VIDULLANKA PLC
Building on Renewable Energy Sources

Time to SHINE

Annual Report 2020/21

CONTENT

FINANCIAL REPORT

Time to
SHINE

In what was an extremely challenging year, Vidullanka PLC has been exemplary in overcoming obstacles with poise and determination. As we complete another year, one that was hampered by a global pandemic, we look back on the initiatives that made us stronger as we place on record a progression that has propelled us forward in more ways than one.

Along with new projects both here and abroad, we were able to increase our capacity, while being instrumental in the charge for green sustainable power generation; all while bringing to successful fruition, the projects that are out to revolutionise the industry.

All in all a year in which we were more conscious about our impact on the environment and the lives that we impact through our work, we optimistically look ahead at our time to shine.

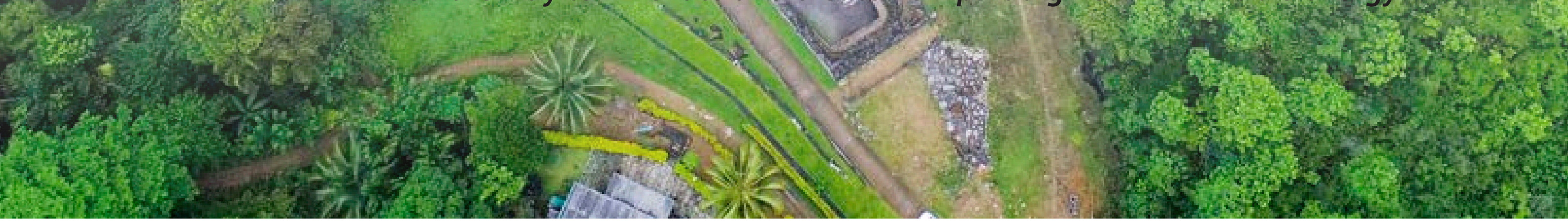
ABOUT VIDULLANKA PLC

Vidullanka PLC - our name springs from this very promise. It is a promise to create a sustainable future by working for the benefit of the environment and all our communities. It is a promise for the future that is energised by renewable energy.

Vidullanka PLC takes great pride in being a driving force in the nation's power and energy sector. We have placed ourselves as a premier renewable energy developer whilst being a 'change agent' in the Power and Energy Sector in Sri Lanka. Over the last two decades the Company's capacity has steadily grown and is presently is at 37MW with a total energy supply exceeding 140GWh annually to the national grids. Leveraging on this success the Company commissioned the 6.5MW Bukinda Small Hydro Power Project in Uganda and added two rooftop solar power plants in Sri Lanka with a total installed capacity of 750kW, continuing its steps toward growth and diversification.

Sustainable energy is the future. Our unique strategy interweaves business goals with environmental sustainability and social responsibility, producing mutually beneficial results. By contributing to community's socio-economic development in the short-term, we foresee the delivery of continual value to our shareholders. Through our community engagement initiatives, we are contributing to uplift the lifestyle of communities we work with.

At Vidullanka, we are committed to delivering clean and sustainable energy for all. Vidullanka is now on the way to innovate and create new paradigms in renewable energy.



Vision

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

Mission

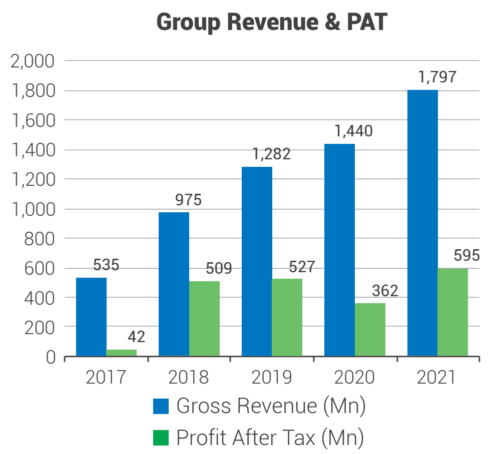
Passionately develop business opportunities aligned to our core business that will maximise economic value to our stakeholders, thereby giving us a competitive advantage in the marketplace. Use the strength of our engineering team to become the leader in supplying renewable energy.

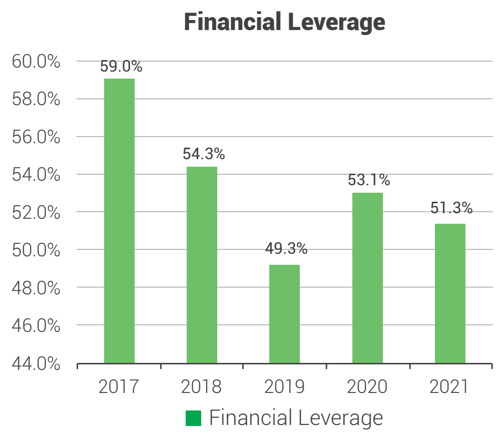
Values

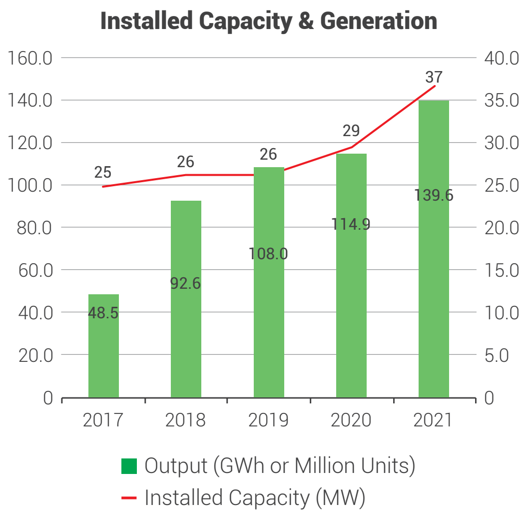
Work with the passion for excellence while ensuring honesty, integrity and ethics with innovative mindsets by taking risks while providing attention to detail with the entrepreneurial drive through teamwork and professionalism.

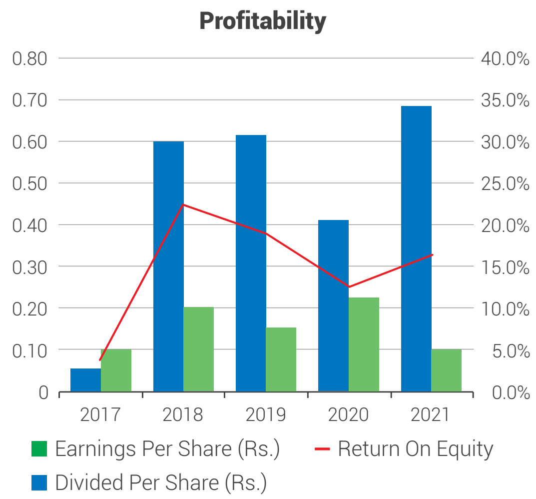
PERFORMANCE HIGHLIGHTS

	2021	2020	2019	2018	2017
Gross Revenue (Mn)	1,797	1,440	1,282	975	535
Gross Profit (Mn)	1,205	1,062	980	726	391
Profit After Tax (Mn)	595	362	527	509	42
Output (GWh or Million Units)	139.6	114.9	108.0	92.6	48.5
Installed Capacity (MW)	37	29	26	26	25
Net Profit Margin	33.1%	25.1%	41.1%	52.2%	7.8%
Return On Assets	13.6%	12.2%	15.8%	17.1%	4.3%
Return On Equity	16.3%	12.1%	19.2%	23.0%	2.3%
Earnings Per Share (Rs.)	0.68	0.41	0.62	0.60	0.05
Divided Per Share (Rs.)	0.10	0.23	0.15	0.20	0.10
Net Asset Value Per Share (Rs.)	4.21	3.51	3.24	2.66	2.41
Financial Leverage	51.3%	53.1%	49.3%	54.3%	59.0%









Revenue Growth	Output Growth	Total Assets	Total Capital Employed
35% 5year CAGR	30% 5year CAGR	8,292 Rs. Mn	7,492 Rs. Mn

Economic Value Addition	Financial Leverage	Corporate Credit Rating	Total Shareholder Equity
566 Rs. Mn	51.3 %	A- (SL) ICRA	3,645 Rs. Mn

Profit After Tax	Earnings Per Share	Dividend Paid
595 Rs. Mn	0.68 Rs. Mn	84 Rs. Mn

Strong Workforce	Training Sessions Provided
247	225 Hours

Electricity Generated	Electricity Generated in Sri Lanka	Electricity Generated in Uganda
139.6 million units	92.8 million units	46.8 million units

Installed Capacity	Capacity in Sri Lanka	Capacity in Uganda	New Capacity Added
37 MW	24 MW	13 MW	7.3 MW

Trees Planted	Trees Managed & Sustained	Carbon Emission Reduced
14,417	24,679	81,355 tCO_2 Equivalent

Plant : Bambarabatuoya MHPP

HYDRO

Plant Name	Bambarabatuoya MHPP
Project Company	Vidullanka PLC
Ownership	100%
Installed Capacity	3.2 MW
Location	Ratnapura (6°42'5.23"N 80°30'35.01"E)
Project Cost	US$ 3.4 Mn
River	Kalu Ganga
Catchment Area	76 Sq.km
Plant Factor	44%
Designed Annual Energy	12.33 GWh
Gross Head	47 m
Channel Length	2,850 m
Penstock Length	150 m
Turbine	Francis Turbines (4*800kW)
Present Status	An interim SPPA up to 30 June 2021 signed

Plant : Batathota MHPP

HYDRO

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

OUR PLANT PORTFOLIO (CONTD.)

Plant : Ganthuna MHPP

HYDRO

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

Plant : Wembiyagoda MHPP

HYDRO

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

Plant : Madugeta MHPP

HYDRO

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

Plant : Lower Kotmale Oya MHPP

HYDRO

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

Plant : Rideepana MHPP

HYDRO

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

Plant : Ethamala Ella MHPP

HYDRO

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

Plant : Muvumbe SHPP

HYDRO

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

Plant : Udawela MHPP

HYDRO

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

OUR PLANT PORTFOLIO (CONTD.)

Plant : Bukinda SHPP

HYDRO

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

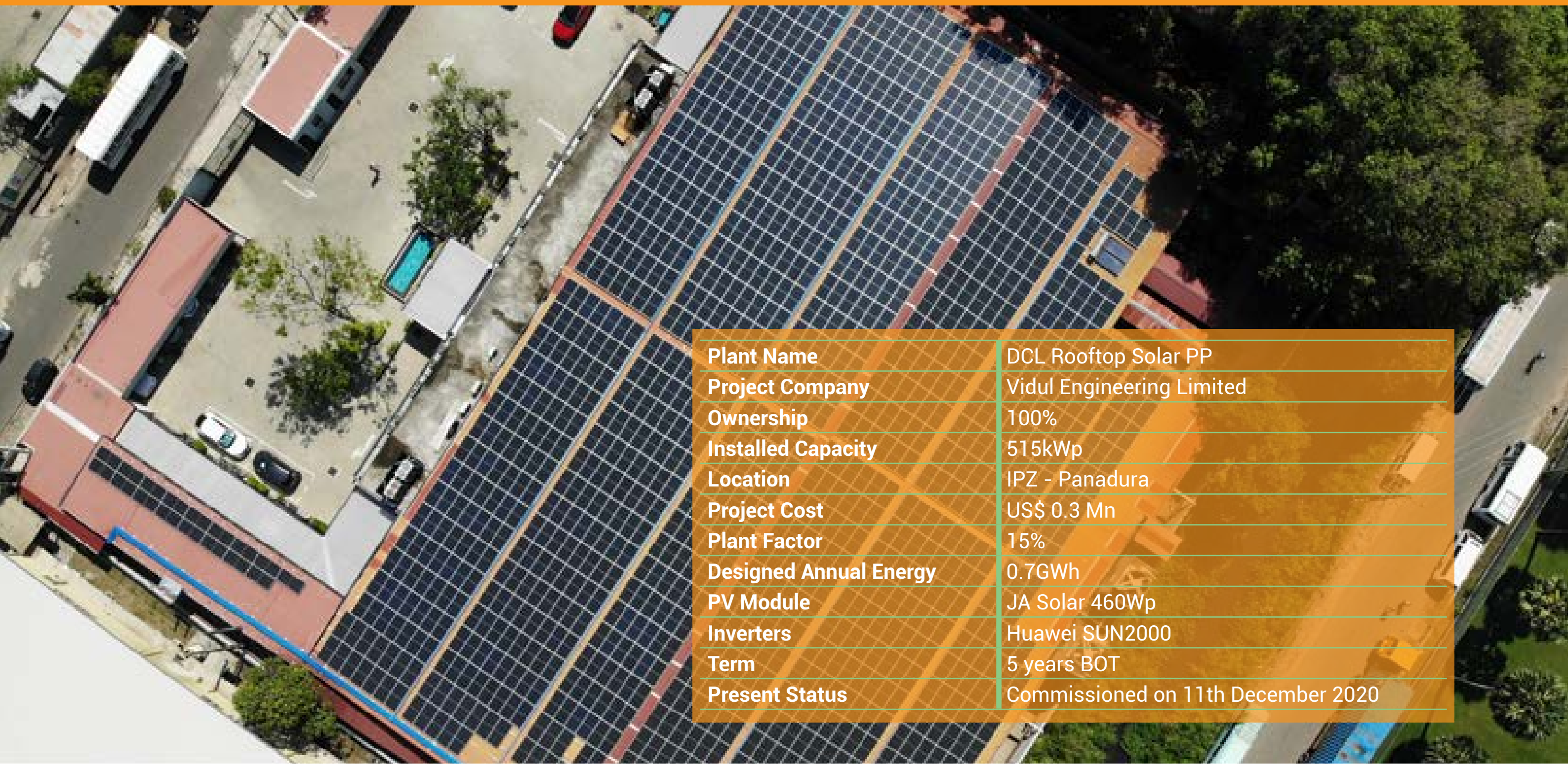
Plant : Dehiyathakandiya Dendro PP

DENDRO

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

Plant : DCL Rooftop Solar PP

SOLAR



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

Plant : TCL Rooftop Solar PP

SOLAR

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

OUR PLANT PORTFOLIO (CONTD.)

SOLAR

Plant : Emerald Rooftop Solar PP I, II & III

Plant Name	Emerald Rooftop Solar PP I, II & III
Project Company	Vidul Engineering Limited
Ownership	100%
Installed Capacity	938kWp
Location	IPZ- Panadura & Pannipitiya
Project Cost	US$ 0.5 Mn
Plant Factor	16%
Designed Annual Energy	1.3GWh
PV Module	JA Solar 540Wp
Inverters	Huawei SUN2000
Project Term	7 years BOT
Present Status	Expected Comissioning: September - November 2021

Plant : Monaragala Solar PP

Plant Name	Monaragala Solar PP
Project Company	Orik Solar (Pvt) Ltd
Ownership	51% (To be increased upto 87%)
Installed Capacity	1MWp
Location	Monaragala
Project Cost	US$ 0.7 Mn
Plant Factor	18%
Designed Annual Energy	1.5GWh
PV Module	JA Solar 535Wp
Inverters	Huawei SUN2000-100KTL
Term	20 years PPA
Present Status	Expected Comissioning: September 2021

Plant : Horana Solar PP

Plant Name	Horana Solar PP
Project Company	Horana Solar (Pvt) Ltd
Ownership	100%
Installed Capacity	2.4MWp
Location	Horana, Kalutara District
Project Cost	US$ 1.6 Mn
Plant Factor	21%
Designed Annual Energy	4.4GWh
PV Module & Inverters	JA Solar 535Wp + Huawei SUN2000
Trackers	Yes
Term	20 years PPA
Present Status	Expected Comissioning: March 2022

Plant : Vavunathivu Solar PP

Plant Name	Vavunathivu Solar PP
Project Company	Solar Universe (Pvt) Ltd
Ownership	33.3%
Installed Capacity	10MWp
Location	Vavunathiv, Batticaloa District
Project Cost	US$ 7 Mn
Plant Factor	21%
Designed Annual Energy	20GWh
PV Module	JA Solar 535Wp
Trackers	Yes
Term	20 years PPA
Present Status	Expected Comissioning: March 2022

20MW

Installed Capacity in Sri Lanka

With Hydropower as our core segment, we have performed admirably this year with 73 Million Units generated in Sri Lanka through our plants.

CHAIRMAN'S MESSAGE

Undeterred by the difficult business environment in 2020, we continued to diversify our footprint by strengthening our overseas operations during the year, whilst adhering to H&S protocols on the mitigation of the pandemic, at every stage. Along with the commissioning of our second power plant in Uganda, we initiated two more rooftop solar power plants in Sri Lanka, which added an installed capacity of 7.3MW to the Group portfolio and augmented the total installed capacity of the Company's power plants to 37MW.

Dear Shareholders

On behalf of the Board of Directors, it gives me great pleasure to welcome you to the 25th Annual General Meeting of Vidullanka PLC, and present you with our Annual Report and audited financial statements for the financial year ended 31 March 2021. The AGM is being held online this year, too, in keeping with COVID-19 guidelines.

This was a benchmark year for your Company in which we realised the highest ever profit after tax of Rs 595 Mn, from a Revenue of Rs. 1.8 Bn which is also the highest on record. The overseas operation made the highest contribution of Rs. 800 Mn to the Group's revenue this year.

This noteworthy achievement could be attributed to the enhanced profitability of several plants, which responded positively to operational efficiencies introduced during the preceding year. The performance of Muvumbe SHPP and Bukinda SHPP, our power plants in Uganda, improved substantially, Bukinda MHPP was commissioned during the current year and showed profits from commencement. Reinforced by the appreciation of the US dollar, the plants collectively contributed to two-thirds of Group profits in the current financial year. In Sri Lanka, Vidul Biomass (Pvt) Ltd., which owns and operates the Dehiyathakandiya Dendro PP, also reported profits for the first time in its two years of operation, amidst severe constraints during the 2020/2021 period.

The investments in joint ventures also performed well and contributed substantially to Group performance, increasing their contribution by three-fold during the year to Rs. 106 Mn, from Rs. 29 Mn recorded in the preceding year. In addition to Dehiyathakandiya Dendro PP operated by Vidul Biomass (Pvt) Limited, the other three joint ventures are Madugeta MHPP, Ganthuna MHPP and Ethamala Ella MHPP operated by Vidul Madugeta (Pvt) Limited, Gurugoda Hydro (Pvt) Limited, and Nilwala Vidulibala Company (Pvt) Ltd respectively.

These achievements were attained in a year fraught with challenges that were exacerbated by the Coronavirus pandemic. But your Company is well-equipped to circumvent such hurdles, and introduced a series of timely and far-sighted strategies that kept us ahead of the game. To combat the fallout from COVID-19, all hydro power plants were operated as isolated facilities, and operational teams with minimal direct contact with one another worked in shifts round-the-clock to ensure an uninterrupted power supply. Rooftop solar installations were also carried out through EPC contracts, with minimal exposure to on-site contamination. As a result of these precautions, I am pleased to say that none of our employees were infected with COVID-19 during the year under review.

We have reduced our dependency on the Ceylon Electricity Board (CEB) by diversifying our energy portfolio to overseas projects, but delays in outstanding payments by our local power off taker continue to affect our cash flow. The industry continues to lobby the CEB, the Ministry and other government authorities on the need to improve the payment cycle.

Despite the fact that our new overseas RE ventures potentially benefit not only the Company but the country as well, they were affected by the restrictions imposed on capital outflows and travel. Whilst being cognizant of the challenges faced by the country, we are working at sourcing the required capital from limited options made available by the authorities.

The Company is focusing on renewables other than hydro to reduce our reliance on aging power plants. The power purchase agreements signed for our hydro and dendro power plants in Sri Lanka, with the exception of Bambarabatuoya MHPP and Batathota MHPP, were based on a three-tiered tariff structure, and the plants will receive a reduced generation tariff after the first tier. Bambarabatuoya MHPP has completed its SPPA term in 2016 and was renewed for a further period of 5 years with an option to extend for a further 15 years, while Batathota MHPP will complete its PPA term in 2022. Both power plants will move from avoided cost tariff to a renewal tariff which has been in effect since 2019. The PPAs of all other power plants have substantially more time to expire.

Local Energy Outlook

Local market uncertainties were present during the year as a result of ambiguous policy and pricing decisions influenced, to a great extent, by the open tender procedure introduced recently. Energy is an essential service that is critical to our nation's social and economic well-being. The demand for energy is estimated to grow by 8% annually, which necessitates substantial increases in capacity, infrastructure as well as diversification to sustainable energy sources.

President H.E. Gotabaya Rajapaksa's vision for expanding renewable energy to 70% of the generation mix by 2030, was supported by Prime Minister/ Minister of Finance H.E. Mahinda Rajapaksa who, at the last budget, called for local investment to expand Sri Lanka's renewable energy capacity to 1,000MW in the immediate term. Strategic implementation of such a plan will envisage tremendous growth in the local renewable energy industry once the government's stance on renewable energy is actively supported by the CEB. A positive step in this direction would be for the CEB to reduce the complexity of its tender procedure, which is presently a disincentive for developing new projects in mini hydro and other renewable energy resources.

Substantially expanding the use of renewable energy will scale down the country's dependence on costly fossil fuels which presently comprise the major portion of its generation mix. This will, in turn, significantly reduce Sri Lanka's financial burden by narrowing its balance of payments deficit, as well as bring the country several steps closer to realising its commitment to the Paris Agreement on Climate Change, which includes reducing GHG emissions by 20% in the energy sector by 2030. In 2020, however, fossil fuels remained high in the generation mix, with thermal power (coal and fuel) comprising 36.6% and 26.6 %, while NCREs showed only a marginal increase to 11.9 %, from 11.1% recorded in 2019.

The COVID-19 crisis could be utilised to augment economic recovery that includes transitioning to renewables that assure cleaner, cheaper and more sustainable investments for promoting economic productivity and environment sustainability. While the high share of oil-fired thermal generation makes electricity more expensive and threatens the country's energy security, the cost of producing a unit of electricity from solar and wind has reduced over the years, due to technological innovations.

We will continue to identify and implement measures that protect the business, strengthen the Company's resilience to outside challenges, and create new revenue streams and growth prospects for the future. While we remain a growth-oriented Company with a focus on growing organically, we will be strengthening our generation portfolio with new additions to our solar capacity during the forthcoming year, locally, whilst focusing on developing hydro, solar and wind projects overseas.

Although renewable energy does present some technical challenges in terms of grid stability and capacity which require innovative solutions, these solutions have been introduced effectively in several countries that prioritise RE.

Global Energy Outlook

Energy is a strategic sector in economies the world over, and energy safety, energy efficiency and the use of renewable natural resources have been key elements on the agenda of the global RE sector in recent years. Today, renewable energy plays a vital role in promoting energy security since it contributes to the protection and continued provision of energy services when global disruptions such as pandemics occur. Consequently, the present pandemic is predicted to substantially increase the demand for wind and solar energy, which augurs well for the future of renewable energy.

Solar power may become more expensive during the current year due to the increases in global commodity prices followed by COVID-19 pandemic economic recovery initiatives introduced globally. A policy shift that followed the US Presidential Election held in November 2020, in which incumbent President Biden ratified the Paris Climate Agreement that had been rolled back by the previous Trump regime, also predicts a rise in the global demand for solar power. These movements, together with the rise in the cost of materials used in manufacturing solar components, could result in an increase in the prices of solar panels in the near future.

Company Performance

Undeterred by the difficult business environment in 2020, we continued to diversify our footprint by strengthening our overseas operations during the year, whilst adhering to H&S protocols on the mitigation of the pandemic, at every stage. Along with the commissioning of our second power plant in Uganda, we initiated two more rooftop solar power plants in Sri Lanka, which added an installed capacity of 7.3MW to the Group portfolio and augmented the total installed capacity of the Company's power plants to 37MW.

Since RE is a capital-intensive venture, we are now in the process of financing further investment in ground mounted and rooftop solar power plants through a Rights issue of Non-Voting shares. Ground mounted solar projects scheduled for completion during the next financial year are: a 1MW capacity solar power plant in Monaragala by subsidiary Orik Corporation (Pvt) Ltd, a 2MW solar power project in Horana, and a 10MW solar power project in Vavunathivu, in the East of the country, which is a joint venture with HiEnergy Services (Pvt) Ltd. and Windforce PLC. Weather is a natural challenge in the renewable energy industry, the Company has circumvented this to a great extent by focusing on geographical and technological diversification. Our investments in various sources of RE energy expand diversification and reduce seasonal variations in our financial performance as well.

CHAIRMAN'S MESSAGE (CONTD.)

Digitalizing the business. To keep step with new and improved digitalised innovations as well as safeguard the security of our people and the business in the pandemic outbreak, we migrated to a cloud platform. Our office systems are now on the next generation Microsoft O365 platform and several automation and business intelligence tools were also introduced during the year to enable business continuity.

Our people. We take pride in our skilled and experienced workforce, who are the cornerstone on which we have built our success. By their determination, execution, delivery and resilience they have driven change effectively, more so in the context of a global pandemic. We are confident that our team of talented engineers and project managers are the best in the business, and provide them with every opportunity to enhance their skills, expand their technical capabilities and promote their wellness.

Our responsibility to society and the environment. Our ambitious VidulSaviya programme encompasses a wide range of CSR initiatives and has, over the years, elevated lives and livelihoods, fostered education, promoted environment sustainability and lauded innovation. This year was no exception. Despite the limitations of the pandemic, we supported student achievements in academics and sports, ministered to the underprivileged, supported reforestation as well as recognised innovative staff projects. More details of these activities are given in the Management Discussion and Analysis of this Annual Report.

The Company continued to uphold the highest standards of ethics and code of conduct and strives continuously in improving governance framework and records yet another year without any violation of such standards on record.

Growth Outlook

Over the quarter century of our operations, we have succeeded in putting the Company on a solid financial footing by expanding our footprint into new areas and opportunities that provided potential for growth and strengthened our balance sheet. We will continue to identify and implement measures that protect the business, strengthen the Company's resilience to outside challenges, and create new revenue streams and growth prospects for the future. While we remain a growth- oriented company with a focus on growing organically, we will be strengthening our generation portfolio with new additions to our solar capacity during the forthcoming year, locally, whilst focusing on developing hydro, solar and wind projects overseas.

Appreciation

I wish to thank my Board of Directors for contributing their business expertise and industry knowledge that has enabled us to remain profitable even during these challenging times, and express my gratitude to our Chief Executive Officer, Mr Riyaz Sangani for capably executing our business strategy with leadership and vision. I am also grateful to the CEB, the UETCL and all regulatory and health authorities for their support during these trying times, and express my grateful thanks to the Hon. President for encompassing Renewables in his policy vision and actively pursuing their implementation despite various challenges. Last but not least, I value the numerous ways in which our employees have risen to meet every challenge and opportunity, and thank them for taking this dedication to new heights this year as we adapted to the challenges of a global pandemic. I make special mention here of the Bukinda Project team, for their timely implementation of the project within budget and amid the many challenges of the pandemic. It is truly an honour to work with some of the smartest minds in the industry.

(Sgd.)
Osman Kassim
Chairman

20 August 2021

Our renewable energy business generated a new milestone during this financial year with the Group achieving its highest-ever Profit After Tax (PAT) which rose by a substantial 64% to Rs.595 Mn, from Rs.361 Mn recorded in the previous financial year.

Vidullanka continued its growth trajectory during the year of review, successfully meeting the targets we had set ourselves and circumventing the difficulties of a volatile environment. The occurrences over the past year are indications that we are moving to a new global order in which we will need to adapt to socio-economic transformations much more speedily and re-shape our management processes to respond to unexpected uncertainties that could suddenly appear over the horizon. Accordingly, we fine-tuned our work processes and introduced various initiatives to keep the company lean and agile to be more responsive to the evolving environment, create more value, and raise the performance bar even higher. These measures delivered efficiencies across all business fronts and showed quantifiable results this year.

The year of review brought with it several challenges, which the company effectively turned into opportunities that established new paradigms and set industry benchmarks. Our sustainable business model also enabled us to maximise value for our shareholders as well as all other stakeholders even during a year defined by a global recession triggered by the COVID-19 pandemic.

Our most difficult challenge which transposed into our greatest triumph during the year was the construction of the Bukinda project in Uganda in the midst of the pandemic lockdown, which closed the project site to outsiders including the supplier's engineers. This stretched the strengths and capacities of our inhouse team who nevertheless completed and commissioned the power plant on time and on budget, with remarkable skill and competence.

As a provider of an essential service, it was business as usual for us even during the challenges of COVID-19. We achieved business continuity through a series of initiatives which were designed to also keep our people safe. Our projects were isolated from outside contamination and our teams were assigned to work in rotating shifts with minimal physical contact with one another. Our rooftop mounted solar projects were also carried out via EPC contracts with the mandatory H & S guidelines in place at the installation sites. As a result of these careful measures, coronavirus infection among our employees was zero, which is a significant achievement, given the nature of a service entity such as ours that bases output on the collective functioning of teams.

Company Performance

Our renewable energy business generated a new milestone during this financial year, with the Group achieving its highest-ever Profit After Tax (PAT) which rose by a substantial 64% to Rs 595 Mn, from Rs. 361 Mn recorded in the previous financial year. This noteworthy achievement was from a Revenue of Rs 1.8 Bn. The Group has been making giant strides in Revenue in the recent past, having posted Rs 1.4 Bn in the previous financial year and hit the Rs 1 Bn mark a year before that, in the financial year of 2018/2019. We anticipate more substantial contributions to Group Revenue in the forthcoming year as well, since our Bukinda SHPP in Uganda has still to realise its potential in a full year of operation, having been commissioned only in July 2020. Additionally, this financial year was Dehiyathakandiya Dendro PP's first year of profitability and only its second year of operation.

Growth was primarily from overseas investments, which contributed Rs 800 Mn to Revenue this year. Translation gains from net overseas exposure from foreign operations increased by Rs 3 Mn to Rs 89 Mn this year as a result of the decline of the LKR against the USD. The LKR depreciated against the USD by 2.6% during the 2020 calendar year and by 6.7% from January 2021 to May 2021. A depreciating rupee environment enables the Group to improve the rupee value of revenue from its overseas operations. Both power projects located in Uganda have Power Purchasing Agreements (PPA)based on US dollar denominated tariffs, which protects our investments against the potential depreciations of local currencies.

During the current year, the Company commissioned it's second power plant in Uganda as well as two more rooftop solar power plants in Sri Lanka, which collectively added 7.3MW in installed capacity to the Group portfolio, which now has an installed capacity of 37MW.

Three more solar projects are in the pipeline for completion in the next financial year, namely, a ground-mounted solar installation with Orik Solar in Monaragala, and two solar power projects in Horana in the outskirts of Colombo and in Vavunathivu, Eastern Sri Lanka. The latter project is a joint venture with HiEnergy Services (Pvt) Ltd and Windforce PLC. Collectively, the projects will add a further 13MW gross capacity on completion.

As a result of the exceptional performance, total shareholders' equity also grew from Rs 3 Bn to Rs 3.65 Bn during the year, which translates to a book value per share of 4.21.

Although the Exchange Control Act No 24 of 1953 has been replaced by the Foreign Exchange Act No 12 of 2017 which aims at the gradual liberalisation of foreign capital regulations in line with more developed markets, the challenges still remain for companies like ours, despite the fact that we bring valuable foreign exchange on a long-term basis to the country.

Our most difficult challenge which transposed into our greatest triumph during the year was the construction of the Bukinda project in Uganda in the midst of the pandemic lockdown, which closed the project site to outsiders including the supplier's engineers. This stretched the strengths and capacities of our inhouse team who nevertheless completed and commissioned the power plant on time and on budget, with remarkable skill and competence.

Growth Strategy

For the future, we will remain a growth-oriented company that will grow mainly organically, and will continue to add at least one project to our portfolio every year. We will be focusing on developing renewable energy projects other than hydro power in Sri Lanka, and plan to augment our solar capacities via EPC and EPCM project approaches in the immediate future. The Company is now in the process of raising additional capital through a Rights issue of Non-voting shares for investing in ground-mounted and rooftop solar power plants over the next few years.

Overseas, we will explore more opportunities to develop hydro power projects in African and Asian markets. The travel and capital outflow restrictions presently in place are limiting the Company's ability to invest in overseas projects, so we are exploring the possibility of partnering with renewable energy- focused funds to secure the required capital.

As a pioneer in the renewable energy industry in Sri Lanka, Vidullanka's exceptional track record over the past two decades since inception confirms our ability to make a significant contribution to the renewable energy sectors in Sri Lanka and overseas. Our prowess in the green energy arena comes at a critical juncture, when the country is poised to shift its energy focus to renewables, in line with President H.E. Gotabaya Rajapaksa's vision for expanding renewable energy to 70% of the country's generation mix by 2030, which was also supported by Prime Minister/ Minister of Finance H.E. Mahinda Rajapaksa in the budget of 2021. The Company fully supports our leaders' initiative and is well equipped to position itself in the vanguard of this planned expansion to clean energy. We laud the President's proposal to provide private entrepreneurs with incentives for green investments as well as His Excellency's intention to streamline the application process.

Harnessing the country's abundance of renewable energy in an efficient manner addresses Sri Lanka's high vulnerability to climate extremes by virtue of the country's location, geography and rainfall patterns. Transitioning to clean energy will also promote energy security as well as enable the country to meet the Nationally Determined Contributions (NDCs) to which Sri Lanka committed in the Paris Climate Agreement.

An IRENA (International Renewable Energy Agency) report estimates that a global transition to green energy and the introduction of energy efficiency measures has the potential to achieve 90% of the carbon reductions by the second half of this century, as required by the Paris Agreement. Further action in the form of digitalisation of the energy sector will fast-track implementation by improving productivity, reducing costs, and promoting accessibility to and sustainability of RE.

Technology

Investment in technology was increased substantially during the year due to the exigencies of the pandemic that necessitated remote working. The IT infrastructure was also improved to enhance the Company's ICT capabilities to support growth over the next five years as well as to tighten cyber security. All key documents were digitised for easy remote access as well as to pave the way for a paperless environment.

The Company plans to increase investment in digitalisation over the next years to improve accessibility, connectivity, and speed of delivery of renewable energy, which will have a positive impact on our bottom line.

Our People

People are the mainstay of a service company such as ours. We have on board skilled and motivated staff who have been key contributors to our continued excellence. Our people are provided with local and global exposure to the latest technical know-how and innovative skills development activities. We encourage a performance- oriented culture that fosters feedback and ethical business practices that build the trust and loyalty of all stakeholders. We recruit and develop the industry's best and provide them with the competencies necessary to take on the challenges of contemporary business

The Human Resources Division is at the centre of Vidullanka's rapid response to the new normal situation of the pandemic crisis and successfully managed continuity whilst keeping the workforce engaged, productive and resilient in a crisis situation, to ensure that they make a positive contribution to Group profitability. A special task force that includes Head of HR, Operations Director Group Finance Controller, and the HR Consultant, was appointed to advise and recommend actions to the Management on matters related to the COVID-19 pandemic. This has maintained the flow of information among staff and helped make important decisions on staff welfare.

Multiple scenarios were planned for this shift from crisis response to recovery as the Company geared itself to address new realities. We also understood the impact of the pandemic on our staff and refrained from downsizing or reducing salaries .

Our Commitment to Communities

We have a structured approach to social development that supports a social development plan for engaging communities at various touchpoints in their lives. In line with this approach, the Company has introduced a number of programmes under our umbrella CSR initiative, VidulSaviya, which contribute towards developing the people and the environment of the catchment areas in which we have established our power plants. They also meet the social and environment needs of the community at large.

The VidulSaviya - Daruwanta Diriyak programme extends financial support to top performing students in the academic as well as sports arenas, and has 25 beneficiaries at present, mainly from schools situated in the project localities.

VidulSaviya - Gamata Eliyak supported the welfare of the local populace, especially indigenous communities during the year, with a series of initiatives that improved the infrastructure in those vicinities. The needs of these communities were met during the height of the pandemic, with the distribution of relief packs to lessen their economic burden. We Manage is the newest undertaking introduced to help protect the environment. A key initiative this year was the clean-up of the water flowing into the Dunhinda waterfall, at our power plant located upstream. The organic waste collected was turned into compost and plastics were recycled.

Through the Company's reforestation initiative ViduSaviya - Ratata Sewanak staff planted over 14,000 saplings in several areas of the country this year, with a special focus on the catchment areas of our power plants. The project has a target of planting 100,000 saplings by 2024.

