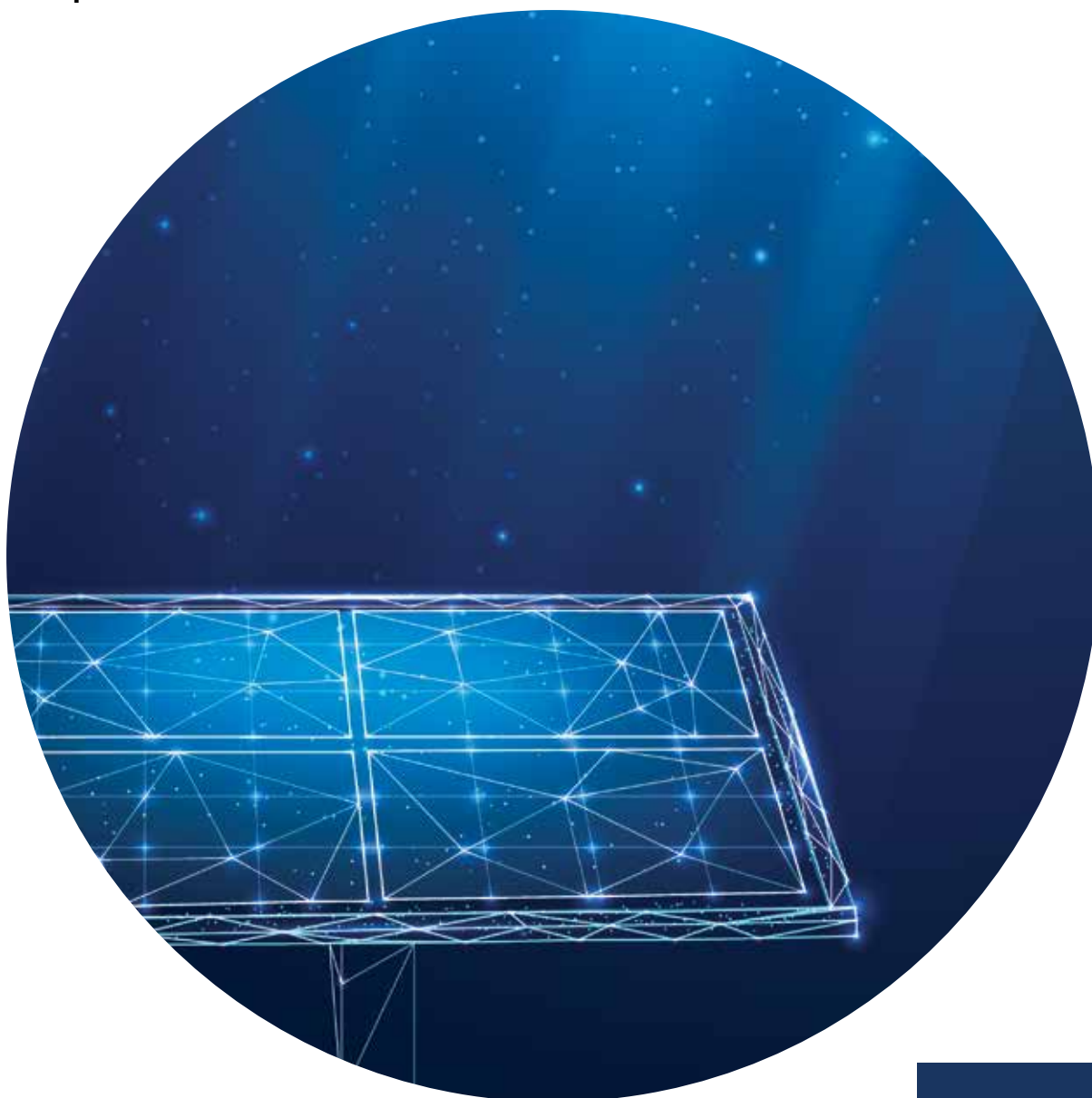


POWERING THROUGH

PANASIAN POWER PLC
Annual Report 2020/21



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POWERING THROUGH

Following on from a year in which diversification was key, we went on to tackle new projects that would bring clean, green, energy to the masses. Even though the economy and the world came to a standstill, we remained dedicated to our work and in pursuing our path to productivity, which resulted in an exceptional year for the company.

In the months ahead, we will ensure that we are focusing beyond the methods of traditional power generation in order to utilise unlimited possibilities; delivering value to our stakeholders, and maintaining the pace of growth as we power through and power on to new ideas, new ventures and new horizons.



REPORT PROFILE

SCOPE AND BOUNDARY

This is the 2nd integrated report published by Panasian Power PLC (PAP). It covers the financial period from 01st April 2020 to 31st March 2021 and includes both financial and non-financial performance data for this period.

Prior to this, the most recent integrated report published by PAP was for the FY 2019/20. There has been no change in the scope and boundary of this report, relative to the previous report. Moreover, this report does not contain any material restatement of information provided in earlier reports.

This current report does however seek to improve on the previous integrated report prepared for the year ending 31st March 2020, reflecting PAP's ongoing commitment to strengthen the level of integration of its reporting over time. Accordingly, the current report aims to provide stakeholders with a more holistic overview of PAP's strategy, performance, risk and governance processes and also details how resources are allocated to safeguard the Company's sustainability over time.

MATERIAL THEMES

The report content has been structured based on Material Themes that substantially affect the Company's ability to create and sustain value over the short, medium and long-term. These Material Themes are identified through an ongoing Materiality Assessment to determine the economic, social and environmental matters that may affect our business or be of concern to stakeholders. These Material Themes are reflected across the report and serve as an easy reference for stakeholders to look for information they are interested in.

REPORTING PRINCIPLES AND COMPARABILITY

To capture the Company's progress in delivering stakeholder value, the report has been compiled in line with International Integrated Reporting Council's ("IIRC's") Integrated Reporting <IR> Framework, which considers the six capitals, namely financial, manufactured, intellectual, human, social and relationship and natural capital.

Where possible the report also makes reference to the Global Reporting Initiative (GRI) Standards to highlight key sustainability indicators.

The Financial Statements contained within the report have been prepared in accordance with SLFRSs and LKASs, the requirements of the Companies Act 2007 and the Listing Requirements of the CSE.

The Corporate Governance report is in accordance with the Code of Best Practice on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka (ICASL) and the Securities and Exchange Commission.

ASSURANCE

The accuracy and completeness of report content is assured through a combination of internal and external sources. The content included in this Integrated Report has been approved by the respective business heads and reviewed by the CEO prior to submission to the Board of Directors for approval.

Financial Statements have been independently verified by the Company's external auditors - Messrs. KPMG, Chartered Accountants.

FORWARD LOOKING STATEMENTS

Certain statements in this integrated report may constitute "forward-looking statements". Actual results and performance of the Company may differ materially from those implied by such statements due to many factors. Readers are therefore cautioned not to place undue reliance on such statements. PAP does not undertake any obligation to update any revisions to these statements publicly after the date of this report.

BOARD RESPONSIBILITY

The PAP Board understands its ultimate responsibility for ensuring the integrity of this Integrated Report. Accordingly, The Board confirms that it has collectively reviewed the output of the reporting process and the content of the Integrated Report, and therefore approves the report for release.

FEEDBACK

To support PAP's efforts to continuously improve its reporting processes, the Company welcomes feedback on the effectiveness of this report.

Any feedback in this regard should be directed to: info@panasianpower.com

ABOUT US

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

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

Vision

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

Mission

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

Values

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

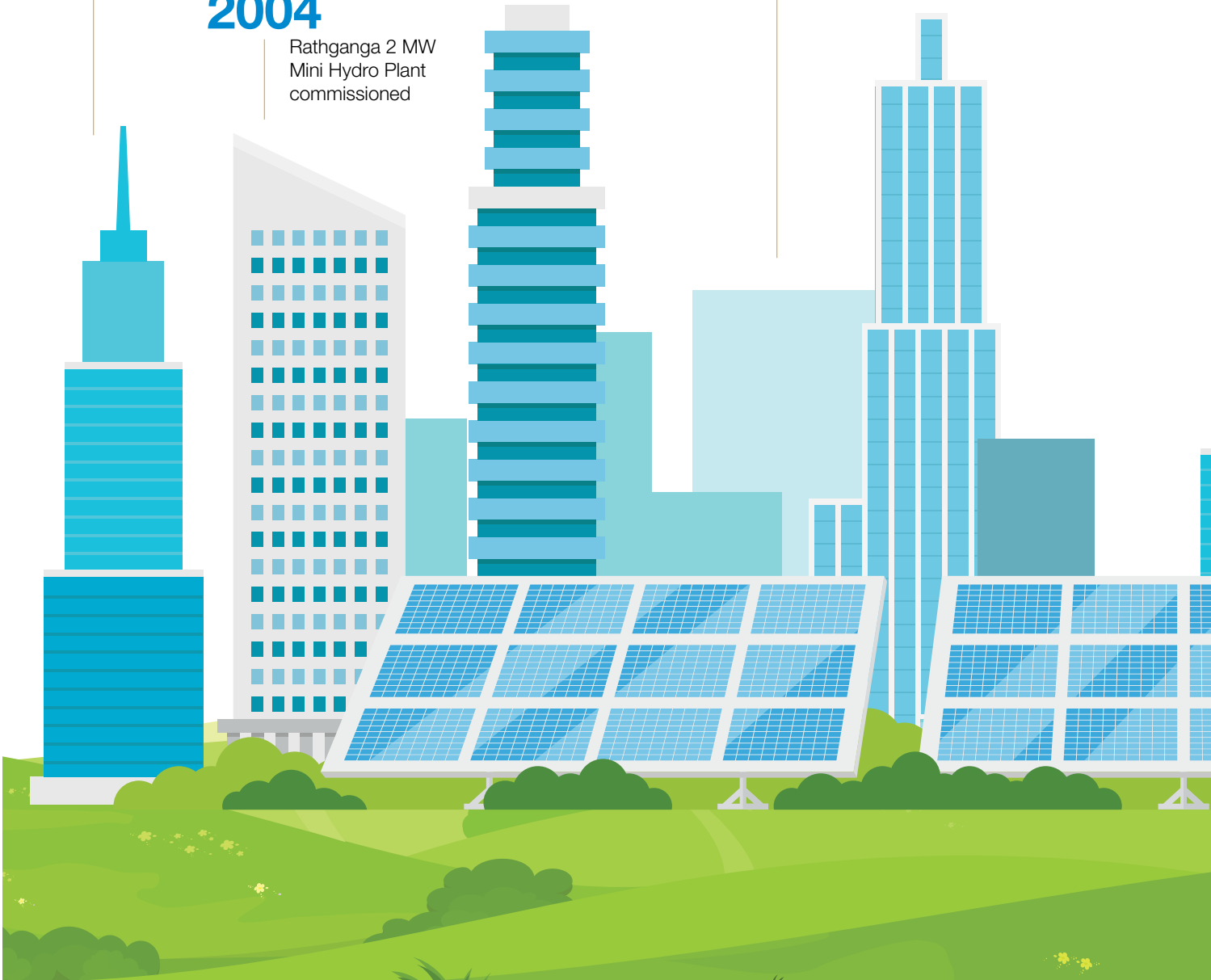
KEY MILESTONES

2002
Company
incorporated

2004
Rathganga 2 MW
Mini Hydro Plant
commissioned

2008
Manelwala 2.5 MW
Mini Hydro plant
commissioned

2011
Panasian Power
goes public and lists
on Colombo Stock
Exchange



2014

Rathganga
1 MW
expansion

2017

Padiyapelella
3.5MW Mini
hydro plant
commissioned

2018

PAP commissions
it's 1st rooftop solar
projects – Kelaniya,
Kolonna, Kohuwala,
Uhumeeya

2019

PAP commissions
its first ground solar
project – Beliatta

2019

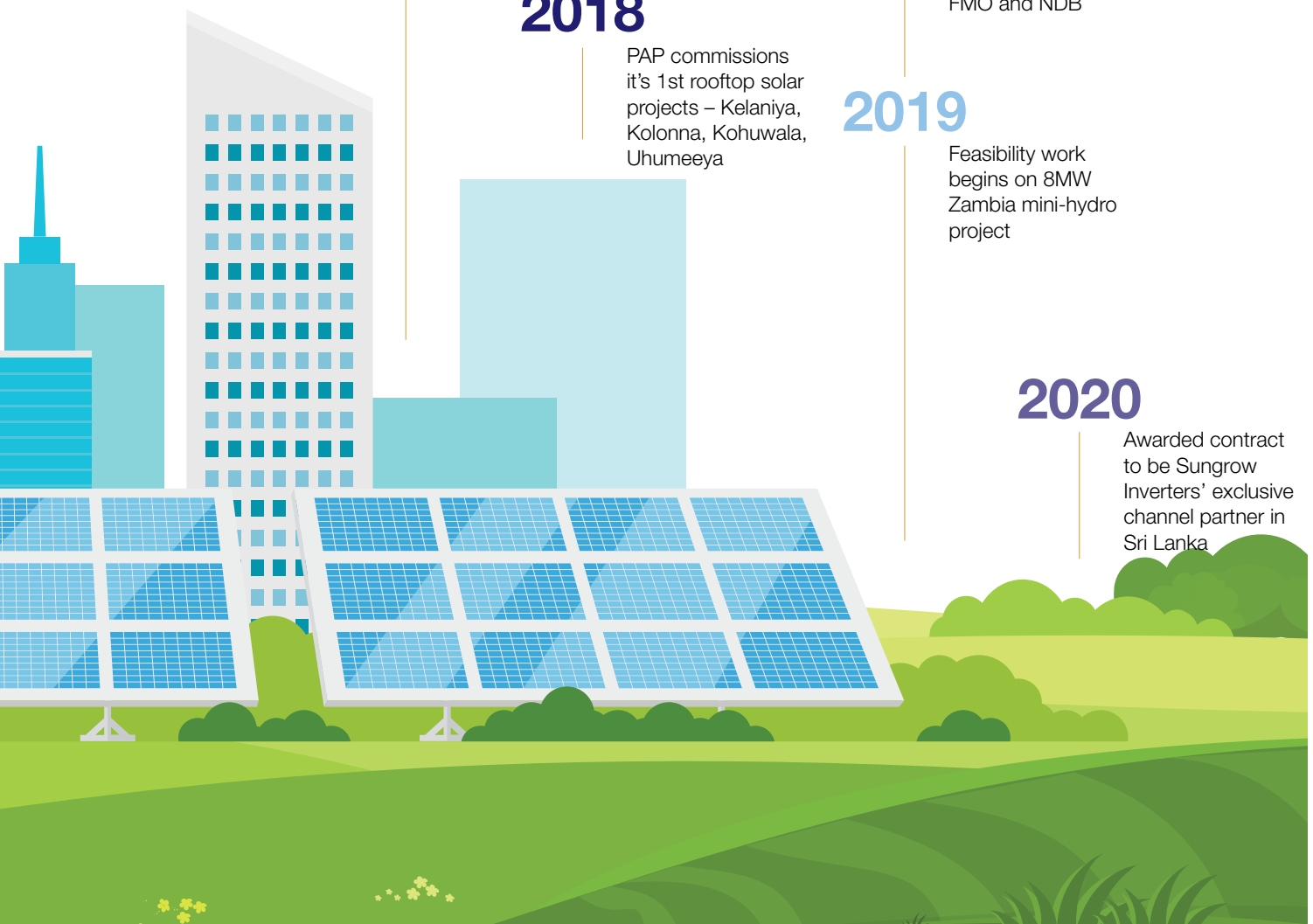
PAP receives
investment from
Emerald Fund, a JV
between IFC, DEG,
FMO and NDB

2019

Feasibility work
begins on 8MW
Zambia mini-hydro
project

2020

Awarded contract
to be Sungrow
Inverters' exclusive
channel partner in
Sri Lanka



FINANCIAL HIGHLIGHTS

Year Ended 31 March		2021	2020	Change %
Operating Results				
Group Revenue	Rs. '000	729,074	563,815	29%
Operating Profit	Rs. '000	373,977	304,225	23%
Profit Before Taxation	Rs. '000	274,578	195,719	40%
Profit After Taxation	Rs. '000	268,261	152,708	76%
Profit Attributable to Parent	Rs. '000	239,685	138,912	73%
Gross Dividend Paid	Rs. '000	137,500	125,000	10%
Cash From Operations	Rs. '000	250,870	37,150	575%
Financial Position				
Total Assets	Rs. '000	4,555,746	3,963,672	15%
Equity Attributable to Equity Holders of the Parent	Rs. '000	2,183,718	2,048,214	7%
No. of Ordinary Shares	No. '000	625,000	625,000	0%
Debt to equity ratio – Company	%	14%	15%	-7%
– Group	%	89%	70%	27%
Shareholder Information				
Return on equity	%	12%	8%	50%
Earning Per Share	Rs.	0.38	0.24	58%
Dividend Per Share	Rs.	0.22	0.22	0%
Dividend Payout	%	57%	90%	-37%
Net Asset Per Share	Rs.	3.70	3.49	6%
Market Capitalisation	Rs. '000	2,250,000	1,562,500	44%
Float Adjusted Market capitalisation	Rs. '000	849,449	489,913	73%
Price Earning Ratio	Times	9.40	10.50	-10%
Market Price as at 31 March	Rs.	3.60	2.50	44%
Interest Cover	Times	3.46	2.61	33%
Highest price for the year	Rs.	5.00	3.90	28%
Lowest price for the year	Rs.	2.50	2.50	0%

Group Revenue



Rs. 729.1 Mn

Group Taxes Paid



Rs. 33.7 Mn

Net Profit Margin



37%

NON-FINANCIAL HIGHLIGHTS

Clean Energy Generated



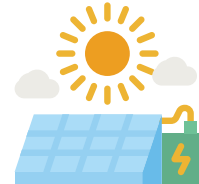
44,003
MWh

Hydro Energy Generated



35,192
MWh

Solar Energy Generated



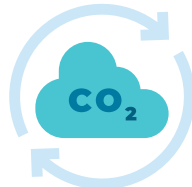
8,811
MWh

Total MW Installed



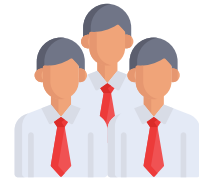
21
MW

CO2 Avoided



38,947
Tons

Employees



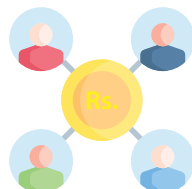
66

Head Office Female Participation Rate



32%

Number of Shareholders
as 31 March 2021



7,058

Dividends Paid



Rs. 137.5 Mn

POWERING THROUGH TO POSSIBILITY

PAP commissioned 6 MWdc of solar projects during the year, nearly doubling its solar capacity

ground solar plant in Matara

3 MW



vac

BUSINESS MODEL

INPUTS



FINANCIAL CAPITAL

- Revenue Rs. 729.1 Mn
- Profit after tax Rs. 268.2 Mn
- Shareholder's funds Rs. 2,184 Mn
- Dividends paid for FY2020/21 0.22 per share totalling Rs. 137.5mn



MANUFACTURED CAPITAL

- Total hydropower capacity 8.9 MW
- Rooftop solar capacity 7.8 MWdc
- Ground solar capacity 4 MWac
- Total investment in solar in FY2020/21 Rs. 464.4 Mn
- Value of plants commissioned during the year Rs. 662 Mn



SOCIAL AND RELATIONSHIP CAPITAL

- 3 projects undertaken with community involvement
- 17 years of relationships with customers and suppliers
- 8 Power Purchase Agreements
- 13 Net Plus agreements



HUMAN CAPITAL

- Highly experienced BOD
- 32% head office female participation
- Average length of service of 8 years
- Responsibility, collaboration and innovation at all levels promoted
- 8 promotions during the year



INTELLECTUAL CAPITAL

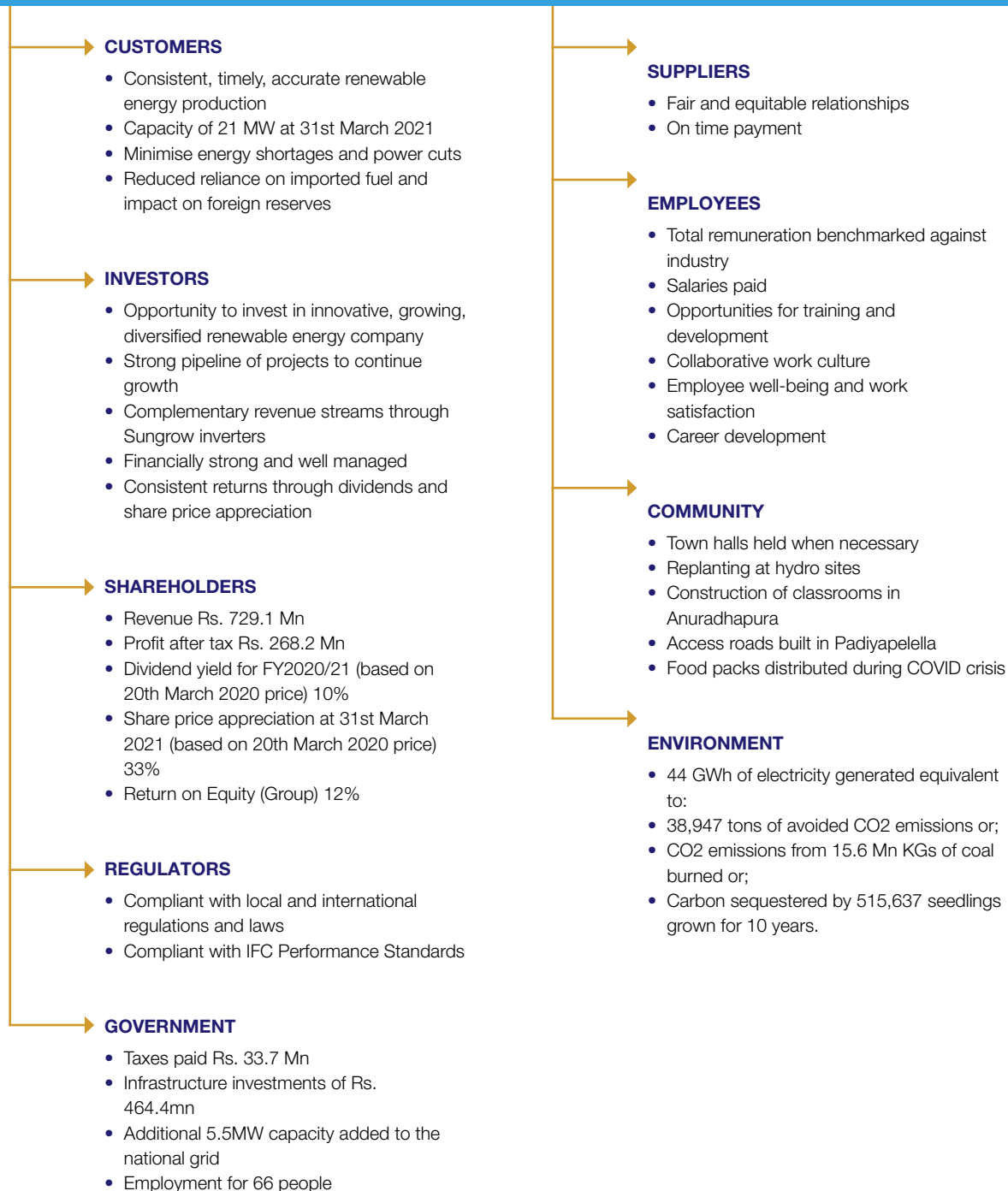
- Average experience of engineering and technical team - 10 years
- PAP has been in the renewable sector for 19 years
- 15 engineers and technical experts
- Extensive experience in designing, financing, owning and operating renewable plants
- Strong trusted brand
- Licences held for multiple new projects



NATURAL CAPITAL

- Increasing renewable energy capacity and generation, resulting in reduced dependence on power generation from non-renewable sources
- Environmental impact minimised through Environmental and Social Management System in line with IFC standards
- 38,947 tons of avoided CO2 emissions

OUTPUTS & OUTCOMES

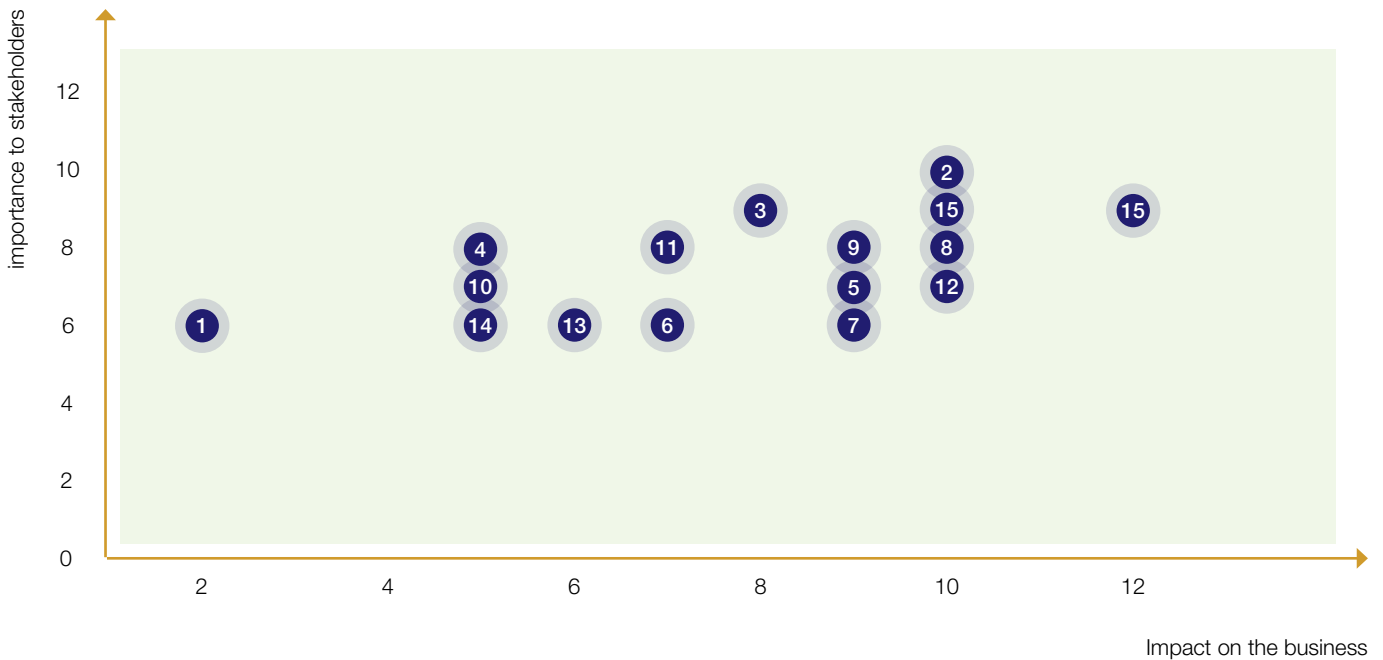


MATERIAL TOPICS

Material Themes are the key aspects that have significant impact on the Company's ability to achieve its strategic objectives and deliver on its value creation goals. These Material Themes are established partly based on the key concerns raised by stakeholders and partly business risks and opportunities as well as the future trends in the immediate operating environment, which are identified through our ongoing risk assessment process.

The Material Themes determined in this way are mapped on a Materiality Matrix to assess their impact to the Company and their importance to stakeholders. This helps us to understand the approach we need to take in integrating these Material Themes into our corporate strategy.

MATERIALITY MATRIX



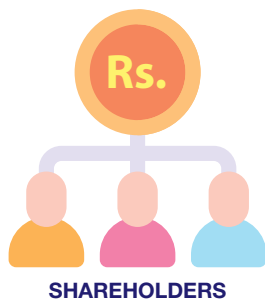
- | | | |
|-------------------------------------|----------------------------------|--|
| 1. Market share | 7. Talent Retention | 13. Working Capital Management |
| 2. Financial performance | 8. Employee Safety and Wellbeing | 14. Training and Knowledge Development |
| 3. Global Expansion/pipeline growth | 9. Regulatory Compliance | 15. Human Rights |
| 4. Strategic Partnerships | 10. Environmental Stewardship | |
| 5. Operational Excellence | 11. Labour best practices | |
| 6. Technology and Innovation | 12. Gearing | |

STAKEHOLDER ENGAGEMENT

Panasian Power PLC (PAP) determines its key stakeholders based on their interest in the Company's business operations, financial stability and long term sustainability. These include shareholders, customers, regulators, investors and employees. Apart from this, communities living in and around PAP's projects and plant sites are also considered as important stakeholders for the Company.

Given that all these identified stakeholders have a role in PAP's success, the Company undertakes stakeholder engagement activities with a far broader objective than merely communicating with various stakeholder groups. In fact, stakeholder engagement is seen as a key business tool that enables the Company to form long lasting, mutually beneficial relationships with stakeholders through collaboration as well as by sharing knowledge and ideas.

PAP's CEO, CFO, and the Environmental and Social Safety Officer are collectively tasked with identifying the Company's different stakeholders and for designing and deploying appropriate stakeholder engagement activities that promote active dialogue and generate meaningful insights and feedback from each group.



As a listed entity, PAP had 7,058 shareholders as at 31st March 2021.

Method of Engagement	Frequency of Engagement	Material Themes relevant to shareholders
Annual General Meeting	Annual	• Financial Performance
Annual Report	Annual	• Market share
Extraordinary General Meetings	As needed	• Global Expansion
Interim Financial Statements	Quarterly	• Long term strategy
CSE Announcements	As needed	• Gearing
Press Conferences / Press Releases	As needed	• Working Capital Management
Corporate Website	Continuous and Ongoing	• Regulatory Compliance
Social Media Platforms	Continuous and Ongoing	



The Ceylon Electricity Board is PAP's main customer. Other customers are other EPC/Solar companies purchasing Sungrow inverters.

Method of Engagement	Frequency of Engagement	Material Themes relevant to Customers
One-on-one meetings	As needed	• Operational Excellence
Press Conferences / Press Releases	As needed	• Technology and Innovation
Corporate Website	Continuous and Ongoing	• Service and support
Social Media Platforms	Continuous and Ongoing	



PAP's workforce consists of 66 employees

Method of Engagement	Frequency of Engagement	Material Themes relevant to Employees
Staff Meetings	As needed	• Talent Retention
Performance Appraisal	Annual	• Training and Knowledge Development
Internal Communications	Continuous and Ongoing	• Employee Safety and Wellbeing
Training Activities	Continuous and Ongoing	• Human Rights
Staff events	Annual	• Labour best practices

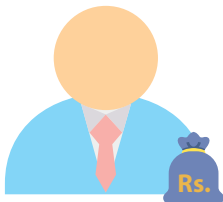
Stakeholder Engagement



REGULATORS

As a renewable energy producer, PAP’s primary governing body is the Sri Lanka Sustainable Energy Authority. Other significant regulatory bodies directly applicable to the Company’s operations include; the Central Environmental Authority, Board of Investment, the Colombo Stock Exchange and the Securities and Exchange Commission, the Inland Revenue Department, Sri Lanka Accounting and Auditing Standards Monitoring Board, Public Utilities Commission of Sri Lanka.

Method of Engagement	Frequency of Engagement	Material Themes relevant to Regulators
One-on-one meetings	As needed	<ul style="list-style-type: none"> Employee Safety and Wellbeing Human Rights Labour best practices Regulatory Compliance Environmental Stewardship
Directives and circulars	Continuous and Ongoing	
Interim Financials	Quarterly	
Annual Report	Annual	
Regulatory submissions / filings	As mandated	
Other meetings	As needed	



INVESTORS

PAP’s largest institutional investor as at 31st March 2021 is Emerald Sri Lanka Fund I, which seeks to invest in fast growing Small and Medium Enterprises (SMEs) in Sri Lanka. Other major investors are Dilanka Jinadasa and Dr T. Senthilverl. The Company continues to build investors networks

Method of Engagement	Frequency of Engagement	Material Themes relevant to Investors
Investor Forums / Road Shows	Quarterly and as needed	<ul style="list-style-type: none"> Project pipeline Financial performance Global Expansion Strategic Partnerships Gearing Working Capital Management Operational Excellence Technology and Innovation Talent Retention Employee Safety and Wellbeing Human Rights Labour best practices Regulatory Compliance Environmental Stewardship
Annual General Meeting	Annual	
Annual Report	Annual	
Interim Financial Statements	Quarterly	
CSE Announcements	As needed	
Press Conferences / Press Releases	As needed	
Corporate Website	Continuous and Ongoing	
Social Media Platforms	As needed	

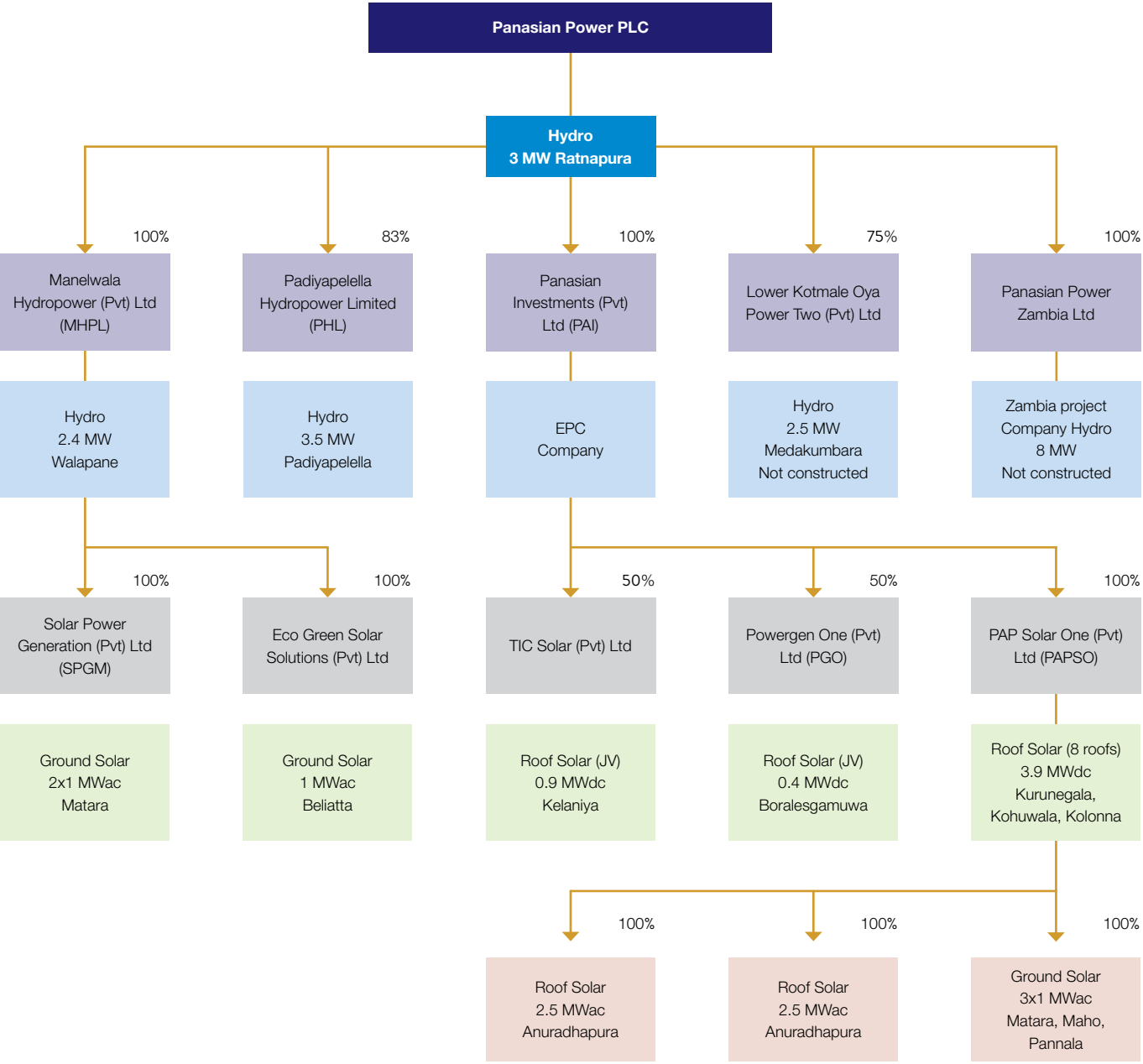


COMMUNITY

Community stakeholders who live in and around PAP’s plant sites and projects

Method of Engagement	Frequency of Engagement	Material Themes relevant to the Community
Press Conferences / Press Releases	As needed	<ul style="list-style-type: none"> Human Rights Regulatory Compliance Environmental Stewardship
Corporate Website	Continuous and Ongoing	
Social Media Platforms	Continuous and Ongoing	
Annual Report	Annual	
Community Initiatives/grievance meetings/town halls	As needed	

PROJECT AND GROUP STRUCTURE



CHAIRMAN'S REVIEW

Dr. Prathap Ramanujam



“ We never once wavered from the fundamental principle that resonates through PAP’s mission - the aspiration to protect the environment by becoming a leader in diversified sustainable renewable energy solutions. ”

As I welcome you to the 2nd annual integrated report of Panasian Power PLC (PAP), I wish to place on record that the year under review has been a momentous one for your Company. Revenue for FY 2020/21 grew by 30% year on year to reach Rs. 729 Mn, while Net profits after tax moved up to Rs. 268 Mn, reflecting a sharp 76% increase over the figure reported in the previous financial year. We also declared and paid Rs. 137.5 Mn by way of dividends during FY2020/21. The fact that this is a full 10% improvement over the dividend paid in the previous financial year, I believe is a testament to PAP’s consistent strategy and dynamic approach to enhance shareholder value on an ongoing basis. After the year end we paid our final dividend for FY2020/21 of Rs. 87.5 Mn.

PAP’S STRATEGY AND FOCUS

Despite the unsettled environment created by the COVID-19 pandemic, we never once wavered from the fundamental principle that resonates through PAP’s mission - the aspiration to protect the environment by becoming a leader in diversified sustainable renewable energy solutions. Resolving firmly to

move ahead with our planned strategic agenda for the year, we proceeded with the expansion of its power generation portfolio. And after the successful commissioning of two major solar projects within the year, PAP’s solar energy generation capacity increased by 88% to 11.8 MW from 6.3 MW a year ago. Might I add, that our solar portfolio has a weighted average of 19 years remaining on its PPAs and Net Plus agreements, which confirms the sustainability of our business over the long term.

In our hydropower segment, which has been the mainstay of PAP’s operations since inception, we were able to safeguard our existing capacity after renewing the Rathganga hydropower PPA for a further 5 year period ending in July 2024. Further with several more years to go on our Padiyapelella and Manelwala hydropower PPAs, I believe PAP is well set to continue meeting its obligations to supply energy to the national grid for the foreseeable future.

To truly appreciate the significance of PAP’s performance in the current financial year, I think it is important to provide some context regarding the macro environment in which we were required to operate this past year.

THE MACRO ENVIRONMENT

For many, the year 2020 will forever be defined by the effects of the COVID-19 pandemic, which without much warning caused radical economic and social changes that threw the entire world into chaos. Lockdowns and other restrictions needed to address the public health crisis, together with spontaneous reductions in economic activity by many consumers and producers proved to be a deadly combination that left advanced and developing economies alike, struggling to cope. With almost all Countries around the world afflicted by the pandemic in a short period of time, the global economy was pushed into its deepest recession in nearly a century. As per the World Economic Prospects Report released by the World Bank in January 2021, global Gross Domestic Product is estimated to have contracted by as much as 4.3% in 2020, with only a modest recovery projected for 2021.

On the domestic front, the Sri Lankan economy too shrank by 3.6% in 2020, as several key sectors, including tourism and construction came to a virtual standstill amidst stringent containment measures announced by the government in a bid to combat the pandemic. Moreover, with weaker domestic economic activities leading to a deterioration in labour market conditions and causing sustained income losses, consumer spending took a nosedive.

Preventive measures taken by the government to slow the spread of the pandemic had a cascading impact on Country’s energy demand in 2020 leading to a drop in Sri Lanka’s overall electricity generation for the first time in over a decade. Nevertheless, I am pleased to see that Independent Power Producers who account for non-conventional renewable energy sources, continued to increase their share in the Country’s energy mix in 2020.

COMPLIANCE STATEMENT

I wish to confirm that all the members of the Board of Directors and all Company employees have acted in compliance with the applicable regulatory and statutory requirements and, towards this end have discharged their duties in accordance with the policies, procedures and standards covered by the PAP’s internal Code of Ethics.

