ANNUAL REPORT
2013/14

VIDULLANKA PLC

Building on Renewable Energy Sources

Highlights

Year Ended 31 March	2014	2013
Revenue (Rs. mn)	547.5	349.2
Gross Profit (Rs. mn)	393.2	258.3
Operating Profit (Rs. mn)	319.2	221.0
Profit Before Tax (Rs. mn)	182.4	118.7
Profit After Tax (Rs. mn)	166.7	94.6
Generation (GWh)	39	28
Key Indicators		
Total Assets/Equity (Times)	1.83	1.47
Net Profit Margin (%)	30.45	31.60
Turnover/Assets (Times)	0.26	0.23
Return on Equity (%)	14.53	10.20
Return on Assets (%)	7.96	6.22
Current Ratio (Times)	1.05	1.59
Earnings Per Share (Rs.)	0.34	0.20
Debt/Equity (%)	39.90	24.90

53.6%
Growth in Profit Before Tax

	Rs. mn
2014	**182.4**
2013	118.7

70.0%
Growth in Earnings Per Share

	Rs.
2014	**0.34**
2013	0.20

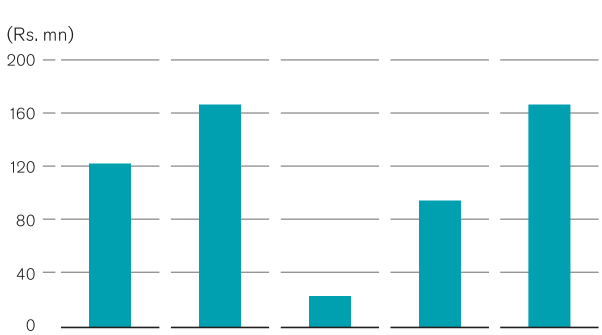
76.2%
Growth in Profit After Tax

	Rs. mn
2014	**166.7**
2013	94.6

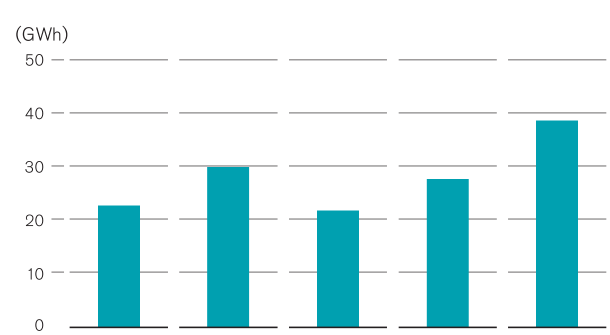
39.2%
Growth in Generation

	GWh
2014	**39**
2013	28

Profit After Tax



Generation



Vidullanka's 'reason for being', lies firmly in the field of renewable energy. We currently concentrate on Mini Hydro Power projects - planning, building and operating such plants, either singly or in joint ventures with other parties. Our entire enterprise is steeped in a high degree of eco-awareness and compliance with environmental best practices. To say that we are one with nature would not be wrong.

Whilst we are mainly active across Sri Lanka, we have set our sights on international operations as well, with our first foray abroad being to Uganda, working to set up the Muvumbe small hydro power plant (SHPP).

Vidullanka; backed by strategy, planning and robust financial performance is growing, evolving and diversifying to partner a new era of development to the industry and to the nation alike.

About Vidullanka PLC

Incorporated in 1997 as a BOI Venture, Vidullanka PLC operates with six mini hydro power projects delivering environmental friendly electricity to the national grid.

The Company has successfully diversified and embarked itself as a total turnkey solutions provider in the renewable energy industry. Further, the Company is also engaged in providing energy conservation services to both local and regional firms.

The Company was listed in 2005 in the Colombo Stock Exchange and has been rated A- by RAM Ratings. Since its inception, the Company has thrived to add value to its stakeholders whilst upholding high standards of ethics, care and compassion for people and the planet.

Vidullanka PLC continues to expand itself into new operations and geographical locations, thereby creating a positive impact on the lives of all the stakeholders involved.

Our Vision

Be the foremost in promoting and developing renewable energy resources while ensuring good stakeholder returns.

Our Mission

Passionately develop business opportunities aligned to our core business that will maximize economic value to our stakeholders thereby creating/giving us a competitive advantage in the market place, use the strength of our engineering team to become the leader in renewable energy generation.

Contents

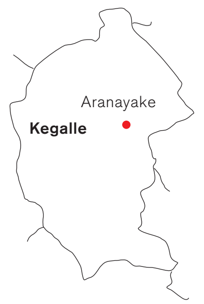
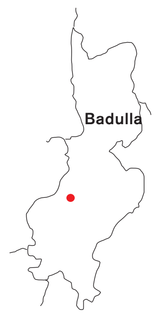
Our Plant Portfolio

WE HAVE SIX MINI HYDRO POWER PLANTS SUPPLYING 38.6 GWh TO THE NATIONAL GRID

with two more plants under construction and our first international operation, which will generate a further 51 GWh

VIDULLANKA PLC __ 2013/14

Our Plant Portfolio

	LOCAL PROJECTS								INTERNATIONAL PROJECTS
	Projects Completed						Projects Under Construction		Projects Planned
Project	Bambarabatuoya MHPP	Batathota MHPP	Ganthuna MHPP	Haloya MHPP	Wembiyagoda MHPP	Madugeta MHPP	Lower Kothmale Oya MHPP	Rideepana MHPP	Muvumbe SHPP
	The first project by Vidullanka PLC commissioned in June 2001 which marked the beginning of the Vidul Group.	The first project to be designed, constructed and operated by Vidul Engineering Ltd., the in-house engineering arm of the Company.	This is the first joint venture of Vidullanka. The Project is the High Head - Low Flow project with the highest head amongst all the Vidul projects.	The first project to be powered by the Vidul Control Solutions, including synchronised panels and governors.	Built on the cascade of the Koswathu Ganga, the project benefits from higher rainfall in the region.	The first Low Head - High Flow project of the Group, catchment nourished by the Sinharaja Forest and the Dellawa proposed forest reserve.	This is the largest project to be designed and constructed by Vidullanka, located in between the Upper Kothmale and Kothmale Reservoirs.	This is the latest addition to the Vidullanka investment portfolio and the second project to be constructed in the Badulla District.	This marks the first overseas project by Vidullanka through its fully-owned subsidiary Muvumbe Hydro (U) Ltd. The construction of the power plant is scheduled to start during 2014/15.
Project Company	Vidullanka PLC	Vidullanka PLC	Gurugoda Hydro (Pvt) Ltd.	Udaka Energy Group (Pvt) Ltd.	Walagamba Balashakthi (Pvt) Ltd.	Vidul Madugeta (Pvt) Ltd.	Lower Kothmale Oya Hydro Power (Pvt) Ltd.	Rideepana Hydro (Pvt) Ltd.	–
Location	Ratnapura, Sri Lanka	Ratnapura, Sri Lanka	Kegalle, Sri Lanka	Badulla, Sri Lanka	Ratnapura, Sri Lanka	Galle, Sri Lanka	Nuwara-Eliya, Sri Lanka	Badulla, Sri Lanka	Uganda, Africa
									
Project Cost	US$ 3.4 mn	US$ 2.5 mn	US$ 1.6 mn	US$ 1.2 mn	US$ 2 mn	US$ 4.4 mn			
Capacity	3.2 MW	2.0 MW	1.2 MW	800 kW	1.3 MW	2.5 MW	4.0 MW	1.75 MW	Planned Capacity: 6.5 MW
River	Kalu Ganga - Bambarabatuoya	Kuru Ganga	Gurugodaoya	Haloya	Koswathu Ganga	Gin Ganga	Kothmale Oya	Baduluoya	Muvumbe River
Catchment Area	76 km^2	64 km^2	5 km^2	57 km^2	77 km^2	179 km^2	89 km^2	205 km^2	868 km^2
Plant Factor	**44%**	**58%**	**38%**	**38.5%**	**39.5%**	**46.1%**	**37%**	**43.6%**	**55.17%**
Designed Annual Energy	**12.33 GWh**	**10.25 GWh**	**4.0 GWh**	**2.7 GWh**	**4.5 GWh**	**10.1 GWh**	**13 GWh**	**6.68 GWh**	**31.42 GWh**
Head	47 m	41.6 m	220 m	63 m	22.5 m	15 m	71.5 m	30.4 m	120 m
Channel Length	2,850 m	1,700 m	220 m	207 m	440 m	660 m	1,430 m	590 m	2,080 m
Penstock Length	150 m	140 m	560 m	102 m	40 m	–	870 m	60 m	295 m
Turbines	Francis Turbines (4x800kW)	Francis Turbines (2x800kW+1x400kW)	Pelton Turbines (2x600kW)	Francis Turbines (2x400kW)	Francis Turbines (2x650kW)	Kaplan Turbines (2x1250kW)	Francis Turbines (2x1600kW + 1x800kW)	Francis Turbines (1x1250kW + 1x 500kW)	Francis Turbines (1x4000kW + 1x2500kW)
Status	Commissioned on 1 June 2001	Commissioned on 6 March 2007	Commissioned on 26 March 2010	Commissioned on 30 July 2012	Commissioned on 19 March 2013	Commissioned on 1 November 2013	Under Construction	Under Construction	Project Planned

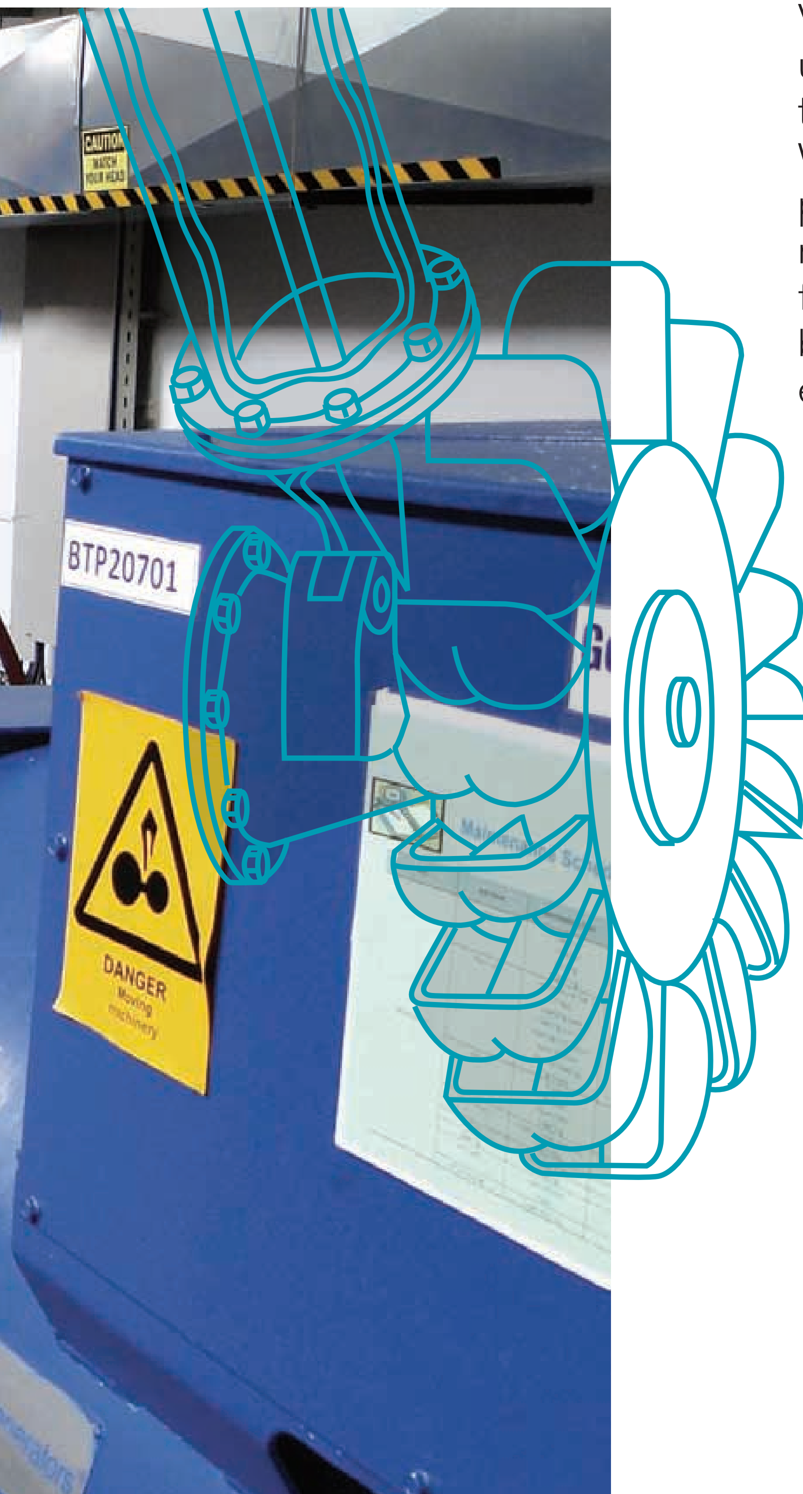
SHIFT OF POWER

Vidullanka's enterprise symbolises the 'shift of power' that the world must adopt to ensure a sustainable future for our planet. Parochial reliance on non-renewable energy sources and fossil fuels must diminish in favour of renewable power sources…and that's where we come in. Our sole commitment to generation of renewable energy also underlines our allegiance to sustainable development - for the Company, Stakeholder and our Nation.


Lower Kothmale Oya MHPP

THE COMPLETE SOLUTIONS PROVIDER

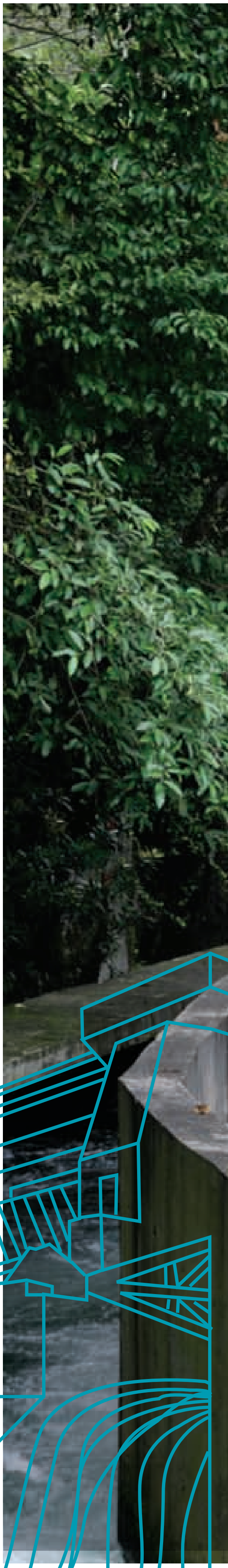
Batathota MHPP

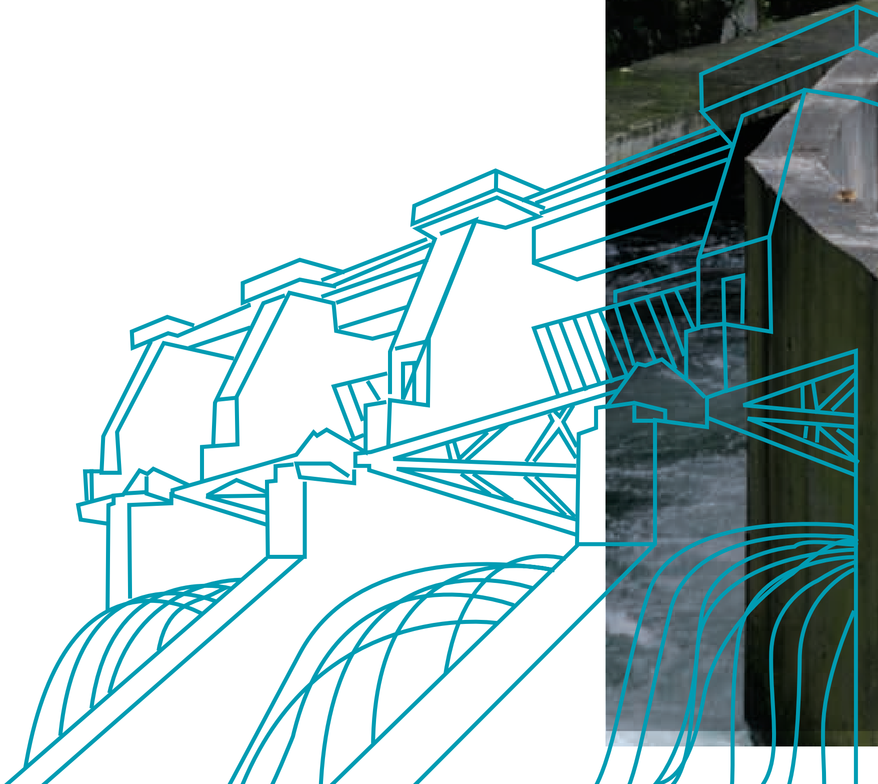


Vidullanka was set up to be the ultimate turnkey solutions provider in the renewable energy generating sector. We pride ourselves on being able to provide a superior end to end service regime that runs the gamut - from feasibility studies, planning, designing, building and operation to conducting energy audits and more.

POWERED GROWTH

We are a fast growing organisation. Not only have we almost doubled growth in terms of capacity installed and power generated through our projects, but we've also substantially grown our financial strength posting our highest ever profits during the year in review. And there's more…as we expand into new markets overseas.






Batathota MHPP

Chairman's Message

It is with great pleasure that I welcome you to the 18th Annual General Meeting of the Company. The occasion is special to all of us at Vidullanka, as this AGM is held at the end of an eventful and fulfilling financial year where we were able to record many an achievement, including the commissioning of the Madugeta mini hydro power plant (MHPP), the first Low Head - High Flow project of the Company.

Economy Fared Well

During 2013, the Sri Lankan economy grew at 7.3% compared to 6.3% in 2012. Per capita income surpassed the US$ 3,000 mark. Headline inflation continued at single digit level for the fifth consecutive year and declined to 4.7% at the end of the year. Contribution to growth came from all three sectors - Industry, Services and Agriculture. The global economy that was gradually recovering from its disappointing performance of 2008/09, recorded a 3% growth in 2013 although marginally below the 3.1% growth in 2012. The recovery of global economy supported exports, tourism and FDI. Manufacturing and Service sectors enjoyed improved access to credit and financial facilities. Remittances from expatriates continued to rise with an inflow of nearly US$ 7 bn. Overall, the prospects for continuation of growth momentum are bright for the country.

Economy and Electricity

Economic growth would continue to be driven by the Industry and Service sectors, supported by infrastructure development projects. Growth would impact household income and expenditure patterns. Electrification level of the country has reached 94% by end 2013. These changes would generate additional demand for energy and in particular for electricity. Demand for power in the country is envisaged to increase by about 7% per annum in view of economic growth. Sri Lanka's current installed capacity is viewed to be inadequate given that demand is increasing at a faster pace. Evidence from both domestic and international sources suggests a strong relationship between electricity supply and economic growth. Our nation's ambitions of rapid growth towards middle income status may be hampered by insufficient and costly energy supply.

Considering the maximum utilisation of Sri Lanka's large hydropower resources coupled with its vulnerability to fluctuations in rainfall, the country's power mix has been shifting from hydro sources to thermal power sources over the last two decades. Government's focus on low cost power generation has given rise to coal fired power generation.

The widening trade deficit caused by rising oil import bill, vulnerability to weather fluctuations and growing environmental concerns locally as well as across the globe, put pressure on exploring the potential for cheaper alternative energy sources such as mini hydro, biomass, wind, solar, municipal solid waste etc. Energy conservation and introduction of new technologies are anticipated to contribute towards power generation on a larger scale in the long-term.

Industry Overview

The total electricity generation in 2013 increased moderately by 1.3% to 11,954 GWh. Favourable weather conditions that prevailed during the year helped electricity generation through large hydro sources to increase by 110% to 6,918 GWh where mini hydro power projects contributed 909 GWh marking a 61% increase collectively. This helped reduce the thermal power generation by 43% to 4,772 GWh. Power generation from other renewable sources increased by 54% to 262 GWh, marking a total increase of 59% of power generated from non-conventional renewable energy (NCRE) sources.

Construction work of several major thermal, coal and hydropower projects was in progress during the year. These new power plants will help to increase the total installed capacity of the country by 36% to 4,591 MW by end 2017.

Sri Lanka's Renewable Energy Industry Performance

Sri Lanka with its favourable geo climatic conditions is blessed with different sources of renewable energy. The Government envisages reaching a 100% target in nationwide electrification in 2015 from its current level of 94%. The Government is looking out for energy options which are economic and sustainable. National energy policies and strategies of Sri Lanka envisage the gradual increase of non-conventional renewable energy resources and it is expected that the contribution from non-conventional renewable energy to reach 10% by 2015 and 20% by 2020. By the end of 2013, there were 146 plants with an aggregate capacity of 361 MW connected to the grid including 262 MW of mini hydro, 81 MW of wind power, 1.3 MW of solar power and 16.5 MW of biomass power. Mini hydro power plants generated 909 GWh of electricity constituting 78% of the total NCRE electricity generation. Biomass power production is gaining attention worldwide as a power source that mitigates climate change effects.

NCRE based power generation would be cheaper than fossil based energy generation in the long-term due to the renewable nature of the energy source.

Although the country is encouraging the expansion of indigenous NCRE sources as in the Mahinda Chinthanaya development policy framework, the feed-in tariff adjustment due to higher input variables such as exchange rate has resulted in a conflict between the Public Utilities Comission of Sri Lanka (PUCSL) and Ceylon Electricity Board (CEB). Although, the issue has been resolved by the concerned parties this has raised concerns about NCRE Power Industry being less favourable investment option for financial institutions. Further, time consuming lengthy procedures involved in the approval process causes delays in projects making the renewable energy industry a difficult investment option to investors.

The Sri Lanka Sustainable Energy Authority (SLSEA) continued to actively promote the increased adoption and sustainable use of all forms of renewable energy in the country through development and conservation of indigenous energy sources while facilitating exploration and research activities. It is promising that SLSEA forecasts that the cumulative renewable energy capacity will reach 460 MW with 72% thereof coming from mini hydro power plants.

Performance of the Group

Your Company recorded profit before taxation of Rs. 166.7 mn for the financial year 2013/14. The main factors that contributed to this performance included increase in capacity, diversity in products, services and markets and growth in performance of its key business segment. We commissioned our sixth hydropower project, Madugeta MHPP in Neluwa during the year, increasing the Company's total installed capacity to 11.5 MW.

In order to share this success during the year, the Board of Directors paid an interim dividend of Rs. 0.075 per share.

Your Company recorded profit before taxation of Rs. 166.7 mn for the financial year 2013/14. The main factors that contributed to this performance included increase in capacity, diversity in products, services and markets and growth in performance.

With our commitment to create value in the short, medium and long-term and to make our operations sustainable, we were constantly on the look out for opportunities for strategy implementation. The Company commenced construction of the Rideepana MHPP in February 2014. Lower Kothmale MHPP with a capacity of 4 MW is nearing completion and will be commissioned during 2014. The project will add 13.7 GWh to the national grid.

The year would go on record for Vidullanka with its decision to expand operations overseas, as part of its plans to diversify. As the first step, a 6.5 MW small hydro power project, utilising the flow of Muvumbe River which is to be constructed in Maziba, Kabale District, Uganda. The construction is to commence during the 3rd quarter of financial year 2014/15.

The projects in the pipeline are a reflection of the philosophy, confidence and competence of Vidullanka.

Further Success

In addition to project development and renewable power generation, the Company through its subsidiary company, Vidul Engineering Ltd. has positioned itself as a total turnkey solutions provider in the renewable energy industry. The Company is blessed with a dedicated team who are passionate about innovation. They have helped the Company establish itself as a reliable and quality-oriented partner among peers in the industry, making it a one-stop-shop for hydro power developers.

Vidullanka and Sustainability

A sustainable venture is the result of meticulous planning with visionary thinking and optimal allocation of various resources available to it.

Our Company is utilising its resource base optimally and efficiently to ensure its sustainability and continuous flow of return on investment. Factors such as motivation, optimisation, diversification and innovation contribute to economic sustainability of our operations. With our mission of 'clean energy to the nation' and the motto of 'harmony with nature', we help enhance the proportion of renewable energy in total power generation of the country.

Conclusion

In conclusion, I am happy to state that your Company's overall performance during the financial year 2013/14 was impressive. Your Company is committed to remain a leading player in the industry and to expand shareholder wealth through continuous capacity addition to its investment portfolio.

The Sri Lankan renewable energy industry in general and the mini hydro power sector in particular gained prominence and reached its present global recognition through extensive support given by SLSEA, CEB and the Ministry of Power & Energy. The industry has also helped advance technical know-how in the fields of feasibility studies, power plant design, power plant construction and operations and given employment to a large number of Sri Lankans.

Acknowledgements

I take this opportunity to congratulate the staff of Bambarabatuoya MHPP for securing the Japan-Sri Lanka Technical and Cultural Association (JASTECA) 5S Award for the year 2013.

I wish to express my gratitude to my fellow Board members for the support extended to implement the overall direction and strategy of the business. Further, I commend the management and the staff for their commitment and dedication without which the Company would not have these achievements. They contribute immensely in making our Company's aspirations become a reality, through contribution to the growth of operational and financial performance.

Finally, I express my appreciation to all our valued shareholders for the immense trust placed in us and for the assistance you have provided throughout the years. We look forward to your continuous support in the future.

Osman Kassim
Chairman
30 May 2014

Managing Director's Review

Year Begun with Focus

Demonstrating commitment to continuous capacity enhancement, Vidullanka commissioned Madugeta mini hydro power project (MHPP) with 2.5MW capacity in Neluwa, Galle. In addition to the 4.0 MW Lower Kothmale Oya MHPP that is nearing completion, we also commenced the construction of the Rideepana MHPP with a capacity of 1.75 MW in February 2014. Our initiatives of getting approval for two more projects were successful during the year.

Strategic Decisions for Growth

Vidullanka entered the non-conventional renewable energy (NCRE) generation field with mini hydro power development. We are equipped and strong in the field. Over a period of 17 years since inception we devoted our capacity, resources and strength entirely on mini hydro power development. In retrospect, we can now be content that the decision was right and it has paid rich dividends. Yet, hydro power generation is reaching saturation point. There are other contenders entering the field. The Company realised that it is time for diversification; diversification of sources, products and markets.

With a view to further enhance the value creation in the medium to long-term and as a measure of managing risks, the Company made several strategic decisions during the year. Most important among them are geographic diversification into overseas markets, excelling as a total turnkey solutions provider in the renewable energy industry and investing in other NCRE sources. At the same time, we will continue to exploit the full potential of mini hydro and imbue in house innovations while continuing to work in harmony with nature.

Moving along with these strategic decisions, the Company expanded its operations with an initiative of a small hydro power project (SHPP) in Uganda. We have also made successful progress in securing a grant for the development of this project. Muvumbe SHPP in Kabale District is expected to yield 31.42 GWh per annum upon commissioning. With the satisfied client base of Vidul Engineering Ltd., we have now earned reputation as a total turnkey solutions provider in the industry. Demonstrating our desire to move into NCRE sources, a Dendro project in Dehiattakandiya is also in the pipeline.