ViduSaviya - Lowata Aruthak is a unique project that promotes staff innovations. Several innovative designs were submitted this year, too, and the noteworthy outcomes were the inventor of a robot to help frontline staff, and the designer of a neutral voltage displacement (NVD) protection relay.

A Brighter Future

We see a bright future ahead, with renewable energy in the forefront and positive changes in policy that align to sustainable development over the next years. We have on board an ambitious plan that details where we are going and how to get there, and drives quality, performance and continued investment in our people and technology. We will be guided by our Vision and Core Values as we seize opportunities to explore new frontiers that provide safe, sustainable and affordable energy.

Acknowledgements

I take this opportunity to express my heartfelt thanks to our operations and engineering teams who worked on the Bukinda project in Uganda as well as on the two rooftop power plants in Sri Lanka during this year of review. You are a team of professionals in whom we have great trust and confidence, and we applaud you for your commitment, innovative approach to meeting the numerous and unprecedented challenges of the pandemic in unfamiliar environments, and in successfully commissioning the projects against the odds.

I am very pleased to have on board an excellent team who are passionate about their work and on delivering results, and thank each member of my staff for your invaluable inputs over the years, and look forward to your continued sincerity and support that are essential to meeting the requirements of our rapidly expanding business in an uncertain environment.

(Sgd.)
Riyaz M. Sangani
CEO

20 August 2021

BOARD OF DIRECTORS

Osman Kassim
Chairman

A visionary leader, Mr. Osman Kassim is an entrepreneur with vast experience in the fields of management and strategy, and counts over 40 years of experience in senior management in diverse business sectors In Sri Lanka and overseas.

In addition to serving as Chairman of Vidullanka PLC, Mr. Kassim, is also Chairman of Aberdeen Holdings (Pvt) Ltd. and Amana Takaful Life PLC. He serves on the Boards of Amãna Takaful Maldives Ltd. and Crescentrating (Pvt.) Ltd., Singapore, as well.

Mr Kassim has also served as Chairman of the Expolanka Group, Amãna Bank, Amana Takaful PLC and the Asia Pacific Institute of Information Technology (APIIT), Sri Lanka.

He utilised his extensive knowledge of Islamic banking and insurance to pioneer the industry in Sri Lanka, where he promoted Amana Bank PLC., as well as established Amana Takaful Insurance PLC.

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

Ranjan Mather
Non-Executive Director

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

He is a recognized business leader with interests in a number of industries including textile, fast food, and renewable energy and counts over three decades of senior management experience in various businesses and sectors. He serves as Director of several companies including Bhoruka Power Lanka (Pvt) Limited.

In addition to serving on the Board of Vidullanka PLC as a Non-Executive Director, Mr. Mather serves on the Boards of a number of companies within the Vidullanka Group.

Riyaz M. Sangani
Chief Executive Officer

The founder of Vidullanka PLC and a transformative leader, Mr. Riyaz Sangani has over two decades of senior management experience. In addition to serving on the Boards of all the companies in the Vidullanka Group, he also serves on the Boards of a number of other companies engaged in various businesses.

Mr Sangani has made invaluable contributions to the development of the small hydro power industry in Sri Lanka. As a past President of the Small Hydro Power Developers Association, his initiatives have enhanced the importance and value of hydro power in the country, as a committee member of the Ceylon Chamber of Commerce, he represents the small hydro power industry. He is also an Ex officio member of the Board of Management of the Sri Lanka Sustainable Energy Authority and an advisory committee member of the Public Utilities Commission of Sri Lanka as well as the Export Development Board of Sri Lanka.

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

Shahid M. Sangani
Non-Executive Director

An Attorney-at-Law of the Supreme Court of Sri Lanka, Mr. Shahid Sangani is the Managing Director of Dynawash Limited, Autus Chemicals (Pvt) Ltd and Co-Energi (Pvt) Limited. He serves on numerous other company Boards both as a shareholder and as an Independent director.

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

He has over three decades of senior management experience in diverse industries ranging from Apparel, Jewellery, Renewable Energy and Trading.

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

He serves on the Board of Vidullanka PLC as a Non-Executive Director.

Sidath Fernando
Independent Non-Executive Director

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

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

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

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

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

Sattar Kassim
Non-Executive Director

Mr. Sattar Kassim is a founding Director of Expolanka Holding PLC and also a founder and Group Director of Aberdeen Holdings (Pvt) Ltd. Aberdeen Holdings is the umbrella company of a range of companies in poultry and agriculture, commodity trading, airlines tea exports, corrugated carton manufacturing, solar energy, courier services and cargo, and has international partnerships and ventures in more than 30 countries.

Mr. Kassim's expertise in a broad range of sectors enables him to function as the Board Chairman of several companies in those industries. These include Bio Extracts (Pvt) Ltd, Roar Media (Pte) Ltd, Ruhunu Farms (Pvt) Ltd, Globe Air (Pvt) Ltd, HiEnergy Services (Pvt) Ltd, Lanka Commodity Holdings (Pvt) Ltd, Expo Commodities Global (Pvt) Ltd, and Expack Corrugated Cartons (Pvt) Ltd;.

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

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

Sujendra Mather
Non-Executive Director

Mr Surendra Mather is the CEO/Head of Investment Banking of Asia Securities Advisors Pvt. Ltd. Prior to this, he was a co-founder and Managing Director of York Street Partners Pvt. Ltd., a leading boutique Investment Banking firm in Sri Lanka. He has over 15 years of international Investment Banking and Corporate Finance experience, having worked with Houlihan Lokey Howard & Zukin, John Keells Holdings PLC and Deloitte & Touche Corporate Finance in the US, Sri Lanka and Singapore respectively.

Mr Mather has successfully managed and lead several billion dollars of Mergers & Acquisitions, Fund Raising, Restructuring and Strategic Advisory transactions in the North America and Asia Pacific regions across the Consumer, Retail, Financial Services, Manufacturing, Real Estate, Hospitality, Infrastructure, Technology and Mining sectors. He has been both a key strategic advisor to CEOs and entrepreneurs as well as a principal investor throughout his career. He is also a board member of several publicly listed and private companies in Sri Lanka and overseas.

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

C. F. Fuhrer
Non-Executive Director

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

BOARD OF DIRECTORS (CONTD.)

Deepthie Wickramasuriya
Independent Non-Executive Director

Ms Deepthie Wickramasuriya is an Independent Non-Executive Director and Chairperson of the Audit Committee of Vidullanka PLC. She is also an Independent Non - Executive Director at Vidul Plantation (Pvt) Ltd, Amana Takaful PLC., Mercantile Investments and Finance PLC and a Director of the Chitrasena Vajira Dance Foundation. She functions as an independent consultant mainly in the fields of business process management, treasury management and business counselling, at Board / senior management levels.

She counts over 35 years of corporate experience that covers many industries and countries including the United Kingdom, Singapore, India, Indonesia and the Fiji Islands, and is reputed for successfully leading special projects on organisational strategy, operations, finance, risk and governance, both locally and internationally. She has also been successful in mitigating the affects of generation gap that are currently experienced in the management of many reputed companies.

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

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

M. Rizvi Zaheed
Independent Non-Executive Director

Mr. Rizvi Zaheed is the Chairman of Oceanpick (Pvt) Limited and served previously as Managing Director of Hayleys Agriculture Holdings Ltd. and Director of Hayleys PLC. He counts over three decades of senior management experience in Sri Lanka. During his tenure at Hayleys, he represented the company on the Board of the Sri Lanka Institute of Nanotechnology (SLINTEC) and also served as Chairman of the Agriculture and Livestock Steering Committee and Vice Chairman of the Imports Section of Ceylon Chamber of Commerce. He currently serves as Chairman of the National Industry Biotechnology Association and is a member of the University Grants Commission Standing Committee on Agriculture and Livestock, the Food and Beverage Advisory Committee of the Sri Lanka, the Export Development Board, and the Economic Policy Committee of the Ceylon Chamber of Commerce. He serves on the council of the Faculty of Technology of the University of Colombo as well.

Mr. Zaheed is currently the Chairman of the Sri Lanka Agriprenuers' Forum and has been a noteworthy contributor to the agriculture sector in Sri Lanka. He was previously the Chairman of the National Agribusiness Council and Vice Chairman of CSR Sri Lanka (Guarantee) Limited, an NGO formed and represented solely by private sector companies to engage the wider corporate community on national priorities and facilitate the necessary resources to bridge the gap between ad hoc CSR projects and sustainable value creation.

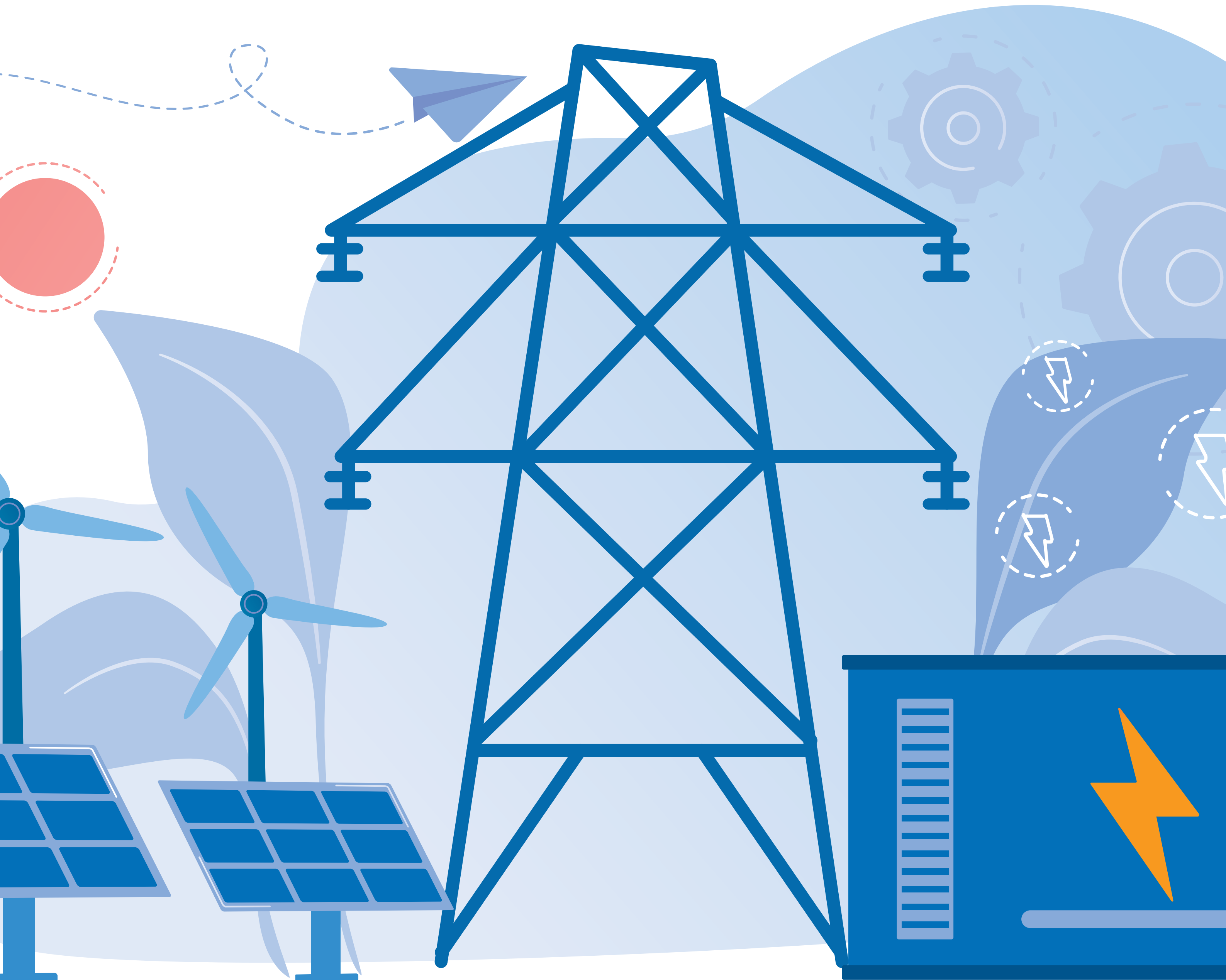
He holds a bachelor's degree from the University of Kelaniya and an MBA from the University of Colombo. Mr. Zaheed is also a member of the Industrial Society, UK, and the Swedish Institute of Management, Sweden, and is a JCI International senator.

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

13MW

Installed Capacity in Uganda

Our geographical diversification reaped many rewards with our Ugandan unit generating 47 Million Units and we look towards more expansion overseas in the future.



Global Energy Outlook

The COVID-19 pandemic induced a global downturn in 2020, which resulted in a contraction of the world economy by 4.3%. This is over two and a half times higher than the contraction experienced during the global financial crisis of 2009.

The pandemic brought unprecedented vicissitudes across the global energy landscape as well, which followed a decade of rapid technological and policy shifts in the power sector. Electricity demand plummeted as whole sectors went into lock down and workers stayed home. Travel restrictions drove down oil consumption, which substantially reduced oil prices to a record low.

Renewables, however, grew at the fastest pace in two decades, and were the only energy source for which demand increased. Annual capacity additions of renewable energy increased by 45% to nearly 280 GW during the year, which exceeded their annual capacity additions from 2017 to 2019 by over 50%. This expansion was due to a 90% rise in global wind capacity as well as a 23% expansion in new solar PV installations to almost 135 GW, despite pandemic-induced supply chain challenges and construction delays.

These exceptional capacity additions of clean energy are expected to account for 90% of total global power capacity increases in the immediate future as well, with 270 GW becoming operational in 2021 and 280 GW in 2022. Solar PV expansion alone is projected to reach 145 GW in 2021 and 162 GW in 2022, which will account for about 55% of all renewable energy expansion during these two years.

Many countries are now realising that moving to renewable energy is the way to a sustainable future and that de-carbonisation and emission control are critical to enabling this. This was emphasised in the Intergovernmental Panel on Climate Change (IPCC) 2018 report as well, which describes the global difficulties faced as a result of a recalcitrant climate.

Quarterly solar photovoltaic module prices in the U.S. from Q1 2017 to Q3 2019
(in U.S. dollars per watt)

However, cost had been a major deterrent to increasing the demand for renewable electricity for many years, when compared with conventional electricity. However, renewable power costs fell sharply between 2000 and 2020, driven by technological advances, economies of scale and competitive supply chains. Modern technologies such as smart grids, artificial intelligence (AI), machine learning (ML), and blockchain are now being explored and adopted by the power industry for generation predictions and optimisation from resources like wind and solar. Wind turbine costs are reducing, and a wide range of solar PV technologies are also at various stages of development to bring down the production cost of the cell and increase efficiency and reliability of clean energy resources. As a result of these innovations in solar power, electricity costs from utility-scale solar photovoltaics (PV) fell by 85% between 2010 and 2020, and the cost of wind power is predicted to reduce by 35% by 2035.

Yet, if this transition is to be achieved, technology advancements must be aligned to the international energy and climate plans of all countries. Decisions are being made, as we speak, to aid recovery from the COVID-19 outbreak, so it is crucial that countries do not lose sight of the challenges posed by the climate crisis in their efforts to rebuild their economies. The US has begun to relax environmental regulations already to help economic recovery efforts, and there are concerns that China may do the same by investing in new coal plants. In Europe, however, calls are increasing for a 'green recovery' and thirteen EU member states have joined a campaign to put the European Green Deal at the heart of the bloc's recovery plan.

Local Energy Outlook

The Sri Lankan economy contracted by 3.6% during 2020, experiencing the deepest recession in well over a half century. This negative growth reflected the dampening of economic activity across all sectors due to measures put in place to combat the COVID-19 pandemic. Consequently, the overall size of the economy reduced to US$ 80.7 billion, from US$ 84.0 billion a year earlier. In contrast, the preceding calendar year saw the economy grow by 2.3%.

Climate change adds to the challenges that Sri Lanka presently experiences. It is no longer just about ensuring that sufficient quantities of electricity is generated to meet the needs of the economy, but also takes in the source of its production. The focus is to turn to zero-carbon energy in Sri Lanka too. It is also worth noting that the higher the quantities of green energy generated, the closer the country is to meeting its Nationally Determined Contribution (NDC) commitments under the Paris Climate Agreement. Sri Lanka identified five sectors that must reduce their greenhouse gas (GHG) emissions by 2030 if the country is to meet its pledge under the

Paris Agreement. The energy sector being the main offender of emissions, is tasked with the challenge of reducing 20% of the GHG emissions from electricity generation, while the transport, industry, forests and waste sectors together, are committed to collectively reduce 10% of the GHG emissions. it is imperative that these commitments are followed through, since Sri Lanka is ranked at 6th position among the world's top ten climate hotspots due to weather extremes that occur throughout the year. Predictions are that the country will face significant threats from extreme heat by the end of this century as the number of days with temperatures higher than 35°C, could potentially increase from the present average of 20 days per year, to more than 100 days p.a by the 2090s. These extreme heat conditions will threaten human survival as it will impact agricultural crops as well as human and livestock health. At the other end of the spectrum, the increased incidence of riverine flooding, flash floods, and landslides that have been rampant over the past two decades have also caused massive losses in terms of human and animal life and destroyed agriculture and infrastructure. The economic fall-out of these extreme weather events is unquantifiable, and will impact Sri Lanka's poorest and marginalized communities the most.

In view of these climate risks, Sri Lanka pledged to achieve 100 percent renewable by 2050, at the 22nd Climate Conference in Marrakesh, Morocco in 2016. An ADB - UNDP report, presented to the government provides a detailed assessment on how Sri Lanka could achieve this goal using mainly solar and wind power, and forecasts that the country's demand for electricity generation will increase to 70,000GWh by 2050. (The demand for electricity was 14,287GWh in 2020). The report also predicts that by substituting imported fossil fuel with renewable energy until 2050, Sri Lanka will reduce its fuel import bill by approximately USD 18 billion cumulatively.

Many other detailed analyses on the importance of transitioning to renewable energy have also been made, but they have all remained on the drawing board, until recently. A brighter future for renewable energy is finally dawning, however, with the imminent realisation of President Gotabaya Rajapaksa national policy framework 'Vistas of prosperity and splendour. His Excellency has expressed his intention of actioning the national policy to increase the country's generation mix to include 70% of renewable energy by 2030. The President's plan is supported by Prime Minister/ Finance Minister H.E. Mahinda Rajapaksa in the Budget for 2021. State support at the highest levels augurs well for transformational initiatives in green energy in the future. It is of note to remember however, that this ambitious plan underscores the importance of determining priorities and instigating immediate actions, given the fact that the pledge is just one decade into the future and that the country has a long way to go to realising it, given its present progress in increasing its renewable energy quotient. Therefore, this renewable energy initiative should pursue a holistic approach that considers environmental and social advantages over and beyond mere economic benefits when determining the sources, quantities and types of storage required when Investing in RE infrastructure.

Although Sri Lanka has the potential to deploy solar and wind power due to its tropical climate, its current installed capacity remains low, due to a variety of reasons. Anomalies in the interpretation of the Sri Lanka Electricity Act, No. 20 of. 2009 have prompted the CEB to introduce a complex open tender procedure which has dissuaded investment in new clean energy projects. Energy infrastructure in the country must also be upgraded if renewable energy is to be cost effective and available to the masses. More specifically, grid capacity and stability must be substantially improved since the country is presently beset by system and transformer issues that have led to significant transmission and distribution losses. Until these issues are resolved, fossil fuels will remain the primary source of energy for the country and will continue to be a heavy component in the country's balance of trade.

According to Central Bank of Sri Lanka statistics, the pandemic also impacted electricity generated in the country during the year. Although generation increased by 4.8% and 8.4 % in January and February 2020, it showed a marked decline during March, April, and May 2020, reducing by a significant 8.0 % cent, 16.4 %, and 12.9 % respectively. Generation rebounded in June 2020 when the nationwide lockdown was removed and the country gradually returned to normalcy, but declined once again towards the latter part of the year with the onset of the second wave of the pandemic.

As a result of the lockdowns, total generation reduced by 1.3% to 15,714 GWh in 2020, from 15,922 GWh generated in 2019, which correspondingly reduced electricity demand in some key sectors, notably, manufacturing, hospitality and construction. The total installed power generation capacity of the country during 2020 increased to 4,263MW, from 4217MW in the preceding year. The CEB generated 70.9 % of the total power during the year and the balance 29.1% was generated by independent power producers (IPPs).

Hydro power generation (excluding mini hydro) rose to 3,911GWh in the year of review due to favourable rainfall patterns that increased the water levels in the reservoirs. This comprised 24.9% of the current generation mix, as against 3,783 GWh generated in 2019 which took up 23.8% of the generation mix in that year. Coal generation, which comprised the major portion in the power generation mix during the current period, increased by 7.3% to occupy 36.6% of the generation mix, from 33.7% in 2019. This translates into an increase in the generation of coal from 5,361GWh in 2019 to 5,754 GWh in 2020. This was mainly due to the steady generation experienced throughout the year by the Lakvijaya coal power plant, unlike in other years when generation was less reliable. The total increase in large and private hydro combined with coal power generation during the year of review reduced demand for the more expensive fuel oil by 16.6% to 4,182 GWh, from

5,016 GWh generated in 2019. This is a decline to 26.6% of the generation mix, from 31.5% in 2019. Power generation from NCRE (which includes MHPPs) increased by 5.9% from 1,761 GWh to 1,866 GWh during the year, and comprised 11.1% of the generation mix in 2019 and 11.9% of the generation mix in 2020.

Accordingly, the contribution of coal, fuel oil, hydro and NCRE to the total power generation mix during 2020 was 36.6%, 26.6 %, 24.9 %, and 11.9 %, respectively, with NCRE energy continuing to occupy the bottom spot in the mix.

Construction activities of several power projects that had commenced around the country continued during the year, albeit at a slower pace due to COVID-19 related restrictions. Construction of the Uma Oya hydropower project (120 MW), the Moragolla hydropower project (30.5 MW) and the Broadlands hydropower project (35 MW) undertaken by the Government of Sri Lanka had progressed by 96 %, 26 % and 78 %, respectively by end of 2020. The Mannar wind power project (100 MW) progressed by 81 % by the end of the year and the plant is expected to be connected to the national grid in the second half of 2021. Meanwhile, during the year of review, 33 rural electrification schemes were completed and 4,400 consumers joined the Soorya Bala Sangramaya (solar power generation) project, adding 64 MW capacity to the national grid.

Company Performance

Despite the challenges of the external environment, Vidullanka PLC posted an exceptional year, achieving several milestones in performance during the period. Group Revenue surged by 25% to Rs. 1.8 billion, the highest on record, which expanded Gross Profit by a corresponding 13%. The Group has been posting substantial increases in revenue in recent years, having passed the Rs. 1 billion mark just two years ago in the financial year 2018/2019, and achieved Rs. 1.4 billion in Revenue in the previous financial year, 2019/ 2020. As a result of this escalation in Revenue, the Group posted an impressive Increase of 64% in Profit After Tax (PAT) to Rs. 595 million, the highest on record, up from Rs. 361 million recorded in the preceding year.

The highest growth during the year was from the overseas operation, which contributed Rs. 800 million to revenue which contributed to two-thirds of Group profits. Local hydro generation contributed Rs 770 million in revenue and the balance Rs. 195 million was contributed by the Dendro power, Plantation and Engineering services segments.

The performance of the Overseas operation was the result of the improved performance of Muvumbe SHPP coupled with Bukinda SHPP, the Group's second power plant in Uganda which commenced commercial operations during the year. This growth in revenue was due to increased power generation through added capacity and the dollar denominated tariff which boosted Net Profit growth. The rupee depreciation also resulted in additional translation gains of Rs 89 million for the Group.

The augmented Revenue is also attributed to the enhanced performance of the joint venture investments in Sri Lanka, which increased their contribution by three-fold during the year of review, achieving a Group contribution of Rs. 106 million, from Rs. 29 million recorded during the preceding year. This stems from the Dehiyathakandiya Dendro PP and the three hydro power plants operated as joint ventures, namely, Madugeta MHPP, Ganthuna MHPP and Ethamala Ella MHPP operated by Vidul Biomass (Pvt) Limited, Vidul Madugeta (Pvt) Limited, Gurugoda Hydro (Pvt) Limited and Nilwala Vidulibala Company (Pvt) Ltd. respectively.

Vidullanka Group ownership structure

The healthy PAT gained this year further strengthened total shareholders' equity as well, which grew from Rs 3 billion in 2019/2020 to Rs 3.65 billion during the year. This translates to a book value per share of Rs 4.21. EPS also rose by 65% from Rs 0.41 to Rs 0.68 and dividend per share declined from Rs 0.23 to Rs 0.10. Group financial leverage improved from 53.1% to 51.3% during the year.

During the current financial year, the Company completed its second hydro power project, the 6.5MW Bukinda Small Hydro Power Plant in Uganda and commissioned it to the national grid in July 2020. Two rooftop solar power plants were also added in Sri Lanka via EPC contracts, which have a total installed capacity of 750kW. These three projects added a collective installed capacity of 7.3MW to the Group portfolio and expanded the Group's installed capacity to 37MW. The Group's gross output capacity now stands at 144GWh.

Bukinda project team departing Entabbe to Tanzania en-route to board the Sri Lanka bound flight amidst COVID-19 lockdown.

The Company anticipates further enhancements in revenue in the forthcoming year. Its Bukinda PP in Uganda which was commissioned only in July 2020 has been operational for less than a year and is therefore yet to reach its full potential. Bukinda will be fully operational throughout the following year and will therefore contribute substantially more to Group Revenue. The Dehiyathakandiya Dendro Power plant, a JV with Obayashi Corporation of Japan, concluded its second year of operations and reported profits for the first time this year. The profitability of the Company's first biomass plant is expected to continue in the next years despite challenges.

Work is in progress to complete three ground mounted solar projects in Sri Lanka in the forthcoming year. These are a 1MW Solar in Monaragala with Orik Solar, a 2MW solar power project in Horana, and a 10MW solar power project in Vavunathivu, in the East of Sri Lanka which will utilise the solar irradiation in that area, the latter project is a joint venture with HiEnergy Services (Pvt) Ltd and Windforce PLC. The Company is in the process of raising additional capital via a Rights issue of Non-voting shares to further invest in ground mounted and rooftop solar power plants.

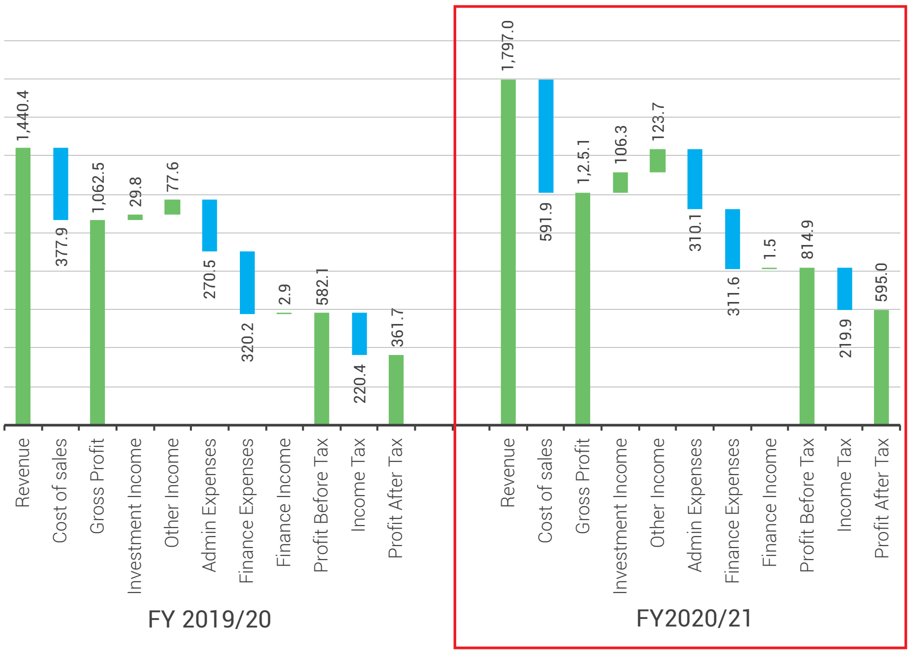
Mitigating the Challenges

Despite its many achievements in the renewable energy sector over the years, the Company experiences several challenges in the local business environment that hinder expansion and the smooth functioning of its day-to-day activities. Competition is intense at the bid stage of new projects, and once a bid has been successful, securing project approvals and licenses is difficult, payments from the energy utility are also volatile.

Hydro power generation is subjected to weather risk. By developing a Renewable energy portfolio that comprises a mix of different power generating sources as well as geographical diversification of projects, the Company effectively mitigates weather risk. The Group's latest initiatives into solar power generation through rooftop and ground mounted solar power plants together with dendro power generation, enable the Company to be less dependent on the recalcitrant weather patterns of the tropics. Yet, the climate for solar projects is not sunny in Sri Lanka, as it is beset by high commodity prices, import restrictions and difficulties in opening LCs. Sourcing new projects is also discouraging due to the intense competition that prevails during the bidding process which hampers their financial viability.

Vidullanka has not ventured into the hydro power sector in Sri Lanka since 2018 due to the dwindling number of viable locations available in the country as well as numerous red tape requirements introduced for development initiatives.

Comparative Income Statement in Waterfall Diagram (Mn)

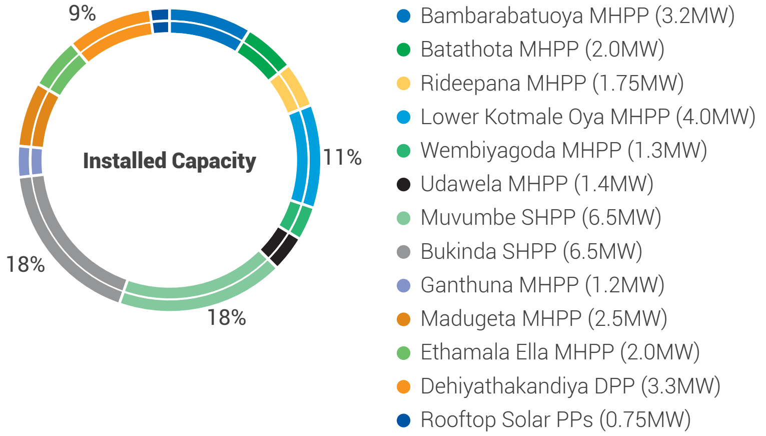


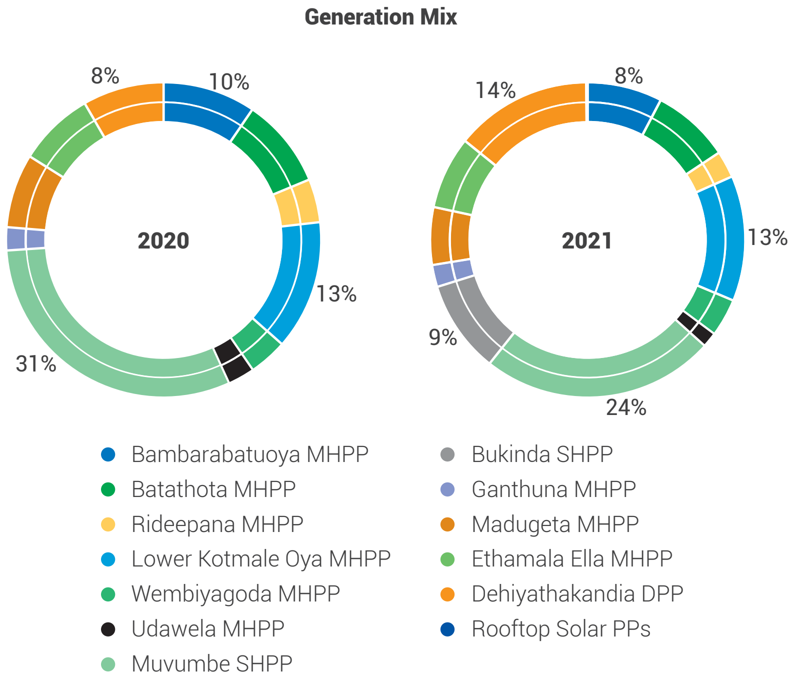
Ageing hydro power plants also impact financial performance and erode profits. Bambarabatuoya MHPP completed its SPPA term in 2016 and has been renewed for five more years with the option of extension for a further period of 15 years, while the Batathota MHPP will complete its 15 year term of the power purchase agreement in 2022. These two power plants will move from the avoided cost tariff to a reduced renewal tariff which has been in effect since 2019. The PPAs agreements signed for the balance hydro as well as the dendro power plants are based on a three-tiered tariff, and these plants too will receive a reduced generation tariff on completion of the first tier. However, these power plants have more time for their PPAs to expire.

The Group continuously focuses its efforts on developing new power generation capacity in hydro and other renewable energy sources in Sri Lanka as well as overseas, which will effectively reduce reliance on aging power plants in Sri Lanka. These continuous capacity additions are designed to enable the Company to sustain and improve its financial performance and momentum.

However, present restrictions on travel and capital outflow are limiting the Company's ability to invest in developing new projects overseas. While fully appreciating the challenges faced by the country, Vidullanka is pursuing the sourcing of the required capital from the limited options made available by the authorities. It is also noteworthy to mention that the group's first overseas venture, Muvumbe Hydro, is now on the threshold of achieving its full payback in terms of capital outflow.

Following the commissioning of the Bukinda SHPP in July 2020, the gross output capacity of the Group has risen to 144GWh, represented by 10 hydro power plants, one biomass power plant and two rooftop solar power plants.





Segmental Performance

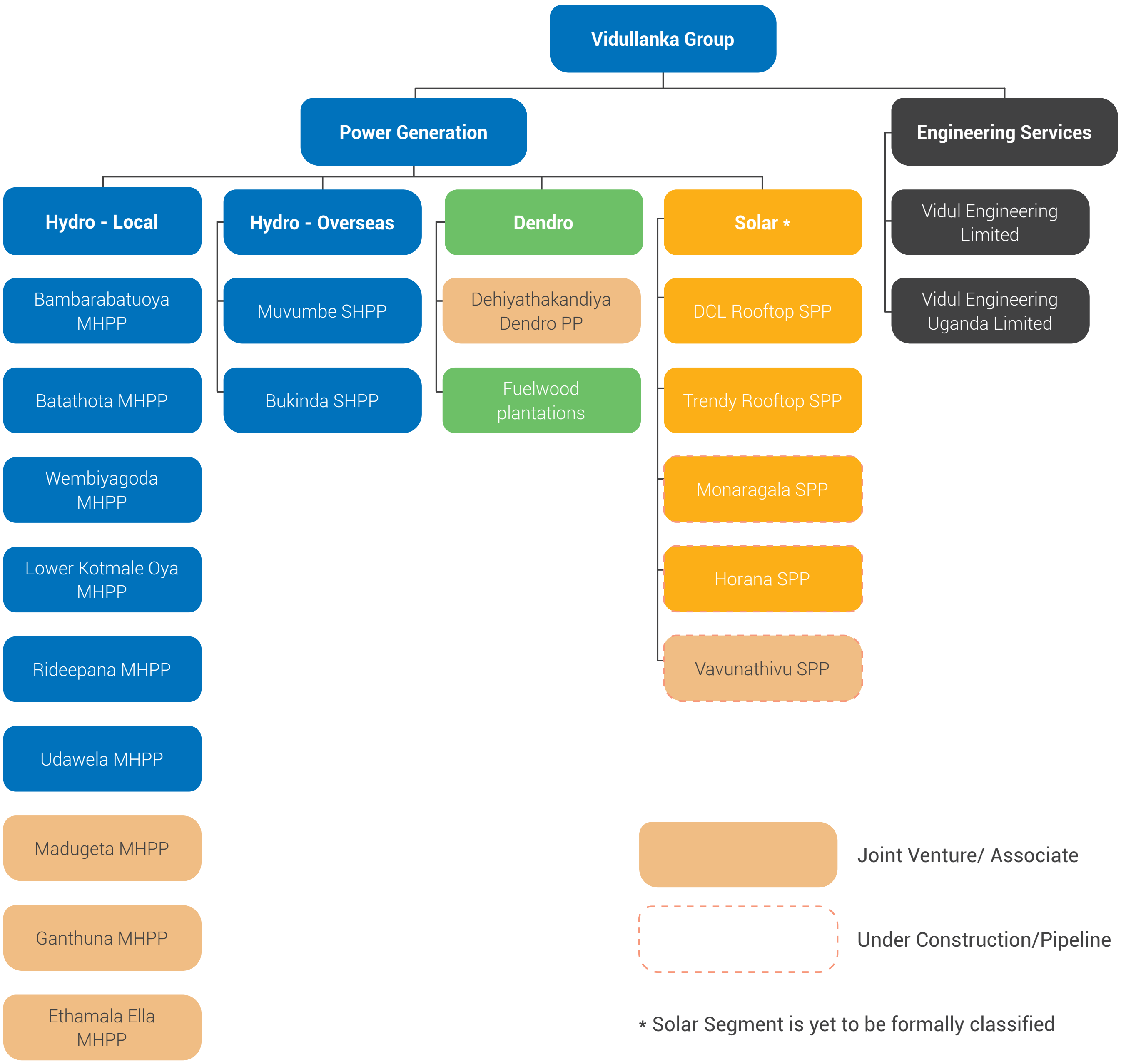
The Group segregates its financial performance into four key areas, namely the hydro power generation - local segment, hydro power generation - overseas segment, Dendro power generation and plantation segment as well as the engineering and consultancy services segment.