LOOKING AHEAD

Encouraged by the Sri Lankan government’s push for more renewable energy generation, I look forward to the future with a deep sense of optimism, for I believe that our aspiration to position PAP as the most preferred renewable energy producer in Sri Lanka, is well within reach.

I wish to reiterate that it is this ambition that will remain top of mind as we pursue our organic growth strategy in Sri Lanka and accelerate our overseas expansion agenda over the medium term.

Chairman's Review

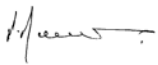
ACKNOWLEDGEMENTS

Before I conclude my statement, I wish to take this opportunity to thank our dynamic CEO - Mr. Pathmanatha Poddiwala and every member of the PAP team. I readily acknowledge that it is your passion and dedication that has been instrumental in our progress so far and will remain a key constituent in the success in PAP's future endeavours. My heartfelt appreciation also to all our business partners who have certainly brought PAP closer to its ambition of becoming the most preferred renewable energy Company in Sri Lanka.

Let me extend my sincere gratitude to my colleagues on the Board for their guidance and support at all times.

On behalf of the Board, I would like to convey my overwhelming appreciation to all our shareholders for their steadfast support over the years. We eagerly look forward to your continued patronage as PAP charts a course towards a cleaner, more decarbonised future.

Sincerely



Dr. Prathap Ramanujam
Chairman

CHIEF EXECUTIVE OFFICER'S REVIEW

Pathmanatha Poddiwala



Chief Executive Officer's Review

“ Seeing the success PAP has achieved in recent years, and especially in this past year proves that our strategy is on point. That said, we are also very clear on what we want to achieve as part of our next growth cycle ”

While FY2020/21 may have been a tumultuous and often even devastating period for many organisations, for Panasian Power PLC (PAP) it was a year of optimism and growth. Being a renewable energy producer, PAP was less affected by the pandemic than many other organisations, which allowed us to make good headway in our core business and achieve success on many fronts, to end the year on a strong positive note.

FINANCIAL HIGHLIGHTS

- Group revenue increased 29% year on year to Rs. 729 Mn as hydro performance improved, and solar plants generated throughout the year. Planning to hit Rs. 1 Bn by FY2021/22
- 76% increase in net profit for the year to Rs. 268 Mn with a net profit margin of 37% - mainly due to improved performance of our plants, maintaining admin costs and tax allowances
- Generated 44 GWh of clean electricity during the year
- Increased installed capacity by 40% to 21 MW – on track to deliver 30 MW by the end of the year.
- Total assets increased 15% to Rs. 4.6 Bn

OPERATIONAL PERFORMANCE

As I mentioned before, the pandemic impact on our business was somewhat limited. Given that the supply of electricity is by nature an essential service, PAP's operations received approval to operate on a priority basis throughout the year. However, seeing the intensity and fluidity with which the pandemic was unfolding, we took pre-emptive action to safeguard our plants against any unforeseen disruptions that could affect the continuity of their operations. And while we did encounter some minor hiccups in terms of staff mobility and logistics at the onset of the lockdown in March 2020, these were quickly resolved allowing us to begin the current financial year fully geared and on track.

It was a good year on the weather front as well, where after years of erratic weather, the Country received a significantly higher rainfall in 2020. Benefitting from these favourable weather conditions, PAP's overall hydropower generation volumes shot up by 14% with all our plants reporting higher generation volumes compared to the previous year. PAP's largest hydropower plant in Padiyapelella performed commendably well to a record 16% increase in volumes generated, while our Rathganga and Manelwala plants also reported a healthy 5% increase compared to the previous year. While year round rainfall did play a major role in increasing the generation volumes at all plants, I readily acknowledge that it is thanks to the ongoing efforts of our plant teams to minimise downtime and improve the plant factor, that all our hydropower plants were able to consistently maintain plant performance at optimum levels throughout the year.

In the past year, we began to see visible results from our Solar expansion strategy as well. Having entered the solar sphere a mere 3 years ago, PAP's solar footprint has since been steadily gathering momentum which has led to an exponential growth in solar generation volumes. We made good

progress in the current financial year by completing 2 large scale projects, which saw PAP's Solar generation volumes for the FY 2020/21 grow by a solid 56% compared to the previous year. Of the two projects, the 2.5 MWdc rooftop project in Anuradhapura was commissioned slightly behind schedule due to some unavoidable delays stemming from restricted operations at the CEB due to COVID. Working in parallel to pre-empt and minimise likely delays, we were able to complete the larger 3 MWac ground solar installation in Matara, on schedule. The two new plants collectively are equipped to produce 9,150,000 kWh of green electricity per annum, saving the equivalent of 7,712 metric tons of CO2 which would otherwise be emitted using non renewable energy sources.

On the downside, travel restrictions etc. hampered our ability to expand our local solar project pipeline. Clients too appeared to be pushing back on their investment decision amidst the pandemic induced economic slowdown. We also faced a setback in our overseas project - a proposed 8MW mini hydro project in Zambia. Based on our timeline, we had been banking on securing project approvals from the Zambian government by the end of 2020 at the very latest, in order that we could commence work by 2021. However, with the COVID situation escalating rapidly in Zambia, we have been made to understand that the approval process may be delayed by several months, which is a significant hit to our project timeline.

AWARDS AND RECOGNITION

Our purpose from the inception has been to assist in Sri Lanka's transition towards decarbonisation and today we stand proud of our efforts to position our Country as a cleaner and more sustainable nation. To be recognised publicly for what we do is both humbling and immensely gratifying at the same time, especially when such recognition is on a national scale and at a prestigious platform such as the Sri Lanka Solar Week

Awards, where PAP was awarded - the “Solar Company of the Year” in the Developer - 15MW category and the “Solar Service Provider of the Year” in the EPC category, both highly coveted awards that confirm PAP’s status as a rising star in the local renewable energy industry.

RENEWING OUR COMMITMENT TO BE SUSTAINABLE IN EVERY WAY

As a renewable energy producer PAP is one of the most obvious examples of a sustainability champion. Unlike electricity generated using fossil fuels, the hydro and solar energy we generate is 100% clean and has zero CO2 emissions. Not content to rest on these laurels alone, we strive to be as sustainable as possible in other aspects of our business as well. This is however easier said than done for it requires a shift to regenerative thinking and the willingness to look beyond profit.

With so much chaos unfolding around us in 2020, we realised it was an ideal time to test out our capacity for regenerative thinking which led us to critically re-examine our processes and see how we can embed sustainability more deeply into our day to day operations. As a first step, we made a firm commitment to increase the gender parity in our workforce. Having seen the female participation rate at our head office increase to 32% in the FY 2020/21, from 10% a mere two years ago, we are now targeting a 50:50 gender balance by 2025. For this purpose, we have already begun exploring some transformational ideas that include more flexible ways of working, which we hope will attract more female participation to our workforce.

FUTURE DIRECTION

Seeing the success PAP has achieved in recent years, and especially in this past year proves that our strategy is on point. That said, we are also very clear on what we want to achieve as part of our next growth cycle. I expect the next few years to be a busy time

for PAP as we work on implementing our existing pipeline of solar projects over the next 12 - 18 months, while simultaneously seeking out new investments that will boost our market share in Sri Lanka in the years ahead. In this regard, I remain optimistic of PAP’s chances of securing renewable energy projects that are lined up to be tendered under the CEB’s long term power generation plan. In the longer term, our pursuit of new opportunities will also likely include other forms of renewable energy, such as wind power and biomass energy.

Another key priority, going forward would be to reactivate our overseas expansion plans, which were put on hold due to COVID-19 pandemic.

Simply put - we know where we are going, and we know how to get there. PAP’s solid strategy and robust business model together with the positive inferences by the Sri Lankan government regarding their support for the renewable energy sector, gives me every reason to be confident that PAP is ready to stride ahead to embrace its next big growth phase in the years ahead.

APPRECIATIONS

Before I conclude, I would like to personally thank our highly engaged workforce for their constant enthusiasm and motivation in the face of lingering uncertainty. To our plant teams - thank you for your many sacrifices, especially time spent away from loved ones.

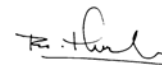
A special word of thanks to the Chairman and Board of Directors for their astute leadership that has been instrumental in bringing PAP to where it is today.

I am equally grateful for the ongoing trust and confidence we receive from our various business partners and investors. It goes without saying that your steadfast support is always a great strength.

I would also like to thank the CEB for their assistance with regard to policy matters.

And finally, to all our stakeholders, including the communities who live in and around our plant sites - thank you for your support. I hope you will continue to share in PAP’s future journey towards creating a cleaner and more sustainable future for all.

Sincerely



Pathmanatha Poddiwala
Chief Executive Officer/
Executive Director

POWERING THROUGH TO SUSTAINABLE PROGRESS

PAP has 9 MW of commissioned hydro plants with 13 MW of hydro plants in the pipeline in Sri Lanka and Overseas

Hydro plant in Padiyapelella

3.5 MW



OPERATING ENVIRONMENT

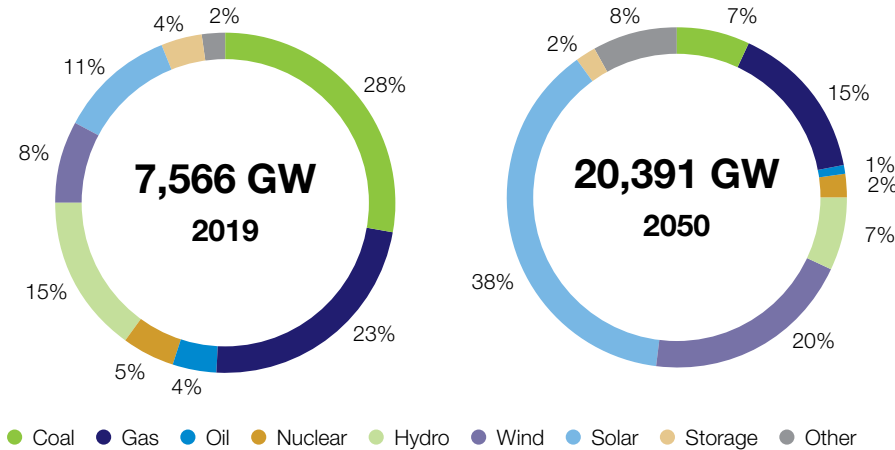
GLOBAL RENEWABLE ENERGY TRENDS

The renewable energy sector, globally appeared to be among the few sectors that remained largely unaffected by the COVID-19 pandemic. According to the International Energy Agency (IEA) Report 2021, electricity generated through renewable sources has been the energy source most resilient to COVID 19 lockdown measures in 2020. Despite looming economic uncertainties, investor appetite for renewables too remained strong, with the shares of publicly listed renewable equipment manufacturers and project developers outperforming most major stock market indices.

Furthermore the global demand for renewable energy has continued to gather momentum in recent years, primarily due to the fact that electricity generated through renewable sources such as wind and solar have proven to be significantly cheaper than electricity generated through conventional non-renewable sources. In testimony to this, large scale solar tenders are currently priced as low as \$0.02 per kWh and wind around \$0.05 per kWh.

Furthermore, with the Paris Climate Agreement driving the move towards renewable energy, the demand for solar and wind power is predicted to grow exponentially over the next few decades. The heightened demand for renewable energy is expected to drive a massive capacity expansion over the next three decades. As per Bloomberg NEF, Solar will increase to 38% of the total installed capacity by 2050 from 11% currently, while renewables as a whole are forecasted to account for 95% of the net increase in global power capacity through 2025.

Global Installed Capacity Mix, 2019 and 2050



Source: Energy Agency (IEA) Report 2021

ENERGY SECTOR IN SRI LANKA

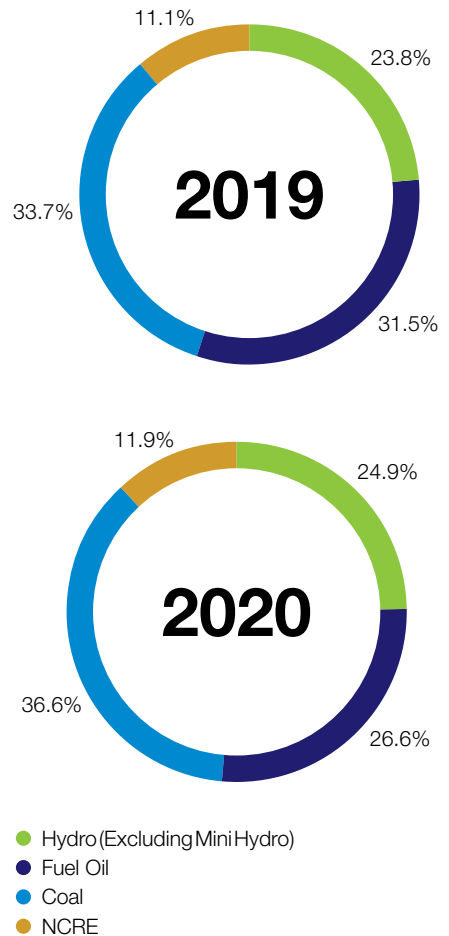
The demand for electricity declined in 2020 as a direct consequence of the reduced economic and industrial activity during pandemic related lockdowns. Stemming from this, Country-wide electricity generation too fell in 2020, albeit marginally by 1.3% compared to 2019. A significant decline in generation was observed in the months of March, April, and May 2020 due to reduced electricity demand amidst lockdown measures which were imposed to curb the COVID-19 spread. While a rebound in electricity generation was observed from June 2020 following the removal of the nationwide lockdown, total generation declined again in the latter part of the year owing to the second wave of the pandemic.

In terms of the generation mix, hydropower generation increased significantly during 2020 in large part due to the consistently high rainfall in the catchment areas. Hydropower generation increased by 24.9% to 3,911 GWh in 2020.

Coal power generation increased by 7.3% to 5,754 GWh during 2020, mainly on account of the fact that Kerawalapitiya coal power plant did not experience any extended closures similar to those seen in the previous years.

On a positive note, Independent Power Producers (IPPs) who account for the Country's Non-Conventional Renewable Energy (NCRE) or renewable energy sector, increased their contribution to the national grid.

Electricity Generation Mix



Source: CBSL AR 2020

RENEWABLE ENERGY SECTOR IN SRI LANKA

In 2020 electricity generation through non-conventional renewable energy sources including mini-hydro and rooftop solar, increased marginally to 11.9% up from 11.1% in 2019.

Meanwhile with Sri Lanka having harnessed renewable energy from its large hydro power plants to near its maximum economic potential, the government has begun to explore other sources of renewable energy to improve the energy mix and reduce the Country's dependence on conventional non-renewable energy sources over the long term.

Item	2019 (a)	2020 (b)	Growth Rate (%)	
			2019 (a)	2020 (b)
Installed Capacity (MW)	4,217	4,263	4.1	1.1
Hydro (c)	1,399	1,383	-	-1.1
Fuel Oil (d)	1,282	1,268	12.8	-1.1
Coal	900	900	-	-
NCRE (e)	636	713	4.1	12.1
Units Generated (GWh)	15,922	15,714	3.6	-1.3
Hydro (c)	3,783	3,911	-26.5	3.4
Fuel Oil (d)	5,016	4,182	38.2	-16.6
Coal	5,361	5,754	12.5	7.3
NCRE (e)	1,761	1,866	-3.8	5.9

Source: Ceylon Electricity Board (CEB) Lanka Electricity Company (Pvt) Ltd. (LECO)

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

Aiming to generate 70% of electricity from renewable sources by 2030, the CEB has proposed an ambitious Long Term Generation Plan to systematically increase electricity generated through renewable sources over the next decade. Solar and wind are expected to be the key drivers of this capacity increase. In this regard, the CEB is set to call for tenders for a new 150 MW solar-power plant in the near future. While larger scale tenders such as these will be instrumental in developing the renewable industry in Sri Lanka, it is expected that this will lead to severe competitive pressure over the medium term, as international players too seek to enter the market in the coming years.

Source: CBSL AR 2020

ENERGY SECTOR IN ZAMBIA

Of the total installed Electricity Generation Capacity of Zambia of 2,347 MW, hydropower is the most important energy source in the Country, accounting for 2,259 MW (96%), followed by diesel which contributes the remaining 4% to the national energy supply.

Zambia's demand for energy has been rising due to robust GDP growth of more than 6% per year for the past decade in the country, particularly in the mining, manufacturing and

agriculture sectors. According to the Zambia Development Agency (ZDA), the demand for electricity in the country has been growing at an average of about 3%, or between 150 and 200 MW, each year. Despite a growing demand for power however, there have not been any major additions to the Country's generation capacity in the last 20-30 years. Therefore, Zambia presents a strong case for renewable energy investment.

*Management Discussion and Analysis***REVIEW OF OPERATIONS**

PAP made progress on many levels in the current financial year. As a supplier of electricity to the national grid, the Company's hydropower and solar plants were allowed to operate throughout the year, including during the 2-month island-wide lockdown. For its part, PAP took its own precautions to ensure the safety of on-site plant teams during the pandemic.

Uninterrupted run time, together with the consistent rainfall experienced during the year, saw the Company's 3 hydropower plants all recorded a sizable improvement in generation volumes. The Manelwala and Rathganga plants both reported increases of 5% over the volumes generated in the previous year, while the Padiyapelella recorded the best performance out of our hydro plants for the year, tabling an 16% increase in generation volumes compared to the previous year.

PAP made good headway in its solar operations as well with 2 new large scale projects being successfully operationalised within the year. The first, two 1.25 MWdc rooftop projects in Anuradhapura, which after being delayed for several months owing to limited operations at the CEB, were finally commissioned in October and December 2020. The larger 3 MWac ground solar installation in Matara was completed on schedule in February 2021. This latest addition to PAP's ground solar portfolio is on track to contribute up to Rs. 90 million towards the Company' annual revenue in due course. Meanwhile bolstered by the additional capacity from the two new projects, PAP's solar generation volumes for the FY 2020/21 edged up by 56% over the figure reported in the previous financial year.

During the year, PAP also secured approvals for PPAs for new ground solar projects in Maho and Pannala, which when completed will collectively add another 2 MWac to the Company's overall solar generation capacity. Final approvals for PAP's 8 MW hydropower project in Zambia were however delayed due to the COVID situation in that Country.

Sungrow inverter sales too were somewhat affected in the year under review, as a consequence of the economic pandemic related economic slowdown that prompted clients to delay on their investment decisions. To add to this competitive pressure in the inverter space also continued to intensify, with new players continuously entering the arena. However, thanks to its strategic tie up with Sungrow, PAP has succeeded in building a reputation as the market leader for high quality solar inverters, a fact that is confirmed by PAP's 12% market share in the local inverter market in its first year of operation.

Going forward, several projects have been lined up for commissioning in the forthcoming financial year. Key among them is a 1.25MWdc rooftop solar project which commissioned in April 2021 and the balance 1.25MWdc rooftop solar project in Anuradhapura which is due to commission soon. Construction work on the Maho and Pannala ground solar projects are also underway with commissioning expected by mid FY2021/22.

FINANCIAL CAPITAL

Financial Capital is the key enabler that allows Panasian Power PLC (PAP) to carry out its core business of generating renewable energy. Moreover, Financial Capital is also the key resource that ensures all other Capitals achieve their desired outcomes.

FINANCIAL CAPITAL PROFILE

	2016/17	2017/18	2018/19	2019/20	2020/21
Total Equity (Rs.)	1,264,994,881	1,393,948,207	1,648,405,871	2,178,890,092	2,313,660,905
Debt (inc. leases) (Rs.)	740,022,836	746,734,723	1,116,638,760	1,529,845,985	2,052,004,546
Retained profits (Rs.)	347,400,747	453,226,549	691,573,610	701,817,869	796,381,691
Reserves (Rs.)	243,960,597	224,161,998	201,136,991	316,396,210	357,335,896

DEVELOPING OUR FINANCIAL CAPITAL TO SUPPORT PAP'S STRATEGY

We endeavour to manage our Financial Capital, efficiently and effectively in order to achieve the following key objectives;

Maintain an adequate liquidity pipeline to maintain existing assets and fund new projects
Ensure the Company continues to remain profitable in order to provide the expected shareholder returns

Debt Capital Management

PAP's projects are funded mainly by way of commercial loans obtained from Banks or through special credit granting schemes at concessionary rates offered by various institutions from time to time. The appropriate level of debt for each project is determined by a variety of factors, including scale, complexity, construction timeline etc. Nevertheless, a benchmark 75:25 debt to equity ratio serves as a broad guideline in this regard. Most loans are taken for a longer tenure, typically over 8 years with project assets secured against the loan. This gives PAP the bargaining power to negotiate to significantly low interest rates and also benefit grace periods in servicing loan commitments during the construction and pre-commissioning phases, at which point the project is not yet generating any revenue. Beyond this, the Company maintains a planned approach to receive loan disbursements for projects to further reduce the cost of funds.

Cost Control

Cost control remains a major priority, especially at the project construction stage. PAP aims to work strictly within the approved bill of quantities in order to safeguard the financial feasibility of projects during the construction stage.

Material Themes covered through our
Financial Capital Development Approach

- ✓ Gearing
- ✓ Working Capital Management

FINANCIAL CAPITAL

Cash Flow Optimisation

Given the inherent delays in receiving dues from the CEB, PAP has adopted a prudent cash flow management approach. Based on the results of its rolling cash flow forecasts, PAP ensures adequate liquidity buffers are available to meet day to day running expenses at all plants, make supplier payments and fulfill debt service obligations.

OUR TRACK RECORD IN 2020/21

	2018/19 Revenue (Rs.)	2019/20 Revenue (Rs.)	2020/21 Revenue (Rs.)
Hydropower	674,147,252	433,850,135	471,921,242
Solar	6,393,295	92,749,570	145,254,415
EPC	80,740,106	37,215,085	111,898,366
Total	761,280,653	563,814,790	729,074,023

	Shareholder Value creation		
Rs. '000s	2018/19	2019/20	2020/21
Net income	371,337	152,708	268,261
Net Income attributable to shareholders of parent	332,236	138,912	239,685
Total assets	2,983,028	3,963,672	4,555,746
Total Equity	1,648,406	2,178,890	2,313,661
Equity to shareholders	1,522,710	2,048,214	2,183,718
Dividends paid during FY 2020/21	95,000	125,000	137,500
ROA (%)	14.5	4	6.0
ROE (shareholders) (%)	24	8	12
Dividend payout ratio (%)	29	90	57
NAV per share (Group)	3.05	3.49	3.70



Priorities for the FUTURE



Looking forward we will continue to manage our Financial Capital prudently, investing in selective projects that give us strong returns both locally and abroad. We are discussing with banks to further reduce our borrowing rates and looking at alternative financing instruments for the medium term to allow us to continue development of our pipeline. From a cost perspective, we continue to benchmark our admin costs per MW against industry and aim to continue to manage this going forward as we grow. The ongoing devaluation of the LKR against the USD will have an impact on capital costs and is being monitored closely.

Management Discussion and Analysis

HUMAN CAPITAL

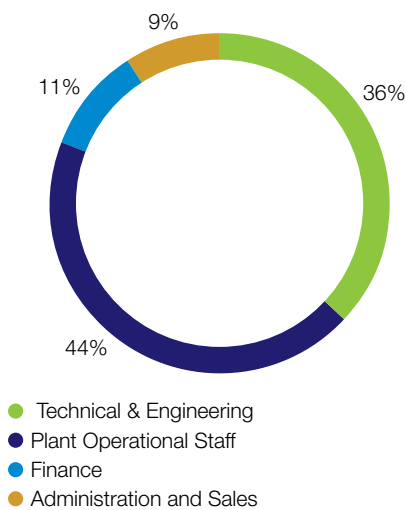
At Panasian Power PLC (PAP), we recognise that our people are among our greatest assets, as it is they who drive the Company's strategy. PAP's success over the past 19 years would not have been possible without the leadership, motivation, knowledge and skills that our people bring to work every day.

WORKFORCE PROFILE

Being a bespoke renewable energy Company, PAP's workforce consists of a multi disciplinary team of specialists with expertise in all aspects of hydro and solar energy including design, installation, EPC, project management and maintenance.

As at 31st March 2021, PAP's total workforce consisted of 66 employees, of which approximately 36% were part of our Engineering & Technical team. Our workforce remains largely male dominated, which is typically a reflection of the energy industry in Sri Lanka and across much of the rest of the world, however we are proud to say our female participation rate in head office functions has increased over the past few years and now stands at 32%.

Employees by Function



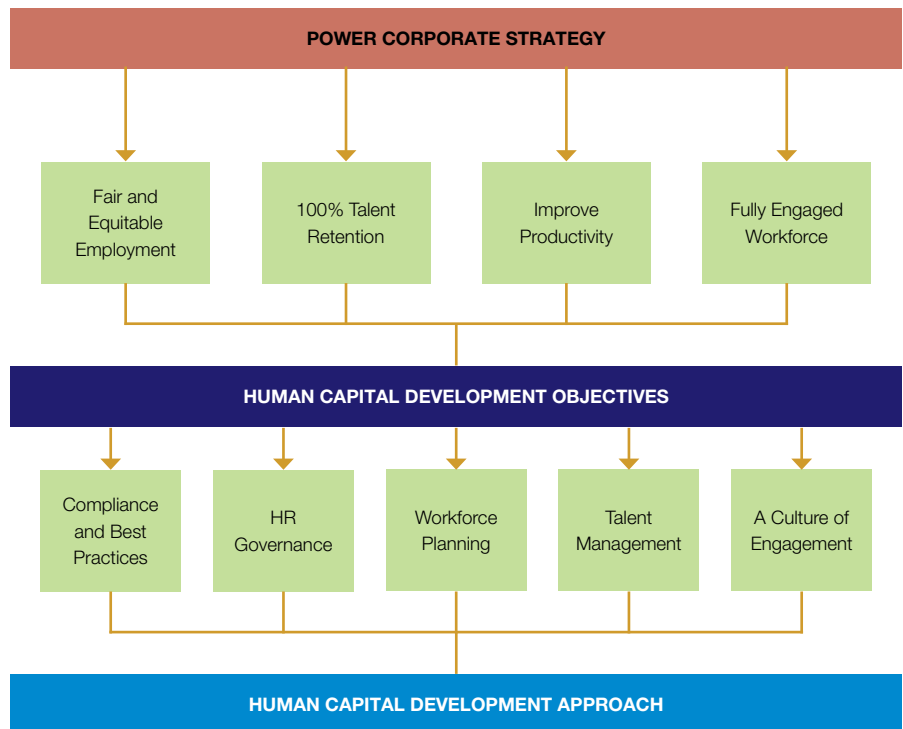
Employee Category	2018/19	2019/20	2020/21
Permanent	35	42	44
Contract	7	9	16
Probationers	1	2	6
Trainees	0	2	2
Total	43	55	68

DEVELOPING OUR HUMAN CAPITAL TO SUPPORT PAP'S STRATEGY

Our approach is aimed at nurturing and developing our team by building their unique capabilities and ensuring their knowledge and expertise is up to date in order for PAP to sustain its competitive advantage in the local renewable energy sector and also pave the way for the Company's to pursue its overseas expansion plans.

Material Themes covered through our Human Capital Development Approach

- ✔ Talent Retention
- ✔ Human Rights
- ✔ Training and Knowledge Development
- ✔ Employee Safety and Wellbeing
- ✔ Regulatory Compliance
- ✔ Labour best practices



HUMAN CAPITAL

Compliance and Best Practices

PAP's workforce practices are based on the following regulatory requirements;

Shop and office employees Act of 1954	Budgetary Relief Allowance of Workers Act no. 4 of 2016
Employee's Provident Fund Act No. 15 of 1958	Employees Trust Fund Act no. 46 of 1980
Payment of Gratuity Act no. 12 of 1983	Workmen's compensation Ordinance of 1935
Maternity Benefits Ordinance of 1939	Termination of Employment of Workmen Act of 1971

The Company remains fully compliant with all the above regulatory requirements.

Going beyond compliance we have adopted the following best practices for human rights and labour as stipulated in the ILO, the IFC Performance Standards, and the UN Global compact;

- A non-discriminatory approach that prevents discrimination against the any status or condition protected by law
- Equality and diversity in every aspect of the employment process including recruitment, selection, evaluation, remuneration, benefits, promotion, training and development of all employees.
- Prohibition of child labour and the prevention of forced or compulsory labour
- The remuneration and benefits offered to employees will be in line with industry standards and will comply with the statutory labour laws of the Country
- Provide employees with training and other resources to enable them to perform their job roles efficiently and effectively
- Maintain a formal performance evaluation mechanism to routinely assess the performance for each employee and determine their effectiveness in achieving performance objectives and establish their capacity for progression within the organisation
- Mentor and develop employees and to enable them to become future leaders of the Company
- Ensure the health and safety of all employees in accordance with internationally accepted safety benchmarks for Occupational Health and Safety

HR Governance

All HR activities are managed centrally. PAP's comprehensive framework of HR policies covering all aspects of the employment lifecycle from recruitment, benefits, performance management, training and development, grievance handling and exit procedures, serve as the building blocks for the effective management of all HR activities.

Workforce Planning

In line with our goal maximise productivity, PAP follows a highly streamlined workforce planning process that goes hand in hand with the 3-year strategic planning cycle. Accordingly, cadre requirements are established primarily based on the Company's short, medium and long term plans.

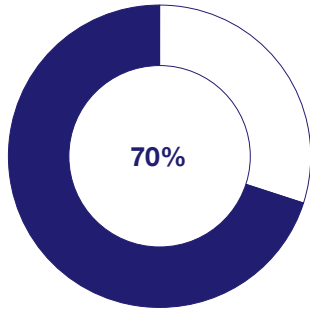
Cadre requirements are further reviewed on a rolling basis in tandem with the annual budgeting process to account for gaps due to workforce movements such as resignations and promotions or as a result of special need based competencies that may arise from time to time.

MANAGING TALENT

We have a comprehensive approach to managing our talent in order to ensure our people have the right skills for today and tomorrow. The first step in this process is to understand the business needs for a given position, the value and contribution of the position and the skills, attributes and experiences needed. Next, we identify top talent from within and strive to promote internally whenever possible. However, when the position requirements cannot be met internally, we recruit external talent. We also ensure that these individuals are remunerated fairly and competitively for their skills and expertise. Once the appropriate candidate is identified and on-boarded, we focus on long-term development and engagement.

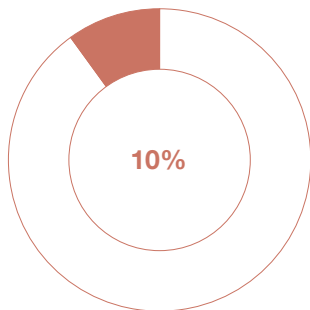
As part of our talent management framework, we are committed to reward our people for their performance. Salary increases and bonuses based purely on merit, with eligibility determined by the results of the annual performance appraisal mechanism. It is also through the annual performance evaluation that we identify candidates for promotions.

At the same time, we invest considerable resources to support our employees to grow professionally and help them achieve their personal career goals. Towards this end, we have a comprehensive talent development programme which is based on three fundamental pillars: Experience & Exposure, Knowledge Sharing, Formal Training



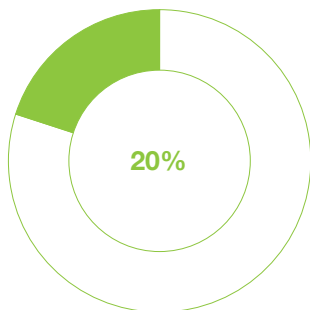
EXPERIENCE AND EXPOSURE

We believe development of our people is accelerated by gaining a variety of on-the-job experiences and exposure that helps people expand their skills and enhance their capabilities.



KNOWLEDGE SHARING

Leaders who gain a better understanding through continuous communication and feedback, not only better understand their role and responsibilities, but also what skills they need to grow their career.



FORMAL LEARNING

We provide the tools and programs our people need to grow their professional skillset, evolve their leadership competencies and take their career to the next level.

Formal Training

We invest in providing our employees with formal training to build their skills to help them grow in their current role or to fit into a new role within PAP. Using a combination of both internal and external training resources, we focus on providing training on a variety of topics ranging from technical training to executive training to enable our people to develop their skill set, evolve their leadership competencies and take their career to the next level.

A Culture of engagement

- ✔ Supporting Employees to manage the COVID-19 pandemic impact

We believe having an engaged and motivated workforce is vital, especially in the highly dynamic energy industry. It is why we work to foster two-way communication to ensure that employees understand, and are aligned with the Company's strategic journey at all times.

Regular team meetings, briefings and the annual performance evaluation mechanism, all serve as opportunities for employees to engage freely with their superiors to discuss matters pertaining to their work. In addition, we maintain an open door policy to encourage any employee to reach out to the executive management, while a grievance handling procedure is a channel that allows employees to formally escalate their grievances and receive resolutions.

Through these mechanisms, we have succeeded in building strong collaborative relationships and gained the trust of employees without the need of a collective bargaining agreement.

Safety and Wellbeing

At PAP, we always put safety first. As an energy manufacturer, health and safety risks arise from our activities in construction projects, as well as the operation and maintenance of power plants. Activities related to working at heights, lifting operations, operating heavy equipment, ground works and working in confined spaces are considered to carry the highest risks in our day to day operations.

Several laws provide the foundation for the management of health and safety impacts in our day to day business operations. These include; the Factories Ordinance 1- Labor Law of Sri Lanka (No.45 of 1942, No.22 of 1946), the Workmen's Compensation Ordinance No. 19 of 1934 as well as the Regulations on Electricity (Safety, Quality and continuity) Standards issued by the Minister of Power and Renewable Energy under section 54 and 56 of the Sri Lanka Electricity Act, No. 20 of 2009. In addition, PAP is also bound by the Construction Industry Development Act (CIDA) – No. 33 Of 2014, Legislation Relating to the Construction Industry in Sri Lanka (Construction Law – L 1202) and the Labour Standard and Employment Relation Manual of BOI Sri Lanka.

These regulatory frameworks form the basis of the Environmental and Social Safety system which has been implemented at all our sites. To continuously reinforce the importance of safety, the Environmental and Social Safety system also includes specific operational and construction safety standards that are based on global best practices covering areas such as fall prevention, electrical grounding, contractor safety management, job safety analysis, incident management etc.

Human Capital

OUR TRACK RECORD IN 2020/21

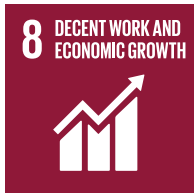
Employment type	Male			Female		
	2018/19	2019/20	2020/21	2018/19	2019/20	2020/21
Corporate Management	2	3	2	0	0	0
Senior Management	2	3	3	0	1	1
Executive Staff	8	11	16	1	3	4
Non-Executive staff	31	34	39	0	1	1
Other contracted employees	0	0	0	0	0	0
Total	43	51	60	1	5	6

Employee profile As at 31 March	2019	2020	2021
Total number of employees (including probationers)	43	55	66

Category	
Technical & engineering	24
Finance	7
Admin	5
Sales	1
Site operational staff	29

Employee Age Distribution	2018/19		2019/20		2020/21	
	Male	Female	Male	Female	Male	Female
18 - 30 years	6	-	8	3	13	3
30 - 45 years	25	-	25	1	29	2
45 - 55 years	8	1	12	1	13	1
55 years and above	4	-	6	-	5	-

PAP'S CONTRIBUTION TO THE SDG'S



PAP offers a fair employee value proposition that includes remuneration in line with national and industry benchmarks along with the opportunity for continuous learning and career advancement within the Company. We promote two-way communication with the aim of building strong relationships with employees based on trust. We also invest in ensuring a safe working environment for our employees.



As an Equal Opportunity Employer PAP prohibits discrimination based on race, color, gender, age, religion, disability, or any other protected classifications. We hire, pay and promote based on an individual's qualifications, skills, ability to do the required work, merit and overall potential. In line with PAP's non-discriminatory approach, men and women in similar roles are remunerated equally.



Build essential skills and competencies

Given that our main priority is to sustain PAP's current growth momentum for the foreseeable future, we expect to focus on building essential skills and competencies throughout the business to support the Company to improve operational excellence and meet its long term goals. We intend to adopt a forward looking approach to map our existing strengths against the skills required to support our future goals and thereafter systematically address the competency gaps in the existing workforce through a structured forward looking competency development programme. In parallel, we will also look at hiring new employees to fill the gaps, which may involve investment in overseas teams to drive our overseas growth.

Cultivate future leaders

As PAP continues to grow, we want to cultivate our 2nd line of future leaders and expect to roll out a mentoring programme to groom capable candidates from within the existing workforce. The mentoring program will focus on cultivating the 2nd line by delegating responsibility and accountability to ensure selected candidates have the leadership skills and right attitude to take on senior managerial roles as and when needed.

Reduce Gender disparity in the workforce

With diversity and inclusion being declared one of PAP's strategic objectives, we will strive to increase female participation in our workforce. Having successfully increased the female participation rate at our head office to 32%, from 10% in 2018/19, we are looking to further reduce the gender parity in our workforce by offering flexible working, childcare services and additional maternity leave options.

Move to a flexible workplace

Having experienced the benefits of a flexible workplace during the COVID-19 pandemic, PAP will revisit its conventional work practices and explore the possibility of introducing a hybrid working environment where employees have the ability to perform their duties combining both work-from-home and being physically present at the workplace.



MANUFACTURED CAPITAL

Manufactured Capital serves as the building blocks for Panasian Power PLC (PAP) to carry out its core business, more specifically the physical infrastructure we use for the generation of renewable energy in the form of hydro power and solar power.

MANUFACTURED CAPITAL PROFILE




PAP's Manufactured Capital consists of a network of mini hydro power production plants which accounts for almost 40% of PAP's power generation capacity. Strategically located in Sri Lanka's Central and Sabaragamuwa Provinces, these mini hydro's benefit from high elevation and high annual rainfall, ensuring consistent year round power generation.

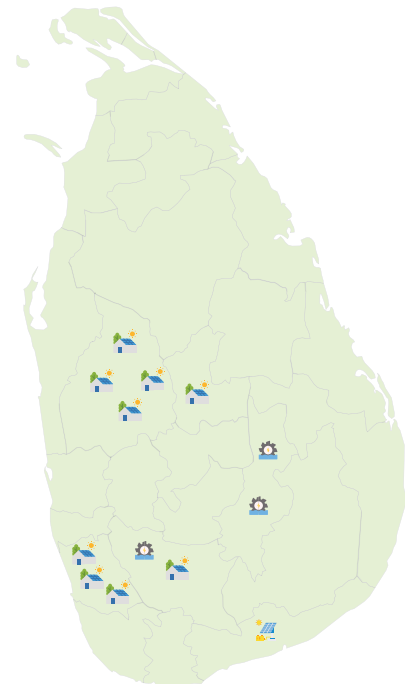
More recently having ventured into the Solar Power generation space, PAP now maintains a number of rooftop and ground solar installations around the Country

Also included in our Manufactured Capital are the equipment and other initiatives that support the upkeep and maintenance of our mini hydro plants and solar power plants.

Total capacity	
Hydro	8.9 MWac
Rooftop	7.8 MWdc
Ground solar	4 MWac
Total capacity	20.7 MW

Type	Location	Capacity
Hydro	Rathganga	3 MW
Hydro	Manelwala	2.4 MW
Hydro	Padiyapelella	3.5 MW
Rooftop Solar	Kelaniya	0.9 MWdc
Rooftop Solar	Boralesgamuwa	0.4 MWdc
Rooftop Solar	Kohuwala	0.4 MWdc
Rooftop Solar	Kolonna	0.3 MWdc
Rooftop Solar	Uhumeeya	0.6 MWdc
Rooftop Solar	Melsiripura	0.4 MWdc
Rooftop Solar	Narammala	0.3 MWdc
Rooftop Solar	Palapathwala	0.8 MWdc
Rooftop Solar	Mawathagama	1.2 MWdc
Rooftop Solar	Anuradhapura	2.5 MWdc
Ground Solar	Beliatta	1 MWac
Ground Solar	Matara	3 MWac

-  Mini Hydropower Project
-  Rooftop Solar Project
-  Ground Solar Project



Management Discussion and Analysis

Investments in Fixed Assets

	2017/18	2018/19	2019/20	2020/21
Hydro (Rs.)	1,130,750	10,471,794	15,050,699	7,007,556
Solar (Rs.)	0	61,770,335	487,880,434	464,366,496
Computer Hardware and Office Equipment (Rs.)	1,236,536	561,756	1,601,955	2,051,390
Other Manufactured Assets (Rs.)	660,008	509,690	20,324,000	9,581,067
Total	3,027,294	73,313,575	524,857,088	483,006,509

DEVELOPING OUR MANUFACTURED CAPITAL TO SUPPORT PAP'S STRATEGY

Our Manufactured Capital development strategy is aimed at maximising PAP's power generation capacity vis-a-vis a two-pronged strategy;

Material Themes covered through our Capital Development Approach

- ✓ Technology and Innovation
- ✓ Operational Excellence

Direct Infrastructure Investment

Hydropower

PAP is widely regarded as one of the pioneers in the local hydro power sector, with the Company's first plant commissioned in 2004. Over the past 18 years we have increased our investment in new infrastructure in an effort to systematically increase PAP's annual hydropower generation capacity. Having made some large scale investments in the past we now maintain a conservative approach towards growing our hydropower related physical assets..

