



Lotus Renewables

LOTUS HYDRO POWER PLC

ANNUAL REPORT 2023 / 2024



CURRENT OF STRENGTH

Performance & Sustainability

About Us

Lotus Hydro Power PLC, headquartered in Colombo, Sri Lanka, is a prominent corporation specializing in the development and operation of renewable energy sources. The company currently oversees the operation of four active power plants strategically located in the Rathnapura, Kandy, and Nuwara Eliya regions. Lotus Hydro Power PLC is deeply committed to delivering value to its shareholders and stakeholders while upholding principles of integrity, social responsibility, and environmental stewardship. Central to its ethos is the prioritization of renewable and sustainable energy initiatives. The company maintains a steadfast dedication to the effective management of economic, social, and environmental aspects of its operations, reflecting its core values of concern for both people and the environment.

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VISION & MISSION

To be a valuable stakeholder in the Sri Lankan Renewable Energy Industry by supplying green energy while safeguarding the environment



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	- Develop outside the box solutions
Quality	- What we do, we do well

DELIVERY OF VALUE



Total kW Installed
4,900 kW



Revenue
Rs. **222** Mn.



Taxes paid to Government
Rs. **22** Mn.



Operating Profit
Rs. **66** Mn.



No. of Employees
53



Number of Shareholders
2,411



Net Assets Value per Share
Rs. **6.48**



CO2 Avoided
60,527 Tons



Electricity Generation
17,216,181 kW

FINANCIAL HIGHLIGHTS - GROUP

Year Ended 31 st March	2024	2023	Change	2022
	Rs.	Rs.	%	Rs.
Operating Results				
Group revenue (Rs.)	221,656,786	200,234,291	10.70	223,736,214
Profit before taxation (Rs.)	81,534,704	81,276,067	0.32	100,408,354
Profit after taxation (Rs.)	65,008,250	43,709,694	48.73	81,813,425
Other comprehensive income/(Loss) (Rs.)	339,293	(42,416,434)	(100.80)	1,479,855
Total Comprehensive income (Rs.)	65,347,543	1,293,260	4,952.93	83,293,280

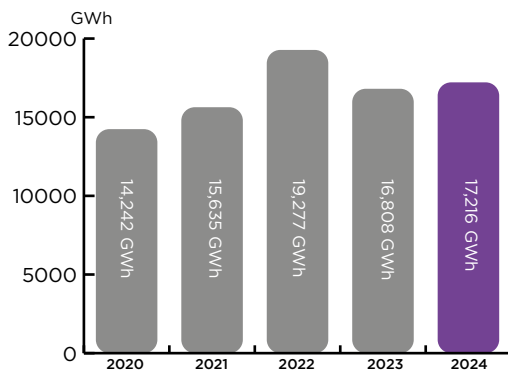
Financial Position highlights

Total shareholders' funds (Rs.)	706,915,943	794,291,758	(11.00)	792,998,498
Total assets (Rs.)	879,778,012	968,768,702	(9.19)	899,408,796
No of ordinary share (Nos.)	109,088,112	109,088,112	-	109,088,112

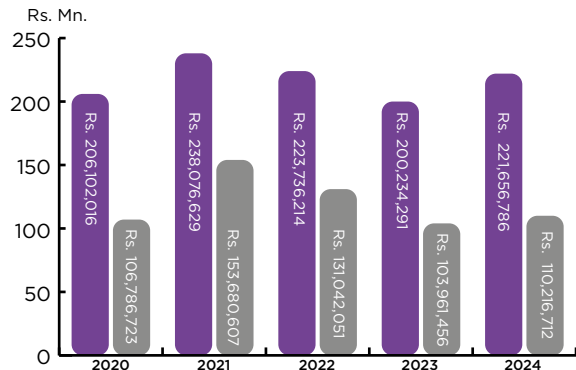
Shareholders information

Earnings per share (Rs.)	0.60	0.40	50.00	0.75
Return on equity (%)	9.20	5.50	67.27	10.32
Net asset per share (Rs.)	6.48	7.28	(10.99)	7.27
Current ratio (Times)	11.01	14.89	(26.06)	15.04
Dividend payout ratio (%)	234.93	-	-	133.34
Market price as at 31 st March (Rs.)	9.50	7.80	21.79	8.90
Market capitalization (Rs.)	1,036,337,064	850,887,274	21.79	970,884,197

Electricity Generation - GWh



Turnover (Rs.) / Gross Profit (Rs.)



OUR BUSINESS OPERATIONS



While our primary focus remains on hydro power, we are continuously exploring opportunities in other renewable energy sectors such as solar power, wind power, and biomass.



Global Energy

Global energy encompasses the sum total of energy utilized by nations and territories worldwide, encompassing electricity, oil, natural gas, coal, and renewable sources such as wind, solar, and hydropower.

The trajectory of global energy consumption has been one of steady ascent, driven by population growth, economic expansion, and evolving lifestyles. While

traditional fossil fuels like oil, natural gas, and coal have historically dominated the energy landscape, recent years have witnessed a discernible shift towards cleaner, sustainable alternatives.

The rise of renewable energy, including wind and solar power, owes much to technological advancements and mounting concerns about climate change. Governments worldwide are increasingly fostering this transition through policy frameworks aimed at curbing greenhouse gas emissions. The dynamics of global

energy consumption and production will remain pivotal in shaping both the economic landscape and environmental sustainability moving forward.

Local Energy

Sri Lanka's energy sector exhibits a blend of traditional and sustainable energy sources. Historically, the nation has heavily leaned on imported fossil fuels like oil and coal to fulfill its energy demands. Nevertheless, recent years have witnessed a concerted push towards broadening the energy portfolio and amplifying the role of renewable resources.

Hydropower has traditionally played a substantial role in Sri Lanka's energy matrix, leveraging the country's river systems through various hydropower installations. Furthermore, the government has actively championed the adoption of alternative renewable sources such as solar and wind energy. Solar energy in particular has experienced a notable surge,

as evidenced by the proliferation of solar farms and rooftop installations countrywide.

Policy-wise, Sri Lanka has set ambitious objectives to escalate the proportion of renewable energy within its overall energy mix. To this end, the government has implemented a range of incentives and regulatory measures aimed at fostering investments in renewable energy ventures while diminishing dependence on imported fossil fuels.

Nonetheless, obstacles persist, notably the imperative for bolstered infrastructure and modernized grids to accommodate the escalating demand share of renewable energy. Despite these hurdles, Sri Lanka's energy sector is primed for continued expansion and evolution as it strides towards achieving energy resilience and environmental sustainability.

Our Operations

We are deeply committed to actively supporting Sri Lanka's national

endeavor to advance renewable energy sources. Currently, we proudly operate four mini hydro power plants spanning across different regions of the country. These projects are outfitted with cutting-edge electromechanical equipment and staffed by a proficient and skilled workforce, ensuring optimal energy generation performance. While our primary focus remains on hydro power, we are continuously exploring opportunities in other renewable energy sectors such as solar power, wind power, and biomass. As we expand our operations, sustainability and a commitment to environmental and social responsibility remain integral to our ethos, ensuring that our carbon footprint remains minimal. Furthermore, we dedicate to ourselves to fostering community engagement and promoting economic development in the regions where we operate, thus contributing to the holistic advancement of Sri Lanka's renewable energy landscape.



Sanjuhar Mini Hydro Power Project

Project Details	
Capacity	1,600 kW
Date of SPPA	December 2003
Tenure of SPPA	December 2038
Status of the Project	Operational
Location	Sanjuhar Estate
District	Kandy
River	Galatha Oya
Tariff	Rs. 12.98 (2024)
Plant factor	
2023/2024	35.23%
2022/2023	36.34%
Generation	
2023/2024	4,937,940 kWh
2022/2023	5,093,630 kWh
Revenue	
2023/2024	Rs. 62,514,953
2022/2023	Rs. 62,459,082



Delta Mini Hydro Power Project

Project Details	
Capacity	1,600 kW
Date of SPPA	April 2006
Tenure of SPPA	April 2041
Status of the Project	Operational
Location	Delta Estate
District	Kandy
River	Atabage Oya
Tariff	Rs. 10.97 (2024)
Plant factor	
2023/2024	43.54%
2022/2023	39.61%
Generation	
2023/2024	6,103,002 kWh
2022/2023	5,551,255 kWh
Revenue	
2023/2024	Rs. 65,035,549
2022/2023	Rs. 57,406,312



Stellenberg Mini Hydro Power Project

Project Details	
Capacity	900 kW
Date of SPPA	January 2014
Tenure of SPPA	January 2034
Status of the Project	Operational
Location	Pupuressa
District	Kandy
River	Atabage Oya
Tariff	Rs. 13.04
Plant factor	
2023/2024	41.20%
2022/2023	46.92%
Generation	
2023/2024	3,247,999 kWh
2022/2023	3,699,151 kWh
Revenue	
2023/2024	Rs. 42,353,907
2022/2023	Rs. 48,236,407



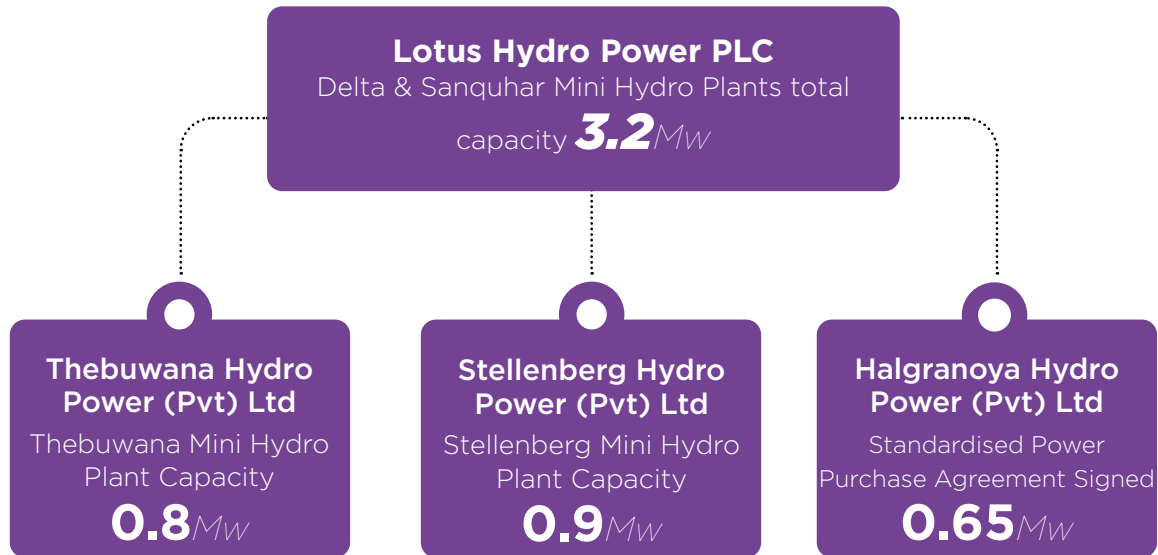
Thebuwana Mini Hydro Power Project

Project Details	
Capacity	800 kW
Date of SPPA	June 2015
Tenure of SPPA	June 2035
Status of the Project	Operational
Location	Devipahala
District	Rathnapura
River	Devipahala Maha Ela
Tariff	Rs. 13.04
Plant factor	
2023/2024	41.77%
2022/2023	35.16%
Generation	
2023/2024	2,927,240 kWh
2022/2023	2,464,148 kWh
Revenue	
2023/2024	Rs. 38,171,210
2022/2023	Rs. 32,132,490



OUR ORGANISATIONAL STRUCTURE


Lotus Hydro Power PLC is a limited liability company listed on the Colombo Stock Exchange. The Company and its subsidiaries are incorporated and domiciled in Sri Lanka.



Name of Company	Reg: No.	Date of Incorporation	Ownership	Stated capital (Rs.)	Directors
Stellenberg Hydro Power (Pvt) Ltd	PV 70024	19/11/2009	100%	150 Mn	<ul style="list-style-type: none"> Mr. Gary Seaton Mr. Menaka Athukorala Mr. Gowri Shankar
Thebuwana Hydro Power (Pvt) Ltd	PV 70022	19/11/2009	100%	200 Mn	<ul style="list-style-type: none"> Mr. Gary Seaton Mr. Menaka Athukorala Mr. Gowri Shankar
Halgranoya Hydro Power (Pvt) Ltd	PV 68774	20/08/2009	100%	10 Mn	<ul style="list-style-type: none"> Mr. Gary Seaton Mr. Menaka Athukorala Mr. Gowri Shankar

CHAIRMAN'S REVIEW



We currently oversee four active power plants strategically located in different regions of Sri Lanka, contributing to the country's growing demand for clean and sustainable energy solutions. 

Dear Shareholders,

I am pleased to present the Chairman's Review for Lotus Hydro Power PLC. On behalf of the Board of Directors, I would like to express my sincere gratitude for your continued support and trust in our company. Despite the challenges faced, we have remained steadfast in our commitment to delivering value and driving sustainable growth in the renewable energy sector.

The financial year 2023 /2024 began with adverse economic and financial factors. The non-payments of dues of Ceylon Electricity Board on a timely basis over the last year had a negative impact on regular operational and investment activities of the renewable energy sector. However, CEB payments improved substantially during the second half of the year, which provided some assurance to renewable energy sector investors. Further, during the first quarter of year 2024/2025 company received all the overdue payments with additional payments for delayed payments. Currently, CEB is making dues as per agreed terms, which has positive motivation to invest in new projects such as solar and hydro. Currently your company is in the process of evaluating new business opportunities in both renewable energy and other sustainable sectors.

Group Overview

Lotus Hydro Power PLC has made significant strides in the development and operation of renewable energy sources

over the past years. We currently oversee four active power plants strategically located in different regions of Sri Lanka, contributing to the country's growing demand for clean and sustainable energy solutions. These power plants are equipped with state-of-the-art technology and staffed by a skilled workforce, ensuring optimal energy generation performance. I am pleased to report that despite a challenging economic environment, we have achieved positive financial results for the year ended March 2024. Our revenue recorded Rs. 221,656,786 with a profit after taxation of Rs. 65,008,250 respectively.

Shareholder Value

Our dedication to delivering value to shareholders is at the core of our philosophy. Your company has declared a dividend of Rs. 1.40 per share despite the delay in CEB payments to all renewable energy companies.

Renewable Energy Industry, New Projects and Industry Related Issues

The global focus on renewable energy continues to grow as governments worldwide implement policies aimed at reducing greenhouse gas emissions and promoting sustainability. At Lotus Hydro Power PLC, we are actively involved in projects in various sectors

such as solar and hydro power. Currently, new projects are available at fair tariff rates and other economic factors such as bank lending rate and stability in exchange rate fluctuations. We appreciated the current policy of the government on the development of renewable energy sector by providing the required infrastructure facilities and guidance.

Our commitment goes beyond generating clean energy; we strive for innovation and continuous improvement by exploring new technologies that can further enhance efficiency while minimizing environmental impact and ensuring optimal energy generation performance.

Appreciation


I would like to extend my heartfelt gratitude to my colleagues on the board for sharing their various expertise knowledge and experiences during another challengeable year. Your company achieved another year of success with all support from the board members to drive in the right direction. I also appreciate our valued shareholders who kept trust and confidence over the years. Further, I would like to acknowledge our dedicated employees whose unwavering commitment has played an instrumental role in achieving operational excellence across all areas of our business operations.

Furthermore, I extend my gratitude towards regulatory authorities for their guidance and support whilst inviting new long-term investors into joining us on this journey towards making a positive impact on society through renewable energy sources.

Looking ahead

As we embark on another exciting year ahead; rest assured that your company will remain committed towards exploring new opportunities within renewable sectors while upholding principles integrity social responsibility and environmental stewardship.

Together let's build a greener future powered by clean and sustainable sources!



G D Seaton
Chairman
22nd August 2024

MANAGEMENT DISCUSSION AND ANALYSIS

Introduction

Lotus Hydro Power PLC presents a comprehensive analysis of its operational and financial performance for the fiscal year ending on March 31, 2024. This report provides a detailed overview of the company's strategic initiatives, operational achievements, financial highlights, market outlook, corporate governance practices, sustainability efforts, and future prospects. With a commitment to transparency and accountability, Lotus Hydro Power PLC aims to provide stakeholders with valuable insights into its performance and prospects for sustained growth and value creation.

Financial Performance

Lotus Hydro Power PLC's financial performance remained robust during the fiscal year, despite facing challenges in the economic landscape. The company achieved a turnover of Rs. 221,656,786, reflecting its ability to navigate market fluctuations and sustain revenue growth. Gross profit amounted to Rs. 110,216,712, underscoring the company's operational efficiency and cost management strategies. Profit before taxation stood at Rs. 81,534,704, highlighting the company's consistent profitability and ability to generate returns for its shareholders. During the year, there were increases in tax rates and other cost elements there was significant amounts even though there was no compensation for published tariff rates. The group has generated 17,216 MWh of electricity

during the financial year 2023/2024 recording an increase of 0.408 MWh (2.4%) compared to prior year. Thebuwana plant was performing at its optimum capacity. Therefore no impairment loss during year.

Operational Highlights

Lotus Hydro Power PLC continued to focus on enhancing operational efficiency and optimizing resource utilization to drive productivity and profitability. Key operational highlights include advancements in production processes, streamlined supply chain management, and investments in infrastructure and technology. These initiatives contributed to maintaining high levels of productivity, ensuring all levels of stake holder satisfaction, and strengthening the company's competitive position in the market.

Strategic Initiatives

The company implemented strategic initiatives aimed at driving long-term growth and sustainability. These initiatives encompassed market expansion strategies, product and service diversification efforts, and investments in research and development. Lotus Hydro Power PLC pursued opportunities for strategic partnerships and alliances to capitalize on emerging market trends and unlock new revenue streams. Additionally, the company focused on enhancing its digital capabilities to improve operational efficiency, customer engagement, and decision-making processes.

Market Outlook

Looking ahead, Lotus Hydro Power PLC remains cautiously optimistic about the market outlook, despite prevailing uncertainties in the past and now. The company anticipates continued demand for its products and services, driven by factors such as growing consumer preferences for sustainable energy solutions, and favorable regulatory developments. Moreover, the company remains vigilant in monitoring market dynamics and is prepared to adapt its strategies accordingly to capitalize on emerging opportunities and mitigate potential risks.

Corporate Governance and Sustainability

Lotus Hydro Power PLC is committed to upholding the highest standards of corporate governance and sustainability. The company recognizes the importance of ethical business practices, transparency, and accountability in building trust among stakeholders. As such, it continues to invest in corporate governance frameworks, compliance mechanisms, and stakeholder engagement initiatives. Moreover, Lotus Hydro Power PLC is committed to its social responsibility initiatives, including community development programs, environmental conservation efforts, and employee welfare schemes. By aligning its business objectives with broader societal goals, the company aims to create shared value for all its stakeholders and contribute positively to the well-being of society.

CSR Initiatives

The group has engaged in various level of CSR activities even with the numerous challenges considering the social responsibility while doing business. The parent entity of Lotus Hydro Power PLC, Lotus Renewable Energy (Pvt) Ltd continuously support financially and non-financially to operate the 100% free healthcare services in Sri Sathya Sai Super Speciality Hospital in Batticaloa. We are proud to announce that the hospital has completed more than 1000 cath intervention with the blessings of the Ministry of Health, all levels of staff of the Karunanilayam Foundation and in collaboration with the Batticaloa Teaching Hospital.

Future Outlook

Looking forward, Lotus Hydro Power PLC is poised to capitalize on emerging trends and opportunities in the renewable energy sector. With an increasing global focus on environmental sustainability and climate change mitigation, the demand for clean energy solutions is expected to grow significantly. As a leading player in the industry, the company is well-positioned to leverage its expertise and capabilities to capture a larger market share and drive innovation in renewable energy technologies. Moreover, Lotus Hydro Power PLC remains committed to its social responsibility initiatives, including community development programs, environmental conservation efforts, and employee welfare schemes. By aligning its business objectives with broader societal goals, the company aims to create shared value for all its stakeholders and contribute positively to the well-being of society.

Conclusion

In conclusion, Lotus Hydro Power PLC has demonstrated resilience, adaptability, and strategic foresight in navigating the challenges and opportunities presented during the fiscal year. The company's robust financial performance, coupled with its focus on operational excellence, strategic initiatives, and corporate governance practices, positions it well for sustained growth and value creation in the future. Lotus Hydro Power PLC remains committed to delivering value to its stakeholders, driving innovation in the renewable energy sector, and making a positive impact on society and the environment. As it continues on its growth trajectory, the company remains focused on its mission to create sustainable value for all its stakeholders and contribute to a brighter, greener future.

BOARD OF DIRECTORS



MR. GARY SEATON

Executive Director/ Chairman

Mr. Gary Seaton was born and educated in Sydney, Australia, completing his formal education at the University of NSW. He embarked upon a career in Agribusiness, joining the Gardner Smith Group as a trainee in 1975. In 1984, Mr. Seaton opened up Gardner Smith's Singapore office as the first stepping stone to Gardner Smith's expansion to become a global player in the world market before rejoining Gardner Smith in 1988 to head up their International Operations. Mr. Gary Seaton was responsible for the company's expansion into global operations with the establishment of offices in India, Pakistan, Sri Lanka, China, Korea, South Africa, United Kingdom, Tanzania and Turkey. He left Gardner Smith in 1998 to form his own group of companies including the Oceanic Group that continued their investments and involvements in Asia. Mr. Seaton currently heads the Oceanic Group which has operations in Singapore, Malaysia, Sri Lanka (tea and rubber plantations), India (investment in manufacturing plants) and Australia predominantly in the Agricultural Sector. Mr. Gary has served as a Director Australian Oilseeds Investment since its inception. Mr. Seaton has also served as the Managing Director of Cootamundra Oilseeds Pty Ltd. ("Cootamundra"), Cowcumbra Investments Pty Ltd ("Cowcumbra") and CQ Oilseeds Pty Ltd. since 2014, and he is Chief Executive Officer and Chairman of the Board of Directors of Australian Oilseeds Holding a Nasdaq listed company. Mr. Seaton also holds Directorship in Hatton Plantations PLC, Lotus Renewable Energy (Private) Limited, Thebuwana Hydro Power (Private) Limited, Stellenberg Hydro Power (Private) Limited, Halgranoya Hydro Power (Private) Limited, Zyrex Power Company Limited, HI - Tech Power Systems (Private) Limited, Sri Bio-Tech Lanka (Pvt) Ltd, G & G Agro Commodities (Private) Limited and Good Earth Fertilizers (Pvt) Ltd.



MR. MENAKA ATHUKORALA

Executive Director

Mr. Menaka Athukorala studied at Nalanda College Colombo and is a Higher National Diploma holder of Plantation Management and Agriculture and currently, he is pursuing his MBA. His career path started as a Junior Assistant Superintendent in 1992 and was promoted to Superintendent at Salawa Estate under Pussellawa Plantations Limited in 2002. He was subsequently promoted to Deputy General Manager. He joined Lalan Rubber as the Group General Manager in 2013 and is presently the Chief Operating Officer and Country Manager Director of Lotus Renewable Energy (Pvt) Ltd. He also carries out duties and responsibilities in the capacity of a Chief Executive Officer of Lotus Hydro Power PLC. Mr. Menaka Athukorala also holds Directorship in Origin Tea Exports (Private) Limited, Hatton Plantations PLC, Lotus Renewable Energy (Private) Limited, Thebuwana Hydro Power (Private) Limited, Stellenberg Hydro Power (Private) Limited, Halgranoya Hydro Power (Private) Limited, Lotus Mooloya Hydro Power (Private) Limited, Zyrex Power Company Limited, HI - Tech Power Systems (Private) Limited, Sri Bio-Tech Lanka (Private) Limited and G & G Agro Commodities (Private) Limited. In addition, he is on the director board of NASDAQ-listed company, Australian Oil Seed Holdings Ltd in Australia.



MR. GOWRI SHANKAR

Non- Executive Director

Mr. Gowri Shankar is a passionate and versatile Mechanical Engineer, Management, Clean energy professional, Corporate strategist with over 21 years of experience in developed and developing markets. He is currently the Managing Director & CEO – G&G Group of Companies, Singapore. He has extensively contributed in the renewable energy space (Solar, Hydro Power Plants, Bio-fuel) & Agri-Commodity business and food processing business with hands on experience in structuring finance for Mergers & Acquisitions. Adept at negotiating with Governments, Vendors, Business Collaboration, Development Banks and Private Financing. He is leading an experienced team in South East Asia, apart from successfully managing companies in the diversified business, also provides consultancy to businesses in South East Asia and Australia. He has been involved in community development programmes in Africa, Australia, India and Sri Lanka. Recently he was awarded the “Distinguished Young Alumni of NIT ,Warangal”. He obtained a Bachelor of Technology degree in Machine Designing and Automation Engineering from NIT Jalandhar, India and MBA in Finance & Systems from NIT Warangal, India. He is currently doing his research economics and international trade from NIT, Warangal. Mr. Gowri Shankar also holds Directorship in Australian Oilseeds holdings (NASDAQ) , G&G Group of Companies (Singapore), Hatton Plantations PLC, Lotus Renewable Energy (Private) Limited Thebuwana Hydro Power (Private) Limited, Stellenberg Hydro Power (Private) Limited, Halgranoya Hydro Power (Private) Limited, Zyrex Power Company Limited and HI – Tech Power Systems (Private) Limited.



DR. THIRUGNANASAMBANDAR SENTHILVEL

Non- Executive Director

Dr. Thirugnanasambandar Senthilvel was appointed to the Board of Directors of Lotus Hydro Power PLC in 2010 as a Non – Executive director. For over 5 decades he has been actively engaged in Manufacturing, Trading, Land Development, Health Insurance, Finance, Power and Energy sectors and in industrial turnkey projections. At present Dr. Senthilvel currently serves on the Boards of several public listed and private companies.



MR. INDRAJITH FERNANDO

Independent Non- Executive Director

Mr. Indrajith Fernando is the Regional Director Asia of Global Best Practice Group (GBPG) an international Development professionals company.

He is a member of the Audit Committee of the Central Bank of Sri Lanka. He serves as a Chartered Institute of Securities Investments (CISI) Advisory Committee member in Sri Lanka and as a Non-Executive Director, Chairman of the Audit Committee and the Integrated Risk Management Committee of listed companies. Indrajith serves as a Director on the Board of Lotus Hydro Power PLC, Hatton Plantations PLC, Strategic Insurance Brokers Pvt Limited and Beyond Wealth Pvt Ltd.

Indrajith is a thought leader with over 31 years of experience in business and the accountancy profession. He is a past president of the Institute of Chartered Accountants of Sri Lanka (ICA), Member of International Federation of Accountant (IFAC) Developing Nations Committee, President–South Asian Federation of Accountants, Advisor/Chairman SAFA Committee on improving Transparency, Accountability and Governance (CITAG). He is a fellow of the ICA-SL, CIMA UK and CMA Sri Lanka and a Senior Member of CPA-Maldives, He holds an MBA from the University of Queensland, Australia



MR. UDITHA PALIHAKKARA

Senior Independent Non- Executive Director

Mr. Uditha Harilal Palihakkara, a leading accounting and finance personality with membership in many recognized professional institutions—accounting, banking, corporate secretarial, and economics—has been the President of Sri Lanka’s three leading accountancy professional bodies: the Institute of Chartered Accountants of Sri Lanka (ICASL), CIMA Sri Lanka, and ACCA Sri Lanka. The Organization of Professionals Association of Sri Lanka (OPA), a multi-disciplinary professional institution with 52 member associations, elected him as its President in 2010. He has held leadership positions in several public and private Sector establishments, including the Ceylon Electricity Board, Development Finance Corporation, People’s Merchant Bank, Merchant Bank of Sri Lanka, Acland Insurance Services Ltd., Securities Council of Sri Lanka, National Enterprise Development Authority, Postgraduate Institute of Management, etc., and served as a Financial Management Specialist in the Commonwealth Secretariat (CFTC) UK. After a successful career in investment banking, he expanded his outreach by engaging in many projects and programs of the World Bank, Asian Development Bank, African Development Bank, International Fund for Agricultural Development, European Development Bank, International Labour Organization, etc. In 2015, the President of Sri Lanka, on the recommendation of the Constitutional Council, appointed him as the Chairman of the Finance Commission of Sri Lanka. In 2014, ICASL inducted him into its Hall of Fame in recognition of his dedicated service. In 2016, OPA presented him with the National Apex Award in recognition of his outstanding contribution to the profession and the nation. The Institute of Personnel Management (IPM) conferred the title “People Leader—Finance 2017” on him in June 2017, acknowledging his contribution to promoting sound and vibrant people management practices in the workplace. The Institute of Personnel Management (IPM) honored him with a Recognition Award in September 2017 for his outstanding leadership, contribution, and service to CIMA Sri Lanka. Mr. Palihakkara is the Vice Patron of the Sri-Lanka Thailand Society and the Immediate Past President of the Sri Lanka -China Business Cooperation Council. He is a Trustee of the Organization of Professional Associations and serves on its National Issues Committee, Development Policies, Strategies, and Development Finance Committee; the National Issues Committee; and the Education and Human Resources Committee. He is an independent, non-executive director of Hatton Plantations PLC.

