

P O W E R



INTRODUCTORY
DOCUMENT
2019



Managers to the Introduction



Introduction
LAUGFS Power Limited

Listing of 335,000,086 Ordinary Voting Shares and 52,000,000 Ordinary Non-Voting Shares of the
Company

To be listed on the Diri Savi Board of the Colombo Stock Exchange

This Introductory Document is dated October 10, 2019

Manager to the Introduction



The Colombo Stock Exchange (“CSE”) has taken reasonable care to ensure full and fair disclosure of information in this Introductory Document. However, the CSE assumes no responsibility for accuracy of the statements made, opinions expressed or reports included in this Introductory Document. Moreover, the CSE does not regulate the pricing of the Shares which is decided solely by the Company.

The delivery of this Introductory Document shall not under any circumstance constitute a representation or create any implication or suggestion that there has been no material change in the affairs of the Company since the date of this Introductory Document.

If you are in doubt regarding the contents of this document or if you require any clarification or advice in this regard, you should consult the Manager to the Introduction, your stockbroker, lawyer or any other professional advisor.

If there are any material changes in the affairs of the Company pursuant to this Introductory Document, such material changes shall be duly disclosed by the Company.

Responsibility for the Content of the Introductory Document

This Introductory Document has been prepared by Capital Alliance Partners Limited ("CAL") on behalf of LAUGFS Power Limited. LAUGFS Power Limited (hereinafter referred to as "LPL" or the "Company") and its Directors confirm that to the best of their knowledge and belief that this Introductory Document contains all information regarding the Company which is material; such information is true and accurate in all material aspects and is not misleading in any material respect; any opinions, predictions or intentions expressed in this Introductory Document on the part of the Company are honestly held or made and are not misleading in any material respect; this Introductory Document contains all material facts and presents them in a clear fashion in all material respects and all proper inquiries have been made to ascertain and to verify the foregoing. The Company accepts responsibility for the information contained in this Introductory Document.

Investors should be informed that the value of investments can vary and that past performance is not necessarily indicative of future performance. In making such investment decisions, prospective investors must rely on their knowledge, examination and assessments on LPL and the terms of the Shares (knowledge, perception together with their own examination and assessment on LPL and the terms and conditions of the Shares) including risks associated.

Registration of the Introductory Document in Jurisdictions Outside of Sri Lanka

This Introductory Document has not been registered with any authority outside of Sri Lanka. Non-resident investors may be affected by the laws of the jurisdiction of their residence. Such investors are responsible to comply with the laws relevant to the country of residence and the laws of Sri Lanka, when making the investment.

Representation

No person is authorized to give any information or make any representation not contained in this Introductory Document and if given or made, any such information or representation must not be relied upon as having been authorized by the Company.

Forward Looking Statements

Any statements included in this Introductory Document that are not statements of historical fact constitute "Forward Looking Statements". These can be identified by the use of forward-looking terms such as "expect", "anticipate", "intend", "may", "plan to", "believe", "could" and similar terms or variations of such terms. However, these words are not the exclusive means of identifying Forward Looking Statements. As such, all or any statements pertaining to expected financial position, business strategy, plans and prospects of the Company are classified as Forward-Looking Statements.

Such Forward Looking Statements involve known and unknown risks, uncertainties and other factors including but not limited to regulatory changes in the sectors in which the Company operates and its ability to respond to them, the Company's ability to successfully adapt to technological changes,

exposure to market risks, general economic and fiscal policies of Sri Lanka, inflationary pressures, interest rate volatilities, the performance of financial markets both globally and locally, changes in domestic and foreign laws, regulation of taxes and changes in competition in the industry and further uncertainties that may or may not be in the control of the Company.

Such factors may cause actual results, performance and achievements to materially differ from any future results, performance or achievements expressed or implied by Forward Looking Statements herein. Forward Looking Statements are also based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future.

Given the risks and uncertainties that may cause the Company's actual future results, performance or achievements to materially differ from that expected, expressed or implied by Forward Looking Statements in this Introductory Document, investors are advised not to place sole reliance on such statements.

Investment Considerations

It is important that this Introductory Document is read carefully prior to making an investment decision. For information concerning certain risk factors, which should be considered by prospective investors, see "Investment Considerations and Risks" in Section 9.0 of this Introductory Document.

Presentation of Currency Information and Other Numerical Data

The financial statements of the Company and currency values of economic data or industry data in a local context will be expressed in Sri Lanka Rupees. References in the Introductory Document to "LKR", "Rupees" or "Rs." are references to the Sri Lanka Rupee, the lawful currency of Sri Lanka. Reference to "USD" is with reference to the United States Dollar, the official currency of the United States of America.

Certain numerical figures in the Introductory Document have been subject to rounding adjustments; accordingly, numerical figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Presentation of Macroeconomic and Industry Data

Economic and industry data used throughout this Introductory Document are derived from the CBSL and various other industry data sources, which the Company believes to be reliable, but the accuracy and completeness of that information is not guaranteed. Similarly, industry surveys and other publications, while believed to be reliable, have not been independently verified and neither the Company nor the Managers to the Introduction make any representation as to the accuracy of that information.

Table of Contents

1.0	Corporate Information	8
2.0	Relevant Parties to the Introduction.....	9
3.0	List of Abbreviations, Definitions and Interpretations.....	10
4.0	Details of the Introduction	12
4.1	Listing of the Shares of the Company.....	12
4.2	Basis for the Reference Price at an Introduction	12
4.3	Quantitative Factors	13
4.4	Qualitative Factors	15
4.5	Objectives of the Listing.....	15
4.6	Inspection of Documents.....	16
4.7	Declaration to the CSE and Secondary Market Trading	17
5.0	LAUGFS Power Limited	18
5.1	Company Overview	18
5.2	Financials and Performance of LAUGFS Power Limited	20
5.3	Human Resources	21
5.4	Future Directions and Strategic Plans.....	21
5.5	Assumptions and Risks Associated to Future Plans	22
6.0	Corporate Information	23
6.1	Board of Directors of LAUGFS Power Limited	23
6.2	Profiles of the Members of the Board	23
6.3	Other Directorships Held by Members of the Board	26
6.4	Directors' Shareholding in the Company	29
6.5	Sale or Purchase of Shares by Directors	29
6.6	Directors' Emoluments.....	29

6.7	Directors' Interest in Assets.....	30
6.8	Directors' Interest in Material Contracts.....	30
6.9	Directors' Interest in Property.....	30
6.10	Statement – Board of Directors.....	30
6.11	Senior Management	30
6.12	Senior Management Emoluments.....	32
6.13	Statement – Chief Executive Officer	32
6.14	Corporate Governance.....	32
6.14.1	Remuneration Committee.....	32
6.14.2	Audit Committee.....	32
6.14.3	Related Party Transactions Review Committee.....	33
7.0	Other Corporate Information	34
7.1	Degree of Dependence on Key Customers and Suppliers	34
7.2	Dividends.....	34
7.2.1	Dividend Policy	34
7.2.2	Dividend History.....	34
7.3	Details of Debt and Loan Capital.....	34
7.4	Litigation, Disputes and Contingent Liabilities.....	35
7.5	Material Contracts.....	36
7.6	Details of Commissions Paid	36
7.7	Details of Benefits Paid to Promoters	36
7.8	Taxation.....	36
8.0	Capital Structure.....	37
8.1	An Overview of the Capital Structure.....	37
8.2	Shareholders of the Company	38

8.3	Details of Non-Public Shareholders.....	40
8.4	Details Pertaining to Lock-in Shares.....	40
8.5	Other Securities	42
8.6	Free Transferability of Shares	42
8.7	Rights and obligations of shareholders of the Company	43
8.8	Takeover Offers.....	45
9.0	Investment Considerations and Risks	46
9.1	Risks Related to the Industry.....	46
9.2	General Risks.....	47
10.0	Statutory Declarations.....	48
	Annexure A – Independent Auditor’s Report to the Shareholders and Audited Financial Statements for the Financial Year Ended 31 March 2019, 31 March 2018 and 31 March 2017	49
	Annexure B – Interim Financial Statements for the Quarter Ended 30 June 2019	184
	Annexure C – Research Report	199

1.0 Corporate Information

Company	LAUGFS Power Limited	
Registered Address	No. 101, Maya Avenue, Colombo 06.	
Date of Incorporation	29 th March 2006	
Legal Formation of the Company	The Company was incorporated as a Public Limited Liability Company in Sri Lanka on the 29 th of March 2006 under the name of LAUGFS Power Limited under the Companies Act No. 17 of 1982 and was re-registered under the new Companies Act No. 07 of 2007 on the 1 st of June 2011.	
Authority of Incorporation	Registrar General of Companies under and in terms of the Companies Act, No. 07 of 2007.	
Place of Incorporation	Colombo, in the Democratic Socialist Republic of Sri Lanka	
Company Registration No:	PB 1595	
Company Secretaries	P.W. Corporate Secretarial (Private) Limited, No. 3/17, Kynsey Road, Colombo 08.	
Auditors of the Company	M/S Ernst & Young, Chartered Accountants, 201, De Saram Place, Colombo 10.	
Lawyers of the Company	E.B. Mathew Attorney-at-Law & Commissioner for Oaths LAUGFS Holdings Limited, No.101, Maya Avenue, Colombo 06.	
Board of Directors of the Company	Mr. W.K.H. Wegapitiya	Executive Chairman
	Mr. U.K. Thilak De Silva	Executive Managing Director
	Mr. H. A. Ariyaratne	Non-Independent, Non - Executive Director
	Mr. P. M. B. Fernando	Independent, Non - Executive Director
	Mr. N. M. Prakash	Independent, Non - Executive Director

2.0 Relevant Parties to the Introduction

Managers to the Introduction	Capital Alliance Partners Limited Level 5, "Millennium House", 46/58, Nawam Mawatha, Colombo 02. Tel: +94 11 2317777 Fax: +94 11 2317788
Auditors and Reporting Accountants	M/S Ernst & Young, Chartered Accountants, 201, De Saram Place, Colombo 10.
Company Secretaries	P.W. Corporate Secretarial (Private) Limited, No. 3/17, Kynsey Road, Colombo 08. Tel: +94 11 4897711 Fax: +94 11 4740588

