POWERED BY NATURE, FOR NATURE

PANASIAN POWER PLC / ANNUAL REPORT 2019/20

PANASIAN POWER PLC

POWERED BY NATURE, FOR NATURE

WITH THE RISE IN DEMAND FOR CLEAN GREEN ENERGY, IN SRI LANKA AND WORLDWIDE, OUR OBJECTIVE FOR THE YEAR AHEAD IS PLACED RESOLUTELY ON EXPLORING NEW AVENUES. FROM DIVERSIFYING OUR MARKET BASE TO OFFERING RESOURCEFUL USES FOR OUR PRODUCT, WE ARE ON AN EXPANSIVE STRATEGY THAT IS NOT ONLY SYSTEMATIC BUT SUSTAINABLE. AT PANASIAN POWER, WE ARE CHARGED AND READY TO ADVANCE INTO NEW TERRITORY.

CONTENTS

Panasian Power PLC is one of Sri Lanka's leading suppliers of clean, renewable energy to the country's national energy grid. Established with support from the Board of Investment in 2002, PAP has been at the forefront of a pioneering effort to transform the island's energy generation mix onto a path of affordable, sustainable, and reliable energy for all Sri Lankans. Our combined expertise has enabled PAP to surge ahead in the sector and today we stand ever closer to our stated target of 30 MW of generation capacity by 2022.

PAP continues to set new benchmarks in the sector through a strategy of continuous, organic expansion and the constant refinement of business processes and technical expertise as it paves the way for a brighter, cleaner and more sustainable future.

Our Vision

"We only have one planet and the widespread use of fossil fuels has caused irreparable damage to it. We want to protect the environment by becoming a leader in diversified sustainable renewable energy solutions in the Global South"

Our Mission

- PAP produces clean renewable energy from hydro, solar and other renewable sources in Asia and Africa
- We own and manage projects that are best in class from a technology, design and efficiency point of view and provide market leading returns through innovative financing solutions, and are the preferred partner for customers, suppliers, employees and investors
- We value fair compensation, room to grow, training, a healthy, creative work environment, and respect for diversity. We care for our communities and environment actively. We are an innovative dynamic energy solutions provider.

Values

- Accountability – Responsibility to all our stakeholders
- Bias for action – We are driven to get results, swiftly
- Integrity – Treat others with respect and honesty and are true ourselves
- Innovative – Develop outside the box solutions
- Passion – Passion for renewable energy solutions
- Quality – What we do, we do well

INTRODUCTION TO REPORT

About this report

Panasian Power PLC (PAP) is a developer, owner and operator, of renewable energy generation facilities of hydropower and solar power, both in Sri Lanka and abroad. As a public quoted company, the PAP annual report is the primary communication medium with our shareholders and also significant other stakeholders.

In the previous 2018/19 financial year, the leadership of PAP made a decision to voluntarily transition its annual reporting format into the International Integrated Reporting (IR) Framework, to enhance transparency and corporate communications. In the current 2019/20 financial year, we have continued this journey by aligning our annual report closer to the IR Framework, with an expanded discussion on the management of our financial and non-financial capitals and plans for future value creation.

The current annual report covers the 12-month period from 1st April 2019 to 31st March 2020 and complies with the Companies Act of 2007 and the Listing Rules of the Colombo Stock Exchange, pertaining to annual reporting. In addition, PAP complies voluntarily with the Code of Best Practice on Corporate Governance 2017, issued jointly by the Institute of Chartered Accountants of Sri Lanka (ICASL) and the Securities and Exchange Commission (SEC) of Sri Lanka.

Basis of preparation and compliance with Integrated Reporting principles

The basis of preparation of this report is described in the Materiality Assessment chapter of this report.

PAP has been conscious of safeguarding the credibility, reliability and integrity of the information presented in this report through the direct involvement of the highest governing body, the Board of Directors and the senior management. The Chairman, CEO, Chief Financial Officer and senior managers of key functions have verified the accuracy of data provided in this report. Comparative data has also been provided. Information on the Company's strategic direction and future outlook have been discussed by the Chairman and in the Strategy chapter to ensure a forward view of the Company's future value creation potential, for the benefit of shareholders and potential investors.

External assurance for Integrated Reporting

We have not obtained external assurance for Integrated Reporting for this report.

However, the financial statements of PAP have been audited by independent external auditors appointed with shareholder approval, Messrs. KPMG. The Report of Auditors is included in this annual report.

Statement of responsibility for this report

As the Board of Directors of PAP, which is the highest decision making body of the Company, we acknowledge our responsibility for ensuring the integrity of this Integrated Report 2019/20. Together with the management, and reflecting on our operating context, strategy and value creation model, we believe this integrated report addresses all matters that have, or could have, a material effect on our ability to create value. We have applied our collective mind to the preparation and presentation of information in this integrated report, which has been prepared in accordance with the International Integrated Reporting Framework 2013.

While this report may contain future oriented content, such forward-looking statements are dependent on a number of economic, political and legal factors which are outside the influence of the Company. Therefore, the actual performance of future indicators may differ from the forward-looking statements published in this Report. The reader is advised to seek expert professional advice in all such respects.

Dr. Prathap Ramanujam
Chairman

Pathmanatha Poddiwala
Chief Executive Officer/
Executive Director

For feedback on this report

We welcome your comments and suggestions about this report. Please address your inquiries to:

Mr. Gayan Gunawardana
CFO

Panasian Power PLC

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Tel : +94 11 450 1200

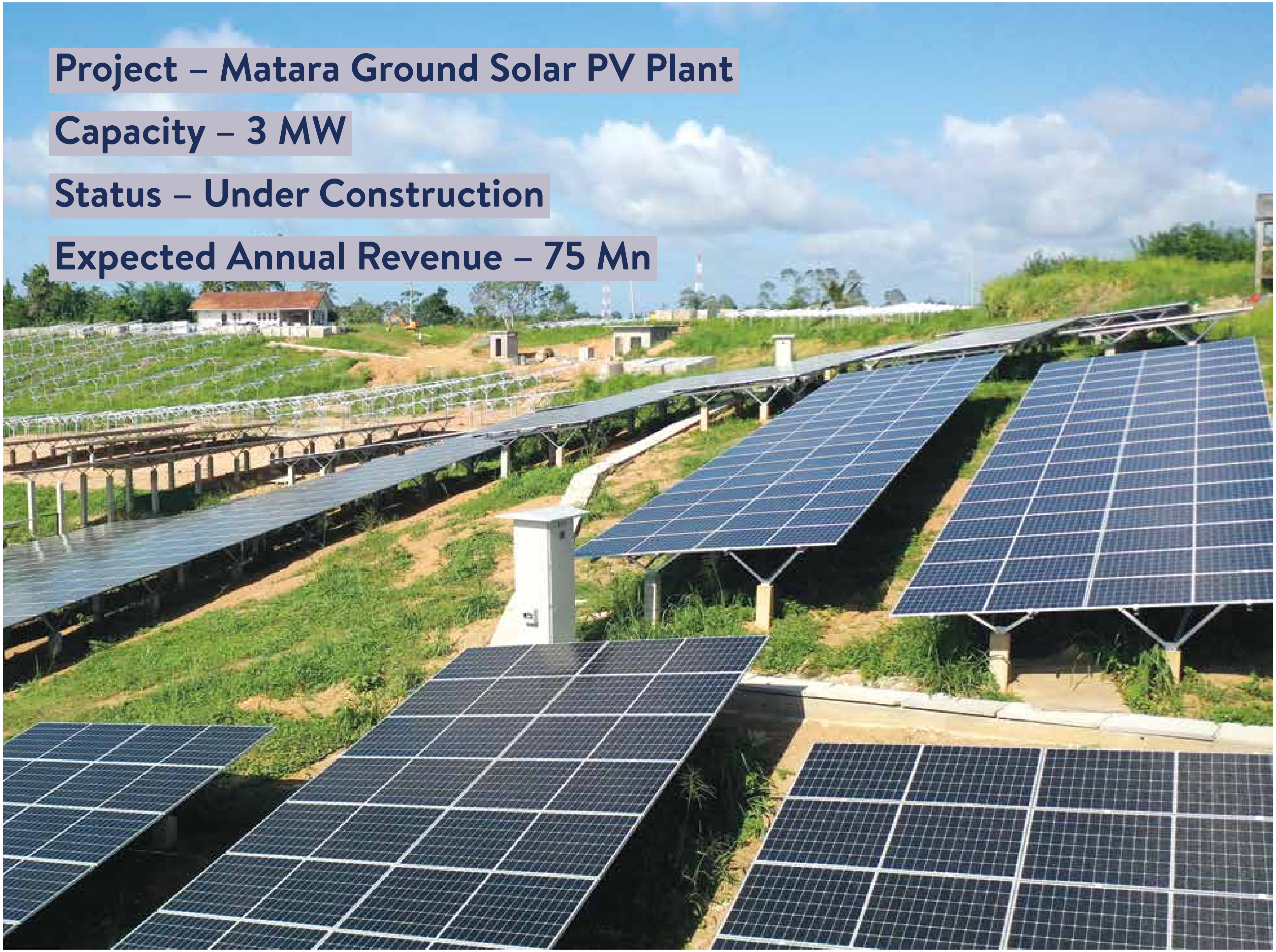
Email: gayang@panasianpower.com

MATERIALITY ASSESSMENT

The contents for this report were decided by identifying the most material subject matter for the year under review, following an evaluation of the company's financial performance and value creation against the operating context during the 12 months under review. Changes to PAP's risk profile, and good governance and compliance requirements, were included in deciding what is discussed in this report, in terms of achieving the Company's strategic and value creation goals.

No stakeholder consultation was conducted specifically for the purpose of this report. However, the senior management have identified key stakeholder groups of the Company and taken into consideration the key stakeholder expectations in compiling this report. Therefore, topics covered in the current annual report are deemed material not only for the Company but also to its internal and external stakeholders.


Project – Rathganga Mini Hydro Plant
Capacity – 3 MW
COD – 5th July 2004
Group's First Power Plant


Project – Matara Ground Solar PV Plant
Capacity – 3 MW
Status – Under Construction
Expected Annual Revenue – 75 Mn

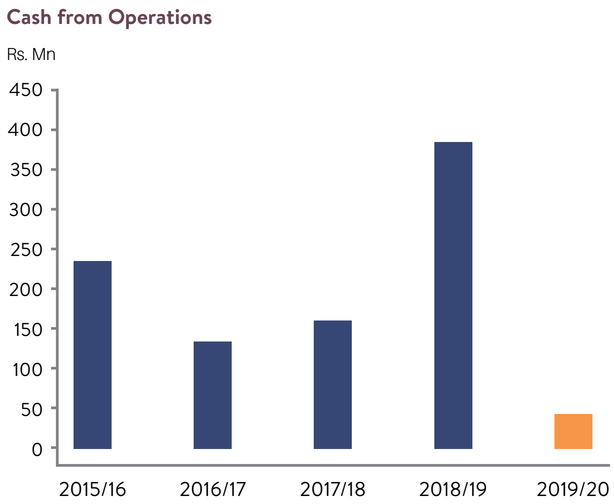

Project – Beliatta Ground Solar PV Plant
Capacity – 1 MW
COD – 29th July 2019

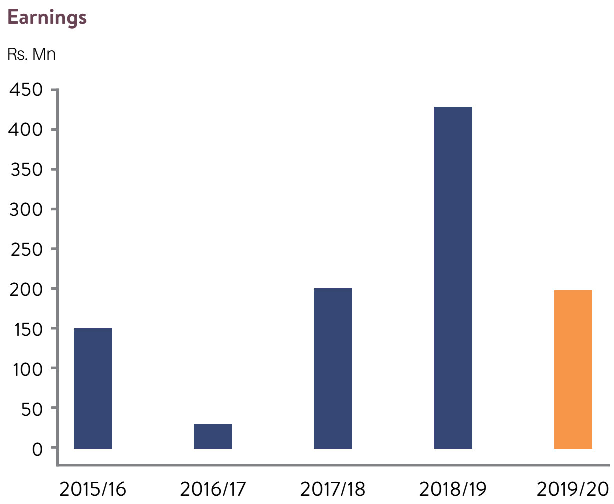

Project – Padiyapelella Mini Hydro Plant
Capacity – 3.5 MW
COD – 1st March 2017

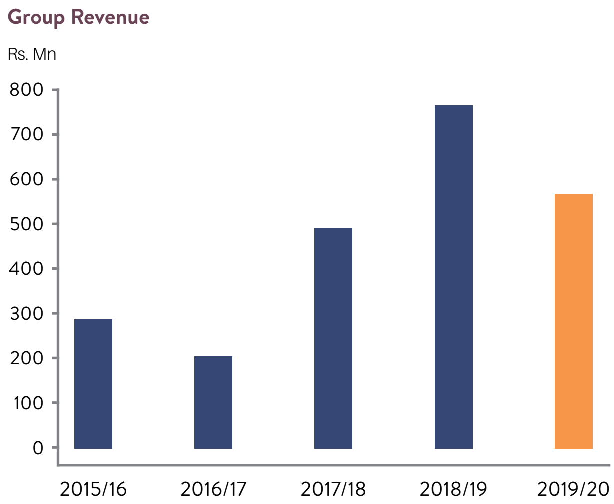
FINANCIAL HIGHLIGHTS

		2020	2019	Change %
OPERATING RESULTS				
Group Revenue	Rs. '000	**563,815**	761,281	-26%
Operating Profit	Rs. '000	**304,225**	515,632	-41%
Profit Before Taxation	Rs. '000	**195,262**	425,975	-54%
Profit After Taxation	Rs. '000	**152,708**	371,337	-59%
Profit Attributable to Parent	Rs. '000	**138,912**	332,237	-59%
Gross Dividend Paid	Rs. '000	**137,500**	80,000	72%
Cash From Operations	Rs. '000	**42,795**	382,375	-89%
FINANCIAL POSITION				
Total Assets – Group	Rs. '000	**3,963,672**	2,983,028	33%
Equity Attributable to Equity Holders of the Parent	Rs. '000	**2,048,214**	1,522,710	35%
No. of Ordinary Shares	No. '000	**625,000**	500,000	25%
Debt to equity ratio – Company	%	**15%**	19%	-21%
– Group	%	**70%**	68%	3%
SHAREHOLDER INFORMATION				
Return on equity	%	**8%**	24%	-67%
Earning Per Share	Rs.	**0.24**	0.66	-64%
Dividend Per Share	Rs.	**0.22**	0.16	38%
Dividend Payout	%	**92%**	24%	283%
Net Asset Per Share	Rs.	**3.49**	3.30	6%
Market Capitalisation	Rs. '000	**1,562,500**	1,500,000	4%
Price Earning Ratio	Times	**10.5**	4.5	133%
Market Price as at 31 March	Rs.	**2.50**	3.00	-17%
Highest Share Price for the year	Rs.	**3.90**	3.20	22%
Lowest Share Price for the year	Rs.	**2.50**	2.90	-14%
Interest Cover	Times	**2.61**	5.20	-51%

FINANCIAL HIGHLIGHTS







VALUE CREATION MODEL

INPUTS

FINANCIAL CAPITAL
- Revenue Rs. 564 mn
- Profitability Rs. 153 mn
- Shareholders' Funds Rs. 2,048 mn
- Dividend Paid Rs. 0.22 per share for 2019/20

HUMAN CAPITAL
- Highly experience BOD
- 6 training and development programmes
- Average length of service - 7 years
- Responsibility, collaboration and innovation at all levels promoted

MANUFACTURED CAPITAL
- Total hydropower capacity 8.9 MW
- Total solar power capacity 5.2 MW
- Plant and Equipment Rs. 2,797 mn

INTELLECTUAL CAPITAL
- Inherent knowledge having operated for over 17 years in the renewable energy sector.
- 6 technical experts in hydro and solar
- Extensive experience in design and operations
- Strong trusted brand
- Rights and licences held for new and pipeline projects

SOCIAL AND RELATIONSHIP CAPITAL
- 4 projects undertaken with community involvement
- 16 years of relationships with customers
- 16 years of relationships with suppliers
- 7 Power Purchase Agreements
- 11 Plus Agreements

NATURAL CAPITAL
- Minimise environmental impact through environmental management plan
- Increasing renewable energy capacity, resulting in reduced dependence on power generation from non-renewable sources

BUSINESS PROCESSES

Plant Operations & Power Generation

Growth through Investment in Capacity Addition, Acquisition & Partnerships

Engineering Procurement & Construction management

- VISION, MISSION & OBJECTIVES
- STRATEGY & LEADERSHIP
- GOVERNANCE PRINCIPLES
- RISK MANAGEMENT FRAMEWORK
- ORGANISATIONAL CULTURE
- BEST PRACTICES
- SUPPORT SERVICES

OUTPUTS & OUTCOMES

CUSTOMERS

- Consistent, timely, accurate renewable energy production
- Capacity of 14.1 MW at 31st March 2020
- Minimise Sri Lanka's energy shortage
- Reduced reliance on imported fuel

INVESTORS

- Invest in innovative, diversified energy company
- High credit rating giving confidence in financial strength

SHAREHOLDERS

- Revenue Rs. 564 mn
- PAT Rs. 153 mn
- Maintained dividend yield and share price appreciation prior to market wide COVID-19 dip
- ROE 8%

REGULATORS

- Compliant with local regulations and laws
- Compliant with IFC Performance Standards

GOVERNMENT

- Rs. 43 mn tax charge for 2019/20
- New infrastructure investments of Rs. 553 mn
- Employment for 55 People

SUPPLIERS

- Fair and equitable relationships
- Payment on time

EMPLOYEES

- Rewards and remuneration aligned to industry norms
- Salaries paid Rs. 80,032,695
- Opportunities for training
- Conducive and collaborative work culture
- Employee well-being and work satisfaction
- Career development

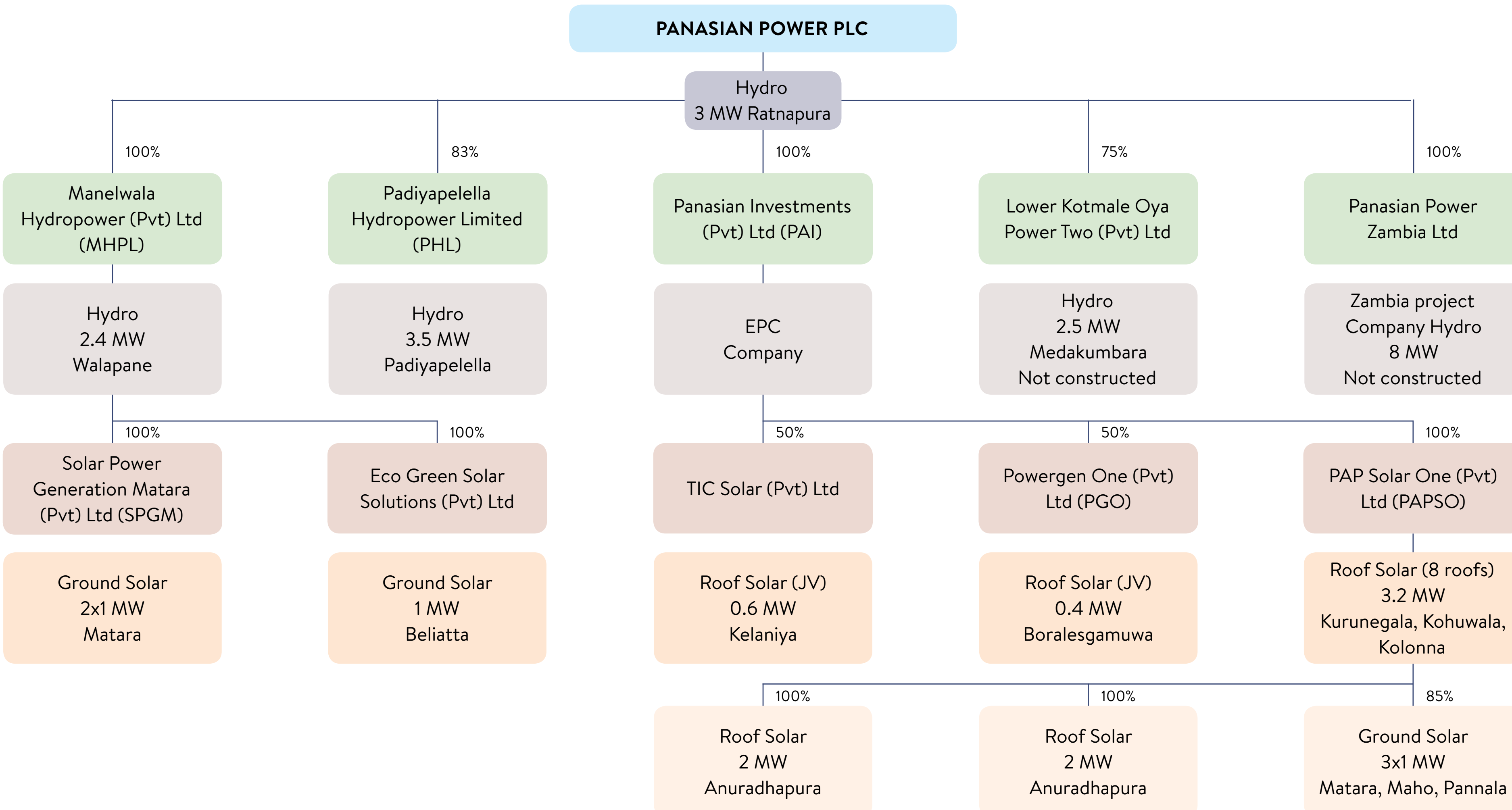
COMMUNITY

- Town halls held when necessary
- Small scale reforestation in Padiyapelella
- Implemented a solar system on milk collection plant to help rural farmers
- Built roof on temple

ENVIRONMENT

- 41.5 GWh units of electricity generated equivalent to:
  - 29,342 Metric Tons of carbon dioxide saved; or
  - 15 mn kilos of coal burned or
  - 150,000 trees

PROJECT AND GROUP STRUCTURE



"Our main objectives for the year were to have investment frameworks in place for local and overseas investment development, and to establish PAP in the project management business as an EPC contractor."

Dear Shareholders,

The financial year 2019/20 saw your Company persevere through a challenging operating environment to make headway towards our long-term strategic objectives, and to achieve a satisfactory financial performance. Therefore, it is with a confident, positive outlook that I present to you the Annual Report and Consolidated Audited Financial Statements of Panasian Power PLC (PAP) for the year ended 31st March 2020.

An unpredictable environment

The year under review was a mixed bag of gains and setbacks for PAP, primarily overshadowed by an unpredictable political environment.

At an operational level, the low rainfall in catchment areas caused our hydro outputs to decline, but on the other end, we were able to significantly boost our solar outputs by connecting 4MWs of additional solar power to the national grid. Therefore, our strategy to diversify our product portfolio has rebalanced the risk profile and cushioned against extreme weather variations.

I am pleased to report that PAP was also recognised for its operational excellence at the National Business Excellence Awards 2019 by the National Chamber of Commerce of Sri Lanka, where PAP won the runner up award in the infrastructure and utility sector. Such independent recognition is indeed encouraging to all of us, and also demonstrates to the public and potential investors, the quality of PAP's management and operational standards.

EXCELLENCE

PAP was also recognised for its operational excellence at the National Business Excellence Awards 2019 by the National Chamber of Commerce of Sri Lanka.

The country's renewable energy administration, meanwhile, went into limbo during the year in the wake of political changes. As the renewable energy sector is heavily regulated, this has an immediate and future impact on the Company's finances through delays in authorisations and agreements. For instance, the renewal of the Power Purchase Agreement (PPA) for Rathganga and the amendments to the CEB Act regarding LOIs for small renewable power producers, was delayed. Consequently, the renewal of the Rathganga hydropower PPA, which expired in July 2019 after 15 years, was only signed in July 2020 for 5 years to July 2024. Therefore, while Rathganga was operational and has continued to supply to the grid, PAP has not received the majority of the compensation for hydroelectricity sold to the CEB since July 2019 to date. However, I am confident all overdue payments will be credited to PAP, as we have an excellent track record of supplying to the national grid for the past 2 decades. I am also confident that the amendments to the CEB Act pertaining to LOIs for small power producers, will also be enacted once the new Parliament is convened.

Governance and compliance

PAP operates in a highly regulated environment and as a diversified operation with many subsidiaries and the Board is extremely conscious of the need for strong oversight and unfailing compliance. PAP has been, and continues to be, fully compliant with all regulations applicable to the Company. Our compliance monitoring system includes a dedicated Environment and Social Compliance Officer, to ensure best practices and timely compliance with the full range of regulations, and a committee of directors also overlook the compliance status of the Company, including related party transactions, trading and contracts.

Maintaining an above average standard of good governance, PAP is also compliant with the International Finance Corporation (IFC) Performance Standards. This is an additional layer of international compliance monitored by the IFC, due to the investment in PAP by the Emerald Investment Fund, which is partly funded by the IFC.

Value creation

Our main objectives for the year were to have investment frameworks in place for local and overseas investment development, and to establish PAP in the project management business as an EPC contractor. On local investments, we have continued to engage the authorities on regulatory and red tape bottlenecks, and I believe PAP is well positioned to benefit from future hydro and solar investments once the regulatory landscape is cleared. EPC contracts in particular present great potential to leverage our accumulated intellectual capital in hydro and solar power generation in Sri Lanka. We have also made steady progress in our offshore expansion plans. Feasibility studies in Zambia were initiated during the year, and I believe we can commence construction of power plants in Zambia by the end of 2021. We are also actively negotiating other overseas expansion opportunities.

PAP has continued to generate exceptional value for shareholders both for the current year and in context of future earning potential. I am proud to record that PAP paid Rs. 125 mn in dividends to our shareholders, which is well above the industry average in the hydropower sector of the country. The Company's share prices also appreciated during the year, reflecting our strong fundamentals and future growth prospects. Share prices have remained stagnant in the post COVID-19 stock market downturn but can be expected to recover in the short-term creating wealth for our shareholders.

CHAIRMAN'S REVIEW

As a policy, we have traditionally engaged in community based corporate social responsibility projects in our project locations to support local communities, in addition to our ongoing replanting schemes. In the current year, we constructed solar powered cattle shed, which is expected to enhance dairy outputs for the community. As required by the Corporate Governance code, I am not aware of any violation of any of the provisions of the Code of Business Conduct & Ethics.

Future Outlook

Despite the current global uncertainty, I believe PAP has the potential for growth at a global scale, as the world accommodates a greater share of renewable energy. Already, PAP is in Zambia and we are also looking at entry into Kenya and Myanmar within the next few years.

In Sri Lanka, we are moving towards diversifying into other forms of renewable energy and we have further growth opportunities in the emerging solar power industry and even in the more traditional mini hydro sector. At present, small hydro-stations contribute about 300 MWs to the national grid, with the potential to supply up to 650 MWs. Therefore, we anticipate plenty of small hydro opportunities in the range of 1 MW to 5 MW in the form of BOO contracts as national energy demand increases.

On solar power, we have already got a line-up of new solar power projects, for which we have already obtained LOIs and PPAs, ensuring a clear growth path for our solar portfolio in 2020. In addition to implementing solar projects, we have partnered with the Chinese solar power inverter manufacturer, Sungrow Power Supply Ltd, to act as their exclusive agents locally. We believe demand for high quality solar inverters will continue to grow, once the regulatory environment becomes more investor friendly and our partnership with Sungrow will give us a strong foothold in the solar energy solutions sector, which has an extremely positive outlook.

As the Sri Lankan government is targeting 80% renewable energy by 2030, I am confident the current regulatory roadblocks will be addressed fairly expeditiously. For more details on our future plans, I kindly request interested parties to refer the 'Strategy and Resource Allocation,' chapter of this report.

Appreciations

Having served as the Chairman and CEO of PAP for the past 10 years, I stepped down as the CEO at the end of March 2020. I would like to take this opportunity to thank all our shareholders for their faith in me as the CEO, and their continued faith in me, as the Chairman. I also take this opportunity to welcome the new CEO, Mr Pathmanatha Poddiwala as well as Mr Elangovan Karthik and Mr Senaka Kakiriwaragodage, new directors who joined the PAP Board in the current financial year. The Board of Directors have been directing the success of the company and their contributions are greatly appreciated. I also thank the staff for their dedicated service during a difficult year and look forward to working together to meet our mutual objectives.

Sincerely

Dr. Prathap Ramanujam
Chairman

"I believe our financial performance was able to hold up against adverse headwinds primarily due to the prudent forward-looking decisions of the previous year, mainly those aimed at cost containment and operational improvements. We are continually adding value to our production process by introducing industry best practices, new technology and modern management methods that have improved the efficiency and capacity of our plants."

I am pleased to report a year of strategic consolidation and continued operational improvements for PAP during 2019/20, despite a challenging external environment which was beyond our control and caused our financial performance to decelerate year-on-year.

Financial performance

Our topline declined in the current financial year, falling by almost Rs. 197 million against 2018/19, to Rs. 564 million. This downturn was mainly due to dry weather conditions that prevailed during the usual rainy season of the year, which reduced revenues from the hydropower portfolio. While we did succeed in adding new revenue from new solar projects, the solar portfolio at the present capacity could not compensate for the large loss in hydro incomes. In addition, the tariff for Rathganga was reduced by 60% which added to revenue losses.

In general, capital cost structures continued to escalate during the year, driven by the sharp rupee depreciation against the US dollar. As most of the plant, equipment and spare parts used by the Company and subsidiaries are imported, the unexpectedly sharp rupee depreciation caused significant increases in maintenance and project development costs across the board, and eroded the bottom line. We also had to accommodate higher borrowing costs to fund new projects. PAP finances new projects through a mix of own-profits and external borrowings. External borrowings are mostly at commercial rates, while a few projects have received concessionary funding and benefited from concessionary interest rates through the government. We did not benefit from any concessionary funding in the current financial year, but due to PAPs strong credit history and reputation, we were in a position to negotiate comparatively favourable commercial rates.

We closed the year with our net profit after tax more than halved, from Rs. 371 million in 2018/19 to Rs. 153 million in the current year mainly driven by the poor rainfall experienced this season and resulting reduction in revenue. However, I believe PAP has done quite well in comparison to the renewable energy players in Sri Lanka, and has reaped the benefits of the efficiency drive rolled out in the previous financial year. We continue to benchmark our costs per MW against others in the industry and are amongst the leaders, especially considering our strong project pipeline.

Strategic progress

I believe our financial performance was able to hold up against adverse headwinds primarily due to the prudent forward-looking decisions of the previous year, mainly those aimed at cost containment and operational improvements. We are continually adding value to our production process by introducing industry best practices, new technology and modern management methods that have improved efficiency and capacity of our plants. Many such improvements were effected in the previous financial year and we benefited from this efficiency drive in the current year, in the form of cost savings. We have also put in place comprehensive environmental management systems for all plants and projects under construction, and we follow the IFC Performance Standards.

Given the rising cost scenario, our strategy was to reduce downtime to a minimum, through the deployment of a comprehensive preventive maintenance management & control schedule that includes thorough inventory management for spare parts. This approach allowed us to contain the downtime of our hydropower plants at well below the industry average. With solar power, the focus was to reduce construction time and reduce costs, through the adoption of various strategies. Again, this approach generated significant cost benefits for PAP when project costs were increasing.

Further, we also faced challenges towards the end of the financial year with the COVID-19 pandemic. Additional financing requirements for imports and temporary import restrictions on solar related equipment delayed implementation of projects.

Another positive for the year, is the excellent progress we made in penetrating the solar power sector in Sri Lanka, which we have identified as a prime growth market. We brought a number of rooftop and ground solar projects online, and also completed the approval process for more solar projects for the new financial year. We added about 4 MWs of solar to the grid during 2019/20 and secured an exclusive channel partnership with Sungrow Power Supply Ltd, a leading global solar inverter supplier, giving us a key competitive advantage in the growing solar power business in Sri Lanka.

We have also been actively pursuing emerging market opportunities, in line with our strategic goal of building a 30 MW power portfolio, and balancing our hydro and solar power mix for the optimum risk-return outcome. However, as project licenses for mini hydros were on hold during 2019/20, due to delays in amending the CEB Act, we have been mostly active in the solar power segment. In the Soorya Bala Sangramaya drive, we have successfully secured rooftop projects and also participated in tendered projects.

Moving forward with our strategic objective of generating 15% of revenue in US dollars by 2022, we have also been exploring foreign market opportunities, by reviewing foreign projects from many parts of the world, and have shortlisted some for future attention. Our Zambian venture, where we have won a hydropower development project under the KfW GET FiT Scheme, made steady progress during the year. We are currently conducting due diligence studies for these and have been negotiating with potential investment partners to secure low interest dollar financing.

Challenges and opportunities in the new financial year

The new financial year presents a somewhat challenging financial outlook, but is also alleviated by a number of market opportunities that PAP is well positioned to exploit.

The main risk faced by PAP and the renewable energy industry as a whole, is currency depreciation. As the renewable power sector is highly dependent on imported equipment, unexpected currency depreciation can make new projects unviable. To alleviate this risk, the industry has been calling for dollar denominated tariffs, but to date, this approach has not been formally adopted by the local policy makers. We do note that the 2020 150MW ground solar tender does have a rebasing clause in setting the tariff to take into account changes in the exchange between tendering and signing the PPA.

The CEB policy of tendering for hydro projects, with no acknowledgement of investments by developers, is another obstacle to industry growth. Identifying suitable hydropower sites is an expensive exercise, with the cost of feasibility studies born entirely by the investor. Therefore, the CEB's practice of awarding mini hydro projects only on the basis of tenders, with no consideration for site development and feasibility investments, increases the risk of unviable and infeasible projects. Therefore, we hope the tendering process will be reviewed and amended in the new financial year.

Another downside is the tax revision, where all new renewable energy projects will no longer receive tax concessions and will be taxed at 24%. Therefore, all new hydro, solar and other renewable projects, will have to carry a much higher tax component. Payment delays by the CEB, on top of these financial constraints, will contribute towards putting added pressure on our cash flows.

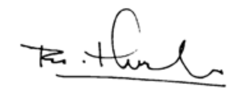
Notwithstanding the above challenges, there are significant opportunities for PAP to expand market share and generate value for our shareholders. We are a strong contender for a number of other renewable energy projects that are lined up to be tendered under the CEB's long term power generation plan. We are also on the lookout to accommodate other forms of renewable energy, such as wind power and biomass, and we are already evaluating a number of foreign projects in Myanmar and in a few other offshore locations. With renewable energy demand on the rise both locally and globally, I am confident 2020 will prove to be a year of opportunity for PAP.

Further, in July 2019 PAP secured an investment from the Emerald Sri Lanka Fund, which seeks to invest in fast growing Small and Medium Enterprises (SMEs) in Sri Lanka. The Fund's backing not only validates the Company's efforts made over the past few years, but will help to strengthen PAP's pursuit of our global expansion strategy in the coming years.

Acknowledgements

I would like to thank the Chairman & Board of Directors for the tremendous support provided throughout the year, and in particular with regards to new project development. I am fully appreciative of the PAP staff and their hard work in driving the Company towards success in these challenging times. I would also like to thank the officials of the CEB for their assistance with regards to regulatory and policy matters. I believe our projects have succeeded because of the support of the communities in project locations, and I would like to acknowledge their loyalty to the Company, while thanking all other stakeholders for their continued faith in the Company.

Sincerely



Pathmanatha Poddiwala
Chief Executive Officer/
Executive Director

Global renewable energy status

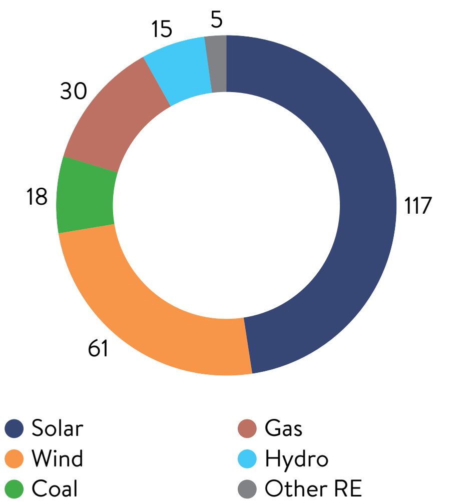
Renewable energy sources accounted for almost two-thirds of global new power generation capacity additions in 2018, according to the Renewable Capacity Statistics 2019 report of the International Renewable Energy Agency. Asia alone accounted for 61% of the total new renewable energy installations in 2018, registering a growth of 11.4% (International Renewable Energy Agency, 2019a). Oceania recorded the fastest growth of 17.7%, mainly driven by a large increase in the Australian solar power generation capacity.

According to the Global Market Outlook for Solar Power, in 2019, global solar power capacity increased by 13% to 116.9 GW, marking a new annual installation record. Almost half of the global net power plant capacity installed in 2019 was based on solar PV technology. While solar's combined electricity output reached a mere 2.6%, this highlights the immense growth potential, which is increasingly in reach.

Analysis from various sources substantiates the fact that utility-scale solar is often the lowest cost power generation technology, with costs continuing to go down. Solar tariffs in the 1 US cent range were reported from four different regions: Latin America, North America, Europe, Middle East.

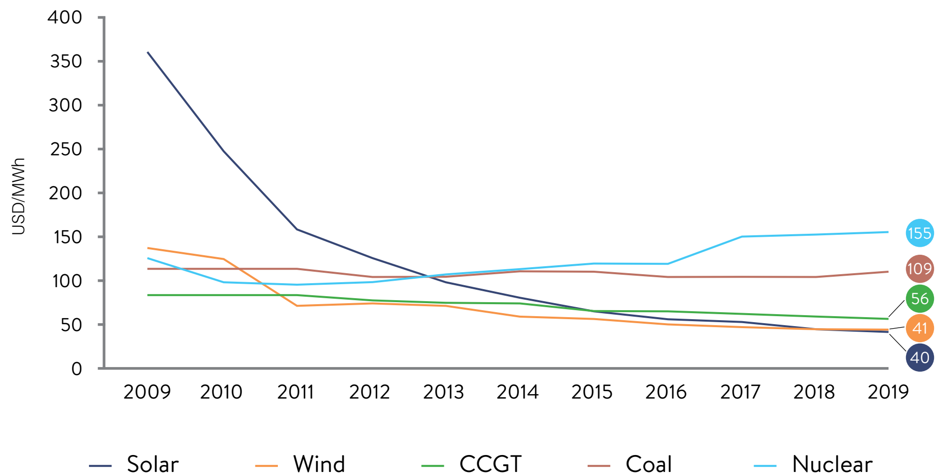
This growth in renewables usage averted 215 million tonnes of CO2 emissions in 2018, of which a major portion was achieved through the transition to renewables in the power sector (International Energy Agency, 2019b). Brazil, which had been heavily reliant on hydropower (over 80% of national electricity demand), turned to other renewable technologies to meet rising electricity demand while reducing the country's vulnerability to energy shortages in drought years, an example Sri Lanka could look to replicate. Although coal continues to be the largest primary energy source, India is increasingly tapping into its vast renewable energy potential and increasing investment in solar power with the aim of becoming a world leader in renewable energy.

Figure – 1
Net Power Generating Capacity Added in 2019 Globally by Main Technology (GW)



Source: Frankfurt School – UNEP Centre/BNEF (2020)

Figure – 3
Solar Electricity Generation Cost in Comparison with Other Power Sources 2009-2019



As can be seen by the rapid uptake of renewable energy globally, it is now a clear alternative to fossil fuels, creating jobs, reducing emissions and is better for the economy. We also see renewable energy investments as a great mitigation plan against COVID-19, providing sustainable returns, creating jobs, boosting investment, economic growth and providing energy self-sufficiency.

Sri Lanka's electricity generation

While Sri Lanka's electricity generation increased in 2019, the contribution by non-conventional renewable energy (NCRE) sources, including mini hydropower plants, declined during the year. The shares of hydro, fuel oil, coal and NCRE power generation in the total generation were 24%, 32%, 34% and 11%, respectively, during 2019. Power plants owned by the CEB contributed 71.1% of the total power generation in 2019, while the remainder was purchased from independent power producers(IPPs) like PAP highlighting the crucial nature of IPPs in the power mix for the Country.

Table 3.3
Electricity Sector Performance

Item	2018 (a)	2019 (b)	Growth Rate (%)	
			2018 (a)	2019 (b)
Installed Capacity (MW)	4,046	4,213	-2.2	4.1
Hydro (c)	1,399	1,399	1.1	-
Fuel Oil (d)	1,137	1,282	-12.1	12.8
Coal	900	900	-	-
NCRE (e)	610	632	8.7	3.6
Units Generated (GWh)	15,374	15,879	4.8	3.3
Hydro (c)	5,149	3,783	68.4	-26.5
Fuel Oil (d)	3,629	5,016	-28.1	38.2
Coal	4,764	5,361	-6.7	12.5
NCRE (e)	1,832	1,718	25.1	-6.2

(a) Revised
(b) Provisional
(c) Excluding mini hydro power plants
(d) Inclusive of Independent Power Producers (IPPs)
(e) Refers to Non-Conventional Renewable Energy including mini hydro

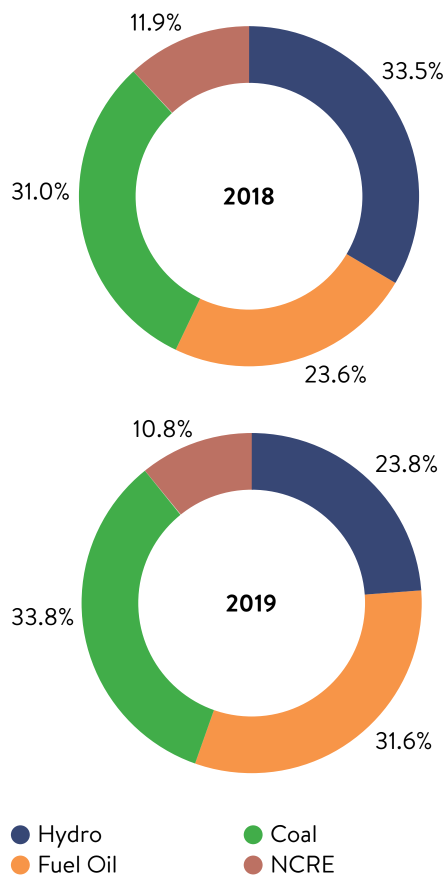
Source: Central Bank Annual Report 2019, Electricity Sector Performance

Total electricity generation increased by 3.3% to 15,879 GWh in 2019, in comparison to 15,374 GWh generated in 2018, with increased dependence on thermal power generation. The drought conditions that prevailed during the first seven months of the year resulted in a decline in hydropower generation excluding mini hydro generation, by 26.5% to 3,783 GWh in 2019. However, the share of hydropower in electricity generation gradually improved towards the end of the year with increased rainfall to the catchment areas. Meanwhile, the generation of electricity through fuel oil and coal increased by 38.2 % and 12.5%, respectively, to 5,016 GWh and 5,361 GWh, respectively.

Outputs from non conventional renewable energy (NCRE) sources, including mini hydropower plants to electricity generation, decreased by 6.2%, to 1,718 GWh in 2019 compared to the previous year, again due to drought conditions.

Towards the end of the first quarter of 2019, hydropower generation dropped drastically, and the CEB operated all thermal power plants including high cost gas turbines at their maximum capacity while resorting to load shedding to accommodate the increased electricity demand. The CEB issued a schedule for daily power cuts during March and early April in 2019. However, interruptions to electricity supply ended with effect from 11 April 2019. These power cuts caused a considerable level of inconvenience to the public while activities in the industry and services sectors were also affected.

Figure – 3.3
Electricity Generation Mix (GWh)



Source: Ceylon Electricity Board

The implementation of the generation expansion plan of the CEB remained stalled due to bureaucratic inefficiencies and flaws in tender and procurement processes, exacerbating further financial losses to the CEB. While solar can compete with thermal power, the rapidly decreasing cost for batteries enables solar + storage to outcompete emergency power as well, which would reduce losses at CEB.

Renewable energy sector in Sri Lanka

Over one third of the electricity generation in the country is achieved using renewable resources, primarily hydropower. The Sri Lanka Sustainable Energy Authority (SLSEA) aims to increase the share of renewable energy, apart from major hydropower, in power generation from the current level of 10.7% to 15% by end-2030.

In addition, the government launched a community based solar power generation project in 2016, Soorya Bala Sangramaya, in collaboration with the SLSEA, the CEB and the Lanka Electricity Company (Private) Limited(LECO). This programme expected to add 200 MW of solar electricity to the national grid by 2020 and expects 1,000MW by 2025. In 2019, 1,545 consumers joined the Soorya Bala Sangramaya, and 18 MW have been added to the national grid under the project. PAP has around 4 MW of rooftop solar power generation capacity under the Soorya Bala Sangramaya, however, the current policies are ineffective in delivering renewable energy investments.