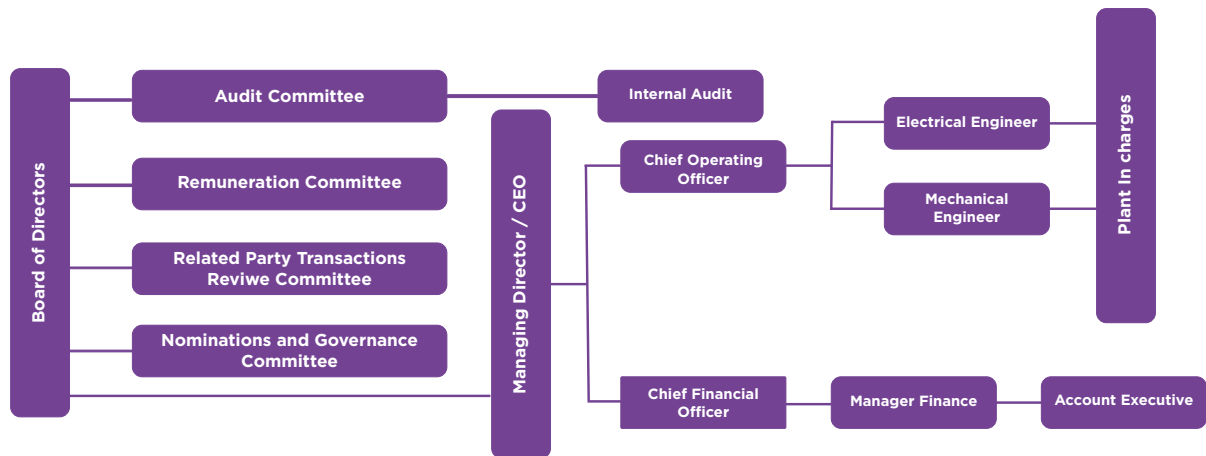
CORPORATE MANAGEMENT TEAM

Board of Directors		
01	Mr. Gary Seaton	Executive Director/ Chairman
02	Mr. Menaka Athukorala	Executive Director
03	Mr. Gowri Shankar	Non- Executive Director
04	Dr. Thirugnanasambandar Senthilverl	Non- Executive Director
05	Mr. Uditha Palihakkara	Senior Independent Non- Executive Director
06	Mr. Indrajith Fernando	Independent Non- Executive Director

Management Team		
01	Ms. Disna Lokugalappaththi	Chief Financial Officer
02	Mr. Shamindra Saparamadu	Chief Operating Officer
03	Mr. Asanka Ekanayake	Manager Finance
04	Mr. Harsha Jayathilaka	Mechanical Engineer
05	Mr. Upendra Yatawaka	Electrical Engineer
06	Mr. Anjana Maveekumbura	Electrical Engineer

Power Station In Charge			
01	Mr. A S Piyasiri	Technical Manager	Sanquhar Mini Hydro Power Project
02	Mr. B L D Udayakumara	Plant In Charge	Delta Mini Hydro Power Project
03	Mr. K T S C Ruwanthilaka	Plant In Charge	Thebuwana Mini Hydro Power Project
04	Mr. H A S K Sarathchandra	Plant In Charge	Stellenberg Mini Hydro Power Project
05	Mr. W A B Wijekoon	Plant In Charge	Sanquhar Mini Hydro Power Project
06	Mr. G W L Rajawansa	Plant In Charge	Stellenberg Mini Hydro Power Project
07	Mr. H G M Kularatne	Plant In Charge	Thebuwana Mini Hydro Power Project

GOVERNANCE STRUCTURE

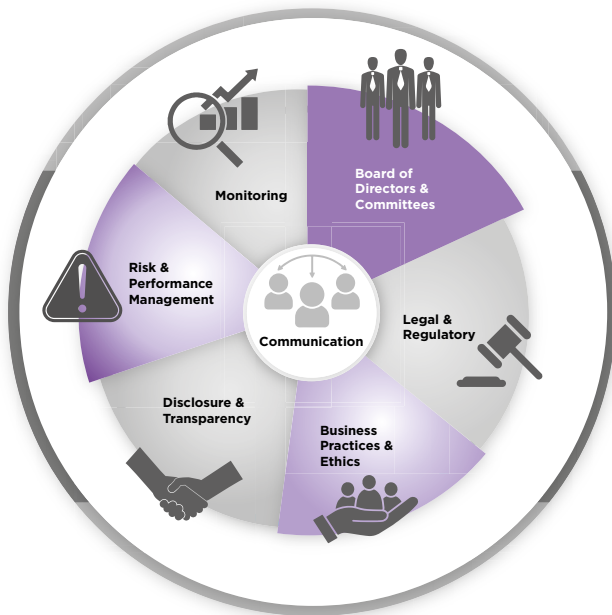


CORPORATE GOVERNANCE

Governance is the responsibility of the Board of Directors for the competent and ethical operations of the business. Lotus Hydro Power PLC understands the paramount importance of practicing Corporate Governance, as any non adherence would cause consequences.

The Corporate Governance framework of the company given below is a reflection of our culture, policies, relationships with stakeholders and commitment to values. It also expects a high level of commitment across the Company and the creation of awareness at all levels.

The Corporate Governance framework of the Company is depicted below:



- ◆ Complying with laws, rules and regulations of the Sri Lanka
- ◆ Recognition to the Group Values
- ◆ Ensuring that no individual has unfettered decision making powers
- ◆ Exercising professionalism and integrity in all business transactions

Timely and efficient decision making and resource allocation within a framework that is compliant with the laws of the organizational territory and standards of governance.

The key components of the Corporate Governance framework of the Company comprise the Internal Governance Structure, Assurance of Compliance and Regulatory Frameworks guiding the Company towards progress by way of developing and implementing appropriate corporate strategies, are discussed in this report.

A. INTERNAL GOVERNANCE STRUCTURE

Internal Governance Structure of the Company facilitates effective and efficient decision making with accountability. This is based on,

I. The Chairman and the Board of Directors

The Chairman’s primary role is to ensure that the Board is effective in its tasks of setting and implementing the Company’s directions and strategy. The Board of Directors, along with the Chairman is the ultimate governing body of the Company. The wide and varying knowledge and experience of the directors make a well balanced board.

The Board is responsible for the ultimate supervision and accountability for the stewardship function of the Company. It provides leadership in setting the strategic direction and establishing a sound control framework for successful functioning of the Company. The Board of Directors is committed to upholding the highest standards of integrity, transparency, accountability and professional ethics, rewarding all its stakeholders with greater creation of values within the Company. Directors and employees of the Company and the Group at all levels are expected to display ethical and transparent behavior through their communication and role modeling in keeping with acceptable business practices.

Corporate Governance (Contd.)

The Board ensures compliance with the Code of Best Practices on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka and the Listing Rules of the Colombo Stock Exchange on Corporate Governance.

As of date, the Board consists of 06 members as follows-

2 Non-Executive Directors

2 Independent Non-Executive Directors

2 Executive Directors

No	Name of Director	Executive/Non Executive	Independent/ Non Independent	Gender Representation
01	Mr. Gary Seaton	Executive (Chairman)	Non-Independent	Male
02	Mr. Menaka Athukorala	Executive	Non-Independent	Male
03	Mr. Gowri Shankar	Non-Executive	Non-Independent	Male
04	Dr.Thirugnanasambandar Senthilverl	Non-Executive	Non-Independent	Male
05	Mr. Uditha Palihakkara	Non-Executive	Independent	Male
06	Mr. Indrajith Fernando	Non-Executive	Independent	Male

The Board consists of Directors with varied experience and skills. The Profiles of the Chairman and each Director with their experience in business and profession, are set out in pages 13 and 15.

Independence of the Directors has been determined in terms of the prevailing Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance issued jointly by the Securities and Exchange Commission of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka. The two Independent, Non- Executive Directors have submitted signed confirmations of their Independence. Apart from the determination of Independence, each Director has a continuing responsibility to determine whether he has a potential or actual conflict of interest arising from external associations, interests or personal relationships in material matters. All Directors make a formal

declaration of all their interests on an annual basis.

All Directors are able to and willingly add value and express an Independent opinion on the decision-making process, which is of immense benefit to the effective functioning of the Board. The Board of Directors is accountable to the shareholders for the governance of the company, the proper stewardship of the Company's affairs, and share the responsibility for ensuring the highest standards of disclosure and reporting, ethics, and integrity across the Company and the Group. The Board of Directors maintains an appropriate dialog with the share holders and any issues raised by them at General Meeting are dealt with.

All the Directors have access to the Company Secretaries, S S P Corporate Services (Pvt) Ltd who are responsible to the Board in ensuring that the proper Board practices are

followed and that applicable rules and regulations are complied with.

Board Meetings

Board Meetings are held for the following purposes:

- ◆ To review strategic and operational issues.
- ◆ To approve annual budgets and interim and full year financial statements.
- ◆ To review profit and working capital forecasts and monthly management accounts.
- ◆ To provide advice and guidelines to Divisional Heads and Senior Managers.
- ◆ To provide and circulate timely and periodic reports to shareholders.
- ◆ To sanction major investments.
- ◆ To adopt annual and interim reports before they are published.

In addition, ad hoc meetings are scheduled to discuss and review urgent matters.

Corporate Governance (Contd.)

The Directors are provided with all relevant information in advance of each meeting in order that they could effectively participate in the meetings effectively.

For the financial year ended 31st March 2024 only two (02) Board Meetings were held.

Name	Attendance
Mr. Gary Seaton	0/2
Mr. Menaka Athukorala	2/2
Mr. Gowri Shankar	2/2
Dr.Thirugnanasambandar Senthilverl	2/2
Mr. Uditha Palihakkara	2/2
Mr. Indrajith Fernando	2/2

II. Sub-Committees

The Board has delegated some of its functions to Board Committees while retaining final decision rights pertaining to matters under the purview of these committees.

The Sub-Committees and their responsibilities;

Audit Committee:

Oversight of Internal Controls and Financial Reporting

Remuneration Committee:

Recommendation of remuneration framework of the Company

Related Party Transactions Review Committee:

To assist the Board in reviewing all Related Party Transactions.

Nominations and Governance Committee:

To assist the Board in complying with the requirements of the Code of Best Practice on Corporate Governance and the Listing Rules of the CSE.

Audit Committee

The Audit Committee comprises:

Mr. Indrajith Fernando

- Chairman / Independent Non-Executive Director

Mr. Uditha Palihakkara

- Member/ Senior Independent Non-Executive Director

Mr. Gowri Shankar

- Member/ Non-Executive Director

The Executive Director, Chief Financial Officer and other representatives of Senior Management are invited to join the meetings of the committee by invitation when necessary. S S P Corporate Services (Pvt) Ltd functions as the Secretary to the Committee.

For the financial year ended 31st March 2024 there were a total number of four (04) Audit Committee Meetings.

The Audit Committee report is given on page 61-62 of the Annual Report.

Remuneration Committee

The Remuneration Committee comprises of:

Mr. Indrajith Fernando

- Chairman / Independent Non-Executive Director

Mr. Uditha Palihakkara

- Member/ Senior Independent Non-Executive Director

Mr. Gowri Shankar

Member/ Non-Executive Director

S S P Corporate Services (Pvt) Ltd functions as the Secretary to the Committee. The Chairman of the Company shall be invited to attend meetings and shall be consulted on the performance and remuneration of Directors and senior management.

The Remuneration Committee is responsible for-

- Assisting the Board of Directors in establishing remuneration policies and practices in the Company;
- Reviewing and recommending to the Board appropriate remuneration packages based on industry level and the contributions made to the organization

For the financial year ended 31st March 2024 one (01) Remuneration Committee Meetings was held.

The Remuneration Committee Report is given on page 63 of the Annual Report.

Related Party Transactions Review Committee

The Committee comprises the following members and meets on a quarterly basis:

Mr. Indrajith Fernando

- Chairman / Independent Non-Executive Director

Mr. Uditha Palihakkara

- Member/ Senior Independent Non-Executive Director

Mr. Gowri Shankar

- Member/ Non-Executive Director

Mr. Gary Seaton

- Member / Executive Director

Mr. Menaka Athukorala

- Member / Executive Director

Corporate Governance (Contd.)

The purpose of the Committee is to review in advance all proposed Related Party Transactions of the Company as per the terms given in the Listing Rules of the Colombo Stock Exchange.

The Related Party Transactions Review Committee is responsible for the following:

- ◆ To review in advance all proposed Related Party Transactions of the Company except those explicitly exempted;
- ◆ To adopt policies and procedures to review Related Party Transactions of the Company and reviewing and overseeing existing policies and procedures;
- ◆ To determine whether Related Party Transactions that are to be entered into by the Company require the approval of the Board or Shareholders of the Company;
- ◆ To establish separate guide lines to follow Recurrent Related Party Transactions of the Company;
- ◆ To ensure that no Director of the Company shall participate in any discussion of a proposed Related Party Transaction which he or she is a related party, unless such a Director is requested to do so by the Committee for the express purpose of providing information concerning the Related Party Transaction to the Committee;
- ◆ If there is any potential conflict in any Related Party Transaction, the Committee may recommend the creation of a special committee to review and approve the proposed Related Party Transaction;

- ◆ To ensure that immediate market disclosures and disclosures in the Annual Report as required by the applicable rules and regulations are made in a timely and detailed manner.

The Related Party Transactions Review Committee Report is given on page 64-65 of the Annual Report.

Nominations and Governance Committee

The Nominations and Governance Committee comprises of:

Mr. Indrajith Fernando
- Chairman / Independent Non-Executive Director

Mr. Uditha Palihakkara
- Member/ Senior Independent Non-Executive Director

Mr. Gowri Shankar
- Member/ Non-Executive Director

This committee was established to ensure that the Company complies with the requirements of the Code of Best Practice on Corporate Governance and the Listing Rules issued by the Colombo Stock Exchange with effect from 02nd August 2024.

The Nominations and Governance Committee is responsible for the following:

- ◆ To evaluate the appointment of the Directors.
- ◆ To consider and recommend (or not recommend) the re-appointment / reelection of current Directors.
- ◆ To establish and maintain formal and transparent procedures to evaluate, select and appoint/ re-appoint Directors.
- ◆ To evaluation of the performance

of the Board, Sub committees, Individual directors, and the Managing Director.

- ◆ To formulate a succession plan for the Board of Directors and the Key Management Personnel of the Entity.
- ◆ To review the structure, size and composition of the Board and Board Committees regarding effective discharge of duties and responsibilities.
- ◆ To review and recommend the overall corporate governance framework and periodically update and review it.

The Nominations and Governance Committee Report is given on page 66 of the Annual Report.

III. Internal Controls

Internal Controls namely, the Code of Business Conduct and Ethics, The Governance and the Internal Audit are designed to support and maintain a transparent and effective internal control system and institutionalize of the best processes of governance. The Board is committed to maintain high ethical standards in conducting its business and communicating its values to its employees and ensure their conduct is based such values.

B. ASSURANCE OF COMPLIANCE

Assurance of compliance is the supervisory module of the Corporate Governance structure, where a range of assurance mechanisms such as monitoring, tests on effectiveness are carried out and corrective actions are proposed and implemented towards a

Corporate Governance (Contd.)

sound governance system. The Board is conscious of its responsibility to the shareholders, the Government and the society in which it operates and is committed to upholding the highest standards of ethical behavior in conducting its business. The Board, through the Group Legal Division, the Group Finance Division and its other operating structures, monitors and assesses the level of compliance of the Company with laws and regulations. It also reviews the changes in regulations and strives to ensure that the Company is in compliance with the regulatory requirements of the country.

Report to the Shareholders and Public

The Board considers the Annual General Meeting as a prime opportunity to communicate with its shareholders and encourages their participation. A Form of Proxy accompanies each Notice of Meeting giving an opportunity to those who are unable to attend, to cast their vote. The Notice of the

Annual General Meeting and the relevant documents are published and dispatched to the shareholders fifteen working days prior to the meeting as required by the Companies Act No. 07 of 2007.

Going Concern and Financial Reporting

The Directors are satisfied that the company has sufficient resources to continue its operations in the foreseeable future. The company has adopted the going concern principle in preparing the financial statements. The Directors, Report highlights all Statutory and material declarations. The Statement of Directors'

Responsibilities in relation to financial reporting is given on page 58. The Directors' interests in contracts of the company are disclosed in note 27.1 to the Financial Statements.

Corporate Social Responsibility

The Company recognizes sensitively the need to look after the rights and claims of non-shareholder groups such as employees, consumers, suppliers, lenders, and government. The Company is also mindful, when

making corporate decisions, of the outcome affecting the stakeholder groups.

The Company considers the natural environment as one of its key and important stakeholders and makes deliberate efforts to take care of it in the best possible manner. The business units of the Company adhere to stringent eco- friendly practices, which ensure outputs that contribute towards a sustainable environment.

External Audit

M/s. KPMG, Chartered Accountants have functioned as the external Auditors of the Company.

C. REGULATORY FRAME WORK

This refers to the regulatory structure within which the Company operates, conforming to established governance related laws, regulations and best practices.

COMPLIANCE SUMMARY

REGULATORY BENCHMARKS		
Adoption	Standard/Principle/Code	Adherence
Mandatory Provisions	The Companies Act No.7 of 2007 and regulations	✓
Mandatory Provisions	Listing Rules of the Colombo Stock Exchange (CSE)	✓
Mandatory Provisions	Securities and Exchange Commission of Sri Lanka Act No. 36 of 1987, including directives and circulars	✓
Mandatory Provisions	Code of Best Practice on Related Party Transactions (2013) advocated by the Securities and Exchange Commission of Sri Lanka (SEC)	✓
Voluntary provisions	Code of Best Practice on Corporate Governance 2023 issued jointly by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the Securities and Exchange Commission of Sri Lanka (SEC)	✓

Corporate Governance (Contd.)

Adoption	Adherence
Articles of Association	✓
Environmental Management System	✓
Project Management Manual	✓
Code of Business Ethics	✓
Internal Control System	✓
Risk Management Framework	✓
HR Policies	✓
Finance Policies	✓
Operational Manual	✓

STATEMENT OF COMPLIANCE UNDER SECTION 7.6 OF THE RULES OF THE COLOMBO STOCK EXCHANGE (CSE).

MANDATORY PROVISIONS - FULLY COMPLIANT

CSE Rule	CSE Rule and Description	Compliance Status	Section Reference in the Annual Report
7.6 Contents of Annual Report			
I	Names of persons who during the financial year were Directors of the Entity.	✓	Board of Directors
II	Principal activities of the Entity and its subsidiaries during the year and any changes therein.	✓	Annual Report of the Board of Directors
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.	✓	List of 20 major shareholders
IV	The float adjusted market capitalization, public holding percentage (%), number of public shareholders and under which option the Listed Entity complies with the Minimum Public Holding requirement.	✓	Share Information
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.	✓	Share Information, Annual Report of the Board of Directors
VI	Information pertaining to material foreseeable risk factors of the Entity	✓	Risk Management
VII	Details of material issues pertaining to employees and industrial relations of the Entity.	✓	Annual Report of the Board of Directors
VIII	Extents, locations, valuations and the number of buildings of the Entity's land holdings and investment properties.	✓	Notes to the Financial Statements (Note 11.4)
IX	Number of shares representing the Entity's stated capital.	✓	Notes to the Financial Statements, (Note 19) Share Information.
X	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings in different categories.	✓	Share Information

Corporate Governance (Contd.)

CSE Rule	CSE Rule and Description	Compliance Status	Section Reference in the Annual Report
XI	The following ratios and market price information: <ul style="list-style-type: none"> ◆ Dividend per share ◆ Dividend pay out ◆ Net asset value per share ◆ Market value per share -Highest and lowest values recorded during the financial year. -Value as at the end of financial year.	✓	Financial Highlights, Five Year Summary, Share Information.
XII	Significant changes in the Entity's or its subsidiaries' fixed assets and the market value of land, if the value differs substantially from the book value.	N/A	
XIII	If during the year, the Entity has raised funds either through a public issue, Rights Issue, and private placement; <ul style="list-style-type: none"> a. Statement as to the manner in which the proceeds of such issue has been utilized; b. If any shares or debentures have been issued, the number, class and consideration received and the reason for the issue; and, c. Any material change in the use of funds raised through an issue of Securities. 	N/A	
XIV	Disclosures of each employee share option schemes and employee share purchase schemes.	N/A	
XV	Disclosures pertaining to Corporate Governance practices in terms of Section 9 of the Listing Rules.	✓	Corporate Governance.
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. Details of investments in a Related Party and/or amounts due from a Related Party to be set out separately. The details shall include, as a minimum; <ul style="list-style-type: none"> I. The date of the transaction II. The name of the Related Party III. The relationship between the Entity and the Related Party IV. The amount of the transaction and terms of the transaction V. The rationale for entering into the transaction (This section was repealed on 1 st January 2016 and the Code of Best Practices on Related Party Transactions are applicable w.e.f 1 st January 2016).	✓	No non-recurrent transactions meeting threshold.

Corporate Governance (Contd.)

STATEMENT OF COMPLIANCE UNDER SECTION 9 OF THE RULES OF THE COLOMBO STOCK EXCHANGE (CSE).

MANDATORY PROVISIONS - FULLY COMPLIANT

CSE Rule	CSE Rule and Description	Compliance Status	The Company's Action
9.1.3	Statement confirming the extent of compliance with the Corporate Governance Rules.	✓	Chairman's Statement.
9.2.1	Listed entities shall establish and maintain the following policies and disclose the fact of existence of such policies together with the details relating to the implementation of such policies by the entity on its website. a. Policy on the matters relating to the Board of Directors. b. Policy on Board Committees. c. Policy on Corporate Governance, Nominations and Re-election. d. Policy on Remuneration. e. Policy on Internal Code of Business Conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities. f. Policy on Risk Management and Internal Controls. g. Policy on Relations with Shareholders and Investors. h. Policy on Environmental, Social and Governance Sustainability. i. Policy on Control and Management of Company Assets and Shareholder Investments. j. Policy on Corporate Disclosures. k. Policy on Whistleblowing. l. Policy on Anti-Bribery and Corruption.	✓	The company already established and implemented these policies and shall publish such policies in the company's website on or before 1 st October 2024.
9.2.2	Any waivers from compliance with the Internal Code of business conduct and ethics or exemptions granted.	N/A	
9.2.3	i. List of policies in place as per Rule 9.2.1, with reference to website. ii. Any changes to policies adopted.	✓	To be complied on or before the effective date of 01 st October 2024 and will be included such policies in Annual Report for the year 2024/25.
9.2.4	Entity shall make available all such policies to shareholders upon a written request being made for any such Policy.	✓	The company has already introduced a process to provide these policies to shareholders upon receiving a written request.

Corporate Governance (Contd.)

CSE Rule	CSE Rule and Description	Compliance Status	The Company's Action
9.3.1	Entity shall ensure that the following Board committees are established and maintained at a minimum and are functioning effectively. The said Board committees at minimum shall include; <ul style="list-style-type: none"> i. Nominations and Governance Committee ii. Remuneration Committee iii. Audit Committee iv. Related Party Transactions Review Committee. 	✓	The company has established all the mandatory sub committees.
9.3.2	Listed entities shall comply with the composition, responsibilities and disclosures required in respect of the above-Board committees as set out in these Rules.	✓	Please refer the Audit Committee Report and sections 9.11,9.12,9.13 & 9.14 below.
9.3.3	The Chairperson of the Board of Directors of the listed entity shall not be the Chairperson of the Board committees referred to in Rule 9.3.1 above.	✓	The Chairman of the Board does not act as chairman of any committee.
9.4.1	Entities shall maintain records of all resolutions and the following information upon a resolution being considered at any General Meeting of the Entity. The Entity shall provide copies of the same at the request of the CSE and/or the SEC. <ul style="list-style-type: none"> i. The number of shares in respect of which proxy appointments have been validly made; ii. The number of votes in favour of the resolution iii. The number of votes against the resolution; and iv. The number of shares in respect of which the vote was directed to be abstained. 	✓	The company secretary keeps records of this information, and the company will supply copies upon request by the CSE and SEC.
9.4.2	Communication and relations with shareholders and investors: <ul style="list-style-type: none"> a. Listed entities shall have a policy on effective communication and relations with shareholders and investors. b. Listed entities shall disclose the contact person for such communication. c. The policy on relations with shareholders and investors shall include a process to make all Directors aware of major issues and concerns of shareholders. 	✓	The Company has already established such a policy for communication with Investors.
9.5.1	Listed entities must establish and maintain a formal policy for their Board of Directors.	✓	The company maintains a formal policy in this regard covering the areas specified in section 9.5.1.

Corporate Governance (Contd.)

CSE Rule	CSE Rule and Description	Compliance Status	Section Reference in the Annual Report
9.5.2	Listed entities shall confirm compliance with the requirements of the policy referred to in Rule 9.5.1 above in the Annual Report and provide explanations for any noncompliance with any of the requirements with reasons for such non-compliance and the proposed remedial action.	N/A	Company will be on alert regarding such events and will be disclosed when required.
9.6.1	The Chairperson of every Listed Entity shall be a Non-Executive Director and the positions of the Chairperson and CEO shall not be held by the same individual, unless otherwise a SID is appointed by such entity in terms of Rule 9.6.3 below.	✓	The Chairman of the Company serves as an Executive Director, and a Senior Independent Director (SID) has been appointed in accordance with Rule 9.6.3. The functions of the Managing Director and Chairman are separated.
9.6.2	A Listed Entity that is unable to comply with Rule 9.6.1 above shall make a Market Announcement within a period of one (1) month from the date of implementation of these Rules or an immediate Market Announcement from the date of non-compliance.	✓	Senior Independent Director appointed (SID) market announcement made on 21 st November 2023.
9.6.3	The requirement for a SID.		The Chairmen of the company is an executive Director. Senior Independent Director was appointed on 30 th October 2023. Please refer page 59.
9.6.4		✓	
9.7.1	The listed entities shall take necessary steps to ensure that their Directors and the CEO are, at all times, fit and proper persons as required in terms of these Rules: In evaluating fitness and propriety of the persons referred in these Rules, listed entities shall utilize the "Fit and Proper Assessment Criteria".	✓	The company annually collects declarations from directors, confirming that each has consistently met the fit and proper assessment criteria according to the Rule.
9.7.2	Listed entities shall ensure that persons recommended by the Nominations and Governance Committee as Directors are fit and proper as required in terms of these Rules before such nominations are placed before the shareholders' meeting or appointments are made.	✓	The Nominations and Governance Committee will carry out the Fit and Proper Assessment of the Directors at least annually for current Directors and maintain records of the assessments.
9.7.4	Listed entities shall obtain declarations from their Directors and CEO on an annual basis confirming that each of them has continuously satisfied the Fit and Proper Assessment Criteria is set out in these Rules during the financial year concerned and satisfies the said criteria as at the date of such confirmation.	✓	During the year the company obtained confirmation from Directors and satisfied the fit and proper assessment criteria set out.

Corporate Governance (Contd.)

CSE Rule	CSE Rule and Description	Compliance Status	Section Reference in the Annual Report
9.7.5 (a)	A statement that the Directors and CEO of the entity satisfy the Fit and proper assessment criteria stipulated in the CSE.	✓	Board of Directors profiles are given in the Annual Report.
9.7.5 (b)	Any non-compliance and remedial actions taken by the entity.	N/A	
9.8.1	The Board of Directors of a listed entity shall, at a minimum, consist of five (05) Directors.	✓	The Board Consist of 06 Directors as of 31 st March 2024.
9.8.2	Minimum Number of Independent Directors.	✓	The Board consists of Two Independent Non-Executive Directors.
9.8.5	The Board of Directors of listed entities shall require: <ul style="list-style-type: none"> a. Each Independent Director to annually submit a signed and dated declaration of their "independence" or "non-independence". b. Annually assess the "independence" or "nonindependence" of each Independent Director based on their declaration and other available information. c. If the Board finds that the independence of an Independent Director is compromised according to the criteria in Rule 9.8.3, it should immediately issue a market announcement regarding this determination. 	✓	Please refer the Board Of Directors in pages 13 - 15.
9.9	Requirements to be complied in relation to the Alternative Director.	N/A	Company will be on Alert regarding such events and will be disclosed when required.
9.10.1	Listed entities shall disclose its policy on the maximum number of directorships its Board members shall be permitted to hold in the manner specified in Rule 9.5.1. In the event such a number is exceeded by a Director(s), the entity shall provide an explanation for such noncompliance in the manner specified in Rule 9.5.2 above.	✓	The policy on the maximum number of directorships its Directors are permitted to hold will be disclosed in the Annual Report for 2024/25.
9.10.2	Listed entities shall, upon the appointment of a new Director to its Board, make an immediate Market Announcement setting out the following: <ul style="list-style-type: none"> 1. A brief resume of such Director; 2. His/her capacity of directorship; and 3. Statement by the entity indicating whether such appointment has been reviewed by the Nominations and Governance Committee of the Entity. 	✓	No new Director was appointed to the Board during the Year.
9.10.3	Listed entities shall make an immediate Market Announcement regarding any changes to the composition of the Board Committees referred to in Rule 9.3 above containing, at minimum, the details of changes including the capacity of directorship with the effective date thereof.	✓	The Company made an immediate Market Announcement as per the Rule 9.10.3.

Corporate Governance (Contd.)

CSE Rule	CSE Rule and Description	Compliance Status	Section Reference in the Annual Report
9.10.4	<p>Listed entities shall also disclose the following in relation to the Directors in the Annual Report:</p> <p>a. Name, qualifications and a brief profile.</p> <p>b. The nature of his/her expertise in relevant functional areas.</p> <p>c. Whether either the Director or Close Family Members has any material business relationships with other Directors of the Entity.</p> <p>d. Whether Executive, Non-Executive and/or independent Director.</p> <p>e. The total number and names of companies in Sri Lanka in which the Director concerned serves as a Director and/or Key Management Personnel.</p> <p>f. Number of Board meetings of the Listed Entity attended during the year;</p> <p>g. Names of Board Committees in which the Director serves as Chairperson or a member.</p> <p>h. Details of attendance of Committee Meetings of the Audit, Related Party Transactions Review, Nominations and Governance and Remuneration Committees. Such details shall be by each member.; and, include the number of meetings held and the number attended.</p> <p>i. The terms of reference and powers of the SID.</p>	✓	<p>Please refer the Below pages in This Report</p> <ul style="list-style-type: none"> • Directors' profiles page 13-15. • Committee Meeting Reports page 61-66.
9.11.1	Listed entities shall have a Nominations and Governance Committee that conforms to the requirements set out in Rule 9.11 of these Rules.	✓	Please refer the Report of the Nominations and Governance committee in page 66.
9.11.2	Listed entities shall establish and maintain a formal procedure for the appointment of new Directors and reelection of Directors to the Board through the Nominations and Governance Committee.	✓	To be complied on or before the effective date of 01 st October 2024.
9.11.3	The Nominations and Governance Committee shall have written terms of reference clearly defining its scope, authority, duties, and matters pertaining to the quorum of meetings.	✓	To be complied on or before the effective date of 01 st October 2024.
9.11.4	<p>Composition of the Committee complied with as per section 9.11.4 the committee.</p> <p>1. The members of the Nominations and Governance Committee shall;</p> <ul style="list-style-type: none"> • comprise a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors of the Listed Entity. • It should not comprise of Executive Directors of the Entity. 	✓	Appointed the Nominations and Governance committee w.e.f 02 nd August 2024 complying with Rule 9.11.4

Corporate Governance (Contd.)

CSE Rule	CSE Rule and Description	Compliance Status	Section Reference in the Annual Report
9.11.4	2. An Independent Director shall be appointed as the Chairperson of the Nominations and Governance Committee by the Board 3. The Chairperson and the members of the Nominations and the Governance Committee shall be identified in the Annual Report of the entity.	✓	Appointed the Nominations and Governance Committee w.e.f 02 nd August 2024 complying with Rule 9.11.4
9.11.5	Functions of the Nomination and Governance Committee	✓	Please refer the Report of the Nominations and Governance Committee Report in page 66.
9.11.6	Disclosures in Annual Report.	✓	Please refer the Report of the Nominations and Governance Committee Report in page 66.
9.12.2	Listed entities shall have a Remuneration Committee that conforms to the requirements set out in Rule 9.12 of these Rules.	✓	Please refer the Report of the Remuneration Committee in page 63.
9.12.6	Composition of the Remuneration Committee 1. The members of the Remuneration Committee shall <ul style="list-style-type: none"> • Comprise a minimum of three (03) Directors of the Entity, out of which a minimum of two (02) members shall be Independent Directors of the Listed Entity. • Not comprised of Executive Directors of the Listed Entity. 2. An Independent Director shall be appointed as the Chairperson of the Remuneration Committee by the Board of Directors.	✓	Please refer the Report of the Remuneration Committee in page 63.
9.12.7	Functions: 1. The Remuneration Committee shall recommend the Report on remuneration payable to the Executive Directors and the CEO of the Listed Entity and/or equivalent position thereof to the Board of the Listed Entity which will make the final determination upon consideration of such recommendations. 2. The Remuneration Committee may engage any external consultant or expertise that may be considered necessary to ascertain or assess the relevance of the remuneration levels applicable to Directors and CEO.	✓	Please refer the Report of the Remuneration Committee in page 63.