3.0 List of Abbreviations, Definitions and Interpretations

AOTS	Association for Overseas Technical Cooperation and Sustainable Partnerships
Board/Board of Directors	The board of directors of the Company
C.	Circa (Approximately)
CBSL	Central Bank of Sri Lanka
CAGR	Compound Annual Growth Rate
CAL	Capital Alliance Partners Limited
EPS	Earnings Per Shares
Company/LPL	LAUGFS Power Limited
Colombo Stock Exchange/CSE	Colombo Stock Exchange licensed as a stock exchange in terms of the SEC Act by the SEC
CPA	Certified Public Accountants
COYLE	Chamber of Young Lankan Entrepreneurs
FY	Financial Year
FCCISL	Federation of Chambers of Commerce and Industry of Sri Lanka
GoSL	Government of Sri Lanka
Introductory Document	This Introductory Document issued on the October 10, 2019 by the Company and any amendments thereto.
Introduction	The listing of the Ordinary Voting Shares and the Non-Voting Shares on the Colombo Stock Exchange by way of an introduction.
Listing Rules	The listing rules of the Colombo Stock Exchange
LGL	LAUGFS Gas PLC
LOI	Letter of Intent/Letter of Interest
LPG	Liquefied Petroleum Gas
MW	Megawatt
NAV	Net Asset Value of the Company
Ordinary Voting Shares	Three hundred and thirty five million and eighty six (335,000,086) ordinary voting shares in the Company to be listed on the Colombo Stock Exchange in terms of the Introduction.
Ordinary Non-Voting Shares	Fifty two million (52,000,000) ordinary non-voting shares in the Company to be listed on the Colombo Stock Exchange in terms of the Introduction.
P/BV	Price to Book Value Ratio
P/E	Price Earnings Ratio
PIM	Post Graduate Institute of Management
PPA/SPPA	Power Purchase Agreement/Standard Power Purchase Agreement
PMP	Project Management Professional
Rupees/LKR	Sri Lankan Rupees
Research Report	The research report prepared by Capital Alliance Partners Limited provided in Annexure C hereto.
ROE	Return on Equity

SEC	Securities and Exchange Commission of Sri Lanka established in terms of the SEC Act
SEC Act	Securities and Exchange Commission of Sri Lanka Act, No. 36 of 1987
TTM	Trailing Twelve Months
USD	United States Dollar

4.0 Details of the Introduction

4.1 Listing of the Shares of the Company

An application has been made by the Company to the CSE for permission for a listing of three hundred and thirty five million and eighty six (335,000,086) Ordinary Voting Shares and fifty two million (52,000,000) Non-Voting Shares being the entirety of the Issued and Paid Up Ordinary Voting Shares and Non-Voting Shares represented in the Stated Capital of the Company by way of an Introduction and in principle approval of the CSE has been received by the Company for the listing of such Shares on the “Diri Savi Board” of the CSE.

Considering the eligibility criteria for a listing on the Diri Savi Board, the CSE by their letter dated 26th September 2018 has granted waivers in respect of Rule 2.1.1 (f) (iii) pertaining to Public Shareholders and Rule 2.1.2 (ii) (c) paragraph 4 of CSE Listing Rules. Further the CSE by their letter dated 1st April 2019 has granted a waiver in respect of Rule 2.1.1 (f) (iii) pertaining to Non-Public Shareholders and permitted the shares of the Company to be listed by way of an Introduction subject to the Company’s compliance with all other applicable Rules. Further details pertaining to the waivers granted and rationale for obtaining such waivers have been provided under Section 8.2 and 8.4 of the Introductory Document.

4.2 Basis for the Reference Price at an Introduction

The Reference Prices of LKR 8.80 per Ordinary Voting Share and LKR 6.90 per Non-Voting Share were determined by the Board of Directors of the Company in consultation with the Manager to the Introduction, Capital Alliance Partners Limited in accordance with the Research Report compiled by Managers to the Introduction in line with Rule 3.4.8. b (iii) of the CSE Listing Rules. A copy of the Research Report is included as Annexure C of this Introductory Document.

Investors should read the following summary with the risk factors included in Section 9.0 Investment Considerations and Risks, the details of the entity and its financial statements included in this Introductory Document.

4.3 Quantitative Factors

The following are the quantitative factors that were considered by the Company when determining the Reference Price:

Earnings per Share (EPS) and Return on Equity (ROE)

For the Period Ended	Basic Earnings Per Share (LKR) ²	Diluted Earnings Per Share (LKR) ²	Return on Equity (ROE) (%) [*]	Voting P/E (x) ¹	Non- Voting P/E (x) ¹
31 March 2019	0.44	0.44	6.56	20.0	15.7
31 March 2018	0.87	0.87	14.34	-	-
31 March 2017	0.01	0.01	0.34	-	-
Average	0.44	0.44	7.08	-	-
Three months ended 30 June 2019	0.10	0.10	1.45	-	-

Financial ratios furnished are pertaining to the group

** ROE=Net Income/Average Shareholder Equity*

¹Price used is the Reference price of LKR 8.80 per Ordinary Voting Share and LKR 6.90 per Ordinary Non-Voting Share

² For comparison purposes, number of shares was adjusted for total number of shares in issue currently (335,000,086 Ordinary Voting Shares and 52,000,000 Ordinary Non-Voting Shares).

Price to Earnings to Ratio (P/E)

The P/E ratio in relation to the Reference Price of LKR 8.80 per Ordinary Voting share and the P/E ratio in relation to the Reference Price of LKR 6.90 per Ordinary Non-Voting Share are as follows:

- Based on the basic and diluted EPS for the period ending 31 March 2019 of LKR 0.44¹, the P/E ratio is 20.0 times at the Reference Price of LKR 8.80 per Ordinary Voting Share and 15.7 times at the Reference Price of LKR 6.90 per Non-Voting Share.
- Based on the average EPS of LKR 0.44¹, the P/E ratio is 20.0 times at the Reference Price of LKR 8.80 per Ordinary Voting Share and 15.7 times at the Reference Price of LKR 6.90 per Non-Voting Share.

¹ Based on adjusted number of shares

The P/E range of industry peers is as given below;

	Name of Peer Company*	P/E (x) ¹
Highest	Resus Energy PLC	10.1
Lowest	Panasian Power PLC	4.5
Weighted Average**		7.0

Financial ratios furnished are pertaining to the group

Source: Company Annual/Quarterly Financial Report as at 31 March 2019, CSE

Sector Classification: Power and Energy

¹Calculated by CAL based on Company Annual/Quarterly Financial Report as at 31 March 2019, CSE.

Closing prices used are as at end of trading on 28 June 2019

**Given that LPL is an energy company, we have chosen Resus Energy PLC, Vallibel Power Erathna PLC, Panasian Power PLC, Vidullanka PLC and LVL Energy Fund Limited due to their similar nature of business to LPL.*

*** Weighted Average was calculated using the aforementioned peer companies*

Net Asset Value (NAV) and Price to Book Value Ratio (P/BV)

The P/BV ratio in relation to the Reference Price of LKR 8.80 per Ordinary Voting share and the P/BV ratio in relation to the Reference Price of LKR 6.90 per Ordinary Non-Voting Share are as follows:

- a) Based on the NAV as at 31 March 2019, the P/BV ratio is 1.27 times at the Reference Price of LKR 8.80 per Ordinary Voting Share and 1.00 times at the Reference Price of LKR 6.90 per Non-Voting Share.
- b) Based on the NAV as at 30 June 2019, the P/BV ratio is 1.25 times at the Reference Price of LKR 8.80 per Ordinary Voting Share and 0.98 times at the Reference Price of LKR 6.90 per Non-Voting Share.

The P/BV range of industry peers is as given below;

	Name of Peer Company*	P/BV (x) ¹
Highest	Resus Energy PLC	2.09
Lowest	Panasian Power PLC	1.02
Weighted Average**		1.59

Financial ratios furnished are pertaining to the group

Source: Company Annual/Quarterly Financial Report as at 31 March 2019, CSE

Sector Classification: Power and Energy

¹Calculated by CAL based on Company Annual/Quarterly Financial Report as at 31 March 2019, CSE.

Closing prices used are as at end of trading on 28 June 2019

**Given that LPL is an energy company, we have chosen Resus Energy PLC, Vallibel Power Erathna PLC, Panasian Power PLC, Vidullanka PLC and LVL Energy Fund Limited due to their similar nature of business to LPL.*

*** Weighted Average was calculated using the aforementioned peer companies*

Comparison of Peer Accounting Ratios for the period ended 31 March 2019

Peer Company*	Net Asset Value per Share (LKR)	Earnings per Share (LKR) ¹	P/E (x) ¹	P/BV (x) ¹	Return on Equity (%) ²
Resus Energy PLC	10.42	2.16	10.11	2.09	19.90%
Vallibel Power Erathna PLC	3.43	1.12	5.54	1.81	34.82%
Panasian Power PLC	3.38	0.71	4.50	1.02	23.01%
Vidullanka PLC	3.25	0.62	7.01	1.33	21.14%
LVL Energy Fund Limited	6.85	0.91	8.25	1.09	14.24%
LAUGFS Power Limited	6.93	0.44	20.00	1.27	6.56%

Financial ratios furnished are pertaining to the group

Source: Company Annual/Quarterly Financial Report as at 31 March 2019, CSE

Sector Classification: Power and Energy

¹Calculated by CAL based on Company Annual/Quarterly Financial Report as at 31 March 2019, CSE.

Closing prices used are as at end of trading on 28 June 2019

**Given that LPL is an energy company, we have chosen Resus Energy PLC, Vallibel Power Erathna PLC, Panasian Power PLC, Vidullanka PLC and LVL Energy Fund Limited due to their similar nature of business to LPL. s*

²ROE= Net Income/Average Shareholder Equity

Price used for LPL is the reference price for Ordinary Voting Shares.

4.4 Qualitative Factors

The qualitative factors that were considered by the Company and the Managers to the Introduction when determining the reference price are directly linked with the future plans and strategies of the Company which are detailed out in Section 5.4 of this Introductory Document.

4.5 Objectives of the Listing

In terms of the shareholders' resolution passed at the Extraordinary General Meeting held on 20th March 2018, an arrangement has been approved by the shareholders of LAUGFS Gas PLC ("LGL") to segregate the subsidiaries of LGL which are not related to its core business of liquefied petroleum gas ("LPG"), including the Company, and vesting LGL's shareholding in such subsidiaries directly in the shareholders of LGL in proportion to their shareholding on the date of vesting. This Arrangement has been approved in case bearing number HC (Civil)/01/2018/CO by the High Court of the Western Province (Exercising Civil Jurisdiction) by order dated 23rd March 2018 and it is now the intention of the company to seek the listing of the Ordinary Voting Shares and Non-Voting Shares of such subsidiaries, including the Company, on the CSE by way of an Introduction as set out in the Circular to Shareholders of LAUGFS Gas PLC dated 22nd February 2018.