The performance of all four segments improved substantially during the current year as a result of the healthy revenues achieved. For the local hydro segment this was due to favourable rainfall patterns that prevailed through most of the year. As a result, the local hydro power generation segment reported a Profit After Tax (PAT) of Rs. 209.6 million from a consolidated revenue of Rs.770 million. This is a 52.7% increase in PAT when compared with the Rs. 137.2 million in PAT recorded in the previous year which was gained from a revenue of Rs. 729.2 million.

The overseas power generation segment was the best performing segment in the year of review and contributed the highest revenue of Rs. 800 million to the business, which achieved a PAT of Rs. 386 million. This notable performance was due mainly to the contribution from Bukinda SHPP in addition to Muvumbe SHPP, and is a 29% increase over the Profit After Tax of the previous financial year which reported a PAT of Rs 299.2 million from a revenue of Rs 593.4 million.

The dendro power generation and plantation segment reported a turnaround during the year, from a loss of Rs, 51.6 million recorded in the previous year, to a PAT of Rs. 1.6 million, due to the profit generated by the Dehiyathakandiya Dendro power plant for the first time in its two-year history.

The Engineering consultancy and project management segment was also successful in substantially improving its loss of Rs. 23.1 million in the preceding financial year to Rs. 2.1 million in the current year of review.



Focus on the Future

Adding new capacity each year will continue to be the key strategy for growth into the future, and the Company will explore more opportunities for both acquisitive and organic growth both locally and overseas with this in mind. Vidullanka PLC will focus on developing its hydro power capacities in Africa and Asia while it pursues the addition of renewables other than hydro to its local energy portfolio in order to reach its goal of attaining a milestone generation capacity of 100 MW by 2025. All new ventures will be built on a foundation of carbon positive sustainability.

As a pioneer in the renewable energy industry in Sri Lanka, the Company has created value for the nation from inception, due to its ability to adapt rapidly to change, fortified by the experience gained in setting up and operating diverse green energy projects from several renewable resources, both locally and overseas.

Business Value Creation

The Company has, since inception, created a sustainable growth environment that considers stakeholder interests when driving the creation of value. This process is depicted by a value creation model that has at its centre the Company's mission and vision and forms the basis of its strategic plan. This model has been optimised over the years through stakeholder engagement processes that identified resource optimisation initiatives.

Fortified by sound principles of corporate governance and integrated risk management, the value creation model identifies the six capital resources that are critical to creating value for the Company's stakeholders. Through its business activities, the Company demonstrates how these inputs are intrinsically related to each other, and by continuously adding value to each input, it enhances the value of its outputs. This has facilitated the generation of significant profitability year on year.

The Company's journey of value creation commences with the generation of clean energy to the national grids of Sri Lanka and Uganda. This energy is purchased by off takers CEB in Sri Lanka and UETCL in Uganda and constitutes the revenue generated by the business. The revenue is employed through human, intellectual, financial, manufacturing, social, relationship and natural capital to create value for the stakeholders.

The skills and experience of its technical team as well as the knowledge and expertise of the board of directors and management were invaluable for business success during the year and constitute the Company's high value human capital. During the year of review. 10 professionals including the chairman comprised the board of directors of the Company. The Company's non-executive cadre of 185 staff was increased by 19% while its executive cadre of 62 reduced by 3% during the year.

The intelligence quotient of the board, its management, the business processes as well as R & D initiatives were also augmented during the year but these are mainly unquantifiable values and comprise the Company's invaluable intellectual capital.

Financial capital saw increases during the current year. Shareholders' Funds rose by 21% to Rs 3,645 million. Debt Capital increased by 13% to Rs. 3,847 million which was utilised to finance the Company's expansion activities which included overseas expansion and increasing its presence in the solar power segment in Sri Lanka.

The Company has introduced technologically advanced infrastructure obtained from world-renowned manufacturers of renewable energy power plants, which are its physical/ manufactured capital. Capacity additions and upgrades are consistently added over the years, this year's capital assets amounted to Rs.5,469 million.

The Company counts its natural, social and relationship capitals as being essential to business continuity and through its wide-ranging Vidu Saviya CSR Initiatives, made significant progress in augmenting these capitals during the year as well, despite the limitations of the COVID-19 pandemic,

The value generated by these capitals is utilised to meet the Company's commitments related to operating the business. These commitments include payments of Rs 312 million made to financial institutions for loans obtained, payments for raw materials purchased, to suppliers for overheads used as well as for taxes amounting to Rs, 172 million paid to the state in support of the economy that sustains business activities. Investments in Infrastructure were also improved during the year, to the tune of Rs. 750 million. Expenditure on capacity additions and expansions are provided for as well. During the year of review, the Company increased its presence in the Ugandan energy market and ventured further into solar energy in Sri Lanka.

Once the Company's many commitments were met, the residual value was provided to shareholders, employees, business partners, as well as to communities and the environment through innumerable CSR activities.

The Group revenue was increased by 25% to Rs. 1,797 million this year and shareholders received Rs 84 million in dividends at Rs 0.10 per share.

The Company provided market competitive salaries and benefits to staff during the year, valued at Rs. 222 million as well as enhanced staff training and development by expending a total of 140 hours on technical training and 85 hours on non-technical training. This kept staff abreast of the most recent developments in their areas of work. These initiatives were ongoing despite the pandemic, and no salaries and emoluments were reduced during the year.

The ViduSaviya - Lowata Aruthak programme also continued- to encourage the creativity of staff and promoted innovation, several practical and far-sighted innovations were received during the year, which will be put into practice shortly. The Company continues to reap the benefits of its Vidu Saviya umbrella programme that addresses the needs of the communities and the environment, and has progressed in leaps and bounds in recent years. In terms of reforestation, the initiative planted 14,472 new trees as well as completed a range of community enhancements that have benefitted the lives and livelihoods of communities.

Following the commissioning of the Bukinda SHPP in July 2020, the gross output capacity of the Group rose to 144GWh, from 115 GWh last year, which is generated by 10 hydro power plants located in Sri Lanka and Uganda, as well as one biomass power plant and two rooftop solar power plants located in Sri Lanka. Power generated during the year was 139GWh from an Installed Capacity of 37MW.

Despite its expansion, both local and overseas, the structure, ownership and supply chain of the Company did not change significantly during the year of review. The Company has as a key strategy the consistent addition to its renewal energy capacity portfolio annually.

EXTERNAL ENVIRONMENT
(OPPORTUNITIES AND THREATS)

INPUTS

Financial Capital
- Shareholders' Funds - Rs. 3,645 Mn (+21%)
- Debt Capital - Rs. 3,847mn (+13%)

Natural Capital
- Renewable energy sources including water streams, energy crops etc.

Human Capital
- Board Of Directors - 10
- Non Executive Cadre - 185 (+19%)
- Executive Cadre - 62 (-3%)
- Consultants

Physical Capital
- PP&E - Rs. 5,469 Mn (+40%)
- Other physical assets - Rs. 208Mn (-80%)

Intellectual Capital
- Inhouse Innovation
- Expert Knowledge
- Inhouse Research & Development

Social & Relationship Capital
- Community & schools in the project localities
- Vidu Saviya CSR Initiatives

BUSINESS PROCESSES

INTERNAL ENVIRONMENT
(STRENGTHS & WEAKNESSES)

- Plant operations & Power Generation
- Engineering, Procurement & Finance Management
- Growth through Investment in capacity Addition, Acquisitions & partnerships.

• Vision, Mission & Objectives • Goals • Governance Principles • Risk Management Framework • Organizational Culture • Internal Controls • Best Practices • Support Services • Skills & Attitude • Strategy & Leadership

OUTPUTS & OUTCOMES

Shareholders
- Revenue - Rs. 1,797 Mn (+25%)
- PAT - Rs. 595 Mn (+65%)
- DPS - Rs 0.10
- ROE - 16.3%
- EVA - Rs. 566mn
- EPS - Rs. 0.68
- NAVPS - Rs. 4.21
- Dividend - Rs. 84Mn

Outcome:
- Improved & sustained investment performance to shareholders

Banks & NBIs
- Finance Cost- Rs. 312Mn
- Entity rating A- (SL) (ICRA)

Outcome:
- Rated corporate with improved risk profile for the financiers

Customers
- Power generated- 139GWh
- Installed Capacity - 37MW

Outcome:
- Improved living standard of the consumers

Governments / Nations
- Tax paid- Rs. 172Mn
- Investment In Infrastructure Facilities - Rs. 750mn

Outcome:
- Improved social welfare and livelihoods

Employees
- Salary & Other Benefits- Rs. 222mn
- T&D Activities-
- Technical- 140hrs
- Non Technical - 84hrs
- ViduSaviya - Lowata Aruthak - structured program to promote innovation

Outcome:
- Work satisfaction, Motivation, Work life balance and Career progress

Community
- Benefits from "Vidu Saviya-Gamata Eliyak" - "we manage" river clean up initiative
- Benefits from "Vidul Saviya-Daruwanta Diriyak"

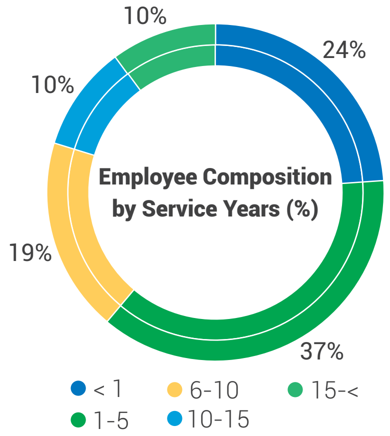
Outcome:
- Upfilling rural social & infrastructure facilities
- Supporting the talented students in need.

Environment
- "Vidu Saviya-Ratata Sewanak"
- reforestation program 14,472 new trees planted & a total of 24,679 trees sustained.
- Carbon Emission savings 81,355 tCO2e

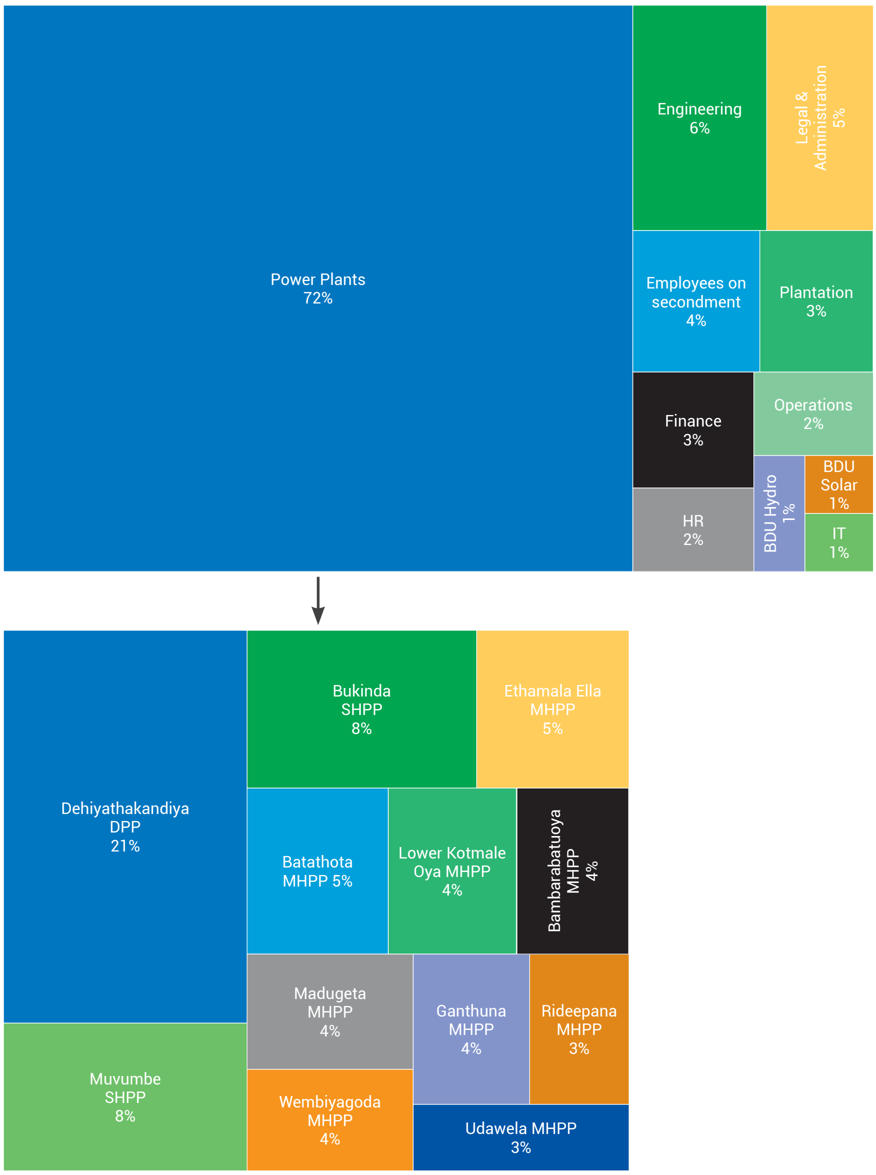
Outcome:
- Positive impact on the planet Earth & sustainability

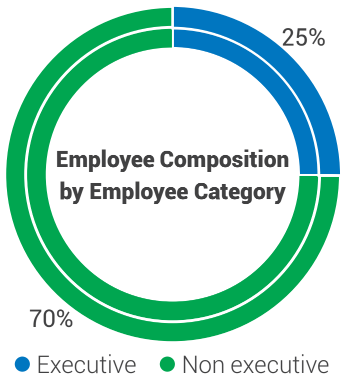
Our People

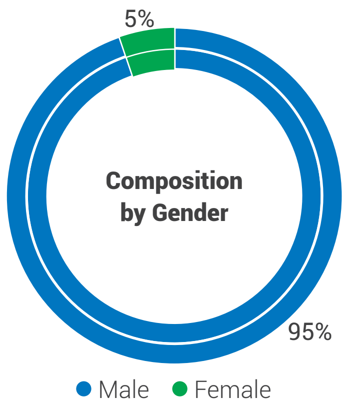
Staff at Vidullanka are motivated to work with professionalism and a passion for excellence while ensuring honesty, integrity and ethical dealings in all matters. Teamwork and an innovative mindset are encouraged, and top performers are recognised and rewarded. The Company has on board a fully- fledged engineering team that is competent in business development, planning and design and other engineering work related to plant construction.



Employee Composition by Division/Location



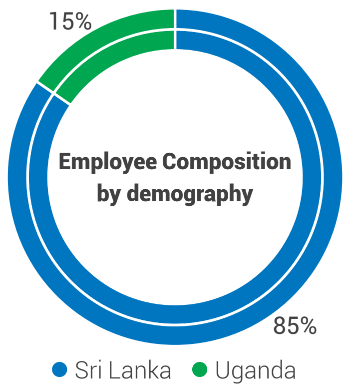


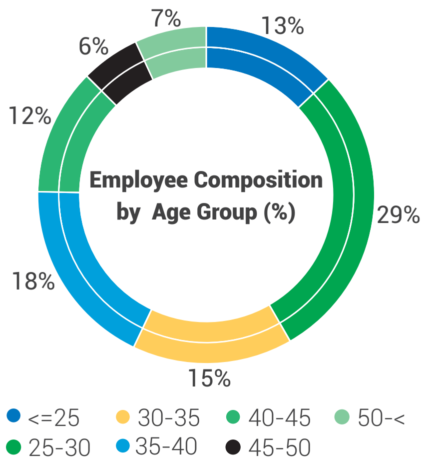


As a provider of an essential service, the Group was not affected by many of the challenges of the pandemic and was, additionally, fortified by the support of its employees. Staff engaged in various activities to keep the Group safe from COVID-19 infections. They constructed and donated handwashing facilities, sanitization chambers and designed robots to facilitate connectivity for frontline staff. IT infrastructure was also upgraded to enable staff to work from home. These many initiatives ensured business continuity and kept staff safe from COVID-19 infections. In a situation in which many organisations were compelled to either reduce staff or curtail salaries, Vidullanka employees were paid their salaries as well as bonuses and other emoluments on time.

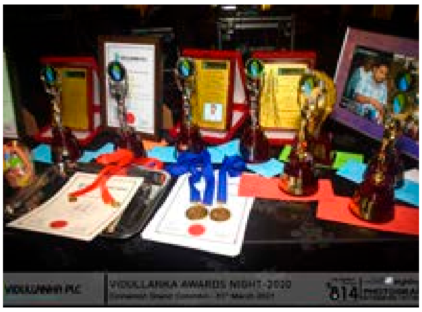
HR Policy and Processes. The Company formalised its HR Policy and Processes and released the Employee Handbook during the year. These policies will be reviewed and refined annually and both the policies and the employee handbook are available digitally to staff through the HRIS system. This information is also communicated to new recruits during orientation sessions. Salary bands and job grades were streamlined and career paths reviewed, and the Annual HR Manpower Plans were introduced to align staffing costs whilst achieving the strategic objectives of the Company. The refined Performance Appraisal system based on KPIs and Behavioural Indicators was also confirmed, which are now been entered into the system and will be modified as and when needed.

Staff training. The 360-degree feedback of the top management was completed, and the respective independent development plans were identified. Individual and group debriefing sessions were also conducted online for the senior management by a renowned leadership development consultancy from India. These sessions provided the senior management with insights on how their peers, team and managers viewed them. The objective of this initiative was to gear these leaders for broader roles in the future.





As a result of the changes effected in the work environment by the pandemic, training programmes were also conducted across the Company on how to utilise IT for work process productivity, data analytics and data- driven decision- making. A noteworthy session was the online Role Efficacy Workshop for head office staff, also conducted by the Indian HR consultancy. An online AOTS Programme in Management was successfully conducted as well, introduced by an HR consultancy in Japan. Some of the key technical staff also attended the Future Trends in Renewable Energy online conference. During the extended lockdown period, the Company conducted online sessions on mental health, yoga and mindfulness with experts on the subjects, which were also well received by staff. During the year, the Company provided 140 cumulative hours of technical training and 85 hours of non-technical training, which included behavioural, mental health and wellbeing elements.



Annual Awards

HR Technology and Communications. With the advent of the work from home initiative during the lockdown period, ICT infrastructure such as the Human Resource Information System (HRIS) with remote access were made readily available to staff, which ensured connectivity with employees across the Group. The HR department also carried out successful online recruitments during the year as well as released the first edition of VBiz, an electronic staff bulletin designed to improve internal staff communication.

'Healthy Workforce' campaign. Preparations were made during the year to launch the "Healthy Workforce" campaign in 2021, designed to promote employee wellness in order to enhance workforce productivity.

5S initiative in the Head Office. Following the successful implementation of the 5S system in the plants, a similar initiative was carried out in the Head Office. This was a timely exercise since it introduced protocols for preventing infection from COVID-19.

COVID Action

A special task force that included the Head of HR, Operations Director, Group Finance Controller and the HR Consultant, was appointed to advise and recommend actions to the management on COVID-19 related matters. This has facilitated the two-way flow of information between management and staff which has streamlined the decision-making process on several aspects of staff welfare related to the pandemic situation. The weekly disclosures on COVID-19 exposure were collected from employees via a questionnaire and the power plants were operated on a roster basis with strict separation of teams. The committee is empowered to introduce any improvements required to the preventive measures already in place. These initiatives ensured the wellness of staff during the year and enabled the Company to achieve its target of zero infections among employees, which facilitated the Company to continue business operations uninterrupted.

Investments in ICT and digitalization

Investment in technology was increased substantially during the year due to the exigencies of the pandemic that necessitated remote working. The Company migrated to the Microsoft O365 cloud platform, digitalized all documents in the Head Office, introduced BoardPAC for Board meetings as well as introduced automation and business intelligence tools such as Power BI. Processes were implemented to ensure continuity and a new job role was designed to oversee this process and ensure business continuity. Inhouse and third-party audits will be conducted by the

IT department on a quarterly basis and the findings will be reported to the management.

IT infrastructure was improved to enhance the Company's ICT capabilities to support growth over the next five years as well as to increase cyber security.

Vidullanka will also increase digitalization in the near future as the Company further expands its renewable energy portfolio, in order to enhance accessibility, connectivity and the automation of renewable energy generation. This will keep the Company competitive in the rapidly expanding clean energy market.

Promoting Environment Sustainability

Environment sustainability is a key focus of the Company. All 10 hydro power plants, namely, the 8 mini hydro plants in Sri Lanka and the two small hydro plants in Uganda, are run-of-the-river and channel their water directly from the rivers that power the turbines that generate the electricity and then return the water to the rivers, unchanged. Whilst, the dendro power plant utilises sustainably grown Glidicidia fuelwood in its power generation, solar power generation converts solar energy into electricity with zero emissions. The power generation operation does not change or deplete the water in quality or quantity in any way nor do the solar and biomass plants which also generate green energy and source their energy from renewable resources.

Bambarabatuoya MHPP - Tailrace & Switchyard

This dependency on precious renewable resources has committed the Company to preserve the pristine nature of the environments in which it operates, and an effective waste management plan has been introduced on all project sites. Decaying vegetation on the sites and natural debris in the river water are used as compost for cultivation, solid waste is collected, separated into bio-degradable and non- biodegradable waste, and disposed of to licensed suppliers.

The focus on environment sustainability has also inspired the Group to pursue a range of social responsibility projects under its CSR umbrella, VidulSaviya, which address areas of concern such as student welfare, village infrastructure, the environment as well as innovation.

The ViduSaviya Ratata Sewanak project focuses on reforestation, and planted a further 14,472 saplings this year, mainly in the vicinities of its power plants, increasing the total number of surviving trees to 24,679. The project aims at increasing the forest cover of the nation with the addition of 100,000 surviving trees by 2025. The programme also enables the Company to replace and replenish depleted resources in situations where, for instance, project construction had necessitated the removal of trees.

Wembiyagoda MHPP - Powerhouse

'We Manage' is the most recent initiative under the arm of Vidul Saviya Gamata Eliyak and helps improve the welfare of the local populace and the infrastructure of the vicinities in which they live, and cleans up environment pollution. The project stems from the concept of public responsibility in which all Sri Lankans should care for their environment. It provides jobs and educational opportunities as well as creates awareness and promotes the urgent need for protecting rivers and riverine environments for the benefit of future generations. Staff have cleaned several rivers to date, composted biodegradable waste and recycled plastic.

A highlight of this initiative was the river cleaning project introduced during the year in Kailihagoda, Badulla, which was accompanied by a ceremonious launch that was attended by senior officials of the Central Environment Authority and the provincial and GS divisions of Badulla. The Rideepana MHPP, which is located upstream of the Dunhinda waterfall is now equipped with facilities to collect both organic and plastic waste from the river water, and to systematically separate this into degradable and non-degradable waste. The organic waste collected was turned into compost and plastic waste was recycled with the assistance of a plastic recycling facility.

Reducing CO_2 Emissions. By its very nature, hydropower plants generate renewable energy, and therefore plant GHG emissions are at zero level. Vidullanka PLC generates clean energy that reduces the country's dependence on thermal power and as such, the Company has a positive carbon footprint. Avoided CO2 emissions during the year of review increased to an equivalent of 81,355Mt during the year, from 66,578Mt achieved in the previous year. All electromechanical equipment at the MHPP and SHPP sites have been constructed by internationally known suppliers and are manufactured according to international industry standards and guidelines. This ensures energy efficiency, which ensures the maximum amount of energy is generated in any given scenario.

Bukinda Waterfall located upstream of the Bukinda SHPP

Responsibility for Communities

Over the years, the Company has developed and nurtured proactive relationships with the communities in the vicinities of its power plants because their continued support is integral to business continuity. A structured approach has been introduced to disseminate a host of benefits to these communities through projects that address a variety of areas.

ViduSaviya - Daruwanta Diriyak extends financial support to top performing students both in the academic and sports arenas and presently has 25 beneficiaries. During the current year, two scholarships were presented to high performers at the 2019 O/Level examinations in a school in Kotmale. Both students achieved 9 As in their subjects and live in the vicinity of the Lower Kotmale Oya MHPP.

Vidul Saviya - Gamata Eliyak focuses on improving the welfare of local communities as well as the infrastructure in the areas in which they live. During the height of the pandemic and lockdown, relief packs were distributed to several local communities in need.

Several other initiatives were carried out under the Vidul Saviya Gamata Eliyak programme as well. A drinking water system was developed and handed over to the students of the Maldeniya school, which now enables students and staff to enjoy fresh drinking water from their own tube well. The school had no effective water system for many years.

The Pundaluoya Police Training Centre was also constructed and presented to the police staff. Senior officials and police staff as well as senior officials of the Pradesiya Sabha attended the opening ceremony.

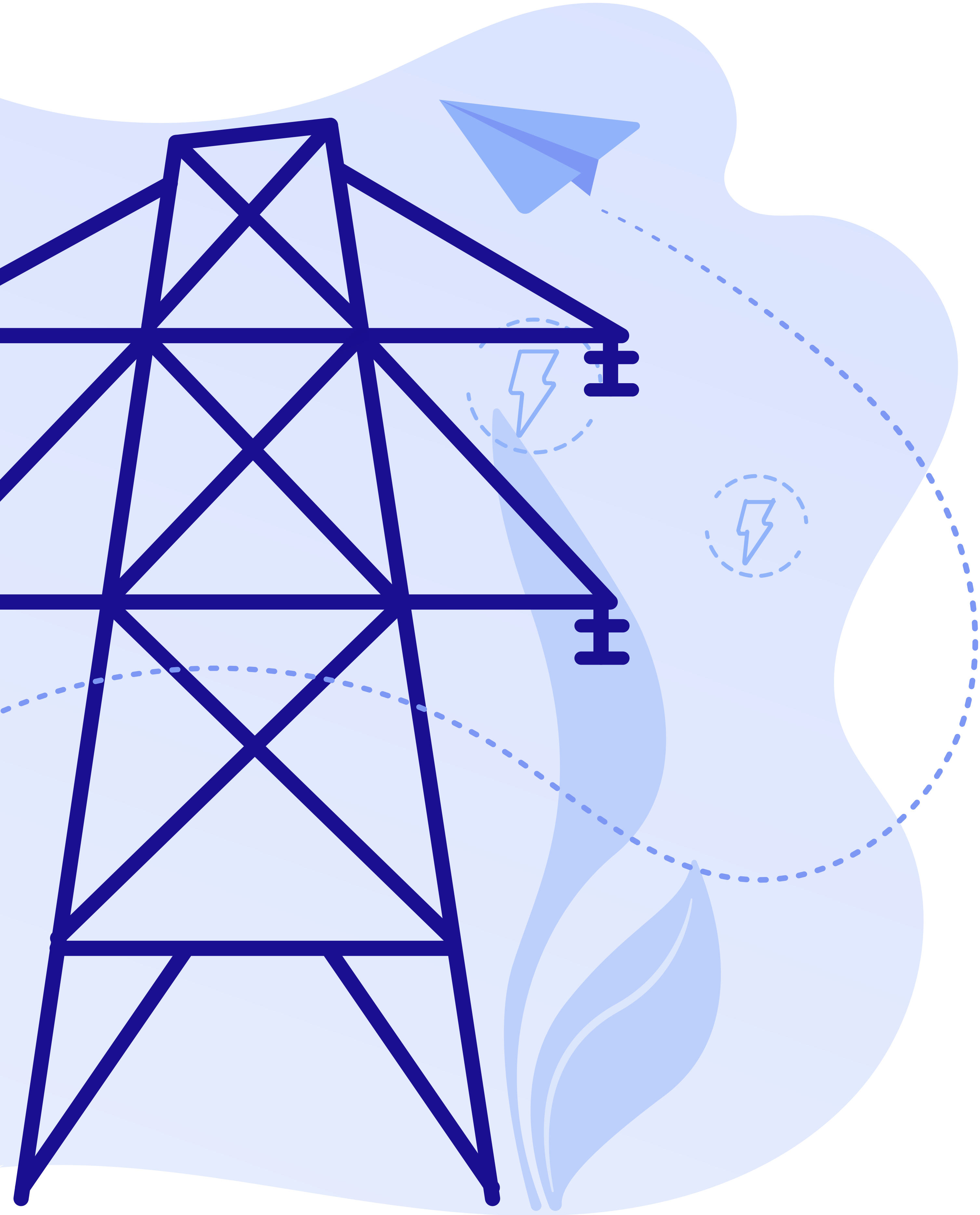
Also during the year the Company, in partnership with the Irrigation Department, upgraded an existing early warning system that protects communities from floods, and presented this online monitoring system to the Colombo Regional office of the Irrigation Department.

ViduSaviya Lowata Aruthak promotes innovation among employees. During the year of review, a number of innovations were designed by staff. The notable innovations include a robotic assistant developed to assist frontline staff battling the pandemic, and the MIAC controller- based neutral voltage displacement (NVD) protection relay.

20

Million Units Generated

With a 3.3MW installed capacity, our dendro power plant has been helping to power that nation in more ways than one, accounting for the largest share of employment creation among the group companies.



CORPORATE GOVERNANCE

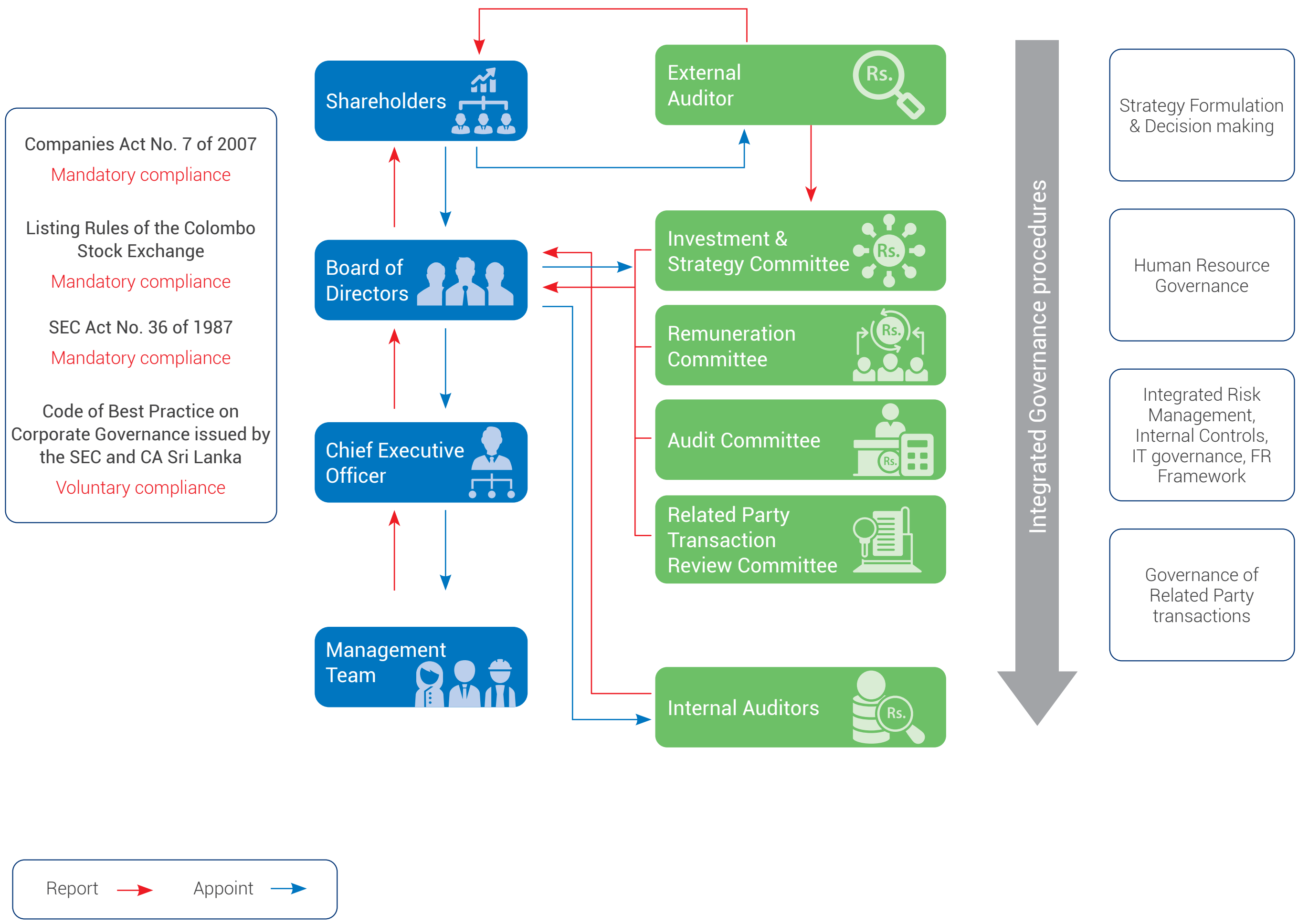
Corporate governance is the collection of mechanisms, processes and relations used by various parties to control and operate an organisation. Governance structures and principles identify the distribution of rights and responsibilities among different participants in the organisation including the board of directors, managers, shareholders, creditors, auditors, regulators and other stakeholders, and include the rules and procedures for making decisions in corporate undertakings. Corporate governance is indispensable because of the possibility of conflicts of interests between stakeholders, primarily between shareholders and the upper management or among fellow shareholders.

Corporate governance includes the processes through which a corporate's objectives are set and pursued in the context of the social, regulatory and market environment. These include monitoring the actions, policies, practices, and decisions of corporations, their agents, and affected stakeholders. Corporate governance practices can be seen as attempts to align the interests of stakeholders.

Key Internal Benchmarks and Procedures

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

The Governance Structure of Vidullanka PLC



The Board

The Board of Directors actively involves in formulating the strategic direction of the business while ensuring that shareholders' interests are properly protected. It further directs the business in the direction of the strategy formulated while ensuring compliance with relevant rules and regulatory requirements moving forward. It ensures the integrity of information, internal controls and risk management. The Board is responsible for the compliance with ethical standards, laws, internal controls and regulations.

The Board Composition

The Board of Directors of Vidullanka PLC comprises one executive director and nine non-executive directors. The non-executive directors provided their annual declaration of independence in accordance with rule 7.10.2 (b) of the Listing rules of the Colombo Stock Exchange. Consequently, two out of the nine non-executive directors who met all the required criterion were declared as independent directors.

Another Non-Executive Director, Mr. Sidath Fernando, having served the board for nine years consecutively, was resolved by the Board to be considered independent, given his objective and unbiased approach to the affairs of the Board.

The Directors of the Company believe the present composition of the Board has the range of skills, experience and business insight relevant to the present and future context of the Company. There were no material changes to the composition of the Board during the period under review. The profiles of the Board of Directors are set out on page 12

The Board met four times during the financial year with the objectives of determining the future directions and monitoring and reviewing the performance of the business operations. In consideration of the social distancing measures introduced, the Board made use of digital conferencing facilities to conduct meetings when required. The Board conducted four Board meetings and 15 subcommittee meetings during the financial year, the details of which are tabulated below.

