



LVL ENERGY FUND PLC

**2021/2022
ANNUAL REPORT**

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FINANCIAL HIGHLIGHTS

For the year ended 31 March	2022	2021
Interest Income (LKR million)	9	13
Subsidiary Company Income (LKR million)	428	337
Total Income (LKR million)	447	354
Share of Profit from Associates (LKR million)	900	775
Profit / (Loss) before Tax (LKR million)	895	738
Profit / (Loss) after Tax (LKR million)	724	689
Shareholders' Funds (LKR million)	8,241	5,065
(Stated Capital and Reserves)		
Redeemable Preference Shares (LKR million)	-	95
Interest Bearing Borrowings (LKR million)	3,447	2,911
Total Assets (LKR million)	12,075	8,363
Earnings per Share (LKR)	1.13	1.09
Dividend per Share (LKR)	-	0.35
Net Assets per Share (LKR)	14.15	8.70
Ratios		
Return on Equity	9.88%	13.40%
Interest Cover Ratio (times)	4.14	3.96
Dividend Payout	-	32.11%

BOARD OF DIRECTORS

1. Mr. Damith Pallewatte

Mr. Damith Pallewatte is the Deputy General Manager – Wholesale Banking Group of Hatton National Bank PLC (HNB), who counts 27 years of experience in the banking sector and held many senior positions with 03 leading local banks. Previously held positions of Deputy General Manager Risk/Chief Risk Officer (CRO)/ Chief Information Security Officer (CISO) at HNB. Prior to joining HNB he was the Chief Risk Officer of Nations Trust Bank PLC.

Mr. Pallewatte is the Chairman of Lanka Ventures PLC. He is also a Director of Acuity Partners (Private) Limited, Acuity Securities (Private) Limited and an alternate Director for Credit Information Bureau of Sri Lanka. He was a past president of Association of Banking Sector Risk Professionals and had been appointed as a banking industry representative by Sri Lanka Bankers' Association to the committee established on the proposed Financial Assets Management Agency.

Mr. Pallewatte holds a MBA from Postgraduate Institute of Management (PIM), University of Sri Jayewardenepura and earned his B.Sc. Management (Hons) degree from University of London, London School of Economics. Mr. Pallewatte has been admitted as a Certified Financial Risk Manager (FRM) by Global Association of Risk Professionals and a holder of "Sustainability and Climate Risk" (SCR) certificate from GARP. He is also an ACI Operations Certificate Holder from Financial Markets Association, France, a Fellow Member of Chartered Institute of Management Accountants, UK (FCMA) and Chartered Global Management Accountant (CGMA).

Mr. Pallewatte was appointed to MESANA (Middle East South Asia and North Africa), Regional Advisory Panel of Association of International Certified Professional Accountants (AICPA) for year 2020/21 by CIMA and was elected as Vice Chairman of CIMA Country Network Committee (CNC), Sri Lanka in 2021/22. He is appointed as the Chair of CIMA South Asia Committee for 2022/23.

2. Mr. Thimal Perera

Mr. Thimal Perera is the Chief Executive Officer (CEO) of DFCC Bank PLC. He functioned as the Deputy Chief Executive Officer of the Bank prior to his appointment as the CEO and was appointed to the DFCC Board in July 2019.

He has held several senior positions in the banking sector and has over two decades of experience in the financial services and banking sector, both locally and internationally having been with the HSBC Group, both in Sri Lanka and overseas, the Commercial Bank of Qatar and Barclays Bank PLC, UAE. He was the Deputy General Manager of Hatton National Bank where he guided the retail and SME banking sector.

While at HNB he also served as a board member of HNB Assurance PLC, HNB General Insurance Ltd and HNB Finance Ltd where he was also the Chairman of the Board Audit Committee. He is also the Chairman of Synapsys Limited, Acuity Partners Limited, DFCC Consulting (Private) Limited and serves as a Director of Lanka Clear (Private) Limited and Lanka Ventures PLC.

Mr. Perera is a member of the Institute of Chartered Accountants of Sri Lanka and a passed finalist of the Chartered Institute of Management Accountants, UK.

3. Mr. M Ajitha Wijetunge

Mr. M Ajitha Wijetunge is a Marine Engineer and also a Ballistic Engineer by profession and an entrepreneur.

He is the inventor and licensed to be the sole manufacturer of bullet proof jackets, body armours, ballistic helmets, de-mining kits and vehicle armours using highly specialized anti-ballistic composite materials with indigenous technology.

Mr. Wijetunge is the Chairman of Dinima High Performance Materials (Private) Limited and he serves as a Director on the Boards of Sawam Holdings (Pte) Ltd BVI, Tilara Hydro (Private) Limited, S & N Power Kithulgala Mini Hydro (Private) Limited, Rivolka Energy

(Private) Limited, Diyatha Pharmaceutical & Health Care (Private) Limited and Lakdhanavi Bangla Power Limited.

4. Mr. Ananda Munasinghe

Mr. Ananda Munasinghe has had over three-decades of experience in the manufacturing industry in Sri Lanka. He was the former Director/General Manager of Acme Printing and Packaging Limited. He has also functioned as Works Manager at State Fertilizer Manufacturing Corporation and the Senior Instrument Engineer at Ceylon Petroleum Corporation's Refinery. He has held the position of President, Sri Lanka Energy Managers Association and the Sri Lanka Institute of Packaging in the past. He serves as a Director of Lanka Ventures PLC.

Mr. Munasinghe is an Engineering Graduate of the University of Ceylon, Peradeniya and holds a Master's Degree in Business Administration from the University of Sri Jayewardenepura. He also holds Post Graduate Diplomas in Production Engineering and Engineering Design from Colchester College of Technology, England and Enfield College of Technology, England respectively.

5. Mr. Ray Abeywardena

Mr. Ray Abeywardena is the Managing Director/Group Chief Executive Officer of Acuity Partners (Private) Limited. He has been associated with Sri Lanka's capital markets for over 37 years, primarily as a Stockbroker and since 2009 as an Investment Banker.

Mr. Abeywardena is the Chairman of Acuity Stockbrokers (Private) Limited and Acuity Securities Limited. He is a Director of Guardian Acuity Asset Management Limited, Lanka Ventures PLC, Colombo Stock Exchange and Central Depository Systems (Private) Limited.

Mr. Abeywardena is a member of the Chartered Institute of Marketing, (UK) and holds a Master's Degree in Business Administration from the University of Wales.

6. Mr. Mahal Wijetunge

Mr. Mahal Wijetunge is a Director of Harsha International (Private) Limited, PR Communications Fantasy Events (Private) Limited, S & N Power Kithulgala Mini Hydro (Private) Limited, Rivolka Energy (Private) Limited and Swam Holdings (Pte) Ltd BVI.

He holds a Diploma in Law from University College London and LLB (Hons) Degree from the University of Hertfordshire.

7. Mr. Nihal Kekulawala

Mr. Nihal Kekulawala is a Director of Pan Asia Banking Corporation PLC, Lanka Walltile PLC, AMW Capital Leasing and Finance PLC, Lanka Ceramic PLC, Softlogic Holdings PLC and Lanka Ventures PLC. He was responsible for setting up Pan Oceanic Bank in Solomon Island and functioned as its Director/Chief Executive Officer between June 2014 and June 2016. Prior to that he held senior management positions at Hatton National Bank PLC over a period of 20 years and at the time of retirement in December 2012 held the position of Senior Deputy General Manager – Strategy and Compliance.

Mr. Kekulawala is a Fellow of the Institute of Chartered Accountants, England & Wales and Fellow of the Institute of Chartered Accountants, Sri Lanka. He is also a Fellow of the Chartered Institute of Bankers, England. He holds a Master of Business Administration Degree from the University of Manchester, England.

8. Mr. Chandana Dharmawardana

Mr. Chandana Dharmawardana functions as a consultant to Maliban Biscuit Manufactories (Private) Limited since January 2014. Prior to that he was attached to DFCC Bank PLC for a period of 27 years from 1986 to 2013 and at the time of retirement held the position Vice President, Corporate Banking. Between the period 1980 - 1986 he was employed at Sri Lanka Ports Authority as a Mechanical Engineer.

BOARD OF DIRECTORS

Mr. Dharmawardana is a B.Sc. Eng of the University of Moratuwa. He is a member of the Institute of Engineers, Sri Lanka and a Chartered Engineer. He is also an Associate in Development Banking of the Association of Development Financing Institutions in Asia and the Pacific.

9. Mr. Ravi Dassanayake

Mr. Dassanayake is the Vice President, Strategic Investments and Subsidiaries of DFCC Bank PLC. He counts over 28 years of experience in banking, accounting and auditing, consulting and advisory services.

Mr. Dassanayake is a Director of several subsidiaries and associate companies of DFCC and is also a member of several management committees. He has held positions as the Head of Budgeting and Planning of DFCC Vardhana Bank PLC, Chief Executive Officer and Chief Risk and Operations Officer of Lankaputhra Development Bank and Partner, Audit Assurance and Consulting of BDO Partners Sri Lanka. He serves as a Director of Lanka Industrial Estates Limited, Lindel Industrial Laboratories Limited, DFCC Consulting (Private) Limited, Acuity Securities Limited, National Asset Management Limited and Lanka Ventures PLC.

He holds his Masters from PIM, University of Sri Jayewardenepura and his first degree in Accountancy from the same university. He is also a Fellow member of CA Sri Lanka and an Associate of CIMA, UK.

10. Mr. Rajive Dissanayake

Mr. Rajive Dissanayake counts nearly two decades of experience covering banking sector and capital markets. He currently serves as the Chief Financial Officer of Hatton National Bank PLC. In addition to being on the Board of LVL Energy Fund PLC, Mr. Dissanayake is also a Director of Lanka Ventures PLC, HNB Finance PLC and Acuity Partners (Private) Limited.

Mr. Dissanayake is a CFA Charter holder, a Fellow Member of the Chartered Institute of Management Accountants (UK) and a Chartered Global Management Accountant. He also holds a Bachelor's degree in Business Administration from the University of Colombo.

CHAIRMAN'S MESSAGE

I welcome you to the eleventh Annual General Meeting of the Company and on behalf of the Board of Directors take pleasure in presenting to you the Annual Report and audited accounts of the Company for the year ended 31 March 2022.

Group Financial Performance

The Group profit before interest and tax improved 20% from the previous year to LKR 1,180 million from LKR 987 million.