Solar

Responding to the growing market demand for clean energy, PAP ventured into the Solar power arena in 2018 and has since been rapidly expanding its solar footprint by undertaking projects across the Country. Consequently, PAP's Manufactured Capital base (total assets) pertaining to solar power has grown 38% in the last year alone.

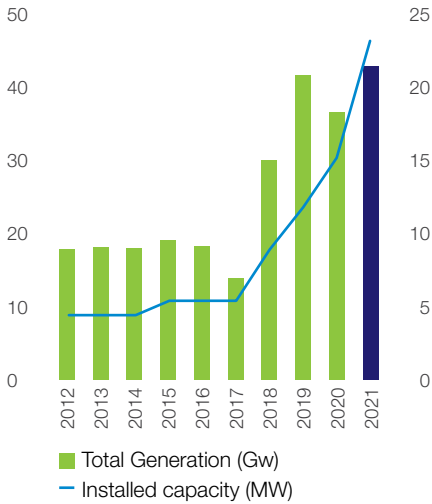
Notwithstanding the COVID-19 pandemic related challenges in the year under review, PAP completed a number of solar projects, including a 3x1 MWac in Matara and a 2.5 MWdc rooftop solar project in Anuradhapura, .

Optimising plant reliability and availability of existing resources

Aside from the unavoidable downtime due to national grid failure, PAP aims to ensure zero downtime at all its power plants. Accordingly, we strive to ensure the optimum use and upkeep of our assets in order to maintain their quality, efficiency, and resilience at peak levels at all times. Our engineering and technical teams undertake timely preventive maintenance and cleaning for all our generating units to ensure that these are running properly and efficiently. This includes dealing with equipment issues and addressing any problems. Furthermore, we also maintain continuous and ongoing monitoring, onsite and remotely, to maintain optimal plant factor levels at all hydropower and solar installation sites. Taken together, these efforts are aimed at improving the efficiency and reliability of PAP's overall energy generation process.

MANUFACTURED CAPITAL

Generation Increase year on year



OUR TRACK RECORD IN 2020/21

Year	Hydro Plants-Controllable Downtime (based on hours) %											
	Manelwala				Padiyapelella				Rathganga			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
2018/19	0.2%	0.2%	1.8%	0.3%	0.4%	0.1%	0.1%	0.0%	0.1%	0.3%	0.2%	0.0%
2019/20	0.0%	0.0%	0.8%	0.2%	0.0%	0.0%	0.2%	11.7%	0.1%	0.0%	0.0%	0.0%
2020/21	0.0%	0.0%	0.0%	0.1%	0.1%	0.0%	1.9%	0.4%	0.7%	0.0%	0.3%	0.1%

		FY18/19	FY19/20	FY20/21
Hydro	Rathganga	50.3%	20.3%	49.3%
Hydro	Manelwala	42.5%	30.1%	32.1%
Hydro	Padiyapelella	69.9%	39.6%	50.5%
Rooftop Solar	Weighted ave	14.6%	13.1%	13.5%
Ground Solar	Weighted ave	N/A	15.2%	17.5%

PAP'S CONTRIBUTION TO THE SDG'S



PAP operates hydro and solar power plants and thereby contributes towards increasing the share of renewable energy in Sri Lanka's energy matrix. Through the generation of renewable energy PAP further contributes towards improved air quality and thereby a reduction in diseases associated with hazardous air emissions.



PAP's expertise and global networks have enabled a wider cross section of Sri Lankan businesses to benefit from more renewable energy solutions



Going forward, PAP expects to continue to grow its overall renewable energy footprint by investing in projects both locally and overseas.

Several rooftop and ground solar projects have been lined up for implementation in Sri Lanka in the upcoming financial year, which will collectively add another 4.5MW to PAP's solar generation capacity in the near term. These include 2 rooftop projects in Anuradhapura with a generation capacity of 2.5MWdc and another 2 projects in Maho and Pannala each with a generation capacity of 1MWac, all of which are scheduled to be commissioned in Q2 FY2021/22. A number of other solar project proposals remain under review.

On the hydropower front, we have completed most of the development work and are awaiting the LOI's on 3 mini-hydro projects in Sri Lanka with a total generation capacity of 5MW. Also, in the pipeline is a mini hydro power project in Zambia, where development work is ongoing to commission a 8MW mini hydro project for which we expect to receive the PPA within the next year.

INTELLECTUAL CAPITAL

Our Intellectual Capital plays a vital role in managing our existing assets effectively and efficiently. It is also crucial in supporting Panasian Power PLC's (PAP) efforts to continuously reinvent itself in order to retain its competitive edge.

INTELLECTUAL CAPITAL PROFILE

PAP's Intellectual Capital consists of the intangible properties that form the backbone of the PAP brand. Broadly we categorise our Intellectual Capital under three distinct key pillars;

People	Processes	Partnerships
The knowledge Skills and competencies as well as the professional expertise and industry experience of our teams	PAP's framework of operational policies and processes, information systems as well as the culture, work ethic and operating principles that define our way we work	The industry networks and partnerships that the enhance PAP's brand reputation in the renewable energy sector

DEVELOPING OUR INTELLECTUAL CAPITAL TO SUPPORT PAP'S STRATEGY

Our approach to developing intellectual Capital is primarily aimed at giving the PAP brand an unmistakable competitive advantage over peers and also safeguarding this distinction over time.

Knowledge Enhancement

The knowledge, skills and innovative spirit of PAP's engineering and technical teams provides the foundation for our business. PAP's solid knowledge base consists of a team of renewable energy specialists, including 15 engineers and technical officers, whose collective knowledge and expertise has proven to be vital in achieving stated project objectives.

Material Themes covered through our Human Capital Development Approach

- ✔ Training and Development
- ✔ Technology and Innovation

Moreover, the fact that many of our team have been with the Company for over 5 years and some even since the inception in 2002, serves as an added advantage in driving PAP's efforts to expand its solar footprint and support the Company's overseas projects.

Each year we invest in training and targeted capacity building initiatives to enable our teams to upgrade their knowledge and sharpen their skills in line with the latest developments in the renewable energy sector. We frequently use the services of external training specialists, based in Sri Lanka and overseas to give our teams the opportunity to improve their skill set more holistically.

In the year under review, routine training activities were disrupted due to COVID-19 related restrictions. However, our teams were given the opportunity to participate in training through a series of webinars that focused on working through disruption, best practices in maintenance of hydro and solar, inverter maintenance and sales.

Systems and Processes

The expertise of our key people has allowed PAP to develop a solid framework of systems, procedures, and protocols, which together serve as the foundation for building resilience and ensuring business continuity. We continue to leverage the expertise of our engineers and technical teams to dynamically improve our systems and processes in response to changes in our immediate operating environment. This included moving our systems and processes online during the COVID-19 lockdown to enable all financial systems to be accessed remotely and maintain business continuity

In recent years, we have sought to further strengthen our process architecture by strategically increasing our investments in technology-based solutions to streamline various aspects of our business in particular to strengthen monitoring and due diligence with the ultimate aim of improving the overall efficiency of our operations. We monitor the performance of our hydro and solar plants on an hourly basis. In addition, we have installed an online monitoring system at all our solar plants to enable downtime to be investigated in real time.

Business Networks

Strategic partnerships that allow PAP to benefit from the latest technologies and innovations in the global renewable energy sphere, play a significant role in fuelling the Company's growth strategy. It is these tie-ups that have allowed PAP to capitalise on the demand for Solar energy in Sri Lanka and also to begin penetrating into overseas markets for renewable energy.

Steps taken in the past to build strategic partnerships has seen PAP securing the appointment as the exclusive retail agent in Sri Lanka for Sungrow solar inverters. Sungrow is one of the world's leading inverter solution suppliers for the renewable energy sector, with over 100 GW of capacity installed globally to date and 50 MW installed in Sri Lanka. PAP's partnership with Sungrow has delivered over Rs. 100mn in revenue in its first year alone.

Intellectual Capital

Moreover, PAP's regional networks have been instrumental in facilitating the Company's overseas projects in East Africa and South & South East Asia. We are currently reviewing a number of offshore projects that we expect to introduce through our networks.

OUR TRACK RECORD IN 2020/21

PAP's Knowledge Base	
Qualified Engineers	5 Total Number of qualified Engineers/ Technical officers who have been with the Company

PAP's Knowledge Base				
Qualified Technicians	3	1 - 5 years	5 - 15 years	> 15 years
Technicians	7	6	2	7

TRAINING AND CAPACITY BUILDING INITIATIVES

	2018/19	2019/20	2020/21*
Total Annual Spend Value (Rs.)	1.0 Mn	1.4 Mn	0.5 Mn
Total training Hours	60	87	44

* The reduction in training in the FY 2020/21 is attributed to the COVID-19 restrictions

Awards and Recognition

Panasian Power PLC achieved two milestone wins at the Sri Lanka Solar Week Awards 2021, clinching the titles of the "Solar Company of the Year" in the Developer - 15MW category and "Solar Service Provider of the Year" in the EPC category. PAP's ability to secure these awards is a reflection of the continuous efforts of its team to innovate and persevere despite the ongoing COVID-19 pandemic.



PAP'S CONTRIBUTION TO THE SDG'S



PAP's expertise and global networks have enabled a wider cross section of Sri Lankan businesses to benefit from more renewable energy solutions



As we expand we expect to further strengthen our people by focusing on upskilling existing team members through continuous and ongoing training focused on the latest technology trends and research in solar and hydropower disciplines

Priorities for the FUTURE



NATURAL CAPITAL

Our Natural Capital consists of the natural resources available at our disposal which serve as the raw materials for our business operations. These are the renewable and non-renewable natural resources such as hydro and solar energy sources that we utilise to develop our primary products and services that create value for our stakeholders.

DEVELOPING OUR NATURAL CAPITAL TO SUPPORT PAP'S STRATEGY

The high dependence on natural resources has led us to consider environmental protection not in isolation, but as a key commitment that goes hand in hand with our business operations. We take our responsibility very seriously and work to mitigate any negative impact our operations might have on the environment. Beyond this, we also recognise the need to care for our natural resources in ways that can improve and enhance them for the future. Our approach to Natural Capital management is based on the following three pronged strategy;

Material Themes covered through our Natural Capital Development Approach

✓ Environmental Stewardship

Compliance

PAP complies with the regulatory requirements stipulated by the Central Environmental Authority as well as other localised laws that are applicable to several of our project sites. Furthermore, given our investment from the IFC via Emerald Fund, we adhere to the IFC's performance standards on environmental compliance, including those related to natural resources management, land use and development, biodiversity conservation, waste management, and sustainable development.

A dedicated Compliance Officer has been appointed to monitor PAP's compliance status on a continuous and ongoing basis. In the year under review, PAP did not face any fines or penalties for non-compliance or delays in compliance with any applicable environmental regulations.

Environmental Management Systems

Across our project sites, we have established a robust Environmental Management Systems (EMS) to help identify and assess the environmental impacts of our activities. The EMS, which is based on the IFC's environmental and social guidelines, aims to address the primary environmental concerns arising as a result of PAP's business operations, namely, managing energy and waste generated at our plant sites.

Environmental Conservation Activities

We continue to implement various programs that have a positive impact on the environment, including our environmental conservation activities that focus on reforestation and restoration of threatened ecosystems. We also undertake, specific replanting activities to help offset any vegetation loss at our solar sites.

OUR TRACK RECORD IN 2020/21

	2018/19	2019/20	2020/21
Expenditure on environmental responsibility/ Conservation projects Rs.	220,000	1,100,000	1,101,592
Avoided CO2 emission (Tons/ Year)	39,528	31,421	38,947

Source : Irena

PAP'S CONTRIBUTION TO THE SDG'S



Water used by PAP to generate hydropower is fed back into the river ensuring no water is depleted in the production of electricity. Furthermore, the Company's EMS focuses on electricity and waste management initiatives to prioritise the efficient use of resources.



PAP's environmental conservation initiatives seek to contribute towards minimising environmental degradation caused by industrial and human activity.



Priorities for the FUTURE

As a short term initiative, PAP has committed to a replanting program to offset the vegetation loss around the Company's Maho site in the Kurunegala district. In the medium term PAP expects to increase its investment in Solar energy generation with the intention of offsetting any vegetation lost through replanting at our hydro sites where possible.

SOCIAL CAPITAL

Social and Relationship Capital refers to stakeholder relationships that are a vital part of Panasian Power PLC's (PAP) value chain. Essentially the key relationships that validate PAP's social license to operate.



DEVELOPING OUR SOCIAL AND RELATIONSHIP CAPITAL TO SUPPORT PAP'S STRATEGY

Efforts to develop Social and Relationship Capital are centered on earning and maintaining the trust of PAP's key stakeholders vis-a-vis five key pivots;

Material Themes covered through our
Social and Relationship Capital Development Approach

- ✓ Regulatory Compliance
- ✓ Operational Excellence
- ✓ Strategic Partnerships
- ✓ Technology and Innovation

Brand Strength

Being one of the pioneer innovators in the local renewable energy industry, the Panasian Power brand is well established and enjoys a commanding position in Sri Lanka's renewable energy industry. Over the years we have further augmented our brand reputation by proving our capabilities through the relentless commitment to service excellence. Furthermore, our strategic approach to expansion has succeeded in delivering consistent financial results, thus creating a firm foundation from which to pursue scalability in the years ahead. Together these factors

contribute towards building confidence and credibility among existing and potential investors.

Ethics and Integrity

PAP is committed to conducting its business in an open, honest and respectful manner in line with the highest degree of ethics at all times. Regulatory Compliance is a crucial component of this approach and drives our commitment to honour the conditions stipulated under the standard power purchase agreements with the CEB. These standard power purchase agreements, which are often long term contracts for 20 years, form the basis of PAP's hydropower operation.

Our responsibility to ethics and integrity goes well beyond compliance and in fact forms a vital part of our corporate culture. It

Management Discussion and Analysis

is embedded in our day to day operations through our Code of Ethics which serves as a guide for all employees to exercise good judgment and make the right decisions in accordance with the Company's values. The Code reinforces PAP's zero tolerance approach towards any form of corrupt business practice including fraud and bribery. By prioritising this culture of ethics, we aim to create a climate of trust that acts as a shield against corrupt practices and eliminates any conflicts between personal and Company interests.

Our commitment to ethics extends to competing fairly and honestly, respecting the rules of anti-competitive practices.

Customer Experience

PAP's single largest customer is the Ceylon Electricity Board (CEB). PAP has entered into several long term power purchase agreements with the CEB to supply electricity to the national grid through its mini hydro plants.

Apart from this, PAP's expertise in solar energy has allowed the Company to build a growing base of corporate customers through the sale of Sungrow inverters.

Our promise to all our customers is the assurance of best in class performance of our assets. To execute this promise to the CEB, we proactively work towards improving the robustness and resilience of our systems to ensure our mini hydro and solar plants run at optimal levels throughout the year.

Stakeholder Relations

As a renewable energy producer, PAP is part of a larger socioeconomic ecosystem consisting of multiple stakeholders. We recognise that robust relationships with our stakeholders are crucial in supporting our fundamental purpose to deliver clean energy solutions for a greener tomorrow.

Understanding this interdependence between effective stakeholder management and organisational performance, we regularly engage with our stakeholders by listening, informing, and responding to them in a consistent, clear, and transparent manner.

The Stakeholder Engagement section on page 13 provides detailed information on this area.

Community Investment

As a responsible corporate steward, PAP undertakes projects for the betterment of the underserved communities around Sri Lanka. Through these efforts, which are closely linked to the Company's core business activities, PAP has made demonstrable progress towards ensuring all Sri Lankan homes around the Country have access to affordable, clean energy. In addition we also continue to support the communities living in and around our plants by meeting their community infrastructure needs.

For example in Padiyapelella, where our largest hydropower plant is located, we have constructed several access roads for the benefit of the community. Near our Anuradhapura rooftop solar plant we have begun construction of a new building for the local school in the area. In the year under review, we responded to community needs by distributing essential food and dry rations to support those communities who were affected by the pandemic related isolation and travel restrictions.

PAP'S CONTRIBUTION TO THE SDG'S



PAP operates hydro and solar power plants and thereby contributes towards increasing the share of renewable energy in Sri Lanka's energy matrix. PAP's community initiatives focus on increasing nation-wide access to clean energy



PAP's expertise and global networks have enabled a wider cross section of Sri Lankan businesses to benefit from more renewable energy solutions



Priorities for the FUTURE

To support the expansion of renewable energy operation expansion into East Africa and South-East Asia, PAP will focus on strengthening the network of contacts in these targeted markets.

Meanwhile, as part of our ongoing commitment to the communities in and around our plants, we will pursue greater engagement with community stakeholders in order to understand the pandemic impact on their livelihood and find sustainable solutions.



BOARD OF DIRECTORS



DR. PRATHAP RAMANUJAM

Chairman



MR. DEEPAL SOORIYAARACHCHI

Independent Non-Executive Director



DR. T. SENTHILVERL

Non-Executive Director



MR. DESHAN PUSHPARAJAH

Independent Non-Executive Director



MR. PATHMANATHA PODDIWALA

CEO/Executive Director



MR. S. SENTHI NANDHANAN

Non-Executive Director



MR. DILANKA JINADASA

Non-Executive Director



MR. ELANGOVAN KARTHIK

Independent Non-Executive Director



MR. SENAKA KAKIRIWARAGODAGE

Non-Executive Director

Stewardship and Governance

DR. PRATHAP RAMANUJAM

Chairman

Dr. Prathap Ramanujam is the Chairman of the group and had extensive experience in the Public Sector. During his last 13 years in the Public Sector he was the Permanent Secretary to several Ministries and was responsible for the establishment of the Secretariat for Infrastructure Development & Investments (SIDI), which was instrumental in initiating the first mini hydro project as a Public Private sector project as far back as 1993.

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

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. Currently he serves on the Board of Ceylon Grain Elevators PLC and Three Acre Farms PLC. He was appointed as member of the Independent Public Service Commission by the Constitutional Council served in the PSC from August 2015 to November 2020. He is also currently chairman of Senfin Asset Management Pvt Ltd. He serves as a Senior Advisor to the Director General of International Water Management Institute (IWMI).

MR. DEEPAL SOORIYAARACHCHI

Independent Non- Executive Director

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

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

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

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

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

And also he serves on the Board Management of the Post Graduate Institute of Management, University of Sri Jayawardenepura (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

DR. T. SENTHILVERL

Non Executive Director

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

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

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

MR. PATHMANATHA PODDIWALA

Executive Director

Mr. Pathmanatha Poddiwala is an engineer in profession with qualifications into business administration (MBA in Technology Management) and Management Accountancy, CMA (Aust). He counts over 18 years' experience in the field of engineering & management attached to leading conglomerates in which 12 + years in the field of renewable energy sector. He has expertise in development of renewable energy projects from project identifications, Feasibility study, financing, construction & operation and has proven track records in operation & maintenance of project assets. He has studied large number of RE projects locally and internationally and worked as expert in number of due diligences of power company merges and acquisitions, further he serves as CDM expert for leading international audit firm as local expert. Pathmanatha also counts over 8 years' experience as a senior lecturer for City & Guilds (UK) mechanical engineering

Board of Directors

curriculum. He has strong network in the sector to access for information. He is also an active member of Institution of Engineers Sri Lanka, Sri Lanka Energy Managers Association & CMA (Australia).

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

MR. S. SENTHI NANDHANAN

Non- Executive Director

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

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. ELANGO VAN KARTHIK

Independent Non Executive Director

Mr Elangovan Karthik is a Chartered Marketer and a Fellow Member of the Chartered Institute of Marketing of the United Kingdom, Fellow member of the Sri Lanka Institute of Marketing and Honorary Fellow of the institute of Marketing Malaysia and holds a MBA from at the Postgraduate Institute of Management

(PIM), holds a National diploma in Human resource Management (IPM) ,Certified Global management Accountant (CGMA UK). He has attended Executive Development Programmes at Harvard Business School (HBS) Boston, USA and WHU-Otto Beisheim School of management in Germany. He is past president of Sri Lanka Institute of Directors of Marketing. He is a member of JASTECA (Japan Sri Lanka technical and cultural Association). He is a accredited professional Business Coach (International Coaching Federation of USA). He has Extensive experiences in the financial services industry spanning over 15 years majority being in senior management positions. He is a Director of Non-Bank Financial institution presently.

MR. SENAKA KAKIRIWARAGODAGE

Non- Executive Director

Mr. Senaka Kakiriwaragodage is the Chief Executive Officer of NDB Capital Holdings Limited, investment banking cluster of NDB Bank. He is also a director of several portfolio companies managed by Emerald Sri Lanka Fund 1 Limited, a private equity fund dedicated for Sri Lanka. Senaka 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 Engineer at Virtusa (Pvt.) Ltd.

Mr. Kakiriwaragodage holds a B.Sc. First Class Degree in Computer Science and Engineering from the University of Moratuwa and a MBA 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 organised by Sri Lanka Institute of Directors and Central Bank of Sri Lanka.

Stewardship and Governance

BOARD OF DIRECTORS OF SUBSIDIARIES

Directors Name & Company Name	Registration No.	Date of Incorporation
Manelwala Hydropower (Pvt) Ltd	PV 10137	06.05.2002
Dr. Prathap Ramanujam		
Mr. P. L. D. Jinadasa		
Mr. P. K. Pathmanatha		
Mr. Senthilveri Senthil Nandhanan		
Padiyapelella Hydropower Limited	PV 64694 PB	31.07.2008
Dr. Prathap Ramanujam		
Dr. Z. A. M. Thahir		
Mr. P. L. D. Jinadasa		
Panasian Investments (Pvt) Ltd	PV 84223	14.02.2012
Dr. Prathap Ramanujam		
Mr. P. L. D. Jinadasa		
Mr. P. K. Pathmanatha		
Mr. Senthilveri Senthil Nandhanan		
Eco Green Solar Solutions (Pvt) Ltd	PV 129828	15.02.2018
Dr. Prathap Ramanujam		
Mr. P. L. D. Jinadasa		
Mr. P. K. Pathmanatha		
Panthree Solaro Energy (Pvt) Ltd	PV 00202822	06.08.2018
Dr. Prathap Ramanujam		
Mr. P. L. D. Jinadasa		
Mr. P. K. Pathmanatha		
Mr. A. D. Pushparajah		
Mr. M. A. M. Ariyakumara		
Solar Power Generation Matara (Pvt) Ltd	PV 00205195	11.10.2018
Dr. Prathap Ramanujam		
Mr. P. L. D. Jinadasa		
Mr. P. K. Pathmanatha		
Pap Solar One (Pvt) Ltd	PV 128774	11.01.2018
Dr. Prathap Ramanujam		
Mr. P. K. Pathmanatha		
Mr. P. L. D. Jinadasa		

Board of Directors of Subsidiaries

Directors Name & Company Name	Registration No.	Date of Incorporation
Rajarata Sustainable Development (Pvt) Ltd	PV 00206952	06.12.2018
Dr. Prathap Ramanujam		
Mr. P. K. Pathmanatha		
Mr. P. L. D. Jinadasa		
Finergreen Rajarata (Pvt) Ltd	PV 00209489	05.03.2019
Dr. Prathap Ramanujam		
Mr. P. K. Pathmanatha		
Mr. P. L. D. Jinadasa		
Panasian Power Zambia Limited	120180009477	09.11.2018
Dr. Prathap Ramanujam		
Mr. P. L. D. Jinadasa		
Mr. P. K. Pathmanatha		
Mr. Amil Miyanadeniya		

Stewardship and Governance

MANAGEMENT TEAM



MR. GAYAN GUNAWARDANA

Chief Financial Officer



MR. JAYAMAL GUNATHILAKA

Senior Technical Manager



MS. DISNA BANDARA

Environment & Social Safeguard Officer



MR. SAMEERA GUNAWARDENA

Assistant Manager Accounts



MR. NADUN ATHUKORALA

Assistant Manager Admin & HR



MR. RANJITH AMARASINGHE

Project Manager



MR. MANGALA SIRIWARDANA

Project Manager

CORPORATE GOVERNANCE

Panasian Power PLC's (PAP) Corporate Governance Framework seeks to ensure that the management and Board of Directors conduct the affairs of the Company efficiently and responsibly, in alignment with the interests of all stakeholders.

In this regard, the regulations for listed entities along with the legal requirements applicable to our business as a renewable energy Company serve as the overarching principles that underpin our governance approach, while our own internal constitution forms the basis of how we conduct our day to day operations. This is supported by PAP's Governance Structure, starting with the Board of Directors, the Audit Committee, the Related Party Transaction Review Committee and the Remuneration Committee, that enables straightforward decision making, combined with appropriate checks and balances for the control of the activities, both operationally and financially.

LEGAL AND REGULATORY REQUIREMENTS	INTERNAL GOVERNANCE FRAMEWORK
Companies Act No. 07 of 2007	Articles of Association
Listing Rules of the Colombo Stock Exchange	Board Charter
Inland Revenue Act No. 24 of 2017 and amendments thereto	TOR of Board Sub Committees
Factories Ordinance No. 45 of 1942 and amendments thereto	Code of Conduct
Shop and Office Employees Act No. 19 of 1954 and amendments thereto	Board-approved Policies, procedures and guidelines
The Code of Best Practice on Corporate Governance as published by the Institute of Chartered Accountants of Sri Lanka (voluntary)	
Budgetary Relief Allowance of Workers Act	
Employee's Provident Fund Act	
Employees Trust Fund Act	
The Payment of Gratuity Act	
Workmen's compensation Ordinance	
Maternity Benefits Ordinance	
Termination of Employment of Workmen Act	
The National Minimum Wage of Workers Act	

DUTIES AND RESPONSIBILITIES OF THE PAP BOARD

PAP's Board of Directors is the Company's highest governance body. The Board collectively provides leadership in delivering on the long-term success of the Company within a framework of prudent and effective controls. It is responsible for approving the Company's strategy and business plan and for ensuring the availability of financial and operational resources to support their execution. The Board also regularly reviews the relevance of the Company's strategy in cognizance with industry trends, specifically to assess the implications of these trends for the business including areas of potential opportunities and risks that could impact the future success of the business. The Board also monitors the performance of the business and management against strategic objectives and projected stakeholder deliverables. The Board has reserved certain matters for its own consideration including; setting the Company's purpose, values, objectives, business strategy and its overall supervision. Significant acquisitions, divestments and other strategic decisions refer to the special matters reserved for consideration and approval of the Board. The Board reviews the matters reserved for its decision and the authorities it has

delegated annually, subject to the limitations imposed by the Company's constitutional documents and applicable law.

To assist in carrying out its duties, the PAP Board has appointed several Board Committees, who operate as per the terms of reference set out for each respective Committee. The Board regularly reviews these terms of reference to ensure they remain appropriate and relevant. Further, the Board has delegated the day-to-day management of the Company to the CEO who operates within delegated authority limits.

The Board and its Committees have access to the advice and services of the Company Secretary and may seek advice from independent experts at the expense of the Company as appropriate. Individual Directors may also seek independent legal advice at the expense of the Company, in accordance with the Board's agreed procedure.

In addition, the Board has extensive access to members of senior management, who attend Board meetings by invitation, and present regularly to the Board on various aspects of the business.

In its capacity as the highest governance body in the Company, the PAP Board works to safeguard stakeholder interests vis-a-vis the following fundamental commitments:

Maintaining the highest standards of Ethics and Integrity

The Board is responsible for conducting PAP's business in a responsible, ethical and safe manner with high standards of financial reporting, corporate governance, and compliance with applicable laws. Accordingly, the Board provides oversight for ensuring that all financial and non-financial information is complete and accurate and conveyed to stakeholders in a timely manner. At the same time, the Board takes proactive steps to protect against inappropriate use of confidential and privileged information and to protect and use our business assets appropriately.

Stewardship and Governance

In this regard, PAP's Code of Conduct sets out the principles that guide all of our business activities and sets the standards of behaviour expected from Board members, employees, suppliers and partners.

Promoting the Governance Culture

The Board reviews and approves key policies including the Company's values and code of conduct in order to ensure they support the long-term sustainable success of the business. Moreover, the Board sets the tone from the top in adhering to these policy frameworks and continues to monitor its implementation across the organisation. In order to monitor organisational culture throughout the year the Board and its Committee's receive reports on various topics including on the Company's operational performance, financial results, health and safety, compliance matters, workforce remuneration and talent development, among others.

Regular Stakeholder Engagement

The Board considers Stakeholder Engagement to be a critical component of good Corporate Governance and as such has set out specific activities to engage with stakeholders on a regular and ongoing basis. The Stakeholder Engagement section on Page 13 of this report provides more details.

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

Corporate Governance Principle	Principle No	Level of Compliance	
Directors			
A.1 The Board		The Company should be headed by an effective Board, which should direct, lead and control the Company. The Board consists of the Chairman, CEO/Executive Director, four Non-Executive Directors and three Independent Non-Executive Directors who are professionals in the fields of Engineering, Finance, Investment Banking and Management	
Frequency of Board Meetings	A.1.1	Complied	Board meetings are held on quarterly basis at a minimum and meets more frequently whenever it is necessary.

Quarterly Board meetings are scheduled to determine the Company's strategic direction, review the operational and financial performance, and to provide oversight.

The attendance of Directors at the Board meetings held during the year is depicted below:

Name of Director	Board Meeting
Dr P Ramanujam	6/6
Mr D Sooriyaarachchi	4/6
Mr P L D Jinadasa	3/6
Mr P K Pathmanatha	6/6
Mr A D Pushparajah	6/6
Mr S S Nandhanan	3/6
Dr T Senthiverl	5/6
Mr E Karthik	5/6
Mr S Kakirivaragodage	6/6

Corporate Governance

Corporate Governance Principle	Principle No	Level of Compliance																
		<p>A monthly board pack containing all relevant information is submitted to board of directors:</p> <table border="1"> <tr> <td>Financial and operational results on pre agreed Key Performance Indicators</td> <td>Included in monthly board pack</td> </tr> <tr> <td>financial performance compared to previous periods, budgets and targets</td> <td>Included in monthly board pack</td> </tr> <tr> <td>impact of risk factors on financial and operating results and actions to mitigate such risks</td> <td>Included in monthly board pack</td> </tr> <tr> <td>Forecast for the next period</td> <td>Budget set at beginning of year. Rolling 3 month cashflow presented in board pack</td> </tr> <tr> <td>Compliance with laws and regulations and any non-compliances</td> <td>Monthly CFO confirmation contains this</td> </tr> <tr> <td>internal control breaches or frauds during the period and related actions taken</td> <td>Monthly CFO confirmation contains this</td> </tr> <tr> <td>financial and operational decisions taken by the CEO within his delegated authority</td> <td>Discussed on ad hoc basis and through board pack and board meetings</td> </tr> <tr> <td>share trading of the Company and related party transactions by Key Management Personnel</td> <td>The company secretary informs the Board of any related party share transactions by Directors</td> </tr> </table>	Financial and operational results on pre agreed Key Performance Indicators	Included in monthly board pack	financial performance compared to previous periods, budgets and targets	Included in monthly board pack	impact of risk factors on financial and operating results and actions to mitigate such risks	Included in monthly board pack	Forecast for the next period	Budget set at beginning of year. Rolling 3 month cashflow presented in board pack	Compliance with laws and regulations and any non-compliances	Monthly CFO confirmation contains this	internal control breaches or frauds during the period and related actions taken	Monthly CFO confirmation contains this	financial and operational decisions taken by the CEO within his delegated authority	Discussed on ad hoc basis and through board pack and board meetings	share trading of the Company and related party transactions by Key Management Personnel	The company secretary informs the Board of any related party share transactions by Directors
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Responsibilities of the Board	A.1.2	<p>Complied</p> <p>The Board of Directors is responsible for creating sustainable value to shareholders and ensuring stakeholder interests are satisfied in the business decisions.</p> <p>The Board adopted the following responsibilities;</p> <table border="1"> <tr> <td>Ensuring the formulation and implementation of a sound business strategy;</td> <td>The Board provides stewardship, vision and strategic direction to the Group and fosters a culture of responsibility and accountability across the Group. A stakeholder centric approach is adopted in strategy formulation. A review of business, marketing, financial and other strategies and their implementation takes place during the Board meetings</td> </tr> <tr> <td>Appointing the chair and the senior independent director if relevant;</td> <td>The Board appointed Dr Ramanujam as Chairman. Mr D Sooriyararchi served as the Senior Independent Director</td> </tr> <tr> <td>Ensuring that the Chief Executive Officer (CEO) and management team possess the skills, experience and knowledge to implement the strategy;</td> <td>The Directors are from diverse backgrounds and bring a wide range of experience and competencies that facilitates the effective discharging of Board responsibilities. The Board ensures that the Chairman, CEO, and the Management team possess the skills to implement the overall strategy. A brief resume of each Director including skills and experience is available in the “Board of Directors” on pages from 42 to 44 of the Annual Report.</td> </tr> </table>	Ensuring the formulation and implementation of a sound business strategy;	The Board provides stewardship, vision and strategic direction to the Group and fosters a culture of responsibility and accountability across the Group. A stakeholder centric approach is adopted in strategy formulation. A review of business, marketing, financial and other strategies and their implementation takes place during the Board meetings	Appointing the chair and the senior independent director if relevant;	The Board appointed Dr Ramanujam as Chairman. Mr D Sooriyararchi served as the Senior Independent Director	Ensuring that the Chief Executive Officer (CEO) and management team possess the skills, experience and knowledge to implement the strategy;	The Directors are from diverse backgrounds and bring a wide range of experience and competencies that facilitates the effective discharging of Board responsibilities. The Board ensures that the Chairman, CEO, and the Management team possess the skills to implement the overall strategy. A brief resume of each Director including skills and experience is available in the “Board of Directors” on pages from 42 to 44 of the Annual Report.										
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Corporate Governance Principle	Principle No	Level of Compliance
		<p>Ensuring the adoption of an effective CEO and Key Management Personnel succession strategy;</p> <p>Approving budgets and major capital expenditure</p> <p>Determining the matters expressly reserved to the board and those delegated to the management including limits of authority and financial delegation.</p> <p>Ensuring effective systems to secure integrity of information, internal controls, business continuity and risk management;</p> <p>Ensuring compliance with laws, regulations and ethical standards;</p> <p>Ensuring all stakeholder interests are considered in corporate decisions;</p> <p>Recognising sustainable business development in Corporate Strategy, decisions and activities and consider the need for adopting “integrated reporting”.</p>
		<p>Succession planning is given recognition through meetings of the remuneration committee where succession is discussed along with significant new hires.</p> <p>The budget for the year 2020/21 was approved in March 2020 and was revised due to account for COVID in April 2020.</p> <p>Capital expenditure is included in the budget. Further the Board reviews all significant capital expenditure made on a quarterly basis.</p> <p>Board determines on the matters expressly reserved to the Board such as formulating the strategy, significant transactions and deciding on the risk appetite of the Group.</p> <p>The Board identifies significant risks on an ongoing basis and ensure implementation of appropriate procedure to evaluate and manage the identified risks through internal and external audits and the Board sub-committees.</p> <p>The Board ensures the compliance with laws, regulations and standards on each area of business operations. The internal auditors and the compliance officer monitor and report to the Audit Committee on their findings (if any).</p> <p>The governance structure is outlined on page 73</p> <p>The Board considers all stakeholders when making corporate decisions. The stakeholders have been identified on page 13 of this report</p> <p>The Board recognises the importance of including principles of sustainability in Corporate strategy, decisions and activities. The value creation model set out in pages from 10 to 11 of the Annual Report shows the inclusiveness of stakeholders and the environment in the value creation process.</p> <p>The Company is in the process of adopting integrated reporting and is partially compliant for the current year.</p>

Corporate Governance

Corporate Governance Principle	Principle No	Level of Compliance	
			<p>Ensuring that the Company's values and standards are set with emphasis on adopting appropriate accounting policies and fostering compliance with financial regulations;</p> <p>The Company keeps up to date with all current developments in relation to accounting standards and have reviewed the accounting policies in place.</p> <p>The Independent Auditor's Report appears from pages 88 to 89 in the Annual Report and affirms that the Company's Financial Statements are in line with Sri Lanka Accounting Standards.</p>
			<p>Establish a process of monitoring and evaluation of progress on strategy implementation, budgets, plans and related risks</p> <p>Each Board meeting, the progress of strategy implementation, achievement of budgets, plans and related risks are reviewed.</p>
			<p>Ensuring that a process is established for corporate reporting on annual and quarterly basis or more regularly as relevant to the Company.</p> <p>The Company provides its accounts quarterly and annually to the Board for their review.</p>
			<p>Fulfilling such other Board functions as are vital, given the scale, nature and complexity of the business concerned.</p> <p>During the year, the Board was committed in fulfilling their obligations towards all stakeholders in line with laws, regulations and governance practices of the Group.</p>
			<p>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.</p>
Compliance with Laws & independent Professional advice	A 1.3	Complied	<p>The Board collectively and Directors individually act in accordance with the laws applicable to the business enterprise.</p> <p>In discharging their duties, the Directors seek independent professional advice from external parties when necessary at the expense of the Company.</p>
Company Secretary	A 1.4	Complied	<p>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.</p> <p>Members of the Board have unrestricted accesses to the advice and services of the Company Secretary. The appointment and removal of the Company Secretary rests with the Board.</p>
Independent judgment	A1.5	Complied	<p>All Directors exercise independent judgment in all decisions pertaining to strategy, performance, resource allocation and standards of business conduct.</p>

Stewardship and Governance

Corporate Governance Principle	Principle No	Level of Compliance																																																															
Dedication of adequate time & effort by the Board	A 1.6	Complied	<p>The members of the Board dedicated adequate time and effort to fulfil their duties & responsibilities as directors of the Company and ensure that they are satisfactorily discharged.</p> <p>In addition to the board meetings, Directors attended to Sub-Committee meetings and also contributed to decision making.</p> <p>Board Sub-Committees include</p> <ul style="list-style-type: none"> • Audit Committee • Remuneration Committee • Related Party Review Committee <p>Attendance to Sub-Committee meetings are shown below;</p> <table border="1"> <thead> <tr> <th rowspan="2">Name of Director</th> <th colspan="2">Audit Committee Meeting</th> <th colspan="2">Remuneration Committee Meeting</th> <th colspan="2">Related Party Transaction Review Committee</th> </tr> <tr> <th>Capacity</th> <th>No. of meetings attended</th> <th>Capacity</th> <th>No. of meetings attended</th> <th>Capacity</th> <th>No. of meetings attended</th> </tr> </thead> <tbody> <tr> <td>Mr A D Pushparajah</td> <td>Chairman</td> <td>4/4</td> <td>Member</td> <td>1/2</td> <td colspan="2">N/A</td> </tr> <tr> <td>Mr. D Sooriyaarachchi</td> <td>Member</td> <td>4/4</td> <td>Chairman</td> <td>2/2</td> <td>Chairman</td> <td>4/4</td> </tr> <tr> <td>Mr. S S Nandhanan</td> <td>Member</td> <td>4/4</td> <td>Member</td> <td>2/2</td> <td colspan="2">N/A</td> </tr> <tr> <td>Dr. P Ramunajam</td> <td colspan="2">N/A</td> <td colspan="2">N/A</td> <td>Member</td> <td>4/4</td> </tr> <tr> <td>Mr. E Karthik</td> <td>Member</td> <td>4/4</td> <td>Member</td> <td>2/2</td> <td colspan="2">N/A</td> </tr> <tr> <td>Mr. S Kakiwaragodage</td> <td>Member</td> <td>4/4</td> <td>Member</td> <td>2/2</td> <td colspan="2">N/A</td> </tr> <tr> <td>Dr. T Senthilvel</td> <td colspan="2">N/A</td> <td colspan="2">N/A</td> <td>Member</td> <td>4/4</td> </tr> </tbody> </table>	Name of Director	Audit Committee Meeting		Remuneration Committee Meeting		Related Party Transaction Review Committee		Capacity	No. of meetings attended	Capacity	No. of meetings attended	Capacity	No. of meetings attended	Mr A D Pushparajah	Chairman	4/4	Member	1/2	N/A		Mr. D Sooriyaarachchi	Member	4/4	Chairman	2/2	Chairman	4/4	Mr. S S Nandhanan	Member	4/4	Member	2/2	N/A		Dr. P Ramunajam	N/A		N/A		Member	4/4	Mr. E Karthik	Member	4/4	Member	2/2	N/A		Mr. S Kakiwaragodage	Member	4/4	Member	2/2	N/A		Dr. T Senthilvel	N/A		N/A		Member	4/4
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Calling for resolutions for the best interest to the Company	A 1.7	Complied	<p>Any single Director may call for a resolution to be presented to the Board where he feels it is in the interest of the Company. As per Articles of Association, resolutions can be passed with majority voting.</p>																																																														
Training for new and existing Directors	A 1.8	Complied	<p>Directors are encouraged to participate in continuous professional and self-development activities as necessary.</p> <p>The Board recognises the requirement for continuous training and development required to effectively perform their duties as Directors.</p> <p>The Board regularly reviews the training and development needs of the Directors.</p>																																																														

Corporate Governance

Corporate Governance Principle	Principle No	Level of Compliance	
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	<p>The positions of Chairman and Group CEO are separate.</p> <p>The presence and involvement of the Senior Independent Director and other Independent Directors ensure that no single individual enjoys unfettered powers of decision-making and provides the basis for prevalence of independent judgment over standards of business conduct.</p> <p>The presence of a Senior Independent Director adds more emphasis to transparency in governance affairs. The Audit, Remuneration Committees and Related Party Transactions Review Committee are headed by Independent Non-Executive Directors.</p>
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	<p>The Chairman in running of the Board, facilitates the effective discharge of board proceedings and ensures: -</p> <ul style="list-style-type: none"> • The effective participation of both executive and non- executive directors; • Agenda for Board meetings is developed in consultation with the Group CEO, Directors, CFO and the Company Secretary; • Information relating to the matters on the agenda are shared in a timely manner; • All directors are made aware of their duties and responsibilities; • Effective contributions by all Directors at proceedings; • The views of directors on issues under consideration are ascertained and recorded; • All Directors are able to seek information considered necessary to discuss matters on the agenda; • 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	<p>The board includes directors who possess the necessary knowledge and competence to offer the Board guidance on financial matters.</p> <p>A brief resume for each Director is on pages 42 to 44</p> <p>In addition, the Audit Committee can discuss with the external and internal auditors on matters of finance.</p>
A.5 Board Balance			The Board should have a balance of Executive and Non-Executive Directors such that no individual or small group of individuals can dominate the Board’s decision-taking.
Board Balance	A 5.1	Complied	The Board comprises of the Chairman, Chief Executive Director and seven Non-Executive Directors of whom three are Independent Directors. The profiles of the Non-Executive Directors are given on pages 42 to 44 of this Annual Report.

