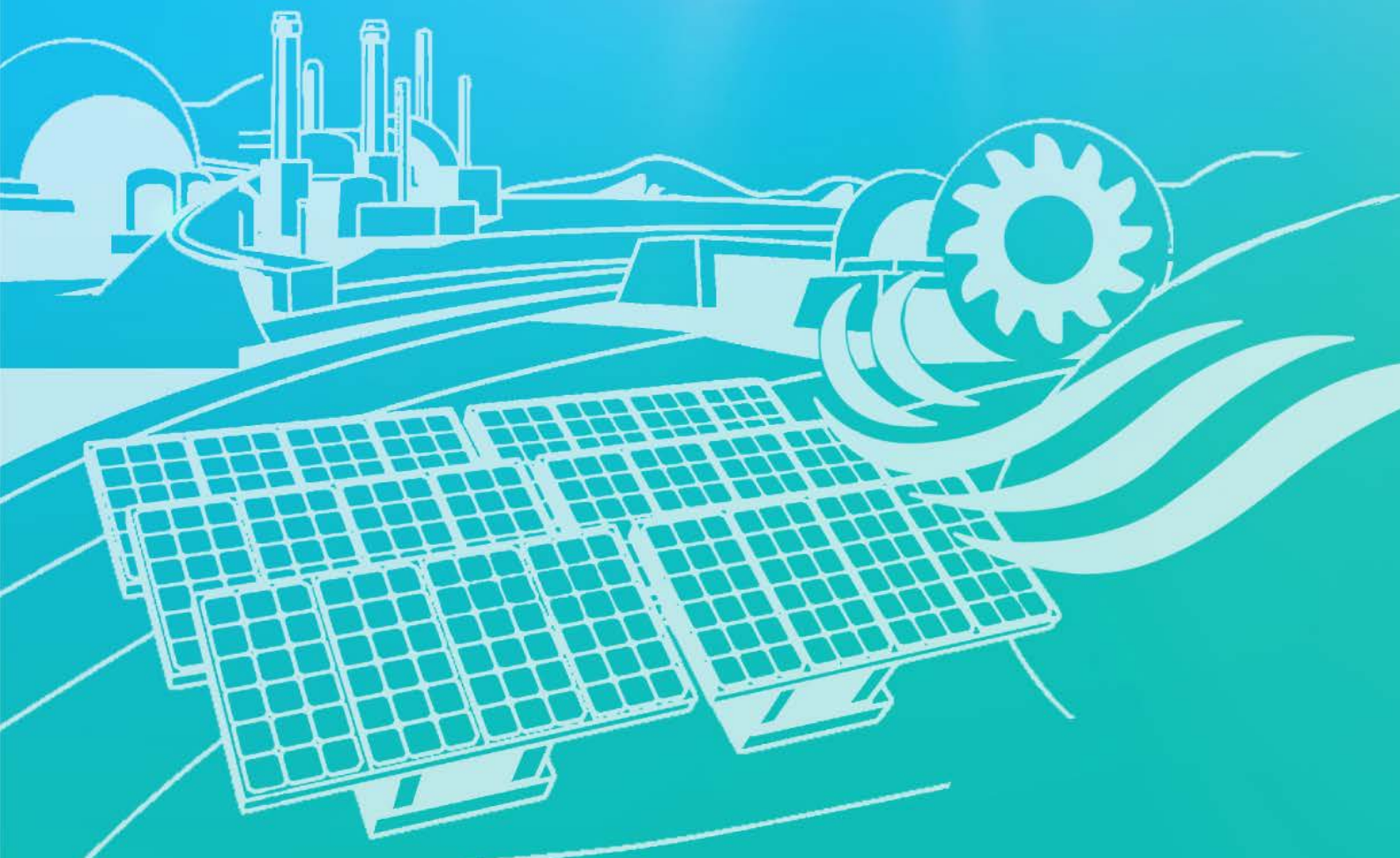


Powering Progress

Annual Report 2022/23



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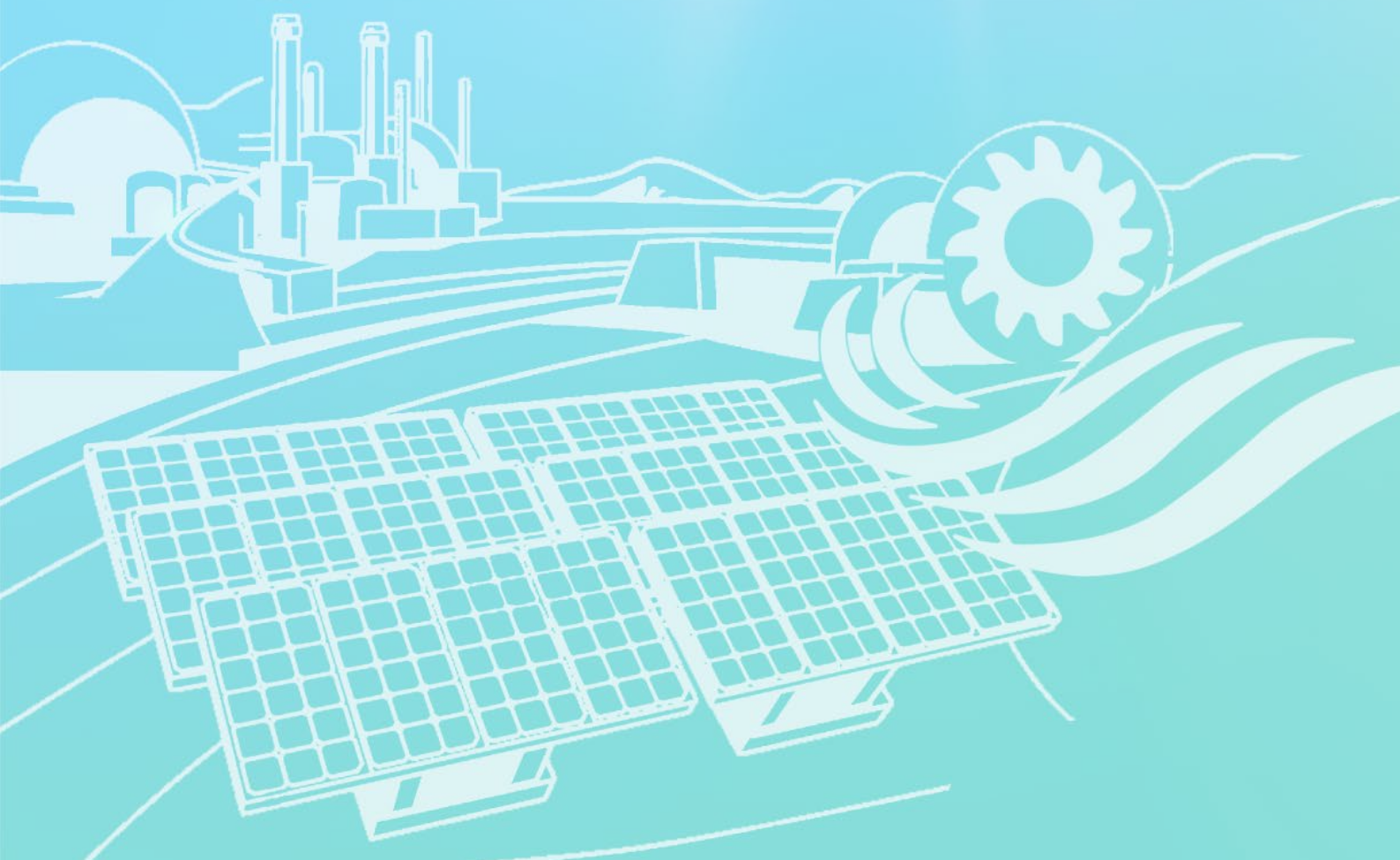
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Corporate Information	Inner Back Cover

As we analyze the past couple of years, ones which were shadowed with economic and social crisis, we can attribute our more than satisfactory growth to our companies mission of always staying one step ahead. Our drive to go the extra mile and our passion to venture into new arenas.

Our urge to continuously learn, discover and the will to never give up has converted us into a powerhouse of multiple talents. Launching new projects locally and undertaking mammoth tasks internationally has given us a strong global presence which in return has resulted in greater profits.

By encouraging the will to discover untapped potential and learn from new ventures, we have unlocked a world of possibilities that would surpass all boundaries.



About Vidullanka PLC

Vidullanka PLC is synonymous with a passionate drive to unravel a green future backed by Renewable Energy, guiding its corporate journey on a path charted with sustainability at heart.

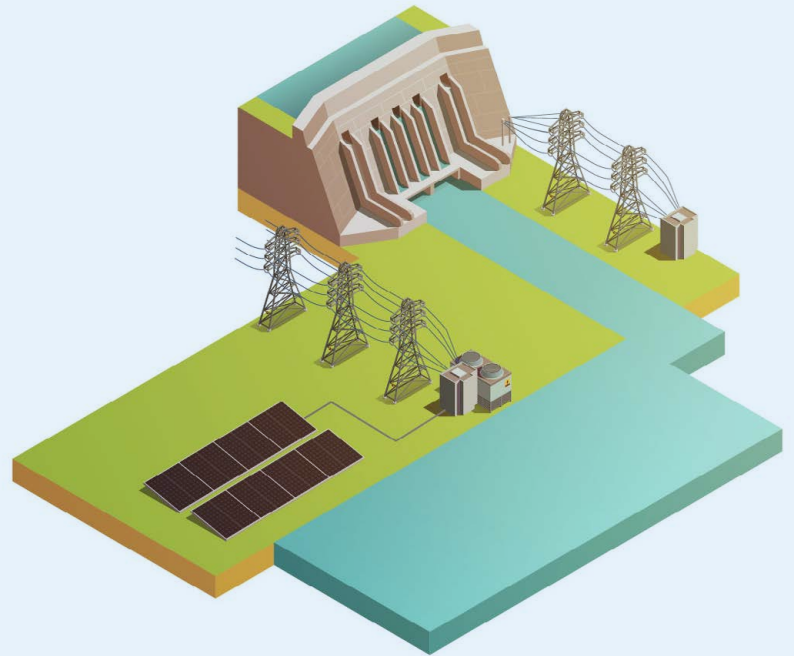
We are a forerunner, change agent and catalyst, making moves in the Renewable Energy industry in Sri Lanka and off the island. The company founded in 1997, has fully engraved its sights on pushing the world towards a sustainable future through its efforts to develop energy generated using renewable energy sources, replacing the use of the environmentally endangering and expensive energy generated from fossil fuel.

With over 25 years of experience, the Vidul Group currently boasts a portfolio of 19 Renewable Energy Power projects ranging from Hydro, Solar and Dendro sources. The portfolio has a total energy capacity of around 49MW, which in turn generates and supplies over 180GWh annually to the national grids of Sri Lanka and Uganda. We have also shifted gears and changed lanes in our business strategy, and have undertaken Engineering, Procurement and Construction contracts and consultancy assignments for other players in the renewable energy industry, further cementing ourselves in diverse positions on the value chain.

Our motto; "Building on Renewable Energy Sources", sets the platform for us to tailor our offerings to the environment, communities, employees, shareholders and other stake holders in a way that is mutually beneficial to all those ingrained in our journey. Our vision; "Sustainably Energizing The Planet" further guides us to paint a clear and concise future direction which we will strive to follow at all costs, through the roadmap laid by our Mission; "Passionate in harnessing renewable energy resources, using innovative engineering solutions".

Vidullanka PLC continues to produce unwavering value to its stakeholders with the help of the comprehensive embedding of sustainability and social responsibility values to its mission and goals.

At Vidullanka, we commit and proclaim to deliver a greener future through clean energy and be one step ahead to seize the opportunities and serve our communities.



VISION

Sustainably energizing the planet

MISSION

Passionate in harnessing renewable energy resources, using innovative engineering solutions

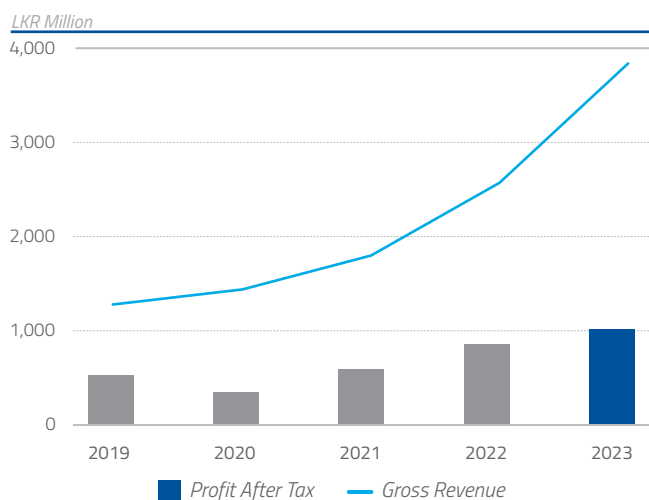
VALUES

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.

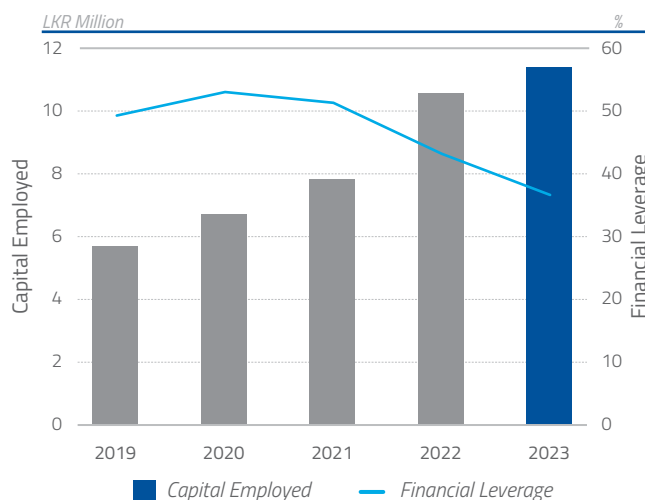
Key Performance Highlights

	2023	2022	2021	2020	2019
Gross Revenue (Rs. Mn)	3,836	2,568	1,797	1,440	1,282
Gross Profit (Rs. Mn)	2,720	1,880	1,205	1,062	980
Profit After Tax (Rs. Mn)	1,023	866	595	362	527
Output (GWh or Million Units)	183.2	185.9	139.6	114.9	108.0
Installed Capacity (MW)	49	39	37	29	26
Net Profit Margin	26.7%	33.7%	33.1%	41.1%	41.1%
Return On Assets	17.3%	14.4%	13.6%	12.2%	15.8%
Return On Equity	14.8%	15.1%	16.3%	13.1%	23.8%
Earnings Per Share (Rs.)	1.02	0.93	0.68	0.41	0.62
Dividend Per Share (Rs.)	0.20	0.30	0.10	0.23	0.15
Net Asset Value Per Share (Rs.)	7.07	5.99	4.21	3.51	3.24
Financial Leverage	36.6%	43.2%	51.3%	53.1%	49.3%

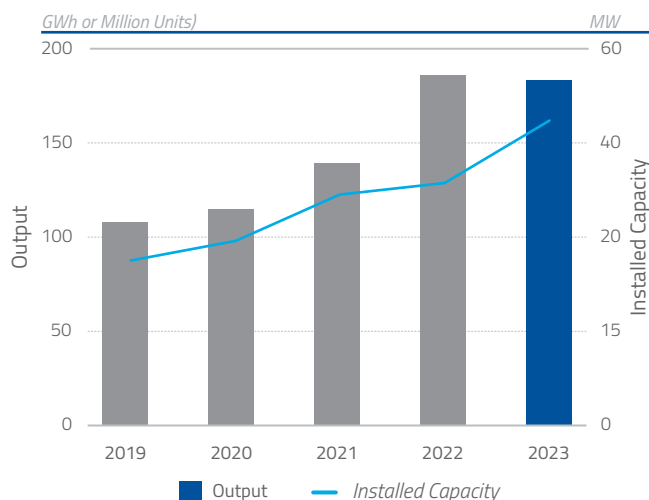
Group Revenue & PAT



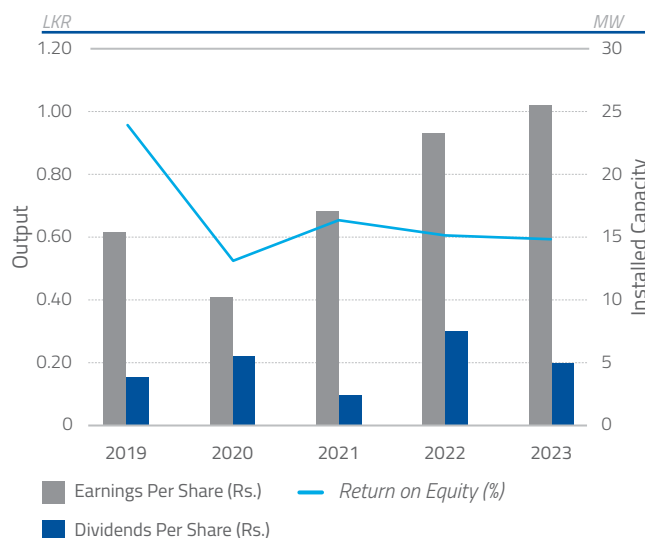
Financial Leverage



Installed Capacity & Generation



Profitability



Operational Highlights

49%
Annual Revenue Growth

A+ (lka) (Stable)
Fitch Ratings
Corporate Credit Rating

-1%
Annual Output Growth

13,024 Rs. Mn
Total Assets

36.6%
Financial Leverage

10,865 Rs. Mn
Total Capital Employed

262 Rs. Mn
Economic Value Added

106,727 tCO₂
Equivalent
Carbon Emission Reduced

6,889 Rs. Mn
Total Shareholder Equity

1,023 Rs. Mn
Profit After Tax

1.02 Rs.
Earnings Per Share

189 Rs. Mn
Dividend Paid

240
Strong Workforce

901 Hours
Training Sessions Provided

183.2 Mn units
Electricity Generated

152.3 Mn units
Generated from Hydro Power

21.7 Mn units
Generated from Dendro Power

9.2 Mn units
Generated from Solar Power

114.0 Mn units
Electricity Generated in Sri Lanka

69.2 Mn units
Electricity Generated in Uganda

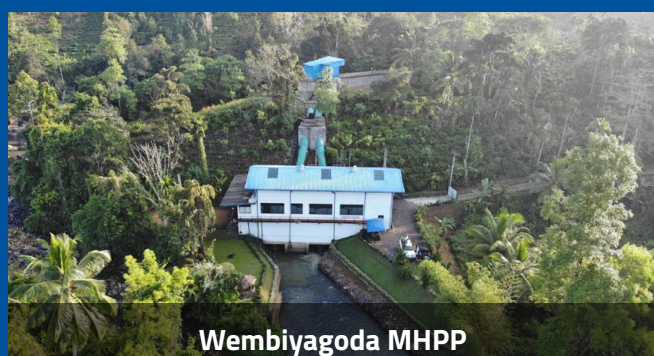
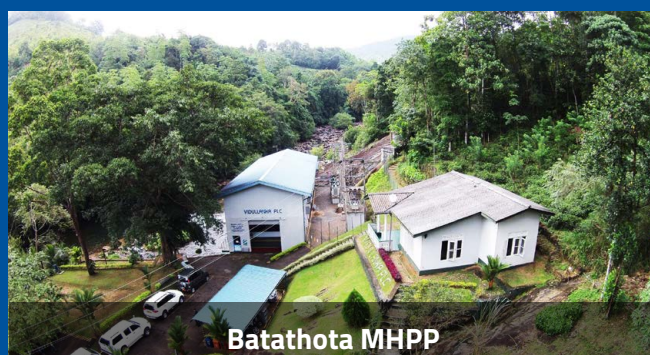
49 MW
Installed Capacity

10.0 MW
New Capacity Added

11,330 New Saplings
Planted
44,786 Trees Managed & Sustained

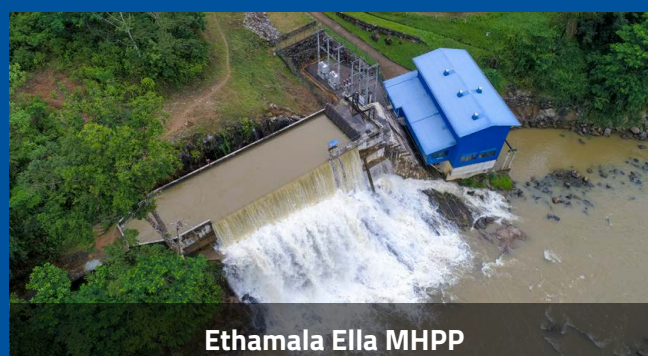
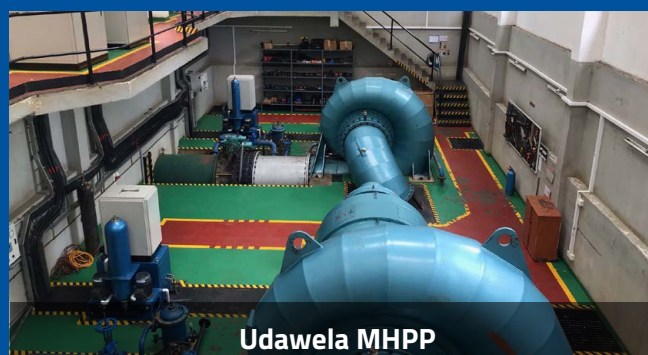
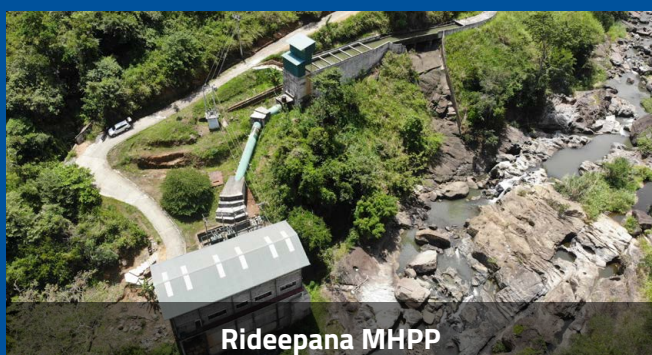
Our Plant Portfolio

Plant Name	Bambarabatuoya MHP	Batathota MHP	Wembiyagoda MHP	Lower Kotmale Oya MHP
Type	Hydro - Local	Hydro - Local	Hydro - Local	Hydro - Local
Project Company	Vidullanka PLC	Vidullanka PLC	Vidullanka PLC	Lower Kotmale Oya Hydro Power (Pvt) Ltd
Ownership	100%	100%	100%	100%
Installed Capacity	3.2MW	2.0MW	1.3MW	4.0MW
Location	Ratnapura (6° 42' 5.23"N 80° 30' 35.01"E)	Ratnapura (6° 48' 45.5"N 80° 22' 32.7"E)	Ratnapura (6° 31' 03.5"N 80° 24' 47.8"E)	Nuwara Eliya (7° 1' 59.79"N 80° 39' 2.89"E)
Project Cost	USD 3.4 Mn	USD 2.5 Mn	USD 2 Mn	USD 8.2 Mn
River	Kalu Ganga	Kuru Ganga	Koswathu Ganga	Kotmale Oya
Catchment Area	76 Sq.km	64 Sq.km	77 Sq.km	89 Sq.km
Plant Factor	44%	58%	40%	37%
Designed Annual Energy	12.33GWh	10.25GWh	4.5GWh	13GWh
Gross Head	47 m	41.6 m	22.5 m	71.5 m
Channel Length	2,850 m	1,700 m	440 m	1,430 m
Penstock Length	150 m	140 m	40 m	870 m
Turbine	Francis Turbines (4*800kW)	Francis Turbines (2*800kW+1*400kW)	Francis Turbines (2*650kW)	Francis Turbines (2*1,600kW+1*800kW)
Present Status	SPPA renewed upto June 2036	Commissioned on 6 March 2007	Commissioned on 19 March 2013	Commissioned on 25 June 2014

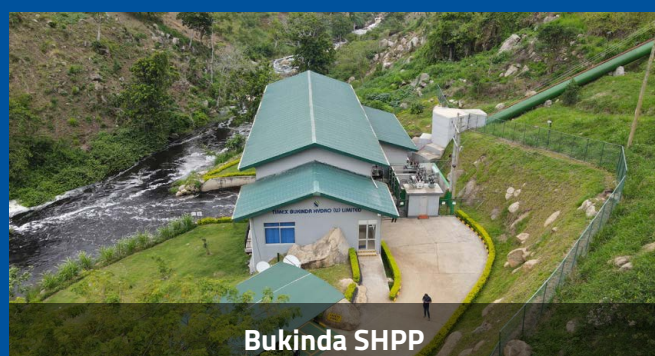
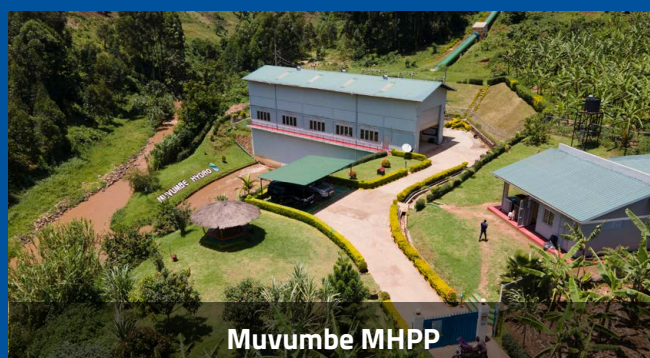


Our Plant Portfolio

Plant Name	Rideepana MHPP	Udawela MHPP	Madugeta MHPP	Ethamala Ella MHPP
Type	Hydro - Local	Hydro - Local	Hydro - Local	Hydro - Local
Project Company	Rideepana Hydro (Pvt) Ltd	Udawela Hydro (Pvt) Ltd	Vidul Madugeta (Pvt) Ltd	Nilwala Vidulibala Company (Pvt) Ltd
Ownership	95%	100%	50%	26.3%
Installed Capacity	1.75MW	1.4MW	2.5MW	2.0MW
Location	Badulla (7°00'33.8"N 81°03'50.7"E)	Badulla (7°03'23.2"N 81°03'38.9"E)	Galle (6°22'14.4"N 80°24'31.9"E)	Matara (6°13'36.9"N 80°29'52.5"E)
Project Cost	USD 3.1 Mn	USD 3.1 Mn	USD 4.4 Mn	USD 3.5 Mn
River	Badulu Oya	Badulu Oya	Gin Ganga	Nilwala Ganga
Catchment Area	205 Sq.km	242 Sq.km	179 Sq.km	119 Sq.km
Plant Factor	44%	35%	46%	44%
Designed Annual Energy	5.9GWh	4.3GWh	10.1GWh	7.8GWh
Gross Head	30.5 m	21 m	15 m	40 m
Channel Length	590 m	37 m	660 m	300 m
Penstock Length	60 m	200 m	-	80 m
Turbine	Francis Turbines (1*1,250kW+1*500kW)	Francis Turbines (1*1,400kW)	Kaplan Turbines (2*1,250kW)	Francis Turbines (2*800kW+1*400kW)
Present Status	Commissioned on 15 May 2015	Commissioned on 29 December 2017	Commissioned on 1 November 2013	Commissioned on 30 September 2016



Plant Name	Ganthuna MHPP	Muvumbe SHPP	Bukinda SHPP	Dehiyathakandiya Dendro PP
Type	Hydro - Local	Hydro - Overseas	Hydro - Overseas	Dendro
Project Company	Gurugoda Hydro (Pvt) Ltd	Muvumbe Hydro (U) Ltd	Timex Bukinda Hydro (U) Ltd	Vidul Biomass (Pvt) Ltd
Ownership	50%	95%	100%	51%
Installed Capacity	1.2MW	6.5MW	6.5MW	3.3MW
Location	Kegalle (7°07'38.8"N 80°24'17.4"E)	Kabale Uganda (1°18'30.1"S 30°08'53.2"E)	Rugashari, Uganda (1°04'26.0"N 30°45'39.2"E)	Ampara (7°33'02.0"N 81°02'05.8"E)
Project Cost	USD 1.6 Mn	USD 13.5 Mn	USD 13.6 Mn	USD 8.4 Mn
River	Gurugoda Oya	Muvumbe River	Nkusi River	
Catchment Area	5 Sq.km	868 Sq.km	2,317 Sq.km	
Plant Factor	38%	55%	48%	76%
Designed Annual Energy	4.0GWh	31.4GWh	27.4GWh	22.0GWh
Gross Head	220 m	120 m	110.6 m	71.5 m
Channel Length	220 m	2,080 m	726 m	
Penstock Length	560 m	295 m	396 m	
Turbine	Pelton Turbines (2*600kW)	Francis Turbines (1*4,000kW+1*2,500kW)	Francis Turbines (1*4,000kW+1*2,500kW)	Boiler Steam Turbine (1*3,300kW)
Present Status	Commissioned on 26 March 2010	Commissioned on 15 March 2017	Commissioned on 31 July 2020	Commissioned on 30 May 2019



Our Plant Portfolio

Plant Name	Monaragala Solar PP	Vavunathivu Solar PP	Horana Solar PP	DCL Rooftop Solar PP
Type	Solar - Ground Mounted	Solar - Ground Mounted	Solar - Ground Mounted	Solar - Rooftop
Project Company	Orik Corporation (Pvt) Ltd	Solar Universe (Pvt) Ltd	Horana Solar Power (Pvt) Ltd	Vidul Engineering Ltd
Ownership	87%	33.33%	100%	100%
Installed Capacity	1MWp	10MWp	2.4MWp	515kWp
Location	Monaragala	Vavunathiv, Batticaloa District	Horana, Kalutara District	IPZ - Panadura
Project Cost	USD 0.7 Mn	USD 7 Mn	USD 1.6 Mn	USD 0.3 Mn
Plant Factor	18%	21%	21%	15%
Designed Annual Energy	1.5GWh	20GWh	4.4GWh	0.7GWh
Trackers		Yes	Yes	No
Term	20 years PPA	20 years PPA	20 years PPA	5 years BOT
Present Status	Commissioned on 23 September 2021	Commissioned on 28 September 2022	Commissioned on 06 June 2023	Commissioned on 11 December 2020



Plant Name	TCL Rooftop Solar PP	Emerald Rooftop Solar PP I, II & III
Type	Solar - Rooftop	Solar - Rooftop
Project Company	Vidul Engineering Ltd	Vidul Engineering Ltd
Ownership	100%	100%
Installed Capacity	240kWp	938kWp
Location	Denkanda, Nugegoda	Panadura & Pannipitiya
Project Cost	USD 0.2 Mn	USD 0.5 Mn
Plant Factor	15%	16%
Designed Annual Energy	0.3GWh	1.3GWh
Trackers	No	No
Term	10 years BOT	7 years BOT
Present Status	Commissioned on 11 December 2020	Comissioned during December 2021 - February 2022

Plant Name	Moco Moco SHPP & Kumu SHPP
Type	EPC
Project Company	Guyana Energy Agency
Ownership	EPC Contractor
Installed Capacity	700kW + 1.5MW
Location	Lethem, Guyana
Project Cost	USD 12.85 Mn
Term	24months EPC
Present Status	Construction in progress



Chairman's Message

Dear Shareholders,

I am delighted to welcome you to another successful Annual General Meeting of Vidullanka PLC. The year 2022/23 has proven to be a period of diverse sentiments, presenting both opportunities and challenges that have tested our resilience. As we adapt to the significant changes in our lives over the past few years, we recognize the need to remain prudent and perseverant in the face of global power conflicts and geopolitical standoffs.

First and foremost, I would like to express my sincere gratitude to our stakeholders, starting by acknowledging the dedication and unwavering efforts of our teams and technical partners, who have triumphed over the hurdles posed by the post-pandemic era and consistently delivered on our commitments. I also extend my appreciation to our loyal customers and partners for their continued trust and to our shareholders for their invaluable support. Our ability to adapt and flourish during these challenging times is not a coincidence; it is a testament to the robust foundation we have built over many years, propelling Vidullanka from a local hydro operator to a prominent global player in the production and supply of alternative green energy across Asia, Africa, and now South America.

A GLOBAL GREEN RECOVERY

While the energy crises stemming from global conflicts remain real and formidable, they have also expedited the changes already underway. The commitment of countries, sectors, and companies to achieve net-zero emissions has continued to gain momentum. Signatories to the Paris Climate Agreement, including the European Union, China, Japan, and Canada have pledged their dedication to decarbonising their economies in the coming decades. The United States rejoining the Paris Climate Agreement marks a pivotal moment, promising a decisive year of climate action, culminating in the gathering of governments, organizations, and civil society at COP28 from November to December 2023. Emissions reduction has also become intricately linked to the global economic recovery following the COVID-19 pandemic.

