Pvt) Ltd" is amounting to LKR. 167 Mn. The interim financial statements have been prepared on a historical cost basis, except for "investment in subsidiaries", which have been measured at fair value. (see page 74 under 'Fair Value Measurement' in the Notes to Financial Statements for further explanation)

Ongoing Projects	Upcoming Projects
<ul style="list-style-type: none"> 2 MW power plant (onhold due to regulatory issues) 1 MW Capacity Enhancement Project at Irish and anorchi solar power plant 	<ul style="list-style-type: none"> 10 MW solar power plant in association with the sustainable energy authority 10 MW solar power plant in Hambantota



Strengths

- Availability of resources
- Best use of resources
- Future opportunities in the sector Capacity for research and development

Weaknesses

- Operational costs are high
- Capability gaps
- Lack of liquidity due to payment delay

**SWOT
ANALYSIS**

Opportunities

- Upcoming potential solar and wind power projects
- Increasing demand for electricity
- Governments pledge towards green energy

Threats

- Impacts of the ongoing pandemic; dollar rate fluctuations and macro-economic conditions
- Unstable weather conditions influencing the accessibility of renewable energy
- Increasing competition in the industry to secure projects
- Unstable regulatory frame work

OUR WAY FORWARD

LAUGFS Power is confident that the demand driven growth in the power and energy sector would continue to increase in the coming years and that renewable energy is the way forward. As a company dedicated to promote sustainable energy, we are forging ahead in our initiatives to seek opportunities to develop sources of green energy in Sri Lanka and overseas.

By optimising our Group's existing strengths and successes overseas, we plan to enter the African and Bangladeshi markets with renewable energy partnerships in the future. We anticipate this strategic move to international expansion will help cushion the macro and micro economic impacts faced by the Sri Lanka operation whilst increasing our global presence as a reliable player in the renewable energy sector.

However, the current economic conditions and unstable fluctuations is hindering our potential and ongoing projects. The Company is watchful of the continuing economic instability within the country and would strategise accordingly in planned expansions in Sri Lanka.

OPERATING ENVIRONMENT

The power sector had a positive year with favourable weather conditions for power generation during the year under review, with lower demand for electricity from the manufacturing sector due to the COVID-19 pandemic-led lockdown.

DOMESTIC ECONOMY

Sri Lanka's economic policies, economic slowdown, foreign reserve crisis and increasing cost of power generation, combined with the slow progress of infrastructure development of planned power plants in Sri Lanka posed several medium to long-term challenges for the power sector.

Notwithstanding the persistence of macroeconomic weaknesses, import restrictions and dollar fluctuations, the country's economy recorded a growth of 3.7% by end of 2021 compared to the contraction of 3.6% recorded in 2020.

However, prolonged economic challenges, including the high debt burden and weak external buffers, impacted all industries during the last quarter of 2021/22 FY.

The Central Bank's efforts to contain the rising inflationary pressures, and the widening balance of payment deficits through import restriction, exchange rate controls and policy, saw manufacturing, transport and logistics, and services sectors marginally recover during the year further supported by influx of economic activity post COVID.

The manufacturing sector grew 1.1% in 2021, while the service sector grew 1.7% and the wholesale and retail trade, transportation and storage, accommodation and food service activities also increased to 0.3% compared with 2021, according to the Central Bank of Sri Lanka.

GLOBAL ENERGY REVIEW

The Covid-19 pandemic continues to impact global energy demand.

Third waves of the pandemic are prolonging restrictions on movement and continue to subdue global energy demand.

Emerging markets are driving energy demand back above 2019 levels.

Almost 70% of the projected increase in global energy demand is in emerging markets and developing economies, where demand is set to rise to 3.4% above 2019 levels. Energy use in advanced economies is on course to be 3% below pre-Covid levels.

Global energy-related CO2 emissions are heading for their second-largest annual increase ever.

Demand for all fossil fuels is set to grow significantly in 2021. Coal demand alone is projected to increase by 60% more than all renewables combined, underpinning a rise in emissions of almost 5%, or 1 500 Mt. This expected increase would reverse 80% of the drop in 2020, with emissions ending up just 1.2% (or 400 Mt) below 2019 emissions levels.

Among fossil fuels, natural gas is on course for the biggest rise relative to 2019 levels.

Natural gas demand is set to grow by 3.2% in 2021, propelled by increasing demand in Asia, the Middle East and the Russian Federation ("Russia"). This is expected to put global demand more than 1% above 2019 levels.

Electricity demand is heading for its fastest growth in more than 10 years.

Electricity demand is due to increase by 4.5% in 2021, or over 1 000 TWh. This is almost five times greater than the decline in 2020, cementing electricity's share in final energy demand above 20%. Almost 80% of the projected increase in demand in 2021 is in emerging market and developing economies. Demand in advanced economies remains below 2019 levels.

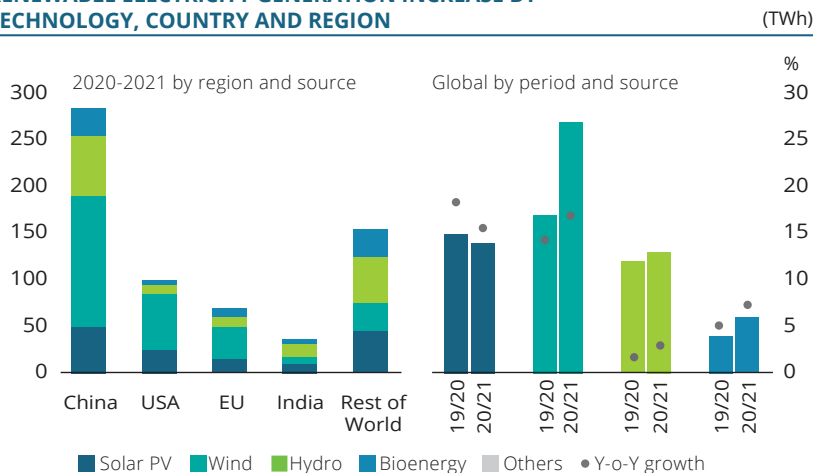
Renewables are set to provide more than half of the increase in global electricity supply in 2021.

Solar PV and wind are expected to contribute two thirds of renewables' growth. The share of renewables in electricity generation is projected to increase to almost 30% in 2021, their highest share since the beginning of the Industrial Revolution and up from less than 27% in 2019.

Renewables remain the success story of the Covid-19 era.

Demand for renewables grew by 3% in 2020 and is set to increase across all key sectors – power, heating, industry and transport. The power sector renewables are expected to expand by more than 8%, to reach 8 300 TWh.

RENEWABLE ELECTRICITY GENERATION INCREASE BY TECHNOLOGY, COUNTRY AND REGION



Source: Global Energy Review 2021: <https://iea.blob.core.windows.net/assets/d0031107-401d-4a2f-a48b-9eed19457335/GlobalEnergyReview2021.pdf>

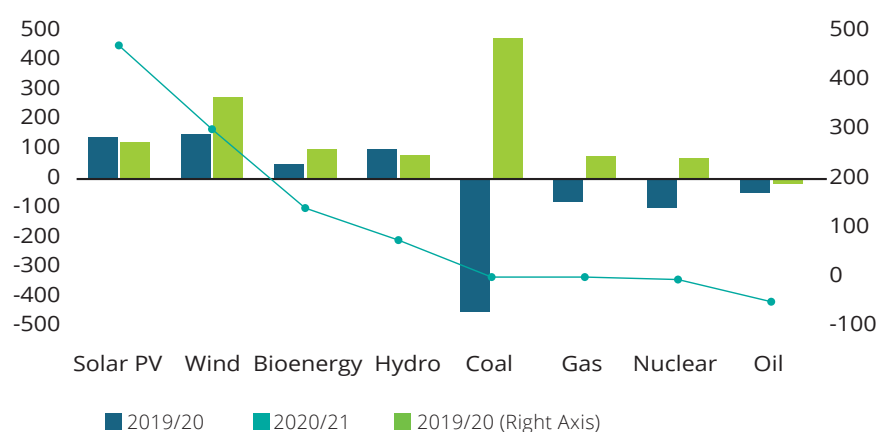
GLOBAL ELECTRICITY REVIEW

Highlights 2021	
Share of global electricity from wind and solar	10%
Number of countries with over a tenth of electricity from wind and solar	50
Share of global electricity from clean power	38%
Rise in power sector CO2 emissions	+7%
Demand for electricity	+5%
Share of demand growth in 2021 met by wind and solar	29%

Source: *Source: Ember's third annual Global Electricity Review*

GLOBAL ELECTRICITY REVIEW

(TWh)



Source: *Global Energy Review 2021*

DOMESTIC POWER SECTOR

Power generation over the last 5 years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Gross Energy Generation (GWh)	11,528	11,801	11,962	12,423	13,154	14,249	14,773	15,985	16,556	16,392
NCRE Generation (GWh)	725	736	1,179	1,217	1,467	1,160	1,464	1,832	1,761	1,866

Source : *CEB Annual Report 2020*

OPERATING ENVIRONMENT

OTHER RENEWABLE ENERGY CAPACITY DEVELOPMENT

The table below provides the development of other renewable energy sources including mini hydro, solar bulk, solar rooftops, wind and biomass during the last few years.

Type of Energy Source	2017	2018	2019	2020
Mini hydro	354	394	410	412
Solar Bulk	51	51	57	75
Solar rooftops	97	171	281	347
Wind	131	128	128	179
Biomass	29	40	40	40

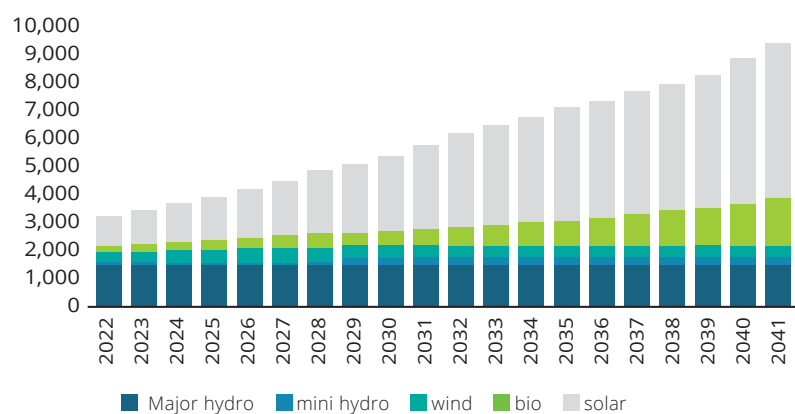
Non-Conventional Renewable Energy (NCRE) Sector as of 31st May 2020

Project type	No. of project	Capacity (MW)
Mini Hydro Power	181	353.744
Wind Power	15	128.85
Biomass-Agricultural & Industrial Waste Power	4	13.08
Biomass- Dendro Power	5	11.02
Solar Power	8	51.36

TOTAL RENEWABLE ENERGY CAPACITY DEVELOPMENT

In the long term, the total other renewable energy (ORE) is expected to increase as indicated below:

TOTAL RENEWABLE ENERGY CAPACITY DEVELOPMENT (MW)



CORPORATE GOVERNANCE CHECK LIST

COMPLIANCE WITH CSE CONTINUING LISTING REQUIREMENTS

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

CORPORATE GOVERNANCE CHECK LIST

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

RISK MANAGEMENT

OUR STRATEGY

The long-term success of any business depends on its ability to identify uncertainties in advance and design the processes to face the same. A robust risk management system ensures the uncertainties are identified on time and responded appropriately.

We understand our long-term success is contingent on discovering and assessing business opportunities and threats, and responding them on time, in an effective manner. The designed Enterprise Risk Management process in LAUGFS enables the organisation to identify, analyse and respond to the risk in reducing exposure or to exploring opportunities.

LAUGFS' ERM approach is ingrained across the organisation and operates across all layers, for example; Storeroom as well as in the Boardroom. Our ERM approach enabling a 360-degree perspective of the organisation and focuses on multiple risk categories such as business risk, financial risk, and compliance risk, among others.

Identified risks are mapped through the LAUGFS ERM methodology, mapped on risk heat maps. Risk heat maps serve as a baseline for productive conversations in leadership meetings and in meetings where key decisions are being made.

Overall objective of the LAUGFS ERM program is creating an agile organisation, which will detect and respond to risk on time and grow to become more valuable to stakeholders.

RISK GOVERNANCE

In managing risk governance, the Audit Committee and the Group Risk and Control assist the Board of Directors. The Audit Committee provides assistance to the Board by analysing risk registers, examining internal audit reports, recommending corrective actions, and conducting a bi-annual risk profile evaluation. The Group's risk management structure is overseen by the Board of Directors, which determines risk appetite and evaluate the effectiveness of risk mitigation strategies while audit committee provide oversight over risk management process.

With the current challenges faced by the country and the company, managing risk has become an essential activity in every corporate management meeting. Various committees and functions have been assigned to focus and manage the risks faced. Senior leadership team provides the required leadership and insights to manage the risk.



BOARD OF DIRECTORS

- Approve risk management policies and procedures of the Group
- Uncompromising oversight over risks encountered and actions taken to mitigate them

AUDIT COMMITTEE

- Assess the adequacy of risk management practices adopted and related internal controls
- Evaluate the adequacy of actions taken to manage the risks

CORPORATE MANAGEMENT TEAM

- Implement the risk management policies and procedures across the Group
- Upholding the primary responsibility of identifying and managing key risks

GROUP RISK & CONTROL DIVISION

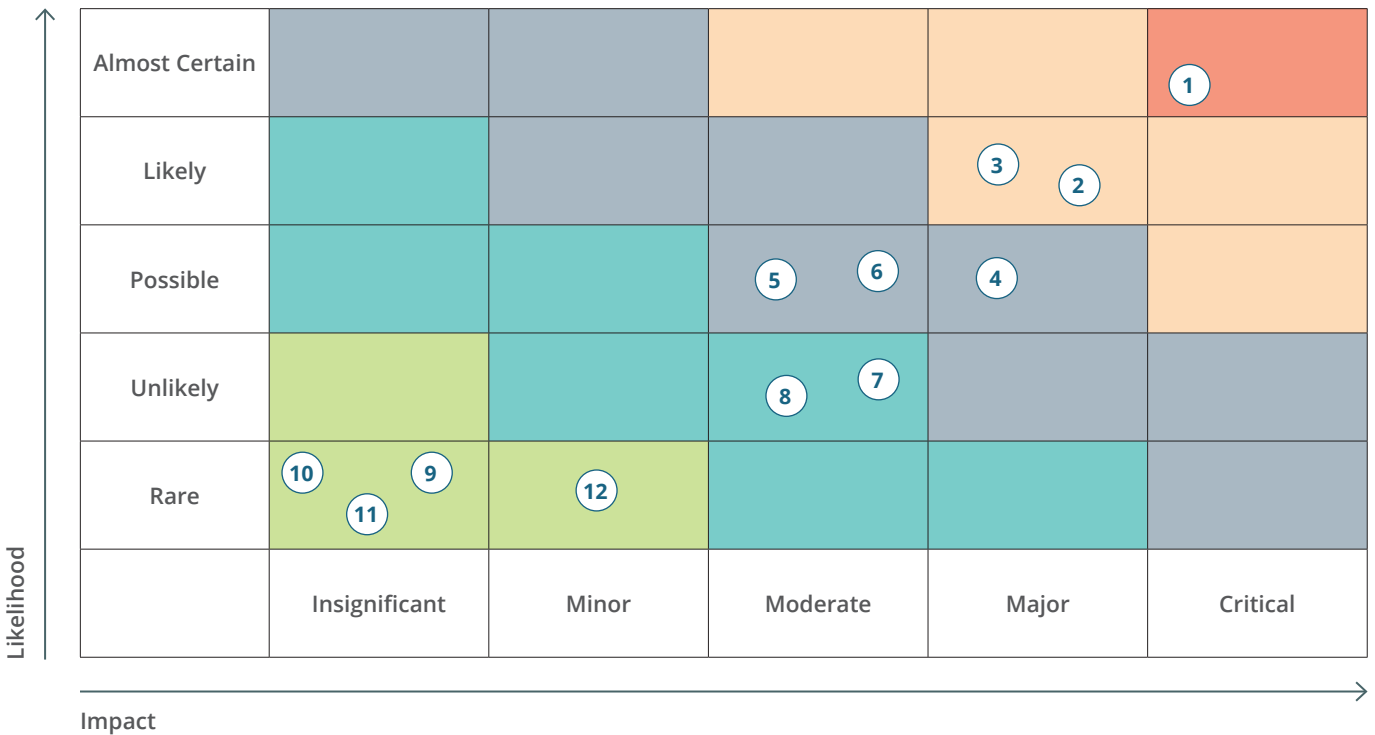
- Assists in rolling out the risk management program
- Evaluates the effectiveness of risk management program, actions taken to manage individual risk and related internal controls

Group Risk & Control has taken initial steps towards implementing ISO 31000 in order to streamline the risk management practices across the group. With the implementation of ISO 31000, it is expected that LAUGFS ERM framework will further strengthen and streamline Group's risk management capabilities.

RISK MANAGEMENT

KEY RISKS

Understanding the risks and opportunities that impact our business, society and environment or influence stakeholder decisions is a crucial element in addressing them. Each year, the Group evaluates material issues to better understand and manage these risks and opportunities. In partnership with our stakeholders and the Group's management team, risks are prioritised to identify material risks and opportunities. Influence of country risk and prevailing political and economic uncertainties, regulatory pressures, changes in the business environment, were among the major risks that both our company and its stakeholders were exposed to during the year.



Risk Rating	What it means
Extreme	<ul style="list-style-type: none"> Board attention is required
High	<ul style="list-style-type: none"> Immediate action by senior management with a detailed research and management of risk through appropriate responses
Significant	<ul style="list-style-type: none"> Senior management attention required Management responsibility specified Risk should be treated using one or more of the risk treatment options
Moderate	<ul style="list-style-type: none"> Risk should be treated using one or more of the risk treatment options Risk should be managed using specific monitoring or treatment procedures
Low	<ul style="list-style-type: none"> Risk is accepted with minimal treatment and can normally be managed using existing routine procedures Low risks need to be monitored and periodically reviewed to ensure they remain acceptable

Key Risk	Management Approach	Risk Rating
1. Credit Risk (Challenges in collecting overdue amounts on time)	<ul style="list-style-type: none"> Conducting continuous follow ups on receivable balances. However due to the current economic and market conditions it is challenging to receive payments on time. 	Extreme
2. Interest Rate risk (Adverse impact on profitability due to the interest rate fluctuations)	<ul style="list-style-type: none"> The company maintains proper combination of fixed and variable borrowing rates, which assist to minimise the risk of negative variations of interest rates. However, current policy rate increases have adversely affected company's cash flows. 	High
3. Climate Risk (Adverse impact on the operations due to changing weather patterns)	<ul style="list-style-type: none"> The company has diversified its renewable energy projects geographically and technologically to hydro power plants and solar power plants. Hydrological liability is mainly a risk of drought. Projects are built on the basis of previous hydrological data analyses that minimise the chance of any divergence from their expected energy targets. 	High
4. Risk of Working Capital Management (Challenges in managing the working capital)	<ul style="list-style-type: none"> Conducting of detailed cash flow forecasting on regular basis. Conducting negotiations with suppliers for extended credit terms. Group Treasury involvement in borrowing negotiations. Conducting activities on loan restructuring. 	Significant
5. Political Instability & Country Risk (The risk of government policy changes affecting the business decisions and performance)	<ul style="list-style-type: none"> Continuous lobbying with Sri Lanka Government and CEB for implementation of better policies and stability of their implementation. LAUGFS investment committee and LAUGFS Power PLC management team conducts due diligence considering the political risk and how it will affect the projects in the long term. The Company is seeking out for foreign opportunities. 	Significant
6. Environmental Risk (Potential disaster events affecting the operations)	<ul style="list-style-type: none"> Company has considered the environmental factors in the project designing stage itself. Technical and specialised support from external technical experts in handling such potential adverse cases. Appropriate insurance covers are in place. Technical team of LAUGFS Power PLC regularly monitor the weather patterns. 	Significant
7. Legal Risk (Risk of liabilities arising from third parties and non-compliance with laws and regulations)	<ul style="list-style-type: none"> LAUGFS has taken appropriate insurance covers. The Company is consulting expertise for any matters arising due to litigation. LAUGFS as the Group adopts mandatory and voluntary corporate governance best practices and environmental, legal and compliance best practices. Company is conducting mandatory compliance review procedure prior to commencement of a project. 	Moderate

RISK MANAGEMENT

Key Risk	Management Approach	Risk Rating
8. Social risk (Potential adverse relationship with communities in the vicinity of the projects)	<ul style="list-style-type: none"> Intervention in line with the degree of relevance and the effect that the stakeholders will have on the affairs of the Company. As most of our power plants are located in rural areas, the organisation establishes a long-term relationship with the community through continuous interactions, welfare and CSR programs, and providing job opportunities to the local community. LAUGFS keep close relationships with all stakeholders including regulatory authorities. 	Moderate
9. Health & Safety Risk (The risk of employees getting exposed to accidents during the working hours in the power plant construction site and the office space)	<ul style="list-style-type: none"> The employees at project's construction and operation sites are provided with all the required safety equipment. Safety procedure trainings, fire trainings and HSE audits are carried out on a periodic manner. Apart from the trainings, plant operating instructions and visual aids related to safety measures are in place at the work locations. The company strives for a zero-accidents at workplace status. Insurance policies are in place to mitigate consequence by transferring financial risk exposure to 3rd party. 	Low
10. Operational Risk (Risk of disruption to operations due to potential failure of plant's machine breakdowns or labour issues)	<ul style="list-style-type: none"> Availability of operating procedure manual at all the plants. Providing regular trainings. Pre-scheduled maintenance of the equipment. Conducting periodic audits where the critical findings are escalated to the Board of Directors. Effective communication with the CEB engineers. Conducting corrective maintenance procedures in the plants. Maintaining of required critical tools and spare parts in the plants. 	Low
11. Human Resource Risk (Threats would lead to low efficiency in the company as well as disruptions to the operations)	<ul style="list-style-type: none"> Company has developed a cordial working relationship with the employees. Remuneration is maintained at the level of industry. Company is conducting on the job training and special training programs for the employees. 	Low
12. Information & Cyber Security Risk (Adverse impact on losses or harm stemming from an organisation's information and communication systems)	<ul style="list-style-type: none"> Group IT of LAUGFS continuously monitor on the IT systems established. Compliance with the ISO 27001 – Information Security Management Systems. Group IT is conducting continues awareness on malware attacks. Access to sensitive information are limited only to authorised personnel. 	Low

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

The Board of Directors of LAUGFS Power PLC has pleasure in presenting the Annual Report and the Audited Financial Statements of the Company and its subsidiaries for the financial year ended 31st March 2022. LAUGFS Power PLC is a public limited company incorporated in Sri Lanka under the Companies Act No. 17 of 1982 and re-registered as required under the provisions of Companies Act No. 7 of 2007 and listed on the Diri Savi Board of the Colombo Stock Exchange since 30th October 2019.