Name	Directorship Status	Board Meetings	Audit Committee Meetings	Strategy Committee Meetings	Related Party Transactions Review Committee Meetings	Remuneration Committee Meetings
Mr. Osman Kassim	Board Chairman	4/4	-	6/6	-	-
Mr. Riyaz M. Sangani	Chief Executive Officer	4/4	4/4	6/6	-	1/1
Mr. Ranjan Mather	Non-Executive Director	4/4	-	5/6	-	1/1
Mr. C. F. Fuhrer	Non-Executive Director	4/4	-	-	-	-
Mr. Sujendra Mather	Non-Executive Director & Alternative Director to Mr. C F Fuhrer & Mr. Ranjan Mather	4/4	-	-	4/4	-
Mr. Shahid M. Sangani	Non-Executive Director	4/4	4/4	-	-	-
Mr. Sattar Kassim	Non-Executive Director	4/4	-	-	-	-
Mr. Rizvi Zaheed	Independent Non-Executive Director	4/4	-	6/6	-	1/1
Ms. Deepthie Wickramasuriya	Independent Non-Executive Director	4/4	4/4	-	4/4	-
Mr. Sidath Fernando	Independent Non-Executive Director	4/4	4/4	-	3/4	1/1

The Board of Directors took into consideration the stakeholders' interests in corporate decisions. The Board ensured that adequate time and effort was spent by the Directors in making strategic decisions and consulting the subcommittees when necessary. The senior management is responsible for giving accurate information to the Board for its decision-making and strategic formulation. Some of the major roles and functions of the Board in upholding good corporate governance in the affairs of the Company are as follows:

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

Further, the Company ensures that new directors receive induction training on joining the Board and that every director receives appropriate training to remain up-to-date on the regulations. As a good corporate citizen, the roles of the Chairman and the Chief Executive are separated; Mr Osman Kassim holds the position of Board Chair whilst Mr. Riyaz M. Sangani serves the Group as the Chief Executive Director.

Board Committees

The Board of Vidullanka PLC is supported by four Board subcommittees that are tasked with important duties in assisting the Board to discharge its fiduciary duties. These committees comprise the Audit committee, Remuneration committee, Related Party Transaction Review committee and Investment and Strategy committee. These committees regularly met over the year to discharge their duties in the areas of financial reporting, risk management, governance, internal controls, remuneration and human resource, related party transactions and strategy implementation. Attendance at all meetings is given above on page 39.

Audit Committee

The Audit Committee comprised three non-executive directors and was chaired by Ms. Deepthie Wickramasuriya, an Independent Non-executive Director as well as a fellow member of CIMA, UK, and an MBA holder from PIM, USJP. The other two member of the committee are Mr. Sidath Fernando and Mr. Shahid M. Sangani. The majority of the committee members are independent directors as per the requirement set in section 7.10.6(a) of the listing rules. The committee held four meetings during the year with the participation of all members, along with the Chief Executive Officer and Financial Controller attending by invitation.

The Audit committee plays a key role in assisting the Board to fulfil its oversight responsibilities in areas such as financial reporting, internal control systems, risk management systems and the internal and external audit functions.

Investment and Strategy Committee

The Investment and Strategy Committee is chaired by the Board chairman Mr. Osman Kassim and tasked with assisting the Board by critically evaluating the ongoing businesses and new investment opportunities to ascertain whether they align with the strategic direction of the Company. The committee effectively evaluates the Group's investment assets including those in new power projects and liability management. The committee further advises the Board on the aspects of strategy formulation, growth, diversification, and asset allocation whilst ensuring that shareholder interests are safeguarded.

In addition to the Board Chairman and the Chief Executive Officer, an Independent Director, Mr. Rizvi Zaheed and a Non-Executive Director, Mr Ranjan Mather, serve as committee members. The investment and strategy committee held six meetings during the year with the participation of all the committee members.

Remuneration Committee

The Remuneration Committee of the Company comprise three-members and is exclusively made up of Non-Executive Directors. The committee is chaired by Mr Ranjan Mather along with committee members Mr. Rizvi Zaheed and Mr. Sidath Fernando. The committee met once during the financial year.

A Board committee has delegated responsibilities which include setting the policy for the remuneration of the executive management, determining targets for performance-related pay or share schemes and determining the total individual remuneration package of each executive director including, where appropriate, salary, bonuses, pensions, incentive payments and share schemes to executive directors and senior management with reference to the operational results, individual performances and prevailing market rates.

Related Party Transaction Review Committee

The Related Party Transaction Review Committee was established in compliance with the Code of Best Practice on Corporate Governance 2017 and consists exclusively of Non-Executive Directors. The committee comprises the Chairman, Mr. Sidath Fernando, Ms Deepthie Wickramasuriya, and Mr. Sujendra Mather of whom two are Independent Directors. Further, in compliance with the requirement of the listing rules, the chairperson of the committee is an Independent Non-Executive Director.

During the year under review, the committee held 4 meetings with the aim of reviewing the interests of a related party, changes in status and transactions with the related party and the Company as defined in LKAS 24 unless they are exempted according to the CSE listing rules.

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

Compliance Management

Compliance management has been recognised as a key area in successful management. Each department is tasked with compliance requirements relating to the specific area of concern and a clear line of reporting to the Board is in place.

Compliance with the accounting and financial reporting standards, listing rules of the Colombo Stock Exchange, the directives issued by Securities and Exchange Commission, the rules and regulations by the Central Bank of Sri Lanka, and the tax laws of the countries in which the Company operates, are fulfilled by the finance department. The human resource department ensures that the Company is in compliance with the labour laws and health and safety regulations. The legal department, together with the company secretaries, ensure that the Group is in compliance with the requirements of the Companies Act and any other related legislations. The compliance report and checklists are updated and presented at the Audit Committee meetings and the Board meetings.

The Audit Committee also monitors the ongoing process of the compliance requirements and focuses on improving compliance. Periodic self-assessments and internal audits are conducted annually, and Standard Operating Procedures (SOP) are updated which coverer both financial and accounting functions in accordance with the recommendations made by the internal auditors, Messer BDO partners.

The power plant operations of the Company are regulated through internally developed best practices and the safety and operational standards set by off-takers; CEB and UETCL and health and safety mandates. Plant- wise internal audits, internal controls and clearly defined chains of responsibilities are set in place by the operational department.

As a renewable energy developer and operator, Vidullanka PLC directly linked with society and the environment and used the natural resources. Vidullanka continues to comply with the rules and regulations set by the Central Environment Authority, Mahaweli Authority, and the regional offices of each province in which the plants are located. Additionally, the Group continues to comply with the taxation and other regulatory requirements relating to the affairs of companies operating in Uganda.

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

CORPORATE GOVERNANCE (CONTD.)

Corporate Governance Compliance

Listing Rule	Requirement	Compliance	Reference
Board of Directors			
7.10.1 (a) Non-Executive Directors	At least 1/3 of the total number of Directors should be Non-Executive Directors.	Yes	Corporate Governance report on page 38
7.10.2 (a) Independent Directors	2 or 1/3 of Non-Executive Directors, whichever is higher should be independent.	Yes	Corporate Governance report on page 38
7.10.2 (b) Independent Directors	Each Non-Executive Director should submit a declaration of independence or non-independence.	Yes	Annual Report of the Board of Directors on the affairs of the Company is given on page 65
7.10.3 (a) Disclosures regarding Directors	The Board shall make a determination annually on the independence or non-independence of each Non-Executive Director.	Yes	
7.10.3 (b) Disclosures regarding Directors	In the event that a Director does not qualify as independent but the Board is of the view that the Director is nevertheless independent, it shall specify the criteria not met and the basis for the determination in the annual report.	N/A	
7.10.3 (c) Disclosures regarding Directors	A brief resume of each Director should be included in the annual report.	Yes	Profiles of Directors page 20
7.10.3 (d) Disclosures regarding Directors	Upon the appointment of a new Director to the Board, a brief resume of the Director should be provided to the CSE.	N/A	No new appointment to the Board during the year under review.
Remuneration Committee			
7.10.5 Remuneration Committee	A listed company shall have a Remuneration Committee.	Yes	Remuneration Committee report on page 71
7.10.5 (a) Composition of Remuneration Committee	Shall comprise Non-Executive Directors, the majority of who shall be independent.	Yes	
7.10.5 (b) Functions of the Committee	The Remuneration Committee shall recommend the remuneration of the CEO and the Executive Directors.	Yes	
7.10.5 (c) Disclosure in the annual report relating to the Remuneration Committee	The annual report should set out the names of the Directors comprising the Remuneration Committee, a statement of the remuneration policy and the aggregate remuneration paid to Executive and Non-Executive Directors.	Yes	Remuneration Committee report on page 71 Aggregate salary to the Directors indicated in the Notes to the Financial Statements on Note 26.5 on page 120
Audit Committee			
7.10.6	The Company shall have an Audit Committee.	Yes	
7.10.6 (a) Composition of the Audit committee	Shall comprise Non-Executive Directors, the majority of who shall be independent.	Yes	Report of the Audit Committee is given on page 69
	The CEO and CFO shall attend Audit Committee meetings.	Yes	
	The Chairman of the Audit Committee or one member of the committee should be a member of a Professional Accountancy Body.	Yes	The Chairman of the Audit Committee is a Fellow of CIMA (UK).

Listing Rule	Requirement	Compliance	Reference
7.10.6 (b) Functions of the Audit Committee	Oversee the preparation, presentation, and adequacy of disclosures in the Financial Statement in accordance with Sri Lanka Accounting Standards (SLFRS & LKAS).	Yes	Report of the Audit Committee is given on page 69
	Oversee compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements.	Yes	
	Oversee the processes to ensure that the internal controls and risk management are adequate to meet the requirements of the Sri Lanka Financial Reporting Standards.	Yes	
	Assessment of the independence and performance of the External Auditors.	Yes	
	Make recommendations to the Board pertaining to the appointment, reappointment and removal of external Auditors and to approve the remuneration and terms of engagement of the external Auditors.	Yes	
7.10.6 (c) Disclosure in the Annual Report relating to the Audit Committee	The names of the Directors comprising the Audit Committee.	Yes	Report of the Audit Committee is given on page 69
	The Audit Committee shall decide on the independence of the Auditors and disclose the basis for such determination.	Yes	
	The Annual Report shall contain a Report of the Audit Committee setting out the manner of compliance of the functions.	Yes	
Related Party Transactions Review Committee			
9.2 Related Party Transaction Review Committee (RPTRC)	The Board shall appoint/have a RPTRC.	Yes	Annual Report of the Board of Directors is presented on page 65 Report of the RPTRC is presented in page 72
9.2.1 Review of Related Party Transactions	The committee shall review all the Related Party Transactions other than the transactions specified under section 9.5 of the listing rule.	Yes	Report on RPTRC is presented on page 72
9.2.2 Composition of the committee	The committee shall comprise Non-Executive Directors and Independent Non-Executive Directors. An Independent Non-Executive Director shall function as the Chairman of the committee.	Yes	
9.2.4 Committee Meetings	The committee shall meet at least once a calendar quarter. All meetings should be properly documented, and the meeting minutes should be communicated to the Board.	No	Report of the RPTRC is presented in page 72
9.2.5 Information Gathering and Approval	The committee shall ensure that they have enough knowledge/expertise to assess all aspects of the transactions.	Yes	Report of the RPTRC presented in page 72

Listing Rule	Requirement	Compliance	Reference
9.1.1 (a) Non-Recurrent Transactions	Obtain shareholder approval if the transaction value is more than 1/3 of the total assets of the entity or the aggregate of the value of similar transactions with the same related party within the given period.	N/A	Report on RPTRC is presented on page 72
9.1.1 (b) Acquisition/ Disposal of substantial assets from/ to the related party or its associates	Obtain shareholder approval by way of a special resolution for transactions other than the transactions specified under section 9.5 of the listing rule.	N/A	
9.1.2 (a) Recurring Related Party Transactions	Obtain shareholder approval if Related Party Transaction or the aggregate of the transaction with the same related party during the period exceeds 1/3 of the Group consolidated revenue. AND Transaction/s not in the ordinary course of business and in the opinion of the Related Party Transactions Review Committee, are on favourable terms than those generally available to the public.	N/A	
9.1.3 Aggregation of Related Party Transactions	Transactions once approved need not to be aggregated with future transactions with the same related party.	N/A	
9.1.4 Approval from shareholders	Shareholder approval where necessary should be obtained prior to entering into the transaction or shall be conditional to shareholder approval.	N/A	
9.3 Disclosures relating to the Related Party Transactions	The Board shall make immediate disclosures to the CSE, where necessary.	Yes	Report on RPTRC is presented on page 72
	The annual report shall contain a report from the RPTRC.	Yes	
9.3.2.(d)	A declaration by the Board of Directors in the annual report as an affirmative statement of compliance with these rules pertaining to Related Party Transactions or a negative statement in the event the entity has not entered into any Related Party Transaction/s.	Yes	A negative statement indicating that there were no material related party transaction within the year under review is included in the report on RPTRC presented on page 72 & Annual report of the Board of Directors on page 65

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

Rule	Requirement	Compliance	Explanatory Notes
A. Directors			
A.1 The Board	Company should be headed by an effective Board, which should direct, lead, and control the Company.	Yes	Except the managing director, all directors are Non-executive Directors. The Board gives leadership skills to the strategic directions. Notable Board functions are given in page 40
A 1.1	Board should regularly meet. Board meetings should be held at least once every quarter.	Yes	The Board conducted four meetings during the financial year, the details of which are given in page 39
A 1.2	Role of the Board- • Formulation and implementation of business strategy • Approving budgets and major capital expenditure • Ensuring the integrity of the information, internal controls, and risk management • Ensuring compliance with laws and regulations • Ensuring all stakeholders' interest.	Yes	Adopted
A 1.3	The Board collectively and the Directors individually act in accordance with the laws of the country of operation which are applicable to the business enterprise. The Board of Directors ensures that procedures and processes are in place to ensure that the Company complies with all applicable laws and regulations.	Yes	Adopted
A 1.4	The Directors have access to the advice and services of the Board Secretary. The Board Secretary ensures that Board procedures, relevant statutory obligations and other applicable rules and regulations are in compliance.	Yes	The Board of Directors and the individual directors have direct and unrestricted access to the Company Secretary with respect to the affairs of the Company.
A 1.5	All Directors should bring independent judgement related to their duties and responsibilities on matters relating to strategy implementation, performance, resource allocation, risk management and compliance.	Yes	The Board comprises Directors with a range of skills and expertise that are relevant to the Company at present and in the future Refer Corporate governance on page 38
A 1.6	The members of the Board dedicate adequate time and effort to fulfill their duties and responsibilities as Directors of the Company.	Yes	The Directors attended subcommittee meetings and gave directions when are necessary. Details relating to the meetings are given in page 39
A 1.7	One third of the directors can call for a resolution to be presented to the Board where they feel it is in the best interests of to the Company to do.	Yes	No such resolutions were called during the reporting year
A 1.8	Every Director should receive appropriate training when first appointed to the Board.	Yes	Adopted. However, no changes to the composition of the Board were made during the financial year.
A 2 Division of power	Clear division of responsibilities between the Chairman and the Chief Executive Officer.	Yes	The role of Chairman and the Chief Executive are clearly separated and held by two different directors.

CORPORATE GOVERNANCE (CONTD.)

Rule	Requirement	Compliance	Explanatory Notes
A 3 The Chairman's role	The Chairman is responsible for running the Board and should preserve order and facilitate the effective discharge of Board functions.	Yes	Profile of the Chairman is on page 20
A 3.1	The Chairman leading the Board facilitates the effective discharge of Board proceedings. Directors are encouraged to participate in decision- making taking into consideration their views on the affairs of the Company.	Yes	The Chairman's message is given on page 14 The annual report of the Board of Directors is given on page 65
A 4 Financial Acumen	The Board should ensure the availability of those with sufficient financial acumen and knowledge to offer guidance on matters of finance.	Yes	The Board includes Directors with sufficient financial knowledge, acumen and experience. Profiles of the Directors are given in page 20
A 5 Board Composition	There should be a balance of Executive and Non- Executive directors such that no individual or small group of individuals can dominate the Board's decision making.	Yes	The Board comprise 9 Non-Executive Directors of which 3 are independent non-executive directors. Further, the posts of Board Chairman and Chief Executive are held by two separate directors.
A 5.1	The Board should include non- executive directors of sufficient calibre and numbers for their views to carry out the Board's decision making.	Yes	Profiles of the Directors are given in page 20
A 5.2	Composition of the Board of directors	Yes	Details of the Board composition are given in page 3
A 5.3	Independence of the directors	Yes	
A 5.4	Each non-executive director should submit a signed declaration annually of independence or non- independence.	Yes	
A 5.5	Criteria to evaluate the independence of Non-Executive Directors.	As per the criteria set in the Listing rules of the CSE.	
A 5.6	If an alternate Director is appointed by a Non-Executive Director, such alternate director should not be an executive of the company.	Yes	Alternate Director to Mr. C. F Fuhrer and Mr. Ranjan Mather, Mr. Sujendra Mather is not a Non-Executive Director of the Company.
A 5.7 & A 5.8	Appointment of a senior Independent Director, in the event that both Chairman and the Chief Executive are the same person	N/A	The Chairman of the Board and the Chief Executive are held by two Directors.
A 5.9	The Chairman should hold meetings with the Non-Executive Directors only, without Executive Directors as necessary and at least once each year.	No	There were no scheduled meetings with Non-Executive Directors during the year under review. However, the Chairman met/consulted with the respective Non-Executive Directors on need basis.
A 5.10	In the event that the Directors have concerns that cannot be unanimously resolved, the concerns need to be recorded in the Board minutes.	Yes	Board proceedings are duly documented by the secretaries and approved at the subsequent Board meetings.
A 6 Provision of Information	The Board should be provided with information in a timely manner in form and quality	Yes	The Management presents financial and non-financial information to the Board in a timely manner.

Rule	Requirement	Compliance	Explanatory Notes
A 6.1	The Management has an obligation to provide the Board with appropriate and timely information.	Yes	Senior managers participated in the Board meetings by invitation, whenever required by the Board and provided necessary information and clarifications.
A 6.2	Adequate time for Board meetings	Yes	The minutes, reports, and Board papers are dispatched to the Directors in advance and the meetings are conducted in accordance with a meeting agenda.
A 7 Appointments to the Board	There should be a formal and transparent procedure for the appointment of new Directors to the Board.	Yes	The strategy committee in consultation with the remuneration committee evaluate the potential candidate for their appropriateness and potential value addition to the Board and make recommendations to the Board on the appointments.
A 7.1 & A 7.2	A nomination committee should be established to make recommendations to the Board on all new Board appointment.	N/A	No new appointment were made to the Board during the financial year.
A 7.3	Disclosure to the shareholders on the appointment of new Directors to the shareholders	Yes	
A 8 Re-election & Resignation	All Directors should be required to submit themselves for re-election at regular intervals and at least once every three years.	Yes	Directors who are retiring by rotation offered themselves for re-election, details of which are given in the annual report of the Board of Directors on page 65
A 8.1	Non-Executive Directors should be appointed for specific terms subject to re-election and to the provisions of the Companies Act	Yes	All the Non-Executive Directors are appointed for a period of three years, subject to re-election.
A 8.2	All Directors of the Board should be subject to election by shareholders at the first opportunity after their appointment, and to re-election thereafter at intervals of no more than three years	Yes	No new appointment to the Board were made during the financial year. All the Non-Executive Directors are appointed for a period of three years, subject to re-election.
A 8.3	The Director should provide a written communication to the Board on his reasons for resignation.	N/A	No resignations from the Board during the financial year
A 9 Performance Appraisal	The Board should periodically appraise its own performance to ensure that Board responsibilities are satisfactorily discharged.	Yes	The Board has engaged an external specialist to assess the performance of the Board and Directors Appropriate recommendations were implemented based on the results of the assessments.

Rule	Requirement	Compliance	Explanatory Notes
A 10	Disclosure of information in respect of Directors		
A 10.1	Disclosure of each Director in the annual report including the name, qualifications, brief profile, nature of expertise in relevant functional areas, immediate family and material business relationships, category of executive and non-executive, names of the listed companies in Sri Lanka which the director concerned is a director, the number of Board meetings of the company attended during the year., total number of Board seats held by each Director, the names of the Board committees which the Director acts as the chairman.	Yes	Profile of the Directors is given in page 20 Details of the meetings held and the attendance is given on page 39
A 11 Appraisal of CEO	Appraisal of the Chief Executive Officer should be done at least annually by the Board.		
A 11.1	At the commencement of each year, the Board should consult the CEO regarding targets in the short, medium, and long term to be achieved during the year.	Yes	The targets are set through brainstorming session and the budgets are prepared, presented and approved accordingly.
A 11.2	The performance of the CEO should be evaluated by the Board at the end of each fiscal year to ascertain whether the targets are achieved or not.	Yes	The Board deliberates on the performance of the Chief Executive during the last Board meeting of the financial year.
Directors' Remuneration			
B 1 Remuneration Procedure	Companies should establish a formal and transparent procedure for developing policies on executive remunerations. No directors should be involved in deciding his own remuneration.		
B 1.1	Directors should set up a remuneration committee	Yes	Remuneration committee report given on page 71
B 1.2 & B 1.3 Composition	Remuneration committee should consist exclusively of Non-Executive Directors with a minimum of three Non-executive Directors of whom the majority should be independent. The Chairman should be an independent Non-Executive Director. The Chairman and members of the remuneration committee should be listed in the annual report each year.	Yes	
B 1.4	The Board as a whole shall determine the remuneration of the Non-Executive Directors, including members of remuneration committee, within the limits of the article. The Board may delegate the function to a subcommittee, which might include the CEO.	Yes	
B 1.5	The remuneration committee should consult the Chairman and the CEO about its proposals relating to the remuneration of the other Executive Directors.	N/A	The CEO is the only Executive Director of the Company.

Rule	Requirement	Compliance	Explanatory Notes
B 2 Internal & External equity of remuneration	Levels of remuneration of both Executive and Non-Executive Directors should be sufficient to attract and retain the Directors.		
B 2.1 B2.3	An Executive Director's remuneration should be designed to promote the long-term success of the Company and should be comparable with other companies	Yes	Remuneration committee report given on page 71
B 2.4	The committee should consider remuneration and employment conditions elsewhere within the Group.	Yes	Remuneration committee report given on page 71
B 2.5	The performance- related elements of remuneration of Executive Directors should be designed in a manner that is transparent and appropriate.	Yes	Remuneration committee report given on page 71
B 2.6	Executive share options should not be offered at a discount.	Yes	Refer note no 8.2 of the financial statements on page 105
B 2.7	In deciding the remuneration related to the performance, the remuneration committee should follow the provisions set out in schedule E.	Yes	Remuneration committee report given on page 71
B 2.8	Remuneration committee should consider the compensation commitments in the event of early termination.	N/A	N/A
B 3 Remuneration Policy	The Company's annual report should contain a statement of remuneration policy and details of the remuneration of the Board.	Yes	Remuneration committee report on page 71. The details of the remuneration to the Board of Directors and the key management personnel given in Note 26.5 on page 120
B 3.1	The annual report should set out the names of the Directors and contain a statement of remuneration policy and the aggregate remuneration paid to Executive and Non-Executive Directors.	Yes	
Relationships with Shareholders			
C 1 Annual General Meeting	The Board should use the AGM to communicate with shareholders and should encourage their participation.		
C 1.1,C 1.2, C 1.3, C 1.4 & C 1.5	The Company should propose a separate resolution at the AGM on each separate issue to the shareholders. For each resolution, proxy appointment forms should provide shareholders with the option to direct their proxy to vote either for or against the resolution or to withhold their vote. Chairmen of the Audit, Remuneration, Nomination and Related Party Transactions review committees and senior independent directors to be available to answer questions at the AGM. The Company should circulate along with every notice of AGM regarding the procedures of the voting.	Yes	Annual General Meeting of the Company for the FY 2019/20 was held on 04 August 2020 using audio visual technology. Notice of meeting, form of proxy and other relevant documents were dispatched to the shareholders in advance and also made available via the Company website. All the Directors of the Company were present at the AGM on the scheduled day. The procedures of the voting at the AGM are circulated along with the notices of meeting.

CORPORATE GOVERNANCE (CONTD.)

Rule	Requirement	Compliance	Explanatory Notes
Accountability and Audit			
D.1 Financial reporting	The Board should present a balanced and understandable assessment of the company's financial position, performance, governance structure, risk management and internal controls.		
D 1.1 , D 1.2 & D 1.3	The Board should present an annual report including FS that is true and fair, balanced, and prepared in accordance with applicable laws & regulations. The Board is responsible to present interim, other price sensitive public reports and statutory requirements. The Board should obtain a declaration from the CEO and the Chief Financial Officer mentioning that financial records of the entity have been properly maintained and give a true and fair view.	Yes	Financial Statement for the FY 2020/21 presented on page 80 The Company published interim accounts in the Colombo Stock Exchange and made disclosures when necessary. Directors' responsibilities for annual reporting is on page 73
D 1.4	Declarations by the Directors should be included in "Directors' report".	Yes	The annual report of the Board of Directors is on page 65
D 1.5	Statement of Directors' and Auditors' responsibility for the Financial Statements	Yes	Statement of Directors' responsibilities in relation to the Annual financial statements is presented on page 73 Independent auditors' report is on page 77
D 1.6	The annual report should contain a "Management Discussion & Analysis"	Yes	Management Discussion & analysis is contained from page 24 to 35
D 1.7	Directors shall summon an extraordinary General meeting to notify the shareholders in the event of net assets falling below 50% of the value of the Company's shareholders 'funds.	N/A	N/A
D 1.8	The Board should adequately and accurately disclose Related party transactions in its Annual Report.	Yes	The Company complies with the requirements of the Sri Lanka Accounting standard -24 (LKAS 24) in the financial statements and the annual report. The related party transaction review committee is presented on page 72
D 2 Risk Management & Internal Control	The Board is responsible for determining the nature and extent of the principal risks, it also should have a risk management process and sound internal controls that would give reasonable assurance on the achievement of organisational goals and objectives.		
D 2.1	The Board should review and ensure the effectiveness of the risk management and internal control systems at least annually. Report on the review to be presented in the annual report.	Yes	The Board with the assistance of the Audit Committee reviewed the risk categories that may affect Company and the control measures in place. Risk management report of Vidullanka PLC is given on page 56
D 2.2	Assessment of principle risks facing the Company that would threaten future performance, solvency, and liquidity.	Yes	The Audit committee continuously assesses the key risks with the use of multiple risk assessment and risk mapping techniques and advises the Board accordingly. The Risk management report of Vidullanka PLC is given on page 56

Rule	Requirement	Compliance	Explanatory Notes
D 2.3	The Company should have an internal audit function	Yes	Internal audits are conducted by Messer, BDO partners. Additionally, the finance department conducts surprise audits at the power plants
D 2.4 & D 2.5	Review of the process & effectiveness of the risk management and internal controls by the audit committee.	Yes	Details are presented in the Risk management report on page 56 The Audit committee report is presented on page 69
D 3 Audit Committee	The Board should have a formal & transparent arrangement in applying the accounting policies, structure, and content of corporate reporting, implementing internal control and risk management principles.		
D 3.1	the Audit Committee should comprise a minimum of three non-executive directors, of whom at least two should be independent. The committee should be chaired by an independent Non-Executive Director	Yes	The committee comprises three non-executive directors of whom two are independent.
D 3.2	The audit committee should have a written term of reference, with its authority and duties.	Yes	The audit committee adheres to the charter detailed in the Corporate governance best practices published jointly by the SEC & CA Sri Lanka. The authority and role of the committee are included in the Audit committee report on page 69
D 3.3	Disclosure of the audit committee responsibility	Yes	Audit committee report on page 69
D 4 Related party transactions review committee	The Board should establish a procedure to ensure that the Company does not engage in transactions with "related parties" in a manner that would grant such parties "more favourable treatment" than that accorded to third parties in the normal course of business.		
D 4.1	Related party transactions will be as defined in LKAS 24.	Yes	The Company applies the conditions of the standard when preparing and presenting financial statements.
D 4.2	The committee should comprise exclusively of Non-Executive Directors, the majority of who should be independent. The committee should be chaired by an independent Non-Executive Director.	Yes	The report on the affairs of the related party transaction review committee is on page 72
D 4.3	Disclosures on the related party transaction review committee	Yes	The report on the affairs of the related party transaction review committee on page 72
D 5 Code of Conduct and Ethics	The Company must adopt a code of business conduct and ethics for directors, key management personnel that should include dealing in the shares of the company, compliance, bribery and corruption, confidentiality, unethical behaviour etc		
D 5.1	The company shall have a code of business conduct and ethics.		Report of corporate governance is given on page 38
D 5.2	The company should have a process in placed to ensure that all material and price sensitive information is promptly identified.	Yes	Material and price sensitive information is promptly identified in accordance with relevant regulations.
D 5.3	The company should establish a policy/ process for monitoring and disclosure of shares purchased by any director, key management personnel or any other employee involved in FR.	Yes	The share transactions entered by the Directors are disclosed to the market as per the requirements of the listing rules.

Rule	Requirement	Compliance	Explanatory Notes
D 5.4	Disclosure by the Chairman that there is no violation of the code of conduct and ethics	Yes	Refer Chairman's Message on page 14
D6 Corporate governance Disclosures	Directors should be required to disclose the extent to which the company adheres to established principles and practices of Corporate Governance.		
D 6.1	The Director should include in the company's annual report, a corporate governance report setting out the principles and provisions of this code.	Yes	Refer Corporate Governance report on page 38
Investor Relations			
E 1 Investor Relations - institutional Investors	Institutional shareholders have a responsibility to make considered use of their votes and encouraged to ensure their voting intentions are translated into practice. A listed company should conduct a regular and structure dialogue with shareholders.	Yes	The Company maintains good communication with investors. The Annual General Meeting is used as an effective way to communicate with shareholders to share the performance of the company during the year and obtain the overall feedback of the shareholders. Further disclosures are made via the Colombo Stock Exchange.
E 2	Institutional investors are encouraged to give due weight to all relevant factors drawn to their attention when evaluating the governance structure in relation to Board structure and composition.	Yes	
F 1 Investor relations - Other investors	Individual shareholders should be encouraged to carry out analyses on investing or divesting decisions of individual shareholders.	Yes	The Company maintains and coordinates with investment analysts who carry out Company- specific, sector- wise and market- wide share analysis.
F 2	All the shareholders should be encouraged to participate in general meetings of companies and exercise their voting rights.	Yes	Multiple means of facilitations and communication channels are arranged, and adequate notice is given for the shareholders to attend the general meetings.
Internet and Cybersecurity			
G 1	The Board should have a process to identify how the organisation's business model, IT devices within and outside the organisation and consequent cybersecurity risks may affect the business.	Yes	Please refer the risk report on page 56
G 2	The Board should appoint a Chief Information Security Officer (CISO) with sufficient expertise and authority to implement a cyber security risk management policy that could be approved by the Board.	Yes	The CISO role is outsourced to a specialised organization.
G 3	The Board should allocate regular and adequate time on the Board meeting agenda for discussions about cyber risk management.	Yes	Refer the risk report on page 56 and the report of the Audit committee on page 69
G 4	The Board should ensure the effectiveness of the cybersecurity risk management through periodic review.	Yes	Refer the risk report on page no 56
G 5	The Board should disclose in the annual report, the process and management of cyber security risks.	Yes	Refer the risk report on page no 56

Rule	Requirement	Compliance	Explanatory Notes
Environment, Society and Governance (ESG)			
H 1	The Company's annual report should contain sufficient information for investors and stakeholders to assess how ESG risks and opportunities are recognised and reported.	Yes	Risk managements and corporate governance frameworks sufficiently cover the ESG, and further information is shared in the management discussion and analysis (MDA). Risk management report is given in page 56, corporate governance report given in page 38 and MDA given in page 24
H 1.1	The Company should provide information in relation to the relevance of environmental, social factors to the business, how ESG may affect their business, how risks and opportunities pertaining to the ESG are recognised, managed, and reported.	Yes	Details are given in the Chairman's message, CEO's review and MDA on pages 14, 17 and 20 Respectively.

Disclosures Required by the Companies Act No 7 of 2007 in the Annual Report

Section	Description	Status of Compliance	Reference in the Annual Report
168 (1) (a)	The state of the Company's affairs or of its subsidiaries, any changes during the period in the nature of the business.	Yes	Plant portfolio on page 5 and organisational profile on page 26
168 (1) (b)	Financial statements of the Company and the Group in accordance with sections 151 ,152 for the accounting period completed.	Yes	Financial statements and notes are included in pages 80 to 125
168 (1) (c)	Auditors' report on the financial statements of the group financial statements.	Yes	Auditors' report on page 77
168 (1) (d)	Changes in accounting policies made during the year.	Yes	Accounting policies are included with the changes on page 84
168 (1) (e)	Particulars of the entries in the interests register made during the accounting period.	Yes	Annual Report of the Board of Directors given in page 65
168 (1) (f)	Remunerations and other benefits of Directors during the accounting period.	Yes	Details are on note no 26.5 of the financial statement on page 120
168 (1) (g)	Amounts of donations made by the Company during the accounting period.	Yes	Refer Management Discussion and Analysis on page 24
168 (1) (h)	Name of the persons holding office as Directors and who ceased to hold office during the accounting period.	Yes	Directors' profiles are given on page 20 the annual report of the Board of directors is given in page 65
168 (1) (i)	Amounts payable to the external auditors as audit fees and other fees for other services.	Yes	Refer note 14 to the financial statement on page 113
168 (1) (j)	Any relationships and interests with the auditors and the Group.	Yes	Audit committee report on page 69 Annual Report of the Board of directors on page 65
168 (1) (k)	Signatures on behalf of the Board by two Directors and the Secretary of the Company.	Yes	Annual Report of the Board of Directors on page 65

CORPORATE GOVERNANCE (CONTD.)

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

Section	Description	Status of Compliance	Reference in the Annual Report
7.6 (i)	The names of the persons who were the directors during the year of the entity.	Yes	Board of Directors on page 20
7.6 (ii)	Principal activities of the entity and its subsidiaries and changes thereon.	Yes	Company profile and management discussion and Analysis on page 24
7.6 (iii)	The names and the numbers of shares held by the 20 largest holders and the percentage of such shares.	Yes	Investor information on page 126
7.6 (iv)	The float adjusted market capitalization, public holding %, number of public shareholders	Yes	Investor information on page 126
7.6 (v)	A statement of each Director's holding and the Chief Executive Officer's holding of shares in the beginning and the end of the year.	Yes	Directors' shareholdings are given in the annual report of the Board of Directors on page 65
7.6 (vi)	Information pertaining to material foreseeable risk factors of the entity.	Yes	Risk management report given on page 56
7.6 (vii)	Details of material issues pertaining to employees and industrial relations of the entity.	N/A	The Company did not encounter any material events during the year.
7.6 (viii)	Extents, locations, valuations, and the number of buildings of the entity's land holdings and investment properties.	Yes	Details of the property plant and equipment held by the Company are given in note no 4 to the financial statements on page 96
7.6 (Ix)	Numbers of shares representing the entity's stated capital	Yes	Annual report of the Board of Directors given in page 65
7.6 (x)	A Description schedule of the number of holders in each class of equity securities and the percentage of total holdings	Yes	Investor information given in page 126
7.6 (xi)	The following ratio sand the market price information need to be disclosed. 1. Dividend per share 2. Dividend pay out 3. Net asset value per share 4. Market value per share	Yes	Five year summary and investor information is given on page 128 and 126 respectively.
7.6 (xii)	Significant changes in the entity's or its subsidiaries' 'fixed assets and market value of land.	Yes	Annual Report of the Board of Directors given on page 65
7.6 (xiii)	If the entity has raised funds during the year through a public issue, rights issue, and private placement, • Statement as to the manner in which the proceeds of such issue has been utilised, • Number, classes of shares and reason for the issue, • Any material changes of the funds raised through an issue of securities.	N/A	The Company announced a rights issue of Non Voting shares for the purpose of raising additional capital to support the company's investments in Solar power developments. The issue was awaiting the regulatory approvals as at the financial year- end and subsequently concluded in June 2021.

Section	Description	Status of Compliance	Reference in the Annual Report
7.6 (xiv)	Disclosures of each employee share option scheme and employee share purchase scheme.		The Company received Rs. 51,931,382.58 by way of subscriptions to the 10,673,224 share options issued. Refer to note no 8.2 to the financial statements on page 105
7.6 (xv)	Disclosures pertaining to corporate governance practices in terms of rules 7.10.3,7.10.5 and 7.10.6 of the section 7 of the rules.	Yes	Refer corporate governance report on page 38
7.6 (xvi)	Related party transactions exceeding 10% of the equity or 5% of total assets of the entity as per audited financial statements, whichever is lower. The details shall include, as a minimum, 1. The date of the transaction 2. The name of the related party 3. The relationship between the entity and the related party 4. The amount of the transaction and terms of the transaction 5. The rationale for entering into the transaction	Yes	Related party transactions occurred did not exceed the limits specified in the rules. Report of the related party transactions committee given on page 72

RISK MANAGEMENT

Economic recovery is divergent across countries and sectors, and reflects variations in pandemic-induced disruptions and the extent of policy support received. Global growth is projected to accelerate with the extent of the vaccination processes carried out in countries. Upward revision reflects the additional fiscal support available in a few large economies, anticipated vaccine-powered recovery in the latter part of 2021, and the continued adaptation of economic activity to subdued mobility. High uncertainty surrounds this outlook due to the path of the pandemic, the effectiveness of policy support to provide the bridge to vaccine-powered normalisation, and changing financial conditions.

