PANASIAN POWER PLC

Panasian Power PLC Annual Report 2018/19

Our future, enabled

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Our future, enabled

Seventeen years ago, we recognised the need to change the energy landscape of Sri Lanka towards renewable energy solutions.

Today we are moving forward towards our objective by setting new benchmarks in the energy sector. We believe that with our strong commitment towards a low – carbon society we have marked a paradigm shift in the energy sphere by transitioning towards next-generation clean energy.

Hence our Future is enabled by reducing our carbon footprint and harnessing the power of sustainable energy sources.

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 THE GLOBAL LEADER IN DIVERSIFIED RENEWABLE ENERGY SOLUTIONS"

OUR MISSION

SHAREHOLDER - to provide a sustainable return.

CEB - to provide reliable green energy.

ENVIRONMENT - to value, care and preserve the environment.

EMPLOYEES - to provide fair compensation, respect diversity, create a healthy, creative work environment.

COMMUNITY - to treat the community as partners in our operations.

ABOUT
Panasian Power PLC

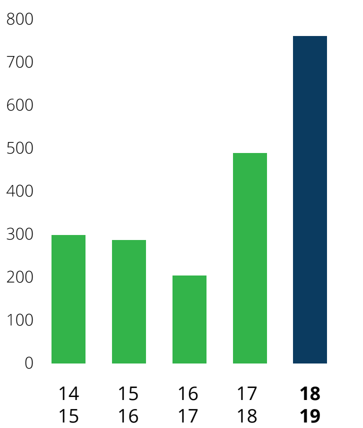
Panasian Power PLC is one of Sri Lanka's leading renewable energy solution providers and supplier of clean energy to the national grid. Established with support from the Board of Investment of Sri Lanka in 2002, PAP has been at the forefront of the transformation of the Island's generation mix to affordable, sustainable and reliable energy for all Sri Lankans.

Our expertise has enabled PAP to surge ahead in the renewable energy sector and today we stand ever closer to our stated target of 30 MW of generation capacity by 2020/21. PAP continues to set new benchmarks in the sector through a strategy of continuous organic expansion in all types of renewable energy, innovation and refinement of business processes as it paves the way for a brighter, cleaner and more sustainable future.

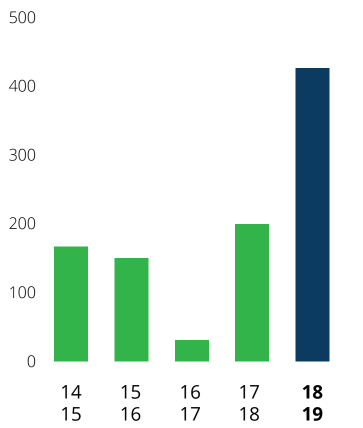
FINANCIAL HIGHLIGHTS

		2019	2018	Change %
Operating Results				
Group Revenue	Rs. '000	761,281	489,393	56%
Operating Profit	Rs. '000	515,632	298,616	73%
Profit Before Taxation	Rs. '000	425,975	199,866	113%
Profit After Taxation	Rs. '000	371,337	152,412	144%
Profit Attributable to Parent	Rs. '000	332,237	139,300	139%
Gross Dividend Paid	Rs. '000	80,000	65,000	23%
Cash From Operations	Rs. '000	382,375	159,538	140%
Financial Position				
Total Assets	Rs. '000	2,983,028	2,348,386	27%
Equity Attributable to Owners of the Company	Rs. '000	1,522,711	1,307,389	16%
No. of Ordinary Shares	No. '000	500,000	500,000	0%
Gearing	%	37%	32%	16%
Shareholder Information				
Return on Equity	%	24%	11%	118%
Earning Per Share	Rs.	0.66	0.28	137%
Dividend Per Share	Rs.	0.16	0.13	23%
Dividend Payout	%	24%	46%	-47%
Net Asset Per Share	Rs.	3.05	2.61	17%
Market Capitalisation	Rs. '000	1,500,000	1,350,000	11%
Price Earning Ratio	Times	4.54	9.64	-53%
Market Price as at 31 March	Rs.	3.00	2.70	11%
Interest Cover	Times	5.20	3.01	73%

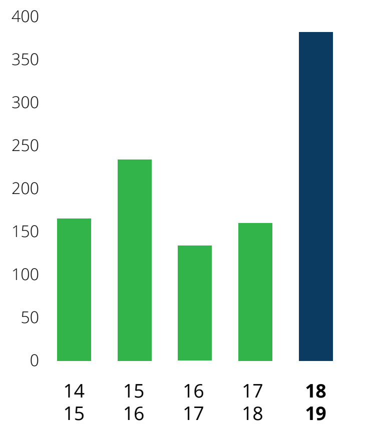
GROUP REVENUE (RS.MN)



PROFIT BEFORE TAX (RS. MN)



CASH FLOW FROM OPERATIONS (RS.MN)



REVENUE (RS. MN)	PROFIT BEFORE TAX (RS. MN)	CASH FLOW FROM OPERATIONS (Rs.MN)
761	**426**	**382**
2017/18 **489**	2017/18 **200**	2017/18 **160**

CHAIRMAN'S REVIEW

The completion and commissioning of our new plants and the consolidation of new acquisitions within our operations has resulted in PAP expanding our net installed solar capacity by 52%

Dear Shareholders,

I am pleased to present to you the Annual Report and Consolidated Audited Financial Statements of Panasian Power PLC (PAP) for the year ended 31st March 2019. The year under review was challenging from an operational perspective, however, the Company persevered and reaped benefits as we kept true to our goals and pursued our strategic objectives. The additional energy generated from a year of good rainfall was further enhanced as the Company had developed the systems over the past few years to take advantage of this phenomenon.

The completion and commissioning of our new plants and the consolidation of new acquisitions within our operations has resulted in PAP expanding our net installed solar capacity by 52% since March 31, 2018. After the year end we expect another 3.1 MW of solar capacity to be commissioned. As of

31 March 2019, the Company has 10.8 MW in operation, an achievement which we are very proud of.

Today, renewable energy has become a necessity for the future survival of the planet. However, PAP realised this 17 years ago, in 2002, when the Company commenced business operations with the sole purpose of producing renewable energy. We knew at that time that renewable energy was essential for the well-being of our planet, and this purpose has become even more significant and vital today. This focus continues to be the guiding factor when we set our long-term goals and pursue achievement of objectives in our day-to-day business operations.

Operational Achievements

Over the last few years, PAP has successfully completed several major projects in Sri Lanka including the commissioning of the Padiyapellela mini hydro power plant in 2017 with a capacity of 3.5 MW. During the year under review, the Company continued investing in solar power and has successfully completed another three projects during this time.

PAP continued to invest in the rooftop solar model across Sri Lanka, which began commercial operations at the end of the financial year 2017/18. This project using a unique financing model, developed in collaboration with industrialists and the government, exemplifies our ability to develop long-term partnerships to create shared benefits for local communities. We believe such efforts make a tangible difference for the economic future of not only the roof owner, but to the nation as well. An additional capacity of 1 MW was added during the financial year 2018/19 under this project with another 2.1 MW commissioned after the year end.

Pursuing New Market Opportunities

As of the date of publication of this Annual Report, PAP has completed construction of 12 solar projects in Sri Lanka. Whilst we continue investing in Sri Lanka, we are also pursuing emerging opportunities in select countries globally. As a leader in renewable energy production in Sri Lanka, we believe we are well placed to provide our services internationally and be successful in this endeavour, thereby, creating greater value to our shareholders as well as communities in need of renewable energy. We have identified opportunities in the African and Asian region as potential markets which we hope to exploit in the medium to long term. As a first step, during the year under review, PAP was pre-qualified by GET FiT Zambia to participate in proposals for mini hydro projects in Zambia up to 20 MW.

Another exciting prospect for PAP is the support of Emerald Sri Lanka Fund I Limited, which focuses on emerging businesses with significant scope for revenue growth and margin expansion. Fund partners include the US-based Zephyr Management L.P, and the NDB Capital Group, a leading investment bank in Sri Lanka. The Fund is backed by IFC, a partner of the World Bank, FMO and DEG (a Development Finance Institution and a subsidiary of KfW Group) which promotes business initiatives in developing and emerging market countries. The Emerald Fund seeks to invest in fast growing Small and Medium Enterprises (SMEs) in Sri Lanka, led by promising entrepreneurs and strong management teams, their 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. Key areas of emphasis subsequent to the Fund's investment apart from capacity addition are value addition for the Company's strategic planning and governance processes, training and development of the management team, and increasing efficiencies in financial management and operational processes.

Growth through Portfolio Diversification

PAP's aim for future growth and success is for a 50:50 energy mix between hydro and solar which will result in long-term sustainable growth. Furthermore, the Company is also evaluating other renewable energy sources such as wind which will result in increased opportunities for both the Company and the nation. Backward integration is another diversification strategy being evaluated. PAP is considering acquisitions in the supply chain to enhance efficiencies of our

As of the date of publication of this Annual Report, PAP has completed construction of 12 solar projects in Sri Lanka. Whilst we continue investing in Sri Lanka, we are also pursuing emerging opportunities in select countries globally.

business operations by giving us better control of the entire renewable power generation process.

PAP is also considering forward integration by leveraging on our technical expertise, innovative solutions, and the financial strength to build a strong consulting, operations and management solution.

Adapting for Tomorrow

The field of renewable energy is constantly evolving. New processes and technologies are continuously being introduced to the market resulting in influencing the operations and prospects of the industry in the future. Consequently, a key concentration for the Company is to keep abreast of new developments and trends to enable us to remain competitive in our approach and in the development or acquisition of new projects. The field of renewable energy has also expanded to encompass collection and storage systems to help reduce dependence on irregular weather patterns by storing the energy produced. These collection and storage systems help to stabilise energy networks, smooth production and consumption irregularities, and increase the quality of voltage and other auxiliary systems which contribute to sound management of the power grid. Thus, the Company is also now moving from being a pure energy generator, the focus of a decade ago, to now become a solutions provider thereby increasing our competitive advantage with non-renewable sources of energy.

Industry and Regulatory Policies

An important aspect of the renewable energy market is the stability of government policies with a clear view to long term national strategy. For true success to be achieved in this field, extensive research and clear policies with reduced bureaucracies are some of the key ingredients required for the success of organisations operating in this industry. I urge the relevant authorities to consider the requirements of renewal energy operators in Sri Lanka with a view to capitalising on the abundant natural resources available for renewable energy generation in Sri Lanka thereby increasing the scope of the industry with a view to nation's prosperity. It must be noted that small projects play an equally important role as their larger counterparts in the renewable energy sector and encouraging such investments will only contribute to the betterment of the sector while improving the GDP contribution from the sector.

As required by the Corporate Governance Code, I hereby confirm that I am not aware of any material violations of any of the provisions of the Code of Business Conduct and Ethics by any Director or any member of the Corporate Management of Panasian Power PLC.

Acknowledgements

I would like to take this opportunity to welcome Senaka Kakiriwaragodage and Elangovan Karthik to our Board of Directors. The growing Panasian Power family will no doubt benefit from their vast experience in the financial markets industry, and we look forward to their contribution to take the Company to the next stage of success.

Over the years, every success of the Company has been the result of the dedication by our talented team who are committed to the Company's values and are prepared to go all out to achieve a common goal. It is because of our employees that we have successfully established such strong and long-lasting relationships with our partners. We are proud of the outstanding work of all of our employees and I would like to commend them for all their hard work and their contribution to the Company's success. I look forward to their future support in taking PAP to reach new heights.

On behalf of everyone at PAP, I want to thank our customers, shareholders, lenders, local communities, suppliers, government authorities, and all our partners for their confidence and support. It is due to your collaboration and trust that we see a prosperous future for the well-being of our communities, our environment and our Company.

We are proud of the part we play in helping the national and global energy transition to renewable energy and will continue this path in the years ahead.

Dr Prathap Ramanujam
Chairman / Chief Executive Officer

GENERAL MANAGER'S REVIEW

I am happy to note that PAP was able to achieve its highest revenue growth of 56% during the year under review recording a group revenue of Rs. 761 mn. Resultantly, net profits also grew by 144% recording Rs. 371 mn.

The financial year ended 31st March 2019 was a year of new developments and noteworthy achievements for Panasian Power PLC (PAP) despite the prevailing local economic challenges, particularly those related to the regulatory climate in the country. I am happy to note that PAP was able to achieve its highest revenue growth of 56% during the year under review recording a group revenue of Rs. 761 mn. Resultantly, net profits also grew by 144% recording Rs. 371 mn. The Company also completed and commissioned three solar power projects during the year with seven commissioned after the year end and embarked on several critical strategies related to long term sustainable business growth and diversification.

A key strategic focus for PAP continues to be increasing our renewable energy footprint either by organic growth, acquisitions or innovative funding structures. A strong project pipeline is the basis on which we increase our profitability to derive increasing returns on investments, thereby increasing the value created to our stakeholders. Having started with hydro power projects, PAP is on a journey to diversify into solar energy to align the Company with current industry trends, reduce reliance on hydro and capitalise on increasing consumption needs. We are actively evaluating other forms of renewable energy, storage mechanisms and an international footprint as our guiding principles on which we plan to build a sustainable business model which enhances stakeholder value.

Strategic Focus for 2018/19

During the year, PAP focused on business growth through diversification to increase our energy footprint, both geographically and by incorporating other forms of renewable energy. As such, several solar projects were completed while investments of Rs. 462 mn were made on new solar projects across Sri Lanka. From a geographic perspective several new opportunities in the African and Asian region are being considered. Furthermore, to reduce risks and increase the value proposition for stakeholders, PAP embarked on researching and evaluating new methodologies for expanding our energy footprint such as a 'lease model' for rooftop solar projects and collaborations with international and local partners like GET FiT Zambia and the Emerald Fund. We plan to pursue relevant opportunities to diversify our market and make PAP a global player in the renewable energy sector in the next few years.

As we pursue diversification by expanding our energy footprint, operational excellence and enhanced technical competencies will be critical success factors for the Company. As such, we continued to focus on improving the operational processes of our business with specific emphasis on obtaining higher hydro productivity/plant factor for maximum benefits to our customers. During the year under review we saw minimal breakdowns and operational failures, maximising the above average rainfall. PAP has also increased the emphasis on people skills, with the provision of training and development for our employees and by pursuing partnerships which will enable the transfer of knowledge and know-how between all parties for building technical competencies.

Business Developments during the Year

Aligned to our expansion strategies, PAP successfully developed and completed three projects in solar with a capacity of 1 MW during the financial year under review with 3.1 MW commissioned after the year end. Construction

was completed on our first ground-based solar plant with a capacity of 1 MW with commercial operations of this plant commencing in July 2019. We have a further 10 MW in the pipeline in solar power generations projects in Sri Lanka.

PAP is in the process of renewing the Rathganga Power Purchase Agreement expiring during 2019 for another 20 years, thereby retaining our capabilities of providing renewable energy to our customers and continued profitability of the plant.

Efforts to improve operational efficiencies such as design modifications and closing of gaps in the maintenance models reaped positive results for PAP. As a result, the Company was able to increase operational effectiveness and reduce operational costs while downtime levels remained well-below industry norms. These contributed to service efficiencies resulting in highly satisfied customers and continued profitability of the plant.

To support the Company's expansion plans, PAP has been able to secure an investment by way of private placement of Rs. 400 mn into the company from Emerald Sri Lanka Fund I Limited. This will allow us to expand faster and develop our solar and hydro pipeline both locally and in selected international locations, thereby increasing market share.

The Emerald Fund is the largest Private Equity Fund dedicated to Sri Lanka, seeking to make Growth Capital Investments in the range of USD 2 mn to USD 6 mn in equity and equity-linked securities. The Emerald Fund is managed by NDB Zephyr Partners Limited (NDBZ), a joint venture between NDB Capital Holdings Limited (60%) (NCAP) and Zephyr Management L.P (40%) (Zephyr), based out of the United States of America. The contributors to the Emerald Fund include NDB Capital Holdings Limited, International Finance Corporation (IFC), Deutsche Investitions-und Entwicklungsgesellschaft mbH (DEG) and Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (FMO).

GENERAL MANAGER'S REVIEW

Further, working with Emerald Fund allows PAP to benefit from NDBZ's active participation in the management of the Company, mainly through formulation and execution of long-term strategic plans. PAP will also be able to leverage NDBZ's global network of relationships to support business development initiatives, while NCAP and Zephyr's global network and relationships will assist the Company to expand its business operation into overseas markets. Further, the focus of the Emerald Fund on pursuing sustainable growth will improve our social and environmental compliance in line with global and IFC best practices.

Business Challenges

Uncertainties in policies remains the biggest challenge for the Company and the renewable energy sector. The sector must also deal with a range of regulations from different regulatory authorities which cause delays in implementing projects and hampers business growth. There are sometimes issues related to commissioning of newly developed projects and grid capacity issues, which cause projects to remain idle rather than working towards achieving its return on investments, thereby discouraging future investors and the growth of the sector. PAP's experience and know-how coupled with our existing capacities, strong partnerships and the trust built with communities with our ethical and transparent business practices has enabled us to remain competitive within such an environment. However, these factors need to be addressed to enable Sri Lanka's renewable energy sector to expand to secure greater benefits in the long-term while encouraging external investments and investor confidence.

The macroeconomic conditions also caused challenges for PAP's business operations. The biggest impact was from the depreciation of over 13% of the Sri Lankan rupee during 2018/19 which negatively impacted the cost of investment of projects as 75% of materials are imported. However, the existing capacities and work done to enhance operational efficiencies over the years allowed the Company to remain steadfast and achieve exceptional growth despite the affects from external factors.

Outlook for the Forthcoming Years

PAP has a target to achieve Rs. 1 bn in revenue by 2020. With the Company's strengthening pipeline and the evaluation of integrating vertically within our value chain as well as moving towards providing services such as engineering, procurement and construction (EPC), and operations and management (O&M) , we are confident that we will be able to achieve our goals on-time. Further, our progress in developing our overseas pipeline in Zambia, is fast-tracked by being pre-qualified under GET FiT Zambia organisation. This will result in an added benefit of mitigating the country and currency risk in Sri Lanka, while bringing in dollar revenue and adding up to 20 MW to our power generation capacity.

Acknowledgments & Appreciations

I take this opportunity to thank our Chairman and the Board of Directors for their guidance and support which had driven us all to raise the bar of excellence at PAP and reach for newer height annually. It is my pleasure to welcome Senaka Kakiriwaragodage and Elangovan Karthik as part of the PAP family and look forward to working with you in the coming years. I also thank the management and employees who have worked diligently to ensure that we meet our strategic objectives year-on-year. It is a pleasure to be a part of the PAP team and work with you side-by-side. My heartfelt appreciation to our shareholders, investors, partners, customers and suppliers for the trust you place on PAP and the management to create value for the long term. Last but not least, I would like to than our regulators for your support and encouragement which has enables the Company to move forward on projects to create sustainable nation.

Pathmanatha Poddiwala
General Manager

BOARD OF DIRECTORS

Dr Prathap Ramanujam
Chairman/ Chief Executive Officer

Mr Dilanka Jinadasa
Non-Executive Director

Dr T Senthilverl
Non-Executive Director

Mr Pathmanatha Poddiwala
Executive Director

Mr S Senthi Nandhanan
Non-Executive Director

Mr Deepal Sooriyaarachchi
Independent Non-Executive Director

Mr Deshan Pushparajah
Independent Non-Executive Director

Mr Senaka Kakiriwaragodage
Non-Executive Director

Mr Elangovan Karthik
Independent Non-Executive Director

BOARD OF DIRECTORS

Dr Prathap Ramanujam
Chairman / Chief Executive Officer

Dr Prathap Ramunajam is the Chairman/CEO of the Group and has extensive experience in the public sector. During the last 14 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 of 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 is the Chairman of Manelwala Hydropower (Pvt) Limited and Padiyapelella Hydropower Limited and serves in the Board of Ceylon Agro-Industries Limited, Ceylon Grain Elevators PLC,Three Acre Farms PLC and Panasian Investments (Pvt) Limited. He was appointed as member of the Independent Public Service Commission by the Constitutional Council in August 2015 and continues the service in PSC.

Mr Deepal Sooriyaarachchi
Independent Non- Executive Director

Mr Sooriyaarachchi, counts over thirty years of experience in the fields of sales, advertising, marketing human resource development and strategy.

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 Singer Sri Lanka PLC.

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 Organization 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, 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 10 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
Executive Director

Mr Pathmanatha Poddiwala has obtained his first degree from University of Moratuwa in B.Sc. Eng and MBA in Technology Management attached to same university. He is a certified management accountant (Australia). He counts over 15 years' experience in the field of engineering & management in leading conglomerate such as Brown & Company and Vallibel Power Group at senior management level. He is specialized in renewable energy engineering from project identification to feasibility, investment appraisal, development, construction & operation. He holds vast industry contacts which makes him a resource pool. He is also an active member of Institution of Engineers Sri Lanka, Sri Lanka Energy Managers Association & CMA (Australia).

Mr S Senthi Nandhanan
Non - Executive Director

Mr S Senthi Nandhanan, possess 18 years of corporate management experience actively manages a leading group of company as the CEO. He has practical experience in sales & marketing and general management. He works on different assignments on business strategy, Marketing, Distribution, Trading, logistics, and 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 sectors, construction, management, industrial turnkey projections. 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., Kelani Vally Canneries Ltd, and SMB Money Brokers (Pvt) 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, Fellow member of the Chartered Institute of Marketing of the United Kingdom, 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 served as the President of Sri Lanka Institute of Marketing for the year 2017/18. He is a Member of Sri Lanka Institute of Directors and JASTECA (Japan Sri Lanka technical and cultural Association). He is a certified license trainer by the ILO (International Labor organization) and accredited Professional Business Coach by International Coaching Federation of USA.

He has extensive experience in the banking and the financial services industry spanning over 15 years majority being in senior management positions. He is a Director/CEO of leading Non-Bank Financial institution presently. He has been a Member of the Judging Panel for Sri Lankan Entrepreneur of the Year and the Presidential Exporter of the year awards.

Mr Elangovan Karthik appointed to the board with effect from 12 Jul 2019.

Mr Senaka Kakiriwaragodage

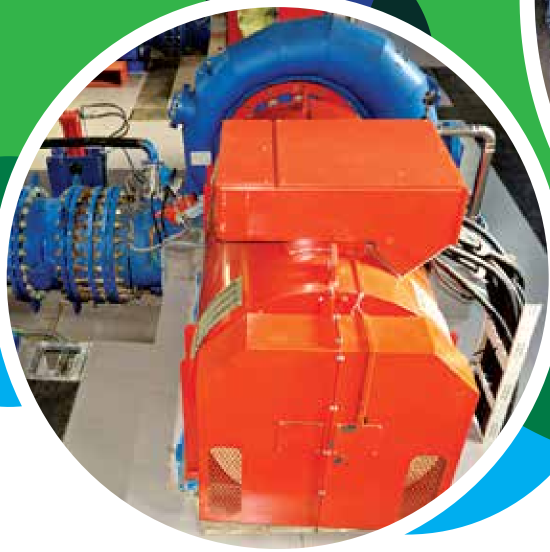
Non - Executive Director

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 charterholder. He served as a member of CIMA Sri Lanka Board and was a council member of CFA Sri Lanka. Mr Kakiriwaragodage has been a CIMA lecturer and a visiting faculty member for Postgraduate Institute of Management, University of Sri Jayewardenepura. In addition, he has conducted several corporate training programs organized by Sri Lanka Institute of Directors and Central Bank of Sri Lanka.

Senaka Kakiriwaragodage is the Managing Director of NDB Zephyr Partners Lanka (Pvt) Limited, the management company of Emerald Sri Lanka Fund I Limited, 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 and Cleanline Linen Management (Pvt) Limited. These businesses are engaged in construction material, agri exports and laundry services respectively. 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 appointed to the board with effect from 31st July 2019.

MANAGEMENT DISCUSSION & ANALYSIS



OPERATING ENVIRONMENT

Global Economic Outlook

The global economy grew at a slower pace achieving only a 3.6% growth in 2018 compared to the robust 4% growth of 2017. Slowdown of major global economies such as Japan due to natural disasters, Germany due to disruptions in car production, France experiencing lower level of consumption spending due to disruption in retail sales, and Brexit's negative impact on United Kingdom's economic progress, together with increasing trade tensions between China and the United States contributed to this stunted growth. Besides, the economic slowdown in developing and emerging market economies; a result of country-specific political and policy factors; worsened financial market sentiment and tightening of financial conditions, further contributing to the slowdown of the global economy in 2018. However, economic growth in the United States remained robust mainly due to a tighter labour market and strong consumption growth and despite experiencing a reduction in investments in the second half of 2018. We see the impact of this through a strengthening US Dollar.

Global Energy Industry

The Global energy industry is currently at a transitioning point with dynamic changes resulting in changing the trends of energy consumption. Increasing world population, the rapid increase in urbanization, and the increased use of technology has increased electricity consumption which is expected to double until 2050. Despite this, global primary energy demand is growing only at 14% per annum, mainly due to the increasing penetration of renewable energy which is expected to generate 50% of electricity by 2035 and cause global primary energy demand to slow down significantly post-2035.

MANAGEMENT DISCUSSION & ANALYSIS

Solar and wind are expected lead the way and gain a greater share of the electricity generation capacity in the coming years, mainly propelled by lower costs of renewable energy sources. Data shows that more than half of the net capacity additions during 2015 to 2017 were from solar and wind power projects.

The increased concentration of global economies on becoming sustainable by reducing the usage of non-renewable resources will result in a fall in fossil fuel usage for electricity consumption although demand for gas is currently growing and only expected to stabilise by 2035 and reduce thereafter. However, in the longer term, the trend is towards declining use of fossil fuels and gas for energy generation, mainly due to expectations of renewable energy costs becoming much cheaper than coal and gas in most countries worldwide by 2030. These changing trends in electricity generation sources steadily moving from non-renewable to renewable sources is also expected to have a positive impact on carbon emissions which is expected to decline by approximately 20% from 2016 to 2050.

Sri Lankan Economy

The Sri Lankan economy performed below expectations in 2018 a combined result of the cascading effects of tightening global financial conditions and increasing pressure on exchange rates due to the strengthening of the US dollar; and domestic economic aspects such as the fall in industrial activity, prevalent policy uncertainly, the uncertain political climate in the last quarter of 2018, the tightening liquidity condition of the domestic foreign exchange market, high interest rates, and the 13% depreciation of the Sri Lankan rupee against the US dollar. This situation was further exacerbated by the downgrade of the country's Sovereign rating in the fourth quarter of 2018. Resultantly, economic growth was curbed realising only 3.2% compared to higher expectations in the beginning of the year and the 3.4% GDP growth achieved in 2017. The main contributors to this growth were the recovery of the agricultural sector, expansion of the services sector, and increasing private and government sector consumption.