PRINCIPAL ACTIVITIES

The principal activities of LAUGFS Power PLC is construction and management of renewable energy projects in the fields of solar and hydro resources and transmitting such generated electricity to the national grid. During the year under review, the principal activities of the companies within the Group were as follows:

LAUGFS Power PLC – Engaged in hydro and solar power generation

Iris Eco Power Lanka (Pvt.) Ltd. - Engaged in Solar power generation

Anorchi Lanka (Pvt.) Ltd. - Engaged in solar power generation

Ginigathhena Thiniyagala Mini Hydro Power (Pvt.) Ltd. - Engaged in hydro power generation

Pams Power (Pvt.) Ltd. – Engaged in construction of a hydro power generation project.

The Company and the Group has not engaged in any activity which contravene any local, foreign or international law or regulations.

BUSINESS REVIEW

A review of the financial and operational performance and future business developments of the Group, sectors, and its business units are described in the

Chairman's message, Deputy Chairman's message, management discussion and analysis section of the Annual Report. These Reports together with the Audited Financial Statements reflect the state of the affairs of the Company and its subsidiaries. Segment wise contribution to group revenue, results, assets and liabilities is provided in Note 3 to the Financial Statements.

RESULTS AND APPROPRIATIONS

Revenue generated by the Company for the year under review amounted to Rs. 94.7 Mn whilst Group revenue amounted to Rs. 1,027.7 Mn Contribution to group revenue, from the different business segments carried out by the subsidiaries are provided in Note 3 to the Financial Statements.

FINANCIAL STATEMENTS AND THE REPORT OF THE AUDITORS

The Financial Statements of the Company and the Group for the year ended 31st March 2022 as approved by the Board of Directors on the 31st August 2022 are given on pages 45 to 96 The Auditors' Report on the Financial Statements of the Company and the Group is given on page 42 to 44.

ACCOUNTING POLICIES

A note on the Accounting Policies adopted in the preparation and presentation of the Financial Statements are given on pages 50 to 62 There were no material changes in the Accounting Policies adopted by the Company and its subsidiaries during the year under review.

DONATIONS

Total donations made by the Company and its subsidiaries during the year under review amounted to Rs. 36,400 Of these, the donations to approved charities were Rs. Nil These amounts do not include contributions on account of Corporate Social Responsibility (CSR) initiatives.

INVESTMENTS

Total investments of the Company in subsidiaries, associate and other equity investments amounted to Rs. 2,932 Mn The details of the investments are given in Note No. 9 to the Financial Statements.

PROPERTY, PLANT AND EQUIPMENT

The net book value of property, plant and equipment as at the balance sheet date amounted to Rs. 354 Mn and Rs. 3,840 Mn for the Company and Group respectively. Total capital expenditure during the year for acquisition of property, plant and equipment by the Company and the Group amounted to Rs. 0.6 Mn and Rs. 1.8 Mn respectively. Details of property, plant and equipment are given in Note No. 7 to the Financial Statements.

STATED CAPITAL AND RESERVES

The stated capital of the Company remains at Rs. 1,880,000,000 as at 31st March 2022, which consist of 335,000,086 ordinary voting and 52,000,000 ordinary non-voting shares. The total Group Equity was Rs. 2,044 Mn as at 31st March 2022.

INTERNAL CONTROL AND RISK MANAGEMENT

The Directors acknowledge their responsibility for the Group's system of internal control. The systems are designed to provide reasonable assurance that the assets of the Group are safeguarded and to ensure that proper accounting records are maintained.

The Board of Directors having reviewed the system of internal control is satisfied with the systems and measures in effect at the date of signing this Annual Report.

HUMAN RESOURCES

The Company has an equal opportunity policy and these principles are enshrined in specific selection, training, development and promotion policies, ensuring that all decisions are based on merit. The Group practices equality

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

of opportunity for all employees irrespective of ethnic origin, religion, political opinion, gender, marital status or physical disability. Further the Company continued to appropriate human resources management policies to develop the team and focus their contribution towards the achievement of corporate goals.

BOARD OF DIRECTORS

The Board of Directors of the Company and their brief profiles are given on the pages 14 to 17 Accordingly the following persons were the Directors of the Company as at 31st March 2022.

- (a) Mr. W. K. H. Wegapitiya - Group Chairman
Non Independent-Executive Director
- (b) Mr. U. K. Thilak De Silva - Group Deputy Chairman
Non Independent-Executive Director
- (c) Mr. P. Kudabalage Group Managing Director/ GCEO
Non Independent-Executive Director
- (d) Mr. N. M. Prakash - Independent Non-Executive Director
(Resigned w.e.f 31st May 2022)
- (e) Mr. P. M. B. Fernando - Independent Non-Executive Director
- (F) Prof. S.P.P. Amaratunge - Independent Non-Executive Director
(Appointed w.e.f 15th August 2022)
- (g) Mr K.R. Goonesinghe
Independent Non-Executive Director
(Appointed w.e.f 15th August 2022)

BOARD COMMITTEES

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

AUDIT COMMITTEE

The Audit Committee comprises of three members namely Mr. P. M. B. Fernando (Chairman of the Audit Committee), Prof. S.P.P. Amaratunge (Appointed w.e.f 15th August 2022) and Mr K.R. Goonesinghe (Appointed w.e.f 15th August 2022). Mr. N. M. Prakash (Resigned w.e.f 31st May 2022)

The broad purpose of this Committee is to oversee the preparation, presentation and adequacy of the disclosure of information in Financial Statements in accordance with Sri Lanka Accounting Standards and all other statutory requirements. The Audit Committee also ensures that the Company's internal control system and Risk Management procedure are up to industrial standards. The Committee also assesses the independence and performance of the Company's Auditors. The report of the Audit Committee is given under the Board committee reports section of the Annual Report.

RELATED PARTY TRANSACTIONS COMMITTEE REVIEW

The Related Party Transactions Committee Review comprises Mr. P.M.B Fernando (Chairman of the Committee), Prof. S.P.P. Amaratunge (Appointed w.e.f 15th August 2022) and Mr K.R. Goonesinghe (Appointed w.e.f 15th August 2022). Mr. N. M. Prakash (Resigned w.e.f 31st May 2022)

This Committee has been established as a requirement under Section 9 of the Colombo Stock Exchange Listing Rules, in order to monitor and regulate related party transactions in the best interests of the shareholders in order to ensure that the operations of the Group of Companies are compliant with Section 9 of the Colombo Stock Exchange Listing Rules.

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

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

REMUNERATION COMMITTEE

The Remuneration Committee comprises of Mr. P.M.B Fernando (Chairman of the Committee), Prof. S.P.P. Amaratunge (Appointed w.e.f 15th August 2022) and Mr K.R. Goonesinghe (Appointed w.e.f 15th August 2022). Mr. N. M. Prakash (Resigned w.e.f 31st May 2022) This Committee recommends the remuneration payable to the Executive Directors and sets guidelines for the remuneration of the Senior Management of the Company. The Board makes the final determination having considered the recommendations of the Remuneration Committee and also the performance of the Senior Management. The report of the remuneration committee is given under the Board Committee reports section of the Annual Report and the Remuneration Policy is given in the corporate governance report.

INTEREST REGISTER

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

DIRECTORS' INTEREST IN CONTRACTS

Directors' interest in contracts are disclosed in the related party transactions under Note 20 to the Financial Statements.

DIRECTORS SHAREHOLDING

The shareholdings of the Directors of the Company as at 31st March 2022, and as defined under the Listing Rules of Colombo Stock Exchange are as follows.

Mr. W. K. H. Wegapitiya and Mr. U. K. Thilak De Silva are shareholders of LAUGFS Holdings Limited, which is the Holding Company which holds a significant stake of the Company directly.

LPL N	No. of Shares	%
Mr. W. K. H. Wegapitiya	1,411,536	0.421
Mr. U. K. T. N. De Silva	1,077,897	0.322
Mr. N. M. Prakash - (Resigned w.e.f 31st May 2022)	17,000	0.005
Mr. P. M. B. Fernando	100	0.000
Mr. P. Kudabalage	Nil	Nil
Prof. S.P.P. Amaratunge (Appointed w.e.f 15th August 2022)	Nil	Nil
Mr K.R. Goonesinghe (Appointed w.e.f 15th August 2022)	Nil	Nil

LPL X	No. of Shares	%
Mr. W. K. H. Wegapitiya	Nil	Nil
Mr. U. K. T. N. De Silva	Nil	Nil
Mr. N. M. Prakash - (Resigned w.e.f 31st May 2022)	Nil	Nil
Mr. P. M. B. Fernando	Nil	Nil
Mr. P. Kudabalage	Nil	Nil
Prof. S.P.P. Amaratunge (Appointed w.e.f 15th August 2022)	Nil	Nil
Mr K.R. Goonesinghe (Appointed w.e.f 15th August 2022)	Nil	Nil

DIRECTORS' REMUNERATION

Directors' remuneration is established within a framework approved by the Remuneration Committee. Directors' remuneration in respect of the Company for the year is given in Note 20.5 to the Financial Statements.

SHARE INFORMATION

Information relating to earnings, dividends, net assets and market value per share is given on page 97. The distribution and the composition of shareholding are given on page 98 and 99 of this Annual Report.

The details of the twenty major shareholders of the Company including the number of shares held by them are given on page 100 and 101 of the Annual Report.

CORPORATE GOVERNANCE

The Board of Directors has ensured that the Company has complied with

the Listing Rules of the Colombo Stock Exchange and the Code of Best Practices on corporate governance issued by the Securities and Exchange Commission and the Institute of Chartered Accountants of Sri Lanka. Directors are committed towards the furtherance of corporate governance principles of the Company. The measures taken in this regard are

set out in the corporate governance. Further the Directors declare that the Company has not engaged in any activity which contravenes laws and regulations. All material interest in contracts involving the Company have been declared by the Directors and they have refrained from voting on matters in which they were materially interested, the Company has made all endeavours to ensure the equitable treatment of shareholders, the business is a going concern and a review of internal controls covering financials, operational and compliance controls and risk management has been conducted and the Directors have obtained a reasonable assurance of their effectiveness and successful adherence.

ENVIRONMENT

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

STATUTORY PAYMENTS

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

GOING CONCERN

The Board of Directors are satisfied that the Company, its subsidiaries and associates, have adequate resources to continue in

operational existence for the foreseeable future, to justify adopting the going concern basis in preparing these Financial Statements.

DIVIDENDS

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

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

AUDITORS

Messrs. Ernst & Young, Chartered Accountants are deemed re-appointed in terms of Section 158 of the Companies Act No. 07 of 2007 as the Auditors of the Company. A resolution to authorise the Directors to determine the remuneration of the Auditors will be proposed at the forthcoming Annual General Meeting. Total audit fees paid to Messrs. Ernst & Young by the Company and the Group are disclosed in Note. 4.5 to the Financial Statements. The Auditors of the Company and its subsidiaries have confirmed that they do not have any relationship with the Company or its subsidiaries (other than the Auditor) that would have an impact on their independence.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 27th September 2022 at 10.00 am at the Head office of LAUGFS Holdings Ltd as a virtual meeting. The notice of meeting appears in the supplementary information section of the comprehensive Annual Report.

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

By Order of the Board



W.K.H. Wegapitiya
Group Chairman



U.K. Thilak De Silva
Group Deputy Chairman



PW Corporate Secretarial (Pvt) Ltd.
Secretaries

31st August 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible under the Companies Act No. 07 of 2007, to ensure compliance of the requirements set out therein to prepare Financial Statements for each financial year giving a true and fair view of the state of the affairs of the Company and its subsidiaries as at the balance sheet date and the profit of the Company and its subsidiaries for the financial year. Further the Board of Directors ensures the compliance of all the regulatory requirements imposed by the Listing Rules of the Colombo Stock Exchange and other applicable statutory and regulatory provisions.

The Financial Statements comprise:

- The Statements of Financial Position, which presents a true and fair view of the state of affairs of the Company and its subsidiaries as at the end of the financial year.
- The Statements of Comprehensive Income, which presents a true and fair view of the profit or loss and/or other comprehensive income of the Company and its subsidiaries for the financial year.
- The Board of Directors accepts the responsibility for the integrity and objectivity of the Financial Statements prepared and presented. The Directors confirm that the Financial Statements have been prepared;
- Using appropriate and applicable accounting policies which have been selected and applied in a consistent manner, and material departures, if any, have been disclosed and explained; and
- Presented in accordance with the Sri Lanka Financial Reporting Standards (SLFRS); and that

- Reasonable and prudent judgements and estimates have been made so that the form and substance of transactions are properly reflected; and
- Provides the information required by and otherwise comply with the Companies Act and the Listing Rules of the Colombo Stock Exchange.

The Directors confirm that the Financial Statements have been prepared on a going concern basis and are of the view that sufficient funds and other resources are available within the Company and its subsidiaries to continue its operations and to facilitate planned future expansions and capital commitments.

Further, the Directors ensure that the Company maintains sufficient accounting records to disclose, with reasonable accuracy the financial position of the company and its subsidiaries.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Company and of the Group and in this regard to give proper consideration to the establishment of appropriate internal control systems with a view to preventing and detecting fraud and other irregularities.

The Directors are required to prepare the Financial Statements and to provide the Auditors with every opportunity to take whatever steps and undertake whatever inspections that may be considered being appropriate to enable them to give their audit opinion.

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

COMPLIANCE REPORT

The Directors confirm that to the best of their knowledge and belief that all statutory payments in relation to regulatory and statutory authorities that were due in respect of the Company and its subsidiaries as at the balance sheet date have been duly paid or where relevant provided for.

By Order of the Board



P W Corporate Secretarial (Pvt) Ltd.
Secretaries

31st August 2022

AUDIT COMMITTEE REPORT

REPORT OF THE BOARD AUDIT COMMITTEE

The Audit Committee is a formally constituted Sub-Committee of the Board of Directors. This report outlines how the Committee discharged its responsibilities during the year in relation to financial and other reporting, risk management and internal control, the Internal Audit function and our relationship and interaction with the external auditor.

The primary function of the committee is to oversee the preparation, presentation and adequacy of disclosures in the financial statements of LAUGFS Power PLC and its subsidiaries, in accordance with Sri Lanka Accounting Standards, in order to provide additional assurance to the Board of Directors on the reliability of its financial statements and processes set.

ROLE OF THE COMMITTEE

The Audit Committee's primary responsibility is to assist the Board in carrying out its oversight duties in areas such as the risk management process, effectiveness of the prevailing internal control system, regulatory and statutory compliance and the integrity of financial reporting of LAUGFS Power PLC and its subsidiaries, in accordance with Sri Lanka Accounting Standards. The Audit Committee is also in charge of evaluating the quality of audit conducted by the external auditor, as well as the independence and objectivity of the external auditor, and making a recommendation to the Board on the external auditor's appointment or reappointment. The Committee also assesses the adequacy and performance of the Internal Audit function, established by the company.

The terms of reference of the Committee are clearly set out in the Audit Committee charter. The Audit Committee charter is periodically reviewed and revised with the concurrence of the Board of Directors to ensure that new developments relating to the function of the Committee are adopted.

MANDATE

To review and monitor:

The scope of functions and responsibilities are adequately set out in the terms of reference of the Committee which has been approved by the Board and is reviewed periodically.

- External financial reporting obligations of the Company, including its obligations under the Colombo Stock Exchange Listing Rules, Rules/Regulations of the Securities and Exchange Commission and Companies Act No. 7 of 2007.
- Review & evaluate the performance of the Company's internal audit function. Ensuring the efficiency, effectiveness and adequacy of the Company's internal controls and risk management measures.
- Maintaining an effective system of internal control, compliance with legal and regulatory requirements that may have a material impact on the Company and its financial statements.
- Ensuring that high standards of Corporate Governance are in place by adopting and adhering to policies and procedures of the Company which are in compliance with Code of Best Practices on Corporate Governance jointly advocated by the Securities and Exchange Commission of Sri Lanka (SEC) and the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).
- Evaluating and reviewing the independence of the External Auditors. Making a recommendation to the Board on the appointment or re-appointment, Dismissal, service period and audit fee of the external auditor.
- Review and evaluate all auditing and non-audit services performed by the external auditors to ensure that their independence is not impaired.

COMPOSITION OF THE AUDIT COMMITTEE

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

Name of the KMP	Directorship status
Mr. Mayura Fernando	Chairman/Non-Executive Director
Mr. N Murali Prakash	Member/Non-Executive Director (Resigned W.E.F 31/05/2022)
Mr. K.R Goonasinghe	Member/Non-Executive Director (Appointed on 15/08/2022)
Prof. S.P.P Amarathunga	Member/Non-Executive Director (Appointed on 15/08/2022)

The Board is satisfied that together, the members of the Committee, as set out in their biographical details on pages 16 and 17 bring a broad range of relevant skills, experience and expertise, from a wide variety of industries and backgrounds, and as a whole have competence relevant to the sectors in which the Group operates. The Chief Internal Auditor, Mr Prasenna Balachandran serves as the Secretary of the committee.

COMMITTEE MEETINGS

The Committee met four times during the financial year and the meetings attendance of the members is set-out in the table below,

Name of the Board Committee member	Attended/ Eligibility
Mr Mayura Fernando	4/4
Mr N Murali Prakash	4/4

Group Chairman, Group Deputy Chairman, Group Managing Director/ Group CEO, Group Finance Director, Chief Operating Officer, Chief Financial Officer, Manager-Finance and the Chief Legal Officer, attend meetings at the invitation of the Committee. As well as representatives of the external auditor are invited to attend meetings of the Committee. Other key executives and

senior management are invited to attend to present and provide deeper insight on various topics as are required by the Committee to discharge its duties.

The activities and views of the Committee have been communicated to the Board of Directors quarterly through verbal briefings, and by tabling the minutes of the Committee meetings.

FINANCIAL REPORTING

The Committee reviewed the financial reporting system adopted by the Group in the preparation of its quarterly and annual Financial Statements to ensure the reliability of the processes and consistency of the accounting policies and methods adopted and their compliance with the Sri Lanka Financial Reporting Standards.

The Audit Committee reviewed the Interim Management Statements, the Interim and Annual Consolidated Financial Statements and all formal announcements relating to these statements before submitting them to the Board of Directors with a recommendation to approve. When annual financial statements are considered, the External Auditors are also invited to attend discussions and to obtain clarifications.

The Committee, in its evaluation of the financial reporting system also recognised the sufficiency of the content and quality of periodic management information reports forwarded to its members.

