Vallibel Power Erathna PLC

THE DUALITY OF POWER



ANNUAL REPORT 2025/26

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THE DUALITY OF POWER

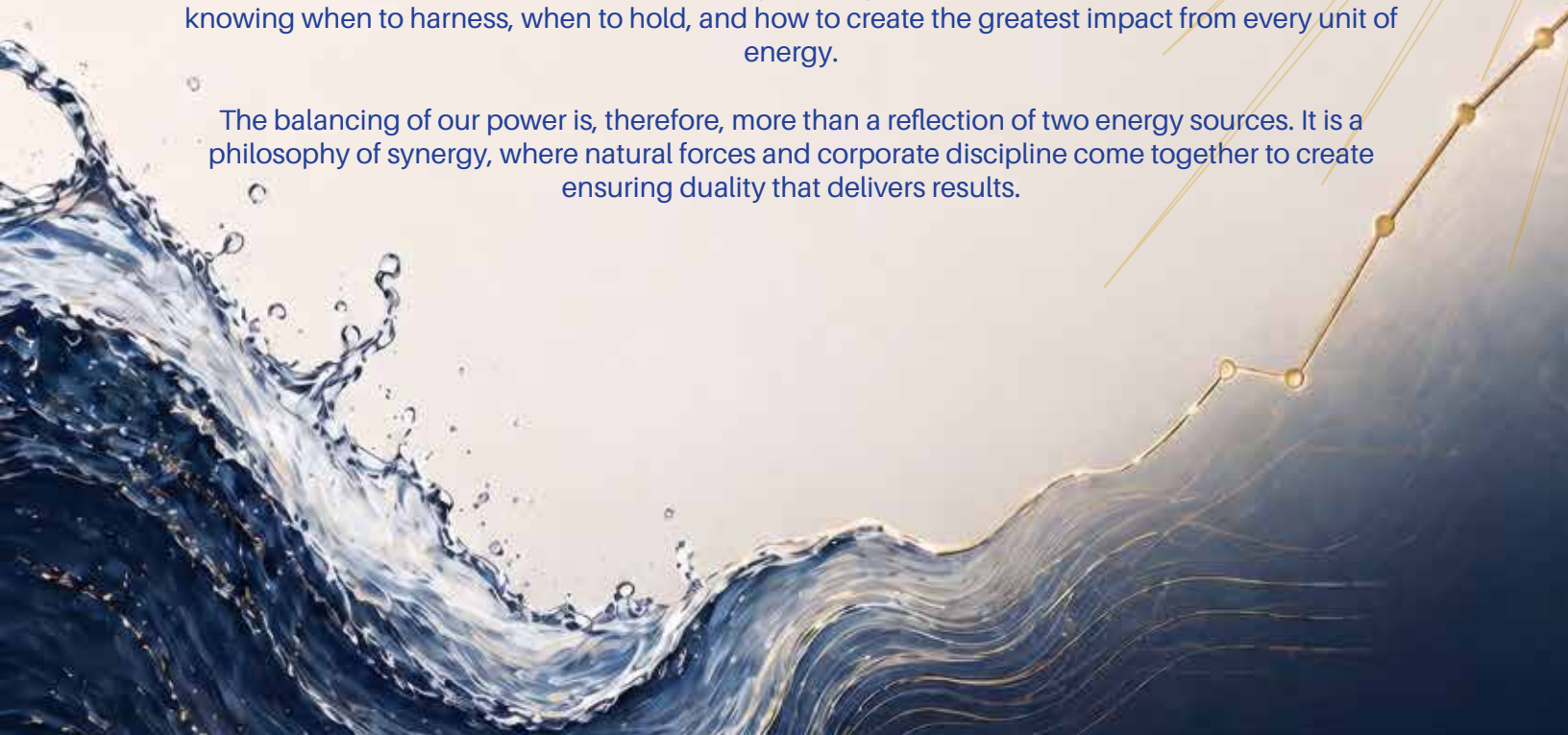
Strength is found in balance; between forces that differ, yet work in perfect alignment.

At Vallibel, power is defined by this duality. The steady, enduring flow of hydro meets the dynamic, ever-renewing force of solar—two distinct energies, each with its own rhythm, unified under one disciplined approach. Together, they create a portfolio that is not only resilient, but precisely optimised to deliver consistent performance.

This duality extends beyond energy. It is reflected in how the Company operates, by balancing growth with governance, opportunity with accountability, and ambition with control.

In a year that has delivered stronger results, including a significant increase in profitability, Vallibel demonstrates that power is not simply about generation. It is about direction. It is about knowing when to harness, when to hold, and how to create the greatest impact from every unit of energy.

The balancing of our power is, therefore, more than a reflection of two energy sources. It is a philosophy of synergy, where natural forces and corporate discipline come together to create ensuring duality that delivers results.



Content



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Vallibel Power Erathna PLC continues to strengthen its position as a diversified renewable energy producer. A defining strength of the Company lies in the balance it has achieved within its generation portfolio, anchored in the reliability of hydropower and complemented by the growing contribution of solar energy.



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Group revenue increased by 12% to Rs. 1,538 million during the year, reflecting improved generation performance and the commencement of contributions from the Group's 10 MW solar power operations commissioned in September 2025. Profit after tax increased by 21% to Rs. 1,345 million, demonstrating the resilience of the Group's operating model despite evolving sector dynamics.

CORPORATE OVERVIEW

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Accessible Reporting

At Vallibel Power Erathna PLC, we believe that meaningful stakeholder engagement begins with equal access to information. As part of our commitment to transparency, inclusiveness, and accessibility, this Integrated Annual Report is supported by a range of communication formats designed to meet the diverse needs of our stakeholders.

To enhance accessibility, this Report includes executive summaries in Sinhala and Tamil, audio summaries in Sinhala and English, and a Braille summary prepared for visually impaired stakeholders.

Stakeholders may access the audio summaries and the full Integrated Annual Report by scanning the QR codes below or by visiting the Investor Relations section of the Company's website.

Audio Summary - English

Audio Summary - Sinhala

2025/26 වාර්ෂික වාර්තාවේ සාරාංශය

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අධ්‍යක්ෂක මණ්ඩලය සහ කළමනාකාරිත්වය වසර පුරාම කොටස් හිමියන්ට දිගු කාලීන වටිනාකම් නිර්මාණය කිරීම, ශක්තිමත් ආයතනික පාලනයක් පවත්වාගෙන යාම, මූල්‍ය විනය ආරක්ෂා කිරීම සහ තිරසාර සංවර්ධන අරමුණු වලට අනුකූලව ඉදිරියට ගෙනයාම සඳහා කැපවී කටයුතු කරන ලදී. සූර්ය බලශක්ති ව්‍යාපෘතිය සාර්ථකව ක්‍රියාත්මක වීම සමාගමේ අනාගත වර්ධනය සඳහා නව පදනමක් සකස් කළ අතර, ජල ප්‍රවාහ වෙනස්වීම් මත ඇති යැපීම අඩු කිරීමටද උපකාරී විය.

වසර තුළ සමාගම් සමූහය විසින් පුනර්ජනනීය විදුලි බලශක්ති ඒකක ගිගාවොට් පැය 89.3 ක් (GWh) ජාතික විදුලිබල පද්ධතියට සැපයූ අතර, එය පෙර වසරේ ගිගාවොට් පැය 82.9 (GWh) ට සාපේක්ෂව 8% ක වර්ධනයකි. ජල විදුලි බලාගාරවලට ස්ථාපිත ප්‍රදේශ වල පැවති අඩු වර්ෂාපතන තත්වයන් නිසා විදුලි බල උත්පාදනයට අහිතකර තත්වයන් බලපෑ නමුත්, නව සූර්ය බලශක්ති ව්‍යාපෘතියෙන් ලැබුණු ගිගාවොට් පැය 10.3 (GWh) ක දායකත්වය සමස්ත බලශක්ති උත්පාදනය වර්ධනය කිරීමට පිටුවහලක් විය. සමස්ත ආදායම රුපියල් මිලියන 1,538 දක්වා 12% කින් ඉහළ ගිය අතර, එයින් රුපියල් මිලියන 264ක් සූර්ය බලශක්ති මෙහෙයුම් වලින් ලැබුණි. බදු පසු ලාභය රුපියල් මිලියන 1,345ක් දක්වා ඉහළ ගිය අතර, කොටසකට ඉපැයීම රුපියල් 1.70 ක් විය. එමගින් සමාගම කොටස්හිමියන් වෙත කොටසකට ශත 60 ක ලාභාංශයක් ලබා දුන් බව ද අප සතුටින් දැනුම් දෙමු.

2025/26 මූල්‍ය වර්ෂය තුල සමාගම සිය වර්ධන සැලසුම් සඳහා අවශ්‍ය ආයෝජන සිදුකරමින් ශක්තිමත් මූල්‍ය පදනමක් පවත්වාගෙන ගියේය. වසර අවසානයේ සමස්ත වත්කම් රුපියල් මිලියන 5,174 ක් වූ අතර, කොටස්හිමියන්ගේ අරමුදල් රුපියල් මිලියන 3,242ක් විය. එමගින් කොටසක ශුද්ධ වත්කම් වල අගය රුපියල් 3.25 සිට රුපියල් 4.34 දක්වා වර්ධනය විය. තවද, සූර්ය බල ශක්ති ව්‍යාපෘතිය සංවර්ධනය කිරීම සඳහා රුපියල් මිලියන 1,296 ක දිගු කාලීන ණය පහසුකමක් ද ලබා ගන්නා ලදී.

එරත්න, දෙනවක ගඟ සහ කිරිවන්එළිය කුඩා ජලවිදුලි බලාගාර තුනම වසර තුළ කාර්යක්ෂමව ක්‍රියාත්මක වූ අතර, ජාතික විදුලිබල පද්ධතියට පුනර්ජනනීය බලශක්තිය සැපයීම අබණ්ඩව සිදු කළේය. වසර ගණනාවක් පුරා ගොඩනගා ගත් තාක්ෂණික දැනුම, නඩත්තු ක්‍රමවේද සහ මෙහෙයුම් කාර්යක්ෂමතාවය මෙම සාර්ථකත්වයේ මූලික අංග විය.

සූර්ය බලශක්ති ව්‍යාපෘතිය සමාගමේ අනාගත වර්ධනය සඳහා ප්‍රධාන ධාවකයක් බවට පත්වෙමින් පවතී. සම්පූර්ණ වසරක මෙහෙයුම් යටතේ මෙම ව්‍යාපෘතිය වාර්ෂිකව ගිගාවොට් පැය 20 (GWh) ක පමණ පුනර්ජනනීය බලශක්තියක් ජනනය කරමින් රුපියල් මිලියන 500ක පමණ ආදායමක් ලබා දෙනු ඇතැයි අපේක්ෂා කරන අතර, සමාගමේ ආදායම් ප්‍රභවයන් විවිධාංගීකරණය කරමින් ජල විදුලිය නිපදවීමේ අවදානමක් අවම කිරීමට ද එය දායක වනු ඇතැයි අපේක්ෂා කෙරේ.

අපගේ මූලික වටිනාකම් නිර්මාණය කිරීමේ ක්‍රියාවලිය මූල්‍ය, ස්වභාවික, මානව, සමාජ හා සබඳතා, නිෂ්පාදිත සහ බුද්ධිමය යන ප්‍රාග්ධන කාණ්ඩ හය කාර්යක්ෂමව කළමනාකරණය කිරීම මත පදනම් වේ. මෙම මූල්‍ය වර්ෂය තුලද ඉහත ප්‍රාග්ධන කාණ්ඩ හය අතර සමතුලිතතාවය පවත්වා ගනිමින් කොටස් හිමියන්ට, සේවකයින්ට, ප්‍රජාවට සහ පරිසරයට දිගුකාලීන වටිනාකම් නිර්මාණය කිරීමට සමාගම විසින් ඉදිරි වර්ෂය තුලද කටයුතු කරනු ඇත.

සමාගමේ දිගුකාලීන සාර්ථකත්වය සහ තිරසාර වර්ධනය සඳහා ශක්තිමත් ආයතනික පාලන ක්‍රමවේද මනා පිටුවහලක් විය. සියලුම පාලන ක්‍රියාවලීන් කොළඹ කොටස් වෙළඳපොළේ ලැයිස්තුගත කිරීමේ නීති සහ ආයතනික පාලන අවශ්‍යතා වලට අනුකූලව ක්‍රියාත්මක කරන ලදී. මූල්‍ය වසර තුළ අධ්‍යක්ෂක මණ්ඩලයේ සංයුතියේ කිසිදු වෙනසක් සිදු නොවූ අතර, අබණ්ඩ නායකත්වය සහ ස්ථාවර උපායමාර්ගික මගපෙන්වීමක් සමාගමට හිමි විය. අවදානම් කළමනාකරණය, අභ්‍යන්තර පාලන ක්‍රමවේද සහ සදාචාරාත්මක ව්‍යාපාරික පිළිවෙත් සමාගමේ පාලන රාමුව තවදුරටත් ශක්තිමත් කළේය.

වර්තමාන ගෝලීය වෙනස්වීම් අනුව පාරිසරික, සමාජීය සහ පාලන (ESG) මූලධර්ම සමාගමේ ව්‍යාපාරික උපායමාර්ගයේ අත්‍යාවශ්‍ය කොටසකි. එක්සත් ජාතීන්ගේ තිරසාර සංවර්ධන අරමුණු (SDGs) සඳහා දායකත්වය ලබාදෙමින්, අපගේ ව්‍යාපාරික කටයුතු ගෝලීය වශයෙන් පිළිගත් ගෝලීය වාර්තාකරණ ප්‍රමිතීන්ට (GRI) අනුකූලව වාර්තා කරනු ලබයි. පුනර්ජනනීය සහ දැරිය හැකි බල ශක්තිය, දේශගුණික ක්‍රියාමාර්ග, යහපත් රැකියා සහ ආර්ථික වර්ධනය, වගකීමෙන් යුතු නිෂ්පාදනය සහ පාරිභෝජනය වැනි තිරසාර සංවර්ධන අරමුණු සඳහා අපගේ දායකත්වය අබණ්ඩව පවතී.

වසර තුළ සමාගම විසින් ජනනය කරන ලද පුනර්ජනනීය බලශක්තිය හේතුවෙන් කාබන් ඩයොක්සයිඩ් ටොන් 58,000 ක පමණ ප්‍රමාණයක් විමෝචනය වීම වළක්වා ගැනීමට හැකි වූ අතර, එය වාර්ෂිකව ගස් මිලියන 2.9ක් පමණ කාබන් අවශෝෂණය කිරීමකට සමාන වේ. ආයතනය විසින් ප්‍රජා සංවර්ධන කටයුතු සඳහා රුපියල් මිලියන 1.2ක් ආයෝජනය කරමින් දේශීය ප්‍රජාවන් සමඟ පවතින සබඳතා තවදුරටත් ශක්තිමත් කරන ලදී.

සමාගමේ විශිෂ්ටත්වය පසුගිය මූල්‍ය වසර තුළ ජාතික හා ජාත්‍යන්තර මට්ටමින් පිළිගැනීමට ලක් විය. ශ්‍රී ලංකා වරලත් ගණකාධිකාරීන්ගේ ආයතනය මගින් සංවිධානය කරන ලද TAGS සම්මාන උළෙලේ දී ලෝකඩ සම්මානය ද, දකුණු ආසියානු ගණකාධිකාරී සම්මේලනය මගින් සංවිධානය කරන ලද SAFA වාර්තාකරණ විශිෂ්ටතා සම්මාන උළෙලේ දී විශිෂ්ටතා සම්මානය සහ මධ්‍යම පරිසර අධිකාරිය මගින් සංවිධානය කරන ලද ජනාධිපති හරිත සම්මාන උළෙලේදී කිරිවන්එළිය කුඩා ජල විදුලි බලාගාරය සඳහා රිදී සම්මානය ද මෙහි ප්‍රධාන සම්මාන අතර වේ.

ඉදිරිය දෙස බලන විට, ශ්‍රී ලංකාවේ පුනර්ජනනීය බලශක්ති ක්ෂේත්‍රයේ වර්ධනය සඳහා සැලකිය යුතු අවස්ථා පවතී. සූර්ය බලශක්තිය, බලශක්ති ගබඩා කරන තාක්ෂණයන් සහ අනෙකුත් තිරසාර බලශක්ති ආයෝජන පිළිබඳ නව අවස්ථා සොයා බලමින් සමාගම සිය වර්ධන ගමන ඉදිරියට ගෙන යනු ඇත. විවිධ පුනර්ජනනීය බලශක්තීන්, ශක්තිමත් මූල්‍ය පදනමක්, යහපත් පාලන පිළිවෙත් සහ කැප වූ කාර්ය මණ්ඩලයක් සමඟ වැලිබල් පවර් එරත්න පී.එල්.සී සමාගම ශ්‍රී ලංකාවේ තිරසාර අනාගතය බල ගැන්වීමේ සිය මෙහෙවර විශ්වාසයෙන් යුතුව ඉදිරියට ගෙන යාමට කැපවී සිටින බව සතුටින් දැනුම් දෙමු.

මෙම සාරාංශය 2025/26 ඒකාබද්ධ වාර්ෂික වාර්තාවේ ප්‍රධාන කරුණු සිංහල භාෂාවෙන් සරලව ඉදිරිපත් කිරීම සඳහා සකස් කර ඇති අතර සම්පූර්ණ තෙරතුරු සඳහා වාර්ෂික වාර්තාවේ අදාළ කොටස් වෙත යොමුවන්න.

2025/26 ஆண்டு அறிக்கை சுருக்கம்

இலங்கையின் முன்னணி புதுப்பிக்கத்தக்க ஆற்றல் நிறுவனங்களில் ஒன்றாகிய Vallibel Power Erathna PLC தனது புதுப்பிக்கத்தக்க ஆற்றல் முதலீட்டு தொகுப்பை வெற்றிகரமாக விரிவுபடுத்தி, பங்குதாரர்களுக்கு நிலையான மதிப்பை உருவாக்குவதன் மூலம் தனது முன்னணி நிலையை மேலும் வலுப்படுத்தியது. மதிப்பாய்வு செய்யப்பட்ட ஆண்டில், நிறுவனத்தின் முதல் பெரிய அளவிலான சூரிய மின்சாரத் திட்டம் வெற்றிகரமாக இயக்கத்தில் கொண்டு வரப்பட்டமை ஒரு முக்கிய மைல்கல்லாக அமைந்தது. இதன் மூலம், நீர்மின் உற்பத்தியை மட்டுமே அடிப்படையாகக் கொண்டிருந்த நிறுவனம், பல்வேறு புதுப்பிக்கத்தக்க ஆற்றல் மூலங்களை உள்ளடக்கிய சுத்தமான ஆற்றல் நிறுவனமாக மாற்றமடைந்தது. இந்த மூலோபாய விரிவாக்கம், குழுமத்தின் மின் உற்பத்தித் திறனை அதிகரித்ததுடன், வருவாய் நிலைத்தன்மையையும் மேம்படுத்தி, இலங்கையின் புதுப்பிக்கத்தக்க ஆற்றல் மாற்றத்திற்கான பங்களிப்பையும் வலுப்படுத்தியது.

இயக்குநர் சபையும் நிர்வாகமும் நீண்டகால மதிப்பை உருவாக்கும் நோக்கில் நிதி ஒழுக்கம், செயல்திறன் மேம்பாடு, நல்லாட்சி மற்றும் நிலையான வணிக நடைமுறைகளில் தொடர்ந்து கவனம் செலுத்தின. சூரிய ஆற்றலை நிறுவனத்தின் ஆற்றல் தொகுப்பில் இணைத்ததன் மூலம், மழை மற்றும் நீர்வரத்து சார்ந்த அபாயங்கள் குறைக்கப்பட்டதுடன், வளர்ச்சி மற்றும் மதிப்புருவாக்கத்திற்கான புதிய வாய்ப்புகளும் உருவாக்கப்பட்டன.

நீர்மின் உற்பத்தியில் நீரியல் மாற்றங்களின் பாதிப்புகள் இருந்தபோதிலும், நிறுவனம் வலுவான நிதி மற்றும் செயற்பாட்டு பெறுபேறுகளைப் பதிவு செய்தது. மொத்த புதுப்பிக்கத்தக்க ஆற்றல் உற்பத்தி 82.9 GWh இலிருந்து 89.3 GWh ஆக 8மூ உயர்ந்தது. புதிய சூரிய மின்திட்டம் தனது முதல் ஆண்டில் 10.3 GWh மின்சாரத்தை உற்பத்தி செய்து, நீர்மின் உற்பத்தி குறைவால் ஏற்பட்ட தாக்கத்தை ஈடுசெய்தது.

குழுமத்தின் வருவாய் 12% அதிகரித்து ரூ.1,538 மில்லியனாக உயர்ந்தது. இதில் ரூ.264 மில்லியன் சூரிய மின்சார நடவடிக்கைகளிலிருந்து கிடைத்தது. வரிக்குப் பிந்தைய இலாபம் ரூ.1,345 மில்லியனாக உயர்ந்தது. ஒரு பங்கிற்கான வருமானம் ரூ.1.70 ஆக உயர்ந்ததுடன், ஒரு பங்கிற்கு ரூ.0.60 ஈவுத்தொகை அறிவிக்கப்பட்டது.

எதிர்கால வளர்ச்சிக்கான முதலீடுகளை மேற்கொண்டபோதும், நிறுவனம் வலுவான நிதிநிலையைத் தக்க வைத்துக் கொண்டது. மொத்த சொத்துக்கள் ரூ.5,174 மில்லியனாக உயர்ந்தன. பங்குதாரர் நிதி ரூ.3,242 மில்லியனாக உயர்ந்ததுடன், ஒரு பங்கிற்கான நிகர சொத்து மதிப்பு ரூ.3.25 இலிருந்து ரூ.4.34 ஆக அதிகரித்தது. புதுப்பிக்கத்தக்க ஆற்றல் கட்டமைப்பை மேம்படுத்த ரூ.1,296 மில்லியன் நீண்டகால நிதி வசதி பெறப்பட்டது.

ஏரத்னா, தெனவக்க கங்கா மற்றும் கிரிவன்எலிய சிறிய நீர்மின் நிலையங்கள் சவாலான சூழ்நிலைகளிலும் திறம்பட இயங்கின. சூரிய ஆற்றலை வெற்றிகரமாக ஒருங்கிணைத்தது, வேகமாக மாறிவரும் புதுப்பிக்கத்தக்க ஆற்றல் துறையில் நிறுவனத்தின் தழுவிக் கொள்ளும் திறனை வெளிப்படுத்தியது.

முழு ஆண்டுச் செயற்பாட்டின் கீழ், சூரிய மின்நிலையம் ஆண்டுக்கு சுமார் 20 GWh புதுப்பிக்கத்தக்க மின்சாரத்தை உற்பத்தி செய்து, ரூ.500 மில்லியன் வருவாய் ஈட்டும் என எதிர்பார்க்கப்படுகிறது.

நிறுவனத்தின் மதிப்புருவாக்க அணுகுமுறை ஆறு மூலதனங்களை (நிதி, இயற்கை, மனித, சமூக மற்றும் உறவு, உற்பத்தி மற்றும் அறிவுசார் மூலதனங்கள்) திறம்பட நிர்வகிப்பதை அடிப்படையாகக் கொண்டது. ஊழியர் மேம்பாடு, சமூக மேம்பாடு, சுற்றுச்சூழல் பாதுகாப்பு, தொழில்நுட்ப திறன் மற்றும் புதுமை ஆகியவற்றின் மூலம் இம்மூலதனங்கள் வலுப்படுத்தப்பட்டன.

நிறுவனத்தின் நீண்டகால வெற்றிக்கான அடித்தளமாக வலுவான நிறுவன ஆட்சி அமைந்தது. அனைத்து ஆட்சி நடைமுறைகளும் Colombo Stock Exchange பட்டியலிடல் விதிமுறைகள் மற்றும் நிறுவன ஆட்சி தேவைகளுடன் முழுமையாக ஒத்திசைக்கப்பட்டிருந்தன. ஆண்டு முழுவதும் இயக்குநர் சபையின் அமைப்பில் மாற்றம் ஏதும் இடம்பெறவில்லை.

காலநிலை மாற்றம், நீரியல் மாறுபாடுகள், ஒழுங்குமுறை மாற்றங்கள், செயல்பாட்டு செயல்திறன், இணைய பாதுகாப்பு மற்றும் முதலீட்டு அபாயங்கள் ஆகியவற்றை நிறுவனம் முன்கூட்டியே நிர்வகித்தது. சூரிய ஆற்றலின் மூலம் வருவாய் மூலங்களை பல்வகைப்படுத்தியது அபாய மேலாண்மையில் முக்கிய பங்காற்றியது.

சுற்றுச்சூழல், சமூக மற்றும் ஆட்சி (ESG) கொள்கைகள் நிறுவனத்தின் மூலோபாயத்தில் ஒருங்கிணைக்கப்பட்டுள்ளன. ஐக்கிய நாடுகள் சபையின் நிலையான வளர்ச்சி இலக்குகளுடன் (SDGs) இணங்கும் வகையில், நிறுவனம் மலிவான மற்றும் சுத்தமான ஆற்றல், காலநிலை நடவடிக்கை, கண்ணியமான வேலைவாய்ப்புகள், பொறுப்பான வணிக நடைமுறைகள் மற்றும் நிலையான பொருளாதார வளர்ச்சிக்கு பங்களித்து வருகிறது. நிலைத்தன்மை அறிக்கைகள் உலகளாவிய அறிக்கை முயற்சி (GRI) தரநிலைகளின் அடிப்படையில் தயாரிக்கப்படுகின்றன.

ஆண்டின் போது, நிறுவனம் 89.3 GWh சுத்தமான புதுப்பிக்கத்தக்க மின்சாரத்தை உற்பத்தி செய்து, சுமார் 58,000 டன் கார்பன் டைஆக்சைடு உமிழ்வைத் தவிர்க்க உதவியது. இது சுமார் 2.9 மில்லியன் மரங்களின் கார்பன் உறிஞ்சும் திறனுக்கு இணையான சுற்றுச்சூழல் நன்மையை உருவாக்கியது. சமூக மேம்பாட்டு திட்டங்களுக்காக ரூ.1.2 மில்லியன் முதலீடு செய்யப்பட்டது.

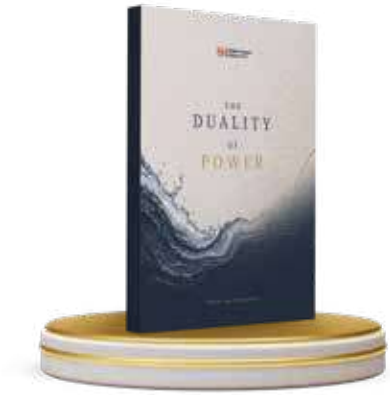
நிறுவனத்தின் சிறப்பான செயல்திறன் பல விருதுகள் மூலம் அங்கீகரிக்கப்பட்டது. Institute of Chartered Accountants of Sri Lanka ஏற்பாடு செய்த TAGS விருதுகளில் வெண்கல விருதையும், South Asian Federation of Accountants அறிக்கையிடல் சிறப்புத் திறன் விருதுகளில் Merit Award-ஐயும் நிறுவனம் பெற்றது. மேலும், கிரிவன்எலிய சிறிய நீர்மின் நிலையம் தேசிய பசுமை விருதுகளில் வெள்ளி விருதைப் பெற்றது.

எதிர்காலத்தை நோக்கிப் பார்க்கும்போது, இலங்கையின் புதுப்பிக்கத்தக்க ஆற்றல் துறையில் கணிசமான வளர்ச்சி வாய்ப்புகள் காணப்படுகின்றன. சூரிய ஆற்றல், ஆற்றல் சேமிப்பு தொழில்நுட்பங்கள் மற்றும் பிற நிலையான ஆற்றல் முதலீட்டு வாய்ப்புகளை நிறுவனம் தொடர்ந்து ஆராயும்.

பல்வகைப்படுத்தப்பட்ட புதுப்பிக்கத்தக்க ஆற்றல் முதலீட்டு தொகுப்பு, வலுவான நிறுவன ஆட்சி, ஆரோக்கியமான நிதி அடித்தளம் மற்றும் தெளிவான மூலோபாய திசையுடன், Vallibel Power Erathna PLC பங்குதாரர்களுக்கு நீண்டகால மதிப்பை உருவாக்குவதோடு, இலங்கைக்கு சுத்தமான, பசுமையான மற்றும் நிலையான எதிர்காலத்தை உருவாக்கும் தனது பங்களிப்பைத் தொடர்ந்து வழங்கத் தயாராக உள்ளது.

About the Report

OUR REPORTING PROFILE 2025/2026



This Integrated Annual Report presents the performance of Vallibel Power Erathna PLC ("VPE" or "the Company") and its subsidiary, Country Energy (Pvt) Ltd., for the financial year ended 31 March 2026.

As the Company's eighth (8th) Integrated Annual Report, this publication reflects the continued evolution of our reporting approach in the context of a transforming energy landscape and a progressively stabilising economic environment. The Report provides a balanced and transparent view of how the Company creates sustainable value over the short, medium, and long term through the disciplined use of all six capitals.

Through an integrated approach that combines financial, operational, governance, and sustainability perspectives, the Report offers stakeholders, particularly shareholders, a clear understanding of the Company's performance, value creation process, and long-term strategic direction.

As the principal communication to our shareholders, this Report reflects the Company's commitment to transparent, responsible, and decision-useful reporting, supporting confidence in the future prospects of the VPE Group.

GRI 2-2, 3, 4, 5 , 6

Reporting Framework

This Integrated Annual Report provides an overview of the annual reporting cycle of Vallibel Power Erathna PLC and its subsidiary, Country Energy (Pvt) Ltd., for the period from 1 April 2025 to 31 March 2026, aligned with the Company's financial year.

The Report presents consolidated information in an integrated and balanced manner across all activities undertaken. It is structured around the value creation process, incorporating both financial and non-financial performance. Comparative information for the previous year is provided, with no restatement unless otherwise disclosed.

There were no material changes to the reporting scope, boundary, or methodologies during the year, except where explicitly stated.

Methodology

Financial and performance data included in this Report are based on audited accounting records. The consolidated financial statements were audited by M/s. Deloitte Partners, Chartered Accountants.

Non-financial information, including sustainability-related disclosures, was compiled from internal systems across the Group and subjected to verification procedures to ensure accuracy, completeness, and reliability. This information was independently assured by M/s. Ernst & Young, Chartered Accountants, in accordance with the Sri Lanka Standard on Assurance Engagements (SLASE 3000 – Revised).

Macroeconomic and industry data were obtained from credible external sources, including the Central Bank of Sri Lanka, the Ceylon Electricity Board, and other recognised institutions.

Assurance

The financial statements contained in this Report have been audited by M/s. Deloitte Partners, Chartered Accountants, who have expressed an opinion that they present a true and fair view of the Company's financial position and performance, as detailed on pages 139 to 141.

The non-financial disclosures, including sustainability-related information prepared in accordance with GRI Standards, have been independently assured by M/s. Ernst & Young, Chartered Accountants, under SLASE 3000 (Revised): Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

Restatement of Information

Certain comparative energy and greenhouse gas (GHG) emission data relating to the previous reporting period were restated during the year following improvements to calculation methodologies and data assessment processes. These revisions were made to enhance the accuracy, consistency, and comparability of sustainability-related disclosures and had no impact on the Group's audited financial statements.

REGULATORY AND REPORTING FRAMEWORK OVERVIEW

Narrative Reporting
- International Integrated Reporting Framework (IIRC)

Governance and Compliance
- Companies Act No. 7 of 2007
- Listing Rules of the Colombo Stock Exchange (CSE)
- Securities and Exchange Commission of Sri Lanka (SEC) Act No. 19 of 2021 and relevant directives and Circulars
- Code of Best Practice on Corporate Governance (2023) issued by CA Sri Lanka

Financial Reporting
- Sri Lanka Accounting Standards (SLFRS/LKAS) issued by CA Sri Lanka

Sustainability Reporting
- Global Reporting Initiative (GRI) Standards
- Alignment with the United Nations Sustainable Development Goals (SDGs)

MATERIAL THEMES COVERED IN THIS REPORT

E | Economic

- Chairman's Statement
- Joint CEOs' Review
- Operating Environment and Strategic Context
- Financial Statements
- Financial Capital Report
- Risk Management

E | Environmental

- Natural Capital Report
- Risk Management

S | Social

- Human Capital Report
- Social and Relationship Capital Report
- Risk Management

G | Governance

- Board of Directors
- Corporate Governance
- Board Sub-Committee Reports
- Risk Management
- Investor Information

NAVIGATION ICONS

CAPITALS

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

STAKEHOLDERS

- Shareholders
- Employees
- Customer/ Ceylon Electricity Board
- Community
- Government and Regulatory Authorities
- Suppliers and Business partners

FORWARD-LOOKING STATEMENTS

This Integrated Annual Report includes forward-looking statements relating to the Company's future financial performance, operational outcomes, strategic initiatives, growth prospects, and management objectives. These statements are based on current expectations and assumptions made in good faith by management.

Such statements are inherently subject to risks and uncertainties, including factors beyond the Company's control, which may cause actual outcomes to differ materially from those expressed or implied.

Accordingly, while the Company believes these expectations are reasonable at the time of reporting, no assurance can be given that they will be achieved. The Company undertakes no obligation to update or revise forward-looking statements, except as required under applicable laws and regulations.

RESPONSIBILITY AND APPROVAL

GRI 2-14

This Integrated Annual Report has been prepared under the direction and authority of the Board of Directors, with the support of Senior Management and relevant internal and external stakeholders.

The Board confirms that appropriate governance, internal control, and reporting processes have been applied in the preparation of this Report. Management has been responsible for the preparation and presentation of financial and non-financial information, supported by independent assurance where required.

The Board is satisfied that this Integrated Annual Report presents a balanced and comprehensive view of the Company's performance, position, and prospects, and is prepared in accordance with applicable regulatory requirements and recognised reporting frameworks.

On behalf of the Senior Management of the Company,

Russell De Zilva
Jt. Chief Executive Officer

Sajithra Kosgoda
Accountant

On behalf of the Board of Directors,

Harsha Amarasekera
Chairman

Haresh Somashantha
Director

02 June 2026

WE VALUE YOUR FEEDBACK

As integrated reporting evolves, we stay committed to clear, relevant and transparent communication, focusing on the matters most important to you, our valued stakeholders.

So, we welcome your comments, suggestions, and queries.

Please reach out to us through:

The Accountant
Vallibel Power Erathna PLC
No. 25, Foster Lane, Colombo 10

+94112381111
+94112381115
energy@vallibel.com
www.vallibel-hydro.com

Inquiry Form

DUALITY OF PEOPLE

Empowering individuals while strengthening collective progress



About Vallibel Power

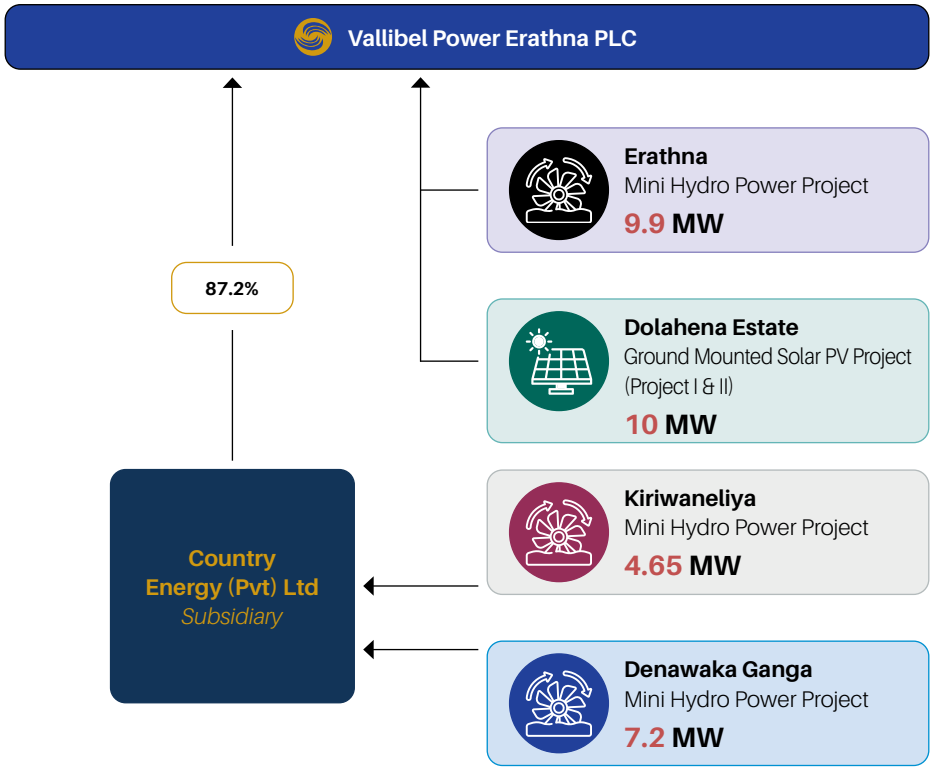
GRI 2-6

COMPANY OVERVIEW

Vallibel Power Erathna PLC stands today as a compelling expression of how the powerful elements of water and sunlight converge to drive a cleaner, more resilient energy future for Sri Lanka. From the steady force of cascading waterways to the radiant, inexhaustible energy of the sun, we harness nature's complementary strengths to energise the nation and empower communities.

Our journey began at the dawn of the new millennium, following a visionary initiative of the Ceylon Electricity Board (CEB) to expand the country's energy capacity in step with a growing economy. Established in 2001 as Zyrex Power Company Erathna Limited, the Company evolved into Power Company Erathna Limited in 2004, before assuming its present identity as Vallibel Power Erathna PLC in 2006.

In 2006, we were listed on the Colombo Stock Exchange, enabling public participation in a business model that has consistently demonstrated the alignment between renewable energy development and sustainable value creation.



OUR VISION

To be a significant producer of clean energy for the sustainable economic development of Sri Lanka.

OUR MISSION

To generate the maximum amount of electricity from available renewable energy resources with minimal environmental pollution, by optimising the operational efficiencies of our assets.

OUR VALUES

INTEGRITY
We act with trust, honesty, fairness and transparency

RESPONSIBILITY
We manage the assets of the Company responsibly and effectively to create wealth for shareholders

SAFETY
We consider the safety of our people both within and outside the organisation

EXPLORATION
We encourage innovation and seek new and innovative renewable energy solutions

CORPORATE SOCIAL RESPONSIBILITY
We consciously manage our impact on the environment and indigenous communities in the vicinity of our plant sites

About Vallibel Power

Market Position

Vallibel Power Erathna PLC is recognised as a leading player in Sri Lanka's renewable energy sector and one of the largest publicly listed companies operating in this space. With a proven track record of stable generation and disciplined asset management, the Company continues to contribute meaningfully to the national grid while consolidating its position as a leader in Sri Lanka's renewable energy industry.

Energy Diversification and Growth

In line with evolving energy needs, Vallibel Power has expanded beyond hydropower into solar energy, marking an important step in the Company's continued growth and evolution.

This integrated hydropower and solar portfolio enhances supply stability by combining the consistency of hydropower with the scalability of solar generation. It also supports Sri Lanka's broader energy transition by contributing to reduced reliance on fossil fuels and promoting a more sustainable and balanced energy mix. Combined, our total annual generation now approaches 103 GWh.

Operational Excellence

The Company's operational foundation is built on efficiency, reliability, and disciplined asset management across both hydropower and solar operations. Our three hydropower plants, Erathna, Denawaka Ganga, and Kiriwaneliya, collectively deliver 21.75 MW of installed capacity, generating approximately 82 GWh of renewable energy annually. In addition, our ground-mounted 10 MW solar power plant in Matara, successfully commissioned in September 2025, is now fully operational and contributes approximately 20 GWh of clean energy annually to the national grid, further strengthening the diversity and resilience of our generation portfolio.

Through optimised operations, proactive maintenance practices, and careful management of natural resources, we maintain high levels of plant availability and operational reliability across our assets. This integrated approach enables us to ensure a consistent supply of renewable energy to the national grid while effectively managing seasonal and operational variability.

Community and Sustainability Commitment

Sustainability remains central to our business philosophy. Our operations have collectively offset more than 50,000 metric tonnes of CO_2 emissions, supporting national climate goals and reducing environmental impact.

We are also committed to creating positive outcomes for the communities in which we operate, through responsible environmental stewardship, local engagement, and a long-term approach to value creation that balances economic, environmental, and social priorities.

Looking Ahead

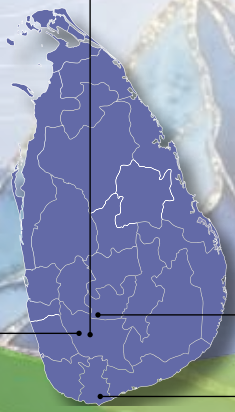
As we move forward, Vallibel Power remains committed to strengthening its role in Sri Lanka's renewable energy landscape. Through continued operational excellence, disciplined expansion, and responsible resource utilisation, we aim to support a more sustainable and energy-secure future for the country.

This report reflects not only the energy we generate, but also the strength of our operations, the resilience of our portfolio, and the broader impact we continue to create for our stakeholders and the nation.

OUR PROJECTS

		Mini Hydro			Solar
		Erathna Mini Hydro Power Project	Denawaka Ganga Mini Hydro Project	Kiriwaneliya Mini Hydro Project	Dolahena Estate Ground Mounted Solar PV Project (Project I & II)
Project Features	Installed Capacity	9.9 MW	7.2 MW	4.65 MW	10.0 MWac
	Annual Average Energy	42 GWh	25 GWh	16 GWh	20 GWh
	Year of Commissioning	2004	2012	2011	2025
	Net Head	420 Meters	33 Meters	200 Meters	NA
	Land Extent	4.75 Ha	4.49 Ha	3.03 Ha	15.92 Ha
	Penstock Length	2250 Meters	97 Meters	1,690 Meters	NA
	Channel Length	300 Meters	1,800 Meters	300 Meters	NA
	EM Plant Supplier	Voith Seimens	Dongfeng Electric	VS Energy	JA Solar & Huawei
	Country of Origin	German	China	Sri Lanka	China
	River	Kuru Ganga	Denawaka Ganga	Maskeli Oya	NA
	Location	Kuruwita (Ratnapura District)	Malwala (Ratnapura District)	Norton Bridge (Nuwara Eliya District)	Kekanadura (Matara District)
	Invested Company	Vallibel Power Erathna PLC	Country Energy (Pvt) Ltd	Country Energy (Pvt) Ltd	Vallibel Power Erathna PLC
	VPE's Stake	100%	87.2%	87.2%	100%

Scan these QR Code for videos to learn more about our projects



KEY CORPORATE INFORMATION

GRI 2-1

Ownership Structure
As at 31/03/2026

VPE PLC
- Public Holdings **40.5%**
- Vallibel Power Ltd **40.1%**
- Other Holding **19.4%**

Legal Form

A Public quoted company with limited liability incorporated under the Provisions of the Companies Act, No. 07 of 2007.

Stock Exchange Listing

The ordinary shares of the Company are listed on the Colombo Stock Exchange of Sri Lanka. (Stock Code - VPEL. N0000)

Reg. No.

PQ-103

Incorporation Date

07th November 2001

Refer Investor Information (Page 192) for more information

Refer *Inner Back Cover* for more information

Milestones

2001/02

- Incorporation of the Company Erathna and commencement of the construction of Erathna MHPP.

2004/05

- Commencement of commercial operations of Erathna project on 14th July 2004.

2006/07

- Listing of Company's shares on Secondary Board of Colombo Stock Exchange.
- Strategic investment made in shares of Fortress Resort Ltd.

2016/17

- Bronze Award Winner- ICASL Annual Report Competition 2016.

2017/18

- Silver Award Winner-ICASL Annual Report Competition 2017.
- Silver Award to Kiriwaneliya MHP - National Green Award-2017 organised by CEA.
- Winner of ACCA Sustainability Reporting Award 2017.

2018/19

- Bronze Award Winner- ICASL Annual Report Competition 2018.
- Bronze Award to Kiriwaneliya MHP - National Green Award- 2018.
- Winner of ACCA Sustainability Reporting Award 2018.
- Winner as Asia's Best Integrated Report - "SME Category" Asia Sustainability Reporting Awards - 2018.

2019/20

- Bronze Award Winner- ICASL Annual Report Competition 2019.
- Bronze Award to Kiriwaneliya MHP - Presidential Environmental Awards- 2019.
- Winner of ACCA Sustainability Reporting Award 2019.

2021/22

- Achieving the highest-ever plant efficiency factor for three MHPs resulted in the generation of 99.4 GWh of energy.

2022/23

- Gold Award Winner TAGS Awards 2022 (ICASL).
- Best Integrated Report in Energy Sector- CMA Excellence in Integrated Reporting Award – 2022.
- Merit Award- CMA Excellence in Integrated Reporting Award – 2022.
- Silver Award to Kiriwaneliya MHP - Presidential Environment Awards 2021-22.

2009/10

- Acquisition of Country Energy (Pvt) Ltd as a subsidiary.
- Commencement of the construction of Kiriwaneliya & Denawaka Ganga MHPPs under the Subsidiary.
- Transferring to the Main Board of Colombo Stock Exchange.

2011/12

- Commencement of commercial operations of Kiriwaneliya MHPP and Denawaka Ganga MHPP.
- Bronze Award Winner - ICASL Annual Report Competition 2011.

2012/13

- Gold Award Winner- ICASL Annual Report Competition 2012.
- Winner of ACCA Sustainability Reporting Award 2012
- Bronze Award to Erathna MHP - National Green Award 2012 organised by CEA.
- Visiting of Erathna MHP Project by the Delegation of Seychelles Government to study mini power projects industry.

2013/14

- Kiriwaneliya project and Denwaka Ganga project were qualified for Clean Development Mechanism (CDM) under United Nations Framework Convention on Climate Change (UNFCCC).
- Silver Award Winner- ICASL Annual Report Competition 2013.

2014/15

- Company and its Subsidiary were certified for ISO 9001 & 14001 for the implementation of Quality and Environmental Management Systems.
- Silver Award Winner- ICASL Annual Report Competition 2014.
- Bronze Award to Kiriwaneliya MHP - National Green Award-2013 organised by CEA.

2015/16

- "Best Under A Billion Award" to the Company held by Forbes Asia.
- Bronze Award Winner- ICASL Annual Report Competition 2015.
- Silver Award to Kiriwaneliya MHP - National Green Award-2015 organised by CEA
- Commencement of "Empowering Green" tree planting programe as a CSR initiative.

2023/24

- Highest Group Revenue reported - Rs 1.5 billion.
- Highest Dividend paid – Rs. 1.75 per share.
- Gold Award Winner- Best Presented Annual Report 2022 (SAFA).
- Bronze Award Winner- TAGS Awards 2023 (ICASL).
- Best Integrated Report in Energy Sector- CMA Excellence in Integrated Reporting Award – 2023.
- Merit Award- CMA Excellence in Integrated Reporting Award – 2023.
- Recognition as "Green Company" at Earth Summit 2024.

2024/25

- Secured 10 MW Ground Mounted Solar PV Project in Matara by signing SPPA with CEB.
- Bronze Award Winner- TAGS Awards 2024 (ICASL).
- Best Integrated Report in Energy Sector- CMA Excellence in Integrated Reporting Award – 2024.
- Merit Award- CMA Excellence in Integrated Reporting Award – 2024.

2025/26

- Commissioned 10 MW Ground Mounted Solar PV Project in Matara.
- Highest-ever Group's Net Profit recorded – Rs. 1,345 Mn.
- Bronze Award Winner- TAGS Awards 2025 (ICASL).
- Silver Award to Kiriwaneliya MHP - Presidential Environment Awards - 2025.
- Merit Award Winner- Best Presented Annual Report 2023/24 (SAFA).

Board of Directors



1 Mr. Harsha Amarasekera
Chairman – Non-Executive Director



2 Mr. Prabodha Sumanasekera
Non-Executive Director



3 Mr. Haresh Somashantha
Non-Executive Director



4 Ms. Dinusha Bhaskaran
Non-Executive Director



5 Ms. Devika Weerasinghe
Independent Non-Executive Director



6 Mr. Gamini Gunaratne
Independent Non-Executive Director



7 Mr. Dinesh Mendis
Independent Non-Executive Director

1 Mr. Harsha Amarasekera
Chairman – Non-Executive Director

Appointed to the Board - 28th April 2005
Appointed as Chairman - 16th June 2022

Skills and Experience
Mr. Harsha Amarasekera, President's Counsel, is a leading luminary in the legal profession in Sri Lanka, having a wide practice in the Original Courts as well as in the Appellate Courts. His fields of expertise include Commercial Law, Business Law, Securities Law, Banking Law and Intellectual Property Law. Mr. Amarasekera also has significant experience in arbitration and cross-national disputes.

Mr. Amarasekera was admitted to the Bar in November 1987 and took oath as a President's Counsel in November 2012.

He serves as an Independent Director in several companies listed on the Colombo Stock Exchange including Sampath Bank PLC, CIC Holdings PLC, Swisstek (Ceylon) PLC, Swisstek Aluminium Limited, Royal Ceramics Lanka PLC, and CIC Agri Businesses (Private) Limited as Chairman. He is also a Non-Executive Independent Director of Expolanka Holdings PLC.

Board Committee Membership
- Remuneration Committee
- Nomination & Governance Committee

Expertise
- Entrepreneurship and/ or leadership
- Finance acumen
- Legal and/ or compliance
- Risk and strategy
- ESG & Sustainability
- Human Resources

2 Mr. Prabodha Sumanasekera
Non-Executive Director

Appointed to the Board - 28th April 2005

Skills and Experience
Mr. Prabodha Sumanasekera holds a Degree in Physics from the Colombo University and has over 32 years' experience in the small hydro power sector.

He has been involved in formulating and developing 35 small/mini hydropower projects, including the ground breaking Dick- Oya mini hydropower project which is the first grid connected mini hydropower project in Sri Lanka. He is also a shareholder Director in several companies owning, developing and operating hydropower projects in Sri Lanka, and in Africa.

Board Committee Membership
- N/A

Expertise
- Entrepreneurship and/ or leadership
- Engineering
- Risk and strategy

3 Mr. Haresh Somashantha
Non-Executive Director

Appointed to the Board - 25th January 2010

Skills and Experience
Mr. Haresh Somashantha is a seasoned finance and operations professional with over 25 years of leadership experience. His expertise spans business planning and development, strategic and financial management, and internal and external process optimisation. With a strong track record in driving team-led process improvements, he has successfully implemented innovative solutions to enhance revenue, operational efficiency, customer satisfaction, and overall profitability.

A Fellow of both the Institute of Chartered Accountants of Sri Lanka and the Institute of Certified Management Accountants of Sri Lanka, Mr. Somashantha holds a Bachelor of Science degree in Mathematics.

He currently serves as the Director Finance of Royal Ceramics Lanka PLC (Rocell Group). Additionally, he is a Director and Audit Committee Member of Hayleys Fabrics PLC and Unidil Packaging Limited. His directorships further extend to Lanka Tiles PLC, Lanka Wall Tiles PLC and several subsidiary companies within the Unidil and Delmege Group.

Mr. Somashantha is also a Council member of the Institute of Chartered Accountants of Sri Lanka.

Board Committee Membership
- Audit Committee

Expertise
- Entrepreneurship and/ or leadership
- Finance acumen
- Legal and/ or compliance
- Risk and strategy
- ESG & Sustainability
- Human Resources

Board of Directors

4 Ms. Dinusha Bhaskaran
Non-Executive Director

Appointed to the Board - 15th May 2020

Skills and Experience

Ms. Dinusha Bhaskaran is a Fellow of the Chartered Institute of Management Accountants, UK (FCMA), a Fellow of CPA Australia (FCPA), and an Associate Member of the Institute of Bankers of Sri Lanka. She is an accomplished finance and accounting professional with extensive leadership experience across diversified industries and currently serves as the Group Managing Director of Vallibel One PLC.

Ms. Bhaskaran has made significant contributions to the corporate sector through her leadership roles and board representations. She currently serves as an Executive Director of Delmege Limited and Hiru Rice Products (Private) Limited, while also serving as the Chairperson/ Director of Greener Water Ltd. In addition, she functions as a Non-Executive Director of Country Energy (Pvt) Ltd, Lanka Walltiles PLC, and LB Finance PLC, and she is also a member of Audit Committee of LB Finance PLC.

Prior to assuming her current role, she served as the Chief Executive Officer of Vallibel One PLC from November 2016 to June 2022. She has also held the position of Chief Financial Officer at Clenergy, Australia from March 2010 to September 2014 and previously served as the Assistant General Manager – Finance & Planning at Pan Asia Banking Corporation PLC from January 1998 to October 2008.

Ms. Bhaskaran has also previously served as an Alternate Director of Haycarb PLC, Hayleys Fabric PLC, and Dipped Products PLC from June 2015 to June 2022. Further, she served as a Non-Executive Director of Vcashe Fintech (Private) Limited from February 2020 to September 2023.

In recognition of her outstanding corporate leadership and professional achievements, Ms. Bhaskaran was awarded the Best Corporate Leader 2023 at the WIM Top 50 Global Professional and Career Women Awards. She was also honoured with the Global CEO Award (Corporate Category) at the Global CEO Forum 2025, the Managing Director of the Year Award at the Asia Business Leaders Forum held in Singapore in August 2025, and the Iconic Woman 2025 award presented by the Sri Lanka Broadcasting Corporation in collaboration with Top C Magazine of Action Media Solutions.

Board Committee Membership
- Related Party Transactions Review Committee

Expertise
- Entrepreneurship and/ or leadership
- Finance acumen
- Risk and strategy
- ESG & Sustainability
- Human Resources

5 Ms. Devika Weerasinghe
Independent Non-Executive Director

Appointed to the Board - 1st January 2025

Skills and Experience

Ms. Weerasinghe's career spans over 36 years in Finance. She is a highly accomplished and focused finance professional with proven competencies in general management and finance with a strong drive for performance.

She last held the position of Executive Vice President - CFO of the Transportation Group, Plantation Services and Information Technology Sectors of the John Keells Group.

Ms. Weerasinghe is an Associate Member of the Chartered Institute of Management Accountants CIMA (UK) and she also holds a (BSc) in Business Administration from the University of Sri Jayawardenapura.

She also holds Directorships on the Boards of Printcare PLC, Lanka Ceramics PLC Vallible One PLC and Fortress Resorts PLC.

Board Committee Membership
- Audit Committee
- Remuneration Committee
- Related Party Transactions Review Committee
- Nomination and Governance Committee

Expertise
- Finance acumen
- Legal and/ or compliance
- Risk and strategy
- ESG & Sustainability

6 Mr. Gamini Gunaratne
Independent Non-Executive Director

Appointed to the Board - 1st January 2025

Skills and Experience
Mr. Gunaratne studied at St. Thomas' College, Mount Lavinia and served as a member of the Western Provincial Council from 1989 to 2009.

Mr. Gunaratne has held diverse leadership positions in both private and public sector organisations. He previously served as the Vice Chairman of the National Water Supply and Drainage Board and currently serves as the Chairman of Lanka Hotels and Residencies (Pvt) Ltd, the owners of Sheraton Colombo Hotel.

He also serves on the Boards of Hayleys PLC, Dipped Products PLC, Horana Plantations PLC, Swisstek Ceylon PLC, East West Properties PLC, Hiru Rice Products (Pvt) Ltd, College of Fashion and Design, and SLIIT International (Curtin University Colombo).

Board Committee Membership
- Audit Committee
- Remuneration Committee
- Nomination & Governance Committee

Expertise
- Entrepreneurship and/ or leadership
- Risk and strategy

7 Mr. Dinesh Mendis
Independent Non-Executive Director

Appointed to the Board - 1st January 2025

Skills and Experience
Mr. Mendis has a corporate career spanning over 30 years and is an innovative business leader with exceptional strategic, operational, marketing and people development experience and was a Director of Aitken Spence Group Ltd from 2007 to 2022. He has led as the Managing Director, companies in a variety of industries which include Fintech and Financial Services, Freight Forwarding, Logistics. Engineering and held Directorships in companies in ICT. Printing and Packaging. and Real Estate Industries in Sri Lanka. He also has experience working in the Retail industry in the United States.

Mr. Mendis holds a Bachelor of Science Degree (BSc), (Magna Cum Laude) from Slippery Rock University of Pennsylvania, USA, specializing in Marketing and Economics where he won the outstanding Undergraduate Student award in both Marketing and Economics in his final year 1992. He also holds a Master of Business Administration Degree (MBA) specializing in Marketing in 1993 from The University of Texas, USA.

Mr. Mendis has served on the Board of Directors of the American Chamber of Commerce in Sri Lanka, Sri Lanka Logistics and Freight Forwarders Association and as President of the American Alumni Association of Sri Lanka. He is currently the President of The National Council for Child and Youth Welfare. Mr. Mendis is also involved in mentoring and advising local small and medium enterprises.

Board Committee Membership
- Related Party Transactions Review Committee

Expertise
- Entrepreneurship and/ or leadership
- Legal and/ or compliance
- Risk and strategy

Value Creation Model

GRI 2-6

CAPITAL INPUT	BUSINES ACTIVITIES
FINANCIAL CAPITAL ◆ Shareholders' fund **Rs. 2,427 Mn** ◆ Debt financing facilities **Rs. 1,296 Mn** ◆ Operating cash flows **Rs. 1,015 Mn** ◆ Good Corporate Governance and Financial Management	◆ The Group allocates financial resources towards renewable energy investments, operational sustainability, risk management, and long-term value creation under strong financial governance practices.
NATURAL CAPITAL ◆ Water resources ◆ Solar irradiation ◆ River ecosystems ◆ Land extent **28.2 Ha** ◆ Biodiversity resources	◆ The Group generates renewable energy through hydro and solar operations while implementing environmental conservation, watershed protection, and environmental flow monitoring to minimise ecological impacts.
HUMAN CAPITAL ◆ Skilled employees **100** ◆ Technical expertise ◆ Leadership capabilities ◆ HR policies and systems	◆ The Group develops a competent and motivated workforce through employee development, performance management, health and safety, and employee engagement initiatives.
SOCIAL AND RELATIONSHIP CAPITAL ◆ Stakeholder relationships ◆ Community partnerships ◆ Supplier networks ◆ Regulatory relationships	◆ The Group engages stakeholders including communities, suppliers, and regulators through CSR initiatives, transparent communication, and responsible business practices to create shared value.
MANUFACTURED CAPITAL ◆ Renewable energy projects **4** ◆ Electro-mechanical equipment **Rs. 1,084 Mn** ◆ Civil infrastructure-hydro **Rs. 1,725 Mn** ◆ Solar power plants **Rs. 1,733 Mn** ◆ Other fixed assets **Rs. 64 Mn**	◆ The Group ensures operational reliability and efficiency through continuous operation, maintenance, upgrading of renewable energy infrastructure, and preventive maintenance programmes.
INTELLECTUAL CAPITAL ◆ Industry expertise ◆ Institutional knowledge ◆ Governance systems ◆ Licenses, permits and approvals ◆ Strong brand	◆ The Group drives operational excellence through governance systems, knowledge sharing, sustainability reporting, technical expertise, and continuous process improvement.

Value Creation Enablers

- **Strong corporate governance**
- **Integrated risk management**
- **Strategy and stewardship**
- **Environmental stewardship**

Long-Term Value Creation

- **Long-term shareholder value creation**
- **Sustainable renewable energy generation**
- **Energy Security for Sri Lanka**

OUTPUT	OUTCOMES / VALUE CREATED	OUTCOME
◆ Profit after tax – **Rs. 1,345 Mn** ◆ Return on Equity – **38%** ◆ EBITDA – **Rs. 1,193 Mn** ◆ Total assets – **Rs. 5,174 Mn** ◆ Net operating cash flow – **Rs. 839 Mn** ◆ Capital and reserves of equity owners - **Rs. 3,242 Mn**	◆ Sustainable profitability ◆ Enhanced shareholder value ◆ Financial resilience ◆ Long-term business growth	8 DECENT WORK AND ECONOMIC GROWTH
◆ Renewable electricity generated - **89.3 GWh** ◆ Emissions avoided - **~58,000 tCO_2e** ◆ Environmental conservation initiatives ◆ Plant nursery activities - **5,250** ◆ Trees preserved through renewable energy generation - **~2.9 Mn trees**	◆ Reduced fossil fuel dependency ◆ Climate change mitigation ◆ Ecosystem preservation ◆ Contribution to clean energy transition	6 CLEAN WATER AND SANITATION 7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION 14 LIFE BELOW WATER 15 LIFE ON LAND
◆ Training hours per employee - **2.4** ◆ Employee value distribution - **Rs. 215 Mn** ◆ Employee retention rate – **86%** ◆ PAT per employee – **Rs. 13.4 Mn** ◆ Female employment representation in central office – **42%** ◆ Local employment - **74%**	◆ Skilled and motivated workforce ◆ Improved employee productivity ◆ Enhanced employee well-being ◆ Organisational capability enhancement	1 NO POVERTY 3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES
◆ CSR investments – **Rs. 1.2 Mn** ◆ Distributed to local suppliers - **Rs. 30.1 Mn** ◆ Taxes and levies paid – **Rs. 132.3 Mn** ◆ Local employment generation	◆ Strengthened stakeholder trust ◆ Community development ◆ Positive socio-economic contribution ◆ Enhanced corporate reputation	8 DECENT WORK AND ECONOMIC GROWTH 11 SUSTAINABLE CITIES AND COMMUNITIES 17 PARTNERSHIPS FOR THE GOALS
◆ No. of electricity units supplied – **89.3 Mn** ◆ Major breakdowns - **Zero** ◆ Plant outage rate - **1%** ◆ Maintenance investment - **Rs. 14 Mn**	◆ Improved operational efficiency ◆ Enhanced asset reliability ◆ Sustainable infrastructure performance ◆ Reliable energy supply	7 AFFORDABLE AND CLEAN ENERGY 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
◆ Award-winning environmental stewardship – **1 Award** ◆ Integrated reporting excellence - **2 Awards** ◆ Experienced workforce with long service ◆ Diversified energy portfolio ◆ Strong governance practices	◆ Operational excellence ◆ Innovation-driven growth ◆ Enhanced brand reputation ◆ Sustainable business practices	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Internal Controls and Compliance | **Corporate Social Responsibility** | **Ethical Business Conduct** | **Operational excellence and technical expertise** | **Stakeholder engagement and transparency**

Climate resilience and decarbonization | **Protection of natural ecosystems** | **Community empowerment and socio-economic development** | **Sustainable and responsible corporate growth**

DUALITY OF OPERATIONS

Advancing new ideas while refining proven strengths



Financial and ESG Highlights

8%
Power Generation
89.3 GWh
2024/25 - Rs. 82.9 GWh

Hydro
79.0 GWh
2024/25 - 82.9 GWh

Solar
10.3 GWh
2024/25 - Nil

12%
Revenue
Rs. 1,538.2 Mn
2024/25 - Rs. 1,376.1 Mn

Hydro
Rs. 1,274.1 Mn
2024/25 - 1,376.0 Mn

Solar
Rs. 264.1 Mn
2024/25 - Nil

(23%)
EBITDA
Rs. 1,193 Mn
2024/25 - Rs. 1,559 Mn

21%
Profit After Tax
Rs. 1,344.5 Mn
2024/25 - Rs. 1,109.8 Mn

(20%)
Dividend
Rs. 448 Mn
2024/25 - Rs. 560 Mn

(1%)
Economic Value Generated
Rs. 1,756.9 Mn
2024/25 - Rs. 1,779.2 Mn

34%
Net Assets Per Share
Rs. 4.34
2024/25 - Rs. 3.25

30%
Earnings Per Share
Rs. 1.70
2024/25 - Rs. 1.31

E

	2025/26	2024/25	Change %
No. of clean energy units generated	89.3 kWh million	82.9 kWh million	8%
GHG emission avoided	~58,000 tCO_2e	~54,000 tCO_2e	8%
Equivalent annual carbon sequestration	~2.9 trees	~2.7 trees	8%
River water withdrawn for power generation	~388,766 ML	~434,716 ML	(11%)
No. of trees planted for forest cover	Nill	11,350	(100%)
Plant nursery activities forest cover	5,250 plants	3,050 plants	72%
Energy consumption	1,037 GJ	674 GJ	54%
GHG emission from operations	~81 tCO_2e	~51 tCO_2e	59%
Non-process water consumption	0.3 ML	0.2 ML	50%
Solid non-hazardous waste disposal	2.1 t	1.1 t	91%
Hazardous waste disposal	0.06 t	0.04 t	50%
No. of environmental non-compliance incidents	Zero	Zero	-

S

	2025/26	2024/25	Change %
No. of employees	100	87	15%
No. Employees hired from local community	74%	70%	5%
Training hours per employee	2.4 Hour	7.2 Hour	(67%)
Total direct employee benefits	Rs. 215 million	Rs. 204	5%
Investment in community development activities	Rs.1.2 million	Rs. 1.6 million	(25%)
Taxes and levies paid	Rs.132 million	Rs. 461 million	(71%)
Value distributed to suppliers from local environment	Rs. 30 million	Rs. 11 million	173%
No. of social non-compliance incidents	Zero	Zero	-

G

	2025/26	2024/25	Change %
Proportion of employees trained for vpe's ethical practices	100%	100%	-
No. of anti-corruption related incidents	Zero	Zero	-
No. of anti-competitive behavior related incidents	Zero	Zero	-
Number of whistle-blower cases reported	Zero	Zero	-
No. of internal audit cycles	2	2	-

Chairman's Statement



GRI 2-22

Vallibel Power Erathna PLC continues to strengthen its position as a diversified renewable energy producer. A defining strength of the Company lies in the balance it has achieved within its generation portfolio, anchored in the reliability of hydropower and complemented by the growing contribution of solar energy.

Dear Shareholders,

I am pleased to present the Integrated Annual Report and Audited Financial Statements of Vallibel Power Erathna PLC for the year ended 31 March 2026.

The year under review unfolded against a backdrop of continued transformation within the global energy sector, as the transition toward low-carbon energy systems accelerated alongside a heightened focus on energy security. Renewable energy, led by the rapid expansion of solar generation, accounted for a significant share of new capacity additions, reinforcing its central role in future electricity systems.

At the same time, evolving geopolitical and economic conditions have underscored the importance of resilient and diversified energy systems. In this context, flexible generation assets, particularly hydropower, continue to play a critical role in supporting the integration of variable renewable energy sources.

ECONOMIC STABILISATION AND ENERGY TRANSITION

Sri Lanka's macroeconomic environment showed signs of gradual stabilisation during the year, supported by ongoing fiscal and structural reforms, improved external sector conditions, and continued engagement with international financial institutions. While the recovery remains uneven, these developments have contributed to a more stable operating environment compared to prior periods.

In parallel, the electricity sector is undergoing a period of structural transition. Ongoing reform initiatives, including the restructuring of the Ceylon Electricity Board, are expected to enhance operational efficiency, strengthen financial discipline, and improve transparency.

National energy policy continues to prioritise the expansion of renewable energy capacity - particularly solar and wind -alongside the optimisation of existing hydropower resources. At the same time, increasing renewable penetration presents system-level challenges, including grid stability, transmission constraints, and dispatch coordination. Addressing these will require continued investment in grid infrastructure, system modernisation, and effective policy execution.

A BALANCED AND RESILIENT ENERGY PORTFOLIO

Against this evolving backdrop, Vallibel Power Erathna PLC continues to strengthen its position as a diversified renewable energy producer. A defining strength of the Company lies in the balance it has achieved within its generation portfolio, anchored in the reliability of hydropower and complemented by the growing contribution of solar energy.