To uphold the commitment of limiting temperature increases by 1.5°C, the world must triple the annual renewable energy capacity addition from the current levels of 300GW until 2030. The European Union's pioneering Green Deal Investment Plan, mobilizing €1 trillion to finance the transition to a low-carbon economy between 2021 and 2030, is a game-changer in fulfilling this commitment.

This presents a remarkable opportunity for companies like Vidullanka. Our expertise, operational capabilities, and competitive cost base, honed through years of leadership in renewables, position us as a critical player in assisting the countries where we operate in achieve their climate goals.

CLEANER ENERGY CONSOLIDATION LOCALLY

The Financial Year 2022/23 commenced amidst a profound social upheaval, triggered by numerous socio-economic challenges. The multifold crisis, encompassing foreign reserves, trade deficits, rupee depreciation, and high inflation, cast a somber outlook for the country. As the strain on import expenditures, particularly fossil fuel imports, led to prolonged power cuts and energy crises, it underscored the urgent need to transition towards renewable and clean energy sources. Sri Lanka has made significant advancements in hydro, wind, solar, and even green hydrogen technologies, and Vidullanka, as a company, has leveraged these advancements to position itself as a frontrunner. Our robust technical and commercial partnerships, both locally and globally, establish us as a strong contender, equipped with the capacity and know-how to thrive and add value.

Consequently, our existing hydro, solar, and dendro sources, coupled with our new venture in the South American market in Guyana, will contribute not only to our top and bottom line but also serve as a significant milestone akin to our success in Uganda.

PERFORMANCE & ACHIEVEMENTS

Despite the challenges encountered, Vidullanka has made significant strides in terms of resilience and performance. Our dendro power plant operated seamlessly throughout the year, even during the most challenging fuel and economic crises, setting a standard of operational excellence unmatched by other dendro power plants in the country. Our group's renewable power output surpassed 180GWh during the year,

“Our expertise, operational capabilities, and competitive cost base, honed through years of leadership in renewables, position us as a critical player in assisting the countries where we operate in achieve their climate goals.”

resulting in savings of over USD10 million in foreign exchange that would have otherwise been spent on thermal fuel imports and generation by the nations. Furthermore, our jointly commissioned 10MW Vavunathivu Solar power project, in collaboration with Windforce PLC and HiEnergy Services (Pvt) Ltd, stands as yet another testament to our ability to withstand shocks while thriving. The commencement of the EPC contract in Guyana, South America, marks another milestone in Vidullanka's expansion and global clean energy efforts.

In terms of financial performance, Vidullanka has achieved record-breaking profits for the third consecutive year, setting the bar higher with a net profit of Rs. 1,023 million and a 18% growth compared to the previous year. Our revenue has shown promising growth, increasing by 49% from Rs. 2.5 billion to Rs. 3.8 billion. The contribution of our overseas operations to both revenue and the bottom line has provided the momentum needed for overall success. These exceptional performances by our overseas ventures have enabled the company to distribute robust dividends of around Rs. 189 million.

The Group's growing performance has also enabled the Group to be assigned an A+ (Ika) credit rating with a Stable Outlook from Fitch Ratings very recently. This rating is a testament to the company's resilience and sound financial management practices, placing it well ahead of its peers in the industry. The company held a rating of A- (SL) from ICRA Lanka Rating during the previous years.

Nevertheless, we must not underestimate the challenges faced by both the company and the country in achieving these accomplishments. Persistent payment delays from CEB and the high-interest rate environment have impacted our cash flows. The instability in the global banking sector, coupled with poor credit ratings, has also presented challenges in securing competitive LCs and facilities. Although there are signs of improvement in the

country's macroeconomic landscape, the crisis is far from over, as reflected in the economic indicators. Cost escalations resulting from an inflationary environment have affected the company, yet our prudent financial measures and operational efficiency, demonstrated by our dedicated team, have mitigated the impact. Certain regulatory and policy issues at the national level have imposed unnecessary obstacles on the potential growth of companies like Vidullanka, particularly the restrictions on local capital accounts.

A FUTURISTIC TEAM

We recognize that in order to maintain our position at the forefront of the energy sector, we must continue to evaluate and explore new energy generation alternatives. Investing in potential clean technologies is paramount, as is investing in the capabilities of our people. Sustaining our performance-driven culture requires prioritizing the development of our talented workforce.

Therefore, I would like to extend a special acknowledgement to our corporate management team, whose collaboration has been pivotal throughout this demanding year. Their institutional expertise and commitment to governance have enabled the company to pursue its purpose and deliver on its commitments. I would also like to reiterate the fundamental role played by our shareholders, whose confidence in us has been instrumental in our journey.

As a company, we are committed to promoting and safeguarding the future of clean energy. We believe that our responsibility extends beyond mere words, and we strive to lead by example, setting the bar for our industry to follow suit. Throughout the year, our company maintained the highest standards of business ethics and code of conduct. We have remained dedicated to leading in the business arena by prioritizing integrity and upholding our core values. Our commitment to ethical practices has been a driving force behind our success and will continue to guide our actions in the future.

I take this opportunity to thank the fellow Board members for their unwavering support and insights in helping the company navigate the toughest of times with the best of results. I would also like to thank personally and on behalf of the Board, Mr. C.F. Fuhrer who tendered his resignation from the Board on 30 June 2023, for his longstanding services towards Vidullanka as a Non-Executive Director. Mr. Fuhrer joined the Vidullanka PLC board in 2010 and has ever since been a vital member who through his expertise and knowledge contributed massively to the growth of the Group and helped reach its current good standing.

In conclusion, I express my deepest gratitude to our dedicated employees who have shown unwavering dedication, professionalism, and resilience during a year that has tested our communities. Their tireless efforts have been instrumental in propelling Vidullanka Group's evolution over the decades, and it is an honour to lead such an exceptional team into the next phase of our journey.

Thank you.
Sincerely,

(Sgd.)
Osman Kassim
Chairman

Chief Executive Officer's Review

Welcome Shareholders!

It is that time of the year when we take stock of how our company has fared during the year and what the management has done to enhance the value proposition. So, here I welcome you to yet another exciting AGM to deliberate upon what's ahead of us! Historically, challenges have only made us better and this is evident even during this year with the global economic slowdown, recession in some parts of the world, and the continuous economic struggle for recovery locally in Sri Lanka. Interestingly, we have been on top of our strategy and managed to maneuver the rough tide to a greater extent, though some are beyond our control.

FINANCIAL PERFORMANCE

Continuing from the past legacy in performance, the company continued its momentum in profits and profitability. After Tax Net Profits were up by 18% compared to the previous year, amounting to Rs. 1,023 million as we close the Financial Year ended on 31 March 2023. What is even more remarkable to note is the almost 50% growth in revenue compared to the previous year amounting to Rs. 3.8 billion in the current year from Rs. 2.5 billion the previous year. This revenue growth has not been fairly reflected in the profitability growth, largely due to cost escalations, especially the finance cost.

Very recently, Vidullanka PLC was assigned an A+ (Ika) National Long-Term Rating, with a Stable Outlook by Fitch Ratings, from the previous years' rating of A- (SL) by ICRA Lanka Ltd. This serves as evidence of the company's resilience and effective financial management strategies, positioning it significantly ahead of its industry counterparts in terms of profitability, liquidity and stability.

The Group is fortunate to have gone cross-boarders with the hydro projects in a timely manner, which continues to bear fruits and help the group to steady its overall position. The overseas presence mainly comprises the hydro projects; Muvumbe SHPP and Bukinda

Very recently, Vidullanka PLC was assigned an A+ (Ika) National Long-Term Rating, with a Stable Outlook by Fitch Ratings, from the previous years' rating of A- (SL) by ICRA Lanka Ltd. This serves as evidence of the company's resilience and effective financial management strategies, positioning it significantly ahead of its industry counterparts in terms of profitability, liquidity and stability.

SHPP in Uganda, which generated a healthy revenue north of Rs. 2.56 billion, an 84% increase compared to the last year's topline of the segment. The profit generated from the segment as a result has more than doubled to Rs. 1.26 billion from Rs. 603 million profit recorded last year. Meanwhile, the company reported a curtailed performance in the local hydro segment compared to the performance in the previous year, amounting to Rs. 588 million in revenue and Rs. 399 million in profits.

The Biomass and Plantation segment reported a tremendous turnaround from last year's loss of Rs. 76 million into a profit of Rs. 69 million in the current year as a result of thoughtful steering. It is worth noting that the local cost of production of the Biomass and Plantation segment is a continuous challenge that has been impacted by the restrained supply of fuelwood and other cost drivers.

Another major segment the group is continuing to focus on and consolidate its resources is the Solar power segment. The company reported a loss of Rs. 19 million under this segment this year compared to the profit of Rs. 11 million last year and the strategic focus is expected to bear more fruits in the years to come. The key milestone has been the successful commissioning of a 10MW ground-mounted solar power plant in Vavunathivu on the 28 September 2022 as a joint venture in partnership with Hi-Energy Services and Windforce PLC which would add 20GWh of energy to the national grid annually, in addition to completing the construction of the 2MW project in Horana.

The group also set foot in new continental waters in South America, by being awarded an Engineering, Procurement, and Construction Contract by the Guyana Energy Agency to design and build two hydropower plants with a cumulative capacity of 2.2MW in Lethem,

Republic of Guyana. The initial works of the contract are now well underway and the project closure is expected to be in around 18-24 months. The company was also able to secure an Operations and Maintenance consultancy assignment in Rwanda, for a renowned renewable energy developer.

In line with its commitment to its shareholders, the company paid two interim dividends to the value of 20 cents per share amounting to a total distribution of Rs. 189 million for the Financial Year ended 31 March 2023. The company also has declared a first interim dividend at the time of this report being compiled post Financial Year ended 31 March 2023.

CHALLENGES

The year in review has been fruitful for the group in terms of its operations, growth, and profitability. Yet, there were many challenges lingering in the shadows which the group had to overcome.

The biomass and plantation segment of the company was no stranger to these threats, as the whole dendro power industry was struggling with fuelwood availability, as a result of supply chain challenges. Yet, in an environment where most of the other dendro power plants in the country had shutdown as a result, the Vidul Group continued its steadfast operations, except for scheduled maintenance and brief shutdowns due to external factors.

The rising costs of inputs and the foreign exchange crisis hit hard the local solar project development initiatives of the company. Although the cost escalations have affected viability, the company with the support of its partners has proceeded with the project implementations. The recently commissioned 10MW Vavunathivu solar project was such a project and the company also commissioned its 2MW Horana solar project in June 2023 following the end of the Financial Year.

Given the recent economic challenges faced by Sri Lanka and across the globe, the feasibility of the projects in the pipeline is becoming difficult to assess. Local hyperinflation is challenging infrastructure development heavily, while capital commitments are now extremely tricky due to the interest rate environments. Owing to these facts, the company is now taking a cautious approach with regard to its investments and developments. Malawi, an African country with a similar economic crisis to that of Sri Lanka, is home to Quantel Renewable Energy Ltd (QRE), which owns the license to build a 50MW ground-mounted solar power plant in Bwengu, Malawi. Vidullanka, who has invested in QRE in partnership with Frontier Energy, Denmark is now taking the project's development at a slower pace than planned in anticipation of positive macroeconomic developments.

The country is also facing a serious challenge due to the massive brain drain taking place as a result of emigration. Although its effects have not yet severely impacted the industry, this could prove to be a bottleneck to the industry's operations and growth in the future.

As a company with a notion for growth and improvement through continuous investment and reinvestment, Vidullanka's many planned and upcoming investments in Sri Lanka are becoming more and more challenging to achieve, in an environment where even the risk-free interest rates are extremely high. It is imperative to ensure that the monetary policy measures taken to stabilize the general economy are carefully managed, so that the key investments in the country such as infrastructure are not restrained. Vidullanka PLC and the industry as a whole could play a vital role in leading the nation towards a higher degree of energy independence, backed by developing indigenous renewable energy sources.

BEST PRACTICES & ACCOLADES

Shareholders could take humble pride in the fact that the company has been recognized among the 50 Best Workplaces in Sri Lanka by Great Place To Work® - Sri Lanka during the period under review. In line with the best practices adopted in Management, Operations, and HR, the Group is continuing its standards and its 5S-driven performance culture consistently, subsequent to having been recognized as a Great Place to Work in the year before as well.

The company also shined at the Presidential Environmental Awards 2021/2022 held in April 2023 as it was awarded the prestigious Gold Award for its Wembiyagoda MHPP, being the first company under the Renewable Energy Sector to win the award for its contribution to environmental conservation. The award was conferred to the plant in recognition of its continuous efforts in protecting catchment areas and river basins, reforestation initiatives, watershed management and river waste management practices.



Wembiyagoda MHPP awarded the Gold Award at Presidential Environmental Awards 2021/2022

Chief Executive Officer's Review

A DEPENDABLE TEAM

The company's growth is a testament to the strength of its team and the extra mile each and every team member is willing to go in order to perform and to achieve results. The performance-driven culture that is persistent for many years now is only getting better with all the investments going into the learning and development drives and the digital transformations. The comparatively lower level of staff turnover and continuous accolades under Great Place to Work® - Sri Lanka recognitions further speak volumes of the culture the management has been able to create along with the deep-rooted commitment levels of the team members which obviously entail great respect and gratitude by all stakeholders.

A RESPONSIBLE CORPORATE CITIZEN

It is Vidullanka's ethos and value system to take care of the people and the communities around whom the company operates and continues to prosper. The company takes conscious and continuous efforts to impact and transform the lives of people who are very much part of its growth story. The company's contribution to the wider communities encompasses a cross-section of events including Medical, Educational, Environmental protection, Food programs, and Reforestation etc.

The noteworthy CSR initiatives carried out by the company during the year are the donation of Optiflow Nasal Oxygen Delivering System worth Rs. 4 million to the Sabaragamuwa Provincial health office, a Blood Donation Programme conducted together with the Kotmale village Community, a "Dansela" and an essential packs distribution program organized in celebration of the 25th anniversary of the company in and various educational support initiatives and scholarships provided to school children who excelled at the Grade 5 Scholarship, Ordinary Level and Advanced Level exams.

Clearing of the Invasive Plants, & reforestation, in Bundala National Park, is an ongoing effort by the Group in addition to the reforestation program at the catchment areas in the hydro projects and the company also planted a total of 11,330 trees during the 2022-2023 period. The total number of trees managed and sustained by the company is 44,786 as of now.

IN CONCLUSION

Nothing of the above would have been possible without the longstanding support of the shareholders, Board of Directors, and its able workforce, not to mention multiple other stakeholders and strategic partners who have continued to place trust in the company. Therefore, my formal and personal gratitude goes to all those who have been a great source of strength to the Group and to me personally in all the ups and downs.

I would like to extend my sincere appreciation and gratitude to Mr. C.F. Fuhrer, who tendered his resignation from the Board with effect from 30 June 2023. I acknowledge and commend Mr. Fuhrer for his significant contributions to Vidullanka as a Non-Executive Director over the years. Mr. Fuhrer's presence over the last 13 years was instrumental in pushing the Group to its heights. He played a pivotal role in the Board over the years assisting and guiding the Group in its growth.

The future still looks bright for the company and the industry as the prevailing energy difficulties faced by the country and also the world emphasizes the importance of the inevitable need for clean and sustainable energy throughout the globe. This puts the company as a prominent player in the Sri Lankan renewable energy space, and to continue with its unwavering growth, locally and internationally even amidst the economic challenges.

(Sgd.)
Riyaz M. Sangani
CEO

Board of Directors

Osman Kassim

Chairman

A charismatic and visionary figurehead, Mr. Osman Kassim is an entrepreneur with decades of experience in business management, leadership and strategy. Mr. Kassim has accumulated senior management experience in a span of well over 40 years, in countless industries and sectors, in both Sri Lanka and overseas.

Mr. Kassim serves as the Chairman of the Board of Vidullanka PLC. He is also the Chairman of Amana Takaful Life PLC. Mr Osman Kassim is the Emeritus Chairman of Aberdeen Holdings (Pvt) Ltd. Additionally, he serves as a Board member of Amāna Takaful Maldives Ltd, Maldives Islamic Bank and Crescentrating (Pvt.) Ltd, Singapore. In the past, he held positions as the Chairman of the Boards of Expolanka Group, Amāna Bank PLC, Amana Takaful PLC and the Asia Pacific Institute of Information Technology (APIIT), Sri Lanka.

Mr. Kassim is one of the promoters of the first ever fully fledged Islamic Bank in Sri Lanka, Amana Bank PLC, which offers non-interest-bearing participatory banking solutions. Another key turn around in the Islamic Finance industry was also his brainchild, which is the establishment of Amana Takaful Insurance PLC, the first ever Takaful Insurance firm in the country. Mr Kassim's vast knowledge of Islamic banking and insurance positioned him to be a pioneer in the industry in Sri Lanka.

In recognition of his plaudits as a global entrepreneur and a visionary educationist, he was conferred with an Honorary Doctorate from Staffordshire University, UK. 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 Sangani is the founder who incubated the idea of Vidullanka PLC into reality. He is the current Chief Executive Officer of the company. Mr. Sangani is a charismatic, risk taking and entrepreneurial leader with over 25 years of senior management experience. Mr. Sangani serves as the director of all boards of the companies under the Vidul Group as well as in some external companies in other industries.

Mr. Sangani is a key contributor to the Renewable Energy industry in Sri Lanka, especially the Small Hydro power sector. He has held office as the President of the Small Hydro Power Developers Association, through which in his tenure the industry made considerable strides in terms of development in the Small Hydro power sector. He continues to represent interests of the nation, industry and populace with regards to renewable energy by way of his services offered as a committee member of the Ceylon Chamber of Commerce and as an Ex Officio member of the Board of Management of the Sri Lanka Sustainable Energy Authority.

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, a Board Member of Vidullanka PLC, also played a vital role in the inception of Vidullanka PLC as he joined as a seed investor.

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.

He 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 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 true nature lover, Mr Sangani is also the founding trustee of Friends of Wilpatthu.

Board of Directors

Sattar Kassim

Non-Executive Director

Mr. Sattar Kassim is one of the founder Directors of the Expolanka Holding PLC, a conglomerate that has diversified to be a leading player in a range of business sectors such as Transportation, Manufacturing, Travel & Leisure, International Trade and Strategic Investments.

He is one of the Founders and Group Director of Aberdeen Holdings (Pvt) Ltd and under its umbrella, comes the leading player in Agriculture & Poultry, Commodity Trading, Airline, Tea Exports, UPS courier Agency, General Sales Agents for Saudi Arabian Airline Cargo and the largest Corrugated Carton Manufacturing and Solar Energy companies. Aberdeen Holdings also has strategic investments in the pioneering ventures in oceanic fish farming, courier and related services and plantations in Sri Lanka, in addition to the several international partnerships and ventures in more than 30 countries.

Mr. Sattar Kassim is serving number of companies as the Board Chairman including Bio Extracts (Pvt) Ltd, the pioneer in Sri Lanka and the largest in black seed Extraction Company in South East Asia, Roar Media (Pte) Ltd; a digital media company with presence in the Asian Region, who's founder was featured in the Forbes 30 Under 30 Asia List for 2020, Ruhunu Farms (Pvt) Ltd; a state of the Art Poultry Farm, Globe Air (Pvt) Ltd; General Sales agents for Saudi Arabian Airlines Cargo, HiEnergy Services (Pvt) Ltd; leading Solar Energy Service Providers in Sri Lanka, Lanka Commodity Holdings (Pvt) Ltd; involved in end-to-end supply chain solutions, importing & distribution of Agricultural Commodities and "Expo Cement" brand ordinary Portland cement in Sri Lanka, Expo Commodities Global (Pvt) Ltd; leading supply chain specialist for the spice industry, and also Expack Corrugated Cartons PLC; the market leaders in manufacturing corrugated cartons in Sri Lanka.

He also holds directorships in Fits Aviation (Pvt) Ltd, Fits Retail (Pvt) 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, Expoasia Holdings (Pvt) Ltd just to name a few.

Having joined the Board of Vidullanka PLC in January 2012, Mr. Kassim serves the Board as a Non- Executive Director.

Sujendra Mather

Non-Executive Director

Mr. Sujendra Mather currently holds office as the CEO and Head of Investment Banking of Asia Securities Advisors Pvt Ltd. He was also the co-founder and Managing Director of York Street Partners Pvt Ltd, a leading boutique Investment Banking firm. Mr. Mather possesses over 15 years of experience specialising in Investment Banking and Corporate Finance, during which he was employed at 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, Restructurings and Strategic Advisory transactions amounting to 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, an Independent Non-Executive Director on the board of Vidullanka PLC, heads the Audit Committee as the chairperson. She also holds office in Vidul Plantation Pvt Ltd, a wholly owned subsidiary of Vidullanka PLC as an Independent Non – Executive Director. She plays the same role in the boards of Amana Takaful PLC, Mercantile Investments and Finance PLC in addition to being a Director of the Chitrasena Vajira Dance Foundation. She also provides independent consultancy services to entities in the fields of Business Process Management, Treasury Management and Business Counselling.

Ms. Deepthie Wickramasuriya possesses a wealth of corporate experience spanning more than 35 years, encompassing diverse industries in the United Kingdom, Singapore, India, Indonesia, and the Fiji Islands. She is recognized for leading special initiatives focused on organizational strategy, operations, finance, risk, and governance, both domestically and globally. Her endeavours have played a significant role in addressing the generation gap prevalent in numerous 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, and is a Fellow of the Chartered Institute of Management Accountants (CIMA), UK, and holds an MBA from the University of Sri Jayawardenepura, Sri Lanka.

M. 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.

Mr. Rizvi held positions as the Managing Director of the esteemed Hayleys Agriculture Holdings Ltd and director of Hayleys PLC. He now has amassed around 40 years of senior management experience specialising in the Sri Lankan agricultural and corporate sector. Throughout his tenure at Hayleys, he represented the company as a board member of the Sri Lanka Institute of Nanotechnology (SLINTEC). Additionally, he held the position of Chairman of the Agriculture and Livestock Steering Committee and served as Vice Chairman of the Imports Section at the Ceylon Chamber of Commerce. Currently, he remains actively involved as the Agriculture Lead for the Ceylon Chamber of Commerce. Moreover, he contributes as a member of the National Agriculture Policy Committee under the Ministry of Agriculture, where he plays a crucial role in the development and implementation of agricultural policies 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 Agripreneurs' Forum and was previously Chairman of the National Agribusiness Council. He is currently the 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 also serves in the Advisory Board of the USAID project on Climate Adaptation.

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.

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.

Management Discussion and Analysis



GLOBAL ECONOMIC OUTLOOK

The global socio-economic environment this year has faced significant challenges, with the lingering impact of the COVID-19 pandemic, ongoing conflict between Russia and Ukraine, and other factors contributing to a massive economic downturn that is now slowly recovering. High commodity prices and supply disruptions, especially in essential goods like food and fuel, have led to increased food insecurity, poverty rates, and inflationary pressures. These conditions have resulted in tighter financial conditions, heightened policy uncertainty, and difficult compromises for countries. They must decide between tackling inflation and safeguarding economic recovery, as well as between alleviating poverty and rebuilding fiscal safety, particularly in developing nations. These complex dynamics require careful navigation and international collaboration to promote sustainable growth and stability in the face of ongoing challenges.

During the year under review, no country was spared from the detrimental effects of high inflation and other macroeconomic outbursts. Unfortunately, Sri Lanka arguably took the brunt in this area, with inflation figures reaching sky-high values. Although recovery is expected and materializing, the rate of recovery and its impacts have been marginal at best, with economic uncertainties expected to inflict further damage, especially in low-developing and underdeveloped countries. Looking ahead, the future outlook carries several potential risks that could undermine global stability and economic growth. Geopolitical tensions are on the rise, adding to the uncertainties. Financial instability is becoming more pronounced, while supply chain disruptions further compound the challenges. Additionally, the issue of food insecurity is worsening, posing a significant concern. These downside risks highlight the need for vigilant and proactive measures to mitigate their impact and ensure a more secure and prosperous future.

With these challenges lingering in the shadows, the World Bank has predicted that global growth rates will further dwindle, decelerating from 3.1% in 2022 to 2.3% in 2023. The global economy has experienced a significant deceleration in growth, with emerging market and developing economies (EMDEs) facing an increased risk of financial strain as global interest rates remain high. This intensifying situation necessitates the need for careful monitoring and proactive measures to address the challenges posed by tightening financial conditions in these economies.

The global recovery is, therefore, expected to be mediocre at best amidst exponential interest rates, unbearable inflation, supply chain conflicts, and geopolitical tensions between superpowers. This sets an important pedestal for all countries of the world to band together, setting aside their differences and tackle each and every challenge head-on.

GLOBAL CLIMATE ACTION

For more than decades, it has been increasingly evident that the aftermath of climate change has wreaked havoc on world economies, resulting in floods in South Asia, rampant wildfires in the Americas, devastating storms all around the world, and many more extreme weather events. The global temperature levels are increasing year after year, where very recently, the highest ever global temperature on Earth was recorded at over 17°C. As a result of these events, world economies have suffered many losses in terms of human lives and livelihoods and also economic losses totalling to billions of dollars. The year under review has also unfortunately been subject to record levels of greenhouse gas emissions.

The 2023 Report of the Intergovernmental Panel on Climate Change (IPCC) depicts a harrowing outlook on the future of climate change globally. According to the report, there is a probability exceeding 50% that global temperatures will increase by 1.5°C

(2.7°F) or more between 2021 and 2040, based on the various scenarios studied. In a high-emissions pathway, there is a risk that this threshold could be reached even earlier, potentially occurring between 2018 and 2037. There is a 66% chance that the average global temperature near the Earth's surface will exceed 1.5°C above pre-industrial levels for at least one year during the period from 2023 to 2027. These projections highlight the urgency of taking decisive action to address climate change and its potential consequences.

The IPCC report has determined that developing countries will require USD 127 billion annually by 2030 and USD 295 billion annually by 2050 to effectively adapt to the impacts of climate change. However, the funding allocated for adaptation efforts between 2017 and 2018 amounted to only USD 23 billion to USD 46 billion, which accounted for a mere 4% to 8% of the total climate finance tracked. These figures highlight a significant shortfall in the necessary financial support for adaptation measures, emphasising the urgent need for increased funding to assist vulnerable nations in addressing the challenges posed by climate change. The results derived are so worrying that it is believed that some severe climate impacts have materialised so far down the road, that no effective and appropriate remedies are available to be adopted.

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. Therefore, it is crucial that strong global pushback against carbon emissions be fostered in order to prevent unprecedented environmental catastrophe. All global powers should pool in their knowledge, resources and efforts to fight this common enemy, and renewable energy will always lie at the heart of it.

LOCAL ECONOMIC OUTLOOK

The Sri Lankan economy contracted by 7.8% in 2022, with the Manufacturing and Construction sectors being the most affected due to supply chain disruptions and rising input prices. The first quarter of 2023 has also experienced similar challenges. Inflation reached a peak of an unprecedented 69.8% in September, headline inflation ended at 57.2% in 2022. This significant inflationary figure can be attributed to factors such as elevated global commodity prices, fiscal deficits being financed through monetization, currency depreciation, and constraints in food supply due to the ban on chemical fertilizers in 2021. The sharp depreciation of the Sri Lankan rupee against the US dollar further compounded the economic situation, with a depreciation of 78% between March and May 2022. This, combined with low exports and reduced inward worker remittances left the Sri Lankan foreign currency reserve position at a worrisome state. The import sector was particularly affected by these circumstances.

Limited market access and reduced official reserves from USD 7.6 billion in 2019 to less than USD 500 million by December 2022 (excluding a currency swap of approximately USD 1.4 billion with China) was another major hit in the face of the Sri Lankan economy. The banking system's net foreign assets also experienced a significant decline of 79.9% in 2022. This severe constraint on foreign exchange liquidity had a widespread impact on the economy, leading to shortages of fuel, medicine, cooking gas, and other essential inputs for economic activities, particularly from the second quarter of 2022.

Amidst all the downturns faced early on during the year, Sri Lanka's hopes of entering into local and international programs of debt restructuring and bridge financing were very bleak. This situation created a challenging business environment, as persistent foreign currency shortages hindered private sector companies' ability to secure the necessary funds for importing

Management Discussion and Analysis

goods. Furthermore, the downgrading of Sri Lanka's credit ratings negatively impacted foreign supplier confidence. As a result, the business climate was characterized by high risk and uncertainty during this period.

To address inflationary pressures, the Central Bank of Sri Lanka implemented a series of policy rate hikes since January 2022, totalling 950 basis points, in an attempt to mitigate inflation and its adverse effects. The government also imposed import restrictions and tighter controls over the use of informal channels for inward foreign remittances to combat rapid currency depreciation. In April 2022, Sri Lanka announced an external debt service suspension while awaiting debt restructuring. The country experienced a steady growth in reserve position, exceeding USD 2.5 billion by the end of the financial year, as a result of these measures.

In March 2023, the International Monetary Fund (IMF) approved a 48-month Extended Fund Facility program amounting to USD 2.9 billion. This approval was accompanied by assurances of financing from official creditors to provide debt relief in line with the IMF's debt sustainability framework. Against all odds there is some hope that with assistance from international finance markets, Sri Lanka can regain stability and move in the right direction.

LOCAL ENERGY INDUSTRY

During the year, the Energy and Fuel sector in Sri Lanka faced numerous challenges due to the worsened economy. Although the situation appears to have subsided, there are still tell-tale signs of hardship that the Energy and Fuel sector of the country faces.

Thermal power plants still remain the highest source of energy generated in the country. This means that the greater energy portfolio of the country is also subject to external shocks associated with thermal power. There have been ongoing challenges with thermal generation due to fuel shortages,

fluctuating international energy prices, local economic challenges, power plant breakdowns, and inefficient administration resulting in excessively long and arduous power outages, which were considered to be the worst in the history of the country. The increased fuel costs not only affected the energy industry but also caused inconvenience for almost all consumers, leading to hyperinflation and high increases in food costs and other essential items. Although the fuel queues experienced are no longer present, there are still occasional disruptions to the fuel supply, which are well managed by the systematic fuel rationing system implemented by the authorities.

The recent power shortage has brought to light the significant delays in Sri Lanka's efforts to ramp up renewable energy production, which could have improved the energy security of the country. The "tenders only" policy implemented since 2016 resulted in far lower investments in the renewable energy sector and slowed down the country's momentum in increasing the share of non-conventional renewable energy sources to the national grid. Policy inconsistencies led many industry pioneers to focus on investments elsewhere. More recently, Sri Lanka has set ambitious targets to increase renewable energy generation to 70% of its energy mix by 2030 and to achieve carbon neutrality while generating 100% of its power from renewable sources by 2050. Under the new leadership, the Ministry, CEB, and the related authorities have taken a positive approach towards the rapid addition of renewable energy projects to the national grid, including the reintroduction of a revised feed-in tariff scheme that takes into consideration the increased costs of materials, labour, and finance. It is worth noting that the recent tariff revision comes nearly 10 years after the previous tariff was set in 2012 and finalised in 2014. The positive steps taken have resulted in renewed interest in the renewable energy sector from local investors, who historically dominated investments in the sector, as well as foreign investors.

The power crisis has prompted the government of Sri Lanka to contemplate the adoption of an accelerated plan for renewable energy generation. In this effort, the exploration of rooftop spaces in industrial buildings, hospitals, hotels, and state institutions for the installation of solar panels is being considered using the Indian line of credit. Sri Lanka, being a tropical country, possesses abundant renewable resources such as sunlight, wind, diverse water sources including rivers and the surrounding ocean. This presents immense potential for renewable energy development in the country. The future appears promising for renewable energy in Sri Lanka, as evidenced by the increasing revenues of existing renewable energy companies.

Electricity Generation

Sri Lanka experienced a decrease in annual average rainfall in 2022, with 1,966mm recorded compared to 2,312mm in 2021.