Differentiation from Competition

Mini hydro power generation technology and operations are similar among all producers; same rules, regulations and conditions apply to all; Ceylon Electricity Board (CEB) is the monopolistic power purchaser from all producers. Then, where is the difference? Vidullanka has its own fully-fledged committed engineering team, enabling us to undertake most of our work in-house. This keeps the generation cost at bay making our projects cost-effective. In terms of our operations, we maintain a very minimal downtime courtesy the in-house engineering team. In the eyes of Vidullanka's management, the outlay on our employees is not a compensation for their contribution; it is an investment on invaluable human resources. This is why we were able to congratulate the staff of Bambarabatuoya MHPP and ourselves, for securing the Japan-Sri Lanka Technical and Cultural Association (JASTECA) 5S Award for the year 2013 under the manufacturing sector. This is in fact the third consecutive year that we received this award since Ganthuna MHPP receiving it in 2012 and Batathota MHPP receiving it in 2011. This award symbolises our differentiation. Another factor that differentiates us is that, while competing for renewable power generation, we provide solutions and consultancy to other developers as well.

Sensitivity to National Requirements

Vidullanka as a business venture is naturally interested in securing the highest dividends for its shareholders. But it works with nature; it helps lighting the people; it saves foreign exchange; it minimises carbon footprint. Vidullanka is in the forefront of national initiatives of the Government. Mahinda Chinthana envisages a 20% contribution from renewable energy to the total electricity supply by the year 2020. We responded to the cause well, by doubling our generation capacity within just two years. We have planned to enhance our contribution to the national cause further by exploiting other renewable sources, through introduction of energy conservation, cost efficiency and yield enhancing methodologies and meeting electricity needs of rural Sri Lanka and the industry at an affordable tariff.

We are looking forward to driving our course and enhancing contribution to the nation further, during the next financial year. We are positive of the promising prospects and potential for renewable energy for mutual benefit.

Performance during the Year

The year just passed was the best in Vidullanka's history in many respects - financially, operationally as well as in new project development.

Financially, the Company recorded the highest ever profits since inception. Profit before tax reached Rs. 182.4 mn for the year compared to Rs. 118.7 mn the previous year. Profit for the year too improved to Rs. 166.7 mn from Rs. 94.6 mn in 2012/13. Consequent to the annual review, RAM Ratings Lanka Ltd. reaffirmed Vidullanka's credit rating at A- with the stable outlook.

Operationally, the Company expanded its hydro capacity; improved productivity; recorded highest ever electricity output; reduced the down time; embarked on a journey overseas and won the JASTECA 5S Award for the third consecutive year.

Achieving Sustainability

Vidullanka is an organisation with many facets. Being a business venture, it is a member of the corporate world. Having worked with nature, it is a part of the environment. Being located in rural areas it is a part of the rural community. The Company has to be sensitive to their sentiments for its sustainability. It adheres to corporate rules and regulations. It respects and protects nature. It works for the rural community. It believes in innovation and diversification.

Our Culture

Vidullanka's culture is aligned to and shaped by Sri Lankan traditions and priorities. The age old practice of sharing and team spirit is built into our staff behaviour. The staff work as a team irrespective of their rank and file; they share knowledge and responsibility. They have demonstrated their commitment to innovate. Team work has helped us to double the installed capacity during the last two years.

The Year Ahead

We are looking forward to driving our course and enhancing contribution to the nation further, during the next financial year. We are positive of promising prospects and potential for renewable energy for mutual benefit. We will continue with our growth momentum and connect another 5.75 MWs to the national grid during 2014/15. We will continue with diversification, innovation and overseas expansion. With the resources at our command; blessed by a committed team and backed by an army of shareholders there cannot be any reason as to why your Company should not reach greater heights during the forthcoming year.

Our Gratitude

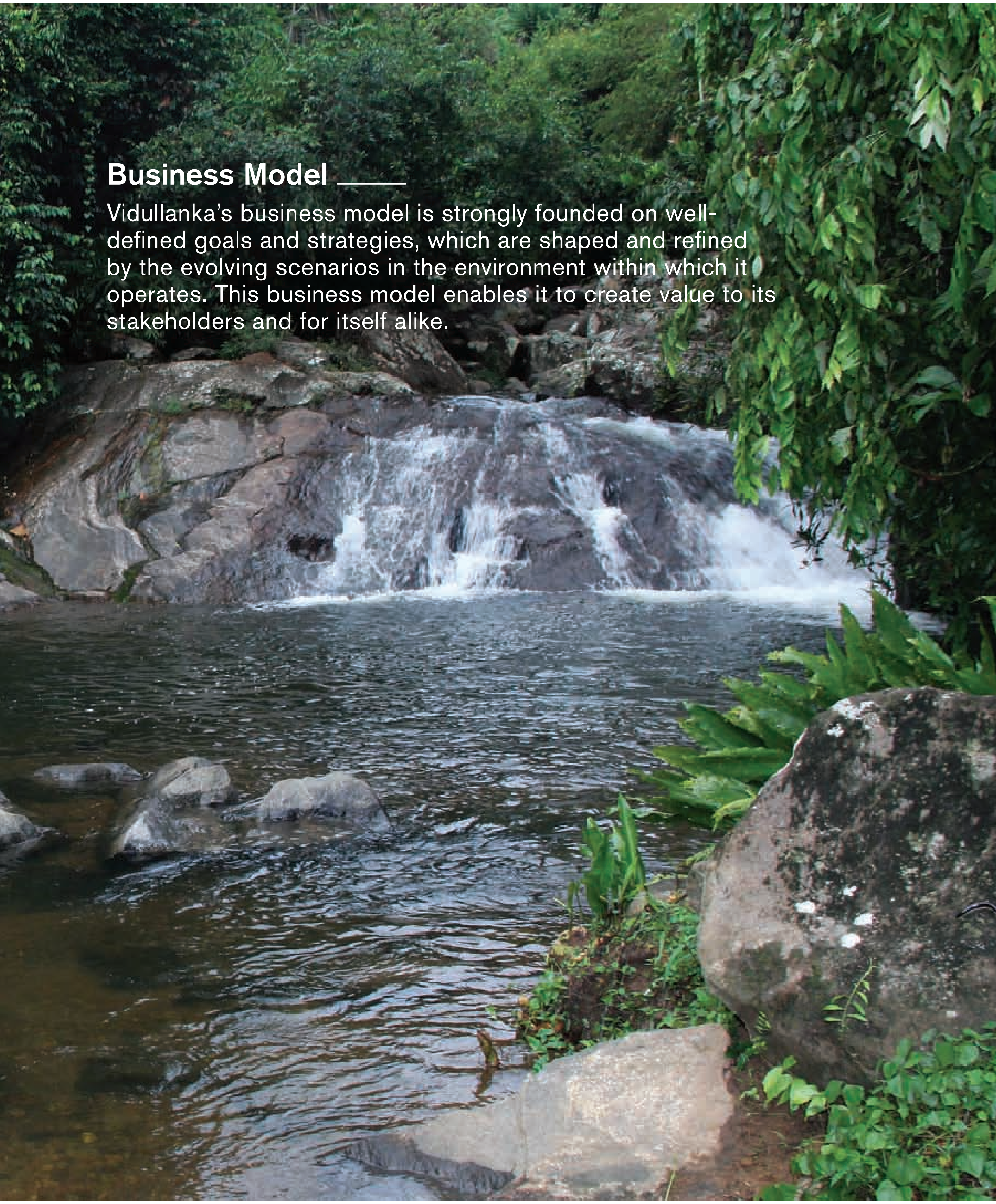
We are able to recall a highly successful year for the Company due to the support extended by all the stakeholders. We in the management take this opportunity to record our sincere gratitude to all of them.

My appreciation goes out to our shareholders for their faith and patience. I also wish to thank the regulators and other Government authorities for their guidance and co-operation. I wish to extend my appreciation to the business partners for their trust and understanding. I would like to extend my heartfelt thanks to the entire staff attached to offices and plants, for their commitment and loyalty to the Company which has always been a blessing on our road to success and to the communities for their co-operation with us throughout the process of 'carrying water through wire'.

Riyaz M. Sangani
Managing Director
30 May 2014

Business Model

Vidullanka's business model is strongly founded on well-defined goals and strategies, which are shaped and refined by the evolving scenarios in the environment within which it operates. This business model enables it to create value to its stakeholders and for itself alike.



Organisational Profile

Legal Form

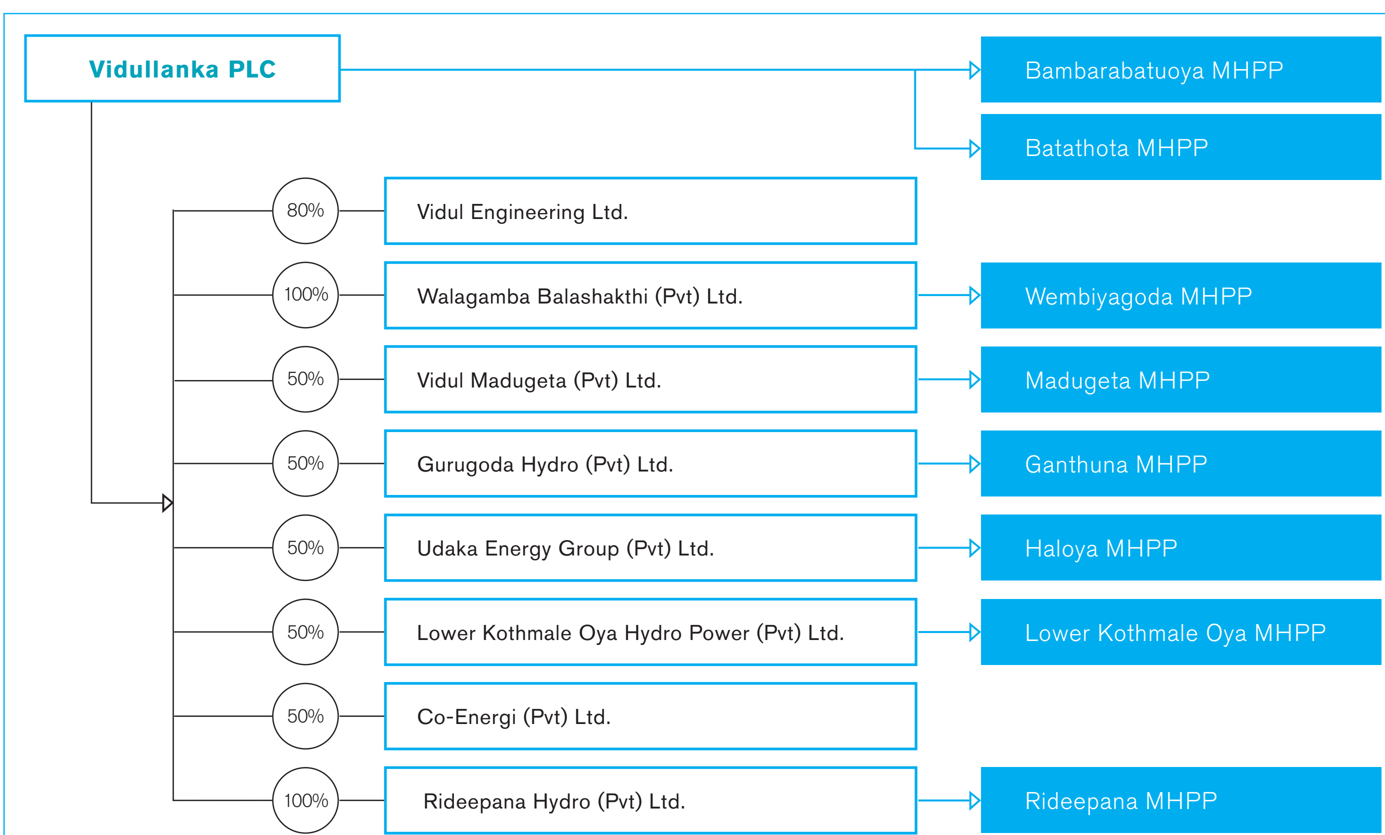
Responding to the Government initiatives to promote private sector participation in developing non-conventional renewable energy projects in the country, Vidullanka PLC (the Company) was incorporated as a BOI venture in 1997 with the core business interest of Grid connected electricity generation from non-conventional renewable energy sources. The Company was listed in the Colombo Stock Exchange on 10 June 2005. The Company was re-registered under the new Companies Act No. 07 of 2007 on 27 September 2007. Registered Office of the Company is located at Level 04, Access Tower, No. 278, Union Place, Colombo 02.

Vidullanka Family

With nearly half a billion shares, Vidullanka PLC is flanked by three subsidiaries and five joint ventures. While continuing to remain within power and energy sector, the Company serves the nation through promotion of economically viable, environment friendly, non-conventional renewable energy resources by providing a level playing field. This is reflected in its main operations/activities, which include:

1. Production and transmission of electrical energy to the national grid through mini hydro power plants
2. Engineering solutions covering:
   - Design and project management
   - Turnkey solutions
   - Feasibility studies
   - Operation and maintenance
3. Control solutions
4. Consultation on energy efficiency and conservation - Turnkey combined heat and power solution

Organisational Structure



The Company

Parent Company, Vidullanka PLC began its operations in the renewable energy industry by embarking on Bambarabatuoya mini hydro power plant (MHPP) in 2001 and thereafter expanded further by commissioning the Batathota MHPP in 2007.

Subsidiaries

Vidul Engineering Ltd.

Vidul Engineering Ltd. was incorporated on 3 September 2007 under the Companies Act No. 07 of 2007 as a subsidiary of which 80% is owned by Vidullanka PLC. The principal activity of Vidul Engineering Ltd. is the provision of engineering services related to hydro power plants.

Walagamba Balashakthi (Pvt) Ltd.

Walagamba Balashakthi (Pvt) Ltd. is a fully-owned Subsidiary of Vidullanka PLC, and was incorporated on 7 July 2008. The principal activity of Walagamba Balashakthi (Pvt) Ltd. is to produce electrical energy and transmit it to the national grid from its Wembiyagoda mini hydro power plant in Kalawana, Ratnapura.

Rideepana Hydro (Pvt) Ltd.

The fully-owned subsidiary is the new addition to the Vidullanka PLC's investment portfolio. The Project company is in the process of constructing the 1.75 MW mini hydro power plant in Badulla District. The Project is expected to be commissioned in 2014/15 and would supply 5.2 GWh of environment friendly electricity to the national grid.

Joint Ventures

Vidullanka PLC has invested in five joint ventures as given below:

Joint Venture	Holding Percentage	Joint Venture Partner	Business Venture
Gurugoda Hydro (Pvt) Ltd.	50	Esna Power (Pvt) Ltd.	Build, own and operate Ganthuna MHPP
Co-Energi (Pvt) Ltd.	50	Mr. & Mrs. Ralapanawe	Services relating to energy efficiency and conservation
Udaka Energy Group (Pvt) Ltd.	50	Vanguard Industries (Pvt) Ltd.	Build, own and operate Haloya MHPP
Vidul Madugeta (Pvt) Ltd.	50	Esna Power (Pvt) Ltd.	Build, own and operate Madugeta MHPP
Lower Kothmale Oya Hydro Power (Pvt) Ltd.	50	A Consortium of Investors led by Jaywise Constructions (Pvt) Ltd.	Build, own and operate Lower Kothmale Oya MHPP

During the Year

The Company's sixth hydro power project, Madugeta MHPP by Vidul Madugeta (Pvt) Ltd. a Joint Venture with ESNA Power (Pvt) Ltd. was commissioned during the financial year adding value to the Company's project portfolio. The project is of 2.5 MW capacity and generates 10.2 GWh per annum. With the commissioning of Madugeta project, the Company's total installed capacity has reached 11.5 MW. Our seventh MHPP - Lower Kotmale Oya mini hydro plant is nearing completion and will be ready for commissioning during the next financial year.

Expansion and Diversification

Our march towards reaching greater heights in the renewable energy generation and search for new vistas do not end here. The next financial year will mark the commencement of two more power plants, further signifying our commitment to continuing mini hydro power generation.

1. Lower Kothmale Oya MHPP
2. Rideepana MHPP

The diversification drive of the Company along with the confidence established in the market for its capacity and future planning has led the Company to expand its operations across borders and beyond hydropower. Two renewable energy power plants are lined up and are in the planning stage which are:

1. Muvumbe small hydro power plant (SHPP), Uganda
2. Dehiattakandiya Dendro Power Project

In the process of diversification, the Company stuck to the 'Golden Rule' of 'being environmental friendly'.

Operating Environment

The Global Economy

The global economy grew at a moderate 3% during 2013 indicating a 0.1% decline from preceding year's growth. Advanced economies continued their gradual recovery from financial and economic crisis faced since 2009. However, shifting of economic power from advanced economies to emerging economies particularly to those in Asia continued during the year. Being a small economic power in Asia that recently entered the club of lower middle income countries, Sri Lanka has to be watchful of implications of this shift on its economy and be well prepared to respond to the developing scenario in the global economy.

Sri Lankan Economy

Sri Lankan economy has recorded impressive growth during last five years. Having achieved a 7.3% GDP growth in 2013, the economy continued to maintain its growth momentum and managed to keep the inflation arrested at single digit levels. This growth mainly came from the positive contribution made by Industry and Services sectors. Agriculture sector too revived during the second half of the year. The Industry sector with the contribution of sub sectors such as construction, manufacturing, mining and quarrying and electricity, gas and water maintained its growth momentum registering an expansion of 10.1%.

Steady growth in the domestic economy coupled with the recovery in the global economy is the right recipe for generating a healthy demand for exports and tourism and to raise the domestic demand. Enhanced purchasing power and the expected growth in private sector credit would further strengthen the growth momentum.

Energy in a Growing Economy

The economy is poised to continue its growth momentum fuelled by Industry and Services sectors and the colossal investment in infrastructure development. It is clear that Energy sector would be a leading player in the arena of this unravelling scenario. Evidence from domestic as well as international sources is available to suggest the strong relationship between energy and economic growth. Sri Lanka needs to explore and harness sources of energy that can meet the challenges posed by a widening trade deficit with a massive oil import bill and by climate change. Household income expenditure surveys suggest that electricity consumption is at the highest among those in the middle class income group. Growth in this group would put additional pressure on energy resources.

The country cannot any longer postpone bold and essential reforms pertaining to the Energy sector. Insufficient and costly energy supply would add to the challenges faced by a middle income country.

Being a small tropical island with the existing favourable geo climatic conditions, Sri Lanka is blessed with multiple sources of renewable energy. Abundant sunshine throughout the year and availability of vast patches of land in provinces such as Uva, North-Central, North and East suitable for animal husbandry provide uninterrupted sources for solar, biomass and Dendro energy generation. Attention is being given to biomass power production worldwide as it is identified as a power source with integrated multiple benefits, mitigating the climate change effects.

The Sri Lankan Government envisages reaching a 100% target in nationwide electrification coverage in 2015 against the current coverage of 94%. The Government is looking out for economically viable, environment friendly energy options. National Energy Policy envisages a gradual increase of non-conventional renewable energy resources reaching 20% by 2020. Vidullanka is happy to learn that the Sri Lanka Sustainable Energy Authority (SLSEA) wishes to push the cumulative renewable energy capacity additions to reach 460 MW, 72% of which is expected from mini hydro power plants.

The total addition to the national grid by players in renewable energy generation stood at 361 MW at the end of year 2013. This addition came from mini hydro (262 MW), wind power (81 MW), solar power (1.3 MW) and biomass power (16.5 MW).

Challenges Before the Renewable Energy Industry

According to the National Energy Policy, 'with the increasing demand for energy to provide for the country's economic and social development, total primary energy demand is expected to increase to about 15,000 tons of oil equivalent (ktoe) by the year 2020 at an average annual growth rate of about 3%. 'Mahinda Chinthana - Idiri Dekma' envisages the supply of 10% of the national electricity requirement to come from renewable energy by 2015 and 20% of the total generation by 2020.

SLSEA is in overall charge of promoting and facilitating renewable energy generation. Yet, there are many other agencies such as Departments of Wild Life, Forest

Conservation, Central Environmental Authority (CEA), Board of Investment (BOI) and local authorities involved in the approval process. Each agency has its own terms and conditions and fee structures. This leads to confusion, duplication, delays, cost escalation and many other difficulties. This highlights the need for a one-stop agency which would facilitate the overall non-conventional renewable energy (NCRE) Development.

Limitations of land, transmission lines, lack of access to sources of renewable energy and inadequate financial facilities are among some other concerns of the IPPs.

The conflict that existed between the Public Utilities Commission of Sri Lanka (PUCSL) and the Ceylon Electricity Board (CEB) regarding the feed in tariff for the IPPs had caused a considerable set back in the industry. Although, the issue has now been resolved by the related parties, this has imposed a risk on the operators. So far, the renewable power producers were creditworthy for obtaining funding facilities from financial institutions. But, the issue has posed a threat, increasing the perceived risk by the financial institutions in providing financial facilities.

Further, the time consuming lengthy procedures involved in the approval process causes delays in projects, making the renewable energy industry a less favourable investment option to the individual and institutional investors.

From Challenges to Opportunities

The tsunami triggered by a powerful earthquake in March 2011 damaged the Fukushima Daiichi nuclear power plant in Japan. This sent a message across the world to all countries which depend on nuclear power for clean energy. Many advanced countries diverted attention and embarked upon research on non-conventional renewable energy generation. This very same message was clear to the Government authorities and renewable energy generating industry in Sri Lanka.

Closer home, the unprecedented rising oil import bill, climate change, pollution and disruptions to the power supply provides additional causes for concern. This developing scenario on the world stage as well as locally; rejuvenated concern, interest and enthusiasm for NCRE. The industry has become optimistic and begun to see opportunities in challenges.

A shift to renewable resources such as small hydro, wind, biomass, solar and municipal solid waste etc., energy conservation and an introduction of new technologies need to be given the highest priority, while enhancing the hydro and other renewable energy capacity with management efficiency and cost reflective pricing to reduce the nation's oil bill as well as to minimise the adverse impact on environment. This is particularly important in the background of increasing import cost of petroleum, energy resources and fertilizer which has reached US$ 5,500 mn, accounting for 25% of imports.

A Synopsis...

- The global economy grew at a moderate 3% during 2013 indicating a 0.1% decline from preceding year's growth.
- The Sri Lankan economy has recorded impressive growth during the last five years, reaching 7.3% GDP growth in 2013.
- The Sri Lankan Government envisages reaching 100% nationwide electrification coverage in 2015 against the current coverage of 94%.
- 'Mahinda Chinthana - Idiri Dekma' envisages the supply of 20% of the national electricity requirement to come from renewable energy by 2020.
- A shift to renewable resources and an introduction of new technologies need to be given the highest priority, while enhancing hydro and other renewable energy capacity.

How Do We Play Our Role - Goals and Strategies

Our Goal

To be the most cost effective, environmentally friendly, economically sound, financially viable lead player in the non-conventional renewable energy generation field.

Our Policy

Policy of Vidullanka is to turn out a product that is in demand to improve welfare and quality of life of people in 'harmony with nature'. The Company will harness the full capacity and potential in its command to improve the quality and affordability of its products. Our policy is looking for opportunities in challenges rather than looking for challenges in opportunities.

Strategic Priorities

— Growth from local capacity addition
— Expanding our presence in overseas markets
— Venturing into new renewable energy technologies
— New service provisions through Vidul Engineering Ltd.
— Innovations and new product developments
— Sustained value generation for all the stakeholders involved
— Utmost care for the environment
— Continuous performance evaluation and vigilance on changes

Resources in Our Command

Renewable energy generation is continuing under trying conditions. On several occasions, renewable energy generation firms have voiced the difficulties and challenges before them. Absence of a clear policy, unpredictable weather, lack of a one-stop-shop and presence of too many agencies, are a few such concerns. All these concerns lead to delays and cost escalation. This will have reflections on the industry resource base. The Company will be vigilant to take concerted efforts to upkeep and upgrade its resource pool.

— Company will provide continual education and training for staff to ensure efficiency and productivity of its human resources pool. Vidullanka will continue to focus on investing in employees and treat them as core resources and a critical success factor.

— Company will facilitate and promote innovative approaches and equipment to ensure access to latest machinery and equipment.

Facilities We Have

— Management systems - to assist with implementation of sustainability objectives.

— Resources - to use efficiently and to minimise waste and other consumables in the environment.

— Endeavour to prevent pollution within the scope of its business process.

We Tie Up With

— Organisations that practice sustainability and enable the exchange of ideas and the promotion of sustainability leadership across the businesses.

— Business enterprises to form joint ventures in renewable energy generation.

— Community to fund and work on projects that achieve sustainability and corporate social responsibility goals.

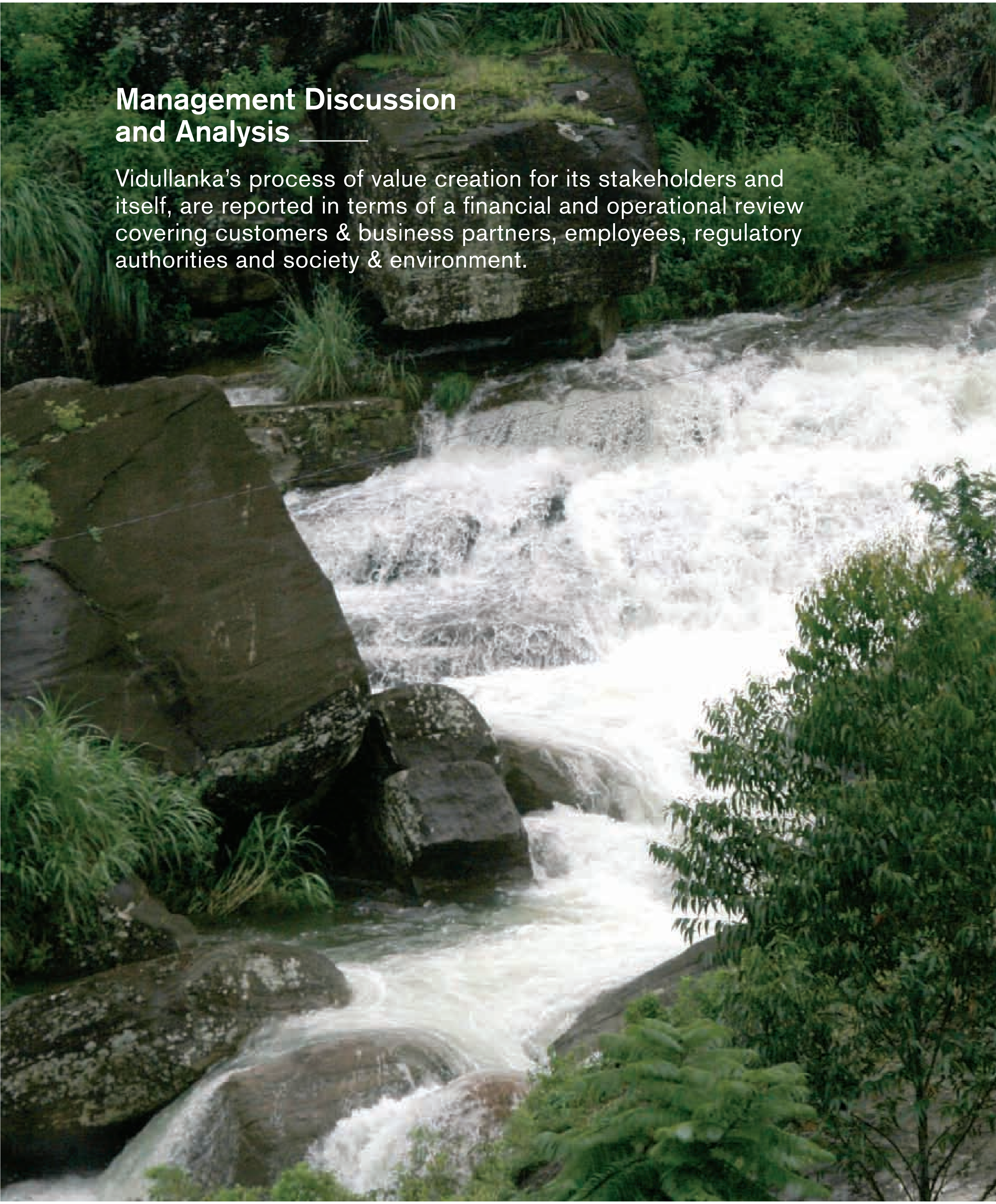
We Are Under Review

— The Investment Committee periodically reviews the Company's past strategies and plans for the future.