Operative risk management processes with futuristic and dynamic approaches can benefit the businesses to foresee possible future risks and put in place systems and processes to cope in the event of adversity. They also ensure that the Company accomplishes its goals and objectives whilst assuming risks within the range of its risk appetite. The business must possess the appropriate level of risk stamina to reap the expected level of returns.

Vidullanka PLC, as a prominent player in the domestic power industry and owner of two hydro power plants overseas believes in the continuous development of its risk management framework.

The Company confirms that the appropriate risk management in line with its operations is adopted by periodically reviewing the risk management process. Annual risk assessments assist the Company to understand the risks it is exposed to and the perceived impacts of those risks. Once evaluated, risk interventions are carefully decided in consultation with the internal team as well as with professionals outside the organisation whenever necessary. The resulting residual risks, after the risk interventions are evaluated against the target risk intended, is retained.

The Audit Committee of the Company assisted by the operations team ensure that the risk framework is in line with the rapidly changing business environment. Representatives across different functional departments actively participate in the continuous advancement of the internal risk framework and maintain it in a compatible system of risk management.

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

Determination	*- Understanding the strategic goals and objectives of the company* *- Determining the strategic priorities and objectives of the risk management process* *- Formulating the risk appetite*
Assessment	*- Identification of the key risks through collective approaches and consultation.* *- Determining the level of risk appetite*
Development	*-Development of suitable risk responses to the identified risks based on the risk ratings of the experts.* *- Formulation of the overall risk response strategy by the management.*
Implementation	*- Implementation of risk response strategy.* *- Delegation and monitoring implementation* *- Risk financing and consultation*
Control	*- Periodic review of risk profile to monitor the retained risks and perceived volatility with the help of tariff light and risk rating mechanism.* *- System audits and continuous monitoring of control mechanisms* *- Systematic approach to communication on any adverse issues identified.*

The following major risks are addressed throughout the Company's risk management process:

Business Risk

Business risk consists of the challenges and threats inherent to the local renewable energy industry and to the business environment of the countries the business is operating in and expanding its operations. Adverse exposure can lead to performance below expected levels and ineffective investment in new project development, thereby resulting in lower profitability, capital erosion and a lack of organisational growth.

Weather Risk

Weather risk is a major risk for Vidullanka and companies in the renewable energy industry in Sri Lanka The primary risk factor that affects every entity in the renewable energy industry is the weather since the Company is completely dependent on this non- controllable environmental factor. Any adverse changes can lead to serious impacts on power output, thereby leading to reduced profitability or at times, losses. Whilst increased research has paved the way to better understanding the changing nature of the weather patterns over the period, the impact of such changes has also become more severe. Thus, weather risk is categorised as a high priority and high impact risk for a Company in the renewable energy industry.

As a step towards mitigating the weather risk and diversifying the business, the Dehiyattakandiya dendro power plant was commissioned to the national grid, and Vidul Plantation commenced commercial operations to supply sustainably grown fuelwood from its own plantations and out grower schemes. The Group's latest initiative in Solar power generation through rooftop solar power plants and ground mounted solar power plants would also make the Company less susceptible to weather risk.

The overseas power plants of the Group, Muvumbe SHPP and Bukinda SHPP, provide better mitigation of weather risk since the country of operation has different weather conditions when compared to Sri Lanka. This is an example of the effective management of weather risk in terms of power generation. The revenue shortfall from generation in Sri Lanka due to the prolonged drought conditions was largely mitigated by the improved revenues from power generation in Uganda and the sale of fuelwood by Vidul Plantation. Going forward, Group revenue would be further strengthened by adding more diversified power sources and overseas projects.

Foreign Exchange Risk

Exchange risk involves the loss of value of assets and revenue or the increase in liabilities when the transactions are denominated in a different currency than that of the reporting currency. The impact on the performance of the Company due to foreign exchange rate risk may arise in transactional, translational and economic risk.

The Group is exposed to foreign currency risk through its operations in Uganda. Whilst the US Dollar denominated borrowings have exposed the Company to foreign exchange risk, the US Dollar denominated feed- in tariff in Uganda protects the Group from exchange risk associated with the Ugandan Shilling whilst creating a natural hedge over its liabilities.

Since the Group is focused on building renewable energy projects overseas, better foreign exchange risk management has become a key priority to Vidullanka, as it can impact the overall performance of the Group. The Group carefully evaluates projects for their financial viability and benchmarks project returns in terms of both Sri Lankan Rupees and US Dollars. The Company further undertakes detailed overall business and environment assessments prior to embarking on new project development, and due diligence studies are conducted prior to entering into any agreement overseas.

Although mitigatory measures are undertaken, the risk remains material with the possibility of the substantial changes in the monetary policies, macroeconomic conditions and political environment of the host countries which may have an impact on Group performance.

Legal and Regulatory Risk

The Group has operations in Sri Lanka and Uganda and undertakes project development activities in several other countries in the African continent as well, and is therefore required to deal with diverse legal and regulatory frameworks. Failure to comply with the laws and regulations of the countries can lead to severe consequences.

Vidullanka PLC, as a listed company on the Colombo Stock Exchange, complies with the CSE listing rules and directives issued by the Securities and Exchange Commission. The Company also complies with the mandatory provisions relating to corporate governance specified in the listing rules and Company's Act of Sri Lanka. Additionally, the Company voluntarily complies with most of the corporate governance best practices recommended in the Code of Best Practice on Corporate Governance issued jointly by CA Sri Lanka and the Securities and Exchange Commission of Sri Lanka. The Company strives to enhance compliance through continuous improvements to its affairs

The Audit Committee oversees the compliance status of the Company. The compliance checklist is reviewed at each audit committee meeting and presented to the Board. Whilst the finance and legal departments ensure compliance with the financial reporting, taxation and legal aspects, the other departments ensure compliance across their respective areas of operation. The Board is updated on the status of the litigations and necessary expert advice is sought when necessary.

The Company complies with all the reporting requirements of financial reporting, the CSE and the Board of Investment in accordance with the laws and regulations applicable.

RISK MANAGEMENT (CONTD.)

Country Risk

Country risk is the total risk associated with an investment in a foreign country. It includes political risk, changes to regulation and corporate law, economic risk, transfer risk, currency risk and the risk of social instability.

The level of risk varies from country to country depending on the infrastructure, political systems and economic status.

Vidullanka has taken adequate measures to safeguard its investments overseas including securing investment protection agreements with the host country governments. The Company also ensures that it holds the legitimate title for projects in the pipeline through securing the necessary permits. Over the course of its presence outside Sri Lanka, the Company has built a strong relationship with major players in the industry, which include development agencies, donor agencies, consultants, other renewable energy project developers, development banks and other stakeholders.

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

Counter Party Risk

Counterparty risk refers to the risk of potential losses that would arise for one counterparty on account of the default of the other related party of a contract. The Vidullanka Group primarily transacts with two off-takers; Ceylon Electricity Board (CEB) and Uganda Electricity Transmission Company Limited (UETCL). The power purchase agreements and other investment protection agreements detail the terms of payments relating to the power generation and the dispute resolutions.

Off-taker profile is one of the key areas of concern for Vidullanka when evaluating any new investments. The strategy formulation also takes into consideration the presence of international institutions promoting renewable energy development in the particular region of potential project development.

The counter party credit risk from a volatile status has been ranked as steady due to the improvements in receiving the settlements from CEB experienced during the later part of the year under review. However, the status of the risk is categorised as low due to the fact that these are firm receivables from the government of Sri Lanka. The receipt of payments from UETCL, Uganda is in accordance with the terms and conditions of the agreement.

Operational Risk

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

Risk may arise at any time in any business task or process, from internal process failures or gaps, human error, system failures, or external risks imposed by customers, suppliers, natural disasters, regulatory changes, or geopolitical shifts. Operational risk may include legal risks, risks to human capital and physical business assets, or risks to the bottom line of the business. Typically, strategic and reputational risks are not included in the definition of operational risk, but they may be adversely impacted when operational risks remain unchecked for too long.

The core operational activity of the Group is the generation of power through renewable energy sources. Failures can result from human, system, and procedural faults. The operations department regularly reviews and monitors the conditions of the machinery and the potential for natural disasters to minimise the risks and decide on preventive actions for each site.

The Board formulates the strategies and goals taking into consideration the risks the Company faces. Heads of each department are tasked with guiding the employees to achieve the goals while appropriately managing the risks and ensuring accountability to the Board on the outcomes. Internal audits are undertaken periodically and the findings are reported for appropriate actions. The audit committee manages risks by reviewing the Group risk profile and reducing the impact of those risks through appropriate measures. Compliance programmes, IT system governance, internal investigations, risk communication are important strategies adopted by the Company to mitigate the risks. The Company also sources expert consultant advice whenever necessary.

The audit committee place significant attention on risk management because all current operations and future progress depend on the risk attitude of the Company.

The Company has also established internal controls relating to operations, which help identify and detect operational risk. The Company has put in place a continuous monitoring system for each plant to identify failures, breakdowns, and any other material affairs. Vidullanka PLC recognises the need for actively involving employees and the management in detecting and managing risk at very early stages.

Stakeholder Risks

Good stakeholder risk management can enhance the social acceptance of a project. Since risks are always linked to one or more stakeholder groups who may be either directly or indirectly influencing or influenced by these risks, the bigger the risk to a project's outcome, the more closely the associated stakeholder groups must be managed.

With regard to the operational power projects, the Company places great importance on the rural populace and responds with a number of welfare and livelihood development programmes, engaging the local community in an organised and systematic manner. Vidullanka's ViduSaviya CSR initiative has helped the Company to formalise these interactions.

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

Risk Rating Matrix

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

Legend

High Risk Ranking (R)
Medium Risk Ranking (A)
Low Risk Ranking (G)

Volatile Outlook

#	Risk Category	Risk	Definition	Catastrophic/ Critical/ Significant/ Low	Mitigation Action	Risk Owner	Risk Review Status	Risk Ranking
1	Financial and Economic Risk							
		Counter Party Credit Risk	Risk of loss of principal or financial reward stemming from a debtor's failure to repay a due amount or to meet contractual obligations.	Significant	Vidullanka sells electricity to CEB in Sri Lanka and UETCL in Uganda. The transactions are undertaken according to the Power Purchase Agreements. Both entities are backed by the respective state governments, reducing the credit risk. UETCL receivables are further supported by a Bank guarantee.	Fin. Controller	Adopted	A
		Financial Risk	Risk of losing shareholders' wealth because of the Company's incompetence to match liquidity with financial obligations.	Significant	The Company closely monitors changes in the macroeconomic environment, changes in weather and strategic investments, to efficiently manage the liquidity. The Company has diversified its revenue streams geographically and product - wise which provides more stable cash inflows. The Audit Committee periodically reviews the debt position of the Group as well as it's contingent liabilities. Moving Cash Flow forecasting considers the uncertainties and is carried out on an ongoing basis. The Company is in the process of raising additional capital via a rights issue of non voting shares, which will further strengthen the equity position of the Group.	CEO	Adopted	A (Volatile Outlook)

RISK MANAGEMENT (CONTD.)

#	Risk Category	Risk	Definition	Catastrophic/ Critical/ Significant/ Low	Mitigation Action	Risk Owner	Risk Review Status	Risk Ranking
		Economic Risk	The chances of the investments and financial operations being affected by regulations, macroeconomic conditions, interest rates, exchange risk and political stability.	Critical	The Company carries out in- depth macroeconomic analysis and economic feasibility studies prior to embarking on investments. Other measures taken include securing investment protection agreements as well as insurance coverage. However, the risk remains uncontrollable due to the macro nature of the risk. Present forex challenges faced by Sri Lanka have limited the Company's ability to pursue overseas expansions aggressively.	CEO & Director - BDU	Adopted	
		Interest Rate Risk	Adverse impact on the profitability of the Company due to interest rate fluctuations.	Significant	The Company maintained a proper combination of fixed and variable borrowing rates which may help minimise the risk of negative variations in interest rates.	Fin. Controller	Adopted	
		Exchange Rate Risk	The risk of losses due to the fluctuation of exchange rates. This also brings in translation, transaction and economic risk to the business.	Significant	The Company constantly monitors exchange rate fluctuations and takes mitigation measures as detailed in the risk management report.	Fin. Controller	Adopted	
2	Environment, Health and Safety Risks							
		Health and Safety Risk	The risk of employees being exposed to dangers during working hours on the power plant construction sites and the office.	Critical	The employees are provided with the required safety equipment during both construction and operations. Training on 5S and the KAIZEN process are provided to them periodically to enable them to mitigate the risks themselves. Additionally, plant operating instructions and image signals are set up in work sites as safety measures. The Company strives for a zero-accident workplace.	Director - Operations	Adopted	

#	Risk Category	Risk	Definition	Catastrophic/ Critical/ Significant/ Low	Mitigation Action	Risk Owner	Risk Review Status	Risk Ranking
		Environment & Disaster Risk	The risks of potential adverse disaster events occurring during the operations/ disrupting the operations.	Critical	The Company employs environmental officers who continuously monitor and engage in understanding and mitigating environmental risk. The Company also acquires professional assistance from external consultants on the management of such adverse events. The Company also ensures that Insurance which adequately covers such risks is in place.	Director - Operations	Adopted	
		Epidemic Risk	Risk of adverse operational and economic impact stemming from epidemic/ pandemic outbreaks.	Critical	In view of the challenges relating to COVID-19, the power plants were operated as isolated facilities during the peak of the outbreak and strictly adhered to the guidelines mandated. Flexible working hours with the option of working from home arrangements are being practiced and the social distancing advisories issued.	Director - Operations & Director - BDU	Adopted	
		Weather Risk	Risk of disruptions and financial losses due to changing weather conditions.	Critical	The Company has diversified its power plant portfolio geographically and technologically. Whilst the hydro power plants operated in Sri Lanka and Uganda help to mitigate the seasonal and cyclical variations of the weather, the dendro power plant and solar power plants stabilise overall performance with stable generation outputs.	Director - Operations & Director - BDU	Adopted	
3	Risk of reputations							
		Public Relations Risk	This is the risk of losing reputation which can lead to conflicts with stakeholders.	Low	The Company continues to engage in CSR Activities including scholarship programmes, infrastructure development, reforestation. Further, the Company has implemented corporate communication guidelines for the conduct and behaviour of its employees.	Operations Department	Adopted	

RISK MANAGEMENT (CONTD.)

#	Risk Category	Risk	Definition	Catastrophic/ Critical/ Significant/ Low	Mitigation Action	Risk Owner	Risk Review Status	Risk Ranking
		Stakeholder Risk	The risk of failure to adequately manage stakeholder expectations.	Significant	Stakeholder identification and expectation management is conducted in a continuous process by the respective functional units. The interventions are deployed in accordance with the level of importance and the impact the stakeholder can have on the affairs of the Company. Since the power plants are in rural areas, the Company builds a lasting relationship with the local populace through continuous engagement, welfare and CSR activities, provision of employment etc.	CEO & Heads of Departments	Adopted	
4	Operational Risk							
		Operational Risk	This involves the risk of losses arising from internal activities, processes, and procedures.	Significant	Standard Operating Procedures/ Operating Manuals are in place and cover all support services including Finance, Procurement, HR, and IT . Adherence to the SOPs and manuals is monitored and audited through internal audits. The findings are examined, and remedial actions are taken when necessary. However, the COVID-19 lockdown has resulted in the Company having to make exceptions which could result in the adoption of new SOPs to meet current requirements	Fin. Controller & Heads of Departments	Adopted	
		Fraud Risk	Possible losses from the suboptimal use of Company assets, corruption etc.	Significant	The Company adopts internal control mechanisms including the segregation of duties to optimise the use of assets, minimise the chances of fraud.	All Heads of Departments	Adopted	

#	Risk Category	Risk	Definition	Catastrophic/ Critical/ Significant/ Low	Mitigation Action	Risk Owner	Risk Review Status	Risk Ranking
5	Information Technology							
		Information Risk	Risk of unauthorised access, manipulation and dissemination to the public of confidential information relating to the Company.	Critical	Access to confidential information is limited to authorised officers of the Company. Further, the Company engaged EY Advisory Services during the year to assess and strengthen cyber security risk.	IT department	Adopted	
6	Regulatory Environment							
		Regulatory & Legal Risk	Risk of changes in laws and regulations which have a material impact on the business and the viability of its investments	Low	The Company continuously monitors developments in the legal and regulatory environments and complies swiftly. It also engages tax and legal consultants and undertakes due diligence prior to entering business transactions. The Company also adopts and complies with mandatory and voluntary corporate governance best practices.	Finance & Legal	Adopted	
7	Global business environment							
		Competition Risk	The risk of failure to adapt to the changing business environment amidst the increased competition between renewable energy developers	Low	The Board comprises directors with knowledge and experience from various business industries. The extensive business acumen demonstrated by the Board has helped the Company foresee the changing dynamics of the renewable energy industry in Sri Lanka and internationally. Strategic partnerships have helped the Company to secure a much-needed edge in competing for international projects and tenders. The strategy committee assists the Board to critically evaluate new opportunities and provides timely advice.	Senior Management & Board of Directors	Adopted	

RISK MANAGEMENT (CONTD.)

#	Risk Category	Risk	Definition	Catastrophic/ Critical/ Significant/ Low	Mitigation Action	Risk Owner	Risk Review Status	Risk Ranking
		Country & Political Risk	A collection of risks associated with investing in foreign countries, including political risk, economic risk, exchange rate risk, sovereign risk, and repatriation risk.	Low	The Company undertakes a comprehensive country study prior to embarking on project development on foreign soils. The Company further ensures that adequate professional assistance is sought from the country identified for investment, for understanding the tax, legal, political risks. Due diligence studies were also undertaken with such assistance prior to engaging in investment commitments. Over the past years, the Company has developed a mechanism through which it evaluates overseas investments and considers entering into investment agreements with the respective governments as being a key requirement.	CEO, Director - Business Development & Fin. Controller	Adopted	

ANNUAL REPORT OF THE BOARD OF DIRECTOR ON THE AFFAIRS OF THE COMPANY

The Board of Directors are pleased to submit their report together with the Auditor's Report and Financial Statements for the year ended 31 March 2021, to be presented at the 25th Annual General Meeting of the Company.

Review of the Year Principal Activity of the Company / Core Activity

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

Principal Activity of the Subsidiaries

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

Walagamba Balashakthi (Pvt) Limited's principal activity is to generate electricity through its Wembiyagoda (MHPP) located in Kalawana, Ratnapura and transmit to the national grid. The power plant was commissioned to the national grid on 29 March 2013.

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

The principal activity of Lower Kotmale Oya Hydro Power (Private) Limited is to produce electricity and transmit to feed the national grid from its Lower Kotmale MHPP in Kotmale, Nuwaraeliya.

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

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

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

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

Principal Activity of the Joint Venture & Associates

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

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

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

The principal business activity of Nilwala Vidulibala Company (Pvt) Limited is to produce electricity and transmit to the national grid from the Ethamala Ella MHPP. The project was commissioned to the national grid on 30 September 2016.

Material Business Transactions

The Board of Directors of Vidullanka PLC resolved subject to shareholder approval, to amalgamate the wholly owned subsidiary, Walagamba Balashakthi (Pvt) Ltd with Vidullanka PLC. the amalgamation to be carried out without any consideration and in accordance with the provisions of section 242 of the Company's Act No 7 of 2007.

Financial Statements

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

Independent Auditor's Report

The Auditor's Report on the financial statements is given on page 77 of this report.

Accounting Policies

The Accounting Policies adopted in preparation of the financial statements is given on page 84 There were no changes in Accounting Policies adopted by the Company during the year under review.

Financial Results / Profit and Appropriations

The Group recorded a Profit After Tax of Rs. 594,964,221/- of which Rs. 575,427,248/- is attributed to the equity shareholders. During the year under review, the Company distributed an interim dividend of Rs 0.10 per share amounting to Rs. 84,195,179/-

Property, Plant & Equipment

During the year under review the Group invested a sum of Rs. 749,897,853/- (2020 - Rs. 798,816,844/-) in property, plant & equipment of which Rs. 624,895,544/- (2020 - Rs. 12,782,728/-) is in plant & machinery-Hydro, Rs Rs. 6,230,207/- (2020 - Rs. 1,985,719/-) is in Computer and other equipment and Rs. 13,473,556/- (2020 - Rs. 3,918,838/-) is in Furniture and fixtures. Further Rs. 5,104,030/- (2020 - Rs. 3,665,321/-) is invested in office equipment, Further Rs. 12,591,776/- (2020 - Rs. 1,487,200/-) in Motor Vehicles and Rs. 9,386,885/- (2020 - Rs. 773,278,756/-) in Power plants Work - in - progress. Rs 1,571,252 (2020 - 1,698,282/-) in Freehold Land. Rs. 21,925,827/- (2020 - no investments made) invested in biological assets. In addition the group invested Rs 76,644,603/- is in plant & machinery-Solar.

The exchange rate differences caused a total increase of Rs. 216,715,787/- in the group property plant and equipment.

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

Market Value of Freehold Land

There was no freehold land classified as investment properties.

Investments

Details of long-term Investments held by the Group are given in Note 5 to the financial statements on page 100.

Impairments

The details relating to the impairment provisions given in notes 5.3 and 6 to the financial statements on pages 103 & 104.

Directors' Responsibilities

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

Corporate Governance

The Company has complied with the corporate governance rules laid down under the listing rules of the Colombo Stock Exchange and the report on corporate governance best practices given in page 38.

Dividend

Company paid an interim dividend of Rs. 0.10 per share amounting to Rs. 84,195,179/- during the financial year.

Reserves

The Reserves and Accumulated Profits as at 31 March 2021 amount to Rs. 1,830,090,914 vs Rs. 1,338,790,365/- as at 31 March 2020. 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. 7 of 2007, the stated capital of the Company was Rs. 1,469,839,867/- The movements are shown in the Statement of Changes in Equity in the financial statements.

During the year a total of 10,273,364 options were granted to the eligible employees. The total number of options vested but not exercised amounts to 13,996,129. During the year, a total of 10,673,224 options were exercised resulting in addition of new shares in equal numbers.

Resignations of employees have resulted in cancellation of 5,083,686 share options, whilst 131,472 share options were cancelled due to expiry of the validity period.

The granting of options took place in four phases, accordingly the exercise price of the share options of each phase was set at 30 market day volume weighted average price of the share immediately prior to the date of grant. Accordingly, the Share options outstanding are from Phase 2,3 and 4, and the exercise prices applicable of Rs.4.97, Rs. 4.42 and Rs. 4.30 respectively.

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

Material Issues Pertaining to Employees and Industrial Relations of the Company

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

Post Balance Sheet Events

There 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 26 to the financial statements on page 119 and have been declared at the Board meeting, pursuant to Section 192 (2) of the Companies Act No. 7 of 2007.

BOARD COMMITTEES

Audit Committee

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

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

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

Remuneration Committee

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

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

The report of the Remuneration committee on page 71 contain a statement of the remuneration policy. The details of the aggregate remuneration paid to the Executive, Non - Executive Directors and other key management personals during the financial year are given in Note 26.5 on page 120 to the financial statement.

Investment and Strategy Committee

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

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

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

Related Party Transaction Review Committee

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

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

The report of the Related Party Transactions Review Committee is given on page 71.

The Board of Directors declare that there were no related party transactions falling during the year and it is in the Annual Report as a negative statement to the effect that no related party transaction falling within the ambit of the rule 9.3.2. d of Listing Rules of the Colombo Stock Exchange.

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

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

Investor Information and Shareholdings

The investor information is given on page 126.

Major Shareholders

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

Directors

The Directors of the Company as at 31 March 2021 and their brief profiles are given on page 20 in this report.

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

Independence of Directors

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

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

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

Directors' Shareholding

The interest of the Directors in the shares of the Company as at 31 March of 2020 and 2021 were as follows:

Director	No of Ordinary Shares	
	As at 31-03-2021	As at 31-03-2020
Mr. Osman Kassim	19,000,000	65,217,391
Mr. Osman Kassim / Mrs. K. Kassim	104,115,292	10,942,641
Mr. Riyaz M. Sangani	131,406,138	109,608,206
Mr. Shahid M. Sangani	9,365,488	4,227,569
Mr. S. Ranjan Mather	119,000,000	134,985,923
Mr. C. F. Fuhrer	1,098,398	1,098,398
Mr. Sidath Fernando	5,180,000	5,000,000
Mr. Sattar Kassim	101,135,861	74,137,368
Mr. Sujendra Mather	20,626,246	19,827,892
Mr. Rizvi Zaheed	40,000	NIL
Ms. D. Wickramasuriya	NIL	NIL

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

Notice of Meeting

The Annual General Meeting will be held at 10.00am on 21 September 2021 at the registered office of the Company with the participation via Audiovisual technology (Zoom)

The Notice of the Annual General Meeting appears on page 129.

For and on behalf of the Board,

(Sgd.)
Osman Kassim
Chairman

(Sgd.)
Riyaz M. Sangani
Managing Director

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

Vidullanka PLC
20 August 2021
Colombo

BOARD COMMITTEES

The Board of Directors of Vidullanka PLC has appointed four subcommittees with view to enabling the Board to effectively discharge its fiduciary duties toward the shareholders. The Board of Vidullanka PLC has appointed the Audit Committee, Remuneration Committee and Related Party Transactions Review Committee to fulfill the statutory and regulatory requirements, the Investment and Strategy committee supports the Board with focused decision-making on the company's strategic direction and growth.

Each of the committees is delegated with specific roles and duties to facilitate the Board to make informed decisions. The committees are formulated with directors who demonstrate the required knowledge, experience, and expertise in assisting the Board to function more effectively.

Audit Committee

Report on the Affairs of the Audit Committee During the Financial Year 2020/21

The Audit committee's objective is to assure adequate oversight of the financial reporting process, the audit process, the company's system of internal controls, and compliance with laws and regulations. The audit committee is also responsible for ensuring that the organization's risk and governance framework is in place and followed.

It plays an important role in corporate governance in terms of the organization's direction, control, and accountability. The audit committee, as the representatives of the board of directors and a fundamental component of the corporate governance process, is involved in internal and external audits, internal control, accounting and financial reporting, and regulatory compliance. The audit committee proactively involves itself with the management in the risk management and decision-making process to manage and mitigate the risks.

Compositions of the Audit committee

Ms. Deepthie Wickramasuriya (INED) - Chairperson

Mr. Sidath Fernando (INED)

Mr. Shahid M. Sangani (NED)

In accordance with the corporate governance best practices, the Audit committee is comprised of non-executive directors of which the majority are independent. The chairperson of the committee is a finance professional, also a member of a professional accounting body. Accordingly, the composition of the committee is in line with the requirements set out in the listing rules of the Colombo Stock Exchange.

Role of the Committee

The Audit Committee focuses on overseeing the preparation and presentation of financial statements and ensures adequate disclosures are made in the financial statements in accordance with the requirements set out in the Sri Lanka Accounting Standards, Companies Act, Listing rules of the Colombo Stock Exchange and other relevant reporting requirements. The committee members also ensured that internal controls and the risk management framework are in place to safeguard the company and its stakeholders times of adverse events.

During the year, the committee focused on improving internal controls and the risk management framework. Further, the committee also reviewed and advised the other committees when required, including evaluating related party transactions.

The Committee met 4 times during the year under review with the participation of all members. Taking into consideration the challenges posed by the COVID-19 pandemic, the meetings were held with minimal physical participation, with the remaining participants joining the meetings virtually. The CEO and Finance Controller attended all audit committee meetings during the period. Information on the attendance of these meetings is given on page 39.

Duties carried out by the committee during the year are as follows,

1. Reviewed and approved the quarterly and annual financial statements before publication.
2. Critically reviewed the risk profile of the company on a quarterly basis using risk mapping, and assisted in building appropriate mitigation actions.
3. Reviewed the internal risk management and control mechanism and advised on the improvements required.
   a. The committee reviewed and approved the operational risk management measures in place at the head office and power plants amidst the COVID-19 outbreak.
   b. The committee reviewed the status of compliance of the group, including tax, regulatory and operational affairs.
   c. Reviewed and monitoring the effect of the pandemic on the projects in the pipeline, including the travel restrictions and exchange control measures.
4. Reviewed new business proposals including Solar power and assessed the risks and impacts of the operations.
5. Reviewed and approved the policy in relation to the recognition, initial and subsequent measurement, depreciation and derecognition of solar power assets.
6. Reviewed and recommended the appointment of Messer BDO East Africa of 6th Floor, Block C, Nakawa Business Park, Plot 3-5 New Portbell Road, Nakawa, P.O Box 9113, Kampala, Uganda as the external auditor of Muvumbe Hydro (U) Limited, Timex Bukinda Hydro (U) Limited and Vidul Engineering (U) Limited.

7. Reviewed and approved the submissions made by the company to the regulators including the Sri Lanka Accounting and Auditing Standards Monitoring Board (SLAASMB), the Securities and Exchange Commission of Sri Lanka and the Colombo Stock Exchange.
8. Discussed the audit plan, key audit matters and management responses which related to the audit issues.
9. Reviewed the annual audited financial statements with management and the auditor by checking the legal and mandatary requirements.
10. Discussed the new policies procedures which required changes, additions, or amendments to the operations.
11. Obtained formal confirmations from management on a quarterly basis regarding internal controls and compliance with laws and regulations.
12. Critically evaluated the performance and independence of the external auditors of the group and made recommendations to the Board.

Independent Auditors

Messer Ernst & Young, Chartered Accountants, 201, De Saram Place, Colombo 10 functions as the external auditor of all the group companies except for Muvumbe Hydro (U) Limited, Timex Bukinda Hydro (U) Limited and Vidul Engineering(U) Limited. As detailed above, BDO East Africa, Kampala, Uganda functions as the external auditors of the above entities.

The Audit Committee having carefully evaluated the performance, terms of engagement, remuneration range and independence of the external auditors, recommended to the Board, the reappointment of Messer, Ernst & Young, Chartered Accountants as the group external auditor for the financial year 2021/22. In addition, the audit committee recommended the reappointment of Messer BDO East Africa, Kampala, Uganda as the Auditors of Muvumbe Hydro (U) Limited, Timex Bukinda Hydro (U) Limited and Vidul Engineering (U) Limited.

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

(Sgd.)
Deepthie Wickramasuriya
Chairperson - Audit Committee

20 August 2021

Investment & Strategy Committee

The report of the Investment and Strategy Committee for the Financial Year 2020/21

The Investment and Strategy Committee is delegated with the responsibility of critically reviewing investment proposals and affairs strategically important to the growth and wellbeing of the company and advises the Board accordingly.

The committee evaluates the performance of existing investments and recommends any remedial actions to be undertaken with regard to the underperforming investments, considers the long-term stability and focusses on improving the asset quality. In addition, the committee ensures that the business and investment decisions are in full compliance with the investment policies and procedures in place. The committee also focuses on international developments on the technological fronts and advises the management if any necessary actions is to be taken.

Headed by the Chairman of the Board, the committee consists of the following members.

Mr. Osman Kassim
Committee Chairman (NED)

Mr. Ranjan Mather (NED)

Mr. Riyaz M. Sangani (CEO)

Mr Rizvi Zaheed (NED)

The key areas of concern during the period include the investment opportunities presented in several countries in Africa, pricing decisions related to the competitive project tenders, challenges in overseas growth amidst the COVID-19 pandemic and related economic repercussions, technological shifts within renewable energy technologies supported by the sharp decrease in the capital costs of Solar power in comparison to other technologies, and the organization's response in terms of long term strategy.

The committee also evaluated a number of options presented on possible related diversifications, taking into consideration the existing presence in Africa.

In 2020/21, the committee focused on,

1. Performance of the investments in operational projects.
2. COVID-19 pandemic and its related implications on business.
3. Funding requirements of upcoming projects, especially in Solar.
4. Alternative options available for the company to raise additional capital to ensure growth.
5. The rights issue of Non-voting shares and determination of the amount raised, the number of shares to be listed and the issue price.
6. New investment opportunities in renewable energy sector, both locally and internationally.

The committee held six meetings during the financial year.

(Sgd.)
Osman Kassim
Chairman - Investment and Strategy Committee

20 August 2021

Remuneration Committee

Report of the Remuneration Committee for the Financial Year 2020/21

The Remuneration Committee is assigned the responsibilities of ensuring the remuneration policies and procedures of the company are best aligned with industry best practices and are capable of acquiring and retaining the required talent to foster a performance driven culture that ensures organizational goals are achieved. The committee also focuses on designing appropriate rewards that are market sensitive and flexible, for executive talent and performance.

The committee is also responsible for evaluating and recommending compensation schemes for the executive directors and the senior management.

The committee consists of the following members, while the CEO participated by invitation.

Mr Ranjan Mather (Chairman) - NED

Mr Sidath Fernando (INED)

Mr Rizvi Zaheed (INED)

The committee reviewed the remuneration scales and policies, and ensured that they are in line with the company's objectives, values, goals, and long-term strategies taking into consideration the internal and external equity. During the year, HR policies and procedures were reviewed, refined and implemented.

The Committee members evaluated and approved the remuneration scales of the senior management including the annual performance bonuses. The Committee also reviewed the annual performance of the Board of directors and carried out an assessment on the efficiency of the Board with the assistance of a renowned consultant. The details of the key management personnel compensations are given in note 26.5 to the financial statements on page 120. The non-executive directors are not eligible for any performance based incentive payments.

In adherence to the social distancing measures in place amidst the COVID-19 Pandemic, the committee held one meeting during the year under review using virtual conferencing technologies.

The annual evaluation of the remuneration committee was carried out by the Board during the year and no changes to the composition was made.

(Sgd.)
Ranjan Mather
Chairman - Remuneration Committee

20 August 2021

Related Party Transaction Review Committee

The Report on the Activities of the Related Party Transaction Review Committee During the Financial Year 2020/21

The committee assists the Board by critically reviewing and monitoring proposed transactions with related parties and ensures that such transactions are carried out on an arm's length basis by adhering with the requirements of section 9 of the Colombo Stock Exchange listing rules and Sri Lanka Accounting standards (LKAS 24).

In accordance with CSE listing rules - section 9.2.2, the committee consists of non-executive directors, among them the majority are independent.

Mr Sidath Fernando - Committee Chairman (INED)

Mr Sujendra Mather (NED)

Ms. Deepthie Wickramasuriya (INED)

Duties and responsibilities of the Related Party Transaction Review Committee of Vidullanka PLC.

1. Review and approve in advance all the non-recurring intercompany and related party transactions that occurred during the year.
2. Review and ratify the recurring intercompany transactions within the group, suggest changes to the transactions where necessary.
3. Review and approve any material changes to the ongoing related party transactions that were previously approved by the committee.
4. Review the effectiveness of the internal controls on the related party transactions and ensure compliance with the policies and procedures.
5. Seek the required information from the management and source external expertise if required, to better understand and assess the implications of the related party transactions.
6. Review the interim and annual financial statements to ensure related party disclosures have been made accurately.
7. Check the appropriate management approvals before the transactions taken place.
8. Identify and advise the Board on the scenarios that requires shareholder approval.
9. Recommend to the Board the disclosures that need to be made in the annual report.

During the year, the committee evaluated the related party transactions and communicated its observations and findings to the Board of Directors of the company. It further assisted the Board of Directors with appropriate recommendations when making decisions involving the related parties.

Declaration

A declaration by the Board of Directors as a negative statement to the effect that no related party transaction falling within the ambit of the rule 9.3.2. d of Listing Rules of the Colombo Stock Exchange was entered into by the Company during the year, is given in the Annual Report of the Board of Directors on page 65. All other related party transactions that could be classified as related party transactions & balances in terms of LKAS 24-'Related Party Disclosures', are given in Note 7,11 and 26 to the Financial Statements.
The committee met four times during the year using audio-visual technologies.