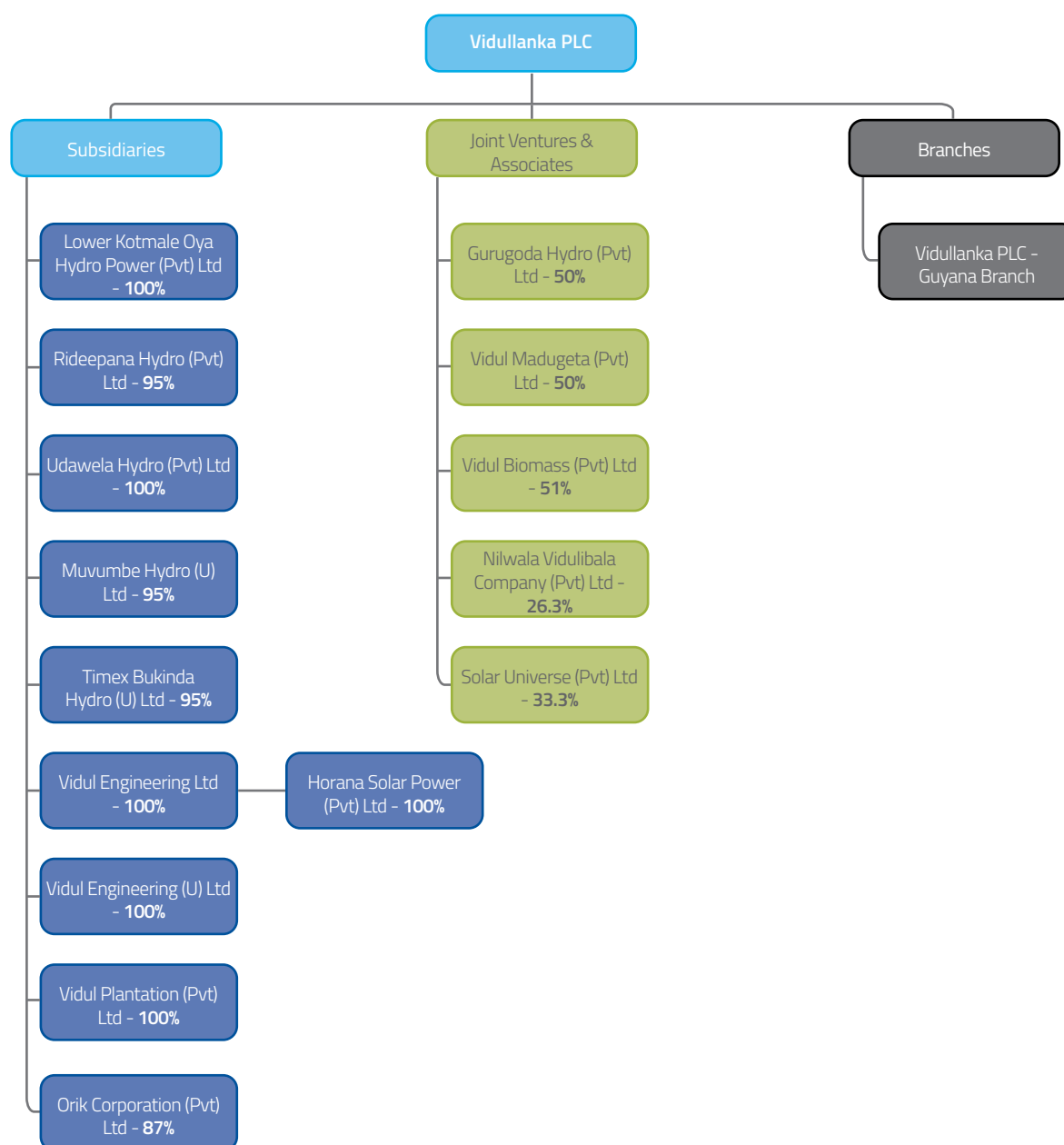
The supply and generation of electricity in 2022 were severely affected by fuel and coal required for generation, amidst the issues in foreign exchange liquidity. The decline in reservoir levels also contributed to this decline. The total electricity generation in 2022 was 15,942GWh, representing a 4.6% decrease from the 16,716GWh generated in the previous year. The energy makeup for the year consisted of 5,364GWh from hydro, 2,467GWh from fuel, and 5,174GWh from coal. The gap was bridged by 2,937GWh of energy generated by Non-Conventional Renewable Energy (NCRE) sources.

While the energy generated from NCRE sources saw growth during a period when other conventional sources declined, the growth rate of 0.5% is lower than desired. Hydropower accounted for 33.6% of the total power generation, fuel contributed 15.5%, coal made up 32.5%, and NCRE constituted 18.4%. The share of hydropower and NCRE in the capacity mix has increased substantially from 1,383MW to 1,413MW and from 817MW to 847MW respectively, indicating the crucial role these indigenous sources

could play in the country's pursuit of higher energy independence. The Ceylon Electricity Board (CEB) generated approximately 76.7% of this energy mix, while the remaining portion was supplied by Independent Power Producers.

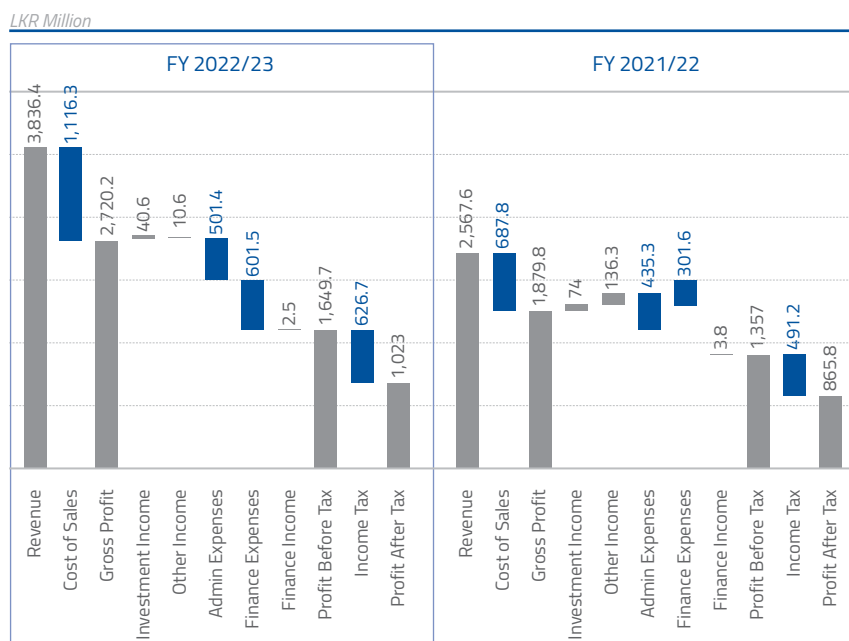
Similarly, the energy supplied also fell by 4.6% to 14,520GWh in 2022. This decrease can be attributed to regular and extensive power interruptions, as well as a decrease in demand from major user categories. The costs of fuel and coal generation for the CEB reached Rs. 67.69 and 27.32 per kWh, respectively, representing a significant year-on-year increase of 111.3% and 119.8%. In response to the financial challenges posed by these price hikes, the CEB had to implement tariff reforms to increase revenue and strengthen their financial position.

VIDULLANKA GROUP OWNERSHIP STRUCTURE



Management Discussion and Analysis

Comparative Income Statement in Waterfall Diagram (Rs. Mn)



COMPANY PERFORMANCE

The Vidullanka Group achieved a significant milestone this year, recording its highest ever Profit After Tax of Rs. 1,023 million, representing an 18% increase compared to the previous year's figure of Rs. 865 million. This is a commendable achievement considering the company's high finance costs and operational expenses. The group achieved a remarkable 49% increase in revenue, reaching Rs. 3.8 billion compared to the previous year's revenue of Rs. 2.5 billion. The energy generation for the year amounted to over 183GWh.

The Group's overseas hydro operations in Uganda continued to be the standout performer, contributing Rs. 1.26 billion in profits from the Rs. 2.57 billion generated in revenues through the unhindered performance of the Muvumbe SHPP and Bukinda SHPP power plants. The USD-denominated balance sheets of these companies resulted in translation gains of Rs. 312 million for the group.

In a remarkable turnaround, the biomass and plantation segment of the company, which experienced losses of Rs. 76 million in the previous year, achieved a profit after tax of Rs. 69 million in the

year under review. This extraordinary achievement is notable considering the obstacles faced, including rising finance costs, high fuel prices, and fuel supply restrictions. The repricing of the fuelwood component of the tariff played a crucial role in creating a level playing field for all dendro power operators in the country. It is worth mentioning that the Dehiyathakandiya dendro power plant owned by Vidul Biomass Pvt Ltd was one of only two dendro power plants that continued to operate during challenging times, providing uninterrupted power to key infrastructure such as hospitals and other essential services in the region when the rest of the country experienced prolonged load shedding.

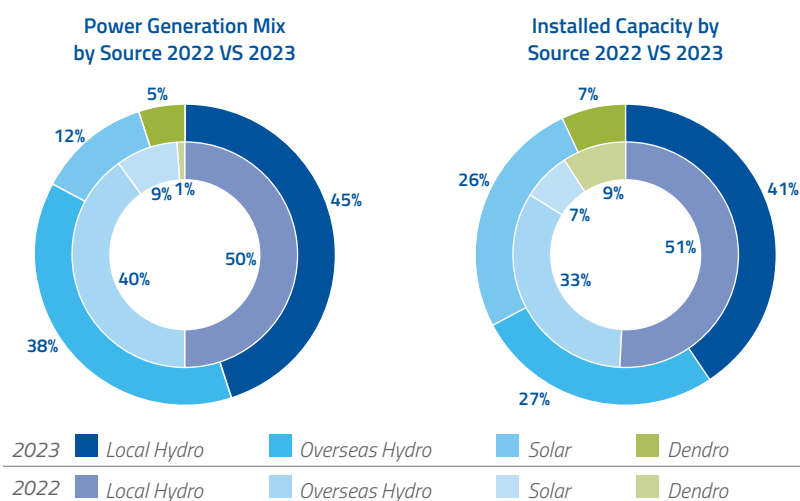
Despite the high costs, locally based joint venture projects, namely Madugeta MHPP, Ganthuna MHPP, and Ethamala Ella MHPP operated by Vidul Madugeta (Pvt) Ltd, Gurugoda Hydro (Pvt) Ltd and Nilwala Vidulibala Company (Pvt) Ltd. respectively, jointly contributed Rs. 47.8 million to this year's profits.

The company expanded further into the value chain of the renewable energy industry by engaging in Engineering, Procurement, and Construction (EPC)

contracts and consultancy assignments. However, the high-cost environment posed a serious threat to the company's project development and construction activities. Cost overruns were observed in the projects being developed due to increased finance costs. While the depreciation of the LKR against foreign currency benefited the group's overseas operations, it also led to a significant increase in the costs of supplies, imports, and constructions, resulting in higher total project costs. The company is exploring cost reduction and tariff adjustment initiatives at both company and industrial levels to sustain investments in the local renewable energy sector.

Despite these constraints, the company continued to pursue its organic growth strategy by adding more energy projects to its portfolio and expanding its generation capacity. The company successfully commissioned the 10MW ground-mounted solar power plant in Vavunathivu, a joint venture with Windforce PLC and HiEnergy Services, in October 2022. This marks the first-ever Agrovoltaic solar power plant in Sri Lanka, designed to generate and add 20GWh of clean energy to the national grid. Additionally, the company completed and commissioned the 2MW ground-mounted solar power plant in Horana in June 2023 after the year in review.

Internationally, the company continued to expand its footprint with it becoming the first listed renewable energy company in Sri Lanka to be awarded an overseas Engineering, Procurement and Construction (EPC) Contract. The Guyana Energy Agency has contracted Vidullanka PLC to design, engineer and construct two hydro power plants in Lethem, Guyana with a cumulative capacity of 2.2MW. The contract which is valued at USD 12.85 million is funded by a multilateral development bank. The construction works have already begun and are expected to take an 18-24 months period to complete. The company was also engaged by a renewable energy developer in Rwanda, to advise and



consult on the operations of 5 Hydro power plants under their portfolio with a total capacity of 21MW.

Segmental Performance

Vidullanka PLC achieved profits in all its local and overseas hydro segments and biomass and plantation segment for the fiscal year. However, its solar segment and engineering, consultancy, and project management arm incurred net losses.

The local hydro segment benefited from heavy rainfall in the catchment areas during the first three quarters of the fiscal year, resulting in the nine-plant local hydro portfolio of the group recording a net profit of Rs. 399 million from a consolidated revenue of Rs. 588 million. However, as most of Vidullanka's power plants will be moving toward the subsequent tiers of the tariff schemes, this is likely to impact the segment's revenue performance.

The overseas power segment was the standout performer for the group, generating a profit after tax of Rs. 1.26 billion from a revenue of Rs. 2.57 billion. This represents more than double the profits generated by the segment in the previous year, and the revenue also increased by a significant 84% compared to the revenue figure of Rs 1.39 billion reported in the previous year.

The biomass and plantation segment includes the share of profit from Vidul

Biomass (Pvt) Ltd amounting to Rs. 24.4 million and a profit of Rs. 45.1 million reported by Vidul Plantation (Pvt) Ltd, the fuelwood supply arm of the group. This resulted in an overall segmental profit of Rs. 69.5 million. Despite supply chain disruptions and cost escalations, the segment managed to achieve profitability in both arms.

The solar segment of the company recorded losses of Rs. 19 million from a revenue of Rs. 72 million generated during the year. The segment is expected to improve in the coming years with anticipated capacity growth and cost reductions. The engineering, consultancy, and project management arm improved its performance, reporting a net loss of Rs. 4 million compared to a loss of Rs. 15 million in the previous year.

Constraints and Challenges

The profitability of the company continues to be impacted by the aging hydro power plants in Sri Lanka. The Bambarabatuoya Mini Hydro Power Plant (MHPP), which completed its initial Power Purchase Agreement (PPA) term in 2016, continues to generate and supply electricity under a renewed tariff with an extended term of 20 years. Similarly, the Batathota MHPP which was set to conclude its PPA during the previous calendar year, is currently in negotiations with CEB on the renewal of the Standardized Power Purchase Agreement (SPPA). Both plants will

transition from a higher avoided cost tariff to a reduced renewal tariff once their SPPAs are renewed. The remaining seven hydro plants and the dendro power plant have more time before their PPA agreements expire, allowing them to benefit from a higher three-tiered tariff. However, they will also experience a reduced generation tariff once the first tier of their agreements concludes.

The Ceylon Electricity Board (CEB) extending the arrears period to over 14 months, instead of the stipulated 30-day settlement period in the Power Purchase Agreements (PPAs), would have severely impacted the liquidity position of the Group if it relied solely on its local ventures. However, the company is able to mitigate the impact of these shortfalls through the cash flow generated by its overseas ventures. Efforts to recover the outstanding payments are ongoing through continuous engagement with the CEB and relevant authorities, and there have been positive developments in this regard.

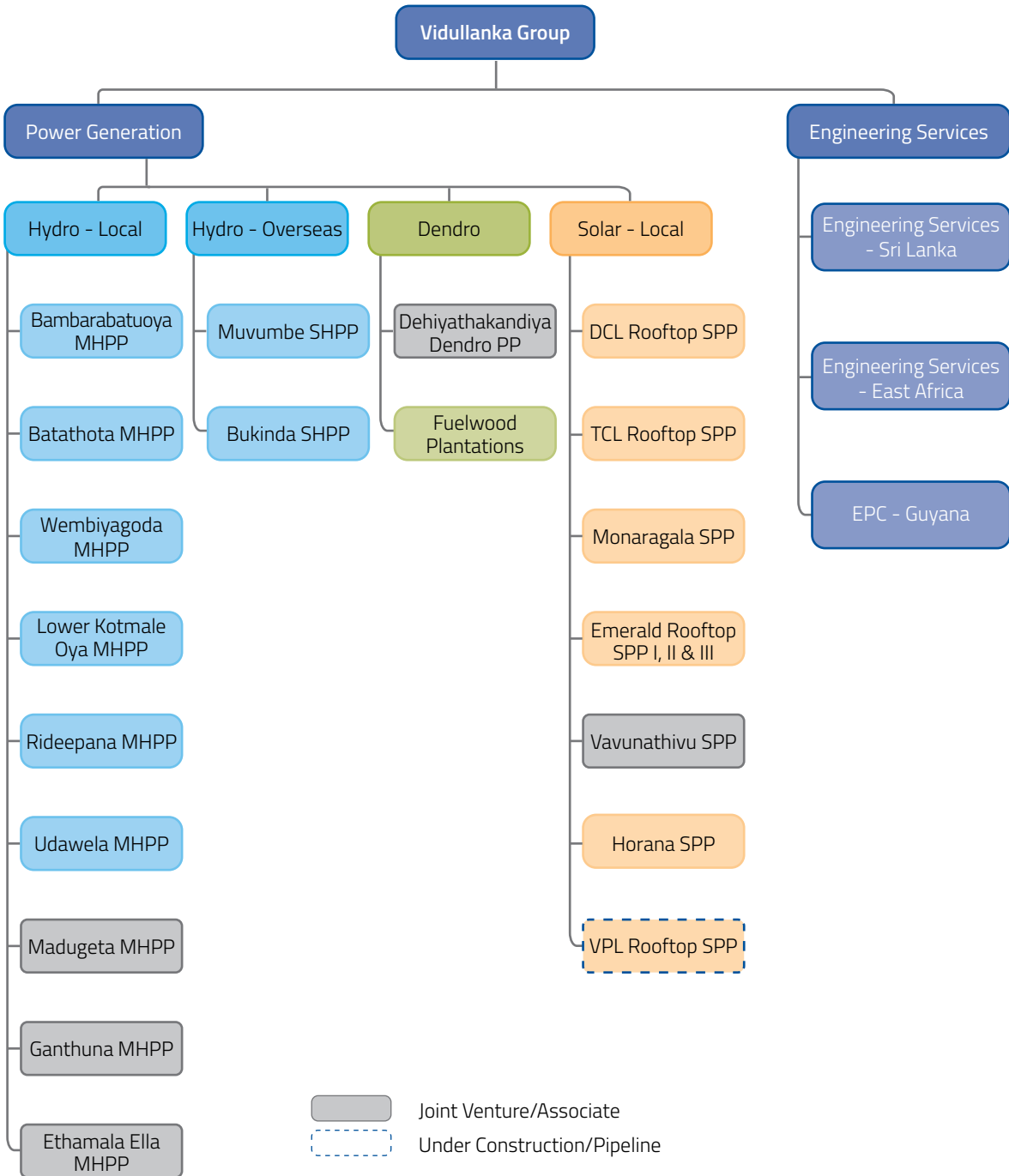
Due to various challenges, including bureaucratic hurdles in project approvals and economic difficulties associated with high interest rates linked to the current balance of payment issues in the country, the company has shifted its focus towards expanding operations overseas. However, the company intends to resume investment in the local energy industry once there is an improvement in the investment climate. These challenges, among others, have necessitated this strategic decision.

Dividend

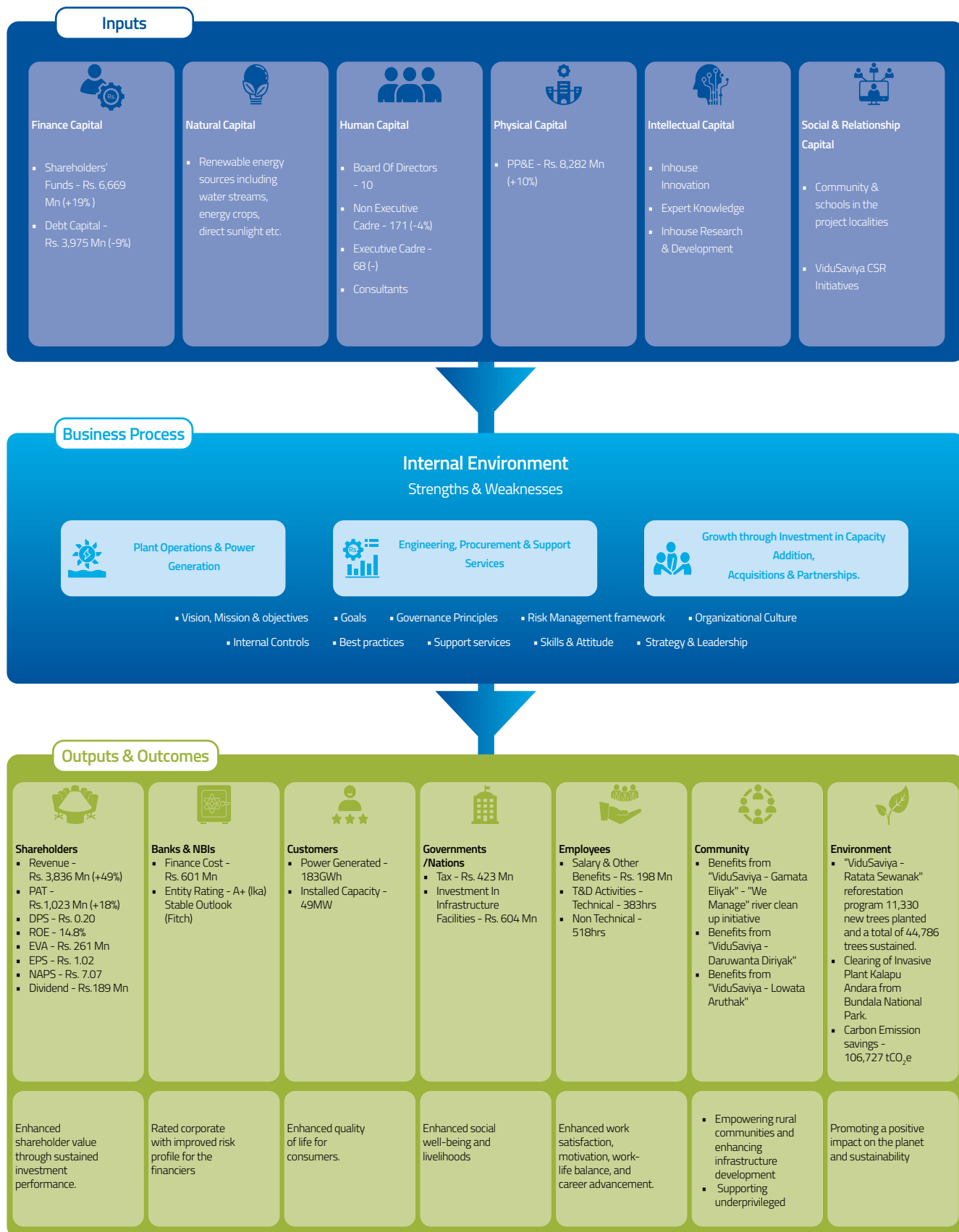
The financial performance achieved by the company paved the way to grow shareholder equity to Rs. 6.67 billion from Rs. 5.59 billion reported last year. As such the company paid two interim dividends of Rs. 0.10 per share, totalling a cumulative distribution of Rs. 189 million during the year.

Management Discussion and Analysis

VIDULLANKA GROUP IN BUSINESS SEGMENTS



VIDULLANKA VALUE CREATION MODEL



Management Discussion and Analysis

Future Outlook

Looking ahead, Vidullanka will maintain its focus on expanding its portfolio of power generation projects in Sri Lanka and further expanding its presence overseas by developing renewable energy projects in other parts of Asia and Africa.

The company is well-positioned for the ongoing transition in the energy sector towards a decarbonized 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 serves as a buffer against unfavorable market conditions. With strong financials, the company utilizes this strength to gain a competitive advantage in an otherwise challenging business climate, driving long-term value for its shareholders and building sustainable business platforms.

CARING FOR OUR PEOPLE

Human Resources Management plays a vital role in organizational management as it assists in achieving and optimizing staff efficiency and effectiveness, with special care also placed on creating a nurturing, healthy, and productive workplace for employees. The company is committed to ensuring that all employees are positively challenged based on their skill set and appropriately remunerated for the services they provide.

To achieve this, Vidullanka invests significant resources in partnering with its employees to promote personal and professional growth. The company provides training opportunities designed to enhance skills and knowledge, ultimately expanding employee output. The Human Resources Department dedicates ample resources, efforts, and knowledge to develop and implement necessary strategies, programs, trainings, and communication platforms to help employees grow and improve their skills.

Best Workplaces in Sri Lanka. The company

Vidullanka was recognized by Great Place to Work® - Sri Lanka as one of the 50 Best Workplaces in Sri Lanka in 2022, following its recognition as a Great Place to Work in 2021. These awards acknowledge the positive employee morale and the diverse and inclusive work culture fostered by the company over the years. The company's efforts have ensured the happiness, well-being, and enhanced productivity of its staff.



HR Processes

The company utilizes an Advanced HRIS system introduced during the previous year, encompassing all HR activities. This solution streamlines and automates many tasks related to local and overseas talent management. As a result, the company benefits from increased efficiency in various HR initiatives.

Staff Profile

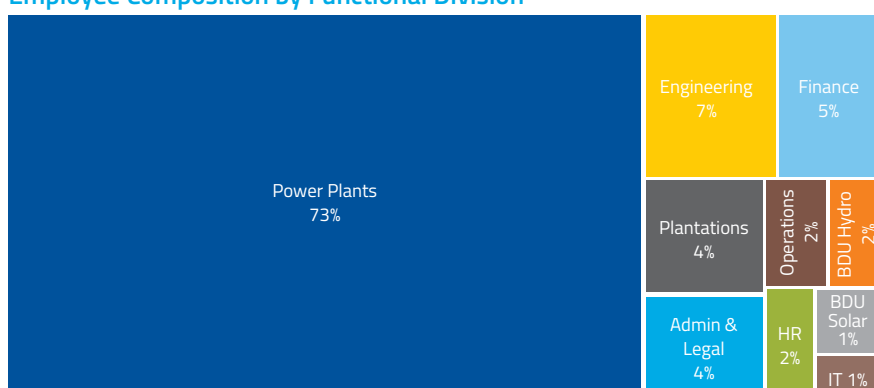
The group consists of 240 staff members, including an Executive Director, 68 executive staff and 171 non-executive staff. Among the executives, 54 are male, and 14 are female who are predominantly based at the head office in Colombo. Out of the total staff, 211 employees are located in Sri Lanka, while the remaining 29 are based in Uganda. The largest portion of the employee pool, accounting for 73%, comprises non-executive operational employees.

The company maintains a healthy blend of staff members below and above 35 years of age, with a particular emphasis on a younger team. There are 121 employees who are under 35 years old, contributing to a mix of energy and innovation alongside the wisdom of experience. Among the staff members above 35 years of age, the category with the highest representation is the 36 to 40-year-old range, comprising 51 staff members. Conversely, there are only 19 staff members who are above 51 years of age. Additionally, 135 employees have served the company for less than 5 years, 22 have been with the company for 11 to 15 years, and 28 employees have served for over 16 years.

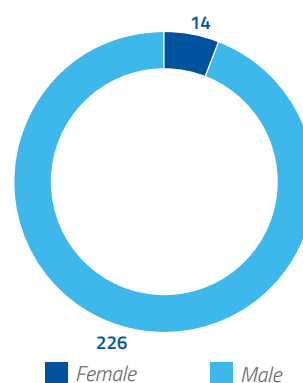


The Team

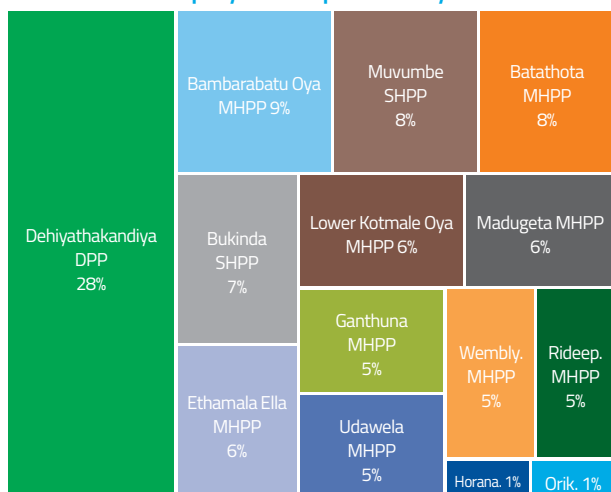
Employee Composition by Functional Division



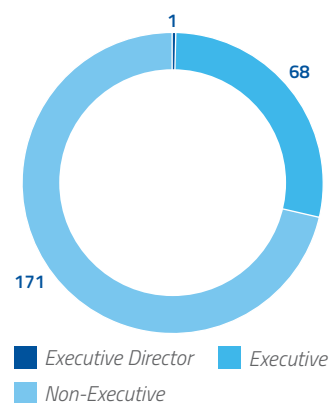
Employee Composition by Gender



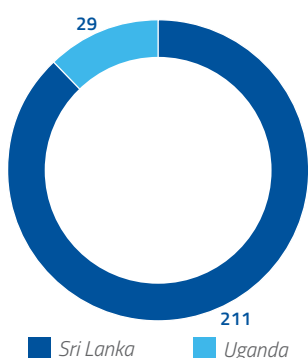
Power Plant Employee Composition by Location



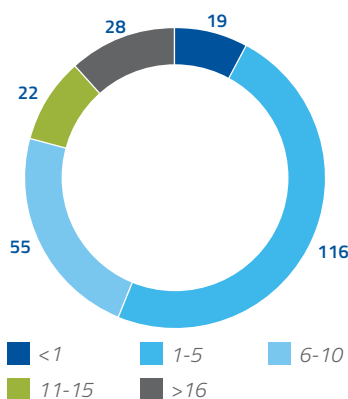
Employee Composition by Employee Category



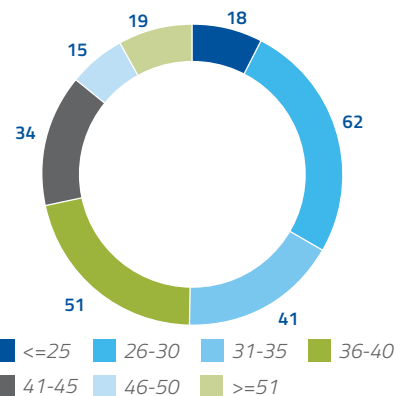
Employees Composition by Demography



Employee Composition by Service Years



Employee Composition by Age Group



Management Discussion and Analysis

Performance- Based Culture

The company has implemented a series of initiatives to foster a strong performance-based culture and uphold standards of excellence. These initiatives are supported by a systematic and transparent performance management process that recognizes and rewards talent and high performance.

Executive Awards Ceremony: The Executive Awards Ceremony was held on 28th April 2023 at the Marino Beach Hotel, Colombo to recognise and reward the performance of the executive cadre at Vidullanka PLC. The award winners were selected based on predetermined criteria by the management. These top achievers received awards, certificates and financial rewards at the ceremony.



Executive Award Winners

Non-Executive Awards Ceremony: The company also holds an awards ceremony to appreciate the performance of its non-executive staff working at the power plant sites. This year's ceremony took place in Awissawella on 20th August 2022. Employee performance on-site is evaluated based on criteria such as productivity, site safety, innovation, environmental initiatives, and talent.



Non-Executive Awards Ceremony

Long Service Awards: Employees who completed 5 and 10 years of service with the Company were recognized with rewards and certificates as a token of appreciation for their loyalty and commitment.

Employee Training and Development



Family Trip

Vidullanka prioritizes training for its employees based on their job skills, providing proactive and as-needed training opportunities. The company ensures that its engineering and technical teams receive up-to-date training sessions to equip them with the knowledge and skills required for building, operating, and maintaining power plants. In the past year, a total of 901 training hours were conducted, with 383 man hours dedicated to technical training and 518 man hours focused on soft skills training.

Soft Skills Training: Various training programs were organized for the Head Office staff, including an outbound training program conducted via remote telecommunications in partnership with "Wild Drift." This program included activities that enhanced teamwork, leadership, decision making, and critical thinking. A workshop on Increasing Efficiency and Effectiveness Using Technology was conducted by Mr. Quaizaar Rehmanjee on the 05th December 2022 for the Head Office staff. A Smart Corporate Personality Development Session was also conducted for the Head Office Staff on the 28th February 2023 where the renowned Corporate Etiquette trainer, Mr. Kumar De Silva shared his knowledge as the resource person.

Annual Trip: A recreational trip was organized for the team members and their families from the 27th to 29th August 2022, during which they also visited the Dendro Power Plant in Dehiattakandiya and Vavunathivu Solar Power Plant.

Annual Cricket Tournament: After a three year hiatus due to COVID-19 restrictions, the Vidul Trophy 2023, Annual Cricket Tournament was held on the 21st January 2023, with teams representing each power plant and head office of the Vidul Group taking part.

CARING FOR COMMUNITIES AND THE ENVIRONMENT

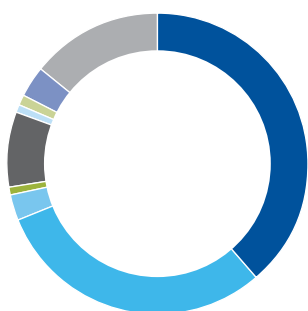
Vidullanka adopts a practical, well-organized, and accountable approach to engaging with the communities in which it operates and protecting the surrounding environment in a practical, organized, and accountable manner. The communities residing near the company's power plants are considered significant stakeholders, and the company recognizes the importance of their support for business continuity and success. Thus, Vidullanka has established a symbiotic partnership with these communities.

An illustrative example of this approach is the Dehiyathakandiya dendro plant, which the company continues to operate despite its volatile financial performance. The plant provides direct and indirect employment opportunities for several thousand individuals within the local community. Moreover, the national significance of reducing dependence on imported fossil fuels further justifies the plant's continued operation. It is worth noting that biomass is a renewable energy source that requires a substantial workforce, making the biomass plant the largest employer within the Group, surpassing even solar and hydropower plant operations in terms of personnel.