— Audit Committee meets once in two months and reviews the financial performance, controls and compliance.

Management Discussion and Analysis

Vidullanka's process of value creation for its stakeholders and itself, are reported in terms of a financial and operational review covering customers & business partners, employees, regulatory authorities and society & environment.



Management Discussion and Analysis

Financial Review

The Vidullanka Group recorded a remarkable financial performance during the financial year 2013/14. The Company recorded the highest ever profit after tax since its incorporation.

The Group revenue soared to Rs. 547 mn from Rs. 349 mn the previous year, an increase of 56.7%. Revenue growth mainly came through the capacity addition through the 1.3 MW Wembiyagoda mini hydro power plant (MHPP) which was commissioned in March 2013 and the 2.5 MW Madugeta MHPP which was commissioned in November 2014.

The administration expenses of the Group also went up by 26.7% to Rs. 164.5 mn due to the rapid expansion of the Group. The Group finance cost also increased by 90% due to the project loan facilities. The bottom line went up to Rs. 166.6 mn from Rs. 94.6 mn of the previous year, a staggering 76.2% increase.

Vidullanka PLC

During the financial year under review the Company generated revenue of Rs. 265.3 mn from Rs. 208 mn of the previous year. The growth in revenue is attributed to the favourable weather condition which prevailed during the year. The gross profit also rose to Rs. 220 mn by 25.9% from Rs. 174.8 mn of the previous year. Further, there has been an increase of 29.7% in the administrative expenses which is mainly due to the operational expansion of the Company. The finance cost of the Company increased by 35% due to the increase in the additional borrowing. The bottom line of the Company recorded an increase of 31.1% to Rs. 105.7 mn from Rs. 80.6 mn in the previous year.

Vidul Engineering Ltd.

The subsidiary recorded a revenue of Rs. 122.5 mn for the year 2013/14. The profit improved by 50% due to the improved revenue and reduced financial and other expenses during the year.

Gurugoda Hydro (Pvt) Ltd.

Gurugoda Hydro (Pvt) Ltd. is a joint venture by Vidullanka PLC and Esna Power (Pvt) Ltd. The Project Ganthuna MHPP is a 1.2 MW mini hydro power project located in Aranayake, Kegalle. The project company generated revenue of Rs. 57.5 mn which is 25.5% increase from the previous year revenue of Rs. 45.8 mn. The net profit increased by 38.3% to Rs. 38.9 mn from the previous year's profit of Rs. 28.1 mn.

Udaka Energy Group (Pvt) Ltd.

The 800 kW Hal Oya MHPP is owned by the project Company Udaka Energy Group (Pvt) Ltd., which is a joint venture between Vidullanka PLC and Vanguard Industries (Pvt) Ltd. The project company recorded a 52.4% increase in revenue to Rs. 37.9 mn, recording a net profit of Rs. 8.5 mn for the year under review.

Walagamba Balashakthi (Pvt) Ltd.

Walagamba Balashakthi (Pvt) Ltd., on its first year of commercial operations generated Rs. 77.4 mn in revenue and recorded a net profit of Rs. 43 mn.

Vidul Madugeta (Pvt) Ltd.

2.5 MW Madugeta MHPP, owned and operated by the joint venture company Vidul Madugeta (Pvt) Ltd. generated revenue of Rs. 53.6 mn and recorded a net profit of Rs. 19.4 mn.

Segmental Performance

The Group excelled in its core business during the year under review. The Group, through its mini hydro power projects generated and supplied 38.6 GWh of clean electricity to the national grid. The revenue of the segment almost doubled and in spite of the increased finance cost by 94%, the segment recorded a profit of Rs. 151.7 mn.

The construction and project management segment of the Group performed well that the segmental revenue increased by 23% compared to previous year's financial performance. The net profit of the segment increased from Rs. 10.1 mn to Rs. 15.1 mn.

The energy efficiency segment generated Rs. 7.6 mn revenue during the financial year which is a 95% increase compared to the previous financial year's revenue of Rs. 3.9 mn. The segment improved its performance by reducing the net loss to Rs. 0.2 mn from Rs. 2.4 mn in 2012/13. The Group believes in the strategic importance of this segment in long-term perspective.

Operational Review

Customers and Business Partners

Concerted efforts and meticulous planning have paid rich dividends in building confidence and establishing credibility among fellow operators, colleagues and authorities during Vidullanka's existence

5.75 MW

To be added to the national grid in 2014/15

The sole customer of Vidullanka PLC for electricity generated is the Ceylon Electricity Board (CEB). The Company supplies 100% of its output to the national grid. The Company ensures compliance with the terms and conditions embodied in power purchasing agreement entered into with the CEB and any other conditions since stipulated. The Company anticipates no or minimum interruptions that would impede its generation and feeding renewable energy to the national grid. It ensures prevention of any issues arising and keeping any issues that arose at bay during the operation. The Company complies with terms and conditions of other agencies involved and any concerns of national interest.

Business Partnerships

In the energy sector, 17 years is a relatively short period. Confidence and credibility established among fellow operators, colleagues and authorities during its existence is beyond imagination. Concerted efforts and meticulous planning have paid dividends. The Company is already in joint venture partnerships with four renowned local entities/individuals. The Joint Venture partnerships demonstrate the mutual trust and willingness to work together among partners. Such partnerships assist in strengthening our market position whilst also creating synergy.

Economic Sustainability

Economic sustainability of a business enterprise comes from how well it mixes its numerous resources and employs its resource base in a balanced and optimal manner in the long run. This involves weighing alternative strategies and methods of using its current resource mix. Economic sustainability is difficult to achieve within a competitive context but essential and beneficial for an enterprise to float above water. This guarantees the efficiency in using its resources and ensuring maximum returns on investment. Economic sustainability is something an investor is longing for.

Vidullanka PLC is utilising its assets and resource base optimally and efficiently to deliver economic sustainability to ensure continuity of high returns on investment.

A Synopsis…

- The sole customer of Vidullanka PLC for electricity generated is the Ceylon Electricity Board (CEB).
- Vidullanka PLC is already in joint venture partnerships with four renowned local entities/individuals.
- Vidullanka PLC is utilising its assets and resource base optimally and efficiently to deliver economic sustainability and to ensure continuity.
- Vidul Engineering Ltd., a subsidiary of Vidullanka PLC is committed to provide end-to-end solutions to its clients.
- Madugeta MHPP is the latest addition to Vidullanka's renewable energy generation project portfolio.
- Lower Kothmale MHPP and Rideepana MHPP with installed capacity of 4 MW and 1.75 MW respectively, are nearing completion and will be ready for commissioning in 2014/15.
- The first international project of the Company, Muvumbe Small Hydro Power Plant (SHPP) in Kabale District, Uganda is in the planning stage.

The Company is pleased to announce its latest addition to its renewable energy generation project portfolio, Madugeta mini hydro power plant (MHPP) during the financial year. This was delivered by Vidul Madugeta (Pvt) Ltd. The project company has entered into the power purchasing agreement for a tenure of 20 years with the CEB to provide approximately 10.2 GWh power per annum to the national grid with its installed capacity of 2.5 MW. The project utilises run of the river method and uses the flow of Gin Ganga. It contributes to reducing carbon emissions by 6,400 tons of CO_2 equivalent annually.

The Company is continuing with its mission of 'clean energy to the nation' with augmented proportion of renewable energy in the total power generation. Lower Kotmale MHPP with an installed capacity of 4 MW is nearing completion and will be ready for commissioning during the financial year 2014/15. Rideepana MHPP - another project under construction by the Company is with a designed capacity of 1.75 MW which would add 6.68 GWh annually to the national grid.

The Dehiattakandiya Dendro Power Project, the first biomass power generation project of Vidullanka PLC with 2.5 MW installed capacity will be located in Diyaviddagama, Dehiattakandiya. The project is expected to be grid connected during the financial year 2015/16. The project is to be constructed and managed by Vidul Biomass (Pvt.) Ltd., a fully-owned subsidiary of Vidullanka PLC. Environmental friendly biomass power generation bears a great potential and multiple benefits in this country.

Moving along its geographical diversification of operations, the Company has taken an important step during the year. It has been successful in moving overseas to initiate a hydro power project in Kabale District, Uganda. Muvumbe small hydro power plant (SHPP) with a designed capacity of 6.5 MW would commence construction soon. This Project would be constructed and managed by Muvumbe Hydro (U) Ltd. The plant would contribute 31.42 GWh power to the Uganda national grid annually.

These projects in the pipeline are a reflection of the philosophy, confidence and competence of Vidullanka PLC. Amidst several constraints, the Company was able to keep afloat while sticking to its original motto of harmony with nature. It went into diversification of its products and markets within the arena of renewable energy. These projects help the Company to utilise its resources efficiently and optimally to ensure maximum dividend to its shareholders.

Vidul Engineering

Vidul Engineering Ltd., a subsidiary of Vidullanka PLC, is committed to provide end-to-end solutions to its clients. The Company has gained confidence of its clients and continues to maintain an excellent rapport with its customers. The array of engineering solutions and consultation services provided by Vidul Engineering include -

- Research and feasibility studies
- Design and engineering
- Project management and consultation
- Supply, installation and commissioning of panel boards and governors
- Operation and maintenance services

The Company has formed several strategic alliances including one with Woodward Inc., an internationally renowned supplier of power station control systems, position sensors, power distribution control systems and power station services and other solutions related to energy controls.

Vidul Engineering Ltd. works towards providing ultimate reliable turnkey solutions to power plants. The Company could boast and take pride for itself for this as peers in the market have restricted their services to specialised areas only rather than providing complete turnkey solution to developers. This provides an edge for the Company over its competitors in the power industry.

Vidul Engineering has been able to become the market leader in managing power plants during the short period of its existence. The Company sees no boundaries for its interventions. It had taken an initiative to set up Vidul Control Solutions in order to manufacture panel boards and governors whilst providing electrical controlling solutions required for the management of power plants. This initiative has paid-off well and proved the competence and skills of our engineering team to carry out troubleshooting and undertake foolproof repairs with minimum downtime. Several successful supply and installation contracts undertaken by Vidul Engineering for panel boards as well as governors stand as proof to its reputation in the market.

Continuing its forward march, the Company is active in securing opportunities overseas especially in the African region where such services are in high demand. Given the competence backed by its experienced workforce, Vidul Engineering is geared and ready to take on projects of any nature and scale. The Company has gained momentum in its operations with an array of services and is poised to further diversify.

In-House Innovation

The Vidullanka Group constantly encourages in-house innovation. These innovations lead to improvements in the productivity and efficiency of your Vidul family reflecting higher returns on investment. Some notable in-house innovations during the year under review are discussed below.

Automatic Trash Rack Cleaner

Previously trash racks, a part in the intake, were cleaned manually, requiring many labour hours, depriving and interrupting the workmen available for other work. The introduction of the automated trash racks by our engineering team brought the disruption caused to the whole process to a bare minimum. This is well reflected in improved efficiency and final output.

Automated Governor

The governor of a grid connected mini hydro power plant first builds the generator frequency up to the grid frequency. It also controls the output power utilising the available water supply to the turbine. This entire operation is achieved by controlling the gate valves of the turbine. Almost all the turbine units use this method of control and it comprises of a mechanical actuator and electrical control device to give the desired command signals to the actuator to open or close valves appropriately. Automatic governor is designed as a PC based controller accessing that point of control mentioned earlier, plus the protection system of the power plant.

Industry Collaboration

Vidullanka always places high regards for merits of collaboration. This belief moved the Company to work hand in hand with colleagues and peers and reaching success. As an active player in the mini hydro power industry, the Company made its strong presence felt among other fellow players during tariff reviews dialogue held with Public Utilities Commission of Sri Lanka (PUCSL). This dialogue was initiated to determine the tariff rate applicable to the non-conventional renewable energy industry through the stakeholder consultation process in order to ensure equitable value for its efforts.

The Company is an active member of Small Hydro Power Developers Association and works in close contact and consultation with its peers. The Association is working with a view to overcoming the challenges, constraints and issues faced in the industry. The Association is a forum for knowledge sharing in a friendly atmosphere.

Overseas Expansion

Vidullanka PLC is confident of its competence to move overseas seeking investment opportunities especially in the emerging Continent of Africa. The first overseas project of the Company, Muvumbe (SHPP) in Kabale District, Uganda is in the planning stage. Getting impetus from its first successful attempt, Vidullanka is planning to expand its business further into the East African region. The region is rich in hydro resources and is waiting for affordable power supply. The Company has already embarked on conducting studies to examine the economic and social viability of such further expansions.

Future Plans and Strategies

The Government anticipates reaching 100% electrification of the island with a minimum contribution of 20% coming from renewable energy sources. Moving along with these targets, Vidullanka is determined to increase its contribution to the national grid by investing in the renewable energy sources of the country.

With the completion of projects under construction and planned, the customer base of the Company will expand to overseas territories as well.

Vidul Engineering is actively working with its Parent Company in exploring and securing opportunities overseas especially with an eye on the African region. The development drive already taking place in the African Continent will generate demand for engineering solutions and consultancy services. The Company has grown in size and in competence with a skillful experienced workforce and is ready to take on larger projects with confidence. The Company is geared to diversify further and add to its array of services in related industries.

Employees

The Equal Employment Opportunity policy of Vidullanka is aimed at ensuring that no employee is discriminated on any grounds

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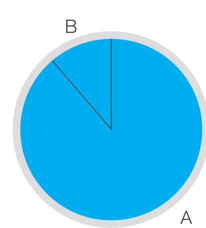
strong engineering team

Employee Composition by Gender

A	Male	89%
B	Female	11%



Equal Employment Opportunity Policy

The Equal Employment Opportunity policy of the Company pays no attention for race, colour, religion, sex, sexual orientation, national origin, age, marital status and disability, veteran's status or any other basis. The policy is aimed at ensuring that no employee is discriminated on these or any other grounds. The Company is protected by applicable discrimination laws. Vidullanka PLC ensures that decisions relating to employment are not only limited to the Human Resources Department. While the Company pays due attention and takes affirmative action in all matters relating to recruitment, hiring, promotion, training, compensation, benefits, transfer, discipline, and discharge. Any move regarding employment is free from unlawful discrimination.

Remuneration

Compensation to employees is based on industry accepted standards, giving due recognition to performance with no bias based on any other decisive factor. Investments in employees are done keeping in mind that they are always worthwhile investment in the right direction. We believe that our workforce is worth and deserve more.

Sharing Growth Benefits

The Company remunerates its employees well in line with industry standards. The Company shares its growth benefits with its employees in return for their contribution toward company growth. The Company's recognition of the employees' contribution is compensated by a host of cash and non-cash benefits in addition to the remuneration. This induces the employees to keep their morale high.

Initiatives to Promote Work Life Balance

Remuneration is a payment made to compensate the contribution already made by employees of a business firm. Human Resources (HR) is the key for enhancement of a business. How much ever abundant they may be, other resources do not make much sense in the absence of HR. In that sense a business venture that is not concerned of its HR will not make much progress. Looking after and nurturing of its HR is mutually beneficial. This time tested truth works as a guiding principle in our HR management portfolio. We have organised the following for the benefit of our workforce:

- Motivational training programmes
- Vidul Sports Club
- Inter Company Cricket Tournaments

A Synopsis...

- The Company encourages constant improvement in performance of employees at all levels and adopts strategies to sustain the higher standards achieved.
- Vidullanka PLC continuously invests in staff training and professional development of its employees.
- The Company's workplace always contains means of access and egress that are safe and risk free to health.
- The Company's staff strength is 158; of them, nearly 80% is between the ages of 20 and 40.

These events facilitate informal gatherings for exchanging views putting aside rank and file. These also boost up team spirit. Apart from these the Company has introduced formal team building initiatives.

Team Building Initiatives

Being a family, Vidullanka employees need to work as a team for their own success and benefit as well as that of the Company. We have taken initiatives for team building through job rotation, sports activities, training and workshops and through our 5S training programmes.

Performance Appraisal

Performance is always appraised and appreciated on the corridors of Vidullanka. The Company encourages constant improvement in performance of employees at all levels and adopts strategies to sustain the higher standards achieved. The remuneration moves up proportionate to the performance of employees.

This system facilitates to form and recognise the high performers to achieve exceptional outcomes. The performance of employees are evaluated annually through the performance cycle extending from April to March. Formal scientific measures and methods are in place to boost up employees' individual performance to meet the organisational objectives. This ensures achieving the desired performance level within the organisation.

The Company provides a host of non-monetary impetus and benefits to its employees over and above the monetary compensation. Additionally, Vidullanka recognises and appreciates the exceptional performance of the employees under different predefined performance criteria. The Group annually awards gold, silver and integrity awards in addition to incentives for the outstanding performances.

Vidullanka in recognition of outstanding performance of its employees introduced safety awards and productivity awards. These awards added impetus to our team in successfully winning the Japan-Sri Lanka Technical and Cultural Association (JASTECA) 5S competition and in further achieving a zero accident work environment.

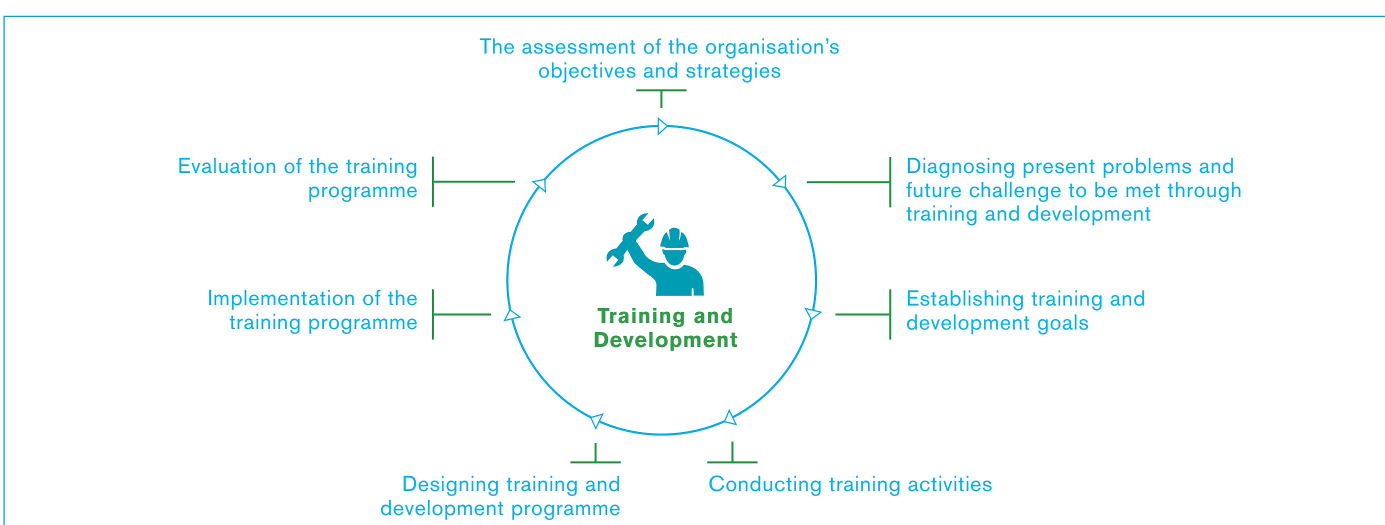
Training and Development

Playing in a competitive market with a monopolistic buyer, Vidullanka PLC has realised that the competitiveness of an enterprise would largely be shaped by the competence and skillfulness of its workforce. Going by this conviction, Vidullanka PLC continuously invests in staff training and professional development of its employees. Training and development concentrated on areas such as skills development, project management, 5S and Kaizen, healthy life style and technology advancement. The Company's training policy is designed along the principle of sharpening employee skills, competencies and knowledge to optimal levels. The training and development policy also aims at influencing attitudes and outlook of its workforce to make them adaptive, flexible and focused.

The training and development policy of the Company entails several objectives -

1. Assisting the employees to sharpen the competencies and skills required in their work.
2. Minimising any deficiencies that exist between actual and expected performance of the employees.
3. Enhancing interpersonal skills of employees for improved performance standards.
4. Familiarising the staff to the innovations and the developments taking place in the renewable energy industry to update their knowledge on the industry they are employed in.
5. Enhancing the morals and motivation of the workforce and their affection and attachment to the Company.

Vidullanka PLC adopts the following process in the training and development:



Health and Safety

Vidullanka always ensures that machinery, equipment and systems used in the Company and in its plants are safe and minus any risk to health. The Company as a policy provides instructions, training and supervision to ensure health and safety of its employees at the work place.

A work place maintained by the Company always contains means of access and egress that is safe and risk free to health and adequate welfare and first aid facilities. The Company always keeps a vigilant eye to identify and assess any risk involved in its operations well in time to eliminate any ill effects. Vidullanka is in frequent consultation with its staff on matters of health and safety to ensure that effective arrangements are in place to deal with an emergency of any scale. The Company is proud of its achievement of zero fatalities in its operations.

The staff employed in power plants is provided with high quality safety equipment; they are regularly exposed to extensive training on health and safety practices; plants conduct routine disaster management drills to keep the staff ready and vigilant to face an emergency situation.

The implementation of 5S principles has contributed immensely to the improvement in the health and safety standards across the Company. Being the winner of JASTECA 5S Awards for the year 2013, Bambarabatuoya MHPP has demonstrated itself as the safest amongst Vidullanka plants. This very same award was won previously by Ganthuna MHPP in 2012 and Batathota MHPP in 2011. The award is a symbol of success of the safety and productivity plans of the Vidullanka Group.

Grievances are Heard and Dealt with - Open-Door Policy

Vidullanka is always concerned with providing a safer, harmonious and productive work environment for its workforce at all levels. Whenever there is a grievance of any nature the Company responds promptly with sensitivity. Our understanding is that grievances do not tolerate delays. If no immediate response is given, grievances can be blown out of proportion into major issues that can cause tension, low morale and reduce performance and productivity. The Group adopts a prudent mechanism of open-door policy enabling the employees to meet the management at any time without any restrictions. Unrestricted access to management provides an opportunity for the staff to air their views and their grievances and seek instant remedies to their woes without any fractional adverse effects to the Company.

The open-door policy serves to foster an environment of collaboration, high performance and mutual respect for each other of the management and employees. This time tested quality management practice of grievance handling serves to sustain employee empowerment and moral, while maintaining an improved efficiency, productivity, growth and corporate ethical standards.

Employee Composition by Gender

Vidullanka strictly prohibits discrimination against any employee or applicant for employment based on any individual's race, colour, religion, gender, age, disability, civil status, relationships, citizenship, veteran status or any other characteristics protected by law. Vidullanka ensures that employment decisions are not entirely limited to the Human Resources Department. Affirmative actions are taken in recruitment, promotion, training, compensation, benefits, transfer, discipline and discharge to minimise discrimination. The basis for division of work between males and females is as follows:

Gender	Percentage	Number
Male	89	146
Female	11	12
Total	100	158

Employee Composition by Age

Vidullanka is always law abiding, ethical and society concerned. It does not employ underage individuals. It employs those who are in their prime age between 20 and 40. This is nearly 80% of the total workforce.

Age Category	Number
< 19 years	3
20 - 24 years	19
25 - 29 years	53
30 - 34 years	39
35 - 39 years	15
40 - 44 years	11
45 - 49 years	10
> 50 years	8
Total	158

Total Workforce by Employment Contract (Permanent and Temporary)

When it comes to employment, the Company is a family. It brings up, nurtures and retains its employees. It does not believe in 'hire and fire' concept. More than 70% of its employees are permanent.

Permanent/Contract	Number
Contract	41
Permanent	117
Total	158

Employee Composition by Functional Area

Being a renewable energy developer, Vidullanka needs more technical staff. While 36 out of 158 are Engineers, 86 employees are attached to plants.

Department (Functional Areas)	Number
Administration	13
Business Development - Hydro Division	7
Business Development - Non-Hydro Division	2
Engineering	48
Finance	8
HR	4
IT	2
Bambarabatuoya MHPP	15
Batathota MHPP	14
Ganthuna MHPP	11
Hal Oya MHPP	10
Madugeta MHPP	14
Wembiyagoda MHPP	10
Total	158

Employee Composition by Service Years

Service Period	Number
< 1	48
1 - 3	46
4 - 6	24
7 - 9	23
10 - 12	16
> 12	1
Total	158

Regulatory Authorities

Vidullanka PLC was able to maintain the understanding and rapport built over the years with the regulatory authorities into the current year as well

20%

of national electricity requirement to come from renewable energy by 2020

One factor for the success of a corporate body is how well the relationship is established with regulatory authorities. Vidullanka can be more than pleased on this. The Company and the regulatory authorities were able to continue the understanding and the rapport built up over the years into the current year.

The Sri Lanka Sustainable Energy Authority (SLSEA) facilitates and monitors our operations. SLSEA is the apex institution which drives Sri Lanka towards sustainability in renewable energy generation through usage of increasing indigenous sources and improving energy efficiency. SLSEA grants the provisional approval for projects to progress and issues energy permits for the project operations. We maintained the norms and conditions laid upon us during the year and carried out operations to the satisfaction and expectations of SLSEA. This, on our part and the co-operation on the part of SLSEA, strengthened our relationship during the year.

Our current plants and proposed plants are scattered in different Local Authority (LA) areas. The co-operation of LAs is absolutely required for smooth operations.

Vidullanka takes pride in announcing its ability to work with all Regulatory Authorities with a mutual understanding and in compliance with their terms and conditions to strengthen the relationship with them during the year. This enabled the Company to carry out project activities in a right perspective with minimal barriers.

As a responsible entity working with nature, the sustainability of our operations depends on how we treat nature. In this regard, the guidance received from the Central Environment Authority (CEA) is immense. We comply with CEA directives and standards on construction of our plants and adhere to the minimum level of environmental release tolerable in the operation of a project. Environmental release ensures the protection of fauna and flora in the surroundings and the provision of sufficient level of water flowing. Apart from complying with CEA directives the Company itself is concerned of the environment within which it operates. The Company has deployed consultants who make periodic site visits to ensure that the safety and compliance measures are well in place.

A Synopsis...

- Vidullanka believes in understanding and building a strong rapport with regulatory authorities and continue to maintain its long-standing relationship which spans many years.
- The Company continuously strives to adhere to compliance standards and guidelines set aside by regulatory authorities.

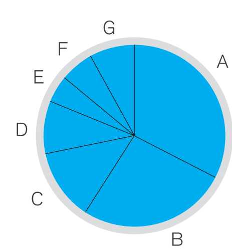
Society and Environment

Vidullanka contributes to the advancement of the society whilst also ensuring responsible decisions that reduce its negative impacts on the environment

'Vidu Saviya' - enhancing education levels in rural Sri Lanka

Reduction in Carbon Emissions

A	Bambarabatuoya MHPP	32%
B	Batathota MHPP	27%
C	Wembiyagoda MHPP	13%
D	Ganthuna MHPP	9%
E	Haloya MHPP	5%
F	Sheen MHPP	6%
G	Madugeta MHPP	8%



Conversion factor of 0.6302 has been used.

Social Sustainability

A business of any nature, of course legal and authorised, contributes to the advancement of the society. It improves socioeconomic and living conditions and quality of life of employees and their families in particular and community and society in general. This can be direct or indirect contribution. A society is always confronted with challenges and hindrances. In an emerging country like Sri Lanka one would come across a long list of challenges such as poverty, unemployment, social exclusion, inequity, malnutrition and health issues. Our Company through its mandated operations addresses some of them directly. But, we always walk an extra mile from our mandated operations to ensure that our own society is at beneficiaries' end.