(Sgd.)
Sidath Fernando
Chairman - Related Party Transaction Review Committee

20 August 2021

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

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

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

Compliance Report

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

By order of the Board,

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

Vidullanka PLC
20 August 2021

FINANCIAL REPORT

EY
Building a better working world

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF VIDULLANKA PLC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Vidullanka PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 March 2021, and the Statement of Comprehensive Income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2021, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Key audit matter	How our audit addressed the key audit matter
Annual impairment of Goodwill	
Intangible assets include Goodwill which are tested for impairment annually by estimating the recoverable amount of the relevant cash-generating unit (CGU) as described in Note 5.2.1 to the financial statements.	Our audit procedures included the following; • We gained an understanding of how management has developed its estimation of discounted future cash flows. • We checked the underlying data used in the determination of value in use, such as tariff rates applied and remaining periods to power purchase agreements entered for each CGU.

The Annual Impairment test which was carried out through consideration of the Value in Use of CGUs, was considered a key audit matter due to: • the materiality of the reported Goodwill amounting to Rs.275,691,582 as at 31 March 2021, • the need for consideration of the agreed tariff rates, remaining periods and renewal options included power purchase agreements entered, and • the degree of underlying assumptions coupled with inherent estimation uncertainties that arise when deriving the estimated cash flows, particularly relating to power generation expectations and discount rates used	• We engaged our internal specialised resources to assist us in • assessing the reasonableness of the significant assumptions and judgements used including power generation expectations and discount rates to available market statistics and data, and • evaluating the sensitivity of the projected cash flows by considering the possible changes in key assumptions. We have also assessed the adequacy of the disclosures made in Note 5.2.1 to the financial statements

Other Information included in the 2021 Annual Report

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

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

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

Responsibilities of the management and those charged with governance

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

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and the Group.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal and regulatory requirements

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

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

Ernst & Young

20 August 2021
Colombo

STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

ASSETS	Notes	Group 2021 Rs.	Group 2020 Rs.	Company 2021 Rs.	Company 2020 Rs.
Non-Current Assets					
Property, Plant and Equipment	4	5,677,115,284	4,932,208,960	445,214,983	446,284,304
Biological Assets	4.1.8	45,705,335	25,607,709	-	-
Right of Use Assets	4.3.3	172,118,330	169,148,138	16,753,018	13,134,049
Investments in Subsidiaries	5.1	-	-	1,318,896,133	1,318,896,133
Investment in Joint Ventures and Associate	5.2.4	629,672,671	572,994,834	414,291,550	414,291,550
Other Project Investments	6	79,878,947	91,991,105	79,878,947	91,991,105
Goodwill	5.2.1	275,691,582	277,174,512	-	-
Deferred Tax Asset	10.3	1,378,976	542,659	-	-
		6,881,561,125	6,069,667,917	2,275,034,631	2,284,597,140
Current Assets					
Inventories		47,577,052	31,865,565	6,490,051	6,058,913
Trade and Other Receivables	7	906,675,822	882,888,947	467,894,449	509,376,557
Other Financial Assets	5.3.1	32,841,500	31,841,500	32,841,500	31,841,500
Cash and Cash Equivalents	20	423,098,790	366,223,883	116,028,674	7,637,282
		1,410,193,164	1,312,819,895	623,254,674	554,914,252
Total Assets		**8,291,754,289**	**7,382,487,812**	**2,898,289,305**	**2,839,511,393**
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated Capital	8	1,469,839,867	1,417,908,484	1,469,839,867	1,417,908,484
Retained Earnings		1,830,090,914	1,338,790,365	37,598,029	662,268
Other Components of Equity		273,581,811	188,042,668	-	-
Equity Attributable to Equity Holders of the Parent		3,573,512,592	2,944,741,517	1,507,437,896	1,418,570,752
Non Controlling Interest		71,412,994	56,055,377	-	-
Total Equity		3,644,925,586	3,000,796,894	1,507,437,896	1,418,570,752
Non-Current Liabilities					
Loans and Borrowings	9	2,788,251,994	2,350,231,672	652,946,487	550,000,000
Defined Benefit Liability	12	39,848,532	33,355,135	33,785,148	28,371,220
Deferred Tax Liability	10.2	306,576,167	283,192,233	12,450,062	10,264,733
Lease Liability	21.3	84,314,180	87,540,780	5,873,064	8,267,600
		3,218,990,873	2,754,319,820	705,054,761	596,903,553
Current Liabilities					
Trade and Other Payables	11	294,119,720	479,111,776	129,805,016	280,327,355
Loans and Borrowings	9	1,058,555,361	1,047,593,612	544,612,939	538,118,673
Lease Liability	21.3	17,408,410	10,809,220	6,005,090	5,591,060
Income Tax Liabilities		57,754,339	89,856,490	5,373,603	-
		1,427,837,830	1,627,371,098	685,796,648	824,037,088
Total Equity and Liabilities		**8,291,754,289**	**7,382,487,812**	**2,898,289,305**	**2,839,511,393**
Net Asset Value Per Share (Rs.)		4.21	3.51	1.78	1.69

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

(Sgd.)
Mafaz Ansar
Group Financial Controller

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

(Sgd.)
Riyaz M Sangani
Director

(Sgd.)
Rizvi Zaheed
Director

The accounting policies and notes on pages 84 through 125 form an integral part of these Financial Statements.

20 August 2021
Colombo

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2021

	Notes	Group 2021 Rs.	Group 2020 Rs.	Company 2021 Rs.	Company 2020 Rs.
Revenue	13	1,797,070,286	1,440,380,462	310,727,026	288,524,941
Cost of Sales		(591,923,252)	(377,897,714)	(51,778,445)	(48,726,744)
Gross Profit		1,205,147,034	1,062,482,748	258,948,581	239,798,197
Other Income and Gains / (Losses)	17	123,678,320	77,626,039	245,095,782	258,899,857
Investment Income from Joint Ventures / Associates		106,278,318	29,754,121	-	-
Administrative Expenses		(310,092,249)	(270,517,125)	(231,116,881)	(197,802,087)
Finance Cost	15	(311,633,697)	(320,155,540)	(145,973,823)	(129,096,357)
Finance Income	16	1,542,362	2,908,304	1,478,157	2,671,922
Profit / (Loss) Before Tax	14	814,920,088	582,098,546	128,431,816	174,471,532
Income Tax (Expense) / Reserve	10	(219,955,867)	(220,436,714)	(7,558,932)	(10,264,733)
Profit / (Loss) for the Year		**594,964,221**	**361,661,832**	**120,872,884**	**164,206,799**
Other Comprehensive Income (OCI)					
Other Comprehensive Income Not to be Reclassified to Profit or Loss in Subsequent Period					
Net Actuarial Gain / (Loss) on Defined Benefit Plan		425,826	(138,088)	300,065	(211,505)
Income Tax on Other Comprehensive Income		(50,615)	14,298	(42,009)	29,611
Other Comprehensive Income to be Reclassified to Profit or Loss in Subsequent Period					
Exchange Differences on Translation of Foreign Operations		88,925,349	86,247,693	-	-
Share of Other Comprehensive Income of Equity Accounted Investees (Net of Tax)		(306,731)	621,403	-	-
Other Comprehensive Income for the Year, Net of Tax		88,993,829	86,745,306	258,056	(181,894)
Total Comprehensive Income for the Year, Net of Tax		**683,958,050**	**448,407,138**	**121,130,940**	**164,024,905**
Profit Attributable to :					
Equity Holders of the Parent		575,427,248	344,143,760	120,872,884	164,206,799
Non-Controlling Interests		19,524,110	17,518,073	-	-
		594,951,358	**361,661,833**	**120,872,884**	**164,206,799**
Total Comprehensive Income Attributable to :					
Equity Holders of the Parent		661,033,214	430,888,495	121,130,940	164,024,905
Non-Controlling Interests		22,911,974	17,518,644	-	-
		683,945,188	**448,407,139**	**121,130,940**	**164,024,905**
Earnings Per Share - Diluted	18	0.68	0.41	0.14	0.20
Dividend Per Share		-	-	0.10	0.23

The accounting policies and notes on pages 84 through 125 form an integral part of these Financial Statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021

Group	Notes	Stated Capital	Retained Earnings	Foreign Currency Translation Reserve	Non-Controlling Interest	Total
Balance as at 31 March 2019		1,417,908,484	1,192,078,259	101,794,975	41,587,769	2,753,369,487
Profit for the Year		-	344,143,760	-	17,518,073	361,661,833
Other Comprehensive Income		-	497,043	86,247,693	570	86,745,306
Total Comprehensive Income for the Year		**-**	**344,640,803**	**86,247,693**	**17,518,643**	**448,407,139**
Prior Year Adjustment		-	(9,426,967)	-	-	(9,426,967)
Dividend Paid during the Year	19	-	(104,723,183)	-	(3,051,035)	(107,774,218)
Dividend Payable as at End of the Year		-	(83,778,547)	-	-	(83,778,547)
Balance as at 31 March 2020		**1,417,908,484**	**1,338,790,365**	**188,042,668**	**56,055,377**	**3,000,796,894**
Balance as at 01 April 2020		1,417,908,484	1,338,790,365	188,042,668	56,055,377	3,000,796,894
Profit for the Year		-	575,427,248	-	19,524,110	594,951,358
Other Comprehensive Income		-	68,480	85,539,143	3,387,864	88,995,487
Total Comprehensive Income for the Year		**-**	**575,495,728**	**85,539,143**	**22,911,974**	**683,946,845**
Prior Year Adjustment						
Share Issue		51,931,383	-	-	-	51,931,383
Dividend Paid during the Year	19	-	(84,195,179)	-	(7,554,357)	(91,749,536)
Balance as at 31 March 2021		**1,469,839,867**	**1,830,090,914**	**273,581,811**	**71,412,994**	**3,644,925,586**

Company	Note	Stated Capital Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 31 March 2019		1,417,908,484	34,566,059	1,452,474,543
Profit for the Year		-	164,206,799	164,206,799
Other Comprehensive Income		-	(181,894)	(181,894)
Total Comprehensive Income for the Year		**-**	**164,024,905**	**164,024,905**
Share Issue		-	-	-
Prior Year Adjustment		-	(9,426,966)	(9,426,966)
Dividend Paid during the Year		-	(104,723,183)	(104,723,183)
Dividend Payable as at End of the Year		-	(83,778,547)	(83,778,547)
Balance as at 31 March 2020		**1,417,908,484**	**662,268**	**1,418,570,752**
Balance as at 01 April 2020		1,417,908,484	662,268	1,418,570,752
Profit for the Year		-	120,872,884	120,872,884
Other Comprehensive Income		-	258,056	258,056
Total Comprehensive Income for the Year		**-**	**121,130,940**	**121,130,940**
Share Issue		51,931,383	-	51,931,383
Dividend Paid during the Year	19	-	(84,195,179)	(84,195,179)
Balance as at 31 March 2021		**1,469,839,867**	**37,598,029**	**1,507,437,896**

The accounting policies and notes on pages 84 through 125 form an integral part of these Financial Statements.

STATEMENT OF CASH FLOW

For the year ended 31 March 2021

Operating Activities	Notes	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Profit / (Loss) Before Tax		814,920,088	582,098,546	128,431,816	174,471,532
Adjustments for					
Depreciation Property, Plant and Equipment	4	192,771,565	150,165,822	23,081,960	21,659,258
Depreciation Biological Assets		1,828,201	-	-	-
Depreciation of Right to Use Assets	4.3.2	20,394,472	14,550,695	6,087,075	5,232,243
(Profit) / Loss on Disposal of Property, Plant and Equipment	17	(5,586,847)	(943,620)	(5,684,103)	(943,620)
(Profit) / Loss on Disposal of ROU Asset		(7,500,000)	-	(7,500,000)	
Expenses on Defined Benefit Plan	12	6,600,613	6,218,451	5,375,269	5,294,396
Impairment / Written Off of New Projects		14,437,460	2,419,365	14,437,460	580,309
Impairment -Goodwill	5.2.1	1,482,890	1,482,890	-	-
Gain / (Loss) in Exchange Rate fluctuations		7,966,706	-	7,966,706	-
Net gains on translation of foreign currency		14,021,057	14,091,529	-	-
Share of Profits from Joint Ventures		(106,278,318)	(29,754,122)	-	-
Dividend Income	17	-	-	(226,138,930)	(257,980,250)
Finance Income	16	(1,542,362)	(3,078,793)	(1,478,157)	(2,671,922)
Finance Cost	15	311,633,697	320,155,540	145,973,823	129,096,357
Stock Written (Back) / Off		-	(886,057)	-	
Operating Profit Before Working Capital Changes		1,265,149,222	1,056,520,246	90,552,919	74,738,303
(Increase) / Decrease in Inventories		(14,322,094)	(11,223,358)	(431,137)	(1,064,900)
(Increase) / Decrease in Trade & Other Receivables		26,867,917	(353,181,544)	41,482,108	(82,277,379)
Increase / (Decrease) in Other Payables		(116,447,303)	207,038,923	(66,743,792)	46,747,653
Cash Generated from / (Used in) Operations		1,161,247,742	899,154,267	64,860,097	38,143,677
Finance Cost Paid		(158,993,315)	(316,877,677)	6,417,263	(129,096,357)
Defined Benefit Plan Cost Paid	12	(69,825)	(362,313)	-	(152,000)
Income Tax Paid		(268,469,251)	(45,151,454)	-	-
Net Cash from / (Used in) Operating Activities		733,715,352	536,762,824	71,277,360	(91,104,680)
Investing Activities					
Acquisition of Property, Plant and Equipment		(749,897,853)	(811,481,798)	(29,653,865)	(21,225,915)
Acquisition of Biological Assets		(21,925,827)	-	-	-
Acquisition of Right to Use Asset		(24,556,044)	(70,620,868)	(9,706,044)	-
Proceeds from sale of Property, Plant and Equipment		6,000,000	1,000,000	6,000,000	1,000,000
Proceeds from sale of Right to Use Asset		7,500,000	-	7,500,000	-
Investment in New Projects		(2,325,302)	(1,524,245)	(2,325,302)	(1,524,245)
Investment on Other Financial Assets	5.3.1	(1,000,000)	(31,841,500)	(1,000,000)	(31,841,500)
Finance Income Received		1,124,253	2,614,759	1,133,501	2,218,401
Dividend Received		49,293,750	22,425,000	226,138,930	257,980,250
Investment in Subsidiaries		-	-	-	(367,728,672)
Investment in Joint Ventures		-	(27,246,116)	-	(27,246,116)
Net Cash Flows from / (Used in) Investing Activities		(735,787,023)	(916,674,768)	198,087,220	(188,367,796)
Financing Activities					
Share Issue		51,931,383	-	51,931,383	-
Dividend Payments		(175,528,083)	(107,774,218)	(167,973,726)	(104,723,183)
Principal Payment under Ijara-Leases (Motor Vehicle)	9.1.1	(8,355,554)	(5,144,838)	(5,534,960)	(4,004,604)
Principal Payment under SLFRS 16 - Non- Motor	21.2	(8,672,024)	(4,287,163)	(1,945,551)	(1,221,475)
Principal Payment under Diminishing Musharakah Facilities	9.1.2	(663,633,174)	(508,571,696)	(102,777,800)	(50,000,000)
Principal Payment under Wakala	9.1.3	-	(7,000,000)	-	-
Principal Payment under Short Term Facilities	9.1.4	(272,361,984)	(104,714,453)	(272,361,984)	(104,714,453)
Proceeds from Ijara-Leases (Motor Vehicle)	9.1.1	18,280,000	2,026,500	5,500,000	-
Proceeds from Wakala Facilities		-	5,000,000	-	-
Proceeds from Diminishing Musharakah Facilities	9.1.2	855,096,564	713,457,782	70,000,000	-
Proceeds from Short Term Facilities	9.1.4	262,189,450	522,833,126	262,189,450	522,833,126
Net Cash Flows from / (Used in) Financing Activities		58,946,578	505,825,040	(160,973,188)	258,169,411
Net Increase / (Decrease) in Cash and Cash Equivalents		56,874,907	125,913,096	108,391,392	(21,303,065)
Cash and Cash Equivalents at the Beginning of the Year		366,223,883	240,310,787	7,637,282	28,940,347
Cash and Cash Equivalents at the End of the Year	20	423,098,790	366,223,883	116,028,674	7,637,282

The accounting policies and notes on pages 84 through 125 form an integral part of these Financial Statements.

1. CORPORATE INFORMATION

1.1 General

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

The Consolidated financial statements of the Company for the year ended 31 March 2021 comprise the Company and its Subsidiaries (together referred as the "Group").

Subsidiaries

Vidullanka PLC has investments in following direct subsidiaries

<table>
<tr><th>Subsidiary</th><th>Date of Incorporation</th><th>the Act</th><th>Registered Address</th><th>% ownership</th></tr>
<tr><td>Vidul Engineering Limited</td><td>03 Sep 2007</td><td rowspan="6">Companies Act No.07 of 2007 of Sri Lanka</td><td rowspan="6">Level 04, Access Tower, No, 278, Union Place, Colombo 02</td><td>100%</td></tr>
<tr><td>Walagamba Balashakthi (Pvt) Limited</td><td>07 Jul 2008</td><td>100%</td></tr>
<tr><td>Rideepana Hydro (Pvt) Limited</td><td>19 Mar 2010</td><td>95%</td></tr>
<tr><td>Lower Kotmale Oya Hydro Power (Pvt) Limited</td><td>06 Apr 2010</td><td>100%</td></tr>
<tr><td>Udawela Hydro (Pvt) Limited</td><td>24 Nov 2009</td><td>100%</td></tr>
<tr><td>Vidul Plantation (Pvt) Limited</td><td>20 Feb 2015</td><td>100%</td></tr>
<tr><td>Muvumbe Hydro (U) Limited</td><td>07 Feb 2011</td><td rowspan="3">Companies Act No 110 of 2012 of Uganda</td><td rowspan="3">3rd Floor Unicalo House. Plot 11, Archer Road, Kololo
P. O. Box 4846, Kampala.</td><td>95%</td></tr>
<tr><td>Timex Bukinda Hydro (U) Limited</td><td>30 may 2011</td><td>100%</td></tr>
<tr><td>Vidul Engineering (U) Limited</td><td>11 Jan 2019</td><td>100%</td></tr>
</table>

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

Joint Ventures

Vidullanka PLC has investments in the following joint venture companies;

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

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

Associates

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

1.2 Principal Activities and Nature of Operations

Company

The principal activity of the company is to produce electrical energy and transmit to feed the national grid. For this purpose the company has constructed two hydro power plants at Bambarabatuoya, Balangoda 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 March 2007.

Subsidiaries

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

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

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

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

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

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

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

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

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

Joint Ventures

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

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

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

Associates

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

1.3 Date of Authorization for Issue

The Consolidated Financial Statements of Vidullanka PLC, for the year ended 31 March 2021 was authorized for issue in accordance with a resolution of the Board of Directors on 16 August 2021.

2. BASIS OF PREPARATION AND OTHER ACCOUNTING POLICIES

2.1 Basis of Preparation

2.1.1 Statement of Compliance

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

2.1.2 Basis of Measurement

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

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

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

2.1.4 Functional and Presentation Currency

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

2.1.5 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 March 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

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

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

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

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

2.1.6 Materiality and Aggregation

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

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

2.1.7 Comparative Information

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

2.2 Significant Accounting Judgments, Estimates and Assumptions

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

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

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

2.2.1 Going Concern

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

Impact of COVID-19 on business continuity

COVID-19 has been relatively minimal impact to Vidullaka Group as a power producer. Power been essential services declared during COVID-19 pedamic there were no destruptions in supply of power.

The power generation at local hydro power plants,Muvumbe hydro power plant and Bukinda small hydro power plant in Uganda continued without any disruptions, as essential services. The company implemented all the precautionary measures advised in operating the power plants. However, delays being experienced in receiving the payments from the CEB.

Dehiyathakandiya dendro power plant operated at reduced capacity due to the fuel supply shortages experienced during the lockdown period.

Construction work at Bukinda small hydro power plant continued, despite the lockdowns preventing supplier's engineers travelling to the project site. The relevant works undertaken by the company's own engineering team at site with the technical assistances from the supplier's engineers via video links. Despite the chellenges, the project achieved the commercial operations within the set timeline.

2.2.2 Useful lives of Property, Plant and Equipment

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

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

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

2.3 Summary of Significant Accounting Policies

2.3.1 Business Combinations and Goodwill

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

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

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

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

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

2.3.2 Interest on Equity Accounted Investees - Joint ventures and Associates

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

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

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

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

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

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

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

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

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

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

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

2.3.3 Foreign Currency

2.3.3.1 Foreign Currency Translation

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

2.3.3.2 Net Gain or Loss on Conversion of Foreign Operation

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

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

2.3.4 Taxation

Current Taxes

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

The provision for income tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the Inland Revenue Act.

Gurugoda Hydro (Pvt) Limited, Vidul Madugeta (Pvt) Limited, Lower Kotmale Oya Hydro Power (Pvt) Limited and Walagamba Balashakthi (Pvt) Limited, Udawela Hydro (Pvt) Limited are the companies approved under Board of Investments Law, as such the companies enjoy a tax holiday for five years effective from the year in which the company commences to make profits or any year of assessment not later than two years reckoned from the date of commencement of commercial operations, whichever is earlier, as per the agreement dated 28 May 2009, 29 September 2011, 2 June 2011, 28 October 2010 and 07 April 2016 respectively. Presently, Udawela Hydro (Pvt) Limited is in the tax holiday period.

After the expiration of the tax exemption period or tax holiday, the income of the aforementioned entitiy shall be charged at the concessionary rate of 10% for a period of 2 years and 20% thereafter.

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

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

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

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

Deferred Taxation

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

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

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

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

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

IFRIC 23 Uncertainty over income tax treatments

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

2.3.5 Borrowing Costs

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

2.3.6 Inventories

Inventories are valued at the lower of cost and net realizable value, after making due allowances for obsolete and slow moving items. Net realizable value is the price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

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

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

2.3.7 Financial Instruments - Initial Recognition and Subsequent Measurement

2.3.7.1 Financial Assets

Initial Recognition and Measurement

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

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

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

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

Subsequent Measurement

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

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

a) Financial assets at amortized cost (debt instruments)

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

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

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

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

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

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

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

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.
The Group does not have any debt instruments at fair value through OCI.

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

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

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

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

d) Financial assets at fair value through profit or loss

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

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

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

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

De-recognition

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

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

Impairment of Financial Assets

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

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

2.3.7.2 Financial Liabilities

Initial Recognition and Measurement

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

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

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

Subsequent Measurement

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

Finance Payables

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

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

De-recognition

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

Fair value of Financial Instruments

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

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

2.3.8 Cash and Cash Equivalents

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

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

2.3.9 Property, Plant and Equipment

a) Recognition and Measurement

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

b) Depreciation

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

Office Furniture	10 Years
Office Equipment	02 Years to 05 Years
Plant & Machinery - Hydro	5 - 40 Years
Plant & Machinery - Solar	5- 20 years
Computer and Computer Equipment	04 Years
Vehicles	05 Years

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

2.3.10 Maturement on Bearer Biological Asset and biological produce and related

2.3.10.1 Biological assets

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

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

2.3.10.2 Bearer Biological Assets

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

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

2.3.10.3 Infilling Cost on Bearer Biological Assets

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

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

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

2.3.11 Leases

2.3.11.1 Recognition

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

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

The company applied a single recognition and measurement approach for all leases for which it is the lessee, except for short-term leases and leases of low-value assets. The company recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

2.3.11.2 Right-of-use Asset

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

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

2.3.11.3 Depreciation

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

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

2.3.11.4 Lease Liability

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

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

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

- fixed payments, including in-substance fixed payments.
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
- amounts expected to be payable under a residual value guarantee.
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

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

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

2.3.11.5 Short-term leases and leases of low-value assets

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

2.3.11.6 Presentation in the statement of financial position

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

2.3.12 Other Project Investments

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

2.3.13 Impairment of Non Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for individual assets, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Whereby, the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to assets. In determining fair value less costs to sell, an appropriate valuation model is used.

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

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

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

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

2.3.14 Provisions

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

2.3.15 Defined Benefit Plan - Gratuity

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

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

a) Recognition of Actuarial Gains and Losses

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

b) Funding Arrangements

The gratuity liability is not externally funded.

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

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

2.3.17 Share-based payments

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

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

2.4 STATEMENT OF COMPREHENSIVE INCOME

2.4.1 Revenue Recognition

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

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

a) Energy Supplied

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

b) Interest

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

c) Rendering of Services

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

d) Dividend Income

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

e) Other Income

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

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

2.4.2 Expenditure Recognition

a) Expenses are recognized in the income statement on the basis of direct association between the cost incurred and the earning of specific item of income. All expenditure incurred in the running of the business and the maintenance of the property plant & equipment in a state of efficiency has been charged to income in arriving at the profit for the year.

b) For the purpose of presentation of Statement of comprehensive income, the Directors are of the opinion that function of expenses method presents fairly the elements of the Group's performance, and hence such presentation method is adopted.

c) Finance expenses are recognized in the statement of comprehensive income on effective interest cost basis.

2.4.3 Segment Reporting

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

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

2.4.4 Net Asset Per Share

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

2.4.5 Earnings Per Share

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

2.4.6 Dividend Per Share

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

3. AMENDMENT TO STANDARDS ISSUED BUT NOT YET EFFECTIVE AS AT REPORTING DATE

The new and amended standards that are issued, but not yet effective to the date of issuance of these financial statements are disclosed below. The company intends to adopt these new and amended standards, if applicable, when become effective.

3.1 SLFRS 17 - Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace IFRS 4 Insurance Contracts (SLFRS 4). SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. SLFRS 17 is effective for annual reporting periods beginning on or after 01 January 2023.

3.2 Amendments to SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16 - Interest Rate Benchmark Reform(Phase1&2)

The amendments to SLFRS 9 & LKAS 39 provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

IBOR reforms Phase 2 include number of reliefs and additional disclosures. Amendments supports companies in applying SLFRS when changes are made to contractual cashflows or hedging relationships because of the reform.

These amendments to various standards are effective for the annual reporting periods beginning on or after 01 January 2021.

3.3 Amendments to SLFRS 16 - COVID-19 Related Rent Concessions

The amendments provide relief to lessees from applying SLFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 Pandemic.

As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from COVID-19 related rent concession the same way it would account for the change under SLFRS16, if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after 01 June 2020, with early application permitted.

3.4 Amendments to SLFRS 3

The amendments update SLFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to SLFRS 3 a requirement that, for obligations within the scope of LKAS 37, an acquirer applies LKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

3.5 Property, Plant and Equipment: Proceeds before Intended Use - Amendments to LKAS 16

In March 2021, the ICASL adopted amendments to LKAS16-Property, Plant and Equipment - Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

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

3.6 Onerous Contracts - Costs of Fulfilling a Contract - Amendments to LKAS 37

In March 2021, the ICASL adopted amendments to LKAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities.

General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The comapny will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

3.7 Amendments to LKAS 1: Classification of Liabilities as Current or Non-current

In March 2021, ICASL adopted amendments to paragraphs 69 to 76 of LKAS 1 which specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively.

Financial statements of the Company is not expected to have a material impact from amendments to /new standards, while Management is in the process of assessing the probable impacts from the other new &/or amended standards.

4. PROPERTY, PLANT AND EQUIPMENT

4.1 Group

4.1.1 Gross Carrying Amounts

	Balance as at 01.04.2020 Rs.	Additions/ Transfers Rs.	Transfers/ Disposals Rs.	Exchange Differences Rs.	Balance as at 31.03.2021 Rs.
Freehold Land	68,000,080	1,571,252	-	545,127	70,116,459
Office Furniture and Fittings	18,323,629	13,473,556	(3,808,957)	153,156	28,141,384
Office Equipment	25,481,197	5,104,030	(5,192,347)	721,348	26,114,228
Computers and Computer Equipment	28,377,919	6,230,207	(11,398,696)	352,876	23,562,306
Plant and Machinery-Hydro	4,666,111,604	1,545,391,424	(13,725,625)	204,027,883	6,401,805,286
Plant and Machinery-Solar	-	76,644,603	-	-	76,644,603
Motor Vehicles	39,372,726	12,591,776	(6,677,614)	806,523	46,093,411
Total Value of Depreciable Assets	**4,845,667,156**	**1,661,006,848**	**(40,803,239)**	**206,606,913**	**6,672,477,678**

4.1.2 In the Course of Construction

	Balance as at 01.04.2020	Incurred during the Year	Transfers/ Disposals	Exchange Differences	Balance as at 31.03.2021
Power Plant Work-in-Progress	920,495,880	9,386,885	(930,141,838)	10,108,874	9,849,801
	920,495,880	9,386,885	(930,141,838)	10,108,874	9,849,801
Total Gross Carrying Value	**5,766,163,036**	**1,670,393,733**	**(970,945,077)**	**216,715,787**	**6,682,327,479**

4.1.3 Depreciation

At Cost	Balance as at 01.04.2020 Rs.	Charge for the Year/Transfers Rs.	Transfers/ Disposals Rs.	Exchange Differences Rs.	Balance as at 31.03.2021 Rs.
Office Furniture and Fittings	10,346,762	3,529,397	(3,410,271)	102,913	10,568,801
Office Equipment	16,804,889	3,489,958	(5,239,823)	273,647	15,328,671
Computers and Computer Equipment	21,875,195	3,950,545	(12,192,560)	270,765	13,903,945
Plant and Machinery-Hydro	750,158,627	175,912,822	(8,426,418)	14,959,922	932,604,953
Plant and Machinery-Solar	-	729,863	-	-	729,863
Motor Vehicles	34,768,603	5,158,980	(8,299,486)	447,865	32,075,962
Total Depreciation	833,954,076	192,771,565	(37,568,558)	16,055,112	1,005,212,195

4.1.4 Net Book Values

At Cost	2021 Rs.	2020 Rs.
Freehold Land	70,116,459	68,000,080
Office Furniture and Fittings	17,572,583	7,976,867
Office Equipment	10,785,557	8,676,308
Computers and Computer Equipment	9,658,362	6,502,724
Plant and Machinery-Hydro	5,469,200,333	3,915,952,977
Plant and Machinery-Solar	75,914,740	-
Motor Vehicles	14,017,449	4,604,123
	5,667,265,483	4,011,713,080
In the Course of Construction		
Power Plant Work-in-Progress	9,849,801	920,495,880
	9,849,801	920,495,880
Total Carrying Amount of Property, Plant and Equipment	**5,677,115,284**	**4,932,208,960**

4.1.5 During the year the group acquired Property, Plant and Equipment aggregate value of Rs. 740,510,968/- (2020 - Rs. 25,538,088/-) and during the year group incurred Rs. 9,386,885/- for the development of Bukinda SHPP (2020 - Rs. 773,278,756/-).

4.1.6 Property, Plant and Equipment includes fully depreciated assets that are still in use having a gross carrying amount of Rs. 59,958,258/- (2020-Rs. 67,970,015/-)

4.1.7 The Group holds a gross extent of 20.48 acres of land in Balangoda, Kalawana, and Kuruwita, Ratnapura District. The Group also owns the civil structures of the power plants located in Balangoda, Kalawana and Kuruwita, Lower Kothmale and Badulla. Additionally Company has acquired a land with the extent of 2A 1R 18.9 P in Kuruvita, Rathnapura during the year.

4.1.8 Biological Assets

Gross Carrying Amounts	Balance as at 01.04.2020 Rs.	Additions/ Transfers Rs.	Transfers/ Disposals Rs.	Balance as at 31.03.2021 Rs.
Gliricidia Plants	28,621,828	21,925,827	-	50,547,655
	28,621,828	**21,925,827**	**-**	**50,547,655**

Depreciation	Balance as at 01.04.2020 Rs.	Charge for the Year Rs.	Transfers/ Disposals Rs.	Balance as at 31.03.2021 Rs.
Gliricidia Plants	3,014,119	1,828,201	-	4,842,320
Total Depreciation	**3,014,119**	**1,828,201**	**-**	**4,842,320**

Net Book Values At Cost	2021 Rs.	2020 Rs.
Written Down Value	45,705,335	25,607,709

4.2 Company

4.2.1 Gross Carrying Amounts

	Balance as at 01.04.2020 Rs.	Additions/ Transfers Rs.	Transfers/ Disposals Rs.	Balance as at 31.03.2021 Rs.
Freehold Land	27,839,175	1,571,250	-	29,410,425
Office Furniture and Fittings	13,035,384	11,755,555	(3,036,654)	21,754,285
Office Equipment	13,276,425	830,020	(3,642,898)	10,463,547
Computers and Computer Equipment	15,983,055	4,981,480	(8,871,520)	12,093,015
Plant and Machinery	651,681,101	6,063,711	(6,716,949)	651,027,863
Motor Vehicles	17,616,304	-	(6,677,614)	10,938,690
	739,431,444	25,202,016	(28,945,635)	735,687,825

4.2.2 In the Course of Construction

Work-in-Progress	800,000	4,640,388	(3,700,000)	1,740,388
	800,000	4,640,388	(3,700,000)	1,740,388
Total Gross Carrying Value	**740,231,444**	**29,842,404**	**(32,645,635)**	**737,428,213**

4.2.3 Depreciation

At Cost	Balance as at 01.04.2020 Rs.	Charge for the Year/ Transfers Rs.	Transfers/ (Disposals) Rs.	Balance as at 31.03.2021 Rs.
Office Furniture and Fittings	7,383,288	1,707,137	(2,729,119)	6,361,306
Office equipment	11,167,386	1,083,369	(3,277,293)	8,973,462
Computers and Computer Equipment	12,165,468	2,329,204	(8,726,717)	5,767,955
Plant and Machinery	245,630,434	17,946,511	(3,405,128)	260,171,817
Motor Vehicle	17,600,562	15,739	(6,677,611)	10,938,690
Total Depreciation	**293,947,138**	**23,081,960**	**(24,815,868)**	**292,213,230**

4.2.4 Net Book Values

At Cost	2021 Rs.	2020 Rs.
Freehold Land	29,410,425	27,839,173
Office Furniture and Fittings	15,392,979	5,652,096
Office Equipment	1,490,085	2,109,039
Computers and Computer Equipment	6,325,060	3,817,587
Plant and Machinery	390,856,046	406,050,667
Motor Vehicles	-	15,743
	443,474,595	445,484,304
In the Course of Construction		
Work-in-Progress	1,740,388	800,000
Total Carrying Amount of Property, Plant and Equipment	**445,214,983**	**446,284,304**

4.2.5 During the year the company acquired Property, Plant and Equipment aggregate value of Rs. 21,502,016 (2020 - Rs. 9,679,007/-) and during the year company incurred Rs. 4,640,388/- for the Work-in-Progress (2020 - 800,000).

4.2.6 Property, Plant and Equipment includes fully depreciated assets that are still in use having a gross carrying amount of Rs. 27,142,828/- and in (2020- 48,249,764/-). Additionally Company has purchased a land with the extent of 2A 1R 18.9 P in Kuruvita, Rathnapura during the year.

4.2.7 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.

4.3 Right Of Use Assets

4.3.1 Gross Carrying Amounts

Group	Balance as at 01.04.2020	Additions/ Transfers	Transfers / Disposals / Exchange Difference	Balance as at 31.03.2021
	Rs.	Rs.	Rs.	Rs.
At Cost				
Land	132,026,095	-	4,097,780	136,123,875
Buildings	29,192,993	-	-	29,192,993
Motor Vehicle	27,608,102	24,556,044	(10,409,096)	41,755,050
	188,827,190	24,556,044	(6,311,316)	207,071,918

4.3.2 Depreciation

At Cost	Balance as at 01.04.2020	Charge for the Year	Transfers / Exchange Gain / (Loss)	Balance as at 31.03.2021
	Rs.	Rs.	Rs.	Rs.
Land	3,573,013	6,239,274	2,498,280	12,310,567
Buildings	7,255,701	7,298,248	(1,782,015)	12,771,934
Motor Vehicle	8,850,338	6,856,950	(5,836,201)	9,871,087
	19,679,052	20,394,472	(5,119,936)	34,953,588

4.3.3 Net Book Values

	2021	2020
At Cost	Rs.	Rs.
Land	123,813,308	128,453,082
Buildings	16,421,059	21,937,292
Motor Vehicle	31,883,963	18,757,764
	172,118,330	169,148,138

4.3.4 Company

Gross Carrying Amounts	Balance as at 01.04.2020	Recognition of Right of Use Asset	Additions & Improvements / Disposals	Balance as at 31.03.2021
At Cost	Rs.	Rs.	Rs.	Rs.
Land	5,346,044	-	-	5,346,044
Motor Vehicle	18,148,605	9,706,044	(7,458,075)	20,396,574
	23,494,649	9,706,044	(7,458,075)	25,742,618

4.3.5 Depreciation

	Balance as at 01.04.2020	Charge for the year	Transfers / Disposals	Balance as at 31.03.2021
At Cost	Rs.	Rs.	Rs.	Rs.
Land	1,782,015	1,782,016	-	3,564,031
Motor Vehicle	8,578,585	4,305,059	(7,458,075)	5,425,569
	10,360,600	6,087,075	(7,458,075)	8,989,600

4.3.6 Net Book Values

At Cost	2021 Rs.	2020 Rs.
Land	1,782,013	3,564,029
Motor Vehicle	14,971,005	9,570,020
	16,753,018	13,134,049

4.3.7 Impact on the Financial Position from the Adoption of SLFRS 16 - Leases

The Group as a lessee has applied SLFRS 16 as initial application with effect from 01 April 2019 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under LKAS 17.

