

Shining Beyond Expectations Growing Beyond Boundaries

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As we complete another year, one that was hampered by a global pandemic, we grew ever stronger as we place on record a progression that propelled us forward in more ways than one. With determination and long term goals in mind, Vidullanka PLC was exemplary in overcoming obstacles with poise and determination.

Along with new projects both locally and abroad, we were able to increase our capacity, while being instrumental in the charge for green sustainable power generation; all while bringing to successful fruition, the projects that are set to revolutionise the industry. Our expansion also gave us leeway to be more independent and utilise more opportunities offered in the regional and international markets. Our growth in capacity as well as a turnaround in profit over the years prove yet again, that we are invested in excellence.

About Vidullanka PLC

Vidullanka PLC is a name synonymous with the creation and enrichment of a sustainable future for the environment and close communities alike through a passionate mission of building on renewable energy sources.

The Company is a front runner and pioneer in the renewable energy industry of Sri Lanka, committed to steering the interests of the nation, industry and populace in favor of a greener future backed by clean energy. The Company founded in 1997, has over two decades of experience and currently has 19 operational power projects with a total energy capacity of 39 MW supplying over 180 GWh annually to the national grids of Sri Lanka and Uganda. Vidullanka PLC boasts a diverse plant portfolio based on Hydro Power, Dendro Power and Solar Power, with our recent efforts being focused on expanding in to rooftop and ground mounted solar power plants in Sri Lanka and Africa.

As our motto; “Building on Renewable Energy Sources” outlines, we strive to sustainably develop and improve our contributions to the environment, communities, employees, shareholders and other stakeholders. In line with this ambition, we adopted new vision and mission statements to help us guide through this process. Our Vision: “Sustainably Energizing The Planet” allows us to visualize a clear goal in our endeavours and our Mission: “Passionate in harnessing renewable energy resources, using innovative engineering solutions” provides us a road map to stay true to the causes we believe are fundamental to us as a company.

There is a systematic and clear integration of sustainability and social responsibility initiatives in to the formulation and achievement of our goals which has helped us deliver substantial value to all stakeholders while ensuring the values which we are true to.

At Vidullanka, we are dedicated to continuously deliver clean and sustainable energy for all and are committed to create new paradigms in renewable energy.



Vision

Sustainably energizing the planet.

Mission

Passionate in harnessing renewable energy resources, using innovative engineering solutions.

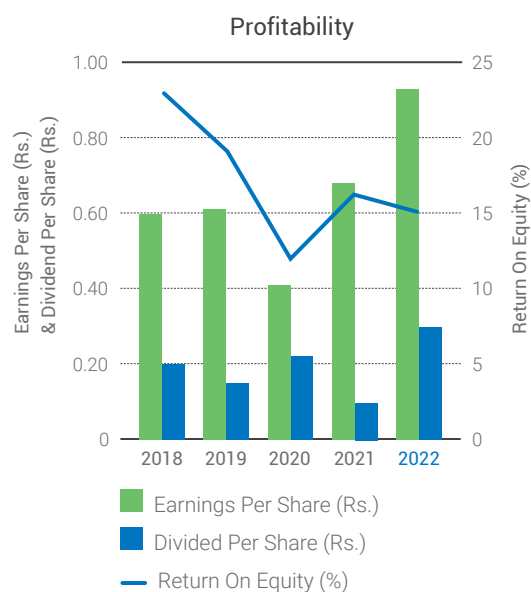
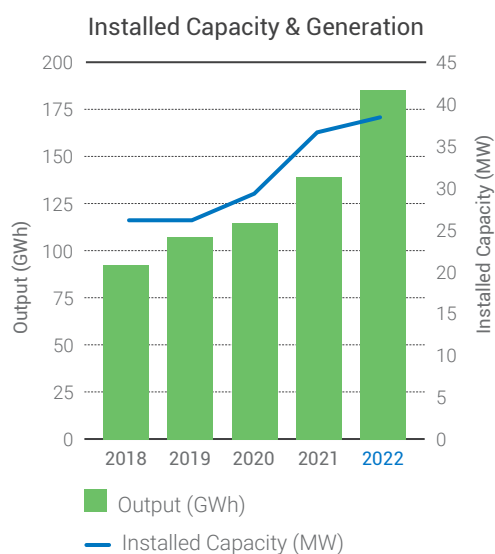
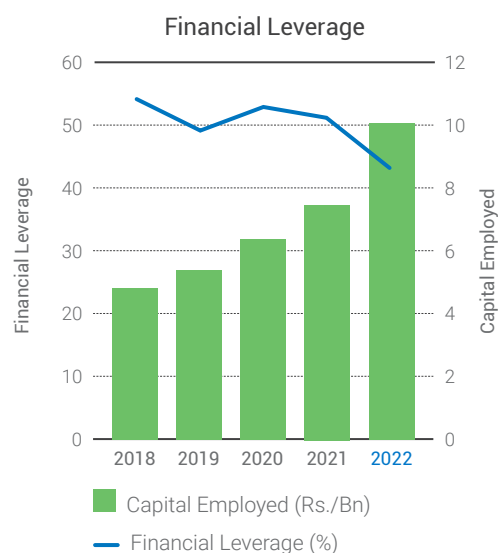
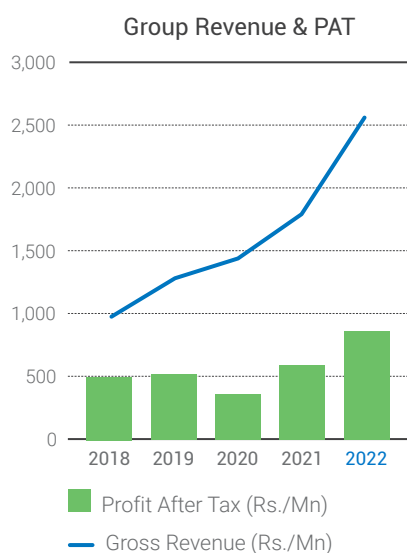


Values

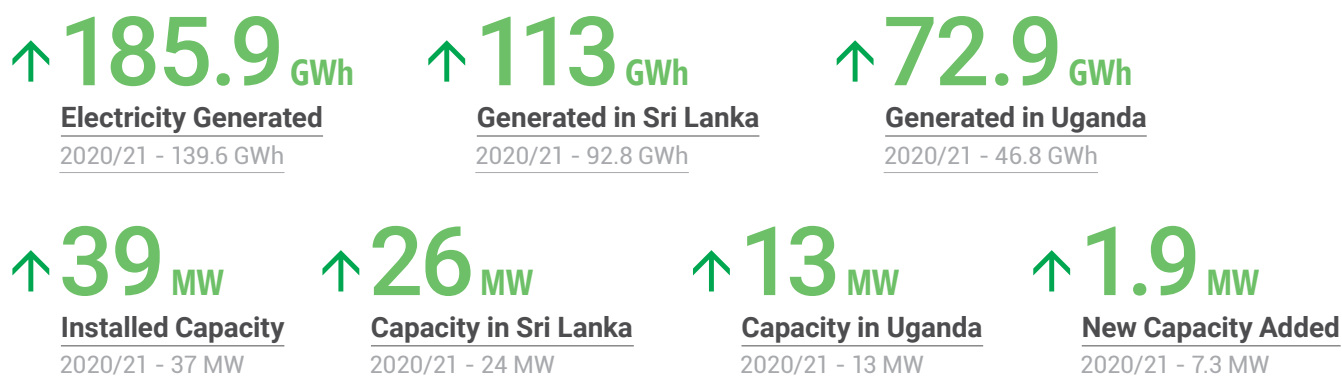
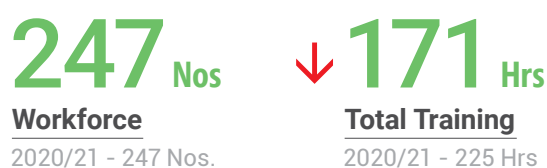
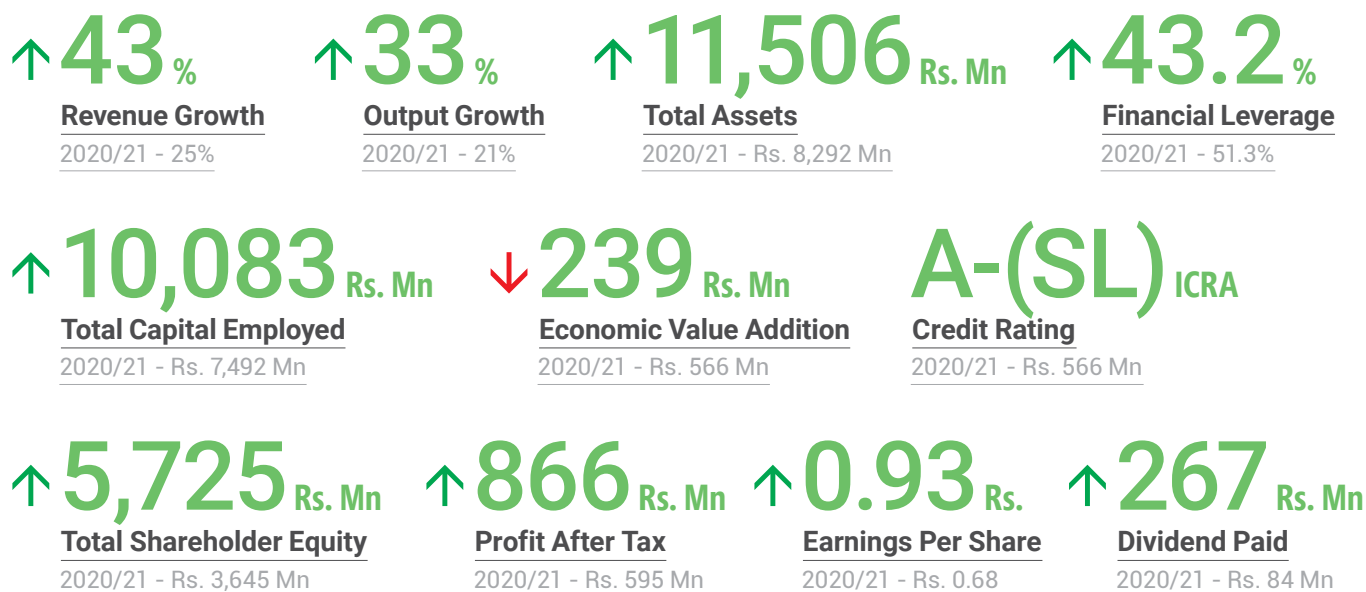
Work with the passion for excellence while ensuring honesty, integrity and ethics with innovative mindsets by taking risks while providing attention to detail with the entrepreneurial drive through teamwork and professionalism.

Key Performance Highlights

	2022	2021	2020	2019	2018
Gross Revenue (Rs. Mn)	2,568	1,797	1,440	1,282	975
Gross Profit (Rs. Mn)	1,880	1,205	1,062	980	726
Profit After Tax (Rs. Mn)	866	595	362	527	509
Output (GWh or Million Units)	185.9	139.6	114.9	108.0	92.6
Installed Capacity (MW)	39	37	29	26	26
Net Profit Margin (%)	33.7	33.1	25.1	41.1	52.2
Return On Assets (%)	14.4	13.6	12.2	15.8	17.1
Return On Equity (%)	15.1	16.3	12.1	19.2	23.0
Earnings Per Share (Rs.)	0.93	0.68	0.41	0.62	0.60
Divided Per Share (Rs.)	0.30	0.10	0.23	0.15	0.20
Net Asset Value Per Share (Rs.)	5.99	4.21	3.51	3.24	2.66
Financial Leverage (%)	43.2	51.3	53.1	49.3	54.3



Operational Highlights



Our Plant Portfolio

Bambarabatuoya MHPP

HYDRO

Plant Name	Bambarabatuoya MHPP
Project Company	Vidullanka PLC
Ownership	100%
Installed Capacity	3.2 MW
Location	Ratnapura (6°42'5.23"N 80°30'35.01"E)
Project Cost	US\$ 3.4 Mn
River	Kalu Ganga
Catchment Area	76 Sq.km
Plant Factor	44%
Designed Annual Energy	12.33 GWh
Gross Head	47 m
Channel Length	2,850 m
Penstock Length	150 m
Turbine	Francis Turbines (4*800kW)
Present Status	PPA renewed up to 30 June 2036

Batathota MHPP

HYDRO

Plant Name	Batathota MHPP
Project Company	Vidullanka PLC
Ownership	100%
Installed Capacity	2.0 MW
Location	Ratnapura (6°48'45.5"N 80°22'32.7"E)
Project Cost	US\$ 2.5 Mn
River	Kuru Ganga
Catchment Area	64 Sq.km
Plant Factor	58%
Designed Annual Energy	10.25 GWh
Gross Head	41.6 m
Channel Length	1,700 m
Penstock Length	140 m
Turbine	Francis Turbines (2*800kW+1*400kW)
Present Status	Commissioned on 6 March 2007

Wembiyagoda MHPP

HYDRO

Plant Name	Wembiyagoda MHPP
Project Company	Vidullanka PLC
Ownership	100%
Installed Capacity	1.3 MW
Location	Ratnapura (6°31'03.5"N 80°24'47.8"E)
Project Cost	US\$ 2 Mn
River	Koswathu Ganga
Catchment Area	77 Sq.km
Plant Factor	40%
Designed Annual Energy	4.5 GWh
Gross Head	22.5 m
Channel Length	440 m
Penstock Length	40 m
Turbine	Francis Turbines (2 x 650kW)
Present Status	Commissioned on 19 March 2013

Lower Kotmale Oya MHPP

HYDRO

Plant Name	Lower Kotmale Oya MHPP
Project Company	Lower Kotmale Oya Hydro Power (Pvt) Ltd
Ownership	100%
Installed Capacity	4.0 MW
Location	Nuwara Eliya (7° 1'59.79"N 80°39'2.89"E)
Project Cost	US\$ 8.2 Mn
River	Kotmale Oya
Catchment Area	89 Sq.km
Plant Factor	37%
Designed Annual Energy	13 GWh
Gross Head	71.5 m
Channel Length	1,430 m
Penstock Length	870 m
Turbine	Francis Turbines (2 x 1,600kW + 1 x 800kW)
Present Status	Commissioned on 25 June 2014

Our Plant Portfolio [contd.]

Rideepana MHPP

HYDRO

Plant Name	Rideepana MHPP
Project Company	Rideepana Hydro (Pvt) Ltd
Ownership	95%
Installed Capacity	1.75 MW
Location	Badulla (7°00'33.8"N 81°03'50.7"E)
Project Cost	US\$ 3.1 Mn
River	Badulu Oya
Catchment Area	205 Sq.km
Plant Factor	44%
Designed Annual Energy	5.9 GWh
Gross Head	30.5 m
Channel Length	590 m
Penstock Length	60 m
Turbine	Francis Turbines (1*1,250kW+1*500kW)
Present Status	Commissioned on 15 May 2015



Udawela MHPP

HYDRO

Plant Name	Udawela MHPP
Project Company	Udawela Hydro (Pvt) Ltd
Ownership	100%
Installed Capacity	1.4 MW
Location	Badulla (7°03'23.2"N 81°03'38.9"E)
Project Cost	US\$ 3.1 Mn
River	Badulu Oya
Catchment Area	242 Sq.km
Plant Factor	35%
Designed Annual Energy	4.3GWh
Gross Head	21 m
Channel Length	37 m
Penstock Length	200 m
Turbine	Francis Turbines (1*1,400kW)
Present Status	Commissioned on 29th December 2017



Madugeta MHPP

HYDRO

Plant Name	Madugeta MHPP
Project Company	Vidul Madugeta (Pvt) Ltd
Ownership	50%
Installed Capacity	2.5 MW
Location	Galle (6°22'14.4"N 80°24'31.9"E)
Project Cost	US\$ 4.4 Mn
River	Gin Ganga
Catchment Area	179 Sq.km
Plant Factor	46%
Designed Annual Energy	10.1 GWh
Gross Head	15 m
Channel Length	660 m
Turbine	Kaplan Turbines (2 x 1,250kW)
Present Status	Commissioned on 1 November 2013



Ethamala Ella MHPP

HYDRO

Plant Name	Ethamala Ella MHPP
Project Company	Nilwala Vidulibala Company (Pvt) Ltd
Ownership	26%
Installed Capacity	2 MW
Location	Matara (6°13'36.9"N 80°29'52.5"E)
Project Cost	US\$3.5 Mn
River	Nilwala Ganga
Catchment Area	119 Sq.km
Plant Factor	44%
Designed Annual Energy	7.8 GWh
Gross Head	40 m
Channel Length	300 m
Penstock Length	80 m
Turbine	Francis Turbines (2*800kW+1*400kW)
Present Status	Commissioned on 30th September 2016



Our Plant Portfolio [contd.]

Ganthuna MHPP

HYDRO

Plant Name	Ganthuna MHPP
Project Company	Gurugoda Hydro (Pvt) Ltd
Ownership	50%
Installed Capacity	1.2 MW
Location	Kegalle (7°07'38.8"N 80°24'17.4"E)
Project Cost	US\$ 1.6 Mn
River	Gurugoda Oya
Catchment Area	5 Sq.km
Plant Factor	38%
Designed Annual Energy	4.0 GWh
Gross Head	220 m
Channel Length	220 m
Penstock Length	560 m
Turbine	Pelton Turbines (2*600kW)
Present Status	Commissioned on 26 March 2010



Muvumbe SHPP

HYDRO - OVERSEAS

Plant Name	Muvumbe SHPP
Project Company	Muvumbe Hydro (U) Ltd
Ownership	95%
Installed Capacity	6.5 MW
Location	Kabale Uganda (1°18'30.1"S 30°08'53.2"E)
Project Cost	US\$ 13.5 Mn
River	Muvumbe River
Catchment Area	868 Sq.km
Plant Factor	55%
Designed Annual Energy	31.4 GWh
Gross Head	120 m
Channel Length	2,080 m
Penstock Length	295 m
Turbine	Francis Turbines (1*4,000kW+1*2,500kW)
Present Status	Commissioned on 15th March 2017



Bukinda SHPP

HYDRO - OVERSEAS

Plant Name	Bukinda SHPP
Project Company	Timex Bukinda Hydro (U) Ltd
Ownership	100%
Installed Capacity	6.5 MW
Location	Rugashari, Uganda (1°04'26.0"N 30°45'39.2"E)
Project Cost	US\$ 13.6 Mn
River	Nkusi River
Catchment Area	2,317 Sq.km
Plant Factor	48%
Designed Annual Energy	27.4 GWh
Gross Head	110.6 m
Channel Length	726 m
Penstock Length	396 m
Turbine	Francis Turbines (1 x 4,000kW + 1 x 2,500kW)
Present Status	Commissioned on 31 July 2020



Dehiyathakandiya Dendro PP

DENDRO

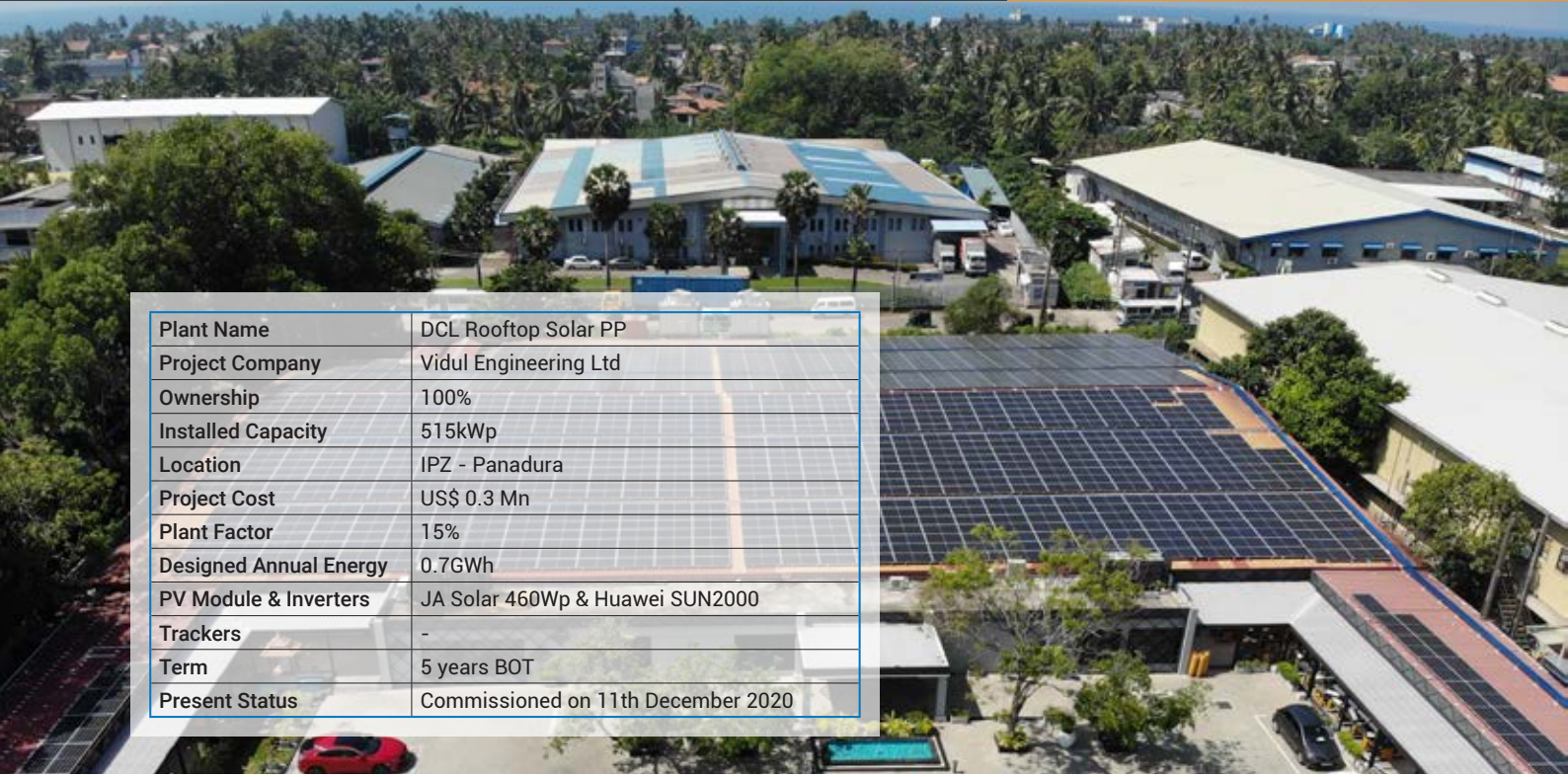
Plant Name	Dehiyathakandiya Dendro PP
Project Company	Vidul Biomass (Pvt) Ltd
Ownership	51%
Installed Capacity	3.3 MW
Location	Ampara (7°33'02.0"N 81°02'05.8"E)
Project Cost	US\$ 8.4 Mn
Plant Factor	76%
Designed Annual Energy	22.0 GWh
Turbine	Boiler Steam Turbine (1*3,300kW)
Present Status	Commissioned on 30th May 2019



Our Plant Portfolio [contd.]

DCL Rooftop Solar PP


SOLAR



Plant Name	DCL Rooftop Solar PP
Project Company	Vidul Engineering Ltd
Ownership	100%
Installed Capacity	515kWp
Location	IPZ - Panadura
Project Cost	US\$ 0.3 Mn
Plant Factor	15%
Designed Annual Energy	0.7GWh
PV Module & Inverters	JA Solar 460Wp & Huawei SUN2000
Trackers	-
Term	5 years BOT
Present Status	Commissioned on 11th December 2020

TCL Rooftop Solar PP

SOLAR



Plant Name	TCL Rooftop Solar PP
Project Company	Vidul Engineering Ltd
Ownership	100%
Installed Capacity	240kWp
Location	Denkanda, Nugegoda
Project Cost	US\$ 0.2 Mn
Plant Factor	15%
Designed Annual Energy	0.3GWh
PV Module & Inverters	JA Solar 460Wp & Huawei SUN2000
Trackers	-
Term	10 years BOT
Present Status	Commissioned on 11th December 2020

Emerald Rooftop Solar PP I, II & III

SOLAR

Plant Name	Emerald Rooftop Solar PP I, II & III
Project Company	Vidul Engineering Ltd
Ownership	100%
Installed Capacity	938kWp
Location	IPZ- Panadura & Pannipitiya
Project Cost	US\$0.5mn
Plant Factor	16%
Designed Annual Energy	1.3GWh
Panel & Invertors	JA Solar 540Wp & Huawei SUN2000
Trackers	-
Term	7 years BOT
Present Status	Comissioned during September - November 2021

Monaragala Solar PP

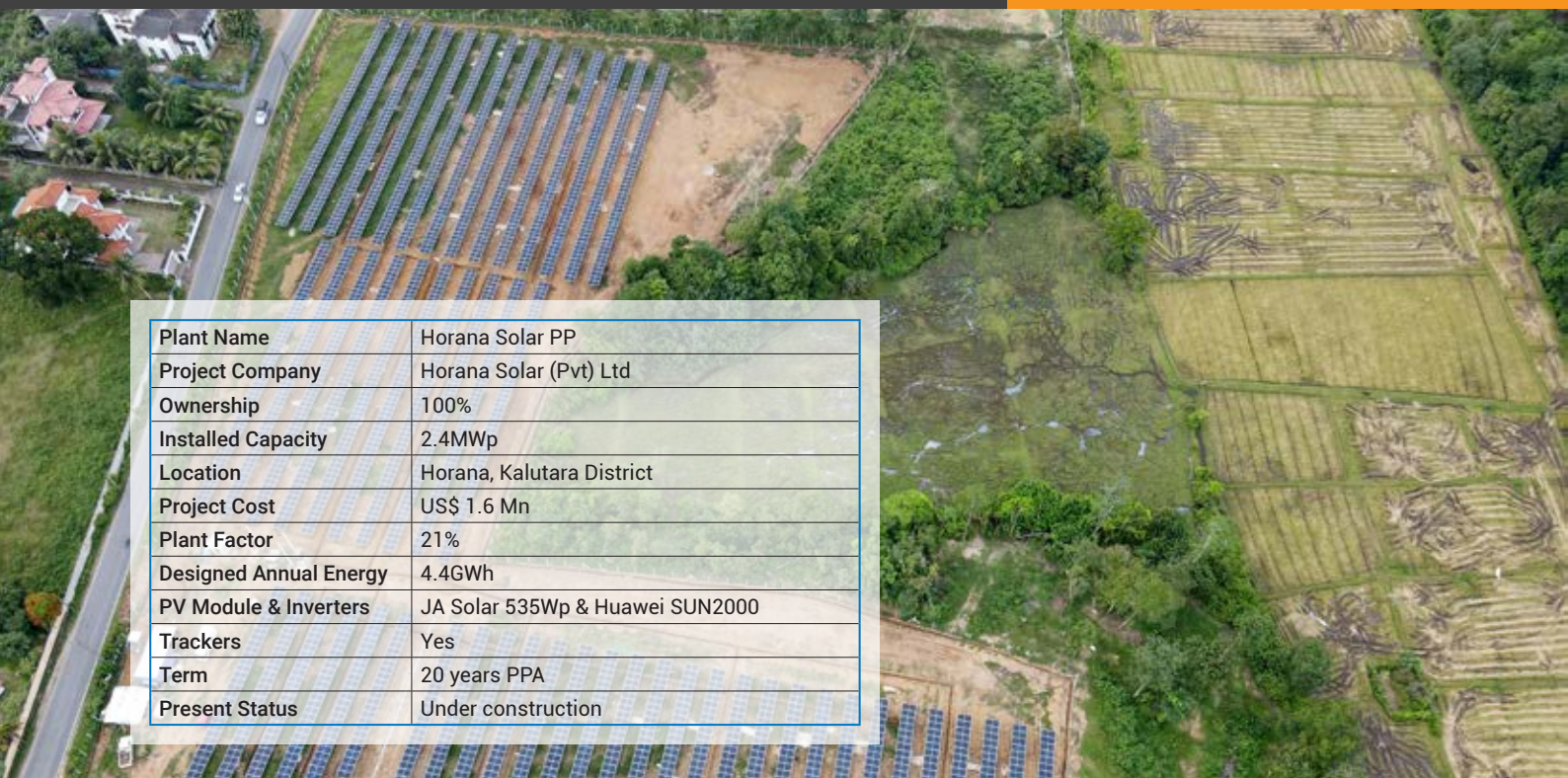
SOLAR

Plant Name	Monaragala Solar PP
Project Company	Orik Corporation (Pvt) Ltd
Ownership	87%
Installed Capacity	1MWp
Location	Monaragala
Project Cost	US\$0.7mn
Plant Factor	18%
Designed Annual Energy	1.5GWh
Panel & Invertors	JA Solar 535Wp & Huawei SUN2000-100KTL
Trackers	-
Term	20 years PPA
Present Status	Commissioned on 23rd September 2021

Our Plant Portfolio [contd.]

Horana Solar PP

SOLAR



Plant Name	Horana Solar PP
Project Company	Horana Solar (Pvt) Ltd
Ownership	100%
Installed Capacity	2.4MWp
Location	Horana, Kalutara District
Project Cost	US\$ 1.6 Mn
Plant Factor	21%
Designed Annual Energy	4.4GWh
PV Module & Inverters	JA Solar 535Wp & Huawei SUN2000
Trackers	Yes
Term	20 years PPA
Present Status	Under construction

Vavunathivu Solar PP

SOLAR



Plant Name	Vavunathivu Solar PP
Project Company	Solar Universe (Pvt) Ltd
Ownership	33.3%
Installed Capacity	10MWp
Location	Vavunathiv, Batticaloa District
Project Cost	US\$ 7 Mn
Plant Factor	21%
Designed Annual Energy	20GWh
PV Module	JA Solar 535Wp
Trackers	Yes
Term	20 years PPA
Present Status	Under construction

Chairman's Message

Dear Shareholders,

On behalf of my Board of Directors, I take pleasure in welcoming you to the 26th Annual General Meeting of Vidullanka PLC, and presenting you with our Annual Report and Audited Financial Statements as of 31 March 2022.

This has been a year of exceptional performance under extraordinary circumstances, despite which your Company posted its best financial results, achieving a Profit After Tax of Rs. 866 million. This is a highly commendable 46% increase from the Rs. 595 million achieved a year earlier, and was achieved from the highest ever revenue, which rose by a substantial 43% to Rs. 2.57 billion, from Rs. 1.8 billion realised in 2020/21. This revenue rise was generated by a 33% upsurge in the total power output to 186 GWh, from the 140 GWh generated in the preceding year.

These impressive results were attained against a backdrop of global economic disruptions and market uncertainty brought on by the COVID-19 pandemic, which was exacerbated by the economic and political headwinds triggered in the country during the last quarter of the fiscal year. The raging war between Ukraine and Russia added to the series of supply shocks that had hit the economy over the course of the pandemic, contributing to shortages in fuel and food, which led to escalating inflation. These adversities resulted in significant fiscal and debt challenges, inflationary pressures and constraints on foreign investments and FDI outflows, which affected operating costs.

Even in this turbulent operating environment, we succeeded in maintaining our strategic priorities and realised our goals, which were to grow organically and strengthen the balance sheet by driving profitable growth. We continued to leverage our distinctive competitive edge as a conglomerate with a foothold in overseas ventures, and harnessed business synergies to drive new growth opportunities through a diversified clean energy

Our Ugandan subsidiary, Muvumbe Hydro (U) Ltd acquired a 30% equity stake in Quantel Renewable Energy Ltd (QRE) Malawi. QRE holds a signed power purchasing agreement to build, own and operate the 50MW Bwengu Solar PV power plant in Northern Malawi. The Project is to be developed jointly with Frontier Energy, Denmark.

portfolio. Our capital allocation and continued emphasis on capital efficiencies also proved critical when set against the backdrop of a difficult operating environment.

The main profit driver of the Group was our overseas investments which contributed the major share of approximately Rs. 603 million to the bottom line this year, which was further boosted by the USD-denominated tariff. Our hydro power plants in Uganda, Muvumbe SHPP and Bukinda SHPP continued to operate at optimal capacity.

Escalating costs affected the profitability of our joint venture projects, which reported a profit of Rs. 74 million this year, from a profit of Rs. 106 million achieved during the previous fiscal year. The Hydro power plants operated by joint ventures reported a profit of Rs. 96.5 million from a profit of Rs. 87.1 million during the previous financial year. The Group's biomass plant operated by Vidul Biomass (Pvt) Ltd, posted a considerable loss of Rs. 44.2 million from a profit of Rs. 36.8 million reported during the previous year, as a result of the exchange losses of Rs. 51.8 million despite generating a profit from its power generation activity. Hence, we will continue to operate in Dendro power plant at its optimal capacity going forward, contributing to the nation with indigenous energy generating a large number of direct and indirect employment opportunities in the region whilst taking requisite measures to reduce costs and improve efficiencies.

Work is still in progress on the Vavunathivu Solar power project, a joint venture with Windforce PLC and HiEnergy Services (Pvt) which is being developed with an installed capacity 10 MW. Along with this, our Horana Solar Power project is also in the process of construction with an installed capacity of 2 MW. Both projects are experiencing substantial increases in costs.

Sustainable Practices

Insights are emerging that the most resilient companies are those that focus on environmental and societal issues and follow good governance practices. They are the ones with crisis response plans that ensure continuity and have the temerity to engage with their stakeholders by bringing them on board when making key policy decisions. The fact that Vidullanka PLC was recognised this year as being a Great Place to Work®, confirms the efficacy of our strategy of engaging a key group of our stakeholders, namely our employees.

Company Performance

Despite the socio-economic uncertainty, we have strived to continue with business as usual and pursued new investment projects as well as introduced efficiencies across the board for all projects, which enabled us to reap rich dividends by way of improved performance.

Chairman's Message (contd.)

Our Ugandan subsidiary, Muvumbe Hydro (U) Ltd acquired a 30% equity stake in Quantel Renewable Energy Ltd (QRE) Malawi. QRE holds a signed power purchasing agreement to build, own and operate the 50MW Bwengu Solar PV power plant in Northern Malawi. The Project is to be developed jointly with Frontier Energy, Denmark.

On 17 June 2021, the Company concluded a rights issue that raised a capital of Rs. 253 million to finance our solar power projects, several of which were added to our portfolio during this year. Three rooftop power plants and one ground-mounted solar power plant were commissioned, which contribute a total of about 1.9 MW to the Group generation capacity.

Given the challenging environment that prevails at present, we will not aggressively pursue investing in Sri Lanka, especially in view of the high interest rates and weak financial stature of the CEB. However, investment in the home country will most certainly be a priority once the investment climate improves.

At the same time, the Group will focus mainly on the development of renewable energy projects in other parts of Asia and in Africa. Our target of generating 100 MW by 2025, set in 2020, is still on track despite the challenges.

Local Energy Outlook

The furore of recent months confirms the fact that the country is in urgent need of an energy transition, not only to curb the effects of climate change but also to ensure energy security and energy independence. Given the scarcity of fossil fuels due to the ongoing balance of payment crisis, it is critical that sustainable solutions are arrived at, and a fast and reliable transition to a sustainable economy is secured. Renewable energy is an indigenous resource which could be much better utilised, but its development has nowhere reached its

full potential. A tropical country such as ours has tremendous potential for clean energy growth, not only in hydro and solar but in wind and biomass power as well. Both of these clean energy sources could play an essential role in the energy transition. If we are to benefit from Sri Lanka's ample resources of green energy, investments must be diversified into sources like wind power as well and the investment must be made aggressively. This development must also be accompanied by policy facilitation and consistency. In the recent past, ad hoc and arbitrary decisions made at high levels of authority have resulted in the development of renewable energy sources grinding to a halt. Vidullanka, too, was compelled to take the decision to discontinue developing hydropower projects in the country due to several policy inconsistencies.

The renewable energy sector in Sri Lanka has matured over the years into an industry that has developed its own know-how, technical skills and engineering knowledge. This competency comprises an invaluable repertoire of expertise that could be capitalised on by energy companies overseas. In view of the present restrictions on capital outflows that preclude local companies from investing in overseas ventures, the expertise of our skilled engineers, designers and other technical experts can be a unique initiative that will reap high ROI for the country and continue to generate consistent income in the long term. The benefits of overseas investments are tenfold the value of the original outlay, as our own experience confirms. Vidullanka's hydropower projects in Uganda have proved to be extremely successful ventures and account for over 60% of our current year's profits. In the current scenario of local market turbulence, it is vital that the country focuses on expanding its export portfolio into singular areas of demand. Many such opportunities exist in Africa and Asia today, but we must

be cognisant of the fact that these opportunities will not be available to us forever, since the advent of other players is imminent. So, it is imperative that such initiatives are viewed positively at the policy level and taken forward, rather than imposing blanket restrictions on overseas investments per se, since such short-sighted policies might result in us shooting ourselves in the foot.

Global Energy Outlook

Climate change and global warming are among the most pressing and profound challenges facing us today. Global climate policy took a step forward with the COP26 negotiations in November 2021, where parties of the UNFCCC made progress in climate ambition, financing, and finalising the rules of the Paris Agreement. Yet, the gap between commitments and real emission reduction in countries is large and must be bridged soon, as global warming is growing more incessant with each passing year.

Global efforts are essential, and developing credible implementation plans for these commitments is now a key initiative going forward. To be successful, the transition must balance sustainability, affordability, and security of energy supply. Growing awareness and concern about climate change should increase the demand for low-carbon resources and energy-efficient energy products and services, and should leverage the production of CO₂-free hydro, wind, and solar power low-carbon energy solutions.

Dividend

Based on the results of 2021 and our outlook for the future, the Company paid two interim dividends of Rs.0.125 and 0.175 per share during the financial year 2021/ 2022, amounting to a total distribution of Rs. 267 million. The proposal is in line with the Group's dividend policy to pay out a stable and sustainable dividend over time.

Future Outlook

We will continue to build a sustainable future and meet the expectations of an evolving market. We expect operating conditions to remain challenging for a fairly protracted period, but are positioning ourselves for long-term growth despite the constraints. We will continue to concentrate our energies on businesses that generate more stable income streams, and will, therefore strengthen our foothold in existing markets as well as expand our footprint in key markets on other continents as well.

To better reflect the rapidly evolving business environment and realise an inspiring vision for the future, the Group redefined its Vision and Mission statements this year. We will now strive to continue toward a sustainably energised planet while harvesting renewable energy resources using innovative engineering solutions that maximise shareholder returns. We are confident that this new focus will provide us with a competitive edge in the market.

The steadily augmenting financial results attained over the years testify to the Group's ability to realise long-term value for our shareholders by building, investing in and nurturing sustainable business platforms.

We are confident that our robust structure, together with our resourcefulness, ingenuity in reinvention and resilience to external influences, will fortify us in the coming years and also provide opportunities for all stakeholders to participate in the continued growth required of us.

Acknowledgement

While the year has been one that none of us anticipated, I am extremely pleased with our performance and proud of our team that helped us achieve it, despite the odds. During the year in consideration, the group has diligently adhered and complied, without shortfall, to the code of conducts and ethics of Corporate Governance framework adopted. The fact that Vidullanka was affirmed by our staff as being their Employer of Choice, reiterates the success of the initiatives that we have been introducing over the years, to build a dynamic and inclusive workplace that provides our employees with innumerable opportunities for professional advancement.

I take this opportunity to express my appreciation to my Board of Directors for the guidance that initiated synergistic investment decisions which fuelled growth and profitability. I thank our Chief Executive Officer, Mr. Riyaz M. Sangani who drove far-sighted strategies that optimised operational efficiencies. I am also grateful to the CEB, the UETCL and all regulatory and health authorities for their cooperation throughout the year.

This was a year that tried and tested us, none more than our employees, and my special thanks to them for working tirelessly to achieve our bold and progressive goals. I express my gratitude to our shareholders, business partners and all other stakeholders as well, for their continued trust and loyalty. Our success over the years would not have been possible without you.

In closing, I wish to assure our stakeholders of our firm commitment to continue to raise our own bar of excellence and introduce new initiatives that will transform the energy sector and make us even more profitable in future years.

(Sgd.)

Osman Kassim
Chairman

31 August 2022

Chief Executive Officer's Review

The year of review has been an eventful one, which experienced the continuation of a virulent pandemic, the commencement of war in Ukraine, and the precarious state of our economy which is on the brink of collapse. These events have several inter-related causes and effects that added downside risks to the local and global economy and resulted in the short supply of fuel and food, which substantially escalated prices.

These are dynamic developments, so it is difficult to predict the extent of their impacts on our own operations into the future, but present realities dictated significant increases in the financial costs of the business.

Despite the turbulent times, the Vidullanka Group steered a steady course to achieve its best financial year on record, due mainly to a well-focused strategic direction that improved our bottom line considerably. By pre-assessing the impact of the influences of the external macro-economy on our operations, we succeeded in re-aligning our strategic focus by leveraging our competitive advantages, capitalising on growth drivers and pursuing operational efficiencies across the board. This had positive outcomes in terms of significantly augmented profitability and performance. The enhanced revenue was driven mainly by the successful performance of our overseas power plants and was the result of an increase in total annual power output to a substantial 186 GWh, from 140 GWh achieved a year earlier.

Company Performance

Our strategy of benchmarking our own performance by raising the bar of our business efficiencies higher each year proved efficacious once again, and we bettered last year's commendable performance to achieve a performance that was even more outstanding this year. Group Profit After Tax increased to Rs 866 million, from Rs 595 million recorded in the previous financial year,

The deterioration of the CEB's track record of payments was a criterion the Company had to contend with during the year, which was a major contributor to the uncertainty that assailed business confidence in the energy sector. On the brighter side, the Company is not fully reliant on the vagaries of the CEB, unlike most other industry players.

which is a momentous increase of 46% and confirms our highest performance ever. This was the result of the improvement in Group revenue to Rs. 2.57 billion, another commendable increase of 43% from Rs. 1.8 billion reported in 2020/2021.

Although our local operations were supported by low financial costs during the first three quarters of this financial year, the economic crisis in the country triggered increased finance costs in the last quarter. This affected the performance of the Dehiyathakandiya Dendro power plant, in particular, which was further worsened due to the twin challenges of COVID -19 and the economic crisis in the country that caused a reduction in fuelwood availability. As a result, our biomass operations reported a share of loss of Rs. 22.6 million, from a share of Profit After Tax of Rs. 18.8 million reported in the preceding financial year. Biomass is by far the most people-intensive renewable energy compared to solar, wind or even hydropower plant operations, and the Company's biomass plant is no exception, employing the largest staff component in the Group.

Fortunately, as a Company that pursues overseas investments, we were gratified that the loss incurred in the biomass segment was counterbalanced by the profits generated from our hydro power plants located in Uganda, Africa. These overseas power plants

contributed 73GWh in energy generated during the year, up from 47GWh in the previous year. It is also noteworthy to mention that 2GWh of output came from the Group's newest solar segment, whilst the Biomass segment contributed 18GWh.