Hydropower remains the foundation of operations, delivering dependable, low-carbon electricity while providing essential flexibility to the national grid. Its role has become increasingly important as renewable energy penetration continues to rise.

Complementing this base, the Company's investment in 10 MW ground-mounted solar capacity contributes to daytime demand while providing a stable and predictable revenue stream. The Company's solar project, commissioned in September, has already begun contributing meaningfully to the Group's performance, generating Rs. 264 million in revenue during its initial seven months of operation. On a full-year basis, this contribution is expected to exceed Rs. 500 million, further strengthening the resilience and earnings stability of the overall portfolio.

PERFORMANCE AND OPERATIONAL DISCIPLINE

The year under review demonstrated the operational resilience of the Company and the underlying strength of its renewable energy portfolio.

The Group delivered a strong financial performance, with total revenue increasing by 12% to Rs. 1,538 million, compared to Rs. 1,376 million in the previous year. This growth was primarily driven by the contribution from the solar project, although the overall increase was partially offset by lower hydropower generation due to unfavourable hydrological conditions.

Total energy generation increased by 8% to 89 GWh, supported by the addition of solar capacity, which helped mitigate the impact of

Chairman's Statement

reduced hydropower output and contributed to overall operational stability. Group profit exceeded Rs. 1.3 billion during the year, demonstrating the strength of the Company's underlying operating model despite these challenges.

GOVERNANCE AND BOARD OVERSIGHT

The Board continues to place strong emphasis on maintaining a robust governance framework that supports sustainable value creation and long-term resilience. During the year, Board oversight was further strengthened through an enhanced focus on risk governance, particularly in relation to climate variability and its impact on renewable energy generation.

Risk considerations were more closely integrated into strategic decision-making, supported by structured monitoring of key operational exposures. The Board also maintained active oversight of financial discipline, liquidity management, and capital allocation, ensuring that the Company remains resilient within a dynamic operating environment. Strategic direction was regularly reviewed with particular emphasis on the development of renewable energy assets and long-term growth opportunities.

In recognition of the increasing importance of sustainability, ESG oversight was further strengthened through enhanced Board-level focus on environmental and social performance, supported by improved monitoring and reporting mechanisms. Governance structures were also refined through updates to key policies and committee frameworks, strengthening Board effectiveness and alignment with evolving regulatory expectations.

SUSTAINABILITY AND RESPONSIBLE GROWTH

GRI 2-22

Sustainability remains integral to the Company's operating philosophy and is embedded within both its strategic direction and day-to-day operations. As a renewable energy generator, the Company's activities are inherently aligned with environmental sustainability, while also requiring responsible stewardship of natural resources.

In hydropower operations, emphasis is placed on careful water resource management and balancing generation efficiency with ecological preservation within catchment areas. The integration of solar capacity further strengthens the Company's contribution to low-carbon energy generation, supporting national efforts to diversify the energy mix and reduce reliance on fossil fuels.

The Company continues to maintain high standards of operational safety, environmental compliance, and regulatory adherence, while engaging constructively with local communities. These engagements remain central to sustaining its social licence to operate and ensuring inclusive, long-term value creation.

DIVIDEND

Reflecting the Company's continued focus on shareholder returns, an interim dividend of Rs. 0.60 per share was declared for the financial year 2025/26, amounting to a total distribution of Rs. 448 million. The Company remains committed to maintaining a balanced dividend strategy ensuring consistent returns to shareholders while retaining sufficient capital to support renewable energy investments, particularly the expansion into solar energy.

OUTLOOK

The outlook for Sri Lanka's renewable energy sector remains structurally positive, supported by strong indigenous resource potential, continued policy focus, and the strategic imperative of reducing reliance on imported fossil fuels.

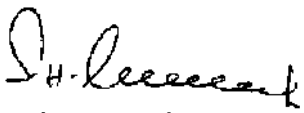
At the same time, the sector is entering a more complex phase of development, where progress will depend on the effective execution of reforms, timely investment in grid modernisation, and coordinated planning across stakeholders. Continued access to investment, supported by transparent regulatory frameworks and well-structured financing mechanisms, will be critical.

The importance of energy storage solutions is also becoming more pronounced, particularly in enabling higher levels of renewable energy integration. Battery storage projects are expected to play a critical role in enhancing grid stability and managing intermittency, and the Company is actively exploring opportunities in this emerging segment.

Within this evolving landscape, Vallibel Power Erathna PLC is well-positioned to contribute meaningfully to the country's energy transition through a generation portfolio that balances reliability with adaptability. Anchored in disciplined operations and a clear strategic direction, the Company remains confident in its ability to navigate this environment while delivering sustainable long-term value to all stakeholders.

APPRECIATION

On behalf of the Board of Directors, I extend my sincere appreciation to our shareholders for their continued confidence, to our regulators and industry partners for their collaboration, and to our employees whose dedication and professionalism remain central to the Company's continued success.



Harsha Amarasekera
Chairman

02 June 2026

Colombo

Joint CEOs' Review



Joint CEOs' Review

Group revenue increased by 12% to Rs. 1,538 million during the year, reflecting improved generation performance and the commencement of contributions from the Group's 10 MW solar power operations commissioned in September 2025. Profit after tax increased by 21% to Rs. 1,345 million, demonstrating the resilience of the Group's operating model despite evolving sector dynamics.

BUILDING A MORE RESILIENT RENEWABLE ENERGY PORTFOLIO

The financial year ended 31 March 2026 marked a transformational milestone in the Group's strategic journey, as Vallibel Power Erathna PLC expanded its renewable energy platform through the successful integration of utility-scale solar power generation alongside its established hydropower operations.

Against a backdrop of improving macroeconomic conditions and continued transformation within Sri Lanka's electricity sector, the Group delivered a strong financial and operational performance, supported by disciplined execution and a more diversified generation mix.

Group revenue increased by 12% to Rs. 1,538 million during the year, reflecting improved generation performance and the commencement of contributions from the Group's 10 MW solar power operations commissioned in September 2025. Profit after tax increased by 21% to Rs. 1,345 million, demonstrating the resilience of the Group's operating model despite evolving sector dynamics.

BUSINESS GROWTH AND PORTFOLIO DIVERSIFICATION

The year under review marked a significant strategic milestone for the Group with the successful development and commissioning of its first large-scale solar power project, further strengthening the diversification of its renewable energy portfolio.

The Group's 10 MW ground-mounted solar power project was successfully completed and connected to the national grid within the planned six-month implementation period. The project progressed in line with contractual, technical, and regulatory requirements, while financing arrangements with partner banks were executed as scheduled, reflecting continued confidence in the Group's project execution capabilities and financial discipline.

Commercial operations commenced in September 2025 under the Standardised Power Purchase Agreement (SPPA) framework, with initial operational performance progressing in line with expectations. During the year, the solar facility generated 10 GWh of renewable energy and contributed Rs. 264 million in revenue under a stable tariff structure.

Beyond its immediate financial contribution, the integration of solar generation represents an important step in broadening the Group's renewable energy base, enhancing earnings stability, and strengthening operational resilience against hydrological variability affecting hydro generation assets.

The successful execution of the project further demonstrates the Group's ability to develop and operationalise renewable energy investments within planned timelines while maintaining disciplined project governance and financial oversight.

OPERATIONAL EXCELLENCE AND RISK MANAGEMENT

Operational excellence and disciplined resource management remained key priorities throughout the year, as the Group continued to focus on plant reliability, efficiency optimisation, and sustainable operational performance across all generating assets.

The Erathna Mini Hydro Power Project and the Group's solar operations performed broadly in line with average plant factor expectations during the year. However, the Denawaka Ganga and Kiriwaneliya facilities recorded comparatively lower performance than the previous year due to variations in hydrological conditions.

The evolving structure of Sri Lanka's electricity sector, combined with increasing renewable energy penetration, continues to create new operational considerations across the industry, including grid integration requirements, system flexibility, and variability in renewable generation patterns. In

response, the Group continued to strengthen its operational monitoring and planning processes to support stable generation performance and effective risk management.

Ongoing focus was also placed on maintenance optimisation, operational reliability, and cost discipline, ensuring that the Group maintained strong operating fundamentals while preserving financial flexibility to support future growth opportunities.

No material operational risk events were recorded during the year. Nevertheless, the Group continued to closely monitor key operational exposures including hydrological variability, seasonal generation fluctuations, and evolving grid stability considerations associated with higher renewable energy integration.

SUSTAINABILITY AND RESPONSIBLE OPERATIONS

Sustainability remains integral to the Group's long-term operating philosophy and growth strategy, supported by continued Board-level focus on strengthening Environmental, Social and Governance (ESG) practices across the organisation.

The Group continues to progress towards more structured ESG reporting while embedding sustainability considerations into operational and strategic decision-making processes.

As a renewable energy producer, the Group's operations directly support Sri Lanka's transition towards a lower-carbon and more diversified energy system. During the year, the Group supplied approximately 89 GWh of renewable energy to the national grid, supporting the country's renewable energy ambitions and long-term energy sustainability objectives.

The development of the Group's solar energy facility was undertaken in compliance with all regulatory approvals, with environmental safeguards implemented to ensure minimal ecological impact in accordance with approved environmental management requirements.

The Group continued to maintain strong standards of operational safety, environmental compliance, and stakeholder engagement across all operational locations. Particular emphasis was placed on responsible water resource management within hydropower operations and environmental management practices associated with the expansion of solar generation assets.

PEOPLE AND COMMUNITIES

The continued commitment and professionalism of our employees remain central to the Group's operational performance and long-term sustainability.

During the year, the Group continued to invest in workforce capability development, operational training, and employee engagement initiatives to strengthen organisational resilience within an evolving energy sector environment.

The Group also remained actively engaged with the local communities surrounding its operational sites through ongoing community support initiatives and constructive stakeholder engagement. These relationships continue to form an important foundation for sustainable operations and long-term value creation.

CHALLENGES

The Group continued to operate within a dynamic and evolving renewable energy environment during the year. The successful completion and commissioning of the Group's solar project within the planned timeline required close coordination across multiple stakeholders, including contractors, regulators, financial institutions, and technical teams.

The renewable energy sector also continues to experience increasing competition within tariff-based tendering processes, placing greater emphasis on operational efficiency, disciplined project execution, and prudent investment evaluation.

During the year, the Group also explored opportunities within the emerging Battery Energy Storage System (BESS) segment through participation in a competitive tender process, reflecting its continued focus on future energy transition opportunities.

Operationally, hydrological variability remained below expected levels during certain periods, affecting generation performance across some hydropower assets. In addition, increasing renewable energy penetration within the national grid has resulted in energy curtailments during low-demand periods and holidays, particularly affecting solar generation management.

The industry also continues to experience shortages in specialised technical expertise within certain renewable energy disciplines. Despite these challenges, the Group remained focused on maintaining operational stability, strengthening internal capabilities, and supporting long-term growth objectives.

OUTLOOK

Sri Lanka's renewable energy sector continues to undergo a period of structural transformation, supported by rising electricity demand, increasing renewable energy integration, sector reforms, and evolving national energy policy priorities.

The ongoing transformation of the Ceylon Electricity Board (CEB) and broader reforms within the electricity sector are expected to further influence renewable energy integration, procurement structures, and private sector participation over the medium term.

Joint CEOs' Review

Within this evolving landscape, the Group is well-positioned to benefit from the growing demand for diversified and reliable renewable energy generation. The integration of solar operations alongside hydropower assets has strengthened the Group's operational resilience and positioned it to better navigate varying hydrological and market conditions.

Looking ahead, the Group will continue to evaluate opportunities to expand its renewable energy portfolio while maintaining disciplined financial management, operational efficiency, and a long-term focus on sustainable value creation. The Group is also actively exploring opportunities in emerging energy storage solutions, including Battery Energy Storage Systems (BESS), as part of its broader strategy to support future grid flexibility and renewable energy integration.

With a more diversified renewable energy portfolio and strengthened operational platform, the Group remains well-positioned to pursue sustainable long-term growth while contributing meaningfully to Sri Lanka's renewable energy transition.

ACKNOWLEDGEMENTS

We extend our sincere appreciation to the Chairman and Board of Directors for their continued guidance and strategic oversight throughout the year. We are also grateful to our employees across all operational locations whose dedication, professionalism, and commitment continue to underpin the Group's performance and long-term progress. Their adaptability and contribution within an evolving energy sector remain integral to the continued success of the Group.

We thank our shareholders, regulators, business partners, and all stakeholders for their continued support and confidence in the Group.



Russell De Zilva
Jt. CEO

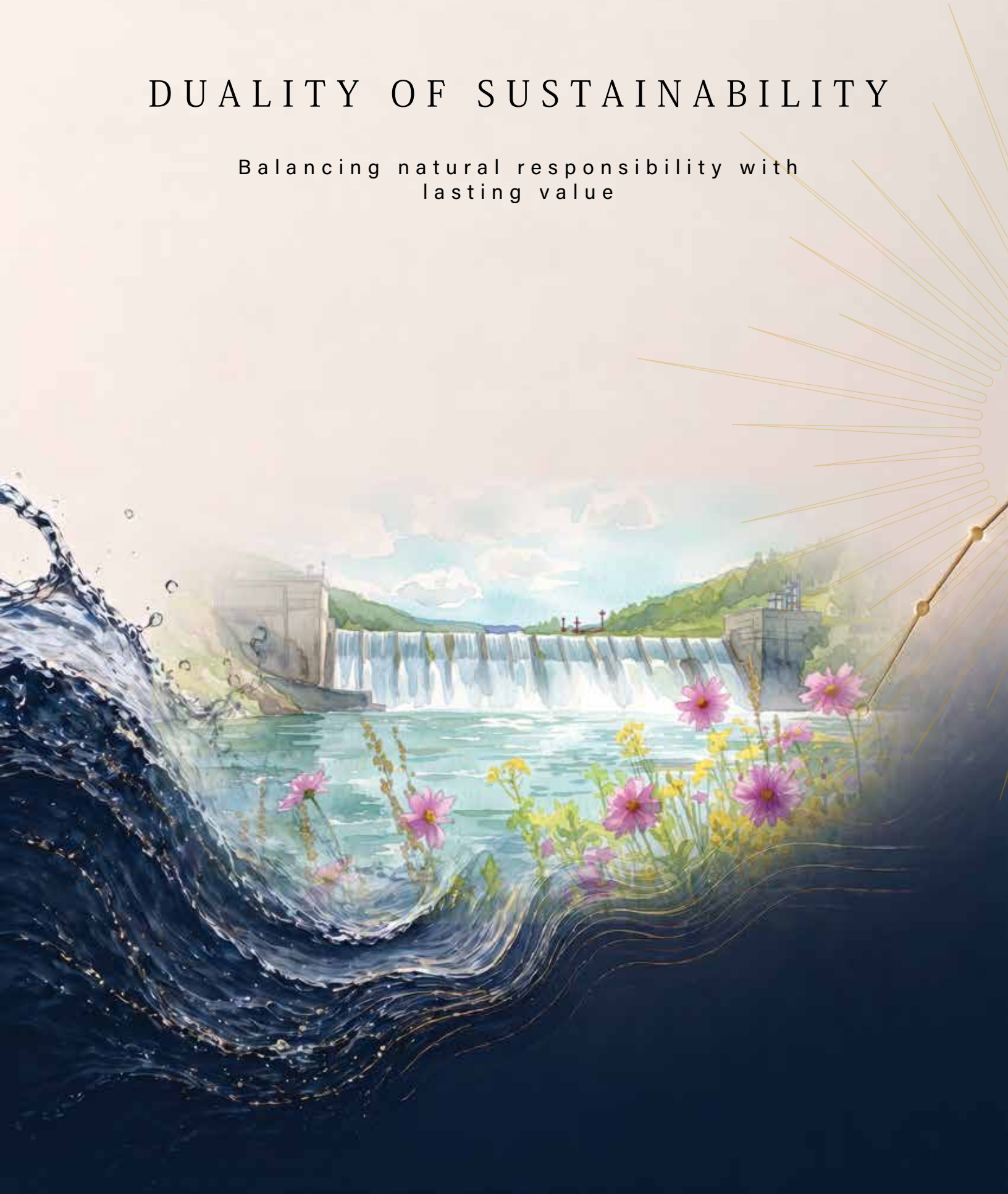
02 June 2026

***Note**: Mr. Aruna Dheerasinghe,Jt.CEO resigned from his position as Jt.CEO with effect from 31st May 2026.*

Colombo

DUALITY OF SUSTAINABILITY

Balancing natural responsibility with lasting value



Stakeholder Engagement and Materiality Assessment

MATERIALITY AND SUSTAINABLE VALUE CREATION

GRI 3-1

At VPE, sustainability is integrated into the way we create long-term value, manage risk and pursue growth within Sri Lanka's evolving renewable energy landscape. As a responsible renewable energy provider, we recognise that long-term business success is closely linked to effective environmental stewardship, responsible operations, stakeholder responsiveness and strong governance practices.

Our materiality assessment process enables the Group to identify and prioritise the sustainability-related matters that are most significant to our stakeholders and business operations. The assessment supports informed decision-making by strengthening our understanding of emerging risks, stakeholder expectations and strategic priorities that may influence the Group's ability to create sustainable value over the short, medium and long term.

The assessment outcomes guide the development of our sustainability priorities, management approaches and reporting disclosures, while supporting alignment with the Group's strategic objectives and internationally recognised reporting frameworks.

OUR APPROACH TO MATERIALITY

GRI 3-1

VPE's materiality assessment process is conducted through a structured and stakeholder-driven approach aligned with the GRI Universal Standards 2021, Integrated Reporting principles, ESG reporting expectations and applicable regulatory requirements. The process enables the Group to identify and prioritise material matters that are most relevant to sustainable value creation and effective stakeholder responsiveness.

The materiality assessment process is supported through five interconnected stages designed to ensure the effective identification, assessment and management of material sustainability matters.

Stakeholder Identification & Engagement	Identification of Material Matters	Assessment & Prioritisation	Validation & Internal Review	Reporting & Continuous Review
Identification of key stakeholder groups who influence, or are impacted by, VPE's operations, sustainability performance and long-term business strategy.	Evaluation of economic, environmental, social and governance matters arising from operational activities, stakeholder expectations, industry developments and emerging sustainability trends.	Assessment of material topics based on stakeholder significance, business impact, risk exposure, strategic relevance and long-term value creation considerations.	Review and validation of material matters through engagement with management and relevant internal functions to ensure alignment with strategic priorities and operational realities.	Integration of material topics into sustainability disclosures, management approaches and ongoing review processes to maintain relevance and responsiveness.

STAKEHOLDER ENGAGEMENT

GRI 2-29

Stakeholders are identified based on their influence on, and exposure to, the Group's operations, sustainability performance, and long-term business strategy, considering operational, regulatory, investment, environmental, and social impacts.

Meaningful stakeholder engagement remains fundamental to VPE's approach to responsible business conduct, effective governance and sustainable value creation. As a renewable energy company operating within environmentally and socially connected communities, we recognise the importance of maintaining transparent and constructive relationships with stakeholders who influence, and are impacted by, our operations.

Engagement with stakeholders enables the Group to better understand evolving expectations, identify material sustainability matters and support informed decision-making across the business. Stakeholder feedback also contributes to the management of sustainability-related risks and opportunities, while supporting the continuous enhancement of operational and governance practices.

VPE maintains ongoing dialogue with stakeholders through structured engagement mechanisms and communication channels tailored to the nature of each stakeholder group.

STAKEHOLDER ENGAGEMENT PRINCIPLES

Our stakeholder engagement activities are guided by the following principles:

Principle	Approch
Inclusive	Relevant stakeholder groups are identified and encouraged to actively engage with the Group.
Purposeful	Each engagement is conducted with clearly defined objectives and intended outcomes.
Respectful	Stakeholder perspectives, concerns and expectations are acknowledged and treated with due consideration.
Transparet	Engagements are carried out with openness, honesty and clear communication.
Timely	Stakeholders are engaged through appropriate and timely communication channels to facilitate effective dialogue.

KEY STAKEHOLDER GROUPS - 2025/26

GRI 2-29

VPE has identified several key stakeholder groups that are integral to the Group's ability to create sustainable value and achieve long-term business success. These stakeholders contribute to, influence and are impacted by the Group's operations, strategic direction and sustainability performance.

Their perspectives and expectations play an important role in shaping business decisions, strengthening accountability and supporting the effective management of economic, environmental and social impacts.

Stakeholder Group	Purpose of Engagement	Engagement Priority
Shareholders	To maintain investor confidence through transparent communication, sustainable financial performance and responsible corporate management.	High
Employees	To foster a safe, inclusive and rewarding workplace that supports employee wellbeing, professional development and long-term organisational performance.	High
Customer / Ceylon Electricity Board (CEB)	To maintain operational reliability, regulatory compliance and strong collaborative relationships in support of national energy requirements.	High
Community	To manage environmental and social impacts responsibly while contributing positively to surrounding communities and local development initiatives.	Moderate
Government and Regulatory Authorities	To ensure compliance with applicable laws, regulations and industry requirements while supporting responsible business practices.	High
Suppliers and Business Partners	To maintain reliable, ethical and mutually beneficial business relationships that support operational continuity and sustainable supply chain practices.	Moderate

Stakeholder Engagement and Materiality Assessment

SHAREHOLDERS ENGAGEMENT MODE

GRI 2-29

Stakeholder Group	Mode of Engagement	Frequency					Key Concerns during the year 2025/26
		Annually	Quarterly	Monthly	Regularly	Whenever necessary	
Shareholders	Quarterly Interim Financial Reports		×				◆ Financial performance and profitability ◆ Dividend returns ◆ Operational performance of power plants ◆ Future growth opportunities ◆ Renewable energy investments ◆ Sustainability performance ◆ Responsible corporate governance
	Annual Report	×					
	Shareholder AGM & EGM	×					
	Dividend payouts					×	
	Corporate disclosures					×	
	Company's web site	×		×	×		
	Press releases					×	
	Open-door policy				×		
Employees	Annual staff performance appraisals	×					◆ Remuneration and employee benefits ◆ Career development opportunities ◆ Workplace safety ◆ Employee wellbeing ◆ Work-life balance ◆ Organisational stability ◆ Long-term career opportunities
	Monthly staff meetings			×			
	Negotiations					×	
	Training and workshops				×		
	Salary increments and bonuses	×					
	Welfare activities				×		
	Team building activities and programmes					×	
Customer/ Ceylon Electricity Board	Standardized Power Purchase Agreements (SPPAs)				×		◆ Compliance with Standardised Power Purchase Agreements (SPPAs) ◆ Commissioning of solar project ◆ Operational reliability ◆ Tariff-related matters ◆ Tender opportunities ◆ Continuity of energy supply
	Monthly invoicing and receiving payments			×			
	Annual meter testing at power plants	×					
	Regular dialogue and interactions				×		
	Bidding for NCRE project tenders					×	
Community	CSR activities				×		◆ Environmental protection ◆ Community development initiatives ◆ Infrastructure support ◆ Local employment opportunities ◆ Responsible environmental management
	Environmental effects management				×		
	Environmental conservation programs				×		
	Community development programs					×	
Government and other regulators	Project approvals					×	◆ Regulatory compliance ◆ Tax transparency ◆ Environmental and social compliance ◆ Sustainability performance ◆ Responsible corporate conduct
	Payment of taxes and levies	×	×	×			
	Renewal of required approvals and licenses	×					
	Compliance with laws and other periodical statutory requirements				×		
	Industry-level meetings					×	
Suppliers and business partners	Business transaction				×		◆ Timely payments ◆ Business continuity ◆ Ethical business conduct ◆ Sustainable procurement practices ◆ Long-term business opportunities
	Regular dialogue and interactions				×		
	Annual Report and other publications	×					

DETERMINING MATERIAL TOPICS

GRI 3-2

The materiality assessment enabled VPE to identify and prioritise sustainability-related matters that are considered most significant to stakeholders and to the Group's ability to create sustainable value over the short, medium and long term.

Material topics were prioritised by evaluating:

- the significance of actual and potential economic, environmental and social impacts;
- stakeholder interest and influence;
- relevance to the Group's strategic objectives and operational performance;
- regulatory and industry considerations; and
- the potential impact on business continuity, reputation and long-term resilience.

The assessment further supports the integration of sustainability considerations into enterprise risk management, operational planning and corporate decision-making processes.

VPE'S MATERIAL TOPICS - 2025/26

GRI 3-2

	Material Topics	Stakeholders impacted by material topics						Priority
		Shareholder	Employees	Customer / CEB	Community	Government & regulators	Suppliers & business partners	
1	Sustainable Economic Value Creation and Financial Resilience	×		×		×	×	High
2	Tax Transparency and Compliance	×				×		Moderate
3	Resource Utilisation and Responsible Material Management					×	×	High
4	Energy Generation and Operational Efficiency	×		×		×		High
5	Carbon Emissions and Climate Impact	×		×	×	×		High
6	Biodiversity and Environmental Stewardship				×	×		Moderate
7	Waste Management and Environmental Protection				×	×		Moderate
8	Talent Attraction, Development and Retention		×					High
9	Employee Wellbeing and Workplace Safety		×					High
10	Diversity, Equity and Inclusive Growth		×		×			High
11	Responsible Procurement and Supply Chain Practices						×	Moderate
12	Community Development and Social Responsibility				×			Moderate
13	Equality, Non-Discrimination and Fair Employment		×					High
14	Ethical Conduct, Corporate Governance and Responsible Operations	×	×	×	×	×	×	Moderate
15	Anti-Corruption and Fair Business Practices	×				×	×	Moderate

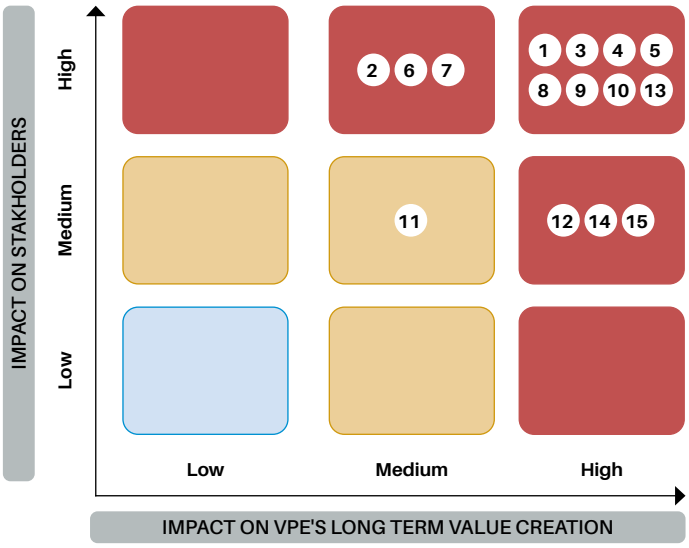
Stakeholder Engagement and Materiality Assessment

MATERIALITY PRIORITISATION MATRIX

GRI 3-2

The materiality prioritisation matrix illustrates the relative significance of identified material topics based on stakeholder interest and their potential impact on VPE's long-term value creation, operational resilience and sustainability performance.

High-priority topics represent matters that are considered critical to both stakeholders and the Group's strategic and operational success, while moderate-priority topics continue to remain important to responsible business conduct and sustainable operations.



VPE's Material Topics - 2025/26

1 Sustainable Economic Value Creation and Financial Resilience
2 Tax Transparency and Compliance
3 Resource Utilisation and Responsible Material Management
4 Energy Generation and Operational Efficiency
5 Carbon Emissions and Climate Impact
6 Biodiversity and Environmental Stewardship
7 Waste Management and Environmental Protection
8 Talent Attraction, Development and Retention
9 Employee Wellbeing and Workplace Safety
10 Diversity, Equity and Inclusive Growth
11 Responsible Procurement and Supply Chain Practices
12 Community Development and Social Responsibility
13 Equality, Non-Discrimination and Fair Employment
14 Ethical Conduct, Corporate Governance and Responsible Operations
15 Anti-Corruption and Fair Business Practices

MANAGEMENT OF MATERIAL TOPICS

GRI 3-2

The Group's sustainability disclosures have been prepared with reference to the GRI Universal Standards 2021 and applicable updated standards.

Material Theme	VPE's Material Topic	Relevant GRI Topic	Alignment with SDGs	Report References for Management Approach
Economic	1. Sustainable Economic Value Creation and Financial Resilience	GRI 201 : Economic Performance GRI 202 : Market Presence		◆ Financial Capital ◆ Human Capital ◆ Operating Environment and Strategic Context ◆ Risk Management
	2. Tax Transparency and Compliance	GRI 207 : Tax		
Environmental Aspect	3. Resource Utilisation and Responsible Material Management	GRI 301 : Materials GRI 303 : Water		◆ Natural Capital
	4. Energy Generation and Operational Efficiency	GRI 302 : Energy		
	5. Carbon Emissions and Climate Impact	GRI 305 : Emission		
	6. Biodiversity and Environmental Stewardship	GRI 101 : Biodiversity		
	7. Waste Management and Environmental Protection	GRI 306 : Effluent and Waste		

Material Theme	VPE's Material Topic	Relevant GRI Topic	Alignment with SDGs	Report References for Management Approach
Social Aspect	8. Talent Attraction, Development and Retention	GRI 401 : Employment		◆ Human Capital ◆ Social and Relationship Capital ◆ Risk Management
	9. Employee Wellbeing and Workplace Safety	GRI 403 : Occupational Health and Safety GRI 404 : Training and Education		
	10. Diversity, Equity and Inclusive Growth	GRI 405 : Diversity and Equal Opportunity		
	11. Responsible Procurement and Supply Chain Practices	GRI 204 : Procurement Practices		
	12. Community Development and Social Responsibility	GRI 203 : Indirect Economic Practices GRI 413 : Local Communities		
Governance	13. Equality, Non-Discrimination and Fair Employment	GRI 406 : Non-Discrimination		◆ Corporate Governance ◆ Human Capital
	14. Ethical Conduct, Corporate Governance and Responsible Operations	GRI 402 : Labor/ Management Relations GRI 407 : Freedom of Association and Collective Bargaining GRI 408 : Child Labor GRI 409 : Forced or Compulsory Labor GRI 415 : Public Policy		
	15. Anti-Corruption and Fair Business Practices	GRI 205 : Anti-Corruption GRI 206 : Anti-competitive Behavior		

LOOKING AHEAD

VPE will continue to enhance its materiality assessment and stakeholder engagement processes to ensure that the Group remains responsive to evolving sustainability priorities, stakeholder expectations and industry developments. The identified material topics will continue to guide strategic decision-making, responsible operations and long-term value creation across the business.









Operating Environment and Strategic Context

NAVIGATING A TRANSFORMING ENERGY LANDSCAPE

The operating environment for renewable energy companies continued to evolve significantly during the year under review, shaped by economic recovery, energy sector reforms, climate-related challenges, technological advancement, and the accelerating global transition towards cleaner energy systems. These developments continued to influence the way renewable energy companies operate, invest, manage risks, and create value. Against this backdrop, Vallibel Power Erathna PLC remained focused on strengthening its renewable energy portfolio, enhancing operational resilience, and positioning itself for long-term sustainable growth.

THE GLOBAL RENEWABLE ENERGY TRANSITION

The global energy sector continued its transition towards low-carbon and sustainable energy systems during 2025. Governments, investors, and businesses increasingly prioritised energy security, climate resilience, and decarbonisation, accelerating investments in renewable energy infrastructure worldwide. Solar and wind energy accounted for the majority of newly installed generation capacity globally, supported by declining technology costs, improved efficiencies, and favourable policy frameworks.

Global electricity demand continued to increase, driven by urbanisation, industrialisation, digitalisation, and the electrification of transport and industry. Simultaneously, substantial investments were directed towards battery storage technologies, smart grids, and advanced energy management systems to support the integration of renewable energy into national power systems. Global clean energy investment is estimated to have exceeded USD 2 trillion during the year, highlighting the increasing role of renewable energy in future economic development.

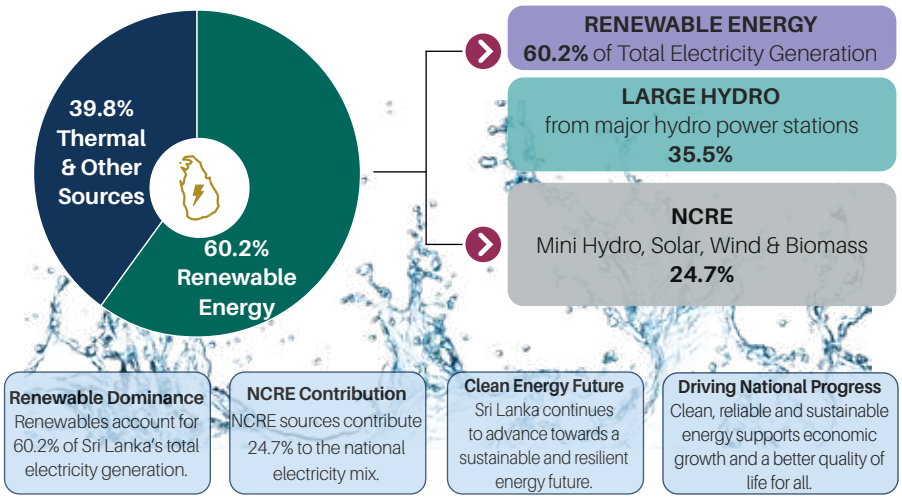
Despite these positive developments, climate-related risks continued to emerge as a significant challenge. Changing rainfall patterns, prolonged droughts, and extreme weather events increasingly influenced renewable energy generation worldwide, particularly hydropower assets. Consequently, diversification across multiple renewable energy technologies has become a strategic priority for renewable energy companies seeking to strengthen resilience and ensure long-term value creation.

SRI LANKA'S ECONOMIC RECOVERY AND ENERGY LANDSCAPE

Sri Lanka's economy continued its recovery trajectory during the year, supported by macroeconomic stabilisation measures, fiscal reforms, improved tourism earnings, and enhanced investor confidence. Economic activity strengthened across key sectors, contributing to an estimated GDP growth of approximately 5% during 2025. Improved external sector performance, stable inflation, and the continuation of the IMF-supported reform programme further supported economic recovery and strengthened market confidence.

The recovery in economic activity contributed to increased electricity demand across industrial, commercial, and domestic sectors, highlighting the critical role of reliable and affordable energy in supporting national development. As Sri Lanka continues its economic transformation, demand for electricity is expected to grow steadily, creating favourable long-term opportunities for renewable energy developers and operators.

Sri Lanka Electricity Generation Mix - 2025



Renewable energy continues to play an increasingly important role in the country's energy security strategy. According to the Central Bank of Sri Lanka Annual Report 2025, renewable energy sources accounted for approximately 60.2% of total national electricity generation, reflecting the country's continued progress towards a cleaner energy mix. Of this, 24.7% was generated through Non-Conventional Renewable Energy (NCRE) sources, including mini-hydropower, solar, wind, and biomass. These figures demonstrate the growing significance of renewable energy within Sri Lanka's power sector and reinforce the strategic importance of investments in renewable energy infrastructure.

As one of Sri Lanka's established renewable energy producers, Vallibel Power Erathna PLC continues to contribute meaningfully to this national transition through its hydropower and solar energy operations.

Operating Environment and Strategic Context

ENERGY SECTOR REFORMS AND INDUSTRY TRANSFORMATION

The energy sector entered a period of significant transformation following the implementation of the Sri Lanka Electricity Act No. 36 of 2024. The new legislative framework seeks to strengthen governance, improve sector efficiency, enhance transparency, and facilitate greater private sector participation in electricity generation and infrastructure development.

A key component of the reform agenda is the restructuring of the Ceylon Electricity Board (CEB) through the separation of generation, transmission, distribution, and related operational functions. The intended objective of these reforms is to improve operational efficiency, strengthen financial sustainability, increase accountability, and create a more competitive and investment-friendly electricity sector.

For renewable energy developers, including Vallibel Power Erathna PLC, these reforms create both opportunities and challenges. Greater transparency, improved procurement frameworks, and increased private sector participation have the potential to support future renewable energy investments and accelerate sector growth. As the sector transitions to the new industry structure, renewable energy generators will increasingly engage with newly established entities such as the National System Operator (Pvt) Ltd and the National Transmission Network Service Provider (Pvt) Ltd, which are expected to assume key responsibilities relating to system operation, transmission planning, and network management. These developments are anticipated to enhance operational transparency and facilitate a more structured electricity market. However, the transition towards a restructured electricity sector will require careful implementation to maintain regulatory consistency, investor confidence, operational coordination, and long-term sector stability.

The increasing contribution of renewable energy to the national generation mix further highlights the importance of modernising transmission infrastructure and enhancing grid flexibility. As solar and other intermittent renewable energy sources continue to expand, investments in grid upgrades, dispatch optimisation, and energy storage technologies will become increasingly important to support system reliability and maximise renewable energy integration.

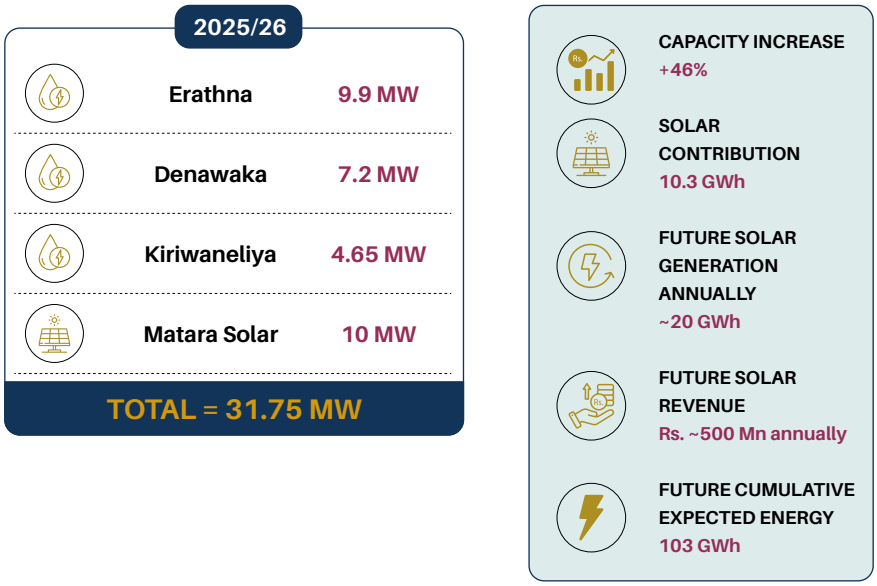
CLIMATE VARIABILITY AND RESOURCE DEPENDENCE

Environmental and climatic conditions remain among the most significant external factors influencing renewable energy generation. During the year under review, hydrological variability affected water availability across several regions of the country, impacting hydropower generation performance. These conditions once again highlighted the inherent sensitivity of hydropower operations to changing weather patterns and rainfall distribution.

Climate change continues to increase uncertainty regarding water resource availability and seasonal rainfall patterns. Consequently, renewable energy companies must continue to strengthen climate resilience and incorporate environmental considerations into strategic planning and investment decisions.

Recognising these dynamics, Vallibel Power Erathna PLC has proactively diversified its renewable energy portfolio beyond hydropower. This strategic approach supports greater operational resilience, enhances earnings stability, and reduces exposure to fluctuations in hydrological conditions.

SOLAR ENERGY EXPANSION AND STRATEGIC DIVERSIFICATION



One of the most significant milestones during the year was the successful commissioning of the Company's first utility-scale solar power project. The addition of the 10 MW Ground Mounted Solar PV Project marks a strategic evolution in the Group's business model and demonstrates its commitment to expanding renewable energy generation beyond traditional hydropower operations.

The project increased the Group's installed generation capacity from 21.75 MW to 31.75 MW and contributed 10.3 GWh of renewable electricity during its initial year of operation. The solar facility also generated revenue of Rs. 264 million during the year, partially offsetting the impact of reduced hydropower generation arising from hydrological variability.

Under full-year operations, the solar power project is expected to generate approximately 20 GWh of clean electricity annually while contributing around Rs. 500 million in annual revenue. Beyond its financial contribution, the project strengthens the Group's environmental impact and supports Sri Lanka's broader decarbonisation and renewable energy objectives.

The successful integration of solar energy into the Company's operations demonstrates the effectiveness of its diversification strategy and positions the Group to capitalise on future renewable energy opportunities.

OPPORTUNITIES AND FUTURE OUTLOOK

The long-term outlook for Sri Lanka's renewable energy sector remains positive. Increasing electricity demand, national renewable energy targets, climate commitments, and growing investor interest in sustainable infrastructure continue to create favourable conditions for renewable energy investment and expansion.

At the same time, the sector must continue addressing challenges relating to climate variability, regulatory developments, transmission constraints, and financing requirements. Success within this environment will depend on strategic adaptability, operational excellence, disciplined capital management, and the ability to respond effectively to evolving market conditions.

Vallibel Power Erathna PLC remains well positioned to capitalise on these opportunities through its diversified renewable energy portfolio, experienced management team, strong governance framework, and proven operational capabilities. The addition of solar energy has strengthened the Company's resilience, broadened its growth platform, and enhanced its ability to create sustainable value for shareholders and stakeholders alike. In addition, the first-term SPPA agreements of two mini hydropower plants are expected to expire in the coming year, and the Company anticipates renewing these agreements in line with prevailing regulatory provisions.

EXTERNAL ENVIRONMENT, STRATEGIC RESPONSE AND VALUE CREATION

The Company continuously evaluates changes in its operating environment and adapts its strategy to ensure sustainable long-term value creation.

Company's strategic responses towards key external developments during the year are summarised below.

External Environment ▶	Strategic Response ▶	Outcome
Increasing climate variability and hydrological uncertainty	Diversification beyond hydropower through the commissioning of a 10 MW Solar PV Project	Improved generation resilience and reduced dependence on rainfall patterns
Growing national demand for renewable energy	Expansion of the renewable energy portfolio	Increased installed capacity from 21.75 MW to 31.75 MW
Renewable energy contributing 60.2% of national electricity generation, including 24.7% from NCRE sources	Continued investment in renewable energy assets and operational excellence	Strengthened alignment with Sri Lanka's energy transition objectives
CEB restructuring and electricity sector reforms	Continuous monitoring of regulatory developments and strengthening governance practices	Enhanced readiness for evolving market structures and industry reforms
National focus on sustainability, climate action, and decarbonisation	Integration of ESG principles and SDG alignment into business strategy	Strengthened stakeholder confidence and long-term sustainability positioning
Growing investor interest in renewable infrastructure	Prudent capital investment and disciplined financial management	Strengthened platform for future growth and value creation

In this evolving operating environment, Vallibel Power Erathna PLC remains well positioned to capitalise on emerging opportunities through its diversified renewable energy portfolio, strong operational capabilities, disciplined governance framework, and continued commitment to sustainable value creation. The successful integration of solar energy into the Group's operations provides a strong platform for future growth while reinforcing the Company's contribution towards Sri Lanka's transition to a cleaner, more resilient, and sustainable energy future.

Operating Environment and Strategic Context

OPERATIONAL HIGHLIGHTS BY POWER PLANT

Erathna Mini Hydropower

Project



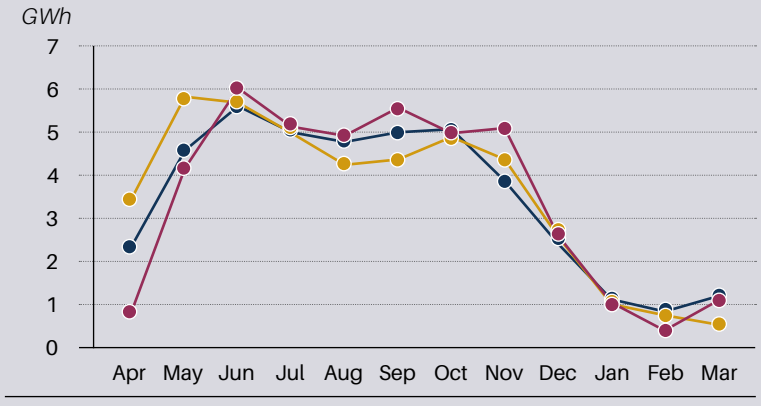
Scan this QR Code for monthly power generation history

Installed capacity	9.9 MW
Average annual energy	42 GWh
SPPA Validity	July 2039

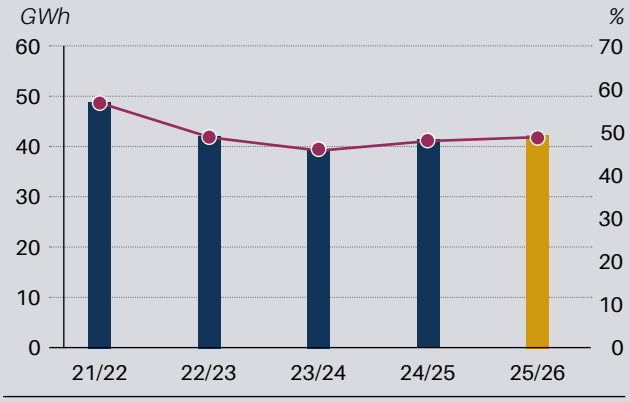
Revenue Highlights			
	2025/26	2024/25	Variance
Revenue (Rs. Mn)	353.5	337.5	5%
Segmental gross profit (Rs. Mn)	282.0	272.7	3%
Tariff method	Plant Factor Based Tariff		

Operational Highlights			
	2025/26	2024/25	Variance
Power generation (GWh)	42.8	42.0	2%
Plant factor	49%	48%	2%
% of Outages	1.0%	1.7%	(41%)
Revenue loss on outages (Rs. Mn)	3.41	5.9	(42%)

MONTHLY POWER GENERATION



ANNUAL POWER GENERATION



Dolahena Estate Ground Mounted Solar Power *Project*



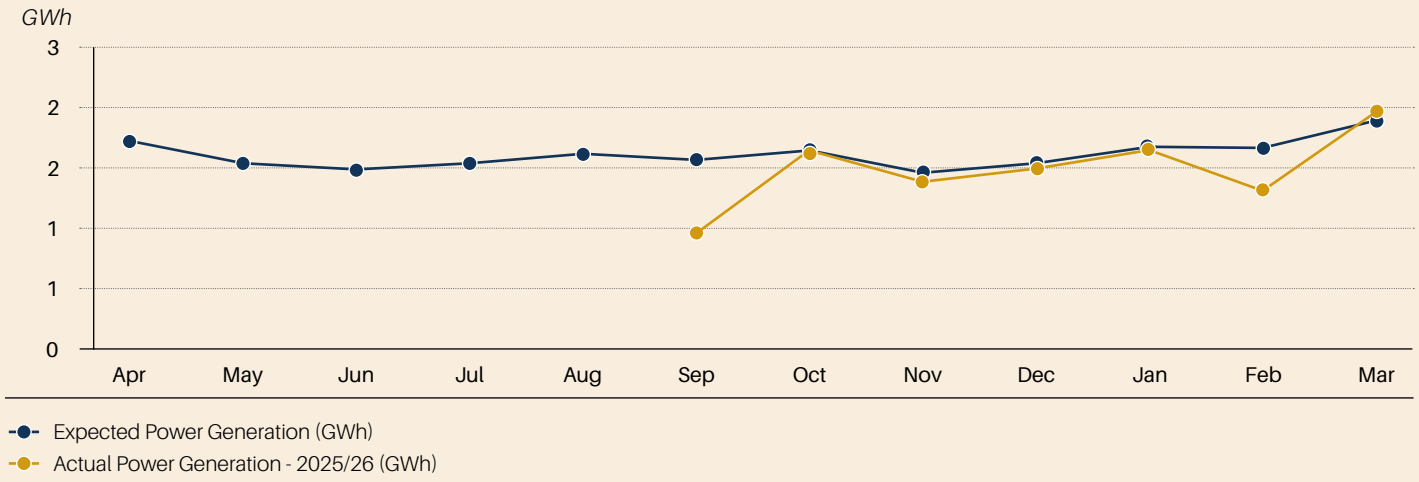
Scan this QR Code for monthly power generation history

Installed capacity	10 MWac
Project I	*5 MWac*
Project II	*5 MWac*
Average annual energy	20 GWh
SPPA Validity	September 2045

Revenue Highlights			
	2025/26	2024/25	Variance
Revenue (Rs. Mn)	264.1	Nil	-
Segmental gross profit (Rs. Mn)	205.4	Nil	-
Tariff method		Flat Tariff	

Operational Highlights			
	2025/26	2024/25	Variance
Power generation (GWh)	10.4	Nil	-
Plant factor	16%	Nil	-
% of Outages	0.54%	Nil	-
Revenue loss on outages (Rs. Mn)	1.43	Nil	-

MONTHLY POWER GENERATION



Operating Environment and Strategic Context

Denawaka Ganga Mini Hydropower

Project



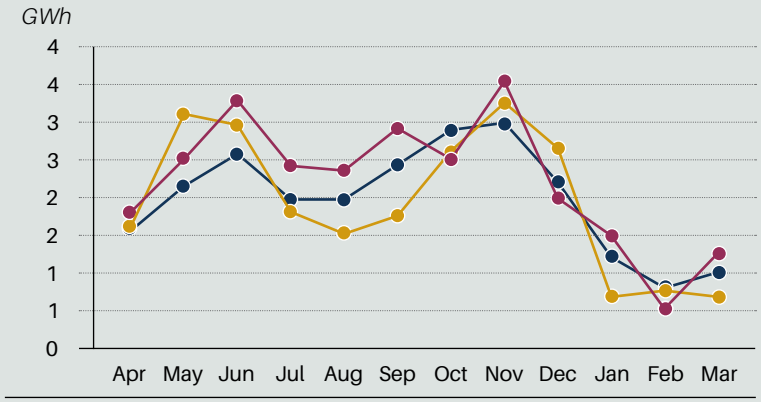
Scan this QR Code for monthly power generation history

Installed capacity	7.2 MW
Average annual energy	25 GWh
SPPA Validity	February 2027

Revenue Highlights			
	2025/26	2024/25	Variance
Revenue (Rs. Mn)	600.1	682.3	-12%
Segmental gross profit (Rs. Mn)	523.2	614.0	-15%
Tariff method	Avoided Cost Based Tariff		

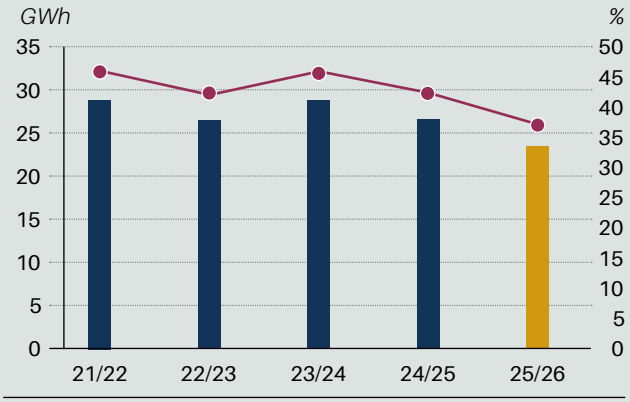
Operational Highlights			
	2025/26	2024/25	Variance
Power generation (GWh)	23.5	26.7	-12%
Plant factor	37%	42%	-12%
% of Outages	0.18%	0.20%	-10%
Revenue loss on outages (Rs. Mn)	1.12	1.37	-18%

MONTHLY POWER GENERATION



Expected Power Generation (GWh)
Actual Power Generation - 2024/25 (GWh)
Actual Power Generation - 2025/26 (GWh)

ANNUAL POWER GENERATION



Annual Power Generation (GWh)
Plant Factor %

Kiriwaneliya Mini Hydropower

Project



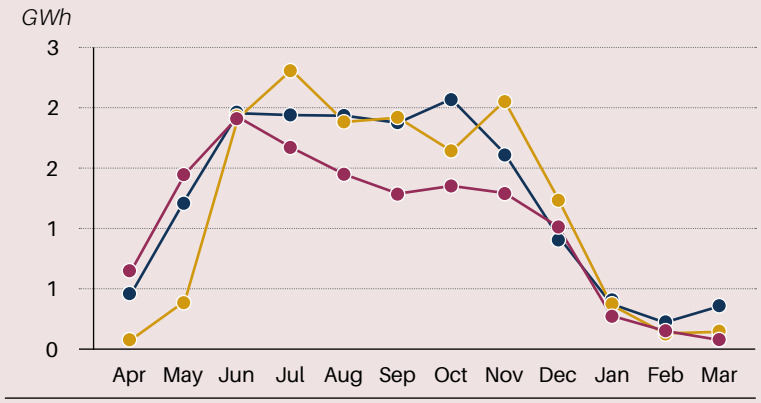
Scan this QR Code for monthly power generation history

Installed capacity	4.65 MW
Average annual energy	16 GWh
SPPA Validity	December 2026

Revenue Highlights			
	2025/26	2024/25	Variance
Revenue (Rs. Mn)	320.6	356.1	-10%
Segmental gross profit (Rs. Mn)	273.8	313.7	-13%
Tariff method	Avoided Cost Based Tariff		

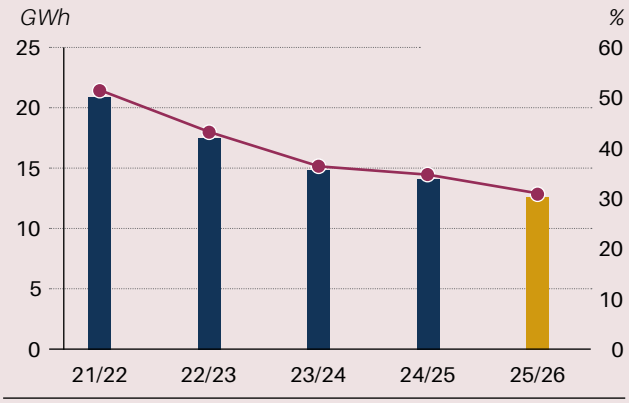
Operational Highlights			
	2025/26	2024/25	Variance
Power generation (GWh)	12.7	14.1	-11%
Plant factor	31%	35%	-11%
% of Outages	1.34%	0.8%	-13%
Revenue loss on outages (Rs. Mn)	4.82	2.8	-11%

MONTHLY POWER GENERATION



- Expected Power Generation (GWh)
- Actual Power Generation - 2024/25 (GWh)
- Actual Power Generation - 2025/26 (GWh)

ANNUAL POWER GENERATION



- Annual Power Generation (GWh)
- Plant Factor %

Risk Management

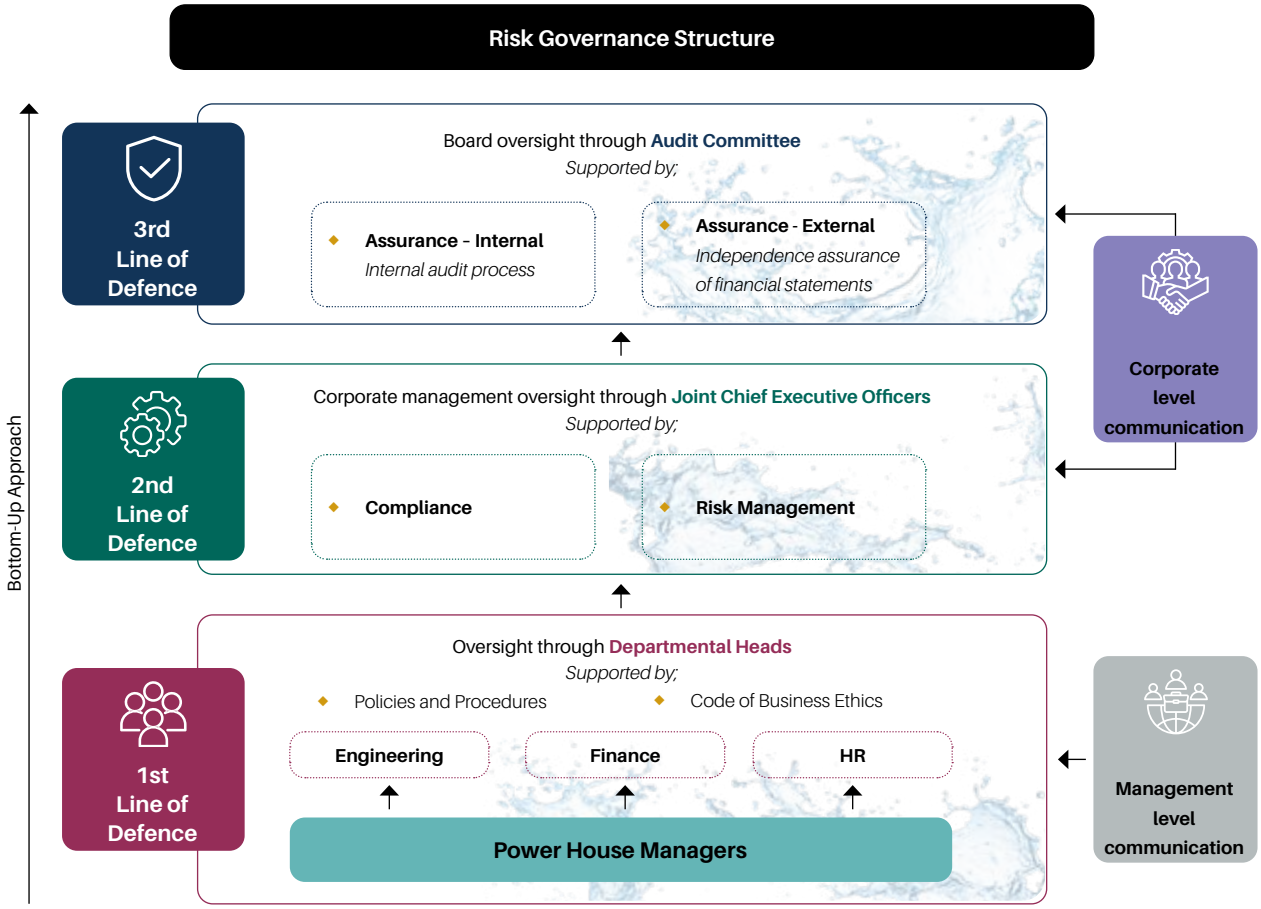
At Vallibel Power Erathna PLC (VPE), effective risk management is essential to maintaining the stability, resilience and long-term sustainability of our renewable energy operations. Operating within Sri Lanka's renewable energy sector exposes the Company to environmental, operational and regulatory risks that may impact the reliability of power generation and long-term value creation.

To address these challenges, VPE has established a structured risk management framework focused on proactive governance, operational vigilance and ESG-conscious decision-making, ensuring the continued reliability and sustainability of our renewable energy assets.

The Group's risk management framework is integrated with its sustainability strategy and supports the identification, assessment and management of ESG-related risks and opportunities that may impact long-term value creation.

GOVERNANCE AND OVERSIGHT

Risk management at VPE is supported by a three-lines-of-defence governance structure, ensuring clear accountability and oversight throughout the organisation.



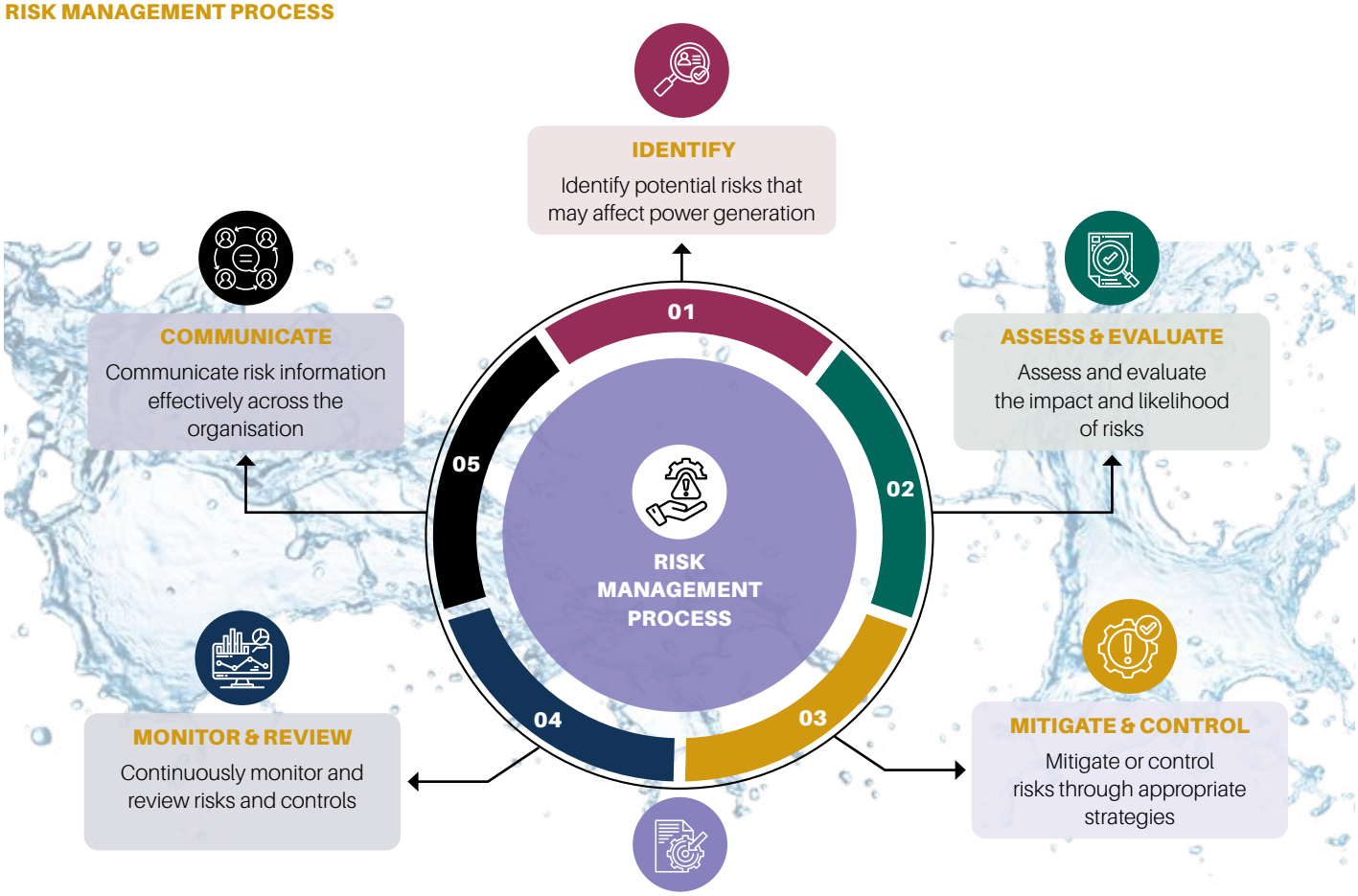
1st Line of Defense	The first line of defence consists of operational management and functional teams responsible for identifying, assessing and managing risks within day-to-day operations and business activities. This level is supported by established policies and procedures together with the Code of Business Ethics.
2nd Line of Defense	The second line of defence is led by corporate management under the oversight of the Joint Chief Executive Officers, supported through compliance and risk management functions that guide operational decision-making and strengthen the Company's risk governance processes.
3rd Line of Defense	Independent oversight is maintained through the third line of defence, where the Board provides oversight through the Audit Committee, supported by internal assurance through the internal audit process and external assurance relating to the independent assurance of financial statements.

This governance structure ensures clear communication and accountability across both management and corporate levels, embedding risk management into the organisation's operational and strategic functions.

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The Board periodically reviews the Group's principal risks, emerging risk exposures, and mitigation strategies to ensure alignment with the Company's strategic objectives, sustainability priorities, and long-term resilience.

RISK MANAGEMENT PROCESS



Risk Management

GRI 201-2

ENTERPRISE RISK PROFILE - 2025/26

Risk Level	No. of Risks	Key Risk Areas	Management Focus
High	1	1. Ageing asset and equipment reliability risk	Board and senior management oversight; asset condition monitoring; replacement planning.
Medium	8	2. Environmental/natural disaster 3. Fraud, theft and physical security risk 4. Outage and grid availability risk 5. Regulatory and compliance risk 6. Occupational health, safety and operational risk 7. Off-taker and contractual compliance risk 8. Foreign exchange and imported spare parts risk 9. Employee retention and skills risk	Active mitigation, monthly monitoring, site-level controls and periodic reporting.
Low	2	10. Cyber security and data privacy risk 11. Interest rate risk	Routine monitoring through existing controls.

RISK SCORING METHODOLOGY

Risk Level Classification

Final Level	Score Range	Definition
High	15 - 25	Requires Board and senior management attention due to potential material impact on operations, financial performance, compliance, reputation or business continuity.
Medium	6 - 14	Requires management monitoring and active mitigation. Impact is manageable but can affect plant operations, revenue, compliance or stakeholder confidence.
Low	1 - 5	Routine or accepted risk monitored through existing controls and periodic review.

Severity Scoring

Severity Level	Score	Financial Impact	Impact Interpretation
Severe	5	More than 5% of Avg. Group Revenue	Plant shutdown, major asset loss, major claim or business continuity impact.
Significant	4	Less than 5% but more than 4% of Group Revenue	Major operational disruption, material revenue loss or regulatory concern.
Moderate	3	Less than 4% but more than 2% of Group Revenue	Noticeable financial or operational impact, manageable by management action.
Minor	2	Less than 2% but more than 1% of Group Revenue	Short disruption, limited financial loss or localized issue.
Negligible	1	Less than 1% of Group Revenue	No material disruption; handled through routine procedures.

Likelihood Scoring

Likelihood Level	Score	Definition
Very Likely	5	Expected to occur frequently or already emerging.
Likely	4	Expected to occur periodically or has occurred before.
Possible	3	May occur under certain operating, climatic, technical or external conditions.
Unlikely	2	Could occur, but probability is low.
Very Unlikely	1	Rare; not expected under normal conditions.