However, since the Group finance cost increased to LKR 285 million from LKR 250 million in the previous year amidst surging interest rates and the Group tax charge rose to LKR 170 million from LKR 49 million recorded last year consequent to paying a higher dividend tax, the post-tax profit only improved by 5% to LKR 724 million from LKR 689 million.

Post-tax profit attributable to equity holders of the Company was LKR 658 million compared to LKR 633 million in the previous year resulting in an increase in earnings per share to LKR 1.13 from LKR 1.09.

Outlook

During March 2022, we commenced operations of our Pallekelle (2MW) and Maho (3MW) solar power plants. These plants are expected to improve the profitability of the group as a full year of operation will be recorded during the financial year 2022/23.

Further, the 10 MW Makari Gad hydro-power project in Nepal in which we have invested LKR 664.7 million is scheduled to commission during financial year 2022/23 which is anticipated to boost the group profitability.

However, the unprecedented surge in interest rates which could continue to prevail for some time will create significant pressure on the cost of debt of the Group. On the other hand the inordinate delay in receiving payments for the supply of electricity by our local investee companies has resulted managing cash flow of these companies a significant challenge.

The recent steep depreciation of the Sri Lankan rupee against the US Dollar does not augur well for new investments in the energy sector in particular as the cost of setting up these imports dependent capital-intensive projects has sky rocketed. On the other hand, the feed-in tariff applicable for such new projects has remained constant making them unviable.

Despite these headwinds we remain confident to serve the best interests of our stakeholders.

Acknowledgements

I wish to place on record the Board's appreciation of the invaluable guidance and contribution made by Mr. Jonathan Alles and Mr. Lakshman Silva who resigned from the Board during the financial year. I also welcome Mr. Thimal Perera, Chief Executive Officer of DFCC Bank PLC who was appointed to the Board in February 2022 in place of Mr. Lakshman Silva.

I thank my fellow directors for the confidence they have placed in me and support extended to me in the performance of my responsibilities as Chairman of the Company. I would also like to thank our business partners for their loyalty and support. The co-operation extended to us by other financial institutions is also acknowledged and appreciated. Let me conclude by thanking the staff for their commitment and hard work that led to a robust performance during a challenging year.



Damith Pallewatte

Chairman

30 August 2022

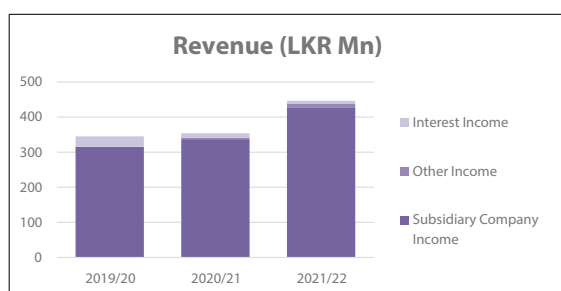
MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The following discussion and analysis should be read in conjunction with the audited consolidated financial statements of the Group and the Company for the year ended 31 March 2022.

Revenue

Total revenue of the Group for the year under review was LKR 447 million compared to LKR 354 million in the previous year. While interest income reduced by LKR 4 million to LKR 9 million from LKR 13 million in the previous year, subsidiary company income increased by LKR 91 million to LKR 428 million from LKR 337 million in the previous year.

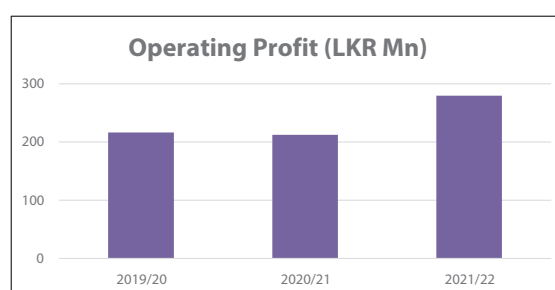


Overall increase in subsidiary company income was largely attributable to increase in power generation of the three hydro power plants due to favourable weather conditions. The 1 MW solar power plant in Mathugama which was grid connected in the last quarter of the previous financial year contributed first full year's revenue in financial year 2021/22 whilst the other two solar power plants in Pallekele and Maho of an aggregate capacity of 5 MW that were connected to the grid in March 2022 made a small contribution of LKR 3 million.

Subsidiary Company	Revenue (LKR Mn)	
	FY 2021/22	FY 2020/21
Unit Energy Lanka (Pvt) Ltd	235.5	213.5
Sapthakanya Hydro Electric Company (Pvt) Ltd	84.1	65.7
Campion Hydro (Pvt) Ltd	78.0	53.4
Solar Energy Investment (Pvt) Ltd	30.5	4.4
	428.1	337.0

Operating Profit

Direct expenses of subsidiaries increased to LKR 135 million compared to LKR 117 million last year along with increase in revenue as some expenses like lease rental attributable to hydro power plants are directly linked to revenue and also with the addition of expenses attributable to solar power plants. Accordingly total operating expenses of the Group increased to LKR 167 million from LKR 142 million. Consequently operating profit for the year was LKR 280 million against LKR 212 million last year.



Share of Profit from Equity Accounted Investees (Associate Companies)

Share of profit from associate companies increased by 16% to LKR 900 million from LKR 775 million in the previous year as a result of higher contribution from thermal power plants in Bangladesh.

A detailed breakdown of revenue and share of profit attributable to each associate engaged in hydro and wind power generation is given below:

Hydro Power

Associate Company	Revenue (LKR Mn)		Share of Profit (LKR Mn)	
	FY 2021/22	FY 2020/21	FY 2021/22	FY 2020/21
Neluwa Cascade Hydro Energy (Pvt) Ltd	135.2	113.8	34.6	32.6
Nividu (Pvt) Ltd	216.5	282.9	4.9	5.3
Nividu Assupiniella (Pvt) Ltd	109.6	275.2	11.5	60.8
Bambarapana Hydro Power (Pvt) Ltd	173.1	188.9	21.7	30.4
	634.4	860.8	72.7	129.1

MANAGEMENT DISCUSSION AND ANALYSIS

Wind Power

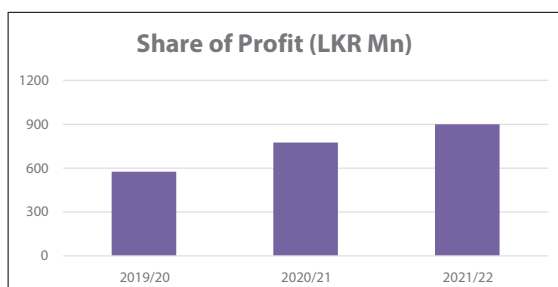
Associate Company	Revenue (LKR Mn)		Share of Profit (LKR Mn)	
	FY 2021/22	FY 2020/21	FY 2021/22	FY 2020/21
	Pawan Danavi (Pvt) Ltd	185.2	138.1	(47.5)
Nala Dhanavi (Pvt) Ltd	98.9	94.2	(22.9)	(18.3)
	284.1	232.3	(70.4)	(70.5)

Pawan Danavi and Nala Dhanavi plants were connected to the grid at full capacity on 24 August 2021 after completion of repairs to the transformer at the Norachcholai grid substation operated by the Ceylon Electricity Board (CEB). The transformer failure occurred on 25 July 2020. As a result, the two plants missed the major part of the high wind season in year 2021 as well to supply electricity to the grid at full capacity. Accordingly the share of loss attributable to these plants in financial year 2021/22 was LKR 70 million compared to LKR 71 million last year. Although power generation in these two plants was significantly higher in financial year 2021/22 compared to previous year, the loss incurred by the plants was as high as in last year due to sharp drop in feed-in tariff following the end of higher first tier of tariff.

A breakdown of the share of profit attributable to companies engaged in thermal power generation is given below (profitability of these entities is linked to capacity charge):

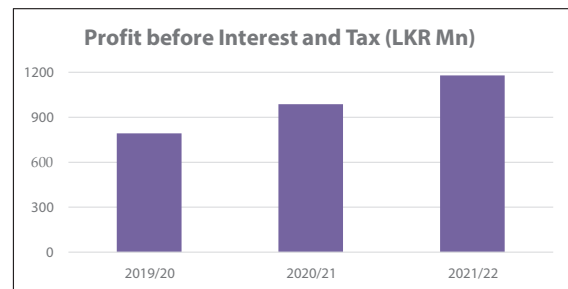
Thermal Power - Bangladesh

Associate Company	Share of Profit (LKR Mn)	
	FY 2021/22	FY 2020/21
	Raj Lanka Power Company Ltd	(1.0)
Lakdhanavi Bangla Power Ltd	290.2	231.4
Feni Lanka Power Ltd	509.9	396.7
	799.1	706.8



Profit before Interest and Tax

Consequent to increase in subsidiary company income and share of profit from associate companies, profit before interest and tax increased by 20% to LKR 1,180 million from LKR 987 million in the previous year



Finance and Tax Charges

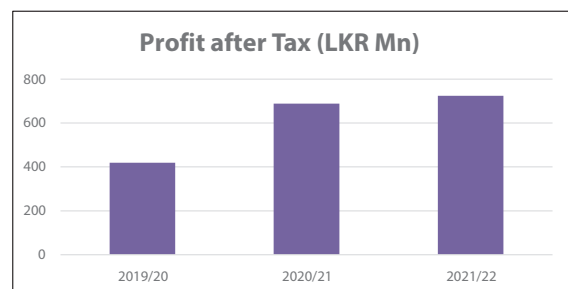
On the back of rising interest rates and increased borrowings, Group finance cost increased to LKR 285 million from LKR 250 million in the previous year. Total borrowings of the Group increased to LKR 3,447 million by 31 March 2022 from LKR 3,006 million at the end of the previous year, an increase of LKR 441 million due to borrowings by subsidiaries engaged in setting up of solar power plants.

Finance cost of the Company increased by LKR 36 million to LKR 243 million from LKR 207 million in the previous year. Overall borrowings increased by LKR 96 million by 31 March 2022 to LKR 2,495 million from LKR 2,399 million at the end of the previous year.

Group tax charge increased to LKR 170 million from LKR 49 million in the previous year. LKR 148 million or 87% of this tax represented dividend tax.