The depreciation of the rupee toward March 2022 had a positive effect on revenues from our overseas operations and resulted in our foreign assets outweighing the liabilities, which enabled a substantial translation gain of Rs. 1.17 billion., in addition to the segmental profit of Rs. 603 million.

Despite the current socio-economic challenges, the Company continued to realise its organic growth strategy and achieved significant expansion in its power generation capacity this year too, by increasing our portfolio in solar power in Sri Lanka. Construction was completed, and we successfully commissioned three rooftop power plants and one ground-mounted solar power plant, which collectively added nearly 1.9 MW to Group generation capacity. Two more solar power plants are under construction as well, one is a power plant fully-owned by Vidullanka PLC which will add 2 MW in capacity to the Company's generation portfolio, and the other, a solar installation with joint venture partners, Windforce PLC and HiEnergy Services (Pvt) Ltd, which will add a further 10 MW to the national grid.

Also, during the current financial year, Muvumbe Hydro (U) Ltd a subsidiary of Vidullanka PLC, acquired a 30% equity stake in Quantel Renewable Energy Ltd (QRE) Malawi. QRE holds the license to build, own and operate the 50 MW Bwengu Solar PV power plant in Northern Malawi. The Project is to be jointly developed with Frontier Energy, Denmark. This newest addition to the Group's project portfolio will equip Vidullanka with more diversified power generation capacity and will therefore enable the Company to be less reliant on Hydro in Sri Lanka, and consequently, less dependent on CEB. It will also further facilitate the Group's geographical diversification.

The deterioration of the CEB's track record of payments was a criterion the Company had to contend with during the year, which was a major contributor to the uncertainty that assailed business confidence in the energy sector. On the brighter side, the Company is not fully reliant on the vagaries of the CEB, unlike most other industry players.

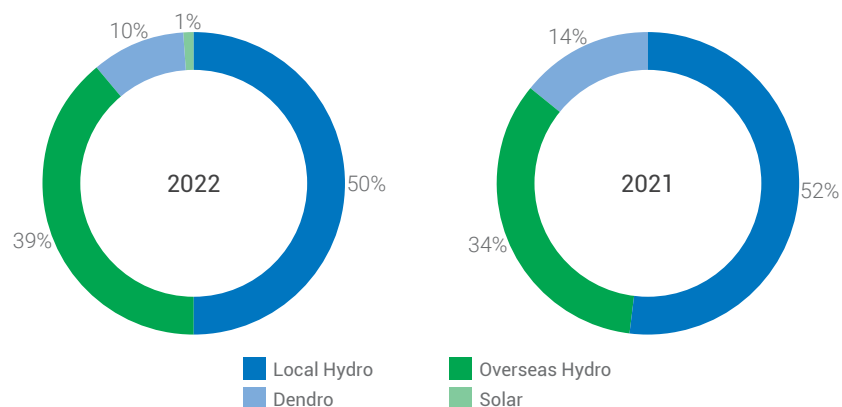
Unfortunately, the depreciation of the LKR contributed to escalating prices, which means rising construction costs of the ongoing projects. The Company is now looking at alternative remedial measures that could be introduced including cost reduction strategies, tariff revisions etc.

Energy Transition

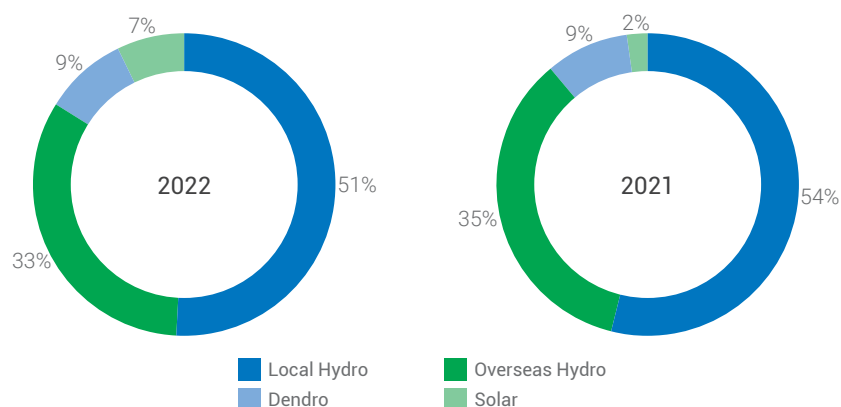
The energy sector has the responsibility to transition towards carbon-neutral energy production while ensuring that energy is available at all times at an affordable cost. The primary means to enabling this transition is to increase the share of renewable and CO₂-free technologies. Energy storage and other flexible solutions are also required to ensure security of supply. Such a transition is a huge challenge, as investment decisions made by the energy sector today will impact the way we generate energy and produce goods for decades.

This transition, driven by climate change concerns, politics and regulation, as well as technology developments, needs investments from the private sector, which provides significant opportunities for a company such as ours with competencies in renewable power generation. Our Group strategy also closely aligns to drive a clean energy transition and deliver sustainable financial performance in line with the goals of the Paris Agreement, as our purpose is also to drive the change for a cleaner world. Our asset base and performance also equip us to actively support this transition.

Share of Power Output by Generation Segment



Share of Installed Capacity by Segment



Caring for Our People

Our employees are the cornerstone of the business, it is their engagement that is the main contributor to revenue. Therefore, nurturing and developing them is central to the Company's strategy of strengthening our resources to meet the dynamic and evolving needs of stakeholders and society. Developing the talent of engaged employees also enables high performance and reduces absenteeism and staff turnover, which increases overall productivity and efficiency.

Chief Executive Officer's Review (contd.)

Our staff benchmark the best talent in the industry and are provided with training opportunities at every level to ensure that they stay abreast of new developments in the renewable energy sector. They are provided with opportunities to upgrade their skills that equip them to climb the corporate ladder, training is also provided to fill gaps in skills and knowledge necessary for meeting their job descriptions. Time and again the Company also provides them with need-based training on soft skills. Reward schemes are introduced as well, to motivate performance.

Our Commitment to Communities

We exercise our corporate social responsibility by operating the business in a manner that conforms with fundamental ethical values and respect for individuals. This approach includes building trust and understanding of our role in local communities and the society at large. Various initiatives are taken to enhance the lives and livelihoods of the communities that live in the vicinities of our power plants, who are critical to business continuity. During the year of review, we introduced a number of projects in the vicinities of our power houses, in partnership with local authorities, which focused on providing communities with relief from the economic constraints brought on by the pandemic. These initiatives addressed both health and economic concerns. A Robotic Nurse Assistant was donated to the Panadura Base Hospital, in partnership with Nilwala Vidulibala Company, an associate company of the Group, personal protective equipments (PPE) were provided to the Sri Jaywardenepura Kotte- Divisional Secretarial Office and Patient-HDU Multi Para Monitoring Units were supplied to the National Hospital, Colombo. The Company also donated dry rations and essential goods to communities in lockdown areas.

Through the "ViduSaviya Daruwanta Diriyak" programme, Vidullanka promotes the education of children, as the youth of the country are its hope for the future. The Company awarded scholarships to identified students who excelled in academics and extra curricular activities. The children of employees in rural areas with limited access to technology were also provided with laptops to enable online learning.

As a Group that generates green energy, Vidullanka prioritises environment consciousness. Through its "Vidu Saviya" CSR programme, the Company initiated a programme that cleaned up the Wellawatte Kinross beach, with the support of the Coast Conservation and Coastal Resource Management Department as well as the Wellawatte Police. A waste management initiative was also implemented under the Vidu-Saviya Gamata Eliyak programme which cleans the Baduluoya river that flows into the Dunhinda falls.

Focus for the Future

The world we live in is changing rapidly, so staying competitive requires companies to be aware of the underlying drivers and to play an active role in driving the change for a more productive future. Accordingly, in line with our goal to be at the forefront of energy technology and to accelerate innovation, the Group is strengthening its innovation and digitalisation efforts as well as fine-tuning the technical skills of its employees by building on competencies in-house.

For the future, we will continue our strategy execution and drive profitability with the same focus on active portfolio additions and organic growth wherever possible, given the recent constraints on overseas investments.

Acknowledgements

I express my appreciation to my Board of Directors for the guidance, and I also thank Mr. Osman Kassim, Chairman of the Board, who leads the apex body with far-sighted view with growth, profitability and sustainability in mind. I wish to thank our employees for their unwavering commitment towards our shared purpose of driving the change for a cleaner world. This year has been an extremely challenging one on many fronts, and we are proud of what we have achieved as a Group. By working in tandem, we strive to ensure the company keeps up with the growth momentum in achieving the target of 100MW installed capacity by 2025.

(Sgd.)

Riyaz M. Sangani

Chief Executive Officer

31 August 2022

Board of Directors

Osman Kassim

Chairman

The visionary leader, Mr Osman Kassim is an entrepreneur with vast experience in the fields of management and strategy. He counts over 40 years of senior management experience both internationally and locally in diverse business sectors.

In addition to serving as Chairman of Vidullanka PLC, Mr. Kassim is also currently serving the boards of Aberdeen Holdings (Pvt) Ltd. and Amana Takaful Life PLC as the Chairman. He presently serves on the boards of Amāna Takaful Maldives Ltd. and Crescentrating (Pvt.) Ltd., Singapore, as well. Mr. Osman Kassim has also previously served as the Chairman of the Expolanka Group, Amana Bank, Amana Takaful PLC and the Asia Pacific Institute of Information Technology (APIIT), Sri Lanka.

Mr Kassim's unmatched knowledge of Islamic banking and insurance positioned him to pioneer the industry in Sri Lanka. He is one of the promoters of Amana Bank PLC, which offers non-interest-bearing participatory banking solutions in Sri Lanka. Similarly, Amana Takaful Insurance PLC was also his brainchild which exclusively offers ethical and customer-centric insurance solutions.

He was conferred with an Honorary Doctorate from Staffordshire University, UK, in recognition of his achievements as a global entrepreneur and a visionary educationist. Mr. Kassim was also recognized among Sri Lanka's 'Captains of Business' by LMD's A-List of 100 Sri Lankan business people in 2020.

Riyaz M. Sangani

Chief Executive Officer

Mr. Riyaz M. Sangani is the proud founder of Vidullanka PLC and its current Chief Executive Officer. Mr. Sangani is a transformative and charismatic corporate leader with over two decades of experience in senior management. He serves as on the boards of all the companies under the Vidullanka umbrella, in addition to a number of other companies in various industries.

Mr. Riyaz M. Sangani has contributed immensely to the small hydro power industry in Sri Lanka since the inception of Vidullanka. He held office as the President of the Small Hydro Power Developers Association and his initiatives during his tenure have enhanced the importance and value of the Sri Lankan hydro power sector. He also represents the interests of the small hydro power sector as a committee member of the Ceylon Chamber of Commerce. In addition, Mr. Sangani also serves as an Ex Officio member of the Board of Management of the Sri Lanka Sustainable Energy Authority and an advisory committee member of the Export Development Board of Sri Lanka.

He holds an MBA from the Postgraduate Institute of Management (PIM), University of Sri Jayewardenepura and is a Fellow of the Chartered Institute of Management Accountants, UK. He also holds a Bachelor's degree from the University of Colombo.

Ranjan Mather

Non-Executive Director

Mr. Ranjan Mather joined the Board of Vidullanka PLC at its inception as a seed investor of the Company.

Mr. Mather boasts over 3 decades of experience of senior management in various industries such as textile, fast food, and renewable energy. Currently he serves as the director of several companies including Boruka Power Lanka (Pvt) Ltd.

Mr. Ranjan Mather serves on the Board of Directors of Vidullanka PLC as a Non-Executive Director, and in addition, he serves on the Boards of a number of companies within the Vidullanka Group.

Shahid M. Sangani

Non-Executive Director

Mr. Shahid M. Sangani, an Attorney-at-Law of the Supreme Court of Sri Lanka, is a Non-Executive Director of Vidullanka PLC and also performs the role of the Managing Director of Dynawash Ltd, Autus Chemicals (Pvt) Ltd and Co-Energi (Pvt) Ltd. He serves on numerous other company boards both as a shareholder and as an independent director.

Previously, Mr. Sangani served as the CEO of Kenanga Investment Corp Ltd, which is the Sri Lankan Investment Banking unit of the K&N Kenanga Holdings Berhad, a listed investment company in Malaysia.

He has over three decades of top management experience spanning the industries of Apparel, Jewellery, Renewable Energy and Trading.

A nature lover, Mr Sangani also serves on the Board of Biodiversity Sri Lanka and is the founding trustee of Friends of Wilpatthu.

Board of Directors (contd.)

Sidath Fernando

Independent Non-Executive Director

Mr. Sidath Fernando is the Managing Partner of Crystal Holding (Pvt) Ltd and the principal shareholder and Chairman of V.D.P. Fernando Co. Ltd, a family-owned business established in 1938.

He is a successful Sri Lankan entrepreneur and has interests in diverse business sectors including manufacturing, real estate, property management, and information communications technology. He has extensive experience in the real estate and property development business as well and has been successful in ventures that involve developing and managing large scale commercial and retail outlets in Colombo.

Mr. Fernando has served as a Director of Sri Lanka Telecom PLC, Sky Network (Pvt) Ltd, SLT Manpower Solutions (Pvt) Ltd and People's Leasing and Finance PLC as well. Overall, he has three decades of hands-on experience in business management, finance, manufacturing, and marketing whilst managing his own small and medium enterprises.

He had been a committee member of the Chamber of Young Entrepreneurs in Sri Lanka and a Rotarian of the Rotary Club of Colombo.

He has served on the Board of Vidullanka PLC as an Independent Non-Executive Director since 2012.

Sattar Kassim

Non-Executive Director

Mr. Sattar Kassim is a Founding Director of Expolanka Holding PLC and Aberdeen Holdings (Pvt) Ltd. He also serves as the Group Director of Aberdeen Holdings, the umbrella company of a number of companies engaged in Poultry and Agriculture, Trading, Tea Exports, and Corrugated Cartons, Solar Energy, Cargo/ Courier Services. The group also has established their presence in a number of international ventures and partnerships in over 30 countries.

Mr. Kassim functions as the Board Chairman of several companies: Bio Extracts (Pvt) Ltd, Roar Media (Pte) Ltd, Ruhunu Farms (Pvt) Ltd, Globe Air (Pvt) Ltd, HiEnergy Services (Pvt) Ltd, Lanka Commodity Holdings (Pvt) Ltd, Expo Commodities Global (Pvt) Ltd, and Expack Corrugated Cartons PLC.

He also holds directorships in Fits Aviation (Pvt) Ltd, Fits Retail (Private) Ltd, Lanka Commodity Holdings (Pvt) Ltd, Expoceylon Pharmaceuticals (Pvt) Ltd, Expoteas Ceylon (Pvt) Ltd., Lanka Commodity Trading (Pvt) Ltd, Aberdeen Produce (Pvt) Ltd, Colombo Realty (Pvt) Ltd, Classic Enterprises (Pvt) Ltd, Neptune Recyclers (Pvt) Ltd, Denshun Industries (Pvt) Ltd, Fairfax Holdings Pte. Ltd, Antler Foundry (Pvt) Ltd, Expo Commodities DMCC, Roar Advertising (Pvt) Ltd, and Expoasia Holdings (Pvt) Ltd.

He joined the Board of Vidullanka PLC in January 2012 as a Non- Executive Director.

Sujendra Mather

Non-Executive Director

Mr. Sujendra Mather serves as the CEO and Head of Investment Banking of Asia Securities Advisors Pvt. Ltd. He was the co-founder and Managing Director of a leading boutique Investment Banking firm, York Street Partners Pvt. Ltd. Mr. Mather boasts an experience of over 15 years in international Investment Banking and Corporate Finance as he has worked with esteemed institutions such as Houlihan Lokey Howard & Zukin, John Keells Holdings PLC and Deloitte & Touche Corporate Finance in the US, Sri Lanka and Singapore respectively.

Through his expertise, Mr. Sujendra Mather has led and managed Mergers, Acquisitions, Fund raisings, Restructuring, Strategic Advisory transactions amounting billions of dollars in the North America and Asia Pacific regions across the Consumer, Retail, Financial Services, Manufacturing, Real Estate, Hospitality, Infrastructure, Technology and Mining sectors. He has also extended his services as an advisor on key strategic issues to CEOs and entrepreneurs ranging from different sectors and industries. Mr. Mather also serves as a board member in several other domestic and foreign companies.

He holds a B.A. in Economics- Mathematics from Claremont McKenna College in California, USA.

Deepthie Wickramasuriya*Independent Non-Executive Director*

Ms. Deepthie Wickramasuriya serves as an independent Non-Executive Director on the board of Vidullanka PLC. She is also the Chairperson of the Audit Committee of the company. Ms. Wickramasuriya additionally holds the position of Independent Non-Executive Director of Vidul Plantation (Pvt) Ltd, Amana Takaful PLC, Mercantile Investments and Finance PLC and Director of the Chitrasena Vajira Dance Foundation. She also assists businesses as an independent consultant in the fields of Business Process Management, Treasury Management and Business Counselling.

Ms. Deepthie Wickramasuriya has a portfolio of corporate experience of over 35 years, covering many industries across the countries of United Kingdom, Singapore, India, Indonesia and the Fiji Islands. She is known for spearheading special projects on organisational strategy, operations, finance, risk and governance, both locally and internationally. Her efforts have been influential in mitigating the generation gap existing in many companies and their management boards.

Ms Wickramasuriya has been a Board member/advisor to the Boards of number of companies including Expolanka Freight (Pvt) Ltd, AHL Business Solutions (Pvt) Ltd, (the Information Technology and Business Process Management arm of Goodhope Asia Holdings Ltd, a part of Carson Cumberbatch PLC), Aviva Global Services, a member of the Aviva group (formerly known as Norwich Union, UK), GFH Management Company (Galle Face Hotel), Lanka Equities (Pvt) Ltd., Flour Mills of Fiji PLC, AMW Management Company (management company of Associated Motorways Ltd) and Family Health Services Authority - Oxfordshire, UK.

She was the Vice President of the Sri Lanka Army Medical Corps Seva Vanitha Unit from 2012 -2015. She is a Fellow of the Chartered Institute of Management Accountants (CIMA), UK, and holds an MBA from the University of Sri Jayewardenepura, Sri Lanka.

Rizvi Zaheed*Independent Non-Executive Director*

Mr. Rizvi Zaheed is the Chairman of Oceanpick Pvt Ltd, and Hameedia Group. He also serves on the boards of several companies as well as in advisory capacities, particularly among agritech start-ups.

He was the former Managing Director of Hayleys Agriculture Holdings Ltd. and a director of Hayleys PLC. He has 37 years of senior management experience in the agricultural and corporate sector in Sri Lanka. During his tenure at Hayleys, he represented the company on the Board of Sri Lanka Institute of Nanotechnology (SLINTEC) and he also served as the Chairman of the Agriculture and Livestock Steering Committee and as Vice Chairman of the Imports Section of Ceylon Chamber of Commerce. He continues to be the Agriculture lead for the Ceylon Chamber of Commerce. He also serves as a member of the National Agriculture Policy Committee of the Ministry of Agriculture tasked with developing and implementing the Agriculture Policy for Sri Lanka.

He currently serves as Chairman of the National Industry Biotechnology Association. He is also a member of the University Grants Commission Standing Committee on Agriculture and Livestock as well as a member of the UGC's Standing Committee on Technology. He also serves on Food and Beverage Advisory Committee of the Sri Lanka Export Development Board and a Member of the Economic Policy Committee of the Ceylon Chamber of Commerce. He also serves on the council of the Faculty of Technology of the University of Colombo. He is also a member of the National Science Foundation's Research and Technology Committees and heads the NSF's Agriculture Steering Committee.

Mr. Zaheed is currently the Chairman of the Sri Lanka Agriprenuers' Forum and was previously Chairman of the National Agribusiness Council. He is currently Vice Chairman of CSR Lanka (Guarantee) Ltd, an NGO promoted and formed with the active support of USAID with the aim of engaging the wider Corporate Community in addressing national priorities and facilitate necessary resources to bridge the gap between ad hoc CSR projects and creating sustainable value.

He holds a Bachelor's degree from the University of Kelaniya and an MBA from the University of Colombo. He is an alumni of the Industrial Society, UK and Swedish Institute of Management, Sweden and a JCI International senator.

He joined the Board of Vidullanka PLC as an Independent Non-Executive Director in July 2018.

C. F. Fuhrer*Non-Executive Director*

Mr. C.F. Fuhrer serves on the Board of Vidullanka PLC as a Non-Executive Director. He is also the Director of Ranmalu Fashion (Pvt) Ltd and Chesa Swiss Restaurants (Pvt) Ltd. and has over a decade of experience in senior management and Board positions in Sri Lanka.

Management Discussion and Analysis

Global Economic Outlook

The global socio-economic outlook this year was dismal. The ongoing war between Ukraine and Russia, which commenced in February 2022, has added substantially to the fallout caused by the COVID-19 pandemic over the past two years and intensified the global economic slowdown. The Russia-Ukraine war is adding to high commodity prices, supply disruptions, especially in food and fuel, and increasing food insecurity and poverty, and exacerbating inflation. This is contributing to tighter financial conditions, magnified financial vulnerability, and heightened policy uncertainty. Countries are now forced to decide on policy trade-offs between tackling inflation and safeguarding economic recovery; and between alleviating poverty and rebuilding fiscal buffers, especially in developing countries.

The world economy seems to be entering what is predicted to become a protracted period of weak growth and elevated inflation, from 2022 over the next few years, as many headwinds, in particular, high commodity prices and continued monetary tightening, are expected to persist. The lockdowns in China as the result of the zero COVID-19 policy, further disruption in the supply chain, and the risk of stagflation are predicted to sharply hasten the deceleration of global economic activity. The outlook for the future is subject to various downside risks, including intensifying geopolitical tensions, rising financial instability, continuing supply strains, and worsening food insecurity.

Against the backdrop of these challenges, the World Bank estimates that the world economy could be expected to experience its sharpest deceleration in more than 80 years, with global growth predicted to slow from 5.7 % in 2021 to 2.9 % in 2022 and average at 3 % in 2023-2024. Growth in emerging markets and developing economies in 2022 has been downgraded to 3.4%.

Multilateral efforts have been slow to respond to the issues plaguing the world during 2022, namely, to address the humanitarian crisis triggered by the war in eastern Europe, prevent further economic fragmentation, improve global liquidity, manage the global debt distress, as well as tackle climate change and take steps to end the pandemic.

The global recovery is set to decelerate amid continued COVID-19 flare-ups, diminished policy support, and lingering supply bottlenecks. The outlook is clouded by various downside risks including new virus variants, unanchored inflation expectations, and financial stress. Debt restructuring will be more difficult to achieve than in the past. Climate change may increase commodity price volatility and social tensions could heighten as a result of the increase in inequality caused by the pandemic. These challenges underscore the need to foster widespread vaccination drives, enhance debt sustainability, tackle climate change and inequality, and diversify economic activity.

Global Climate Action

The detrimental effects of climate change have been visible since 2008, when devastating floods, storms and rampant wildfires have forced more than 20 million people from their homes. The past year too, has been characterised by rising greenhouse gas emissions and worsening climate impacts around the world. Extreme weather events led to hundreds of billions of dollars in economic losses and resulted in heavy losses of human lives and livelihoods.

The 2022 Report of the Intergovernmental Panel on Climate Change (IPCC) paints a troubling picture for the future as well. Much more severe impacts of climate change are in store if countries fail to halve greenhouse gas emissions in this decade and immediately scale up adaptation. IPCC estimates that in the

next decade alone, climate change will drive 132 million more people into extreme poverty. Today, half the global population faces water insecurity for at least one month every year. Global warming will jeopardise food security, as well as increase incidents of heat-related mortality and cause a range of physical and mental health issues. The report finds that every tenth of a degree of additional warming will escalate threats to people, species and ecosystems, and warns that the world is set to reach the 1.5°C level within the next two decades.

UN Secretary-General António Guterres at International Mother Earth Day declared, "... we need to do much more. And much faster, especially to avert climate catastrophe". He emphasised the need for all countries to reduce their fossil fuel use substantially, extend access to electricity, improve energy efficiency and increase the use of alternative fuels significantly. Yet, most countries failed to walk the talk during the year, by neglecting substantial investments in renewable energy alternatives.

Only the most immediate and drastic cuts in carbon emissions would help prevent an environmental disaster. It is therefore imperative that this global threat is taken seriously by all countries and that renewable energies are sourced and pursued as a key instrument in combating it.

Local Economic Outlook

The Sri Lankan economy grew by 3.7% in 2021, with all sectors reporting growth. This indicated a slow recovery from the worst onslaughts of the COVID-19 pandemic, which had contracted the economy by 3.6 % during the preceding year. But even as the country was experiencing a subdued recovery, growth was short-lived. At the beginning of 2022, pandemic pressures brought on a series of macroeconomic challenges in greater force, which mired the country in a deep economic

and political crisis as a result of mounting debt, low foreign reserves, energy shortages and high inflation. Consequently, the ADB (Asian Development Bank) forecasts a dip in the country's growth to 2.4% in 2022.

Pandemic-induced supply chain disruptions, import bans, a failed organic agriculture policy, and global commodity price increases resulted in the soaring prices of food, fuel, and commodities, which caused Sri Lanka to grapple with the highest-ever inflation experienced by the country and the highest inflation in Asia. In May 2022, inflation soared from an average 9.11% between 1986 and 2022 to 40% and food inflation accelerated to 57.4%. Russia's war with Ukraine added to the country's woes, as further supply chain disruptions in the provision of wheat, grains and fuel contributed to raise the prices of those items, which added to inflation.

The exchange rate depreciation and foreign exchange squeeze created high import costs. Export earnings also reduced as a result of diminished tourism and dwindling worker remittances, which drove up demand-side inflation and food inflation. The exchange rate was maintained during most of 2021 until the first quarter of 2022, mainly through moral suasion by the Central Bank, but the rupee declined sharply against the US dollar due to market pressure when the Central Bank abandoned its peg in March 2022.

With its forex reserves as of March 2022 at just US\$ 1.6 billion, the country was unable to meet its foreign debt obligations which were in excess of US\$ 7 billion, and was compelled to default on repayments for the first time ever. The downgrading of Sri Lanka's creditworthiness by most sovereign rating agencies has placed the nation between a rock and a hard place and made bridge financing difficult. In the absence of access to sustained balance of payment financing, foreign exchange reserves

continue to be limited, and external sector vulnerabilities are likely to persist. These negative movements have created a high-risk business climate as ongoing foreign currency shortages resulted in the inability of private sector companies to obtain foreign currency to finance imports, and the downgrading of Sri Lanka's credit ratings affected foreign supplier confidence.

The government is now making an effort to achieve economic stability by tightening monetary policy and restructuring debt. The country's appeal for an International Monetary Fund bailout is yet to be approved, as the necessary structural and governance reforms are not as yet in place to facilitate the successful implementation of an IMF programme. The economy needs time to recover, which can only occur with a series of economic reforms and restructuring processes that could put the people through more economic hardship. It is therefore imperative that Sri Lanka addresses the structural sources of its vulnerabilities, and institutes urgent policy measures to address the high levels of debt and debt service. These measures, says the World Bank, will reduce the fiscal deficit, restore external stability, and mitigate the adverse impacts on the poor and vulnerable.

Local Energy Industry

The forex shortages in the country triggered by the worsening economic crisis, hit Sri Lanka's fuel and energy sectors the most. Spiralling global oil prices, exacerbated by the war between Ukraine and Russia led to dwindling fuel supplies that reduced industrial operations and substantially slowed down the transport sector, which led to the slowing down of economic activity throughout the country.

Since a substantial proportion of Sri Lanka's electricity is generated from costly thermal power plants, the severe shortage of foreign exchange together

with record high oil prices in the world market resulted in the shutting down of several power plants due to a lack of fuel, which caused the worst power outages the country has faced in over 25 years and also resulted the government to increase the prices of petrol, diesel, kerosine and gas several times. The increased fuel prices caused the costs of food and other essential items to spiral, which led to soaring inflation and escalated prices which correspondingly reduced corporate profits as well as the disposable incomes of people. The rationing of petroleum products compelled people to queue for hours, sometimes days, at fuel stations, which also resulted in reducing economic activity.

The power crunch highlighted the many delays in the country's goals to increase Renewable Energy which, could have helped alleviate the current crisis, had the goals been met. Sri Lanka's plans to increase its Renewable Energy generation to 70% of the generation mix by 2030 and aims to become carbon neutral and generate 100% of its power through Renewable Energy by 2050, would be unattainable without serious consideration toward realigning the priorities and restoring the credibility of the off taker, the CEB.

By the end of 2023, the country has planned to produce 2,000 megawatts from solar power and had already aborted plans for two coal power plants over pollution concerns as a means to this end. But a national audit presented in parliament in February 2022 highlighted the fact that the Ceylon Electricity Board (CEB) had not prioritised Renewable Energy project investments, which is a violation of national policy and nation's international pledges. Despite the successive governments having the renewable energy targets in their policy pledges, the failure to adequately promote and facilitate the investments in the arena has resulted in the country repeatedly failing to meet the national targets.

Management Discussion and Analysis [contd.]

So, the hurdles that presently delay Renewable Energy project implementations, ranges from outdated feed-in tariffs scheme, infrastructure gaps to protracted tender processes. The developers in Renewable Energy industry estimate that it could even take up to seven years to complete a Renewable Energy power project through the present bureaucratic processes.

The power crisis has now prompted the government to consider the implementation of an accelerated Renewable Energy generation plan, and rooftop spaces are being explored for the installation of solar panels in industrial buildings, hospitals, hotels and state institutions. A loan agreement with India for US\$ 100 million signed in June 2021 for the above is yet to be utilised for the intended purpose. Number of project initiatives by the government, including Uma Oya and Broadlands power projects both adding 155MW, another three hydropower plants in the Moragolla, Gin Ganga and Thalpitigala adding 65MW, 150MW Mannar wind park etc are in progress at slower pace.

Renewable Energy has vast potential in a tropical country like Sri Lanka, which has the generous renewable resources of the sun, wind, diverse waters sources of rivers and the encircling ocean. However, the investment by the private sector will remain subdued given the increased capital and financing costs. A meaningful revision to the feed-in tariffs is of higher priority together with facilitating the importation of capital goods for the country to realise the renewable energy ambitions.

Electricity Generation

The demand for electricity increased by 6.4% to 16,716GWh, from 15,714GWh in the previous year, prompted by the economic recovery during 2021 as the pandemic abated.

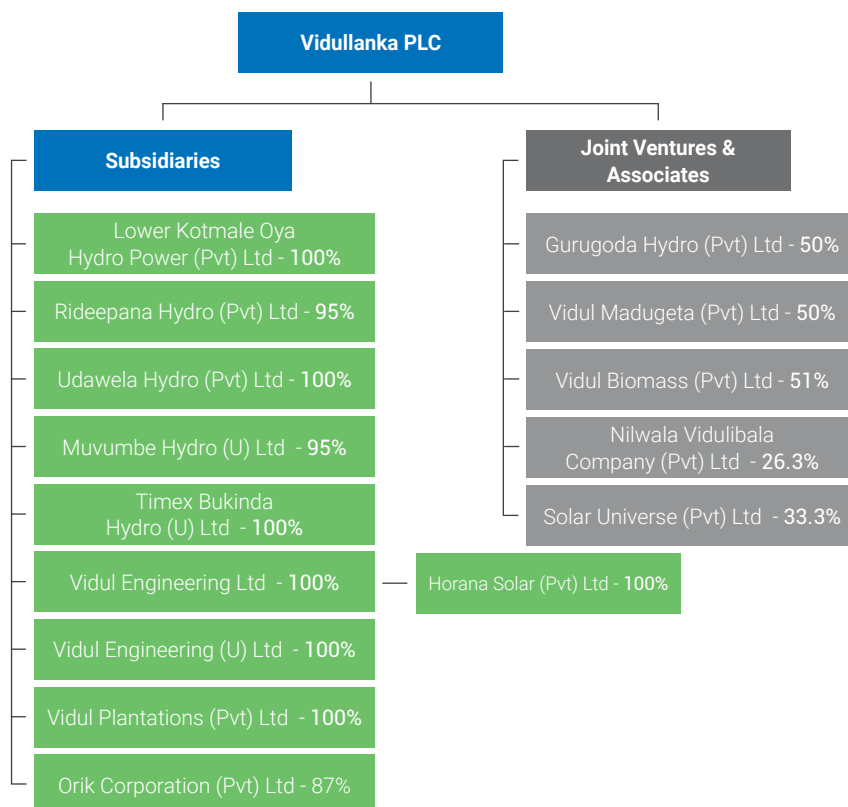
Rainfall in the catchment areas during 2021 resulted in an appreciable rise in the water levels of reservoirs by about 60%. This reduced the dependence on fossil fuels and increased reliance on low-cost hydro power. This has resulted in an increase in hydro power generation by 44.2% to 5,640GWh, which expanded the share of hydropower in the country's total electricity generation to 34% in 2021, from 25% in 2020, and saw a decline in fuel oil-based power thermal power generation by 37.0% to 2,634GWh and a reduction in coal power generation by 4.1% to 5,519GWh. This decline was bridged by Non-Conventional Renewable Energy (NCRE) resources, which grew by a substantial 56.6% to 2,922GWh during the period.

The increased NCRE contribution was enabled by the addition of Renewable Energy plants to the national grid,

especially the 100MW wind power plant in Mannar. Percentage-wise, the contributions of fuel oil, coal, and NCRE power to the country's power generation mix was 16%, 33% and 17% respectively during 2021, of which the CEB generated 76.0% and the remainder purchased from Independent Power Producers (IPPs).

However, hydro generation reduced in 2022 due to the seasonal dry weather, which depleted water levels in the reservoirs. As a result, increased reliance had to be placed on thermal power generation, and the demand for expensive fossil-based fuel imports increased once again. The government was compelled, however, to curtail this demand due to the substantially reduced foreign exchange reserves, which resulted in long and protracted power cuts.

Vidullanka Group Ownership Structure



Company Performance

The Vidullanka Group achieved its best-ever performance during this fiscal year, despite subdued market sentiments and operational disruptions. The group Profit After Tax increased by an appreciable 46% to Rs. 866 million from Rs. 595 million posted in the preceding financial year. Augmented profits were earned from the highest-ever revenue to date of Rs. 2.57 billion, generated from an all-time high output of 186GWh. Revenue of Rs 1.8 billion was recorded from a generation output of 140GWh in the preceding fiscal year.

The Group's operations in Uganda continued to contribute the highest revenue of Rs. 1.39 billion which attained a PAT of Rs. 603 million as a result of the optimal performance of Muvumbe SHPP and Bukinda SHPP, the Group's second power plant in Uganda which commenced commercial operations in 2021. Additionally, the USD-denominated balance sheets of these entities enabled translation gains of Rs. 1.17 billion for the Group, in the backdrop of the depreciation of the LKR against the USD during the latter part of the financial year.

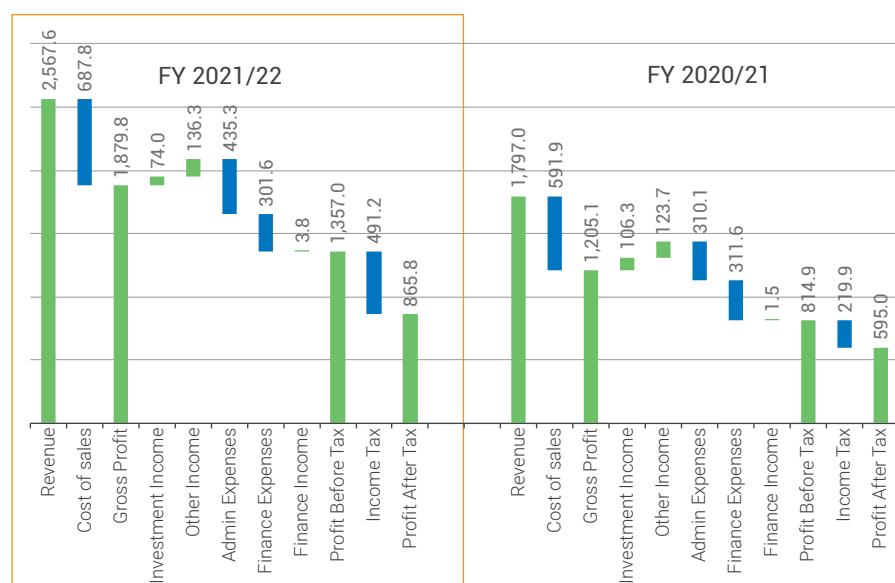
Although the depreciation of the LKR proved fortuitous for the Company's overseas operation, the depreciation had a negative impact on local operations as it contributed to escalating prices in the local economy. High costs in the last quarter of the financial year reduced the profitability of several plants, notably of the Vidul Biomass Pvt Ltd. operated Dehiyathakandiya Dendro Biomass plant, which had just entered its third year of operations. The Company generating an operating profit, despite the challenges of COVID-19, the economic crisis in the country, increased fuelwood and other costs as well as reduced availability of fuelwood, experienced an exchange loss of Rs. 51.8 million during the financial year which resulted in the company reporting a loss of Rs. 44.2 million, against a profit of Rs. 36.8 million attained during the last financial year.

Despite the escalating costs the other locally based joint venture projects, namely Madugeta MHPP, Ganthuna MHPP and Ethamala Ella MHPP operated by Vidul Madugeta (Pvt) Ltd, Gurugoda Hydro (Pvt) Ltd and Nilwala Vidulibala Company (Pvt) Ltd. respectively, jointly contributed Rs. 96.5 million to the profit of this year, from a contribution of Rs. 87.1 million reported during the previous financial year.

Cost concerns influence the progress of ongoing construction activities as well. Despite project construction experiencing low financial costs during the first three quarters of the fiscal year, the forex crisis in the country increased finance costs which impacted construction expenditure during the last quarter. The Vavunathivu Solar power project which has an installed capacity of 10MW, is a joint venture with Windforce PLC and HiEnergy Services (Pvt) Ltd, and is still under construction, as is the solar power plant in Horana, which has a designed capacity of 2MW. The Company is presently exploring cost reduction and possible tariff adjustments initiatives at both Company and industrial levels to sustain the investments in the local renewable energy sector.

Despite these constraints, the Company continued to realise its organic growth strategy of adding more energy projects to its portfolio, and substantially expanded generation capacity by increasing investment in local solar power projects. On 17 June 2021, the Company concluded a rights issue that raised a capital of Rs. 253 million to finance its upcoming solar power projects. Accordingly, three more rooftop power plants, and one ground-mounted solar power plant were commissioned during the year, which add a collective capacity of about 1.9MW to the Group generation portfolio.

Comparative Income Statement in Waterfall Diagram (Mn)



Overseas, the Company continued to expand its footprint. Its Ugandan subsidiary, Muvumbe Hydro (U) Ltd acquired a 30% equity stake in Quantel Renewable Energy Ltd (QRE), Malawi. QRE holds a power purchasing agreement to Build, Own and Operate the 50MW Bwengu Solar PV power plant in Northern Malawi. The Project will be developed jointly with Frontier Energy, Denmark.

Management Discussion and Analysis (contd.)

Segmental Performance

Among Vidullanka's five business segments, the local and overseas hydro power generation segments, and the newly added solar segment were profitable. However, the Dendro power & Plantation segment and Engineering & Consultancy segment recorded net losses during the current fiscal year.

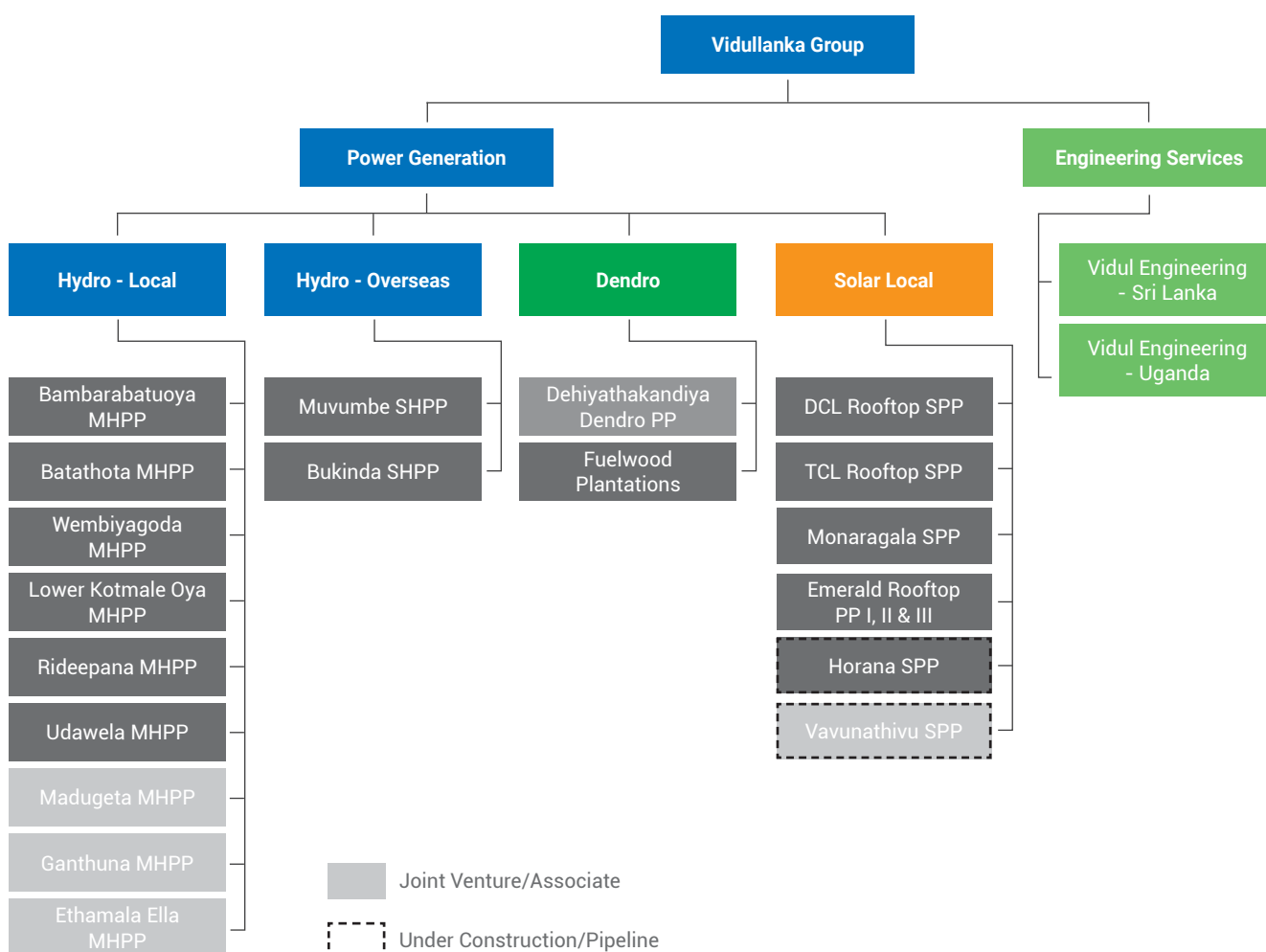
It was a good year for the local hydro segment due to heavy rainfall experienced in the catchment areas during the first three quarters of this fiscal year. This resulted in all nine local hydropower plants achieving a record segmented Profit After Tax (PAT) of Rs. 343 million from consolidated revenue of Rs. 917 million, which is a 63% growth over the previous year's PAT of Rs. 209.6 million from revenue of Rs. 770 million.