Meanwhile, the construction of several wind power plants in Mannar and Pooneryn are in progress. In 2019, the prefeasibility study for the Pooneryn solar-wind hybrid energy park was conducted by the International Finance Corporation (IFC). Accordingly, it has been proposed to develop a 130 MW solar power plant in the first stage of the project within a two year period and develop a 238.5 MW wind power plant during the next three year period. Meanwhile, 35 solar photovoltaic (PV) projects, in which each project has the capacity of 1MW, were under construction, while tender awards for 75 solar PV projects were in progress in 2019.

The primary barrier for the usage of NCRE such as solar and wind in Sri Lanka, is the intermittent nature of the generation, which is used as a reason to not increase NCRE capacity. However, as can be seen in other countries, NCRE, if implemented properly with the appropriate national policies can be a key component of the generation mix without sacrificing reliability and are often cheaper in the long run compared to the fossil fuel alternatives, especially in Sri Lanka where raw material is required to be imported.

Energy Sector in Zambia

Of the total installed Electricity Generation Capacity of Zambia of 2,347 MW, hydropower is the most important energy source in the country with 2,259 MW (96%), followed by diesel contributing about 4% to the national energy supply. Zambia's demand for energy has been rising due to robust GDP growth of more than 6% per year for the past decade in the country, particularly in the mining, manufacturing and agriculture sectors.

According to the Zambia Development Agency (ZDA), the demand for electricity in the country has been growing at an average of about 3%, or between 150 and 200 MW, each year. However, there has not been any major addition to the country's generation capacity in the last 20-30 years despite a growing demand for power over the years. Therefore, it is well placed for renewable energy investment.

PAP is currently performing a feasibility on an 8MW hydro plant in Zambia under the GET FiT Zambia scheme. GET FiT Zambia, administered by German Development Bank, KfW, is designed to assist the Zambian Government in the implementation of its renewable energy feed in tariff (REFiT) strategy and aims to procure and support Independent Power Producer (IPP) projects up to 20 MW.

GET FiT Zambia has developed a set of tools designed to help create an attractive environment for private investors. Besides the procurement and transaction support, this includes a viability gap funding component, grid integration support and a technical assistance component – with the aim of realising a transformational impact on the Zambian power sector and its private sector involvement.

STRATEGY AND RESOURCE ALLOCATION

Having entered the Sri Lankan mini-hydropower sector in 2002, PAP is one of the oldest and most experienced public renewable energy producers in Sri Lanka with a clear vision of its future direction backed by years of climate, market and policy experiences.

In 2019, the PAP Board approved a diversification strategy to direct the Company's future growth within the 4 year period of 2019 to 2022. The strategy was developed based on an extensive assessment of both local and global renewable energy trends, which are discussed in the chapter titled "Operating Environment," of this report. The current financial year of 2019/20 encompasses the first stage of the deployment of this 4 year strategic blueprint.

The PAP diversification strategy envisions a two-pronged growth drive of both product and market diversification. Under product diversification, PAP will enter different renewable energy categories and into third party EPC contracts (engineering, procurement and construction). Simultaneously, under market diversification, the Company will target geographic expansion, both within Sri Lanka and in a number of strategic foreign destinations.

Strategic Goals 2019 - 2022

- Increase power generation capacity to 30 MW by December 2021.
- Generate 15% of revenue in US dollars by 2022.
- Vertically integrate within the energy space.
- Be the preferred partner for investors, industrial & retail customers and communities.
- Increase energy footprint by diversifying geographically – local and global business expansion.
- Diversify the sources of renewable energy.
- Focus on minimal impact to the environment.
- Develop green financial services in Sri Lanka.

Product diversification

Currently, PAP has set-up power generation facilities across Sri Lanka to gain advantage from the two monsoon seasons and adequate sunlight throughout the year to generate power at optimal levels. As operational efficiencies of power plants are dependent on rainfall and solar irradiation, such a diversification strategy has resulted in the Company being able to mitigate the risks of lower-than-expected rainfall and solar irradiation in any one geographical region.

Hydropower Projects

As at end March 2020, PAP had three hydropower plants in commercial operation which were commissioned between 2004 and 2017. PAP sells generated power from these plants to the Ceylon Electricity Board (CEB) under long-term Power Purchase Agreements (PPAs). The weighted average remaining life of these contracts as at 31st March 2020, is 14 years (based on gross long-term average production and renewal of Rathganga for 20 years).

Solar Power Projects

Going forward solar power will be a growth segment as this is the trend due to the reducing cost of solar power and the limited availability of hydropower sites and wind sites in Sri Lanka. The average weighted life of the agreements on our solar assets is 18.8 years.

Rooftop Solar Projects

In 2017/18 PAP commenced construction of 3 rooftop solar power projects. The portfolio expanded to 7 rooftop solar projects in 2018/19 and 4 projects totalling 1 MW of solar power were commissioned during the year. The balance six rooftop solar power plants based in Kurunegala were commissioned in 2019/20 for a total rooftop portfolio of 4 MW as at 31st March 2020.

Ground Solar Projects

Construction of our first ground solar power facility in Beliatta began in January 2019 which was a 1 MW plant, commissioned by July 2019. The land for this project was sustainably sourced and all relevant approvals were received from the environmental authorities. This project was the 3rd commissioned ground solar project in Sri Lanka under the CEB's 1 MW x 60 tender, highlighting PAP's commitment and expertise in developing projects in Sri Lanka.

Market diversification

Pursuing the strategic goal of global geographic diversification, PAP is studying available hydropower and solar power opportunities in Africa and Asia. Currently PAP is evaluating opportunities in Zambia, Nepal and Myanmar.

The Company has already been pre-qualified under GET FiT Zambia, an organisation supported by KfW (the German development bank and parent to DEG, one of the investors in the Emerald Fund) which will assist the Zambian Government in the implementation of its REFiT Strategy which aims to procure 200 MWs of renewable energy projects.

This is an opportunity for PAP to venture overseas with our expertise in hydropower and create value for our shareholders, while also moving towards the achievement of our strategic goal of 15% of revenue in US dollars by 2022. By earning in US dollars in Zambia, the Company hopes to offset the Sri Lankan rupee currency depreciation risk as well as the Sri Lanka country risk.

STRATEGY AND RESOURCE ALLOCATION

Critical Success Factor	Strategy	Progress to Date
Stable and long-term government policies for the procurement of new renewable energy capacity, whether through requests for proposals, or other mechanisms.	• Working with relevant regulatory authorities to reduce red-tape and amend disadvantageous policies to promote investment in the renewable energy sector	PAP is a member of lobby groups both for solar and hydro. Through these avenues, we are regularly kept up-to-date on any proposed policy changes which could affect our business operations, thereby enabling us to proactively counter any negative impacts and capitalise on expected opportunities.
PAP's capacity to evaluate and secure the best prospective sites and projects for the development of new projects, in cooperation with local communities.	• Recruitment of experts to evaluate potential sites • Building good relations with community members • In-house design, EPC and project management team	• The Group employs a team of highly qualified experts with many years of experience in identifying, studying and developing locations for both hydro and solar power plants in Sri Lanka. • Prior to any investment, a comprehensive financial, social and environmental feasibility studies are performed to ensure compliance with regulations, reduce negative impacts to the environment, and minimise any unexpected costs.
PAP's ability to pursue and secure financially attractive PPAs and obtain required environmental and other permits.	• Employ a team with relevant qualifications and experience.	• PAP has a team of experts with strong local connections to ensure PPAs are signed as soon as possible at tariff rates which meet the Company's investment criteria. • The team is up-to-date on the latest compliance requirements and is experienced in obtaining the requisite permits.
PAP's ability to make accretive acquisitions in both Sri Lanka and abroad and the ability to finance its growth.	• Develop partnerships with organisations and other experts in the field	• PAP has a team deployed both in Africa and Sri Lanka to find and source appropriate new projects. • PAP secured funding from the Emerald Fund during 2019 to finance future growth. • The Company has built relationships with banks and other investors to help finance larger projects. • The above factors allowed PAP to be pre-approved by GETFit Zambia.
Retain key staff and maintain key relationships for long-term sustainable growth.	• Develop attractive remuneration and professional and skills development plan for key team members.	• The Company has formulated a HR plan in collaboration with PwC to ensure employee motivation, engagement and retention.

Future growth

Hydropower: Two hydropower projects in the secured pipeline – Padiyapelella phase 2 and Lower Kotmale Oya – were scheduled to begin construction by early 2019. However, they have been delayed due to delays in issuance of LOIs.

We are finalising the feasibility for the 8 MW hydropower plant in Zambia under the GET FiT scheme.

In addition, we are in the process of evaluating 20MWs of hydro projects in Laos.

Solar : PAP has five ground solar projects with a total capacity of 5 MW in the secured pipeline. The projects are spread across the South and East of Sri Lanka.

We are also in the process of evaluating 40 MWs of ground solar projects in Zimbabwe, Myanmar and Mongolia.

Country	Capacity	Location	Status	Type
Sri Lanka	4 MW	Anuradhapura	Planned commission date November 2020	Rooftop Solar
Sri Lanka	3 MW	Matara	Planned commission date December 2020	Ground Solar
Sri Lanka	2 MW	Maho, Pannala	Planned commission date March 2021	Ground Solar
Zambia	8 MW	Mansa, Zambia	Planned commission date mid 2023	Mini Hydro
Sri Lanka	2.5 MW	Padiyapelella	Awaiting LOI	Mini Hydro
Sri Lanka	2 MW	Lower Kotmale	Awaiting LOI	Mini Hydro

Resource allocation

PAP allocates adequate resources to support the Company's future growth plans discussed above. The resource allocation is reviewed regularly and adjustments are effected based on ground situations and the systemic risk profile of the Company.

PAP has already calculated and made initial estimated provisions for additional resources for the next 3 years to support the Company's growth strategy. This includes increased funding towards investment in hydropower generation, both in Sri Lanka and in foreign markets and for expansion of the Company's solar power footprint in Sri Lanka, and to also explore opportunities in other renewable energy sources. In line with its global expansion objectives, PAP has made provisions to support new market development initiatives within the next 3 years. These investments into business expansion, are backed by investments into human resource development, acquisition of additional information technology support and provisions for new technologies. To ensure overall sustainability of the Group, as well as individual projects, PAP has made prudent financial provisioning to strengthen governance and internal control mechanisms across the Group.

The strategic resource allocation over the next 3 years, is tabulated below.

Resource allocation type	Target 2020/21	Target 2021/22	Target 2022/23
Hydro power investment	Rs. 50 mn	Rs. 1.6 bn	Rs. 1 bn
Solar investment	Rs. 1.2 bn	Rs. 1 bn	0
Investments in other renewable energy sources	Rs. 20 mn	Rs. 20 mn	Rs. 20 mn
Human capital development (Rs.)	Rs. 1 mn	Rs. 2 mn	Rs. 4 mn
IT systems (Rs.)	Rs. 6 mn	Rs. 3 mn	Rs. 3 mn
New market development	Rs. 5 mn	Rs. 7 mn	Rs. 10 mn
Governance and internal control (Rs.)	Rs. 4 mn	Rs. 8 mn	Rs. 15 mn

STAKEHOLDER ENGAGEMENT

Stakeholders are individuals or groups, internal or external to an organisation, that have an interest in any decision or activity of an organisation, and may have the power to influence organisational decision making and policies, as in the case of shareholders. Therefore, identifying key stakeholder groups and prioritising stakeholders by their level of influence is essential for organisational sustainability. Obtaining key stakeholder support for organisational policies and operational activities could enable an organisation to access market opportunities, while enhancing organisational credibility among influence groups.

PAP has continually invested in engaging with its various stakeholders to ensure stakeholder satisfaction and support, as the Company continues to pursue its growth objectives. Effective stakeholder engagement :

- enables PAP to sense the needs of stakeholders and to respond appropriately
- ensures engagement with stakeholders in a customised, coherent and consistent way
- enables better planned and more informed policies, programmes and products/services aligned to stakeholder expectations
- supports other strategic initiatives
- positions stakeholder engagement as an enabler of the group's business success
- facilitates effective internal collaboration and knowledge sharing about stakeholder interests, needs and positioning
- communicates the importance that PAP places on engaging with its stakeholders

Our stakeholders

The Board and senior management are fully cognisant of the importance of stakeholder satisfaction and the Company has identified its primary stakeholder groups to ensure that correct engagement strategies are developed and deployed towards engaging priority stakeholders in the most productive manor. The primary stakeholder groups of the Company are:

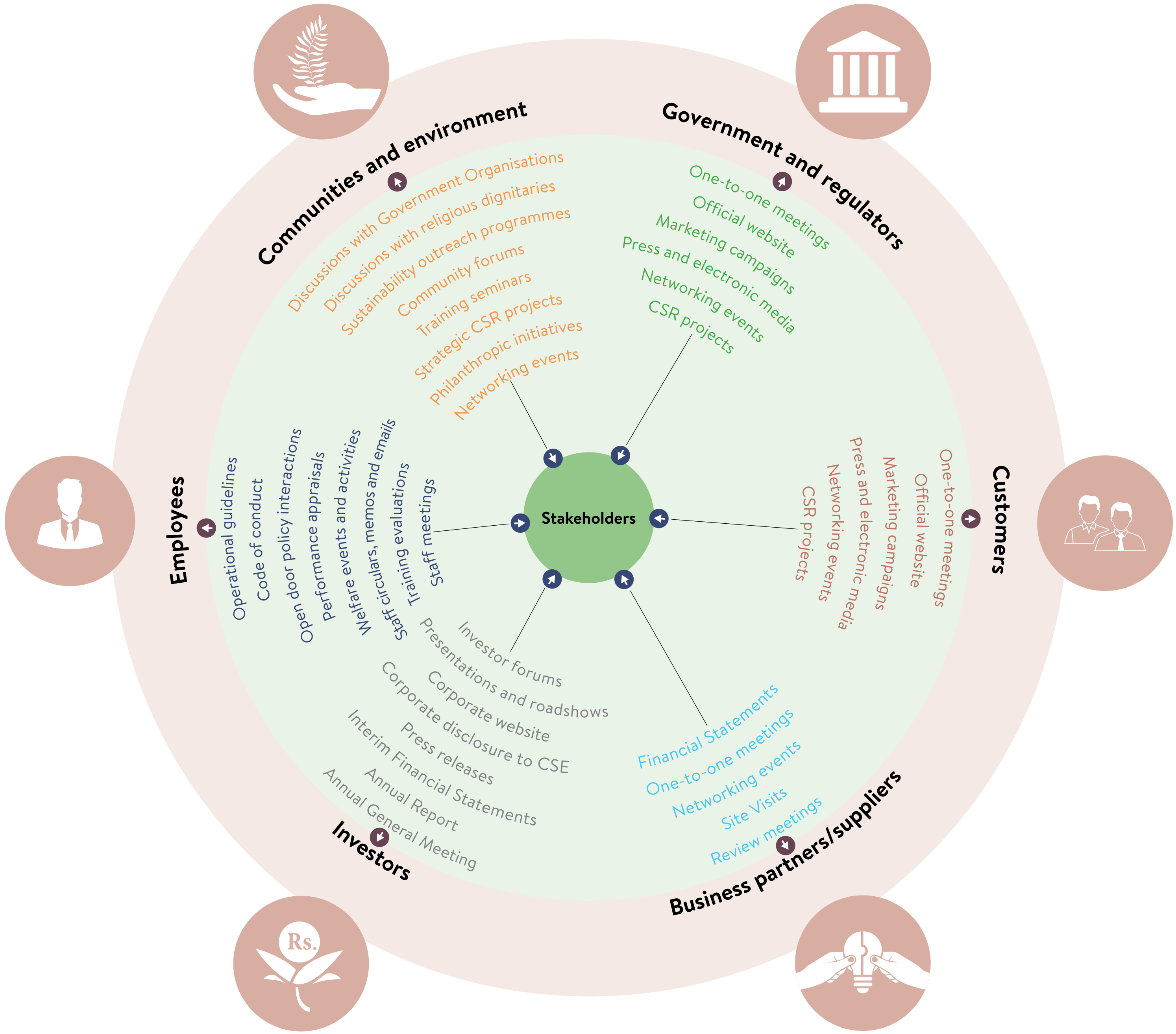
- Shareholders
- Employees
- Communities and the environment
- Government and regulators
- Customer
- Suppliers/banks
- Media/analysts

PAP values its stakeholders for their contributions towards the success of the company and has in place well structured and effective stakeholder engagement strategies that facilitate effective communications and support from its diverse groups of stakeholders, while effectively negating adverse stakeholder outcomes through proactive and transparent communications. To illustrate PAP's commitment to stakeholder engagement, the CEO, CFO, and the Environmental and Social Safety Officer support the implementation of the stakeholder engagement strategy in all group entities. This also involves creating engagement opportunities that will help PAP to build sustainable relationships and protect its reputational and brand value.

For example

- We held a number of meetings with shareholders through the EGM and AGM
- We conduct a strategy session and monthly management meetings with employees
- We hold consultations with the communities we work in and include CSR as part of all budgets
- We are members of lobby groups including the solar and hydro associations and hold regular discussions with the regulators in Sri Lanka including our main customer the CEB.
- We also released a number of articles during the year as well as hold quarterly earnings calls to update analysts and shareholders.

STAKEHOLDER ENGAGEMENT



CAPITAL MANAGEMENT REVIEWS

FINANCIAL CAPITAL

The financial capital base of PAP is the essential basis of all PAP's operations and encompasses the pool of funds available to the Company. This includes both debt and equity finance, revenues from operations and investments, which has enabled the Company to acquire its manufactured or other forms of capital, and also reserves, retained profits and total value of assets which demonstrate the stability and strength of the Company. The optimum management of the financial capital base is vital for the survival and performance of the Company, and PAP's objective is the most efficient financial management to create the highest value for all stakeholders of the Company while achieving the strategic objectives of the Company.

The status of PAP's financial capital as at the end of the financial year 2019/20, is summarised below.

	2016/17	2017/18	2018/19	2019/20
Equity (Rs.)	1,264,994,881	1,393,948,207	1,648,405,871	**2,178,890,092**
Debt (Rs.)	740,022,836	746,734,723	1,116,638,760	**1,529,845,985**
Revenue (Rs.)	204,567,345	489,392,823	761,280,652	**563,814,790**
Retained profits (Rs.)	347,400,747	453,226,549	691,573,610	**701,817,869**
Reserves (Rs.)	243,960,597	224,161,998	201,136,991	**316,396,210**
Investments (Rs.)	878,393	-	124,354,122	**39,635,267**
Total assets (Rs.)	2,135,707,075	2,348,386,248	2,983,028,454	**3,963,671,999**

Investment from Emerald Fund

During the previous financial year PAP secured a Rs. 400 million investment from the Emerald Sri Lanka Fund I Limited. The Emerald Fund is a private equity fund that makes growth capital investments in the range of US$2 million – US$6 million in equity and equity-linked securities.

The Emerald Sri Lanka Fund is managed by NDB Zephyr Partners Limited, a joint venture between NDB Capital Holdings Limited and Zephyr Management L.P (USA). Funding is from the International Finance Corporation (IFC), Deutsche Investitions-und Entwicklungsgesellschaft (DEG) and the Netherlands Development Finance Company (FMO).

Utilising these funds, PAP hopes to develop the solar portfolio faster, while leveraging relationships and management expertise to commence operations overseas.

Shareholder value creation in 2019/20

PAP is fully conscious of its obligations towards its valued shareholders and has ensured continued shareholder value creation through its business activities that have been expanding into the strategic new sector of solar power generation and by ensuring the most efficient cost-benefit outcomes of fund utilisation. During the current financial year PAP reported a ROA of 4.40% and an ROE of 8%. PAP has a dividend payout ratio of 92% and paid Rs 125,000,000 in dividends for the year. The EPS of the company was Rs. 0.24 for the year.

Shareholder value creation for 2019/20 (Rs.'000s)

	2018/19	2019/20
Net income	371,337	**152,708**
Net Income attributable to shareholders of parent	332,236	**138,912**
Total assets	2,983,028	**3,963,672**
Total Equity	1,648,406	**2,178,890**
Equity to shareholders	1,522,710	**2,048,214**
Dividends paid	95,000	**125,000**
ROA (%)	14.5	**4.4**
ROE (%)	24	**8**
Dividend payout ratio (%)	29	**92**

Debt management

PAP obtains funding for projects through debt capital in the form of commercial loans or through concessionary lending schemes. However, all debt is assigned to a project. Through rigorous modelling and evaluation of projects, we assess the appropriate debt level in consultation with banks. Generally, we aim for a 70% debt to equity ratio. The project assets are usually secured against the loan allowing for a relatively low interest rate. Further we request grace periods to allow time for construction and commissioning of the projects. This ensures the project has sufficient cash flows to repay the loan.

The total debt of the Group increased from Rs. 1.1 Bn to Rs. 1.5 Bn as at end of the current financial year.

Capital expenditure

Our engineers work with approved suppliers to negotiate the best rates for equipment. The financial feasibility for projects is prepared based on this bill of quantities, which looks at not only price, but reliability and financial strength of the supplier to support any warranty claims.

Cash flow management

The Company's cash inflows comprise revenue receipts, loan proceeds, proceeds from shares and interest income. In addition, the Company also maintains healthy cash reserves. Based on our experience and modelling we assess the project cash flows and the ability to service the loans outstanding. Due to delayed payments to power producers by the CEB, PAP has taken a more cautious approach in cash flow management and maintains a buffer of cash reserves to account for any delays in payments and ensure suppliers are paid on time.

Revenue		
PAP	Hydro	119,810,368
MHPL		119,463,753
PHL		194,576,014
PAPSO	Solar	73,961,639
ECO		18,787,931
PAI	EPC	42,828,630
Intra segment revenue		(5,613,545)
		563,814,790

Earnings		
PAP	Hydro	146,628,655
MHPL		74,527,871
PHL		81,291,435
PAPSO	Solar	14,239,085
ECO		1,678,530
PAI		9,286,760
Construction in progress		90,388
Contribution from JV		1,997,469
Consolidation adjustments		(176,934,984)
		152,708,235

As an alternative energy producer involved in developing and managing alternative energy projects, PAP has a highly specialised and trained team representing a range of technical and professional skills.

The Company policy is to nurture and develop its team to ensure the highest standard of knowledge and expertise, to create an effective competitive advantage not only within the renewable energy sector in Sri Lanka but at a global scale. Therefore, the Company values its employees as an asset for the Company and has in place formal policies to facilitate the acquisition of the correct talent and skills.

As a full service renewable energy solutions provider we have an in-house team of experts for design, EPC and project management. Coming from a background in hydropower, we have multi skilled our employees so that they have a broad range of experience in hydro and solar including design, installation and maintenance.

PAP is an equal opportunity employer and all recruitments, promotions and wages are based on merit, with no discrimination on any type of demographics. PAP has implemented a formal Human Resources policy that encompasses all key aspects of human resource management including salaries and benefits, compensation, performance management, wellness, motivation and training. It also encompasses a Health and Safety policy.

As at end March 2020, PAP's total workforce stood at 55, a majority of whom were male and on the permanent employee cadre. The Company adheres to all applicable laws and regulations. The average age of employees of the Company is approximately 38 years with an average service period of seven years.

Employee profile

As at 31 March	2018	2019	2020
Total number of employees	50	45	**55**
Cost per employee	798,807	1,003,573	**1,455,140**

Total employees (permanent, contract, temporary, any other)

Contract	Male	Female
Permanent	39	3
Contract	10	–
Probationers	1	1
Trainees	0	1

Total employees by employment category and gender

The Company has relatively flat structure in the executive and above team to promote collaboration and communication between teams. An open-door policy exists within the Company and internal communications and discussions are encouraged to motivate and promote team work. Due to the harmonious management-employee relations the Company does not have a trade union although Company does not restrict employees from the right to join or form a union.

Employment type	Male			Female		
	2017/18	2018/19	2019/20	2017/18	2018/19	2019/20
Corporate Management	1	2	**3**	1	-	**-**
Senior management	1	3	**4**	-	-	**1**
Executive staff	5	7	**11**	1	1	**3**
Non-Executive Staff	28	33	**32**	-	-	**1**
Other Contracted Employees	-	-	**-**	-	-	**-**
Total	35	45	**50**	2	1	**5**

Occupational health and safety

All safety measures and best practices relating to workplace safety have been introduced to the Company and its operational sites to safeguard against the risk of workplace injuries and work related hazards.

Training

PAP's competitive advantage lies within the expertise of our workforce in the specialised and highly technical fields of different types of renewable energy production, transmission and project management. Therefore, skill development based on industry requirements and skill upgrades in conformity with global renewable energy technology advances, is essential for the Company's success.

PAP maintains a highly targeted training calendar to address skill gaps and to continually enhance skills of PAP employees. During the current financial year, the Company organised several relevant training and development opportunities for all personnel across all levels of the organisations to add to the intellectual capital value of the business while developing personal skills and expertise.

During the financial year under review, PAP invested Rs. 1,448,110 in training and development, which is an increase of Rs. 1,241,000 against the previous financial year.

Training programs on environmental management

A series of training sessions was conducted during the current financial year on the Environment and Social Management System (ESMS) by external consultants and in-house experts, to raise awareness among all categories of staff on the application and importance of the ESMS.

The Environment and Social Officer of PAP conducted a cycle of training for plant operators, OIC's and supervisors regarding the implementation of ESMS. These trainings included the methods to be implemented to achieve the outcomes of ESMS including waste management, plant efficiency, health and safety measures and emergency responses to be followed, non-compliance of ESMS, stakeholder engagement in handling community grievances and CSR activities. Several checklists were introduced to monitor each and every process during the training programme.

Training through external consultants

A familiarisation training programme on the ESMS was conducted by the external consultants Rividco, for the Management Representative Committee at the Head office, and a second training was conducted for all Plant Supervisors and Operation In Charge (OIC) of mini hydro and solar power plants operated by the company.

The topics covered during the training programmes include: the importance of ESMS, relevant procedures to be followed for hydro, solar projects across construction and operation stages, instructions on specific local environment and social conditions, procedures/guidelines, indicators and frequency for environment monitoring programmes, operational procedures and defined roles/responsibilities for external communications and grievance mechanism, company contribution to CSR activities and stakeholder engagement process across project life periods.

MANUFACTURED CAPITAL

As a renewable energy producer, PAP's primary manufactured output is electricity generated from hydropower or solar power. In addition, physical assets are an essential component of the company's manufactured capital base, to generate its outputs. This manufactured capital base is PAP's specialised power production-oriented plant and equipment, tools and other physical assets that are required for the efficient and effective production of renewable energy continually throughout the year. The manufactured capital base is vital for PAP's sustainable development to enable the company to be flexible and responsive to market needs, to be more price competitive and to utilise available resources more efficiently through the use of new technologies.

Portfolio of Assets

A summary of PAP's investments in its of physical assets and changes to this asset base are tabulated below.

Fixed assets	2017/18	2018/19	2019/20
Hydro related plant and equipment (Rs.)	1,130,750	10, 471,794	**15,050,699**
Solar related plant and equipment (Rs.)	0	61,770,335	**487,880,434**
Computer hardware and office equipment	1,236,536	561,756	**1,601,955**
Any other manufactured assets	660,008	509,690	**20,324,000**

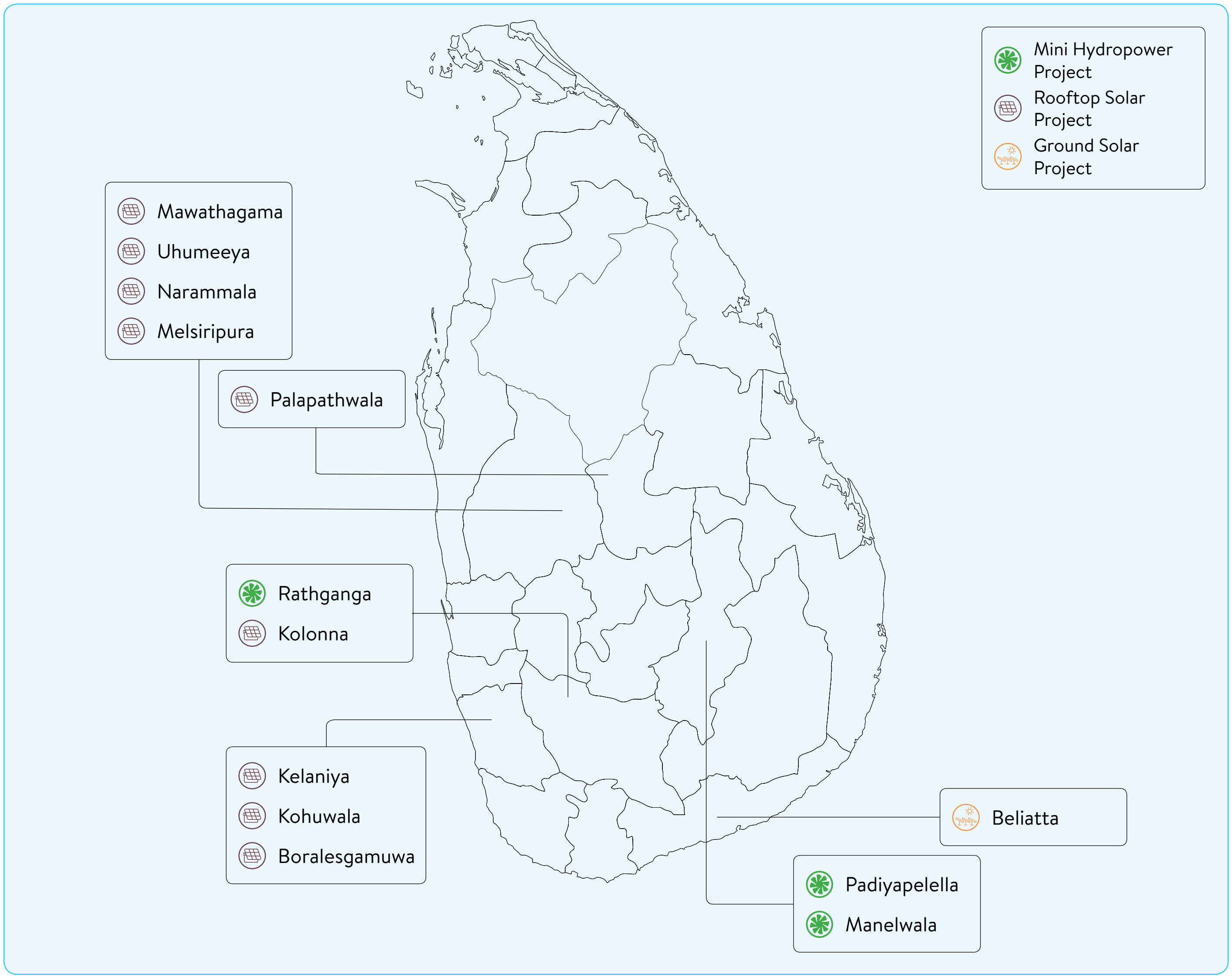
PAP's recent strategy has been to invest in solar projects, therefore, there has been an increase in physical assets related to the production of solar power. The Company has expanded the manufactured capital base pertaining to solar power generation by importing and assembling ground and rooftop solar power plants. Therefore, the investment in solar power related physical assets have increased from zero by the end of 2017, to Rs. 485 million in the current financial year.

Investment growth in hydropower related physical assets has recorded a much slower rate of growth during the year, due to the large scale investments in this sector in previous years. During the current financial year installed hydro equipment has been due upgrading existing hydro power plants through repairs and maintenance. The total investment in this sector has increased from Rs. 10.4 million to Rs. 13 million, year-on-year.

PAP has added value to its existing manufactured capital base through efficient design of its power plants and use of high quality materials to commission and maintain projects whilst maximising income.

Location of physical assets

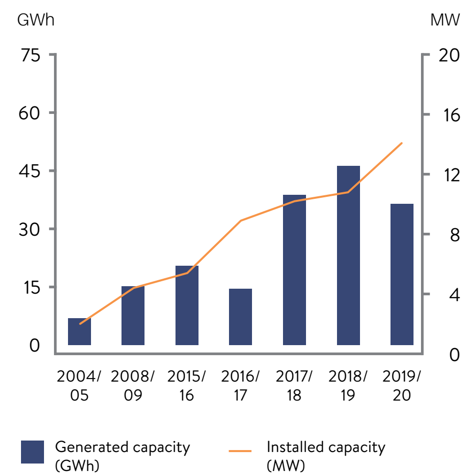
Type of project	Locations	Installed Capacity MW	Power Generation Average Annual MWh
Hydropower plants	Padiyapelella	3.5	13,979
	Manelwala	2.4	9,460
	Rathganga	3.0	11,826
Rooftop solar power plants	Kelaniya	0.9	735
	Kohuwala	0.3	369
	Kolonna	0.3	375
	Boralesgamuwa	0.4	490
	Uhumeeya	0.5	613
	Melsiripura	0.3	380
	Narammala	0.2	245
	Palapathwala	0.6	736
	Mawathagama	1.0	1226
Ground solar power plants	Beliatta	1.0	1402



The total output of the company as at 31 March 2020

Year	Generated capacity GWh	Installed capacity MW
2004/05	6.7	2
2008/09	14.64	4.4
2015/16	19.78	5.4
2016/17	14.0	8.9
2017/18	37.45	10.2
2018/19	44.66	10.8
2019/20	35.5	14.4

Generation increasing year on year



Operational efficiencies

Process and operational advancements are an integral part of operating power generating plants at optimal levels. PAP has been concentrating on reducing the downtime of plants and was able to keep downtimes below industry averages. During the year under review, PAP invested on upgrading and maintaining our hydropower power plants which have been operational for an average of nine years together by implementing industry best practices for maintenance and operations of our plants.

Demonstrating the operational efficiencies achieved by PAP through ongoing efficiency enhancement activities, the downtime of our solar and hydro plants have continued to decrease as tabulated below.

Given its position as an industry leader, the Company takes every effort to maintain downtime at minimum levels. Towards this end, it continually and consistently services the machinery at its plants to keep them in optimal operational condition and also schedules servicing during the dry season to ensure further efficiency of operations, as it did in Q2 17/18 at Manelwala and in Q2 17/18 at Padiyapelella power plants . While unpreventable downtime can occur in relation to the national grid, the Company does it optimum to ensure smooth functioning via a high degree of equipment monitoring and maintenance.

Year	Hydro Plants – Controllable Downtime %											
	Manelwala				Padiyapelella				Rathganga			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
2017/18	0.08%	100%	1.6%	1.54%	0.45%	41.56%	0.15%	0.53%	0.48%	0.44%	0.2%	0.1%
2018/19	0.23%	0.15%	1.77%	0.26%	0.43%	0.1%	0.12%	0.01%	0.06%	0.29%%	0.17%	0.04%
2019/20	0%	0.01%	0.84%	0.21%	0%	0%	0.23%	11.69%	0.06%	0.04%	0.04%	0%

Year	Actual Average Plant Factor Comparison %									
	Rathganga	Manelwala	Padiyapelelle	Beliatta	Hela Projects	Jinadasa Brothers	TIC Solar Kelaniya (Hela)	TIC Solar Kelaniya	PAP Solar Kohuwala	PAP Solar Kolonna
2017/18	44.98%	24.20%	40.92%	-	-	-	-	-	-	-
2018/19	50.30%	42.50%	69.87%	-	-	13.60%	15.19%	-	16.02%	14.53%
2019/20	20.32%	30.08%	39.62%	15.20%	13.10%	12.55%	13.37%	13.33%	9.71%	12.11%

**Low plant factor due to roof repairs by owner*

INTELLECTUAL CAPITAL

In the modern corporate setting, intellectual capital encompasses a wide range of intangible assets owned by a company in many different forms including but not limited to, the knowledge and expertise of its personnel and the intellectual properties owned by a company which includes patents, trademarks, brands, industrial designs and copyrights, among others. In the modern knowledge economy the business value of intellectual assets have grown exponentially increasingly accepted as an indicator of a company's competitiveness and future potential for growth. Intellectual capital contributes directly toward increasing a company's profitability and enables companies to develop new products and services, technologies and new business processes, thereby becoming an important resource and a key contributor to the economic success and value creation in a business. In the business environment of today, intellectual capital is one of the most critical factors that bring about development and competitiveness in organisations.

As a specialist in renewable energy development with over 100 years of combined experience, PAP has unmatched intellectual assets in the form of organisational knowledge and in-house expertise. Our team has a deep knowledge of the industry in Sri Lanka due to extensive hands on experience which extends into decades of changes in the energy sector in the country. Our industry knowhow and market knowledge, combined with technical application, particularly in hydro power generation and solar power, has enabled the creation of a unique intellectual knowledge base of expertise and experience that gives us a predominant position within the domestic renewable energy sector.

In addition, the company has invested in software and systems to support its activities and to add value to its intellectual capital base.

PAP strategy to enhance intellectual capital

PAP recognises that intellectual capital is vital for future competitiveness and for continued value creation for stakeholders. Therefore, the company has in place a strategy to encourage the enhancement and advancement of collective organisational knowledge in all business sectors. The Company maintains an open door policy where employees can suggest training and development that further their careers growth options and the company will consider financing such training. During the current financial year the Company sent 6 employees from the head office staff on various trainings. The Company has also recruited a more diverse employee base and provided relevant training in different operational areas to facilitate corporate strategy execution.

Improvements to intellectual capital

	2016/17	2017/18	2019/20
Training and Development	Nil	1 mn	**1.4 mn**

During the current financial year, the intellectual capital base was enhanced with software improvements to the value of Rs 0.7 million. In addition, a number of actions were initiated to strengthen the knowledge base of the company, including the provision of technical training for staff and the recruitment of a Social and Environmental Officer to implement the Social and Environmental System. The company expanded its solar energy generation footprint, thereby also expanding the industry, market, regulatory and technical knowledge base of the company in the specialised and emerging solar energy sector of Sri Lanka. With its growing solar power portfolio PAP is one of the largest roof top solar companies in Sri Lanka and is the 3rd company in Sri Lanka to commission ground solar projects under the 1x60 MW Ground solar tender.

Foreign expansion plans of PAP have gained momentum during the year, exposing the Company and its personnel, to new operating environments together with new regulatory structures and business models. Much experience has been gained and organisation knowledge base enhanced, on overseas projects by performing due diligence studies in foreign markets and feasibility studies in Zambia.

NATURAL CAPITAL

Natural resources such as air, land, water and biodiversity are essential to sustain human life and the wellbeing of life, while also underpinning the resource base of businesses and business operations that depend on natural resources. Therefore conserving natural resources and also safeguarding them from contamination is emerging as a key corporate social responsibility worldwide, with growing consumer and government pressure on companies to adopt policies that are environmentally friendly and less polluting.

As a renewable energy developer, PAP contributes directly towards the conservation of natural resources by actively promoting and developing renewable energy solutions that contribute towards the preservation of limited fossil fuels, while eliminating the pollution associated with fossil fuel combustion. The natural capital base of PAP comprises land, water and sunlight that are utilised for the Company's business operations in various renewable energy generation sites within Sri Lanka. As a hydropower and solar power generator the Company does not cause air pollution and manages its waste to minimise environmental impacts.

PAP policy on natural capital management

As a renewable energy solutions provider, our aim to minimise our impact on the environment, in pursuit of our goals towards developing alternative solutions for energy in Sri Lanka and in foreign climates. This includes managing capitals in an appropriate manner.

Therefore, we only develop run-of-the-river hydro projects that cause minimum downstream impact. Our solar projects, whilst utilising land, are in non agricultural or high biodiversity areas. Further, we plant trees at our hydro sites, to offset any plant growth that is cut down.

Status of compliance

PAP is fully compliant with all Central Environmental Authority regulations and directives, and as an IFC invested company, we adhere to the IFC performance standards on environmental compliance. Our status of compliance is reviewed and monitored by a dedicated Compliance Officer on an ongoing basis to ensure total and timely compliance with all applicable environmental regulations. During the year, we did not face any fines or penalties for non compliance or delays in compliance with any applicable environmental regulations.

	2016/17	2017/18	2019/20
Expenditure on environmental responsibility/conservation projects (Rs.)	205,000	220,000	**1,100,000**
Energy consumption (kwh)	20,232	24,737	**43,974**
Water consumption (m^3)	581	359	**435**
CO_2 emission reduction	21,865 Tons/ Year	22,700 Tons/ Year	**26,800 Tons/ Year**

Water conservation

As a run-of-the-river hydro company, we do not consume water in hydro power generation at our hydro projects, as all water is fed back into the river. Therefore, no water is depleted in the production of electricity.

Energy conservation

Energy conservation is a philosophy we adopt in our daily operations to prevent waste of natural resources. Therefore, we have invested in energy efficient bulbs throughout our project sites to minimise energy consumption. The sites also use internally generated renewable energy for their own needs wherever possible.

Waste management

The PAP waste management strategy ensures that all waste is separated on-site and recycled wherever possible.

Environmental conservation activities

PAP conducts tree replanting programmes in its hydropower project areas to regenerate forest cover that was stripped in project development. Replanting is performed along the catchment areas of the Beliul Oya and Kurundu Oya in Padiyapelella and Manelwala mini hydro projects using a company maintained plant nursery.

As part of the environment conservation efforts of the Company, several plant species, which were maintained in the plant nursery in Padiyapellella, were used for replanting programmes along the catchment areas of Beliul Oya and Kurundu Oya. As the Company adheres to IFC guidelines, chemical fertilizers are not used. Instead, compost generated within the powerhouse is used for replanting programmes.

Around 200 saplings were planted last year along the two catchment areas and maintenance activities including fencing, watering, removal of weeds and other vegetation will be conducted by the Company for a period of 5 years.

Flow rates and downstream impacts

Monitoring of the environmental flow of all the three power plants is undertaken daily, as required under the Central Environmental Authority guidelines, and any hindrance to uninterrupted environmental flows are addressed immediately avoiding any downstream impacts.

SOCIAL CAPITAL

Social and relationship capital encompasses the diverse network of relationships both within and without an organisation, including relationships and engagements with external stakeholders as well as those who are not direct stakeholders of the organisation. Such relationship oriented capital is vital for business success providing companies with contacts, information and access to business opportunities and contributing towards developing strong supply chains and relationships with suppliers that enable value additions along the supply chain, customer loyalty, and assistance from government and regulatory bodies, and overall social credibility and community acceptance. An organisation's social license to operate is highly dependent on the strength of the organisations social and relationship capital. Therefore, organisations invest continually in establishing and strengthening social relationships that are aimed at supporting their short term and long term objectives.

PAP has a strong social capital base both internally within the organisation, where employee relationships and networking is encouraged through an open and transparent culture, and externally, within its network of stakeholders, which includes the communities among which the company operates. The Company's long standing brand name in the industry is a significant social asset that generates confidence and credibility among both existing and potential investors, while the wide and diverse network of contacts built over decades of operations contributes towards the resilience and profitability of the Company. In addition, the Company has to its name a number of operating licenses that provides legal sanction to its business activities which are essential to company operations. The many independent awards and accolades received by PAP is testimony to the Company's social acceptance and social value.

Awards and accolades

- PAP was recognised for its operational excellence at the National Business Excellence Awards 2019, by the National Chamber of Commerce of Sri Lanka, where PAP won the runner up award in the infrastructure and utility sector.

Improvements to the social and relationship capital base

PAP has continued to invest time and resources towards strengthening and extending its social and relationship capital base to ensure future social sustainability of the Company and its operations by enhancing stakeholder awareness about the Company and positioning PAP as a leader in the renewable energy industry in Sri Lanka. This includes conducting a range of stakeholder activities including a cocktail evening, regular shareholder meetings through the Board, and also corporate social responsibility activities.

	2016/17	2017/18	2019/20
Licenses including PPAs	16.5 mn	29.9 mn	**31.2 mn**
Marketing spend (Rs.)	<Rs. 1 mn	<Rs. 1 mn	**<Rs. 1 mn**
Customer base (Ceylon Electricity Board)	1	1	**1**
Supplier base (No.)	08	22	**11**
Expenditure on CSR activities (excluding environmental activities) (Rs.)	999,570	1,172,232	**1,403,740**

Operating licenses

During the current year, PAP invested in excess of Rs 31.2 million in obtaining a range of permits and licenses to authorise and validate its activities in renewable energy generation.

Investor relations

PAP has developed an investor relations plan that is deployed at the beginning of the year, which includes investor engagement activities for awareness building among investors regarding the Company's operations. Investor engagements include investor events, press releases, earnings calls and other activities.

Sungrow partnership

During the current financial year, PAP acquired the exclusive agency to retail Sungrow solar inverters. Following this partnership agreement PAP has launched a digital marketing drive through Whatsapp and Facebook to drive solar inverter sales.

Building overseas contacts

PAP has been expanding its renewable energy generation activities into foreign nations and a key component of this expansion has been building a network of contacts in international positions and in targeted foreign markets. During the year, the Company's network of contacts in East Africa and South/South East Asia has continued to grow, which has supported the development of the Company's overseas projects.