Corporate Governance (Contd.)

CSE Rule	CSE Rule and Description	Compliance Status	Section Reference in the Annual Report
9.12.8	<p>Disclosure in Annual Report The Annual Report should set out the following:</p> <p>a. Names of the Chairperson and members of the Remuneration Committee and the nature of directorships held by such members (or persons in the parent company's Remuneration Committee in the case of a group company).</p> <p>b. A statement regarding the remuneration policy and,</p> <p>c. The aggregate remuneration of the Executive and Non-Executive Directors.</p>	✓	Please refer the Report of the Remuneration committee in page 63.
9.13	Audit Committee.	✓	Please refer the Audit Committee report page 61-62.
9.13.1	Where Listed entities do not maintain separate Committees to perform the Audit and Risk Functions, the Audit Committee of such Listed entities shall additionally perform the Risk Functions set out in Rule 9.13 of these Rules.	✓	Please refer the Audit Committee report page 61-62.
9.13.2	The Audit Committee shall have a written terms of reference clearly defining its scope, authority and duties.	✓	Please refer the Audit Committee report page 61-62.
9.13.3	<p>Composition</p> <p>1. The members of the Audit Committee shall.</p> <p>a. comprise a minimum of three (03) directors of the Listed Entity, out of which a minimum of two (02) or a majority of the members, whichever higher, shall be Independent Directors.</p> <p>b. not comprise Executive Directors of the entity.</p> <p>2. The quorum for a meeting of the Audit Committee shall require that the majority of those in attendance to be independent directors.</p> <p>3. The Audit Committee may meet as often as required provided that the Audit Committee compulsorily meets on a quarterly basis prior to recommend the financials to be released to the market.</p> <p>4. If both, the Parent Company and the subsidiary are 'listed entities', the Audit Committee of the Parent Company may function as the Audit Committee of the subsidiary An Independent Director shall be appointed as the Chairperson of the Audit Committee by the Board of Directors.</p>	✓	Please refer the Report of the Audit Committee in page 61-62 and the Directors' profiles in pages 13-15.

Corporate Governance (Contd.)

CSE Rule	CSE Rule and Description	Compliance Status	Section Reference in the Annual Report
9.13.3	<p>5. Unless otherwise determined by the Audit Committee, the CEO and the Chief Financial Officer (CFO) of the Listed Entity shall attend the Audit Committee meetings by invitation.</p> <p>6. The Chairperson of the Audit Committee shall be a Member of a recognized professional accounting body.</p>	✓	Please refer the Report of the Audit Committee in page 61-62 and the Directors' profiles in pages 13-15.
9.13.4	Functions of the Audit Committee.	✓	Please refer the Audit Committee report in pages 61-62.
9.13.5	Disclosures in the Annual Report.	✓	Please refer the Audit Committee report in pages 61-62.
9.14	Board Related Party Transactions Review Committee.	✓	Please refer the Report of the Related Party Transaction Review Committee in page 64-65.
9.14.1	Listed entities shall have a Related Party Transactions Review committee (RPT) that conforms to the requirements set out in Rule 9.14 of these Rules.	✓	Please refer the Report of the Related Party Transaction Review Committee in page 64-65.
9.14.2	The Related Party Transactions Review Committee (RPT) shall comprise a minimum of three (03) Directors of the entity, out of which two (02) members shall be Independent Directors of the Listed Entity. It may also include executive directors, at the option of the Entity. An Independent Director shall be appointed as the Chairperson of the Committee.	✓	Please refer the Report of the Related Party Transaction Review Committee in page 64-65.
9.14.3	Functions of the Related Party Transaction Review Committee.	✓	Please refer the Report of the Related Party Transaction Review Committee in page 64-65.
9.14.6	Shareholder Approval for the transactions as specified by the Rules 9.14.6.(1) - 9.14.6.(3).	✓	No Transactions were occurred as specified in Section 9.14.6.
9.14.7	Disclosures.	✓	Made relevant disclosures as required by the section.
9.14.8	Disclosures in the Annual Report.	✓	Please refer the Report of the Related Party Transaction Review Committee in page 64-65.

Corporate Governance (Contd.)

STATEMENT OF COMPLIANCE DISCLOSURES REQUIRED BY THE COMPANIES ACT NO. 07 OF 2007.

Section reference in the Companies Act No. 07 of 2007	Disclosure Requirement	Reference in the Annual Report
168 (1) (a)	The nature of the business of the Group and the Company together with any change thereof during the accounting period.	Notes to the financial statements -page 75 to 119.
168 (1) (b)	Signed Financial Statements of the Group and the Company for the accounting period completed.	Financial Statements and Note to the Financial Statements - page 70 to 119.
168 (1) (c)	Auditor's Report on Financial Statements of the Group and the Company.	Independent Auditors' Report page 67 to 69.
168 (1) (d)	Accounting Policies and any changes there of	Notes to the Financial Statements - page 75 to 90.
168 (1) (e)	Particulars of the entries made in the Interests Register during the accounting period.	Annual Report of the Board of Directors page 56.
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company during the accounting period.	Notes to the Financial Statements page 92.
168 (1) (g)	Corporate Donations made by the Company and its subsidiaries during the accounting period.	Notes to the Financial Statements page 92.
168 (1) (h)	Information on the Directorate of the Company and its subsidiaries during and at the end of the accounting period.	Group structure - page 08.
168 (1) (i)	Amounts paid/payable to the External Auditors as audit fees and fees for other services rendered during the accounting period.	Notes to the Financial Statements - page 92.
168 (1) (j)	Auditors' relationship or any interest with the Company and its subsidiaries.	Annual Report of the Board of Directors page 55-57 and Audit Committee Report - page 61-62.
168 (1) (k)	Acknowledgement of the contents of this Report and signatures on behalf of the Board.	Financial statements / Annual Report of the Board of Directors page 55-57.

The Board of Directors has ensured that the Company has complied with the Listing Rules of the Colombo Stock Exchange and the Companies Act No. 07 of 2007.

Corporate Governance (Contd.)

CODE OF BEST PRACTICES OF CORPORATE GOVERNANCE ISSUED BY THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA (CA SRI LANKA) IN CONJUNCTION WITH THE SECURITIES AND EXCHANGE COMMISSION OF SRI LANKA

(Issued on 2017 and includes amendments to date)

A. Directors

Rule	Compliance Status	Company's Action
A.1 The Board		
A.1	Company to be headed by an effective Board to direct and control the Company.	✓ The Company is headed by an effective Board of Directors who are responsible and accountable for the stewardship function of the company.
A.1.1	Regular Board meetings at least once every quarter.	✓ The Board met two times during the year and has decided to improve regularity of meetings in future.
A.1.2	The Board should be responsible for matters including implementation of business strategy, skills and succession of the management team, integrity of information, internal controls and risk management, compliance with laws and ethical standards, stakeholder interests, adopting appropriate accounting policies and fostering compliance with financial regulations and fulfilling other Board functions.	✓ Powers specifically vested in the Board to execute their responsibility include: Providing direction and guidance to the Company in the formulation of its strategies, with emphasis on the medium and long term, in the pursuance of its operational and financial goals; Reviewing and approving annual budget plans; Monitoring systems of governance and compliance; Reviewing and approving major investments, acquisitions, disposals and capital expenditure; Approving of the Company's equity/debt securities.
A.1.3	Act in accordance with the laws of the country and obtain professional advice as and when required.	✓ The Board seeks independent professional advice when deemed necessary.
A.1.4	Access to advice and services of the Company Secretary.	✓ To ensure robust deliberation and efficient decision making, the Directors have access to the services of the Company Secretaries whose appointment and/or removal is the responsibility of the Board.

Corporate Governance (Contd.)

Rule	Compliance Status	Company's Action
A.1.5 Bring independent judgment on various business issues and standard of business conduct.	✓	Collectively, the Non-Executive Directors bring a wealth of value adding knowledge, ranging from domestic and international experience to functional know-how, thus ensuring adequate Board diversity in accordance with principles of Corporate Governance. Furthermore, every member of the Board brings independent judgment on various business issues.
A.1.6 Dedication of adequate time and effort.	✓	Allowing for Non-Executive Director involvement in various Board Committees and time spent by them in considering various matters that require discussion and decision in between the formal Board meetings, the Company estimates that Non- Executive Directors devote sufficient time to the Group during the year.
A.1.7 Calling for resolutions for the best interest to the Company.	✓	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.
A.1.8 Board induction and training.	✓	In instances where Directors are newly appointed to the Board, they are apprised of the values and culture, operations of the Company/Group and its strategies, Operating model, Policies, Governance framework and processes, Responsibilities as a Director in terms of prevailing legislation, Important developments in the business activities of the Company/Group.
A.2 The Chairman and Chief Executive Officer		
A.2.1 Maintain a clear division between Chairman and the Chief Executive Officer.	✓	Mr. Gary Seaton is the Chairman of the Company. Mr. Menaka Athukorala acts in the capacity of the Chief Executive Officer.
A.3 The Chairman's role		
A.3.1 The Chairman should ensure that Board proceedings are conducted in a proper manner.	✓	Refer the Chairman's role in Corporate Governance section in the Annual Report.

Corporate Governance (Contd.)

Rule	Compliance Status	Company's Action
A.4. Financial acumen		
A.4	✓	02 Board members hold membership in recognized professional accounting bodies. Refer Board of Director's section for more information.
A.5 Board balance		
A.5.1	✓	As at date, the Board consists of 06 Directors, with the majority being Non-Executive Directors.
A.5.2	N/A	The Board comprises from four Non-Executive Directors.
A.5.3	✓	All the Independent Directors of the Board are independent of management and free of any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgment.
A.5.4	✓	Each Non-Executive Director has submitted a signed and dated declaration of his/her independence.
A.5.5	✓	All of the Independent Directors of the Company met the criteria for independency specified in this rule.
A.5.6	N/A	No alternative director.
A.5.7	✓	The Company has appointed Mr. U.H. Palihakkara as the Senior Independent Director on 30 th October 2023 since the Chairman is not an independent director. Please refer page No. 59.
A.5.8	✓	
A.5.9	✓	The Chairman will convene meetings as per this rule when deemed necessary.

Corporate Governance (Contd.)

Rule	Compliance Status	Company's Action
A.5.10 Where Directors have concerns about the matters of the Company which cannot be unanimously resolved, they should ensure their concerns are recorded in the Board Minutes.	✓	All the Board meeting proceedings are comprehensively recorded in the Board Minutes.
A.6 Supply of information		
A.6.1 Board should be provided with timely information to enable it to discharge its duties.	✓	<p>The Board is provided with:</p> <ul style="list-style-type: none"> ◆ Information as a necessary to carry out their duties and responsibilities effectively and efficiently ◆ Information updates from management on topical matters, new regulations and best practices as relevant to the Company/Group's business ◆ External and internal auditors' opinions ◆ Experts and other external professional services ◆ The services of the Company Secretaries
A.6.2 Timely submission of the minutes, agenda and papers required for the Board meeting.	✓	Board agendas and necessary Board Papers and minutes are dispatched at least 07 days prior to the Board meeting.
A.7.1 Formal and transparent procedure for Board appointments.	✓	Board appointments follow a transparent and formal process.
A.7.2 Assessment of the capability of Board to meet strategic demands of the Company.	✓	The Board as a whole assesses its own composition to ascertain whether the experience and exposure of the Board members are adequate to meet the strategic demands faced by the Company.
A.7.3 Disclosure of new Board member profile and interests.	✓	<p>Refer the Board of Directors' section.</p> <p>All appointments of new Directors are informed to the shareholders through public announcements to the Colombo Stock Exchange.</p>

Corporate Governance (Contd.)

Rule	Compliance Status	Company's Action
A.8 Re-election		
A.8.1 Re-election at regular intervals and should be subject to election and re-election by Shareholders.	✓	The Directors are appointed and recommended for re-election until their prescribed Company retirement age. The Directors are subject to re-election on the basis of 'longest in the office' as provided in the Articles and association of the Association. One third of the Directors shall retire by rotation on the basis prescribed in the articles of association the Company. Directors retiring by rotation or a Director who is subject to appointment are eligible for re-election by a shareholder resolution at the AGM.
A.8.2		
A.8.3 Resignation.	N/A	Written communications are to be provided to the Board by Director.
A.9 Appraisal of Board performance		
A.9.1 The Board should annually appraise itself on its performance in the discharge of its key responsibilities.	✓	The Board continued with its annual Board performance appraisal. This is a formalized process of self-appraisal, whereby each member assesses, on an anonymous basis, the performance of the Board.
A.9.2 The Board should also undertake an annual self-evaluation of its own performance		The Board considers following areas for the annual self-evaluation;
A. 9.3 and that of its Committees and need for review the participation, contribution and engagement of each director at the time of re-election.	✓	<ul style="list-style-type: none"> ◆ Role and effective discharge of responsibilities; ◆ Systems and procedures; ◆ Quality of participation; ◆ Board image.
A.9.4 The Board should state how such performance evaluations have been conducted.	✓	The performance evaluations are analyzed to give the Board an indication of its effectiveness as well as areas that require addressing and/or strengthening.
A.10 Disclosure of information in respect of Directors		
A.10.1 <ul style="list-style-type: none"> ◆ Profiles of the Board of Directors ◆ Directors' interests ◆ Board meeting attendance ◆ Board Committee memberships 	✓	Refer Board of Directors, Corporate Governance and Annual Report of the Board of Directors sections.
A.11 Appraisal of the Chief Executive Officer		
A.11.1 Target/Goals for the Managing Director.	✓	At the commencement of each financial year, the Board in consultation with the Managing Director sets financial and non financial goals based on the short, medium and long term objectives of the Company.
A.11.2 Evaluation of the performance of the Managing Director.	✓	The annual appraisal of the Managing Director is carried out by the Board with pre-agreed performance targets at the end of each financial year.

Corporate Governance (Contd.)

B. Directors Remuneration

Rule	Compliance Status	Company's Action
B.1 Remuneration procedure		
B.1.1 The Board of Directors should set up a Remuneration Committee.	✓	Complied with.
B.1.2 The Remuneration Committees should consist exclusively of Non- Executive Directors.	✓	Refer Remuneration Committee Report.
B.1.3 The Chairman and members of the Remuneration Committee should be listed in the Annual Report each year.	✓	Refer Remuneration Committee Report.
B.1.4 Determination of the remuneration of Non- Executive Directors.	✓	NEDs receive a fee for devoting time and expertise for the benefit of the Group in their capacity as Directors.
B.1.5 The Remuneration Committee should consult the Chairman about its proposals relating to the remuneration of other Executive Directors.	✓	Complied with.
B.2 Level and make-up of Remuneration.		
B.2.1 Level and make-up of the remuneration.	✓	The Board makes assessments on the fact that the remuneration of Executive and the Non-Executive Directors reflects the market expectations and is sufficient enough to attract and retain the quality of Directors needed to run the Company. The remuneration package of the Managing Director is structured to link rewards to corporate and individual performance, ensuring there is strong alignment between the short-term and long-term interests of the Company.
B.2.2 Design of remuneration for long term success and to promote long term success of the Company.	✓	Executive Directors' and Key Management's remuneration is designed to promote the long-term success of the Company/Group.
B.2.3 Comparison of remuneration with other companies in the Group.	✓	It also takes into consideration data concerning executive pay among the related group companies when determining annual salary increases.

Corporate Governance (Contd.)

Rule	Compliance Status	Company's Action
B.2.5 Performance related payments to the Managing Director.	✓	Performance based incentives have been determined to ensure that the total earnings of the Executive Directors are aligned with the achievement of objectives and budgets of the Company.
B.2.6 Executive share options.	✓	There are no share options that have been offered to the Executive Directors and senior management.
B.2.7 Deciding the Executive Directors' Remuneration.	✓	In deciding the remuneration of the Managing Director, the Committee takes note of the provisions set out in Schedule E of the Code.
B.2.8 Early termination of Directors.	✓	Not applicable to the Board except for the Managing Director who is an employee of the Company and his terms of employment is governed by the employment contract.
B.2.9 Early termination not included in the initial contract.	N/A	
B.2.10 Remuneration of Non-Executive Directors.	✓	Please refer B.1.4 above.
B.3 Disclosure of remuneration policy and aggregate remuneration.		
B.3.1 Disclosure of remuneration policy and aggregate remuneration.	✓	In accordance with the guidelines of the Securities and Exchange Commission of Sri Lanka the aggregate remuneration paid to the Non-Executive Directors during the financial year 2023/2024 is disclosed in Note 8.

C. Relations with Shareholders

Shareholders have the opportunity at the AGM, to put forward questions to the Chairman and the Board of Directors to have better familiarity with the Company's business and operational aspects.

Rule	Compliance Status	Company's Action
C.1 Constructive use of the Annual General Meeting (AGM) and conduct of General Meetings.	✓	Complied with.
C.1.1 Notice of the Annual General Meeting to be sent to shareholders with other papers as per the statute.	✓	Notice of the AGM and related documents are sent to shareholders along with the Annual Report within the specified period. The contents of this Annual Report will enable existing and prospective stakeholders to make better informed decisions in their dealings with the Company.
C.1.2 Separate resolution to be proposed for each item.	✓	Complied with.
C.1.3 Counting of proxy votes.	✓	Complied with.

Corporate Governance (Contd.)

Rule	Compliance Status	Company's Action	
C.1.4	Heads of Board sub-committees to be available to answer queries.	✓	All the Non-Executive Directors who are the heads of Board sub committees are available to answer queries.
C.1.5	Summary of procedures governing voting at General Meetings to be informed.	✓	Complied with.
C.2 Communication with shareholders			
C.2.1	Implementation of the policy and	✓	The Company adopts a two way communication policy with shareholders. At the Annual General Meeting, the Company openly welcomes any suggestions from the shareholders, and shareholders may elect to receive the Annual Report in printed form. The Board of Directors is prepared to provide comprehensive explanations for queries of shareholders.
C.2.2	methodology for communication with		
C.2.3	shareholders.		
C.2.4/ C.2.6	Contact person in relation to shareholders' matters.	✓	Shareholders may, at any time, direct questions, request for publicly available information and provide comments and suggestions to Directors or Management of the Company. Such questions, requests and comments should be addressed to the Company Secretary.
C.2.5	Process to make all Directors aware of major issues and concerns of shareholders.	✓	The Company Secretary shall maintain a record of all correspondence received and will deliver as soon as practicable such correspondence to the Board or individual Director/s as applicable. The Board or individual Director/s, as applicable, will generate an appropriate responses to all validly received shareholder correspondence and will direct the Company Secretary to send the response to particular shareholder.
C.2.7	The process of responding to shareholder matters.	✓	Please refer the comment for C.2.5 above.
C.3 Major and Material Transactions			
C.3.1/ C.3.2	Disclosure of major transactions to the shareholders and rules and regulation of securities exchange commission and by the CES.	✓	There have been no transactions during the year under review which fall within the definition of major transaction as set out in the Companies Act No. 07 of 2007.

Corporate Governance (Contd.)

D. Accountability and Audit

Rule	Compliance Status	Company's Action
D.1 Financial and Business Reporting		
D.1.1 Publishing of Annual Report including Financial Statements.	✓	Complied with.
D.1.2 Balanced and understandable information.		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 Responsibility on page 58 confirming this position.
D.1.3 CEO/CFO declaration.	✓	In preparing annual and quarterly Financial Statements, the Company complies with the requirements of the; Companies Act No. 07 of 2007 Sri Lanka Accounting Standards and Listing Rules of the Colombo Stock Exchange. Refer the "Responsibility Statement of the Chief Executive Officer and Chief Financial Officer" on the page 60 of the Annual Report.
D.1.4 Directors' Report in the Annual Report.	✓	The Declarations required to be made by the Board are given in the Annual Report of the Board of Directors.
D.1.5 Statement of Directors' and Auditor's responsibility for the Financial Statements.	✓	Refer Statement on Directors' Responsibilities.
D.1.6 Management Discussion and Analysis.	✓	Refer Management Discussion and Analysis.
D.1.7 Remedial action at Extraordinary General Meeting (EGM) if net assets fall below half of value of Shareholders funds.	✓	In the unlikely event that the net assets of the Company fall below half of the Shareholders' funds, shareholders would be notified and an extraordinary resolution would be passed on the proposed way forward.
D.1.8 Related party transactions.	✓	The transactions entered into by the Company with the related parties is disclosed on Note 27 of the Financial Statements.
D.2 Risk Management and Internal Control		
D.2.1 Directors to review internal Controls.	✓	The internal audit function is outsourced to Sarukkali Associates (Chartered Accountants), who reports to the Board Audit Committee.

Corporate Governance (Contd.)

Rule	Compliance Status	Company's Action
D.2.2 Internal Audit Function.	✓	The internal audit function of the Company is not outsourced to the external auditors of the Company to ensure the independence of the external auditor of the Company. The Auditors report on the Financial Statements of the Company for the year under review is dealt in the financial information section of the Annual Report.
D.2.3 Review of the process and effectiveness of risk management and internal controls by the Audit Committee.	✓	<p>The Audit Committee monitors, reviews and evaluates the effectiveness of the risk management and internal control system, including the internal controls over financial reporting.</p> <p>The internal auditors review the adequacy and effectiveness of the Internal control system and report their findings to the Audit Committee.</p> <p>In the financial year under review, the Board of Directors was satisfied with the effectiveness of the system of internal controls of the Company. Please refer Audit Committee Report on page 61-62.</p>
D.2.4 Responsibility of Directors.	✓	Please refer the Directors' Statement on page 58.
D.3 Audit Committee		
D.3.1 The Audit Committee should comprise of a minimum of three of whom at least two should be Independent Non-Executive Directors or exclusively Non- Executive Directors, the majority of whom should be independent, whichever is higher. The Chairman of the Committee should be a Non-Executive Director, appointed by the Board.	✓	Refer the Audit Committee Report on page 61-62.
D.3.2 Terms of reference, duties and responsibilities.	✓	<p>The Audit Committee has the overall responsibility for overseeing the preparation of Financial Statements in accordance with the laws and regulations of the Country and also of recommending to the Board, the adoption of best accounting policies.</p> <p>The Committee is also responsible for maintaining the relationship with the external auditors.</p>

Corporate Governance (Contd.)

Rule	Compliance Status	Company's Action
D.3.3 The Audit Committee is to have written terms of reference covering the salient aspects as stipulated in the section.	✓	The Audit Committee has written terms of reference outlining the scope.
D.3.4 Composition of the Audit Committee and Independence of the Auditors.	✓	Refer Audit Committee Report.
D.4 Related Party Transactions		
D.4.1 Related Party Transaction Review	✓	Refer Related Party Transaction Committee Report page 64-65.
D.4.2 Committe.		
D.4.3		
D.5 Code of Business Conduct and Ethics		
D.5.1 Code of Business Conduct and Ethics.	✓	Business ethics at the Company ensure the business is carried out in an appropriate manner.
D.5.2		
D.5.3		
D.5.4 Affirmation by the Chairman that there is no violation of the Code of Conduct and Ethics.	✓	Please refer Corporate Governance.
D.6 Corporate Governance Disclosures		
D.6.1 The Directors should include in the Company's Annual Report a Corporate Governance Report.	✓	Complied with.

E. Institutional Investors

Rule	Compliance Status	Company's Action
E.1 Shareholder voting		
E.1.1 A Listed Company should conduct a regular and structured dialogue with shareholders based on mutual understanding of objectives.	✓	Complied with.
E.2 Evaluation of governance disclosures		
E.2.1 When evaluating the company governance arrangements, particularly those relating to the Board structure and composition, institutional investors should be encouraged to give due weight to all relevant factors drawing to their attention.	✓	Complied with.

Corporate Governance (Contd.)

F. Other investors

Rule	Compliance Status	Company's Action
F.1 Investing divesting decisions		
F.1.1 Individual shareholders, investing directly in shares of the companies should be encouraged to carry out adequate analysis or seek independent advice in investing or divesting decisions.	✓	The Company maintains an active dialogue with shareholders, potential investors, investment banks, stock brokers and other interested parties.
F.2 Shareholder voting		
Individual shareholders should be encouraged to participate in General Meetings of companies and exercise their voting rights.	✓	All steps are taken to facilitate exercise of shareholder rights at AGMs, including the receipt of notice of the AGM and related documents within the specified period. Shareholders carry their voting rights for the each resolution passed at the AGM.

G. Internet of Things & Cyber Security

Rule	Compliance Status	Company's Action
G.1.1 - Internet of things and Cyber Security. G.1.5	N/A	Governance of information systems, Intranet and cyber security have not been implemented considering the nature and size of the organisation.

H. Environment Society and Governance

Rule	Compliance Status	Company's Action
H.1.1 - Environment Society and Governance. H.1.7	✓	The Company has adopted integrated approach for environmental, social and governance factors for the business model.

RISK MANAGEMENT

Absolutely, it's important to understand that every activity involves inherent risks. The establishment of an Audit Committee comprising industry experts and qualified professionals aids in identifying industry-specific risks and presenting mitigation recommendations to the Board of Directors. Involving all employees in the risk mitigation process, from top management to frontline staff, ensures a comprehensive approach to managing risks effectively.

RISK GOVERNANCE

The Board of Directors bears ultimate responsibility for identifying and managing the Company's risk exposures, with support from the Board Audit Committee. The Audit Committee ensures the adequacy of internal controls and drives

continuous improvements based on internal audit findings, compliance reports, and recommendations from External Auditors. Risk identification is a continual process, involving stakeholder engagement and regular evaluation of internal and external business environments. Risk grids are updated continuously and reviewed by the Board. The Internal Audit team conducts due diligence activities to provide reasonable assurance of the efficacy of the Company's risk and internal control systems, fostering continuous improvement.



RISK MANAGEMENT PROCESS

IDENTIFICATION OF RISK	ASSESSMENT & RATING OF RISK	MITIGATION OF RISK	REPORTING	MONITORING & CONTROL
A 'Risk Event' is identified as any event with a degree of uncertainty which, if occurs, may result in the Business Unit failing to meet its stated objectives	Identified risks are assessed on a matrix of 'Impact to Company' and 'Likelihood of Occurrence'. Based on this matrix, each identified risk will be assigned a score, which is tabulated into the Risk Control Self-Assessment document on a scale of impact likelihood.	Risks are mitigated through two ways: Prevention: Risks are identified prior to occurrence, and action taken to prevent the same Detection & Correction The Risk Management Team identifies risks post-occurrence and assigns a 'Risk Owner' to implement and report on mitigation strategies. Prioritization is based on risk ratings from the impact likelihood matrix, with higher risks taking precedence.	Each business unit conducts periodic reviews of the Risk Control Self-Assessment document. The department head reviews this document quarterly, signing off on operational and financial compliance statements. These statements are then endorsed by each department head for review by the Audit Committee before being presented for discussion at the Board meeting.	The Risk Management Team, led by the Directors, ensures proper identification of risks, implementation of mitigation actions, and reporting during the risk review process. Operational and management controls, along with mitigation plans, undergo regular verification through independent internal audits.

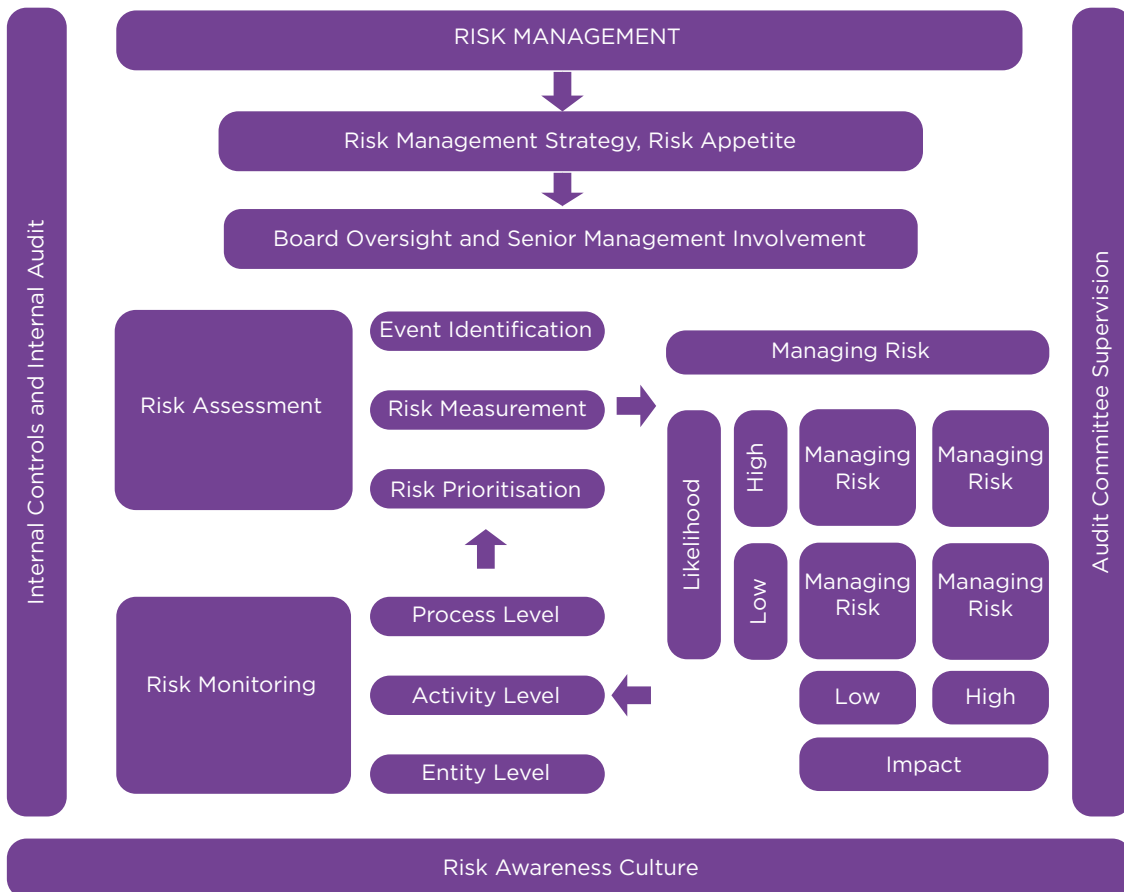
The Integrated Risk Management Framework (IRMF) delineates procedures and accountabilities for identifying, quantifying, mitigating, overseeing, and disclosing risks. It flows from the Lotus Hydro Power PLC strategic blueprint, aligning with the Company's Risk Management Strategy and Risk Appetite as ratified by the Lotus Hydro Power Board. These principles guide the identification, evaluation, control, and surveillance of significant risks, ensuring congruence with strategic aims and stakeholder anticipations.

RISK APPETITE

The Board establishes the organization's risk appetite, with management responsible for executing it. Risk appetite is determined by the level of risk the Company is prepared to undertake to achieve its goals, quantified by risk tolerance thresholds. The Board periodically assesses the risk appetite to ensure its appropriateness and defined boundaries.

RISK CULTURE

Our company places significant importance on fostering a culture of risk awareness to enhance the effectiveness of our risk management system. The Board establishes the tone by formulating policies and procedures, while business unit managers oversee their execution and compliance. Ongoing training and initiatives to build capacity serve to bolster risk awareness throughout all levels of the organization.



PRINCIPLE RISKS

The principle risks that affect the company are set out below.