INTERNAL AUDIT

The Audit Committee is responsible for monitoring and reviewing the operation and effectiveness of the Group Internal Audit function including its focus, plans, activities and resources. To fulfill these duties the Committee:

- reviewed and approved the Group Internal Audit function's charter, strategy and annual plan;
- considered and were satisfied that the competencies, experience and

level of resources within the Internal Audit team were adequate to achieve the proposed plan;

- considered the role and effectiveness of Internal Audit in the overall context of the Group's risk management framework and was satisfied that the function has appropriate standing within the Group;
- received quarterly updates from the Internal Audit function on the delivery of the 2021/22 plan and on the principal findings from the work of Internal Audit and management's actions to remediate issues identified;
- considered the impact of remote versus on-site auditing in certain jurisdictions as a result of COVID-19 travel restrictions;

EXTERNAL AUDIT

- The External Auditors' Letter of Engagement, including the scope of the audit, was reviewed and discussed by the Committee with the External Auditors and management prior to the commencement of the audit.
- The Committee also met the External Auditors, prior to the finalisation of the financial statements. The External Auditors' reports on the audit of the Company and Group financial statements for the year, were discussed with both Management and Auditors. The members of the Committee had a separate meeting with the auditors to discuss issues of a sensitive nature that may have arisen during the audit if any.

The Committee reviewed the management letter issued by them based on their audit and considered actions to be taken to rectify any weaknesses in internal controls based on their recommendations.

The Committee also reviewed the arrangements made by the Auditors to maintain their independence and

confirmation has been received from the Auditors of their compliance with the independence guidance given in the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka. The Committee is satisfied that the independence of the External Auditors has not been impaired by any non-audit services performed by them.

The performance of the External Auditors and the quality of their work has been evaluated and discussed with the senior management of the Company and the Committee has recommended to the Board that Messer Ernst & Young be re-appointed as the auditors of the Group for the financial year ending 31st March 2023, subject to approval by the shareholders at the Annual General Meeting, at a remuneration to be decided by the Management.



P.M.B Fernando
Chairman,
Audit Committee
LAUGFS Power PLC

31st August 2022

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

This report of the Related Party Transactions Review Committee for the year ended 31st March 2022 envisages an overview of the committee's work in discharging its responsibilities.

PURPOSE OF THE COMMITTEE COMPOSITION AND ATTENDANCE

The Committee comprises a combination of Executive and Non-Executive Directors, the majority of whom are independent and non-Executive. The Chairman of the Committee is an Independent Non-Executive Director,

Name of the KMP	Directorship status
Mr. Mayura Fernando	Chairman/Non-Executive Director (Appointed on 15/08/2022)
Mr. N Murali Prakash	Chairman/Non-Executive Director (Resigned W.E.F 31/05/2022)
Mr. K.R Goonasinghe	Member/Non-Executive Director (Appointed on 15/08/2022)
Prof. S.P.P Amarathunga	Member/Non-Executive Director (Appointed on 15/08/2022)

Regular attendees by invitation	
Group Chairman	Group Deputy Chairman
Group Managing Director/GCEO	Chief Operating Officer
Group Director – Finance	Chief Financial Officer
Manager - Finance	Chief Legal Officer

Mr Prasenna Balachandran, Chief Internal Auditor, served as the Secretary to the Committee.

The Committee met four (04) times during the financial year ended March 31, 2022, and the proceedings of the Committee meetings have been regularly reported through verbal briefings and by tabling the minutes of the Committee's meetings. The meeting attendance of the members is set out in the table below,

Name of the Board Committee member	Attended/ Eligibility
Mr Murali Prakash	4/4
Mr Mayura Fernando	4/4

DUTIES AND RESPONSIBILITIES

The Related Party Transactions Review Committee carries out the following duties and responsibilities:

- Reviewing Related Party Transactions of the Company except those explicitly exempted under the Listing Rules.
- Adopting policies and procedures to review Related Party Transactions of the Company and set out guidelines and methods for the capturing and reviewing of Related Party Transactions,
- Assessing whether the Related Party Transactions are in the best interests of the Company and its shareholders as a whole.

- Defining and establishing threshold values for listed companies as per the Code, which requires discussion in detail of RPTs that have to be pre-approved by the Board, those that require immediate market disclosure, those that require Shareholder approval and RPTs which require disclosure in the Annual Report.

- To review all proposed Related Party Transactions of the Group either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.

- Providing guidelines that Senior Management must follow in dealing with Related Parties, including conformance with the Transfer Pricing regulations and the Code.

- Where necessary, to escalate matters to the Board for review prior to the execution of any Related Party Transaction.

- To review and recommend the acquisition or disposal of substantial assets between related parties, including but not limited to obtaining 'competent advice' from independent professional experts on valuations and related aspects as deemed required.

METHODOLOGY ADOPTED BY THE COMMITTEE

Keeping in line with the guiding principles, self-declarations are obtained from each Director and Key Management Personnel (KMP) of the Company to identify parties related to the Directors & KMPs. Through this, the Company adopts a disclosure-based approach to identifying the related parties.

The Committee introduced policies and guidelines for adopting RPT for LAUGFS Power PLC in complying with the Code of Best Practices & Section 09 of the listing rules. In doing so, transaction threshold

values that required detailed discussion, prior approvals, and Recurrent RPTs requiring annual reviews were established, and reporting templates were approved by the Committee.

KEY FUNCTIONS PERFORMED DURING THE YEAR UNDER REVIEW

Continuous initiatives were taken by the committee in making awareness of strict compliance with section 09 of the listing rules. During the year, the Committee reviewed the process and recognised the adequacy of the content and quality of the information forwarded to its members by the management.

The committee reviewed and strengthened the RPTR Charter within the financial year to provide more clarity on the current business context. The committee quarterly monitored the recurrent transactions and their compliance with the approved values and, where required, directed them to the relevant Boards for further directions. The training was conducted for all KMPs and other functional heads to increase awareness of all regulations under the RPTR scope by an industry specialist.

There are no non-recurrent transactions and recurrent transactions that exceeded the threshold values during the period under review, treated under section 9.3.2.b Disclosures in the Annual Report.

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



P.M.B Fernando
Chairman- Related Party Transaction
Review Committee
LAUGFS Power PLC

31st August 2022

REMUNERATION COMMITTEE

COMPOSITION

The committee comprises of Non-Executive & Independent Non-Executive Directors and operates within agreed terms of reference. Composition of the committee;

1. Mr. P. M. B. Fernando – Independent/ Non-Executive Director
2. Mr. N. M. Prakash – Independent/ Non-Executive Director (Resigned w.e.f 31st May 2022)
3. Mr. K. R. Goonesinghe – Independent/ Non-Executive Director (Appointed w.e.f 15th August 2022)
4. Prof. S. P. P. Amaratunge – Independent/Non-Executive Director (Appointed w.e.f 15th August 2022)

With the resignation of Mr. P. M. B. Fernando (Independent/Non-Executive Director) with effect from 31st May 2022, Mr. K. R. Goonesinghe and Prof. S.P.P Amaratunge, Independent/Non-Executive Directors was appointed as members with effect from 15th August 2022.

KEY RESPONSIBILITIES

- To make recommendations to the Board on Company's remuneration policy/structure and its specific application to the Board of Directors, Executive Directors and general application to the Key Management Personnel (KMP)
- To review and make recommendations on the remuneration and incentive framework, including any proposed equity incentive awards, including terminal benefits/pension rights for the Executive Directors and KMPs.
- To evaluate the performance of the Chief Executive Officers and KMPs and to ensure that management development plans and succession plans are in place for Executive Directors and KMPs.

- Effective communication with shareholders on the remuneration policy and the committee's work on behalf of the Board through a Remuneration Committee Report.
- To make recommendations at the appropriate service contracts are available for Executive Directors.
- To review and approve compensation payable to Executive Directors and Senior Management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive.
- To ensure that no Director or any of his associates is involved in deciding his own remuneration.
- To review from time to time as appropriate the Terms of Reference and the effectiveness of the Remuneration Committee and recommend to the Board any necessary changes.

ACTIVITIES IN 2021/22

Identified Key Challenges


1. Cost optimisation and business sustainability.
2. Critical talent identification and retention.
3. Rectifying salary anomalies to be on par with industry norms.
4. Extending the performance-based culture amidst current business challenges.

Given the enormity of the challenges faced by the business due to the covid pandemic and the subsequent economic crisis, talent management and cost optimisations became critical for business continuity. These were key focus areas during the financial year under review, and based on the guidelines/policies in place, the HR team

was involved in identifying and retaining critical talent along with cost optimisation and adjusting remuneration as required based on performance and salary anomaly corrections.

The remuneration and the bonus payable to the Chief Executive and key management personnel for the year under review were based on agreed policies with due consideration of performance and talent management aspects stated above, aligning with the industry norms and requirements.

Committee would review the future activities more closely, keeping in mind the above challenges and the scope of its responsibilities into the new year with a renewed focus.



P.M.B Fernando
Chairman- Remuneration Committee
LAUGFS Power PLC

31st August 2022

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INDEPENDENT AUDITORS' REPORT



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TO THE SHAREHOLDERS OF LAUGFS POWER PLC REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the Financial Statements of LAUGFS Power PLC (the "Company"), and the consolidated Financial Statements of the Company and its subsidiaries (the "Group"), which comprise the statement of financial position as at 31 March 2022, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion, the accompanying Financial Statements of the Company and Group give a true and fair view of the financial position of the Company and

Group as at 31 March 2022, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were

of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming the auditors' opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Financial Statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Financial Statements.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Assessment of Impairment of Cash Generating Units (CGUs)</p> <p>Power plant CGUs were tested for impairment and as a result of impairment of CGUs, the related Goodwill of Rs. 639 Mn was impaired in full and Rs. 623 Mn of Property, Plant and Equipment were impaired during the year.</p> <p>The CGUs were tested during the year based on the recoverable amount determined by Management using value in use (VIU) computations.</p> <p>Such Management VIU calculations are based on the discounted future cash-flows of each CGU.</p> <p>This was a key audit matter due to:</p> <ul style="list-style-type: none"> The degree of assumptions, judgements and estimates associated with deriving the estimated future cashflows used for value in use calculations considering current economic conditions. <p>Key areas of significant judgments, estimates and assumptions included key inputs and assumptions related to the value in use computations of future cash flows, growth rates used for extrapolation purposes, discount rates and tariff rates including the potential impacts of the prevailing economic conditions of the country as disclosed in Notes 9 and 10 in the financial statements.</p>	<p>Our audit procedures included the following;</p> <ul style="list-style-type: none"> Gained an understanding of how Management has forecast its discounted future cash flows which included consideration of the impacts of the prevailing economic conditions on its operations. Checked the calculations of the discounted future cash flows and cross checked the data used by Management to relevant underlying accounting records, to evaluate their completeness and accuracy. Based on the best available information up to the date of our report, we assessed the reasonableness of significant assumptions used by the Group, in particular those relating to the tariff rates and discount rates of the estimated future cashflows. <p>We assessed the adequacy of the disclosures made in Notes 7,9 and 10 in the financial statements.</p>

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Interest Bearing Borrowings</p> <p>As of the reporting date, the Group reported total interest-bearing borrowings of Rs. 2,445 Mn, of which Rs. 595 Mn is presented as current liabilities and the balance amount of Rs. 1,850 Mn is presented as non-current liabilities.</p> <p>This was a key audit matter due to:</p> <ul style="list-style-type: none"> the magnitude of the interest-bearing borrowings and its significance to the overall financial statements (94% of total liabilities). existence of numerous financial and non financial covenants and disclosures relating to the current and non current classification of such borrowings in the financial statements. 	<p>Our audit procedures included the following;</p> <ul style="list-style-type: none"> Obtained an understanding of the terms and conditions attached to external borrowings, by perusing the loan agreements. Checked the entity's compliance with long term loan covenants and revisions to financing arrangements made during the year. <p>We also, assessed the adequacy of the disclosures made in Notes 15 and 21 to the Financial Statements.</p>

Other information included in the Group's 2022 Annual Report

Other information consists of the information included in the Annual Report, other than the Financial Statements and our auditors' report thereon. The Management is responsible for the other information. Other information is expected to be made available to us after the date of this auditors' report.

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 identified above when it becomes available 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.

Responsibilities of management and those charged with governance

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the

preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' 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 auditors' 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 Sri Lanka Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditors' Report



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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 auditors' report is 7752.

31st August 2022
Colombo

Partners: H M A Jayasinghe FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, W R H De Silva FCA ACMA, Ms. Y A De Silva FCA, Ms. K R M Fernando FCA ACMA, N Y R L Fernando ACA, W K B S P Fernando FCA FCMA, Ms. L K H L Fonseka FCA, D N Gamage ACA ACMA, A P A Gunasekera FCA FCMA, A Herath FCA, D K Hulangamuwa FCA FCMA LLB (London), Ms. G G S Manatunga FCA, A A J R Perera ACA ACMA, Ms. P V K N Sajeewani FCA, N M Sulaiman ACA ACMA, B E Wijesuriya FCA FCMA, C A Yalagala ACA ACMA

Principals: W S J De Silva BSc (Hons)-MIS MSc-IT, G B Goudian ACMA, D L B Karunathilaka ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), T P M Ruberu FCMA FCCA

A member firm of Ernst & Young Global Limited

STATEMENT OF PROFIT OR LOSS

Year ended 31 March	Note	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Revenue	4.1	1,027,698,539	982,880,136	94,779,853	76,941,202
Cost of Sales		(317,936,987)	(316,280,264)	(32,226,087)	(28,800,284)
Gross Profit		709,761,552	666,599,872	62,553,766	48,140,918
Other Operating Income	4.2	-	-	-	100,000,250
Administrative Expenses		(147,109,418)	(135,593,376)	(75,095,046)	(67,441,659)
Impairment of Non-Current Assets including Goodwill		(1,261,888,955)	-	-	-
Operating Profit/ (Loss)		(699,236,821)	531,006,496	(12,541,280)	80,699,509
Finance Costs	4.3	(220,167,820)	(268,860,807)	(14,387,448)	(21,697,160)
Finance Income	4.4	474,602	3,056,398	159,021	359,516
Profit/ (Loss) Before Tax	4.5	(918,930,039)	265,202,087	(26,769,707)	59,361,865
Income Tax Reversal/ (Expense)	5.1	16,059,403	(30,458,573)	16,089,188	(29,988,216)
Profit/ (Loss) for the Year		(902,870,636)	234,743,514	(10,680,519)	29,373,649
Attributable to:					
Equity Holders of the Parent		(902,870,636)	234,743,514	(10,680,519)	29,373,649
Non-Controlling Interests		-	-	-	-
		(902,870,636)	234,743,514	(10,680,519)	29,373,649
Basic/Diluted Earnings Per Share:	6	(2.33)	0.61	(0.03)	0.08

The accounting policies and notes on pages 50 to 96 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March	Note	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Profit/ (Loss) for the Year		(902,870,636)	234,743,514	(10,680,519)	29,373,649
Other Comprehensive Income					
<i>Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Periods :</i>					
Gains/(Losses) on financial assets at FVTOCI	14.1	-	-	(1,120,739,000)	120,767,936
Actuarial Gains/(Losses) on Defined Benefit Liability	4.6	1,749,219	2,144,259	1,648,651	2,093,440
Tax Effect	5.2	(230,811)	(502,426)	(230,811)	(12,721,614)
Net Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Periods		1,518,408	1,641,833	(1,119,321,160)	110,139,762
Other Comprehensive Income/(Loss) for the Year, Net of Tax		1,518,408	1,641,833	(1,119,321,160)	110,139,762
Total Comprehensive Income/(Loss) for the Year, Net of Tax		(901,352,228)	236,385,347	(1,130,001,679)	139,513,411
Attributable to:					
Equity Holders of the Parent		(901,352,228)	236,385,347	(1,130,001,679)	139,513,411
Non-Controlling Interests		-	-	-	-
		(901,352,228)	236,385,347	(1,130,001,679)	139,513,411

The accounting policies and notes on pages 50 to 96 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 March	Note	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	7	3,840,117,493	4,709,768,667	353,656,382	376,764,411
Right-of-Use Assets	8	94,572,007	98,258,758	7,971,569	11,053,278
Investments in Subsidiaries	9	-	-	2,932,114,000	4,052,853,000
Intangible Assets	10	47,456	638,997,463	47,456	123,033
		3,934,736,956	5,447,024,888	3,293,789,407	4,440,793,722
Current Assets					
Trade and Other Receivables	11	698,817,130	477,600,647	258,029,330	167,719,361
Income Tax Recoverable		2,563,038	3,872,315	-	-
Cash and Cash Equivalents	12	8,508,826	10,304,799	2,389,071	4,094,652
		709,888,994	491,777,761	260,418,401	171,814,013
Total Assets		4,644,625,950	5,938,802,649	3,554,207,808	4,612,607,735
EQUITY AND LIABILITIES					
Equity					
Stated Capital	13	1,880,000,000	1,880,000,000	1,880,000,000	1,880,000,000
Fair Value Reserve of Financial Assets at FVOCI	14	-	-	(173,386,000)	947,353,000
Retained Earnings		164,128,661	1,065,480,889	337,514,667	346,777,346
Equity Attributable to Equity Holders of the Parent		2,044,128,661	2,945,480,889	2,044,128,667	3,174,130,346
Non-Controlling Interests		-	-	-	-
Total Equity		2,044,128,661	2,945,480,889	2,044,128,667	3,174,130,346
Non-Current Liabilities					
Interest Bearing Loans and Borrowings	15	1,850,340,401	2,347,301,070	116,036,683	148,266,902
Employee Benefit Liability	16	5,554,165	6,418,018	5,279,202	6,074,721
Deferred Tax Liabilities	5.5	33,146,088	49,521,975	33,146,088	49,521,975
		1,889,040,654	2,403,241,063	154,461,973	203,863,598
Current Liabilities					
Trade and Other Payables	17	116,607,425	51,002,430	1,321,034,183	1,162,768,530
Interest Bearing Loans and Borrowings	15	594,811,045	535,343,248	34,544,820	67,156,927
Income Tax Payable		38,165	3,735,019	38,165	4,688,334
		711,456,635	590,080,697	1,355,617,168	1,234,613,791
Total Equity and Liabilities		4,644,625,950	5,938,802,649	3,554,207,808	4,612,607,735

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



Shanaka Indradasa
Chief Financial Officer

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



W.K.H Wegapitiya
Director



U.K Thilak De Silva
Director

The accounting policies and notes on pages 50 to 96 form an integral part of these financial statements.