Stewardship and Governance

Corporate Governance Principle	Principle No	Level of Compliance	
Independent Directors	A 5.2	Complied	Three out of the seven Non-Executive Directors are considered independent for the concluded financial year. Messrs. D Pushpharajah, D Sooriyaarachchi, and E Karthik meet the criteria for independence specified by Rule 7.10.4 of the Listing Rules of the Colombo Stock Exchange.
	A 5.3	Complied	The Board considers Non-Executive Director's independence on an annual basis. Each is independent from management and free from any business or other relationship that could reasonable be perceived to materially interfere with the exercise of their unfettered and independent judgment.
	A 5.4	Complied	The Independent Directors have submitted written declarations of their independence as required by section 7.10.2(b) of the Listing rules.
	A 5.5	Complied	The Board annually determines the independence of each Non-Executive Director based on the declarations submitted by them and by other information available to the Board as per criteria set out by the Colombo Stock Exchange Listing Rules.
	A 5.6	Complied	No alternative directors were appointed during the year under review
	A 5.7	Complied	The Chairman and CEO are not the same person. Mr D Sooriyaarachchi has been appointed as the senior independent director (SID). SID met both Executive and Non-Executive Directors to enable discussion and communication of governance related matters as an when needed.
	A 5.8	Complied	The Senior Independent Director is available for confidential discussions, should there be any concerns regarding governance or issues that may adversely affect the Company, inadequately addressed by the Board. Except for the Annual General Meeting of the Company, no other shareholder meeting was convened during the period under review.
	Meeting of Non-Executive Directors	A 5.9	Not complied
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.

Corporate Governance

Corporate Governance Principle	Principle No	Level of Compliance	
A.7 Appointments to The Board	A formal and transparent procedure should be followed for the appointment of new Directors to the Board.		
Appointments to the Board	A 7.1	Not complied	The Board has not established a Nominations Committee to make recommendations on Board appointments. Hence appointments to the Board are made collectively and with the consent of all the Directors
	A 7.2	Not complied	The Board as a whole annually assesses Board composition despite the non-existence of nomination committee.
	A 7.3	Complied	The Colombo Stock Exchange is informed upon the appointment of a new Director to the Board, along with a brief resume of the Director which includes; the nature of his expertise in relevant functional area other Directorships or memberships in Board sub committees whether the Director is considered an Independent Director
A.8 Re-election	All Directors should be required to submit themselves for re-election at regular intervals and at least once in every three years.		
Re-election of Directors	A 8.1	Complied	Mr D Pushparajah, Mr PLD Jinadasa and Mr PK Pathmanatha were re-appointed as Directors after serving 3 years as directors at the previous AGM.
	A 8.2	Complied	A Director who has reached 70 years of age vacates office at the conclusion of the Annual General Meeting commencing next year after he attains the age of 70 years. He may be re-appointed as a director after attaining the age of 70 years at the Annual General Meeting following the vacation and will be required to be reappointed at each AGM thereafter.
Resignation	A 8.3	Complied	Written communications are provided to the Board by Directors who resign prior to completion of his appointed term.
A.9 Appraisal of Board Performance	Boards should periodically appraise their own performance to ensure that Board responsibilities are satisfactorily discharged.		
Need to have a formal and rigorous process for reviewing the performance of the Board and its Committees.	A 9.1	Not Complied	No formal process for reviewing the performance of the Board and its Committees is performed. An informal process is adhered to whereby if the Board and its Committees are not performing, it can be taken up with the Chairman of the Board.
Need for the Board to appraise itself annually on its performance.	A 9.2	Not Complied	The Board does not undertake an annual self-evaluation of its own performance.

Stewardship and Governance

Corporate Governance Principle	Principle No	Level of Compliance	
Need for review the participation, contribution and engagement of each director at the time of re-election	A 9.3	Not Complied	The Board does not have a process to review the participation, contribution and engagement of each director at the time of re-election.
Need for the Board to state in the Annual Report how such performance evaluation is conducted	A 9.4	Not Complied	As no formal review of the performance has been undertaken, no statement is included in the Annual Report.
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	<ul style="list-style-type: none"> • Name, qualifications and brief profile; • Refer to pages 42 to 44 • The nature of his/her expertise in relevant functional areas; • Refer to pages 42 to 44 • Immediate family and/or material business relationships with other Directors of the Company; • No Directors have immediate family and/or material business relationships with other Directors of the Company • Whether Executive, Non-Executive and/or independent Director; • Refer to pages 42 to 44 • Names of listed companies in Sri Lanka in which the Director concerned serves as a Director; • Not complied • Names of other companies in which the Director concerned serves as a Director, provided that where he/she holds directorships in companies within a Group of which the Company is a part, their names need not be disclosed; it is sufficient to state that he/she holds other directorships in such companies; • Not complied • Number/percentage of Board meetings of the Company attended during the year; • Refer to page 49 of this report • The total number of Board seats held by each Director indicating listed and unlisted Companies and whether in an executive or non-executive capacity; • Not complied • Names of Board Committees in which the Director serves as Chairman or a member; and • Refer to the "Committee Reports" on pages from 68 to 72 • Number/percentage of committee meetings attended during the year. • Refer to the "Committee Reports" on pages from 68 to 72

Corporate Governance

Corporate Governance Principle	Principle No	Level of Compliance	
A.11 Appraisal of the Chief Executive Officer		The Board of Directors should at least annually assess the performance of the Chief Executive Officer.	
Target/Goals for the CEO	A.11.1	Complied	At the commencement of each financial year, the Board in consultation with the Chief Executive Officer sets financial and non-financial goals based on the short, medium and long-term objectives of the Company.
Evaluation of the performance of the CEO	A.11.2	Complied	The CEO was appraised as part of the annual appraisal process.
Directors' Remuneration			
B.1 Remuneration Procedure		The Company should have a formal and transparent procedure for developing policy on executive remuneration and fixing the remuneration packages of individual Directors. No Director should be involved in deciding his/her own remuneration.	
Remuneration Committee	B 1.1	Complied	The Board has implemented a formal and transparent procedure for developing policies on remuneration by setting up a Remuneration Committee. Its purpose is to assist the Board of Directors in matters relating to compensation of the Company's Directors, Executive Officers and such other employees as determined by the Committee.
Composition	B 1.2	Complied	The Remuneration Committee consists of three Independent Non-Executive Directors and two Non-Executive Directors. The Chairman of the Committee is an independent non-executive 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 Mr. E Karthik Mr. S Kakirwaragodage
	B 1.3	Complied	The members of the Committee are indicated in the Annual Report of the Board of Directors on pages 81 to 84
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.

Stewardship and Governance

Corporate Governance Principle	Principle No	Level of Compliance	
Design of remuneration for long term success	B 2.2	Complied	Executive Directors' and Key Management's remuneration is designed to promote the long-term success of the Company/Group.
Design the remuneration of the Executive Directors to promote long term success of the Company	B 2.3	Complied	As mentioned in B.2.1, the 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 2.4	Complied	When determining annual salary increments, the remuneration committee is sensitive to remuneration and employment conditions elsewhere in the Group.
Performance based Remuneration	B 2.5	Complied	The Remuneration Committee reviews the performance of the Executive Directors and senior management and the performance bonus is based upon the achievement of goals and targets by the individual and the respective subsidiary to which such individual is attached.
Executive share options	B 2.6	Complied	The Company does not have executive share option scheme.
Designing the remuneration	B 2.7	Complied	Performance-related remuneration is designed by the Remuneration Committee based on the provisions set out in schedule E of the Code of Best Practice on Corporate Governance 2017
Early Termination of Directors	B 2.8	Complied	If the situation arises, the Remuneration Committee will consider the compensation commitments to Directors in the event of early termination.
	B 2.9	Complied	If the situation arises, the Remuneration Committee will tailor their approach in the event of early termination to be relevant to the circumstances.
Remuneration for Non-Executive Directors	B 2.10	Complied	Remuneration of Non-Executive Directors reflects their time commitment and responsibilities of their role and market practices. It does not include share options.
B.3 Disclosure of Remuneration	The Company should disclose the Remuneration Policy and the details of Remuneration of the Board as a whole.		
Disclosure of remuneration	B 3.1	Complied	The total remuneration paid to the Directors are disclosed in Note 10 to the Financial statements
Relations with Shareholders			
C.1 Constructive use of the Annual General Meeting and Conduct of General Meetings	The Board should use the Annual General Meeting to communicate with shareholders and encourage their active participation.		
Adequate Notice of the AGM	C 1.1	Complied	A copy of the Annual Report including Financial Statements, Notice of Meeting and the Form of the Proxy are sent to shareholders 15 working days prior to the date of the AGM, as requested by statute, in order to provide the opportunity to all the shareholders to attend the AGM.

Corporate Governance

Corporate Governance Principle	Principle No	Level of Compliance	
Separate resolution for all separate issues at the AGM	C.1.2	Complied	A separate resolution is proposed for each issue at the AGM. Further, adoption of the Annual Report of the Board of Directors on the affairs of the Company and Audited Financial Statements together with the Report of the Auditors thereon are considered as a separate resolution.
Recording and counting proxy appointments	C.1.3	Not Complied	The Company ensures that all valid proxy appointments received for General Meetings are properly recorded and counted. The Company Secretary administers the AGM and gives notice to the CSE of resolutions passed at the AGM. The Company will include for the AGM for the year ending 2020/21 in its disclosure to the CSE: <ul style="list-style-type: none"> the number of shares in respect of which proxy appointments have been validly made; the number of votes for the resolution; the number of votes against the resolution; and the number of shares in respect of which the vote was directed to be withheld. <p>If, in the opinion of the board, a significant proportion of votes have been cast against a resolution at any general meeting, the Board will take steps to understand the reasons behind the vote results and determine if any actions are required.</p>
Availability of Board sub-committee chairpersons	C.1.4	Complied	The Chairpersons of the Audit, Related Party Transaction Review Committee and Remuneration Committees as well as the Senior Independent Director are present at the AGM to answer any questions raised by the shareholders if so requested by the Chairman.
Procedure for voting	C.1.5	Complied	The procedure governing voting at the General Meeting is circulated with the Notice of Meeting
C.2 Communication with shareholders	The Board should implement effective communication with shareholders.		
Effective Communication with shareholders	C. 2.1	Complied	The Company encourages effective communication with the shareholders and answers queries and concerns of shareholders through the Company Secretaries, Corporate website and CSE website.
	C. 2.2	Complied	The Company's policy pertaining to the communication with shareholders involves the sharing of all financial and non-financial information as per the applicable statutory and regulatory requirements and best practices adopted by the Company. The methodology of communication with shareholders is multi-faceted to ensure the accuracy of information disseminated and the timeliness of dissemination.
	C. 2.3	Complied	The implementation of the policy and the methodology is done through the adoption of the above-mentioned channels of communication.
Contact person in relation to shareholder communications	C. 2.4	Complied	The contact person for shareholder communication is the Company Secretary.
Process to make all directors aware of major issues and Concerns of shareholders and responding them	C.2.5	Complied	The Company Secretaries maintain a record of all correspondence received and will deliver such correspondence to the Board or individual Director as applicable. The Board or individual Director, as applicable, will respond appropriately to all validly received shareholder correspondence and will direct the Company Secretaries to send the response to the particular shareholder.

Stewardship and Governance

Corporate Governance Principle	Principle No	Level of Compliance	
Person to contact in relation to shareholders' matters	C. 2.6	Complied	The Contact Person in relation to all matters pertaining to the Shareholders is the Company Secretary
Responding to shareholder matters	C. 2.7	Complied	Company Secretary is assigned to respond to shareholders by the Board and update the Board on such matters.
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	<p>The Directors ensure that prior to engaging in or committing to a 'Major related party transaction' with a related party, involving the acquisition, sale or disposition of greater than one third of the value of the Company's assets or that of a subsidiary which has a material bearing on the Company and/or consolidated net assets of the Company, or a transaction which has or is likely to have the effect of the Company acquiring obligations and liabilities, of greater than one third of the value of the Company's assets, or entering into transactions or a series of related transactions which have the purpose or effect of substantially altering the nature of the business carried on by the Company the Directors will disclose to shareholders the purpose and all material facts of such transaction and obtain shareholders' approval by ordinary resolution at an extraordinary general meeting.</p> <p>There were no transactions during the year that fell within the definition of a major transaction defined by Section 185 of the Companies Act No. 07 of 2007. There were no transactions during the year under review that would suggest a substantial alteration in the nature of the business carried out by the Company.</p>
	C. 3.2	Complied	Major transactions where shareholder's approval is necessary will be approved through shareholder resolution. Disclosure is made in line with the rules and regulations of the SEC and CSE.
Accountability and Audit			
D.1.1 Accountability and Audit	The Board should present a balanced and understandable assessment of the Company's financial position, performance, business model, governance structure, risk management, internal controls and challenges, opportunities and prospects.		
Boards responsibility for statutory and regulatory reporting	D.1.1	Complied	The Board has presented the annual report which includes the Financial Statements of the Company and Group that are true and fair, balanced and understandable and prepared in accordance with LKASs and SLFRSs to regulators as well as presented interim and other public price sensitive information in a balanced and understandable way as required by statutory requirements. The Annual Report is partially compliant with integrated reporting standards.
	D.1.2.	Complied	<p>The Board is aware of its responsibility to present regulatory and statutory reporting in a balanced and understandable manner and a statement to this effect is given in the Statement of Directors' Responsibility on page 86 confirming this position.</p> <p>In preparing annual and quarterly Financial Statements, the Company complies with the requirements of the;</p> <ul style="list-style-type: none"> • Companies Act No. 07 of 2007, • Sri Lanka Accounting Standards and • Listing Rules of the Colombo Stock Exchange

Corporate Governance

Corporate Governance Principle	Principle No	Level of Compliance	
	D.1.3		<p>The Chief Financial Officer and Chief Executive Officer review quarterly and year-end Financial Statements before submitting to the Audit Committee and Board and ensure that, the financial records of the entity have been properly maintained and that the Financial Statements comply with the appropriate accounting standards and give a true and fair view.</p> <p>Please refer the "Responsibility Statement of Chairman, Chief Executive Officer and Chief Financial Officer" on page 87 of the Annual Report.</p>
Directors Report	D.1.4	Complied	The Declarations required to be made by the Board are given in the Annual Report of the Board of Directors (refer pages 81 to 84)
Statement of Directors and Auditors responsibility for the financial statement	D.1.5	Complied	The statement of Directors responsibility in preparation of the Financial Statements is given on page 86 while the independent auditors report on pages 88 to 89 state the Auditors responsibility for the Financial Statements
Management Discussion Analysis	D. 1.6	Complied	<p>Management discussion and analysis and Financial Review is given on pages 24 to 41 of this report. The risk management report is given on pages 73 to 77. The 5 capitals are discussed on pages 24 to 41 of this report. These together discuss</p> <p>Business model; industry structure and developments; opportunities and threats; risk management; internal control systems and their adequacy; governance; stakeholder relationships; social and environmental protection activities carried out by the Company; financial performance; investment in physical and intellectual capital; human resource / industrial relations activities carried out by the Company; and prospects for the future.</p>
Summoning an Extra Ordinary General Meeting (EGM) to notify Serious loss of capital	D. 1.7	Complied	The Directors ensure that if in the event the net assets of the Company fall below 50% of the value of the Company's shareholders funds an Extraordinary General Meeting will be convened to notify the shareholders of the position and the remedial action being taken
Related party transactions	D. 1.8	Complied	The transactions entered into by the Company with the related parties is disclosed on Note 36 of the Financial Statements
D.2 Risk Management and Internal Control			The board is responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives. The Board should have a process of risk management and a sound system of internal control to safeguard shareholders' investments and the Company's assets. Broadly, risk management and internal control is a process, effected by a Company's Board of Directors and management, designed to provide reasonable assurance regarding the achievement of Company's objectives.

Stewardship and Governance

Corporate Governance Principle	Principle No	Level of Compliance	
Monitor the company's risk management and internal control systems	D. 2.1	Complied	The Company has its own internal audit processes implemented to ensure that effective controls are in place. These processes extend across all Company operations. The internal audit function is outsourced to BDO, who reports to the Board Audit Committee and Group CEO. The risk management section is covered on pages 73 to 77
Review the need for internal audit function	D. 2.2	Complied	The Audit Committee monitors, reviews, and evaluates the effectiveness of the risk management and internal control system including the internal controls over financial reporting. The Audit Committee report is given on pages 68 to 69 and the Directors' Statement on Internal Control is on page 85
Internal Audit function	D. 2.3	Complied	An Internal Audit is executed annually under supervision of the Audit Committee
Review of the process and effectiveness of risk management and internal controls	D. 2.4	Complied	The Audit Committee monitors, reviews and evaluates the effectiveness of internal control system including the internal controls over financial reporting. In the reporting period ended 31st March 2021, the Board of Directors was satisfied with the effectiveness of the system of internal controls of the Company. Refer the Directors' Statement on Internal Control on page 85 for details
D.3 Audit Committee	The Board should establish formal and transparent arrangements for selecting and apply accounting policies, financial reporting and internal control principles and maintaining an appropriate relationship with the Company's Auditors.		
Composition of the Audit Committee	D. 3.1	Complied	The Audit Committee consists of three Independent Directors and two Non-Executive Director. The Chairman of the Committee is an independent Director appointed by the Board. The following Directors served on the Audit Committee during FY2020/21 Mr Andrew Deshan Pushparajah - Chairman – (Independent Non-Executive Director) Mr Deepal Sooriyaarachchi - (Independent Non-Executive Director) Mr Elangovan Karthik - (Independent Non-Executive Director) Mr Senthilveri Senthil Nandhanan – (Non-Executive Director) Mr Senaka Kakiriwaragodage – (Non-Executive Director)
Terms of Reference of the Audit Committee	D. 3.2	Complied	The Audit Committee has a written Terms of Reference dealing with its authority and duties.
Disclosures of the Audit Committee	D. 3.3	Complied	The Audit Committee Report is available on pages 68 to 69 This includes: <ul style="list-style-type: none"> • The names of Directors comprising the Audit Committee • The number of meetings held • Their scope of work and how its roles and responsibilities were discharged • Any significant issues in relation the financial statements and how these were addressed • The adequacy and effectiveness of the internal control system • An explanation of how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor • How auditor objectivity and independence are safeguarded in the event non audit services are provided by the external auditor • Determination of the independence of the auditors

Corporate Governance

Corporate Governance Principle	Principle No	Level of Compliance	
D.4 Related Party Transaction Review Committee		The Board should establish a procedure to ensure that the Company does not engage in transactions with “related parties” in a manner that would grant such parties “more favourable treatment” than that accorded to third parties in the normal course of business.	
Disclosure of Related Party Transactions Review Committee	D. 4.1	Complied	Related party and related party transactions are defined as per LKAS 24.
	D.4.2	Complied	The Related Party Transactions Review Committee consists of one Independent Directors and two Non-Executive Directors. The Chairman of the Committee is an independent Director appointed by the Board. The following Directors served on the Related Party Transactions Review Committee during 2020/21 Mr Deepal Sooriyaarachchi - Chairman – (Independent Non-Executive Director) Dr. Thirugnanasambandar Senthilvel – (Non-Executive Director) Dr. Prathap Ramanujam – (Non-Executive Director)
	D.4.3	Complied	The Related Party Transactions Review Committee Report sets out the functions of the Committee which is given on pages 71 to 72
D.5 Code of Business Conduct and Ethics		Companies must adopt a Code of Business Conduct & Ethics for Directors, Key Management Personnel and all other employees’ including but not limited to: dealing with shares of the company; compliance with listing rules; bribery and corruption; confidentiality; encouraging that any illegal, fraudulent and unethical behaviour be promptly reported to those charged with governance. The company must disclose waivers of the Code for Directors, if any.	
Code of Business Conduct and ethics	D. 5.1	Complied	The Company has adopted a Code of Business conduct and ethics and the Directors and Key Management Personnel are committed to the code and the principles contained therein. There were no reported cases of non-compliance to, Code of Business Ethics by any Director, Key management personnel or any other employee.
	D.5.2	Complied	Company has established policy and process to ensure that material and price sensitive information is immediately disclosed to the Colombo Stock Exchange immediately after relevant decisions are made by the Board of Directors.
	D.5.3	Complied	A policy is in place and any share transaction done by a Board Director or related party needs to be immediately disclosed to the Company Secretary. The Company Secretary will inform such transactions to the Colombo Stock Exchange. Any share transactions performed by Key Management Personnel other than Board Directors shall be informed to the Compliance Officer of the Company who will inform the Company Secretary.
Affirmation by the Chairman for no violation	D. 5.4	Complied	The Chairman’s affirmation in the Company’s Annual Report that he is not aware of any violation of any of the provisions of the Code of Business Conduct & Ethics is on pages 16 to 18

Stewardship and Governance

Corporate Governance Principle	Principle No	Level of Compliance	
D.6 Corporate Governance Disclosures		The Company should disclose the extent of adoption of best practices in Corporate Governance.	
Corporate Governance Disclosures	D. 5.6	Complied	The Corporate Governance Report sets out the manner and extent to which the Company has complied with the principles and provisions of the code
Institutional & Other Investors			
E.1 Shareholders voting		Institutional shareholders have a responsibility to make considered use of their votes and should be encouraged to ensure their voting intentions are translated into practice.	
Shareholder Voting	E.1.1	Complied	The Company is committed to maintaining good communications with investors. The Annual General Meeting provides the forum for shareholders to express their views. The Chairman ensures that any views expressed by investors to him personally or at General Meetings are discussed with the Board. The Directors consider that it is important to understand the views of shareholders and, in particular, any issues which concern them.
Evaluation of Governance Disclosures	E.2	Complied	When evaluating the governance arrangements particularly, in relation to the Board structure and composition, institutional investors are encouraged to give due weight to all relevant factors drawn to their attention.
Other Investors			
Investing & Divesting decisions	F.1	Complied	Individual shareholders, investing or divesting directly in shares of the Company are encouraged to carry out adequate analysis and seek the independent advice in such decisions.
Shareholder Voting	F.2	Complied	All shareholders are encouraged to participate at meetings of the company and a form of proxy accompanies each notice providing shareholders who are unable to attend such meeting the opportunity to cast their vote
Sustainability Reporting			
Internet of things and Cyber Security	G 1.1 to G 1.5	Not Complied	Governance of information systems, Intranet and Cyber security have not been implemented considering the nature and size of the organisation.
Environment Society and Governance (Esg)	H 1.1 to H 1.7	Complied	The Company has adopted integrated approach for environmental, social and governance factors and the relevance of ESG factors for the business model and strategy, the implications of those ESG factors and how those risks and opportunities of ESG factors are recognised, managed, measured and reported are mentioned through the capital reports and value creation report on pages 29 to 41 and the risk management report on pages 73 to 77

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 recognised professional accounting body.	Complied
7.10.6. (b)	Functions	Overseeing the preparation, presentation and adequacy of the disclosures in the financial statements in accordance with the SLAS. Overseeing compliance with financial reporting related regulations and requirements. Overseeing the processes to ensure that internal controls and risk management are adequate. Assessing the independence and performance of the external auditors. Recommending to the board the appointment, re- appointment and removal of the external auditors and approving their remuneration and terms of engagement.	Complied
7.10.6. (c)	Disclosure in the Annual Report	The names of the members of the Audit Committee should be disclosed in the Annual Report The committee to determine the independence of Auditors and disclose the basis of such determination in the Annual Report. Annual Report to contain a report by the Audit Committee setting out the manner of compliance in relation with their functions.	Complied

Stewardship and Governance

CONTENTS OF ANNUAL REPORT

7.6 (i)	Names of persons who during the financial year were Directors of the entity.	Complied
7.6 (ii)	Principal activities of the entity and its subsidiaries during the year and any changes therein.	Complied
7.6 (iii)	The names and the number of shares held by the 20 largest holders of voting and non-voting shares and the percentage of such shares held.	Complied
7.6 (iv)	The public holding percentage.	Complied
7.6 (v)	A statement of each Director's holding and Chief Executive Officer's holding in shares of the entity at the beginning and end of each financial year.	Complied
7.6 (vi)	Information pertaining to material foreseeable risk factors of the entity.	Included in Risk Management Report on pages 75 to 80
7.6 (vii)	Details of material issues pertaining to employees and industrial relations of the entity.	No material issues occurred during the year under review
7.6 (viii)	Extents, locations, valuations and the number of buildings of the entity's land holdings and investment properties.	Complied
7.6 (ix)	Number of shares representing the entity's stated capital.	Complied
7.6 (x)	A distribution schedule of the number of holders in each class of equity securities and percentage of their total holdings.	Complied
7.6 (xi)	Ratios and market price information:	Complied
	(1) Dividend per share, net assets value per share, dividend payout, debt equity ratio, and market value per share including highest and lowest values during the financial year and value at the end of the financial year.	Complied
	(2) Market information on listed debentures.	N/A – no listed debentures
	(3) Any changes in credit rating.	Complied
7.6 (xii)	Significant changes in the entity's or its subsidiaries' fixed assets and the market value of the land, if the value differs substantially from the book value.	Complied
7.6 (xiii)	During the year the entity has raised funds either through a public issue, rights issue and private placement.	Complied
7.6 (xiv)	Information in respect of each employee share ownership or stock option scheme.	N/A
7.6 (xv)	Disclosures pertaining to Corporate Governance practices in terms of Rules 7.10.3, 7.10.5 (c) and 7.10.6 (c) of Section 7 of the Rules.	Complied
7.6 (xvi)	Related party transactions exceeding 10% of the equity or 5% of the total assets of the entity as per Audited Financial Statements, whichever is lower.	Complied

DISCLOSURES REQUIRED BY THE COMPANIES ACT NO. 07 OF 2007

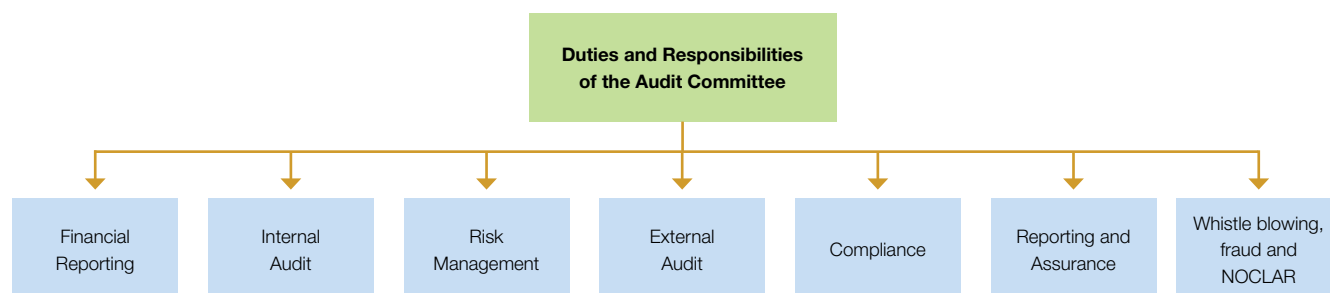
Section Reference	Requirement	Compliance status	Page reference
168 (1) (a)	The nature of the business of the Group and the Company together with any change thereof during the accounting period	Complied	96
168 (1) (b)	Signed Financial Statements of the Group and the Company for the accounting period completed	Complied	90 - 95
168 (1) (c)	Auditors' Report on Financial Statements of the Group and the Company	Complied	88 - 89
168 (1) (d)	Accounting Policies and any changes therein	Complied	96 - 109
168 (1) (e)	Particulars of the entries made in the Interests Register during the accounting period	Complied	82
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company during the accounting period	Complied	114
168 (1) (g)	Corporate donations made by the Company during the accounting period	Complied	114
168 (1) (h)	Information on the Directorate of the Company and its Subsidiaries during and at the end of the accounting period	Complied	45 - 46
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered during the accounting period	Complied	114
168 (1) (j)	Auditors' relationship or any interest with the Company and its Subsidiaries	Complied	68 - 69
168 (1) (k)	Acknowledgement of the contents of this Report and Signatures on behalf of the Board (Annual Report of the Board of Directors)	Complied	81 - 84

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 three Independent Non-Executive Directors and two Non-Executive Directors. The Audit Committee is chaired by Mr. Andrew Deshan Pushparajah, Independent Non-Executive Director, appointed with effect from 18th May 2017, Mr Deepal Sooriyaarachchi an Independent Non-Executive Director, Mr Senthilveri Senthil Nandhanan a Non-Executive Director, Mr Senaka Kakiriwaragodage a Non-Executive Director and Mr Elangovan Karthik an Independent Non-Executive Director. The composition meets the requirements stipulated in the Listing Rules of the CSE. The Company Secretary functions as the Secretary to the Audit Committee and brief profile of the members of the Committee is included in pages 42 to 44.

OBJECTIVES OF THE AUDIT COMMITTEE

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

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

MEETINGS

The Committee met four times during the year under review. The Chairman, CEO and CFO were invited to attend its meetings. The external auditors also attended to meetings on invitation, to brief the Committee on specific issues. The attendance of the members at these meetings is as follows:

Name of Director	Directorship Status	Attendance
Mr. Andrew Deshan Pushparajah	Independent Non-Executive Director	4/4
Mr. Deepal Sooriyaarachchi	Independent Non-Executive Director	4/4
Mr. Senthilveri Senthil Nandhanan	Non-Executive Director	4/4
Mr. Elangovan Karthik	Independent Non-Executive Director	4/4
Mr. Senaka Kakiriwaragodage	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 was outsourced to B.A.C.K Balasuriya & Co, Chartered Accountants until January 2021. BDO Partners and Rividco were engaged in January 2021 to take over the internal audit function to cover financial and non-financial areas respectively.
- Ensured that the Group adheres to and complies with all relevant laws, rules and regulations of the country, international laws and codes of conduct; and standards of conduct required by regulatory authorities, professional bodies and trade associations.
- Reviewed the Group's quarterly and annual financial statements, adequacy of disclosures, uniformity and appropriateness of the accounting policies adopted, major judgmental areas and ensured that they were in compliance with the Companies Act No. 7 of 2007, applicable Sri Lanka Accounting Standards and requirements of other regulatory bodies as applicable for the Group, and suggested recommendations in line with those requirements.
- Assessed the performance and effectiveness of the external auditors, and their independence and professional capabilities and made recommendations to the Board.
- Discussed the audited financial statements with external auditors and ensured that they were in conformity with the Sri Lanka Accounting Standards and other regulatory requirements.
- The Chairman of the Audit Committee reported to the Board at each meeting on the activities of the Committee.
- Assessed the future transactions and projects and their impact on gearing and cashflows and charged management with ensuring gearing levels and cashflows were sustainable.

INDEPENDENCE AND RE-APPOINTMENT OF EXTERNAL AUDITORS

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

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

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

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

CONCLUSION

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



Mr. A D Pushparajah
Chairman

30th July 2021

REMUNERATION COMMITTEE REPORT

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

COMPOSITION OF THE COMMITTEE

The committee comprises independent non-executive directors Mr Deepal Sooriyaarachchi (Chairman), Mr Deshan Pushparajah, Mr. Elangovan Karthik and non-executive directors Mr. Senthilvel Senthil Nandhanan and Mr. Senaka Kakiriwaragodage. A Brief profile of the members of the Committee are given on pages 42 to 44.

MEETINGS

Name of Director	Directorship Status	Attendance
Mr. Deepal Sooriyaarachchi (Chair)	Independent Non-Executive Director	2/2
Mr. Andrew Deshan Pushparajah	Independent Non-Executive Director	1/2
Mr. Senthilvel Senthil Nandhanan	Non-Executive Director	2/2
Mr. Elangovan Karthik	Independent Non-Executive Director	2/2
Mr. Senaka Kakiriwaragodage	Non-Executive Director	2/2

TERMS OF REFERENCE

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

REMUNERATION POLICY

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

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

ROLE AND RESPONSIBILITY OF THE REMUNERATION COMMITTEE

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

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

- Determining the policy of the remuneration package of directors and key management personnel
- Attracting, engaging, motivating, rewarding, and retaining a high-performing executive team as well as ensuring these principles are appropriately applied and maintained across all employee levels of the Group.
- Ensuring that the Chief Executive Officer (CEO) and executive team pursue the long-term sustainable growth and success of the Group.
- Ensuring an appropriate balance between guaranteed and variable remuneration, considering 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 10 to the financial statements.

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

There were no material policy exceptions during the period.

EVALUATION OF THE COMMITTEE PERFORMANCE

The annual evaluation of the performance of the Committee was carried out by the Board during the year and the outcome of the evaluation is given on page 83 in the Annual Report of the Board of Directors



Mr. Deepal Sooriyaarachchi
Chairman

30th July 2021

Stewardship and Governance

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

FORMATION OF THE COMMITTEE

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

PURPOSE OF THE COMMITTEE

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

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

TERMS OF REFERENCE

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

COMPOSITION OF THE COMMITTEE

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

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

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

Brief profiles of each member of the Committee are given on pages 42 to 44.

POLICIES AND PROCEDURES

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

MEETINGS

The Committee met four times during the year under review with all the members in attendance. Committee reviewed related party transactions carried out during the year under review and set out in Note 36 to financial statements.

The attendance of the members at meetings is as follows:

Name of Director	Directorship Status	Attendance
Mr. Deepal Sooriyaarachchi	Independent Non-Executive Director	4/4
Dr. Thirugnanasambandar Senthilvel,	Non-Executive Director	4/4
Dr. Prathap Ramunajam	Chairman/ Non-executive Director	4/4

SUMMARY OF RESPONSIBILITIES OF THE COMMITTEE

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

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

Related Party Transactions Review Committee Report

DISCLOSURES

A detailed disclosure of the related party transactions entered into by the Company during the year under review is disclosed in Note 36 to the financial statements given in pages 143 to 145. of this report.

RELATED PARTY TRANSACTION DURING THE YEAR

During the year, there was 1 non recurrent transaction and 1 recurrent transaction that exceeded the respective thresholds mentioned in the Listing Rules requiring disclosure Annual Report. Details of other related party transactions entered into by the Company during the year is disclosed in Note 34 to the Financial Statements. The activities and observations of the Committee are communicated to the Board.

NON RECURRENT TRANSACTION

Name of the Related Party	Relationship	Value of the Related Party Transactions entered into during the financial year	Value of Related Party Transactions as a % of Equity and as a % of Total Assets	Terms and Conditions of the Related Party Transactions	The rationale for entering into the transactions
Padiyapelella Hydropower Limited	83% owned subsidiary	Fund settled Rs.169 mn	Equity – 12% Total Assets – 10%	Terms and conditions are in line with the Group intercompany policy. Interest is charged on the balance.	Funds utilised for working capital requirements.

RECURRENT TRANSACTION

Name of the Related Party	Relationship	Nature of the Transaction	Aggregate value of Related Party Transactions entered into during the financial year	Aggregate value of Related Party Transactions as a % of Net Revenue/ Income	Terms and Conditions of the Related Party Transactions
Padiyapelella Hydropower Limited	83% owned subsidiary	Dividend paid	Rs. 149.4 mn	125%	Based on dividend policy of subsidiary

EVALUATION OF THE COMMITTEE PERFORMANCE

The annual evaluation of the performance of the Committee was conducted by the Board during the year and the outcome of the evaluation is given on page 83 in the Annual Report of the Board of Directors.

DECLARATION BY THE BOARD

A declaration is given by the Board in the Annual Report of the Board of Directors on pages 83 as an affirmative statement stating compliance with the rules on Related Party Transactions.

DECLARATION

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

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



Mr. D. Sooriyaarachchi
Chairman of the Related Party Transaction Review Committee

30th July 2021

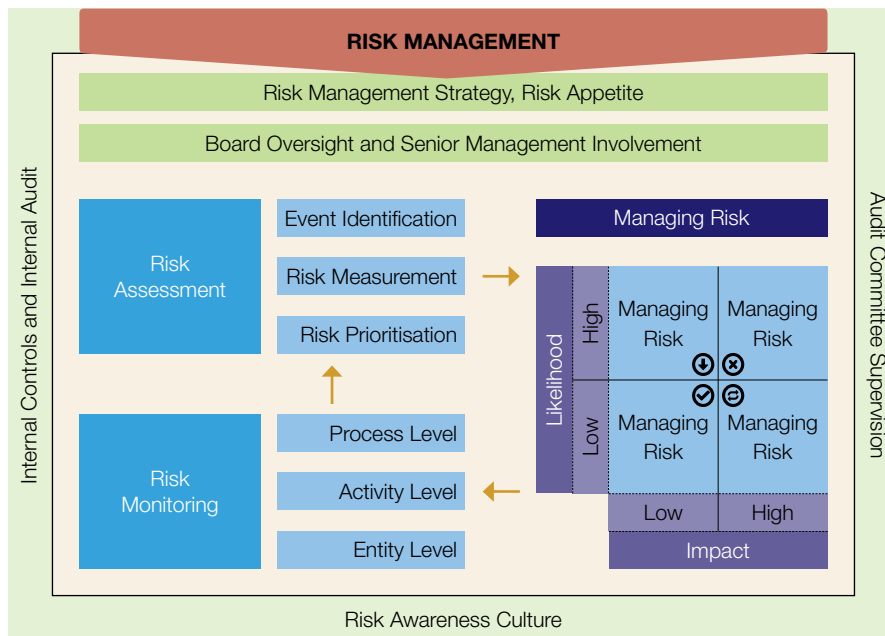
Stewardship and Governance

RISK MANAGEMENT REPORT

As a renewable energy procedure Panasian Power PLC (PAP) is exposed to various risks that may affect our current and future performance.