The rationale for the aforementioned restructure is that the Directors of LGL believe that it would be in the best interests of LGL and its shareholders that the non-core subsidiaries be segregated from the LGL for the following reasons:

- (a) LGL's management focus is presently distributed as a diversified business conglomerate, whereas segregation will position LGL as a realigned energy sector player thus enabling LGL's management to focus on its core business of LPG and the management of the segregated subsidiaries to focus on their respective core businesses, thereby improving the value of LGL and such subsidiaries;
- (b) The true value of LGL may not be reflected in its share price due to the non-core subsidiaries being part of the group, whereas segregation will result in LGL attaining its true potential as a specialised LPG sector business which should be reflected in LGL's share price;
- (c) LGL's presence in diversified businesses has restricted specialised energy sector investors and regional funds in investing in LGL, whereas segregation will make LGL a pure play energy business and attract the said investors to invest in LGL;
- (d) The segregated subsidiaries, including the Company, will be positioned to attract specialised investors interested in investing in their respective sectors and be able to enhance technical knowledge through strategic partnerships;
- (e) LGL and the segregated subsidiaries, including the Company, will be able to adopt independent capital structures which would fit the said companies strategically and operationally;
- (f) Shareholders of LGL who receive shares in the segregated subsidiaries, including the Company, which will subsequently be listed in the CSE will be able to make better investment decisions based on their assessment of the specialised sectors in which LGL and the segregated subsidiaries, including the Company, will operate;
- (g) The segregation and listing will increase transparency and improve accountability of the segregated subsidiaries, including the Company.

Given the above, LAUGFS Power Limited is to be listed on the 'Diri Savi' Board of the CSE.

4.6 Inspection of Documents

The Introductory Document and the Articles of Association of the Company will be available on the website of the CSE, www.cse.lk, on the website of the Company, www.laugfs.lk and on the website of the Managers to the Introduction, www.cal.lk, for a period of seven (7) Market Days prior to the submission of the Declaration referred to in Appendix 2D of the CSE Listing Rules and not less than fourteen (14) Market Days from the date of submission of the aforesaid Declaration as stipulated in Rule 3.4.11 (a) (i) of the CSE Listing Rules.

The Research Report prepared by Capital Alliance Partners Limited justifying the Reference Price (Annexure C to this Introductory Document) will be available on the website of the CSE, www.cse.lk, on the website of the Company, www.laugfs.lk and on the website of the Managers to the Introduction, www.cal.lk, for a period of two (2) months from the date of granting approval in principle for the listing of shares of the Company by the CSE as stipulated in Rule 3.4.11 (a) (ii) of the CSE Listing Rules.

4.7 Declaration to the CSE and Secondary Market Trading

The Company will submit to the CSE a declaration on the Market Day immediately following the day on which the Introductory Document is made available to the member firms and trading members of the CSE subject to the Company making the Introductory Document available on the websites mentioned under Section 4.6 for a period of not less than seven (7) Market Days prior to the submission of the declaration. Trading of Ordinary Voting Shares and Non-Voting Shares on the secondary market will commence on or before the third (3rd) Market Day from the receipt of the declaration by the CSE as per the CSE Listing Rules.

5.0 LAUGFS Power Limited

5.1 Company Overview

LAUGFS Power Limited (LPL) was incorporated in 2006 as a subsidiary of LAUGFS Gas PLC (LGL) for the purpose of creating a standalone entity to operate in the renewable energy sector. LPL commissioned its first mini hydro power plant, Ranmudu Oya Phase I in Balangoda with a 0.5 MW capacity.

LPL presently has four 100% owned subsidiaries that are involved in power generation via solar and mini hydro sources. The group's current total capacity is 21.75 MW out of which 20MW is generated via solar sources and the remainder being generated via mini hydro.

LAUGFS Power Limited – Projects in commercial operation

Holding Company	Project	Type	Capacity
Anorchi Lanka (Pvt) Ltd	Anorchi SP	Solar	10.00 MW
Iris Eco Power Lanka (Pvt) Ltd	Iris Eco SP	Solar	10.00 MW
Ginigathhena Thiniyagala MHP (Pvt) Ltd	Ginigathhena MHP	Hydro	0.70 MW
LAUGFS Power Ltd	Ranmudu Oya Phase I	Hydro	0.50 MW
LAUGFS Power Ltd	Ranmudu Oya Phase III	Hydro	0.55 MW

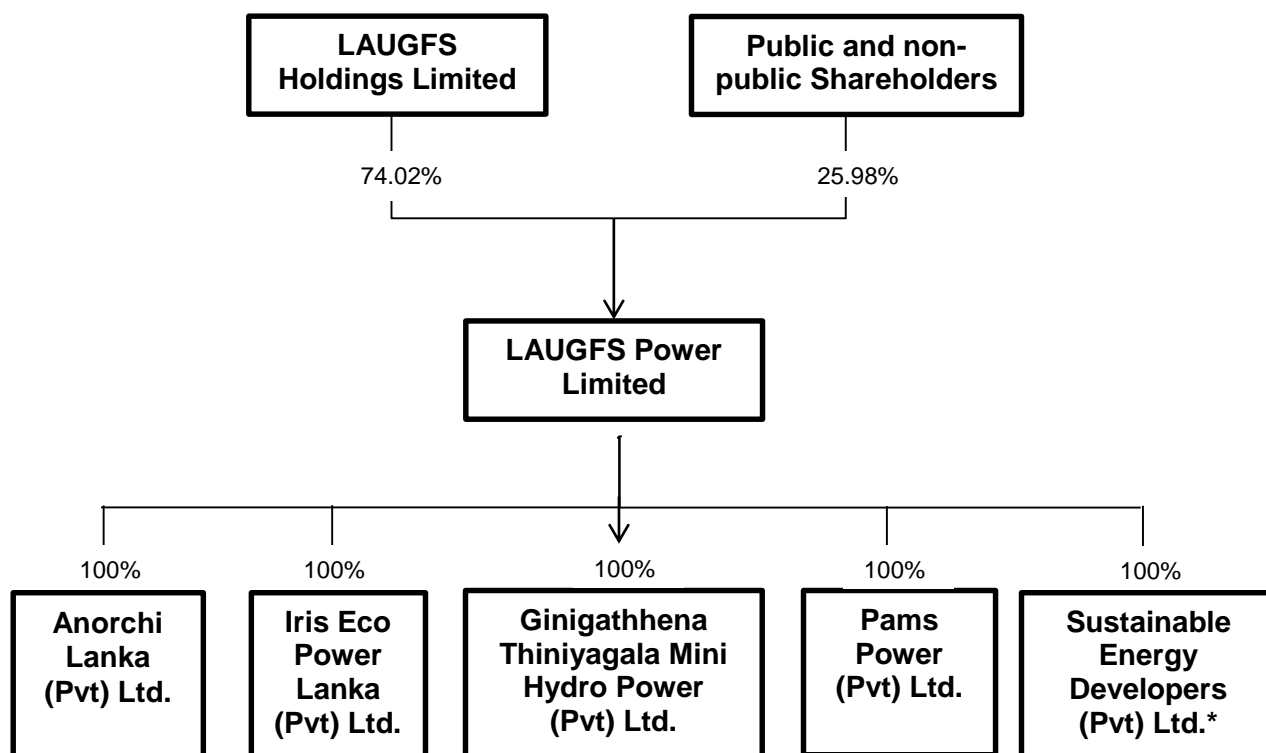
After the commissioning of the first mini hydro power plant in 2014, LPL entered a stage of rapid growth and acquired Ginigathhena Thiniyagala Mini Hydro Power (Pvt) Ltd, Anorchi Lanka (Pvt) Ltd, Iris Eco Power Lanka (Pvt) Ltd and Pams Power (Pvt) Ltd in 2015. With the exception of Pams Power (Pvt) Ltd, all other power plants commenced operations in FY2017. The Company, through its subsidiary Pams Power Lanka (Pvt) Ltd, is developing a 2MW mini hydro project which is expected to commence commercial operations in FY2020. This will increase the Group's total capacity to 23.75 MW.

The commissioning of the solar plants with a capacity of 20MW in February 2017 positions LAUGFS Power as one of the leading power sector players in the country.

Details of SSPA's signed

Company	Project	Tenure of PPA (Years)	Starting From
Anorchi Lanka (Pvt) Ltd	Anorchi SP	20	Feb-17
Iris Eco Power Lanka (Pvt) Ltd	Iris Eco SP	20	Feb-17
Ginigathhena Thiniyagala MHP (Pvt) Ltd	Ginigathhena MHP	20	Jun-16 Expected
Pams Power Lanka (Pvt) Ltd	Pams Power MHP	20	Commencement of Operations in FY2020
LAUGFS Power Ltd	Ranmudu Oya Phase I	20	Mar-14
LAUGFS Power Ltd	Ranmudu Oya Phase III	20	Nov-15

The Group Structure of the Company is as follows:



*It is a mandatory requirement for each power plant to operate under a single company. As a result, Sustainable Energy Developers (Pvt) Ltd was incorporated in order to carry out operations of a power plant if the Company was to make further investments to expand its operations. Currently, it is a dormant company and no investments have been made up to date.

5.2 Financials and Performance of LAUGFS Power Limited

LPL through its subsidiaries currently operates 4 power plants with one mini hydro power plant to commence operations in the beginning of FY2020. As a Group, LPL has achieved a revenue LKR 967.4 million and a profit after tax of LKR 170.6 million in FY2019.

LPL (the Company) operates Ranmudu Oya Phase I and III, a mini hydro power plant with a capacity of c. 1.05 MW. The Company recorded a revenue of LKR 58.1 million and a profit of LKR 83.2 million in FY2019.