All our power plants are located in rural environments. The rural society normally faces problems such as lack of infrastructure, lack of access to the nearest town centre, utilities and public service. From time to time, media highlights how school children, old and sick people are affected when they have to cross an inundated water flow to reach a school, medical care and to purchase daily provisions.

Vidullanka cannot afford to turn a blind eye to such realities in places where it operates. Contribution towards the well-being of the community takes great importance in our agenda. Among the community needs we focus, education takes pride of place. During the financial year under review, we undertook several projects beneficial to the rural community. Our involvement in societal well-being ranges from contributions to advancement of facilities for education, better access to communities, efficient communication and towards the creation of a greener and sustainable environment.

Erection of a power plant in a rural area always helps in lighting the nation with indigenous resources. It also contributes to the development of the area and to the improvement of the quality of life in the locality. The project leads to generating employment opportunities during, pre and post-project development phases.

A Synopsis...

- Rural societies normally face problems such as lack of infrastructure, lack of access to the nearest town centre, utilities and public services.
- Vidullanka's involvement in societal well-being ranges from contributions to advancement of facilities for education, better access to communities, efficient communication and towards the creation of a greener and sustainable environment.
- The Company carries out its futuristic project 'Vidu Saviya' with a view to enhance the level of education in rural Sri Lanka.
- Vidullanka contributes to the Clean Development Mechanism defined in Article 12 of the Kyoto Protocol.
- Vidullanka would adopt IFC Standards with regard to the social and environmental management during the construction phase of its first overseas project in Uganda.

The Company successfully carries out its futuristic project 'Vidu Saviya' with a view to enhance education level in rural Sri Lanka. The Company has been assisting schools around project areas and contributes constantly to the upliftment of their standards. Vidullanka works with schools around its projects in order to create a 'stronger society for the future'. We facilitate the creation of better education standards by assisting in the development of school infrastructure; provision of uniforms, books, computers and assist further in improving productivity by introducing and implementing various programmes such as 5S.

We also train teachers and students about sustainable living practices. We encourage schools to extend such knowledge to village groups and facilitate such groups to work with schools in developing a common agenda for village level improvement as well.

Our Interventions

Advancement in Education...

- Banagoda Primary School in Ratnapura is a school hidden away from the sight of the authorities. We decided to support the needs of the children at this school and provided it with a laboratory. The Company continues to assist the school with basic necessities to the school children every year.
- Sudagala Sri Rahula Maha Vidyalaya in Ratnapura was colour washed and provided with a new look in order to create a more conducive and pleasant environment for its students.
- The Company conducted several sessions on renewable energy at Happitiya Kanishta Vidyalaya in Galle in order to broaden student knowledge and enlighten them on sustainable living. These were conducted by a team of civil engineers of the Company.
- The Company provided a sound system to Ganthuna Udugama Vidyalaya to improve efficiency in internal communication to the students.

Better Access...

- Many socioeconomic issues are tied to lack of access in rural areas which leads to a community living in isolation. We eased access difficulties in Madugeta (Neluwa, Galle District) with the construction of a bridge. The Company developed several rural roads in project areas: Morakote Road and Pannama Road in Kuruwita, Warukandeniya Road in Neluwa and a road in Happitiya are among them.

Facilitating Fellow Entities...

- Vidullanka assisted the Divisional Secretariat of Hal Oya and the Pudaluoya Police Station with productivity improvement programmes. The Company also shared its awareness and experience with the CEB regional offices in Neluwa, Galle and Ratnapura on the implementation of the 5S programmes in their respective offices.

Greener Environment...

- The Company shows its gratitude to the environment by nurturing it. As a first step, the Company provided 8,000 native plant species (Hora, Kithul and Mahogany) to be planted in 7.2 hectares around the Gin Ganga region.
- Further, the plantation of 2,000 native plants was carried out in Dellawa proposed reserve and the Sinharaja forest reserve.

Environmental Sustainability

Vidullanka firmly believes that any business, any commercial activity or any intervention of mankind should be environmentally sustainable. Environmental sustainability is all about making responsible decisions that will reduce a business' negative impacts on the environment. It is not simply about reducing the amount of waste we produce or using less energy, but is concerned with developing processes that will lead to businesses becoming completely sustainable in the future.

Run-of-the-river hydropower projects have emerged as a viable, low-impact alternative to the large scale projects. Run-of-the-river facilities use conventional hydro power technology to produce electricity by diverting river flow through turbines that spin generators to produce the energy before returning water back to the river downstream. This type of project harnesses the natural potential energy of water, eliminating the need to burn coal or natural gas to generate the electricity needed by consumers and industry. Substantial flooding of the upper part of the river is not required for smaller-scale run-of-the-river projects as a large reservoir is not required. As a result, people living at or near the river do not need to be relocated and natural habitats and productive farmlands are not wiped out, which is a key reason why such projects are often referred to as environmentally friendly, or green power.

Vidullanka PLC places a major concern on the potential environmental impacts the power plant would place during the construction of the plant and its operations. The Company adheres to every environmental legal requirement to minimise the adverse effects on the plant.

During the feasibility phase, the Company carries out an Initial Environmental Impact Assessment (EIA), and if needed a further detailed EIA of the possible impacts that a proposed project may have on the environment, consisting of the environmental, social and economic aspects. Right from the beginning, a plant is designed to keep the disturbances low during the operation. The powerhouse is designed with the noise control system and the power house location is selected with the minimum plantation clearance in the area. Excavations are carried out adopting controlled blasting method to avoid negative environmental impacts and civil works are carried out while strictly monitoring the implementation of EIA.

Being an ethical corporate player in the industry of clean energy production, our Company contributes to the Clean Development Mechanism (CDM). The CDM, defined in Article 12 of the Kyoto Protocol, allows a country with an emission-reduction or emission-limitation commitment to implement an emission-reduction project in developing countries. CDM fulfils dual objectives as to assist developed and developing nations by fulfilling their commitments to reduce emissions and achieving sustainable development respectively.

Carbon Emission Reduction

Power Plant	Capacity	Annual Energy Generation	Carbon Emission Reduction (Tonnes)
Bambarabatuoya MHPP	3.2 MW	12.6 GWh	7,920
Batathota MHPP	2 MW	10.25 GWh	6,458
Wembiyagoda MHPP	1.3 MW	4.9 GWh	3,101
Ganthuna MHPP	1.3 MW	3.6 GWh	2,257
Haloya MHPP	800 kW	1.85 GWh	1,165
Sheen MHPP	560 kW	2.3 GWh	1,459
Madugeta MHPP	2.5 MW	3.07 GWh	1,938

Conversion factor of 0.6302 has been used.

Our power plants greatly play an active role in aiding the vision of achieving 20% electricity generation of the total demand from renewable energy sources by 2020 as spelt out in the 'Mahinda Chinthanaya'. We in turn assist Sri Lanka to be geared for a sustainable future. Vidullanka PLC generates clean electricity from renewable energy sources in stark contrast to power generated through fossil-based fuels which cause GHG emissions leading to global warming and other adverse environmental concerns.

Vidullanka does not have any significant level of water footprint as the plants divert the water flow back to the river, thus avoiding any adverse effects.

For the Uganda Project, Vidullanka would adopt IFC Standards during the construction phase of the power plant with regard to the social and environmental management. For the projects in Sri Lanka, the Company continues to uphold its commitment to place the environment before profits and engage with the stakeholder in such a manner.

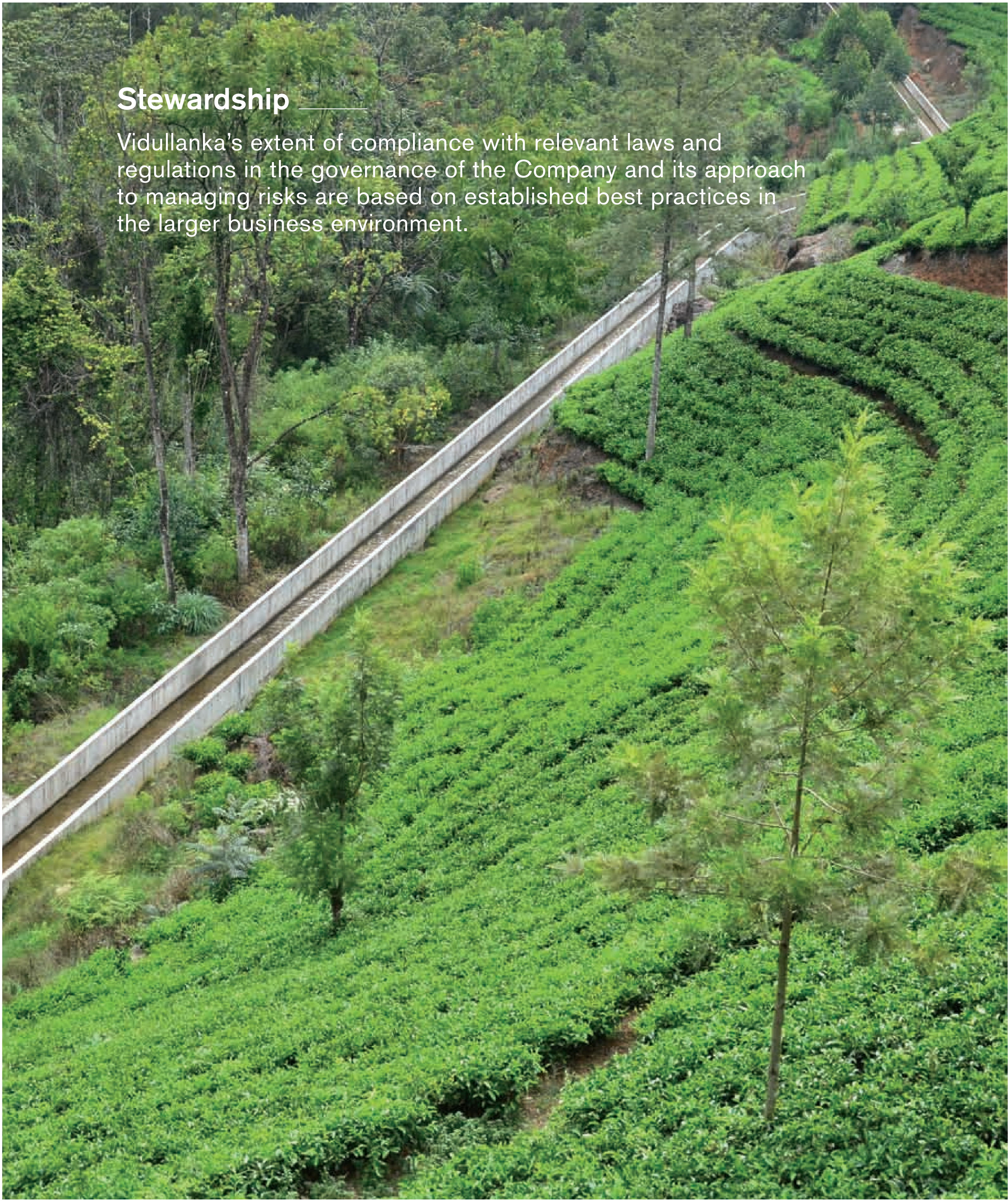
Sustainable/Green Building Initiatives in Projects

The employees of Ganthuna MHPP have constructed the meeting room with local and natural raw materials which are more environmental friendly and enable the management to carry out the meetings in a relaxed environment.

Every powerhouse is concerned about recycling and is involved in compost fertilizer production which will be used for the plantation (vegetable plots) in the power plants.

Stewardship

Vidullanka's extent of compliance with relevant laws and regulations in the governance of the Company and its approach to managing risks are based on established best practices in the larger business environment.



Board of Directors

Mr. Osman Kassim

Chairman

The Chairman of Vidullanka PLC, Mr. Osman Kassim is the founder Chairman of Expolanka Holdings PLC, a conglomerate that has diversified to be a leading player in a range of business sectors such as transportation, manufacturing, travel and leisure, international trade, with subsidiary companies in 14 countries. He is a pioneer entrepreneur in Agro Exports, Commodity Trading, Freight Management, Islamic Banking and Insurance in Sri Lanka and counts over 35 years of senior management experience.

Mr. Kassim is the visionary behind the Amãna Group of Companies and is Founder Chairman of Amãna Bank PLC and sits on the Board of Amãna Takaful PLC. He also serves in the Boards of several other companies both, locally and overseas. He is also renowned for his expertise in Islamic Banking and Financial Services and has participated in numerous international forums.

Further, Mr. Osman Kassim holds Directorships in Asia Pacific Institute of Information Lanka (Pvt) Ltd., Alhasan Foundation, Ilma Educational Foundation, Pak Kuwait Takaful (Pte) Ltd. - Singapore and Amãna Takaful Maldives Ltd.

Mr. Riyaz M. Sangani

Managing Director

Mr. Riyaz Sangani along with Mr. Ranjan Mather founded the Company in 1997. Mr. Riyaz Sangani serves on the Boards of several companies. He is a graduate from the University of Colombo and has also completed his MBA at the Postgraduate Institute of Management (PIM), University of Sri Jayawardenapura. He is a Fellow Member of the Chartered Institute of Management Accountants - UK. He also serves as the Vice-President of the Small Hydro Power Developers Association.

In addition to the companies in the Vidul Group, Mr. Riyaz Sangani holds Directorships in Lanka Equities (Pvt) Ltd., P.T.K. Enterprises (Pvt) Ltd., Diamond Cutters Ltd., Dynawash Ltd., Icon Brands (Pvt) Ltd., Trade First (Pvt) Ltd., GLK Trading (Pvt) Ltd., Autus Chemicals (Pvt) Ltd., Lakota Ventures Ltd., Diamond Cutters Sales (Pvt) Ltd., Alankara SKR (Pvt) Ltd. and Alankara Jewellery (Pvt) Ltd.

Mr. Shahid M. Sangani

Non-Executive Director

Mr. Shahid Sangani is the Managing Director of Lanka Equities (Pvt) Ltd., the Holding Company of the Lanka Equities Group. His experience in the apparel sector spans over two decades. He is also a Director of several companies including P.T.K. Enterprises (Pvt) Ltd., Dynawash Ltd., Trade First (Pvt) Ltd., GLK Trading (Pvt) Ltd., Colombo Medi Pharma (Pvt) Ltd., Lanka Thermo (Pvt) Ltd., Autus Chemicals (Pvt) Ltd., Lakota Ventures Ltd., Diamond Cutters Sales (Pvt) Ltd. and LEL Investments (Pvt) Ltd.

Mr. Shahid Sangani is an Attorney-at-Law of the Supreme Court of Sri Lanka. He serves the Board as a Non-Executive Director.

Mr. S. Ranjan Mather

Non-Executive Director

Mr. Ranjan Mather has been a Director of Vidullanka PLC from the inception and is the Chairman of all subsidiary companies of Vidullanka PLC. He is a Director of Chesa Swiss Restaurants (Pvt) Ltd.

Dr. A.A. Mohammed Haroon

Independent Non-Executive Director

Dr. Haroon is a medical practitioner by profession and is a reputed businessman. He holds the Chairmanship of several private companies including Vanguard Industries Ltd., Vanguard Trading Company (Pvt) Ltd., Lucky Industries Ltd., Master Apparels, Colombo Medilab (Pvt) Ltd., Lucky Property Developers (Pvt) Ltd., Amãna Takaful PLC and Amãna Bank PLC. His business experience encompasses different industries including Garments, Textiles Manufacturing and Exports, Health Care and Clinical Diagnostics. He serves the Board as an Independent Non-Executive Director.

Mr. M. Zulficar Ghouse

Independent Non-Executive Director

Mr. M. Zulficar Ghouse is the Executive Director of Expack Corrugated Cartons (Pvt) Ltd., a leading corrugated paper manufacturer. A Fellow Member of The Institute of Chartered Accountants of Sri Lanka and Certified Management Accountants of Sri Lanka, with more than 23 years experience in senior management positions both internationally and locally in multinational and listed companies. He currently holds Directorships in several companies including Norfolk Foods (Pvt) Ltd. and also served as the Chairman of Liberty Plaza Management Corporation from 2002 to 2010. He also serves as the Senior Vice-President of the International Chamber of Commerce - Sri Lanka and Hon. Treasurer of the National Chamber of Exporters of Sri Lanka.

He was a member of the Judging Panel for the Sri Lankan Entrepreneur in 2003 and 2004. He also served in the Panel of Judges for the Best Quality Software Award organised by British Computer Society from 2004-2014. He serves the Board as the Independent Non-Executive Director.

He holds Directorship in several entities of Vidul Group including Gurugoda Hydro (Pvt) Ltd., Vidul Madugeta (Pvt) Ltd., Muvumbe Hydro (U) Ltd. and Lower Kotmale Oya Hydro Power (Pvt) Ltd.

Dr. S. Senthilverl

Non-Executive Director

Dr. S. Senthilverl serves the Board as a Non-Executive Director. He holds Directorships in several entities including CT Land Development PLC, C.W. Mackie PLC, The Finance Company PLC, Nawaloka Hospitals PLC, Dollar Corporation, Hydro Power Free Lanka PLC, Orient Garments PLC, SMB Leasing PLC, Trillium Residencies Ltd., City Housing & Real Estate Co. PLC, TIS Educational Services (Pvt) Ltd. and Amãna Takaful PLC.

Mr. C.F. Fuhrer

Non-Executive Director

Mr. Christian Fuhrer serves the Board of Vidullanka PLC as a Non-Executive Director. He is also a Director of ChesaSwiss Restaurants (Pvt) Ltd.

Mrs. M.B.R.I. Sangani

Independent Non-Executive Director

Mrs. Roshini Sangani is the Managing Director of Alankara Jewellery (Pvt) Ltd. She is also a Director of several companies within Lanka Equities Group including LEL Investments (Pvt) Ltd., P.T.K. Enterprises (Pvt) Ltd., Lanka Equities (Pvt) Ltd., GLK Trading (Pvt) Ltd., Lanka Thermo (Pvt) Ltd., Autus Chemicals (Pvt) Ltd. and Lakota Ventures Ltd.

Mrs. Roshini Sangani is an Attorney-at-Law of the Supreme Court of Sri Lanka. She serves the Board as an Independent Non-Executive Director.

Mr. Sidath Fernando

Independent Non-Executive Director

Mr. Sidath Fernando is an entrepreneur with business interests in Manufacturing, Real Estate, Property Management and Information Communications Technology Sectors. Mr. Fernando is the principal shareholder and Chairman of V.D.P. Fernando & Co. Ltd. and has got extensive experience in the Real Estate and Property Development Sector. He holds the Directorship in Crystal Holding (Pvt) Ltd., Crystal Condominium (Pvt) Ltd. and Crystal Palace (Pvt) Ltd. He also served as a Director of the Sri Lanka Telecom, Director of Sky Network (Pvt) Ltd. and SLT Manpower Solution (Pvt) Ltd.

Mr. Fernando has more than 20 years of hands-on experience in business management, finance, manufacturing and marketing gained while managing his own Small and Medium Enterprises. He has served as a Committee Member of the Chamber of Young Entrepreneurs in Sri Lanka and also a Rotarian. He serves the Board as an Independent Non-Executive Director.

Mr. Sattar Kassim

Independent 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, with subsidiary companies in 14 countries. He is the Group Director of the International Trading Sector with more than 30 years of senior management experience in private sector organisations locally and overseas. He is a pioneer in the commodity trading business in Sri Lanka and is also actively involved in trading, import & export of agricultural products and also Executive Council Member of the Sri Lanka-Pakistan Business Council.

Mr. Sattar Kassim is the Chairman for more than 25 companies including Bio Extracts (Pvt) Ltd. and Expack Corrugated Cartons (Pvt) Ltd.

Mr. Sujendra Mather

Alternate Director

Mr. Sujendra Mather is Alternate Director to Mr. Ranjan Mather and Mr. C.F. Fuhrer. Mr. Sujendra Mather is currently a Director of York Street Partners (YSP), a specialist financial advisory firm based in Sri Lanka. In addition to this role at YSP, Mr. Sujendra Mather is also a Director with Argyle X (Pvt) Ltd., an analytically-driven sales and marketing outsourcing firm based in Sri Lanka. He also holds Directorship in several other companies including Chinese Dragon Café (Pvt) Ltd., Bhoruka Power Lanka (Pvt) Ltd., Nail Anatomy (Pvt) Ltd., Esna (Pvt) Ltd. and Ran Nivasa (Pvt) Ltd.

Prior to co-founding YSP and Argyle X, he has had 11 years of International Investment Banking and Corporate Finance experience working with Houlihan Lokey Howard & Zukin, John Keells Holdings PLC and Deloitte & Touche Corporate Finance.

Mr. Sujendra Mather has successfully managed and led several billion dollars of Mergers and Acquisitions, Fund Raising, Restructuring and Strategic Advisory Transactions in the North America and Asia Pacific region across the Consumer, Real Estate, Hospitality, Infrastructure, Technology, Mining and Financial Services sectors. He has acted both as a key strategic advisor to CEOs and entrepreneurs as well as a principal investor throughout his career.

Mr. Sujendra Mather received a BA in Economics - Mathematics from Claremont McKenna College in California, USA. He represented Sri Lanka and university in swimming for a period of seven years, winning many awards at university and international competitions including the South Asian Federation Games. He was Captain of the Sri Lankan National Swimming Team and currently serves as a member of the Selection Committee.

Corporate Governance

Vidullanka considers corporate governance of massive importance in every aspect of business. Accordingly, the Company has set its policies and procedures developing the culture of accountability and transparency in dealing with responsibility and drive the organisation to the right direction.

In Vidullanka PLC, corporate governance means increasing the stakeholders' value by being efficient and professional to the organisation, transparent and accountable to the shareholders and responsible to the society and the environment.

Role and Composition of the Board

The Board of Directors is committed to endorse the organisation's strategy, develop strategic directions and policies, appoint and supervise senior management personnel and to ensure accountability of the organisation to its shareholders and regulatory authorities. Both Executive and Non-Executive Directors have fiduciary and statutory liability towards the stakeholders of the Company.

At the end of the financial year 2013/14, the Board of Directors of the Company has 12 members and chaired by Mr. Osman Kassim. It comprises of a Chairman, a Managing Director, four Non-Executive Directors, five Independent Non-Executive Directors and an Alternative Director. The corporate governance best practice necessitates the balanced appointment Executive and Non-Executive Directors to prevent the dominance of executives in the decision-makings. In the Company's Board, Managing Director acts as the sole Executive Director.

Non-Executive Directors maintain the degree of objectivity to the Board's deliberations and play a valuable role in monitoring management decisions. Non-Executive Directors bring independence, impartiality, wide calibre of experience and expert knowledge into the Company. All Directors make a formal declaration of all their interests on annual basis and the Board comprises of five Independent Non-Executive Directors in compliance with Corporate Governance Best Practice Rule 7.10.4 of continuing listing requirement of Colombo Stock Exchange (CSE). The Company has separated the positions of the Chairman and Managing Director as a step forward to adhere to the good corporate governance practices.

The Company's Board meetings and subcommittee meetings were appropriately attended by the Board members demonstrating the Board members' commitment towards the Company to create value for shareholders, to lead the Company, to approve the Group's strategic objectives, and to ensure the availability of resources for the business operation.

Board Committees

Vidullanka PLC has three subcommittees namely Audit Committee, Remuneration Committee and Investment and Strategy Committee. Committee formed with various objectives and responsibilities and in compliance with the CSE continuing listing requirements. These Committees have specific policies to be adopted in addition to the policies set by the Board of Directors as a whole.

Audit Committee

The Audit Committee supports the Board in fulfilling its responsibilities in respect of overseeing Company's financial reporting processes in accordance with SLAS and SLFRS, the way in which management ensures and monitors the adequacy of financial and compliance controls and business risk management processes to comply the Sri Lanka Auditing Standards, the appointment, remuneration, independence and performance of the Company's External Auditors and the independence and performance of audit.

The Audit Committee assisted the Board in ensuring the integrity of the financial statements and related disclosures. It reviewed the quarterly financial results announcements, reported the outcome of its reviews and made recommendations to the Board based on these reviews. The Committee also reviewed the processes to assure the integrity of the Annual Report and Accounts, in particular -

- That the information presented in the Report, when taken as a whole, is fair, balanced and understandable and contains the information necessary for shareholders to assess the Company's performance, business model and strategy.
- The effectiveness of the disclosure controls and procedures designed to ensure the Annual Report and accounts comply with all relevant legal and regulatory requirements.

Remuneration Committee

The Remuneration Committee recommends the remuneration payable to the Executive Directors of the Company, to the Board of Directors which will make the final determination upon consideration of such recommendations and the performance of the top management. The Remuneration Committee's report is included in the Board committees section in the Annual Report.

Investment and Strategy Committee

The Committee focuses on effectively managing the investment portfolio of the Group through formulating strategies for the expansion of the Company and monitoring performance of the management to ensure the maximisation of shareholder wealth. The Committee directs its recommendations to the Board that the ultimate decisions will be taken by the Board.

Compliance Control

Vidullanka PLC encourages regular self-assessment against policies and key controls as part of its corporate culture. Policies related to rights and privileges of personnel, whistle blowing and information and IT security are clearly formed and implemented to the staffs at all levels.

The Company recruitment policies cover the fairness, integrity, standards of business conduct and environmental responsibility and the labour practices are continuously monitored and benchmarked against the standards.

Compliance with National Laws and Regulations

Vidullanka operates in the industry where there are numerous kinds of compliance requirements with national laws and regulations to adhere. The changes in legal environment bring opportunities and threats to the organisation and management is committed to comply with them to keep the compliance risk to the minimum.

Vidullanka places a higher degree of concern in fulfilling these set laws and regulations to demonstrate its role as a responsible corporate citizen. In the Company, the applicable national laws and regulations are examined and classified for different divisions so these laws and regulation requirements will be better addressed. In addition, the Audit Committee is committed to discuss and assess the changes in regulatory environment to ensure the compliance with the laws and regulations.

Risk Review and Management

Risk management is an important part of the business process. The Committee considers that Vidullanka's processes in this area provide the necessary controls to prevent inappropriate risk taking. The risks, the Company exposed to be managed by appropriate risk management process involving risk identification, assessing the identified risks, developing and implementing risk response strategies and internal control and review of risk management process.

The risks are managed department-wise where each department maintains its own check list of risk triggers and the better management of risks is ensured by the heads of departments. The ultimate responsibility of the risk review and management lies with the Audit Committee which ensures the measures taken for risk management are effective. When reviewing the remuneration structures, the Remuneration Committee considers whether any aspect of these might encourage behaviours that are incompatible with our Company's values and the long-term interest of the shareholders.

The Company continuously monitors the potential havocs that could arise throughout the Company operation and communicates with the related employees regarding the risk procedures. The Company also conducts training sessions to the staffs aiming to increase the awareness of the key principles of risk management, internal controls and corporate governance.