- **Risk Heat Map**

Likelihood/ Severity	1 Negligible	2 Minor	3 Moderate	4 Significant	5 Severe
5 Very Likely					
4 Likely					
3 Possible		4, 6, 7, 8, 9	3	2	1
2 Unlikely		10, 11	5		
1 Very Unlikely					

Low (1-4)
Manage with routine Procedures

Medium (5-12)
Monitor and manage

High (13-16)
Prioritise ans take action

Very High (20-25)
Imemediate action required

PRINCIPAL RISKS AND MITIGATION STRATEGIES

No	Risk Category	Severity	Likelihood	Score	Risk Level	Risk Description	Key Mitigation / Monitoring Actions
1	Ageing asset and equipment reliability risk	Severe (5)	Possible (3)	15	High	Ageing transformers, hydro plant components, solar inverters, transformers, DC/AC systems and other operating assets may fail or require major repair/ replacement, causing generation loss or unplanned expenditure.	◆ Preventive maintenance programmes and periodic condition assessments for ageing machinery items, inverters and critical plant equipment ◆ Periodic performance testing and continuous equipment condition monitoring ◆ Critical spare parts planning and reserve allocation ◆ Long-term asset replacement and refurbishment planning ◆ Monitoring insurance limitations relating to ageing assets
2	Environmental & natural disaster risk	Significant (4)	Possible (3)	12	Medium	Climate change, rainfall variability, landslides, earth slips, floods, cyclones, lightning, fire and other environmental/natural disaster events may affect plant operations, asset integrity and business continuity.	◆ Routine site inspections for landslide, flood, fire and earth slip exposure ◆ Monitoring catchment areas and drainage systems ◆ Environmental stewardship, biodiversity conservation and climate resilience initiatives ◆ Maintaining appropriate insurance coverage while continuously monitoring exclusions relating to natural peril risks

Risk Management

No	Risk Category	Severity	Likelihood	Score	Risk Level	Risk Description	Key Mitigation / Monitoring Actions
3	Fraud, theft and physical security risk	Moderate (3)	Possible (3)	9	**Medium**	Theft of cables, solar assets, stores, fraud, internal control failures or insufficient security may lead to financial loss or operational interruption.	◆ Strengthening internal controls and whistleblower mechanisms ◆ Routine audit procedures and store controls ◆ Physical security patrols and CCTV monitoring ◆ Central surveillance of solar project sites ◆ Cable, equipment and solar asset theft prevention measures
4	Outage and grid availability risk	Minor (2)	Possible (3)	6	**Medium**	Grid outages, transmission line issues, CEB curtailment, evacuation constraints, plant trips or equipment outages may interrupt generation and revenue.	◆ Continuous grid and transmission line monitoring in coordination with the Ceylon Electricity Board ◆ Planned maintenance programmes and outage management procedures ◆ Inspection of transmission infrastructure and outage record maintenance ◆ Monitoring power curtailments and operational disruptions affecting hydro and solar plants
5	Regulatory and compliance risk	Moderate (3)	Unlikely (2)	6	**Medium**	Non-compliance with statutory, environmental, energy-sector, SPPA, tax or employee-related obligations may result in penalties, legal exposure or operational restrictions.	◆ Monthly compliance monitoring and review of SPPA obligations ◆ Monitoring environmental approvals, licenses and statutory requirements ◆ Timely settlement of taxes and regulatory obligations ◆ Periodic Board-level compliance reporting
6	Occupational health, safety and operational risk	Minor (2)	Possible (3)	6	**Medium**	Workplace safety hazards, site operations, electrical safety, working at height, civil structures and emergency response deficiencies may cause injury, legal liability or operational disruption.	◆ Enforcement of PPE usage and safety procedures ◆ Regular safety training and toolbox meetings ◆ Electrical safety management and working-at-height controls ◆ Emergency response preparedness and site safety inspections
7	Off-taker and contractual compliance risk	Minor (2)	Possible (3)	6	**Medium**	CEB payment, dispatch, curtailment or contractual non-compliance issues may affect cash inflows, energy dispatch and revenue certainty.	◆ Continuous engagement with the Ceylon Electricity Board on payments, dispatch operations and SPPA compliance ◆ Monitoring curtailments and operational coordination matters ◆ Maintenance of invoices, claims and correspondence records

No	Risk Category	Severity	Likelihood	Score	Risk Level	Risk Description	Key Mitigation / Monitoring Actions
8	Foreign exchange and imported spare parts risk	Minor (2)	Possible (3)	6	**Medium**	Exchange rate movements may increase the cost of imported spares, electrical equipment, control systems, relays, inverter parts and specialized services.	◆ Prioritisation of local or in-house technical solutions where feasible ◆ Early procurement planning for imported spare parts and services ◆ Monitoring supplier exposure and negotiating payment terms
9	Employee retention and skills risk	Minor (2)	Possible (3)	6	**Medium**	Loss of skilled technical, operational or site personnel may affect plant reliability, maintenance quality and response time.	◆ Performance appraisals and employee training programmes ◆ Succession planning and operational roster continuity ◆ Site-level employee engagement and welfare initiatives ◆ Retention of critical technical competencies
10	Cyber security and data privacy risk	Minor (2)	Unlikely (2)	4	**Low**	Corporate website, IT systems, operational data, employee records and site communications may be exposed to cyber, data privacy or access-control weaknesses.	◆ Strengthening access controls and website security ◆ Periodic vulnerability assessments and cybersecurity monitoring ◆ Data privacy safeguards and protection of employee information ◆ Controlled operational communication channels
11	Interest rate risk	Minor (2)	Unlikely (2)	4	**Low**	Interest rate exposure is currently limited but should be monitored for any future borrowings, refinancing or working capital facilities.	◆ Monitoring exposure relating to future borrowings and refinancing arrangements ◆ Periodic review of liquidity exposure and working capital requirements

STRENGTHENING OPERATIONAL AND CLIMATE RESILIENCE

Through its integrated risk management framework, VPE continues to strengthen the resilience of its hydropower and solar operations while supporting Sri Lanka's transition toward renewable energy.

By combining strong governance oversight, proactive operational management and ESG-focused practices, the Company remains well positioned to manage evolving risks while delivering reliable and sustainable clean energy.

RISK OUTLOOK

Looking ahead, climate variability, evolving renewable energy policies, and ongoing technological developments are expected to continue shaping the risk landscape for renewable energy producers. Changes in rainfall patterns and the increasing frequency of extreme weather events may influence hydrological conditions and environmental stability within catchment areas that support hydropower operations.

VPE will continue to strengthen its enterprise-wide risk management capabilities through proactive monitoring, climate resilience initiatives, operational diversification, and ESG-focused governance practices to support sustainable growth and long-term stakeholder value creation.

Climate-related physical and transition risks continue to evolve within the renewable energy sector. Variability in hydrological conditions, changing weather patterns, evolving energy policies, and increasing stakeholder expectations relating to ESG performance may influence the Group's future operational and strategic decisions.

VPE's ESG and Sustainability Framework

GRI 2-23, 24

At VPE PLC, sustainability and Environmental, Social and Governance (ESG) principles are embedded in the way we operate, invest, and create long-term value. As a renewable energy company supporting Sri Lanka's clean energy transition, we remain committed to generating positive environmental and social impact while upholding strong governance, ethical business practices, and responsible corporate conduct.

Through our hydropower and solar energy operations, we contribute to national energy security, climate resilience, and low-carbon development. Environmental stewardship, stakeholder engagement, employee wellbeing, and transparent governance remain central to our decision-making and long-term sustainability strategy.

SUSTAINABILITY APPROACH AND ESG STRATEGY

VPE's sustainability strategy is built upon three interconnected pillars: Environmental Responsibility, Social Responsibility, and Governance and Ethical Conduct. These pillars support responsible growth, operational resilience, and long-term value creation, while aligning with Sri Lanka's renewable energy ambitions, the United Nations Sustainable Development Goals (SDGs), and Global Reporting Initiative (GRI) principles.

Sustainability considerations are embedded across business planning, operations, risk management, and stakeholder engagement. The Company operates under Board-approved policies on responsible business conduct, supported by internal controls, employee awareness programmes, and structured monitoring systems. ESG governance is integrated into existing oversight structures to ensure accountability and continuous improvement.

ESG DISCLOSURE

ENVIRONMENTAL (E)

VPE's environmental management approach focuses on protecting ecosystems while optimising renewable energy generation. Through run-of-river hydropower operations, environmental flow management, sediment control systems, and continuous water quality monitoring, the Company ensures minimal ecological disturbance while maintaining hydrological balance.

The addition of solar PV capacity and adoption of SCADA-based monitoring systems has strengthened operational efficiency and enabled real-time optimisation of renewable energy generation.

Across operations, VPE actively promotes resource efficiency, waste reduction, biodiversity conservation, and emissions avoidance, reinforcing its role in Sri Lanka's transition toward a low-carbon energy system.

SDG Alignment and Key Contributions

SDG	Commitment Area	Management Approach & Key Actions	Key Outcomes / Indicators
SDG 6: Clean Water & SDG 14: Life Below Water	Sustainable water and aquatic ecosystem management	Managed regulated environmental flows, sediment control, and continuous water quality monitoring. Implemented run-of-river operations to minimise water diversion impacts. Installed drainage and underpass systems to maintain natural water flow and ecological continuity.	Protection of aquatic ecosystems and maintenance of natural hydrological balance
SDG 7: Affordable and Clean Energy	Renewable energy generation	Generated electricity through mini hydropower and solar PV plants. Installed high-efficiency turbines and generators. Utilised SCADA systems and digital dashboards for real-time performance monitoring and optimisation.	89.3 million units of renewable energy generated during the year
SDG 12: Responsible Consumption and Production	Resource efficiency and waste management	Improved operational efficiency using advanced equipment. Extended transformer oil life through filtration and reuse. Implemented waste segregation, composting, and recycling practices.	Reduced waste generation and improved resource efficiency
SDG 13: Climate Action	Emissions reduction and decarbonisation	Reduced lifecycle emissions through renewable energy generation and waste minimisation practices.	Avoided ~58,000 tCO_2e of greenhouse gas emissions
SDG 15: Life on Land	Biodiversity and land conservation	Implemented catchment conservation, afforestation, erosion control measures, and wildlife-safe infrastructure such as covered channels and safe crossings.	Reduced habitat disturbance and improved ecosystem protection

SOCIAL (S)

VPE's social strategy prioritises employee wellbeing, community development, and inclusive growth. The Company continues to generate local employment, support workforce development, and strengthen community relationships in project-affected areas.

Occupational health and safety systems are reinforced through structured training, emergency preparedness programmes, and provision of personal protective equipment. Equal opportunity practices, skills development programmes, and structured career pathways ensure a fair and capable workforce.

Community engagement initiatives and local procurement practices further enhance VPE's socio-economic contribution at regional level.

SDG Alignment and Key Contributions

SDG	Commitment Area	Management Approach & Key Actions	Key Outcomes / Indicators
SDG 1 & SDG 2: No Poverty / Zero Hunger	Livelihood support and employee welfare	Generated local employment through operations. Provided food provisions and cooking facilities for staff accommodation and roster employees.	Improved local livelihoods and employee well-being
SDG 3: Good Health & Well-being	Occupational health and safety	Conducted fire safety and emergency preparedness training. Provided PPEs and structured safety awareness programmes. Organised medical camps for employee health screening.	Improved workplace safety and employee health support
SDG 4: Quality Education	Skills and community education	Delivered technical and vocational training covering 88% of employees with 239 training hours. Implemented competency-based career development. Supported school infrastructure and educational sponsorships.	Enhanced workforce capability and improved community education
SDG 5: Gender Equality	Equal opportunity workplace	Implemented non-discriminatory recruitment policies and equal pay practices across all employees.	Strengthened gender equality and workplace fairness
SDG 8: Decent Work & Economic Growth	Employment quality and economic contribution	Implemented structured career progression frameworks. Maintained 85% employee retention. Generated value added of Rs. 215 Mn.	Strong workforce stability and economic contribution
SDG 10: Reduced Inequalities	Inclusive employment practices	Applied merit-based recruitment, equal opportunity policies, fair performance appraisal systems, and equal employee benefits.	Improved workplace inclusion and fairness
SDG 11: Sustainable Communities	Community infrastructure and engagement	Developed access roads and safe crossings. Implemented environmentally responsible waste management. Prioritised 33% local procurement.	Strengthened community connectivity and local economic participation

VPE's ESG and Sustainability Framework

GOVERNANCE (G)

VPE maintains strong governance systems anchored in ethical conduct, regulatory compliance, and transparent decision-making. The Board provides oversight of ESG matters, ensuring alignment with strategic objectives and regulatory expectations.

The Company enforces strict anti-corruption policies, robust procurement controls, and compliance with environmental and operational licensing requirements. Risk management systems incorporate ESG-related risks, strengthening resilience and long-term sustainability.

Internal and external audit processes reinforce accountability and ensure adherence to governance standards.

SDG Alignment and Key Contributions

SDG	Commitment Area	Management Approach & Key Actions	Key Outcomes / Indicators
SDG 16: Peace, Justice & Strong Institutions	Ethical governance and compliance	Maintained corporate governance frameworks and codes of conduct. Ensured compliance with environmental licenses (CEA and other authorities). Implemented transparent recruitment and procurement systems. Enforced zero-tolerance policy on corruption and anti-competitive behaviour.	Strengthened transparency, compliance, and ethical business conduct
SDG 17: Partnerships for the Goals	Stakeholder collaboration and partnerships	Added 10MW ground-mounted solar project supporting national energy goals. Collaborated with national grid, government authorities, and regulators. Partnered with technical institutions for skill development.	Enhanced renewable energy integration and stakeholder collaboration

OUR JOURNEY TOWARDS ENHANCED SUSTAINABILITY DISCLOSURES

At VPE PLC, we recognise the growing importance of sustainability and climate-related financial disclosures in the evolving reporting landscape. The Company is committed to enhancing transparency and aligning progressively with emerging global reporting expectations.

Although SLFRS S1 and S2 have not yet been formally adopted during the current reporting period, VPE has undertaken structured readiness initiatives, including strengthening ESG data systems, improving internal monitoring processes, and integrating climate considerations into enterprise risk management.

A Board-level governance gap assessment has been conducted, and oversight of sustainability matters has been assigned to the Audit Committee through revised Terms of Reference. These steps reinforce VPE's commitment to improving disclosure quality, governance, and alignment with global best practices.

LOOKING AHEAD

Sustainability will remain a core pillar of VPE's long-term strategy as the Company expands its renewable energy portfolio. Future priorities include increasing clean energy capacity, strengthening environmental stewardship, and enhancing employee and community wellbeing.

VPE will continue to integrate climate-related considerations into project planning and investment decisions, while progressively strengthening reporting practices in line with evolving global standards. This approach will reinforce responsible growth, robust governance, and long-term value creation.



Financial Capital

GRI 3-3

VPE's financial capital comprises shareholders' equity, retained earnings, non-controlling interests, and project-related borrowings, which together support the Group's renewable energy operations and expansion strategy. The Group adopts a disciplined capital management approach focused on maintaining a strong capital base while ensuring efficient allocation of funds to high-return renewable energy projects, particularly in solar development. Financial capital is primarily deployed towards capacity expansion, with reinvested profits and structured borrowings supporting growth while preserving financial stability.

A balanced dividend policy is maintained to ensure shareholder returns alongside reinvestment needs. This approach enables sustainable growth, prudent risk management, and long-term value creation for stakeholders.

Financial Capital

FINANCIAL CAPITAL VALUE CREATION MODEL

Input

- Shareholders' fund **Rs. 2,427 Mn**
- Debt financing facilities **Rs. 1,296 Mn**
- Operating cash flows **Rs. 1,015 Mn**
- Good Corporate Governance and Financial Management

Output

- Profit after tax **Rs. 1,345 Mn**
- EBITDA **Rs. 1,193 Mn**
- Return on equity (ROE) **38%**
- Net operating cash flow **Rs. 839 Mn**
- Total assets **Rs. 5,174 Mn**
- Capital and reserves of equity owners **Rs. 3,242 Mn**

Outcome

- Sustainable pofitability
- Enhanced shareholder value
- Financial resilience
- Long term business growth

YEAR AT A GLANCE

The Group recorded a strong financial performance during the year ended 31 March 2026, supported by growth in renewable energy operations and the commissioning of a 10 MW ground-mounted solar power project. Group revenue increased by 12% to Rs. 1,538.2 Mn, compared to Rs. 1,376.1 Mn in the previous year, with the newly commissioned solar project contributing Rs. 264 Mn during its initial seven months of operations. Gross profit improved by 7% to Rs. 1,275.6 Mn, reflecting the continued stability of the Group's core renewable energy portfolio.

EBITDA remained strong at Rs. 1,192.6 Mn, compared to Rs. 1,559.5 Mn recorded in the previous year, which included significant non-recurring interest income from delayed CEB settlement payments. Net profit increased by 21% to Rs. 1,344.5 Mn, while Return on Equity (ROE) remained strong at 38%, demonstrating the Group's continued ability to generate attractive returns for shareholders.

Total assets increased significantly by 65% to Rs. 5,174.0 Mn as at 31 March 2026, primarily driven by the addition of the solar project, which contributed approximately Rs. 1,733 Mn to Group assets.

To support this expansion, the Group obtained long-term project financing amounting to Rs. 1,296.3 Mn, resulting in total liabilities increasing to Rs. 1,675.5 Mn. Despite the increase in borrowings, total equity strengthened by 34% to Rs. 3,498.5 Mn, supported by retained earnings and continued profitability during the year.

FINANCIAL PERFORMANCE

For the year ended 31 March	2025/26 Rs. Mn	2024/25 Rs. Mn	Change
Revenue	1,538.2	1,376.1	12%
Gross profit	1,275.6	1,191.5	7%
EBITDA	1,192.6	1,559.5	(24%)
Income tax expense/(reversal)	(298.5)	436.9	(168%)
Net profit	1,344.5	1,109.8	21%

FINANCIAL POSITION

As at 31 March	2025/26 Rs. Mn	2024/25 Rs. Mn	Change
Total assets	5,174.0	3,139.2	65%
Interest bearing borrowings (Long term)	1,296.3	-	-
Total liabilities	1,675.5	533.7	214%
Shareholders' fund	3,241.9	2,426.9	34%
Non-controlling interest	256.6	178.6	44%
Total Equity	3,498.5	2,605.5	34%
Net current assets	992.7	850.7	17%

REVENUE

Hydropower

Revenue from hydropower operations remained the primary contributor to Group revenue during the year. Erathna MHP recorded revenue of Rs. 353.5 Mn, reflecting a 5% increase compared to the previous year and performed in line with the expected plant factor.

However, DE MHPP and KI MHPP reported revenue declines of 12% and 10% respectively, generating Rs. 600.1 Mn and Rs. 320.5 Mn during the year. The reduction in revenue was mainly attributable to hydrological variability experienced during the year, which affected generation levels across the hydropower plants.

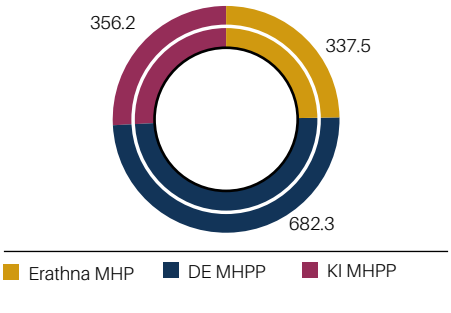
Solar

The newly commissioned 10 MW ground-mounted solar power project (DGMSP) commenced commercial operations during the year and contributed Rs. 264.1 Mn to Group revenue during its initial seven months of operations. The solar project accounted for approximately 17% of total Group revenue for the year, marking a significant milestone in the Group's renewable energy diversification strategy.

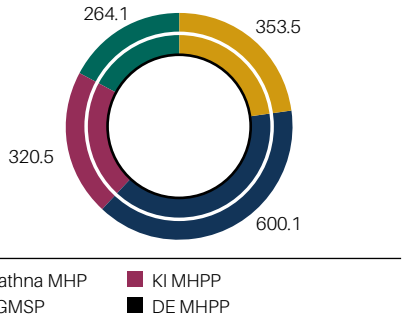
Group Revenue

Overall, Group revenue increased by 12% to Rs. 1,538.2 Mn compared to Rs. 1,376.1 Mn in the previous year. While hydrological variability impacted hydropower generation, the contribution from the newly added solar operations strengthened the Group's revenue base and improved diversification within the renewable energy portfolio.

2024/25



2025/26



PROFITABILITY

The Group maintained strong profitability during the year despite hydrological variability and increased finance costs associated with the newly commissioned solar project. Operational diversification into solar energy supported earnings stability and strengthened the Group's long-term financial resilience.

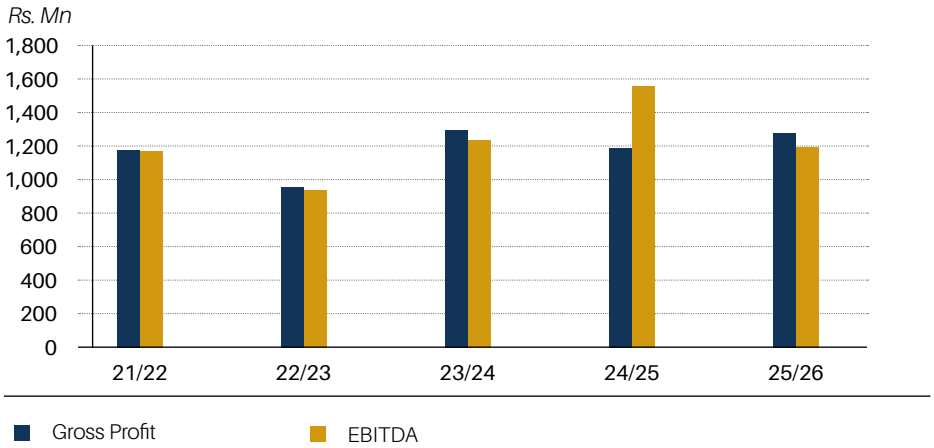
Gross Profit and Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)

Group gross profit increased by 7% to Rs. 1,275.6 Mn during the year ended 31 March 2026, compared to Rs. 1,191.5 Mn in the previous year. The improvement was mainly supported by the contribution from the newly commissioned solar power operations, which strengthened the Group's operating income during the year.

EBITDA stood at Rs. 1,192.6 Mn compared to Rs. 1,559.5 Mn recorded in the previous year, reflecting a decrease of 24%. However, the prior year EBITDA included Rs. 478 Mn recognised as other operating income arising from interest on delayed settlement payments from the Ceylon Electricity Board (CEB).

Excluding this non-recurring income, the Group's underlying operating performance remained stable during the year, supported by the addition of solar operations despite the impact of hydrological variability on hydropower generation.

Gross profit and EBITDA continue to reflect the core operating performance and cash generation capability of the Group's renewable energy operations.

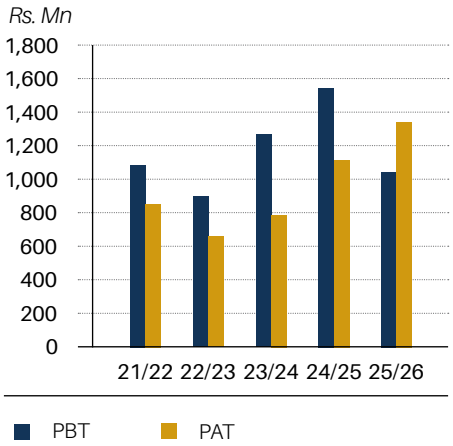


Financial Capital

Profit before tax (PBT) and profit after tax (PAT)

Profit before tax (PBT) stood at Rs. 1,046.0 Mn for the year ended 31 March 2026 compared to Rs. 1,546.8 Mn in the previous year, representing a decline of 32%. Although the newly commissioned solar project made a positive contribution to the Group's earnings during the year, the absence of the non-recurring interest income recognised in the previous year on delayed settlement payments from the Ceylon Electricity Board (CEB), together with the finance costs incurred on project-related borrowings, offset part of the operational gains achieved during the year.

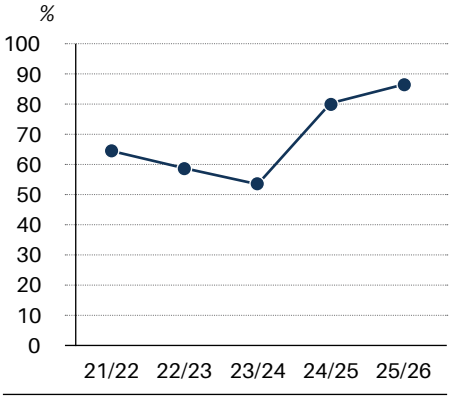
Despite the reduction in PBT, profit after tax (PAT) increased by 21% to Rs. 1,344.5 Mn compared to Rs. 1,109.8 Mn in the previous year. The improvement was mainly driven by the recognition of a deferred tax reversal amounting to Rs. 421 Mn during the year, which positively impacted the Group's net profitability.



Return on Equity-ROE

The Group recorded a Return on Equity (ROE) of 38% for the year ended 31 March 2026 compared to 43% in the previous year. Although profit after tax increased by 21% during the year, the marginal decline in ROE was mainly attributable to the growth in the Group's equity base.

Total equity increased significantly during the year, primarily due to the accumulation of undistributed retained earnings within the subsidiaries, together with profits generated during the year under review. Consequently, the increase in shareholders' funds exceeded the growth in net profit, resulting in a comparatively lower ROE compared to the previous year.



Net Profit (NP) Margin

The Group's net profit margin improved to 87% during the year ended 31 March 2026 compared to 81% in the previous year. The improvement was mainly driven by the increase in profit after tax during the year, supported by the deferred tax reversal recognised during the period.

ANALYSIS OF QUARTERLY PERFORMANCE

The table below presents VPE's quarterly performance as published in the interim financial statements, highlighting changes compared to the corresponding quarters of the previous year.

	Q-1			Q-2			Q-3			Q-4			Total		
	2025/26	2024/25	Change	2025/26	2024/25	Change	2025/26	2024/25	Change	2025/26	2024/25	Change	2025/26	2024/25	Change
Revenue	424.1	345.3	23%	352.3	474.0	(26%)	545.0	430.2	27%	216.8	126.4	71%	1,538.2	1,376.0	12%
Gross Profit	377.3	298.8	26%	302.4	429.3	(30%)	462.0	384.4	20%	133.8	78.8	70%	1,275.6	1,191.4	7%
NPAT	268.0	561.0	(52%)	206.5	300.9	(31%)	845.7	285.4	196%	24.3	(37.5)	(165%)	1,344.5	1,109.8	21%

The Group's quarterly performance during the year ended 31 March 2026 was influenced by a combination of hydrological conditions, the timing of commissioning of the new solar project, and non-recurring income and tax adjustments.

In Q1, profitability was lower mainly due to the absence of the prior year's non-recurring CEB delayed settlement interest income. In Q2, performance was impacted by reduced hydropower generation caused by adverse hydrological conditions, resulting in weaker revenue and profitability.

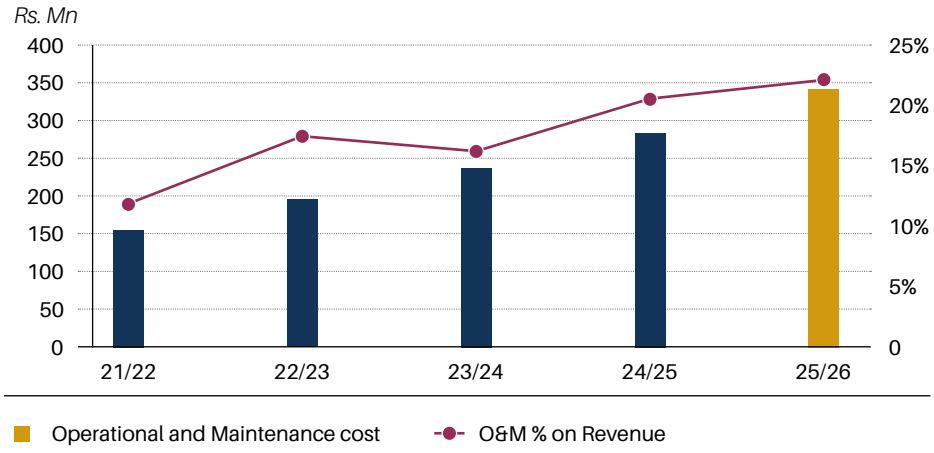
Q3 recorded a significant improvement, supported by the commissioning of the new solar power project, which began contributing to both revenue and earnings, supported by tax adjustments recognised during the quarter. In Q4, performance improved compared to the previous year, mainly due to stronger solar power generation and comparatively lower hydropower generation in the prior year's dry period, resulting in an overall better operating outcome.

GROUP OPERATIONAL AND MAINTENANCE (O&M) COST

Group operational and maintenance (O&M) costs increased to Rs. 342 Mn during the year ended 31 March 2026 compared to Rs. 283.4 Mn in the previous year. The increase was mainly attributable to the addition of the new solar power project to the Group's operational portfolio, together with the general year-on-year increase in operating expenses.

Staff costs continued to represent the major component of the Group's O&M expenditure during the year. Despite the increase in absolute costs, the O&M cost-to-revenue ratio remained relatively stable at 23% compared to 21% in the previous year, reflecting the Group's continued focus on maintaining operational efficiency while expanding its renewable energy operations.

Item	2025/26 Rs. Mn	2024/25 Rs. Mn
Revenue	1,538.2	1,376.1
Operational & maintenance cost (O&M)	342.0	283.4
% of O&M cost on revenue	22%	21%

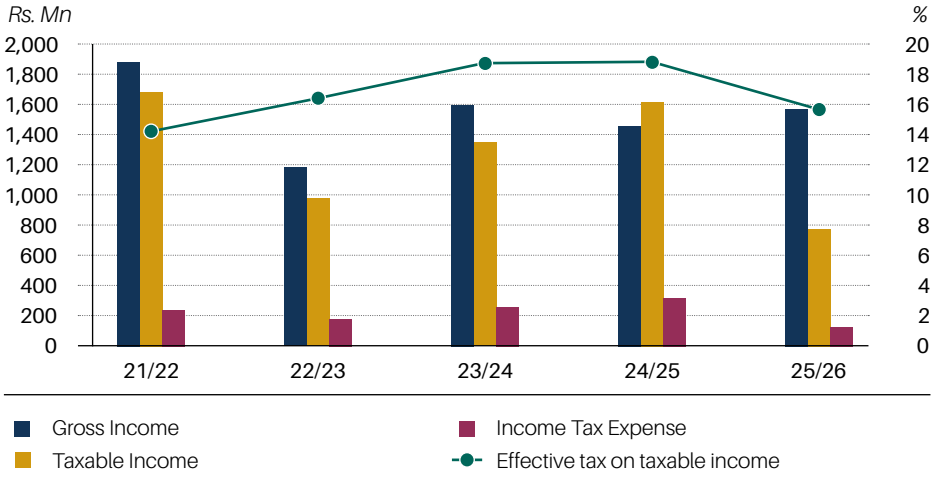


TAXATION

The Group's total income tax expense on liable income amounted to Rs. 122.2 Mn during the year ended 31 March 2026, compared to Rs. 447.7 Mn in the previous year. The reduction was mainly attributable to the tax benefits arising from the newly commissioned solar power project.

During the year, the Company became entitled to claim enhanced capital allowances of 100% under the BOI agreement relating to the new solar project. As a result, the Company recorded a tax loss of Rs. 1,679 Mn and consequently did not incur any income tax liability during the year. Accordingly, the Group's tax liability mainly represents taxes arising from subsidiary operations amounting to Rs. 122.2 Mn.

Further, a deferred tax reversal of Rs. 420.7 Mn was recognised during the year due to the carried forward tax losses generated from the enhanced capital allowance claims. Consequently, the overall tax charge for the year reduced compared to the previous year, positively contributing to the Group's net profitability.



Financial Capital

Tax component	2025/26 Rs. Mn	2024/25 Rs. Mn	%
Aggregate taxable income	777.5	1,624.9	(52%)
Income tax on business profits	111.1	283.5	(61%)
Income tax on finance income	11.1	25.3	(56%)
Total income tax on liable income	**122.2**	**308.8**	**(60%)**
Tax on intra-group dividend	-	138.9	-
Total income tax expense	**122.2**	**447.7**	**(9%)**
Deferred tax charge/(reversal)	(420.7)	(10.8)	Significant increase
Tax charge for the year	**298.5**	**436.9**	**(32%)**
Income tax paid during the year	191.6	458.7	(58%)

More details on tax expenses are given on page 161 under the Note 11 of financial statements.

OTHER COMPREHENSIVE INCOME

During the year, a net loss of Rs. 3 million was recognised in the Statement of Comprehensive Income arising from the actuarial remeasurement of the retirement benefit obligation. This reflects a decrease compared to the actuarial loss of Rs. 13 million recognised in the previous year.

CAPITAL STRUCTURE

Shareholders' fund

As at 31 March 2026, the Group further strengthened its equity position, with total shareholders' funds increasing during the year mainly due to the accumulation of undistributed retained earnings within subsidiaries and the profits generated from the newly commissioned solar power project.

The Group continued to maintain a balanced approach between shareholder returns and long-term reinvestment requirements. During the year, dividend amounting to Rs. 448 Mn were distributed to shareholders, while retaining sufficient earnings to support future growth, operational stability and ongoing investments within the renewable energy sector.

Item	2025/26 Rs. Mn	2024/25 Rs. Mn
Stated Capital	1,174.4	1,174.4
Retained earnings	2,067.6	1,252.6
Total	3,241.9	2,426.9

Non-controlling interest (NCI)

The Group's NCI represents the 12.8% minority shareholding in the subsidiary. The NCI balance increased during the year primarily due to the retention of profits within the subsidiary, as no dividend was distributed during the reporting period.

There were no changes to the ownership structure of the subsidiary during the year, and accordingly, the non-controlling interest percentage remained unchanged throughout the reporting period.

Item	2025/26 Rs. Mn	2024/25 Rs. Mn
NCI	256.6	178.6

Gearing

In line with the investment in the new solar power project, the Company secured a term loan facility amounting to Rs. 1,372 Mn, of which Rs. 1,296.3 Mn had been disbursed as at 31 March 2026. As a result, the Group's gearing level stood at 27% at the year end.

The project-related financing was strategically structured to support the Group's expansion into solar power generation while maintaining a balanced and sustainable capital structure over the long term.

WORKING CAPITAL/LIQUIDITY

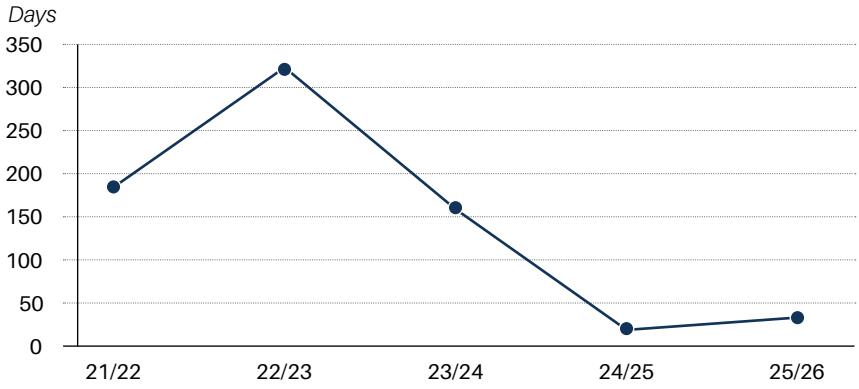
Trade receivables

Trade receivables primarily comprise outstanding dues from the Ceylon Electricity Board (CEB) relating to electricity sales. Settlements are generally received in accordance with the terms of the Standard Power Purchase Agreements (SPPAs), with no significant payment delays experienced during the first three quarters of the financial year. However, slight settlement delays were experienced during the final quarter, resulting in an increase in the average debtor collection period from 20 days to 34 days.

As at 31 March 2026, trade receivables amounted to Rs. 214.3 Mn, compared to Rs. 70.9 Mn in the previous year. The increase was mainly attributable to higher revenue generated during the year, including contributions from the newly commissioned solar operations, together with the timing of settlements received towards the year end.

Aging	2025/26 Rs. Mn	2024/25 Rs. Mn
< 30 days	101.6	49.0
30 – 60 days	63.1	21.9
60 – 180 days	49.6	-
Total	214.3	70.9

Average debtor collection period

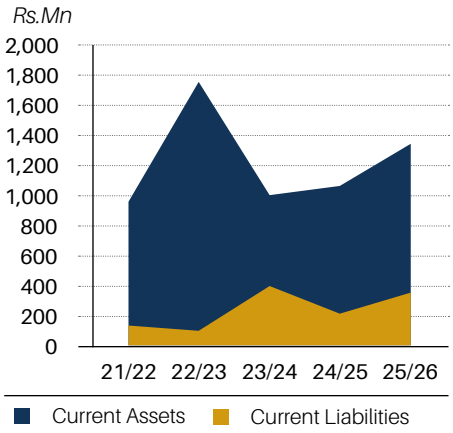


Net current asset (NCA) position

As at 31 March 2026, the Group maintained a healthy liquidity position with net current assets amounting to Rs. 992.7 Mn. The current ratio stood at 3.8 times compared to 5.0 times in the previous year. The reduction was mainly attributable to the recognition of current loan repayment obligations relating to the project financing obtained for the new solar power project.

Current assets included cash and cash equivalents of Rs. 1,032 Mn, providing the Group with sufficient liquidity to meet its short-term operational and financing commitments. Despite the reduction in the current ratio, the Group continued to maintain a strong liquidity buffer and adequate financial flexibility to support ongoing operations and future obligations.

Working capital

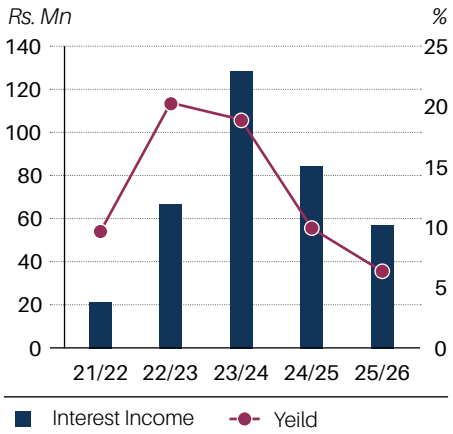


SHORT-TERM DEPOSITS AND CASH

At the end of the reporting period, the Group's cash and cash equivalents amounted to Rs. 1,032 million, compared with Rs. 932 million in 2024/25. These balances include short-term investments with maturities of less than three months, bank balances and cash in hand. The Group continued to operate without any overdraft facilities, reflecting prudent liquidity management practices.

Finance income generated from these short-term investments, including fixed deposits, Treasury Bills, and savings accounts, totaled Rs. 57 million. This represents a 33% decrease over the previous year, primarily due to a decline in average interest yield to 6%, compared with 10% in 2024/25.

Interest income on short-term investments



CAPITAL EXPENDITURE

As part of strategic diversification from hydropower into solar energy, the Company incurred capital expenditure of Rs. 1,737 million during the period, primarily relating to new ground mounted solar PV projects. Of this amount, Rs. 1,733 million was project-related expenditure. A total of Rs. 1,175 million was capitalised through capital work-in-progress (CWIP), while Rs. 558 million was directly recognised under property, plant and equipment (PPE).

Financial Capital

SHARE PERFORMANCE

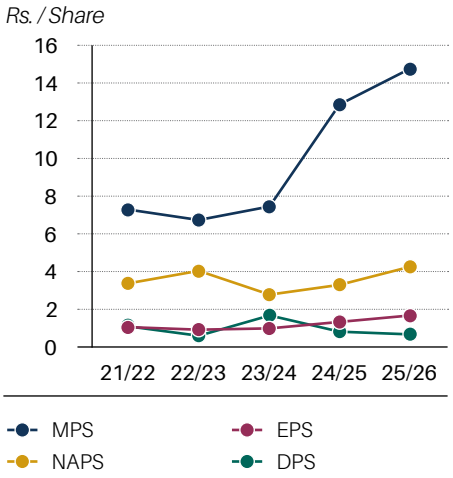
VPE maintained a balanced dividend policy during the year, ensuring sufficient earnings retention to support the equity investment in its solar project. The Company declared a dividend of Rs. 0.60 per share, representing a payout ratio of 35%.

Earnings per share (EPS) increased from Rs. 1.31 to Rs. 1.70, driven primarily by improved profitability following the contribution from the newly operational solar project. In line with this, net assets per share also rose from Rs. 3.25 to Rs. 4.34, supported by the enhanced earnings generated by the solar operations and the retention of profits within the subsidiary.

In the capital market, the Company's share price increased from Rs. 12.90 to Rs. 14.90. Despite this upward movement, the price-to-earnings (P/E) ratio declined from 10 times to 9 times, reflecting sustained investor confidence in VPE's performance and earnings stability.

Share Performance Snapshot

		2025/26	2024/25	% of Change
Earnings per share-EPS	Rs.	1.70	1.31	29%
Dividend per share-DPS	Rs.	0.60	0.75	(20%)
Market price per share (closing)	Rs.	14.90	12.90	16%
Nets assets per share	Rs.	4.34	3.25	34%
P/E ratio	Times	9 times	10 times	(10%)
Dividend payout ratio	%	35%	57%	(37%)
Dividend yield	%	4%	6%	(33%)
Market capitalization		Rs. 11.1 billion	Rs. 9.6 billion	16%



More information on the Company's shares and shareholders is given in the Investor Information report of this report.

SUPPLEMENTARY ANALYSIS

To enhance stakeholders' understanding of the Group's financial performance, a five-year horizontal and vertical analysis of the Statement of Financial Position and Statement of Profit or Loss is presented as supplementary information at the end of this Annual Report (pages 188 to 191). This analysis provides insight into key trends and structural changes that have shaped the Group's financial position and operational results over the period.

DISTRIBUTION OF FINANCIAL VALUE ADDED

GRI 3-3, 201-1

The Group continued to create and distribute economic value among its key stakeholders through its renewable energy operations during the year ended 31 March 2026.

While total value generated during the year was impacted by the absence of the significant non-recurring interest income recognised in the previous year, the Group maintained a stable overall value distribution profile supported by the contribution from the newly commissioned solar power project.

A substantial portion of the value generated was distributed to shareholders through dividend, employees through salaries and related benefits, the Government through taxes and levies, and lenders through finance costs associated with the project financing obtained during the year.

The increase in payments to lenders reflects the interest costs incurred on the new solar project financing facility.

The Group also continued to reinvest a significant share of earnings into the business to support future growth, operational sustainability and expansion within the renewable energy sector. This reflects the Group's continued commitment to balancing shareholder returns with long-term value creation and financial resilience.

The positive balance reported under "Depreciation, amortisation and other non-cash adjustments" mainly resulted from the deferred tax reversal recognised during the year, which exceeded depreciation and other non-cash charges recorded during the reporting period.

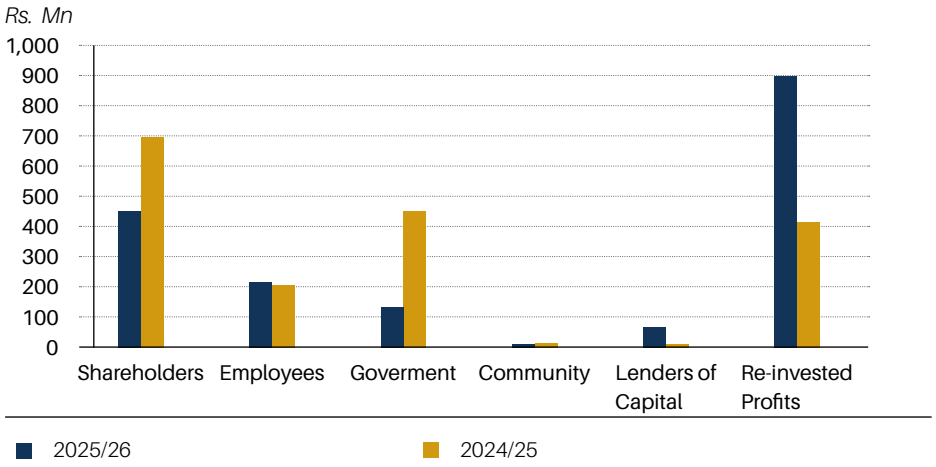
Value added Statement

	2025/26 Rs. Mn	2024/25 Rs. Mn	Change %
Revenue generated from power generation	1,538.2	1,376.1	12%
(+) Other Income	57.6	563.4	(90%)
Total Value generated	**1,595.8**	**1,939.5**	**(18%)**
(-) Cost of supplies (Goods and services obtained)	(121.2)	(78.2)	55%
Depreciation, amortisation and other non-cash adjustments	282.3	(82.1)	(444%)
Value distributed	**1,756.9**	**1,779.2**	**(1%)**

Value distribution analysis

		2025/26 Rs. Mn	2024/25 Rs. Mn	Change %
To	By way of;			
Shareholders	Dividend	448.3	696.2	(36%)
Employees	Wages, Salaries and benefits	215.0	203.8	5%
Government	Taxes & Levies	132.3	450.3	(71%)
Community	CSR & donation activities	1.3	10.8	(88%)
Lenders of Capital	Finance costs on borrowings	63.8	4.4	>999%
Re-invested profits		896.2	413.7	117%
Total Value Distributed		**1,756.9**	**1,779.2**	**(1%)**

Value added distribution as a percentage of total value added;



OPPORTUNITIES AND CHALLENGES

During the year, the Group capitalised on opportunities arising from the expansion of Sri Lanka's renewable energy sector through the successful commissioning of its 10 MW ground-mounted solar power project. The addition of solar operations strengthened revenue diversification, enhanced earnings stability, and reduced the Group's overall dependence on hydrological conditions. Strong operating cash flows, a healthy liquidity position, and a stable equity base further supported the Group's financial flexibility and long-term growth strategy.

At the same time, the Group continued to manage challenges associated with hydrological variability affecting hydropower generation, evolving grid-related operational conditions, and increased finance costs arising from project-related borrowings obtained for the solar expansion. In addition, the increase in general inflation and fuel prices during the latter part of the year indirectly contributed to higher operational and maintenance costs across the Group's operations. Slight delays in settlement payments from the Ceylon Electricity Board (CEB) experienced towards the latter part of the financial year also affected working capital cycles and debtor collection periods.

The Group continued to address these challenges through prudent financial management, operational diversification, disciplined capital allocation, and strengthened liquidity management practices.

FUTURE OUTLOOK

VPE is well positioned for continued growth, supported by its expanding solar energy portfolio and stable hydropower operations. The commissioning of new solar capacity is expected to strengthen revenue streams, enhance earnings stability and reduce dependence on hydrological conditions, and further diversify the Group's renewable energy mix. Going forward, the Group will continue to focus on disciplined capital allocation, maintaining a balanced capital structure, and ensuring efficient use of financial resources. With sustained investment in renewable energy and prudent financial management, VPE aims to enhance long-term shareholder value while supporting Sri Lanka's transition towards a cleaner and more sustainable energy future.



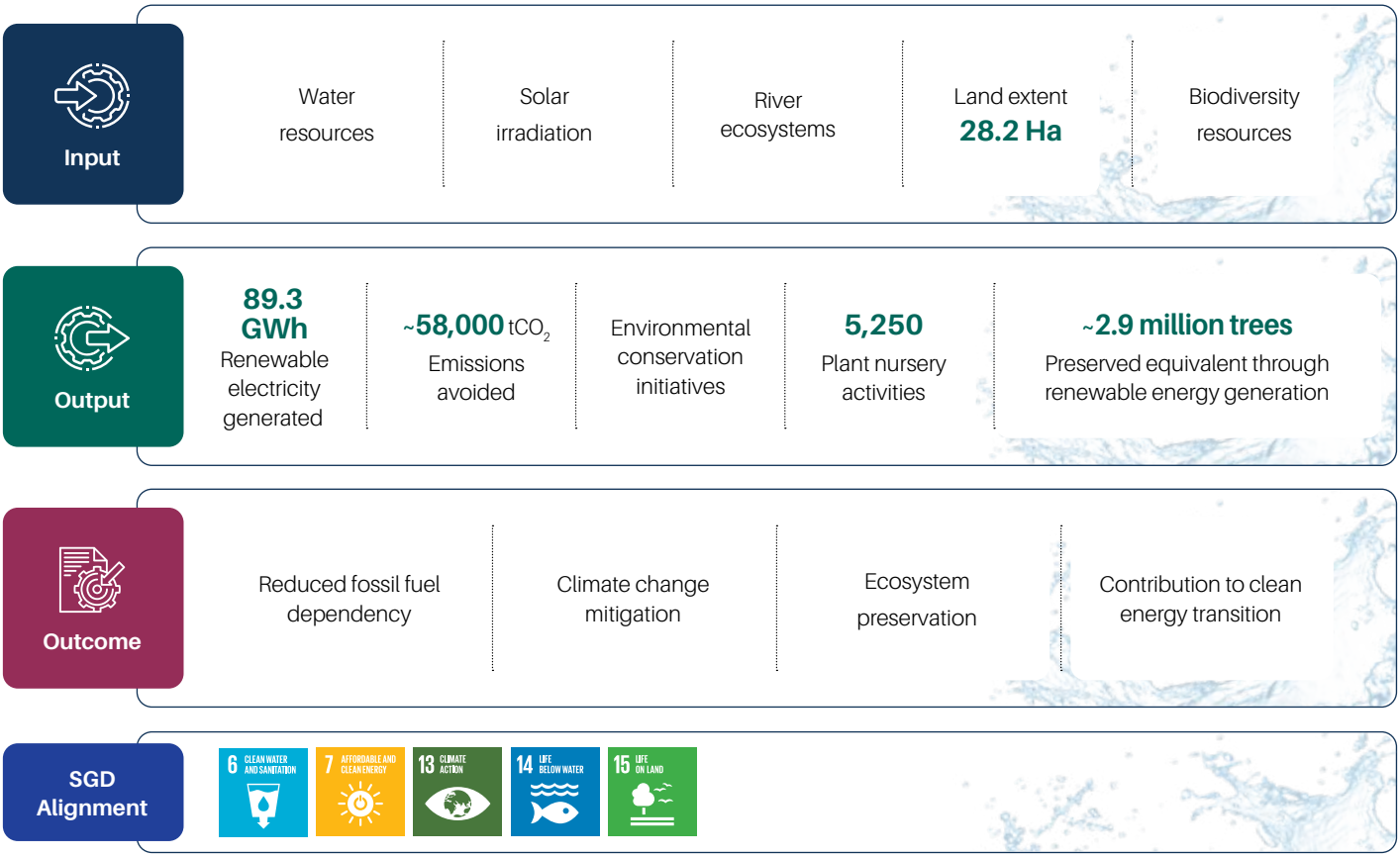
Natural Capital

Natural capital is fundamental to VPE's identity as a renewable energy company and forms the ecological foundation upon which our operations depend. It encompasses the rivers that sustain our hydropower generation, the land that supports our solar energy expansion, and the broader ecosystems that provide essential services such as water regulation, biodiversity support, and climate resilience.

For VPE, natural capital represents a critical enabling system for long-term energy generation and operational sustainability rather than a standalone environmental consideration. The health and stability of these natural systems directly influence the reliability, efficiency, and resilience of our renewable energy portfolio.

Accordingly, the protection, responsible utilisation, and restoration of natural capital are embedded within our operational decision-making, guiding project development, infrastructure design, and environmental management practices across all sites.

NATURAL CAPITAL VALUE CREATION MODEL



SUSTAINING NATURE AS WE GENERATE CLEAN POWER

At VPE, we recognise that the natural ecosystems surrounding our operations are fundamental to the long-term sustainability of both our business and the communities we serve. The rivers that power our hydropower plants, the land supporting our solar operations, and the biodiversity within surrounding catchment areas collectively form an integral part of our natural capital base.

As a green energy company, environmental stewardship is embedded within our operational philosophy and long-term growth strategy. Through responsible resource management, environmental monitoring, biodiversity conservation, climate resilience initiatives, and low-emission renewable energy generation, we strengthen our commitment to sustainable value creation while minimising environmental impacts across all operations.

During the year under review, the Company further strengthened its renewable energy portfolio through the commissioning of a 10 MW ground-mounted solar project. As a result, the Company's total renewable energy capacity increased by approximately 46%, from 21.75 MW to 31.75 MW, representing a significant milestone in the transition towards a more diversified and climate-resilient clean energy portfolio.

OUR RESPONSE TO CLIMATE CHANGE

The Company continues to contribute towards national and global climate mitigation efforts through the generation of renewable energy from low-emission sources.

The addition of solar operations strengthened portfolio diversification, reduced reliance on a single renewable energy source, and improved the Company's long-term climate resilience amidst evolving hydrological and environmental conditions.

The Company's expanded renewable energy portfolio, together with existing hydropower operations, contributed towards avoiding approximately 58,000 tCO_2e emissions annually while supporting the preservation of approximately 2.9 million trees through equivalent carbon sequestration capacity.

The Company's combined renewable energy operations also support the displacement of fossil fuel-based electricity generation, contributing towards reduced national greenhouse gas emissions and supporting Sri Lanka's transition towards a lower-carbon energy mix.

ENVIRONMENTAL STEWARDSHIP

Environmental stewardship remains embedded across all operational and project development activities. The Company maintains a low-emission renewable energy business model supported through hydropower and solar generation

Natural Capital

technologies. Renewable electricity generated contributes towards reducing dependence on fossil fuel-based power generation, and during the year, renewable energy generation was equivalent to displacing approximately 26,000 tonnes of annual national coal consumption.

Operational activities are supported through comprehensive environmental monitoring programmes focusing on waterway management, sediment control, biodiversity protection, erosion prevention, and ecosystem preservation. Environmental risks and impacts are regularly assessed to ensure operational activities align with environmental protection objectives and applicable regulatory requirements. Environmental matters are reported and discussed at monthly Head Office management meetings, with significant matters escalated to the Board where necessary. No material environmental risks were identified during the year under review.

The Company also continues its commitment to habitat restoration, reforestation, waste minimisation, and responsible resource management as part of its broader sustainability strategy.

OUR QUALITY & ENVIRONMENTAL POLICY

VPE maintains an Environmental Management Policy supported by structured Environmental and Social Management Systems (ESMS). The policy framework is further strengthened through the Board-approved "Policy on Environmental, Social and Governance Sustainability," reinforcing the integration of sustainability considerations into corporate governance and operational decision-making.

Regular site assessments, environmental monitoring, impact reviews, and responsive mitigation measures are implemented across all hydro and solar project sites. These frameworks support regulatory compliance, operational accountability, and responsible stakeholder engagement while aligning environmental management practices with recognised industry standards and sustainability objectives.

Environmental management practices are aligned with applicable national regulations, recognised environmental standards, and industry best practices. The Company proactively monitors implementation and compliance across all sites to ensure adherence to regulatory requirements and internal environmental standards.

Where environmental issues, operational deviations, or non-compliance matters are identified, corrective actions are implemented promptly to minimise impacts and strengthen overall environmental performance.

ENVIRONMENTAL REGULATORY COMPLIANCE AND APPROVALS

GRI 2-27

The Company is fully compliant with applicable environmental laws, regulations, and permit requirements issued by regulatory authorities, including the Central Environmental Authority (CEA) and relevant regional authorities.

During the year under review, all required environmental permits, land approvals, and regulatory clearances related to the new solar project development were successfully obtained prior to project implementation. Environmental safeguards and compliance requirements recommended by regulatory authorities were integrated into project planning and operational processes from the outset.

Environmental Protection Licences (EPLs) for all three hydropower projects were successfully renewed during the year under review. In addition, the construction-related environmental licence for the solar project was renewed up to the completion of construction activities. No material deviations or non-compliance matters were identified during the renewal processes.

During the year under review, the Group recorded no significant incidents of non-compliance with applicable laws and regulations, and no monetary fines or non-monetary sanctions were imposed.

IMPACT MANAGEMENT

GRI 101-2, 3-3

The Company's environmental impact management approach focuses on protecting, maintaining, and enhancing ecosystems surrounding operational sites, while ensuring that climate resilience, biodiversity protection, and responsible land use are embedded across all stages of project development and operations.

Environmental considerations are embedded in project design from the outset through Environmental Impact Assessments (EIAs), technical studies, and environmental reviews for both hydro and solar projects. These assessments inform site selection, design optimisation, and mitigation planning to minimise potential environmental impacts and strengthen long-term operational resilience.

Impact management efforts are structured under three core themes: Protecting, Maintaining, and Enhancing habitats.

Project Design & Impact Prevention

Environmental considerations are integrated into project design and site selection processes to ensure responsible land use and early-stage impact avoidance. The solar project was developed on abandoned and underutilised agricultural land, thereby avoiding ecologically sensitive areas and resulting in the removal of only 75 trees, reflecting a low level of ecological impact in line with approved environmental permits. Construction-related environmental controls, including drainage systems and erosion prevention measures, were implemented to manage runoff, soil erosion, and sedimentation, while post-construction restoration activities continue to support ecosystem recovery and land stabilisation.



Water irrigation system constructed beneath the power plant water channel



Soil erosion prevention measures implemented at the solar power project



Continuous environmental water flow maintained at hydropower project sites

Biodiversity Protection & Ecosystem Management

GRI 101-2, 4

Biodiversity protection at hydropower sites is addressed through habitat conservation measures integrated into operational planning, including native vegetation restoration, buffer zone maintenance, support for wildlife movement, and endangered plant nurseries. At present, the Company does not have a formal standalone biodiversity policy; however, it operates under its Quality and Environmental Policy, which includes commitments to environmental protection and supports biodiversity conservation through its operational practices. Some portions of hydropower project sites are located within water catchment areas on both owned and leased lands, with certain parcels situated adjacent to protected areas. All such lands are held under relevant government lease agreements. These initiatives contribute to habitat connectivity and ecological enhancement within and around hydropower operational areas. No significant adverse biodiversity impacts were recorded during the year under review, while ongoing environmental monitoring continues to support early identification and mitigation of potential risks.





Permanent wildlife crossing access constructed across waterways

Operational Environmental Controls

Hydropower operations incorporate engineered solutions such as reinforced structures, spillways, and sediment management systems to support flood resilience and maintain river stability, while ensuring ecological flow requirements are met. Solar operations apply preventive environmental controls during planning and construction phases, supported by site selection criteria that avoid sensitive ecological areas.



Concrete spillway channel constructed for prevent soil erosion

Environmental Management by Third Parties

Environmental obligations are formally embedded within EPC agreements for the new solar project, in line with the Company's environmental management policy. These obligations require contractors to implement appropriate environmental impact management measures, including waste handling, erosion control, and regulatory compliance. No reportable incidents of contractor non-compliance or violations of these environmental obligations were recorded during the year under review.

ENERGY

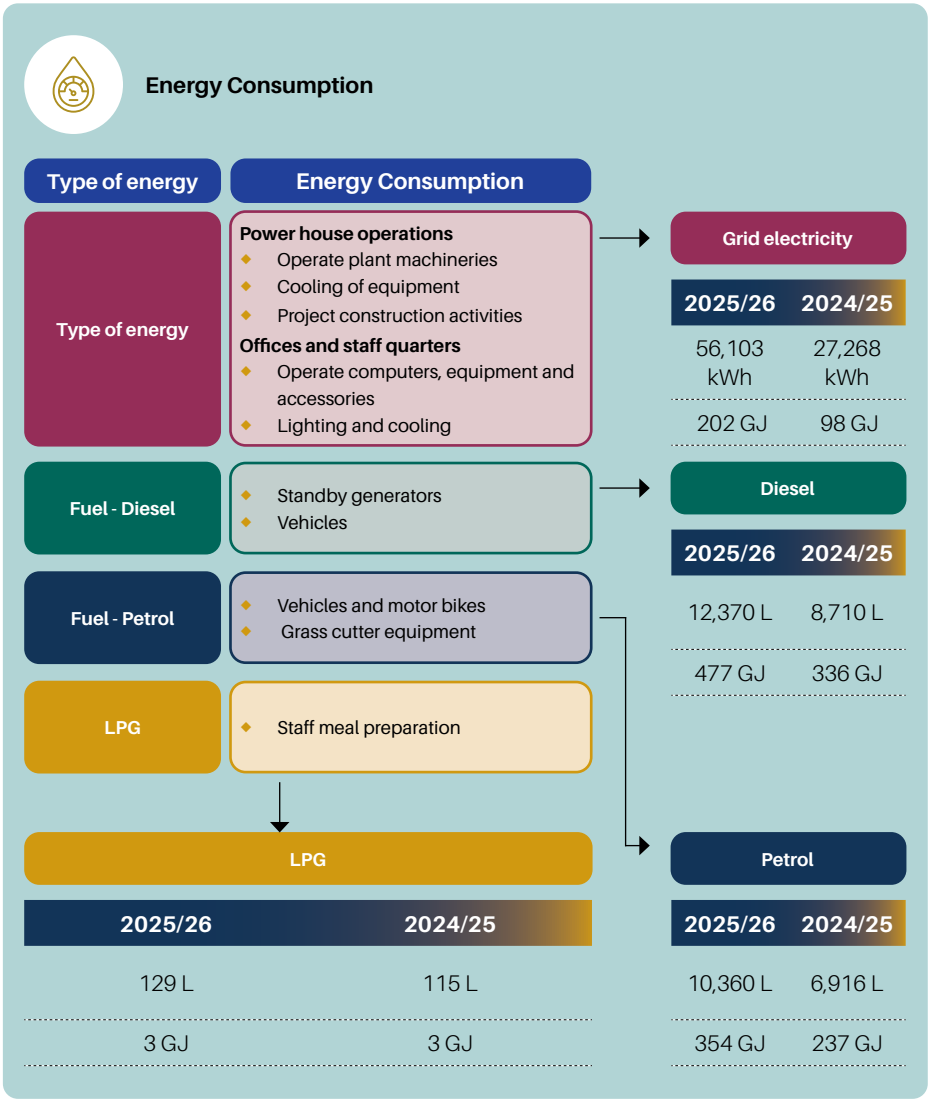
GRI 3-3, 302-1, 2, 3, 4

As both a producer and consumer of energy, the Company remains committed to improving energy efficiency and reducing reliance on fossil fuel consumption across operational activities. Electricity consumed within the Company is sourced from the national grid, while all renewable energy generated by its hydropower and solar operations is exported to the national grid and not utilised internally.

	2025/26	2024/25
Green energy units generated (kWh)	89,339,268	82,865,242
Equal energy produced (GJ)	321,621	298,315

During the year under review, overall energy consumption increased primarily due to construction and development activities associated with ongoing project activities. While the Company has initiated measures to improve energy efficiency and reduce consumption, overall energy usage increased during the year due to activities related to the new solar project, limiting the ability to achieve a reduction in consumption. However, renewable energy generation also increased significantly following the commissioning of additional solar capacity.

Natural Capital



Energy consumption reported by the Company excludes energy usage outside the organisation by EPC contractors at project development sites, as such data is not currently available.

321,621 GJ 8%	1,037 GJ 54%	10.4 GJ	2.8 GJ
Total energy generated 2024/25 – 298,315 GJ	**Total energy consumed** 2024/25 – 674 GJ	**Energy consumption Per employee** 2024/25 – 7.7 GJ	**Energy consumption Per working day** 2024/25 – 1.8 GJ

The Company implements energy efficiency measures across operational facilities, including improved energy monitoring, employee awareness initiatives, efficient equipment utilisation, and energy conservation practices designed to reduce indirect environmental impacts.

Employee-driven innovation continued through the internal staff suggestion scheme, supporting operational efficiency and sustainability-focused improvements.

EMISSION-FREE RENEWABLE ENERGY GENERATION

GRI 3-3, 305-1, 2, 4, 5

The Company's core renewable energy generation operations are largely emission-free, with electricity generated primarily through hydropower and solar energy technologies.

Indirect greenhouse gas emissions arise mainly from transportation activities, standby generators, construction activities, and limited fossil fuel usage associated with operational support functions.

Although operational emissions increased during the year due to increased project development activities associated with project execution, the expansion of renewable energy generation capacity significantly strengthened the Company's overall positive environmental contribution.

GHG emissions (tCO_2e)

	2025/26	2024/25	Change %
Scope-1*	57.4	39.5	+45%
Scope-2**	23.4	11.4	+106%
Scope-3	Not quantified		
Total GHG emission	**80.8**	**50.9**	**+59%**

***Scope-1** : Direct emissions from fuel combustion and company-controlled operations.
****Scope-2** : Indirect emissions from purchased electricity consumption.

Avoided GHG emissions (tCO_2e)

	2025/26	2024/25	Change %
Erathna MHPP	27,751	27,228	2%
Denawaka Ganga MHPP	15,237	17,315	-12%
Kiriwaneliya MHPP	8,204	9,170	-11%
Dolahena Estate GM Solar PV	6,718	N/A	N/A
Total	**57,910**	**53,713**	**8%**

Emission Intensity

0.90 tCO_2e / Electricity Production (GWh)
2024/25 – 0.61 tCO_2e

Note: *Emission factor sources: Sri Lanka Energy Balance 2022 (SLSEA) and DEFRA 2025*

GHG emissions are reported in CO_2e using Global Warming Potential (GWP) with a 100-year time horizon based on IPCC guidelines.

Base year for GHG emissions reporting: 2024/25.

Reported emissions exclude those associated with EPC contractors' activities at project development sites, as such data is not currently available.

ECOSYSTEM RESTORATION AND COMMUNITY ENGAGEMENT

Environmental restoration and community participation are integral components of the Company's Natural Capital strategy.

Through the "Empowering Green" initiative, the Company continues to support long-term tree planting and habitat restoration programmes designed to improve biodiversity, strengthen ecosystem resilience, and support riverbank stabilisation. These efforts align with the Company's flagship target to plant 1,000,000 trees to enhance forest cover across the country.

During the year under review, large-scale tree planting activities were not undertaken as planned, primarily due to staff deployment priorities associated with ongoing project development timelines. However, employees actively contributed to preparatory activities, including plant nursery development and other sustainability initiatives during available time, to support upcoming plantation programmes in the following year. This reflects continued employee engagement in sustainability practices, fostering environmental responsibility and awareness across the workforce.




Plant nurseries developed through employee participation

Community groups also continued to support preparatory activities through volunteer participation, including seedling bag preparation and related nursery support activities.




Community participation in plant nursery preparation activities

Additionally, the Company continued annual environmental clean-up campaigns within the Sri Pada area during the pilgrimage season, with active employee participation supporting responsible waste collection, biodiversity protection, and broader environmental conservation efforts.




Annual environmental clean-up campaign at the Sri Pada Sanctuary

SUSTAINABLE WATER STEWARDSHIP

GRI 3-3, 301 -1, 303- 1, 2, 3, 4, 5

Responsible water resource management remains essential to the Company's hydropower operations. VPE monitors water withdrawal, discharge patterns, ecological flow requirements, and catchment area conditions to minimise environmental impacts on surrounding river systems.

Hydropower operations primarily utilise river water diversion systems under run-of-river operating models, where water is returned to natural waterways following electricity generation.

Natural Capital

Surface water	2025/26	2024/25
Withdrawal for power generation (megaliters)	388,766 ML	434,716 ML
Water discharged back to the river (megaliters)	388,766 ML (100%)	434,716 ML (100%)

Note: Quantification of water discharge from the power generation process was based on approximate calculations using estimated water flow data and the actual plant factor for the year.

Periodic monitoring supports the preservation of aquatic ecosystems, biodiversity, and downstream community needs, while ensuring that ecological flow requirements are maintained.

Human water consumption across operational facilities remains minimal and is limited primarily to employee welfare and administrative usage, while water consumption associated with EPC contractors during project development activities has not been accounted for due to unavailability of relevant data.

Non-process water consumption (megaliters)

2025/26	2024/25
~0.3 ML	~0.2 ML

RESPONSIBLE WASTE MANAGEMENT

GRI 3-3, 301 -1, 2, 3, 306-1, 2, 3, 4, 5

Waste generation arising from renewable energy operations remains relatively minimal in nature. Nevertheless, the Company maintains structured waste management systems supporting segregation, recycling, reuse, and environmentally responsible disposal practices.

Biodegradable waste generated at operational sites is composted where feasible, while recyclable materials, including paper, plastics, and electronic waste, are managed through licensed recycling or approved disposal channels.

At hydropower facilities, used lubricant oil is purified on-site and reused as a reclaimed material until it reaches the end of its effective life. This purification process is carried out in accordance with established internal engineering standards to ensure safety and performance, supporting circular resource utilisation and reduced waste generation.

Use of reclaimed materials:
Reuse of purified lubricants at power houses

	2025/26	2024/25
Lubricant consumption	3,359 L	9,148 L
Use of purified lubricants as reclaimed material (%)	94%	97%

Reuse of papers at offices

	2025/26	2024/25
Paper consumption (metric tons)	0.20 t	0.24 t
Reusing percentage (%)	15%	7%

While biodegradable waste is systematically tracked and managed across operational sites, non-biodegradable waste volumes remain minimal and are handled in accordance with recognised best practices to ensure environmental safety and compliance.

During construction activities associated with the solar project, waste collection, handling, and disposal were managed by the EPC contractor in line with environmental compliance requirements and responsible waste management practices. Such contractor-managed waste has not been included in the Company's reported waste figures due to unavailability of detailed data.

Waste generation and disposal by type

Waste type	2025/26	2024/25	Disposal method
Non-hazardous (metric tons)	**2.05 t**	**1.07 t**	
Organic waste	1.15 t	0.64 t	Composting and disposal at designated sites
Non-bio degradable waste			
Plastic/PVC materials	0.33 t	0.18 t	On-site storage followed by disposal as appropriate
Paper	0.57 t	0.25 t	0.16 t diverted to recycling and 0.41 t directed to disposal
Hazardous (metric tons)	**0.06 t**	**0.04 t**	
E-waste	0.06 t	0.04 t	On-site storage followed by final disposal through authorized vendors

These integrated waste management practices extend beyond regulatory requirements and form an integral part of VPE's Natural Capital strategy, supporting long-term sustainable value creation.