The losses recorded by the Company in FY2018 are due to the following reasons:

- The operational performance of the Company is heavily dependent on the prevailing weather conditions at any given moment of time. As the Company operates a mini hydro power plant, the performance is directly related to seasonality and the amount of rainfall. This has an impact on the overall amount of power generated by the power plant.
- Sri Lanka witnessed the worst drought in over four decades which prevailed over the years 2016 and 2017. As a result, the available water flow was not optimal which impacted the plant's operational performance for FY2017 and FY2018. Ranmudu Oya Phase I operated at a plant load factor (PLF) of 20% and Phase III operated 16% in FY2017. Phase I operated at a PLF of 30% and Phase III operated at 24% in FY2018. At optimal weather conditions, both Phases are expected to operate at an average PLF of c. 45%.
- Due to the above, LPL as a Company recorded a loss of LKR 7 million. The Company was able to achieve a profit of LKR 18 million in FY2017 however this is predominately due to the Company recording a dividend income of LKR 38 million.

During FY2019 the Company received a dividend of LKR 108 Mn from its subsidiary companies. Further, during the first quarter of the current financial year, the Company recorded less revenue from hydro power plants due to the adverse weather conditions in plants' area and this also led to an accumulative loss during the period. With the expected improvement of overall weather conditions in Sri Lanka and reallocating Holding Company expenses within the group in a logical manner, the Company would be able to improve annual power generation and the overall operational performance of the Company.

Extract of Group Profit and Loss Statement

LKR	FY2018	FY2019	Three months ending 30 June 2019
Revenue	1,068,339,528	967,406,126	235,668,686
Gross Profit	803,051,937	672,767,404	161,689,393
Other Income	-	-	-
Operating Profit	744,267,232	557,226,558	130,318,555
Profit After Tax	337,226,136	170,642,376	38,095,067

Extract of Company Profit and Loss Statement

LKR	FY2018	FY2019	Three months ending 30 June 2019
Revenue	37,225,350	58,142,765	7,805,437
Gross Profit	19,833,971	40,714,426	3,356,977
Other Income	14,400,036	108,360,271	-
Operating Profit	(1,998,150)	91,504,217	(10,105,860)
Profit After Tax	(6,988,064)	83,205,772	(13,937,486)

5.3 Human Resources

The total number of employees in the entity as at the 30 June 2019 is 36. As at the date of this Introductory Document, there were no labour unions in the Company and no significant agreements have been entered into between any labour unions and the Company.

The total number of employees by class of employment is as follows

Employment Class	Number of Employees
General Manager	02
Manager	03
Assistant Manager	03
Executives	03
Non-Executives	25
Total	36

5.4 Future Directions and Strategic Plans

LPL recently entered the renewable energy industry as a developer/operator with a vision to become a leading player in the renewable energy space. The Company has already established two solar power projects with a combined generating capacity of 20 MW and three mini hydro projects with an aggregate capacity of 1.75 MW.

LPL has a 2 MW mini hydro project nearing completion which is expected to commence commercial operations in the beginning of FY2020. It was also contracted to acquire a 1.5 MW mini hydro project which is in the formal approval process.

The Company has secured the Government LOI for two 1 MW solar power projects each under 'Sooryabala Sangramaya' program where construction is expected commence towards end of the year. In addition, the Company is promoting another 10 MW solar power project as a PPP project where an energy permit is expected to be issued shortly.

The Company has already submitted a proposal to the Government to obtain necessary approvals to set up two floating power projects of 10 MW each, and proposals are at a preliminary stage of

consideration by the Government. LPL is also exploring the possibility of investing in renewable industry projects overseas, particularly in Bangladesh and in countries in Africa.

The long-term strategy of LPL is to achieve an overall generating capacity of 50 MW solar, 20 MW wind and 10 MW mini hydro.

5.5 Assumptions and Risks Associated to Future Plans

1. Sri Lanka's political environment would become stable which in turn would bode well for the Company when it comes to regulatory changes related to the renewable energy and power sector.
2. The GoSL would continue to sustain to long term outlook for electricity generation in the country and initiate tenders for future renewable energy projects.
3. Renewable energy projects are generally exposed to the risk of changes in weather conditions. The Company's mini hydro power projects are subject to the risk of droughts. If a prolonged drought was to occur in the Company's project locations or the country, this would impact the Company's energy generation capability.
4. Possible changes in Government policy towards promotions or restrictions related to the renewable energy industry, particularly in the formulation of industry tariffs could have an adverse impact for the future operations of the Company.

In addition to the risks outlined here, prospective investors should read the risks outlined in Section 9.0 Investment Considerations and Risks as the risks outlined in this section would be relevant and applicable to the future strategies of LPL as well.

6.0 Corporate Information

6.1 Board of Directors of LAUGFS Power Limited

The Board of Directors guides and supervises the business and operations of the Company. In addition to the Chairman and Managing Director, the Board consists of two (02) Independent Non-Executive Directors, and one (01) Non-Executive Director. As at the date of this Introductory Document, the composition of the Board is as follows.

Name	Designation	Address
Mr. W.K.H. Wegapitiya	Executive Chairman	No. 195/30, Royal Court, Koswatte Road, Rajagiriya
Mr. U.K. Thilak De Silva	Executive Managing Director	No. 21/6e, Samarakoon Garden, Ananda Balika Mawatha, Kotte.
Mr. H. A. Ariyaratne	Non-Independent, Non - Executive Director	282/E, Kotte Road, Nugegoda
Mr. P. M. B. Fernando	Independent, Non - Executive Director	No. 40/8P, Jasmine Park, Narahenpita Road, Nawala
Mr. N. M. Prakash	Independent, Non - Executive Director	No. 7 2/9, Barnes Residencies, Barnes Place, Colombo 07

6.2 Profiles of the Members of the Board

W. K. H. Wegapitiya **Executive Chairman**

Mr. W K H Wegapitiya is the founder Chairman of LAUGFS Holdings Limited, the parent company of the LAUGFS Gas group in Sri Lanka, having its presence in a wide business spectrum, such as LPG distribution, Petroleum, Lubricants, Power generation, Property developments, Shipping, Heavy Engineering, Automobile services, Leisure and Restaurants, Consumer Retailing, Manufacturing of Salt, and Manufacturing of industrial solid tires. He was appointed as the Executive Chairman and the Group CEO of LAUGFS Gas PLC at the time it was listed in the Colombo Stock Exchange in 2011. He holds a basic degree in (BSc) Business Administration from the University of Sri Jayewardenepura, and obtained his MBA from the Post Graduate Institute of Management (PIM). Currently, he is reading for his PhD at the Post Graduate Institute of Management (PIM). His entrepreneurial journey began in 1990, starting a small freight forwarding company subsequent to a brief employment at Ceylon Shipping Corporation. Later, in 1995 he was instrumental in creating Gas Auto Lanka (Pvt) Limited, the initial enterprise of LAUGFS Gas PLC. The visionary leadership, remarkable entrepreneurship and his extra-ordinary personality traits enabled him to withstand and overcome all adversities thrown in his way, and enabled him to succeed in all his endeavors to create the business conglomerate "LAUGFS", during a comparatively short period. He is identified by the entrepreneurial community in Sri Lanka as a success story and he was recognized as the best entrepreneur of the country many times. He is a frequent speaker, presenter and a panelist on topics such as "Business Excellence", "Leadership" and

"Entrepreneurship" organized by a variety of organizations. He is a well-known personality in the global LP Gas and energy circles and also a regular participant and speaker at international forums on LP Gas and Energy Management. Presently he serves as a Board member of Sri Lanka Telecom PLC. He served on many public and private sector institutes as an honorary member of the management team. He was a Board member of Mobitel (Pvt) Limited, past Chairman of the Chamber of Young Lankan Entrepreneurs (COYLE), former Senior Vice President of FCCISL, Executive council member of FCCISL, executive committee member of Ceylon Chamber of Commerce, member of National Pay Commission, and council member of University of Sri Jayewardenepura.

U. K. Thilak De Silva
Executive Managing Director

Mr. Thilak De Silva has been the Group Managing Director of LAUGFS Holdings Ltd and all its subsidiaries from the inception in the year 1995. The Group is engaged with the widest landscape in business in the country, consisting of LPG downstream operations, petroleum fuel distribution, blending, storage distribution and sale of lubricants, maritime services including ownership and management of gas carriers, heavy engineering, vehicle emission testing, property development, leisure and hospitality with ownership and management of star class hotels, consumer retail chains, fast food chains, manufacture and export of solid tires, manufacture and export of pharmaceuticals and IV solutions, hydro, solar and other types of renewable energy generation. He was instrumental in the phenomenal growth of "LAUGFS", a household brand, in Sri Lanka with over 50,000 customers across the country looking forward for its products and services daily for their varying needs. Mr. De Silva's untiring efforts, business acumen and industry knowledge amply supplemented by his undisputed and amazing charisma had driven the business operations to the greatest heights and had also made an indelible imprint in the glorious story of growth and development of the group. Mr. Thilak De Silva hails from a widely known, well respected family business interest from southern Sri Lanka having had its lucrative operations in the south and in the central highlands. He had his primary and secondary education in the country and moved to the United Kingdom for his undergraduate studies in the sphere of engineering technology in operations management. He took up the mantle of the family business as its Executive Director upon his return. In the year 1995 he was compelled to leave the business in the able hands of the rest of the family to join with his erstwhile colleague to commence the ground breaking initiative of "LAUGFS" to convert the vehicles driven by traditional fuels into LPG driven ones. This initiative proved to be the turning point that laid the foundation for the creation of a massive business conglomerate. Mr. De Silva had been member, mover and a participant of number of entrepreneur and management development programs conducted in the country and overseas. He was a recipient of a scholarship from the Association for Overseas Technical (AOTS) program in Japan in the year 2003. He is a regular participant in many LPG business forums conducted at various parts of the world over the years and widely connected to the industry personalities in the energy sector.

H. A. Ariyaratne**Non-Independent, Non - Executive Director**

Mr. Ariyaratne possesses over 35 years of experience in the banking industry as a well-known banker, and is a First Class Honours Science Graduate with experience in the fields of Banking, Investment Banking, Asset Management, Venture Capital, Corporate Restructuring, etc. Mr. Ariyaratne served as the Executive Vice President of DFCC Bank in charge of overall lending and was the former Chief Executive Officer to that, and he has served in Director Positions in other companies representing Lanka Ventures PLC and DFCC Bank. He has also served for many years as the Chairman of the Banking, Finance and Insurance committee of the National Chamber of Sri Lanka. He is the Chairman of the Remuneration Committee of LAUGFS Gas PLC and is a Director of LAUGFS Holdings Limited, the parent Company of LAUGFS Gas PLC and serves on the Boards of several subsidiaries in the LAUGFS Group of Companies and Finagle Lanka (Private) Limited.