Risk Category	Risk Event	Implications	Risk Mitigation Approach	FY 2023/2024	FY 2022/2023
Business Risk	Risk stemming from inaccuracies in initial planning concerning resource assessment and the procurement of renewable energy technology	Loss of expected revenue	Seek guidance from specialists and leverage management expertise. Utilize effective project planning tools	LOW	LOW
	Complex approval process	Risk stemming from ineffective or opaque administration related to licensing and permits for renewable energy projects, leading to delays and/or unexpected cost overruns	Maintain ongoing communication and follow-up with pertinent regulatory bodies	MEDIUM	MEDIUM
Financial Risk	Interest Rate Risk	Negative effect on project profitability resulting from increased financing costs.	Maintain an appropriate mix of fixed and variable rates of borrowings	LOW	LOW
	Exchange Rate Risk	Increase in project expenses due to depreciation of the LKR	Engage in discussions with international suppliers to adjust payment terms	LOW	LOW
	Credit Risk	Effect on liquidity resulting from delays or non-payment by CEB.	Contracts with CEB are legally binding	LOW	HIGH
Strategic Risk	Variation from anticipated outcomes due to errors, which may arise from simplifications, approximations, or inaccurate assumptions	Significant variance between projected profitability and actual profitability.	Sought expert opinions when establishing key assumptions and parameters	MEDIUM	MEDIUM

Risk Category	Risk Event	Implications	Risk Mitigation Approach	FY 2023/2024	FY 2022/2023
Operational Risk	Risk stemming from physical asset damage caused by negligence, accidents, wear and tear, and/or potential unplanned closures due to machinery breakdowns	Loss of Revenue	Consistent enhancement of health and safety policies, along with workshops and training sessions. Prompt maintenance of machinery and equipment. Conducting regular internal audits. Utilizing business interruption insurance coverage	LOW	MEDIUM
IT Risks	Likelihood and risks associated with enterprise hardware, software, and networks	Adverse consequences resulting from data loss, system malfunctions, and obsolete systems	Perform routine maintenance and process upgrades. Strengthen cybersecurity measures	LOW	LOW
Regulatory and Legal Risk	Risk stemming from uncertainty surrounding potential adverse changes in relevant laws and regulations	Reduced revenue leading to higher tax obligations.	Compliance with any new laws and regulations	HIGH	HIGH
People and retention Risk	Risk arises from the challenge of attracting and retaining qualified and experienced personnel.	Can negatively impact operational efficiency, productivity, and financial performance	Adopt an inclusive approach to recruit top talent and retain employees.	LOW	LOW
Reputational Risk	The risk of not meeting stakeholders' expectations due to any event, behavior, action, or inaction	Adverse perceptions from stakeholders regarding the Company or Group	Compliance with statutory and regulatory requirements may be compromised without dedicated controls in place	LOW	LOW
Environmental Risk	Risk associated with both current and potential threats to the environment and local residents.	Negative environmental conditions can affect ongoing construction projects and reduce yields from hydro. This includes challenges like floods, droughts, and landslides.	Promptly address any adverse environmental impacts as they arise.	MEDIUM	MEDIUM

HUMAN CAPITAL

The financial year underscored the importance of fostering a supportive, comprehensive, and secure work environment for all our staff members. Lotus experienced a period marked by heightened employee involvement, bolstered by initiatives aimed at improving staff Productivity and well-being. Accordingly, we prioritize our employees' aspirations, interests, and the advancement of their professional development and quality of life. All

human resources initiatives within the organization are carefully designed to enhance motivation and engagement, ultimately driving both organizational productivity and individual growth. This is facilitated by formalized governance structures and policy frameworks, ensuring consistency in policy implementation.

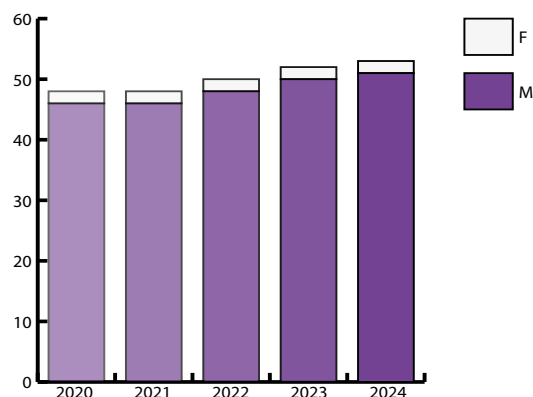
OUR TEAM

The collective efforts of our employees serve as the cornerstone

of our business, underpinning its longevity and fueling its expansion. The Lotus team comprises individuals from diverse backgrounds, ethnicities, and a range of talents, skills, and educational backgrounds, all unified by a shared set of values. Each team member is meticulously chosen through a thoughtful selection process, empowering Lotus to fortify its value creation journey for stakeholders.

TOTAL HEAD COUNT

Year	Male	Female	Total
2020	46	2	48
2021	46	2	48
2022	48	2	50
2023	50	2	52
2024	51	2	53



EMPLOYEES OF THE GROUP BY AGE, GENDER AND CATEGORY

Category	Age			Total	% of total employees
	Below 30	30-50	Above 50		
Senior Management	-	1	-	1	2%
Executives	1	3	1	5	9%
Technical Staff	-	2	5	7	13%
Power Plant Staff	12	22	6	40	75%
	13	28	12	53	100%

EMPLOYEE HEALTH AND SAFETY

Safeguarding a hazard-free workplace is a top priority, with measures in place to address health and safety concerns across the Group. We employ alarm systems, fire safety equipment and trained security personnel to maintain security. All employees are equipped with necessary safety gear, and strict regulations ensure compliance. Selected staff undergo required safety training, while regular audits and drills ensure preparedness. Notably, no major injuries were reported during the fiscal year, resulting in no loss of working days for employees.

EMPLOYEE BENEFITS

The company has instituted an interest-free loan program to provide short-term financial assistance to employees for various purposes such as celebrating the New Year festival, medical expenses, and educational needs. Additionally, we prioritize offering extensive medical benefits to our employees, encompassing health insurance coverage for outpatient care, worker’s compensation, and personal accident insurance. These initiatives underscore the company’s dedication to promoting the overall well-being and financial stability of its workforce.



Salaries, incentives
44,233,727



EPF / ETF
4,436,531



Staff welfare
2,307,266

ENVIRONMENT CAPITAL

The financial year underscored the importance of fostering a supportive, comprehensive, and secure work environment for all our staff members. Lotus experienced a period marked by heightened employee involvement, bolstered by initiatives aimed at improving staff welfare and well-being. As a result, we prioritize our employees' aspirations, interests, and the advancement of their professional development and quality of life. All human resources initiatives within the organization are carefully designed to enhance motivation and engagement, ultimately driving both organizational productivity and individual growth. This is facilitated by formalized governance structures and policy frameworks, ensuring consistency in policy implementation.

Changes in climate patterns and natural resource availability exert substantial influence on performance,

both positively and negatively. The ramifications of climate variability present vast opportunities and threats. For instance, abundant rainfall in catchment areas augments hydropower generation, yet occurrences of natural disasters like severe floods and landslides detrimentally impact company performance. As Lotus Hydro Power PLC, we diligently pursue opportunities while concurrently implementing diverse precautionary measures and risk mitigation strategies to address adverse impacts.

POLICY OF ENVIRONMENT CAPITAL MANAGEMENT

In contrast to tangible assets like buildings and infrastructure, which can be constructed or renovated, many natural resources possess finite quantities and lack the capacity for replenishment. At 'Lotus Hydro

Power PLC,' our ethos is founded on the principles of renewable energy and sustainability. Central to our philosophy is an tenacity commitment to environmental stewardship throughout project development and operations. We steadfastly uphold exemplary environmental standards, safeguarding natural resources for the benefit of future generations.

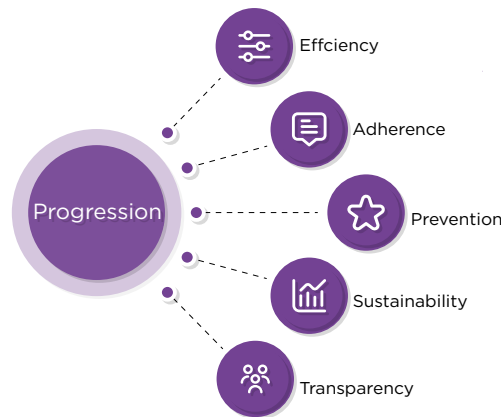
The Environmental Capital Management Policy of Lotus Hydro Power PLC articulates our unwavering commitment to the responsible stewardship of environmental resources across all facets of our operations. Acknowledging the finite nature of natural resources and the critical importance of preserving ecological integrity, this policy serves as a foundational framework for guiding our environmental endeavors.

OBJECTIVES

Integration	: To integration environmental considerations into decision-making processes at every organizational level.
Mitigation	: To reduce adverse environmental impacts associated with our activities, products, and services.
Optimization	: To enhance the utilization of renewable resources and advance energy efficiency.
Compliance	: To adhere Strictly to pertinent environmental regulations and standards.
Nurturing	: To nurture a culture of environmental consciousness and accountability among our workforce, stakeholders, and partners.
Enhancement	: To continuously evaluate and enhance environmental performance through vigilant monitoring, assessment, and innovation.

PRINCIPLES

Sustainability	: We pledge to champion sustainable practices that harmonize economic viability, social responsibility, and environmental conservation.
Efficiency	: We endeavor to minimize waste generation, optimize resource utilization, and embrace technologies and methodologies that bolster efficiency.
Prevention	: We proactively identify and address sources of pollution, striving to avert environmental harm before it arises.
Adherence	: We uphold strict compliance with all applicable environmental laws, regulations, and industry standards, ensuring ethical conduct and legal conformity.
Transparency	: We maintain transparent communication with stakeholders regarding our environmental endeavors, achievements, and challenges.
Progression	: We engage in perpetual efforts to monitor, evaluate, and refine our environmental performance by routinely reviewing and enhancing policies, procedures, and practices.



IMPLEMENTATION

Accountability	: Environmental stewardship is a collective responsibility shared across all echelons of our organization. Management shall provide leadership and allocate resources to support environmental initiatives, while employees are expected to actively participate in and adhere to environmental policies and protocols.
Education	: We shall furnish comprehensive training and educational materials to equip employees with the requisite knowledge and competencies to discharge their environmental duties effectively.
Collaboration	: We shall collaborate with suppliers, contractors, and other stakeholders to propagate environmental best practices and cultivate alliances that further our environmental objectives.
Monitoring and Reporting	: We shall establish robust mechanisms for monitoring and gauging our environmental performance, regularly furnishing reports on key metrics, and strides toward our objectives.
Evaluation and Adaptation	: We shall periodically assess and revise our Environmental Capital Management Policy to reflect shifts in environmental regulations, technological advancements, and best practices.

At Lotus Hydro Power PLC, we recognize that adept environmental management is indispensable for ensuring enduring business sustainability and safeguarding the welfare of forthcoming generations. By steadfastly adhering to the principles and objectives delineated in this policy, we are resolutely committed to diminishing our environmental footprint and fostering a healthier, more sustainable planet.

SOCIAL AND RELATIONSHIP CAPITAL

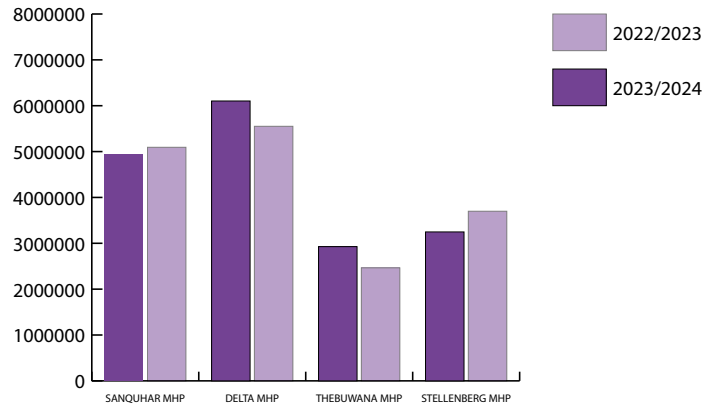
Lotus Hydro Power PLC is dedicated to sharing the benefits of its business growth to its stakeholders, including suppliers, customers, society, and employees. The goal of this group endeavor is to promote harmony and encourage personal development. Lotus Hydro Power PLC has acted proactively to position itself as a leading example of corporate responsibility, realizing the importance of social and relationship capital. Lotus Hydro Power PLC is primarily concentrated on the social entities listed below.



CUSTOMERS

The Ceylon Electricity Board (CEB), our exclusive client has been a cornerstone of our business operations. Over time, we have cultivated strong relationships with CEB management and officials across various levels. They recognize our integral role in advancing the national agenda for expanding non-conventional renewable energy sources. Through our small hydropower plants, we make substantial contributions to the national grid. Our remuneration is structured in accordance with agreed tariffs and provisions outlined in the Standardized Power Purchase Agreements (SPPA) with the CEB. The table presented below outlines electricity unit dispatches to CEB for the financial years under review.

ANNUAL PRODUCTION



Project	Ceylon Electricity Board regional office
SANQUHAR MHP	NAWAPITIYA
DELTA MHP	NUWARA ELIYA
THEBUWANA MHP	EHELIYAGODA
STELLENBERG MHP	NUWARA ELIYA

GOVERNMENT INSTITUTIONS

We actively foster continuous relationships with a diverse array of government institutions, pivotal in facilitating the approval process for our projects. Below, we present a list of these esteemed institutions with whom we maintain close and constructive communication.

1. Sustainable Energy Authority
2. Ceylon Electricity Board
3. Public Utilities Commission of Sri Lanka
4. Central Environmental Authority
5. Irrigation Department
6. Water Board
7. Forest Department
8. Divisional Secretariat Offices
9. Local Authorities
10. Board of Investments of Sri Lanka
11. Inland Revenue Department
12. Department of Labour

Our interactions with government agencies are founded upon principles of ethics, accountability, and transparency. We uphold responsible and transparent policies and systems to manage our relationships with these entities. Our commitment extends to ensuring that our projects are meticulously constructed and operated in strict adherence to the guidelines stipulated in the necessary approvals

Furthermore, we actively engage in supporting noble causes within government agencies, aligning our efforts with initiatives that contribute positively to society. Through these endeavors, we strive to foster mutually beneficial partnerships and uphold the highest standards of integrity and social responsibility.

SUPPLIERS AND CONTRACTORS

Our engagement with suppliers transcends conventional supply contracts, as we prioritize the cultivation of enduring relationships rooted in trust, loyalty, and shared values. Fostering such partnerships, lays the foundation for sustainable business practices that benefit all parties involved. Central to our approach is the cultivation of professionalism, transparency, and fairness in all our interactions with suppliers. Through these principles, we ensure that operational excellence remains a consistency reality, safeguarding the integrity and efficiency of our endeavors.

COMMUNITIES

We subscribe to the steadfast commitment to empower the communities in which we operate, nurturing their sustainable livelihood development as an integral part of our organizational ethos. Throughout both the project and operational phases, we actively engage with surrounding communities, prioritizing meaningful involvement and mutual benefit.

Central to our approach is the cultivation of strong, trust-based relationships with community members, grounded in transparency and integrity. Upholding this commitment, our Code of Ethics prohibits the dissemination of false promises, ensuring that we deliver on our commitments to the communities we serve.

Our engagement extends beyond mere project implementation, as our team actively integrates into the daily life of the surrounding community, fostering a collaborative environment where local perspectives are valued and respected. Moreover, we prioritize the creation of employment opportunities for nearby villagers, providing both temporary roles during project development and permanent positions upon project completion.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY / GROUP

The Board of Directors of Lotus Hydro Power PLC are pleased to present their Annual Report together with the Audited Financial Statements of the Company for the year ended 31st March 2024 together with the Auditor's Report thereon.

The Financial Statements and the disclosures made herein conform to the requirements of the Companies Act No. 07 of 2007. The Report also includes relevant disclosures required to be made under the Listing Rules of the Colombo Stock Exchange and is guided by the recommended best practices on accounting and corporate governance.

Principal Activities

Principal activities of the Company are to build, own, operate and maintain power generating facilities.

Parent entity

The Company's immediate parent and ultimate parent entities are Lotus Renewable Energy (Pvt) Ltd and Lotus Renewable Energy (Singapore) Pte Ltd respectively.

The Board of Directors

Mr. G.D. Seaton
- Chairman/ Executive Director

Mr. A.U.A.M. Athukorala
- Executive Director

Mr. K. Gowri Shankar
- Non-Executive Director

Dr. T. Senthilverl
- Non-Executive Director

Mr. U. H. Palihakkara
- Senior Independent Non-Executive Director

Mr. W. M. A. Indrajith Fernando
- Independent Non-Executive Director

The names and brief profiles of each

Director who served as Directors of the Company during the year under review are given on pages 13 and 15.

Re-Election of Directors

In accordance with Article No. 24(6) of the Articles of Association of the Company Mr. W. M. A. Indrajith Fernando retires by rotation as a Director and being eligible offers himself for re-election.

Re-appointment of Directors

A resolution for the re-appointment of Mr. Uditha Harilal Palihakkara who is over 70 years of age will be proposed at the Annual General Meeting in terms of Section 211 of the Companies Act No.07 of 2007. Mr. U.H. Palihakkara's re-appointment is recommended by the Directors.

A resolution for the re-appointment of Dr. Thirugnanasambandar Senthilverl who is over 70 years of age will be proposed at the Annual General Meeting in terms of Section 211 of the Companies Act No.07 of 2007. Dr. T. Senthilverl's re-appointment is recommended by the Directors.

Company Secretaries/ Registrars

S S P Corporate Services (Private) Limited has acted as Company Secretaries and Registrars during the year under review.

Board Committees

The Board has established the following Committees for better monitoring and guidance of different aspects in operations and control.

Audit Committee

The audit committee comprises of:

Mr. W.M.A.I. Fernando
- Chairman / Independent Non-Executive Director

Mr. U.H. Palihakkara
- Member/ Senior Independent Non-Executive Director

Mr. K.G. Shankar
- Member/ Non-Executive Director

The report of the Audit Committee is given on page 61-62.

Remuneration Committee

The remuneration committee comprises of:

Mr. W.M.A.I Fernando
- Chairman / Independent Non-Executive Director

Mr. U.H. Palihakkara
- Member/ Senior Independent Non-Executive Director

Mr. K.G. Shankar
- Member/ Non-Executive Director

The report of the Remuneration Committee is given on page 63.

Related Party Transactions Review Committee

The Related Party Transactions Review Committee comprises of:

Mr. W.M.A.I Fernando
- Chairman/ Independent Non-Executive Director

Mr. U.H. Palihakkara
- Member/ Senior Independent Non-Executive Director

Mr. G. D. Seaton
- Member/ Executive Director

Mr. A.U.A.M. Athukorala
- Member/ Executive Director

Mr. K.G. Shankar
- Member/ Non-Executive Director

The Related Party Transactions Review Committee Report is given on pages 64-65.

Nominations and Governance Committee

The Nominations and Governance committee comprises:

Mr. W.M.A.I Fernando

- Chairman/ Independent Non-Executive Director

Mr. U.H. Palihakkara

- Member/ Senior Independent Non-Executive Director

Mr. K.G. Shankar

- Member/ Non-Executive Director

The Nominations and Governance Committee Report is given on pages 66.

Compliance with Related Parties

The Board of Directors affirm that the Company has complied with CSE listing Rule No. 9.14 pertaining to Related Party Transactions.

Stated Capital and Reserve

The Stated Capital of the Company as at 31st March 2024 was Rs. 482,300,200 and consists of 109,088,112 Ordinary Shares.

Share Holdings/Share Information

There were 2,411 registered shareholders as at 31st March 2024. An analysis of shareholders based on shares held, the distribution of ownership category, the list of the top twenty shareholders together with the last year's comparatives are available on page 121-122 and the Earnings Per Share of the Group for the year under review was Rs. 0.60 (Last year - Rs. 0.40). The Net assets per ordinary share of the Group for the year under review were Rs. 6.48 (Last year - Rs. 7.28).

Directors' Interest Register

The Company maintains the Directors' Interest Register conforming to the provisions of the Companies Act. The Directors of the Company have disclosed their interests in other companies to the Board and those interests are recorded in the Interest Register confirm with the provisions to the Companies Act.

The Shareholding of the Directors are as follows;

Name	31 st March 2024	31 st March 2023
Mr. G. D. Seaton	Nil	Nil
Mr. K. Gowri Shankar	Nil	Nil
Mr. A.U.A.M. Athukorala	Nil	Nil
Dr. T. Senthilverl	Nil	Nil
Seylan Bank PLC/ Dr. T.Senthilverl	Nil	Nil
Seylan Bank PLC/ Senthilverl Holdings (Pvt) Ltd	1,557,457	1,557,457
Sampath Bank PLC/Dr. T.Senthilverl	15,000,000	15,000,000
Mr. U. H. Palihakkara	Nil	Nil
Mr. A. I. Fernando	Nil	Nil

Review of the year - Group

Financial performance is given below.

Year Ended 31 st March	2023/2024 Rs.	2022/2023 Rs.
Revenue	221,656,786	200,234,291
Profit before taxation	81,534,704	81,276,067
Less: Income tax expense	(16,526,454)	(37,566,373)
Net profit for the year from continuing operations	65,008,250	43,709,694
Add / (less): Other comprehensive income	339,293	(42,416,434)
Total comprehensive income	65,347,543	1,293,260
Accumulated profit brought forward	154,290,664	105,585,239
Transferred from revaluation reserve to retained earnings	9,270,535	5,032,577
Dividend for the year	(152,723,358)	-
Accumulated profit carried forward	76,185,384	154,290,664

Property, Plant and Equipment

The total capital expenditure incurred by the Group during the year under review was Rs. 310,984/- (Last year Rs. 258,471/-) the details are available in Note 11.

Taxation

The Company has provided Rs. 10,036,622/- for income taxes (2023 - Rs. 19,646,338/-) and the Group has provided Rs. 16,526,454 /- (2023 - Rs. 37,566,373/). The details are available in Note 9 to the financial statements.

Statutory Payments

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

Corporate Governance

The Board of Directors has ensured that the Company have complied with the Listing Rules of the Colombo Stock Exchange and the Code of Best Practices on Corporate Governance issued by the Securities and Exchange Commission and the Institute of Chartered Accountants of Sri Lanka. The Board of Directors commitments in maintaining effective Corporate Governance practices are given in the Corporate Governance Report on Pages 17 to 44.

CSR Expenses and Donations

Donations made by the Group during the year amounted to Rs. 65,000/- (2023- Rs. 15,000/-).

Subsidiaries and its Directors

The Directors of Subsidiaries are given on page 08 of the Annual Report.

Events Occurring after the Reporting

No circumstances have arisen subsequent to the reporting period that requires adjustments to or disclosures in the Financial Statements.

Going Concern

The Directors are satisfied that the Company and its subsidiaries have adequate resources to continue in operational existence for the foreseeable future to justify adopting the "Going Concern Basis"

in the preparation of the Financial Statements.

Material Issues pertaining to Employees and Industrial Relations

There are no issues to be disclosed in this regard.

Annual Report

The Board of Directors approved the consolidated financial statements on 22nd August 2024. The appropriate number of copies of this report will be submitted to the Colombo Stock Exchange and to the Sri Lanka Accounting and Auditing Standards Monitory Board on or before 31st August 2024.

Annual General Meeting

The Twenty Third Annual General Meeting will be held at Park Premier Banquet Hall, Excel World, No. 338 T. B. Jayah Mawatha, Colombo 10 on 26th September 2024 at 11.30 a.m. The Notice of Meeting is given on page 126.

Contingent Liabilities

The details of contingent liabilities are given in Note 25 to the financial statements.

Accounting Policies

The Financial Statements for the year ended 31st March 2024 and comparatives have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRS/

LKAS) and in compliance with the Companies Act No. 07 of 2007.

Auditors

In accordance with Section 154 (1) of the Companies Act No. 07 of 2007 a resolution proposing the reappointment of Messrs. KPMG, Chartered Accountants as Auditors of the Company for the ensuing year will be proposed at the Annual General Meeting.

In terms of Section 155 (a) of the Companies Act No. 07 of 2007 a resolution authorizing the Directors to fix the remuneration of the Auditors Messrs. KPMG, Chartered Accountants for the ensuing year will be proposed at the Annual General Meeting.

The Audit Report is found in the Financial Report Section of the Annual Report. The involvements of Audit Committee with the work of the Auditors are set out in the Audit Committee Report.

The fees paid to Auditors are disclosed in Note 8 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 other than that of an Auditor. The Auditors also do not have any interest in the Company or any of its Group companies

For and on behalf of the Board


Menaka Athukorala
Executive Director
Colombo
22nd August 2024


Gowri Shankar
Director


S S P Corporate Services (Private) Limited
Secretaries

STATEMENT OF DIRECTORS' RESPONSIBILITIES

In accordance with the Companies Act No. 07 of 2007, the Directors are required to prepare Financial Statements which give a true and fair view of the state of affairs of the Company and the Group as at end of the financial year and the profit and cash flows of the Company and the Group for the financial year.

The accompanying financial statements have been prepared in conformity with the Sri Lanka Accounting Standards (SLFRS / LKAS) and provide the information required by the Companies Act No. 07 of 2007 and the Listing Rules of the Colombo Stock Exchange.

The Directors have selected appropriate Accounting Policies and Standards in preparing the financial statements of the Group and the Company. The Directors

have also taken reasonable steps to safeguard the assets of the Company and of the Group and to establish proper systems of internal control with a view to detecting and preventing any irregularities.

COMPLIANCE REPORT

The Directors confirm that to the best of their knowledge, all statutory payments relating to employees and the Government that were due in respect of the Company and its subsidiaries as at the reporting period have been paid or where relevant, provided for in the financial statements.

By order of the Board of
Lotus Hydro Power PLC



Menaka Athukorala

Executive Director

22nd August 2024

STATEMENT BY THE SENIOR INDEPENDENT DIRECTOR

To comply with Section 9.6.3 of the Colombo Stock Exchange Listing Rules, the Board of Directors has appointed me as the Senior Independent Director (SID) of the Company, effective 30th October 2023.

According to Section 9.6.3 of the Listing Rules and the 2023 Code of Best Practice on Corporate Governance by the Institute of Chartered Accountants of Sri Lanka, a Senior Independent Director (SID) must be appointed when the Chairman and CEO are the same person, or when the Chairman is not an Independent Director. At Lotus Hydro Power PLC, although the Chairman is not the CEO, he is not considered an Independent Director.

ROLE OF THE SENIOR INDEPENDENT DIRECTOR

- ◆ The Senior Independent Director (SID) offers guidance to the Chairman on matters pertaining to the governance of the Company.
- ◆ The role of the Senior Independent Director (SID) also underscores the importance of transparency in governance matters and necessitates a review of the Board's effectiveness.
- ◆ The Senior Independent Director (SID) is available to any Director or employee for confidential discussions regarding the Company's affairs, as needed.

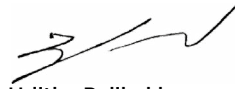
ACTIVITIES DURING THE YEAR

- ◆ In accordance with regulatory requirements, I chaired the following meetings and exercised my voting rights as necessary.
- ◆ Meeting was conducted with the Non-Executive Directors without presence of the Executive Directors. During this meeting, the performance of the Chairman was evaluated.
- ◆ A separate meeting was held exclusively with the Independent Directors to discuss matters concerning the Company and the operation of the Board.

- ◆ The outcomes of these meetings, along with recommendations, were duly communicated to the Chairman and the Board. The Company adheres strictly to mandatory requirements while also embracing voluntary compliance to enhance stakeholder acceptance and positively impact value creation.

COMPLIANCE REPORT

As the Senior Independent Director, I believe that I have diligently fulfilled the obligations entrusted to me in accordance with the Corporate Governance Guidelines.



Uditha Palihakkara
Senior Independent Director
22nd August 2024

RESPONSIBILITY STATEMENT OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

COMPLIANCE WITH LAWS AND REGULATIONS

The Financial Statements of Lotus Hydro Power PLC and the Consolidated Financial Statements of the Company and its subsidiaries for the year ended 31st March 2024 are drafted and presented in compliance with the requirements of the following:

- ◆ Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka (SLFRS/ LKAS),
- ◆ The Companies Act No. 07 of 2007,
- ◆ Listing Rules of the Colombo Stock Exchange,
- ◆ Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995,
- ◆ Code of Best Practice on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka.

FINANCIAL REPORTING

The key Accounting Policies used in preparing the consolidated Financial Statements are appropriate and consistently applied, except as noted. These policies and estimates, involving significant judgment, were reviewed with the Audit Committee and External Auditors. No deviations from the prescribed Accounting Standards were made. Comparative information was reclassified as needed for current presentation. The Board and management accept responsibility for the integrity and objectivity of these Financial Statements. Estimates

and judgments were made prudently to ensure a true and fair view. We confirm the Financial Statements, key Accounting Policies, and other financial information in this Annual Report fairly present the financial position, results, and Cash Flows of the Group. The Group has adequate resources to continue operating, applying the Going Concern basis in preparing these Financial Statements

SYSTEM OF INTERNAL CONTROLS

The Company has implemented a robust system of internal control and accounting records to safeguard assets and prevent fraud and irregularities, which are continuously reviewed and updated. We evaluated the Group's internal controls and procedures for the financial period under review and confirm there were no significant deficiencies or material weaknesses. However, inherent limitations exist in any system of internal control and accounting.

REPORT OF INDEPENDENT AUDITORS

The Financial Statements were audited by KPMG, Chartered Accountants, Independent Auditors, and their report is given on pages 67 to 69.

AUDIT COMMITTEE

The Audit Committee pre-approves KPMG's audit services and meets regularly with both the Internal and the Independent Auditors to review their performance and

discuss auditing, internal control, and financial reporting issues. To ensure independence, Auditors have unrestricted access to the Audit Committee for any substantial matters. The Audit Committee Report is on pages 61-62.

CONCLUSION

We confirm that to the best of our knowledge:

- ◆ The Group has complied with all applicable laws, regulations, and guidelines, with no material litigation.
- ◆ The system of internal control is effective.
- ◆ The Financial Statements accurately reflect the Company's situation and transactions, and the Going Concern basis was applied.
- ◆ All taxes, duties, levies, and statutory payments due by the Group, including those for employees, as of 31st March 2024, have been paid or provided for.



Menaka Athukorala
(Chief Executive Officer)



D.P. Lokugalappathi
(Chief Financial Officer)
22nd August 2024

AUDIT COMMITTEE REPORT

The Audit Committee comprises of;

Mr. Indrajith Fernando - Chairman / Independent Non-Executive Director

Mr. Uditha Palihakkara - Member/ Senior Independent Non-Executive Director

Mr. Gowri Shankar - Member/ Non-Executive Director

Mr. Indrajith Fernando, the Chairman of the Committee is a Fellow member of the ICASL and CIMA (UK) and also a Fellow member of CMA Sri Lanka.

The Chief Financial Officer / Executive Director attend the Audit Committee Meetings by invitation of its members. The Secretary of S S P Corporate Services (Pvt) Ltd functions as the secretary to the Audit Committee.

The proceedings of the Audit Committee are regularly reported to the Board of Directors.

MEETINGS

There have been four Audit Committee meetings for the year under review.