The overseas power segment remained the most profitable segment this year too, contributing the highest segmented revenue of Rs. 1.39 billion to the Group, which achieved a PAT of Rs. 603 million. This is a gratifying 74% increase over the revenue of Rs. 800 million received from the overseas operations in the preceding financial year which realised a PAT of Rs. 386 million. The two overseas hydro power plants generated 73GWh during the year, up from 47GWh in the previous year.

The Dendro power & plantation segmental result include the share of loss of Vidul Biomass (Pvt) Ltd amounting to Rs. 22.6 million and the loss of Rs. 53.5 million reported by Vidul Plantation (Pvt) Ltd, the fuelwood supply arm of the group, resulting in an overall segmental loss of Rs. 76.1 million. This segment was worst affected by the supply chain disruptions and cost escalations, especially due to the increased demand for fuelwood from other industries, amidst the high fuel prices.

High operational costs this year increased losses in the Engineering consultancy and project management segment as well, to Rs. 15.2 million, whereas the segment reported a loss of Rs. 4.5 million last year.

Vidullanka Group in Business Segments



Constraints and Challenges

The ageing hydro power plants in Sri Lanka continue to impact the Company's profitability. The group's first power plant, Bambarabatuoya MHPP, which concluded its initial PPA term in 2016, now continues to generate and deliver electricity at a renewal tariff with an extended term of 20 years.

The Batathota MHPP completes its initial PPA term during this calendar year, which will therefore be subject to an adjusted renewal tariff the next year. Although the PPA agreements for the other seven hydro plants and the Dendro power plant have more time to reach completion and therefore enjoy a higher three-tiered tariff, these plants will also receive a reduced generation tariff once the first tier of their agreement concludes.

The extension of the arrears period of the Ceylon Electricity Board to over 200 days, despite the 30 days settlement period stipulated in the PPAs, would have a detrimental effect on the Group's liquidity position had it been fully dependent on its local ventures. The Company is able to manage such shortfalls experienced in local operations with the cashflow from its overseas ventures. The engagement with the CEB and related authorities continues in attempts made to recover the outstandings, and developments have been encouraging.

These and several other challenges, including the bureaucratic red tape in approving projects for development, economic challenges including high interest rates and import restrictions associated with the current balance of payment challenges in the country, have prompted the Company to focus on expanding its hydropower operations overseas, although investment in the local energy industry will resume once the investment climate improves.

Dividend

The strong PAT achieved in this fiscal year together with the translation gains grew shareholder equity to Rs. 5.73 billion, from Rs. 3.65 billion in the preceding financial year. Consequently, the Company paid two interim dividends of Rs. 0.125 and Rs. 0.175 respectively, which amounted to a total distribution of Rs. 267.3 million.

Future Outlook

Looking forward, Vidullanka will continue its focus on growing a sizeable portfolio of solar power plants as well as expanding its footprint overseas by developing renewable energy projects in other parts of Asia and in Africa. The Company's target of building generation capacity of 100MW by 2025 is still well on track, despite challenges.

The Company is well positioned for the ongoing transition in the energy sector towards a decarbonised world. The Group's robust performance in this challenging environment demonstrates its versatility in taking challenges in its stride and its resilience in countering present and anticipated realities. The diversified portfolio of local and overseas businesses continues to act as a buffer against unfavourable market conditions. Supported by its strong financials, the Company leverages this strength to gain a distinctive edge in an otherwise challenging business climate to drive long-term value for its shareholders whilst building sustainable business platforms.

COVID-19 Response

It was another year of restricted employee movements due to the COVID-19 pandemic. Reinforcing its commitment to care for its people, the Company continued its health and safety initiatives this year too to minimise the spread of COVID among staff, through a series of containment measures introduced at all locations. These measures included RAT &

PCR testing which were conducted throughout the year, on-site as well as at the head office, and providing required healthcare and moral support in the event of exposures.

These initiatives proved successful in containing the virulent Delta & Omicron variants of COVID-19 and ensured that all locations functioned with minimal interruptions to business continuity. Employees affected by COVID-19 were provided with the necessary leave and health facilities that enabled them to recover fast.

In addition to COVID initiatives that reached out to staff, initiatives were also introduced to support communities during the COVID-19 pandemic. Several communities in lockdown areas were provided with donations of dry goods and essential rations.

Caring for Our People

Human Resources Management (HRM) plays a key strategic role in the Company by optimising staff efficiency and effectiveness, ensuring that employees have a pleasant and productive work environment as well as the skills needed to carry out their job descriptions, and that they are adequately compensated for the work they do.

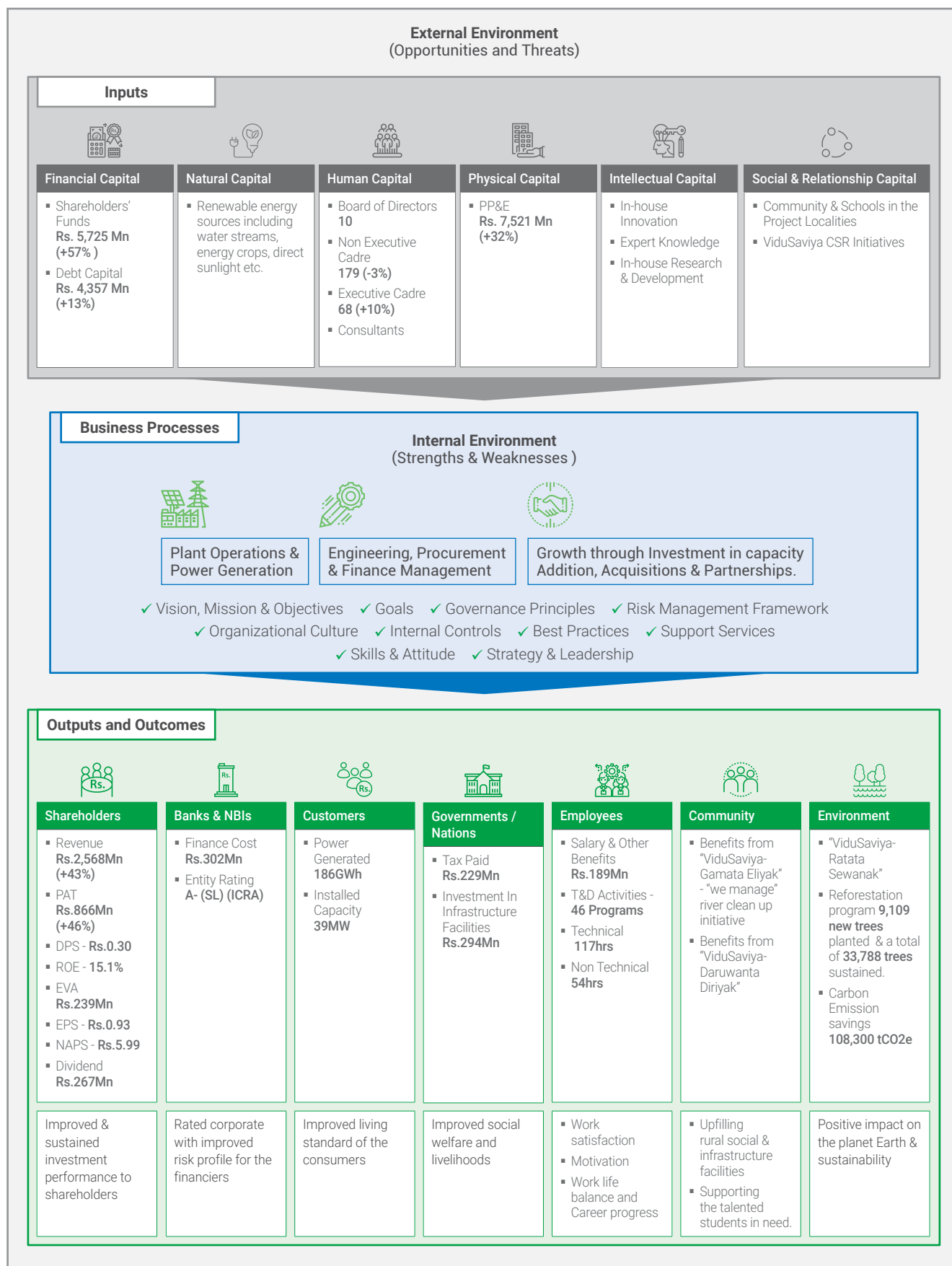
To ensure this, Vidullanka expends substantial resources to partner with its people to attain personal and professional growth by equipping them with training opportunities designed to improve their skills and knowledge in order to expand their output.

Great Place to Work® in Sri Lanka

The fact that the Company was recognised as being a Great Place to Work® in Sri Lanka confirms that these resources have been well spent. Vidullanka PLC was awarded this honour and recognised with the title for the 2021/22 period following a rigorous regime of employee feedback

Management Discussion and Analysis (contd.)

Business Value Creation Model



evaluation. The award lauds and recognises the positive employee morale and the diverse and inclusive work culture built by the Company over the years, which has ensured the happiness and well-being of staff as well as enhanced employee productivity.

HR Processes

An advanced HRIS system was introduced during the year to further this aim. This digital HR solution has various processes that integrate the Group's local and overseas operations and provide information that increases the efficiency of a range of human resources initiatives, including the Company's hiring trends, employee skills and training as well as staff retention.

Staff Profile

The group staff strength of 247 consist of 68 executive staff and 179 non-executive staff. The executive staffs are predominately based at the head office in Colombo, Operations support office in Kuruwita and Dendro power plant in Dehiyathakandiya of which 55 of the cadre are male and the 13 are female. Whilst 211 employees are based in Sri Lanka and the balance 36 are based in Uganda. The operational employees make up the largest share of 72% of the employee pool, who are non-executives.

The Company enjoys a healthy mix of staff above and below 35 years of age, with a leaning towards a younger team, with 130 employees being under 35 years of age. This ensures a mix of energy and innovation tempered by age and experience. Of the balance staff of over 35 years of age, category-wise, the 36 to 40 year category has the highest component, 56 staff, while only 18 staff are above 51 years of age. 155 employees have served the Company for a period less than 5 years while 25 have been with the Company for 11 to 15 years and 23 employees have served for over 16 years.



Management Discussion and Analysis (contd.)

Employee Composition by Division/Location



Long Service Awards

Rewards and certificates were also presented to employees who completed 5 years and 10 years of service with the Company in appreciation of their loyalty and commitment.

Employee Training and Development

Training for job-specific skills is carried out as and when required. Technical training programmes were held throughout the year to ensure that the Company's technical team is equipped with the most contemporary skills and knowledge needed to build, operate and maintain its power plants. Several training sessions were conducted this year on soft skills as well. The total training hours during the year were 171 of which technical training comprised 117 hours and the balance 54 hours was on training in soft skills.

Soft Skills Training

A training programme, 'Bring Out the Communicator in You' was organised to improve the public speaking skills of head office staff. The programme was conducted by public speaking trainer Mr. Niranjan De Silva.

Performance - Based Culture

The Company has introduced a series of initiatives that promote the standards of excellence that hold the key to a strong performance-based culture. These initiatives are reinforced by a systematic and transparent performance management process that recognises and rewards talent and high performance.



Executive Awards Ceremony

The Executive Award Ceremony was held on 1 April 2022 at the Ramada Hotel, Colombo to recognise and reward executive staff performance. The winners were selected based on predetermined criteria by the management. These top achievers received awards, certificates and financial rewards at the ceremony.

Non-Executive Awards Ceremony

The Company also holds an awards ceremony to appreciate the performance of its non-executive staff cadre who work on the sites of the power plants. This year's ceremony was held online on 17 September 2021 due to COVID-19 restrictions. Employee performance on-site is evaluated based on criteria such as productivity, site safety, innovation, environment-friendly initiatives as well as talent.

Promoting Health and Wellness

The Human Resources department organised several healthcare initiatives throughout the year to ensure the health and well-being of staff. The Company continued the partnership with "Ayubo. Life", which gives the participants access to a comprehensive health and wellness focussed programme conducted by medical professionals and wellness experts.

Two medical screening campaigns were conducted at the head office and the medical representatives from "Ayubo. Life" visited the head office and assessed employees' vitals as well as provided staff with medical advice on ways in which they could improve their health.

'Step Challenge' was a fitness programme organised by the HR department in partnership with "Ayubo.Life" to improve the walking habits of employees. All project site and head office staff were grouped and given targets of a minimum number of steps to be completed each day throughout a week in March 2022, and the winners were rewarded at the Annual Awards Ceremony.

Yoga sessions and mindfulness sessions were also held to improve the physical and mental health of employees.

As a result of these wide and varied initiatives, the Company now has on board a trained and high-calibre team of professionals with the business know-how to drive the Company forward. This includes a technical team that has the skill and experience on par with their international counterparts, to construct its power plants as well as provide the necessary support for maintenance and repairs.

Caring for Communities and the Environment

Vidullanka has a pragmatic, structured and responsible approach to engaging the communities in which it works with and preserving the pristine nature of the environment in which these communities live. The communities that live in the vicinities of the Company's power plants in particular, are an important group of stakeholders and as such, the Company has nurtured a symbiotic relationship with them since their continued support is vital for business continuity and success.

A case in point is the Company's continued operation of the Dehiyathakandiya Dendro plant despite the biomass plant's below-par financial

performance, given its high potential for generating direct and indirect employment for several thousand people in the community as well as the national importance of relying less on imported fossil fuels. Biomass is the most people-intensive renewable energy when compared to solar, wind or even hydropower plant operations. The Company's biomass plant employs the largest staff component in the Group. Going forward the company will continue to operate the Dendro power plant whilst taking requisite measures to reduce costs and improve efficiencies.

This year too, a number of community enhancement and environment conservation programmes were conducted in various parts of the country, under social responsibility programmes set up especially for the purpose.

To mark Sri Lanka's 74 Independence Day, a tree planting programme was carried out on 4 February by ViduSaviya Ratata Sewanak in the Pitabeddara and Aranayake catchment areas and at the Warukandeniya border of the Sinharaja Forest Reserve, more than 2,000 saplings were planted. The company manages and sustains a wide range of flora including Kumbuk, Mahogany, Medicinal, Mee, Naa, Agarwood, Fruit-bearing trees and Native plants. Of the 33,788 trees under Vidullanka's care, the majority comprises of fruit-bearing trees, amounting to 16,645 trees.



A beach cleaning program was held at the Wellawatte Kinross Beach in February 2022 under the Company's 'ViduSaviya Gamata Eliyak' initiative. This waste management programme was supported by the Coast Conservation and Coastal Resource Management Department as well as the Wellawatte Police.

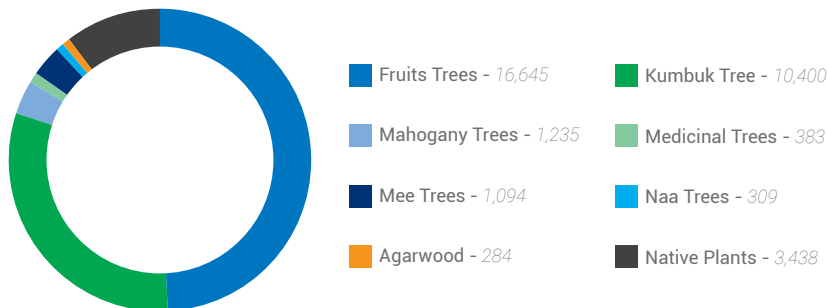
Continuous cleaning of the Baduluoya river that flows into the Dunhinda falls, is another noteworthy initiative by the ViduSaviya - Gamata Eliyak that continues to benefit the community around and restore the serenity of the Dunhinda falls.



Management Discussion and Analysis (contd.)

Vidullanka PLC Reforestation Summary

Fruit-bearing plants make up the largest share of the reforestation initiative - ViduSaviya Ratata Sevanak.



The 'ViduSaviya Daruwanta Diriyak' programme was set up to promote the education of children across the nation. Under this programme scholarships are awarded to students who excel in academic examinations and extra-curricular activities. The Company also donated 36 laptops to the children of employees in rural areas with limited access to technology who were compelled to study remotely by following school programmes online.



The health sector also benefitted from several CSR initiatives. Ten Patient-HDU Multi Para Monitoring Units were donated to the National Hospital, Colombo, and Vidullanka, jointly with Nilwala Vidulibala, also a company under the Vidullanka umbrella, presented a Robotic Nurse Assistant to the Panadura Base Hospital.



During the year, the renewable energy generated by the power plants operated by the group accounts for the reduction of greenhouse gas emissions equivalent to over 108,000tons Carbon Dioxide.

Vidullanka continues its CSR efforts in a number of fronts whilst being a carbon negative entity, creating value to the shareholders, the nation and the globe.



Corporate Governance

Corporate governance is the mechanism overseeing the rules, practices, processes and system by which a corporate entity is directed and controlled. It essentially involves balancing the stakeholder interests of an entity, from parties such as shareholders, senior management, customers, suppliers, financiers, government and the wider community.

Corporate Governance encompasses fundamentally every aspect of management, ranging from action plans and internal controls to performance measures and corporate disclosures. The Board of Directors of Vidullanka PLC acts as the primary force that influences Corporate Governance.

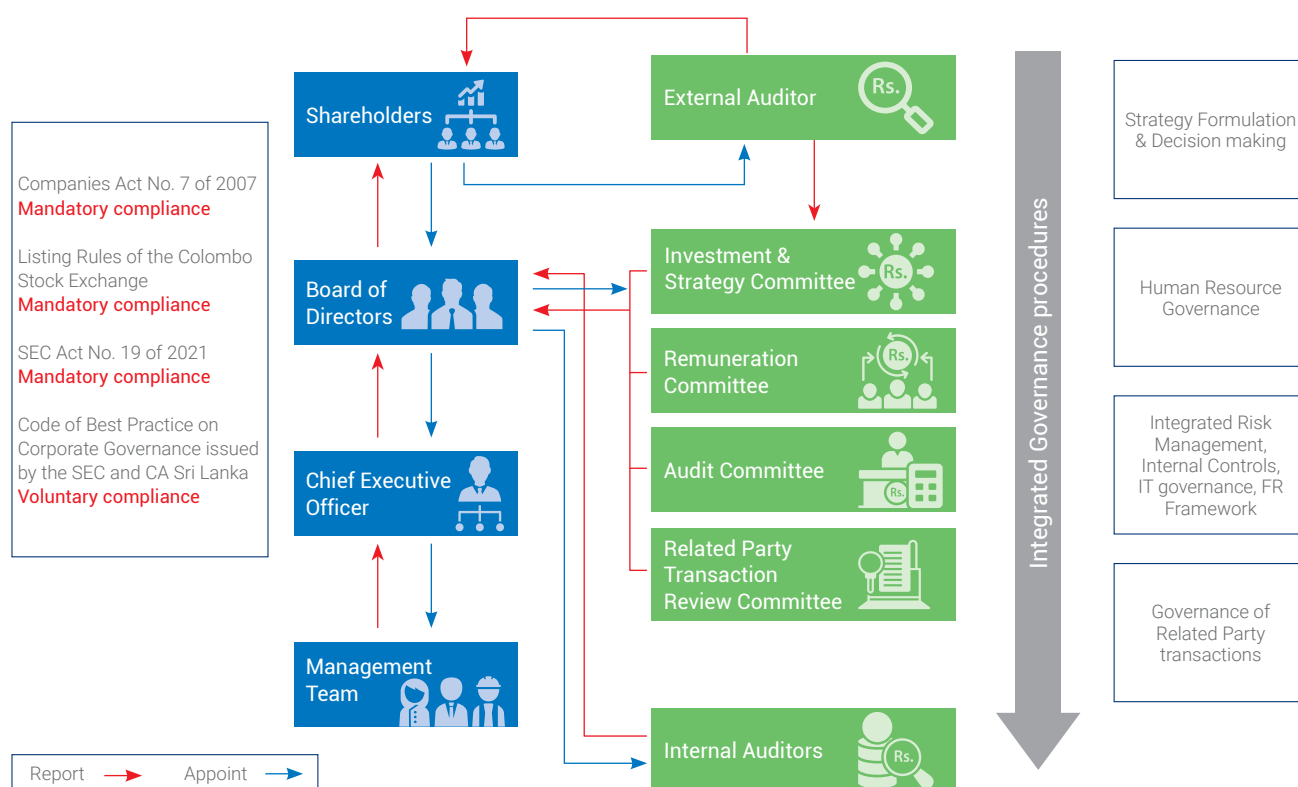
Compliance Summary

Principle/Codes	Observance
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 amendments, directives and circulars there to, as repealed by the Securities and Exchange Commission of Sri Lanka act no 19 of 2021	Mandatory provisions
Code of Best Practice on Corporate Governance (2017) issued by CA Sri Lanka	Voluntary provisions

Key internal Benchmarks and Procedures

1. Recruitment and selection policies
2. Articles of Association of the company
3. Standard Operating Procedures
4. HR policies and procedures
5. IT framework, policies, and procedures

The diagram below explains the governance structure of Vidullanka PLC



Corporate Governance [contd.]

The Board

The Board of Directors of Vidullanka PLC is committed to formulate the strategic direction of the group while ensuring the secure protection of its shareholders' interests. The board further ensures that the compliance with relevant rules and regulatory requirements are not compromised when directing the business in the direction of the strategy formulated. It also ensures the integrity of information, internal controls and risk management. The Board is responsible for the compliance with ethical standards, laws, internal controls and regulations.

The Board Composition

Vidullanka PLC's Board of Directors consists of ten directors, of which one director is an executive director and the other nine directors being non-executive directors. As a result, the board is in compliance with rule 7.10.1 of the Section 7 of the Listing Rules of Colombo Stock Exchange, which requires that at least 1/3 of the directors should be non-executive directors.

The non-executive directors of the board have duly filed their annual declaration of independence in compliance with the Listing Rule 7.10.2 (b). Accordingly, two of the nine non-executive directors were declared to be independent as they met all the required criteria. Mr. Sidath Fernando, a non-executive director of the board was also resolved to be independent by the board, taking into account his unbiased and objective approach towards the board's affairs. As a result, the Board is compliant with Listing Rule 7.10.2 (a), which requires the higher of either 2 or 1/3 of non-executive directors to be independent.

The company's directors firmly believe that the present individual directors of the board and board in whole have the necessary skill set, experience and corporate acumen to cater to the present and future business context of the group. During the year under review, no material changes took place in the composition of the board. The profiles of each individual director is set out on pages 21-23 as per rule 7.10.3 (c).

The Board met four times during the financial year with the objectives of determining the future directions and monitoring and reviewing the performance of the business operations. In consideration of the social distancing measures introduced, the Board made use of digital conferencing facilities to conduct meetings when required. Additionally, Board of directors participated in 14 subcommittee meetings during the financial year, the details of which are tabulated below.

Name	Directorship Status	Board Meetings	Audit Committee Meetings	Strategy Committee Meetings	Related Party Transactions Review Committee Meetings	Remuneration Committee Meetings
Mr. Osman Kassim	Board Chairman	4/4	-	5/5	-	-
Mr. Riyaz M. Sangani	Chief Executive Officer	4/4	3/4	5/5	-	1/1
Mr. Ranjan Mather	Non-Executive Director	4/4	-	5/5	-	1/1
Mr. C. F. Fuhrer	Non-Executive Director	4/4	-	-	-	-
Mr. Sujendra Mather	Non-Executive Director & Alternative Director to Mr. C F Fuhrer & Mr. Ranjan Mather	4/4	-	-	4/4	-
Mr. Shahid M. Sangani	Non-Executive Director	4/4	4/4	-	-	-
Mr. Sattar Kassim	Non-Executive Director	4/4	-	-	-	-
Mr. Rizvi Zaheed	Independent Non-Executive Director	4/4	-	5/5	-	1/1
Ms. Deepthie Wickramasuriya	Independent Non-Executive Director	4/4	4/4	-	4/4	-
Mr. Sidath Fernando	Independent Non-Executive Director	3/4	4/4	-	4/4	1/1

The Board of Directors gives appropriate consideration to the stakeholders' interests when making corporate decisions. The Board ensured that adequate time, effort and resources were spent by the Directors in making strategic decisions and the subcommittees were consulted promptly whenever their input and assistance were necessary for decision making. The senior management of the company takes on the responsibility of giving accurate and adequate information to the Board of Directors for its decision making and strategic formulation. Some of the major roles and functions of the Board in upholding good corporate governance in the affairs of the Company are given below:

1. Establishing and maintaining a monitoring and evaluation process for the implementation of strategy, budgets, plans and related risks of forecasts.
2. Ensuring that effective internal control systems are in place to secure integrity of information and internal controls.
3. Fostering sustainable value to stakeholders in the long run by overseeing the overall operations.
4. Delegating authority to subcommittees and the senior management to make decisions and monitoring the process.
5. Reviewing and approving the annual business plan to ensure the allocation of sufficient resources and time.

Furthermore, Vidullanka PLC ensures that new additions to the Board of Directors receive induction training and that subsequently, every director receives appropriate training regularly, to remain up to date on the regulations. The roles of the Chairman and the Chief Executive are separated within Vidullanka's Board to demonstrate the company's good corporate citizenship status. Mr. Osman Kassim holds the position of Board Chair whilst Mr. Riyaz M. Sangani serves as the Chief Executive of the group.

Board Committees

Four Board Subcommittees are tasked with important duties in assisting the Board of Vidullanka PLC to discharge its fiduciary duties. These committees comprise the Audit Committee, Remuneration Committee, Related Party Transaction Review Committee and Investment and Strategy committee. These committees met a total of 14 instances, regularly during the year under review to discuss and operationalize the tasks that fall under their purview in terms of risk management, governance, internal controls, remuneration and human resource, related party transactions and strategic implementation. Attendance by the directors to their relevant Board and Subcommittee meetings is mentioned in page 36.

Audit Committee

The Audit committee comprises three non-executive directors, which is chaired by Independent Non-Executive Director, Ms. Deepthie Wickramasuriya, a fellow member of CIMA, UK, and MBA holder from PIM, USJP. Independent Non-Executive Director, Mr. Sidath Fernando and Non-Executive Director, Mr. Shahid M. Sangani are the other members of the committee. The majority of the committee, therefore, comprises of Independent Directors. The Chief Executive Officer, Mr. Riyaz M. Sangani and Group Financial Controller, Mr. Mafaz Ansar also attended the committee meetings promptly by way of invitation. Taking the above facts into consideration, the composition of the Audit Committee thereby adheres with Rule 7.10.6 (a) of the Listing Rules of the Colombo Stock Exchange.

The Audit committee met a total of 4 times over the period in review. The committee was tasked with overseeing and advising the board on the financial reporting, internal controls, risk management and audit activities of Vidullanka PLC.

Investment and Strategy Committee

The Investment and Strategy Committee is headed by the Chairman of the Board of Directors, Mr. Osman Kassim. The committee further comprises of the Chief Executive Officer, Independent Director, Mr. Rizvi Zaheed and Non-Executive director, Mr. Ranjan Mather as members of the committee. The committee primarily evaluates the ongoing business operations of the group and prospective business and investment opportunities to identify whether they align with the strategic direction set for the company. The committee also evaluates the Group's investment assets in present and new energy projects and liability management.

Based on the findings from these evaluations the committee provides its input to the Board to facilitate strategic decision making. The committee further advises the Board on the aspects of strategy formulation, growth, diversification, and asset allocation whilst ensuring that shareholder interests are safeguarded.

The investment and strategy committee held five meetings over the course of the reporting period with the participation of all committee members.

Remuneration Committee

The Remuneration Committee of Vidullanka PLC is chaired by Non-Executive Director, Mr. Ranjan Mather. The Independent Non-Executive Directors, Mr. Rizvi Zaheed and Mr. Sidath Fernando make up the rest of the committee. Accordingly, the composition of the committee is compliant with rule 7.10.5 (a) of the Listing Rules of the Colombo Stock Exchange. The remuneration committee met once during the financial year, with the Chief Executive Officer attending as well through invitation by the committee.

Corporate Governance [contd.]

The Remuneration Committee is responsible for setting the policy for the remuneration of the Chief Executive Officer and Executive Directors. The committee recommends the remuneration of the executive management to the Board by determining targets for performance-related pay or share schemes and determining the total individual remuneration package of each executive director including, where appropriate, salary, bonuses, pensions, incentive payments and share schemes to executive directors and senior management with reference to the operational results, individual performances and prevailing market rates.

Related Party Transaction Review Committee

The Related Party Transaction Review Committee also consists exclusively of Non-Executive Directors in order to adhere to the Listing Rules of the Colombo Stock Exchange. In compliance with the listing rules, 9.2.2, the chairperson of the committee is an Independent Non-Executive Director, Mr. Sidath Fernando. The remaining two members of the committee are Ms. Deepthie Wickramasuriya, and Mr. Sujendra Mather who are Non-Executive Directors.

The committee is tasked with overseeing the transactions and engagements the company has with related parties. The committee reviews the interest of related parties, changes in status of related parties and transactions between Vidullanka PLC and its related parties.

During the period under review, the committee gathered 4 times.

Detailed terms of the above subcommittees are given in the Board committee section of the annual report.

Compliance Management

A corporate entity has a responsibility to adhere to compliance regulation set by overseeing bodies or institutions. This responsibility is of much more importance and severity to Vidullanka PLC as a listed entity with a good corporate stature to uphold. The overall compliance with all the regulations is followed up separately by the individual departments of the organisation based on the compliance required.

Compliance with the accounting, financial reporting and auditing standards, Listing Rules of the Colombo Stock Exchange, the directives set out by Securities and Exchange Commission of Sri Lanka (SEC), the rules and regulations by the Central Bank of Sri Lanka, and the tax laws of the countries in which the Company operates, are fulfilled by the Finance Department. The department also voluntarily complies with the Code of Best Practice on Corporate Governance issued by the SEC and Institute of Chartered Accountants of Sri Lanka (CA).

The Human Resource Department of Vidullanka PLC ensures that the Company complies with the employment laws and health and safety regulations of Sri Lanka as well as of other countries in which the company operates and employs labour. The Legal Department, together with the Company Secretaries, ensure that the Group is in compliance with the requirements of the Companies Act and any other related legislations. The Legal Department is also responsible to assist with the compliance with overseas regulations where the organisation has established its presence. The compliance report and checklists are updated and presented at the Audit Committee meetings and the Board meetings to review compliance and take necessary decisions.

The Audit committee is also tasked with monitoring the ongoing process of the compliance requirements with the direction set by the Board, focusing on improving compliance. Periodic self-assessments and internal audits are annually conducted for this purpose. Both financial and accounting functions, covered by Standard Operating Procedures (SOP) are regularly updated in accordance with the recommendations made by the internal auditors.

The power plant operations of the Company are mainly regulated based on the mandatory safety and operational standards set by the Electricity off-takers of the company; mainly CEB in Sri Lanka and UETCL in Uganda and also the applicable health and safety mandates of the relevant countries. The company goes beyond these mandatory compliance requirements by internally developing standards of best practices and ensuring the proper adherence to it. The Operational Department of the company, headed by the Director - Operations, is responsible for establishing and maintaining plant-wise internal audits, internal controls and clearly defined chains of responsibilities to assist in the compliance.

As an entity operating in the Renewable energy space, both locally and overseas, Vidullanka PLC is inevitably linked with the society, community, environment and natural resources. As there is a direct connection with the company's operations and the natural environment, Vidullanka PLC adheres with the rules and regulations set forth by Sri Lanka's Central Environment Authority, Mahaweli Authority, and the regional offices of each province in which the plants are located. The Ugandan operations are also subject to compliance with the standards of National Environment Management Authority and Ministry of Energy and Mineral Development, Uganda. Additionally, the Group continues to comply with the taxation and other regulatory requirements set up by public institutions such as the Ugandan Revenue Authority relating to the affairs of companies operating in Uganda.

As a reputable corporate citizen, Vidullanka PLC makes every effort to be in full compliance with the laws of the countries in which it operates and adheres to all the rules and regulations applicable. The company continues to monitor the changes in the regulatory environment and swiftly adapts to the changes while obtaining the required legal and professional consultations.

Corporate Governance Compliance

Listing Rule	Requirement	Compliance	Reference
Board of Directors			
7.10.1 (a) Non-Executive Directors	At least 1/3 of the total number of Directors should be Non-Executive Directors.	Yes	Corporate Governance report is given on Page 35.
7.10.2 (a) Independent Directors	2 or 1/3 of Non-Executive Directors, whichever is higher should be independent.	Yes	Corporate Governance report is given on Page 35.
7.10.2 (b) Independent Directors	Each Non-Executive Director should submit a declaration of independence or non-independence.	Yes	Profile of Directors is given on page 21.
7.10.3 (a) Disclosures regarding Director	The Board shall make a determination annually on the independence or non-independence of each Non-Executive Director.	Yes	Annual Report of the Board of Directors on the affairs of the Company is given on page 65.
7.10.3 (b) Disclosures regarding Directors	In the event that a Director does not qualify as independent but the Board is of the view that the Director is nevertheless independent, it shall specify the criteria not met and the basis for the determination in the annual report.	Yes	
7.10.3 (c) Disclosures regarding Directors	A brief resume of each Director should be included in the annual report.	Yes	Profiles of Directors on Page 21.
7.10.3 (d) Disclosures regarding Directors	Upon the appointment of a new Director to the Board, a brief resume of the Director should be provided to the CSE.	N/A	No new appointment to the Board during the year under review.
Remuneration Committee			
7.10.5 Remuneration Committee	A listed company shall have a Remuneration Committee.	Yes	Remuneration Committee report is given on page 71.
7.10.5 (a) Composition of Remuneration Committee	Shall comprise Non-Executive Directors, the majority of who shall be independent.	Yes	
7.10.5 (b) Functions of the Committee	The Remuneration Committee shall recommend the remuneration of the CEO and the Executive Directors.	Yes	

Corporate Governance [contd.]

Listing Rule	Requirement	Compliance	Reference
7.10.5 (c) Disclosure in the annual report relating to the Remuneration Committee	The annual report should set out the names of the Directors comprising the Remuneration Committee, a statement of the remuneration policy and the aggregate remuneration paid to Executive and Non- Executive Directors.	Yes	Remuneration Committee report is given on page 71. Aggregate salary to the Directors indicated in the Notes to the Financial Statements on Note 26.5 On page 128.
Audit Committee			
7.10.6	The Company shall have an Audit Committee.	Yes	
7.10.6 (a) Composition of the Audit committee	Shall comprise Non-Executive Directors, the majority of who shall be independent.	Yes	Report of the Audit Committee is given on page 69.
	The CEO and CFO shall attend Audit Committee meetings.	Yes	
	The Chairman of the Audit Committee or one member of the committee should be a member of a Professional Accountancy Body.	Yes	Report of the Audit Committee is given on page 69.
7.10.6 (b) Functions of the Audit Committee	Oversee the preparation, presentation, and adequacy of disclosures in the Financial Statement in accordance with Sri Lanka Accounting Standards (SLFRS & LKAS).	Yes	Report of the Audit Committee is given on page 69.
	Oversee compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements.	Yes	
	Oversee the processes to ensure that the internal controls and risk management are adequate to meet the requirements of the Sri Lanka Financial Reporting Standards.	Yes	
	Assessment of the independence and performance of the External Auditors.	Yes	
	Make recommendations to the Board pertaining to the appointment, reappointment and removal of external Auditors and to approve the remuneration and terms of engagement of the external Auditors.	Yes	
7.10.6 (c) Disclosure in the Annual Report relating to the Audit Committee	The names of the Directors comprising the Audit Committee.	Yes	Report of the Audit Committee is given on page 69.
	The Audit Committee shall decide on the independence of the Auditors and disclose the basis for such determination.	Yes	
	The Annual Report shall contain a Report of the Audit Committee setting out the manner of compliance of the functions.	Yes	

Listing Rule	Requirement	Compliance	Reference
Related Party Transactions Review Committee			
9.2 Related Party Transaction Review Committee (RPTRC)	The Board shall appoint/have a RPTRC.	Yes	Annual Report of the Board of Directors is presented on page 65. Report of the RPTRC is presented on page 72.
9.2. Review of Related Party Transactions	The committee shall review all the Related Party Transactions other than the transactions specified under section 9.5 of the listing rule.	Yes	Report on RPTRC is presented on Page 72.
9.2.2 Composition of the committee	The committee shall comprise Non-Executive Directors and Independent Non-Executive Directors. An Independent Non-Executive Director shall function as the Chairman of the committee.	Yes	
9.2.4 Committee Meetings	The committee shall meet at least once a calendar quarter. All meetings should be properly documented, and the meeting minutes should be communicated to the Board.	No	
9.2.5 Information Gathering and Approval	The committee shall ensure that they have enough knowledge/expertise to assess all aspects of the transactions.	Yes	Report of the RPTRC presented on page 72.
9.1.1 (a) Non-Recurrent Transactions	Obtain shareholder approval if the transaction value is more than 1/3 of the total assets of the entity or the aggregate of the value of similar transactions with the same related party within the given period.	N/A	Report on RPTRC is presented on page 72.
9.1.1 (b) Acquisition/Disposal of substantial assets from/to the related party or its associates	Obtain shareholder approval by way of a special resolution for transactions other than the transactions specified under section 9.5 of the listing rule.	N/A	
9.1.2 (a) Recurring Related Party Transactions	Obtain shareholder approval if Related Party Transaction or the aggregate of the transaction with the same related party during the period exceeds 1/3 of the Group consolidated revenue AND Transaction/s not in the ordinary course of business and in the opinion of the Related Party Transactions Review Committee, are on favourable terms than those generally available to the public.	N/A	
9.1.3 Aggregation of Related Party Transactions	Transactions once approved need not to be aggregated with future transactions with the same related party.	N/A	

Corporate Governance [contd.]

Listing Rule	Requirement	Compliance	Reference
9.1.4 Approval from shareholders	Shareholder approval where necessary should be obtained prior to entering into the transaction or shall be conditional to shareholder approval.	N/A	
9.3 Disclosures relating to the Related Party Transactions	The Board shall make immediate disclosures to the CSE, where necessary.	Yes	Report on RPTRC is presented on Page 72.
	The annual report shall contain a report from the RPTRC.	Yes	
9.3.2.(d)	A declaration by the Board of Directors in the annual report as an affirmative statement of compliance with these rules pertaining to Related Party Transactions or a negative statement in the event the entity has not entered into any Related Party Transaction/s.	Yes	An affirmative statement indicating the material related party transactions during the year under review is included in the report on RPTRC presented on page 72.

Compliance with the Code of Best Practices on Corporate Governance issued by the SEC and CA Sri Lanka

Rule	Requirement	Compliance	Explanatory Notes
Directors			
A.1 The Board	Company should be headed by an effective Board, which should direct, lead, and control the Company.	Yes	Except the Chief Executive Officer, all other directors of the board are Non-Executive Directors. The Board provides leadership skills to the strategic direction. Notable Board functions are given in the Corporate governance report on page 35.
A 1.1	Board should regularly meet. Board meetings should be held at least once every quarter.	Yes	The Board conducted four meetings during the financial year, the details of which are given on page 36.
A 1.2	Role of the Board; <ul style="list-style-type: none"> ▪ Formulation and implementation of business strategy ▪ Approving budgets and major capital expenditure ▪ Ensuring the integrity of the information, internal controls, and risk management ▪ Ensuring compliance with laws and regulations ▪ Ensuring all stakeholders' interest. 	Yes	Adopted
A 1.3	The Board collectively and the Directors individually act in accordance with the laws of the country of operation which are applicable to the business enterprise. The Board of Directors ensures that procedures and processes are in place to ensure that the Company complies with all applicable laws and regulations.	Yes	Adopted

Rule	Requirement	Compliance	Explanatory Notes
A 1.4	The Directors have access to the advice and services of the Board Secretary. The Board Secretary ensures that Board procedures, relevant statutory obligations and other applicable rules and regulations are in compliance.	Yes	The directors, individually and collectively as the Board, have direct, unobstructed and unrestricted access to the Company Secretary with respect to the affairs of the Company.
A 1.5	All Directors should bring independent judgement related to their duties and responsibilities on matters relating to strategy implementation, performance, resource allocation, risk management and compliance.	Yes	The Board comprises Directors with unbiased judgement, diverse set of skills and enriched expertise relevant to the present and future implications of the Company. Refer Corporate governance report on page 35.
A 1.6	The members of the Board dedicate adequate time and effort to fulfil their duties and responsibilities as Directors of the Company.	Yes	The Board Directors regularly attended the subcommittee meetings and board meetings to give directions when necessary. Details relating to the meetings are given on page 36.
A 1.7	One third of the directors can call for a resolution to be presented to the Board where they feel it is in the best interests of to the Company to do.	Yes	No such resolutions were called during the reporting year
A 1.8	Every Director should receive appropriate training when first appointed to the Board.	Yes	Adopted. However, no additions in Directors were made to the Board during the year in purview.
A 2 Division of power	Clear division of responsibilities between the Chairman and the Chief Executive Officer.	Yes	The board is chaired by Mr. Osman Kassim and Mr. Riyaz M. Sangani acts as the Chief Executive Officer.
A 3 The Chairman's role	The Chairman is responsible for running the Board and should preserve order and facilitate the effective discharge of Board functions.	Yes	Profile of the Chairman is given on page 21.
A 3.1	The Chairman leading the Board facilitates the effective discharge of Board proceedings. Directors are encouraged to participate in decision- making taking into consideration their views on the affairs of the Company.	Yes	The Chairman's message is given on page 15. The annual report of the Board of Directors is given on page 65.
A 4 Financial Acumen	The Board should ensure the availability of those with sufficient financial acumen and knowledge to offer guidance on matters of finance.	Yes	The Board includes Directors with sufficient financial knowledge, acumen and experience. Profiles of the Directors are given on page 21.
A 5 Board Composition	There should be a balance of Executive and non-executive directors such that no individual or small group of individuals can dominate the Board's decision making.	Yes	The Board comprises of 9 Non-Executive Directors of which 3 are Independent Non-Executive directors.
A 5.1	The Board should include non-executive directors of sufficient calibre and numbers for their views to carry out the Board's decision making.	Yes	Profiles of the Directors are given on page 21.

Corporate Governance [contd.]