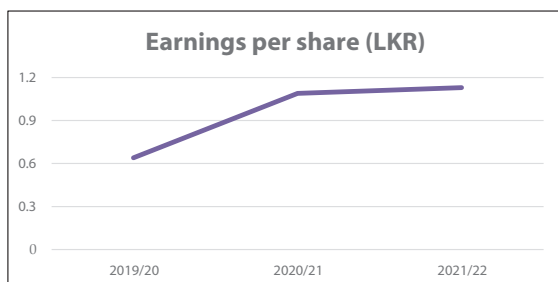
Profit after Tax

Despite increased interest and tax charges, profit after tax for the year improved by 5% to LKR 724 million from LKR 689 million in the previous year.



MANAGEMENT DISCUSSION AND ANALYSIS

Accordingly profit attributable to equity holders of the Company improved by LKR 25 million to LKR 658 million from LKR 633 million in the previous year. Consequently Earnings per Share (EPS) also improved to LKR 1.13 from LKR 1.09 in the previous year.



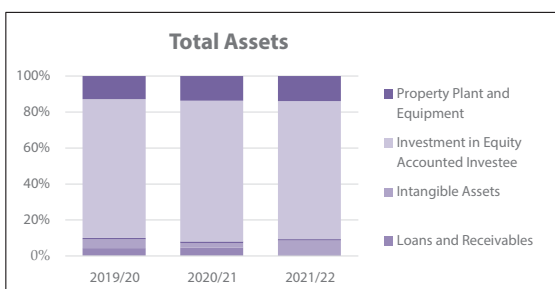
Total Comprehensive Income

Total comprehensive income for the year which included LKR 2,724 million as exchange gain on foreign currency translation of investments in Bangladesh amounted to LKR 3,449 million compared to LKR 942 million in the previous year.

Total Assets

Total assets of the Group as at 31 March 2022 amounted to LKR 12,075 million compared to LKR 8,363 million a year ago an increase of LKR 3,712 million. The Group assets as at 31 March 2022 comprised the following:

Classification	Amount (LKR Mn)	%
Property Plant and Equipment	1,677.7	13.9
Investment in Associates	9,264.3	76.7
Intangible Assets	88.3	0.7
Leased Land	3.0	-
Loans and Receivables	971.4	8.0
Cash and Cash Equivalents	70.7	0.7
	12,075.4	100.0



Debt Capital

Total interest bearing borrowings of the Group as at 31 March 2022 amounted to LKR 3,447 million of which LKR 547 million is repayable in financial year 2022/23.

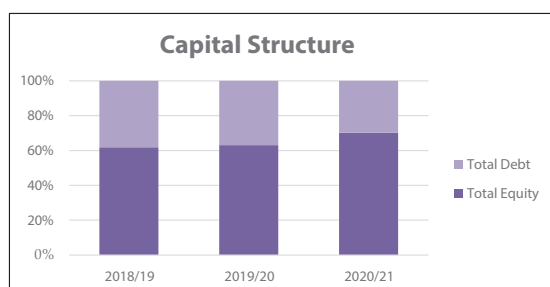
Total liabilities of the Group as at 31 March 2022 including the aforesaid interest bearing borrowings amounted to LKR 3,598 million representing 30% of total assets.

The total interest bearing borrowings of the Company as at 31 March 2022 amounted to LKR 2,495 million of which LKR 463 million is repayable during the financial year 2022/23.

Equity Capital

Total asset base of LKR 12,075 million as at 31 March 2022 was funded by Group equity of LKR 8,477 million including non-controlling interest representing 70% of total assets.

	Amount (LKR Mn)	%
Stated Capital	2,906.5	34.3
Revaluation Reserve	9.1	0.1
Foreign Currency Translation Reserve	3,446.9	40.7
Retained Earnings	1,878.9	22.1
Non-controlling Interest	235.8	2.8
	8,477.2	100.0



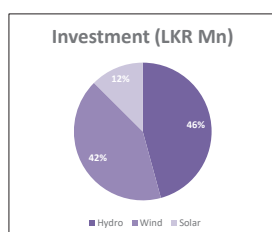
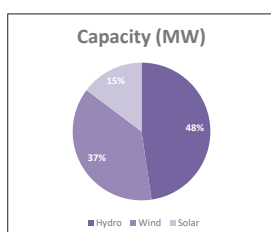
MANAGEMENT DISCUSSION AND ANALYSIS

PORTFOLIO HIGHLIGHTS

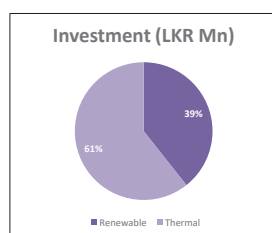
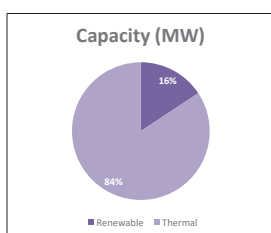
Our investment portfolio as at 31 March 2022 in terms of cost stood at 4,789 million compared to LKR 4,618 million as at 31 March 2021. The major investments made during the course of the year were LKR 71 million in respect of Makari Gad hydro power project under construction in Nepal and LKR 80 million in respect of solar power projects in Sri Lanka.

The total investment in operational projects as at 31 March 2022 was LKR 4,060 million. Portfolio diversification in terms of energy source, capacity and investment in operational projects between renewable and thermal energy sub-sectors is given below:

Energy Source	Capacity (MW)	%	Investment (LKR Mn)	%
Hydro	19.4	47.7	730.8	45.8
Wind	15.3	37.6	666.5	41.7
Solar	6.0	14.7	200.0	12.5
	40.7	100.0	1,597.3	100.0



Energy Type	Capacity (MW)	%	Investment (LKR Mn)	%
Renewable	40.7	15.7	1,597.3	39.3
Thermal	218.4	84.3	2,462.7	60.7
	259.1	100.0	4,060.0	100.0



Our investment portfolio is well-diversified not only in terms of energy source but also in terms of geographic location. In Sri Lanka, the hydro power plants are spread across Ratnapura, Nuwara Eliya, Kegalle, Galle and Badulla districts thereby benefitting from rainfall patterns attributable to each district. The new hydro power plant under construction in Nepal would further strengthen the diversification of the portfolio in terms of geographic location.

The solar power plants in Mathugama in Kalutara district, Pallekele in Kandy district and Maho in Kurunegala district have further diversified the portfolio in terms of energy source and geographic location.

Our two wind power plants are located in Kalpitiya peninsula which area is renowned for good wind resource.

Since energy generation based on hydro and wind resources is seasonal by nature, by investing in three thermal power plants in Bangladesh and solar power projects in Sri Lanka we were able to avoid major fluctuations in revenue across the year.

The expansion of our footprint beyond the shores of Sri Lanka has ensured that we will not be dependent entirely on a single buyer for our sales.

A summary of energy generation during financial years 2021/22 and 2020/21 in each renewable energy project is given below:

Hydro Power

Project Name	Installed Capacity (MW)	Generation (MWh)	
		FY 2021/22	FY 2020/21
Kadawala	6.0	12,165	10,850
Theberton	1.3	4,675	3,686
Campion	1.2	4,390	3,023
Lower Neluwa	2.2	5,966	5,451
Belihuloya	2.2	8,778	7,098
Assupiniella	4.0	14,843	13,268
Bambarapana	2.5	9,714	10,726
	19.4	60,531	54,102

MANAGEMENT DISCUSSION AND ANALYSIS

Wind Power

Project Name	Installed Capacity (MW)	Generation (MWh)	
		FY 2021/22	FY 2020/21
Pawan Danavi	10.2	14,606	5,843
Nala Dhanavi	5.1	7,346	4,147
	15.3	21,952	9,990

Solar Power

Project Name	Installed Capacity (MW)	Generation (MWh)	
		FY 2021/22	FY 2020/21
Mathugama 2*	1.0	1,616	256
Pallekele 4 & 5**	2.0	138	-
Maho 5,6 & 7***	3.0	2	-
	6.0	1,756	256

* COD on 22 Jan 2021

** COD on 03 Mar 2022

*** COD on 30 Mar 2022

In financial years 2020/21 and 2021/22 the wind power plants were unable to operate at full capacity due to transformer failure at the Norachchola grid substation. Electricity supply to the grid of solar power plants since February 2022 was adversely affected by day-time daily power shedding by the CEB.

NEW INVESTMENTS

Up to now we have invested LKR 665 million in the 10 MW Makari Gad hydro power project under construction in Nepal. The project is expected to be completed by 30 September 2022. The project company has entered into a 30-year power purchase agreement with Nepal Electricity Authority.

We secured six ground solar power projects of 1 MW each under a tender floated by the CEB in April 2018. The project locations are Mathugama (1 MW), Pallekele (2 MW) and Maho (3 MW). We commissioned the Mathugama plant on 22 January 2021. Pallekele and Maho plants were commissioned on 03 March 2022 and 30 March 2022 respectively.

OPERATING ENVIRONMENT

Macro-economic Factors

The main macro-economic factors that have an impact on our business are the interest rates, exchange rates and taxation.

(a) Interest Rates

The interest rate of all borrowings of the Company and project companies operating in Sri Lanka were linked to weekly AWPLR that fluctuated between a low of 5.43% and a high of 9.71% during the financial year 2021/22 impacting the interest attributable to such loans.

In April 2021, the bridging loan of LKR 750 million taken for part-financing the investment in Feni Lanka Power Limited in Bangladesh which was based on a variable interest rate was replaced with a 5-year deep discount bond carrying a coupon rate of 3.57% per annum and a yield of 10.27% per annum.

The US Dollar (USD) borrowings of project companies in Bangladesh are linked to 3-month LIBOR which had fluctuated between a low of 0.114% and a high of 1.006% during the financial year 2021/22 impacting the interest attributable to such debt.

(b) Exchange Rates

In relation to the investments in Bangladesh, where borrowing had been in USD, the exchange rate between BDT and USD has an impact on financial results of those entities. However, the USD denominated feed-in tariff of those projects helps to cushion the adverse effect of depreciation of BDT against the USD. At our end the exchange rate between BDT and LKR has an impact on translation of the carrying value of the investments from BDT to LKR.

During the financial year 2021/22, the BDT depreciated 1.6% against the USD while LKR depreciated by 32.1% against the BDT. The depreciation of LKR against the BDT led to the exchange gain of LKR 2,724 million shown under Other Comprehensive Income (OCI) in profit or loss statement for the year ended 31 March

MANAGEMENT DISCUSSION AND ANALYSIS

2022. The total exchange gain up to 31 March 2022 as reflected in the statement of financial position is LKR 3,447 million.