Attendance of Board and Board Committee meetings

Name of the Director	Directorship Status	Board Meetings	Audit Committee Meetings	Investment & Strategy Committee Meetings	Remuneration Committee Meetings
Mr. Osman Kassim	Chairman	5/5		1/2	
Mr. Riyaz Sangani	Managing Director	5/5		2/2	
Mr. Shahid M. Sangani	Non-Executive Director	5/5	5/5		
Mr. S. Ranjan Mather	Non-Executive Director	5/5		2/2	3/3
Dr. A.A. Mohammed Haroon	Independent Non-Executive Director	3/5		2/2	
Mr. M. Zulficar Ghouse	Independent Non-Executive Director	5/5	5/5	2/2	3/3
Dr. S. Senthilverl	Non-Executive Director	4/5			
Mr. C.F. Fuhrer	Non-Executive Director	3/5			
Mrs. M.B.R.I. Sangani	Independent Non-Executive Director	4/5			
Mr. Sidath Fernando	Independent Non-Executive Director	3/5	3/5		
Mr. Sattar Kassim	Independent Non-Executive Director	5/5			2/3

Corporate Governance Compliance Table

Rule	Requirement	Compliance	Explanatory Notes
7.10.1 (a) Non-Executive Directors	At least 1/3 of the total number of Directors should be Non-Executive Directors	Yes	Report on Corporate Governance on page 44.
7.10.2 (b) Independent Directors	2 or 1/3 of Non-Executive Directors, whichever is higher should be independent	Yes	Report on Corporate Governance on page 44.
7.10.2 (b) Independent Directors	Each Non-Executive Director should submit a declaration of independence or non-independence	Yes	Profile of Board of Directors on page 41.
7.10.3 (a) Disclosures regarding Directors	The Board shall make a determination annually as to 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 53.
7.10.3 (b) Disclosures regarding Directors	In the event a Director does not qualify as independent, but the Board is of the view that the particular Director is nevertheless independent, 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 53.
7.10.3 (c) Disclosures regarding Directors	A brief résumé of each Director should be included in the Annual Report	Yes	Refer Profile of Board of Directors on page 41.

Rule	Requirement	Compliance	Explanatory Notes
7.10.3 (d) Disclosure regarding Directors	Upon appointment of a new Director to the Board, a brief résumé of each Director should be provided to the CSE.	N/A	No new Directors appointed during the year.
Remuneration Committee			
7.10.5 Remuneration Committee	A listed Company shall have a Remuneration Committee	Yes	Report of Remuneration Committee is given on page 57.
7.10.5 (a) Composition of Remuneration Committee	Shall comprise Non-Executive Directors majority of whom shall be independent	Yes	Report of Remuneration Committee is given on page 57.
7.10.5 (b) Report of Remuneration Committee	The Remuneration Committee shall recommend the remuneration of CEO and the Executive Directors	Yes	Report of Remuneration Committee is given on page 57.
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 to Executive and Non-Executive Directors	Yes	Remuneration Committee report given on page 57 presents the name of the Directors comprising the Committee and the remuneration policy. Aggregate salary to the Directors indicated in the notes to the financial Statements on Section 27.2 on page 98.
Audit Committee			
7.10.6 Audit Committee	The Company shall have an Audit Committee	Yes	Report of Audit Committee on page 56.
7.10.6 (a) Composition of the Audit Committee	Shall comprise Non-Executive Directors, a majority of whom can be independent	Yes	Report of Audit Committee on page 56.
	The CEO and the CFO should attend Audit Committee meetings	Yes	Report of Audit Committee on page 56.
	The Chairman of the Audit Committee or one member should be a member of a professional accountancy body	Yes	The Chairman of the Audit Committee is a Fellow Member of CA Sri Lanka.

Rule	Requirement	Compliance	Explanatory Notes
7.10.6 (b) Functions of the Committee	Overseeing of the preparation, presentation and adequacy of disclosure in the financial statements, in accordance with Sri Lanka Accounting Standards (SLFRS & LKAS).	Yes	Report of Audit Committee on page 56.
	Compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements	Yes	Report of Audit Committee on page 56.
	Processes to ensure that the internal controls and risk management are adequate, to meet the requirement of the Sri Lanka Financial Reporting Standards	Yes	Report of Audit Committee on page 56.
	Assessment of the independence and performance of the External Auditors	Yes	Report of Audit Committee on page 56.
	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	Report of Audit Committee on page 56.
7.10.6 (c) Disclosure in the Annual Report relating to the Audit Committee	Name of the Directors comprising the Audit Committee	Yes	Report of Audit Committee on page 56.
	The Audit Committee shall make a determination of the independence of the Auditors and disclose the basis for such determination	Yes	Report of Audit Committee on page 56.
	The Annual Report shall contain a Report of the Audit Committee setting out the manner of compliance of the functions.	Yes	Report of Audit Committee on page 56.

Risk Management

The Sri Lanka Renewable Energy Industry operates with a unique business risk which most of the other industries do not face. The risk of adverse weather pattern is an inherent risk for all the mini hydro, wind, solar and Biomass-based energy generation projects.

Despite the technological advancement, the present energy industry is equipped with the weather pattern remains highly unpredictable in Sri Lanka. Along with this, the industry is prone to other risks which are common to any other industries.

In this emergent business environment, our Company adopts a prudent approach to manage the risks and challenges it gets exposed, to safeguard and maximise our shareholders' wealth and maintain our stakeholders' satisfaction at optimal level. Because of the inherent nature of the business, our Company is exposed to multi-dimensional risks driven by various industry and macro-environment factors.

Our Company believes in the involvement of employees from top management to operational cluster in managing the risks of varying degree in terms of their impact and frequency. The Company's risk management process involves identifying the present and potential risks, conducting risk analysis, implementing strategies to eliminate or reduce the risks and developing a proper mechanism for the early recognition of potential risks.

The common risks our Company faces range from financial market activities, project failures from the approval phase to production and sustainment, litigation, credit risks, social risk and accidents and natural disaster. But the degree of the risk exposure may vary according to the threat, the nature of the asset and the asset's vulnerability to risk.

The strategies the Company adopts to manage the risks involve reduction of the risk occurrence possibility and reducing the impacts of such risks through proper mitigation measures, avoidance of the risks without providing any possibility to occur and transfer or sharing of risks through external arrangements like insurance considering the frequency of occurrence and costs to be incurred. Risk communication is an important strategy adopted by the Company to efficiently manage the risks exposed. It is an integral and ongoing part of the Company's risk management which ensures that risks of the Company, their significance and outcomes are clearly understood by the stakeholders.

The Company's Audit Committee places a significant degree of concern on the risk management and reports to Board regarding possible enhancements to the risk management process and recommendations on risk management strategy. The Company also places major concern on risk control methods addressing the indirect losses such as crisis management, business continuity planning and contingency planning. The Company adopts contemporaneous and prospective methods in risk financing considering the severity of the risks.

Risk Management Process

Identify
- Identify the risks
- Identify how the risks evolve through organisation

Assess
- Assess possible impact and likelihood of occurrence using consistent parameters

Develop
- Establish the risk appetite
- Develop the risk response strategy by the line managers
- Strategies include risk retention, avoidance, reduction and transfer

Implement
- Implement the selected strategies
- Allocate responsibilities and communicate to those responsible for implementation

Control
- Implementation of new controls and the modification of existing controls
- Monitor the effectiveness of the strategies

Review
- Continuously reviewing and developing the risk management process
- Providing information for decision-making

The Following Risks are Identified Pertinent Business and the Mitigation Strategies Adopted

Type of Risks	Description	Mitigation Strategy	Compliance	System Maintenance	Annual Control Review
Economic Risk	The likelihood that an investment will be affected by macro-economic conditions including Government regulations, exchange rates and political stability	The Company carries out periodical in depth macro-economic analysis and economic feasibility prior to project investments	Yes	Adopted	Yes
Operational Risk	Risk incurred by an organisation's internal activities. The risk of loss resulting from inadequate internal processes, people and systems, or from external events. The risks associated with errors or events in transaction processing or other business operations	The compatibility of internal control mechanism is audited and assured by the Internal Auditors	Yes	Adopted	Yes
Credit Risk	Risk of loss of principal or loss of financial reward stemming from a borrower's failure to repay a loan or to meet a contractual obligation	As Vidullanka PLC's sole customer is CEB, a state entity and the transactions are done under Standardised Power Purchase Agreements. The Group carries out business transactions under formal contracts	Yes	Adopted	Yes
Financial Risk	Risk of losing shareholders' wealth as a result of Company's incompetence to match the liquidity and financial obligation	The Company closely monitors changes in the macroeconomic variables, weather patterns and the investment commitments to better manage liquidity as well as financial obligations of the Company. Company uses both short-term and long-term debt financing wherever appropriate. The Audit committee periodically reviews the Group loan positions as well as the contingent liabilities.	Yes	Adopted	Yes
Environmental Risk	Risk of imposing actual and potential threats of adverse impacts on environment and inhabitants effluents and resource depletion arising from organisation's activities	The Company employs environmental consultants internally and external consultants advices also sought in times of need and carries out extensive initial environment report before the initiation of projects and conducts Environmental Impact Analysis for the projects. The Company also adopts IFAC standards for the studies of overseas projects	Yes	Adopted	Yes

Type of Risks	Description	Mitigation Strategy	Compliance	System Maintenance	Annual Control Review
Public Relations Risk	Adverse impact of business on the society and unfavourable response from the public	Conducting stakeholder meetings to identify the social opposition and concern prior project initiation. The engineering department and the site crew are engaged in continuous monitoring and implementation of mitigation measures	Yes	Adopted	Yes
Fraud Risk	Sub optimal usage of Company assets, fraudulent statements and corruption	Company adopts the internal control mechanisms to optimise the utilisation of assets	Yes	Adopted	Yes
Information Risk	Risk of non-public or confidential information could be accessed and exploited by unauthorised parties	The access to sensitive and confidential information is limited only to authorised people IT infrastructure is embedded with required software applications. The Company has placed firewall controls that enables IT administration to provide efficient corporate solutions to deal with the usage of wasteful and dangerous applications to increase network and user productivity. IT audits are done as a part of the external audit	Yes	Adopted	Yes
Regulatory and Legal Risk	Risk of change in laws and regulations with material impact on business in costs of operating and attractiveness of investment	The Company adopts proactive approach on possible changes in laws and regulations. Company believes in voluntary compliance of regulations set by regulatory bodies	Yes	Adopted	Yes

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

The Directors are pleased to submit their Report together with the Auditor's Report and financial statements for the year ended 31 March 2014, to be presented at the 18th Annual General Meeting of the Company.

Review of the Year

Principal Activity of the Company/Core Activity

The principal activities of the Company are to produce electrical energy and transmit to feed the national grid.

Principal Activity of the Subsidiaries

The principal activity of Vidul Engineering Ltd. is the provision of construction and engineering services related to hydro power plants and related hydraulic structures.

The principal activity of Walagamba Balashakthi (Pvt) Ltd. is to produce electrical energy and transmit to feed the national grid from its Wembiyagoda mini hydro power plant in Kalawana, Ratnapura.

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 Rideepana mini hydro power plant is under construction and expected to be grid connected by FY 2014/15.

Principal Activity of the 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 activities of Co-Energi (Pvt) Ltd. is to provide Energy Efficiency Consultancy to Construction and Industrial Companies, to import and sell Innovative Energy Efficiency products to the local market.

The principal activity of Udaka Energy Group (Pvt) Ltd. is to produce electrical energy and transmit to feed the national grid from its Haloya mini hydro power plant in Welimada, Badulla.

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 Lower Kothmale Oya Hydro Power (Pvt) Ltd. is to produce electrical energy and transmit to feed the national grid from its Lower Kothmale Oya mini hydro power plant in Kothmale, Nuwara-Eliya. The plant is under construction and is expected to commission in 1st quarter of financial year 2014/15.

Financial Statements

The financial statements prepared in compliance with the requirements of Section 151 of the Companies Act No. 07 of 2007 are given on page 62 in this Annual Report.

Independent Auditor's Report

The Auditor's Report on the financial statements is given on page 61 in this Report.

Accounting Policies

The accounting policies adopted in preparation of the financial statements are given on page 68 There were no changes in accounting policies adopted by the Company during the year under review.

Financial Results/Profit and Appropriations

The Group made a profit of Rs. 166,648,748/- of which Rs. 163,711,600/- is attributable to equity shareholders. During the year under review, the Company paid and interim dividend of Rs. 0.075 per share amounting Rs. 35,795,189.45.

Property, Plant & Equipment

During the year under review the Group invested a sum of Rs. 696,377,465/- (2013 - 455,573,461/-) in Property, Plant & Equipment of which Rs. 358,358,866/- (2013 - Rs. 267,674,361/-) is in Plant & Machinery, Rs. 1,476,116/- (2013 - Rs. 982,394/-) in Computer and other equipment, Rs. 1,343,026/- (2013 - Rs. 722,701/-) is in Furniture and Fixtures, Rs. 637,290/- (2013 - Rs. 234,905/-) is in Office Equipments, Rs. 25,236,367/- (2013 - Rs. 1,343,530/-) is in Motor Vehicles, Rs. 1,400,358/- (2013 - Rs. 11,789,912/-) is in Freehold Land and Rs. 307,925,441/- (2013 - Rs. 172,915,658/-) in Power plants Work-in-Progress.

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

Market Value of Freehold Land

There was no freehold land classified as investment properties.

Investments

Details of long-term investments held by the Group are given in Note 5 to the financial statements on page 82.

Directors' Responsibilities

The Statement of the Directors' Responsibilities is given on page 58 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 is given on page 44.

Dividend

The Company paid an interim dividend of Rs. 0.075 per Share during the financial year.

Reserves

The Reserves and Accumulated Profits as at 31 March 2014 amount to Rs. 357,207,111/- vs Rs. 253,155,715/- as at 31 March 2013. The breakup and the movement are shown in the Statement of Changes in Equity in the financial statements.

Stated Capital

As per the terms of the Companies Act No. 07 of 2007, the stated capital of the Company was Rs. 829,258,508/-.

Post-Balance Sheet Events

There have been no material events occurring after the balance sheet date that require adjustments to or disclosure in the financial statements.

Statutory Payments

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

Interests Register

Details of the transactions with Director-related entities are disclosed in Note 27 to the financial statements on page 98, and have been declared at the Board meeting, pursuant to Section 192 (2) of the Companies Act No. 07 of 2007.

Board Committees

Audit Committee

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

Mr. M. Zulficar Ghouse - Chairman

Mr. Shahid M. Sangani - Member

Mr. S.S.V. Fernando - Member

The report of the Audit Committee on page 56 set out the manner of compliance with the Company in accordance with the requirements of the Rule 7.10.6 of the Rules of the Colombo Stock Exchange on Corporate Governance.

Remuneration Committee

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

Mr. Sattar Kassim - Chairman

Mr. Ranjan Mather - Member

Mr. M. Zulficar Ghouse - Member

The report of the Remuneration Committee on page 57 contain a Statement of the Remuneration Policy. The details of the aggregate remuneration paid to the Executive and Non-Executive Directors during the financial year are given in Note 27.2 on page 98 to the financial statements.

Investment and Strategy Committee

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

Mr. Osman Kassim - Chairman
Dr. Haroon Admani - Member
Mr. Ranjan Mather - Member
Mr. M. Zulficar Ghouse - Member
Mr. Riyaz M. Sangani - Member

The Report of Investment and Strategy Committee on the strategic direction and the investment policy is given on page 57.

Investor Information and Shareholdings

The investor information are given on page 104.

Major Shareholders

Details of twenty largest shareholders of the Company and percentage held by each of them are disclosed in page 106.

Directors

The Directors of the Company as at 31 March 2014 and their brief profiles are given on page 41 in this Report.

The following Directors retire by rotation and being eligible had offered themselves for re-election:

Mr. Shahid M. Sangani
Mr. M. Zulficar Ghouse
Mrs. B.R.I. Sangani
Mr. S.S.V. Fernando
Mr. Sattar Kassim

Directors' Shareholding

The interest of the Directors in the shares of the Company as at 31 March 2013/14 were as follows:

	No. of Ordinary Shares	
	As at 31.03.2014	As at 31.03.2013
Mr. Osman Kassim	–	–
Mr. Riyaz M. Sangani	18,426,804	16,232,850
Mr. Shahid M. Sangani	2,015,573	513,583
Mr. Ranjan Mather	2,000,000	1,739,288
Dr. Haroon Admani	–	–
Mr. M. Zulficar Ghouse	–	–
Dr. T. Senthilverl	135,090,366	122,865,891
Mrs. B. R. I. Sangani	6,764,657	6,864,657
Mr. C. F. Fuhrer	–	–
Mr. S. S. V. Fernando	11,000,000	11,000,000
Mr. Sattar Kassim	–	–
Mr. Sujendra Mather (Alternate Director for Mr. S.R. Mather & Mr. C.F. Fuhrer)	–	–

Auditors

The resolutions to appoint the present Auditors, Messrs Ernst & Young Chartered Accountant, who have 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 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 Bougainvillea Ballroom, Galadari Hotel, Colombo 1 on 25 June 2014 at 4.00 pm.

The Notice of the Annual General Meeting appears on page 108.

For and on behalf of the Board,

Osman Kassim
Chairman

Riyaz M. Sangani
Managing Director

Managers & Secretaries (Pvt) Ltd.
Secretaries

Vidullanka PLC
30 May 2014
Colombo

Board Committees

As a measure towards complying with the Colombo Stock Exchange (CSE) continuing listing requirements 7.10.5 & 7.10.6, Vidullanka Board has delegated its responsibilities to the sub-committees to ensure the practice of good corporate governance. In accordance, the Reports by the respective Board committees are presented below:

Audit Committee

Dear Shareholder,

During the financial year 2013/14, the Audit Committee has deepened its focus on the effectiveness of internal controls, compliance, assurance and internal audit functions of Messrs Baker Tilly Merali's Chartered Accountants, and the work undertaken and the challenges provided by our Company Auditors Messrs Ernst & Young, Chartered Accountants.

The Committee has taken detailed note of the latest developments in Corporate Governance Code recommendations. We have always strived to achieve the aims of the Code and the best practice recommendations of other corporate governance bodies. The Committee mainly focuses on overseeing of the preparation, presentation and adequacy of disclosures in the financial statements of the Company in accordance with SLFRS, monitoring the compliance with financial reporting requirements, information requirements of the Companies Act and other related reporting standards and ensuring that the Entity's internal controls and risk management, are adequate, to meet the requirements of the Sri Lanka Auditing Standards. Internal audit focused on consistency in management supervision and success of audits, and in case of any identified issues, the internal audit sought for the root causes.

The Audit Committee has considered management's responses and the action plans developed to address the issues identified by the internal audit. The Committee has been encouraged by the rigor of the approach taken by management when issues are identified and have challenged the proposed solutions to ensure that they are both strategic and sustainable. We have considered the quality of the financial disclosures and the status of the Company's internal controls.

We are also in charge to make recommendations to the Board pertaining to appointment, reappointment and removal of External Auditors and to approve the remuneration and terms of engagement of the External Auditors. In carrying out its work the Committee has focused on the thoroughness by which the Group's standards are implemented and embedded and has sought, and been provided with, evidence of their effectiveness.

The Committee engaged in the following activities during the financial year:

- Introduced the new cost control mechanisms to be adopted in the Company
- Overviewed status of the financial audit
- Reviewed and discussed the financial performance for the financial year
- Reviewed and discussed the potential business contracts, new design contracts and status of the existing projects the Committee and five meetings during the financial year.

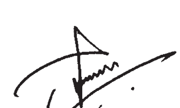
The Committee has scrutinised and advised on financial governance issues. The qualifications and expertise of our Committee members have been competent to meet the requirements set out in the Committee's terms of reference. We have a mix of individuals, expertise and qualifications relevant to the maturity of the Committee and to the nature of our Company.

During the year under review the Audit Committee comprised of the following Non-Executive Directors:

Mr. M. Zulficar Ghouse
Mr. S.S.V. Fernando
Mr. Shahid M. Sangani

The Managing Director and the Senior Management team attended the meeting by invitation.

I confirm that over the course of the year the information that the Committee has received has been balanced, appropriate and timely and has enabled the Committee to fulfil its responsibilities and duties.



M. Zulficar Ghouse
Chairman
Audit Committee
30 May 2014

Remuneration Committee

Dear Shareholder,

The Remuneration Committee, together with input from the Board, has continued to focus on ensuring that the Company's policies remain aligned to best practice and competitive with our peers. Whilst being sensitive to the broader issues surrounding executive compensation and, in addition, in meeting the specific requirements of regulators' guidelines, we take an equitable approach on remuneration.

The Remuneration Committee for the financial year consists of the following Non-Executive Directors:

Mr. Sattar Kassim
Mr. Ranjan Mather
Mr. M. Zulficar Ghouse

The Committee is responsible for evaluating and recommending compensation arrangements for the Directors, Managing Director and other Key Management Personnel. We focus on assessing the appropriateness of the nature and the amount of remuneration of Key Management Personnel on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximising shareholders' benefit from the retention of a high quality Board and management team.

During the financial year, the Committee determined targets for performance related pay schemes and incentives for the employees and decided on the promotions and appointments. The Committee also focuses on determination of the policy and scope of gratuity arrangement for the Executive Directors and ensuring the contractual terms on termination and payments are fair.

The Committee had three meetings during the year.

The remuneration policy of the Company is set to retain and motivate the competent professionals to achieve the strategic goals of the organisation. The Committee along with the Board of Directors has structured the remuneration package which is attractive and flexible enough to accommodate differing experience levels of employees. The policy ensures that the rewards are competitive in motivating, attracting and retaining executive talents to deliver continued and sustainable growth in total shareholder return.

Sattar Kassim
Chairman
Remuneration Committee
30 May 2014

Investment and Strategy Committee

Dear Shareholder,

The Investment and Strategy Committee acts towards reviewing and approving policies and guidelines governing the Company's investment portfolio periodically and monitor compliance of those policies. The Committee also considers reviewing and approving periodically any investment benchmarks or other measurement devices employed by the Company to monitor the performance of its investment portfolio.

We play the major role in effectively managing the asset portfolio of the Company, formulating long-term strategy for the sustainment and expansion of the Company and monitoring performance management in relation to the established targets in order to enhance shareholder wealth.

During the current financial year, the Committee comprises of four Non-Executive Directors, namely:

Mr. Osman Kassim
Dr. Haroon Admani
Mr. Ranjan Mather
Mr. M. Zulficar Ghouse

and Mr. Riyaz M. Sangani, Managing Director of Vidullanka PLC.

In the year 2013/14, the Committee made decisions and recommendations on:

- Compatibility of right issue to raise additional capital in the current business environment
- Possible future projects
- Revision of the business proposals on joint ventures, acquisition and conglomerates
- Decisions on assets revaluation

The Committee had two meetings during the year under review.

Osman Kassim
Chairman
Investment and Strategy Committee
30 May 2014

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,

Managers & Secretaries (Pvt) Ltd.
Secretaries

Vidullanka PLC
30 May 2014

FINANCIAL REPORTS

Independent Auditor's Report

Building a better working world

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

Tel : +94 11 2463500
Fax Gen : +94 11 2697369
Tax : +94 11 5578180
eysl@lk.ey.com
ey.com

BW/WDRT/KAS

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF VIDULLANKA PLC AND ITS SUBSIDIARIES

Report on the Financial Statements

We have audited the accompanying financial statements of Vidullanka PLC ("Company"), the consolidated financial statements of the Company and its subsidiaries (Group), which comprise the Statements of Financial Position as at 31 March 2014, and the Statements of Comprehensive Income, Statements of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory notes set out on pages 62 to 102 of the annual report.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Scope of Audit and Basis of Opinion

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended 31 March 2014 and the financial statements give a true and fair view of the Company's Financial Position as at 31 March 2014 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

In our opinion, the consolidated financial statements give a true and fair view of the Financial Position as at 31 March 2014 and the financial performance and cash flows for the year then ended, in accordance with Sri Lanka Accounting Standards, of the Company and its subsidiaries dealt with thereby, so far as concerns the shareholders of the Company.

Report on Other Legal and Regulatory Requirements

In our opinion, these financial statements also comply with the requirements of Sections 151(2) and 153(2) to 153(7) of the Companies Act No. 07 of 2007.

Ernst & Young

30 May 2014
Colombo

Statement of Financial Position

As at 31 March	Note	Group 2014 Rs.	Group 2013 Rs. (Restated*)	Group 2012 Rs. (Restated*)	Company 2014 Rs.	Company 2013 Rs. (Restated*)	Company 2012 Rs. (Restated*)
ASSETS							
Non-Current Assets							
Property, Plant & Equipment	4	1,562,736,277	1,089,002,416	667,083,993	554,012,685	513,922,862	531,167,639
Investments in Subsidiaries and Joint Ventures	5.1	–	–	–	356,877,584	244,923,350	82,408,177
Other Project Investments	6	125,271,631	94,583,714	171,057,307	125,271,631	94,583,714	171,057,307
Deferred Tax Asset		–	–	1,397,634	–	–	1,397,634
Goodwill		101,375,964	56,501,963	6,687,411	–	–	–
		1,789,383,872	1,240,088,093	846,226,345	1,036,161,900	853,429,926	786,030,757
Current Assets							
Inventories		483,861	704,403	864,780	–	–	–
Trade and Other Receivables	7	272,705,034	174,622,249	89,827,523	343,886,119	336,701,410	145,097,750
Other Financial Assets	5.2	16,978,492	65,047,893	150,299,505	16,978,492	65,047,893	150,299,505
Cash and Bank Balances	21	14,159,060	39,890,252	8,796,273	3,109,222	20,477,270	4,894,088
		304,326,447	280,264,797	249,788,081	363,973,833	422,226,573	300,291,343
Total Assets		2,093,710,319	1,520,352,890	1,096,014,426	1,400,135,733	1,275,656,499	1,086,322,100
EQUITY AND LIABILITIES							
Capital and Reserves							
Stated Capital	8	829,258,508	829,258,508	673,887,932	829,258,508	829,258,508	673,887,932
Treasury Shares	9	(42,592,171)	(46,618,722)	(47,996,365)	–	–	–
Retained Earnings		357,207,111	253,155,715	184,778,753	285,544,525	239,979,276	183,033,371
Equity Attributable to Equity Holders of the Parent		1,143,873,448	1,035,795,501	810,670,320	1,114,803,033	1,069,237,784	856,921,303
Non-Controlling Interest		2,903,779	1,362,852	(1,382,615)	–	–	–
Total Equity		1,146,777,227	1,037,158,353	809,287,705	1,114,803,033	1,069,237,784	856,921,303
Non-Current Liabilities							
Interest-Bearing Loans and Borrowings	10	639,293,388	294,210,005	196,045,562	166,664,333	126,492,123	169,501,708
Defined Benefit Liability	13	12,998,476	10,249,770	8,643,188	9,243,863	7,792,153	6,547,585
Deferred Taxation	11.2	4,847,689	2,023,784	–	4,847,689	2,023,784	–
		657,139,553	306,483,559	204,688,750	180,755,885	136,308,060	176,049,293

As at 31 March	Note	Group 2014 Rs.	Group 2013 Rs. (Restated*)	Group 2012 Rs. (Restated*)	Company 2014 Rs.	Company 2013 Rs. (Restated*)	Company 2012 Rs. (Restated*)
Current Liabilities							
Trade and Other Payables	12	161,543,011	101,561,646	35,093,982	33,433,067	12,730,823	11,982,379
Interest-Bearing Loans and Borrowings	10	120,820,533	56,553,031	46,285,550	65,457,962	42,617,308	40,889,737
Income Tax Liabilities		7,429,995	18,596,301	658,439	5,685,786	14,762,524	479,388
		289,793,539	176,710,978	82,037,971	104,576,815	70,110,655	53,351,504
Total Equity and Liabilities		2,093,710,319	1,520,352,890	1,096,014,426	1,400,135,733	1,275,656,499	1,086,322,100
Net Asset Value Per Share		2.40	2.17	1.87	2.34	2.24	1.98

** Certain amounts shown here do not correspond to the 2013 financial statements and reflect adjustment made, refer note 23.*

These financial statements are in compliance with the requirements of the Companies Act No. 07 of 2007.

Mafaz Ansar
Head of Finance and Treasury

The Board of Directors is responsible for the preparation and presentation of these financial statements. Signed for and on behalf of the Board by,

Riyaz M. Sangani
Director

M. Zulficar Ghouse
Director

The Accounting Policies and Notes on pages 68 through 102 form an integral part of the financial statements.