Details of the participation of the members of the Audit Committee at such meetings is set out below:

Name		Attendance
Mr. Indrajith Fernando	Chairman / Independent Non-Executive Director	4/4
Mr. Uditha Palihakkara	Member/ Senior Independent Non-Executive Director	4/4
Mr. Gowri Shankar	Member/ Non-Executive Director	4/4
By Invitation		
Mr. Menaka Athukorala	Executive Director	4/4
Mrs. D.P. Lokugalappaththi	Chief Financial Officer	4/4

FINANCIAL REPORTING, CORPORATE GOVERNANCE AND CONTROLS

Main function of the Audit Committee is to discuss the Company's Financial Statements prior to publication, with relevant officials of the Company including the extent of compliance with the Sri Lankan Accounting Standards (SLFRS & LKAS) and adequacy of the disclosures required by other applicable laws.

The Committee also reviews the status of the independence and performance of External Auditors. The Audit Committee also discussed current and future operations of the Company and put forward the recommendations to the Board about the risk and controls needed to ensure smooth functioning of the company activities.

INTERNAL CONTROLS

The Committee was regularly updated on the group's compliance with the statutory laws and requirements. In line with the Code of Best Practices, during the year Sarukkali Associates Chartered Accountants continued as the Internal Auditors. The firm independently and objectively evaluating systems and operations, assists the Company to accomplish its objectives through the effectiveness of risk management, control, and governance processes

AUDIT AND AUDITOR'S INDEPENDENCE

The Audit Committee assessed the independence and performance of the Company's external auditors and made recommendations to the Board pertaining to appointment/ re-appointment. The Audit Committee also reviewed the audit fees for the Company and approved the remuneration and terms of engagement of the external auditors and made recommendations to the Board. Upon review, the Audit Committee reviewed and determined that no non-audit services have been provided by the external auditors to the

Company and thereby ensured that their independence as Auditors has not been impaired. The Audit Committee obtains an 'Auditor's Statement' from Messrs. KPMG confirming independence as required by Section 163 (3) of the Companies Act No.07 of 2007 on the audit of the statement of financial position and the related statements of profit or loss and other comprehensive income, changes in equity, and cash flows of the Company and the Lotus Group. The Audit Committee has recommended to the Board that Messrs KPMG, Chartered Accountants, be continued as external auditors of the Company for the financial year ending 31st March 2025.

KPMG acted as the External Auditors for the period under review. The Audit Committee is satisfied with the status of the independence and performance of the External Auditors.

CONCLUSION

Based on its work, the Audit Committee is of the opinion that the control procedures and environment within the Group provide reasonable assurance regarding monitoring of operations, accuracy of financial statements and safeguarding assets of the Group.



Indrajith Fernando

Chairman - Audit Committee

22nd August 2024

REMUNERATION COMMITTEE REPORT

The Remuneration Committee comprises of,

Mr. Indrajith Fernando

- Chairman / Independent Non-Executive Director

Mr. Uditha Palihakkara

- Member / Senior Independent Non-Executive Director

Mr. Gowri Shankar

- Member / Non-Executive Director

The secretary of S S P Corporate Services (Pvt) Ltd functions as the secretary to the Remuneration Committee. The Remuneration Committee recommends and forwards for the approval of the Board of Directors the Remuneration Packages, bonuses and annual increments of Executive Directors and senior management as per the remuneration policy of the Company/ Group.

COMMITTEE MEETINGS

The Remuneration Committee meets as and when required and interacts with Board members to keep them informed of the decisions of the committee.

Details of the participation of the members of the Remuneration Committee at such meetings is set out below:

Name	Attendance
Mr. Indrajith Fernando	1/1
Mr. Uditha Palihakkara	1/1
Mr. Gowri Shankar	1/1
By Invitation	
Mr. Menaka Athukorala	1/1
Ms. Disna Lokugalappathhti	1/1

The Committee held one meeting during the period under review. The minutes of meetings of the Remuneration Committee are circulated to all members of the Board.

ROLE OF THE COMMITTEE

Determine and recommend to the Board, the Company's remuneration philosophy and its principles ensuring that these are in line with the business strategy, objectives, values and long-term interests of the Company. Make recommendations to the Board on the Company's framework of executive remuneration and its cost, and determine on behalf of the Board specific remuneration packages and conditions of employment (including compensation entitlements) for Executive Directors.

Make recommendations to the Board and monitor the level and structure of remuneration for Senior Management.

Make recommendations to the Board regarding the content of the Board's Annual Report to shareholders on Directors' Remuneration (including the Company's policy on Executive Director's remuneration, details of individual remuneration and other terms and conditions).

ADVICE

The Committee is authorised by the Board to seek appropriate professional advice inside and outside the Company as and when it necessary.

REMUNERATION TO DIRECTORS

The Remuneration paid to Directors during the year under review is indicated in Note 8 to the Financial Statements.

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

The Committee studies and recommends the remuneration and perquisites applicable to the Executive Directors of the Company and makes appropriate recommendations to the Board of Directors of the Company for approval. The Committee also carries out periodic reviews to ensure that the remunerations are in line with market conditions. The Group remuneration policy was reviewed by the Committee and it remained unchanged during the year under review. Further, no Director was involved in deciding his/her own remuneration.

The Company does not have an Employee Share Ownership Plan for Directors and Key Management Personnel (KMPs).

The Company's remuneration policy is based on the following principles.

- ◆ To deliver improved shareholder value by ensuring that individual performance and rewards reflect and reinforce the business objectives of the Company.
- ◆ To support the recruitment, motivation and retention of highly qualified Senior Executives.
- ◆ To ensure that performance is the key factor in determining individual rewards.

CONCLUSION

The annual evaluation of the Committee was carried out by the Board during the year and it was concluded that the Committee continues to operate effectively.



Indrajith Fernando

Chairman - Remuneration Committee
22nd August 2024

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

The Related Party Transactions Review Committee comprises of a combination of Non-Executive Directors, Executive Directors and Independent Non-Executive Directors. One Independent Non-Executive Director was appointed as Chairman of the Committee.

The members are;

Mr. Indrajith Fernando

- Chairman/Independent Non-Executive Director

Mr. Uditha Paliakkara

- Member/Senior Independent Non-Executive Director

Mr. Gowri Shankar

- Member/Non-Executive Director

Mr. Gary Seaton

- Member / Executive Director

Mr. Menaka Athukorala

- Member / Executive Director

The Chief Financial Officer attends meetings by invitation and the Secretary of S S P Corporate Services (Pvt) Ltd functions as the secretary to the Related Party Transactions Review Committee.

ROLE OF THE COMMITTEE

The role of the Committee is to review in advance all proposed Related Party Transactions (other than those exempted by the Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka) of the Company as per the terms given in the Listing Rules.

The committee ensures that the interests of shareholders as a

whole are taken into account by the Company when entering into Related Party Transactions, so that it provides certain safeguards to prevent Directors, Chief Executives or Substantial Shareholders taking advantage of their positions.

COMMITTEE MEETINGS

Details of the participation of the members of the Related Party Transactions Review Committee at the meetings are set out below:

Name	Attendance
Mr. Indrajith Fernando	4/4
Mr. Uditha Paliakkara	4/4
Mr. Gowri Shankar	4/4
Mr. Gary Seaton	0/4
Mr. Menaka Athukorala	4/4

The Committee held four meetings during the period under review. The minutes of meetings of the Related Party Committee are circulated to all members of the Board.

The role of the Committee further includes;

- ◆ Formulating and recommending a policy for adoption on related party transactions for the Company which is consistent with the Operating Model of the Company and the Listing Rules.
- ◆ Reviewing in advance all proposed Related Party Transactions of the Company except those explicitly exempted (if the transaction is expressed to be conditional on such review, prior to the completion of the transaction to be reviewed).
- ◆ Determine whether Related Party Transactions that are to be entered into by the Company require the approval of the Board or Shareholders of the Company;
- ◆ To establish separate guide lines to follow Recurrent Related Party Transactions of the Company.
- ◆ Ensure that no Director of the Company shall participate in any discussion of a proposed Related Party Transaction for which he or she is a related party, unless such a Director is requested to do so by the Committee for the express purpose of providing information concerning the Related Party Transaction to the Committee.
- ◆ If there is any potential conflict in any Related Party Transaction, the Committee recommends the creation of a special committee to review and approve the proposed Related Party Transaction.
- ◆ Ensure that immediate market disclosures and disclosures in the Annual Report as required by the applicable rules/regulations are made in a timely and detailed manner.

The Committee in discharging its function ensures:

- ◆ that there is compliance with the Listing Rules of CSE;
- ◆ that shareholder interests are protected; and
- ◆ that fairness and transparency are maintained

COMMITTEE MEETINGS

The Committee has meets at least quarterly and as and when necessity arises. The minutes of all meetings are properly documented and communicated to the Board of Directors.

PROCEDURES ARE ALSO IN PLACE FOR THE RELATED PARTY TRANSACTION COMMITTEE TO OBTAIN

1. Quarterly declarations of Related Party Transactions from Directors and Senior Management of all Group companies on recurrent and non-recurrent transactions undertaken by them or by their close family members.
2. Quarterly declarations of Directors & Senior Management of all Group companies who have a significant shareholding/ownership in a company.

Procedures are also in place for the assessment of the need to obtain shareholder approval for specified transactions and to inform the SEC/ CSE on the applicable non-recurrent transactions.

Conclusion of the report

Based on its work, the Related Party Transactions Review Committee confirms that there were no non-recurrent transactions with related parties during the year that warranted prior shareholder approval. It is also noted that in respect of recurrent

transactions, the transactions were in the ordinary course of business, there were no changes to terms or practices over the previous year and there general terms and the conditions applicable to such transactions with related parties are similar to those entered into with non-related parties taking into account, if any, factors such as volume, cost and any other special benefits which form part and parcel of such transactions. The observations of the Committee have been communicated to the Board of Directors.

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.



Indrajith Fernando

Chairman - Related Party Transactions Review Committee

22nd August 2024

NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

The Company established the Nominations and Governance Committee on 02nd August 2024 as a Board Sub-Committee to conform with the requirements set out in Rule 9.11 of the Listing Rules of the Colombo Stock Exchange. The Nominations and Governance Committee consists of a combination of Non-Executive Director and Independent Non-Executive Directors. One Independent Non-Executive Director was appointed as Chairman of the Committee.

The members are;

Mr. Indrajith Fernando

- Chairman / Independent Non-Executive Director

Mr. Uditha Paliakkara

- Member/ Senior Independent Non-Executive Director

Mr. Gowri Shankar

- Member/ Non-Executive Director

The Secretary of S S P Corporate Services (Pvt) Ltd functions as the secretary to the Nominations and Governance Committee.

OBJECTIVE

This committee was formed to ensure that the Company complies with the requirements of the Code of Best Practice on Corporate Governance and the Listing Rules issued by the Colombo Stock Exchange with effect from 01st October 2024.

COMMITTEE MEETINGS

No meeting was held during the Financial Year under review.

ROLE OF THE COMMITTEE

- ◆ Evaluate the appointment of the Directors.
- ◆ Consider and recommend (or not recommend) the re-appointment / reelection of current Directors.
- ◆ Establish and maintain formal and transparent procedures to evaluate, select and appoint/ re-appoint Directors.
- ◆ Evaluation of the performance of the Board, Sub committees, Individual directors, and the Managing Director.
- ◆ Develop succession plan for the Board of Directors and the Key Management Personnel of the Entity.

- ◆ Review the structure, size and composition of the Board and Board Committees regarding effective discharge of duties and responsibilities.
- ◆ Review and recommend the overall corporate governance framework and periodically update and review it.

DECLARATION

The Committee will continuously focus to comply with the Rule 9.11 of the listing rules of the Colombo Stock Exchange and the Code of Best Practices on Corporate Governance.



Indrajith Fernando

Chairman - Nominations and Governance Committee

22nd August 2024

INDEPENDENT AUDITOR’S REPORT



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

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To the Shareholders of Lotus Hydro Power PLC
Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Lotus Hydro 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 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information as set at on pages 70 to 119 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 of 31st March 2024, 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of investments in subsidiaries - Company	
Refer Note 3.2.1 and Note 14 to the financial statements	
The Key Audit Matter	Our Response
<p>As at 31st March 2024 the carrying amount of the Company’s investment in subsidiaries amounted to Rs. 281,997,662/-.</p> <p>The Company is required to perform impairment assessment of its investments in subsidiaries whenever there is an indication that the investments may be impaired. Accordingly, the Company performed an impairment assessment on the cash generating units (“CGUs”) relating to the subsidiaries which had an indication of impairment. The Company estimated the recoverable amounts of the CGUs based on its value in use (“VIU”). Estimating the VIU involves discounting the estimated future cash inflows and outflows expected to be derived from the CGUs to its present value using an appropriate discount rate. When determining the cash inflows and outflows the Company had to also estimate long term growth rates as well as the plant factor.</p> <p>We identified this as an area of audit focus as the VIU determined using discounted cash flows is complex and involves significant management judgement and estimates which could be subject to management bias.</p>	<p><i>Our audit procedures included:</i></p> <ul style="list-style-type: none"> Assessing the cash flow forecast prepared by the management against our own expectations based on our knowledge of the Company and experience of the industry in which it operates. Testing the mathematical accuracy of, and the input data used in, the underlying calculations in the Company’s discounted cash flow valuation models. With the assistance of our own internal business valuation specialists, challenging the reasonableness of the key assumptions such as long-term growth rates, plant factors and discount rates. Assessing the adequacy of the disclosures in the financial statements, including the description and appropriateness of the inherently subjective and key assumptions used.

KPMG, a Sri Lankan partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

C. P. Jayatilake FCA
 Ms. S. Joseph FCA
 R.M.D.B. Rajapakse FCA
 M.N.M. Shameel FCA
 Ms. P.M.K. Sumanasekara FCA

T. J. S. Rajakarier FCA
 W. K. D. C. Abeyrathne FCA
 Ms. B.K.D.T.N. Rodrigo FCA
 Ms. C.T.K.N. Perera ACA
 R.W.M.O.W.D.B. Rathnadiwakara FCA

W. W. J. C. Perera FCA
 G. A. U. Karunaratne FCA
 R. H. Rajan FCA
 A.M.R.P. Alahakoon ACA



Impairment of property, plant and equipment – Group	
Refer Note 3.9 and Note 11 to the financial statements.	
The Key Audit Matter	Our Response
<p>The Group includes civil construction at the power plant amounting to cost Rs. 187,421,448/- as at 31st March 2024 relating to of Thebuwana Hydro Power (Private) Limited, a subsidiary of the Group.</p> <p>Based on indications of impairment, the civil construction at the power plant of Thebuwana Hydro Power (Private) Limited was tested for impairment by the management by computing the “value in use”.</p> <p>Estimating the VIU involves discounting the estimated future cash inflows and outflows expected to be derived from the CGUs to its present value using an appropriate discount rate. When determining the cash inflows and outflows the Company had to also estimate long term growth rates as well as the plant factor.</p> <p>We identified this as an area of audit focus as the VIU determined using discounted cash flows is complex and involves significant management judgement and estimates which could be subject to management bias.</p>	<p><i>Our audit procedures included;</i></p> <ul style="list-style-type: none"> • Assessing the cash flow forecast prepared by the management against our own expectations based on our knowledge of the Group and experience of the industry in which it operates. • Testing the mathematical accuracy of, and the input data used in, the underlying calculations in the Group’s discounted cash flow valuation models. • With the assistance of our own internal business valuation specialists, challenging the reasonableness of the key assumptions such as long-term growth rates, plant factors and discount rates. • Assessing the adequacy of the disclosures in the financial statements, including the description and appropriateness of the inherently subjective and key assumptions used.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor’s report thereon.

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

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

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

Management is responsible for the preparation of financial

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

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion.



Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements, or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained 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 of the financial statements.

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 3707.

CHARTERED ACCOUNTANTS
Colombo, Sri Lanka
22nd August 2024

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(all amounts in Sri Lankan Rupees)

For the year ended 31 st March,	Note	Group		Company	
		2024	2023	2024	2023
Revenue	5	221,656,786	200,234,291	127,550,502	119,865,394
Cost of electricity generated		(111,440,074)	(96,272,835)	(56,776,331)	(48,268,120)
Gross profit		110,216,712	103,961,456	70,774,171	71,597,274
Other income	6	6,833,175	3,911,751	6,833,175	21,911,751
Administrative expenses		(51,059,608)	(45,740,364)	(48,995,789)	(43,829,916)
Profit from operating activities		65,990,279	62,132,843	28,611,557	49,679,109
Finance income		16,737,138	20,512,483	16,737,138	20,511,028
Finance costs		(1,192,713)	(1,369,259)	(189,759)	(178,379)
Net finance income	7	15,544,425	19,143,224	16,547,379	20,332,649
Profit before tax	8	81,534,704	81,276,067	45,158,936	70,011,758
Income tax expense	9	(16,526,454)	(37,566,373)	(10,036,622)	(19,646,338)
Profit for the year		65,008,250	43,709,694	35,122,314	50,365,420
Other comprehensive income					
Items that will never be reclassified to profit or loss					
Actuarial gain / (loss) on retirement benefit obligations	22	434,281	(64,970)	81,317	(151,307)
Deferred tax on actuarial gain / (loss) on retirement benefit obligations	21.3	(94,988)	28,124	(24,395)	45,392
Deferred tax implication on other comprehensive income due to changes in revaluation / rate differential	21.3	-	(42,379,588)	-	(42,379,588)
Other comprehensive income for the year, net of tax		339,293	(42,416,434)	56,922	(42,485,503)
Total comprehensive income for the year		65,347,543	1,293,260	35,179,236	7,879,917
Profit attributable to :					
Equity Holders of the Company		65,008,250	43,709,694	35,122,314	50,365,420
Non - controlling interests		-	-	-	-
Profit for the year		65,008,250	43,709,694	35,122,314	50,365,420
Total Comprehensive income attributable to :					
Equity Holders of the Company		65,347,543	1,293,260	35,179,236	7,879,917
Non - controlling interests		-	-	-	-
Total other comprehensive income for the year		65,347,543	1,293,260	35,179,236	7,879,917
Earnings per share	10	0.60	0.40	0.32	0.46

Figures in brackets indicate deductions.

The notes on pages 75 to 119 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

(all amounts in Sri Lankan Rupees)

As at 31 st March,	Note	Group		Company	
		2024	2023	2024	2023
ASSETS					
Non-current assets					
Property, plant and equipment	11	543,080,260	585,475,784	282,515,771	300,953,838
Right of use assets	12	18,155,477	13,184,959	11,490,923	6,203,051
Capital work-in-progress	13	9,368,488	9,368,488	-	-
Investments in subsidiaries	14	-	-	281,997,662	281,997,662
Total non-current assets		570,604,225	608,029,231	576,004,356	589,154,551
Current assets					
Inventories	15	22,115,105	7,499,846	20,072,338	5,457,079
Trade and other receivables	16	32,724,247	224,877,409	13,470,548	138,453,982
Amounts due from related parties	17	69,328,189	113,261,723	74,042,467	170,003,318
Cash and cash equivalents	18	185,006,246	15,100,493	112,601,228	14,988,650
Total current assets		309,173,787	360,739,471	220,186,581	328,903,029
Total assets		879,778,012	968,768,702	796,190,937	918,057,580
EQUITY AND LIABILITIES					
Equity					
Stated capital	19	482,300,200	482,300,200	482,300,200	482,300,200
Revaluation reserve	20.1	148,328,557	157,599,092	148,328,557	157,599,092
Other reserves	20.2	101,802	101,802	101,802	101,802
Retained earnings		76,185,384	154,290,664	55,693,852	163,967,439
Total equity attributable to the equity holders of the parent		706,915,943	794,291,758	686,424,411	803,968,533
Non-current liabilities					
Deferred tax liabilities	21	126,932,589	133,780,481	82,300,661	87,908,692
Lease liability	12.2	7,737,507	7,825,457	-	-
Retirement benefit obligations	22	10,114,335	8,638,346	7,344,790	6,298,465
Total non-current liabilities		144,784,431	150,244,284	89,645,451	94,207,157
Current liabilities					
Other payables	23	8,927,481	6,397,188	6,416,367	3,972,769
Amount due to related parties	24	113,474	147,898	113,474	147,898
Lease liability	12.2	993,561	1,201,323	905,612	1,123,278
Income tax payable		17,729,251	16,326,066	12,371,751	14,477,760
Bank overdraft	18	313,871	160,185	313,871	160,185
Total current liabilities		28,077,638	24,232,660	20,121,075	19,881,890
Total liabilities		172,862,069	174,476,944	109,766,526	114,089,047
Total equity and liabilities		879,778,012	968,768,702	796,190,937	918,057,580
Net assets per ordinary share (Rs.)		6.48	7.28	6.29	7.37

Figures in brackets indicate deductions.

The notes on pages 75 to 119 form an integral part of these financial statements

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

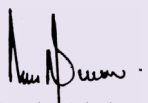


D.P. Lokugapaththi
(Chief Financial Officer)

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

Approved and signed for and on behalf of the Board of Directors of Lotus Hydro Power PLC.

For and on behalf of the Board ;



Menaka Athukorala
(Director)
Colombo
22nd August 2024



Gowri Shankar
(Director)

STATEMENT OF CHANGES IN EQUITY-GROUP

(all amounts in Sri Lankan Rupees)

	Stated capital	Revaluation reserve	Other reserves	Retained earnings	Total equity
Balance as at 01 st April, 2022	482,300,200	205,011,257	101,802	105,585,239	792,998,498
Total comprehensive income for the year					
- Profit for the year	-	-	-	43,709,694	43,709,694
- Other comprehensive income	-	(42,379,588)	-	(36,846)	(42,416,434)
	-	(42,379,588)	-	43,672,848	1,293,260
Depreciation transfer on revalued assets	-	(5,032,577)	-	5,032,577	-
Balance as at 31st March 2023	482,300,200	157,599,092	101,802	154,290,664	794,291,758
Total comprehensive income for the year					
- Profit for the year	-	-	-	65,008,250	65,008,250
- Other comprehensive income	-	-	-	339,293	339,293
	-	-	-	65,347,543	65,347,543
Dividends	-	-	-	(152,723,358)	(152,723,358)
Depreciation transfer on revalued assets	-	(9,270,535)	-	9,270,535	-
Balance as at 31st March 2024	482,300,200	148,328,557	101,802	76,185,384	706,915,943

	Group		Company	
	2024	2023	2024	2023
Dividend paid	152,723,358	-	152,723,358	-
Weighted average number of ordinary shares in issue (Nos.)	109,088,112	109,088,112	109,088,112	109,088,112
Dividend per share	1.40	-	1.40	-

Figures in brackets indicate deductions.

The notes on pages 75 to 119 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY - COMPANY

(all amounts in Sri Lankan Rupees)

	Stated capital	Revaluation reserve	Other reserves	Retained earnings	Total equity
Balance as at 01 st April, 2022	482,300,200	205,011,257	101,802	108,675,357	796,088,616
Total comprehensive income for the year					
- Profit for the year	-	-	-	50,365,420	50,365,420
- Other comprehensive income	-	(42,379,588)	-	(105,915)	(42,485,503)
	-	(42,379,588)	-	50,259,505	7,879,917
Depreciation transfer on revalued assets	-	(5,032,577)	-	5,032,577	-
Balance as at 31st March 2023	482,300,200	157,599,092	101,802	163,967,439	803,968,533
Total comprehensive income for the year					
- Profit for the year	-	-	-	35,122,314	35,122,314
- Other comprehensive income	-	-	-	56,922	56,922
	-	-	-	35,179,236	35,179,236
Dividends	-	-	-	(152,723,358)	(152,723,358)
Depreciation transfer on revalued assets	-	(9,270,535)	-	9,270,535	-
Balance as at 31st March 2024	482,300,200	148,328,557	101,802	55,693,852	686,424,411

Figures in brackets indicate deductions.

The notes on pages 75 to 119 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

(all amounts in Sri Lankan Rupees)

For the year ended 31 st March,	Note	Group		Company	
		2024	2023	2024	2023
Cash flows from operating activities					
Profit before taxation		81,534,704	81,276,067	45,158,936	70,011,758
Adjustments for:					
Depreciation of property, plant and equipment	11	42,706,508	43,351,818	18,643,281	19,288,497
Amortisation of prepaid lease rentals / right of use assets	12	3,429,482	2,589,488	3,112,128	2,272,128
Certified Emission Reduction (CER) write-off / addition	6	(14,615,259)	(312,406)	(14,615,259)	(312,406)
Provision for retirement benefit obligations	22.2	2,618,020	1,929,994	1,835,392	1,314,397
Interest income	7	(16,737,138)	(20,467,332)	(16,737,138)	(20,465,877)
Interest expense	7	1,130,848	1,369,259	127,894	178,379
Operating cash flows before working capital changes		100,067,165	109,736,888	37,525,234	72,286,876
Decrease in inventories		-	286,712	-	-
Decrease / (increase) in trade and other receivables		192,153,162	(60,181,019)	124,983,434	(25,551,802)
Increase in amount due from related parties		(55,567,885)	(272,838,837)	(3,540,568)	(251,067,325)
Increase / (decrease) in amount due to related parties		(34,424)	75,221	(34,424)	75,221
Increase / (decrease) in other payables		2,530,293	818,767	2,443,598	(351,977)
		139,081,146	(331,839,156)	123,852,040	(276,895,883)
Cash generated from operating activities		239,148,311	(222,102,268)	161,377,274	(204,609,007)
Interest expense paid		-	(179,137)	-	-
Income tax paid		(22,066,149)	(11,320,679)	(17,775,057)	(7,645,521)
Retiring gratuity paid	22.1	(707,750)	(164,550)	(707,750)	-
Net cash flow from operating activities		216,374,412	(233,766,634)	142,894,467	(212,254,528)
Cash flow from investing activities					
Acquisition of property, plant and equipment	11	(310,984)	(258,471)	(205,214)	(258,471)
Interest income received		13,941,272	7,922,705	13,941,272	7,921,250
Funds transferred to / from related companies		102,297,285	186,064,945	102,297,285	161,209,786
Net cash from investing activities		115,927,573	193,729,179	116,033,343	168,872,565
Cash flow from financing activities					
Repayment long-term borrowings		-	(2,420,000)	-	-
Payment of lease rental	12.2	(9,826,560)	(2,823,278)	(8,745,560)	(1,742,278)
Dividend paid		(152,723,358)	-	(152,723,358)	-
Net cash used in financing activities		(162,549,918)	(5,243,278)	(161,468,918)	(1,742,278)
Net increase in cash and cash equivalents		169,752,067	(45,280,733)	97,458,892	(45,124,241)
Cash and cash equivalents at the beginning of the year		14,940,308	60,221,041	14,828,465	59,952,706
Cash and cash equivalents at the end of the year	18	184,692,375	14,940,308	112,287,357	14,828,465

Figures in brackets indicate deductions.

The notes on pages 75 to 119 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(all amounts are in Sri Lankan Rupees unless otherwise stated)

1. CORPORATE INFORMATION

1.1 Domicile and legal form of reporting entity

Lotus Hydro Power PLC is a BOI approved quoted public company incorporated and domiciled in Sri Lanka; under the Companies Act No. 07 of 2007 and listed in the Colombo Stock Exchange. The registered office of the Company is located at 2nd Floor, No. 168, Negombo Road, Peliyagoda.

The financial statements of Lotus Hydro Power PLC for the year ended 31st March 2024 include the financial statements of the Company and its fully owned subsidiaries (together referred to as the "Group"). Companies in the Group are limited liability companies incorporated and domiciled in Sri Lanka and their financial statements are prepared for a common financial year, April to March.

1.2 Principal activities and nature of operations

The Company and subsidiaries were established for building, owning, operating and maintaining power generation facilities at Sanquhar, Delta, Stellenberg, Thebuwana in Pussellawa Plantations Limited (PPL).

1.3 Date of authorisation for issue

The financial statements of Lotus Hydro Power PLC., for the year ended 31st March, 2024 were authorised for issue on 22nd August 2024 in accordance with a resolution of the Board of Directors.

1.4 Name of immediate and ultimate parent entity

In the opinion of the directors, the Company's immediate parent and

ultimate parent entities as at 31st March 2024 was Lotus Renewable Energy (Pvt) Ltd and Lotus Renewable Energy (Singapore) Pte Ltd respectively.

1.5 Consolidated financial statements

The Consolidated Financial Statements of Lotus Hydro Power PLC as at and for the year ended 31st March 2024 comprise the Company and its Subsidiaries namely Stellenberg Hydro Power (Pvt) Ltd, Thebuwana Hydro Power (Pvt) Ltd and Halgranoya Hydro Power (Pvt) Ltd.

1.6 Number of employees

The number of employees of the Group at the end of the year 31st March 2024 was 53 (2023 - 52) and Company 25 (2024 - 25).

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements which comprise the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the Statement of Cash Flows, together with the accounting policies and notes ("financial statements") have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS / LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and in compliance with the requirement of the Companies Act No. 07 of 2007.

2.2 Basis of measurement

These financial statements have been prepared under historical cost conversion except for Companies civil construction at power plant, electrical equipment at power plant and penstock pipeline measured at fair value and retirement benefit obligation measured at the present value of the defined benefit obligation.

The financial statements are presented in Sri Lankan Rupees, and all values are rounded to nearest rupee. Where appropriate, specific policies are explained in the succeeding notes. No adjustments have been made for

inflationary factors in the Consolidated Financial Statements.

2.3 Functional and presentation currency

Items included in the financial statement are measured using the currency of the primary economic environment in which the Group operates (the functional currency). These financial statements are presented in Sri Lankan rupees, the Group's functional and presentation currency. There was no change in the Group's presentation and functional currency during the year under review.

NOTES TO THE FINANCIAL STATEMENTS

(all amounts are in Sri Lankan Rupees unless otherwise stated)

2.3.1 Rounding

The amounts in the Financial Statements have been rounded-off to the nearest rupees, except where otherwise indicated as permitted by the Sri Lanka Accounting Standard – LKAS 1 on “Presentation of Financial Statements” (LKAS 1).

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with Sri Lanka Accounting Standards (LKAS/SLFRS) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results form the basis of making the judgements about the carrying amount of assets and liabilities that are not readily apparent from other sources.

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

Information about critical judgments and estimates in applying accounting policies that have the most significant effect on the amounts recognised in the Group’s financial statements are included in the following notes;

2.4.1 Inventory valuation

Certified Emission Reduction Units (CER) as at the reporting date have been valued at their estimated net realizable value and disclosed in the financial statements as certified emission reduction units. (Note 15)

CER represent units of greenhouse gas reduction that has been generated and certified by the United Nations under the Cleaned Development Mechanism (CDM) provision of the Kyoto Protocol. These CERs can be traded and are used by industrialised countries to meet part of their emission reduction targets.

According to the advice given by Sri Lanka Accounting and Auditing Standards Monitoring Board (SLAASMB), CER units have been recognised as an asset and disclosed under inventories. These inventories have been measured at Net Realizable Value (NRV) and any changes in value as at the reporting date is recognised in the statement of profit or loss.

2.4.2 Useful lives and residual values appropriate for property, plant and equipment

The Group tests annually whether, the useful life and residual value estimates were appropriate and in accordance with its accounting policy. Useful lives and residual values of property, plant and equipment have been determined by professional valuers. (Note 11.3).