Corporate Social Responsibility (CSR)

PAP has traditionally maintained close relationships with communities in its projects locations to engage community acceptance for its projects and has invested in many community welfare activities, while making donations to community events. The Company has now adopted a more focused and impact driven approach to CSR by setting a 2 year CSR programme cycle focused around the United Nation's Sustainable Development Goals, on a thematic format. In 2019, PAP was at the commencement of a CSR cycle and the Company is on track to deliver the planned outcomes.

Solar units for dairy farmers

As a contribution that supports livelihood of communities, PAP provided a solar system to 30 dairy farmers in rural communities in Doluwa, in the Kandy District. Conducted by the Department of Mechanical Engineering, of the University of Peradeniya and the Korea Maritime and Ocean University (KMOU), the main objective of the project is to improve the production and quality of milk collected from rural community farmers, through effective utilisation of renewable energy applications. Through the project, a new, on-farm milk cooling module, with three PV solar systems, were installed (one 10 kW system and two 2 kW systems), to power the central cooling facilities at the Doluwa Fonterra milk collecting centre and two other milk collecting locations within the district.

NAITA training scheme

As one of the leading solar companies in Sri Lanka, PAP is partnering with the National Apprentice and Industrial Training Authority (NAITA) in Hambantota to provide their 1st ever on the job solar installation and maintenance training course for 10 trainees. The trainees are currently attached to our Matara site.

Milk Cooling Pilot Facility

RISK MANAGEMENT AND GOVERNANCE

BOARD OF DIRECTORS

Dr. Prathap Ramanujam
Chairman

Mr. Deepal Sooriyaarachchi
Independent Non-Executive Director

Dr. T. Senthilverl
Non-Executive Director

Mr. Deshan Pushparajah
Independent Non-Executive Director

Mr. Pathmanatha Poddiwala
CEO/Executive Director

Mr. S. Senthi Nandhanan
Non-Executive Director

Mr. Dilanka Jinadasa
Non-Executive Director

Mr. Elangovan Karthik
Independent Non-Executive Director

Mr. Senaka Kakiriwaragodage
Non-Executive Director

Dr. Prathap Ramanujam
Chairman

Dr. Prathap Ramanujam is the Chairman of the group and had extensive experience in the Public Sector. During his 32 years in the Public Sector he was the Permanent Secretary to several Ministries and was responsible for the establishment of the Secretariat for Infrastructure Development & Investments (SIDI), which was instrumental in initiating the first mini hydro project as a Public Private sector project as far back as 1993.

On his retirement from the Public sector in 2010, Dr. Ramanujam joined the private sector by taking up the Directorship at Panasian Power Pvt Ltd. He was appointed as Chairman and Chief Executive Officer of the company in the same year. He brought in his diversified expertise from the distinguished career in the Public Sector over a period of 38 years.

Dr. Ramanujam holds a First Class B.Sc. (Hons.) degree from the University of Peradeniya Sri Lanka, a M.Sc. degree in Economics from the University of Bristol, U.K and a Ph.D in Economics from the Australian National University , Canberra, Australia. He was appointed as the Chairman of Onally Holdings PLC (2008) and Waters Edge Limited (appointed by the Supreme Court of Sri Lanka in 2009). Currently he serves on the Board of Ceylon Agro-Industries Limited,Ceylon Grain Elevators PLC and Three Acre Farms PLC. He was appointed as member of the Independent Public Service Commission by the Constitutional Council in August 2015 and continues his service in the PSC.

Mr. Deepal Sooriyaarachchi
Independent Non-Executive Director

Mr. Sooriyaarachchi, is a senior business professional with wide range of exposure and experience.

He is a renowned Management Consultant, Speaker Trainer, Executive Coach and an Author.

Before embarking on full time consultancy work he was the Managing Director of AVIVA NDB Insurance PLC (now known as AIA Insurance).

He is a Fellow member of the Chartered Institute of Marketing (CIM) UK and holds an MBA from the Post-graduate Institute of Management, University of Sri Jayewardenepura.

Mr. Sooriyaarachchi serves as a non-executive independent director of; AIA Insurance Lanka PLC, and a number of leading corporates.

And also he serves on the Board Management of the Post Graduate Institute of Management,University of Sri Jayawardenapura (PIM).

He is a consulting partner of Results Based Leadership Organisation USA.

He is a, a Fellow and a Past President of the Sri Lanka Institute of Marketing, and a past Commissioner of Sri Lanka Inventors Commission.

Mr. Dilanka Jinadasa
Non-Executive Director

Mr. Dilanka Jinadasa currently holds the role of Chief Executive Officer at Hela Clothing, a global apparel manufacturing company based out of Sri Lanka. Prior to this he has held leadership positions at Worldband Media and Zurich Financial Services in Toronto, Canada. Dilanka is a graduate of the University of Nottingham with a Degree in Industrial Economics.

Mr. Deshan Pushparajah
Independent Non-Executive Director

Mr. Deshan Pushparajah holds the role of Managing Director – Global Markets & Investment Banking at Capital Alliance Partners Limited (CAL) and overlooks its Investment Banking, Stockbrokering, Research and Global distribution functions. He is an expert at public and private capital markets, both buy-side and sell side M&A and has advised on some of Sri Lanka's largest and most innovative transactions. He counts c.15 years of Investment Banking experience and enjoys the trust of an established network of clients in the local and international capital markets. Deshan is a CFA charter holder (USA) and is a Fellow Member of both, the Chartered Institute of Management Accountants, UK and the Association of Chartered Certified Accountants, UK. He also holds a bachelor's degree in Applied Accounting from Oxford Brookes University, UK

Mr. Pathmanatha Poddiwala
Chief Executive Officer/ Executive Director

Mr. Pathmanatha Poddiwala is an engineer in profession with qualifications into business administration (MBA in Technology Management) and Management Accountancy, CMA (Aust). He counts over 17 years' experience in the field of engineering & management attached to leading conglomerates in which 10 + years was in the field of renewable energy sector. He has expertise in development of renewable energy projects from project identifications, feasibility study, financing, construction & operation and has proven track records in operation & maintenance of project assets. He has studied large number of RE projects locally and internationally and worked as an expert in a number of due diligences of power company mergers and acquisitions, further he serves as a CDM expert for a leading international audit firm as local expert. Pathmanatha also counts over 8 years' experience as a senior lecturer for City & Guilds (UK) mechanical engineering curriculum. He has strong network in the sector to access for information. He is also an active member of Institution of Engineers Sri Lanka, Sri Lanka Energy Managers Association & CMA (Australia).

Mr. Pathmanatha has been appointed as the Chief Executive Officer wef 1 April 2020.

Mr. S. Senthi Nandhanan
Non-Executive Director

Mr. S. Senthi Nandhanan, possesses 18 years of corporate management experience and is actively managing a leading group of companies as the CEO. He has practical experience in sales & marketing and general management. He has worked on multiple different assignments on business strategy, marketing, distribution, trading, logistics, including setting up, commissioning and managing industrial projects. He is also a Fellow Member of the Associate of Business Executives UK, and MBA from University of Southern Queensland, Australia.

Dr. T. Senthilverl
Non-Executive Director

Dr. T. Senthilverl counts over five decades of active engagement in manufacturing, trading, land development, irrigation, power and energy, construction, management and industrial turnkey projects. He currently serves on the Boards of several public and private companies including C.W. Mackie PLC, CT Land Development PLC, Lotus Hydro PLC, Sanasa Insurance Co. Ltd., and Kelani Vally Canneries Ltd.

Dr. Senthilverl has extensive experience in Corporate Management. He holds CEO positions in a leading group of companies.

Mr. Elangovan Karthik
Independent Non-Executive Director

Mr. Elangovan Karthik is a Chartered Marketer and a Fellow Member of the Chartered Institute of Marketing of the United Kingdom, Fellow Member of the Sri Lanka Institute of Marketing and Honorary Fellow of the institute of Marketing Malaysia and holds a MBA from at the Postgraduate Institute of Management (PIM), holds a National diploma in Human resource Management (IPM), Certified Global management Accountant (CGMA UK).He has attended Executive Development Programmes at Harvard Business School (HBS) Boston, USA and WHU-Otto Beisheim School of management in Germany. He is a past president of Sri Lanka Institute of Marketing. He is a member of JASTECA (Japan Sri Lanka technical and cultural Association). He is a accredited professional Business Coach(International Coaching Federation of USA).

He has Extensive experiences in the financial services industry spanning over 15 years majority being in senior management positions. He is a director of Non-Bank Financial institution presently. Mr. Elangovan Karthik appointed to the board with effect from 12 Jul 2019.

Mr. Senaka Kakiriwaragodage
Non-Executive Director

Mr. Kakiriwaragodage holds a B.Sc. First Class Degree in Computer Science and Engineering from the University of Moratuwa and a MBA with Distinction pass from the University of Manchester, UK. He is also a fellow member of the Chartered Institute of Management Accountants, UK, a Chartered Global Management Accountant (CGMA) and a CFA charter holder.

Senaka Kakiriwaragodage is the Managing Director of NDB Zephyr Partners Lanka (Pvt) Limited, 100% subsidiary of NDB Zephyr Partners Limited, a Private Equity management company based in Mauritius managing Emerald Sri Lanka Fund 1, a private equity fund dedicated for Sri Lanka. He is a director of several portfolio companies of the Fund including Idea Group Limited, Consolidated Business Systems Limited, Arimac Lanka (Pvt) Limited and Cleanline Linen Management (Pvt) Limited. Prior to his Private Equity role, he was the Vice-President and Head of Capital Markets of NDB Investment Bank and possesses wide-ranging experience in investment banking activities such as IPOs, debt and equity placements, mergers and acquisitions, corporate restructurings, advisory services and project financing. Prior to joining the NDB Group, Mr. Kakiriwaragodage served as an IT Engineer at Virtusa (Pvt.) Ltd.

Mr. Senaka Kakiriwaragodage was appointed to the board with effect from 31st July 2019.

BOARD OF DIRECTORS OF SUBSIDIARIES

Directors Name & Company Name	Registration No.	Date of Incorporation
PANASIAN POWER PLC	**PV 9959 PB/PQ**	**2002.04.22**
Dr. Prathap Ramanujam		
Dr. T. Senthilverl		
Mr. Deepal Sooriyaarachchi		
Mr. P. L. D. Jinadasa		
Mr. A. D. Pushparajah		
Mr. Senthilverl Senthi Nandhanan		
Mr. P. K. Pathmanatha		
Mr. Elangovan Karthik		
Mr. S. S. Kakiriwaragodage		
MANELWALA HYDRO POWER (PVT) LTD	**PV 10137**	**2002.05.06**
Dr. Prathap Ramanujam		
Mr. P. L. D. Jinadasa		
Mr. P. K. Pathmanatha		
Mr. Senthilverl Senthi Nandhanan		
PADIYAPELELLA HYDROPOWER LIMITED	**PV 64694 PB**	**2008.07.31**
Dr. Prathap Ramanujam		
Dr. Z. A. M. Thahir		
Mr. P. L. D. Jinadasa		

Directors Name & Company Name	Registration No.	Date of Incorporation
PANASIAN INVESTMENTS (PVT) LTD	**PV 84223**	**2012.02.14**
Dr. Prathap Ramanujam		
Mr. P. K. Pathmanatha		
Mr. Senthilverl Senthi Nandhanan		
Mr. P. L. D. Jinadasa		
LOWER KOTMALE OYA POWER TWO (PVT) LTD	**PV 81275**	**2011.09.14**
Dr. Prathap Ramanujam		
Mr. P. L. D. Jinadasa		
Mr. A. D. Pushparajah		
Mr. Senthilverl Senthi Nandhanan		
Mr. P. A. D. S. K. Amarasekara		
Mr. S. K. S. H. K. Suriyaarachchi		
PAP SOLAR ONE (PVT) LTD	**PV 128774**	**2018.01.11**
Dr. Prathap Ramanujam		
Mr. P. L. D. Jinadasa		
Mr. P. K. Pathmanatha		

BOARD OF DIRECTORS OF SUBSIDIARIES

Directors Name & Company Name	Registration No.	Date of Incorporation
POWERGEN ONE (PVT) LTD	**PV 126379**	**2017.12.26**
Dr. Prathap Ramanujam		
Ms. Charmaine Adeline Peries		
Mr. Ajantha Wajira Sri Perera		
Mr. P. L. D. Jinadasa		
ECO GREEN SOLAR SOLUTIONS (PVT) LTD	**PV 129828**	**2018.02.15**
Dr. Prathap Ramanujam		
Mr. P. L. D. Jinadasa		
Mr. P. K. Pathmanatha		
TIC SOLAR (PVT) LTD	**PV 00200881**	**2018.06.08**
Dr. Prathap Ramanujam		
Mr. P. K. Pathmanatha		
Ms. Alessandra Rocchi		
Mr.giuseppe Rocchi		
PANTHREE SOLARO ENERGY (PVT) LTD	**PV 00202822**	**2018.08.06**
Dr. Prathap Ramanujam		
Mr. P. L. D. Jinadasa		
Mr. P. K. Pathmanatha		
Mr. A. D. Pushparajah		
Mr. M. A. M. Ariyakumara		

Directors Name & Company Name	Registration No.	Date of Incorporation
SOLAR POWER GENERATION MATARA (PVT) LTD	**PV 00205195**	**11.10.2018**
Dr. Prathap Ramanujam		
Mr. P. L. D. Jinadasa		
Mr. P. K. Pathmanatha		
RAJARATA SUSTAINABLE DEVELOPMENT (PVT) LTD	**PV 00206952**	**6.12.2018**
Dr. Prathap Ramanujam		
Mr. P. K. Pathmanatha		
Mr. P. L. D. Jinadasa		
FINERGREEN RAJARATA (PVT) LTD	**PV 00209489**	**05.03.2019**
Dr. Prathap Ramanujam		
Mr. P. K. Pathmanatha		
Mr. P. L. D. Jinadasa		
PANASIAN POWER ZAMBIA LIMITED	**120180009477**	**09.11.2018**
Dr. Prathap Ramanujam		
Mr. P. L. D. Jinadasa		
Mr. P. K. Pathmanatha		
Mr. Amil Miyanadeniya		

MANAGEMENT TEAM

Mr. Gayan Gunawardana
Chief Financial Officer

Mr. Jayamal Gunathilaka
Senior Technical Manager

Ms. Disna Bandara
Environment & Social Safeguard Officer

Mr. Sameera Gunawardena
Assistant Manager Accounts

MANAGEMENT TEAM

Mr. Nadun Athukorala
Assistant Manager Admin & HR

Mr. Ranjith Amarasinghe
Project Manager

Mr. Mangala Siriwardana
Project Manager

Mr. Travis De Rose
Junior Manager

The Board of Directors of Panasian Power PLC is committed to upholding the highest ethical standards in conduct of its business integrity and transparency in its governance of the Company and its subsidiaries.

The Company operates within an integrated governance framework formulated after taking into consideration the mandatory compliance of the Listing Rules of the Colombo Stock Exchange, voluntary compliance of The Code of Best Practice 2017 of Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka (ICASL).

Panasian Power PLC continually benchmarks best practices in terms of corporate governance and transparency in reporting, both financial and non-financial, a fact which has greatly facilitated the enhancement of trust placed by stakeholders in the entity. As part of this process we are moving towards implementing integrated reporting standards and global reporting initiatives into our Annual reporting.

The level of compliance of Panasian Power PLC to the Code of Best Practice on Corporate Governance 2017 issued by the Institute of Chartered Accountants of Sri Lanka and the Rules set out in Section 7.10 of the Colombo Stock Exchange Listing Rules on Corporate Governance is described below:

Corporate Governance Principle	Principle No.	Level of Compliance	
Directors			
A.1 The Board	**The company should be headed by an effective Board, which should direct, lead and control the Company.** **The Board consists of the Chairman, CEO/Executive Director, four Non-Executive Directors and three Independent Non-Executive Directors who are professionals in the fields of Engineering, Finance, Investment Banking and Management**		
Frequency of Board Meetings	A.1.1	Complied	Board meetings are held on quarterly basis at a minimum and meets more frequently whenever it is necessary. Quarterly Board meetings are scheduled to determine the Company's strategic direction, review the operational and financial performance, and to provide oversight. The attendance of Directors at the Board meetings held during the year is depicted below:

Name of Director	Board Meeting
Dr P Ramanujam	8/8
Mr D Sooriyaarachchi	6/8
Mr P L D Jinadasa	5/8
Mr P K Pathmanatha	8/8
Mr A D Pushparajah	7/8
Mr S S Nandhanan	8/8
Dr T Senthiverl	7/8
Mr E Karthik	5/6
Mr S Kakiriwaragodage	5/6

Corporate Governance Principle	Principle No.	Level of Compliance		
			A board pack containing all relevant information is submitted to board of directors:	
			Financial and operational results on pre agreed Key Performance Indicators	Included in monthly board pack
			Financial performance compared to previous periods, budgets and targets	Included in monthly board pack
			Impact of risk factors on financial and operating results and actions to mitigate such risks	Included in monthly board pack
			Forecast for the next period	A Budget is set at beginning of year. A Rolling 3 month cashflow presented in the board pack
			Compliance with laws and regulations and any non-compliances	Included in the monthly CFO confirmation to the Board
			Internal control breaches or frauds during the period and related actions taken	Included in the monthly CFO confirmation to the Board
			Financial and operational decisions taken by the CEO within his delegated authority	Discussed on ad hoc basis and through the board pack and board meetings
			Share trading of the Company and related party transactions by Key Management Personnel	The Company Secretary informs the Board of any related party share transactions by Directors
Responsibilities of the Board	A.1.2	Complied	The Board of Directors is responsible for creating sustainable value to shareholders and ensuring stakeholder interests are satisfied in the business decisions. The Board adopted the following responsibilities;	
			Ensuring the formulation and implementation of a sound business strategy;	The Board provides stewardship, vision and strategic direction to the Group and fosters a culture of responsibility and accountability across the Group. A stakeholder centric approach is adopted in strategy formulation. A review of business, marketing, financial and other strategies and their implementation takes place during the Board meetings
			Appointing the chair and the senior independent director if relevant;	During the year Dr P Ramunajam served as Chairman/CEO, stepping down in April 2020 as CEO. Mr D Sooriyararchi served as the Senior Independent Director

Corporate Governance Principle	Principle No.	Level of Compliance		
			Ensuring that the Chief Executive Officer (CEO) and management team possess the skills, experience and knowledge to implement the strategy;	The Directors are from diverse backgrounds and bring a wide range of experience and competencies that facilitates the effective discharging of Board responsibilities. The Board ensures that the Chairman, CEO, and the Management team possess the skills to implement the overall strategy. A brief resume of each Director including skills and experience is available in the "Board of Directors" on pages from 46 to 47 of the Annual Report.
			Ensuring the adoption of an effective CEO and Key Management Personnel succession strategy;	Succession planning is given recognition through meetings of the remuneration committee where succession is discussed along with significant new hires.
			Approving budgets and major capital expenditure	The budget for the year 2019/20 was approved in March 2019. Capital expenditure is included in the budget. Further the Board reviews all significant capital expenditure made on a quarterly basis.
			Determining the matters expressly reserved to the board and those delegated to the management including limits of authority and financial delegation.	Board determines on the matters expressly reserved to the Board such as formulating the strategy, significant transactions and deciding on the risk appetite of the Group.
			Ensuring effective systems to secure integrity of information, internal controls, business continuity and risk management;	The Board identifies significant risks on an ongoing basis and ensure implementation of appropriate procedure to evaluate and manage the identified risks through internal and external audits and the Audit Committee.
			Ensuring compliance with laws, regulations and ethical standards;	The Board ensures the compliance with laws, regulations and standards on each area of business operations. The internal auditors and the compliance officer monitor and report to the Audit Committee on their findings. The governance structure is outlined on pages 75 to 76.

Corporate Governance Principle	Principle No.	Level of Compliance	
		Ensuring all stakeholder interests are considered in corporate decisions;	The Board considers all stakeholders when making corporate decisions. The stakeholders have been identified on page 27 of this report.
		Recognising sustainable business development in Corporate Strategy, decisions and activities and consider the need for adopting "integrated reporting".	The Board recognises the importance of including principles of sustainability in Corporate strategy, decisions and activities. The value creation model set out in pages from 12 to 13 of the Annual Report shows the inclusiveness of stakeholders and the environment in the value creation process. The Company is in the process of adopting integrated reporting and is partially compliant for the current year.
		Ensuring that the Company's values and standards are set with emphasis on adopting appropriate accounting policies and fostering compliance with financial regulations;	The Company keeps up to date with all current developments in relation to accounting standards and have reviewed the accounting policies in place. The Independent Auditor's Report appears from pages 95 to 97 in the Annual Report and affirms that the Company's Financial Statements are in line with Sri Lanka Accounting Standards.
		Establish a process of monitoring and evaluation of progress on strategy implementation, budgets, plans and related risks	Each Board meeting, the progress of strategy implementation, achievement of budgets, plans and related risks are reviewed.
		Ensuring that a process is established for corporate reporting on annual and quarterly basis or more regularly as relevant to the Company.	The Company provides its accounts quarterly and annually to the Board for their review.
		Fulfilling such other Board functions as are vital, given the scale, nature and complexity of the business concerned.	During the year, the Board was committed in fulfilling their obligations towards all stakeholders in line with laws, regulations and governance practices of the Group.
		The Board has delegated several functions to Board Committees, while retaining final decision rights pertaining to matters under the purview of the Committees. The composition and the functions of these sub-committees are discussed in detailed under the relevant sections of this Report.	

Corporate Governance Principle	Principle No.	Level of Compliance	
Compliance with Laws & independent Professional advice	A 1.3	Complied	The Board collectively and Directors individually act in accordance with the laws applicable to the business enterprise. In discharging their duties, the Directors seek independent professional advice from external parties when necessary at the expense of the Company.
Company Secretary	A 1.4	Complied	The Company secretary provides the Board with support and advice relating to Corporate Governance matters, board procedures and applicable rules and regulations during the financial year. Members of the Board have unrestricted accesses to the advice and services of the Company Secretary. The appointment and removal of the Company Secretary rests with the Board.
Independent judgment	A1.5	Complied	All Directors exercise independent judgment in all decisions pertaining to strategy, performance, resource allocation and standards of business conduct.
Dedication of adequate time & effort by the Board	A 1.6	Complied	The members of the Board dedicated adequate time and effort to fulfil their duties & responsibilities as directors of the Company and ensure that they are satisfactorily discharged. In addition to the board meetings, Directors attended to Sub-Committee meetings and also contributed to decision making. Board Sub-Committees include – Audit Committee – Remuneration Committee – Related Party Review Committee – Investment Committee Attendance to Sub-Committee meetings are shown below;

Name of Director	Audit Committee Meeting		Remuneration Committee Meeting		Related Party Transaction Review Committee	
	Capacity	No. of meetings attended	Capacity	No. of meetings attended	Capacity	No. of meetings attended
Mr A D Pushparajah	Chairman	4/4	Member	1/2	Chairman	1/1
Mr D Sooriyaarachchi	Member	4/4	Chairman	2/2	Member	1/1
Mr S S Nandhanan	Member	4/4	Member	2/2	N/A	
Dr P Ramunajam	N/A		N/A		Member	1/1
Mr E Karthik	Member	1/4	Member	1/1	N/A	
Mr S Kakiriwaragodage	Member	1/4	Member	1/1	N/A	
Dr T Senthilverl	N/A		N/A		N/A	

The Board papers and the agenda are received by the Directors ahead of Board Meetings, enabling the Directors to review the papers and obtain clarifications ahead of the meetings. The papers contain financial and non-financial information.

Corporate Governance Principle	Principle No.	Level of Compliance	
Calling for resolutions for the best interest to the Company	A 1.7	Complied	Any single Director may call for a resolution to be presented to the Board where he feels it is in the interest of the Company. As per Articles of Association, resolutions can be passed with majority voting.
Training for new and existing Directors	A 1.8	Complied	Directors are encouraged to participate in continuous professional and self-development activities as necessary. The Board recognises the requirement for continuous training and development required to effectively perform their duties as Directors. The Board regularly reviews the training and development needs of the Directors.
2. Chairman and Chief Executive Officer	**There are two key tasks at the top of every public Company – conducting of the business of the Board and facilitating executive responsibility for management of the Company's business. There should be a clear division of responsibilities at the head of the Company, which will ensure a balance of power and authority, such that no individual has unfettered powers of decision.**		
Separation of role Chairman & CEO	A 2.1	Complied	The positions of Chairman and Group CEO were separated in April 2020 to ensure a balance of power and authority and to prevent any one individual from possessing unfettered decision-making authority. The presence and involvement of the Senior Independent Director and other Independent Directors ensure that no single individual enjoys unfettered powers of decision-making and provides the basis for prevalence of independent judgment over standards of business conduct. The presence of a Senior Independent Director adds more emphasis to transparency in governance affairs. The Audit, Nomination, Remuneration Committees and Related Party Transactions Review Committee are headed by Independent Non-Executive Directors.
A.3 Chairman's Role	**The Chairman is responsible for preserving order and facilitating the effective discharge of Board functions.**		
Chairman's Role	A 3.1	Complied	The Chairman in running of the Board, facilitates the effective discharge of board proceedings and ensures: - • The effective participation of both executive and non- executive directors • Agenda for Board meetings is developed in consultation with the Group CEO, Directors, CFO and the Company Secretary. • Effective contributions by all Directors at proceedings, • The views of directors on issues under consideration are ascertained, • Board control on the affairs of the company and its obligations to all stakeholders. The balance of power between Executive and Non-Executive Directors is maintained.

Corporate Governance Principle	Principle No.	Level of Compliance	
A.4 Financial Acumen	**The Board should ensure the availability within it of those with sufficient financial acumen and knowledge to offer guidance on matters of finance.**		
A.4 Financial Acumen	A .4	Complied	The board includes directors who possess the necessary knowledge and competence to offer the Board guidance on financial matters. A brief resume for each Director is on pages 46 to 47. In addition, the Audit Committee can discuss with the external and internal auditors on matters of finance.
A.5 Board Balance	**The Board should have a balance of Executive and Non-Executive Directors such that no individual or small group of individuals can dominate the Board's decision-taking.**		
Board Balance	A 5.1	Complied	The Board comprises of the Chairman, Chief Executive Director and seven Non-Executive Directors of whom three are Independent Directors. The profiles of the Non-Executive Directors are given on pages 46 to 47 of this Annual Report.
Independent Directors	A 5.2	Complied	Three out of the seven Non-Executive Directors are considered independent for the concluded financial year. Messrs. D Pushpharajah, D Sooriyaarachchi and E Karthik meet the criteria for independence specified by Rule 7.10.4 of the Listing Rules of the Colombo Stock Exchange. Mr D Sooriyaarachchi was reappointed in the previous AGM after completion of nine years as an Independent Non-Executive Director.
	A 5.3	Complied	The Board considers Non-Executive Director's independence on an annual basis. Each is independent from management and free from any business or other relationship that could reasonable be perceived to materially interfere with the exercise of their unfettered and independent judgment.
	A 5.4	Complied	The Independent Directors have submitted written declarations of their independence as required by section 7.10.2(b) of the Listing rules.
	A 5.5	Complied	The Board annually determines the independence of each Non-Executive Director based on the declarations submitted by them and by other information available to the Board as per criteria set out by the Colombo Stock Exchange Listing Rules.
	A 5.6	Complied	No alternative directors were appointed during the year under review
	A 5.7	Complied	Mr D Sooriyaarachchi has been appointed as the senior independent director (SID) even though the CEO duality no longer exists. SID met both Executive and Non-Executive Directors to enable discussion and communication of governance related matters as and when needed.
	A 5.8	Complied	The Senior Independent Director is available for confidential discussions, should there be any concerns regarding governance or issues that may adversely affect the Company, inadequately addressed by the Board. Except for the Annual General Meeting of the Company, no other shareholder meeting was convened during the period under review.

Corporate Governance Principle	Principle No.	Level of Compliance	
Meeting of Non-Executive Directors	A 5.9	Not complied	The Chairman meets with the NED's without the presence of the Executive Directors on a needs basis. There were no formal specific meetings held with NED's during the year.
Recording of concerns in board minutes	A 5.10	Complied	All concerns raised by the Directors about the matters of the Company which cannot be unanimously resolved have been duly recorded in the board minutes in sufficient detail.
A.6 Supply of Information	**Board should be provided with timely information in a form and quality appropriate to enable it to discharge its duties.**		
Managements obligation to provide appropriate & timely information	A 6.1	Complied	The Board is provided with timely information in a form and of a quality appropriate to enable it to discharge it duties effectively. Directors make further inquiries where necessary should information provided by management not be enough.
	A 6.2	Complied	The Agenda for the Board meeting and connected discussion papers are ordinarily circulated to the Directors seven (7) days in advance to facilitate the effective conduct of the meeting.
A.7 Appointments to The Board	**A formal and transparent procedure should be followed for the appointment of new Directors to the Board.**		
Appointments to the Board	A 7.1	Not complied	The Board has not established a Nominations Committee to make recommendations on Board appointments. Hence appointments to the Board are made collectively and with the consent of all the Directors
	A 7.2	Not complied	The Board as a whole annually assesses Board composition despite the non-existence of nomination committee.
	A 7.3	Complied	The Colombo Stock Exchange is informed upon the appointment of a new Director to the Board, along with a brief resume of the Director which includes; • the nature of his expertise in relevant functional area • other Directorships or memberships in Board sub committees • whether the Director is considered an Independent Director
A.8 Re-election	**All Directors should be required to submit themselves for re-election at regular intervals and at least once in every three years.**		
Re-election of Directors	A 8.1	Complied	Mr D Sooriyaarachchi was re-appointed as an Independent Non-Executive Director after servicing for nine years as an Independent Non-Executive Director continuously.
	A 8.2	Complied	A Director who has reached 70 years of age vacates office at the conclusion of the Annual General Meeting commencing next year after he attains the age of 70 years or if he is re-appointed as a director after attaining the age of 70 years at the Annual General Meeting following that re-appointment
Resignation	A 8.3	Complied	Written communications are provided to the Board by Directors who resign prior to completion of his appointed term.

Corporate Governance Principle	Principle No.	Level of Compliance	
A.9 Appraisal of Board Performance	**Boards should periodically appraise their own performance to ensure that Board responsibilities are satisfactorily discharged.**		
Need to have a formal and rigorous process for reviewing the performance of the Board and its Committees.	A 9.1	Not Complied	No formal process for reviewing the performance of the Board and its Committees is performed. An informal process is adhered to whereby if the Board and its Committees are not performing, it can be taken up with the Chairman of the Board.
Need for the Board to appraise itself annually on its performance.	A 9.2	Not Complied	The effectiveness of the Board is vital to the success of the Group. A process is being put in place to appraise the performance of the Board for the year 2020/21. The methodology of evaluation involves each Board member completing a checklist and providing a rating on each item covered in the checklist involving areas of appraisal. The appraisal covers areas such as; • its contribution towards developing, implementing and monitoring of strategy, • communication with stakeholders, • processes involving the Board, • review of its own performance evaluation process and • other areas related to discharging its responsibilities
Need for review the participation, contribution and engagement of each director at the time of re-election	A 9.3	Not Complied	No process is in place to review the participation, combination and engagement of each director of the time of re-election
Need for the Board to state in the Annual Report how such performance evaluation is conducted	A 9.4	Not Complied	As no formal review of the performance has been undertaken, no statement is included in the Annual Report.

Corporate Governance Principle	Principle No.	Level of Compliance		
A.10 Disclosure of information in respect of Directors	**Details in respect of each Director should be disclosed in the Annual Report for the benefit of the shareholders.**			
Disclosure of information in respect of Directors	A 10.1	Partially Complied	• Name, qualifications and brief profile;	• Refer to pages 46 to 47
			• The nature of his/her expertise in relevant functional areas;	• Refer to pages 46 to 47
			• Immediate family and/or material business relationships with other Directors of the Company;	• No Directors have immediate family and/or material business relationships with other Directors of the Company
			• Whether Executive, Non-Executive and/or independent Director;	• Refer to pages 46 to 47
			• Names of listed companies in Sri Lanka in which the Director concerned serves as a Director;	• Not Complied
			• Names of other companies in which the Director concerned serves as a Director, provided that where he/she holds directorships in companies within a Group of which the Company is a part, their names need not be disclosed; it is sufficient to state that he/she holds other directorships in such companies;	• Not Complied
			• Number/percentage of Board meetings of the Company attended during the year;	• Refer to page 52 of this report
			• The total number of Board seats held by each Director indicating listed and unlisted Companies and whether in an executive or non-executive capacity;	• Not Complied
			• Names of Board Committees in which the Director serves as Chairman or a member; and	• Refer to the “Committee Reports” on pages from 81 to 86
			• Number/percentage of committee meetings attended during the year.	• Refer to the “Committee Reports” on pages from 81 to 86

Corporate Governance Principle	Principle No.	Level of Compliance	
A.11 Appraisal of the Chief Executive Officer	**The Board of Directors should at least annually assess the performance of the Chief Executive Officer.**		
Target/Goals for the CEO	A.11.1	Complied	At the commencement of each financial year, the Board in consultation with the Chief Executive Officer sets financial and non-financial goals based on the short, medium and long-term objectives of the Company.
Evaluation of the performance of the CEO	A.11.2	Not Complied	The CEO was newly appointed in April 2020, therefore an evaluation of the CEO will happen at the end of this financial year.
Directors' Remuneration			
B.1 Remuneration Procedure	**The Company should have a formal and transparent procedure for developing policy on executive remuneration and fixing the remuneration packages of individual Directors. No Director should be involved in deciding his/her own remuneration.**		
Remuneration Committee	B 1.1	Complied	The Board has implemented a formal and transparent procedure for developing policies on remuneration by setting up a Remuneration Committee. Its purpose is to assist the Board of Directors in matters relating to compensation of the Company's Directors, Executive Officers and such other employees as determined by the Committee.
Composition	B 1.2	Complied	The Remuneration Committee consists of three Independent Non-Executive Directors and two Non-Executive Director. The chairman of the Committee is an independent Director. The following Directors served on the Remuneration Committee during the financial year under review. Mr. D Sooriyaarachchi – Chairman/INED Mr. D Pushparajah – INED Mr. S S Nandhanan – NED Mr. E Karthik – INED Mr. S Kakiriwaragodage – NED
	B 1.3	Complied	The members of the Committee are indicated in the Annual Report of the Board of Directors on pages 88 to 91.
Remuneration of Non-Executive Directors	B 1.4	Complied	In terms of the Articles of Association of the Company, the Directors determine the fees payable to the Non-Executive Directors.
Consultation of the Chairman and access to professional advice	B 1.5	Complied	The Remuneration Committee consults the Chairman about its proposal relating to the remuneration of other Executive Directors and has access to professional advice in discharging their responsibilities.

Corporate Governance Principle	Principle No.	Level of Compliance	
B.2 Level and make-up of Remuneration	**The level of remuneration of both Executive and Non-Executive Directors should be sufficient to attract and retain the Directors needed to run the Company successfully. A proportion of Executive Directors' remuneration should be structured to link rewards to the corporate and individual performance.**		
Level and make up of remuneration	B 2.1	Complied	The remuneration committee ensures that the remuneration of executives at each level is competitive and is line with their performance. Surveys are conducted as and when necessary to ensure that the remuneration is on par with market rates.
Design of remuneration for long term success	B 2.2	Complied	Executive Directors' and Key Management's remuneration is designed to promote the long-term success of the Company/Group.
Design the remuneration of the Executive Directors to promote long term success of the Company	B 2.3	Complied	As mentioned in B.2.1, the remuneration of the Executive Directors are designed to attract and retain high calibre executives which leads to long term success of the Company and are benchmarked against industry remuneration.
Comparison of remuneration within the Group	B 2.4	Complied	When determining annual salary increments, the remuneration committee is sensitive to remuneration and employment conditions elsewhere in the Group.
Performance based Remuneration	B 2.5	Complied	The Remuneration Committee reviews the performance of the Executive Directors and senior management and the performance bonus is based upon the achievement of goals and targets by the individual and the respective subsidiary to which such individual is attached.
Executive share options	B 2.6	Complied	The Company does not have executive share option scheme.
Designing the remuneration	B 2.7	Complied	Performance-related remuneration is designed by the Remuneration Committee based on the provisions set out in schedule E of the Code of Best Practice on Corporate Governance 2017
Early Termination of Directors	B 2.8	Complied	If the situation arises, the Remuneration Committee will consider the compensation commitments to Directors in the event of early termination.
	B 2.9	Complied	If the situation arises, the Remuneration Committee will tailor their approach in the event of early termination to be relevant to the circumstances.
Remuneration for Non-Executive Directors	B 2.10	Complied	Remuneration of Non-Executive Directors reflects their time commitment and responsibilities of their role and market practices. It does not include share options.

Corporate Governance Principle	Principle No.	Level of Compliance	
B.3 Disclosure of Remuneration	**The Company should disclose the Remuneration Policy and the details of Remuneration of the Board as a whole.**		
Disclosure of remuneration	B 3 1	Complied	The total remuneration paid to the Directors are disclosed in Note 10 to the Financial statements
Relations with Shareholders			
C.1 Constructive use of the Annual General Meeting and Conduct of General Meetings	**The Board should use the Annual General Meeting to communicate with shareholders and encourage their active participation.**		
Adequate Notice of the AGM	C 1.1	Complied	A copy of the Annual Report including Financial Statements, Notice of Meeting and the Form of the Proxy are sent to shareholders 15 working days prior to the date of the AGM, as requested by statute, in order to provide the opportunity to all the shareholders to attend the AGM.
Separate resolution for all separate issues at the AGM	C.1.2	Complied	A separate resolution is proposed for each issue at the AGM. Further, adoption of the Annual Report of the Board of Directors on the affairs of the Company and Audited Financial Statements together with the Report of the Auditors thereon are considered as a separate resolution.
Recording and counting proxy appointments	C.1.3	Not Complied	The Company ensures that all valid proxy appointments received for General Meetings are properly recorded and counted. The Company Secretary administers the AGM and gives notice to the CSE of resolutions passed at the AGM. The Company will include for the AGM for the year ending 2019/20 in its disclosure to the CSE: • the number of shares in respect of which proxy appointments have been validly made; • the number of votes for the resolution; • the number of votes against the resolution; and • the number of shares in respect of which the vote was directed to be withheld. If, in the opinion of the board, a significant proportion of votes have been cast against a resolution at any general meeting, the Board will take steps to understand the reasons behind the vote results and determine if any actions are required.

Corporate Governance Principle	Principle No.	Level of Compliance	
Availability of Board sub-committee chairpersons	C.1.4	Complied	The chairpersons of the Audit, Related Party Transaction Review Committee and Remuneration Committees as well as the Senior Independent Director are present at the AGM to answer any questions raised by the shareholders if so requested by the Chairman.
Procedure for voting	C.1.5	Complied	The procedure governing voting at the General Meeting is circulated with the Notice of Meeting.
C.2 Communication with shareholders	**The Board should implement effective communication with shareholders.**		
Effective Communication with shareholders	C. 2.1	Complied	The Company encourages effective communication with the shareholders and answers queries and concerns of shareholders through the Company Secretaries, Corporate website and CSE website.
	C. 2.2	Complied	The Company's policy pertaining to the communication with shareholders involves the sharing of all financial and non-financial information as per the applicable statutory and regulatory requirements and best practices adopted by the Company. The methodology of communication with shareholders is multi-faceted to ensure the accuracy of information disseminated and the timeliness of dissemination.
	C. 2.3	Complied	The implementation of the policy and the methodology is done through the adoption of the above-mentioned channels of communication.
Contact person in relation to shareholder communications	C. 2.4	Complied	The contact person for shareholder communication is the Company Secretary.
Process to make all directors aware of major issues and Concerns of shareholders and responding them	C.2.5	Complied	The Company Secretaries maintain a record of all correspondence received and will deliver such correspondence to the Board or individual Director as applicable. The Board or individual Director, as applicable, will respond appropriately to all validly received shareholder correspondence and will direct the Company Secretaries to send the response to the particular shareholder.
Person to contact in relation to shareholders' matters	C. 2.6	Complied	The Contact Person in relation to all matters pertaining to the Shareholders is the Company Secretary
Responding to shareholder matters	C. 2.7	Complied	Company Secretary is assigned to respond to shareholders by the Board and update the Board on such matters.

Corporate Governance Principle	Principle No.	Level of Compliance	
C.3 Major and Material Transactions	**Directors should disclose to shareholders all proposed material transactions which would materially alter the net asset position of the Company, if entered into.**		
Major transaction	C. 3.1	Complied	The Directors ensure that prior to engaging in or committing to a 'Major related party transaction' with a related party, involving the acquisition, sale or disposition of greater than one third of the value of the Company's assets or that of a subsidiary which has a material bearing on the Company and/or consolidated net assets of the Company, or a transaction which has or is likely to have the effect of the Company acquiring obligations and liabilities, of greater than one third of the value of the Company's assets, or entering into transactions or a series of related transactions which have the purpose or effect of substantially altering the nature of the business carried on by the Company the Directors will disclose to shareholders the purpose and all material facts of such transaction and obtain shareholders' approval by ordinary resolution at an extraordinary general meeting. The approval for the private placement by Emerald Fund I Limited fell under the requirement for shareholder approval and was approved through an EGM. There were no other transactions during the year that fell within the definition of a major transaction defined by Section 185 of the Companies Act No. 07 of 2007. There were no transactions during the year under review that would suggest a substantial alteration in the nature of the business carried out by the Company.
	C. 3.2	Complied	Major transactions where shareholder's approval is necessary will be approved through shareholder resolution. Disclosure is made in line with the rules and regulations of the SEC and CSE.
Accountability and Audit			
D.1.1 Accountability and Audit	**The Board should present a balanced and understandable assessment of the Company's financial position, performance, business model, governance structure, risk management, internal controls and challenges, opportunities and prospects.**		
Boards responsibility for statutory and regulatory reporting	D.1.1	Complied	The Board has presented the annual report which includes the Financial Statements of the Company and Group that are true and fair, balanced and understandable and prepared in accordance with LKASs and SLFRSs to regulators as well as presented interim and other public price sensitive information in a balanced and understandable way as required by statutory requirements. The Annual Report is partially compliant with integrated reporting standards.
	D.1.2	Complied	The Board is aware of its responsibility to present regulatory and statutory reporting in a balanced and understandable manner and a statement to this effect is given in the Statement of Directors' Responsibility on page 93 confirming this position.

Corporate Governance Principle	Principle No.	Level of Compliance	
			In preparing annual and quarterly Financial Statements, the Company complies with the requirements of the; • Companies Act No. 07 of 2007, • Sri Lanka Accounting Standards and • Listing Rules of the Colombo Stock Exchange
	D.1.3		The Chief Financial Officer and Chief Executive Officer review quarterly and year-end Financial Statements before submitting to the Audit Committee and Board and ensure that, the financial records of the entity have been properly maintained and that the Financial Statements comply with the appropriate accounting standards and give a true and fair view. Please refer the “Responsibility Statement of Chairman, Chief Executive Officer and Chief Financial Officer” on page 94 of the Annual Report.
Directors Report	D.1.4	Complied	The Declarations required to be made by the Board are given in the Annual Report of the Board of Directors (refer pages 88 to 91)
Statement of Directors and Auditors responsibility for the financial statement	D.1.5	Complied	The Statement of Directors’ responsibility in preparation of the Financial Statements is given on page 93 while the Independent Auditor’s report on pages 95 to 97 states the Auditor’s responsibility for the Financial Statements.
Management Discussion Analysis	D. 1.6	Complied	Management discussion and analysis and Financial Review is given on pages 21 to 23 and 30 to 31 of this report. The risk management report is given on pages 75 to 80. The 5 capitals are discussed on pages 30 to 42 of this report. These together discuss • Business model; • Industry structure and developments; • Opportunities and threats; • Risk management; • Internal control systems and their adequacy; • Governance; • Stakeholder relationships; • Social and environmental protection activities carried out by the Company; • Financial performance; • Investment in physical and intellectual capital; • Human resource/industrial relations activities carried out by the Company; and • Prospects for the future.