INCIDENT AND GRIEVANCE MANAGEMENT

The Company maintains structured incident reporting and grievance management mechanisms across operational sites. Environmental incidents, operational deviations, and stakeholder complaints in relation to environmental matters are formally recorded, investigated, and addressed through corrective and preventive action processes.

Stakeholder grievance registers are maintained to facilitate transparent communication with surrounding communities and enable the reporting of environmental or operational concerns where necessary.

No material environmental incidents or stakeholder grievances were reported during the year under review.

TRADE-OFFS

The Company recognises that environmental stewardship may involve operational and financial trade-offs necessary to preserve natural ecosystems and maintain responsible renewable energy operations.

Environmental protection measures, habitat restoration activities, monitoring programmes, erosion mitigation systems, and biodiversity conservation initiatives require ongoing investment and operational commitment. However, these measures are essential to supporting long-term sustainability, regulatory compliance, stakeholder confidence, and operational resilience.

CHALLENGES AND OPPORTUNITIES

The Company's natural capital performance is influenced by evolving environmental, operational, and development-related dynamics inherent to renewable energy infrastructure.

A key challenge remains the increasing complexity of balancing project development timelines with comprehensive environmental data collection and reporting, particularly in relation to contractor-managed activities where data availability is limited. Variability in hydrological conditions and climate patterns also continues to influence the long-term predictability and optimisation of hydropower generation, reinforcing the importance of portfolio diversification.

At the same time, the continued expansion of the renewable energy portfolio presents significant opportunities to enhance climate impact, strengthen energy security, and further reduce dependence on fossil fuel-based generation. The integration of solar capacity alongside hydropower improves operational resilience against climate variability while supporting a more balanced and diversified energy mix.

There are also growing opportunities to enhance environmental performance through improved real-time monitoring systems, stronger contractor environmental data integration, and expanded biodiversity and ecosystem restoration initiatives. These developments will further strengthen the Company's ability to manage natural capital impacts and improve sustainability disclosures over time.

Overall, the evolving renewable energy landscape provides a strong platform for VPE to deepen its environmental stewardship while scaling positive climate and biodiversity outcomes, ultimately translating into improved long-term environmental performance and enhanced sustainable value creation.

FUTURE OUTLOOK

As the Company prioritises strengthening and diversifying its renewable energy portfolio, environmental stewardship and natural capital preservation will remain central to long-term strategy and operational decision-making.

The full-year operation of the expanded renewable energy portfolio is expected to generate approximately 103 GWh of renewable electricity annually. This is expected to contribute towards the avoidance of more than 66,000 tCO_2 emissions annually, equivalent to the carbon sequestration capacity of approximately 3.3 million trees, while further enhancing the positive climate impact of the Company's renewable energy operations.

Future priorities will also include strengthening biodiversity conservation initiatives and expanding ecosystem restoration programmes. Real-time environmental monitoring systems will also be enhanced, and climate resilience measures further improved, strengthening the integration of sustainable environmental management practices across both hydro and solar operations.

VPE will continue to expand environmental awareness, employee participation, and community engagement initiatives, reinforcing long-term ecological sustainability and responsible renewable energy generation.



Human Capital

A skilled, engaged, and future-ready workforce is fundamental to the Company's ability to deliver sustainable value, strengthen operational resilience, and support the transition towards a low-carbon energy future. Human capital remains one of the most critical enablers of long-term business sustainability, particularly as the Company expands its renewable energy portfolio and integrates emerging technologies such as solar power generation.

The Company continues to priorities the development of a safe, inclusive, and high-performing workplace where employees are treated with dignity, fairness, and respect. Through structured human resource management systems, ethical labor practices, and targeted employee development initiatives, VPE aims to strengthen both individual capability and organizational performance.

Investment in human capital development is considered a strategic imperative. As the energy sector continues to evolve, the Company places strong emphasis on enhancing technical competencies, leadership capability, occupational health and safety, and employee engagement to ensure long-term organizational resilience.

HUMAN CAPITAL VALUE CREATION MODEL

Input	Skilled employees **100**	Technical expertise	Leadership capabilities	HR policies and systems		
Output	Training hours per employee **2.4**	Employee value distribution **Rs. 215 Mn**	Employee retention rate **85%**	PAT per employee **Rs. 13.4 Mn**	Female employment representation in central office **42%**	Local employment **74%**
Outcome	Skilled and motivated workforce	Improved employee productivity	Enhanced employee well-being	Organisational capability enhancement		
SGDs Alignment	1 NO POVERTY; 3 GOOD HEALTH AND WELL-BEING; 4 QUALITY EDUCATION; 5 GENDER EQUALITY; 8 DECENT WORK AND ECONOMIC GROWTH; 10 REDUCED INEQUALITIES					

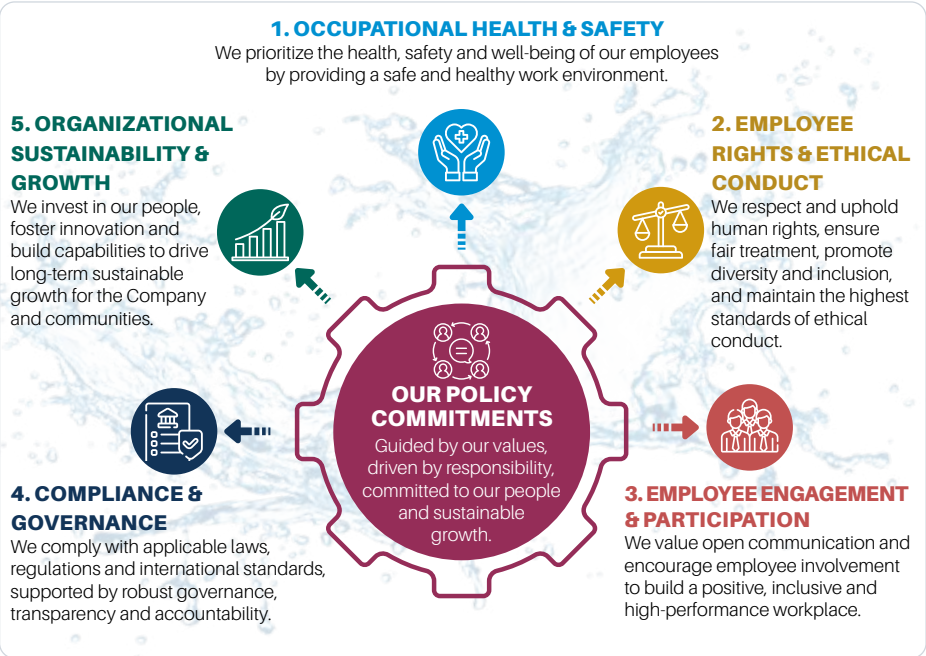
HUMAN CAPITAL GOVERNANCE AND POLICY FRAMEWORK

GRI 3-3, 2-23, 25

Human capital management is guided by a comprehensive Human Resources Policy Framework that governs recruitment, development, compensation, employee relations, and workplace conduct. The framework is aligned with national labor legislation, applicable regulatory requirements, and internationally recognized labor standards.

The Company places strong emphasis on ethical conduct, fairness, transparency, and equal opportunity across all employment practices. These principles are embedded into all HR processes, ensuring consistency, accountability, and compliance across the organization.

These policies are communicated to employees in Sinhala to ensure accessibility and effective understanding across all operational levels. Key frameworks include the Internal Code of Business Conduct and Ethics, the Policy on Anti-Bribery and Corruption, and the Whistleblowing Policy. These instruments reinforce ethical conduct, transparency, accountability, and responsible behavior across the organization.



Human Capital

BUILDING A RESILIENT AND FUTURE-READY WORKFORCE

The Company's human capital strategy is centered on developing a workforce that is capable, adaptable, and aligned with long-term organizational objectives. This is achieved through structured recruitment practices, targeted training programmes, performance management systems, and continuous employee engagement initiatives.

As the Company expands its renewable energy portfolio, particularly in solar operations, workforce adaptability has become increasingly important. Employees are being progressively equipped with the technical knowledge and operational competencies required to manage diversified energy systems.

The organizational structure, which is based on clearly defined reporting lines and functional responsibilities, supports effective decision-making, operational accountability, and cross-functional coordination. This structure enables the Company to respond efficiently to operational requirements while maintaining flexibility in a changing energy landscape.

WORKFORCE PROFILE

GRI 2-7, 2-8, 3-3, 202-2, 405-1

The Company's workforce comprises a balanced mix of operational, technical, and administrative personnel supporting hydropower operations and the emerging solar energy segment. The workforce structure is designed to ensure operational efficiency, technical reliability, and effective governance across all business units.

During the year under review, all employees were engaged on a full-time basis, with no part-time employees within the workforce. The employee base comprised both permanent and fixed-term contract employees, representing 83% and 17% of the workforce respectively. In addition, eight outsourced personnel were engaged on a daily service payment basis to provide janitorial and maintenance support services across operational locations.

A significant proportion of employees are engaged in plant operations, maintenance, engineering, and technical support functions, reflecting the capital-intensive and technically specialised nature of the renewable energy sector. Administrative and managerial employees provide essential support in governance, finance, human resources, compliance, and strategic management functions.

The Company maintains a strong focus on local employment, with a majority of employees recruited from surrounding communities where its operations are located. In this context, the districts (Ratnapura, Nuwara Eliya and Matara) in which the Company operates its power plants are considered as the local region for employment and community engagement purposes. This approach supports regional economic development while strengthening workforce stability and local engagement.

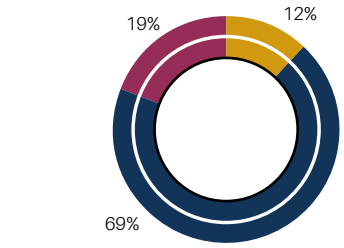
Gender representation continues to improve gradually, with increasing participation of female employees, particularly in administrative and central office roles. While technical functions remain predominantly male-oriented due to industry characteristics, the Company is actively working to enhance gender diversity across all levels, including leadership positions.

Total Workforce	
100	
Male	95
Female	5

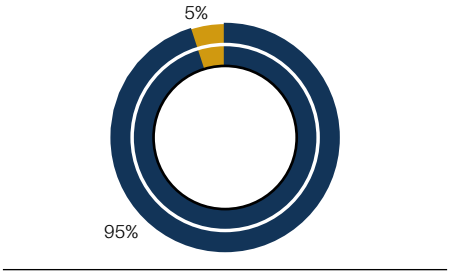
Region		No. of Employees	%
Local	Ratnapura District	49	74%
	Nuwara Eliya District	14	
	Matara District	11	
Other Districts		26	26%
Total		100	

Employees hired from local community			
Senior Management		Other Employees	
2025/26	2024/25	2025/26	2024/25
Nil	Nil	74%	70%

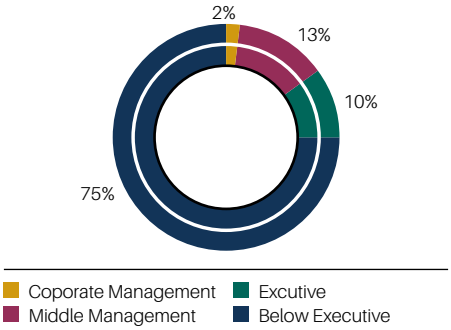
EMPLOYEE BY AGE



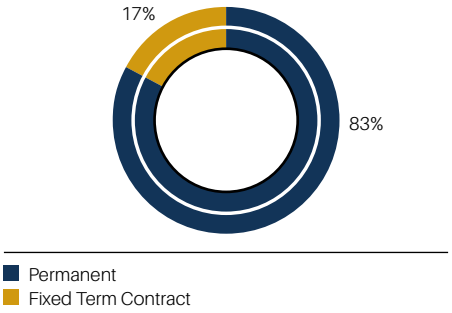
EMPLOYEE BY GENDER



EMPLOYEE BY JOB CATEGORY



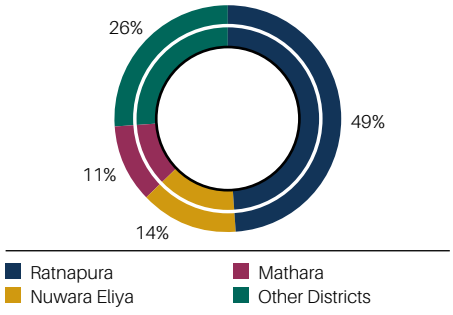
EMPLOYEE BY EMPLOYMENT TYPE



Employment by gender and employment type										
	Below 30		31-50		Above 50		Total		Percentage	
	M	F	M	F	M	F	M	F	M	F
Corporate management	0	0	0	0	2	0	2	0	100%	0%
Middle management	0	0	10	1	1	1	11	2	85%	15%
Executive	2	1	5	1	1	0	8	2	80%	20%
Below executive	8	1	52	0	14	0	74	1	99%	1%
Total	**10**	**2**	**67**	**2**	**18**	**1**	**95**	**5**	**95**	**5**
Percentage	12%		69%		19%		100%		100%	

Employment by region and gender								
	Below 30		31-50		Above 50		Total	
	M	F	M	F	M	F	M	F
Colombo	-	-	2	1	2	1	4	2
Gampaha	-	1	4	-	1	-	5	1
Kalutara	-	-	4	1	-	-	4	1
Kandy	2	-	2	-	1	-	5	-
Mathale	-	-	1	-	-	-	1	-
Nuwara Eliya	2	-	10	-	3	-	15	-
Kegalle	-	-	1	-	-	-	1	-
Ratnapura	2	-	37	-	9	-	48	-
Matara	3	-	6	-	2	-	11	-
Galle	1	-	-	-	-	-	1	-
Puttalm	-	1	-	-	-	-	-	1
Total	**10**	**2**	**67**	**2**	**18**	**1**	**95**	**5**

EMPLOYEE BY REGION



Employment by contract type and region			
	Permanent	FTC	Total
Colombo	4	2	6
Gampaha	6	-	6
Kalutara	5	-	5
Kandy	4	1	5
Mathale	1	-	1
Nuwara Eliya	12	3	15
Kegalle	1	-	1
Ratnapura	45	3	48
Matara	3	8	11
Galle	1	-	1
Puttalm	1	-	1
Total	**83**	**17**	**100**

Human Capital

Employment by contract type and gender				
Job Type	**M**	**F**	**Total**	**Percentage**
Permanent	78	5	83	83%
Fixed Term Contract	17	-	17	17%
Total	**95**	**5**	**100**	**100%**

DIVERSITY, EQUITY AND INCLUSION

GRI 406-1

The Company is committed to fostering a diverse, equitable, and inclusive workplace where all employees are treated fairly and respectfully. Diversity and inclusion principles are integrated into recruitment, promotion, remuneration, and talent development processes.

Employment decisions are made based on merit, qualifications, competencies, and performance, ensuring equal opportunity regardless of gender, ethnicity, religion, or social background. The Company continues to promote fair employment practices while strengthening representation of underrepresented groups, particularly women in technical and leadership roles.

To support inclusion, the Company regularly reviews compensation structures to ensure pay equity and fairness across comparable roles. Awareness programmes on unconscious bias and inclusive leadership are also conducted to strengthen organisational culture and promote behavioural change.

Importantly, no incidents of discrimination were reported during the year under review, reflecting the effectiveness of the Company's inclusive policies and governance mechanisms.

RECRUITMENT AND TALENT ACQUISITION

GRI 3-3, 401-1

The Company follows a structured, transparent, and merit-based recruitment process designed to attract competent individuals capable of contributing to organisational objectives. Recruitment activities are guided by workforce planning requirements and operational needs, ensuring alignment between talent acquisition and business strategy.

Where appropriate, vacancies are publicly advertised to ensure transparency and widen access to opportunities. Recruitment from local communities remains a key priority, contributing to socio-economic development in operational areas.

Region		Below 30		31-50		Above 50		Total		Percentage
		M	F	M	F	M	F	M	F	
Recruitments	Nuwara Eliya	1	-	-	-	-	-	1	-	7%
	Ratnapura	1	-		-	-	-	1	-	7%
	Kandy	2	-	1				3	-	20%
	Matara	3	-	3		2		8	-	53%
	Galle	1	-					1	-	7%
	Puttalm	-	1					-	1	6%
	Total	**8**	**1**	**4**	**-**	**2**	**-**	**14**	**1**	**100%**
Percentage		57%	100%	29%	-	14%	-	100%	100%	
Turnover	Gampaha	-	1	-	-	-	-		1	33%
	Ratnapura	-	-	1	-	-	-	1	-	33%
	Kegalle	-	-	1			-	1		34%
	Total	**-**	**1**	**2**	**-**	**-**	**-**	**2**	**1**	**100%**
Percentage		-	100%	100%	-	-	-	100%	100%	

All new employees undergo structured induction programmes covering operational procedures, workplace policies, occupational health and safety standards, ethical conduct, and sustainability commitments. This ensures smooth integration into the organisation and alignment with corporate values from the outset.

EMPLOYEE DEVELOPMENT AND CAPACITY BUILDING

GRI 3-3, 404-1,404-2

Continuous learning and capability enhancement remain central to the Company's human capital strategy. Training and development programmes are designed to strengthen both technical and behavioural competencies across the workforce.

During the year, employees participated in structured training programmes covering renewable energy operations, electrical and mechanical systems, safety practices, maintenance procedures, leadership development, and sustainability awareness. These initiatives were particularly important following the commissioning of the Company's solar power operations, which required additional technical upskilling and operational readiness training.

Training provided during the year

Types of Training programe	No of Participants			Total Training Hours
	Male	Female	Total	
Awareness training on solar plant equipment	7	-	7	56
Awareness training on invertor operation	5	-	5	20
Accounting standards- CMA	-	1	1	6
Workshop for SLFRS & LKSA standards	-	1	1	4
Workshop for changes in laws connected with TAX & Investments	1	1	2	4
Essential labour laws & their recent changes	-	2	2	14
S1 & S2 reporting	1	2	3	33
Developing sustainability KPIs	-	3	3	9
Fire training	63	-	63	91
Women's leadership		1	1	2
Total	**77**	**11**	**88**	**239**

Training hours analysis

Training Hours/Employee	Hours
Average training hours per employee	**2.4**
Average training hours per employee - category wise	
Executive & above	4.4
Below executive	1.7
Average training hours per employee -gender wise	
Male	1.9
Female	11.8

The Company's approach to employee development also supports career progression, succession planning, and long-term talent retention. By investing in continuous learning, the Company aims to enhance workforce agility, improve productivity, and strengthen organisational resilience.

PERFORMANCE MANAGEMENT

GRI 3-3, 404-3

The Company maintains a structured performance management system designed to align individual performance with organisational objectives. Performance evaluations are conducted using defined behavioural, technical, and operational criteria.

The system supports merit-based promotions, performance improvement planning, and career development discussions. It also encourages accountability, transparency, and continuous improvement across all levels of the organisation.

During the year, 85% of employees were covered under the annual performance evaluation process, reflecting the Company's strong commitment to comprehensive performance tracking, employee development, and organisational alignment.

Employee performance evaluation coverage

Reviewing aspect	Percentage of employees reviewed
Performing duties	85%
Work-related knowledge	85%
Conduct	85%
Team work	85%
Proactiveness	85%
Discipline	85%
Attendance and punctuality	85%

Human Capital

Employee performance review by employee category

	No. of employees	No. of employees reviewed	Percentage of employees reviewed for performance evaluation
Corporate management	2	2	100%
Middle management	13	13	100%
Executive	10	8	80%
Below executive	75	62	82%
Total	**100**	**85**	

Employee performance review by gender

	No. of employees	No. of employees reviewed	Percentage of employees reviewed for performance evaluation
Male	95	81	85%
Female	5	4	80%
Total	**100**	**85**	

REWARDS, RECOGNITION AND POST-RETIREMENT BENEFITS

GRI 3-3, 201-3

The Company maintains a structured rewards and recognition framework that acknowledges employee contribution, performance, and commitment to organisational objectives. competitive remuneration, performance-based incentives, and career progression opportunities are provided to strengthen motivation and engagement.

In addition to active employment benefits, the Company also provides post-retirement benefits to all eligible employees in accordance with statutory requirements and internal policies. These include retirement-related contributions such as EPF and ETF, as well as other defined post-employment entitlements. These benefits are designed to ensure financial security for employees after retirement and reflect the Company's commitment to long-term employee wellbeing.

Value added distributed to employees

	2025/26 Rs. Mn	2024/25 Rs. Mn
Salaries & wages	180.3	161.4
Defined contribution plan cost – EPF & ETF	16.9	15.0
Defined benefit plan cost	14.3	11.1
Total	**211.5**	**187.5**

EMPLOYEE WELLBEING AND WELFARE

GRI 3-3, 202-1, 401-2, 3

Employee wellbeing remains a core priority within the Company's human capital approach. The Company provides a comprehensive range of welfare measures, including healthcare support, insurance coverage, transportation and accommodation facilities for operational staff, and interest-free employee advances.

In addition, employees are entitled to statutory benefits including parental leave (maternity and paternity) and other applicable legal entitlements. During the year under review, all 100 employees were eligible for these benefits, while one female employee utilised maternity leave. No male employees utilised parental leave during the reporting period. The employee who utilised maternity leave returned to work following the completion of her parental leave and remained employed 12 months after her return. The Company ensures compliance with all applicable labour regulations while maintaining compensation levels above statutory minimum wage requirements.

The Company provides a range of employee welfare benefits and support mechanisms designed to enhance employee wellbeing, financial security, and workplace satisfaction. Eligibility and utilisation of key employee benefits during the year are summarised below:

Type of benefit	Employees eligible (%)	Employees utilised (%)
Interest free staff loan scheme	100%	16%
Festival advance	100%	51%
Insurance covers on work life	100%	Nil
Healthcare	25%	2%
Maternity/ paternity leave	100%	1%
Medical leave	100%	3%
Short leave	100%	98%
Emergency accident leave	100%	Nil
Uniforms & safety packs	66%	100%
Accommodation	48%	31%
Incentives to employees	100%	100%
Gifts / alimonies	100%	3%

Note: Eligibility percentages are based on the nature of employment, operational requirements, and applicable employee categories.

The Company also maintains strong pay equity indicators, with the minimum wage ratio maintained at 1:1, reflecting compensation levels in line with statutory thresholds. At entry level, the male-to-female pay ratio remains at 1:1, demonstrating the Company's commitment to equal pay for equal work.

Work-life balance is further supported through employee engagement initiatives, team-building activities, and welfare programmes that promote cohesion and morale across the organisation.

WORKPLACE CULTURE AND EMPLOYEE ENGAGEMENT

GRI 3-3, 402-1

The Company continued to promote a workplace culture built on mutual respect, open communication, collaboration, and aligned objectives between management and employees. Transparent and fair engagement practices supported a harmonious and productive work environment across all operational locations.

During the year, employees were regularly informed of operational developments and organisational changes affecting their roles and responsibilities. Major operational changes, including work roster adjustments, were communicated with adequate prior notice of at least one month, while employee feedback and participation were encouraged to support smooth implementation and employee preparedness.

Several employee engagement and welfare initiatives were conducted during the year to strengthen workplace relationships, employee morale, and organisational cohesion. These included the annual staff outing, Sinhala and Tamil New Year celebrations with traditional games and cultural activities, and the annual staff medical camp conducted as part of the Company's employee wellbeing initiatives.



Sinhala and Tamil New Year games event at a power plant site



Games event during the annual staff outing



Annual staff outing of power plant employees

Employees also voluntarily participated in environmental conservation and community initiatives organised by the Company, reflecting the strong integration of sustainability values into the Company's workplace culture. During the year, employees at the Kiriwaneliya Mini Hydro Power Plant also initiated a capsicum cultivation project during their off-duty time, promoting teamwork, employee engagement, and productive utilisation of leisure time while encouraging environmental sustainability and community-oriented values.





capsicum cultivation conducted by power plant employees

OCCUPATIONAL HEALTH AND SAFETY

GRI 3-3, 403-1, 2, 3, 4, 5, 6, 7, 8, 9, 10

The Company places the highest priority on safeguarding the health, safety, and well-being of employees, contractors, and all other stakeholders across its operational sites. The occupational health and safety (OHS) management approach is aligned with applicable legal requirements and recognised good industry practices, supporting a preventive and risk-based safety culture. The Company's OHS framework covers 100% of permanent and contract employees across all operational locations.

Human Capital

Hazard identification and occupational health risk monitoring are primarily carried out at site level through regular operational reviews and monthly site management meetings. These sessions enable early identification of potential safety risks, unsafe conditions, and occupational health concerns. Where required, matters are escalated to Head Office management for further review and implementation of corrective actions.

Based on identified risks and operational needs, the Company implements targeted occupational health and safety programmes. These include awareness initiatives, risk mitigation actions, and refresher training programmes designed to strengthen employee safety awareness and reinforce safe working practices across all operational areas.

Fire safety and emergency preparedness remain key components of the Company's OHS framework. Fire safety training and emergency evacuation drills are conducted at each power plant to ensure employees are equipped to respond effectively in the event of emergencies, thereby strengthening operational resilience and preparedness.



Annual fire training event



Safety symbols placed at solar project

In addition, personal protective equipment (PPE) is provided to employees based on job-specific risk assessments, and PPE requirements are reviewed and updated at defined intervals to ensure continued suitability and compliance with safety standards.

The Company also conducted the annual non-occupational medical camp for employees as part of its broader employee wellbeing initiatives. The programme provided access to basic health screening and preventive healthcare services, supporting early identification of health concerns and promoting overall employee wellness.





Annual staff medical camp

Percentage of Employees covered from Non-Occupational Medical Camp	
2025/26	2024/25
86%	49%

During the year under review, no major work-related injuries, occupational illnesses, or no fatalities as a result of work-related injuries or work-related ill health were reported, reflecting the effectiveness of the Company's occupational health and safety management practices and ongoing risk mitigation efforts.

The Company continues to strengthen its occupational health and safety systems through ongoing monitoring, periodic reviews, and continuous improvement practices to ensure a safe and healthy working environment across all operations.

HUMAN RIGHTS AND ETHICAL LABOUR PRACTICES

GRI 2-30, 3-3, 407-1, 408-1, 409-1

The Company is committed to upholding internationally recognised human rights principles across all operations and within its supply chain. Employment practices are guided by fairness, dignity, non-discrimination, and respect for individual rights.

The Company maintains zero tolerance for child labour, forced labour, harassment, discrimination, or any form of unethical workplace conduct. All employees are provided with safe working conditions and access to grievance mechanisms that ensure accountability and transparency. This commitment is communicated to suppliers and contractors, and compliance with labour and human rights requirements is included in procurement and contractual obligations. During the year under review, no incidents of child labour or forced/compulsory labour were reported within the Company's operations or supply chain.

Employees have the right to establish trade unions and participate in collective bargaining arrangements in accordance with applicable labour laws and recognised labour rights. However, the Company's open, inclusive, and collaborative workplace culture, together with direct communication and engagement practices between management and employees, has contributed to maintaining positive labour relations without the presence of trade unions, and no collective bargaining agreements were in place during the year under review. The Company also confirms that its suppliers are not identified as being at risk in relation to freedom of association or collective bargaining rights.

GRIEVANCE MANAGEMENT AND WHISTLEBLOWING

GRI 2-25, 26

A structured grievance mechanism is in place to enable employees to raise concerns through confidential and transparent channels. This system is supported by a whistleblowing policy that allows employees to report unethical behaviour without fear of retaliation.

All grievances are formally recorded and addressed through defined escalation procedures, ensuring fairness, responsiveness, and accountability.

During the year under review, no employee grievances or whistleblowing incidents were reported.

CHALLENGES AND OPPORTUNITIES

The Company operates in a dynamic renewable energy environment that presents both challenges and opportunities for human capital development.

Key challenges include the limited availability of specialised technical talent in the renewable energy sector, particularly in emerging technologies such as solar power systems. The transition from hydropower to a diversified energy portfolio also requires continuous upskilling and reskilling of employees. Gender imbalance in technical roles and the retention of highly skilled employees in a competitive labour market remain additional challenges.

At the same time, significant opportunities exist to enhance workforce capability through structured training programmes, digitalisation, and technology-driven operational improvements. The expansion of renewable energy operations creates new opportunities for employment generation, leadership development, and internal talent advancement. Furthermore, increasing focus on diversity and inclusion, along with strengthened succession planning, provides a strong foundation for long-term workforce sustainability.



FUTURE OUTLOOK

Looking ahead, the Company will continue to strengthen its investment in human capital development to support its strategic growth in the renewable energy sector. Priority areas include advanced technical training, leadership development, digital capability building, and enhanced employee wellbeing initiatives.

The Company will also focus on strengthening diversity, equity, and inclusion practices while reinforcing a strong culture of safety, ethics, and continuous learning. Through these initiatives, VPE aims to develop a resilient, agile, and future-ready workforce capable of supporting long-term sustainable value creation.



Social and Relationship Capital

Social and Relationship Capital represents the networks, partnerships, stakeholder trust, and institutional relationships that support the Group's long-term sustainability and value creation. As a renewable energy producer operating within a highly regulated and community-connected sector, the Group's success depends on maintaining strong and responsible relationships with customers, regulators, communities, suppliers, shareholders, and industry stakeholders.

The commissioning of the Group's new utility-scale solar power project during the year further expanded stakeholder engagement across the renewable energy value chain, strengthening collaboration with regulatory institutions, suppliers, local communities, and electricity sector stakeholders.

Through transparent engagement, ethical business practices, responsible supply chain management, and community partnerships, the Group continues to strengthen the social foundation that supports sustainable growth and operational resilience.

SOCIAL AND RELATIONSHIP CAPITAL VALUE CREATION MODEL

Input	Stakeholder relationships	Community partnerships	Supplier networks	Regulatory relationships
Output	CSR investments **Rs. 1.2 Mn**	Value distributed to local suppliers **Rs. 30.1 Mn**	Taxes and levies **Rs. 132.3 Mn**	Local employment generation
Outcome	Strengthened stakeholder trust	Community development	Positive socio-economic contribution	Enhanced corporate reputation
SGDs Alignment	8 DECENT WORK AND ECONOMIC GROWTH; 11 SUSTAINABLE CITIES AND COMMUNITIES; 17 PARTNERSHIPS FOR THE GOALS			

CREATING SHARED VALUE THROUGH RESPONSIBLE RELATIONSHIPS

The year under review marked an important evolution in the Group's Social and Relationship Capital following the successful expansion of the Group's renewable energy portfolio during September 2025. This milestone strengthened engagement across Sri Lanka's electricity sector while expanding the Group's supplier ecosystem through new relationships with EPC contractors, technology providers, and local service partners.

The addition of utility-scale solar generation alongside existing hydropower assets enhanced coordination with the Ceylon Electricity Board and successor entities following sector restructuring, requiring closer operational alignment and broader stakeholder engagement.

Community engagement was similarly extended into new operational areas, reinforcing the Group's social licence to operate and commitment to inclusive development and shared value creation.

OUR STAKEHOLDER ECOSYSTEM

The Group's Stakeholder Ecosystem reflects the network of institutional and stakeholder relationships that underpin its social pulse across Sri Lanka's renewable energy sector. These relationships span electricity sector institutions, regulatory authorities, suppliers, communities, industry bodies, and shareholders, collectively supporting operational continuity, regulatory compliance, and long-term value creation.

During the year, engagement with the national electricity sector strengthened further following the expansion of the Group's renewable energy operations and the continuing restructuring of the electricity sector under the Sri Lanka Electricity Act No. 36 of 2024. Supplier relationships also expanded through engagement with EPC contractors, solar technology providers, and local service partners supporting the Group's growing renewable energy portfolio.

The Group continued to maintain collaborative engagement with government institutions, industry associations, shareholders, and surrounding communities through structured communication, responsible business practices, and ongoing stakeholder dialogue.

Collectively, these relationships continue to strengthen the Group's operational resilience and support its participation in Sri Lanka's evolving renewable energy landscape.

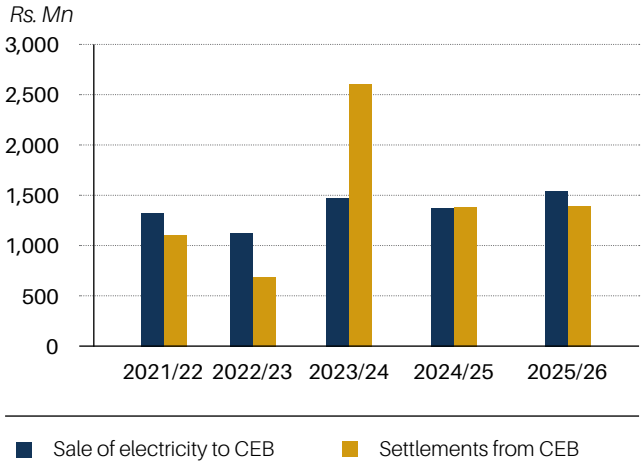
RELATIONSHIP WITH THE CEYLON ELECTRICITY BOARD (CEB)

The Group continued to maintain a strong institutional relationship with the Ceylon Electricity Board (CEB), its sole customer, under long-term Standardised Power Purchase Agreements (SPPAs) governing both hydropower and solar power operations.

Engagement with the CEB increased significantly during the year following the successful commissioning of the Group's solar power project in September 2025. Electricity supply operations and settlement processes were carried out in line with the

Social and Relationship Capital

provisions of the Standardised Power Purchase Agreements (SPPAs), although minor delays in settlement were experienced during the last quarter of the year. The Group maintained 100% compliance with all SPPA provisions applicable to both hydropower and solar operations, with no incidents of operational non-compliance reported during the year.



Rs. 1,538.2 Mn
Sale of Electricity to CEB
2024/25 - Rs. 1,376.1 Mn

Rs. 1,394.9 Mn
Receipts from CEB
2024/25 - Rs. 1,382.4 Mn

Engagements were carried out at both operational and management levels through the CEB Head Office and regional operational offices. Routine operational matters were addressed through operational coordination, while strategic matters were managed through senior management engagement.

Key engagement mechanisms during the year included:
- Standardised Power Purchase Agreements (SPPAs)
- Monthly invoicing and settlement processes
- Annual meter testing and compliance reviews
- Operational coordination and technical dialogue
- Participation in NCRE-related tender processes

Key matters addressed during the year included solar project commissioning, grid connectivity, operational reliability, tariff-related matters, renewable energy tender opportunities, and SPPA compliance requirements.

Following the restructuring of the CEB into six government-owned entities under the Sri Lanka Electricity Act No. 36 of 2024, future power generation-related engagement is expected to continue primarily with National System Operator (Pvt) Ltd and National Transmission Network Service Provider (Pvt) Ltd, while electricity consumption-related engagement will continue with Electricity Distribution Lanka (Pvt) Ltd.

The Group continues to view its institutional relationship with the national electricity sector as a key contributor towards operational continuity, regulatory alignment, and long-term sustainability.

ENGAGEMENT WITH GOVERNMENT AND STATUTORY BODIES

GRI 2-27, 201-4, 207-1, 2, 3, 3-3

The Group continued to maintain constructive and compliant relationships with government institutions, regulatory authorities, and statutory bodies throughout the year, ensuring adherence to applicable legal, fiscal, and regulatory frameworks governing its operations.

Engagement with government and regulatory institutions

No major new regulatory approvals were processed during the year other than routine renewals relating to licences, permits, levies, and taxation requirements. However, ongoing engagement continued in relation to operational compliance, renewable energy sector developments, and post-commissioning regulatory requirements associated with renewable energy operations.

The Group continued engagement with the following government and regulatory institutions:
- Sri Lanka Sustainable Energy Authority (SEA)
- Public Utilities Commission of Sri Lanka (PUCSL)
- Inland Revenue Department (IRD)
- Central Environmental Authority (CEA)
- Board of Investment of Sri Lanka (BOI)
- Divisional Secretariat Offices
- Local Government Authorities

Continuous monitoring mechanisms remained in place to ensure compliance with all applicable regulatory and statutory requirements, and no significant incidents of non-compliance with applicable laws and regulations monetary fines, or non-monetary sanctions were reported during the year.

Tax governance and control framework

The Group applies a structured tax governance framework supported by an internally approved tax strategy, implemented in accordance with applicable tax laws and prevailing government tax regulations to ensure all tax obligations are properly identified, assessed, recorded, and discharged. The tax strategy is not publicly disclosed but is consistently applied across the Group in line with regulatory and governance requirements. Tax compliance is integrated into the Group's financial governance and internal control systems, supported by clear approval hierarchies, periodic internal reviews, and oversight by senior management.

Tax risks, including interpretation of regulatory requirements and changes in tax legislation, are identified and monitored as part of the Group's overall risk management process to ensure timely compliance and mitigation of potential exposure. Any tax-related concerns are addressed through established reporting and escalation mechanisms.

Engagement with tax authorities

The Group maintains transparent and cooperative engagement with the Inland Revenue Department (IRD) and other relevant authorities in relation to tax filings, assessments, and statutory obligations. All required tax returns, payments, and disclosures were submitted within prescribed timelines, with no material disputes, penalties, or unresolved assessments reported during the year.

Continuous engagement is maintained where clarification or interpretation of tax provisions is required, supporting compliance and regulatory alignment.

Tax reporting and payments

The Group incurred Rs. 132.3 Mn in taxes and levies during the year under review. All applicable taxes, levies, and statutory payments were duly calculated, recorded, and settled on time in accordance with statutory requirements.

The overall tax liability reduced during the year due to investment incentives and enhanced capital allowances applicable to the newly commissioned solar project under the BOI agreement and prevailing Inland Revenue Department (IRD) provisions. These benefits were applied strictly in accordance with approved regulatory frameworks and applicable legislation.

The Group confirms that no form of direct government financial assistance, grants, or discretionary subsidies was received during the reporting period.

RESPONSIBLE SUPPLIER RELATIONSHIPS AND PROCUREMENT

GRI 2-6, 3-3, 204-1

The Group continues to maintain responsible and transparent supplier relationships supported by structured procurement and supply chain management practices designed to ensure operational reliability, procurement efficiency, cost management, and responsible sourcing across both hydropower and solar operations.

Supplier and procurement-related engagement increased significantly during the year following the expansion of solar operations. Engineering, Procurement and Construction (EPC) activities relating to the solar project were undertaken by a local engineering firm, while specialised solar equipment and key components were imported due to limited domestic manufacturing capability.

The Group's supply chain comprises local community-based suppliers from the districts of Ratnapura, Nuwara Eliya, and Matara, where the company operates its power plants, national suppliers from across Sri Lanka, and selected international suppliers for specialised equipment and services, reflecting the diversified nature of the renewable energy value chain.

The Group continued to prioritise local and regional suppliers where feasible in order to support local economic participation and strengthen domestic supply chain involvement within the renewable energy sector, particularly for civil works, logistics, and operational support services.

	2025/26	2024/25
Value distributed for supplies from local community	Rs. 30.1 Mn	Rs. 11.0 Mn
Percentage	33%	17%
No. of suppliers from local community	Between 700 - 800 suppliers	Between 600 - 500 suppliers
Value of goods and services procured from other parts of country	Rs. 60.0 Mn	Rs. 53.1 Mn
Percentage	67%	83%

	2025/26	2024/25
Value of foreign supplies – O&M	Rs. 12.4 Mn	Rs. 14.1 Mn
Value of foreign supplies – CAPEX	Rs. 1,432.5 Mn	Nil
No. of suppliers	8 suppliers	6 suppliers

The above reflects the Group's procurement footprint across local, national, and international tiers of the value chain, demonstrating increasing diversification due to renewable energy expansion.

Supplier evaluations continue to consider technical capability, operational reliability, industry reputation, compliance standards, and alignment with the Group's ethical business principles. Procurement activities are centrally coordinated through the Group's Head Office in Colombo, supported by established approval procedures, supplier assessments, and timely settlement practices.

Supplier engagements are guided by principles of accountability, fairness, transparency, and operational integrity. Supply chain processes are continuously monitored for unethical labour practices, environmental concerns, human rights violations, and adverse social impacts, with no such incidents reported during the year.

The integration of solar operations has further broadened the Group's supplier network and strengthened engagement with renewable energy technology providers and specialised service partners, supporting long-term portfolio diversification and operational resilience.

PARTNERSHIPS WITH COMMUNITIES

GRI 3-3, 203-1, 2, 413-1

The Group continues to maintain strong and respectful relationships with communities surrounding its renewable energy operations through stakeholder engagement, local development initiatives, and community support programmes. As the Group continues to diversify its renewable energy portfolio, engagement activities have further broadened across newly connected communities and project areas.

Social and Relationship Capital

All (100%) of the Group's operating hydropower sites and the solar project under development are covered by community engagement practices, stakeholder consultations, impact assessments, and locally relevant development initiatives. The Group maintains open communication channels with surrounding communities and continuously assesses the potential impacts of its operations on local stakeholders to support responsible and community-sensitive operations.

The Group adopts a participatory approach to community engagement by supporting local livelihoods, infrastructure development, environmental initiatives, and social wellbeing programmes. Employment opportunities, casual labour engagement, and selected supplier activities continue to support local economic participation within surrounding communities.

Community development initiatives during the year focused on infrastructure improvements, environmental awareness, education, and disaster recovery support. Key initiatives included:




Refurbishment of the rural access bridge over Kenda Ela




Placement of public waste collection bins in the Maskeliya area




Support towards recovery efforts for communities affected by Cyclone Ditwah



Continuation of the weekly donation programme supporting Daham Pasal students

Community impact and grievance outcomes

GRI 413-2

During the reporting period, none of the Group's operations resulted in significant actual or potential negative impacts on local communities. No formal grievances were received through community engagement or grievance mechanisms, and stakeholder feedback did not indicate any material adverse social implications.

Any community concerns received through established communication and grievance mechanisms are reviewed and escalated where required to senior management at Head Office and, where necessary, to the Board of Directors; however, no such escalations were required during the year.

These outcomes reflect the effectiveness of the Group's proactive stakeholder engagement approach and its continued commitment towards responsible, inclusive, and community-sensitive development.

These initiatives continue to strengthen community goodwill, reinforce stakeholder trust, and support long-term socio-economic development within surrounding communities.

CSR POLICY

GRI 2-23, 3-3, 415-1

The Group's Corporate Social Responsibility (CSR) activities, including sponsorships and donations, are subject to structured evaluation and approval processes to ensure alignment with genuine community needs, relevance, and appropriateness. This framework ensures that CSR initiatives are clearly distinguished from any form of improper influence or undue advantage.

The Group maintains a strict policy of non-contribution to political parties, political affiliates, or individual political figures, whether domestic or international. This policy applies consistently across all levels of the organisation, reinforcing the Group's commitment to ethical conduct, transparency, and responsible corporate behaviour.

SHAREHOLDER ENGAGEMENT

The Group remains committed to maintaining transparent, timely, and equitable engagement with shareholders and investors in line with good corporate governance practices and the requirements of the Colombo Stock Exchange (CSE).

Open communication channels, timely disclosures, shareholder meetings, and ongoing investor engagement processes support transparency, accountability, and informed stakeholder participation in the Company's strategic direction and long-term value creation initiatives.

The Policy on Relations with Shareholders and Investors continued to guide shareholder communication practices and reinforce the Company's commitment to fair treatment, transparency, and responsible corporate governance. The policy is publicly available on the Company's website, ensuring accessibility and transparency for all stakeholders.

The Annual General Meeting (AGM) for the financial year 2024/25 was successfully concluded in June 2025, providing shareholders with an opportunity to engage directly with the Board and management on the Company's operational and strategic priorities. During the engagement process, no significant concerns were raised by shareholders other than discussions and requests for further insights relating to the progress and future outlook of the new solar project development initiatives.

INDUSTRY PARTNERSHIPS

The Group continues to engage with industry stakeholders, sector institutions, and renewable energy sector participants to support policy dialogue, sector development, regulatory engagement, and knowledge-sharing initiatives relevant to Sri Lanka's evolving energy landscape.

Engagement with renewable energy sector stakeholders strengthened further during the year following the expansion of the Group's renewable energy operations, supporting broader collaboration across the industry value chain.

The Group also continued participation in industry discussions, stakeholder consultations, and sector engagement initiatives relating to renewable energy development, operational best practices, sustainability matters, and evolving regulatory developments within the electricity sector.

These engagements continue to support knowledge sharing, industry collaboration, and constructive stakeholder dialogue relevant to the long-term development of Sri Lanka's renewable energy sector.

Memberships with institutional and industry bodies are disclosed under Relational Capital within the Intellectual Capital section of this Annual Report.

STAKEHOLDER RESPONSIVENESS

GRI 2-16, 25, 26

The Group maintains open communication channels with stakeholders through formal and informal engagement mechanisms across operational sites, Head Office functions, and digital communication platforms, supporting transparency, accessibility, and responsive stakeholder engagement.

During the year, the Group completed a comprehensive revamp of its corporate website to strengthen stakeholder accessibility and digital engagement. The enhanced website is fully operational and provides comprehensive and real-time information, including power generation data for all renewable energy projects, available for stakeholder reference and use. In addition, the Company's daily market price information is prominently displayed on the website homepage, further enhancing transparency and investor accessibility.

The upgraded platform also supports improved stakeholder interaction through integrated inquiry mechanisms, strengthening communication accessibility for shareholders, regulators, suppliers, communities, and other stakeholders.

As part of its commitment to inclusive stakeholder engagement and equal access to information, the Group has introduced several accessibility initiatives through this Annual Report. Annual Report summaries are made available in Sinhala and Tamil, while audio summaries in both Sinhala and English are accessible through the corporate website for stakeholders who prefer audio-based information, particularly visually impaired individuals. To further enhance accessibility, a Braille summary has also been incorporated into the Annual Report. These initiatives reflect the Group's commitment to ensuring equitable access to information for all stakeholder groups, regardless of language preference or accessibility requirements.

A Stakeholder Complaints Log is maintained at all project sites with a defined 7-day response timeframe. In addition, the Group's website remains accessible for stakeholder inquiries and feedback, supported by established response mechanisms. Communication channels including email correspondence and telephone communication are also maintained to facilitate stakeholder accessibility and responsiveness.

Open communication channels are maintained for grievances, inquiries, and suggestions relating to operational, environmental, and social matters. Stakeholder concerns are addressed through continuous engagement processes, with any critical concerns or matters that may negatively impact the organisation reported to senior management at Head Office and, where necessary, escalated to the Board of Directors for appropriate review and oversight.

No stakeholder grievances, material disputes, critical concerns or incidents requiring escalation were reported during the year under review.

Social and Relationship Capital

ETHICAL BEHAVIOUR

GRI 3-3, 205-1, 2, 3, 206-1

The Group continued to strengthen its ethical governance framework during the year through the implementation of the Internal Code of Business Conduct and the Policy on Anti-Bribery and Corruption, aligned with applicable Colombo Stock Exchange listing requirements. These policies complement the Group's existing Anti-Corruption and Anti-Competitive Behaviour policies and Anti-trust and Monopoly practices. No operations were assessed for risks related to corruption during the year under review.

These governance policies continue to be embedded across the organisation through structured communication, awareness initiatives, and periodic compliance reviews. The Internal Code of Business Conduct and the Policy on Anti-Bribery and Corruption have been made available to all employees and members of the Board of Directors, including Sinhala versions to ensure accessibility and ease of understanding across the workforce. In addition, public notices summarising key ethical and compliance expectations are displayed at power plant premises to reinforce awareness among employees, contractors, and site visitors.

During the year under review, the Group reported no incidents of corruption, bribery, unethical conduct, anti-competitive behaviour, anti-trust and monopoly practices or regulatory violations. No legal proceedings or complaints relating to unethical conduct were reported by customers, suppliers, contractors, or other stakeholders.

This reflects the continued effectiveness of the Group's governance systems and commitment to maintaining high standards of ethical conduct across all operations.

CHALLENGES & OPPORTUNITIES

The renewable energy sector in Sri Lanka continues to evolve within a dynamic regulatory, operational, and economic environment. The ongoing restructuring of the national electricity sector, evolving regulatory requirements, tariff-related uncertainties, and grid integration challenges continue to influence stakeholder engagement and operational coordination across the industry.

The expansion of renewable energy operations has also increased the need for specialised technical expertise, reliable supplier partnerships, and effective coordination with multiple sector institutions. Dependence on imported renewable energy technologies and equipment continues to present supply chain and cost-related challenges within the sector.

At the same time, the Group sees significant opportunities emerging through Sri Lanka's long-term transition towards renewable and low-carbon energy generation. The increasing national focus on energy diversification, energy security, and sustainability is expected to create further opportunities for renewable energy investments, industry collaboration, and stakeholder partnerships.

The successful integration of solar operations alongside the Group's existing hydropower portfolio has further strengthened institutional relationships, diversified stakeholder engagement, and expanded the Group's participation across Sri Lanka's renewable energy value chain.

Going forward, the Group intends to continue strengthening stakeholder trust, institutional collaboration, and responsible community engagement while supporting the country's transition towards a cleaner and more resilient energy future.



FUTURE OUTLOOK

As the Group continues to expand and diversify its renewable energy portfolio, stakeholder engagement, institutional collaboration, and community partnerships will remain central to long-term value creation and sustainable growth.

The recent expansion of the Group's renewable energy portfolio has broadened stakeholder engagement across the renewable energy value chain, including regulators, suppliers, contractors, communities, and national energy institutions.
Going forward, the Group intends to further strengthen engagement with renewable energy sector stakeholders while supporting Sri Lanka's transition towards a cleaner, more resilient, and diversified energy system.



Manufactured Capital

Our manufactured capital represents the engineered infrastructure, systems, and technologies that enable the generation of reliable renewable energy while supporting Sri Lanka's transition towards a low-carbon economy. Through continuous investment in hydropower and solar energy infrastructure, we enhance generation reliability, strengthen operational resilience, and support sustainable long-term value creation.

Our approach to managing manufactured capital is centred on preserving long-term asset value, ensuring energy security, and delivering sustainable economic and environmental outcomes. This is achieved through disciplined asset management practices, integration of modern technologies, and continuous enhancement of operational systems.

We maintain high-performing assets through proactive maintenance strategies, regular inspections, condition-monitoring systems, and timely infrastructure upgrades that support operational efficiency, reliability, and lifecycle optimisation across all facilities.

Manufactured Capital

MANUFACTURED CAPITAL VALUE CREATION MODEL

Input

Renewarble energy Projects	Electro-mechanical equipment	Civil constructions	Solar Projects	Other fixed assets
4	**Rs. 1,084 Mn**	**Rs. 1,725 Mn**	**Rs. 1,733 Mn**	**Rs. 64 Mn**

Output

Supplied of electricity units (kWh)	Maintenance investment	Major breakdowns	Plant outage percentage
89.3 Mn	**Rs. 14 Mn**	**Zero**	**1%**

Outcome

Improved Operational Efficieny	Enhanced assed reliabilitiy	Sustainable infrastructure performance	Reliable energy supply

SGDs Alignment



KEY VALUE CREATION HIGHLIGHTS

During the year under review, the Company significantly expanded its manufactured capital base through the completion and commissioning of a 10 MW ground-mounted solar photovoltaic project in September 2025. The project was developed at a capital investment of LKR 1,733 million and further strengthened the Company's renewable energy portfolio.

Developed across approximately 30 acres of land, the project incorporated advanced technology and high-quality materials to ensure operational efficiency, durability, and long-term reliability. The solar facility was constructed by Hayleys Fentons Limited under an Engineering, Procurement and Construction (EPC) arrangement.

The project is expected to generate approximately 20 GWh of renewable electricity annually. During the first seven months of operation, the plant generated nearly 10.4 GWh of electricity, contributing positively to the national grid while supporting diversification of the Company's renewable energy generation mix.

MANAGING AND OPTIMISING OUR ENERGY INFRASTRUCTURE

Our renewable energy portfolio comprises high-performing hydropower and solar assets supported by robust engineering systems, modern control technologies, and structured maintenance frameworks. The Company continues to prioritise operational excellence through strategic investments in infrastructure modernisation, digitalisation, and renewable energy diversification initiatives.

Hydropower Infrastructure

The Company's hydropower operations are supported by specialised water conveyance systems, civil infrastructure, and precision-engineered electro-mechanical equipment designed to optimise generation efficiency while minimising environmental impact. Continuous monitoring and planned maintenance programmes support operational reliability, equipment integrity, and long-term asset sustainability.

Solar Infrastructure

The Company's solar infrastructure comprises ground-mounted photovoltaic systems equipped with advanced solar modules, inverter technology, grid interconnection facilities, and real-time monitoring systems designed in compliance with Ceylon Electricity Board (CEB) grid requirements.

The solar plant has been developed using high-quality materials and modern engineering standards to optimise generation efficiency, operational reliability, and long-term asset performance. Initial operational performance of the solar facility remained in line with expected generation estimates during the first phase of operations.

Operational Reliability and Monitoring

Operations across hydro and solar facilities are supported by integrated monitoring, control, and surveillance systems that enable real-time performance assessment, early issue detection, and timely technical intervention. Centralised monitoring platforms, CCTV surveillance systems, operational dashboards, and structured reporting mechanisms support continuous operational oversight across all plant locations.

These systems are complemented by preventive maintenance schedules, structured escalation procedures, routine inspections, and periodic infrastructure upgrades designed to ensure safe, reliable, and uninterrupted power generation.

The Company further strengthened technical governance frameworks for critical ageing hydro assets through external testing, independent verification, and enhanced condition-monitoring processes aimed at improving operational resilience and long-term infrastructure integrity.

Asset Maintenance and Reliability

Preventive and corrective maintenance activities are carried out by trained technical personnel in accordance with manufacturer specifications and operational requirements. Maintenance schedules are strategically planned to minimise operational disruptions and optimise plant availability.

During the year under review, the Group invested Rs. 14.0 million in power plant maintenance activities to support operational reliability, equipment efficiency, and long-term asset sustainability across hydro and solar facilities. Necessary refurbishment and upgrade initiatives for hydro assets were also completed during the year to strengthen operational reliability and maintain long-term generation efficiency.



The Company maintains adequate inventories of critical spare parts and components to support uninterrupted operations and timely maintenance interventions. A structured escalation and response framework is in place to ensure timely identification, reporting, and resolution of operational issues.

Routine technical matters are managed internally by qualified personnel, while specialised interventions are supported by external experts where required.

No major mechanical breakdowns were reported during the year under review.

MANUFACTURED CAPITAL PROFILE

Engineered Assets

- Hydropower generation infrastructure
- Ground-mounted solar photovoltaic infrastructure
- Electro-mechanical equipment
- Civil constructions
- Monitoring and control systems

Operational Infrastructure

- Administrative buildings, site offices, and staff accommodation
- Centralised monitoring systems
- CCTV surveillance systems

Project Asset Base

Category	Hydro	Solar	Total
Installed capacity	21.75 MW	10 MW	31.75 MW
Land extent	◆ Freehold: 5.83 Ha ◆ Lease: 6.44 Ha	◆ Freehold: 15.92 Ha	◆ Freehold: 21.75 Ha ◆ Lease: 6.44 Ha
Building extent*	25,175 Sq.ft	3,533 Sq.ft	28,708 Sq.ft

**Excluding the structures associated with the weir, channel and forebay.*

Asset Values

Asset Category	Value (Rs. Mn)
Electro-mechanical Equipment	1,084
Civil Constructions	1,725
Solar Projects	1,733
Other Assets	64

STREAMLINED ASSET UTILISATION

The Company follows a structured annual capital expenditure planning process to identify technology gaps, prioritise infrastructure upgrades, and optimise asset utilisation across all facilities.

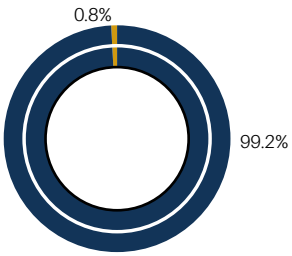
Daily operational reviews and data-driven performance analysis support efficient asset utilisation, generation optimisation, and early identification of operational deviations across hydro and solar facilities. No significant operational disruptions were experienced during the year apart from hydrological variability, which continued to influence hydro generation performance.

Percentage of Loss of Units (Outages)

	Hydro		Solar	
	2025/26	2024/25	2025/26	2024/25
Plant outages due to machine breakdowns (%)	0.1%	0.6%	0.0%	NA
Plant outages due to grid failures (%)	0.8%	0.5%	0.5%	NA
Total outages (%)	0.8%	1.1%	0.5%	NA
Plant availability for generation (%)	99.2%	98.9%	99.5%	NA

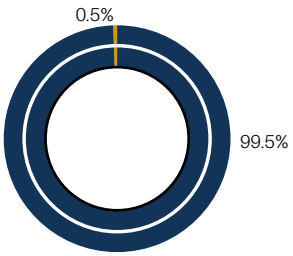
Manufactured Capital

HYDRO



Total Outages
Plant Aavailability %

SOLAR



Total Outages
Plant Aavailability %

SKILLS DEVELOPMENT

Strengthening internal technical capabilities remains essential to ensuring long-term operational reliability and supporting the Company's diversification into solar energy generation.

The expansion into solar operations has further enhanced the Company's technical competencies through the deployment of skilled personnel and targeted technical training programmes covering:

- Solar plant operations and maintenance
- Electro-mechanical systems management
- Monitoring and control systems
- Operational safety procedures
- Preventive maintenance practices

Continuous professional development initiatives ensure operational teams remain aligned with evolving industry standards, technological advancements, and regulatory requirements.

OPERATIONAL GOVERNANCE AND RISK MANAGEMENT

The Company maintains integrated operational and environmental management practices aligned with industry standards for renewable energy generation. Monitoring systems and operational controls are designed to support efficiency, reliability, operational safety, and environmental stewardship across all facilities.

All generation facilities operate in compliance with applicable regulatory requirements, including grid compliance standards established by the Ceylon Electricity Board (CEB).

All major engineered assets are comprehensively insured against operational and environmental risks, including fire, machinery breakdown, and natural disasters. During the year, insurance coverage for hydro assets was updated to reflect prevailing market values and replacement costs.

Enhanced monitoring frameworks have also been implemented for critical ageing hydro infrastructure, supported by external testing and independent technical verification processes to strengthen operational risk management and long-term asset integrity.

OPPORTUNITIES AND CHALLENGES

The growing national focus on renewable energy development presents significant opportunities for the Company to further strengthen and diversify its renewable energy portfolio. Continued expansion of solar generation capacity, integration of advanced monitoring technologies, digitalisation initiatives, and predictive maintenance systems are expected to enhance operational efficiency, asset reliability, and long-term value creation. Emerging opportunities in hybrid renewable energy solutions and battery energy storage technologies also provide potential to improve grid stability, optimise renewable energy utilisation, and strengthen energy resilience.

At the same time, the Company continues to operate within a dynamic operating environment influenced by several external and operational challenges. Hydrological variability remains a key factor affecting hydro generation performance, while ageing hydro infrastructure requires enhanced monitoring, maintenance, and periodic refurbishment to ensure long-term operational integrity. Grid-related outages, transmission constraints, rising maintenance costs, and increasing prices of imported spare parts also continue to impact operational efficiency and cost management. In addition, evolving climate-related risks and changing environmental conditions require ongoing investment in infrastructure resilience, operational adaptability, and sustainable asset management practices.

FUTURE OUTLOOK

VPE remains committed to strengthening its renewable energy portfolio through continued investment in solar energy expansion, infrastructure modernisation, digitalisation, and predictive maintenance systems. Future developments will focus on improving operational resilience, enhancing generation efficiency, and supporting Sri Lanka's transition towards a more secure and low-carbon energy system.

The Company also aims to further integrate hybrid renewable energy solutions, including potential battery energy storage technologies, to improve grid stability, energy resilience, and optimal utilisation of renewable resources.

Sustainability considerations will remain central to future infrastructure development initiatives, with ongoing modernisation of hydropower assets designed to enhance ecological performance, climate resilience, operational reliability, and long-term value creation for stakeholders.



Intellectual Capital

In today's rapidly evolving energy landscape, intellectual capital has become a key driver of resilience, innovation, and sustainable value creation. For Vallibel Power Erathna PLC (VPE), intellectual capital represents the collective expertise of our people, the strength of our operational systems and governance frameworks, and the trusted relationships we maintain with stakeholders. These interconnected capabilities enable us to operate responsibly, adapt to changing industry dynamics, and create long-term value through renewable energy generation.

As the Company continues expanding its presence across both hydropower and solar power operations, intellectual capital remains central to enhancing operational excellence, technological advancement, and strategic growth while supporting Sri Lanka's transition towards a sustainable energy future.

Intellectual Capital

INTELLECTUAL CAPITAL VALUE CREATION MODEL

Input	Industry expertise	Institutional knowledge	Governance systems	Licenses, permits and approvals	Strong brand
Output	Award-winning environmental stewardship **1 Award**	Integrated reporting excellence **2 Awards**	Experienced workforce with long service	Diversified energy portfolio	Strong governance practices
Outcome	Operational excellence	Innovation-driven growth	Enhanced brand reputation	Sustainable business practices	
SGDs Alignment					

KEY INTELLECTUAL CAPITAL DEVELOPMENTS DURING THE YEAR

- Successful commissioning of the Company's ground-mounted solar project within the planned implementation timeline
- Strengthening of digital monitoring and intelligent grid integration systems across solar operations
- Continued investment in employee capability development and technical training initiatives
- National-level recognition received for sustainability performance and integrated reporting excellence
- Enhancement of governance, compliance, and operational documentation frameworks
- Strengthened stakeholder engagement and collaboration across operational and regulatory functions

VPE'S INTELLECTUAL CAPITAL FRAMEWORK

Our intellectual capital framework is built upon three interconnected pillars that support sustainable business growth and long-term stakeholder value creation.

Human Capital

- Technical Expertise and Operational Excellence
- Learning, Capability Development and Innovation
- Organisational Culture and Industry Recognition

Structural Capital

- Operational Systems and Digital Integration
- Governance, Compliance and Knowledge Management
- Brand Reputation and Group Synergies

Relational Capital

- Stakeholder Relationships and Engagement
- Community and Environmental Stewardship
- Strategic Collaboration and Industry Partnerships

HUMAN CAPITAL

Technical Expertise and Operational Excellence

The expertise, experience, and commitment of our employees remain fundamental to the Company's operational success. Across both hydro and solar power operations, our teams possess strong technical competencies in renewable energy generation, plant operations, maintenance management, compliance, and project execution.

During the year, the Company successfully commissioned its ground-mounted solar project within the targeted six-month timeline, demonstrating the strength of VPE's in-house project management capabilities and technical expertise. Internal teams collaborated closely with the Engineering, Procurement and Construction (EPC) contractor to ensure timely execution, operational readiness, and compliance with all technical and regulatory requirements.

The Company also benefits from a highly experienced workforce, with approximately 68% of Group employees possessing over 10 years of service within the organisation. This depth of experience strengthens institutional knowledge, operational continuity, and the Company's ability to maintain reliable and efficient renewable energy operations.

Learning, Capability Development and Innovation

VPE remains committed to strengthening employee competencies through continuous learning and professional development initiatives aligned with evolving industry requirements and technological advancements.

During the year, approximately 88 employees participated in various technical, operational, safety, compliance, and professional development training programmes conducted internally and externally. These initiatives enhanced employee capabilities, strengthened knowledge sharing, and supported operational effectiveness and continuous improvement.

The Company continues fostering a collaborative and innovation-driven culture where employees are encouraged to contribute ideas, improve processes, and support operational optimisation initiatives that enhance efficiency and sustainability.

Organisational Culture and Industry Recognition

VPE promotes a workplace culture founded on integrity, accountability, teamwork, and mutual respect. Transparent communication and employee engagement practices continue to foster motivation, trust, and a strong sense of belonging across the organisation.

The strength of the Company's sustainability-driven culture and operational excellence continues to receive external recognition. One of the Company's hydropower projects, the Kiriwaneliya Mini Hydro Power Project (KI MHP), was once again recognised at the National Green Awards 2025 by securing the Silver Award under the Mini Hydro Sector category. This recognition reflects the project's strong environmental stewardship and sustainable operational practices within the renewable energy industry.





Silver Award - Presidential Environment Awards - 2025 (Mini Hydro Sector)

In addition, the Company's commitment towards transparency, stakeholder engagement, and integrated reporting excellence continued to receive industry recognition. The Integrated Annual Report received the Bronze Award in the Power and Energy Sector at the TAGS Awards 2025 organised by CA Sri Lanka, while the 2023/24 Annual Report also received a Merit Award at the Best Presented Annual Report Awards conducted by the South Asian Federation of Accountants (SAFA). These achievements reinforce stakeholder confidence in the Company's governance, reporting quality, and long-term value creation approach.



Bronze Award – TAGS Awards 2025 (Power & Energy Sector)



Merit Award – Best Presented Annual Report - SAFA (Power Sector)



Bronze Award – TAGS Awards 2025 ((Power & Energy Sector)

Intellectual Capital

Beyond human expertise, VPE's operational resilience is further supported by strong systems, governance frameworks, and digital capabilities.

STRUCTURAL CAPITAL

Operational Systems and Digital Integration

VPE continues strengthening its operational capabilities through structured systems, standard operating procedures, and advanced digital technologies that support efficiency, reliability, and regulatory compliance across both hydro and solar operations.

The newly commissioned ground-mounted solar project incorporates an advanced real-time monitoring and controlling system developed in line with the requirements of the Ceylon Electricity Board (CEB). The system enhances operational visibility, grid responsiveness, and plant performance management while supporting stable integration with the national grid infrastructure.



Real time monitoring system with SCADA at ground mounted solar project

This intelligent control framework provides several operational and strategic advantages, including:

- Reduced curtailment durations through stepwise reduction mechanisms
- Fair and transparent allocation of control actions through algorithm-based prioritisation
- Real-time SMS notifications when control actions are initiated
- Improved grid stability during emergency or critical system conditions
- Operational traceability through digitally logged control actions
- Compatibility with future smart grid and energy storage integration initiatives
- Minimisation of repeated and full curtailment events affecting solar PV operations

These technological capabilities strengthen operational resilience, improve efficiency, and support the long-term scalability of the Company's renewable energy operations.

Governance, Compliance and Knowledge Management

Strong governance practices continue to support the preservation and enhancement of VPE's intellectual capital. The Company maintains robust internal control systems, governance frameworks, and risk management practices aligned with regulatory requirements and evolving corporate governance standards.

During the year, The Company further strengthened policy implementation, compliance monitoring, operational documentation, and internal reporting processes to enhance transparency, accountability, and effective decision-making across the organisation.

The Company also continues enhancing internal knowledge management systems to support operational continuity, institutional memory, and effective knowledge transfer across teams and business functions.

Brand Reputation and Group Synergies

As a member of the respected Vallibel Group, VPE benefits from strong brand equity, strategic guidance, and stakeholder confidence associated with the Group's reputation for governance, innovation, and responsible business practices. This affiliation strengthens the Company's market credibility and supports future strategic growth opportunities within the renewable energy sector.

RELATIONAL CAPITAL

Stakeholder Relationships and Engagement

VPE recognises that sustainable growth depends on maintaining strong and transparent relationships with regulators, investors, lenders, suppliers, local communities, and business partners.

The Company continues engaging proactively with stakeholders through responsible business practices, timely communication, and transparent disclosures that foster trust, collaboration, and long-term value creation. The continued recognition received for the Company's Integrated Annual Report further demonstrates the effectiveness of VPE's stakeholder engagement approach and commitment towards transparency and accountability.