Rule	Requirement	Compliance	Explanatory Notes
A 5.2	Composition of the Board of directors	Yes	Details of the Board composition are given on page 36.
A 5.3	Independence of the directors	Yes	
A 5.4	Each non-executive director should submit a signed declaration annually of independence or non-independence.	Yes	
A 5.5	Criteria to evaluate the independence of Non-Executive Directors.	As per the criteria set in the Listing rules 7.10.3 (a) and (b) of the Colombo Stock Exchange.	
A 5.6	If an alternate Director is appointed by a Non-Executive Director, such alternate director should not be an executive of the company.	Yes	Mr. Sujendra Mather, is a non-executive director, who also acts as the alternate director to Mr. Ranjan Mather and C.F. Fuhrer are non-executive directors.
A 5.7 & A 5.8	Appointment of a senior Independent Director, in the event that both Chairman and the Chief Executive are the same person	N/A	The positions of Chairman of the Board and the Chief Executive Officer are held by two Directors.
A 5.9	The Chairman should hold meetings with the Non-Executive Directors only, without Executive Directors as necessary and at least once each year.	No	During the financial year, no specific meetings took place between the Chairman and Non-Executive Directors.
A 5.10	In the event that the Directors have concerns that cannot be unanimously resolved, the concerns need to be recorded in the Board minutes.	Yes	Proceedings of Board meetings are duly documented by the secretaries and approved at the subsequent Board meetings.
A 6 Provision of Information	The Board should be provided with information in a timely manner in form and quality	Yes	The management presents financial and non-financial information to the Board for review and decision making.
A 6.1	The Management has an obligation to provide the Board with appropriate and timely information.	Yes	Senior managers participate in the Board meetings and subcommittee meetings whenever needed by invitation of the Board and provide necessary information in a timely manner.
A 6.2	Adequate time for Board meetings	Yes	The minutes of previous meetings, reports, and Board papers are provided to the Directors in advance and a meeting agenda is used to conduct meetings in accordance.
A 7 Appointments to the Board	There should be a formal and transparent procedure for the appointment of new Directors to the Board.	Yes	There were no new appointments during the year. The strategy committee and remuneration committee together evaluate the potential candidates on appropriateness and potential value addition and make appointment recommendations to the Board.

Rule	Requirement	Compliance	Explanatory Notes
A 7.1 & A 7.2	A nomination committee should be established to make recommendations to the Board on all new Board appointment.	N/A	No new appointments were made to the Board during the financial year.
A 7.3	Disclosure to the shareholders on the appointment of new Directors to the shareholders	Yes	
A 8 Re-election & Resignation	All Directors should be required to submit themselves for re-election at regular intervals and at least once every three years.	Yes	Directors who are retiring by rotation offered themselves for re-election, details of which are given in the annual report of the Board of Directors on page 65.
A 8.1	Non-Executive Directors should be appointed for specific terms subject to re-election and to the provisions of the Companies Act	Yes	All Non-Executive Directors are appointed for a period of three years, which when lapsed subjects them to re-election.
A 8.2	All Directors of the Board should be subject to election by shareholders at the first opportunity after their appointment, and to re-election thereafter at intervals of no more than three years	Yes	No new appointment to the Board were made during the financial year. All Non-Executive Directors are appointed for a period of three years, which when lapsed subjects them to re-election.
A 8.3	The Director should provide a written communication to the Board on his reasons for resignation.	N/A	No resignations from the Board of Directors during the financial year.
A 9 Performance Appraisal	The Board should periodically appraise its own performance to ensure that Board responsibilities are satisfactorily discharged.	No	The performance appraisal of the Board and Directors is outsourced to an external specialist who thereby makes recommendations to the Board on the assessments.
A 10	Disclosure of information in respect of Directors		
A 10.1	Disclosure of each Director in the annual report including the name, qualifications, brief profile, nature of expertise in relevant functional areas, immediate family and material business relationships, category of executive and non-executive, names of the listed companies in Sri Lanka which the director concerned is a director, the number of Board meetings of the company attended during the year., total number of Board seats held by each Director, the names of the Board committees which the Director acts as the chairman.	Yes	Profile of the Directors is given on page 21. Details of the meetings held and the attendance is given on page 36.
A 11 Appraisal of CEO	Appraisal of the Chief Executive Officer should be done at least annually by the Board.		
A 11.1	At the commencement of each year, the Board should consult the CEO regarding targets in the short, medium, and long term to be achieved during the year.	Yes	The targets are set at the brainstorming session held at the beginning of the calendar year and the budgets are thereafter prepared, presented and approved accordingly.

Corporate Governance [contd.]

Rule	Requirement	Compliance	Explanatory Notes
A 11.2	The performance of the CEO should be evaluated by the Board at the end of each fiscal year to ascertain whether the targets are achieved or not.	Yes	The Board deliberates on the performance of the Chief Executive Officer against the set targets during the last Board meeting of the financial year.
Directors' Remuneration			
B 1 Remuneration Procedure	Companies should establish a formal and transparent procedure for developing policies on executive remunerations. No directors should be involved in deciding his own remuneration.		
B 1.1	Directors should set up a remuneration committee	Yes	Remuneration committee report given on page 71.
B 1.2 & B 1.3 Composition	Remuneration committee should consist exclusively of Non-Executive Directors with a minimum of three Non-executive Directors of whom the majority should be independent. The Chairman should be an independent Non-Executive Director. The Chairman and members of the remuneration committee should be listed in the annual report each year.	Yes	
B 1.4	The Board as a whole shall determine the remuneration of the Non-Executive Directors, including members of remuneration committee, within the limits of the article. The Board may delegate the function to a subcommittee, which might include the CEO.	Yes	
B 1.5	The remuneration committee should consult the Chairman and the CEO about its proposals relating to the remuneration of the other Executive Directors.	N/A	The Chief Executive Officer is the only Executive Director on the company Board.
B 2 Internal & External equity of remuneration	Levels of remuneration of both Executive and Non-Executive Directors should be sufficient to attract and retain the Directors.		
B 2.1 B2.3	An Executive Director's remuneration should be designed to promote the long-term success of the Company and should be comparable with other companies	Yes	Remuneration committee report given on page 71.
B 2.4	The committee should consider remuneration and employment conditions elsewhere within the Group.	Yes	
B 2.5	The performance related elements of remuneration of Executive Directors should be designed in a manner that is transparent and appropriate.	Yes	
B 2.6	Executive share options should not be offered at a discount.	N/A	
B 2.7	In deciding the remuneration related to the performance, the remuneration committee should follow the provisions set out in schedule E.	Yes	Remuneration committee report given on page 71.

Rule	Requirement	Compliance	Explanatory Notes
B 2.8	Remuneration committee should consider the compensation commitments in the event of early termination.	N/A	
B 3 Remuneration Policy	The Company's annual report should contain a statement of remuneration policy and details of the remuneration of the Board.	Yes	Remuneration committee report on page 71.
B 3.1	The annual report should set out the names of the Directors and contain a statement of remuneration policy and the aggregate remuneration paid to Executive and Non-Executive Directors.	Yes	The details of the remuneration to the Board of Directors and the key management personnel given in Note 26.5 to the financial statements on page 128.
Relationships with shareholders			
C 1 Annual General Meeting	The Board should use the AGM to communicate with shareholders and should encourage their participation.		
C 1.1, C 1.2, C 1.3, C 1.4 & C 1.5	<p>The Company should propose a separate resolution at the AGM on each separate issue to the shareholders.</p> <p>For each resolution, proxy appointment forms should provide shareholders with the option to direct their proxy to vote either for or against the resolution or to withhold their vote.</p> <p>Chairpersons of the Audit, Remuneration, Nomination and Related Party Transactions review committees and senior independent directors to be available to answer questions at the AGM.</p> <p>The Company should circulate along with every notice of AGM regarding the procedures of the voting.</p>	Yes	<p>Annual General Meeting of the Company for the FY 2020/21 was held on 21/09/2021 using audio visual technology via the Zoom Platform.</p> <p>Notice of meeting, form of proxy and other relevant documents were dispatched to the shareholders in advance and also made available via the Company website.</p> <p>All the Directors of the Company were present at the AGM.</p> <p>The procedures of the voting at the AGM are circulated along with the notices of meeting.</p>
Accountability & Audit			
D.1 Financial reporting	The Board should present a balanced and understandable assessment of the company's financial position, performance, governance structure, risk management and internal controls.		
D 1.1 , D 1.2 & D 1.3	<p>The Board should present an annual report including FS that is true and fair, balanced, and prepared in accordance with applicable laws & regulations.</p> <p>The Board is responsible to present interim, other price sensitive public reports and statutory requirements.</p> <p>The Board should obtain a declaration from the CEO and the Chief Financial Officer mentioning that financial records of the entity have been properly maintained and give a true and fair view.</p>	Yes	<p>Financial Statement for the FY 2021/22 presented on page 80.</p> <p>The Company promptly published when required the interim accounts and necessary disclosures in the Colombo Stock Exchange.</p> <p>Directors' responsibilities for annual reporting is given on page 73.</p>

Corporate Governance [contd.]

Rule	Requirement	Compliance	Explanatory Notes
D 1.4	Declarations by the Directors should be included in "Directors' report".	Yes	The annual report of the Board of Directors is given on page 65.
D 1.5	Statement of Directors' and Auditors' responsibility for the Financial Statements	Yes	Statement of Directors' responsibilities in relation to the Annual financial statements is given on page 73. Independent auditors' report is given on page 76.
D 1.6	The annual report should contain a "Management Discussion & Analysis"	Yes	Management Discussion & Analysis is found from page 24 to 34.
D 1.7	Directors shall summon an extraordinary General meeting to notify the shareholders in the event of net assets falling below 50% of the value of the Company's shareholders' funds.	N/A	N/A
D 1.8	The Board should adequately and accurately disclose Related party transactions in its Annual Report.	Yes	The Company complies with the requirements of the Sri Lanka Accounting Standard-24 (LKAS 24) in the financial statements and the annual report. The related party transaction review committee is presented on page 72.
D 2 Risk Management & Internal Control	The Board is responsible for determining the nature and extent of the principal risks, it also should have a risk management process and sound internal controls that would give reasonable assurance on the achievement of organisational goals and objectives.		
D 2.1	The Board should review and ensure the effectiveness of the risk management and internal control systems at least annually. Report on the review to be presented in the annual report.	Yes	The Board, over the year reviewed the risk categories that may affect Company in consultation with the Audit Committee and took necessary measures to place controls and adopt risks. Risk management report of Vidullanka PLC is given on page 55.
D 2.2	Assessment of principle risks facing the Company that would threaten future performance, solvency, and liquidity.	Yes	The Audit committee continuously assesses the key risks with the use of multiple risk assessment and risk mapping techniques and advises the Board accordingly. The Risk management report of Vidullanka PLC is given on page 55.

Rule	Requirement	Compliance	Explanatory Notes
D 2.3	The Company should have an internal audit function	Yes	Internal audits are conducted by Messer, BDO partners. Additionally, the finance department conducts spot audits at the power plants.
D 2.4 & D 2.5	Review of the process & effectiveness of the risk management and internal controls by the audit committee.	Yes	Details are given in the Risk Management Report on page 55. The Audit Committee Report is presented on page 69.
D 3 Audit Committee	The Board should have a formal & transparent arrangement in applying the accounting policies, structure, and content of corporate reporting, implementing internal control and risk management principles.		
D 3.1	the Audit Committee should comprise a minimum of three non-executive directors, of whom at least two should be independent. The committee should be chaired by an Independent Non-Executive Director	Yes	The committee is made up of three Non-Executive Directors, of whom two are Independent. The committee is chaired by an Independent Non-Executive Director.
D 3.2	The audit committee should have a written term of reference, with its authority and duties.	Yes	The audit committee adheres to the charter detailed in the Corporate Governance best practices published jointly by the SEC & CA Sri Lanka. The committee also complies with the listing rules of the Colombo Stock Exchange. The authority and role of the committee are included in the Audit Committee Report on page 69.
D 3.3	Disclosure of the audit committee responsibility	Yes	Audit Committee Report is given on page 69.
D 4 Related party transactions review committee	The Board should establish a procedure to ensure that the Company does not engage in transactions with "related parties" in a manner that would grant such parties "more favourable treatment" than that accorded to third parties in the normal course of business.		
D 4.1	Related party transactions will be as defined in LKAS 24.	Yes	The Company applies the conditions of LKAS 24 when preparing and presenting financial statements.
D 4.2	The committee should comprise exclusively of Non-Executive Directors, the majority of who should be independent. The committee should be chaired by an Independent Non-Executive Director.	Yes	The report on the affairs of the Related Party Transaction Review Committee is given on page 72.
D 4.3	Disclosures on the related party transaction review committee	Yes	The report on the affairs of the Related Party Transaction Review Committee is given on page 72.

Corporate Governance [contd.]

Rule	Requirement	Compliance	Explanatory Notes
D 5 Code of Conduct and Ethics	The Company must adopt a code of business conduct and ethics for directors, key management personnel that should include dealing in the shares of the company, compliance, bribery and corruption, confidentiality, unethical behaviour etc		
D 5.1	The company shall have a code of business conduct and ethics.		Report of Corporate Governance is given on page 35.
D 5.2	The company should have a process in place to ensure that all material and price sensitive information is promptly identified.	Yes	The company promptly identifies material and price sensitive information in accordance with the applicable regulations and takes necessary action.
D 5.3	The company should establish a policy/ process for monitoring and disclosure of shares purchased by any director, key management personnel or any other employee involved in FR.	Yes	The share transactions entered into by the Directors are disclosed to the market as required by the Listing Rules of the Colombo Stock Exchange
D 5.4	Disclosure by the Chairman that there is no violation of the code of conduct and ethics	Yes	Chairman's Message is given on page no 15.
D 6 Corporate governance Disclosures	Directors should be required to disclose the extent to which the company adheres to established principles and practices of Corporate Governance.		
D 6.1	The Director should include in the company's annual report, a corporate governance report setting out the principles and provisions of this code.	Yes	Corporate Governance report is given on page 35
Investor Relations			
E 1 Investor Relations - institutional Investors	Institutional shareholders have a responsibility to make considered use of their votes and encouraged to ensure their voting intentions are translated into practice. A listed company should conduct a regular and structure dialogue with shareholders.	Yes	The Company maintains a healthy corporate relationship with its investors. The Annual General Meeting is an effective communication tool used by the company to liaise with shareholders and communicate the company performance during the year and obtain their overall feedback, if any.
E 2	Institutional investors are encouraged to give due weight to all relevant factors drawn to their attention when evaluating the governance structure in relation to Board structure and composition.	Yes	Further disclosures are made via the Colombo Stock Exchange.
F 1 Investor relations - Other investors	Individual shareholders should be encouraged to carry out analyses on investing or divesting decisions of individual shareholders.	Yes	The Company maintains and coordinates investment analysts who carry out Company- specific, sector- wise and market- wide share analysis.
F 2	All the shareholders should be encouraged to participate in general meetings of companies and exercise their voting rights.	Yes	Shareholders are promptly encouraged to attend these meetings by the company. The necessary resources and communication tools are provided to the shareholders to attend these meetings.

Rule	Requirement	Compliance	Explanatory Notes
Internet and Cybersecurity			
G 1	The Board should have a process to identify how the organisation's business model, IT devices within and outside the organisation and consequent cybersecurity risks may affect the business.	Yes	Risk Report is given on page 55.
G 2	The Board should appoint a Chief Information Security Officer (CISO) with sufficient expertise and authority to implement a cyber security risk management policy that could be approved by the Board.	Yes	The Board has outsourced the CISO role a specialist organization considering the expertise required and the scale of operations.
G 3	The Board should allocate regular and adequate time on the Board meeting agenda for discussions about cyber risk management.	Yes	Risk report is given on page no 55 and Audit Committee Report is given on page 69.
G 4	The Board should ensure the effectiveness of the cybersecurity risk management through periodic review.	Yes	Risk report is given on page no 55.
G 5	The Board should disclose in the annual report, the process and management of cyber security risks.	Yes	Risk report is given on page no 55.
Environment, Society and Governance (ESG)			
H 1	The Company's annual report should contain sufficient information for investors and stakeholders to assess how ESG risks and opportunities are recognised and reported.	Yes	<p>The ESG aspect of Risk Management is addressed in detail in the Risk managements and corporate governance frameworks, with further information shared through the Management Discussion and Analysis detailed from page 24 to 34.</p> <p>Risk report is given on page no 55 and Corporate Governance report is given on page 35.</p>
H 1.1	The Company should provide information in relation to the relevance of environmental, social factors to the business, how ESG may affect their business, how risks and opportunities pertaining to the ESG are recognised, managed, and reported.	Yes	The relevant information are given in the Chairman's Message, CEO's Review and Management Discussion and Analysis on pages 15, 18 and 24 respectively.

Corporate Governance [contd.]

Disclosures required by the Companies Act No 7 of 2007 in the annual report

Section	Description	Status of compliance	Reference in the Annual report
168 (1) (a)	The state of the Company's affairs or of its subsidiaries, any changes during the period in the nature of the business.	Yes	Plant Portfolio is given on page 6. Organisational Profile is given on page 26.
168 (1) (b)	Financial statements of the Company and the Group in accordance with sections 151 ,152 for the accounting period completed.	Yes	Financial statements and notes are included on page no 80.
168 (1) (c)	Auditors' report on the financial statements of the group financial statements.	Yes	Auditors' report is given on page 76.
168 (1) (d)	Changes in accounting policies made during the year.	Yes	Accounting policies are included with the changes on page 86.
168 (1) (e)	Particulars of the entries in the interests register made during the accounting period.	Yes	Annual Report of the Board of Directors is given on page 65.
168 (1) (f)	Remunerations and other benefits of Directors during the accounting period.	Yes	The details of the remuneration to the Board of Directors and the key management personnel given in Note 26.5 to the financial statements on page 128.
168 (1) (g)	Amounts of donations made by the Company during the accounting period.	Yes	Management Discussion and Analysis is given on pages from 24 to 34.
168 (1) (h)	Name of the persons holding office as Directors and who ceased to hold office during the accounting period.	Yes	Directors' profiles are given on page 21. Annual Report of the Board of Directors is given on page 65.
168 (1) (i)	Amounts payable to the external auditors as audit fees and other fees for other services.	Yes	Refer notes no. 14 to the financial statements
168 (1) (j)	Any relationships and interests with the auditors and the Group.	Yes	Audit Committee Report is given on page 69. Annual Report of the Board of Directors is given on page 65.
168 (1) (k)	Signatures on behalf of the Board by two Directors and the Secretary of the Company.	Yes	Annual Report of the Board of Directors is given on page 65.

Compliance with Section 7.6 - Continuing Listing Rules issued by the Colombo Stock Exchange (CSE)

Section	Description	Status of compliance	Reference in the Annual report
7.6 (i)	The names of the persons who were the directors during the year of the entity.	Yes	Annual Report of the Board of Directors is given on page 65.
7.6 (ii)	Principal activities of the entity and its subsidiaries and changes thereon.	Yes	Company Profile is given on page 26. Management Discussion and Analysis is given on pages from 24 to 34.
7.6 (iii)	The names and the numbers of shares held by the 20 largest holders and the percentage of such shares.	Yes	Investor Information is given on page 135.
7.6 (iv)	The float adjusted market capitalization, public holding %, number of public shareholders.	Yes	Investor Information is given on page 135.
7.6 (v)	A statement of each Director's holding and the Chief Executive Officer's holding of shares in the beginning and the end of the year.	Yes	Annual report of the Board of Directors is given on page 65.
7.6 (vi)	Information pertaining to material foreseeable risk factors of the entity.	Yes	Risk Management Report is given on page 55.
7.6 (vii)	Details of material issues pertaining to employees and industrial relations of the entity.	N/A	The Company did not encounter any material events during the year.
7.6 (viii)	Extents, locations, valuations, and the number of buildings of the entity's land holdings and investment properties.	Yes	Details of the Property Plant and Equipment held by the Company is given in Note No 4 to the financial statements.
7.6 (ix)	Numbers of shares representing the entity's stated capital	Yes	Annual report of the Board of Directors given is on page 65.
7.6 (x)	A Description schedule of the number of holders in each class of equity securities and the percentage of total holdings	Yes	Investor information is given on page 135.
7.6 (xi)	The following ratios and the market price information need to be disclosed. 1. Dividend per share 2. Dividend pay out 3. Net asset value per share 4. Market value per share	Yes	Five year summary and investor information is given on page 139 and 135 respectively.
7.6 (xii)	Significant changes in the entity's or its subsidiaries' fixed assets and market value of land.	Yes	Annual Report of the Board of Directors is given on page 65.
7.6 (xiii)	If the entity has raised funds during the year through a public issue, rights issue, and private placement, ▪ Statement as to the manner in which the proceeds of such issue has been utilised, ▪ Number, classes of shares and reason for the issue, ▪ Any material changes of the funds raised through an issue of securities.	N/A	The company raised Rs. 253mn via a right issue of non-voting shares, details of which is given in Note No 8.1.2 to the financial statements.

Corporate Governance [contd.]

Section	Description	Status of compliance	Reference in the Annual report
7.6 (xiv)	Disclosures of each employee share option scheme and employee share purchase scheme.		The Company received Rs. 62,850,182/- by way of subscriptions to 13,665,509 share options issued. Refer to note no 8.2 to the financial statements on page 111.
7.6 (xv)	Disclosures pertaining to corporate governance practices in terms of rules 7.10.3, 7.10.5 and 7.10.6 of the section 7 of the rules.	Yes	Corporate Governance report is given on page 35.
7.6 (xvi)	<p>Related party transactions exceeding 10% of the equity or 5% of total assets of the entity as per audited financial statements, whichever is lower.</p> <p>The details shall include, as a minimum,</p> <ol style="list-style-type: none"> 1. The date of the transaction 2. The name of the related party 3. The relationship between the entity and the related party 4. The amount of the transaction and terms of the transaction 5. The rationale for entering into the transaction 	Yes	<p>Details pertaining to the Related party transaction (Amalgamation of Walagamba Balashakthi (Pvt) Ltd) is given in note no 5.1.1 to the financial statements.</p> <p>Report of the Related Party Transactions Committee is given on page 72.</p>

Risk Management

Across the globe, countries are still recovering from the effects from the disruptions induced by the pandemic. Although precautionary and health measures related to the outbreak of COVID-19 is minimal and non-obstructive to businesses at the moment, the economic recoveries of the affected countries over this 2-3 year period have been stagnant at best. The increased inflationary pressures over the recent periods have also negatively impacted many economies, including of superpowers such as the United States. Yet, promising evidence exists to suggest that global economic recovery, even though is at lower levels, is on the right course. However, this outlook is subject to many ifs and buts, as the pandemic shows tell-tale signs of the emergence of new variants and global economic stability is threatened by inflationary pressures.

Proactive and farsighted risk tackling processes coupled with strategic and forward-looking approaches can prepare a business to predict future risk realizations and the implications attached. Companies will therefore be able to establish systems and processes to deal with these implications and accomplish its goals and objectives. It is important that businesses assume risks within its risk appetite and also possess the sufficient risk stamina to reap high returns from high risks.

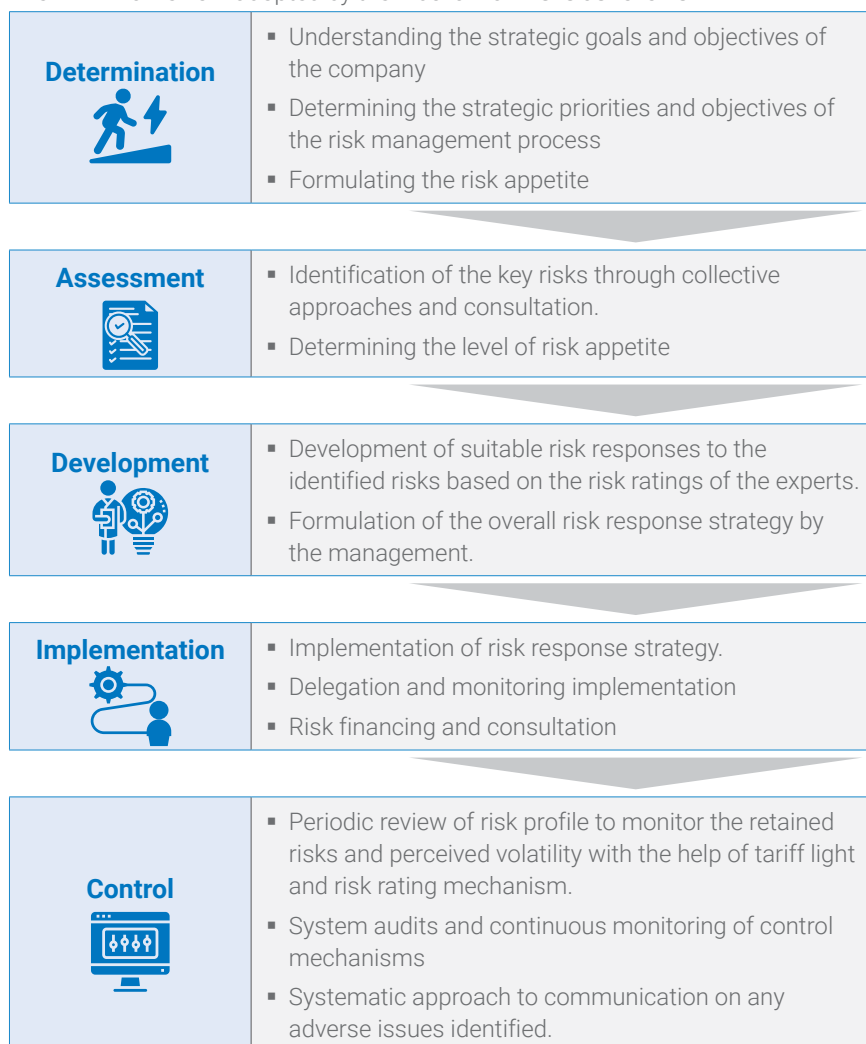
Vidullanka PLC, an established entity in the domestic as well as overseas renewable energy industry who currently operates two hydro power plants in Uganda, believes in the continuous development of its risk management framework.

The Company ensures that the risk management process is periodically reviewed to determine the appropriate risk management in line with its

operations. The group performs annual risk assessments to obtain data and information to evaluate these risks it is exposed to and the probable impacts of these risks coming into existence. Once the risks and their likelihood of occurrence is established, the organization, in collaboration with the internal management team and in consultation with external experts, establish adequate risk interventions. Once the evaluated risk level is accounted for the risk interventions, the remaining residual risk is retained.

The Audit Committee of Vidullanka PLC, in assistance with its operations team ensures that the risk framework adopted is in line with the rapidly changing business environment. Representatives across different functional departments actively participate in the continuous advancement of the internal risk framework and maintain it in a compatible system of risk management.

The ERM Framework adopted by the Vidullanka PLC is as follows.



Risk Management (contd.)

The following major risks are addressed throughout the Company's business

Business Risk

Business risk entails the challenges and adversities pertaining to the renewable energy industry and business environment of each country the business is operating in and is expanding into. Adverse exposure can lead to performance below expected levels and ineffective investment in new project development, thereby resulting in lower profitability, capital erosion and a lack of organisational growth.

Weather Risk

As renewable energy sources that Vidullanka PLC is building on are direct extensions from weather, aspects such as rainfall and sunlight can have a very huge impact on the energy generated. Every entity engaging in electricity generation from renewable energy sources are subject to this risk and have very little controlling power on this risk as weather is a purely non-controllable environmental factor. Reduction in energy generated due to materialization of weather risk can result in reduced profitability and sometimes losses. Although weather risk is non-controllable, steps can be taken to study and research historic weather patterns to predict weather changes and be prepared for any impact. Hence, Weather Risk is categorized as a high impact and high priority risk in Vidullanka's risk management system.

Vidullanka PLC in an effort to minimize the weather risk has taken steps to diversify its plant portfolio from hydro power. In 2019, a 3.3 MW biomass power plant was commissioned in Dehiyathakandiya, which uses sustainably grown Gliricidia fuelwood as its source. The company has also established a subsidiary plantation arm to grow and supply this fuelwood to the plant. Additionally, the company has recently focused its endeavours on the Solar energy sector, where

several rooftop solar plants and a 1 MW ground-mounted solar plant in Monaragala are already built and operational. The company is also in the process of building two more solar power plants in Sri Lanka.

Investing in the overseas power plants including Muvumbe SHPP and Bukinda SHPP in Uganda are another way of mitigating weather risk since the country of operation is different in its weather conditions compared to Sri Lanka.

This is an example of the effective management of weather risk in terms of power generation and diversifying the energy portfolio. The company has been able to fall back on the cashflows from overseas when the power generation in Sri Lanka has suffered due to adverse weather conditions. Going forward, Group revenue would be further strengthened by adding more diversified power sources and overseas projects.

Foreign Exchange Risk

Foreign exchange risk refers to the risk that an entity may lose value in its assets held overseas and/or foreign transactions conducted as a result of the fluctuations of the value of foreign currencies it deals with.

Vidullanka's business processes inherently exposes itself to foreign exchange fluctuations as the company is heavily involved in the international renewable energy sphere. As overseas operations are tied to the use of foreign currencies, proper attention is paid on how the fluctuations of these foreign currencies can affect the company's transactions and in turn the company itself.

With the rapid depreciation of LKR against foreign currency taking place, there has been sizeable cost overruns in projects under construction in Sri Lanka. The increase in foreign input import costs and construction costs due to the depreciation of LKR can

be considered a main reason for this. The company governed by its board of directors are exploring different strategies to overcome the challenges.

Vidullanka has taken measures to strengthen its corporate position offshore. The overseas assets position of Vidullanka PLC is as of now a healthy and positive balance. Thereby, with the appreciation of foreign currency against LKR, the company has been able to generate exponential gains compared to the previous year.

The company is continuously monitoring its foreign assets and transactions to ensure that they are in line with its profitability and strategic goals. The senior management under the direction of the board is also regularly reviewing the trends and developments in the foreign exchange markets and are setting appropriate precedents to capitalize on possible forex gains and avoid possible forex losses.

Legal and Regulatory Risk

Vidullanka PLC has extended its operational arm to Sri Lanka and Uganda, and several projects are currently under development and construction in other African countries. The company is bound to adhere with the dynamic legal and regulatory framework imposed by these countries on it, where the failure in compliance could result in severe consequences.

As a corporate entity the company complies with the mandatory provisions set out in the Company's Act No. 07 of 2007. As detailed in the Corporate Governance section of this report, Vidullanka PLC, as a listed company in the Colombo Stock Exchange of Sri Lanka is thereby in compliance with the Listing Rules and Directives issued by the Securities and Exchange Commission Sri Lanka. Furthermore, the company also voluntarily complies with the corporate governance practices recommended by the Code of Best Practice on Corporate

Governance 2017, issued by The Institute of Chartered Accountants of Sri Lanka. The company continues to identify new ways and means to improve its affairs to be in compliance with the above regulations and codes.

The Audit Committee of Vidullanka's board is responsible to oversee the company's compliance with the above-mentioned codes, rules, and regulations. A compliance checklist is prepared and thoroughly reviewed at each Audit Committee meeting. The findings and recommendations from this review is forwarded to the Board to help make them decisions at the board level. Whilst the finance and legal departments ensure compliance with the financial reporting, taxation and legal aspects, the other departments ensure compliance across their respective areas of operation. The Board is updated on the status of the litigations and necessary expert advice is sought when necessary.

Country Risk

Country Risk refers to the risk associated with an investment made or to be made in a foreign country. This risk entails political risk, legal risk, economical risk, transfer risk and social instability risk. The level of Country risk differs from country to country depending on the infrastructure, political systems and economic status.

Vidullanka PLC, has taken appropriate and adequate measures required to safeguard its overseas investments, particularly in Uganda by liaising with the Ugandan Government and securing Investment Protection Agreements to secure the projects and their operations. The company also ensures that the necessary permits and approvals for the operational as well as projects in pipeline are obtained, maintained, and renewed on a timely basis and as needed in order to maintain its legitimate title over the projects. Over the years, the presence of Vidullanka PLC in these foreign nations have allowed the company to

build and maintain strong, mutually beneficial relationships with important players in the renewable energy sphere, including governments, regulatory authorities, development agencies, developers, banks, donors, and other stakeholders.

An in-depth country review is undertaken prior to commencing project developments in a new country. This aims at gaining a comprehensive understanding of the overall political, social, economic, and external sector conditions. It also helps the Company to make informed decisions in line with its risk appetite and where the perceived risk is beyond acceptable levels and undertake mitigatory measures.

Counter Party Risk

Counterparty risk refers to the risk of potential losses arising towards a party from the failure/default by the other party of a contract. Predominantly, as Vidullanka PLC only contracts with the off-takers, CEB of Sri Lanka and UETCL of Uganda to receive payments for the electricity sold, these parties are identified as the group's counterparties. The power purchase agreements signed with these counterparties and the investment protection agreements signed with the government detail the terms and methodology of payments related to the electricity supplied.

When evaluating prospective investment opportunities in foreign countries, the profile and the strength of the off-taker i.e., electricity purchaser is a major area of concern. The evaluation also takes into consideration the presence and actions of renewable energy promoting institutions in the country/region.

The default or credit risk from counterparties are ranked as volatile due to the delay in settlements provided by CEB for the energy generated by Sri Lankan power plants during this financial year. Even though it is considered to be volatile,

the risk is categorized as low risk, owing to the fact that these dues are considered to be firm receivables from the government of Sri Lanka. The counterparty credit risk from UETCL, Uganda is minimal as the relevant payments are made on a timely and prudent basis as agreed to.

Operational Risk

Operational risk is the risk of a change in value caused by actual losses incurred from inadequate or failed internal processes, people and systems or from external events that differ from the expected losses.

Operational Risk may materialize at any time in any business activity or process. These could range from internal failures such as system failures, human error, process failures to external risks arising as a result of customer and supplier actions, regulatory implications, natural disasters etc. Operational Risks may also include legal risks and risks to human capital, business assets or business bottom line. Operational Risks that materialize and are not addressed in due course, run the possibility of adversely impacting the long-term strategies of an organization.

The main operational activity of Vidullanka PLC is the renewable energy power generation. The operational process may be subject to failures and disruptions arising from human errors, system failures and procedural shortcomings. The operations department of the company takes up the responsibility to regularly review the machinery, equipment, processes, and procedures in relation to the power plant operations and take necessary measures to establish proactive and reactive actions and minimize the associated risks.

Risk Management (contd.)

Taking into consideration the risks the company faces, and the risk levels associated, the board of Vidullanka PLC formulates strategies, goals and objectives for the organization to foresee risk implications and mitigate the effects. The heads of each department are responsible to guide their departmental employees to achieve their individual and collective goals while ensuring that risk levels are at a minimum. Internal Controls are established governing the operational processes to help identify and act on operational risk. These controls are supplemented by a robust continuous monitoring system to identify any plant specific machinery breakdowns, process failures and any other material event.

The Audit Committee of Vidullanka PLC periodically reviews the risk profile of the group and designs appropriate measures to be taken to minimize the impacts of any risk realizing. The audit committee place significant attention on risk management because all current operations and future progress depend on the risk attitude of the Company.

Stakeholder Risks

Prominent stakeholder management is a catalyst for the social acceptance of a project. Since risks are always associated with stakeholder groups who are either directly or indirectly influencing or are influenced by these risks, the bigger the risk is to a project's outcome, the more closely the associated stakeholder groups must be managed.

Pertaining to the power plants in the operational phase, several initiatives are undertaken by Vidullanka to engage with the rural and local communities in the vicinity. These programs take the shape of different welfare and development programs aimed at the betterment of these communities.

In line with Vidullanka's "ViduSaviya" CSR initiative, the company has made efforts to improve its surrounding environments through tree planting and river clean-up programs. In the year under review, the company also undertook a beach clean-up at Kingross Beach, Wellawatte. "ViduSaviya Daruwanta Diriyak", an initiative undertaken to promote the education of children, awarded scholarships for the students who excelled in their academics and extra curricular activities. Further the company also donated 36 laptops to children, helping them adapt to the new norm of distanced learning.

Further risk management strategies are devised based on the stakeholder profiles identified and risk is mitigated accordingly.

Risk Rating Matrix Used

Impact	Extreme					
	High Impact					
	Moderate					
	Minor					
	Low					
		Rare	Unlikely	Possible	Likely	Almost certain
		Probability of Occurrence				

Legend

High Risk Ranking (R)



Medium Risk Ranking (A)

Low Risk Ranking (G)

Volatile Outlook



#	Risk Category	Risk	Definition	Catastrophic/ Critical/ Significant/ Low	Mitigation Action	Risk Owner	Risk Review Status	Risk Ranking
1	Financial and Economic Risk							
		Counter party credit Risk	Risk of loss of principal or financial reward stemming from a debtor's failure to repay a due amount or to meet contractual obligations.	Significant	Vidullanka supplies power generated to CEB in Sri Lanka and UETCL in Uganda. The payments are governed by the Power Purchasing Agreements entered into with both entities and they are also backed by their governments, reducing the credit risk. UETCL receivables are further supported by a Bank guarantee. CEB is considerably behind in the payments for energy generated with arrears spanning over 200 days affecting the whole industry.	Fin. Controller	Adopted	
		Financial Risk	Risk of losing shareholders' wealth because of the Company's incompetence to match liquidity with financial obligations.	Significant	Vidullanka, in an effort to manage its liquidity efficiently, closely monitors the changes in the weather, macroeconomic environment and strategic investments. The company's revenue and cashflow are diversified based on the country revenue generated from and the renewable energy source built on. The Audit Committee of the company conducts regular assessments on the company's position in relation to its debt servicing and contingent liabilities. A moving Cash Flow forecast is prepared and updated periodically to account for the uncertainties involved. The company's top-line is considered to be healthy. However, the exchange rate issues associated with LKR, coupled with increased inflationary and finance cost implications post adverse effects on costs. The Biomass sector of the company which was in line with achieving a break-even year recorded a substantial exchange loss and as a result experienced a net loss for the year.	CEO	Adopted	

Risk Management [contd.]

#	Risk Category	Risk	Definition	Catastrophic/ Critical/ Significant/ Low	Mitigation Action	Risk Owner	Risk Review Status	Risk Ranking
		Economic Risk	Risk of the investments and financial operations being affected by regulations, macroeconomic conditions, interest rates, exchange risk and political stability.	Critical	Vidullanka diligently undertakes the necessary economic feasibility studies before embarking on potential investment opportunities. To protect these investments, necessary proactive security measures such as investment protection agreements and adequate insurance coverage are secured. However, the risk remains uncontrollable due to the macro nature of the risk. The major present concerns of increasing interest and exchange rates are serious hindrances to the company as certain ongoing projects' costs are being overrun by considerable margins.	CEO & Director - BDU	Adopted	
		Interest Rate Risk	Adverse impact on the profitability of the Company due to interest rate fluctuations.	Significant	Given the economic crisis in the country, the interest rates and benchmark rates applicable to the company have increased exponentially. Maintaining a proper combination of fixed and variably priced debt portfolio will help the company to mitigate the risk associated. The company is also utilizing its extensive and mutual relationship with its bankers to secure favourable terms of pricing.	Fin. Controller	Adopted	
		Exchange Rate Risk	Risk of losses due to the fluctuation of exchange rates. This also brings in translation, transaction and economic risk to the business.	Significant	Company has a combination of LKR and USD-denominated assets and liabilities. The net positive overseas asset position has resulted the company recording substantial foreign translation gains. Yet, the ongoing local project constructions are hit hard by the cost escalations in inputs due to the depreciation of LKR against foreign currency. The company takes appropriate measures to monitor the exchange rate movements and take actions where necessary.	Fin. Controller	Adopted	

#	Risk Category	Risk	Definition	Catastrophic/ Critical/ Significant/ Low	Mitigation Action	Risk Owner	Risk Review Status	Risk Ranking
2	Environment, Health and Safety Risks							
		Health and Safety Risk	Risk of employees being exposed to dangers during working hours on the power plant construction sites and the office.	Critical	The company takes adequate measures to ensure the health and safety of both in-plant and head office staff. The plant employees are provided with the required safety and protection equipment during both construction and operations phases of projects. Furthermore, additional training is provided with regard to 5S and Kaizen practices to help them manage the risks themselves. Plant operating instructions and image signals are also set up in work sites as safety measures. The Company strives for a zero-accident workplace.	Director - Operations	Adopted	
		Environment & Disaster Risk	Risk of potential adverse disaster events occurring during the operations/ disrupting the operations.	Critical	Vidullanka PLC employs in-house environmental officers who are charged with constantly monitoring the environmental risks and associated impacts to the company. Expert opinion and assistance are also obtained from specialist consultants and advisers to ensure that the company takes the best efforts in mitigating these risks. Adequate insurance packages covering the environmental aspects are also secured for the projects as and when its required.	Director - Operations	Adopted	
		Epidemic Risk	Risk of adverse operational and economic impact stemming from epidemic/ pandemic outbreaks.	Critical	The company was able to successfully navigate around the rise of the new COVID-19 variant, Omicron during the year under review. Although a few cases were recorded in the plants and head office the operational activities continued without any disruption throughout the year. The company actively practices all recommended security measures to minimize the spread of the virus.	Director - Operations & Director - BDU	Adopted	
		Weather Risk	Risk of disruptions and financial losses due to changing weather conditions.	Critical	In order to minimize the weather risk, steps have been taken to diversify its plant portfolio geographically and energy source wise. The hydro power plants of the company help mitigate the seasonal and cyclical variations of the weather, while the dendro and solar power plants counter the weather risks posed by the hydro operations and provide stable outputs to the company.	Director - Operations & Director - BDU	Adopted	

Risk Management [contd.]