The prevailing economic conditions had an adverse impact on the export sector of the economy which experienced increased foreign exchange outflows, particularly due to higher import expenditure and capital outflows. Correspondingly, the trade deficit surpassed USD 10 billion for the first time in Sri Lankan history.

Despite low GDP, the headline and core inflation rates remained subdued during 2018 due to the interventions by the Central Bank of Sri Lanka. Headline inflation declined compared to the 2017 levels while core inflation rates remained at low single digit levels during 2018.

On the equity side, the overall market declined during the financial year while PAP remained stable at Rs 3.00 per share on average. Looking forward we expect the All Share Price Index (ASPI) to grow as foreign inflows pick up post the Easter Attacks and the tourism sector recovers despite potential elections. Overall the ASPI has a price to earnings ratio of around 8.3x whereas PAP is trading at 4.3x, therefore we believe there is significant unrecognised value in the share that is not reflected in the share price.

Sri Lanka's macroeconomic performance has been deteriorating in the last few years and economic growth has been falling below expectations. The continued delays in the implementation of required structural reforms and the introduction of inconsistent and unpredictable policies have contributed to this situation and has negatively impacted the growth momentum of the economy thereby preventing the country from progressing into a higher income economy.

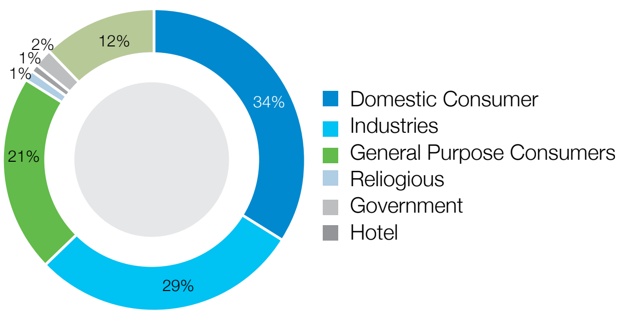
Sri Lankan Power & Energy Sector

Sri Lanka's energy requirements has been rapidly increasing in the last decade. This has somewhat been catered for by the 50% plus increase in electricity generation to meet this rising demand. However, despite these increases, the power generated is insufficient to meet demand and will continue to be so based on current projections.

The coming years are expected to further increase energy requirements with new urbanisation projects, increasing economic activity, and planned mega projects such as the Port City, industrial zones and the Western Region Megapolis coming to a conclusion. Energy costs have as a result, steeply increased mainly due to the dependence on external sources of non-renewable energy such as fuel oil and coal. To maintain the competitiveness of industry and to support economic growth, it is imperative that the energy sector improve the efficient utilisation of existing power generation capacity and capitalise on natural energy renewable energy sources such as solar and wind. This means that the power sector must be encouraged and given adequate incentives to meet the growing demand for electricity using renewable energy sources.

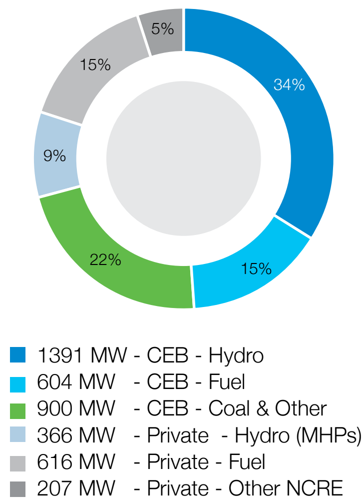
Sri Lanka's electrification level is over 99% recording 650.7 kWh per capita electricity consumption per year. The total annual total electricity demand in 2018 was 14,150 MW increasing at approximately 6%-8% annually . Total energy generation capacity increased by 2% to 4,085 MW in 2018 compared to 4,017 MW in 2017 with the main source being thermal power. The largest demand for electricity is from domestic consumers followed by industrial and general-purpose consumption.

ELECTRICITY DEMAND BY SECTORS



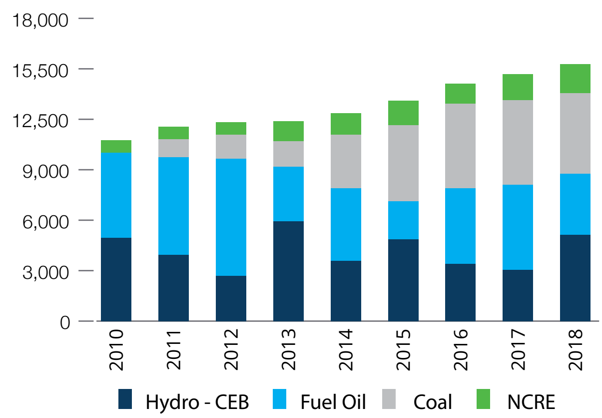
Source: Power Ministry, CEB

COUNTRY'S POWER PLANT PORTFOLIO



Source: Central Bank Annual Report 2018

ELECTRICITY GENERATION MIX OF LAST DECADE (GWH)



Source: Central Bank Annual Report 2018

Renewable energy constitutes 48% of the total capacity in the country, with hydro dominating the renewable energy sector mainly due to the Ceylon Electricity Board (CEB) owned hydropower plants. However, privately owned non-conventional renewable energy (NCRE) is on an upward

MANAGEMENT DISCUSSION & ANALYSIS

trend, growing from 23 GWh in 2009 to 510 GWh in 2018, demonstrating a clear shift to promote NCRE and grow the sector.

To date, major hydropower plants generate 21% of electricity while minor hydropower plants generate only 6%. Rainfall plays a significant role in hydro electricity generation and the increasing effects of climate change has also impacted power generation capabilities. Thus, the government and private sector investors are slowly moving towards solar and wind power. Sri Lanka's current solar power capacity is approximately 100 MW while the wind power capacity is 128 MW . Much of this capacity comes from the private sector, with the government through the CEB focused on increasing renewable energy capacity to 972 MW by 2020 resulting in increasing the total privately owned renewable energy power generation to 20%. The Government plans to increase power generation capacity of the country from the existing 4,043 MW to 6,900 MW by 2025 with a significant increase in renewable energy . Further, it is expected that by 2037, the share in renewable energy power generation will be 45% with an installed capacity of 5,700 MW.

This shows that although Sri Lanka has moved towards promoting greener electricity sources as per the Long-Term Generation Expansion Plan of the country, the envisaged levels are below expectations to meet the relevant United Nations Sustainable Development Goals (SDGs). Greater incentives are required to encourage small and medium sized investments on renewable energy

BUSINESS REVIEW

Strategic Goals (2019 to 2022)

- Increase power generation capacity to 30 MW by FY2021.
- 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.

Panasian Power PLC (PAP) is a developer, owner and operator of renewable energy generation facilities, mainly concentrating on hydropower and solar power. Having begun as a solely hydropower producer in 2002, growing to 8.9 MW of installed capacity today, PAP is diversifying its business to counter seasonal variations in hydro generation by capitalising on opportunities available in solar power. The Company has installed 1 MW of rooftop solar during the year under review. Further, the Company is leveraging its knowledge and expertise in engineering, procurement and construction (EPC) to provide EPC services to other parties as well as exploring opportunities to expand our services overseas.

Hydropower Projects

The Company's operations commenced with hydropower. Today PAP has three hydropower plants in commercial operation which were commissioned between 2004 and 2017. PAP sells generated power from these plants under long-term Power Purchase Agreements (PPA). The weighted average remaining life of these contract as at 31st March 2019 is 12 years (based on gross long-term average production and renewal of Rathganga).

The two projects in the pipeline for hydropower, Padiyapelella phase 2 and Lower Kotmale Oya, were scheduled to begin construction by early 2019. However, due to the delay in the issuance of LOIs, construction will now begin in late 2020 once LOIs are issued. PAP fully expects to develop these projects once LOIs are issued, which we are confident will happen, to begin work as per the revised schedule.

Solar Power Projects

Rooftop Solar Projects

Aligned to the Company's strategic move to diversify into solar energy, the Company commenced construction of three rooftop solar power projects in 2017/18. Thereafter, during the year under review, PAP begun construction of seven rooftop solar power projects, commissioning 1 MW during the year and thereafter, commissioning the balance six rooftop solar power plants based in the Kurunegala area. These projects resulted in the total rooftop portfolio increasing to 4 MW as at 31st July 2019.

Ground Solar Projects

Another avenue for solar power generation considered by the Company during the year was ground-based solar power generation. PAP commenced construction of its first ground solar power facility in Beliatta in January 2019 which was commissioned by July 2019, adding 1 MW of power production to the country's renewable energy capacity. The land for this project was sustainably sourced and all relevant approvals were received from the environmental and forestry authorities.

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

Solar power will continue to be a mainstay in the Company's future business growth as this is the trend in which renewable energy is moving mainly due to the reducing cost of solar power and the limited availability of hydropower sites and wind sites in Sri Lanka.

Portfolio of Assets

Hydropower

Total Capacity: 8.9 MW

Locations: 3 locations in Sri Lanka

Projects in the Pipeline:

- Lower Kotmale – 2.5 MW by 2021/22
- Padiyapelella 2 – 2.4 MW by 2021/22
- Zambia – up to 20 MW by 2021/22

Rooftop Solar Power

Total Capacity: 4 MW

- 1.9 MW commissioned as at 31st March 2019
- 2.1 MW commissioned after FY 2018/19

Locations: Kelaniya, Kohuwala, Kolonna, Boralesgamuwa, Uhumeeya, Melsiripura, Narammala, Palapathwala, Mawathagama

Projects in the Pipeline:

- Anuradhapura - 4 MW by FY 2019/20

Ground Solar Power

Total Capacity: 1 MW commissioned after FY 2018/19

Location: Beliatta

Projects in the Pipeline:

- Matara - 3 MW by end 2020
- Pannala - 1 MW by end 2021
- Maho - 1 MW by end 2021

Investment from Emerald

After the year end, PAP was proud to secure an investment with Emerald Sri Lanka Fund I Limited. Emerald Fund is a private equity fund dedicated for Sri Lanka, making Growth Capital investments in the range of $2 million-$6 million in equity and equity-linked securities.

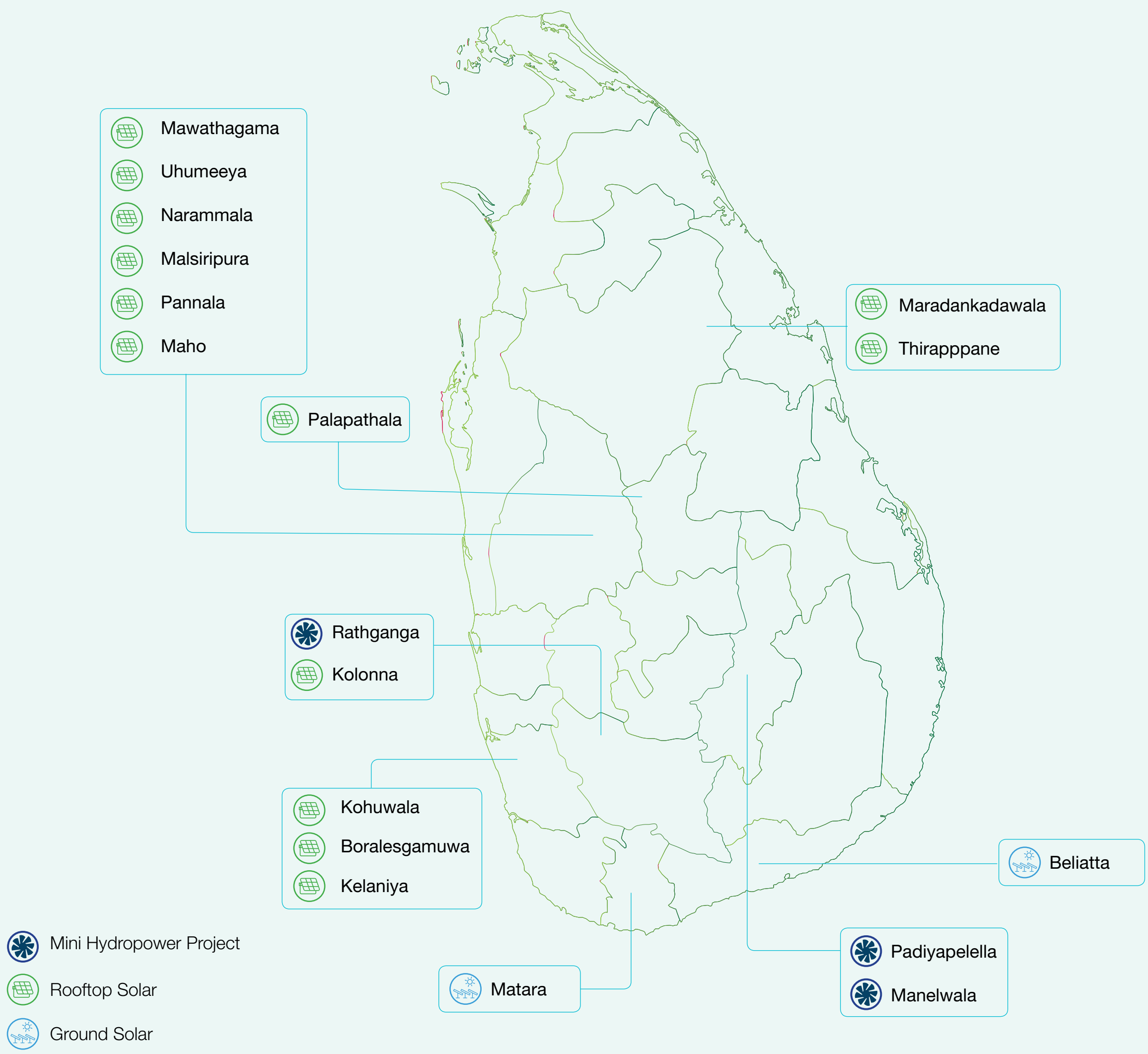
MANAGEMENT DISCUSSION & ANALYSIS

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 International Finance Corporation (IFC), Deutsche Investitions-und Entwicklungsgesellschaft (DEG) and Netherlands Development Finance Company (FMO).

Utilising these funds, PAP hope to develop our solar portfolio faster as well as leverage relationships and management expertise to commence operations overseas.

Expanding Geographically

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. This has also resulted in a more stable income and resultant profitability for PAP.



Pursuing the strategic goal of global geographic diversification, PAP is studying available hydropower and solar power opportunities in Africa and Asia. To this end, the Company has already been pre-qualified under GET FiT Zambia, and organisation supported by KfW (the German development organisation and parent to DEG, one of the investors in Emerald Fund) which will assist the Zambian Government in the implementation of its REFiT Strategy which aims to procure 200 megawatts (MW) of renewable energy projects within the next three years. 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. PAP is further evaluating other similar opportunities in neighbouring countries to Sri Lanka such as Bangladesh, Nepal and Myanmar.

Process and Operational Advancements

Process and operational advancements are an integral part of operating power generating plants at optimal levels. The Company concentrated 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 with implementing industry best practices for maintenance and operations of our plants.

Success Factors for Business Growth

There are several success factors which continue to be critical to the success and growth of PAP in the coming years. Progress in mitigating these gaps has been made during the year under review and the Company plans to continue to build these competencies to enable us to achieve our long-term business objectives.

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 this avenue, 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	• 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.

MANAGEMENT DISCUSSION & ANALYSIS

Critical Success Factor	Strategy	Progress to Date
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 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 GET Fit 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.

Corporate Social Responsibility

The Group is committed to being an upstanding member of the communities that it works in, and is fully aware of its responsibility to the community. Corporate Social Responsibility (CSR) is an integral part of our business ethos that permeates naturally throughout the organisation.

We aim to:

- Have regular, open and transparent dialogue with our communities
- Make a genuine difference in the communities we work in
- Work with our customers, shareholders, suppliers and partners to contribute to a sustainable future

During the year the Group engaged in a number of CSR activities including:

Temple construction

Through our discussions with the local community we became aware that the local temple was in a state of disrepair. Working with the temple, we donated funds and rebuilt the roof for the temple which is now being used by the local community on a daily basis.

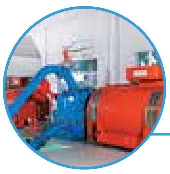
Plant nursery in Padiyapelella

We continue to reforest and develop our plant nursery in Padiyapelella catchment area to minimise the effects of deforestation. To date we have planted over 500 trees in the area.

Projects Overview

2002	Installed Capacity	Generated Capacity
2004/05	2 MW	6.7 Gwh
2008/09	4.4 MW	14.64 Gwh
2015/16	5.4 MW	19.78 Gwh
2016/17	8.9 MW	14.0 Gwh
2017/18	10.2 MW	37.45 Gwh
2018/19	10.8 MW	44.66 Gwh
2019/20	19.8 MW	66.38 Gwh


Rathganga

Manelwela



Padiyapellela


06 Solar Projects

	Capacity	Location	Status	Type
Projects in the Pipeline				
Sri Lanka	2.1 MW	Kurunegala	Commissioned in June 2019	Rooftop Solar
Sri Lanka	1 MW	Beliatta	Commissioned in July 2019	Ground Solar
Sri Lanka	4 MW	Anuradhapura	Planned commission date March 2020	Rooftop Solar
Sri Lanka	5 MW	Matara, Maho, Pannala	Planned commission date March 2020	Ground Solar
Zambia	Up to 20 MW	Various locations in Zambia of 3 MW to 6 MW	Planned commission date end of 2021	Mini Hydro
Kenya	2 MW	Nairobi	Pre-feasibility stage	Rooftop solar
Sri Lanka	4.9 MW	Sri Lanka	Awaiting LOI issuance	Mini Hydro

FINANCIAL REVIEW

PAP completed the most successful year in its history with a consolidated revenue of Rs. 761 mn and a profit after tax of Rs. 371 mn for the financial year 2018/19 compared to revenue of Rs. 489 mn and profit after tax of Rs. 139 mn in 2017/18 an increase of 56% and 144% respectively.

Further the Group reported an increase in EBIT as a percentage of sales from 62% to 68% highlighting the operational improvements and cost control employed by the Company.

The improved revenue was driven by the improvements in efficiencies and reduction in downtime thanks to the initiatives employed by the management such as employing experts in the field, implementing best practice, regular maintenance and a stock of spare parts to name but a few. Revenue was further improved by the improved rainfall in 2018/19.

On the balance sheet PAP has invested in its long-term growth by further diversification into solar, investing Rs. 526 mn in solar projects.

KPI dashboard for 2018/19		YoY Growth
Revenue	761mn	56%
Net profit	371mn	144%
Cash generated	382mn	140%
Return on Equity	24%	118%
Dividend per share	0.16	23%
Electricity Generated	42,747MWh	42%

We are proud to report that ICRA Lanka Limited, a group entity of the Moody's financial services affirmed the entity rating of Panasian Power PLC as A-(SL) with stable outlook for the year 2019.

Strong Revenue growth through operational excellence and solar diversification

Group revenue for the current financial year increased by an impressive 56% to 761mn from 489mn last year. This is off the back of a 139% topline growth the previous year highlighting the sustainability of revenue growth through operational excellence and pipeline development.

Hydro

Revenue from PAP's 3 mini hydro power plants increased from Rs. 437 mn to Rs. 674 mn over the period under review, an increase of 54%.

	2018/19 KWh	2017/18 KWh	Increase
Rathganga MHPP	13,145,986	12,578,445	5%
Padiyapelella MHPP	19,791,436	12,586,346	57%
Manelwala MHPP	8,875,249	4,965,139	79%

Whilst undoubtedly the improved rainfall over the previous year allowed the plants to generate more revenue, PAP developed and implemented the systems that allowed the plants to run at peak efficiency with minimal downtime resulting in overall increase in generation of 39%. This involved regular maintenance, carrying spare parts and employing a team of experts to monitor the plants.

This growth is despite a decrease in the average tariff of 0.6% compared to the previous year.

Rathganga MHPP – 2018/19 Scorecard

Installed Capacity – 3MW

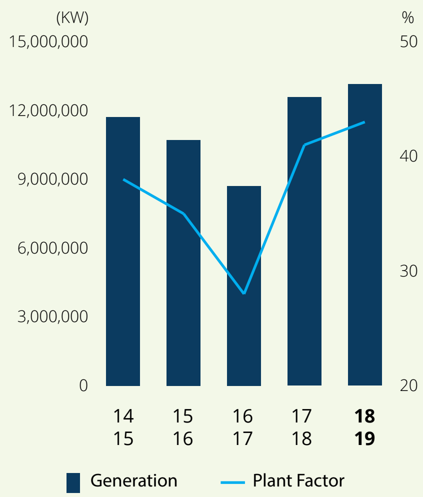
Power Generation – 13.1 GWh

Plant Factor – 43%

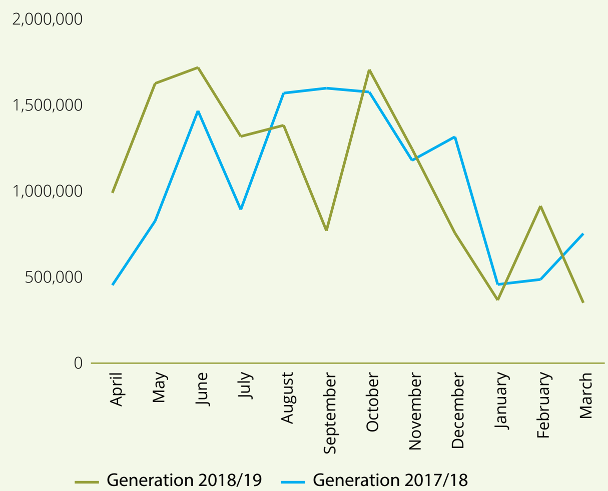
Controllable plant outages – 0.2%

	2018/19	2017/18	2016/17
Revenue (Rs. Mn)	**214.3**	172.1	125.4
Net Profit (Rs. Mn)	**63.4**	54.6	4.4

ANNUAL POWER GENERATION



GENERATION (kWh)



Overall rainfall was higher in 2017/18, however due to the processes in place the overall revenue and net profit grew by 25% and 16% respectively. Overall generation has been on an upward trend along with plant factor over the past few years however, we expect a drop off in 2019/20 due to a reduction in rainfall.

FINANCIAL REVIEW

Manelwala MHPP – 2018/19 Scorecard

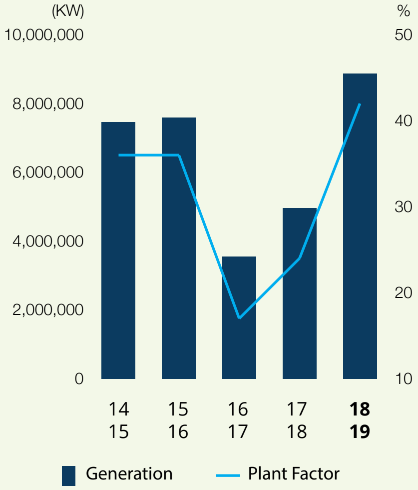
Installed Capacity – 2.4 MW

Power Generation – 8.9 GWh

Plant Factor – 42%

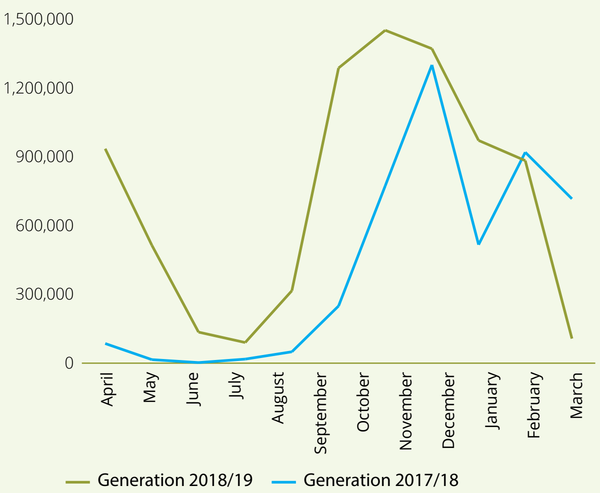
Controllable plant outages – 0.9%

ANNUAL POWER GENERATION



	2018/19	2017/18	2016/17
Revenue (Rs. Mn)	**147.4**	69.0	52.7
Net Profit (Rs. Mn)	**87.2**	22.5	23.6

GENERATION (kWh)



Overall rainfall was higher in 2018/19 compared to the previous year which drove Manelwala to a Rs. 147mn top line. However, this accounted for approximately Rs. 25mn of the revenue increase, the balance increase was due to the processes in place that minimised plant outages and breakdowns so a record plant factor could be achieved.

Padiyapelella MHPP – 2018/19 Scorecard

Installed Capacity – 3.5 MW

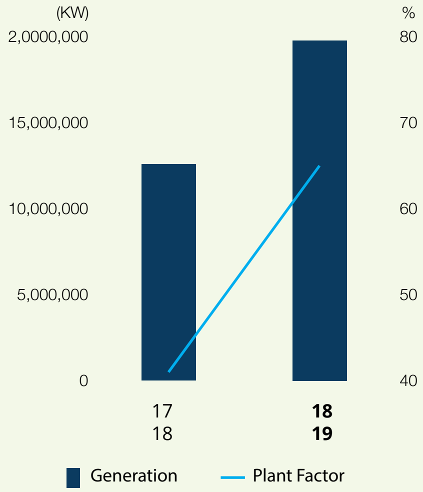
Power Generation – 19.8 GWh

Plant Factor – 65%

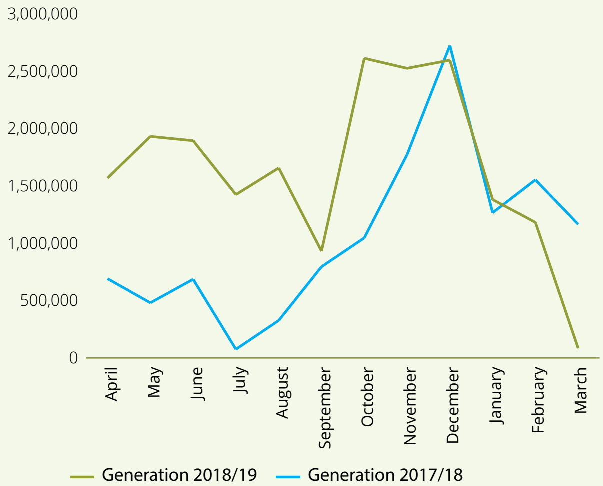
Controllable plant outages – 0.2%

	2018/19	2017/18
Revenue (Rs. Mn)	**312.4**	196.3
Net Profit (Rs. Mn)	**230.3**	131.1

ANNUAL POWER GENERATION



GENERATION (kWh)



Overall rainfall was higher in 2018/19 compared to the previous year which drove Padiyapelella to a Rs. 312mn top line. However, this accounted for approximately Rs. 33mn of the revenue increase, the balance increase was due to the processes in place that minimised plant outages and breakdowns so a record plant factor could be achieved.

FINANCIAL REVIEW

Solar and EPC

	2018/19	2017/18	increase
Solar	**6,393,295**	-	-
Engineering, procurement and Construction (EPC)	**80,740,106**	52,030,400	55%

The group's solar arm started generating significant revenue in this financial year with 1.9MW of rooftop solar being in operation as at 31st March 2019. As a whole the solar plants generated Rs. 20.6 mn worth of revenue (equivalent to 935,239 kWh), however, Rs. 14.2 mn of this was generated through the joint ventures we have with our partners.