Throughout the year, the company carried out community enhancement and environmental conservation programs under its management.

The company manages and sustains a diverse range of flora, including Kumbuk, Mahogany, Medicinal, Mee, Naa, Agarwood, fruit-bearing trees, and native plants. Of the 44,786 trees under Vidullanka's care, the majority are fruit-bearing trees (17,391 trees). During the year, the company successfully planted a total of 11,330 trees.

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



- Fruits Trees - 17,391
- Kumbuk Tree - 13,503
- Mahogany Trees - 1,235
- Medicinal Trees - 383
- Mee Trees - 3,664
- Naa Trees - 344
- Native Plants - 449
- Agarwood - 1,532
- Others - 6,285

In addition to sustaining and planting trees, Vidullanka PLC made efforts to clear invasive plant species that deplete natural resources, with a significant initiative focused on clearing Kalapu Andara from Bundala National Park. Over 90 acres of land have been cleared, and reforestation efforts are underway as part of this initiative.

Under the Vidusaviya Daruwanta Diriyak CSR program, the company carried out various community initiatives to support students excelling in academics and sports. Donations of around 40 pairs of shoes and school bags were made to students near the company's power plants. A drawing competition, Vidul Sithuwam Dekma 2022, was conducted among the children of company employees, and around 160 school stationary packs were distributed as rewards. Scholarships were also awarded

to students who achieved excellence in their Grade 5 Scholarship, G.C.E. Ordinary Level and G.C.E. Advanced Level examinations.



Awarding Scholarships for Students

To celebrate the 25th anniversary of Vidullanka PLC, a Dansela was organized at the head office premises, and 100 packs of essential goods were distributed to the needy in collaboration with the Kompanna Veediya police.



Dansela Organized in Celebration of the 25th Anniversary of Vidullanka PLC

The company made donations to the Sabaragamuwa Provincial Health Office, providing Optiflow Nasal Oxygen Delivery Systems worth Rs. 4 million. Additionally, a blood donation camp was held at the Lower Kotmale MHPP premises with the support of the local community.



Donating Medical Equipments



Distribution of Dry Rations

SUSTAINABILITY

Guided by its vision of "Sustainably Energizing The Planet," Vidullanka PLC places a strong emphasis on sustainability as a core corporate value.

Vidul Plantation (Pvt) Ltd, the company's wholly owned fuelwood plantation arm, obtained the Sustainably Produced Fuel Wood Management System: SLS 1551:2016 Certification from the Sri Lanka Standards Institution. This certification ensures traceability and sustainable practices in the supply chain, including transport and pre-preparation of fuelwood. The subsidiary's efforts to clear invasive plants in Bundala National Park also contribute to the company's sustainability initiatives.



Vidul Plantation Pvt Ltd Certified with SLS 1551:2016 Certification

The generation of renewable energy by Vidullanka replaces energy generated from fossil fuels, resulting in a reduction of carbon emissions. During the year, the company saved 106,727 tCO₂e equivalent of carbon emissions through its renewable energy generation.

Corporate Governance

Corporate Governance is the structured mechanism that encompasses the rules, practices, processes and systems through which governance and control is ensured on a body corporate. Governance predominantly entails managing the interests of the diverse stakeholders of an organisation, namely the shareholders, senior management, customers, suppliers, financiers, regulatory authorities, government, the local community and the wider populace.

Corporate Governance hence covers every aspect of organization 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 on the Group.

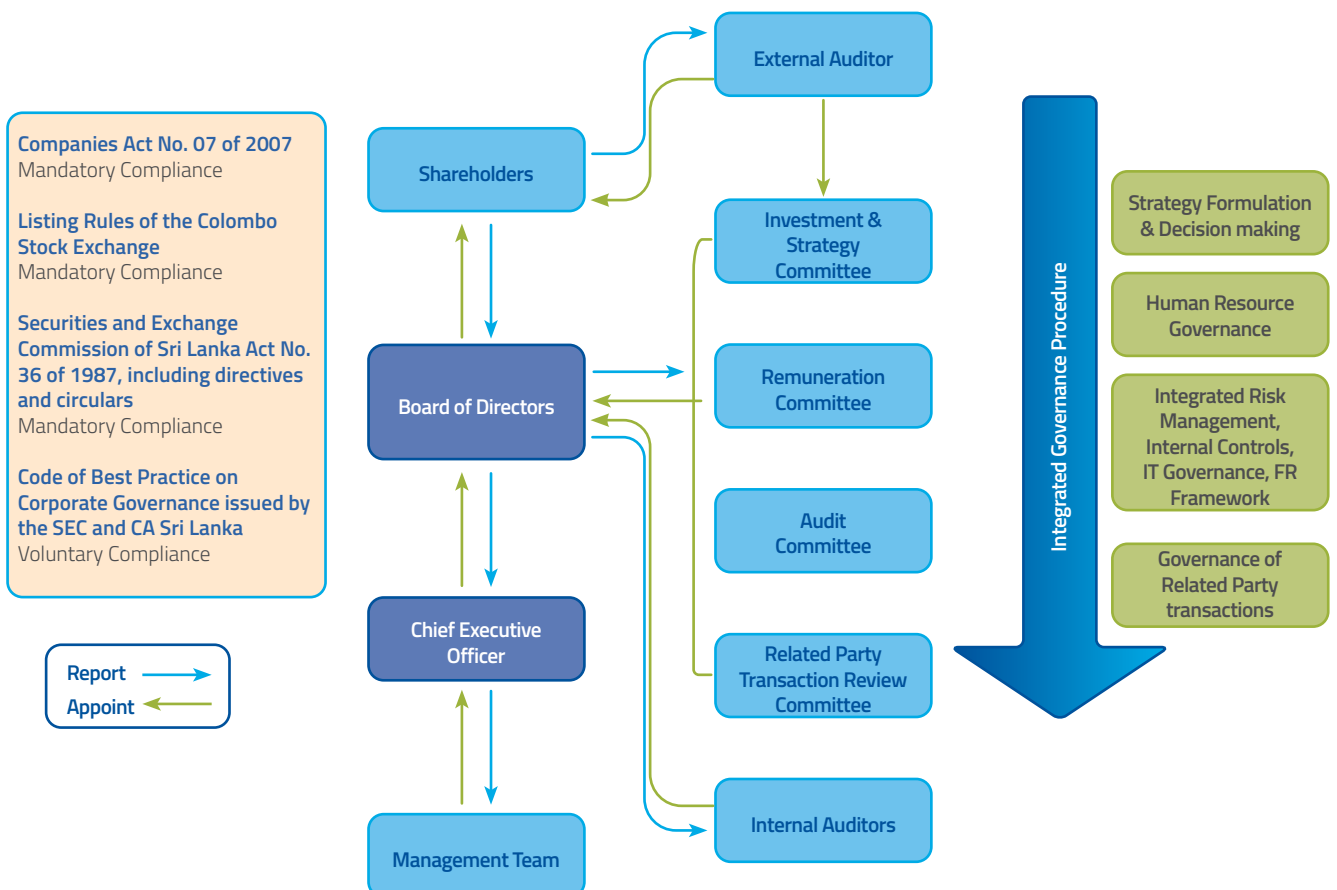
COMPLIANCE SUMMARY

Principle/Codes	Observance
The Companies Act No. 07 of 2007 and regulations	Mandatory provisions
Listing Rules of the Colombo Stock Exchange (CSE)	Mandatory provisions
Securities and Exchange Commission of Sri Lanka Act No. 36 of 1987, including directives and circulars	Mandatory provisions
Code of Best Practice on Corporate Governance (2017) issued by CA Sri Lanka	Voluntary provisions

Key internal Benchmarks and Procedures

1. Recruitment and selection policies
2. Article 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.



THE BOARD

The vital responsibilities of formulating and setting up strategic direction and protecting shareholder interests fall under the purview of the Board of Directors of Vidullanka PLC. Consequently, the board focuses on ensuring that the corporate journey of Vidullanka taken through the strategic direction set, is free from non-compliance with all applicable rules and regulations, ethical standards, internal controls and laws.

THE BOARD COMPOSITION

Vidullanka PLC's Board of Directors composition is made up of one Executive Director and nine 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.

All the Non-Executive Directors of the board have diligently submitted annual filings on their declaration of independence, achieving compliance with the Listing Rule 7.10.2 (b). As such, two Non-Executive Directors are therefore deemed to be independent having fulfilled all required the criterion. Mr. Sidath Fernando, a Non-Executive Director of the board was resolved to be independent by the board, taking into account his unbiased and objective approach towards the board's affairs. Accordingly, the Board is in compliance 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 organization is of the firm view that all Directors, individually and in whole as the board, possess the necessary experience, leadership, knowledge, exposure, skill set and business acumen to guide the group and its business activities in terms of its operations and growth strategies. 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 Page 15 as per rule 7.10.3 (c).

The board diligently convened on four occasions at the office premises to conduct board meetings during the year under review, in which they attended to and reviewed the operational performance of the company and determined the future direction. Additionally, Board of Directors participated in sixteen 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	-	5/6	-	-
Mr. Riyaz M. Sangani	Chief Executive Officer	4/4	4/4	6/6	3/4	2/2
Mr. Ranjan Mather	Non-Executive Director	4/4	-	4/6	-	2/2
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	-	2/6	3/4	-
Mr. Shahid M. Sangani	Non-Executive Director	3/4	3/4	-	-	-
Mr. Sattar Kassim	Non-Executive Director	4/4	-	-	-	-
Mr. Rizvi Zaheed	Independent Non-Executive Director	4/4	-	6/6	-	2/2
Ms. Deepthie Wickramasuriya	Independent Non-Executive Director	3/4	4/4	-	4/4	-
Mr. Sidath Fernando	Independent Non-Executive Director	3/4	4/4	-	4/4	2/2

Corporate Governance

The Board heavily scrutinizes on the possible impacts of corporate decisions on stakeholders' interests when making decisions and plans. The board always makes certain that appropriate time, knowledge, effort and resources are poured into the strategic decisions made in addition to the support and insight provided by the respective sub-committees of the board. Listed below are the functions and roles performed by the board during the financial year, where protecting and promoting sound corporate governance is at heart.

1. Formulating and reviewing of business strategy through collaboration, brainstorming and business insight.
2. Establishing and maintaining a monitoring and evaluation process for the implementation of strategy, budgets, plans and forecasts while managing the related risks
3. Ensuring that effective internal control systems are in place to secure integrity of information and internal controls.
4. Fostering sustainable value to stakeholders in the long run by overseeing the overall operations.
5. Delegating authority to subcommittees and the senior management to make decisions and monitoring the decision-making process.
6. Analysing 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 Sangani serves as the Chief Executive Officer of the Group.

BOARD COMMITTEES

The Board of Vidullanka PLC has set up four sub-committees, charged with responsibility of assisting the board in fulfilling its fiduciary duties. These committees comprise the Audit Committee, Remuneration Committee, Related Party Transaction Review Committee and Investment and Strategy Committee. The subcommittees regularly convene during the financial year with the aim of performing tasks under their purview in terms of financial reporting, risk identification and management, corporate governance, internal controls, personnel and remuneration policies, related party transactions and strategic direction. Attendance by the directors to their relevant Board and Subcommittee meetings is mentioned in Page 31.

AUDIT COMMITTEE

The Audit Committee is comprised of three Non-Executive Directors of whom Independent Non-Executive Director, Ms. Deepthie Wickramasuriya, a fellow member of CIMA, UK and MBA holder from PIM, USJP, chairs the committee. The remaining members of the committee are Independent Non-Executive Director, Mr. Sidath Fernando and Non-Executive Director, Mr. Shahid Sangani. Thereby, the committee fulfils the requirement stipulated that the majority of the committee be Independent Non-Executive Directors. During the committee sessions conducted in the year under review, the Group's Chief Executive Officer, Mr. Riyaz Sangani and Financial Controller, Mr. Mafaz Ansar also attended 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 four 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 made up of four Directors. Mr. Osman Kassim, the Chairman of board also chairs the committee, while Chief Executive Officer, Mr. Riyaz Sangani, Independent Non-Executive Director, Mr. Rizvi Zaheed and Non-Executive Director, Mr. Ranjan Mather make up the rest of the committee. The committee is fundamentally tasked with reviewing and monitoring the performance of investments in existing businesses of the group and evaluating prospective business and investment opportunities and determining whether they align with strategic path set for the company. All current investments in present and future projects are also reviewed by the committee.

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 six meetings over the course of the reporting period.

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 twice during the financial year, with the Chief Executive Officer attending as well through invitation by the committee.

The Remuneration Committee is set up with the aim of determining and setting up the corporate policy for

the remuneration of the Executive Directors, including the Chief Executive Officer. The committee determines appropriate and equitable performance related pay, share schemes and total remuneration packages, including salary, bonuses, 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

In line with the listing rules of the Colombo Stock Exchange, the Related Party Transaction Review Committee consists of all Non-Executive Directors, where Independent Director, Mr. Sidath Fernando chairs the committee along with the Non-Executive Directors, Ms. Deepthie Wickramasuriya and Mr. Sujendra Mather. As such, the committee is thereby in compliance with the listing rules, 9.2.2 of the Colombo Stock Exchange.

The committee is responsible in monitoring the transactions and engagements the Group has with its related parties. The committee reviews the interests of related parties, changes in status of related parties and transactions between Vidullanka PLC, companies under the group and its related parties.

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

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

COMPLIANCE MANAGEMENT

Vidullanka PLC, as a listed entity with a sound corporate standing, recognizes the crucial importance of adhering to compliance regulations set by overseeing bodies and institutions. Various departments within the organization are responsible for ensuring compliance with specific regulations relevant to their respective areas.

The Finance Department of Vidullanka PLC ensures compliance with accounting, financial reporting, and auditing standards, as well as the Listing Rules of the Colombo Stock Exchange. They also adhere to the directives set out by the Securities and Exchange Commission of Sri Lanka (SEC), the regulations of the Central Bank of Sri Lanka, and the tax laws of the countries in which the company operates. Additionally, the Finance Department voluntarily complies with the Code of Best Practice on Corporate Governance issued by the SEC and the Institute of Chartered Accountants of Sri Lanka (CA).

The Human Resource Department is responsible for ensuring compliance with employment laws and health and safety regulations in Sri Lanka and other countries where Vidullanka PLC operates and employs workers. The Legal Department, along with the Company Secretaries, ensures compliance with the requirements of the Companies Act and other relevant legislations. They also assist in complying with overseas regulations when the organization has a presence in those countries. Compliance reports and checklists are regularly updated and presented at Audit Committee and Board meetings for review and decision-making.

The Audit Committee monitors compliance of the group as per the direction set by the Board, with a focus on continuous improvement. Self-assessments, surprise checks and internal audits are conducted periodically to evaluate compliance, and Standard Operating Procedures (SOP) for financial and accounting functions are regularly updated based on recommendations from internal auditors.

In the power plant operations, Vidullanka PLC adheres to mandatory safety and operational standards set by electricity off-takers such as the Ceylon Electricity Board (CEB) in Sri Lanka and the Uganda Electricity Transmission Company Limited (UETCL) in Uganda. The company also establishes its own internal best practices standards to exceed these

mandatory requirements, ensuring proper adherence through plant-wise internal audits, internal controls, and clearly defined chains of responsibilities within the Operational Department.

As a renewable energy company, Vidullanka PLC recognizes its connection with society, community, environment, and natural resources. Therefore, compliance with rules and regulations set by Sri Lanka's Central Environment Authority, Mahaweli Authority, and regional offices is essential for operations in Sri Lanka. Similarly, compliance with the standards of the National Environment Management Authority and Ministry of Energy and Mineral Development in Uganda is vital for operations in that country. The company also complies with taxation and other regulatory requirements set by institutions like the Ugandan Revenue Authority.

Vidullanka PLC strives to be a responsible corporate citizen and is committed to full compliance with laws and regulations in all countries where it operates. The company remains vigilant in monitoring changes in the regulatory environment and promptly seeks legal and professional consultations to ensure ongoing compliance.

Corporate Governance

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 (9/10 Directors are Non-Executive Directors)	Corporate Governance report on Page 30.
7.10.2 (a) Independent Directors	2 or 1/3 of Non-Executive Directors, whichever is higher should be independent.	Yes (3/9 Non-Executive Directors are Independent)	Corporate Governance report on Page 30.
7.10.2 (b) Independent Directors	Each Non-Executive Director should submit a declaration of independence or non-independence.	Yes	Profile of Directors on Page 15.
7.10.3 (a) Disclosures regarding Directors	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 58.
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	Annual Report of the Board of Directors on the affairs of the company is given on Page 58.
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 15.
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	
7.10.5 (a) Composition of Remuneration Committee	Shall comprise Non-Executive Directors, the majority of who shall be independent.	Yes (3 Non-Executive Directors, 2 are Independent)	Remuneration Committee report on Page 64.
7.10.5 (b) Functions of the Committee	The Remuneration Committee shall recommend the remuneration of the CEO and the Executive Directors.	Yes	
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 on Page 64. Aggregate salary to the Directors indicated in the Notes to the Financial Statements on Note 26.5 on Page 118.

Listing Rule	Requirement	Compliance	Reference
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 (3 Non-Executive Directors, 2 are Independent)	Report of the Audit Committee is given on Page 62.
	The CEO and CFO shall attend Audit Committee meetings.	Yes	
7.10.6 (a) Composition of the Audit committee	The Chairman of the Audit Committee or one member of the committee should be a member of a Professional Accountancy Body.	Yes (Fellow Member (FCMA) of CIMA (UK).)	Report of the Audit Committee is given on Page 62.
	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
7.10.6 (b) Functions of the Audit Committee	Oversee compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements.	Yes	Report of the Audit Committee is given on Page 62.
	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 62.
	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	
Related Party Transactions Review Committee (RPTRC)			
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 58.
9.2.1 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 of the RPTRC is presented in Page 65.
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 (3 Non-Executive Directors, chaired by Independent Director)	
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.	Yes (Met four times during year under review)	Report of the RPTRC is presented in Page 65.

Corporate Governance

Listing Rule	Requirement	Compliance	Reference
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 in Page 65.
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	
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	Report on RPTRC is presented on Page 65.
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	
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. The annual report shall contain a report from the RPTRC.	Yes Yes	Report on RPTRC is presented on Page 65.
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	A negative statement indicating that there were no material related party transactions within the year under review is included in the report on RPTRC presented on Page 65.

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

Rule	Requirement	Compliance	Explanatory Notes
A. 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 Page 30.
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 in Page 31.
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
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, specific skill sets and enriched expertise relevant to the present and future implications of the company. Refer Corporate governance on Page 30.
A 1.6	The members of the Board dedicate adequate time and effort to fulfill their duties and responsibilities as Directors of the company.	Yes	The Board Directors regularly attended their subcommittee meetings and board meetings to give directions when necessary. Details relating to the meetings are given in Page 31.
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	Adopted. However, no such requests were made during the period.
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.

Corporate Governance

Rule	Requirement	Compliance	Explanatory Notes
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 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 15.
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 10. The Annual Report of the Board of Directors is given on Page 58.
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 15.
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 in Page 15.
A 5.2	Composition of the Board of directors	Yes	Details of the Board composition are given in Page 30.
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 is a Non-Executive Director.
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 a Board meeting 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.

Rule	Requirement	Compliance	Explanatory Notes
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 by 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.
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.	No	The current Articles of Association of the company does not include such a requirement for Director re-election. An amendment to the Articles of Association will be presented in the Extraordinary General Meeting to cater for this requirement.
A 8.1	Non-Executive Directors should be appointed for specific terms subject to re-election and to the provisions of the Companies Act	No	The current Articles of Association of the company does not include such a requirement for Director re-election. An amendment to the Articles of Association will be presented in the Extraordinary General Meeting to cater for this requirement.
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	No performance appraisal was conducted during the year.

Corporate Governance

Rule	Requirement	Compliance	Explanatory Notes
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 in Page 15. Details of the meetings held and the attendance is given on Page 31.
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.
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 64.
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.

Rule	Requirement	Compliance	Explanatory Notes
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 64.
B 2.4	The committee should consider remuneration and employment conditions elsewhere within the Group.	Yes	Remuneration Committee report given on Page 64.
B 2.5	The performance-related elements of remuneration of Executive Directors should be designed in a manner that is transparent and appropriate.	Yes	Remuneration Committee report given on Page 64.
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 64.
B 2.8	Remuneration Committee should consider the compensation commitments in the event of early termination.	N/A	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 64.
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 on Page 118.
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>Chairmen 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 2021/22 was held on 27/09/2022 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 committee Chairmen and Independent 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>

Corporate Governance

Rule	Requirement	Compliance	Explanatory Notes
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 2022/23 presented on Page 72.</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 66.</p>
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 58.
D 1.5	Statement of Directors' and Auditors' responsibility for the Financial Statements	Yes	<p>Statement of Directors' responsibilities in relation to the Annual financial statements is given on Page 66.</p> <p>Independent Auditors' Report is given on Page 68.</p>
D 1.6	The annual report should contain a "Management Discussion & Analysis"	Yes	Management Discussion & Analysis is found from Page 18 to 29.
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	<p>The company complies with the requirements of the Sri Lanka Accounting Standard-24 (LKAS 24) in the financial statements and the annual report.</p> <p>The Related Party Transaction Review Committee report is presented on Page 65.</p>
D 2 Risk Management & Internal Control			
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	<p>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.</p> <p>Risk management report of Vidullanka PLC is given on Page 48.</p>

Rule	Requirement	Compliance	Explanatory Notes
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 48.
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 48. The Audit Committee Report is presented on Page 62.
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 62.
D 3.3	Disclosure of the Audit Committee responsibility	Yes	Audit Committee Report is given on Page 62.
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 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 65.
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 65.

Corporate Governance

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 30.
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 10.
D6 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 30.
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 coordinates and corporates with investment analysts and investment advisors 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 the 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 Management Report is given on Page 48.
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 CISO role is not carried in-house by any member of the board. It is outsourced to a specialist organization.
G 3	The Board should allocate regular and adequate time on the Board meeting agenda for discussions about cyber risk management.	Yes	Risk Management report is given on Page 48. Audit Committee Report is given on Page 62.
G 4	The Board should ensure the effectiveness of the cybersecurity risk management through periodic review.	Yes	Risk Management report is given on Page 48.
G 5	The Board should disclose in the annual report, the process and management of cyber security risks.	Yes	Risk Management report is given on Page 48.
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	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 18 to 29. Risk Management report is given on Page 48. Corporate Governance report is given on Page 30.
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 10, 12 and 18 respectively.

Corporate Governance

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 in Page 05. Organisational Profile is given in Page 21.
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 in Page 72 to 124.
168 (1) (c)	Auditors' report on the financial statements of the group financial statements.	Yes	Auditors' report is given in Page 68.
168 (1) (d)	Changes in accounting policies made during the year.	Yes	Accounting policies are included with the changes in Page 79 to 90.
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 in Page 58.
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 on Page 118.
168 (1) (g)	Amounts of donations made by the Company during the accounting period.	Yes	Management Discussion and Analysis is given in Pages from 18 to 29.
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 in Page 15. Annual Report of the Board of Directors is given in Page 58.
168 (1) (i)	Amounts payable to the external auditors as audit fees and other fees for other services.	Yes	Refer note no. 14 on Page 110.
168 (1) (j)	Any relationships and interests with the auditors and the Group.	Yes	Audit Committee Report is given in Page 62. Annual Report of the Board of Directors is given in Page 58.
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 in Page 58.

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 in Page 58.
7.6 (ii)	Principal activities of the entity and its subsidiaries and changes thereon.	Yes	Company Profile is given in Page 18. Management Discussion and Analysis is given in Pages from 18 to 29.
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 in Page 125.
7.6 (iv)	The float adjusted market capitalization, public holding %, number of public shareholders	Yes	Investor Information is given in Page 125.
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 in Page 58.

Section	Description	Status of compliance	Reference in the Annual report
7.6 (vi)	Information pertaining to material foreseeable risk factors of the entity.	Yes	Risk Management Report is given in Page 48.
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	Given in note no 04 And in financial statements in Page 91.
7.6 (ix)	Numbers of shares representing the entity's stated capital	Yes	Annual report of the Board of Directors given is in Page 58.
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 in Page 125.
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 in Page 129 and 125 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 in Page 58.
7.6 (xiii)	If the entity has raised funds during the year through a public issue, rights issue, and private placement, <ul style="list-style-type: none"> ▪ 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	
7.6 (xiv)	Disclosures of each employee share option scheme and employee share purchase scheme.		The company received Rs. 39,524,576 by way of subscriptions to the 9,191,762 share options issued. Refer to note no 8.2 to the financial statements on Page 102.
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 in Page 30.
7.6 (xvi)	Related party transactions exceeding 10% of the equity or 5% of total assets of the entity as per audited financial statements, whichever is lower. The details shall include, as a minimum, 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	Related party transactions occurred did not exceed the limits specified in the rules. Report of the Related Party Transactions Committee is given in Page 65.

Risk Management



The Global Business Environment has never been in such a unique and unexpected predicament as now. Calamity after calamity, starting from the COVID-19 pandemic in 2020, followed by the military conflicts between Russia and Ukraine and the current macroeconomic and inflationary crises has not only affected Sri Lanka, but also superpowers and other struggling countries alike. At the current onset, there are signs of slow but sure economic recovery and stability, especially in Sri Lanka. The collapse of the Sri Lankan rupee has started to overturn, while the inflation levels that almost hit three figures awhile back are steadily subsiding. Yet, as a proactive business, nothing should be taken for granted as this recovery is subject to many uncertainties.

By adopting proactive and forward-thinking risk management processes, coupled with strategic approaches, businesses can effectively anticipate future risk occurrences and understand their associated implications. This enables companies to establish robust systems and processes to address these challenges and achieve their goals and objectives. It is crucial for businesses to take on risks that align with their risk appetite while also possessing the necessary resilience to leverage high-risk opportunities for potential high returns.

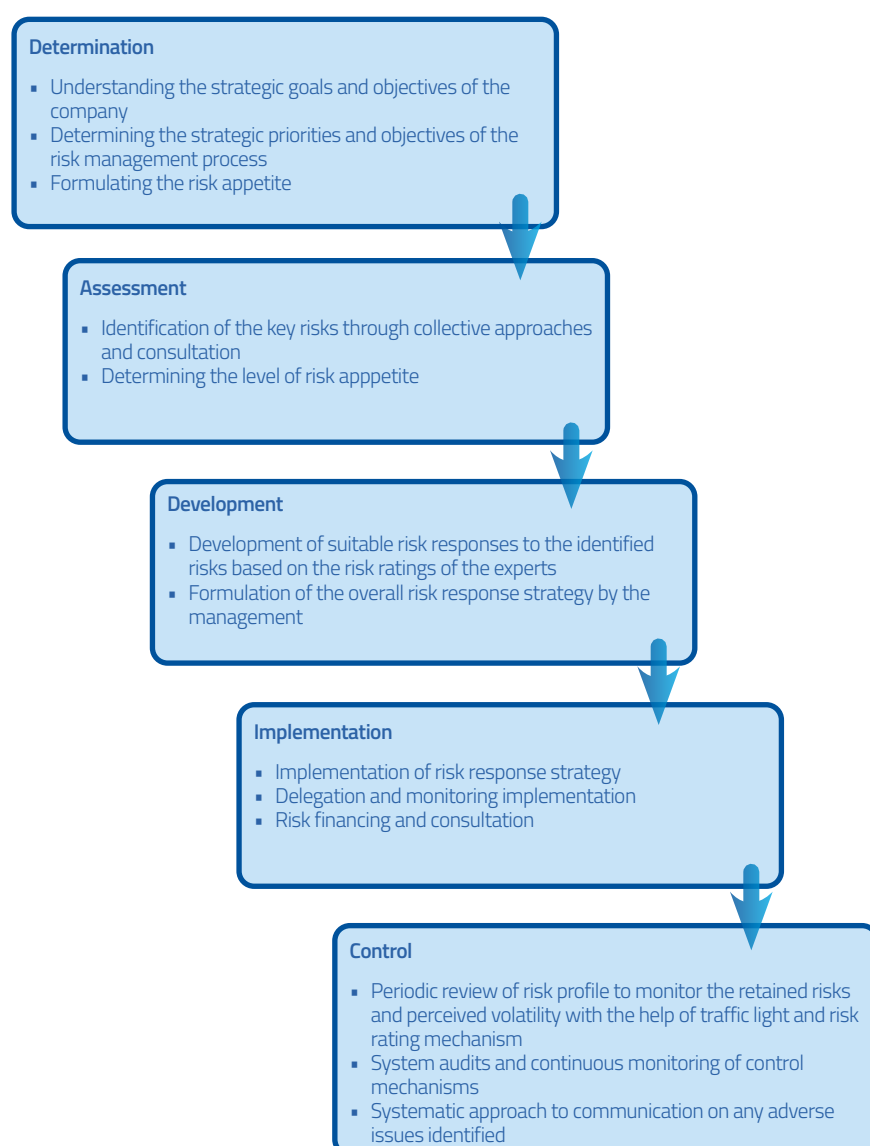
Vidullanka PLC, a prominent player in the renewable energy industry with presence in Sri Lanka, Uganda, and Guyana, firmly believes that it is of utmost importance to constantly monitor and develop its risk management and associated framework.

The company conducts regular reviews and reports on the risks it faces, ensuring that they align with its risk appetite. These reviews involve risk assessments to gather data and information about the risks the company is exposed to. The risks are then evaluated in terms of their probability and potential impacts on current and future operations. The board, in consultation with senior management, consultants, and industry experts, determines and implements appropriate interventions to address the identified

risks. Any residual risks are monitored continuously for any changes or developments. This proactive approach to risk management allows the company to stay informed and take necessary actions to mitigate risks and safeguard its operations.

Vidullanka PLC's Audit Committee, in collaboration with the operations team, oversees whether the adopted risk framework aligns with the dynamic nature of the business environment. Representatives from various functional departments actively contribute to the ongoing enhancement of the internal risk framework and maintain it within a comprehensive risk management system.

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



Vidullanka PLC, a prominent player in the renewable energy industry with presence in Sri Lanka, Uganda, and Guyana, firmly believes that it is of utmost importance to constantly monitor and develop its risk management and associated framework.

Risk Management

The following major risks are addressed throughout the company's business:

BUSINESS RISK

The Business Risk entails the threats, challenges and adversities Vidullanka PLC is exposed to in the Renewable Energy industry and the Corporate Ecosphere in each country it operates in and plans to set foot in. Such high risks materializing could result in below par operational performance and ineffective investments in new projects which in turn can bring about lower profitability, capital erosion and curtailment of organisational growth. The company regularly conducts inhouse review of the countries it operates in and the countries it envisages to step foot in, to understand the macro and industry level challenges.

WEATHER RISK

By nature, the sources with which Vidullanka PLC generate energy are from natural resources such as water, sunlight and biomass fuel. Hence, inherently, the company is exposed to a great deal of risk stemming from the weather such as fluctuations in rainfall and sunlight, which have great impact on generation, which in turn can result in reduced profitability and sometimes losses. Almost all the players in this industry have to deal with this risk and have very little to no control on it. As weather is non-controllable in nature, so is the risk associated with it. Although weather risk is non-controllable, steps can be taken to diversify the risk both technologically and geographically. Hence, Weather Risk is categorized as a high impact and high priority risk in Vidullanka's risk management system.

On the technological front; Vidullanka PLC has diversified its power plant portfolio beyond the hydro power sector in Sri Lanka. In 2019, the group successfully inaugurated a 3.3MW biomass power plant in Dehiyathakandiya, which utilizes sustainably cultivated *Gliricidia* fuelwood as its primary source of energy. To support this endeavour, the company has established a dedicated subsidiary responsible for growing and supplying the required fuelwood to

the plant. Furthermore, Vidullanka PLC has recently shifted its focus towards the solar energy sector. It has already constructed and operationalized several rooftop solar plants, along with a 1MW ground-mounted solar plant located in Monaragala and another 10MW ground mounted solar plant in Vavunathivu commissioned during the year under review. In addition, the company has developed one more solar power plant within Sri Lanka, in Horana, which was commissioned in June 2023.

Geographically, 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 other revenue sources such as EPC contracts and Operations and Maintenance consultancy engagements in the renewable energy space in addition to more diversified power sources and overseas projects.

FOREIGN EXCHANGE RISK

Foreign exchange risk pertains to the potential loss in value of assets held abroad and the effect on foreign currency denominated transactions resulting from fluctuations in the value of the currencies involved. Vidullanka by having operational presence in multiple countries, inherently exposes itself to such risks. Given the reliance on foreign currencies for overseas operations, the company diligently considers how currency fluctuations can impact its transactions and overall well-being.