The successful implementation of the solar project demonstrated effective coordination with regulatory authorities, technical service providers, contractors, and grid operators, reinforcing the Company's ability to manage complex stakeholder relationships efficiently and responsibly.

Community and Environmental Stewardship

As a renewable energy company, VPE remains committed to creating positive environmental and social impact within the communities surrounding its operations. Through environmentally responsible operational practices and community engagement initiatives, the Company continues strengthening its social license to operate while contributing towards national sustainability goals.

The continued recognition received by Kiriwaneliya MHP at the Presidential Environment Awards further reflects the Company's commitment towards sustainable operations and environmental stewardship within the renewable energy sector.

Strategic Collaboration and Industry Partnerships

GRI 2-28

The Company continues to build constructive relationships with industry stakeholders, regulators, consultants, and technical partners that support operational excellence, knowledge sharing, and future renewable energy development initiatives. These collaborations contribute towards strengthening technical capabilities and fostering innovation across the organisation.

During the year, the Company maintained memberships with the following industry associations:

- Small Hydropower Developers Association (SHDA)
- The Ceylon Chamber of Commerce (CCC)
- The Employers' Federation of Ceylon (EFC)

OPPORTUNITIES AND CHALLENGES

During the year, the Company capitalised on opportunities arising from the expansion of renewable energy investments through the successful commissioning of the solar power project and the strengthening of digital operational systems. These developments enhanced the Group's operational diversification and technical capabilities within the renewable energy sector.

At the same time, the Group continued to manage challenges associated with hydrological variability, evolving regulatory and operational requirements, and grid-related operational conditions affecting renewable energy generation. The Company addressed these challenges through operational improvements, stakeholder coordination, and strengthened monitoring and control systems across its energy portfolio.



FUTURE OUTLOOK

VPE recognises intellectual capital as a critical enabler of long-term competitiveness, operational resilience, and sustainable growth within the renewable energy sector. As the Company continues expanding its renewable energy portfolio across both hydro and solar power operations, intellectual capital will continue to support innovation, operational excellence, digital transformation, and strategic value creation.

Going forward, the Company will continue investing in employee capability development, technological advancement, intelligent operational systems, and process optimisation initiatives to strengthen organisational resilience and operational efficiency.

VPE also remains committed to fostering a culture of continuous learning, responsible governance, and collaborative stakeholder engagement that supports sustainable business growth while contributing towards Sri Lanka's renewable energy transition and environmental sustainability objectives.

DUALITY OF TECHNOLOGY

Advancing new ideas while refining proven strengths



Corporate Governance



The Board remains steadfast in upholding strong corporate governance practices, ensuring transparency, accountability and ethical conduct across the organisation. With a robust governance framework, active risk oversight and a continued focus on ESG principles, the Company is well positioned to drive sustainable value creation and long-term resilience in an evolving operating environment.

CHAIRMAN'S STATEMENT ON CORPORATE GOVERNANCE

As Chairman of Vallibel Power Erathna PLC, I am pleased to reaffirm the Board's commitment to maintaining the highest standards of corporate governance as a foundation for the Company's long-term sustainability and success. Effective governance supports sound decision-making in the Boardroom and fosters a culture of transparency, accountability and integrity throughout the organisation. Our commitment to these principles ensures that the Company conducts its affairs responsibly while creating sustainable value for shareholders and other stakeholders.

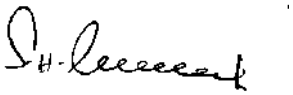
In collaboration with the Board, I am responsible for ensuring that the Company maintains a robust and effective governance framework. This includes establishing clear policies, maintaining strong oversight mechanisms and promoting ethical conduct across all levels of the organisation. The Board remains fully committed to upholding the principles set out in the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka, as well as complying with the governance requirements of the Colombo Stock Exchange.

Board effectiveness remains central to our governance philosophy. We seek to ensure that the Board comprises individuals with the appropriate balance of expertise, independence and industry experience required to guide the Company in an evolving operating environment. Given the dynamic nature of the power sector, the Board continues to provide strategic guidance and oversight to ensure that the Company remains resilient and well positioned to respond to emerging industry developments.

The Board also maintains active oversight of the Company's enterprise risk management framework, ensuring that key strategic, operational and environmental risks are identified, monitored and managed effectively.

The Board recognises the growing importance of Environmental, Social and Governance (ESG) considerations in shaping responsible business practices. As a renewable energy producer, the Company remains particularly mindful of its environmental stewardship responsibilities, including the sustainable management of water resources and surrounding ecosystems. The Company continues to enhance its ESG disclosures and performance monitoring to support greater transparency for stakeholders.

During the financial year under review, the Company's corporate governance framework remained stable and effective. The Board continues to promote high standards of ethical conduct and accountability in line with the Company's Code of Business Conduct and Ethics, reinforcing a culture of integrity across the organisation. The Board remains committed to continuously strengthening governance practices in line with evolving regulatory expectations and emerging industry risks.



Harsha Amarasekera
Chairman

Vallibel Power Erathna PLC

On behalf of the Board of Directors

02 June 2026

Corporate Governance

CORPORATE GOVERNANCE PHILOSOPHY

At Vallibel Power Erathna PLC, we recognise that strong corporate governance is the cornerstone of sustainable value creation. We are committed to transparency, accountability, and integrity in all our actions, ensuring that decision-making at the Board and management levels is sound, ethical, and aligned with the long-term interests of our shareholders and stakeholders. Governance is not just a requirement - it is an enabler of trust, resilience, and responsible growth across the organisation.

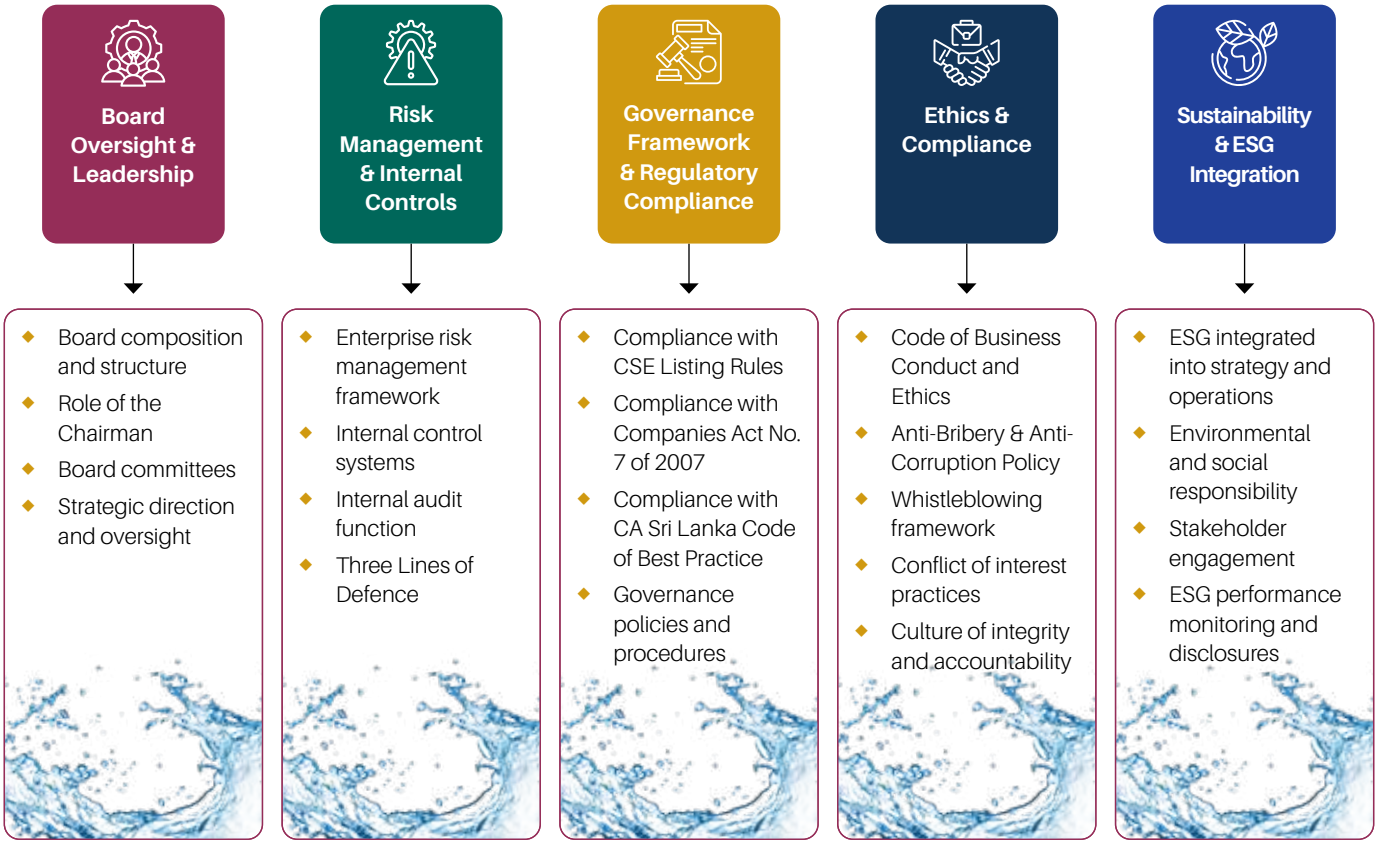
Our governance practices are designed to comply fully with prevailing regulatory frameworks, including the Colombo Stock Exchange Listing Rules, the Securities and Exchange Commission of Sri Lanka governance requirements, and the Institute of Chartered Accountants of Sri Lanka Code of Best Practice on Corporate Governance. This alignment ensures that our policies, procedures and reporting standards meet both statutory obligations and globally recognised best practices, reinforcing stakeholder confidence and market credibility.

We embed these governance principles into our daily operations, strategic planning, and risk management practices. Ethical conduct, accountability, and sustainability guide every aspect of our business, from Board deliberations to operational decisions. Vallibel Power Erathna PLC remains steadfast in its commitment to uphold these standards, continuously strengthening our governance framework to support long-term growth and societal value.

GOVERNANCE PILLARS

The corporate governance framework of Vallibel Power Erathna PLC is built on five key pillars that guide decision-making, promote accountability, and support sustainable value creation.

VPE's Governance Pillars



Board Oversight and Leadership

The Board of Directors provides strategic direction and oversight, ensuring effective governance and accountability. Through an appropriate mix of experience and independence, supported by Board committees, the Board oversees management performance and promotes sound decision-making in the long-term interests of the Company.

Risk Management and Internal Controls

The Company adopts a structured approach to identifying, assessing, and managing risks across the organisation. The Three Lines of Defence model comprising operational management, risk and compliance functions, and internal audit ensures robust internal controls, effective risk oversight, and independent assurance.

Governance Framework and Regulatory Compliance

The Company operates within a well-defined governance framework aligned with the Listing Rules of the Colombo Stock Exchange, the Companies Act No. 7 of 2007, and the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka. Policies, procedures, and governance structures are in place to ensure accountability, transparency, and compliance with applicable regulatory requirements.

Ethics and Compliance

The Company is committed to maintaining the highest standards of ethical conduct and integrity. The Code of Business Conduct and Ethics, together with the Anti-Bribery and Anti-Corruption Policy and whistleblowing framework, guides employee behaviour and promotes a culture of accountability and transparency across the organisation.

Sustainability and ESG Integration

Environmental, social, and governance considerations are integrated into the Company's strategy and operations. The Company actively engages stakeholders and monitors performance across key ESG indicators to support responsible growth and long-term value creation.

GOVERNANCE IN ACTION

Vallibel Power Erathna PLC translates its governance philosophy into tangible practices that ensure accountability, transparency, and responsible leadership throughout the Group. Our Board of Directors, comprising Independent Non-Executive Directors and Non-Executive Directors with diverse expertise, actively oversees strategic direction, risk management, and operational performance, ensuring alignment with shareholder expectations and regulatory requirements.

The Company maintains a robust Three Lines of Defence model, integrating risk management, internal controls, and independent assurance to safeguard assets, mitigate risks, and uphold regulatory compliance. Policies approved by the Board guide ethical conduct, decision-making, and reporting practices, fostering a culture of integrity across all levels of the organisation.

We also prioritise Environmental, Social, and Governance (ESG) considerations, embedding sustainability into our business strategy and operational processes. Regular monitoring and reporting of ESG metrics ensure that the Company remains accountable to stakeholders, supports long-term value creation, and contributes positively to society and the environment.

Through these initiatives, Vallibel Power Erathna PLC demonstrates that good governance is not just a framework but an active, ongoing commitment, ensuring that our practices, performance, and disclosures meet the highest standards of corporate responsibility.

GOVERNANCE HIGHLIGHTS FY 2025/2026

GRI 2-12, 14

During the financial year, the Board continued to strengthen its oversight across strategic, financial, and governance priorities, with particular focus on resilience, capital discipline, and sustainability integration.

Key highlights include:

Enhanced Risk Governance	In response to increasing climate variability impacting green energy generation, the Board strengthened its oversight of key risk exposures. This included enhanced monitoring of RE risks, scenario-based discussions on generation variability, and closer alignment between risk management and strategic planning. The Board also reviewed the effectiveness of mitigation strategies and directed management to further strengthen risk monitoring frameworks.
Financial Stewardship and Performance Oversight	The Board maintained close oversight of financial performance, liquidity, and funding requirements throughout the year. This included regular review of cash flow projections, cost structures, and capital expenditure commitments to ensure financial resilience in a dynamic operating environment.
Strategic and Investment Oversight	The Board actively reviewed and guided the Company's growth strategy, including the evaluation of ongoing renewable energy projects as well as energy expansion opportunities.
Strengthening ESG Oversight	Recognising the increasing importance of sustainability, the Board formally expanded the scope of the Audit Committee to include ESG oversight. This enabled more structured monitoring of environmental and social performance indicators, enhancing accountability and transparency in sustainability reporting.
Governance Framework Enhancements	During the year, the Board reviewed and updated key governance policies and Board Committee Terms of Reference to ensure continued alignment with evolving regulatory requirements and best practices. The establishment and operationalisation of the Nomination and Governance Committee further strengthened Board oversight on composition, succession planning, and governance effectiveness.

Corporate Governance

These highlights reflect the Board's proactive approach to governance, risk management, and sustainable value creation, ensuring that strategic decisions align with shareholder and stakeholder expectations.

GOVERNANCE FRAMEWORK & STRUCTURE

The governance framework of Vallibel Power Erathna PLC establishes a clear and integrated structure of oversight, accountability, and decision-making across the organisation. It defines the roles and responsibilities of Shareholders, the Board of Directors, Board Committees, and Management, ensuring effective stewardship, strategic direction, and operational execution.

At the apex, Shareholders exercise their rights through the Annual General Meeting, including the appointment of Directors and approval of key corporate matters. The Board of Directors is responsible for the overall governance and strategic direction of the Company, while maintaining oversight of risk management, internal controls, and regulatory compliance.

The Board is supported by specialised Board Committees namely the Audit Committee, Remuneration Committee, Related Party Transactions Review Committee, and Nomination and Governance Committee which provide focused oversight and independent assurance in key governance areas.

Executive Management, led by the Joint CEOs and supported by senior management, is responsible for implementing the strategy approved by the Board, managing day-to-day operations, and maintaining effective internal control and risk management systems. Operational Management executes business activities in line with approved policies, while structured risk management and internal control processes ensure the integrity of reporting and safeguard stakeholder interests.

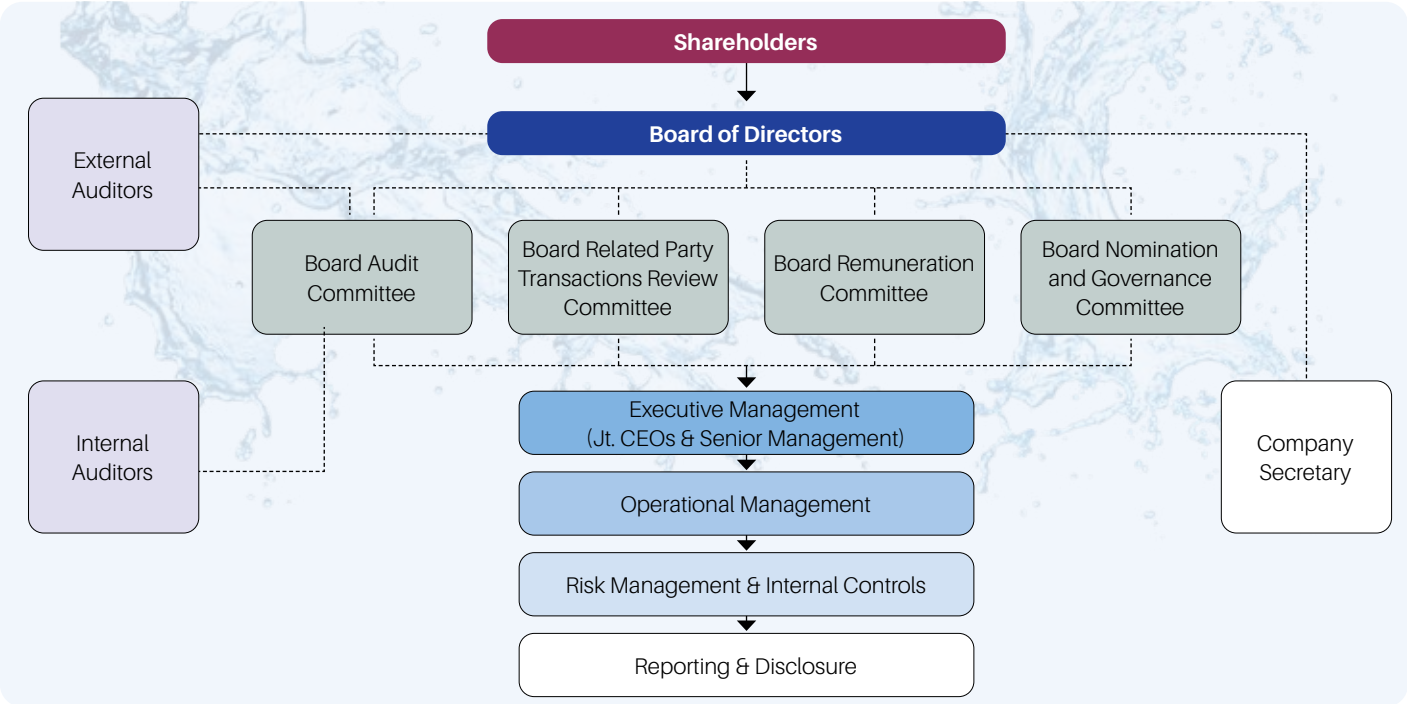
Roles and Responsibilities

GRI 2-13

Role	Responsibility
Shareholders	Shareholders are the ultimate owners of the Company and exercise their rights through voting at the Annual General Meeting. They approve key matters and hold the Board accountable for performance and strategic direction.
Board of Directors	The Board provides strategic leadership and oversight, ensuring effective governance, risk management, and compliance with regulatory requirements while safeguarding stakeholder interests.
Board Committees	Board Committees support the Board by providing focused oversight on critical areas such as financial reporting, remuneration, related party transactions, and governance, enhancing the overall effectiveness of decision-making.
Management	Management is responsible for executing strategy, maintaining operational efficiency, and upholding governance, risk management, and internal control frameworks, while ensuring transparent reporting to the Board. Roles

Governance Structure

GRI 2-9



COMPLIANCE DIRECTIVES

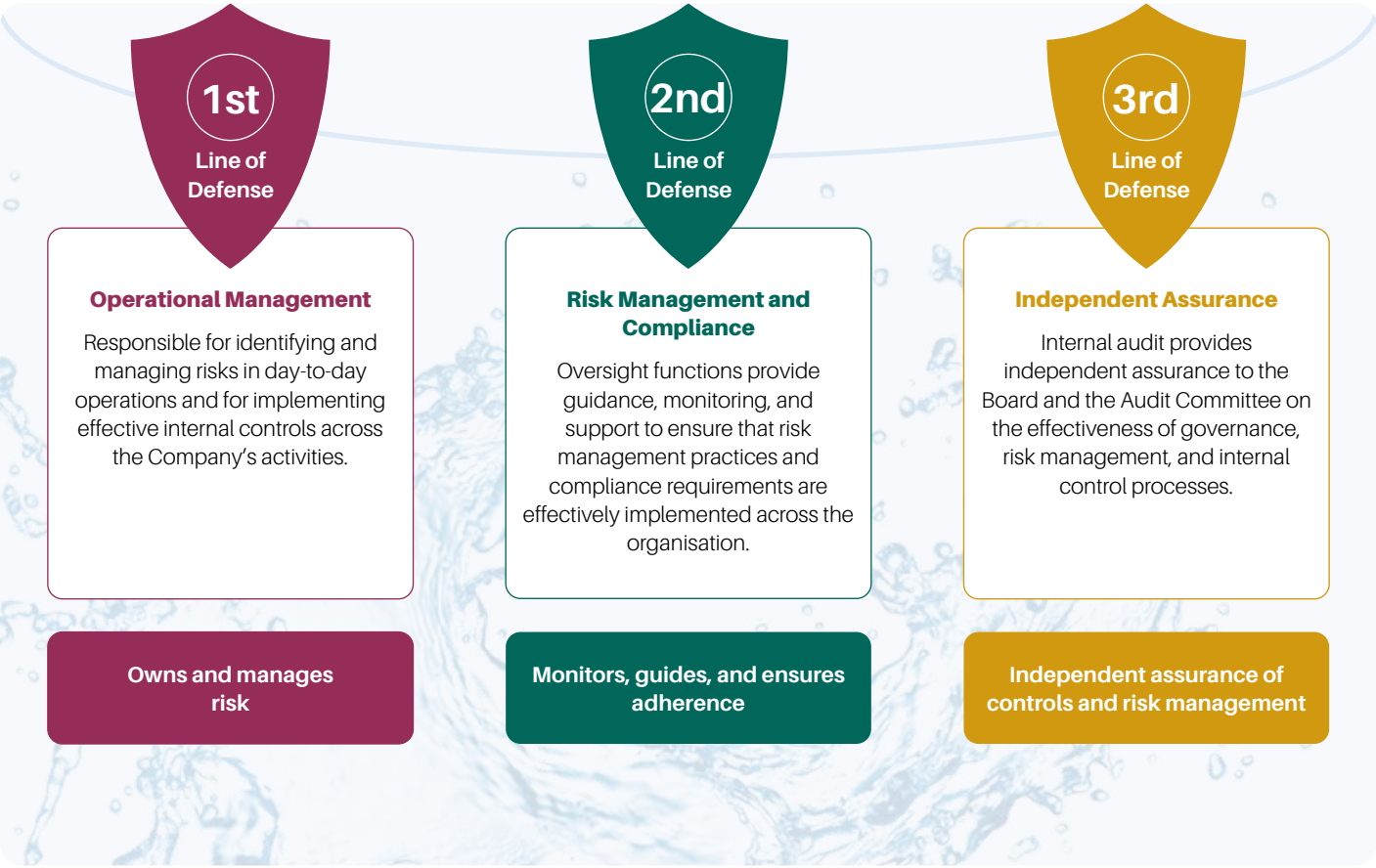
The integrated Governance framework within which the Company operates its business complies with the following principles and codes:

	Principle/Codes	Observance
External	The Companies Act No.7 of 2007 and regulations	Mandatory provisions
	Listing Rules of the Colombo Stock Exchange (CSE)	Mandatory provisions
	Securities and Exchange Commission of Sri Lanka Act No. 36 of 1987, including directives and circulars	Mandatory provisions
	Code of Best Practice on Corporate Governance (2023) issued by CA Sri Lanka	Voluntary provisions
Internal	The Articles of Association	Mandatory provisions
	Company's Corporate Governance Policies	Mandatory provisions
	Standard Power Purchase Agreements (SPPAs)	Mandatory provisions
	Standard Operating Procedures (SOPs) and guidelines	Voluntary provisions
	Human Resource policy and procedures	Voluntary provisions
	ESG-related policies to ensure responsible business conduct.	Voluntary provisions

THREE LINES OF DEFENCE

The Company adopts a Three Lines of Defence model to strengthen governance, risk management, and internal control.

This framework clarifies roles and responsibilities across the organisation and ensures that risks are effectively identified, managed, and monitored.



Corporate Governance

BOARD OF DIRECTORS

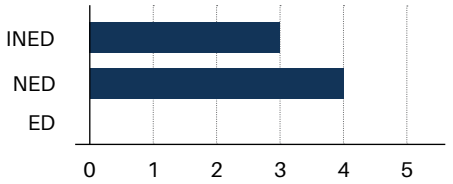
Board Composition

GRI 2-9, 405-1

The Board of Vallibel Power Erathna PLC comprises a diverse mix of Non-Executive and Independent Non-Executive Directors, ensuring balanced judgment, independence, and effective oversight. Structured as a unitary Board in line with CSE and CA Sri Lanka governance requirements, it consists of seven Directors, including three Independent Non-Executive Directors and a Non-Executive Chairman. The Board's collective expertise supports informed decision-making, while ongoing director development and management participation at meetings further strengthen governance and strategic oversight.

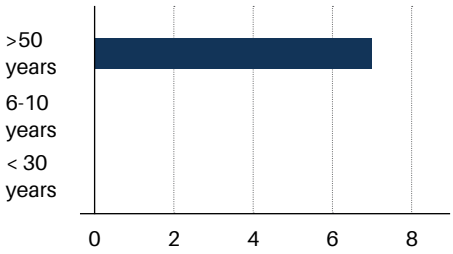
- **Board Composition Table**

Category	Number of Directors	%
Independent Non-Executive Directors	3	43%
Non-Executive Directors	4	57%



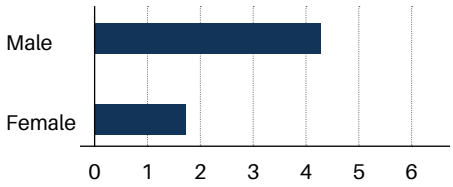
- **Age Profile of Directors**

Age range	Number of Directors	%
Below 50 years	-	-
50–60 years	-	-
Above 60 years	7	100%



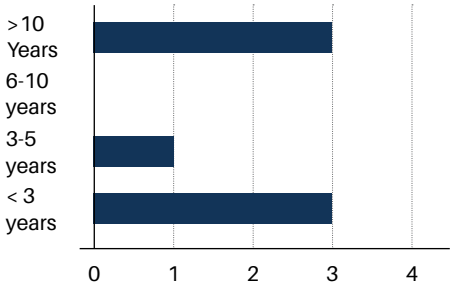
- **Gender diversity of the Board**

Gender	Number of Directors	%
Male	5	71%
Female	2	29%



- **Tenure of the Board**

Tenure	Number of Years Served	%
< 3 Years	3	43%
3 - 5 Year	1	14%
6 - 10 Years	-	0%
> 10 Years	3	43%



Board Responsibilities

GRI 2-14

Strategic Responsibility	Financial Responsibility	Compliance & Control
Policy oversight	Financial stewardship	Internal control systems
Strategic direction	Capital allocation	Risk governance
Monitoring management	Major investments	Legal and regulatory compliance
Performance oversight	Financial reporting oversight	Compliance monitoring
ESG and sustainability oversight	Succession planning	Governance oversight

Board Skills Matrix

The Board Skills Matrix illustrates the collective expertise across key areas critical to Vallibel Power Erathna PLC's strategy and operations. It ensures that the Board is well-equipped to guide the Company effectively and maintain high standards of governance.

The Board periodically reviews its collective competencies to ensure that the composition of the Board aligns with the Company's strategic priorities and evolving governance requirements.

Experienced Sector	Number of Directors with expertise
Entrepreneurship and/leadership	6
Engineering	1
Finance acumen	4
Legal & Regulatory Compliance	4
Risk and strategy	7
ESG & Sustainability	4
Human Resources	3

Fit and Proper Assessment of Directors

The Board of Vallibel Power Erathna PLC ensures that all Directors appointed are fit and proper to perform their duties with integrity, competence, and diligence. This assessment is conducted prior to appointment and periodically thereafter, covering:

- Professional qualifications and experience relevant to the Company's operations and strategic priorities.
- Integrity, reputation, and adherence to ethical standards.
- Ability to devote sufficient time and attention to Board responsibilities.
- Absence of conflicts of interest or any factors that could impair independent judgment.

COMPANY SECRETARY

Messrs. PW Corporate Secretarial (Pvt) Ltd serves as the Company Secretary, playing a pivotal role in supporting effective Board governance and ensuring compliance with regulatory requirements. The Company Secretary also acts as secretary to the Board sub-committees, facilitating their smooth functioning. Key responsibilities include advising the Board on corporate governance best practices, regulatory requirements, and Listing Rules; ensuring proper procedures for Board and committee meetings, including the preparation of agendas, circulation of papers, and accurate documentation of minutes; maintaining statutory registers and records of Directors' interests and Board decisions; and facilitating the induction and continuous professional development of Directors. The Company Secretary also acts as a vital link between the Board and Management, ensuring the timely flow of accurate information. Reporting directly to the Board, the Company Secretary operates with unrestricted access to Directors, thereby maintaining independence while effectively supporting the Board in fulfilling its governance responsibilities.

DIRECTORS' REMUNERATION

The Board oversees a transparent and structured remuneration framework to attract and retain qualified directors while aligning their interests with those of shareholders. Remuneration is determined in accordance with the Board-approved policy and includes fees for Board and committee service. Directors do not participate in decisions regarding their own remuneration. The Remuneration Committee annually reviews the remuneration framework, ensuring it is market-competitive, compliant with regulatory requirements, and reflective of directors' responsibilities.

The total remuneration paid to directors for the financial year ended 31 March 2026 is disclosed in the financial statements (Note 32.8). The Directors do not participate in decisions on their own remuneration; all recommendations are reviewed and approved by the Remuneration Committee.

BOARD GOVERNANCE PRACTICES

Information Flow to the Board

Effective governance requires the Board to receive timely, accurate, and comprehensive information to support informed decision-making and effective oversight. Management provides regular reports on operational performance, financial results, risk exposures, and strategic initiatives. Directors also have direct access to senior management and external advisors when necessary, enabling informed decision-making and effective oversight.

Access to Independent Professional Advice

Directors are entitled to seek independent professional advice, at the Company's expense, where necessary in the discharge of their duties. No such instances arose during the year under review.

Risk and Internal Control Management

The Board, in collaboration with Management, oversees the Company's system of internal controls to safeguard assets, ensure the integrity of financial reporting, and promote disciplined decision-making. The internal audit function, outsourced to KPMG, provides independent assurance over financial, operational, and compliance controls, operating within a Board-approved risk management framework.

In line with the Code of Best Practice on Corporate Governance, the Company is committed to maintaining operational efficiency, regulatory compliance, and high standards of reporting. While evolving economic conditions may heighten risk exposures, the Company's governance structure enables the proactive identification, assessment, and mitigation of key risks.

Corporate Governance

Supported by the Audit Committee, the Board receives regular updates on key risk exposures, the effectiveness of internal controls, and the status of mitigation actions. Further details are provided in the Risk Management Report (pages 44).

Separation of the roles of Chairman and Jt. CEOs

The roles of the Chairman and Executive Management are clearly separated to ensure an appropriate balance of authority and accountability. The Chairman is responsible for providing leadership to the Board and ensuring its effectiveness in setting and overseeing the Company's strategic direction. Executive Management, led by the Joint Chief Executive Officers who are not members of the Board is responsible for the day-to-day management of the Company and for implementing the strategy approved by the Board.

Director Independence

The Board annually reviews the independence of the Independent Non-Executive Directors in accordance with the criteria set out in the Code of Best Practice on Corporate Governance.

The Board has determined that the Independent Non-Executive Directors meet the independence criteria set out in the Code of Best Practice on Corporate Governance.

Directors' Interest, Related Party Transaction, Conflict of Interest

GRI 2-15

All Board members must uphold the highest standards of good faith, honesty, and integrity in all Company-related interactions. Upon appointment, Directors disclose their business interests and update this information as necessary. The Company Secretaries maintain a register of Directors' interests, with contract details available on pages 181 to 183.

Directors not on the Related Party Transactions Review Committee (RPTRC) abstain from meetings discussing related party matters and exit the Boardroom during these discussions. The RPTRC reviews related party transactions quarterly, ensuring regulatory compliance and proper disclosure. Further details are provided in Note 32 of the financial statements on pages 181 to 183.

Ethics, Whistleblowing, and Anti-Bribery & Anti-Corruption

GRI 2-23, 26

Vallibel Power Erathna PLC is committed to fostering a culture of integrity, transparency, and accountability across all levels of the organisation.

Key policies in this regard include:

Code of Business Conduct

- Guides ethical conduct in decision-making, interactions with stakeholders, and compliance with regulatory and statutory obligations.

Whistleblowing Policy

- Provides employees and stakeholders with a confidential and secure mechanism to report concerns relating to unethical conduct, regulatory breaches, or financial irregularities. All reports are investigated promptly, and appropriate remedial actions are taken.

Anti-Bribery and Anti-Corruption Policy

- Establishes a zero-tolerance approach towards bribery, corruption, and unethical inducements, reinforcing the Company's commitment to ethical business practices.

These policies are reviewed periodically by the Board to ensure continued relevance, alignment with best practices, and compliance with the regulatory environment. The Board monitors adherence to these policies and ensures that the Company maintains a robust ethical framework that underpins decision-making and operational conduct.

BOARD OPERATIONS

To ensure the principles of good governance are effectively implemented, the Board of Vallibel Power Erathna PLC carries out its responsibilities through structured processes, clear roles, and active oversight mechanisms. Regular meetings, specialised committees, and professional development initiatives enable the Board to provide strategic guidance, monitor performance, and support informed decision-making.

Board Committees

GRI 2-14

The Board has delegated specific responsibilities to its sub-committees to enable more focused oversight within defined areas. In line with Section 9.3.3 of the CSE Listing Rules, the Chairman of the Board does not serve as the Chair of any Board Committee. Each sub-committee operates under a clearly defined Terms of Reference, and all matters considered or decisions made at committee level are reported to the Board for review and discussion.

Board Sub Committies	Key Responsibility	Skill Mix	Independence of Members		
			No. of Members	No. of independent members	% of Independence
Board Audit Committee (BAC)	Oversees financial reporting, internal controls, risk management, and the effectiveness of internal and external audit functions.	◆ Entrepreneurship and/leadership ◆ Finance acumen ◆ Legal and/compliance ◆ Risk and strategy ◆ ESG & Sustainability ◆ Human Resources	3	2 of 3 independent	67%
Board Remuneration Committee (BRC)	Reviews and recommends remuneration policies and packages for Directors and senior management, ensuring alignment with performance and market practices.	◆ Entrepreneurship and/leadership ◆ Finance acumen ◆ Legal and/compliance ◆ Risk and strategy ◆ ESG & Sustainability ◆ Human Resources	3	2 of 3 independent	67%
Board Related Party Transactions Review Committee (BRPTRC)	Committee reviews and ensures that all related party transactions are conducted in a transparent, fair, and compliant manner.	◆ Entrepreneurship and/leadership ◆ Finance acumen ◆ Legal and/compliance ◆ Risk and strategy ◆ ESG & Sustainability ◆ Human Resources	3	2 of 3 independent	67%
Board Nomination and Governance Committee (BNGC)	Oversees Board composition, appointments, succession planning, and governance practices to ensure effectiveness and compliance.	◆ Entrepreneurship and/leadership ◆ Finance acumen ◆ Legal and/compliance ◆ Risk and strategy ◆ ESG & Sustainability ◆ Human Resources	3	2 of 3 independent	67%

Further information on the activities of Committee, composition and attendance are provided in the respective committee reports (pages 120 to 129).

Board and Sub Committee Meetings

Details of the number of Board and sub-committee meetings held during the year, together with the attendance of each Director at those meetings, are set out below:

Director	Directorship	Meetings Attended				
		Board	BAC	BRC	BRPTRC	BNGC
No. of Meetings Held →		**4**	**5**	**2**	**5**	**2**
Harsha Amarasekera	Chairman/NED	4/4	N/A	1/2	N/A	1/2
Prabodha Sumanasekera	NED	2/4	N/A	N/A	N/A	N/A
Haresh Somashantha	NED	4/4	4/5	N/A	N/A	N/A
Dinusha Bhaskaran	NED	4/4	N/A	N/A	4/5	N/A
Devika Weerasinghe	INED	4/4	5/5	2/2	5/5	2/2
Dinesh Mendis	INED	4/4	N/A	N/A	5/5	N/A
Gamini Gunaratne	INED	3/4	4/5	2/2	N/A	2/2

Corporate Governance

Board Evaluation and Continuous Improvement

GRI 2-17, 18

The Board undertakes an annual evaluation process to assess its effectiveness, the performance of its Committees, and the contribution of individual Directors. The evaluation is designed to support continuous improvement in governance practices and overall Board performance.

During the year under review, the evaluation focused on key areas including Board composition and skills alignment, quality of information flows, effectiveness of strategic oversight, and the adequacy of risk governance.

The assessment confirmed that the Board continues to operate effectively, with a strong balance of experience, independence, and sector knowledge. Directors demonstrated active engagement in Board deliberations, particularly in relation to strategic and risk matters.

The evaluation also identified opportunities for further enhancement, including:

- Deepening Board engagement on emerging risks, particularly climate-related and regulatory developments
- Enhancing the use of forward-looking performance indicators in Board discussions
- Strengthening structured succession planning at both Board and senior management levels

In response, the Board has initiated steps to:

- Incorporate more scenario-based discussions into Board deliberations
- Expand the scope of management reporting to include forward-looking risk and performance metrics and sustainable development

The Board will continue to refine its evaluation process, including considering the use of external facilitation periodically, to ensure alignment with evolving best practices.

Directors' Training and Development

GRI 2-17

Directors receive regular briefings on regulatory updates, governance practices, and industry trends, including developments in the renewable energy sector. Where appropriate, Directors participate in external training programmes and professional development initiatives to enhance their knowledge of emerging risks, ESG matters, sustainable development and evolving governance expectations.

Stakeholder Engagement

The Board ensures transparency and accountability through active engagement with shareholders and stakeholders. Key mechanisms include:

- Annual Report and financial disclosures
- Annual General Meeting (AGM)
- Compliance with continuous disclosure requirements under the Colombo Stock Exchange Listing Rules

These channels promote trust, enable informed decision-making, and support open dialogue between the Company and its stakeholders.

CORPORATE GOVERNANCE POLICIES

GRI 2-23

In accordance with CSE Rule No. 9.2, the Company has adopted twelve (12) policies effective from October 1, 2024, and has established an effective mechanism for their implementation. These policies are approved by the Board, which reviews them periodically to ensure compliance with statutory and non- statutory requirements. The policies are published on the Company's website and are:

- Internal Code of Business Conduct
- Policy on Board Committees
- Policy on Corporate Disclosures
- Policy on Environmental, Social and Governance Sustainability
- Policy on relations with shareholders and investors
- Policy on Risk Management and Internal Controls
- Policy on Anti-Bribery and Corruption
- Policy on Control and Management of Company Assets and Shareholder Investments
- Policy on Corporate Governance, Nominations and Re-election
- Policy on matters relating to the Board of Directors
- Policy on Remuneration
- Policy on Whistle-blowing

GOVERNANCE OUTLOOK

The Board remains committed to continuously strengthening the Company's governance framework in response to evolving regulatory expectations, stakeholder priorities, and industry dynamics.

In the year ahead, the Board will focus on further enhancing its oversight in several key areas:

Strengthening Risk and Resilience

The Board will deepen oversight of climate-related and operational risks arising from increasing variability in renewable energy generation. This will include enhancing scenario analysis, refining risk appetite parameters, and strengthening the integration of risk into strategic decision-making.

Advancing ESG Integration

Building on the existing ESG governance framework, the Board will further embed sustainability considerations into strategy, performance monitoring, and reporting, with increased emphasis on measurable indicators and enhanced transparency.

Enhancing Board Effectiveness

The Board will continue to ensure an optimal mix of skills, independence, and experience through structured succession planning, ongoing refreshment, and continued director development, particularly in ESG, emerging risks, and regulatory developments.

Strengthening Stakeholder Engagement and Transparency

The Company will further enhance engagement with shareholders and stakeholders through improved disclosures and communication channels, supporting transparency and informed decision-making.

Through these priorities, the Board aims to ensure that the Company's governance framework remains robust, forward-looking, and aligned with long-term value creation.

STATEMENT OF COMPLIANCE PERTAINING TO THE COMPANIES ACT NO. 7 OF 2007

Section	Requirement	Complied	Reference (within the Report)
168 (1) (a)	The nature of the business together with any change thereof during the accounting period.	Yes	Annual Report of the Board of Directors (Page 132)
168 (1) (b)	Signed financial statements of the Company and the Group for the accounting period	Yes	Financial Statements (Page 142)
168 (1) (c)	Auditors' Report on financial statements of the Company and the Group	Yes	Independent Auditor's Report (Page 139)
168 (1) (d)	Accounting policies and any changes therein	Yes	Note 1 to 4 to the Financial Statements (Page 147 to 157)
168 (1) (e)	Particulars of the entries made in the Interests Register during the accounting period	Yes	Annual Report of the Board of Directors (Page 134)
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company and the Group during the accounting period	Yes	Annual Report of the Board of Directors (Page 134)
168 (1) (g)	Corporate donations made by the Company and the Group during the accounting period	Yes	Annual Report of the Board of Directors (Page 134)
168 (1) (h)	Information on the Directorate of the Group and its subsidiaries during and at the end of the accounting period	Yes	Annual Report of the Board of Directors (Page 134)
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered during the accounting period	Yes	Annual Report of the Board of Directors (Page 135)
168 (1) (j)	Auditors' relationship or any interest with the Group and its Subsidiaries	Yes	Annual Report of the Board of Directors (Page 135)
168 (1) (k)	Acknowledgement of the contents of this Report and signatures on behalf of the Board	Yes	Annual Report of the Board of Directors (Page 136)

STATEMENT OF COMPLIANCE WITH COLOMBO STOCK EXCHANGE (CSE) LISTING RULES - SECTION 7.6

CSE Rule No.	CSE Rule Description	Compliance Status	Page Reference
7.6 (i)	Names of persons who were directors of the Company during the financial year	Compliant	15 to 17
7.6 (ii)	Principal activities of the Company and its subsidiaries during the year and any changes therein	Compliant	147
7.6 (iii)	The names and the number of shares held by the 20 largest holders of voting and non-voting shares denominated in LKR and the percentage of such shares held as at the end of the financial year	Compliant	193
7.6 (iv)	The float adjusted market Capitalization, the public holding percentage, number of public shareholders and option under which the Company complies with the minimum public holding requirement	Compliant	192
7.6 (v)	The Directors' and Chief Executive Officer's holding in shares of the Company	Compliant	134
7.6 (vi)	Information pertaining to material foreseeable risk factors of the Company.	Compliant	44
7.6 (vii)	Details of material issues pertaining to employees and industrial relations of the Company	Compliant	70
7.6 (viii)	Extents, locations, valuations and the number of buildings of the land holdings and investment properties	Compliant	11, 89
7.6 (ix)	Number of shares representing the stated capital	Compliant	192
7.6 (x)	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings	Compliant	192

Corporate Governance

CSE Rule No.	CSE Rule Description	Compliance Status	Page Reference
7.6 (xi)	Market price related ratios and information	Compliant	193
7.6 (xii)	Significant changes in the Company's or its subsidiaries' fixed assets, and the market value of land, if the value differs substantially from the book value.	Compliant	133
7.6 (xiii)	Details of funds raised through a public issue, rights issue and a private placement during the year	NA	NA
7.6 (xiv)	Information in respect of Employee Share Ownership or Stock Option Schemes	NA	NA
7.6 (xv)	Disclosures pertaining to Corporate Governance practices in terms of Section 9 of the Listing Rules	Compliant	97 to 119
7.6 (xvi)	Related Party transactions exceeding 10% of the equity or 5% of the total assets of the Entity as per audited financial statements, whichever is lower	Compliant	182
7.6 (xvii) to 7.6 (xxii)	Disclosure relating to Foreign Currency denominated Securities, listed GSS+Bonds, Perpetual Debt Securities, Infrastructure Bonds, Shariah compliant Debt Securities, High Yield Corporate Debt Securities	NA	NA

STATEMENT OF COMPLIANCE WITH COLOMBO STOCK EXCHANGE (CSE) LISTING RULES - SECTION 9 ON CORPORATE GOVERNANCE

CSE Rule No.	Rule	Compliance Status	Extent of Compliance
9.1.3	Compliance Statement	Compliant	The Company has stated that it complies with the Corporate Governance Rules within the Report of the Board of Directors.
9.2	Policies	Compliant	Company maintains set of policies as per Listing Rule 9.2.1. A list of policies and level of adoption is given in Principle I.2 of Code of Best Practice on Corporate Governance compliance table of this report (Page 106). Reference:
9.3	Board Committees	Compliant	The following Board Sub-Committees are established and functioning effectively, each led by a separate chairperson distinct from the Board Chairperson. ◆ Nominations and Governance Committee ◆ Remuneration Committee ◆ Audit Committee ◆ Related Party Transactions Review Committee Please refer the respective reports of these sub committees for composition, function and responsibilities in this IAR.
9.4	Democratic Principles in Shareholder Meetings: Adoption & Conduct	Compliant	The Company Secretary maintains accurate records of all resolutions, including proxy appointments, vote counts, and abstentions, which are accessible for review by the Exchange and SEC. The Company has a published policy on its website for effective shareholder and investor communication, featuring a designated contact point and a process to keep Directors informed of key concerns. Additionally, it adheres to guidelines for virtual and hybrid shareholder meetings, ensuring transparency and strong corporate governance. Reference:

CSE Rule No.	Rule	Compliance Status	Extent of Compliance
9.5	Policy on matters relating to the Board of Directors	Compliant	The Company adheres to a Policy on Matters Related to the Board of Directors, with no reported non-compliances during the year. Reference:
9.6	Chairperson and CEO GRI 2-11	Compliant	The Company has two joint CEOs who are not board members and operate independently of the Chairman's role. Since the Board Chairman is a non-executive Director, is not the CEO of the company, and has no relationship with the joint CEOs, a Senior Independent Director position is not required.
9.7	Fitness of Directors and CEO	Compliant	The Company ensures that nominees recommended by the Nominations and Governance Committee meet the Listing Rules' assessment criteria. Directors and the Jt. CEOs have confirmed compliance with the Fit and Proper Assessment Criteria, as disclosed in the Nomination and Governance Committee Report on Page 126 to 129.
9.8	Board Composition	Compliant	The Board comprises seven Directors, with three being Independent. All Non-Executive Directors (NEDs) have confirmed their independence according to the Company's criteria, in line with regulatory requirements. Each Independent Director has submitted a declaration of independence, which the Board has assessed.
9.9	Alternate Directors	Compliant	None of the Directors have appointed Alternate Directors.
9.10	Disclosures relating to Directors	Compliant	The Board of Directors' Policy limits each Director to holding a maximum of nineteen directorships in listed companies, in addition to the Company's board. New Director appointments, including their resume, directorship capacity, and share interests, are disclosed to the Colombo Stock Exchange. Appointments are reviewed by the Nominations and Governance Committee and recommended to the Board. Any changes to Board Committees are promptly communicated to the Colombo Stock Exchange. For Director resumes and other disclosures, please refer to pages 14 to 17 and the Corporate Governance report.
9.11	Nominations and Governance Committee GRI 2-10	Compliant	The Board Nominations and Governance Committee was established on 01 January 2025. It follows a formal procedure for appointing new Directors and re-electing existing Directors. The Committee has adopted a Terms of Reference outlining its scope, authority, duties, and quorum requirements for meetings. The functions of the committee, composition and terms of reference are provided in Nominations and Governance Committee Report on pages 126 and 129.
9.12	Remuneration Committee	Compliant	The Remuneration Committee of the Company comprises two Independent Non-Executive Directors and one Non-Executive Director. The Chairperson is an Independent Director. The remuneration Committee recommends the remuneration payable to the Directors and key management personnel. The Committee has adopted a Terms of Reference outlining its scope, authority, duties, and quorum requirements for meetings. The functions of the committee, composition and terms of reference are provided in Remuneration Committee Report on pages 122 to 123. The aggregate remuneration paid to Directors and key management personnel are given in Note 32.8 to the financial statements on page 183.

Corporate Governance

CSE Rule No.	Rule	Compliance Status	Extent of Compliance
9.13	Audit Committee	Compliant	The Company's Audit Committee consists of two Independent Non-Executive Directors and one Non-Executive Director, with an Independent Director serving as Chairperson. Its scope has been expanded to include risk management in addition to Audit Committee functions. The Committee follows a Terms of Reference defining its scope, authority, duties, and quorum requirements. The functions of the committee, composition and terms of reference are provided in the Audit Committee Report on pages 120 to 121.
9.14	Related Party Transactions Review Committee (RPTRC)	Compliant	The Company's Related Party Transactions Review Committee consists of two Independent Non-Executive Directors and one Non-Executive Director, with an Independent Director serving as Chairperson. The functions of the committee, composition, affirmative declaration and terms of reference are provided are provided in RPTRC Report on pages 124 to 125.
9.16	Additional Disclosures	Compliant	Please refer the Annual Report of the Board of Directors on the Affairs of the Company on pages 132 to 136.

STATEMENT OF COMPLIANCE WITH THE PROVISIONS OF CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE

This table outlines the requirements specified by the 2023 Code of Best Practice on Corporate Governance, issued by the Institute of Chartered Accountants of Sri Lanka, and details the Company's level of compliance with each requirement.

Section I		The Company	
Code	**Principle**	**Status**	**Level of Compliance**
A	**Directors**		
A.1	The Board		
A.1.1	Board Meetings	Compliant	The Board meets quarterly. Ad-hoc meetings are held as and when required. During the year under review, the Board met on four occasions. Attendance at these meetings are set out in the table given below in this section.
A.1.2	Responsibilities of the Board	Compliant	The Directors are responsible for: ◆ the formulation and implementation of a sound business strategy through skilled and experienced Joint Chief Executive Officers and the management team; ◆ ensuring that effective systems are in place to secure the integrity of information, internal controls and business continuity ◆ ensuring the establishment of the Company's values and standards with emphasis on the adoption of appropriate accounting policies and fostering compliance with financial regulations; as well as ◆ fulfilling such Board functions as are vital, given the scale, nature and complexity of the business.
A.1.3	Compliance with the laws of the country and approval to obtain independent professional advice	Compliant	The Board collectively, and the Directors individually, act in accordance with the Laws and Regulations of the country and the Company's policies. At any given time, all the members of the Board are allowed to obtain independent professional advice where necessary, at the Company's expense.
A.1.4	Company Secretary	Compliant	The advice and services of the Company Secretary, Messrs. P W Corporate Secretarial (Pvt) Ltd., are available to all members of the Board. They keep the Board informed of all new laws and revisions, regulations and requirements that are coming into effect and are relevant to them collectively as the Board and individually as Directors. Removal of the Secretary will be made at the Board's discretion.
A.1.5	Independent judgment of Directors	Compliant	All Directors bring independent judgment to issues of strategy, performance and resources including key appointments and standards of business conduct.

Section I		The Company	
Code	**Principle**	**Status**	**Level of Compliance**
A.1.6	Dedication of adequate time and effort of the Directors	Compliant	The Board of Directors dedicates adequate time and effort to ensure their duties and responsibilities towards the Company and Board are discharged. Sufficient time is allocated before a meeting to review Board papers and call for additional information and clarification wherever necessary, and to follow up on issues consequent to the meeting. Hence, the Directors are able to familiarise themselves with business changes, operations, risks and controls which ultimately help them to discharge their duties and responsibilities to the Company competently.
A.1.8	Training for new and existing Directors	Compliant	Newly appointed Directors follow an induction programme. Directors are also encouraged to participate in continuous professional and self-development activities.
A.2	**Chairman and Joint Chief Executive Officers (Jt. CEOs)**		
A.2.1	Division of responsibilities of Chairman and Jt. CEOs	Compliant	Two Joint Chief Executive Officers function at the highest executive position of the Company and are not members of the Board. A clear division of responsibility, power and authority is maintained between the Chairman and the Joint CEOs thereby ensuring that the balance of power and authority is maintained.
A.3	**Chairman's Role**		
A.3.1	Chairman's role	Compliant	GRI 2-12 The Chairman is responsible for the efficient conduct of Board meetings and ensures inter alia, that: ◆ The effective participation of all Directors is secured; ◆ All Directors are encouraged to make an effective contribution within their respective capabilities, for the benefit of the Company; ◆ The views of Directors on issues under consideration are ascertained; ◆ The Board is in complete control of the Company's affairs and is alert to its obligations to all shareholders and other stakeholders. ◆ The Chairman maintains close contact with all Directors
A.4	**Financial Acumen**		
A.4	Financial Acumen	Compliant	The Board includes two professional accountants including one Chartered Accountant who possess the necessary knowledge and competencies to provide the Board with guidance on matters of finance. They serve as members of the Audit Committee as well. The other members of the Board have considerable experience in handling matters of finance, having served in senior capacities in different organisations. Hence, the Board is equipped with sufficient financial acumen and knowledge to offer guidance on matters of finance.
A.5	**Board Balance**		
A.5.1	Non-Executive Directors	Compliant	All Directors and the Chairman are non-executive.
A.5.2	Independence of Non-Executive Directors	Compliant	Three of the seven Non-Executive Directors are independent. The Board has ensured that three Non-Executive Directors satisfy the criteria for 'independence' set out in the Listing Rule No 9.18.4.
A.5.3	Independence of Non-Executive Directors	Compliant	The profiles of the Independent Non-Executive Directors reflect their caliber and confirm the weightage of their opinions during Board deliberations. All are independent of the Management and free from any relationship that could affect their independent judgment.
A.5.4	Annual declaration of independence of Non-Executive Directors	Compliant	Each Non-Executive Director has submitted declarations stating their independence or non-dependence in a prescribed format. This information is made available to the Board.

Corporate Governance

Section I		The Company	
Code	**Principle**	**Status**	**Level of Compliance**
A.5.5	Determination of independence of the Directors	Compliant	The Board considered the declaration of independence submitted by each Non-Executive Director as being a fair representation of the basis for the determination given in the Code of Best Practices, and will continue to annually evaluate their independence on this basis. Brief resumes of all the Directors are available on pages 14 and 17.
A.5.6	Alternate Director	NA	There are no Alternate Directors as at 31/03/2026.
A.5.9	Chairman's meetings with Non-Executive Directors	NA	Separate meetings are not required since all Directors are non-executive.
A.5.10	Recording of concerns in the Board Minutes	Compliant	Concerns raised by the Directors that could not be unanimously resolved during the year, if any, were recorded in the Board Minutes.
A.6	**Supply of Information**		
A.6.1	Timely and appropriate information to the Board	Compliant	The Management provides the Board with appropriate and timely information. In the event that the information provided by the Management is insufficient, the Directors are permitted to request more information. The Chairman ensures that all Directors are briefed adequately on issues arising at meetings.
A.6.2	Information provided in advance to the Board meetings	Compliant	The Directors are provided in advance with minutes, the agenda and the Board papers which provides them with adequate time to prepare and clearly comprehend the matters discussed or brought forward for consensus, to ensure a productive meeting.
A.7	**Appointments to the Board**		
A.7.1 & A.7.2	Appointment to the Board	Compliant	GRI 2-10 A Nomination and Governance Committee was formed on 03rd January 2025. This Committee annually assesses Board composition against pre-defined criteria of skill and knowledge requirements to ascertain whether the combined knowledge and experience of the Board matches the strategic demands facing the Company.
A.7.3	Succession Plan for Key Management Personnel	Compliant	The Committee reviews the succession plan for Key Management Personnel including Jt.CEOs periodically.
A.7.4	Disclosure of new appointments	Compliant	Upon the appointment of a new Director to the Board, the Company discloses the following to the CSE; ◆ a brief resume of the Director; ◆ nature of expertise in relevant functional areas; ◆ names of the companies in which the Director holds directorships or memberships in Board Committees; and ◆ the 'independence' of such Director. During the year there were no new appointments to the Board.
A.7.5 & A.7.6	Disclosure on Nomination Committee	Compliant	The role of the committee, composition and terms of reference are provided in Nominations and Governance Committee Report on page 126 and 129.
A.8	**Re-election**		
A.8.1 & A.8.2	Re-election of Directors	Compliant	The provisions of the Company's Articles require a Director appointed by the Board to hold office until the next Annual General Meeting, and seek re-appointment by the shareholders at that meeting. As per the provisions of the Company's Articles, at each Annual General Meeting (AGM) one third of the Directors for the time being are subject to retirement by rotation and shall retire from office. Retiring Directors are generally eligible for re-election. Please refer Nomination and Governance Committee Report on page 126 and 129.

Section I		The Company	
Code	**Principle**	**Status**	**Level of Compliance**
A.8.3	Resignation of Directors	Compliant	No Directors resigned during the year.
A.9	**Appraisal of Board Performance**		
A.9.1, A.9.2, A.9.3 & A.9.4	Annual performance evaluation of the Board and its Sub Committees	Compliant	GRI 2-12,18 The Board and Sub-Committee conduct an annual self-assessment to evaluate their performance. Based on the collective results of these appraisals, the Nominations and Governance Committee provides recommendations to enhance the balance of skills, experience, industry expertise, and company knowledge training for Directors as needed.
A.10	**Disclosure of Information in Respect of Directors**		
A.10.1	Disclosures about Directors	Compliant	Information in relation to Directors is disclosed as given below. ◆ Name, qualifications, brief profile and area/ nature of expertise - (Refer pages 14 to 17 of this Report) ◆ Directors' interest in contracts (Refer pages 181 to 183 of the Annual Report) ◆ The number of meetings of the Board and Committees held, attended, names of Committees in which the Director serves as Chairman or member (Refer page 105 of this Report)
A.11	**Appraisal of Chief Executive Officer**		
A.11.1 & 11.2	Setting annual targets and appraisal of the performance of the Chief Executive officer by the Board	Compliant	GRI 2-12 The short, medium and long-term objectives, including financial and non-financial targets, which must be met by both Jt. CEOs are set at the commencement of each year. The performances were evaluated annually and ascertained whether the targets were achieved or whether achievement is reasonable in the circumstances.
B.	**Directors' Remuneration**		
B.2.1	Remuneration Committee and Procedure	Compliant	GRI 2-19, 20 The company has its own Remuneration Committee, which recommends remuneration for Directors and senior management based on an agreed Terms of Reference and the company's remuneration framework. The Board reviews these recommendations and makes the final decision. No Director is involved in determining their own remuneration.
B.2.2	Composition of Remuneration Committee	Compliant	The Remuneration Committee consisted of two independent Directors and one Non-Executive Director. Refer Remuneration Committee report on page 122.
B.2.3	Consultation of the Chairman and access to professional advice.	Compliant	The Committee consults the Chairman on proposals related to the remuneration of Senior management executives and has access to professional advice provided in the discharge of their duties.
B.2.4 & B.2.5	Levels of remuneration for Senior Management Executives	Compliant	The remuneration package is designed to attract, retain and motivate the Senior Management needed to successfully run the Company. Such payment and benefits are in line with industry standards. The Committee ensures that the remuneration of executives at each level of management is competitive and in line with their performance. Surveys are conducted as and when necessary to ensure that the remuneration is on par with those of competitive companies.
B.2.6 & B.2.7	Positioning Company remuneration levels relative to other companies	Compliant	The Remuneration Committee considers the remuneration and employment conditions of other Group companies, as well as industry benchmarks, when determining annual salary increases.

Corporate Governance

Section I		The Company	
Code	**Principle**	**Status**	**Level of Compliance**
B.2.8	Performance related elements of remuneration for Senior Management Executives	Compliant	Performance- based incentives are determined to ensure that the total earnings of Senior Management executives are aligned with the achievement of the objectives and budgets of the Company.
B.2.9	Executive share options	NA	This is inapplicable as the Company does not have executive share option schemes.
B.2.10	Designing performance related Remuneration	Compliant	Performance-related remuneration is designed by the Remuneration Committee based on the provisions set out.
B.2.11 & B.2.12	Compensation, commitments in the event of early termination and dealing with early termination	Compliant	The letter of contract does not include provisions for compensation in the event of early termination. However, the Board of Directors may decide on this on a case-by-case basis, based on the recommendation of the Remuneration Committee.
B.2.13 & B.2.14	Levels of remuneration for Non-Executive Directors	Compliant	The Remuneration Committee determines the levels of remuneration for Non-Executive Directors, taking into consideration the time, commitment and responsibilities of their role, as well as market practices. Remuneration for non-executive Directors does not include share options.
B.2.15	Disclosure of Remuneration Committee Composition	Compliant	The members of the committee, including the Chairman, are listed in the Remuneration Committee report on page 122.
B.3	**Disclosure of the remuneration**		
B.3.1 & B.3.2	Disclosure of Remuneration	Compliant	The Remuneration policy is disclosed in the Remuneration Committee Report on page 183 of the Annual Report. The total remuneration of the Directors and the compensation of other key management personnel are disclosed in Note 32.8 to the Financial Statements.
C	**Relations with Shareholders**		
C.1	Constructive use of the AGM and conduct of General Meetings		
C.1.1	Notice of AGM	Compliant	The notice and the agenda of the Annual General Meeting (AGM) together with the Annual Report with all other relevant documents are sent to the shareholders 15 working days prior to the meeting.
C.1.2	Separate resolution for all separate issues at the Annual General Meeting	Compliant	A separate resolution is proposed at the Annual General Meeting on each issue, particularly in relation to the adoption of the Report of the Board of Directors and the Financial Statements of the Company.
C.1.3	Votes and use of proxy appointments at general meetings	Compliant	The Company ensures that all proxy votes are properly recorded and counted. The numbers of proxies lodged on each resolution is conveyed to the Chairman.
C.1.4	Response to queries at the Annual General Meeting	Compliant	The Chairmen of Sub- Committees made available by the Board Chairman to answer questions at the Annual General Meeting.
C.1.5	Notice of the Annual General Meeting and voting procedure.	Compliant	The Notice of the Annual General Meeting and the relevant documents are published and dispatched to the shareholders 15 working days prior to the meeting as required by Section 135(1) of the Companies Act No. 7 of 2007 accompany with a summary of the procedures governing voting at the General Meetings.

Section I		The Company	
Code	**Principle**	**Status**	**Level of Compliance**
C.2	Communication with shareholders		
C.2.1	Channel to reach all Shareholders of the Company	Compliant	The Company communicates with shareholders through Annual Reports, quarterly financial statements, interim reports, CSE announcements, press releases, and General Meetings. Shareholders can raise concerns with the Chairman, Board Member, Jt. CEOs or Secretaries at meetings. The digital Annual Report is published on the company website upon release, along with news and updates. The Board encourages shareholder participation at the AGM, using it as a platform for dialogue, addressing concerns, and adopting financial statements.
C.2.2	Disclosure of the communication policy	Compliant	Policy on relations with shareholders and Investors are given in the stakeholder engagement.
C.2.3	Implementation of the policy and methodology for communication with Shareholders	Compliant	Printed Annual Reports are available to shareholders upon request at no cost, while soft copies are accessible on the CSE and corporate websites. Interim financial statements and public announcements are also released to the CSE for public access.
C.2.4	Disclosure of contact person	Compliant	Shareholders can submit inquiries via email, phone, or written communication to the Company Secretary as outlined in the published policy, or contact the Company directly.
C.2.5, C.2.6 & C.2.7	Process for responding shareholder matters	Compliant	The Company Secretary handles shareholder matters and escalates major issues to the Board. At General Meetings, the Chairman and Directors address shareholder queries. The Board and Company Secretary oversee processes for managing routine shareholder matters.
C.3	Major and material Transactions		
C.3.1, C.3.2 & C.3.3	Major and Material Transactions	Compliant	During the year, no major transactions were entered in to by the company, other than the continuation of the payments relating to the EPC contract with Hayleys Fentons Ltd, which has previously been approved by the shareholders as a major transaction and a non-recurrent related party transaction. Further details are available in the Annual Report of the Board of Directors on page 134.
D	**Accountability and Audit**		
D.1	Financial Reporting		
D.1.1 & D.1.2	Publishing of balance and understandable information to shareholders	Compliant	The Company prepares balanced and transparent financial statements that provide a true and fair view on a quarterly and annual basis. These statements comply with the Companies Act No. 07 of 2007, Sri Lanka Accounting Standards, CSE Rules and SEC requirements. Price-sensitive public reports and statutory reports are also presented clearly and accurately as required.
D.1.3	CEO's and CFO's declaration on financial statements	Compliant	The Joint Chief Executive Officers and the Accountant review the Financial Statements before submitting them to the Audit Committee and Board. They ensure that the entity's financial records are properly maintained and that the Financial Statements comply with the appropriate accounting standards, providing a true and fair view. The Responsibility Statement From Chairman, Jt CEO's and Accountant is given on page 138 of this Annual report
D.1.4	Directors' Report in the Annual Report	Compliant	The Annual Report of the Board of Directors on the affairs of the Company is given on pages 132 to 136 of this Annual Report which contain the required declarations.

Corporate Governance

Section I		The Company	
Code	**Principle**	**Status**	**Level of Compliance**
D.1.5	Statement of Directors' and Auditor's responsibility for the Financial Statements	Compliant	The 'Statement of Directors' Responsibilities' for the preparation and presentation of Financial Statements is given on page 137 of this Annual Report, and the Auditor's responsibilities are set out in the 'Independent Auditors' Report' on page 139 of this Annual Report. The Declaration on internal controls" is given on page 135 of the Annual Report.
D.1.6	Management Discussion and Analysis	Compliant	This IAR provides a comprehensive overview of key initiatives undertaken during the year, including the business model, industry structure and developments, opportunities and threats, risk management, internal controls and their adequacy, governance, stakeholder relationships, social and environmental protection activities, financial performance, investments in physical and intellectual capital, human resources/industrial relations, sector performance, achievements, and future prospects.
D.1.7	Summoning an EGM to notify serious loss of capital	Compliant	The necessity for holding an Extraordinary General Meeting did not arise during the year under review but will be complied with if the necessity arises.
D.1.8	Related party transactions	Compliant	The Company has established effective mechanisms to record and disclose Related Party Transactions in compliance with CSE Listing Rules and the Code of Best Practices on Corporate Governance issued by ICASL. These transactions are documented and reviewed quarterly by the Related Party Transactions Review Committee. Details of related party transactions during the year are provided on pages 181 to 183 of this report.
D.2	Risk Management and Internal Control		
D.2.1 Sub code: D.2.1.1, D.2.1.2 & D.2.1.3	Risk Management	Compliant	The Company has a risk management and internal control policy in place. As there is no separate Risk Management sub-committee, the Board, along with the Audit Committee, oversees and reviews risks that could impact the business model, future performance, solvency, or liquidity. It also assesses the effectiveness of internal controls on a quarterly basis. Details of the Company's risk management framework, processes, and responsibilities are provided in the Risk Management Report on page 44.
D.2.2 Sub code: D.2.2.1, D.2.2.2, D.2.2.3 & D.2.2.4	Internal Control and Internal audit function	Compliant	The Company has an effective system of internal controls covering financial, operational, and compliance processes, which are periodically monitored by the Audit Committee. To support this system, the Company maintains an internal audit function and engages independent professional accounting firms to conduct internal audits. Their findings and recommendations are reported to the Audit Committee and subsequently to the Board.
D.3	Audit Committee		
D.3.1	Composition of Audit Committee	Compliant	The Audit Committee comprises two Independent Directors and one Non-Executive Director, chaired by an Independent Non-Executive Director. For details on the committee's composition, please refer the Audit Committee Report on page 120.
D.3.2	Terms of Reference of the Audit Committee	Compliant	The Terms of Reference (TOR) of the Audit Committee have been agreed on by the Board. This addresses the purpose of the Committee, its duties and responsibilities, including it's scope and functions. These TORs empower the committee to oversee VPE's financial reporting systems, risk management, and internal and external audits. Its responsibilities include reviewing financial statements, internal controls, accounting policies, and regulatory compliance. The committee also evaluates the independence and performance of external auditors, recommending their appointment or reappointment and approving their remuneration and terms of engagement.