Following are the Amounts Recognized in Group Income Statement for the Year Ended 31 March 2021

		Group	Company
Depreciation of the Assets	4.3.2	20,394,472	6,087,075
Interest Expenses on Lease Liability	15	10,164,413	1,417,663
Readjustments to the Previous Payments		-	-
Total Amounts Recognized in Income Statement		30,558,885	7,504,738

5. INVESTMENTS

5.1 Investments in Subsidiaries (Company)

Group and Company Non Quoted	Relationship	2021 Holding %	2020 Holding %	2021 Cost Rs.	2020 Cost Rs.
Vidul Engineering Ltd	Subsidiary	100%	100%	26,700,080	26,700,080
Walagamba Balashakthi (Pvt) Ltd	Subsidiary	100%	100%	36,000,000	36,000,000
Rideepana Hydro (Pvt) Ltd	Subsidiary	95%	95%	62,500,000	62,500,000
Muvumbe Hydro (U) Ltd	Subsidiary	95%	95%	400,912,327	400,912,327
Timex Bukinda Hydro (U) Ltd	Subsidiary	100%	100%	369,588,682	369,588,682
Vidul Plantation (Pvt) Ltd	Subsidiary	100%	100%	45,000,000	45,000,000
Udawela Hydro (Pvt) Ltd	Subsidiary	100%	100%	120,000,000	120,000,000
Vidul Engineering (U) Ltd	Subsidiary	100%	100%	-	-
Lower Kothmale Oya Hydro Power (Pvt) Ltd	Subsidiary	100%	100%	258,195,044	258,195,044
				1,318,896,133	1,318,896,133

5.1.1 Material Partially Owned Subsidiaries

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

5.2 Investments in Joint Ventures and Associates

Non Quoted	Relationship	2021 Holding %	2020 Holding %	2021 Cost Rs.	2020 Cost Rs.
Gurugoda Hydro (Pvt) Ltd	Joint Venture	50%	50%	31,412,412	31,412,412
Vidul Madugeta (Pvt) Ltd	Joint Venture	50%	50%	90,000,000	90,000,000
Vidul Biomass (Pvt) Ltd	Joint Venture	51%	51%	248,254,138	248,254,138
Nilwala Vidulibala Company (Pvt) Ltd	Associate	26.3%	26.3%	44,625,000	44,625,000
				414,291,550	414,291,550

5.2.1 Goodwill

	Group 2021 Rs.	2020 Rs.
Goodwill From Walagamba Balashakthi (Pvt) Ltd	11,999,960	11,999,960
Goodwill From Rideepana Hydro (Pvt) Ltd	42,499,000	42,499,000
Goodwill From Muvumbe Hydro (U) Ltd	582,129	582,129
Goodwill From Lower Kothmale Oya Hydro Power (Pvt) Ltd	160,798,294	160,798,294
Goodwill From Timex Bukinda Hydro (U) Ltd	33,120,211	33,120,211
Goodwill From Vasanagama Plantation Pvt Ltd	28,174,918	29,657,808
	277,174,512	278,657,402
(-) Goodwill Impairment	(1,482,930)	(1,482,890)
	275,691,582	277,174,512

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

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

Recoverable values for the above test were estimated based on value in use of the acquired assets on business combination in the normal course of business. The key assumptions used to determine the recoverable amount are as follows;

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

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

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

Subsidiary	Remaining Years	Tariff Scheme Applicable
Walagamba Balashakthi (Private) Limited	11 years	2009 Three Tier Tariff
Rideepana Hydro (Private) Limited	14 Years	2012 Three Tier Tariff
Muvumbe Hydro (U) Ltd	16 Years	Rs 17.73 (US $ 0.0941)
Lower Kotmale Oya Hydro Power (Private) Limited	13 years	2010 Three Tier Tariff
Timex Bukinda Hydro (U) Ltd	20 Years	Rs 17.71 (US $ 0.094)

In addition to the above specified renewal period, the company has taken into consideration another Twenty years renewal cycle period for local group companies based on renewable clause in Standardized Power Purchase Agreement (SPPA) made with Electricity Authorities.

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

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

5.2.2 Investment in Joint Ventures & Associate (Group)

Share of Net Asset Value from Joint Ventures & Associate	Group 2021 Rs.	2020 Rs.
Investment in Gurugoda Hydro (Pvt) Ltd	53,992,283	52,435,870
Investment in Vidul Madugeta (Pvt) Ltd	252,663,679	226,065,394
Investment in Nilwala Vidulibala Company (Pvt) Ltd	106,373,217	96,695,538
Investment in Vidul Biomass (Pvt) Ltd	216,643,492	197,798,032
Total Investment in Joint Ventures	**629,672,671**	**572,994,834**

5.2.3 Share of Comprehensive Income from Joint Ventures & Associate

	Group 2021 Rs.	2020 Rs.
Gurugoda Hydro (Pvt) Ltd	1,556,413	(1,450,053)
Vidul Madugeta (Pvt) Ltd	51,348,285	45,887,845
Nilwala Vidulibala Company (Pvt) Ltd	34,221,429	24,528,618
Vidul Biomass (Pvt) Ltd	18,845,460	(38,590,886)
Total Share of Comprehensive Income from Joint Ventures	**105,971,587**	**30,375,524**

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

	Group 2021 Rs.	2020 Rs.
Balance as at the Beginning of the Reporting Period	572,994,834	537,798,194
Share of total Comprehensive Income	105,971,587	30,375,524
Dividends Received	(49,293,750)	(22,425,000)
Acquisition of Stake in the Joint Venture	-	27,246,116
Balance as at the End of the Reporting Period	**629,672,671**	**572,994,834**

5.2.5 The Group has a 50% interest in Gurugoda Hydro (Pvt) Ltd and Vidul Madugeta (Pvt) Ltd and 51% in Vidul biomass (Pvt) Ltd. The Group's interest in those companies are accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint ventures, based on their SLFRS financial statements, and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below as at 31 March 2021. Nilwala Vidulibala Company (Pvt) Ltd is an associate entity of Vidullanka PLC with 26.3% stake.

As at 31 March 2021	Gurugoda Hydro (Pvt) Ltd Rs.	Vidul Madugeta (Pvt) Ltd Rs.	Nilwala Vidulibala Company (Pvt) Ltd Rs.	Vidul Biomass (Pvt) Ltd Rs.
Current Assets	13,955,677	108,201,872	111,510,295	274,601,063
Non-Current Assets	116,952,466	468,913,628	319,689,914	1,367,038,047
Current Liabilities	(22,322,552)	(49,431,689)	(37,858,526)	(352,722,782)
Non-Current Liabilities	(13,975,849)	(22,356,353)	(71,397,652)	(845,448,481)
Equity	94,609,742	505,327,458	321,944,031	443,467,847
Equity Proportionate	47,304,871	252,663,729	84,671,280	226,168,602
Goodwill or Other Adjustments	6,687,412	(50)	21,701,936	(9,525,110)
Group Carrying Amount of the Investment	53,992,283	252,663,680	106,373,217	216,643,491

	Gurugoda Hydro (Pvt) Ltd	Vidul Madugeta (Pvt) Ltd	Nilwala Vidulibala Company (Pvt) Ltd	Vidul Biomass (Pvt) Ltd	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Summarised Statement of Profit or Loss for the Year Ended 31 March 2021					
Revenue	24,326,388	149,251,765	185,062,594	472,049,760	830,690,507
Cost of Sales	(16,269,373)	(43,020,683)	(43,848,506)	(325,915,460)	(429,054,022)
Administrative Expenses	(844,850)	(841,234)	(1,719,160)	(34,886,475)	(38,291,719)
Finance Cost	(2,402,813)	(5,481,676)	(11,719,228)	(56,055,823)	(75,659,540)
Other Income	(11,509)	26,008,349	2,873,630	(15,935,821)	12,934,649
Profit Before Tax	4,797,843	125,916,521	130,649,330	39,256,181	300,619,875
Income tax expense	(1,711,026)	(23,244,578)	(538,013)	(610,132)	(26,103,749)
Profit for the Year	3,086,817	102,671,943	130,111,317	38,646,049	274,516,126
Total Comprehensive Income for the Year	2,054,513	102,696,838	130,080,552	38,009,268	272,841,170
Group's Share of Profit / (Loss) for the Year	**1,027,256**	**51,348,419**	**34,211,185**	**19,384,727**	**105,971,587**

	Gurugoda Hydro (Pvt) Ltd	Vidul Madugeta (Pvt) Ltd	Nilwala Vidulibala Company (Pvt) Ltd	Vidul Biomass (Pvt) Ltd
	Rs.	Rs.	Rs.	Rs.
Summarised Financial Information for the Year Ended 31 March 2021				
Cash and Cash Equivalent	2,310,974	14,270,111	13,971,202	196,622,038
Current Financial Liabilities (Excludes Trade & Other Payables)	8,000,004	33,930,980	33,334,464	106,067,781
Non Current Financial Liabilities	12,459,987	4,333,332	69,440,016	839,296,272
Depreciation	6,316,182	17,323,443	11,284,713	38,426,711
Finance Income	(11,509)	26,008,349	2,873,630	729,308
Finance Cost	(2,402,813)	(5,481,676)	(11,719,228)	53,073,391
Income Tax Expenses	(1,711,026)	(23,244,580)	(538,013)	610,132

5.3 Other Financial Assets

5.3.1 Financial Assets at Fair Value through Profit or Loss

	2021 Number of Shares	2020 Number of Shares	2021 Rs.	2020 Rs.
Non Quoted				
Africeylon Power (Pvt) Ltd	1,623,999	1,623,999	22,841,500	22,841,500
Fergasam Power (Pvt) Ltd	900,000	900,000	9,000,000	9,000,000
Orik Corporation (Pvt) Ltd	51	-	1,000,000	-
Investment in Shares - ADL Capital Ltd	250,000	250,000	2,500,000	2,500,000
Less: Impairment Provision (ADL Capital Ltd)	-	-	(2,500,000)	(2,500,000)
	-	-	**32,841,500**	**31,841,500**

As of 1st of April 2020, the Company assessed its Financial Assets at fair value through profit or loss, There has been no change in the fair value assessed on 1st April 2020 with the fair value as of 31st March 2021.

6. OTHER PROJECT INVESTMENTS

Summary	Group 2021 Rs.	Group 2020 Rs.	Company 2021 Rs.	Company 2020 Rs.
Balance as at the Beginning of the Year	122,671,836	123,396,650	122,671,836	121,727,900
Projects Costs Incurred during the Year	19,695,259	35,235,467	19,695,259	35,235,467
Less: Transfers to Project Companies	-	-	-	-
Other Transfers	(17,369,957)	(35,379,972)	(17,369,957)	(33,711,222)
Written Off	(6,180,540)	(580,309)	(6,180,540)	(580,309)
Impairment Provision	(38,937,651)	(30,680,731)	(38,937,651)	(30,680,731)
Balance as at the End of the Year	**79,878,947**	**91,991,105**	**79,878,947**	**91,991,105**

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

6.1 Impairment of Other Project Investments

	Group 2021 Rs.	Group 2020 Rs.	Company 2021 Rs.	Company 2020 Rs.
As at 01 April	30,680,731	30,680,731	30,680,731	30,680,731
Charge for the Year	14,437,460	580,309	14,437,460	580,309
Write Off	(6,180,540)	(580,309)	(6,180,540)	(580,309)
As at 31 March	**38,937,651**	**30,680,731**	**38,937,651**	**30,680,731**

7. TRADE AND OTHER RECEIVABLES

	Group 2021 Rs.	Group 2020 Rs.	Company 2021 Rs.	Company 2020 Rs.
Trade Receivables	504,086,130	582,896,572	230,576,767	173,648,868
Other Receivables	357,369,402	247,319,719	26,956,018	13,935,895
Advances and Prepayment	34,471,267	30,821,824	22,726,330	25,254,229
Amounts Due from Related Parties (Note 7.1)	5,885,526	19,505,844	182,958,965	294,505,317
Loans to Company Officers (Note 7.2)	4,863,497	2,344,988	4,676,369	2,032,248
	906,675,822	**882,888,947**	**467,894,449**	**509,376,557**

7.1 Amounts Due from Related Parties

	Relationship	Group 2021 Rs.	Group 2020 Rs.	Company 2021 Rs.	Company 2020 Rs.
Vidul Engineering Ltd	Subsidiary	-	-	72,432,758	7,714,885
Walagamba Balashakthi (Pvt) Ltd	Subsidiary	-	-	4,350,186	32,703,382
Rideepana Hydro (Pvt) Ltd	Subsidiary	-	-	13,340,934	42,898,206
Lower Kotmale Oya Hydro Power (Pvt) Ltd	Subsidiary	-	-	21,651,885	78,154,234
Vidul Plantation (Pvt) Ltd	Subsidiary	-	-	8,351,136	8,208,285
Muvumbe Hydro (U) Ltd	Subsidiary	-	-	-	58,140,000
Udawela Hydro (Pvt) Ltd	Subsidiary	-	-	56,952,966	47,375,699
Vidul Biomass (Pvt) Ltd	Joint Venture	5,118,808	8,742,376	5,112,382	8,625,127
Gurugoda Hydro (Pvt) Ltd	Joint Venture	262,994	693,470	262,994	682,614
Vidul Madugeta (Pvt) Ltd	Joint Venture	482,939	8,678,859	482,939	8,657,599
Nilwala Vidulibala Company (Pvt) Ltd	Associate	20,785	1,391,139	20,785	1,345,286
		5,885,526	19,505,844	182,958,965	294,505,317

7.2 Loans to Company Officers

	Group 2021 Rs.	Group 2020 Rs.	Company 2021 Rs.	Company 2020 Rs.
Balance as at the Beginning of the Year	2,344,988	1,986,185	2,032,248	1,862,147
Loans Granted / Transferred during the Year	4,433,000	1,850,000	4,423,000	1,550,000
Less : Repayments	(1,478,901)	(1,944,718)	(1,317,901)	(1,833,420)
Effective Interest Rate Adjustment	(435,590)	453,521	(460,978)	453,521
Balance as at the End of the Year	4,863,497	2,344,988	4,676,369	2,032,248

8. STATED CAPITAL

8.1 Fully Paid Ordinary Shares

	Group 2021 Rs.	Group 2020 Rs.	Company 2021 Rs.	Company 2020 Rs.
Balance as at 1 April	1,417,908,484	1,417,908,484	1,417,908,484	1,417,908,484
Issue of Ordinary Shares - ESOS	51,931,383	-	51,931,383	-
Balance as at 31 March	1,469,839,867	1,417,908,484	1,469,839,867	1,417,908,484

8.2 Employee Share Option Scheme (ESOS)

The company established the Employee Share Option Scheme in 2017 and the scheme was divided into four phases to be granted over the four years period. During the period of 2018-2020 ESOS was not subscribed under the subdued performance of the share prices of the share market. Considering the importance of achieving the goals of the ESOS scheme originally envisaged, the Board of Directors have resolved to extend the exercise period of the phase 1 & phase 2 of the issue by further one year period

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

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

Year ended 31 March 2021

	Date of Grant	No of Shares Granted	Grant Price (Rs)	Vesting Period	Exercise Period
Grant 1	26/5/2017	10,273,364	4.83	1 Year	3 Years
Grant 2	1/4/2018	10,273,364	4.97	1 Year	3 years
Grant 3	1/4/2019	10,273,364	4.42	1 Year	2 Years
Grant 4	1/4/2020	10,273,364	4.30	1 Year	2 Years

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

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

Total Number of Options issued	41,093,439
Options Exercised**	10,673,224
Total Consideration Received	Rs. 51,931,383
Option Expired	6,923,099
Outstanding Options	23,497,116
Expected Future Subscription value	Rs. 105,251,709

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

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

8.2 Movement in Number of Ordinary Shares

	Group		Company	
	2021 Number of Shares	2020 Number of Shares	2021 Number of Shares	2020 Number of Shares
Balance as at 1 April	837,785,465	837,785,465	837,785,465	837,785,465
Issue of Ordinary Shares during the Year	10,673,224	-	10,673,224	-
Balance as at 31 March	**848,458,689**	**837,785,465**	**848,458,689**	**837,785,465**

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

9. INTEREST-BEARING LOANS, BORROWINGS AND IJARA LEASES

9.1 Group

	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	2021 Total Rs.	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	2020 Total Rs.
Diminishing Musharakah Facilities (9.1.2)	630,609,222	2,788,251,994	3,418,861,216	609,474,939	2,350,231,672	2,959,706,611
Short Term Working Capital Facilities (9.1.3)	427,946,139	-	427,946,139	438,118,673	-	438,118,673
	1,058,555,361	**2,788,251,994**	**3,846,807,355**	**1,047,593,612**	**2,350,231,672**	**3,397,825,284**

9.1.1 Ijara-Leases (Motor Vehicle)

	As at 01.04.2020 Rs.	Facilities Obtained Rs.	Repayments Rs.	As at 31.03.2021 Rs.
Hatton National Bank PLC	2,472,622	-	(733,612)	1,739,010
Amana Bank PLC	1,553,890	-	(414,870)	1,139,020
Commercial Bank of Ceylon PLC	11,613,248	18,280,000	(7,207,072)	22,686,176
	15,639,760	**18,280,000**	**(8,355,554)**	**25,564,206**
Gross Liability	18,693,049	-	-	28,322,383
Finance Charges Allocated to Future Periods	(3,053,289)	-	-	(2,758,177)
Net Liability	**15,639,760**	**-**	**-**	**25,564,206**

9.1.1.1

	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	2021 Total Rs.	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	2020 Total Rs.
Ijara-Leases (Motor Vehicle)	9,503,334	16,060,872	25,564,206	1,630,206	14,009,554	15,639,760
	9,503,334	**16,060,872**	**25,564,206**	**1,630,206**	**14,009,554**	**15,639,760**

9.1.2 Diminishing Musharakah Facilities

	As at 01.04.2020 Rs.	Facilities Obtained Rs.	Exchange Differences Rs.	Repayments / Transfers Rs.	As at 31.03.2021 Rs.
Amana Bank PLC	40,000,000	195,000,000	-	-	235,000,000
MCB Bank Ltd	231,999,633	-	-	(118,785,758)	113,213,875
National Development Bank PLC	801,216,529	63,000,000	-	(62,938,822)	801,277,707
Syndicated Facility (Bank of Ceylon & Hattan National Bank PLC)	1,048,948,626	-	73,643,459	(287,510,488)	835,081,597
Syndicated Facility (National Development Bank PLC & Seylan Bank PLC)	729,866,824	589,753,564	41,656,649	-	1,361,277,037
Seylan Bank PLC	107,675,000	7,343,000	-	(42,007,000)	73,011,000
	2,959,706,612	**855,096,564**	**115,300,108**	**(511,242,068)**	**3,418,861,216**
Gross Liability	3,520,370,457	-	-	-	4,140,354,946
Finance Charges Allocated to Future Periods	(560,663,845)	-	-	-	(721,493,730)
Net Liability	**2,959,706,612**	**-**	**-**	**-**	**3,418,861,216**

Repayments and transfers includes Rs 152,391,087/- transferred from current liablities to Non Current Liablities and repayment for the period is Rs 663,633,174/-

9.1.3 Short Term Working Capital Facilities

	As at 01.04.2020 Rs.	Facilities Obtained Rs.	Repayments Rs.	As at 31.03.2021 Rs.
Commercial Papers	179,000,000	4,763,452	(25,000,000)	158,763,452
Amana Bank PLC	-	255,000,000	-	255,000,000
Hatton National Bank PLC	200,000,000	-	(200,000,000)	-
National Development Bank- IBU	49,538,520	2,425,998	(37,781,831)	14,182,687
ADL Comtrust	9,580,153	-	(9,580,153)	-
	438,118,673	262,189,450	(272,361,984)	427,946,139

9.2 Company

	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	2021 Total Rs.	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	2020 Total Rs.
Diminishing Musharakah Facility (9.2.2)	116,666,800	652,946,487	769,613,287	100,000,000	550,000,000	650,000,000
Short Term Working Capital Facilities (9.2.3)	427,946,139	-	427,946,139	438,118,673	-	438,118,673
	544,612,939	652,946,487	1,197,559,426	538,118,673	550,000,000	1,088,118,673

9.2.1 Ijara-Leases (Motor Vehicle)

	As at 01.04.2020 Rs.	Facilities Obtained	Repayments Rs.	As at 31.03.2021 Rs.
Commercial Bank of Ceylon PLC	9,734,096	5,500,000	(5,534,960)	9,699,136
	9,734,096	5,500,000	(5,534,960)	9,699,136
Gross Liability	11,682,883	-	-	11,460,698
Finance Charges Allocated to Future Periods	(1,948,787)	-	-	(1,761,562)
Net Liability	9,734,096	-	-	9,699,136

9.2.1.1

	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	2021 Total Rs.	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	2020 Total Rs.
Ijara-Leases (Motor Vehicle)	4,059,538	5,639,598	9,699,136	3,645,509	6,088,587	9,734,096
	4,059,538	5,639,598	9,699,136	3,645,509	6,088,587	9,734,096

9.2.2 Diminishing Musharakah Facilities

	As at 01.04.2020 Rs.	Facilities Obtained Rs.	Repayments / Transfers Rs.	As at 31.03.2021 Rs.
National Development Bank PLC	650,000,000	-	52,391,087	702,391,087
National Development Bank PLC (Saubhagya loan)	-	25,000,000	(2,777,800)	22,222,200
Amana Bank PLC	-	45,000,000	-	45,000,000
	650,000,000	**70,000,000**	**49,613,287**	**769,613,287**
Gross Liability	1,038,538,541	-	-	915,799,424
Finance Charges Allocated to Future Periods	(388,538,541)	-	-	(146,186,137)
Net Liability	**650,000,000**	**-**	**-**	**769,613,287**

Repayments and transfers includes Rs 152,391,087/- transferred from current liablities to Non Current Liablities and repayment for the period is Rs 102,227,800/-

9.2.3 Short Term Working Capital Facilities

	As at 01.04.2020 Rs.	Facilities Obtained Rs.	Repayments Rs.	As at 31.03.2021 Rs.
Commercial Papers	179,000,000	4,763,452	(25,000,000)	158,763,452
Amana Bank PLC	-	255,000,000	-	255,000,000
Hatton National Bank PLC	200,000,000	-	(200,000,000)	-
National Development Bank- IBU	49,538,520	2,425,998	(37,781,831)	14,182,687
ADL Comtrust	9,580,153	-	(9,580,153)	-
	438,118,673	**262,189,450**	**(272,361,984)**	**427,946,139**

10. INCOME TAX

The Major Components of Income Tax Expense for the Year Ended 31 March 2021 are as follows:

	Group		Company	
Year ended 31 March	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Current Income Tax				
Current Tax Expense on Ordinary Activities for the Year	196,003,997	144,066,126	5,373,603	-
(Over) / Under Provision of Current Taxes in respect of Prior Years	-	-	-	-
	196,003,997	144,066,126	5,373,603	-
Deferred Income Tax				
Deferred Taxation Charge / (Reversal)	23,951,870	76,370,588	2,185,329	10,264,733
	23,951,870	76,370,588	2,185,329	10,264,733
Income Tax Expense Reported in the Income Statement	219,955,867	220,436,714	7,558,932	10,264,733

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

	Group		Company	
	2021	2020	2021	2020
Tax on Profit from Trade, Business & Other	Rs.	Rs.	Rs.	Rs.
Accounting Profit Before Tax	814,920,089	582,128,157	128,431,816	174,501,143
At the Statutory Income Tax Rate of 10 % (2020 : 10%)	22,726,153	13,683,168	-	-
At the Statutory Income Tax Rate of 14 % (2020 : 14%)	43,352,984	35,670,964	17,965,633	24,430,160
At the Statutory Income Tax Rate of 24 % (2020 : 24 %)	158,363	221,281	-	-
At the Statutory Income Tax Rate of 30 % (2020 : 30%)	165,176,651	145,197,778	-	-
Tax Effect of Disallowable Expenses	30,259,890	31,060,346	5,606,438	5,409,669
Tax Effect of Aggregate Allowable Items	(85,082,098)	(109,622,969)	(36,765,089)	(37,681,098)
Tax Effect of Income Exempt from Tax	(30,868,245)	(7,353,535)	(8,416,799)	-
Tax Effect on Investment Income	31,818,140	-	31,818,140	-
WHT on Dividend	11,167,800	27,367,825	-	-
Tax Effect of Utilazation of Tax Losses	(16,907,506)	7,841,269	(4,834,720)	7,841,269
At the Effective Income Tax Rates	171,802,130	144,066,126	5,373,603	-
Deferred Taxation Charge / (Reversal)	48,153,736	76,370,588	2,185,329	10,264,733
Deduction of previous year Tax loss	-	-	-	-
Total Income Tax Expense Reported in the Income Statement	**219,955,867**	**220,436,714**	**7,558,932**	**10,264,733**
Effective Tax Rate (%)	27%	38%	6%	6%

10.2 Group- Deferred Tax Liabilities

Year ended 31 March	Statement of Financial Position		Statement of Comprehensive Income	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Deferred Tax Liability				
Capital Allowances for Tax Purposes	317,001,651	295,144,554	21,857,097	80,645,362
	317,001,651	295,144,554	-	-
Deferred Tax Assets				
Defined Benefit Plans	(5,077,196)	(4,087,008)	(990,188)	(681,512)
ROU Assets	(132,421)	-	(132,421)	-
Impairment Provision on Other Project Investments	(5,215,867)	(4,295,302)	(920,565)	(4,295,302)
Tax Losses Brought Forward	-	(3,570,011)	3,570,011	15,077,231
	(10,425,484)	(11,952,321)	-	-
Exchange Translation Adjustments	-	-	1,404,253	(14,270,077)
Deferred Tax (Reversal) / Charge	-	-	24,788,187	(76,475,702)
Deferred Tax Charge for OCI	-	-	-	(14,298)
Net Deferred Tax Liability / (Asset)	306,576,167	283,192,233	-	-

10.3 Group - Deferred Tax Asset

	Statement of Financial Position		Statement of Comprehensive Income	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Deferred Tax Liability				
Tax effect of property, plant & equipment	2,018,388	(54,766)	2,073,154	(89,065)
	2,018,388	(54,766)	-	-
Deferred Tax Assets				
Tax effect of employee benefit obligations	(603,703)	(487,893)	(115,810)	(16,049)
Tax effect of tax loss carried forward	(2,408,163)	-	(2,408,163)	-
Tax effect of ROU Assets	(385,498)	-	(385,498)	-
	(3,397,364)	(487,893)	-	-
Deferred Tax (Reversal) / Charge	-	-	(836,317)	(105,114)
Deferred Tax Charge for OCI	-	-	-	(10,253)
Net Deferred Tax Liability / (Asset)	(1,378,976)	(542,659)	-	-

10.4 Company - Deferred Tax Liability

	Statement of Financial Position		Statement of Comprehensive Income	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Deferred Tax Liability				
Tax effect of property, plant & equipment	22,451,431	22,102,017	349,414	164,316
	22,451,431	22,102,017	-	-
Deferred Tax Assets				
Tax effect of employee benefit obligations	(4,729,921)	(3,971,971)	(757,950)	(681,512)
Tax effect of provisions	(5,215,867)	(4,295,302)	(920,565)	(4,295,302)
Tax effect of tax loss carried forward	-	(3,570,011)	3,570,011	15,077,231
Tax effect of ROU Assets	(55,581)	-	(55,581)	-
	(10,001,369)	(11,837,284)	-	-
Deferred Tax (Reversal) / Charge	-	-	2,185,329	10,264,733
Deferred Tax Charge for OCI	-	-	(42,009)	29,611
Net Deferred Tax Liability / (Asset)	12,450,062	10,264,733	-	-

11. TRADE AND OTHER PAYABLES

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Amounts Due to Related Parties (11.1)	1,486	3,245,999	-	-
Sundry Creditors including Accrued Expenses	215,725,835	235,023,667	51,412,617	39,485,245
Dividend Payable	5,627,659	89,122,338	5,627,659	89,122,338
Finance Cost Payable	64,622,687	144,845,929	64,622,687	144,845,929
Financial Guarantee	8,142,053	6,873,843	8,142,053	6,873,843
	294,119,720	**479,111,776**	**129,805,016**	**280,327,355**

11.1 Amounts Due to Related Parties

	Relationship	Group 2021 Rs.	Group 2020 Rs.	Company 2021 Rs.	Company 2020 Rs.
Vidul Madugeta (Pvt) Ltd	Joint Venture	1,486	-	-	-
Vidul Biomass (Pvt) Ltd	Joint Venture	-	3,245,999	-	-
		1,486	3,245,999	-	-

12. DEFINED BENEFIT LIABILITY

	Group 2021 Rs.	Group 2020 Rs.	Company 2021 Rs.	Company 2020 Rs.
Balance as at the Beginning of the Year	33,355,135	27,524,488	28,371,220	23,503,282
Expenses on Defined Benefit Plan (12.1)	7,026,419	6,218,451	5,675,334	5,053,281
Payment during the Year	(119,400)	(362,313)	-	(152,000)
Inter - Company Transfers during the Year	12,206	(163,579)	38,659	(244,848)
Net Actuarial (Gain) / Loss Recognized during the Year	(425,828)	138,088	(300,065)	211,505
Balance as at the End of the Year	39,848,532	33,355,135	33,785,148	28,371,220

12.1 Expenses on Defined Benefit Plan

	Group 2021 Rs.	Group 2020 Rs.	Company 2021 Rs.	Company 2020 Rs.
Current Service Cost	3,689,685	3,009,564	2,834,347	2,558,428
Interest Cost on Defined Benefit Liability	3,336,734	3,208,887	2,840,987	2,494,853
	7,026,419	6,218,451	5,675,334	5,053,281

12.2 Principal Assumptions

	Group 2021	Group 2020	Company 2021	Company 2020
Discount Rate	8.0%	10.0%	8.0%	10.0%
Salary Increment	5.0%	7.0%	5.0%	7.0%
Retirement Age	55	55	55	55
Mortality	A 1967/70 Morality Table	A 1967/70 Morality Table	A 1967/70 Morality Table	A 1967/70 Morality Table

An actuarial valuation of the gratuity fund was carried out as at 31 March 2021 by Messrs. Actuarial and Management Consultants (Private) Limited, a firm of professional actuaries & valuation method used by the actuary to value the fund is the "Projected Unit Credit Method" recommended by Sri Lanka accounting Standards - LKAS 19 (Employee Benefits).

12.3 Sensitivity of Assumptions Employed in Actuarial Valuation

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

Increase/Decrease in Discount Rate	Increase /Decrease in Salary Increment	Group 2021 Rs. Sensitivity Effect on Employment Benefit Obligation	Group 2020 Rs.	Company 2021 Rs. Sensitivity Effect on Employment Benefit Obligation	Company 2020 Rs.
(+1%)		(2,109,295)	(1,710,455)	(1,569,676)	(1,400,169)
(-1%)		1,941,087	1,884,561	1,723,960	1,534,644
	(+1%)	1,949,328	1,859,324	1,670,555	1,499,380
	(-1%)	(2,152,244)	(1,714,739)	(1,546,127)	(1,390,731)

13. REVENUE

	Group 2021 Rs.	Group 2020 Rs.	Company 2021 Rs.	Company 2020 Rs.
Power Generation - Local	769,595,777	729,158,458	310,727,026	288,524,941
Power Generation - Overseas	798,504,337	593,430,549	-	-
Engineering, Consultancy and Project Management	34,301,004	19,981,934	-	-
Plantation	194,669,168	97,809,521	-	-
	1,797,070,286	1,440,380,462	310,727,026	288,524,941

14. PROFIT / (LOSS) BEFORE TAX

	Group 2021 Rs.	Group 2020 Rs.	Company 2021 Rs.	Company 2020 Rs.
Included in Cost of Sales				
Depreciation	179,934,007	139,694,486	13,698,948	14,494,186
Defined Benefit Plan Costs - Gratuity	1,414,400	1,164,283	566,822	569,395
Included in Administrative Expenses				
Depreciation	12,837,558	10,471,336	9,383,012	7,165,072
Staff Costs (Include the following Costs)	132,005,599	104,727,378	117,631,119	93,501,006
Defined Benefit Plan Costs - Gratuity	5,100,649	5,025,886	4,611,709	4,483,886
Defined Contribution Plan Costs - EPF and ETF	11,479,106	11,004,646	10,194,413	10,018,618
Auditors' Remunerations - Audit Fees	4,886,095	3,642,642	1,180,440	1,320,000
Impairment / Written Off	6,180,540	2,419,365	6,180,540	580,309

15. FINANCE COST

	Group 2021 Rs.	Group 2020 Rs.	Company 2021 Rs.	Company 2020 Rs.
Musharakah Facilities / Staff Loan	301,469,284	313,532,829	144,556,160	128,454,832
Finance Cost - Right of Use Asset	10,164,413	6,622,711	1,417,663	641,525
	311,633,697	320,155,540	145,973,823	129,096,357

16. FINANCE INCOME

	Group 2021 Rs.	Group 2020 Rs.	Company 2021 Rs.	Company 2020 Rs.
Profit from Mudarabah Savings Accounts	1,133,501	2,454,783	1,133,501	2,218,401
Finance Income - Staff Loan	408,861	453,521	344,656	453,521
	1,542,362	2,908,304	1,478,157	2,671,922

17. OTHER INCOME AND GAINS / (LOSSES)

	Group		Company	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Dividend Received	-	-	226,138,930	257,980,250
Profit on Disposal of Property, Plant and Equipment	5,684,103	943,620	5,684,103	943,620
Profit on Disposal of ROU	7,500,000	-	7,500,000	-
Other Income	102,527,511	76,706,432	(2,193,957)	-
Gain / (Loss) in Exchange Rate Fluctuations	7,966,706	(24,013)	7,966,706	(24,013)
	123,678,320	77,626,039	245,095,782	258,899,857

17.1 Other income includes receipt of GETFiT grant amounting to Rs 96,510,371/- by Muvumbe Hydro (U) Ltd.

18. EARNINGS PER SHARE

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

	Group		Company	
	2021	2020	2021	2020
Amounts Used as Numerator - Group				
Net Profit/(Loss) Attributable to Ordinary Shareholders of the parent for Basic Earnings per Share (Rs.)	575,427,248	344,143,760	120,872,884	164,206,799
Number of Ordinary Shares Used as Denominator				
Weighted Average Number of Ordinary Shares in Issue	840,551,992	839,385,707	840,551,992	839,385,707
Earning Per Share	0.68	0.41	0.14	0.20

19. DIVIDEND PAID AND PROPOSED

	2021	2020
	Rs.	Rs.
Declared and Paid during the Year		
1st Interim Dividend - 2020/21 Rs.0.10 (2019/20 Rs.0.125)	84,195,179	104,723,183
2nd Interim Dividend - 2020/21 Nill (2019/20 -Rs 0.10)	-	83,778,547
	84,195,179	188,501,730

20. CASH AND CASH EQUIVALENTS

	Group		Company	
	2021	2020	2021	2020
Components of Cash and Cash Equivalents	Rs.	Rs.	Rs.	Rs.
Favourable Cash and Cash Equivalents Balance				
Cash and Bank Balances	423,098,790	366,223,883	116,028,674	7,637,282
Total Cash and Cash Equivalents For the Purpose of Cash Flow Statement	423,098,790	366,223,883	116,028,674	7,637,282

21. RIGHT OF USE ASSETS

Set out below are the carrying amounts of right-of-use assets recognized and the movement during the year.