Corporate Governance Principle	Principle No.	Level of Compliance	
Summoning an Extra Ordinary General Meeting (EGM) to notify Serious loss of capital	D. 1.7	Complied	The Directors ensure that if in the event the net assets of the Company fall below 50% of the value of the Company's shareholders funds an Extraordinary General Meeting will be convened to notify the shareholders of the position and the remedial action being taken
Related party transactions	D. 1.8	Complied	The transactions entered into by the Company with the related parties is disclosed on Note 34 of the Financial Statements
D.2 Risk Management and Internal Control	**The board is responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives. The Board should have a process of risk management and a sound system of internal control to safeguard shareholders' investments and the Company's assets. Broadly, risk management and internal control is a process, effected by a Company's Board of Directors and management, designed to provide reasonable assurance regarding the achievement of Company's objectives.**		
Monitor the company's risk management and internal control systems	D. 2.1	Complied	The Company has its own internal audit processes implemented to ensure that effective controls are in place. These processes extend across all Company operations. The internal audit function is outsourced, who reports to the Board Audit Committee and Group CEO. The risk management section is covered on pages 75 to 80.
Review the need for internal audit function	D. 2.2	Complied	The Audit Committee monitors, reviews, and evaluates the effectiveness of the risk management and internal control system including the internal controls over financial reporting. The Audit Committee report is given on page 81 and the Directors' Statement on Internal Control is on pages 81 to 82.
Internal Audit function	D. 2.3	Complied	An Internal Audit is executed annually under supervision of the Audit Committee.
Review of the process and effectiveness of risk management and internal controls	D. 2.4	Complied	The Audit Committee monitors, reviews and evaluates the effectiveness of internal control system including the internal controls over financial reporting. In the reporting period ended 31st March 2020, the Board of Directors was satisfied with the effectiveness of the system of internal controls of the Company. Refer the Directors' Statement on Internal Control on page 92 for details.
D.3 Audit Committee	**The Board should establish formal and transparent arrangements for selecting and apply accounting policies, financial reporting and internal control principles and maintaining an appropriate relationship with the Company's Auditors.**		
Composition of the Audit Committee	D. 3.1	Complied	The Audit Committee consists of three Independent Directors and two Non-Executive Directors. The Chairman of the Committee is an independent Director appointed by the Board. Directors served on the Audit Committee during 2019/20 Mr. Andrew Deshan Pushparajah – Chairman/Independent Non-Executive Director Mr. Deepal Sooriyaarachchi – Independent Non-Executive Director Mr. Elangovan Karthik – Independent Non-Executive Director Mr. Senthilverl Senthi Nandhanan – Non-Executive Director Mr. Senaka Kakiriwaragodage – Non-Executive Director

Corporate Governance Principle	Principle No.	Level of Compliance	
Terms of Reference of the Audit Committee	D. 3.2	Complied	The Audit Committee has a written Terms of Reference dealing with its authority and duties.
Duties of the Audit Committee	D. 3.3	Complied	The Audit Committee is responsible for reviewing the financial reporting system and Financial Statements, including compliance with relevant accounting standards, laws and company policies and monitoring the scope & results of the internal and external audit, its effectiveness and the independence, performance and objectivity of the external auditors. In the event the auditors are contracted for non-audit services, the Committee reviews the nature and extent of such services with the aim of balancing objectivity, independence and value for money. The adequacy and effectiveness of the internal control system is reviewed by the Audit Committee with the Group Internal Auditor. During the Audit Committee meetings, Internal Auditors are invited to present their internal audit findings. Management is expected to implement an effective system of internal control that addresses the following: • Safeguarding of assets • Maintaining proper accounting records • Providing reliable financial information • Identifying and managing business risks • Compliance with legislation and regulation • Early detection of instances of non- compliance • Identification and adoption of best practices
Disclosures of the Audit Committee	D. 3.4	Complied	The names of the members of the Audit Committee, Committee meetings held, and the attendance of members are available in the Audit Committee Report on pages 81 to 82. The basis of determination of the independence of Auditors is contained in the Audit Committee Report The Audit Committee Report is available on pages 81 to 82.
D.4 Related Party Transaction Review Committee	**The Board should establish a procedure to ensure that the Company does not engage in transactions with related parties in a manner that would grant such parties more favourable treatment than that accorded to third parties in the normal course of business.**		
Disclosure of Related Party Transactions Review Committee	D. 4.1	Complied	Related party and related party transactions are defined as per LKAS 24.

Corporate Governance Principle	Principle No.	Level of Compliance	
	D 4.2	Not Complied	The Related Party Transactions Review Committee consists of one Independent Directors and two Non-Executive Directors. The Chairman of the Committee is an independent Director appointed by the Board. Following Directors were served on the Related Party Transactions Review Committee during 2019/20 Mr Deepal Sooriyaarachchi - Chairman – (Independent Non-Executive Director) Dr. Thirugnanasambandar Senthilverl – (Non-Executive Director) Dr. Prathap Ramanujam – (Non-Executive Director)
	D 4.3	Complied	The Related Party Transactions Review Committee Report sets out the functions of the Committee which is given on pages 85 and 86.
D.5 Code of Business Conduct and Ethics	**Companies must adopt a Code of Business Conduct & Ethics for Directors, Key Management Personnel and all other employees' including but not limited to: dealing with shares of the company; compliance with listing rules; bribery and corruption; confidentiality; encouraging that any illegal, fraudulent and unethical behaviour be promptly reported to those charged with governance. The company must disclose waivers of the Code for Directors, if any.**		
Code of Business Conduct and ethics	D. 5.1	Complied	The Company has adopted a Code of Business conduct and ethics and the Directors and Key Management Personnel are committed to the code and the principles contained therein. There were no reported cases of non-compliance to, Code of Business Ethics by any Director, Key management personnel or any other employee.
	D.5.2	Complied	Company has established policy and process to ensure that material and price sensitive information is immediately disclosed to the Colombo Stock Exchange immediately after relevant decisions are made by the Board of Directors.
	D.5.3	Complied	The policy in place and any share transaction done by Board Director need to be immediately disclosed to the Company Secretary and Company Secretary will inform such transactions to the Colombo Stock Exchange. Any share transaction done by Key Management Personnel other than Board Directors should inform such transactions to Compliance Officer of the Company.
Affirmation by the Chairman for no violation	D. 5.4	Complied	The Chairman's affirmation in the Company's Annual Report that he is not aware of any violation of any of the provisions of the Code of Business Conduct & Ethics is on pages 15 to 17.

Corporate Governance Principle	Principle No.	Level of Compliance	
D.6 Corporate Governance Disclosures	**The Company should disclose the extent of adoption of best practices in Corporate Governance.**		
Corporate Governance Disclosures	D. 5.6	Complied	The Corporate Governance Report sets out the manner and extent to which the Company has complied with the principles and provisions of the code
Institutional & Other Investors			
E.1 Shareholders voting	**Institutional shareholders have a responsibility to make considered use of their votes and should be encouraged to ensure their voting intentions are translated into practice.**		
Shareholder Voting	E.1	Complied	The Company is committed to maintaining good communications with investors. The Annual General Meeting provides the forum for shareholders to express their views. The Chairman ensures that any views expressed by investors to him personally or at General Meetings are discussed with the Board. The Directors consider that it is important to understand the views of shareholders and, in particular, any issues which concern them.
Evaluation of Governance Disclosures	E.2	Complied	When evaluating the governance arrangements particularly, in relation to the Board structure and composition, institutional investors are encouraged to give due weight to all relevant factors drawn to their attention.
Other Investors			
Investing & Divesting decisions	F.1	Complied	Individual shareholders, investing or divesting directly in shares of the Company are encouraged to carry out adequate analysis and seek the independent advice in such decisions.
Shareholder Voting	F .2	Complied	All shareholders are encouraged to participate at meetings of the company and a form of proxy accompanies each notice providing shareholders who are unable to attend such meeting the opportunity to cast their vote
Sustainability Reporting			
Internet of things and Cyber Security	G 1.1 to G 1.5	Not Complied	Governance of information systems, Intranet and Cyber security have not been implemented considering the nature and size of the organisation. As the Group moves to cloud based financial systems, this decision will be revisited in 2020/21.
Environment Society and Governance (Esg)	G 1.1 to G 1.7	Complied	The Company has adopted integrated approach for environmental, social and governance factors and the relevance of ESG factors for the business model and strategy, the implications of those ESG factors and how those risks and opportunities of ESG factors are recognised, managed, measured and reported are mentioned on pages 32 to 42 of the Annual Report.

The following table presents the Company's compliance with Section 7.10 of Listing Rules on Corporate Governance issued by the Colombo Stock Exchange.

CSE Rule No.	Applicable Rule	Requirement	Status of compliance
Board of Directors			
7.10.1	Non-executive Directors (NEDs)	One – third of the total number of Directors to be Non-executive Directors subject to a minimum of two.	Complied
7.10.2 (a)	Independent Directors	One – third of the Non – Executive Directors to be independent subject to a minimum of two.	Complied
7.10.2 (b)	Declaration of Independence	Each Non-Executive Director should submit a declaration of independence/ non-independence.	Complied
7.10.3 (a) and (b)	Disclosure relating to Directors Independence	Names of Independent Directors should be disclosed in the Annual Report and the basis for determination of independence of NEDs, if criteria for independence is not met.	Complied
7.10.3 (c)	Disclosures relating to Directors	A brief resume of each Director should be included in the Annual Report, including his area of expertise.	Complied
7.10.3 (d)	Disclosures relating to Directors	Upon appointment of a new Director a brief resume of the Director to be submitted to the Exchange.	Complied
Remuneration Committee			
7.10.5 (a)	Composition	The Committee shall comprise of Non–Executive Directors, a majority of whom shall be independent. The Chairman of the Committee shall be a Non-Executive Director.	Complied
7.10.5 (b)	Functions of the Remuneration Committee	The Committee shall recommend the remuneration payable to the Executive directors and Chief executive officer or equivalent role.	Complied
7.10.5 (c)	Disclosure in the Annual Report	The Annual Report should set out the names of the members of the Remuneration committee, a statement of Remuneration Policy and the aggregate remuneration paid to Executive and Non - Executive directors.	Complied
Audit Committee			
7.10.6. (a)	Composition	The committee shall comprise Non-Executive Directors a majority of who shall be independent. The Chairman shall be a Non-Executive director. The Chairman or a member should be a member of a recognised professional accounting body.	Complied
7.10.6. (b)	Functions	Overseeing the preparation, presentation and adequacy of the disclosures in the financial statements in accordance with the SLAS. Overseeing compliance with financial reporting related regulations and requirements. Overseeing the processes to ensure that internal controls and risk management are adequate. Assessing the independence and performance of the external auditors. Recommending to the board the appointment, re- appointment and removal of the external auditors and approving their remuneration and terms of engagement.	Complied
7.10.6. (c)	Disclosure in the Annual Report	The names of the members of the Audit Committee should be disclosed in the Annual Report The committee to determine the independence of Auditors and disclose the basis of such determination in the Annual Report. Annual Report to contain a report by the Audit Committee setting out the manner of compliance in relation with their functions.	Complied

Contents of Annual Report

7.6 (i)	Names of persons who during the financial year were Directors of the entity.	Complied
7.6 (ii)	Principal activities of the entity and its subsidiaries during the year and any changes therein.	Complied
7.6 (iii)	The names and the number of shares held by the 20 largest holders of voting and non-voting shares and the percentage of such shares held.	Complied
7.6 (iv)	The public holding percentage.	Complied
7.6 (v)	A statement of each Director's holding and Chief Executive Officer's holding in shares of the entity at the beginning and end of each financial year.	Complied
7.6 (vi)	Information pertaining to material foreseeable risk factors of the entity.	Included in Risk Management Report on pages 75 to 80
7.6 (vii)	Details of material issues pertaining to employees and industrial relations of the entity.	No material issues occurred during the year under review
7.6 (viii)	Extents,locations,valuations and the number of buildings of the entity's land holdings and investment properties.	Complied
7.6 (ix)	Number of shares representing the entity's stated capital.	Complied
7.6 (x)	A distribution schedule of the number of holders in each class of equity securities and percentage of their total holdings.	Complied
7.6 (xi)	Ratios and market price information:	Complied
	(1) Dividend per share, net assets value per share, dividend payout, debt equity ratio, and market value per share including highest and lowest values during the financial year and value at the end of the financial year.	Complied
	(2) Market information on listed debentures.	N/A – no listed debentures
	(3) Any changes in credit rating.	Complied
7.6 (xii)	Significant changes in the entity's or its subsidiaries' fixed assets and the market value of the land, if the value differs substantially from the book value.	Complied
7.6 (xiii)	During the year the entity has raised funds either through a public issue, rights issue and private placement.	Complied
7.6 (xiv)	Information in respect of each employee share ownership or stock option scheme.	N/A
7.6 (xv)	Disclosures pertaining to Corporate Governance practices in terms of Rules 7.10.3, 7.10.5 (c) and 7.10.6 (c) of Section 7 of the Rules.	Complied
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.	Complied

Disclosures Required by the Companies Act No. 07 of 2007

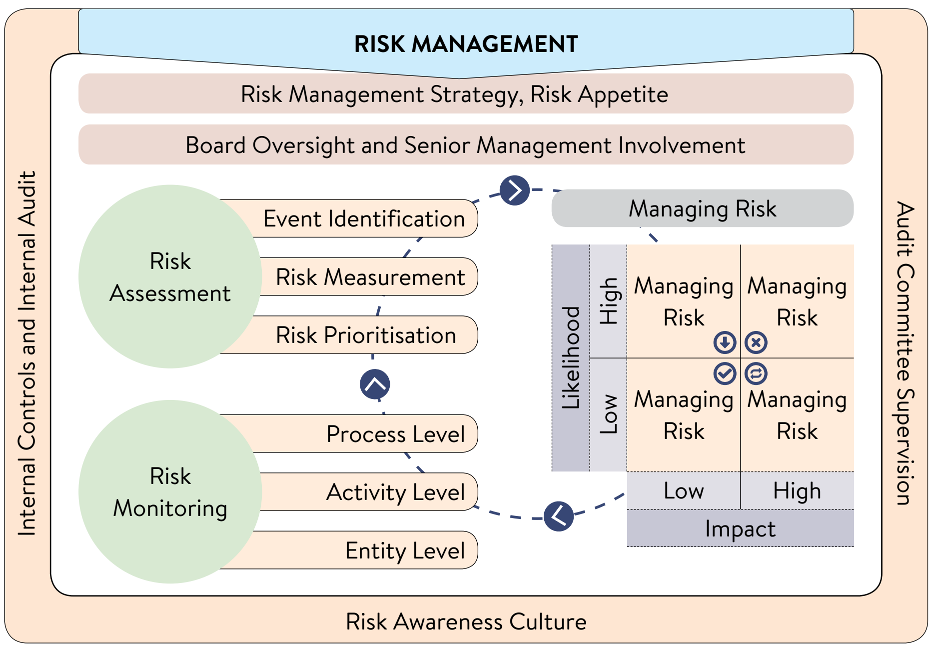
Section Reference	Requirement	Compliance status	Page reference
168 (1) (a)	The nature of the business of the Group and the Company together with any change thereof during the accounting period	Complied	105
168 (1) (b)	Signed Financial Statements of the Group and the Company for the accounting period completed	Complied	98 – 104
168 (1) (c)	Auditors' Report on Financial Statements of the Group and the Company	Complied	95 – 97
168 (1) (d)	Accounting Policies and any changes therein	Complied	105 – 121
168 (1) (e)	Particulars of the entries made in the Interests Register during the accounting period	Complied	89
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company during the accounting period	Complied	127
168 (1) (g)	Corporate donations made by the Company during the accounting period	Complied	127
168 (1) (h)	Information on the Directorate of the Company and its Subsidiaries during and at the end of the accounting period	Complied	48 – 49
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered during the accounting period	Complied	127
168 (1) (j)	Auditors' relationship or any interest with the Company and its Subsidiaries	Complied	81 – 82
168 (1) (k)	Acknowledgement of the contents of this Report and Signatures on behalf of the Board (Annual Report of the Board of Directors)	Complied	88 – 91

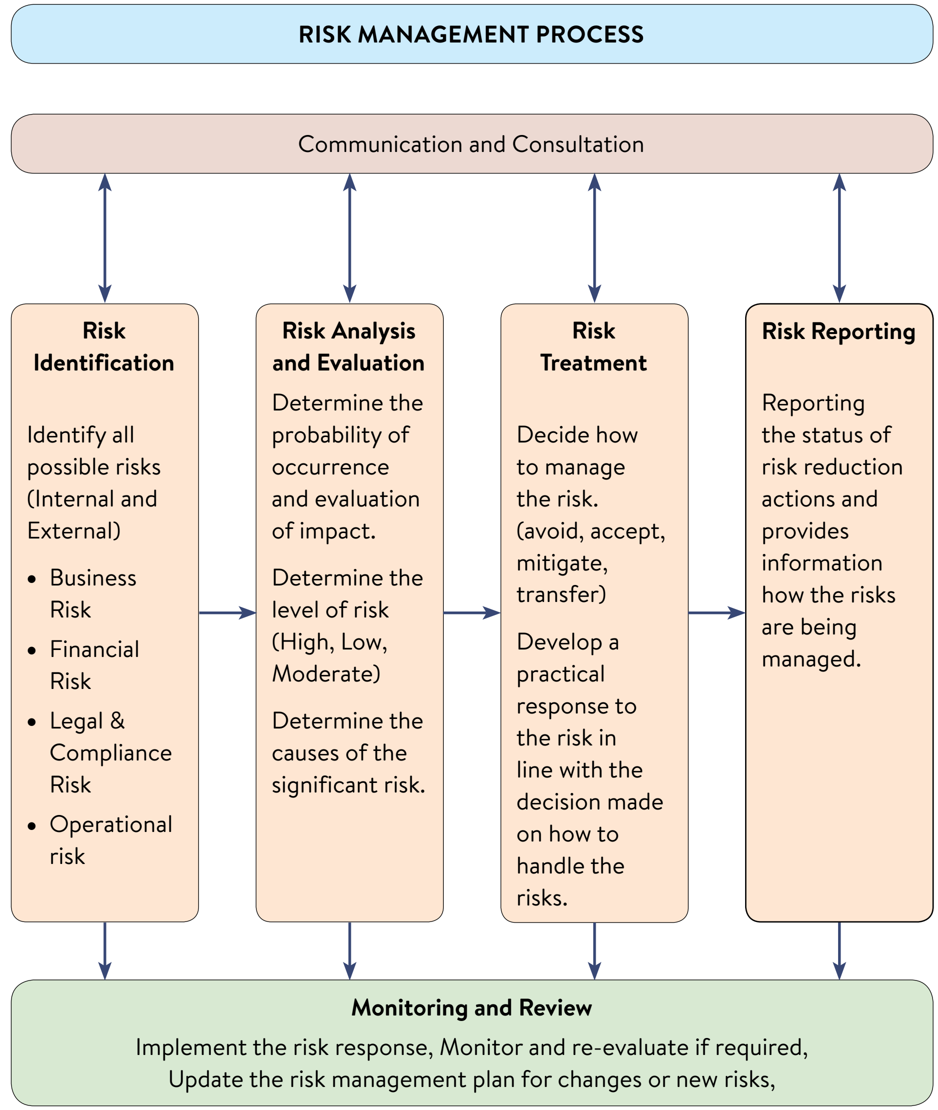
RISK MANAGEMENT REPORT

Enterprise Risk management approach

Panasian Power PLC recognises that effective risk management is critical to enable it to meet its strategic objectives.

The Company has a clear framework for identifying and managing risk, both at an operation and strategic level. Its risk identification and mitigation processes have been designed to be responsive to the changing environment in which it operates. The impact of emerging risks on the Company's business model are also considered and used to make informed decisions, including as to the delivery and evolution of the Group's strategy. The risks below capture those risks that would have the most significant, adverse impact – based on their impact and / or likelihood – on the Company. While the risks are typical of the risks faced by other energy suppliers, we believe the Company is well positioned to mitigate through a combination of our risk management processes, our control activity and our evolving strategic direction.





The Audit Committee closely works with the management to ensure that the risk framework complies with the relevant standards and that is working effectively. The Audit Committee reviews the effectiveness of all aspects of the risk management process, from determining risk appetite at Board level to measurements and feedback at operational level. As an integral part of risk management, the Audit Committee overlooks the adequacy and the efficiency of internal controls of the Group through internal audits, recommendation of External Auditors and compliance reports submitted by the Management.

Management systems have been implemented to provide assurance that risks are managed throughout the value chain. The quality management system, environmental management system and social accountability management system form part of the aforesaid systems.

Internal control, internal audit and independent assurance provide comfort and assurance that the risk management process functions well. While internal controls focus on operations, the assurance provided by the internal audit and independent parties deals with any gaps that may exist in the management of risk

Risk	Origination/pipeline development	Supply/PPA	EPC and O&M
Social, Political, Environmental	Higher risk	Lower risk	Lower risk
Regulatory	Higher risk	Lower risk	Lower risk
Financial	Medium risk	Medium risk	Lower risk
Operational/ Technical/HR/Data security risk	Lower risk	Medium risk	Medium risk

Lower risk	●
Medium risk	●
Higher risk	●

Principal risks and uncertainties	What we have done
SOCIAL, POLITICAL AND ENVIRONMENTAL RISK	
Social, Political and Environmental – Risk to project commissioning timelines due to interruption due to global pandemic - Due to the spread of COVID-19 pandemic, the Group experienced a negative impact on commissioning timelines due to customers and suppliers not being in operation	The Group was in constant dialogue with the CEB and suppliers to ensure projects were commissioned as soon as practicable once offices returned to work.
Social, Political and Environmental – risk to employee health and safety - With the spread of COVID-19, the risk of our employees coming into contact with the virus is high, especially when using public transport and during field visits. Such contact can interrupt our business operations as well.	An emergency taskforce was formed to ensure the employees' health & safety. A Group wide H&S guideline was issued in adherence with government regulations, Required PPE and disinfectants are made available to employees and other visitors to the premises Employees who travel by public transport are encouraged to work from home

Principal risks and uncertainties	What we have done
Political/Economic risk - With any potential change in Government, there is a risk that policies, tariffs and priorities may change which in turn would affect investment returns.	While the political environment in Sri Lanka is favourable towards Solar energy we have developed a number of solar projects along with securing our pipeline. We continue to monitor proposed policies with the existing Government alongside potential policies that may be implemented if the Government were to change and the impact on our current projects and pipeline. As we look to expand overseas, we consider Political risk whilst evaluating the feasibility of projects. From a supplier perspective, our main suppliers have manufacturing facilities in multiple countries, mitigating any political risk in their respective countries. Further the group carries out regular in-depth macro-economic analyses and economic feasibility prior to any investment.
Social/Environmental risk - Environmental and social risk is the risk that environmental and social issues that are related to a project, the Company or our operations are not considered and managed.	At the beginning of any project the Company will undertake full environmental and social impact assessments as required by regulation and respond appropriately to any issues noted therein. On an ongoing basis the Company holds consultations with local communities, key stakeholders, and workers to ensure that any concerns are heard. The Group has employed a consultant to aid in managing social and environmental risk through implementation of an Environmental and Social Management System (ESMS) to be implemented throughout the Group. The ESMS will include the Group's environmental and social policy and designated roles and responsibilities of its staff and will cover: • Screening transactions, • Categorising transactions based on their environmental and social risk, • Conducting environmental and social due diligence, • Decision-making process, • Monitoring environmental and social performance, and • Managing non-compliance with environmental and social standards.
Climatic risk – risk due to unpredictable/unseasonal weather conditions and their impact on a project feasibility	The Group manages climatic risk as much as possible by utilising our team of experts to select the most appropriate locations for hydro and solar sites based on past data and experience. Hydrological risk primarily comprises drought risk. The projects are designed based on past hydrological data analyses to minimise the risk of any deviation from their designed energy. Solar risk primarily comprises irradiation risk. The projects are designed on external irradiation data from World Bank to minimise the risk that a site does not generate the designed energy. From management's experience, within a given year there may be fluctuations in revenue and profitability, however, in the long run generation will be in line with feasibility models. Feasibility models are assessed against actual data post commissioning and amended if necessary.

Principal risks and uncertainties	What we have done
Regulatory/compliance risk - Risk of changes in laws and regulations that have material impact on business costs of operation and the attractiveness of Investment in the business.	Regulations require the Company to make various changes to its procedures within set timelines and have already led and will continue to lead to the Company incurring additional time and cost in order to ensure compliance with these new regulations. A significant volume of regulatory change is a risk to the Company as it can divert time and resource away from growth initiatives as well as the risk of not meeting regulatory deadlines. The Company has invested in its regulatory and compliance capability through Internal Audit, consultants, legal advice and the Audit Committee which has enabled the Company to respond effectively to the volume of change, thereby reducing the risk. The Company does not see a risk that PPAs will be amended once signed as they are legal agreements.
Project commission delay risk – Delay in the commissioning of the project post construction completion resulting in lost revenue	PAP is in regular correspondence with the relevant authorities leading up to commissioning of a project so that the period between construction completion and commissioning is minimised.
FINANCIAL RISK	
Credit risk – the risk that there are defaults or delays in debtor's settlements – the CEB is PAP's only customer	Historically CEB has not defaulted on any payments to PAP. The transactions are in line with the PPA. Further the team maintains a positive relationship with CEB.
Interest rate risk - risk to the Group's earnings that arises from fluctuations in interest rates and the degree of volatility of these rates	The group manages interest rate risk though discussions with multiple lenders to minimise the interest burden. There are limited instruments in the Sri Lankan market to manage interest rate risk. Further the majority of lending is on a floating rate which benefits from the current environment where lending rates are on a downward trend. Fixed rate loans are mostly on a concessionary rate below the current floating lending rates.
Investment risk - Failure in investments/to achieve expected returns.	Any planned investments are subjected to a thorough appraisal and feasibility procedure supported by expert advice to guarantee returns on investment. Board approval and investment committee approval is obtained prior to commencement of a planned project. The Group closely observes progress to ensure project deliverables are achieved within agreed budgets and timelines.
Project cost overrun - Adverse impact on estimated project returns and exceeding budgeted project cost.	The Group manages project cost through estimating accurate project cost with the assistance of experts, detailed planning, building in contingencies and budgetary control over projects. With the recent COVID-19 pandemic, management closely monitor government policies on areas such as import tariffs and regulations to ensure that project costs remain within tolerances set at the feasibility stage.

Principal risks and uncertainties	What we have done
Capital risk - managing capital to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders, and to maintain an optimal capital structure	The Group monitors capital on the basis of the gearing ratio calculated as debt divided by total equity attributable to shareholders Debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the Consolidated Statement of Financial Position) less cash and cash equivalents. The Group has a target gearing ratio of 75%.

	Note	2017/18 Rs. '000	2018/19 Rs. '000	2019/20 Rs. '000
Long term debt	28 – 29	64,261	988,749	**1,306,255**
Short term debt	28 – 29	679,412	125,461	**223,591**
Total debt		743,673	1,114,210	**1,529,846**
Equity attributable to shareholders		1,307,389	1,522,710	**2,048,214**
Gearing ratio		57%	73%	**75%**

During 2019/20, the Group's strategy, which was unchanged from 2018/19, was to seek debt funding at appropriate margins from lenders against long term power generation assets. These assets have highly predictable revenue streams and are considered stable for long term borrowing. In future, in order to maintain or adjust its capital structure, the Group may re-structure its debt, issue new shares or sell assets. The Group's borrowings are subject to maintaining covenants as defined by the debt funders. Throughout the year ended 31 March 2020 the Group complied with all external borrowing covenants and management monitors the continued compliance with these covenants on a monthly or quarterly basis.

Principal risks and uncertainties	What we have done
Liquidity risk - Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet cash flow commitments associated with financial instruments.	The Group has cash resources available to it and prepares, in the operating entities of the Group, forecasts for the forthcoming year which indicate that in the Directors' opinion it will have sufficient resources to fund the continuation of trade. The Group monitors cash flow forecasts on a 'rolling forecast' basis to ensure it has sufficient cash to meet operational needs while maintaining enough headroom on its undrawn committed borrowing facilities at all times so as not to breach borrowing limits or covenants. With the COVID-19 pandemic, the group closely monitored receivables from CEB and noted an increase in debtors and was in constant dialogue to ensure timely payment. This included payments being paid directly into the Group's accounts. Post financial year end the CEB resumed paying regularly. The Group considers the credit risk from CEB to be minimal with an implied sovereign guarantee.

Principal risks and uncertainties	What we have done
Currency risk – the risk that changes in the price of one currency in relation to another may create unpredictable profits or losses	The Group does not have material overseas operations at the moment. However, for new projects the majority of capital expenditure is imported, therefore the Group is exposed to currency risk. The Group manages currency risk through building contingencies in project costing for imported items with the expectation that there will be a depreciation of the Sri Lankan Rupee against the US Dollar. As mentioned in the management discussion, we are exploring overseas projects with US Dollar tariff structures to mitigate the Sri Lankan rupee value depreciation. For our overseas exploration projects, Sri Lankan rupees are converted at the spot rate on the day as required as expenses are minimal. At the time of financing these projects we expect to secure financing in the same currency as the tariff, therefore mitigating ongoing currency risk.
OPERATIONAL/TECHNICAL/HR/DATA SECURITY RISK	
Operational/Technical/HR risk – The risk of a change in value caused by actual losses incurred for inadequate or failed internal processes, people and systems, or from external events.	The Group manages operational risk through a number of avenues. HR – the Group employs best in class team members in leadership positions to ensure global best practice is implemented across all functions. An effective HR policy is in place to reward good performance. Sourcing – the Group has deep relationships with its suppliers such that the Group receives the latest proven technology, along with performance warranties and insurance to ensure the highest performance throughout the project lifetime. Ongoing operations – the Group has implemented a stringent control system overseen by the Audit Committee and vetted by the internal auditors. This includes: regular maintenance, data driven optimisation, spare part inventory, system improvements
Data security/IT risk - the risk of system failure, outdated systems and loss of data.	The Group does not perceive the risk to be high however it is becoming increasingly relevant. The existing IT system has been established using modern technology. regular maintenance and upgrades in processes are carried out and unauthorised access to the information system prevented. Data is backed up to a secure server to prevent data loss. To ensure completeness, accuracy and timeliness of financial records as we grow we have transitioned into a new accounting system using Sage and Quickbooks. These have a number of controls around security to ensure integrity of the system. With the COVID-19 pandemic, the Group transitioned to cloud based financial systems. These are maintained with regular physical backups and appropriate security protocols.

AUDIT COMMITTEE REPORT

Role of the committee

The Audit Committee is a formally constituted sub-committee of the Board of Directors. It reports to and is accountable to the Board. The primary role of the Committee is to implement, address issues and support the oversight function of the Board in relation to the Group's financial results, audits, corporate risks and internal controls. It ensures compliance with best practices, accounting standards as defined by the Institute of Chartered Accountants of Sri Lanka and applicable local laws and regulations and the requirements of the Listing Rules of the Colombo Stock Exchange (CSE).

The Terms of Reference (ToR) of the Audit Committee, as formulated by the Board, is reviewed annually. The effectiveness of the Audit Committee is evaluated annually by each member of the Audit Committee. The work practices and performance of the external auditors are also reviewed.

Composition of the Committee

The Audit Committee comprises two Independent Non-Executive Directors and one Non-Executive Director. The Audit Committee is chaired by Mr. Andrew Deshan Pushparajah, Independent Non-Executive Director, appointed with effect from 18th May 2017, Mr Deepal Sooriyaarachchi an Independent Non-Executive Director, Mr Senthilverl Senthi Nandhanan a Non-Executive Director, Mr Senaka Kakiriwaragodage a Non-Executive Director and Mr Elangovan Karthik an Independent Non-Executive Director. The composition meets the requirements stipulated in the Listing Rules of the CSE. The Company Secretary functions as the Secretary to the Audit Committee and brief profile of the members of the Committee is included in pages 46 to 47.

Objectives of the Audit Committee

The members of the Audit Committee of Panasian Power PLC are appointed by the Board of Directors with the following objectives:

1. to assist the Board in its oversight of the integrity of the Financial Statements of the Company
2. to assess the adequacy of the Risk Management Framework of the Company and identify and manage key risks
3. assess the independence and the performance of the Company's external audit function and internal audit functions, and review compliance of the Company with legal and regulatory requirements

Meetings

The Committee met four times during the year under review. The Chairman, CEO and CFO were invited to attend its meetings. The external auditors also attended to meetings on invitation, to brief the Committee on specific issues.

The attendance of the members at these meetings is as follows:

Name of Director	Directorship Status	Attendance
Mr. Andrew Deshan Pushparajah	Independent Non-Executive Director	4/4
Mr. Deepal Sooriyaarachchi	Independent Non-Executive Director	4/4
Mr Senthilverl Senthi Nandhanan	Non-Executive Director	4/4
Mr Elangovan Karthik	Independent Non-Executive Director	1/1
Mr Senaka Kakiriwaragodage	Non-Executive Director	1/1

The Committee focused on the below areas during the period under review

- Reviewed the adequacy and effectiveness of the Group's internal controls and risk management activities and highlighted the areas which required attention, and suggested recommendations to the Board. The internal audit function is outsourced to B.A.C.K Balasuriya & Co, Chartered Accountants in line with an agreed audit plan.
- Ensured that the Group adheres to and complies with all relevant laws, rules and regulations of the country, international laws and codes of conduct; and standards of conduct required by regulatory authorities, professional bodies and trade associations.
- Reviewed the Group's quarterly and annual financial statements, adequacy of disclosures, uniformity and appropriateness of the accounting policies adopted, major judgmental areas and ensured that they were in compliance with the Companies Act No. 7 of 2007, applicable Sri Lanka Accounting Standards and requirements of other regulatory bodies as applicable for the Group, and suggested recommendations in line with those requirements.
- Assessed the performance and effectiveness of the external auditors, and their independence and professional capabilities and made recommendations to the Board.
- Discussed the audited financial statements with external auditors and ensured that they were in conformity with the Sri Lanka Accounting Standards and other regulatory requirements.
- The Chairman of the Audit Committee reported to the Board at each meeting on the activities of the Committee.
- Assessed the future transactions and projects and their impact on gearing and cashflows and charged management with ensuring gearing levels and cashflows were sustainable.
- Renewal of the Rathganga PPA and its impact on the going concern status of the Company was discussed with the external auditors. The PPA was renewed after the financial year end.

Independence and Re-Appointment of External Auditors

The Committee has reviewed the independence and objectivity of the Independent External Auditors, Messrs KPMG, Chartered Accountants. The Audit Committee has met with the External Auditors to discuss independence and review their audit plan and observations made by them. The Committee has also reviewed any non-audit services provided by the external auditors to evaluate their independence and objectivity.

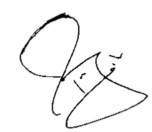
The current auditors, Messrs KPMG, was initially appointed as the external auditors of the Company and continue to hold that position at present. A partner rotation of the auditors takes place at periodic intervals and the last rotation took place in the year 2017.

Based on these discussions and reviews the Committee considers Messrs KPMG independent.

The Audit Committee having evaluated the performance, effectiveness and independence of the external auditors, recommended to the Board the reappointment of Messrs KPMG, Chartered Accountants as the auditors of the Company for the current year, subject to approval of the shareholders at the forthcoming Annual General Meeting.

Conclusion

The Audit Committee is of the view that adequate controls are in place to safeguard the Company's assets and that the financial position and the results disclosed in the Audited Accounts are free from any material misstatements



Mr. A D Pushparajah
Chairman

22nd November 2020

REMUNERATION COMMITTEE REPORT

The Remuneration Committee (the committee) has oversight of the Group's remuneration practices and policies. The committee is responsible for reviewing, recommending and approving the remuneration of executive and non-executive directors of the Company, and key management personnel of the Company.

Composition of the committee

The committee comprises independent non-executive directors Mr Deepal Sooriyaarachchi (Chairman), Mr Deshan Pushparajah, Mr. Elangovan Karthik and non-executive directors Mr. Senthilverl Senthi Nandhanan and Mr. Senaka Kakiriwaragodage. A Brief profile of the members of the Committee are given on pages 46 to 47.

Meetings

Name of Director	Directorship Status	Attendance
Mr. Andrew Deshan Pushparajah	Independent Non-Executive Director	1/2
Mr. Deepal Sooriyaarachchi	Independent Non-Executive Director	2/2
Mr. Senthilverl Senthi Nandhanan	Non-Executive Director	2/2
Mr. Elangovan Karthik	Independent Non-Executive Director	1/1
Mr. Senaka Kakiriwaragodage	Non-Executive Director	1/1

Terms of Reference

The Committee has written terms of reference, dealing with its authority and duties, which is carefully designed to discharge the Committee's purpose, duties and responsibilities. The Committee is committed to the principles of accountability and transparency and ensuring that remuneration arrangements align rewards with performance. The proposals relating to remuneration of Executive Directors and the members of the Group Management Committee were arrived at in consultation with the Chairman/ Managing Director and the Chief Executive Officer. No Director is involved in deciding his own remuneration. The Committee has acted within the parameters set by its terms of reference.

Remuneration Policy

The remuneration policy is designed to reward, motivate and retain the Company's executive team, with market competitive remuneration and benefits, to support the continued success of the business and creation of value as per the business model. The Committee makes every endeavour to maintain remuneration levels that are sufficient to attract and retain Executives Directors and the members of the senior management team. Accordingly, salaries and other benefits are reviewed periodically, taking into account the performance of the individual and industry standards. The remuneration packages which are linked to individual performances are aligned with the Company's short-term and long-term strategy. Further, the benefit packages awarded to Executive Directors and members of the Group Management Committee are intended to be competitive and comprise a mix of fixed and variable return. The variable remuneration is linked to group's profitability.

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

Role and responsibility of the Remuneration Committee

The Committee evaluates the performance of the Chief Executive Officer and key management personnel against set objectives and goals and determines the remuneration policy of the Company. The Committee supports and advises the Board on remuneration and remuneration related matters and makes decisions under delegated authority with a view to aligning the interests of employees and shareholders and enhancing shareholder value.

Further, The Committee periodically reviews the Group's remuneration strategy to ensure it supports the business and human resources strategy, and is focused on achieving the following:

- Determining the policy of the remuneration package of directors and key management personnel
- Attracting, engaging, motivating, rewarding and retaining a high-performing executive team as well as ensuring these principles are appropriately applied and maintained across all employee levels of the Group.
- Ensuring that the Chief Executive Officer (CEO) and executive team pursue the long-term sustainable growth and success of the Group.
- Ensuring an appropriate balance between guaranteed and variable remuneration, taking into account both the short and long-term objectives of the Group.
- Evaluating the performance of the Managing Directors, Executive Directors and key management personnel
- Differentiating pay between higher and average performers through effective performance management and assessment.

The remuneration paid to the directors is disclosed in Note 10 to the financial statements.

The Chairman of the committee reports to the board on all aspects of its work. This feedback covers all aspects of remuneration strategy and policy, how the policy objectives are being achieved and the implementation thereof.

There were no material policy exceptions during the period.

Evaluation of the Committee Performance

The annual evaluation of the performance of the Committee was carried out by the Board during the year and the outcome of the evaluation is given on page 89 in the Annual Report of the Board of Directors

Mr. Deepal Sooriyaarachchi
Chairman

22nd November 2020

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

Formation of the Committee

The Board of Directors of Panasian Power PLC (PAP) has adopted the Code on Related Party Transactions, as issued by the Securities and Exchange Commission of Sri Lanka ("The Code") and established the Related Party Transactions Review Committee (RPTRC) to assist the Board in reviewing all Related Party Transactions carried out by the Company and its Subsidiaries.

Purpose of the Committee

The objective of the Committee is to exercise oversight on behalf of the Board to ensure compliance with the Code on Related Party Transactions, as issued by the Securities and Exchange Commission (SEC) of Sri Lanka ("The Code") and with the Listing Rules of the Colombo Stock Exchange (CSE). The Committee has also adopted best practices as recommended by the Institute of Chartered Accountants of Sri Lanka and the CSE.

The Committee conducts an independent review and provides approval and oversight of all related party transactions of the company and to ensure that the Company complies with the rules set out in the Code. Primarily the committee should ensure that the interests of the shareholders as a whole are taken into account when entering into related party transactions, and to prevent Directors, key management personnel or substantial shareholders from taking advantage of their positions.

Terms of Reference

The Committee is governed by the written terms of reference which is carefully designed to discharge the Committee's purpose, duties and responsibilities. The Committee's duties and responsibilities are set out in accordance with requirements stipulated by the Code of Best Practices on Related Party Transactions published by the Securities and Exchange Commission of Sri Lanka (the "Code"), regulations issued by the Colombo Stock Exchange ("The CSE Rules") and LKAS 24. During the year, the Committee acted within the parameters set by its terms of reference.

Composition of the Committee

The Related Party Transaction Review Committee (RPTRC) is appointed by the Board of Directors in terms of Code of Best Practice on Related Party Transactions, as issued by the Securities and Exchange Commission of Sri Lanka (SEC).

The committee comprises of following three Non- Executive Directors as stipulated by the Listing Rule 9.2 on Related Party Transactions Review Committee issued by the Colombo Stock Exchange.

The RPTRC is comprised of Mr Deepal Sooriyaarchchi, Independent Non-Executive Director, as the Chairman, Dr. Thirugnanasambandar Senthilverl, Non-Executive Director, and Dr. Prathap Ramanujam, the Chairman of the Company.

Brief profiles of each member of the Committee are given on pages 46 to 47.

Policies and Procedures

The Company identifies related parties as defined by LKAS 24. The members of the Board of Directors of the Company have been identified as Key Management Personnel (KMP). In accordance with the Related Party Transaction Policy, declarations are obtained from each Director of the Company for the purpose of identifying parties related to them in any company where they hold office. Based on the information furnished in these declarations, the Company retrieves data on related party transactions from the database of the Company.

Meetings

The Committee met once during the year under review with all the members in attendance. Committee reviewed related party transactions carried out during the year under review and set out in Note 34 to financial statements.

The attendance of the members at meetings is as follows:

Name of Director	Directorship Status	Attendance
Mr. Deepal Sooriyaarachchi	Independent Non-Executive Director	1/1
Mr. Andrew Deshan Pushparajah	Non-Executive Director	1/1
Dr. Prathap Ramunajam	Chairman/Non-executive Director	1/1

Mr. Andrew Deshan Pushparajah stepped down as Chairman of the RPTRC during the financial year and was Chairman during the 1 meeting held. He also stepped down as a member of the RPTRC during the financial year. Mr. Deepal Sooriyaarachchi replaced him as Chairman of the RPTRC. Dr. Thirugnanasambandar Senthilverl was appointed to the Committee during the year, however no meetings were held with the reconstituted RPTRC during the financial year.

It is noted that the Company is not in compliance with listing rule 9.2.4 whereby the Related Party Transaction Review Committee is required to meet at least once a calendar quarter. The Committee did not meet in the 1st and 4th quarters due to the prevailing situation in the country. No related party concerns were noted during the quarters where no committee meeting was held. Furthermore, the Committee is satisfied that the Management raised any related party concerns via Committee Papers circulated via email when meetings do not take place.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

Summary of Responsibilities of the Committee

According to the procedures laid down by The Code and Section 9 of the Listing Rules of the Colombo Stock Exchange and responsibilities of the committee are as follows:

- to develop a Related Party Transaction Policy as directed by the CSE & SEC and to recommend the adoption of them to the Board of Directors of the Company and its subsidiary;
- to update the Board of Directors on the related party transactions of each company of the Group ;
- to make immediate market disclosures on applicable related party transactions, as required by Section 9 of the Continuing Listing Requirements of the CSE;
- to monitor all related party transactions of the entity which are transacted on normal commercial terms to make sure that they are not prejudicial to the interests of the entity and its minority shareholders and;
- to make appropriate disclosures on related party transactions in the Annual Report, as required by Section 9 of the Continuing Listing Requirements of the CSE.

Disclosures

A detailed disclosure of the related party transactions entered into by the Company during the year under review is disclosed in Note 34 to the financial statements given in pages 122 to 125 of this report.

Related Party Transaction During the Year

During the year, there was 1 non recurrent transaction that exceeded the respective thresholds mentioned in the Listing Rules requiring disclosure in the Annual Report. There were no recurrent transactions transaction that exceeded the respective thresholds mentioned in the Listing Rules requiring disclosure in the Annual Report. Details of other related party transactions entered into by the Company during the year is disclosed in Note 34 to the Financial Statements. The activities and observations of the Committee are communicated to the Board.

Name of the Related Party	Relationship	Value of the Related Party Transactions entered into during the financial year	Value of Related Party Transactions as a % of Equity and as a % of Total Assets	Terms and Conditions of the Related Party Transactions	The rationale for entering into the transactions
Panasian Investments (Pvt) Ltd	100% owned subsidiary	Rs. 89.2 mn receivable due from Panasian Investments (Pvt) Ltd	Equity – 6.5% Total Assets – 5.2%	Terms and conditions are in line with the Group intercompany policy. Interest is charged on the balance.	Funds utilised for construction of solar power projects. Balance will be capitalised subsequent to year end.

Evaluation of the Committee Performance

The annual evaluation of the performance of the Committee was conducted by the Board during the year and the outcome of the evaluation is given on page 89 in the Annual Report of the Board of Directors.

Declaration by the Board

A declaration is given by the Board in the Annual Report of the Board of Directors on page 90 as an affirmative statement stating compliance with the rules on Related Party Transactions.

Declaration

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

The committee has reviewed the Related Party Transactions during the financial year and has communicated the comments/ observations to the Board of Directors.