31st August 2022
Colombo

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March	Attributable to Equity Holders of the Parent			Non-Controlling Interests	Total
	Stated Capital	Retained Earnings	Total		
Group	Rs.	Rs.	Rs.	Rs.	Rs.
As at 01 April 2020	1,880,000,000	829,095,541	2,709,095,541	-	2,709,095,541
Profit for the Year	-	234,743,514	234,743,514	-	234,743,514
Other Comprehensive Income	-	1,641,833	1,641,833	-	1,641,833
Total Other Comprehensive Income	-	236,385,347	236,385,347	-	236,385,347
As at 31 March 2021	1,880,000,000	1,065,480,889	2,945,480,889	-	2,945,480,889
Loss for the Year	-	(902,870,636)	(902,870,636)	-	(902,870,636)
Other Comprehensive Income	-	1,518,408	1,518,408	-	1,518,408
Total Other Comprehensive Income	-	(901,352,228)	(901,352,228)	-	(901,352,228)
As at 31 March 2022	1,880,000,000	164,128,661	2,044,128,661	-	2,044,128,661

Year ended 31 March	Stated Capital	Fair Value Reserve of Financial Assets at FVTOCI	Retained Earnings	Total Equity
	Rs.	Rs.	Rs.	Rs.
As at 01 April 2020	1,880,000,000	838,804,251	315,812,684	3,034,616,935
Profit for the Year	-	-	29,373,649	29,373,649
Other Comprehensive Income	-	108,548,748	1,591,014	110,139,762
Total Other Comprehensive Income	-	108,548,748	30,964,663	139,513,411
As at 31 March 2021	1,880,000,000	947,353,000	346,777,346	3,174,130,346
Loss for the Year	-	-	(10,680,519)	(10,680,519)
Other Comprehensive Income/(Loss)	-	(1,120,739,000)	1,417,840	(1,119,321,160)
Total Other Comprehensive Income/(Loss)	-	(1,120,739,000)	(9,262,679)	(1,130,001,679)
As at 31 March 2022	1,880,000,000	(173,386,000)	337,514,667	2,044,128,667

The accounting policies and notes on pages 50 to 96 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

Year ended 31 March	Note	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Cash Flows Generated from/(Used in) Operating Activities					
Cash Flows from Operating Activities					
Profit/(Loss) Before Tax		(918,930,039)	265,202,087	(26,769,707)	59,361,865
Non-Cash Adjustment to Reconcile Profit Before Tax to Net Cash Flows:					
Depreciation of Property, Plant and Equipment	7	246,914,906	245,660,480	23,739,993	22,996,796
Amortisation of Intangible Assets	10	75,577	75,577	75,577	75,577
Finance Costs	4.3	211,703,274	260,668,075	14,126,152	21,425,006
Finance Charge on Lease Liabilities	4.3	8,464,546	8,192,732	261,295	272,154
Finance Income	4.4	(474,602)	(3,056,398)	(159,021)	(359,517)
Amortisation of Right of Use Assets		7,544,580	7,883,610	3,108,206	3,553,662
Dividend Income	4.2	-	-	-	(100,000,250)
Transfer of Employee Benefit Liability	16.2	-	581,101	-	283,092
(Profit)/Loss on Disposal of Property, Plant and Equipment		570,909	-	-	-
Adjustment for Retirement of Lease Liability		-	(1,434,781)	-	(1,434,781)
Provision for Employee Benefit Liability	16.1	997,556	2,008,777	965,322	1,912,670
Impairment of Goodwill	10.2	638,874,430	-	-	-
Impairment of Property, Plant and Equipment	7	623,014,524	-	-	-
Operating Profit before Working Capital Changes		818,755,662	785,781,260	15,347,820	8,086,274
Working Capital Adjustments:					
(Increase)/Decrease in Trade and Other Receivables and Prepayments		(221,216,483)	28,476,310	(90,309,969)	(55,442,382)
Increase/(Decrease) in Trade and Other Payables		2,769,143	(138,093,076)	154,082,062	144,843,684
Cash Flows Generated from/(Used in) Operating Activities					
		600,308,322	676,164,494	79,119,913	97,487,576
Employee Benefit Liability Costs Paid	16.2	(112,190)	(80,750)	(112,190)	(80,750)
Finance Costs Paid		(158,645,420)	(260,668,075)	(12,197,362)	(21,723,309)
Income Tax Paid		(5,167,679)	(22,184,174)	(5,167,674)	(22,075,420)
Net Cash Flows Generated from Operating Activities		436,383,034	393,231,495	61,642,686	53,608,097
Cash Flows from/(Used in) Investing Activities					
Acquisition of Property, Plant and Equipment	7	(1,831,965)	(27,266,873)	(631,965)	(12,375,332)
Proceeds from Disposal of Property, Plant and Equipment		982,800	-	-	-
Finance Income	4.4	474,602	3,056,398	159,021	359,517
Net Cash Flows Used in Investing Activities		(374,563)	(24,210,475)	(472,944)	(12,015,815)
Cash Flows from/(Used in) Financing Activities					
Proceeds from Interest Bearing Loans and Borrowings	15	12,500,000	97,521,098	12,500,000	71,463,208
Lease Rental Paid		(734,601)	(11,216,835)	(734,601)	(2,120,835)
Repayment of Interest Bearing Loans and Borrowings	15	(448,174,885)	(410,105,790)	(74,641,220)	(103,264,411)
Net Cash Flows used in Financing Activities		(436,409,486)	(323,801,527)	(62,875,821)	(33,922,038)
Net Increase/(Decrease) in Cash and Cash Equivalents		(401,014)	45,219,493	(1,706,081)	7,670,244
Cash and Cash Equivalents at the Beginning of the Year	12	8,909,340	(36,310,153)	4,094,652	(3,575,592)
Cash and Cash Equivalents at the End of the Year	12	8,508,326	8,909,340	2,388,571	4,094,652

The accounting policies and notes on pages 50 to 96 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1 Reporting Entity

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

1.2 Consolidated Financial Statements

The consolidated financial statements of LAUGFS Power PLC, as at and for the year ended 31 March 2022 encompasses the Company and its Subsidiaries (together referred to as the "Group").

1.3 Principal Activities and Nature of Operations

During the year, the principal activities of the companies within the Group dealt within these financial statements were as follows.

Company	Activities
LAUGFS Power Ltd.	Generation of hydro power and solar power.
Iris Eco Power Lanka (Pvt) Ltd.	Generation of solar power.
Anorchi Lanka (Pvt) Ltd.	Generation of solar power.
Pams Power (Pvt) Ltd	Generation of Hydro Power. However, the company has not commenced commercial operations yet.
Ginigathhena Thiniyagala Mini HydroPower (Pvt) Ltd.	Generation of hydro power

1.4 Parent Entity and Ultimate Parent Entity

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

1.5 Directors' Responsibility Statement

The Board of Directors is responsible for these financial statements.

1.6 Date of Authorisation for Issue

The financial statements of LAUGFS Power PLC and its Subsidiaries (collectively, the Group) for the year ended 31 March 2022 were authorised for issue in accordance with a resolution of the Board of Directors on 31 August 2022.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance

The financial statement of LAUGFS Power PLC and its Subsidiaries (the Group) have been prepared in

accordance with Sri Lanka Accounting Standards comprising of SLFRS and LKAS (hereafter referred as "SLFRS"), as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

The preparation and presentation of these financial statements are in compliance with the Companies Act No. 07 of 2007.

2.2 Basis of Preparation and Measurement

The financial statements have been prepared on a historical cost basis, except for defined benefit obligation which is measured at present value of the obligation and financial assets at fair value through other comprehensive income which is measured at fair value.

The financial statements are presented in Sri Lankan Rupees.

2.3 Materiality and Aggregation

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

2.4 Going Concern

The Directors have made an assessment of the Group's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial Statements continue to be prepared on the going concern basis.

In determining the basis of preparing the financial statements for the year ended 31 March 2022, based on available information, the management has assessed the prevailing macroeconomic conditions and its effect on the Group companies and the appropriateness of the use of the going concern basis. In March 2022, the Company evaluated the resilience of its businesses considering a wide range of factors, relating to expected revenue, cost management, profitability, ability to defer non-essential capital expenditure, debt repayment and potential sources of financing facilities.

Accordingly, as at the date of the financial statements, there is improvement of Revenue for the financial year ended 31 March 2022 and had not an adverse effect on the financial statements as well. However prevailing macroeconomic situation has indirectly affected to the cash flow of the Company as payments from CEB has got delayed

2.5 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its Subsidiaries as at 31 March 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a Subsidiary begins when the Group obtains control over the Subsidiary and ceases when the Group loses control of the Subsidiary. Assets, liabilities, income and expenses of a Subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the Subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of Subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income,

expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a Subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a Subsidiary, it derecognises the related assets (including goodwill), non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.6 Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of SLFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with SLFRS 9. Other contingent consideration that is not within the scope of SLFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate

NOTES TO THE FINANCIAL STATEMENTS

consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

2.7 Current Versus Non-Current Classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period.

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current assets.

A liability is current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period.

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.8 Fair Value Measurement

The Group measures financial instruments such as Investment in Subsidiaries at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
- Or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

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

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

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

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

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

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

- Disclosures for valuation methods, significant estimates and assumptions (Notes 9,14 and 15)
- Quantitative disclosures of fair value measurement hierarchy (Note 15.5)
- Financial instruments (including those carried at amortised cost) (Note 14 and Note 15.5)

2.9 Revenue

2.9.1 Supply of Electricity

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

2.9.2 Dividend

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

2.9.3 Gains and Losses

Gains and losses on disposal of an item of property, plant & equipment are determined by comparing the net sales proceeds with the carrying amounts of property, plant & equipment and has been accounted for in the Statement of Profit or Loss.

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

2.9.4 Others

Other Income is recognised on an accrual basis.

2.9.5 Finance Income and Finance Costs

Finance income comprises interest income, and changes in the fair value of financial assets at fair value through profit or loss that are recognised in the statement of profit or loss. Interest income is recognised as the interest accrued unless collectability is in doubt.

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

2.10 Expenses

Expenses are recognised in the statement of profit or loss on the basis of a direct association between the cost incurred and the earnings of specific items of

NOTES TO THE FINANCIAL STATEMENTS

income. All expenditure incurred in the running of the business has been charged to income in arriving at the profit for the year.

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

2.11 Taxes

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the statement of profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

2.11.1 Current Income Tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Tax withheld on dividend income from Subsidiaries is recognised as an expense in the statement of profit or loss at the same time as the liability to pay the related dividend is recognised.

2.11.2 Deferred Tax

Deferred tax is provided, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in Subsidiaries, equity accounted investee and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that

the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax assets and unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in Subsidiaries, equity accounted investee and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.11.3 Sales Tax

Revenues, expenses and assets are recognised net of the amount of sales tax, except:

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

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

2.12 Property, Plant and Equipment

The Group applies the requirements of LKAS 16 on 'Property Plant and Equipment' in accounting for its owned assets which are held for and use in the provision of the services or for administration purpose and are expected to be used for more than one year.

Property, plant and equipment is recognised if it is probable that future economic benefit associated with the assets will flow to the Group and cost of the asset can be reliably measured.

Items of property, plant & equipment excluding construction in progress are measured at cost net of cost of day to day servicing, accumulated depreciation and accumulated impairment, if any.

The cost of property, plant & equipment includes expenditure that is directly attributable to the acquisition of the asset and the cost of replacing part of the property, plant and equipment when that cost is incurred, if the recognition criteria are met. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and includes the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

Purchased software that is integral to the functionality of the related equipment is capitalised as a part of that equipment.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

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

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

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

The estimated useful lives for the current and comparative periods are disclosed in Note 7.6.

Depreciation of an asset begins when it is available for use and ceases at the earlier of the dates on which the asset is classified as held for sale or is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.13 Leases

Group as a lessee

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets

NOTES TO THE FINANCIAL STATEMENTS

are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

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

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

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

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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

The Group's lease liabilities are included in interest bearing loans and borrowings in Note 15

2.13.1 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible

assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

2.14 Investment in Subsidiaries - Company

Investment in subsidiaries is initially recognised at cost in the financial statements of the Company. Any transaction cost relating to acquisition of investment in subsidiaries is immediately recognised in the income statement. After the initial recognition, Investments in subsidiaries are accounted in accordance with SLFRS 9 - Financial Instruments.

The Company measures the Investment in Subsidiaries at fair value at each balance sheet date using Discounted cash flow methodology (DCF).

2.15 Financial Instruments

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

2.15.1 Financial Assets

Initial Recognition and Subsequent Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI (FVTOCI) with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI (FVTOCI) with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss (FVTPL)

Financial Assets at Amortised Cost (Debt Instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

And

The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade and other receivables.

Financial Assets Designated at Fair Value Through OCI (Equity Instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

This category includes investment in subsidiaries which the Company has irrevocably elected to classify at fair value through OCI.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e., removed from the Group's statement of financial position) when:

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- The rights to receive cash flows from the asset have expired

Or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-

through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of Financial Assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition,

a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.15.2 Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent Measurement

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

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

Financial Liabilities at Amortised Cost

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category applies to trade and other payables, refundable deposits and interest-bearing loans and borrowings including bank overdrafts.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

2.15.3 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a current enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.15.4 Fair Value of Financial Instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions.
- Reference to the current fair value of another instrument that is substantially the same.
- A discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 16.4

2.16 Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value

in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculations on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for a property previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

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

NOTES TO THE FINANCIAL STATEMENTS

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

2.17 Cash and Short-Term Deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of statement of cash flows, cash and cash equivalents consist of cash in hand short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

2.18 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.19 Provisions

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

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

2.20 Employee Benefits

2.20.1 Defined Benefit Plan – Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. LAUGFS Power PLC measure the cost of defined benefit plan-gratuity; every financial year using the Projected Unit Credit Method, as recommended by LKAS 19 – Employee Benefits, with the advice of an actuary.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability. The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in Note 16.3. Any changes in these assumptions will impact the carrying amount of defined benefit obligations.

The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long term nature of these plans, such estimates are subject to significant uncertainty.

Provision has been made for retirement gratuities from the beginning of service for all employees, in conformity with LKAS 19 - Employee Benefits. However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

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

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

This is not an externally funded defined benefit plan.

2.20.2 Defined Contribution Plans - Employees' Provident Fund & Employees' Trust Fund

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to Provident and Trust Funds covering all employees are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

All employees who are eligible for Employees' Provident Fund contributions and Employees' Trust Fund contributions are covered by relevant contribution funds in line with respective statutes and regulations. The Group contributes 12% and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

2.20.3 Short-term Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

2.21 Dividend Distribution

The Company recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Company. A corresponding amount is recognised directly in equity.

2.22 Statement of Cash Flows

The Statement of Cash Flows has been prepared using the "indirect method". Interest paid is classified as an operating cash flow. Dividend income are classified as cash flows from investing activities. Dividends paid and interest income are classified as financing cash flows.

2.23 Changes in Accounting Policies and Disclosures

2.23.1 New and amended standards and interpretations

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to SLFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021

On 4 December 2020, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued Covid-19-Related Rent Concessions - amendment to SLFRS 16 Leases. The amendments provide relief to lessees from applying SLFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under SLFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, in 28 June 2021, CA Sri Lanka extended the

period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021.

Amendments to SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16 - Interest Rate Benchmark Reform Phase 1 and 2

IBOR reform Phase 1

On 15 January 2021, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued amendments to SLFRS 9, LKAS 39 and SLFRS 7 due to Interest Rate Benchmark Reform (Phase 1). A summary of Phase 1 amendments are as follows:

- Highly Probable Requirement: when determining whether a forecast transaction is highly probable to be designated as a hedged item, an entity shall assume that the interest rate benchmark on which the hedged cashflows are based is not altered as a result of the reform.
- Prospective assessments: when performing prospective assessments to evaluate whether a hedging relationship qualifies for hedge accounting, an entity shall assume that the interest rate benchmark on which the hedged item, hedged risk and/or hedging instrument are based is not altered as a result of the interest rate benchmark reform.
- LKAS 39 retrospective assessment: an entity is not required to undertake the 'LKAS 39 retrospective assessment' for hedging relationships directly affected by the reform. However, the entity must comply with all other LKAS 39 hedge accounting requirements, including the prospective assessment.
- Separately identifiable risk components: For hedges of non-contractually specified benchmark component of interest rate risk, an entity shall apply the requirement of risk component (or a portion) to be separately identifiable to be eligible for hedge accounting, only at the inception of such hedging relationships.

IBOR reform Phase 2

In addition to Phase 1 amendments, CA Sri Lanka also issued amendments to SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16 due to Interest Rate Benchmark Reform. The Phase 2 amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include several practical expedients.

NOTES TO THE FINANCIAL STATEMENTS

The effective date of both IBOR reform Phase 1 and Phase 2 amendments is for annual reporting periods beginning on or after 1 January 2021 in the Sri Lankan context.

2.23.2 Standards issued but not yet effective

The new and amended standards and interpretations that are issued up to the date of issuance of the Group financial statements but are not effective for the current annual reporting period, are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to LKAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Costs of Fulfilling a Contract

On 25 March 2021, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued amendments to LKAS 37 Provisions, Contingent Liabilities and Contingent Assets (LKAS 37) to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted.

Amendments to LKAS 16 Property, Plant & Equipment: Proceeds before Intended Use

On 25 March 2021, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued LKAS 16 Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

Amendments to SLFRS 3: Definition of a Business – referred to the Conceptual Framework

On 23 March 2021, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued amendments to SLFRS 3 Business Combinations - Updating a Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

An exception was also added to the recognition principle of SLFRS 3 to avoid the issue of potential ‘day 2’ gains or losses arising for liabilities and contingent liabilities that would be within the scope of LKAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, it was decided to clarify existing guidance in SLFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

SLFRS 9 Financial Instruments – Fees in the ‘10 per cent’ test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to SLFRS standards process, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued an amendment to SLFRS 9 Financial Instruments (SLFRS 9). The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

3. SEGMENT INFORMATION

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

Hydro Power

Generation of hydro power.

Solar Power

Generation of solar power.

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

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

Operating Segments Year ended 31 March	Hydro Power		Solar Power		Eliminations/Adjustments		Group	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Revenue								
External Customers	74,540,145	52,854,326	953,158,394	930,025,810	-	-	1,027,698,539	982,880,135
Total Revenue	74,540,145	52,854,326	953,158,394	930,025,810	-	-	1,027,698,539	982,880,135
Results								
Operating Profit (without Impairment)	30,328,568	5,437,821	532,323,566	625,568,925	-	(100,000,250)	562,652,135	531,006,496
Impairment of Non-Current Assets including Goodwill	(370,441,340)	-	(891,447,615)	-	-	(1,261,888,955)	-	-
Operating Profit (After Impairment)	(340,112,772)	5,437,821	(359,124,049)	625,568,925	-	(100,000,250)	(699,236,821)	531,006,496
Finance Costs	(23,749,216)	(32,994,528)	(196,418,603)	(235,866,279)	-	-	(220,167,820)	(268,860,807)
Finance Income	78,510	269,861	396,092	2,786,537	-	-	474,602	3,056,398
Profit/(Loss) Before Tax	(363,783,478)	(27,286,846)	(555,146,560)	392,489,184	-	(100,000,250)	(918,930,039)	265,202,089
Income Tax Reversal/(Expense)	16,089,188	(29,988,218)	(29,784)	(470,357)	-	-	16,059,404	(30,458,575)
Profit/(Loss) for the Year	(347,694,290)	(57,275,064)	(555,176,344)	392,018,827	-	(100,000,250)	(902,870,636)	234,743,514
Actuarial Gains/(Losses) on Defined Benefit Liability	873,840	2,143,124	875,379	1,135	-	-	1,749,219	2,144,259
Income Tax Effect	(122,338)	(502,426)	(108,473)	-	-	-	(230,811)	(502,426)
Total Comprehensive Income/(Loss) for the Year Net of Tax	(346,942,788)	(55,634,366)	(554,409,439)	392,019,963	-	(100,000,250)	(901,352,228)	236,385,347
Assets & Liabilities								
Total Non-Current Assets	889,378,273	4,780,269,067	5,977,472,683	3,524,645,745	(2,932,114,000)	(2,857,889,923)	3,934,736,956	5,447,024,888
Total Current Assets	45,243,029	177,305,499	2,096,273,619	1,523,254,350	(1,431,627,655)	(1,208,782,093)	709,888,994	491,777,754
Total Assets	934,621,302	4,957,574,566	8,073,746,303	5,047,900,094	(4,363,741,655)	(4,066,672,016)	4,644,625,950	5,938,802,643
Total Non-Current Liabilities	161,700,047	418,050,484	1,727,340,607	1,985,190,578	-	-	1,889,040,654	2,403,241,062
Total Current Liabilities	228,912,013	1,366,035,755	1,914,172,274	432,827,031	(1,431,627,655)	(1,208,782,089)	711,456,635	590,080,697
Total Liabilities	390,612,060	1,784,086,239	3,641,512,881	2,418,017,609	(1,431,627,655)	(1,208,782,089)	2,600,497,289	2,993,321,759
Other Disclosures								
Depreciation for the Year	20,909,144	31,002,530	226,005,762	214,657,950	-	-	246,914,906	245,660,480
Purchase of Property, Plant and Equipment	-	15,643,385	1,831,965	11,623,488	-	-	1,831,965	27,266,873
Provision for Employee Benefit Liability	2,740,246	1,969,045	2,813,919	39,732	-	-	5,554,165	2,008,777

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

NOTES TO THE FINANCIAL STATEMENTS

4. REVENUE/OTHER INCOME AND EXPENSES

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
4.1 Revenue - from contracts with customers				
Supply of Electricity	1,027,698,539	982,880,136	94,779,853	76,941,202
	1,027,698,539	982,880,136	94,779,853	76,941,202
4.2 Other Operating Income				
Dividend Income	-	-	-	100,000,250
	-	-	-	100,000,250
4.3 Finance Costs				
Interest Expense on Overdrafts	6,326	1,529,727	3,178	250,578
Interest Expense on Loans and Borrowings	211,696,948	258,032,248	14,122,974	21,472,731
Bank Guarantee Commission Charges	-	1,106,100	-	-
Over Provision of Finance Charge on Right to Use Assets	-	-	-	(298,303)
Finance Charge on Lease Liabilities	8,464,544	8,192,731	261,295	272,154
	220,167,820	268,860,807	14,387,448	21,697,160
4.4 Finance Income				
Interest Income	474,602	3,056,398	159,021	359,516
	474,602	3,056,398	159,021	359,516

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
4.5 Profit/(Loss) Before Tax				
Stated after Charging/(Crediting)				
Included in Cost of Sales				
Depreciation of Property, Plant and Equipment	244,486,691	243,195,479	21,353,618	20,570,270
Amortisation of Right of Use Assets	638,500	638,500	333,500	333,500
Plant and Machine Maintenance	48,663,670	49,044,243	636,966	643,400
Employees Benefits including the following;				
Staff Expenses	15,749,341	13,382,084	9,566,132	6,329,767
Defined Contribution Plan Costs - EPF and ETF (Included in Employees Benefits)	1,155,736	1,043,614	726,685	505,980
	310,693,936	307,303,920	32,616,901	28,382,917
Included in Administration Expenses				
Employees Benefits including the following;				
Staff Expenses	46,722,788	42,741,557	46,182,956	42,405,444
Employee Benefit Plan Costs - Gratuity (Included in Employee Benefits)	997,556	2,008,777	965,322	1,912,670
Defined Contribution Plan Costs - EPF and ETF (Included in Employees Benefits)	4,920,212	4,467,734	4,920,212	4,467,734
Depreciation of Property, Plant and Equipment	2,428,215	2,438,835	2,386,375	2,384,360
Amortisation of Right of Use Assets	6,906,081	5,810,331	2,774,706	1,785,382
Amortisation of Intangible Assets	75,577	75,577	75,577	75,577
Auditors' Fees	777,805	732,000	343,081	336,000
Donations	36,400	61,400	36,400	5,380
Impairment of Non-Current Assets including Goodwill	1,261,888,955	-	-	-
4.6 Components of Other Comprehensive Income				
Employee Benefit Liability				
Actuarial Gains/(Losses) arising during the Year	1,749,219	2,144,259	1,648,651	2,093,440

NOTES TO THE FINANCIAL STATEMENTS

5. INCOME TAX

The major components of income tax expense for the years ended 31 March 2022 and 31 March 2021 are:

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.