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

A former Partner of KPMG Ford Rhodes Thornton & Company, Mr. Fernando has extensive experience in financial services. He has functioned as the Group Finance Director of Confifi Group and Finance Director - Asia Region Virtusa (Pvt) Ltd. In 2005 he became the Managing Director of Capital Reach Group and was appointed as Director/Chief Executive Officer of Softlogic Finance PLC following the consolidation activities of Capital Reach group under Softlogic finance PLC.

At present, he is serving the Board of Directors of DFCC Bank PLC as an Independent Non-Executive Director.

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

Mr. N. M. Prakash**Independent, Non - Executive Director**

Mr. Nadarajah Murali Prakash is currently the Group Managing Director/Chief Executive Officer of Taprobane Holdings PLC and Lanka Century Investments PLC. Taprobane Holdings PLC is a Financial Services and Investment company and the parent of Lanka Century Investments PLC, the Investment Holding and Management Company of Ceylon Leather Products PLC, Colombo City Holdings PLC, Dankotuwa Porcelain PLC, Royal Fernwood Porcelain Limited and South Asia Textiles Industries Lanka (Pvt) Ltd. Mr Prakash serves as a Director on the respective Boards of all these private and public quoted subsidiaries within the Group. He also serves as a Non-Executive Director of LAUGFS Holdings Limited, LAUGFS Gas PLC, and several other subsidiaries of the LAUGFS Group. With over 35 years of experience holding key management positions in the areas of general management, strategic restructuring, investments/credit management, manufacturing, marketing/sales and business consultancy, some of his previous roles include serving as the Group Managing Director/Chief Executive Officer a public quoted conglomerate involved plantations, healthcare and strategic

investments, the Chairman of Galoya Holdings (Private) Limited and the Sales Director of Singer (Sri Lanka) PLC. He has also served on the Boards of Singer (Sri Lanka) PLC, Singer Finance (Lanka) PLC, and Singer Industries (Ceylon) PLC.

Mr. Prakash holds an MBA from University of Southern Queensland and is also an Accountant (Aus.). He also holds an Executive Diploma in Business Administration from the University of Colombo and is an Alumnus of the National University of Singapore and the Asian Institute of Management, Manila. He is also a Fellow Member of the Chartered Management Institute (London) and Certified Professional Managers, Sri Lanka.

6.3 Other Directorships Held by Members of the Board

Name of Director	Other Companies in which directorships are held
W.K.H. Wegapitiya	<ul style="list-style-type: none"> ▪ Anantaya Passekudah (Private) Limited ▪ Gas Auto Lanka Limited ▪ LAUGFS Beverages (Private) Limited ▪ LAUGFS Corporation (Rubber) Limited ▪ LAUGFS Engineering (Private) Limited ▪ LAUGFS Higher Education Services (Private) Limited ▪ LAUGFS Holdings Limited ▪ LAUGFS International (Private) Limited ▪ LAUGFS Leisure Limited ▪ LAUGFS Lubricants Limited ▪ LAUGFS Maritime Services (Private) Limited ▪ LAUGFS Petroleum (Private) Limited ▪ LAUGFS Property Developers (Private) Limited ▪ LAUGFS Restaurants (Private) Limited ▪ LAUGFS Salt and Chemicals Limited ▪ LAUGFS Solutions Limited ▪ LAUGFS Supermarkets (Private) Limited ▪ LAUGFS Terminals Limited ▪ Anantaya Wadduwa (Private) Limited ▪ Southern Petroleum (Private) Limited ▪ Anorchi Lanka (Private) Limited ▪ Iris Eco Power Lanka (Private) Limited ▪ Ginigathhena Thiniyagala Mini Hydro Power (Private) Limited ▪ LAUGFS Pharmaceutical (Private) Limited ▪ LAUGFS Health & Wellness (Private) Limited ▪ Pams Power (Private) Limited ▪ LAUGFS Gas (Bangladesh) Limited ▪ Slogal Energy DMCC ▪ LAUGFS Gas PLC ▪ LAUGFS Business Solutions (Private) Limited ▪ Sustainable Energy Developers (Private) Limited ▪ LAUGFS Maldives (Private) Limited ▪ LAUGFS Life Sciences (Private) Limited

	<ul style="list-style-type: none"> ▪ Fruitful Lanka (Private) Limited ▪ LAUGFS on Reid (Private) Limited ▪ LAUGFS Europe B.V ▪ LAUGFS USA LLC ▪ Freight Masters (Private) Limited ▪ Sri Lanka Telecom PLC ▪ LAUGFS Eco Sri Limited
U.K. Thilak De Silva	<ul style="list-style-type: none"> ▪ Anantaya Passekudah (Private) Limited ▪ Gas Auto Lanka Limited ▪ LAUGFS Beverages (Private) Limited ▪ LAUGFS Corporation (Rubber) Limited ▪ LAUGFS Engineering (Private) Limited ▪ LAUGFS Higher Education Services (Private) Limited ▪ LAUGFS Holdings Limited ▪ LAUGFS International (Private) Limited ▪ LAUGFS Leisure Limited ▪ LAUGFS Lubricants Limited ▪ LAUGFS Maritime Services (Private) Limited ▪ LAUGFS Petroleum (Private) Limited ▪ LAUGFS Property Developers (Private) Limited ▪ LAUGFS Restaurants (Private) Limited ▪ LAUGFS Salt and Chemicals Limited ▪ LAUGFS Solutions Limited ▪ LAUGFS Supermarkets (Private) Limited ▪ LAUGFS Terminals Limited ▪ Anantaya Wadduwa (Private) Limited ▪ Southern Petroleum (Private) Limited ▪ Anorchi Lanka (Private) Limited ▪ Iris Eco Power Lanka (Private) Limited ▪ Ginigathhena Thiniyagala Mini Hydro Power (Private) Limited ▪ LAUGFS Pharmaceutical (Private) Limited ▪ LAUGFS Health & Wellness (Private) Limited ▪ Pams Power (Private) Limited ▪ LAUGFS Gas (Bangladesh) Limited ▪ Slogal Energy DMCC ▪ LAUGFS Gas PLC ▪ LAUGFS Business Solutions (Private) Limited ▪ Sustainable Energy Developers (Private) Limited ▪ LAUGFS Maldives (Private) Limited ▪ LAUGFS Life Sciences (Private) Limited ▪ Fruitful Lanka (Private) Limited ▪ LAUGFS on Reid (Private) Limited ▪ LAUGFS Europe B.V. ▪ LAUGFS USA LLC ▪ Stay Holdings (Private) Limited

	<ul style="list-style-type: none"> ▪ LAUGFS Eco Sri Limited
H. A. Ariyaratne	<ul style="list-style-type: none"> ▪ LAUGFS Corporation (Rubber) Limited ▪ LAUGFS Engineering (Private) Limited ▪ LAUGFS Holdings Limited ▪ LAUGFS International (Private) Limited ▪ LAUGFS Lubricants Limited ▪ LAUGFS Maritime Services (Private) Limited ▪ LAUGFS Leisure Limited ▪ LAUGFS Supermarkets (Private) Limited ▪ LAUGFS Terminals Limited ▪ Anorchi Lanka (Private) Limited ▪ Iris Eco Power Lanka (Private) Limited ▪ Ginigathhena Thiniyagala Mini Hydro Power (Private) Limited ▪ LAUGFS Pharmaceutical (Private) Limited ▪ Pams Power (Private) Limited ▪ LAUGFS Gas (Bangladesh) Limited ▪ Slogal Energy DMCC ▪ LAUGFS Gas PLC ▪ LAUGFS Business Solutions (Private) Limited ▪ Sustainable Energy Developers (Private) Limited ▪ LAUGFS on Reid (Private) Limited ▪ Finagle Lanka (Private) Limited ▪ LAUGFS Eco Sri Limited
P.M.B Fernando	<ul style="list-style-type: none"> ▪ Reach Asia Leisure Limited ▪ DFCC Bank PLC ▪ LAUGFS Leisure Limited ▪ LAUGFS Eco Sri Limited
N. M. Prakash	<ul style="list-style-type: none"> ▪ LAUGFS Holdings Limited ▪ LAUGFS Gas PLC ▪ LAUGFS Leisure Limited ▪ LAUGFS Lubricants Limited ▪ LAUGFS Supermarkets (Private) Limited ▪ LAUGFS Pharmaceutical (Private) Limited ▪ LAUGFS Gas (Bangladesh) Limited ▪ Taprobane Holdings PLC ▪ Lanka Century Investments PLC ▪ Ceylon Leather Products PLC ▪ Colombo City Holdings PLC ▪ Dankotuwa Porcelain PLC ▪ Royal Fernwood Porcelain Limited ▪ South Asia Textiles Industries Lanka (Private) Limited ▪ LAUGFS Eco Sri Limited

6.4 Directors' Shareholding in the Company

The Directors' direct Shareholding in the Company as at the date of this Introductory Document are as follows:

Voting Shares

Name	Number of Shares Held	Percentage (%)
Mr. W.K.H. Wegapitiya	1,411,536	0.42%
Mr. U.K. Thilak De Silva	1,077,897	0.32%
Mr. H. A. Ariyaratne	3,900	0.00%
Mr. N. M. Prakash	17,000	0.01%
Mr. P. M. B. Fernando	100	0.00%

Non-Voting Shares

Name	Number of Shares Held	Percentage (%)
W.K.H. Wegapitiya	-	-
U.K. Thilak De Silva	-	-
H. A. Ariyaratne	3,400	0.01%
N. M. Prakash	-	-
P. M. B. Fernando	-	-

6.5 Sale or Purchase of Shares by Directors

A transfer of one share to LAUGFS Gas PLC held by W.K.H. Wegapitiya for a consideration for LKR 10/- was carried out on 29 December 2017.

A transfer of one share to LAUGFS Gas PLC held by U. K. Thilak De Silva for a consideration for LKR 10/- was carried out on 29 December 2017.

Other than the above, there were no sales or purchases of Shares made by the Directors of the Company during the last 12 months prior to the date of this Introductory Document.

6.6 Directors' Emoluments

Emoluments paid to Directors for the financial year ended 31 March 2019 is LKR 48 Mn and the estimated emoluments payable to Directors (includes only Director fees) for the financial year ended 31 March 2020 is LKR 48 Mn.