(c) Taxation

In terms of Inland Revenue (Amendment) Act No. 10 of 2021, the Company was subject to corporate tax at the rate of 24% for financial year 2021/22. Dividend is taxed at the rate of 14%.

The concessionary rate of corporate tax of 14% granted to entities engaged in the generation of renewable energy under the Sixth Schedule of the Inland Revenue Act No. 24 of 2017 (the Act) which expired on 31 March 2021 has been extended and accordingly our investee companies engaged in renewable energy generation were eligible for this concession.

The withholding tax (WHT) rate applicable to dividend distributed by companies in Bangladesh is 20%. However in terms of the Double Taxation Agreement dated 24 July 1986 entered into between the governments of Sri Lanka and Bangladesh, dividend paid by our Bangladeshi investee companies is subject to WHT at a concessionary rate of 15%. In terms of the Act, foreign dividend received by a resident company is exempt from tax subject to substantial participation as defined in the Third Schedule of the Act. Accordingly the dividend received from our investee companies in Bangladesh is exempt from tax. The re-distribution of such dividend is not subject to any further tax in terms of Inland Revenue (Amendment) Act No. 10 of 2021.

Feed-in Tariff

The feed-in tariff attributable to Kadawala and Lower Neluwa hydro power plants are currently under the avoided cost based tariff announced by the CEB on a yearly basis.

In September 2021, the Ceylon Electricity Board (CEB) announced the revision of avoided cost based tariff per unit with effect from 01 January 2021 as follows:

Dry Season - LKR 20.59 (LKR 21.25 in 2020)
(01st February to 30th April)

Wet Season - LKR 19.11 (LKR 19.51 in 2020)
(01st to 31st January, 01st May to 31st December)

The 2.2 MW Belihuloya hydro power plant of which the original 15-year power purchase agreement expired in May 2017 is presently operating on a new 5-year power purchase agreement effective from 01 January 2019 to 19 May 2022 extendable for a period not exceeding 20 years commencing from 01 January 2019. The feed-in tariff attributable to the plant for the calendar years 2021 and 2022 is LKR 8.93 and 9.19 per unit respectively. The tariff is escalated at the rate of 3% annually.

The 15-year power purchase agreement attributable to the 4.0 MW Assupiniella hydro power plant expired on 10 November 2020. The new 5-year power purchase agreement extendable for 20 years was executed on 06 July 2021. In terms of the new agreement the feed-in tariff attributable to the plant for the one-year period ended 10 November 2021 was LKR 7.40 per unit and the tariff attributable to the following one year period ending 10 November 2022 is LKR 7.62 per unit. The tariff will be escalated at the rate of 3% annually for the remaining period.

Pawan Danavi wind power plant which is operating under the second tier of the three-tier tariff regime since 09 August 2020 is presently subject to a tariff of LKR 12.82 per unit and Nala Dhanavi wind power plant which is operating under the second tier of the tariff regime since 25 June 2021 is presently subject to a tariff of LKR 11.91 per unit.

Theberton, Campion and Bambarapana hydro power plants are operating under the first tier of the 20-year three-tier tariff regime and the feed in tariff applicable to the plants in calendar year 2022 is LKR 18.09, LKR 17.87 and LKR 17.79 respectively.

The 20-year fixed feed-in tariff attributable to the solar power plants in Mathugama, Pallekele and Maho is LKR 17.48, LKR 16.93 and LKR 15.93 respectively.

Weather Conditions

Changing weather patterns have an impact on the performance of renewable energy projects. The changing rainfall patterns and increased incidence of extreme weather events such as droughts and floods have a direct bearing on renewable energy generation. Solar power is to a great extent insulated from major seasonality variations experienced in hydro and wind power.

MANAGEMENT DISCUSSION AND ANALYSIS

The diversification into thermal power was principally aimed at mitigating the seasonality risk. The total installed capacity of thermal power plants in Bangladesh is 218.4 MW and our total investment in them is USD 16 million. Overall contribution of thermal power sector to group profit exceeded 68% in financial year 2021/22. By diversifying into thermal energy sector in Bangladesh we have also achieved the objective of reducing our reliance on CEB as the sole energy purchaser.

Plant and Equipment

Subject to financial viability, our commitment to rely on leading and well established suppliers of plant and equipment with the view to ensuring their reliability, availability and efficiency is evident from the following list of machinery suppliers to our projects:

Hydro Power

Project Name	Source
Belihuloya	Wasserkraft, Germany
Assupiniella	VA Tech, Germany
Kadawala	Voith Siemens, Germany
Lower Neluwa	Gugler Hydro Energy, Austria
Theberton	Fuchun Industry Development Co, China Hongya Power Generating Equipment, China
Campion	Hongya Power Generating Equipment, China
Bambarapana	Global Hydro Energy, Austria
Makari Gad	Wasserkraft Volk, Germany

Wind power

Project Name	Source
Pawan Danavi	Gamesa, Spain
Nala Dhanavi	Gamesa, Spain

Soar power

Company Name	Source
SEI Mathugama (Pvt) Ltd	Solar modules: Q Cells, South Korea Inverters: Sungrow, China
SEI Maho (Pvt) Ltd	Solar modules: JA Solar, China Inverters: Ingeteam, Spain
Solar Energy Investments Pallekele (Pvt) Ltd	Solar modules: JA Solar, China Inverters: Ingeteam, Spain

Thermal Power

Company Name	Source
Raj Lanka Power Co. Ltd	Wartsila, Finland
Lakdhanavi Bangla Power Ltd	Wartsila, Finland
Feni Lanka Power Ltd	Wartsila, Finland

FUTURE OUTLOOK & DISTRIBUTIONS

The contribution from thermal power plants in Bangladesh provided a considerable boost to Group profit in financial year 2021/22. However going forward several factors are likely to affect their contribution to Group profit. Depreciating BDT against the USD is affecting profits of Feni Lanka Power Limited which borrowed USD 65 million for construction of the plant. This was seen in the first quarter of financial year 2022/23 when the Company recorded a loss after charging the exchange loss suffered mainly in the month of June 2022 to the profit or loss. Increased cost of working capital due to increasing cost of oil prices and delay in receiving payment for electricity sales from Bangladesh Power Development Board is also having a negative impact on profitability of Bangladeshi companies. 38.5% drop in capacity charge attributable to Lakdhanvi Bangla Power Limited in 2022 is bound to affect that Company's profits in the future.

In last year's annual report, we mentioned that our wind power plants were not in a position to supply electricity to the grid at their full capacity from 25 July 2020 due to equipment failure at Norochcholai grid substation. Normalcy was restored after more than one year on 24 August 2021 following completion of repairs to equipment. Accordingly we lost income attributable to the major part of high wind season in two consecutive financial years resulting in a financial loss in both years. With the beginning of high wind season in May, both plants are currently operating at their full potential.

Mathugama 1 MW solar power plant was connected to the grid in January 2021 and accordingly Group financial results for financial year 2021/22 incorporated the first full year's financial results of Mathugama plant. The other 5 plants of 1 MW each in Pallekele (2 MW) and Maho (3 MW) commenced commercial operation in March 2022 and Group financial results for financial year 2022/23 will include

MANAGEMENT DISCUSSION AND ANALYSIS

their first full year's financial results. However since February 2022 the grid connectivity of solar power plants and in turn their revenue had been badly affected by day-time daily load shedding by CEB.

Construction of the 10 MW Makari Gad hydro power plant in Nepal hampered by Covid-19 pandemic, flash floods and landslides is nearing completion and commercial operation is expected to commence by end September 2022. We will be able to account for its full year's share of profit from financial year 2023/24 onwards.

In last year's annual report we explained how Company's excessively high debt position affected cash-flows and consequently distribution to shareholders. With AWPLR reaching 24.94% by end July 2022 compared to a low of 5.43% recorded in financial year 2021/22, loan interest is consuming the major part of dividend income of the Company. In addition to paying interest at such high rates, the Company has to repay in the form of capital LKR 1,095 million in financial years 2022/23 to 2025/26. In this backdrop the conversion of LKR 750 million bridging loan that was subject to a variable interest rate to the 5-year deep discount bond at the fixed yield of 10.27% with a coupon rate of just 3.57% was a step in right direction that will ease the debt burden to some extent in coming years.

The considerable delay encountered in collecting payment from CEB for electricity sales has severely affected the cash-flows of our local investee companies. At the time of this writing they have received payment for electricity sales for up to September 2021 only. As a result, these companies are facing difficulty in meeting debt service obligations and absorbing other overheads such as staff costs and plant maintenance costs. In addition increasing interest cost and operational costs are having a negative effect on their profit. Their inability to make distributions under such circumstances is seriously affecting our cash flows restricting our ability to pay dividend. At present our debt servicing cost and operational expenses are being met solely by dividend from our investee companies in Bangladesh.

In last year's annual report we spoke about the inherent weakness in our capital structure that compels the use of the major part of our valuable dividend income for servicing debt. Presently the entirety of dividend income is being utilized for debt servicing. So long as such a lopsided capital structure exists especially in an environment where interest rates too are excessively high, our ability to service the shareholders with a satisfactory dividend will be a challenge.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Directors of LVL Energy Fund PLC have pleasure in presenting to the members their report together with the Audited Financial Statements of the Company for the year ended 31 March 2022.

Principal Activities

The principal activity of the Company is investing in projects in the energy sector in Sri Lanka and abroad.

Performance Review

A review of the Group's business and its performance during the year is contained in the Chairman's Message and Management Discussion and Analysis on pages 5 to 13 of the Annual Report. This review together with the Financial Statements reflect the state of affairs of the Company and the Group. These reports form an integral part of the Annual Report of the Directors.

Financial Statements

The Financial Statements of the Company and the Group together with the Notes are given on pages 28 to 81.

Auditor's Report

The Auditor's Report on the Financial Statements is given on pages 25 to 27.

Accounting Policies

The accounting policies including any changes to accounting policies adopted in the preparation of Financial Statements are given on pages 33 to 48.