INTEGRATED RISK MANAGEMENT SYSTEM

PAP has in place an Integrated Risk Management System (IRMS) to comprehensively identify, analyse, and control risks. The IRMS takes a top-down approach that cascades from PAP's Strategic Plan, vis-a-vis the Company's Risk Management Strategy and Risk Appetite, both approved by the PAP Board. The Risk Management Strategy and Risk Appetite, together serve as guiding principles to ensure that all major risks are identified, assessed, managed and monitored in a way that supports the Company to meet its strategic objectives and fulfil stakeholder deliverables.



Risk Strategy and Risk Appetite in the context of any changes in the operating environment that may cause the Company's risk profile to be altered. The Audit Committee is responsible for ensuring the proper implementation of the IRMS at an operational level. The Audit Committee is also accountable for ensuring the adequacy of internal controls and implementing continuous improvements based on the findings derived through internal audit reports, compliance reports submitted by the Management as well as by disseminating the recommendations made by External Auditors.

Meanwhile due diligence activities carried out by the Internal Audit team aim to provide a reasonable assurance regarding the efficacy of the Company's risk and internal control systems and also promotes continuous and ongoing improvement.

RISK AWARENESS CULTURE

PAP is of the opinion that the effectiveness of the IRMS depends to a large extent on the culture of risk awareness. The Board sets the tone from the top via policies and procedures that promote the risk culture, while managers of business units are held accountable for ensuring these policies, procedures and standards are implemented and adhered to, without exception. Continuous training and other capacity building initiatives are also a key component that reinforces the risk awareness culture at all levels of the business.

RISK GOVERNANCE

The PAP Board is the highest governance body in charge of providing oversight for proper risk management and control. The Board is responsible for developing the PAP's Risk Strategy and setting the Risk Appetite to support the Company's short, medium and long term business strategy. Assisting the Board in its Risk Management duties, is PAP's Audit Committee. The Board and the Audit Committee are jointly responsible for reviewing and updating the PAP's

MANAGING PAP'S KEY RISKS

PAP's key risks are broadly categorised as Social, Political and Environmental Risks, Regulatory Risks, Financial Risks and Operational Risks. The Risk Impact of each risk category is established based on how it affects the Company.

Risk Management Report

SOCIAL, POLITICAL AND ENVIRONMENTAL RISK

How it affects PAP	Status Update for 2020/21	Risk	Risk Control Approach
<p>Strategic Risk External events that could pose a risk to the Company's strategy</p>	<p>Commissioning delays owing to COVID-19 restrictions as well as due to disruptions to the global supply chain due to pandemic related challenges</p>	M	<p>PAP's Management teams were in constant dialogue with the CEB and suppliers to ensure projects were commissioned as soon as practicable once offices returned to work.</p> <p>Furthermore, 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.</p>
<p>Political / Regulatory Risk Policy uncertainty that stems from political instability</p>	<p>Stability on the political front and the government's stance on supporting renewable energy creates a conducive environment to allow the Company to grow</p>	L	<p>PAP operates through long term PPA's, which are legally binding for the duration of the contract. Hence the terms of these PPA's are unlikely to change mid-contract.</p> <p>The Company has invested in its regulatory and compliance capability through Internal Audit, consultants, legal advice and the Audit Committee which has enabled the PAP to respond effectively to the volume of change, thereby reducing the risk.</p> <p>PAP continues 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.</p> <p>At the same time, the Company continues to pursue overseas expansion opportunities.</p>
<p>Climate Risk Risks are those that can arise as a result of erratic weather patterns. In PAP's hydropower business, the risk is primarily due to drought, while the solar operation faces irradiation risk.</p>	<p>In the year under review, Sri Lanka experienced average weather conditions throughout the year, in line with expectations for solar and hydropower generation</p>	L	<p>PAP 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.</p> <p>Hydropower projects are designed based on past hydrological data analyses to minimise the risk of any deviation from their designed energy.</p> <p>Solar projects are designed on PVSyst external data and are assessed against actual data post commissioning and amended if necessary.</p>
<p>Social / Environmental Risk The risk the Company faces if environmental and social issues related to a project are not considered and managed</p>		L	<p>At the start of any project the Company undertakes comprehensive environmental and social impact assessments as required by regulation and responds appropriately to any issues noted therein.</p> <p>On an ongoing basis the Company also further engages with local communities, key stakeholders, and workers to ensure that any concerns are heard.</p> <p>PAP's Environmental and Social Management System (ESMS) ensures social and environmental risk is monitored and managed in line with global best practices</p>

Stewardship and Governance

FINANCIAL RISKS

How it affects PAP	Status Update for 2020/21	Risk	Risk Control Approach
<p>Credit Risk The risk that there are defaults or delays in debtor's settlements – the CEB is PAP's only customer</p>	<p>PAP continues to operate on the basis of long term PPAs, which are legally binding for the duration of the contract. Historically, the CEB has not defaulted on any payments to PAP.</p> <p>Sungrow inverter sales are a trading business, however, carries minimal credit risk</p>	L	<p>PAP is committed to honour the terms and conditions of the PPA which has enabled the Company to build trust with the CEB. PAP monitors any receivables beyond the credit period and discusses with CEB on payment timelines.</p> <p>Sales of Sungrow inverters are supported by advances and LCs prior to opening LCs with the supplier. Therefore, there is no credit risk. Minimal stock is held at any one time.</p>
<p>Interest Rate Risk The risk to the PAP's earnings that arises from fluctuations in interest rates and the degree of volatility of these rates</p>	<p>A majority of PAP's borrowings are at a floating rate which is advantageous for the Company in the current environment where lending rates are on a downward trend. Moreover, fixed rate loans are mostly at a concessionary rate below the current floating lending rates.</p>	L	<p>The Company manages interest rate risk through discussions with multiple lenders to minimise the interest burden.</p>
<p>Investment Risk Failure in investments/to achieve expected returns</p>	<p>Some delays were experienced due to the COVID-19 restrictions</p>	M	<p>Any planned investments are subjected to a thorough appraisal and feasibility procedure supported by expert advice to guarantee returns on investment. The Company seeks the expertise of specialists in estimating accurate project cost, detailed planning, building in contingencies and budgetary control over projects.</p> <p>Board approval and investment committee approval is obtained prior to commencement of a planned project.</p> <p>Project progress is closely monitored to ensure project deliverables are achieved within agreed budgets and timeline. Monitoring was further strengthened due to the COVID-19 pandemic, with a view to ensuring government policies on areas such as import tariffs and regulations do not adversely affect project costs and that they remain within tolerances set at the feasibility stage.</p>
<p>Capital Risk The risk of insufficient capital resources to support the business</p>	<p>PAP's assets have highly predictable revenue streams and are considered stable for long term borrowing. This allows the Company to leverage its assets to fulfil its capital resources as and when needed.</p>	L	<p>PAP monitors its capital base 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.</p> <p>The Company's borrowings are subject to maintaining covenants as defined by the debt funders. Throughout the year ended 31 March 2021 the Group complied with all external borrowing covenants and management monitors the continued compliance with these covenants on a quarterly basis.</p>

Risk Management Report

How it affects PAP	Status Update for 2020/21	Risk	Risk Control Approach
<p>Liquidity Risk The risk that the Company will face if adequate funding could not be raised to meet cash flow commitments</p>	<p>PAP considers the credit risk from CEB to be minimal with an implied sovereign guarantee.</p> <p>However, delay in settlements by the CEB due to pandemic related challenges drove up PAP's debtors in the year under review.</p>	M	<p>The Company forecasts its liquidity requirements for the forthcoming year under normal and stressed conditions to ensure sufficient resources 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 .</p> <p>Actual cash flows are monitored and used to update forecasts on a rolling basis to account for more realistic estimates</p> <p>The Company closely monitored receivables from CEB and was in constant dialogue to ensure timely payment. Post financial year end the CEB resumed paying regularly.</p>
<p>Currency Risk The likelihood of incurring losses due to currency fluctuations</p>	<p>For new projects the majority of capital expenditure is imported, therefore the Company is exposed to currency risk.</p>	H	<p>The Company manages currency risk by 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.</p> <p>PAP is also exploring overseas projects with US Dollar tariff structures to mitigate the Sri Lankan rupee value depreciation.</p> <p>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 these projects would likely be financed in the same currency as the tariff, therefore mitigating ongoing currency risk.</p>

OPERATIONAL / TECHNICAL / IT RISKS

How it affects PAP	Status Update for 2020/21	Risk	Risk Control Approach
<p>Operational / Technical 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</p>	<p>The risk of employees contracting the COVID-19 virus, especially when using public transport and during field visits. The spread of the virus in this way can disrupt business operations.</p>	<p>H</p>	<p>In response to the pandemic, an emergency task force was formed to oversee employees' health & safety. Comprehensive H&S guidelines were developed in adherence with government regulations, including the wearing of necessary PPE, while disinfectants were made available to employees and other visitors to the premises. Furthermore, weather possible and practical, employees were encouraged to work from home and a roster plan was put in place for those coming to office.</p> <p>Under normal circumstances, operational risk is managed through a multi pronged approach;</p> <p>HR – the Company 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.</p> <p>Sourcing – PAP has built deep relationships with its suppliers to allow the Company to benefit from the latest proven technology, along with performance warranties and insurance to ensure the highest performance throughout the project lifetime.</p> <p>Ongoing operations – the stringent control system in place are overseen by the Audit Committee and vetted by the internal auditors. Regular maintenance, data driven optimisation, spare part inventory, system improvements are also a major part of the routine operational risk management process</p>
<p>IT Risk The risk of system failure, outdated systems and loss of data</p>	<p>PAP does not perceive the risk to be high, However it is becoming increasingly relevant. With the COVID-19 pandemic, PAP transitioned to cloud based financial systems, which required stronger safeguards to protect the Company's systems against external breaches.</p>	<p>M</p>	<p>Existing IT systems are supported by modern technology. regular maintenance and regular upgrades to prevent unauthorised access to the information systems, while data is backed up to a secure server to prevent data loss.</p> <p>Financial records are maintained using Sage and Quickbooks, which have been inbuilt security controls to ensure integrity of the system. Meanwhile the new cloud based financial systems are maintained with regular physical backups and appropriate security protocols.</p>



Rooftop solar capacity

7.8 MW



**POWERING
THROUGH TO
STRONGER
CONNECTIONS**

iwodc

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

GENERAL

The Board of Directors take pleasure in presenting the Annual Report of the Company for the financial year ended 31st March 2021, that includes and covers the Audited Financial Statements, Chairman's Message, Statements of Responsibility, Auditors' Report, and other relevant information in the annual report.

The information table on 'Disclosures required by the Companies Act No. 07 of 2007' appearing in the corporate governance report on page 67 forms part of this Annual Report of the Board of Directors.

The Annual Report of the Company including the Annual Report of the Board of Directors was adopted by the Board of Directors on 30th July 2021. The required number of copies of the Company's Annual Report will be submitted to the Colombo Stock Exchange and to the Sri Lanka Accounting and Auditing Standards Monitoring Board within the stipulated time.

GROUP STRUCTURE AND PRINCIPLE BUSINESS ACTIVITIES

The Group structure is available on page 15.

A brief description of the nature of the principal business activities of the Group and the Company is given in Note 01 to the Financial Statements on page 96.

STATEMENTS OF MISSION, VISION AND VALUES

The Company's statements of mission, vision and values are available on page 03. The Directors and all the employees conduct their activities with the highest level of ethical standards and integrity in achieving the aspiration and purpose. All employees are given a copy of the Code of Business Ethics of the Company and employees are required to adhere to it.

THE BOARD OF DIRECTORS

The Board of Directors of the Company consisted of nine members as at 31st March 2021. Information relating to the Directors of the Company is available on pages 42 to 44.

The names of the Directors of Subsidiary Companies are given on pages 45 to 46.

RETIREMENT AND RE-ELECTION OF DIRECTORS

In accordance with principle A.8 of the Corporate Governance Code, Mr. Senthilvel Senthil Nanthanan, Mr. Karthik Elangovan and Mr. Senaka Sanjith Kakirwaragodage retire by rotation and are eligible for re-election.

The agenda for the Annual General Meeting includes two separate ordinary resolutions to be taken up to re-appoint Dr. P. Ramanujam as Chairman, who has reached the age of 72, and Dr. T. Senthilvel as a Non-executive Director, who has reached the age of 75 in accordance with Section 211 of the Companies Act No. 07 of 2007.

Resumes of the Directors are included on pages 42 to 44 of this report.

REVIEW OF PERFORMANCE

A review of performance and future outlook of the Group is available in the Chairman's message (pages 16 to 18), Group Chief Executive Officer's message on pages 19 to 21 and value created section appearing on pages 10 to 11.

Investment activities during the year
There was no change in the percentage of shareholding in immediate subsidiaries of the Company. The Group acquired the balance 15% of the issued share capital of Panthree Solaro Energy (Pvt) Ltd during the year. The Group holds 100% of the interest in Panthree Solaro Energy (Pvt) Ltd as at 31 March 2021.

Details of investments held by the Company are disclosed in Notes 18 and 20 to the Financial Statements.

DISCLOSURES

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

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

FINANCIAL STATEMENTS

The Financial Statements of the Group and the Company have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRs/LKASs), issued by the Institute of Chartered Accountants of Sri Lanka and comply with requirements of the Companies Act No. 07 of 2007 and Listing Rules of the Colombo Stock Exchange. The Financial Statements for the year ended 31st March 2021 signed on behalf of the Board by the Chairman, Chair of the Audit Committee and Chief Financial Officer are given on pages 92 to 93.

FINANCIAL RESULTS AND APPROPRIATIONS

Turnover

The total gross Group turnover generated by the 03 business segments was Rs. 729 million (2019/20 - Rs. 564 million), while the turnover of the Company was Rs. 85 million (2019/20 - Rs. 120 million). A segment wise analysis is given in Note 7 appearing on pages 110 to 113.

PROFIT AND APPROPRIATIONS

The group profit after tax and group profit attributable to equity holders of the parent for the year were Rs. 268 million (2019/20 - Rs. 153 million) and Rs. 240 million (2019/20 - Rs. 139 million) respectively, whilst the profit after tax of the Company was Rs. 144 million (2019/20 - Rs. 147 million).

The Group total comprehensive income attributable to equity holders of the parent was Rs. 281 million (2019/20 - Rs. 255 million) and the Company's total comprehensive income for the year was Rs. 166 million (2019/20 - Rs. 175 million).

Capital Commitments

Capital commitments are outlined in Note 39 to the financial statements.

Annual Report of the Board of Directors on the State of Affairs Of the Company

Contingent Liabilities

There were no material contingent liabilities outstanding as at 31st March 2021, other than those disclosed in Note 40 to the financial statements.

DIVIDENDS AND RESERVES

The Company declared dividends of Rs. 0.12 per share and Rs. 0.14 per share for 2020/21, announced on 5th February 2021 and 30th June 2021 respectively.

The Group Reserve as at 31st March 2021 amounts to Rs. 1,154 million (2019/20 – Rs. 1,018 million). The composition of the reserves is shown in the Statement of Changes in Equity in the Financial Statements.

INDEPENDENCE OF NON-EXECUTIVE DIRECTORS

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

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

As allowed under Sec. 7.10.3 (a) & (b) of the Listing Rules of the Colombo Stock Exchange, the Board recognises that Mr. D. Sooriyaarachchi has acted in an independent manner over the years bringing his independent judgement upon matters relating to the Board Committees and the Board.

The Board is of the opinion that there is no reason to believe that his status as an Independent Director has been impaired in any manner due to his tenure in office. Having considered all relevant aspects, the Board

determined that Mr. D. Sooriyaarachchi continue as an 'Independent Non-Executive Director' of the Company.

BOARD COMMITTEES

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

BOARD AND BOARD COMMITTEE MEETINGS

The number of Board meetings held, and the number of meetings attended by the Directors is given on page 49. The number of Board Committee meetings held, and the attendance of members are given in the respective Committee Report appearing on page 53.

REVIEW OF PERFORMANCE OF THE BOARD AND BOARD COMMITTEES

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

DIRECTORS' REMUNERATION

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

DIRECTORS' SHAREHOLDINGS

Shareholdings of Directors and their spouses, as required by Listing Rules of the Colombo Stock Exchange, are given on page 157 under 'Investor Information'.

Shareholding	As at 31.3.2021	As at 31.03.2020
Dr. P. Ramanujam	2,350,000	2,350,000
Mr. D. Sooriyaarachchi	Nil	Nil
Mr. P. L. D. Jinadasa	146,787,306	150,431,396
Mr. P. K. Pathmanatha	Nil	Nil
Mr. A. D. Pushparajah	Nil	Nil
Mr. S. S. Nandhanan	Nil	75,000
Dr. T. Senthilvel	8,150,625	817,686
Sampath Bank PLC/Dr. T. Senthilvel	Nil	27,825,838

Mr. D. Sooriyaarachchi, Mr. A.D. Pushparajah A.D., Mr. S. S. Nandhanan, Mr. E. Karthik and Mr. S.S. Kakiriaragodage who are Directors of the Company did not hold any shares of the Company as at 31st March 2021.

INTEREST REGISTER AND DIRECTORS' INTERESTS IN CONTRACTS/PROPOSED CONTRACTS

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

During the year, entries made in the Interest Register consisted of Directors' interests in contracts and remuneration paid to the Directors. The Interest Register is available at the registered office of the Company, in keeping with the requirements of the Section 119 (1) (d) of the Companies Act No. 07 of 2007. The particulars of the Directors' Interests in Contracts are given on page 143 of

the Annual Report and form an integral part of the Annual Report of the Board of Directors. The Directors have no direct or indirect interest in a contract or a proposed contract with the Company other than those disclosed.

EMPLOYEE SHARE OWNERSHIP PLANS

The Group does not operate any share option scheme.

RELATED PARTY TRANSACTIONS

Non- Recurrent Related Party Transactions
There was 1 related party transaction of which aggregate value exceeded 10% of the equity or 5% of the total assets of the Company during the year ended 31st March 2021, which required specific disclosure in the Annual Report as required by Listing Rule 9.3.2 of the Colombo Stock Exchange and the Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission. This is disclosed on page 72.

Recurrent Related Party Transactions
There was 1 recurrent related party transaction which in aggregate exceeded 10% of the consolidated revenue of the Group as per 31st March 2021 audited Financial Statements, which required additional disclosures in the 2020/21 Annual Report under Colombo Stock Exchange Listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission. This is disclosed on page 72.

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

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

ACCOUNTING POLICIES

The significant Accounting Policies adopted by the Group and the Company are given on pages 96 to 109.

The Financial Statements and Notes thereto give a true and fair view of the Company's and the Group's financial position as at 31st March 2021 and of their performance for the year ended on that date.

INDEPENDENT AUDITORS' REPORT, APPOINTMENT AND REMUNERATION

The Company's Independent External Auditors, Messrs KPMG, Chartered Accountants, who were re-appointed by a resolution passed at the last Annual General Meeting, have expressed their opinion which appears on page 88 to 89 of this Annual Report.

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

Messrs KPMG, Chartered Accountants, have made themselves available for re-appointment and having determined their suitability for re-appointment. In accordance with the Companies Act No.07 of 2007, a resolution relating to their re-appointment and authorising the Directors to determine their remuneration will be proposed at the forthcoming Annual General Meeting.

INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT

The Board considers that strong internal controls are integral to sound management of the Company and is committed to maintaining financial, operational and risk management

controls over all its activities. Further details of these aspects are discussed in the Directors' Statement on Internal Controls (page 85) and in the risk management approach on pages 73 to 77.

GOING CONCERN

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

ENTERPRISE RISK MANAGEMENT

Pages 73 to 77 shows the governance and risk management structure of the Group and the manner in which the Board plays its stewardship role. The Company has put in place systems and procedures to ensure the implementation of sound corporate governance principles. The Audit Committee report and the Remuneration Committee report and Related of Party Transactions Review Committee Report are given in pages 68 to 72.

RESPONSIBLE CORPORATE BEHAVIOUR

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

MATERIAL FORESEEABLE RISK FACTORS

Information pertaining to material foreseeable risk factors are discussed on pages 74 to 77 of this annual report.

EMPLOYMENT

Pages 29 to 33 covers the group's practices and policies relating to selection, training, development, promotion and employee relations. The Company is an equal opportunity employer without any discrimination.

Annual Report of the Board of Directors on the State of Affairs Of the Company

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

SHARE INFORMATION

Information relating to shareholding, market value of shares, public shareholding and top twenty shareholders are available on pages 156 to 157 under 'Invest Information'.

EQUITABLE TREATMENT OF SHAREHOLDERS

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

RATIOS AND MARKET PRICE INFORMATION

The ratios relating to equity and debt as required by the listing requirements of the Colombo Stock Exchange are given in page 06 of this Report.

DONATIONS

The Group and the Company made donations during the year amounting to Rs. 1,176,052 and Rs. 770,720 respectively (2019/20 - Group: Rs. 1,893,080, Company - Rs. 684,650). No donations were made for political purposes.

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

The Group and the Company incurred Rs. 29,089,056 and Rs. 15,391,566 respectively (2019/20 - Group: Rs. 146,007,119, Company: Rs.64,055,694) on acquisition of property, plant and equipment, details of which are available in Note 15 to the Financial Statements.

The investment in intangible assets by the Group during the year was Rs. 1,906,000 whilst the investment in intangible assets by the Company was Rs. 1,906,000. (2019/20 - Group: Rs. 1,725,000, Company: Rs. 1,725,000).

Specific information on extent, locations, valuations and number of buildings on the Company's land holdings are given in Note 15.7.3 to the Financial Statements.

MARKET VALUE OF FREEHOLD LAND

A qualified independent valuer carried out a revaluation of the Company's freehold land on DATE and the carrying value of freehold land has been adjusted accordingly. The details of market value of freehold land are given in Note 15 to the Financial Statements.

STATED CAPITAL

The stated capital of the Company as at 31st March 2021 amounted to Rs. 1,030 million (2019/20- Rs. 1,030 million), details of which are available in Note 28 to the Financial Statements.

STATUTORY PAYMENTS

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

The tax position of the Company is given in Note 11 to the Financial Statements.

Disclosure as per Colombo Stock Exchange Rule No.7.6

	31.03.2020	31.03.2021
Market price per share	2.50	3.60
Highest share price during the year	3.90	5.00
Lowest share price during the year	2.50	2.50

COMPLIANCE WITH LAWS AND REGULATIONS

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

ENVIRONMENTAL, HEALTH AND SAFETY PROTECTION

Policies and endeavours made on environmental preservation by the Group and the Company are covered on page 39. All the

laws and regulations in regard to environment, health and safety are strictly adhered to.

EVENTS OCCURRING AFTER THE REPORTING PERIOD/ POST BALANCE SHEET EVENTS

There were no material events that occurred after the reporting date that require adjustment to or disclosure in the Financial Statements, other than those disclosed in Note 41 to the Financial Statements on page 154.

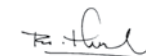
ANNUAL GENERAL MEETING

Taking into consideration the current regulations/restrictions prevailing in the country due to the COVID-19 pandemic, the Board of Directors has decided to hold the Annual General Meeting (AGM) as a Virtual Meeting on 31st August 2021 at 9.30 a.m., in line with the Guidelines issued by Colombo Stock Exchange (CSE) for hosting of virtual/ hybrid AGMs and on the assumption that no curfew will be in force on that date and that there would be no restrictions imposed by the authorities on conduct on meetings.

By order of the Board of Directors,



Dr P. Ramanujam
Chairman



P. Poddiwala
Chief Executive Officer / Executive Director



D. Sooriyaarachchi
Senior Independent Non-Executive Director



S S P Corporate Services (Private) Limited,
Secretaries

Colombo
30th July 2021

BOARD OF DIRECTORS' STATEMENT ON INTERNAL CONTROLS

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

RESPONSIBILITY

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

The Board is of the view that the system of internal controls over financial reporting in place is sound and adequate to provide reasonable assurance regarding the reliability of financial reporting, and that the preparation of Financial Statements for external purposes is in accordance with relevant accounting principles and regulatory requirements.

The Management assists the Board in the implementation of the Board's policies and procedures on risk and control by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to mitigate and control these risks.

KEY INTERNAL CONTROL PROCESSES

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

- The Board Committees and Management Committees are established to assist the Board in ensuring the effectiveness of the Group's operations and that the Group's operations are directed towards corporate strategy, objectives, annual budget and policies taking in to consideration the business environment and internal operating conditions.
- The Group Outsourced Internal Audit function provides comfort on the efficiency and effectiveness of the Internal Control System of the Group and Company. The Group Internal Audit function operates according to the annual audit plan which is reviewed and approved by the Audit Committee. Their findings of the audits are submitted to the Audit Committee for review at their periodic meetings.
- The Audit Committee approves the annual audit plan, reviews internal control issues identified by the Group Internal Auditors, the Independent External Auditors, regulatory authorities and the management and evaluates the adequacy and effectiveness of the internal control system. Activities undertaken by the Audit Committee are set out in the Audit Committee Report on page from 68 to 69

CONFIRMATION

The Board of Directors confirm that the financial reporting system has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with Sri Lanka Accounting Standards (SLFRSs/ LKASs), requirements of the Companies Act No. 7 of 2007, the Listing Rules of the Colombo Stock Exchange and any other regulatory requirements. The consolidated financial statements for the year ended 31st March 2021 have been audited by Messrs. KPMG, Chartered Accountants.

By order of the Board



Dr. Prathap Ramanujam
Chairman



Deshan Pushparajah
Audit Committee Chairman/Director



Gayan Gunawardana
Chief Financial Officer

30th July 2021

STATEMENT OF DIRECTORS' RESPONSIBILITY

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

The responsibilities of the Directors in relation to the Financial Statements of the Company and the Group are set out in this statement. The responsibility of the Auditors in relation to the Financial Statements is set out in the Report of the Auditors on pages 88 to 89.

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

The Financial Statements comprise of:

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

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

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

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

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

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

The Directors, having reviewed the financial budget and cash flows for the year to 31st March 2022 and the bank facilities, consider that the Group/Company has adequate resources to continue in operation, and have continued to adopt the going concern basis in preparing these Financial Statements.

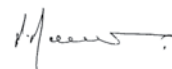
Further, as required by Section 56 (2) of the Companies Act No 7 of 2007, the Directors have confirmed that the Company, based on the information available, satisfies the solvency test immediately after the distribution of dividends, in accordance with Section 57 of the Companies Act No 7 of 2007, and has obtained a certificate of solvency from the Auditors, prior to the payment of dividends of Rs 0.26 per share for the year under review.

THE DIRECTORS CONFIRM THAT;

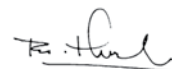
- Appropriate Accounting Policies have been selected and used in a consistent manner, and material departures, if any, have been disclosed and explained;
- The Financial Statements of the Group and the Company are prepared and presented in accordance with the Sri Lanka Accounting Standards (SLFRSs/LKASs);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

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

By Order of the Board,



Dr. Prathap Ramanujam
Chairman



P. Poddiwala
Chief Executive Officer/ Executive Director

30th July 2021

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

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

We confirm that, the Financial Statements of Panasian Power PLC and Consolidated Financial Statements of the Group as at 31st March 2021 are prepared and presented in accordance with the requirements of the following:

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

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

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

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

The Financial Statements were audited by Messrs. KPMG, Chartered Accountants, Independent External Auditors. Their report is given on pages from 88 to 89 of the Annual Report.

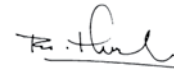
The Audit Committee of the Company meets periodically with the Internal Auditors and the Independent External Auditors to review the manner in which these Auditors are performing their responsibilities, and to discuss auditing, internal control and financial reporting issues. To ensure complete independence,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

CONCLUSION

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



Dr. P. Ramanujam
Chairman



P. Poddiwala
Chief Executive Officer / Executive Director



G. Gunawardana
Chief Financial Officer
Colombo

30th July 2021

INDEPENDENT AUDITOR'S REPORT



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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Panasian Power PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31st March 2021, 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 90 to 155 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 2021, 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.

Annual impairment testing of Goodwill

Refer to the significant accounting policy in Note 3.8 and explanatory Note 17.4.1 to these financial statements.

Risk description	Our response
As at 31st March 2021, the goodwill was carried at Rs. 462 Mn. Management allocated goodwill to the respective cash-generating units ("CGUs") as disclosed in Note 17.4.1 to the financial statements. The recoverable amounts of the identified CGUs have been determined based on value-in-use calculations.	Our audit procedures included: <ul style="list-style-type: none"> 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.
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.	<ul style="list-style-type: none"> 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.

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

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M.R. Mihular FCA
T.J.S. Rajakerier FCA
Ms. S.M.B. Jayasekara ACA
G.A.U. Karunaratne FCA
R.H. Rajan FCA
A.M.R.P. Alshakoon ACA

P.Y.S. Perera FCA
W.W.J.C. Perera FCA
W.K.D.C. Abeyratne FCA
R.M.D.B. Rajapakse FCA
M.N.M. Shameel ACA

C.P. Jayatilake FCA
Ms. S. Joseph FCA
S.T.D.L. Perera FCA
Ms. B.K.D.T.N. Rodrigo FCA
Ms. C.T.K.N. Perera ACA

Principals - S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA
Ms. P. M. K. Sumanasekara FCA, W. A. A. Weerasekara CFA, ACMA, MRICS



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 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(FCA).

Chartered Accountants
Colombo, Sri Lanka

30th July 2021

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st March,	Note	Group		Company	
		2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Continuing operations					
Revenue	6	729,074,023	563,814,790	85,208,888	119,810,368
Cost of sales		(241,325,344)	(139,609,454)	(22,039,728)	(21,042,838)
Gross profit		487,748,679	424,205,336	63,169,160	98,767,530
Other income	8	11,099,242	-	150,153,387	132,431,683
Administrative expenses		(124,871,410)	(119,980,556)	(46,850,330)	(59,964,665)
Finance income	9.1	9,788,429	10,224,450	7,090,344	11,367,969
Finance costs	9.2	(111,624,545)	(121,184,786)	(20,703,321)	(30,949,879)
Net finance costs		(101,836,116)	(110,960,336)	(13,612,977)	(19,581,910)
Share of profit of equity accounted investees -Joint Venture	20.1	2,437,893	2,454,825	-	-
Profit before taxation	10	274,578,288	195,719,268	152,859,240	151,652,638
Income tax expense	11	(10,133,819)	(42,553,678)	(8,390,409)	(5,023,982)
Profit form continuing operations		264,444,469	153,165,590	144,468,831	146,628,656
Discontinuing Operations					
Profit/(Loss) from discontinued operation, net of tax	12	3,816,626	(457,356)	-	-
Profit for the year		268,261,095	152,708,234	144,468,831	146,628,656
Other comprehensive income					
Items that will not be reclassified to profit or loss					
- Re-measurement of defined benefit obligation	29	530,358	(286,605)	340,319	(198,611)
- Deferred tax effect on Re-measurement of defined benefit obligation		(74,250)	73,210	(47,645)	55,611
- Revaluation of Property, plant and equipment- Share of equity accounted investees		-	1,537,487	-	-
- Revaluation of Property, plant and equipment	15	-	159,898,931	-	39,250,214
- Deferred tax effect of revaluation		-	(38,155,395)	-	(10,990,060)
- Deferred tax implication on other comprehensive income due to rate differential		42,153,612	-	21,091,673	-
Other comprehensive income, net of tax		42,609,720	123,067,628	21,384,347	28,117,154
Total comprehensive income for the year		310,870,815	275,775,862	165,853,178	174,745,809

For the year ended 31st March,	Note	Group		Company	
		2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Profit attributable to:					
Owners of the Company					
Profit from continuing operations, (net of tax)		235,868,056	139,369,164	144,468,831	146,628,656
Profit/(Loss) from discontinued operations, (net of tax)		3,816,626	(457,356)	-	-
		239,684,682	138,911,808	144,468,831	146,628,656
Non-controlling interests					
		28,576,413	13,796,427	-	-
		268,261,095	152,708,235	144,468,831	146,628,656
Total comprehensive income Attributable to:					
Owners of the Company					
Profit from continuing operations, (net of tax)		277,260,223	253,957,632	165,853,178	174,745,809
Profit/(Loss) from discontinued operations, (net of tax)		3,816,626	1,537,487	-	-
		281,076,849	255,495,119	165,853,178	174,745,809
Non-controlling interests					
		29,793,966	20,280,743	-	-
		310,870,815	275,775,862	165,853,178	174,745,809
Basic Earnings per share (Rs.)					
Basic Earnings per share (Rs.)	13	0.38	0.24	0.23	0.25
Basic Earnings per share (Rs.) - continuing operations	13.1	0.38	0.24	0.23	0.25
Basic Earnings per share (Rs.) - Discontinuing operation	13.2	0.00	-	-	-

The accounting policies and notes on pages 96 to 155 form an integral part of these financial statements.
The comparative information has been represented due to a discontinuing operation.

STATEMENT OF FINANCIAL POSITION

As at 31st March,	Note	Group		Company	
		2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Assets					
Non-current assets					
Property, plant and equipment	15	2,854,313,856	2,269,545,499	338,725,802	343,215,633
Capital work in progress	16	346,220,678	527,739,561	-	-
Intangible assets	17	551,532,930	552,592,871	3,360,727	2,388,558
Investment in subsidiaries	18	-	-	1,230,177,694	1,142,177,694
Investment in preference shares	19	13,915,410	23,884,623	23,000,000	23,000,000
Investment in Joint Venture	20	10,802,988	5,272,446	-	-
Advances paid for acquisition	21	5,115,150	5,115,150	5,115,150	5,115,150
Total non-current assets		3,781,901,012	3,384,150,150	1,600,379,373	1,515,897,035
Current assets					
Inventory	22	69,962,890	14,157,615	97,500	-
Investment in unit trust	23	102,683,190	39,635,267	31,999,286	42,803
Trade and other receivables	24	419,113,335	363,928,792	97,177,118	84,524,263
Amount due from related companies	25	20,625,190	40,986,720	70,922,484	122,839,093
Cash and cash equivalents	26	152,134,319	120,813,455	23,426,652	21,385,016
Assets held for sale	27	9,325,942	-	-	-
Total current assets		773,844,866	579,521,849	223,623,040	228,791,175
Total assets		4,555,745,878	3,963,671,999	1,824,002,413	1,744,688,210
Equity and liabilities					
Equity					
Stated capital	28	1,030,000,000	1,030,000,000	1,030,000,000	1,030,000,000
Revaluation reserves		357,335,896	316,396,210	141,890,904	120,799,231
Retained earnings		796,381,691	701,817,869	249,733,144	242,471,639
Equity attributable to owners of the Company		2,183,717,587	2,048,214,079	1,421,624,048	1,393,270,870
Non Controlling Interest	44	129,943,319	130,676,013	-	-
Total Equity		2,313,660,906	2,178,890,092	1,421,624,048	1,393,270,870

As at 31st March,	Note	Group		Company	
		2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Non-current liabilities					
Employee benefits	29	6,590,502	6,017,254	4,910,139	4,858,667
Lease liabilities	30	54,224,257	51,815,680	51,620,948	51,434,197
Interest bearing loans and borrowings	31	1,506,434,033	1,254,439,493	98,623,333	118,910,000
Deferred tax liabilities	32	76,953,458	154,694,708	33,588,245	71,345,210
Total non-current liabilities		1,644,202,250	1,466,967,135	188,742,665	246,548,074
Current liabilities					
Lease liabilities	30	5,062,152	10,754,579	5,078,581	9,720,603
Interest bearing loans and borrowings	31	486,284,104	212,836,233	47,671,667	28,620,000
Amount due to related companies	33	-	-	119,955,595	49,288,700
Other payables and accruals	34	69,805,890	69,521,198	16,183,135	15,644,867
Income tax payable	35	36,705,921	24,702,762	24,746,722	1,595,096
Bank overdraft	26	24,655	-	-	-
Total current liabilities		597,882,722	317,814,772	213,635,700	104,869,267
Total liabilities		2,242,084,972	1,784,781,907	402,378,365	351,417,340
Total equity and liabilities		4,555,745,878	3,963,671,999	1,824,002,413	1,744,688,210

The accounting policies and notes on pages 96 to 155 form an integral part of these financial statements.

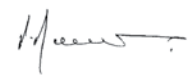
I certify that these financial statements are in compliance with the requirements of the Companies Act No. 07 of 2007.



Mr. G. Gunawardana
Chief Financial Officer

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

Signed on behalf of the board



Dr. P. Ramanujam
Chairman



Mr. A. D. Pushparajah
Director

Colombo

30th July 2021

STATEMENT OF CHANGES IN EQUITY

	Stated capital Rs.	Revaluation reserve Rs.	Retained earnings Rs.	Total Rs.	Non-Controlling Interest Rs.	Total equity Rs.	
Group							
Balance as at 01st April 2019	630,000,000	201,136,991	691,573,610	1,522,710,601	125,695,270	1,648,405,871	
Total comprehensive income for the year							
- Profit	-	-	138,911,808	138,911,808	13,796,427	152,708,235	
- Other comprehensive income	-	115,259,219	1,324,093	116,583,312	6,484,316	123,067,628	
Transaction with owners of the company							
Change in ownership interests							
- Issue of Ordinary shares	400,000,000	-	-	400,000,000	-	400,000,000	
- Direct cost on private placement	-	-	(4,991,642)	(4,991,642)	-	(4,991,642)	
Distributions							
- Dividends	-	-	(125,000,000)	(125,000,000)	(15,300,000)	(140,300,000)	
Balance as at 31st March 2020	1,030,000,000	316,396,210	701,817,869	2,048,214,079	130,676,013	2,178,890,092	
Balance as of 01st April 2020	1,030,000,000	316,396,210	701,817,869	2,048,214,079	130,676,013	2,178,890,092	
Total comprehensive income for the year							
- Profit	-	-	239,684,682	239,684,682	28,576,413	268,261,095	
- Other comprehensive income	-	40,939,686	452,481	41,392,167	1,217,552	42,609,719	
Transaction with owners of the company							
Change in ownership interests							
- Effect of change in holding of subsidiary	-	-	(8,073,341)	(8,073,341)	73,341	(8,000,000)	
Distributions							
- Dividends	-	-	(137,500,000)	(137,500,000)	(30,600,000)	(168,100,000)	
Balance as at 31st March 2021	1,030,000,000	357,335,896	796,381,691	2,183,717,587	129,943,319	2,313,660,906	
				Stated capital Rs.	Revaluation reserve Rs.	Retained earnings Rs.	Total Rs.
Company							
Balance as at 01st April 2019			630,000,000	92,539,077	225,977,625	948,516,702	
Total comprehensive income for the year							
- Profit			-	-	146,628,656	146,628,656	
- Other comprehensive income			-	28,260,154	(143,000)	28,117,154	
Transaction with owners of the company							
Change in ownership interests							
- Issue of Shares			400,000,000	-	-	400,000,000	
- Direct cost on private placement			-	-	(4,991,642)	(4,991,642)	
Distributions							
- Dividends			-	-	(125,000,000)	(125,000,000)	
Balance as at 31st March 2020			1,030,000,000	120,799,231	242,471,639	1,393,270,870	
Balance as of 01st April 2020			1,030,000,000	120,799,231	242,471,639	1,393,270,870	
Total comprehensive income for the year							
- Profit			-	-	144,468,831	144,468,831	
- Other comprehensive income			-	21,091,673	292,674	21,384,347	
Transaction with owners of the company							
Distributions							
- Dividends			-	-	(137,500,000)	(137,500,000)	
Balance as at 31st March 2021			1,030,000,000	141,890,904	249,733,144	1,421,624,048	

The accounting policies and notes on pages 96 to 155 form an integral part of these financial statements.
The figures in bracket indicate deductions.