6.7 Directors' Interest in Assets

The Directors have no interest in assets acquired, disposed or leased by the company during the past two years preceding the date of this Introductory Document and/or in any assets proposed to be acquired, disposed or leased during the two years subsequent to the Introduction.

6.8 Directors' Interest in Material Contracts

The Directors have no interest in any material contracts of the company during the past two years preceding the date of this Introductory Document and/or material contracts during the two years subsequent to the Introduction.

6.9 Directors' Interest in Property

The Directors have no interest in property acquired, disposed or leased by the company during the past two years preceding the date of this Introductory Document and/or in any property proposed to be acquired, disposed or leased during the two years subsequent to the Introduction.

6.10 Statement – Board of Directors

No Director or a person nominated to become a Director of the Company has been involved in:

- Any petition under any bankruptcy laws filed against such person or any partnership in which he was a partner or any corporation of which he was an Executive Officer.
- Any conviction for fraud, misappropriation or breach of trust or any other similar offence which the CSE considers a disqualification.

6.11 Senior Management

LPL does not have an appointed Chief Executive Officer. The senior management of LPL are as follows:

Shanaka Mahesh Indradasa Chief Financial Officer

Shanaka Indradasa is the Chief Financial Officer at LAUGFS holdings. He previously held the position of Director of Finance at Hunter & Company PLC. Prior to that he held the position of Assistant Vice President of the John Keells' Group after three years at Lanka Marine Services (Pvt) Limited. Shanaka also held the posts of Financial Controller at Alpha Industries Limited, Manager of Operations and Finance at Silvalor (Pvt) Limited, Accountant at Capital Suisse Asia Limited and a Supervisor at Ernst & Young. Shanaka holds an MBA from the University of Southern Queensland (Australia). He is a member of the Institute of Certified Professional Managers and an associate member of both, the Institute of Chartered Accountants of Sri Lanka and CPA Australia.

Mahinda Senarath
General Manager

Mahinda Senarath has over 16 years' experience in the construction and renewable power industry. In addition to his present employment, he works as an accredited consultant for Sri Lanka Sustainable Energy Authority. His early career started in the field of building construction at Penthouse Engineering (Pvt) Ltd as a site engineer. After obtaining thorough knowledge in various construction fields like building construction, water supply, etc. he made a career change to renewable power sector in 2007 when he was appointed as project manager for Vallibel Power (Pvt) Ltd, Sri Lanka's then leading renewable power producer. Since then, he played key role in several major renewable power development projects in the country with different kind of renewable energy sources like hydro power, wind power and solar power among those 10 MW wind power plant in Uppudaluwa and 20 MW solar power plant in Hambantota. He holds an MSc in project management and a BSc Civil Engineering degree from the University of Moratuwa.

Sanjeewa Perera
Senior Manager

Sanjeewa Perera works as the Senior Manager at LAUGFS Power Ltd. He has over 13 years of experience in Power and Energy industry and has held several managerial positions in different fields including Power & Amp; Energy, Construction, Manufacturing and Telecommunication previously. Prior to the joining LAUGFS, he worked 6 years for Aitken Spence PLC to develop their renewable energy sector. Additionally, he served for diversified conglomerates including Hemas PLC, Hayleys PLC, Vidul Lanka PLC and Colombo Dockyard. By profession he is an Engineer who holds B.Sc. Engineering (Hons) degree from University of Moratuwa and MBA from Cardiff Metropolitan University, UK. He is a Certified Project Management Professional (PMP) at Project Management Institute Inc, USA. Also, he is an Associate Member of Institute of Engineers Sri Lanka and Sri Lanka Energy Manager's Association.

Nishantha Nilaweera
Assistant Accountant

Nishantha Nilaweera holds the post of Assistant Accountant at Laugfs Power Limited. He was previously employed as an accountant at LIN SCAN Advanced Pipeline & Tank Services, a multinational company in UAE Dubai. In his early career he was an Audit Trainee at Winfall Consultax Chartered Accountants, Kandy and later held positions of Assistant Accountant at Oceans Lanka (Pvt) Ltd. and Accounts Executive at Asian Finance (Pvt) Ltd. and Emjay International (Pvt) Ltd. (Penguin Group). Nishantha has a BSc from the University of Sri Jayawardanapura and is an Associate Member of both, The Association of Accounting Technicians of Sri Lanka and The Institute of Chartered Accountants of Sri Lanka.

6.12 Senior Management Emoluments

There were no emoluments paid to Senior Management for the financial year ended 31 March 2019 and LPL is not expecting to make any emoluments payments for the financial year ended 31 March 2020.

6.13 Statement – Chief Executive Officer

The Company does not have a designated Chief Executive Officer as at the date of the Introductory Document and therefore has no material disclosures for the position.

6.14 Corporate Governance

The Board of Directors of the Company believes that it is vital for the Company to adopt the highest standard of Corporate Governance in order to carry out managing affairs at the Company in a fair and transparent manner. In order to evaluate the Company's operations and to ensure that the management acts in the long term interest of all its stakeholders, the Board of Directors of the Company has delegated certain responsibilities to the following committees who would make recommendations on relevant issues that are applicable to each committee.

6.14.1 Remuneration Committee

The primary objective of the Remuneration Committee is to make recommendations to the Board on the Remuneration of the Executive Directors. The Board as a whole would determine the remuneration of Non-Executive Directors. The committee is also responsible for the Remuneration Policy of the Company where the committee would provide guidelines on key performance indicators that would ensure the successful management and operation of the Company.

The members of LPL's Remuneration Committee are as follows:

- H. A. Ariyaratne – Chairman – Non-Independent, Non-Executive Director
- N. M. Prakash – Member – Independent Non-Executive Director
- P. M. B. Fernando – Member – Independent Non-Executive Director

6.14.2 Audit Committee

The primary objective of the Audit Committee is to assist the Board and oversee the Company's financial reporting processes, internal control systems and audit processes. The committee is responsible reviewing internal financial controls and monitoring and reviewing the effectiveness of the Company's internal audit function.

The members of LPL's Audit Committee are as follows:

- P. M. B. Fernando – Chairman – Independent Non-Executive Director
- H. A. Ariyaratne – Member – Non-Independent, Non-Executive Director
- N. M. Prakash – Member – Independent Non-Executive Director

6.14.3 Related Party Transactions Review Committee

The primary objective of the Related Party Transaction Review Committee is to ensure that the interests of all shareholders are taken into account when entering into Related Party Transactions.

The members of LPL's Related Party Transaction Review Committee are as follows:

- N. M. Prakash – Chairman – Independent Non-Executive Director
- P. M. B. Fernando – Member – Independent Non-Executive Director
- H. A. Ariyaratne – Member – Non-Independent, Non-Executive Director

7.0 Other Corporate Information

7.1 Degree of Dependence on Key Customers and Suppliers

LPL is solely dependent on the Ceylon Electricity Board (CEB), as its sole customer, for the purchase of all electricity generated by the Company and its subsidiaries. The Company will not be dependent on any particular supplier or suppliers.

7.2 Dividends

7.2.1 Dividend Policy

The Company may, subject to the provisions of the Articles of Association and the Companies Act No. 07 of 2007, make dividend payments by way of interim and final dividends to its shareholders in relation to the profits made from time to time. Such dividends would be paid after taking into consideration the Company's earnings, capital expenditure requirements and other financial conditions.

7.2.2 Dividend History

LPL has paid the following dividends for the past three financial years:

Financial Year	Dividend Paid (LKR)	Dividend Per Share (LKR)
2018/2019	-	-
2017/2018	18,800,000	0.05
2016/2017	-	-

Other than the above, there have been no further dividend payments during the past three financial years.

7.3 Details of Debt and Loan Capital

The Debt obligations of LPL as at 30 June 2019 are given in the table below:

Facility	Balance Outstanding (LKR)	Mortgage*
Total Term Loans	3,104,589,836	Primary Mortgage over Land and Building, Negative pledge over project Iris, Primary Mortgage over Project Assets of Anorchi and a registered mortgage bond over motor vehicle owned by LPL
Bank Overdrafts	952,203	
Total	3,105,542,039	

Other than the above, there were no term loans, other borrowings or indebtedness in the nature of borrowings, including bank overdrafts, liabilities under acceptance or acceptance credit, leasing, lease purchase and hire purchase commitments, guarantees and other material contingent liabilities as at 30 June 2019.

Other than the above, LPL has not provided any mortgages and/or charges on its assets as at 30 June 2019.

7.4 Litigation, Disputes and Contingent Liabilities

The following are litigations pertaining to PAMS POWER (Pvt) Ltd, a fully owned subsidiary of the Company.

District Court of Hatton bearing P/262

This matter is a partition case in relation to a portion of land where Pams Power (Private) Limited has undertaken a mini hydro project. This matter is still pending in Court.

The Company is of the view that this matter will not have a material impact on the Company.

Civil Appellate High Court of Kandy case bearing no. CP/HCCA/KANDY/28/2017/LA

This is a case filed as a leave to appeal application against an order made in favour of the Company under case bearing no. P/262 by the District Court of Hatton. Court has granted leave to proceed and the matter was fixed for Argument. This matter came up for Argument on 24th June 2019 where both parties made submissions to Court.

Thereafter parties were ordered to file their written submissions by 5th September 2019 and the Judgement is fixed to be delivered on 15th October 2019.

District Court of Hatton bearing no. P/276

This is a partition case involving a land utilized for the Company's mini hydro project. This matter is still pending in Court.

The Company is of the view that this matter will not have a material impact on the Company.

Court of Appeal case bearing no. CA/WRIT 29/2017

This is a writ application filed by the Petitioners S.A.M Jayananda-Kithulgala Sancharaka Kalapaye Parsaraya Surekime Sanviadanaya and Centre for Environmental Justice against the Respondent authorities and making Pams Power Pvt Ltd also a Respondent party under an alleged allegation that the relevant government authorities have granted permission for the Mini Hydro Project in Kehelgamu Oya without properly considering the Environmental Impact Assessment.

The Company is of the view that all regulatory approvals have been duly obtained for the project.

This case matter will be called again on 25th October 2019 for filing of Objections.

Except as set out above, the Company does not have any contingent liabilities that would affect its current and future profits, as at the date of this Introductory Document.