On EPC revenue, we saw a large increase as we continued to develop our capabilities as a full-fledged EPC provider for both internal and 3rd party/joint venture projects.

Cost of Sales & Administrative Expenses fall as a proportion of revenue

The Group's overall cost of sales increased by Rs. 27.7mn compared to 2017/18, however, as a proportion of revenue, we saw a decline of 6% from 26% to 20%. This is partly due to increased efficiencies and generation at our plants along with tight cost control on direct costs.

We employ 32 people at our plants across the country and have maintained this cadre despite the increase in generation and number of plants. We have focussed on utilising technology as much as possible in both the hydro and solar plants.

Administrative expenses grew by Rs. 25.1 mn however, administrative expenses showed a slight reduction as a proportion of revenue. A number of staff have been taken on at head office level to drive the operational excellence seen at the plants, develop the EPC arm of the business, handle administration of 13 subsidiaries/joint ventures (increased from 5 in 2017/18), as well as handle the pre-feasibility work on the overseas projects.

Finance cost and Finance income

Overall finance cost remained broadly flat compared to 2017/18, whilst increased cash generation led to an Rs. 8.7mn finance income being generated.

144% increase in Net Profit

Group profitability increase substantially during the year, growing by 144% compared to 2017/18, due to the initiatives noted above. EBITDA was Rs. 570.7 mn, an increase of 60% against the previous year. Overall net profit margin grew to 49% from 31%, one of the highest in the industry.

Liquidity and asset management

The current ratio increased 5 times from 0.4 times to 2.0 times over the period. This was mainly due to the loan used to acquire Padiyapelella being refinanced. Further the group has taken advantage of the low cost loans available for new solar power plants with substantially lower interest rates than AWPLR.

Return on assets more than doubled from 6.8% to 13.9% over the period as Padiyapelella plant matured and increased returns compared to the previous year.

Leverage and interest cover

Over the period the debt to equity ratio increased from 65% to 68% as the group continued to increase its capacity by developing new projects. The target debt to equity ratio for the Group is 70%. With the infusion of Rs. 400 mn from Emerald Sri Lanka Fund I, the debt to equity ratio will fall to 54% on a like for like basis.

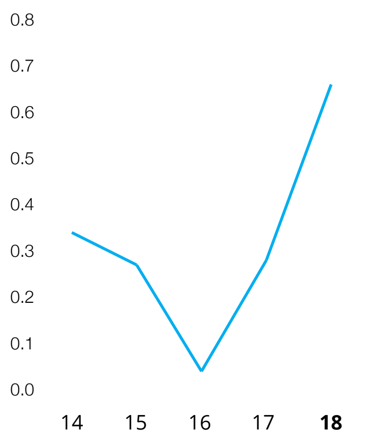
Interest cover remained strong over the period with interest cover increasing from 3.0 times to 5.2 times continuing the upward trend seen in the previous year.

Maximisation of shareholder wealth

Group EPS increased from Rs. 0.28 to Rs. 0.66 compare to 2017/18 and DPS increased 23% to Rs. 0.16 per share. Return on equity stood at 24.4% compared to 11.7% the previous year.

The management and the Board remain committed to safeguarding shareholder wealth and confidence. The price earnings ratio at the end of the period was 4.55 compared to 9.64 in 2017/18. We believe this is partly due to the general market conditions, liquidity, the improved performance and the unrecognised value in the share. Management have been undertaking quarterly calls to update brokers on the latest earnings alongside holding events to showcase the Group's strategy and vision. This has led to additional interest in the share and it is expected to result in a price increase to properly reflect the value of the share.

Earnings per Share (Rs.)



HUMAN RESOURCES MANAGEMENT

People are a key stakeholder group of Panasian Power PLC (PAP). Our employees are responsible for taking corporate strategy and converting it into positive business operations to achieve long term growth. The Company's total employee base consists of people employed in our corporate office, the technical experts employed to develop and maintain our renewable energy projects and the operational team. Thus, our business model is such that PAP directly employs 12 permanent employees to carry-out corporate level day-to-day business operations, while another 3 people are the main force behind PAP's successful implementation of projects, our technically savvy personnel who possess specialised knowledge and skills required for the construction and the operation of renewable energy plants. The remaining 32 people are employed at an operational level. As at 31st March 2019, PAP total permanent employee cadre was 42, while the company employed five people on a contractual basis.

We have in place a comprehensive Human Resources policy that takes a holistic approach to human resources management by considering every aspect and nuance of our human capital. It deals with issues related to salaries and benefits, compensation, performance management, wellness, motivation and training. It also encompasses a Health and Safety policy. The occupational health and safety of our workers is a key concern both as an employer who cares for the well-being of our people, and because of their exposure to hazardous outputs, mainly electricity, on the job.

The Company believes in treating all employs in a fair manner and respects the human rights of each person. We do not discriminate when considering people for employment, and it is only the nature of our business which has resulted in most of our employees being male with only a few females employed in our corporate offices. The Company adheres to the laws and regulations of employment and does not employ people below the age of 18 years. The average age of all 47 employees of the Company is approx. 38 years with an average service period of seven years.

The Company's culture is conducive to informal, friendly relationships between all categories of employees which is also assisted by the small number of employees of the Company. Thus, the management-employee relations at PAP are well-managed and allow for open discussions and queries on concerns or issues. This has also resulted in employees not being a part of any trade unions, although the Company does not restrict the freedom of employees right to join such collective unions. An open-door policy exists within the Company and the personal relations between all employees had helped to keep motivational and engagement levels high over the years. The Company has relatively flat structure in the executive and above team to promote collaboration and communication between teams.

Recruitment

A key challenge for the Company is recruiting the right candidate for the job. As a highly technical and niche-sector business operation, it is imperative that PAP get the right candidate for the job. During the year, PAP has been evaluating different processes to overcome the challenges faced in the recruitment function to improve efficiencies and achieve greater effectiveness when recruiting new people in the future.

Training and Development

Expert knowledge and technical skills are the cornerstone of PAP's success. As such, the Company has continued to concentrate on developing necessary skills for all our employees, to enable them to navigate the dynamically changing business operating environment with changing industry trends and development of new technologies. The Company has been organising several relevant training and development opportunities for all personnel across all levels of the organisations to ensure they remain current and are able 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. 200,000 to train employees attending training and development programmes both externally and internally.

Employee Engagement Activities

PAP annually organises a get-together for all employees and their families. This year, the Company organised a weekend at the Ananthaya Resort in Chilaw with many fun games and activities for the adults and the children. Such events allow for employees to build personal relationships and creates camaraderie among fellow employees and their families resulting in happy and content employees.

MANAGING STAKEHOLDER RELATIONSHIPS

Building long-term strategic partnerships for future growth is an important aspect for the business strategy of Panasian Power PLC (PAP). PAP has continued to build mutually beneficial relationships with our investment partners, customers and suppliers over the years. The Company's main customer is the Ceylon Electricity Board, with whom we have been working for 17 years. Our suppliers have also been working with PAP for over 15 years on the hydropower plant projects and for two years on the solar power plant projects. These long-term relations with our customer and suppliers is proof of the success of the Company's efforts to manage relations with key stakeholders for sustainable growth and development for all parties concerned. Furthermore, the Company's long-standing relationships with our shareholders and other investors have been built on trust, transparency and ethical business practices. We ventured further afield in the year under review by entering into partnerships with global organisations such as Emerald Sri Lanka Fund I Limited and GET Fit Zambia, to enable us to achieve the strategic goals of 2019-2022.

Due to the uniqueness of PAP's business model, the Company also collaborates with technical, financial and legal partners, and other external consultants to complement our internal expertise and capabilities. Over the last 16 plus years, PAP has also developed strong and understanding relationships with this extended network of partners enabling us to pursue our business goals with confidence and able support.

ENVIRONMENTAL SUSTAINABILITY

The business of Panasian Power PLC (PAP) supports environmental sustainability. By generating power using renewable resources, the Company contributes to the reduction of the use of non-renewable resources thereby safeguarding environmental degradation. However, as any business, the Company does use natural resources as part of our business operations. Thus, to ensure that we remain focused on pursuing power generation using renewable resources without causing harm to the environment remains the basis of business operations. Several, philosophies guide our business and we adhere to these to ensure that we remain environmentally sustainable while pursuing business growth and success.

- Developing comprehensive environmental management plans prior to construction and commissioning of projects and ensuring adherence to these plans during the different stages of projects as well as once the plants are operational.
- Employing recycling facilities at all plants
- Ensuring adherence to all required regulatory requirements of the Environmental Authority and other agencies.
- Not setting up operation in proximity to rich biodiversity areas.
- Minimising adverse impacts by following tried and tested processes in construction and operations of power plants.
- Focusing on renewable resources for power generation.

Further we are in the process of implementing the Apex corporate level Environmental and Social Management System (ESMS) in line with IFC Performance Standards requirements.

PAP's Contribution to the Environment

- 42.7 mn units of electricity generated equivalent to:
- 30,229 metric tons of carbon dioxide saved ; or
- 15 mn kilos of coal burned; or
- 150,000 trees saved

CREATING VALUE FOR OUR STAKEHOLDERS

Panasian Power PLC (PAP) strives to create value to all our stakeholders and the environment while progressing towards achieving sustainable business operations. An overview of how the Company achieves value creation by utilising the Capital Management Approach is shown below.

INPUTS

Financial Capital

- Revenue Rs. 761 mn
- Profitability Rs. 371 mn
- Shareholders' Funds Rs. 1,523 mn
- Dividend Paid Rs. 0.16 per share for 2018/19

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 2.0 MW
- Plant and Equipment Rs. 2,015 mn

Intellectual Capital

- Inherent knowledge having operated for over 16 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
- ICRA rated A- stable outlook credit rating

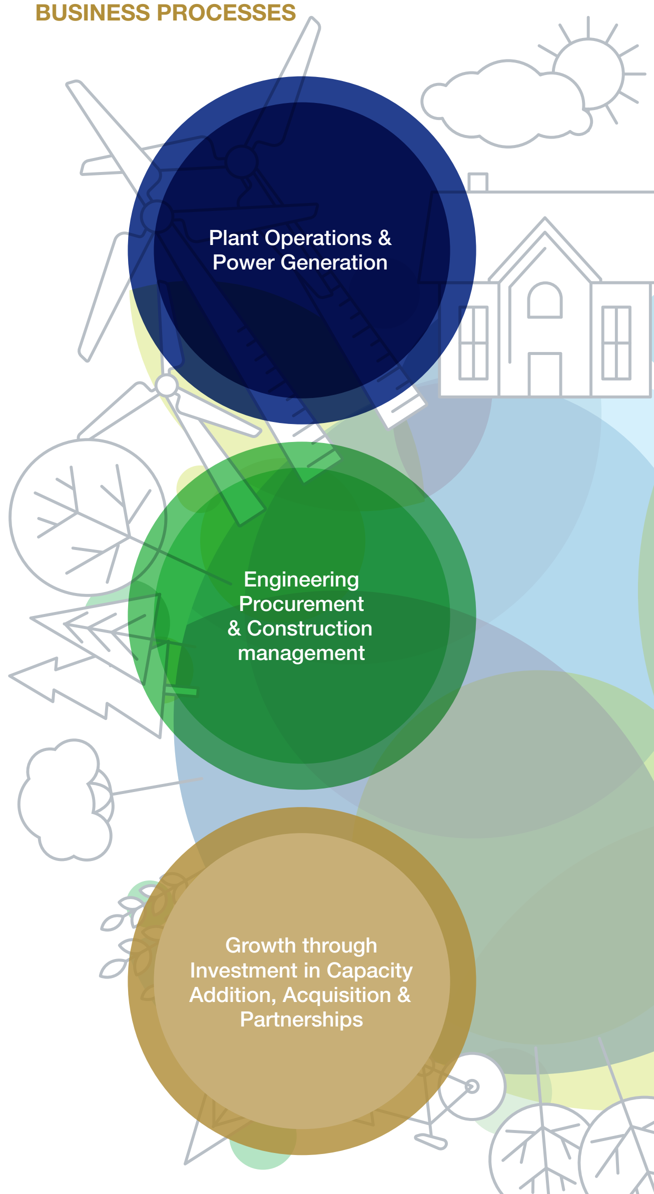
Social and Relationship Capital

- 4 projects undertaken with community involvement
- 15 years of relationship with customers
- 15 years of relationship with suppliers
- 4 Power Purchase Agreements
- 5 Net Plus Agreements

Natural Capital

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

BUSINESS PROCESSES



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 10.8 MW at 31st March 2019 • Minimise Sri Lanka's energy shortage
Investors	• Invest in innovative, diversified energy company • High credit rating giving confidence in financial strength
Shareholders	• Revenue Rs. 761 mn, highest in Company history, • PAT Rs. 371 mn • Sustained dividend yield and share price appreciation • ROE 24%
Regulators	• Compliant with local regulations and laws
Government	• Rs. 55 mn tax charge for 2018/19 • New infrastructure investments of Rs. 462 mn • Employment for 49 people
Suppliers	• Fair and equitable relationships • Payment on time
Employees	• Rewards and remuneration aligned to industry norms • Salaries paid Rs. 59,845,188 • 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 • Planning to implement a solar system on milk collection plant to help rural farmers • Building roof on temple
Environment	• 42.7 mn units of electricity generated equivalent to: - 30,229 metric tons of carbon dioxide saved; or - 15 mn kilos of coal burned or - 150,000 trees

CORPORATE GOVERNANCE

The Board of Directors of Panasian Power PLC is committed to upholding the highest standards of 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 2013 of Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka (ICASL) and the Securities and Exchange Commission (SEC) of Sri Lanka.

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 2013 issued jointly by the Institute of Chartered Accountants of Sri Lanka & the Securities & Exchange Commission of Sri Lanka is described below:

<table>
<tr><th>Corporate Governance Principle</th><th>Principle No</th><th colspan="2">Level of Compliance</th></tr>
<tr><td colspan="4">Directors</td></tr>
<tr><td>A.1 The Board</td><td colspan="3">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, three Non-Executive Directors and two Independent Non-Executive Directors who are professionals in the fields of Engineering, Finance, Investment Banking and Management</td></tr>
<tr><td>Frequency of Board Meetings</td><td>A.1.1</td><td>Complied</td><td>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:

<table>
<tr><th>Name of Director</th><th>Board Meeting</th></tr>
<tr><td>Dr P Ramanujam</td><td>5/5</td></tr>
<tr><td>Mr D Sooriyaarachchi</td><td>3/5</td></tr>
<tr><td>Mr P L D Jinadasa</td><td>4/5</td></tr>
<tr><td>Mr P K Pathmanatha</td><td>5/5</td></tr>
<tr><td>Mr A D Pushparajah</td><td>4/5</td></tr>
<tr><td>Mr S S Nandhanan</td><td>4/5</td></tr>
<tr><td>Dr T Senthiverl</td><td>3/5</td></tr>
</table>
</td></tr>
</table>

Corporate Governance Principle	Principle No	Level of Compliance	
Responsibilities of the Board	A.1.2	Complied	The Board of Directors is responsible for creating sustainable value to shareholders and stake holder interests are satisfied in the business decisions. The Board adopted the following responsibilities; Ensure effective systems are in place to secure the integrity of information, internal controls & risk management Compliance with laws, regulations and ethical standards All stakeholder interests are considered in corporate decisions; 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.
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.
Independent judgment	A 1.5	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 fulfill 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 Transaction review 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	3/4	Member	2/2	Chairman	3/3
Mr D Sooriyaarachchi	Member	4/4	Chairman	1/2	Member	2/3
Mr S S Nandhanan	Member	4/4	Member	1/2	N/A	
Dr P Ramunajam	N/A		N/A		Member	2/3

CORPORATE GOVERNANCE

Corporate Governance Principle	Principle No	Level of Compliance	
Training for new and existing Directors	A 1.7	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 appropriateness of having a combined Chairman-CEO was established after rigorous evaluation and debate. Subsequent to these rigorous evaluations the Board deemed that a combined role is more appropriate for the Group in meeting stakeholder objectives and considering the scale of operations of the company. This continues to be the view to-date considering the businesses the Group engages in but also the macro-economic conditions which requires the leadership to be nimble and agile. Controls are in place such that the Chairman-CEO does not have unilateral decision making power.
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 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.
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 13 to 16 of this report.
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.		

Corporate Governance Principle	Principle No	Level of Compliance	
Board Balance	A 5.1	Complied	As at 31 March 2019, the Board comprises of the Chairman / CEO, an executive Director and five Non-Executive Directors of whom two are Independent Directors. The profiles of the Non-Executive Directors are given on pages 14 to 16 of this Annual Report.
Independent Directors	A 5.2	Complied	Two out of the five Non-Executive Directors are considered independent for the concluded financial year. Messrs. D Pushpharajah and D Sooriyaarachchi meet the criteria for independence specified by Rule 7.10.4 of the Listing Rules of the Colombo Stock Exchange.
	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.
	A 5.6	Complied	Alternate Directors are not executives of the Company. All alternate Directors meet the criteria of independence.
	A 5.7 A 5.8	Not complied	Deepal Sooriyaarachchi was appointed Senior Independent Director for the year 2019/20. For the year under review, no Senior Independent Director was in place.
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.		

CORPORATE GOVERNANCE

Corporate Governance Principle	Principle No	Level of Compliance	
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	Complied	The Board as a whole annually assesses Board composition
	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
Re-election of Directors	A 8.1	Not Complied	1/3 of Non-executive directors are proposed for re-election at the AGM
	A 8.2	Not Complied	The majority of shareholders have representatives on the board such that any new Directors are effectively approved by a majority of the shareholders through board approval. Directors are not subject to re-election.
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. A formal review process has been implemented for the year 2019/20
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 2019/20. 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 the Board to undertake a self-evaluation of its own performance.	A 9.3	Not Complied	The Board and its committees do not carry out a self-evaluation of themselves. A process is being put in place to self-evaluate its performance.

Corporate Governance Principle	Principle No	Level of Compliance	
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.
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	Complied	The biographical details of the Directors' are set out on pages 14 to 16 of this Annual Report. Their qualifications, nature of expertise in relevant functional areas. membership in Board – sub committees, attendance at Board and sub Committees, other directorships and Directors Interest in Contracts are set out under the relevant sections of this Report.
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	An appraisal process for the CEO is being put in place for 2019/20
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 two Independent Non-Executive Directors and one 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 Mr D Pushparajah Mr S S Nandhanan
	B 1.3	Complied	The members of the Committee are indicated in the Annual Report of the Board of Directors on pages 14 to 16 of this report.

CORPORATE GOVERNANCE

Corporate Governance Principle	Principle No	Level of Compliance	
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.
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 the remuneration of the Executive Directors to promote long term success of the Company	B 2.2	Complied	As mentioned in B.2.1, the remunerations of the Executive Directors are designed to attract and retain high calibre executives which leads to long term success of the Company.
Comparison of remuneration within the Group	B 2.3	Complied	When determining annual salary increments, the remuneration committee is sensitive to remuneration and employment conditions elsewhere in the Group.
Performance based Remuneration	B 2.4	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 2.5	Complied	The Company does not have executive share option scheme.
Designing the remuneration	B 2.6	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 2013
Early Termination of Directors	B 2.7	Complied	If the situation arises, the Remuneration Committee will consider the compensation commitments to Directors in the event of early termination.
	B 2.8	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 2.9	Complied	Remuneration of Non-Executive Directors reflects their time commitment and responsibilities of their role and market practices. It does not include share options.
B.3 Disclosure of Remuneration	The Company should disclose the Remuneration Policy and the details of Remuneration of the Board as a whole.		

Corporate Governance Principle	Principle No	Level of Compliance	
Disclosure of remuneration	B 3 1	Complied	The total remuneration paid to the Directors are disclosed in Note 8 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.		
Use of Proxy votes	C 1.1	Complied	The Company counts all proxies lodged on each resolution and the percentage 'for' and 'against' each resolution.
Separate resolutions	C.1.2	Complied	A separate resolution is proposed for each issue at the AGM
Availability of Board sub-committee chairpersons	C.1.3	Complied	The chairpersons of the Audit and Remuneration Committees are present at the AGM to answer any questions raised by the shareholders if so requested by the Chairman
Adequate notice of AGM	C.1.4	Complied	The Notice of the Annual General Meeting and the relevant documents are published and dispatched to the shareholders within 15 working days prior to the meeting as required by Section 135(1) of the Companies Act No. 7 of 2007
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.

CORPORATE GOVERNANCE

Corporate Governance Principle	Principle No	Level of Compliance	
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
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 any corporate transaction that would materially affect the net asset base of the Company or the Group is communicated to the shareholders and approval obtained in accordance with the statues.
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 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.
Directors Report	D.1.2.	Complied	The Declarations required to be made by the Board are given in the Annual Report of the Board of Directors (refer pages 72 to 74)
Statement of Directors and Auditors responsibility for the financial statement	D.1.3	Complied	The statement of Directors responsibility in preparation of the Financial Statements is given on pages 75 to 76 while the independent auditors report on pages 77 to 79 state the Auditors responsibility for the Financial Statements
Management Discussion Analysis	D.1.4	Complied	Management discussion and analysis and Financial Review is given on pages 17 to 25 of this report
Declaration on Going concern	D.1.5	Complied	The declarations by the Board that the Company is a going concern is given in the Annual Report of the Board of Directors

Corporate Governance Principle	Principle No	Level of Compliance	
Summoning an Extra Ordinary General Meeting (EGM) to notify Serious loss of capital	D. 1.6	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. 1.7	Complied	The transactions entered into by the Company with the related parties is disclosed on Note 33 of the Financial Statements
D.2 Internal Control	The Board should have sound system of internal control safeguard shareholders' investments and the Company's assets		
Evaluation of Internal Controls	D. 2.1	Complied	The Board has established an effective system of internal control to safeguard the assets of the Company and review the risks facing the Company and effectiveness of the system of internal controls. The risk management section is covered on pages 50 to 56
Internal Audit function	D. 2.2	Complied	An Internal Audit is executed annually under supervision of the Audit Committee
Review the Internal Control and Risk Management	D. 2.3	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
Maintain sound system of internal controls and the contents of the Statement of internal controls.	D. 2.4	Not Complied	The Board maintains a sounds system of internal control. A statement of internal control will be implemented for 2019/20
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 two Independent Directors and one Non-Executive Director. The Chairman of the Committee is an independent Director appointed by the Board. Following Directors were served on the Audit Committee during 2018/19 Mr Andrew Deshan Pushparajah - Chairman – (Independent Non-Executive Director) Mr Deepal Sooriyaarachchi - (Independent Non-Executive Director) Mr Senthilverl Senthi Nandhanan – (Non-Executive Director)

CORPORATE GOVERNANCE

Corporate Governance Principle	Principle No	Level of Compliance	
Duties of the Audit Committee	D. 3.2	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
Terms of Reference of the Audit Committee	D. 3.3	Complied	The Audit Committee has a written Terms of Reference dealing with its authority and duties.
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 page 57 The basis of determination of the independence of Auditors is contained in the Audit Committee Report The Audit Committee Report is available on pages 57 to 58
D.4 Code of Business Conduct and Ethics	Companies should adopt a Code of Business Conduct & Ethics for Directors, and Key Management Personnel and must promptly disclose any waivers of the Code for Directors or others.		
Code of Business Conduct and ethics	D. 4.1	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.
Affirmation by the Chairman for no violation	D. 4.2	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 page 8.
D.5 Corporate Governance Disclosures	The Company should disclose the extent of adoption of best practices in Corporate Governance.		

Corporate Governance Principle	Principle No	Level of Compliance	
Corporate Governance Disclosures	D. 5.1	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			
Sustainability Reporting	G 1.1 to G 1.7	Not Complied	We are working towards implementation of sustainability reporting for 2019/20

CORPORATE GOVERNANCE

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 recognized professional accounting body.	Complied

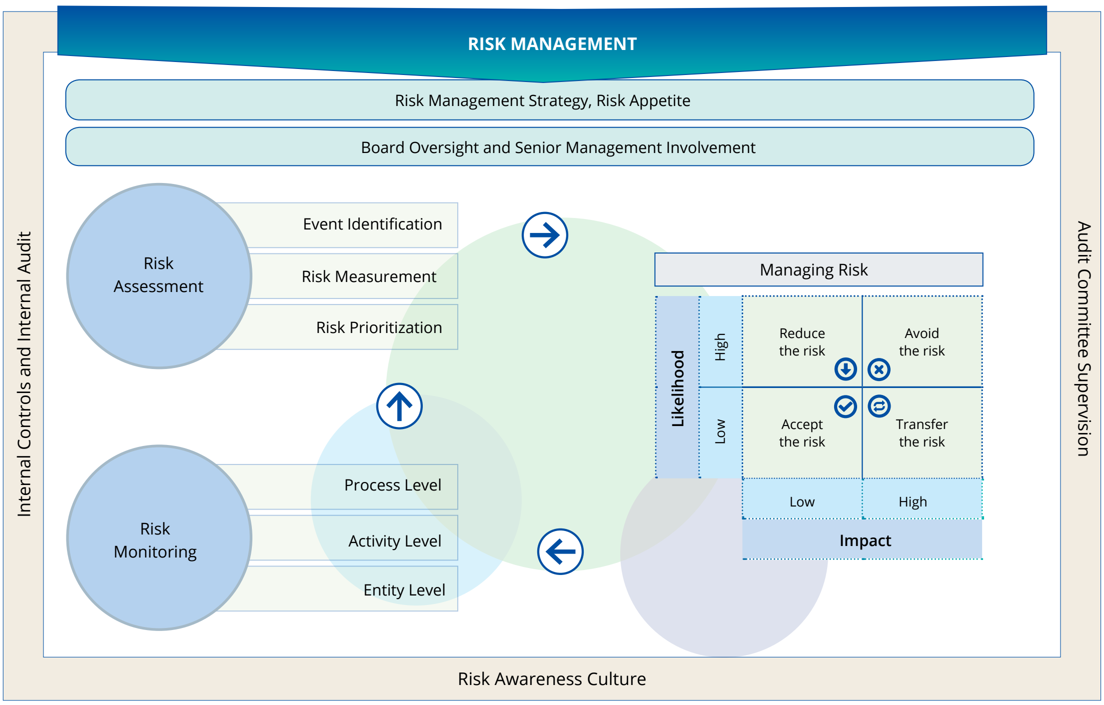
CSE Rule No.	Applicable Rule	Requirement	Status of compliance
7.10.6. (b)	Functions	Overseeing the preparation, presentation and adequacy of the disclosures in the financial statements in accordance with the SLAS. Overseeing compliance with financial reporting related regulations and requirements. Overseeing 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

RISK MANAGEMENT

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 operational 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.