		Group		Company	
	NOTE	2021	2020	2021	2020
Cost		Rs.	Rs.	Rs.	Rs.
Balance as at the Beginning of the Year	4.1.1	188,827,190	14,891,072	23,494,649	7,458,075
Effect of Adoption of SLFRS 16 as at 1 April 2019	4.3.1	-	161,219,088	-	5,346,044
Restated Balance as at 1 April		188,827,190	176,110,160	23,494,649	12,804,119
Additions & Improvements	4.3.1	24,556,044	12,717,030	9,706,044	10,690,530
Disposal		(10,409,096)	-	(7,458,075)	-
Exchange Gain / Loss		4,097,780	-	-	-
Cost as at the End of the Year		207,071,918	188,827,190	25,742,618	23,494,649
Accumulated Depreciation					
Balance as at the Beginning of the Year		(19,679,051)	(5,128,356)	(10,360,599)	(5,128,356)
Depreciation Charge for the Period	4.3.2	(20,394,472)	(14,550,695)	(6,087,075)	(5,232,243)
Exchange Gain / Loss		716,265	-	-	-
Disposal/Transfers		4,403,671	-	7,458,075	-
Accumulated Depreciation as at the End of the Year		(34,953,587)	(19,679,051)	(8,989,599)	(10,360,599)
Carrying Amount		**172,118,331**	**169,148,138**	**16,753,019**	**13,134,050**

The Company as a lessee has applied SLFRS 16 as initial application with effect from 01 April 2019 using the modified, retrospective approach and therefore the comparative information has not been restated and continues to be reported under LKAS 17.

21.1 Lease Liability

Set out below are the carrying amounts of lease liability recognized as per SLFRS 16 and the movement during the year.

		Group		Company	
	NOTE	2021	2020	2021	2020
Cost		Rs.	Rs.	Rs.	Rs.
Balance as at 1 April		98,350,000	18,758,098	13,858,665	13,738,700
Effect of Adoption of SLFRS 16 as at 1st April	21.2	-	86,997,399	-	5,346,044
Lease Addition of Motor Vehicle	9.3	18,280,000	2,026,504	5,500,000	-
Lease Addition of Land		2,120,174	-	-	-
Restated Balance as at 1 April		118,750,174	107,782,001	19,358,665	19,084,744
Interest Expense		10,164,413	6,622,711	1,417,663	641,525
Repayments		(27,191,995)	(16,054,712)	(8,898,175)	(5,867,604)
Balance as at 31 March		**101,722,592**	**98,350,000**	**11,878,153**	**13,858,665**

21.2 Lease Liability

Group	Repayable Within 1 Year Rs.	Repayable After 1 Year Rs.	2021 Total Rs.	Repayable Within 1 Year Rs.	Repayable After 1 Year Rs.	2020 Total Rs.
Leases other than Motor Vehicle	7,905,076	68,253,308	76,158,384	9,179,014	73,531,226	82,710,240
Ijara-Leases (Motor Vehicle) (9.1.1)	9,503,334	16,060,872	25,564,206	1,630,206	14,009,564	15,639,760
	17,408,410	84,314,180	101,722,590	10,809,220	87,540,780	98,350,000

	Balance As at 01.04.2020 Rs.	Addition Rs.	Repayments Rs.	Balance As at 31.03.2021 Rs.
Leases other than Motor Vehicle (21.1)	82,710,240	2,120,174	(8,672,030)	76,158,384
Ijara-Leases (Motor Vehicle) (9.1.1)	15,639,760	18,280,000	(8,355,554)	25,564,206
	98,350,000	20,400,174	(17,027,584)	101,722,590

Company	Repayable Within 1 Year Rs.	Repayable After 1 Year Rs.	2021 Total Rs.	Repayable Within 1 Year Rs.	Repayable After 1 Year Rs.	2020 Total Rs.
Leases other than Motor Vehicle (21.1)	1,945,552	233,466	2,179,018	1,945,551	2,179,013	4,124,574
Ijara-Leases (Motor Vehicle) (9.2.1)	4,059,538	5,639,598	9,699,136	3,645,509	6,088,587	9,734,096
	6,005,090	5,873,064	11,878,154	5,591,060	8,267,600	13,858,670

	Balance As at 01.04.2020 Rs.	Addition Rs.	Repayments Rs.	Balance As at 31.03.2021 Rs.
Leases other than Motor Vehicle (21.1)	4,124,569	-	(1,945,551)	2,179,017
Ijara-Leases (Motor Vehicle) (9.2.1)	9,734,096	5,500,000	(5,534,960)	9,699,137
	13,858,665	5,500,000	(7,480,511)	11,878,154

21.4 Maturity Analysis of Lease Liability

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Less than 1 Year	17,408,410	10,809,220	6,005,090	5,591,061
1 to 5 Years	25,489,766	31,348,913	5,873,064	8,267,605
More than 5 Years	58,824,414	56,191,867	-	-

22. SEGMENT INFORMATION

	Power Generation-Local		Power Generation Overseas		Dendro & Plantation		Engineering Consultancy and Project Management		Group	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Segmental Revenue	769,595,777	729,158,457	798,504,337	593,430,549	194,669,168	97,809,521	34,301,004	19,981,935	1,797,070,286	1,440,380,462
Segmental Results										
Depreciation	(92,561,935)	(88,636,760)	(96,755,084)	(58,694,618)	-	-	(3,454,546)	(2,834,444)	(192,771,565)	(150,165,822)
Finance Cost	(239,855,563)	(204,214,826)	(58,450,280)	(102,911,932)	(9,651,854)	(8,443,809)	(3,676,000)	(4,584,973)	(311,633,697)	(320,155,540)
Finance Income	1,503,545	2,217,760	-	-	-	-	38,817	690,544	1,542,362	2,908,304
Profit Share of Investment Income from Joint Ventures	87,432,858	68,884,287	-	-	18,845,460	(39,130,166)	-	-	106,278,318	29,754,121
Profit / (Loss) Before Tax	265,645,058	211,862,963	550,588,838	432,728,782	1,601,358	(51,624,066)	(2,915,165)	(10,869,133)	814,920,088	582,098,546
Income Tax Expense	(55,953,425)	(74,679,895)	(164,769,767)	(133,498,818)	-	-	767,325	(12,258,001)	(219,955,867)	(220,436,714)
Profit / (Loss) for the Year	209,691,633	137,183,068	385,819,071	299,229,964	1,601,358	(51,624,066)	(2,147,841)	(23,127,134)	594,964,221	361,661,832

	Power Generation-Local		Power Generation Overseas		Dendro & Plantation-Local		Engineering Consultancy and Project Management - Local & Overseas		Group	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Non-Current Assets	3,063,050,628	3,070,959,997	3,611,227,664	2,891,401,231	124,870,840	96,289,399	82,411,994	11,017,290	6,881,561,125	6,069,667,917
Current Assets	627,657,893	398,983,369	697,856,159	692,416,945	12,977,809	30,887,213	71,701,303	190,532,369	1,410,193,164	1,312,819,896
Total Assets	3,690,708,520	3,469,943,366	4,309,083,823	3,583,818,176	137,848,649	127,176,612	154,113,297	201,549,659	8,291,754,289	7,382,487,813
Non-Current Liabilities	1,001,219,218	903,873,816	2,111,969,191	1,751,584,727	91,157,494	75,776,295	14,644,969	23,084,982	3,218,990,873	2,754,319,820
Current Liabilities	737,371,767	889,193,034	508,038,908	540,289,095	43,834,118	31,310,443	138,593,037	166,578,526	1,427,837,830	1,627,371,098
Total Liabilities	1,738,590,985	1,793,066,850	2,620,008,099	2,291,873,822	134,991,612	107,086,738	153,238,006	189,663,508	4,646,828,703	4,381,690,918

23. COMMITMENTS & CONTINGENCIES

23.1 Capital Expenditure Commitments

During the year there were no capital commitment contracts entered into by the group .

23.2 Corporate Guarantees

Company Name	Relationship with Vidullanka PLC	Amount of Guarantee Provided by Vidullanka PLC	Amount of Loan Obtained by the Relevant Company	Loan Balance as at 31 March 2021	Loan Balance as at 31 March 2020
Lower Kothmale Oya Hydro Power (Pvt) Ltd	Subsidiary	610,000,000	610,000,000	53,139,966	151,216,489
Rideepana Hydro (Pvt) Ltd	Subsidiary	N/A	284,000,000	150,000,000	81,047,798
Muvumbe Hydro (U) Ltd	Subsidiary	1,291,915,000	1,291,915,000	803,094,847	1,048,948,666
Walagamba Balashakthi (Pvt) Ltd	Subsidiary	120,000,000	160,000,000	73,011,000	107,675,000
Udawela Hydro (Pvt) Ltd	Subsidiary	293,000,000	232,000,000	113,213,875	150,951,835
Vidul Plantation (Pvt) Ltd	Subsidiary	40,000,000	40,000,000	63,524,395	40,000,000
Vidul Madugeta (Pvt) Ltd	Joint Venture	160,000,000	320,000,000	38,259,989	75,512,177
Gurugoda Hydro (Pvt) Ltd	Joint Venture	40,000,000	40,000,000	20,459,991	28,379,994
Vidul Biomass (Pvt) Ltd	Joint Venture	957,265,000	957,265,000	939,364,426	182,986,131

24. ASSETS PLEDGED

The following assets have been pledged as security for liabilities.

24.1 Company

Nature of Liability	Carrying Amount of Pledged Assets 2021 Rs.	2020 Rs.	Included under Assets
Charge over Leased Assets on Finance Lease Liabilities Previous Year and ROU Asset of Current Year	14,971,005	9,570,020	Right of Use asset
Diminishing Musharakah (Trade & Term Loan)	420,266,471	433,889,841	Property, Plant and Equipment
Total Carrying Value of Assets Pledged	435,237,476	443,459,861	

24.2 Group

Charge over Leased Assets on Finance Lease Liabilities Previous Year and ROU Asset of Current Year	31,883,963	18,757,764	Right of Use asset
Diminishing Musharakah (Trade & Term Loan)	5,539,316,792	3,983,953,058	Property, Plant and Equipment
Total Carrying Value of Assets Pledged	5,571,200,755	4,002,710,822	

25. LITIGATIONS

Following Court actions have been initiated against the Company.

a) D.C. Ratnapura Case No. 22020/L - The plaintiff has concluded leading his evidence. The defendant, Company commenced leading evidence of its witnesses of Civil Engineers.

The case was taken up for Trial once during the year 2020, thereafter the case has been postponed as courts did not function time to time with the outbreak of the pandemic.

26. RELATED PARTY DISCLOSURE

26.1 Details of Significant Related Party Disclosure are as follows:

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

Company	Relationship	Nature of Transactions	2021 Rs.	2020 Rs.
Walagamba Balashakthi (Pvt) Ltd (WMB)	Subsidiary	Expenses incurred by VLL	11,711,759	86,423,088
		Settlement / Fund Transfer done by WMB	(40,064,955)	(68,681,047)
		Dividend from WMB	-	45,800,000
Rideepana Hydro (Pvt) Ltd (RHPL)	Subsidiary	Expenses incurred by VLL on behalf of RHPL	10,778,980	60,775,341
		Funds Transfers from RHPL	(106,752,150)	-
		Settlement done by RHPL	(5,309,292)	(31,613,612)
		Dividends from RHPL	71,725,190	-
Vidul Engineering Ltd (VEL)	Subsidiary	Expenses incurred by VLL on behalf of VEL	21,712,459	8,385,707
		Settlement done by VEL	(16,889,586)	(14,268,102)
		Fund transfer from VEL	(4,605,000)	-
		Fund transfer from VLL	64,500,000	5,500,000
Vidul Madugeta (Pvt) Ltd (VMPL)	Joint Venture	Expenses incurred by VLL on behalf of VMPL	7,304,229	7,268,018
		Settlements done by VMPL	(7,928,889)	(12,110,419)
		Dividends from VMPL	24,750,000	13,500,000
Gurugoda Hydro (Pvt) Ltd (GHPL)	Joint Venture	Expenses incurred by VLL on behalf of GHPL	5,423,359	6,369,649
		Settlement done by GHPL	(5,842,978)	(5,687,036)
Lower Kotmale Oya Hydro Power (Pvt) Ltd (LKM)	Subsidiary	Expenses incurred by VLL on behalf of LKM	8,434,570	-
		Funds Transfers to LKM	15,500,000	126,462,774
		Settlements by LKM	(125,485,996)	(150,282,192)
		Dividends from LKM	45,000,000	132,240,000
Muvumbe Hydro (U) Ltd (MVB)	Subsidiary	Dividends from MVB	61,119,990	58,140,000
Udawela Hydro (Pvt) Ltd (UDW)	Subsidiary	Funds Transfers to UDW	17,000,000	38,929,028
		Expenses incurred by VLL on behalf of UDW	5,643,330	5,406,702
		Settlement done by UDW	(13,967,830)	(4,766,841)
		Issue of Shares	-	100,000,000
Vidul Biomass (Pvt) Ltd (VBL)	Subsidiary	Funds Transferred to VBL	-	31,746,116
		Expense incurred by VLL on behalf of VBL	115,582	648,777
		Issue of Shares	-	27,246,116
		Settlements from VBL	(3,628,327)	-
Vidul Plantations (Pvt) Ltd (VPL)	Subsidiary	Funds transferred to VPL	-	12,200,000
		Expense incurred by VLL on behalf of VPL	142,851	82,241
		Issue of Shares	-	44,999,990
		Settlement done by VPL	-	(1,000,000)
Timex Bukinda Hydro (U) Ltd	Subsidiary	Issue of Shares	-	222,728,682
Nilwala Vidulibala Company (Pvt) Ltd (NVC)	Associate	Expenses incurred by / Fund transfers VLL on behalf of NVC	7,942,963	8,035,450
		Settlement / Fund Transfer done by NVC	(9,267,464)	(15,449,150)
		Dividends from NVC	24,543,450	8,300,250

26.2 Terms and Conditions

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

26.3 Recurrent Related Party Transactions

There were no recurrent related party transactions which in aggregate value exceeds 10% of the Gross Revenue / Income as per 31 March 2021 Audited Financial Statements.

26.4 Non-Recurrent Related Party Transactions

There were no non recurrent related party transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets which ever is lower of the Company as per 31 March 2021 Audited Financial Statements.

26.5 Transactions with Key Management Personnel of the Company

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

Key Management Personnel Compensation	2021 Rs.	2020 Rs.
Key Management Personnel Compensation		
Short-Term Employee Benefits	41,044,800	46,635,000
Post Employment Benefits	3,808,470	4,194,000
Other Benefits Paid by the Company	-	-
	44,853,270	50,829,000
Other Transactions - Dividend Payment	7,554,357	28,015,059

27. FAIR VALUE DISCLOSURE

27.1 Fair Value of Financial Assets and Liabilities

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

	Company			
As at 31 March	Carrying Amount		Fair Value	
	2021	2020	2021	2020
Financial Assets	Rs.	Rs.	Rs.	Rs.
Other Financial Assets	32,841,500	31,841,500	32,841,500	31,841,500
Trade and Other Receivables	445,168,119	484,122,328	445,168,119	484,122,328
Cash and Cash Equivalents	116,028,674	7,637,282	116,028,674	7,637,282
	594,038,293	523,601,110	594,038,293	523,601,110
Financial Liabilities				
Loans and Borrowings	1,197,559,426	1,088,118,673	1,197,559,426	1,088,118,673
Trade and Other Payables	129,805,016	280,327,355	129,805,016	280,327,355
	1,327,364,442	1,368,446,028	1,327,364,442	1,368,446,028

As at 31 March	Group			
	Carrying Amount		Fair Value	
	2021	2020	2021	2020
Financial Assets	Rs.	Rs.	Rs.	Rs.
Other Financial Assets	32,841,500	31,841,500	32,841,500	31,841,500
Trade and Other Receivables	872,204,555	852,067,123	872,204,555	852,067,123
Cash and Cash Equivalents	423,098,790	366,223,883	423,098,790	366,223,883
	1,328,144,845	**1,250,132,506**	**1,328,144,845**	**1,250,132,506**
Financial Liabilities				
Loans and Borrowings	3,846,807,355	3,397,825,284	3,846,807,355	3,397,825,284
Trade and Other Payables	294,119,720	479,111,776	294,119,720	479,111,776
	4,140,927,075	**3,876,937,060**	**4,140,927,075**	**3,876,937,060**

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

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

27.2 Determination of Fair Value And Fair Value Hierarchy

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

Fair values are determined according to the following hierarchy:

Level 1 : Quoted market price (unadjusted) financial instruments with quoted price in active markets.

Level 2 : Valuation technique using observable inputs : financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments are valued using models where all significant inputs are observable.

Level 3 : Valuation technique with significant unobservable inputs : financial instruments are valued using valuation techniques where one or significant inputs are observable.

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

As at 31 March 2021

	Group				Company			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial Assets	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Other Financial Assets	-	-	32,841,500	32,841,500	-	-	32,841,500	32,841,500
	-	**-**	**32,841,500**	**32,841,500**	**-**	**-**	**32,841,500**	**32,841,500**

As at 31 March 2020

	Group				Company			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial Assets	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Other Financial Assets	-	-	31,841,500	31,841,500	-	-	31,841,500	31,841,500
	-	**-**	**31,841,500**	**31,841,500**	**-**	**-**	**31,841,500**	**31,841,500**

During the reporting period ended 31 March 2021 and 2020, there were no transfers between Level 1 and Level 2 fair value measurements.

28. EVENTS OCCURRING AFTER THE REPORTING PERIOD

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

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

29.1 Market Risk

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

29.1.1 Interest Rate Risk

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

Interest Rate Sensitivity

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

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

Years	Increase/Decrease in Basis Points	Group Effect on Profit Before Tax	Company Effect on Profit Before Tax
2021	100	+/- 20.48 Mn	-
2020	100	+/- 29.03 Mn	-

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

29.1.2 Foreign Currency Risk

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

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

Foreign Currency Sensitivity

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

Group		
LKR Depreciation Against USD	Effect on Profit Before Tax 2021 Rs.	Effect on Profit Before Tax 2020 Rs.
1%	1.96 Mn	1.72 Mn
(-1%)	(1.96 Mn)	(1.72 Mn)

29.1.3 Commodity Price Risk

The Group is principally engaged in generating electricity using renewable energy sources i.e: 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.

29.2 Credit Risk

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

Trade Receivables

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

Financial Instruments and Cash Deposits

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

29.3 Liquidity Risk

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

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

Company

As at 31 March 2021	Less than 3 Months	4 to 12 Months	2 - 3 Years	4 - 5 Years	>5 Years	Total
Financial Assets						
Other Financial Assets	-	32,841,500	-	-	-	32,841,500
Trade and Other Receivables	445,168,119	-	-	-	-	445,168,119
Cash and Cash Equivalents	116,028,674	-	-	-	-	116,028,674
	561,196,793	32,841,500	-	-	-	594,038,293
Financial Liabilities						
Loans and Borrowings	72,952,043	176,533,043	180,625,427	306,216,972	179,471,939	915,799,424
Trade and Other Payables	129,805,016	-	-	-	-	129,805,016
Total	202,757,059	176,533,043	180,625,427	306,216,972	179,471,939	1,045,604,440

As at 31 March 2020	Less than 3 Months	4 to 12 Months	2 - 3 Years	4 - 5 Years	>5 Years	Total
Financial Assets						
Other Financial Assets	-	32,841,500	-	-	-	31,841,500
Trade and Other Receivables	484,122,328	-	-	-	-	484,122,328
Cash and Cash Equivalents	7,637,282	-	-	-	-	7,637,282
Total	**491,759,610**	**32,841,500**	**-**	**-**	**-**	**523,601,110**
Financial Liabilities						
Loans and Borrowings	280,329,504	194,445,677	254,360,921	168,430,890	712,251,941	1,609,818,933
Trade and Other Payables	280,327,355	-	-	-	-	280,327,355
Total	**560,656,859**	**194,445,677**	**254,360,921**	**168,430,890**	**712,251,941**	**1,890,146,288**

Group

As at 31 March 2021	Less than 3 Months	4 - 12 Months	2 - 3 Years	4 - 5 Years	>5 Years	Total
Financial Assets						
Other Financial Assets	-	32,841,500	-	-	-	32,841,500
Trade and Other Receivables	872,204,555	-	-	-	-	872,204,555
Cash and Cash Equivalents	423,098,790	-	-	-	-	423,098,790
Total	**1,295,303,345**	**32,841,500**	**-**	**-**	**-**	**1,328,144,845**
Financial Liabilities						
Loans and Borrowings	249,746,520	1,076,253,112	1,199,526,075	653,697,081	778,878,175	3,958,100,963
Trade and Other Payables	294,119,720	-	-	-	-	294,119,720
Total	**543,866,240**	**1,076,253,112**	**1,199,526,075**	**653,697,081**	**778,878,175**	**4,252,220,683**

As at 31 March 2020	Less than 3 Months	4 - 12 Months	2 - 3 Years	4 - 5 Years	>5 Years	Total
Financial Assets						
Other Financial Assets	-	31,841,500	-	-	-	31,841,500
Trade and Other Receivables	852,067,123	-	-	-	-	852,067,123
Cash and Cash Equivalents	366,223,883	-	-	-	-	366,223,883
	1,218,291,006	**31,841,500**	**-**	**-**	**-**	**1,250,132,506**
Financial Liabilities						
Loans and Borrowings	443,809,976	767,454,620	1,626,896,993	462,626,499	1,090,680,286	4,391,468,374
Trade and Other Payables	479,111,776	-	-	-	-	479,111,776
Total	**922,921,752**	**767,454,620**	**1,626,896,993**	**462,626,499**	**1,090,680,286**	**4,870,580,150**

29.4 Capital Management

Capital includes equity attributable to the equity holders of the parent. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2020 and 31 March 2021.

The Group monitors capital using a gearing ratio, which is Interest - Bearing Loans and Borrowings divided by total Equity plus Interest - Bearing Loans and Borrowings. The Group's policy is to keep the gearing ratio below 60%.

	Group		Company	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Interest - Bearing Loans and Borrowings	3,846,807,355	3,397,825,284	1,197,559,426	1,088,118,673
Equity	3,644,925,586	3,000,796,894	1,507,437,896	1,418,570,752
Equity & Interest - Bearing Loans and Borrowings	7,491,732,941	6,398,622,178	2,704,997,322	2,506,689,425
Gearing Ratio	51.3%	53.1%	44.3%	43.4%

30. COMPARATIVE INFORMATION

The presentation & classification of the financial statements have been amended, where relevant for better presentation and comparable information.

Group	Current Presentation Rs.	As reported Previously Rs.	Difference Rs.
Cash flow statement for the year ended 31 March 2020			
Operating Activities-Working Capital Changes			
(Increase) / Decrease in Trade & Other Receivables	(934,610,481)	(353,181,544)	(581,428,937)
Increase / (Decrease) in Other Payables	788,467,859	207,038,923	581,428,936

INVESTOR INFORMATION

Market Capitalization

The market capitalization of the Company remained at Rs 4,666,522,790/- as of 31 March 2021, compared to Rs 3,434,920,407/- as of 31 March 2020.

Dividend Payout Ratio

The company declared an interim dividend of Rs 0.10 representing a total distribution to the shareholders amounting to Rs. 84,195,179/-. This represents a dividend payout of 14% during financial year 2020/21 compared to dividend payout of 55% during the previous financial year.

Price to Book value

The price to book ratio of the group as at 31st March 2021 was 1.31 compared to 1.17 reported as of 31 March 2020

Highest and Lowest Share prices for last five financial years

Financial Year	Highest price per share	Lowest price per share	Closing price per share
FY 2020/21	6.00	5.00	5.50
FY 2019/20	5.10	4.10	4.10
FY 2018/19	5.00	4.10	4.40
FY 2017/18 (Capitalisation of reserves at the ratio of 1:10)	5.90	4.60	4.70
FY 2016/17	6.20	5.00	5.20

Twenty Largest Shareholders of Vidullanka PLC as of 31 March 2021

	Name	2021		2020	
		Shares	%	Shares	%
1	Mr. Riyaz M. Sangani	131,406,138	15.49%	109,608,206	13.10%
2	Mr. Ranjan Mather	119,000,000	14.03%	134,985,923	16.10%
3	Wembley Spirit Limited	108,943,372	12.84%	108,943,372	13.00%
4	Mr. Osman Kassim /Mrs. K Kassim	104,115,292	12.27%	10,942,641	1.30%
5	Mr. Sattar Kassim	101,135,861	11.92%	74,137,368	8.80%
6	Mrs. R.L. Mather	46,925,007	5.53%	42,225,000	5.00%
7	Mrs. Yumna Kunimoto	25,275,451	2.98%	25,275,451	3.00%
8	ABC International Ltd	24,860,175	2.93%	28,719,973	3.40%
9	Mr. Mohamed Shafee Mohideen	21,172,720	2.50%	21,172,720	2.50%
10	Mr. Sujendra Mather	20,626,246	2.43%	19,827,892	2.40%
11	Mr. Osman Kassim	19,000,000	2.24%	65,217,391	7.80%
12	Dynawash Ltd	17,966,598	2.12%	17,966,598	2.10%
13	Mr. Ranjeet Bhanwarlal Barmecha	11,880,003	1.40%	11,880,003	1.40%
14	Shahid M. Sangani	9,365,488	1.10%		
15	Mrs. D.Z. Kathawala	8,839,461	1.04%	11,353,546	1.40%
16	Vanguard Industries (Pvt) Ltd	7,606,012	0.90%	7,606,012	0.90%
17	Jaywise Construction Ltd	5,917,099	0.70%	14,094,251	1.70%
18	Sidath Fernando	5,180,000	0.61%		
19	Ms.S. S. Sangani	2,744,955	0.32%		
20	F. K. Mohideen	2,017,913	0.24%		
	Aberdeen Holdings (Pvt) Ltd			53,854,046	6.40%
	Belmont Agents Ltd			13,587,431	1.60%
	Mrs. Z.M.Sangani (Deceased)			11,767,741	1.40%
	Timex Garments (Pvt) Ltd			7,250,769	0.90%
	Top 20 Shareholders	793,977,791	93.58%	790,416,334	94.20%

Shareholding Classification : Local & Foreign

Range	Local Shareholders			Foreign Shareholders			Total Shareholders		
	No of shareholders	No of Shares	%	No of shareholders	No of Shares	%	No of shareholders	No of Shares	%
1 to 1,000 shares	1,092	296,967	0.0%	6	4,284	0.0%	1,098	301,251	0.0%
1,001 to 10,000 shares	761	3,228,323	0.4%	4	6,955	0.0%	765	3,235,278	0.4%
10,001 to 100,000 shares	429	14,953,742	1.8%	9	513,471	0.1%	438	15,467,213	1.8%
100,001 to 1,000,000 shares	73	22,800,055	2.7%	3	378,300	0.0%	76	23,178,355	2.7%
Over 1,000,001 shares	30	634,912,342	74.8%	5	171,364,250	20.2%	35	806,276,592	95.0%
Total	2,385	676,191,429	79.7%	27	172,267,260	20.3%	2,412	848,458,689	100.0%

Shareholding Classification : Entities & Individuals

Range	Individuals			Entities			Total Shareholders		
	No of shareholders	No of Shares	%	No of shareholders	No of Shares	%	No of shareholders	No of Shares	%
1 to 1,000 shares	1,073	293,291	0.0%	25	7,960	0.0%	1,098	301,251	0.0%
1,001 to 10,000 shares	747	3,148,251	0.4%	18	87,027	0.0%	765	3,235,278	0.4%
10,001 to 100,000 shares	397	13,372,710	1.6%	41	2,094,503	0.2%	438	15,467,213	1.8%
100,001 to 1,000,000 shares	62	17,722,486	2.1%	14	5,455,869	0.6%	76	23,178,355	2.7%
Over 1,000,001 shares	21	505,430,747	59.6%	14	300,845,845	35.5%	35	806,276,592	95.0%
Total	2,300	539,967,485	63.6%	112	308,491,204	36.4%	2,412	848,458,689	100.0%

Public Shareholding as of 31 March 2021

Issued Share No of shares	848,458,689
Public Shareholding	178,374,898
Public Holding - %	21.02%
Public Holding - No of Shareholders	2,412
Non-Public Shareholding	670,083,791
Non-Public Shareholding %	78.98%
Non-Public Holding - No of Shareholders	16
Existing Floated adjusted Market Capitalization	981,061,939
Option for Compliance - Option 5 of 7.13.1 (a) of the Listing Rules	

FIVE YEAR SUMMARY

(in '000 otherwise stated)	2021 Rs.	2020 Rs.	2019 Rs.	2018 Rs.	2017 Rs.
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	5,677,115	4,932,209	4,116,382	4,057,474	3,519,594
Right of Use Assets	172,118	169,148	-	-	-
Investment in Joint Ventures	629,673	572,995	537,798	319,172	327,305
Other Project Investments	79,879	91,991	92,716	112,929	134,519
Goodwill	275,692	277,175	249,000	215,879	215,879
Other assets	47,084	26,150	26,045	10,008	3,541
	6,881,561	6,069,668	5,021,941	4,715,463	4,200,839
Current Assets	1,410,193	1,312,820	767,337	587,862	504,205
Total Assets	**8,291,754**	**7,382,488**	**5,789,278**	**5,303,325**	**4,705,043**
Equity & Liabilities					
Total Equity	3,644,926	3,000,797	2,753,369	2,212,155	1,807,590
Total Loans and Borrowings	3,846,807	3,397,825	2,672,769	2,629,451	2,604,609
Total Capital Employed	**7,491,733**	**6,398,622**	**5,426,138**	**4,841,606**	**4,412,199**
Other Liabilities	800,021	983,866	363,139	461,719	292,844
Total Equity Liabilities	**8,291,754**	**7,382,488**	**5,789,278**	**5,303,325**	**4,705,043**
Operating Results					
Group Revenue	1,797,070	1,440,380	1,281,956	974,838	534,754
Gross Profits	1,205,147	1,062,483	980,401	726,369	391,062
Operating Profits	1,125,011	899,346	917,576	908,559	199,934
Profit Before Tax	814,920	582,099	624,212	649,490	40,715
Profit After Tax	594,964	361,662	527,318	509,220	41,677
Cash generated from Operating Activities	1,077,469	899,154	447,519	601,713	299,477
Cash utilized in Investing Activities	735,787	916,675	60,370	431,244	1,392,648
New Capacity Added (MW)	7.30	3.30	-	1.40	6.50
Generation (GWh)	139.6	114.9	108.0	92.6	48.5
Emission Reduction (in ton of CO2 equivalent)	81,355	66,578	68,040	58,338	30,577
Key Indicators					
Net Profit Margin (%)	33.1	25.1	41.1	52.2	7.8
ROE (%)	16.3	12.1	19.2	23.0	2.3
ROA (%)	13.6	12.2	15.8	17.1	4.3
Earning per Share (Rs.)	0.68	0.41	0.62	0.60	0.05
Dividend per Share (Rs.)	0.10	0.23	0.15	0.20	0.10
Net Asset Value Share (Rs.)	4.21	3.51	3.24	2.66	2.41
Current Ratio (No. of times)	0.99	0.81	1.11	0.48	0.53
Equity Asset Ratio (No. of times)	2.27	2.46	2.10	2.40	2.60
Asset Turnover Ratio (No. of times)	0.22	0.20	0.22	0.18	0.11
Gearing Ratio (%)	51.3	53.1	49.3	54.3	59.0

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the 25th Annual General Meeting of the Shareholders of Vidullanka PLC will be held on 21 September 2021 at 10.00a.m. via Audio/Video at the registered office of the Company for the following purposes:

1. To consider and adopt the Audited Financial Statements for the year ended 31st March 2021 together with the Annual Report of the Directors thereon.
2. Re-election of Directors in terms of section 211 of the Companies Act no 7 of 2007.

   Mr. S. Ranjan Mather, who is 75 years of age as a Director. Accordingly, the following resolution to be passed for this purpose, if thought fit.

   IT IS HEREBY RESOLVED to re-elect Mr. S. Ranjan Mather, who is 75 years of age as a Director in terms of Section 211 of the Companies Act No. 7 of 2007 and it is specifically declared that the age limit of 70 years shall not apply to the said Mr. S. Ranjan Mather.
3. To re-appoint the retiring auditors M/s Ernst & Young, Chartered Accountants for the ensuing year and authorize the Directors to determine their remuneration.
4. Any other business.

By order of the Board
VIDULLANKA PLC

MANAGERS & SECRETARIES (PRIVATE) LIMITED

(Sgd.)
Ms. C. Salgado
Secretaries

27 August 2021

Note:
1. A member entitled to attend and vote at the above meeting is required to complete and submit a pre-registration form in order to ensure participation at the AGM of the Company.
2. Only members of VLL are entitled to take part at the AGM of VLL.
3. A Pre-registration form is enclosed for this purpose to be completed by VLL Shareholders only. Alternatively, the registration could be completed via the company website (www.vidullanka.com)
4. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote in his/her behalf. A proxy need not be a member of the Company.
5. A form of proxy is enclosed for this purpose.
6. The instruments for registration and appointing a proxy must be completed and deposited at the Registered Office of the Company, Vidullanka PLC, Level 04, Access Tower, No. 278, Union Place, Colombo 02, or e-mailed to **"agm@vidullanka.com"** and **"samanga@msl.com"** not less than twenty four hours prior to the time appointed for holding the meeting.

NOTE

FORM OF PROXY

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

I/We, the undersigned ....

of...

being member/s of Vidullanka PLC, do hereby appoint

- Full name of proxy : ....
- NIC of Proxy : ....
- Address of Proxy : ....
- Contact Numbers - Land : ...., Mobile : ....

Email address ....

as my/our Proxy to represent me/us, vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 21 September 2021 and at any adjournment thereof.

Ordinary Resolution	For	Against
1. Consider and adopt the Audited Financial Statements for the year ended 31st March 2021 together with the Annual Report of the Directors thereon.		
2. Re-election of Mr. S. Ranjan Mather as a Director of the Company.		
3. Re-appoint the retiring auditors M/s. Ernst & Young, Chartered Accountants for the ensuing year and authorize Directors to determine their remuneration.		

Signed this .... day of .... 2021.

....

Signature

Please see overleaf for Instructions for completion.

Notes: * Please indicate your NIC / Passport No. /Co. Reg. No. in the top of the form of Proxy.
** Please indicate with an "x" in the space provided, how your Proxy is to vote on the Resolutions.
If no indication is given, the Proxy in his discretion will vote as he thinks fit.

Instructions for completion of Proxy

1. In order to appoint a proxy, this form shall in the case of an individual be signed by the shareholder or by his/her Attorney and in the case of a company/corporation, the form of proxy must be under its Common Seal, which should be affixed and attested in the manner prescribed by its Articles of Association.
2. The full name, NIC No. and address of the Proxy holder and of the Shareholder appointing the Proxy holder should be entered legibly in the form of proxy.
3. The duly completed form of proxy must be deposited at the Registered Office of the Company at **"Vidullanka PLC, Level 4, Access Tower, No. 278, Union Place , Colombo 02"**, or e-mailed to **"agm@vidullanka.com"** and **"samanga@msl.lk"** not later than 24 hours prior to the time appointed for holding of the meeting.
4. In the case of a proxy signed by an Attorney, the relevant Power-of-Attorney or a certified copy thereof should also accompany the completed form of proxy and must be deposited at the Registered Office of the Company or email as above noted.

CORPORATE INFORMATION

COMPANY STATUS

Public Limited Liability Company Listed in the Colombo Stock Exchange on 10th June 2005

RE-REGISTRATION DATE & NUMBER

27th September 2007
PQ 83

COMPANY SECRETARY

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

STATED CAPITAL

Rs. 1,469,839,867/-

ISSUED NUMBER OF SHARES

848,458,689 Shares

REGISTERED OFFICE

Level 04, Access Towers
No 278 Union Place
Colombo 02
Telephone - 011 4760000
Fax - 011 4760076
Email - info@vidullanka.com
Web - www.vidullanka.com

AUDITORS

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

BANKERS

Amana Bank PLC
Hatton National Bank PLC
Commercial Bank of Ceylon PLC
Bank of Ceylon
NDB Bank PLC
Stanbic Bank Uganda Limited
Seylan Bank PLC

WEBSITE

www.vidullanka.com

VIDULLANKA PLC

Building on Renewable Energy Sources

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