#	Risk Category	Risk	Definition	Catastrophic/ Critical/ Significant/ Low	Mitigation Action	Risk Owner	Risk Review Status	Risk Ranking
3	Risk of reputations							
		Public relations Risk	Risk of losing reputation which can lead to conflicts with stakeholders.	Low	The flagship CSR initiative, "ViduSaviya" of Vidullanka has been actively involved in various environmental and social projects to boost the public and social confidence in the company. The company undertook various initiatives such as scholarship grants, donations, beach cleanups, river cleanups and reforestation efforts during the year.	Operations Department	Adopted	
		Stakeholder Risk	Risk of failure to adequately manage stakeholder expectations.	Significant	Each department of the company is responsible for identifying the expectations of its stakeholders and managing them accordingly. The effect of stakeholder risk on the company is derived by identifying the importance level and the possible impacts from the actions of the stakeholders. The Company has built and sustains long lasting and engaging relationships with the rural populace in the vicinity of all its plants through the CSR initiatives of ViduSaviya	CEO & Heads of Departments	Adopted	
4	Operational Risk							
		Operational Risk	Risk of losses arising from internal activities, processes, and procedures.	Significant	The core business activity of power generation as well as other support activities of Finance, Procurement, HR, and IT are obliged to adhere to the standard operating procedures/ manuals set by the company with the view of streamlining processes and minimizing process losses. The relevant department's adherence to these standards is continuously monitored through internal audits. Based on the findings of these audits, necessary measures are designed and implemented to improve operations.	Fin. Controller & Heads of Departments	Adopted	
		Fraud Risk	Possible losses from the suboptimal use of Company assets, corruption etc.	Significant	To minimize the possibility of fraud occurring, the company has adopted adequate preventive internal controls/ measures, implemented standard operation procedures etc. These include segregation of duties of employees, guidance on optimal use of assets, establishing authority structure to use assets etc. The company also undertakes internal audits to evaluate the fraud risk associated.	All Heads of Departments	Adopted	

#	Risk Category	Risk	Definition	Catastrophic/ Critical/ Significant/ Low	Mitigation Action	Risk Owner	Risk Review Status	Risk Ranking
5	Information Technology							
		Information Risk	Risk of unauthorised access, manipulation and dissemination to the public of confidential information relating to the Company.	Critical	The company has outsourced the responsibilities of the Chief Security Officer to a specialist entity. The company also ensures that access to confidential data and information is only privy to authorized parties. The company has also executed new HRIS system to support the Human Resource and are also currently in the process of establishing a comprehensive ERP system to govern Finance operations.	IT department	Adopted	
6	Regulatory Environment							
		Regulatory & Legal Risk	Risk of changes in laws and regulations which have a material impact on the business and the viability of its investments	Low	As a good corporate citizen, the company takes maximum effort to monitor and comply with the developments in the legal and regulatory frameworks in Sri Lanka and Uganda. The company also consults tax and legal experts and undertakes necessary due diligence before entering into major transactions. The Company also adopts and complies with mandatory and voluntary corporate governance best practices.	Finance & Legal	Adopted	
7	Global business environment							
		Competition Risk	Risk of failure to adapt to the changing business environment amidst the increased competition between renewable energy developers	Low	Vidullanka's Board composition includes directors with sound expertise in various industries and sectors, whose extensive business acumen have allowed the Company to foresee the changing dynamics of the renewable energy industry. Strategic partnerships have also helped the Company to secure a much-needed edge in competing for international projects and tenders. The Strategy Committee is tasked with assisting the board in evaluating and implement new opportunities as they see fit.	Senior Management & Board of Directors	Adopted	

Risk Management (contd.)

#	Risk Category	Risk	Definition	Catastrophic/ Critical/ Significant/ Low	Mitigation Action	Risk Owner	Risk Review Status	Risk Ranking
		Country & Political risk	A collection of risks associated with investing in foreign countries, including political risk, economic risk, exchange rate risk, sovereign risk, and repatriation risk.	Low	<p>When evaluating an investment opportunity in a new country, the company engages in an extensive study to determine the feasibility. The studies conducted are complemented with adequate external professional opinion as well. Different consultants are engaged determining the tax, legal, political risks of the investment. Due diligence studies are also undertaken with such assistance prior to engaging in investment commitments.</p> <p>The company with its prior experiences is constantly exploring possibilities to strengthen these investments by way of entering into investment protection agreements with these governments. Since Sri Lanka is at default in the global funds market, engaging in these foreign transactions have been challenging.</p>	CEO, Director - Business Development & Fin. Controller	Adopted	

Annual Report of the Board of Directors On the Affairs of the Company

The Board of Directors are pleased to submit their report together with the Auditor's Report and Financial Statements for the year ended 31 March 2022, to be presented at the 26th Annual General Meeting of the Company.

Review of the Year

Principal Activity of the Company / Core Activity

The principal activity of the company (Vidullanka PLC) is to produce electricity and transmit to the national grid from the Bambarabatuoya Mini Hydro Power Plant (MHPP), Batathota MHPP and Wembiyagoda MHPP located in Banagoda, Kuruwita and Kalawana, respectively.

Principal Activity of the Subsidiaries

The principal activity of *Vidul Engineering Ltd* is the provision of construction and engineering services related to renewable energy plants and related structures. It also invests and operates rooftop solar power plants on Build Own & Transfer terms with industrial clients.

The principal activity of *Rideepana Hydro (Pvt) Ltd* is to produce electricity and transmit to the national grid from its Rideepana MHPP in Badulla. The Rideepana MHPP was commissioned to the national grid on 15 May 2015.

The principal activity of *Lower Kotmale Oya Hydro Power (Pvt) Ltd* is to produce electricity and transmit to feed the national grid from its Lower Kotmale MHPP in Kotmale, Nuwaraeliya. The Lower Kotmale Oya MHPP was commissioned to the national grid on 25 June 2014.

The principal activity of *Udawela Hydro (Pvt) Ltd* is to produce electricity and transmit to the national grid from its Udawela MHPP in Badulla. The power plant was commissioned to the national grid on 29 December 2017.

The principal activity of *Muvumbe Hydro (U) Ltd* is to produce electricity and transmit to the national grid of Uganda from the Muvumbe Small Hydro Power Plant (SHPP) in Kabale District of Republic of Uganda. The power plant commenced the commercial operation on 15 March 2017.

The principal activity of the *Vidul Plantation (Pvt) Ltd* is to engage in agribusiness relating to fuel wood supply to the Dendro power plants including Dehiyathakandiya Dendro power plant operated by Vidul Biomass (Pvt) Ltd through its own fuelwood plantations and out-grower schemes.

The principal activity of *Timex Bukinda Hydro (U) Ltd* is to produce electricity and transmit to the national grid of Uganda from the Bukinda SHPP in Kigadi District of Republic of Uganda. The power plant commenced commercial operations on 31 July 2021.

The principal activity of *Orik Corporation (Pvt) Ltd* is to produce electricity and transmit to the national grid from its Monaragala SPP located in Monaragala. The Monaragala SPP was commissioned to the national grid on 23 September 2021.

Principal Activity of the Joint Ventures & Associate

The primary activity of *Gurugoda Hydro (Pvt) Ltd* is to produce electricity and transmit to the national grid. The company's power plant, Ganthuna MHPP is located in Aranayake, Kegalle.

Generating electricity and transmitting it to the national grid is the principal activity of *Vidul Madugeta (Pvt) Ltd*. The plant owned and operated by the company, Madugeta MHPP is situated in Neluwa, Galle.

The principal activity of the *Vidul Biomass (Pvt) Ltd* is to produce electricity and transmit to the national grid. The company's power plant is located in Dehiyathakandiya.

The principal business activity of *Nilwala Vidulibala Company (Pvt) Ltd* is to produce electricity and transmit to the national grid from the Ethamala Ella MHPP.

Material Business Transactions

During the year, the company amalgamated with its fully owned subsidiary, Walagamba Balashakthi (Pvt) Ltd as per the section 242 of the Company's Act. Accordingly, the amalgamation came into effect from 1 January 2022.

Financial Statements

The financial statements prepared in compliance with the requirements of Section 151 of the Companies Act No. 7 of 2007 are given on page 80 of this annual report.

Independent Auditor's Report

The Auditor's Report on the financial statements is given on page 76 of this report.

Accounting Policies

The Accounting Policies adopted in preparation of the financial statements is given on page 86. There were no changes in Accounting Policies adopted by the Company during the year under review, other than those given in the note no. 3 to the financial statements on page 97.

Annual Report of the Board of Directors On the Affairs of the Company [contd.]

Financial Results / Profit and Appropriations

The Group recorded a Profit After Tax of Rs. 865,876,861/- of which Rs. 849,363,573/- is attributed to the equity shareholders.

During the year under review, the Company distributed a First Interim dividend of Rs 0.125 per share amounting to Rs. 106,057,336/- and a second interim dividend of Rs 0.175 per share amounting to Rs. 161,268,492/-.

Property, Plant & Equipment

During the year under review the Group invested a sum of Rs. 294,171,690/- (2021 - Rs. 749,897,853/-) in property, plant & equipment of which Rs. 140,607,726/- (2021 - Rs. 624,895,544/-) is in plant & machinery-Hydro, Rs 92,952,836/- (2021 - Rs. 76,644,603/-) is in plant & machinery-Solar, Rs. 11,125,888/- (2021 - Rs. 6,230,207/-) is in Computer and other equipment and Rs. 3,956,364/- (2021 - Rs. 13,473,556/-) is in Furniture and fixtures.

Further Rs. 4,106,912/- (2021 - Rs. 5,104,030/-) is invested in office equipment, Rs. 18,609,147/- (2021 - Rs. 12,591,776/-) in Motor Vehicles and Rs. 11,369,287/- (2021 - Rs. 9,386,885/-) in Power plants Work - in - progress. Investment in freehold land amounts to Rs 11,443,530/- (2021 - Rs. 1,571,252 /-).

In addition, the group invested Rs. 4,624,409/- (2021 - Rs. 21,925,827/-) in biological assets.

The exchange rate differences caused a total increase of Rs. 1,989,266,475/- in the group property plant and equipment.

Information relating to movement in Property, Plant & Equipment during the year is disclosed under Note 4 to the financial statement.

Market Value of Freehold Land

There was no freehold land classified as investment properties.

Investments

Details of long-term Investments held by the Group are given in Note 5 to the financial statements on page 103.

Impairments

The details relating to the impairment provisions given in notes 5.2.1 and 6.1 to the financial statements on pages 105 & 108.

Directors' Responsibilities

The Statement of the Directors' Responsibilities is given on page 73 of this report.

Corporate Governance

The Company has complied with the corporate governance rules laid down under the Listing Rules of the Colombo Stock Exchange and the report on corporate governance best practices given in page 35.

Reserves

The Reserves and Accumulated Profits as at 31 March 2022 amount to Rs. 2,406,968,789/- vs Rs. 1,830,090,914/- as at 31 March 2021. The breakup and the movement are shown in the Statement of Changes in Equity in the financial statements.

Stated Capital

The stated capital of the Company was Rs. 1,786,069,350/- The movements are shown in the Statement of Changes in Equity in the financial statements.

ESOS

During the year, no new options were granted to the eligible employees. The total number of options vested but not exercised amounts to 9,437,635 During the year, a total of 13,665,509 options were exercised resulting in addition of new shares in equal numbers.

Resignations of employees have resulted in cancellation of 835,729 share options, whilst 246,318 share options were cancelled due to expiry of the validity period.

The granting of options took place in four phases, accordingly the exercise price of the share options of each phase was set at 30 market day volume weighted average price of the share immediately prior to the date of grant. Accordingly, the Share options outstanding are from the last Phase, and the exercise prices applicable of Rs. 4.30.

The Directors of the Company confirms that the entity or any of its subsidiaries have not, directly or indirectly, provided funds for the ESOS.

Material Issues Pertaining to Employees and Industrial Relations of the Company

The Company did not come across any material issues pertaining to employees and industrial relations during the year.

Post Balance Sheet Events

There has been no material events occurring after the Balance Sheet date that require adjustments to or disclosure in 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.

Interests Register

Details of the transactions with Director-related entities are disclosed in Note 26 to the financial statements on page 127 and have been circulated to the members of the Board on 21 June 2022 pursuant to Section 192 (2) of the Companies Act No. 7 of 2007.

Board Committees

Audit Committee

Following are the names of the Directors comprising the Audit Committee of the Board;

Ms. Deepthie Wickramasuriya
(Chairperson)
Mr. Shahid M. Sangani
Mr. Sidath Fernando

The report of the Audit Committee on page 69 sets out the manner of compliance by the Company in accordance with the requirements of the Rule 7.10.6 of the Rules of the Colombo Stock Exchange on Corporate Governance.

Remuneration Committee

Following are the names of the Directors comprising the Remuneration Committee of the Board;

Mr. Ranjan Mather (Chairperson)
Mr. Rizvi Zaheed
Mr. Sidath Fernando

The report of the Remuneration committee on page 72 contains a statement of the remuneration policy. The details of the aggregate remuneration paid to the Executive, Non - Executive Directors and other key management personals during the financial year are given in Note 26.5 to the financial statement on page 128.

Investment and Strategy Committee

Following are the names of the Directors comprising the Investment and Strategy Committee of the Board;

Mr. Osman Kassim (Chairperson)
Mr. Ranjan Mather
Mr. Riyaz M. Sangani
Mr. Rizvi Zaheed

The report of the Investment and Strategy Committee on the strategic direction and the investment policy is given on page 70.

Related Party Transaction Review Committee

Following are the names of the Directors comprising the Related Party Transaction Review Committee of the Board;

Mr. Sidath Fernando (Chairperson)
Mr. Sujendra Mather
Ms. Deepthie Wickramasuriya

The report of the Related Party Transactions Review Committee is given on page 72.

The Board of Directors declare that the company entered into a related party transaction of non-recurrent nature during the financial year in compliance with the regulations pertaining to the related party transaction. The details of the transaction is given in note 5.1.1 of the financial statements.

All other related party transactions that could be classified as related party transactions in terms of LKAS 24-'Related Party Disclosures', are given in Note 7, 11 and 26 and the details relating to the amalgamation of the entities given in note 5.1.1 to the Financial Statements.

In terms of section 9.3.2 (d) of the listing rules the Board confirms that the company has complied with all requirements pertaining to Related Party Transaction.

Investor Information and Shareholdings

The investor information is given on Page 135.

Major Shareholders

Details of twenty largest shareholders of the company and percentage held by each of them are disclosed in page 136.

Directors

The Directors of the Company as at 31 March 2022 and their brief profiles are given on page 21 in this report.

Mr. Ranjan Mather retires by rotation in terms of section 211 of the Companies Act No. 07 of 2007 and being eligible offers himself for re-election.

Independence of Directors

In accordance with Rule 7.10.3 of Colombo Stock Exchange Rules on Corporate Governance ('CSECG Rules'), Mr. Osman Kassim, Mr. Shahid M. Sangani, Mr. Ranjan Mather, Mr. C.F. Fuhrer, Mr. Sidath Fernando, Mr. Sattar Kassim, Mr. Sujendra Mather, Mr. M. Rizvi Zaheed, Ms. Deepthie Wickramasuriya who are Non-Executive Directors of the Company have submitted a signed and dated declaration to the Board for the status of their Independence.

Whereas, the Board of Directors of Vidullanka PLC having noted that Mr. Sidath Fernando has served on the Board of the Company continuously for a period exceeding nine years from the date of the first appointment, and having declared that all Directors have made a formal declaration of all their interests on an annual basis, resolves as follows, in terms of Rule no.7.10.3 (a) of the listing rules of CSE.

IT IS HEREBY RESOLVED that, based on the declaration made as noted above and notwithstanding that Mr. Sidath Fernando has completed more than 9 consecutive years as a Director, nevertheless, the Board considers him "Independent" given his impartial approach to the deliberations of the Board.

Annual Report of the Board of Directors On the Affairs of the Company [contd.]

Directors' Shareholding

The interest of the Directors in the shares of the Company as at 31 March of 2021 and 2022 were as follows:

Director	No of Ordinary Shares	
	As at 31-03-2022	As at 31-03-2021
Amana Bank PLC / Mr. Osman Kassim	89,000,000	19,000,000
Mr. Osman Kassim / Ms. K. Kassim	42,444,556	104,115,292
Mr. Riyaz M. Sangani	51,506,940	38,550,649
Amana Bank PLC/Riyaz M. Sangani	80,439,014	52,786,489
National Development Bank PLC/ Riyaz M. Sangani	14,600,000	20,000,000
Hatton National Bank PLC/ Mr. Riyaz M. Sangani	-	20,069,000
Mr. Shahid M. Sangani	3,114,488	5,065,488
Amana Bank PLC/Shahid M. Sangani	4,300,000	4,300,000
Mr. Ranjan Mather	124,727,711	119,000,000
Mr. C. F. Fuhrer	1,098,398	1,098,398
Mr. Sidath Fernando	5,180,000	5,180,000
Mr. Sattar Kassim	78,219,194	85,219,194
Amana Bank PLC/Mr. Sattar Kassim	15,916,667	15,916,667
Mr. Sujendra Mather	20,626,246	20,626,246
Mr. Rizvi Zaheed	40,000	40,000
Ms. D. Wickramasuriya	NIL	NIL

Auditors

The resolutions to appoint the present Auditors, Messrs. Ernst & Young Chartered Accountant, who has expressed their willingness to continue in office, will be proposed at the Annual General Meeting.

As far as the Directors are aware, the Auditors do not have any relationship on interest in the Company other than those disclosed above.

The Audit Committee reviews the appointment of the Auditor, its effectiveness and its relationship with the Company including the level of audit and non-audit fees paid to the Auditor. Details on the work on the Audit Committee are set out in the Audit Committee Report.

Going Concern

The Directors are satisfied that the Company, its Subsidiaries and Associates have adequate resources to continue in operational existence for the foreseeable future to justify adopting the going concern basis in preparing the financial statements.

Notice of Meeting

The Annual General Meeting will be held at 11.00 a.m. on 27 September 2022 at the registered office of the company with the participation via audio-visual technologies.

The Notice of the Annual General Meeting appears on page 140.

For and on behalf of the Board,

(Sgd.)
Riyaz M. Sangani
CEO

(Sgd.)
Osman Kassim
Chairman

(Sgd.)
Managers & Secretaries (Pvt) Ltd
Secretaries

Vidullanka PLC
31 August 2022
Colombo

Board Committees

The Board of Directors of Vidullanka PLC has appointed four sub-committees in total, comprising of board members with knowledge, expertise and experience in line to serve on these sub-committees. These sub-committees are in place to undertake the fiduciary, statutory and regulatory duties of the board towards the company's shareholders. The Audit Committee, Remuneration Committee and Related Party Transactions Review Committee are established to comply with the statutory and regulatory requirements as per the listing rule of the Colombo Stock Exchange. In addition, the company has also appointed an Investment and Strategy Committee to support the decision-making process of the board pertaining to the strategic direction and growth of the company.

Each sub-committee is chaired by a director of the board and the committees are delegated responsibility from the board to assist them in decision making.

Audit Committee

Report On the Affairs of The Audit Committee During The Financial Year 2021/22.

The Audit Committee is tasked with the responsibility of overseeing the processes of financial reporting, auditing, internal controls, compliance with laws and regulations and providing assurance on the adequacy of them. It also takes charge of the duty of steering the company in line with its risk and governance framework.

The committee which acts as an extension of the board is the main arm of the company that oversees the corporate governance process relating to organizational control, direction and accountability. In addition, the committee is also involved in overseeing the internal and external audits, financial reporting practices and compliance with controls and

regulations. Another core aspect to which the committees' duties are rendered is to the risk identification, management and minimization activities carried out by the management. Considering the present challenges faced by the Finance Department, the committee also engaged in identifying, evaluating and recommending new Enterprise Resource Planning systems to further strengthen the processes and internal controls to cater the new business challenges.

Composition of Audit Committee

Ms. Deepthie Wickramasuriya - *Chairperson (Independent Non-Executive Director)*

Mr. Sidath Fernando (*Independent Non-Executive Director*)

Mr. Shahid M. Sangani (*Non-Executive Director*)

In compliance with the listing rules of CSE and corporate governance best practices, the committee is comprised of 3 independent non-executive directors, of whom one acts as the Chairperson. The Chairperson, Ms. Deepthie Wickramasuriya is also a professional in the finance field and member of a professional accounting body. The Chief Executive Officer and Group Financial Controller also attend the Audit Committee proceedings by way of invitation.

Role of the Committee

The Audit Committee primarily focuses on ensuring that the preparation and presentation of financial statements and the disclosures made are in accordance with the standards set out in the Sri Lanka Accounting Standards, Listing Rules of Colombo Stock Exchange, Regulations of the Securities Exchange Commission, Corporate Governance Best Practices and the Companies Act. The committee is also tasked with management of the internal controls' framework and risk management frameworks with the aim of safeguarding the interests of Vidullanka PLC and its stakeholders.

The committee met four times during the year in consideration with the participation of all committee members. The Chief Executive Officer and Group Financial Controller were invited to attend these four meetings. Information on the attendance of these meetings is given in page 36.

Duties carried out by the committee during the period under review:

1. Reviewed and authorized the quarterly financial statements prior to publication.
2. Quarterly reviewed the risk profile of the company through risk mapping and analysis and assisting the board on decision making by providing information obtained.
3. Reviewed the internal control and risk management framework and advised the management as appropriate;
 - a. Reviewed and approved the risk management standards and measures established by the group.
 - b. Assessed the status of compliance of Vidullanka PLC with its tax, regulatory and operations standards.
 - c. Evaluated and constantly monitored the effects of the pandemic and Sri Lankan economic crisis on the projects in pipeline.
4. Reviewed and approved the Transfer Pricing policy governing the pricing between Ugandan subsidiaries.
5. Reviewed and evaluated the progress of ongoing projects and made recommendations on any related write-offs.

Board Committees (contd.)

6. Monitored the developments pertaining to the amalgamation of Walagamba Balashakthi (Pvt) Ltd. with Vidullanka PLC.
7. Reviewed and approved the corporate submissions made to regulatory authorities such as the Securities and Exchange Commission, Colombo Stock Exchange and Sri Lanka Accounting and Auditing Standards Monitoring Board.
8. Discussed Audit related issues and findings.
9. Reviewed the annual Audited Financial Statements in consultation with the management and External Auditor
10. Reviewed and reconfirmed the appointment of Messer BDO East Africa of 6th Floor, Block C, Nakawa Business Park, Plot 3-5 New Portbell Road, Nakawa, P.O Box 9113, Kampala, Uganda as the External Auditor of Muvumbe Hydro (U) Ltd. and Timex Bukinda Hydro (U) Ltd.
11. Reviewed and confirmed the appointment of TAM Associates, Plot 35 Lumumba Avenue, Padre Pio House, P.O Box 28392, Kampala, Uganda as the External Auditor of Vidul Engineering (U) Ltd.
12. Evaluated whether the operations of the company needed any changes, amendments and additions stipulated by new policies, procedures and standards adopted by the company.
13. Solicited confirmation from internal management on a quarterly basis regarding internal controls and compliance.
14. Reviewed the work of the External Auditors of the group; Messer Ernst & Young, Chartered Accountants, 201, De Saram Place, Colombo 10 and made recommendations to the board based on their performance and independence.

Independent Auditors

Having carefully evaluated the performance, independence, accountability and other aspects, the committee has recommended to the board of directors to reappoint Messer Ernst & Young, Chartered Accountants, 201, De Saram Place, Colombo 10 as the External Auditor of the group companies in Sri Lanka and Messer BDO East Africa of 6th Floor, Block C, Nakawa Business Park, Plot 3-5 New Portbell Road, Nakawa, P.O Box 9113, Kampala, Uganda acts the External Auditor of Muvumbe Hydro (U) Ltd. and Timex Bukinda Hydro (U) Ltd. The committee also recommended the appointment of TAM Associates, Plot 35 Lumumba Avenue, Padre Pio House, P.O Box 28,392, Kampala, Uganda to act as the External Auditor of Vidul Engineering (U) Ltd.

I hereby confirm that the committee received adequate and relevant information from the management when assisting the committee to fulfill its duties and responsibilities to the board.

(Sgd.)

Deepthie Wickramasuriya

Chairperson - Audit Committee.

31 August 2022

Investment and Strategy Committee

Report On the Affairs of The Investment and Strategy Committee During the Financial Year 2021/22.

The Investment and Strategy Committee of Vidullanka PLC is mainly responsible for evaluating and assessing Investment Proposals tabled, routine affairs of the company and other matters to ascertain whether they are in line with the strategic direction of the company. The committee works to identify whether these affairs are contributing to the growth and wellbeing of the company and it recommends to the board based on its findings.

The existing investments of the company are regularly reviewed by the committee to determine their performance and propagate remedial measures to improve underperforming investments. These investments are also evaluated to ascertain whether they conform to the investment policies and procedures established. The committee also focuses its attention on trends and developments in the international and technological markets and advises the management on the formulation of appropriate strategies to cater to the material changes that could affect the business and opportunities provided.

The Investment and Strategy Committee consist of the following four member, of whom Mr. Osman Kassim, the Chairman of the Board also acts as the Chairman of the committee.

Mr. Osman Kassim - Chairman

(Non-Executive Director)

Mr. Ranjan Mather

(Non-Executive Director)

Mr. Rizvi Zaheed

(Independent Non-Executive Director)

Mr. Riyaz M. Sangani

(Chief Executive Officer)

The committee met five times during the year of review, with the attendance of all the members. The primary areas of concern the committee dealt with were: New investment opportunities in the Renewable Energy space in Africa, including Malawi & Uganda, New opportunities in EPC business building renewable energy projects overseas, Evaluating overseas funding options and challenges, Opportunities in local fuel supply business and capacity building. The committee carries out its duties to advise the board on formulating action plans and strategies as response to these concerns.

During the financial year 2021/22, the Investment and Strategy Committee applied its attention on;

1. Performance of Investments in operational projects.
2. Funding requirements of projects in pipeline.
3. Cash flow projection of the company amidst the payment delays from the off taker; CEB and the investment commitments
4. Avenues available to the company to raise additional capital to support the growth prospects of the company.
5. Evaluating new investment opportunities in renewable energy industry, both domestically and internationally.
6. Implications of the external environment aspects such as the pandemic and economic situation in Sri Lanka on the company.

(Sgd.)

Osman Kassim

Chairperson - Investment and Strategy Committee.

31 August 2022

Remuneration Committee

Report On the Affairs of The Remuneration Committee During The Financial Year 2021/22.

The Remuneration Committee of Vidullanka PLC is tasked with ensuring that the employee remuneration policies of the organization are aligned with industry standards and best practices. The established remuneration policies and procedures should be able to attract, retain and motivate the required human capital that helps the company achieve its goals and objectives. Furthermore, the committee is responsible for the determination and designing of appropriate, market standard and flexible remuneration packages for the executive cadre. The remuneration of the executive directors and senior management are also subject to the evaluation and recommendations of the Remuneration Committee.

The committee is chaired by Mr. Ranjan Mather and consists of the following listed members, with the Chief Executive Officer attending the proceedings by way of invitation.

Mr. Ranjan Mather - Chairman *(Non-Executive Director)*

Mr. Sidath Fernando *(Independent Non-Executive Director)*

Mr. Rizvi Zaheed *(Independent Non-Executive Director)*

The committee met once during the financial year in which they reviewed the remuneration scales and policy to ensure that they adhere with the organization's goals, objectives and long-term direction. The Human Resource related policies and procedures were also subject to the committee's evaluation, which advised the management on any improvements needed.

The committee also evaluated and approved the remuneration and compensation packages of the senior management and executive directors. The remuneration of the senior management was subject to the committee's analysis of their performance during the year. Similarly, the committee also reviews the annual performance of the Board of Directors in consultation with a renowned external consultant. The details of Key Management Personnel compensation are given in note 26.5 to the financial statements in page 128. The Non-Executive Directors on the board are not eligible for any performance-based compensation.

There were no changes made to the composition of the Remuneration Committee by the board of Vidullanka PLC during the period under consideration.

(Sgd.)

Ranjan Mather

Chairperson - Remuneration Committee.

31 August 2022

Board Committees (contd.)

Related Party Transaction Review Committee

Report On the Affairs of The Related Party Transaction Review Committee During The Financial Year 2021/22.

The Related Party Transaction Review Committee assists the board of Vidullanka PLC by monitoring the transactions undertaken pertaining to the related parties of the organization and ensuring that they are performed on an arm's length basis, in line with the requirements stipulated in Listing Rules Section 09 of the Colombo Stock Exchange and LKAS 24 of the Sri Lanka Accounting Standards. Accordingly, the committee consists of three Non-Executive Directors of whom the majority (two) are independent. The following composition is therefore in compliance with Listing Rule 9.2.2 of the Colombo Stock Exchange.

Mr. Sidath Fernando - Chairman (*Independent Non-Executive Director*)

Mr. Sujendra Mather (*Non-Executive Director*)

Ms. Deepthie Wickramasuriya (*Independent Non-Executive Director*)

Duties and Responsibilities of The Related Party Transaction Review Committee of Vidullanka PLC

1. Review in advance and approve all non-recurring and ad hoc intercompany and related party transactions that took place during the financial year
2. Review and ratify recurring intercompany transactions and make any suggestions/recommendations on changes as and when necessary.
3. Review and approve material changes taking place regarding previously approved related party transactions.
4. Review the effectiveness of internal controls, policies and procedures placed governing related party transactions and the compliance of these transactions with these measures.
5. Solicit assistance from the management team and expert opinion from external consultants to assess the implications of the related party transactions.
6. Review financial statements to ensure that disclosures of related party transactions are adequate and accurate.
7. Review and confirm management approvals before related party transactions are initiated.
8. Identify scenarios that require shareholder approval and advise the board on issues relating.
9. Recommend to the board on the disclosures to made in the annual report of the company.

Declaration

A declaration by the Board of Directors as an affirmative statement to the effect of a non-recurrent related party transaction falling within the ambit of the section 9.3.2 d of the listing rules of the Colombo Stock Exchange was entered into by the Company during the year, is given in the annual report of the Board of Directors on page 65. The relevant disclosures as required in the section 9.3.2 is given in the note 5.1.1 to the financial statements on page 103. All other related party transactions that could be classified as related party transactions & balances in terms of LKAS 24-'Related Party Disclosures', are given in Note 7,11 and 26 to the Financial Statements. The committee met four times during the year using audio-visual technologies.

(Sgd.)

Sidath Fernando

Chairperson - Related Party Transaction Review Committee

31 August 2022

Directors' Responsibility for Financial Reporting

The Directors' responsibility in relation to the Financial Statements is detailed below. The report of the Auditors sets out their responsibility in relation to the Financial Statements.

The Companies Act No.07 of 2007 requires that the Directors prepare Financial Statements for each financial year, which reflect a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and the profit for that financial year. In preparation of these statements the Directors are required to ensure that,

1. Appropriate accounting policies have been selected and applied on a consistent basis. Material anomalies, if any, are disclosed and explained.
2. Ensure that all applicable accounting standards have been followed.
3. The adjustments and estimates are reasonable and prudent.
4. The Directors are responsible for ensuring that the Company keeps sufficient accounting records to disclose, with reasonable accuracy, the financial position of the Company and that of the Group and to enable them to ensure that the Financial Statements comply with the Companies Act. They are also responsible for taking reasonable steps to safeguard the assets of the Company and to establish appropriate systems of internal controls, which provide reasonable though not absolute assurance to the Directors that assets are safe guarded and internal controls, are in place with a view to the prevention and detection of fraud and error.
5. The Directors are required to prepare the Financial Statements and to provide the Auditors with every opportunity to take whatever steps, and undertake whatever inspection they consider to be appropriate for the purpose of enabling them to give their audit report.

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

Compliance Report

The Directors confirm that to the best of their knowledge, all taxes, duties and levies and taxes payable on behalf of and in respect of employees of the Company and its group companies, and all other known statutory dues as were due and payable by the Company and its group companies as at the balance sheet date have been paid or where relevant provided for.

By order of the Board,

(Sgd.)

Managers & Secretaries (Pvt) Ltd

Secretaries

Vidullanka PLC
31 August 2022

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Independent Auditor's Report



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TO THE SHAREHOLDERS OF VIDULLANKA PLC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Vidullanka 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 31 March 2022, 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 a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2022, 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matter	How our audit addressed the key audit matter
<p>Annual Impairment assessment of goodwill</p> <p>As of 31 March 2022, the Group's Goodwill amounted to Rs. 259,355,007 as disclosed in Note 5.2.1 to the financial statements</p> <p>Goodwill is tested for impairment annually by estimating the recoverable amount of the relevant cash-generating unit (CGU). The recoverable amount is the higher of value in use and fair value less costs of disposal. Management has determined the recoverable amount based on the value in use computations (VIU) as described in Note 5.2.1 to the financial statements.</p> <p>Such Management VIU calculations are based on the forecasted cash flows of each CGU to which Goodwill has been allocated. A deficit between the recoverable values and the carrying values of the CGUs including Goodwill would result in an impairment. The Group recognized an impairment charge of Rs. 21,335,965 during the year.</p> <p>Annual impairment assessment of goodwill was a key audit matter due to:</p> <ul style="list-style-type: none"> the degree of assumptions, judgements and estimates associated with deriving the estimated future cashflows used for value in use calculations considering current economic conditions <p>Key areas of significant judgments, estimates and assumptions included key inputs and assumptions related to the value in use computations of future cash flows, (energy generation expectations and discount rates) as disclosed in Note 2.2.3 and 5.2.1 in the financial statements.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> Obtained an understanding of how Management has forecasted its discounted future cash flows which included consideration of the impacts of the prevailing economic conditions on its operations. Checked the calculations of the discounted future cash flows and tested the completeness and accuracy of the underlying data used by Management to relevant underlying accounting records Based on the best available information up to the date of our report, we assessed the reasonableness of significant judgments, estimates and assumptions used by the Group, in such as energy generation expectations and discount rates of the estimated future cashflows Evaluated the sensitivity of the forecasted cash flows by focusing on plausible changes in the key assumptions and analyzing the impact on the recoverable amount. We have assessed the adequacy of the disclosures made in Note 5.2.1 to the financial statements.
<p>Estimated useful lives of plant & machinery</p> <p>Property, plant and equipment of the Group include plant & machinery - hydro and solar amounting to Rs. 7,327,656,942 and represent 64% of the Group's total assets.</p> <p>Depreciation on plant & machinery - hydro and solar amounted to Rs. 211,051,442 for the year ended 31 March 2022. The Group's policy is to calculate the depreciation of these assets on the straight-line method over their estimated useful life as described in Note 2.3.9 to the financial statements.</p> <p>Estimation of the useful life of plant & machinery - hydro and solar was considered a Key Audit Matter due:</p> <ul style="list-style-type: none"> the degree of management assumptions and judgment required over the determination of remaining useful lives, considering the agreement period and renewal options contained in power purchase agreements. 	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> Obtained an understanding of management's policies and procedures developed over the estimation of the remaining useful lives of plant & machinery - hydro & solar Assessed the reasonableness of management assumptions and judgements applied in developing expectations of remaining useful lives of plant & machinery - hydro and solar and checked the accuracy of agreement terms and renewal options considered to power purchase agreements entered, Compared depreciation policies, including estimated useful lives of asset categories, adopted by other comparable / similar mini hydro power plant operators, Checked the arithmetic accuracy of the depreciation recorded during the year <p>We have also assessed the adequacy of disclosures made in Notes 2.3.9 and 4.1.3 to the financial statements.</p>

Independent Auditor's Report [contd.]



Other Information included in the 2022 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover 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 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 the management and those charged with governance

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 internal controls of the Company and the Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

The Institute of Chartered Accountant of Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 4107.

31 August 2022
Colombo

Partners: H M A Jayasinghe FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, W R H De Silva FCA ACMA, Ms. Y A De Silva FCA, Ms. K R M Fernando FCA ACMA, N Y R L Fernando ACA, W K B S P Fernando FCA FCMA, Ms. L K H L Fonseka FCA, D N Gamage ACA ACMA, A P A Gunasekera FCA FCMA, A Herath FCA, D K Hulangamuwa FCA FCMA LLB (London), Ms. G G S Manatunga FCA, A A J R Perera ACA ACMA, Ms. P V K N Sajeewani FCA, N M Sulaiman ACA ACMA, B E Wijesuriya FCA FCMA, C A Yalagala ACA ACMA

Principals: W S J De Silva BSc (Hons)-MIS MSc-IT, G B Goudian ACMA, D L B Karunathilaka ACMA, Ms. P S Paranjitane ACA ACMA LLB (Colombo), T P M Ruberu FCMA FCCA

A member firm of Ernst & Young Global Limited

Statement of Financial Position

As at 31 March 2022

		Group		Company	
		2022	2021	2022	2021
	Notes	Rs.	Rs.	Rs.	Rs.
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	4	7,521,970,574	5,677,115,284	632,566,583	445,214,983
Biological Assets	4.1.8	45,793,051	45,705,335	-	-
Right of Use Assets	4.3	186,826,750	172,118,330	14,043,021	16,753,018
Investments in Subsidiaries	5.1	-	-	1,328,896,133	1,318,896,133
Investment in Joint Ventures and Associate	5.2.4	623,833,402	629,672,671	414,291,550	414,291,550
Other Project Investments	6	81,565,679	79,878,947	81,565,679	79,878,947
Goodwill	5.2.1	259,355,007	275,691,582	988,982	-
Deferred Tax Asset	10.3	2,523,667	1,378,976	-	-
		8,721,868,130	6,881,561,125	2,472,351,948	2,275,034,631
Current Assets					
Inventories		123,802,574	47,577,052	21,604,573	6,490,051
Trade and Other Receivables	7	1,645,524,221	906,675,822	734,365,150	467,894,449
Other Financial Assets	5.3.1	160,264,772	32,841,500	41,352,472	32,841,500
Cash and Cash Equivalents	20	854,432,051	423,098,790	37,260,782	116,028,674
		2,784,023,618	1,410,193,164	834,582,977	623,254,674
Total Assets		11,505,891,748	8,291,754,289	3,306,934,925	2,898,289,305
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated Capital	8	1,786,069,350	1,469,839,867	1,786,069,350	1,469,839,867
Retained Earnings		2,406,968,789	1,830,090,914	104,054,810	37,598,029
Other Components of Equity		1,403,537,432	273,581,811	-	-
Equity Attributable to Equity Holders of the Parent		5,596,575,571	3,573,512,592	1,890,124,160	1,507,437,896
Non Controlling Interest		128,551,007	71,412,994	-	-
Total Equity		5,725,126,578	3,644,925,586	1,890,124,160	1,507,437,896
Non-Current Liabilities					
Loans and Borrowings	9	3,109,948,487	2,788,251,994	556,124,873	652,946,487
Defined Benefit Liability	12	49,016,054	39,848,532	42,426,155	33,785,148
Deferred Tax Liability	10.2	811,247,563	306,576,167	16,004,089	12,450,062
Lease Liability	21.1	78,201,078	84,314,180	6,785,196	5,873,064
		4,048,413,182	3,218,990,873	621,340,313	705,054,761
Current Liabilities					
Trade and Other Payables	11	404,619,055	294,119,720	191,099,163	129,805,016
Loans and Borrowings	9	1,248,002,184	1,058,555,361	579,294,939	544,612,939
Lease Liability	21.1	14,917,192	17,408,410	3,056,938	6,005,090
Income Tax Liabilities		64,813,557	57,754,339	22,019,412	5,373,603
		1,732,351,988	1,427,837,830	795,470,452	685,796,648
Total Equity and Liabilities		11,505,891,748	8,291,754,289	3,306,934,925	2,898,289,305
Net Asset Value Per Share (Rs.)					
		5.99	4.21	2.02	1.78

I certify that these Financial Statements are in compliance with the requirements of the Companies Act No: 07 of 2007.

(Sgd.)

Mafaz Ansar

Group Financial Controller

The Board of Directors is responsible for these Financial Statements. Signed for and on behalf of the Board by,

(Sgd.)

Riyaz M. Sangani

Director

(Sgd.)

Rizvi Zaheed

Director

The accounting policies and notes on pages 85 through 134 form an integral part of these Financial Statements.

31 August 2022

Colombo

Statement of Comprehensive Income

Year ended 31 March 2022

	Notes	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Revenue	13	2,567,672,013	1,797,070,286	393,404,582	310,727,026
Cost of Sales		(687,852,994)	(591,923,252)	(57,807,449)	(51,778,445)
Gross Profit		1,879,819,019	1,205,147,034	335,597,133	258,948,581
Other Income and Gains / (Losses)	17	136,340,027	123,678,320	255,107,859	245,095,782
Administrative Expenses		(435,341,998)	(310,092,249)	(273,167,778)	(231,116,881)
Finance Cost	15	(301,620,398)	(311,633,697)	(119,283,176)	(145,973,823)
Finance Income	16	3,837,670	1,542,362	3,149,235	1,478,157
Investment Income from Joint Ventures / Associates		74,040,667	106,278,318	-	-
Profit Before Tax	14	1,357,074,987	814,920,088	201,403,273	128,431,816
Income Tax Expense	10	(491,198,126)	(219,968,730)	(25,571,670)	(7,558,932)
Profit for the Year		865,876,861	594,951,358	175,831,603	120,872,884
Other Comprehensive Income (OCI)					
Other Comprehensive Income Not to be Reclassified to Profit or Loss in Subsequent Period					
Net Actuarial Gain / (Loss) on Defined Benefit Plan		(6,002,889)	425,826	(5,822,533)	300,065
Income Tax Effect on Net Actuarial Gain / (Loss) on Defined Benefit Plan		847,955	(50,615)	815,155	(42,009)
Other Comprehensive Income to be Reclassified to Profit or Loss in Subsequent Period					
Exchange Differences on Translation of Foreign Operations		1,170,579,956	88,925,349	-	-
Share of Other Comprehensive Income of Equity Accounted Investees (Net of Tax)		(4,936)	(306,731)	-	-
Other Comprehensive Income for the Year, Net of Tax		1,165,420,086	88,993,829	(5,007,378)	258,056
Total Comprehensive Income for the Year, Net of Tax		2,031,296,947	683,945,188	170,824,225	121,130,940
Profit Attributable to :					
Equity Holders of the Parent		849,363,573	575,427,248	175,831,603	120,872,884
Non-Controlling Interests		16,513,288	19,524,110	-	-
		865,876,861	594,951,358	175,831,603	120,872,884
Total Comprehensive Income Attributable to :					
Equity Holders of the Parent		1,974,159,324	661,033,214	170,824,225	121,130,940
Non-Controlling Interests		57,137,623	22,911,974	-	-
		2,031,296,947	683,945,188	170,824,225	121,130,940
Earning Per Share - Basic	18	0.93	0.68	0.19	0.14
Earnings Per Share - Diluted	18	0.93	0.68	0.19	0.14
Dividend Per Share		-	-	0.30	0.10

The accounting policies and notes on pages 85 through 134 form an integral part of these Financial Statements.