STATEMENT OF CASH FLOWS

For the year ended 31st March,	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Cash flows from operating activities				
Profit for the period	268,261,095	152,708,234	144,468,831	146,628,656
Adjustments for,				
Depreciation of property, plant and equipment	106,476,185	77,866,117	19,881,397	11,310,287
Amortisation of intangible asset	2,965,940	779,767	933,831	351,199
Provision for retiring gratuity	1,987,910	1,629,256	1,556,481	1,329,277
Dividend income	-	-	(149,400,000)	(132,431,683)
Insurance claim receipt	(3,702,493)	-	-	-
Creditors written off	(965,594)	-	-	-
Other income	(500,000)	-	-	-
Tax expense	10,133,819	42,553,678	8,390,409	5,023,982
Share of Profit of Equity Accounted Investees - Joint Venture	(2,437,893)	(2,454,825)	-	-
Gain on sale of property plant and equipment	(4,325,000)	-	-	-
Increase in Fair Value in Investment in Unit trust	(5,605,844)	-	(109,554)	(392,266)
Interest income	(4,182,585)	(10,224,450)	(7,261,179)	(10,975,703)
Interest expense	111,624,545	121,184,786	20,703,321	30,949,879
Profit from discontinuing operations	(3,816,626)	457,356	-	-
Operating profit before working capital changes	475,913,459	384,499,920	39,443,925	51,793,629
(Increase) / Decrease in Inventory	(55,805,276)	(796,333)	(97,500)	-
(Increase) / Decrease in trade and other receivables	(55,184,543)	(142,936,950)	(12,652,855)	(25,716,413)
(Increase) / Decrease in amounts due from related parties	20,361,530	(34,113,989)	51,916,608	(81,864,129)
Increase / (Decrease) in other payables	284,692	37,741,665	538,268	4,909,762
Increase / (Decrease) in amounts due to related parties	-	-	70,666,895	(279,518,199)
Cash generated from / (used in) operating activities	385,569,862	244,394,313	149,815,342	(330,395,350)
Interest paid	(100,023,097)	(123,902,956)	(20,703,321)	(30,949,879)
Income tax paid	(33,792,558)	(83,341,300)	(1,951,720)	(24,939,095)
Retiring gratuity paid	(884,304)	-	(884,304)	-
Net cash generated from / (used in) operating activities	250,869,903	37,150,057	125,275,997	(386,284,325)
Cash flows from investing activities				
Acquisition of property, plant and equipment	(29,089,056)	(83,795,065)	(15,391,566)	(1,843,633)
Redemption of investments in preference shares	9,969,213	3,115,377	-	-
Investments in unit trusts	(710,000,000)	(210,000,000)	(74,000,000)	(30,000,000)
Withdrawal from unit trust	652,400,000	300,901,018	42,000,000	52,221,610
Investment in capital work in progress	(417,177,707)	(553,660,201)	-	-
Proceeds from sale of property plant and equipment	4,325,000	-	-	-
Investment in joint venture company	(3,092,649)	5,045,825	-	-
(Acquisition) / Disposal of subsidiary company	-	(59,200,000)	(88,000,000)	-
Investments in intangible assets	(1,906,000)	(1,725,000)	(1,906,000)	(1,725,000)
Other income & insurance claim received	4,202,493	-	-	-
Dividend received	-	-	149,400,000	132,431,683
Interest received	4,182,585	4,042,287	6,853,475	10,975,703
Net cash generated from / (used in) investing activities	(486,186,121)	(595,275,760)	18,955,909	162,060,363
Cash flows from financing activities				
Proceed from share issues	-	400,000,000	-	400,000,000
Direct cost on private placement	-	(4,991,642)	-	(4,991,642)
Proceeds from loans and borrowings	620,917,188	475,174,377	25,000,000	-
Repayment of borrowings	(167,218,301)	(119,517,685)	(26,235,000)	(28,620,000)
Acquisition of NCI	(8,000,000)	-	-	-
Dividends paid	(168,100,000)	(140,300,000)	(137,500,000)	(125,000,000)
Payment of finance lease liabilities	(10,986,459)	(1,943,342)	(4,455,271)	(1,057,061)
Net cash generated from/(used in) financing activities	266,612,428	608,421,708	(143,190,271)	240,331,297
Net increase in cash and cash equivalents	31,296,210	50,296,005	2,041,635	16,107,335
Cash and cash equivalents at the beginning of the year	120,813,455	70,517,450	21,385,017	5,277,682
Cash and cash equivalents at the end of the year (Note 26)	152,109,665	120,813,455	23,426,652	21,385,016

The accounting policies and notes on pages 96 to 155 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 Level 04, BTL Shipping House, No 45/2, Braybrooke Street, Colombo 02.
- (b) The fully owned subsidiary companies, Manelwala Hydropower (Pvt) Ltd and Panasian Investments (Pvt) Ltd are private companies with limited liability incorporated in Sri Lanka under the provisions of the Companies Act No 7 of 2007. The immediate parent of these Companies is Panasian Power PLC.
- (c) 83% owned subsidiary company, Padiyapelella Hydropower Limited is a limited liability company with limited liability incorporated in Sri Lanka under the provisions of the Companies Act No 7 of 2007. The immediate parent of the Company is Panasian Power PLC.
- (d) 1. The sub subsidiary PAP Solar One (Pvt) Ltd is a limited liability company incorporated in Sri Lanka under the provisions of the Companies Act No.07 of 2007.
2. Panasian Investments (Pvt) Ltd is the immediate parent of PAP Solar One (Pvt) Ltd.
- (e) 1. The fully owned sub subsidiaries Eco Green Solar Solutions (Pvt) Ltd and Solar Power Generation Matara (Pvt) Ltd are limited liability companies incorporated in Sri Lanka under the provisions of the Companies Act No.07 of 2007.
2. Manelwala Hydropower (Pvt) Ltd is the immediate parent Eco Green Solar Solutions (Pvt) Ltd and Solar Power Generation Matara (Pvt) Ltd.
- (f) 1. The fully owned sub subsidiary Panthree Solaro Energy (Pvt) Ltd is a limited liability company incorporated in Sri Lanka under the provisions of the Companies Act No.07 of 2007.
2. PAP Solar One (Pvt) Ltd is the immediate parent of Panthree Solaro Energy (Pvt) Ltd.

- (g) 1. The fully owned sub subsidiaries Rajarata Sustainable Development (Pvt) Ltd and Finergreen Rajarata (Pvt) Ltd are limited liability companies incorporated in Sri Lanka under the provisions of the Companies Act No.07 of 2007.
2. PAP Solar One (Pvt) Ltd is the immediate parent of Rajarata Sustainable Development (Pvt) Ltd and Finergreen Rajarata (Pvt) Ltd.
- (h) Joint Venture Powergen One (Pvt) Ltd is a limited liability company incorporated in Sri Lanka under the provisions of the Companies Act No.07 of 2007. Panasian Investments (Private) Limited has invested 50% of ordinary shares of Powergen One (Pvt) Ltd.
- (i) Joint Venture TIC Solar (Pvt) Ltd is a limited liability company incorporated in Sri Lanka under the provisions of the Companies Act No.07 of 2007. Panasian Investments (Private) Limited 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 2021 comprise the financial statements of Company and its subsidiaries (together referred to as the "Group")

1.3 Date of authorisation for issue

These consolidated financial statements were authorised for issue by the Board of Directors on 30th July 2021.

1.4 Principal activities and nature of operations

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

The Company entered into a standardised agreement for purchase of energy with the Ceylon Electricity Board (CEB) for the sale of electrical energy from Rath Ganga Mini-Hydro Production Facilities for a period of 15 years, beginning on the Commercial Operation Date of 5th July 2004 and new agreement signed on 28th July 2020 for another 5 years. 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 20 years and the 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 and is the sole distributor of the Sungrow solar power plants equipment in Sri Lanka.

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 is 1000kW.

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

The sub subsidiary Panthree Solaro Energy (Pvt) Ltd entered into Standardised agreements for purchase of energy with the

Ceylon Electricity Board (CEB) for the sale of electrical energy from Matara, Pannala and Maho Solar Power PV Plant to National Grid for a period of 20 years. The capacity of power potential 3000kW.

The sub subsidiary PAP Solar One (Pvt) Ltd., operate 3930 kWp 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.

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

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

The sub subsidiary Rajarata Sustainable Development (Pvt) Ltd., completed construction of 2500 kWp rooftop solar projects in Anuradhapura District. The Company has entered into agreements to generate and supply solar power to National Grid for 20 Years for one 1250 kWp project.

The sub subsidiary Finergreen Rajarata (Pvt) Ltd., completed construction of 2500 kWp rooftop solar projects in Anuradhapura District and accordingly commissioned. The Company has entered into agreements to generate and supply solar power to National Grid for 20 Years.

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

The joint venture company TIC Solar (Pvt) Ltd., operates 930 kWp rooftop solar project in Kelaniya and entered in to an agreement to generate and supply solar power to National Grid for 20 Years and the project was commissioned in 26th December 2018 and 10th February 2019. On 1st April 2021, the Group entered into an agreement with Textile International Colombo (Pvt) Limited to sell its 50% stake in TIC Solar (Pvt) Ltd at a consideration equals to its net asset value as of 31 March 2021.

1.5 Parent enterprise and ultimate parent enterprise

The Company does not have parent or ultimate parent as of 31 March 2021. However, RIL Property PLC has acquired 61.67% stake of the Company on 09th July 2021, hence RIL Property PLC has become the ultimate parent of the Company from 09th July 2021 onwards.

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

2.4 Going Concern

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

In light of ongoing COVID-19 pandemic situation, the Group has assessed its going concern and a detailed disclosure of its assessment are provided in the financial statements. In preparing the financial statements for the year ended 31st March 2021, the management has assessed the possible effects of COVID-19 on the businesses of the Group to determine their ability to continue as a going concern. Based on currently available information, the management is satisfied that having taken into consideration factors that could impact the revenue, supply chain, cash flows, accessibility to funds & costs, the Group would continue as a going concern.

Consequent to giving due consideration to the presentations by management, the Directors are satisfied that the Group have adequate resources to continue as a going concern for a foreseeable future. The Group had positive net asset, working capital and cash flow positions as at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

2.5 Functional and presentation currency

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

2.6 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:

2.6.1 Fair value of non-financial assets

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

market in the most advantageous market that is accessible by the Group for the asset or liability.

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

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

Note 15 – Valuation of Land, structures, hydro plants and solar plants

Note 40 – Commitments and contingencies

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

2.6.2 Fair value of Land, Civil Construction and Electromechanical Equipment and Roof top and ground solar power plants.

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

Valuations are performed every 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 15.7.2.

2.6.3 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.

2.6.4 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.

2.6.5 Defined benefit obligation

Management's estimate of the defined benefit obligation is based on a number of critical underlying assumptions such as mortality rates, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the defined benefit obligation amount and the annual defined benefit expense provided in Note 29.

2.6.6 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.

2.6.7 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.

2.6.8 Measurement of fair values

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

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

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

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

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

2.7 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.

2.8 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 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.

3.1 Basis of consolidation

3.1.1 Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

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

of pre-existing relationships. Such amounts are generally recognised in profit or loss.

3.1.2 Subsidiary

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

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

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

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

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

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The accounting policies of 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 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.

3.1.5 Reporting date

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

3.1.6 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.1.7 Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

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

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

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

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

(ii) Classification and subsequent measurement of financial assets

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

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

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

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

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

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

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

The Group has not designated any debt instruments as FVOCI

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

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the 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 Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include

whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

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

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

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

In assessing whether the contractual cash flows are solely payments of principal

and interest, the 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.

- **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.

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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.

3.3.2 Financial liabilities

i) 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.

3.3.3 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.

3.3.4 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset

the recognised amounts and there is an intention to settle on a net basis, or to 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 course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

3.3.5 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.

3.3.6 Derivative financial instruments

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

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

However, Group does not have any derivative liabilities.

3.3.7 Impairment of financial assets

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. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Company if the commitment is drawn down and the cash flows that the Company expects to receive; an financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Company expects to recover.

• 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 for 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.

3.4 Leases

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

Rights-of-use assets

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

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at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

Lease liabilities

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

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

The Group's lease liabilities are included in Loans and borrowings (see Note 30).

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the

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

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.

3.6 Property, plant and equipment

3.6.1 Recognition and measurement

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

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

3.6.1.1 Cost and Revaluation Model

(i) Cost Model

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

(ii) Revaluation Model

The Group and company applies revaluation model for the entire class of free hold lands, civil construction 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 15 include solar valuation also

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

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

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

3.6.2 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.

3.6.3 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.

3.6.4 Depreciation

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

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

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

Civil construction

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

Electro Mechanical Equipment

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

Solar Power Plant

Ground solar plants	20 years
Rooftop solar power plants	20 years

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

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

3.6.5 De-recognition

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

arising from the derecognition of an item of property, plant and equipment is included in profit or loss when item is de recognised.

3.6.6 Capital work-in-progress

Capital work-in-progress represents the accumulated cost of materials and other costs directly related to the construction of an asset. Capital

in progress is transferred to the respective asset accounts at the time it is substantially completed and ready for its intended use.

3.7 Intangible assets

3.7.1 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.

3.7.2 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.

NOTES TO THE FINANCIAL STATEMENTS

3.7.3 Subsequent measurement

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

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

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

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

3.7.4 Intangible assets recognised by the Group

3.7.4.1 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.

3.7.4.2 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.

3.7.4.3 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.

3.8 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.

3.8.1 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.

3.8.2 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.

3.9 Inventory

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

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

3.10 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.

3.11 Provisions

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

Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses. "Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small."

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.12 Employee benefits

3.12.1 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 ex gratia 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.

3.12.2 Defined contribution plan

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

3.12.2.1 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.

3.12.3 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.

3.13 Revenue

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

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

Sale of Electricity

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

Sale of Solar Plant and Inverters

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.

3.14 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.

3.15 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.

The Group has determined that interest and palatines related to income taxes, including certain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under LKAS 37 Provisions, Contingent Liabilities and Contingent Assets.

3.15.1 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

NOTES TO THE FINANCIAL STATEMENTS

Inland Revenue Act No 24 of 2017 and the amendments thereto.

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

3.15.2 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.

The measurement of deferred tax reflects the consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this assumption.

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.

3.16 Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank and in hand balances. Cash and bank balances are stated at recoverable values. There were no cash and cash equivalents held by the Group companies that were not available for use.

Bank overdrafts and short-term borrowings that are repayable on demand and forming an

integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

3.17 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.

3.18 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 39 and 40 to the financial statements.

3.19 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.

3.20 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.

3.21 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.

3.22 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.

3.23 Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which;

- represent a separation major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held-for-sale, if earlier.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re - presented as if

the operation had been discontinued from the start of the comparative year

3.24 Non-current assets held for sale

Non-current assets (and disposal group) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

This condition is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Comparatives in the statement of the financial position are not re-presented when a non-current asset is classified as held for sale. Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

4. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

4.1. Amendments to SLFRS 16 Covid-19 Related Rent Concessions

Amendments to SLFRS 16 Covid-19 Related Rent Concessions

The Group adopted COVID-19 - Related Rent Concessions - Amendments to SLFRS 16 issued on 28 May 2020. The amendment introduces an optional practical expedient for leases in which the Group is a lessee - i.e. for leases to which the Group applies the practical expedient, the Group is not required to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Group has applied the amendment retrospectively.

The amendment has no impact on retained earnings at 1st April 2020.

5. NEW AND AMENDED STANDARDS ISSUED BUT NOT EFFECTIVE AS AT THE REPORTING DATE

The Institute of Chartered Accountants of Sri Lanka has issued the following standards which become effective for annual periods beginning after the current financial year. Accordingly, these standards have not been applied in preparing these financial statements. The Company will be adopting these standards when they become effective.

a) Forthcoming effective standards

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

Effective Date – 1st January 2021

- Amendment to LKAS 37 Provisions, Contingent Liabilities and Contingent Assets – Onerous contracts - Cost of fulfilling a contract

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendments apply for annual reporting periods beginning on or after 1 January 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other components of equity, as appropriate. The comparative are not restated. The Company has determined that all contracts existing at 31 December 2020 will be completed before the amendments become effective.

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

The amendments address issues that might affect financial reporting as a result of the reform of an interest rate benchmark,

including the effects of changes to contractual cashflows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements in SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16 relation to:

- changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities: and
- hedge accounting.
- Other new accounting pronouncements

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

- Amendments to References to Conceptual Framework in SLFRS Standards
- Definition of a Business (Amendments to SLFRS 3).
- SLFRS 17 Insurance Contracts
- Property Plant and Equipment : Proceeds before intended use (Amendments to LKAS 16)
- Classification of Liabilities as current and non current (Amendments to LKAS 1)
- Annual improvements to SLFRS Standards 2018-2020

NOTES TO THE FINANCIAL STATEMENTS

6 REVENUE

For the year ended 31st March,	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Supply of electricity	617,175,657	526,599,705	85,208,888	119,810,368
Sale of solar Inverters	109,995,675	3,436,000	-	-
Solar plant maintenance income and sale of solar power plants	1,902,691	33,779,085	-	-
	729,074,023	563,814,790	85,208,888	119,810,368

The Standard Power Purchase Agreement of Rathganga mini-hydro power plant expired on 04th July 2019. Accordingly, the Company signed a new Standard Power Purchase Agreement with Ceylon Electricity Board on 28th July 2020 effective from 05th July 2019.

7 SEGMENTAL INFORMATION

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

Hydro Power

Represents the Group's major continuing line of business. This includes two fully-owned mini-hydro plants and one with ownership of 83%. Operational hydropower plants have an aggregate capacity of 8.9MW. Aggregate operational results, assets and liabilities of the hydro power plants are presented under this segment.

Solar Power

Represents the Group's latest continuing line of business. This includes twelve fully-owned operational solar power plants with an aggregate capacity of 10.5 MW and 0.4 MW in operation under joint venture arrangements. Aggregate operational results, assets and liabilities of solar power plants are presented under this segment. In addition to operational plants, capital work in progress of the 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 and sale of solar inverters, panels and other accessories to third party customers. A fully owned subsidiary company, Panasian Investments (Pvt) Ltd is the authorised channel partner for Sungrow inverters in Sri Lanka.

7 SEGMENTAL INFORMATION (CONTD.)

Information based on the primary segments (Business segments)

	2021				2020			
	Hydro Power Rs.	Solar Power Rs.	EPC Service Rs.	Group Rs.	Hydro Power Rs.	Solar Power Rs.	EPC Service Rs.	Group Rs.
Revenue	471,921,242	145,254,415	111,898,366	729,074,023	433,850,135	92,749,570	42,828,630	569,428,335
Intra Segment Revenue	-	-	-	-	-	-	(5,613,545)	(5,613,545)
	471,921,242	145,254,415	111,898,366	729,074,023	433,850,135	92,749,570	37,215,085	563,814,790
Cost of electricity generated	(92,093,147)	(50,217,213)	(99,014,984)	(241,325,344)	(85,597,293)	(26,698,287)	(27,313,874)	(139,609,454)
Results from Continuing Operations	302,591,550	60,496,654	10,888,307	373,976,511	242,244,244	59,755,336	2,225,200	304,224,780
Net finance costs	(47,677,423)	(52,198,981)	(1,959,712)	(101,836,116)	(71,756,704)	(38,716,996)	(486,636)	(110,960,336)
Share of Profit of Equity Accounted Investees - Joint Venture	-	2,437,893	-	2,437,893	-	2,454,825	-	2,454,825
Profit before taxation	254,914,127	10,735,566	8,928,595	274,578,288	170,487,539	23,035,809	1,738,565	195,261,913
Income tax expense	(3,635,459)	(3,520,124)	(2,978,237)	(10,133,819)	(48,192,585)	8,555,251	(2,916,342)	(42,553,678)
Profit(Lost) from discontinued operation, Net of Tax	-	3,816,626	-	3,816,626	-	(457,356)	-	(457,356)
Profit for the year	251,278,668	11,032,068	5,950,359	268,261,095	122,294,954	31,591,060	(1,177,777)	152,708,235
Profit Attributable to:								
Owners of the Company	222,702,256	11,032,068	5,950,358	239,684,682	108,475,410	31,614,176	(1,177,777)	138,911,809
Non-controlling interests	28,576,413	-	-	28,576,413	13,819,544	(23,117)	-	13,796,427
	251,278,669	11,032,068	5,950,358	268,261,095	122,294,954	31,591,060	(1,177,777)	152,708,235
Total comprehensive income Attributable to:								
Owners of the Company				281,076,849				255,495,119
Non-controlling interests				29,793,965				20,280,743
				310,870,814				275,775,862
Earnings per share (Rs.)				0.38				0.24

NOTES TO THE FINANCIAL STATEMENTS

7 SEGMENTAL INFORMATION (Contd.)

	2021				2020			
	Hydro Power Rs.	Solar Power Rs.	EPC Service Rs.	Group Rs.	Hydro Power Rs.	Solar Power Rs.	EPC Service Rs.	Group Rs.
Assets								
Non-current assets								
Property, plant and equipment	1,599,643,584	1,291,373,036	540,396	2,891,557,016	1,643,374,720	643,216,843	97,101	2,286,688,663
Capital work in progress	-	354,680,772	-	354,680,772	-	542,439,991	-	542,439,991
Intangible assets	4,217,888	85,796,458	-	90,014,346	3,674,287	-	-	3,674,287
Investment in subsidiaries	1,273,394,294	67,401,000	113,000,010	1,453,795,304	1,170,394,284	59,400,850	10	1,229,795,144
Investment in preference shares	118,000,000	-	13,915,410	131,915,410	23,000,000	-	23,884,623	46,884,623
Investment in Joint Venture	-	-	38,091,625	38,091,625	-	-	27,875,200	27,875,200
Loans due from related companies	-	-	-	-	20,000,000	-	-	20,000,000
Advances paid for acquisition	5,115,150	-	-	5,115,150	5,115,150	-	-	5,115,150
Segmental non-current assets	3,000,370,916	1,799,251,266	165,547,441	4,965,169,623	2,865,558,442	1,245,057,684	51,856,934	4,162,473,058
Eliminations/Adjustments	-	-	-	(1,183,268,611)	-	-	-	(778,322,908)
Total non-current assets	3,000,370,916	1,799,251,266	165,547,441	3,781,901,012	2,865,558,442	1,245,057,684	51,856,934	3,384,150,150
Current assets								
Inventory	10,845,185	-	59,117,705	69,962,890	5,909,653	125,260	8,122,702	14,157,615
Investment in unit trust	102,683,190	-	-	102,683,190	39,635,267	-	-	39,635,267
Trade and other receivables	345,924,193	48,829,123	24,360,019	419,113,335	304,917,132	53,742,826	5,268,834	363,928,560
Amount due from related companies	343,933,789	160,929,791	61,798,312	566,661,892	411,269,876	132,963,863	153,169,482	697,403,221
Cash and cash equivalents	44,695,962	99,526,947	7,911,410	152,134,319	74,854,356	42,003,547	3,955,551	120,813,455
Assets Held for sale	-	9,325,942	-	9,325,942	-	-	-	-
Segmental current assets	848,082,319	318,611,802	153,187,446	1,319,881,568	836,586,284	228,835,495	170,516,569	1,235,938,348
Eliminations/Adjustments	-	-	-	(546,036,703)	-	-	-	(656,416,500)
Total current assets	848,082,319	318,611,802	153,187,446	773,844,866	836,586,285	228,835,495	170,516,569	579,521,848
Total assets	3,848,453,235	2,117,863,069	318,734,886	4,555,745,878	3,702,144,726	1,473,893,179	222,373,503	3,963,671,998

	2021				2020			
	Hydro Power Rs.	Solar Power Rs.	EPC Service Rs.	Group Rs.	Hydro Power Rs.	Solar Power Rs.	EPC Service Rs.	Group Rs.
Non-current liabilities								
Employee benefits	6,240,616	-	349,886	6,590,502	6,017,254	-	-	6,017,254
Finance lease obligation	51,620,948	2,603,309	-	54,224,257	51,815,680	-	-	51,815,680
Interest bearing loans and borrowings	439,975,729	1,046,701,856	19,756,448	1,506,434,033	494,681,438	743,834,951	15,923,104	1,254,439,493
Deferred tax liabilities	76,460,168	471,863	21,427	76,953,458	152,773,652	1,919,217	1,839	154,694,708
Loan due to related companies	-	-	-	-	-	20,000,000	-	20,000,000
Segmental non-current liabilities	574,297,461	1,049,777,027	20,127,762	1,644,202,250	705,288,024	765,754,168	15,924,943	1,486,967,135
Eliminations/Adjustments	-	-	-	-	-	-	-	(20,000,000)
Total non-current liabilities	574,297,461	1,049,777,027	20,127,762	1,644,202,250	705,288,024	765,754,168	15,924,943	1,466,967,135
Current liabilities								
Finance lease obligations	5,078,581	(16,429)	-	5,062,152	10,754,579	-	-	10,754,579
Interest bearing loans and borrowings	136,269,598	329,194,003	20,820,503	486,284,104	80,975,495	127,706,902	4,153,836	212,836,233
Amount due to related companies	137,367,689	325,327,161	83,341,868	546,036,721	65,649,486	472,927,799	117,838,984	656,416,269
Other payables and accruals	19,527,972	28,635,834	19,425,013	67,588,819	20,100,138	47,892,170	1,528,890	69,521,198
Income tax payable	36,616,711	-	89,209	36,705,921	21,822,309	150,101	2,697,352	24,702,762
Bank overdraft	-	-	24,655	24,655	-	-	-	-
Segmental current liabilities	334,860,551	683,140,569	123,701,248	1,141,702,372	199,302,007	648,676,972	126,219,062	974,231,041
Eliminations/Adjustments	-	-	-	(543,819,649)	-	-	-	(656,416,269)
Total current liabilities	334,860,551	683,140,569	123,701,248	597,882,722	199,302,007	648,676,972	126,219,062	317,814,772
Total liabilities	909,158,012	1,732,917,597	143,829,010	2,242,084,972	904,590,031	1,414,431,140	142,144,005	1,784,781,907

8 OTHER INCOME

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Dividend income from subsidiaries / preference shares	1,645,679	-	149,400,000	132,431,683
Unclaimed dividend	753,387	-	753,387	-
Profit on disposal of property plant and equipment	8,527,493	-	-	-
Creditors Writeback	172,683	-	-	-
	11,099,242	-	150,153,387	132,431,683

NOTES TO THE FINANCIAL STATEMENTS

9 FINANCE INCOME / (COSTS)

9.1 Finance Income

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Interest income	4,182,585	4,042,286	6,980,790	10,975,703
Interest Income from unit trust	5,458,815	6,182,164	109,554	392,266
Fair value change in unit trust investments classified as FVTPL	147,029	-	-	-
	9,788,429	10,224,450	7,090,344	11,367,969

9.2 Finance Costs

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Interest on loans and borrowings	(105,639,741)	(119,527,804)	(19,221,126)	(30,433,103)
Foreign exchange loss	(434,203)	-	-	-
Amortisation Loan Processing fees	(419,575)	(365,042)	-	-
Interest on finance lease obligations	(5,131,026)	(1,291,940)	(1,482,195)	(516,776)
	(111,624,545)	(121,184,786)	(20,703,321)	(30,949,879)
Net finance expenses	(101,836,116)	(110,960,336)	(13,612,977)	(19,581,910)

10 PROFIT BEFORE TAXATION

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

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Direct Cost				
Staff cost (Note 10.1)	20,954,913	17,966,057	6,641,754	7,339,419
Insurance	9,354,586	9,851,875	1,849,169	2,490,614
Repairs and maintenance services	14,420,943	7,700,261	2,980,899	1,574,864
Depreciation on property, plant and equipment	89,822,129	68,238,939	9,531,431	8,441,149
Amortisation of intangible assets	2,614,742	428,568	582,632	-
Administrative expenses				
Depreciation on property, plant and equipment	16,654,056	9,627,178	4,859,520	1,692,813
Amortisation of intangible assets	351,199	351,199	351,199	351,199
Donations	1,176,052	1,893,080	770,720	684,650
Directors' fees	23,486,254	27,582,986	7,045,876	11,033,194
Audit Fees	2,276,845	1,746,000	403,760	370,000
Staff cost (Note 10.2)	38,668,997	23,450,460	14,281,784	13,540,573

10.1 Staff Cost - Direct cost

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Salaries and wages	19,196,772	16,578,853	6,119,984	6,753,790
Defined contribution plan cost - EPF and ETF	1,758,141	1,387,204	521,770	585,629
	20,954,913	17,966,057	6,641,754	7,339,419

10.2 Staff Cost - Administrative Expenses

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Short term benefits	31,671,029	17,538,593	11,273,398	10,524,491
Defined contribution plan cost - EPF and ETF	5,010,058	4,282,611	1,451,905	1,686,805
Defined benefit plan cost - retiring gratuity	1,987,910	1,629,256	1,556,481	1,329,277
	38,668,997	23,450,460	14,281,784	13,540,573
Total staff cost	59,623,910	41,416,517	27,969,415	20,879,992
Number of employees at year end	66	49	30	28

11 INCOME TAX EXPENSE

For the year ended 31st March,	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Income tax expense				
Current tax expense				
Current tax expense for the year (Note 11.1)	44,357,265	53,538,853	25,103,346	8,012,444
(Over) / under provision in respect of previous year	1,438,441	(1,692,007)	-	(1,888,099)
	45,795,706	51,846,846	25,103,346	6,124,345
Deferred tax expense				
Origination of temporary differences (Note 32.1.1)	(35,661,887)	(9,293,168)	(16,712,937)	(1,100,363)
Deferred tax expense in statement of profit or loss (Note 11.2)	(35,661,887)	(9,293,168)	(16,712,937)	(1,100,363)
Income tax expense in statement of profit or loss	10,133,819	42,553,678	8,390,409	5,023,982
Recognised in Statement of other comprehensive income				
Deferred tax expense on defined benefit obligation	(74,250)	73,210	(47,645)	55,611
Deferred tax expense on revaluation gain	42,153,612	(38,155,395)	21,091,673	(10,990,060)
	42,079,362	(38,082,185)	21,044,028	(10,934,449)

NOTES TO THE FINANCIAL STATEMENTS

11 INCOME TAX EXPENSE (Contd.)

11.1 Tax Reconciliation Statement

For the year ended 31st March,	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Profit before taxation	274,578,288	195,719,268	152,859,240	151,652,638
Consolidation adjustment	162,659,532	152,658,695	-	-
Non business income	(204,640,042)	(200,129,809)	(155,649,095)	(143,799,652)
Aggregate disallowed expenses	142,604,685	168,589,501	32,296,782	34,106,756
Aggregate allowable expenses	(940,255,124)	(291,715,282)	(10,310,048)	(6,651,937)
Total Statutory Income	(565,052,661)	25,122,373	19,196,879	35,307,805
Exempt income from business	(173,327,406)	(94,350,797)	-	-
	(738,380,067)	(69,228,424)		
Taxable Income from Business	115,758,313	111,333,104	19,196,879	35,307,805
Loss incurred during the year	(854,138,380)	(180,561,528)	-	-
	(738,380,067)	(69,228,424)		
Interest Income	35,283,951	55,966,302	6,249,095	11,367,969
Non business income - Liable interest income	4,305,634	-	-	-
Non business income - Dividend income	-	-	149,400,000	-
Profit on disposal of Property, Plant & Equipment	4,325,000	-	-	-
Tax Loss utilised during the year	(10,501,535)	(12,879,196)	-	-
Total taxable income	149,171,362	154,420,209	174,845,974	46,675,774
Tax @ 14% or 12%	119,223,607	35,785,494	168,596,879	35,307,804
Tax @ 20%	-	76,056,486	-	-
Tax @ 24%	25,622,755	10,644,557	6,249,095	2,841,992
Tax @ 28%	-	31,933,672	-	8,525,977
Tax @ 10%	4,325,000	-	-	-
Income tax charged at				
Tax at rate of 20%	-	15,211,297	-	-
Tax at rate of 14% or 12%	37,775,305	26,831,433	23,603,563	4,943,093
Tax rate of 24%	6,149,460	2,554,694	1,499,783	682,078
Tax rate of 28%	-	8,941,428	-	2,387,273
Tax rate of 10%	432,500	-	-	-
Taxation on current profits	44,357,265	53,538,852	25,103,346	8,012,444

11.2 Deferred Tax Expense

For the year ended 31st March,	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Origination/(Reversal) of temporary difference arising from				
Property, Plant and Equipment	(10,549,023)	23,975,798	(17,411,594)	(826,674)
Provisions	937,857	-	600,828	(372,197)
Intangible Assets	(241,809)	115,762	(104,665)	201,476
Carried forward tax losses	(25,932,283)	(32,849,566)	-	-
Employee benefits	546,238	(432,194)	625,361	-
Leases	(422,867)	(102,968)	(422,867)	(102,968)
	35,661,888	(9,293,168)	(16,712,937)	(1,100,363)

11.3 Tax Losses Brought Forward

For the year ended 31st March,	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Tax loss brought forward	793,382,632	625,197,824	-	-
Loss incurred during the year	854,138,380	180,561,528	-	-
Losses incurred during exempted period	(745,705)	-	-	-
Adjustment to tax loss brought forward	(748,836)	502,476	-	-
Tax loss utilised during the year	(10,501,535)	(12,879,196)	-	-
	1,635,524,936	793,382,632	-	-

Panasian Power PLC

With the introduction of amendments to Inland Revenue act 24 of 2017, the Company will pay the taxes at the rate of 14% on business income from the year of assessment 2020/21.

Manelwala Hydropower (Pvt) Ltd

The Company enjoyed 5 year tax holiday that ended in June 2014 as per provisions of the agreement entered into with the Board of Investment 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. With the introduction of amendments to the Inland Revenue Act of 2017, the Company will pay the taxes at the rate of 14% on business income from the year of assessment 2020/21.

Padiyapelella Hydropower Limited

In accordance with the agreement dated 3rd 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 of Investment, 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 of Investment. Company started commercial operation in March 2017.

NOTES TO THE FINANCIAL STATEMENTS

11 INCOME TAX EXPENSE (Contd.)

11.3 Tax Losses Brought Forward (Contd.)

- (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%). However, after the expiration of the aforesaid tax exemption period, the profits and income of the enterprise are charged tax at the rate of 14% due to the amendments to the Inland Revenue act 24 of 2017.

As per the section 104 of Inland Revenue act 24 of 2017 and the subsequent notices, a Company with income from a business is liable to income tax at a rate of 14%. (2020 - 14%). Also, if the current tax liability on business is calculated using the currently enacted tax rate of 14%, Investment Income arising on interest is taxed at 24%.

12 DISCONTINUING OPERATIONS

In February 2021 a subsidiary company, Panasian Investments (Pvt) Limited entered into an agreement with Textile International Colombo (Pvt) Limited to sell its 50% stake in TIC Solar (Pvt) Ltd at a consideration equal to its net asset value as of 31st March. Textile International Colombo (Pvt) Ltd is the joint venture partner in TIC Solar (Pvt) Ltd.

Hence amounts related to the TIC Solar Pvt Ltd classified as per SLFRS 05 Asset held for sale and discontinued operations and represented the balances in prior periods presented in financial statement year ended 31st March 2021 as per requirement under SLFRS 05.

12.1 Results of Discontinuing Operations

For the year ended 31st March,	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Revenue	24,247,121	16,752,297	-	-
Depreciation	(6,273,451)	(4,681,596)	-	-
Net finance cost	(9,844,500)	(10,893,842)	-	-
Profit/(loss) after tax	5,722,041	(2,258,031)	-	-
Other comprehensive income	-	3,074,973	-	-
Total comprehensive income (100%)	5,722,041	816,941	-	-
Group share of total comprehensive income (50%)	2,861,021	408,471	-	-
Depreciation on unrealised profit on sale of PPE	955,605	671,660	-	-
Group share of results of discontinuing operations net of tax (50%)	3,816,626	(457,356)	-	-
Group share of revaluation reserve of discontinuing operation net tax (50%)	-	1,537,487	-	-

13 BASIC 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.

For the year ended 31st March,	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Net profit attributable to ordinary shareholders (Rs.)	239,684,682	138,911,808	144,468,831	146,628,656
Weighted average number of ordinary shares	625,000,000	583,333,333	625,000,000	583,333,333
Earnings per share (Rs.)	0.38	0.24	0.23	0.25

13.1 Basic Earnings Per Share - Continuing Operations

For the year ended 31st March,	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Net profit attributable to ordinary shareholders from continuing operations (Rs.)	235,868,056	139,369,164	144,468,831	146,628,656
Weighted average number of ordinary shares	625,000,000	583,333,333	625,000,000	583,333,333
Earnings per share (Rs.)	0.38	0.24	0.23	0.25

13.2 Basic Earnings per share-Discontinuing operations

	Group		Company	
	2021	2020	2021	2020
Net profit attributable to ordinary shareholders from discontinuing operations (Rs.)	3,816,626	(457,356)	-	-
Weighted average number of ordinary shares	625,000,000	583,333,333	-	-
Earnings per share (Rs.)	0.00	0.00	-	-

14 DIVIDEND PER SHARE

The calculation of dividend per share is based on the dividend attributable to ordinary shareholders and the number of ordinary shares outstanding as at the reporting date.

For the year ended 31st March,	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Interim dividends (Rs.)	137,500,000	125,000,000	137,500,000	125,000,000
Final dividend (Rs.)				-
Number of ordinary shares at 31 March	625,000,000	625,000,000	625,000,000	625,000,000
Dividend per share - Interim (Rs.)	0.22	0.22	0.22	0.22

NOTES TO THE FINANCIAL STATEMENTS

15 PROPERTY, PLANT AND EQUIPMENT

15.1 Group

	Freehold lands Rs.	Office equipment Rs.	Furniture and fittings Rs.	House Renovations Rs.	Tools & Equipment Rs.	Right to use assets Rs.	Motor vehicles Rs.	Intake weir and Headrace channel Rs.
Cost								
Balance as at 01st April	98,190,638	9,952,281	5,766,167	-	-	62,747,929	40,087,600	435,784,375
Additions during the year	13,513,040	2,706,352	7,595,555	1,314,800	15,750	2,571,583	677,460	-
Disposals during the year	-	-	-	-	-	-	(5,250,000)	-
Revaluation gain	-	-	-	-	-	-	-	-
Transfer from capital work in progress								
Accumulated depreciation on Revalued Assets	-	-	-	-	-	-	-	-
Balance as at 31 March	111,703,678	12,658,633	13,361,722	1,314,800	15,750	65,319,512	35,515,060	435,784,375
Accumulated depreciation								
Balance as at 01st April	-	7,804,791	5,489,760	-	-	1,960,872	22,226,258	-
Depreciation for the year	-	1,311,458	1,689,113	-	3,938	7,935,333	5,718,150	11,866,733
Accumulated depreciation on disposals	-	-	-	-	-	-	(5,250,000)	-
Accumulated depreciation on Revalued Assets	-	-	-	-	-	-	-	-
Balance as at 31 March	-	9,116,249	7,178,873	-	3,938	9,896,205	22,694,408	11,866,733
Carrying amount 31 March 2021	111,703,678	3,542,384	6,182,849	1,314,800	11,812	55,423,307	12,820,652	423,917,642
Carrying amount 31 March 2020	98,190,638	2,147,490	276,407	-	-	60,787,057	17,861,342	435,784,375

15.2 Cost of fully depreciated assets which are still in use as at reporting date is Rs. 21,600,204/- (Rs.20,316,235/- in 2020)

Electro mechanical equipment

De-silting tank and forbay tank Rs.	Spillware gate and rest rooms Rs.	Pen stock and power house Rs.	Turbines and Generators Rs.	Transformers and power lines Rs.	Voltage panel and crane Rs.	Solar Power Plants	Total 2021 Rs.	Total 2020 Rs.
118,741,500	58,398,594	344,932,500	452,812,182	65,806,978	52,531,250	561,275,186	2,307,027,180	1,674,789,472
-	-	694,516	-	-	-	-	29,089,056	146,007,117
-	-	-	-	-	-	-	(5,250,000)	-
-	-	-	-	-	-	-	-	159,898,930
-	-	-	-	-	-	662,155,486	662,155,486	487,880,434
-	-	-	-	-	-	-	-	(161,548,773)
118,741,500	58,398,594	345,627,016	452,812,182	65,806,978	52,531,250	1,223,430,672	2,993,021,722	2,307,027,180
-	-	-	-	-	-	-	37,481,681	121,164,337
3,033,163	1,695,676	9,406,299	17,860,248	2,919,193	2,443,488	40,593,393	106,476,185	77,866,117
-	-	-	-	-	-	-	(5,250,000)	-
-	-	-	-	-	-	-	-	(161,548,773)
3,033,163	1,695,676	9,406,299	17,860,248	2,919,193	2,443,488	40,593,393	138,707,866	37,481,681
115,708,337	56,702,918	336,220,717	434,951,934	62,887,785	50,087,762	1,182,837,279	2,854,313,856	-
118,741,500	58,398,594	344,932,500	452,812,182	65,806,978	52,531,250	561,275,186	-	2,269,545,499

NOTES TO THE FINANCIAL STATEMENTS

15 PROPERTY, PLANT AND EQUIPMENT (Contd.)

15.3 Revaluation of Property plant and equipment

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

Carrying amount of revalued property, plant and equipment if carried at cost as at 31st March 2021;

	Group		
	Cost Rs.	Accumulated depreciation Rs.	Carrying amount Rs.
Electro mechanical equipment	564,451,620	375,783,566	188,668,054
Civil construction	945,306,480	476,411,206	468,895,274
Freehold land	54,505,522	-	54,505,522
Solar power plants	1,249,809,696	64,032,891	1,185,776,805
Total	2,814,073,318	916,227,663	1,897,845,655

15.4 Company

	Freehold land Rs.	Office equipment Rs.	Furniture and fittings Rs.	Right to use assets Rs.	Motor vehicles Rs.
Cost					
Balance as at 01st April	12,780,600	7,904,078	4,843,004	62,747,929	1,347,790
Additions during the year	6,313,040	1,512,471	7,566,055		-
Revaluation gain	-	-	-	-	-
Accumulated depreciation on Revalued Assets	-	-	-	-	-
Balance as at 31 March 2021	19,093,640	9,416,549	12,409,059	62,747,929	1,347,790
Accumulated Depreciation					
Balance as at 01st April	-	6,167,584	4,595,071	1,960,873	1,342,993
Depreciation for the year	-	842,252	1,664,221	7,843,491	-
Accumulated depreciation on Revalued Assets	-	-	-	-	-
Balance as at 31 March 2021	-	7,009,836	6,259,292	9,804,364	1,342,993
Carrying amount 31 March 2021	19,093,640	2,406,713	6,149,767	52,943,565	4,797
Carrying amount 31 March 2020	12,780,600	1,736,494	247,933	60,787,056	4,797

15.5 Cost of fully depreciated assets which are still in use as at reporting date is Rs.10,950,432/= (Rs.10,639,405/- in 2020)

Civil Construction				Electro Mechanical Equipment				Total 2021 Rs.	Total 2020 Rs.
Intake weir and Headrace channel Rs.	De-silting tank and forbay tank Rs.	Spillware gate and rest rooms Rs.	Pen stock and power house Rs.	Turbines and Generators Rs.	Transformers and power lines Rs.	Voltage panel and crane Rs.			
58,145,000	32,625,001	16,675,001	48,357,500	86,562,501	12,325,000	12,968,750	357,282,154	279,299,607	
-	-	-	-	-	-	-	15,391,566	64,055,694	
-	-	-	-	-	-	-	-	39,250,215	
-	-	-	-	-	-	-	-	(25,323,362)	
58,145,000	32,625,001	16,675,001	48,357,500	86,562,501	12,325,000	12,968,750	372,673,720	357,282,154	
-	-	-	-	-	-	-	14,066,521	28,079,596	
1,611,409	834,756	504,030	1,340,162	4,044,645	548,627	647,804	19,881,397	11,310,287	
-	-	-	-	-	-	-	-	(25,323,362)	
1,611,409	834,756	504,030	1,340,162	4,044,645	548,627	647,804	33,947,918	14,066,521	
56,533,591	31,790,245	16,170,971	47,017,338	82,517,856	11,776,373	12,320,946	338,725,802	-	
58,145,000	32,625,001	16,675,001	48,357,500	86,562,501	12,325,000	12,968,750	-	343,215,633	

NOTES TO THE FINANCIAL STATEMENTS

15 PROPERTY, PLANT AND EQUIPMENT (Contd.)

15.6 Revaluation of Property plant and equipment

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

Carrying amount of revalued property, plant and equipment if carried at cost as at 31st March 2021;

	Company		
	Cost Rs.	Accumulated depreciation Rs.	Carrying amount Rs.
Electro mechanical equipment	106,088,061	90,850,630	15,237,431
Civil construction	148,160,843	129,242,356	18,918,487
Freehold land	11,361,484	-	11,361,484
Total	265,610,388	220,092,986	45,517,402

15.7 Measurement of Fair Values

15.7.1 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.