Section I		The Company	
Code	**Principle**	**Status**	**Level of Compliance**
D.3.3	Disclosures of the Audit Committee	Complied	The list of members and disclosures are reported in the Audit Committee Report which is given on pages 120 to 121 of this Report.
D.4	Risk Committee		
D.4.2, D.4.3 & D.4.4	Meetings and Responsibilities	Complied	The Audit Committee's scope has been expanded to include risk management responsibilities. For more details on its oversight of Risk Committee-related duties, please refer to the Audit Committee Report on page 121 of this Annual Report.
D.5	Related Party Transactions Review Committee		
D.5.1	Identification of Related Party Transaction	Compliant	The related party transactions were identified and disclosed under the LKAS 24 and relevant disclosures are given on Page 181 of this Report.
D.5.2	Composition of Related Party Transaction Committee	Compliant	The related Party Transaction committee consists of two independent Non- Executive Directors with One Non-Executive Director.
D.5.3	Terms of Reference of Related Party Transaction Committee	Compliant	The Terms of Reference of the Related Party Transactions Review Committee has been agreed to by the Board. This addresses the purpose of the Committee, its duties and responsibilities including the scope and functions of the Committee. The report of Related Party Transaction Review Committee is give on the page 124 of this report.
D.6	Code of Business Conduct and Ethics		
D.6.1	Disclosure on presence of Code of Business Conduct and Ethics	Compliant	The Directors and Senior Management of Vallibel Power Erathna PLC are bound by the company's Internal Code of Business Conduct & Ethics. This Code covers key areas such as conflicts of interest, bribery and corruption, entertainment and gifts, accurate accounting and record-keeping, fair procurement practices, corporate opportunities, confidentiality, fair dealing, proper use of company assets (including information assets), compliance with laws and regulations (including insider trading laws), and reporting of any illegal, fraudulent, or unethical behavior. The full policy is available on our website:
D.6.2	Process to identify & report price sensitive information	Compliant	As per the policy mentioned in D.6.1, there is a process in place to ensure that material and price sensitive information is promptly identified and reported.
D.6.3	Shares purchased by Directors and key management personnel	Compliant	The Company has a policy and process, managed through the Company Secretary, to monitor and disclose share purchases by any Director or key management personnel. Details of Directors' shareholdings can be found on page 134 of the Annual Report of the Board of Directors on the Company's affairs.
D.6.4	Procedure to deal with whistle blowers' complaints	Compliant	According to the Company's Whistleblowing Policy, Whistleblower Protection Officers are designated to report any reportable conduct to Senior Management or, when necessary, to an Independent Director. The full policy is available on our website:

Corporate Governance

Section I		The Company	
Code	**Principle**	**Status**	**Level of Compliance**
D.6.5	Employee Awareness on the code of business conducts and ethics	Compliant	The policy referenced in D.6.1 is accessible to all employees, who can also seek clarification from the Company's Human Resources division. New employees receive an induction on this policy, and training is provided as needed.
D.6.6	Reporting on non-compliances	Compliant	Any material non-compliance is escalated to the Audit Committee and subsequently to the Board for final determination by Senior Management. The HR Division maintains records and reports non-compliances and actions to the Audit Committee on a quarterly basis.
D.6.7	Affirmation of Code in the Annual Report by the Chairman	Compliant	The Chairman affirms that he is not aware of any violation of any of the provisions of the Code of Business Conduct and Ethics during the period of publication of this Annual Report.
D.7	Corporate Governance Disclosures		
D.7.1	Disclosure of Corporate Governance	Compliant	This Report from pages 97 to 119 sets out the manner and extent to which the Company has complied with the principles and provisions of relevant Codes.
Section II	**Shareholders**		
E	**Institutional Investors**		
Principle E.1 Sub code: E.1.1	Dialogue with shareholders	Compliant	All investors are invited to attend the Annual General Meeting and are free to make comments/suggestions on matters raised. The Company encourages dialogue with institutional investors and supports their right of using their votes at the AGM, based on the weightage they place on issues of concern to them.
Principle E.2	Evaluation of governance disclosure	Compliant	Institutional investors are encouraged to give due weight to all relevant factors brought to their attention when evaluating the Company's governance arrangements, particularly in relation to Board structure and composition.
F	**Other investors**		
Principle F.1	Investing and divesting decisions of Individual shareholders	Compliant	VPE ensures transparency through quarterly financial statements, company disclosures, and the Annual Report, enabling shareholders to make informed investment decisions. Shareholders are encouraged to seek independent advice when investing or divesting. The Board engages with shareholders at General Meetings, where voting plays a crucial role in decision-making.
Principle F.2	Individual shareholders Voting	Compliant	Individual shareholders are encouraged to actively participate in the Annual General Meeting (AGM) and Extraordinary General Meetings (EGM) of the Company and exercise their voting rights. The AGM gives an ideal platform for all shareholders to meet with the Directors and obtain information and clarifications on the performance and way forward of the Company.
Section III	**Other Matters**		
G	**Internet of Things and Cybersecurity**		
Principle G.1	Cyber security risk from sending and receiving information	Compliant	The Company's Information Security measures, overseen by the Board, mitigate IT risks from internal and external threats. This includes using licensed software, monitoring internet usage, managing mail servers, employing anti-virus/firewall software, and maintaining contracts with reputable IT firms to minimise risks.
H	**Sustainability: ESG Risk and Opportunities**		
Principle H.1 Sub code: H.1.1	Provide the impact of ESG Risks & Opportunities for the Board	Compliant	Information on significant ESG risks and opportunities are reported to the Board quarterly. This Integrated Annual Report provides detailed insights into the impact of ESG matters and associated risks.

Section I		The Company	
Code	**Principle**	**Status**	**Level of Compliance**
Principle H.2 Sub code: H.2.1	Recognising significant stakeholders and material matters	Compliant	The company has a structured approach to identifying key stakeholders, their concerns, and their level of interest, as detailed in the Stakeholder Engagement and Materiality Assessment sections on pages 30 and 35 respectively.
Principle H.3 Sub code: H.3.1.1 & H.3.1.2	Environmental and Social Governance	Compliant	The "VPE's ESG Framework and Sustainability Framework" report (pages 50 to 52) and the "Capital Management" report (pages 53 to 95) outline the company's integrated approach to Environmental, Social, and Governance (ESG) principles.
Principle H.4 Sub code: H.4.1, H.4.2 & H.4.3	Governance structure to support sustainability/ESG factors	Compliant	The Board has committed to environment, social and governance aspects as reported in "VPE's ESG Framework and Sustainability Framework" from pages 50 to 52.
Principle H.5 Sub code: H.5.1, H.5.2 & H.5.3	Information to enable investors and other stakeholders to assess ESG Risks and opportunities	Compliant	The Board is responsible for overseeing ESG risks and addresses any emerging ESG-related risks through regular discussions. This comprehensive version of the Integrated Annual Report provides detailed insights into the identification, management, measurement, and reporting of ESG risks and opportunities.
I	**Special Considerations for Listed Entities**		
Principle I.1 Sub code: I.1.1, I.1.2, I.1.3 & I.1.4	Corporate Governance Policies	Compliant	In accordance with CSE Rule No. 9.2.1, VPE has adopted twelve (12) policies, as stated in the "Corporate Governance Policies" section of this report (Page 106), effective from October 1, 2024. These policies are published on the company's website and made available to shareholders. Reference: No significant changes were made to the above policies during the period, other than routine updates.
Principle I.2 Sub code: I.2.1 & I.2.2	Policy on matters relating to the Board of Directors	Compliant	VPE has established and maintains a formal policy governing matters related to the Board of Directors, as published on the company's website. This policy outlines guidelines for board composition and balance, the roles of the Chairperson, Joint CEOs, and Executive Directors, as well as procedures for meetings, the Company Secretary, and board evaluations. Reference:

Report of the Board Audit Committee



Devika Weerasinghe
Chairperson
Board Audit Committee

Dear shareholders,

The Board Audit Committee is pleased to report that during the year under review, it has continued to discharge its responsibilities in accordance with its Terms of Reference and applicable regulatory requirements. The Committee remained focused on strengthening financial reporting integrity, enhancing internal controls, overseeing risk management, ensuring compliance with statutory and regulatory obligations, and providing oversight on sustainability-related matters. Based on its reviews and deliberations, the Committee is satisfied that appropriate systems of governance, control, and sustainability oversight are in place within the Company.

COMPOSITION

The Board Audit Committee of Vallibel Power Erathna PLC was reconstituted on 1st January 2025 by the Board of Directors. The Committee comprises two Independent Non-Executive Directors and one Non-Executive Director, in compliance with Section 9.13 of the Listing Rules of the Colombo Stock Exchange.

As at 31st March 2026, the Committee comprised the following members:

Name of Director	Directorship Status
Ms. Devika Weerasinghe (Chairperson)	Independent Non-Executive
Mr. Gamini Gunaratne	Independent Non-Executive
Mr. Haresh Somashantha	Non-Executive

Brief profiles of the members are provided on pages 14 to 17. Collectively, the Committee members bring strong expertise in finance, accounting, governance, and business leadership, ensuring independent and effective oversight.

PW Corporate Secretarial (Private) Limited serves as the Secretary to the Committee. The Joint Chief Executive Officers, Accountant, and Internal Auditors attend meetings by invitation when required.

AUTHORITY OF THE AUDIT COMMITTEE

The Committee is empowered by the Board to:

- Access all information, records, property, and personnel required to perform its duties
- Obtain external professional advice at the Company's expense
- Invite external advisors or experts to meetings when necessary
- Access services of the Company Secretary in discharging its responsibilities

The Committee operates under a Board-approved Terms of Reference which defines its authority, scope, and responsibilities. The Terms of Reference were reviewed during the year to ensure continued relevance and alignment with regulatory requirements.

RESPONSIBILITIES OF THE COMMITTEE

1. Review quarterly and annual Financial Statements to ensure accuracy, integrity, and compliance with applicable accounting standards and regulatory requirements.
2. Assess significant accounting policies, estimates, and judgments applied in financial reporting.
3. Review the Annual Report and related financial disclosures prior to publication.
4. Recommend the appointment, reappointment, or removal of the external auditor and review their remuneration and terms of engagement.
5. Evaluate the independence, performance, and effectiveness of the external audit process, including audit findings and management responses.
6. Ensure that an effective internal audit function is in place and review its scope, performance, and audit plan.
7. Assess the adequacy and effectiveness of the Company's internal control systems and monitor the implementation of audit recommendations.
8. Review the Company's risk management framework, including key business risks, internal controls, and business continuity arrangements.
9. Oversee compliance with applicable laws and regulations, including financial reporting requirements under relevant statutes and Listing Rules.
10. Ensure appropriate mechanisms are in place for handling complaints relating to financial reporting, internal controls, or fraud.
11. Ensure that sustainability considerations are appropriately embedded in the Company's business model, operations, and long-term strategic direction.
12. Engage with management and auditors as necessary and report key matters, observations, and recommendations to the Board.

MEETINGS AND ATTENDANCE

The Committee met five (05) times during the year.

Name of Director	Attendance
Ms. Devika Weerasinghe	5/5
Mr. Haresh Somashantha	4/5
Mr. Gamini Gunaratne	4/5

Senior management, external auditors, and internal auditors attended meetings when required. Meeting papers were circulated in advance to ensure informed discussions, and regular updates were provided by the Chairperson and members and the minutes of Committee meetings are formally tabled at subsequent Board meetings.

FINANCIAL REPORTING SYSTEM

The Committee assessed the robustness and integrity of the Company's financial reporting framework in the preparation of its quarterly and annual Financial Statements, ensuring the reliability of processes, consistency in the application of accounting policies, and compliance with Sri Lanka Financial Reporting Standards. As part of this review, the Committee obtained confirmations of compliance from the Chief Financial Officer/designated finance head and the Joint Chief Executive Officers.

Based on its evaluation, the Committee recommended the Financial Statements to the Board for consideration and approval. In addition, the Committee acknowledged the adequacy, quality, and relevance of routine management information reports submitted to management, regulatory authorities, and shareholders.

The Committee also reviewed the procedures established by Management to ensure compliance with applicable regulatory requirements and was satisfied that the financial reporting obligations under the Listing Rules of the Colombo Stock Exchange, the Companies Act No. 07 of 2007, the Securities and Exchange Commission Act, and other relevant regulations have been duly met.

INTERNAL CONTROL SYSTEM

The Committee reviews the effectiveness of the Company's internal control systems to ensure the safeguarding of assets and the reliability of financial reporting. The internal audit function is outsourced to Messrs. KPMG and operates in accordance with an annual audit plan. The Committee considers significant findings and recommendations reported by the internal auditors, together with management's responses, and provides guidance for improvement. Follow-up reviews are undertaken to ensure that agreed audit recommendations are effectively implemented. The Committee also evaluates the internal audit function, including its scope, quality, independence, and adequacy of resources.

EXTERNAL AUDITS

The Committee met with the External Auditor to discuss audit approaches, procedures, and scope. The Management Letter and company responses were reviewed to ensure appropriate follow-up actions. Non-audit services provided by the External Auditor were assessed for independence. The Committee has recommended the reappointment of M/s Deloitte Partners, Chartered Accountants, as External Auditors, with remuneration subject to approval by the Shareholders at the next Annual General Meeting. M/s Deloitte Partners has been the External Auditor for two years, and the current audit partner has served for one year.

RISK MANAGEMENT

The Committee reviewed the Company's key business risks, corresponding mitigation measures, and management actions undertaken to address them. ESG-related risk assessments were also carried out to identify and monitor sustainability risks and opportunities.

In evaluating the effectiveness of risk related internal controls, the Committee considered reports issued by the internal auditors as well as observations highlighted in the external auditors' Management Letter. The Committee further reviewed the Company's overall risk management framework, including internal controls, business continuity arrangements, information security, and cyber risk management, and made recommendations to Management and the Board where necessary.

Additionally, the Committee assessed the adequacy of the Company's insurance coverage and reviewed audit observations relating to the company and its subsidiary.

Further details of the Company's risk management framework and processes are provided on pages 44 to 49.

COMPLIANCE

The Committee exercised diligent oversight over the Company's compliance framework, ensuring that robust processes are in place to support adherence to applicable laws and regulations. It reviewed reports submitted by Management to assess the effectiveness of compliance monitoring systems and evaluated findings arising from regulatory examinations and auditor observations.

Representations were obtained from Joint CEOs, the Accountant, and the management team on the entities finances and operations including assurances regarding provisions for possible liabilities. The Committee also reviewed compliance reports to ensure conformity with statutory and regulatory requirements, including the Colombo Stock Exchange Listing Rules, Sri Lanka Financial Reporting Standards, and the Companies Act No. 07 of 2007.

ETHICS AND GOOD GOVERNANCE

The Committee emphasized ethical standards among employees, reinforcing policies on Business Conduct, Whistleblowing, and Anti-Bribery & Corruption. Training programs were conducted to ensure awareness, and confidential procedures were in place for independent investigations of whistleblowing reports.

PROFESSIONAL ADVICE AND ACCESS TO MANAGEMENT

The Committee is authorized by the Board to seek, at the Company's expense, independent legal or other professional advice whenever required. It may also invite external experts with relevant experience and expertise to attend meetings, where necessary, to support the effective discharge of its responsibilities.

WHISTLEBLOWING

The Company maintains the implementation of its whistleblowing policy, which acts as a vital communication channel and forms an integral part of its corporate fraud risk management framework. The Committee reviewed the current whistleblowing arrangements and expressed satisfaction with their effectiveness.

EVALUATION OF THE COMMITTEE

The Committee conducted a self-evaluation of its performance during the period under review.

CONCLUSION

The Committee is of the opinion that the Company is in compliance with the relevant legal and regulatory requirements including financial reporting requirements, CSE Rules, Companies Act and SEC Act and other relevant reporting related regulations and requirements.

The Audit Committee remains committed to upholding the highest standards of corporate governance, financial integrity, and risk management. Through diligent oversight and proactive engagement with stakeholders, the Committee continues to enhance transparency and accountability in all financial and operational aspects of the Company.



Devika Weerasinghe
Chairperson
Board Audit Committee

02 June 2026

Report of Board the Remuneration Committee



Devika Weerasinghe
Chairperson
Board Remuneration Committee

Dear shareholders,

The Board Remuneration Committee is pleased to present its report for the year ended March 31, 2026. During the year, the Committee diligently discharged its responsibilities in supporting the Board to ensure that the Company's remuneration framework is robust, transparent, and aligned with its strategic objectives. The Committee also ensured that remuneration practices are in compliance with applicable regulatory requirements and are structured to promote long-term value creation while safeguarding the interests of shareholders.

COMPOSITION

The Board Remuneration Committee (BRC) of Vallibel Power Erathna PLC was reconstituted by the Board on 01st January 2025 in compliance with the Listing Rules of the Colombo Stock Exchange. The Committee comprises two Independent Directors (One of whom is the Chairman) and one Non-Executive Director, in compliance with Rule 9.12.6 of the Listing Rules.

As of March 31, 2026, the Committee comprised the following members:

Name of Director	Nature of Directorship
Ms. Devika Weerasinghe (Chairperson)	Independent Non-Executive
Mr. Harsha Amarasekera	Non-Executive
Mr. Gamini Gunaratne	Independent Non-Executive

Brief profile of each member is available on pages 14 to 17 of this Annual Report.

PW Corporate Secretarial (Private) Limited acts as the Secretary to the Committee. The two Joint Chief Executive Officers, and the Accountant attend meetings by invitation.

REMUNERATION POLICY

GRI 2-19

The Group's remuneration policy aims to attract, motivate, and retain a highly qualified and experienced executive team while ensuring competitive rewards aligned with industry standards. Compensation packages are structured to reflect each employee's expertise and contributions, considering business performance and shareholder returns.

ROLE OF THE REMUNERATION COMMITTEE

The Remuneration Committee is responsible for assisting the Board in establishing and overseeing the implementation of the Company's remuneration framework in line with the approved Remuneration Policy, applicable laws, and regulatory requirements. The Committee ensures that remuneration practices are designed to attract, retain, and motivate Directors and Employees while promoting long-term value creation and sustainability of the Company. Its key functions include:

- Recommending and reviewing the remuneration policy for Directors, CEO and Employees to ensure alignment with the Company's strategic objectives, the Companies Act, Listing Rules of the Colombo Stock Exchange and other applicable regulations.
- Evaluating and recommending remuneration packages for Directors, ensuring such remuneration is fair, appropriate, and commensurate with their responsibilities, experience, and contribution.
- Reviewing and recommending remuneration structures for Senior Management and Employees, ensuring consistency, market competitiveness, and internal equity.
- Overseeing the balance between fixed and variable remuneration components, ensuring that performance-based incentives are aligned with individual performance, Company performance, and risk considerations.
- Reviewing performance appraisal frameworks, including key performance indicators, to support remuneration decisions and incentive schemes.
- Assessing and recommending salary revisions, bonuses, and other benefits, taking into account performance, market benchmarks, and the financial position of the Company.
- Overseeing policies relating to employee benefits, compensation structures, and any equity-based incentive schemes, where applicable.
- Supporting the Board in matters relating to succession planning, recruitment remuneration, and retention strategies for key personnel.
- Monitoring the implementation of the Remuneration Policy and recommending revisions as necessary to ensure continued effectiveness and compliance.
- Seeking independent professional advice on remuneration and human resource matters where required.

MEETINGS

In terms of the Committee's TOR, the Committee meets at least once a year and at such other times as the Chair or members of the Committee shall require.

The Committee held two meeting during year and the attendance was as follows:

Name of Director	Attendance
Ms. Devika Weerasinghe (Chairperson)	2/2
Mr. Harsha Amarasekera	1/2
Mr. Gamini Gunaratne	2/2

TERMS OF REFERENCE

The Committee operates under a Board-approved Remuneration Policy and a formal Terms of Reference (TOR). The TOR sets out the Committee's authority and responsibilities to effectively discharge its mandate and was reviewed during the year as part of the periodic governance review process.

REPORTING TO THE BOARD

The Board Remuneration Committee reports its proceedings, deliberations, and recommendations to the Board through the Committee Chair. To facilitate effective oversight, Senior Management provides remuneration-related information to the Committee as required. In addition, the minutes of Committee meetings are formally tabled at subsequent Board meetings for information and record-keeping purposes, thereby enhancing transparency and accountability in the application of the Company's remuneration policy.

EVALUATION OF THE COMMITTEE

The Committee conducted a self-evaluation of its performance during the period under review.

DISCLOSURE ON DIRECTOR REMUNERATION

The aggregate amount of remuneration paid to the Directors of the Company during the year is disclosed in Note 32.8 of the Financial Statements in this Annual Report.



Devika Weerasinghe
Chairperson
Board Remuneration Committee

02 June 2026

Report of the Board Related Party Transactions Review Committee



Dear shareholders,

On behalf of the Board Related Party Transactions Review Committee, I am pleased to present the Committee's report for the year ended 31 March 2026. During the year, the Committee reviewed all Related Party Transactions to ensure they were conducted on an arm's length basis, in compliance with regulatory requirements, and in the best interest of the Company and its shareholders. The Committee reviewed the policy on Related Party Transactions and provided guidance to the Board on matters requiring approval or disclosure.

Devika Weerasinghe
Chairperson
Board Related Party Transactions Review Committee

COMPOSITION

The Board Related Party Transactions Review Committee (BRPTRC) of Vallibel Power Erathna PLC was reconstituted by the Board on 01st January 2025 in compliance with the Listing Rules of the Colombo Stock Exchange. The Committee comprises two Independent Directors (One of whom is the Chairman) and one Non-Executive Director, in compliance with Rule 9.14.2 of the Listing Rules.

As of March 31, 2026 and the date of this Report, the composition of the Committee is as follows:

Name of Director	Nature of Directorship
Ms. Devika Weerasinghe (Chairperson)	Independent Non-Executive
Mr. Dinesh Mendis	Independent Non-Executive
Ms. Dinusha Bhaskaran	Non-Executive

Brief profile of each member is available on pages 14 to 17 of this Annual Report.

PW Corporate Secretarial (Private) Limited acts as the Secretary to the Committee. The Chairman of the Board, two Joint Chief Executive Officers, and the Accountant attend meetings by invitation.

ROLE OF THE RPTR COMMITTEE

The Board Related Party Transactions Review Committee (BRPTRC) operates under a defined Charter that outlines its purpose, membership, authority, and responsibilities. The Committee is empowered to:

- Evaluate and review all proposed Related Party Transactions (RPTs) in advance to ensure transactions are conducted on terms no more favorable to Related Parties than similar transactions with non-related parties.
- Receive reports from management and request relevant information to support its oversight duties.
- Establish policies, procedures, and guidelines for identifying, clarifying, approving, and monitoring RPTs, including Recurrent Related Party Transactions (RRPTs).
- Ensure that the economic and commercial substance of transactions takes precedence over legal form or technicalities.
- Assess potential conflicts of interest and reputational risks arising from RPTs and take appropriate measures to manage them.
- Recommend approvals, conditions, or other necessary actions to the Board regarding RPTs, including seeking shareholder or regulatory approvals where required.
- Seek assistance from legal, financial, and technical advisors as required.
- Provide oversight of ongoing relationships with Related Parties and ensure that such relationships are aligned with the best interest of the Company and its shareholders.

RESPONSIBILITIES OF THE COMMITTEE

The following key responsibilities, as set out in the Terms of Reference of the RPTRC, were discharged by the Committee during the year under review:

- Reviewing all proposed Related Party Transactions to ensure compliance with regulatory, statutory, and materiality thresholds.
- Evaluating the fairness, purpose, and potential benefits of each transaction to the Company.
- · Recommending RPTs and RRPTs[DW1.1] to the Board while managing conflicts of interest in line with the Company's internal codes, Articles of Association, and applicable laws.
- Establishing and maintaining clear guidelines and procedures for ongoing dealings between Senior Management and Related Parties.
- Ensuring continuous identification of Related Parties and monitoring changes in their relationships with the Company.
- Advising the Board and ensuring appropriate disclosure to shareholders, regulatory bodies, and other stakeholders.
- Reporting to the Board on conflicts of interest, RPTs, RRPTs, and any conditions or approvals imposed in connection with such transactions.
- Ensuring statutory and regulatory duties are discharged without conflicts with the Board or management.

- Reviewing the Committee's own performance periodically and updating its Terms of Reference to maintain effectiveness.
- Ensuring the Chairperson (or alternate member) is prepared to address questions at the Annual General Meeting regarding the Committee's work and responsibilities.

MEETINGS

The Committee met five times during the year. The attendance record is as follows:

Name of Director	Attendance
Ms. Devika Weerasinghe (Chairperson)	5/5
Mr. Dinesh Mendis	5/5
Ms. Dinusha Bhaskaran	4/5

POLICY AND TERMS OF REFERENCE

The Committee operates under a Board-approved Related Party Transactions Policy and a formal Terms of Reference (TOR). The Policy provides a comprehensive framework for the identification, approval, review, disclosure, and settlement of Related Party Transactions, ensuring that such transactions are conducted on an arm's length basis, in the best interests of the Company and its minority shareholders, and in compliance with applicable regulations including the Colombo Stock Exchange Listing Rule 9.14 and LKAS 24. The TOR defines the Committee's authority and responsibilities to effectively discharge its mandate, and was reviewed during the year as part of the periodic governance review process.

REPORTING TO THE BOARD

The BRPTRC regularly reports its proceedings, deliberations, and recommendations to the Board through the Committee Chair. To support the Committee's oversight, Senior Management provides a quarterly report detailing all Related Party Transactions. Where a transaction requires Board approval, the Committee ensures that such approval is obtained prior to the execution of the transaction. Furthermore, the minutes of RPTRC meetings are formally tabled at subsequent Board meetings for information and record-keeping purposes, reinforcing transparency and accountability in the management of Related Party Transactions.

Directors with a material personal interest in a Related Party Transaction abstain from deliberations and voting on the relevant matter in accordance with applicable regulatory requirements and governance best practices.

STATEMENT ON REVIEW OF RELATED PARTY TRANSACTIONS

As required by Rule 9.14.8 (3) of the Listing Rules of the Colombo Stock Exchange, the Related Party Transactions Review Committee (RPTRC) of the Company has reviewed all Related Party Transactions (RPTs) carried out during the financial year from 1st April 2025 to 31st March 2026, excluding those transactions exempted under Rule 9.14.10 of the Listing Rules of the CSE.

The details of non-recurrent related party transactions entered into during financial year with an aggregate value that exceeded the lower of 10% of the equity or 5% of the total assets are given in Note 32.6 to the Financial Statements, on page 182 of this Annual Report.

Further, there were no recurrent related party transactions carried out during the financial year ended 31st March 2026, the aggregate value of which exceeded 10% of the revenue. In the opinion of the Committee, the terms of all transactions conducted were on commercial term and were no more favourable to the related parties than those generally available to non-related parties. The details of all related party transactions entered into during the year, are given in Note 32 to the Financial Statements, on pages 181 to 183 of this Annual Report.

EVALUATION OF THE COMMITTEE

The Committee conducted a self-evaluation of its performance during the period under review.

DECLARATION

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

As required by Rule 9.14.8(4) of the Listing Rules of the Colombo Stock Exchange, an affirmative declaration by the Board of Directors confirming compliance with the Rules pertaining to Related Party Transaction is included in the Annual Report of the Board of Directors on the Affairs of the Company, found on page 135 of this Annual Report.



Devika Weerasinghe
Chairperson
Board Related Party Transactions Review Committee

02 June 2026

Report of the Board Nominations and Governance Committee



Dear shareholders,

On behalf of the Board Nominations and Governance Committee of Vallibel Power Erathna PLC, I am pleased to present the Committee's Report for the year ended 31st March 2026. The Committee continued to support the Board in ensuring an appropriate balance of skills, experience, independence, and diversity, while strengthening the Company's corporate governance framework and succession planning processes. During the year, the Committee also focused on enhancing Board effectiveness, maintaining compliance with regulatory requirements, and reinforcing governance best practices to support the long-term sustainability of the Company.

Gamini Gunaratne
Chairman
Board Nomination and Governance Committee

COMPOSITION

The Nominations and Governance Committee (NGC) of Vallibel Power Erathna PLC was established on 01st January 2025 by the Board of Directors in line with the Listing Rules of the Colombo Stock Exchange on Corporate Governance. The Committee is responsible for ensuring that the Board maintains an appropriate balance of skills, experience, knowledge, independence, and diversity to enable it to function effectively and in the best interests of the Company.

The Committee comprises two Independent Directors (One of whom is the Chairman) and one Non-Executive Director, in compliance with Rule 9.11.4 of the Listing Rules.

As of 31st March 2026, and the date of this Report, the Committee comprised of the following members:

Name of Director	Nature of Directorship	Date of appointment to the Committee
Mr. Gamini Gunaratne (Chairman)	Independent Non-Executive	01st January 2025
Mr. Harsha Amarasekera	Non-Executive	01st October 2024
Ms. Devika Weerasinghe	Independent Non-Executive	01st January 2025

Brief Profiles of Members appear on pages 14 to 17 of this Annual Report.

PW Corporate Secretarial (Private) Limited acts as the Secretary to the Committee. The Chairman of the Board, other Directors, and members of management attend meetings by invitation, as and when required.

TERMS OF REFERENCE (TOR)

The Committee operates under a Board-approved written Terms of Reference (ToR), which defines its authority, responsibilities, and scope of work, and is structured to effectively support the discharge of its mandate.

During the year, the ToR was subject to periodic review as part of the Company's governance framework. This review was undertaken to ensure that the ToR remains current, comprehensive, and aligned with evolving regulatory requirements and prevailing best practices.

ROLE AND FUNCTIONS OF THE NOMINATIONS AND GOVERNANCE COMMITTEE

The Committee is responsible for supporting the Board in ensuring effective governance, succession planning, and appropriate composition of the Board, its Committees, and Key Management Personnel, in line with regulatory requirements, including Section 9 of the Listing Rules of the Colombo Stock Exchange , Fitness and Propriety requirements and prevailing best practices.

Accordingly, the Committee's key functions include:

- Formulating, reviewing, and implementing the framework for nomination, appointment, election, re-election and continuation of Directors to the Board and Board Committees including development and periodic updating of the Policy for Board of Directors Selection, Appointment, Nomination, Re-election, and Continuation.
- Establishing and maintaining clear criteria for the selection of Directors, including required academic/professional qualifications, skills, experience, and key attributes, taking into account the nature of the Company's business and industry requirements.
- Evaluating the fitness and propriety of individuals proposed for appointment, election, or re-election as Directors in accordance with applicable regulatory requirements and making appropriate recommendations to the Board.

- Recommending the appointment of Directors to Board Committees and ensuring appropriate composition based on defined criteria.
- Developing and maintaining a structured and transparent process for the periodic evaluation of the performance of the Board, its Committees, individual Directors, the Jt. Chief Executive Officer, and Senior Management.
- Assessing the performance of Directors in relation to Board and Committee responsibilities and making recommendations on re-election, taking into account contribution, performance, attendance, expertise, and external commitments.
- Developing and maintaining succession plans for the Board of Directors, Jt. CEOs, and Key Management Personnel to ensure leadership continuity.
- Reviewing the structure, size, and composition of the Board and its Committees to ensure effective functioning and balanced representation.
- Reviewing and recommending the Company's corporate governance framework, policies, and compliance mechanisms in line with applicable laws, Listing Rules, including Section 9 of the CSE Corporate Governance Rules, and international best practices.
- Periodically reviewing and updating corporate governance policies and frameworks to ensure continued compliance with regulatory and legal developments.
- Monitoring compliance with the corporate governance framework by reviewing reports from management and identifying any deviations or non-compliances, including the rationale for such deviations.
- Overseeing the overall governance practices of the Company and making recommendations to the Board for improvements where necessary.
- Ensuring structured induction and orientation programmes for newly appointed Directors, as well as ongoing governance training and development opportunities for Directors.
- Facilitating appropriate interaction with the Jt. Chief Executive Officers, including regular operational and governance briefings provided at Board meetings.
- Ensuring structured communication channels are in place to facilitate effective flow of key governance and risk-related information, including with Independent Directors where required.

DIRECTOR NOMINATION

GRI 2-10

The Nominations and Governance Committee operates under established policy and procedures for the nomination and recommendation of Directors to the Board and its sub-committees, based on merit, experience, and alignment with the Company's strategic and governance requirements, with members abstaining from decisions relating to their own appointments.

The Company follows a structured and transparent process for the appointment and re-appointment of Directors in accordance with its Articles of Association, the Listing Rules of the Colombo Stock Exchange, and recognized corporate governance practices. The Nominations and Governance Committee evaluates candidates based on qualifications, experience, leadership capabilities, and independence, ensuring alignment with the Company's strategic objectives.

For Independent Non-Executive Directors, compliance with the independence criteria as per Rule 9.8.5 of the Listing Rules is confirmed prior to appointment, thereby ensuring the continued effectiveness and independence of the Board. This process is consistently applied to ensure the effective implementation of the Company's appointment and re-appointment framework.

The fitness and propriety of Director ominees, in terms of Rule 9.7.3 of the Listing Rules of the Colombo Stock Exchange, are assessed by the Nominations and Governance ommittee through declarations and onfirmations obtained from such nominees.

Based on the assessment as aforesaid, ecommendations are made to the Board on appointment of new Directors.

BOARD DIVERSITY

The Board of Directors recognizes diversity in experience, skills, age, and gender as a key enabler of effective governance and strategic oversight. The Board comprises individuals with varied professional backgrounds and promotes a balanced mix of perspectives that support innovation and sound decision-making. The Company is committed to maintaining such diversity in line with applicable Listing Rules requirements. Profiles of the Directors, providing relevant details, are set out on pages 14 to 17 of this Report.

RE-ELECTION OF DIRECTORS

In accordance with the Articles of Association of the Company, all Directors are required to submit themselves for re-election by shareholders at regular intervals and at least once every three years.

Re-appointments are based on Directors' performance and contribution, while Directors retiring by rotation are subject to shareholder approval at the Annual General Meeting.

BOARD AND CEO PERFORMANCE EVALUATION

In compliance with Rule 9.11.5 of the Listing Rules of the CSE, The Committee conducted an evaluation of the performance of Board of Directors and the Joint Chief Executive Officers of the Entity to ensure that their responsibilities were satisfactorily discharged and will continue to improve such evaluation processes in line with the Company requirements in future.

The Committee also conducted a self-evaluation of its performance during the period under review. The Board was satisfied that the Committee effectively discharged its responsibilities and that its mandate and scope were adequate.

Report of the Board Nominations and Governance Committee

ENGAGEMENT OF INDEPENDENT DIRECTORS

The Company has established formal mechanisms to ensure that Independent Directors receive timely and comprehensive information on all significant matters affecting the business. This is achieved through the prompt circulation of detailed Board documentation, involvement in relevant Board Committees, direct access to senior management and periodic briefings on key developments. These arrangements are applied on an ongoing basis to support Independent Directors in carrying out their oversight and governance responsibilities effectively.

INDUCTION AND ORIENTATION FOR NEW DIRECTORS

The Company conducts structured induction and orientation programmes for newly appointed Directors to ensure a smooth transition into their roles. These programmes are designed to familiarize Directors with the Company's governance framework, business operations, industry environment, and key regulatory obligations. They also cover corporate governance practices, the Listing Rules of the Colombo Stock Exchange, securities market regulations, and other applicable legal and regulatory requirements, which enables newly appointed Directors to effectively discharge their responsibilities from the outset of their appointment.

ANNUAL UPDATES TO EXISTING DIRECTORS

The Committee provides annual updates to existing Directors on corporate governance developments, the Listing Rules of the Colombo Stock Exchange, securities market regulations, and other applicable legal and regulatory requirements. These updates are designed to ensure that Directors remain informed of relevant changes in the regulatory and governance environment, enabling them to continue to discharge their responsibilities effectively.

MEETING ATTENDANCE

In terms of the Committee's TOR, the Committee meets at least once a year and at such other times as the Chair or members of the Committee shall require.

The Committee held two meetings during year and the attendance was as follows:

Name of Director	Attendance
Mr. Gamini Gunaratne (Chairman)	2/2
Mr. Harsha Amarasekera	1/2
Ms. Devika Weerasinghe	2/2

ACTIVITIES 2025/26

In terms of Article 25(10) of the Articles of Association of the Company, 1/3rd of the Directors are subject to retirement by rotation annually. Accordingly, Mrs. Dinusha Bhaskaran and Mr. Prabodha Sumanasekera will be subject to retirement by rotation.

Pursuant to Rule 9.11.5(ii) of the Listing Rules of the Colombo Stock Exchange, the Committee has recommended the re-election of Mrs. Dinusha Bhaskaran and Mr. Prabodha Sumanasekera to the Board at the Annual General Meeting (AGM) to be held on 30th June 2026.

In terms of Article 25(3) of the Company's Articles of Association, any Director appointed to the Board under this Article shall hold office only until the next AGM and shall then be eligible for re-election. No new Directors were appointed to the Board during the financial year.

Disclosed in terms of Rule 9.11.6(g) of the Listing Rules of the CSE – Information of Directors who are proposed to be re-elected at the Annual General Meeting – 2026

Name of Director	Date of Appointment as Director	Date of last re-appointment	Board Committee Memberships
Ms. Dinusha Bhaskaran	15th May 2020	30th June 2022	Related party Transactions Review Committee – Member
Mr. Prabodha Sumanasekera	28th May 2005	30th June 2022	-

Directorships/Chairmanships and other principal commitments present and those held over the preceding three years in other Listed Entities are disclosed under profiles of Directors from pages 14 to 17.

Further, the Directors proposed for re-election do not have any relationships, including close family relationships, with other Directors, the Company, or shareholders holding more than ten per-centum (10%) of the shares of the Company.

INDEPENDENCE AND FIT AND PROPER DECLARATIONS

As required under Rule 9.8.5 (a) of the Listing Rules of the Colombo Stock Exchange, the Independent Non-Executive Directors of the Company have submitted signed and dated declarations of independence in accordance with the criteria specified under Appendix 9A of the Listing Rules.

Following a review of the said declarations, it was ascertained that as of the reporting date, the Independent Non-Executive Directors of the Company, namely Ms. Devika Weerasinghe, Mr. Dinesh Mendis, and myself, have satisfied the criteria for determining independence as specified under Rule 9.8.5 of the Listing Rules.

Further, in accordance with Section 9.7.3 of the Listing Rules of the Colombo Stock Exchange, declarations have been obtained from all seven (07) Directors and the two (02) Joint Chief Executive Officers of the Company as at 31st March 2025, confirming that they have continuously satisfied the Fit and Proper Assessment Criteria set out in the Listing Rules throughout the financial year and continue to meet the said criteria as at the date of confirmation.

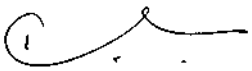
Based on the above declarations and the review conducted, the Committee confirms that the Directors and Joint Chief Executive Officers of the Company have met the Fit and Proper Assessment Criteria stipulated in the Listing Rules of the Colombo Stock Exchange as at the reporting date.

PROFESSIONAL ADVICE AND ACCESS TO MANAGEMENT

The Committee is authorized by the Board to seek, at the Company's expense, independent legal or other professional advice whenever required. It may also invite external experts with relevant experience and expertise to attend meetings, where necessary, to support the effective discharge of its responsibilities.

DECLARATION

In accordance with Rule 9.11.6(m) of the Listing Rules of the CSE, the Nominations and Governance Committee confirms that the Company is in compliance with the Corporate Governance requirements stipulated in the said Listing Rules.



Mr. Gamini Gunaratne
Chairman
Board Nomination and Governance Committee

02 June 2026

DUALITY OF PERFORMANCE

Maximising efficiency while delivering stronger returns



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Financial Calendar

FINANCIAL REPORTS

	Year 2025/26	Year 2024/25
Interim Financial Statements - 1st Quarter	August 12, 2025	August 12, 2024
Interim Financial Statements - 2nd Quarter	November 11, 2025	November 12, 2024
Interim Financial Statements - 3rd Quarter	February 12, 2026	February 14, 2025
Interim Financial Statements - 4th Quarter	May 25, 2026	May 22, 2025
Annual Report	June 05, 2026	June 05, 2025

DIVIDEND PAYMENTS

	Year 2025/26		Year 2024/25	
	Rs. Per Share	Date	Rs. Per Share	Date
Interim Dividend	Rs. 0.60	March 16, 2026	Rs. 0.75	September 25, 2024

	Year 2025/26	Year 2024/25
Annual Genaral Meeting	June 30, 2026	June 30, 2025

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

The Board of Directors of Vallibel Power Erathna PLC ("the Company") have pleasure in presenting to the Shareholders their Report together with the Audited Financial Statements of the Company and the Group for the year ended 31st March 2026.

The details set out herein provide the pertinent information required by the Companies Act, No. 07 of 2007, the Listing Rules of the Colombo Stock Exchange and are guided by recommended best Accounting Practices.

LEGAL STATUS

The Company was incorporated on 7th November 2001 under the name of "Zyrex Power Company Erathna Limited" and later changed its name to "Power Company Erathna Limited" on 14th October 2004. Thereafter, on 2nd June 2005 the name of the Company was changed to "Vallibel Power Erathna Limited". The shares of the Company were listed on the Colombo Stock Exchange on 17th May 2006 and re-registered as per the Companies Act, No. 7 of 2007 on 14th February 2008 under registration No. PQ 103.

PRINCIPAL ACTIVITY OF THE COMPANY

The principal activities of the Company comprise the generation and sale of electricity to the Ceylon Electricity Board.

There have been no significant changes in the nature of the activities of the Company during the financial year under review.

PRINCIPAL ACTIVITIES OF SUBSIDIARY COMPANIES

The principal activities of the Subsidiary are the generation and sale of electricity to the Ceylon Electricity Board.

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

BUSINESS REVIEW

A review of the operations of the Group business during the financial year and results of those operations are contained in the Chairman's Statement, Jt. CEO's Review and VPE's Operating Environment and Strategic Context reports on pages 23, 26 and 37 respectively in this Integrated Annual Report. This report forms an integral part of the Annual Report of the Board of Directors.

SUMMARISED FINANCIAL POSITION

The summarized financial position of the Company is as follows:

As at 31st March	2026 Rs. '000	2025 Rs. '000
Retained earnings brought forward	842,896	388,735
Net profit for the year	744,445	1,022,922
Other comprehensive Income/(loss) recognized in the accumulated profit	(3,412)	(8,429)
Dividends	(448,266)	(560,332)
Retained earnings carried forward	1,135,663	842,896

The Financial Statements of the Company and the Group are given in pages 142 to 185.

FINANCIAL STATEMENTS

The Financial Statements of the Company and the Consolidated Financial Statements of the Company and its subsidiary, duly signed by two Directors on behalf of the Board are -set out on pages 142 to 185 of this Annual Report and form part and parcel hereof. These Financial Statements comply with the requirements of Section 151 of the Companies Act, No. 07 of 2007.

INDEPENDENT AUDITORS' REPORT

The Independent Report of the Auditors on the Financial Statements is attached with the Financial Statements.

STATED CAPITAL

The Stated Capital as at 31st March 2026 was Rs. 1,174,365,278/- (2024/25 – Rs. 1,174,365,278) represented by 747,109,731 ordinary shares. There were no changes in the Stated Capital of the Company during the year.

ACCOUNTING POLICIES

The accounting policies adopted by the Company in the preparation of Financial Statements are given on pages 147 to 157 and are consistent with those of the previous period.

RESERVES

The reserves of the Company as at 31st March 2026 stand at Rs. 1,135,662,751/- (2024/25- Rs. 842,895,543/-) comprising totally revenue reserves.

TAXATION

Pursuant to the Supplementary Agreement dated 8th October 2008 entered into with the Board of Investment of Sri Lanka under Section 17 of the Board of Investment Law, the Company enjoyed a tax holiday of 10 years which was ended in 14th July 2014. During the year, the Company also entered into a supplementary agreement with the BOI for the development of a 10 MW Ground Mounted Solar PV Project as an expansion project. Accordingly, the Company became eligible to claim an Enhanced Capital Allowance of 100% in terms of the Second Schedule of the Inland Revenue Act, No. 24 of 2017.

The applicable income tax rate under the prevailing Inland Revenue Act is 30% on both business income and other income.

Information relating to income tax rates of subsidiary companies is shown in Note 11 to the Financial Statements.

STATUTORY PAYMENTS

The Directors confirm that to the best of their knowledge and belief that all statutory payments in relation to the government and the employees have been made up to date or have been provided for in these financial statements

DIVIDENDS

An Interim Dividend of Rs. 0.60 per share for the financial year ended 31st March 2026 was announced on 13th February 2026. Shareholders of the Company who had provided accurate bank account details were paid on 03rd March 2026. Shareholders who had not provided accurate bank account details or had not provided any bank account details were paid on 16th March 2026 via cheques.

The details of the said Dividend payment is given on page 28 of the Annual Report.

A final dividend was not recommended by the Board of Directors.

SOLVENCY TEST

As required by Section 56(3) of the Companies Act, No. 07 of 2007, the Directors had signed the Solvency Statement confirming that the Board has reasonable grounds to believe that the Company would satisfy the Solvency Test immediately after the distributions are made pertaining to the Interim Dividend of Rs.0.60 per share for the financial year ended 31st March 2026.

As per Section 56(2) of the Companies Act, the Board has obtained certificates of Solvency from the Company's Auditors M/s Deloitte Partners Chartered Accountants in relation to the above Interim Dividend for the year ended 31st March 2026.

CAPITAL EXPENDITURE

The total capital expenditure incurred on the acquisition of fixed assets during the year amounted to Rs. 1,736,768,795/- (2024/25-Rs. 258,928,931/-) details of which are given in Note 13 on page 165.

PROPERTY, PLANT & EQUIPMENT

The movement in property, plant and equipment of the Company are given in Note 13 to the Financial Statements.

SHAREHOLDINGS

As at 31st March 2026 there were 8,203 registered shareholders.

MAJOR SHAREHOLDERS, DISTRIBUTION SCHEDULE AND OTHER INFORMATION

Information on the distribution of shareholding, analysis of shareholders, market value per share, earnings, dividends, net assets per share, twenty largest shareholders of the Company and public holding compliance as per the Listing Rules of the Colombo Stock Exchange are given on pages 192 to 193 under Investor Information and the ten-year Summary of the Company.

DIRECTORATE

The names of the Directors who held office as at the end of the accounting period are given below and their brief profiles appear on pages 14 to 17 of this Annual Report.

Mr. Harsha Amarasekera (Chairman)
Non-Executive
Mr. Prabodha Sumanasekera
Non-Executive
Mr. Haresh Somashantha
Non-Executive
Ms. Dinusha Bhaskaran
Non-Executive
Mr. Dinesh Mendis
Independent Non-Executive
Mr. Gamini Gunaratne
Independent Non-Executive
Ms. Deviaka Weerasinghe
Independent Non-Executive

CHANGES TO THE BOARD DURING THE YEAR

There have been no changes to the Board of Directors of the Company during the year ended 31st March 2026.

RE-ELECTION/RETIREMENT BY ROTATION AT THE ANNUAL GENERAL MEETING 2025

In terms of Rule 9.11.5(ii) of the Listing Rules of the Colombo Stock Exchange, the Nominations and Governance Committee recommended the re-election of Mrs. Dinusha Bhaskaran and Mr. Prabodha Sumanasekera who retires by rotation in terms of Article 25(10) of the Articles of Association of the Company. Further, in terms of Rule 9.7.2 of the Listing Rules of the Colombo Stock Exchange, the Board has ensured that Mrs. Dinusha Bhaskaran and Mr. Prabodha Sumanasekera are fit and proper based on the 'Fit and Proper Criteria stipulated in the Listing Rules.

Accordingly, in terms of Article 25(3) Articles of Association of the Company, shareholder approval is sought to re-elect Mrs. Dinusha Bhaskaran and Mr. Prabodha Sumanasekera, who retire by rotation and, being eligible, offer themselves for re-election.

FIT AND PROPER ASSESSMENT OF DIRECTORS

In terms of Rule 9.7.4 of the Listing Rules of the Colombo Stock Exchange, declarations were obtained from the Directors who confirmed that they have continuously satisfied the Fit and Proper Assessment Criteria set out in the Listing Rules during the Financial Year under review and as at the date of such declarations. These Declarations were placed before the Nominations and Governance Committee, and upon review by the Nominations and Governance Committee, where no member participated in decisions relating to his/her continuation, were then presented to the Board.

INDEPENDENCE OF DIRECTORS

The Board, based on the Declarations submitted by the Independent Directors declaring his/her independence against the criteria specified in the Listing Rules and such other information available to the Board that could reasonably be constructed to have a bearing on the independence of such Directors, determined that the Three (3) Independent Directors namely Messrs Devika Weerasinghe, Gamini Gunaratne and Dinesh Mendis are 'Independent' in terms of the Listing Rules.

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

ADDITIONAL DISCLOSURES BY/PERTAINING TO DIRECTORS

I. Material Interests in Contracts involving the Company

The Directors have declared all material interests in contracts involving the Company in terms of the Companies Act and the Articles of the Association of the Company and have acted as prescribed therein, and where relevant have refrained from voting on matters in which they were materially interested.

II. Material Business Relationships with each other

None of the Directors or close family members have any material business relationships with the other Directors of the Company.

III. Other directorships held by the Directors:

Other directorships held by Directors are disclosed in Board of Directors' Profiles on pages 14 and 17.

IV. Applicable Laws Rules and Regulations

The Directors have made arrangements to make themselves aware of applicable laws, rules and regulations and are aware of the changes, particularly to Listing Rules and applicable capital market provisions.

Directors of the subsidiary company as at the end of the accounting period:

Country Energy (Private) Limited

Mr. K D A Perera
Mr. K D H Perera
Mr. Prabodha Sumanasekera
Ms. Dinusha Bhaskaran

INTEREST REGISTER

The Interest Register is maintained by the Company confirming to the provisions of the Companies Act No. 7 of 2007 and relevant disclosures have been made in this Annual Report.

DIRECTORS' SHAREHOLDING

The Directors' Interest in shares of the Company as at 31/03/2026 and 31/03/2025 -were as follows:

	No. of ordinary shares as at	
Directors	31.03.2026	31.03.2025
Mr. Harsha Amarasekera (Chairman)	30	30
Mr. Prabodha Sumanasekera	150,000	150,000
Mr. Haresh Somashantha	15,000	15,000
Ms. Dinusha Bhaskaran	Nil	Nil
Mr. Dinesh Mendis	Nil	Nil
Mr. Gamini Gunaratne	Nil	Nil
Ms. Devika Weerasinghe	Nil	Nil

DIRECTORS REMUNERATION

The Directors' Remuneration is disclosed under Key Management Personnel Compensation in Note 32.8 to the Financial Statements on page 183.

LAND HOLDINGS

The Company and Subsidiary hold freehold lands, leasehold lands and state lands within the districts of Rathnapura, Nuwara Eliya and Matara. The details of the land holdings and building holdings are stated in the page 89 of this Integrated Annual Report.

INVESTMENTS

Details of the Company's quoted and unquoted investments as at 31st March 2026 are given in Notes 17 the Financial Statements on page 169.

DONATIONS

During the year the Company and Subsidiary made donations amounting to Rs. 440,410/- (2024/25 - Rs. 3,298,995/-) and Rs. 561,780/- (2024/25-Rs. 5,680,623/-) respectively.

RISK MANAGEMENT

The ultimate responsibility to establish, monitor and review a company-wide internal control system rests with the Board of Directors. An ongoing process is in place to identify and manage the risks that are associated with the business and operations of the Company. The Directors have delegated oversight of risk management and internal control environment to the Audit Committee, through which the Board of Directors reviews this process.

Specific steps taken by the Company in managing risks are detailed in the section on Risk Management on pages 44 to 49 of the Integrated Annual Report.

MAJOR TRANSACTIONS

During the year under review, the Company continued the Engineering, Procurement and Construction (EPC) contract entered into with Hayleys Fentons Limited, a related party, for the development of a ground-mounted solar PV project. The transaction had previously been approved by shareholders as a Major Transaction in terms of Section 185(1) (a) of the Companies Act, No. 07 of 2007 and as a Non-Recurrent Related Party Transaction in terms of the Listing Rules of the Colombo Stock Exchange.

RELATED PARTY TRANSACTIONS

All related party transactions of the Company during the financial year have been reviewed by the Related Party Transactions Review Committee of the Company and were in compliance with the Section 09 of the Listing Rules of the Colombo Stock Exchange. The Directors confirm that the Company complied with Rule 9 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions during the financial year ended 31 March 2026.

CORPORATE GOVERNANCE

The Board of Directors confirm that the Company is compliant with Section 9 of the Listing Rules of the Colombo Stock Exchange.

The report on Corporate Governance is given on pages 97 to 119 of this Annual Report.

POLICIES MAINTAINED BY THE COMPANY

The Company has established and maintains the following policies in conformity with Rule 9.2.1 of the Colombo Stock Exchange on Corporate Governance and has disclosed the existence of such policies in the corporate website https://www.vallibel-hydro.com/about-us/#company-policies.

- Policy on Internal Code of Business Conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities
- Policy on Board Committees
- Policy on Corporate Disclosures
- Policy on Environmental, Social and Governance Sustainability
- Policy on relations with shareholders and investors
- Policy on Risk Management and Internal Controls
- Policy on Anti-Bribery and Corruption
- Policy on Control and Management of Company Assets and Shareholder Investments
- Policy on Corporate Governance, Nominations and Re-election
- Policy on matters relating to the Board of Directors
- Policy on Remuneration
- Policy on Whistleblowing

BOARD EVALUATION

Each Director individually appraises the Board's performance to ensure discharging its responsibilities satisfactorily.

Independent observations made by the Directors are collated and addressed by the Nominations and Governance Committee of the Company and recommended as relevant to the Board of Directors for consideration.

DIRECTORS' ATTENDENCE

The Directors held four meetings during year and the attendance was as follows:

Director	Attendance
Mr. Harsha Amarasekera *(Chairman)*	4/4
Mr. Prabodha Sumanasekera	2/4
Mr. Haresh Somashantha	4/4
Ms. Dinusha Bhaskaran	4/4
Mr. Dinesh Mendis	4/4
Mr. Gamini Gunaratne	3/4
Ms. Devika Weerasinghe	4/4

BOARD SUB COMMITTEES

While retaining overall responsibility and accountability for the management of the Company, the Board has established the following Board sub-committees in compliance with the Corporate Governance Requirements of the Listing Rules of the Colombo Stock Exchange and industry best practices, in order to ensure more effective oversight of specific areas of the Company's affairs:

- Audit Committee
- Remuneration Committee
- Nominations and Governance Committee
- Related Party Transactions Review Committee

The aforesaid Board sub-committees were last reconstituted on 1st January 2025.

Please refer page 120 to 129 for the Board sub-committee reports.

INTERNAL CONTROLS

The Directors acknowledge their responsibility for the Company's system of internal controls. The system is designed to give assurance, inter alia with regard to the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information generated. However, any system can only ensure reasonable and not absolute assurance that errors and irregularities are either prevented or detected within a reasonable time period.

The Board, having reviewed the system of internal controls, is satisfied with its effectiveness of these controls for the period up to the date of signing the Financial Statements.

GOING CONCERN

The Board is satisfied that the Company has adequate resources to continue its operations in the foreseeable future. For this reason we continue to adopt the going-concern basis in preparing the Financial Statements.

EVENTS OCCURRING AFTER THE DATE OF STATEMENT OF FINANCIAL POSITION

Except for the matters disclosed in Note 30 to the Financial Statements on page 179, there are no any material events have occurred since the reporting date which would require adjustments to, or disclosure in the accounts other than the disclosed above.

AUDITORS

The Financial Statements for the year ended 31st March 2026 have been audited by Messrs Deloitte Partners, Chartered Accountants who offer themselves for re-appointment.

In accordance with the Companies Act No. 07 of 2007, a resolution relating to their re-appointment and authorizing the Directors to determine their remuneration will be proposed at the forthcoming Annual General Meeting. The amounts of Rs. 1,587,000/- (2024/25 - Rs. 1,411,281/-) and Rs. 587,000/- (2024/25 - Rs. 522,151/-) are payable by the Company and Subsidiary respectively to the Auditors for the year under review comprising of Audit Fees.

Directors were satisfied that the Auditors do not have any relationship other than that of the Auditor with the Company.

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

Details of payment to Auditors of the subsidiary Companies on account of Audit Fees and for permitted financial invoices are set out in Note 10 to the Financial Statements on page 161.

EQUITABLE TREATMENT TO SHAREHOLDERS

The Company ensures the protection of shareholder rights and promotes fair and equitable treatment of all shareholders. It has established mechanisms to consider shareholder views and maintain effective communication. Shareholder engagement is facilitated through Annual General Meetings and Extraordinary General Meetings, announcements via the Colombo Stock Exchange, the Group's website, and direct communication through the Company Secretaries, who act as the key point of contact between shareholders and the Board. The Company's policy on shareholder and investor relations is also available on its website.

POLICY ON MATTERS RELATING TO THE BOARD OF DIRECTORS

The Company has in terms of the above Policy, acted in compliance with the requirements set out in Rule 9.5.1 of the Listing Rules.

SPECIAL BUSINESS TO BE TRANSACTED AT THE ANNUAL GENERAL MEETING

Amendment to Articles Of Association

The Directors in the Notice of Meeting, have placed before the shareholders under "Special Business" amendments to certain Articles of the Articles of Association of the Company.

The "Special Business" set out as Item 2 of the Notice of Annual General Meeting contains amendments to certain Articles of the Articles of Association of the Company, as recommended by the Directors, to be adopted by way of a Special Resolution. The salient amendments proposed are :

a) A new Article to be inserted under the title "Methods of Holding Meetings" for meetings of shareholders to be held in addition to physical meetings as per the present Article; by means of audio or audio and visual communication thereby providing the Board to have the option to determine whether a General Meeting of shareholders would be held as a physical meeting, electronic meeting or as a hybrid meeting.

b) Additional methods were brought in, to serve notice on shareholders.

c) To insert a new Article requiring the Company to comply with the Listing Rules of the Colombo Stock Exchange for so long as the Company remains listed on the Colombo Stock Exchange.

d) Further provision in terms of the Listing Rules that publication by advertisement must be done in all three languages in national daily newspapers is proposed to be incorporated. Publication of notice is further enhanced if permitted by law, to be done via the official website of the Company and/or the official website of the Colombo Stock Exchange so long as the Company is listed on the Colombo Stock Exchange.

ANNUAL GENERAL MEETING

The 25th annual general meeting of the company will be held by electronic means on 30th June 2026 at 1.45 P. M. centered at the Boardroom of Royal Ceramics Lanka PLC, No. 20, Sri Uttarananda Mawatha, Colombo 3, Sri Lanka.

The Notice of the Annual General Meeting appears on page 206 of this Report.

ACKNOWLEDGEMENT

The Board of Directors have approved the Audited Financial Statements together with the Annual Report of the Board of Directors and the Reviews which form part of the Annual Report on 02nd June 2026.

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

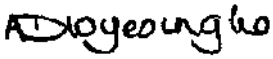
For and on behalf of the Board



Harsha Amarasekera
Chairman



Haresh Somashantha
Director



PW Corporate Secretarial (Pvt) Ltd
Secretaries

Colombo

02 June 2026

Statement of Directors' Responsibility

The following statement sets out responsibility of the Board of Directors in relation to the Financial Statements of the Company and its subsidiaries prepared in accordance with the provisions of the Companies Act No. 07 of 2007.

The responsibility of the Independent Auditor in relation to the Financial Statements is set out in the Report of the Auditors given on page 139 of the Annual Report.

As per the provisions of sections 151, 153(1) and (2), 150(1) and 152(1) of the Companies Act No. 07 of 2007, the Directors are required to prepare Financial Statements for each financial year, which should give a true and fair view of the state of affairs of the Company and its subsidiaries as at the reporting date and its profit or loss for the financial year then ended, ensure that they are completed within six months or such extended period as may be determined by the Registrar General of Companies, certified by the person responsible for the preparation of the Financial Statements that it is in compliance with the said Companies Act and dated and signed on behalf of the Board by two Directors of the Company.

In terms of Section 166(1) read together with Sections 168(1)(b) and (c) and Section 167(1) of the Companies Act No. 07 of 2007, the Directors are required to ensure that copies of the Financial Statements, together with the Annual Report of the Board of Directors prepared in accordance with Section 166(1), are circulated to all shareholders not less than fifteen (15) working days prior to the date fixed for the Annual General Meeting. This requirement is fulfilled by making the Annual Report available on the Company's official website and the Colombo Stock Exchange website in accordance with Rule 7.5(b) of the Listing Rules of the Colombo Stock Exchange, while printed copies are made available upon request of the shareholders.

The Financial Statements of the Company and its subsidiaries have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) and are consistent with the requirements of the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, the Companies Act No. 07 of 2007, and the Listing Rules of the Colombo Stock Exchange. The Directors confirm that the Financial Statements comply with the applicable statutory and regulatory reporting framework.

The Directors consider that, in preparing Financial Statements for the year ended 31st March 2026 set out on pages 142 to 185 of the Annual Report, appropriate accounting policies have been selected and applied in a consistent manner and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed. The Directors confirm that they have justified in adopting the going concern basis in preparing the Financial Statements since adequate resources are available to continue operations in the foreseeable future.

The Directors are responsible for keeping proper accounting records, which disclose reasonable accuracy, at any time, the financial position of the Company and to enable them to ensure the Financial Statements comply with the Companies Act No. 7 of 2007.

They are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities. In this regard, the Directors have instituted an effective and comprehensive system of internal control.

The Directors are required to prepare Financial Statements and to provide the external auditors with every opportunity to take whatever steps and undertake whatever inspections they may consider to be appropriate to enable them to give their independent audit opinion.

The Board of Directors reviews and approves the interim financial statements prior to their release, following a review and recommendation by the Board Audit Committee, thereby ensuring appropriate oversight of the financial reporting process.

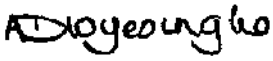
The Financial Statements of the Company and its subsidiaries have been certified by the Accountant and Joint Chief Executive Officer of the Company, the officers responsible for their preparation as required by the Sections 150(1)(b) and 152 (1) (b) of the Companies Act and they have also been signed by two Directors of the Company as required by Sections 150(1)(c) and 152 (1) (c) of the Companies Act.

COMPLIANCE STATEMENT

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company and other known statutory dues as were due and payable by the Company as at the Balance Sheet date have been paid or, where relevant provided for, in arriving at the financial results for the year under review.

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

For and on behalf of the Board
VALLIBEL POWER ERATHNA PLC



P W CORPORATE SECRETARIAL (PVT) LTD
SECRETARIES

Colombo

02 June 2026

Responsibility Statement from Chairman, Joint CEO and Accountant

The Financial Statements of Vallibel Power Erathna PLC and the Consolidated Financial Statements of the Group as at 31 March, 2026 have been prepared in accordance with the stipulations of the following entities:

- Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka;
- Companies Act No. 07 of 2007;
- The Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995;
- Listing Rules of the Colombo Stock Exchange;
- Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka.
- Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka.

Accordingly, we affirm that the accounting policies adhered to in the preparation of the Financial Statements are relevant, have been applied consistently, and present a true and fair view of the financial position and results of the Company as set out in the notes to the Financial Statements. The Audit Committee as well as our External Auditors were also kept informed and conferred with, on significant accounting policies and estimates pertaining to a high level of decision, complexity or perceived ambiguity.

We confirm that stringent systems of internal control and accounting have been implemented to enable the preparation of financial statements free from material misstatement, whether due to fraud or error, as well as to safeguard our assets. Our Internal Auditors, Messrs. KPMG, Chartered Accountants conducted periodic audits to provide assurance that the necessary policies and procedures were judiciously followed. We ensure that our policies and processes are appraised and revised continuously. It is to be noted, however, that limitations are inherent in systems of internal control and accounting and this should be taken into consideration when determining the assurances provided by them.

The Audit Committee of the Company conducts meetings with the Internal Auditors and the Independent Auditors periodically or more often if deemed necessary, to review the audits and discuss issues pertaining to auditing, internal control and financial reporting. The Company provides the Independent Auditors and the Internal Auditors with unlimited access to the Audit Committee for this purpose.

Our Financial Statements were audited by Messrs Deloitte Partners, Chartered Accountants, the Independent External Auditors whose report is provided from pages 139 to 141 in this Annual Report. The Audit Committee reviews the audit and non-audit services provided by the External Auditor periodically, to ensure that provision of these services in no way impede their independence.

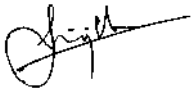
We hereby declare that the Company and its subsidiaries are fully compliant with all applicable laws, regulations, and legal requirements and that there have been no instances of non-compliance or pending material litigation against the Group. Therefore, consequent to due inquiry and having taken into account the financial position and future prospects of the Company and of the Group, we have a reasonable expectation that the Company and the Group have adequate resources to continue to be in operational existence for the foreseeable future.



Harsha Amarasekera
Chairman



Russell De Zilva
Jt. CEO



Sajithra Thanoj
Accountant

02 June 2026

***Note**: Mr.Aruna Dheerasinghe,Jt.CEO resigned from his position as Jt.CEO with effect from 31st May 2026.*

Independent Auditor's Report

Deloitte.

Deloitte Partners
100 Braybrooke Place
Colombo 2
Sri Lanka

Tel: +94 11 771 9700,
+94 11 771 9838,
Fax: +94 11 230 7237
www.deloitte.com

TO THE SHAREHOLDERS OF VALLIBEL POWER ERATHNA PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Vallibel Power Erathna PLC (the Company) and the consolidated financial statements of the Company and its subsidiary (the Group), which comprise the statement of financial position as at 31 March 2026, and the statement of profit and loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

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

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company and the Group in accordance with the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka ("CA Sri Lanka Code of Ethics") and we have fulfilled our other ethical responsibilities in accordance with the CA Sri Lanka 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 our opinion thereon, and we do not provide a separate opinion on these matters.

The Company and the Group

Key audit matter	How our audit addressed the Key audit matter
(a) Estimation of useful life period of items of asset categories in Property, Plant and Equipment (Refer Accounting Policy 2.15 and Note 13 to the financial statements) Property, plant and equipment amounted to LKR 3,524 Mn as at the reporting date and represents a significant portion of the Group's total assets. Depreciation is calculated based on the estimated useful lives of these assets, which involves management judgement considering factors such as expected usage, operational performance, maintenance practices and technological developments. Changes in these estimates could have a material impact on depreciation expense and carrying values. Accordingly, we considered this to be a key audit matter.	The following audit procedures were performed on the management's estimation of useful life periods of asset categories under property, plant and equipment: ◆ We assessed the reasonableness of management's estimated useful lives with reference to industry practices and the operational characteristics of the assets. ◆ We reviewed relevant contractual arrangements, including power purchase agreements, to understand the expected period of economic benefits. ◆ We evaluated whether there were indicators of changes in asset usage or performance and tested the accuracy of depreciation calculations for a sample of assets.

C S Manoharan FCA, **T U Jayasinghe** FCA, **M D B Boyagoda** FCA, **H A C H Gunarathne** FCA, **M P M T Gunasekara** FCA, **N R Gunasekera** FCA, **M S J Henry** FCA, **M M R Hilmy** FCA, **H P V Lakdeva** FCA, **K M D R P Manatunga** ACA, **M M M Manzeer** FCA, **L A C Tillekeratne** ACA, **D C A J Yapa** ACA

Regd. Office: P.O. Box 918, 100 Braybrooke Place, Colombo 02, Sri Lanka.