7.5 Material Contracts

The three hydro power projects are being operated on free hold lands and the two solar power projects are being operated on lease hold properties. The details of the two leases are as follows;

- Anorchi Lanka (Pvt) Ltd has entered into a thirty (30) year lease agreement with the GoSL, expiring on 31 January 2044.
- Iris Eco Power Lanka (Pvt) Ltd has entered into a thirty (30) year lease agreement with the GoSL, expiring on 31 January 2044.

There are no material contracts or any agreements entered into with other parties by LPL within the preceding two years other than those entered into as part of the ordinary course of business.

7.6 Details of Commissions Paid

No commission has been paid in the two (2) years preceding the Listing or payable for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any Shares of the Company.

7.7 Details of Benefits Paid to Promoters

No benefit has been paid or given within the two (2) years preceding the Listing and there are no benefits intended to be paid or given to any promoter.

7.8 Taxation

Taxation will be based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act for LAUGFS Power Ltd, Ginigathhena Thiniyagala Mini Hydro Power (Pvt) Ltd and Pams Power (Pvt) Ltd.

Taxation will be computed in accordance with the provisions of the Board of investments subject to the powers conferred on the Board under Section 17 of the said Law No. 4 of 1978 for Anorchi Lanka (Pvt) Ltd and Iris Eco Power Lanka (Pvt) Ltd. As per this the two companies were exempt from taxation for ten (10) years after which the companies are taxed at 28% at present or at applicable tax rates prevailing at that time.

8.0 Capital Structure

As at the date of this Introductory Document, the Stated Capital of the Company is Rupees one billion eight hundred and eighty million (LKR 1,880,000,000) divided into three hundred and thirty five million eighty six (335,000,086) fully paid up Ordinary Voting Shares and fifty two million (52,000,000) fully paid up Ordinary Non-Voting Shares.

8.1 An Overview of the Capital Structure

The detailed breakdown of the capital structure of the Company is as follows

	31 March 2019	31 March 2018	31 March 2017	31 March 2016
Stated Capital (LKR)	1,880,000,000	1,880,000,000	1,880,000,000	130,000,000
Number of Ordinary Voting Shares	335,000,086	335,000,086	188,000,000	13,000,000
Number of Ordinary Non-Voting Shares	52,000,000	52,000,000	-	-

Details of the Company's Shares issued for the two (2) years preceding the date of the Introductory Document is given below:

	Number of Ordinary Voting Shares	Value (LKR)	Number of Ordinary Non-Voting Shares	Value (LKR)
Balance as at 01 April 2017	188,000,000	1,880,000,000	-	-
Subdivision of shares*	199,000,086	-	-	-
Reclassification of shares*	(52,000,000)	(252,609,763)	52,000,000	252,609,763
Balance as at 31 March 2018	335,000,086	1,627,390,237	52,000,000	252,609,763
Balance as at 01 April 2018	335,000,086	1,627,390,237	52,000,000	252,609,763
Issued During the year	-	-	-	-
Balance as at 31 March 2019	335,000,086	1,627,390,237	52,000,000	252,609,763

*Subsequent to the segregation from LGL as mentioned in Section 4.5 – Objectives of the Listing and in order to mirror the shareholding of LGL in LPL, the Board of Directors resolved to subdivide issued fully paid Ordinary Voting Shares on 05 January 2018. The subdivision was carried out in the proportion of 2.058511096 Ordinary Voting Shares for every one (1) Ordinary Voting Share in issue,

thereby increasing the Company Ordinary Voting Shares from 188,000,000 Ordinary Voting Shares to 387,000,086 Ordinary Voting Shares without effecting an increase in the Stated Capital of the Company. Subsequently, on the same occasion, the Board of Directors resolved to reclassify 52,000,000 Ordinary Voting Shares as Ordinary Non-Voting Shares.

The above has been accomplished in accordance with the Companies Act and the Article five (5) of the Articles of Association of the Company and was approved by the shareholder on 05 January 2018.

8.2 Shareholders of the Company

Tabulated below are the top ten Ordinary Voting shareholding details of the Company as at the date of this Introductory Document.

Shareholder	Number of Ordinary Voting Shares	%
LAUGFS Holdings Limited	247,980,050	74.02%
Employees Provident Fund	57,897,800	17.28%
Seylan Bank PLC/Carlines Holdings (Private) Limited	1,953,696	0.58%
Amana Bank PLC/Almas Organisation (Pvt) Ltd	1,547,795	0.46%
Mr. W. K. H. Wegapitiya	1,411,546	0.42%
Deutsche Bank AG As Trustee for Namal Acuity Value Fund	1,339,563	0.40%
Deutsche Bank AG – National Equity Fund	1,318,182	0.39%
Deutsche Bank AG – Namal Growth Fund	1,198,934	0.36%
Mr. U. K. T. De Silva	1,077,897	0.32%
Mr. G. Y. N. Mahinkanda	794,572	0.24%
Other	18,480,051	5.52%
Total	335,000,086	100.00%

Tabulated below are the top ten Ordinary Non-Voting shareholding details of the Company as at the date of this Introductory Document.

	Number of Ordinary Non-Voting Shares	%
Employees Provident Fund	18,041,300	34.69%
HSBC INTL NOM LTD – State Street Luxembourg C/O SSBT	3,846,247	7.40%
Bank of Ceylon No.1 Account	3,420,538	6.58%
Deutsche Bank AG as Trustee JB Vantage Value Equity Fund	2,505,696	4.82%
Seylan Bank PLC/Carlines Holdings (Private) Limited	2,313,417	4.26%
Amana Bank PLC/Almas Organisation (Pvt) Ltd	1,249,845	2.40%
J.B. Cocoshell (Pvt) Ltd	1,247,549	2.40%
Mr. A. M. Weerasinghe	813,471	1.56%
Commercial Bank of Ceylon PLC/Dunamis Capital PLC	793,906	1.53%
Seylan Bank PLC/S.R. Fernando	704,992	1.36%
Other	17,163,039	33.01%
Total	52,000,000	100.00%

During the period of two (02) years immediately preceding the date of this Introductory Document, there was no (i) redemption or repurchase of shares or (ii) reductions of stated capital, by the Company.

With regard to shares held by Public Shareholders, CSE Listing Rule 2.1.2 (ii) (c) paragraph 4 states that in the event the applicant entity is seeking a listing on the Exchange by way of an Introduction, such Entity shall ensure that not more than 50% of the shares in the hands of the Public Shareholders are held by the three (03) largest Public Shareholders of the Entity at the time of listing.

The three largest Public Shareholders of the Company currently hold c. 18.33% (more than 50%) out of the total public holding of 25.23%. In this regard, the CSE has granted a waiver in their letter dated 26 September 2018 taking into account the following rational;

In response to the Company's letter dated 11th September 2018, the CSE has granted the following waiver in respect of the CSE Listing Rules.

The top 3 shareholders of the company being considered as 'public' alongside the remaining 6.91% of public shareholders leads to a total public holding of 25.23% that would ensure liquidity for the shares of the Company.

In terms of number of shareholders, the company has of 9,187 shareholders as opposed to the requirement of having 200 shareholders as per the respective CSE Listing Rule.

8.3 Details of Non-Public Shareholders

Tabulated below are the details of the Non-Public Shareholders of the Company:

Name	Number of Ordinary Voting Shares	%	Relationship with the Company
LAUGFS Holdings Limited	247,980,050	74.02%	Parent Company
W. K. H. Wegapitya	1,411,536	0.42%	Executive Chairman
U. K. Thilak De Silva	1,077,897	0.32%	Executive Director
H. A. Ariyaratne	3,900	0.001%	Non-Independent, Non-Executive Director
N. M. Prakash	17,000	0.005%	Independent Non-Executive Director
S. M. Indradasa	300	0.00%	CFO of LAUGFS Holdings Limited
P. M. B. Fernando	100	0.00%	Non-Executive Independent Director

8.4 Details Pertaining to Lock-in Shares

250,490,783 Ordinary Voting Shares held by Non-Public Shareholders would be subject to a “lock-in” for a period of 6 months from the date of listing or upon obtaining majority of Public Shareholders’ approval for the proposed divestiture by the Non-Public Shareholders post-listing, whichever occurs first from the date of listing.

As such, these Shares would not be available for secondary market trading on the CSE upon the Company obtaining a listing of its Shares subsequent to the Introduction contemplated via this Introductory Document until the expiry of the aforesaid 6 months from the date of listing or upon obtaining majority of Public Shareholder approval for the proposed divestiture by the Non-Public Shareholders post-listing, whichever occurs first from the date of listing.

The Company hereby confirms that the information furnished herewith shall remain unchanged to the date of listing.

Public Holding (Shares held by the ‘Public’ as a % of the total number of Ordinary Voting Shares), as per the ‘Public’ definition provided under the Definitions Section of CSE Listing Rules is 25.23%, represented by 9,187 ‘Public’ shareholders.

Tabulated below are the details of the "Locked-in Shares";

Ordinary Voting Shares

Category of Shareholder (Pre-Listing)	Locked-in Shares	The months after which shares will be available for trading	Number of Shares	Number of shares as a percentage of the total number of shares in issue
Non-Public	Shares held by Non-Public Shareholders prior to the date of the Initial Listing Application	6 months from the date of listing or upon obtaining majority of Public Shareholder approval, whichever is first	250,490,783	74.77%
Public	Not Locked-in	-	84,509,303	25.23%
Total			335,000,086	100.00%

In terms of CSE Listing Rule 2.1.1 (f) (iii), shares acquired by way of transfer by Non-Public and Public shareholders during the period of twelve (12) months prior to the date of the Initial Listing Application shall be locked-in for a minimum period of six (6) months from the date of listing of the shares of the Entity or twelve (12) months from the date of acquisition of shares, whichever is longer.

Pursuant to the Arrangement of the Company as disclosed in Section 4.5, the vesting of shares of the Company was carried out on 29 March 2018. As such a lock-in period would be applicable to the shares acquired by public shareholders under the aforementioned CSE Listing Rule.

In this regard, the CSE has granted a waiver on the above CSE Listing Rule in respect of the Public Shareholders by way of their letter dated 26 September 2018 taking into account the following rational;

The rationale for the aforesaid waiver is that the relevant shareholders would stand to benefit from the waiver as they will be able to realise the value of the Company as compensation for the loss of value caused to LGL due to the said Arrangement as disclosed in Section 4.5.