15.7.2 Valuation Technique and Significant Unobservable Inputs

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

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

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

Summary description of valuation methodologies

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

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

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

15.7.3 Details of Freehold and Leasehold lands of the Group

Company	Location	Land Extent	
		Leasehold (Perches)	Freehold (Perches)
Panasian Power PLC	Ratturugala, Rathnapura	469.60	365.16
Manelwala Hydropower (Pvt) Ltd	Walapane, Nuwaraeliya	444.00	431.30
Padiyapelella Hydropower Limited	Walapane, Nuwaraeliya	27.10	1,159.90
Eco Green Solar Solutions (Pvt) Ltd	Beliatta	610.66	-
Panthree Solaro Energy (Pvt) Ltd	Matara	-	640.00
Panthree Solaro Energy (Pvt) Ltd	Pannala	-	487.00
Panthree Solaro Energy (Pvt) Ltd	Maho	-	806.00
Solar Power Generation Matara (Pvt) Ltd	Matara	-	1,280.00

15.8 Assets pledged as securities

Carrying value of property, plant & equipment of the group are pledged as security for bank borrowings (Refer note 31.1).

15.9 Temporarily idle property, plant & equipment

There was no temporarily idle property, plant & equipment as of 31st March 2021.

NOTES TO THE FINANCIAL STATEMENTS

16 CAPITAL WORK IN PROGRESS

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Balance at the beginning of the year	527,739,561	461,959,794	-	-
Additions during the year	480,636,603	553,660,201	-	-
Transferred to property plant and equipment during the year	(662,155,486)	(487,880,434)	-	-
	346,220,678	527,739,561	-	-

16.1 The Group's capital working progress includes borrowing cost arising from bank loans borrowed specifically for their development. The borrowings cost capitalised during the year was amounted to Rs.43,971,994/- (2020: 15,183,216).

17 INTANGIBLE ASSETS

17.1 Right to generate hydro power

For the year ended 31st March,	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Cost				
At the beginning of the year	19,285,000	17,560,000	13,285,000	11,560,000
Addition during the year	1,906,000	1,725,000	1,906,000	1,725,000
At the end of the year	21,191,000	19,285,000	15,191,000	13,285,000
Accumulated Amortisation				
At the beginning of the year	16,274,271	15,845,703	11,560,000	11,560,000
Amortisation charge for the year	1,011,200	428,568	582,632	-
At the end of the year	17,285,471	16,274,271	12,142,632	11,560,000
Carrying amount	3,905,529	3,010,729	3,048,368	1,725,000

17.1.1 The right to generate hydro power represent the amounts paid to purchase exclusive rights to generate hydropower.

17.2 Right to generate solar power

For the year ended 31st March,	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Eco Green Solar Solutions (Pvt) Ltd	12,155,000	13,200,000	-	-
Solar Power Generation Matara (Pvt) Ltd	14,875,000	15,000,000	-	-
Finergreen Rajarata (Pvt) Ltd	30,245,833	30,500,000	-	-
Rajarata Sustainable Development (Pvt) Ltd	28,520,625	28,700,000	-	-
	85,796,458	87,400,000	-	-
Right to generate solar power				
Cost				
At the beginning of the year	87,400,000	28,200,000	-	-
Additions During the year	-	59,200,000	-	-
At the end of the year	87,400,000	87,400,000	-	-
Accumulated Amortisation				
Amortisation charge for the year	1,603,542	-	-	-
Written off during the period	-	-	-	-
At the end of the year	1,603,542	-	-	-
Carrying amount	85,796,458	87,400,000	-	-

17.2.1 The right to generate solar power represent the amounts paid to purchase exclusive rights to generate solar power.

17.3 Software License

For the year ended 31st March,	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Cost				
At the beginning of the year	1,404,802	1,404,802	1,404,802	1,404,802
Additions During the year	-	-	-	-
At the end of the year	1,404,802	1,404,802	1,404,802	1,404,802
Accumulated Amortisation				
At the beginning of the year	741,244	390,045	741,244	390,045
Amortisation charge for the year	351,199	351,199	351,199	351,199
At the end of the year	1,092,443	741,244	1,092,443	741,244
Carrying amount	312,359	663,558	312,359	663,558

17.4 Goodwill on acquisition of subsidiaries

For the year ended 31st March,	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Goodwill on acquisition of subsidiaries	461,518,584	461,518,584	-	-
Total intangible assets	551,532,930	552,592,871	3,360,727	2,388,558
Total amortisation for the year	2,965,940	779,767	933,831	351,199

NOTES TO THE FINANCIAL STATEMENTS

17 INTANGIBLE ASSETS (Contd.)

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

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

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

Discount Rate - Weighted average cost of capital has been used as the discount rate (9%).

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

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

Subsidiary	Remaining Years
Manelwala Hydro Power (Pvt) Ltd	* 2 Years
Padiyapelella Hydropower Limited	16 Years

* The value in use has been computed by assuming the current SPPA will be extended/renewed for 20 years upon its expiration

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

17.5 Remaining amortisation period

	Group				Company		
	Right to generate solar power Rs.	Right to generate hydro power Rs.	Software license Rs.	Total Rs.	Right to generate hydropower Rs.	Software license Rs.	Total Rs.
Due within five year	18,037,500	3,905,529	312,359	22,255,388	3,048,368	312,359	3,360,727
Due after five years	67,758,958	-	-	67,758,958	-	-	-
	85,796,458	3,905,529	312,359	90,014,346	3,048,368	312,359	3,360,727

18 INVESTMENT IN SUBSIDIARIES

As at 31st March,	% Holding	Group		Company	
		2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Manelwala Hydropower (Pvt) Ltd	100%	-	-	565,107,184	565,107,184
Panasian Investments (Pvt) Ltd	100%	-	-	128,000,000	40,000,000
Padiyapelella Hydropower Limited	83%	-	-	537,070,510	537,070,510
		-	-	1,230,177,694	1,142,177,694

Acquisition of remaining stake of Panthree Solaro Energy (Pvt) Ltd

The Group has acquired the remaining stake of 15% Panthree Solaro Energy (Pvt) Ltd on 31st December 2020 at a consideration of Rs. 8,000,000/- from Threesinghe Industries (Pvt) Ltd. The Group holds 100% of the issued capital of Panthree Solaro Energy (Pvt) Ltd.

19 INVESTMENT IN PREFERENCE SHARES

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Investment in preference shares				
Eco Green Solar Solutions (Pvt) Ltd (Redeemable preference shares)	-	-	23,000,000	23,000,000
Powergen One (Pvt) Ltd (Cumulative redeemable preference shares)	13,915,410	23,884,623	-	-
	13,915,410	23,884,623	23,000,000	23,000,000

20 INVESTMENT IN JOINT VENTURES

As at 31st March,	% Holding	Group		Company	
		2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Powergen One (Pvt) Ltd	50%	10,802,988	9,979,555	-	-
TIC Solar (Pvt) Ltd	50%	-	(4,707,109)	-	-
		10,802,988	5,272,446	-	-

20.1 Share of Net Results of Equity Accounted Investee

	2021	2020
	Powergen One (Pvt) Ltd	Powergen One (Pvt) Ltd
Revenue	10,111,310	10,621,424
Depreciation	(2,590,782)	(2,601,516)
Net finance cost	(1,815,767)	(2,353,526)
Profit/(loss) after tax	4,289,511	4,323,375
Other comprehensive income	-	-
Total comprehensive income (100%)	4,289,511	4,323,375
	2,144,756	2,161,688
Depreciation on unrealised profit on sale of PPE	293,138	293,137
Group share of results of equity accounted investee net of tax (50%)	2,437,894	2,454,825
Group share of revaluation of equity accounted investee net of tax (50%)	-	-

NOTES TO THE FINANCIAL STATEMENTS

20 INVESTMENT IN JOINT VENTURE (Contd.)

20.1.1 Share of net financial highlights of equity accounted investees

	2021	2020	
	Powergen One (Pvt) Ltd	Powergen One (Pvt) Ltd	TIC Solar (Pvt) LTD
Non-current assets	44,259,218	46,850,000	126,140,940
Current assets (including cash and cash equivalents)	4,442,002	10,112,376	10,106,653
Non-current liabilities	(900,000)	-	(61,156,039)
Current liabilities	(2,789,930)	(2,516,824)	(47,880,287)
Net assets (100%)	45,011,289	54,445,552	27,211,267
Cash & cash equivalents	2,754,668	8,005,375	3,873,105

20.2 Reconciliation for carrying amount of equity accounted investee

	2021	2020	
	Powergen One (Pvt) Ltd	Powergen One (Pvt) Ltd	TIC Solar (Pvt) LTD
Initial Investment	12,515,200	12,515,200	15,360,000
Group share of unrealised profit	(5,862,756)	(5,862,756)	(19,112,105)
Retain earnings	6,787,300	4,642,545	(3,291,863)
Depreciation on unrealised profit	854,985	561,847	799,372
Group share of revaluation of equity accounted investee net of tax (50%)	-	-	1,537,487
Dividend paid	(3,491,741)	(1,877,280)	-
Net Investment in Joint Venture	10,802,988	9,979,554	(4,707,109)

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

TIC Solar (Pvt) Ltd was incorporated on 08th June 2018 as a Joint Venture between Panasian Investments (Pvt) Ltd, which is a fully owned subsidiary of Panasian Power PLC, and Textile International Colombo (Pvt) Ltd, to install and operate 800 kWp rooftop solar power plant in the rooftop of factory owned by Textile International Colombo (Pvt) Ltd located in Kelaniya, Sri Lanka. On 1st April 2021 Panasian Investments (Pvt) Limited entered into an agreement with Textile International Colombo (Pvt) Limited to sell its 50% stake in TIC Solar (Pvt) Ltd at a consideration equals to its net asset value as of 31 March 2021. Therefore net investment related to TIC Solar (Pvt) Ltd is classified as asset held for sale as of the reporting date.

21 ADVANCES PAID FOR ACQUISITION

As at 31st March,	% Holding	Group		Company	
		2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
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.

22 INVENTORY

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Inventory	69,962,890	14,157,615	97,500	-
	69,962,890	14,157,615	97,500	-

Inventory represents the spare parts for hydro power plants amounting to Rs. 10,845,185/- and solar power panels, inverters and other accessories imported for reselling and maintenance purposes amounting to Rs. 59,117,705/- in Panasian Investments (Pvt) Ltd.

23 INVESTMENT IN UNIT TRUST

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Balance at the beginning of the year	39,635,267	124,354,122	42,803	21,872,147
Investments during the year	710,000,000	210,000,000	74,000,000	30,000,000
Interest Income from unit trust	5,458,816	5,605,844	109,554	392,266
Fair value change in unit trust investments classified as FVTPL	147,029	-	-	-
Interest received	(157,921)	(224,699)	(153,071)	(221,610)
Withdrawals during the period	(652,400,000)	(300,100,000)	(42,000,000)	(52,000,000)
Balance at the end of the year	102,683,190	39,635,267	31,999,286	42,803
	102,683,190	39,635,267	31,999,286	42,803

24 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Trade Receivable (Note 24.1)	402,323,837	317,599,664	88,271,447	70,282,292
Other Receivable (Note 24.2)	16,789,498	46,329,128	8,905,671	14,241,971
	419,113,335	363,928,792	97,177,118	84,524,263

NOTES TO THE FINANCIAL STATEMENTS

24 TRADE AND OTHER RECEIVABLES (Contd.)

24.1 Trade Receivable

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Ceylon Electricity Board	402,323,837	321,430,624	88,271,447	72,428,108
Less; Provision for doubtful debts	-	(3,830,960)	-	(2,145,815)
	402,323,837	317,599,664	88,271,447	70,282,293

24.2 Other Receivables

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Deposits paid	258,000	2,355,231	8,000	5,000
Prepayments	3,768,781	2,952,356	935,242	1,021,415
Advance paid	6,633,340	16,647,241	4,212,574	10,512,398
Other receivable	6,129,377	3,374,300	3,749,855	2,703,158
Cash Margin for bank guarantees	-	21,000,000	-	-
	16,789,498	46,329,128	8,905,671	14,241,971

25 AMOUNT DUE FROM RELATED COMPANIES

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Threesinghe Industries (Pvt) Ltd	-	150	-	-
Solar power Generation Matara (Pvt) Ltd	-	-	8,112	95,066
Lower Kothmale Oya Power Two (Pvt) Ltd	855,695	708,225	542,819	460,043
Panasian Investments (Pvt)Ltd	-	-	38,327,195	89,257,710
Pap Solar One (Pvt) Ltd	-	-	4,747,150	-
Eco Green Solar Solutions (Pvt) Ltd	-	-	673,558	-
Power Gen One (Pvt) Ltd	784,809	3,677,961	-	-
TIC Solar (Pvt) Ltd	18,984,686	36,600,384	4,573	108,000
Finergreen Rajarata (Pvt) Ltd	-	-	24,172,385	19,713,340
Rajarata Sustainable Development (Pvt) Ltd	-	-	2,446,692	29,168
Panthree Solaro Energy (Pvt) Ltd	-	-	-	13,175,766
	20,625,190	40,986,720	70,922,484	122,839,093

26 CASH AND CASH EQUIVALENTS

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Cash at bank	151,555,150	120,386,665	23,324,278	21,235,021
Cash in hand	579,169	426,790	102,374	149,995
Cash and cash equivalents	152,134,319	120,813,455	23,426,652	21,385,016
Bank overdraft	(24,655)	-	-	-
Cash and cash equivalents for the purpose of cash flow statement	152,109,664	120,813,455	23,426,652	21,385,016

27 ASSETS HELD FOR SALE

On 1st April 2021 a subsidiary company, Panasian Investments (Pvt) Limited entered into an agreement with Textile International Colombo (Pvt) Limited to sell its 50% stake in TIC Solar (Pvt) Ltd at a consideration equal to its net asset value as of 31st March 2021.

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Non-current assets	118,816,454	-	-	-
Current assets (including cash and cash equivalents)	18,170,855	-	-	-
Non-current liabilities	(50,193,015)	-	-	-
Current liabilities	(33,995,805)	-	-	-
Net assets (100%)	52,798,489	-	-	-
Cash & cash equivalents	10,591,077	-	-	-

Reconciliation for carrying amount of assets held for sale

Initial Investment	25,576,425	-	-	-
Group share of unrealised profit	(19,112,105)	-	-	-
Retain earnings	(430,842)	-	-	-
Depreciation on unrelised profit	1,754,977	-	-	-
Group share of revaluation of equity accounted investee net of tax (50%)	1,537,487	-	-	-
Dividend paid	-	-	-	-
Net Investment in Joint Venture	9,325,942	-	-	-

28 STATED CAPITAL

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.

Issued and fully paid number of shares

Issued and fully paid number of shares				
625,000,000 (625,000,000 in 2020) ordinary shares	1,030,000,000	1,030,000,000	1,030,000,000	1,030,000,000

The holders of ordinary shares are entitled to receive dividend as declared from time to time and are entitled to one vote per share at meetings of the company.

The Company listed and allotted, One Hundred and Twenty Five Million (125,000,000) ordinary voting shares of the Company to Emerald Sri Lanka Fund I Limited (with the special resolution passed by EGM on 31st July 2019 at a consideration of Three and Twenty Cents(LKR 3.20) per ordinary voting share amounting to a total consideration of Rupees Four Hundred Million (LKR 400,000,000) on 31 July 2019.

NOTES TO THE FINANCIAL STATEMENTS

29 EMPLOYEE BENEFIT OBLIGATIONS

As at 31st March,	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Employee benefit obligations				
Present value of unfunded obligations	6,590,502	6,017,254	4,910,139	4,858,667
Total present value of the obligation	6,590,502	6,017,254	4,910,139	4,858,667
Movement in present value of the defined benefit obligation				
Balance as at the beginning of the year	6,017,254	4,101,392	4,858,667	3,330,779
Transfer In/(out)	-	-	(280,386)	-
Current service cost	1,386,184	1,157,597	1,098,653	946,237
Interest cost	601,726	471,660	457,828	383,040
Actuarial (gain) / losses	(530,358)	286,605	(340,319)	198,611
	7,474,806	6,017,254	5,794,443	4,858,667
Payments during the year	(884,304)	-	(884,304)	-
Balance as at end of the year	6,590,502	6,017,254	4,910,139	4,858,667
Expense recognised in profit or loss;				
Interest cost	601,726	471,660	457,828	383,040
Current service cost	1,386,184	1,157,597	1,098,653	946,237
	1,987,910	1,629,257	1,556,481	1,329,277
Actuarial gains or losses recognised in other comprehensive income				
Recognised during the year	(530,358)	286,605	(340,319)	198,611
Principal actuarial assumptions used;			2021	2020
			%	%
(i) Rate of discount			7.4	10
(ii) Salary increment rate			10	9
(iii) Retirement age of 55 years				
(iv) The company will continue in business as going concern				
(v) Assumption regarding future mortality are based on published statistics and mortality tables.				

29.1 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 2021. 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 Rs.	Company Rs.
1%	-	-	-	6,127,960	4,571,470
-	1%	-	-	7,112,922	5,290,510
-	-	1%	-	7,063,355	5,254,524
-	-	-	1%	6,161,931	4,596,311

This note indicates the assumptions used and the movement in the employee benefits and is not externally funded. As at 31st March 2021 the gratuity liability was actuarially valued under the projected unit credit (PUC) method by Mr. M. Poopalanathan of Actuarial & Management Consultants (Pvt) Limited. The valuation is performed annually.

30 LEASE LIABILITIES

As at 31st March,	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Balance as at the beginning of the year	62,570,259	2,301,740	61,154,800	-
Obtained during the year	2,571,583	62,211,861	-	62,211,861
Lease rentals paid during the year	(10,986,459)	(3,235,281)	(9,396,000)	(2,349,000)
Unwind interest	5,131,026	1,291,939	4,940,729	1,291,939
Balance at the end of the year	59,286,409	62,570,259	56,699,529	61,154,800
Due within one year	5,062,152	10,754,579	5,078,581	9,720,603
Due after one year and within five years	31,327,283	31,755,447	31,325,403	31,373,964
Due after five years	22,896,974	20,060,233	20,295,545	20,060,233
	59,286,409	62,570,259	56,699,529	61,154,800

NOTES TO THE FINANCIAL STATEMENTS

31 INTEREST BEARING LOANS AND BORROWINGS

As at 31st March,	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Balance as at the beginning of the year	1,468,462,228	1,112,805,536	147,530,000	176,150,000
Adjustment	(346,153)	-	-	-
Obtained during the year	621,263,341	475,174,377	25,000,000	-
Repayments made during the year	(167,218,301)	(119,517,685)	(26,235,000)	(28,620,000)
	1,922,161,115	1,468,462,228	146,295,000	147,530,000
Accrued interest	784,141,233	2,927,224	-	-
Loan Processing Fees	(785,710,210)	(4,113,726)	-	-
Balance as at the end of the year	1,992,718,136	1,467,275,726	146,295,000	147,530,000
Due within one year - Loan repayment	472,211,333	210,530,061	47,671,667	28,620,000
Due within one year - Accrued interest	14,955,227	2,927,224	-	-
Loan Processing Fees	(882,456)	(621,052)	-	-
	486,284,104	212,836,233	47,671,667	28,620,000
Due after one year and within five years	1,038,349,783	969,905,511	98,623,333	114,480,000
Due after one year and within five years-Accrued interest	59,104,339	-	-	-
Due after five years	411,600,000	288,026,656	-	4,430,000
Due after years-Loan interest	4,354,557	-	-	-
Loan Processing Fees	(6,974,646)	(3,492,674)	-	-
	1,506,434,033	1,254,439,493	98,623,333	118,910,000

31.1 Analysed by Lending Institutions

Lending Institution	Group		Company		Borrowing terms
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.	
Sampath Bank PLC	200,000,000	200,000,000	200,000,000	200,000,000	The loan obtained by Panasian Power PLC on 23rd May 2018 and repayable in 84 monthly installments applicable interest rate is AWPLR plus 2% per annum.
Sampath Bank PLC	500,000,000	500,000,000	-	-	- The loan obtained by Padiyapelella Hydropower Limited on 24th May 2018 and repayable in 120 monthly installments applicable interest rate is AWPLR plus 2% per annum.
National Development Bank PLC	27,000,000	27,000,000	-	-	- The loan obtained by Panasian Investments (Pvt) Ltd and repayable in 78 monthly installments including capital grace period of 6 months and applicable interest rate is 6.3% per annum.
National Development Bank PLC	20,000,000	20,000,000	-	-	- Loan obtained from Manelwala Hydropower (Pvt) Ltd and repayable in 78 monthly installments including capital grace period of 6 months and applicable interest rate is 6.3% per annum.

Lending Institution	Group		Company		Borrowing terms
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.	
National Development Bank PLC	200,000,000	200,000,000	-	-	- Loan obtained from PAP Solar One (Pvt) Ltd and repayable in 60 monthly installments including capital grace period of 12 months and applicable interest rate is 10.12% per annum.
National Development Bank PLC	125,000,000	125,000,000	-	-	- Loan obtained from PAP Solar One (Pvt) Ltd and repayable in 84 monthly installments including capital grace period of 12 months and applicable interest rate is AWPLR+ 2% per annum.
Sampath Bank PLC	50,000,000	50,000,000	-	-	- Loan obtained from Eco Green Solar Solutions (Pvt) Ltd and repayable in 84 monthly installments including capital grace period of 12 months and applicable interest rate is AWPLR+ 2% per annum.
Sampath Bank PLC	70,000,000	70,000,000	-	-	- Loan obtained from Eco Green Solar Solutions (Pvt) Ltd and repayable in 120 monthly installments including capital grace period of 12 months and applicable interest rate is AWPLR+ 2% per annum.
National Development Bank PLC	230,000,000	-	-	-	- Loan obtained from Rajarata Sustainable Development (Pvt) Ltd and repayable in 98 monthly installments including capital grace period of 12 months and applicable interest rate is AWPLR+ 3% per annum.
National Development Bank PLC	230,000,000	-	-	-	- Loan obtained from Finergreen Rajarata (Pvt) Ltd and repayable in 98 monthly installments including capital grace period of 12 months and applicable interest rate is AWPLR+ 3% per annum.
Sampath Bank PLC	120,000,000	-	-	-	- The loan obtained by Panthree Solaro Energy (Pvt) Ltd repayable in 120 monthly installments including capital grace period of 12 months and applicable interest rate is AWPLR+ 1.75% per annum.
Sampath Bank PLC	240,000,000	-	-	-	- The loan obtained by Solar Power Generation Matara (Pvt) Ltd repayable in 120 monthly installments including capital grace period of 12 months and applicable interest rate is AWPLR+ 1.75% per annum.
National Development Bank PLC	25,000,000	-	-	-	- The loan obtained by Panasian Power PLC repayable in 18 monthly installments including capital grace period of 6 months and applicable interest rate is 4% per annum.

NOTES TO THE FINANCIAL STATEMENTS

31 INTEREST BEARING LOANS AND BORROWINGS (Contd.)

31.1 Analysed by Lending Institutions (Contd.)

Lending Institution	Group		Company		Borrowing terms
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.	
National Development Bank PLC	25,000,000	-	-	-	- The loan obtained by Solar Power Generation Matara (Pvt) Ltd repayable in 18 monthly installments including capital grace period of 6 months and applicable interest rate is 4% per annum.
National Development Bank PLC	25,000,000	-	-	-	- The loan obtained by Panasian Investments (Pvt) Ltd repayable in 18 monthly installments including capital grace period of 6 months and applicable interest rate is 4% per annum.
National Development Bank PLC	15,000,000	-	-	-	- The loan obtained by Eco Green Solar Solutions (Pvt) Ltd repayable in 18 monthly installments including capital grace period of 6 months and applicable interest rate is 4% per annum.
National Development Bank PLC	25,000,000	-	-	-	- The loan obtained by Padiyapelella Hydropower Limited repayable in 18 monthly installments including capital grace period of 6 months and applicable interest rate is 4% per annum.
National Development Bank PLC	25,000,000	-	-	-	- The loan obtained by Finergreen Rajarata (Pvt) Ltd repayable in 18 monthly installments including capital grace period of 6 months and applicable interest rate is 4% per annum.
National Development Bank PLC	25,000,000	-	-	-	- The loan obtained by Manelwala Hydropower (Pvt) Ltd repayable in 18 monthly installments including capital grace period of 6 months and applicable interest rate is 4% per annum.
National Development Bank PLC	25,000,000	-	-	-	- The loan obtained by Panthree Solaro Energy (Pvt) Ltd repayable in 18 monthly installments including capital grace period of 6 months and applicable interest rate is 4% per annum.
National Development Bank PLC	25,000,000	-	-	-	- The loan obtained by PAP Solar One (Pvt) Ltd repayable in 18 monthly installments including capital grace period of 6 months and applicable interest rate is 4% per annum.
National Development Bank PLC	25,000,000	-	-	-	- The loan obtained by Rajarata Sustainable Development (Pvt) Ltd repayable in 18 monthly installments including capital grace period of 6 months and applicable interest rate is 4% per annum.

Lending Institution	Group		Company		Borrowing terms
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.	
National Development Bank PLC	4,900,000	-	-	-	- The vehicle loan obtained by PAP Solar One (Pvt) Ltd repayable in 60 monthly installments and applicable interest rate is 13.9% per annum.

Company has pledged following assets as securities,

Assets pledged as securities	Loan Amount Rs.
- Undertaking to mortgage over 100% shares of Padiyapelella Hydropower Ltd owned by Panasian Power PLC and Palacepath Holdings (Pvt) Ltd in favor of Sampath Bank PLC.	10,000,000
- Project lands together with other project assets including civil construction, power generation plants, machinery and other equipment's of Padiyapelella Mini Hydro Power Project (Phase - 1)	490,000,000
- Project lands together with other project assets including civil construction, power generation plants, machinery and other equipment's of Manelwala Mini Hydro Power Project	200,000,000
Roof Top Solar power plant located in Boralesgamuwa	27,000,000
Roof Top Solar power plant located in Kohuwala	20,000,000
Roof Top Solar power plant located in Kolonna	20,000,000
Roof Top Solar power plant located in Kurunegala District	325,000,000
Ground Solar power plant located in Beliatta	120,000,000
Roof Top Solar power plant I located in Anuradhapura District	230,000,000
Roof Top Solar power plant II located in Anuradhapura District	230,000,000
Ground Solar power plants located in Matara	360,000,000
	2,032,000,000

Company has provided other securities as follows,

Security Provided	Loan Amount Rs.
- Corporate Guarantee from Panasian Power PLC	500,000,000
- 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.	200,000,000
- Deposit of all project approvals, licenses and Standard Power Purchase Agreements of Hydropower projects relating to companies namely Padiyapelella Hydropower Ltd with the bank.	500,000,000
- Corporate Guarantee from Panasian Power PLC	27,000,000
- Corporate Guarantee from Panasian Power PLC	40,000,000
- Corporate Guarantee from Panasian Power PLC	72,000,000
- Corporate Guarantee from Panasian Power PLC	325,000,000
- Corporate Guarantee from Panasian Power PLC	230,000,000
- Corporate Guarantee from Panasian Power PLC	230,000,000
- Corporate Guarantee from Panasian Power PLC	360,000,000

NOTES TO THE FINANCIAL STATEMENTS

32 DEFERRED TAX LIABILITIES

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Deferred tax liabilities				
Balance as at beginning of the year	154,694,708	125,905,691	71,345,210	61,511,124
Origination and reversal of temporary difference				
- Recognised in profit or loss (Note 32.1.1)	(35,661,888)	(9,293,168)	(16,712,937)	(1,100,363)
- Recognised in other comprehensive income (Note 32.1.1)	(42,079,362)	38,082,185	(21,044,028)	10,934,449
Balance as at end of the year	76,953,458	154,694,708	33,588,245	71,345,210

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.

32.1 Deferred tax liabilities (Group)

Composition of deferred tax assets and liabilities is as follows,

	2021		2020	
	Assets Rs.	Liabilities Rs.	Assets Rs.	Liabilities Rs.
Deferred tax liability				
Property, plant and equipment	-	(140,681,497)	-	(193,384,132)
Intangible Asset	-	(138,413)	-	(380,222)
Provision for debtors	-	-	937,857	-
Employee benefits	971,657	-	1,592,145	-
Leases	525,835	-	102,968	-
Carried forward tax loss	62,368,960	-	36,436,677	-
	63,866,452	(140,819,910)	39,069,647	(193,764,354)
Net deferred tax		(76,953,458)		(154,694,708)

32.1.1 Recognised Deferred Tax Assets and Liabilities

	Net balance as at 01.04.2020 Rs.	Recognised in profit or loss Rs.	Recognised in OCI Rs.	Net balance as at 31.03.2021 Rs.	Deferred tax liability Rs.	Deferred tax asset Rs.
Property, plant and equipment	(193,384,132)	10,549,023	42,153,612	(140,681,497)	(140,681,497)	-
Intangible Asset	(380,222)	241,809	-	(138,413)	(138,413)	-
Provisions	937,857	(937,857)	-	-	-	-
Employee benefits	1,592,145	(546,238)	(74,250)	971,657	-	971,657
Carried forward tax losses	36,436,677	25,932,283	-	62,368,960	-	62,368,960
Leases	102,968	422,867	-	525,835	-	525,835
	(154,694,707)	35,661,888	42,079,362	(76,953,458)	(140,819,910)	63,866,452

Group's total tax losses as of 31 March 2021 was Rs. 1,635,506,795/- and Rs 445,492,571/- has utilised for deferred tax calculation accordingly, unrecognised tax losses for deferred tax is Rs. 1,190,014,224/-

	Net balance as at 01.04.2019 Rs.	Recognised in profit or loss Rs.	Recognised in OCI Rs.	Net balance as at 31.03.2020 Rs.	Deferred tax liability Rs.	Deferred tax asset Rs.
Property, plant and equipment	(131,252,939)	(23,975,798)	(38,155,395)	(193,384,132)	(193,384,132)	-
Intangible Asset	(264,460)	(115,762)	-	(380,222)	(380,222)	-
Provisions	937,857	-	-	937,857	-	937,857
Employee benefits	1,086,741	432,194	73,210	1,592,145	-	1,592,145
Carried forward tax losses	3,587,111	32,849,566	-	36,436,677	-	36,436,677
Leases	-	102,968	-	102,968	-	102,968
	(125,905,690)	9,293,168	(38,082,185)	(154,694,708)	(193,764,354)	39,069,647

32.2 Deferred Tax Liabilities (Company)

Composition of deferred tax assets and liabilities is as follows,

	2021		2020	
	Assets Rs.	Liabilities Rs.	Assets Rs.	Liabilities Rs.
Deferred tax liability				
Property, plant and equipment	-	(34,783,089)	-	(73,286,356)
Intangible Asset	-	(18,411)	-	(123,076)
Provision for debtors	-	-	600,828	-
Employee benefits	687,420	-	1,360,426	-
Leases	525,835	-	102,968	-
	1,213,255	(34,801,500)	2,064,222	(73,409,432)
Net deferred tax		(33,588,245)		(71,345,210)

Company has calculated deferred tax as of 31st March 2020 at the rate of 28% and 31st March 2021 at the rate of 14%.

32.2.1 Recognised Deferred Tax Assets and Liabilities

	Net balance as at 01.04.2020 Rs.	Recognised in profit or loss Rs.	Recognised in OCI Rs.	Net balance as at 31.03.2021 Rs.	Deferred tax liability Rs.	Deferred tax asset Rs.
Property, plant and equipment	(73,286,356)	17,411,594	21,091,673	(34,783,089)	(34,783,089)	-
Intangible Asset	(123,076)	104,665	-	(18,411)	(18,411)	-
Provision	600,828	(600,828)	-	-	-	-
Employee benefits	1,360,426	(625,361)	(47,645)	687,420	-	687,420
Leases	102,968	422,867	-	525,835	-	525,835
	(71,345,210)	16,712,937	21,044,028	(33,588,245)	(34,801,500)	1,213,255

NOTES TO THE FINANCIAL STATEMENTS

32 DEFERRED TAX LIABILITIES (Contd.)

32.2.1 Recognised Deferred Tax Assets and Liabilities (Contd.)

	Net balance as at 01.04.2019 Rs.	Recognised in profit or loss Rs.	Recognised in OCI Rs.	Net balance as at 31.03.2020 Rs.	Deferred tax liability Rs.	Deferred tax asset Rs.
Property, plant and equipment	(63,122,970)	826,674	(10,990,060)	(73,286,356)	(73,286,356)	-
Intangible Asset	78,400	(201,476)	-	(123,076)	(123,076)	-
Provision	600,828	-	-	600,828	-	600,828
Employee benefits	932,618	372,197	55,611	1,360,426	-	1,360,426
Leases	-	102,968	-	102,968	-	102,968
	(61,511,124)	1,100,363	(10,934,449)	(71,345,210)	(73,409,432)	2,064,223

33 AMOUNT DUE TO RELATED COMPANIES

As at 31st March,	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Amount due to related companies				
Pap Solar One (Pvt) Ltd	-	-	-	1,036,326
Manelwala Hydropower (Pvt) Ltd	-	-	106,354,121	38,199,702
Eco Green Solar Solutions (Pvt) Ltd	-	-	-	747,882
Padiyapalella Hydropower Limited	-	-	13,434,196	9,304,791
Panthree Solaro Energy (Pvt) Ltd	-	-	167,278	-
	-	-	119,955,595	49,288,701

34 OTHER PAYABLES AND ACCRUALS

As at 31st March,	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Trade Creditors	1,327,460	466,619	-	-
Other payables	58,446,983	63,325,980	10,304,780	12,130,020
Accrued expenses	10,031,447	5,728,599	5,878,355	3,514,845
	69,805,890	69,521,198	16,183,135	15,644,865

35 INCOME TAX PAYABLE

As at 31st March,	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Opening Balance	24,702,762	56,197,215	1,595,096	20,409,846
During the year provision	44,357,266	53,538,853	25,103,346	8,012,444
Income tax under/ (over) provision for previous year	1,438,441	(1,692,007)	-	(1,888,099)
WHT claimed against income tax	(107,959)	-	-	-
During the year payments	(33,684,599)	(81,341,300)	(1,951,720)	(24,939,095)
Closing Balance	36,705,921	24,702,762	24,746,722	1,595,096

36 RELATED PARTY TRANSACTIONS

36.1 Parent and Ultimate parent

Panasian Power PLC don't have an identifiable ultimate parent as at the reporting date. However, RIL Property PLC has acquired 61.67% stake of the Company on 09th July 2021, hence RIL Property PLC has become the ultimate parent of the Company from 09th July 2021 onwards.

36.2 Key management personnel and related companies

According to the Sri Lankan Accounting standards (LKAS) 24 - Related party disclosure "Key Management Personnel" are those having the authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the directors (including executive and non-executive directors) have been classified as KMP of the company.

- (i) Key management personnel compensation is disclosed in note 10 to the financial statements.
- (ii) Transactions with related companies

The following transactions were carried out with Subsidiaries, Joint Ventures and Related Companies by Panasian Power PLC for year ended 31st March 2021.

Name of the Company	Relationship	Nature of Transaction	Outstanding amount as at 01/04/2020	Transaction Amount Rs.	Outstanding amount as at 31/03/2021
Panasian Investments (Pvt) Ltd	Subsidiary		89,257,710		
		Funds settled		(57,300,000)	
		Shared cost		3,702,974	
		Interest		2,908,289	
		Expense reimbursement		(241,777)	
					38,327,195
Manelwala Hydropower (Pvt) Ltd	Subsidiary		(38,199,702)		
		Fund transfers		31,002	
		Funds settled		(73,300,000)	
		Shared cost		9,921,912	
		Interest		(4,807,333)	
					(106,354,121)

NOTES TO THE FINANCIAL STATEMENTS

36 RELATED PARTY TRANSACTIONS (Contd.)

36.1 Parent and Ultimate parent (Contd.)

Name of the Company	Relationship	Nature of Transaction	Outstanding amount as at 01/04/2020	Transaction Amount Rs.	Outstanding amount as at 31/03/2021
Padiyapelella Hydropower Limited	Subsidiary		(9,304,791)	-	
		Funds settled		(169,331,975)	
		Expense reimbursement		(330,462)	
		Shared cost		17,039,114	
		Dividend		149,400,000	
		Interest		(906,082)	
					(13,434,196)
Lower Kothmale Oya Power Two (Pvt) Ltd	Affiliate		460,042		
		Interest		12,699	
		Expense reimbursement		70,078	
					542,819
Eco Green Solar Solutions (Pvt) Ltd	Sub-sub-sidiary		(747,882)		
		Funds settled		(644,717)	
		Shared cost		1,927,241	
		Expense reimbursement		1,086	
		Interest		137,831	
					673,558
TIC Solar (Pvt) Ltd	Formely a Joint Venture		108,000		
		Funds settled		(108,000)	
		Interest		4,573	
					4,573
Panthree Solaro Energy (Pvt) Ltd	Sub-sub-sidiary		13,175,765		
		Funds settled		(13,892,931)	
		Expense reimbursement		19,615	
		Interest		530,273	
					(167,278)
Pap Solar One (Pvt) Ltd	Sub-sub-sidiary		(1,036,326)		
		Fund Transfer		(1,200,000)	
		Shared cost		6,424,137	
		Expense reimbursement		3,069	
		Interest		556,270	
					4,747,150
Solar Power Generation Matara (Pvt) Ltd	Sub-sub-sidiary		95,066		
		Interest		3,569	
		Expense reimbursement		(90,522)	
					8,112
Finergreen Rajarata (Pvt) Ltd	Sub-sub-sidiary		19,713,339		
		Shared cost		3,885,400	
		Expense reimbursement		(717,738)	
		Interest		1,291,384	
					24,172,385

Name of the Company	Relationship	Nature of Transaction	Outstanding amount as at 01/04/2020	Transaction Amount Rs.	Outstanding amount as at 31/03/2021
Rajarata Sustainable Development (Pvt) Ltd	Sub-subsiary		29,168		
		Funds settled		(1,780,481)	
		Interest		336,215	
		Shared Cost		3,854,482	
		Expense reimbursement		7,308	
					2,446,692

The above transactions have been taken place on arm's length commercial terms, in the ordinary course of business during the year. During the year no payments were made to the directors of the affiliate companies.