Risk Management Process

Risk Management Process

Risk Identification

Identify all possible risks (Internal and External)

. Business Risk

. Financial Risk

. Legal & Compliance Risk

. Operational risk

Risk Analysis and Evaluation

Determine the probability of occurrence and evaluation of impact.

Determine the level of risk (High, Low, Moderate)

Determine the causes of the significant risk.

Risk Treatment

Decide how to manage the risk. (avoid, accept, mitigate, transfer)

Develop a practical response to the risk in line with the decision made on how to handle the risks.

Risk Reporting

Reporting the status of risk reduction actions and provides information how the risks are being managed.

Monitoring and Review

Implement the risk response, Monitor and re-evaluate if required, Update the risk management plan for changes or new risks,

The Audit Committee closely works with the management to ensure that risk framework complies with the relevant standards and that is working effectively. 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.

RISK MANAGEMENT

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

🟢	Lower risk
🟡	Medium risk
🔴	Higher risk

Principal risks and uncertainties	What we have done
Social, Political and Environmental risk	
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 whist 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:

Principal risks and uncertainties	What we have done
	Screening transactions, Categorizing 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.
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. There is minimal risk that the Rathganga PPA will not be extended.
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.

RISK MANAGEMENT

Principal risks and uncertainties	What we have done
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.
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 70%.

	2018/19 Rs. '000s	2017/18 Rs. '000s
Total Debt (Note 28)	**1,112,806**	741,226
Cash and cash equivalents	**70,517**	85,262
Equity attributable to owners of the Company	**1,522,711**	1,307,389
Gearing ratio	**68%**	50%

Principal risks and uncertainties	What we have done
	Management has noted that the Group is approaching its target gearing ratio and has successfully secured additional equity by way of a private placement with Emerald Sri Lanka Fund I Ltd for Rs. 400 mn. This has brought the gearing ratio down to 54% after year end. During 2018/19, the Group's strategy, which was unchanged from 2017/18, 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 2019 the Group complied with all external borrowing covenants and management monitors the continued compliance with these covenants on a monthly or quarterly basis.
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.
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.

RISK MANAGEMENT

Principal risks and uncertainties	What we have done
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.

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 and Mr Senthilverl Senthi Nandhanan a Non- Executive Director appointed with effect from 12th June 2018. 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 14 to 16.

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, the Executive Director and the Accountant 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	3/4
Mr Deepal Sooriyaarachchi	Independent Non-Executive Director	4/4
Mr Senthilverl Senthi Nandhanan	Non-Executive Director	4/4

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,

AUDIT COMMITTEE REPORT

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 on the activities of the Committee.
- Special attention was paid to the impact of depreciating rupee against the committed investments in Sri Lanka that require significant imports
- Assessed the future transactions and project and their impact on gearing and cashflows

Re-Appointment of External Auditors

The Audit Committee having evaluated the performance 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

Audit Committee Terms of Reference

1. Membership

1.1. The committee shall comprise at least three members. The committee shall include at least one member of the remuneration committee. Members of the committee shall be appointed by the board, on the recommendation of the nomination committee, if possible, in consultation with the chairman of the audit committee.

1.2. All members of the committee shall be non-executive directors with the majority independent non-executive directors. At least one of the members of the committee shall have recent and relevant financial experience and with competence in accounting and/or auditing. The chairman of the board shall not be a member of the committee.

1.3. Only members of the committee have the right to attend committee meetings. However, the finance director, executive director, head of internal audit/internal audit lead partner and external audit lead partner will be invited to attend meetings of the committee on a regular basis and other non-members may be invited to attend all or part of any meeting as and when appropriate and necessary.

1.4. The board shall appoint the committee chairman. In the absence of the committee chairman and/or an appointed deputy at a committee meeting, the remaining members present shall elect one of themselves to chair the meeting.

2. Secretary

The company secretary, or his or her nominee, shall act as the secretary of the committee and will ensure that the committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

3. Quorum

The quorum necessary for the transaction of business shall be two members.

4. Frequency of meetings

4.1. The committee shall meet at least three times a year at appropriate intervals in the financial reporting and audit cycle and otherwise as required.

4.2. Outside of the formal meeting programme, the committee chairman, and to a lesser extent the other committee members, will maintain a dialogue with key individuals involved in the company's governance, including the board chairman, the chief executive, the executive director, the finance director, the external audit lead partner and the head of internal audit/ internal audit lead partner

5. Notice of meetings

5.1. Meetings of the committee shall be convened by the secretary of the committee at the request of any of its members or at the request of the external audit lead partner or head of internal audit if they consider it necessary.

5.2. Unless otherwise agreed by the committee, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the committee no later than five working days before the date of the meeting. Supporting papers shall be sent to committee members at the same time.

5.3. Notices, agendas and supporting papers can be sent in electronic form where the recipient has agreed to receive documents in such a way.

6. Minutes of meetings

6.1. The secretary shall minute the proceedings and decisions of all meetings of the committee, including recording the names of those present and in attendance.

6.2. Draft minutes of committee meetings shall be agreed with the committee chairman and then circulated promptly to all members of the committee, unless it would be inappropriate to do so in the opinion of the committee chairman.

7. Annual general meeting

The committee chairman should attend the annual general meeting to answer shareholder questions.

8. Duties

The committee should have oversight of the group as a whole and, unless required otherwise by regulation, carry out the duties below for the parent company, major subsidiary undertakings and the group as a whole.

8.1. Financial reporting

8.1.1. The committee shall monitor the integrity of the financial statements of the company, including its annual and half-yearly reports, interim management statements, preliminary announcements and any other formal statements relating to its financial performance, and review and report to the board on significant financial reporting issues and judgements which those statements contain having regard to matters communicated to it by the auditor.

8.1.2. In particular, the committee shall review and challenge where necessary

8.1.2.1. the application of significant accounting policies and any changes to them;

8.1.2.2. the methods used to account for significant or unusual transactions where different approaches are possible;

8.1.2.3. whether the company has adopted appropriate accounting policies and made appropriate estimates and judgements, taking into account the external auditor's views on the financial statements; and

8.1.2.4. all material information presented with the financial statements, including the strategic report and the corporate governance statements relating to the audit and to risk management.

8.1.3. The committee shall review any other statements requiring board approval which contain financial information first, where to carry out a review prior to board approval would be practicable and consistent with any prompt reporting requirements under any law or regulation including the Listing Rules.

AUDIT COMMITTEE REPORT

8.1.4. Where the committee is not satisfied with any aspect of the proposed financial reporting by the company, it shall report its views to the board.

8.2. Narrative reporting

Where requested by the board, the committee should review the content of the annual report and accounts and advise the board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's performance, business model and strategy and whether it informs the board's statement in the annual report on these matters that is required under the Code.

8.3. Internal controls and risk management systems

The committee shall:

8.3.1. Keep under review the company's internal financial controls systems that identify, assess, manage and monitor financial risks, key risks and other internal control and risk management systems; and

8.3.2. review and approve the statements to be included in the annual report concerning internal control and risk management.

8.4. Compliance, whistleblowing and fraud

The committee shall:

8.4.1. Review the adequacy and security of the company's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action; and

8.4.2. review the company's procedures for detecting fraud; and

8.4.3. review the company's systems and controls for the prevention of bribery and receive reports on non-compliance;

8.5. Internal audit

The committee shall:

8.5.1. Approve the appointment or termination of appointment of the head of internal audit/internal auditors;

8.5.2. review and approve the role and mandate of internal audit, monitor and review the effectiveness of its work, and annually approve the internal audit charter ensuring it is appropriate for the current needs of the organisation;

8.5.3. review and approve the annual internal audit plan to ensure it is aligned to the key risks of the business, and receive regular reports on work carried out;

8.5.4. ensure internal auditors have unrestricted scope, the necessary resources and access to information to enable it to fulfil its mandate, ensure there is open communication between different functions and that the internal auditors evaluate the effectiveness of these functions as part of its internal audit plan, and ensure that the internal auditors are equipped to perform in accordance with appropriate professional standards for internal auditors;

8.5.5. ensure the internal auditor has direct access to the board chairman and to the committee chairman, providing independence from the executive and accountability to the committee;

8.5.6. carry out an annual assessment of the effectiveness of the internal audit function; and as part of this assessment:

8.5.6.1. meet with the head of internal audit without the presence of management to discuss the effectiveness of the function;

8.5.6.2. review and assess the annual internal audit work plan;

8.5.6.3. receive a report on the results of the internal auditor's work;

8.5.6.4. determine whether it is satisfied that the quality, experience and expertise of internal audit is appropriate for the business; and

8.5.6.5. review the actions taken by management to implement the recommendations of internal audit and to support the effective working of the internal audit function;

8.5.7. monitor and assess the role and effectiveness of the internal audit function in the overall context of the company's risk management system and the work of compliance, finance and the external auditor; and

8.5.8. consider whether an independent, third party review of processes is appropriate where the internal auditor function is part of the company.

8.6. External audit

The committee shall:

8.6.1. consider and make recommendations to the board, to be put to shareholders for approval at the annual general meeting, in relation to the appointment, re-appointment and removal of the company's external auditor;

8.6.2. develop and oversee the selection procedure for the appointment of the audit firm, ensuring that all tendering firms have access to all necessary information and individuals during the tendering process;

8.6.3. if an external auditor resigns, investigate the issues leading to this and decide whether any action is required;

8.6.4. oversee the relationship with the external auditor. In this context the committee shall:

8.6.4.1. approve their remuneration, including both fees for audit and non-audit services, and ensure that the level of fees is appropriate to enable an effective and high-quality audit to be conducted; and

8.6.4.2. approve their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;

8.6.5. assess annually the external auditor's independence and objectivity taking into account relevant laws, regulation, ethical standards and other professional requirements and the group's relationship with the auditor as a whole, including any threats to the auditor's independence and the safeguards applied to mitigate those threats including the provision of any non-audit services;

8.6.6. satisfy itself that there are no relationships between the auditor and the company (other than in the ordinary course of business) which could adversely affect the auditor's independence and objectivity;

8.6.7. agree with the board a policy on the employment of former employees of the company's auditor, taking into account ethical standards and legal requirements, and monitor the application of this policy;

8.6.8. monitor the auditor's processes for maintaining independence, its compliance with relevant laws, regulation, other professional requirements and the Ethical Standard, including the guidance on the rotation of audit partner and staff;

8.6.9. the level of fees paid by the company to the external auditor compared to the overall fee income of the firm, office and partner and assess these in the context of relevant legal, professional and regulatory requirements, guidance and ethical standards;

8.6.10. assess annually the qualifications, expertise and resources, and independence of the external auditor and the effectiveness of the external audit process, which shall include a report from the external auditor on their own internal quality procedures;

8.6.11. seek to ensure coordination of the external audit with the activities of the internal auditors;

8.6.12. evaluate the risks to the quality and effectiveness of the financial reporting process in the light of the external auditor's communications with the committee;

8.6.13. develop and recommend to the board the company's formal policy on the provision of non-audit services by the auditor, including approval of non-audit services

AUDIT COMMITTEE REPORT

by the committee and specifying the types of non-audit service to be pre-approved, and assessment of whether non-audit services have a direct or material effect on the audited financial statements.

The policy should include consideration of the following matters:

8.6.13.1. threats to the independence and objectivity of the external auditor and any safeguards in place;

8.6.13.2. the nature of the non-audit services;

8.6.13.3. whether the external audit firm is the most suitable supplier of the non-audit service;

8.6.13.4. the fees for the non-audit services, both individually and in aggregate, relative to the audit fee; and

8.6.13.5. the criteria governing compensation;

8.6.14. meet regularly with the external auditor (including once at the planning stage before the audit and once after the audit at the reporting stage) and, at least once a year, meet with the external auditor without management being present, to discuss the auditor's remit and any issues arising from the audit;

8.6.15. discuss with the external auditor the factors that could affect audit quality and review and approve the annual audit plan, ensuring it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team;

8.6.16. review the findings of the audit with the external auditor. This shall include but not be limited to, the following:

8.6.16.1. a discussion of any major issues which arose during the audit;

8.6.16.2. the auditor's explanation of how the risks to audit quality were addressed;

8.6.16.3. key accounting and audit judgements;

8.6.16.4. the auditor's view of their interactions with senior management; and

8.6.16.5. levels of errors identified during the audit;

8.6.17. review any representation letter(s) requested by the external auditor before they are signed by management;

8.6.18. review the management letter and management's response to the auditor's findings and recommendations; and

8.6.19. review the effectiveness of the audit process, including an assessment of the quality of the audit, the handling of key judgements by the auditor, and the auditor's response to questions from the committee.

9. Reporting responsibilities

9.1. The committee chairman shall report formally to the board on its proceedings after each meeting on all matters within its duties and responsibilities and shall also formally report to the board on how it has discharged its responsibilities. This report shall include:

9.1.1. the significant issues that it considered in relation to the financial statements (required under paragraph 8.1.1) and how these were addressed;

9.1.2. its assessment of the effectiveness of the external audit process (required under paragraph 8.6.10), the approach taken to the appointment or reappointment of the external auditor, length of tenure of audit firm, when a tender was last conducted and advance notice of any retendering plans; and

9.1.3. any other issues on which the board has requested the committee's opinion.

9.2. The committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed.

9.3. The committee shall compile a report on its activities to be included in the company's annual report. The report should include an explanation of how the committee has addressed the effectiveness of the external audit process;

the significant issues that the committee considered in relation to the financial statements and how these issues were addressed, having regard to matters communicated to it by the auditor; and all other information requirements set out in the Code.

9.4. In compiling the reports referred to in 9.1 and 9.3, the committee should exercise judgement in deciding which of the issues it considers in relation to the financial statements are significant but should include at least those matters that have informed the board's assessment of whether the company is a going concern.

The report to shareholders need not repeat information disclosed elsewhere in the annual report and accounts but could provide cross-references to that information.

10. Other matters

The committee shall:

10.1. have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required

10.2. be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;

10.3. give due consideration to relevant laws and regulations, the requirements of the Listing Rules, Code of Best Practice on Corporate Governance issued by the Securities and Exchange Commission of Sri Lanka and any other applicable rules, as appropriate;

10.4. be responsible for coordination of the internal and external auditors;

10.5. oversee any investigation of activities which are within its terms of reference;

10.6. work and liaise as necessary with all other board committees, taking particular account of the impact of risk management and internal controls being delegated to different committees and

10.7. arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the board

11. Authority

The committee is authorised to:

11.1. seek any information it requires from any employee of the company in order to perform its duties;

11.2. obtain, at the company's expense, independent legal, accounting or other professional advice on any matter it believes it necessary to do so;

11.3. call any employee to be questioned at a meeting of the committee as and when required; and

11.4. have the right to publish in the company's annual report, details of any issues that cannot be resolved between the committee and the board.

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 directors, non-executive directors, and key management personnel of the Company.

Composition of the committee

The Committee comprises independent non-executive directors Mr Deepal Sooriyaarachchi (Chairman) and Mr Deshan Pushparajah and non-executive director Mr Senthilverl Senthi Nandhanan. A brief profile of the members of the Committee are given on pages 14 to16.

The attendance of the members at meetings is as follows:

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

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 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 8 to the financial statements.

The Chairman of the Committee reports to the board on all aspects of its work when required. 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.

Mr Deepal Sooriyaarachchi
Chairman

Remuneration Committee Terms of Reference

1. Membership

1.1. The committee shall comprise at least three members, the majority of whom shall be independent non-executive directors. The chairman of the board may also serve on the committee as an additional member if he or she was considered independent on appointment as Chairman. Members of the committee shall be appointed by the board, on the recommendation of the nomination committee and in consultation with the chairman of the remuneration committee.

1.2. Only members of the committee have the right to attend committee meetings. However, other individuals such as the chief executive, the head of human resources and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.

1.3. Appointments to the committee are made by the board and shall be for a period of up to three years extendable by no more than two additional three-year periods, so long as members (other than the chairman of the board, if he or she is a member of the committee) continue to be independent.

1.4. The board shall appoint the committee chairman who shall be an independent non-executive director. In the absence of the committee chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting who would qualify under these terms of reference to be appointed to that position by the board. The chairman of the board shall not be chairman of the committee.

2. Secretary

The company secretary or his or her nominee shall act as the secretary of the committee and will ensure that the committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

3. Quorum

The quorum necessary for the transaction of business shall be two.

4. Meetings

The committee shall meet at least twice a year and otherwise as required.

5. Notice of meetings

5.1. Meetings of the committee shall be called by the secretary of the committee at the request of the committee chairman.

5.2. Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the committee, any other person required to attend and all other non-executive directors, no later than five working days before the date of the meeting. Supporting papers shall be sent to committee members and to other attendees, as appropriate, at the same time.

6. Minutes of meetings

6.1. The secretary shall minute the proceedings and resolutions of all committee meetings, including the names of those present and in attendance.

6.2. Draft minutes of committee meetings shall be circulated promptly to all members of the committee. Once approved, minutes should be circulated to all other members of the board unless in the opinion of the committee chairman it would be inappropriate to do so.

7. Annual general meeting

The committee chairman should attend the annual general meeting to answer any shareholder questions on the committee's activities.

8. Duties

The committee should carry out the duties detailed below for the parent company, major subsidiary undertakings and the group as a whole, as appropriate.

The committee shall:

8.1. Have responsibility for setting the remuneration policy for all executive directors, and the Company's Chairman, including pension rights and any

REMUNERATION COMMITTEE REPORT

compensation payments through cash, equity or otherwise. The board itself or, where required by the Articles of Association, the shareholders should determine the remuneration of the non-executive directors within the limits set in the Articles of Association. No director or senior manager shall be involved in any decisions as to their own remuneration.

8.2. Recommend and monitor the level and structure of remuneration for Key Management Personnel.

8.3. In determining such policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the Code of Best Practice of Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka (ICASL) and the Securities and Exchange Commission (SEC) of Sri Lanka and associated guidance. The objective of such policy shall be to attract, retain and motivate executive management of the quality required to run the company successfully without paying more than is necessary, having regard to views of shareholders and other stakeholders. The remuneration policy should have regard to the risk appetite of the company and alignment to the company's long strategic term goals. A significant proportion of remuneration should be structured so as to link rewards to corporate and individual performance and designed to promote the long-term success of the company.

8.4. When setting remuneration policy for directors, review and have regard to pay and employment conditions across the company or group, especially when determining annual salary increases.

8.5. Review the on-going appropriateness and relevance of the remuneration policy.

8.6. Within the terms of the agreed policy and in consultation with the chairman and/or chief executive, as appropriate, determine the total individual remuneration package of each executive director, the company chairman and other designated senior executives including bonuses, incentive payments and share options or other share awards.

8.7. Obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity. To help it fulfil its obligations the committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary at the expense of the company but within any budgetary restraints imposed by the board.

8.8. Be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee.

8.9. Approve the design of, and determine targets for, any performance-related pay schemes operated by the company and approve the total annual payments made under such schemes.

8.10. Review the design of all share incentive plans for approval by the board and shareholders. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to executive directors, company secretary and other designated senior executives and the performance targets to be used.

8.11. Determine the policy for, and scope of, pension arrangements for each executive director and other designated senior executives where applicable.

8.12. Ensure that contractual terms on termination, and any payments made, are fair to the individual, and the company, that failure is not rewarded and that the duty to mitigate loss is fully recognised.

8.13. Oversee any major changes in employee benefits structures throughout the company or group.

8.14. Agree the policy for authorising claims for expenses from the directors where considered material.

8.15. Work and liaise as necessary with all other board committees.

9. Reporting responsibilities

9.1. The committee chairman shall report to the board on its proceedings after each meeting on all matters within its duties and responsibilities.

9.2. The committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed.

9.3. The committee shall ensure that provisions regarding disclosure of information, including pensions, are fulfilled and produce a report of the company's remuneration policy and practices to be included in the company's annual report. If the committee has appointed remuneration consultants, the annual report of the company's remuneration policy should identify such consultants and state whether they have any other connection with the company.

9.4. Through the chairman of the board, ensure that the company maintains contact as required with its principal shareholders about remuneration.

10. Other matters

The committee shall:

10.1. Have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required.

10.2. Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members.

10.3. Give due consideration to laws, regulations and any published guidelines or recommendations regarding the remuneration of directors of listed/non listed companies and formation and operation of share schemes including but not limited to the provisions of the Code of Best Practice of Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka (ICASL) and the Securities and Exchange Commission (SEC) of Sri Lanka, and the requirements of the CSE's Listing Rules and any other applicable rules, as appropriate.

10.4. Arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the board for approval.

11. Authority

The committee is authorised by the board to obtain, at the company's expense, outside legal or other professional advice on any matters within its terms of reference.

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.

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 Deshan Pushparajah, Independent Non-Executive Director, as the Chairman, Mr Deepal Sooriyaarchchi, Independent Non-Executive Director, and Dr Prathap Ramanujam, the Chairman of the Company.

Name of Director	Directorship Status
Mr Andrew Deshan Pushparajah	Independent Non-Executive Director
Mr Deepal Sooriyaarachchi	Independent Non-Executive Director
Dr Prathap Ramunajam	Chairman

Brief profiles of each member of the Committee are given on pages 14 to 16.

Meetings

The Committee met three times during the year under review with all the members in attendance. The Committee reviewed related party transactions carried out during the year under review and set out in Note 33 to financial statements.

The attendance of the members at meetings is as follows:

Name of Director	Directorship Status	Attendance
Mr Andrew Deshan Pushparajah	Independent Non-Executive Director	3/3
Mr Deepal Sooriyaarachchi	Independent Non-Executive Director	2/3
Dr Prathap Ramunajam	Chairman	2/3

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.

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 review in advance all related party transactions prior to the transaction executed;

- 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 33 to the financial statements given in pages 130 to 132 of this report.

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.

Mr. A D Pushparajah
Chairman

FINANCIAL REPORTS

Financial Reports

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

The Board of Directors is pleased to present their Report and the Audited Financial Statements of the Company and Group for the year ended 31st March, 2019. The details set out herein provide pertinent information required by the Companies Act No.7 of 2007 and the Colombo Stock Exchange Listing Rules and are guided by recommended best accounting practices.

Review of the year

The Chairman's Review describes the Company's affairs and mentions important events of the year.

Principal Activity

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.

Financial Statements

The Financial Statements of the Company are given in pages 80 to 144.

Auditor's Report

The Auditor's Report on the Financial Statements is given on pages 77 to 79.

Accounting Policies

The Accounting Policies adopted in preparation of Financial Statements are given on pages 84 to 105. There were no material changes in the Accounting Policies adopted.

Director's Interests

None of the Directors had a direct or indirect interest in any contracts or proposed contracts with the Company other than as disclosed in Note 33 to the Financial Statements.

Directors Remuneration and Other Benefits

Directors' remuneration in respect of the Company for the financial year ended 31st March 2019 is given in Note 8 to the Financial Statements.

Corporate Donations

Donations made by the Group and the Company amounted to Rs. 1,403,740 (2018 – Rs. 1,172,232). No donations were made for political purposes.

Directors and their Shareholdings

Directors of the Company and their respective shareholding as at 31st March, 2019.

Shareholding	As at 31.3.2019	As at 31.03.2018
Dr P Ramanujam	2,350,000	2,350,000
Mr D Sooriyaarachchi	Nil	Nil
Mr P L D Jinadasa	148,200,000	145,000,000
Mr P K Pathmanatha	Nil	Nil
Mr A D Pushparajah	Nil	Nil
Mr S S Nandhanan	75,000	75,000
Dr T Senthilverl	633,751	633,751
Seylan Bank PLC / Dr T Senthilverl	121,000,000	131,004,937
Sampath Bank PLC / Dr T Senthilverl	27,825,838	10,250,000

The following persons were appointed as Directors subsequent to the year end:

Name	Appointed date
Mr Elangovan Karthik	12th July 2019
Mr Senaka Kakiriwaragodage	31st July 2019

Auditors

The Financial Statements for the year ended 31st March 2019 have been audited by KPMG Ford Rhodes Thornton & Co, Chartered Accountants, who express their willingness to continue in office. In accordance with the Companies Act No.07 of 2007, a resolution relating to their re-appointment and authorizing the Directors to determine their remuneration will be proposed at the forthcoming Annual General Meeting.

The Auditors KPMG, Chartered accounts were paid Rs. 370,000 (2018 – Rs319,000) as audit fees by the Company.

As far as the Directors are aware, the Auditors do not have any relationship (other than that of an Auditor) with the Company other than those disclosed above. The Auditors also do not have any interest in the Company.

Dividends

The Directors paid interim dividends of Rs. 0.16 per share for the Financial Year ended 31st March, 2019.

Investments

Details of investments held by the Company are disclosed in Notes 13 to 17 of the Financial Statements.

Property, Plant and Equipment

An Analysis of the property, plant and equipment of the Company, additions and disposals made during the year and depreciation charged during the year are set out in Note 12 to the Financial Statements.

Capital Commitments

There are no material capital commitments that would require disclosures in the Financial Statements other than disclosed in Note 36 to the financial statements.

Stated Capital

The Stated Capital of the Company is Rs. 630,000,000 Million.

Reserves

Total Group reserves as at 31st March 2019 amount to Rs. 691,573,610 comprising of retained earnings. Movements are shown in the Statement of Changes in Equity in the Financial Statements.

Employment Policies

The Company is an equal opportunity employer without any discrimination.

Taxation

The tax position of the Company is given in Note 32 to the Financial Statements.

Disclosure as per Colombo Stock Exchange Rule No.7.6

	31.03.2019	31.03.2018
Market price per share	3.00	2.70
Highest share price during the year	3.50	3.20
Lowest share price during the year	2.70	2.60

Shareholding

The number of registered shareholders of the Company as at 31st March, 2019 was 5,571 and the public holding percentage is 39.84% as at 31st March 2019. The distribution and analysis of shareholdings are given on pages 145 to 146.

Major Shareholders

The twenty largest shareholders/option holders of the Company as at 31st March 2019, together with an analysis are given on pages 145 to 146.

Statutory Payments

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

Environment, Health and Safety

All the laws and regulations in this regard are strictly adhered to.

Corporate Governance/Internal Control

The Company has put in place systems and procedures to ensure the implementation of sound corporate governance principles. The Audit Committee report, the Remuneration Committee report and the Related Party Transactions Review Committee Report are given in pages 57 to 69.

Contingent Liabilities

There were no material contingent liabilities outstanding as at 31st March 2019, other than those disclosed in Note 37 to the financial statements.

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

Post Balance Sheet Events

Subsequent to the date of the Balance Sheet, no circumstances have arisen which would require adjustments to the accounts. Significant post balance sheet events which in the opinion of the Directors require disclosure are described in Note 38 to the financial statements.