Independent Auditor's Report

Deloitte.

Key audit matter	How our audit addressed the Key audit matter
(b) Capitalisation of Solar Power Project (Refer Accounting Policy 2.15 and Note 13 to the financial statements) During the year, the Company capitalised LKR 1,733 Mn in relation to the development and construction of a solar power project. The capitalisation of such costs requires management judgement in determining whether expenditures are directly attributable to bringing the asset to the condition necessary for it to operate as intended, in accordance with LKAS 16 and LKAS 23. The significance of the amount involved, together with the judgement required in assessing the nature, timing and allocation of costs, resulted in this being a key audit matter.	The following audit procedures were performed on the management assessment of capitalization of the Solar Power Project: ◆ We evaluated the Company's accounting policies against the requirements of LKAS 16 and LKAS 23. ◆ We tested a sample of costs capitalised during the year to supporting documentation to assess whether they met the criteria for capitalisation. ◆ We assessed management's basis for allocating indirect and borrowing costs. ◆ We inspected key contracts and project documentation to understand the nature of expenditures incurred. ◆ We performed a site visit to verify the existence and progress of the project, and considered whether costs were recorded in the appropriate reporting period.
(c) Recognition of deferred tax assets (Refer Accounting Policy 2.6 and Note 26 to the financial statements) The Company recognised deferred tax assets of LKR 251 Mn arising from temporary differences, including enhanced capital allowances and concessions under Board of Investment (BOI) arrangements. The recognition of these assets depends on the availability of future taxable profits against which they can be utilised, which requires significant management judgement. This includes assumptions relating to future financial performance, the timing of reversal of temporary differences and the application of relevant tax regulations. Given the estimation uncertainty and complexity involved, this was considered a key audit matter.	The following audit procedures were performed on the deferred tax recognition. ◆ We evaluated the appropriateness of the accounting treatment under LKAS 12 and testing the accuracy of deferred tax calculations. ◆ We assessed the reasonableness of management's forecasts of future taxable profits by comparing them with historical performance and other available evidence. ◆ We reviewed the basis for recognising deferred tax assets in relation to enhanced capital allowances and BOI concessions with reference to applicable tax regulations. ◆ We considered the timing of reversal of temporary differences and evaluated the adequacy of related disclosures in the financial statements.

Other Information

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

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

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

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

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

In preparing the financial statements of the Company and the consolidated financial statements of the Group, management is responsible for assessing the Company's/ 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 Company/ 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.

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements of the Company and the consolidated financial statements of the Group or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company/ 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 of the Company and the consolidated financial statements of the Group represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 6183.

Deloitte Partners

CHARTERED ACCOUNTANTS

COLOMBO

02 June 2026

Statement of Profit or Loss

For the Year Ended 31 March	Notes	Company 2026 Rs.	Company 2025 Rs.	Group 2026 Rs.	Group 2025 Rs.
Revenue from contracts with customer	6	617,575,397	337,542,754	1,538,245,253	1,376,054,670
Direct costs	10	(130,143,380)	(64,882,537)	(262,650,561)	(184,603,927)
Gross profit		487,432,017	272,660,217	1,275,594,692	1,191,450,743
Other income	7	281,519	918,758,655	785,217	478,690,192
Administrative expenses	10	(115,956,024)	(90,221,214)	(218,985,813)	(191,676,882)
Other operating expenses	10	(3,657,055)	(5,964,562)	(4,423,469)	(11,876,671)
Operating profit		368,100,457	1,095,233,096	1,052,970,627	1,466,587,382
Finance income	8	19,692,947	30,617,315	56,801,613	84,479,890
Finance costs	9	(61,901,234)	(176,812)	(63,742,318)	(4,292,849)
Finance income - net		(42,208,287)	30,440,503	(6,940,705)	80,187,041
Profit before income tax		325,892,170	1,125,673,599	1,046,029,922	1,546,774,423
Income tax reversal/(expense)	11.1	418,552,752	(102,751,717)	298,483,032	(436,944,141)
Profit for the year		744,444,922	1,022,921,882	1,344,512,954	1,109,830,282
Profit is attributable to:					
Owners of Vallibel Power Erathna PLC		744,444,922	1,022,921,882	1,266,566,327	979,017,433
Non-controlling interests		-	-	77,946,627	130,812,849
		744,444,922	1,022,921,882	1,344,512,954	1,109,830,282
Earnings per share for profit attributable to the ordinary equity holders of the company:					
Basic/diluted earnings per share	12	1.00	1.37	1.70	1.31
Dividend per share	28	0.60	0.75	0.60	0.75

The notes on pages 147 to 185 form an integral part of these financial statements.

Statement of Comprehensive Income

For the Year Ended 31 March	Notes	Company 2026 Rs.	Company 2025 Rs.	Group 2026 Rs.	Group 2025 Rs.
Profit for the year		744,444,922	1,022,921,882	1,344,512,954	1,109,830,282
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Remeasurement of retirement benefit obligation	25	(4,874,107)	(12,041,795)	(4,736,372)	(17,109,058)
Deferred tax effect on the remeasurement of retirement benefit obligation	11.2	1,462,232	3,612,539	1,441,572	4,372,628
Other comprehensive income for the year, net of tax		(3,411,875)	(8,429,256)	(3,294,800)	(12,736,430)
Total comprehensive income for the year		741,033,047	1,014,492,626	1,341,218,154	1,097,093,852
Total comprehensive income for the year is attributable to:					
Owners of Vallibel Power Erathna PLC		741,033,047	1,014,492,626	1,263,256,541	966,832,322
Non-controlling interests		-	-	77,961,613	130,261,530
		741,033,047	1,014,492,626	1,341,218,154	1,097,093,852

The notes on pages 147 to 185 form an integral part of these financial statements.

Statement of Financial Position

For the Year Ended 31 March	Notes	Company 2026 Rs.	Company 2025 Rs.	Group 2026 Rs.	Group 2025 Rs.
ASSETS					
Non-current assets					
Property, plant and equipment	13	2,432,511,899	777,874,681	3,523,574,334	1,913,794,778
Capital work in progress	13.3	8,870,789	103,595,309	8,870,789	103,595,309
Right-of-use assets	15	993,976	1,135,973	27,248,779	30,296,321
Investment in subsidiary	17.1	821,619,980	821,619,980	-	-
Intangible assets	18	3,771,282	4,055,907	12,353,369	22,994,661
Other non-current asset	19	-	-	4,500,000	4,500,000
Deferred tax asset	26.2	250,874,880	-	250,874,880	-
Total non-current assets		3,518,642,806	1,708,281,850	3,827,422,151	2,075,181,069
Current Assets					
Inventory	20	9,368,223	6,626,822	39,385,730	26,597,627
Trade and other receivables	21	164,402,190	25,658,858	254,735,793	102,936,185
Amount due from related parties	22	4,416,616	6,219,012	1,154,154	2,746,067
Tax receivables		18,862,239	-	18,862,239	-
Cash and cash equivalents	23	128,318,889	542,980,238	1,032,449,885	931,760,488
Total current assets		325,368,157	581,484,930	1,346,587,801	1,064,040,367
Total assets		3,844,010,963	2,289,766,780	5,174,009,952	3,139,221,436
EQUITY					
Stated capital	24	1,174,365,278	1,174,365,278	1,174,365,278	1,174,365,278
Retained earnings		1,135,662,751	842,895,543	2,067,550,971	1,252,560,268
Capital and reserves attributable to owners of Vallibel Power Erathna PLC		2,310,028,029	2,017,260,821	3,241,916,249	2,426,925,546
Non-controlling interests		-	-	256,581,427	178,619,814
Total equity		2,310,028,029	2,017,260,821	3,498,497,676	2,605,545,360
LIABILITIES					
Non-current liabilities					
Retirement benefit obligations	25	68,678,732	53,471,376	96,917,808	77,946,484
Deferred tax liabilities	26.1	-	169,140,104	32,315,679	203,555,606
Interest bearing loans and borrowings	14	1,157,445,626	-	1,157,445,626	-
Lease liabilities	15	1,345,218	1,461,100	34,929,065	38,804,799
Total non-current liabilities		1,227,469,576	224,072,580	1,321,608,178	320,306,889
Current liabilities					
Accruals and other payables	27	108,940,530	27,465,241	121,337,303	128,452,725
Interest bearing loans and borrowings	14	138,893,475	-	138,893,475	-
Lease liabilities	15	149,469	176,812	2,226,152	1,452,300
Amount due to related party	16	58,529,884	-	58,529,884	-
Current tax liabilities		-	20,791,326	32,917,284	83,464,162
Total current liabilities		306,513,358	48,433,379	353,904,098	213,369,187
Total equity and liabilities		3,844,010,963	2,289,766,780	5,174,009,952	3,139,221,436

The notes on pages 147 to 185 form an integral part of these financial statements.

We certify that these financial statements have been prepared in compliance with the requirements of the Companies Act, No. 07 of 2007.

Sajithra Thanoj
Accountant

Russell De Zilva
Jt. CEO

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

Approved and signed for and on behalf of the Board of Directors.

Harsha Amarasekera
Chairman

Haresh Somashantha
Director

02 June 2026

Statement of Changes In Equity

Company	Stated capital Rs.	Retained earnings Rs.	Total Rs.
Balance as at 1 April 2024	1,174,365,278	388,735,215	1,563,100,493
Profit for the year	-	1,022,921,882	1,022,921,882
Other comprehensive income, net of tax	-	(8,429,256)	(8,429,256)
Total comprehensive income for the year, net of tax		1,014,492,626	1,014,492,626
Transactions with owners in their capacity as owners:			
Interim dividend for the financial year 2024/25	-	(560,332,298)	(560,332,298)
Dividend paid	-	(560,332,298)	(560,332,298)
Balance as at 31 March 2025	1,174,365,278	842,895,543	2,017,260,821
Profit for the year	-	744,444,922	744,444,922
Other comprehensive income, net of tax	-	(3,411,875)	(3,411,875)
Total comprehensive income for the year, net of tax		741,033,047	741,033,047
Transactions with owners in their capacity as owners:			
Interim dividend for the financial year 2025/26	-	(448,265,839)	(448,265,839)
Dividend paid	-	(448,265,839)	(448,265,839)
Balance as at 31 March 2026	1,174,365,278	1,135,662,751	2,310,028,029

Group	Stated Capital Rs.	Retained earnings Rs.	Non-controlling interests Rs.	Total Rs.
Balance as at 1 April 2024	1,174,365,278	846,060,244	184,256,307	2,204,681,829
Profit for the year	-	979,017,433	130,812,849	1,109,830,282
Other comprehensive income, net of tax	-	(12,185,111)	(551,319)	(12,736,430)
Total comprehensive income for the year, net of tax		966,832,322	130,261,530	1,097,093,852
Transactions with owners in their capacity as owners:				
Interim dividend for the financial year 2024/25	-	(560,332,298)	(135,898,023)	(696,230,322)
Dividend paid	-	(560,332,298)	(135,898,023)	(696,230,322)
Balance as at 31 March 2025	1,174,365,278	1,252,560,268	178,619,814	2,605,545,360
Profit for the year	-	1,266,566,327	77,946,627	1,344,512,954
Other comprehensive income, net of tax	-	(3,309,785)	14,986	(3,294,799)
Total comprehensive income for the year, net of tax		1,263,256,542	77,961,613	1,341,218,155
Transactions with owners in their capacity as owners:				
Interim dividend for the financial year 2025/26	-	(448,265,839)	-	(448,265,839)
Dividend paid	-	(448,265,839)	-	(448,265,839)
Balance as at 31 March 2026	1,174,365,278	2,067,550,971	256,581,427	3,498,497,676

The notes on pages 147 to 185 form an integral part of these financial statements.

Statement of Cash Flows

For the Year Ended 31 March	Notes	Company 2026 Rs.	Company 2025 Rs.	Group 2026 Rs.	Group 2025 Rs.
Cash flows generated from operating activities					
Profit before income tax		325,892,170	1,125,673,599	1,046,029,922	1,546,774,423
Adjustments for					
Amortization of intangible assets	18	284,625	284,625	10,641,292	10,641,292
Deprecation of right-of-use assets	15.2	141,997	141,997	1,493,060	3,561,578
Depreciation of property, plant and equipment	13	82,111,670	31,352,982	127,525,594	78,708,810
Provision for retirement benefits obligation	25	9,583,060	7,340,312	14,313,375	11,105,596
Dividend income	7	-	(787,250,430)	-	-
Loss on disposal of property, plant & equipment		19,906	32,025	19,906	32,025
Adjustment for Right of Use Assets		-	-	1,554,480	-
Adjustment for Property, Plant & Equipment		-	-	-	250
Finance income	8	(19,692,947)	(30,617,315)	(56,801,613)	(84,479,890)
Finance costs	9	61,901,234	176,812	63,742,318	4,292,849
Operating profit before working capital changes		460,241,715	347,134,607	1,208,518,334	1,570,636,933
(Increase)/ Decrease in Inventories		(2,741,401)	(2,412,493)	(12,788,103)	(9,599,426)
(Increase) / Decrease in trade and other receivables		(140,906,856)	(10,376,940)	(154,284,901)	6,472,955
(Increase) / Decrease in amounts due from related parties		2,552,585	(1,802,457)	2,342,102	(896,062)
Increase / (Decrease) in trade and other payables		81,475,289	(29,575,777)	(9,515,422)	(175,435,299)
Cash generated from operations		400,621,333	302,966,940	1,034,272,010	1,391,179,101
Finance interest paid		(61,901,234)	(176,812)	(61,991,282)	(672,783)
Finance interest received		21,856,470	33,385,952	59,286,928	86,641,504
Retirement benefit obligations paid	25	-	(2,272,406)	(828,612)	(3,591,208)
Income taxes paid		(39,653,564)	(113,253,097)	(191,599,342)	(458,727,589)
Net cash inflow from operating activities		320,923,005	220,650,578	839,139,702	1,014,829,025
Cash flows from investing activities					
Payments for property, plant and equipment		(1,583,514,390)	(258,928,931)	(1,584,087,274)	(259,335,200)
Proceeds from sale of property, plant and equipment		-	-	16,625	-
Dividend received		-	787,250,430	-	-
Net cash inflow / (outflow) from investing activities		(1,583,514,390)	528,321,499	(1,584,070,649)	(259,335,200)
Cash flows from financing activities					
Dividend paid to company's shareholders		(448,265,839)	(560,332,298)	(448,265,839)	(696,230,321)
Proceeds from Interest Bearing Borrowings		1,296,339,101	-	1,296,339,101	-
Principal elements of lease payments		(143,226)	(130,205)	(2,452,919)	(1,389,234)
Net cash (outflow) from financing activities		847,930,037	(560,462,503)	845,620,343	(697,619,555)
Net increase / (decrease) in cash and cash equivalents		(414,661,348)	188,509,574	100,689,397	57,874,270
Cash and cash equivalents at the beginning of the financial year (Note A)		542,980,238	354,470,664	931,760,488	873,886,218
Cash and cash equivalents at end of year (Note B)		128,318,889	542,980,238	1,032,449,885	931,760,488
Note A					
Cash and Cash Equivalents at the Beginning of the year					
Cash at bank and in hand		74,245,309	10,478,331	77,631,269	15,680,449
Investments in short-term deposits (Maturity period < 3 months)		468,734,929	343,992,333	854,129,219	858,205,769
		542,980,238	354,470,664	931,760,488	873,886,218
Note B					
Cash and Cash Equivalents at the End of the year					
Cash in hand & at bank		11,725,896	74,245,309	39,955,225	77,631,269
Investments in short-term deposits (Maturity period < 3 months)		116,592,992	468,734,929	992,494,660	854,129,219
		128,318,889	542,980,238	1,032,449,885	931,760,488

The notes on pages 147 to 185 form an integral part of these financial statements.

Notes to the Financial Statements

1. CORPORATE INFORMATION

Vallibel Power Erathna PLC ('the Company') and Country Energy (Private) Limited ('the Subsidiary') (together 'the Group') generate and supply electricity to the National Grid via renewable energy sources. The Company manages its own mini hydropower plant situated at Erathna, Rathnapura ('Erathna') and ground mounted solar PV project at Matara (Dolahena Estate) while the subsidiary operates two mini hydro power plants situated at Malwala, Rathnapura ('Denawaka') and Norton Bridge, Nuwara Eliya ('Kiriwaneliya'). The Company and the Subsidiary are limited by shares, incorporated and domiciled in Sri Lanka. The registered office of the Company is located at No. 25, Foster Lane, Colombo 10.

The financial statements are presented in Sri Lankan Rupees (LKR).

The financial statements were authorised for issue by the directors on 02 June 2026.

All press releases, financial reports and other information are available in Investor Relations page on our website: http://vallibel-hydro.com/index.php.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

This note provides a list of the material accounting policies adopted in the preparation of these separate and consolidated financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of Vallibel Power Erathna PLC and Country Energy (Private) Limited.

2.1 Basis of Preparation

(i) Compliance with SLFRS

The financial statements of the Company and the Group have been prepared in accordance with Sri Lanka Accounting Standards, which comprise Sri Lanka Financial Reporting Standards ("SLFRS"s), Sri Lanka Accounting Standards ("LKAS"s), relevant interpretations of the Financial Reporting Standard Implementation and Interpretation Committee ("FRSIIC") and International Financial Reporting Interpretations Committee ("IFRIC"). Sri Lanka Accounting Standards further comprises Statements of Recommended Practices (SoRPs), Statements of Alternate Treatments (SoATs) and Financial Reporting Guidelines issued by the Institute of Chartered Accountants of Sri Lanka. The preparation of financial statements in conformity with Sri Lanka Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis.

(iii) Responsibility for financial statements

The Board of Directors is responsible for the preparation and presentation of the financial statements of the Company as per the provisions of the Companies Act No. 07 of 2007 and Sri Lanka Accounting Standards (SLFRSs and LKASs).

The board of directors acknowledges their responsibility for financial statements by certification on the statement of financial position.

These financial statements include the following components:

- Statement of profit or loss and other comprehensive income providing information on the financial performance of the Company for the year under review.
- Statement of financial position providing information on the financial position of the Company as at the year-end.
- Statement of changes in equity depicting all the changes in shareholders 'fund during the year under review of the company.
- Statement of cash flows providing information to users, o n the ability to the Company to generate cash and cash equivalents and utilization of those cash flows.
- Notes to the financial statements comprising accounting policies and other explanatory information.

2.2 Changes in Accounting Policies and Disclosures

(a) New and amended Accounting Standards that are effective for the current year

In the current year, the group/company has applied the below amendment to Sri Lanka Accounting Standards issued by the CA Sri Lanka that are mandatorily effective for an accounting period that begins on or after 1 January 2025. Its adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to LKAS 21 The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability

The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not.

The amendments state that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

An entity assesses whether a currency is exchangeable into another currency at a measurement date and for a specified purpose. If an entity is able to obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, the currency is not exchangeable into the other currency.

The assessment of whether a currency is exchangeable into another currency depends on an entity's ability to obtain the other currency and not on its intention or decision to do so.

When a currency is not exchangeable into another currency at a measurement date, an entity is required to estimate the spot exchange rate at that date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market

Notes to the Financial Statements

participants under prevailing economic conditions.

The amendments do not specify how an entity estimates the spot exchange rate to meet that objective. An entity can use an observable exchange rate without adjustment or another estimation technique.

(b) New and revised SLFRS Accounting Standards in issue but not yet effective

The following new accounting standards and interpretations are issued by IASB but not yet adopted by CA Sri Lanka except for SLFRS 18 and SLFRS 19.

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

These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system. These amendments further clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion.

These amendments add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted.

The impact of these amendments is not reasonably estimable.

SLFRS 18 Presentation and Disclosures in Financial Statements

SLFRS 18 replaces LKAS 1, carrying forward many of the requirements in LKAS 1 unchanged and complementing them with new requirements. In addition, some LKAS 1 paragraphs have been moved to LKAS 8 and SLFRS 7.

SLFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
- improve aggregation and disaggregation.

An entity is required to apply SLFRS 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. SLFRS 18 requires retrospective application with specific transition provisions.

The impact of these amendments is not reasonably estimable.

SLFRS 19 Subsidiaries without Public Accountability: Disclosures

SLFRS 19 permits an eligible subsidiary to provide reduced disclosures when applying SLFRS Accounting Standards in its financial statements.

A subsidiary is eligible for the reduced disclosures if it does not have public accountability and its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with SLFRS Accounting Standards.

SLFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.

An entity is only permitted to apply SLFRS 19 if, at the end of the reporting period:

- it is a subsidiary (this includes an intermediate parent)
- it does not have public accountability, and
- its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with SLFRS Accounting Standards.

Eligible entities can apply SLFRS 19 in their consolidated, separate or individual financial statements. An eligible intermediate parent that does not apply SLFRS 19 in its consolidated financial statement may do so in its separate financial statements.

The new standard is effective for reporting periods beginning on or after 1 January 2027 with earlier application permitted.

The impact of these amendments is not reasonably estimable.

Annual improvements to IFRS - Volume 11

Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2024 amendments are to the following standards:

- IFRS 1 First-time Adoption of International Financial Reporting Standards;
- IFRS 7 Financial Instruments: Disclosures
- IFRS 9 Financial Instruments;
- IFRS 10 Consolidated Financial Statements; and
- IAS 7 Statement of Cash Flows.

These annual improvements are effective for annual periods beginning on or after 1 January 2026 with earlier application permitted.

The impact of these amendments is not reasonably estimable.

Contracts Referencing Nature-dependent Electricity - Amendments to SLFRS 9 and SLFRS 7

The amendments apply only to contracts that reference nature-dependent electricity; the amendments:

- Clarify the application of the 'own-use' requirements for in-scope contracts
- Amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts
- Add new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows

The amendments will take effect for annual reporting periods starting on or after 1 January 2026. Early adoption is allowed, but it must be disclosed. The amendments concerning the own-use exception are to be applied retrospectively, while the hedge accounting amendments should be applied prospectively

to new hedging relationships designated from the initial application date. Additionally, the SLFRS 7 disclosure amendments must be implemented alongside the SLFRS 9 amendments. If an entity does not restate comparative information, it cannot present comparative disclosures.

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- Clarify the application of the 'own-use' requirements for in-scope contracts
- Amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts
- Add new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows

The amendments will take effect for annual reporting periods starting on or after 1 January 2026. Early adoption is allowed, but it must be disclosed. The amendments concerning the own-use exception are to be applied retrospectively, while the hedge accounting amendments should be applied prospectively to new hedging relationships designated from the initial application date. Additionally, the SLFRS 7 disclosure amendments must be implemented alongside the SLFRS 9 amendments. If an entity does not restate comparative information, it cannot present comparative disclosures.

The impact of these amendments is not reasonably estimable.

Amendment to IAS 21 - Translation to a Hyperinflationary Presentation Currency

These narrow-scope amendments specify the translation procedures for an entity whose presentation currency is that of a hyperinflationary economy. The entity applies the amendments if:

- its functional currency is that of a non-hyperinflationary economy and it is translating its results and financial position into the currency of a hyperinflationary economy; or
- it is translating into the currency of a hyperinflationary economy the results and financial position of a foreign operation whose functional currency is that of a non-hyperinflationary economy.

The amendments aim to improve the usefulness of the resulting information in a cost-effective manner. Developed in response to stakeholder feedback, these amendments are expected to reduce diversity in practice and provide a clearer basis for reporting in a hyperinflationary currency.

The amendments are effective for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted.

The impact of these amendments is not reasonably estimable.

Amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37- Disclosures about Uncertainties in the Financial Statements

The IASB has published the final version of a set of examples that illustrate the reporting of the effects of uncertainties in financial statements through climate-related fact patterns. The Examples demonstrate how to disclose the impacts of uncertainties within climate-related scenarios, but the principles and requirements are also applicable to disclosure of other uncertainties. The Examples do not add to or change requirements in IFRS Accounting Standards and therefore there are no transition requirements and effective date. Instead, these Examples will accompany the respective IFRS Accounting Standards to which they relate.

The impact of these amendments is not reasonably estimable.

2.2.1 Consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combination by the Group. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred to the former owners of the acquired business, and the equity interests issued by the Group, fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognizes any Non-Controlling Interest ('NCI') in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the NCI's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Inter-company transactions balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

(ii) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate for an investment because of a loss of

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control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.3 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Joint Chief Executive Officers ('Jt. CEO') who is the Chief Operating Decision Maker (CODM). Refer note 33 for further information on segment reporting.

2.4 Foreign Currency Translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in 'Sri Lankan Rupees' ('LKR'), which is the Group's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.5 Revenue from Contracts with Customer

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty upon satisfaction of performance obligation.

The Group derives revenue from the transfer of services at a point in time from the below geographical regions.

1) Erathna mini hydro power plant ('EMHPP')
2) Denawaka mini hydro power plant ('DMHPP')
3) Kiriwaneliya mini hydro power plant ('KMHPP')
4) Dolahena Estate Ground Mounted Solar PV Project ('DGMSP')

The Group has entered into Standardised Power Purchase Agreements (SPPAs) with the Ceylon Electricity Board (CEB) for the sale of electricity generated from the respective mini hydropower projects. These agreements relating to the mini hydropower projects are valid for a period of 15 years commencing from the respective commercial operation dates.

The commercial operations of the mini hydropower projects commenced on 15 July 2004, 15 December 2011, and 14 February 2012, respectively. The SPPA relating to EMHPP was extended from 15 July 2019 to 15 July 2039, with a provision for a further 20-year extension.

Further, the extension of the SPPAs relating to DMHPP and KMHPP will be subject to agreement with the Ceylon Electricity Board upon expiry of the aforesaid 15-year periods.

The Company has also entered into a 20-year SPPA for the Dolahena Estate Ground Mounted Solar PV Project, for which commercial operations commenced on 10 September 2025.

The electricity units (also known as the Energy Output) generated are measured via the metering equipment (owned by the CEB) located at each power plant. The title of the Energy Output shall transfer to the CEB at the metering point upon substantially satisfying the specifications of the SPPA.

The receipts are based on the applicable tariff specified in the SPPA. The CEB is required to settle the balance due of each invoice within 30 days from the billing date.

2.6 Income Tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.7 Leases/ Right-of-use Assets and Liabilities

The Group leases various land and office premises. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases
- makes adjustments specific to the lease, eg term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through

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recent financing or market data) which has a similar payment profile to the lease, then the Group entities use that rate as a starting point to determine the incremental borrowing rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases of office premises and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

2.8 Business Combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

2.9 Impairment of Assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are Grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or Groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.10 Inventory

Stocks are stated at the lower of cost and net realisable value. Cost comprises direct expenses inccured to acquire the stocks. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.11 Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

2.12 Trade Receivables

Trade receivables are recognised initially at the amount of consideration that

is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance. See note 21 for further information about the Group's accounting for trade receivables and note 4.1 for a description of the Group's impairment policies.

2.13 Investments and other Financial Assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses), and impairment expenses are presented as separate line item in the statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by SLFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 4.1 for further details.

2.14 Financial Guarantee Contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the expected credit loss model under SLFRS 9 Financial Instruments and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of SLFRS 15 Revenue from Contracts with Customers.

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The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

2.15 Property, Plant and Equipment

All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Increases in the carrying amounts arising on revaluation of land and buildings are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the property, plant and equipment revaluation surplus to retained earnings.

Depreciation is calculated using the straight-line method to allocate the cost or revalued amounts of the assets, net of their residual values, over their estimated useful lives as follows:

- Civil constructions	40 years
- Plant and machinery	33 1/3 years
- Solar power plant	20 years
- Furniture, fittings and other equipment	10 years
- Generator	10 years
- Project equipment	5 years
- Motor vehicle	5 years
- Computers	4 years
- Tools and accessories	3 years
- Motor cycle	3 years
- Mobile phones and accessories	2 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.10).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

2.15.1 Capital Work in Progress

Capital work in progress is stated at cost. These are expenses of a capital nature directly attributable to the construction of the power plant. Expenses that are in the capital nature are accounted for as capital work in progress during the period of construction.

2.16 Intangible Assets

(i) Goodwill

Goodwill is measured as described in note 2.9. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or Groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or Groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (note 33).

(ii) Trademarks, licences and customer contracts

Separately acquired trademarks and licenses are shown at historical cost. Trademarks, licenses and customer contracts acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

(iii) Software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing

of identifiable and unique software products controlled by the Group are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- - there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

(iv) Research and development

Research expenditure and development expenditure that do not meet the criteria in (iii) above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

2.17 Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.18 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost.

Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in profit or loss as finance costs.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.19 Borrowing Costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

2.20 Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2.21 Employee Benefits

The Group operates defined benefit post-employment scheme. The liability recognised in the balance sheet in respect of defined

Notes to the Financial Statements

benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit or loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

2.22 Dividend

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.23 Earnings per Share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.24 Rounding of Amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand currency units unless otherwise stated.

2.25 Fair Value Measurement

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1 : Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly - i.e. as prices or indirectly - i.e. derived from prices. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instrument.

2.26 Going concern

The Directors are satisfied that the company had adequate resources to continue in operational existence for the foreseeable future, to justify adopting the going concern basis in preparing these financial statements.

Having presented the outlook for the company to the Board of Directors who are satisfied that the company has adequate resources to continue in operational existence for the foreseeable future and hence adopting the going concern basis in preparing and presenting these financial statements.

3. CRITICAL ESTIMATES, JUDGEMENTS AND ERRORS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving significant estimates or judgements are:

- estimation uncertainties and judgements made in relation to lease accounting - Note (14.1)
- estimation of defined benefit pension obligation - Note (25)
- estimated useful life of intangible asset - Note (18)
- estimated useful life of property, plant and equipment - Note (13)
- estimation of deferred tax liabilities - Note (26)

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

4. FINANCIAL RISK MANAGEMENT

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current year profit and loss information has been included where relevant to add further context.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade and other receivables	Aging analysis, credit ratings	Diversification of bank deposits, regular follow-ups
Liquidity risk	Accruals and other liabilities	Rolling cash flow forecasts	Maintaining sufficient short-term deposits

The Group's risk management is predominantly controlled by the Group's treasury department under policies. The board provides written principles for overall risk management, as well as policies covering specific areas, such as credit risk and investment of excess liquidity.

4.1 Credit Risk

Credit risk arises from cash and cash equivalents via deposits with banks and financial institutions, as well as credit exposures from outstanding trade receivables.

Risk management and impairment of financial assets

Credit risk is managed on a Group basis. For banks and financial institutions, only independently rated parties with a minimum rating of 'BBB' are accepted. The trade receivables are due from the Ceylon Electricity Board which is the primary government institution responsible for distributing electricity to the general public. Credit risk in relation to electricity sales to the government institution is extremely low as the probability of default is insignificant; therefore the provision for expected credit losses is immaterial in respect of receivables from this customer. Further, in the past experience the customer has not defaulted payments at any occasion. The Group maintains a regular and healthy communication relationship in order to recover all the balances due. While cash and cash equivalents are also subject to the impairment requirements of SLFRS 9, the identified impairment loss was immaterial.

4.2 Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities to meet obligations when due and to close out market positions. At the end of the reporting period the Group held short-term investments at banks and financial institutions of Rs.992,494,660 (2025 - Rs. 854,129,219) that are expected to readily generate cash inflows for managing liquidity risk.

Management monitors rolling forecasts of the Group's liquidity reserve and cash and cash equivalents (note 23) on the basis of expected cash flows. This is generally carried out at local level in the operating segments of the Group, in accordance with practice and limits set by the Group. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements.

Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances of accruals and other payables equal their carrying balances as the impact of discounting is not significant.

Notes to the Financial Statements

4. FINANCIAL RISK MANAGEMENT(CONTD.)

4.2 Liquidity Risk

Group 31 March 2026	Less than 1 year Rs.	Between 1 and 2 years Rs.	Between 2 and 5 years Rs.	Over 5 years Rs.	Total contractual cash flows Rs.
Interest bearing borrowings	239,812,370	302,089,021	785,164,387	469,662,845	1,796,728,624
Lease liabilities	5,107,017	5,107,017	15,321,050	43,814,034	69,349,118
Accruals and other payables (excluding statutory liabilities)	50,796,802	-	-	-	50,796,802
	295,716,190	307,196,037	800,485,438	513,476,879	1,916,874,544

Group 31 March 2025	Rs.	Rs.	Rs.	Rs.	Rs.
Lease liabilities	5,107,017	5,107,017	15,321,050	39,321,050	64,856,134
Accruals and other payables (excluding statutory liabilities)	38,176,383	-	-	-	38,176,383
	43,283,400	5,107,017	15,321,050	39,321,050	103,032,517

Company 31 March 2026	Less than 1 year Rs.	Between 1 and 2 years Rs.	Between 2 and 5 years Rs.	Over 5 years Rs.	Total contractual cash flows Rs.
Interest bearing borrowings	239,812,370	302,089,021	785,164,387	469,662,845	1,796,728,624
Lease liabilities	307,017	307,017	921,050	614,034	2,149,118
Accruals and other payables (excluding statutory liabilities)	39,043,446	-	-	-	39,043,446
	279,162,834	302,396,037	786,085,438	470,276,879	1,837,921,188

Company 31 March 2025	Rs.	Rs.	Rs.	Rs.	Rs.
Lease liabilities	307,017	307,017	921,050	921,050	2,456,134
Accruals and other payables (excluding statutory liabilities)	24,849,297	-	-	-	24,849,297
	25,156,314	307,017	921,050	921,050	27,305,431

4.3 Interest Rate Risk

At the reporting date, the Company's interest-bearing financial instrument were as follows;

	Company		Group	
For the Year Ended 31 March	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Fixed rate instruments				
Financial liabilities				
Interest bearing loans and borrowings	1,296,339,101	-	1,296,339,101	-
	1,296,339,101	-	1,296,339,101	-

These interest bearning borrowings are consists of pre agreed fixed interest rates with the bank.

5 CAPITAL MANAGEMENT

5.1 Risk Management

The Group's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

The debt to adjust capital ratio at the end of the reporting peroid was as follows

	Company		Group	
For the Year Ended 31 March	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Interest bearing loans and borrowings	1,296,339,101	-	1,296,339,101	-
Equity	2,310,028,029	2,017,260,821	3,498,497,676	2,605,545,360
Equity and Interest bearing loans and borrowings	3,606,367,131	2,017,260,821	4,794,836,777	2,605,545,360
Gearing ratio	36%	-	27%	-

6. REVENUE FROM CONTRACTS WITH CUSTOMER

	Company		Group	
For the Year Ended 31 March	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Electricity generation:				
Hydro				
Erathna MHPP	353,502,231	337,542,754	353,502,231	337,542,754
Denawakaganga MHPP	-	-	600,104,434	682,313,085
Kiriwaneliya MHPP	-	-	320,565,422	356,198,831
	353,502,231	337,542,754	1,274,172,087	1,376,054,670
Solar				
Dolahena Estate GMSP	264,073,166	-	264,073,166	-
	617,575,397	337,542,754	1,538,245,253	1,376,054,670

Notes to the Financial Statements

7. OTHER INCOME

	Company		Group	
For the Year Ended 31 March	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Dividend income	-	787,250,430	-	-
CEB delay interest income	281,519	131,508,225	785,217	478,690,192
	281,519	918,758,655	785,217	478,690,192

8. FINANCE INCOME

	Company		Group	
For the Year Ended 31 March	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Interest income from financial assets held for cash management purposes	19,692,947	30,617,315	56,801,613	84,479,890
	19,692,947	30,617,315	56,801,613	84,479,890

9. FINANCE COSTS

	Company		Group	
For the Year Ended 31 March	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Interest on lease liabilities	163,791	176,812	2,004,875	4,292,849
Interest on Loan	61,737,443	-	61,737,443	-
	61,901,234	176,812	63,742,318	4,292,849

10. BREAKDOWN OF EXPENSES BY NATURE

	Company		Group	
For the Year Ended 31 March	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Directors' remuneration	6,753,472	5,954,014	6,753,472	5,954,014
Auditors' remuneration	1,587,000	1,411,281	2,174,000	1,933,432
Depreciation	82,253,667	31,494,979	129,018,653	82,270,387
Amortisation	284,625	284,625	10,641,286	10,641,287
Employee benefits expenses;				
Salaries and Wages	70,753,770	58,179,871	180,322,846	161,447,799
Defined Contribution Plan Costs - EPF & ETF	6,770,844	5,530,047	16,943,773	15,048,532
Defined Benefit Plan Costs -Gratuity	9,583,059	7,340,312	14,313,374	11,105,595
Maintenance expenses	18,624,815	11,700,133	34,124,069	25,712,067
Legal & professional fees	3,329,472	1,399,895	3,804,444	1,640,987
Secretaries fees	1,407,311	846,093	1,842,491	1,209,923
Insurance	4,804,199	1,846,101	13,000,306	7,457,210
Shareholder related expenses	7,445,992	6,894,776	7,445,992	6,894,776
Annual fees and subscription	2,444,556	2,642,895	3,063,700	3,368,530
Vehicle rent & allowances	420,000	420,000	3,840,000	3,840,000
Fuel, travelling & transport	3,480,879	2,606,544	9,169,821	8,363,927
Utility expenses	5,722,294	3,361,189	7,629,367	7,370,621
Staff welfare	1,387,279	1,394,121	3,447,712	2,780,808
Project Development Expenses	7,894,630	-	7,894,630	-
Other administrative expenses	12,848,383	8,630,542	27,930,420	15,629,908
Donation & CSR	1,960,212	4,264,982	2,699,487	10,172,591
Compensation	-	1,610,000	-	1,610,000
Foreign Travel	-	3,255,912	-	3,705,086
Total direct cost, administrative expenses and other operating expenses	249,756,458	161,068,313	486,059,843	388,157,478

11. INCOME TAX REVERSAL/(EXPENSE)

11.1 Statement of Profit or Loss

	Company		Group	
For the Year Ended 31 March	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
(I) Current tax expense				
Income tax on current year profit (note 11.3)	-	114,020,027	122,190,204	308,821,053
Group dividend tax	-	-	-	138,926,546
	-	114,020,027	122,190,204	447,747,599
(II) Deferred tax expense				
Deferred taxation (reversal) (note 26)	(418,552,752)	(11,268,310)	(420,673,236)	(10,803,457)
Income tax expense/(reversal) reported in the statement of profit or loss	(418,552,752)	102,751,717	(298,483,032)	436,944,141

Notes to the Financial Statements

11. INCOME TAX REVERSAL/(EXPENSE) (CONTD.)

11.2 Statement of Other Comprehensive Income

	Company		Group	
For the Year Ended 31 March	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Deferred tax effect on the remeasurement of retirement benefit obligation	(1,462,232)	(3,612,539)	(1,441,572)	(4,372,628)
Income tax (reversal) reported in the statement of other comprehensive income	(1,462,232)	(3,612,539)	(1,441,572)	(4,372,628)

11.3 Reconciliation Between Taxable Profit and the Accounting Profit

	Company		Group	
For the Year Ended 31 March	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Net profit before tax	325,892,170	1,125,673,599	1,046,029,923	1,546,774,423
Add: Disallowable expenses	95,891,878	45,017,502	168,744,640	120,140,779
Less: Allowable expenses/deductions	(367,809,135)	(3,373,916)	(383,306,956)	(42,037,515)
Enhance capital allowance	(1,733,090,639)	-	(1,733,090,639)	-
Dividend income from subsidiary	-	(787,250,430)	-	-
Total assessable income/(loss)	(1,679,115,726)	380,066,755	(901,623,032)	1,624,877,687
Add: Adjusting assessable loss of the company	-	-	1,679,115,728	-
Taxable income/(loss)	(1,679,115,726)	380,066,755	777,492,696	1,624,877,687
Business profit liable at 15%	-	349,449,440	740,384,029	1,190,948,357
Other income liable at 30%	-	30,617,315	37,108,667	84,479,890
	-	380,066,755	777,492,696	1,624,877,687
Income tax on business profit at 15%	-	-	111,057,604	178,642,254
Income tax on business profit at 30%	-	104,834,832	-	104,834,832
Income tax on other income at 30%	-	9,185,195	11,132,600	25,343,967
Income tax expense on liable income	-	114,020,027	122,190,204	308,821,053
Deferred taxation expense/(reversal) (Note 26)	(418,552,752)	(11,268,310)	(420,673,236)	(10,803,457)
Income tax expense/(reversal) reported in the statement of profit or loss	(418,552,752)	102,751,717	(298,483,032)	298,017,595
Effective tax rate	0%	10%	12%	20%

The Company entered into an agreement with the Board of Investment of Sri Lanka (BOI) and enjoyed a tax holiday up to 2014. During the financial year 2025/26, the Company also entered into a supplementary agreement with the BOI for the development of a 10 MW Ground Mounted Solar PV Project as an expansion project. Accordingly, the Company became eligible to claim an Enhanced Capital Allowance of 100% in terms of the Second Schedule of the Inland Revenue Act, No. 24 of 2017.

The applicable income tax rate under the prevailing Inland Revenue Act is 30% on both business income and other income.

In terms of the agreement entered into with the Board of Investment of Sri Lanka (BOI), the Subsidiary was exempted from income tax for a period of 06 years reckoned from YA 2012/13 to YA 2017/18. After the expiration of the aforesaid tax exemption period referred to above, the profits and income of the enterprise shall for any year of assessment be charged at the rate of 15% and other income is taxed at the applicable tax rate of 30%.

12. EARNINGS PER SHARE

	Company		Group	
For the Year Ended 31 March	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Profit attributable to ordinary shareholders of the company	744,444,922	1,022,921,882	1,266,566,327	979,017,433
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	747,109,731	747,109,731	747,109,731	747,109,731
Basic earnings per share (Rs.)	1.00	1.37	1.70	1.31

The diluted earnings per share is same as the basic earnings per share.
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.

Notes to the Financial Statements

13. PROPERTY, PLANT AND EQUIPMENT

13.1 Company

	Freehold land Rs.	Solar power plant	Civil constructions Rs.	Plant & machinery Rs.	Project equipment Rs.	Tools & accessories Rs.	Motor vehicle Rs.	
Cost								
Balance as at 01.04.2024	150,000,000	-	530,938,434	577,692,396	1,040,898	3,109,797	8,758,500	
Addition	154,369,271	-	-	-	514,460	153,240	-	
Disposals	-	-	-	-	-	-	-	
Balance as at 31.03.2025	304,369,271	-	530,938,434	577,692,396	1,555,358	3,263,037	8,758,500	
Accumulated Depreciation								
Balance as at 01.04.2024	-	-	264,281,654	342,504,089	1,001,799	3,109,797	8,758,500	
Charge for the year	-	-	13,273,461	17,330,772	55,460	51,080	-	
Disposals	-	-	-	-	-	-	-	
Balance as at 31.03.2025	-	-	277,555,115	359,834,861	1,057,259	3,160,877	8,758,500	
Net book value as at 31.03.2025	304,369,271	-	253,383,319	217,857,535	498,099	102,161	-	
Cost								
Balance as at 01.04.2025	304,369,271	-	530,938,434	577,692,396	1,555,357	3,263,037	8,758,500	
Addition	-	558,315,268	-	-	1,644,633	1,625,179	-	
Transfer from CWIP	-	1,174,775,371	-	-	-	-	-	
Disposals	-	-	-	-	-	-	-	
Balance as at 31.03.2026	**304,369,271**	**1,733,090,639**	**530,938,434**	**577,692,396**	**3,199,990**	**4,888,216**	**8,758,500**	
Accumulated Depreciation								
Balance as at 01.04.2025	-	-	277,555,115	359,834,861	1,057,259	3,160,877	8,758,500	
Charge for the year	-	50,481,763	13,273,461	17,330,772	206,056	156,914	-	
Disposals	-	-	-	-	-	-	-	
Balance as at 31.03.2026	-	**50,481,763**	**290,828,576**	**377,165,633**	**1,263,315**	**3,317,791**	**8,758,500**	
Net book value as at 31.03.2026	**304,369,271**	**1,682,608,877**	**240,109,858**	**200,526,763**	**1,936,675**	**1,570,425**	-	

The cost of fully depreciated property, plant & equipment which are still in use at the reporting date is 31,716,941 (Rs. 30,256,605 as at 31 March 2025.)

The company has capitalised LKR 1,733,090,639 during the year in relation to the development and construction of a solar power project

	Motor bicycle Rs.	Furniture & fittings Rs.	Computer Rs.	Office equipment Rs.	Fire extinguisher Rs.	Generator Rs.	Site fixtures & fittings Rs.	Web development Rs.	Mobile phones & accessories Rs.	Total Rs.
	310,660	11,019,236	2,200,175	1,867,779	908,551	1,246,000	4,148,354	1,888,305	258,097	1,295,387,181
	-	-	161,300	95,450	-	-	-	-	39,900	155,333,621
	-	-	-	-	-	-	-	-	(82,000)	(82,000)
	310,660	11,019,236	2,361,475	1,963,229	908,551	1,246,000	4,148,354	1,888,305	215,997	1,450,638,803
	310,660	9,990,721	1,930,885	1,319,414	793,366	1,246,000	4,148,354	1,888,305	177,570	641,461,114
	-	289,711	163,044	106,739	38,395	-	-	-	44,321	31,352,981
	-	-	-	-	-	-	-	-	(49,975)	(49,975)
	310,660	10,280,432	2,093,929	1,426,153	831,761	1,246,000	4,148,354	1,888,305	171,916	672,764,121
	-	738,804	267,546	537,075	76,790	-	-	-	44,081	777,874,681
	310,660	11,019,236	2,361,475	1,963,229	908,551	1,246,000	4,148,354	1,888,305	215,997	1,450,638,803
	-	-	275,180	-	-	-	-	-	133,164	561,993,424
	-	-	-	-	-	-	-	-	-	1,174,775,371
	-	(508,162)	(502,211)	-	-	-	-	-	-	(1,010,372)
	310,660	**10,511,074**	**2,134,444**	**1,963,229**	**908,551**	**1,246,000**	**4,148,354**	**1,888,305**	**349,161**	**3,186,397,225**
	310,660	10,280,432	2,093,929	1,426,153	831,761	1,246,000	4,148,354	1,888,305	171,916	672,764,122
	-	281,310	176,159	112,838	38,395	-	-	-	54,004	82,111,670
	-	(488,256)	(502,211)	-	-	-	-	-		(990,466)
	310,660	**10,073,486**	**1,767,877**	**1,538,991**	**870,156**	**1,246,000**	**4,148,354**	**1,888,305**	**225,920**	**753,885,326**
	-	**437,589**	**366,568**	**424,239**	**38,395**	**-**	**-**	**-**	**123,241**	**2,432,511,899**

Notes to the Financial Statements

13. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

13.2 Group

	Freehold land Rs.	Solar power plant	Civil constructions Rs.	Plant & machinery Rs.	Project equipment Rs.	Tools & accessories Rs.	Motor vehicle Rs.	
Cost								
Balance as at 01.04.2024	177,181,919	-	1,725,144,335	1,083,774,316	5,192,198	3,358,222	20,593,500	
Addition	154,369,271	-	-	-	670,090	153,240	-	
Disposals	-	-	-	-	(65,892)	-	-	
Balance as at 31.03.2025	331,551,190	-	1,725,144,335	1,083,774,316	5,796,396	3,511,462	20,593,500	
Accumulated Depreciation								
Balance as at 01.04.2024	-	-	626,762,033	527,701,477	4,906,902	3,357,270	18,797,418	
Charge for the year	-	-	43,136,053	32,513,229	175,077	51,080	1,796,082	
Adjustment on Depreciation	-	-	-	-	-	-	-	
Disposals	-	-	-	-	(65,892)	-	-	
Balance as at 31.03.2025	-	-	669,898,086	560,214,706	5,016,087	3,408,350	20,593,500	
Net book value as at 31.03.2025	331,551,190	-	1,055,246,248	523,559,610	780,309	103,112	-	
Cost								
Balance as at 01.04.2025	331,551,190	-	1,725,144,335	1,083,774,316	5,796,396	3,511,462	20,593,500	
Addition	-	558,315,268	-	-	1,644,633	2,066,073	-	
Transfer from CWIP	-	1,174,775,371	-	-	-	-	-	
Disposals	-	-	-	-	-	(150,950)	-	
Balance as at 31.03.2026	331,551,190	1,733,090,639	1,725,144,335	1,083,774,316	7,441,029	5,426,585	20,593,500	
Accumulated Depreciation								
Balance as at 01.04.2025	-	-	669,898,086	560,214,706	5,016,087	3,408,350	20,593,500	
Charge for the year	-	50,481,763	43,136,054	32,513,229	206,056	300,971	-	
Adjustment on Depreciation	-	-	-	-	-	-	-	
Disposals	-	-	-	-	-	(150,950)	-	
Balance as at 31.03.2026	-	50,481,763	713,034,140	592,727,935	5,222,142	3,558,371	20,593,500	
Net book value as at 31.03.2026	331,551,190	1,682,608,877	1,012,110,194	491,046,381	2,218,886	1,868,214	-	

The cost of fully depreciated property, plant & equipment which are still in use at the reporting date is Rs. 44,982,246 (Rs. 43,071,910 as at 31 March 2025).

13.3 Capital Work in Progress

As at 31 March	Company 2026 Rs.	Company 2025 Rs.	Group 2026 Rs.	Group 2025 Rs.
Balance at the beginning of the year	103,595,309	-	103,595,309	-
Additions during the year	1,064,035,899	103,595,309	1,064,035,899	103,595,309
Capitalized borrowing cost	16,014,953	-	16,014,953	-
Capitalized during the year	(1,174,775,372)	-	(1,174,775,372)	-
Balance at the end of the year	8,870,789	103,595,309	8,870,789	103,595,309

	Motor bicycle Rs.	Furniture & fittings Rs.	Computer Rs.	Office equipment Rs.	Fire extinguisher Rs.	Generator Rs.	Site fixtures & fittings Rs.	Web development Rs.	Mobile phones & accessories Rs.	Total Rs.
	1,306,130	11,925,332	3,451,135	3,237,688	1,343,386	3,273,265	4,148,354	1,888,305	486,101	3,046,304,186
	-	-	344,050	123,440	-	-	-	-	79,800	155,739,891
	-	-	(60,700)	(15,000)	-	-	-	-	(82,000)	(223,592)
	1,306,130	11,925,332	3,734,485	3,346,128	1,343,386	3,273,265	4,148,354	1,888,305	483,901	3,201,820,485
	1,268,878	10,867,284	3,068,540	2,177,931	1,228,197	2,964,593	4,148,354	1,888,305	371,032	1,209,508,214
	-	340,562	303,039	152,380	38,395	123,402	-	-	79,508	78,708,810
	-	-	-	-	-	-	-	-	-	-
	-	-	(60,700)	(14,750)	-	-	-	-	(49,975)	(191,317)
	1,268,878	11,207,846	3,310,881	2,315,561	1,266,592	3,087,995	4,148,354	1,888,305	400,565	1,288,025,707
	37,252	717,486	423,606	1,030,567	76,794	185,270	-	-	83,336	1,913,794,778
	1,306,130	11,925,332	3,734,485	3,346,128	1,343,386	3,273,265	4,148,354	1,888,305	483,901	3,201,820,485
	-	-	306,180	38,990	-	62,000	-	-	133,164	562,566,308
	-	-	-	-	-	-	-	-	-	1,174,775,371
	-	(508,162)	(502,211)	(34,500)	-	(139,800)	-	-	(39,900)	(1,375,522)
	1,306,130	**11,417,170**	**3,538,455**	**3,350,618**	**1,343,386**	**3,195,465**	**4,148,354**	**1,888,305**	**577,165**	**4,937,786,642**
	1,268,878	11,207,846	3,310,881	2,315,561	1,266,592	3,087,995	4,148,354	1,888,305	400,565	1,288,025,707
	-	286,894	283,207	155,872	38,395	47,438	-	-	75,717	127,525,594
	-	-	-	-	-	-	-	-	-	-
	-	(488,256)	(502,211)	(34,500)	-	(139,800)	-	-	(23,277)	(1,338,993)
	1,268,878	**11,006,484**	**3,091,878**	**2,436,931**	**1,304,987**	**2,995,632**	**4,148,354**	**1,888,305**	**453,003**	**1,414,212,308**
	37,252	**410,686**	**446,578**	**913,686**	**38,399**	**199,833**	-	-	**124,161**	**3,523,574,334**

Notes to the Financial Statements

14. INTEREST BEARING LOANS AND BORROWINGS

14.1. Long-term interest bearing borrowings

14.1.1. Long-term interest bearing borrowings as at reporting period

	Company / Group	
As at 31 March	2026 Rs.	2025 Rs.
Balance as at the beginning of the year	-	-
Obtained during the year	1,296,339,101	-
Repayments made during the year	-	-
Balance as at the end of the year	1,296,339,101	-

14.1.2. Analysis of long term interest bearing borrowings by year of repayment

	Company / Group	
As at 31 March	2026 Rs.	2025 Rs.
Repayable within one year	138,893,475	-
Repayable after one year and within five years	740,765,201	-
Repayable after five years	416,680,425	-
	1,296,339,101	-

14.1.3. Details of long term interest bearing borrowings by year of repayment

Bank : Commercial Bank of Ceylon PLC

Facility name	Facility amount Rs.	Received loan amount during the year / outstanding balance as at 31 March		Interest rate (p.a.)	Monthly installment Rs.	Purpose	Terms of repayment	Security
		2026 Rs.	2025 Rs.					
Term Loan - 1	772,000,000	772,000,000	-	11.00%	9,190,476	To part finance 10MW Ground Mounted Solar PV Project at Matara (Dolahena Estate I & II)	84 monthly installments (including 12 months grace period)	Floating primary mortgage over the project land and project assets for Rs.1,372,000,000/- at Dolahena Estate I & II, Matara. Additional primary mortgage over the book debts, insurance proceeds and receivables at Dolahena Estate I & II, Matara.
Term Loan - 2	600,000,000	524,339,101	-	10.75%	7,142,857			
	1,372,000,000	1,296,339,101	-		16,333,333			

15. LEASES

15.1 Amounts Recognised in the Statement of Financial Position

As at 31 March	Company 2026 Rs.	Company 2025 Rs.	Group 2026 Rs.	Group 2025 Rs.
Right-of-use assets				
Land	993,976	1,135,973	27,248,779	28,383,114
Office space	-	-	-	1,913,207
	993,976	1,135,973	27,248,779	30,296,321
Lease liabilities				
Current	149,469	176,812	2,226,152	1,452,300
Non-current	1,345,218	1,461,100	34,929,065	38,804,799
	1,494,687	1,637,912	37,155,217	40,257,099

15.2 Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

For the Year Ended 31 March	Company 2026 Rs.	Company 2025 Rs.	Group 2026 Rs.	Group 2025 Rs.
Depreciation charge of right-of-use assets				
Land	141,997	141,997	1,134,334	2,126,672
Office space	-	-	358,726	1,434,906
	141,997	141,997	1,493,060	3,561,578
Interest expense (included in finance cost)	163,791	176,812	2,004,875	4,292,849

The total cash outflow for leases for the Company during 2025/26 amounted to Rs. 307,017 (2024/25 - Rs. 307,017), while the Group recorded a cash outflow of Rs.2,706,758 (2024/25 - Rs.2,062,017).

16. AMOUNT DUE TO RELATED PARTY

As at 31 March	Relationship	Company 2026 Rs.	Company 2025 Rs.	Group 2026 Rs.	Group 2025 Rs.
Hayleys Fentons Limited	Affiliate Company	58,529,884	-	58,529,884	-
		58,529,884	-	58,529,884	-

17. INVESTMENTS

17.1 Investment in subsidiary

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 carried at cost less any accumulated impairment losses.

As at 31 March	Company 2026 Rs.	Company 2025 Rs.
Country Energy (Private) Limited		
Ownership interest held by the Company	87.2%	87.2%
Ownership interest held by non-controlling interests	12.8%	12.8%
No. of shares issued by the Subsidiary	89,250,000	89,250,000
No. of shares acquired by the Company	77,829,998	77,829,998
Value of investment by the Company (Rs.)	821,619,980	821,619,980

Notes to the Financial Statements

17. INVESTMENTS (CONTD.)

17.2 Summarised Financial Information of Subsidiary

This information is based on amounts before the inter company eliminations,

For the Year Ended 31 March	2026 Rs.	2025 Rs.
Statement of profit or loss		
Revenue from contracts with customers	920,669,856	1,038,511,916
Direct costs	(123,617,181)	(110,831,390)
Other income	503,699	347,181,966
Administration expenses	(103,029,788)	(101,455,668)
Other operating expenses	(766,414)	(5,912,108)
Finance income	37,108,666	53,862,575
Finance cost	(1,841,084)	(4,116,037)
Profit before income tax	729,027,754	1,217,241,254
Income tax expense	(120,069,720)	(195,265,879)
Profit for the year	608,958,034	1,021,975,375
Other comprehensive income	117,075	(4,307,173)
Total comprehensive income	609,075,109	1,017,668,202
Attributable to non controlling interest	77,961,614	130,261,530
Statement of financial position		
Non-current assets	1,123,042,241	1,172,272,115
Current assets	1,024,482,106	486,028,383
Total assets	2,147,524,347	1,658,300,498
Non-current liabilities	94,138,601	96,234,309
Current liabilities	50,653,226	168,408,777
Total liabilities	144,791,827	264,643,086
Net assets	2,002,732,520	1,393,657,412
Accumulated NCI	256,581,427	178,619,814
Statement of cash flows		
Net cash flows from operating activities	518,216,698	933,104,997
Net cash flows used in investment activities	(556,261)	(406,270)
Net cash flows used in financing activities	(2,309,693)	(1,063,334,029)
Total net cash flows	515,350,744	24,471,860
Dividend paid to non-controlling interests	-	(135,898,024)
Dividend per share	-	11.90

18. INTANGIBLE ASSETS

	Company		Group	
As at 31 March	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Cost				
Opening balance as at 01 April	29,692,500	29,692,500	185,042,500	185,042,500
Acquisitions during the year	-	-	-	-
Closing balance as at 31 March	29,692,500	29,692,500	185,042,500	185,042,500
Accumulated amortisation				
Opening balance as at 01 April	25,636,593	25,351,968	162,047,839	151,406,547
Amortisation for the period	284,625	284,625	10,641,292	10,641,292
Closing balance as at 31 March	25,921,218	25,636,593	172,689,131	162,047,839
Net carrying amount at the end of the year	3,771,282	4,055,907	12,353,369	22,994,661

The above balance represents amount paid to purchase an exclusive right to generate hydro electric power. The Group amortises this right over 15 years (first term) on a straight line basis beginning from the year of commercial operations. The Company has fully amortised its initial intangible asset of Rs. 24,000,000 during its first term of 15 years period and subsequently the company has paid Rs. 5,692,500 for the energy permit which is being amortising over its next term of 20 years period.

19. OTHER NON-CURRENT ASSET

	Company		Group	
As at 31 March	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Other receivables	-	-	4,500,000	4,500,000
	-	-	4,500,000	4,500,000

The above balance represents refundable security deposit paid to the Janatha Estate Development Board in respect of the land obtained on a lease basis for a period of 30 years.

20. INVENTORY

	Company		Group	
As at 31 March	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Spare parts	9,368,223	6,626,822	39,385,730	26,597,627

Notes to the Financial Statements

21. TRADE AND OTHER RECEIVABLES

	Company		Group	
As at 31 March	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Trade receivables	142,043,467	12,145,794	214,277,122	70,936,279
Advances and prepayments	12,030,012	6,885,165	20,417,419	13,582,428
Other receivables	10,328,711	6,627,899	20,041,251	18,417,477
	164,402,190	25,658,858	254,735,793	102,936,185

21.1 Age Analysis of Trade Receivables

	Company		Group	
As at 31 March	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Below 30 days	53,601,747	8,877,684	101,613,911	48,973,645
30 to 60 days	38,876,234	3,268,110	63,097,724	21,962,634
60 to 180 days	49,565,455	-	49,565,455	-
	142,043,436	12,145,794	214,277,089	70,936,279

21.2 Classification as Trade Receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

21.3 Fair Value of Trade Receivables

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

21.4 Risk Exposure

Information about the group's exposure to credit risk can be found in note 5.1.

22. AMOUNT DUE FROM RELATED PARTIES

			Company		Group	
As at 31 March		Relationship	31 March 2026 Rs.	2025 Rs.	31 March 2026 Rs.	2025 Rs.
Country Energy (Private) Limited	- Kiriwaneliya MHPP	Subsidiary	1,436,799	1,818,853	-	-
	- Denewakaganga MHPP		1,825,663	1,654,092	-	-
Alternate Power Systems (Private) Limited	- Current account balance	Affiliate	1,154,154	2,746,067	1,154,154	2,746,067
			4,416,616	6,219,012	1,154,154	2,746,067

22.1 Fair Value of Amounts Due from Related Parties

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

23. CASH AND CASH EQUIVALENTS

	Company		Group	
As at 31 March	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Investments in short-term deposits (Maturity period < 3 months)	116,592,992	468,734,929	992,494,660	854,129,219
Cash at bank and in hand	11,725,896	74,245,309	39,955,225	77,631,269
	128,318,889	542,980,238	1,032,449,885	931,760,488

23.1 Reconciliation to Cash Flow Statement

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

	Company		Group	
As at 31 March	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Balances as above	128,318,889	542,980,238	1,032,449,885	931,760,488
Balances per statement of cash flows	128,318,889	542,980,238	1,032,449,885	931,760,488

23.2 Classification as Cash Equivalents

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours' notice with no or insignificant loss of interest. Due to the short-term nature of the term deposits, their carrying amount is considered to be the same as their fair value.

23.3 Restricted Cash

The cash and cash equivalents disclosed above and in the statement of cash flows include LKR 44,000 which are held by the entity. These deposits are subject to bank restrictions and are therefore not available for general use by the entity.

24. STATED CAPITAL

	Company		Group	
As at 31 March	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Issued and fully paid number of shares				
Ordinary shares	747,109,731	747,109,731	747,109,731	747,109,731
Value of issued and fully paid shares				
Ordinary shares	1,174,365,278	1,174,365,278	1,174,365,278	1,174,365,278

Ordinary shares have a par value of Rs. 1. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held.

The authorised share capital of the Company is 1,500,000,000.

Notes to the Financial Statements

25. RETIREMENT BENEFIT OBLIGATION

	Company		Group	
As at 31 March	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
At the beginning of the year	53,471,376	36,090,205	77,946,484	53,051,570
Current service cost	3,701,208	2,648,586	5,739,261	4,208,891
Interest cost	5,881,852	4,691,726	8,574,114	6,896,703
Actuarial loss	4,874,107	12,041,795	4,736,372	17,109,058
	67,928,543	55,472,312	96,996,231	81,266,223
Gratuity payments received for those employees who transferred in	750,189	271,470	750,189	271,470
Benefits paid	-	(2,272,406)	(828,612)	(3,591,208)
At the end of the year	68,678,732	53,471,376	96,917,808	77,946,484

The Group operates a defined benefit plan under the regulatory frameworks in Sri Lanka under the Payment of Gratuity Act, No. 12 of 1983. The level of benefits provided depends on members' length of service and their monthly salary in each year leading up to retirement. This plan is not subject to receive inflationary increases once in payment. The Group does not maintain any trustee-administered funds instead the plan is funded by the group as and when the obligation falls due.

The weighted average duration of the retirement benefit obligation of the Company and the Subsidiary at the end of the reporting period is 7 years and 11.1 years respectively. The expected maturity analysis of undiscounted retirement benefit obligation is as follows:

	Company		Group	
As at 31 March	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Less than a year	4,739,494	3,131,473	6,190,202	4,631,107
Between 2 - 5 years	8,763,812	7,522,451	13,447,766	12,385,914
Between 5 - 10 years	46,797,417	35,309,621	54,857,491	41,455,614
Over 10 years	8,378,008	7,507,831	22,422,350	19,473,849
	68,678,732	53,471,376	96,917,807	77,946,484

Significant estimates: actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

	Company		Group	
As at 31 March	2026	2025	2026	2025
Discount rate	11.00%	11.00%	11.00%	11.00%
Salary growth rate	10.00%	10.00%	10.00%	10.00%
Staff turnover rate	6.00%	5.00%	4.00%	5.00%
Retirement age	60 Years	60 Years	60 Years	60 Years

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in the territory.

The sensitivity of the retirement benefit obligation to changes in the weighted principal assumptions is:

	Company		Group	
A one percentage point change in the discount rate.	Rs. +1%	Rs. -1%	Rs. +1%	Rs. -1%
As at 31 March 2026 (Increase / (Decrease)	(4,159,113)	4,574,960	(6,801,870)	7,636,158
As at 31 March 2025 (Increase / (Decrease)	(3,577,325)	3,964,211	(5,784,294)	6,521,817

	Company		Group	
A one percentage point change in the salary increment rate.	Rs. +1%	Rs. -1%	Rs. +1%	Rs. -1%
As at 31 March 2026 (Increase / (Decrease)	4,763,408	(4,399,937)	7,831,705	(7,092,511)
As at 31 March 2025 (Increase / (Decrease)	4,202,543	(3,847,124)	6,765,086	(6,095,166)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the retirement benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied in calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

Risk exposure

Through its retirement benefit obligation, the group is exposed to a number of risks, the most significant of which is the changes in bond yields resulting in the increase of the liabilities.

26 DEFERRED TAX LIABILITIES

26.1 Deferred Tax Liabilities

	Company		Group	
As at 31 March	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
At the beginning of the year	169,140,104	184,020,953	203,555,606	218,731,691
Amount reclassified to deferred tax assets	(169,140,104)		(169,140,104)	
Charge/(reversal) recognized to profit/(loss)	-	(11,268,310)	(2,120,484)	(10,803,457)
Charge/(reversal) recognized to other comprehensive income/ (loss)	-	(3,612,539)	20,660	(4,372,628)
At the end of the year	-	169,140,104	32,315,678	203,555,606

26.1.1 Company

	2026		2025	
Company	Temporary difference Rs.	Tax effect Rs.	Temporary difference Rs.	Tax effect Rs.
As at 1 April	-	-	613,403,177	184,020,953
Amount originating/(reversing) during the year	-	-	(49,602,830)	(14,880,849)
As at 31 March	-	-	563,800,347	169,140,104

Notes to the Financial Statements

26 DEFERRED TAX LIABILITIES (CONTD.)

26.1 Deferred Tax Liabilities (Contd.)

26.1.1 Company (Contd.)

(a) The balance comprises temporary differences attributable to:

	2026		2025	
Company	Temporary difference Rs.	Tax effect Rs.	Temporary difference Rs.	Tax effect Rs.
Retirement benefit obligation	-	-	(53,471,376)	(16,041,413)
lease liabilities	-	-	(1,637,912)	(491,374)
Total deferred tax assets before offsetting	-	-	(55,109,288)	(16,532,786)
Offsetting deferred tax liability on:				
Property plant and equipment	-	-	472,396,050	141,718,815
Right of use assets	-	-	1,135,973	340,792
Revaluation surplus on freehold land	-	-	145,377,613	43,613,284
Tax loss	-	-	-	-
Total deferred tax liabilities before offsetting	-	-	618,909,636	185,672,891
Deferred tax assets / (liabilities) after offsetting	-	-	563,800,348	169,140,104

26.1.2 Group

	2026		2025	
Group	Temporary difference Rs.	Tax effect Rs.	Temporary difference Rs.	Tax effect Rs.
As at 1 April	793,237,021	203,555,606	844,808,096	218,731,691
Amount originating/(reversing) of opening balance due to change in tax rate	-	-	-	-
Amount originating / (reversing) during the year	(577,799,172)	(171,239,928)	(51,571,075)	(15,176,085)
As at 31 March	215,437,849	32,315,678	793,237,021	203,555,606

(a) The balance comprises temporary differences attributable to:

	2026		2025	
Group	Temporary difference Rs.	Tax effect Rs.	Temporary difference Rs.	Tax effect Rs.
Retirement benefit obligation	(28,239,077)	(4,235,862)	(77,946,484)	(19,712,679)
lease liabilities	(35,660,530)	(5,349,080)	(40,257,099)	(6,284,252)
Total deferred tax assets before offsetting	(63,899,607)	(9,584,941)	(118,203,583)	(25,996,931)
Offsetting deferred tax liability on:				
Property plant and equipment	253,082,653	37,962,398	735,766,672	181,224,408
Right of use assets	26,254,803	3,938,220	30,296,321	4,714,844
Revaluation surplus on freehold land	-	-	145,377,613	43,613,284
Total deferred tax liabilities before offsetting	279,337,456	41,900,618	911,440,606	229,552,536
Deferred tax assets / (liabilities) after offsetting	215,437,848	32,315,677	793,237,023	203,555,606

The applicable tax rate used to calculate the deferred tax liability of the Company for all the temporary differences is 30% (2024/25 - at 30%) and the appliable tax rate of 15% is also used for deferred tax liability of the Subsidiary (2024/25 - at 15%).