The net foreign currency denominated asset position held by the company resulted in the group equity gaining over

Rs. 300 million as translation reserves during the year. The effect of translation of foreign currency denominated asset has been positive, resulting in the accumulation exceeding Rs. 1.6 billion over the period.

On the other hand, due to the rapid depreciation of the Sri Lankan Rupee (LKR) against foreign currencies, Vidullanka has experienced significant cost overruns in its ongoing project constructions. The depreciation of LKR has led to increased costs of imported inputs and construction materials, contributing to this situation. The cost escalations also resulted in erosion of financial returns, thereby the upcoming projects becoming financially less viable.

To mitigate the adverse effects of foreign exchange risks, Vidullanka has implemented measures to expand its operational presence. Currently, the company maintains a healthy and positive overseas asset position.

Vidullanka continuously monitors its foreign assets and transactions to ensure alignment with its profitability and strategic objectives. Under the guidance of the board, the senior management regularly reviews trends and developments in foreign exchange markets, establishing appropriate strategies to capitalize on potential forex gains while avoiding possible forex losses.

LEGAL AND REGULATORY RISK

As of now, Vidullanka PLC has its own power projects established in Sri Lanka and Uganda, with several more projects upcoming in the project pipeline in Asia and Africa. During the Financial Year, the company further diversified its strategic business units expanding its presence in the renewable energy supply chain by engaging in EPC contracts in Guyana. With the diverse locations and businesses the company is now engaged in, the company takes every measure to comply and adhere with the legal and regulatory frameworks in each country.

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. During the year under review, the company moved its listing from the main board to the Dirisavi Board of the Colombo Stock Exchange to better align itself with the compliance requirements relating to public shareholding and investor preferences. 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 established by Vidullanka's board is tasked with responsibility of ensuring that the company adheres to and complies with the above listed codes, rules and regulations. A comprehensive compliance checklist is established and 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. While the finance and legal departments focus on adhering to financial reporting, taxation, and legal requirements, the remaining departments ensure compliance within their specific operational domains. The Board receives regular updates regarding ongoing litigations, and when needed, seeks expert advice to make informed decisions.

COUNTRY RISK

Country Risk refers to the inherent risk a country poses on a national level to investments made in said country. This could entail a broad range of risks such

as 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.

In all overseas operations, necessary care and due diligence has been taken in terms of managing the country risks faced. Both hydro power plants set up in Uganda have a good working relationship with Ugandan authorities and the government and they are protected by sound Power Purchasing Agreements and Investment Protection Agreements. The company's new venture in Guyana was also well pre-researched to determine the materiality and probability of country risks faced. For all operational and development stage projects, the necessary permits, licenses and approvals are all duly obtained, maintained and renewed proactively to maintain its legitimate title over the projects. Over the years, the company has been able to foster a sustainable and mutually beneficial relationship with a wide array of parties in the renewable energy value chain, including governments, regulatory authorities, development agencies, developers, banks, donors, and other stakeholders.

Prior to establishing operations and developing projects in a foreign country, a comprehensive country review is undertaken with the aim of gaining insights on the greater political, social, and economical landscape of the country. These information helps the company make informed decisions in line with its risk appetite and undertake mitigatory measures where the perceived risk is beyond acceptable levels.

COUNTERPARTY 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. Initially, Vidullanka PLC only contracted with the off-takers of the countries in Sri Lanka and Uganda, the Ceylon Electricity Board (CEB) and Uganda Electricity Transmission Company

Limited (UETCL) respectively, to whom the electricity generated were sold. 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 of a renewable energy development framework and actions of agencies promoting green investments in such countries.

However, the counterparty portfolio of the company has changed significantly during the year. Vidullanka PLC is engaged with executing the EPC contract by the Guyana Energy Agency (GEA), the national off-taker for Guyana. The company sought additional comfort on the fact that the said EPC contract is funded by a multilateral lending institution. The risk of counter party failures in these assignments can be considered minimal to none, as payments are being made regularly to the company by these parties.

The diversified counterparties have helped the company manage the increased counterparty risk from the financially stricken CEB. Whilst the recent decisive measures have helped the CEB to strengthen their repayment track records, the significantly reduced exposure of the company to CEB has resulted in the company ranking counterparty risk as moderate, yet volatile.

The counterparty credit risk from UETCL and GEA are minimal as the relevant payments are made on a timely and prudent basis as agreed to.

OPERATIONAL RISK

Operational risk refers to the potential for changes in value resulting from actual losses incurred due to inadequate or failed internal processes, personnel,

Risk Management

systems, as well as unexpected external events. This type of risk can manifest in any business activity or process, encompassing internal failures like system malfunctions, human errors, and process breakdowns, as well as external risks arising from customer and supplier actions, regulatory implications, natural disasters and more. Legal risks, risks to human capital, business assets, and overall business performance may also fall under operational risk. Failure to address and mitigate operational risks in a timely manner can have adverse effects on an organization's long-term strategies.

Vidullanka PLC primarily engages in renewable energy power generation, which involves operational activities that are susceptible to failures and disruptions arising from human errors, system failures, and procedural shortcomings. The operations department takes responsibility for regularly reviewing the machinery, equipment, processes, and procedures related to power plant operations. They implement proactive and reactive measures to minimize associated risks. Furthermore, the new ventures undertaken in terms of EPC Contracts poses new and unique operational risks. Particular care should be diverted to the needs of the client, which is a significant risk in these types of assignments as special care should be paid to the specific deliverables of the client, whilst meeting stringent compliance and environmental performance requirements.

Considering the risks faced by the company and their respective risk levels, the board of Vidullanka PLC formulates strategies, goals, and objectives for the organization to anticipate and mitigate risk implications. Department heads are responsible for guiding their respective employees toward achieving individual and collective goals while minimizing risk levels. The establishment of internal controls governs operational processes, aiding in the identification and management of operational risk. These controls are complemented by a robust

continuous monitoring system to detect any plant-specific machinery breakdowns, process failures, or other significant events.

The Audit Committee of Vidullanka PLC periodically reviews the group's risk profile and devises appropriate measures to minimize the impact of realized risks. Due to the crucial role of risk management in the company's current operations and future progress, the audit committee places significant emphasis on this area.

STAKEHOLDER RISK

Prudent stakeholder management is a catalyst for the survival and growth of any company. Stakeholders, who have the ability to directly or indirectly impact the company's affairs, pose inherent risks that need to be addressed. It is essential to manage these stakeholder groups based on the perceived level of risk associated with them.

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.

The company took additional measures to address the issue of invasive plant species that deplete natural resources and hinder the growth of beneficial vegetation. One notable initiative was the clearance of the invasive plant known as Kalapu Andara, from the Bundala National Park. As part of this effort, invasive plants spread over 90 acres of the park were uprooted allowing the native vegetation to flourish. Various CSR initiatives encompassed under the umbrella, ViduSaviya, the company's CSR arm, engages a vast array of stakeholders in the project localities including efforts such as community welfare, medical and health care development, promoting education and athletics, safeguarding the environment and ecology and preserving the rule of law and order. Each of such programs helps the company to engage the stakeholders and meet their expectations in a satisfactory manner.

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

RISK RATING MATRIX USED

Impact	Extreme	Red	Red	Red	Red	Red
	High Impact	Orange	Orange	Red	Red	Red
	Moderate	Green	Orange	Orange	Red	Red
	Minor	Green	Green	Orange	Orange	Red
	Low	Green	Green	Green	Green	Orange
		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 Environment								
		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	The electricity generated by the power plants are supplied to the CEB in Sri Lanka and UETCL of Uganda. The payments made for the supplies are governed by the Power Purchasing Agreements signed with both utilities, which are also further backed by agreements with the government. Receivables from UETCL are supported even more by bank guarantees provided by UETCL. Although the present CEB outstanding spans 14 months of arrears, the payments have improved following the recent consumer tariff revisions. The UETCL payments are also in order. The contract with the new counterparty, Guyana Energy Agency is backed by a funding line from an international Multilateral Development Bank and the related payments occur without fail.	Fin. Controller	Adopted	Orange

Risk Management

#	Risk Category	Risk	Definition	Catastrophic/ Critical/ Significant/ Low	Mitigation Action	Risk Owner	Risk Review Status	Risk Ranking
		Financial Risk	Risk of losing shareholders' wealth because of the company's incompetence to match liquidity with financial obligations.	Critical	Vidullanka, in an effort to manage its liquidity efficiently, closely monitors the changes in the weather, macroeconomic environment and strategic investments. The Group's revenue and cashflow are diversified based on the country where revenue is generated, the renewable energy source built on and the type of business carried out. The Audit Committee regularly assesses 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. The exchange rate challenges associated with LKR, coupled with increased inflationary and finance cost implications posted adverse effects on costs early on in the year. However, slight improvements in costs of funding and operations have eased the outlook and potential risk level associated.	CEO	Adopted	
		Economic Risk	The chances of the investments and financial operations being affected by regulations, macroeconomic conditions, interest rates, exchange risk and political stability.	Critical	The company always diligently studies and researches the countries they choose to operate and invest in, in terms of its economic stability. To protect project investments, the company seeks to secure investment protection agreements and sound insurance coverage. Yet, country level economic risk is always uncontrollable to a degree due to its macro nature. There are still concerns that instability from increasing interest and exchange rates could hinder ongoing projects.	CEO & Director – BDU	Adopted	
		Interest Rate Risk	Adverse impact on the profitability of the company due to interest rate fluctuations.	Significant	During the onset of the year, the company faced a major predicament in terms of exponential increases in interest rates and benchmark rates. Even though the rates are now normalising at a slower pace, the company will continue to hold a proper mix of fixed and variably priced sources of funds in its portfolio to further mitigate any risks.	Fin. Controller	Adopted	
		Liquidity Risk	Potential difficulties faced in meeting short-term financial obligations. Arises when sufficient liquid assets or readily available cash is not available to cover immediate financial needs.	Critical	During the year, access to sources of funds have been restricting due to the pricing of funds and the issues faced by the energy industry. However, with the normalising of the interest rates and the expediting of CEB payments, the company has been able to manage its liquidity appropriately.	Fin. Controller	Adopted	

#	Risk Category	Risk	Definition	Catastrophic/ Critical/ Significant/ Low	Mitigation Action	Risk Owner	Risk Review Status	Risk Ranking
		Exchange Rate Risk	The risk of losses due to the fluctuation of exchange rates. This also brings in translation, transaction and economic risk to the business.	Significant	The company has a combination of LKR and USD denominated assets and liabilities. Similarly, a substantial percentage of the cost of the projects undertaken involves foreign sources materials. The company takes appropriate measures to monitor the exchange rate movements and take actions where necessary.	Fin. Controller	Adopted	
2 Environment, Health and Safety								
		Health and Safety Risk	The risk of employees being exposed to dangers during working hours on the power plant construction sites and the office.	Critical	The company prides itself on its zero-accident workplace. The company takes measures to ensure the health and safety of the entire workforce, in plants and head office in line with the comprehensive SOPs established. Plant employees are provided with state-of-the-art protection and safety equipment during both construction and operations phases. Additionally, training and development in 5S and Kaizen initiatives are also conducted to all employees to help proactively mitigate risks. Plant operating instructions and image signals are also set up in work sites as safety measures.	Director – Operations	Adopted	
		Environment & Disaster Risk	The risks of potential adverse disaster events occurring during the operations/ disrupting the operations.	Critical	The company employs in-house environmental and social specialists who are responsible to continuously monitor these risks. When needed, expert opinion and advise are also sought from external specialists to ensure that the company takes all possible actions to mitigate these risks. Even in the current situation where insurance companies are having a low appetite in covering the renewable energy industry, the company takes action to secure the best possible covers for their operations.	Director - Operations	Adopted	
		Epidemic Risk	Risk of adverse operational and economic impact stemming from epidemic/ pandemic outbreaks.	Significant	There were no material impact that affected the company and there were no realizations of the risks stemming from COVID-19 as the pandemic seems to have subsided.	Director - Operations & Director – BDU	Adopted	
		Weather Risk	Risk of disruptions and financial losses due to changing weather conditions.	Critical	To reduce the impact of weather-related risks, measures have been implemented to diversify the company's plant portfolio both in terms of geographical locations and energy sources. The inclusion of hydro power plants from different geographic regions helps to offset the seasonal and cyclical fluctuations caused by weather conditions. Additionally, dendro and solar power plants performs as a natural hedge to the effects of weather on hydro power output ensuring a consistent performance.	Director - Operations & Director – BDU	Adopted	

Risk Management

#	Risk Category	Risk	Definition	Catastrophic/ Critical/ Significant/ Low	Mitigation Action	Risk Owner	Risk Review Status	Risk Ranking
3 Stakeholder Relations								
		Public relations Risk	The risk of losing reputation which can lead to conflicts with stakeholders.	Low	The main CSR arm of the company, "ViduSaviya" has played an instrumental role during the year, involving in various social and environmental projects boosting the public's confidence in the company. The company initiated various programmes such as reforestation, clearings, medical equipment donations, scholarships and other donations to students, blood donation drives, distribution of essentials, "Dansela" and many more.	Operations Department	Adopted	
		Stakeholder Risk	The risk of failure to adequately manage stakeholder expectations.	Significant	Each functional department of Vidullanka is bestowed with the task of identifying the needs of the stakeholders they deal with and fulfilling them accordingly. The effect of such stakeholder activities are determined by identifying their importance and impact on the company. 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 Environment								
		Operational Risk	The risk of losses arising from internal activities, processes, and procedures.	Significant	The primary operational focus of the company is power generation & engineering, alongside supporting functions such as Finance, Procurement, HR, and IT. These departments are required to follow standardized operating procedures and manuals established by the company. The purpose of these guidelines is to streamline processes and reduce inefficiencies. Regular internal audits are conducted to assess the compliance of these departments with the established standards. The results of these audits are used to identify areas for improvement, and appropriate measures are developed and implemented to enhance overall operations.	Fin. Controller & Heads of Departments	Adopted	
		Fraud Risk	Possible losses from the suboptimal use of company assets, corruption etc.	Significant	In consultation with the Internal Auditors and the Audit Committee, the company has implemented a stringent fraud detection and management program. This includes policies governing segregation of duties of employees, guidance on optimal use of assets, detailing power to use assets etc.	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 role of the Chief Security Officer to a specialized external entity which enables to benefit from their expertise and resources in ensuring security. Additionally, the company maintains strict control over access to confidential data and information, restricting it to authorized individuals only. In order to enhance the efficiency of Human Resource and Finance operations, the company has implemented new HRIS (Human Resource Information System) and is in the process of implementing an ERP (Enterprise Resource Planning) systems.	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	The company takes appropriate measures to monitor and comply with applicable rules and regulations in the countries it operates in. The company obtains the services of tax, legal and other regulatory advisors to assist in this process and also when engaging in new transactions to ensure that necessary due diligence is achieved. The company also adopts and complies with mandatory and voluntary corporate governance best practices.	Finance & Legal Departments	Adopted	
7 Global Business Environment								
		Competition Risk	The risk of failure to adapt to the changing business environment amidst the increased competition between renewable energy developers	Low	The Board of the company constitutes a range of Directors with sound expertise in various industries and sectors, whose extensive business acumen has allowed the company to foresee the changing dynamics of the renewable energy industry. Carefully established strategic partnerships have also enabled the company to stay ahead of the market and gain a competitive edge, locally and internationally. The Investment and Strategy Committee assists the board in evaluating potential investment opportunities.	Senior Management & Board of Directors	Adopted	
		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	The company conducts extensive studies and seeks external professional opinions when identifying investment opportunities in new countries. Consultants are engaged to assess tax, legal, and political risks, and due diligence studies are conducted before making investment commitments. Leveraging its previous experiences, the company explores avenues to strengthen these investments by entering into investment protection agreements with the governments. However, engaging in foreign transactions has been challenging due to Sri Lanka's default status in the global funds market.	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 2023, to be presented at the 27th Annual General Meeting of the Company.

REVIEW OF THE YEAR

Principal Activity of the Company / Core Activity

The business activity of the company is to engage in renewable energy business including renewable energy generation, project development, installation & construction, operation & maintenance, consultancy services and turnkey solutions. For this purpose the company has constructed three hydro power plants in Bambarabatuoya, MHPP, Batathota MHPP, and Wembiyagoda MHPP in Banagoda, Kuruwita and Kalawana in Ratnapura district.

Principal Activity of the Branch in Guyana

The principal activity of Vidullanka PLC – Guyana Branch is to design, engineer, construct and commission both Moco Moco MHPP and Kumu MHPP located in Lethem, Guyana for the Guyana Energy Agency.

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 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 and other industries 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 2020.

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 Venture & Associates

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. The project was commissioned to the National grid on 30 September 2016.

Material Business Transactions

During the year, the company commenced the construction of Kumu MHPP and Moco Moco MHPP in Guyana for the GEA. This marks the start of the Engineering, Procurement and Construction business overseas by the Group.

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 72 to 124 of this annual report.

Independent Auditor's Report

The Auditor's Report on the financial statements is given on page 68 of this report.

Accounting Policies

The Accounting Policies adopted in preparation of the financial statements is given on page 79 to 90. There were no changes in Accounting Policies adopted by the Company during the year under review, other than those given in note no. 03 to the financial statements on page 90.

Financial Results / Profit and Appropriations

The Group recorded a Profit After Tax of Rs. 1,023,010,153/- of which Rs. 957,026,495/- is attributed to the equity shareholders.

During the year under review, the Company distributed a first Interim dividend of Rs 0.10 per share amounting

to Rs. 94,801,064/- and a second interim dividend of Rs 0.10 per share amounting to Rs. 94,085,381/-.

Property, Plant & Equipment

During the year under review the Group invested a sum of Rs. 89,572,226/- (2022 – Rs. 294,171,690/-) in property, plant & equipment of which Rs. 40,761,223/- (2022 – Rs. 140,607,726/-) is in plant & machinery-Hydro, Rs. 13,942,291/- (2022 - Rs. 92,952,836/-) is in plant & machinery-Solar, Rs. 16,690,311/- (2022 – Rs. 11,125,888/-) is in Computer and other equipment and Rs. 2,132,287/- (2022-Rs. 3,956,364/-) is in Furniture and fixtures.

Further Rs. 5,594,957/- (2022 – Rs. 4,106,912/-) is invested in office equipment, Rs. 9,600,000/- (2022 – Rs. 18,609,147/-) in Motor Vehicles and Rs. 514,586,956/- (2022 – Rs. 11,369,287/-) in Power plants work – in – progress. Investment in freehold land amounts to Rs. 851,157/- (2022 –Rs. 11,443,530/-).

In addition, the Group invested Rs. 385,110 /- (2022 –Rs. 4,624,409/-) in biological assets.

The exchange rate differences caused a total increase of Rs. 561,542,817 /- in the Group property, plant and equipment.

Information relating to movement in Property, Plant & Equipment during the year is disclosed under Note 04 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 05 to the financial statements on page 95.

Impairments

The details relating to the impairment provisions are given in notes 5.2 and 6.1 to the financial statements on pages 96 & 100.

Directors' Responsibilities

The Statement of the Directors' Responsibilities is given on page 66 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 30.

Reserves

The Reserves and Accumulated Profits as at 31 March 2023 amount to Rs. 3,143,660,370/- vs Rs. 2,406,968,789/- as at 31 March 2022. 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. 1,825,593,926/- The movements are shown in the Statement of Changes in Equity in the financial statements.

ESOS

The operation of the employee share option scheme was concluded on the 31st March 2023, following the lapse of the exercise period of the last phase of the allotment. During the year, a total of 9,191,762 options were exercised resulting in the addition of new shares in equal numbers. A total of 1,081,602 share options were not exercised and consequently cancelled.

During the period, resignations have resulted in cancellation of 775,301 share options, whilst 306,301 share options were cancelled due to expiry of the validity period.

The ESOS scheme introduced in 2017 resulted in the total issuance of 41,093,439 share options during the tenor of the scheme, of which 33,530,495 options were exercised and subscribed raising Rs. 154,306,141/- to the company. Total number of options cancelled consequent to resignation is 5,086,723, a further 768,280 options

were cancelled due to expiry of the term. In addition, 1,707,944 options were cancelled due to other causes.

The Directors of the company believe that the ESOS scheme achieved its intended objectives and helped the company retain key talent during the critical period. The Board of Directors also 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.

The Fitch Ratings Agency assigned a rating of A+ (SL) with a stable outlook for Vidullanka PLC in June 2023. Previously, the company was rated A- (SL) by ICRA Lanka Ltd. The Group also grid connected the Horana Solar Power Project on 6th June 2023.

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 117 and have been circulated to the members of the Board on 14 July 2023 pursuant to Section 192 (2) of the Companies Act No. 7 of 2007.

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

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 62 set out the manner of compliance by the Company in accordance with the requirements of Rule 7.10.6 of the Listing 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 64 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 118.

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 63.

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 65.

The Board of Directors declare that there were no related party transactions during the financial year falling within the ambit of rule 9.3.2 of Listing Rules of the Colombo Stock Exchange.

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 07, 11 and 26.

In terms of section 9.3.2 (d) of the Listing Rules of the Colombo Stock Exchange the Board confirms that the company has complied with all requirements pertaining to Related Party Transactions.

Investor Information and Shareholdings

The investor information is given on page 125.

Major Shareholders

Details of twenty largest shareholders of the company and percentage held by each of them are disclosed in page 126.

Directors

The Directors of the company as at 31 March 2023 and their brief profiles are given on page 15 in this report.

Mr. O. Kassim and Mr. S. Ranjan Mather retire by rotation in terms of section 211 of the Companies Act No. 07 of 2007 and being eligible offer themselves for re-election.

Mr. C. F. Fuhrer tendered his resignation with effect from 30 June 2023.

Independence of Directors

In accordance with Rule 7.10.3 of the Listing Rules of the Colombo Stock Exchange 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 and Ms. Deepthie Wickramasuriya who are Non-Executive Directors of the company have submitted a signed and dated declaration to the Board on 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 his "Independent" given his impartial approach to the deliberations of the Board.

Directors' Shareholding

The interest of the Directors in the shares of the Company as at 31 March of 2022 and 2023 were as follows:

Director	No of Ordinary Voting Shares	
	As at 31-03-2023	As at 31-03-2022
Amana Bank PLC / Mr. Osman Kassim	89,000,000	89,000,000
Mr. Osman Kassim / Mrs. K. Kassim	39,962,734	42,444,556
Mr. Riyaz M. Sangani	50,565,448	51,506,940
Amana Bank PLC/Riyaz M. Sangani	88,166,014	80,439,014
National Development Bank PLC/Riyaz M. Sangani	14,600,000	14,600,000
Mr. Shahid M. Sangani	3,114,471	3,114,488
Amana Bank PLC/Shahid M. Sangani	4,300,000	4,300,000
Mr. S. Ranjan Mather	100,727,711	124,727,711
Mr. C. F. Fuhrer	110,041,770	1,098,398
Mr. Sidath Fernando	29,180,000	5,180,000
Mr. Sattar Kassim	94,135,861	78,219,194
Amana Bank PLC/Mr. Sattar Kassim	NIL	15,916,667
Mr. Sujendra Mather	20,626,246	20,626,246
Mr. Rizvi Zaheed	40,000	40,000
Ms. D. Wickramasuriya	NIL	NIL

Director	No of Ordinary Non-Voting Shares	
	As at 31-03-2023	As at 31-03-2022
Amana Bank PLC / Mr. Osman Kassim	7,181,419	7,181,419
Mr. Osman Kassim / Mrs. K. Kassim	2,409,198	2,409,198
Mr. Riyaz M. Sangani	4,447,460	6,407,880
Hatton National Bank PLC/Mr. Riyaz M. Sangani	3,418,857	3,418,857
Mr. Shahid M. Sangani	296,707	265,707
Amana Bank PLC/Shahid M. Sangani	366,894	366,894
Mr. S. Ranjan Mather	1,520,705	1,520,705
Mr. C. F. Fuhrer	NIL	NIL
Mr. S.S.V Fernando	441,980	441,980
Mr. Sattar Kassim	NIL	NIL
Mr. Sujendra Mather	NIL	NIL
Mr. Rizvi Zaheed	3,413	3,413
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 9.30 a.m. on 10th August 2023 at the registered office of the company with participation via audio visual technology.

The Notice of the Annual General Meeting appears on page 130.

For and on behalf of the Board,

(Sgd.)
Osman Kassim
Chairman

(Sgd.)
Riyaz Sangani
CEO

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

Vidullanka PLC
14 July 2023
Colombo

Board Committees

Vidullanka PLC comprises of four sub-committees: Audit Committee, Remuneration Committee, Related Party Transactions Review Committee and Investment and Strategy Committee appointed by the Board of Directors. These sub-committees are well structured and comprises of board members with the necessary acumen and experience required to serve the varying purposes of these sub committees, diligently. The board of the company has thereby delegated responsibility to each of these sub committees to assist them in decision making. Each sub-committee is chaired by a board member.

The scope and purpose of the Audit Committee, Remuneration Committee and Related Party Transactions Review Committee are to achieve compliance and adherence to the statutory and regulatory requirements set forth for the company as per the listing rules of the Colombo Stock Exchange and other applicable regulations. The Investment and Strategy Committee is the extension of the board that is tasked with shaping the strategic and growth initiatives of the company.

AUDIT COMMITTEE

Report On the Affairs of the Audit Committee During the Financial Year 2022/23

The Audit Committee is responsible in overseeing and managing the processes and procedures related to financial reporting, auditing, internal controls, compliance with laws and regulations. It is also tasked with regularly reviewing the company's risk and governance framework and ensuring that the company operates in line with the directives of the framework.

The Audit Committee is the main governing arm of the company that supervises and advises on its Corporate Governance and how the company enforces sound governance in terms of its control, direction and accountability. The committee also engages in overlooking all audits: internal and

external, financial reporting and records, and compliance with regulations. Another important task performed by the Audit Committee entails assisting and guiding the management in the identification, analysis, management and control of the risks faced by the company and applicable risk minimizations. As the Finance Department of Vidullanka is currently in a transition process in implementing a new Enterprise Resource Planning System, the committee is also tasked with guiding the department on the successful implementation of the system and ensuring water-tight internal controls are still observed within.

Composition of Audit Committee

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

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

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

In compliance with the listing rules of CSE and corporate governance best practices, the committee is comprised of 3 Non-Executive Directors of whom two are independent. In accordance with the listing rules of the Colombo Stock Exchange, an Independent Non-Executive Director acts as the Chairperson. The Chairperson, Ms. Deepthie Wickramasuriya is a professional in the finance field and member of a professional accounting body. The Chief Executive Officer, Mr. Riyaz Sangani and Group Financial Controller, Mr. Mafaz Ansar also attend the Audit Committee proceedings by way of invitation.

Role of the Committee

The Audit Committee principally works on overseeing and ensuring that financial statements prepared and published and the disclosures declared to the public are in accordance to and in compliance with the controls and standards set forth by 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 met four times during the year in consideration. Information on the attendance of these meetings is given in page 31.

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 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.
6. 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.

7. Reviewed the standard operating procedure relating to share transactions by the related parties, to ensure compliance with the listing rules and made recommendation to the 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 confirmed the reappointment 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 reappointment 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 and advised on the commencement of the branch operations in Guyana.
13. Evaluated whether the operations of the company needed any changes, amendments and additions stipulated by new policies, procedures and standards adopted by the company.
14. Solicited confirmation from internal management on a quarterly basis regarding internal controls and compliance.
15. 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 their 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, 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 and 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.

INVESTMENT AND STRATEGY COMMITTEE

Report On the Affairs of the Investment and Strategy Committee During the Financial Year 2022/23

Vidullanka PLC's Investment and Strategy Committee has responsibilities in appraising investment proposals tabled, new business strategies developed and any other related matters. The committee attempts to assert whether these affairs are contributing to the organizations' goals and determining whether they are in line with the strategic and growth initiatives of the company and advise the board on any actions needed.

The current investment portfolio of the Vidul Group is continuously monitored and benchmarked on its performances, whereas any investments that are deemed underperforming are then subjected to corrective measures. The committee is always on the lookout for changes in the external environments, ranging from opportunities such as the emergence of new technologies and new market trends and also it remains vigilant on threats as well. It then formulates its findings and advises the board on the strategies that can be used to capitalize on opportunities and navigate and neutralize threats.

The Investment and Strategy Committee consist of the following four members, of whom Mr. Osman Kassim, the Chairman of the Board of Vidullanka PLC 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 Sangani
(Chief Executive Officer)

Board Committees

The committee met six times during the year of review. The primary areas of concern the committee dealt with were: New investment opportunities in the Renewable Energy space in Africa and South Asia, New opportunities in EPC/ Consulting business building renewable energy projects overseas and overseeing current EPC operations in Guyana, Evaluating overseas funding options and challenges and 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 2022/23, 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, high costs of funding and the investment commitments.
4. Evaluating new investment opportunities in the renewable energy industry, both domestically and internationally.
5. Implications of the external environment aspects such as the inflationary environment and macroeconomic crisis in Sri Lanka on the company.

(Sgd.)

Osman Kassim

Chairperson – Investment and Strategy Committee.

REMUNERATION COMMITTEE

Report On the Affairs of the Remuneration Committee During the Financial Year 2022/23

The Remuneration Committee of the company is handed with the responsibility of tailoring remuneration policies and procedures in accordance with industry standards and best practices. These policies should have the inherent ability to attract and retain top-tier human capital and should also continuously motivate them throughout their duration at the company. The remuneration of the executive and senior management cadre are subject to the evaluation of this committee, and it is accountable for designing appropriate, market standard and flexible remuneration packages.

The committee is chaired by Mr. Ranjan Mather and consists of the following 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 twice during the financial year in which they reviewed the remuneration scales and policies 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 paid special attention in retaining the key cadre amidst the inflationary environment and high taxes resulting in the exodus of skilled workforce in the country. This was also followed by group level relief measures targeting the entire workforce to assist them face these challenging times.

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. The details of Key Management Personnel compensation are given in note 26.5 to the financial statements in page 118. 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.

RELATED PARTY TRANSACTION REVIEW COMMITTEE

Report On the Affairs of the Related Party Transaction Review Committee During the Financial Year 2022/23

The primary activity conducted by the Related Party Transactions Review Committee is to oversee the transactions undertaken by or between related parties of Vidullanka PLC and ensuring that they are conducted at an arm's length basis, adhering to the requirements set out 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 which the majority (two) is independent. The committee held four committee meetings in total during the year. 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 if and when necessary.
3. Review and approve proposed Related Party transactions and commissioned an independent expert study to ensure the transactions are executed on an arm's length basis.
4. Review and approve material changes taking place regarding previously approved related party transactions.
5. Review the effectiveness of internal controls, policies and procedures placed governing related party transactions and the compliance of these transactions with these measures.
6. Solicit assistance from the management team and expert opinion from external consultants to assess the implications of the related party transactions.
7. Review financial statements to ensure that disclosures of related party transactions are adequate and accurate.
8. Review and confirm management approvals before related party transactions are initiated.
9. Identify scenarios that require shareholder approval and advise the board on issues relating.
10. 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 58. The relevant disclosures as required in the section 9.3.2 is given in the note 26.1 to the financial statements on page 117. 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

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
14 July 2023

Financial Report



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Independent Auditor's Report



Ernst & Young
Chartered Accountants
201, De Saram Place
P.O. Box 101
Colombo 10, Sri Lanka

Tel : +94 11 246 3500
Fax (Gen) : +94 11 269 7369
Fax (Tax) : +94 11 557 8180
Email : eysl@lk.ey.com
ey.com

DNG/MAR

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 2023, 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 2023, 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 judgements, 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.