Statement of Changes in Equity

Year ended 31 March 2022

Group		Stated Capital	Retained Earnings	Foreign Currency Translation Reserve	Non- Controlling Interest	Total
	Note	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 31 March 2020		1,417,908,484	1,338,790,365	188,042,668	56,055,377	3,000,796,894
Profit for the Year		-	575,427,248	-	19,524,110	594,951,358
Other Comprehensive Income		-	68,480	85,539,143	3,387,864	88,995,487
Total Comprehensive Income for the Year		-	575,495,728	85,539,143	22,911,974	683,946,845
Dividend Paid During the Year	19	-	(84,195,179)	-	(7,554,357)	(91,749,536)
Share Issue		51,931,383	-	-	-	51,931,383
Balance as at 31 March 2021		1,469,839,867	1,830,090,914	273,581,811	71,412,994	3,644,925,586
Balance as at 01 April 2021		1,469,839,867	1,830,090,914	273,581,811	71,412,994	3,644,925,586
Profit for the Year		-	849,363,573	-	16,513,288	865,876,861
Other Comprehensive Income		-	(5,159,870)	1,129,955,621	40,624,335	1,165,420,086
Total Comprehensive Income for the Year		-	844,203,703	1,129,955,621	57,137,623	2,031,296,947
Acquisition of Subsidiary		-	-	-	390	390
Subscription of Non-Voting Shares		253,379,301	-	-	-	253,379,301
Exercise of Share Options		62,850,182	-	-	-	62,850,182
Dividend Paid during the Year	19	-	(267,325,828)	-	-	(267,325,828)
Balance as at 31 March 2022		1,786,069,350	2,406,968,789	1,403,537,432	128,551,007	5,725,126,578

Company		Stated Capital	Retained Earnings	Total
	Note	Rs.	Rs.	Rs.
Balance as at 31 March 2020		1,417,908,484	662,268	1,418,570,752
Profit for the Year		-	120,872,884	120,872,884
Other Comprehensive Income		-	258,056	258,056
Total Comprehensive Income for the Year		-	121,130,940	121,130,940
Share Issue	19	51,931,383	-	51,931,383
Dividend Paid during the Year		-	(84,195,179)	(84,195,179)
Balance as at 31 March 2021		1,469,839,867	37,598,029	1,507,437,896
Balance as at 01 April 2021		1,469,839,867	37,598,029	1,507,437,896
Profit for the Year		-	175,831,603	175,831,603
Other Comprehensive Income		-	(5,007,378)	(5,007,378)
Total Comprehensive Income for the Year		-	170,824,225	170,824,225
Subscription of Non Voting shares		253,379,301	-	253,379,301
Transfer of Reserves from Amalgamation	5.1.1	-	162,958,384	162,958,384
Exercise of Share Options		62,850,182	-	62,850,182
Dividend Paid during the Year	19	-	(267,325,828)	(267,325,828)
Balance as at 31 March 2022		1,786,069,350	104,054,810	1,890,124,160

The accounting policies and notes on pages 85 through 134 form an integral part of these Financial Statements.

Statement of Cash Flows

Year ended 31 March 2022

		Group		Company	
	Notes	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Operating Activities					
Profit / (Loss) Before Tax		1,357,074,987	814,920,088	201,403,273	128,431,816
Adjustments for					
Depreciation of Property, Plant and Equipment	4	228,005,703	192,771,565	23,533,208	23,081,960
Depreciation of Biological Assets		4,536,693	1,828,201	-	-
Depreciation of Right of Use Assets	4.3.2	22,208,682	20,394,472	5,970,353	6,087,075
(Profit) / Loss on Disposal of Property, Plant and Equipment	17	(109,000)	(5,586,847)	(109,000)	(5,684,103)
(Profit) / Loss on Disposal of ROU Asset		-	(7,500,000)	-	(7,500,000)
Expenses on Defined Benefit Plan	12.1	4,930,085	6,600,613	3,474,348	5,375,269
Impairment / Written Off of New Projects		15,000,000	14,437,460	15,000,000	14,437,460
Impairment -Goodwill	5.2.1	21,335,965	1,482,890	-	-
Gain / (Loss) in Exchange Rate fluctuations		-	7,966,706	-	7,966,706
Net Gains on Translation of Foreign Currency		263,235,783	14,021,057	-	-
Share of Profits from Joint Ventures		(74,040,667)	(106,278,318)	-	-
Dividend Income	17	(67,801)	-	(210,142,801)	(226,138,930)
Finance Income	16	(3,837,670)	(1,542,362)	(3,149,235)	(1,478,157)
Finance Cost	15	301,620,398	311,633,697	119,283,176	145,973,823
Operating Profit Before Working Capital Changes		2,139,893,158	1,265,149,222	155,263,322	90,552,919
(Increase) / Decrease in Inventories		(47,796,902)	(14,322,094)	(9,812,862)	(431,137)
(Increase) / Decrease in Trade & Other Receivables		(471,831,119)	26,867,917	(195,998,366)	41,482,108
Increase / (Decrease) in Other Payables		44,095,376	(116,447,303)	30,010,713	(66,743,792)
Cash Generated from / (Used in) Operations		1,664,360,513	1,161,247,742	(20,537,193)	64,860,098
Finance Cost Paid		(298,593,627)	(158,993,315)	(118,343,040)	6,417,263
Defined Benefit Plan Cost Paid	12	(2,285,400)	(69,825)	(2,285,400)	-
Income Tax Paid		(228,589,261)	(268,469,251)	(14,351,587)	-
Net Cash Flows from / (Used in) Operating Activities		1,134,892,225	733,715,352	(155,517,220)	71,277,360
Investing Activities					
Acquisition of Property, Plant and Equipment		(293,979,134)	(749,897,853)	(16,432,096)	(29,653,865)
Acquisition of Biological Assets		(4,624,409)	(21,925,827)	-	-
Acquisition of Right of Use Assets		-	(24,556,044)	-	(9,706,044)
Proceeds from sale of Property, Plant and Equipment		109,000	6,000,000	109,000	6,000,000
Proceeds from sale of Right of Use Assets		-	7,500,000	-	7,500,000
Investment in New Projects		(16,686,732)	(2,325,302)	(16,686,732)	(2,325,302)
Investment on Other Financial Assets	5.3.1	(75,126,966)	(1,000,000)	(8,510,972)	(1,000,000)
Finance Income Received		3,442,379	1,124,253	2,828,443	1,133,501
Dividend Received		79,942,801	49,293,750	210,142,801	226,138,930
Acquisition of Subsidiary, Net of Cash Acquired		(4,086,465)	-	(5,000,000)	-
Investment in Subsidiaries		-	-	(41,000,000)	-
Net Cash Flows from / (Used in) Investing Activities		(311,009,526)	(735,787,023)	125,450,444	198,087,220

Statement of Cash Flows (contd.)

Year ended 31 March 2022

		Group		Company	
	Notes	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Financing Activities					
Share Issue-Proceeds from ESOS		62,850,182	51,931,383	62,850,182	51,931,383
Share Issue-Proceeds from Right Issue		253,379,301	-	253,379,301	-
Dividend Payments		(267,325,828)	(175,528,083)	(267,325,828)	(167,973,726)
Principal Payment under Ijara-Leases (Motor Vehicle)	21.1.1	(8,739,755)	(8,355,554)	(4,059,538)	(5,534,960)
Principal Payment under SLFRS 16 - Non- Motor		(12,514,623)	(8,672,024)	(2,586,751)	(1,945,551)
Principal Payment under Diminishing Musharakah Facilities	9.1.1	(672,155,066)	(663,633,174)	(167,912,800)	(102,777,800)
Principal Payment under Short Term Facilities	9.1.2	(469,182,687)	(272,361,984)	(469,182,687)	(272,361,984)
Proceeds from Ijara-Leases (Motor Vehicle)	21.1.1	10,000,000	18,280,000	-	5,500,000
Proceeds from Diminishing Musharakah Facilities	9.1.1	176,163,151	855,096,564	18,931,986	70,000,000
Proceeds from Short Term Facilities	9.1.2	534,975,887	262,189,450	514,975,887	262,189,450
Net Cash Flows from / (Used in) Financing Activities		(392,549,438)	58,946,578	(60,930,248)	(160,973,188)
Net Increase / (Decrease) in Cash and Cash Equivalents					
		431,333,261	56,874,907	(90,997,024)	108,391,392
Cash and Cash Equivalents at the Beginning of the Year					
		423,098,790	366,223,883	116,028,674	7,637,282
Cash Balance from Amalgamation		-	-	12,229,132	-
Cash and Cash Equivalents at the End of the Year	20	854,432,051	423,098,790	37,260,782	116,028,674

The accounting policies and notes on pages 85 through 134 form an integral part of these Financial Statements.

Notes to the Financial Statements

Year ended 31 March 2022

1. CORPORATE INFORMATION

1.1 General

Vidullanka PLC ("the Company") is a public quoted Company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at Level 4, Access Towers, No.278, Union Place, Colombo 02 and the principal places of business are situated in Rathnapura District.

The Consolidated financial statements of the Company for the year ended 31 March 2022 comprise the Company and its Subsidiaries (together referred as the "Group").

Subsidiaries

Vidullanka PLC has investments in following direct subsidiaries

Subsidiary	Date of Incorporation	the Act	Registered Address	% ownership
Vidul Engineering Ltd	03 Sep 2007	Companies Act No.07 of 2007 of Sri Lanka	Level 04, Access Tower, No, 278, Union Place, Colombo 02	100%
Rideepana Hydro (Pvt) Ltd	19 Mar 2010			95%
Lower Kotmale Oya Hydro Power (Pvt) Ltd	06 Apr 2010			100%
Udawela Hydro (Pvt) Ltd	24 Nov 2009			100%
Vidul Plantation (Pvt) Ltd	20 Feb 2015			100%
Orik Corporation (Pvt) Ltd	11 Nov 2010			87%
Muvumbe Hydro (U) Ltd	07 Feb 2011	Companies Act No 110 of 2012 of Uganda	3rd Floor Unicalo House. Plot 11, Archer Road, Kololo P. O. Box 100326, Kampala.	95%
Timex Bukinda Hydro (U) Ltd	30 May 2011			100%
Vidul Engineering (U) Ltd	11 Jan 2019			100%

Additionally, Vidul Plantation (Pvt) Ltd has acquired control of Vasanagama Plantations (Pvt) Ltd, during the financial year 2019/20. Vasanagama Plantations (Pvt) Ltd is a limited liability company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at Level 04, Access Tower, No, 278, Union Place, Colombo 02 and the principal place of business is located at Kandaketiya Badulla District. Vidul Plantation (Pvt) Ltd holds 100% equity stake in the company.

Joint Ventures

Vidullanka PLC has investments in the following joint venture companies;

Joint Venture	Holding Percentage	Joint Venture Partner
Gurugoda Hydro (Pvt) Ltd	50%	RenewGen (Pvt) Ltd
Vidul Madugeta (Pvt) Ltd	50%	RenewGen (Pvt) Ltd
Vidul Biomass (Pvt) Ltd	51%	OC Energy Lanka (Pvt) Ltd

The registered offices of the above companies are located at Level 4, Access Tower, No. 278, Union Place, Colombo 02.

Associates

Nilwala Vidulibala Company (Pvt) Ltd is a limited liability company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at Pahuruthota, Morawaka, Matara and the principal place of business is located at Morawaka, Matara. Vidullanka PLC holds 26.3% equity stake in the company.

1.2 Principal Activities and Nature of Operations

Company

The principal activity of the company is to produce electrical energy and transmit to feed the national grid. For this purpose the company operates three hydro power plants in Balangoda, Kuruwita and Kalawana in Ratnapura district. Bambarabatuoya Mini Hydro power plant commenced its operation during June 2001, Batathota Mini Hydro Power Plant commenced its operation during March 2007 and Wembiyagoda mini hydro power plant commenced operations in March 2013.

Notes to the Financial Statements (contd.)

Year ended 31 March 2022

Subsidiaries

The principal activity of Vidul Engineering Ltd is the provision of construction and engineering services related to renewable energy plants and related structures. It also invests and operate rooftop solar power plants on Build Own & Transfer terms with industrial clients.

The principal activity of Rideepana Hydro (Pvt) Ltd is to produce electrical energy and transmit to feed the national grid from its Rideepana mini hydro power plant in Badulla.

The principal activity of Lower Kotmale Oya Hydro Power (Pvt) Ltd is to produce electrical energy and transmit to feed the national grid from its Kotmale mini hydro power plant in Kotmale.

The principal activity of Udawela Hydro (Pvt) Ltd is to produce electrical energy and transmit to feed the national grid from its Udawela mini hydro power plant in Badulla.

The principal activity of the Vidul Plantation (Pvt) Ltd is engage in agribusiness relating to the supply of fuel wood to the Biomass power plant operated by Vidul Biomass (Pvt) Ltd, in Dehiyathakandiya.

The principal activity of Orik Corporation (Pvt) Ltd is to produce electrical energy and transmit to the national grid from the ground mounted solar power plant in Monaragala.

The principal activity of Muvumbe Hydro (U) Ltd is to produce electrical energy and transmit to the national grid from the Muvumbe small hydro power plant in Kabale District of Republic of Uganda.

The principal activity of Timex Bukinda Hydro (U) Ltd is to produce electrical energy and transmit to the national grid from the Bukinda small hydro power plant in Kagadi District of the Republic of Uganda.

The principal activity of Vidul Engineering (U) Ltd is the provision of EPC, construction management and engineering services related to renewable energy plants and related structures in Uganda & other countries in Africa.

Vidullanka PLC has been amalgamated with its fully owned subsidiary, Walagamba Balashakthi (Pvt) Ltd in terms of section 242 (I) of the Companies Act No.07 of 2007. Accordingly with effect from 01 January 2022, the business activities of Walagamba Balashakthi (Pvt) Ltd will continue as Vidullanka PLC.

Joint Ventures

The principal activity of Gurugoda Hydro (Pvt) Ltd is to produce electrical energy and transmit to feed the national grid from its Ganthuna mini hydro power plant in Aranayaka, Kegalle.

The principal activity of Vidul Madugeta (Pvt) Ltd is to produce electrical energy and transmit to feed the national grid from its Madugeta mini hydro power plant in Neluwa, Galle.

The principal activity of Vidul Biomass (Pvt) Ltd is to produce electrical energy and transmit to feed the national grid from the Dehiyathakanidiya dendro power plant in Nawamedagama, Ampara . The power plant was commissioned to the national grid on 28th May 2019.

Associates

The principal activity of Nilwala Vidulibala Company (Pvt) Ltd is to produce electrical energy and transmit to the national grid from its Ethamala Ella mini hydro project in Morawaka, Matara.

1.3 Date of Authorization for Issue

The Consolidated Financial Statements of Vidullanka PLC, for the year ended 31 March 2022 was authorized for issue in accordance with a resolution of the Board of Directors on 31 August 2022.

2. BASIS OF PREPARATION AND OTHER ACCOUNTING POLICIES

2.1 Basis of Preparation

2.1.1 Statement of Compliance

The Consolidated Financial Statement of the Group and the separated Financial Statement of the Company, which comprise the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, Notes to the Financial Statements have been prepared and presented in accordance with Sri Lanka Accounting Standards (SLFRSs) laid down by the Institute of Chartered Accountants of Sri Lanka and in compliance with the requirements of the Companies Act No 7 of 2007.

2.1.2 Basis of Measurement

The consolidated financial statements have been prepared on a historical cost basis, except financial instruments at fair value through profit or loss that have been measured at fair value and defined benefit obligations is recognised as the present value of the defined benefit obligation.

2.1.3 New accounting standards, interpretations and amendments adopted by the group

There are several Interpretations and amendments which are effective for the current financial year. However, Group does not have significant impact from them.

2.1.4 Functional and Presentation Currency

The consolidated financial statements are presented in Sri Lankan Rupees (Rs.) and all values are rounded to the nearest rupee, except when otherwise indicated.

2.1.5 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 March 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

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

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less or more than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

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

2.1.6 Materiality and Aggregation

In compliance with Sri Lanka Accounting Standard - LKAS 01, (Presentation of Financial Statements), each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or functions too are presented separately unless they are immaterial.

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expenses are not offset in the Statement of comprehensive income unless required or permitted by an Accounting Standard.

2.1.7 Comparative Information

The comparative information is restated or reclassified wherever necessary to confirm to the current year's presentation.

2.2 Significant Accounting Judgments, Estimates and Assumptions

The preparation of Financial Statements of the Group in conformity with Sri Lanka Accounting Standards (SLFRSs) requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

The most significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements of the Group and the Company are as follows:

2.2.1 Going Concern

The Directors have made an assessment of the Group's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Board is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern and they do not intend either to liquidate or to cease operations of the Company. Therefore, the Financial Statements continue to be prepared on the going concern basis.

2.2.2 Useful lives of Property, Plant and Equipment

The Group reviews the assets' residual values, useful lives and methods of depreciation at each reporting date. Contractual terms as per SPPAs and probabilities of renewals were also considered in assessing the appropriateness of useful life span of the plant. Judgement by the management is exercised in the estimation of these values, rates and methods and hence they are subject to uncertainty.

Notes to the Financial Statements [contd.]

Year ended 31 March 2022

2.2.3 Measurement of the Recoverable Amount of Cash-Generating Units Containing Goodwill

The Group tests annually whether goodwill requires impairment, in accordance with the accounting policy stated in Note 2.3.1. The basis of determining the recoverable amounts of cash generating units and key assumptions used are given in Note 5.2.1 to the Financial Statements.

2.3 Summary of Significant Accounting Policies

2.3.1 Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at fair value at the date of acquisition and the amount of any non-controlling interest in the acquiree.

Acquisition related costs are expensed as incurred and included in administrative expenses.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised as a profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

2.3.2 Interest on Equity Accounted Investees - Joint ventures and Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the

contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method. The Company discloses the cost less any accumulated impairment loss of the investment in the individual financial statements.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of comprehensive income reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of comprehensive income outside operating profit.

The financial statements of the associate and joint ventures are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of comprehensive income.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from the disposal is recognised in profit or loss.

In the separate financial statements, investments in joint ventures and associates are accounted at cost.

2.3.3 Foreign Currency

2.3.3.1 Foreign Currency Translation

The Financial Statements are presented in Sri Lankan Rupees, which is the Group's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to profit or loss. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

2.3.3.2 Net Gain or Loss on Conversion of Foreign Operation

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisitions, are translated into Sri Lanka Rupees at spot exchange rates at the reporting date. The income and expenses of foreign operations are translated into Sri Lanka Rupees at spot exchange rates at the dates of the transactions.

Foreign currency differences are recognized in OCI, and accumulated in the foreign currency translation reserve (Translation reserve), except to the extent that the translation difference is allocated to NCI.

2.3.4 Taxation

Current Taxes

Current income tax assets and liabilities for current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax law used to compute the amount are those that are enacted or substantively enacted at the reporting date.

The 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.

Gurugoda Hydro (Pvt) Ltd, Vidul Madugeta (Pvt) Ltd, Lower Kotmale Oya Hydro Power (Pvt) Ltd and Rideepana Hydro (Pvt) Ltd, Udawela Hydro (Pvt) Ltd are the companies approved under Board of Investments Law, as such the companies enjoy a tax holiday for five years effective from the year in which the company commences to make profits or any year of assessment not later than two years reckoned from the date of commencement of commercial operations, whichever is earlier, as per the agreement dated 28 May 2009, 29 September 2011, 2 June 2011, 17 July 2014 and 07 April 2016 respectively. Presently, Udawela Hydro (Pvt) Ltd is in the tax holiday period. After the expiration of the tax exemption period or tax holiday, the income of the aforementioned entity shall be charged at the concessionary rate of 10% for a period of 2 years and 20% thereafter.

Rideepana Hydro (Pvt) Ltd is a BOI approved company entitle for a 6 year tax holiday under subsection 16 of the inland revenue act of 10 of 2006 having invested over Rs.300mn by 31 March 2015 as an specific undertaking. In accordance with the transitional provisions of the Inland Revenue Act No.24 of 2017, the benefits and concessions extended under BOI agreements will prevail.

After the expiration of the aforesaid concessionary tax rates the profits and income of the enterprises shall for any year of assessment be charged at the rate specified in the Inland Revenue Act, presently being 14%.

Muvumbe Hydro (U) Ltd, Timex Bukinda Hydro (U) Ltd and Vidul Engineering (U) Ltd are subjected to the provisions of Uganda Revenue Act No 10 of 2017, accordingly liable for tax at a rate of 30% on taxable income.

Management has used its judgment on the application of tax laws, including transfer pricing regulations involving identification of associated undertakings, estimation of the respective arm's length prices and selection of appropriate pricing mechanism.

Deferred Taxation

Deferred income tax is provided, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Notes to the Financial Statements [contd.]

Year ended 31 March 2022

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

IFRIC 23 Uncertainty over income tax treatments

The IFRIC 23 interpretation on Uncertainty over income tax treatments involve uncertainty that affects the application of LKAS 12 Income Taxes specifically determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. It does not apply to taxes or levies outside the scope of LKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty. The Company applies significant judgement in identifying uncertainties over income tax treatments.

2.3.5 Borrowing Costs

Borrowing costs are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.3.6 Inventories

Inventories are valued at the lower of cost and net realizable value, after making due allowances for obsolete and slow moving items. Net realizable value is the price at which

inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

The costs incurred in bringing the inventories to its present location and the conditions are accounted as follows:

Raw Materials - At actual cost on first-in, first-out basis (FIFO)

2.3.7 Financial Instruments - Initial Recognition and Subsequent Measurement

2.3.7.1 Financial Assets

Initial Recognition and Measurement

Financial assets within the scope of SLFRS 9 are classified as amortized cost, fair value through Other Comprehensive Income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. This assessment is referred to as the Solely Payment of Principal and Interest (SPPI) test and is performed at an instrument level. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

At initial recognition, the company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in income statement.

The Group's financial assets include cash and cash equivalents, short-term investments and trade and other receivables.

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

a) Financial assets at amortized cost (debt instruments)

The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding

Financial assets at amortized cost are subsequently measured using the Effective Interest Rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial Assets at amortized cost comprise of trade and other receivables, amounts due from related parties, and deposits.

b) Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Group does not have any debt instruments at fair value through OCI.

c) Financial assets at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under LKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

However, the Group does not have any Financial assets at fair value through OCI.

d) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Financial Assets at fair value through profit or loss comprise of equity investments in non-listed companies.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is de-recognised when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset and the Group has transferred substantially all the risks and rewards of the ownership.

Notes to the Financial Statements [contd.]

Year ended 31 March 2022

Impairment of Financial Assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

2.3.7.2 Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings, financial guarantee contracts.

Subsequent Measurement

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

Finance Payables

After initial recognition, finance payable are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised 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 amortisation is included as finance costs in the statement of comprehensive income.

De-recognition

A financial liability is derecognised 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 recognised in the statement of comprehensive income.

Fair value of Financial Instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques.

2.3.8 Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits, and short-term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding overdrafts. Investments with short maturities i.e. three months or less from the date of acquisitions are also treated as cash equivalents.

2.3.9 Property, Plant and Equipment

a) Recognition and Measurement

All items of Property, Plant and Equipment are initially recorded at cost. Subsequent to the initial recognition the Group records assets at cost less any accumulated depreciation and accumulated impairment loss thereon.

b) Depreciation

The provision for depreciation is calculated by using a straight line method on the cost or valuation of all property, plant and equipment other than freehold land, in order to write off such amounts over the following estimated useful lives by equal instalments.

Office Furniture	10 Years
Office Equipment	02 Years to 05 Years
Plant & Machinery - Hydro	5 - 40 Years
Plant & Machinery - Solar	5- 20 years
Solar - Control Units	Term of PPA or Build, Own, Operate, Transfer (BOOT) agreement of the Project
Solar Cable & Others	Term of PPA or Build, Own, Operate, Transfer (BOOT) agreement of the Project
Computer and Computer Equipment	04 Years
Vehicles	05 Years

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management.

2.3.10 Maturement on Bearer Biological Asset and biological produce and related

2.3.10.1 Biological Assets

Biological Assets are classified as either mature biological assets or immature biological assets. Mature biological assets are those that have attained harvestable specifications or are able to sustain regular harvests. Immature biological assets are those that have not yet attained harvestable specifications, and Gliricidia plants and plants in the nurseries are classified as biological assets.

Biological assets are further classified as Bearer biological assets and consumable biological assets. Bearer biological asset include gliricidia trees, being biological assets that are not intended to be sold or harvested, but are used to grow for purpose of harvesting agricultural produce from such biological assets. Example of consumable biological assets includes managed timber trees those that are to be harvested as agricultural produce or sold as biological assets.

2.3.10.2 Bearer Biological Assets

The bearer biological assets are measured at cost less accumulated depreciation and accumulated impairment losses, if any, in terms of LKAS 16 - Property Plant & Equipment.

The cost of land preparation, rehabilitation, new planting, replanting, crop diversification, inter planting and fertilising, etc., incurred between the time of planting and harvesting (when the planted area attains maturity), are classified as immature plantations. These immature plantations are shown at direct costs plus attributable overheads. The expenditure incurred on bearer biological assets which comes into bearing during the year, is transferred to mature plantations.

2.3.10.3 Infilling Cost on Bearer Biological Assets

The land development costs incurred in the form of infilling have been capitalised to the relevant mature field, if it increases the expected future benefits from that field, beyond its pre-infilling performance assessment. Infilling costs so capitalised are depreciated over the newly assessed remaining useful economic life of the relevant mature plantation, or the unexpired lease period, whichever is lower.

Infilling costs that are not capitalised have been charged to the Income Statement in the year in which they are incurred.

Initial Recognition	Cost less accumulated depreciation and accumulated impairment losses, if any, in terms of LKAS 16 - Property Plant & Equipment.
Immature Plantations	Immature plantations are shown at direct costs plus attributable overheads. The expenditure incurred on bearer biological assets which comes into bearing during the year, is transferred to mature plantations.
Mature Plantations	Converted to mature plantations after 2 years of planting or ready for commercial harvest. Depreciated over the remaining useful economic life of the relevant mature plantation, or the unexpired lease period, whichever is lower.
Impairment Loss	Loss of more than 35% plants will be treated as impairment loss
Inventory Valuation	Fair value less cost to sell in terms of LKAS 41.

Notes to the Financial Statements [contd.]

Year ended 31 March 2022

2.3.11 Leases

2.3.11.1 Recognition

At inception of a contract, the Company 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 assess whether:

- the contract involves the use of an identified asset
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset

The company applied a single recognition and measurement approach for all leases for which it is the lessee, except for short-term leases and leases of low-value assets.

The company recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

2.3.11.2 Right-of-use Asset

The right-of-use asset is initially measured at cost. This comprises of 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.

After the commencement date, Company measures the right-of-use asset on cost model.

2.3.11.3 Depreciation

Right-of-use assets are depreciated using the straight-line method over the shorter of the lease term and the estimated useful life of the underlying asset. If the ownership of the leased asset transfers to the Company at the end of the lease term, or the cost of the right-of-use asset reflects the exercise a purchase option the asset is depreciated over the useful life of the underlying asset.

The right-of-use assets are subject to impairment.

2.3.11.4 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 Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

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

The lease liability is measured at amortised cost using the effective interest method.

After the commencement date, Company measure the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

2.3.11.5 Short-term Leases and Leases of Low-Value Assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the term of the lease or any other basis more representative of the time pattern of the benefits derived from the lease.

2.3.11.6 Presentation in the Statement of Financial Position

The Company presents right-of-use assets separately from other assets and lease liabilities separately from other liabilities in its statement of financial position.

2.3.12 Other Project Investments

The Group's investments in the development of various power generating projects are included under this category. Other Project Investments are stated at cost or lower of management's estimation of realizable value. The Group assesses the viability of the projects at each reporting date for any indications of impairment. Any impairment recognized will be charged to the statement of comprehensive income.

2.3.13 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 such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for individual assets, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Whereby, the carrying amount of an asset 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 assets. In determining fair value less costs to sell, an appropriate valuation model is used.

These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations are recognized in the statement of comprehensive income in those expense categories consistent with the function of the impaired assets, except for property previously revalued where the revaluation was taken to equity. In this case, impairment is also recognized in equity up to the amount of any previous revaluation.

For assets, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of the recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. If that is the carrying amount of the asset is increased to its recoverable amount.

The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation. Had no impairment loss been recognized for the asset in prior years such reversal is recognized in the statement of comprehensive income unless the asset is carried at the revalued amount, in which case the reversal is treated as a revaluation increase.

2.3.14 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of comprehensive income net of any reimbursement.

2.3.15 Defined Benefit Plan - Gratuity

The Group annually measures the present value of the promised retirement benefits for gratuity, which is a defined benefit plan using the Projected Unit Credit Actuarial Valuation method.

This item is stated under the Defined Benefit Liability in the Statement of Financial Position.

a) Recognition of Actuarial Gains and Losses

Actuarial gains and losses are recognized as other comprehensive income/expense in the year in which it arose itself.

b) Funding Arrangements

The gratuity liability is not externally funded.

2.3.16 Defined Contribution Plans - Employees' Provident Fund & Employees' Trust Fund

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with the respective statutes and regulations. The Group contributes 12 % and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

2.3.17 Share-based payments

Employees of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity settled transactions). In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, the unidentified goods or services received (or to be received) are measured as the difference between the fair value of the share-based payment transaction and the fair value of any identifiable goods or services received at the grant date.

The Group applies SLFRS 2, Share based payments in accounting for employee remuneration in the form of shares.

Notes to the Financial Statements [contd.]

Year ended 31 March 2022

2.4 Statement of Comprehensive Income

2.4.1 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. Under SLFRS 15, revenue is recognised upon satisfaction of performance obligations.

The following specific criteria are used for the purpose of recognition of revenue.

a) Energy Supplied

Revenue from energy supplied is recognized, upon delivery of energy from the power plant and the adjustment for transmission line losses shall be adjusted monthly upon receiving the meter reading by the Power Purchasing Company at the metering point. Delivery of Electrical Energy shall be completed when Electrical Energy meets the specifications as set out in the power purchase agreement is received at the metering point. As per the Standard Power purchasing agreement, the power plants are to be operated as a must run facility and the tariff/price is also governed by the same agreement.

b) Interest

Interest Income is recognised as the interest accrues (taking into account the effective interest rate) unless collectibles are doubtful.

c) Rendering of Services

Revenue from rendering of services is recognized by reference to the stage of completion.

d) Dividend Income

Dividend income is recognised when the right to receive payment is established.

e) Other Income

Other income is recognized on an accrual basis. Net gains and losses of a revenue nature on the disposal of property, plant & equipment and other non-current assets, including investments have been accounted for in the statement of comprehensive income, having deducted from proceeds on disposal, the carrying amount of the assets and related selling expenses.

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.

2.4.2 Expenditure Recognition

- a) Expenses are recognized in the income statement on the basis of direct association between the cost incurred and the earning of specific item of income. All expenditure incurred in the running of the business and the maintenance of the property plant & equipment in a state of efficiency has been charged to income in arriving at the profit for the year.
- b) For the purpose of presentation of Statement of 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.
- c) Finance expenses are recognized in the statement of comprehensive income on effective interest cost basis.

2.4.3 Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relating to transactions with any of the Group's other components.

The Group comprises of five major business segments: Power Generation (Local), Power Generation (Overseas), Dendro & Plantation, Solar Power and Engineering, Consultation & Project Management. Details of the segment reporting are shown in Note 22 to the Financial Statements.

2.4.4 Net Asset Per Share

The Net Asset Per Share is arrived by dividing the net asset attributable to the equity holders of the Company by the number of shares of the company.

2.4.5 Earnings Per Share

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

2.4.6 Dividend Per Share

The Company presents its dividend per share (DPS) for its ordinary shares. The DPS is calculated by dividing the total dividend by the number of ordinary shares.

3. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. Adoption of these amendments and interpretations will not have significant impact on the consolidated financial statements of the Group.

SLFRS 17 Insurance contracts

In 8 January 2020, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued SLFRS 17 Insurance Contracts (SLFRS 17). SLFRS 17 was amended by Amendments to SLFRS 17 - Insurance Contracts, in 28 June 2021. SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace SLFRS 4 Insurance Contracts (SLFRS 4) that was issued in 2005. SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of SLFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in SLFRS 4, which are largely based on grandfathering previous local accounting policies, SLFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of SLFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies SLFRS 9 and SLFRS 15 on or before the date it first applies SLFRS 17. The Group does not expect to have a significant impact on the Group's financial statements on the adoption of this standard.

Amendments to LKAS 37 Provisions, Contingent Liabilities and Contingent Assets : Onerous Contracts - Costs of Fulfilling a Contract

In 25 March 2021, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued amendments to LKAS 37 Provisions, Contingent Liabilities and Contingent Assets (LKAS 37) to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted.

Amendments to LKAS 16 Property, Plant & Equipment : Proceeds before Intended Use

In 25 March 2021, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued LKAS 16 Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

Amendments to SLFRS 3 Business Combinations: Updating a reference to conceptual framework

In 23 March 2021, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued amendments to SLFRS 3 Business Combinations - Updating a Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

At the same time, it was decided to clarify existing guidance in SLFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

Notes to the Financial Statements [contd.]

Year ended 31 March 2022

4. PROPERTY, PLANT AND EQUIPMENT

4.1 Group

4.1.1 Gross Carrying Amounts

	Balance as at 01.04.2021 Rs.	Additions/ Transfers Rs.	Transfers/ Disposals Rs.	Exchange Differences Rs.	Balance as at 31.03.2022 Rs.
Freehold Land	70,116,459	11,443,530	-	5,338,000	86,897,989
Office Furniture and Fittings	28,141,384	3,956,364	-	2,441,659	34,539,407
Office Equipment	26,114,228	4,106,912	(50,600)	7,520,005	37,690,545
Computers and Computer Equipment	23,562,306	11,125,888	-	5,371,070	40,059,264
Plant and Machinery-Hydro	6,401,805,286	143,467,278	-	1,953,249,592	8,498,522,156
Plant and Machinery-Solar	76,644,603	92,952,836	(181,670)	-	169,415,769
Motor Vehicles	46,093,411	18,609,147	-	10,174,274	74,876,832
Total Value of Depreciable Assets	6,672,477,678	285,661,955	(232,270)	1,984,094,600	8,942,001,962

4.1.2 In the Course of Construction

	Balance as at 01.04.2021 Rs.	Incurred during the Year Rs.	Disposals / Transfers Rs.	Exchange Differences Rs.	Balance as at 31.03.2022 Rs.
Power Plant Work-in-Progress	9,849,801	11,369,287	(2,859,552)	5,171,875	23,531,411
	9,849,801	11,369,287	(2,859,552)	5,171,875	23,531,411
Total Gross Carrying Value	6,682,327,479	297,031,242	(3,091,822)	1,989,266,475	8,965,533,373

4.1.3 Depreciation

At Cost	Balance as at 01.04.2021 Rs.	Charge for the Year Rs.	Transfers/ Disposals Rs.	Exchange Differences Rs.	Balance as at 31.03.2022 Rs.
Office Furniture and Fittings	10,568,801	3,259,152	(7,239)	1,346,833	15,167,547
Office Equipment	15,328,671	3,692,648	-	3,815,405	22,836,724
Computers and Computer Equipment	13,903,945	5,902,010	-	3,208,873	23,014,828
Plant and Machinery-Hydro	932,604,953	201,708,762	(919,523)	196,814,248	1,330,208,440
Plant and Machinery-Solar	729,863	9,342,680	-	-	10,072,543
Motor Vehicles	32,075,962	5,027,213	-	5,159,542	42,262,717
Total Depreciation	1,005,212,195	228,932,465	(926,762)	210,344,901	1,443,562,799

4.1.4 Net Book Values

At Cost	2022 Rs.	2021 Rs.
Freehold Land	86,897,989	70,116,459
Office Furniture and Fittings	19,371,860	17,572,583
Office Equipment	14,853,821	10,785,557
Computers and Computer Equipment	17,044,436	9,658,362
Plant and Machinery-Hydro	7,168,313,716	5,469,200,333
Plant and Machinery-Solar	159,343,226	75,914,740
Motor Vehicles	32,614,115	14,017,449
	7,498,439,163	5,667,265,483
In the Course of Construction		
Power Plant Work-in-Progress	23,531,411	9,849,801
	23,531,411	9,849,801
Total Carrying Amount of Property, Plant and Equipment	7,521,970,574	5,677,115,284

4.1.5 During the year the group acquired Property, Plant and Equipment amounting to an aggregate value of Rs.294,171,690/- (2021 - 740,510,968/-).

4.1.6 Property, Plant and Equipment includes fully depreciated assets that are still in use having a gross carrying amount of Rs. 78,777,272/- and in (2021-Rs. 59,958,258/-).

4.1.7 The Group held a gross extent of 20.48 acres of land in Balangoda, Kalawana, and Kuruwita, Ratnapura District. The Group also owns the civil structures of the power plants located in Balangoda, Kalawana and Kuruwita, Lower Kothmale and Badulla. Additionally Group has acquired lands with the extent of 3A 3R 21 P in Banagoda, Ratnapura and 6A 2R 29.33P in Monaragala during the year. Accordingly the group holds 31.05 acres of land.

4.1.8 Biological Assets

	Balance as at 01.04.2021 Rs.	Additions/ Transfers Rs.	Transfers/ Disposals Rs.	Balance as at 31.03.2022 Rs.
Gross Carrying Amounts				
Gliricidia Plants	50,547,655	4,624,409	-	55,172,064
	50,547,655	4,624,409	-	55,172,064

	Balance as at 01.04.2021 Rs.	Charge for the Year Rs.	Transfers/ Disposals Rs.	Balance as at 31.03.2022 Rs.
Depreciation				
Gliricidia Plants	4,842,320	4,536,693	-	9,379,013
Total Depreciation	4,842,320	4,536,693	-	9,379,013

Net Book Values	2022 Rs.	2021 Rs.
At Cost		
Total Carrying Amount of Biological Assets	45,793,051	45,705,335

Notes to the Financial Statements [contd.]

Year ended 31 March 2022

4. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

4.2 Company

4.2.1 Gross Carrying Amounts

At Cost	Balance as at 01.04.2021 Rs.	Additions Rs.	Transferred on Amalgamation Rs.	Transfers / Disposals	Balance as at 31.03.2022
Freehold Land	29,410,425	4,712,750	5,846,450	-	39,969,625
Office Furniture and Fittings	21,754,285	1,342,750	812,249	-	23,909,284
Office Equipment	10,463,547	1,789,568	54,000	(50,600)	12,256,515
Computers and Computer Equipment	12,093,015	4,428,447	771,718	-	17,293,180
Plant and Machinery	651,027,863	199,445	254,546,481	-	905,773,789
Motor Vehicles	10,938,690	210,000	59,391	-	11,208,081
	735,687,825	12,682,960	262,090,289	(50,600)	1,010,410,474

4.2.2 In the Course of Construction

Work-in-Progress	1,740,388	5,540,124	-	(1,740,388)	5,540,124
	1,740,388	5,540,124	-	(1,740,388)	5,540,124
Total Gross Carrying Value	737,428,213	18,223,084	262,090,289	(1,790,988)	1,015,950,598

4.2.3 Depreciation

At Cost	Balance as at 01.04.2021 Rs.	Charge for the Year Rs.	Transferred on Amalgamation Rs.	Transfers / Disposals Rs.	Balance as at 31.03.2022 Rs.
Office Furniture and Fittings	6,361,306	1,906,619	633,148	(7,239)	8,893,834
Office Equipment	8,973,462	673,081	24,443	-	9,670,986
Computers and Computer Equipment	5,767,955	2,831,896	695,700	-	9,295,551
Plant and Machinery	260,171,817	19,042,854	66,224,893	(919,523)	344,520,041
Motor Vehicle	10,938,690	5,520	59,393	-	11,003,603
Total Depreciation	292,213,230	24,459,970	67,637,577	(926,762)	383,384,015

4.2.4 Net Book Values

At Cost	2022 Rs.	2021 Rs.
Freehold Land	39,969,625	29,410,425
Office Furniture and Fittings	15,015,450	15,392,979
Office Equipment	2,585,529	1,490,085
Computers and Computer Equipment	7,997,629	6,325,060
Plant and Machinery	561,253,748	390,856,046
Motor Vehicles	204,478	-
	627,026,459	443,474,595
In the Course of Construction		
Work-in-Progress	5,540,124	1,740,388
Total Carrying Amount of Property, Plant and Equipment	632,566,583	445,214,983

4.2.5 During the year the company acquired Property, Plant and Equipment amounting to an aggregate value of Rs.12,632,360/- (2021 - Rs. 21,502,016/-) and during the year company incurred Rs. 5,540,124/- for the Work-in-Progress (2021-4,640,388/).

4.2.6 Property, Plant and Equipment includes fully depreciated assets that are still in use having a gross carrying amount of Rs. 34,981,618/-and in (2021- 27,142,828/-).

4.2.7 The Company held lands with a gross extent of 9.87 acres in Balangoda and Kuruwita in Ratnapura District. The Company also owns the civil structures associated with the power plants in the above said locations. Additionally Company has acquired a land with the extent of 3A 3R 21P in Banagoda, Ratnapura during the year. Accordingly the company holds 13.76 acres of land.

4.3 Right Of Use Assets

4.3.1 Gross Carrying Amounts

Group	Balance as at 01.04.2021 Rs.	Additions/ Transfers Rs.	Transfers / Disposals Rs.	Exchange Difference Rs.	Balance as at 31.03.2022 Rs.
At Cost					
Land	136,123,875	-	-	39,334,229	175,458,104
Buildings	29,192,993	-	-	-	29,192,993
Motor Vehicle	41,755,050	-	-	-	41,755,050
	207,071,918	-	-	39,334,229	246,406,147

Notes to the Financial Statements [contd.]

Year ended 31 March 2022

4. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

4.3.2 Depreciation

At Cost	Balance as at 01.04.2021 Rs.	Charge for the Year Rs.	Transfers / Disposals Rs.	Exchange Difference Rs.	Balance as at 31.03.2022 Rs.
Land	12,310,567	6,394,816	-	2,417,127	21,122,510
Buildings	12,771,934	7,298,248	-	-	20,070,182
Motor Vehicle	9,871,087	8,515,618	-	-	18,386,705
	34,953,588	22,208,682	-	2,417,127	59,579,397

4.3.3 Net Book Values

At Cost	2022 Rs.	2021 Rs.
Land	154,335,594	123,813,308
Buildings	9,122,811	16,421,059
Motor Vehicle	23,368,345	31,883,963
	186,826,750	172,118,330

4.3.4 Company

Gross Carrying Amounts	Balance as at 01.04.2021 Rs.	Additions / Transfers Rs.	Transferred on Amalgamation Rs.	Transfers / Disposals Rs.	Balance as at 31.03.2022 Rs.
At Cost					
Land	5,346,044	-	4,497,044	-	9,843,088
Motor Vehicle	20,396,574	-	-	-	20,396,574
	25,742,618	-	4,497,044	-	30,239,662

4.3.5 Depreciation

At Cost	Balance as at 01.04.2021 Rs.	Charge for the Year Rs.	Transferred on Amalgamation Rs.	Transfers / Disposals Rs.	Balance as at 31.03.2022 Rs.
Land	3,564,031	1,894,443	1,236,688	-	6,695,162
Motor Vehicle	5,425,569	4,075,910	-	-	9,501,479
	8,989,600	5,970,353	1,236,688	-	16,196,641

4.3.6 Net Book Values

At Cost	2022 Rs.	2021 Rs.
Land	3,147,926	1,782,013
Motor Vehicle	10,895,095	14,971,005
	14,043,021	16,753,018

5. INVESTMENTS

Group and Company

5.1 Investments in Subsidiaries (Company)

Non Quoted	Relationship	2022 Holding Percentage	2021 Holding Percentage	2022 Cost Rs.	2021 Cost Rs.
Vidul Engineering Ltd	Subsidiary	100%	100%	26,700,080	26,700,080
Walagamba Balashakthi (Pvt) Ltd	Subsidiary	-	100%	-	36,000,000
Rideepana Hydro (Pvt) Ltd	Subsidiary	95%	95%	62,500,000	62,500,000
Muvumbe Hydro (U) Ltd	Subsidiary	95%	95%	400,912,327	400,912,327
Timex Bukinda Hydro (U) Ltd	Subsidiary	100%	100%	369,588,682	369,588,682
Vidul Plantation (Pvt) Ltd	Subsidiary	100%	100%	60,000,000	45,000,000
Udawela Hydro (Pvt) Ltd	Subsidiary	100%	100%	120,000,000	120,000,000
Vidul Engineering (U) Ltd	Subsidiary	100%	100%	-	-
Lower Kothmale Oya Hydro Power (Pvt) Ltd	Subsidiary	100%	100%	258,195,044	258,195,044
Orik Corporation (Pvt) Ltd	Subsidiary	87%	-	31,000,000	-
				1,328,896,133	1,318,896,133

5.1.1 Amalgamation of Walagamba Balashakthi (Pvt) Ltd

Vidullanka PLC has been amalgamated with its fully owned subsidiary, Walagamba Balashakthi (Pvt) Ltd in terms of section 242 (I) of the Companies Act No.07 of 2007.