5.1 Statement of Profit or Loss

Current Income Tax:

Current Income Tax Expense (Note 5.3)	67,950	5,159,286	38,165	4,688,929
Under/(Over) Provision in respect of Prior Year	479,345	-	479,345	-
	547,295	5,159,286	517,510	4,688,929

Deferred Income Tax:

Deferred Taxation Charge/(Reversal) (Note 5.5)	(16,606,698)	25,299,287	(16,606,698)	25,299,287
	(16,606,698)	25,299,287	(16,606,698)	25,299,287

Income Tax Expense Reported in the Statement of Profit or Loss

	(16,059,403)	30,458,573	(16,089,188)	29,988,216
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5.2 Statement of Other Comprehensive Income

Gain/(Loss) on Financial Assets at FVTOCI	-	-	-	12,219,188
Actuarial Gains/(Losses) on Retirement Benefit Plans	230,811	502,426	230,811	502,426
Income Tax Charged Directly to Other Comprehensive Income	230,811	502,426	230,811	12,721,614

5.3 A Reconciliation between Tax Expense and the Product of Accounting Profit Multiplied by the Statutory Tax Rate for the Years Ended 31 March 2022 and 31 March 2021 are as follows:

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Accounting Profit/(Loss) Before Tax	(918,930,039)	265,202,087	(26,769,707)	59,361,865
Adjustments in respect to Current Income Tax				
Aggregate Disallowed Items	438,141,446	260,123,270	32,512,614	28,502,911
Aggregate Allowable Expenses	(121,968,363)	(90,131,826)	(56,929,288)	(54,372,429)
Income Exempt from Income Tax	(560,083,509)	(523,807,531)	-	-
Investment Income	(474,602)	(103,056,648)	(159,021)	(100,359,767)
Business Income	(1,163,315,068)	(191,670,649)	(51,345,402)	(66,867,420)
Other Income	474,602	103,056,648	159,021	100,359,767
Less : Allowable Deductions	(5,402,670)	(67,604,476)	-	(66,867,419)
Total Taxable Income	(4,928,068)	35,452,172	159,021	33,492,348

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
At the Statutory Income Tax Rate				
Business Income	14%	14%	14%	14%
Other Income	24%	24%	14% - 24%	14% - 24%
Current Income Tax Expenses - Business Income	-	-	-	-
- Other Income	67,950	5,159,286	38,165	4,688,929
Income Tax Expense reported in the Statement of Profit or Loss	67,950	5,159,286	38,165	4,688,929

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

Group	Consolidated Statement of Financial Position		Consolidated Statement of Profit or Loss		Consolidated Statement of Other Comprehensive Income	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Deferred Tax Liabilities						
Capital Allowances for Tax Purposes	(33,076,386)	(49,502,186)	(16,425,800)	24,934,483	-	-
Right of Use Assets	(808,790)	(1,477,722)	(668,932)	1,477,722	-	-
	(33,885,176)	(50,979,908)	(17,094,732)	26,412,205	-	-
Deferred Tax Assets						
Employee Benefit Liability	739,088	1,457,933	488,034	(1,112,918)	230,811	502,426
	739,088	1,457,933	488,034	(1,112,918)	230,811	502,426
Deferred Income Tax Expense			(16,606,698)	25,299,287	230,811	502,426
Net Deferred Tax Assets/ Liabilities	(33,146,088)	(49,521,975)				

NOTES TO THE FINANCIAL STATEMENTS

5. INCOME TAX (CONTD.)

Company	Statement of Financial Position		Statement of Profit or Loss		Statement of Other Comprehensive Income	
	2022	2021	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Deferred Tax Liabilities						
Capital Allowances for Tax Purposes	(33,076,386)	(49,502,186)	(16,425,800)	24,934,483	-	-
Right of Use Asset	(808,790)	(1,477,722)	(668,932)	1,477,722	-	-
	(33,885,176)	(50,979,908)	(17,094,732)	26,412,205	-	-
Deferred Tax Assets						
Employee Benefit Liability	739,088	1,457,933	488,034	(1,112,918)	230,811	502,426
Investments in Subsidiaries - FVOCI	-	-	-	-	-	12,219,188
	739,088	1,457,933	488,034	(1,112,918)	230,811	12,721,614
Deferred Income Tax Expense			(16,606,698)	25,299,287	230,811	12,721,614
Net Deferred Tax Assets/ Liabilities	(33,146,088)	(49,521,975)				

5.5 Reconciliation of Net Deferred Tax Assets/Liabilities

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
As at 01 April	(49,521,975)	(23,720,262)	(49,521,975)	(11,501,074)
Tax Expense/(Reversal) recognised in the Statement of Profit or Loss	16,606,698	(25,299,287)	16,606,698	(25,299,287)
Tax Expense/(Reversal) recognised in Other Comprehensive Income	(230,811)	(502,426)	(230,811)	(12,721,614)
As at 31 March	(33,146,088)	(49,521,975)	(33,146,088)	(49,521,975)

5.6 Current Taxes

5.6.1 Corporate Incomes Taxes of Companies Resident in Sri Lanka have been computed in accordance with the Inland Revenue Act No.24 of 2017.

5.6.2 Exemptions / Concessions Granted Under the Board of Investment Law

Company	Nature of the Exemption / Concession	Current Tax	Period
Anorchi Lanka (Pvt) Ltd	Profit of the company is exempted from income tax for a period of 10 Years	Exempt	10 Years from Year 2016/17
Iris Eco Power Lanka (Pvt) Ltd	Profit of the company is exempted from income tax for a period of 10 Years	Exempt	10 Years from Year 2016/17

6. EARNINGS PER SHARE

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

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

	2022 Rs.	Group 2021 Rs.
Amount Used as the Numerator:		
Net Profit attributable to Ordinary Equity Holders of the Parent for Basic Earnings	(902,870,636)	234,743,514
	2022 Number	2021 Number
Number of Ordinary Shares Used as the Denominator:		
Weighted Average Number of Ordinary Shares for Basic/Diluted Earnings Per Share	387,000,086	387,000,086
	2022 Rs.	2021 Rs.
Basic/Diluted Earnings Per Share	(2.33)	0.61

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

7. PROPERTY, PLANT AND EQUIPMENT

	Balance as at 01.04.2021 Rs.	Additions/ Incurred during the Year Rs.	Transfers In/(Out) Rs.	Impairment* Rs.	Disposals during the Year Rs.	Balance as at 31.03.2022 Rs.
7.1 Group						
7.1.1 Gross Carrying Amounts						
At Cost						
Freehold Land	27,556,625	-	-	-	-	27,556,625
Buildings on Freehold Land	204,772,731	-	-	-	-	204,772,731
Buildings on Leasehold Land	9,416,126	-	-	-	-	9,416,126
Plant, Machinery and Equipment	4,720,758,485	1,519,465	-	(334,248,676)	(1,731,854)	4,386,297,421
Office Equipment	1,451,481	312,500	-	-	-	1,763,981
Furniture and Fittings	668,561	-	-	-	-	668,561
Total Value of Depreciable Assets	4,964,624,009	1,831,965	-	(334,248,676)	(1,731,854)	4,630,475,444
7.1.2 In the Course of Construction						
Hydro/Solar Power Plant	739,572,577	-	-	(288,765,848)	-	450,806,729
	739,572,577	-	-	(288,765,848)	-	450,806,729
Total Gross Carrying Amount	5,704,196,586	1,831,965	-	(623,014,524)	(1,731,854)	5,081,282,172

NOTES TO THE FINANCIAL STATEMENTS

7. PROPERTY, PLANT AND EQUIPMENT

	Balance as at 01.04.2021 Rs.	Charged for the Year Rs.	Transfers In/(Out) Rs.	Impairment* Rs.	Disposals during the Year Rs.	Balance as at 31.03.2022 Rs.
7.1.3 Depreciation						
At Cost						
Buildings on Freehold Land	56,808,837	10,212,595	-	-	-	67,021,433
Buildings on Leasehold Land	474,887	453,789	-	-	-	928,676
Plant, Machinery and Equipment	935,517,367	236,074,843	-	-	(178,145)	1,171,414,065
Office Equipment	1,063,273	141,919	-	-	-	1,205,192
Furniture and Fittings	563,552	31,760	-	-	-	595,312
	994,427,917	246,914,906	-	-	(178,145)	1,241,164,678
Total Depreciation	994,427,917	246,914,906	-	-	(178,145)	1,241,164,678

	2022 Rs.	2021 Rs.
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7.1.4 Net Book Values

At Cost		
Freehold Land	27,556,625	27,556,625
Buildings on Freehold Land	137,751,298	147,963,893
Buildings on Leasehold Land	8,487,449	8,941,238
Plant, Machinery and Equipment	3,214,883,354	3,785,241,117
Office Equipment	558,790	388,209
Furniture and Fittings	73,248	105,008
	3,389,310,764	3,970,196,090
In the Course of Construction		
Hydro Power Plant	450,806,729	739,572,577
	450,806,729	739,572,577
Total Carrying Amount of Property, Plant and Equipment	3,840,117,493	4,709,768,667

*The Group Performed an Annual Impairment testing for Power Plant Cash Generating Units (CGUs) and it was concluded that carrying amount of the CGUs exceeds its recoverable value. Hence CGUs are considered as impaired and written down to its recoverable value. As a result of impairment of CGUs, the related Goodwill of Rs. 638,874,430 was Impaired in full and Rs. 623,014,524 of Property, Plant and Equipment were impaired during the year. This has been recognised in the Income Statement.

	Balance as at 01.04.2021 Rs.	Additions/ Incurred during the Year Rs.	Transfers In/(Out) Rs.	Disposals during the Year Rs.	Balance as at 31.03.2022 Rs.
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7.2 Company

7.2.1 Gross Carrying Amounts

At Cost

Freehold Land	311,000	-	-	-	311,000
Building on Leasehold Land	5,797,959	-	-	-	5,797,959
Buildings on Freehold Land	122,978,321	-	-	-	122,978,321
Plant, Machinery and Equipment	343,288,789	319,465	-	-	343,608,254
Office Equipment	799,765	312,500	-	-	1,112,265
Furniture and Fittings	642,316	-	-	-	642,316
Total Value of Depreciable Assets	473,818,149	631,965	-	-	474,450,114

Total Gross Carrying Amount	473,818,149	631,965	-	-	474,450,114
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	Balance as at 01.04.2021 Rs.	Charged for the Year Rs.	Transfers In/(Out) Rs.	Disposals during the Year Rs.	Balance as at 31.03.2022 Rs.
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7.2.2 Depreciation

At Cost

Buildings on Leasehold Land	201,381	289,898	-	-	491,279
Buildings on Freehold Land	37,118,524	6,148,916	-	-	43,267,440
Plant, Machinery and Equipment	58,496,464	17,166,539	-	-	75,663,003
Office Equipment	700,061	102,880	-	-	802,941
Furniture and Fittings	537,308	31,760	-	-	569,068
Total Depreciation	97,053,738	23,739,993	-	-	120,793,731

	2022 Rs.	2021 Rs.
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7.2.3 Net Book Values

At Cost

Freehold Land	311,000	311,000
Building on Leasehold Land	5,306,680	5,596,578
Buildings on Freehold Land	79,710,881	85,859,796
Plant, Machinery and Equipment	267,945,249	284,792,325
Office Equipment	309,323	99,703
Furniture and Fittings	73,248	105,008
	353,656,382	376,764,411
Total Carrying Amount of Property, Plant and Equipment	353,656,382	376,764,411

NOTES TO THE FINANCIAL STATEMENTS

7 PROPERTY, PLANT AND EQUIPMENT (CONTD.)

7.3 During the financial year, the Group and Company acquired Property, Plant and Equipment to the aggregate value of Rs. 1,831,965/- and Rs. 631,965/- respectively (2021 -Rs. 27,266,873/- and Rs. 12,375,331/-) for cash.

7.4 The Group and Company has Property, Plant and Equipment with a cost of Rs 1,549,701/- (2021 - Rs.1,255,801) and Rs.1,191,741/- (2021 - Rs 987,741/-) respectively, have been fully depreciated and continue to be used.

7.5 No borrowing costs capitalised to Property, Plant and Equipment during the year ended 31 March 2022 (2021 - Rs.2,619,690/-).

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

	2022	2021
Group		
Buildings on Freehold Land	20-30 Years	20-30 Years
Buildings on Leasehold Land*	20-30 Years	20-30 Years
Plant, Machinery and Equipment	20 Years	20 Years
Office Equipment	4 Years	4 Years
Furniture and Fittings	4 Years	4 Years
Company		
Buildings on Freehold Land	20 Years	20 Years
Buildings on Leasehold Land*	20 Years	20 Years
Plant, Machinery and Equipment	20 Years	20 Years
Office Equipment	4 Years	4 Years
Furniture and Fittings	4 Years	4 Years

*or the period of lease, whichever is shorter.

8 RIGHT-OF-USE-ASSETS

8.1 Group

Set out below are the carrying amount of Right of Use Assets recognised and movements during the year.

	2022	2021
	Rs.	Rs.
8.1.1 Cost		
Balance As at 01 April	107,902,947	107,406,506
Effect of Adoption of SLFRS 16 as at 01 April	-	-
Addition and Improvement	3,857,829	5,549,412
Disposal	-	(5,052,972)
Balance As at 31 March	111,760,776	107,902,947
Accumulated Amortisation		
Balance As at 01 April	9,644,189	6,813,551
Charge for the year	7,544,580	7,883,610
Lease Retirement	-	(5,052,972)
Balance As at 31 March	17,188,769	9,644,189
Net Book Value As at 31 March	94,572,007	98,258,758

	2022 Rs.	2021 Rs.
8.1.2 Lease Liabilities		
Balance As at 01 April	69,411,997	68,321,469
Effect of Adoption of SLFRS 16 as at 01 April		
Additions	3,857,829	5,549,412
Accretion of Interest	8,464,546	8,491,035
Lease Retirement -Interest	-	(298,303)
Lease Retirement	-	(1,434,781)
Payments	(12,745,399)	(11,216,835)
Balance As at 31 March	68,988,972	69,411,997
8.1.3 Maturity Analysis of Lease Liabilities		
Less Than 1 year	12,030,334	12,071,051
1- 5 year	39,024,000	38,615,288
More than 5 years	130,356,000	137,472,000
	181,410,334	188,158,339
Finance charges allocated to future periods	(112,421,362)	(118,746,342)
	68,988,972	69,411,997
8.2 Company		
Set out below are the carrying amount of Right to Use Assets recognised and movements during the year.		
	2022 Rs.	2021 Rs.
8.2.1 Cost		
Balance As at 01 April	12,219,412	11,722,972
Effect of Adoption of SLFRS 16 as at 01 April	-	-
Addition and Improvement	26,497	5,549,412
Lease Retirement	-	(5,052,972)
Balance As at 31 March	12,245,909	12,219,412
Accumulated Amortisation		
Balance As at 01 April	1,166,134	2,665,444
Charge for the year	3,108,206	3,553,662
Lease Retirement	-	(5,052,972)
Balance As at 31 March	4,274,340	1,166,134
Net Book Value As at 31 March	7,971,569	11,053,278
8.2.2 Lease Liabilities		
Balance As at 01 April	4,896,102	2,928,455
Effect of Adoption of SLFRS 16 as at 01 April		
Additions	26,497	5,549,412
Accretion of Interest	261,295	272,154
Lease Retirement -Interest	-	(298,303)
Lease Retirement	-	(1,434,781)
Payments	(2,989,399)	(2,120,835)
Balance As at 31 March	2,194,495	4,896,102
8.2.3 Maturity Analysis of Lease Liability		
Less Than 1 year	2,274,334	2,975,051
1- 5 year	-	2,231,288
	2,274,334	5,206,339
Finance charges allocated to future periods	(79,839)	(310,238)
	2,194,495	4,896,102

NOTES TO THE FINANCIAL STATEMENTS

9. INVESTMENTS IN SUBSIDIARIES

	2022	2021
	Rs.	Rs.
Company		
As at 01 April	4,052,853,000	3,932,085,064
Fair Value Gain/(Loss)	(1,120,739,000)	120,767,936
As at 31 March	2,932,114,000	4,052,853,000

9.1 Investments in Subsidiaries

Company	Country of Incorporation	% of Holding	Fair Value 2022	Fair Value 2021
			Rs.	Rs.
Financial Assets at FVOCI - Non-Quoted				
Ginigathhena Thiniyagala Mini Hydro Power (Pvt) Ltd	Sri Lanka	100%	17,400,000	21,983,000
Anorchi Lanka (Pvt) Ltd	Sri Lanka	100%	1,276,829,000	1,761,924,000
Iris Eco Power Lanka (Pvt) Ltd	Sri Lanka	100%	1,486,865,000	2,100,420,000
Pams Power (Pvt) Ltd	Sri Lanka	100%	151,020,000	168,526,000
Total Non-Quoted Investments in Subsidiaries			2,932,114,000	4,052,853,000

9.2 Fair value related disclosures of the Investments in Subsidiaries

9.2.1 Fair Value Hierarchy

The fair value of the Company's investment in subsidiaries are categorised into Level 3 of the fair value hierarchy.

9.2.2 Valuation Techniques and Significant inputs

Company	Valuation Technique-2022	Significant Inputs	2022	2021
Ginigathhena Thiniyagala Mini Hydro Power (Pvt) Ltd	Discounted Cash Flow Methodology	Cost of Equity	18.3% -25.7%	14.5%
		Plant Load Factor	21.6%	20.1%
Anorchi Lanka (Pvt) Ltd	Discounted Cash Flow Methodology	Cost of Equity	18.3% - 26.2%	14.9%
		Performance Ratio	78.0%	77.0%
Iris Eco Power Lanka (Pvt) Ltd	Discounted Cash Flow Methodology	Cost of Equity	18.3% - 26.2%	14.9%
		Performance Ratio	78.0%	77.0%
Pams Power (Pvt) Ltd	Discounted Cash Flow Methodology	Cost of Equity	18.3% - 26.2%	14.9%
		Plant Load Factor	40.0%	40.0%

9.2.3 Sensitivity of Assumptions Employed in Fair Valuation

Company	Increase/ (Decrease) Discount Rate Rs.	2022			2021		
		Effect on Other Comprehensive Income Rs.	Effect on Statement of Financial Position Rs.	Fair Value of Financial Assets at FVOCI Rs.	Effect on Other Comprehensive Income Rs.	Effect on Statement of Financial Position Rs.	Fair Value of Financial Assets at FVOCI Rs.
Ginigathena Thiniyagala Mini Hydro Power (Pvt) Ltd	+1	6,000	(6,000)	17,394,000	1,861,524	(1,861,524)	20,121,476
	-1	(7,000)	7,000	17,407,000	(2,074,578)	2,074,578	24,057,578
Anorchi Lanka (Pvt) Ltd	+1	64,786,000	(64,786,000)	1,212,043,000	17,101,000	(17,101,000)	1,744,823,000
	-1	(72,842,000)	72,842,000	1,349,671,000	(17,779,000)	17,779,000	1,779,703,000
Iris Eco Power Lanka (Pvt) Ltd	+1	71,342,000	(71,342,000)	1,415,523,000	21,837,394	(21,837,394)	2,078,582,606
	-1	(80,211,000)	80,211,000	1,567,076,000	(22,705,488)	22,705,488	2,123,125,488
Pams Power (Pvt) Ltd	+1	11,163,000	(11,163,000)	139,857,000	681,017	(681,017)	167,844,983
	-1	(12,720,000)	12,720,000	163,740,000	(736,573)	736,573	169,262,573

10. INTANGIBLE ASSETS

	Goodwill		Computer Software		Computer Software	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Group						
Cost						
As at 01 April	638,874,430	638,874,430	302,308	302,308	639,176,738	639,176,738
Additions	-	-	-	-	-	-
As at 31 March	638,874,430	638,874,430	302,308	302,308	639,176,738	639,176,738
Amortisation and Impairment						
As at 01 April	-	-	179,275	103,698	179,275	103,698
Amortisation	-	-	75,577	75,577	75,577	75,577
Impairment of Goodwill	(638,874,430)	-	-	-	(638,874,430)	-
As at 31 March	(638,874,430)	-	254,852	179,275	(638,619,578)	179,275
Net Book Values						
As at 31 March	-	638,874,430	47,456	123,033	47,456	638,997,463

NOTES TO THE FINANCIAL STATEMENTS

10.1 INTANGIBLE ASSETS

	Computer Software	
	2022	2021
	Rs.	Rs.
Company		
Cost		
As at 01 April	302,308	302,308
Additions	-	-
As at 31 March	302,308	302,308
Amortisation and Impairment		
As at 01 April	179,275	103,698
Amortisation	75,577	75,577
As at 31 March	254,852	179,275
Net Book Values		
As at 01 April	123,033	198,610
As at 31 March	47,456	123,033

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

10.2 Impairment Testing of Goodwill

Goodwill acquired through business combinations are allocated to the cash generating units for impairment testing purpose.