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

Principals: T P M Ruberu FCMA FCCA MBA (USJ-SL), G B Goudian ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakthivel B.Com (Sp)

A member firm of Ernst & Young Global Limited

Key audit matter	How our audit addressed the key audit matter
<p>Annual Impairment of goodwill</p> <p>As at reporting date goodwill amounting to Rs. 206,883,411 and impairment provision of Rs. 53,460,578 reported as further detailed in Note 5.2 to the financial statements.</p> <p>Assessment of impairment 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 cash flows used for value-in-use calculations. <p>Key areas of significant judgements, estimates and assumptions included:</p> <p>key inputs and assumptions related to the value- in- use calculations and estimated cash flows are, growth rates of tariff rates, units generated and discount rate.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> ▪ We gained an understanding of how management has developed its estimation of future cash flows which included the consideration of the future estimated rates which is impacts of current economic conditions ▪ We tested the completeness and accuracy of the underlying accounting records used by Management to relevant data and checked the calculations of the discounted future cash flows. ▪ Based on the available information up to the date of our report, we assessed the reasonableness of significant judgements, estimates and assumptions used by Management, such as tariff rates and discount rate <p>We have also assessed the adequacy of the disclosures made in Note 5.2 to the financial statements.</p>
<p>Estimated Depreciation of plant & machinery</p> <p>Property, plant and equipment of the Group include hydro and solar plant & machinery – totalling Rs. 7,572,814,064 which represent 58% of the Group's total assets as of reporting date.</p> <p>Depreciation on hydro and solar plant & machinery – totalling Rs. 319,087,130 for the year ended 31 March 2023. 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> <p>the degree of management assumptions and Judgement required over the determination of remaining useful lives, underlying lease agreements and renewal options contained in power purchase agreements.</p>	<p>Our audit procedures included the following;</p> <ul style="list-style-type: none"> ▪ We obtained the understanding of management's policies and procedures developed over the estimation of the remaining useful lives of plant & machinery – hydro & solar ▪ We assessed the reasonableness of management assumptions and judgement applied in developing expectations of remaining useful lives of plant & machinery – hydro and solar and checked the agreement terms in the power purchase agreements entered ▪ We checked the arithmetical 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>
<p>Recoverability of Trade Receivables</p> <p>As detailed in Note 7 to the financial statements, Trade Receivables as at 31 March 2023 which represent 13% of the total assets of the Group amounted to Rs. 1.7 Bn.</p> <p>Recoverability of Trade Receivables was considered as a key audit matter due to:</p> <ul style="list-style-type: none"> ▪ the materiality of the Trade Receivable balance; ▪ the magnitude of assumptions and judgement involved in assessing the likelihood of recoverability of the trade receivables. 	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> ▪ We obtained an understanding of and evaluated the process used by the management to assess recoverability of Trade Receivables. ▪ We checked the accuracy of the age analysis of Trade Receivables by referring to the source documents. ▪ We assessed the reasonableness of the assumptions and judgements used by the management in assessing the likelihood of recoverability of Trade Receivable. ▪ Assessed the related disclosures provided in note 7 to these financial statements in relation to the Trade Receivable of Group.

Independent Auditor's Report

Other Information included in the 2023 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 judgement 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 Accountants of Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 4 169.

14 July 2023
Colombo

Statement of Financial Position

As at 31 March 2023

	Notes	Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	4	8,282,245,724	7,521,970,574	622,996,975	632,566,583
Biological Assets	4.1.8	41,759,181	45,793,051	-	-
Right of Use Assets	4.3	197,503,111	186,826,750	20,629,367	14,043,021
Investments in Subsidiaries	5.1	-	-	1,453,896,133	1,328,896,133
Investment in Joint Ventures and Associates	5.3	772,119,886	623,833,402	530,624,883	414,291,550
Other Project Investments	6	76,378,350	81,565,679	76,378,350	81,565,679
Goodwill	5.2	206,883,411	259,355,007	-	988,982
Deferred Tax Asset	10.3	39,165,831	2,523,667	38,243,775	-
		9,616,055,494	8,721,868,130	2,742,769,483	2,472,351,948
Current Assets					
Inventories		134,700,607	123,802,574	24,745,319	21,604,573
Trade and Other Receivables	7	2,327,697,987	1,645,524,221	833,565,282	734,365,150
Other Financial Assets	5.4.1	405,765,413	160,264,772	128,390,782	41,352,472
Cash and Cash Equivalents	20	539,558,534	854,432,051	315,265,255	37,260,782
		3,407,722,541	2,784,023,618	1,301,966,638	834,582,977
Total Assets		13,023,778,035	11,505,891,748	4,044,736,121	3,306,934,925
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated Capital	8	1,825,593,926	1,786,069,350	1,825,593,926	1,786,069,350
Retained Earnings		3,143,660,370	2,406,968,789	251,830,514	104,054,810
Other Components of Equity		1,699,979,032	1,403,537,432	-	-
Equity Attributable to Equity Holders of the Parent		6,669,233,328	5,596,575,571	2,077,424,440	1,890,124,160
Non Controlling Interest		220,051,912	128,551,007	-	-
Total Equity		6,889,285,240	5,725,126,578	2,077,424,440	1,890,124,160

	Notes	Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Non-Current Liabilities					
Loans and Borrowings	9	2,645,632,788	3,109,948,487	492,322,867	556,124,873
Defined Benefit Liability	12	54,022,943	49,016,054	42,202,078	42,426,155
Deferred Tax Liability	10.2	1,135,854,203	811,247,563	-	16,004,089
Lease Liability	21.1	80,724,183	78,201,078	16,764,641	6,785,196
		3,916,234,117	4,048,413,182	551,289,586	621,340,313
Current Liabilities					
Trade and Other Payables	11	851,791,776	404,619,055	587,148,825	191,099,163
Loans and Borrowings	9	1,330,314,796	1,248,002,184	827,324,703	579,294,939
Lease Liability	21.1	7,898,101	14,917,192	1,548,567	3,056,938
Income Tax Liabilities		28,254,005	64,813,557	-	22,019,412
		2,218,258,678	1,732,351,988	1,416,022,095	795,470,452
Total Equity and Liabilities		13,023,778,035	11,505,891,748	4,044,736,121	3,306,934,925
Net Asset Value Per Share (Rs.)		7.07	5.99	2.20	2.02

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

Mafaz Ansar
Group Financial Controller

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

Riyaz M Sangani
CEO

Rizvi Zaheed
Director

The accounting policies and notes on pages 79 through 124 form an integral part of these Financial Statements.

14 July 2023
Colombo

Statement of Comprehensive Income

Year ended 31 March 2023

	Notes	Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Revenue	13	3,836,435,350	2,567,672,013	235,752,886	393,404,582
Cost of Sales		(1,116,114,005)	(687,852,994)	(91,472,823)	(57,807,449)
Gross Profit		2,720,321,345	1,879,819,019	144,280,063	335,597,133
Other Income and Gains / (Losses)	17	(10,644,676)	136,340,027	658,116,401	255,107,859
Administrative Expenses		(501,546,365)	(435,341,998)	(292,394,868)	(273,167,778)
Finance Cost	15	(601,465,024)	(301,620,398)	(231,437,108)	(119,283,176)
Finance Income	16	2,458,253	3,837,670	2,283,108	3,149,235
Investment Income from Joint Ventures / Associates		40,619,289	74,040,667	-	-
Profit / (Loss) Before Tax	14	1,649,742,822	1,357,074,987	280,847,596	201,403,273
Income Tax Expense	10	(626,732,669)	(491,198,126)	54,199,422	(25,571,670)
Profit / (Loss) for the Year		1,023,010,153	865,876,861	335,047,018	175,831,603
Other Comprehensive Income (OCI)					
Other Comprehensive Income that not will be Reclassified to Profit or Loss in Subsequent Period					
Net Actuarial Gain / (Loss) on Defined Benefit Plan		5,524,000	(6,002,889)	6,545,145	(5,822,533)
Income Tax Effect on Net Actuarial Gain / (Loss) on Defined Benefit Plan		(1,795,380)	847,955	(1,963,544)	815,155
Other Comprehensive Income that may be Reclassified to Profit or Loss in Subsequent Period					
Exchange Differences on Translation of Foreign Operations		312,112,706	1,170,579,956	(2,966,470)	-
Share of Other Comprehensive Income of Equity Accounted Investees (Net of Tax)		258,863	(4,936)	-	-
Other Comprehensive Income for the Year, Net of Tax		316,100,189	1,165,420,086	1,615,131	(5,007,378)
Total Comprehensive Income for the Year, Net of Tax		1,339,110,342	2,031,296,947	336,662,149	170,824,225
Profit Attributable to :					
Equity Holders of the Parent		957,026,495	849,363,573	335,047,018	175,831,603
Non-Controlling Interest		65,983,658	16,513,288	-	-
		1,023,010,153	865,876,861	335,047,018	175,831,603
Total Comprehensive Income Attributable to :					
Equity Holders of the Parent		1,257,455,578	1,974,159,324	336,662,149	170,824,225
Non-Controlling Interest		81,654,764	57,137,623	-	-
		1,339,110,342	2,031,296,947	336,662,149	170,824,225
Earning Per Share- Basic		1.02	0.93	0.36	0.19
Earnings Per Share - Diluted	18	1.02	0.93	0.36	0.19
Dividend Per Share		-	-	0.20	0.30

The accounting policies and notes on pages 79 through 124 form an integral part of these Financial Statements.

Statement of Changes in Equity

Year ended 31 March 2023

Group	Stated Capital	Retained Earnings	Foreign Currency Translation Reserve	Non-Controlling Interest	Total	
	Notes	Rs.	Rs.	Rs.	Rs.	
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
Balance as at 01 April 2022		1,786,069,350	2,406,968,789	1,403,537,432	128,551,007	5,725,126,578
Profit for the Year		-	957,026,495	-	65,983,658	1,023,010,153
Other Comprehensive Income		-	3,987,483	296,441,600	15,671,106	316,100,189
Total Comprehensive Income for the Year		-	961,013,978	296,441,600	81,654,764	1,339,110,342
Subscription of NCI Shares		-	(35,435,952)	-	36,344,556	908,604
Exercise of Share Options		39,524,576	-	-	-	39,524,576
Dividend Paid during the Year	19	-	(188,886,445)	-	(26,498,415)	(215,384,860)
Balance as at 31 March 2023		1,825,593,926	3,143,660,370	1,699,979,032	220,051,912	6,889,285,240

Statement of Changes in Equity

Year ended 31 March 2023

Company	Notes	Stated Capital Rs.	Retained Earnings Rs.	Total Rs.
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		-	162,958,384	162,958,384
Exercise of Share Options		62,850,182	-	62,850,182
Dividend Paid during the Year		-	(267,325,828)	(267,325,828)
Balance as at 31 March 2022		1,786,069,350	104,054,810	1,890,124,160
Balance as at 01 April 2022		1,786,069,350	104,054,810	1,890,124,160
Profit for the Year		-	335,047,018	335,047,018
Other Comprehensive Income		-	1,615,131	1,615,131
Total Comprehensive Income for the Year		-	336,662,149	336,662,149
Exercise of Share Options		39,524,576	-	39,524,576
Dividend Paid during the Year	19	-	(188,886,445)	(188,886,445)
Balance as at 31 March 2023		1,825,593,926	251,830,514	2,077,424,440

The accounting policies and notes on pages 79 through 124 form an integral part of these Financial Statements.

Statement of Cash Flows

Year ended 31 March 2023

	Notes	Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Operating Activities					
Profit / (Loss) Before Tax		1,649,742,822	1,357,074,987	280,847,596	201,403,273
Adjustments for					
Depreciation of Property, Plant and Equipment	4	348,838,615	228,005,703	34,509,434	23,533,208
Depreciation of Biological Assets		4,418,980	4,536,693	-	-
Depreciation of Right of Use Assets	4.3.2	24,665,153	22,208,682	5,179,259	5,970,353
(Profit) / Loss on Disposal of Property, Plant and Equipment	17	(1,096,917)	(109,000)	(1,099,264)	(109,000)
Expenses on Defined Benefit Plan	12.1	12,230,618	4,930,085	9,476,878	3,474,348
Impairment / Written Off of New Projects		24,000,000	15,000,000	24,000,000	15,000,000
Impairment - Goodwill	5.2	52,471,596	21,335,965	988,982	-
Net Gains on Translation of Foreign Currency		152,005,353	263,235,783	-	-
Share of Profits from Joint Ventures		(40,619,289)	(74,040,667)	-	-
Dividend Income	17	(97,500)	(67,801)	(641,007,867)	(210,142,801)
Finance Income	16	(2,458,253)	(3,837,670)	(2,283,108)	(3,149,235)
Finance Cost	15	601,465,024	301,620,398	231,437,108	119,283,176
Operating Profit Before Working Capital Changes		2,825,566,202	2,139,893,158	(57,950,982)	155,263,322
(Increase) / Decrease in Inventories		(2,384,086)	(47,796,902)	(3,140,746)	(9,812,862)
(Increase) / Decrease in Trade & Other Receivables		(662,721,069)	(471,831,119)	(99,200,132)	(195,998,366)
Increase / (Decrease) in Other Payables		458,532,370	44,095,376	396,049,662	30,010,713
Cash Generated from / (Used in) Operations		2,618,993,417	1,664,360,513	235,757,802	(20,537,193)
Finance Cost Paid		(599,088,118)	(298,593,627)	(230,491,815)	(118,343,040)
Defined Benefit Plan Cost Paid	12	(1,487,200)	(2,285,400)	(1,487,200)	(2,285,400)
Income Tax Paid		(423,067,704)	(228,589,261)	(24,031,397)	(14,351,587)
Net Cash from / (Used in) Operating Activities		1,595,350,395	1,134,892,225	(20,252,610)	(155,517,220)
Investing Activities					
Acquisition of Property, Plant and Equipment		(604,159,182)	(293,979,134)	(28,426,501)	(16,432,096)
Acquisition of Biological Assets		(385,110)	(4,624,409)	-	-
Acquisition of Right to Use Asset		(11,765,605)	-	(11,765,605)	-
Proceeds from Sale of Property, Plant and Equipment		4,585,939	109,000	4,585,939	109,000
Investment in New Projects, net of cash acquired		(22,734,145)	(16,686,732)	(22,734,145)	(16,686,732)
Investment on Other Financial Assets	5.4.1	(246,959,212)	(75,126,966)	(87,038,310)	(8,510,972)
Finance Income Received		2,446,670	3,442,379	2,275,303	2,828,443
Dividend Received		9,022,500	79,942,801	641,007,867	210,142,801
Acquisition of Subsidiary, net of cash acquired		-	(4,086,465)	-	(5,000,000)
Investment in Subsidiaries		-	-	(125,000,000)	(41,000,000)
Investment in Joint Ventures		(116,333,333)	-	(116,333,333)	-
Net Cash Flows from / (Used in) Investing Activities		(986,281,478)	(311,009,526)	256,571,215	125,450,444

Statement of Cash Flows

Year ended 31 March 2023

	Notes	Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Financing Activities					
Share Issue-Proceeds from ESOS		39,524,576	62,850,182	39,524,576	62,850,182
Share Issue-Proceeds from Right Issue		-	253,379,301	-	253,379,301
Share Issue-NCI		909,676	-	-	-
Dividend Payments		(215,384,860)	(267,325,828)	(188,886,445)	(267,325,828)
Principal Payment under Ijara-Leases (Motor Vehicle)	21.1.1	(9,172,808)	(8,739,755)	(2,824,626)	(4,059,538)
Principal Payment under SLFRS 16 - Non - Motor		(12,039,439)	(12,514,623)	(2,121,000)	(2,586,751)
Principal Payment under Diminishing Musharakah Facilities	9.1.1	(1,400,021,586)	(672,155,066)	(116,276,150)	(167,912,800)
Principal Payment under Short Term Facilities	9.1.2	(568,763,789)	(469,182,687)	(556,763,789)	(469,182,687)
Proceeds from Ijara-Leases (Motor Vehicle)	21.1.1	-	10,000,000	-	-
Proceeds from - Leases (Non-Motor Vehicle)		11,765,605	-	11,765,605	-
Proceeds from Diminishing Musharakah Facilities	9.1.1	306,184,230	176,163,151	70,393,544	18,931,986
Proceeds from Short Term Facilities	9.1.2	923,055,961	534,975,887	786,874,153	514,975,887
Net Cash Flows from / (Used in) Financing Activities		(923,942,434)	(392,549,438)	41,685,868	(60,930,248)
Net Increase / (Decrease) in Cash and Cash Equivalents		(314,873,517)	431,333,261	278,004,473	(90,997,024)
Cash and Cash Equivalents at the Beginning of the Year		854,432,051	423,098,790	37,260,782	116,028,674
Cash Balance from Amalgamation		-	-	-	12,229,132
Cash and Cash Equivalents at the End of the Year	20	539,558,534	854,432,051	315,265,255	37,260,782

The accounting policies and notes on pages 79 through 124 form an integral part of these Financial Statements.

Notes to the Financial Statements

Year ended 31 March 2023

1. CORPORATE INFORMATION

1.12 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 of Sri Lanka and the company commenced branch operations in Guyana, South America, during the Financial Year.

The Consolidated financial statements of the company for the year ended 31 March 2023 comprise the company and its subsidiaries (together referred as the "Group").

Subsidiaries

Vidullanka PLC has investments in the 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			95%
Vidul Engineering (U) Ltd	11 Jan 2019			100%

Additionally, Vidul Plantation (Pvt) Ltd 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 in Kandaketiya, Badulla District. Vidul Plantation (Pvt) Ltd holds a 100% equity stake in the company.

Similarly, Vidul Engineering Ltd incorporated Horana Solar Power (Pvt) Ltd during the Financial Year 2022/23. Horana Solar Power (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 in Horana, Kalutara District. Vidul Engineering Ltd holds a 100% equity stake in the company.

Joint Ventures

Vidullanka PLC has investments in the following joint venture companies;

Joint Ventures	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

Vidullanka PLC has investments in the following Associate companies.

Associates	Holding Percentage	Registered Address
Nilwala Vidulibala Company (Pvt) Ltd	26.30%	50/8A, Siripa Road, Colombo 05
Solar Universe (Pvt) Ltd	33.33%	334, T B Jaya Mawatha, Colombo 10

Notes to the Financial Statements

Year ended 31 March 2023

1.2 Principal Activities and Nature of Operations

Company

The principal business activity of the company is to engage in renewable energy business including renewable energy generation, project development, installation & construction, operation & maintenance, consultancy services and turnkey solutions. For this purpose the company has constructed Three hydro power plants in Bambarabatuoya, Balangoda, Ratnapura and Batathota, Kuruwita and Kalawana, Ratnapura. 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 its operation in March 2013 and the company commenced branch operations in Guyana, South America, during the Financial Year.

Subsidiaries

The principal activity of Vidul Engineering Ltd is the provision of construction and engineering services related to renewable energy plants and related sectors. 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 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 Kothmale 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 feed the national grid from the ground mounted solar power plant in Monaragala.

The principal activity of Muvumbe Hydro (U) Ltd is to feed 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 feed 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.

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.

Associates

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

The principal activity of Solar Universe (Pvt) Ltd is to produce electrical energy and transmit to the national grid from the ground mounted solar power plant in Vavunathivu, Batticaloa.

1.3 Date of Authorization for Issue

The Consolidated Financial Statements of Vidullanka PLC, for the year ended 31 March 2023 was authorized for issue in accordance with a resolution of the Board of Directors on 14 July 2023.

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 2023. 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 Judgements, Estimates and Assumptions

The preparation of Financial Statements of the Group in conformity with Sri Lanka Accounting Standards (SLFRSs) requires the management to make judgements, 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 judgements 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.

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 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.

Notes to the Financial Statements

Year ended 31 March 2023

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 associates and joint ventures 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 Udawela Hydro (Pvt) Ltd are the companies approved under Board of Investments act. 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 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 entitled for a 6 year tax holiday under subsection 16 of the inland revenue act of 10 of 2006 having invested over Rs. 300 million by 31 March 2015 as a 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 rate 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 30%.

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 judgement 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.

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

Notes to the Financial Statements

Year ended 31 March 2023

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 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.

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.

Notes to the Financial Statements

Year ended 31 March 2023

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.

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.

Notes to the Financial Statements

Year ended 31 March 2023

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 it 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.

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 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.

Notes to the Financial Statements

Year ended 31 March 2023

3. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued up to the date of issuance of the Group's consolidated financial statements but are not effective for the current annual reporting period, are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

a) Definition of Accounting Estimates - Amendments to LKAS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted.

b) Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to LKAS 12

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

Also, under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition,

give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

c) Disclosure of Accounting Policies - Amendments to LKAS 1 and IFRS Practice Statement 2

Amendments to LKAS 1 and IFRS Practice Statement 2 Making Materiality judgements, provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies.
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

d) Classification of Liabilities as Current or Non-current - Amendments to LKAS 1

Amendments to LKAS 1 Presentation of Financial Statements specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right

- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification
- Disclosures

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

e) SLFRS 17 Insurance Contracts

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 2025, 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.

4. PROPERTY, PLANT AND EQUIPMENT

4.1 Group

4.1.1 Gross Carrying Amounts

	Balance as at 01.04.2022 Rs.	Additions Rs.	Transfers/ Disposals Rs.	Exchange Differences Rs.	Balance as at 31.03.2023 Rs.
Freehold Land	86,897,989	851,157	-	1,444,801	89,193,947
Office Furniture and Fittings	34,539,407	2,132,287	(5,284,024)	595,719	31,983,389
Office Equipment	37,690,545	5,594,957	(251,645)	2,022,341	45,056,198
Computers and Computer Equipment	40,059,264	22,230,435	(2,953,282)	1,553,229	60,889,646
Plant and Machinery-Hydro	8,498,522,156	40,761,223	(109,086,798)	552,636,656	8,982,833,237
Plant and Machinery-Solar	169,415,769	13,942,291	105,372,176	-	288,730,236
Motor Vehicles	74,876,832	9,600,000	(17,477,953)	3,290,071	70,288,950
Total Value of Depreciable Assets	8,942,001,962	95,112,350	(29,681,526)	561,542,817	9,568,975,603

4.1.2 In the Course of Construction

	Balance as at 01.04.2022 Rs.	Additions Rs.	Transfers/ Disposals Rs.	Exchange Differences Rs.	Balance as at 31.03.2023 Rs.
Work-in-Progress	23,531,411	514,586,956	(5,540,124)	548,305	533,126,548
	23,531,411	514,586,956	(5,540,124)	548,305	533,126,548
Total Gross Carrying Value	8,965,533,373	609,699,306	(35,221,650)	562,091,122	10,102,102,151

4.1.3 Depreciation

	Balance as at 01.04.2022 Rs.	Charge for the Year Rs.	Transfers/ Disposals Rs.	Exchange Differences Rs.	Balance as at 31.03.2023 Rs.
At Cost					
Office Furniture and Fittings	15,167,547	3,696,215	(4,912,085)	282,653	14,234,330
Office Equipment	22,836,724	5,601,982	(249,298)	772,437	28,961,845
Computers and Computer Equipment	23,014,828	9,616,245	(2,637,789)	720,583	30,713,867
Plant and Machinery-Hydro	1,330,208,440	291,480,860	(915,379)	40,296,675	1,661,070,596
Plant and Machinery-Solar	10,072,543	27,606,270	-	-	37,678,813
Motor Vehicles	42,262,717	10,837,043	(7,387,022)	1,484,238	47,196,976
Total Depreciation	1,443,562,799	348,838,615	(16,101,573)	43,556,586	1,819,856,427

Notes to the Financial Statements

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4.1.4 Net Book Values

	2023	2022
At Cost	Rs.	Rs.
Freehold Land	89,193,947	86,897,989
Office Furniture and Fittings	17,749,059	19,371,860
Office Equipment	16,094,353	14,853,821
Computers and Computer Equipment	30,175,779	17,044,436
Plant and Machinery-Hydro	7,321,762,641	7,168,313,716
Plant and Machinery-Solar	251,051,423	159,343,226
Motor Vehicles	23,091,974	32,614,115
	7,749,119,176	7,498,439,163
In the Course of Construction		
Power Plant Work-in-Progress	533,126,548	23,531,411
	533,126,548	23,531,411
Total Carrying Amount of Property, Plant and Equipment	8,282,245,724	7,521,970,574

4.1.5 During the year the group acquired Property, Plant and Equipment aggregate value of Rs. 89,572,226/- (2022 - Rs.294,171,690/-) and during the year Group incurred Rs. 514,586,956 /- for the Work-in-Progress (2022-5,540,124/-).

4.1.6 Property, Plant and Equipment includes fully depreciated assets that are still in use having a gross carrying amount of Rs. 99,959,804/- (2022-Rs. 78,777,272/-).

4.1.7 The Group held a gross extent of 12.24 acres of land in Balangoda, Kalawana, and Kuruwita, Ratnapura District, and 6A 2R 29.33 P in Monaragala. The Group also owns the civil structures of the power plants located in Balangoda, Kalawana, and Kuruwita, as well as Lower Kothmale, Monaragala, and Badulla. Accordingly, the Group holds 25.01 acres of land.

4.1.8 Biological assets

	Balance as at 01.04.2022	Additions	Transfers/ Disposals	Balance as at 31.03.2023
Gross Carrying Amounts	Rs.	Rs.	Rs.	Rs.
Gliricidia Plants	55,172,064	385,110	-	55,557,174
	55,172,064	385,110	-	55,557,174

	Balance as at 01.04.2022	Charge for the Year	Transfers/ Disposals	Balance as at 31.03.2023
Depreciation	Rs.	Rs.	Rs.	Rs.
Gliricidia Plants	9,379,013	4,418,980	-	13,797,993
Total Depreciation	9,379,013	4,418,980	-	13,797,993

Net Book Values	2023	2022
At Cost	Rs.	Rs.
Total Carrying Amount of Biological Assets	4,175,918	45,793,051

4.2 Company

4.2.1 Gross Carrying Amounts

	Balance as at 01.04.2022	Additions	Transfers/ Disposals	Balance as at 31.03.2023
At Cost	Rs.	Rs.	Rs.	Rs.
Freehold Land	39,969,625	-	-	39,969,625
Office Furniture and Fittings	23,909,284	639,037	(5,146,563)	19,401,758
Office Equipment	12,256,515	719,975	(156,032)	12,820,458
Computers and Computer Equipment	17,293,180	21,439,918	(1,985,860)	36,747,238
Plant and Machinery	905,773,789	10,117,695	(3,090,960)	912,800,524
Motor Vehicles	11,208,081	1,050,000	-	12,258,081
	1,010,410,474	33,966,625	(10,379,415)	1,033,997,684
4.2.2 In the Course of Construction				
Work-in-Progress	5,540,124	-	(5,540,124)	-
	5,540,124	-	(5,540,124)	-
Total Gross Carrying Value	1,015,950,598	33,966,625	(15,919,539)	1,033,997,684

4.2.3 Depreciation

	Balance as at 01.04.2022	Charge for the Year	Transfers/ Disposals	Balance as at 31.03.2023
At Cost	Rs.	Rs.	Rs.	Rs.
Office Furniture and Fittings	8,893,834	2,002,271	(4,774,624)	6,121,481
Office Equipment	9,670,986	866,023	(156,032)	10,380,977
Computers and Computer Equipment	9,295,551	6,263,590	(1,670,367)	13,888,774
Plant and Machinery	344,520,041	25,178,209	(291,717)	369,406,533
Motor Vehicle	11,003,603	199,341	-	11,202,944
Total Depreciation	383,384,015	34,509,434	(6,892,740)	411,000,709

4.2.4 Net Book Values

	2023	2022
At Cost	Rs.	Rs.
Freehold Land	39,969,625	39,969,625
Office Furniture and Fittings	13,280,277	15,015,450
Office Equipment	2,439,481	2,585,529
Computers and Computer Equipment	22,858,464	7,997,629
Plant and Machinery	543,393,991	561,253,748
Motor Vehicles	1,055,137	204,478
	622,996,975	627,026,459
In the Course of Construction		
Work-in-Progress	-	5,540,124
Total Carrying Amount of Property, Plant and Equipment	622,996,975	632,566,583

Notes to the Financial Statements

Year ended 31 March 2023

4.2.5 During the year the company acquired Property, Plant and Equipment with an aggregate value of Rs. 28,426,501/- (2022 - Rs. 12,632,360/-) during the year, there were no additions for the Work-in-Progress (2022-5,540,124/-).

4.2.6 Property, Plant and Equipment includes fully depreciated assets that are still in use having a gross carrying amount of Rs. 45,500,220/-and in (2022 - Rs. 34,984,618/-).

4.2.7 The company holds lands with a gross extent of 12.24 acres in Balangoda, Kalawana, and Kuruwita in Ratnapura District. The company also owns the civil structures associated with the power plants in the above said locations.

4.3 Right of Use Assets

4.3.1 Gross Carrying Amounts

Group	Balance as at 01.04.2022	Additions	Transfers / Disposals	Exchange Difference	Balance as at 31.03.2023
At Cost	Rs.	Rs.	Rs.	Rs.	Rs.
Land	175,458,104	11,765,605	-	11,130,158	198,353,867
Buildings	29,192,993	-	-	-	29,192,993
Motor Vehicles	41,755,050	-	12,894,360	-	54,649,410
	246,406,147	11,765,605	12,894,360	11,130,158	282,196,270

4.3.2 Depreciation

	Balance as at 01.04.2022	Charge for the Year	Transfers/ Disposals	Exchange Gain / (Loss)	Balance as at 31.03.2023
At Cost	Rs.	Rs.	Rs.	Rs.	Rs.
Land	21,122,510	6,599,586	-	448,609	28,170,705
Buildings	20,070,182	7,298,248	-	-	27,368,430
Motor Vehicles	18,386,705	10,767,319	-	-	29,154,024
	59,579,397	24,665,153	-	448,609	84,693,159

4.3.3 Net Book Values

	2023	2022
At Cost	Rs.	Rs.
Land	170,183,162	154,335,594
Buildings	1,824,563	9,122,811
Motor Vehicles	25,495,386	23,368,345
	197,503,111	186,826,750

4.3.4 Company

	Balance as at 01.04.2022	Additions/ Transfers	Disposals	Balance as at 31.03.2023
At Cost	Rs.	Rs.	Rs.	Rs.
Land	9,843,088	11,765,605	-	21,608,693
Motor Vehicles	20,396,574	-	-	20,396,574
	30,239,662	11,765,605	-	42,005,267

4.3.5 Depreciation

At Cost	Balance as at 01.04.2022 Rs.	Charge for the Year Rs.	Transfers / Disposals Rs.	Balance as at 31.03.2023 Rs.
Land	6,695,162	1,103,350	-	7,798,512
Motor Vehicles	9,501,479	4,075,909	-	13,577,388
	16,196,641	5,179,259	-	21,375,900

4.3.6 Net Book Values

At Cost	2023 Rs.	2022 Rs.
Land	13,810,181	3,147,926
Motor Vehicles	6,819,186	10,895,095
	20,629,367	14,043,021

5. INVESTMENTS

Group and Company

5.1 Investments in Subsidiaries (Company)

Non Quoted	Relationship	2023 Holding Percentage	2022 Holding Percentage	2023 Cost Rs.	2022 Cost Rs.
Vidul Engineering Ltd	Subsidiary	100%	100%	26,700,080	26,700,080
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	95%	100%	369,588,682	369,588,682
Vidul Plantation (Pvt) Ltd	Subsidiary	100%	100%	60,000,000	60,000,000
Udawela Hydro (Pvt) Ltd	Subsidiary	100%	100%	245,000,000	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%	87%	31,000,000	31,000,000
				1,453,896,133	1,328,896,133

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.

Notes to the Financial Statements

Year ended 31 March 2023

5.2 Goodwill

Group	Balance as at 01.04.2022	Additions	Impairment	Balance as at 31.03.2023
	Rs.	Rs.	Rs.	Rs.
Goodwill From Walagamba Balashakthi (Pvt) Ltd	988,982	-	(988,982)	-
Goodwill From Rideepana Hydro (Pvt) Ltd	42,499,000	-	(10,526,000)	31,973,000
Goodwill From Muvumbe Hydro (U) Ltd	582,129	-	-	582,129
Goodwill From Lower Kothmale Oya Hydro Power (Pvt) Ltd	159,370,887	-	(39,474,000)	119,896,887
Goodwill From Timex Bukinda Hydro (U) Ltd	33,120,211	-	-	33,120,211
Goodwill From Vasanagama Plantation (Pvt) Ltd	17,794,408	-	(1,482,614)	16,311,794
Goodwill From Orik Corporation (Pvt) Ltd	4,999,390	-	-	4,999,390
	259,355,007	-	(52,471,596)	206,883,411

5.2.1 Goodwill

Company	Balance as at 01.04.2022	Additions	Impairment	Balance as at 31.03.2023
	Rs.	Rs.	Rs.	Rs.
Goodwill From Walagamba Balashakthi (Pvt) Ltd	988,982	-	(988,982)	-
	988,982	-	(988,982)	-

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 52,471,596/- in 2023 (2022 - Rs. 21,335,965/-) 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 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	12 Years	2012 Three Tier Tariff
Muvumbe Hydro (U) Ltd	14 Years	Rs 33.95 (US \$ 0.0955)
Lower Kotmale Oya Hydro Power (Pvt) Ltd	11 Years	2010 Three Tier Tariff
Orik Corporation (Pvt) Ltd	18.5 Years	Rs. 15.97
Timex Bukinda Hydro (U) Ltd	18 Years	Rs 33.78 (US \$ 0.0950)

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.