30 May 2014
Colombo

Statement of Comprehensive Income

For the Year ended 31 March	Note	Group 2014 Rs.	Group 2013 Rs. (Restated*)	Company 2014 Rs.	Company 2013 Rs. (Restated*)
Revenue	14	547,474,724	349,167,342	265,333,191	208,023,156
Cost of Sales		(154,717,097)	(90,891,310)	(44,724,443)	(33,236,330)
Gross Profit		392,757,627	258,276,032	220,608,748	174,786,826
Other Income and Gains/(Losses)	18	10,766,425	12,845,406	35,102,451	21,494,929
Administrative Expenses		(164,477,185)	(130,064,186)	(114,021,862)	(87,528,147)
Finance Cost	16	(59,548,791)	(31,373,713)	(32,544,660)	(24,108,922)
Finance Income	17	2,923,856	9,040,994	9,119,913	16,372,887
Profit Before Tax		182,421,932	118,724,533	118,264,590	101,017,573
Income Tax Expense	11	(15,773,184)	(24,091,379)	(12,577,155)	(20,451,346)
Profit for the Year		166,648,748	94,633,154	105,687,435	80,566,227
Other Comprehensive Income					
Net Actuarial Gain/(Loss) on Defined Benefit Plan		240,808	400,835	(526,746)	276,285
Income Tax on Other Comprehensive Income	11	(138,583)	(48,100)	63,210	(33,154)
Other Comprehensive Income for the Year, Net of Tax		102,225	352,735	(463,536)	243,131
Total Comprehensive Income for the Year, Net of Tax		166,750,973	94,985,889	105,223,899	80,809,358
Profit Attributable to:					
Equity Holders of the Parent		163,711,600	91,905,691	105,687,435	80,566,227
Non-Controlling Interests		2,937,148	2,727,463	–	–
		166,648,748	94,633,154	105,687,435	80,566,227
Total Comprehensive Income Attributable to:					
Equity Holders of the Parent		163,710,046	92,240,422	105,223,899	80,809,358
Non-Controlling Interests		3,040,927	2,745,467	–	–
		166,750,973	94,985,889	105,223,899	80,809,358
Earnings Per Share - Basic	19	0.34	0.20	–	–
Dividend Per Share		0.13	0.05	0.13	0.05

** Certain amounts shown here do not correspond to the 2013 financial statements and reflect adjustment made, refer Note 23.*

The Accounting Policies and Notes on pages 68 through 102 form an integral part of the financial statements.

Statement of Changes in Equity

Year ended 31 March 2014	Stated Capital Rs.	Treasury Shares Rs.	Retained Earnings Rs.	Non-Controlling Interest Rs.	Total Rs.
Group					
Balance as at 1 April 2012 (Restated*)	673,887,932	(47,996,365)	184,778,753	(1,382,615)	809,287,705
Profit for the Year	–	–	91,905,691	2,727,463	94,633,154
Other Comprehensive Income	–	–	334,731	18,004	352,735
Total Comprehensive Income for the Year	–	–	92,240,422	2,745,467	94,985,889
Shares Purchased by the Employees	–	1,377,643	–	–	1,377,643
Dividend	–	–	(23,863,460)	–	(23,863,460)
Right Issue	155,370,576	–	–	–	155,370,576
Balance as at 31 March 2013 (Restated*)	829,258,508	(46,618,722)	253,155,715	1,362,852	1,037,158,353
Profit for the Year	–	–	163,711,600	2,937,148	166,648,748
Other Comprehensive Income	–	–	(1,555)	103,779	102,224
Total Comprehensive Income for the Year	–	–	163,710,045	3,040,927	166,750,972
Shares Purchased by the Employees	–	4,026,551	–	–	4,026,551
Dividend	–	–	(59,658,649)	(1,500,000)	(61,158,649)
Balance as at 31 March 2014	829,258,508	(42,592,171)	357,207,111	2,903,779	1,146,777,227

Year ended 31 March 2014	Stated Capital Rs.	Retained Earnings Rs.	Total Rs.
Company			
Balance as at 1 April 2012 (Restated*)	673,887,932	183,033,371	856,921,303
Profit for the Year	–	80,566,227	80,566,227
Other Comprehensive Income		243,138	243,138
Total Comprehensive Income for the Year	–	80,809,365	80,809,365
Dividend	–	(23,863,460)	(23,863,460)
Right Issue	155,370,576	–	155,370,576
Balance as at 31 March 2013 (Restated*)	829,258,508	239,979,276	1,069,237,784
Profit for the Year	–	105,687,435	105,687,435
Other Comprehensive Income	–	(463,536)	(463,536)
Total Comprehensive Income for the Year	–	105,223,899	105,223,899
Dividend	–	(59,658,649)	(59,658,649)
Balance as at 31 March 2014	829,258,508	285,544,525	1,114,803,033

** Certain amounts shown here do not correspond to the 2013 financial statements and reflect adjustment made, refer Note 23.*

The Accounting Policies and Notes on pages 68 through 102 form an integral part of the financial statements.

Statement of Cash Flows

Year ended 31 March	Note	Group 2014 Rs.	Group 2013 Rs.	Company 2014 Rs.	Company 2013 Rs.
Cash Flows From Operating Activities					
Profit from Ordinary Activities before Tax		182,421,932	118,724,533	118,264,590	101,017,573
Adjustments for:					
Depreciation	4	47,371,216	31,780,018	27,126,143	21,159,435
(Profit) on Disposal of Property, Plant & Equipment	18	(6,735,319)	(559,502)	(7,091,431)	–
Provision for Retiring Gratuity	13	3,334,063	2,695,434	2,157,097	1,778,938
(Profit) on Disposal of Stake of Project	18	–	(4,344,783)	–	(4,344,783)
Dividend Received		(438,700)	–	(24,476,013)	–
Write-Off of Other Projects	6	1,327,292	1,258,018	1,327,292	1,258,018
Bad Debts Written Back		–	433,340	–	–
Finance Income	17	(2,923,856)	(9,040,994)	(9,119,913)	(16,372,887)
Finance Costs	16	59,548,791	31,373,713	32,544,660	24,108,922
Operating Profit before Working Capital Changes		283,905,419	172,319,777	140,732,425	128,605,216
Decrease in Inventories		220,542	160,376	–	–
(Increase)/Decrease in Trade & Other Receivables		(98,082,785)	(84,794,726)	(7,184,710)	(191,603,663)
(Increase)/Decrease in Other Financial Assets		48,069,401	85,251,615	48,069,401	85,251,615
(Increase)/Decrease in Treasury Shares		4,026,551	1,377,643	–	–
Increase/(Decrease) in Other Payables		59,981,365	66,467,664	20,702,244	641,441
Cash Generated from Operations		298,120,493	240,782,349	202,319,360	22,894,609
Finance Cost Paid		(60,477,777)	(29,659,944)	(31,816,670)	(22,097,166)
Finance Income Received		1,857,558	8,048,578	1,857,558	8,048,578
Defined Benefit Plan Cost Paid	13	(344,550)	(645,005)	(80,300)	(123,255)
Income Tax Paid		(22,534,505)	(154,616)	(18,766,861)	(47,355)
Net Cash from Operating Activities		216,621,219	218,371,362	153,513,087	8,675,411
Cash Flows Used in Investing Activities					
Acquisition of Property, Plant & Equipment		(525,688,768)	(281,803,307)	(66,993,466)	(3,999,904)
Proceeds from Sale of Property, Plant and Equipment		4,532,117	1,656,500	2,878,145	–
Investment in New Project		(37,204,129)	(151,453,774)	(37,204,129)	(18,231,279)
Disposal Proceed from Investment		14,562,322	5,128,500	14,562,322	5,128,500
Investment in Joint Ventures and Subsidiaries		(44,874,001)	–	(111,954,234)	(74,679,336)
Dividend Received		438,700	224,262	24,476,013	9,433,287
Net Cash Flows Used in Investing Activities		588,233,759	(426,247,819)	174,235,349	(82,348,729)

Year ended 31 March	Note	Group **2014** Rs.	Group 2013 Rs.	Company **2014** Rs.	Company 2013 Rs.
Cash Flows From/(Used in) Financing Activities					
Dividend Payments		(61,158,649)	(23,863,460)	(59,658,649)	(23,863,460)
Right Issue of Shares		–	155,370,576	–	155,370,576
Principal Payment Under Ijara Facilities/(Finance Leases)		(8,147,375)	(7,843,044)	(4,901,796)	(5,735,449)
Principal Payment Under Murabaha Facilities		(15,895,658)	(11,558,978)	(13,024,628)	(11,515,167)
Principal Payment Under Diminishing Musharakah Facilities		(42,421,255)	(29,247,786)	(28,230,349)	(25,000,000)
Principal Payment Under Short-Term Facilities		(15,500,000)	–	(15,500,000)	–
Proceeds from Murabaha Facilities		3,074,573	3,929,570	–	–
Proceeds from Diminishing Murabaha Facilities		454,383,605	152,183,558	103,623,529	–
Proceeds from Short-Term Facilities		31,546,107		21,046,107	–
Net Cash Flows From/(Used in) Financing Activities		345,881,348	238,970,436	3,354,214	89,256,500
Net Increase/(Decrease) in Cash & Cash Equivalents		(25,731,192)	31,093,979	(17,368,048)	15,583,182
Cash & Cash Equivalents at the Beginning of the Year		39,890,252	8,796,273	20,477,270	4,894,088
Cash & Cash Equivalents at the End of the Year	21	14,159,060	39,890,252	3,109,222	20,477,270

The Accounting Policies and Notes on pages 68 through 102 form an integral part of the financial statements.

Notes to the Financial Statements

1. Corporate Information

1.1 General

Vidullanka PLC ('Company') is a public quoted Company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at Level 04, Access Towers, No. 278, Union Place, Colombo 02 and the principal places of business are situated in Ratnapura District.

Subsidiaries

Vidul Engineering Ltd. is an 80% owned Subsidiary of Vidullanka PLC. Vidul Engineering Ltd. was incorporated on 3 September 2007 under the Companies Act No. 07 of 2007. The registered office of the subsidiary is located at Level 04, Access Tower, No. 278, Union Place, Colombo 02.

Walagamba Balashakthi (Pvt) Ltd. is a fully-owned Subsidiary of Vidullanka PLC. Walagamba Balashakthi (Pvt) Ltd. was incorporated on 7 July 2008 under the Companies Act No. 07 of 2007. The registered office of the subsidiary is located at Level 04, Access Tower, No. 278, Union Place, Colombo 02.

On 3 September 2013, the Group acquired 100% of the ordinary shares of Rideepana Hydro (Pvt) Ltd., a company incorporated in Sri Lanka under the Companies Act No. 07 of 2007. The registered office of the subsidiary is located at Level 4, Access Towers, No. 278, Union Place, Colombo 02.

Joint Ventures

Vidullanka PLC has following investment in the following joint ventures companies:

Joint Venture	Holding Percentage (%)	Joint Venture Partner
Gurugoda Hydro (Pvt) Ltd.	50	ESNA Power (Pvt) Ltd.
Co-Energi (Pvt) Ltd.	50	Mr. and Mrs. Ralapanawe
Udaka Energy Group (Pvt) Ltd.	50	Vanguard Industries (Pvt) Ltd.
Vidul Madugeta (Pvt) Ltd.	50	ESNA Power (Pvt) Ltd.
Lower Kotmale Oya Hydro Power (Pvt) Ltd.	50	Consortium of Investors lead by Jaywise Constructions (Pvt) Ltd.

The registered offices of the above companies are located at Level 04, Access Tower, No. 278, Union Place, Colombo 02.

1.2 Principal Activities and Nature of Operations

Company

The principal activities of the Company are to produce electrical energy and transmit to feed the national grid. For this purpose the Company has constructed two hydro power plants at Bambarabatuoya Ratnapura and Batathota Kuruwita. Bambarabatuoya mini hydro power plant commenced its operation during June 2001 and the Batathota mini hydro power plant commenced its operation during February 2007.

Subsidiary

The principal activity of Vidul Engineering Ltd. is the provision of construction and engineering services related to hydro power plants and related hydraulic structure.

The principal activity of Walagamba Balashakthi (Pvt) Ltd. is to produce electrical energy and transmit to feed the national grid from its Wembiyagoda mini hydro power plant in Kalawana, Ratnapura.

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 Rideepana mini hydro power plant is under construction and expected to be grid connected by FY 2014/15.

Joint Venture

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 activities of Co-Energi (Pvt) Ltd. is to provide Energy Efficiency Consultancy to Construction and Industrial companies, to import and sell innovative Energy Efficiency products to the local market.

The principal activity of Udaka Energy Group (Pvt) Ltd. is to produce electrical energy and transmit to feed the national grid from its Haloya mini hydro power plant in Welimada, Badulla.

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 Lower Kotmale Oya Hydro Power (Pvt) Ltd. is to produce electrical energy and transmit to feed the national grid from its Lower Kotmale Oya mini hydro power plant in Kotmale, Nuwara-Eliya. The plant is under construction and is expected to be commissioned in the 1st quarter of financial year 2014/15.

1.3 Date of Authorisation for Issue

The financial statements of Vidullanka PLC, for the year ended 31 March 2014 was authorised for issue in accordance with a resolution of the Board of Directors on 30 May 2014.

2. Accounting Policies

2.1 Basis of Preparation

2.1.1 Statement of Compliance

The consolidated financial statements of the Group and the separated financial statements of the Company, which comprise the Statement of Financial Position, Income Statement, Statement of Other 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. 07 of 2007. These financial statements also provide appropriate disclosures as required by the Listing Rules of the Colombo Stock Exchange.

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 less the net totals of plan assets and unrecognised past service cost.

2.1.3 Functional and Presentation Currency

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

2.1.4 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 March 2014.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if it results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the carrying amount of any non-controlling interest.

Non-controlling interest represent the portion of profit or loss and net assets not owned, directly or indirectly, by the Group and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from parent shareholders' equity.

Jointly controlled entities are accounted for using proportionate consolidation method, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

2.1.5 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 recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expenses are not offset in the income statement unless required or permitted by an accounting standard.

2.1.6 Comparative Information

The comparative information is re-classified wherever necessary to conform to the current year's presentation.

2.2 Significant Accounting Judgments, Estimates and Assumptions

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

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

The most significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have 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 Company'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, Board is not aware of any material uncertainties that may cast significant doubt upon the Company'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 Impairment Losses on Receivables and Other Receivables

Group reviews its receivables and other receivables at each reporting date to assess whether an allowance for impairment should be recorded in the financial statements. Judgment by the management is required in the estimation of these amounts and such estimations are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

2.2.3 Impairment Loss on Assets

The Group determines whether assets have been impaired by performing an impairment review. If any such indication exists or when annual impairment testing for assets is required, the Group makes an estimate of the assets recoverable amount. This requires the estimation of the 'value in use' of the cash-generating units. Estimating value in use requires the management to make an estimate of the expected future cash flows from the cash-generating unit and also to select a suitable discount rate in order to calculate the present value of the relevant cash flows. This valuation requires the Group to make estimates about expected future cash flows and discount rates, and hence, they are subject to uncertainty.

2.2.4 Deferred Tax Assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

2.2.5 Defined Benefit Plan

The cost of the defined benefit plans and the present value of their obligations are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases and mortality rates. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. All assumptions are reviewed at each reporting date. In determining the appropriate discount rate, management considers the interest rates of Sri Lanka Government Bonds with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables. Future salary increases are based on expected future inflation rates and expected future salary increase rates of the Company.

2.2.6 Useful Lives of Property, Plant & Equipment

The Group reviews the assets' residual values, useful lives and methods of depreciation at each reporting date. Judgment by the management is exercised in the estimation of these values, rates and methods and hence they are subject to uncertainty.

2.2.7 Fair Value of Financial Instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values.

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.

For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree at the fair value or at the proportionate share of the acquiree's identifiable net assets.

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 circumstance is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

2.3.2 Interest in a Joint Venture

The Group has an interest in a joint venture which is a jointly controlled entity, whereby the venturers have a contractual arrangement that establishes joint control over the economic activities of the entity. The arrangement requires unanimous agreement for financial and operating decisions among the venturers. The Group recognises its interest in a joint venture using the 'proportionate consolidation' method. The Group combines its proportionate share of each of the assets, liabilities, income and expenses of the joint venture with similar items, line by line, in its consolidated financial statements. The financial statements of the joint venture are prepared for the same reporting period as per the Group. Adjustments are made where necessary to bring the accounting policies in line with those of the Group.

The Group's share of intra-group balances, transactions and unrealised gains and losses on such transactions between the Group and its joint ventures are eliminated on consolidation.

Losses on these transactions are recognised immediately if there is an evidence of a reduction in the net realisable value of current assets or an impairment loss.

The joint venture is proportionately consolidated until the date on which the Group ceases to have joint control over the joint venture company.

Upon loss of joint control, the Group measures and recognises its remaining investment at its fair value. The difference between the carrying amount of the investment upon loss of joint control and the fair value of the remaining investment and proceeds from disposal is recognised as a profit or loss. When the remaining investment constitutes significant influence, it is accounted for as an investment in an associate.

2.3.3 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.

2.3.4 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 Walagamba Balashakthi (Pvt) Ltd. are the companies approved under Board of Investments Law, as such the companies enjoy a tax holiday for five years effective from the year in which the company commences to make profits or any year of assessment not later than two years reckoned from the date of commencement of commercial operations, whichever is earlier, as per the agreement dated 28 May 2009, 29 September 2011, 2 June 2011and 28 October 2010 respectively. Currently, companies are in the tax holiday period.

After the expiration of the tax exemption period or tax holiday, the income of the Company shall be charged at the concessionary rate of 10% for a period of two years.

Udaka Energy Group (Pvt) Ltd., is entitled to five years tax holiday under the provisions of subsection 16 of Inland Revenue Act No. 10 of 2006 having invested more than Rs. 100 mn in development of a hydro power plant.

After the expiration of the aforesaid concessionary tax rate the profits and income of the enterprise shall for any year of assessment be changed at the rate of 12%.

However, other income of the Company is liable for income tax in accordance with the provisions of the Inland Revenue Act.

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.

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 realisable value, after making due allowances for obsolete and slow moving items. Net realisable 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 cost incurred in bringing inventories to its present location and conditions are accounted as follows:

Raw Materials - At actual cost on first-in first-out basis

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 LKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent Measurement

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

(a) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method less impairment. 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 in finance income in the statement of comprehensive income. The losses arising from impairment are recognised in the statement of comprehensive income in finance costs for loans and in cost of sales or other operating expenses for receivables.

(b) Available-for-Sale Financial Investments

Available-for-sale financial investments include equity investments and debt securities. Equity investments classified as available-for-sale are those that are neither classified as held-for-trading nor designated at fair value through profit or loss.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the available-for-sale reserve to the statement of comprehensive income in finance costs. Interest earned whilst holding available-for-sale financial investments is reported as interest income using the EIR method.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term is still appropriate. If, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification of the held-to-maturity category is permitted only when the entity has the ability and intention to hold the financial assets accordingly.

(c) Financial Assets at Fair Value Through Profit or Loss

Financial assets at fair value through profit or loss include financial assets held-for-trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held-for-trading if they are acquired for the purpose of selling or repurchasing in the near term.

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 presented as other income (positive and negative net changes in fair value) in the statement of comprehensive income.

Financial assets designated upon initial recognition at fair value through profit or loss are designated at their initial recognition date and only if the criteria under LKAS 39 are satisfied. The Group has not designated any financial assets at fair value through profit or loss.

The Group evaluates its financial assets held-for-trading, other than derivatives, to determine whether the intention to sell them in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intention to sell them in the foreseeable future significantly changes, the Group may elect to reclassify them. The reclassification to loans and receivables, available-for-sale or held-to-maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation, as these instruments cannot be reclassified after initial recognition.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when: the rights to receive cash flows from the asset have expired and the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of Financial Assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that have occurred since the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2.3.7.2 Financial Liabilities

Initial Recognition and Measurement

Financial liabilities within the scope of LKAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

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, bank overdrafts, loans and borrowings, financial guarantee contracts and derivative financial instruments.

Subsequent Measurement

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

Loans and Borrowings

After initial recognition, interest-bearing loans and borrowings 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.

Financial Guarantee Contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

Derecognition

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

Fair Value of Financial Instruments

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

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

2.3.8 Cash and Cash Equivalents

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

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

2.3.9 Property, Plant & Equipment

(a) Cost and Valuation

All items of Property, Plant & Equipment are initially recorded at cost. Where items of Property, Plant & Equipment are subsequently revalued, the entire class of such assets is revalued. Revaluations are made with sufficient regularity to ensure that their carrying amounts do not differ materially from their fair values at the reporting date. Subsequent to the initial recognition as an asset at cost/revaluation Property, Plant & Equipment are carried at revalued amounts less any subsequent depreciation thereon. All other Property, Plant & Equipment are stated at historical cost less depreciation.

(b) Depreciation

The provision for depreciation is calculated by using a straight line method on the cost or valuation of all Property, Plant & 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	5 Years
Plant and Machinery	5 Years to 40 Years
Computer and Computer Equipment	4 Years
Vehicles	5 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 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Group as a Lessee

Operating lease payments are recognised as an operating expense in the income statement on a straight-line basis over the lease term.

Group as a Lessor

Hydro power plants in which the Group does not transfer substantially all the risk and benefits of ownership of the assets are classified as operating leases. Lease income from all power plants is recognised in the income statement based on energy output for the period which is more representative of the time pattern in which use benefit derived from leased assets are diminished. Cost including depreciation incurred in earning the lease income is recognised as an expense. The depreciation policy for depreciable leased assets is consistent with group's normal depreciation policy for similar assets.

2.3.11 Other Project Investments

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

2.3.12 Impairment of 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 recognised 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 recognised 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 recognised 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 recognised impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. If that is the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation. Had no impairment loss been recognised for the asset in prior years such reversal is recognised 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.

2.3.13 Treasury Shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in the profit or loss on the purchase, sale, issue or cancellation of the Group equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in share premium.

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 Defined Benefit Liability in the Statement of Financial Position.

(a) Recognition of Actuarial Gains and Losses

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

(b) Recognition of Past Service Cost

Past Service Costs are recognised as an expense on a straight line basis over the average period and until the benefits become vested. If the benefits have already been vested, immediately following the introduction of changes to the plan, past service costs are recognised immediately.

(c) Funding Arrangements

The gratuity liability is not externally funded.

2.3.16 Defined Contribution Plans - Employees' Provident Fund and 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.

2.4 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 and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of trade discounts and sales taxes. The following specific criteria are used for the purpose of recognition of revenue.

(a) Energy Supplied

Revenue from energy supplied is recognised, 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 Ceylon Electricity Board 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 yield on the asset) unless collectibles is doubtful.

(c) Rendering of Services

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

(d) Others

Other income is recognised 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 recognised 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 recognised in the statement of comprehensive income on an accrual 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 the following major business segments: Power Generation, Energy Efficiency and Construction and Project Management.

Details of the segment reporting are shown in Note 22 to the financial statements.

3. Standard Issued But Not Yet Effective

The following SLFRS have been issued by the Institute of Chartered Accountants of Sri Lanka that have an effective date in the future and have not been applied in preparing these financial statements. Those SLFRS will have an effect on the accounting policies currently adopted by the Group and may have an impact on the future financial statements.

(i) SLFRS 9 - Financial Instruments: Classification and Measurement

SLFRS 9, as issued reflects the first phase of work on replacement of LKAS 39 and applies to classification and measurement of financial assets and liabilities.

This standard was originally effective for annual periods commencing on or after 1 January 2015. However, the original effective date has been deferred and revised effective date is yet to be announced.

(ii) SLFRS 13 - Fair Value Measurement

SLFRS 13 establishes a single source of guidance under SLFRS for all fair value measurements.

This standard will be effective for financial periods beginning on or after 1 January 2014.

However, use of fair value measurement principles contained in this standard are currently recommended.

In addition to the above, following standards will also be effective for annual periods commencing on or after 1 January 2014.

SLFRS 10 - Consolidated Financial Statements
SLFRS 11 - Joint Arrangements
SLFRS 12 - Disclosure of Interests in Other Entities

The above parcel of three standards will impact the recognition, measurement and disclosures aspects currently contained in LKAS 27 - 'Consolidated and Separate Financial Statements', LKAS 28 - 'Investments in Associates', LKAS 31 - Interest in Joint Ventures and SIC -12 and SIC -13 which are on consolidation of Special Purpose Entities (SPEs) and Jointly Controlled Entities respectively.

Establishing a single control model that applies to all entities including SPEs and removal of the option to proportionate consolidate Jointly Controlled Entities are the significant changes introduced under SLFRS 10 and SLFRS 11 respectively.

SLFRS 12, establishes a single standard on disclosures related to interests in other entities. This incorporates new disclosures as well as disclosures currently required under LKAS 27, LKAS 28 and LKAS 31.

The Group will adopt these standards when they become effective. Pending the completion of detailed review, the financial impact is not reasonably estimable as at the date of publication of these financial statements.

4. Property, Plant & Equipment

4.1 Group

4.1.1 Gross Carrying Amounts

	Balance as at 01.04.2013 Rs.	Additions/ Acquisitions Rs.	Transfers/ Disposals Rs.	Balance as at **31.03.2014** Rs.
Freehold Land	43,477,837	1,400,358	–	44,878,195
Office Furniture and Fittings	6,218,273	1,343,026	–	7,561,299
Office Equipment	9,537,629	637,290	–	10,174,919
Computers and Computer Equipment	11,329,023	1,476,116	(15,750)	12,789,389
Plant and Machinery	972,886,906	358,358,866	(1,844,126)	1,329,401,646
Motor Vehicles	13,126,544	17,445,561	(11,549,000)	19,023,105
	1,056,576,212	380,661,217	(13,408,876)	1,423,828,553
On Finance Lease				
Motor Vehicles	35,890,470	7,790,806	(10,433,297)	33,247,979
	35,890,470	7,790,806	(10,433,297)	33,247,979
Total Value of Depreciable Assets	1,092,466,682	388,452,023	(23,842,173)	1,457,076,532

4.1.2 In the Course of Construction

	Balance as at 01.04.2013 Rs.	Incurred During the Year Rs.	Reclassified/ Transferred Rs.	Balance as at **31.03.2014** Rs.
Power Plant Work-in-Progress	188,540,674	307,925,441	(171,156,689)	325,309,426
	188,540,674	307,925,441	(171,156,689)	325,309,426
Total Gross Carrying Value	1,281,007,356	696,377,465	(194,998,862)	1,782,385,959

4.1.3 Depreciation

	Balance as at 01.04.2013 Rs.	Charge for the Year Rs.	Transfers/ Disposals Rs.	Balance as at **31.03.2014** Rs.
At Cost				
Office Furniture and Fittings	2,846,762	1,122,483	–	3,969,245
Office Equipment	3,082,054	1,460,647	–	4,542,701
Computers and Computer Equipment	8,266,846	1,518,863	(15,750)	9,769,959
Plant and Machinery	147,915,391	34,961,642	(112,848)	182,764,185
Motor Vehicles	12,889,658	1,025,503	(11,549,000)	2,366,161
	175,000,711	40,089,137	(11,677,598)	203,412,251
On Finance Lease				
Motor Vehicles	17,004,229	7,282,078	(8,048,877)	16,237,430
	17,004,229	7,282,078	(8,048,877)	16,237,430
Total Depreciation	192,004,940	47,371,216	(19,726,475)	219,649,681

4.1.4 Net Book Values

For the Year Ended 31 March	**2014** Rs.	2013 Rs.
At Cost		
Freehold Land	44,878,195	43,477,837
Office Furniture and Fittings	3,592,054	3,371,511
Office Equipment	5,632,218	6,455,575
Computers and Computer Equipment	3,019,430	3,062,177
Plant and Machinery	1,146,637,461	824,971,515
Motor Vehicles	16,656,944	236,886
	1,220,416,302	881,575,501
On Finance Lease		
Motor Vehicles	17,010,549	18,886,241
	17,010,549	18,886,241
In the Course of Construction		
Power Plant Work-in-Progress	325,309,426	188,540,674
	325,309,426	188,540,674
Total Carrying Amount of Property, Plant & Equipment	1,562,736,277	1,089,002,416

4.1.5 The carrying value of Property, Plant & Equipment held under finance leases and Ijara at 31 March 2014 was Rs. 17,010,549/- (2013 - Rs. 18,886,241/-). Additions during the year include Rs. 7,790,806/- (2013 - Rs. 854,495/-) of Property, Plant & Equipment under finance leases and Ijara.