2.4.3 Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less

costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions on an arm’s length basis of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation considers cash flow projections based on financial budgets approved by the Management. The key assumptions used include the growth rate and discount rate applicable. (Note 14).

2.4.4 Retirement Benefit Obligations

The Group annually measures the present value of the promised retirement benefits for gratuity, which is a Defined Benefit Plan. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. This involves making assumptions on discount rates, future salary increases and mortality rates. All assumptions are reviewed at each reporting date. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. (Note 22).

2.4.5 Valuation of property plant and equipment

NOTES TO THE FINANCIAL STATEMENTS

(all amounts are in Sri Lankan Rupees unless otherwise stated)

2.5 Comparative information

The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year except for Note 3.1. The previous year's figures and phrases have been re-arranged wherever necessary to conform to the current year's presentation/classification.

In addition, the Group presents an additional statement of financial position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements.

2.6 Materiality and aggregation

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

2.7 Offsetting

Assets and liabilities, and income and expenses, are not offset unless required or permitted by SLFRSs.

2.8 Going concern

The Directors have made an assessment of the Group's ability to continue as a going concern in the foreseeable future and they do not intend either to liquidate or to cease trading. Therefore, the Going Concern basis is used in the preparation of Financial Statements.

2.9 Directors' responsibilities for the financial statements

The Board of Directors are responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting and Auditing Standards Act, No 15 of 1995 and as per the provisions of the Companies Act No. 07 of 2007. Those responsibilities include, designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

3. MATERIAL ACCOUNTING POLICIES

The Group has consistently applied the following significant accounting policies to all periods presented in the Financial Statements by the Group, except as mentioned otherwise.

3.1 Changes in Material Accounting Policies

The Group also adopted Disclosure of Accounting Policies (Amendments to LKAS 1 and SLFRS Practice Statement 2) from 1 April 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the Financial Statements. The amendments require the disclosure of 'material', rather than 'significant',

accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the Financial Statements. Management reviewed the accounting policies and made updates to the information disclosed in Note 3 - Material accounting policies (2023: Significant accounting policies) in certain instances in line with the amendments.

3.2 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 inputs.

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

NOTES TO THE FINANCIAL STATEMENTS

(all amounts are in Sri Lankan Rupees unless otherwise stated)

gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group measures goodwill at the acquisition date as:

The fair value of the consideration transferred; plus

The recognised amount of any non-controlling interests in the acquiree; plus

If the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less

The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss. Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

3.2.1 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group (investor) has the control over an entity (investee), when it 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 entity. Thus, the Group controls an entity, if and only if the Group has all of

the following three criteria.

(a) Power over the entity.

The Group has the power over the entity, when the Group has existing rights that gives it the current ability to direct the relevant activities, i.e., the activities that significantly affect the investee's returns.

(b) Exposure, or rights, to variable returns from its involvement with the entity.

The Group is exposed, or has rights to variable returns from its involvement with the investee, when the investor's return from its involvement has the potential to vary as a result of investee's performance.

(c) The ability to use its power over the entity to affect the amount of the Group's returns.

The Group controls an entity, if the Group not only has power over the entity and exposure or rights to variable returns from its involvement with the entity, but also has the ability to use its power to affect the Group's returns from its involvement with the entity.

The Group considers all facts and circumstances when assessing whether it controls an investee. The Group reassess whether it controls an investee, if facts and circumstances indicate that there are changes to one or more of the above three elements of control.

Joint ventures are arrangements in which the Group has joint control and have rights to the net assets of the arrangement. The Group has joint control in a venture when there is contractually agreed sharing of control

of the venture and the decisions about the relevant activities of the venture require the unanimous consent of the parties sharing control.

The financial statements of subsidiaries are included in the Group financial statements from the date on which control effectively commences, until the date that control effectively ceases. Acquisition of subsidiaries is accounted for using the acquisition method of accounting.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, which is 12 months ended 31st March, using consistent accounting policies.

The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group. If a member of the Group uses accounting policies other than those adopted in the Group Financial Statements for similar transactions and events in similar circumstances, appropriate adjustments are made to its Financial Statements in preparing the Group Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

(all amounts are in Sri Lankan Rupees unless otherwise stated)

Subsidiaries of the Group are the following:

Subsidiary	Percentage of Holding
Thebuwana Hydro Power (Pvt.) Ltd	100%
Stellenberg Hydro Power (Pvt.) Ltd	100%
Halgranoaya Hydro Power (Pvt.) Ltd	100%

3.2.3 Gain on bargain purchase

If the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the acquisition of the entity, the group will reassess the measurement of the acquiree's identifiable assets and liabilities and the measurement of the cost and recognise the difference immediately in the Consolidated Statement of Profit or Loss.

3.2.4 Transactions eliminated on consolidation

Intra-group balances, transactions and any unrealised income and expenses arising from intra- group 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.

3.2.5 Loss of control

The parent can lose control of a subsidiary with or without a change in absolute or relative ownership levels. Upon the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in the Statement of Profit or Loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as other financial asset depending on the level of influence retained.

3.3 Assets and bases of their valuation

3.3.1 Property, plant and equipment

3.3.1.1 Cost and valuation

All items of property, plant and equipment are initially recorded at cost. Where items of Electrical equipment at power plant, Civil construction at power plant and Penstock pipeline are subsequently revalued, the entire class of such asset is revalued. Revaluations are made with sufficient intervals to ensure that their carrying amounts do not differ materially from their values at the reporting date. Subsequent to the initial recognition of an asset at cost, revalued property, plant and equipment are carried at revalued amounts and any subsequent depreciation and impairment losses thereon (Note 11.3). All other property, plant and equipment are stated at historical cost less depreciation and impairment losses.

Where items of Electrical equipment at power plant, Civil construction at power plant and Penstock pipeline are subsequently revalued, the entire class of such asset is revalued. Revaluation of the power plant are carried out every 5 years. When an asset is revalued any increase in the carrying amount is credited directly to a revaluation surplus unless it reverses a previous revaluation decrease relating to the same asset which was previously recognised as an expense. In these circumstances, the increase is recognised as income to the extent of the previous written down value. When asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised as an expense unless it reverses a previous increment relating to that asset, in which case it is charged against any related revaluation surplus, to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of that asset. Any balance remaining in the revaluation surplus in respect of an asset is transferred directly to retained earnings on retirement or disposal of such asset.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

3.3.1.2 Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its

NOTES TO THE FINANCIAL STATEMENTS

(all amounts are in Sri Lankan Rupees unless otherwise stated)

cost can be measured reliably. The carrying amount of the replaced part is de-recognised. The costs of the day- to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

3.3.1.3 Depreciation and amortisation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in Profit or Loss on a straight-line basis over the estimated useful life of each component of an item of property, plant and equipment. Lands are not depreciated.

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 and the date that the asset is de-recognised.

The estimated useful lives for the current year are as follows:

Class of assets	Number of years
Civil construction at power plant	20 years
Computers and accessories	02 years
Electrical equipment at power plant	20 years
Furniture and fittings	05 years
Office equipment	05 years
Motor vehicles	04 years
Tools	02 years
Penstock pipe line	20 years
Roads	20 years

The asset's residual values, useful lives and methods of depreciation are reviewed and adjusted if appropriate at each financial year end.

3.3.1.4 Gains and losses on disposal of property, plant and equipment

Gains and losses on the disposal of property, plant and equipment and other non-current assets including investments have been accounted for in Profit or Loss having deducted from proceeds on disposal, the carrying amount of the assets and related property, plant and equipment amount remaining in revaluation reserve relating to that asset is transferred directly to retained earnings.

3.3.1.5 De-recognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset calculated as the difference between the net disposal proceeds and the carrying amount. The gain or losses on de-recognition are recognized net amount other income and gains are not classified as revenue.

3.3.2 Capital work-in-progress

Capital work-in-progress is stated at cost.

These are expenses of capital nature, incurred in construction of Hydro Power Plants.

Capital work in progress is transferred to the respective asset accounts when it is in a condition to be used by the Group in the manner it was intended to be used.

3.3.3 Borrowing cost

Borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset, which takes a substantial period of time to get ready for its intended use or sale, are capitalised as a part of the asset.

Borrowing costs that are not capitalised are recognised as expenses in the period in which they are incurred and charged to the Statement of Profit or Loss and Other Comprehensive Income.

The amount of the borrowing costs which are eligible for capitalisation are determined in accordance with LKAS 23 - 'Borrowing Costs'.

NOTES TO THE FINANCIAL STATEMENTS

(all amounts are in Sri Lankan Rupees unless otherwise stated)

3.3.4 Intangible assets

An Intangible asset is an identifiable non-monetary asset without physical substance held for use in the production or supply of goods or services, for rental or for administrative purpose.

An intangible asset is recognised if it is probable that future economic benefits that are attributable to the assets will flow to the entity and the cost of the assets can be measured reliably in accordance with LKAS 38 on 'Intangible Assets'.

3.3.5 Foreign currency transactions

All foreign exchange transactions are converted to Sri Lanka Rupees, which is the reporting currency, at the rates of exchange prevailing at the time the transactions were effected.

Monetary assets and liabilities denominated in foreign currencies are translated into Sri Lanka Rupees, at the rates of exchange prevailing at the reporting date while non-monetary assets and liabilities are translated at the rate prevailing at the time the transactions are effected.

The exchange difference arising there from is dealt within Profit or Loss.

3.4 Leases

Definition of a Lease

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

to control the use of an identified asset, the Company uses the definition of a lease in SLFRS 16.

As a lessee

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

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-

of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- ◆ fixed payments, including in-substance fixed payments
- ◆ variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- ◆ amounts expected to be payable under a residual value guarantee; and

NOTES TO THE FINANCIAL STATEMENTS

(all amounts are in Sri Lankan Rupees unless otherwise stated)

- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is re measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is re measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in right-of-use assets and lease liabilities in the statement of financial position.

Short term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an

expense on a straight-line basis over the lease term.

Prepaid operating leases

The non-current and current portion of pre-paid operating lease solely consists of the operating lease paid in advance for the land leased by the group from Pussellawa Plantations Limited (PPL). The Group amortise the lease hold land over the lease period of Thirty-Three (33) years, on straight line basis.

Leased assets

At inception or on reassessment of an arrangement that contains a lease, the Group separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values.

If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group's incremental borrowing rate. Other leases are operating leases and, except for investment property, the leased assets are not recognised in the Group's statement of financial position. Investment property held under an operating lease is recognised in the Group's statement of financial position at its fair value.

3.5 Financial instruments

3.5.1 Recognition and initial 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.

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company 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 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.

3.5.2 Classification and subsequent measurement

3.5.2.1 Financial assets

A. Classification

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income (FVOCI) and 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

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change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designed 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 (SPPI) on the principal amount outstanding.

This assessment is referred to as the SPPI test and it is performed at an instrument level. The Group's financial assets classified under amortised cost includes trade and other receivable, amounts due from related parties and cash and cash equivalents

B. 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 levels 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 realizing cash flows through the sale of the assets;

- ◆ how the performance of the portfolio is evaluated and reported to the Group'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 Group's continuing recognition of the assets.

C. Assessment whether contractual cash flows are solely payments of principal and interest

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

and administrative costs), as well as a profit margin.

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

- ◆ contingent events that would change the amount or timing of cash flows;
- ◆ terms that may adjust the contractual coupon rate, including variable-rate features;
- ◆ prepayment and extension features; and
- ◆ Terms that limit the Group'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

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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.

D. Subsequent measurement and gains and losses

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 recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

E. Impairment

Trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

In certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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

F. 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 trade receivables.

G. Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

H. Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the 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 it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

3.5.3 Financial liabilities

3.5.3.1 Initial recognition and measurement

The Group initially recognise debt securities and loans & borrowings on the date that they are originated. All other financial liabilities are recognised at initially on the trade date, which is the date that the Group become party

to the contractual provisions of the instruments.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using effective interest rate method.

Other financial liabilities comprise of loans and borrowings bank overdraft, amounts due to related parties and other payables.

3.5.3.2 Subsequent measurement

The measurement of financial liabilities depends on their classification as described below:

3.5.4 Other financial liabilities - loans and borrowings

After initial recognition, interest bearing borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the statement of comprehensive income.

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3.5.4.1 Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of comprehensive income.

3.5.5 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if:

- ◆ There is a currently enforceable legal right to offset the recognised amounts; and
- ◆ There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.6 Current assets

Assets classified as current assets in the Statement of Financial Position are those expected to realise during the normal operating cycle of business or within one year from the reporting date, and cash balances. Assets other than current assets are those which the Group/Company intends to hold beyond the one year period from the Statement of Financial Position date.

3.6.1 Inventories

Inventories other than Certified Emission Reduction (CER) unit are measured at the lower of cost and net realizable value. The costs incurred in bringing such inventory to its present condition and location are recognized at their actual amounts. Net realizable value is the estimated selling price less estimated costs of completion and costs to sell.

Certified emission reduction

CER as at the reporting date have been valued at their estimated net realizable value as inventories and disclosed in the financial statements as Certified Emission Reduction Units.

3.6.2 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and cash at banks and other highly liquid financial assets which are held for the purpose of meeting short-term cash commitments with original maturities of less than three months which are subject to insignificant risk of changes in their fair value.

Bank overdrafts that are repayable on demand and form 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.

3.7 Liabilities and provisions

3.7.1 General

Liabilities classified as current liabilities on the Statement of Financial Position are those which fall due for payment on demand or within one year from the reporting date. Non-current liabilities

are those balances that fall due for payment after one year from the date of the Statement of Financial Position. All known liabilities have been accounted for in preparing these financial statements. Provisions and liabilities are recognised when the Group has a legal or constructive obligation as a result of past events and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.7.2 Retirement benefit obligations

3.7.2.1 Defined contribution plans - provident and trust fund

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the Statement of Profit or loss and Other Comprehensive Income in the periods during which services are rendered by employees.

3.7.2.2 Employees' Provident Fund (EPF)

The Group and employees contribute 12% and 8% respectively on the salary of each employee to the above mentioned funds.

3.7.2.3 Employees' Trust Fund (ETF)

The Group contributes 3% of the salary of each employee to the Employees' Trust Fund.

3.7.2.4 Defined benefit plans - Retiring gratuity

A defined benefit plan is a post-employment benefit plan other than a

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defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs are deducted.

During the current year, the Group measured the present value of the defined benefits obligations using the actuarial method.

The liability recognized in the Statement of Financial Position is the present value of the defined benefit obligation. The calculation is performed by a qualified actuary using the projected units credit method. Any actuarial gains or losses are recognized in other comprehensive income immediately.

When the benefits of a plan are improved, the portion of the increased benefit related to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gain or losses on the settlement of a defined plan when the settlement occurs.

3.8 Provisions

3.8.1 Other payables and accrued expenses

Provisions are made for all obligations existing as at the date of Statement of Financial Position when it is probable that such an obligation will result in an outflow of resources and a reliable estimate can be made of the quantum of the outflow. All contingent liabilities are disclosed as a note to the Financial Statements unless the outflow of resources is remote. Contingent assets are disclosed, where inflow of economic benefit is probable.

3.9 Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired.

If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations, including impairment on inventories, are recognised in Profit or Loss in those expense categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior

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years. Such reversal is recognised in the Statement of profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

3.10 Statement of profit or loss and comprehensive income

3.10.1 Revenue recognition

Performance obligations and revenue recognition policies

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

The Group is in the business of supplying electricity to the Ceylon Electricity Board. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements.

Revenue from supply of electricity is recognised at the point in time when electricity is supplied to the Ceylon Electricity Board.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties). In determining this, the Group considers the effects of variable consideration, the existence of significant financing components, non-

cash consideration, and consideration payable to the customer (if any).

Variable Consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods / services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Significant financing component

The Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

The following specific criteria have been used to recognise revenue.

A. Sale of electricity

The Group recognises revenue from electricity supplied upon delivery to the Ceylon Electricity Board when the electricity meets specifications of the Standardized Power Purchase Agreement and is received at the metering point when the Group satisfies the performance obligation by transferring the control of the promised good to the customer.

B. CER income

The changes in the net realizable value of CER is recognized on an accrual basis.

C. Interest

Interest income is recognized on a time-proportion basis using the effective interest method.

D. Other income

Other income is recognized on an accrual basis.

E. Dividend income

Dividend income is recognised in the Profit or loss on the date the Group's right to receive payment is established.

Gains and losses arising from incidental activities to main revenue generating activities and those arising from a Group of similar transactions which are not material, are aggregated, reported and presented on a net basis.

3.10.2 Expenditure recognition

Expenses are recognised in Profit or Loss on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant & equipment in a state of efficiency has been charged to income in arriving at the profit or loss for the

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year.

For the purpose of presentation of the Statement of Profit or Loss and Other Comprehensive Income the Directors are of the opinion that function of expenses method presents fairly the elements of the Group's performance and hence, such presentation method is adopted.

Preliminary and pre-operational expenditure is recognised in the Statement of Profit or Loss.

Repairs and renewals are charged to the Statement of Profit or Loss in the year in which the expenditure is incurred.

3.11 Income tax expense

Income tax expense comprises of current and deferred tax. Income tax expense is recognised in the statement of Profit or Loss and Other Comprehensive Income except to the extent that it relates to items recognised directly in the Statement of Changes in Equity.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under LKAS 37 Provisions, contingent liabilities and Contingent assets.

3.11.1 Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable in respect of previous years. Current tax payable also includes

any tax liability arising from the tax on dividend income.

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the Commissioner General of Inland Revenue. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted on the reporting date in the country where the Company operates and generates taxable income.

Provision for taxation is made on the basis of the accounting profit for the year as adjusted for taxation purpose in accordance with the provision in the applicable Inland Revenue act. In estimating such provisions, the Group has applied the Inland Revenue Act No 24 of 2017 and amendments there to.

3.11.2 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 using liability method.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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 tax authority on the same taxable entity, or on different tax

entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can 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 benefits will be realised.

Deferred tax assets and liabilities are not discounted.

The net increase in the carrying amount of deferred tax liability net of deferred tax asset is recognised as deferred tax expense and conversely any net decrease is recognised as reversal to deferred tax expense, in the Statement of Profit or Loss and Other Comprehensive Income (Note 21).

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(all amounts are in Sri Lankan Rupees unless otherwise stated)

3.12 The Group and Company profits are stated after:

Providing for all impairment losses and depreciation of property, plant and equipment.

Charging all expenses incurred in the day-to-day operations of the business and in maintaining the property, plant and equipment in a state of efficiency.

3.13 Earnings per share

Earnings per Share represent basic and diluted earnings per share data for its ordinary shares. Basic earnings per share 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 year. Diluted earnings per share 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.

3.14 Statement of cash flows

The Statement of cash flow has been prepared using the 'Indirect Method' of preparing Cash Flows in accordance with the LKAS 7 - 'Statement of cash flows'.

3.15 Related party disclosures

3.15.1 Transactions with related parties

The Company carries out transactions in the ordinary course of its business with parties who are defined as related parties in LKAS 24. The Pricing applicable to such transactions is based on the assessment of the risk and pricing model of the Company and is comparable with what is applied to transactions between the Group and its unrelated customers (Note 27).

3.15.2 Transactions with key management personnel

According to LKAS 24 "Related party disclosures", Key Management Personnel, are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Board of Directors (including executive and non-executive Directors) have been classified as Key Management Personnel of the Group.

3.16 Events after reporting period

All material events since the reporting date have been considered and where appropriate adjustments or disclosures have been made in the respective Notes to the Financial Statements.

3.17 Contractual commitments and contingencies

All discernible risks are accounted for in determining the amount of all known liabilities. Contingent Liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured. Contingent Liabilities are not recognised in the statement of financial position but are disclosed unless they are remote.

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4. EFFECTIVE OF ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new standards are effective for annual periods beginning after 1 April 2024 and earlier application is permitted. However, the Company has not early adopted the new and amended standards in preparing these consolidated financial statements.

The Institute of Chartered Accountants of Sri Lanka has issued a number of new amendments to Sri Lanka Accounting Standards (SLFRSs/LKASs) that are effective for annual periods beginning after the current financial year. Accordingly the Company has not early in preparing these Financial Statements.

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

Classifications of Liabilities as Current or Non-current and Noncurrent Liabilities with Covenants (Amendments to LKAS 1)

The amendments, as issued in 2020 and 2022, aim to clarify the requirements on determining whether a liability is current or noncurrent, and require new disclosures for non-current liabilities that are subject to future covenants. The amendments apply for annual reporting periods beginning on or after 1 January 2024. There is no potential impact the amendments on the classification of these liabilities and the related disclosures.

Supplier finance arrangements (Amendment to LKAS 1 and SLFRS 7)

These amendments introduce new disclosures relating to supplier finance arrangements that assist users of the financial statements to assess the effect of these arrangement on an entity's liabilities and cash flows and on an entity's exposure to the liquidity risk. The amendments apply for annual period beginning on or after January 2024.

Lease Liability in a sales and lease leaseback (Amendment to SLFRS 16)

The amendments specifically affect seller-lessee accounting in sale and leaseback transactions that qualify as a sale under SLFRS 15, especially those involving variable lease payments not based on an index or rate. They modify how a seller-lessee accounts for these leasebacks, preventing recognition of gains on retained rights of use due to lease term modifications or changes, which previously could occur when variable payments not defined as 'lease payments' were excluded.

Other standards

The following new and amended standards are not expected to have a significant impact on the Financial Statements;

- Presentation and disclosure of Financial Statements (SLFRS 18)
- Subsidiaries without Public Accountability (SLFRS 19)
- General Requirements for Disclosure of Sustainability-related Financial Information (SLFRS S1)
- Climate-related Disclosures (SLFRS S2)

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For the year ended 31st March,

5. REVENUE

		Group		Company	
		2024	2023	2024	2023
Supply of electricity	-Sanquhar	62,514,953	62,459,082	62,514,953	62,459,082
	-Delta	65,035,549	57,406,312	65,035,549	57,406,312
	-Stellenberg	42,353,907	48,236,407	-	-
	-Thebuwana	38,171,210	32,132,490	-	-
Billing under the Standardized Power Purchase Agreement	-Thebuwana	13,581,167	-	-	-
		221,656,786	200,234,291	127,550,502	119,865,394

The Group have recorded the additional payment received from CEB as "Billing under the Standardized Power Purchase Agreement" which were recorded and billed as per the provisions of the Standardized power purchase Agreement with Ceylon Electricity Board.

6. OTHER INCOME

	Group		Company	
	2024	2023	2024	2023
Dividend income	-	-	-	18,000,000
Insurance claim received	-	3,599,345	-	3,599,345
Certified Emission Reduction units addition / exchange gain	6,833,175	312,406	6,833,175	312,406
	6,833,175	3,911,751	6,833,175	21,911,751

7. NET FINANCE INCOME

	Group		Company	
	2024	2023	2024	2023
Finance income				
Interest on inter-company balance	10,330,571	12,544,627	10,330,571	12,544,627
Unit trust investment income	455,385	-	455,385	-
Interest on deposits	5,951,182	7,922,705	5,951,182	7,921,250
Exchange gain	-	45,151	-	45,151
	16,737,138	20,512,483	16,737,138	20,511,028
Finance cost				
Interest on loans	-	(171,987)	-	-
Exchange loss	(61,865)	-	(61,865)	-
Interest on overdraft	-	(7,150)	-	-
Interest on lease liability	(1,130,848)	(1,190,122)	(127,894)	(178,379)
	(1,192,713)	(1,369,259)	(189,759)	(178,379)
Net finance income	15,544,425	19,143,224	16,547,379	20,332,649

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8. PROFIT BEFORE TAX

	Group		Company	
	2024	2023	2024	2023
Stated after charging all expenses including following :				
Non-executive Directors' fees	2,880,000	1,800,000	2,880,000	1,800,000
Executive Directors' fees	1,920,000	1,200,000	1,920,000	1,200,000
Auditor's remuneration - Audit services	1,332,657	1,345,458	883,687	792,115
Depreciation on property, plant and equipment	42,706,508	43,351,818	18,643,281	19,288,497
Amortisation of prepaid lease rentals/ right of use assets	3,429,482	2,589,488	3,112,128	2,272,128
CSR expense and donations	65,000	15,000	40,000	-
Legal expenses and professional fees	715,737	341,848	234,525	282,054
Management fee	5,000,000	5,000,000	5,000,000	5,000,000
Secretarial charges	800,636	704,915	667,834	531,696
Staff costs				
Salaries, incentives and wages	44,233,727	41,404,556	29,067,588	27,875,613
Defined contribution plan costs - EPF / ETF	4,436,531	3,731,483	3,139,744	2,590,747
Defined benefit plan cost - Retiring gratuity	2,618,020	1,929,994	1,835,392	1,314,397
	51,288,278	47,066,033	34,042,724	31,780,757

9. INCOME TAX EXPENSE

Provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act No 45 of 2022, and amendments thereto.

9.1 Companies exempt from income tax / liable to tax at concessionary rate

Company	Statute
Thebuwana Hydro Power (Pvt) Ltd	Section 17 of BOI law no.4 of 1978
Stellernberg Hydro Power (Pvt) Ltd	Section 17 of BOI law no.4 of 1978
Lotus Hydro Power PLC	Income tax have been provided as per the new rates legislated by the Inland Revenue (Amendment) Act No. 45 of 2022

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9.1.1 According to the agreement entered with the Board of Investments of Sri Lanka (BOI), the profits of Stellenberg Hydro Power (Private) Limited were exempt for a period of five (05) years which ended on 31st March 2019 and the profits of Thebuwana Hydro Power (Private) Limited are exempt from income tax for a period of five (05) years ending 31st March 2022.

After the expiration of the tax exemption period, the profits of Stellenberg Hydro Power (Private) Limited will be liable for tax at 10% for the year 31st March 2020 and 31st March 2021 and the profits of Thebuwana Hydro Power (Private) Limited will be liable for tax at 10% for a period of two (02) years immediately succeeding the last date of the tax exemption period.

After expiration of the aforesaid concessionary tax period at the rate of 10% for two (02) years, the profits of the Companies shall be liable for income tax at the 20% tax rates.

9.2 Income tax expense

	Note	Group		Company	
		2024	2023	2024	2023
Current tax expense					
- Taxation on current year profit	9.3	22,293,322	21,377,064	15,669,048	17,528,754
- Income Tax under / (over) paid during the year of assessment		1,176,012	(43,756)	-	(43,753)
		23,469,334	21,333,308	15,669,048	17,485,001
Deferred tax expense					
- Origination/(reversal) of temporary differences	21	(6,942,880)	16,233,065	(5,632,426)	2,161,337
		16,526,454	37,566,373	10,036,622	19,646,338

NOTES TO THE FINANCIAL STATEMENTS

(all amounts are in Sri Lankan Rupees)

9.3 Reconciliation between the accounting profit and tax on current year

For the year ended 31 st March,	Group		Company	
	2024	2023	2024	2023
Profit before income tax expense	81,534,704	81,276,067	45,158,936	70,011,758
Consolidation adjustment	-	18,000,000	-	-
Adjusted profit before tax	81,534,704	99,276,067	45,158,936	70,011,758
Aggregate disallowable expenses	50,224,058	49,619,081	24,032,895	23,539,352
Aggregate allowable expenses	(30,125,056)	(34,439,601)	(10,123,267)	(4,385,152)
Non-business income	(23,570,313)	(38,824,889)	(23,570,313)	(38,823,434)
Aggregate exempt (profit)/loss from the business	233,798	497,885	-	-
Adjusted profit from the business	78,297,191	76,128,543	35,498,251	50,342,524
Non business income	16,731,908	38,461,754	16,731,908	38,460,299
Total taxable non business income	16,731,908	38,461,754	16,731,908	38,460,299
Total taxable income	95,029,099	114,590,297	52,230,159	88,802,823
Taxable income				
Taxable at 10%	19,355,138	1,332,315	-	-
Taxable at 14%	-	57,130,808	-	37,530,610
Taxable at 15%	-	18,000,000	-	18,000,000
Taxable at 20%	23,443,802	4,853,506	-	-
Taxable at 24%	-	6,788,035	-	6,786,581
Taxable at 30%	52,230,159	26,485,633	52,230,159	26,485,632
Taxable income	95,029,099	114,590,297	52,230,159	88,802,823
Income tax charged at				
- Special Rate @ 10%	1,935,514	133,232	-	-
- Special Rate @ 14%	-	7,998,313	-	5,254,285
- Special Rate @ 15%	-	2,700,000	-	2,700,000
- Special Rate @ 20%	4,688,760	970,701	-	-
- Special Rate @ 24%	-	1,629,128	-	1,628,779
- Special Rate @ 30%	15,669,048	7,945,690	15,669,048	7,945,690
Taxation on profits for the year	22,293,322	21,377,064	15,669,048	17,528,754
Effective tax rate	23.46%	18.66%	30.00%	19.74%

NOTES TO THE FINANCIAL STATEMENTS

(all amounts are in Sri Lankan Rupees)

10. EARNINGS PER SHARE - BASIC / DILUTED

The earnings per ordinary share has been computed based on net profit attributable to ordinary shareholders for the year divided by weighted average number of ordinary shares in issue. It has been calculated as follows ;

For the year ended 31 st March,	Group		Company	
	2024	2023	2024	2023
Net profit attributable to ordinary shareholders (Rs.)	65,008,250	43,709,694	35,122,314	50,365,420
Weighted average number of ordinary shares in issue (Nos.)	109,088,112	109,088,112	109,088,112	109,088,112
Earnings per ordinary share (Rs.)	0.60	0.40	0.32	0.46

There were no potential dilutive ordinary shares outstanding at any time during the year or previous year. Therefore diluted earnings per share is equal to basic earnings per share.

NOTES TO THE FINANCIAL STATEMENTS

(all amounts are in Sri Lankan Rupees)

11. PROPERTY, PLANT AND EQUIPMENT

11.1 Group

Cost	Freehold land	Civil construction at power plant	Electrical equipment at power plant	Penstock pipe line	Roads	Motor vehicles	Tools	Plant and machinery	Office equipment	Furniture and fittings	Computers and accessories	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 01 st April 2022	10,677,214	416,742,632	252,531,245	257,721,821	1,147,908	10,296,579	3,349,518	52,990	637,504	1,015,102	1,418,150	955,590,663
Additions	-	-	-	-	-	-	-	-	247,000	11,471	-	258,471
Balance as at 31 st March 2023	10,677,214	416,742,632	252,531,245	257,721,821	1,147,908	10,296,579	3,349,518	52,990	884,504	1,026,573	1,418,150	955,849,134
Additions	-	-	-	-	-	-	19,955	-	218,714	72,315	-	310,984
Balance as at 31 st March 2024	10,677,214	416,742,632	252,531,245	257,721,821	1,147,908	10,296,579	3,369,473	52,990	1,103,218	1,098,888	1,418,150	956,160,118
Accumulated depreciation and impairment losses												
Balance as at 01 st April 2022	-	182,286,587	63,249,538	66,722,300	472,186	8,587,912	2,970,048	52,990	581,850	865,221	1,232,900	327,021,532
Charger for the year	-	16,075,517	12,626,561	12,600,298	57,395	1,532,667	227,495	-	54,238	54,147	123,500	43,351,818
Balance as at 31 st March 2023	-	198,362,104	75,876,099	79,322,598	529,581	10,120,579	3,197,543	52,990	636,088	919,368	1,356,400	370,373,350
Charger for the year	-	16,075,516	12,626,563	13,459,046	57,396	121,000	153,637	-	95,589	56,011	61,750	42,706,508
Balance as at 31 st March 2024	-	214,437,620	88,502,662	92,781,644	586,977	10,241,579	3,351,180	52,990	731,677	975,379	1,418,150	413,079,858
Written down value												
- As at 31 st March 2024	10,677,214	202,305,012	164,028,583	164,940,177	560,931	55,000	18,293	-	371,541	123,509	-	543,080,260
- As at 31 st March 2023	10,677,214	218,380,528	176,655,146	178,399,223	618,327	176,000	151,975	-	248,416	107,205	61,750	585,475,784
Fully depreciated assets												
- As at 31 st March 2024	-	-	-	-	-	9,966,579	3,349,518	52,990	720,884	863,961	1,443,500	16,397,432
- As at 31 st March 2023	-	-	-	-	-	9,966,579	2,894,526	52,990	399,330	746,278	1,196,500	15,256,203

11.1.1 Civil construction at power plant of the Group includes cost amounting to Rs. 187,421,448/- and written down value amounting to Rs. 55,407,560/- as at 31st March 2024 relating to Thebuwana Hydro Power (Private) Limited.