5.3 Investments in Joint Ventures and Associates

Non Quoted	Relationship	2023 Holding Percentage	2022 Holding Percentage	2023 Cost Rs.	2022 Cost Rs.
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
Solar Universe (Pvt) Ltd	Associate	33.33%	-	116,333,333	-
				530,624,883	414,291,550

5.3.1 Investment in Joint Ventures & Associates (Group)

Share of Net Asset Value from Joint Ventures & Associates Group	2023 Rs.	2022 Rs.
Gurugoda Hydro (Pvt) Ltd	62,682,572	59,673,158
Vidul Madugeta (Pvt) Ltd	257,747,992	248,084,841
Nilwala Vidulibala Company (Pvt) Ltd	148,184,951	121,978,280
Vidul Biomass (Pvt) Ltd	218,475,904	194,097,123
Solar Universe (Pvt) Ltd	85,028,467	-
Total Investment in Joint Ventures & Associates	772,119,886	623,833,402

5.3.2 Share of Comprehensive Income from Joint Ventures & Associates

Group	2023 Rs.	2022 Rs.
Gurugoda Hydro (Pvt) Ltd	3,009,414	5,680,875
Vidul Madugeta (Pvt) Ltd	9,663,151	48,521,162
Nilwala Vidulibala Company (Pvt) Ltd	35,131,671	42,380,063
Vidul Biomass (Pvt) Ltd	24,378,781	(22,546,369)
Solar Universe (Pvt) Ltd	(31,304,866)	-
Total Share of Comprehensive Income from Joint Ventures & Associates	40,878,151	74,035,731

Notes to the Financial Statements

Year ended 31 March 2023

5.3.3 Movement in Investment in Joint Ventures & Associates during the Year

Group	2023 Rs.	2022 Rs.
Balance as at the Beginning of the Reporting Period	623,833,402	629,672,671
Share of total Comprehensive Income	40,878,151	74,035,731
Acquisition of Stake in the Joint Venture	116,333,333	-
Dividends Received	(8,925,000)	(79,875,000)
Balance as at the End of the Reporting Period	772,119,886	623,833,402

5.3.4 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, in which the Group holds a 26.3% stake. As of this year, the Group has subscribed to a 33.33% stake in Solar Universe (Pvt) Ltd, in addition to its existing interests.

	Gurugoda Hydro (Pvt) Ltd Rs.	Vidul Madugeta (Pvt) Ltd Rs.	Vidul Biomass (Pvt) Ltd Rs.	Nilwala Vidulibala Company (Pvt) Ltd Rs.	Solar Universe (Pvt) Ltd Rs.
As at 31 March 2023					
Current Assets	34,017,949	119,353,434	339,071,331	269,711,399	154,434,170
Non-Current Assets	105,597,976	446,832,173	1,295,930,620	306,058,487	2,369,893,521
Current Liabilities	(24,742,956)	(20,807,797)	(538,557,538)	(87,266,555)	(1,337,244,132)
Non-Current Liabilities	(2,882,648)	(29,881,726)	(649,383,601)	(7,578,821)	(920,997,156)
Equity	111,990,321	515,496,084	447,060,812	480,924,510	266,086,403
Equity Proportionate	55,995,161	257,748,042	228,001,014	126,483,146	88,695,468
Goodwill or Other Adjustments	6,687,412	(50)	(9,525,110)	21,701,805	(3,667,001)
Group Carrying Amount of the Investment	62,682,572	257,747,992	218,475,904	148,184,951	85,028,467

Summarised Statement of Profit or Loss for the Year Ended 31 March 2023	Gurugoda Hydro (Pvt) Ltd Rs.	Vidul Madugeta (Pvt) Ltd Rs.	Vidul Biomass (Pvt) Ltd Rs.	Nilwala Vidulibala Company (Pvt) Ltd Rs.	Solar Universe (Pvt) Ltd Rs.	Total Rs.
Revenue	29,173,565	77,026,984	783,775,603	213,266,279	195,302,025	1,298,544,456
Cost of Sales	(17,429,665)	(41,890,748)	(536,652,345)	(38,565,032)	(64,662,109)	(699,199,899)
Administrative Expenses	(788,252)	(1,108,295)	(47,679,677)	(7,397,498)	(25,725,385)	(82,699,107)
Finance Cost	(2,142,719)	(511,570)	(152,239,934)	(15,509,225)	(212,862,880)	(383,266,328)
Other Income	23,150	90,355	418,375	382,698	624,798	1,539,376
Profit/(Loss) Before Tax	8,836,079	33,606,726	47,622,022	152,177,222	(107,323,551)	134,918,498
Income Tax Expense	(2,895,906)	(14,497,796)	-	(18,670,102)	18,949,032	(17,114,772)
Profit/(Loss) for the Year	5,940,173	19,108,930	47,622,022	133,507,120	(88,374,519)	117,803,726
Total Comprehensive Income for the Year	6,018,828	19,326,303	47,801,532	133,580,498	(93,914,597)	112,812,564
Group's Share of Profit / Loss) for the Year	3,009,414	9,663,151	24,378,781	35,131,671	(31,304,866)	40,878,151

Summarised Financial Information for the Year Ended 31 March 2023	Gurugoda Hydro (Pvt) Ltd	Vidul Madugeta (Pvt) Ltd	Vidul Biomass (Pvt) Ltd	Nilwala Vidulibala Company (Pvt) Ltd	Solar Universe (Pvt) Ltd
	Rs.	Rs.	Rs.	Rs.	Rs.
	Cash and Cash Equivalent	583,515	4,119,962	6,933,437	2,481,738
Current Financial Liabilities (Excludes Trade & Other Payables)	4,666,649	-	354,732,051	33,334,464	136,875,000
Non Current Financial Liabilities	-	-	647,310,271	2,771,088	910,341,904
Depreciation	5,937,095	17,068,098	46,495,615	11,663,406	62,196,435
Finance Income	23,150	90,355	418,375	382,698	-
Finance Cost	(2,142,719)	(511,570)	(149,121,162)	(15,509,225)	(210,452,404)
Income Tax Expenses	(2,895,906)	(14,497,796)	(367,909)	(18,670,102)	18,949,032

5.4 Other Financial Assets

5.4.1 Financial Assets at Fair Value through Profit or Loss

			Group		Company	
	2023	2022	2023	2022	2023	2022
	Number of Shares	Number of Shares	Rs.	Rs.	Rs.	Rs.
Investment in Non Quoted Shares						
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
Solar Universe (Pvt) Ltd	-	500,000	-	7,333,333	-	7,333,333
Quantel Renewable Energy Ltd	-	-	195,553,206	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)
			227,394,706	158,087,133	31,841,500	39,174,833
Investment in Quoted Shares						
Windforce PLC	-	105,093	-	1,670,979	-	1,670,979
Ex-pack Corrugated Cartons PLC	-	51,700	-	506,660	-	506,660
			-	2,177,639	-	2,177,639
Investment in Fixed Deposits						
Seylan Bank PLC - IBU			40,910,712	-	-	-
NDB Bank PLC - IBU			40,910,713	-	-	-
Amana Bank PLC			96,549,282	-	96,549,282	-
			178,370,707	-	96,549,282	-
Group Carrying Amount of Other Financial Assets			405,765,413	160,264,772	128,390,782	41,352,472

As of 1st of April 2022, the company assessed its Financial Assets at fair value through profit or loss, There has been no change in the fair value assessed on 1st April 2022 with the fair value as of 31st March 2023.

Notes to the Financial Statements

Year ended 31 March 2023

6. OTHER PROJECT INVESTMENTS

Summary	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Balance as at the Beginning of the Year	131,461,161	118,816,598	131,461,161	118,816,598
Projects Costs Incurred during the Year	22,734,145	16,686,732	22,734,145	16,686,732
Less: Transfers to Project Companies	(3,921,474)	-	(3,921,474)	-
Other Transfers	-	-	-	-
Written Off	(545,231)	(4,042,169)	(545,231)	(4,042,169)
Balance before Impairment Provision	149,728,601	131,461,161	149,728,601	131,461,161
Impairment Provision	(73,350,251)	(49,895,482)	(73,350,251)	(49,895,482)
Balance as at the End of the Year	76,378,350	81,565,679	76,378,350	81,565,679

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. 24,000,000/- and Rs. 545,231/- was written off as unrealizable.

6.1 Impairment of Other Project Investments

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
As at 01 April				
Charge for the Year	49,895,482	38,937,651	49,895,482	38,937,651
Write Off	24,000,000	15,000,000	24,000,000	15,000,000
As at 31 March	(545,231)	(4,042,169)	(545,231)	(4,042,169)
	73,350,251	49,895,482	73,350,251	49,895,482

7. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Trade Receivables	1,700,957,966	1,243,481,029	267,214,439	271,544,335
Other Receivables	291,128,194	323,176,816	25,593,434	155,413,091
Advances and Prepayment	215,814,734	50,462,999	174,272,352	21,268,853
Dividend Receivables	18,925,000	-	18,925,000	-
Amounts Due from Related Parties (Note 7.1)	98,420,177	24,876,716	345,228,141	282,748,210
Loans to Company Officers (Note 7.2)	2,451,916	3,526,661	2,331,916	3,390,661
	2,327,697,987	1,645,524,221	833,565,282	734,365,150

7.1 Amounts Due from Related Parties

	Relationship	Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Vidul Engineering Ltd	Subsidiary	-	-	98,945,555	89,030,492
Rideepana Hydro (Pvt) Ltd	Subsidiary	-	-	945,526	-
Lower Kotmale Oya Hydro Power (Pvt) Ltd	Subsidiary	-	-	39,792	52,663,689
Vidul Plantation (Pvt) Ltd	Subsidiary	-	-	-	2,476,232
Udawela Hydro (Pvt) Ltd	Subsidiary	-	-	3,179,278	113,778,969
Horana Solar Power (Pvt) Ltd (Pending Share Allotment)	Subsidiary	-	-	145,067,313	-
Vidul Biomass (Pvt) Ltd	Joint Venture	5,741,583	5,317,860	4,678,872	5,310,534
Gurugoda Hydro (Pvt) Ltd	Joint Venture	1,222,479	2,519,963	991,975	2,512,734
Vidul Madugeta (Pvt) Ltd	Joint Venture	503,437	16,198,141	453,721	16,157,089
Solar Universe (Pvt) Ltd (Pending Share Allotment)	Associate	90,000,000	-	90,000,000	-
Nilwala Vidulibala Company (Pvt) Ltd	Associate	952,678	840,752	926,109	818,471
		98,420,177	24,876,716	345,228,141	282,748,210

7.2 Loans to Company Officers

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Balance as at the Beginning of the Year	3,526,661	4,863,497	3,390,661	4,676,369
Loans Granted / Transferred during the Year	719,000	45,000	719,000	45,000
Less: Repayments	(1,801,546)	(1,702,627)	(1,785,546)	(1,651,499)
Effective Interest Rate Adjustment	7,801	320,791	7,801	320,791
Balance as at the End of the Year	2,451,916	3,526,661	2,331,916	3,390,661

8. STATED CAPITAL

8.1 Fully Paid Ordinary Shares

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Fully Paid Ordinary Shares- Voting				
Balance as at 1 April	1,532,690,049	1,469,839,867	1,532,690,049	1,469,839,867
Issue of Ordinary Shares	39,524,576	62,850,182	39,524,576	62,850,182
Balance as at 31 March	1,572,214,625	1,532,690,049	1,572,214,625	1,532,690,049
Fully Paid Ordinary Shares- Non Voting				
Balance as at 1 April	253,379,301	-	253,379,301	-
Issue of Non Voting Shares	-	253,379,301	-	253,379,301
Balance as at 31 March	253,379,301	253,379,301	253,379,301	253,379,301
Total Stated Capital	1,825,593,926	1,786,069,350	1,825,593,926	1,786,069,350

Notes to the Financial Statements

Year ended 31 March 2023

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	Rs. 30 Mn	6 months	Rs. 30 Mn	100%	Rs. 30 Mn	100%	
Investment in ground-mounted Solar	Equity Investment in ground mounted solar PP	Rs. 50 Mn	1 year	Rs. 35 Mn	70%	Rs. 31 Mn	89%	Project completed with lesser investment
	Equity Investment in ground mounted solar PP	Rs. 170 Mn	1.5 year	Rs. 120 Mn	71%	Rs. 124 Mn	103%	
	Investment in predevelopment & equity investment in development of the solar PP	Rs. 80 Mn	1.5 year	Rs. 68 Mn	100%	Rs. 68 Mn	100%	

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. ESOS 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 have 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
Phase 1	26/05/2017	10,273,364	4.83	1 Year	3 Years
Phase 2	01/04/2018	10,273,364	4.97	1 Year	3 years
Phase 3	01/04/2019	10,273,364	4.42	1 Year	2 Years
Phase 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**	33,530,495
Total Consideration Received	Rs. 154,306,141
Option Expired	7,562,944
Outstanding Options	-
Expected Future Subscription value	-

* 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.

8.3 Movement in Number of Ordinary Shares

	Group		Company	
	2023 Number of Shares	2022 Number of Shares	2023 Number of Shares	2022 Number of Shares
Fully Paid Ordinary Shares- Voting				
Balance as at 1 April	862,124,198	848,458,689	862,124,198	848,458,689
Issue of Ordinary voting shares	9,191,762	13,665,509	9,191,762	13,665,509
Balance as at 31 March	871,315,960	862,124,198	871,315,960	862,124,198
Fully Paid Ordinary Shares- Non Voting				
Balance as at 1 April	72,394,086	-	72,394,086	-
Issue of Ordinary non-voting shares	-	72,394,086	-	72,394,086
Balance as at 31 March	72,394,086	72,394,086	72,394,086	72,394,086
Total No of Shares	943,710,046	934,518,284	943,710,046	934,518,284

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.	2023 Total Rs.	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	2022 Total Rs.
Diminishing Musharakah Facilities (9.1.1)	482,283,284	2,645,632,788	3,127,916,072	754,262,845	3,109,948,487	3,864,211,332
Short Term Working Capital Facilities (9.1.2)	848,031,512	-	848,031,512	493,739,339	-	493,739,339
	1,330,314,796	2,645,632,788	3,975,947,584	1,248,002,184	3,109,948,487	4,357,950,671

Notes to the Financial Statements

Year ended 31 March 2023

9.1.1 Diminishing Musharakah Facilities

	As at 01.04.2022	Facilities Obtained	Exchange Differences on Translation	Repayments	As at 31.03.2023
	Rs.	Rs.	Rs.	Rs.	Rs.
Amana Bank PLC	176,332,573	279,872,155	-	(47,655,151)	408,549,577
MCB Bank Ltd	75,475,915	-	-	(35,967,297)	39,508,618
National Development Bank PLC	636,586,442	26,312,075	-	(115,263,369)	547,635,148
Syndicated Facility (National Development Bank PLC & Seylan Bank PLC)	1,990,969,159	-	207,629,175	(242,647,438)	1,955,950,896
Syndicated Facility (Bank of Ceylon & Hattan National Bank PLC)	792,814,078	-	149,912,921	(942,726,999)	-
Seylan Bank PLC	192,033,165	-	-	(15,761,332)	176,271,833
	3,864,211,332	306,184,230	357,542,096	(1,400,021,586)	3,127,916,072
Gross Liability	4,949,240,222				4,437,700,382
Finance Charges Allocated to Future Periods	(1,085,028,890)				(1,309,784,310)
Net Liability	3,864,211,332				3,127,916,072

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 01.04.2022	Facilities Obtained	Repayments	As at 31.03.2023
	Rs.	Rs.	Rs.	Rs.
Commercial Papers	238,739,339	247,181,405	(187,889,233)	288,031,511
Amana Bank PLC	155,000,000	305,000,000	(155,000,000)	315,000,000
Hatton National Bank PLC	50,000,000	215,000,000	(120,000,000)	145,000,000
NDB Wealth Islamic Money Plus Fund	50,000,000	155,874,556	(105,874,556)	100,000,000
	493,739,339	923,055,961	(568,763,789)	848,031,511

9.2 Company

	Amount Repayable Within 1 Year	Amount Repayable After 1 Year	2023 Total	Amount Repayable Within 1 Year	Amount Repayable After 1 Year	2022 Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Diminishing Musharakah Facility (9.2.1)	123,475,000	492,322,867	615,797,867	105,555,600	556,124,873	661,680,473
Short Term Working Capital Facilities (9.2.2)	703,849,703	-	703,849,703	473,739,339	-	473,739,339
	827,324,703	492,322,867	1,319,647,570	579,294,939	556,124,873	1,135,419,812

9.2.1 Diminishing Musharakah Facilities

	As at 01.04.2022 Rs.	Facilities Obtained Rs.	Repayments / Transfers Rs.	As at 31.03.2023 Rs.
National Development Bank PLC	621,323,073	26,312,075	(100,000,000)	547,635,148
National Development Bank PLC (Saubhagya loan)	5,555,400	-	(5,555,400)	-
Amana Bank PLC	-	44,081,469	(1,968,750)	42,112,719
Seylan Bank PLC	34,802,000	-	(8,752,000)	26,050,000
	661,680,473	70,393,544	(116,276,150)	615,797,867
Gross Liability	877,417,861			793,232,728
Finance Charges Allocated to Future Periods	(215,737,388)			(177,434,861)
Net Liability	661,680,473			615,797,867

9.2.2 Short Term Working Capital Facilities

	As at 01.04.2022 Rs.	Facilities Obtained Rs.	Repayments Rs.	As at 31.03.2023 Rs.
Commercial Papers	218,739,339	175,999,597	(175,889,233)	218,849,703
Amana Bank PLC	155,000,000	245,000,000	(155,000,000)	245,000,000
Hatton National Bank PLC	50,000,000	210,000,000	(120,000,000)	140,000,000
NDB Wealth Islamic Money Plus Fund	50,000,000	155,874,556	(105,874,556)	100,000,000
	473,739,339	786,874,153	(556,763,789)	703,849,703

10. INCOME TAX

The Major Components of Income Tax Expense for the Year Ended 31 March 2023 are as follows:

Year ended 31 March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Current Income Tax				
Current Tax Expense on Ordinary Activities for the Year	395,190,192	(12,328,579)	-	31,636,559
(Over) / Under Provision of Current Taxes in respect of Prior Years	(2,174,135)	-	48,442	(2,433,373)
	393,016,057	(12,328,579)	48,442	29,203,186
Deferred Income Tax				
Deferred Taxation Charge / (Reversal)	233,716,612	503,526,705	(54,247,864)	(3,631,516)
	233,716,612	503,526,705	(54,247,864)	(3,631,516)
Income Tax Expense Reported in the Income Statement	626,732,669	491,198,126	(54,199,422)	25,571,670
Other Comprehensive Income Statement				
Deferred Taxation Charge/(Reversal)	1,795,380	(847,955)	1,963,544	(815,155)
Income Tax Expenses in Other Comprehensive Income	1,795,380	(847,955)	1,963,544	(815,155)

Notes to the Financial Statements

Year ended 31 March 2023

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

	Group		Company	
	2023	2022	2023	2022
Tax on Profit from Trade, Business & Other	Rs.	Rs.	Rs.	Rs.
Accounting Profit Before Tax	1,649,742,822	1,357,074,987	280,847,596	201,403,273
At the Statutory Income Tax Rate of 10 % (2022 : 10%)	-	11,194,689	-	2,177,074
At the Statutory Income Tax Rate of 14 % (2022 : 14%)	119,074,176	90,399,505	20,869,248	28,196,458
At the Statutory Income Tax Rate of 20 % (2022 : 14%)	3,121,023	-	-	-
At the Statutory Income Tax Rate of 24 % (2022 : 24%)	197,176	86,201	-	737,014
At the Statutory Income Tax Rate of 30 % (2022 : 30%)	583,952,375	(24,580,897)	40,420,218	-
Tax Effect of Disallowable Expenses	120,609,320	103,087,338	25,391,785	9,572,650
Tax Effect of Aggregate Allowable Items	(139,253,303)	(112,604,952)	(5,004,430)	(38,466,629)
Tax Effect of Income Exempt from Tax	(81,659,953)	(23,736,045)	(153,897)	-
Tax Effect on Investment Income	(144,080,000)	29,419,992	(144,080,000)	29,419,992
WHT on Dividend	107,661,300	-	-	-
Tax Effect of Utilization of Tax Losses	(188,052,270)	(143,091,812)	62,557,075	-
At the Effective Income Tax Rates	381,569,844	(69,825,981)	-	31,636,559
Deferred Taxation Charge / (Reversal)	233,154,117	563,457,480	(54,247,864)	(3,631,516)
(Over) / Under Provision of Income Tax in respect of Previous Years	12,008,708	(2,433,373)	48,442	(2,433,373)
Deduction of Previous Year Tax loss	-	-	-	-
Total Income Tax Expense Reported in the Income Statement	626,732,669	491,198,126	(54,199,422)	25,571,670
Effective Tax Rate (%)	38%	36%	-19%	13%

10.2 Group- Deferred Tax Liabilities

Year ended 31 March	Statement of Financial Position		Statement of Comprehensive Income	
	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.
Deferred Tax Liability				
Capital Allowances for Tax Purposes	1,160,633,603	1,041,147,737	119,485,866	724,146,086
	1,160,633,603	1,041,147,737		
Deferred Tax Assets				
Defined Benefit Plans	(246,679)	(6,192,911)	5,946,232	(1,115,715)
ROU Assets	(1,424,707)	(637,323)	(787,384)	(504,902)
Impairment Provisions	(10,126,486)	(52,097,565)	41,971,079	(46,881,698)
Tax Losses Brought Forward	(12,981,528)	(170,972,375)	157,990,847	(170,972,375)
	(24,779,400)	(229,900,174)		
Exchange Translation Adjustments			-	-
Deferred Tax (Reversal) / Charge			324,606,640	504,671,396
Deferred Tax Charge for OCI	-	-		
Net Deferred Tax Liability / (Asset)	1,135,854,203	811,247,563		

10.3 Group - Deferred Tax Asset

	Statement of Financial Position		Statement of Comprehensive Income	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Deferred Tax Liability				
Property, Plant & Equipment	72,339,614	4,559,787	67,779,827	2,541,399
	72,339,614	4,559,787		
Deferred Tax Assets				
Employee Benefit Obligations	(13,821,693)	(748,089)	(13,073,604)	(144,386)
Provisions	(22,005,075)	-	(22,005,075)	-
Tax Loss Carried Forward	(74,859,975)	(5,972,804)	(68,887,171)	(3,564,641)
ROU Assets	(818,702)	(362,561)	(456,141)	22,937
	(111,505,445)	(7,083,454)		-
Deferred Tax (Reversal) / Charge			(36,642,164)	-
Deferred Tax Charge for OCI	-	-	-	-
Net Deferred Tax Liability / (Asset)	(39,165,831)	(2,523,667)		

10.4 Company - Deferred Tax (Asset) / Liability

	Statement of Financial Position		Statement of Comprehensive Income	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Deferred Tax Liability				
Tax effect of Property, Plant & Equipment	62,004,071	22,467,458	39,536,613	16,027
Transfers on Amalgamation	-	7,185,543	(7,185,543)	-
	62,004,071	29,653,001		
Deferred Tax Assets				
Tax effect of Employee Benefit Obligations	(12,660,623)	(5,939,662)	(6,720,961)	(1,209,741)
Tax effect of Provisions	(22,005,075)	(6,749,963)	(15,255,112)	(1,534,096)
Tax effect of Tax Loss Carried Forward	(64,887,300)	(811,642)	(64,075,658)	(811,642)
Tax effect of ROU Assets	(694,848)	(147,645)	(547,203)	(92,064)
	(100,247,846)	(13,648,912)		
Deferred Tax (Reversal) / Charge			(54,247,864)	(3,631,516)
Deferred Tax Charge for OCI			1,963,544	815,155
Net Deferred Tax Liability / (Asset)	(38,243,775)	16,004,089		

Notes to the Financial Statements

Year ended 31 March 2023

11. TRADE AND OTHER PAYABLES

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Amounts Due to Related Parties (11.1)	1,119,253	-	7,515,478	31,990,046
Sundry Creditors including Accrued Expenses	778,037,633	324,704,877	506,998,457	79,194,939
Dividend Payable	9,938,187	8,547,594	9,938,187	8,547,594
Finance Cost Payable	53,356,822	62,643,412	53,356,822	62,643,412
Financial Guarantee	9,339,881	8,723,172	9,339,881	8,723,172
	851,791,776	404,619,055	587,148,825	191,099,163

11.1 Amounts Due to Related Parties

	Relationship	Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Orik Corporation (Pvt) Ltd	Subsidiary	-	-	6,227,183	17,200,389
Rideepana Hydro (Pvt) Ltd	Subsidiary	-	-	-	14,789,657
Vidul Plantation (Pvt) Ltd	Subsidiary	-	-	1,288,295	-
Vidul Biomass (Pvt) Ltd	Joint Venture	1,119,253	-	-	-
		1,119,253	-	7,515,478	31,990,046

12. DEFINED BENEFIT LIABILITY

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Balance as at the Beginning of the Year	49,016,054	39,848,532	42,426,155	33,785,148
Expenses on Defined Benefit Plan (12.1)	12,230,618	4,930,085	9,476,878	3,474,348
Payment during the Year	(1,487,200)	(2,285,400)	(1,487,200)	(2,285,400)
Inter - Company Transfers during the Year	(137,540)	247,925	(1,668,610)	1,629,526
Net Actuarial (Gain) / Loss Recognized during the Year	(5,598,989)	6,274,912	(6,545,145)	5,822,533
Balance as at the End of the Year	54,022,943	49,016,054	42,202,078	42,426,155

12.1 Expenses on Defined Benefit Plan

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Current & Past Service Cost	7,352,408	1,742,203	6,363,923	771,536
Interest Cost on Defined Benefit Liability	4,878,210	3,187,882	3,112,955	2,702,812
	12,230,618	4,930,085	9,476,878	3,474,348

12.2 Principal Assumptions

	Group		Company	
	2023	2022	2023	2022
Discount Rate	19.0%	15.0%	19.0%	15.0%
Salary Increment	15.0%	12.0%	15.0%	12.0%
Retirement Age	60	60	60	60
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 2023 by Messrs. Actuarial and Management Consultants (Pvt) Ltd, a firm of professional actuaries & 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	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
(+1%)		(2,777,432)	(1,082,727)	(2,104,088)	2,132,480
(-1%)		3,056,683	4,872,136	2,301,015	2,553,950
	(+1%)	3,388,808	5,172,965	2,572,327	2,814,163
	(-1%)	(3,117,070)	(1,394,731)	(2,380,209)	(2,580,986)

13. REVENUE

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Power Generation - Local	588,135,895	917,411,124	235,752,886	393,404,582
Power Generation - Overseas	2,568,851,424	1,392,131,180	-	-
Engineering, Consultancy and Project Management	76,340,741	53,854,857	-	-
Plantation	579,942,486	192,500,331	-	-
Solar	23,164,804	11,774,521	-	-
	3,836,435,350	2,567,672,013	235,752,886	393,404,582

Notes to the Financial Statements

Year ended 31 March 2023

14. PROFIT / (LOSS) BEFORE TAX

Stated after Charging	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Included in Cost of Sales				
Depreciation	330,122,958	206,071,208	21,501,001	15,055,890
Defined Benefit Plan Costs - Gratuity	1,556,775	1,134,026	604,800	415,001
Included in Administrative Expenses				
Depreciation	41,359,758	23,603,247	13,008,433	9,404,080
Staff Costs (Include the following Costs)	198,101,395	187,552,245	156,656,626	169,006,833
Defined Benefit Plan Costs - Gratuity	4,986,535	9,813,979	2,326,933	8,748,128
Defined Contribution Plan Costs - EPF, ETF, NSSF & Etc.	20,468,646	15,744,060	12,116,095	11,118,611
Auditors' Remunerations - Audit Fees	6,539,593	7,702,383	1,095,003	1,038,000
Impairment / Written Off	75,926,365	25,378,134	23,454,769	10,957,831

15. FINANCE COST

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Finance Cost - Musharakah / Ijarah / Short Term Facilities	592,047,871	288,649,734	229,894,219	118,264,671
Finance Cost - Staff Loan IFRS	(104,428)	448,815	(108,206)	399,162
Finance Cost - Right of Use Asset IFRS	9,521,581	12,521,849	1,651,095	619,343
	601,465,024	301,620,398	231,437,108	119,283,176

16. FINANCE INCOME

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Profit from Mudarabah Savings Accounts	2,446,670	3,442,379	2,275,303	2,828,443
Finance Income - Staff Loan	11,583	395,291	7,805	320,792
	2,458,253	3,837,670	2,283,108	3,149,235

17. OTHER INCOME AND GAINS / (LOSSES)

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Dividend Received	97,500	67,801	641,007,867	210,142,801
Profit on Disposal of Property, Plant and Equipment	1,652,648	109,000	1,099,264	109,000
Capital Gain / (Loss) on Quoted / Non-Quoted Share Disposal	179,349	-	179,349	-
Other Income	12,165,590	124,629,019	9,077,434	24,105,700
Gain / (Loss) in Exchange Rate Fluctuations	(24,739,763)	11,534,207	6,752,487	20,750,358
	(10,644,676)	136,340,027	658,116,401	255,107,859

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	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Amounts Used as Numerator				
Net Profit/(Loss) Attributable to Ordinary Shareholders of the parent for Basic Earnings per Share (Rs.)	957,026,495	849,363,573	335,047,018	175,831,603
Number of Ordinary Shares Used as Denominator	Nos	Nos	Nos	Nos
Weighted Average No of Voting shares	866,176,982	855,470,437	866,176,982	855,470,437
Weighted Average No of Non Voting Shares	72,394,086	57,079,952	72,394,086	57,079,952
Weighted Average No of Total shares for Basic EPS Calculation	938,571,068	912,550,389	938,571,068	912,550,389
Add : Bonus Element on No of Outstanding options under ESOS as at the Year-end *	-	3,721,884	-	3,721,884
Weighted Average No of Total shares for Diluted EPS Calculation	938,571,068	916,272,273	938,571,068	916,272,273
Earning Per Share - Basic	1.02	0.93	0.36	0.19
Earning Per Share - Diluted	1.02	0.93	0.36	0.19

19. DIVIDEND PAID AND PROPOSED

	2023 Rs.	2022 Rs.
Declared and Paid During the Year		
1st Interim Dividend - 2022/23 Rs. 0.10 (2021/22 Rs. 0.125)	94,801,064	106,057,336
2nd Interim Dividend - 2022/23 Rs. 0.10 (2021/22 Rs. 0.175)	94,085,381	161,268,492
	188,886,445	267,325,828

Notes to the Financial Statements

Year ended 31 March 2023

20. CASH AND CASH EQUIVALENTS

Components of Cash and Cash Equivalents	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Favourable Cash and Cash Equivalents Balance				
Cash and Bank Balances	539,558,534	854,432,051	315,265,255	37,260,782
Total Cash and Cash Equivalents For the Purpose of Cash Flows Statement	539,558,534	854,432,051	315,265,255	37,260,782

21. LEASE LIABILITY

21.1 Lease Liability

Group	Repayable Within 1 Year	Repayable After 1 Year	2023 Total	Repayable Within 1 Year	Repayable After 1 Year	2022 Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Leases other than Motor Vehicles	1,483,641	69,487,000	70,970,641	4,873,049	61,420,770	66,293,819
Ijara Leases (Motor Vehicles) (21.1.1)	6,414,460	11,237,183	17,651,643	10,044,143	16,780,308	26,824,451
	7,898,101	80,724,183	88,622,284	14,917,192	78,201,078	93,118,270

	Balance As at 01.04.2022	Additions	Repayments	Balance As at 31.03.2023
	Rs.	Rs.	Rs.	Rs.
Leases other than Motor Vehicles (21.1)	66,293,819	13,361,730	(8,684,908)	70,970,641
Ijara Leases (Motor Vehicles) (21.1.1)	26,824,451	-	(9,172,808)	17,651,643
	93,118,270	13,361,730	(17,857,716)	88,622,284

21.1.1 Ijara Leases (Motor Vehicle)

	As at 01.04.2022	Facilities Obtained	Repayments	As at 31.03.2023
	Rs.	Rs.	Rs.	Rs.
Hatton National Bank PLC	9,611,846	-	(1,655,560)	7,956,286
Amana Bank PLC	3,286,982	-	(2,469,587)	817,395
Commercial Bank of Ceylon PLC	13,925,623	-	(5,047,661)	8,877,962
	26,824,451	-	(9,172,808)	17,651,643
Gross Liability	32,170,987			20,501,444
Finance Charges Allocated to Future Periods	(5,346,536)			(2,849,801)
Net Liability	26,824,451			17,651,643

21.2 Lease Liability-Company

	Repayable Within 1 Year Rs.	Repayable After 1 Year Rs.	2023 Total Rs.	Repayable Within 1 Year Rs.	Repayable After 1 Year Rs.	2022 Total Rs.
Leases other than Motor Vehicles	374,935	15,123,301	15,498,236	232,312	3,970,224	4,202,536
Ijara Leases (Motor Vehicles) (21.2.1)	1,173,632	1,641,340	2,814,972	2,824,626	2,814,972	5,639,598
	1,548,567	16,764,641	18,313,208	3,056,938	6,785,196	9,842,134