26.2 Deferred Tax Asset

As at 31 March	Company 2026 Rs.	Company 2025 Rs.	Group 2026 Rs.	Group 2025 Rs.
Deferred tax asset/(liability) at the beginning of the year	-	-	-	-
Amount reclassified from deferred tax liability	(169,140,104)		(169,140,104)	
Reversal/(charge) recognised to profit/(loss)	418,552,752	-	418,552,752	-
Reversal/(charge) recognised to other comprehensive income/ (loss)	1,462,232	-	1,462,232	-
Deferred tax asset/(liability) at the end of the year	250,874,880	-	250,874,880	-

The deferred tax income arises primarily from the recognition of deferred tax assets on capital allowances relating to the solar project, which management expects to utilise against future taxable profits within six years.

26.2.1 Company

Company	2026 Temporary difference Rs.	2026 Tax effect Rs.	2025 Temporary difference Rs.	2025 Tax effect Rs.
As at 1 April	(563,800,347)	(169,140,104)	-	-
Amount originating/(reversing) of opening balance	-	-	-	-
Amount reversing/(originating) during the year	1,400,049,947	420,014,984	-	-
As at 31 March	836,249,601	250,874,880	-	-

(a) The balance comprises temporary differences attributable to:

Company	2026 Temporary difference Rs.	2026 Tax effect Rs.	2025 Temporary difference Rs.	2025 Tax effect Rs.
Company				
Retirement benefit obligation	68,678,732	20,603,620	-	-
Lease liabilities	1,494,687	448,406	-	-
Tax loss arises due to Enhance Capital Allowance	1,659,422,780	497,826,834		
Total deferred tax assets before offsetting	1,729,596,199	518,878,860		
Offsetting deferred tax liability on:				
Property plant and equipment	(746,975,009)	(224,092,503)	-	-
Right of use assets	(993,976)	(298,193)	-	-
Revaluation surplus on freehold land	(145,377,613)	(43,613,284)	-	-
Total deferred tax liabilities before offsetting	(893,346,598)	(268,003,980)	-	-
Deferred tax assets / (liabilities) after offsetting	836,249,601	250,874,880	-	-

The revaluation surplus of LKR 145,377,613 recognized on lands respectively on 31 March 2005. (at the transition date of 1 January 2013) were credited to retained earnings and revalued amounts were recognised on 31 March 2012.

Notes to the Financial Statements

26 DEFERRED TAX LIABILITIES (CONTD.)

26.2 Deferred Tax Asset (Contd.)

26.2.2 Group (Contd.)

	2026		2025	
Group	Temporary difference Rs.	Tax effect Rs.	Temporary difference Rs.	Tax effect Rs.
As at 1 April	-	-	-	-
Amount originating/(reversing) of opening balance	-	-	-	-
Amount originating / (reversing) during the year	836,249,601	250,874,880	-	-
As at 31 March	836,249,601	250,874,880	-	-

(a) The balance comprises temporary differences attributable to:

	2026		2025	
Group	Temporary difference Rs.	Tax effect Rs.	Temporary difference Rs.	Tax effect Rs.
Group	68,678,732	20,603,620	-	-
Retirement benefit obligation	1,494,687	448,406	-	-
Lease liabilities	1,659,422,780	497,826,834	-	-
Tax loss arises due to Enhance Capital Allowance	1,729,596,199	518,878,860		
Total deferred tax assets before offsetting				
Offsetting deferred tax liability on:	(746,975,009)	(224,092,503)	-	-
Property plant and equipment	(993,976)	(298,193)	-	-
Right of use assets	(145,377,613)	(43,613,284)	-	-
Revaluation surplus on freehold land	(893,346,598)	(268,003,980)	-	-
Total deferred tax liabilities before offsetting	836,249,600	250,874,880	-	-
Deferred tax assets / (liabilities) after offsetting				

The applicable tax rate used to calculate the deferred tax liability of the Company for all the temporary differences is 30% (2024/25 - at 30%) and the appliable tax rate of 15% is also used for deferred tax liability of the Subsidiary (2024/25 - at 15%).

27 ACCRUALS AND OTHER PAYABLES

	Company		Group	
As at 31 March	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Accrued expenses	11,029,139	5,343,209	11,642,501	7,700,959
Unclaimed dividend	14,283,856	17,474,433	14,283,856	17,474,524
Other statutory liabilities	2,657,208	2,615,944	2,687,263	3,257,593
Other payables	13,730,451	2,031,655	25,483,807	13,000,899
Dividend Tax payable	67,239,876	-	67,239,876	87,018,750
	108,940,530	27,465,241	121,337,303	128,452,725

All payables are unsecured and are usually paid within 30 days of recognition.

The carrying amounts of accruals and other payables are considered to be the same as their fair values, due to their short-term nature.

28 DIVIDEND PAID DURING THE YEAR

	Company		Group	
As at 31 March	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Interim dividend for 2025/26	448,265,839	560,332,298	448,265,839	560,332,298
	448,265,839	560,332,298	448,265,839	560,332,298
Dividend per share (Rs.)	0.60	0.75	0.60	0.75

29 COMMITMENTS AND CONTINGENCIES

Capital expenditure commitments
There are no capital commitments as at the reporting date .

Contingencies
As at 31 March 2026, the Group has contingent liabilities arising from bank guarantees totaling Rs. 701,700,000/-, which Rs. 651,700,000 issued in favour of Sri Lanka Customs in relation to the Bonding Warehouse facility obtained for the importation of goods for the Dolahena I & II Ground-Mounted Solar PV Projects.

Except the above, there are no significant contingent liabilities as at the reporting date .

30 EVENTS OCCURRING AFTER THE REPORTING PERIOD

The bank guarantees amounting to Rs. 50,000,000 outstanding as at 31 March 2026 expired in 30 April 2026. Except for the above, no circumstances have arisen since the reporting date that would require adjustments to, or additional disclosures in, the financial statements.

Notes to the Financial Statements

31 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The group holds the following financial instruments:

31.1 Financial assets

	Company		Group	
As at 31 March	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Financial assets at amortised cost:				
Trade and other receivables	164,402,190	25,658,858	254,735,793	102,936,185
Amount due from related parties	4,416,616	6,219,012	1,154,154	2,746,067
Cash and cash equivalents	128,318,889	542,980,238	1,032,449,885	931,760,488
Total	297,137,695	574,858,108	1,288,339,832	1,037,442,740

31.2 Financial Liabilities

	Company		Group	
As at 31 March	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Liabilities at amortised cost:				
Lease liabilities	1,494,687	1,637,912	37,155,217	40,257,099
Accruals and other payables	108,940,530	27,465,241	121,337,302	128,452,725
Total	110,435,216	29,103,153	158,492,519	168,709,824

The group's exposure to various risks associated with the financial instruments is discussed in note 5. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

The carrying amount of above financial assets and financial liabilities approximate to their fair value.

32 RELATED PARTY DISCLOSURES

32.1 Parent

The group is controlled by the following parties:

			Ownership interest	
Name	Type	Place of incorporation	31 March 2026	31 March 2025
Vallibel Power Limited	Parent entity	Sri Lanka	40.08%	40.08%

32.2 Subsidiaries

Interests in subsidiaries are set out in Note 17.1

32.3 Transactions with the related Parties by the Company

Company	Relationship	Nature of Transaction	Aggregate amount of transactions for the year ended 31 March 2026 Rs.	2025 Rs.
Country Energy (Private) Limited (CEPL)	Subsidiary	Net operating expenses incurred on behalf of CEPL	(45,314,171)	(44,039,091)
		Reimbursement of expenses by CEPL	45,524,652	43,135,128
		Dividend received from CEPL	-	787,250,430
Vallibel Finance PLC	Affiliate	Investment in fixed deposits	(39,121,485)	(244,105,122)
		Withdrawals of fixed deposits	119,263,416	163,965,766
		Interest received	522,125	3,849,578
Alternate Power Systems (Private) Limited (APSL)	Affiliate	Net operating expenses incurred on behalf of APSL	(25,362,233)	(29,064,959)
		Reimbursement of expenses by APSL	26,954,146	27,894,993
Hayleys PLC	Affiliate	Payment of ground rent, electricity, parking	(3,154,102)	(5,868,399)

32.4 Transactions with the Related Parties by the Subsidiary

Company	Relationship	Nature of Transaction	Aggregate amount of transactions for the year ended 31 March 2026 Rs.	2025 Rs.
Vallibel Finance PLC	Affiliate	Investment in fixed deposits	(110,000,000)	(429,000,000)
		Withdrawals of fixed deposits	160,736,518	344,998,081
		Interest received	11,237,119	17,763,431
Alternate Power Systems (Private) Limited (APSL)	Affiliate	Net operating expenses incurred on behalf of APSL	241,604	208,541
		Reimbursement of expenses by APSL	(241,604)	(208,541)

The above transactions were carried out on normal trading terms.

Notes to the Financial Statements

32 RELATED PARTY DISCLOSURES(CONTD.)

32.5 Terms and Conditions

Transactions relating to dividends were on the same terms and conditions that applied to other shareholders. Outstanding balances are unsecured and are repayable in cash. All other related party transactions are carried out in the ordinary course of business on an relevant commercial terms.

32.6 Non-Recurrent Related Party Transactions

During the year ended 31 March 2026, the Company entered into a non-recurrent related party transaction with Hayleys Fentons Limited aggregating to Rs. 1,571,102,168/- in relation to payments made under the Engineering, Procurement, and Construction (EPC) Contract for the development of the 10 MW Ground Mounted Solar PV Project.

This transaction was classified as a Non-Recurrent Related Party Transaction in terms of Rule 9.14.6(1)A(i)(a) of the Listing Rules of the Colombo Stock Exchange and also constituted a Major Transaction in terms of Section 185(1)(a) of the Companies Act No. 07 of 2007.

The transaction was approved by the shareholders through a Special Resolution passed at the Extraordinary General Meeting (EGM) held on 31 December 2024, in compliance with the requirements of the Listing Rules of the Colombo Stock Exchange and the Companies Act No. 07 of 2007.

Name of the Related Party	Relationship	Value of the Related Party Transaction(s) entered into during the financial year	Value of the Related Party Transaction(s) as a % of Equity and Total Assets	Terms and Conditions of the Related Party Transaction (s)	Rationale for entering into the transaction(s)
Hayleys Fentons Limited	Affiliate	Rs. 1,571,102,168/-	68% of Total Equity 41% of Total Assets	Terms and conditions as per the EPC Agreement	To undertake the Engineering, Procurement, and Construction activities relating to the development of the 10 MW Ground Mounted Solar PV Project

Out of this related party transaction amount, company has pad Rs. 1,512,572,284/- to the above related party during the financial year.

Except for the above, there were no other non-recurrent related party transactions during the year ended 31 March 2026 which, in aggregate value, exceeded 10% of the equity or 5% of the total assets of the Company, whichever is lower, based on the audited financial statements as at 31 March 2026.

32.7 Recurrent related party transactions

There were recurrent related party transactions which in aggregate value exceeded 10% of the gross revenue/income of the Company as per 31 March 2026 audited financial statements. Details of related party disclosures are as follows,

- Name of the related party - Vallibel Finance PLC
- Relationship - Affiliate
- Nature of transaction - Investment in fixed deposits

For the Year Ended 31 March	2026 Rs.	2025 Rs.
Aggregate value of related party transactions entered into during the financial year	39,121,485	244,105,122
Consolidated Revenue as per latest audited financial statements	1,538,245,253	1,376,054,670
Aggregate value of related party transactions as a % of net revenue/income	3%	18%

32.8 Transactions with the Key Management Personnel of the Company

The key management personnel are the members of the Board of Directors, Jt. CEOs and senior managers of Vallibel Power Erathna PLC.

Short-term employee benefits

	Company		Group	
For the Year Ended 31 March	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Directors' emoluments	6,753,472	5,954,014	6,753,472	5,954,014
Other key management personnel	25,077,645	16,484,024	25,077,645	16,484,024

Post-employment benefits

	Company		Group	
For the Year Ended 31 March	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Other key management personnel	5,731,483	3,977,091	5,731,483	3,977,091

No other significant transactions had taken place during the year with the parties/entities in which key management personnel or their close family members were involved.

32.9 Outstanding Balances Arising from the Related Party Transactions

Information on the outstanding balances arising from the related party transactions are set out in note 16 and 22.

Notes to the Financial Statements

33. SEGMENT INFORMATION

	EMHPP		DMHPP	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Revenue from contracts with customer	353,502	337,543	600,104	682,313
Direct costs	(71,509)	(64,883)	(76,859)	(68,359)
Gross profit	281,993	272,660	523,245	613,954
Other income	282	918,759	504	211,931
Administrative expenses	(99,185)	(90,221)	(64,572)	(62,511)
Other expenses	(2,904)	(5,965)	(250)	(3,129)
Finance income	19,693	30,617	23,197	39,280
Finance cost	(164)	(177)	(1,841)	(4,116)
Profit before tax	199,714	1,125,674	480,283	795,408
Tax expenses	-	(102,752)	(78,141)	(126,644)
Profit after tax	199,714	1,022,922	402,142	668,765
Other comprehensive income / (loss)	(3,412)	(8,429)	160	(3,627)
Total comprehensive income	196,302	1,014,493	402,303	665,137
Segmental assets				
Non-current assets	1,418,869	1,708,282	611,911	639,989
Current assets	238,381	581,485	775,867	428,991
Total assets	1,657,250	2,289,767	1,387,777	1,068,980
Segmental liabilities				
Lease liabilities	1,345	1,461	33,583	37,344
Deferred tax liability	-	169,140	14,733	16,047
Retirement benefit obligations	67,166	53,471	23,007	19,442
Long-term interest bearing borrowings	-	-	-	-
Current liabilities	97,630	48,433	34,793	116,790
Total liabilities	166,141	272,505	106,116	189,623
Other segment information				
Total depreciation	31,546	31,494	25,708	27,928
Amortisation	285	285	1,000	1,000
Capital expenditure	402	258,929	184	206

The Jt. CEOs examine the group's performance from a geographic perspective and have identified three reportable segments of its business:

1) Erathna Mini Hydro Power Plant ('EMHPP')
2) Denawaka Mini Hydro Power Plant ('DMHPP')
3) Kiriwaneliya Mini Hydro Power Plant ('KMHPP')
4) Dolahena Estate Ground Mounted Solar PV Project ('DGMSP')

The Jt. CEOs primarily use a measure of operating profit to assess the performance of the operating segments. However, the Jt. CEOs also receive the information about the segments' revenue and assets on a quarterly basis.

	KMHPP		DGMSP		Group adjustments		Total	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
	320,565	356,199	264,073	-	-	-	1,538,245	1,376,055
	(46,758)	(42,472)	(58,634)	-	(8,890)	(8,890)	(262,651)	(184,604)
	273,807	313,726	205,439	-	(8,890)	(8,890)	1,275,595	1,191,451
	-	135,251	-	-	-	-	785	478,691
	(38,458)	(38,944)	(16,771)	-	-	-	(218,986)	(191,676)
	(516)	(2,783)	(753)	-	-	-	(4,423)	(11,877)
	13,911	14,583	-	-	-	-	56,801	84,480
	-	-	(61,737)	-	-	-	(63,742)	(4,293)
	248,744	421,833	126,178	-	(8,890)	(8,890)	1,046,030	1,546,775
	(41,929)	(68,622)	418,553	-	-	-	298,483	(436,944)
	206,816	353,211	544,731	-	(8,890)	(8,890)	1,344,513	1,109,831
	(43)	(680)	-	-	-	-	(3,295)	(12,736)
	206,772	352,531	544,731	-	(8,890)	(8,890)	1,341,218	1,097,094
	511,131	532,283	2,099,774	-	(814,262)	(805,372)	3,827,422	2,075,181
	342,295	150,717	86,987	-	(96,942)	(97,152)	1,346,588	1,064,040
	853,426	683,000	2,186,761	-	(911,204)	(902,524)	5,174,010	3,139,221
	-	-	-	-	-	-	34,928	38,805
	17,582	18,368	-	-	-	-	32,315	203,556
	5,232	5,034	1,513	-	-	-	96,918	77,946
	-	-	1,157,446	-	-	-	1,157,446	-
	109,539	145,298	208,883	-	(96,940)	(97,153)	353,905	213,369
	132,353	168,700	1,367,842	-	(96,940)	(97,153)	1,675,512	533,676
	21,057	22,847	50,708	-	-	-	129,019	82,269
	466	466	-	-	8,890	8,890	10,641	10,641
	389	201	1,583,113	-	-	-	1,584,087	259,335

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Ten Years Financial Summary

	2025/26 Rs'000	2024/25 Rs'000	2023/24 Rs'000	2022/23 Rs'000	2021/22 Rs'000	2020/21 Rs'000	2019/20 Rs'000	2018/19 Rs'000	2017/18 Rs'000	2016/17 Rs'000
Operating Results										
Revenue	**1,538,245**	1,376,055	1,475,249	1,122,569	1,322,265	1,076,977	1,058,308	1,286,725	1,117,602	863,722
Gross profit	**1,275,595**	1,191,451	1,299,458	961,394	1,171,935	928,346	911,534	1,134,947	955,252	714,020
Other Income	**785**	478,690	1,166	2,497	471	21,485	11,735	9,275	90	536
Administration expenses	**218,986**	191,677	154,204	128,104	100,888	105,170	103,974	100,302	100,852	102,928
Finance cost	**63,742**	4,293	4,523	4,277	4,492	4,604	5,203	4,178	35,645	59,394
Net profit before tax	**1,046,030**	1,546,774	1,266,944	894,572	1,087,254	865,348	861,456	1,085,341	849,086	592,263
Net profit after tax	**1,344,513**	1,109,830	781,750	655,117	854,792	621,996	707,577	889,999	763,383	515,800
Funds Employed										
Stated capital	**1,174,365**	1,174,365	1,174,365	1,174,365	1,174,365	1,174,365	1,174,365	1,174,365	1,174,365	1,174,365
Revenue reserves	**2,067,551**	1,252,560	846,060	1,866,791	1,301,977	1,313,302	1,809,412	1,386,695	1,070,765	899,422
Non-controlling interest	**256,581**	178,620	184,256	307,716	235,676	224,790	268,079	225,877	199,340	162,695
Borrowings (Both non-current & current)	**1,296,339**	-	-	-	-	-	-	-	157,403	365,723
Lease Liability (Both non-current & current)	**37,155**	40,257	42,826	41,297	46,368	51,278	42,732	-	-	-
	4,831,992	2,645,802	2,247,508	3,390,169	2,758,386	2,763,735	3,294,588	2,786,937	2,601,874	2,602,205
Assets Employed										
Non Current Assets	**3,827,442**	2,075,181	1,908,790	1,997,817	2,092,950	2,188,506	2,270,177	2,302,316	2,403,789	2,490,496
Current Assets	**1,346,588**	1,064,040	1,004,034	1,753,253	956,987	874,349	1,282,648	769,888	401,848	254,801
Current Liabilities	**(351,678)**	(211,917)	(393,532)	(97,058)	(132,393)	(126,433)	(104,483)	(147,780)	(64,488)	(42,929)
Retirement Benefit Obligations	**(96,918)**	(77,946)	(53,052)	(32,375)	(31,671)	(41,162)	(32,121)	(25,240)	(25,946)	(18,786)
Deferred tax liability	**(32,316)**	(203,556)	(218,732)	(231,467)	(127,488)	(131,525)	(121,632)	(112,246)	(113,329)	(81,378)
	4,693,098	2,645,802	2,247,508	3,390,169	2,758,386	2,763,735	3,294,588	2,786,937	2,601,874	2,602,205
Key Indicators										
Earnings Per Share (Rs.)	**1.70**	1.31	0.90	0.78	1.02	0.74	0.87	1.12	0.96	0.66
Net Assets Per Share (Rs.)	**4.34**	3.25	2.70	4.07	3.31	3.33	3.99	3.43	3.01	2.78
Market Price of Share-Closing (Rs.)	**14.90**	12.90	7.40	6.70	7.20	7.40	5.40	5.90	7.30	7.10
Dividend Per Share (Rs.)	**0.60**	0.75	1.75	0.50	1.05	1.00	0.70	0.70	0.70	0.80
Price earning ratio (times)	**8.76**	9.84	8.22	8.58	7.06	10.01	6.22	5.27	7.59	10.74
Dividend payout (%)	**35%**	57%	194%	64%	103%	135%	81%	63%	73%	121%

Horizontal and Vertical Analysis of Financial Statements

HORIZONTAL ANALYSIS

Statement of Financial Position

	31.03.2026 Rs.'000	2026 Vs. 2025 %	31.03.2025 Rs.'000	2025 Vs. 2024 %
ASSETS				
Non-current assets				
Property, plant and equipment	3,523,574	84%	1,913,795	4%
Capital Work-in Progress	8,871	(91%)	103,595	-
Right-of-use assets	27,249	(10%)	30,296	(11%)
Intangible assets	12,353	(46%)	22,995	(32%)
Other non-current asset	4,500	0%	4,500	0%
Deferred tax asset	250,875	-	-	-
Total non-current assets	3,827,422	84%	2,075,181	9%
Current Assets				
Inventories	39,386	48%	26,598	56%
Trade and other receivables	254,736	147%	102,936	(8%)
Amount due from related parties	1,154	(58%)	2,746	74%
Tax receivables	18,862	-	-	-
Cash and cash equivalents	1,032,450	11%	931,760	7%
Total current assets	1,346,588	27%	1,064,040	6%
Total assets	5,174,010	65%	3,139,221	8%
EQUITY				
Stated capital	1,174,365	0%	1,174,365	0%
Retained earnings	2,067,551	65%	1,252,560	48%
Capital and reserves attributable to owners of Vallibel Power Erathna PLC	3,241,916	34%	2,426,926	20%
Non-controlling interests	256,581	44%	178,620	(3%)
Total equity	3,498,498	34%	2,605,545	18%
LIABILITIES				
Non-current liabilities				
Retirement benefit obligations	96,918	24%	77,946	47%
Deferred tax liabilities	32,316	(84%)	203,556	(7%)
Interest on loans and borrowings	1,157,445.63		-	-
Lease liabilities	34,929	(10%)	38,805	(4%)
Total non-current liabilities	1,321,608	313%	320,307	3%
Current liabilities				
Accruals and other payables	121,337	(6%)	128,453	(57%)
Interest on loans and borrowings	138,893	-	-	-
Amount due to related party	58,529.88	-	-	-
Lease liabilities	2,226	53%	1,452	(42%)
Current tax liabilities	32,917	(61%)	83,464	(12%)
Total current liabilities	353,904	66%	213,369	(46%)
Total equity and liabilities	5,174,010	65%	3,139,221	8%

Statement of Profit or Loss

	2025/26 Rs.'000	2026 Vs. 2025 %	2024/25 Rs.'000	2025 Vs. 2024 %
Revenue from contracts with customers	1,538,245	12%	1,376,055	(7%)
Direct costs	(262,651)	42%	(184,604)	5%
Gross profit	1,275,595	7%	1,191,451	(8%)
Other income	785	(100%)	478,690	>999%
Administrative expenses	(218,986)	14%	(191,677)	24%
Other operating expenses	(4,423)	(63%)	(11,877)	271%
Operating profit	1,052,971	(28%)	1,466,587	28%
Finance income	56,802	(33%)	84,480	(34%)
Finance costs	(63,742)	>999%	(4,293)	(5%)
Finance income - net	(6,941)	(109%)	80,187	(35%)
Profit before income tax	1,046,030	(32%)	1,546,774	22%
Income tax expense	298,483	(168%)	(436,944)	(10%)
Profit for the period	1,344,513	21%	1,109,830	42%

	31.03.2024 Rs.'000	2024 Vs. 2023 %	31.03.2023 Rs.'000	2023 Vs. 2022 %	31.03.2022 Rs.'000	2022 Vs. 2021 %	31.03.2021 Rs.'000
	1,836,796	(4%)	1,915,446	(4%)	1,994,119	(4%)	2,072,809
	-	-	-	-	-	-	-
	33,858	1%	33,594	(15%)	39,413	(14%)	45,638
	33,636	(24%)	44,277	(19%)	54,919	(16%)	65,560
	4,500	0%	4,500	0%	4,500	0%	4,500
	-	-	-	-	-	-	-
	1,908,790	(4%)	1,997,817	(5%)	2,092,950	(4%)	2,188,506
	16,998	7%	15,902	73%	9,192	0%	-
	111,571	(91%)	1,236,041	57%	789,437	37%	576,714
	1,579	(10%)	1,749	(26%)	2,372	138%	998
	-	-	-	-	-	-	-
	873,886	75%	499,561	220%	155,986	(47%)	296,638
	1,004,034	(43%)	1,753,253	83%	956,987	9%	874,349
	2,912,824	(22%)	3,751,070	23%	3,049,937	(0%)	3,062,856
	1,174,365	0%	1,174,365	0%	1,174,365	0%	1,174,365
	846,060	(55%)	1,866,791	43%	1,301,977	(1%)	1,313,302
	2,020,426	(34%)	3,041,156	23%	2,476,342	(0%)	2,487,667
	184,256	(40%)	307,716	31%	235,676	5%	224,790
	2,204,682	(34%)	3,348,872	23%	2,712,017	(0%)	2,712,457
	53,052	64%	32,375	2%	31,671	(23%)	41,162
	218,732	(6%)	231,467	82%	127,488	(3%)	131,525
	-	-	-	-	-	-	-
	40,329	4%	38,952	(5%)	41,125	(11%)	46,368
	312,112	3%	302,794	51%	200,284	(9%)	219,055
	299,088	657%	39,493	12%	35,197	(16%)	41,697
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	2,497	6%	2,345	(55%)	5,243	7%	4,910
	94,444	64%	57,565	(41%)	97,195	15%	84,736
	396,030	298%	99,404	(28%)	137,636	5%	131,344
	2,912,824	(22%)	3,751,070	23%	3,049,937	(0%)	3,062,856

	2023/24 Rs.'000	2024 Vs. 2023 %	2022/23 Rs.'000	2023 Vs. 2022 %	2021/22 Rs.'000	2022 Vs. 2021 %	2020/21 Rs.'000
	1,475,249	31%	1,122,569	(15%)	1,322,265	23%	1,076,978
	(175,791)	9%	(161,175)	7%	(150,331)	1%	(148,631)
	1,299,458	35%	961,394	(18%)	1,171,935	26%	928,347
	1,166	(53%)	2,497	430%	471	(98%)	21,485
	(154,204)	20%	(128,104)	27%	(100,888)	(4%)	(105,171)
	(3,201)	4%	(3,074)	171%	(1,133)	(39%)	(1,845)
	1,143,218	37%	832,714	(22%)	1,070,385	27%	842,816
	128,248	94%	66,135	210%	21,361	(21%)	27,137
	(4,523)	6%	(4,277)	(5%)	(4,492)	(2%)	(4,604)
	123,725	100%	61,858	267%	16,869	(25%)	22,533
	1,266,944	42%	894,572	(18%)	1,087,254	26%	865,348
	(485,194)	103%	(239,454)	3%	(232,462)	(4%)	(243,352)
	781,750	19%	655,117	(23%)	854,792	37%	621,996

Horizontal and Vertical Analysis of Financial Statements

VERTICAL ANALYSIS

Statement of Financial Position

	31.03.2026		31.03.2025	
	Rs.'000	%	Rs.'000	%
ASSETS				
Non-current assets				
Property, plant and equipment	3,523,574	68%	1,913,795	61%
Capital Work-in Progress	8,871	0%	103,595	3%
Right-of-use assets	27,249	1%	30,296	1%
Intangible assets	12,353	0%	22,995	1%
Other non-current asset	4,500	0%	4,500	0%
Deferred tax asset	250,875	5%	-	
Total non-current assets	3,827,422	74%	2,075,181	66%
Current Assets				
Inventories	39,386	1%	26,598	1%
Trade and other receivables	254,736	5%	102,936	3%
Amount due from related parties	1,154	0%	2,746	0%
Tax receivables	18,862	0%	-	
Cash and cash equivalents	1,032,450	20%	931,760	30%
Total current assets	1,346,588	26%	1,064,040	34%
Total assets	5,174,010	100%	3,139,221	100%
EQUITY				
Stated capital	1,174,365	23%	1,174,365	37%
Retained earnings	2,067,551	40%	1,252,560	40%
Capital and reserves attributable to owners of Vallibel Power Erathna PLC	3,241,916	63%	2,426,926	77%
Non-controlling interests	256,581	5%	178,620	6%
Total equity	3,498,498	68%	2,605,545	83%
LIABILITIES				
Non-current liabilities				
Retirement benefit obligations	96,918	2%	77,946	2%
Deferred tax liabilities	32,316	1%	203,556	6%
Interest on loans and borrowings	1,157,446	22%	-	
Lease liabilities	34,929	1%	38,805	1%
Total non-current liabilities	1,321,608	26%	320,307	10%
Current liabilities				
Accruals and other payables	121,337	2%	128,453	4%
Interest on loans and borrowings	138,893	3%	-	
Amount due to related party	58,530	1%	-	
Lease liabilities	2,226	0%	1,452	0%
Current tax liabilities	32,917	1%	83,464	3%
Total current liabilities	353,904	7%	213,369	7%
Total equity and liabilities	5,174,010	100%	3,139,221	100%

Statement of Profit or Loss

	2025/26		2024/25	
	Rs.'000	%	Rs.'000	%
Revenue from contracts with customers	1,538,245	100%	1,376,055	100%
Direct costs	(262,651)	(17%)	(184,604)	(13%)
Gross profit	1,275,595	83%	1,191,451	87%
Other income	785	0%	478,690	35%
Administrative expenses	(218,986)	(14%)	(191,677)	(14%)
Other operating expenses	(4,423)	(0%)	(11,877)	(1%)
Operating profit	1,052,971	68%	1,466,587	107%
Finance income	56,802	4%	84,480	6%
Finance costs	(63,742)	(4%)	(4,293)	(0%)
Finance income - net	(6,941)	(0%)	80,187	6%
Profit before income tax	1,046,030	68%	1,546,774	112%
Income tax expense	298,483	19%	(436,944)	(32%)
Profit for the period	1,344,513	87%	1,109,830	81%

	31.03.2024		31.03.2023		31.03.2022	
	Rs.'000	%	Rs.'000	%	Rs.'000	%
					-	
	1,836,796	63%	1,915,446	51%	1,994,119	65%
	-	0%	-	0%	-	0%
	33,858	1%	33,594	1%	39,413	1%
	33,636	1%	44,277	1%	54,919	2%
	4,500	0%	4,500	0%	4,500	0%
	1,908,790	66%	1,997,817	53%	2,092,950	69%
	16,998	1%	15,902	0%	9,192	0%
	111,571	4%	1,236,041	33%	789,437	26%
	1,579	0%	1,749	0%	2,372	0%
	873,886	30%	499,561	13%	155,986	5%
	1,004,034	34%	1,753,253	47%	956,987	31%
	2,912,824	100%	3,751,070	100%	3,049,937	100%
	1,174,365	40%	1,174,365	31%	1,174,365	39%
	846,060	29%	1,866,791	50%	1,301,977	43%
	2,020,426	69%	3,041,156	81%	2,476,342	81%
	184,256	6%	307,716	8%	235,676	8%
	2,204,682	76%	3,348,872	89%	2,712,017	89%
	53,052	2%	32,375	1%	31,671	1%
	218,732	8%	231,467	6%	127,488	4%
	40,329	1%	38,952	1%	41,125	1%
	312,112	11%	302,794	8%	200,284	7%
	299,088	10%	39,493	1%	35,197	1%
	2,497	0%	2,345	0%	5,243	0%
	94,444	3%	57,565	2%	97,195	3%
	396,030	14%	99,404	3%	137,636	5%
	2,912,824	100%	3,751,070	100%	3,049,937	100%

	2023/24		2022/23		2021/22	
	Rs.'000	%	Rs.'000	%	Rs.'000	%
	1,475,249	100%	1,122,569	100%	1,322,265	100%
	(175,791)	(12%)	(161,175)	(14%)	(150,331)	(11%)
	1,299,458	88%	961,394	86%	1,171,935	89%
	1,166	0%	2,497	0%	471	0%
	(154,204)	(10%)	(128,104)	(11%)	(100,888)	(8%)
	(3,201)	(0%)	(3,074)	(0%)	(1,133)	(0%)
	1,143,218	77%	832,714	74%	1,070,385	81%
	128,248	9%	66,135	6%	21,361	2%
	(4,523)	(0%)	(4,277)	(0%)	(4,492)	(0%)
	123,725	8%	61,858	6%	16,869	1%
	1,266,944	86%	894,572	80%	1,087,254	82%
	(485,194)	(33%)	(239,454)	(21%)	(232,462)	(18%)
	781,750	53%	655,117	58%	854,792	65%

Investor Information

1 GENERAL

Stated Capital	Rs. 1,174,365,278
The number of shares representing the Stated Capital	747,109,731

2 STOCK EXCHANGE LISTING

Vallibel Power Erathna PLC, is a quoted public company and the issued ordinary shares of which are listed in the Colombo Stock Exchange of Sri Lanka. (Stock Code - VPEL.N0000)

3 PUBLIC SHAREHOLDING

The percentage of Ordinary Shares held by the public was 40.517% of the issued share capital as at 31st March 2026. It represents 8,198 of shareholders as at 31st March 2026.

4 FLOAT ADJUSTED MARKET CAPITALIZATION

The Float Adjusted Market Capitalization as at 31st March 2026 is Rs.4,510,329,025.40/- The Company complies with option 4 of the Listing Rules 7.13.1 (i) (a).

5 DISTRIBUTION OF SHAREHOLDING AS AT 31ST MARCH 2026

There were 8203 Registered shareholders as at 31st March 2026.

No. of Shares held		No. of Shareholders	% of Shareholders	Total Holding	% of Total Holding
1	1,000	4,048	49.35%	1,323,431	0.18%
1,001	10,000	2,779	33.88%	11,584,057	1.55%
10,001	100,000	1,118	13.63%	36,720,042	4.91%
100,001	1,000,000	230	2.80%	61,171,744	8.19%
Over 1,000,000		28	0.34%	636,310,457	85.17%
Total		8,203	100.00%	747,109,731	100.00%

6 ANALYSIS REPORT OF SHAREHOLDERS AS AT 31ST MARCH 2026

Category	No. of Shareholders	% of Shareholders	Total Holding	% of Total Holding
Individuals	8,003	97.56	335,507,370	44.91
Institutions	200	2.44	411,602,361	55.09
Total	8,203	100.00	747,109,731	100.00
Resident	8,162	99.50	740,844,640	99.16
Non-resident	41	0.50	6,265,091	0.84
Total	8,203	100.00	747,109,731	100.00

7 TWENTY MAJOR SHAREHOLDERS AS AT 31ST MARCH 2026

	Name of the Shareholder	Number of shares as at 31.03.2026	(%) in issued Capital	Number of shares as at 31.03.2025	(%) in issued Capital
1	Vallibel Power Limited	**299,425,830**	40.08	299,425,830	40.08
2	Mr. K.A.D. Perera	**144,812,225**	19.38	144,812,225	19.38
3	Sri Lanka Insurance Corporation Ltd-Life Fund	**25,922,543**	3.47	28,994,243	3.88
4	Mr K.D.A. Perera	**18,750,000**	2.51	18,750,000	2.51
5	Mr K.D.H. Perera	**18,750,000**	2.51	18,750,000	2.51
6	Mr. P.P. Subasinghe	**15,905,638**	2.13	8,628,799	1.16
7	Mackenzie Capital Ltd	**15,600,000**	2.09	12,050,000	1.61
8	Sri Lanka Insurance Corporation Ltd-General Fund	**12,081,306**	1.62	16,568,928	2.22
9	Perera And Sons Bakers Pvt Limited	**10,000,000**	1.34	10,000,000	1.34
10	Ms K.D.C. Samanthi	**9,375,000**	1.26	9,375,000	1.26
11	DFCC Bank PLC A/C 1	**9,325,256**	1.25	10,000,000	1.34
12	N P Capital Ltd	**9,000,000**	1.21	6,000,000	0.80
13	Employees Trust Fund Board	**7,482,091**	1.00	7,557,262	1.01
14	Mr. S.M. Jayasooriya	**5,494,354**	0.74	5,165,194	0.69
15	Mr. M.F. Hashim	**5,196,857**	0.70	5,171,000	0.69
16	Sampath Bank PLC/Dr.Mayuramana Dewolage	**3,680,856**	0.49	2,691,239	0.36
17	Dr. S.P. Jayawardena	**3,503,945**	0.47	3,334,129	0.45
18	Mr. D.D. Gunaratne	**3,400,000**	0.46	3,300,000	0.44
19	Mr. B.C. Tay	**3,000,000**	0.40	3,000,000	0.40
20	Mr. D.D.K. Rajapaksa	**2,900,000**	0.39	2,239,658	0.30
	Total	**623,605,901**	83.47	615,813,507	82.43
	Others	**123,503,830**	16.53	131,296,224	17.57
	Grand Total	**747,109,731**	100.00	747,109,731	100.00

8 SHARE TRADING INFORMATION

For the year ended 31 March	2026	2025
Highest (Rs.)	**18.40**	14.50
Lowest (Rs.)	**11.60**	7.40
Closing (Rs.)	**14.90**	12.90
Value of Shares Trades (Rs.)	**1,526,155,271**	1,292,663,847
No. of Shares Traded	**100,171,149**	122,349,224
No. of Trades	**30,277**	22,755

9 EQUITY INFORMATION

For the year ended 31 March	2026	2025
Earnings per share-Basic (Rs.)	**1.70**	1.31
Dividend per share (Rs.)	**0.60**	0.75
Net Asset Value per share (Rs.)	**4.34**	3.25
Dividend pay out ratio (%)	**35%**	57%

Independent Assurance Report on Sustainability Reporting

Shape the future with confidence

Ernst & Young
Chartered Accountants
Rotunda Towers
No. 109, Galle Road
P.O. Box 101
Colombo 03, Sri Lanka

Tel: +94 11 246 3500
Fax: +94 11 768 7869
Email: eysl@lk.ey.com
ey.com

Independent practitioner's assurance report to the Board of Directors of Vallibel Power Erathna PLC on the Sustainability reporting criteria presented in the Integrated Annual Report FY 2025/26

SCOPE

We have been engaged by **Vallibel Power Erathna PLC** to perform a 'limited assurance engagement,' as defined by Sri Lanka Standard on Assurance Engagements, here after referred to as the engagement, to report on **Vallibel Power Erathna PLC's Economic, Environment, Social and Governance (EESG) indicators** (the "Subject Matter") contained in **Vallibel Power Erathna PLC**'s (the "Entity's") **Integrated Annual Report for the year ended 31 March 2026** (the "Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

CRITERIA APPLIED BY VALLIBEL POWER ERATHNA PLC

In preparing the Subject Matter, Vallibel Power Erathna PLC applied the following criteria ("Criteria"):

- **The Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines, publicly available at https://www.globalreporting.org**

Such Criteria were specifically designed for **the purpose of assisting you in determining whether Entity's Economic, Environment, Social and Governance (EESG) indicators contained in the Entity's Report is presented in accordance with the relevant criteria;** As a result, the subject matter information may not be suitable for another purpose.

VALLIBEL POWER ERATHNA PLC'S RESPONSIBILITIES

Vallibel Power Erathna PLC management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

ERNST & YOUNG'S RESPONSIBILITIES

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the ***Sri Lanka Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (SLSAE 3000 (Revised)***, and the terms of reference for this engagement as agreed with the **Vallibel Power Erathna PLC** on **6 May 2026**. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

OUR INDEPENDENCE AND QUALITY MANAGEMENT

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the **Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)** and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on *Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements,* which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

DESCRIPTION OF PROCEDURES PERFORMED

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently,

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

Principals: T P M Ruberu FCMA FCCA MBA, G B Goudian ACMA, D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakthivel B.Com (Sp)

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Shape the future with confidence

the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the subject matter and related information and applying analytical and other appropriate procedures.

OUR PROCEDURES INCLUDED:

- Validated the information presented and checked the calculations performed by the organization through recalculation.
- Performed a comparison of the content given in the Report against the criteria given in the selected sustainability standards/frameworks.
- Conducted interviews with relevant organization's personnel to understand the process for collection, analysis, aggregation and presentation of data. Interviews included selected key management personnel and relevant staff.
- Read the content presented in the Report for consistency with our overall knowledge obtained during the course of our assurance engagement and requested changes wherever required.
- Provided guidance, recommendations and feedback on the improvement of the sustainability reporting indicators to improve the presentation standard.
- We also performed such other procedures as we considered necessary in the circumstances.

EMPHASIS OF MATTER

Economic, Environment, Social management data/information are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data. Such inherent limitations are common in Sri Lanka.

We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Entity's Report.

CONCLUSION

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to **the information on the Economic, Environment, Social and Governance (EESG) contained in the Integrated Annual Report of Vallibel Power Erathna PLC for the year ended 31 March 2026**, in order for it to be in accordance with the Criteria.

Ernst + Young

02 June 2026
Colombo

GRI Standards Content Index

Statement of use	Vallibel Power Erathna PLC has reported in accordance with the GRI Standards for the period from 1st April 2025 to 31st March 2026
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	NA

A gray cell indicates something that does not apply. This only relates to the 'Omission' and 'GRI Sector Standard ref. no.' columns.

GRI Standard / Other Source	Disclosure	Location (Page reference)	Omission			GRI Sector Standard Ref. No
			Requirement Omitted	Reason	Explanation	
General Disclosures						
2-1	Organisational details	11, Inner Back Cover				
2-2	Entities included in the organisation's sustainability reporting	6				
2-3	Reporting period, frequency and contact point	6 - 7				
2-4	Restatements of information	6				
2-5	External assurance	6				
2-6	Activities, value chain and other business relationships	6, 9 - 11, 18 - 19, 83				
2-7	Employees	72 - 73				
2-8	Workers who are not employees	72				
2-9	Governance structure and composition	100, 102				
2-10	Nomination and selection of the highest governance body	109, 112, 126-129				
2-11	Chair of the highest governance body	109				
2-12	Role of the highest governance body in overseeing the management of impacts	99,111,113				
2-13	Delegation of responsibility for managing impacts	100				
2-14	Role of the highest governance body in sustainability reporting	7,99, 102,105				
2-15	Conflicts of interest	104				
2-16	Communication of critical concerns	85				
2-17	Collective knowledge of the highest governance body	106				
2-18	Evaluation of the performance of the highest governance body	106,113				
2-19	Remuneration policies	113 - 114, 122 - 123				
2-20	Process to determine remuneration	113 - 114, 122 - 123				

GRI Standard / Other Source	Disclosure	Location (Page reference)	Omission			GRI Sector Standard Ref. No
			Requirement Omitted	Reason	Explanation	
2-21	Annual total compensation ratio		2-21 a, b, c	Confidential Information	VPE has not disclosed confidential information as its policy	
2-22	Statement on sustainable development strategy	23 - 24				
2-23	Policy commitments	50 - 52, 71, 84, 104, 106				
2-24	Embedding policy commitments	50 - 52				
2-25	Processes to remediate negative impacts	71, 79, 85				
2-26	Mechanisms for seeking advice and raising concerns	79, 85, 104				
2-27	Compliance with laws and regulations	64, 82				
2-28	Membership associations	94, 95				
2-29	Approach to stakeholder engagement	30, 31, 32				
2-30	Collective bargaining agreements	78				
GRI 3: Material Topics 2021						
3-1	Process to determine material topics	30 - 31				
3-2	List of material topics	33 - 35				
GRI 101: Biodiversity						
3-3	Management of material topics	64				
101-1	Policies to halt and reverse biodiversity loss		101-1 a,b,c	Information unavailable	Company does not have a formal standalone biodiversity policy	
101-2	Management of biodiversity impacts	64, 65				
101-3	Access and benefit sharing		101-3 a,b	Not applicable	Information required is not considered material to the Company's current operations.	
101-4	Identification of biodiversity impacts	65				
GRI 201: Economic						
3-3	Management of material topics	53, 60, 76				
201-1	Direct economic value generated and distributed	60 - 61				

GRI Standards Content Index

GRI Standard / Other Source	Disclosure	Location (Page reference)	Omission			GRI Sector Standard Ref. No
			Requirement Omitted	Reason	Explanation	
201-2	Financial implications and other risks and opportunities due to climate change	46 - 47				
201-3	Defined benefit plan obligations and other retirement plans	76				
201-4	Financial assistance received from government	82 - 83				
GRI 202: Market Presence						
3-3	Management of material topics	71, 72				
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	76 - 77				
202-2	Proportion of senior management hired from the local community	72				
GRI 203: Indirect Economic Impacts						
3-3	Management of material topics	83				
203-1	Infrastructure investments and services supported	83 - 84				
203-2	Significant indirect economic impacts	83 - 84				
GRI 204: Procurement Practices						
3-3	Management of material topics	83				
204-1	Proportion of spending on local suppliers	83				
GRI 205: Anti-corruption						
3-3	Management of material topics	86				
205-1	Operations assessed for risks related to corruption	86				
205-2	Communication and training about anticorruption policies and procedures	86				
205-3	Confirmed incidents of corruption and actions taken	85 - 86				
GRI 206: Anti-competitive Behavior						
3-3	Management of material topics	86				
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	85 - 86				
GRI 207: Tax						
3-3	Management of material topics	82				
207-1	Approach to tax	82				
207-2	Tax governance, control, and risk management	82				
207-3	Stakeholder engagement and management of concerns related to tax	83				

GRI Standard / Other Source	Disclosure	Location (Page reference)	Omission			GRI Sector Standard Ref. No
			Requirement Omitted	Reason	Explanation	
GRI 301: Material Management						
3-3	Management of material topics	67				
301-1	Materials used by weight or volume	67, 68				
301-2	Recycled input materials used	68				
301-3	Reclaimed products and their packaging materials	68				
GRI 302: Energy						
3-3	Management of material topics	65				
302-1	Energy consumption within the organisation	65 - 66				
302-2	Energy consumption outside of the organisation	65 - 66				
302-3	Energy intensity	65 - 66				
302-4	Reduction of energy consumption	65 - 66				
302-5	Reductions in energy requirements of products and services		302-5	Information unavailable	Energy requirement is very insignificant due to the nature of business	
GRI 303: Water and Effluents						
3-3	Management of material topics	67				
303-1	Interactions with water as a shared resource	67 - 68				
303-2	Management of water discharge-related impacts	67 - 68				
303-3	Water withdrawal	67 - 68				
303-4	Water discharge	67 - 68				
303-5	Water consumption	67 - 68				
GRI 305: Emissions						
3-3	Management of material topics	66				
305-1	Direct (Scope 1) GHG emissions	66 - 67				
305-2	Energy indirect (Scope 2) GHG emissions	66 - 67				
305-3	Other indirect (Scope 3) GHG emissions		305-3	Information unavailable	No gathered data for indirect emissions outside the organisation	
305-4	GHG emissions intensity	66 - 67				
305-5	Reduction of GHG emissions	66 - 67				

GRI Standards Content Index

GRI Standard / Other Source	Disclosure	Location (Page reference)	Omission			GRI Sector Standard Ref. No
			Requirement Omitted	Reason	Explanation	
305-6	Emissions of ozone-depleting substances (ODS)		305-6	Information unavailable	No significant impact from Ozone-depleting substances (ODS)	
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions		305-7	Information unavailable	No significant impact from Ozone-depleting substances (ODS)	
GRI 306: Waste						
3-3	Management of material topics	68				
306-1	Waste generation and significant waste related impacts	68				
306-2	Management of significant waste-related impacts	68				
306-3	Waste generated	68				
306-4	Waste diverted from disposal	68				
306-5	Waste directed to disposal	68				
GRI 401: Employment						
3-3	Management of material topics	74, 76				
401-1	New employee hires and employee turnover	74				
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	76				
401-3	Parental leave	76				
GRI 402: Labor/Management Relations						
3-3	Management of material topics	77				
402-1	Minimum notice periods regarding operational changes	77				
GRI 403: Occupational Health And Safety						
3-3	Management of material topics	77				
403-1	Occupational health and safety management system	77 - 78				
403-2	Hazard identification, risk assessment, and incident investigation	77 - 78				
403-3	Occupational health services	77 - 78				
403-4	Worker participation, consultation, and communication on occupational health and safety	77 - 78				

GRI Standard / Other Source	Disclosure	Location (Page reference)	Omission			GRI Sector Standard Ref. No
			Requirement Omitted	Reason	Explanation	
403-5	Worker training on occupational health and safety	77 - 78				
403-6	Promotion of worker health	77 - 78				
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	77 - 78				
403-8	Workers covered by an occupational health and safety management system	77 - 78				
403-9	Work-related injuries	78				
403-10	Work-related ill health	78				
GRI 404: Training And Education						
3-3	Management of material topics	75				
404-1	Average hours of training per year per employee	75				
404-2	Programs for upgrading employee skills and transition assistance programs	75				
404-3	Percentage of employees receiving regular performance and career development reviews	75 - 76				
GRI 405: Diversity and Equal Opportunity						
3-3	Management of material topics	72				
405-1	Diversity of governance bodies and employees	72 - 73, 102				
405-2	Ratio of basic salary and remuneration of women to men		405-2	Confidential Information	VPE has not disclosed confidential information as its policy	
GRI 406: Non-discrimination						
3-3	Management of material topics	74				
406-1	Incidents of discrimination and corrective actions taken	74				
GRI 407: Freedom of Association and Collective Bargaining						
3-3	Management of material topics	78				
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	78				
GRI 408: Child Labor						
3-3	Management of material topics	78				
408-1	Operations and suppliers at significant risk for incidents of child labor	78				

GRI Standards Content Index

GRI Standard / Other Source	Disclosure	Location (Page reference)	Omission			GRI Sector Standard Ref. No
			Requirement Omitted	Reason	Explanation	
GRI 409: Forced or Compulsory Labor						
3-3	Management of material topics	78				
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	78				
GRI 413: Local Communities						
3-3	Management of material topics	83				
413-1	Operations with local community engagement, impact assessments, and development programs	83 - 84				
413-2	Operations with significant actual and potential negative impacts on local communities	84				
GRI 415: Public Policy						
3-3	Management of material topics	84				
415-1	Political contributions	84				

Glossary

A

ACCOUNTING POLICIES

The specific principles, bases, conventions, rules and practices adopted by an enterprise in preparing and presenting Financial Statements.

ACCRUAL BASIS

Recording revenues & expenses in the period in which they are earned or incurred regardless of whether cash is received or disbursed in that period.

ACTUARIAL GAINS AND LOSSES

Effect of difference between the previous actuarial assumptions and what has actually occurred and effects of changes in actuarial assumption related to retirement benefit obligation.

AMORTISATION

The systematic allocation of the depreciable amount of an intangible asset over its useful life.

B

BASIC EARNINGS PER SHARE

Profit attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the period.

BORROWINGS

All interest-bearing liabilities.

B

CAPITAL EMPLOYED

Total equity, minority interest and interest-bearing borrowings.

CASH EQUIVALENTS

Liquid investments with original maturity periods of three months or less.

CEA

Central Environment Authority

CEB

Ceylon Electricity Board.

CONTINGENCIES

A condition or situation existing at reporting date where the ultimate outcome of which, gain or loss, will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events.

CO_2

Carbon Dioxide.

CURRENT RATIO

Current assets divided by current liabilities. A measure of liquidity.

CURRENT SERVICE COST

Increase in the present value of the defined benefit obligation resulting from employee service in the current period.

CSE

Colombo Stock Exchange.

CSR

Corporate Social Responsibility.

D

DEFERRED TAXATION

The tax effect of timing differences deferred to/from other periods, which would only qualify for inclusion on a tax return at a future date.

DIVIDEND

Distribution of profits to holders of equity investments.

DIVIDEND PAY-OUT

Earnings paid as Dividend by the Company as a percentage of total earnings.

DIVIDEND YIELD

Dividend per share as a percentage of the market price. A measure of return on investment.

E

EBITDA

Abbreviation for Earnings Before Interest, Tax, Depreciation and Amortisation.

EQUIVALENT ANNUAL CARBON SEQUESTRATION

A standardized metric that expresses the estimated annual amount of carbon dioxide (CO_2) avoided by project activities in terms of the equivalent number of mature trees required to absorb the same quantity of CO_2 in one year. This provides a simplified and comparable representation of carbon sequestration impacts.

EFFECTIVE TAX RATE (ETR)

Income tax expense divided by profit from ordinary activities before tax.

E-FLOW

Minimum environmental water flow that must be maintained in a stream to ensure that existing ecosystems thrive under appropriate hydrological and environmental conditions that respect the ecological balance.

EQUITY

Shareholders' fund.

ESG

Environmental, social, and governance, is a set of aspects, including environmental issues, social issues and corporate governance that can be considered in investing.

F

FINANCIAL INSTRUMENTS

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

FAIR VALUE

Fair Value is the amount for which an asset could be exchanged between a knowledgeable, willing buyer and a knowledgeable willing seller in an arm's length transaction.

Glossary

G

GEARING
Proportion of total interest-bearing borrowings to capital employed.

GHG
Greenhouse Gas Emission.

GIGA JOULES (GJ)
Equal to one billion joules or to 1000 mega joules. Joule is a derived unit of energy transferred or used.

GRI
Global Reporting Initiatives.

GWH
Giga watt hours. Equal to one million kilowatt hours.

I

ICASL/CA SRI LANKA
The Institute of Chartered Accountants of Sri Lanka.

INTEGRATED REPORTING
A methodology of reporting an organization's strategy, governance, financial performance and prospects in relation to the creation of value over the short, medium and long term in its economic, social and environmental context.

K

KEY MANAGEMENT PERSONNEL
Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

KILOWATT (kW)
Equal to 1000 watt.

L

LTGEP
Long-Term Generation Expansion Plan

M

MARKET CAPITALISATION
Number of shares in issue multiplied by the market value of a share at the reported date.

MEGAWATT (MW)
Equal to one million watts or to 1000 kilowatts

MWAC (MEGAWATT ALTERNATING CURRENT)
In solar energy, MWAC is the actual amount of electricity a solar plant delivers to the grid after converting from DC to usable AC power, as solar panels generate electricity in direct current (DC).

MHP
Mini Hydropower Project.

N

NCRE
Non-Conventional Renewable Energy

NET ASSETS PER SHARE
Shareholders' funds divided by the weighted average number of ordinary shares in issue. A basis of share valuation.

NON-CONTROLLING INTEREST
The part of equity in a subsidiary not attributable, directly or indirectly, to a parent.

O

OUTAGE
Time period of an interruption or failure in the supply of electricity.

O&M COST
Operational and maintenance cost without depreciation and amortization.

P

PRICE EARNINGS RATIO
Market price of a share divided by earnings per share as reported at that date.

PAST SERVICE COST
Past service cost is the change in the present value of defined benefit obligations caused by employee service in prior periods. The change in this cost may either be positive or negative.

PUCSL
Public Utility Commission of Sri Lanka.

R

RELATED PARTIES
Parties who could control or significantly influence the financial and operating policies of the business.

RETURN ON EQUITY - ROE
Attributable profits to the shareholders divided by shareholders' funds.

RETURN ON CAPITAL EMPLOYED - ROCE
Profit before tax plus net interest cost divided by capital employed.

REVENUE RESERVES
Reserves considered as being available for distribution and investments.

S

SDG
Sustainable Development Goals adopted by United Nations members with 17 goals.

SEGMENTS
Constituent business units grouped in terms of similarity of operations and location.

SOLAR PV
Solar photovoltaic (PV) systems, or solar panels, are devices that convert sunlight directly into electricity using the photovoltaic effect.

SUBSIDIARY
A subsidiary is an entity, including an unincorporated entity such as a partnership, which is controlled by another entity (known as the parent).

SLFRS/LKAS
Sri Lanka Accounting Standards corresponding to International Financial Reporting Standards.

SLSEA
Sri Lanka Sustainable Energy Authority.

SPPA
Standardized Power Purchase Agreement.

T

TAGS AWARD

Awards program designed by CA Sri Lanka to recognise excellence in Transparency, Accountability, Governance, and Sustainability of corporate entities in Sri Lanka.

V

VALUE ADDITION

The quantum of wealth generated by the activities of the Group measured as the difference between turnover and the cost of materials and services bought in.

W

WORKING CAPITAL

Capital required to finance day-to-day operations computed as the excess of current assets over current liabilities.

WATT-HOUR

Unit of energy which expended for one hour of time.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT THE 25TH ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD BY ELECTRONIC MEANS ON 30TH JUNE 2026 AT 1.45 P. M. CENTERED AT NO.20, SRI UTTARANANDA MAWATHA, COLOMBO 3 FOR THE FOLLOWING PURPOSES:

1. ORDINARY BUSINESS

(i) 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 2026 and the Report of the Auditors thereon.

(ii) To re-elect Mrs. D. Bhaskaran, who retires by rotation in terms of Article 25(10) of the Articles of Association, as a Director of the Company;

(iii) To re-elect Mr. P. K. Sumanasekara, who retires by rotation in terms of Article 25(10) of the Articles of Association, as a Director of the Company;

(iv) To re-appoint Messrs Deloitte Partners, Chartered Accountants, the retiring Auditors and to authorise the Directors to determine their remuneration.

(v) To authorize the Directors to determine and make donations for the year ending 31st March 2027 and up to the date of the next Annual General Meeting.

2. SPECIAL BUSINESS

(i) To consider and if thought fit, to pass the following resolution as a Special Resolution:

IT IS HEREBY RESOLVED THAT the Articles of Association of the Company be amended:

(1) By the deletion of Article 13 in its entirety and the substitution therefor of the following new Article 13;

"METHOD OF HOLDING MEETINGS

13.(1) A General Meeting of shareholders may be held:

(i) by a number of shareholders who constitute a quorum, being assembled together at the place, date, and time appointed for the meeting; (hereinafter sometimes referred to as the Physical General Meeting), or

(ii) by means of audio, or audio and visual communication by which all shareholders participating and constituting a quorum can simultaneously hear each other throughout the meeting (hereinafter sometimes referred to as Electronic General Meeting), or

(iii) by a meeting held both physically and electronically (called Hybrid General Meeting), or

(iv) by means of a resolution in writing signed by not less than Eighty-Five per centum (85%) of the Shareholders who would be entitled to vote on a resolution at a meeting of Shareholders, who together hold not less than Eighty-Five per centum (85%) of the votes entitled to be cast on that resolution.

(2) The Board shall determine whether a General Meeting is to be held as a Physical General Meeting as referred to in 43(1)(i) or held as an Electronic General Meeting as referred to in 43(1)(ii) or held as a Hybrid General Meeting, both physically and electronically, as referred to in 43(1)(iii) or by a Resolution writing as referred to in 43(1)(iv).

(3) The Board shall specify in the notice calling the General Meeting whether the meeting will be physical or electronic or hybrid or by a Resolution in writing. Such notice shall also specify (as applicable) the time, date, and place and/or electronic platform(s) of the General Meeting, as it is determined.

(4) (i) When conducting an Electronic General Meeting, the Board shall enable persons to simultaneously attend by electronic means, with no shareholder necessarily in physical attendance at the Electronic General Meeting. The shareholders or their proxies present shall be counted in the quorum for, and entitled to vote at, the General Meeting in question.

(ii) If it appears to the Chairman of the General Meeting that the electronic platform(s), facilities, or security at the Electronic General Meeting have become inadequate for the purposes referred to herein then the Chairman may, without the consent of the meeting, interrupt to resolve such inadequacy where possible or adjourn the General Meeting. All business conducted at that General Meeting up to the time of that adjournment shall be valid and the provisions of Article 60 shall apply to that adjournment.

(iii) In relation to an Electronic General Meeting, the right of a shareholder to participate in the business of any General Meeting shall include, without limitation, the right to speak, vote on a poll, be represented by a proxy, and have access (including electronic access) to all documents which are required by the Act or these Articles to be made available for/at the meeting"

(2) By re-designating the existing Article 45(1) as Article 45(1)(i) and by inserting a new Article 45(1)(ii) immediately thereafter as follows:

"45. (1). (ii). The Company may serve notice by electronic mail to an electronic mail account notified by a shareholder in writing or any other acceptable means, to the Company or to the Central Depository Systems (Pvt) Ltd. Where electronic mail is used, the document or notice shall be deemed to have been received by the shareholder upon the dispatch of same by the Company through electronic mail."

(3) By the deletion of Article 45(6) in its entirety and the substitution therefor of the following new Article 45(6);

"45.(6) Any notice required to be or which may be given by advertisement shall unless otherwise require by statute be published in Sinhala, Tamil and English national daily newspapers. The Company may if so permitted by statute, publish any notice required to be given to the shareholders on the official website of the Company and/or on the official website of the Colombo Stock Exchange (so long as the company is listed on the Colombo Stock Exchange)."

(4) by the inclusion of Article 47 in its entirety;

47. "Notwithstanding anything to the contrary contained in the Articles of Association of the Company, so long as the Company is listed on the Colombo Stock Exchange, the Company shall comply with the Rules of the Colombo Stock Exchange and the Central Depository System, which shall be in force from time to time."

By Order of the Board
VALLIBEL POWER ERATHNA PLC



P W Corporate Secretarial (Pvt) Ltd
Secretaries

At Colombo

02 June 2026

Notes:

1. A shareholder entitled to participate and vote at the above meeting is entitled to appoint a proxy to participate and vote in his/her place by completing the Form of Proxy enclosed herewith.
2. A proxy need not be a shareholder of the Company.
3. Shareholders who are unable to participate in the above 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.
4. A Form of Proxy accompanies this Notice.
5. The completed Form of Proxy should be deposited at the Registered Office of the Company, No. 25, Foster Lane, Colombo 10 by 1.45 a.m. on 28th June 2026.
6. Since the Meeting will be held via electronic means, shareholders who wish to participate in the AGM either by themselves or through their Proxies, are requested to forward the duly completed and signed Registration Form as per the Guidelines for Registration made available to the Shareholders on the Company/CSE Websites, to the Registrars of the Company, Corporate Solutions Unit, Central Depository Systems (Pvt) Limited, Ground Floor, M & M Centre, 341/5, Kotte Road, Rajagiriya or e-mailed to agm_egm_registrars@cds.lk by 1.45 p.m. on 28th June 2026.

Form of Proxy

I/We* ..... holder of

NIC No..... of ..... being a Shareholder /Shareholders* of

Vallibel Power Erathna PLC, do hereby appoint ..... holder of NIC

No..... of ..... or failing him/her

Mr. Harsha Amarasekera	or failing him
Mr. Prabodha Sumanasekera	or failing him
Mr. Haresh Somashantha	or failing him
Ms. Dinusha Bhaskaran	or failing her
Mr. Dinesh Mendis	or failing him
Mr. Gamini Gunaratne	or failing him
Ms. Devika Weerasinghe	

as my/our* proxy to represent me/us to speak and vote for me/us* on my/our* behalf at the 25th Annual General Meeting of the Company to be held by electronic means on 30th June 2026 at 1.45 p.m. and any adjournment thereof and at every poll which may be taken in consequence thereof.

1 ORDINARY BUSINESS

		For	Against
i)	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 2026 and the Report of the Auditors thereon		
ii)	To re-elect Mrs. Dinusha Bhaskaran, who retires by rotation in terms of Article 25(10) of the Articles of Association, as a Director of the Company.		
iii)	To re-elect Mr. Prabodha Sumanasekera, who retires by rotation in terms of Article 25(10) of the Articles of Association, as a Director of the Company.		
iv)	To re-appoint Messrs Deloitte Partners, Chartered Accountants, the retiring Auditors and to authorize the Directors to determine their remuneration.		
v)	To authorize the Directors to determine payments for the year 2026/2027 and up to the date of the next Annual General Meeting for Charitable and other purposes as set out in the Companies Donations Act (Cap 147).		

2 SPECIAL BUSINESS

		For	Against
i)	To pass the Special Resolution as set out in item 2(i) of the Notice of Meeting		

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

.....
Signature

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

Form of Proxy

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. 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. In terms of Article 21 of the Articles of Association of the Company, where two or more persons are registered as the holder of a share, the vote of the person named first in the share register and voting on a matter, shall be accepted to the exclusion of the votes of the other joint holders.

5. The completed Proxy should be deposited at the Registered Office of the Company, No. 25, Foster Lane, Colombo 10 by 1.45 p.m. on 28th June 2026.

   In forwarding the completed and duly signed Proxy to the Company, please follow the **Guidelines for Registration and the Registration Form, which are made available on the Company's official website and the CSE website.**

Corporate Information

GRI 2-1

NAME OF COMPANY

Vallibel Power Erathna PLC

COUNTRY OF OPERATION

Sri Lanka

LEGAL FORM

A Public quoted company with limited liability incorporated under the Provisions of the Companies Act, No. 07 of 2007.

DATE OF INCORPORATION

07th November 2001

COMPANY REGISTRATION NUMBER

P.Q. 103

FINANCIAL YEAR END

31st March

NATURE OF THE BUSINESS

Generate and Supply Electric Power to the National Grid.

STOCK EXCHANGE LISTING

The ordinary shares of the Company are listed on the Colombo Stock Exchange of Sri Lanka. (Stock Code - VPEL.N0000)

BOARD OF DIRECTORS

Mr. Harsha Amarasekera-Chairman
Mr. Prabodha Sumanasekera
Mr. Haresh Somashantha
Ms. Dinusha Bhaskaran
Ms. Devika Weerasinghe
Mr. Dinesh Mendis
Mr. Gamini Gunaratne

REGISTERED OFFICE

No. 25, Foster Lane, Colombo 10, Sri Lanka
E-mail: energy@vallibel.com
Web Site: www.vallibel-hydro.com

SUBSIDIARY COMPANIES

Country Energy (Pvt) Ltd. (unquoted)

COMPANY SECRETARIES

P W Corporate Secretarial (Pvt) Limited
No.3/17, Kynsey Road,
Colombo 08.
Telephone :011- 4640360
Fax :011- 4740588
E-mail :pwcs@pwcs.lk

AUDITORS

Deloitte Parnters
Chartered Accountants
P. O. Box 918
No. 100, Braybrooke Place,
Colombo 2
Telephone : 011 771 9700
Fax : 011 230 7237
Web site : www.deloitte.com

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