Directorate

The following Directors held office during the year under review:

- Mr. P.G.D.B. Pallewatte (appointed w.e.f. 30 July 2021)
- Mr. N.H.T.I. Perera (appointed w.e.f. 02 February 2022)
- Mr. M.A. Wijetunge
- Mr. A.R. Munasinghe*
- Mr. M.R. Abeywardena
- Mr. M.M. Wijetunge
- Mr. J.D.N. Kekulawala*
- Mr. K.C.S. Dharmawardana*
- Mr. R.A. Dassanayake
- Mr. A.G.R. Dissanayake (appointed w.e.f. 26 November 2021)

- Mr. A.J. Alles (resigned w.e.f. 26 November 2021)
- Mr. L.H.A.L. Silva (resigned w.e.f. 31 December 2021)

*Independent Director

As required by Listing Rule 7.10.3 of the Colombo Stock Exchange, the Board has determined that Messrs. A.R. Munasinghe, J.D.N. Kekulawala and K.C.S. Dharmawardana to be independent non-executive Directors. Further details are given on page 20 under Corporate Governance.

In terms of Article 27(12) of the Articles of Association of the Company Mr. K.C.S. Dharmawardana and Mr. R.A. Dassanayake retire by rotation, and being eligible, offer themselves for re-election with the unanimous approval of the Board.

Directors' Shareholding

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

Director	31 March 2022	31 March 2021
Mr. P.G.D.B. Pallewatte	Nil	NA
Mr. N.H.T.I. Perera	Nil	NA
Mr. M.A. Wijetunge	67,911,668	67,911,668
Mr. A.R. Munasinghe	Nil	Nil
Mr. M.R. Abeywardena	Nil	Nil
Mr. M.M. Wijetunge	3,746,104	3,746,104
Mr. J.D.N. Kekulawala	500,000	1,025,000
Mr. K.C.S. Dharmawardana	Nil	Nil
Mr. R.A. Dassanayake	Nil	Nil
Mr. A.G.R. Dissanayake	Nil	NA

Mr. D.S. Arangala, the Chief Executive Officer of the Company, held 500,000 and 1,000,000 ordinary shares in the Company as at 31 March 2022 and as at 31 March 2021 respectively.

Interest Register

The Interest Register is maintained by the Company as per the Act. All Directors have disclosed their interests pursuant to Section 192(2) of the Act.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

Directors' interests in contracts and proposed contracts with the Company

Directors' interests in contracts, both direct and indirect are referred to in Note 32 of the Financial Statements. These interests have been declared at the meetings of the Board of Directors. The Directors have no direct or indirect interest in any other contract or proposed contract with the Company.

Directors' Remuneration

Directors' remuneration in respect of the Company and the Group for the financial year 2021/22 is given in Note 10 of the Financial Statements.

Donations

No donations have been made by the Company during the financial year 2021/22.

Auditors

The Auditors Messrs. KPMG were paid LKR 430,000 inclusive of taxes (2020/21 - LKR 370,000) as audit fees and LKR 82,404 inclusive of taxes (2020/21 - LKR 158,357) for audit related other services by the Company. There were no non-audit related professional services rendered to the Company during the financial year 2021/22 (2020/21 - LKR 378,000).

As far as the Directors are aware the Auditors do not have any relationship (other than that of an auditor) with the Company or any subsidiary other than those disclosed above. The Auditors also do not have any interest in the Company or in any subsidiary.

Audit Committee

The Audit Committee of the parent namely Lanka Ventures PLC which is also a listed entity, functions as the Audit Committee of the Company and comprises the following members:

Mr. J.D.N. Kekulawala - Chairman
Mr. A.R. Munasinghe
Mr. R.A. Dassanayake

Remuneration Committee

The Remuneration Committee of the parent namely Lanka Ventures PLC which is also a listed entity, functions as the Remuneration Committee of the Company and comprises the following members:

Mr. J.D.N. Kekulawala – Chairman
Mr. A.R. Munasinghe

Related Party Transactions Review Committee

The Related Party Transactions Review Committee of the parent namely Lanka Ventures PLC which is also a listed entity, functions as the Related Party Transactions Review Committee of the Company and comprises the following members:

Mr. A.R. Munasinghe – Chairman
Mr. J.D.N. Kekulawala

The Company is in compliance with Section 9 of the Listing Rules of the Colombo Stock Exchange pertaining to related party transactions.

There were no non-recurrent related party transactions during the year that are required to be disclosed in compliance with Section 9.3.2.(a) of the Listing Rules of the Colombo Stock Exchange and there were no recurrent related party transactions during the year that are required to be disclosed in compliance with Section 9.3.2.(b) of the Listing Rules of the Colombo Stock Exchange.

Group Financial Results

For the year ended 31 March	2022	2021
	LKR'000	LKR'000
Total Income	446,509	354,077
Profit before Interest and Tax	1,179,786	987,125
Interest	(285,097)	(249,561)
Tax Expense	(170,407)	(49,023)
Profit for the Year	724,282	688,541
Other Comprehensive Income	2,724,320	253,068
Retained profit brought forward	1,427,254	997,828
Retained profit carried forward	1,878,891	1,427,254

ANNUAL REPORT OF THE BOARD OF DIRECTORS

Dividend

There has been no dividend declared for the financial year 2021/22 (2020/21 - LKR 0.35 per share amounting to LKR 203.8 million).

Property, Plant and Equipment

The movement in property, plant and equipment during the year under review is set out in Note 16 of the Financial Statements.

The Directors are of the opinion that the carrying amount of properties stated in Note 16 to the Financial Statements reasonably reflects their fair values.

Stated Capital and Reserves

The stated capital of the Company as at 31 March 2022 comprised ordinary share capital of LKR 2,906.5 million (2020/21 - LKR 2,906.5 million). The number of ordinary shares in issue as at 31 March 2022 was 582,278,117 (2020/21 - 582,278,117).

Total reserves of the Company as at 31 March 2022 amounted to LKR 5,349.9 million (2020/21 - LKR 2,174.0 million) which was the carried forward reserves of the Company. The Group reserves as at 31 March 2022 amounted to LKR 5,334.9 million (2020/21 - LKR 2,159.0 million). The composition of reserves is shown in the Statement of Changes in Equity in the Financial Statements.

Taxation

As per the First Schedule of the Inland Revenue Act No. 24 of 2017, as amended by Inland Revenue (Amendment) Act No.10 of 2021, the Company was liable to income tax at the rate of 24% for the year ended 31 March 2022.

Shareholder Information

The distribution of shareholders is indicated on page 83 of the Annual Report. There were 1,423 registered shareholders as at 31 March 2022 (31 March 2021 - 1,582). The public holding of the Company as at 31 March 2022 was 30.52% comprising 1,418 shareholders and a float adjusted market capitalization of LKR 1,510,545,891.12.

In terms of Rule 7.14.1.(a) of the Listing Rules of the Colombo Stock Exchange relating to Main Board listing, the Company complies with minimum public holding requirement pertaining to Option 5.

Information on share trading is given on page 84 of the Annual Report.

Events after the Reporting Date

No circumstances have arisen and no material events have occurred since the Balance Sheet date which would require adjustments to, or disclosure in the accounts other than those disclosed in the Financial Statements and this report.

Going Concern

The Board is satisfied that the Company has adequate resources to continue its operations in the foreseeable future and the Directors have adopted the going concern basis in preparing the accounts.

Annual General Meeting

The Eleventh Annual General Meeting of the Company will be held as a virtual meeting on the Twenty Seventh (27th) day of September 2022 at 2 p.m. The Notice of the Eleventh Annual General Meeting is on page 85 of the Annual Report.

For and on behalf of the Board



A.R. Muhasinghe
Director



M.R. Abeywardena
Director



Corporate Services
(Private) Limited
Secretary

30 August 2022
Colombo

CORPORATE GOVERNANCE

The Board of Directors is responsible for the governance of the Company whilst the shareholders' role in governance is to appoint Directors and to satisfy themselves that an appropriate governance structure is in place.

The Board of Directors of LVL Energy Fund PLC is committed to business integrity and professionalism in all its activities. As part of this commitment, the Board supports the highest standards of corporate governance and the development of best practices.

Board of Directors

The Board consists of ten non-executive Directors including three independent Directors with wide financial and commercial knowledge and experience. A brief background of each Director is given on pages 2 to 4 of the Annual Report.

Board Meetings

The Board meets once in two months and special Board meetings are also held whenever required to review the results of the Company with reference to monthly Financial Statements, status of portfolio, pipeline of projects, investment and divestment proposals and position papers on portfolio companies. The Board comprising 10 non-executive members is able to bring independent judgment to bear on the decision making process of the Company.

Over the past year the Board held six meetings and the attendance of each Director is given below.

Mr. P.G.D.B. Pallewatte	- 4/4 (appointed w.e.f. 30 July 2021)
Mr. N.H.T.I. Perera	- 1/1 (appointed w.e.f. 02 February 2022)
Mr. M.A. Wijetunge	- 6/6
Mr. A.R. Munasinghe *	- 6/6
Mr. M.R. Abeywardena	- 5/6
Mr. M.M. Wijetunge	- 6/6
Mr. J.D.N. Kekulawala*	- 6/6
Mr. K.C.S. Dharmawardana*	- 4/6
Mr. R.A. Dassanayake	- 6/6
Mr. A.G.R. Dissanayake	- 1/1 (appointed w.e.f. 26 November 2021)
Mr. A.J. Alles	- 4/4 (resigned w.e.f. 26 November 2021)

Mr. L.H.A.L. Silva - 5/5 (resigned w.e.f. 31 December 2021)

* Independent Director

The role of Chairman and Chief Executive Officer are separate with responsibilities divided between them.

Audit Committee Meetings

During the year the Audit Committee held five meetings and the attendance of each member who participated is given below.

	Meetings
Mr. J.D.N. Kekulawala	5/5
Mr. A.R. Munasinghe	5/5
Mr. R.A. Dassanayake	5/5

Remuneration Committee Meetings

During the year the Remuneration Committee held two meetings and the attendance of each member is given below.

Mr. J.D.N. Kekulawala	2/2
Mr. A.R. Munasinghe	2/2

Related Party Transactions Review Committee Meetings

During the year the Related Party Transactions Review Committee held five meetings and the attendance of each member is given below.

Mr. A.R. Munasinghe	5/5
Mr. J.D.N. Kekulawala	5/5

Appraisal of the Chief Executive Officer

The performance of the Chief Executive Officer (CEO) is reviewed every year by the Board. The CEO is accountable to the Board and is responsible for the day-to-day operations of the Company while ensuring that corporate goals are achieved making the optimum use of resources available.