Annual General Meeting

The Annual General Meeting of the Company will be held at Ruby Ball Room of Hotel Janaki, Fife Road, Colombo 05 on 25th September 2019 at 2.30 PM

For and on behalf of the Board of Directors of

PANASIAN POWER PLC

Dr P Ramanujam
Director

P K Pathmanatha
Director

S S P Corporate
Services (Private)
Limited, Secretaries

30th August 2019

STATEMENT OF DIRECTORS' RESPONSIBILITY

Responsibility

The Companies Act No.7 of 2007 stipulates that the Directors to prepare and circulate amongst the shareholders the Financial Statements which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and the profit or loss of the Company and the Group for the financial year (refer pages 80 and 81 respectively)

The Board of Directors of the Company is responsible for the adequacy of the company's system of internal control and for reviewing its design and effectiveness regularly. The Board is of the view that the prevalent internal control systems instituted by them and which comprise internal checks, internal audit, risk management policies and financial and other controls are so designed that, there is reasonable assurance that all assets are safeguarded and transactions properly authorized and recorded, so that material misstatements and irregularities are either prevented or detected within a reasonable period of time.

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.

In the above process, the directors are responsible for:

- preparing the annual report and the Group and Company Financial Statements in accordance with applicable laws and regulations;
- preparing the Financial Statements which give a true and fair view of the state of affairs at the financial year end and profit or loss for the period then ended of the Company and the Group in accordance with SLFRSs and LKSs;
- keeping proper accounting records which disclose with reasonable accuracy, at any time the financial positions of the Group and the Company and enable them to ensure that the Group financial statements comply with applicable laws and regulations;
- 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;
- taking such steps as are reasonably open to them to safeguard the assets of the Group and the Company, and to prevent and detect fraud and other irregularities; and
- preparing the financial statements and to provide the Auditors with every opportunity to take whatever steps and undertake whatever inspection they consider to be appropriate, to express their opinion on the financial statements given on pages 80 to 81.

Further, the directors are required to ensure that in preparing the Financial Statements:

- suitable accounting policies have been selected and applied consistently;
- judgements and estimates made have been reasonable and prudent; and
- the Group and Company financial statements have been prepared on a "Going Concern" basis, after reviewing the Group and Company future financial projections, cash flows and current performance and is satisfied that the Group and the Company have adequate resources to continue its operations in the foreseeable future.

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 an interim dividends of Rs 0.16 per share for the year under review.

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

STATEMENT OF DIRECTORS' RESPONSIBILITY

Compliance Report

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company, and all other known statutory dues as were due and payable by the Company as at the financial year end have been paid or, where relevant provided for in arriving the financial results for the year under review

For and on behalf of the Board of
Panasian Power PLC

Dr. Prathap Ramanujam
Chairman / CEO

Mr. P K Pathmanatha
Executive Director

INDEPENDENT AUDITOR'S REPORT

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

Tel : +94 - 11 542 6426
Fax : +94 - 11 244 5872
+94 - 11 244 6058
Internet : www.kpmg.com/lk

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 subsidiaries ("the Group"), which comprise the statement of financial position as at 31st March 2019, 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 80 to 144 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 2019, 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 for Goodwill and impairment testing for investment in Subsidiaries.	
Risk description	**Our response**
As at 31 March 2019, the goodwill was carried at Rs. 462 Mn. Management allocated goodwill to the respective cash-generating units ("CGUs") as disclosed in Note 14.4.1 to the financial statements. The recoverable amounts of the identified CGUs have been determined based on value-in-use calculations. As at 31 March 2019, the Company's investment in Manelwala Hydropower (Private) Limited and Padiyapalella Hydropower Limited amounted to Rs. 565 Mn and Rs. 537 Mn respectively. Management performed the impairment assessment for subsidiaries with indicators of impairment and determined their recoverable amounts 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

INDEPENDENT AUDITOR'S REPORT

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 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

KPMG

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

30th August 2019

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Group		Company	
For the year ended 31st March,	Note	**2019**	2018	**2019**	2018
		Rs.	Rs.	Rs.	Rs.
Revenue	4	**761,280,652**	489,392,823	**214,316,876**	172,080,099
Direct expenses		**(153,144,873)**	(125,436,933)	**(21,672,452)**	(20,339,242)
Gross profit		**608,135,780**	363,955,890	**192,644,424**	151,740,857
Other income	6	**645,040**	-	**-**	50,405,098
Administrative expenses		**(90,437,502)**	(65,339,973)	**(44,490,879)**	(36,342,235)
Impairment loss on trade receivable		**(2,711,369)**	-	**(1,286,741)**	-
Finance income	7.1	**8,668,504**	376,237	**3,908,693**	227,857
Finance costs	7.2	**(99,077,488)**	(99,088,106)	**(53,428,012)**	(94,218,562)
Net finance costs		**(90,408,984)**	(98,711,869)	**(49,519,319)**	(93,990,705)
Share of profit of equity accounted investees - Joint Venture (Net of tax)		**752,432**	(38,000)	**-**	-
Profit before taxation	8	**425,975,397**	199,866,047	**97,347,486**	71,813,015
Income tax expense	9	**(54,638,740)**	(47,454,178)	**(33,972,570)**	(17,245,858)
Profit for the year		**371,336,657**	152,411,869	**63,374,916**	54,567,157
Other comprehensive income for the year					
Items that will not be reclassified to profit or loss					
- Re-measurment of defined benefit obligation	26	**2,492,001**	(143,310)	**2,156,375**	60,184
- Deferred tax effect on Re-measurment of defined benefit obligation		**(670,910)**	(26,746)	**(603,785)**	(48,312)
- Deferred tax implication on other comprehensive income due to rate differential		**(23,700,234)**	(10,610,725)	**(17,993,709)**	(2,135,331)
- Deferred tax on land revaluation reserve		**-**	(1,543,425)		(826,218)
- Adjustment		**-**	733,759	**-**	-
Other comprehensive income for the year, net of tax		**(21,879,143)**	(11,590,447)	**(16,441,119)**	(2,949,677)
Total Comprehensive Income		**349,457,514**	140,821,422	**46,933,798**	51,617,480
Profit Attributable to:					
Owners of the Company		**332,236,713**	139,299,969	**63,374,916**	54,567,157
Non-controlling interests		**39,099,944**	13,111,900	**-**	-
		371,336,657	152,411,869	**63,374,916**	54,567,157
Total comprehensive income Attributable to:					
Owners of the Company		**310,332,054**	128,374,031	**46,933,798**	51,617,480
Non-controlling interests		**39,135,460**	12,447,391	**-**	-
		349,457,514	140,821,422	**46,933,798**	51,617,480
Earnings per share (Rs.)	10	**0.66**	0.28	**0.13**	0.11

The accounting policies and notes on pages 84 to 144 form an integral part of these financial statements.

The figures in bracket indicate deductions.

STATEMENT OF FINANCIAL POSITION

		Group		Company	
As at 31st March,	Note	2019	2018	2019	2018
		Rs.	Rs.	Rs.	Rs.
Assets					
Non-current assets					
Property, plant and equipment	12	**1,553,625,135**	1,534,126,217	**251,220,211**	260,676,820
Capital work in progress	13	**461,959,794**	-	**-**	-
Intangible assets	14	**492,447,635**	478,073,421	**1,014,757**	1,211,975
Investment in subsidiaries	15	**-**	-	**1,142,177,694**	1,155,377,694
Investment in preference shares	16	**27,000,000**	-	**23,000,000**	-
Investment in Joint Venture	17	**6,783,315**	6,614,444	**-**	-
Advances paid for acquisition	18	**5,115,150**	5,115,150	**5,115,150**	5,115,150
Total non-current assets		**2,546,931,029**	2,023,929,232	**1,422,527,812**	1,422,381,639
Current assets					
Inventory	19	**13,361,282**	71,192,635	**-**	-
Investment in unit trust	20	**124,354,122**	-	**21,872,147**	-
Trade and other receivables	21	**220,991,842**	136,699,397	**58,807,850**	30,533,130
Loans due from related parties	22	**-**	27,000,000	**-**	-
Amount due from related parties	23	**6,872,731**	4,302,700	**40,974,964**	449,498,635
Cash and cash equivalents	24	**70,517,448**	85,262,284	**5,277,682**	544,648
Total current assets		**436,097,425**	324,457,016	**126,932,643**	480,576,413
Total assets		**2,983,028,454**	2,348,386,248	**1,549,460,455**	1,902,958,052
Equity and liabilities					
Equity					
Stated capital	25	**630,000,000**	630,000,000	**630,000,000**	630,000,000
Revaluation reserve		**201,136,991**	224,161,998	**92,539,077**	110,532,786
Retained earnings		**691,573,610**	453,226,549	**225,977,625**	256,050,119
Equity attributable to owners of the Company		**1,522,710,601**	1,307,388,547	**948,516,702**	996,582,905
Non Controlling Interest		**125,695,270**	86,559,660	**-**	-
Total Equity		**1,648,405,871**	1,393,948,207	**948,516,702**	996,582,905
Non-current liabilities					
Employee benefits	26	**4,101,392**	5,578,355	**3,330,779**	4,664,290
Finance lease obligation	27	**1,415,349**	2,233,827	**-**	-
Interest bearing loans and borrowings	28	**988,749,045**	64,260,562	**147,530,000**	-
Deferred tax liabilities	29	**125,905,691**	105,485,032	**61,511,124**	30,554,234
Total non-current liabilities		**1,120,171,477**	177,557,776	**212,371,903**	35,218,524
Current liabilities					
Finance lease obligations	27	**886,391**	828,640	**-**	-
Interest bearing loans and borrowings	28	**125,587,975**	679,411,694	**28,620,000**	673,204,277
Amount due to related parties	30	**-**	-	**328,806,900**	172,507,854
Other payables and accruals	31	**31,779,534**	81,102,284	**10,735,104**	15,380,943
Income tax payable	32	**56,197,206**	8,654,277	**20,409,846**	3,180,179
Bank overdraft	24	**-**	6,883,370	**-**	6,883,370
Total current liabilities		**214,451,106**	776,880,265	**388,571,850**	871,156,623
Total liabilities		**1,334,622,583**	954,438,041	**600,943,753**	906,375,147
Total equity and liabilities		**2,983,028,454**	2,348,386,248	**1,549,460,455**	1,902,958,052

The accounting policies and notes on pages 84 to 144 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.

Gayan Gunawardana
Finance Director

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

Signed on behalf of the board

Dr. Prathap Ramanujam
Chairman/CEO

A D Pushparajah
Director

Colombo
30th August 2019

STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March,	Stated capital Rs.	Revaluation reserve Rs.	Retained earnings Rs.	Total Rs.	Non-Controlling Interest Rs.	Total equity Rs.
Group						
Balance as at 01st April 2017	630,000,000	243,960,597	347,400,747	1,221,361,344	43,633,537	1,264,994,881
Adjustment	-	(6,603,656)	(27,630)	(6,631,286)	(736,810)	(7,368,096)
Total comprehensive income for the year						
- Profit	-	-	139,299,969	139,299,969	13,111,900	152,411,869
- Other comprehensive income	-	(10,845,440)	(153,827)	(10,999,267)	(591,180)	(11,590,447)
Transaction with owners						
- Dividends	-	-	-	-	(4,500,000)	(4,500,000)
	630,000,000	226,511,501	486,519,259	1,343,030,760	50,917,447	1,393,948,207
Effect of change in holding of subsidiaries		(2,349,503)	(33,292,710)	(35,642,213)	35,642,213	
Balance as at 31st March 2018	630,000,000	224,161,998	453,226,549	1,307,388,547	86,559,660	1,393,948,207
Balance as of 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
Total comprehensive income for the year						
- Profit	-	-	332,236,713	332,236,713	39,099,044	371,336,657
- Other comprehensive income	-	(23,700,234)	1,785,575	(21,914,659)	35,516	(21,879,143)
Adjustment		675,227	(675,227)			
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

For the year ended 31st March,	Stated capital Rs.	Revaluation reserve Rs.	Retained earnings Rs.	Total equity Rs.
Company				
Balance as at 01st April 2017	630,000,000	113,494,335	201,471,090	944,965,425
Total comprehensive income for the year				
- Profit	-	-	54,567,157	54,567,157
- Other comprehensive income	-	(2,961,549)	11,872	(2,949,677)
Transaction with owners of the company				
Balance as at 31st March 2018	630,000,000	110,532,786	256,050,119	996,582,905
Balance as of 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				
- 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

The accounting policies and notes on pages 84 to 144 form an integral part of these financial statements.

The figures in bracket indicate deductions.

STATEMENT OF CASH FLOWS

	Group		Company	
For the year ended 31st March,	**2019**	2018	**2019**	2018
	Rs.	Rs.	Rs.	Rs.
Cash flows from operating activities				
Profit before tax	**425,975,397**	199,866,047	**97,347,486**	71,813,015
Adjustments for,				
Depreciation of property, plant and equipment	**53,814,657**	50,707,896	**10,224,000**	10,129,120
Amortisation of intangible asset	**1,950,688**	1,670,732	**1,522,120**	1,242,161
Provision for retiring gratuity	**1,403,227**	1,364,966	**1,149,253**	1,145,827
Dividend income	**(645,040)**	-	**-**	(50,405,098)
Provision For doubtful debtors	**2,711,369**	-	**1,286,741**	-
Share of Profit of Equity Accounted Investees - Joint Venture	**(752,432)**	38,000	**-**	-
Interest income	**(8,668,504)**	(376,237)	**(3,908,693)**	(227,857)
Interest expense	**99,077,488**	99,088,106	**53,428,012**	94,218,562
Operating profit before working capital changes	**574,866,850**	352,359,510	**161,048,919**	127,915,730
(Increase) / Decrease in Inventory	**57,831,353**	(71,192,635)	**-**	-
(Increase) / Decrease in trade and other receivables	**(87,003,813)**	(55,389,486)	**(29,561,461)**	(18,920,660)
(Increase) / Decrease in amounts due from related parties	**(2,570,031)**	(4,302,700)	**408,523,671**	41,071,905
Increase / (Decrease) in other payables	**(49,322,751)**	41,533,990	**(4,645,839)**	7,777,276
Increase /(Decrease) in amounts due to related parties	**-**	-	**156,299,046**	(8,599,910)
Cash generated from operating activities	**493,801,608**	263,008,679	**691,664,336**	149,244,341
Interest paid	**(99,992,030)**	(96,642,079)	**(55,627,289)**	(92,019,285)
Income tax paid	**(11,046,297)**	(5,879,997)	**(4,383,507)**	-
Retiring gratuity paid	**(388,189)**	(948,373)	**(326,389)**	(948,373)
Net cash from operating activities	**382,375,092**	159,538,230	**631,327,151**	56,276,683
Cash flows from investing activities				
Acquisition of property, plant and equipment	**(73,313,575)**	(3,027,294)	**(767,391)**	(1,057,285)
Loans given to related parties	**-**	(27,000,000)	**-**	-
Investments in preference shares	**-**	-	**(23,000,000)**	-
Investments made in unit trust	**(530,140,000)**	878,393	**(237,140,000)**	878,393
Withdrawal made from unit trust	**411,500,000**	-	**217,500,000**	-
Investment in capital work in progress	**(461,959,794)**	-	**-**	-
Investment in joint venture company	**583,561**	(6,652,444)	**-**	-
(Acquisition) / Disposal of subsidiary company	**(15,000,000)**	(13,200,000)	**13,200,000**	(13,200,000)
Investments in intangible assets	**(1,324,902)**	-	**(1,324,902)**	-
Advances paid for acquisition	**-**	(5,115,150)	**-**	(5,115,150)
Dividend received	**645,040**	-	**-**	-
Interest received	**2,954,382**	376,237	**1,676,546**	227,857
Net cash from investing activities	**(666,055,288)**	(53,740,258)	**(29,855,747)**	(18,266,185)
Cash flows from financing activities				
Proceed from share issues	**150**	-	**-**	-
Proceeds from loans and borrowings	**1,113,462,280**	67,000,000	**200,000,000**	
Repayment of borrowings	**(741,882,973)**	(62,082,729)	**(694,855,000)**	(36,198,978)
Dividends paid	**(95,000,000)**	(4,500,000)	**(95,000,000)**	-
Payment of finance lease liabilities	**(760,727)**	(651,411)	**-**	-
Net cash from financing activities	**275,818,730**	(234,140)	**(589,855,000)**	(36,198,978)
Net decrease in cash and cash equivalents	**(7,861,466)**	105,563,832	**11,616,404**	1,811,520
Cash and cash equivalents at the beginning of the year	**78,378,914**	(27,184,918)	**(6,338,722)**	(8,150,242)
Cash and cash equivalents at the end of the year (Note 24)	**70,517,448**	78,378,914	**5,277,682**	(6,338,722)

The accounting policies and notes on pages 84 to 144 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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 No.03, Elibank Road, Colombo 05.

(b) The fully owned subsidiary companies, Manelwala Hydropower (Pvt) Ltd and Panasian Investment (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 the Company 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) 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 has invested 50% of ordinary shares of Powergen One (Pvt) Ltd.

(h) 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 has invested 50% of 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 2019 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 authorized for issue by the Board of Directors on 30th August 2019.

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 Standardised agreement for 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. The capacity of power potential is 3000KW and situated at Rath Ganga, Ratnapura.

The Subsidiary, Manelwala Hydropower (Pvt) Limited entered into Standardised agreement for 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 2400KW and situated at Walapane.

The Subsidiary, Padiyapelella Hydropower Limited entered into Standardised agreement for 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 15 years and project was commissioned in 01st March 2017. The capacity of power potential of Phase 1 is 3500KW and situated at Padiyapelella

The Subsidiary, Panasian Investments (Pvt) Limited 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 Standardised agreement for purchase of energy with the Ceylon Electricity Board (CEB) for the sale of electrical energy from Beliatta Solar Power PV Plant to National Grid for a period of 20 years and the project was commissioned in 29th July 2019. The capacity of power potential 1000KW.

The sub subsidiary Solar Power Generation Matara (Pvt) Ltd obtained the Letter of Intents from Ceylon Electricity Board to generate and supply solar power to National Grid for 20 years. The capacity of power potential 2000KW.

The sub subsidiary Panthree Solaro Energy (Pvt) Ltd obtained the Letter of Intents from Ceylon Electricity Board to generate and supply solar power to National Grid for 20 years. The capacity of power potential 3000KW.

The sub subsidiary PAP Solar One (Pvt) Ltd., operate 4000 KW 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 National Grid for 20 Years.

The joint venture company Powergen One (Pvt) Ltd., operate 400 KW rooftop solar project in Boralesgamuwa and entered into an agreement to generate and supply solar power to National Grid for 20 Years.

The joint venture company TIC Solar (Pvt) Ltd., operates 610 KW rooftop solar project in Kelaniya and entered in to an agreement to generate and supply solar power to National Grid for 20 Years.

1.5 Parent enterprise and ultimate parent enterprise

The Company does not have parent or ultimate parent as of 31 March 2019.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

- Land, Electro mechanical equipment and Civil construction included in Property, plant and equipment 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.

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.

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 minimizing the use of unobservable inputs.

2.5.2. Fair value of Land, Civil Construction and Electromechanical Equipment.

Land, civil construction and electromechanical equipment are measured at fair value less accumulated depreciation on civil construction and electromechanical equipment and impairment losses are recognized after the date of the revaluation.

Valuations are performed every five 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 and electromechanical equipment are provided in Note 12.

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.

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.

Significant valuation issues are reported to the Group'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 categorized 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 Summary of 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.

NOTES TO THE FINANCIAL STATEMENTS

3.1 Basis of consolidation

3.1.1 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 recognized 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 recognized in profit or loss.

3.1.2 Subsidiary

A Subsidiary is an 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 the 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 the subsidiary has been changed when necessary to align them with the policies adopted by the Group.

3.1.3 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.

3.1.4 Loss of control

On the loss of control, the Group immediately derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary.

Any surplus or deficit arising on the loss of control is recognized in profit and loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available–for-sale financial asset depending on the level of influence retained.

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

3.1.5 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.

3.1.6 Reporting date

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

3.1.7 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

3.2 Foreign currencies

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

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

3.3 Financial instruments

3.3.1 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 recognized 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

NOTES TO THE FINANCIAL STATEMENTS

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.

Policy Applicable from 1st April 2018

(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. These instruments comprise quoted and unquoted shares that had been previously classified as Available for sale under LKAS 39.

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 Company 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 investment in unit trust as FVTPL.

- **Financial assets - Business model assessment**

The Company 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 Company 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 Company 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.

NOTES TO THE FINANCIAL STATEMENTS

- **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.

Policy Applicable before 1st April 2018

(ii) Classification and subsequent measurement of financial assets (Continued)

At inception, a financial asset is classified in one of the following categories: – Loans and Receivables – Held-to-Maturity – Available-for-Sale – At Fair Value through Profit or Loss As at the year end the Group did not have assets categorised as fair value through profit or loss.

a) Financial assets at fair value through profit or loss

Financial asset is recognized at fair value through profit or loss, if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are classified

as held for trading if they are acquired for the purpose of trading in the near term. Financial assets at fair value through profit or loss are measured at fair value, and any changes therein, are recognized in the income statement.

Attributable transaction costs of fair value through profit or loss financial assets are recognized in the income statement when incurred.

Financial assets at fair value through profit or loss comprise of investments in unit trusts.

b) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market.

Such assets are recognized initially at fair value plus any directly attributable transaction costs, if the transaction costs are significant. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest rate method (EIR) less any impairment losses.

Loans and receivables comprise cash and cash equivalents, trade and other receivables and related party receivables.

Cash and cash equivalents comprise cash on hand and cash at bank

c) Held-to-maturity financial assets

If the Group has the positive intent and ability to hold debt securities until maturity, then such financial assets are classified as held-to–maturity.

Held-to-maturity financial assets are recognized initially at fair value plus any directly attributable transaction costs if the transaction costs are significant. Subsequent to initial recognition, held-to maturity financial assets are measured at amortized cost using the effective interest method, less any impairment losses.

Group does not have any financial assets, as held-to maturity investments.

d) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the previous categories of financial assets. Available for-sale financial assets are recognized initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, they are measured at fair value and any changes therein, other than impairment losses and foreign currency differences on available for sale debt instruments, are recognized in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized the gain or loss accumulated in equity is reclassified to the income statement.

Group dose not have any financial assets, as available for sale financial assets.

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 Company 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 recognized amounts and there is an intention to settle on a net basis, or to realize 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

NOTES TO THE FINANCIAL STATEMENTS

course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

3.3.2 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.

3.3.3 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, The Group does not have any derivative liabilities.

3.3.4 Impairment of financial assets

Policy Applicable from 01 April 2018

The Company recognises loss allowances for ECLs on:

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

The Company 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 Company 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 Company's historical experience and informed credit assessment and including forward-looking information.

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

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company 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 Company 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 Company expects to receive).

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

- **Credit-impaired financial assets**

At each reporting date, the Company 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 Company on terms that the Company 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 Company 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 Company 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 Company's procedures to recovery of amounts due.

Policy Applicable before 01 April 2018

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that is impaired. A financial asset is impaired if, there is objective evidence as a result of one or more events that has occurred after the initial recognition of the financial asset (an incurred 'loss event') and the estimated future cash flows of the investment have been affected.

NOTES TO THE FINANCIAL STATEMENTS

a) Loans and receivables

The objective evidence of impairment could include significant financial difficulty of the issuer or counter party, breach of contract such as default in interest or principal payments, or it becomes probable that the borrower will enter bankruptcy or financial re organization.

The Group considers impairment of trade receivables at both a specific significant individual debtor level and collectively. Any Group company which has any individually significant debtors assesses them for specific impairment.

All individually insignificant debtors that are not specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified by grouping them together based on similar risk characteristics. In assessing collective impairment the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred and adjusted for the management's judgment. The carrying amount of the trade receivables is reduced through the use of the bad debt provision account and the amount of the loss is recognized in the income statement. If there is no realistic prospect of future recovery of a debt, the amount is written off.

An impairment loss in respect of other financial assets measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the income statement to the extent that the carrying amount of the financial asset at the date the impairment is reversed, does not exceed what the amortized cost would have been had the impairment not been recognized.

3.3.5 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.

3.4. Property, plant and equipment

3.4.1 Recognition and measurement

All items of property, plant and equipment are recognised initially at cost.

Items of property, plant and equipment, subsequent to initial measurement are measured at cost or revaluation less accumulated depreciation and accumulated impairment losses.

3.4.1.1 Cost of 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 and electromechanical equipment 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 are provided in Note 12

On recognition of an asset, any income in the carrying amount is recognized 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 recognized as income to the extent of the previous write down in value. Any decrease in carrying amount is recognized 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.

3.4.2 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.

3.4.3 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.

3.4.4 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:

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	38 - 40 years
Headrace Channel	38 – 40 years
De-silting Tank	41 - 45 years
Spillway Gate	35 - 40 years
Forebay tank	40 - 41 years
Penstock	38 - 40 years
Power House	38 – 40 years
Rest rooms	35 – 40 years
Electro Mechanical Equipment	
Turbines	21 - 30 years
Generators	23 - 30 years
Transfomers and Power Lines	23 - 25 years
Voltage Panel	21 - 25 years
Crane	21 - 25 years

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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.

3.4.5 De-recognition

The carrying amount of an item of property, plant and equipment is de-recognized 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 recognized.

3.4.6 Capital work-in-progress

Capital work-in-progress is stated at cost. These are the expenses of a capital nature directly incurred in the construction of buildings, awaiting capitalisation.

3.5 Intangible assets

3.5.1 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.

3.5.2 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.

3.5.3 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 amortization 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.

3.5.4 Intangible assets recognised by the Group

3.5.4.1 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.

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

3.5.4.3 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 Company amortises the intangible asset over 20 years on a straight-line basis.

3.6 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.

3.6.1 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.

3.6.2 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.

3.7 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.

NOTES TO THE FINANCIAL STATEMENTS

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 labour and an appropriate proportion of fixed production overheads based on normal operating capacity on actual basis.

3.8 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.

3.9 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 recognized as finance cost.

3.10 Employee benefits

3.10.1 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.

3.10.2 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 recognized as an employee benefit expense in the income statement in the periods during which services are rendered by employees.

3.10.2.1 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.

3.10.3 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.

3.11 Revenue

The Group has initially applied SLFRS 15- "Revenue from Contracts with Customers" from 1st April 2018.

SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised.

As per the standard, 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.

Type of product/ service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under SLFRS 15 (applicable from 1st April 2018)	Revenue recognition under LKAS 18 (applicable prior to 1st April 2018)
Sale of Electricity	Company sells electricity to CEB on credit basis. At the time of the transmission of the electricity to CEB, Company meets its performance obligation	Revenue is recognised when the electricity is transmitted to CEB.	Revenue is recognised when the electricity is transmitted to CEB.
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.	Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the customers.

3.12 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.

3.13 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.

NOTES TO THE FINANCIAL STATEMENTS

3.13.1 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 24 of 2017.

Taxation for the current and previous periods to the extent unpaid is recognized 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.

3.13.2 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.

3.14 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.

3.15 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 36 and 37 to the financial statements.

3.16 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.

3.17 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.

3.18 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.

3.19 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.