Mr. Deepal Sooriyaarachchi
Chairman of the Related Party Transaction Review Committee
22nd November 2020

FINANCIAL REPORTS

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

General

The Board of Directors take pleasure in presenting the Annual Report of the Company for the financial year ended 31st March 2020, that includes and covers the Audited Financial Statements, Chairman's Message, Statements of Responsibility, Auditors' Report and other relevant information in the annual report.

The information table on 'Disclosures required by the Companies Act No. 07 of 2007' appearing in the corporate governance report on page 74 forms part of this Annual Report of the Board of Directors.

The Annual Report of the Company including the Annual Report of the Board of Directors was adopted by the Board of Directors on 22nd November 2020. The required number of copies of the Company's Annual Report will be submitted to the Colombo Stock Exchange and to the Sri Lanka Accounting and Auditing Standards Monitoring Board within the stipulated time.

Group Structure and Principle Business Activities

The Group structure is available on page 14 A brief description of the nature of the principal business activities of the Group and the Company is given in Note 1 to the Financial Statements on page 105.

Statements of Mission, Vision and Values

The Company's statements of mission, vision and values are available on page 3. The Directors and all the employees conduct their activities with the highest level of ethical standards and integrity in achieving the aspiration and purpose. All employees are given a copy of the Code of Business Ethics of the Company and employees are required to adhere to it.

The Board of Directors

The Board of Directors of the Company consisted of nine members as at 31st March 2020. Information relating to the Directors of the Company is available on pages 46 to 47.

The names of the Directors of Subsidiary Companies are given on pages 48 to 49.

Retirement and Re-Election of Directors

In accordance with principle A.8 of the Corporate Governance Code, Mr. P. L. D. Jinadasa, Mr. A. D. Pushparajah and Mr. P. Poddiwala retire by rotation and are eligible for re-election.

The agenda for the Annual General Meeting includes two separate ordinary resolutions to be taken up to re-appoint Dr. P. Ramanujam as Chairman, who has reached the age of 71, and Dr. T. Senthilverl as a Non-executive Director, who has reached the age of 74 in accordance with Section 211 of the Companies Act No. 07 of 2007. Resumes of the Directors are included on pages 46 to 47 of this report.

Review of Performance

A review of performance and future outlook of the Group is available in the Chairman's message (pages 15 to 17), Group Chief Executive Officer's message on page 18 to 20 and value created section appearing on pages 12 to 13.

Investment activities during the year

The Group acquired 100% of the issued share capital of 2 companies during the year – Rajarata Sustainable Development (Pvt) Ltd and Finergreen Rajarata (Pvt) Ltd. There was no change in the percentage shareholding in the other subsidiaries held by the Company.

Disclosures

The Annual Report of the Company fulfils the disclosure requirements of the Sri Lanka Accounting Standards (SLFRs/LKASs), Companies Act No. 07 of 2007 and the Listing Rules of the Colombo Stock Exchange.

A report on compliance with the Code of Best Practice on Corporate Governance 2017 issued by the Institute of Chartered Accountants of Sri Lanka is included in this report.

Financial Statements

The Financial Statements of the Group and the Company have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRs/LKASs), issued by the Institute of Chartered Accountants of Sri Lanka and comply with requirements of the Companies Act No. 07 of 2007 and Listing Rules of the Colombo Stock Exchange. The Financial Statements for the year ended 31st March 2020 signed on behalf of the Board by the Chairman, Chairman of the Audit Committee and Chief Financial Officer are given on pages 99 to 100.

Financial Results and Appropriations

Turnover

The total gross Group turnover generated by the 03 business segments was Rs. 564 million (2018/19 – Rs. 761 million), while the turnover of the Company was Rs. 120 million (2018/19 – Rs. 214 million). A segment wise analysis is given in Note 7 appearing on pages 122 to 125.

Profit and Appropriations

The group profit after tax and group profit attributable to equity holders of the parent for the year were Rs. 153 million (2018/19 – Rs. 371 million) and Rs. 139 million (2018/19 – Rs. 332 million) respectively, whilst the profit after tax of the Company was Rs. 147 million (2018/19 Rs. 63 million).

The Group total comprehensive income attributable to equity holders of the parent was Rs. 255 million (2018/19 – Rs. 310 million) and the Company's total comprehensive income for the year was Rs. 175 million (2018/19 – Rs. 47 million).

Dividend and Reserves

Dividends totalling Rs. 0.22 per share paid during the financial year. Rs. 0.10 and Rs. 0.12 were approved by the Board of Directors on 05 May 2019 and 17 September 2019 respectively.

The Group Reserve as at 31st March 2020 amounts to Rs. 1,018 million (2018/19 – Rs. 893 million) . The composition of the reserves is shown in the Statement of Changes in Equity in the Financial Statements.

Independence of Non-Executive Directors

Sections 7.10.3.b. and 7.10.4.e. of the Listing Rules of the Colombo Stock Exchange taken together specify that a Non- Executive Director shall not be considered independent if he/she has served on the Board for a period of nine years from the date of the first appointment, unless the Board taking into account all the circumstances, is of the opinion that the Director is nevertheless 'independent' and specify the criteria not met and the basis of its determination in the Annual Report.

Mr. D. Sooriyaarachchi completed nine years in office as a Independent Non-Executive Director on 5 July 2019.

The Board recognises that Mr. D. Sooriyaarachchi has acted in an independent manner over the years bringing his independent judgement upon matters relating to the Board Committees and the Board. The Board is of the opinion that there is no reason to believe that his status as a Independent Director has been impaired in any manner due to his tenure in office. Having taken into account all relevant aspects, the Board determined that Mr. D. Sooriyaarachchi continue as an 'Independent Non-Executive Director' of the Company.

Board Committees

The Board of Directors has appointed three Committees to assist the Board. They are Audit Committee, Remuneration Committee and Related Party Transactions Review Committee. The terms of reference of each committee is set by the Board.

Board and Board Committee Meetings

The number of Board meetings held, and the number of meetings attended by the Directors is given on page 52. The number of Board Committee meetings held, and the attendance of members are given in the respective Committee Report appearing on pages 82, 83 and 85.

Review of Performance of the Board and Board Committees

The review of performance of Board Committees were carried out during the year by way of a discussion during a Board meeting and it was concluded that performance of all Committees were satisfactory.

Directors' Remuneration

Director's remuneration is given in Note 10 to the Financial Statements.

Directors' Shareholdings

Shareholdings of Directors and their spouses, as required by Listing Rules of the Colombo Stock Exchange, are given on page 176 under 'Investor Information'.

Mr. D. Sooriyaarachchi, Mr. A.D. Pushparajah A.D., Mr. S. S. Nandhanan, Mr. E. Karthik and Mr. S.S. Kakiriwaragodage who are Directors of the Company did not hold any shares of the Company as at 31st March 2020.

Interest Register and Directors' Interests in Contracts/Proposed Contracts

An Interest Register is maintained by the Company as per requirements of the Companies Act No. 07 of 2007. All Directors have made necessary declarations as provided for in Section 192 (2) of the aforesaid Companies Act.

During the year, entries made in the Interest Register consisted of Directors' interests in contracts and remuneration paid to the Directors. The Interest Register is available at the registered office of the Company, in keeping with the requirements of the Section 119 (1) (d) of the Companies Act No. 07 of 2007. The Directors have no direct or indirect interest in a contract or a proposed contract with the Company other than those disclosed.

Employee Share Ownership Plans

The Group does not operate any share option scheme.

Related Party Transactions

Non- Recurrent Related Party Transactions

There was 1 related party transaction of which aggregate value exceeded 10% of the equity or 5% of the total assets of the Company during the year ended 31st March 2020, which required specific disclosure in the Annual Report as required by Listing Rule 9.3.2 of the Colombo Stock Exchange and the Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission. This is disclosed on page 86.

Recurrent Related Party Transactions

There were no recurrent related party transactions which in aggregate exceeded 10% of the consolidated revenue of the Group as per 31st March 2020 audited Financial Statements, which required additional disclosures in the 2019/20 Annual Report under Colombo Stock Exchange Listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission.

The Company identifies related parties as defined by LKAS 24. The members of the Board of Directors of the Company have been identified as Key Management Personnel. In accordance with the Related Party Transaction Policy, declarations are obtained from each Key Management Personnel of the Company for the purpose of identifying parties related to them in any company where they hold office or through ownership. Based on the information furnished in these declarations, the Company retrieves data on related party transactions from the database of the Company.

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

Accounting Policies

The significant Accounting Policies adopted by the Group and the Company are given on pages 105 to 121.

The Financial Statements and Notes thereto give a true and fair view of the Company's and the Group's financial position as at 31st March 2020 and of their performance for the year ended on that date.

Independent Auditors' Appointment and Remuneration

The Company's Independent External Auditors, Messrs KPMG, Chartered Accountants, who were re-appointed by a resolution passed at the last Annual General Meeting, have expressed their opinion which appears on page 95 to 97 of this Annual Report.

The details of their remuneration are given in Note 10 to the Financial Statements. As far as the Directors are aware, the Auditors do not have any relationship with the Company, or any of its subsidiaries. The Auditors do not have any interest in contracts with the Company, or any of its subsidiaries.

Messrs KPMG, Chartered Accountants, have made themselves available for re-appointment and having determined their suitability for re-appointment. The Board proposes that they be appointed as the Independent Auditor until the conclusion of the next Annual General Meeting.

Internal Control System and Risk Management

The Board considers that strong internal controls are integral to sound management of the Company and is committed to maintaining financial, operational and risk management controls over all its activities. Further details of these aspects are discussed in the Directors' Statement on Internal Controls (page 92) and in the risk management approach on pages 75 to 80.

Going Concern

The Board of Directors, after reviewing the Company's Business Plans, is satisfied that the Company has adequate resources to continue its operations in the foreseeable future. Accordingly, the Financial Statements are prepared considering the Company and its subsidiaries as going concerns.

Enterprise Risk Management

Pages 75 to 80 shows the governance and risk management structure of the Group and the manner in which the Board plays its stewardship role.

Responsible Corporate Behaviour

The Board is committed to and considers it a key priority to act responsibly towards its stakeholders and to manage economic, environmental and social impacts during value creation activities, efficiently and effectively.

Material Foreseeable Risk Factors

Information pertaining to material foreseeable risk factors are discussed on pages 76 to 80 of this annual report.

Employment

Pages 32 to 33 covers the group's practices and policies relating to selection, training, development, promotion and employee relations.

As required by Colombo Stock Exchange listing rule 7.6 (vii), there were no material issues pertaining to employees or industrial relations during the year.

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

Share Information

Information relating to shareholding, market value of shares, public shareholding and top twenty shareholders are available on pages 174 to 177 under 'Investor Information'.

Equitable Treatment of Shareholders

The Company has made all endeavours to ensure that all shareholders are treated equitably.

Ratios and Market Price Information

The ratios relating to equity and debt as required by the listing requirements of the Colombo Stock Exchange are given in page 10 of this Report.

Donations

The Group and the Company made donations during the year amounting to Rs. 1,893,080 and Rs. 684,650 respectively (2018/19 – Group: Rs. 1,403,740, Company – Rs. 762,740).

Property, Plant and Equipment and Intangible Assets

The Group and the Company incurred Rs. 146,007,119 and Rs. 64,055,694 respectively (2018/19 - Group: Rs. 73,313,575, Company: Rs. 767,391) on acquisition of property, plant and equipment, details of which are available in Note 14 to the Financial Statements.

The investment in intangible assets by the Group during the year was Rs. 1,725,000 whilst the investment in intangible assets by the Company was Rs. 1,725,000. (2018/19 – Group: Rs. Nil, Company: Rs. Nil.

Specific information on extent, locations, valuations machineries and civil constructions on the Company's land holdings are given in Note 14 to the Financial Statements.

Market Value of Freehold Land

A qualified independent valuer carried out a revaluation of the Company's freehold land on 01 April 2020 and the carrying value of freehold land has been adjusted accordingly. The details of the valuation representing the market value Note 14 to the Financial Statements.

Stated Capital

The stated capital of the Company as at 31st March 2020 amounted to Rs. 1,030 million (2018/19 – Rs. 630 million), details of which are available in Note 26 to the Financial Statements. There was 1 share issue during the financial year.

Statutory Payments

The Directors, to the best of their knowledge and belief are satisfied that all statutory payments to the government, other regulatory bodies and relating to the employees have been made on time.

Compliance With Laws and Regulations

To the best of knowledge and belief of the Board of Directors, the Group/ Company has not engaged in any activity, which contravenes laws and regulations of the country.

Environmental Protection

Policies and endeavours made on environmental preservation by the Group and the Company are covered on pages 39 to 40.

Events Occurring after the Reporting Period

There were no material events that occurred after the reporting date that require adjustment to or disclosure in the Financial Statements, other than those disclosed in Note 39 to the Financial Statements on page 170.

Annual General Meeting

Taking into consideration the current regulations/restrictions prevailing in the country due to the COVID-19 pandemic, the Board of Directors has decided to hold the Annual General Meeting (AGM) as a Virtual Meeting on 15th December 2020 at 10.00 a.m., in line with the Guidelines issued by Colombo Stock Exchange (CSE) for hosting of virtual/hybrid AGMs and on the assumption that no curfew will be in force on that date and that there would be no restrictions imposed by the authorities on conduct on meetings.

By order of the Board of Directors,

Dr P. Ramanujam
Chairman

P. Poddiwala
Chief Executive Officer/
Executive Director

D. Sooriyaarachchi
Independent Non-Executive Director

SSP Corporate Services (Private) Limited

Colombo
22nd November 2020

BOARD OF DIRECTORS' STATEMENT ON INTERNAL CONTROLS

The Section D.1.5 of the 'Code of Best Practice on Corporate Governance 2017' (The Code) issued by the Institute of Chartered Accountants of Sri Lanka and the SEC recommends that the Board of Directors present a Statement on Internal Controls, in the Annual Report.

Responsibility

Maintaining a sound system of internal controls to safeguard shareholders' investment and the Company's assets is the responsibility of the Board of Directors. Currently, the Board has established a process for identifying, evaluating and managing the significant risks faced by the Company. This process includes enhancing the system of internal controls of the Company as and when there are changes to business environment and regulatory guidelines. However, this internal control system is designed to manage the Company's key areas of risk. Accordingly, the system of internal controls can only provide a reasonable but not absolute assurance against material misstatements of losses.

Key internal Control Processes

The key processes that have been established by the Board in reviewing the adequacy and integrity of the system of internal controls include the following:

- The Board Committees and Management Committees are established to assist the Board in ensuring the effectiveness of the Group's operations and that the Group's operations are directed towards corporate strategy, objectives, annual budget and policies taking in to consideration the business environment and internal operating conditions.
- The Group Outsourced Internal Audit function provides comfort on the efficiency and effectiveness of the Internal Control System of the Group and Company. The Group Internal Audit function operates according to the annual audit plan which is reviewed and approved by the Audit Committee. Their findings of the audits are submitted to the Audit Committee for review at their periodic meetings.
- The Audit Committee approves the annual audit plan, reviews internal control issues identified by the Group Internal Auditors, the Independent External Auditors, regulatory authorities and the management and evaluates the adequacy and effectiveness of the internal control system. Activities undertaken by the Audit Committee are set out in the Audit Committee Report on page from 81 to 82.

Confirmation

The Board of Directors confirm that the financial reporting system has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with Sri Lanka Accounting Standards (SLFRSs/LKASs), requirements of the Companies Act No. 7 of 2007, the Listing Rules of the Colombo Stock Exchange and any other regulatory requirements. The consolidated financial statements for the year ended 31st March 2020 have been audited by Messrs. KPMG, Chartered Accountants.

By order of the Board

Dr. Prathap Ramanujam
Chairman
22nd November 2020

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Section D.1.5 of the 'Code of Best Practice on Corporate Governance 2017' (The Code) issued by the Institute of Chartered Accountants of Sri Lanka recommends that the Board of Directors present a Responsibility Statement on preparation and presentation of Financial Statements in the Annual Report together with a statement by the Auditors about their reporting responsibilities.

The responsibilities of the Directors in relation to the Financial Statements of the Company and the Group are set out in this statement. The responsibility of the Auditors in relation to the Financial Statements is set out in the Report of the Auditors on pages from 95 to 97.

As per the provision of sections 150 (1), 151, 152 and 153 (1) & (2) of the Companies Act No 7 of 2007, the Directors are responsible to prepare and present Financial Statements for each financial year giving a true and fair view of the state of affairs of the Company and the Group and the profit or loss of the Company and the Group for the financial year in accordance with applicable laws and regulations and SLFRSs and LKASs.

The Financial Statements comprise of:

- Statement of Profit or Loss and Other Comprehensive Income of the Group and the Company
- Statement of Financial Position of the Group and the Company
- Statement of Changes in Equity of the Group and the Company
- Statement of Cash Flows of the Group and the Company
- Notes to the Financial Statements

The Directors are also required to place these Financial Statements before a general meeting of shareholders. The Directors are also responsible, under section 148 of the Companies Act, for ensuring that proper accounting records are kept to enable the determination of financial position of the Group and the Company with reasonable accuracy, and to enable preparation of financial statements and audit of such statements to be carried out readily and properly.

The Board of Directors accepts responsibility for the integrity and objectivity of the Financial Statements presented.

The Board of Directors are responsible for establishing an ongoing process for identifying, evaluating and managing the significant risks faced by the Group and the Company, and to regularly review the effectiveness of such process;

The Directors also are responsible for taking reasonable measures to safeguard the assets of the Group and the Company and in this regard to give proper consideration to the establishment of appropriate internal control systems with a view to preventing and detecting fraud and other irregularities. The Audit Committee, the Remuneration Committee and the Related Party Transaction Review Committee established by the Board strengthen the process of identifying and reviewing the adequacy and integrity of the system of internal controls and risk management.

The Directors are required to provide the Auditors with every opportunity to take whatever steps necessary to enable them to form their audit opinion.

The Directors, having reviewed the financial budget and cash flows for the year to 31st March 2021 and the bank facilities, consider that the Group/Company has adequate resources to continue in operation, and have continued to adopt the going concern basis in preparing these Financial Statements.

Further, as required by Section 56 (2) of the Companies Act No 7 of 2007, the Directors have confirmed that the Company, based on the information available, satisfies the solvency test immediately after the distribution of dividends, in accordance with Section 57 of the Companies Act No 7 of 2007, and has obtained a certificate of solvency from the Auditors, prior to the payment of dividends of Rs 0.22 per share for the year under review.

The Directors confirm that;

- Appropriate Accounting Policies have been selected and used in a consistent manner, and material departures, if any, have been disclosed and explained;
- The Financial Statements of the Group and the Company are prepared and presented in accordance with the Sri Lanka Accounting Standards (SLFRSs/LKASs); and that reasonable and prudent judgments and estimates have been made so that the form and substance of transactions are properly reflected; and
- Listing Rules of the Colombo Stock Exchange are complied with.
- To the best of their knowledge, are satisfied that all taxes, duties and levies and statutory payments in relation to all relevant regulatory and authorities which were due and payable by the Company and its subsidiaries as at the reporting date have been paid or where relevant provided for.

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

By Order of the Board,

Dr. Prathap Ramanujam
Chairman

P. Poddiwala
Chief Executive Officer/
Executive Director

22nd November 2020

RESPONSIBILITY STATEMENT OF CHAIRMAN, CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

The Section D.1.3 of the 'Code of Best Practice on Corporate Governance 2017' (The Code) issued by the Institute of Chartered Accountants of Sri Lanka recommends that the Board should, before it approves the financial statements for a financial period, obtain a declaration, in their opinion, on Financial Statements and system of risk management and internal control from its Chief Executive Officer and Chief Financial Officer.

We confirm that, the Financial Statements of Panasian Power PLC and Consolidated Financial Statements of the Group as at 31st March 2020 are prepared and presented in accordance with the requirements of the following:

- Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka (SLFRs/LKASs), Companies Act No. 07 of 2007,
- Listing Rules of the Colombo Stock Exchange, and
- Code of Best Practice on Corporate Governance 2017 issued by the Institute of Chartered Accountants of Sri Lanka.

We also confirm that the accounting policies used in preparation of the Consolidated Financial Statements are appropriate and consistently applied, except unless otherwise stated in the Notes accompanying the Financial Statements. There are no departures from the prescribed Accounting Standards in their adoption. Comparative information has been reclassified wherever necessary to comply with the current presentation. The Significant Accounting Policies and estimates that involved a high degree of judgement and complexity were discussed with the Audit Committee.

The Board of Directors and the Management of the Company accept responsibility for the integrity and objectivity of these Financial Statements. The estimates and judgments relating to the Financial Statements were made on a prudent and reasonable basis, in order that the Financial Statements reflect in a true and fair manner, the form and substance of transactions, and reasonably present the Company's state of affairs. To ensure this, the Company has taken reasonable and sufficient care in installing a system of internal controls and accounting records, for safeguarding assets, and for preventing and detecting frauds as well as other irregularities, which is reviewed, evaluated and updated on an ongoing basis.

The Group Internal Auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed. However, there are inherent limitations that should be recognised in weighing the assurances provided by any system of internal controls and accounting.

The Financial Statements were audited by Messrs KPMG, Chartered Accountants, Independent External Auditors. Their report is given on pages from 95 to 97 of the Annual Report.

The Audit Committee of the Company meets periodically with the Internal Auditors and the Independent External Auditors to review the manner in which these Auditors are performing their responsibilities, and to discuss auditing, internal control and financial reporting issues. To ensure complete independence, the Independent External Auditors and the Internal Auditors have full and free access to the members of the Audit Committee to discuss any matter of substance.

Conclusion

We confirm that we have discharged our responsibilities in maintaining proper financial records and preparing financial statements in accordance with SLFRSs and LKASs. To the best of our knowledge, we also confirm that the system of risk management and internal control was operating effectively during the year.

Dr. P. Ramanujam
Chairman

P. Poddiwala
Chief Executive Officer

G. Gunawardana
Chief Financial Officer
Colombo
22nd November 2020

INDEPENDENT AUDITOR'S REPORT

KPMG
(Chartered Accountants)
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To the Shareholders of Panasian Power PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Panasian Power 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 31st March 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes set out on pages from 98 to 179 of this annual report.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31st March 2020, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company financial statements and the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the Company financial statements and the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

01. Annual impairment testing of Goodwill

Refer to the significant accounting policy in Note 4.5 and explanatory Note 16.4.1 to these financial statements.

Risk description	Our response
As at 31st March 2020, the goodwill was carried at Rs. 462 Mn. Management allocated goodwill to the respective cash-generating units ("CGUs") as disclosed in Note 16.4.1 to the financial statements. The recoverable amounts of the identified CGUs have been determined based on value-in-use calculations. Due to the inherent uncertainty involved in forecasting and discounting future cash flows, being the basis of the assessment of value in use, this is one of the key judgmental areas. Therefore, we have determined this to be a key audit matter.	Our audit procedures included: • Obtaining an understanding of management's impairment assessment process. • Assessing the cash flow forecast prepared by the management against corroborative information and obtaining management representation pertaining to the same. • Testing the mathematical accuracy of, and the input data used in, the underlying calculations in the discounted cash flow valuation models. • Reviewing the robustness of management's budgeting process by comparing the actual financial results against previous projections. • Assessing the adequacy of the disclosures in the financial statements.

KPMG

02. Property, Plant and Equipment valuation	
Refer to the significant accounting policy in Note 4.4 and explanatory Note 14 to these financial statements.	
The revaluation gain of Plants and Structures amounted to Rs. 159.8Mn for the year ended 31st March 2020 as disclosed in Note 14.1 to the financial statements. These Plants and Structures are stated at fair value, based on valuations by a professional external valuer engaged by the entity. Due to the materiality of the carrying amount, significant judgement involved in estimating the value, inherent uncertainty involved in determining the useful lifetime of the plant and structures and the unpredictability of continuation of the Standard Power Purchase agreement by CEB with the company which is used as the useful lifetime taken for valuation. Therefore, we have determined this to be a key audit matter.	Our audit procedures included: • Assessing the objectivity, independence, competence and professional qualifications of the external valuer. • Assessing the appropriateness of the valuation techniques used by the external valuer, taking into account the profile of the property, plants and civil constructions. • Discussions with the management and the external valuer in relation to the possible impact on the key assumptions and the resulting valuation due to COVID 19 pandemic. • Compare with alternative valuation methods in order to determine the highest and best use of the property. • Discussions with management and the external valuer and compare the key assumptions used against externally published market comparable or industry data where available and challenging the reasonableness of key assumptions based on our knowledge of the business and industry and internal benchmarks. • Assessing the adequacy of the disclosures in the financial statements, including the description and appropriateness of the inherent degree of subjectivity and key assumptions in the estimates. This includes the relationships between the key unobservable inputs and fair values, in conveying the uncertainties.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our Auditor's Report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance

KPMG

with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

We describe these matters in our 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 3272.

Chartered Accountants
Colombo, Sri Lanka

22nd November 2020

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Group		Company	
For the year ended 31st March,	**Note**	**2020 Rs.**	**2019 Rs.**	**2020 Rs.**	**2019 Rs.**
Revenue	6	**563,814,790**	761,280,653	**119,810,368**	214,316,876
Cost of electricity generated		**(139,609,454)**	(153,144,873)	**(21,042,838)**	(21,672,452)
Gross profit		**424,205,336**	608,135,780	**98,767,530**	192,644,424
Other income	8	**-**	645,040	**132,431,683**	-
Administrative expenses		**(119,980,556)**	(90,437,502)	**(59,964,665)**	(44,490,879)
Impairment loss on trade receivable		**-**	(2,711,369)	**-**	(1,286,741)
Finance income	9.1	**10,224,450**	8,668,504	**11,367,969**	3,908,693
Finance costs	9.2	**(121,184,786)**	(99,077,488)	**(30,949,879)**	(53,428,012)
Net finance costs		**(110,960,336)**	(90,408,984)	**(19,581,910)**	(49,519,319)
Share of Profit of Equity Accounted Investees – Joint Venture	19.1	**1,997,469**	752,432	**-**	-
Profit before taxation	10	**195,261,913**	425,975,397	**151,652,638**	97,347,486
Income tax expense	11	**(42,553,678)**	(54,638,740)	**(5,023,982)**	(33,972,570)
Profit for the year		**152,708,235**	371,336,657	**146,628,656**	63,374,916
Other comprehensive income for the year					
Items that will not be reclassified to profit or loss					
– Re-measurement of defined benefit obligation	27	**(286,605)**	2,492,001	**(198,611)**	2,156,375
– Deferred tax effect on Re-measurement of defined benefit obligation	11	**73,210**	(670,910)	**55,611**	(603,785)
– Revaluation of Property, plant and equipment	14	**159,898,930**	-	**39,250,215**	-
– Deferred tax effect of revaluation	11	**(38,155,395)**	-	**(10,990,060)**	-
– Deferred tax implication on other comprehensive income due to rate differential		**-**	(23,700,234)	**-**	(17,993,709)
– Revaluation of property plant & Equipment of Joint Venture	19.1	**1,537,487**	-	**-**	-
Other comprehensive income for the year, net of tax		**123,067,627**	(21,879,143)	**28,117,155**	(16,441,119)
Total Comprehensive Income		**275,775,862**	349,457,514	**174,745,811**	46,933,798
Profit Attributable to:					
Owners of the Company		**138,911,808**	332,236,713	**146,628,656**	63,374,916
Non-controlling interests		**13,796,427**	39,099,944	**-**	-
		152,708,235	371,336,657	**146,628,656**	63,374,916
Total comprehensive income Attributable to:					
Owners of the Company		**255,495,119**	310,332,054	**174,745,811**	46,933,798
Non-controlling interests		**20,280,743**	39,135,460	**-**	-
		275,775,862	349,457,514	**174,745,811**	46,933,798
Earnings per share (Rs.)	12	**0.24**	0.66	**0.25**	0.13

The accounting policies and notes on pages 105 to 172 form an integral part of these financial statements.
The figures in bracket indicate deductions.

STATEMENT OF FINANCIAL POSITION

For the year ended 31st March,	Note	Group 2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	Company 2019 Rs.
Assets					
Non-current assets					
Property, plant and equipment	14	**2,269,545,499**	1,553,625,135	**343,215,633**	251,220,211
Capital work in progress	15	**527,739,561**	461,959,794	**-**	-
Intangible assets	16	**552,592,871**	492,447,635	**2,388,558**	1,014,757
Investment in subsidiaries	17	**-**	-	**1,142,177,694**	1,142,177,694
Investment in preference shares	18	**23,884,623**	27,000,000	**23,000,000**	23,000,000
Investment in Joint Venture	19	**5,272,446**	6,783,315	**-**	-
Advances paid for acquisition	20	**5,115,150**	5,115,150	**5,115,150**	5,115,150
Total non-current assets		**3,384,150,150**	2,546,931,029	**1,515,897,035**	1,422,527,812
Current assets					
Inventory	21	**14,157,615**	13,361,282	**-**	-
Investment in unit trust	22	**39,635,267**	124,354,122	**42,803**	21,872,147
Trade and other receivables	23	**363,928,792**	220,991,842	**84,524,263**	58,807,850
Amount due from related companies	24	**40,986,720**	6,872,731	**122,839,093**	40,974,964
Cash and cash equivalents	25	**120,813,455**	70,517,448	**21,385,016**	5,277,682
Total current assets		**579,521,849**	436,097,425	**228,791,175**	126,932,643
Total assets		**3,963,671,999**	2,983,028,454	**1,744,688,210**	1,549,460,455
Equity and liabilities					
Equity					
Stated capital	26	**1,030,000,000**	630,000,000	**1,030,000,000**	630,000,000
Revaluation reserves		**316,396,210**	201,136,991	**120,799,232**	92,539,077
Retained earnings		**701,817,869**	691,573,610	**242,471,639**	225,977,625
Equity attributable to owners of the Company		**2,048,214,079**	1,522,710,601	**1,393,270,871**	948,516,702
Non Controlling Interest	41	**130,676,013**	125,695,270	**-**	-
Total Equity		**2,178,890,092**	1,648,405,871	**1,393,270,871**	948,516,702

STATEMENT OF FINANCIAL POSITION

For the year ended 31st March,	Note	Group 2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	Company 2019 Rs.
Non-current liabilities					
Employee benefits	27	**6,017,254**	4,101,392	**4,858,667**	3,330,779
Lease liabilities	28	**51,815,680**	1,415,349	**51,434,197**	-
Interest bearing loans and borrowings	29	**1,254,439,493**	988,749,045	**118,910,000**	147,530,000
Deferred tax liabilities	30	**154,694,708**	125,905,691	**71,345,210**	61,511,124
Loan due to related companies					
Total non-current liabilities		**1,466,967,135**	1,120,171,477	**246,548,074**	212,371,903
Current liabilities					
Lease liabilities	28	**10,754,579**	886,391	**9,720,603**	-
Interest bearing loans and borrowings	29	**212,836,233**	125,587,975	**28,620,000**	28,620,000
Amount due to related companies	31	**-**	-	**49,288,701**	328,806,900
Other payables and accruals	32	**69,521,198**	31,779,534	**15,644,865**	10,735,104
Income tax payable	33	**24,702,762**	56,197,206	**1,595,096**	20,409,846
Total current liabilities		**317,814,772**	214,451,106	**104,869,265**	388,571,850
Total liabilities		**1,784,781,907**	1,334,622,583	**351,417,339**	600,943,753
Total equity and liabilities		**3,963,671,999**	2,983,028,454	**1,744,688,210**	1,549,460,455

The accounting policies and notes on pages 105 to 172 form an integral part of these financial statements.

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

Mr. G. Gunawardana
Chief Financial Officer

The Board of Directors are responsible for the preparation and presentation of the financial statements.

Signed on behalf of the board

Dr. P. Ramanujam
Chairman
Colombo

22nd November 2020

Mr. A. D. Pushparajah
Director

STATEMENT OF CHANGES IN EQUITY

	Stated capital Rs.	Revaluation reserve Rs.	Retained earnings Rs.	Total Rs.	Non-Controlling Interest Rs.	Total equity Rs.
Group						
Balance as at 01st April 2018	630,000,000	224,161,998	453,226,549	1,307,388,547	86,559,660	1,393,948,207
Issue of Ordinary shares					150	150
Adjustment	-	675,227	(675,227)	-	-	-
Total comprehensive income for the year						
– Profit	-	-	332,236,713	332,236,713	39,099,944	371,336,657
– Other comprehensive income	-	(23,700,234)	1,785,575	(21,914,659)	35,516	(21,879,143)
Transaction with owners						
– Dividends	-	-	(95,000,000)	(95,000,000)	-	(95,000,000)
Balance as at 31st March 2019	**630,000,000**	**201,136,991**	**691,573,610**	**1,522,710,601**	**125,695,270**	**1,648,405,871**
Balance as of 01st April 2019	630,000,000	201,136,991	691,573,610	1,522,710,601	125,695,270	1,648,405,871
Total comprehensive income for the year						
– Profit	-	-	138,911,808	138,911,808	13,796,427	152,708,235
– Other comprehensive income	-	115,259,219	1,324,093	116,583,312	6,484,316	123,067,628
Transaction with owners						
– Issue of Shares	400,000,000			400,000,000	-	400,000,000
– Direct cost on private placement	-	-	(4,991,642)	(4,991,642)	-	(4,991,642)
– Dividends	-		(125,000,000)	(125,000,000)	(15,300,000)	(140,300,000)
Balance as at 31st March 2020	**1,030,000,000**	**316,396,210**	**701,817,869**	**2,048,214,079**	**130,676,013**	**2,178,890,092**

STATEMENT OF CHANGES IN EQUITY

	Stated capital Rs.	Revaluation reserve Rs.	Retained earnings Rs.	Total Rs.
Company				
Balance as at 01st April 2018	630,000,000	110,532,786	256,050,119	996,582,905
Total comprehensive income for the year				
– Profit	-	-	63,374,916	63,374,916
– Other comprehensive income	-	(17,993,709)	1,552,590	(16,441,119)
Transaction with owners of the company				
– Dividends	-	-	(95,000,000)	(95,000,000)
Balance as at 31st March 2019	**630,000,000**	**92,539,077**	**225,977,625**	**948,516,702**
Balance as of 01st April 2019	630,000,000	92,539,077	225,977,625	948,516,702
Total comprehensive income for the year				
– Profit	-	-	146,628,656	146,628,656
– Other comprehensive income	-	28,260,155	(143,000)	28,117,155
Transaction with owners of the company				
– Issue of Shares	400,000,000	-	-	400,000,000
– Direct cost on private placement	-	-	(4,991,642)	(4,991,642)
– Dividends	-	-	(125,000,000)	(125,000,000)
Balance as at 31st March 2020	**1,030,000,000**	**120,799,232**	**242,471,639**	**1,393,270,871**

The accounting policies and notes on pages 105 to 172 form an integral part of these financial statements.

The figures in brackets indicate deductions.

STATEMENT OF CASH FLOWS

	Group		Company	
For the year ended 31st March,	**2020 Rs.**	**2019 Rs.**	**2020 Rs.**	**2019 Rs.**
Cash flows from operating activities				
Profit before tax	**195,261,913**	425,975,397	**151,652,638**	97,347,486
Adjustments for,				
Depreciation of property, plant and equipment	**77,866,117**	53,814,657	**11,310,287**	10,224,000
Amortisation of intangible asset	**779,767**	1,950,688	**351,199**	1,522,120
Provision for retiring gratuity	**1,629,256**	1,403,227	**1,329,277**	1,149,253
Dividend income	**-**	(645,040)	**(132,431,683)**	-
Provision For doubtful debtors	**-**	2,711,369	**-**	1,286,741
Share of Profit of Equity Accounted Investees – Joint Venture	**(1,997,469)**	(752,432)	**-**	-
Interest income	**(10,224,450)**	(8,668,504)	**(11,367,969)**	(3,908,693)
Interest expense	**121,184,786**	99,077,488	**30,949,879**	53,428,012
Operating profit before working capital changes	**384,499,920**	574,866,850	**51,793,628**	161,048,919
(Increase)/Decrease in Inventory	**(796,333)**	57,831,353	**-**	-
(Increase)/Decrease in trade and other receivables	**(142,936,950)**	(87,003,813)	**(25,716,413)**	(29,561,461)
(Increase)/Decrease in amounts due from related parties	**(34,113,989)**	(2,570,031)	**(81,864,129)**	408,523,671
Increase/(Decrease) in other payables	**37,741,665**	(49,322,751)	**4,909,762**	(4,645,839)
(Decrease)/Increase in amounts due to related parties	**-**	-	**(279,518,199)**	156,299,046
Cash generated from/used in operating activities	**244,394,313**	493,801,608	**(330,395,351)**	691,664,336
Interest paid	**(123,902,956)**	(99,992,030)	**(30,949,880)**	(55,627,289)
Income tax paid	**(83,341,300)**	(11,046,297)	**(24,939,096)**	(4,383,507)
Retiring gratuity paid	**-**	(388,189)	**-**	(326,389)
Net cash from/used in operating activities	**37,150,057**	382,375,092	**(386,284,327)**	631,327,151

STATEMENT OF CASH FLOWS

	Group		Company	
For the year ended 31st March,	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Cash flows from investing activities				
Acquisition of property, plant and equipment	**(83,795,065)**	(73,313,575)	**(1,843,633)**	(767,391)
Redemption of/(investment in) preference shares	**3,115,377**	-	**-**	(23,000,000)
Investments in unit trusts	**(210,000,000)**	(530,140,000)	**(30,000,000)**	(237,140,000)
Withdrawal from unit trust	**300,901,018**	411,500,000	**52,221,610**	217,500,000
Investment in capital work in progress	**(553,660,201)**	(461,959,794)	**-**	-
Dividend received from joint venture companies	**5,045,825**	583,561	**-**	-
(Acquisition)/Disposal of subsidiary company	**(59,200,000)**	(15,000,000)	**-**	13,200,000
Investments in intangible assets	**(1,725,000)**	(1,1324,902)	**(1,725,000)**	(1,324,902)
Dividend received	**-**	645,040	**132,431,683**	
Interest received	**4,042,287**	2,954,382	**10,975,703**	1,676,546
Net cash (used in)/generated from investing activities	**(595,275,759)**	(666,055,288)	**162,060,363**	(29,855,747)
Cash flows from financing activities				
Proceed from share issues	**400,000,000**	-	**400,000,000**	-
Direct cost on private placement	**(4,991,642)**	-	**(4,991,642)**	-
Proceeds from loans and borrowings	**475,174,377**	1,113,462,280	**-**	200,000,000
Repayment of borrowings	**(119,517,685)**	(741,882,973)	**(28,620,000)**	(694,855,000)
Dividends paid	**(140,300,000)**	(95,000,000)	**(125,000,000)**	(95,000,000)
Payment of lease liabilities	**(1,943,342)**	(760,727)	**(1,057,060)**	-
Net cash generate from/(used in) financing activities	**608,421,708**	275,801,730	**240,331,298**	(589,855,000)
Net increase/(decrease) in cash and cash equivalents	**50,296,006**	(7,861,466)	**16,107,334**	11,616,404
Cash and cash equivalents at the beginning of the year	**70,517,449**	78,378,914	**5,277,682**	(6,338,722)
Cash and cash equivalents at the end of the year (Note 25)	**120,813,455**	70,517,448	**21,385,016**	5,277,682

The accounting policies and notes on pages 105 to 172 form an integral part of these financial statements.

The figures in brackets indicate deductions.

1. General information

1.1 Reporting entity

(a) Panasian Power PLC ("the Company") is a public limited liability Company incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The registered office of the Company and principal place of business is located at Level 04, BTL Shipping House, No 45/2, Braybrooke Street, Colombo 02.

(b) The fully owned subsidiary companies, Manelwala Hydropower (Pvt) Ltd and Panasian Investments (Pvt) Ltd are private companies with limited liability incorporated in Sri Lanka under the provisions of the Companies Act No 7 of 2007. The immediate parent of these Companies is Panasian Power PLC.

(c) 83% owned subsidiary company, Padiyapelella Hydropower Limited is a limited liability company with limited liability incorporated in Sri Lanka under the provisions of the Companies Act No 7 of 2007. The immediate parent of the Company is Panasian Power PLC.

(d) 1. The sub subsidiary PAP Solar One (Pvt) Ltd is a limited liability company incorporated in Sri Lanka under the provisions of the Companies Act No.07 of 2007.

2. Panasian Investments (Pvt) Ltd is the immediate parent of PAP Solar One (Pvt) Ltd.

(e) 1. The fully owned sub subsidiaries Eco Green Solar Solutions (Pvt) Ltd and Solar Power Generation Matara (Pvt) Ltd are limited liability companies incorporated in Sri Lanka under the provisions of the Companies Act No.07 of 2007.

2. Manelwala Hydropower (Pvt) Ltd is the immediate parent Eco Green Solar Solutions (Pvt) Ltd and Solar Power Generation Matara (Pvt) Ltd.

(f) 1. The 85% sub subsidiary Panthree Solaro Energy (Pvt) Ltd is a limited liability company incorporated in Sri Lanka under the provisions of the Companies Act No.07 of 2007.

2. PAP Solar One (Pvt) Ltd is the immediate parent of Panthree Solaro Energy (Pvt) Ltd.

(g) 1. The fully owned sub subsidiaries Rajarata Sustainable Development (Pvt) Ltd and Finergreen Rajarata (Pvt) Ltd are limited liability companies incorporated in Sri Lanka under the provisions of the Companies Act No.07 of 2007.

2. PAP Solar One (Pvt) Ltd is the immediate parent of Rajarata Sustainable Development (Pvt) Ltd and Finergreen Rajarata (Pvt) Ltd.

(h) Joint Venture Powergen One (Pvt) Ltd is a limited liability company incorporated in Sri Lanka under the provisions of the Companies Act No.07 of 2007. Panasian Investments (Private) Limited owns 50% of the ordinary shares of Powergen One (Pvt) Ltd.

(i) Joint Venture TIC Solar (Pvt) Ltd is a limited liability company incorporated in Sri Lanka under the provisions of the Companies Act No.07 of 2007. Panasian Investments (Private) Limited owns 50% of the ordinary shares of TIC Solar (Pvt) Ltd.

1.2 Consolidated Financial Statements

The consolidated financial statements of the Company as at, and for the year ended 31st March 2020 comprise the financial statements of Company and its subsidiaries (together referred to as the "Group").

1.3 Date of authorisation for issue

These consolidated financial statements were authorised for issue by the Board of Directors on 22nd November 2020.

1.4 Principal activities and nature of operations

The principal activity of the Company and its Subsidiaries Manelwala Hydropower (Pvt) Limited and Padiyapelella Hydropower Limited are to produce hydro power.

The Company entered into a Standardised agreement for the purchase of energy with the Ceylon Electricity Board (CEB) for the sale of electrical energy from Rath Ganga Mini-Hydro Production Facilities for a period of 15 years, beginning on the Commercial Operation Date of 5th July 2004 and a new agreement was signed on 28th July 2020 until 4 July 2024. The capacity of power potential is 3,000 kW and is situated at Rath Ganga, Ratnapura.

The Subsidiary, Manelwala Hydropower (Pvt) Limited entered into a Standardised agreement for the purchase of energy with the Ceylon Electricity Board (CEB) for the sale of electrical energy from Kurundu Oya Mini-Hydro Production Facilities for a period of 15 years, beginning on the Commercial Operation Date of 18th June 2008. The capacity of power potential is 2,400 kW and situated at Walapane.

The Subsidiary, Padiyapelella Hydropower Limited entered into a Standardised agreement for the purchase of energy with the Ceylon Electricity Board (CEB) for the sale of electrical energy from Belihul Oya. Mini-Hydro Production Facilities for a period of 20 years and the project was commissioned in 01st March 2017. The capacity of power potential of Phase 1 is 3,500 kW and is situated at Padiyapelella

The Subsidiary, Panasian Investments (Pvt) Limited has obtained the approval from Sustainable Energy Authority as an EPC (Engineering, procurement and Construction) supplier for rooftop solar power plants.

The sub subsidiary Eco Green Solar Solutions (Pvt) Ltd., entered into a Standardised agreement for the purchase of energy with the Ceylon Electricity

Board (CEB) for the sale of electrical energy from Beliatta Solar Power PV Plant to the National Grid for a period of 20 years and the project was commissioned on 29th July 2019. The capacity of the plant is 1000 kW.

The sub subsidiary Solar Power Generation Matara (Pvt) Ltd., entered into 2 Standardised agreements for the purchase of energy with the Ceylon Electricity Board (CEB) for the sale of electrical energy from Matara Solar Power PV Plants to the National Grid for a period of 20 years. The capacity of the plant is 2000kW.

The sub subsidiary Panthree Solaro Energy (Pvt) Ltd entered into a Standardised agreement for the purchase of energy with the Ceylon Electricity Board (CEB) for the sale of electrical energy from Matara Solar Power PV Plants to the National Grid for a period of 20 years for Matara 1 SBSPII (90) 1 MW Solar PV Plant. It also obtained the Letters of Intent from the Ceylon Electricity Board to generate and supply solar power to National Grid for 20 years to Maho and Pannala grid sub stations. The capacity of the plants are 3000 kW.