Time Commitment

The Board dedicates adequate time to discharge their duties effectively. In addition to Board meetings, they attend sub-committee meetings and make decisions via circular resolutions.

CORPORATE GOVERNANCE

Appointments to the Board

New appointments to the Board are based on collective decisions of the Board. In making new appointments, the Board considers the composition of the Board in order to assess whether they have the right mix of skills and experience to be better prepared for managing the Company.

Re-election of Directors

As per the Articles of Association of the Company two Directors retire from office at each Annual General Meeting.

Access to Independent Professional Advice

All Directors have access to advice of the Company Secretary and independent professional advice is available to Directors in appropriate circumstances at Company's expense.

Remuneration of Directors

The remuneration of Directors all of whom are functioning in non-executive capacity is determined by the board and disclosed in Note 10 of the Financial Statements.

Remuneration Policy

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

- To deliver improved shareholder value by ensuring that individual performance and reward reflect and reinforce the business objectives of the Group.
- To support the recruitment, motivation and retention of high quality senior executives.
- To ensure that performance is the key factor in determining individual reward.

Company Secretary

Corporate Services (Private) Limited are the Secretaries to the Company. The Company Secretaries attend Board meetings, minute all Board decisions and liaise with Directors on matters connected with the Board. The Company Secretaries ensure proper procedures are followed and applicable rules and regulations are adhered to by the Board.

Investment Committee

The Investment Committee comprising four members of the Board is responsible for considering investment and divestment proposals prior to placing them before the Board for approval.

Responsibilities

The Board and its committees are supplied with full and timely information to enable them to discharge their responsibilities. The responsibilities of the Board include the following:

- Exercise leadership, enterprise, integrity and judgment in directing the Company so as to achieve continuing prosperity in a manner based on transparency, accountability and responsibility.
- Ensure a managed and effective process of Board appointments.
- Determine the Company's purpose and values, strategy and ensure that appropriate procedures and practices are in place.
- Monitor and evaluate the implementation of strategies and policies for better management performance.
- Ensure compliance with the relevant laws, regulations and codes of best practice.
- Communicate with shareholders effectively and serve the legitimate interests of the shareholders.
- Periodic and timely reporting to shareholders of the progress and performance of the Company.
- Review processes and procedures regularly to ensure that internal controls are effective.
- Identify key risk areas and ensure that these risks are addressed and managed effectively.
- Appointing and evaluating the performance of the Chief Executive Officer.
- Approving the Annual Budget.
- Ensure the continuation of the Company as a going concern.

Investor Relations

The Annual General Meeting, Annual Report of the Company, Quarterly Reports and the Company's website are the principal means of communication with the shareholders.

Foreseeable risk factors

- **Credit Risk**
Is the risk of loss due to uncertainty in counterparty's ability to meet its financial obligations in full and in a timely manner. Investee companies in the energy sector are dependent on a single customer for sale of electricity.
- **Interest Rate Risk**
Is the risk of financial loss due to adverse movement in interest rates.
- **Liquidity Risk**
Is the risk arising out of the lack of marketability of an investment. The Group's investments are in unlisted companies whose shares may not be readily marketable.
- **Business Risk**
Is the risk that can have a negative impact on the operation or earnings of the company due to internal or external factors such as changes in the cost structure, loss of market share and changes in industry or macro economic conditions.
- **Operational Risk**
Is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations. Venture capital investments are well known as high risk investments since venture capital companies invest in ventures with a high growth but also high risk potential.

The overall responsibility for the governance of operational risk lies with the Board of Directors. The Board identifies major risk areas and provides adequate resources and people to mitigate and minimize risks. Performance of the ventures and potential new investments are evaluated by the Board in order to make strategic decisions.

- **Environment Risk**
Is the risk which arises due to actual or potential threat of adverse effects from environment. An environment study is carried out in respect of each power sector project. Changing weather patterns can have an impact on projects in the renewable energy sector.

Material issues pertaining to employees and industrial relations

There are no material issues pertaining to employees and industrial relations of the Company.

CORPORATE GOVERNANCE

Compliance with Corporate Governance Rules of the Colombo Stock Exchange

The following disclosures are made in conformity with Section 7 of the Rules of the Colombo Stock Exchange:

Rule	Status
7.10.1 Non-executive Directors	Complied with. All ten Directors are non-executive.
7.10.2 Independent Directors	Complied with. Each non-executive Director has submitted a signed and dated declaration as specified in the Rule. The Board has decided that three Directors are independent (see cage below)
7.10.3 Disclosures relating to Directors	Mr. J.D.N. Kekulawala and Mr. K.C.S. Dharmawardana meet all the criteria set out in Rule 7.10.4 for determining the independence of Directors. Mr. A.R. Munasinghe does not meet the criterion relating to tenure of office for the reason that his re-appointment took place within a period less than 2 years from the completion of the period attributable to the previous appointment which exceeded 9 years.
7.10.4 Criteria for determining independence	However, considering the following factors the Board has determined that Mr. A.R. Munasinghe could nevertheless be considered independent; a) The Directors do not participate when considering transactions in which they have an interest. On other matters they act in accordance with their beliefs in the best interest of the Company. b) No Director exercises undue influence over the deliberations of the Board or uses his seniority or position to prevent any other Director expressing his views on any matter.
7.10.5 Remuneration Committee	Complied with. The Remuneration Committee of the parent namely Lanka Ventures PLC which is also a listed entity, functions as the Remuneration Committee of the Company and comprises two independent non-executive Directors of the parent. The names of the members of the committee are given in the Annual Report of the Board of Directors. The remuneration of the CEO is recommended by the committee. The total remuneration paid to Directors is given under staff salaries, defined contribution plan cost, bonus and directors' fees in Note 10 of the Financial Statements on page 49. A statement regarding the remuneration policy of the Group is given on page 18.
7.10.6 Audit Committee	Complied with. The Audit Committee of the parent namely Lanka Ventures PLC which is also a listed entity functions as the Audit Committee of the Company and comprises three non-executive Directors including two independent Directors of the parent. The names of the members of the committee are given in the Annual Report of the Board of Directors. The report of the committee is given on page 21.

AUDIT COMMITTEE REPORT

The Audit Committee is assigned with the task of assisting the Board in fulfilling its responsibility in relation to the integrity of the Financial Statements of the Company, ensuring that a proper financial reporting system is in place in order to provide accurate and timely information, that it is in accordance with the Company's Act and other legislative reporting requirements and that adequate disclosures are made in the Financial Statements in accordance with the Sri Lanka Accounting Standards. The Audit Committee reviews the effectiveness of internal controls and implement changes where required and ensures that the risk management processes are effective and sufficient to identify and mitigate risks. The Audit Committee also ensures that the conduct of the business is in compliance with applicable laws and regulations.

The Audit Committee comprises of three non-executive Directors including two independent Directors in conformity with the Listing Rules of the Colombo Stock Exchange and the names of the members of the Committee are given in page 15 in the Annual Report of the Board of Directors.

The Committee met five times during the financial year and attendance of members who participated at meetings is given in page 17 under Corporate Governance. The Chief Executive Officer of the Company and Finance Manager of Lanka Ventures PLC attended all meetings by invitation.

The Committee reviewed the financial reporting system adopted by the Company in the preparation of its quarterly and annual Financial Statements to ensure reliability of the processes and consistency of the accounting policies and methods adopted and their compliance with the Sri Lanka Accounting Standards. The Committee recommended the Financial Statements to the Board for its deliberations and issuance.

The Committee reviewed the business process in operation and ensured that adequate controls and procedures are in place to provide reasonable assurance to the Directors that assets are safeguarded and that the financial reporting system can be relied upon in preparation and presentation of Financial Statements. The Committee is satisfied that the Company's compliance framework provided reasonable assurance that all relevant laws, rules and regulations and accounting standards have been complied with.

The Committee is satisfied that the independence of the auditors has not been compromised by any event or service that gives rise to a conflict of interest. The Committee has proposed that Messrs. KPMG be re-appointed as auditors for the financial year ending 31 March 2023 subject to approval by the shareholders at the Annual General Meeting.



J.D.N. Kekulawala
Chairman
30 August 2022

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

The Committee comprises two independent Directors and their names are given in page 15 of the Annual Report of the Board of Directors.

The main duties and responsibilities of the Committee and the policies and procedures adopted for reviewing related party transactions are given below:

- (1) Establish definitions and set out threshold values for each related party transaction as per the listing rules that requires discussion and disclosure.
- (2) Identify related party transactions that require prior approval of the Board, immediate market disclosure, shareholder approval and disclosure in the annual report.
- (3) Formulate a standard format for documentation of related party transactions to be presented to the Committee.
- (4) Establish guidelines to identify recurrent and non-recurrent related party transactions.
- (5) Obtain knowledge and expertise to assess proposed related party transactions where necessary including obtaining of appropriate professional and expert advice from suitably qualified persons.
- (6) Communicate to the Board its views on related party transactions reviewed by the Committee.
- (7) Periodic review by the Committee with the view to ensuring that disclosures have been made in the market or in the annual report as the case may be consistent with the listing rules.

The Committee met on five occasions during the financial year and attendance of members is given in page 17 under Corporate Governance. The Chief Executive Officer of the Company and Finance Manager of Lanka Ventures PLC attended the meetings as invitees.

The Committee reviewed the related party transactions and communicated its views to the Board. The Committee was satisfied with the quality and adequacy of the information pertaining to related party transactions presented to it by the management in compliance with Section 9 of the Listing Rules of the Colombo Stock Exchange.



A.R. Munasinghe
Chairman

30 August 2022



FINANCIAL REPORTS

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STATEMENT OF DIRECTORS' RESPONSIBILITIES

The responsibility of the Directors, in relation to the Financial Statements of the Company differs from the responsibilities of the Auditors, which are set out in the independent Auditors' Report on pages 25 to 27.

The Directors are responsible for preparing the Annual Report and the Financial Statements to the shareholders of the Company. The Directors confirm that the Financial Statements give a true and fair view of the state of affairs of the Company and of the Group at the end of the financial year, and of the profit or loss of the Company and the Group for the financial year.

In preparing the Financial Statements set out on pages 28 to 32 the Directors are required to:

- Select appropriate accounting policies and then consistently make judgments and estimates that are reasonable and prudent.
- State whether applicable accounting standards have been followed.