3.20 Change in accounting policy

The Company has applied SLFRS 15 (See A) and SLFRS 9 (See B) from 1 January 2018. Due to the transition methods chosen by the Company in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards.

a) SLFRS 15 Revenue from Contracts with Customers

SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced LKAS 18 Revenue, LKAS 11 Construction Contracts and related interpretations. Under SLFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

There was no significant financial impact due to adaption of SLFRS 15 for these financial statements

b) SLFRS 9 Financial Instruments

SLFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces LKAS 39 Financial Instruments: Recognition and Measurement.

The following table below explain the original measurement categories under LKAS 39 and the new measurement categories under SLFRS 9 for each class of the Company's financial assets and financial liabilities as at 1 April 2018.

Group

	Original classification Under LKAS 39	New classification under SLFRS 9	Original carrying amount under LKAS 39	New carrying amount under SLFRS 9
Financial assets				
Trade and other receivable	Loans and receivables	Amortized Cost	130,875,002	130,875,002
Loans due from Related Party	Loans and receivables	Amortized Cost	27,000,000	27,000,000
Amount due from Related Party	Loans and receivables	Amortized Cost	4,302,700	4,302,700
Cash and Cash equivalents	Loans and receivables	Amortized Cost	85,262,284	85,262,284
Total financial assets			247,439,986	247,439,986

NOTES TO THE FINANCIAL STATEMENTS

	Original classification Under LKAS 39	New classification under SLFRS 9	Original carrying amount under LKAS 39	New carrying amount under SLFRS 9
Financial liabilities				
Interest bearing borrowings	Other Financial Liabilities	Other Financial Liabilities	743,672,256	743,672,256
Finance lease obligation	Other Financial Liabilities	Other Financial Liabilities	3,062,467	3,062,467
Other payables	Other Financial Liabilities	Other Financial Liabilities	74,937,246	74,937,246
Income tax payable	Other Financial Liabilities	Other Financial Liabilities	8,654,277	8,654,277
Bank Overdraft	Other Financial Liabilities	Other Financial Liabilities	6,883,370	6,883,370
Total financial liabilities			837,209,616	837,209,616

Company

	Original classification Under LKAS 39	New classification under SLFRS 9	Original carrying amount under LKAS 39	New carrying amount under SLFRS 9
Financial assets				
Trade and other receivable	Loans and receivables	Amortized Cost	27,963,986	27,963,986
Amount due from Related Party	Loans and receivables	Amortized Cost	449,498,635	449,498,635
Cash and Cash equivalents	Loans and receivables	Amortized Cost	544,648	544,648
Total financial assets			478,007,269	478,007,269
Financial liabilities				
Interest bearing borrowings	Other Financial Liabilities	Other Financial Liabilities	673,204,277	673,204,277
Amounts due from related parties	Other Financial Liabilities	Other Financial Liabilities	172,507,854	172,507,854
Other payables	Other Financial Liabilities	Other Financial Liabilities	14,201,954	14,201,954
Income tax payable	Other Financial Liabilities	Other Financial Liabilities	3,180,179	3,180,179
Bank Overdraft	Other Financial Liabilities	Other Financial Liabilities	6,883,370	6,883,370
Total financial liabilities			869,977,634	869,977,634

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

a) SLFRS 16 Leases

SLFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under LKAS – 17.
The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. The information gives a basis for the users of Financial Statements to assess the effect that leases have on the financial position.

SLFRS 16 is effective for annual reporting periods beginning on or after 1st January 2019, with early adoption permitted.

The Group is assessing the potential impact on its consolidated Financial Statements resulting from the application of SLFRS 16.

b) Other standards

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

Effective Date – 1st January 2019

IFRIC 23 Uncertainty over Tax Treatments.

- Prepayment features with negative compensation (Amendments to SLFRS 9).
- Long-term interests in Associates and Joint Ventures (Amendments to LKAS 28).
- Plan Amendment, Curtailment or settlement (Amendment to LKAS 19).
- Annual Improvements to SLFRS Standards 2015-2017 Cycle- various standards.
- Annual Improvements to SLFRS 3-Business combinations, SLFRS 11 – Joint Arrangements, LKAS12 Income Taxes.

Effective Date – 1st January 2020

- Amendments to References to Conceptual Framework in SLFRS standards
- Amendments to LKAS 1 and LKAS 8
- Amendments to SLFRS 3 – Effective Date

NOTES TO THE FINANCIAL STATEMENTS

4. Revenue

A. The effect of initially applying SLFRS 15 on the Company's revenue from contracts with customers is described in Note 3.20. Due to the transition method chosen in applying SLFRS 15, comparative information has not been restated to reflect the new requirements requirements.

The group generates revenue primarily from the supply of electricity to Ceylon Electricity Board (CEB) and the sale of solar power plants.

	Group		Company	
For the year ended 31st March,	**2019**	2018	**2019**	2018
	Rs.	Rs.	Rs.	Rs.
Revenue				
Supply of electricity	**680,540,545**	437,362,423	**214,316,876**	172,080,099
Sale of solar power plants	**80,740,107**	52,030,400	**-**	-
	761,280,652	489,392,823	**214,316,876**	172,080,099

The Standard Power Purchase Agreement of Rathganga Minihydro power plant expired on 04th July 2019 and the Generation Licence expired on 14th July 2019. Accordingly Company started the process of renewing the Generation Licence and enter in to new Standard Power Purchase Agreement with Ceylon Electricity Board as per the Cabinet paper 18/1577/822/013 on 15th August 2018. A "No objection letter" was issued by Sustainable Energy Authority for signing new Standard Power Purchase Agreement for Rathganga Minihydro power plant on 05th August 2019. Based on the progress of the process, management believes that this agreement will be signed by end of August 2019.

B. Disaggregation of revenue from contract with customers.

Revenue from contracts with customers is disaggregated by major products and services (Note 5). The timing of revenue recognition is the point in time of product transferred to the customers.

5 Segmental Information

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

Hydropower

Represents the Group's major continuing line of business. This includes five 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, and their liabilities are aggregated under this segment.

Solar Power

Represents the Group's latest continuing line of business. This includes five fully-owned operational solar power plants with an aggregate capacity of 1.1MW and 1.15 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)

	2019				2018			
	Hydro Power	Solar Power	EPC Service	Group	Hydro Power	Solar Power	EPC Service	Group
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Revenue	674,147,251	6,393,295	175,738,666	856,279,212	437,362,423	-	52,030,400	489,392,823
Intra Segment Revenue	-	-	(94,998,560)	(94,998,560)	-	-	-	-
	674,147,251	6,393,295	80,740,106	761,280,652	437,362,423	-	52,030,400	489,392,823
Results from Continuing Operations	507,006,341	1,649,908	6,975,700	515,631,949	296,339,288	(512,279)	3,221,419	299,048,428
Net finance costs	(82,136,752)	(6,990,234)	(1,281,998)	(90,408,984)	(98,197,478)	(427,000)	(519,903)	(99,144,381)
Share of Profit of Equity Accounted Investees - Joint Venture	-	752,432	-	752,432	-	(38,000)	-	(38,000)
Profit before taxation	424,869,589	(4,587,894)	5,693,702	425,975,397	198,141,810	(977,279)	2,701,516	199,866,047
Income tax expense	(43,995,907)	-	(10,747,563)	(54,638,740)	(45,254,039)	-	(2,200,139)	(47,454,178)
Profit for the year	380,873,682	(4,587,894)	(5,053,861)	371,336,657	152,887,771	(977,279)	501,376	152,411,869
Profit Attributable to:								
Owners of the Company	341,723,364	(4,537,520)	(5,053,861)	332,236,713	139,775,871	(977,279)	501,376	139,299,969
Non-controlling interests	39,150,318	(50,374)	-	39,099,944	13,111,900	-	-	13,111,900
	380,873,682	(4,587,894)	(5,053,861)	371,336,657	152,887,771	(977,279)	501,376	152,411,869
Assets								
Non-current assets								
Property, plant and equipment	1,494,077,192	77,823,854	149,220	1,572,050,266	1,533,924,877	-	201,340	1,534,126,217
Capital work in progress	-	461,959,794	-	461,959,794	-	-	-	-
Intangible assets	2,729,054	-	-	2,729,054	464,873,421	13,200,000	-	478,073,421
Investment in preference shares	-	-	27,000,000	27,000,000	-	-	-	-
Investment in Joint Venture	-	-	25,430,190	25,430,190	-	6,614,444	-	6,614,444
Advances paid for acquisition	5,115,150	-	-	5,115,150	5,115,150	-	-	5,115,150
Segmental non-current assets	1,501,921,396	539,783,648	52,579,410	2,094,284,454	2,003,913,448	19,814,444	201,340	2,023,929,232
Eliminations/ Adjustments	-	-	-	452,646,575	-	-	-	-
Total non-current assets	1,501,921,396	539,783,648	52,579,410	2,546,931,029	2,003,913,448	19,814,444	201,340	2,023,929,232

NOTES TO THE FINANCIAL STATEMENTS

5 Segmental Information (Contd.)

	2019				2018			
	Hydro Power	Solar Power	EPC Service	Group	Hydro Power	Solar Power	EPC Service	Group
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Current assets								
Inventory	5,514,350	-	7,846,932	13,361,282	-	-	71,192,635	71,192,635
Investment in unit trust	124,354,122	-	-	124,354,122	-	-	-	-
Trade and other receivables	166,286,078	54,697,241	8,523	220,991,842	135,080,636	975,010	500,000	136,555,646
Intercompany loan	-	-	-	-	-	-	27,000,000	27,000,000
Amount due from related companies	452,898,566	23,099,301	106,821,336	582,819,203	627,119,518	-	57,995,810	685,115,328
Cash and cash equivalents	30,160,490	33,616,983	6,739,975	70,517,448	84,240,994	-	1,021,290	85,262,284
Segmental current assets	779,213,606	111,413,525	121,416,766	1,012,043,897	846,441,148	975,010	157,709,735	1,005,125,893
Eliminations/ Adjustments	-	-	-	(575,946,472)	-	-	-	(680,668,877)
Total current assets	779,213,606	111,413,525	121,416,766	436,097,425	846,441,148	975,010	157,709,735	324,457,016
Total assets	2,281,135,002	651,197,173	173,996,176	2,983,028,454	2,850,354,597	20,789,454	157,911,075	2,348,386,248
Non-current liabilities								
Employee benefits	4,101,392	-	-	4,101,392	5,578,355	-	-	5,578,355
Finance lease obligation	1,415,349	-	-	1,415,349	2,233,827	-	-	2,233,827
Interest bearing loans and borrowings	575,459,858	393,558,400	19,730,787	988,749,045	20,029,788	44,230,776	-	64,260,564
Deferred tax liabilities	125,898,934	-	6,757	125,905,691	105,485,030	-	-	105,485,030
Loan due to related companies	-	20,000,000	-	20,000,000	-	-	-	-
Segmental non-current liabilities	706,875,533	413,558,400	19,737,544	1,140,171,477	133,327,000	44,230,776	-	177,557,776
Eliminations/ Adjustments	-	-	-	(20,000,000)	-	-	-	-
Total non-current liabilities	706,875,533	413,558,400	19,737,544	1,120,171,477	133,327,000	44,230,776	-	177,557,776

	2019				2018			
	Hydro Power	Solar Power	EPC Service	Group	Hydro Power	Solar Power	EPC Service	Group
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Current liabilities								
Finance lease obligations	886,391	-	-	886,391	828,640	-	-	828,640
Interest bearing loans and borrowings	81,202,023	39,412,465	4,973,489	125,587,977	676,395,720	3,015,974	-	679,411,694
Amount due to related companies	329,398,018	181,644,020	64,904,458	575,946,496	638,389,637	1,337,279	4,491,961	644,218,877
Other payables and accruals	29,900,303	649,665	1,229,529	31,779,496	29,438,585	150,000	51,513,698	81,102,283
Income tax payable	46,121,128	-	10,076,077	56,197,205	6,454,137	-	2,200,139	8,654,276
Bank overdraft	-	-	-	-	6,883,370	-	-	6,883,370
Segmental current liabilities	487,507,863	221,706,150	81,183,553	790,397,565	1,358,390,089	4,503,253	58,205,798	1,421,099,140
Eliminations/ Adjustments	-	-	-	(575,946,459)	-	-	-	(644,218,877)
Total current liabilities	487,507,863	221,706,150	81,183,553	214,451,106	1,358,390,089	4,503,253	58,205,798	776,880,263
Total liabilities	1,194,383,396	635,264,550	100,921,097	1,334,622,583	1,491,717,091	48,734,029	58,205,798	954,438,041

		Group		Company	
	For the year ended 31st March,	2019	2018	2019	2018
		Rs.	Rs.	Rs.	Rs.
6	**Other income**				
	Dividend income from subsidiary companies	645,040	-	-	50,405,098
		645,040	-	-	50,405,098
7	**Finance income / (costs)**				
7.1	**Finance income**				
	Interest income	2,954,382	376,237	1,676,546	227,857
	Financial assets at FVTPL				
	- Net change in fair value of unit trust investments	5,714,122	-	2,232,147	-
		8,668,504	376,237	3,908,693	227,857
7.2	**Finance costs**				
	Interest on loans and borrowings	(97,153,469)	(98,342,029)	(53,428,012)	(94,218,562)
	Foreign exchange loss	(1,374,965)	(110,512)	-	-
	Amortisation on loan processing fees	(126,950)	-	-	-
	Interest on finance lease obligations	(422,104)	(635.565)	-	-
		(99,077,488)	(99,088,106)	(53,428,012)	(94,218,562)
	Net finance expenses	(90,408,984)	(98,711,869)	(49,519,319)	(93,990,705)

NOTES TO THE FINANCIAL STATEMENTS

8 Profit before taxation

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

	Group		Company	
For the year ended 31st March,	**2019**	2018	**2019**	2018
	Rs.	Rs.	Rs.	Rs.
Direct costs				
Staff cost (Note 8.1)	**17,049,099**	16,402,027	**7,302,529**	7,388,190
Insurance	**7,643,957**	2,349,874	**2,358,360**	992,708
Repairs and maintenance services	**8,519,450**	2,943,268	**1,293,097**	1,010,854
Depreciation on property, plant and equipment	**48,114,714**	45,264,85	**8,441,149**	8,441,141
Amortisation of intangible assets	**1,640,541**	1,650,757	**1,211,973**	1,222,186
Administrative expenses				
Depreciation on property, plant and equipment	**5,699,943**	5,443,042	**1,782,851**	1,687,979
Amortisation of intangible assets	**310,145**	19,975	**310,145**	19,975
Donations	**1,403,740**	1,172,232	**762,740**	475,275
Directors' fees	**14,684,393**	9,068,518	**5,873,757**	5,523,724
Audit Fees	**1,255,000**	851,000	**370,000**	350,000
Staff cost (Note 8.2)	**28,111,697**	23,488,341	**12,704,894**	10,976,714
Provision for doubtful debts	**2,711,369**	-	**1,286,741**	-
Inventory writ off	**1,700,862**	-	**-**	-
8.1 Staff Cost - Direct cost				
Salaries and wages	**15,644,824**	15,206,444	**6,693,707**	6,662,519
Defined contribution plan cost - EPF and ETF	**1,404,275**	1,195,583	**608,822**	725,671
	17,049,099	16,402,027	**7,302,529**	7,388,190
8.2 Staff cost - Administrative expenses				
Salaries and wages	**23,943,344**	20,061,701	**8,970,294**	7,968,836
Defined contribution plan cost - EPF and ETF	**2,765,126**	2,061,675	**2,585,347**	1,862,051
Defined benefit plan cost - retiring gratuity	**1,403,227**	1,364,965	**1,149,253**	1,145,827
	28,111,697	23,488,341	**12,704,894**	10,976,714
Total staff cost	**45,160,796**	39,890,368	**20,007,423**	18,364,904
Number of employees at year end	**45**	50	**24**	25

		Group		Company	
	For the year ended 31st March,	**2019**	2018	**2019**	2018
		Rs.	Rs.	Rs.	Rs.
9	**Income tax expense**				
	Current tax expense for the year	**58,599,331**	7,323,276	**21,601,246**	2,391,159
	(Over) / under provision in respect of previous year	**(10,104)**	7,259	**11,928**	-
	Tax on dividends paid by subsidiaries	**-**	5,600,567	**-**	-
		58,589,225	12,931,102	**21,613,174**	2,391,159
	Deferred tax expense				
	Origination of temporary differences	**(3,950,485)**	34,523,076	**12,359,396**	14,854,699
	Income tax expense in statement of profit or loss	**54,638,740**	47,454,178	**33,972,570**	17,245,858
	Recognised in Statement of other comprehensive income				
	Deferred tax expense on defined benefit obligation	**670,910**	26,746	**603,785**	48,312
	Deferred tax implication on other comprehensive income due to rate differential	**23,700,234**	10,610,725	**17,993,709**	2,135,331
	Deferred tax on land revaluation reserve	**-**	1,543,425	**-**	826,218
	Adjustment	**-**	(733,759)	**-**	-
		24,371,144	11,447,137	**18,597,494**	3,009,861
9.1	**Tax reconciliation statement**				
	Profit before taxation	**425,975,397**	199,866,047	**97,347,486**	71,813,015
	Consolidation adjustment	**31,058,085**	5,862,756		-
	Non business income	**(34,928,261)**	(271,237)	**(3,908,182)**	(50,632,232)
	Aggregate disallowed expenses	**126,189,428**	57,986,470	**70,354,121**	13,323,351
	Aggregate allowable expenses	**(425,889,398)**	(199,533,665)	**(13,524,471)**	(14,580,084)
	Total Statutory Income	**122,405,251**	100,419,719	**150,268,954**	19,924,050
	Taxable Income from Business	**294,195,182**	63,910,371	**150,268,954**	19,924,050
	Loss incurred during the year	**(171,789,931)**	-		-
	Interest Income	**25,312,561**	44,355	**4,025,663**	975
	Tax Loss utilised during the year	**(2,313,728)**	(13,404,279)	**-**	-
	Total taxable income	**317,194,015**	50,550,447	**154,294,617**	19,925,025
	Tax at rate of 14% or 12%	**154,294,617**	7,857,639	**154,294,617**	19,924,050
	Taxable Income @ 20%	**107,671,836**	42,692,808	**-**	-
	Taxable Income @ 28%	**55,227,562**	-	**-**	975
	Income tax charged at				
	Tax at rate of 20%	**21,534,368**	-	**-**	-
	Tax at rate of 14% or 12%	**21,601,246**	5,123,137	**21,601,246**	2,390,886
	Tax rate of 28%	**15,463,717**	2,200,139	**-**	273
	Taxation on current profits	**58,599,331**	7,323,276	**21,601,246**	2,391,159

NOTES TO THE FINANCIAL STATEMENTS

		Group		Company	
	For the year ended 31st March,	**2019**	2018	**2019**	2018
		Rs.	Rs.	Rs.	Rs.
9.2	**Deferred tax expense**				
	Origination / (Reversal) of temporary difference arising from				
	Property, Plant and Equipment	**1,271,157**	31,255,909	**13,890,665**	15,025,191
	Provisions	**(1,925,898)**	(194,439)	**(1,484,232)**	(158,070)
	Intangible Assets	**79,821**	38,988	**(47,037)**	(12,422)
	Carried forward tax losses	**(3,252,716)**	3,379,246	**-**	-
	Leases	**(122,849)**	43,372	**-**	-
		(3,950,485)	34,523,076	**12,359,396**	14,854,699

		Group		Company	
	For the year ended 31st March,	**2019**	2018	**2019**	2018
		Rs.	Rs.	Rs.	Rs.
9.3	**Tax losses brought forward**				
	Tax losses brought forward	**2,253,708**	14,610,668	**-**	-
	Unrelieved loss for the year	**171,789,931**	-	**-**	-
	Losses incurred during exempted period	**(6,429,635)**	-	**-**	-
	Adjustment to tax loss brought forward	**469,968,881**	1,047,319	**-**	-
	Tax loss utilized during the year	**(12,385,062)**	(13,404,279)	**-**	-
	Tax losses carried forward	**625,197,824**	2,253,708	**-**	-

Carried forward tax losses comprised Rs. 532 Mn carried forward tax losses of Padiyapelella Hydropower Limited. Deferred tax asset on that tax losses have not been recognized, as the Company is under 5 years tax exemption period. Out of Rs. 93 Mn remaining carried forward tax losses, which arose from other entities, deferred tax assets on Rs. 80 Mn carried forward tax losses have not been recognized due to the uncertainty of sufficient taxable earnings of relevant entities.

Panasian Power PLC

The Company enjoyed a tax holiday of 15 years from the year 2002/2003 under Section 18 A of the Inland Revenue Act 38 of 2000 (subsequently governed by Section 218 (2) of the Inland Revenue Act 10 of 2006), granted by the Department of Inland Revenue. After the expiration on the aforesaid tax exemption period on 31st March 2017 the profits and income of the enterprise have been taxed at the rate of 12% as per the Inland Revenue Act 10 of 2006 and 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. (However the company will not be able to enjoy the said benefit hence the Standard Power Purchase Agreement for Rathganga Hydropower Plant has expired on 04th July 2019 and a new Standard Power Purchase Agreement will be signed within the month of August 2019. Thereafter profits of the company will be taxed at 28%.)

Manelwala Hydropower (Pvt) Ltd

The Company enjoyed a 5 year tax holiday that ended in June 2014 as per the 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 were 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, the 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. The Company started its 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%).

10 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 31 st March	**2019**	2018	**2019**	2018
Net profit attributable to ordinary shareholders (Rs.)	**332,236,713**	139,299,969	**63,374,916**	54,567,157
Weighted average number of ordinary shares	**500,000,000**	500,000,000	**500,000,000**	500,000,000
Earnings per share (Rs.)	**0.66**	0.28	**0.13**	0.11

11 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	
	2019	2018	**2019**	2018
Interim dividend (Rs.)	**95,000,000**	65,000,000	**95,000,000**	65,000,000
Final dividend (Rs.)				-
Number of ordinary shares	**500,000,000**	500,000,000	**500,000,000**	500,000,000
Dividend per share - Interim (Rs.)	**0.19**	0.13	**0.19**	0.13
- Final (Rs.)	-	-	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

12 Property, plant and equipment

12.1 Group

					Civil construction			Electro mechanical equipment						
	Freehold land	Office equipment	Furniture and fittings	Motor vehicles	Intake weir and Headrace channel	De-silting tank and forbay tank	Spillware gate and rest rooms	Pen stock and power house	Turbines and Generators	Transformers and power lines	Voltage panel and crane	Solar Power Plants	Total 2019	Total 2018
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost														
Balance as at 01st April	29,049,000	7,788,570	5,493,957	19,526,120	456,700,750	119,750,000	56,975,000	347,700,000	441,375,000	65,892,500	51,225,000	-	**1,601,475,897**	1,598,448,603
Additions during the year	-	561,756	272,210	237,480	396,238	273,505	45,000	791,203	8,965,848	-	-	61,770,335	**73,313,575**	3,027,294
Balance as at 31 March	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
Accumulated depreciation														
Balance as at 01st April	-	5,840,755	4,119,527	12,124,544	11,579,946	2,874,166	1,547,411	8,824,605	15,638,131	2,659,595	2,141,000	-	**67,349,680**	16,641,784
Depreciation for the year	-	1,012,749	1,118,490	3,593,438	11,585,034	2,879,726	1,548,441	8,837,654	15,846,517	2,667,570	2,141,000	2,584,038	**53,814,657**	50,707,896
Balance as at 31 March	-	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
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**	-
Carrying amount 31 March 2018	29,049,000	1,947,815	1,374,430	7,401,576	445,120,804	116,875,834	55,427,589	338,875,395	425,736,869	63,232,905	49,084,000	-	-	1,534,126,217

12.2 Cost of fully depreciated assets which are still in use as at reporting date is Rs. 15,198,406 (Rs.10,739,518.00 in 2018)

12.3 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 2017

Carrying amount of revalued property,plant and equipment if carried at cost as at 31st March 2019;

	Group		
	Cost	Accumulated depreciation	Carrying amount
	Rs.	Rs.	Rs.
Electro mechanical equipment	545,909,478	334,301,259	211,608,219
Civil construction	939,732,622	354,075,294	585,657,328
Freehold land	19,135,544	-	19,135,544
Total	1,504,777,644	688,376,553	816,401,091

12.4 Company

				Civil construction					Electro mechanical equipment				
	Freehold land	Office equipment	Furniture and fittings	Motor vehicles	Intake weir and Headrace channel	De-silting tank and forbay tank	Spillware gate and rest rooms	Pen stock and power house	Tubines and Generators	Transformers and power lines	Voltage panel and crane	Total 2019	Total 2018
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost													
Balance as at 01st April	10,950,000	6,101,132	4,570,794	1,347,790	56,800,200	32,000,000	16,000,000	46,400,000	80,375,000	11,912,500	12,075,000	278,532,416	277,475,131
Additions during the year	-	495,181	272,210	-	-	-	-	-	-	-	-	767,391	1,057,285
Balance as at 31 March 2019	10,950,00 0	6,596,313	4,843,004	1,347,790	56,800,200	32,000,000	16,000,000	46,400,000	80,375,000	11,912,500	12,075,000	279,299,807	278,532,416
Accumulated Depreciation													
Balance as at 01st April	-	4,743,293	3,443,162	1,228,000	1,494,736	780,487	457,143	1,221,052	3,448,354	488,369	551,000	17,855,596	7,726,476
Depreciation for the year	-	736,417	988,937	57,496	1,494,742	780,488	457,143	1,221,053	3,448,354	488,370	551,000	10,224,000	10,129,120
Balance as at 31 March 2019	-	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
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	-
Carrying amount 31 March 2018	10,950,000	1,357,839	1,127,632	119,790	55,305,464	31,219,513	15,542,857	45,178,948	76,926,646	11,424,131	11,524,000	-	260,676,820

NOTES TO THE FINANCIAL STATEMENTS

12.5 Cost of fully depreciated assets which are still in use as at reporting date is Rs. 9,976,737/- (Rs.5,055,729 in 2018)

12.6 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 2017.

Carrying amount of revalued property, plant and equipment if carried at cost as at 31st March 2019;

	Company		
	Cost	Accumulated depreciation	Carrying amount
	Rs.	Rs.	Rs.
Electro mechanical equipment	106,088,061	80,686,739	25,401,322
Civil construction	148,160,843	123,871,567	24,289,276
Freehold land	5,048,444	-	5,048,444
Total	259,297,348	204,558,306	54,739,042

12.7 Measurement of Fair Values

12.7.1 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.

12.7.2 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:

Valuation Technique	Significant Unobservable Inputs	Interrelationship between Key Unobservable Inputs and Fair Value Measurements
Depreciated Replacement Cost Method:	Construction cost per cubic meter for civil construction.	The estimated fair value would increase/ (decrease) if –
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.	Market value of machinery plus margin for importation and installation.	Market value per perch was higher (lower)
		Cost per cubic meter was higher (lower)
	Depreciation rate for the usage of assets.	Depreciation rate for usage lower (higher)
Land value is based on the market prices of each land respectively.	Market value of land (Price per Perch).	