The sub subsidiary PAP Solar One (Pvt) Ltd., operates 3930 kWp of rooftop solar projects in Kohuwala, Kolonna and 6 projects in Kurunegala District. The Company entered in to an agreement to generate and supply solar power to the National Grid for 20 Years.

Details of commissioned solar power plants of PAP Solar One (Pvt) Ltd are as follows;

Project	Date of commissioning	Capacity (kWp)
Kolonna	29 August 2018	305
Kohuwala	27 September 2018	345
Mawathagama I	24 June 2019	720
Mawathagama II	31 May 2019	495
Malsiripura	24 May 2019	355
Narammala	03 July 2019	320
Palapathwala	19 September 2019	775
Uhumeeya	28 March 2019	615

The sub subsidiary Rajarata Sustainable Development (Pvt) Ltd., started construction of a 2000 kW rooftop solar projects in Anuradhapura District. The Company has not yet entered in to an agreement to generate and supply solar power to the National Grid for 20 Years.

The sub subsidiary Finergreen Rajarata (Pvt) Ltd., started construction of a 2000 kW rooftop solar projects in Anuradhapura District. The Company has not yet entered in to an agreement to generate and supply solar power to the National Grid for 20 Years.

The joint venture company Powergen One (Pvt) Ltd., operates a 400 kWp rooftop solar project in Boralasgamuwa and entered in to an agreement to generate and supply solar power to the National Grid for 20 Years and the project was commissioned in 23rd April 2020.

The joint venture company TIC Solar (Pvt) Ltd., operates a 930 kWp rooftop solar project in Kelaniya and entered in to an agreement to generate and supply solar power to the National Grid for 20 Years and the project was commissioned in 26th December 2018 and 10th February 2019.

1.5 Parent enterprise and ultimate parent enterprise

The Company does not have parent or ultimate parent as of 31 March 2020.

2. Basis of preparation

2.1 Statement of compliance

The financial statements of the Group and the separate financial statements of the Company have been prepared in accordance with the Sri Lanka Accounting Standards (herein referred to as SLFRSs/ LKASs) effective from 1st January 2012, laid down by The Institute of Chartered Accountants of Sri Lanka (ICASL) and the requirements of the Companies Act No. 07 of 2007.

This is the first set of the Group's annual financial statements in which SLFRS 16 Leases has been applied. The related changes to significant accounting policies due to the adoption of this standard are described in Note 3.4.

2.2 Responsibility for financial statements

The Board of Directors of the Company is responsible for the preparation and fair presentation of the financial statements.

2.3 Basis of measurement

The consolidated and separated financial statements have been prepared on the historical cost basis, except following.

- The retirement benefit obligations are measured at the present value of the defined benefit obligation as explained in the respective notes to the financial statements.

- Investment in Unit Trusts are measured at fair value.
- Land, Electro mechanical equipment and Civil construction included in Property, plant and equipment are measured at fair value.
- Roof top and ground solar power plants are measured at fair value.

2.3.1 Going Concern

These financial statements have been prepared on the basis that the Company and the Group would continue as a going concern for foreseeable future.

In light of the ongoing COVID-19 pandemic situation, the Group has assessed its going concern and a detailed disclosure of its assessment are provided in the financial statements. In preparing the financial statements for the year ended 31st March 2020, the management has assessed the possible effects of COVID-19 on the businesses of the Group to determine their ability to continue as a going concern. Based on currently available information, the management is satisfied that having taken into consideration factors that could impact the revenue, supply chain, cash flows, accessibility to funds & costs, the Group would continue as a going concern.

Consequent to giving due consideration to the presentations by management, the Directors are satisfied that the Group have adequate resources to continue as a going concern for a foreseeable future. The Group had positive net asset, working capital and cash flow positions as at the reporting date. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

2.4 Functional and presentation currency

The financial statements are presented in Sri Lankan Rupees, which is the Group's functional currency.

2.5 Use of estimates, judgments and assumptions

The preparation of financial statements of the Group in conformity with Sri Lanka Accounting Standards requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and reported values of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making a judgment about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements, is stated below:

2.5.1 Fair value of non-financial assets

The fair value used by the Group in the measurement of non-financial assets is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market in the most advantageous market that is accessible by the Group for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would act in their market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements is included in the following Notes:

Note 14 – Valuation of Land, structures, hydro plants and solar plants

Note 38 – Commitments and contingencies

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

2.5.2 Fair value of Land, Civil Construction, Electromechanical Equipment, Rooftop and ground solar power plants

Land, civil construction, electromechanical equipment, rooftop and ground solar power plants are measured at fair value less accumulated depreciation on civil construction and electromechanical equipment and impairment losses are recognised after the date of the revaluation.

Valuations are performed every three years to ensure that the fair value of revalued asset does not differ materially from its carrying amount. The valuation was carried out by Mr. S. Sivasakantha, who is an incorporated valuer holding a degree of B.Sc Estate Management and Valuation (Sri Lanka).

The key assumptions used to determine the fair value of the land, civil construction, electromechanical equipment, rooftop and ground solar power plants are provided in Note14.7.2.

2.5.3 Useful lives of depreciable assets

Management reviews its estimation of the useful lives of depreciable assets at each reporting date based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the useful life of certain property, plant and equipment.

2.5.4 Business combinations

Management uses valuation techniques in determining the fair values of the various elements of a business combination. The fair value of contingent consideration is dependent on the outcome of many variables that affect future profitability.

2.5.5 Defined benefit obligation

Management's estimate of the defined benefit obligation is based on a number of critical underlying assumptions such as mortality rates, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the defined benefit obligation amount and the annual defined benefit expense provided in Note 27.

2.5.6 Fair value of financial instruments

Management applies valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

2.5.7 Recognition of deferred tax liabilities

Management applies significant judgment to the extent the deferred tax assets can be recognised based on an assessment of the probability of the Group's future taxable income against which the deferred tax liabilities can be utilised. In addition, significant judgment is required in assessing the impact of any legal or economic limits or uncertainties in various future tax jurisdictions.

2.5.8 Measurement of fair values

A number of the Group's accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities.

The Company regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values. Company assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SLFRS, including the level in the fair value hierarchy in which such valuations should be classified. Significant valuation issues are reported to the Company's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a hierarchy based on the inputs used in the valuation techniques as follows.

- **Level 1** – quoted prices (unadjusted) in active markets for identical assets and liabilities.
- **Level 2** – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- **Level 3** – inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Further information about assumptions made in measuring fair values is included in the respective notes to the consolidated financial statements.

2.6 Materiality and Aggregation

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

2.7 Comparative information

The comparative information has been reclassified/restated where necessary to conform to the current year's classification in order to provide a better presentation.

3. Changes in Significant Accounting Policies

The Group initially applied SLFRS 16 Leases from 1st April 2019. A number of other new standards are also effective from 1st April 2019 but they do not have a material effect on the Group's and the company financial statements. The Group applied SLFRS 16 using the modified retrospective approach (option 2(b)) under which no cumulative effect of initial application is recognised in retained earnings at 1st April 2019.

Accordingly, the comparative information presented for 2019 is not restated – i.e. it is presented, as previously reported, under LKAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in SLFRS 16 have not generally been applied to comparative information.

3.1 Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining whether an arrangement contains a Lease. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as prescribed in SLFRS 16.

On transition to SLFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied SLFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under LKAS 17 and IFRIC 4 were not reassessed for whether there is a lease under SLFRS 16. Therefore, the definition of a lease under SLFRS 16 was applied only to contracts entered into or changed on or after 1st April 2019.

3.2 As a lessee

As a lessee, the Group leases many assets including buildings, equipment and motor vehicles of property and other equipment. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under SLFRS 16, the Group recognises right of use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

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

3.2.1 Leases classified as operating leases under LKAS 17

Previously, the Group classified property leases as operating leases under LKAS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1st April 2019 Right-of-use assets are measured at:

- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments: the Group applied this approach to all other leases. The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Group used a number of practical expedients when applying SLFRS 16 to leases previously classified as operating leases under LKAS 17. In particular, the Group:

- Did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- Did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. IT equipment);
- Excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- Used hindsight when determining the lease term.
- Leases classified as finance leases under LKAS 17

The Group leases a number of items of production equipment. These leases were classified as finance leases under LKAS 17. For these finance leases, the carrying amount of the right-of-use asset and the lease liability at 1st April 2019 were determined at the carrying amount of the lease asset and lease liability under LKAS 17 immediately before that date.

3.3 As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies SLFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in SLFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under operating leases as income on a straight line basis over the lease term as part of 'revenue'.

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from SLFRS 16.

3.4 Impact on financial statements

i. Impact on applying SLFRS 16, Group recognized right of use assets and lease liabilities during the year as follows;

Right-of-use assets	Nil
Direct Expenses	62,211,861
Present value of future lease payments	536,068
Total right-of-use assets	62,747,929
Lease liabilities	62,211,861

The discount rate was 8% in determination lease liability and right of use asset.

4. Significant Accounting Policies

The accounting policies set out below have been applied consistently for all periods presented in the financial statements by the Group and the Company unless otherwise indicated.

4.1 Basis of consolidation

4.1.1 Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

4.1.2 Subsidiary

Subsidiary is entity controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group controls an investee if, and only if, the Group has:

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

The Group considers all relevant facts and circumstances in assessing whether it has power over an investee which includes; the contractual arrangement with the other vote holders of the investee, rights arising from other contractual arrangements and the Group's voting rights and potential voting rights over the investee.

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

The financial statements of subsidiary are included in the consolidated financial statements from the date of acquisition, being the date on which the Group obtains control, and continues to be consolidated until the date when such control ceases.

The accounting policies of subsidiary has been changed when necessary to align them with the policies adopted by the Group.

4.1.3 Non-controlling interest

For each business combination, the group elect to measure any non- controlling interest in the acquiree either,

- At fair value
- At their proportionate share of the acquirer's identifiable assets, which are generated at fair value.

Change in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners.

Adjustment to non-controlling interests are based on a proportionate amount or the net amount of the subsidiary.

4.1.4 Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in a joint venture A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Interests in the joint venture are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

4.1.5 Reporting date

Group's subsidiaries have the same reporting period as the parent Company.

4.1.6 Transactions eliminated on consolidation

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

4.2 Foreign currencies

4.2.1 Foreign currency transactions

The financial statements of the Group are presented in Sri Lankan Rupees, which is the functional and presentation currency of the Group.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of transaction.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the reporting currency at the exchange rate that prevailed at the date the fair value was determined.

Foreign currency differences arising on retranslation are recognised in the income statement, except for differences arising on the retranslation of FVOCI equity investments, a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges, which are recognised in other comprehensive income.

Foreign currency gains and losses are reported on a net basis in the income statement.

4.3 Financial instruments

4.3.1 Financial Assets

(i) Recognition and Measurement

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

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

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

(ii) Classification and subsequent measurement of financial assets

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

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

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

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

Group financial assets classified and measured at amortised cost are investments in preference shares, trade and other receivables and cash & cash equivalent.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are

solely payments of principal and interest on the principal amount outstanding.

The Group has not designated any debt instruments as FVOCI.

On initial recognition of an equity investment that is not held-for-trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The Group has designated its investments in unit trusts as FVTPL.

- **Financial assets – Business model assessment**

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

- **Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest.**

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

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

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

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

- **Financial assets – Subsequent measurement and gains and losses**

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities

(ii) Classification, subsequent measurement and gain and losses
Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held – for – trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

4.3.2 Non-Derivative Financial Liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Group classifies non-derivative financial liabilities into other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Other financial liabilities comprise interest-bearing borrowings, bank overdrafts, amount due to related parties, security deposits, trade and other payables and other financial liabilities due to customers. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the Statement of Cash Flows.

4.3.3 Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if certain criteria are met.

Derivatives are initially measured at fair value; any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

However, Group does not have any derivative liabilities.

4.3.4 Impairment of financial assets

The Group recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI; and
- equity investments measured at FVOCI.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables is always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

- **Measurement of ECLs**

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

- **Credit-impaired financial assets**

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 180 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market tor a security because of financial difficulties.

- **Presentation of allowance for ECL in the statement of financial position**

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

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

- **Write-off**

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures to recovery of amounts due.

4.3.5 Leases

Policy applicable from 1st April 2019

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

(A) Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Rights-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets as follows.

Kelaniya Roof top 20 years

Head office for 08 years

Lease liabilities

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

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

The Group's lease liabilities are disclosed in Note 28 under lease liabilities.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date. It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Policy applicable before 1st April 2019

(A) Group as a lessee

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met the fulfilment if the arrangement is dependent on the use of a specific asset or assets; and the arrangement contains a right to use assets.

At inception or on reassessment of the arrangement, the Group separates the payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group's incremental borrowing rate.

Finance Lease

Leases of property, plant & equipment where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases.

Assets held under finance lease are capitalised at the cash price as part of property, plant & equipment and depreciated over the shorter of the estimated useful lives of the assets or the lease term.

Upon initial recognition assets acquired through the finance leases are stated at an amount equal to the lower of their fair values and the estimated present value of the minimum lease payments at the date of inception less accumulated depreciation and impairment losses. In calculating the present value of the minimum lease payments, the discount rate is the interest rate implicit in the lease, if this is practicable to determine; if not ,the Group's incremental borrowing rate is used.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations and net of finance charges are included in borrowings. The interest element of the finance charge is charged to the Statement of Income over the lease period. Property, plant and equipment acquired under finance lease contracts are depreciated over the useful life of the asset. If there is no reasonable certainty that the ownership will be transferred to the Group, the asset is depreciated over the shorter of the lease term and its useful life.

Operating Lease

Lease of assets under which all the risks and benefits of ownership are retained by the lessor are classified as operating leases.

Leased assets

Assets held by the Group under leases which transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Group's statement of financial position.

Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

4.3.6 Stated capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

4.4 Property, plant and equipment

4.4.1 Recognition and measurement

All items of property, plant and equipment are recognised initially at cost. Where items of property, plant & equipment are subsequently revalued, the entire class of such assets is revalued.

Revaluations are made with sufficient regularity to ensure that their carrying amounts do not differ materially from their fair values at the reporting date. Subsequent to the initial recognition of the asset at cost, the revalued property, plant & equipment are carried at revalued amounts less accumulated depreciation thereon and accumulated impairment losses.

4.4.1.1 Cost and Revaluation Model

(i) Cost Model

The Group and Company applies the cost model to office equipment, furniture and fittings and motor vehicles and records at cost of purchase together with any incremental expenses there on less accumulated depreciation and any accumulated impairment losses.

(ii) Revaluation Model

The Group and Company applies revaluation model for the entire class of free hold lands, civil construction, electromechanical equipment, rooftop and ground solar power plants for measurement after initial recognition. Such properties are carried at revalued amounts, being their fair value at the date of revaluation, less any subsequent accumulated depreciation and any accumulated impairment losses charged subsequent to the date of revaluation.

Fair value of land, civil construction and electromechanical equipment and solar plants are provided in Note 14.

On recognition of an asset, any income in the carrying amount is recognised in the revaluation reserve in equity through OCI or used to reverse a previous loss on revaluation of the same asset, which was charged to income statement. In this circumstance, the increase is recognised as income to the extent of the previous write down in value. Any decrease in carrying amount is recognised as an expense in the financial statement or charged to revaluation reserve in equity through OCI, only to the extent of any credit balance existing in the revaluation reserve in respect of the asset.

Any balance remaining in the revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. The cost of self-constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the asset to the working condition for its intended use, and borrowing costs if the recognition criteria are met. This also includes cost of dismantling and removing the items and restoring them in the site on which they are located.

4.4.2 Significant components of property plant and equipment

When parts of an item of property, plant and equipment have different useful lives than the underlying asset, they are identified and accounted separately as major components of property, plant and equipment and depreciated separately based on their useful life.

4.4.3 Subsequent cost

The Group recognises in the carrying amount of property, plant and equipment the cost of replacing a part of an item, when it is probable that the future economic benefits embodied in the item will flow to the Group and the cost of the item can be measured reliably. The carrying amounts of the parts that are replaced are derecognised from the cost of the asset. The cost of day-to-day servicing of property, plant and equipment are recognised in the income statement as and when incurred.

4.4.4 Depreciation

Depreciation is recognised in the income statement on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment. Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale or on the date that the asset is disposed. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives of property plant and equipment are as follows:

Office equipment	4 years
Furniture and fittings	4 years
Motor vehicles	4 years

Civil construction

Intake Weir	35-37 years
Headrace Channel	35-37 years
De-silting Tank	38-42 years
Spillway Gate	32-37 years
Forebay tank	37-38 years
Penstock	35-37 years
Power House	35-37 years
Rest rooms	32-37 years

Electro Mechanical Equipment

Turbines	18 - 27 years
Generators	20 - 27 years
Transformers and Power Lines	20 - 22 years
Voltage Panel	18 - 22 years
Crane	18 - 22 years

Solar Power Plant

Ground solar plants	20 years
Rooftop solar power plants	20 years

The cost of replacement of components of assets recognised in the carrying amount of property, plant and equipment is depreciated over the balance useful life of the asset.

Depreciation methods, useful lives and the residual values are reviewed at each reporting date and adjusted accordingly.

4.4.5 De-recognition

The carrying amount of an item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when item is de recognised.

4.4.6 Capital work-in-progress

Capital work-in-progress represents the accumulated cost of materials and other costs directly related to the construction of an asset. Capital in progress is transferred to the respective asset accounts at the time it is substantially completed and ready for its intended use.

4.5 Intangible assets

4.5.1 Initial Recognition and measurement

The Group recognises intangible assets if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably.

Separately acquired intangible assets are measured on initial recognition at cost. The cost of such separately acquired intangible assets include the purchase price, import duties, non-refundable purchase taxes and any directly attributable cost of preparing the asset for its intended use.

The cost of intangible assets acquired in a business combination is the fair value of the asset at the date of acquisition.

The cost of an internally generated intangible asset arising from the development phase of an internal project which is capitalised includes all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by the Management. Other development expenditure and expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding is expensed in the income statement as and when incurred.

4.5.2 Subsequent costs

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

4.5.3 Subsequent measurement

After initial recognition an intangible asset is stated at its costs less any accumulated amortisation and any accumulated impairment losses.

The useful economic life of an intangible asset is assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life of the asset. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement.

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

4.5.4 Intangible assets recognised by the Group

4.5.4.1 Computer software

All computer software cost incurred and licensed for use by the Group, which does not form an integral part of related hardware, which can be clearly identified and reliably measured with the probability of leading to future economic benefits, are capitalised under intangible assets.

The Group amortises computer software over period of 4 years.

4.5.4.2 Right to generate hydropower

Right to generate hydropower, which can be clearly identified and reliably measured with the probability of leading to future economic benefits, are capitalised under intangible assets.

The Group amortises the intangible asset over 14 years on a straight-line basis in Manelwala Hydropower Limited and 10 years in Panasian Power PLC.

4.5.4.3 Right to generate solar power

Right to generate solar power, which can be clearly identified and reliably measured with the probability of leading to future economic benefits, are capitalised under intangible assets.

The Group amortises the intangible asset over 20 years on a straight-line basis.

4.6 Impairment – Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amounts of such assets are estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets. Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of cash-generating units on acquisition of subsidiaries are allocated first to reduce the carrying amount of any goodwill allocated to the unit, and then to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis.

4.6.1 Calculation of recoverable amount

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

4.6.2 Reversal of impairment

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Reversals of impairment losses are recognised in the income statement.

4.7 Inventory

Inventories are stated at the lower of cost or net realisable value. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

The costs of raw materials are the purchase prices on a FIFO basis. The cost of work -in- progress and finished goods is the actual cost of direct materials, direct labor and an appropriate proportion of fixed production overheads based on normal operating capacity on actual basis.

4.8 Liabilities and provisions

Liabilities classified as current liabilities in the statement of financial position are those which fall due for payment on demand of the creditor or within one year of the reporting date. Non-current liabilities are those balances that become repayable after one year from the reporting date.

All known liabilities have been accounted for in preparing the financial statements.

4.9 Provisions

A provision is recognised if, as a result of past events, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Restructuring provisions comprise lease termination penalties and employee termination payments. 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 determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

4.10 Employee benefits

4.10.1 Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid in cash as exgratia in the short term, if the Group has a present legal or constructive obligation to pay this amount as a result of past service rendered by the employee, and the obligation can be measured reliably.

4.10.2 Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays a fixed employee benefit contribution into a separate entity and will have no further legal or constructive obligations to pay any additional amounts. Obligations for contributions to a defined contribution plan are recognised as an employee benefit expense in the income statement in the periods during which services are rendered by employees.

4.10.2.1 Employee provident fund and Employee trust fund

The Group contributes a sum not less than 12% of the gross emoluments of employees employed in Sri Lanka as provident fund benefits and 3% as trust fund benefits.

4.10.3 Defined benefit plan – retiring gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability recognised in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the reporting date. The defined benefit obligation is calculated annually using the projected unit credit method by qualified actuary as recommended by LKAS-19. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms of maturity approximating to the terms of the liability.

Provision has been made in the financial statements for retiring gratuities from the first year of service for all employees.

However, according to the Payment of Gratuity Act No. 12 of 1983, the liability for payment to an employee arises only after the completion of 5 years continued service.

The liability is not externally funded.

Group recognises all actuarial gains and losses arising from defined benefit plans immediately in the statement of other comprehensive income as they occur.

4.11 Revenue

Revenue is measured based on the consolidation specified in a contact with a customer. The Group recognises revenue when it transfers control over a good or service to a customer. Determining the timing of the transfer of control at a point in time or over time require judgment.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Sale of Electricity

Company sells electricity to CEB credit basis. At the time of transmission of the electricity to CEB, Company meets its performance obligation. Revenue is recognised when the goods are delivered to the customers.

Sale of Solar Plants

Company sells solar power plants to the customers on cash or credit basis. At the time of delivery of the goods to the customers, Company meets its performance obligation. Revenue is recognised when the goods are delivered to the customers.

4.12 Expenditure

All expenditure incurred in the running of the business and in maintaining the capital assets in a state of efficiency has been charged to income statement in arriving at the profit for the year.

4.13 Income tax expense

Income tax expense comprises of current tax and deferred tax. The income tax expense is recognised in the income statement except to the extent that it relates to the items recognised directly in the statement of other comprehensive income or statement of changes in equity, in which case it is recognised directly in the respective statements.

4.13.1 Current Tax

The current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Provision for taxation is based on the profit for the year adjusted for taxation purposes in accordance with the provisions of the Inland Revenue Act No. 10 of 2006 and the amendments thereto.

Taxation for the current and previous periods to the extent unpaid is recognised as a liability in the financial statements. When the amount of taxation already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset in the financial statements.

4.13.2 Deferred tax

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same authority on the same taxable entity.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences will be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank and in hand balances. Cash and bank balances are stated at recoverable values. There were no cash and cash equivalents held by the Group companies that were not available for use. Bank overdrafts and short-term borrowings that are repayable on demand and forming an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

4.14 Statements of cash flows

The statement of cash flows has been prepared using the "indirect method" in accordance with LKAS 7 -"Statement of cash flows".

Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The cash and cash equivalents include cash in-hand, balances with banks and short term deposits with banks.

Interest paid is classified as operating cash flows, interest received are classified as investing cash flows, while dividends paid are classified as financing cash flows for the purpose of presenting the cash flow statement.

4.15 Contingencies and capital commitments

Contingencies are possible assets or obligations that arise from a past event and would be confirmed only on the occurrence or non-occurrence of uncertain future events, which not wholly within control of the Group.

Commitments and Contingent liabilities are disclosed in Note 37 and 38 to the financial statements.

4.16 Related party transactions

Disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies and decisions of the other, irrespective of whether a price is being charged.

4.17 Earnings per share

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4.18 Events occurring after the reporting date

All material post reporting date events have been considered and where appropriate adjustments or disclosures have been made in the respective notes to the financial statements.

4.19 Operating Segment information

A segment is a distinguishable component of the Company and the Group that is engaged either in providing products or services which are subject to risks and rewards that are different from those of other segments.

Segment information is presented in the respective Notes to the Financial Statements.

5. New and amended standards issued but not effective as at the reporting date

A number of new standards are effective for annual periods beginning after 1st January 2020 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these financial statements

The following amended standards and interpretations are not expected to have a significant impact on the Group's financial statements.

- Amendments to Conceptual Framework in SLFRS Standards.
- Definition of a Business [Amendments to SLFRS 3].
- Definition of Material (Amendments to LKAS 1 and LKAS 8).

6. Revenue

	Group		Company	
For the year ended 31st March,	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Revenue				
Supply of electricity	**526,599,705**	680,540,546	**119,810,368**	214,316,876
Sale of solar Inverters	**3,436,000**	-	**-**	-
Sale of solar power plants	**33,779,085**	80,740,107	**-**	-
	563,814,790	761,280,653	**119,810,368**	214,316,876

Standard Power Purchase Agreement of Rathganga Minihydro power plant expired on 04th July 2019. Accordingly the Company signed the extended Standard Power Purchase Agreement with the Ceylon Electricity Board on 28 July 2020 effective from 05th July 2019.

7. Segmental Information

The Group identified Hydro Power, Solar Power and Engineering, procurement and construction (EPC) as business segments and the below information is based on above primary segments.

Hydropower
Represents the Group's continuing line of business. This includes three fully-owned operational hydropower plants with an aggregate capacity of 8.9MW. Aggregate operational results, assets and liabilities of hydropower segment are presented under this segment. In addition to operational plants, their liabilities are aggregated under this segment.

Solar Power
Represents the Group's Solar plants. This includes fully owned operational solar power plants with an aggregate capacity of 5 MW and 1.4 MW in operation under Joint Venture arrangements. Aggregate operational results, assets and liabilities of solar power segment are presented under this segment. In addition to operational plants, capital work in progress of Group's fully-owned solar power plants under construction and their liabilities are aggregated under this segment.

EPC
This segment represents Engineering, Procurement and Construction of roof top solar power plants.

Information based on the primary segments (Business segments)

	2020				2019			
	Hydro Power Rs.	Solar Power Rs.	EPC Service Rs.	Group Rs.	Hydro Power Rs.	Solar Power Rs.	EPC Service Rs.	Group Rs.
Revenue	433,850,135	92,749,570	42,828,630	569,428,335	674,147,252	6,393,295	175,738,666	856,279,213
Intra Segment Revenue	-	-	(5,613,545)	(5,613,545)	-	-	(94,998,560)	(94,998,560)
	433,850,135	92,749,570	37,215,085	563,814,790	674,147,252	6,393,295	80,740,106	761,280,653
Results from Continuing Operations	242,244,244	59,755,336	2,225,200	304,224,780	507,006,341	1,649,908	6,975,700	515,631,949
Net finance costs	(71,756,704)	(38,716,996)	(486,636)	(110,960,336)	(82,136,752)	(6,990,234)	(1,281,998)	(90,408,984)
Share of Profit of Equity Accounted Investees – Joint Venture	-	1,997,469	-	1,997,469	-	752,432	-	752,432
Profit before taxation	170,487,539	23,035,809	1,738,565	195,261,913	424,869,589	(4,587,894)	5,693,702	425,975,397
Income tax expense	(48,192,585)	8,555,251	(2,916,342)	(42,553,678)	(43,891,177)	-	(10,747,563)	(54,638,740)
Profit for the year	122,294,954	31,591,059	(1,177,778)	152,708,235	380,978,412	(4,587,894)	(5,053,861)	371,336,657
Profit Attributable to:								
Owners of the Company	108,475,410	31,614,176	(1,177,778)	138,911,808	341,828,094	(4,537,520)	(5,053,861)	332,236,713
Non-controlling interests	13,819,544	(23,117)	-	13,796,427	39,150,318	(50,374)	-	39,099,944
	122,294,954	31,591,059	(1,177,778)	152,708,235	380,978,412	(4,587,894)	(5,053,861)	371,336,657

	2020				2019			
	Hydro Power Rs.	Solar Power Rs.	EPC Service Rs.	Group Rs.	Hydro Power Rs.	Solar Power Rs.	EPC Service Rs.	Group Rs.
Assets								
Non-current assets								
Property, plant and equipment	1,643,374,720	643,216,843	97,101	2,286,688,663	1,494,077,192	77,823,854	149,220	1,572,050,266
Capital work in progress	-	542,439,991	-	542,439,991	-	461,959,794	-	461,959,794
Intangible assets	3,674,287	-	-	3,674,287	2,729,054	-	-	2,729,054
Investment in subsidiaries	1,170,394,284	59,400,850	10	1,229,795,144	-	-	-	-
Investment in preference shares	23,000,000	-	23,884,623	46,884,623	-	-	27,000,000	27,000,000
Investment in Joint Venture	-	-	27,875,200	27,875,200	-	-	25,430,190	25,430,190
Loans due from related companies	20,000,000	-	-	20,000,000	-	-	-	-
Advances paid for acquisition	5,115,150	-	-	5,115,150	5,115,150			5,115,150
Segmental non-current assets	2,865,558,442	1,245,057,684	51,856,934	4,162,473,058	1,501,921,396	539,783,648	52,579,410	2,094,284,454
Eliminations/Adjustments	-	-	-	(778,322,908)				452,646,575
Total non-current assets	2,865,558,442	1,245,057,684	51,856,934	3,384,150,150	1,501,921,396	539,783,648	52,579,410	2,546,931,029
Current assets								
Inventory	5,909,653	125,260	8,172,702	14,207,615	5,514,350		7,846,932	13,361,282
Investment in unit trust	39,635,267	-	-	39,635,267	124,354,122			124,354,122
Trade and other receivables	304,917,132	53,742,826	5,268,834	363,928,560	166,286,078	54,697,241	8,523	220,991,842
Intercompany loan	-	-	-	-				-
Amount due from related companies	411,269,876	132,963,863	153,169,482	697,403,221	452,898,566	23,099,301	106,821,336	582,819,203
Cash and cash equivalents	74,854,357	42,003,547	3,955,551	120,813,455	30,160,490	33,616,983	6,739,975	70,517,448
Segmental current assets	836,586,285	228,835,495	170,516,569	1,235,938,349	779,213,606	111,413,525	121,416,766	1,012,043,897
Eliminations/Adjustments	-	-	-	(656,416,500)	-	-	-	(575,946,472)
Total current assets	836,586,285	228,835,495	170,516,569	579,521,849	779,213,606	111,413,525	121,416,766	436,097,425
Total assets	3,702,144,727	1,473,893,179	222,373,502	3,963,671,999	2,281,135,002	651,197,173	173,996,176	2,983,028,454

	2020				2019			
	Hydro Power Rs.	Solar Power Rs.	EPC Service Rs.	Group Rs.	Hydro Power Rs.	Solar Power Rs.	EPC Service Rs.	Group Rs.
Non-current liabilities	-	-	-					
Employee benefits	6,017,254	-	-	6,017,254	4,101,392			4,101,392
Finance lease obligation	51,815,680	-	-	51,815,680	1,415,349			1,415,349
Interest bearing loans and borrowings	494,681,438	743,834,951	15,923,104	1,254,439,493	575,459,858	393,558,400	19,730,787	988,749,045
Deferred tax liabilities	152,773,652	1,919,217	1,839	154,694,708	125,898,934		6,757	125,905,691
Loan due to related companies	-	20,000,000	-	20,000,000		20,000,000		20,000,000
Segmental non-current liabilities	705,288,024	765,754,168	15,924,943	1,486,967,135	706,875,533	413,558,400	19,737,544	1,140,171,477
Eliminations/Adjustments	-	-	-	(20,000,000)	-	-	-	(20,000,000)
Total non-current liabilities	705,288,024	765,754,168	15,924,943	1,466,967,135	706,875,533	413,558,400	19,737,544	1,120,171,477
Current liabilities								
Finance lease obligations	10,754,579	-	-	10,754,579	886,391			886,391
Interest bearing loans and borrowings	80,975,495	127,706,902	4,153,836	212,836,233	81,202,023	39,412,465	4,973,489	125,587,977
Amount due to related companies	65,649,486	472,927,799	117,838,984	656,416,269	329,398,018	181,644,020	64,904,458	575,946,496
Other payables and accruals	20,100,138	47,892,170	1,528,890	69,521,198	29,900,303	649,665	1,229,529	31,779,497
Income tax payable	21,822,309	150,101	2,697,352	24,702,762	46,121,128		10,076,077	56,197,205
Segmental current liabilities	199,335,007	648,676,972	126,219,062	974,231,041	487,507,863	221,706,150	81,183,553	790,397,566
Eliminations/Adjustments	-	-	-	(656,416,269)	-	-	-	(575,946,459)
Total current liabilities	199,335,007	648,676,972	126,219,062	317,814,772	487,507,863	221,706,150	81,183,553	214,451,107
Total liabilities	904,623,031	1,414,431,141	142,144,005	1,784,781,907	1,194,383,396	635,264,550	100,921,097	1,334,622,584

8. Other income

For the year ended 31st March,	Group 2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	Company 2019 Rs.
Dividend Income received from subsidiary companies	-	-	132,431,683	-
Other Income	-	645,040	-	-
	-	645,040	132,431,683	-

9. Finance income/(costs)

9.1 Finance income

For the year ended 31st March,	Group 2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	Company 2019 Rs.
Interest income	4,042,286	2,954,382	10,975,703	1,676,546
Net changes in fair value of unit trust investments	6,182,164	5,714,122	392,266	2,232,147
	10,224,450	8,668,504	11,367,969	3,908,693

9.2 Finance costs

For the year ended 31st March,	Group 2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	Company 2019 Rs.
Interest on loans and borrowings	(119,527,804)	(97,153,469)	(30,433,103)	(53,428,012)
Foreign exchange loss	-	(1,374,965)	-	-
Amortisation Loan Processing fees	(365,042)	(126,950)	-	-
Interest on lease obligations	(1,291,940)	(422,104)	(516,776)	-
	(121,184,786)	(99,077,488)	(30,949,879)	(53,428,012)
Net finance cost	(110,960,336)	(90,408,984)	(19,581,910)	(49,519,319)

10. Profit before taxation

Profit before taxation is stated after charging all the expenses including the following:

For the year ended 31st March,	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Direct costs				
Staff cost (Note 10.1)	**17,966,056**	17,049,099	**7,339,419**	7,302,529
Insurance	**9,851,875**	7,643,957	**2,490,614**	2,358,360
Repairs and maintenance services	**7,700,261**	8,519,450	**1,574,864**	1,293,097
Depreciation on property, plant and equipment	**68,238,939**	48,114,714	**8,441,150**	8,441,149
Amortisation of intangible assets	**428,568**	16,405,410	**-**	1,211,973
Administrative expenses				
Depreciation on property, plant and equipment	**9,627,178**	5,699,943	**1,692,813**	1,782,851
Amortisation of intangible assets	**351,199**	310,145	**351,199**	310,145
Donations	**1,893,080**	1,403,740	**684,650**	762,740
Directors' emoluments	**27,582,986**	14,684,393	**11,033,194**	5,873,757
Audit Fees	**1,746,000**	1,255,000	**720,000**	370,000
Staff cost (Note 10.2)	**23,450,460**	28,111,697	**13,540,573**	12,704,894
Provision for doubtful debts	**-**	2,711,369	**-**	1,286,741
Inventory Write off	**-**	1,700,862	**-**	-

10.1 Staff Cost – Direct cost

For the year ended 31st March,	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Salaries and wages	**16,578,852**	15,644,824	**6,753,790**	6,693,707
Defined contribution plan cost – EPF and ETF	**1,387,204**	1,404,275	**585,629**	608,822
	17,966,056	17,049,099	**7,339,419**	7,302,529

10.2 Staff cost – Administrative expenses

For the year ended 31st March,	Group 2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	Company 2019 Rs.
Salaries and wages	**17,538,592**	23,943,344	**10,524,491**	8,970,294
Defined contribution plan cost – EPF and ETF	**4,282,611**	2,765,126	**1,686,805**	2,585,347
Defined benefit plan cost – retiring gratuity	**1,629,257**	1,403,227	**1,329,277**	1,149,253
	23,450,460	28,111,697	**13,540,573**	12,704,894
Total staff cost	**41,416,516**	45,160,796	**20,879,992**	20,007,423
Number of employees at year end	**49**	45	**28**	24

11. Income tax expense

For the year ended 31st March,	Group 2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	Company 2019 Rs.
Current tax expense				
Current tax expense for the year	**53,538,853**	58,599,331	**8,012,444**	21,601,246
(Over) / under provision in respect of previous year	**(1,692,007)**	(10,104)	**(1,888,099)**	11,928
	51,846,846	58,589,224	**6,124,345**	21,613,174
Deferred tax expense				
Origination from/(reversal of) temporary differences	**(9,293,168)**	(3,950,485)	**(1,100,363)**	12,359,396
Income tax expense in statement of profit or loss	**42,553,678**	54,638,740	**5,023,982**	33,972,570
Recognised in Statement of other comprehensive income				
Deferred tax on defined benefit obligation	**73,210**	670,910	**55,611**	603,785
Deferred tax on revaluation gain	**(38,155,395)**	-	**(10,990,060)**	-
Deferred tax implecation on other comprhensive income due to rate differential	**-**	23,700,234	**-**	17,993,709
	(38,082,185)	24,371,144	**(10,934,449)**	18,597,494

11.1 Tax reconciliation statement

	Group		Company	
For the year ended 31st March,	**2020 Rs.**	**2019 Rs.**	**2020 Rs.**	**2019 Rs.**
Profit before taxation	**195,261,913**	425,975,397	**151,652,638**	97,347,486
Consolidation adjustment	**153,116,050**	31,058,085	**-**	-
Non business income	**(200,129,809)**	(34,928,261)	**(143,799,652)**	(3,908,182)
Aggregate disallowed expenses	**168,589,501**	126,189,428	**34,106,756**	70,354,121
Aggregate allowable expenses	**(291,715,282)**	(425,889,398)	**(6,651,937)**	(13,524,471)
Total Statutory Income	**25,122,373**	122,405,251	**35,307,805**	150,268,954
Taxable Income from Business	**111,333,104**	294,195,182	**35,307,805**	150,268,954
Loss incurred during the year	**(180,561,528)**	(171,789,931)		-
Interest Income	**55,966,302**	25,312,561	**11,367,969**	4,025,663
Profit on disposal of Property, Plant & Equipment	**-**	-	**-**	-
Tax Loss utilised during the year	**(12,879,196)**	(2,313,728)	**-**	-
Total taxable income	**154,420,209**	317,194,015	**46,675,774**	154,294,617
Tax at 14% or 12%	**35,785,494**	154,294,617	**35,307,805**	154,294,617
Tax at 20%	**76,056,486**	107,671,836	**-**	-
Tax at 24%	**10,644,557**	-	**2,841,992**	-
Tax at 28%	**31,933,672**	55,227,562	**8,525,977**	-
Income tax charged at				
Tax at rate of 20%	**15,211,297**	21,534,368	**-**	-
Tax at rate of 14% or 12%	**26,831,433**	21,601,246	**4,943,093**	21,601,246
Tax rate of 24%	**2,554,694**	-	**682,078**	-
Tax rate of 28%	**8,941,428**	15,463,717	**2,387,273**	-
Taxation on current profits	**53,538,853**	58,599,331	**8,012,444**	21,601,246

11.2 Deferred tax expense

	Group		Company	
For the year ended 31st March,	**2020 Rs.**	**2019 Rs.**	**2020 Rs.**	**2019 Rs.**
Origination from/(Reversal) of temporary difference arising from				
Property, Plant and Equipment	**40,996,174**	1,271,157	**16,193,702**	13,890,665
Provisions (Employee benefit/debtors provision)	**(432,194)**	(1,925,898)	**(372,197)**	(1,484,232)
Intangible Assets	**115,762**	79,821	**201,476**	(47,037)
Carried forward tax losses	**(32,849,566)**	(3,252,716)	**-**	-
Leases	**(17,123,344)**	(122,849)	**(17,123,344)**	-
	(9,293,168)	(3,950,485)	**(1,100,363)**	12,359396

11.3 Tax losses brought forward

	Group		Company	
For the year ended 31st March,	**2020 Rs.**	**2019 Rs.**	**2020 Rs.**	**2019 Rs.**
Tax loss brought forward	**625,197,824**	2,253,708	**-**	-
Unrelieved loss for the year	**180,561,528**	171,789,931	**-**	-
Losses incurred during exempted period	**-**	(6,429,635)	**-**	-
Adjustment to tax loss brought forward	**502,476**	469,968,881	**-**	-
Tax loss utilised during the year	**(12,879,196)**	(12,385,062)	**-**	-
Tax losses brought forward	**793,382,632**	625,197,824	**-**	-

Panasian Power PLC

After 1st April 2018 the tax rate has increased to 14% as per the section 104 of Inland Revenue act 24 of 2017 for three years from 1st April 2018. Thereafter profits of the company will be taxed at 24%.

Manelwala Hydropower (Pvt) Ltd

The Company enjoyed 5 year tax holiday that ended in June 2014 as per provisions of the agreement entered into with the Board of Investments of Sri Lanka. Immediately upon completion of the tax holiday period, the business income became liable to tax at a concessionary rate of 10% for a period of 2 years. After the expiration of the aforesaid tax exemption period, the profits and income of the enterprise is charged tax at the rate of 12% as per the Inland Revenue Act 10 of 2006 hence the BOI concessionary rate is more burdensome than the taxation under the Inland Revenue Act. With the introduction of Inland Revenue act 24 of 2017, Company had to pay the taxes as per the BOI agreement at the rate of 20% on business income.

Padiyapelella Hydropower Limited

In accordance with the agreement dated 3 June 2010, entered into with the Board of Investment (BOI) of Sri Lanka, the Company has been granted the following tax concessions :

(i) For a period of five (05) years reckoned from the year of assessment as may be determined by the Board. The provisions of the Inland Revenue Act No. 10 of 2006 relating to the imposition, payment and recovery of income tax in respect of the profits and income of the Company shall not apply to the profits and income of the Company.

For the above purpose the year of assessment shall be reckoned from the year in which the Company commences to make profits or any year of assessment not later the two (02) years reckoned from the date of commencement of commercial operations whichever is earlier as specified in a certificate issued by the Board. Company has started it's commercial operations in March 2017.

(ii) After the expiration of the aforesaid tax exemption period, the profits and income of the Company shall be charged at the rate of ten per centum (10%) for a period of two (02) years immediately succeeding the last date of the tax exemption period during which the profit and income of the Company is exempted from the income tax.

(iii) After the expiration of the aforesaid concessionary tax rate of ten per centum (10%), the profits and income of the Company shall be charged for any year of assessment at the rate of twenty per centum (20%).

As the proposed changes are effective from 1st January 2020, the Department of Inland Revenue has issued a notice No. PN/IT/2020-06 dated 6th May 2020, providing instructions on the subject of "Computation of Income Tax Payable and Payments for the Year of Assessment 2019/2020". As per instructions issued, taxable income computed for the full year needs to be apportioned over the two periods by applying the pro rata basis based on the time (i.e. 9 months and 3 months) and the relevant tax rates for two periods should be applied. Though the legislative process relating to the amendment to laws needs to be completed in order for the tax rate to be considered as substantively enacted as at the reporting date. However, the Company and the Group have computed the current tax based on above instructions. The Company and the Group have adopted the above on the basis that formal amendments to the Inland Revenue Act No. 24 of 2017 would be made in the near future. In terms of above, income tax shall be calculated by applying the relevant rate set out under the First Schedule and the subsequent amendment notices issued by the Department of Inland Revenue dated on 8th April 2020.

As per the section 104 of Inland Revenue act 24 of 2017 and the subsequent notices, Company with income from a business is liable to income tax at a rate of 14%. (2019 - 14%). Also, if the current tax liability on business is calculated using the currently enacted tax rate of 14%, Investment Income arising on interest is taxed at 28% in first 9 months and 24% on balance 3 months. Also, if the current tax liability on investment income are calculated using the currently enacted tax rate of 28%, the additional liability would amount to Rs. 113,680 for the Company, which would also have an immaterial impact on the Company's results.

Investment and other income of the Group will be taxed at the rate of 28% on first 9 months and 24% for balance 3 months except for the companies subject to tax holiday period. If the current tax liability on investment income are calculated using the currently enacted tax rate of 28%, the additional liability would amount to Rs. 386,867 for the Group, which would also have an immaterial impact on the Group's results. Other subsidiaries which recorded the taxable losses for the year ended 31st March 2020 are no impact from the application of proposed tax rates on current tax expense and current tax liability.

12. Earnings per share

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

	Group		Company	
For the year ended 31st March,	**2020**	**2019**	**2020**	**2019**
Net profit attributable to ordinary shareholders (Rs.)	**138,911,808**	332,236,713	**146,628,656**	63,374,916
Weighted average number of ordinary shares	**583,333,333**	500,000,000	**583,333,333**	500,000,000
Earnings per share (Rs.)	**0.24**	0.66	**0.25**	0.13

Weighted average number of ordinary shares of 2020 represents the weighted average of no. of ordinary shares issued and the no. of shares as of 1st April 2020.