The Directors confirm that they have complied with the above requirements in preparing both the Company Financial Statements and the Consolidated Financial Statements. The Directors also confirm that the Company and the Group have adequate resources to continue in business for the foreseeable future and have applied going concern basis in preparing the Financial Statements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Company and the Group and to enable them to ensure the Financial Statements comply with the Companies Act No. 07 of 2007.

They are also responsible for safeguarding the assets of the Company and the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities. In this regard the Directors have instituted an effective and comprehensive system of internal control.

The Directors are required to prepare Financial Statements and to provide the external Auditors with every opportunity to take whatever steps and undertake whatever inspections they may consider to be appropriate to enable them to give their independent audit opinion.

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 payable by the Company, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company and other known statutory dues as were due and payable by the Company as at the Balance Sheet date have been paid or, where relevant provided for.

By order of the Board,



Corporate Services (Private) Limited

Secretaries

30 August 2022

Colombo

INDEPENDENT AUDITOR'S REPORT



KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. O. Box 186,
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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF LVL ENERGY FUND PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of LVL Energy Fund PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31st March 2022, and the statement of profit or loss and other 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 set out on pages 28 to 81.

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 31st March 2022, and of their financial performance and their 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 Company financial statements and the consolidated financial statements of the current year. These matters

were addressed in the context of our audit of the company financial statements and the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Equity accounting of subsidiaries and associates in the Company's separate financial statements and consolidation of investments in subsidiaries and equity accounting of associates in the Group financial statements

Refer to the significant accounting policy in notes 3.1, 3.2 and explanatory notes 17 and 23 to the financial statements.

Risk Description

The carrying value of the subsidiaries and associates in the separate financial statements amounted to LKR 10,661 million respectively and the carrying value of associates recorded in Consolidated financial statements amounted to LKR 9,264 million which represents 99% of the Company's total assets and 77% of the Group's total assets respectively as at 31st March 2022.

Investments within the Company and Group are accounted for by equity accounting or by consolidation respectively. The determination of the appropriate accounting depends upon the ability of the Company and Group to exercise control or significant influence. The Company measures its components using the equity method of accounting in its separate financial statements in accordance with LKAS 28 and consolidation of group financial statements in accordance with SLFRS 10 and LKAS 28.

Further, with the foreign currency exchange rate movements resulted from the prevailing economic condition, the Group reported a foreign currency translation gain from foreign operations of associates amounting to LKR 2,724 million.

Due to the magnitude of these amounts and the judgement involved in assessing the control/ significant influence as the potential impact is material to the presentation of the financial statements, this was considered to be a key audit matter.

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

P.Y.S. Perera FCA
W.J.C. Perera FCA
W.K.D.C. Abeyratne FCA
R.M.D.B. Rajapakse FCA
M.N.M. Shameel FCA
Ms. P.M.K. Sumanasekara FCA
Principals - S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA
C.P. Jayatilake FCA
Ms. S. Joseph FCA
S.T.D.L. Perera FCA
Ms. B.K.D.T.N. Rodrigo FCA
T.J.S. Rajakarier FCA
Ms. S.M.B. Jayasekara FCA
G.A.U. Karunaratne FCA
R.H. Rajan FCA

INDEPENDENT AUDITOR'S REPORT



Our response

Our audit procedures included,

- Obtaining an understanding of and assessing the design and implementation of management's key internal controls around the application of SLFRS 10 and challenged the significant judgment that management have exercised in determining whether the Group controls its components.
- Reviewing documents to support any key judgements management have made in determining whether they control or have significant influence over an investee.
- Discussion held with management of the Company concerning the basis of these entities accounted for as subsidiaries and associates in the financial statements.
- Obtaining and reviewing those relevant terms in the shareholders' agreements and articles of association of subsidiaries and associates.
- Recomputing the Net Controlling Interest by using net assets of each subsidiaries.
- Verifying the net assets used for equity accounting with the individual component's financial statements to ensure the accuracy.
- Checking the accuracy of elimination of intercompany transactions.
- Verifying the use of foreign exchange rates and recomputing the foreign currency translation gain at the reporting date on a sample.
- Performing or reviewing the work carried out by component auditors where necessary and for the non-significant investees performing analytical reviews limited to the financial statements.
- Evaluating the adequacy of the disclosures in the financial statements.

Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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



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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' 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 auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 3544.

A handwritten signature in blue ink, appearing to read 'KPMG'.

CHARTERED ACCOUNTANTS
Colombo
30 August 2022

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(All amounts in Sri Lanka Rupees thousands)

For the year ended 31 March	Notes	Group		Company	
		2022	2021	2022	2021
Revenue					
Investment income	6	721	437	-	-
Interest income	7	9,110	12,832	2,165	6,643
Subsidiary company income	8	428,140	336,993	-	-
		437,971	350,262	2,165	6,643
Other income	9	8,538	3,815	326	1,245
Operating expenses					
Administrative expenses		(8,742)	(8,128)	(8,742)	(8,128)
Sales and establishment expenses		(150)	(135)	-	-
Other operating expenses		(22,877)	(16,917)	(8,877)	(7,166)
Direct expenses - subsidiaries	8	(134,959)	(116,536)	-	-
Results from operating activities	10	279,781	212,361	(15,128)	(7,406)
Finance cost	11	(285,097)	(249,561)	(243,312)	(207,387)
Share of profit of equity accounted investees, net of tax	12	900,004	774,764	916,123	848,026
Profit before income tax		894,689	737,564	657,683	633,232
Tax expense	13	(170,407)	(49,023)	-	-
Profit for the year		724,282	688,541	657,683	633,232
Other comprehensive income, net of income tax					
Items that are or may be re-classified subsequently to profit or loss					
Foreign operations - foreign currency translation difference	23.3.1	2,724,320	253,088	2,724,320	253,088
Share of other comprehensive income from equity accounted investees		-	(20)	-	(20)
Total other comprehensive income that are or may be re-classified to profit or loss in subsequent period		2,724,320	253,068	2,724,320	253,068
Items that will not be re-classified subsequently to profit or loss		-	-	-	-
Total other comprehensive income for the year, net of income tax		2,724,320	253,068	2,724,320	253,068
Total comprehensive income for the year		3,448,602	941,609	3,382,003	886,300
Profit attributable to:					
Equity holders of the Company		657,683	633,232	657,683	633,232
Non-Controlling interest		66,599	55,309	-	-
Profit for the year		724,282	688,541	657,683	633,232
Total comprehensive income attributable to:					
Equity holders of the Company		3,382,003	886,300	3,382,003	886,300
Non-Controlling interest		66,599	55,309	-	-
Total comprehensive income for the year		3,448,602	941,609	3,382,003	886,300
Earnings per share					
Basic and diluted earnings per share	14	1.13	1.09	1.13	1.09

The notes to the Financial Statements form an integral part of these Financial Statements.

STATEMENT OF FINANCIAL POSITION

(All amounts in Sri Lanka Rupees thousands)

As at 31 March	Notes	Group		Company	
		2022	2021	2022	2021
Assets					
Non current assets					
Property, plant and equipment	16	1,677,672	1,143,176	4,396	6,506
Right-to-use land	16.1	2,990	3,178	-	-
Investment in equity accounted investees	17	9,264,278	6,539,210	10,660,905	7,281,206
Intangible assets	18	88,305	70,787	-	-
Total non current assets		11,033,245	7,756,351	10,665,301	7,287,712
Current assets					
Loans and receivables	19	244,704	135,262	1,826	155
Amounts due from related parties	20.1	847	580	56,079	26,817
Other receivables	21	719,475	73,200	92,758	73,200
Income tax receivables	28.1	6,378	6,378	5,236	5,236
Cash and cash equivalents	22	70,653	391,129	988	93,196
Total current assets		1,042,057	606,549	156,887	198,604
Total assets		12,075,302	8,362,900	10,822,188	7,486,316
Equity					
Stated capital	23.1	2,906,472	2,906,472	2,906,472	2,906,472
Revaluation reserve	23.2	9,101	9,101	9,101	9,101
Translation reserve	23.3	3,446,932	722,612	3,446,932	722,612
Retained earnings		1,878,891	1,427,254	1,893,879	1,442,242
Total equity attributable to equity holders of the company		8,241,396	5,065,439	8,256,384	5,080,427
Non controlling interest		235,844	207,631	-	-
Total equity		8,477,240	5,273,070	8,256,384	5,080,427
Liabilities					
Non current liabilities					
Interest bearing borrowings	24	2,900,650	1,729,799	2,031,594	1,350,532
Cumulative redeemable preference shares	25	-	75,000	-	-
Deferred tax liability	26	39,903	42,413	-	-
Total non current liabilities		2,940,553	1,847,212	2,031,594	1,350,532
Current liabilities					
Interest bearing borrowings	24	546,601	1,181,371	463,465	1,048,441
Cumulative redeemable preference shares	25	-	20,000	-	-
Amounts due to related parties	20.2	66,285	4,103	66,285	4,103
Other payables	27	27,010	17,929	4,460	2,813
Income tax payable	28.2	17,613	19,215	-	-
Total current liabilities		657,509	1,242,618	534,210	1,055,357
Total liabilities		3,598,062	3,089,830	2,565,804	2,405,889
Total equity and liabilities		12,075,302	8,362,900	10,822,188	7,486,316

I certify that these Financial Statements have been prepared in compliance with the requirements of the Companies Act No 07 of 2007.


D.L. Wijesekara
Finance Manager

Signed in Colombo on 30 August 2022

The notes to the Financial Statements form an integral part of these Financial Statements.

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

Signed for and on behalf of the Board.