NOTES TO THE FINANCIAL STATEMENTS

(all amounts are in Sri Lankan Rupees)

11.2 Company

Cost	Civil construction at power plant	Electrical equipment at power plant	Penstock pipe line	Motor vehicles	Tools	Office equipment	Furniture and fittings	Computers and accessories	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 01 st April 2022	126,553,500	111,497,000	114,500,000	9,771,799	2,984,049	483,039	541,383	1,161,050	367,491,820
Additions	-	-	-	-	-	247,000	11,471	-	258,471
Balance as at 31 st March 2023	126,553,500	111,497,000	114,500,000	9,771,799	2,984,049	730,039	552,854	1,161,050	367,750,291
Additions	-	-	-	-	-	205,214	-	-	205,214
Balance as at 31 st March 2024	126,553,500	111,497,000	114,500,000	9,771,799	2,984,049	935,253	552,854	1,161,050	367,955,505
Accumulated depreciation									
Balance as at 01 st April 2022	12,655,350	11,149,701	11,163,750	8,063,132	2,648,555	432,128	419,540	975,800	47,507,956
Charge for the Year	6,327,675	5,574,849	5,438,750	1,532,667	203,062	50,890	37,104	123,500	19,288,497
Balance as at 31 st March 2023	18,983,025	16,724,550	16,602,500	9,595,799	2,851,617	483,018	456,644	1,099,300	66,796,453
Charge for the Year	6,327,675	5,574,850	6,297,500	121,000	132,432	91,494	36,580	61,750	18,643,281
Balance as at 31 st March 2024	25,310,700	22,299,400	22,900,000	9,716,799	2,984,049	574,512	493,224	1,161,050	85,439,734
Written down value									
- As at 31 st March 2024	101,242,800	89,197,600	91,600,000	55,000	-	360,741	59,630	-	282,515,771
- As at 31 st March 2023	107,570,475	94,772,450	97,897,500	176,000	132,432	247,021	96,210	61,750	300,953,838
Fully depreciated assets									
- As at 31 st March 2024	-	-	-	9,441,799	2,984,049	566,419	390,242	1,161,050	14,543,559
- As at 31 st March 2023	-	-	-	9,441,799	2,577,924	261,605	357,775	914,050	13,553,153

NOTES TO THE FINANCIAL STATEMENTS

(all amounts are in Sri Lankan Rupees)

11.3 Revaluation of assets

The Company owns the Sanquhar power plant constructed in December 2003 and the Delta power plant constructed in April 2006 respectively. The civil construction at power plant, electrical equipment at power plant and penstock pipe lines of the Sanquhar and Delta Power Plants were revalued by an independent valuer, Mr.W.A.Chandrasena Chartered Valuation Surveyor as at 31st March 2020. The power plants at Stellenberg Hydro Power (Private) Limited and Thebuwana Hydro Power (Private) Limited came into operation in the years 2014 and 2015 respectively. The Directors are of the view that there is no significant increase in the valuation of the power plants at Stellenberg and Thebuwana as at 31st March 2024.

This fair value measurement of the Company is categorized under "Level 3" of the fair value hierarchy. Details of the method adopted in determining fair value and the significant unobservable inputs used are explained below.

Asset	Method of valuation	Significant unobservable inputs	Sensitivity of fair value to unobservable inputs	Revalued Amount
Electrical equipment at power plant	Depreciated replacement cost	Estimated price of machinery	Positively correlated	111,497,000
Civil construction at power plant	Depreciated replacement cost	Estimated price per square foot	Positively correlated	126,553,500
Penstock pipeline	Depreciated replacement cost	Estimated price per foot	Positively correlated	114,500,000

Summary description of valuation technique

Depreciated replacement cost

Depreciated replacement cost uses the current cost of reproduction or replacement of an asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization.

11.4 Details of lands purchased by Thebuwana Hydro Power (Pvt) Ltd

Company	Location	Extent	Carrying amount as at 31 st March 2024 (Rs.)
Thebuwana Hydro Power (Pvt) Ltd	Devipahala Grama Niladhari Division in Kuruwita Divisional Secretary's Division in Uda North Pattu of Kuruwiti Korale in the District of Ratnapura Sabaragamuwa province.	321 perches	10,353,214
	Agalawaththa - Kuruwita	54 perches	324,000

11.5 Carrying amount of revalued property, plant and equipment had it been recorded at cost as at 31st March 2024

	Group			Company		
	Cost	Accumulated depreciation	Written down value	Cost	Accumulated depreciation	Written down value
Civil construction at power plant	140,889,441	123,605,705	17,283,736	140,889,441	123,605,705	17,283,736
Electrical equipment at power plant	105,750,295	100,261,532	5,488,763	105,750,295	100,261,532	5,488,763
Penstock pipe-line	24,375,035	23,153,645	1,221,390	24,375,035	23,153,645	1,221,390

NOTES TO THE FINANCIAL STATEMENTS

(all amounts are in Sri Lankan Rupees)

12. RIGHT OF USE ASSETS

As at 31 st March,	Group		Company	
	2024	2023	2024	2023
Cost				
Balance as at beginning of the year	23,952,497	22,912,570	15,836,787	15,836,787
Adjustment on right of use assets	8,400,000	1,039,927	8,400,000	-
Balance at the end of the year	32,352,497	23,952,497	24,236,787	15,836,787
Amortisation				
Balance as at beginning of the year	10,767,538	8,178,050	9,633,736	7,361,608
Amortisation for the year	3,429,482	2,589,488	3,112,128	2,272,128
Balance as at the end of the year	14,197,020	10,767,538	12,745,864	9,633,736
Carrying amount				
- At the end of the year	18,155,477	13,184,959	11,490,923	6,203,051

12.1 Right of use assets

As at 31 st March,	Group		Company	
	2024	2023	2024	2023
Right of use assets - Land	7,528,810	8,278,292	864,256	1,296,384
Right of use assets - Motor vehicles	10,626,667	4,906,667	10,626,667	4,906,667
Balance at the end of the year	18,155,477	13,184,959	11,490,923	6,203,051

NOTES TO THE FINANCIAL STATEMENTS

(all amounts are in Sri Lankan Rupees)

12.2 Lease Liabilities

Lease liabilities included in the statement of financial position

As at 31 st March,	Group		Company	
	2024	2023	2024	2023
Current liabilities	993,561	1,201,323	905,612	1,123,278
Non-current liabilities	7,737,507	7,825,457	-	-
	8,731,068	9,026,780	905,612	1,123,278
Lease liability				
Balance as at beginning of the year	9,026,780	9,620,009	1,123,278	2,687,177
Adjustment on lease liability	-	1,039,927	-	-
Recognition during the year	8,400,000	-	8,400,000	-
Interest charge	1,130,848	1,190,122	127,894	178,379
Repayment	(9,826,560)	(2,823,278)	(8,745,560)	(1,742,278)
Balance as at 31st March	8,731,068	9,026,780	905,612	1,123,278
Amount recognized in statement of profit or loss				
Interest on lease liabilities	1,130,848	1,190,122	127,894	178,379
Right of use asset amortisation	3,429,482	2,589,488	3,112,128	2,272,128
Amount recognized in statement of cash flow				
Repayment of lease liability	9,826,560	2,823,278	8,745,560	1,742,278
Maturity analysis of lease liabilities - contractual undiscounted cashflow				
Less than one year	1,950,707	2,164,474	957,656	1,161,519
One to five years	4,766,680	3,899,393	-	-
More than five years	9,115,812	10,976,149	-	-
	15,833,199	17,040,016	957,656	1,161,519

Details of leases

Lessor	Asset type	Repayment term	Interest rate	Balance as at 31 st March 2024	Balance as at 31 st March 2023
Central Finance Company PLC	Motor vehicle	1 years	17.00%	905,612	1,123,278
Pussewella Plantations Limited - Stellenberg	Land	26 years	12.69%	5,327,970	5,381,108
Pussewella Plantations Limited - Thebuwana	Land	26 years	12.69%	2,497,486	2,522,394
				8,731,068	9,026,780

NOTES TO THE FINANCIAL STATEMENTS

(all amounts are in Sri Lankan Rupees)

13. CAPITAL WORK-IN-PROGRESS

As at 31 st March,	Group		Company	
	2024	2023	2024	2023
Balance at the beginning of the year	9,368,488	9,368,488	-	-
Additions during the year	-	-	-	-
Balance at the end of the year	9,368,488	9,368,488	-	-

13.1 Class of asset-wise break-up

As at 31 st March,	Group		Company	
	2024	2023	2024	2023
Class of asset -wise break-up				
Civil construction at power plant	9,368,488	9,368,488	-	-
	9,368,488	9,368,488	-	-

The capital work- in- progress represents the project cost of Halgranoya Hydro Power (Pvt) Ltd.

14. INVESTMENTS IN SUBSIDIARIES

As at 31 st March,	Holding %	Group		Company	
		2024	2023	2024	2023
Thebuwana Hydro Power (Pvt) Ltd	100%	-	-	200,000,000	200,000,000
Stellenberg Hydro Power (Pvt) Ltd	100%	-	-	150,000,000	150,000,000
Halgranoya Hydro Power (Pvt) Ltd	100%	-	-	10,000,000	10,000,000
Provision for impairment - Thebuwana Hydro Power (Pvt) Ltd				(78,002,338)	(78,002,338)
		-	-	281,997,662	281,997,662

14.1 The recoverable amount of investments in Thebuwana Hydro Power (Pvt) Ltd is based on value-in-use computations. These calculations use cash flow projections based on financial budgets. The key assumptions used are given below.

- Plant Factor - Based on estimated future production as well as past data on electricity generation at 38%.
- Discount Rate - Risk free rate adjusted by the addition of an appropriate risk premium has been determined at 15%.

NOTES TO THE FINANCIAL STATEMENTS

(all amounts are in Sri Lankan Rupees)

14.2 Sensitivity analysis

Sensitivity variation on plant factor and discount rate

Values appearing in financial statements are sensitive to changes in both financial and non-financial assumptions. Simulations conducted for investments in subsidiaries demonstrate that a 1% increase or decrease in the plant factor and discount rate results in the following effects on the investment in subsidiaries:

As at 31 st March 2024	Company	
	Variance (Rs.)	
	-1%	+1%
Plant factor	5,058,992	(5,735,676)
Discount rate	(7,998,537)	6,547,932

15. INVENTORIES

As at 31 st March,	Group		Company	
	2024	2023	2024	2023
Certified Emission Reduction (CER) units	18,229,522	3,614,263	18,229,522	3,614,263
Spare parts	3,885,583	3,885,583	1,842,816	1,842,816
	22,115,105	7,499,846	20,072,338	5,457,079

16. TRADE AND OTHER RECEIVABLES

As at 31 st March,	Group		Company	
	2024	2023	2024	2023
Trade receivables	24,706,228	208,534,082	7,726,537	124,334,622
Deposits, prepayments and advances	7,050,426	15,375,734	4,776,418	13,151,767
Other receivables	967,593	967,593	967,593	967,593
	32,724,247	224,877,409	13,470,548	138,453,982

17. AMOUNTS DUE FROM RELATED PARTIES

As at 31 st March,	Group		Company	
	2024	2023	2024	2023
Thebuwana Hydro Power (Pvt) Ltd	-	-	-	36,078,128
Stellenberg Hydro Power (Pvt) Ltd	-	-	277,227	16,460,904
Halgranoya Hydro Power (Pvt) Ltd	-	-	4,437,051	4,202,563
Zyrex Power Company Ltd	-	19,000,000	-	19,000,000
Sri Bio-Tech Lanka (Pvt) Ltd	2,045,087	32,776	2,045,087	32,776
Lotus Renewable Energy (Pvt) Ltd	67,283,102	94,228,947	67,283,102	94,228,947
	69,328,189	113,261,723	74,042,467	170,003,318

NOTES TO THE FINANCIAL STATEMENTS

(all amounts are in Sri Lankan Rupees)

18. CASH AND CASH EQUIVALENTS

As at 31 st March,	Group		Company	
	2024	2023	2024	2023
Favourable cash and cash equivalents				
Term deposit	140,500,000	-	69,000,000	-
Cash at bank	44,411,217	15,017,358	43,517,889	14,907,338
Cash in hand	95,029	83,135	83,339	81,312
	185,006,246	15,100,493	112,601,228	14,988,650
Unfavourable cash and cash equivalents				
Bank overdraft	(313,871)	(160,185)	(313,871)	(160,185)
Cash and cash equivalents for the purpose of cash flow statement	184,692,375	14,940,308	112,287,357	14,828,465

19. STATED CAPITAL

As at 31 st March,	Group		Company	
	2024	2023	2024	2023
Issued and fully paid number of shares	482,300,200	482,300,200	482,300,200	482,300,200
- 109,088,112 ordinary shares	482,300,200	482,300,200	482,300,200	482,300,200

Rights, preference and restrictions of stated capital:

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.

20. RESERVES

20.1 Revaluation reserve

As at 31 st March,	Group		Company	
	2024	2023	2024	2023
On property, plant and equipment				
Balance as at beginning of the year	157,599,092	205,011,257	157,599,092	205,011,257
Other comprehensive expenses	-	(42,379,588)	-	(42,379,588)
Depreciation transfer on revalued assets	(9,270,535)	(5,032,577)	(9,270,535)	(5,032,577)
Balance as at the end of the year	148,328,557	157,599,092	148,328,557	157,599,092

NOTES TO THE FINANCIAL STATEMENTS

(all amounts are in Sri Lankan Rupees)

Revaluation reserve represents the surplus on revaluation of civil construction at power plant, electrical equipment at power plant and penstock pipelines. The revaluation surplus is transferred directly to retained earnings as the surplus is realised. This amount is determined based on the difference between the depreciation based on the revalued carrying amount of the asset and the depreciation based on the asset's original cost.

20.2 Other reserves

As at 31 st March,	Group		Company	
	2024	2023	2024	2023
Balance as at beginning of the year	101,802	101,802	101,802	101,802
Balance as at the end of the year	101,802	101,802	101,802	101,802

This balance includes the favorable exchange rate difference transferred during the allotment of shares.

21. DEFERRED TAX LIABILITIES

As at 31 st March,	Group		Company	
	2024	2023	2024	2023
Movement in deferred tax liabilities				
Balance at the beginning of the year	133,780,481	75,195,952	87,908,692	43,413,159
Recognised in statement of profit or loss	(6,942,880)	(47,003,173)	(5,632,426)	(47,453,704)
Recognised in profit or loss- due to tax rate changes	-	42,351,464	-	42,334,196
Recognised other comprehensive income	94,988	63,236,238	24,395	49,615,041
Balance at end of the year	126,932,589	133,780,481	82,300,661	87,908,692

21.1 The closing deferred tax liability relates to the following

As at 31 st March,	Group		Company	
	2024	2023	2024	2023
Composition of deferred tax liabilities				
Accelerated depreciation for tax purposes	66,352,733	68,779,847	20,934,716	22,255,763
Revaluation of property , plant and equipment	63,569,382	67,542,469	63,569,382	67,542,469
Retirement benefit obligations	(2,757,346)	(2,357,516)	(2,203,437)	(1,889,540)
Lease liability	(1,565,091)	(1,580,701)	-	-
Right of use assets	1,332,911	1,396,382	-	-
	126,932,589	133,780,481	82,300,661	87,908,692

NOTES TO THE FINANCIAL STATEMENTS

(all amounts are in Sri Lankan Rupees)

21.2 The composition of the deferred tax liabilities is as follows:

As at 31 st March,	Group			
	2024		2023	
	Temporary difference	Deferred tax	Temporary difference	Deferred tax
Accelerated depreciation for tax purposes (tax rate 30%)	69,782,387	20,934,716	74,185,876	22,255,763
Accelerated depreciation for tax purposes (tax rate 20%)	227,090,084	45,418,017	232,620,418	46,524,084
Revaluation of property , plant and equipment (tax rate 30%)	211,897,941	63,569,382	225,141,562	67,542,469
Retirement benefit obligation (tax rate 30%)	(7,344,790)	(2,203,437)	(6,298,465)	(1,889,540)
Retirement benefit obligation (tax rate 20%)	(2,769,545)	(553,909)	(2,339,881)	(467,976)
Lease liability (tax rate 20%)	(7,825,456)	(1,565,091)	(7,903,502)	(1,580,701)
Right of use assets (tax rate 20%)	6,664,554	1,332,911	6,981,908	1,396,382
	497,495,175	126,932,589	522,387,916	133,780,481

As at 31 st March,	Company			
	2024		2023	
	Temporary difference	Deferred tax	Temporary difference	Deferred tax
Accelerated depreciation for tax purposes	69,782,387	20,934,716	74,185,876	22,255,763
Revaluation of property , plant and equipment	211,897,941	63,569,382	225,141,562	67,542,469
Retirement benefit obligation	(7,344,790)	(2,203,437)	(6,298,465)	(1,889,540)
	274,335,538	82,300,661	293,028,973	87,908,692

21.3 Deferred tax expenses

As at 31 st March,	Group		Company	
	2024	2023	2024	2023
Recognized in other comprehensive income				
Revaluation transfer / impact due to rate changes	-	42,379,588	-	42,379,588
Originated of temporary difference	94,988	(28,124)	24,395	(45,392)
	94,988	42,351,464	24,395	42,334,196

21.4 The Company calculated deferred tax as of 31st March 2024 at the rate of 30% (2023 - 30%) and Subsidiaries calculated deferred tax as of 31st March 2024 at the rate of 20% (2023 - 20%).

NOTES TO THE FINANCIAL STATEMENTS

(all amounts are in Sri Lankan Rupees)

22 RETIREMENT BENEFIT OBLIGATIONS

22.1 Movement in present value of defined benefit obligation

As at 31 st March,	Group		Company	
	2024	2023	2024	2023
Balance at the beginning of the year	8,638,346	6,807,932	6,298,465	4,832,761
- Current service cost	1,063,118	908,805	701,668	589,483
- Interest on obligation	1,554,902	1,021,189	1,133,724	724,914
- Actuarial (gain) / loss on obligation	(434,281)	64,970	(81,317)	151,307
	10,822,085	8,802,896	8,052,540	6,298,465
- Benefits paid by the plan	(707,750)	(164,550)	(707,750)	-
Balance at the end of the year	10,114,335	8,638,346	7,344,790	6,298,465

22.2 Provision for retiring gratuity for the year is recognized in the following line items in profit or loss and other comprehensive income

As at 31 st March,	Group		Company	
	2024	2023	2024	2023
Profit or loss				
- Cost of sales	1,546,910	1,212,431	764,282	596,834
- Administrative expenses	1,071,110	717,563	1,071,110	717,563
	2,618,020	1,929,994	1,835,392	1,314,397
Others comprehensive income	(434,281)	64,970	(81,317)	151,307
	2,183,739	1,994,964	1,754,075	1,465,704

The provision for retirement benefits obligation is based on the actuarial valuation carried out by professionally qualified Actuaries, Messers, Actuarial & Management Consultants (Pvt) Ltd as at 31st March 2024. The liability is not externally funded.

The key assumptions used for the calculation are as follows:

	2024	2023
- Rate of interest	12.5%	18%
- Rate of salary increment	10%	16%
- Retirement age	60 years	60 years
- Staff turnover factor	5%	5%

The weighted average duration of retirement benefit obligation is 2.90 to 11 years.

The Group will continue as a going concern.

NOTES TO THE FINANCIAL STATEMENTS

(all amounts are in Sri Lankan Rupees)

Demographic assumption

The demographic assumptions underlying the valuation are retirement age at 60 years, early withdrawal from services and death before and after retirement. Assumption regarding the future mortality are based on the 1967-70 mortality table issued by the Institute of Actuaries, London.

The Company has considered the impact on the defined benefit obligations due to changes in economic factors as a result of the prevailing macroeconomic conditions, with support of the independent actuarial expert. A long-term treasury bond rate of 12.5% (2023-18%) has been used to discount future liabilities taking in to consideration the remaining working

life of the eligible employees. The effect of this change resulted in an actuarial loss as the liability was higher due to lower discounting of the liability to the valuation date. Further, the salary increment rate of 10% is considered appropriate to be in line with the Company's targeted future. Due to the discount rate and salary increment rate account the current market conditions

and inflation rate. salary increments when taking into assumptions used, nature of non-financial assumptions and experience of the assumptions of the company, there is no significant impact to employment benefit liability as a result of prevailing macro-economic conditions.

22.3 Sensitivity analysis

Sensitivity variation on rate of salaries / wages increment

Value appearing in the financial statements are sensitive to the changes of financial and non-financial assumptions used. Simulations made for retirement obligation show that a rise or decrease by 1% of the rate of salary / wage increment has the following effects on the retirement benefit obligations.

As at 31 st March 2024	Group		Company	
	Variance		Variance	
	-1%	+1%	-1%	+1%
Retirement benefit obligations (Rs.)	(733,907)	824,771	(530,053)	596,189

Sensitivity variation on discount rate

Simulations made for retirement obligation show that a rise or decrease by 1% of the estimated discount rate has the following effects on the retirement benefit obligations.

As at 31 st March 2024	Group		Company	
	Variance		Variance	
	-1%	+1%	-1%	+1%
Retirement benefit obligations (Rs.)	775,822	(680,177)	563,042	(492,778)

Although the analysis does not take accounts of the distribution of full cash flow expected under the plan, it does provide approximation of sensitivity of the assumption given.

NOTES TO THE FINANCIAL STATEMENTS

(all amounts are in Sri Lankan Rupees)

23. OTHER PAYABLES

As at 31st March,	Group		Company	
	2024	2023	2024	2023
Accrued expenses	6,919,181	6,397,188	4,408,067	3,972,769
Payable to contractor*	2,008,300	-	2,008,300	-
	8,927,481	6,397,188	6,416,367	3,972,769

*Payable to contractor that is the payment due to the contractor for the remaining balance related to the Weir Rehabilitation at the Sanquhar Mini Hydro Power Plant.

24. AMOUNTS DUE TO RELATED PARTIES

As at 31st March,	Group		Company	
	2024	2023	2024	2023
Hatton Plantations PLC	113,474	147,898	113,474	147,898
	113,474	147,898	113,474	147,898

24.1 The above balance is payable on demand and unsecured. No interest is charged over this balance.

25. CONTINGENT LIABILITIES

Contingent liabilities - Company and Group

The Company and the Group do not have any contingent liabilities which require adjustment to or disclosure in the financial statements as at the reporting date except as disclosed below.

Corporate guarantees given by Lotus Hydro Power PLC;

Name of the Company	Type of the facility	Name of the bank	Amount (Rs.)
Lotus Renewable Energy (Pvt) Ltd	Overdraft	Nation Trust Bank	25,000,000

26. CONTRACTUAL COMMITMENTS - COMPANY AND GROUP

There are no material capital commitments contracted but not provided for or authorized by the Board but not contracted for, that require adjustment to or disclose in financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(all amounts are in Sri Lankan Rupees)

27. RELATED PARTY TRANSACTIONS

The Company and Group carries out transactions in the ordinary course of its business with parties who are defined as related parties in LKAS 24 “Related Party Disclosures”, the details of which are listed out below (Note 27.2).

27.1 Transactions with key management personnel

According to Sri Lanka Accounting Standard 24 “Related Party Disclosures” key management personnel are those having authority and responsibility for planning, directing and controlling activities of the entity. Accordingly, the Board of Directors has been classified as key management personnel of the Group.

(i) Loans given to directors

No loans have been given to Directors of the Company.

(ii) Key management personnel compensation

No compensation has been given to key management personnel of the Company and Group except as disclosed in Note No. 08 in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(all amounts are in Sri Lankan Rupees)

27.2 Transactions with related Companies

Recurrent related party transactions

The Company and the Group have carried out recurrent related party transactions with entities that are related parties as defined in LKAS 24 as detailed below.

Name of the company	Relationship	Nature of transaction	Amount	Outstanding 31st March, 2024	Outstanding 31st March, 2023	Aggregate value of Related Party Transactions entered into during the financial year	Aggregate value of Related Party Transactions as a % of Net Revenue	Terms and Conditions of the Related Party Transactions
			Rs.	Rs.	Rs.	Rs.	%	
Thebuwana Hydro Power (Pvt) Ltd	Subsidiary Company	Expenses incurred	627,879	-	-	(36,078,128)	-28.29%	-
		Fund advance	6,293,993	-	-	-	-	-
		Settlement	(43,000,000)	-	-	-	-	-
Halgranoya Hydro Power (Pvt) Ltd	Subsidiary Company	Expenses incurred	234,488	4,437,051	4,202,563	234,488	0.18%	-
Lotus Renewable Energy (Pvt) Ltd	Parent Company	Expenses incurred	3,901	-	-	-	-	-
		Fund advance	144,176,667	-	-	-	-	-
		Interest Income	9,466,929	67,283,102	94,228,947	(26,945,845)	-21.13%	Interest is charged at the rate of AWPLR+1%.
		Settlement	(175,593,342)	-	-	-	-	-
Zyrex Power Co Ltd	Other affiliate	Management fee payable	(5,000,000)	-	-	-	-	-
		Funds advanced	1,290,686	-	-	(19,000,000)	-14.90%	-
Stellenberg Hydro Power (Pvt) Ltd	Subsidiary Company	Settlement	(20,290,686)	-	-	-	-	-
		Expenses incurred	854,650	277,227	16,460,904	(16,183,677)	-12.69%	-
Sri Bio Tech Lanka (Pvt) Ltd	Common Directors	Fund advance	33,761,673	2,045,087	32,776	2,012,311	1.58%	Interest is charged at the rate of AWPLR+1%.
		Settlement	(50,800,000)	(113,474)	(147,898)	34,424	-0.03%	-
		Expenses incurred	(64,276)	-	-	-	-	-
Hatton Plantation PLC	Common Directors	Fund advance	1,928,000	(1,409,274)	-	-	-	-
		Settlement	(1,443,698)	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

(all amounts are in Sri Lankan Rupees)

27.3 The following directors of Lotus Hydro Power PLC are also the directors of following

Name of the Director	THP	SHP	HHP	GEF	SBTL	LRE	ZPC	HPL	HTPS
Mr. G D Seaton	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Gowri Shankar	✓	✓	✓	✓	-	✓	✓	✓	✓
Mr. Menaka Athukorala	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Indrajith Fernando	-	-	-	-	-	-	-	✓	-
Mr. Uditha Palihakkara	-	-	-	-	-	-	-	✓	-

Name of the company	Abbreviations	Nature of Relationship
Thebuwana Hydro Power (Pvt) Ltd	THP	Subsidiary
Stellenberg Hydro Power (Pvt) Ltd	SHP	Subsidiary
Halgranoya Hydro Power (Pvt) Ltd	HHP	Subsidiary
Good Earth Fertilizers (Pvt) Ltd	GEF	Subsidiary of parent company
Sri Bio-Tech Lanka (Pvt) Ltd	SBTL	Common Directors
Lotus Renewable Energy (Pvt) Ltd	LRE	Parent
Zyrex Power Co Ltd	ZPC	Common Directors
Hatton Plantation PLC	HPL	Common Directors
HI - Tech Power Systems (Pvt) Ltd	HTPS	Common Directors

This note should be read in conjunction with amount due from / to related parties shown in the Note 17 & 24 to the financial statements respectively.

27.4 Non-recurrent related party transactions

The Company has not entered into any non-recurrent related party transactions during the year, which exceeds 10% of the equity or 5% of the total assets, whichever is lower, as per the Colombo Stock Exchange Section Listing rule 9.3.2.

NOTES TO THE FINANCIAL STATEMENTS

(all amounts are in Sri Lankan Rupees)

28. EVENTS AFTER THE REPORTING PERIOD - COMPANY AND GROUP

There were no other material events that occurred between the reporting date and the date on which the financial statements are authorized for issue that require adjustment to or disclosure in the financial statements of the Group and Company other than those disclosed above.

29. ASSETS PLEDGED AS COLLATERALS

29.1 Assets pledged as collaterals - Company

No assets have been pledged as collaterals as at the reporting date.

29.2 Assets pledged as collaterals - Group

No assets have been pledged as collaterals as at the reporting date.

30. COMPARATIVE INFORMATION

Comparative figures have been re-classified where necessary in line with the presentation requirements for the current year.

31. SEGMENTAL INFORMATION

The Company and subsidiaries are engaged in the generation of hydro power thereby segmental analysis information is not applicable, as there are no reportable segments.

32. DIRECTOR'S RESPONSIBILITY

Directors of the Company are responsible for the preparation and presentation of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(all amounts are in Sri Lankan Rupees)

33. FINANCIAL INSTRUMENTS

Fair values of financial instruments.

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced liquidation or sale.

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Fair value measurement

Level I: Quoted market price (unadjusted) in an active market for an identical instrument.

Level II: Valuation techniques based on observable inputs, either directly – i.e. as prices or indirectly – i.e. derived from prices. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level III: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for

similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments the bank determines fair values using valuation techniques.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates. The objective of the valuation technique is to arrive at a fair value determination that reflect the price of the financial instrument at the reporting date, that would have determined by the market participants acting at the arms length.

Fair value of financial instruments of the Company and Group

Classes of financial instruments that are not carried at fair value and are a reasonable approximation of fair value are trade and other receivables, amounts due from related parties, cash and cash equivalents, other payables, amounts due to related parties, bank overdrafts and loans and borrowings.

33.1 Accounting classifications of financial instruments

33.1.1 Group

As at 31 st March 2024	Carrying amount		
	Financial assets at amortised cost	Other financial liabilities at amortised cost	Total
Financial assets not measured at fair value			
Trade and other receivables*	25,673,821	-	25,673,821
Amounts due from related parties	69,328,189	-	69,328,189
Cash and cash equivalents	-	-	185,006,246
Financial liabilities not measured at fair value			
Other payables**	-	2,008,300	2,008,300
Amount due to related parties	-	113,474	113,474
Bank overdrafts	-	-	313,871

NOTES TO THE FINANCIAL STATEMENTS

(all amounts are in Sri Lankan Rupees)

As at 31 st March 2023	Carrying amount		
	Financial assets at amortised cost	Other financial liabilities at amortised cost	Total
Financial assets not measured at fair value			
Trade and other receivables*	209,501,675	-	209,501,675
Amounts due from related parties	113,261,723	-	113,261,723
Cash and cash equivalents	-	-	15,100,493
Financial liabilities not measured at fair value			
Amount due to related parties	-	147,898	147,898
Bank overdrafts	-	-	160,185

*Trade and other receivables that are not financial assets of Rs. 7,050,426 (2023 - Rs. 15,375,734) are not included.