13. Dividend per share

The calculation of dividend per share is based on the dividend attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the year.

	Group		Company	
For the year ended 31st March,	**2020 Rs.**	**2019 Rs.**	**2020 Rs.**	**2019 Rs.**
Interim dividend (Rs.)	**125,000,000**	95,000,000	**125,000,000**	95,000,000
Final dividend (Rs.)				-
Number of ordinary shares	**625,000,000**	500,000,000	**625,000,000**	500,000,000
Dividend per share – Interim (Rs.)	**0.22**	0.19	**0.22**	0.13
– Final (Rs.)				-

14. Property, plant and equipment

14.1 Group

									Electro mechanical equipment						
	Freehold land Rs.	Office equipment Rs.	Furniture and fittings Rs.	Right to use assets Rs.	Motor vehicles Rs.	Intake weir and Headrace channel Rs.	De-silting tank and forbay tank Rs.	Spillware gate and rest rooms Rs.	Pen stock and power house Rs.	Turbines and Generators Rs.	Transformers and power lines Rs.	Voltage panel and crane Rs.	Solar Power Plants	Total 2020 Rs.	Total 2019 Rs.
Cost															
Balance as at 01st April	29,049,000	8,350,326	5,766,167	-	19,763,600	457,096,988	120,023,505	57,020,000	348,491,203	450,340,848	65,892,500	51,225,000	61,770,335	**1,674,789,472**	1,601,475,897
Additions during the year	46,282,538	1,601,955	-	62,747,930	20,324,000	5,210,328	264,073	-	-	9,576,293	-	-	-	**146,007,117**	73,313,575
Transfer from capital work in progress	-	-	-	-	-	-	-	-	-	-	-	-	487,880,434	**487,880,434**	-
Revaluation gain	22,859,100	-	-	-	-	8,234,782	7,094,556	6,022,981	22,948,496	40,437,645	6,627,234	7,729,250	37,944,886	**159,898,930**	-
Accumulated depreciation on Revalued Assets	-	-	-	-	-	(34,757,724)	(8,640,633)	(4,644,387)	(26,507,200)	(47,542,604)	(6,712,756)	(6,423,000)	(26,320,469)	**(161,548,773)**	-
Balance as at 31 March	98,190,638	9,952,281	5,766,167	62,747,930	40,087,600	435,784,374	118,741,501	58,398,594	344,932,499	452,812,182	65,806,978	52,531,250	561,275,186	**2,307,027,180**	1,674,789,472
Accumulated depreciation															
Balance as at 01st April	-	6,853,504	5,238,017	-	15,717,982	23,164,980	5,753,892	3,095,852	17,662,259	31,484,648	5,327,165	4,282,000	2,584,038	**121,164,337**	67,349,680
Depreciation for the year	-	951,286	251,743	1,960,873	6,508,276	11,592,744	2,886,741	1,548,535	8,844,941	16,057,956	1,385,591	2,141,000	23,736,431	**77,866,117**	53,814,657
Accumulated depreciation on Revalued Assets	-	-	-	-	-	(34,757,724)	(8,640,633)	(4,644,387)	(26,507,200)	(47,542,604)	(6,712,756)	(6,423,000)	(26,320,469)	**(161,548,773)**	-
Balance as at 31 March	-	7,804,790	5,489,760	1,960,873	22,226,258	-	-	-	-	-	-	-	-	**37,481,681**	121,164,337
Carrying amount 31 March 2020	98,190,638	2,147,491	276,407	60,787,057	17,861,342	435,784,374	118,741,501	58,398,594	344,932,499	452,812,182	65,806,978	52,531,250	561,275,186	**2,269,545,499**	-
Carrying amount 31 March 2019	29,049,000	1,496,822	528,150	-	4,045,618	433,932,008	114,269,613	53,924,148	330,828,944	418,856,200	60,565,335	46,943,000	59,186,297	-	1,553,625,135

14.2 Cost of fully depreciated assets which are still in use as at reporting date is Rs. 20,316,235.00 (Rs.15,198,406 in 2019).

14.3 Revaluation of Property plant and equipment

Land, Civil construction, Electro mechanical equipment and solar power plants have been revalued by independent, qualified valuer Mr. S. Sivaskantha, on the basis of replacement cost method as at 31st March 2020. Carrying amount of revalued property,plant and equipment if carried at cost as at 31st March 2020;

	Group		
	Cost Rs.	Accumulated depreciation Rs.	Carrying amount Rs.
Electro mechanical equipment	564,451,620	368,699,919	195,751,701
Civil construction	944,611,964	427,162,725	517,449,239
Freehold land	19,135,544	-	19,135,544
Power plants	568,880,434	27,125,230	541,755,204
Total	2,097,079,562	822,987,874	1,274,091,687

14.4 Company

									Electro mechanical equipment					
	Freehold land Rs.	Office equipment Rs.	Furniture and fittings Rs.	Right to use assets Rs.	Motor vehicles Rs.	Intake weir and Headrace channel Rs.	De-silting tank and forbay tank Rs.	Spillware gate and rest rooms Rs.	Pen stock and power house Rs.	Turbines and Generators Rs.	Transformers and power lines Rs.	Voltage panel and crane Rs.	Total 2020 Rs.	Total 2019 Rs.
Cost														
Balance as at 01st April	10,950,000	6,596,313	4,843,004	-	1,347,790	56,800,000	32,000,000	16,000,000	46,400,000	80,375,000	11,912,500	12,075,000	**279,299,607**	278,532,416
Additions during the year	-	1,307,765	-	62,747,929	-	-	-	-	-	-	-	-	**64,055,694**	767,391
Revaluation gain	1,830,600	-	-	-	-	5,829,220	2,966,463	2,046,429	5,620,657	16,532,488	1,877,608	2,546,750	**39,250,215**	-
Accumulated depreciation on Revalued Assets	-	-	-	-	-	(4,484,220)	(2,341,462)	(1,371,428)	(3,663,157)	(10,344,987)	(1,465,108)	(1,653,000)	**(25,323,362)**	-
Balance as at 31 March 2020	12,780,600	7,904,078	4,843,004	62,747,929	1,347,790	58,145,000	32,625,001	16,675,001	48,357,500	86,562,501	12,325,000	12,968,750	**357,282,154**	279,299,807
Accumulated Depreciation														
Balance as at 01st April	-	5,479,710	4,432,099	-	1,285,496	2,989,478	1,560,975	914,286	2,442,105	6,896,708	976,739	1,102,000	**28,079,596**	17,855,596
Depreciation for the year	-	687,874	162,972	1,960,873	57,497	1,494,742	780,487	457,142	1,221,052	3,448,279	488,369	551,000	**11,310,287**	10,224,000
Accumulated depreciation on Revalued Assets	-	-	-	-	-	(4,484,220)	(2,341,462)	(1,371,428)	(3,663,157)	(10,344,987)	(1,465,108)	(1,653,000)	**(25,323,362)**	-
Balance as at 31 March 2020	-	6,167,584	4,595,071	1,960,873	1,342,993	-	-	-	-	-	-	-	**14,066,521**	28,079,596
Carrying amount 31 March 2020	12,780,600	1,736,494	247,933	60,787,056	4,797	58,145,000	32,625,001	16,675,001	48,357,500	86,562,501	12,325,000	12,968,750	**343,215,633**	-
Carrying amount 31 March 2019	10,950,000	1,116,603	410,905	-	62,294	53,810,722	30,439,025	15,085,714	43,957,895	73,478,292	10,935,761	10,973,000	-	251,220,211

14.5 Cost of fully depreciated assets which are still in use as at reporting date is Rs. 10,639,405/= (Rs. 9,976,737 in 2019).

14.6 Revaluation of Property plant and equipment

Land, Civil construction and Electro mechanical equipment have been revalued by independent, qualified valuer Mr. S. Sivaskantha, on the basis of replacement cost method as at 31st March 2020.

Carrying amount of revalued property,plant and equipment if carried at cost as at 31st March 2020;

	Company		
	Cost	**Accumulated depreciation**	**Carrying amount**
	Rs.	**Rs.**	**Rs.**
Electro mechanical equipment	106,088,061	85,768,684	20,319,377
Civil construction	148,160,843	133,748,957	14,411,886
Freehold land	5,048,444	-	5,048,444
Total	259,297,348	219,517,641	39,779,707

14.7 Measurement of Fair Values

14.7.1 Fair Value Hierarchy

The fair value of property was determined by external independent property valuer having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

The fair value measurement for all of properties has been categorised as Level 3 fair value based on the input to the valuation technique used. Alternative valuation techniques such as market value approach,income approach,cost approach were used in addition to the below mention valuation techniques.

14.7.2 Valuation Technique and Significant Unobservable Inputs

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

Description	Effective date of valuation	Valuation technique	Significant Unobservable Inputs	Interrelationship between Key Unobservable Inputs and Fair Value Measurements
Land of Panasian Power PLC	31.03.2020	Open Market Value method	Per perch value Rs. 35,000	Positive correlated sensitivity
Rathganga Power Plant of Panasian Power PLC	31.03.2020	Depreciated replacement Cost Method	Estimated price per cubic meter Rs. 7,500 to Rs. 90,000 Percentage of depreciation	Positive correlated sensitivity Negative correlated sensitivity
Land of Manelwala Hydropower (Pvt) Ltd	31.03.2020	Open Market Value method	Per perch value Rs. 25,000	Positive correlated sensitivity
Power Plant of Manelwala Hydropower (Pvt) Ltd	31.03.2020	Depreciated replacement Cost Method	Estimated price per cubic meter Rs. 3,750 to Rs. 88,000 Percentage of depreciation	Positive correlated sensitivity Negative correlated sensitivity
Land of Padiyapelella Hydropower Limited	31.03.2020	Open Market Value method	Per perch value Rs. 15,000	Positive correlated sensitivity
Power Plant of Padiyapelella Hydropower Limited	31.03.2020	Depreciated replacement Cost Method	Estimated price per cubic meter Rs. 7,750 to Rs. 92,500 Percentage of depreciation	Positive correlated sensitivity Negative correlated sensitivity
Solar Power Plants of PAP Solar One (Pvt) Ltd	31.03.2020	Income Approach	Net cash flow	Positive correlated sensitivity
Solar Power Plant of Eco Green Solar Solutions (Pvt) Ltd	31.03.2020	Income Approach	Net cash flow	Positive correlated sensitivity

Summary description of valuation methodologies

Income Approach : The investment method is used to value properties which are let to produce an income for the investor. Conventionally, investment value is a product of rent and yield. Each of these elements is derived using comparison techniques.

Market approach method : Open market value method uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities or a group of assets and liabilities, such as a business.

The depreciated replacement cost method is an acceptable method used in financial reporting to arrive at a surrogate for the market value of specialised and limited market properties, for which market evidence is unavailable.

14.7.3 Details of Freehold and Leasehold lands of the Group

Company	Location	Land Extent	
		Leasehold (Perches)	Freehold (Perches)
Panasian Power (PLC)	Ratturugala, Rathnapura	348.30	365.16
Manelwala Hydropower (Private) Limited	Walapane, Nuwaraeliya	444.00	431.30
Padiyapalelle Hydropower (Private) Limited	Walapane, Nuwaraeliya	27.10	1,159.90
Eco Green Solar Solutions (Private) Limited	Beliatta	610.66	-
Panthree Solaro Energy (Private) Limited	Matara	-	640.00
Panthree Solaro Energy (Private) Limited	Pannala	-	487.00
Panthree Solaro Energy (Private) Limited	Maho	-	806.00
Solar Power Generation Matara (Private) Limited	Matara	-	1,280.00

14.8 Assets pledged as securities

Carrying value of property,plant & equipment of the group are pledged as security for bank borrowings (Refer note 29.1).

14.9 Temporarily idle property,plant & equipment

There was no temporarily idle property,plant & equipment as of 31st March 2020.

15. Capital Work in progress

As at 31st March,	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Balance at the beginning of the year	461,959,794	-	-	-
Additions during the year	553,660,201	461,959,794	-	-
Transferred to property plant and equipment during the year	(487,880,434)	-	-	-
	527,739,561	461,959,794	-	-

15.1 The Group has started construction and costs incurred up to 31st March 2020 totalled Rs. 15,183,216 (2019:15,183,216). Included in this amount are capitalised borrowing costs related to the construction of solar power plants.

16. Intangible Assets

	Group		Company	
As at 31st March,	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Right to generate hydro power (Note 16.1)	3,010,729	1,714,294	1,725,000	-
Right to generate solar power (Note 16.2)	87,400,000	28,200,000	-	-
Software license (Accounting software) (Note 16.3)	663,558	1,014,757	663,558	1,014,757
Goodwill on acquisition of subsidiaries (Note 16.4)	461,518,584	461,518,584	-	-
	552,592,871	492,447,635	2,388,558	1,014,757

16.1 Right to generate hydro power

	Group		Company	
As at 31st March,	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Cost				
At the beginning of the year	17,560,000	17,560,000	11,560,000	11,560,000
Addition during the year	1,725,000	-	1,725,000	-
At the end of the year	19,285,000	17,560,000	13,285,000	11,560,000
Amortisation				
At the beginning of the year	15,845,703	14,205,163	11,560,000	10,348,025
Amortisation charge for the year	428,568	1,640,543	-	1,211,975
At the end of the year	16,274,271	15,845,706	11,560,000	11,560,000
Carrying amount	3,010,729	1,714,294	1,725,000	-

16.1.1 The right to generate hydro power represents the amounts paid to purchase exclusive rights to generate hydropower.

16.2 Right to generate solar power

As at 31st March,	Group 2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	Company 2019 Rs.
Eco Green Solar Solutions (Pvt) Ltd	**13,200,000**	13,200,000	**-**	-
Solar Power Generation Matara (Pvt) Ltd	**15,000,000**	15,000,000	**-**	-
Finagreen Rajarata (Pvt) Ltd	**30,500,000**	-	**-**	-
Rajarata Sustainable Developments (Pvt) Ltd	**28,700,000**	-	**-**	-
	87,400,000	28,200,000	**-**	-

16.2.1 The right to generate solar power represents the amounts paid to purchase exclusive rights to generate solar power.

16.3 Software license (Accounting software)

As at 31st March,	Group 2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	Company 2019 Rs.
Cost				
At the beginning of the year	**1,404,802**	79,900	**1,404,802**	79,900
Additions During the year	**-**	1,324,902	**-**	1,324,902
At the end of the year	**1,404,802**	1,404,802	**1,404,802**	1,404,802
Amortisation				
At the beginning of the year	**390,045**	79,900	**390,045**	79,900
Amortisation charge for the year	**351,199**	310,145	**351,199**	310,145
At the end of the year	**741,244**	390,045	**741,244**	390,045
Carrying amount	**663,558**	1,014,757	**663,558**	1,014,757

16.4 Goodwill on acquisition of subsidiaries	**461,518,584**	461,518,584	**-**	-

16.4.1 Goodwill on acquisition of subsidiary represents that arising from the acquisition of equity in Manelwala Hydropower (Pvt) Ltd and Padiyapelella Hydropower Limited. The detail breakup of Goodwill is as follows,

Company	Goodwill Amount Rs.
Manelwala Hydropower (Pvt) Limited	288,139,500
Padiyapelella Hydropower Limited	173,379,084
Total	461,518,584

Goodwill is tested for impairment annually. The recoverable amount of the goodwill is computed by discounting the future cashflows generated from subsidiaries and by monitoring the net asset position of the entities. The key assumptions are given below.

Discount Rate - Weighted average cost of capital has been used as discount rate (8%).

Inflation effects and other economic factors also considered in forecasting cash flows.

Period covered – Period covered was as per the standard power purchase agreement (SPPA) with Ceylon Electricity Board.

Subsidiary	Remaining Years
Manelwala Hydropower (Private) Limited	* 3 Years
Padiyapelella Hydro Power Limited	17 Years

** The value in use has been prepared by assuming the current SPPA will be extended/renewed by the expiration of remaining years.*

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

16.5 Remaining amortisation period

As at 31st March,	Group		Company	
	Right to generate hydropower Rs.	Software license Rs.	Right to generate hydropower Rs.	Software license Rs.
Due within five year	3,010,729	663,558	1,725,000	663,558
Due after five years	-	-	-	-
	3,010,729	**663,558**	1,725,000	**663,558**

17. Investment in subsidiaries

As at 31st March,	% Holding	Group 2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	Company 2019 Rs.
Manelwala Hydropower (Pvt) Limited	100%	-	-	**565,107,184**	565,107,184
Panasian Investments (Pvt) Limited	100%	-	-	**40,000,000**	40,000,000
Padiyapelella Hydropower Limited	83%	-	-	**537,070,510**	537,070,510
		-	-	**1,142,177,694**	1,142,177,694

17.1 Business combination and acquisition

Acquisition of Rajarata Sustainable Development (Private) Limited and Finergreen Rajarata (Private) Limited.

On 18th May 2019, a sub subsidiary Company PAP Solar One (Private) Ltd, entered in to an agreement for acquisition of 100% shares of Rajarata Sustainable Development (Private) Limited and Finergreen Rajarata (Private) Limited.

Assets acquired and liabilities assumed

The fair value of identifiable assets acquired and liabilities assumed of Rajarata Sustainable Development (Private) Limited and Finergreen Rajarata (Private) Limited as the date acquisition were:

	Fair Value recognised on acquisition	
	Rajarata Sustainable Development (Pvt) Ltd Rs.	Finergreen Rajarata (Pvt) Ltd Rs.
Assets		
Intangible asset – right to generate solar power	28,700,000	30,500,000
Total Assets	28,700,000	30,500,000
Liabilities	-	-
Fair value of identifiable net asset	28,700,000	30,500,000
Fair value of purchase consideration	28,700,000	30,500,000
Goodwill arising on acquisition	-	-

18. Investment in preference shares (measured at amortised cost)

	Group		Company	
As at 31st March,	**2020 Rs.**	**2019 Rs.**	**2020 Rs.**	**2019 Rs.**
Eco Green Solar Solution (Pvt) Ltd	**-**	-	**23,000,000**	23,000,000
Powergen One (Pvt) Ltd	**23,884,623**	27,000,000	**-**	-
	23,884,623	27,000,000	**23,000,000**	23,000,000

18.1 During the year Rs. 3,115,377 worth of preference shares were redeemed by Powergen One (Pvt) Ltd

19. Investment in Joint Venture

		Group		Company	
As at 31st March,	% Holding	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Powergen one (Pvt) Ltd	50%	9,979,555	9,402,010	-	-
TIC Solar (Pvt) Ltd	50%	(4,707,109)	(2,618,695)		
		5,272,446	6,783,315	-	-

19.1 Share of Net Results of Equity Accounted Investee

	2020		2019	
	Powergen one (Pvt) Ltd	TIC Solar (Pvt) LTD	Powergen one (Pvt) Ltd	TIC Solar (Pvt) LTD
Revenue	10,621,424	16,752,297	10,579,338	3,578,429
Depreciation	(2,601,516)	(4,681,596)	(2,601,516)	(863,200)
Net finance cost	(2,353,526)	(10,893,842)	(1,483,295)	(5,455,442)
Profit/(loss) after tax	4,323,375	(2,258,031)	5,037,714	(4,325,694)
Other comprehensive income	-	3,074,973	-	-
Total comprehensive income (100%)	4,323,375	816,942	5,037,714	(4,325,694)
	2,161,688	(1,129,016)	2,518,857	2,162,847
Depreciation on unrealised profit on sale of PPE	293,137	671,660	268,710	127,712
Group share of results of equity accounted investee net of tax (50%)	2,454,825	(457,356)	2,787,567	(2,035,135)
Group share of revaluation of equity accounted investee net of tax (50%)	-	1,537,487	-	-

19.1.1 Share of net financial highlights of equity accounted investees

	2020		2019	
	Powergen one (Pvt) Ltd	TIC Solar (Pvt) LTD	Powergen one (Pvt) Ltd	TIC Solar (Pvt) LTD
Non-current assets	**46,850,000**	**126,140,940**	49,645,673	92,768,800
Current assets (including cash and cash equivalents)	**10,112,376**	**10,106,653**	10,316,152	4,798,836
Non-current liabilities	**-**	**(61,156,039)**	-	(62,181,304)
Current liabilities	**(2,516,824)**	**(47,880,287)**	(2,969,711)	(13,882,025)
Net assets (100%)	**54,445,552**	**27,211,267**	56,992,114	21,504,307
Cash & cash equivalents	**8,005,375**	**3,873,105**	6,966,714	1,182,415

19.2 Reconciliation for carrying amount of equity accounted investee

	2020		2019	
	Powergen one (Pvt) Ltd	TIC Solar (Pvt) LTD	Powergen one (Pvt) Ltd	TIC Solar (Pvt) LTD
Initial Investment	**12,515,200**	**15,360,000**	12,515,200	12,915,000
Group share of unrealised profit	**(5,862,756)**	**(19,112,105)**	(5,862,756)	(13,498,560)
Retaines earnings	**4,642,545**	**(3,291,863)**	2,480,857	(2,162,847)
Depreciation on unrelised profit	**561,847**	**799,372**	268,710	127,712
Group share of revaluation of equity accounted investee net of tax (50%)	**-**	**1,537,487**	-	-
Dividend paid	**(1,877,280)**	**-**	-	-
Net Investment in Joint Venture	**9,979,555**	**(4,707,109)**	9,402,011	(2,618,695)

Powergen One (Pvt) Ltd, incorporated on 27th December 2017 as a Joint Venture between Panasian Investments (Pvt) Ltd, which is fully owned subsiadiary of Panasian Power PLC and Jinadasa Brothers (Pvt) Ltd, to install and operate 400 Kw rooftop solar power plant in the rooftop of factory owned by Jinadasa Brothers (Pvt) Ltd located in Borelasgamuwa, Sri Lanka.

TIC Solar (Pvt) Ltd, incorporated on 08th June 2018 as a Joint Venture between Panasian Investments (Pvt) Ltd, which is fully owned subsiadiary of Panasian Power PLC and Textile International Colombo (Pvt) Ltd, to install and operate 800 Kw rooftop solar power plant in the rooftop of factory owned by Textile International Colombo (Pvt) Ltd located in Kelaniya, Sri Lanka.

20. Advances paid for acquisition

	Group		Company	
As at 31st March,	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Lower Kothmale Oya Power Two (Pvt) Ltd	**3,000,000**	3,000,000	**3,000,000**	3,000,000
Madakubura Mini Hydropower project	**2,115,150**	2,115,150	**2,115,150**	2,115,150
	5,115,150	5,115,150	**5,115,150**	5,115,150

On 31st July 2017 the Company entered in to an agreement with the owners of Lower Kothmale Oya Power Two (Pvt) Ltd, to purchase the total ordinary share capital of it upon receiving Letter of Intent from Ceylon Electricity Board. The Company has paid an advance for said acquisition amounting to Rs. 3 million to the owners of Lower Kothmale Oya Power Two (Pvt) Ltd.

On 31st July 2017 the Company entered in to an agreement with the owners of Medakumbura Mini Hydropower Project , to purchase the approvals and location of the project upon receiving Letter of Intent from Ceylon Electricity Board. The Company has paid an advance for said acquisition amounting to Rs. 2 million to the owners of Medakumbura Mini Hydropower Project.

21. Inventory

	Group		Company	
As at 31st March,	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Inventory	**14,157,615**	13,361,282	**-**	-
	14,157,615	13,361,282	**-**	-

Inventory represents the equipments imported and other materilas to be used for installation of rooftop solar power plants. No any inventory has been pledged for bank borrowings.

22. Investment in Unit Trust (Fair value through profit or loss)

	Group		Company	
As at 31st March,	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Investment in Unit Trust	**39,635,267**	124,354,122	**42,803**	21,872,147
	39,635,267	124,354,122	**42,803**	21,872,147

23. Trade and other receivables

As at 31st March,	Group 2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	Company 2019 Rs.
Trade Receivable (Note 23.1)	**317,599,664**	155,207,671	**70,282,292**	57,272,101
Other Receivable (Note 23.2)	**46,329,128**	65,784,171	**14,241,971**	1,535,749
	363,928,792	220,991,842	**84,524,263**	58,807,850

23.1 Trade receivable

As at 31st March,	Group 2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	Company 2019 Rs.
Ceylon Electricity Board	**321,430,624**	159,038,631	**72,428,107**	59,417,917
Provision for doubtful debts	**(3,830,960)**	(3,830,960)	**(2,145,815)**	(2,145,815)
	317,599,664	155,207,671	**70,282,292**	57,272,102

23.2 Other receivables

As at 31st March,	Group 2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	Company 2019 Rs.
Deposits paid	**2,355,231**	47,365,000	**5,000**	5,000
Prepayments	**2,952,356**	2,241,404	**1,021,415**	932,100
Advance paid	**16,647,241**	15,641,394	**10,512,398**	179,670
Other receivable	**3,374,300**	536,373	**2,703,158**	418,979
Cash Margin for bank guarantees	**21,000,000**	-	**-**	-
	46,329,128	65,784,171	**14,241,971**	1,535,749

24. Amount due from related companies

	Group		Company	
As at 31st March,	**2020 Rs.**	**2019 Rs.**	**2020 Rs.**	**2019 Rs.**
Threesinghe Industries (Pvt) Ltd	**150**	150	**-**	-
Solar power Generation Matara (Pvt) Ltd	**-**	-	**95,066**	-
Lower Kothmale Oya Power Two (Pvt) Ltd	**708,225**	619,142	**460,043**	370,960
Panasian Investments (Pvt)Ltd	**-**		**89,257,710**	40,204,004
Powergen One (Private) Limited	**3,677,961**	2,880,849	**-**	-
TIC Solar (Private) Limited	**36,600,384**	3,372,590	**108,000**	100,000
Finergreen Rajarata (Private) Limited	**-**	-	**19,713,340**	-
Rajarata Sustainable Development (Private) Limited	**-**	-	**29,168**	-
Panthree Solaro Energy (Private) Limited	**-**	-	**13,175,766**	300,000
	40,986,720	6,872,731	**122,839,093**	40,974,964

25. Cash and cash equivalents

	Group		Company	
As at 31st March,	**2020 Rs.**	**2019 Rs.**	**2020 Rs.**	**2019 Rs.**
Cash at bank	**120,386,665**	70,142,448	**21,235,021**	5,177,682
Cash in hand	**426,790**	375,000	**149,995**	100,000
Cash and cash equivalents	**120,813,455**	70,517,448	**21,385,016**	5,277,682
Cash and cash equivalents for the purpose of cash flow statement	**120,813,455**	70,517,448	**21,385,016**	5,277,682

26. Stated capital

	Group		Company	
As at 31st March,	**2020 Rs.**	**2019 Rs.**	**2020 Rs.**	**2019 Rs.**
Issued and fully paid number of shares				
625,000,000 (500,000,000 in 2019) ordinary shares	**1,030,000,000**	630,000,000	**1,030,000,000**	630,000,000

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

The Company listed and alloted, One Hundred and Twenty Five Million (125,000,000) ordinary voting shares of the Company to Emerald Sri Lanka Fund I Limited (with the special resolution passed by EGM on 31st July 2019 at a consideration of Three and Twenty Cents(LKR 3.20) per ordinary voting share amounting to a total consideration of Rupees Four Hundred Million (LKR 400,000,000) on 31 July 2019.

26.1 Revaluation reserve

This relates to the revaluation of lands, civil structures and plants.

27. Employee benefit obligations

	Group		Company	
For the year ended 31st March,	**2020 Rs.**	**2019 Rs.**	**2020 Rs.**	**2019 Rs.**
Present value of unfunded obligations	**6,017,254**	4,101,392	**4,858,667**	3,330,779
Total present value of the obligation	**6,017,254**	4,101,392	**4,858,667**	3,330,779
Movement in present value of the defined benefit obligation				
Balance as at the beginning of the year	**4,101,392**	5,578,355	**3,330,779**	4,664,290
Current service cost	**1,157,597**	736,728	**946,237**	636,181
Interest cost	**471,660**	666,499	**383,040**	513,072
Actuarial (gain)/losses	**286,605**	(2,492,001)	**198,611**	(2,156,375)
	6,017,254	4,489,581	**4,858,667**	3,657,168
Payments during the year	**-**	(388,189)	**-**	(326,389)
Balance as at end of the year	**6,017,254**	4,101,392	**4,858,667**	3,330,779

For the year ended 31st March,	Group 2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	Company 2019 Rs.
Expense recognised in profit or loss;				
Interest cost	**471,660**	736,728	**383,040**	636,181
Current service cost	**1,157,597**	666,499	**946,237**	513,072
	1,629,257	1,403,227	**1,329,277**	1,149,253
Actuarial losses or (gains) recognised in other comprehensive income	**286,605**	(2,492,001)	**198,611**	(2,156,375)

Principal actuarial assumptions used;

	2020	2019
(i) Rate of discount (%)	**10**	11.5
(ii) Salary increment rate (%)	**9**	10
(iii) Retirement age	**55**	55
(iv) The company will continue in business as going concern		
(v) Assumption regarding future mortality are based on published statistics and mortality tables.		

27.1 Sensitivity of assumptions employed in actuarial valuation

The following table demonstrates the sensitivity to a reasonable possible change in key assumptions employed with all other variables held constant in the retiring benefit obligations measurement as at 31st March 2020. The sensitivity of the statement of financial position and statement of comprehensive income is the effect of the assumed changes in the discount rate and salary increment rate on the profit or loss and employee benefit obligation for the year.

Discount Rate		Salary Increment Rate		Present Value of Defined Benefit Obligation	
Increase	Decrease	Increase	Decrease	Group Rs.	Company Rs.
1%	-	-	-	5,658,502	4,570,058
-	1%	-	-	6,416,260	5,178,517
-	-	1%	-	6,436,887	5,197,215
-	-	-	1%	5,634,381	4,548,717

This note indicates the assumptions used and the movement in the employee benefits and is not externally funded. As at 31st March 2020 the gratuity liability was actuarially valued under the projected unit credit (PUC) method by Mr. M. Poopalanathan of Actuarial & Management Consultants (Pvt) Limited. The valuation is performed annually.

28. Lease Liabilities

	Group		Company	
As at 31st March,	**2020 Rs.**	**2019 Rs.**	**2020 Rs.**	**2019 Rs.**
Balance as at the beginning of the year	**2,301,740**	3,062,467	**-**	-
Obtained during the year	**62,211,862**	-	**62,211,861**	-
Unwind interest	**1,291,940**	-	**1,291,939**	-
Lease rentals paid during the year	**(3,235,281)**	(760,727)	**(2,349,000)**	-
Balance at the end of the year	**62,570,259**	2,301,740	**61,154,800**	-
Due within one year	**10,754,579**	886,391	**9,720,603**	-
Due after one year and within five years	**51,815,680**	1,415,349	**51,434,197**	-
Due after five years	**-**	-	**-**	-
	62,570,259	2,301,740	**61,154,800**	-

28.1 Following are the amounts recognized in profit or loss for the year ended 31 March 2020

As at 31st March,	Group 2019 Rs.	Company 2019 Rs.
Depreciation expense of right of use assets	1,960,873	784,349
Interest Expense on lease liability	1,291,940	516,776
Total amount reconnised in profit or loss	3,252,813	1,301,125

28.2 The Group had total cash outflows for leases of Rs. 3,235,281/- during the year. Also Company had total cash outflows for leases of Rs. 939,600/- during the year and the balance paid amount of Rs. 1,409,400/- received from subsidiary companies.

29. Interest bearing loans and borrowings

	Group		Company	
As at 31st March,	**2020 Rs.**	**2019 Rs.**	**2020 Rs.**	**2019 Rs.**
Balance as at the beginning of the year	**1,112,805,536**	741,226,229	**176,150,000**	671,005,000
Obtained during the year	**475,174,377**	1,113,462,280	**-**	200,000,000
Repayments made during the year	**(119,517,685)**	(741,882,973)	**(28,620,000)**	(694,855,000)
Balance as at the end of the year	**1,468,462,228**	1,112,805,536	**147,530,000**	176,150,000
Due within one year	**210,530,061**	122,639,915	**28,620,000**	28,620,000
Accrued interest	**2,927,224**	3,313,102	**-**	-
Loan Processing Fees	**(621,052)**	(365,042)	**-**	-
	212,836,233	125,587,975	**28,620,000**	28,620,000
Due after one year and within five years	**969,905,511**	648,650,041	**114,480,000**	114,480,000
Due after five years	**288,026,656**	341,515,580	**4,430,000**	33,050,000
Loan Processing Fees	**(3,492,674)**	(1,416,576)	**-**	-
	1,254,439,493	988,749,045	**118,910,000**	147,530,000

29.1 Analysed by lending institutions

	Group		Company		
Lending Institution	**3/31/2020 Rs.**	**3/31/2019 Rs.**	**3/31/2020 Rs.**	**3/31/2019 Rs.**	**Borrowing terms**
Sampath Bank PLC	**200,000,000**	200,000,000	**200,000,000**	200,000,000	The loan obtained by Panasian Power PLC on 23rd May 2018 and repayable in 84 monthly installments applicable interest rate is AWPLR plus 2% per annum.
Sampath Bank PLC	**500,000,000**	500,000,000	**-**	-	The loan obtained by Padiyapelella Hydropower Limited on 24th May 2018 and repayable in 120 monthly installments applicable interest rate is AWPLR plus 2% per annum.
NDB Bank PLC	**27,000,000**	27,000,000	**-**	-	The loan obtained by Panasian Investments (Pvt) Ltd and repayable in 78 monthly installments including capital grace period of 6 months and applicable interest rate is 6.3% per annum.
NDB Bank PLC	**20,000,000**	20,000,000	**-**	-	Loan obtained from Manelwala Hydropower (Pvt) Ltd and repayable in 78 monthly installments including capital grace period of 6 months and applicable interest rate is 6.3% per annum.
NDB Bank PLC	**20,000,000**	20,000,000	**-**	-	Loan obtained from PAP Solar One (Pvt) Ltd and repayable in 78 monthly installments including capital grace period of 6 months and applicable interest rate is 6.3% per annum.
National Development Bank	**200,000,000**	200,000,000	**-**	-	Loan obtained from PAP Solar One (Pvt) Ltd and repayable in 60 monthly installments including capital grace period of 12 months and applicable interest rate is 10.12% per annum.
National Development Bank	**125,000,000**	125,000,000	**-**	-	Loan obtained from PAP Solar One (Pvt) Ltd and repayable in 84 monthly installments including capital grace period of 12 months and applicable interest rate is AWPLR+ 2% per annum.
Sampath Bank PLC	**50,000,000**	50,000,000	**-**	-	Loan obtained from Eco Green Solar Solutions (Pvt) Ltd and repayable in 84 monthly installments including capital grace period of 12 months and applicable interest rate is AWPLR+ 2% per annum.
Sampath Bank PLC	**70,000,000**	70,000,000	**-**	-	Loan obtained from Eco Green Solar Solutions (Pvt) Ltd and repayable in 120 monthly installments including capital grace period of 12 months and applicable interest rate is AWPLR+ 2% per annum.
National Development Bank	**230,000,000**	-	**-**	-	Loan obtained from Rajarata Sustainable Development (Pvt) Ltd and repayable in 98 monthly installments including capital grace period of 12 months and applicable interest rate is AWPLR+ 3% per annum.
National Development Bank	**230,000,000**	-	**-**	-	Loan obtained from Finagreen Rajarata (Pvt) Ltd and repayable in 98 monthly installments including capital grace period of 12 months and applicable interest rate is AWPLR+ 3% per annum.

Company has pledged following assets as securities,

Assets pledged as securities	Loan Amount Rs.
– Undertaking to mortgage over 100% shares of Padiyapelella Hydropower Ltd owned by Panasian Power PLC and Palacepath Holdings (Pvt) Ltd in favour of Sampath Bank PLC.	10,000,000
– Project lands together with other project assets including civil construction, power generation plants, machinery and other equipment's of Padiypelella Mini Hydro Power Project (Phase – 1)	490,000,000
– Project lands together with other project assets including civil construction, power generation plants, machinery and other equipment's of Manelwala Mini Hydro Power Project	200,000,000
Roof Top Solar power plant located in Boralesgamuwa	27,000,000
Roof Top Solar power plant located in Kohuwala	20,000,000
Roof Top Solar power plant located in Kolonna	20,000,000
Roof Top Solar power plant located in Kurunegala District	325,000,000
Ground Solar power plant located in Beliatta	120,000,000
Roof Top Solar power plant I located in Anuradhapura District	230,000,000
Roof Top Solar power plant II located in Anuradhapura District	230,000,000
	1,672,000,000

Company has provided other securities as follows,

Security Provided		Loan Amount Rs. Mn
– Corporate Guarantee from Panasian Power PLC		500
– Deposit of all project approvals, licenses and Standard Power Purchase Agreements of Hydropower projects relating to companies namely Padiyapelella hydropower Ltd and Manelwala Hydropower (Pvt) ltd with the bank.		200
– Deposit of all project approvals, licenses and Standard Power Purchase Agreements of Hydropower projects relating to companies namely Padiyapelella hydropower Ltd with the bank.		500
– Corporate Guarantee from Panasian Power PLC		27
– Corporate Guarantee from Panasian Power PLC		40
– Corporate Guarantee from Panasian Power PLC		72
– Corporate Guarantee from Panasian Power PLC		325
– Corporate Guarantee from Panasian Power PLC		230
– Corporate Guarantee from Panasian Power PLC		230
People's Leasing and Finance PLC	4,104,980	Repayable in 60 monthly installments commencing from January 2016 and applicable interest rate is 13% per annum. No securities were pledged for the loan.

30. Deferred tax liabilities

	Group		Company	
As at 31st March,	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Balance as at beginning of the year	**125,905,691**	105,485,032	**61,511,124**	30,554,234
Origination and reversal of temporary difference				
– Recognised in profit or loss	**(9,293,168)**	(3,950,485)	**(1,100,363)**	12,359,396
– Recognised in other comprehensive income	**38,082,185**	24,371,144	**10,934,449**	18,597,494
Balance as at end of the year	**154,694,708**	125,905,691	**71,345,210**	61,511,124

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset assets against tax liabilities and when the deferred income taxes relate to the same fiscal authority.

30.1 Deferred tax liabilities (Group)

Composition of deferred tax assets and liabilities is as follows,

	2020				2019			
	Temporary difference		Deferred Tax Effect		Temporary difference		Deferred Tax Effect	
	Assets Rs.	Liabilities Rs.	Assets Rs.	Liabilities Rs.	Assets Rs.	Liabilities Rs.	Assets Rs.	Liabilities Rs.
Deferred tax liability								
Property, plant and equipment	**-**	**(751,444,675)**	**-**	**(210,404,509)**	-	(468,760,498)	-	(131,252,939)
Intangible Asset	**-**	**(1,357,936)**	**-**	**(380,222)**	-	(944,502)	-	(264,460)
Provision for debtors	**3,349,489**	**-**	**937,857**		3,349,490	-	937,857	-
Employee benefits	**5,686,232**	**-**	**1,592,145**	**-**	3,881,217	-	1,086,741	-
Carried forward tax loss	**130,130,989**	**-**	**36,436,677**	**-**	12,811,110	-	3,587,111	-
Lease obligation	**61,154,800**	**-**	**17,123,344**	**-**	-	-	-	-
	200,321,511	**(752,802,611)**	**56,090,023**	**(210,784,731)**	20,041,817	(469,705,000)	5,611,709	(131,517,400)
Net deferred tax liability				**(154,694,708)**				(125,905,691)

30.1.1 Recognised deferred tax assets and liabilities

	Net balance as at 01.04.2019 Rs.	Recognised in profit or loss Rs.	Recognised in OCI Rs.	Net balance as at 31.03.2020 Rs.	Deferred tax liability Rs.	Deferred tax asset Rs.
Property, plant and equipment	(131,252,940)	(40,996,174)	(38,155,395)	(210,404,509)	(210,404,509)	-
Intangible Asset	(264,460)	(115,762)	-	(380,222)	(380,222)	-
Provision for debtors	937,857	-	-	937,857	-	937,857
Employee benefits	1,086,741	432,194	73,210	1,592,145	-	1,592,145
Carried forward tax losses	3,587,111	32,849,566	-	36,436,677	-	36,436,677
Lease obligation	-	17,123,344	-	17,123,344	-	17,123,344
	(125,905,691)	9,293,168	(38,082,185)	(154,694,708)	(210,784,731)	(56,090,023)

	Net balance as at 01.04.2018 Rs.	Recognised in profit or loss Rs.	Recognised in OCI Rs.	Net balance as at 31.03.2019 Rs.	Deferred tax liability Rs.	Deferred tax asset Rs.
Property, plant and equipment	(106,281,549)	(1,271,156)	(23,700,234)	(131,252,940)	(131,252,939)	-
Intangible Asset	(184,639)	(79,821)	-	(264,460)	(264,460)	-
Provision for debtors	-	937,857	-	937,857	-	937,857
Employee benefits	769,610	988,041	(670,910)	1,086,741	-	1,086,741
Carried forward tax losses	334,395	3,252,716	-	3,587,111	-	3,587,111
Lease Obligation	(122,849)	122,849	-	-	-	-
	(105,485,032)	3,950,485	(24,371,144)	(125,905,691)	(131,517,400)	5,611,709

30.2 Deferred tax liabilities (Company)

Composition of deferred tax assets and liabilities is as follows,

	2020				2019			
	Temporary difference		Deferred Tax Effect		Temporary difference		Deferred Tax Effect	
	Assets Rs.	Liabilities Rs.	Assets Rs.	Liabilities Rs.	Assets Rs.	Liabilities Rs.	Assets Rs.	Liabilities Rs.
Deferred tax liability								
Property, plant and equipment	-	(322,524,043)	-	(90,306,732)	-	(225,439,179)	-	(63,122,970)
Intangible Asset	-	(439,558)	-	(123,076)	280,000	-	78,400	-
Provision for debtors	2,145,814	-	600,828	-	2,145,814	-	600,828	-
Employee benefits	4,858,664	-	1,360,426	-	3,330,779	-	932,618	-
Lease obligation	61,154,800	-	17,123,344	-	-	-	-	-
	68,159,279	(322,963,601)	19,084,598	(90,429,808)	5,756,593	(225,439,179)	1,611,846	(63,122,970)
Net deferred tax liability				(71,345,210)				(61,511,124)

Company has calculated deferred tax as of 31 March 2019 and 31 March 2020 at the rate of 28%.

30.2.1 Recognised deferred tax assets and liabilities

	Net balance as at 01.04.2019 Rs.	Recognised in profit or loss Rs.	Recognised in OCI Rs.	Net balance as at 31.03.2020 Rs.	Deferred tax liability Rs.	Deferred tax asset Rs.
Property, plant and equipment	(63,122,970)	(16,193,702)	(10,990,060)	(90,306,732)	(90,306,732)	-
Intangible Asset	78,400	(201,476)	-	(123,076)	(123,076)	-
Provision for debtors	600,828	-	-	600,828	-	600,828
Employee benefits	932,618	372,197	55,611	1,360,426	-	1,360,426
Lease obligation	-	17,123,344	-	17,123,344	-	17,123,344
	(61,511,124)	1,100,363	(10,934,449)	(71,345,210)	(90,429,808)	19,084,598

	Net balance as at 01.04.2019 Rs.	Recognised in profit or loss Rs.	Recognised in OCI Rs.	Net balance as at 31.03.2020 Rs.	Deferred tax liability Rs.	Deferred tax asset Rs.
Property, plant and equipment	(31,238,597)	(13,890,664)	(17,993,709)	(63,122,970)	(63,122,970)	-
Intangible Asset	31,363	47,037	-	78,400	-	78,400
Provision for debtors	-	600,828	-	600,828	-	600,828
Employee benefits	653,000	883,403	(603,785)	932,618	-	932,618
	(30,554,234)	(12,359,396)	(18,597,494)	(61,511,124)	(63,122,970)	1,611,846

31. Amount due to related companies

	Group		Company	
As at 31st March,	**2020 Rs.**	**2019 Rs.**	**2020 Rs.**	**2019 Rs.**
PAP Solar One (Pvt) Ltd			**1,036,326**	-
Manelwala Hydropower (Pvt) Limited	**-**	-	**38,199,702**	171,355,111
Eco Green Solar Solutions (Pvt) Ltd	**-**	-	**747,882**	23,000,000
Padiyapalella Hydropower Ltd	**-**	-	**9,304,791**	134,451,789
	-	-	**49,288,701**	328,806,900

32. Other payables and accruals

	Group		Company	
As at 31st March,	**2020 Rs.**	**2019 Rs.**	**2020 Rs.**	**2019 Rs.**
Trade Payables	**466,619**	-	**-**	-
Other payables	**63,325,980**	28,627,805	**12,130,020**	8,652,444
Accrued expenses	**5,728,599**	3,151,729	**3,514,845**	2,082,660
	69,521,198	31,779,534	**15,644,865**	10,735,104

33. Income Tax Payable

	Group		Company	
As at 31st March,	**2020 Rs.**	**2019 Rs.**	**2020 Rs.**	**2019 Rs.**
Opening Balance	**56,197,206**	8,654,277	**20,409,846**	3,180,179
During the year provision	**53,538,853**	58,599,331	**8,012,444**	21,601,246
Income tax under/(over) provision for in respect previous years	**(1,692,007)**	(10,105)	**(1,888,099)**	11,928
WHT claimed against income tax	**-**	(35,298)	**-**	-
During the year payments	**(81,341,300)**	(11,010,999)	**(24,939,095)**	(4,383,507)
Closing Balance	**24,702,762**	56,197,206	**1,595,096**	20,409,846

34. Related party transactions

34.1 Parent and Ultimate parent

Panasian Power PLC doesn't have an identifiable parent as at the reporting date.