Further to a request made by the Company for the divestiture of shares held by the Non-Public Shareholders, the CSE has granted a waiver of CSE Listing Rule 2.1.1 (f) (iii) in respect of the Non-Public Shareholders of the company by way of their letter dated 1 April 2019 subject to the following:

The shareholding of the Non-Public Shareholders will remain locked-in for a period of six (6) months from the date of listing [in compliance with Rule 2.1.1 (f) (iii) of the CSE Listing Rules] or until the approval of majority of public shareholders is obtained by the Company for the Non-Public Shareholders to divest their stake, whichever occurs first.

The rationale for obtaining the approval of the majority of Public Shareholders for the proposed divestiture by the Non-Public Shareholders is to provide the current shareholders who approved the

scheme of arrangement the opportunity to make the decision with regard to such divestiture. As the Company is yet to secure an investor, the Public Shareholder approval shall be obtained after the listing of shares.

The composition of the post-listing Public Shareholders would consist of a combination of existing shareholders (who were there at the point of time where the "Arrangement" of LAUGFS Gas PLC was approved) and new Public Shareholders.

A Circular to Shareholders and a Notice of Meeting would be circulated post-listing to seek the approval of majority of Public Shareholders for the proposed divestiture of shares held by the Non-Public Shareholders of the Company to give effect to the said waiver of Rule 2.1.1 (f) (iii) granted by CSE. The above Public Shareholder approval would be required only if the Non-Public Shareholders of the Company are to divest their shareholding within the aforementioned lock-in period of 6 months.

8.5 Other Securities

The Company has not issued any convertible debt securities or any other classes of shares other than the shares stated above. Further there are no securities of the same or other class subscribed or sold privately in conjunction with this Introduction.

8.6 Free Transferability of Shares

Upon being listed on the CSE, all Shares shall be freely transferable except for those Shares mentioned in Section 8.4 above, disclosed under the 'shares locked-in', which will be locked-in to be in compliant with CSE Listing Rules 2.1.1(f) (iii).

The following is a reproduction of the content under CSE Listing Rule 2.1.1 (f).

In the event of an Introduction;

- shares held by "**Non Public Shareholders**"* prior to the date of the Initial Listing Application shall be locked-in for a period of six (6) months from the Date of Listing the shares of the Entity.
- shares held by "**Public Shareholders**"** prior to the date of the Initial Listing Application shall not be locked-in.
- shares acquired by way of a transfer by Non Public Shareholders or Public Shareholders during the period of twelve (12) months prior to the date of the Initial Listing Application shall be locked-in for a minimum period of six (6) months from the Date of Listing the shares of the Entity or twelve (12) months from the date of acquisition of such shares, whichever is longer.
- shares allotted to Non Public Shareholders or Public Shareholders during the period of twelve (12) months prior to the date of the Initial Listing Application shall be dealt with according to the discretion vested in the SEC in terms of Section 28A of the SEC Act.

*'Non-Public Shareholders' shall mean the following parties who hold, directly or indirectly, shares of the applicant Entity;

- a) its parent, any subsidiary or associate companies or any subsidiary or associate companies of its parent company;
- b) its directors who are holding office as directors of the Entity and their Close Family Members;
- c) Chief Executive Officer and his/her Close Family Members;
- d) Key Management Personnel and their Close Family Members;
- e) Any party acting in concert with the parties set out in (a), (b), (c) and (d) above;
- f) Shareholders whose shares are in a locked account with the CDS due to a statutory or regulatory requirement other than those shareholders exempted under (h) below and whose shares have been subject to a voluntary lock-in at the option of the shareholder;
- g) Employees of the Entity, who have been allotted shares of a Listed Entity which are directly or indirectly controlled by the management or the majority shareholder of the Entity; or
- h) any Entity or an individual or individuals jointly or severally holding 5% or more of the shares of the Listed Entity if the Entity is a Diri Savi Board Entity and 10% or more of the shares if the Listed Entity is a Main Board Entity, except where such shareholder is;
 - i. a statutory institution managing funds belonging to contributors or investors who are members of the public; or
 - ii. an entity established as a unit trust or any other investment fund approved by the SEC; or
 - iii. not a related party declared in terms of Sri Lanka Accounting Standards or a party acting in concert declared in terms of the Company Takeovers and Mergers Code.

'Close Family Member' shall mean the spouse or a financially dependent child.

'Key Management Personnel' shall mean those persons having authority and responsibility for planning, directing and controlling the activities of the applicant Entity, directly or indirectly, including any director (whether executive or otherwise) of that Entity.

**'Public Shareholders' shall mean any party who hold shares of the applicant Entity other than the parties identified as Non-Public Shareholders.

'Date of Listing' shall mean the first date on which the shares of the Entity are allowed to be traded on the Exchange.

8.7 Rights and obligations of shareholders of the Company

Rights and obligations attached to Voting Shares

- (a) The rights of voting shareholders

The rights of the voting shareholders of the Company are as per section 49 (1) and (2) of the Companies Act, No. 7 of 2007 *as amended*. (i.e. each voting share confer on its holder a right to one vote on a poll at a meeting of the company on any resolution)

- (b) Particular voting rights

There are no particular or special voting rights attached to any of the shares issued in the Company.

(c) Entitlement to profits

The rights of all shareholders for the profits are equally for each share, as per section 49 (2) (b) of the Companies Act, No. 7 of 2007 *as amended*.

(d) Rights at the point of liquidation

The rights of shareholders for the profits are equally for each share, as per section 49 (2) (c) of the Companies Act, No. 7 of 2007 *as amended*.

(e) Obligations of shareholders

There are no specific obligations of the shareholder other than in terms of the Companies Act, No. 7 of 2007 *as amended*.

Rights and obligations attached to Non-Voting Shares

(a) The rights of non-voting shareholders

The rights of the non-voting shareholders are identical to that of the voting shareholder save, the right to vote for any resolution. However, the non-voting shareholders have the right to vote on resolutions impacting the rights of non-voting shareholders in particular as per the Companies Act, No. 7 of 2007 *as amended*.

(b) Particular voting rights

There are no particular or special voting rights attached to any of the shares issued in the Company.

(c) Entitlement to profits

The rights of shareholders for the profits are equally for each share, whether it be voting or non-voting, as per section 49 (2) (b) of the Companies Act, No. 7 of 2007 *as amended*.

(d) Rights at the point of liquidation

The rights of shareholders for the profits are equally for each share, whether it be voting or non-voting, as per section 49 (2) (c) of the Companies Act, No. 7 of 2007 *as amended*.

(e) Obligations of shareholders

There are no specific obligations of the shareholder other than in terms of the Companies Act, No. 7 of 2007 *as amended*.

8.8 Takeover Offers

There have been no takeover offers by third parties in respect of the Company's Shares during the past two years and no takeover offers have been made by the Company in respect of shares of third parties.

9.0 Investment Considerations and Risks

Prior to investing in the new shares, prospective investors should pay particular attention to the fact that the Company and to a large extent its business activities are subject to a number of risk factors which may be within or outside the control of the Company. Prospective investors should take into consideration the risks associated with the Company. Should any of the risks highlighted here materialize; it could have an adverse effect on the performance of the Company and its shares. This section highlights the main sources of risks, but not necessarily all risks faced by the Company.

9.1 Risks Related to the Industry

Regulatory changes

The Sri Lankan government has traditionally exercised a significant influence over the generation, transmission and distribution of electricity and the power sector. However, the sector could be affected by regulations imposed by the GoSL and LPL's current operations and all intended expansion plans will be sensitive to any changes in Government's energy policies. However, positive revisions to the power sector were witnessed with the enactment of the Electricity Act No. 20 of 2009 by the Government, which signified increased deregulation with enhanced private sector participation. Globally with growing concerns on global warming and more emphasis on cleaner and greener technologies, environment protection laws are regularly being strengthened. There will be a move towards encouraging investments in green energy development such as tapping of unutilized hydro, wind and solar power. Apart from minor emissions during the construction and maintenance phases of these projects, they are considered as sources that supply greenhouse emission free electricity. They are encouraged to a greater extent at a time when the national grid is increasingly reliant on fossil fuels.

Changes in environmental regulation

The Company strictly adheres to all relevant environmental protection laws. However, new and stricter environmental regulations might come into existence in the future. If so, the Company might have to incur additional costs on compliance which may result in an increase in the cost base. However, the Company has an experienced management team and has taken due care in carrying out its operations within the regulatory framework which should mitigate the risk of failure to comply with these environmental laws.

Renewal of SPPA's

Despite the likelihood of renewal, the finalization is subject to government policy decisions. Under the current framework, the SPPA will be extendable by mutual consent. In addition, should there be any regulation with regard to an increase in the minimum standards, there lies a possibility for the need of an upgrade in power generation systems, requiring an additional cost.

9.2 General Risks

Government Tariff directives

The feed-in tariff is a Government scheme that could be subject to change. Thus the volatility of such a direction may hinder the top line and bottom line growth of the company.

Environmental Impacts

Individual energy sources rely on certain environmental trends and weather patterns, such as solar power, hydro power and wind energy. Therefore, the power generation of each source can be directly related to the weather conditions prevalent during the year. Therefore, the availability of favorable conditions or the lack thereof could affect the profitability of the business.

10.0 Statutory Declarations

We the undersigned, who are named in the Introductory Document as Directors of the Company, hereby declare and confirm that we have read the provisions of the CSE Listing Rules and of the Companies Act No. 07 of 2007 and any amendments to it relating to the issue of this Introductory Document, and that those provisions have been complied with.

This Introductory Document has been seen and approved by us and we collectively and individually accept full responsibility for the accuracy of the information given and confirm that after making all reasonable enquiries and to the best of our knowledge and belief, there are no other facts the omission of which would make any statement herein misleading or inaccurate. Where representations regarding the future performance of the Company have been given in the Introductory Document, such representations have been made after due and careful enquiry of the information available to the Company and making assumptions that are considered to be reasonable at the present point in time in our best judgement.

Name	Designation	Signature
Mr. W.K.H. Wegapitiya	Executive Chairman	Sgd.
Mr. U.K. Thilak De Silva	Executive Managing Director	Sgd.
Mr. H. A. Ariyaratne	Non-Independent, Non-Executive Director	Sgd.
Mr. P. M. B. Fernando	Independent, Non - Executive Director	Sgd.
Mr. N. M. Prakash	Independent, Non - Executive Director	Sgd.