12.7.3 Details of Freehold and Leasehold lands of the Group

Company	Location	Freehold (Perches)
Panasian Power (PLC)	Ratturugala, Rathnapura	365.16
Manelwala Hydropower (Private) Limited	Walapane, Nuwaraeliya	431.30
Padiyapelella Hydropower (Private) Limited	Walapane, Nuwaraeliya	1,159.90

		Group		Company	
	As at 31st March,	**2019**	2018	**2019**	2018
		Rs.	Rs.	Rs.	Rs.
13	**Capital Work in progress**				
	Balance at the beginning of the year	**-**	-	**-**	-
	Additions during the year	**461,959,794**	-	**-**	-
	Transferred to property, plant and equipment during the year	**-**	-	**-**	-
		461,959,794	-	**-**	-

13.1 The Group has started construction and costs incurred up to 31st March 2019 totalled Rs. 15,183,216 (2018 - Nil) included in this amount that are capitalised borrowing costs related to the construction of solar power plant.

		Group 2019	Group 2018	Company 2019	Company 2018
14	**Intangible assets**				
14.1	**Right to generate hydro power**				
	Cost				
	At the beginning of the year	**17,560,000**	17,560,000	**11,560,000**	11,560,000
	Addition during the year	**-**	-	**-**	-
	At the end of the year	**17,560,000**	17,560,000	**11,560,000**	11,560,000
	Amortisation				
	At the beginning of the year	**14,205,163**	12,554,406	**10,348,025**	9,125,839
	Amortisation charge for the year	**1,640,543**	1,650,757	**1,211,975**	1,222,186
	At the end of the year	**15,845,706**	14,205,163	**11,560,000**	10,348,025
	Carrying amount	**1,714,294**	3,354,837	**-**	1,211,975

14.1.1 The right to generate hydro power represent the amounts paid to purchase exclusive rights to generate Hydropower.

NOTES TO THE FINANCIAL STATEMENTS

		Group		Company	
	As at 31st March,	2019	2018	2019	2018
		Rs.	Rs.	Rs.	Rs.
14.2	**Right to generate solar power**				
	Eco Green Solar Solutions (Pvt) Ltd	13,200,000	13,200,000	-	-
	Solar Power Generation Matara (Pvt) Ltd	15,000,000	-		
		28,200,000	13,200,000	-	-

14.2.1 The right to generate Solar power represent the amounts paid to purchase exclusive rights to generate Solar power.

		Group 2019	Group 2018	Company 2019	Company 2018
14.3	**Software License**				
	Cost				
	At the beginning of the year	79,900	79,900	79,900	79,900
	Additions During the year	1,324,902	-	1,324,902	-
	At the end of the year	1,404,802	79,900	1,404,802	79,900
	Amortisation				
	At the beginning of the year	79,900	59,925	79,900	59,925
	Amortisation charge for the year	310,145	19,975	310,145	19,975
	At the end of the year	390,045	79,900	390,045	79,900
	Carrying amount	1,014,757	-	1,014,757	-
14.4	**Goodwill on acquisition of subsidiaries**	461,518,584	461,518,584	-	-
	Total intangible assets	492,447,635	478,073,421	1,014,757	1,211,975

14.4.1 Goodwill on acquisition of subsidiary resulted through the acquisition of equity in Manelwala Hydropower (Private) 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.

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

Subsidiary	Remaining Years
Manelwala Hydro Power (Private) Limited	* 4 Years
Padiyapelella Hydro Power Limited	18 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.

14.5 Remaining amortisation amount of right to generate renewable energy and software licence is as follows:

	Group		Company	
	Right to generate hydropower	Software license	Right to generate hydropower	Software license
	Rs.		Rs.	Rs.
Remaining amortisation period				
Due within five year	8,764,294	1,014,757	-	1,014,757
Due after five years	21,150,000	-	-	-
	29,914,294	1,014,757	-	1,014,757

			Group		Company	
	As at 31st March,		**2019**	2018	**2019**	2018
			Rs.	Rs.	Rs.	Rs.
15	**Investment in subsidiaries**	**% Holding**				
	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
	Eco Green Solar Solutions (Pvt) Ltd	100%	-	-	**-**	13,200,000
			-	-	**1,142,177,694**	1,155,377,694

15.1 Business combination and acquisition

Acquisition of Solar Power Generation Matara (Private) Limited

On 3rd August 2018, a subsidiary Company Manelwala Hydropower (Pvt) Ltd, entered in to an agreement for acquisition of 100% shares of Solar Power Generation Matara (Private) Limited.

Assets acquired and liabilities assumed

The fair value of identifiable assets acquired and liabilities assumed of Solar Power Generation Matara (Private) Limited as the date acquisition were:

NOTES TO THE FINANCIAL STATEMENTS

	Fair Value recognised on acquisition
	Rs
Assets	
Intangible asset - right to generate solar power	15,000,000
Liabilities	-
Total Assets identifiable net assets at fair value	15,000,000
Fair value of purchase consideration paid	15,000,000
Goodwill arising on acquisition	-

Acquisition of Panthree Solaro Energy (Private) Limited

On 03rd August 2018, a sub subsidiary Company PAP Solar One (Pvt) Ltd, entered in to an agreement for investment in 85% of the ordinary share capital of Panthree Solaro Energy (Private) Limited.

Assets acquired and liabilities assumed

The company was incorporated on 26th August 2018, the Group was an initial share holder Panthree Solaro Energy (Private) Limited and there is no fair value of identifiable assets acquired and liabilities assumed of Panthree Solaro Energy (Private) Limited as the date of incorporation.

15.2 Disposal of subsidiary

On 13th December 2018 the Company entered into agreement for disposal of 100% shares of Eco Green Solar Solutions (Pvt) Ltd to Manelwala Hydrpower (Pvt) Ltd, which is a subsidiary of the Company for same value, that acquired the Eco Green Solar Solution (Pvt) Ltd.

			Group		Company	
	As at 31st March,		**2019**	2018	**2019**	2018
			Rs.	Rs.	Rs.	Rs.
16	**Investment in preference shares**					
	Eco Green Solar Solutions (Pvt) Ltd		**-**	-	**23,000,000**	-
	Powergen One (Pvt) Ltd		**27,000,000**	-	**-**	-
			27,000,000	-	**23,000,000**	-
17	**Investment in Joint Venture**	**% Holding**				
	Powergen one (Pvt) Ltd	50%	**9,402,010**	6,614,444	**-**	-
	TIC Solar (Pvt) Ltd	50%	**(2,618,695)**	-		
			6,783,315	6,614,444	**-**	-

Powergen One (Pvt) Ltd, incorporated on 27th December 2017 as a Joint Venture between Panasian Investments (Pvt) Ltd, which is fully owned subsidiary 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 subsidiary of Panasian Power PLC and Textile International Colombo (Pvt) Ltd, to install and operate 610 Kw rooftop solar power plant in the rooftop of factory owned by Textile International Colombo (Pvt) Ltd located in Kelaniya, Sri Lanka.

			Group		Company	
	As at 31st March,		**2019**	2018	**2019**	2018
			Rs.	Rs.	Rs.	Rs.
18	**Advances paid for acquisition**	**% Holding**				
	Lower Kothmale Oya Power Two (Pvt) Ltd	100%	**3,000,000**	3,000,000	**3,000,000**	3,000,000
	Medakubura Mini Hydropower project	100%	**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 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 owners of Medakumbura Mini Hydropower Project.

		Group		Company	
	As at 31st March,	**2019**	2018	**2019**	2018
		Rs.	Rs.	Rs.	Rs.
19	**Inventory**				
	Inventory	**13,361,282**	18,814,188	**-**	-
	Work in progress projects	**-**	52,378,447	**-**	-
		13,361,282	71,192,635	**-**	-

Inventory represents the equipments imported and other materials to be used for installation of rooftop solar power plants.

Work in progress projects represents the cost of the cumulative work done as of 31 March 2018 for rooftop solar projects namely Bernerd Bothejue building in Kohuwala, Bernerd Bothejue building in Kolonna and Textile International Colombo building in Kelaniya.

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		Group		Company	
	As at 31st March,	2019	2018	2019	2018
		Rs.	Rs.	Rs.	Rs.
20	**Investment in unit trust**				
	Financial assets at fair value through profit or loss				
	Investment in unit trust	**124,354,122**	-	**21,872,147**	-
		124,354,122	-	**21,872,147**	-
21	**Trade and other receivables**				
	Trade Receivable (Note 21.1)	**155,207,671**	123,144,873	**57,272,101**	26,583,952
	Other Receivable (Note 21.1)	**65,784,171**	13,554,524	**1,535,749**	3,949,178
		220,991,842	136,699,397	**58,807,850**	30,533,130
21.1	**Trade receivable**				
	Ceylon Electricity Board	**159,038,631**	124,264,465	**59,417,917**	27,443,027
	Less; Provision for doubtful debts	**(3,830,960)**	(1,119,592)	**(2,145,815)**	(859,075)
		155,207,671	123,144,873	**57,272,101**	26,583,952
21.2	**Other receivables**				
	Deposits paid	**47,365,000**	6,752,000	**5,000**	550,000
	Prepayments	**2,241,404**	3,016,143	**932,100**	1,359,750
	Advance paid	**15,641,394**	2,808,252	**179,670**	1,209,394
	Other receivable	**536,373**	978,129	**418,979**	830,034
		65,784,171	13,554,524	**1,535,749**	3,949,178
22	**Loans due from Related Parties**				
	Panasian Investments (Pvt) Ltd	**-**	27,000,000	**-**	-
		-	27,000,000	**-**	-

Panasian Investments (Pvt) Ltd, has granted a loan to Joint Venture (Powergen One (Pvt) Ltd) a amounting to Rs. 27 million. On 12th December 2018, Powergen One (Pvt) Ltd issued cumulative, redeemable Preference Shares to Panasian Investments (Pvt) Ltd by settling the above loan.

		Group 2019	Group 2018	Company 2019	Company 2018
23	**Amount due from related companies**				
	Threesinghe Industries (Pvt) Ltd	**150**	-	**-**	-
	Padiyapelella Hydropower Limited	**-**	-	**-**	448,462,385
	Lower Kothmale Oya Power Two (Pvt) Ltd	**619,142**	-	**370,960**	-
	Panasian Investments (Pvt)Ltd	**-**	-	**40,204,004**	-
	Eco Green Solar Solutions (Pvt) Ltd	**-**		**-**	1,036,250
	Powergen One (Private) Limited	**2,880,849**	4,302,700	**-**	-
	TIC Solar (Private) Limited	**3,372,590**		**100,000**	-
	Panthree Solaro Energy (Private) Limited		-	**300,000**	-
		6,872,731	4,302,700	**40,974,964**	449,498,635

		Group		Company	
	As at 31st March,	2019	2018	2019	2018
		Rs.	Rs.	Rs.	Rs.
24	**Cash and cash equivalents**				
	Cash at bank	**70,142,449**	85,037,284	**5,177,683**	444,648
	Cash in hand	**375,000**	225,000	**100,000**	100,000
	Cash and cash equivalents	**70,517,448**	85,262,284	**5,277,682**	544,648
	Bank overdraft	**-**	(6,883,370)	**-**	(6,883,370)
	Cash and cash equivalents for the purpose of cash flow statement	**70,517,448**	78,378,914	**5,277,682**	(6,338,722)
25	**Stated capital**				
	Issued and fully paid number of shares				
	500,000,000 ordinary shares	**630,000,000**	630,000,000	**630,000,000**	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.

		Group		Company	
	As at 31st March,	2019	2018	2019	2018
		Rs.	Rs.	Rs.	Rs.
26	**Employee benefit obligations**				
	Present value of unfunded obligations	**4,101,392**	5,578,355	**3,330,779**	4,664,290
	Total present value of the obligation	**4,101,392**	5,578,355	**3,330,779**	4,664,290
	Movement in present value of the defined benefit obligation				
	Balance as at the beginning of the year	**5,578,355**	5,018,452	**4,664,290**	4,527,020
	Current service cost	**736,728**	727,008	**636,181**	602,585
	Interest cost	**666,499**	637,958	**513,072**	543,242
	Actuarial (gain) / losses	**(2,492,001)**	143,310	**(2,156,375)**	(60,184)
		4,489,581	6,526,728	**3,657,168**	5,612,663
	Payments during the year	**(388,189)**	(948,373)	**(326,389)**	(948,373)
	Balance as at end of the year	**4,101,392**	5,578,355	**3,330,779**	4,664,290
	Expense recognised in profit or loss;				
	Current service cost	**736,728**	727,008	**636,181**	602,585
	Interest cost	**666,499**	637,958	**513,072**	543,242
		1,403,227	1,364,966	**1,149,253**	1,145,827
	Actuarial gains or losses recognised in other comprehensive income				
	Recognised during the year	**(2,492,001)**	143,310	**(2,156,375)**	(60,184)

NOTES TO THE FINANCIAL STATEMENTS

Principal actuarial assumptions used;

	2019	2018
	%	%
(i) Rate of discount	**11.5**	11
(ii) Salary increment rate	**10**	10
(iii) Retirement age of 55 years		
(iv) The company will continue in business as going concern		
(v) Assumptions regarding future mortality are based on published statistics and mortality tables.		

26.1 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 2019. The sensitivity of the statement of financial position and statement of comprehensive income is the effect of the assumed changes in the discount rate on the profit or loss and retiring benefit obligation for the year.

Discount Rate		Salary Increment Rate		Present Value of Defined Benefit Obligation	
Increase	Decrease	Increase	Decrease	Group	Company
				Rs.	Rs.
1%	-	-	-	3,858,124	3,134,978
-	1%	-	-	4,371,165	3,547,104
-	-	1%	-	4,393,083	3,564,928
-	-	-	1%	3,834,521	3,115,811

This note indicates the assumptions used and the movement in the employee benefits and is not externally funded. As at 31st March 2019 the gratuity liability was actuarially valued under the projected unit credit (PUC) method by Mr. M. Poopalanathan of Actuarial & Management Consultants (Pvt) Limited. The liability is not externally funded. The valuation is performed annually.

	Group		Company	
As at 31st March,	**2019**	2018	**2019**	2018
	Rs.	Rs.	Rs.	Rs.
27 Finance lease obligations				
Balance as at the beginning of the year	**3,062,467**	5,121,896	**-**	-
Obtained during the year	**-**	-	**-**	-
Lease rentals paid during the year	**(760,727)**	(1,181,976)	**-**	-
Balance at the end of the year	**2,301,740**	3,939,920	**-**	-
Finance charges unamortised	**-**	(877,453)	**-**	-
Balance as at the end of the year	**2,301,740**	3,062,467	**-**	-
Due within one year	**886,391**	828,640	**-**	-
Due after one year and within five years	**1,415,349**	2,233,827	**-**	-
	2,301,740	3,062,467	**-**	-

	Group		Company	
As at 31st March,	2019	2018	2019	2018
	Rs.	Rs.	Rs.	Rs.
28 Interest bearing loans and borrowings				
Balance as at the beginning of the year	741,226,229	736,308,958	671,005,000	707,203,978
Obtained during the year	1,113,462,280	67,000,000	200,000,000	-
Repayments made during the year	(741,882,973)	(62,082,729)	(694,855,000)	(36,198,978)
Balance as at the end of the year	1,112,805,536	741,226,229	176,150,000	671,005,000
Due within one year - Loan repayment	122,639,915	676,965,667	28,620,000	671,005,000
Due within one year - Accrued interest	3,313,102	2,446,027	-	2,199,277
Loan Processing Fees	(365,042)	-	-	-
	125,587,975	679,411,694	28,620,000	673,204,277
Due after one year and within five years	648,650,041	52,286,158	114,480,000	-
Due after five years	341,515,580	11,974,404	33,050,000	-
Loan Processing Fees	(1,416,576)	-	-	-
	988,749,045	64,260,562	147,530,000	-

28.1 Analysed by lending institutions

	Group		Company		
Lending Institution	2019	2018	2019	2018	Borrowing terms
	Rs.	Rs.	Rs.	Rs.	
Sampath Bank PLC	200,000,000	700,000,000	200,000,000	700,000,000	The loan was obtained by Panasian Power PLC on 23rd May 2018 and is repayable in 84 monthly instalments the applicable interest rate is AWPLR plus 2% per annum.
Sampath Bank PLC	500,000,000	-	-	-	The loan was obtained by Padiyapelella Hydropower Limited on 24th May 2018 and is repayable in 120 monthly instalments the applicable interest rate is AWPLR plus 2% per annum.
NDB Bank PLC	27,000,000	27,000,000	-	-	The loan was obtained by Panasian Investments (Pvt) Ltd and is repayable in 78 monthly instalments including capital grace period of 6 months the applicable interest rate is 6.3% per annum.

NOTES TO THE FINANCIAL STATEMENTS

	Group		Company		
Lending Institution	**2019**	2018	**2019**	2018	Borrowing terms
	Rs.	Rs.	Rs.	Rs.	
NDB Bank PLC	**20,000,000**	20,000,000	**-**	-	Loan was obtained from Manelwala Hydropower (Pvt) Ltd and is repayable in 78 monthly instalments 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 was obtained from PAP Solar One (Pvt) Ltd and is repayable in 78 monthly instalments including capital grace period of 6 months and applicable interest rate is 6.3% per annum.
NDB Bank PLC	**200,000,000**	-	**-**	-	Loan was obtained from PAP Solar One (Pvt) Ltd and is repayable in 60 monthly instalments including capital grace period of 12 months and applicable interest rate is 10.12% per annum.
NDB Bank PLC	**125,000,000**	-	**-**	-	Loan was obtained from PAP Solar One (Pvt) Ltd and is repayable in 84 monthly instalments including capital grace period of 12 months and applicable interest rate is AWPLR+ 2% per annum.
Sampath Bank PLC	**50,000,000**	-	**-**	-	Loan was obtained from Eco Green Solar Solutions (Pvt) Ltd and is repayable in 84 monthly instalments including capital grace period of 12 months and applicable interest rate is AWPLR+ 2% per annum.
Sampath Bank PLC	**70,000,000**	-	**-**	-	Loan was obtained from Eco Green Solar Solutions (Pvt) Ltd and is repayable in 120 monthly instalments including capital grace period of 12 months and applicable interest rate is AWPLR+ 2% per annum.

Company has pleged following assets as securities,

Assets pledged as securities	Loan Amount Rs.
- Undertaking to mortgage 100% of the 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 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 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
	1,212,000,000

Company has provided other securities as follows,

Security Provided		Loan Amount
- Corporate Guarantee from Panasian Power PLC		500 Million
- 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 Million
- 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 Million
- Corporate Guarantee from Panasian Power PLC		27 Million
- Corporate Guarantee from Panasian Power PLC		40 Million
- Corporate Guarantee from Panasian Power PLC		72 Million
- Corporate Guarantee from Panasian Power PLC		325 Million
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.

NOTES TO THE FINANCIAL STATEMENTS

		Group		Company	
		2019	2018	**2019**	2018
		Rs.	Rs.	Rs.	Rs.
29	**Deferred tax liabilities**				
	Balance as at beginning of the year	**105,485,032**	59,514,819	**30,554,234**	12,689,674
	Origination and reversal of temporary difference				
	- Recognised in profit or loss	**(3,950,485)**	34,523,076	**12,359,396**	14,854,699
	- Recognised in other comprehensive income	**24,371,144**	11,447,137	**18,597,494**	3,009,861
	Balance as at end of the year	**125,905,691**	105,485,032	**61,511,124**	30,554,234

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.

29.1 Deferred tax liabilities (Group)

Composition of deferred tax assets and liabilities is as follows,

	2019		2018	
As at 31st March,	**Assets**	**Liabilities**	Assets	Liabilities
	Rs.	Rs.	Rs.	Rs.
Deferred tax liability				
Property, plant and equipment	**-**	**(131,252,940)**	-	(106,281,549)
Intangible Asset	**-**	**(264,460)**	-	(184,639)
Provision for debtors	**937,857**			
Employee benefits	**1,086,741**	**-**	769,610	-
Lease obligation	**-**	**-**	-	(122,849)
Carried forward tax loss	**3,587,111**		334,395	-
	5,611,709	**(131,517,400)**	1,104,005	(106,589,037)
Net deferred tax		**(125,905,691)**		(105,485,032)

29.1.1 Recognised deferred tax assets and liabilities

	Net balance as at 01.04.2018	Recognised in profit or loss	Recognised in OCI	**Net balance as at 31.03.2019**	Deferred tax liability	Deferred tax asset
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Property, plant and equipment	(106,281,549)	(1,271,157)	(23,700,234)	**(131,252,940)**	(131,252,940)	-
Intangible Asset	(184,639)	(79,821)	-	**(264,460)**	(264,460)	-
Provisions	-	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

	Net balance as at 01.04.2017	Recognised in profit or loss	Recognised in OCI	Net balance as at 31.03.2018	Deferred tax liability	Deferred tax asset
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Property, plant and equipment	(63,605,249)	(31,255,909)	(11,420,391)	(106,281,549)	(106,281,549)	-
Intangible Asset	(145,651)	(38,988)	-	(184,639)	(184,639)	-
Employee benefits	601,917	194,439	(26,746)	769,610	-	769,610
Carried forward tax losses	3,713,641	(3,379,246)	-	334,395	-	334,395
Lease Obligation	(79,477)	(43,372)	-	(122,849)	(122,849)	-
	(59,514,819)	(34,523,076)	(11,447,137)	(105,485,032)	(106,589,037)	1,104,005

29.2 Deferred tax liabilities (Company)

Composition of deferred tax assets and liabilities is as follows,

	2019		2018	
	Assets	**Liabilities**	Assets	Liabilities
	Rs.	Rs.	Rs.	Rs.
Deferred tax liability				
Property, plant and equipment	**-**	**(63,122,970)**	-	(31,238,597)
Intangible Asset	**78,400**	**-**	31,363	-
Provisions	**600,828**	**-**	-	-
Employee benefits	**932,618**	**-**	653,000	-
	1,611,846	**(63,122,970)**	684,363	(31,238,597)
Net deferred tax		**(61,511,124)**		(30,554,234)

Company has calculated deferred tax as of 31 March 2018 at the rate of 14% with the assumption that the income tax rate will be at a concessionary rate at 14% for the future period, but as per the Inland revenue act no. 24 of 2017 the company is liable to pay income taxes at 28% from the year of assessment 2021/22, accordingly company calculated it deferred tax at the rate of 28% as of 31 March 2019.

29.2.1 Recognised deferred tax assets and liabilities

	Net balance as at 01.04.2018	Recognised in profit or loss	Recognised in OCI	**Net balance as at 31.03.2019**	Deferred tax liability	Deferred tax asset
	Rs.	Rs.	Rs.	Rs.	Rs.	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
Provisions	-	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

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	Net balance as at 01.04.2017	Recognised in profit or loss	Recognised in OCI	Net balance as at 31.03.2018	Deferred tax liability	Deferred tax asset
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Property, plant and equipment	(13,251,857)	(15,025,191)	(2,961,549)	(31,238,597)	(31,238,597)	-
Intangible Asset	18,941	12,422	-	31,363	-	31,363
Employee benefits	543,242	158,070	(48,312)	653,000	-	653,000
	(12,689,674)	(14,854,699)	(3,009,861)	(30,554,234)	(31,238,597)	684,363

		Group		Company	
	As at 31st March,	**2019**	2018	**2019**	2018
		Rs.	Rs.	Rs.	Rs.
30	**Amount due to related companies**				
	Panasian Investments (Pvt) Ltd	**-**	-	**-**	33,079,882
	Manelwala Hydropower (Pvt) Limited	**-**	-	**171,355,111**	139,427,972
	Eco Green Solar Solutions (Pvt) Ltd	**-**	-	**23,000,000**	-
	Padiyapelella Hydropower (pvt)Ltd	**-**	-	**134,451,789**	-
		-	-	**328,806,900**	172,507,854

		Group		Company	
	As at 31st March,	**2019**	2018	**2019**	2018
		Rs.	Rs.	Rs.	Rs.
31	**Other payables and accruals**				
	Trade creditors	**-**	50,784,962	**-**	-
	Other payables	**28,627,805**	24,152,284	**8,652,444**	14,201,954
	Accrued expenses	**3,151,729**	6,165,038	**2,082,660**	1,178,989
		31,779,534	81,102,284	**10,735,104**	15,380,943
32	**Income Tax Payable**				
	Opening Balance	**8,654,277**	1,603,172	**3,180,179**	789,020
	During the year provision	**58,599,331**	7,323,276	**21,601,246**	2,391,159
	Income tax under provision for 2017/18	**(10,105)**	7,259	**11,928**	-
	WHT claimed against income tax	**(35,298)**	-	**-**	-
	During the year payments	**(11,010,999)**	(279,430)	**(4,383,507)**	-
	Closing Balance	**56,197,206**	8,654,277	**20,409,846**	3,180,179

33 Related party transactions

33.1 Parent and Ultimate parent

Panasian Power PLC doesn't have an identifiable parent as at the reporting date.

33.2 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 8 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 2019.

Name of the Company	Nature of Transaction	Outstanding amount as at 01/04/2018	Transaction Amount Rs.	Outstanding amount as at 31/03/2019
Panasian Investments (Private) Limited		(33,079,882)		
	Fund transfers		68,695,000	
	Shared cost		3,919,862	
	Expense reimbursement		(821,182)	
	Interest		1,490,206	
				40,204,004
Manelwala Hydropower (Private) Limited		(139,427,972)		
	Fund transfers		7,500,000	
	Transfers of subsidiary		6,600,000	
	Funds settled		(35,693,549)	
	Shared cost		4,219,327	
	Expense reimbursement		(1,354,919)	
	Interest		(13,197,998)	
				(171,355,111)
Padiyapelella Hydropower Limited		448,462,385		
	Fund transfers		500,000	
	Funds settled		(593,517,183)	
	Shared cost		13,719,725	
	Expense reimbursement		6,023	
	Interest		(3,622,739)	
				(134,451,789)
Lower Kothmale Oya Power Two (Pvt) Ltd		201,162		
	Expense reimbursement		169,798	
				370,960
Eco Green Solar Solutions (Pvt) Ltd		1,036,250		
	Expense reimbursement		(3,489,973)	
	Funds settled		2,453,722	
	Investment		(23,000,000)	
				(23,000,001)

NOTES TO THE FINANCIAL STATEMENTS

Name of the Company	Nature of Transaction	Outstanding amount as at 01/04/2018	Transaction Amount Rs.	Outstanding amount as at 31/03/2019
TIC Solar (Private) Limited		-		
	Fund transfers		100,000	
				100,000
Panthree Solaro Energy (Private) Limited		-		
	Fund transfers		300,000	
				300,000

During the year no payments were made to the directors of the affiliate companies.

(iii) 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 2019.