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

	Anorchi Lanka (Pvt) Ltd Rs.	Iris Eco Power Lanka (Pvt) Ltd Rs.	Total Rs.
Balance as at 01 April 2021	319,869,879	319,004,551	638,874,430
Impairment of Goodwill	(319,869,879)	(319,004,551)	(638,874,430)
Balance as at 31 March 2022	-	-	-

The Group performed its annual impairment test as at 31 March of each financial year. The Group considers the net assets position and future cash flows of each operating segment, among other factors, when reviewing for indicators of impairment. As at 31 March 2022, impairment is recognised against the carrying value of the Goodwill allocated to each cash generating unit.

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 (VIU). The Recoverable amount of each Cash Generating Unit (CGU) is determined based on the Value In Use computations. The Value In Use calculation is based on a discounted Cash Flow Model. The Recoverable amount is most sensitive to the Discount Rate used for the discounted Cash Flow model as well as the expected Future Cash Inflows and the Growth Rate used for extrapolation purposes. The Key Assumptions used to determine the recoverable amount for the different Cash Generating Units, are as follows;

Anorchi Lanka (Pvt) Ltd

Anorchi Lanka (Pvt) Ltd Operates a 10 MW Solar Power Project in Hambantota, Sri Lanka. The recoverable amount of the CGU of Anorchi Lanka (Pvt) Ltd. of Rs.1,276,829,000 as at 31 March 2022 has been determined based on discounted cash flow model. It was concluded that the fair value less costs of disposal did not exceed the value in use. As a result of this analysis, Management has recognised an impairment charge of Rs. 319,869,879 in the current year against Goodwill.

Iris Eco Power Lanka (Pvt) Ltd

Iris Eco Power Lanka (Pvt) Ltd operates a 10 MW Solar Power Project in Hambantota, Sri Lanka and 01 MW Solar Power project in Embilipitiya, Sri Lanka. The recoverable amount of the CGU of Anorchi Lanka (Pvt) Ltd. of Rs.1,486,865,000 as at 31 March 2022 has been determined based on discounted cash flow model. It was concluded that the Fair Value less costs of disposal did not exceed the value in use. As a result of this analysis, management has recognised an impairment charge of Rs. 319,004,551 in the current year against Goodwill.

Discount Rate

The discount rate used is the risk free rate which is the long term bond rate as published by Central Bank of Sri Lanka, adjusted by the addition of an appropriate risk premium.

Inflation rate

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

Gross margins

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

Long-Term Growth Rate

Long Term Growth rate for Cash Flows for Subsequent Years Based on historical growth rate and business plan.

Period covered

Period covered was as per the Standardised Power Purchase Agreement (SPPA) with Ceylon Electricity Board. This agreement continues for a period of twenty (20) years. Also, since the renewable energy sector agreements have extended in Sri Lanka during the last few years, we have considered a terminal period at the end of the maturity period.

The valuation methodology has considered cash flows beyond the agreement period as 'terminal value' which is the perpetual present value of future cash flows of the business beyond forecasted period. The justification for this is that power projects are renewed upon expiry of the Agreement period as seen in the hydro projects that have been extended in the recent past by Ceylon Electricity Board. This is due to the macro economic factors and national policy on preference towards renewable energy by the government as an alternative to use of fossil fuels. Moreover, as the Country faces a shortage in the supply of continuous electricity and the expectation by government to generate 70% of the Country's energy requirement through renewable energy further by 2030 supports the business to continue beyond forecasted period. The company is of the view that all agreements will be renewed/renewable and the business will continue as a 'going concern' beyond the agreement as it is in the business of renewable energy. Therefore, by way of extension and/or, by way of new projects, it is anticipated that a perpetual value of the business can be derived.

Tariff rate

Flat tariff rate is applicable for entire contract period.

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

NOTES TO THE FINANCIAL STATEMENTS

10.2.1 Valuation Techniques and Significant inputs

Company	Valuation Technique	Significant inputs	2022	2021
Anorchi Lanka (Pvt) Ltd	Discounted Cash Flow Methodology	Discount Rate	18.3% - 26.2%	14.9%
		Terminal Growth Rate*	1%	1%
		Remaining Years - Hambantota	15 Years	16 Years
		Tariff Rate Per KWh (Rs.)	23.10	23.10
Iris Eco Power Lanka (Pvt) Ltd	Discounted Cash Flow Methodology	Discount Rate	18.3% - 26.2%	14.9%
		Terminal Growth Rate**	1%	1%
		Remaining Years - Hambantota	12 years	13 years
		- Embilipitiya	16.5 years	17.5 years
		Tariff Rate Per KWh (Rs.) - Hambantota	23.10	23.10
		- Embilipitiya	18.20	18.20

* The Tariff Rate considered for the Terminal Period was 17.3 which is 25% less than the current Tariff Rate as Per the SPPA.

** The Tariff Rate considered for the Terminal Period was 17.3 and 13.7 for Hambantota and Embilipitiya respectively which is 25% less than the current Tariff Rate as Per the SPPA.

10.2.2 Sensitivity of Assumptions Employed in Fair Valuation

Company	Increase/ (Decrease)		2022		2021	
	Discount Rate	Effect on Other Comprehensive Income	Effect on statement of Financial Position	Effect on Other Comprehensive Income	Effect on statement of Financial Position	
	Rs.	Rs.	Rs.	Rs.	Rs.	
Anorchi Lanka (Pvt) Ltd	+1	64,786,000	(64,786,000)	17,101,000	(17,101,000)	
	-1	(72,842,000)	72,842,000	(17,779,000)	17,779,000	
Iris Eco Power Lanka (Pvt) Ltd	+1	71,342,000	(71,342,000)	21,837,394	(21,837,394)	
	-1	(80,211,000)	80,211,000	(22,705,488)	22,705,488	

Company	Increase/ (Decrease)		2022	
	Discount Rate	Effect on Other Comprehensive Income	Effect on statement of Financial Position	
	Rs.	Rs.	Rs.	
Anorchi Lanka (Pvt) Ltd	+1	(5,970,000)	5,970,000	
	-1	5,318,000	(5,318,000)	
Iris Eco Power Lanka (Pvt) Ltd	+1	(4,123,745)	4,123,745	
	-1	3,673,623	(3,673,623)	

11. TRADE AND OTHER RECEIVABLES

		Group		Company	
		2022	2021	2022	2021
		Rs.	Rs.	Rs.	Rs.
Trade Receivables	- Related Parties (Note 11.1)	9,072,531	6,528,437	9,024,131	6,528,437
	- Others	606,046,573	399,606,725	49,618,532	37,419,762
		615,119,104	406,135,161	58,642,663	43,948,198
Other Receivables	- Related Parties (Note 11.2)	20,358,231	10,635,736	143,851,586	69,288,834
	- Others	17,339	35,742	17,339	17,339
		635,494,674	416,806,640	202,511,588	113,254,372
Advances and Prepayments	- Others	63,322,456	60,794,007	55,517,741	54,464,989
		698,817,130	477,600,647	258,029,330	167,719,361

11.1 Trade Dues from Related Parties

		Group		Company	
Relationship		2022	2021	2022	2021
		Rs.	Rs.	Rs.	Rs.
LAUGFS Leisure Ltd	Fellow Subsidiary	129,622	1,996,869	129,622	1,996,869
Anantaya Passekudah (Pvt) Ltd	Fellow Subsidiary	8,894,509	4,531,567	8,894,509	4,531,567
LAUGFS Supermarkets (Pvt) Ltd.	Fellow Subsidiary	48,400	-	-	-
		9,072,531	6,528,437	9,024,131	6,528,437

11.2 Other Dues from Related Parties

		Group		Company	
Relationship		2022	2021	2022	2021
		Rs.	Rs.	Rs.	Rs.
LAUGFS Property Developers (Pvt) Ltd.	Fellow Subsidiary	-	1,235,736	-	1,235,736
PAMS Power (Pvt) Ltd	Subsidiary	-	-	118,708,448	58,653,098
Ginigathhena Thiniyagala Mini Hydro Power (Pvt) Ltd	Subsidiary	-	-	4,784,907	-
Laugfs Holdings Limited		20,358,231	9,400,000	20,358,231	9,400,000
		20,358,231	10,635,736	143,851,586	69,288,834

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

11.4 Other dues from Related Parties are receivable on demand, non interest bearing and unsecured.

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

Group	Total	Neither Past Due nor Impaired	Past Due and Impaired			
			< 30 Days	31-60 Days	61-90 Days	> 90 Days
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
2022	606,046,573	116,836,720	130,504,606	80,236,544	32,635,957	245,832,746
2021	399,606,725	-	86,136,368	82,562,498	70,736,969	160,170,890

NOTES TO THE FINANCIAL STATEMENTS

Company	Total	Neither Past Due nor Impaired	Past Due and Impaired			
			< 30 Days	31-60 Days	61-90 Days	> 90 Days
			Rs.	Rs.	Rs.	Rs.
2022	49,618,532	5,237,845	13,588,765	7,994,412	-	22,797,510
2021	37,419,762	-	8,785,357	7,243,763	7,692,439	13,698,204

12. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.

12.1 Favourable Cash & Cash Equivalent Balances

Cash in Hand and at Bank	8,508,826	10,304,799	2,389,071	4,094,652
	8,508,826	10,304,799	2,389,071	4,094,652

12.2 Unfavourable Cash & Cash Equivalent Balances

Bank Overdrafts (Note 15)	(500)	(1,395,459)	(500)	-
Cash and Cash Equivalents for the Purpose of Statement of Cash Flows	8,508,326	8,909,340	2,388,571	4,094,652

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

13. STATED CAPITAL

Group/Company	2022		2021	
	Number	Rs.	Number	Rs.
Ordinary Voting Shares (Note 13.1)	335,000,086	1,627,390,237	335,000,086	1,627,390,237
Ordinary Non - Voting Shares (Note 13.2)	52,000,000	252,609,763	52,000,000	252,609,763
	387,000,086	1,880,000,000	387,000,086	1,880,000,000

13.1 Ordinary Voting Shares

As at 01 April	335,000,086	1,627,390,237	335,000,086	1,627,390,237
As at 31 March	335,000,086	1,627,390,237	335,000,086	1,627,390,237

13.2 Ordinary Non - Voting Shares

As at 01 April	52,000,000	252,609,763	52,000,000	252,609,763
As at 31 March	52,000,000	252,609,763	52,000,000	252,609,763

13.3 Rights, Preference and Restrictions of Classes of Capital

The holders of Ordinary Shares confer their right to receive dividends as declared from time to time and are entitled to one vote per share (except, non-voting ordinary shares) at a meeting of the Company. All shares rank equally with regard to the Company's residual assets.

14. FAIR VALUE RESERVE OF FINANCIAL ASSETS AT FVTOCI

	2022 Rs.	2021 Rs.
Company		
Financial Assets at FVTOCI Reserve (Note 14.1)	(173,386,000)	947,353,000
	(173,386,000)	947,353,000

14.1 Financial Assets at FVTOCI Reserve

As at 01 April	947,353,000	838,804,252
Gains/(Losses) arising during the Year	(1,120,739,000)	120,767,936
Deferred Taxation Reversal/(Charge)	-	(12,219,188)
As at 31 March	(173,386,000)	947,353,000

15. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Interest Bearing Loans and Borrowings

	2022 Amount Repayable Within 1 Year Rs.	2022 Amount Repayable After 1 Year Rs.	2022 Total Rs.	2021 Amount Repayable Within 1 Year Rs.	2021 Amount Repayable After 1 Year Rs.	2021 Total Rs.
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15.1 Group

Term Loans (Note 15.1.1)	591,240,642	1,784,921,331	2,376,161,974	505,230,036	2,281,606,826	2,786,836,862
Short Term Loans (Note 15.1.2)	-	-	-	25,000,000	-	25,000,000
Bank Overdrafts (Note 12.2)	500	-	500	1,395,459	-	1,395,459
Lease Liability	3,569,903	65,419,069	68,988,972	3,717,753	65,694,244	69,411,997
	594,811,045	1,850,340,401	2,445,151,446	535,343,248	2,347,301,070	2,882,644,318

	As at 01.04.2021 Rs.	Loan Obtained Rs.	Repayments Rs.	As at 31.03.2022 Rs.
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15.1.1 Term Loans

Commercial Bank of Ceylon PLC - Loan 1	12,721,000	-	(8,963,999)	3,757,001
Commercial Bank of Ceylon PLC - Loan 2	28,927,200	-	(9,643,200)	19,284,000
Commercial Bank of Ceylon PLC - Loan 3	35,961,700	-	(8,480,232)	27,481,468
DFCC Bank PLC - Loan 1	1,168,951,377	-	(155,860,190)	1,013,091,187
DFCC Bank PLC - Loan 2	25,478,078	-	(3,537,794)	21,940,284
DFCC Bank PLC - Loan 3	16,405,350	-	(2,310,620)	14,094,730
DFCC Bank PLC - Loan 4	94,125,000	-	(6,385,607)	87,739,393
Bank Loan - WCL Commercial	7,871,100	-	(6,300,000)	1,571,100
Sampath Bank PLC - Loan 1	939,500,000	-	(132,750,000)	806,750,000
Sampath Bank PLC - Loan 2	89,400,000	-	(6,000,000)	83,400,000
Sampath Bank PLC - Loan 3	131,512,640	-	(25,000,000)	106,512,639
Hatton National Bank PLC	225,012,000	-	(41,660,000)	183,352,000
Hatton National Bank PLC	10,971,417	-	(3,783,245)	7,188,172
	2,786,836,862	-	(410,674,887)	2,376,161,974

NOTES TO THE FINANCIAL STATEMENTS

	As at 01.04.2021 Rs.	Loan Obtained Rs.	Repayments Rs.	As at 31.03.2022 Rs.
15.1.2 Short Term Loans				
Hatton National Bank PLC	25,000,000	12,500,000	(37,500,000)	-
	25,000,000	12,500,000	(37,500,000)	-

	2022 Amount Repayable Within 1 Year Rs.	2022 Amount Repayable After 1 Year Rs.	2022 Total Rs.	2021 Amount Repayable Within 1 Year Rs.	2021 Amount Repayable After 1 Year Rs.	2021 Total Rs.
15.2 Company						
Term Loans (Note 15.2.1)	32,349,825	116,036,683	148,386,508	39,430,320	146,097,408	185,527,728
Short Term Loans (Note 15.2.2)	-	-	-	25,000,000	-	25,000,000
Bank Overdrafts (Note 12.2)	500	-	500	-	-	-
Lease Liability	2,194,495	-	2,194,495	2,726,607	2,169,494	4,896,101
	34,544,820	116,036,683	150,581,503	67,156,927	148,266,902	215,423,829

	As at 01.04.2021 Rs.	Loan Obtained Rs.	Repayments Rs.	As at 31.03.2022 Rs.
15.2.1 Term Loans				
Commercial Bank of Ceylon PLC - Loan 1	12,721,000	-	(8,963,999)	3,757,001
Commercial Bank of Ceylon PLC - Loan 2	28,927,200	-	(9,643,200)	19,284,000
DFCC Bank - Loan 1	25,478,078	-	(3,537,794)	21,940,284
DFCC Bank - Loan 2	16,405,350	-	(2,310,620)	14,094,730
DFCC Bank - Loan 3	94,125,000	-	(6,385,607)	87,739,393
Bank Loan - WCL Commercial	7,871,100	-	(6,300,000)	1,571,100
	185,527,728	-	(37,141,220)	148,386,508
15.2.2 Short Term Loans				
Hatton National Bank PLC	25,000,000	12,500,000	(37,500,000)	-
	25,000,000	12,500,000	(37,500,000)	-

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

Group	Interest Rate	Repayment Terms
Commercial Bank of Ceylon PLC		
Loan 1 (Part 01)	8% per annum (EIB Part)	Repayable by 4 equal monthly installments of Rs. 724,508/- and the final installment of Rs. 745,846/-
Loan 1 (Part 02)	AWPLR* +2% Per annum	Repayable by 4 equal monthly installments of Rs. 22,492/- and the final installment of Rs. 23,154/-
Loan 2	8% per annum	Repayable by 23 equal monthly installments of Rs. 803,600/- and the final installment of Rs. 801,200/-
WCL	4% per annum	Repayable by 2 equal monthly installments of Rs. 525,000/- and the final installment of Rs. 521,100/-
Loan 3 (Part 01)	8% per annum	Repayable in 32 equal monthly installment of Rs.777,707/- and the final installment of Rs.778,450/-
Loan 3 (Part 02)	AWPLR + 2% per annum	Repayable in 30 equal monthly installments of Rs. 58,593/- and the final installment of Rs. 58,650/-
DFCC Bank PLC		
Loan 1	AWPLR + 1.5% per annum	Repayable in 65 equal monthly installments of Rs.15,586,018/-
Loan 2	AWPLR + 2% per annum	Repayable in 62 equal monthly installments of Rs.353,876/-
Loan 3	AWPLR + 2% per annum	Repayable in 61 equal monthly installments of Rs.231,062/-
Loan 4	AWPLR + 1.5% per annum	Repayable by 95 monthly installments
Sampath Bank PLC		
Loan 1	AWPLR + 1.5% per annum	Repayable by 54 equal monthly installments of Rs. 14,750,000/- and the final installment of Rs. 10,250,000/-
Loan 2	AWPLR + 1.5% per annum	Repayable by 3 equal monthly installments of Rs. 600,000/- , 96 equal monthly installments of Rs. 675,000 and 24 monthly installments of Rs. 700,000/-
Loan 3	AWPLR + 1.5% per annum	Repayable by 42 equal monthly installments of Rs.2,500,000/- and the final installment of Rs. 1,512,641/-
Hatton National Bank PLC		
Loan 1	AWPLR + 1% for first five years thereafter AWPLR+ 0.5% for balance 3 years	Repayable by 43 equal monthly installments of Rs. 4,166,000/- and the final installment of Rs. 4,214,000/-
Loan 2	6.04 % per annum	Repayable by 19 equal monthly installments of Rs. 378,324/-
Company	Interest Rate	Repayment Terms
Commercial Bank of Ceylon PLC		
Loan 1 (Part 01)	8% per annum	Repayable by 4 equal monthly installments of Rs. 724,508/- and the final installment of Rs. 745,846/-
Loan 1 (Part 02)	AWPLR+2% Per annum	Repayable by 4 equal monthly installments of Rs. 22,492/- and the final installment of Rs. 23,154/-
Loan 2	8% per annum	Repayable by 23 equal monthly installments of Rs. 803,600/- and the final installment of Rs. 801,200/-
WCL	4% per annum	Repayable by 2 equal monthly installments of Rs. 525,000/- and final installment of Rs. 521,100/-
DFCC Bank PLC		
DFCC Loan 1	AWPLR+2% Per annum	Repayable by 62 equal monthly installments of Rs.353,876/-
DFCC Loan 2	AWPLR+2% Per annum	Repayable by 61 equal monthly installments of Rs.231,062/-
DFCC Loan 3	AWPLR + 1.5% per annum	Repayable by 95 monthly installment

* AWPLR - Average Weighted Primary Lending Rate

NOTES TO THE FINANCIAL STATEMENTS

15.4 Fair Values

The carrying amounts of the Group's and Company's financial instruments by classes, that are not carried at fair value in the financial statements are not materially different from their fair values.

15.5 Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial assets by valuation technique:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Other valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Valuation techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As at 31 March 2022, the Group held the following financial instruments carried at fair value on the statement of financial position.

	2022 Rs.	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.
Company				
Assets Measured at Fair Value				
Financial Assets at FVTOCI (Investment in Subsidiaries)	2,932,114,000	-	-	2,932,114,000
	2,932,114,000	-	-	2,932,114,000

	2021 Rs.	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.
Company				
Assets Measured at Fair Value				
Financial Assets at FVTOCI (Investment in Subsidiaries)	4,052,853,000	-	-	4,052,853,000
	4,052,853,000	-	-	4,052,853,000

During the reporting period ending 31 March 2022, there were no transfers between Level 1 and Level 2 fair value measurements.