Assets and liabilities of the combining entities were transferred at their carrying amounts and accordingly no adjustments have been made to reflect their fair values on the transaction date.

Inter-company transactions have been eliminated in full.

The Statement of Profit or Loss and Statement of Comprehensive Income of Vidullanka PLC reflects the results of Walagamba Balashakthi (Pvt) Ltd from the date of the amalgamation.

Separate audit report for Walagamba Balashakthi (Pvt) Ltd was issued for transactions upto 31 December 2021.

Notes to the Financial Statements [contd.]

Year ended 31 March 2022

5. INVESTMENTS (CONTD.)

Composition of Assets and Liabilities of Amalgamated Entities as at the date of Amalgamation

	Rs.
ASSETS (A)	
Property, Plant and Equipment	194,452,715
Right of Use Assets	3,260,355
Inventory	5,301,621
Trade and Other Receivables	70,419,960
Cash and Cash Equivalents	12,229,132
Total Assets	285,663,783
LIABILITIES (B)	
Interest - Bearing Loans & Borrowings	41,048,000
Deferred Tax Liability	7,185,543
Defined Benefit Liability	1,577,114
Lease Liability	3,990,926
Other Payables	3,313,101
Amounts Due to Related Parties	27,970,333
Income Tax Liability	2,609,364
Total Liabilities	87,694,381
Total Identifiable net assets (A-B)	197,969,402
Investment in Amalgamated Entity	(36,000,000)
Goodwill Recognized on Initial Acquisition	11,999,960
Goodwill Impaired on Amalgamation	(11,010,978)
Total Balance Transferred on Amalgamation	162,958,384

5.1.2 Material Partially Owned Subsidiaries

As per SLFRS 12 (Disclosure of Interests in Other Entities), Financial information of Subsidiaries that have material non-control interest needs to be disclosed separately. However the Management of the Group concluded that there were no subsidiaries with material non-controlling interest that require separately disclosure.

5.2 Investments in Joint Ventures and Associates

		2022 Holding Percentage	2021 Holding Percentage	2022 Cost Rs.	2021 Cost Rs.
Non Quoted					
Gurugoda Hydro (Pvt) Ltd	Joint Venture	50%	50%	31,412,412	31,412,412
Vidul Madugeta (Pvt) Ltd	Joint Venture	50%	50%	90,000,000	90,000,000
Vidul Biomass (Pvt) Ltd	Joint Venture	51%	51%	248,254,138	248,254,138
Nilwala Vidulibala Company (Pvt) Ltd	Associate	26.3%	26.3%	44,625,000	44,625,000
				414,291,550	414,291,550

5.2.1 Goodwill

		Group		
	Balance as at 01.04.2021	Additions	Impairment	Balance as at 31.03.2022
	Rs.	Rs.	Rs.	Rs.
Goodwill From Walagamba Balashakthi (Pvt) Ltd	11,999,960	-	(11,010,978)	988,982
Goodwill From Rideepana Hydro (Pvt) Ltd	42,499,000	-	-	42,499,000
Goodwill From Muvumbe Hydro (U) Ltd	582,129	-	-	582,129
Goodwill From Lower Kothmale Oya Hydro Power (Pvt) Ltd	160,798,294	-	(1,427,407)	159,370,887
Goodwill From Timex Bukinda Hydro (U) Ltd	33,120,211	-	-	33,120,211
Goodwill From Vasanagama Plantation (Pvt) Ltd	26,691,988	-	(8,897,580)	17,794,408
Goodwill From Orik Corporation (Pvt) Ltd	-	4,999,390	-	4,999,390
	275,691,582	4,999,390	(21,335,965)	259,355,007

Goodwill as at the reporting date has been tested for impairment.

The Company and its subsidiaries annually carry out impairment tests on all its intangible assets. The business acquisition to which the goodwill is attributable is valued based on the earnings growth method. Assumptions applied in such computations are reviewed each year.

Goodwill as at the date of financial position has been tested for impairment and recognised Rs. 21,335,965/- in 2022 (2021 - Rs. 1,482,890/-) was written off from carrying value. Recoverable values for the above test were estimated based on value in use of the acquired assets on business combination in the normal course of business. The key assumptions used to determine the recoverable amount are as follows;

Discount Rate

The discount rate of used is the risk free rate adjusted by the addition of an appropriate risk premium.

Period Covered & Tariff

Period covered was as per the Standardised Power Purchase Agreement (SPPA) with Ceylon Electricity Board and Uganda Electricity Transmission Company Ltd.

Subsidiary / Power Plant	Remaining Years	Tariff Scheme Applicable
Wembiyagoda MHPP	10 Years	2009 Three Tier Tariff
Rideepana Hydro (Pvt) Ltd	13 Years	2012 Three Tier Tariff
Muvumbe Hydro (U) Ltd	15 Years	Rs 19.48 (US \$ 0.0949)
Lower Kothmale Oya Hydro Power (Pvt) Ltd	12 Years	2010 Three Tier Tariff
Timex Bukinda Hydro (U) Ltd	19 Years	Rs 19.31 (US \$ 0.0941)

Contractual terms as per SPPAs and probabilities of renewals were also considered in assessing the appropriateness period covered for the computation.

Inflation Rate

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

Gross Margins

The basis used to determine the value assigned to the budgeted gross margins is the average gross margin achieved in the years preceding the budgeted year adjusted for projected market conditions.

Notes to the Financial Statements [contd.]

Year ended 31 March 2022

5. INVESTMENTS (CONTD.)

Acquisition of Subsidiaries

On 13 September 2021 Vidullanka PLC acquired 61% control on equity stake in Orik Corporation (Pvt) Ltd, presently the company holds 87% equity stake of the project entity.

5.2.2 Investment in Joint Ventures & Associate (Group)

	Group	
	2022	2021
	Rs.	Rs.
Share of Net Asset Value from Joint Ventures & Associate		
Investment in Gurugoda Hydro (Pvt) Ltd	59,673,158	53,992,283
Investment in Vidul Madugeta (Pvt) Ltd	248,084,841	252,663,679
Investment in Nilwala Vidulibala Company (Pvt) Ltd	121,978,280	106,373,217
Investment in Vidul Biomass (Pvt) Ltd	194,097,123	216,643,492
Total Investment in Joint Ventures & Associate	623,833,402	629,672,671

5.2.3 Share of Comprehensive Income from Joint Ventures & Associate

	Group	
	2022	2021
	Rs.	Rs.
Gurugoda Hydro (Pvt) Ltd	5,680,875	1,556,413
Vidul Madugeta (Pvt) Ltd	48,521,162	51,348,285
Nilwala Vidulibala Company (Pvt) Ltd	42,380,063	34,221,429
Vidul Biomass (Pvt) Ltd	(22,546,369)	18,845,460
Total Share of Comprehensive Income from Joint Ventures & Associate	74,035,731	105,971,587

5.2.4 Movement in Investment in Joint Ventures & Associate during the Period

	Group	
	2022	2021
	Rs.	Rs.
Balance as at the Beginning of the Reporting Period	629,672,671	572,994,834
Share of total Comprehensive Income	74,035,731	105,971,587
Dividends Received	(79,875,000)	(49,293,750)
Balance as at the End of the Reporting Period	623,833,402	629,672,671

5.2.5 The Group has a 50% interest in Gurugoda Hydro (Pvt) Ltd, Vidul Madugeta (Pvt) Ltd and 51% in Vidul biomass (Pvt) Ltd. The Group's interest in those companies are accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint ventures, based on their SLFRS financial statements, and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below as at 31 March 2022. Nilwala Vidulibala Company (Pvt) Ltd is an associate entity of Vidullanka PLC with 26.3% stake.

	Gurugoda Hydro (Pvt) Ltd	Vidul Madugeta (Pvt) Ltd	Nilwala Vidulibala Company (Pvt) Ltd	Vidul Biomass (Pvt) Ltd
As at 31 March 2022	Rs.	Rs.	Rs.	Rs.
Current Assets	24,868,083	114,153,549	146,802,238	205,313,277
Non-Current Assets	111,155,370	455,889,289	314,266,875	1,341,079,970
Current Liabilities	(23,627,134)	(54,094,245)	(41,539,604)	(434,055,720)
Non-Current Liabilities	(6,424,826)	(19,778,812)	(38,250,138)	(713,078,247)
Equity	105,971,492	496,169,781	381,279,371	399,259,281
Equity Proportionate	52,985,746	248,084,891	100,276,475	203,622,233
Goodwill or Other Adjustments	6,687,412	(50)	21,701,805	(9,525,110)
Group Carrying Amount of the Investment	59,673,158	248,084,841	121,978,280	194,097,123

Summarised Statement of Profit or Loss for the Year Ended 31 March 2022	Gurugoda Hydro (Pvt) Ltd	Vidul Madugeta (Pvt) Ltd	Nilwala Vidulibala Company (Pvt) Ltd	Vidul Biomass (Pvt) Ltd	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Revenue	33,839,713	161,649,239	220,230,689	442,025,092	857,744,733
Cost of Sales	(16,061,376)	(43,692,591)	(40,745,963)	(328,161,534)	(428,661,464)
Administrative Expenses	(940,855)	(866,329)	(11,986,440)	(25,852,527)	(39,646,151)
Finance Cost	(1,457,731)	(1,629,856)	(7,607,011)	(81,712,477)	(92,407,075)
Other Income	(1,024,392)	(426,333)	1,770,690	(50,228,649)	(49,908,684)
Profit Before Tax	14,355,359	115,034,130	161,661,965	(43,930,095)	247,121,359
Income tax expense	(2,983,231)	(17,993,201)	(424,966)	(326,885)	(21,728,283)
Profit for the Year	11,372,128	97,040,929	161,236,999	(44,256,980)	225,393,076
Total Comprehensive Income for the Year	11,361,750	97,042,324	161,140,923	(44,208,566)	225,336,431
Group's Share of Profit / (Loss) for the Year	5,680,875	48,521,162	42,380,063	(22,546,369)	74,035,731

Summarised Financial Information for the Year Ended 31 March 2022	Gurugoda Hydro (Pvt) Ltd	Vidul Madugeta (Pvt) Ltd	Nilwala Vidulibala Company (Pvt) Ltd	Vidul Biomass (Pvt) Ltd
	Rs.	Rs.	Rs.	Rs.
Cash and Cash Equivalent	944,600	226,342	558,101	759,281
Current Financial Liabilities (Excludes Trade & Other Payables)	9,500,004	12,059,029	33,334,464	155,244,888
Non Current Financial Liabilities	4,539,982	-	36,105,552	711,729,370
Depreciation	5,923,341	16,892,349	11,829,599	45,416,986
Finance Income	(1,024,392)	(426,333)	1,770,690	1,532,954
Finance Cost	(1,457,731)	(1,629,856)	(7,607,011)	78,985,555
Income Tax Expenses	(2,983,231)	(17,993,201)	(424,966)	326,885

Notes to the Financial Statements [contd.]

Year ended 31 March 2022

5. INVESTMENTS (CONTD.)

5.3 Other Financial Assets

5.3.1 Financial Assets at Fair Value through Profit or Loss

	2022 Number of Shares	2021 Number of Shares	Group		Company	
			2022	2021	2022	2021
			Rs.	Rs.	Rs.	Rs.
Non Quoted						
Africeylon Power (Pvt) Ltd	1,623,999	1,623,999	22,841,500	22,841,500	22,841,500	22,841,500
Fergasam Power (Pvt) Ltd	900,000	900,000	9,000,000	9,000,000	9,000,000	9,000,000
Orik Corporation (Pvt) Ltd	-	51	-	1,000,000	-	1,000,000
Solar Universe (Pvt) Ltd	500,000	-	7,333,333	-	7,333,333	-
Quantel Renewable Energy Ltd	-	-	118,912,300	-	-	-
ADL Capital Ltd	250,000	250,000	2,500,000	2,500,000	2,500,000	2,500,000
Less: Impairment Provision (ADL Capital Ltd)	-	-	(2,500,000)	(2,500,000)	(2,500,000)	(2,500,000)
Quoted						
Windforce PLC	105,093	-	1,670,979	-	1,670,979	-
Ex-pack Corrugated Cartons PLC	51,700	-	506,660	-	506,660	-
	-	-	160,264,772	32,841,500	41,352,472	32,841,500

As of 01 of April 2021, the Company assessed its Financial Assets at fair value through profit or loss, There has been no change in the fair value assessed on 01 April 2021 with the fair value as of 31 March 2022.

6. OTHER PROJECT INVESTMENTS

Summary	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Balance as at the Beginning of the Year	118,816,598	122,671,836	118,816,598	122,671,836
Projects Costs Incurred during the Year	16,686,732	19,695,259	16,686,732	19,695,259
Less: Transfers to Project Companies	-	-	-	-
Other Transfers	-	(17,369,957)	-	(17,369,957)
Written Off	(4,042,169)	(6,180,540)	(4,042,169)	(6,180,540)
Impairment Provision	(49,895,482)	(38,937,651)	(49,895,482)	(38,937,651)
Balance as at the End of the Year	81,565,679	79,878,947	81,565,679	79,878,947

The company assessed the recoverability of the investments made on development of new projects by the company. Having identified that the recoverability of some of the project investments made have diminished significantly due to the changes in the environment, the company provided a general impairment provision of Rs. 38,937,651/- and Rs. 6,180,540/- was written off as unrealizable.

6.1 Impairment of Other Project Investments

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
As at 01 April	38,937,651	30,680,731	38,937,651	30,680,731
Charge for the Year	15,000,000	14,437,460	15,000,000	14,437,460
Write Off	(4,042,169)	(6,180,540)	(4,042,169)	(6,180,540)
As at 31 March	49,895,482	38,937,651	49,895,482	38,937,651

7. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Trade Receivables	1,243,481,029	504,086,130	271,544,335	230,576,767
Other Receivables	323,176,816	357,369,402	155,413,091	26,956,018
Advances and Prepayment	50,462,999	34,471,267	21,268,853	22,726,330
Amounts Due from Related Parties (Note 7.1)	24,876,716	5,885,526	282,748,210	182,958,965
Loans to Company Officers (Note 7.2)	3,526,661	4,863,497	3,390,661	4,676,369
	1,645,524,221	906,675,822	734,365,150	467,894,449

7.1 Amounts Due from Related Parties

		Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Relationship					
Vidul Engineering Ltd	Subsidiary	-	-	89,030,492	72,432,758
Walagamba Balashakthi (Pvt) Ltd	Subsidiary	-	-	-	4,350,186
Rideepana Hydro (Pvt) Ltd	Subsidiary	-	-	-	13,340,934
Lower Kotmale Oya Hydro Power (Pvt) Ltd	Subsidiary	-	-	52,663,689	21,651,885
Vidul Plantation (Pvt) Ltd	Subsidiary	-	-	2,476,232	8,351,136
Udawela Hydro (Pvt) Ltd	Subsidiary	-	-	113,778,969	56,952,966
Vidul Biomass (Pvt) Ltd	Joint Venture	5,317,860	5,118,808	5,310,534	5,112,382
Gurugoda Hydro (Pvt) Ltd	Joint Venture	2,519,963	262,994	2,512,734	262,994
Vidul Madugeta (Pvt) Ltd	Joint Venture	16,198,141	482,939	16,157,089	482,939
Nilwala Vidulibala Company (Pvt) Ltd	Associate	840,752	20,785	818,471	20,785
		24,876,716	5,885,526	282,748,210	182,958,965

7.2 Loans to Company Officers

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Balance as at the Beginning of the Year	4,863,497	2,344,988	4,676,369	2,032,248
Loans Granted / Transferred during the Year	45,000	4,433,000	45,000	4,423,000
Less : Repayments	(1,702,627)	(1,478,901)	(1,651,499)	(1,317,901)
Effective Interest Rate Adjustment	320,791	(435,590)	320,791	(460,978)
Balance as at the End of the Year	3,526,661	4,863,497	3,390,661	4,676,369

Notes to the Financial Statements [contd.]

Year ended 31 March 2022

8. STATED CAPITAL

8.1 Fully Paid Ordinary Shares

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Fully Paid Ordinary Shares- Voting				
Balance as at 1 April	1,469,839,867	1,417,908,484	1,469,839,867	1,417,908,484
Issue of Ordinary Shares	62,850,182	51,931,383	62,850,182	51,931,383
Balance as at 31 March	1,532,690,049	1,469,839,867	1,532,690,049	1,469,839,867
Fully Paid Ordinary Shares- Non Voting				
Balance as at 1 April	-	-	-	-
Issue of Non Voting Shares	253,379,301	-	253,379,301	-
Balance as at 31 March	253,379,301	-	253,379,301	-
Total Stated Capital	1,786,069,350	1,469,839,867	1,786,069,350	1,469,839,867

8.1.1 Rights Issue

Company concluded a rights issue of non-voting share at a ratio of 1 non-voting share for every 11.72 ordinary voting shares held, raising sum of Rs 253,379,301/- for the purpose of investments in solar power projects. The non-voting shares (VLL.X0000) were listed on 17th June 2021. The Below table illustrates the allocation of the rights issue fund and presents utilised status.

Objective	Purpose	Fund requirement	Period of Use	Amount allocated from proceeds	% of proceeds	Amount utilized	% of proceeds utilized vs Allocation	Clarification if not fully utilized
Investment in rooftop Solar	Investment in Rooftop Solar power project	30mn	6 months	30mn	100%	30mn	100%	
Investment in ground - mounted Solar	Equity Investment in ground mounted solar PP	50mn	1 year	35mn	70%	35mn	100%	
	Equity Investment in ground mounted solar PP	170mn	1.5 year	120mn	71%	120mn	100%	
	Investment in predevelopment & equity investment in development of the solar PP	80mn	1.5 year	68mn	100%	35 Mn	51%	

Any unutilized proceeds from the rights issue is used to retire the working capital facilities, which is readily available with the company when the need arises in meeting the primary purpose of the rights issue.

Further to the objectives of the rights issue on non-voting shares, the objectives 3 & 4 are in progress with investments partially completed. However, given the cost escalations experienced due to the prevailing economic conditions, we expect the equity required to be increased substantially. Presently, multiple options including increasing the equity infusion is being considered.

Necessary approvals obtained under section 9 of the listing rules where necessary.

8.2 Employee Share Option Scheme (ESOS)

The company established the Employee Share Option Scheme in 2017 and the scheme was divided into Four phases to be granted over the four years period.

The Board of Directors, with the approval in principal of the Colombo Stock Exchange, and authorised by the shareholders at an Extraordinary General Meeting on 01 May 2017, to create a Employee Share Option Scheme (ESOS) to offer 41,093,439 ordinary shares being 5% of the total number of shares in issue to Executive Directors and Executives of the Company and its Subsidiaries whom the Board deems to be eligible to be awarded the shares. Accordingly, the options were granted to the Executive Directors and Executives of the Company and its subsidiaries.

During the period of 2018-2020 ESOP was not subscribed under the prevailing subdued performance of the share prices of the share market. Considering the importance of achieving the goals of the ESOS scheme originally envisaged, the Board of Directors resolved to extend the exercise period of the phase 1 & phase 2 of the issue by further one year period.

	Date of Grant	No of Shares Granted*	Grant Price (Rs.)	Vesting Period	Exercise Period
Grant 1	26-01-2017	10,273,364	4.83	1 Year	3 Years
Grant 2	01-04-2018	10,273,364	4.97	1 Year	3 years
Grant 3	01-04-2019	10,273,364	4.42	1 Year	2 Years
Grant 4	01-04-2020	10,273,364	4.30	1 Year	2 Years

Under the Group's Employee Share Option Scheme (ESOS), share options of the parent are granted to executives of the Group/ Company generally with more than 2 years of service. The exercise price of the share options is equal to the 30 day volume weighted average market price of the underlying shares on the date of grant. The share options vested after period of one year from the date of grant and it depends on the performance and time criteria. The fair value of the share options is estimated at the grant date using the Black Scholes option pricing model taking into account the terms and conditions upon which the share options were granted.

The Company has not incurred expense on Employee Share Option Scheme as shares options were exercised at the market price of the granted date.

Total Number of Options issued	41,093,439
Options Exercised**	24,338,733
Total Consideration Received	Rs. 114,781,565
Option Expired	7,317,071
Outstanding Options	9,437,635
Expected Future Subscription value	Rs. 40,581,831

*As per the provisions of the listing rule, the number of options granted has been adjusted to factor the increase in shares due to capitalization of reserves at a rate of 1 for every 10 shares held at the financial year of 2017/2018.

**In accordance with the provisions of the Companies Act No. 07 of 2007, the company has not extended financial assistance to employees for the purpose of exercising the share option scheme.

Notes to the Financial Statements [contd.]

Year ended 31 March 2022

8. STATED CAPITAL (CONTD.)

8.3 Movement in Number of Ordinary Shares

	Group		Company	
	2022 Number of Shares	2021 Number of Shares	2022 Number of Shares	2021 Number of Shares
Fully Paid Ordinary Shares- Voting				
Balance as at 1 April	848,458,689	837,785,465	848,458,689	837,785,465
Issue of Ordinary voting shares	13,665,509	10,673,224	13,665,509	10,673,224
Balance as at 31 March	862,124,198	848,458,689	862,124,198	848,458,689
Fully Paid Ordinary Shares- Non Voting				
Balance as at 1 April	-	-	-	-
Issue of Ordinary non-voting shares	72,394,086	-	72,394,086	-
Balance as at 31 March	72,394,086	-	72,394,086	-
Total No of Shares	934,518,284	848,458,689	934,518,284	848,458,689

The Shares of the Company are listed at Colombo Stock Exchange.

9. INTEREST-BEARING LOANS, BORROWINGS AND IJARA LEASES

9.1 Group

	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	2022 Total Rs.	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	2021 Total Rs.
Diminishing Musharakah Facilities (9.1.1)	754,262,845	3,109,948,487	3,864,211,332	630,609,222	2,788,251,994	3,418,861,216
Short Term Working Capital Facilities (9.1.2)	493,739,339	-	493,739,339	427,946,139	-	427,946,139
	1,248,002,184	3,109,948,487	4,357,950,671	1,058,555,361	2,788,251,994	3,846,807,355

9.1.1 Diminishing Musharakah Facilities

	As at 01.04.2021	Facilities Obtained	Exchange Differences on Translation	Repayments / Transfers	As at 31.03.2022
	Rs.	Rs.	Rs.	Rs.	Rs.
Amana Bank PLC	235,000,000	-	-	(58,667,427)	176,332,573
MCB Bank Ltd	113,213,875	-	-	(37,737,960)	75,475,915
National Development Bank PLC	801,277,707	18,931,986	-	(183,623,251)	636,586,442
Syndicated Facility (National Development Bank PLC & Seylan Bank PLC)	1,361,277,037	-	667,734,586	(38,042,464)	1,990,969,159
Syndicated Facility (Bank of Ceylon & Hattan National Bank PLC)	835,081,597	-	273,607,445	(315,874,964)	792,814,078
Seylan Bank PLC	73,011,000	157,231,165	-	(38,209,000)	192,033,165
	3,418,861,216	176,163,151	941,342,031	(672,155,066)	3,864,211,332
Gross Liability	4,140,354,946	-	-	-	4,949,240,223
Finance Charges Allocated to Future Periods	(721,493,730)	-	-	-	(1,085,028,890)
Net Liability	3,418,861,216	-	-	-	3,864,211,332

Facilities Obtained includes Rs 18,931,986/- transferred from Current Liabilities to Non Current Liabilities.

9.1.2 Short Term Working Capital Facilities

	As at 01.04.2021	Facilities Obtained	Repayments	As at 31.03.2022
	Rs.	Rs.	Rs.	Rs.
Commercial Papers	158,763,452	229,975,887	(150,000,000)	238,739,339
Amana Bank PLC	255,000,000	155,000,000	(255,000,000)	155,000,000
Hatton National Bank PLC	-	50,000,000	-	50,000,000
National Development Bank PLC	14,182,687	-	(14,182,687)	-
NDB Wealth Islamic Money Plus Fund	-	100,000,000	(50,000,000)	50,000,000
	427,946,139	534,975,887	(469,182,687)	493,739,339

9.2 Company

	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	2022 Total Rs.	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	2021 Total Rs.
Diminishing Musharakah Facility (9.2.1)	105,555,600	556,124,873	661,680,473	116,666,800	652,946,487	769,613,287
Short Term Working Capital Facilities (9.2.2)	473,739,339	-	473,739,339	427,946,139	-	427,946,139
	579,294,939	556,124,873	1,135,419,812	544,612,939	652,946,487	1,197,559,426

Notes to the Financial Statements [contd.]

Year ended 31 March 2022

9. INTEREST-BEARING LOANS, BORROWINGS AND IJARA LEASES (CONTD.)

9.2.1 Diminishing Musharakah Facilities

	As at 01.04.2021 Rs.	Facilities Obtained Rs.	Transferred on Amalgamation	Repayments / Transfers Rs.	As at 31.03.2022 Rs.
National Development Bank PLC	702,391,087	18,931,986	-	(100,000,000)	621,323,073
National Development Bank PLC (Saubhagya loan)	22,222,200	-	-	(16,666,800)	5,555,400
Amana Bank PLC	45,000,000	-	-	(45,000,000)	-
Seylan Bank PLC	-	-	41,048,000	(6,246,000)	34,802,000
	769,613,287	18,931,986	41,048,000	(167,912,800)	661,680,473
Gross Liability	1,068,080,727	-	-	-	877,417,861
Finance Charges Allocated to Future Periods	(298,467,440)	-	-	-	(215,737,388)
Net Liability	769,613,287	-	-	-	661,680,473

9.2.2 Short Term Working Capital Facilities

	As at 01.04.2021 Rs.	Facilities Obtained Rs.	Repayments Rs.	As at 31.03.2022 Rs.
Commercial Papers	158,763,452	209,975,887	(150,000,000)	218,739,339
Amana Bank PLC	255,000,000	155,000,000	(255,000,000)	155,000,000
Hatton National Bank PLC	-	50,000,000	-	50,000,000
National Development Bank PLC	14,182,687	-	(14,182,687)	-
NDB Wealth Islamic Money Plus Fund	-	100,000,000	(50,000,000)	50,000,000
	427,946,139	514,975,887	(469,182,687)	473,739,339

10. INCOME TAX

The Major Components of Income Tax Expense for the Year Ended 31 March 2022 are as follows:

Year ended 31 March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Current Income Tax				
Current Tax Expense on Ordinary Activities for the Year	(12,328,579)	196,016,860	31,636,559	5,373,603
(Over) / Under Provision of Current Taxes in respect of Prior Years	-	-	(2,433,373)	-
	(12,328,579)	196,016,860	29,203,186	5,373,603
Deferred Income Tax				
Deferred Taxation Charge / (Reversal)	503,526,705	23,951,870	(3,631,516)	2,185,329
Income Tax Expense Reported in the Income Statement	503,526,705	23,951,870	(3,631,516)	2,185,329
	491,198,126	219,968,730	25,571,670	7,558,932
Other Comprehensive Income Statement				
Deferred Taxation Charge/(Reversal)	(847,955)	50,615	(815,155)	42,009
Income Tax Expenses in Other Comprehensive Income	(847,955)	50,615	(815,155)	42,009

10.1 A Reconciliation between Tax Expense and the Accounting Profits Multiplied by Statutory Tax Rate is as follows;

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Tax on Profit from Trade, Business & Other				
Accounting Profit Before Tax	1,357,074,987	814,920,089	201,403,273	128,431,816
At the Statutory Income Tax Rate of 10 % (2021 : 10%)	11,194,689	22,726,153	2,177,074	-
At the Statutory Income Tax Rate of 14 % (2021 : 14%)	90,399,505	43,352,984	28,196,458	17,965,633
At the Statutory Income Tax Rate of 24 % (2021 : 24%)	86,201	158,363	737,014	-
At the Statutory Income Tax Rate of 30 % (2021 : 30%)	(24,580,897)	165,176,651	-	-
Tax Effect of Disallowable Expenses	103,087,338	30,259,890	9,572,650	5,606,438
Tax Effect of Aggregate Allowable Items	(112,604,952)	(85,082,098)	(38,466,629)	(36,765,089)
Tax Effect of Income Exempt from Tax	(23,736,045)	(30,868,246)	-	(8,416,799)
Tax Effect on Investment Income	29,419,992	31,818,140	29,419,992	31,818,140
WHT on Dividend	-	11,167,800	-	-
Tax Effect of Utilisation of Tax Losses	(143,091,812)	(16,907,506)	-	(4,834,720)
At the Effective Income Tax Rates	(69,825,981)	171,802,130	31,636,559	5,373,603
Deferred Taxation Charge / (Reversal)	563,457,480	48,166,599	(3,631,516)	2,185,329
(Over) / Under Provision of Income Tax in respect of Previous Years	(2,433,373)	-	(2,433,373)	-
Deduction of previous year Tax loss	-	-	-	-
Total Income Tax Expense Reported in the Income Statement	491,198,126	219,968,730	25,571,670	7,558,932
Effective Tax Rate (%)	36%	27%	13%	6%

10.2 Group- Deferred Tax Liabilities

	Statement of Financial Position		Statement of Comprehensive Income	
Year ended 31 March	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Deferred Tax Liability				
Capital Allowances for Tax Purposes	1,041,147,737	317,001,651	724,146,086	21,857,097
	1,041,147,737	317,001,651	-	-
Deferred Tax Assets				
Defined Benefit Plans	(6,192,911)	(5,077,196)	(1,115,715)	(990,188)
ROU Assets	(637,323)	(132,421)	(504,902)	(132,421)
Impairment Provision on Other Project Investments	(52,097,565)	(5,215,867)	(46,881,698)	(920,565)
Tax Losses Brought Forward	(170,972,375)	-	(170,972,375)	3,570,011
	(229,900,174)	(10,425,484)	-	-
Exchange Translation Adjustments	-	-	-	1,404,253
Deferred Tax (Reversal) / Charge	-	-	504,671,396	24,788,187
Deferred Tax Charge for OCI	-	-	-	-
Net Deferred Tax Liability / (Asset)	811,247,563	306,576,167	-	-

Notes to the Financial Statements [contd.]

Year ended 31 March 2022

10. INCOME TAX (CONTD.)

10.3 Group - Deferred Tax Asset

	Statement of Financial Position		Statement of Comprehensive Income	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Deferred Tax Liability				
Tax effect of property, plant & equipment	4,559,787	2,018,388	2,541,399	2,073,154
	4,559,787	2,018,388	-	-
Deferred Tax Assets				
Tax effect of Employee Benefit Obligations	(748,089)	(603,703)	(144,386)	(115,810)
Tax effect of Tax Loss Carried Forward	(5,972,804)	(2,408,163)	(3,564,641)	(2,408,163)
Tax effect of ROU Assets	(362,561)	(385,498)	22,937	(385,498)
	(7,083,454)	(3,397,364)	-	-
Deferred Tax (Reversal) / Charge	-	-	(1,144,691)	(836,317)
Deferred Tax Charge for OCI	-	-	-	-
Net Deferred Tax Liability / (Asset)	(2,523,667)	(1,378,976)	-	-

10.4 Company - Deferred Tax Liability

	Statement of Financial Position		Statement of Comprehensive Income	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Deferred Tax Liability				
Tax effect of Property, Plant & Equipment	22,467,458	22,451,431	16,027	349,414
Transfers on Amalgamation	7,185,543	-	-	-
	29,653,001	22,451,431	-	-
Deferred Tax Assets				
Tax effect of Employee Benefit Obligations	(5,939,662)	(4,729,921)	(1,209,741)	(757,950)
Tax effect of Provisions	(6,749,963)	(5,215,867)	(1,534,096)	(920,565)
Tax effect of Tax Loss Carried Forward	(811,642)	-	(811,642)	3,570,011
Tax effect of ROU Assets	(147,645)	(55,581)	(92,064)	(55,581)
	(13,648,912)	(10,001,369)	-	-
Deferred Tax (Reversal) / Charge	-	-	(3,631,516)	2,185,329
Deferred Tax Charge for OCI	-	-	815,155	(42,009)
Net Deferred Tax Liability / (Asset)	16,004,089	12,450,062	-	-

11. TRADE AND OTHER PAYABLES

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Amounts Due to Related Parties (11.1)	-	1,486	31,990,046	-
Sundry Creditors including Accrued Expenses	324,704,877	215,725,835	79,194,939	51,412,617
Dividend Payable	8,547,594	5,627,659	8,547,594	5,627,659
Finance Cost Payable	62,643,412	64,622,687	62,643,412	64,622,687
Financial Guarantee	8,723,172	8,142,053	8,723,172	8,142,053
	404,619,055	294,119,720	191,099,163	129,805,016

11.1 Amounts Due to Related Parties

		Group		Company	
		2022	2021	2022	2021
	Relationship	Rs.	Rs.	Rs.	Rs.
Orik Corporation (Pvt) Ltd	Subsidiary	-	-	17,200,389	-
Rideepana Hydro (Pvt) Ltd	Subsidiary	-	-	14,789,657	-
Vidul Madugeta (Pvt) Ltd	Joint Venture	-	1,486	-	-
		-	1,486	31,990,046	-

12. DEFINED BENEFIT LIABILITY

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Balance as at the Beginning of the Year	39,848,532	33,355,135	33,785,148	28,371,220
Expenses on Defined Benefit Plan (12.1)	4,930,085	7,026,419	3,474,348	5,675,334
Payment during the Year	(2,285,400)	(119,400)	(2,285,400)	-
Inter - Company Transfers during the Year	247,925	12,206	1,629,526	38,659
Net Actuarial (Gain) / Loss Recognized during the Year	6,274,912	(425,828)	5,822,533	(300,065)
Balance as at the End of the Year	49,016,054	39,848,532	42,426,155	33,785,148

12.1 Expenses on Defined Benefit Plan

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Current & Past Service Cost	1,742,203	3,689,685	771,536	2,834,347
Interest Cost on Defined Benefit Liability	3,187,883	3,336,734	2,702,812	2,840,987
	4,930,085	7,026,419	3,474,348	5,675,334

Notes to the Financial Statements [contd.]

Year ended 31 March 2022

12. DEFINED BENEFIT LIABILITY (CONTD.)

12.2 Principal Assumptions

	Group		Company	
	2022	2021	2022	2021
Discount Rate	15.0%	8.0%	15.0%	8.0%
Salary Increment	12.0%	5.0%	12.0%	5.0%
Retirement Age	60	55	60	55
Mortality	A 1967/70 Mortality Table	A 1967/70 Mortality Table	A 1967/70 Mortality Table	A 1967/70 Mortality Table

An actuarial valuation of the gratuity fund was carried out as at 31 March 2022 by Messrs. Actuarial and Management Consultants (Pvt) Ltd a firm of professional actuaries and the valuation method used by the actuary to value the fund is the "Projected Unit Credit Method" recommended by Sri Lanka Accounting Standards - LKAS 19 (Employee Benefits).

12.3 Sensitivity of Assumptions Employed in Actuarial Valuation

The following table demonstrates the sensitivity to a reasonable possible change in the key assumptions employed with all other variables held constant in the employment benefit liability assessment of the Group.

Increase/ Decrease in Discount Rate	Increase / Decrease in Salary Increment	Group		Company	
		Sensitivity Effect on Employment Benefit Obligation		Sensitivity Effect on Employment Benefit Obligation	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
(+1%)		(1,082,727)	(2,109,295)	(2,312,480)	(1,569,676)
(-1%)		4,872,136	1,941,087	2,553,950	1,723,960
	(+1%)	5,172,965	1,949,328	2,814,163	1,670,555
	(-1%)	(1,394,731)	(2,152,244)	(2,580,986)	(1,546,127)

13. REVENUE

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Power Generation - Local	917,411,124	769,595,777	393,404,582	310,727,026
Power Generation - Overseas	1,392,131,180	798,504,337	-	-
Engineering, Consultancy and Project Management	53,854,857	34,301,004	-	-
Plantation	192,500,331	194,669,168	-	-
Solar	11,774,521	-	-	-
	2,567,672,013	1,797,070,286	393,404,582	310,727,026

14. PROFIT / (LOSS) BEFORE TAX

	Group		Company	
Stated after Charging	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Included in Cost of Sales				
Depreciation	206,071,208	179,934,007	15,055,890	13,698,948
Defined Benefit Plan Costs - Gratuity	1,134,026	1,414,400	415,001	566,822
Included in Administrative Expenses				
Depreciation	23,603,247	12,837,558	9,404,080	9,383,012
Staff Costs (Include the following Costs)	187,552,245	132,005,599	169,006,833	117,631,119
Defined Benefit Plan Costs - Gratuity	9,813,979	5,100,649	8,748,128	4,611,709
Defined Contribution Plan Costs - EPF and ETF	15,744,060	11,479,106	11,118,611	10,194,413
Auditors' Remunerations - Audit Fees	7,702,383	4,886,095	1,038,000	1,180,440
Impairment / Written Off	4,042,169	6,180,540	4,042,169	6,180,540

15. FINANCE COST

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Musharakah Facilities	288,649,734	301,006,777	118,264,671	144,317,361
Finance Cost - Staff Loan IFRS	448,815	462,507	399,162	238,799
Finance Cost - Right of Use Asset IFRS	12,521,849	10,164,413	619,343	1,417,663
	301,620,398	311,633,697	119,283,176	145,973,823

16. FINANCE INCOME

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Profit from Mudarabah Savings Accounts	3,442,379	1,133,501	2,828,443	1,133,501
Finance Income - Staff Loan	395,291	408,861	320,792	344,656
	3,837,670	1,542,362	3,149,235	1,478,157

Notes to the Financial Statements [contd.]

Year ended 31 March 2022

17. OTHER INCOME AND GAINS / (LOSSES)

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Dividend Received	67,801	-	210,142,801	226,138,930
Profit on Disposal of Property, Plant and Equipment	109,000	5,684,103	109,000	5,684,103
Profit on Disposal of ROU	-	7,500,000	-	7,500,000
Other Income	124,629,019	102,527,511	24,105,700	(2,193,957)
Gain / (Loss) in Exchange Rate Fluctuations	11,534,207	7,966,706	20,750,358	7,966,706
	136,340,027	123,678,320	255,107,859	245,095,782

17.1 Other income includes receipt of GETFiT grant amounting to Rs 101,557,837/- by Muvumbe Hydro (U) Ltd.

18. EARNINGS PER SHARE

Basic Earnings Per Share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Amount Used as Numerator				
Net Profit/(Loss) Attributable to Ordinary Shareholders of the parent for Earnings Per Share	849,363,573	575,427,248	175,831,603	120,872,884
Number of Ordinary Shares Used as Denominator	Nos.	Nos.	Nos.	Nos.
Weighted Average No. of Voting shares	855,470,437	845,625,195	855,470,437	845,625,195
Weighted Average No. of Non-Voting Shares	57,079,952	-	57,079,952	-
Weighted Average No. of Total shares for Basic EPS Calculation	912,550,389	845,625,195	912,550,389	845,625,195
Add : Bonus Element on No. of Outstanding options under ESOS as at the Year-end*	3,721,884	3,966,470	3,721,884	3,966,470
Weighted Average No. of Total shares for Diluted EPS Calculation	916,272,273	849,591,665	916,272,273	849,591,665
Earning Per Share - Basic	0.93	0.68	0.19	0.14
Earning Per Share - Diluted	0.93	0.68	0.19	0.14

(*) The market value of the Company's shares for the purpose of calculating the dilutive effect of share options has been based on the excess of quoted market price as of 31 March 2022 and 31 March 2021 over the exercise price.

19. DIVIDEND PAID AND PROPOSED

	2022 Rs.	2021 Rs.
Declared and Paid During the Year		
1st Interim Dividend - 2021/22 Rs. 0.125 (2020/21 Rs.0.10)	106,057,336	84,195,179
2nd Interim Dividend - 2021/22 Rs. 0.175 (2020/21 Nil)	161,268,492	-
	267,325,828	84,195,179

20. CASH AND CASH EQUIVALENTS

Components of Cash and Cash Equivalents	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Favourable Cash and Cash Equivalents Balance				
Cash and Bank Balances	854,432,051	423,098,790	37,260,782	116,028,674
Total Cash and Cash Equivalents For the Purpose of Cash Flow Statement	854,432,051	423,098,790	37,260,782	116,028,674

21. LEASE LIABILITY

21.1 Lease Liability - Group

	Repayable Within 1 Year Rs.	Repayable After 1 Year Rs.	2022 Total Rs.	Repayable Within 1 Year Rs.	Repayable After 1 Year Rs.	2021 Total Rs.
Leases other than Motor Vehicle	4,873,049	61,420,770	66,293,819	7,905,076	68,253,308	76,158,384
Ijara Leases (Motor Vehicle) (21.1.1)	10,044,143	16,780,308	26,824,451	9,503,334	16,060,872	25,564,206
	14,917,192	78,201,078	93,118,270	17,408,410	84,314,180	101,722,590

	Balance as at 01.04.2021 Rs.	Additions Rs.	Repayments Rs.	Balance as at 31.03.2022 Rs.
Leases other than Motor Vehicle (21.1)	76,158,384	-	(9,864,565)	66,293,819
Ijara Leases (Motor Vehicle) (21.1.1)	25,564,206	10,000,000	(8,739,755)	26,824,451
	101,722,590	10,000,000	(18,604,320)	93,118,270

Notes to the Financial Statements [contd.]