**Other payables that are not financial liabilities of Rs. 6,919,181 (2023 - Rs. 6,397,188) are not included.

33.1.2 Company

As at 31 st March 2024	Carrying amount		
	Financial assets at amortised cost	Other financial liabilities at amortised cost	Total
Financial assets not measured at fair value			
Trade and other receivables*	8,694,130	-	8,694,130
Amounts due from related parties	74,042,467	-	74,042,467
Cash and cash equivalents	-	-	112,601,228
Financial liabilities not measured at fair value			
Other payables**	-	2,008,300	2,008,300
Amount due to related parties	-	113,474	113,474
Bank overdrafts	-	-	313,871

As at 31 st March 2023	Carrying amount		
	Financial assets at amortised cost	Other financial liabilities at amortised cost	Total
Financial assets not measured at fair value			
Trade and other receivables*	125,302,215	-	125,302,215
Amounts due from related parties	170,003,318	-	170,003,318
Cash and cash equivalents	-	-	14,988,650
Financial liabilities not measured at fair value			
Amount due to related parties	-	147,898	147,898
Bank overdrafts	-	-	160,185

*Trade and other receivables that are not financial assets of Rs. 4,776,418 (2023- Rs. 13,151,767) are not included.

**Other payables that are not financial liabilities of Rs. 4,408,067 (2023 - Rs. 3,972,769) are not included.

The carrying amount of loans and receivables and other financial liabilities of the Company and Group does not significantly differ from the value based on amortised costs.

NOTES TO THE FINANCIAL STATEMENTS

(all amounts are in Sri Lankan Rupees)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has other receivables, Trade and other receivables, cash and short term deposits that arise directly from its operations. The Group's principle financial liabilities, comprise of trade and other payables. The main purpose of these financial liabilities is to finance the group's operations. The Group is exposed to market risk, credit risk and liquidity risk.

34.1 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) other advances including loans and advances to staff/workers and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all clients who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the results that the group's exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets of the Company, such as cash and cash equivalents and short term investments, the Company's exposure to credit risk from default of the counter party.

34.2 Risk exposure

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts. Following table shows the maximum risk positions.

As at,	31 st March 2024		31 st March 2023	
	Amount	Exposure %	Amount	Exposure %
Group				
Trade and other receivables	25,673,821	9.17%	209,501,675	62.02%
Amounts due from related parties	69,328,189	24.77%	113,261,723	33.53%
Cash at bank	184,911,217	66.06%	15,017,358	4.45%
Total	279,913,227	100.00%	337,780,756	100.00%
Company				
Trade and other receivables	8,694,130	4.45%	125,302,215	40.39%
Amounts due from related parties	74,042,467	37.92%	170,003,318	54.80%
Cash at bank	112,517,889	57.63%	14,907,338	4.81%
Total	195,254,486	100.00%	310,212,871	100.00%

NOTES TO THE FINANCIAL STATEMENTS

(all amounts are in Sri Lankan Rupees)

34.2.1 Both the Group/Company held cash at bank of Rs. 184,911,217 and 112,517,889 respectively as at 31st March 2024. (2023 - Rs. 15,017,358 and 14,907,338). The cash at bank are held with ,reputed ,commercial banks.

Fitch Rating	Group		Company	
	2024	2023	2024	2023
A	102,877,897	2,096,265	30,574,546	2,096,265
A-	81,979,822	111,727	81,889,845	35,750
BBB+	53,498	12,809,366	53,498	12,775,323
	184,911,217	15,017,358	112,517,889	14,907,338

34.3 Trade and other receivables

As at 31 st March,	Group		Company	
	2024	2023	2024	2023
Past due but not impaired				
- 0-90 Days	32,724,247	30,690,475	13,470,548	22,590,984
- 90-365 days	-	185,887,143	-	111,393,770
- > 365 days	-	8,299,791	-	4,469,228
Total gross trade and other receivables	32,724,247	224,877,409	13,470,548	138,453,982
Impairment provision for trade and other receivable **	-	-	-	-
Total net trade and other receivables	32,724,247	224,877,409	13,470,548	138,453,982

**More than 365 days trade and other receivables are received during the financial year.

34.4 Amounts due from related parties

The Group's amounts due from related parties mainly consist of balances due from companies under common control and from related companies.

34.5 Liquidity risk

The Group's policy is to hold cash and undrawn committed facilities at a level sufficient to ensure that the Group has available funds to meet its short and medium term capital and

funding obligations, including organic growth and acquisition activities, and to meet any unforeseen obligations and opportunities. The Group holds cash and undraws committed facilities to enable the Group to manage its liquidity risk.

The Group monitors its risk to a shortage of funds using a daily cash management process. This process considers the maturity of both the Group's financial investments

and financial assets (e.g. accounts receivable, other financial assets) and project.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of multiple sources of funding including bank loans and overdrafts.

NOTES TO THE FINANCIAL STATEMENTS

(all amounts are in Sri Lankan Rupees)

34.5.1 Liquidity position

As at 31 st March,	Group		Company	
	2024	2023	2024	2023
Short term investments	140,500,000	-	69,000,000	-
Amounts due from related parties	69,328,189	113,261,723	74,042,467	170,003,318
Cash in hand and at bank	44,506,246	15,100,493	43,601,228	14,988,650
Liquid assets	254,334,435	128,362,216	186,643,695	184,991,968
Amount due to related parties	113,474	147,898	113,474	147,898
Bank overdrafts	313,871	160,185	313,871	160,185
Other payables	8,927,481	6,397,188	6,416,367	3,972,769
Liquid liabilities	9,354,826	6,705,271	6,843,712	4,280,852
Net cash	244,979,609	121,656,945	179,799,983	180,711,116

Liquidity risk management

The mixed approach combines elements of the cash flow matching approach and the liquid assets approach. The business units attempt to match cash outflows in each time bucket against a combination of contractual cash inflows plus other inflows that can be generated through the sale of assets or other secured borrowings.

Maturity analysis

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Company

	Carrying amount	Contractual cash flows	Less than 3 months	3 to 12 Months	More than 12 Months	Total
As at 31st March 2024						
Other payables	2,008,300	2,008,300	2,008,300	-	-	2,008,300
Amount due to related parties	113,474	113,474	113,474	-	-	113,474
Lease liability	905,612	957,656	410,424	547,232	-	957,656
Bank overdrafts	313,871	313,871	313,871	-	-	313,871
Total	3,341,257	3,393,301	2,846,069	547,232	-	3,393,301
As at 31st March 2023						
Amount due to related parties	147,898	147,898	147,898	-	-	147,898
Lease liability	1,123,278	1,161,520	435,570	725,950	-	1,161,520
Bank overdrafts	160,185	160,185	160,185	-	-	160,185
Total	1,431,361	1,469,603	743,653	725,950	-	1,469,603

NOTES TO THE FINANCIAL STATEMENTS

(all amounts are in Sri Lankan Rupees)

Group

	Carrying amount	Contractual cash flows	Less than 3 months	3 to 12 Months	More than 12 Months	Total
As at 31st March 2024						
Other payables	2,008,300	2,008,300	2,008,300	-	-	2,008,300
Amount due to related parties	113,474	113,474	113,474	-	-	113,474
Lease liability	8,731,068	15,833,198	647,677	1,303,029	13,882,491	15,833,198
Bank overdrafts	313,871	313,871	313,871	-	-	313,871
Total	11,166,713	18,268,843	3,083,322	1,303,029	13,882,491	18,268,843
As at 31st March 2023						
Amount due to related parties	147,898	147,898	147,898	-	-	147,898
Lease liability	9,026,780	17,040,017	675,189	1,489,286	14,875,542	17,040,017
Bank overdrafts	160,185	160,185	160,185	-	-	160,185
Total	9,334,863	17,348,100	983,272	1,489,286	14,875,542	17,348,100

34.6 Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/'issuer's credit standing) 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 optimizing the return on risk.

34.6.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt

obligation. The Group utilises various financial instruments to manage exposures to interest rate risks.

At the reporting date, the Group's interest-bearing financial instruments were as follows:

As at 31 st March,	Carrying Amount	
	2024	2023
Variable rate instruments		
Financial Liabilities		
Loans and borrowings	-	-
Bank overdraft	313,871	160,185
	313,871	160,185

Interest rate risk

Interest rate risk is the risk of fluctuation of the value or cash flows of an instrument due to changes in the market interest rates.

In order to reduce the Interest rate risk, the Group implements the following strategies.

1. Debt has been structured through variable interest rates in order to manage the volatility in the market.
2. Work towards the low gearing ratio.
3. Proper mechanism to monitor the fluctuations in interest rates.

NOTES TO THE FINANCIAL STATEMENTS

(all amounts are in Sri Lankan Rupees)

35. CAPITAL MANAGEMENT

The objectives of the capital management can be summarised as follows:

Appropriately allocate capital to meet strategic objectives.

Enable the Group to face any economic downturn/ crisis situation.

The Group's policy is to maintain a strong capital base so as to ensure investor, creditor and market confidence in order to sustain future development of the business. The impact of the shareholders' return is also recognised and the Group recognises the need to maintain a balance between higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Group manages its capital structure and adjusts it accordingly in line with changes in global and local economic and market conditions and its overall risk appetite.

Given below is a summary of the capital structure of the Group and the Company as follows:

As at 31 st March,	Group		Company	
	2024	2023	2024	2023
Long-term borrowings	-	-	-	-
Equity	706,915,943	794,291,758	686,424,411	803,968,533
Total equity and long-term borrowings	706,915,943	794,291,758	686,424,411	803,968,533
Gearing ratio (%)	-	-	-	-

FIVE YEAR SUMMARY - GROUP

FINANCIAL REVIEW AND INVESTOR INFORMATION OF LOTUS HYDRO POWER PLC

For the year end 31st March 2024 extracts of the financial statement and significant Group financial ratios can be summarized as follows;

Year ended 31st March	2020	2021	2022	2023	2024
	Rs.	Rs.	Rs.	Rs.	Rs.
A) Summary of operations					
Turnover	206,102,016	238,076,629	223,736,214	200,234,291	221,656,786
Gross profit	106,786,723	153,680,607	131,042,051	103,961,456	110,216,712
Profit before taxation	52,934,244	114,691,282	100,408,354	81,276,067	81,534,704
Taxation	(48,983,082)	25,221,817	(18,594,929)	(37,566,373)	(16,526,454)
Profit attributable to shareholders	3,951,162	139,913,099	81,813,425	43,709,694	65,008,250
B) Summary of financial position					
Capital and reserves					
Stated capital	482,300,200	482,300,200	482,300,200	482,300,200	482,300,200
Reserves	190,809,947	216,502,573	205,113,059	157,700,894	148,430,359
Retained earnings	78,353,319	119,990,557	105,585,239	154,290,664	76,185,384
Total equity	751,463,466	818,793,330	792,998,498	794,291,758	706,915,943
Assets and liabilities					
Current assets	237,260,506	253,920,514	246,736,657	360,739,471	309,173,787
Current liabilities	(46,910,836)	(31,863,713)	(16,410,527)	(24,232,660)	(28,077,638)
Net current assets /(liabilities)	190,349,670	222,056,801	230,326,130	336,506,811	281,096,149
Property, plant and equipment	723,893,878	669,758,340	628,569,131	585,475,784	543,080,260
Right of use assets	9,410,486	17,278,797	14,734,520	13,184,959	18,155,477
Other non-current assets	11,534,921	9,368,488	9,368,488	9,368,488	9,368,488
Non-current liabilities	(183,725,489)	(99,669,096)	(89,999,771)	(150,244,284)	(144,784,431)
Net assets	751,463,466	818,793,330	792,998,498	794,291,758	706,915,943
Key indicators					
Earnings per share (Rs.)	0.04	1.28	0.75	0.40	0.60
Dividends per share (Rs.)	0.80	1.00	1.00	-	1.40
Net assets per share (Rs.)	6.89	7.51	7.27	7.28	6.48
Current ratio (times)	5.06	7.97	15.04	14.89	11.01

SHARE ANALYSIS

Analysis of shareholders according to the category

As at 31st March 2024

Shares	Resident			Non-Resident Total			Total		
	No. of Shareholders	No. of shares	(%)	No. of Shareholders	No. of shares	(%)	No. of Shareholders	No. of shares	(%)
1 to 1000 shares	1,466	606,670	0.56	4	3,014	0.00	1,470	609,684	0.56
1001 to 10,000 shares	756	2,483,105	2.28	6	19,227	0.02	762	2,502,332	2.30
10,001 to 100,000 shares	158	4,588,844	4.21	1	54,344	0.05	159	4,643,188	4.26
100,001 to 1000,000 shares	17	4,424,570	4.06	-	-	-	17	4,424,570	4.06
over 1,000,000 shares	3	96,908,338	88.82	-	-	-	3	96,908,338	88.82
TOTAL	2,400	109,011,527	99.93	11	76,585	0.07	2,411	109,088,112	100.00

As at 31st March 2023

Shares	Resident			Non-Resident			Total		
	No. of Shareholders	No. of shares	(%)	No. of Shareholders	No. of shares	%	No. of Shareholders	No. of shares	%
1 to 1000 shares	1,422	615,410	0.56	4	3,014	0.00	1,426	618,424	0.56
1001 to 10,000 shares	786	2,638,391	2.43	7	15,800	0.01	793	2,654,191	2.44
10,001 to 100,000 shares	150	4,232,050	3.88	1	54,344	0.05	151	4,286,394	3.93
100,001 to 1000,000 shares	17	3,590,765	3.29	-	-	-	17	3,590,765	3.29
over 1,000,000 shares	4	97,938,338	89.78	-	-	-	4	97,938,338	89.78
TOTAL	2,379	109,014,954	99.94	12	73,158	0.06	2,391	109,088,112	100.00

Categories of Shareholders	As at 31 st March 2024			As at 31 st March 2023		
	No of shareholders	No of shares	%	No of shareholders	No of shares	%
Individual	2,356	11,282,706	10.34	2,341	11,286,720	10.35
Institutional	55	97,805,406	89.66	50	97,801,392	89.65
TOTAL	2,411	109,088,112	100.00	2,391	109,088,112	100.00

Share Price Information on ordinary shares of the Company

	2024	2023
Highest during the period (Rs.)	14.40	9.80
Lowest during the period (Rs.)	6.80	6.90
Close price (Rs.)	9.50	7.80

LIST OF 20 MAJOR SHAREHOLDERS

As at 31 st March 2024			As at 31 st March 2023		
Name	No. of Shares	%	Name	No. of Shares	%
1. Lotus Renewable Energy Private Limited	80,350,881	73.66	1. National Development Bank PLC/ Lotus Renewable Energy Private Limited	80,350,881	73.66
2. Sampath Bank PLC/ Dr.T.Senthilverl	15,000,000	13.75	2. Sampath Bank PLC/ Dr.T.Senthilverl	15,000,000	13.75
3. Seylan Bank PLC/ Senthilverl Holdings (Pvt) Ltd	1,557,457	1.43	3. Seylan Bank PLC/ Senthilverl Holdings (Pvt) Ltd	1,557,457	1.43
4. Mr. D.D Gunaratne	986,850	0.90	4. Mr. D.D Gunaratne	1,030,000	0.94
5. Mr. H.A.R. Pieris	500,000	0.46	5. Mr. S. N. Senthilverl	469,200	0.43
5. Mr. S. N. Senthilverl	469,200	0.43	5. Mr. S. Senthimaaran	469,200	0.43
7. Mr. S.Senthimaaran	469,200	0.43	7. Mr. P.P. Subasinghe	316,562	0.29
8. Mr. A.S.A. Fernando	240,065	0.22	8. Mr. H.A.R. Pieris	300,000	0.28
9. Mrs. S. Vasudevan	213,771	0.20	9. Mr. M.W.M.D. Weeraratne	216,048	0.20
10. Mr. A.M.K.M.G. Dharmasena	192,460	0.18	10. Mrs. V. Saraswathi	213,771	0.20
11. Mr. M. Sundaresan	185,451	0.17	11. Mr. H.P.L. Prabath	198,271	0.18
12. PMF Finance PLC / R.A.Y.S.Perera	159,924	0.15	12. Mr. A.M.K.M.G. Dharmasena	192,460	0.18
13. Mrs. F.F. Musthapha	153,503	0.14	13. Mr. M. Sundaresan	185,451	0.17
14. Mr. G.K. Kulatilleke	152,300	0.14	14. PMF Finance PLC / R.A.Y.S.Perera	159,924	0.15
15. Mr. K.C. Vignarajah	143,486	0.13	15. Mrs. F.F. Musthapha	153,503	0.14
16. Mr. N.A. Withana	129,757	0.12	16. Mr. G.K. Kulatilleke	152,300	0.14
17. Merchant Bank of Sri Lanka & Finance PLC/H.M.C.M. Abewardana	115,090	0.11	17. Mr. N.A. Withana	129,757	0.12
18. Universal Capital Holdings (Pvt) Ltd	105,000	0.10	18. Merchant Bank of Sri Lanka & Finance PLC/ H.M.C.M. Abewardana	114,125	0.10
19. Mr. M.N. Aththas	104,327	0.10	19. Mr. K.C. Vignarajah	111,066	0.10
20. Mr. M.K.N. De Silva	104,186	0.10	20. Universal Capital Holdings (Pvt) Ltd	105,000	0.10
TOTAL	101,332,908	92.89	TOTAL	101,424,976	92.98

	As at 31 st March 2024	As at 31 st March 2023
No. of shares held by public (Nos.)	12,179,774	12,179,774
No. of shareholders representing the public holding (Nos.)	2,408	2,388
Percentage of shares held by public (%)	11.17%	11.17%
Existing float adjusted market Capitalization (Rs.)	115,707,853	95,002,237

The float adjusted market capitalisation of the Company falls under Option 2 of Rule 7.13.1(b) of the Listing Rules of the Colombo Stock Exchange and the Company has complied with the minimum public holding requirement applicable under the said option.

GLOSSARY OF FINANCIAL TERMS

Accounting Policies

The specific principles, bases, conventions rules and practices adopted by an enterprise in preparing and presenting Financial Statements.

Accrual Basis

Recognizing the effects of transactions and other events when they occur without waiting for receipt or payment of cash or cash equivalent.

Amortization

The systematic allocation of the depreciable amount of an intangible asset over its useful life.

Basic Earnings per Share (EPS)

Profits attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the period.

Borrowings

All interest bearing liabilities.

Cash Equivalents

Liquid investments with original maturity periods of three months or less.

Capital Employed

Total equity and interest -bearing borrowings.

Current Ratio

Current assets divided by current liabilities - a measure of liquidity

Contingent Liability

A possible obligation that arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise.

Capital Reserves

Reserves identified for specific purposes and considered not available for distribution.

Dividends

Distribution of profits to holders of equity investments.

Dividend Cover

Profit attributable to ordinary shareholders divided by dividend - Measure the number of times dividend is covered by distribution of profits.

Dividend Yield

Dividend per share as a percentage of the market price - A measure of return on investments.

Deferred Taxation

The tax effect of timing differences deferred to/from other periods, which would only qualify for on a tax return at a future date.

EBITDA

Abbreviation for Earnings before Interest Tax, Depreciation and Amortization.

Effective Tax Rate

Provision for taxation excluding deferred taxation divided by the profit before tax.

Equity

Shareholders' fund.

Fair Value

Fair value is the amount for which an asset could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction.

Foreign Currency Transactions

The realized gain recorded when assets or liabilities denominated in foreign currencies are translated into Sri Lankan Rupees on the balance sheet date at prevailing rates which differ from those rates in force at inception or on the previous balance sheet date.

Financial Instruments

Is any contract that gives rise to a

financial asset of one entity and a financial liability or equity instrument of another entity.

Gearing

Proportion of total interest -bearing borrowings to capital employed.

Group

A group is a parent and all its subsidiaries.

LKAS

Sri Lanka Accounting Standards.

SLFRS

Sri Lanka Financial Reporting Standards.

Impairment

This occurs when recoverable amount of an asset is less than its carrying amount.

Intangible Asset

An identifiable non-monetary asset without physical substance held for use in the production / supply of goods / services for rental to others or for administrative purposes.

Key Management Personnel

The management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

Market Capitalization

Number of Shares issues multiplied by the market value of each share at the reported date.

Market Risk

This refers to the possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates credit spreads and other asset prices.

Net Assets Per Share

Shareholders' funds divided by the weighted average number of ordinary shares in issue. A basis of share valuation.

OCI

Other Comprehensive Income.

Parent

A parent is an entity that has one or more subsidiaries.

Price-Earnings Ratio

Market price of a share divided by earnings per share as reported date.

Related Parties

Parties who could control or significantly influence the financial and operating policies of the business.

Retirement Benefits

Present value of a defined benefit obligation is the present value of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

Return on Average Assets (ROA)

Net income expressed as a percentage of average total assets, used along with ROE as a measure of profitability and as a basis of intra- industry performance comparison.

Return on Average Equity (ROE)

Net income, less preferred share dividends if any, expressed as a percentage of average ordinary shareholders' equity.

Return on Capital Employed

Profit before tax plus net interest cost divided by capital employed.

Revaluation Reserve

Excess value identified between the fair value and carrying value of the revalued assets.

Revenue Reserves

Reserves consolidated as being available for distribution and investments.

SLFRS / LKAS

Sri Lanka Accounting Standards corresponding to International Financial Reporting standards.

Subsidiary

A subsidiary is an entity, including an unincorporated entity such as a partnership that is controlled by another entity (known as the parent).

Shareholders' Funds

Total of issued and fully paid share capital, capital reserves and revenue reserves.

Value Addition

The quantum of wealth generated by the activities of the Group measured as the difference between turnover and the cost of materials and services bought in.

Working Capital

Capital required to finance day to day operations computed as the excess of current assets over current liabilities.

Non- Financial Terms

CEB	-Ceylon Electricity Board
SLSEA	-Sri Lanka Sustainable Energy Authority.
PUCSL	-Public Utilities Commission of Sri Lanka.
CEA	-Central Environmental Authority
CSE	-Colombo Stock Exchange
CDM	-Clean Development Mechanism
CER	-Certified Emission Reduction
MHPP	-Mini Hydro Power Project
CSR	-Corporate Social Responsibility
GRI	-Global Reporting Initiatives.
Watt-hour	-Unit of energy expended for one hour of time.
Kilowatt (kW)	-Equal to 1000 watt.
Mega watt	-Equals to one million watts or (MW) to 1000 kilowatts.
Giga watt	-Equal to one billion watts or to 1000 megawatts.
GWh	-Giga watt hours
SPPA	-Standard Power Purchase Agreement
SID	-Senior Independent Director

NOTE

A series of horizontal dotted lines for writing notes.

NOTICE OF THE ANNUAL GENERAL MEETING

LOTUS HYDRO POWER PLC REG. NO. PV 7385 PB / PQ

NOTICE IS HEREBY GIVEN THAT THE ANNUAL GENERAL MEETING OF LOTUS HYDRO POWER PLC WILL BE HELD ON 26TH SEPTEMBER 2024 AT 11.30 A.M. AT PARK PREMIER BANQUET HALL, EXCEL WORLD, NO. 338 T. B. JAYAH MAWATHA, COLOMBO 10.

The business to be brought before the meeting will be:

1. To receive and consider the Annual Report of the Directors and the Audited Financial Statements for the year ended 31st March 2024 together with the Report of the Auditors thereon.
2. To re-elect Mr. W. M. A. Indrajith Fernando who, in terms of Article 24 (6) of the Articles of Association of the Company, retires by rotation at the Annual General Meeting as a Director.
3. To consider and if thought fit to pass the following ordinary resolution pertaining to the re-appointment of Mr. Uditha Harilal Palihakkara as a Director who is over 70 years of age, in compliance with Section 211 of the Companies Act No.07 of 2007 and whose re-appointment is recommended by the Board of Directors.
4. To consider and if thought fit to pass the following ordinary resolution pertaining to the re-appointment of Dr. Thirugnanasambandar Senthilverl as a Director who is over 70 years of age, in compliance with Section 211 of the Companies Act No.07 of 2007 and whose re-appointment is recommended by the Board of Directors.

ORDINARY RESOLUTION

“That the age limit of 70 years referred to in Section 210 of the Companies Act No.07 of 2007 shall not apply to Dr. Thirugnanasambandar Senthilverl, Director who is 79 years of age and accordingly that Dr. Thirugnanasambandar Senthilverl be and is hereby re-appointed as a Director of the Company in terms of Section 211 of the Companies Act No.07 of 2007”.

ORDINARY RESOLUTION

“That the age limit of 70 years referred to in Section 210 of the Companies Act No.07 of 2007 shall not apply to Mr. Uditha Harilal Palihakkara, Director who is 81 years of age and accordingly that Mr. Uditha Harilal Palihakkara be and is hereby re-appointed as a Director of the Company in terms of Section 211 of the Companies Act No.07 of 2007”

5. To re-appoint M/s KPMG, Chartered Accountants as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company and authorize the Directors to determine their remuneration.
6. To authorize the Directors to determine contributions to charities and other donations for the year 2024/2025 until the next Annual General Meeting.

BY ORDER OF THE BOARD OF
LOTUS HYDRO POWER PLC

S S P CORPORATE SERVICES (PRIVATE) LIMITED



SECRETARIES

28th August 2024

Notes:

1. Any member/s is/are entitled to attend and vote is/are entitled to appoint a proxy in his stead.
2. A form of Proxy accompanies this notice. A proxy need not be a shareholder.
3. Instruments appointing proxies must be lodged with the Company not less than 48 Hours before the meeting.

FORM OF PROXY

LOTUS HYDRO POWER PLC - PV 7385 PB / PQ

I/We,.....of
being
 a member/members of Lotus Hydro Power PLC hereby appoint Mr./Mrs./Ms.....
 (NIC No.....) of..... whom failing,

- | | |
|--|---------------|
| Mr. Gary Donald Seaton | whom failing, |
| Mr. Athukorala Udumullage Asantha Menaka Athukorala | whom failing, |
| Mr. Krishnamoorthy Gowri Shankar | whom failing, |
| Dr. Thirugnanasambandar Senthilverl | whom failing, |
| Mr. Uditha Harilal Palihakkara | whom failing, |
| Mr. Wannakuwatte Mitiwaduge Asela Indrajith Fernando | |

as my /our proxy to represent me/us and vote on my/our behalf at the Annual General Meeting of the Company to be held on 26th September 2024 at 11.30 a.m at Park Premier Banquet Hall, Excel World, No. 338 T. B. Jayah Mawatha, Colombo 10 and at any adjournment thereof.

	FOR	AGAINST
1. To receive and consider the Annual Report of the Directors and the Audited Financial Statements for the year ended 31 st March 2024 together with the Report of the Auditors thereon.	<input type="radio"/>	<input type="radio"/>
2. To re-elect Mr. W. M. A. Indrajith Fernando as a Director who retires by rotation in accordance with Article 24(6) of the Articles of Association of the Company.	<input type="radio"/>	<input type="radio"/>
3. To re-appoint Mr. Uditha Harilal Palihakkara who is over 70 years of age as a Director of the Company, by passing the ordinary resolution set out in the Notice of Meeting.	<input type="radio"/>	<input type="radio"/>
4. To re-appoint Dr. Thirugnanasambandar Senthilverl, who is over 70 years of age as a Director of the Company, by passing the ordinary resolution set out in the Notice of Meeting.	<input type="radio"/>	<input type="radio"/>
5. To re-appoint M/s KPMG, Chartered Accountants as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company and authorize the Directors to determine their remuneration.	<input type="radio"/>	<input type="radio"/>
6. To authorize the Directors to determine contributions to charities and other donations for the year 2024/2025 until the next Annual General Meeting.	<input type="radio"/>	<input type="radio"/>

- (a)*Please delete the inappropriate words.
- (b) Instructions are noted on the reverse hereof.

Please provide the following details;

Full Name of the Shareholder :

CDS A/C No/ NIC No/Company Reg No. :

E - Mail address :

Folio No/ No of Shares held :

Full Name of the Proxy holder :

Proxy holder's ID No (if not a Director) :

Proxy holder's E - Mail address :

INSTRUCTIONS FOR THE COMPLETION OF THE FORM OF PROXY:

1. Please complete the Form of Proxy after filling in legibly your full name, NIC Number and address and by signing in the space provided.
2. To be valid, this Form of Proxy must be deposited at the Registered Office of the Company, Lotus Hydro Power PLC, 2nd Floor, No. 168, Negombo Road, Peliyagoda not less than 48 hours before the time appointed for holding the meeting.
3. Please indicate clearly how your proxy is to vote on the resolution. If no indication is given, the proxy in his discretion may vote as he thinks fit.
4. If the shareholder is a Company or body corporate, a form of Corporate Representation executed under its Common Seal in Accordance with its Articles of Association or Constitution should be submitted.
5. Where the Form of Proxy is signed under a Power of Attorney (POA) which has not been registered with the company, the original POA together with a photocopy of same or a copy certified by a Notary Public must be lodged with the company along with the Form of Proxy.
6. Any Shareholder / Proxy attending the Annual General Meeting is kindly requested to bring with him/her the National Identity Card or any other form of valid identification

CORPORATE INFORMATION

NAME OF COMPANY

LOTUS HYDRO POWER PLC

LEGAL FORM

A Public Limited Liability Company incorporated in Sri Lanka on 24th April 2000 under the Companies Act No.07 of 2007 and is a BOI approved Company quoted on Colombo Stock Exchange.

DATE OF INCORPORATION

24th April 2000

COMPANY REGISTRATION NO.

PV 7385 PB/PQ

DIRECTORS

Mr. Gary Seaton

Chairman/Executive Director

Mr. Menaka Athukorala

Executive Director

Mr. Gowri Shankar

Non-Executive Director

Dr. Thirugnanasambandar Senthilvel

Non-Executive Director

Mr. Uditha Palihakkara

Senior Independent Non-Executive Director

Mr. Indrajith Fernando

Independent Non-Executive Director

REGISTERED OFFICE

2nd Floor, No. 168, Negombo Road, Peliyagoda, Sri Lanka.

BUSINESS OFFICE

2nd Floor, No. 168, Negombo Road, Peliyagoda, Sri Lanka.

Tel No.: +94 11 51 17 780/81/82 /

+94 11 48 45 392

+94 11 48 45 421

COMPANY SECRETARIES

S S P Corporate Services (Pvt) Ltd
No. 101, Inner Flower Road, Colombo 03.

AUDITORS

KPMG, Chartered Accountants,
32 A, Sir Mohamed Macan Markar
Mawatha, Colombo 03.

BANKERS

Sampath Bank
National Development Bank PLC
Nations Trust Bank PLC
Hatton National Bank PLC
Seylan Bank PLC