	Balance As at 01.04.2022 Rs.	Additions Rs.	Repayments Rs.	Balance As at 31.03.2023 Rs.
Leases other than Motor Vehicles (21.2)	4,202,536	11,765,605	(469,905)	15,498,236
Ijara Leases (Motor Vehicles) (21.2.1)	5,639,598	-	(2,824,626)	2,814,972
	9,842,134	11,765,605	(3,294,531)	18,313,208

21.2.1 Ijara Leases (Motor Vehicle)

	As at 01.04.2022 Rs.	Facilities Obtained	Repayments Rs.	As at 31.03.2023 Rs.
Commercial Bank of Ceylon PLC	5,639,598	-	(2,824,626)	2,814,972
	5,639,598	-	(2,824,626)	2,814,972
Gross Liability	6,450,755			3,155,186
Finance Charges Allocated to Future Periods	(811,157)			(340,214)
Net Liability	5,639,598			2,814,972

21.3 Maturity Analysis of Lease Liability

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Less than 1 Year	7,898,101	14,917,192	1,404,844	3,056,938
1 to 5 Years	19,241,979	16,718,874	4,588,815	5,217,198
More than 5 Years	61,482,204	61,482,204	12,319,549	1,567,998
Total	88,622,284	93,118,270	18,313,208	9,842,134

Notes to the Financial Statements

Year ended 31 March 2023

22. SEGMENT INFORMATION

	Power Generation-Local		Power Generation - Overseas		Dendro & Plantation	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Segmental Revenue	588,059,895	917,411,124	2,568,851,424	1,392,131,180	579,942,486	192,500,331
Segmental Results						
Depreciation	(92,600,613)	(87,760,889)	(218,945,237)	(125,628,489)	(6,503,217)	(1,890,632)
Finance Cost	(35,251,564)	(114,133,036)	(296,183,257)	(51,235,697)	(21,376,958)	(9,976,403)
Finance Income	2,458,253	3,778,104	-	-	-	-
Profit Share of Investment						
Income from Joint Ventures	47,545,373	96,587,036	-	-	24,378,781	(22,546,369)
Profit / (Loss) Before Tax	408,702,274	817,033,144	1,767,329,187	1,012,512,993	69,520,837	(76,117,588)
Income Tax Expense	(8,964,674)	(81,946,471)	(508,564,383)	(409,280,922)	-	-
Profit / (Loss) for the Year	399,737,600	735,086,673	1,258,764,804	603,232,071	69,520,837	(76,117,588)
Non-Current Assets						
Non-Current Assets	3,085,417,537	3,001,043,187	5,633,682,728	5,314,131,736	170,384,497	121,217,629
Current Assets						
Current Assets	1,184,279,669	943,664,230	2,047,648,434	1,768,032,290	38,555,617	12,272,155
Total Assets						
Total Assets	4,269,697,206	3,944,707,417	7,681,331,162	7,082,164,026	208,940,114	133,489,784
Non-Current Liabilities						
Non-Current Liabilities	711,634,542	824,634,811	2,798,657,947	3,025,417,869	72,136,025	70,967,821
Current Liabilities						
Current Liabilities	972,800,017	806,855,470	614,259,532	635,786,522	134,683,488	98,274,041
Total Liabilities						
Total Liabilities	1,684,434,559	1,631,490,281	3,412,917,479	3,661,204,391	206,819,513	169,241,862

Solar		Engineering Consultancy and Project Management		Group/Other Elimination		Group	
2023	2022	2023	2022	2023	2022	2023	2022
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
71,828,246	38,809,265	27,753,299	26,820,113	-	-	3,836,435,350	2,567,672,014
(27,606,270)	(9,342,680)	(3,183,278)	(3,383,013)	-	-	(348,838,615)	(228,005,703)
(16,299,837)	(4,341,905)	(916,299)	(2,650,181)	(231,437,108)	(119,283,176)	(601,465,024)	(301,620,398)
-	-	-	59,566	-	-	2,458,253	3,837,670
(31,304,866)	-	-	-	-	-	40,619,289	74,040,667
(14,953,935)	12,407,255	(7,023,565)	(16,309,863)	(573,831,976)	(392,450,954)	1,649,742,822	1,357,074,987
(4,363,650)	(1,086,581)	2,821,338	1,115,848	(107,661,300)	-	(626,732,669)	(491,198,126)
(19,317,585)	11,320,674	(4,202,227)	(15,194,015)	(681,493,276)	(392,450,954)	1,023,010,153	865,876,861
721,776,701	279,309,874	4,794,030	6,165,704	-	-	9,616,055,494	8,721,868,130
59,677,431	42,978,791	77,561,390	17,076,153	-	-	3,407,722,541	2,784,023,618
781,454,132	322,288,665	82,355,420	23,241,857	-	-	13,023,778,035	11,505,891,748
329,934,830	121,935,810	3,870,773	5,456,871	-	-	3,916,234,117	4,048,413,182
400,217,765	150,585,389	96,297,876	40,850,566	-	-	2,218,258,678	1,732,351,988
730,152,595	272,521,199	100,168,649	46,307,437	-	-	6,134,492,795	5,780,765,170

Notes to the Financial Statements

Year ended 31 March 2023

23. COMMITMENTS & CONTINGENCIES

23.1 Capital Expenditure Commitments

During the year, the group did not enter into any capital commitment contracts.

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 2023	Loan Balance as at 31 March 2022
Lower Kothmale Oya Hydro Power (Pvt) Ltd *	Subsidiary	-	610,000,000	-	2,887,800
Muvumbe Hydro (U) Ltd *	Subsidiary	-	1,291,915,000	-	792,814,078
Udawela Hydro (Pvt) Ltd	Subsidiary	293,000,000	293,000,000	39,508,618	75,475,915
Vidul Plantation (Pvt) Ltd	Subsidiary	99,850,000	40,000,000	40,537,618	64,753,502
Vidul Engineering Ltd	Subsidiary	85,000,000	68,654,840	63,736,509	68,654,840
Orik Corporation (Pvt) Ltd	Subsidiary	97,000,000	86,485,325	86,485,325	88,576,325
Vidul Biomass (Pvt) Ltd	Joint Venture	743,800,000	957,265,000	845,035,758	857,485,473
Vidul Madugeta (Pvt) Ltd *	Joint Venture	-	160,000,000	-	12,059,029
Gurugoda Hydro (Pvt) Ltd	Joint Venture	40,000,000	40,000,000	4,619,982	14,039,986
Solar Universe (Pvt) Ltd	Associate	365,000,000	-	1,047,216,904	545,909,094
Horana Solar Power (Pvt) Ltd	Subsidiary	225,000,000	225,000,000	225,000,000	-
		1,948,650,000	3,772,320,165	2,352,140,714	2,522,656,043

* The Corporate guarantee issued by Vidullanka PLC for the facilities obtained by Lower Kothmale Oya Hydro Power (Pvt) Ltd, Muvumbe Hydro (U) Ltd and Vidul Madugeta (Pvt) Ltd were canceled upon full settlement of the facilities by the respective companies.

24. ASSETS PLEDGED

The following assets have been pledged as security for liabilities.

Nature of Liability	Carrying Amount of Pledged Assets		
	2023 Rs.	2022 Rs.	Included under Assets
24.1 Company			
Charge over Leased Assets on Finance Lease Liabilities Previous Year and ROU Asset of Current Year	6,819,186	10,895,095	Right of Use asset
Diminishing Musharakah (Trade & Term Loan)	583,363,616	601,223,373	Property, Plant and Equipment
Total Carrying Value of Assets Pledged	590,182,802	612,118,468	
24.2 Group			
Charge over Leased Assets on Finance Lease Liabilities Previous Year and ROU Asset of Current Year	25,495,386	23,368,345	Right of Use asset
Diminishing Musharakah (Trade & Term Loan)	7,410,956,588	7,255,211,705	Property, Plant and Equipment
Total Carrying Value of Assets Pledged	7,436,451,974	7,278,580,050	

25. LITIGATIONS

Following Court actions have been initiated against the Company.

a) D.C. Ratnapura Case No. 22020/L - Recording of the final witness statement as the defendant is still in progress.

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	2023 Rs.	2022 Rs.
Rideepana Hydro (Pvt) Ltd (RHPL)	Subsidiary	Expenses incurred by VLL on behalf of RHPL	6,727,542	13,426,545
		Funds Transfers to RHPL	8,000,000	4,200,000
		Funds Transfers from RHPL	(1,581,657)	(41,000,000)
		Settlement by RHPL	(2,170,203)	(4,757,135)
		Dividends from RHPL	4,759,500	15,200,190
Vidul Engineering Ltd (VEL)	Subsidiary	Expenses incurred by VLL on behalf of VEL	23,919,184	13,049,134
		Settlement by VEL	(13,032,946)	(24,640,713)
		Fund transfer from VEL	(1,400,000)	-
		Fund transfer from VLL	2,600,000	1,252,528
Horana Solar Power (Pvt) Ltd	Subsidiary	Expenses incurred by VLL on behalf of HRN	1,840,792	-
		Funds Transfers to HRN	219,170,000	-
		Fund Transfer by HRN	(110,000,000)	-
Lower Kotmale Oya Hydro Power (Pvt) Ltd (LKM)	Subsidiary	Expenses incurred by VLL on behalf of LKM	19,989,984	16,089,687
		Funds Transfers to LKM	5,500,000	19,700,000
		Funds Transfers from LKM	(103,375,000)	(134,977,883)
		Settlements by LKM	(16,738,881)	-
		Dividends from LKM	42,000,000	130,200,000
Udawela Hydro (Pvt) Ltd (UDW)	Subsidiary	Funds Transfers to UDW	12,400,000	55,974,794
		Expenses incurred by VLL on behalf of UDW	5,247,591	4,985,382
		Issue of Shares	(125,000,000)	-
		Settlement by UDW	(3,247,282)	(4,134,172)
Vidul Biomass (Pvt) Ltd (VBL)	Joint Venture	Funds Transferred to VBL	21,500,000	12,500,000
		Funds Transferred from VBL	(24,500,000)	(12,500,000)
		Expense incurred by VLL on behalf of VBL	3,508,340	198,150
		Settlements from VBL	(1,140,000)	-

Notes to the Financial Statements

Year ended 31 March 2023

26.1 Details of Significant Related Party Disclosure are as follows contd.

Company	Relationship	Nature of Transactions	2023 Rs.	2022 Rs.
Vidul Plantation (Pvt) Ltd (VPL)	Subsidiary	Funds transferred to VPL	64,409,450	(9,090,549)
		Expense incurred by VLL on behalf of VPL	637,647	(34,546)
		Issue of Shares	-	15,000,000
		Settlement by VPL	(68,811,624)	-
Orik Corporation (Pvt) Ltd (ORIK)	Subsidiary	Expense incurred by VLL on behalf of ORIK	2,090,664	(86,442,122)
		Fund transfer from VLL	9,925,000	-
		Issue of Shares	-	26,000,000
		Settlement by ORIK	(1,042,457)	77,642,512
Vidul Madugeta (Pvt) Ltd (VMPL)	Joint Venture	Expenses incurred by VLL on behalf of VMPL	7,203,857	8,144,740
		Settlements done by VMPL	(15,907,225)	(38,342,509)
		Dividends from VMPL	(7,000,000)	45,600,000
Gurugoda Hydro (Pvt) Ltd (GHPL)	Joint Venture	Expenses incurred by VLL on behalf of GHPL	6,829,105	8,199,009
		Settlement by GHPL	(8,349,863)	(5,949,270)
Nilwala Vidulibala Company (Pvt) Ltd (NVC)	Associate	Funds transferred to NVC / Expense incurred by VLL on behalf of NVC	8,280,276	9,047,446
		Settlement / Fund Transfer by NVC	(8,172,638)	(8,249,761)
		Dividends from NVC	-	26,775,000

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 2023 Audited Financial Statements.

26.4 Non-Recurrent Related Party Transactions

There were no non recurrent related party transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets which ever lower of the company as per 31 March 2023 Audited Financial Statements.

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 have been taken into consideration in the following disclosure.

	2023 Rs.	2022 Rs.
Key Management Personnel Compensation		
Short-Term Employee Benefits	99,611,214	54,584,200
Post Employment Benefits	6,939,234	3,962,880
Other Benefits Paid by the Company	-	-
	105,650,448	58,547,080

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	Company			
	Carrying Amount		Fair Value	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Financial Assets				
Other Financial Assets	128,390,782	41,352,472	128,390,782	41,352,472
Trade and Other Receivables	659,292,930	713,096,297	659,292,930	713,096,297
Cash and Cash Equivalents	315,265,255	37,260,782	315,265,255	37,260,782
	1,102,948,967	791,709,551	1,102,948,967	791,709,551
Financial Liabilities				
Loans and Borrowings	1,319,647,570	1,135,419,812	1,319,647,570	1,135,419,812
Trade and Other Payables	587,148,825	191,099,163	587,148,825	191,099,163
	1,906,796,395	1,326,518,975	1,906,796,395	1,326,518,975
As at 31 March	Group			
	Carrying Amount		Fair Value	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Financial Assets				
Other Financial Assets	405,765,413	160,264,772	405,765,413	160,264,772
Trade and Other Receivables	2,111,883,253	1,595,061,222	2,111,883,253	1,595,061,222
Cash and Cash Equivalents	539,558,534	854,432,051	539,558,534	854,432,051
	3,057,207,200	2,609,758,045	3,057,207,200	2,609,758,045
Financial Liabilities				
Loans and Borrowings	3,975,947,584	4,357,950,671	3,975,947,584	4,357,950,671
Trade and Other Payables	851,791,776	404,619,055	851,791,776	404,619,055
	4,827,739,360	4,762,569,726	4,827,739,360	4,762,569,726

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

Year ended 31 March 2023

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.
As at 31 March 2023								
Financial Assets								
Other Financial Assets	-	-	405,765,413	405,765,413	-	-	128,390,782	128,390,782
	-	-	405,765,413	405,765,413	-	-	128,390,782	128,390,782
As at 31 March 2022								
Financial Assets								
Other Financial Assets	2,177,639	-	158,087,133	160,264,772	2,177,639	-	39,174,833	41,352,472
	2,177,639	-	158,087,133	160,264,772	2,177,639	-	39,174,833	41,352,472

During the reporting period ended 31 March 2023 and 31 March 2022, 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
2023	100	+/- Rs. 20.01 Mn	-
2022	100	+/- Rs. 11.72 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
	2023	2022
	Rs.	Rs.
1%	12.57 Mn	10.20 Mn
(-1%)	(12.57 Mn)	(10.20 Mn)

Notes to the Financial Statements

Year ended 31 March 2023

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.

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 Group's and company's financial liabilities and financial assets based on contractual undiscounted payments.

Group	Less than 3 Months	4 to 12 Months	2 – 3 Years	4 – 5 Years	>5 Years	Total
As at 31 March 2023						
Financial Assets						
Other Financial Assets	-	405,765,413	-	-	-	405,765,413
Trade and Other Receivables	1,352,692,389	759,190,864	-	-	-	2,111,883,253
Cash and Cash Equivalents	539,558,534	-	-	-	-	539,558,534
	1,892,250,923	1,164,956,277	-	-	-	3,057,207,200
Financial Liabilities						
Loans and Borrowings	278,561,907	1,399,166,892	1,501,060,103	972,599,148	1,154,845,288	5,306,233,337
Trade and Other Payables	851,791,776	-	-	-	-	851,791,776
Total	1,130,353,683	1,399,166,892	1,501,060,103	972,599,148	1,154,845,288	6,158,025,113

	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	5,475,150,551
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

Company

	Less than 3 Months	4 to 12 Months	2 – 3 Years	4 – 5 Years	>5 Years	Total
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As at 31 March 2023

Financial Assets						
Other Financial Assets	-	128,390,782	-	-	-	128,390,782
Trade and Other Receivables	472,242,823	187,050,107	-	-	-	659,292,930
Cash and Cash Equivalents	315,265,255	-	-	-	-	315,265,255
	787,508,078	315,440,889	-	-	-	1,102,948,967

Financial Liabilities

Loans and Borrowings	7,654,317	949,043,751	427,653,083	115,886,466	-	1,500,237,617
Trade and Other Payables	587,148,825	-	-	-	-	587,148,825
Total	594,803,142	949,043,751	427,653,083	115,886,466	-	2,087,386,442

	Less than 3 Months	4 to 12 Months	2 – 3 Years	4 – 5 Years	>5 Years	Total
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As at 31 March 2022

Financial Assets						
Other Financial Assets	-	41,352,472	-	-	-	41,352,472
Trade and Other Receivables	713,096,297	-	-	-	-	713,096,297
Cash and Cash Equivalents	37,260,782	-	-	-	-	37,260,782
	750,357,079	41,352,472	-	-	-	791,709,551

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

Notes to the Financial Statements

Year ended 31 March 2023

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 2023 and 31 March 2022.

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	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Interest – Bearing Loans and Borrowings	3,975,947,584	4,357,950,671	1,319,647,570	1,135,419,812
Equity	6,889,285,240	5,725,126,578	2,077,424,440	1,890,124,160
Equity & Interest – Bearing Loans and Borrowings	10,865,232,824	10,083,077,249	3,397,072,010	3,025,543,972
Gearing Ratio	36.6%	43.2%	38.8%	37.5%

Investor Information

MARKET CAPITALIZATION

The market capitalization of the Company remained at Rs. 5,473,776,960/- as of 31 March 2023, compared to Rs. 6,519,249,279/- as of 31 March 2022.

DIVIDEND PAYOUT RATIO

The company declared two interim dividends of Rs 0.10 each representing a total distribution to the shareholders amounting to Rs. 188,886,445/-. This represents a dividend payout of 19% during Financial Year 2022/23 compared to dividend payout of 30% during the previous Financial Year.

PRICE TO BOOK VALUE

The price to book value ratio of the group as follows

	Voting Share	Non-Voting
As of 31 March 2023	0.83	0.65
As of 31 March 2022	1.19	0.92

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 2022/23	7.40	5.70	5.90
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

Ordinary Non-Voting Share

Financial Year	Highest Price Per Share	Lowest Price Per Share	Closing Price Per Share
FY 2022/23	5.50	3.90	4.60
FY 2021/22	7.50	4.20	5.50

Investor Information

TWENTY LARGEST SHAREHOLDERS OF VIDULLANKA PLC AS OF 31 MARCH 2023

Ordinary Voting Share

Name	2023		2022	
	Shares	%	Shares	%
1 Mr. C.F. Fuhrer	110,041,770	12.6%	-	-
2 Mr. Ranjan Mather	100,727,711	11.6%	124,727,711	14.5%
3 Mr. Sattar Kassim	94,135,861	10.8%	78,219,194	9.1%
4 Amana Bank PLC/Mr. Osman Kassim	89,000,000	10.2%	89,000,000	10.3%
5 Amana Bank PLC/Mr. Riyaz M. Sangani	88,166,014	10.1%	80,439,014	9.3%
6 Mr. Riyaz M. Sangani	50,565,448	5.8%	51,506,940	6.0%
7 Ms. R.L. Mather/Mr. Ranjan Mather	46,925,007	5.4%	46,925,007	5.4%
8 Mr. Osman Kassim/Ms. K Kassim	39,962,734	4.6%	42,444,556	4.9%
9 Mr. Sidath Fernando	29,180,000	3.3%	5,180,000	0.6%
10 Ms. Yumna Kunimoto	25,275,451	2.9%	25,275,451	2.9%
11 Mr. Mohamed Shafee Mohideen	21,172,720	2.4%	21,172,720	2.5%
12 Mr. Sujendra Mather	20,626,246	2.4%	20,626,246	2.4%
13 ABC International Ltd	19,611,009	2.3%	19,611,009	2.3%
14 Amana Bank PLC/Dynawash Ltd	15,900,959	1.8%	15,900,959	1.8%
15 National Development Bank PLC/Mr. Riyaz M. Sangani	14,600,000	1.7%	14,600,000	1.7%
16 Mr. Ranjeet Bhanwarlal Barmecha	11,186,854	1.3%	11,186,854	1.3%
17 Ms. N.R. Mather	7,718,637	0.9%	7,718,637	0.9%
18 Vanguard Industries (Pvt) Ltd	7,606,012	0.9%	7,606,012	0.9%
19 Amana Bank PLC/Mr. Shahid M. Sangani	4,300,000	0.5%	4,300,000	0.5%
20 Hatton National Bank PLC/Senfin Growth Fund	4,000,000	0.5%	-	-
Wembley Spirit Ltd			108,943,372	12.6%
Amana Bank PLC/Mr. Sattar Kassim			15,916,667	1.8%
Top 20 Shareholders	800,702,433	91.9%	791,300,349	91.8%

Ordinary Non-Voting Share

	Name	2023		2022	
		Shares	%	Shares	%
1	Ms. N.R. Mather	12,225,475	16.9%	11,225,475	15.5%
2	Amana Bank PLC/Mr.Osman Kassim	7,181,419	9.9%	7,181,419	9.9%
3	Mr. Riyaz M. Sangani	4,447,460	6.1%	6,407,880	8.9%
4	Ms. R.L Mather/Mr. Ranjan Mather	4,003,840	5.5%	4,003,840	5.5%
5	Hatton National Bank PLC/Riyaz M. Sangani	3,418,857	4.7%	3,418,857	4.7%
6	Mr. Osman Kassim/Mrs. K. Kassim	2,409,198	3.3%	2,409,198	3.3%
7	Ms. Yumna Kunimoto	2,156,608	3.0%	2,156,608	3.0%
8	Macksons Paint Industries (Pvt) Ltd	2,000,000	2.8%	2,000,000	2.8%
9	Mr. Mohamed Shafee Mohideen	1,806,546	2.5%	1,806,546	2.5%
10	Mr. M.Z.H. Hashim/Mr. N.R.M. Hashim	1,771,174	2.4%	1,507,286	2.1%
11	Mr. Ranjan Mather	1,520,705	2.1%	1,520,705	2.1%
12	Mr. G.D.M. Ranasinghe/Ms. O.R.K. Ranasinghe	1,500,000	2.1%	1,278,808	1.8%
13	Amana Bank PLC/Dynawash Ltd	1,356,737	1.9%	1,356,737	1.9%
14	Mr. Damian Amal Cabraal	1,250,000	1.7%	1,000,000	1.4%
15	DFCC BANK PLC/Mr.P. Pranavan	940,000	1.3%	-	-
16	Ms. Sheema Haroon Admani	839,544	1.2%	839,544	1.2%
17	Trade First (Pvt) Ltd	772,835	1.1%	827,022	1.1%
18	Mr. Asanka Ubhaya De Alwis Goonewardena	750,000	1.0%	750,000	1.0%
19	Vanguard Industries (Pvt) Ltd	648,978	0.9%	648,978	0.9%
20	Mr. Buddhika Pathmalal Singhage	600,000	0.8%	-	-
	Mr. Elijah Jeyaseelan Gnanam			2,530,625	3.5%
	Mr. Gnanasambanthan Rajendren			1,802,012	2.5%
	Top 20 Shareholders	51,599,376	71.3%	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	1,218	323,527	0.04%	4	2,284	0.00%	1,222	325,811	0.04%
1,001 to 10,000 shares	639	2,559,196	0.29%	5	11,505	0.00%	644	2,570,701	0.30%
10,001 to 100,000 shares	315	11,631,668	1.33%	8	409,988	0.05%	323	12,041,656	1.38%
100,001 to 1,000,000 shares	79	28,958,370	3.32%	5	1,018,000	0.12%	84	29,976,370	3.44%
Over 1,000,001 shares	31	660,286,338	75.8%	4	166,115,084	19.1%	35	826,401,422	94.9%
Total	2,282	703,759,099	80.8%	26	167,556,861	19.2%	2,308	871,315,960	100%

Investor Information

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	281	79,312	0.11%	3	385	0.00%	284	79,697	0.11%
1,001 to 10,000 shares	164	659,716	0.91%	5	29,130	0.04%	169	688,846	0.95%
10,001 to 100,000 shares	135	5,099,088	7.04%	6	251,261	0.35%	141	5,350,349	7.39%
100,001 to 1,000,000 shares	57	17,954,906	24.80%	4	1,272,269	1.76%	61	19,227,175	26.56%
Over 1,000,001 shares	13	44,891,411	62.0%	1	2,156,608	3.0%	14	47,048,019	65.0%
Total	650	68,684,433	94.9%	19	3,709,653	5.1%	669	72,394,086	100%

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	1,203	320,746	0.04%	19	5,065	0.00%	1,222	325,811	0.04%
1,001 to 10,000 shares	626	2,490,830	0.29%	18	79,871	0.01%	644	2,570,701	0.30%
10,001 to 100,000 shares	284	10,392,896	1.19%	39	1,648,760	0.19%	323	12,041,656	1.38%
100,001 to 1,000,000 shares	66	23,503,039	2.70%	18	6,473,331	0.74%	84	29,976,370	3.44%
Over 1,000,001 shares	23	577,920,657	66.3%	12	248,480,765	28.6%	35	826,401,422	94.9%
Total	2,202	614,628,168	70.5%	106	256,687,792	29.5%	2,308	871,315,960	100.0%

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	276	77,907	0.11%	8	1,790	0.00%	284	79,697	0.11%
1,001 to 10,000 shares	156	630,996	0.87%	13	57,850	0.08%	169	688,846	0.95%
10,001 to 100,000 shares	127	4,547,168	6.28%	14	803,181	1.11%	141	5,350,349	7.39%
100,001 to 1,000,000 shares	42	12,292,423	16.98%	19	6,934,752	9.58%	61	19,227,175	26.56%
Over 1,000,001 shares	10	33,091,006	45.7%	4	13,957,013	19.3%	14	47,048,019	65.0%
Total	611	50,639,500	70.0%	58	21,754,586	30.0%	669	72,394,086	100.0%

PUBLIC SHAREHOLDING AS OF 31 MARCH 2023

	Ordinary Voting Share	Ordinary Non-Voting Share
Issued Share No of shares	871,315,960	72,394,086
Public Shareholding	176,630,542	48,035,176
Public Holding - %	20.27%	66.35%
Public Holding - No of Shareholders	2,291	656
Non-Public Shareholding	694,685,418	24,358,910
Non-Public Shareholding %	79.73%	33.65%
Non-Public Holding - No of Shareholders	17	13
Existing Floated adjusted Market Capitalization (Rs.)	1,042,120,197	220,961,809
Option for Compliance	Option 2 of 7.14.1 (i)(b) of the Listing Rules	

Five Year Summary

(in '000 otherwise stated)	2023 Rs.	2022 Rs.	2021 Rs.	2020 Rs.	2019 Rs.
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	8,282,246	7,521,971	5,677,115	4,932,209	4,116,382
Right of Use Assets	197,503	186,827	172,118	169,148	-
Investment in Joint Ventures	772,120	623,833	629,673	572,995	537,798
Other Project Investments	76,378	81,566	79,879	91,991	92,716
Goodwill	206,883	259,355	275,692	277,175	249,000
Other assets	80,925	48,317	47,084	26,150	26,045
	9,616,055	8,721,868	6,881,561	6,069,668	5,021,941
Current Assets	3,407,723	2,784,024	1,410,193	1,312,820	767,337
Total Assets	13,023,778	11,505,892	8,291,754	7,382,488	5,789,278
Equity & Liabilities					
Total Equity	6,889,285	5,725,127	3,644,926	3,000,797	2,753,369
Total Loans and Borrowings	3,975,948	4,357,951	3,846,807	3,397,825	2,672,769
Total Capital Employed	10,865,233	10,083,077	7,491,733	6,398,622	5,426,138
Other Liabilities	2,158,545	800,021	983,866	983,866	363,139
Total Equity Liabilities	13,023,778	10,883,099	8,475,599	7,382,488	5,789,278
Operating Results					
Group Revenue	3,836,435	2,567,672	1,797,070	1,440,380	1,281,956
Gross Profits	2,720,321	1,879,819	1,205,147	1,062,483	980,401
Operating Profits	2,248,750	1,654,858	1,125,011	899,346	917,576
Profit Before Tax	1,649,743	1,357,075	814,920	582,099	624,212
Profit After Tax	1,023,010	865,877	594,964	361,662	527,318
Cash generated from Operating Activities	2,618,993	1,664,361	1,161,248	899,154	447,519
Cash utilized in Investing Activities	986,281	311,010	735,787	916,675	60,370
New Capacity Added (MW)	10.00	1.90	7.30	3.30	-
Generation (GWh)	183.2	185.9	139.6	114.9	108.0
Emission Reduction (in ton of CO ₂ equivalent)	106,727	108,300	81,355	66,578	68,040
Key Indicators					
Net Profit Margin (%)	26.7	33.7	33.1	41.1	41.1
ROE (%)	14.8	15.1	16.3	13.1	23.8
ROA (%)	17.3	14.4	13.6	12.2	15.8
Earning per Share (Rs.)	1.02	0.93	0.68	0.41	0.62
Dividend per Share (Rs.)	0.20	0.30	0.10	0.23	0.15
Net Asset Value Share (Rs.)	7.07	5.99	4.21	3.51	3.24
Current Ratio (No. of times)	1.54	1.61	0.99	0.81	1.11
Equity Asset Ratio (No. of times)	1.89	2.01	2.27	2.46	2.10
Asset Turnover Ratio (No. of times)	0.29	0.22	0.22	0.20	0.22
Gearing Ratio (%)	36.6	43.2	51.3	53.1	49.3

Notice of Meeting

NOTICE IS HEREBY GIVEN that the 27th Annual General Meeting of Vidullanka PLC (VLL) will be held at 9.30 a.m. on 10 August 2023 via Audio/Video at the registered office of the company for the following purposes:

1. To consider and adopt the Audited Financial Statements for the year ended 31 March 2023 together with the Annual Report of the Directors thereon.
2. Re-election of Directors in terms of section 211 of the Companies Act No. 07 of 2007.
 - a) Mr. Osman Kassim, who is 70 years of age being eligible offer himself for re-election as a Director. Accordingly, the following resolution to be passed for this purpose, if thought fit.
IT IS HEREBY RESOLVED to re-elect Mr. Osman Kassim, who is 70 years of age being eligible offer himself for re-election 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. Osman Kassim.
 - b) Mr. S. Ranjan Mather, who is 77 years of age being eligible offer himself for re-election as a Director. Accordingly, the following resolution to be passed for this purpose, if thought fit.
IT IS HEREBY RESOLVED to re-elect Mr. S. Ranjan Mather, who is 77 years of age as a Director in terms of Section 211 of the Companies Act No. 07 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. S. 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 (PVT) LTD

Sgd.
Mrs. C. Salgado
Secretaries

14 July 2023

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 VLL are entitled to take part at the AGM of VLL.
3. A Pre-registration form is enclosed for this purpose to be completed by VLL 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.

Form of Proxy

NIC/P.P/Co. Reg. Number*

I/We, the undersigned bearing NIC

of

being a 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 10th August 2023 and at any adjournment thereof.

Ordinary Resolution		For	Against
1.	Consider and adopt the Audited Financial Statements for the year ended 31 March 2023 together with the Annual Report of the Directors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2.	Re- election of Mr. Osman Kassim as a Director of the company.	<input type="checkbox"/>	<input type="checkbox"/>
3.	Re- election of Mr. S. Ranjan Mather as a Director of the company.	<input type="checkbox"/>	<input type="checkbox"/>
4.	Re-appointment of the retiring auditors M/s. Ernst & Young, Chartered Accountants for the ensuing year and authorize Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>

Signed this day of 2023.

.....
Signature

Please see overleaf for Instructions for completion.

Notes: * Please indicate your NIC / Passport No. /Co. Reg. No. on 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@mssl.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
10 June 2005

Re-Registration Date & Number

27 September 2007
PQ 83

Company Secretary

Managers & Secretaries (Pvt) Ltd
No 8, Tickle Road,
Colombo 08,
Sri Lanka

Stated Capital

Rs. 1,825,593,926 /-

Issued Number of Shares

Voting Shares - 871,315,960 Nos
Non-Voting Shares - 72,394,086 Nos

Registered Office

Level 04, Access Towers
No 278 Union Place
Colombo 02,
Sri Lanka
Telephone - +94 114 760000
Fax - +94 114 760076
Email - info@vidullanka.com
Web - www.vidullanka.com

Auditors

M/s. Ernst & Young, Chartered
Accountants
No 201, De Saram Place
Colombo 10,
Sri Lanka

Bankers

Amana Bank PLC
Hatton National Bank PLC
Commercial Bank of Ceylon PLC
Bank of Ceylon
NDB Bank PLC
Seylan Bank PLC
MCB Bank Ltd
Stanbic Bank Uganda Ltd
Diamond Trust Bank Uganda Ltd
Bank of Nova Scotia (Guyana)

Website

www.vidullanka.com

Concept & Designed by





www.vidullanka.com