34.2 Key management personnel and related companies

According to the Sri Lankan Accounting standards (LKAS) 24 – Related party disclosure "Key management personnel" are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the directors (Including executive and Non- executive directors) have been classified as KMP of the Company.

(i) Key management personnel compensation is disclosed in note 10 to the financial statements.

(ii) Transactions with related companies

The Company has a related party relationship with its related Group Companies. The following transactions were carried out with related parties during the year ended 31st March 2020.

Name of the Company	Relationship	Nature of Transaction	Outstanding amount as at 01/04/2019	Transaction Amount Rs.	Outstanding amount as at 31/03/2020
Panasian Investments (Private) Limited	Subsidiary	Fund transfers	40,204,004	46,552,284	
		Funds settled		(10,000,000)	
		Shared cost		6,512,932	
		Interest		5,988,490	
					89,257,710
Manelwala Hydropower (Private) Limited	Subsidiary	Fund transfers	(171,355,111)	196,873,591	
		Dividend		68,189,682	
		Funds settled		(134,689,683)	
		Shared cost		8,005,275	
		Interest		(5,223,456)	
					(38,199,702)
Padiyapelella Hydropower Limited	Subsidiary	Fund transfers	(134,451,789)	199,121,695	
		Funds settled		(157,821,000)	
		Shared cost		23,142,327	
		Dividend		64,242,000	
		Interest		(3,538,024)	(9,304,791)
Lower Kothmale Oya Power Two (Pvt) Ltd			370,960	-	
		Expense reimbursement		89,082	460,042
Eco Green Solar Solutions	Subsidiary		23,000,001		
		Funds settled		(22,466,000)	
		Expense receivable		(1,281,883)	(747,882)
TIC Solar (Private) Limited	Joint Venture		100,000	-	
		Interest		8,000	108,000
Panthree Solaro Energy (Private) Limited	Subsidiary		300,000	-	
		Project Expenses		11,977,000	
		Interest		898,765	13,175,765
PAP Solar One (Pvt) Ltd	Subsidiary				
		Expense reimbursement		970,571	
		Interest		65,755	1,036,326
Solar power Generation Matara (Pvt) Ltd	Subsidiary		-		
		Expense reimbursement		95,066	95,066

Name of the Company	Relationship	Nature of Transaction	Outstanding amount as at 01/04/2019	Transaction Amount Rs.	Outstanding amount as at 31/03/2020
Finergreen Rajarata (Private) Limited	Subsidiary		-		
		Fund transfers		56,191,317	
		Funds settled		(38,663,504)	
		Expense reimbursement		29,168	
		Interest		2,156,358	19,713,339
Rajarata Sustainable Development (Private) Limited	Subsidiary		-		
		Expense reimbursement		29,168	29,168

The above transactions have been taken place on normal terms, in the ordinary course of business during the year. During the year no payments were made to the directors of the affiliate companies.

(ii) The Group has a related party relationship with its related Companies. The following transactions were carried out with related parties during the year ended 31st March 2020.

Name of the Company	Relationship	Nature of Transaction	Outstanding amount as at 01/04/2019	Transaction Amount Rs.	Outstanding amount as at 31/03/2020
Lower Kothmale Oya Power Two (Pvt) Ltd			619,142		
		Expense reimbursement		89,083	708,225
TIC Solar (Private) Limited	Joint Venture		3,372,590	-	
		Fund transfers		6,000,000	
		Sale of Solar Plants		25,792,000	
		Funds settled		2,978,340	
		Expense reimbursement		812,454	
		Investment		(2,445,000)	36,510,384
Powergen One (Private) Limied	Joint Venture		2,880,849		
		Expense reimbursement		797,112	3,677,961
Three Singhe Industries (Private) Limited	Affiliate		150	-	150

For the material outstanding balances with related parties have been charged with a fixed interest of 8% and 10% for related party balances with Padiyapelella Hydropower Limited, further no interest has been charged for the balances settled during the year, as those are for short term funding purposes.

35. Financial Instruments – Accounting Classifications and Fair values

Fair Values Versus Carrying Amounts

The fair values of financial assets and liabilities, together with the carrying amounts in the Statement of Financial Position, are as follows:

35.1 Group

As at 31st March 2020	Financial Assets/ at FVOCI Rs.	Financial Assets/ Liabilities at amortised cost Rs.	Financial Assets/ at FVTPL Rs.	Financial Liabilities at amortised cost Rs.	Total Carrying Value Rs.	Fair value	Fair Value Measurement
Investment in unit trusts	-	-	39,635,267	-	39,635,267	39,635,267	Level 2
Trade and other receivables	-	344,329,194	-	-	344,329,194	-	
Related Party Receivables	-	40,986,720	-	-	40,986,720	-	
Investments in Preference Shares	-	23,884,623	-	-	23,884,623	-	
Cash and cash equivalents	-	120,813,455	-	-	120,813,455	-	
Total	-	530,013,992	39,635,267	-	569,649,259	-	
Bank Overdrafts	-	-	-	-	-	-	
Trade and other payables	-	-	-	63,792,600	63,792,600	-	
Lease liabilities	-	-	-	62,570,259	62,570,259	-	
Interest Bearing Borrowings	-	-	-	1,467,275,726	1,467,275,726	-	
Income Tax Payable	-	-	-	25,629,657	25,629,657	-	
Total	-	-	-	1,619,268,242	1,619,268,242	-	

As at 31st March 2019	Financial Assets/ at FVOCI Rs.	Financial Assets/ Liabilities at amortised cost Rs.	Financial Assets/ at FVTPL Rs.	Financial Liabilities at amortised cost Rs.	Total Carrying Value Rs.	Fair value	Fair Value Measurement
Investment in unit trusts	-	-	124,354,122	-	124,354,122	124,354,122	Level 2
Trade and other receivables	-	203,109,044	-	-	203,109,044	-	
Related Party Receivables	-	6,872,731	-	-	6,872,731	-	
Investments in Preference Shares	-	27,000,000	-	-	27,000,000	-	
Cash and cash equivalents	-	70,517,448	-	-	70,517,448	-	
Total	-	307,499,223	124,354,122	-	431,853,345	-	
Bank Overdrafts	-	-	-	-	-	-	
Trade and other payables	-	-	-	28,627,805	28,627,805	-	
Finance lease liabilities	-	-	-	2,301,741	2,301,741	-	
Interest Bearing Borrowings	-	-	-	1,114,337,019	1,114,337,019	-	
Income Tax Payable		-	-	56,197,206	56,197,206	-	
Total	-	-	-	1,201,463,771	1,201,463,771	-	

35.2 Company

As at 31st March 2020	Financial Assets/ at FVOCI Rs.	Financial Assets/ Liabilities at amortised cost Rs.	Financial Assets at FVTPL Rs.	Financial Liabilities at amortised cost Rs.	Total Carrying Value Rs.	Fair value	Fair Value Measurement
Investment in unit trusts	-	-	42,803	-	42,803	42,803	Level 2
Trade and other receivables	-	72,990,450	-	-	72,990,450	-	
Amounts due from related parties	-	122,839,093	-	-	122,839,093	-	
Preference shares	-	23,000,000	-	-	23,000,000	-	
Cash and cash equivalents	-	21,385,016	-	-	21,385,016	-	
Total	-	240,214,558	42,803	-	240,257,362	-	
Other payables	-	-	-	12,130,021	12,130,021	-	
Amounts due to related parties	-	-	-	49,288,701	49,288,701	-	
Interest Bearing Borrowings	-	-	-	147,530,000	147,530,000	-	
Lease liability	-	-	-	62,570,259	62,570,259	-	
Total financial liabilities	-	-	-	271,518,981	271,518,981	-	

As at 31st March 2019	Financial Assets/ at FVOCI Rs.	Financial Assets/ Liabilities at amortised cost Rs.	Financial Assets at FVTPL Rs.	Financial Liabilities at amortised costs Rs.	Total Carrying Value Rs.	Fair value	Fair Value Measurement
Investment in unit trusts	-	-	21,872,147	-	21,872,147	21,872,147	Level 2
Trade and other receivables	-	57,696,080	-	-	57,696,080	-	
Amounts due from related parties	-	40,974,963	-	-	40,974,963	-	
Preference shares	-	23,000,000	-	-	23,000,000	-	
Cash and cash equivalents	-	5,277,682	-	-	5,277,682	-	
Total	-	126,948,725	21,872,147	-	148,820,872	-	
Other payables	-	-	-	8,652,444	8,652,444	-	
Amounts due to related parties	-	-	-	328,806,900	328,806,900	-	
Interest Bearing Borrowings	-	-	-	176,150,000	176,150,000	-	
Income Tax Payable	-	-	-	20,409,846	20,409,846	-	
Total financial liabilities	-	-	-	534,019,190	534,019,190	-	

36. Financial Risk Management

36.1 Overview

The Group has exposure to the following risks, from its use of financial instruments.

– Credit Risk

– Liquidity Risk

– Market Risk

– Operational Risk

The note presents information about Group's exposure to each of above risks, Groups objective, policies and processes measuring and managing risks and the Group's management of capital. Further qualitative disclosures are included through out these consolidated financial statements.

36.2 Risk Management Framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

The Group's audit committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group's audit committee is assisted in its oversight role by the internal audit. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

The Group's principal financial liabilities comprise loans and borrowings, related party payables and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group has trade and other receivables related party receivables and cash deposits that arrive directly from its operations.

36.3 Credit Risk

'Credit risk' is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure.

The maximum exposure to credit risk at the reporting date was;

	Group		Company	
As at 31st March,	**2020 Rs.**	**2019 Rs.**	**2020 Rs.**	**2019 Rs.**
Trade and Other Receivables (Note 23.1)	**321,430,624**	203,109,044	**72,428,107**	57,696,080
Amounts due from related parties (Note 24)	**40,986,720**	6,872,731	**122,839,092**	40,974,963
Investments in preference shares (Note 18)	**23,884,623**	27,000,000	**23,000,000**	23,000,000
Investment in unit trusts (Note 22)	**39,635,267**	124,354,122	**42,803**	21,872,147
Cash at bank (Note 25)	**120,386,665**	70,142,449	**21,235,021**	5,177,683
	546,323,899	431,478,346	**239,545,023**	148,720,873

Trade and other receivables

Trade receivables are due from Ceylon Electricity Board which purchases the electricity generated by the Group's hydropower and solar power companies. Since it's a government organisation, exposure to credit risk is minimum and outstanding balances are regularly monitored.

Amounts due from related parties

All the Group companies are under the oversight of the board of Panasian Power Group and hence inter company receivables are closely monitored.

Investment in unit trusts

The Group has invested in unit trusts managed by reputed trust funds and investments are made under supervision of the board.

Cash at Bank

All bank accounts are held in banks with good credit ratings. All material transactions involving bank accounts are overseen by the expertise of board.

36.4 Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group continuously prepares and monitors rolling cash flow forecasts and access the liquidity requirements of each operating unit to ensure it has sufficient cash to meet operational needs. Regular reviews are also carried out to check actual performance against budgeted targets.

Surplus cash held by the operating units over and above balance required for working capital management are invested in interest bearing time deposits. At the reporting date, the Group held term deposits that are expected to readily generate cash inflows for managing liquidity risk.

36.4.1 Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

Group

		Contractual Cash Flows					
31 March 2020	**Carrying Amount**	**Total**	**2 months of less**	**2-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
Non derivative financial liabilities							
Secured bank loans	1,468,462,162	1,468,462,162	42,123,920	214,786,144	251,686,333	662,380,223	297,485,542
Lease liabilities	62,570,259	62,570,259	878,492	4,610,755	5,460,064	21,812,217	29,808,731
Trade and other payables	69,521,199	69,521,199	69,521,199	-	-	-	-
	1,600,553,620	1,600,553,620	112,523,611	219,396,899	257,146,397	684,192,440	327,294,273

31 March 2019	Carrying Amount	Contractual Cash Flows					
		Total	2 months of less	2-12 months	1-2 years	2-5 years	More than 5 years
Non derivative financial liabilities							
Secured bank loans	1,114,337,038	1,114,337,038	19,130,216	106,457,775	167,326,279	479,990,544	341,432,224
Financial lease liabilities	2,301,741	2,301,741	138,417	747,974	1,033,979	381,371	-
Other Payables	28,627,805	28,627,805	28,627,805	-	-	-	-
	1,145,266,584	1,145,266,584	47,896,438	107,205,749	168,360,258	480,371,915	341,432,224

Company

31 March 2020	Carrying Amount	Contractual Cash Flows					
		Total	2 months of less	2-12 months	1-2 years	2-5 years	More than 5 years
Non derivative financial liabilities							
Secured bank loans	**147,530,000**	**147,530,000**	**4,770,000**	**23,850,000**	**28,620,000**	**90,290,000**	**-**
Amounts due to related parties	**49,288,701**	**49,288,701**	**-**	**49,288,701**	**-**	**-**	**-**
Lease liabilities	**61,154,800**	**61,154,800**	**717,029**	**3,738,242**	**5,078,581**	**21,812,217**	**29,808,730**
Other Payables	**15,644,866**	**15,644,866**	**15,644,866**	**-**	**-**	**-**	**-**
	273,618,367	**273,618,367**	**21,131,895**	**76,876,943**	**33,698,581**	**112,102,217**	**29,808,730**

31 March 2019	Carrying Amount	Total	Contractual Cash Flows 2 months of less	2-12 months	1-2 years	2-5 years	More than 5 years
Non derivative financial liabilities							
Bank overdrafts	-	-	-	-	-	-	-
Secured bank loans	176,150,000	176,150,000	4,770,000	23,850,000	28,620,000	85,860,000	33,050,000
Amounts due to related parties	328,806,900	328,806,900	-	328,806,900	-	-	-
Other Payables	8,652,444	8,652,444	8,652,444	-	-	-	-
	513,609,344	513,609,344	13,422,444	352,656,900	28,620,000	85,860,000	33,050,000

The outflows disclosed in the above table represent the contractual undiscounted cash flows relating to non-derivative financial liabilities held for risk management purposes and which are not closed out before contractual maturity.

36.5 Market Risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices- will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

36.5.1 Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in market interest rates. Interest rate disclosure made appropriately under the Note 29 to the financial statement.

The table below summarises the interest rate profile of the group as at reporting date

As at 31st March,	Group 2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	Company 2019 Rs.
Fixed rate instruments				
Financial liabilities	**267,000,000**	253,016,206	**-**	-
	267,000,000	253,016,206	**-**	-
Variable rate instruments				
Financial Assets	**39,635,267**	124,354,122	**42,803**	21,872,147
Financial Liabilities	**1,200,275,726**	861,320,813	**147,530,000**	176,150,000
	1,239,910,994	985,674,935	**147,572,803**	198,022,147

Cash flow sensitivity for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

Group	Profit or Loss		Equity, Net of Tax	
	1% Increase	1% Decrease	1% Increase	1% Decrease
31 March 2020				
Variable rate instruments	(12,002,757)	12,002,757	(12,002,757)	12,002,757
Cash flow sensitivity (net)	(12,002,757)	12,002,757	(12,002,757)	12,002,757
31 March 2019				
Variable rate instruments	(8,613,208)	8,613,208	(8,613,208)	8,613,208
Cash flow sensitivity (net)	(8,613,208)	8,613,208	(8,613,208)	8,613,208

Company	Profit or Loss		Equity, Net of Tax	
	1% Increase	1% Decrease	1% Increase	1% Decrease
31 March 2020				
Variable rate instruments	(1,475,300)	1,475,300	(1,475,300)	1,475,300
Cash flow sensitivity (net)	(1,475,300)	1,475,300	(1,475,300)	1,475,300
31 March 2019				
Variable rate instruments	(1,761,500)	1,761,500	(1,761,500)	1,761,500
Cash flow sensitivity (net)	(1,761,500)	1,761,500	(1,761,500)	1,761,500

36.5.2 Currency Risk

The Group's exposure to the currency risk is the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of Group companies.

The majority of capital purchases are made in foreign currencies at the spot rate prevailing at that time. The Group evaluates the exchange rate at the time of purchase when evaluating projects.

Sri Lankan Rupee is the Groups functional currency and so is the currency in which sales and borrowings are made. Therefore Group's exposure to currency risk is minimal.

36.6 Operational Risk

The main source of income for Group is generation of electricity using hydropower. The extent of electricity generated will vary depending on the rainfall received by the catchment area and other weather conditions. As a result revenue of the Group can vary significantly.

In addition to that, failures of turbines and generators and other operational disruptions to the power generation process could disrupt the operations of group companies. By close supervision and internal audit reviews Group response to these risks.

37. Capital commitments

A sub subsidiary Company, Panthree Solaro Energy (Pvt) Ltd has a commitment amounting to Rs. 360,030,586/- to be incurred for completion of three, 1 MW solar power plants in Matara, Maho and Pannala.

A sub subsidiary Company, Solar Power Generation (Pvt) Ltd has a commitment amounting to Rs. 215,307,725/- to be incurred for completion of two, 1 MW solar power plants in Matara.

A sub subsidiary Company, Rajarata Sustainable Development (Pvt) Ltd has a commitment amounting to Rs. 55,236,782/- to be incurred for completion of two, 1 MW roof top solar power plants in Anuradhapura.

A sub subsidiary Company, Finergreen Rajarata (Pvt) Ltd has a commitment amounting to Rs. 37,797,624/- to be incurred for completion of two, 1 MW roof top solar power plants in Anuradhapura.

There are no significant capital commitments made by the Group as at the reporting date other than disclosed above.

38. Contingent liabilities

The Company entered in to an agreement with owners of Lower Kothmale Oya Power Two (Private) Limited., to acquire the project upon receiving “Letter of Intent” from Ceylon Electricity Board. The total purchase consideration for the above acquisition is LKR 15 million and LKR 3 million was paid as an advance for acquisition. Balance LKR 12 million will become payable upon receiving Letter of Intent to the said project.

The Company entered in to memorandum of understanding with owners of Medakumbura Mini Hydro Power Project, to acquire the project upon receiving “Letter of Intent” from Ceylon Electricity Board. The total purchase consideration for the above acquisition is LKR 10 million and LKR 2 million paid as an advance for acquisition. Balance LKR 8 million will become payable upon receiving Letter of Intent to the said project.

There were no material contingent liabilities as at reporting date which require adjustments to or disclosure in the financial statements other than disclosed above.

39. Events occurring after reporting date

The Company has signed new power purchase agreement with Ceylon Electricity board for Rathganga power plant on 28th July 2020.

A sub subsidiary Company, Solar Power Generation Matara (Pvt) Ltd has signed Standard Power Purchase Agreement with Ceylon Electricity Board for a 2 MW ground solar power plant in Matara on 11 June 2020.

A sub subsidiary Company, Panthree Solaro Energy (Pvt) Ltd has signed Standard Power Purchase Agreement with Ceylon Electricity Board for 1 MW ground solar power plant in Matara on 11 June 2020.

There were no material events occurring after the reporting date that require adjustments to or disclosures in the financial statements other than above.

40. Capital Management Disclosure

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends to ordinary shareholders.

The board of directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position.

The Group's adjusted net debt to equity ratio at 31st March was as follows:

	Group	
	2020 Rs.	**2019 Rs.**
Total Liabilities	**1,784,781,907**	1,334,622,583
Cash and cash equivalents	**(120,813,455)**	(70,517,448)
Adjusted net debt	**1,663,968,452**	1,264,105,135
Total Equity	**2,178,890,092**	1,648,408,871
Net debt to equity ratio	**0.76**	0.77

41. Impact from corona virus (COVID-19) pandemic

The ongoing COVID-19 pandemic has increased the estimation uncertainty in the preparation of Consolidated Financial Statements. The estimation uncertainty is associated with the extent and duration of the disruption to business arising from the actions by governments, businesses and consumers to contain the spread of the virus;

- The extent and duration of the expected economic downturn (and forecasts for key economic factors including GDP and employment
- This includes the disruption to capital markets, deteriorating credit, liquidity concerns, increasing unemployment, declines in consumer discretionary spending, reductions in production because of decreased demand, and other restructuring activities; and the effectiveness of government and central bank measures that have and will be put in place to support businesses and consumers through this disruption and economic downturn.

However, In light of ongoing COVID-19 pandemic situation, the company has assessed its going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Due to nature of the company and the business, as at the date of the financial statements, COVID-19 has no material financial impact.

42. Non Controlling Interest (NCI)

The following table summaries the information relating to Group's subsidiary that has material NCI, before any intra group eliminations.

	Padiyapellella Hydropower Limited		Panthree Solaro Energy (Private) Limited	
As at 31st march	**2020 Rs.**	**2019 Rs.**	**2020 Rs.**	**2019 Rs.**
NCI Percentage	**17%**	17%	**15%**	15%
Non current assets	**939,521,388**	913,647,854	**28,270,704**	680,296
Current assets	**263,875,481**	296,947,088	**17,514,121**	16,855,622
Non current liabilities	**(383,689,550)**	(58,068,769)	**-**	-
Current liabilities	**(50,593,476)**	(412,846,797)	**(46,273,767)**	(17,870,745)
Net assets	**769,113,844**	739,679,374	**(488,942)**	(334,827)
Net assets attributable to NCI	**130,749,353**	125,745,494	**(73,341)**	(50,224)
Revenue	**194,576,014**	312,426,598	**-**	-
Profit/(Loss) for the year	**81,291,435**	230,295,987	**(154,115)**	(335,827)
Other comprehensive income	**38,143,035**	208,918	**-**	-
Total comprehensive income	**119,434,470**	230,504,905	**(154,115)**	(335,827)
Profit/(Loss) allacated to NCI	**13,819,544**	39,150,318	**(23,117)**	(50,374)
OCI allacated to NCI	**6,484,316**	35,516	**-**	-
Cash flows generated from/(used in) operating activities	**160,442,673**	(453,742,598)	**30,048,907**	734,768
Cash flows generated from/(used in) investing activities	**8,770,121**	(32,513,766)	**(27,590,408)**	(680,296)
Cash flows (used in)/generated from financing activities	**(138,000,000)**	460,000,000	**-**	1,000
Net increase/(decrease) in cash and cash equivalents	**31,212,793**	(26,256,364)	**2,458,499**	55,472

43. Director's responsibilities

The board of directors of the company are responsible for the preparation of financial statements.

Disclosure in terms of listing rule 7.6 (xiii)

As per listing rule 7.6 (xiii), Panasian Power PLC completed a private placement, issuing One Hundred and Twenty Five Million (125,000,000) ordinary voting shares ("Private Placement Shares") of the Company at a consideration of Sri Lanka Rupees Three and Cents Twenty (LKR 3.20) per share amounting to a total consideration of Sri Lanka Rupees Four Hundred Million (LKR 400,000,000) to Emerald Sri Lanka Fund I Limited during the year.

As per the circular to shareholders, the funds were to be used in the following manner:

Project Name	Location	Plant Capacity (MW)	Proposed Utilisation of Funds of Private Placement (LKR Mn)
Beliaththa Ground Solar Project	Beliaththa	1	44
Panthree Ground Solar Project	Pannala	1	44
	Habarana	1	44
	Habarana	1	44
	Ampara	1	44
	Maho	1	44
	Matara	1	44
Matara Ground Solar Project	Matara	2	92
Total		9	400

There has been a change in the use of funds raised through the issue of securities as per the table below:

Project Name	Location	Plant Capacity (MW)	Actual Utilisation of Funds of Private Placement (LKR Mn)
Beliaththa Ground Solar Project	Beliaththa	1	44
Panthree Ground Solar Project	Pannala	1	44*
	Habarana	0	0
	Habarana	0	0
	Ampara	0	0
	Maho	1	44*
	Matara	1	44*
Matara Ground Solar Project	Matara	2	92*
Anuradhapura rooftop solar projects	Anuradhapura	4	132
Total		10	400

**denotes funds to be utilised in the future*

The three projects envisioned in Habarana and Ampara are no longer being pursued as higher returns were available if the funds were used for the rooftop solar projects in Anuradhapura.

(1) Analysis of shareholders According to the number of shares as at 20 March 2020

	Resident			Non Resident			Total		
Shareholding	Number of Shareholders	Number of Shares	Percentage %	Number of Shareholders	Number of Shares	Percentage %	Number of Shareholders	Number of Shares	Percentage %
01 – 1,000	2,264	1,305,750	0.22	8	5,397	0.00	2,272	1,311,147	0.22
1,001 – 10,000	2,506	11,646,904	1.87	11	66,399	0.01	2,517	11,713,303	1.88
10,001 – 100,000	885	29,842,493	4.77	13	585,300	0.09	898	30,427,793	4.86
100,001 – 1,000,000	144	42,893,516	6.86	6	2,064,000	0.33	150	44,957,516	7.19
Over 1,000,000	26	411,590,241	65.85	1	125,000,000	20.00	27	536,590,241	85.85
	5,825	497,278,904	79.57	39	127,721,096	20.43	5,864	625,000,000	100.00

(2) Shareholders by Category as at 20 March 2020

Categories of shareholders	Number of shareholders	Number of shares
Individual	5,723	260,608,824
Institutional	141	364,391,176
Total	5864	625,000,000

(3) Twenty Major Shareholders of the Company as at 20 March 2020

	2020		2019
Name	**No. of Shares**	**Percentage %**	**No. of Shares**
Mr. Jinadasa Panadura Liyanage Dilanka	150,431,396	24.07	148,200,000
Emerald Sri Lanka Fund 1 Limited	125,000,000	20.00	-
Seylan Bank PLC/Senthilverl Holdings (PVT) LTD	121,485,300	19.44	-
Ayenka Holdings (Pvt) Ltd	46,903,000	7.50	43,625,231
Sampath Bank PLC/Dr. T. Senthilverl	27,825,838	4.45	27,825,838
Sampath Bank PLC/Mr. Arunasalam Sithampalam	8,242,126	1.32	18,565,584
California Link (Pvt) Ltd	7,619,561	1.22	17,814,759
Palace Path Holdings (Pvt) Ltd	7,521,590	1.20	6,197,000
Mrs. Silva Manawaduge Prasadie Rashmini	7,454,987	1.19	5,500,500
Ms. Dodanwela Dilshani	3,520,176	0.56	4,513,796
Mr. Weeraratne Pattiyapawulage Don Raj Rohitha	2,800,000	0.45	2,800,000
Mr. Beruwalage Herbert	2,688,132	0.43	2,764,200
Mr. Rambukwella Ravindra Earl	2,585,000	0.41	-
Seylan Bank PLC/Jayantha Dewage	2,426,000	0.39	2,426,000
Cocoshell Activated Carbon Company Private Limited	2,425,089	0.39	2,425,089
Dr. Ramanujam Prathap	2,350,000	0.38	2,350,000
Mr. Perera Illangage Shantha Prasad	2,000,300	0.32	-
Mr. Nazeer Mohamed Hussain Mohamed	1,803,000	0.29	1,803,000
Mr. Osman Mohamed Shahid	1,626,500	0.26	1,626,500
Mrs. Saraswathi Vasudevan	1,550,099	0.25	1,550,099
	528,258,094	84.52	289,987,596
Shares held by remaining shareholders	96,741,906	15.48	210,012,404
	625,000,000	100	500,000,000

(4) Public Holding

	Number of shares 2020	Number of shares 2019
Major shareholders		
Indirect Holding		
Jinadasa Brothers (Pvt) Ltd	**1,049,613**	733,868
Seylan Bank PLC/Senthilverl Holdings (Pvt) Ltd.	**121,485,300**	
Holding of 10% or more		-
Holding of 10% or more		
Emerald Sri Lanka Fund 1 Limited	**125,000,000**	
Directors' shareholding		
Dr. P. Ramanujam	**2,350,000**	2,350,000
Mr. D. Sooriyaarachchi	**-**	-
Mr. P. L. D. Jinadasa	**150,431,396**	148,200,000
Mr. P. K. Pathmanatha	**-**	-
Mr. A. D. Pushparajah	**-**	-
Mr. S. Senthinandhanan	**75,000**	75,000
Dr. T. Senthilverl	**817,686**	633,751
Seylan Bank PLC/Dr. T. Senthilverl	**-**	121,000,000
Sampath Bank PLC/Dr. T. Senthilverl	**27,825,838**	27,825,838

	Number of shares 2020	Number of shares 2019
Spouses & Children under 18 of directors	-	-
	429,034,833	300,818,457
Issued share capital	625,000,000	500,000,000
Less: Directors' shareholding and major shareholders	429,034,833	300,818,457
Public Holding	195,965,167	199,181,543
Public holding as a % of issued share	31.35%	39.84%
No. of Share holders representing the public holding	5,856	5,564

(5) Share Trading Information

Market Values	2019/20	2018/19
Highest (Rs.)	3.90	3.20
Lowest (Rs.)	2.50	2.90
Closing (Rs.)	2.50	3.00

FIVE YEARS SUMMARY

Company

As at 31st March	2020 Rs.	2019 Rs.	2018 Rs.	2017 Rs.	2016 Rs.
(A) Summary of Financial position					
Turnover	**119,810,368**	214,316,876	172,080,099	125,395,386	166,548,590
Gross Profit	**98,767,530**	192,644,424	151,740,858	105,782,619	138,665,279
Net Profit before Finance Cost	**171,234,548**	146,866,805	115,398,623	79,676,737	149,064,322
Profit before Taxation	**151,652,638**	97,347,486	71,813,015	(95,991)	97,441,984
Taxation	**(5,023,982)**	(33,972,570)	(17,245,858)	4,474,134	(3,750,500)
Profit or loss after Taxation	**146,628,656**	63,374,916	84,567,157	4,378,147	93,691,485
(B) Summary of Financial position					
Capital Reserves					
Ordinary Shares	**1,030,000,000**	630,000,000	630,000,000	630,000,000	630,000,000
Preference Shares	**Nil**	Nil	Nil	Nil	Nil
Retained Earnings	**242,471,638**	225,977,625	256,050,119	201,471,089	272,372,871
Other Reserves	**120,799,232**	92,539,077	110,532,786	113,494,358	62,879,041
Total Equity	**1,393,270,870**	948,516,702	996,582,906	944,965,447	965,251,912
Asset & Liabilities					
Current Assets	**228,791,175**	126,932,644	480,576,413	453,070,691	373,770,856
Current Liabilities	**104,869,265**	388,571,850	871,156,623	57,556,294	3,020,259
Net Current Assets	**123,921,910**	(261,639,206)	(390,580,210)	395,514,397	370,750,597
Property Plant & Equipment	**343,215,633**	251,220,211	260,676,820	269,748,655	221,110,713
Other Non-Current Assets	**1,172,681,402**	1,171,307,600	1,161,704,819	1,144,380,485	1,145,873,991
Related Party Payables	**49,288,701**	328,806,900	172,507,854	181,107,764	120,256,173
Non Current Liabilities	**246,548,074**	212,371,902	35,218,524	683,821,694	652,227,216
Net Assets	**1,393,270,871**	948,516,702	996,582,905	944,965,425	965,251,912
Total Assets	**1,744,688,210**	1,549,460,455	1,902,958,052	1,867,451,176	1,740,755,560
Stated Capital	**1,030,000,000**	630,000,000	630,000,000	630,000,000	630,000,000
Dividends Declared/Paid	**125,000,000**	95,000,000	-	75,000,000	75,000,000

FIVE YEARS SUMMARY

Group

As at 31st March	2020 Rs.	2019 Rs.	2018 Rs.	2017 Rs.	2016 Rs.
(A) Summary of Financial position					
Turnover	**563,814,790**	761,280,652	489,392,823	204,567,345	287,187,421
Gross Profit	**424,205,336**	608,135,780	363,955,890	162,903,126	239,910,334
Net Profit before Finance Cost	**304,224,780**	515,631,949	298,615,917	109,364,096	200,167,063
Profit before Taxation	**195,261,913**	425,975,397	199,866,047	30,810,112	150,127,381
Taxation	**(42,553,678)**	(54,638,740)	(47,454,178)	(9,665,480)	(15,220,197)
Profit or loss after Taxation	**152,708,235**	371,336,657	152,411,869	21,144,632	134,907,184
(B) Summary of Financial position					
Capital Reserves					
Ordinary Shares	**1,030,000,000**	630,000,000	630,000,000	630,000,000	630,000,000
Preference Shares	**Nil**	Nil	Nil	Nil	Nil
Retained Earnings	**701,817,869**	691,573,610	453,226,549	347,400,747	400,581,181
Other Reserves	**316,396,210**	201,136,991	224,161,998	243,960,597	91,824,541
Total Equity	**2,178,890,091**	1,648,405,871	1,393,948,207	1,264,994,881	1,161,488,600
Asset & Liabilities					
Current Assets	**579,521,849**	436,097,425	324,457,016	87,356,103	160,247,871
Current Liabilities	**317,814,772**	214,451,106	776,880,265	133,219,442	10,322,173
Net Current Assets	**261,707,077**	221,646,319	(452,423,249)	(45,863,339)	149,925,698
Property Plant & Equipment	**2,269,545,499**	1,553,625,135	1,534,126,217	1,581,806,819	1,221,725,665
Other Non Current Assets	**1,114,604,651**	993,305,894	489,803,015	466,544,153	468,214,885
Related Party Payables	**-**	-	-	-	-
Non Current Liabilities	**1,466,967,135**	1,120,171,477	177,557,776	737,492,752	678,377,648
Net Assets	**2,178,890,092**	1,648,405,871	1,393,948,207	1,264,994,881	1,161,488,600
Total Assets	**3,963,671,999**	2,983,028,454	2,348,386,248	2,135,707,075	1,850,188,421
Stated Capital	**1,030,000,000**	630,000,000	630,000,000	630,000,000	630,000,000
Dividends Declared / Paid	**125,000,000**	95,000,000	4,500,000	75,000,000	225,000,000

NOTICE OF ANNUAL GENERAL MEETING

Notice is Hereby Given that the Annual General Meeting of Panasian Power PLC will be held as a Virtual Meeting, on Tuesday 15th December 2020 at 10.00 A.M.

Agenda

1. To receive and consider the Annual Report of the Board of Directors on the State of Affairs of the Company and the Consolidated Financial Statements for the year ended 31st March 2020 with the Report of the Auditors thereon.
2. To re-elect Mr. Andrew Deshan Pushparajah who in terms of Section A.8 of the Code of Best Practice on Corporate Governance 2013, retires by rotation at the Annual General Meeting as a Director.
3. To re-elect Mr. Panadura Liyanage Dilanka Jinadasa who in terms of Section A.8 of the Code of Best Practice on Corporate Governance 2013, retires by rotation at the Annual General Meeting as a Director.
4. To re-elect Mr. Poddiwala Kankanamge Pathmanatha who in terms of Section A.8 of the Code of Best Practice on Corporate Governance 2013 retires by rotation at the Annual General Meeting as a Director.
5. To re-appoint as a Director, Dr. Prathap Ramanujam, who has attained the age of 71 years, in compliance with Section 211 of the Companies Act No. 07 of 2007.

   Ordinary Resolution

   "That Dr. Prathap Ramanujam who has attained the age of 71 years be and is hereby re-appointed as a Director of the Company and it is hereby declared as provided for in Section 211 of the Companies Act No. 07 of 2007 that the age limit of 70 years referred to in Section 210 of the said Companies Act shall not apply to Dr. Prathap Ramanujam".
6. To re-appoint as a Director, Dr. Thirugnanasambandar Senthilverl who has attained the age of 74 years,in compliance with Section 211 of the Companies Act No. 07 of 2007.

   Ordinary Resolution

   "That Dr. Thirugnanasambandar Senthilverl who has attained the age of 74 years be and is hereby re-appointed as a Director of the Company and it is hereby declared as provided for in Section 211 of the Companies Act No. 07 of 2007 that the age limit of 70 years referred to in Section 210 of the said Companies Act shall not apply to Dr. Thirugnanasambandar Senthilverl."
7. To re-appoint M/s. KPMG, Chartered Accountants as Auditors to the Company and authorise the Directors to determine their remuneration.
8. To authorise the Directors to determine donations for the year 2020/2021.

By Order of the Board of
Panasian Power PLC
S S P CORPORATE SERVICES (PRIVATE) LIMITED

Abeysekera

Secretaries
Colombo

23rd November 2020

Notes:

1. A member is entitled to appoint a proxy to attend and vote instead of himself/herself and a Proxy need not be a member of the Company. A Form of Proxy is enclosed for this purpose. The instrument appointing a proxy must be deposited at the Registered Office of the Company, Level 4, BTL Shipping House, 45/2, Braybrooke Street, Colombo 02.

FORM OF PROXY

I/We .... of ....

being a member/members of Panasian Power PLC hereby appoint (i) .... of

.... failing him/her

(ii). Dr. Prathap Ramanujam, Chairman of Panasian Power PLC or failing him any one of the Directors of the Company as *my/our proxy to vote as indicated hereunder for *me/us and on *my/our behalf at the Annual General Meeting of the Company to be held on Tuesday, 15th December 2020 held as a virtual meeting emanating from the Board Room of Panasian Power PLC, Level 4,BTL Shipping House,No. 45/2, Braybrooke Street, Colombo 02 at 10.00 A.M. and at every poll which may be taken in consequence of the aforesaid meeting and at any adjournment thereof.

Please indicate your preference by placing a "X" against the resolution Number

		For	Against
(1)	To receive and consider the Annual Report of the Board of Directors on the State of Affairs of the Company and the Consolidated Financial Statements for the year ended 31st March 2020 with the Report of the Auditors thereon.		
(2)	To re-elect Mr. Andrew Deshan Pushparajah who in terms of Section A.8 of the Code of Best Practice on Corporate Governance 2013, retires by rotation at the Annual General Meeting as a Director.		
(3)	To re-elect Panadura Liyanage Dilanka Jinadasa who in terms of Section A.8 of the Code of Best Practice on Corporate Governance 2013, retires by rotation at the Annual General Meeting as a Director.		
(4)	To re-elect Mr. Poddiwala Kankanamge Pathmanatha who in terms of Section A.8 of the Code of Best Practice on Corporate Governance 2013, retires by rotation at the Annual General Meeting as a Director.		
(5)	To re-appoint as a Director, Dr. Prathap Ramanujam, who has attained the age of 71years, in compliance with Section 211 of the Companies Act No. 07 of 2007. **Ordinary Resolution** "That Dr. Prathap Ramanujam who has attained the age of 71 years be and is hereby re – appointed as a Director of the Company and it is hereby declared as provided for in Section 211 of the Companies Act No. 07 of 2007 that the age limit of 70 years referred to in Section 210 of the said Companies Act shall not apply to Dr. Prathap Ramanujam.		
(6)	To re - appoint as a Director, Dr. Thirugnanasambandar Senthilverl who has attained the age of 74 years. The Company has received notice of intention to pass the under noted as an Ordinary Resolution in compliance with Section 211 of the Companies Act No. 07 of 2007. **Ordinary Resolution** "That Dr. Thirugnanasambandar Senthilverl who has attained the age of 74 years be and is hereby re –appointed as a Director of the Company and it is hereby declared as provided for in Section 211 of the Companies Act No. 07 of 2007 that the age limit of 70 years referred to in Section 210 of the said Companies Act shall not apply to Dr. Thirugnanasambandar Senthilverl.		
(7)	To re-appoint M/s. KPMG, Chartered Accountants as Auditors to the Company and authorise the Directors to determine their remuneration.		
(8)	To authorise the Directors to determine donations for the year 2020/2021.		

As witness my/our hand/this .... day of .... Two Thousand and Twenty.

Signature ....

FORM OF PROXY

Note:

(a) *Please delete the inappropriate words.

(b) Instructions are noted on the reverse hereof.

…………………………… ……………………………
NIC Number/Reg. No (Signatures)

Please provide the following details:

Full Name of the Shareholder	: …………………………………………
CDS A/C No/ NIC No/Company Reg No	: …………………………………………
E – Mail address	: …………………………………………
Folio No/ No of Shares held	: …………………………………………
Full Name of the Proxy holder	: …………………………………………
Proxy holder's ID No (if not a Director)	: …………………………………………
Proxy holder's E – Mail address	: …………………………………………

Instructions as to Completion of Form of Proxy

1. Kindly perfect the Form of Proxy by filling in legibly your full name and address, your instructions as to voting, by signing in the space provided and filling in the date of signature.
2. Please indicate with an 'X' in the cages provided how your proxy is to vote on the Resolutions. If no indication is given the Proxy in his/her discretion may vote as he/she thinks fit.
3. The completed Form of Proxy should be deposited at the Registered Office of the Company, Level 4, BTL Shipping House, 45/2, Braybrooke Street, Colombo 02 not less than 48 hours before the time appointed for holding the meeting.
4. If the form of proxy is signed by an attorney, the relative Power of Attorney should accompany the completed Form of Proxy for registration, If such Power of Attorney has not already been registered with the Company.

Note:

If the shareholder is a Company or body corporate, Section 138 of the Companies Act No. 07 of 2007 applies to shareholders of Panasian Power PLC and Section 138 provides for representation of Companies at meeting of other Companies. A Corporation, whether a Company within the meaning of this Act or not, may where it is a member of another corporation, being a company within the meaning of this Act, by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company. A person authorised as aforesaid shall be entitled to exercise the same power on behalf of the Corporation which it represents as that Corporation could exercise if it were an Individual shareholder of that other Company.

NOTES

NOTES

CORPORATE INFORMATION

Name of the Company

Panasian Power PLC

Legal Form

A Public Quoted Company with limited liability incorporated under the Provision of the Companies Act No. 07 of 2007. The Company has been registered under Section 17(2) of the BOI Law No. 4 of 1978 on 26 November 2008.

Date of incorporation

22 April, 2002

Company Registration Number

PV 9959 PB/PQ

Accounting Year End

31, March

Stated Capital

Rs. 1,030,000,000

Number of shares representing the stated capital

625,000,000 Ordinary Shares

Registered Office and Head Office

Level 04, BTL Shipping House, No. 45/2,
Braybrooke Street, Colombo 02.

Subsidiary Companies

Manelwala Hydropower (Pvt) Limited

Panasian Investments (Pvt) Limited

Padiyapelella Hydropower Limited

PAP Solar One (Pvt) Limited

Eco Green Solar Solutions (Pvt) Limited

Panthree Solaro Energy (Pvt) Ltd

Solar Power Generation Matara (Pvt) Ltd

Rajarata Sustainable Development (Pvt) Ltd

Finergreen Rajarata (Pvt) Ltd

Panasian Power Zambia Limited

Joint Ventures

Powergen One (Pvt) Ltd

TIC Solar (Pvt) Ltd

Nature of business

To engage in and undertake to establish, operate and manage any form of Renewable Energy Generation Plants, Activity and engage in any business related with the renewable energy Sector.

Directors

Dr Prathap Ramanujam

Mr Deepal Sooriyaarachchi

Mr Panadura Liyanage Dilanka Jinadasa

Mr Poddiwala Kankanamge Pathmanatha

Mr Andrew Deshan Pushparajah

Mr Senthilverl Senthi Nandhanan

Dr Thirugnanasambandar Senthilverl

Mr Elangovan Karthik

Mr Senaka Kakiriwaragodage

Audit Committee

Mr Andrew Deshan Pushparajah (Chairman)

Mr Deepal Sooriyaarachchi

Mr Senthilverl Senthi Nandhanan

Mr Elangovan Karthik

Mr Senaka Kakiriwaragodage

Remuneration Committee

Mr Deepal Sooriyaarachchi (Chairman)

Mr Andrew Deshan Pushparajah

Mr Senthilverl Senthi Nandhanan

Mr Elangovan Karthik

Mr Senaka Kakiriwaragodage

Related Party Transaction Review Committee

Mr Deepal Sooriyaarachchi (Chairman)

Dr Thirugnanasambandar Senthilverl

Dr Prathap Ramanujam

Secretaries and Registrars

S S P Corporate Services (Pvt) Limited
No 101, Inner Flower Road,
Colombo 3
Tel: +94112573894

Auditors

Ms KPMG
Chartered Accountants
32A, Sir Mohamed Macan Marker Mawatha
Colombo 3
Tel: +94112426301

Bankers

Sampath Bank PLC
National Development Bank PLC

Website

www.panasianpower.com

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