4.1.6 The Group holds a gross extent of 20.48 acres of land in Balangoda, Kalawana, Kuruwita (Ratnapura District), Aranayake (Kegalle District), Uva-Paranagama (Badulla District), Neluwa (Galle District) and Kothmale (Nuwara-Eliya District). The Group also owns the civil structures of the power plants in the above said locations.

4.2 Company

4.2.1 Gross Carrying Amounts

	Balance as at 01.04.2013 Rs.	Additions/ Acquisitions Rs.	Transfers/ Disposals Rs.	Balance as at **31.03.2014** Rs.
At Cost				
Freehold Land	27,839,175	–	–	27,839,175
Office Furniture and Fittings	5,310,617	289,002	–	5,599,619
Office Equipment	8,532,628	483,808	–	9,016,436
Computers and Computer Equipment	7,839,260	751,951	(15,750)	8,575,461
Plant and Machinery	595,419,530	48,438,145	(10,000)	643,847,675
Motor Vehicles	12,202,135	16,864,195	(11,549,000)	17,517,330
	657,143,345	66,827,101	(11,574,750)	712,395,696
On Finance Lease				
Motor Vehicles	26,403,750	847,172	(5,593,796)	21,657,126
	26,403,750	847,172	(5,593,796)	21,657,126
Total Gross Carrying Value	683,547,095	67,674,273	(17,168,546)	734,052,822

4.2.2 Depreciation

	Balance as at 01.04.2013 Rs.	Charge for the Year Rs.	Transfers/ Disposals Rs.	Balance as at **31.03.2014** Rs.
At Cost				
Office Furniture and Fittings	2,448,297	765,201	–	3,213,498
Office Equipment	2,685,917	1,273,500	–	3,959,417
Computers and Computer Equipment	6,089,973	883,937	(15,750)	6,958,160
Plant and Machinery	132,779,734	18,102,981	(9,200)	150,873,515
Motor Vehicles	12,201,100	846,755	(11,549,000)	1,498,855
	156,205,021	21,872,374	(11,573,950)	166,503,445
On Finance Lease				
Motor Vehicles	13,419,211	5,253,770	(5,136,289)	13,536,692
	13,419,211	5,253,770	(5,136,289)	13,536,692
Total Depreciation	169,624,232	27,126,144	(16,710,239)	180,040,137

4.2.3 Net Book Values

For the Year Ended 31 March	2014 Rs.	2013 Rs.
At Cost		
Freehold Land	27,839,175	27,839,175
Office Furniture and Fittings	2,386,121	2,862,320
Office Equipment	5,057,019	5,846,711
Computers and Computer Equipment	1,617,301	1,749,287
Plant and Machinery	492,974,160	462,639,796
Motor Vehicles	16,018,475	1,035
	545,892,251	500,938,324
On Finance Lease		
Motor Vehicles	8,120,434	12,984,539
	8,120,434	12,984,539
Total Carrying Amount of Property, Plant & Equipment	554,012,685	513,922,862

4.2.4 The carrying value of Property, Plant & Equipment held under finance leases and Ijara at 31 March 2014 was Rs. 8,120.434/- (2013 - Rs. 12,984,539/-). Additions during the year include Rs. 847,172/- (2013 - Rs. 749,275/-) of Property, Plant & Equipment under finance leases and Ijara.

4.2.5 The Company holds lands with a gross extent of 7.51 acres in Balangoda and Kuruwita in Ratnapura District. The Company also owns the civil structures associated with the power plants in the above said locations.

5. Investments

5.1 Investments in Subsidiaries and Joint Ventures (Company)

	Relationship	Holding Percentage (%)	2014 Cost Rs.	2013 Cost Rs.
Non-Quoted				
Vidul Engineering Ltd.	Subsidiary	80	20,000,080	20,000,080
Rideepana Hydro (Pvt) Ltd.	Subsidiary	100	42,500,000	–
Walagamba Balashakthi (Pvt) Ltd.	Subsidiary	100	48,000,000	47,625,000
Gurugoda Hydro (Pvt) Ltd.	Joint Venture	50	55,412,412	55,412,412
Co-Energi (Pvt) Ltd.	Joint Venture	50	4,175,000	1,875,000
Udaka Energy Group (Pvt) Ltd.	Joint Venture	50	5,000,000	5,000,000
Vidul Madugeta (Pvt) Ltd.	Joint Venture	50	108,000,000	76,820,766
Lower Kothmale Oya Hydro Power (Pvt) Ltd.	Joint Venture	50	73,790,092	38,190,092
			356,877,584	244,923,350

5.2 Other Financial Assets (Group and Company)

5.2.1 Financial Assets at Fair Value Through Profit or Loss

	Number of Shares		Carrying Value	
	2014	2013	**2014** Rs.	2013 Rs.
Investment in Quoted Shares				
Vallibel Power Erathna PLC	582,320	350,000	3,260,992	1,960,000
Amãna Bank Ltd.	100,000	–	197,500	–
Textured Jersey PLC	12,500	340,000	520,000	3,366,000
Bairaha Farms PLC	–	12,800	–	1,916,159
Touchwood Investment PLC	–	3,750	–	21,375
Expolanka Holding PLC	–	115,513	–	785,488
Alufab PLC	–	777,715	–	13,998,871
			3,978,492	22,047,893

5.2.2 Financial Assets - Available-for-Sale

For the Year Ended 31 March	**2014** Rs.	2013 Rs.
Non-Quoted		
Investment in Shares - ADL Capital Ltd.	3,000,000	3,000,000
	3,000,000	3,000,000
Financial Assets - Loan and Receivable		
Investment - Mudarabaha Deposits	10,000,000	40,000,000
	10,000,000	40,000,000
Other Financial Assets	16,978,492	65,047,893

Unquoted available-for-sale equity investment is recorded at cost since the fair value of the investments cannot be reliably measured. There is no active market for this investment and the Company intend to hold for it in the long-term.

6. Other Project Investments

For the Year Ended 31 March	Group 2014 Rs.	Group 2013 Rs.	Company 2014 Rs.	Company 2013 Rs.
Balance as at the Beginning of the Year	94,583,714	171,057,307	94,583,714	171,057,307
Projects Costs Incurred During the Year	37,204,129	26,845,072	37,204,129	26,845,072
Less: Projects Disposed/Transfers	(5,188,920)	(102,060,647)	(5,188,920)	(102,060,647)
Impairment/Written-off	(1,327,292)	(1,258,018)	(1,327,292)	(1,258,018)
Balance as at the End of the Year	125,271,631	94,583,714	125,271,631	94,583,714

7. Trade and Other Receivables

For the Year Ended 31 March	Group 2014 Rs.	Group 2013 Rs.	Company 2014 Rs.	Company 2013 Rs.
Trade Receivables	164,736,081	72,606,983	9,887,109	30,319,731
Other Receivables	2,381,193	1,894,532	9,818,309	3,885,809
Advances and Prepayment	15,870,449	45,281,899	15,179,977	21,567,865
Employee Share Option Scheme	–	–	38,544,997	38,298,507
Amounts Due from Related Parties (7.1)	85,595,017	54,527,100	267,697,494	242,317,763
Facilities Given to Company Officers (7.2)	4,122,293	311,735	2,758,234	311,735
	272,705,034	174,622,249	343,886,119	336,701,410

7.1 Amounts Due from Related Parties

For the Year Ended 31 March	Relationship	Group 2014 Rs.	Group 2013 Rs.	Company 2014 Rs.	Company 2013 Rs.
Vidul Engineering Ltd.	Subsidiary	–	–	23,592,608	26,108,209
Rideepana Hydro (Pvt) Ltd.	Subsidiary	–	–	29,384,821	–
Walagamba Balashakthi (Pvt) Ltd.	Subsidiary	–	–	43,530,029	107,155,354
Co-Energi (Pvt) Ltd.	Joint Venture	1,405,024	1,305,053	2,810,049	2,610,105
Udaka Energy Group (Pvt) Ltd.	Joint Venture	18,289,940	13,384,999	36,579,880	26,769,998
Vidul Madugeta (Pvt) Ltd.	Joint Venture	13,030,160	7,617,416	26,060,321	15,234,832
Lower Kotmale Oya Hydro Power (Pvt) Ltd.	Joint Venture	52,846,110	31,960,630	105,692,220	63,921,260
Gurugoda Hydro (Pvt) Ltd.	Joint Venture	23,783	259,002	47,566	518,005
		85,595,017	54,527,100	267,697,494	242,317,763

7.2 Loans to Company Officers

For the Year Ended 31 March	Group 2014 Rs.	Group 2013 Rs.	Company 2014 Rs.	Company 2013 Rs.
Balance as at the Beginning of the Year	311,735	138,650	311,735	138,650
Loans Granted During the Year	5,828,165	572,500	3,703,132	572,500
Less: Repayments	(500,270)	(353,348)	(427,135)	(353,348)
Effective Interest Rate Adjustment	(1,517,337)	(46,067)	829,498	(46,067)
Balance as at the End of the Year	4,122,293	311,735	2,758,234	311,735

7.3 Employee Share Option Scheme (ESOS)

	2014	2013
ESOS Position		
Number of Shares as at 1 April	17,707,748	17,812,860
Number of Shares Vested and Claimed by the Employees	(765,537)	(105,112)
Number of Remaining Shares as at 31 March	16,942,211	17,707,748

Employee Share Option Scheme (ESOS) of Vidullanka PLC was established as per the ESOS Trust Deed and 5% of issued share capital of the Company was issued to ESOS. The entitlement is based on a formula based on the completed years in employment, basic salary and it was approved by the Remuneration Committee.

The issue price was based on the volume weighted average market price prevailed during the month of January 2010 rounded to the nearest twenty-five cents.

8. Stated Capital

8.1 Fully-Paid Ordinary Shares

For the Year Ended 31 March	Group 2014 Rs.	Group 2013 Rs.	Company 2014 Rs.	Company 2013 Rs.
Balance as at 1 April	829,258,508	673,887,932	829,258,508	673,887,932
Right Issue of Ordinary Shares	–	155,370,576	–	155,370,576
Balance as at 31 March	829,258,508	829,258,508	829,258,508	829,258,508

8.2 Movement in Number of Ordinary Shares

For the Year Ended 31 March	Group		Company	
	2014 Rs.	2013 Rs.	**2014** Rs.	2013 Rs.
Balance as at 1 April	477,269,193	432,877,600	477,269,193	432,877,600
Right Issue of Ordinary Shares	–	44,391,593	–	44,391,593
Balance as at 31 March	477,269,193	477,269,193	477,269,193	477,269,193

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

The Company issued 44,391,593 of ordinary shares by way of a rights issue of one for every eight shares held as at 9 August 2012 at a price of Rs. 3.50 per share. The total amount raised from the issue was Rs. 155,370,576/-.

9. Treasury Shares

For the Year Ended 31 March	**2014** Rs.	2013 Rs.
As at 1 April	46,618,722	47,996,365
Value of Shares Purchased by the Employees	(4,026,551)	(1,377,643)
As at 31 March	42,592,171	46,618,722

Shares purchased by each employee in each respective year have been settled using the treasury shares of the Group. The reduction in the treasury share equity component is equal to the cost incurred to acquire the shares, on a weighted average basis.

10. Ijara (Finance Leases), Murabaha (Finance Leases) and Musharakah Investment Facilities

10.1 Group

	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	**2014** Total Rs.	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	2013 Total Rs.
Ijara Facilities (Finance Leases) (10.1.1)	5,980,650	3,401,410	9,382,060	6,530,328	4,999,107	11,529,435
Murabaha Facilities (10.1.2)	18,064,375	9,005,849	27,070,224	13,024,627	26,866,683	39,891,310
Diminishing Musharakah (10.1.3)	80,729,401	626,886,129	707,615,530	36,998,076	262,344,215	299,342,291
Short-Term Facilities (10.1.4)	16,046,107	–	16,046,107	–	–	–
	120,820,533	639,293,388	760,113,921	56,553,031	294,210,005	350,763,036

10.1.1 Ijara Facilities (Finance Leases)

	As at 01.04.2013 Rs.	Facilities Obtained Rs.	Repayments Rs.	As at **31.03.2014** Rs.
Muslim Commercial Bank Ltd.	8,985,787	–	4,671,607	4,314,180
Lanka Orix Finance Company PLC	2,543,649	–	1,985,460	558,189
Hatton National Bank PLC	–	6,000,000	1,490,308	4,509,692
	11,529,436	6,000,000	8,147,375	9,382,061
Gross Liability	12,975,266			11,388,823
Finance Charges Allocated to Future Periods	(1,445,831)			(2,006,762)
Net Liability	11,529,435			9,382,061

10.1.2 Murabaha Facilities

	As at 01.04.2013 Rs.	Facilities Obtained Rs.	Repayments Rs.	As at **31.03.2014** Rs.
Amãna Bank Ltd.	39,891,309	3,074,573	15,895,658	27,070,224
	39,891,309	3,074,573	15,895,658	27,070,224
Gross Liability	46,251,382			30,166,377
Finance Charges Allocated to Future Periods	(6,360,073)			(3,096,153)
Net Liability	39,891,309			27,070,224

10.1.3 Diminishing Musharakah Facilities

	As at 01.04.2013 Rs.	Facilities Obtained Rs.	Repayments Rs.	As at **31.03.2014** Rs.
Amãna Bank Ltd.	176,922,732	294,070,943	27,348,307	443,645,368
Pan Asia Banking Corporation PLC	47,505,490	1,100,239	8,716,596	39,809,748
Hatton National Bank PLC	74,914,070	52,500,000	3,126,000	123,767,237
Muslim Commercial Bank Ltd.	–	103,623,529	3,230,352	100,393,177
	299,342,292	451,294,711	42,421,255	707,615,530
Gross Liability	308,502,667			999,785,115
Finance Charges Allocated to Future Periods	(9,160,375)			(292,169,585)
Net Liability	299,342,292			707,615,530

10.1.4 Short-Term Facilities (Wakala)

	As at 01.04.2013 Rs.	Facilities Obtained Rs.	Repayments Rs.	As at **31.03.2014** Rs.
ADL Capital Ltd.	–	21,046,107	15,500,000	5,546,107
	–	21,046,107	15,500,000	5,546,107

10.2 Company

	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	**2014** Total Rs.	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	2013 Total Rs.
Ijara Facilities/Finance Leases (10.2.1)	3,098,433	103,652	3,202,085	4,592,681	3,511,200	8,103,881
Murabaha Facilities (10.2.2)	14,822,540	8,158,382	22,980,922	13,024,627	22,980,923	36,005,550
Diminishing Musharakah (10.2.3)	41,990,882	158,402,299	200,393,181	25,000,000	100,000,000	125,000,000
Short-term Facilities (10.2.4)	5,546,107	–	5,546,107	–	–	–
	65,457,962	166,664,333	232,122,295	42,617,308	126,492,123	169,109,431

10.2.1 Ijara Facilities (Finance Leases)

	As at 01.04.2013 Rs.	Facilities Obtained Rs.	Repayments Rs.	As at **31.03.2014** Rs.
Muslim Commercial Bank Ltd.	6,722,667	–	4,078,771	2,643,896
Lanka Orix Finance Company PLC	1,381,214	–	823,025	558,189
	8,103,881	–	4,901,796	3,202,085
Gross Liability	9,082,730			3,432,935
Finance Charges Allocated to Future Periods	(978,849)			(230,850)
Net Liability	8,103,881			3,202,085

10.2.2 Murabaha Facilities

	As at 01.04.2013 Rs.	Facilities Obtained Rs.	Repayments Rs.	As at **31.03.2014** Rs.
Amãna Bank Ltd.	36,005,550	–	13,024,628	22,980,922
	36,005,550	–	13,024,628	22,980,922
Gross Liability	42,365,623			25,418,023
Finance Charges Allocated to Future Periods	(6,360,073)			(2,437,101)
Net Liability	36,005,550			22,980,922

10.2.3 Diminishing Musharakah Facilities

	As at 01.04.2013 Rs.	Facilities Obtained Rs.	Repayments Rs.	As at **31.03.2014** Rs.
Amãna Bank Ltd.	125,000,000	–	24,999,997	100,000,003
Muslim Commercial Bank Ltd.	–	103,623,529	3,230,352	100,393,177
	125,000,000	103,623,529	28,230,349	200,393,180
Gross Liability	171,067,708			253,614,463
Finance Charges Allocated to Future Periods	(46,067,708)			(53,221,283)
Net Liability	125,000,000			200,393,180

10.2.4 Short-Term Facilities (Wakala)

	As at 01.04.2013 Rs.	Facilities Obtained Rs.	Repayments Rs.	As at **31.03.2014** Rs.
ADL Capital Ltd.	–	21,046,107	15,500,000	5,546,107
	–	21,046,107	15,500,000	5,546,107

11. Income Tax

The major components of income tax expense for the year ended 31 March 2014 are as follows:

	Group		Company	
For the Year Ended 31 March	**2014** Rs.	2013 Rs.	**2014** Rs.	2013 Rs.
Current Income Tax				
Current Tax Expense on Ordinary Activities for the Year	13,773,523	21,069,472	9,690,040	17,416,106
Over Provision of Current Taxes in Respect of Prior Years	(685,661)	(351,411)	–	(353,023)
	13,087,862	20,718,061	9,690,040	17,063,083
Deferred Income Tax				
Deferred Taxation Charge/(Reversal) (11.2)	2,685,322	3,373,318	2,887,115	3,388,264
	2,685,322	3,373,318	2,887,115	3,388,264
Income Tax Expense Reported in the Income Statement	15,773,184	24,091,379	12,577,155	20,451,346
Deferred Tax Related to Items Charged or Credited Directly to Other Comprehensive Income During the year:				
Deferred Tax on Actuarial Gains and Losses	138,583	48,100	(63,210)	33,154
Deferred Taxation Charge/(Reversal) (11.2)	138,583	48,100	(63,210)	33,154
Total Income Tax Expense	15,911,767	24,139,479	12,513,946	20,484,501

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

For the Year Ended 31 March	Group 2014 Rs.	Group 2013 Rs.	Company 2014 Rs.	Company 2013 Rs.
Accounting Profit Before Income Tax	182,421,932	118,724,533	118,264,590	101,017,574
At the Statutory Income Tax Rate of 12% (2013 - 28%)	13,590,192	33,242,869	13,590,192	28,284,921
At the Statutory Income Tax Rate of 28% (2013 - 28%)	6,672,517	–	1,403,637	–
Tax effect of Disallowable Expenses	10,515,642	26,349,776	5,148,677	22,852,396
Aggregate Allowable Items	(6,963,578)	(19,231,722)	(7,515,344)	(13,791,754)
Tax Effect of Income Exempt from Tax	(10,041,250)	(19,291,451)	(2,937,122)	(19,929,457)
At the Effective Income Tax Rate of 12% (2013 - 28%)	13,773,523	21,069,472	9,690,040	17,416,106
(Over)/Under Provision of Income Tax in Respect of Prior Years	(685,661)	(351,411)	–	(353,023)
Deferred Taxation Charge/(Reversal)	2,823,905	3,421,418	2,823,905	3,421,418
	15,911,767	24,139,479	12,513,946	20,484,501
Effective Tax Rate (%)	9	20	11	20

11.2 Deferred Tax Assets, Liabilities and Income Tax Relates to the Followings:

Group/Company For the Year Ended 31 March	Statement of Financial Position 2014 Rs.	Statement of Financial Position 2013 Rs.	Statement of Comprehensive Income 2014 Rs.	Statement of Comprehensive Income 2013 Rs.
Deferred Tax Liability				
Capital Allowances for Tax Purposes	14,091,552	9,815,937	4,275,615	4,665,986
	14,091,552	9,815,937		
Deferred Tax Assets				
Defined Benefit Plans	(9,243,865)	(7,792,153)	(1,451,710)	(1,244,568)
	(9,243,865)	(7,792,153)		
Deferred Tax (Reversal)/Charge			2,823,905	3,421,418
Net Deferred Tax Liability/(Asset)	4,847,687	2,023,784		

12. Trade and Other Payables

For the Year Ended 31 March	Group 2014 Rs.	Group 2013 Rs.	Company 2014 Rs.	Company 2013 Rs.
Sundry Creditors Including Accrued Expenses	161,543,091	101,561,646	25,995,951	10,823,393
Financial Guarantee	–	–	7,437,116	1,907,430
	161,543,091	101,561,646	33,433,067	12,730,823

13. Defined Benefit Liability

For the Year Ended 31 March	Group 2014 Rs.	Group 2013 Rs.	Company 2014 Rs.	Company 2013 Rs.
Balance as at the Beginning of the Year	10,249,770	8,643,187	7,792,153	6,547,585
Expenses on Defined Benefit Plan (13.1)	3,334,063	2,695,434	2,157,097	1,778,938
Net Actuarial (Gain)/Loss Recognised During the Year	(240,808)	(443,846)	526,746	(276,285)
Payment During the Year	(344,550)	(645,005)	(80,300)	(123,255)
Inter-Company Transfers During the Year	–	–	(1,151,831)	(134,830)
Balance as at the End of the Year	12,998,475	10,249,770	9,243,863	7,792,153

13.1 Expenses on Defined Benefit Plan

For the Year Ended 31 March	Group 2014 Rs.	Group 2013 Rs.	Company 2014 Rs.	Company 2013 Rs.
Current Service Cost	1,983,845	1,676,475	1,141,494	965,120
Interest Cost on Defined Benefit Liability	1,350,218	1,018,959	1,015,603	813,819
	3,334,063	2,695,434	2,157,097	1,778,939

13.2 Principal Assumptions

For the Year Ended 31 March	Group 2014	Group 2013	Company 2014	Company 2013
Discount Rate (%)	10	13	10	13
Salary Increment (%)	7.5	10	7.5	10
Retirement Age	55 Years	55 Years	55 Years	55 Years
Mortality	A 1967/70 Mortality Table		A 1967/70 Mortality Table	

An actuarial valuation of the gratuity fund was carried out as at 31 March 2014 by Messrs Actuarial and Management Consultants (Pvt) Ltd., a firm of professional actuaries. The valuation method used by the actuary to value the fund is the 'Projected Unit Credit Method', recommended by Sri Lanka Accounting Standards LKAS 19 - 'Employee Benefits'.

13.3 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 measurement of the Company:

Increase/Decrease in Discount Rate	Increase/Decrease in Salary Increment	Present Value of Defined Benefit Obligation
1%		8,689,364
(1%)		9,863,827
	1%	9,909,635
	(1%)	8,640,046

14. Revenue

For the Year Ended 31 March	Group		Company	
	2014 Rs.	2013 Rs.	**2014** Rs.	2013 Rs.
Power Generation	417,286,801	245,463,847	265,333,191	208,023,156
Construction and Project Management	122,512,939	99,782,676	–	–
Energy Efficiency	7,674,984	3,920,819	–	–
	547,474,724	349,167,342	265,333,191	208,023,156

15. Profit Before Tax

For the Year Ended 31 March	Group		Company	
	2014 Rs.	2013 Rs.	**2014** Rs.	2013 Rs.
Stated After Charging				
Included in Cost of Sales				
Depreciation	33,635,044	18,788,479	18,127,626	15,755,490
Included in Administrative Expenses				
Depreciation	13,736,172	12,991,539	8,998,517	5,403,945
Staff Costs (Include the Following Costs)	80,689,579	51,147,339	54,716,749	36,531,937
Defined Benefit Plan Costs - Gratuity	2,835,179	2,818,259	1,658,213	1,755,789
Defined Contribution Plan Costs - EPF and ETF	6,304,606	6,302,594	3,844,873	4,527,313
Audit Fee	1,094,000	837,990	377,400	335,160
Impairment/Written-off of Other Projects Investments	1,327,292	1,258,018	1,327,292	1,258,018

16. Finance Cost

For the Year Ended 31 March	Group 2014 Rs.	Group 2013 Rs.	Company 2014 Rs.	Company 2013 Rs.
Markup on Borrowing Facilities	59,548,791	31,373,713	32,544,660	24,108,922
	59,548,791	31,373,713	32,544,660	24,108,922

17. Finance Income

For the Year Ended 31 March	Group 2014 Rs.	Group 2013 Rs.	Company 2014 Rs.	Company 2013 Rs.
Profit from Mudarabah Savings	373,817	639,709	373,817	639,709
Profit from Murabaha Deposits	1,483,741	7,408,869	1,483,741	7,408,869
Finance Income - Staff Loan	147,859	11,222	90,381	11,221
Finance Income - Inter Company Loans	918,439	981,194	7,171,974	8,313,087
	2,923,856	9,040,994	9,119,913	16,372,886

18. Other Income and Gains/(Losses)

For the Year Ended 31 March	Group 2014 Rs.	Group 2013 Rs.	Company 2014 Rs.	Company 2013 Rs.
Capital Gain on Sale of Shares	–	4,344,783	–	4,344,783
Dividend Received	438,700	224,262	24,476,013	9,433,287
Profit on Disposal of Property, Plant & Equipment	6,735,319	559,502	7,091,431	–
Capital Gain/(Loss) on Quoted Share Disposal	(324,156)	4,993,215	(324,156)	4,993,215
Fall in Value of Investments in Quoted Shares	(1,553,915)	(342,968)	(1,553,915)	(342,968)
Administration Fee	2,942,857	2,000,000	2,942,857	2,000,000
CDM Consultancy Fee	–	1,000,000	–	1,000,000
Management Fee	(244,219)	66,612	(239,078)	66,612
Other Income	2,771,839	–	2,709,300	–
	10,766,425	12,845,406	35,102,452	21,494,929

19. 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	
	2014	2013
Amounts Used as Numerator		
Net Profit Attributable to Ordinary Shareholders for Basic Earnings per Share (Rs.)	163,711,600	91,905,691
Number of Ordinary Shares Used as Denominator		
Weighted Average Number of Ordinary Shares in Issue	477,269,193	465,351,662

20. Dividend Paid and Proposed

For the Year Ended 31 March	**2014** Rs.	2013 Rs.
Declared and Paid during the Year		
Interim Dividend for 2013/14 - Rs. 0.075/- per Share (2012/13 - Rs. 0.05/- per share)	35,795,189	23,863,460
Dividend Declared and Paid During the Year: Final Dividend 2012/13 - Rs. 0.05	23,863,460	–
	59,658,649	23,863,460

21. Cash and Cash Equivalents

	Group		Company	
For the Year Ended 31 March	**2014** Rs.	2013 Rs.	**2014** Rs.	2013 Rs.
Components of Cash and Cash Equivalents				
Favourable Cash and Cash Equivalents Balance				
Cash and Bank Balances	14,159,060	39,890,252	3,109,222	20,477,270
Total Cash and Cash Equivalents for the Purpose of Cash Flow Statement	14,159,060	39,890,252	3,109,222	20,477,270

22. Segment Information

For the Year Ended 31 March	Power Generation 2014	Power Generation 2013	Construction and Project Management 2014	Construction and Project Management 2013	Energy Efficiency 2014	Energy Efficiency 2013	Group 2014	Group 2013
Segmental Revenue	417,286,801	245,463,847	122,512,939	99,782,676	7,674,984	3,920,819	547,474,724	349,167,342
Segmental Results								
Depreciation	(42,638,659)	(25,371,745)	(4,475,222)	(6,264,110)	(257,335)	(184,164)	(47,371,216)	(31,780,019)
Finance Cost	(58,311,596)	(30,092,655)	(1,100,164)	(1,281,058)	(137,031)	–	(59,548,791)	(31,373,713)
Finance Income	2,142,449	7,899,032	781,407	1,141,962	–	–	2,923,856	9,040,994
Profit/(Loss) Before Tax	164,303,892	107,427,032	18,307,610	13,744,577	(189,570)	(2,447,076)	182,421,932	118,724,533
Income Tax Expense	(12,577,155)	(20,451,346)	(3,196,029)	(3,653,375)	–	–	(15,773,184)	(24,091,378)
Profit/(Loss) for the Year	151,726,737	86,975,686	15,111,581	10,091,202	(189,570)	(2,447,076)	166,648,749	94,633,154
Non-Current Assets	1,773,571,233	1,229,184,154	15,402,609	10,555,699	410,030	348,239	1,789,383,872	1,240,088,093
Current Assets	253,162,894	241,145,653	47,995,438	37,667,418	3,168,115	1,451,726	304,326,447	280,264,797
Total Assets	2,026,734,127	1,470,329,807	63,398,047	48,223,117	3,578,145	1,799,965	2,093,710,319	1,520,352,890
Non-Current Liabilities	650,574,064	302,900,112	6,511,612	3,583,447	53,877	–	657,139,553	306,483,559
Current Liabilities	242,159,579	156,650,301	44,571,375	17,865,585	3,062,585	2,195,092	289,793,539	176,710,978
Total Liabilities	892,733,643	459,550,413	51,082,987	21,449,032	3,116,462	2,195,092	946,933,092	483,194,537

23. Retrospective Restatement

The income tax expense for the financial year ended 31 March 2013 has been understated due to recognition of Mark to Market loss into the income tax computation and accumulated depreciation as at 31 March 2012 have been understated due to computation error. Those were adjusted retrospectively in the current period in accordance with the Sri Lanka Accounting Standards (SLFRSs).