16. EMPLOYEE BENEFIT LIABILITY

Group/Company

16.1 Net Benefit Expense

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Current Service Cost	817,918	1,403,462	760,940	1,307,355
Past Service Cost	(333,550)	-	(281,596)	-
Interest Cost on Benefit Obligation	513,188	605,315	485,978	605,315
Total Expenses	997,556	2,008,777	965,322	1,912,670

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

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
As at 01 April	6,418,018	6,053,149	6,074,721	6,053,149
Adjustment due to Transfer of Employees into Company	-	581,101	-	283,092
Current Service Cost	817,918	1,403,462	760,940	1,307,355
Past Service Cost	(333,550)	-	(281,596)	-
Interest Cost on Benefit Obligation	513,188	605,315	485,978	605,315
Remeasurement (Gains)/Losses in Other Comprehensive Income	(1,749,219)	(2,144,259)	(1,648,651)	(2,093,440)
Benefits Paid	(112,190)	(80,750)	(112,190)	(80,750)
As at 31 March	5,554,165	6,418,018	5,279,202	6,074,721

16.3 Messrs. Smiles Global (Pvt) Ltd, Actuaries, carried out an actuarial valuation of the defined benefit plan - gratuity on 31 March 2022. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principal assumptions used as at 31 March 2022 are as follows:

	2022	2021
Method of Actuarial Valuation:	Projected Unit Credit method	Projected Unit Credit method
Discount Rate:	15.50%	8%
Salary Increment Rate:	10%	7%
Retirement Age:	55 years	55 years
Staff Turnover Ratio:	5%	5%
Mortality Table:	A67/70 Ult Mortality Table	A67/70 Ult Mortality Table

The Retirement Benefit Plan was amended due to the increase in retirement age enacted by the Minimum Retirement Age of Workers Act No. 28 of 2021.

As on 17 November 2021, employees who have attained the age of	Retirement age
Less than 52 years	60 years
53 years	59 years
54 years	58 years
55 years	57 years

NOTES TO THE FINANCIAL STATEMENTS

16.4

Sensitivity of Assumptions Employed in Actuarial Valuation

The following table demonstrates the sensitivity to a reasonable possible change in the key assumptions employed with all other variables held constant in the employment benefit liability measurement, in respect of the year 2022.

Due to the lack of long term high quality bonds available in the Sri Lankan market, discount rate is determined by examining short and medium term government and corporate bonds for the purpose of this valuation.

The sensitivity of the income statement and statement of financial position is the effect of the assumed changes in discount rate and salary increment rate on the profit or loss and employment benefit obligation for the year is as follows

Increase/(Decrease)	2022		2021		Present Value of Employee Benefit Obligation	Present Value of Employee Benefit Obligation
	In Discount Rate	Effect on Statement of Profit or Loss (Reduction)/ Increase in Results for the Year	Effect on Statement of Financial Position (Reduction)/ Increase in the Liability as at the Year End	Effect on Statement of Profit or Loss (Reduction)/ Increase in Results for the Year		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
+1%	373,884	(373,884)	578,357	(578,357)	5,180,281	5,839,661
-1%	(423,575)	423,575	(665,735)	665,735	5,977,740	7,083,753
-	(466,556)	466,556	(693,555)	693,555	6,020,721	7,111,573
-	416,217	(416,217)	611,611	(611,611)	5,137,948	5,806,407

16. EMPLOYEE BENEFIT LIABILITY (CONTD.)

16.5 Changes in the Defined Benefit Obligation Group

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

2022	Amounts Charged to Profit or Loss			Remeasurement Gains/(Losses) in Other Comprehensive Income				31 March 2022				
	01 April 2021	Service Cost	Interest Cost	Sub Total included in Profit or Loss	Benefits Paid	Adjustment due to transfer of employees into (out of) Company	Actuarial Changes arising from Demographic Assumptions		Actuarial Experience Adjustments in Financial Assumptions	Subtotal Included in OCI	Contributions by the Employer	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.		
Employee Benefit Liability	6,418,018	484,368	513,188	997,556	(112,190)	-	393,105	(2,611,709)	469,386	(1,749,219)	-	5,554,165
	6,418,018	484,368	513,188	997,556	(112,190)	-	393,105	(2,611,709)	469,386	(1,749,219)	-	5,554,165

2021	Amounts Charged to Profit or Loss			Remeasurement Gains/(Losses) in Other Comprehensive Income				31 March 2021				
	01 April 2020	Service Cost	Interest Cost	Sub Total included in Profit or Loss	Benefits Paid	Adjustment due to transfer of employees into (out of) Company	Actuarial Changes arising from Demographic Assumptions		Actuarial Experience Adjustments in Financial Assumptions	Subtotal Included in OCI	Contributions by the Employer	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.		
Employee Benefit Liability	6,053,149	1,403,462	605,315	2,008,777	(80,750)	581,101	-	(2,255,674)	111,415	(2,144,259)	-	6,418,018
	6,053,149	1,403,462	605,315	2,008,777	(80,750)	581,101	-	(2,255,674)	111,415	(2,144,259)	-	6,418,018

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

Year ended 31 March	2022	2021
	Rs.	Rs.
Between 0 and 2 Years	-	-
Between 2 and 5 Years	-	96,527
Between 5 and 10 Years	2,068,559	2,023,261
Beyond 10 Years	3,485,606	4,298,230
Total Expected Payments	5,554,165	6,418,018

The average duration of the defined benefit plan obligating at the end of the reporting period is 14.20 years. (2021 : 12.07 years)

NOTES TO THE FINANCIAL STATEMENTS

16. EMPLOYEE BENEFIT LIABILITY (CONTD.) Changes in the Defined Benefit Obligation Company

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

2022	Amounts Charged to Profit or Loss			Remeasurement Gains/(Losses) in Other Comprehensive Income					31 March 2022			
	01 April 2021	Service Cost	Interest Cost	Sub Total included in Profit or Loss	Benefits Paid	Adjustment due to transfer of employees into Demographic Company Assumptions	Actuarial Changes arising from Changes in Demographic Assumptions	Actuarial Experience Adjustments arising from Changes in Financial Assumptions		Subtotal Included in OCI		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.		
Employee Benefit Liability	6,074,722	479,344	485,978	965,322	(112,190)	-	393,105	(2,417,423)	375,667	(1,648,651)	-	5,279,202
	6,074,722	479,344	485,978	965,322	(112,190)	-	393,105	(2,417,423)	375,667	(1,648,651)	-	5,279,202

2021	Amounts Charged to Profit or Loss			Remeasurement Gains/(Losses) in Other Comprehensive Income					31 March 2021			
	01 April 2020	Service Cost	Interest Cost	Sub Total included in Profit or Loss	Benefits Paid	Adjustment due to transfer of employees into Demographic Company Assumptions	Actuarial Changes arising from Changes in Demographic Assumptions	Actuarial Experience Adjustments arising from Changes in Financial Assumptions		Subtotal Included in OCI		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Employee Benefit Liability	6,053,149	1,307,355	605,315	1,912,670	(80,750)	283,092	-	(2,255,674)	162,235	(2,093,440)	-	6,074,721
	6,053,149	1,307,355	605,315	1,912,670	(80,750)	283,092	-	(2,255,674)	162,235	(2,093,440)	-	6,074,721

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

Year ended 31 March	2022	2021
	Rs.	Rs.
Between 0 and 2 Years	-	-
Between 2 and 5 Years	-	-
Between 5 and 10 Years	1,949,306	1,972,635
Beyond 10 Years	3,329,896	4,102,086
Total Expected Payments	5,279,202	6,074,721

The average duration of the defined benefit plan obligating at the end of the reporting period is 10.85 years. (2021 : 11.62 years)

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Trade Payables - Related Parties (Note 17.1)	1,692,888	705,173	1,262,887	353,172
Other Payables - Related Parties (Note 17.2)	4,607,871	-	1,308,742,171	1,149,175,679
- Others	52,900,470	36,581,256	6,674,370	11,407,527
	59,201,229	37,286,429	1,316,679,428	1,160,936,378
Sundry Creditors including Accrued Expenses	57,406,194	13,716,000	4,354,755	1,832,153
	116,607,425	51,002,430	1,321,034,183	1,162,768,530

17.1 Trade Dues to Related Parties

LAUGFS Petroleum (Pvt) Ltd	364,277	212,673	364,277	212,673
LAUGFS Business Solutions (Pvt) Ltd	570,500	492,500	140,500	140,500
LAUGFS Property Developers (Pvt) Ltd	758,111	-	758,111	-
	1,692,888	705,173	1,262,887	353,172

17.2 Other Dues to Related Parties

	Relationship	Group		Company	
		2022	2021	2022	2021
		Rs.	Rs.	Rs.	Rs.
LAUGFS Holdings Ltd	Ultimate Parent	4,000,000	-	-	-
LAUGFS Gas PLC	Fellow Subsidiary	12,399	-	12,399	-
Anorchi Lanka (Pvt) Ltd	Subsidiary	-	-	637,735,754	590,753,137
Iris Eco Power Lanka (Pvt) Ltd	Subsidiary	-	-	670,398,546	558,416,807
Ginigathhena Thiniyagala Mini Hydro Power (Pvt) Ltd	Subsidiary	-	-	-	5,735
LAUGFS Property Developers (Pvt) Ltd	Fellow Subsidiary	595,472	-	595,472	-
		4,607,871	-	1,308,742,171	1,149,175,679

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

17.4 Other dues to related parties are payable on demand, non interest bearing and unsecured.

18. COMMITMENTS AND CONTINGENCIES
18.1 Capital Expenditure Commitments

The Group and Company do not have any commitments for acquisition of property, plant and equipment incidental to the ordinary course of business as at 31 March 2022.

18.2 Contingencies

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

NOTES TO THE FINANCIAL STATEMENTS

19. ASSETS PLEDGED

The following assets have been pledged as security for liabilities.

Nature of Assets	Nature of the Liability	Carrying Amount		Pledged Included Under
		2022 Rs.	2021 Rs.	
Group				
Equity Shares	Primary Mortgage over Equity Shares	1,880,000,000	1,880,000,000	Equity
Project Assets	Primary Mortgage over Project Assets	353,656,382	376,764,411	Property, Plant and Equipment
Project Assets	Negative Pledge over Project	1,678,075,948	1,789,671,782	Property, Plant and Equipment
Project Assets	Primary Mortgage over Equity Shares	1,000,001,000	1,000,001,000	Equity
Project Assets	Primary Mortgage over Project assets	1,551,344,513	1,655,290,994	Property, Plant and Equipment
Project Assets	Primary Mortgage over Equity Shares	1,000,004,000	1,000,004,000	Equity
Company				
Equity Shares	Primary Mortgage over Equity Shares	1,880,000,000	1,880,000,000	Equity
Project Assets	Primary Mortgage over Project Assets	353,656,382	376,764,411	Property, Plant and Equipment

20. TRANSACTIONS WITH THE PARENT AND RELATED ENTITIES

The following table provides the information pertaining to significant transactions that have been entered into with related parties for the relevant financial year. (for information regarding outstanding balances at 31 March 2022 and 31 March 2021, refer to Notes 11 and 17).

20.1 Group

	Ultimate Parent		Other Group Companies		Total	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Balance as at 01 April 2021	9,400,000	(63,444,862)	7,059,000	(12,262,202)	16,459,000	(75,707,064)
Purchase of Goods / Services	(30,000,000)	(30,000,000)	(12,045,568)	(10,529,320)	(42,045,568)	(40,529,320)
Payment Made for Purchase of Good & Services	38,365,861	190,434,886	374,558,354	35,921,783	412,924,215	226,356,670
Payment Received from Purchase Good & Services	(1,407,630)	(87,590,025)	(362,800,015)	(6,652,362)	(364,207,645)	(94,242,387)
Gratuity-Adjustment				581,101	-	581,101
Balance as at 31 March 2022	16,358,231	9,400,000	6,771,771	7,059,000	23,130,003	16,459,000

20. TRANSACTIONS WITH THE PARENT AND RELATED ENTITIES (CONTD.)
20.2

Company	Ultimate Parent		Subsidiaries		Other Group Companies		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Year ended 31 March	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 01 April 2021	9,400,000	(63,119,711)	(1,090,522,580)	(1,011,138,260)	7,410,999	(11,036,261)	(1,073,711,581)	(1,085,294,231)
Purchase of Goods / Services	(6,000,000)	(6,000,000)	-	-	(8,159,068)	(6,702,070)	(14,159,068)	(12,702,070)
Dividend	-	-	-	100,000,250	-	-	-	100,000,250
Payment Made for Purchase of Good & Services	18,365,861	138,109,736	126,697,685	88,869,601	23,038,799	25,271,354	168,102,345	252,250,691
Payment Received from Purchase Good & Services	(1,407,630)	(59,590,025)	(220,816,050)	(267,956,163)	(15,137,359)	(703,125)	(237,361,039)	(328,249,313)
Gratuity-Adjustment	-	-	-	(298,009)	-	581,101	-	283,092
Balance as at 31 March 2022	20,358,231	9,400,000	(1,184,640,945)	(1,090,522,580)	7,153,372	7,410,999	(1,157,129,342)	(1,073,711,581)

20.3 Subsidiaries include the following Companies;

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

20.4 Other Group Companies include the following Companies;

LAUGFS Property Developers (Pvt) Ltd
LAUGFS Business Solutions (Pvt) Ltd
LAUGFS Gas PLC
LAUGFS Petroleum (Pvt) Ltd
LAUGFS Supermarkets (Pvt) Ltd
LAUGFS Lubricants Ltd
Anantaya Passekudah (Pvt) Ltd
LAUGFS Leisure Ltd
LAUGFS Eco Sri Ltd

NOTES TO THE FINANCIAL STATEMENTS

20.5 Transactions with Key Management Personnel of the Company or its Parent

Key Management Personnel (KMPs) are defined as those persons such as directors, chief executive officers and other senior executives etc. who have authority and responsibility for planning, directing and controlling the activities of the Company as well as the subsidiaries, direct or indirectly.

	2022	2021
	Rs.	Rs.
Compensation of Key Management Personnel		
Group		
Directors' Emoluments (Cash Benefits)	31,471,700	24,950,000
Non-cash Benefits	697,380	-
Total Compensation paid to Key Management Personnel	32,169,080	24,950,000
Company		
Directors' Emoluments (Cash Benefits)	7,471,700	1,750,000
Non-cash Benefits	697,380	-
Total Compensation paid to Key Management Personnel	8,169,080	1,750,000

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

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

21.1 Introduction

The overall risk management program of the company focuses on the unpredictability of financial risks and aims to reduce potential negative consequences on the company's financial performance. The Group's business activities have resulted in a positive correlation with the risks associated with it, exposing it to Interest Rate Risk, Credit Risk, and Liquidity Risk.

LAUGFS' overall risk management policy aims to limit these risks through operational and finance activities. The Board of Directors has overall responsibility for the establishment and oversight of the LAUGFS risk management framework. Financial risk management of the Company is carried out based on guidelines established by Group Treasury. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the business unit.

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

The Audit Committee is assisted in its oversight role by LAUGFS Group Risk & Control Division. GRC undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

21.2 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) and its financing activities, including deposits with banks and financial institutions.

21.2.1 Trade receivables

The government-controlled transmission licensee Ceylon Electricity Board (CEB) is the sole customer of the service. In the recent past, there has been a rise in debtor days, which has impacted the Company's working capital cycle, as an effect of the current economic crisis prevailing in the country. This has increased the credit risk profile of the business. In order to recover all outstanding balances, the company maintains frequent communication and a healthy relationship with the customer.

Credit exposure

Group As at 31 March 2022 In LKR	Cash in Hand and at Bank	Trade and Other Receivable	Amount Due From Related Parties	Total	% Of Allocation
Trade Receivable	-	606,046,573	9,072,531	615,119,104	87%
Advance for other	-	63,322,456	-	63,322,456	9%
Due From Related Parties	-	-	20,358,231	20,358,231	3%
Loan To executives	-	17,339	-	17,339	0%
Cash at Bank	8,508,826	-	-	8,508,826	1%
Total credit risk exposure	8,508,826	669,386,368	29,430,762	707,325,956	100%

Company As at 31 March 2022 In LKR	Cash in Hand and at Bank	Trade and Other Receivable	Amount Due From Related Parties	Total	% Of Allocation
Trade Receivable	-	49,618,532	9,024,131	58,642,663	23%
Advance for other	-	55,517,741	-	55,517,741	21%
Due From Related Parties	-	-	143,851,586	143,851,586	55%
Other Receivables	-	17,339	-	17,339	0%
Cash at Bank	2,389,071	-	-	2,389,071	1%
Total credit risk exposure	2,389,071	105,153,612	152,875,717	260,418,400	100%

Group As at 31 March 2021 In LKR	Cash in Hand and at Bank	Trade and Other Receivable	Amount Due From Related Parties	Total	% Of Allocation
Trade Receivable	-	399,606,725	6,528,437	406,135,162	83%
Advance for other	-	60,794,007	-	60,794,007	13%
Due From Related Parties	-	-	10,635,736	10,635,736	2%
Other Receivables	-	35,742	-	35,742	0%
Cash at bank	10,304,799	-	-	10,304,799	2%
Total credit risk exposure	10,304,799	460,436,474	17,164,173	487,905,446	100%

Company As at 31 March 2021 In LKR	Cash in Hand and at Bank	Trade and Other Receivable	Amount Due From Related Parties	Total	% Of Allocation
Trade Receivable	-	37,419,762	6,528,437	43,948,199	26%
Advance for other	-	54,464,989	-	54,464,989	32%
Due From Related Parties	-	-	69,288,834	69,288,834	40%
Other Receivables	-	17,339	-	17,339	0%
Cash at Bank	4,094,652	-	-	4,094,652	2%
Total credit risk exposure	4,094,652	91,902,090	75,817,271	171,814,013	100%

21.2.2 Short Term deposits

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

The Group held cash in hand and at bank equivalents of LKR. 8.5 Mn on 31 March 2022 which represents its maximum credit exposure on these assets.

NOTES TO THE FINANCIAL STATEMENTS

Respective credit ratings of banks whose group cash balances are held are as follows;

Rating	Group		Company	
	LKR	%	LKR	%
AAA		0%		0%
AA		0%		0%
A+	143,335	2%	89,381	4%
A	6,139,473	75%	1,034,199	44%
AA-	1,931,018	24%	1,205,491	52%
A-		0%		0%
Total	8,213,826	100%	2,329,071	100%

As of 31 March 2022, deposits were made with Banks respectively which were rated "AA-" or better.

21.3 Liquidity Risk

The risk of liquidity is that the company will have difficulty satisfying the obligations associated with its financial liabilities, which are settled by delivering cash or another financial asset. The Company's approach to liquidity management is to ensure, to the greatest extent possible, that it will always have enough liquidity to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be satisfying since total liabilities over total liquid assets show a considerable increase compared to the previous year.

Group Treasury receives information from business units regarding the liquidity profile of their financial assets and liabilities and details of projected cash flows arising from projected future business.

The liquidity requirements of business units and subsidiaries are met through central cash management by Group Treasury to cover any short-term fluctuations and longer-term funding to address any structural liquidity requirements. The Group Treasury monitors the cash flows at the subsidiary and Group level and obtains adequate bank facilities to meet the funding requirements. Constant communication between banks about financing needs ensures that availability within borrower limits is optimised by efficiently reallocating underutilised capacities within the Company.

The monthly liquidity position is monitored by the Group Treasury. All liquidity policies and procedures are subject to review and approval by the Board of Directors. These reports cover the liquidity position of both the Group and its operating subsidiaries.

21.4 Interest Rate Risk

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

The following table demonstrates the sensitivity to change in interest rates, with all other variables held constant, of the Group profit before tax (PBT). Increased interest rates will create a negative impact on the profitability of the business. The response strategies are being formed through the annual business planning process.

Increase/ (Decrease) in interest rate	Effect on Comprehensive Income Statement	
	2022	2021
	LKR	LKR
+1%	2,201,678	2,688,608
-1%	(2,201,678)	(2,688,608)

21.5 Maturity Analysis

The table below summarises the maturity profile of the Group's financial liabilities based on contractual un-discounted payments. Delay in counter-party settlement from CEB has resulted in an increase in short-term borrowings.