Name of the Company	Nature of Transaction	Outstanding amount as at 01/04/2018	Transaction Amount Rs.	Outstanding amount as at 31/03/2019
Lower Kothmale Oya Power Two (Pvt) Ltd		201,162		
	Expense reimbursement		417,980	
				619,142
TIC Solar (Private) Limited		-		
	Fund transfers		300,000	
	Sale of Solar Plants		93,632,000	
	Funds settled		(77,995,000)	
	Expense reimbursement		(350,580)	
	Investment		(12,914,990)	
				3,372,590
Power Gen One (Private) Limied		4,302,700	-	
	Interest		1,514,960	
	Dividends		645,040	
	Funds settled		(4,000,000)	
	Loan settlement		27,000,000	
	Expense reimbursement		418,149	
	Investment		(27,000,000)	2,880,849
Three Singhe Industries (Pvt) Ltd		-		
	Share issues		150	
				150

For the material outstanding balances with related parties have been charged with a fixed interest of 8%, further no interest has been charged for the balances settled during the year, as those are for short term funding purposes.

34 Financial Instruments - Accounting Classifications and Fair values

The fair values of financial assets and liabilities, together with the carrying amounts are as follows;

34.1 Group

	Carrying Amount						
As at 31st March 2019	Financial Assets/ Liabilities at FVOCI	Financial Assets/ Liabilities at amortised cost	Financial Assets/ Liabilities at FVTPL	Other Financial Liabilities	Total Carrying Value	Fair value	Fair Value Measurement
	Rs.	Rs.					
Investment in unit trusts	-	-	124,354,122		124,354,122	124,354,122	Level 1
Trade and other receivables	-	203,109,044	-		203,109,044	-	
Amount due from related parties	-	6,872,731	-	-	6,872,371	-	
Investment 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		

NOTES TO THE FINANCIAL STATEMENTS

As at 31st March 2018	Carrying Amount						Fair Value			
	Held To Maturity	Fair value through profit or loss	Available for sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value										
Investment in unit trusts	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Financial assets not measured at fair value										
Trade and other receivables	-	-	-	130,875,002	-	130,875,002	-	-	-	-
Loans due from related parties				27,000,000		27,000,000				
Amount due from related parties				4,302,700		4,302,700				
Cash and cash equivalents	-	-	-	85,262,284	-	85,262,284	-	-	-	-
	-	-	-	247,439,986	-	247,439,986	-	-	-	-
Total financial assets	-	-	-	247,439,986	-	247,439,986	-	-	-	-
Financial liabilities not measured at fair value										
Bank overdraft	-	-	-	-	6,883,370	6,883,370	-	-	-	-
Other payables	-	-	-	-	74,937,246	74,937,246	-	-	-	-
Finance lease liabilities					3,062,467	3,062,467				
Interest bearing borrowings					743,672,256	743,672,256				
Income tax payable					8,654,227	8,654,227				
Total financial liabilities	-	-	-	-	837,209,616	837,209,616	-	-	-	-

34.2 Company

	Carrying Amount						
As at 31st March 2019	Financial Assets/ Liabilities at FVOCI	Financial Assets/ Liabilities at amortised cost	Financial Assets/ Liabilities at FVTPL	Other Financial Liabilities	Total Carrying Value	Fair value	Fair Value Measurement
	Rs.	Rs.					
Investment in unit trusts	-	-	21,872,147	-	21,872,147	21,872,147	Level 1
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	-	-	-	534,019,191	534,019,191	-	

NOTES TO THE FINANCIAL STATEMENTS

As at 31st March 2018	Carrying Amount: Held To Maturity	Carrying Amount: Fair value through profit or loss	Carrying Amount: Available for sale	Carrying Amount: Loans and receivables	Carrying Amount: Other financial liabilities	Carrying Amount: Total	Fair Value: Level 1	Fair Value: Level 2	Fair Value: Level 3	Fair Value: Total
Financial assets measured at fair value										
Investment in unit trusts	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Financial assets not measured at fair value										
Trade and other receivables	-	-	-	27,963,986	-	27,963,986	-	-	-	-
Amounts due from related parties	-	-	-	449,498,635	-	449,498,635	-	-	-	-
Cash and cash equivalents	-	-	-	544,648	-	544,648	-	-	-	-
	-	-	-	478,007,269	-	478,007,269	-	-	-	-
Total financial assets	-	-	-	478,007,269	-	478,007,269	-	-	-	-
Financial liabilities not measured at fair value										
Bank overdraft	-	-	-	-	6,883,370	6,883,370	-	-	-	-
Other payables	-	-	-	-	14,201,954	14,201,954	-	-	-	-
Amounts due to related parties	-	-	-	-	172,507,854	172,507,854	-	-	-	-
Interest bearing borrowings					673,204,277	673,204,277				
Income tax payable					3,180,179	3,180,179				
Total financial liabilities	-	-	-	-	869,977,634	869,977,634	-	-	-	-

Where ever the assets and liabilities are not fair valued, it was assume that the carrying value of such assets and liabilities are reasonable approximation to this fair value as majority of such assets and liabilities are with shorter maturity periods.

35 Financial Risk Management

35.1 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

35.2 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 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

35.3 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	**2019**	2018	**2019**	2018
	Rs.	Rs.	Rs.	Rs.
Trade and Other Receivables	**203,109,044**	130,875,002	**57,696,080**	27,963,986
Amounts due from related parties	**6,872,731**	4,302,700	**40,974,963**	449,498,635
Loans due from related parties	**-**	27,000,000	**-**	-
Investment in preference shares	**27,000,000**	-	**23,000,000**	-
Investment in unit trusts	**124,354,122**	-	**21,872,147**	-
Cash at bank	**70,142,449**	85,037,284	**5,177,683**	444,648
	431,478,346	247,214,986	**148,720,873**	477,907,269

Impairment losses on financial assets recognised in the profit or loss were as follows;

Impairment loss on trade receivables	**2,711,369**	-	**1,286,741**	-

NOTES TO THE FINANCIAL STATEMENTS

Trade and other receivables

Company's trades receivables are due from Ceylon Electricity Board which purchase the electricity generated by the Group's hydropower and solar 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 intercompany receivables are closely monitored.

Loans due from related parties

The Group funded its Joint Venture company through an intercompany loan and the same has been converted to preference shares during the year.

Investment in Preference Shares

The Company and the Group has invested in Preference shares of it's subsidiary and Joint Venture Companies.

Investment in unit trusts

Company 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.

35.4 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 prepare 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.

35.4.1 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					
	Carrying Amount	Total	2 months of less	2-12 months	1-2 years	2-5 years	More than 5 years
31 March 2019							
Non derivative financial liabilities							
Bank overdrafts	-	-	-	-	-	-	-
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	-
Trade and 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

	Carrying Amount	Total	2 months of less	2-12 months	1-2 years	2-5 years	More than 5 years
31 March 2018							
Non derivative financial liabilities							
Bank overdrafts	6,883,370	6,883,370	6,883,370	-	-	-	-
Secured bank loans	743,672,258	743,672,258	673,609,619	5,410,409	11,451,298	39,482,926	13,718,006
Unsecured bank loans	-	-	-	-	-	-	-
Financial lease liabilities	3,062,467	3,062,467	196,996	984,982	470,122	1,410,367	-
Other Payables	74,937,246	74,937,246	12,489,541	62,447,705	-	-	-
	828,555,341	828,555,341	693,179,526	68,843,096	11,921,420	40,893,293	13,718,006

NOTES TO THE FINANCIAL STATEMENTS

Company

	Carrying Amount	Contractual Cash Flows					
		Total	2 months of less	2-12 months	1-2 years	2-5 years	More than 5 years
31 March 2019							
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

	Carrying Amount	Total	2 months of less	2-12 months	1-2 years	2-5 years	More than 5 years
31 March 2018							
Non derivative financial liabilities							
Bank overdrafts	6,883,370	6,883,370	6,883,370	-	-	-	-
Secured bank loans	673,204,277	673,204,277	673,204,277	-	-	-	-
Amounts due to related parties	172,507,854	172,507,854	-	172,507,854	-	-	-
Other Payables	14,201,954	14,201,954	14,201,954	-	-	-	-
	866,797,455	866,797,455	694,289,601	172,507,854	-	-	-

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.

35.5 Market Risk

Market risk is the risk that changes on 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.

35.5.1 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.

The table below summarises the interest rate profile of the group as at reporting date

	Group		Company	
	2019	2018	**2019**	2018
	Rs.	Rs.	Rs.	Rs.
Fixed rate instruments				
Financial liabilities	**253,016,206**	73,283,695	**-**	-
	253,016,206	73,283,695	**-**	-
Variable rate instruments				
Financial Assets	**124,354,122**	-	**21,872,147**	-
Financial Liabilities	**861,320,813**	670,388,561	**176,150,000**	673,204,277
	985,674,935	670,388,561	**198,022,147**	673,204,277

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 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
31 March 2018				
Variable rate instruments	(6,703,886)	6,703,886	(6,703,886)	6,703,886
Cash flow sensitivity (net)	(6,703,886)	6,703,886	(6,703,886)	6,703,886

NOTES TO THE FINANCIAL STATEMENTS

Company	Profit or Loss		Equity, Net of Tax	
	1% Increase	1% Decrease	1% Increase	1% Decrease
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
31 March 2018				
Variable rate instruments	(6,732,043)	6,732,043	(6,732,043)	6,732,043
Cash flow sensitivity (net)	(6,732,043)	6,732,043	(6,732,043)	6,732,043

35.5.2 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.

Sri Lankan Rupee is the Group's functional currency and so is the currency in which sales purchases and borrowings are made. Therefore Group's exposure to currency risk is minimal.

35.6 Operational Risk

The main source of income of Group is generation of electricity using hydropower. And the extent of electricity generated will vary depending on the rainfall received by the catchment area. 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 the Group response to these risks.

36 Capital commitments

A sub subsidiary Company, PAP Solar One (Pvt) Ltd having a commitment amounting to Rs. 12,137,885/= to be incurred for completion of 6 roof top solar power plants in Kurunegala district.

A sub subsidiary Company, Eco Green Solar Solutions (Pvt) Ltd having a commitment amounting to Rs. 18,284,298/= to be incurred for completion of 1 MW solar power plant in Beliatta.

A sub subsidiary Company, Panthree Solaro Energy (Pvt) Ltd having a commitment amounting to Rs.466,251,780/= 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 having a commitment amounting to Rs.308,834,520= To be incurred for completion of two, 1 MW solar power plants in Matara.

There are no significant capital commitments made by the Group as at the reporting date other than disclosed above.

37 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 3 million was paid as an advance for acquisition. The balance 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 2 million paid as an advance for acquisition. The balance 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.

38 Events occurring after reporting date

The Company has declared a dividend of Rs. 0.10 per share on 03 May 2019, total amounting to Rs. 50,000,000/=.

The Company has issued 125 Million ordinary voting shares of the Company to Emerald Sri Lanka Fund I Limited at a consideration of Rs. 400,000,000/=. The share allotment / listed on 31 July 2019.

A subsidiary Company, Padiyapelella Hydropower Limited has declared a dividend of Rs. 1.00 per share on 29 April 2019, total amounting to Rs. 45,000,000/=

A sub subsidiary Company, PAP Solar One (Pvt) Ltd has acquired 100% shares of Rajarata Sustainable Development (Pvt) Ltd and Finergreen Rajarata (Pvt) Ltd on 03 April 2019 which having the approvals to operate 4 Mw rooftop solar power plants in Anuradhapura District and commissioned 6 rooftop solar power plants in Kurunegala district (total capacity 3.2 Mw).

A sub subsidiary Company, Eco Green Solar Solutions (Pvt) Ltd started its commercial operation and commissioned 1 MW ground solar power plant in Beliatta on 29th July 2019.

A sub subsidiary Company, PAP Solar One (Pvt) Ltd has commissioned 2 MW roof top solar projects in Kurunegala district during the month of June 2019. Further PAP Solar One acquire, Rajarata Sustainable Development (Pvt) Ltd and Finergreen Rajarata (Pvt) Ltd on 04th April 2019 which having the approvals for 2MW each roof top solar power plants.

Manelwala Hydropower (Pvt) Ltd has declared a dividend amounting to Rs. 35,240,146/= on 13th May 2019.

A sub subsidiary Company, Panthree Solaro Energy (Pvt) Ltd received Letter of Intent to operate 1 MW ground solar power plants in Maho and Pannala.

The Standard Power Purchase Agreement of Rathganga Minihydro power plant expired on 04th July 2019 and the Generation Licence expired on 14th July 2019. Accordingly Company started the process of renewing the Generation Licence and enter in to new Standard Power Purchase Agreement with Ceylon Electricity Board as per the Cabinet paper 18/1577/822/013 on 15th August 2018. Further a “No objection letter” was issued by Sustainable Energy Authority for signing new Standard Power Purchase Agreement for Rathganga Minihydro power plant on 05th August 2019. The company is in the view that the new Standard Power Purchase Agreement will be able to be signed by the end of August 2019. Based on the progress of the process, management believes that this agreement will be signed by end of August 2019.

There were no material events occurring after the reporting date that require adjustments to or disclosures in the financial statements other than above.

39 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 2019 was as follows

NOTES TO THE FINANCIAL STATEMENTS

	Group 2019	Group 2018
	Rs.	Rs.
Total Liabilities	**1,334,622,583**	954,438,041
Less: Cash and cash equivalents	**(70,517,448)**	(85,262,284)
Adjusted net debt	**1,264,105,135**	869,175,757
Total Equity	**1,648,405,871**	1,393,948,207
Net debt to equity ratio	**0.77**	0.62

40 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 31 st march	2019	2018	2019
	Rs.	Rs.	
NCI Percentage	17%	17%	15%
Non current assets	913,647,854	939,785,775	680,296
Current assets	296,947,088	102,234,689	16,855,622
Non current liabilities	(58,068,769)	(37,461,497)	-
Current liabilities	(412,846,797)	(495,384,498)	(17,870,745)
Net assets	739,679,374	509,174,469	(334,827)
Net assets attributable to NCI	125,745,494	86,559,660	(50,224)
Revenue	312,426,598	196,327,910	-
Profit / (Loss) for the year	230,295,987	131,119,002	(335,827)
Other comprehensive income	208,918	(6,645,091)	-
Total comprehensive income	230,504,905	124,473,911	(335,827)
Profit / (Loss) allocated to NCI	39,150,318	13,111,900	(50,374)
OCI allocated to NCI	35,516	(591,180)	-
Cash flows from operating activities	(453,742,598)	85,849,103	734,768
Cash flows from investing activities	(32,513,766)	(1,290,471)	(680,296)
Cash flows from financing activities	460,000,000	(29,500,000)	1,000
Net increase/ (decrease) in cash and cash equivalents	(26,256,364)	55,058,632	55,472

41 Director's responsibilities

The Board of directors of the company are responsible for the preparation of financial statements.

INVESTOR INFORMATION

1. Analysis of shareholders According to the number of shares as at 31 March 2019

	Resident			Non Resident			Total		
Shareholding	Number of Shareholders	No. of Shares	Percentage %	Number of Shareholders	No. of Shares	Percentage %	Number of Shareholders	No. of Shares	Percentage %
01 - 1,000	2,167	1,290,511	0.26	9	5,406	0.00	2,176	1,295,917	0.26
1,001 - 10,000	2,401	11,030,462	2.21	10	71,600	0.01	2,411	11,102,062	2.22
10,001 - 100,000	802	26,296,752	5.26	12	555,600	0.11	814	26,852,352	5.37
100,001 - 1,000,000	141	40,111,495	8.02	5	1,298,044	0.26	146	41,409,539	8.28
Over 1,000,000	24	419,340,130	83.87	-	-	-	24	419,340,130	83.87
	5,535	498,069,350	99.61	36	1,930,650	0.39	5,571	500,000,000	100.00

2. Shareholders by Category as at 31 March 2019

Categories of shareholders	Group	
	Number of shareholders	No. of shares
	Rs.	Rs.
Individual	5456	249,062,166
Institutional	115	250,937,834
Total	5571	500,000,000

3. Twenty Major Shareholders of the Company as at 31 March 2019

	2019		2018
Name	No. of Shares	Percentage %	No. of Shares
Mr.Jinadasa Panadura Liyanage Dilanka	148,200,000	29.64	145,000,000
Seylan Bank PLC/Dr.Thirunanasambandar	121,000,000	24.20	138,005,799
Ayenka Holding (Pvt) Ltd	43,625,231	8.73	36,194,000
Sampath Bank PLC/Dr.T.Senthilverl	27,825,838	5.57	10,250,000
Sampath Bank PLC/Mr.Arunasalam	18,565,584	3.71	0
California Link (Pvt) Ltd	17,814,759	3.56	5,826,746
Palace Path Holdings (Pvt) Ltd	6,197,000	1.24	0
Mrs.Silva Manawaduge Prasadie Rashmini	5,500,500	1.10	2,473,208
Miss.Dodanwela Dilshani	4,513,796	0.90	4,366,667
Mr.Weeraratne Pattiyapawulage Don Raj Rohitha	2,800,000	0.56	2,800,000
Mr.Beruwalage Herbert	2,764,200	0.55	2,764,200
Seylan Bank PLC/Jayantha Dewage	2,426,000	0.49	2,426,000
Cocoshell Activated Cargon Company Limited	2,425,089	0.49	2,400,089
Dr.Ramanujam Prathap	2,350,000	0.47	2,350,000
Mr.Nazeer Mohamed Hussain Mohamed	1,803,000	0.36	1,803,000
Mr.Osman Mohamed Shahid	1,626,500	0.33	1,626,500
Mrs.Saraswathi Vasudevan	1,550,099	0.31	0
Mr.Abishek Sithanpalam	1,500,834	0.30	1,430,234
Mr.Vignarajam	1,402,500	0.28	1,402,400
Mr.Rajapaksa Yoshitha Kanishka	1,200,000	0.24	0
	415,090,930	83.03	361,118,843
Shares held by remaining shareholders	84,909,070	16.97	138,881,157
	500,000,000	100.00	500,000,000

INVESTOR INFORMATION

4 Public Holding

Description	Number of shareholders 2019	Number of shares 2018
Major shareholders		
Indirect Holding		
Jinadasa Brothers (Pvt) Ltd	733,868	533,868
Holding of 10% or more		
Directors' shareholding		
Dr. P. Ramanujam	2,350,000	2,350,000
Mr.D.Sooriyaarachchi	-	-
Mr.P.L.D.Jinadasa	148,200,000	145,000,000
Mr.P.K.Pathmanatha	-	-
Mr.A.D.Pushparajah	-	-
Mr.S.Senthinandhanan	75,000	75,000
Dr.T.Senthilverl	633,751	633,751
Seylan Bank PLC/Dr.T.Senthilverl	121,000,000	138,005,799
Sampath Bank PLC/Dr.T.Senthilverl	27,825,838	10,250,000
Spouses & Children under 18 of directors	-	-
	300,818,457	296,848,418
Issued share capital	500,000,000	500,000,000
Less: Directors' shareholding and major shareholders	300,818,457	296,848,418
Public Holding	199,181,543	203,151,582
Public holding as a % of issued share	39.84%	40.63%
No. of Share holders representing the public holding	5,564	5,784

5 SHARE TRADING INFORMATION

	2018/2019	2017/2018
	Rs.	Rs.
Highest (Rs)	3.20	3.20
Lowest (Rs)	2.90	2.60
Closing (Rs)	3.00	2.70

FIVE YEARS SUMMARY

As at 31st March	2019	2018	2017	2016	2015
	Rs.	Rs.	Rs.	Rs.	
A) Summary of operations					
Turnover	214,316,876	172,080,099	125,395,386	166,548,590	179,487,184
Gross Profit	192,644,424	151,740,858	105,782,619	138,665,279	162,352,303
Net Profit before Finance Cost	146,866,805	115,398,623	79,676,737	149,064,322	257,698,110
Profit before Taxation	97,347,486	71,813,015	(95,991)	97,441,984	225,132,720
Taxation	(33,972,570)	(17,245,858)	4,474,134	(3,750,500)	(1,346,795)
Profit or loss after Taxation	63,374,916	84,567,157	4,378,147	93,691,485	223,401,941
B) Summary of Financial position					
Capital Reserves					
Ordinary Shares	630,000,000	630,000,000	630,000,000	630,000,000	630,000,000
Preference Shares	Nil	Nil	Nil	Nil	Nil
Retained Earnings	225,977,625	256,050,119	201,471,089	272,372,871	403,568,247
Other Reserves	92,539,077	110,532,786	113,494,358	62,879,041	62,879,041
Total Equity	948,516,702	996,582,906	944,965,447	965,251,912	1,096,447,288
Asset & Liabilities					
Current Assets	126,932,644	480,576,413	453,070,691	373,770,856	430,607,641
Current Liabilities	388,571,850	871,156,623	57,556,294	3,020,259	7,107,555
Net Current Assets	(261,639,206)	(390,580,210)	395,514,397	370,750,597	423,500,086
Property Plant & Equipment	251,220,211	260,676,820	269,748,655	221,110,713	223,540,731
Other Non Current Assets	1,171,307,600	1,161,704,819	1,144,380,485	1,145,873,991	1,147,394,615
Related Party Payables	328,806,900	172,507,854	181,107,764	120,256,173	49,297,328
Non Current Liabilities	212,371,902	35,218,524	683,821,694	652,227,216	648,690,815
Net Assets	948,516,702	996,582,905	944,965,425	965,251,912	1,096,447,288
Total Assets	1,549,460,455	1,902,958,052	1,867,451,176	1,740,755,560	1,801,542,987
Stated Capital	630,000,000	630,000,000	630,000,000	630,000,000	630,000,000
Dividends Declared / Paid	95,000,000	-	75,000,000	75,000,000	150,000,000

NOTES

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE ANNUAL GENERAL MEETING OF PANASIAN POWER PLC WILL BE HELD AT THE HOTEL JANAKI, RUBY BALLROOM, NO. 43 FIFE ROAD, COLOMBO 05 ON 25TH SEPTEMBER 2019 AT 2.30 P.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 2019 with the Report of the Auditors thereon.

2. To re - elect Mr. Elangovan Karthik who in terms of Article 24 (2) of the Articles of Association of the Company retires at the Annual General Meeting as a Director.

3. To re - elect Mr. Sanjith Senaka Kakiriwaragodage who in terms of Article 24 (2) of the Articles of Association of the Company retires at the Annual General Meeting as a Director.

4. To re-elect Mr. Deepal Sooriyaarachchi 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 appoint as a Director, Dr. Prathap Ramanujam, who has attained the age of 70 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 70 years be and is hereby 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 appoint as a Director, Dr. Thirugnanasambandar Senthilverl who has attained the age of 73 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 73 years be and is hereby 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 authorize the Directors to determine their remuneration.

8. To authorize the Directors to determine donations for the year 2019/2020.

BY ORDER OF THE BOARD OF

PANASIAN POWER PLC

Abeysekera

S S P CORPORATE SERVICES (PRIVATE) LIMITED
Secretaries

Colombo
30th August 2019

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of him/her. Such Proxy need not be a member of the Company.

2. A Form of Proxy accompanies this notice.

3. The completed Form of Proxy should be deposited at the Registered Office of the Company, No. 3, Elibank Road, Colombo 5 not later than 48 hours before the time appointed for the meeting.

4. Shareholders attending the meeting are kindly requested to bring with them their National Identity Card or other similar form of identification for production at the reception desk.

FORM OF PROXY

I/We*..........…….................………..(NIC No.……….....................................)

of ....…………...

being a member/*members of Panasian Power PLC hereby appoint.………………….......……………………….........……………

holder of NIC No.……….........……...……......of ……………………………………………….……or failing him/her

Dr. Prathap Ramanujam	of Colombo or failing him
Mr. Deepal Sooriyaarachchi	of Colombo or failing him
Mr. Panadura Liyanage Dilanka Jinadasa	of Colombo or failing him
Mr. Poddiwala Kankanamge Pathmanatha	of Colombo or failing him
Mr. Andrew Deshan Pushparajah	of Colombo or failing him
Mr. Senthilverl Senthi Nandhanan	of Colombo or failing him
Dr. Thirugnanasambandar Senthilverl	of Colombo or failing him
Mr. Elangovan Karthik	of Colombo or failing him
Mr. Sanjith Senaka Kakiriwaragodage	

as my/*our Proxy to represent me/*us and to vote as indicated below on my/*our behalf at the Annual General Meeting of the Company to be held on 25th September 2019 and at any adjournment thereof and at every poll which may be taken in consequence of the aforesaid Meeting.

		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 2019 with the Report of the Auditors thereon.	☐	☐
2.	To re - elect Mr. Elangovan Karthik who in terms of Article 24 (2) of the Articles of association of the Company retires at the Annual General Meeting as a Director.	☐	☐
3.	To re - elect Mr. Sanjith Senaka Kakiriwaragodage who in terms of Article 24 (2) of the Articles of association of the Company retires at the Annual General Meeting as a Director.	☐	☐
4.	To re-elect Mr. Deepal Sooriyaarachchi 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 appoint as a Director, Dr. Prathap Ramanujam, who has attained the age of 70 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 70 years be and is hereby 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”.

		FOR	AGAINST
6.	To appoint as a Director, Dr. Thirugnanasambandar Senthilverl who has attained the age of 73 years, in compliance with Section 211 of the Companies Act No. 07 of 2007.	☐	☐

	FOR	AGAINST
Ordinary Resolution "That Dr. Thirugnanasambandar Senthilverl who has attained the age of 73 years be and is hereby 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 authorize the Directors to determine their remuneration.		
8. To authorize the Directors to determine donations for the year 2019/2020.		

As witness by my/our hand this …………………. day of ………….. Two Thousand and Nineteen.

Signature ....

Note:
Instructions as to completion appear here to. Please delete the inappropriate words, and mark 'X' in the appropriate cages to indicate your instructions as to voting. A proxy need not be a member of the Company.

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, No 3, Elibank Road, Colombo 5 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 authorize such person as it thinks fit to act as its representative at any meeting of the Company. A person authorized 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.

CORPORATE INFORMATION

Name of the Company
Panasian Power PLC

Legal Form
A Public Quoted Company with limited liablity 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 630,000,000

Number of shares representing the stated capital
500,000,000 Ordinary Shares

Registered Office and Head Office
03, Elibank Road, Colombo 05.

Subsidiary Companies
Manelwala Hydropower (Pvt) Limited
Panasian Investments (Pvt) Limited
Padiyapelella Hydropower Limited
Lower Kothmale Oya Power Two (Pvt) Limited
PAP Solar One (Pvt) Limited
Eco Green Solar Solutions (Pvt) Limited
Panthree Solaro Energy (Pvt) Ltd
Solar Power Generation Matara (Pvt) Ltd
Panasian Power Zambia Ltd

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

Remuneration Committee
Mr Deepal Sooriyaarachchi (Chairman)
Mr Andrew Deshan Pushparajah
Mr. Senthilverl Senthi Nandhanan

Related Party Transaction Review Committee
Mr Andrew Deshan Pushparajah (Chairman)
Mr Deepal Sooriyaarachchi
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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