(iii) The following transactions were carried out with Joint Ventures and Other Related Parties by the Companies in the Group for the year ended 31st March 2021.

Name of the Company	Relationship	Nature of Transaction	Outstanding amount as at 01/04/2020	Transaction Amount Rs.	Outstanding amount as at 31/03/2021
Lower Kothmale Oya Power Two (Pvt) Ltd	Affiliate		708,225		
		Interest		17,080	
		Expense reimbursement		130,390	855,695
TIC Solar (Private) Limited	Joint Venture		36,600,384		
		Equity		(19,216,425)	
		Fund transfers		(1,778,262)	
		Interest		1,812,022	
		Inventory Transfer		126,967	
		Expense reimbursement		1,440,000	18,984,686
Powergen One (Private) Limited	Joint Venture		3,677,961		
		Expense reimbursement		2,111,382	
		Fund transfers		(2,556,860)	
		Interest		143,012	
		Inventory Transfer		63,484	
		Dividend		(2,654,170)	784,809
Three Singhe Industries (Private) Limited	Joint Venture partner		150		
		Share Transfer		(150)	-

For the material outstanding balances with related parties have been charged with a fixed interest of 6% and 8%. No interest has been charged for the balances settled during the year which have been used for short term funding purposes.

NOTES TO THE FINANCIAL STATEMENTS

37 FINANCIAL INSTRUMENTS - ACCOUNTING CLASSIFICATIONS AND FAIR VALUES

Fair Values Versus Carrying Amounts

The fair values of financial assets and liabilities, together with the carrying amounts in the Balance Sheet, are as follows:

37.1 Group

As at 31st March 2021	Financial Assets/ Liabilities at FVOCI Rs.	Financial Assets/ Liabilities at amortised cost Rs.	Financial Liabilities at FVTPL Rs.	Other Financial Liabilities Rs.	Total Carrying Value Rs.	Fair value	Fair Value Measurement
Investment in unit trusts	-	-	102,683,190	-	102,683,190	102,683,190	Level 1
Trade and other receivables	-	402,323,837	-	-	402,323,837	-	
Related Party Receivables	-	20,625,190	-	-	20,625,190	-	
Investments in Preference Shares	-	13,915,410	-	-	13,915,410	-	
Cash and cash equivalents	-	152,134,319	-	-	152,134,319	-	
Total	-	588,998,756	102,683,190	-	691,681,946		
Bank Overdrafts	-	-	-	24,655	24,655	-	
Trade and other payables	-	-	-	59,774,443	59,774,443	-	
Finance lease liabilities	-	-	-	59,286,409	59,286,409	-	
Interest Bearing Borrowings	-	-	-	1,992,718,137	1,992,718,137	-	
Total	-	-	-	2,111,803,644	2,111,803,644	-	

As at 31st March 2020	Financial Assets/ Liabilities at FVOCI Rs.	Financial Assets/ Liabilities at amortised cost Rs.	Financial Liabilities at FVTPL Rs.	Other Financial Liabilities Rs.	Total Carrying Value Rs.	Fair value	Fair Value Measurement
Investment in unit trusts	-	-	39,635,267	-	39,635,267	39,635,267	Level 1
Trade and other receivables	-	317,599,664	-	-	317,599,664	-	
Related Party Receivables	-	40,986,720	-	-	40,986,720	-	
Investments in Preference Shares	-	23,884,623	-	-	23,884,623	-	
Cash and cash equivalents	-	120,813,455	-	-	120,813,455	-	
Total	-	503,284,462	39,635,267	-	542,919,729	-	
Bank Overdrafts	-	-	-	-	-	-	
Trade and other payables	-	-	-	63,792,600	63,792,600	-	
Finance lease liabilities	-	-	-	62,570,259	62,570,259	-	
Interest Bearing Borrowings	-	-	-	1,467,275,726	1,467,275,726	-	
Total	-	-	-	1,593,638,584	1,593,638,584	-	

NOTES TO THE FINANCIAL STATEMENTS

37 FINANCIAL INSTRUMENTS - ACCOUNTING CLASSIFICATIONS AND FAIR VALUES (Contd.)

37.2 Company

As at 31st March 2021	Financial Assets/ Liabilities at FVOCI	Financial Assets/ Liabilities at amortised cost	Financial Liabilities at FVTPL	Other Financial Liabilities	Total Carrying Value	Fair value	Fair Value Measurement
Investment in unit trusts	-	-	31,999,286	-	31,999,286	31,999,286	Level 1
Trade and other receivables	-	88,271,447	-	-	88,271,447	-	
Amounts due from related parties	-	70,922,484	-	-	70,922,484	-	
Preference shares	-	23,000,000	-	-	23,000,000	-	
Cash and cash equivalents	-	23,426,652	-	-	23,426,652	-	
Total	-	205,620,584	31,999,286	-	237,619,870	-	
Other payables	-	-	-	10,304,780	10,304,780	-	
Amounts due to related parties	-	-	-	119,955,595	119,955,595	-	
Interest Bearing Borrowings	-	-	-	146,295,000	146,295,000	-	
Total financial liabilities	-	-	-	276,555,375	276,555,375	-	

As at 31st March 2020	Financial Assets/ Liabilities at FVOCI	Financial Assets/ Liabilities at amortised cost	Financial Liabilities at FVTPL	Other Financial Liabilities	Total Carrying Value	Fair value	Fair Value Measurement	
Investment in unit trusts	*	-	-	42,803	-	42,803	42,803	Level 1
Trade and other receivables	-	70,282,293	-	-	70,282,293	-		
Amounts due from related parties	-	122,839,093	-	-	122,839,093	-		
Preference shares	-	23,000,000	-	-	23,000,000	-		
Cash and cash equivalents	-	21,385,016	-	-	21,385,016	-		
Total	-	237,506,401	42,803	-	237,549,205	-		
Other payables	-	-	-	12,130,021	12,130,021	-		
Amounts due to related parties	-	-	-	49,288,701	49,288,701	-		
Interest Bearing Borrowings	-	-	-	147,530,000	147,530,000	-		
Total financial liabilities	-	-	-	208,948,722	208,948,722	-		

38 FINANCIAL RISK MANAGEMENT

38.1 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, the Group's 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.

NOTES TO THE FINANCIAL STATEMENTS

38 FINANCIAL RISK MANAGEMENT (Contd.)

38.2 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 function. 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.

38.3 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;

As at 31st March	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Trade and Other Receivables	402,323,837	317,599,664	88,271,447	70,282,293
Amounts due from related parties	20,625,190	40,986,720	70,922,484	122,839,093
Investments in preference shares	13,915,410	23,884,623	23,000,000	23,000,000
Investment in unit trusts	102,683,190	39,635,267	31,999,286	42,803
Cash at bank	151,555,150	120,386,665	23,324,278	21,235,021
	691,102,777	542,492,938	237,517,495	237,399,209

Trade and other receivables

Company's trades receivables are due from the Ceylon Electricity Board which purchase the electricity generated by the Group's hydropower and solar companies. Since it is a government organisation, exposure to credit risk is minimal 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, hence intercompany receivables are closely monitored.

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 credit ratings of A or above as per Fitch Ratings Lanka. All material transactions involving bank accounts are overseen by the expertise of the Board.

38.4 Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group continuously prepares and monitors rolling cash flow forecasts and assess 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.

38.4.1 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

31 March 2021	Carrying Amount	Total	Contractual Cash Flows				
			2 months of less	2-12 months	1-2 years	2-5 years	More than 5 years
Non derivative financial liabilities							
Secured bank loans	1,992,718,136	1,992,718,136	85,154,790	401,129,316	394,708,498	698,386,469	413,339,063
Financial lease liabilities	59,286,409	59,286,409	776,537	4,285,614	6,241,702	25,085,582	22,896,974
Trade and other payables	69,805,890	69,805,890	69,805,890	-	-	-	-
	2,121,810,435	2,121,810,435	155,737,217	405,414,930	400,950,200	723,472,050	436,236,037
31 March 2020							
	Carrying Amount	Total	2 months of less	2-12 months	1-2 years	2-5 years	More than 5 years
Non derivative financial liabilities							
Secured bank loans	1,468,462,162	1,468,462,162	42,123,920	214,786,144	251,686,333	662,380,223	297,485,542
Financial lease liabilities	62,570,259	62,570,259	878,492	4,610,755	5,460,064	21,812,217	29,808,731
Other Payables	69,521,199	69,521,199	69,521,199	-	-	-	-
	1,600,553,620	1,600,553,620	112,523,611	219,396,899	257,146,397	684,192,440	327,294,273

NOTES TO THE FINANCIAL STATEMENTS

38 FINANCIAL RISK MANAGEMENT (Contd.)

38.4.1 Exposure to liquidity risk (Contd.)

Company

31 March 2021	Carrying Amount	Total	Contractual Cash Flows				
			2 months of less	2-12 months	1-2 years	2-5 years	More than 5 years
Non derivative financial liabilities							
Secured bank loans	146,295,000	146,295,000	9,932,778	37,738,889	36,953,333	61,670,000	-
Amounts due to related parties	119,955,595	119,955,595	119,955,595	-	-	-	-
Finance lease liabilities	56,699,529	56,699,529	779,276	4,299,305	6,259,347	25,066,056	20,295,545
Other Payables	16,183,135	16,183,135	16,183,135	-	-	-	-
	339,133,259	339,133,259	146,850,784	42,038,194	43,212,680	86,736,056	20,295,545

31 March 2020	Carrying Amount	Total	Contractual Cash Flows				
			2 months of less	2-12 months	1-2 years	2-5 years	More than 5 years
Non derivative financial liabilities							
Secured bank loans	147,530,000	147,530,000	4,770,000	23,850,000	28,620,000	90,290,000	-
Amounts due to related parties	49,288,701	49,288,701	-	49,288,701	-	-	-
Finance lease liabilities	61,154,800	61,154,800	717,029	3,738,242	5,078,581	21,812,218	29,808,730
Other Payables	15,644,866	15,644,866	15,644,866	-	-	-	-
	273,618,367	273,618,367	21,131,895	76,876,943	33,698,581	112,102,218	29,808,730

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.

38.5 Market Risk

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

38.5.1 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	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Fixed rate instruments				
Financial liabilities	164,119,846	267,000,000	-	-
	164,119,846	267,000,000	-	-
Variable rate instruments				
Financial Assets	102,683,190	39,635,267	31,999,286	42,803
Financial Liabilities	1,750,446,385	1,200,275,726	146,295,000	147,530,000
	1,853,129,575	1,239,910,994	178,294,286	147,572,803

Cashflow 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 2021				
Variable rate instruments	(17,504,464)	17,504,464	(17,504,464)	17,504,464
Cash flow sensitivity (net)	(17,504,464)	17,504,464	(17,504,464)	17,504,464
31 March 2020				
Variable rate instruments	(12,002,757)	12,002,757	(12,002,757)	12,002,757
Cash flow sensitivity (net)	(12,002,757)	12,002,757	(12,002,757)	12,002,757

Company

	Profit or Loss		Equity, Net of Tax	
	1% Increase	1% Decrease	1% Increase	1% Decrease
31 March 2021				
Variable rate instruments	(1,462,950)	1,462,950	(1,462,950)	1,462,950
Cash flow sensitivity (net)	(1,462,950)	1,462,950	(1,462,950)	1,462,950
31 March 2020				
Variable rate instruments	(1,475,300)	1,475,300	(1,475,300)	1,475,300
Cash flow sensitivity (net)	(1,475,300)	1,475,300	(1,475,300)	1,475,300

38.5.2 Currency Risk

The Group's exposure to currency risk is the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of Group companies.

The majority of capital purchases are made in foreign currencies at the spot rate prevailing at that time. The Group evaluates the expected exchange rate at the time of purchase when evaluating projects.

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

38.6 Operational Risk

The main source of income of the Group is generation of electricity using hydro power and solar power. The extent of electricity generated for hydropower will vary depending on the rainfall received by the catchment area. The extent of electricity generated for solar power will vary depending on the solar irradiation on the plant. As a result revenue of the Group can vary significantly

In addition, failures of turbine, generators, inverters and other operational disruptions to the power generation process could disrupt the operations of group companies. To manage this risk, the Group regularly monitors performance of operational assets as well as engages the internal audit function to assess operational risks.

NOTES TO THE FINANCIAL STATEMENTS

39 CAPITAL COMMITMENTS

A sub-subsidiary Company, Panthree Solaro Energy (Pvt) Ltd has a commitment amounting to Rs.332,454,754/- to be incurred for completion of two, 1 MWac solar power plants in Maho and Pannala.

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

40 CONTINGENT LIABILITIES

The Company entered in to an agreement with owners of Lower Kothmale Oya Power Two (Pvt) Ltd., to acquire the project upon receiving a "Letter of Intent" from the Ceylon Electricity Board. The total purchase consideration for the above acquisition is Rs. 15 million and Rs. 3 million was paid as an advance for the acquisition. The balance Rs. 12 million will become payable upon receiving a Letter of Intent to the said project.

The Company entered in to memorandum of understanding with the owners of the Medakumbura Mini Hydro Power Project, to acquire the project upon receiving a "Letter of Intent" from the Ceylon Electricity Board. The total purchase consideration for the above acquisition is Rs. 10 million and Rs. 2 million has been paid as an advance for acquisition. Balance Rs. 8 million will become payable upon receiving the 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.

41 EVENTS OCCURRING AFTER REPORTING DATE

The Company has declared a dividend of Rs. 0.14 per share on 30th June 2021, amounting to Rs. 87,500,000/- in total.

A subsidiary company, Padiyapelella Hydropower Limited has declared a dividend of Rs. 2/- per share on 06th July 2021, totalling Rs. 90,000,000/-

A subsidiary company, Manelwala Hydropower (Pvt) Limited has declared a dividend of Rs. 1.50/- per share on 06th July 2021, totalling Rs. 26,430,110/-

There were no material contingent liabilities as at reporting date which require adjustments to or disclosure in the financial statements other than disclosed above.

42 CAPITAL MANAGEMENT DISCLOSURE

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends to ordinary shareholders.

The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position.

The Group's adjusted net debt to equity ratio at 31st March was as follows

	Group	
	2021	2020
	Rs.	Rs.
Total Liabilities	2,243,622,460	1,784,781,907
Less: Cash and cash equivalents (Note 26)	(152,109,664)	(120,813,455)
Adjusted net debt	2,091,512,796	1,663,968,452
Total Equity	2,313,660,905	2,178,890,092
Net debt to equity ratio	0.90	0.76

43 IMPACT FROM CORONA VIRUS (COVID-19) PANDEMIC

The ongoing COVID-19 pandemic has increased the estimation uncertainty in the preparation of Consolidated Financial Statements. The estimation uncertainty is associated with the extent and duration of the disruption to business arising from the actions by governments, businesses and consumers to contain the spread of the virus;

The extent and duration of the expected economic downturn (and forecasts for key economic factors including GDP and employment)

This includes the disruption to capital markets, deteriorating credit, liquidity concerns, increasing unemployment, declines in consumer discretionary spending, reductions in production because of decreased demand, and other restructuring activities; and the effectiveness of government and central bank measures that have and will be put in place to support businesses and consumers through this disruption and economic downturn.

However, In light of the ongoing COVID-19 pandemic situation, the company has assessed its going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Due to nature of the company and the business, as at the date of the financial statements, COVID-19 has no material financial impact.

44 NON CONTROLLING INTEREST (NCI)

The following table summarises the information relating to the Group's subsidiary that has a material NCI, before any intra group eliminations.

	Padiyapellella Hydropower Limited	Panthree Solaro Energy (Private) Limited	
As at 31 st march	2021 Rs.	2020 Rs.	2020
NCI Percentage	17%	17%	15%
Non current assets	911,500,947	939,521,388	28,270,704
Current assets	247,485,874	263,875,481	17,514,121
Non current liabilities	(324,749,600)	(383,689,550)	-
Current liabilities	(69,864,760)	(50,593,476)	(46,273,767)
Net assets	764,372,461	769,113,844	(488,942)
Net assets attributable to NCI	129,943,319	130,749,353	(73,341)
Revenue	247,214,595	194,576,014	-
Profit / (Loss) for the year	168,089,599	81,291,435	(154,115)
Other comprehensive income	7,169,018	38,143,035	-
Total comprehensive income	175,258,617	119,434,470	(154,115)
Profit / (Loss) allocated to NCI	28,575,232	13,819,544	(23,117)
OCI allocated to NCI	1,218,733	6,484,316	-
Cash flows from operating activities	168,858,065	160,442,673	30,048,907
Cash flows from investing activities	7,137,615	8,770,121	(27,590,408)
Cash flows from financing activities	(199,000,000)	(138,000,000)	-
Net increase/ (decrease) in cash and cash equivalents	(23,004,320)	31,212,793	2,458,499

The Group has acquired the remaining stake of Panthree Solaro Energy (Pvt) Ltd on 31 December 2020 at a consideration of Rs. 8,000,000/- from Threesinghe Industries (Pvt) Ltd. Therefore there is no non controlling interest in Panthree Solaro Energy (Pvt) Limited as of 31 March 2021.

45 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 31ST MARCH 2021

Shareholding	Resident			Non Resident			Total		
	Number of Shareholders	No. of Shares	Percentage %	Number of Shareholders	No. of Shares	Percentage %	Number of Shareholders	No. of Shares	Percentage %
01 - 1,000	2,474	1,383,423	0.22	9	5,399	0.00	2,483	1,388,822	0.22
1,001 - 10,000	2,905	13,666,178	2.19	11	59,500	0.01	2,916	13,725,678	2.20
10,001 - 100,000	1,311	47,220,251	7.56	13	679,916	0.11	1,324	47,900,167	7.67
100,001 - 1,000,000	283	83,465,171	13.35	10	3,509,101	0.56	293	86,974,272	13.91
Over 1,000,000	41	350,011,061	56.00	1	125,000,000	20.00	42	475,011,061	76.00
	7,014	495,746,084	79.32	44	129,253,916	20.68	7,058	625,000,000	100

2. SHAREHOLDERS BY CATEGORY AS AT 31ST MARCH 2021

Categories of shareholders	Number of shareholders	No. of shares
Individual	6,865	338,841,785
Institutional	193	286,158,215
Total	7,058	625,000,000

3. TWENTY MAJOR SHAREHOLDERS OF THE COMPANY AS AT 31ST MARCH 2021

Name	2021		2020
	No. of Shares	Percentage %	No. of Shares
Mr.Jinadasa Panadura Liyanage Dilanka	146,787,306	23.49	150,431,396
Emerald Sri Lanka Fund 1 Limited	125,000,000	20	125,000,000
Seylan Bank PLC/Senthilveri Holdings (PVT) LTD	90,287,419	14.45	121,485,300
Jinadasa Brothers (Pvt) Ltd	16,466,152	2.63	-
MR. Weerasinghe Amarakoon Mudiyansele	11,300,000	1.81	-
Sampath Bank PLC/Dr.T.Senthilveri	8,150,625	1.3	27,825,838
JN Lanka Holdings Company (Pvt) Ltd	7,979,185	1.2	-
Mr. Wijemanna Dinal Gitanjan	7,500,000	1.2	-
California Link (Pvt) Ltd	5,758,746	0.92	7,619,561
Citizens Development Business Finance PLC/T.K. Fernando	4,000,000	0.64	-
Mrs.Silva Manawaduge Prasadie Rashmini	3,600,000	0.58	7,454,987
Miss.Dodanwela Dilshani	-	-	3,520,176
Mr.Weeraratne Pattiyapawulage Don Raj Rohitha	2,800,000	0.45	2,800,000
Cocoshell Activated Cargon Company Limited	2,750,000	0.44	2,425,089
Seylan Bank PLC/Jayantha Dewage	2,426,000	0.39	2,426,000
Dr.Ramanujam Prathap	2,350,000	0.38	2,350,000
Miss. Jayasinghe Anuja Chamila	2,288,174	0.37	-
J.B. Cocoshell (Pvt) Ltd	2,134,015	0.34	-
MR. Weerathunga Dickowita Kankanamge Athua Kithsiri	1,948,716	0.31	-
Mr.Nazeer Mohamed Hussain Mohamed	1,803,000	0.29	1,803,000
Hatton National Bank PLC/ Anuja Chamila Jayasinghe	1,683,624	0.27	-
	447,012,962	71.46	528,258,094
Shares held by remaining shareholders	177,987,038	28.54	96,741,906
	625,000,000	100	625,000,000

4. PUBLIC HOLDING

Description	Number of shares 2021	Number of shares 2020
Major shareholders		
Indirect Holding		
Jinadasa Brothers (Pvt) Ltd	16,466,152	1,049,613
Seylan Bank PLC/Senthilvel Holdings (PVT) LTD	90,287,419	121,485,300
Holding of 10% or more	-	-
Emerald Sri Lanka Fund 1 Limited	125,000,000	125,000,000
Seylan Bank PLC/Senthilvel Holdings (Pvt) Ltd(Refer Above)	-	-
Directors' shareholding		
Dr. P. Ramanujam	2,350,000	2,350,000
Mr.D.Sooriyaarachchi	-	-
Mr.P.L.D.Jinadasa	146,787,306	150,431,396
Mr.P.K.Pathmanatha	-	-
Mr.A.D.Pushparajah	-	-
Mr.S.Senthinandhanan	-	75,000
Dr.T.Senthilvel	8,150,625	817,686
Seylan Bank PLC/Dr.T.Senthilvel	-	-
Sampath Bank PLC/Dr.T.Senthilvel	-	27,825,838
MR. S M Farook	-	-
Spouses & Children under 18 of directors	-	-
	389,041,502	429,034,833
Issued share capital	625,000,000	625,000,000
Less: Directors' shareholding and major shareholders	389,041,502	429,034,833
Public Holding	235,958,498	195,965,167
Public holding as a % of issued share	37.75%	31.35%
No. of Share holders representing the public holding	7,052	5,856

5. SHARE TRADING INFORMATION

Market Values	2020/2021	2019/2020
Highest (Rs)	5.00	3.90
Lowest (Rs)	2.50	2.50
Closing (Rs)	3.60	2.50

FIVE YEARS SUMMARY

Company

As at 31st March	2021 Rs.	2020 Rs.	2019 Rs.	2018 Rs.	2017 Rs.
A) Summary of Financial position					
Turnover	85,208,888	119,810,368	214,316,876	172,080,099	125,395,386
Gross Profit	63,169,160	98,767,530	192,644,424	151,740,858	105,782,619
Net Profit before Finance Cost	166,472,217	171,234,548	146,866,805	115,398,623	79,676,737
Profit before Taxation	152,859,240	151,652,638	97,347,486	71,813,015	(95,991)
Taxation	(8,390,409)	(5,023,982)	(33,972,570)	(17,245,858)	4,474,134
Profit or loss after Taxation	144,468,831	146,628,656	63,374,916	84,567,157	4,378,147
B) Summary of Financial position					
Capital Reserves					
Ordinary Shares	1,030,000,000	1,030,000,000	630,000,000	630,000,000	630,000,000
Preference Shares	Nil	Nil	Nil	Nil	Nil
Retained Earnings	249,733,144	242,471,639	225,977,625	256,050,119	201,471,089
Other Reserves	141,890,904	120,799,231	92,539,077	110,532,786	113,494,358
Total Equity	1,421,624,048	1,393,270,870	948,516,702	996,582,906	944,965,447
Asset & Liabilities					
Current Assets	223,623,040	228,791,175	126,932,644	480,576,413	453,070,691
Current Liabilities	213,635,700	104,869,267	388,571,850	871,156,623	57,556,294
Net Current Assets	9,987,341	123,921,909	(261,639,206)	(390,580,210)	395,514,397
Property Plant & Equipment	338,725,802	343,215,633	251,220,211	260,676,820	269,748,655
Other Non Current Assets	1,261,653,571	1,172,681,402	1,171,307,600	1,161,704,819	1,144,380,485
Related Party Payables	119,955,595	49,288,700	328,806,900	172,507,854	181,107,764
Non Current Liabilities	188,742,665	246,548,074	212,371,902	35,218,524	683,821,694
Net Assets	1,421,624,048	1,393,270,870	948,516,702	996,582,905	944,965,425
Total Assets	1,824,002,413	1,744,688,210	1,549,460,455	1,902,958,052	1,867,451,176
Stated Capital	1,030,000,000	1,030,000,000	630,000,000	630,000,000	630,000,000
Dividends Declared / Paid	137,500,000	125,000,000	95,000,000	-	75,000,000

Group

As at 31st March	2021 Rs.	2020 Rs.	2019 Rs.	2018 Rs.	2017 Rs.
A) Summary of Financial position					
Turnover	729,074,023	563,814,790	761,280,652	489,392,823	204,567,345
Gross Profit	487,748,679	424,205,336	608,135,780	363,955,890	162,903,126
Net Profit before Finance Cost	373,976,510	306,679,605	515,631,949	298,615,917	109,364,096
Profit before Taxation	274,578,288	195,719,268	425,975,397	199,866,047	30,810,112
Taxation	(10,133,819)	(42,553,678)	(54,638,740)	(47,454,178)	(9,665,480)
Profit or loss after Taxation	268,261,095	153,165,590	371,336,657	152,411,869	21,144,632
B) Summary of Financial position					
Capital Reserves					
Ordinary Shares	1,030,000,000	1,030,000,000	630,000,000	630,000,000	630,000,000
Preference Shares	Nil	Nil	Nil	Nil	Nil
Retained Earnings	796,381,691	701,817,869	691,573,610	453,226,549	347,400,747
Other Reserves	357,335,896	316,396,210	201,136,991	224,161,998	243,960,597
Total Equity	2,313,660,906	2,178,890,092	1,648,405,871	1,393,948,207	1,264,994,881
Asset & Liabilities					
Current Assets	773,844,866	579,521,849	436,097,425	324,457,016	87,356,103
Current Liabilities	597,882,722	317,814,772	214,451,106	776,880,265	133,219,442
Net Current Assets	175,962,144	261,707,078	221,646,319	(452,423,249)	(45,863,339)
Property Plant & Equipment	2,854,313,856	2,269,545,499	1,553,625,135	1,534,126,217	1,581,806,819
Other Non Current Assets	927,587,156	1,114,604,651	993,305,894	489,803,015	466,544,153
Related Party Payables	-	-	-	-	-
Non Current Liabilities	1,644,202,250	1,466,967,135	1,120,171,477	177,557,776	737,492,752
Net Assets	2,313,666,906	2,178,890,093	1,648,405,871	1,393,948,207	1,264,994,881
Total Assets	4,555,745,878	3,963,671,999	2,983,028,454	2,348,386,248	2,135,707,075
Stated Capital	1,030,000,000	1,030,000,000	630,000,000	630,000,000	630,000,000
Dividends Declared / Paid	137,500,000	140,300,000	95,000,000	4,500,000	75,000,000

USE OF PROCEEDS DISCLOSURE

DISCLOSURE IN TERMS OF LISTING RULE 7.6 (XIII) AND CIRCULAR TO SHAREHOLDERS DATED 17 JUNE 2019

As per listing rule 7.6 (xiii), Panasian Power PLC completed a private placement, issuing One Hundred and Twenty Five Million (125,000,000) ordinary voting shares ("Private Placement Shares") of the Company at a consideration of Sri Lanka Rupees Three and Cents Twenty (LKR 3.20) per share amounting to a total consideration of Sri Lanka Rupees Four Hundred Million (LKR 400,000,000) to Emerald Sri Lanka Fund I Limited on 9th July 2019.

As per the FY2019/20 annual report the use of proceeds was amended for the following projects:

Project Name	Location	Plant Capacity (MW)	Actual Utilisation of Funds of Private Placement (LKR Mn)
Beliaththa Ground Solar Project	Beliaththa	1	44
Panthree Ground Solar Project	Pannala	1	44
	Maho	1	44
	Matara	1	44
Matara Ground Solar Project	Matara	2	92
Anuradhapura rooftop solar projects	Anuradhapura	4	132
Total		10	400

Further as per the circular to shareholders dated 17 June 2019, the Company will disclose the information pertaining to the utilisation of funds raised through the Private Placement in the Annual Report from the date of raising funds until the objectives are achieved, and funds are fully utilised.

Objective Number	Objective as per Circular	Amount Allocated as per Circular (LKR Mn)	Proposed Date of Utilisation as per Circular	Amount Allocated from Proceeds (LKR Mn) (A)	% of Total Proceeds	Amounts Utilised as of the date of the Annual Report (LKR Mn) (B)	% of Utilisation against Allocation (B/A)	Clarification if not fully utilised including where the funds are invested
1	Beliaththa Ground Solar Project	Rs. 44 Mn	Before the end of the 2nd quarter of FY 2019/20	Rs. 44 Mn	11%	Rs. 44 Mn	100%	
2	Matara Ground Solar Project	Rs. 92 Mn	Before the end of the 4th quarter of FY 2019/20	Rs. 92 Mn	23%	Rs. 92 Mn	100%	
3	Panthree Ground Solar Project – Pannala	Rs. 44 Mn	Before the end of the 2nd quarter of FY 2020/21	Rs. 44 Mn	11%	Rs. 44 Mn	100%	

Objective Number	Objective as per Circular	Amount Allocated as per Circular (LKR Mn)	Proposed Date of Utilisation as per Circular	Amount Allocated from Proceeds (LKR Mn) (A)	% of Total Proceeds	Amounts Utilised as of the date of the Annual Report (LKR Mn) (B)	% of Utilisation against Allocation (B/A)	Clarification if not fully utilised including where the funds are invested
4	Panthree Ground Solar Project – Habarana 1	Rs. 44 Mn	Before the end of the 2nd quarter of FY 2020/21	Rs. nil	11%	Rs. nil	0%	Total allocation for Habarana 1, 2 and Ampara projects of Rs. 132 Mn has been fully utilised for Anuradhapura rooftop solar projects as disclosed above. This is due to the superior returns available for the rooftop projects. Panasian Power PLC owns 100% of the rights to these projects.
5	Panthree Ground Solar Project – Habarana 2	Rs. 44 Mn	Before the end of the 2nd quarter of FY 2020/21	Rs. nil	11%	Rs. nil	0%	
6	Panthree Ground Solar Project – Ampara	Rs. 44 Mn	Before the end of the 2nd quarter of FY 2020/21	Rs. nil	11%	Rs. nil	0%	
7	Panthree Ground Solar Project – Maho	Rs. 44 Mn	Before the end of the 2nd quarter of FY 2020/21	Rs. 44 Mn	11%	Rs. 44 Mn	100%	
8	Panthree Ground Solar Project – Matara	Rs. 44 Mn	Before the end of the 2nd quarter of FY 2020/21	Rs. 44 Mn	11%	Rs. 44 Mn	100%	

As of the date of this report, the private placement funds have been fully utilised

NOTICE OF ANNUAL GENERAL MEETING

Notice is Hereby Given that the Annual General Meeting of Panasian Power PLC will be held as a Virtual Meeting on Tuesday 31st August 2021 at 09.30 A.M.

AGENDA

- (1) To receive and consider the Annual Report of the Board of Directors on the State of Affairs of the Company and the Consolidated Financial Statements for the year ended 31st March 2021 with the Report of the Auditors thereon.
- (2) To re - elect Mr. Senthilvel Senthil Nanthanan who is terms of Section A.8 of the Code of Best Practice on Corporate Governance 2017, retires by rotation at the Annual General Meeting as a Director.
- (3) To re – elect Mr. Karthik Elangovan who is terms of Section A.8 of the Code of Best Practice on Corporate Governance 2017, retires by rotation at the Annual General Meeting as a Director.
- (4) To re – elect Mr. Senaka Sanjith Kakiriwaragodage who is terms of Section A.8 of the Code of Best Practice on Corporate Governance 2017 retires by rotation at the Annual General Meeting as a Director
- (5) To re – appoint as a Director, Dr. Prathap Ramanujam, who has attained the age of 72 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 72 years be and is hereby re – appointed as a Director of the Company and it is hereby declared as provided for in Section 211 of the Companies Act No. 07 of 2007 that the age limit of 70 years referred to in Section 210 of the said Companies Act shall not apply to Dr. Prathap Ramanujam”.

- 6) To re - appoint as a Director, Dr. Thirugnanasambandar Senthilvel who has attained the age of 75 years, in compliance with Section 211 of the Companies Act No. 07 of 2007.

Ordinary Resolution

“That Dr. Thirugnanasambandar Senthilvel who has attained the age of 75 years be and is hereby re appointed as a Director of the Company and it is hereby declared as provided for in Section 211 of the Companies Act No. 07 of 2007 that the age limit of 70 years referred to in Section 210 of the said Companies Act shall not apply to Dr. Thirugnanasambandar Senthilvel.”

- (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 2021/2022.

By Order of the Board of
Panasian Power PLC
S S P CORPORATE SERVICES (PRIVATE) LIMITED



Secretaries
Colombo

02nd August 2021

Notes:

- (1) A member is entitled to appoint a proxy to attend and vote instead of himself/herself and a Proxy need not be a member of the Company. A Form of Proxy is enclosed for this purpose. The instrument appointing a proxy must be deposited at the Registered Office of the Company, 4th Floor, BTL Building, 45/2, Braybrooke Street, Colombo 02.
- (2) Shareholders will be given the opportunity to raise any questions or comments on the matters listed on the agenda of the meeting.

FORM OF PROXY

I/We..... of
 being a member /members of Panasian Power PLC hereby appoint (i)
 of failing him/her
 (ii). Dr. Prathap Ramanujam, Chairman of Panasian Power PLC or failing him any one of the Directors of the Company as *my/our proxy to vote as indicated hereunder for *me/us and on *my/our behalf at the Annual General Meeting of the Company to be held on Tuesday, 31st August 2021 held as a virtual meeting emanating from the Board Room of Panasian Power PLC at 09.30 A.M. and at every poll which may be taken in consequence of the aforesaid meeting and at any adjournment thereof.

Please indicate your preference by placing a "X" against the resolution Number

		For	Against
1.	To receive and consider the Annual Report of the Board of Directors on the State of Affairs of the Company and the Consolidated Financial Statements for the year ended 31st March 2021 with the Report of the Auditors thereon.		
2.	To re - elect Mr. Senthilvel Senthil Nandhanan who is terms of Section A.8 of the Code of Best Practice on Corporate Governance 2017, retires by rotation at the Annual General Meeting as a Director.		
3.	To re - elect Karthik Elangovan who is terms of Section A.8 of the Code of Best Practice on Corporate Governance 2017, retires by rotation at the Annual General Meeting as a Director.		
4.	To re - elect Mr. Senaka Sanjith Kakirwaragodage who is terms of Section A.8 of the Code of Best Practice on Corporate Governance 2017, retires by rotation at the Annual General Meeting as a Director.		
5.	To re – appoint as a Director, Dr. Prathap Ramanujam, who has attained the age of 72 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 72 years be and is hereby re – appointed as a Director of the Company and it is hereby declared as provided for in Section 211 of the Companies Act No. 07 of 2007 that the age limit of 70 years referred to in Section 210 of the said Companies Act shall not apply to Dr. Prathap Ramanujam"		
6.	To re - appoint as a Director, Dr. Thirugnanasambandar Senthilvel who has attained the age of 75 years, in compliance with Section 211 of the Companies Act No. 07 of 2007. Ordinary Resolution "That Dr. Thirugnanasambandar Senthilvel who has attained the age of 75 years be and is hereby re –appointed as a Director of the Company and it is hereby declared as provided for in Section 211 of the Companies Act No. 07 of 2007 that the age limit of 70 years referred to in Section 210 of the said Companies Act shall not apply to Dr. Thirugnanasambandar Senthilvel."		
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 2021/2022		

As witness *my/our hand/hands this day of Two Thousand and Twenty One.

Signature

Note:

- (a) *Please delete the inappropriate words.
- (b) Instructions are noted on the reverse hereof.

.....
NIC Number / Reg. No

.....
(Signatures)

Form of Proxy

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, 4th Floor, BTL Building, 45/2, Braybrooke Street, Colombo 02. not less than 48 hours before the time appointed for holding the meeting.
4. If the form of proxy is signed by an attorney, the relative Power of Attorney should accompany the completed Form of Proxy for registration, If such Power of Attorney has not already been registered with the Company.

Note :

If the shareholder is a Company or body corporate, Section 138 of the Companies Act No. 07 of 2007 applies to shareholders of Panasian Power PLC and Section 138 provides for representation of Companies at meeting of other Companies. A Corporation, whether a Company within the meaning of this Act or not, may where it is a member of another corporation, being a company within the meaning of this Act, by resolution of its Directors or other governing body 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 liability incorporated under the Provision of the Companies Act No 07 of 2007. The Company has been registered under Section 17(2) of the BOI Law No 4 of 1978 on 26 November 2008

DATE OF INCORPORATION

22 April, 2002

COMPANY REGISTRATION NUMBER

PV 9959 PB/PQ

ACCOUNTING YEAR END

31, March

REGISTERED OFFICE AND HEAD OFFICE

Level 04, BTL Shipping House, No. 45/2, Braybrooke Street, Colombo 02.

SUBSIDIARY COMPANIES

Manelwala Hydropower (Pvt) Limited
Panasian Investments (Pvt) Limited
Padiyapelella Hydropower Limited
PAP Solar One (Pvt) Limited
Eco Green Solar Solutions (Pvt) Limited
Panthree Solaro Energy (Pvt) Ltd
Solar Power Generation Matara (Pvt) Ltd
Rajarata Sustainable Development (Pvt) Ltd
Finergreen Rajarata (Pvt) Ltd
Panasian Power Zambia Limited

JOINT VENTURES

Powergen One (Pvt) Ltd
TIC Solar (Pvt) Ltd

NATURE OF BUSINESS

To engage in and undertake to establish, operate and manage any form of Renewable Energy Generation Plants, Activity and engage in any business related with the renewable energy Sector

DIRECTORS

Dr Prathap Ramanujam
Mr Deepal Sooriyaarachchi
Mr Panadura Liyanage Dilanka Jinadasa
Mr Poddiwala Kankanamge Pathmanatha
Mr Andrew Deshan Pushparajah
Mr. Senthilveri Senthil Nandhanan
Dr. Thirugnanasambandar Senthilveri
Mr. Elangovan Karthik
Mr. Senaka Kakiriwaragodage

AUDIT COMMITTEE

Mr. Andrew Deshan Pushparajah (Chairman)
Mr. Deepal Sooriyaarachchi
Mr. Senthilveri Senthil Nandhanan
Mr. Elangovan Karthik
Mr. Senaka Kakiriwaragodage

REMUNERATION COMMITTEE

Mr Deepal Sooriyaarachchi (Chairman)
Mr Andrew Deshan Pushparajah
Mr. Senthilveri Senthil Nandhanan
Mr. Elangovan Karthik
Mr. Senaka Kakiriwaragodage

RELATED PARTY TRANSACTION REVIEW COMMITTEE

Mr. Deepal Sooriyaarachchi (Chairman)
Dr. Prathap Ramanujam
Dr. Thirugnanasambandar Senthilveri

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
110, Sir James Peiris Mawatha
Colombo 2
Tel: +94112303050

WEBSITE

www.panasianpower.com



PanAsian Power PLC
Level 04, BTL Shipping House, No. 45/2,
Braybrooke Street, Colombo 02.