Group As at 31 March 2022 (LKR)	On Demand	Less than 3 months	3 to 12 Months	1 to 5 Years	> 5 Years	Total
Non-Current Financial Liabilities	-	98,540,107	492,700,535	820,323,382	964,597,950	2,376,161,974
Leases Obligations	-	716,900	2,853,003	7,653,964	57,765,105	68,988,972
Bank overdrafts	500	-	-	-	-	500
Total	500	99,257,007	495,553,538	827,977,346	1,022,363,055	2,445,151,446

Company As at 31 March 2022 (LKR)	On Demand	Less than 3 months	3 to 12 Months	1 to 5 Years	> 5 Years	Total
Non-Current Financial Liabilities	-	5,391,638	26,958,188	20,500,662	95,536,020	148,386,508
Leases Obligations	-	487,666	1,706,829	-	-	2,194,495
Bank overdrafts	500	-	-	-	-	500
Total	500	5,879,304	28,665,017	20,500,662	95,536,020	150,581,503

Group As at 31 March 2021 (LKR)	On Demand	Less than 3 months	3 to 12 Months	1 to 5 Years	> 5 Years	Total
Non-Current Financial Liabilities	-	84,205,003	421,025,030	1,876,523,724	405,083,105	2,786,836,862
Leases Obligations	-	-	3,717,753	8,531,949	57,162,295	69,411,997
Bank overdrafts	1,395,459	-	-	-	-	1,395,459
Total	1,395,459	84,205,003	424,742,783	1,885,055,673	462,245,400	2,857,644,328

Company As at 31 March 2021 (LKR)	On Demand	Less than 3 months	3 to 12 Months	1 to 5 Years	> 5 Years	Total
Non-Current Financial Liabilities	-	6,571,720	32,858,600	82,704,580	63,392,828	185,527,728
Leases Obligations	-	-	2,726,607	2,169,494	-	4,896,101
Bank overdrafts	-	-	-	-	-	-
Total	-	6,571,720	35,585,207	84,874,074	63,392,828	190,423,829

NOTES TO THE FINANCIAL STATEMENTS

21.6 Capital Management

The Group's objective when managing capital is to, safeguard the ability to continue the going concern so that the Group can continue to provide returns for shareholders and fulfil other stakeholders' aspirations and maintain an optimal capital structure to reduce the cost of capital.

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

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

Ratio	Group		Company	
	2022	2021	2022	2021
Debt to Equity ratio	54%	49%	7%	6%

22. EVENTS OCCURRING AFTER THE REPORTING DATE

There have been no material events occurring after the reporting date that require adjustments to or disclosure in the Financial Statement other than the following;

Interest Rate

The Monetary Board of the Central Bank of Sri Lanka, at its meeting held on 08 April 2022, decided to increase the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR) of the Central Bank by 700 basis points to 13.50 per cent and 14.50 per cent, respectively, effective from the close of business on 08 April 2022. The policy response was made by the Central Bank of Sri Lanka after the reporting period and consequently, no adjustments were necessary to the amounts recognised in the financial statements. The financial effects of the interest rate movement have been more fully described in Note 21.4.

SHARE INFORMATION

NUMBER OF SHARES IN ISSUE

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

STOCK SYMBOL

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

Listed in the Diri Savi Board of the Colombo Stock Exchange

SHARE PRICES FOR THE YEAR

LPL N	As at 31/03/2022	As at 31/03/2021
Market price per share		
Highest during the year	Rs. 13.10 (07-01-2022)	Rs. 13.50 (20-01-2021)
Lowest during the year	Rs. 7.70 (23-04-2021)	Rs. 1.80 (12-05-2020)
As at end of the year	Rs. 10.30	Rs. 8.80

LPL N	2021/2022	2020/2021
Number of Transactions during the year	6,265	9,969
Number of Shares traded during the year	12,568,984	41,147,911
Value of shares traded during the year (Rs.)	125,116,505.00	327,139,854.80

LPL X	As at 31/03/2022	As at 31/03/2021
Market price per share		
Highest during the year	Rs.11.80 (07/01/2022)	Rs.9.10 (20/01/2021)
Lowest during the year	Rs. 5.00 (29/04/2021)	Rs.1.60 (12/05/2020)
As at end of the year	Rs. 7.90	Rs.6.20

LPL X	2021/2022	2020/2021
Number of Transactions during the year	7,062	12,599
Number of Shares traded during the year	22,540,674	65,562,199
Value of shares traded during the year (Rs.)	181,630,340.80	412,104,396.50

Public Holding

1. The Public Holding Percentage as at 31st March 2022 being 25.23%
2. Total number of shareholders who hold the public Holdings as at 31st March 2022 8,071
3. The Float adjusted market capitalisation as at 31st March 2022 - Rs. 870,485,990.90

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

SHARE INFORMATION

Share Distribution as at 31st March 2022

LPL N

From	To	No. of Holders	No. of Shares	%
1	- 1,000	6,854	2,401,870	0.72
1,001	- 10,000	1,075	3,279,252	0.98
10,001	- 100,000	121	3,296,680	0.98
100,001	- 1,000,000	19	5,242,826	1.57
Over 1,000,000		8	320,779,458	95.75
		8,077	335,000,086	100.00

LPL X

From	To	No. of Holders	No. of Shares	%
1	- 1,000	5,103	1,704,301	3.28
1,001	- 10,000	967	2,728,821	5.25
10,001	- 100,000	127	3,735,399	7.19
100,001	- 1,000,000	17	5,879,966	11.3
Over 1,000,000		6	37,951,513	72.98
		6,220	52,000,000	100.00

Analysis of Shareholders as at 31st March 2022

LPL N

From	No. of Holders	No. of Shares	%
Local Individuals	7,872	12,553,856	3.75
Local Institutions	164	322,022,301	96.13
Foreign Individuals	37	257,223	0.08
Foreign Institutions	4	166,706	0.04
	8,077	335,000,086	100.00

LPL X

From	No. of Holders	No. of Shares	%
Local Individuals	6,068	9,541,976	18.35
Local Institutions	121	42,143,917	81.05
Foreign Individuals	29	225,408	0.43
Foreign Institutions	2	88,699	0.17
	6,220	52,000,000	100.00

Residency
LPL N

Category	No. of shareholders	No. shares	%
Resident	8,036	334,576,157	99.88
Non Resident	41	423,929	0.12
Total	8,077	335,000,086	100

LPL X

Category	No. of shareholders	No. shares	%
Resident	6,189	51,685,893	99.40
Non Resident	31	314,107	0.60
Total	6,220	52,000,000	100

Director's Shareholding as at 31st March 2022
LPL N

	No. of shares	%
Mr W K H Wegapitiya	1,411,536	0.421
Mr U K T N De Silva	1,077,897	0.322
Mr. N M Prakash (resigned w.e.f 31st May 2022)	17,000	0.005
Mr. P M B Fernando	100	0.000
Mr. P. Kudabalage	Nil	Nil

LPL X

	No. of shares	%
Mr W K H Wegapitiya	Nil	Nil
Mr U K T N De Silva	Nil	Nil
Mr. N M Prakash (resigned w.e.f 31st May 2022)	Nil	Nil
Mr. P M B Fernando	Nil	Nil
Mr. P Kudabalage	Nil	Nil

SHARE INFORMATION

TWENTY MAJOR SHAREHOLDERS OF THE COMPANY - VOTING

REF.	NAME	31ST MARCH 2022		31ST MARCH 2021	
		SHARES	%	SHARES	%
1	LAUGFS HOLDINGS LIMITED	247,980,050	74.024	247,980,050	74.024
2	EMPLOYEES PROVIDENT FUND	57,897,800	17.283	57,897,800	17.283
3	HATTON NATIONAL BANK PLC/CARLINES HOLDINGS (PVT) LTD	5,217,733	1.558	5,000,747	1.493
4	HATTON NATIONAL BANK PLC/ALMAS ORGANISATION (PVT) LTD	4,535,297	1.354	1,774,722	0.530
5	AMANA BANK PLC/ALMAS ORGANISATION (PVT) LTD	1,526,604	0.456	1,639,845	0.490
6	MR W.K.H.WEGAPITIYA	1,411,536	0.421	1,411,536	0.421
7	PEOPLE'S LEASING & FINANCE PLC / L P HAPANGAMA	1,132,541	0.338	725,135	0.216
8	MR U.K.T.N.DE SILVA	1,077,897	0.322	1,077,897	0.322
9	MR G.Y.N.MAHINKANDA	814,575	0.243	814,575	0.243
10	PEOPLE'S LEASING & FINANCE PLC / MR. D M P DISANAYAKE	770,590	0.230	928,768	0.277
11	MR H.D.M.P.SIRIWARDENA	620,408	0.185	749,000	0.224
12	PEOPLE'S LEASING & FINANCE PLC / DR. H S D SOYSA & MRS. G SOYSA	596,913	0.178	256,641	0.077
13	PEOPLE'S LEASING & FINANCE PLC/ L H L M P HARADASA	320,294	0.096	189,456	0.057
14	MERCHANT BANK OF SRI LANKA & FINANCE PLC/ K L K M INDIKA	215,000	0.064	215,000	0.064
15	EMPLOYEES TRUST FUND BOARD	205,304	0.061	205,304	0.061
16	MR C.S.KARIYAWASAN	200,000	0.060	200,000	0.060
17	CEYLON BISCUITS LIMITED	170,000	0.051	170,000	0.051
18	MRS. C.N.G.NARAYANA	162,300	0.048	162,300	0.048
19	MR. L H L T D HARADASA	160,000	0.048	-	-
20	MR. P SANGEEVEN	148,300	0.044	-	-
		325,163,142	97.064	321,398,776	95.940
	OTHERS	9,836,944	2.936	13,601,310	4.060
		335,000,086	100.000	335,000,086	100.000

TWENTY MAJOR SHAREHOLDERS OF THE COMPANY - NON-VOTING

REF.	NAME	31ST MARCH 2022		31ST MARCH 2021	
		SHARES	%	SHARES	%
1	EMPLOYEE'S PROVIDENT FUND	18,041,300	34.695	18,041,300	34.695
2	HATTON NATIONAL BANK PLC/CARLINES HOLDINGS (PVT) LTD	7,767,443	14.937	7,531,386	14.483
3	HATTON NATIONAL BANK PLC/ALMAS ORGANISATION (PVT) LTD	7,352,544	14.140	3,902,660	7.505
4	PEOPLE'S LEASING & FINANCE PLC / L P HAPANGAMA	2,450,295	4.712	908,234	1.747
5	BANK OF CEYLON NO. 1 ACCOUNT	1,297,831	2.496	1,297,831	2.496
6	HATTON NATIONAL BANK PLC/SASHIMAAL RUHASH FERNANDO	1,042,100	2.004	2,093,721	4.026
7	PEOPLE'S LEASING & FINANCE PLC / L H L M P HARADASA	961,037	1.848	43,110	0.083
8	MR A.M.WEERASINGHE	813,471	1.564	813,471	1.564
9	PEOPLE'S LEASING & FINANCE PLC / DR H S D SOYSA & MRS G SOYSA	590,173	1.135	25,000	0.048
10	AMANA BANK PLC / ALMAS ORGANISATION (PVT) LTD	589,937	1.134	178,700	0.344
11	MR L H L M P HARADASA	568,044	1.092	164,722	0.317
12	MRS C.N.G.NARAYANA	378,800	0.728	378,800	0.728
13	MRS S.D.AMARASINGHE	372,400	0.716	372,400	0.716
14	NARATHA VENTURES PRIVATE LIMITED	308,000	0.592	308,000	0.592
15	MERCHANT BANK OF SRI LANKA & FINANCE PLC/H M C B MAWILMADA	193,050	0.371	-	-
16	PEOPLE'S LEASING & FINANCE PLC / L H L NORIS DE SILVA & SON(PVT) LTD	157,296	0.302	-	-
17	MR. A B K WEERAMAN	150,200	0.289	180,383	0.347
18	VARNERS INTERNATIONAL (PTIVATE) LIMITED	150,000	0.288	100,000	0.192
19	MR. J D VITHANAGE	150,000	0.288	100,000	0.192
20	MRS. N MULJIE	139,217	0.268	139,217	0.268
		43,473,138	83.602	36,578,935	70.344
	OTHERS	8,526,862	16.398	15,421,065	29.656
		52,000,000	100.000	52,000,000	100.000

REAL ESTATE PORTFOLIO

Company	Plant Name	Location	Land (Acres)		Building area (Sq.Ft)
			Free hold	Lease Hold	
Anorchi Lanka (Pvt) Ltd	10 MW Anorchi Lanka SPP	Baruthankanda, Hambanthota		45	5,835
Iris Eco Power Lanka (Pvt) Ltd	10 MW Iris Eco Power Lanka SPP	Baruthankanda, Hambanthota		45	5,835
	1 MW Embilipitiya 3 SPSPII SPP	Hingura, Embilipitiya		4.68	160
LAUGFS Power PLC	1 MW Embilipitiya 2 SPSPII SPP	Hingura, Embilipitiya		5	800
	0.5 MW Ranmudu Oya Phase I MHP	Pambagolla, Balangoda		1.48	2,400
	0.55 MW Ranmudu Oya Phase III MHP	Pidaligannawala, Balangoda	0.67		1,440
Ginigathena Thiniyagala Mini Hydropower (Pvt) Ltd	0.7 MW Ginigathena Thiniyagala MHP	Thiniyagala, Ginigathhena	0.98		860
Pams Power (Pvt) Ltd	2 MW Kehelgamuwa Oya II MHP	Dagampitiya, Ginigathhena	0.6	2.16	

FIVE YEAR SUMMARY - GROUP

For the year ended 31 March	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
SUMMARY OF OPERATIONS					
Revenue	1,068,339,528	967,406,126	979,343,466	982,880,136	1,027,698,539
Gross Profit	803,051,937	672,767,404	680,193,341	666,599,872	709,761,552
Operating Profit/(Loss)	744,267,232	557,226,558	549,054,481	531,006,496	(699,236,821)
EBITDA	983,956,398	803,389,816	788,919,981	787,682,560	(444,701,758)
Profit Before Tax	336,745,635	184,216,229	185,392,551	265,202,087	(918,930,038)
Profit After Tax	337,226,136	170,642,376	125,926,243	234,743,514	(902,870,634)
Attributable to:					
Equity Holders of the Parent	337,226,136	170,642,376	125,926,243	234,743,514	(902,870,634)
Non-Controlling Interests					
	337,226,136	170,642,376	125,926,243	234,743,514	(902,870,634)
SUMMARY OF FINANCIAL POSITION					
Stated Capital	1,880,000,000	1,880,000,000	1,880,000,000	1,880,000,000	1,880,000,000
Retained Earnings	629,910,778	800,099,103	829,095,541	1,065,480,889	164,128,664
Equity attributable to Equity Holders of the Parent	2,509,910,778	2,680,099,103	2,709,095,541	2,945,480,889	2,044,128,664
Non-Controlling Interests					
Total Equity	2,509,910,778	2,680,099,103	2,709,095,541	2,945,480,889	2,044,128,664
ASSETS & LIABILITIES					
Property, Plant and Equipment	4,944,950,639	4,869,901,023	4,928,162,277	4,709,768,667	3,840,117,493
Other Non-Current Assets	656,930,166	660,743,252	739,665,995	737,256,221	94,619,463
Current Assets	566,213,404	527,546,833	522,483,304	491,777,761	709,888,993
Non-Current Liabilities	2,995,003,983	2,632,854,509	2,842,222,511	2,403,241,063	1,889,040,654
Current Liabilities	663,179,448	745,237,496	638,993,525	590,080,697	711,456,631
Net Assets	2,509,910,778	2,680,099,103	2,709,095,541	2,945,480,889	2,044,128,664
SUMMARY OF CASHFLOWS					
Net Operating Cashflows	328,033,940	385,330,241	214,491,982	393,231,495	436,383,033
Net Cash (used in) /From Investing Activities	(168,619,826)	(159,012,711)	(285,353,219)	(24,210,475)	(374,563)
Net Cash (used in)/From Financing Activities	(87,710,219)	(291,293,138)	(9,873,673)	(323,801,527)	(436,409,485)
Net Increase/(Decrease) in Cash and Cash Equivalent	71,703,895	(64,975,608)	(80,734,913)	45,219,493	(401,015)
FINANCIAL RATIO					
Gross Profit Margin	75%	70%	69%	68%	69%
EBITDA Margin	92%	83%	81%	80%	-43%
Net Profit Margin	32%	18%	13%	24%	-88%
Earnings Per Share (EPS)	0.87	0.44	0.33	0.61	(2.33)

NOTICE OF MEETING

Notice is hereby given that the 5th Annual General Meeting of the Company will be held by way of electronic means on 27th September 2022 at 10.00 am, centered at the LAUGFS Head Office building located at No. 101, Maya Avenue, Colombo 06, Sri Lanka, for the following business:

- To receive and consider the Annual Report of the Board of Directors on the affairs of the Company and its subsidiaries and the Statement of Accounts for the year ended 31st March 2022 and the Report of the Auditors thereon.
- To re-elect Mr. P M B Fernando, who retires by rotation in terms of Article 26(6) of the Articles of Association, as a Director of the Company;
- To elect Mr. K R Goonesinghe who retires in terms of Article 26 (02) of the Articles of Associations, as a Director of the Company.
- To elect Prof S P P Amaratunge who retires in terms of Article 26 (02) of the Articles of Associations, as a Director of the Company.
- To re-appoint Messrs Ernst & Young, Chartered Accountants, the retiring Auditors and to authorise the Directors to determine their remuneration.
- To authorise the Directors to determine and make donations for the year ending 31st March 2023 and upto the date of the next Annual General Meeting.

By Order of the Board
LAUGFS POWER PLC



P W Corporate Secretarial (Pvt) Ltd
Secretaries

At Colombo
31st August 2022

Notes:

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

FORM OF PROXY VOTING

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

Mr. W. K. H. Wegapitiya	of Colombo or failing him
Mr. U. K. T. N. De Silva	of Colombo or failing him
Mr. P. M. B. Fernando	of Colombo or failing him
Mr. P. Kudabalage	of Colombo or failing him
Mr K.R. Goonesinghe	of Colombo or failing him
Prof. S.P.P. Amaratunge	

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

	For	Against
1. To re-elect Mr. P M B Fernando, who retires by rotation in terms of Article 26(6) of the Articles of Association, as a Director of the Company;		
2. To elect Mr. K R Goonesinghe who retires in terms of Article 26 (02) of the Articles of Associations, as a Director of the Company.		
3. To elect Prof S P P Amaratunge who retires in terms of Article 26 (02) of the Articles of Associations, as a Director of the Company.		
4. To re-appoint Messrs Ernst & Young, Chartered Accountants, the retiring Auditors and to authorise the Directors to determine their remuneration.		
5. To authorise the Directors to determine and make donations for the year ending 31st March 2023 and upto the date of the next Annual General Meeting.		

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

.....
Signature

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

INSTRUCTIONS AS TO COMPLETION

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

FORM OF PROXY NON-VOTING

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

Mr. W. K. H. Wegapitiya	of Colombo or failing him
Mr. U. K. T. N. De Silva	of Colombo or failing him
Mr. P. M. B. Fernando	of Colombo or failing him
Mr. P. Kudabalage	of Colombo or failing him
Mr K.R. Goonesinghe	of Colombo or failing him
Prof. S.P.P. Amaratunge	

as *my/our proxy to represent me/us at the Annual General Meeting of the Company to be held on atpm and any adjournment thereof.

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

.....
Signature

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

CORPORATE INFORMATION

NAME OF THE COMPANY

LAUGFS Power PLC (A Subsidiary of LAUGFS Holdings Limited)

COMPANY REGISTRATION NO.

PB 1595 PQ

LEGAL FORM

A Limited Liability company listed in the Colombo Stock Exchange

SUBSIDIARIES

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

PARENT ENTERPRISE

The Company's holding Company and controlling entity is LAUGFS Holdings Limited, which is incorporated in Sri Lanka.

BOARD OF DIRECTORS

Mr.W.K.H.Wegapitiya (Chairman)
Mr.U.K.Thilak De Silva (Deputy Chairman)
Mr. Piyadasa Kudabalage (Group Managing Director/GCEO)
Mr. P.M.B Fernando
Mr. N.M Prakash (Resigned w.e.f 31st May 2022)
Mr K.R. Goonesinghe (Appointed w.e.f 15th August 2022).
Prof. S.P.P. Amaratunge (Appointed w.e.f 15th August 2022)

BANKERS

Commercial Bank of Ceylon PLC.
DFCC Bank PLC.
Hatton National Bank PLC.
Sampath Bank PLC.
Standard Chartered Bank.

AUDITORS

Ernst & Young.
(Chartered Accountants)
201, De Saram Place,
Colombo 10,
Sri Lanka.

SECRETARIES

P W Corporate Secretarial (Pvt) Ltd.
3/17, Kinsey Road, Colombo 08,
Sri Lanka.

REGISTRARS

P W Corporate Secretarial (Pvt) Ltd.
3/17, Kinsey Road, Colombo 08,
Sri Lanka.

REGISTERED OFFICE

101, Maya Avenue,
Colombo 06,
Sri Lanka.

CORPORATE WEBSITE

www.laugfs.lk



www.laugfs.lk