Year ended 31 March 2022

21. LEASE LIABILITY (LOSSES)

21.1.1 Ijara Leases (Motor Vehicle)

	As at 01.04.2021 Rs.	Facilities Obtained Rs.	As at Repayments Rs.	31.03.2022 Rs.
Hatton National Bank PLC	1,739,010	10,000,000	(1,235,502)	10,503,508
Amana Bank PLC	1,139,020	-	(1,387,298)	(248,278)
Commercial Bank of Ceylon PLC	22,686,176	-	(6,116,955)	16,569,221
	25,564,206	10,000,000	(8,739,755)	26,824,451
Gross Liability	28,322,383	-	-	32,170,988
Finance Charges Allocated to Future Periods	(2,758,177)	-	-	(5,346,536)
Net Liability	25,564,206	-	-	26,824,451

21.2 Lease Liability - Company

	Repayable Within 1 Year Rs.	Repayable After 1 Year Rs.	2022 Total Rs.	Repayable Within 1 Year Rs.	Repayable After 1 Year Rs.	2021 Total Rs.
Leases other than Motor Vehicle	232,312	3,970,224	4,202,536	1,945,552	233,466	2,179,018
Ijara Leases (Motor Vehicle) (21.2.1)	2,824,626	2,814,972	5,639,598	4,059,538	5,639,598	9,699,136
	3,056,938	6,785,196	9,842,134	6,005,090	5,873,064	11,878,154

	Balance as at 01.04.2021 Rs.	Addition	Amelgamation	Repayments	Balance as at 31.03.2022 Rs.
		Rs.		Rs.	
Leases other than Motor Vehicle (21.2)	2,179,018	-	3,990,926	(1,967,408)	4,202,536
Ijara Leases (Motor Vehicle) (21.2.1)	9,699,136	-	-	(4,059,538)	5,639,598
	11,878,154	-	3,990,926	(6,026,946)	9,842,134

21.2.1 Ijara Leases (Motor Vehicle)

	As at 01.04.2021 Rs.	Facilities Obtained Rs.	Repayments Rs.	As at 31.03.2022
Commercial Bank of Ceylon PLC	9,699,136		(4,059,538)	5,639,598
	9,699,136	-	(4,059,538)	5,639,598
Gross Liability	11,460,697			6,450,755
Finance Charges Allocated to Future Periods	(1,761,561)			(811,157)
Net Liability	9,699,136			5,639,598

21.3 Maturity Analysis of Lease Liability

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Less than 1 Year	14,917,192	17,408,410	3,056,938	6,005,090
1 to 5 Years	16,718,874	25,489,766	5,217,198	5,873,064
More than 5 Years	61,482,204	58,824,414	1,567,998	-
Total	93,118,270	101,722,590	9,842,134	11,878,154

Notes to the Financial Statements [contd.]

Year ended 31 March 2022

22. SEGMENT INFORMATION

	Power Generation - Local		Power Generation - Overseas	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Segmental Revenue	917,411,124	769,595,777	1,392,131,180	798,504,337
Segmental Results				
Depreciation	(87,760,889)	(92,561,935)	(125,628,489)	(96,755,084)
Finance Cost	(233,416,212)	(239,855,563)	(51,235,697)	(58,450,280)
Finance Income	3,778,104	1,503,545	-	-
Profit Share of Investment Income from Joint Ventures	96,587,036	87,432,858	-	-
Profit / (Loss) Before Tax	424,582,190	265,645,058	1,012,512,993	550,588,838
Income Tax Expense	(81,946,471)	(55,953,425)	(409,280,922)	(164,782,630)
Profit / (Loss) for the Year	342,635,719	209,691,633	603,232,071	385,806,208

	Power Generation - Local		Power Generation - Overseas	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Non-Current Assets	3,001,043,187	3,063,050,628	5,314,131,736	3,611,227,664
Current Assets	943,664,230	627,657,893	1,768,032,290	697,856,159
Total Assets	3,944,707,417	3,690,708,521	7,082,164,026	4,309,083,823
Non-Current Liabilities	824,634,811	1,001,219,218	3,025,417,869	2,111,969,191
Current Liabilities	806,855,470	737,371,767	635,786,522	508,038,908
Total Liabilities	1,631,490,281	1,738,590,985	3,661,204,391	2,620,008,099

Dendro & Plantation		Solar		Engineering Consultancy and Project Management		Group	
2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
192,500,331	194,669,168	38,809,265	4,996,200	26,820,113	29,304,804	2,567,672,014	1,797,070,286
(1,890,632)	-	(9,342,680)	(729,863)	(3,383,013)	(2,724,683)	(228,005,703)	(192,771,565)
(9,976,403)	(9,651,854)	(4,341,905)	(525,024)	(2,650,181)	(3,150,975)	(301,620,398)	(311,633,697)
-	-	-	-	59,566	38,817	3,837,670	1,542,362
(22,546,369)	18,845,460	-	-	-	-	74,040,667	106,278,318
(76,117,588)	1,601,358	12,407,255	2,354,968	(16,309,863)	(5,270,134)	1,357,074,987	814,920,088
-	-	(1,086,581)	-	1,115,848	767,325	(491,198,126)	(219,968,730)
(76,117,588)	1,601,358	11,320,674	2,354,968	(15,194,015)	(4,502,809)	865,876,861	594,951,358

Dendro & Plantation		Solar		Engineering Consultancy and Project Management		Group	
2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
121,217,629	124,870,840	279,309,874	75,914,740	6,165,704	6,497,253	8,721,868,130	6,881,561,125
12,272,155	12,977,809	42,978,791	4,537,628	17,076,153	67,163,675	2,784,023,618	1,410,193,164
133,489,784	137,848,648	322,288,666	80,452,368	23,241,857	73,660,928	11,505,891,748	8,291,754,289
70,967,821	91,157,494	121,935,810	-	5,456,871	14,644,969	4,048,413,182	3,218,990,873
98,274,041	43,834,118	150,585,389	75,867,518	40,850,566	62,725,519	1,732,351,988	1,427,837,830
169,241,862	134,991,612	272,521,199	75,867,518	46,307,437	77,370,488	5,780,765,170	4,646,828,703

Notes to the Financial Statements [contd.]

Year ended 31 March 2022

23. COMMITMENTS & CONTINGENCIES

23.1 Capital Expenditure Commitments

During the year the group entered into Capital commitment contracts , mainly purpose of constructing Solar power plant in Horana, the total value of the contractor contracted but not provided for amounts to Rs. 226.55 Mn.

23.2 Corporate Guarantees

Company Name	Relationship with Vidullanka PLC	Amount of Guarantee Provided by Vidullanka PLC	Amount of Loan Obtained by the Relevant Company	Loan Balance as at 31 March 2022	Loan Balance as at 31 March 2021
Lower Kothmale Oya Hydro Power (Pvt) Ltd	Subsidiary	610,000,000	610,000,000	2,887,800	53,139,966
Muvumbe Hydro (U) Ltd *	Subsidiary	2,541,500,000	1,291,915,000	792,814,078	803,094,847
Walagamba Balashakthi (Pvt) Ltd **	Subsidiary	N/A	120,000,000	-	73,011,000
Udawela Hydro (Pvt) Ltd	Subsidiary	293,000,000	293,000,000	75,475,915	113,213,875
Vidul Plantation (Pvt) Ltd	Subsidiary	49,850,000	40,000,000	64,753,502	63,524,395
Vidul Engineering Ltd	Subsidiary	85,000,000	68,654,840	68,654,840	-
Orik Corporation (Pvt) Ltd	Subsidiary	97,000,000	88,576,325	88,576,325	-
Vidul Biomass (Pvt) Ltd	Joint Venture	793,800,000	957,265,000	857,485,473	939,364,426
Vidul Madugeta (Pvt) Ltd	Joint Venture	160,000,000	160,000,000	12,059,029	38,259,989
Gurugoda Hydro (Pvt) Ltd	Joint Venture	40,000,000	40,000,000	14,039,986	20,459,991
Solar Universe (Pvt) Ltd	Associate	300,000,000	-	545,909,094	-
		4,970,150,000	3,669,411,165	2,522,656,043	2,104,068,489

* Vidullanka PLC Issued a Corporate Guarantee worth US\$ 8.5 Mn to facilitate Muvumbe Hydro (U) Ltd securing the required project funding in 2015/16 , Presently US\$ 2,651,552/- is outstanding.

** Walagamba Balashakthi (Pvt) Ltd amalgamated with Vidullanka PLC with effect from 01 January 2022.

24. ASSETS PLEDGED

The following assets have been pledged as security for liabilities.

24.1 Company

Nature of Liability	Carrying Amount of Pledged Assets	
	2022 Rs.	2021 Rs.
Charge over Leased Assets on Finance Lease Liabilities		
Previous Year and ROU Asset of Current Year	10,895,095	14,971,005
Diminishing Musharakah (Trade & Term Loan)	601,223,373	420,266,471
Total Carrying Value of Assets Pledged	612,118,468	435,237,476

24.2 Group

Charge over Leased Assets on Finance Lease Liabilities		
Previous Year and ROU Asset of Current Year	23,368,345	31,883,963
Diminishing Musharakah (Trade & Term Loan)	7,255,211,705	5,539,316,792
Total Carrying Value of Assets Pledged	7,278,580,050	5,571,200,755

25. LITIGATIONS

Following Court actions have been initiated against the Company.

a) D.C. Ratnapura Case No. 22020/L - plaintiffs have closed their case and we have concluded three witnesses.

26. RELATED PARTY DISCLOSURE

26.1 Details of Significant Related Party Disclosure are as follows:

The Company carried out following transactions with related parties in the ordinary course of its business on an arms length basis at commercial rates during the year.

Company	Relationship	Nature of Transactions	2022	2021
			Rs.	Rs.
Walagamba Balashakthi (Pvt) Ltd (WMB)	Subsidiary	Expenses incurred by VLL on behalf of WMB	20,600,000	8,711,759
		Fund Transfer done by WMB	9,086,035	3,000,000
		Settlement done by WMB	(6,065,889)	(40,064,955)
Rideepana Hydro (Pvt) Ltd (RHPL)	Subsidiary	Expenses incurred by VLL on behalf of RHPL	13,426,545	10,778,980
		Funds Transfers to RHPL	4,200,000	
		Funds Transfers from RHPL	(41,000,000)	(106,752,150)
		Settlement done by RHPL	(4,757,135)	(5,309,292)
		Dividends from RHPL	15,200,190	71,725,190
Vidul Engineering Ltd (VEL)	Subsidiary	Expenses incurred by VLL on behalf of VEL	13,049,134	21,712,459
		Settlement done by VEL	(24,640,713)	(16,889,586)
		Fund transfer from VEL	-	(4,605,000)
		Fund transfer from VLL	1,252,528	64,500,000
Vidul Madugeta (Pvt) Ltd (VMPL)	Joint Venture	Expenses incurred by VLL on behalf of VMPL	8,144,740	7,304,229
		Settlements done by VMPL	(38,342,509)	(7,928,889)
		Dividends from VMPL	45,600,000	24,750,000
Gurugoda Hydro (Pvt) Ltd (GHPL)	Joint Venture	Expenses incurred by VLL on behalf of GHPL	8,199,009	5,423,359
		Settlement done by GHPL	(5,949,270)	(5,842,978)
Lower Kotmale Oya Hydro Power (Pvt) Ltd (LKM)	Subsidiary	Expenses incurred by VLL on behalf of LKM	16,089,687	8,434,570
		Funds Transfers to LKM	19,700,000	15,500,000
		Settlements by LKM	(134,977,883)	(125,485,996)
		Dividends from LKM	130,200,000	45,000,000
Muvumbe Hydro (U) Ltd (MVB)	Subsidiary	Dividends from MVB	-	61,119,990
Udawela Hydro (Pvt) Ltd (UDW)	Subsidiary	Funds Transfers to UDW	55,974,794	17,000,000
		Expenses incurred by VLL on behalf of UDW	4,985,382	5,643,330
		Settlement done by UDW	(4,134,172)	(13,967,830)
Vidul Biomass (Pvt) Ltd (VBL)	Subsidiary	Funds Transferred to VBL	(12,500,000)	-
		Expense incurred by VLL on behalf of VBL	198,150	115,582
		Issue of Shares	-	-
		Settlements from VBL	12,500,000	(3,628,327)
Vidul Plantations (Pvt) Ltd (VPL)	Subsidiary	Funds transferred to VPL	(9,090,549)	-
		Expense incurred by VLL on behalf of VPL	(34,546)	142,851
		Issue of Shares	15,000,000	-
		Settlement done by VPL	-	-
Orik Corporation (Pvt) Ltd (ORIK)	Subsidiary	Expense incurred by VLL on behalf of ORIK	(86,442,122)	-
		Issue of Shares	26,000,000	
		Settlement done by ORIK	77,642,512	
Nilwala Vidulibala Company (Pvt) Ltd (NVC)	Associate	Funds transferred to NVC / Expense incurred by VLL on behalf of NVC	9,047,446	7,942,963
		Settlement / Fund Transfer done by NVC	(8,249,761)	(9,267,464)
		Dividends from NVC	26,775,000	24,543,450

Notes to the Financial Statements [contd.]

Year ended 31 March 2022

26. RELATED PARTY DISCLOSURE (CONTD.)

26.2 Terms and Conditions

Transactions with related parties are carried out in the ordinary course of business on relevant commercial terms. Outstanding balances at the year end are unsecured and net settlement occurs in cash.

26.3 Recurrent Related Party Transactions

There were no recurrent related party transactions which in aggregate value exceeds 10% of the Gross Revenue / Income as per 31 March 2022 Audited Financial Statements.

26.4 Non-Recurrent Related Party Transactions

On 1 January 2022 Company Amalgamated with Walagamaba Balashakthi (Pvt) Ltd which is a fully owned subsidiary of Vidullanka PLC, the value of assets amalgamated with Vidullanka PLC exceeds 5% of the total assets of the company as per the Audited Financial Statements.

Name of the Related Party	Relationship	Value of the Related Party Transactions entered into during the financial year	Value of Related Party Transactions as a % of Equity and as a % of Total Assets	Terms and Conditions of the Related Party Transactions	The rationale for entering into the transactions
Walagamaba Balashakthi (Pvt) Ltd	Subsidiary	162,958,384	5.31% as of Total Assets 9.27% as of Equity	N/A	Synergy and Operational Efficiency

26.5 Transactions with Key Management Personnel of the Company

Key Management Personnel (KMPs) are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group. Such key management personnel of the Group are the members of its Board of Directors and the members of corporate management, that of its parent, and Chief Executive Officer, Independent Transactions with Key Management Personnel and transactions with the Close Family Members (CFMs) of the KMPs, if any, also been have taken into consideration in the following disclosure.

	2022 Rs.	2021 Rs.
Key Management Personnel Compensation		
Short-Term Employee Benefits	54,584,200	41,044,800
Post Employment Benefits	3,962,880	3,808,470
Other Benefits Paid by the Company	-	-
	58,547,080	44,853,270
Other Transactions - Dividend Payment	175,526,443	56,150,620

27. FAIR VALUE DISCLOSURE

27.1 Fair Value of Financial Assets and Liabilities

Set out below is a comparison, by class, of the carrying amounts and fair value of the Company's and Group's financial instruments:

As at 31 March	Carrying Amount		Fair Value	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Company				
Financial Assets				
Other Financial Assets	160,264,772	32,841,500	160,264,772	32,841,500
Trade and Other Receivables	713,096,297	445,168,119	713,096,297	445,168,119
Cash and Cash Equivalents	37,260,782	116,028,674	37,260,782	116,028,674
	910,621,851	594,038,293	910,621,851	594,038,293
Financial Liabilities				
Loans and Borrowings	1,135,419,812	1,197,559,426	1,135,419,812	1,197,559,426
Trade and Other Payables	191,099,163	129,805,016	191,099,163	129,805,016
	1,326,518,975	1,327,364,442	1,326,518,975	1,327,364,442
Group				
Financial Assets				
Other Financial Assets	160,264,772	32,841,500	160,264,772	32,841,500
Trade and Other Receivables	1,595,061,222	872,204,555	1,595,061,222	872,204,555
Cash and Cash Equivalents	854,432,051	423,098,790	854,432,051	423,098,790
	2,609,758,045	1,328,144,845	2,609,758,045	1,328,144,845
Financial Liabilities				
Loans and Borrowings	4,357,950,671	3,846,807,355	4,357,950,671	3,846,807,355
Trade and Other Payables	404,619,055	294,119,720	404,619,055	294,119,720
	4,762,569,726	4,140,927,075	4,762,569,726	4,140,927,075

The management assessed that cash and short-term deposits, trade and other receivables and trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments. The significant interest bearing loans and borrowings are in floating rate which considered the carrying value as the fair value.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

Notes to the Financial Statements [contd.]

Year ended 31 March 2022

27. FAIR VALUE DISCLOSURE (CONTD.)

27.2 Determination of Fair Value And Fair Value Hierarchy

For all financial instruments where fair values are determined by referring to externally quoted prices or observable pricing inputs to models, independent price determination or validation is obtained. In an inactive market, direct observation of a traded price may not be possible. In these circumstances, the Company uses alternative market information to validate the financial instrument's fair value, with greater weight given to information that is considered to be more relevant and reliable.

Fair values are determined according to the following hierarchy:

Level 1 :	Quoted market price (unadjusted) financial instruments with quoted price in active markets.
Level 2 :	Valuation technique using observable inputs : financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments are valued using models where all significant inputs are observable.
Level 3 :	Valuation technique with significant unobservable inputs : financial instruments are valued using valuation techniques where one or significant inputs are observable.

The following tables shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy.

	Group				Company			
	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Total Rs.	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Total Rs.
Financial Assets								
As at 31 March 2022								
Other Financial Assets	2,177,639	-	158,087,133	160,264,772	2,177,639	-	158,087,133	160,264,772
	2,177,639	-	158,087,133	160,264,772	2,177,639	-	158,087,133	160,264,772
As at 31 March 2021								
Other Financial Assets	-	-	32,841,500	32,841,500	-	-	32,841,500	32,841,500
	-	-	32,841,500	32,841,500	-	-	32,841,500	32,841,500

During the reporting period ended 31 March 2022 and 2021, there were no transfers between Level 1 and Level 2 fair value measurements.

28. EVENTS OCCURRING AFTER THE REPORTING PERIOD

There have been no material events occurring after the Reporting Period.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise of loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Group's investments, operations and to provide guarantees to support its operations. The Group has, trade and other receivables and cash and other short - term deposits that arrive directly from its operations.

The Group's senior management oversees the management of these risks. The Group's senior management is supported by the Audit committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The Audit committee provides assurance to the Board of Directors that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with group policies and group risk appetite. The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below:

29.1 Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise of four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits with financial institutions

29.1.1 Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will 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 obligations with floating interest rates.

Interest Rate Sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings.

The Group's profit before tax is affected through the impact on floating rate borrowings as follows.

Years	Increase/Decrease in Basis Points	Group Effect on Profit Before Tax	Company Effect on Profit Before Tax
2022	100	+/- 11.72 Mn	-
2021	100	+/- 20.48 Mn	-

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

29.1.2 Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates is significant as the Group now has two power plants located overseas. The electricity generation payment is linked to the USD, thus the transaction gain or loss is estimated to be minimal. The Group also imports electro-mechanical equipment in foreign currency as part of the investment in the renewable energy projects. The foreign currency related risks associated with the imports of plant & machinery are within the acceptable range of the Group's risk appetite and would be accommodated by the project contingency measures.

Since the functional currency of Muvumbe Hydro (U) Ltd & Timex Bukinda Hydro (U) Ltd are based on USD, the Group is subject to significant translation gain or loss arising from converting the USD to the LKR.

Foreign Currency Sensitivity

The Translation of USD based assets and liabilities to LKR would have significant impact on the value of Group assets and liabilities. The translation risk would decrease over time as the power plant start generating USD based revenue and payback the borrowings. The import of Fixed Assets for renewable energy projects would not have a direct impact on the income statement. The increase/decrease of the asset value due to the foreign exchange movement would be capitalized and would be depreciated over the useful life time of the asset, thus the impact would be immaterial.

USD Appreciation Against LKR	Group	
	Effect on Profit Before Tax	Effect on Profit Before Tax
	2022 Rs.	2021 Rs.
1%	10.20 Mn	1.96 Mn
(-1%)	(10.20 Mn)	(1.96 Mn)

29.1.3 Commodity Price Risk

The Group is principally engaged in generating electricity using renewable energy sources i.e: Rideepana Hydro (Pvt) Ltd from the flow of Badulu Oya. The project companies would pay pre-agreed unit prices for the use of the river flow to the respective government institutions, thus the impact of commodity prices would have immaterial impact on the earnings of the Group.

Notes to the Financial Statements [contd.]

Year ended 31 March 2022

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

29.2 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) and from its financing activities, including deposits with banks and financial institutions.

Trade Receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. The Group is selling the electricity to the state monopoly transmission licensee Ceylon Electricity Board (CEB). The customer regardless of its financial position is a state entity and has maintained a credit record throughout the period. The Subsidiary Vidul Engineering Ltd is involved in providing total turnkey key solutions to the developers of renewable energy projects. The Subsidiary evaluates the credit quality of the customer and enters written agreements before rendering the services.

Financial Instruments and Cash Deposits

Credit risk from balances with banks and financial institutions is managed by the Group's Finance Department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the top management on a regular basis. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through potential counterparty's failure.

29.3 Liquidity Risk

The Group monitors its risk to a shortage of funds using continuous cash flow forecasts & cash budgeting. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of working capital loans, short term loans, leases and hire purchase contracts.

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

Company

	Less than 3 Months	4 to 12 Months	2 - 3 Years	4 - 5 Years	>5 Years	Total
As at 31 March 2022						
Financial Assets						
Other Financial Assets	-	160,264,772	-	-	-	160,264,772
Trade and Other Receivables	713,096,297	-	-	-	-	713,096,297
Cash and Cash Equivalents	37,260,782	-	-	-	-	37,260,782
	750,357,079	160,264,772	-	-	-	910,621,851
Financial Liabilities						
Loans and Borrowings	55,893,281	720,172,312	401,719,844	179,822,518	-	1,357,607,955
Trade and Other Payables	191,099,163	-	-	-	-	191,099,163
Total	246,992,444	720,172,312	401,719,844	179,822,518	-	1,548,707,118

Company

	Less than 3 Months	4 to 12 Months	2 - 3 Years	4 - 5 Years	>5 Years	Total
As at 31 March 2021						
Financial Assets						
Other Financial Assets	-	32,841,500	-	-	-	32,841,500
Trade and Other Receivables	445,168,119	-	-	-	-	445,168,119
Cash and Cash Equivalents	116,028,674	-	-	-	-	116,028,674
	561,196,793	32,841,500	-	-	-	594,038,293

Financial Liabilities

Other Financial Assets	-	-	-	-	-	-
Loans and Borrowings	97,127,755	680,669,929	403,705,472	271,716,853	54,267,554	1,507,487,563
Trade and Other Payables	129,805,016	-	-	-	-	129,805,016
Total	226,932,771	680,669,929	403,705,472	271,716,853	54,267,554	1,637,292,579

Group

	Less than 3 Months	4 to 12 Months	2 - 3 Years	4 - 5 Years	>5 Years	Total
As at 31 March 2022						
Financial Assets						
Other Financial Assets	-	160,264,772	-	-	-	160,264,772
Trade and Other Receivables	1,595,061,222	-	-	-	-	1,595,061,222
Cash and Cash Equivalents	854,432,051	-	-	-	-	854,432,051
	2,449,493,273	160,264,772	-	-	-	2,609,758,045

Financial Liabilities

Loans and Borrowings	321,606,542	1,440,063,649	1,652,339,488	1,440,617,343	620,523,529	5,475,150,550
Trade and Other Payables	404,619,055	-	-	-	-	404,619,055
Total	726,225,597	1,440,063,649	1,652,339,488	1,440,617,343	620,523,529	5,879,769,606

As at 31 March 2021
Financial Assets

Other Financial Assets	-	32,841,500	-	-	-	32,841,500
Trade and Other Receivables	872,204,555	-	-	-	-	872,204,555
Cash and Cash Equivalents	423,098,790	-	-	-	-	423,098,790
	1,295,303,345	32,841,500	-	-	-	1,328,144,845

Financial Liabilities

Loans and Borrowings	249,746,520	1,076,253,112	1,199,526,075	653,697,081	778,878,175	3,958,100,963
Trade and Other Payables	294,119,720	-	-	-	-	294,119,720
Total	543,866,240	1,076,253,112	1,199,526,075	653,697,081	778,878,175	4,252,220,683

Notes to the Financial Statements [contd.]

Year ended 31 March 2022

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

29.4 Capital Management

Capital includes equity attributable to the equity holders of the parent. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2022 and 31 March 2021.

The Group monitors capital using a gearing ratio, which is Interest - Bearing Loans and Borrowings divided by total Equity plus Interest - Bearing Loans and Borrowings. The Group's policy is to keep the gearing ratio below 60%.

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Interest - Bearing Loans and Borrowings	4,357,950,671	3,846,807,355	1,135,419,812	1,197,559,426
Equity	5,725,126,578	3,644,925,586	1,890,124,160	1,507,437,896
Equity & Interest - Bearing Loans and Borrowings	10,083,077,249	7,491,732,941	3,025,543,972	2,704,997,322
Gearing Ratio	43.2%	51.3%	37.5%	44.3%

Investor Information

Market Capitalization

The market capitalization of the Company remained at Rs 6,519,249,279/- as of 31 March 2022, compared to Rs. 4,666,522,790/- as of 31 March 2021.

Dividend Payout Ratio

The company declared two interim dividends of Rs 0.125 and Rs. 0.175 representing a total distribution to the shareholders amounting to Rs. 267,325,828/-. This represents a dividend payout of 30% during financial year 2021/22 compared to dividend payout of 14% during the previous financial year.

Price to book value

The price to book ratio of the group as at 31 March 2022 was 1.17 compared to 1.31 reported as of 31 March 2021.

Highest and Lowest Share prices for last five financial years

Ordinary Voting Share

Financial Year	Highest price per share	Lowest price per share	Closing price per share
FY 2021/22	9.20	5.40	7.10
FY 2020/21	6.00	5.00	5.50
FY 2019/20	5.10	4.10	4.10
FY 2018/19	5.00	4.10	4.40
FY 2017/18 (Capitalisation of reserves at the ratio of 1:10)	5.90	4.60	4.70

Ordinary Non-Voting Share

Financial Year	Highest price per share	Lowest price per share	Closing price per share
FY 2021/22	7.50	4.20	5.50

Investor Information (contd.)

Twenty Largest Shareholders of Vidullanka PLC as of 31 March 2022

Ordinary Voting Share

	Name	2022		2021	
		Shares	%	Shares	%
1	Mr. Ranjan Mather	124,727,711	14.5%	119,000,000	14.0%
2	Wembley Spirit Ltd	108,943,372	12.6%	108,943,372	12.8%
3	Amana Bank PLC / Mr. Osman Kassim	89,000,000	10.3%	19,000,000	2.2%
4	Amana Bank PLC / Mr. Riyaz M. Sangani	80,439,014	9.3%	52,786,489	6.2%
5	Mr. Sattar Kassim	78,219,194	9.1%	85,219,194	10.0%
6	Mr. Riyaz M. Sangani	51,506,940	6.0%	38,550,649	4.5%
7	Ms. R.L. Mather / Mr. Ranjan Mather	46,925,007	5.4%	-	-
8	Mr. Osman Kassim / Ms. K Kassim	42,444,556	4.9%	104,115,292	12.3%
9	Ms. Yumna Kunimoto	25,275,451	2.9%	25,275,451	3.0%
10	Mr. Mohamed Shafee Mohideen	21,172,720	2.5%	21,172,720	2.5%
11	Mr. Sujendra Mather	20,626,246	2.4%	20,626,246	2.4%
12	ABC International Ltd	19,611,009	2.3%	24,860,175	2.9%
13	Amana Bank PLC / Mr. Sattar Kassim	15,916,667	1.8%	15,916,667	1.9%
14	Amana Bank PLC / Dynawash Ltd	15,900,959	1.8%	17,966,598	2.1%
15	National Development Bank PLC / Mr. Riyaz M. Sangani	14,600,000	1.7%	20,000,000	2.4%
16	Mr. Ranjeet Bhanwarlal Barmecha	11,186,854	1.3%	11,880,003	1.4%
17	Ms. N.R. Mather	7,718,637	0.9%	-	-
18	Vanguard Industries (Pvt) Ltd	7,606,012	0.9%	7,606,012	0.9%
19	Sidath Fernando	5,180,000	0.6%	5,180,000	0.6%
20	Amana Bank PLC/Mr. Shahid M. Sangani	4,300,000	0.5%	4,300,000	0.5%
	Ms. R.L. Mather			46,925,007	5.5%
	Hatton National Bank PLC / Mr. Riyaz M. Sangani			20,069,000	2.4%
	Ms. D.Z. Kathawala			8,839,461	1.0%
	Jaywise Construction Ltd			5,917,099	0.7%
	Mr. Shahid M. Sangani			5,065,488	0.6%
	Ms. S. S. Sangani			2,744,955	0.3%
	Mr. F. K. Mohideen			2,017,913	0.2%
	Top 20 Shareholders	791,300,349	91.8%	793,977,791	93.6%

Ordinary Non-Voting Share

	Name	2022	
		Shares	%
1	Ms. N.R. Mather	11,225,475	15.5%
2	Amana Bank Plc / Mr.Osman Kassim	7,181,419	9.9%
3	Mr. Riyaz M. Sangani	6,407,880	8.9%
4	Ms. R.L Mather / Mr. Ranjan Mather	4,003,840	5.5%
5	Hatton National Bank PLC / Riyaz M. Sangani	3,418,857	4.7%
6	Mr. Elijah Jeyaseelan Gnanam	2,530,625	3.5%
7	Mr. Osman Kassim / Ms. K. Kassim	2,409,198	3.3%
8	Ms. Yumna Kunimoto	2,156,608	3.0%
9	Macksons Paint Industries (Private) Ltd	2,000,000	2.8%
10	Mr. Mohamed Shafee Mohideen	1,806,546	2.5%
11	Mr. Gnanasambanthan Rajendren	1,802,012	2.5%
12	Mr. Ranjan Mather	1,520,705	2.1%
13	Mr. M.Z.H. Hashim / Mr. N.R.M. Hashim	1,507,286	2.1%
14	Amana Bank PLC / Dynawash Ltd	1,356,737	1.9%
15	Mr. G.D.M. Ranasinghe / Ms. O.R.K. Ranasinghe	1,278,808	1.8%
16	Mr. Damian Amal Cabraal	1,000,000	1.4%
17	Ms. Sheema Haroon Admani	839,544	1.2%
18	Trade First (Pvt) Ltd	827,022	1.1%
19	Mr. Asanka Ubhaya De Alwis Goonewardena	750,000	1.0%
20	Vanguard Industries Pvt Ltd	648,978	0.9%
	Top 20 Shareholders	54,671,540	75.5%

Shareholding Classification : Local & Foreign

Ordinary Voting Share

Range	Local Shareholders			Foreign Shareholders			Total Shareholders		
	No of shareholders	No of Shares	%	No of shareholders	No of Shares	%	No of shareholders	No of Shares	%
1 to 1,000 shares	1,195	309,318	0.04%	5	3,284	0.00%	1,200	312,602	0.04%
1,001 to 10,000 shares	607	2,460,949	0.29%	5	11,005	0.00%	612	2,471,954	0.29%
10,001 to 100,000 shares	317	11,347,536	1.32%	8	433,471	0.05%	325	11,781,007	1.37%
100,001 to 1,000,000 shares	81	27,098,547	3.14%	5	961,557	0.11%	86	28,060,104	3.25%
Over 1,000,001 shares	30	653,383,447	75.79%	5	166,115,084	19.27%	35	819,498,531	95.06%
Total	2230	694,599,797	80.6%	28	167,524,401	19.4%	2258	862,124,198	100%

Ordinary Non-Voting Share

Range	Local Shareholders			Foreign Shareholders			Total Shareholders		
	No of shareholders	No of Shares	%	No of shareholders	No of Shares	%	No of shareholders	No of Shares	%
1 to 1,000 shares	260	69,328	0.10%	3	385	0.00%	263	69,713	0.10%
1,001 to 10,000 shares	171	681,246	0.94%	5	29,130	0.04%	176	710,376	0.98%
10,001 to 100,000 shares	103	4,205,109	5.81%	5	231,261	0.32%	108	4,436,370	6.13%
100,001 to 1,000,000 shares	49	15,390,830	21.26%	4	1,180,801	1.63%	53	16,571,631	22.89%
Over 1,000,001 shares	14	48,449,388	66.92%	1	2,156,608	2.98%	15	50,605,996	69.90%
Total	597	68,795,901	95.1%	18	3,598,185	4.9%	615	72,394,086	100%

Investor Information (contd.)

Shareholding Classification : Entities & Individuals

Ordinary Voting Share

Range	Individuals			Entities			Total Shareholders		
	No of shareholders	No of Shares	%	No of shareholders	No of Shares	%	No of shareholders	No of Shares	%
1 to 1,000 shares	1,175	307,260	0.04%	25	5,342	0.00%	1,200	312,602	0.04%
1,001 to 10,000 shares	593	2,371,468	0.28%	19	100,486	0.01%	612	2,471,954	0.29%
10,001 to 100,000 shares	281	9,866,863	1.14%	44	1,914,144	0.22%	325	11,781,007	1.37%
100,001 to 1,000,000 shares	67	21,565,624	2.50%	19	6,494,480	0.75%	86	28,060,104	3.25%
Over 1,000,001 shares	22	455,371,426	52.82%	13	364,127,105	42.24%	35	819,498,531	95.06%
Total	2138	489,482,641	56.8%	120	372,641,557	43.2%	2,258	862,124,198	100%

Ordinary Non-Voting Share

Range	Individuals			Entities			Total Shareholders		
	No of shareholders	No of Shares	%	No of shareholders	No of Shares	%	No of shareholders	No of Shares	%
1 to 1,000 shares	254	67,590	0.09%	9	2,123	0.00%	263	69,713	0.10%
1,001 to 10,000 shares	164	657,926	0.91%	12	52,450	0.07%	176	710,376	0.98%
10,001 to 100,000 shares	91	3,402,519	4.70%	17	1,033,851	1.43%	108	4,436,370	6.13%
100,001 to 1,000,000 shares	37	10,820,568	14.95%	16	5,751,063	7.94%	53	16,571,631	22.89%
Over 1,000,001 shares	11	36,648,983	50.62%	4	13,957,013	19.28%	15	50,605,996	69.90%
Total	557	51,597,586	71.3%	58	20,796,500	28.7%	615	72,394,086	100%

Public Shareholding as of 31 March 2022

	Ordinary Voting Share	Ordinary Non-Voting Share
Issued Share No of shares	862,124,198	72,394,086
Public Shareholding	171,812,466	46,131,192
Public Holding - %	19.93%	63.72%
Public Holding - No of Shareholders	2,240	603
Non-Public Shareholding	690,311,732	26,262,894
Non-Public Shareholding %	80.07%	36.28%
Non-Public Holding - No of Shareholders	18	12
Existing Floated adjusted Market Capitalization	1,219,868,509	244,495,318
Option for Non-Compliance	Option 7.14.2 of the Listing Rules	
Option for Compliance	Option 5 of 7.13.1 (a) of the Listing Rules	

Five Year Summary

(in '000 otherwise stated)

	2022 Rs.	2021 Rs.	2020 Rs.	2019 Rs.	2018 Rs.
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	7,521,971	5,677,115	4,932,209	4,116,382	4,057,474
Right of Use Assets	186,827	172,118	169,148	-	-
Investment in Joint Ventures	623,833	629,673	572,995	537,798	319,172
Other Project Investments	81,566	79,879	91,991	92,716	112,929
Goodwill	259,355	275,692	277,175	249,000	215,879
Other assets	48,317	47,084	26,150	26,045	10,008
	8,721,868	6,881,561	6,069,668	5,021,941	4,715,463
Current Assets	2,784,024	1,410,193	1,312,820	767,337	587,862
Total Assets	11,505,892	8,291,754	7,382,488	5,789,278	5,303,325
Equity & Liabilities					
Total Equity	5,725,127	3,644,926	3,000,797	2,753,369	2,212,155
Total Loans and Borrowings	4,357,951	3,846,807	3,397,825	2,672,769	2,629,451
Total Capital Employed	10,083,077	7,491,733	6,398,622	5,426,138	4,841,606
Other Liabilities	1,422,814	800,021	983,866	363,139	461,719
Total Equity Liabilities	11,505,892	8,291,754	7,382,488	5,789,278	5,303,325
Operating Results					
Group Revenue	2,567,672	1,797,070	1,440,380	1,281,956	974,838
Gross Profits	1,879,819	1,205,147	1,062,483	980,401	726,369
Operating Profits	1,654,858	1,125,011	899,346	917,576	908,559
Profit Before Tax	1,357,075	814,920	582,099	624,212	649,490
Profit After Tax	865,877	594,951	361,662	527,318	509,220
Cash Flow					
Cash generated from Operating Activities	1,664,361	1,161,248	899,154	447,519	601,713
Cash utilized in Investing Activities	311,010	735,787	916,675	60,370	431,244
Other Key Metrics					
New Capacity Added (MW)	1.90	7.30	3.30	-	1.40
Generation (GWh)	185.9	139.6	114.9	108.0	92.6
Emission Reduction (CO ₂ equivalent)	108,300	81,355	66,578	68,040	58,338
Key Indicators					
Net Profit Margin (%)	33.7	33.1	25.1	41.1	52.2
ROE (%)	15.1	16.3	12.1	19.2	23.0
ROA (%)	14.4	13.6	12.2	15.8	17.1
Shareholder Metrics					
Earning per Share (Rs.)	0.93	0.68	0.41	0.62	0.60
Dividend per Share (Rs.)	0.30	0.10	0.23	0.15	0.20
Net Asset Value Share (Rs.)	5.99	4.21	3.51	3.24	2.66
Financial Ratios					
Current Ratio (No. of times)	1.61	0.99	0.81	1.11	0.48
Equity Asset Ratio (No. of times)	2.01	2.27	2.46	2.10	2.40
Asset Turnover Ratio (No. of times)	0.22	0.22	0.20	0.22	0.18
Gearing Ratio (%)	43.2	51.3	53.1	49.3	54.3

Notice of Meeting

NOTICE IS HEREBY GIVEN that the 26th Annual General Meeting of Vidullanka PLC will be held at 11.00 am on 27 September 2022 at via Audio/Video at the registered office of the Company, Level 4, Access Towers, No. 278, Union Place, Colombo 2 for the following purposes:

1. To consider and adopt the Audited Financial Statements for the year ended 31 March 2022 together with the Annual Report of the Directors thereon.
2. Re-elect Directors in terms of section 211 of the Companies Act no 7 of 2007.
Mr. Ranjan Mather, who is 76 years of age as a Director. Accordingly, the following resolution to be passed for this purpose, if thought fit.
IT IS HEREBY RESOLVED to re-elect Mr. Ranjan Mather, who is 76 years of age as a Director in terms of Section 211 of the Companies Act No. 7 of 2007 and it is specifically declared that the age limit of 70 years in terms of section 210 of the Companies Act shall not apply to the said Mr. Ranjan Mather.
3. To re-appoint the retiring auditors M/s Ernst & Young, Chartered Accountants for the ensuing year and authorize the Directors to determine their remuneration.
4. Any other business.

By order of the Board
VIDULLANKA PLC

MANAGERS & SECRETARIES (PRIVATE) LTD

(Sgd.)
Ms. C. Salgado
Secretaries

31 August 2022

Note:

1. A member entitled to attend and vote at the above meeting is required to complete and submit a pre-registration form in order to ensure participation at the AGM of the Company.
2. Only members of Vidullanka PLC are entitled to take part at the AGM of Vidullanka PLC.
3. A Pre-registration form is enclosed for this purpose to be completed by Vidullanka PLC shareholders only. Alternatively, the registration could be completed via the company web site www.vidullanka.com
4. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote in his/her behalf. A proxy need not be a member of the Company.
5. A form of proxy is enclosed for this purpose.
6. The instruments for registration and appointing a proxy must be completed and deposited at the Registered Office of the Company, Vidullanka PLC, Level 04, Access Tower, No. 278, Union Place, Colombo 02, or e-mailed to agm@vidullanka.com and samanga@msl.lk not less than twenty four hours prior to the time appointed for holding the meeting.

Notes

Notes

Form of Proxy

NIC/P.P/Co. Reg. Number*

I/We, the undersigned

of

being member/s of Vidullanka PLC, do hereby appoint

- Full name of proxy -
- NIC of Proxy -
- Address of Proxy -
- Contact Numbers - Land, Mobile
- Email address

as my/our Proxy to represent me/us, vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 27 September 2022 and at any adjournment thereof.

Ordinary Resolutions	For	Against
1. Consider and adopt the Audited Financial Statements for the year ended 31 March 2022 together with the Annual Report of the Directors thereon.		
2. Re- election of Mr. S. Ranjan Mather as a Director of the Company.		
3. Re-appointment of the retiring Auditors M/s. Ernst & Young, Chartered Accountants for the ensuing year and authorize Directors to determine their remuneration.		

Signed this day of 2022.

Please see overleaf for Instructions for completion.

.....
Signature

Notes: * Please indicate your NIC / Passport No. /Co. Reg. No. in the top of the form of Proxy.
**Please indicate with an "x" in the space provided, how your Proxy is to vote on the Resolutions.
If no indication is given, the Proxy in his discretion will vote as he thinks fit.

Instructions for completion of Proxy

1. In order to appoint a proxy, this form shall in the case of an individual be signed by the shareholder or by his/her Attorney and in the case of a company/corporation, the form of proxy must be under its Common Seal, which should be affixed and attested in the manner prescribed by its Articles of Association.
2. The full name, NIC No. and address of the Proxy holder and of the Shareholder appointing the Proxy holder should be entered legibly in the form of proxy.
3. The duly completed form of proxy must be deposited at the Registered Office of the Company at **"Vidullanka PLC, Level 4, Access Tower, No. 278, Union Place , Colombo 02"**, or e-mailed to agm@vidullanka.com and samanga@msl.lk not later than 24 hours prior to the time appointed for holding of the meeting.
4. In the case of a proxy signed by an Attorney, the relevant Power-of-Attorney or a certified copy thereof should also accompany the completed form of proxy and must be deposited at the Registered Office of the Company or email as above noted.

Corporate Information

Company Status

Public Limited Liability Company Listed in the Colombo
Stock Exchange on 10th June 2005

Re-Registration Date & Number

27th September 2007
PQ 83

Company Secretary

Managers & Secretaries (Pvt) Ltd
No 8, Tickle Road
Colombo 08

Stated Capital

Rs. 1,786,069,350/-

Issued Number Of Shares

Ordinary Shares - Voting - 862,124,198
Ordinary Shares - Non Voting - 72,394,08

Registered Office

Level 04, Access Towers
No 278 Union Place
Colombo 02
Telephone - 011 4760000
Fax - 011 4760076
Email - info@vidullanka.com
Web - www.vidullanka.com

Auditors

M/s. Ernst & Young, Chartered Accountants
No 201, De Saram Place
Colombo 10

Bankers

Amana Bank PLC
Hatton National Bank PLC
Commercial Bank of Ceylon PLC
Bank of Ceylon
NDB Bank PLC
Stanbic Bank Uganda Ltd
Seylan Bank PLC
MCB Bank Ltd
Diamond Trust Bank Uganda Ltd

Website

www.vidullanka.com



Building on Renewable Energy Sources

www.vidullanka.com