The opening statement of financial position of the earliest comparative period presented (1 April 2012) and the comparative figures have been accordingly restated.

Impact on Profit or Loss (Increase/Decrease) in Profit:

For the Year Ended 31 March	Group 2013 Rs.	Company 2013 Rs.
Income Tax Expense	14,925,068	14,925,068
Profit for the Year	(14,925,068)	(14,925,068)
Total Comprehensive Income for the Year, Net of Tax	(14,925,068)	(14,925,068)
Profit Attributable to -		
Equity Holders of the Parent	(14,925,068)	–
Non-Controlling Interests	–	–
Earnings Per Share - Basic	(0.03)	–

Above corrections did not have impact on statement of cash flows.

Impact on Equity (Increase/(Decrease) in Net Equity):

For the Year Ended 31 March	Group As at 31.03.2013 Rs.	Group As at 31.03.2012 Rs.	Company As at 31.03.2013 Rs.	Company As at 31.03.2012 Rs.
Property Plant & Equipment (Non-Current)	(5,860,542)	(5,860,542)	(5,860,542)	(5,860,542)
Deferred Taxation (Non-Current)	–	703,265	–	703,265
Income Tax Receivable (Current)	(162,545)	–	(162,545)	–
Total Assets	(6,023,087)	(5,157,277)	(6,023,087)	(5,157,277)
Deferred Taxation (Non-Current)	(703,264)	–	(703,264)	–
Income Tax Payable (Current)	14,762,523	–	14,762,523	–
Total Liabilities	14,059,259	–	14,059,259	–
Net Impact on Equity	(20,082,345)	(5,157,277)	(20,082,345)	(5,157,277)

24. Commitments and Contingencies

24.1 Capital Expenditure Commitments

During the year the Group entered into several capital commitment contracts, mainly for the purpose of constructing the power plants, the total value of such contracts contracted but not provided for amounts to Rs. 117 mn.

24.2 Corporate Guarantees Provided by Parent

Company has guaranteed financial accommodation of Lower Kothmale Oya Hydro Power (Pvt) Ltd., which is a related party to a limit of Rs. 540,000,000/- of which as at 31 March 2014 Rs. 397,621,211/- (2013 - Rs. 35,891,214/-) had been borrowed under such financial accommodation.

Vidul Madugeta (Pvt) Ltd., which is a related party borrowed Rs. 308,889,439/- (2013 - Rs. 79,557,499/-) under the financial accommodation of Rs. 320,000,000 of which the Company guarantees Rs. 160,000,000/-.

During the year 2012/13, the Company guaranteed a financial accommodation for Walagamba Balashakthi (Pvt) Ltd., to a limit of Rs. 75,000,000/-. The guarantee has been fully settled during the year 2013/14 (2013 - Rs. 74,914,070/-).

Further, during the year 2011/12, the Company guaranteed 50% of the financial accommodation of Rs. 87,500,000/- for Udaka Energy Group (Pvt) Ltd., of which as at 31 March 2014 Rs. 71,211,190/- (2013 - Rs. 78,063,693/-) was outstanding under such financial accommodation.

For the Year Ended 31 March	Group **2014** Rs.	Group 2013 Rs.	Company **2014** Rs.	Company 2013 Rs.
24.3 Letter of Credit				
Hatton National Bank PLC	–	3,588,158	–	–
Muslim Commercial Bank Ltd.	923,057	1,432,491	923,057	1,432,491
	923,057	5,020,649	923,057	1,432,491

25. Assets Pledged

The following assets have been pledged as security for liabilities:

25.1 Company

Nature of Liability	Carrying Amount Pledged Assets		Included Under Assets
	2014 Rs.	2013 Rs.	
Charge over Leased Assets on Finance Lease Liabilities	8,120,434	12,984,539	Property, Plant & Equipment
Extended Murabaha (Trade Finance) and Diminishing Musharaka (Term-Loan)	520,813,335	234,250,717	Property, Plant & Equipment
Total Carrying Value of Assets Pledged	528,933,769	247,235,256	

25.2 Group

Nature of Liability	Carrying Amount Pledged Assets		Included Under Assets
	2014 Rs.	2013 Rs.	
Charge Over Leased Assets on Finance Lease Liabilities	17,010,549	18,886,241	Property, Plant & Equipment
Extended Murabaha (Trade Finance) and Diminishing Musharaka (Term-Loan)	1,114,273,521	911,518,843	Property, Plant & Equipment
Total Carrying Value of Assets Pledged	1,131,284,070	930,405,084	

26. Litigations

Following Court Actions have been initiated against the Company:

(a) D.C. Balangoda Forest Case No. 1752/L
(b) D.C. Ratnapura Case No. 22020/L

Since the outcome of these matters is inherently uncertain, the management believes that none of these outstanding matters is material, either individually or in aggregate.

27. Related Party Disclosure

27.1 Details of Significant Related Party Disclosure are as follows:

The following table provides the significant amount of transactions, which have been entered into with related parties for the relevant financial year (for information regarding outstanding balances at 31 March 2014 and 2013, refer Notes no. 7.1):

Company	Relationship	Nature of Transactions	2014 Rs.	2013 Rs.
Walagamba Balashakthi (Pvt) Ltd. (WMB)	Subsidiary	Expenses incurred by Vidullanka PLC (VLL)	4,094,608	96,415,355
		Expenses incurred by WMB on behalf of VLL	(34,933)	–
		Settlement done by WMB	(80,920,000)	–
		Funds Transfers from VLL	13,235,000	10,740,000
Rideepana Hydro (Pvt) Ltd.	Subsidiary	Expenses incurred by VLL	29,384,821	–
Vidul Engineering Ltd. (VEL)	Subsidiary	Expenses incurred by VLL on behalf of VEL	43,623,980	39,747,077
		Expenses incurred by VEL on behalf of VLL	(27,239,582)	(19,581,177)
		Settlement done by VLL	1,100,000	4,015,000
		Settlement done by VEL	(20,000,000)	(34,150,000)
Vidul Madugeta (Pvt) Ltd. (VMPL)	Joint Venture	Expenses incurred by VLL on behalf of VMPL	2,394,926	82,079,900
		Issue of Shares	(31,179,234)	(75,000,000)
		Funds Transfers From VLL	40,240,000	–
		Settlement done by VMPL	(630,203)	–
Gurugoda Hydro (Pvt) Ltd. (GHPL)	Joint Venture	Expenses incurred by VLL on behalf of GHPL	5,381,922	2,700,615
		Settlement done by GHPL	(5,947,493)	(2,182,610)
Udaka Energy Group (Pvt) Ltd. (UEGL)	Joint Venture	Funds Transfers to UEGL	1,727,881	11,249,188
		Expenses incurred by VLL on behalf of UEGL	8,082,001	–
		Settlement done by UEGL	–	(1,856,962)
Lower Kothmale Oya Hydro Power (Pvt) Ltd. (LKM)	Joint Venture	Expenses incurred by VLL on behalf of LKM	455,451	59,062,000
		Funds Transfers to LKM	74,915,509	4,859,260
		Issue of Shares	(33,600,000)	–
Co-Energi (Pvt) Ltd. (CEPL)	Joint Venture	Expenses incurred by VLL on behalf of CEPL	7,371,787	2,933,674
		Settlement done by CEPL	(4,871,844)	(417,926)
		Issue of Shares	(2,300,000)	(1,700,000)

In addition to above Vidullanka PLC received Rs. 5,400,000/- and Rs. 18,637,313/- as dividends from Vidul Engineering Ltd., and Gurugoda Hydro (Pvt) Ltd., respectively.

27.2 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, that of its Parent, and Chief Executive Officer and Corporate Management. Previous year amounts have been changed to accommodate this new definition. Independent Transactions with Key Management Personnel and transactions with the Close Family Members (CFMs) of the KMPs, if any, have also been taken into consideration in the following disclosure:

Key Management Personnel Compensation

For the Year Ended 31 March	2014 Rs.	2013 Rs.
Short-Term Employee Benefits	28,524,700	18,356,500
Other Transactions - Dividend Payment	26,130,239	9,752,132
Share-Based Payments	871,245	156,679
Other benefits Paid by the Company	5,736,000	5,136,000
	61,262,184	33,401,311

Transactions with related parties were carried out on the same terms and conditions applicable to non-related parties. i.e. on an arm's length basis.

28. 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 show an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

As at 31 March 2014	Group				Company			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial Assets								
Other Financial Assets	3,978,492	–	–	3,978,492	3,978,492	–	–	3,978,492
	3,978,492	–	–	3,978,492	3,978,492	–	–	3,978,492
As at 31 March 2013								
Financial Assets								
Other Financial Assets	22,047,893	–	–	22,047,893	22,047,893	–	–	22,047,893
	22,047,893	–	–	22,047,893	22,047,893	–	–	22,047,893

During the reporting period ended 31 March 2014, there were no transfers between level 1 and level 2 fair value measurement.

29. Events Occurring After The Reporting Date

There have been no material events occurring after the reporting date that require adjustment to or disclosure in the financial statements.

30. 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 also holds available-for-sale investments.

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 summarised below:

30.1 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 and available-for-sale investments.

30.1.1 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 Rs.	Effect on Profit Before Tax Rs.
2014	100	+/- 5.60 mn
2013	100	+/- 2.99 mn

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

30.1.2 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 minimal as the Group does not have any foreign currency related operations. However, the Group procures fixed assets 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.

Foreign Currency Sensitivity

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 capitalised and would be depreciated over the useful life time of the asset, thus the impact would be immaterial.

30.1.3 Commodity Price Risk

The Group is principally engaged in generating electricity using renewable energy sources i.e: Udaka Energy Group (Pvt) Ltd., from the flow of Hal Oya and Walagamba Balashakthi (Pvt) Ltd., from the flow of Koswathu Ganga. 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.

30.1.4 Equity Price Risk

The Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's Board of Directors on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

30.2 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 minimise the concentration of risks and therefore mitigate financial loss through potential counterparty's failure.

30.3 Liquidity Risk

The Group monitors its risk to a shortage of funds using continuous cash flow forecasts and 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, finance leases and hire purchase contracts.

The tables below summarise the maturity profile of the Company's and Group's financial liabilities based on contractual undiscounted payments:

Company

As at 31 March 2014	Less than 3 Months	3 to 12 Months	1 - 3 Years	4 - 5 Years	> 5 Years	Total
Interest-Bearing Loans and Borrowings	18,835,330	64,659,073	138,922,784	62,541,365	–	284,958,553
Trade and Other Payables	25,995,951	–	–	–	–	25,995,951
Total	44,831,281	64,659,073	138,922,784	62,541,365	–	310,954,504

As at 31 March 2013	Less than 3 Months	3 to 12 Months	1 - 3 Years	4 - 5 Years	> 5 Years	Total
Interest-Bearing Loans and Borrowings	12,523,146	37,381,937	80,452,690	51,041,667	–	181,399,440
Trade and Other Payables	10,823,393	–	–	–	–	10,823,393
Total	23,346,539	37,381,937	80,452,690	51,041,667	–	192,222,833

Group

As at 31 March 2014	Less than 3 Months	3 to 12 Months	1 - 3 Years	4 - 5 Years	> 5 Years	Total
Interest-Bearing Loans and Borrowings	41,139,084	145,751,642	396,420,945	285,374,237	179,514,761	1,048,200,669
Trade and Other Payables	161,543,091	–	–	–	–	161,543,091
Total	202,682,175	145,751,642	396,420,945	285,374,237	179,514,761	1,209,743,760

As at 31 March 2013	Less than 3 Months	3 to 12 Months	1 - 3 Years	4 - 5 Years	> 5 Years	Total
Interest-Bearing Loans and Borrowings	19,778,524	63,322,850	166,777,004	124,253,273	61,741,282	435,872,934
Trade and Other Payables	101,561,646	–	–	–	–	101,561,646
Total	121,340,170	63,322,850	166,777,004	124,253,273	61,741,282	537,434,580

30.4 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 2013 and 31 March 2014.

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 50%.

	Group		Company	
For the Year Ended 31 March	**2014** Rs.	2013 Rs.	**2014** Rs.	2013 Rs.
Interest-Bearing Loans and Borrowings	760,113,921	350,763,036	232,122,295	169,109,431
Total Equity	1,146,777,227	1,037,158,353	1,114,803,033	1,069,237,784
Equity and Interest-Bearing Loans and Borrowings	1,906,891,148	1,387,921,389	1,346,925,328	1,238,347,215
Gearing Ratio (%)	39.9	25.3	17.2	13.7

ANNEXES

Investor Information

Market Capitalisation

Market Capitalisation of the Vidullanka Group remained at Rs. 1.67 bn as at 31 March 2013/14 with the minimum fluctuations throughout the year.

Dividend Payout Ratio

The Company declared an interim dividend of Rs. 0.075 for the financial year 2013/14. This financial year dividend payout ratio stands at 22% compared to the dividend payout ratio of 43.5% for the financial year 2012/13.

Price to Book Value

Price to Book Value Ratio of the Group as at 31 March 2014 was 1.46 in comparison to 1.61 as at 31 March 2013. The reduction was due to stable share prices and improved earnings.

Public Shareholding as at 31 March 2014.

		Cumulative Total	
Issued Share Capital			477,269,193
1 Parent, subsidiary, affiliated or associate entities or any subsidiaries or associates of its Parent entity			
Trade First (Pvt) Ltd.	1,715,940		
Diamond Cutters Sales (Pvt) Ltd.	186,825		
Dynawash Ltd.	10,307,715		
Lanka Equities (Pvt) Ltd.	2,454,734		
LEL Investments (Pvt) Ltd.	2,180,855		
Vanguard Industries (Pvt) Ltd.	12,334	16,858,403	
2. Directors of the entity and their close family members			
Mr. Riyaz M. Sangani	18,426,804		
Mr. Shahid M. Sangani	2,015,573		
Dr. T. Senthilverl	135,090,366		
Mr. Ranjan Mather	2,000,000		
Mr. S.S.V. Fernando	11,000,000		
Mrs. Roshini Sangani	6,764,657		
Mrs. S.R. Sangani	10,257,883		
Mrs. S.S. Sangani	1,386,821		
Mrs. Ren Lan Mather	24,500,000		
Mrs. Z.M. Sangani	11,259,274		
Mr. Suhayb M. Sangani	339,908	223,041,286	
3 Employee Share Option Scheme		16,942,211	
4 More than 10%			
Belmont Agents Ltd.	75,000,000		
Wembly Spirit Ltd.	66,026,286	141,026,286	(397,868,186)
Public Shareholding			79,401,007
Percentage Public Shareholding (%)			16.6%

Classification of Shareholders - Local and Foreign

Description	Local Shareholding			Foreign Shareholding		
	No. of Local Shareholders	Shares held by Local Shareholders	Shareholding %	No. of Foreign Shareholders	Shares Held by Foreign Shareholders	Shareholding %
1 to 1,000 Shares	922	275,337	0.1	4	2,280	–
1,001 to 10,000 Shares	585	2,354,806	0.5	3	12,000	–
10,001 to 100,000 Shares	240	6,531,400	1.4	5	188,062	–
100,001 to 1,000,000 Shares	35	11,382,531	2.4	–	–	–
Over 1,000,001 Shares	27	416,608,516	87.3	3	39,914,261	8.4
Total	1,809	437,152,590	91.6	15	40,116,603	8.4

Highest and Lowest Share Prices for the Year 2013/14

Financial Year	Highest Share Price Rs.	Lowest Share Price Rs.	Closing Price Rs.
2013/14	3.80	3.40	3.50
2012/13	6.20	3.40	3.50
2011/12	11.00	5.50	5.90
2010/11 (Share split at the ratio of 1:10)	59.00	5.00	6.30
2009/10	39.75	20.50	33.50

Twenty Largest Shareholders of Vidullanka PLC as at 31 March 2014

Serial	Name	2014		2013	
		No. of Shares	%	No. of Shares	%
1.	Dr. T. Senthilverl	135,090,366	28.30	122,865,891	25.74
2.	Belmont Agents Ltd.	75,000,000	15.71	75,000,000	15.71
3.	Wembley Spirit Ltd.	66,026,286	13.83	66,026,286	13.83
4.	Mrs. Ren Lan Mather	24,500,000	5.13	24,500,000	5.13
5.	Mr. Riyaz M. Sangani	18,426,804	3.86	16,232,850	3.40
6.	ABC International Ltd.	17,469,642	3.66	17,469,642	3.66
7.	Vidullanka PLC - Employee Share Options Scheme	16,942,211	3.55	17,707,748	3.71
8.	Mrs. Yumna Kunimoto	15,664,708	3.28	15,664,708	3.28
9.	Mr. Mohamed Shafee Mohideen	12,612,665	2.64	12,612,665	2.64
10.	Mrs. Z.M. Sangani	11,259,274	2.36	11,259,274	2.36
11.	Mr. Sidath Fernando	11,000,000	2.30	11,000,000	2.30
12.	Dynawash Ltd.	10,307,715	2.16	6,676,900	1.40
13.	Mrs. S.R. Sangani	10,257,883	2.15	10,271,883	2.15
14.	Mr. Suhayb M. Sangani	–	–	10,000,053	2.10
15.	Equity Investments Lanka Ltd.	–	–	8,170,064	1.71
16.	Mr. Ranjeet Bharwarlal Barmecha	7,200,001	1.51	7,200,001	1.51
17.	Mrs. B.R.I. Sangani	6,764,657	1.42	6,864,657	1.44
18.	Lanka Equities (Pvt) Ltd.	2,454,734	0.51	2,454,734	0.51
19.	LEL Investments (Pvt) Ltd.	2,180,855	0.46	2,180,855	0.46
20.	Mr. Shahid M. Sangani	2,015,573	0.42	–	–
21.	Mr. Ranjan Mather	2,000,000	0.42	–	–
22.	Rosewood (Pvt) Ltd.	2,000,000	0.42	2,000,000	0.42
	Total Top 20 Shareholders	449,173,374	94.1	446,158,211	93.48
	Others	28,095,819	5.9	31,110,982	6.52
	Total Issued No. of Shares	477,269,193	100	477269193	100.00

Five Year Summary

Five Year Summary (in '000 otherwise stated)

	2014	2013	2012	2011	2010
ASSETS					
Financial Assets					
Trade and Other Receivables	272,705	174,622	89,828	127,516	75,338
Other Current Financial Assets	16,978	65,048	150,300	80,124	–
Cash and Bank Balances	14,159	39,890	8,796	214,573	12,283
	303,843	279,560	248,923	422,212	87,621
Non-Financial Assets					
Property, Plant & Equipment	1,562,736	1,089,002	667,084	642,525	662,417
Other Project Investments	125,272	94,584	171,057	80,064	–
Goodwill	101,376	56,502	6,687	6,687	6,687
Inventories	484	704	865	865	729
Deferred Taxation	–	–	1,398	–	–
	1,789,868	1,240,792	847,091	730,141	669,834
Total Assets	2,093,710	1,520,353	1,096,014	1,152,354	757,455
Financial Liabilities					
Non-Current Portion of Interest-Bearing Loans and Borrowings	639,293	294,210	196,046	178,496	–
Current Portion of Interest-Bearing Loans and Borrowings	120,821	56,553	46,286	10,147	–
Trade and Other Payables	161,543	101,562	35,094	22,009	44,700
Ijara Facilities (Finance Lease)	–	–	–	–	85,448
Current Portion of Ijara and Murabaha Facilities	–	–	–	–	49,423
	921,657	452,325	277,425	210,652	179,571
Non-Financial Liabilities					
Defined Benefit Liability	12,998	10,250	8,643	5,644	3,435
Deferred Taxation	4,848	2,024	–	–	–
Income Tax Liabilities	7,430	18,596	658	–	–
	25,276	30,870	9,302	5,644	3,435
Total Liabilities	946,933	483,195	286,727	216,296	183,006
Equity	1,146,777	1,037,158	809,288	936,058	574,450
Revenue	547,475	349,167	252,355	362,854	324,879
Gross Profit	392,758	258,276	200,791	282,891	224,278
Operating Cost	319,194	220,955	171,542	181,901	148,733
Profit Before Tax	182,422	118,725	25,080	167,737	122,586
Profit After Tax	166,649	94,633	23,524	166,363	122,457
Generation (GWh)	39	28	22	30	23
Key Indicators					
Total Assets/Equity (Times)	1.83	1.47	1.35	1.23	1.32
Net Profit Margin (%)	0.30	0.27	0.09	0.46	0.38
Turnover/Assets (Times)	0.26	0.23	0.23	0.31	0.43
Return on Equity (%)	0.15	0.09	0.03	0.18	0.21
Return on Assets (%)	0.08	0.06	0.02	0.14	0.16
Current Ratio (Times)	1.05	1.59	3.04	11.51	0.94
Earning per Share (Rs.)	0.34	0.20	0.05	0.41	0.32
Debt/Equity (%)	39.9	24.9	22.9	17.9	22.7

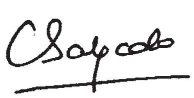
Notice of Meeting

NOTICE IS HEREBY GIVEN that the 18th Annual General Meeting of shareholders of Vidullanka PLC will be held on 25 June 2014 at Bougainvillea Ballroom, Galadari Hotel, Colombo 1 at 4.00 p.m. for the following purposes:

1. To consider and adopt the Audited financial statements for the year ended 31 March 2014 together with the Annual Report of the Directors thereon.
2. To re-elect Mr. Shahid M. Sangani as a Director of the Company, who retires by rotation.
3. To re-elect Mr. M. Zulficar Ghouse as a Director of the Company, who retires by rotation.
4. To re-elect Mrs. B.R.I. Sangani as a Director of the Company, who retires by rotation.
5. To re-elect Mr. S.S.V. Fernando as a Director of the Company, who retires by rotation.
6. To re-elect Mr. Sattar Kassim as a Director of the Company, who retires by rotation.
7. To reappoint the retiring Auditors M/s Ernst & Young, Chartered Accountants for the ensuing year and authorise Directors to determine their remuneration.
8. Any other business.

By Order of the Board,

Vidullanka PLC



Managers & Secretaries (Pvt) Ltd.
Secretaries
30 May 2014

Note:

1. *A member is entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him/her.*
2. *A proxy need not be a member of the Company.*
3. *A Form of Proxy accompanies this notice.*

Form of Proxy

I/We, the undersigned ....

of..

being member/s of Vidullanka PLC, do hereby appoint ....

....

of ....

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 25 June 2014 and at any adjournment thereof.

Ordinary Resolution

		For	Against
1.	To, consider and adopt the audited financial statements for the year ended 31 March 2014 together with the Annual Report of the Directors thereon.		
2.	To re-elect Mr. Shahid M. Sangani as a Director of the Company, who retires by rotation.		
3.	To re-elect Mr. M. Zulficar Ghouse as a Director of the Company, who retires by rotation.		
4.	To re-elect Mrs. B.R.I. Sangani as a Director of the Company, who retires by rotation.		
5.	To re-elect Mr. S.S.V. Fernando as a Director of the Company, who retires by rotation.		
6.	To re-elect Mr. Sattar Kassim as a Director of the Company, who retires by rotation.		
7.	To reappoint the retiring Auditors M/s. Ernst & Young, Chartered Accountants for the ensuing year and authorise Directors to determine their remuneration.		
8.	Any other business.		

Signed this .... day of .... 2014.

....

Signature

Instructions for Completion of Proxy

1. Kindly perfect the Form of Proxy by filling in legibly your full name and address, signing in the space provided and filling in the date of signature.

2. In the case of a company/corporation, the proxy must be under its common seal, which should be affixed and attested in the manner prescribed by its Articles of Association.

3. The completed Form of Proxy should be deposited at the Registered Office of the Company at Vidullanka PLC, Level 4, Access Tower, No. 278, Union Place, Colombo 2.

Corporate Information

Company Status and Capital

Legal Status
Public Limited Liability Company listed in the Colombo Stock Exchange on 10 June 2005.

Re-registration Date and Number
27 September 2007
PQ 83

Stated Capital
Rs. 829,258,508/-

Issued No. of Shares
477,269,193 Shares

Board of Directors
Mr. Osman Kassim (Chairman)
Mr. Riyaz M. Sangani (Managing Director)
Mr. Shahid M. Sangani
Mr. S. Ranjan Mather
Dr. Haroon Admani
Mr. M. Zulficar Ghouse
Dr. T. Senthilverl
Mr. C.F. Fuhrer
Mrs. Roshini Sangani
Mr. S.S.V. Fernando
Mr. Sattar Kassim
Mr. Sujendra Mather (Alternate Director)

Company Secretary
Managers & Secretaries (Pvt) Ltd.

Registered Office
Level 04, 'Access Towers',
No. 278, Union Place, Colombo 2.
Tel: +94 (011) 4760000
Fax: +94 (011) 4760076
Email: info@vidullanka.com
Web: www.vidullanka.com

Auditors
Messrs Ernst & Young,
Chartered Accountants

Bankers
Amãna Bank Ltd.
Hatton National Bank PLC
Muslim Commercial Bank Ltd.
Commercial Bank of Ceylon PLC

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VIDULLANKA PLC
Building on Renewable Energy Sources

Vidullanka PLC
Level 04, 'Access Towers'
No. 278, Union Place, Colombo 2, Sri Lanka.
Tel: +94 11 4760000, Fax: +94 11 4760076
E-mail : info@vidullanka.com
www.vidullanka.com