A.R. Munasinghe
Director


M.R. Abeywardena
Director

STATEMENT OF CHANGES IN EQUITY

(All amounts in Sri Lanka Rupees thousands)

Group	Notes	Attributable to equity holders of the group						Non controlling interest	Total
		Stated capital	Revaluation reserve	Translation reserve	Retained earnings	Total			
Balance as at 01 April 2020		2,906,472	9,112	469,524	997,828	4,382,936	173,345	4,556,281	
Profit for the year		-	-	-	633,232	633,232	55,309	688,541	
Foreign operations - foreign currency translation difference	23.3.1	-	-	253,088	-	253,088	-	253,088	
Share of OCI - equity accounted investees		-	-	-	(9)	(9)	-	(9)	
Revaluation reserve - equity accounted investees		-	(11)	-	-	(11)	-	(11)	
Total comprehensive income		-	(11)	253,088	633,223	886,300	55,309	941,609	
Transactions with equity holders recognized directly in equity contributions by & distribution to equity holders									
Dividend paid		-	-	-	(203,797)	(203,797)	(21,023)	(224,820)	
		-	-	-	(203,797)	(203,797)	(21,023)	(224,820)	
Balance as at 31 March 2021		2,906,472	9,101	722,612	1,427,254	5,065,439	207,631	5,273,070	
Profit for the year		-	-	-	657,683	657,683	66,599	724,282	
Foreign operations - foreign currency translation difference	23.3.1	-	-	2,724,320	-	2,724,320	-	2,724,320	
Total comprehensive income		-	-	2,724,320	657,683	3,382,003	66,599	3,448,602	
Transactions with equity holders recognized directly in equity contributions by & distribution to equity holders									
Change in ownership without change in control in subsidiary.	23.5	-	-	-	(2,249)	(2,249)	12,645	10,396	
Dividend paid		-	-	-	(203,797)	(203,797)	(51,031)	(254,828)	
		-	-	-	(203,797)	(203,797)	(40,635)	(244,432)	
Balance as at 31 March 2022		2,906,472	9,101	3,446,932	1,878,891	8,241,396	235,844	8,477,240	

The notes to the Financial Statements form an integral part of these Financial Statements.

STATEMENT OF CHANGES IN EQUITY

(All amounts in Sri Lanka Rupees thousands)

Company

	Notes	Stated capital	Revaluation reserve	Translation reserve	Retained earnings	Total
Balance as at 01 April 2020		2,906,472	9,112	469,525	1,012,815	4,397,924
Profit for the year		-	-	-	633,232	633,232
Foreign currency translation difference	23.3.1	-	-	253,088	-	253,088
Share of OCI - equity accounted investees		-	-	-	(9)	(9)
Revaluation reserve - equity accounted investees		-	(11)	-	-	(11)
Total comprehensive income for the year		-	(11)	253,088	633,224	886,301
Transactions with equity holders recognized directly in equity contributions by & distribution to equity holders						
Dividend paid		-	-	-	(203,797)	(203,797)
		-	-	-	(203,797)	(203,797)
Balance as at 31 March 2021		2,906,472	9,101	722,612	1,442,242	5,080,427
Profit for the year		-	-	-	657,683	657,683
Foreign currency translation difference	23.3.1	-	-	2,724,320	-	2,724,320
Total comprehensive income for the year		-	-	2,724,320	657,683	3,382,003
Transactions with equity holders recognized directly in equity contributions by & distribution to equity holders						
Issue of shares by a subsidiary	23.5	-	-	-	(2,249)	(2,249)
Dividend paid		-	-	-	(203,797)	(203,797)
		-	-	-	(203,797)	(203,797)
Balance as at 31 March 2022		2,906,472	9,101	3,446,932	1,893,879	8,256,384

The notes to the Financial Statements form an integral part of the Financial Statements.

STATEMENT OF CASH FLOWS

(All amounts in Sri Lanka Rupees thousands)

For the year ended 31 March	Notes	Group		Company	
		2022	2021	2022	2021
Cash flows from operating activities					
Profit before tax		894,689	737,564	657,683	633,232
Adjustments for:					
Interest income	7	(9,110)	(12,832)	(2,165)	(6,643)
Other income	9	(8,538)	(3,815)	(326)	(1,245)
Interest expense		281,158	237,016	241,206	207,022
Preference dividend	11	274	10,329	-	-
Depreciation	16	49,685	44,942	2,110	2,110
Amortization	10	2,061	1,276	-	-
Share of profit of equity accounted investees (net of income tax)	12	(900,004)	(774,764)	(916,123)	(848,026)
Operating cash flows before working capital changes		310,214	239,715	(17,615)	(13,550)
Changes in					
Loans & receivables		(109,442)	(5,281)	(1,671)	(37)
Amounts due from related parties		61,915	72,183	32,920	100,540
Other receivables		99,220	(696)	-	-
Other payables		9,080	(7,121)	1,647	(117)
Cash generated from operating activities		370,987	298,800	15,281	86,836
Interest paid		(194,937)	(178,313)	(158,453)	(149,016)
Taxes paid		(43,257)	(20,013)	-	-
Net cash generated / (used) from operating activities		132,793	100,474	(143,172)	(62,180)
Cash flows from investing activities					
Interest received		17,648	16,647	2,491	7,888
Dividend received		76,053	309,712	410,374	216,636
Additions to intangible assets	18	(19,392)	(16,523)	-	-
Investment in equity accounted investees	17.2	(71,437)	(78,490)	(171,437)	(198,490)
Disposal / (acquisition) of property plant and equipment	16	(584,181)	(246,136)	-	-
Net cash (used in) / generated from investing activities		(581,309)	(14,790)	241,428	26,034
Cash flows from financing activities					
Dividend paid		(203,797)	(203,797)	(203,797)	(203,797)
Dividend paid to minority share holders by subsidiary		(51,031)	(21,023)	-	-
Cash proceeds of interest bearing borrowings	24	1,578,513	459,021	925,000	200,000
Cash repayments of interest bearing borrowings	24	(1,110,768)	(194,573)	(911,667)	(111,016)
Cash repayments of cumulative redeemable preference shares		(95,000)	(42,500)	-	(37,500)
Share Issued to Minority Shareholders		10,396	-	-	-
Preference dividend paid		(274)	(12,635)	-	(2,306)
Net cash generated/ (used) from financing activities		128,039	(15,506)	(190,464)	(154,619)
Net increase / (decrease) in cash and cash equivalents		(320,476)	70,177	(92,208)	(190,766)
Cash & cash equivalents at 01 April		391,129	320,952	93,196	283,962
Cash & cash equivalents at 31 March	22	70,653	391,129	988	93,196

The notes to the Financial Statements form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

LVL Energy Fund PLC is a Public Quoted Company with limited liability incorporated and domiciled in Sri Lanka. The address of the Company's registered office is No. 46/12, Navam Mawatha, Colombo 02.

The Consolidated Financial Statements of the Company as at and for the year ended 31 March 2022 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in its equity accounted investees. The Financial Statements of all Companies within the Group are prepared for a common financial year which ends 31 March 2022.

Lanka Ventures PLC is the immediate parent company of LVL Energy Fund PLC, which has 57.00% controlling interest. And the ultimate parent is Acuity Partners (Private) Limited. Hatton National Bank PLC and DFCC Bank jointly control Acuity Partners (Private) Limited. LVL Energy Fund PLC ('the Company') and its subsidiaries (together 'the Group') invest in the equity and equity related financial instruments of new and existing companies of Sri Lanka which undertake projects with potential for high growth. There were no significant changes in the nature of the principal activities of the Company and the Group during the financial year under audit.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The Consolidated Financial Statements of the Group and the Financial Statements of the Company which comprise the Statement of financial position, Statement of profit or loss and other comprehensive income, Statement of changes in equity, Statement of cash flows and notes thereto have been prepared in accordance with Sri Lanka Accounting Standards (SLFRSs and LKASs) as laid down by the Institute of Chartered Accountants of Sri Lanka, and comply with the requirements of Companies Act No. 7 of 2007 and provide appropriate disclosures require by the Listing Rules of the Colombo Stock Exchange.

2.2 Approval of financial statements by directors

The Consolidated and Company's Financial Statements were authorised for issue by the Board of Directors in accordance with the resolution of the directors on 30 August 2022.

2.3 Responsibility for financial statements

The Board of Directors is responsible for the preparation and presentation of the Financial Statements of the Consolidated Financial Statements of the Group and the Financial Statements of the Company as per the provisions of the Companies Act No 07 of 2007.

The Board of Directors acknowledges this responsibility and such responsibilities include the following components:

- Information on the financial performance of the group for the year under review.
- Information on the financial position of the group as at the year end.
- Showing all changes in shareholders' equity during the year under review.
- Information to the users on the movement of the cash and cash equivalents.
- Notes to the financial statements including the accounting policies and other explanatory notes.

2.4 Basis of measurement

The Financial Statements have been prepared on the historical cost basis and applied consistently with no adjustments being made for inflationary factors affecting the Financial Statements except for the following;

- Investment in equity accounted investees
- Investment in subsidiaries
- Liability of defined Benefit Obligation is recognized as a present value of the defined benefit obligation.

NOTES TO THE FINANCIAL STATEMENTS

2.4.1 Functional and presentation currency

These financial statements are presented in Sri Lankan Rupees, which is the Group's functional currency. Financial information presented in Sri Lankan Rupees has been rounded to the nearest thousand unless indicated otherwise.

2.5 Presentation of financial statements

The assets and liabilities of the Group and the Company is presented in its Statement of Financial Position are grouped by nature and listed in an order that reflects the irrelative liquidity and maturity pattern.

2.6 Materiality and aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard - LKAS 01 - "Presentation of Financial Statements".

2.7 Going concern basis for accounting

The Management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the Financial Statements of Consolidated Financial Statements of the Group and the Company continue to be prepared on a going concern basis.

2.8 Offsetting

Financial assets and financial liabilities are offset, and the net amount is reported in the Statement of Financial Position when, and only when, there is a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

2.9 Use of estimates and judgements and assumptions

The preparation of the financial statements in conformity with SLFRSs requires management to make judgments, estimates and assumptions that affect the application of Group's and Company's 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 recognized in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the Financial Statements are described in the following notes:

- I. Note 3.3 - Recognition and measurement of financial instruments
- II. Note 3.11.2 - Recognition of deferred tax liabilities
- III. Note 3.1.2.2 - Interest in Subsidiaries
- IV. Note 3.4.3 - Depreciation on property, plant and equipment
- V. Note 29 - Capital commitments and contingencies
- VI. Note 31 - Prevailing uncertain economic environment

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of consolidation

3.1.1 Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the group. The consideration transferred in acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

NOTES TO THE FINANCIAL STATEMENTS

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss. Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured, and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in statement of profit or loss and other comprehensive income.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which

the replacement awards relate to pre-combination service.

3.1.2 Subsidiaries

Subsidiaries are entities controlled by the group. The group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Financial Statements of subsidiaries are included in the consolidated financial statement from the date on which control commences until the date on which control ceases.

The Company 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 listed above. Total comprehensive income of subsidiary is attached to the owners of the Company and to the non-controlling interest, even this result in the non-controlling interest having a deficit balance.

3.1.2.1 Critical judgments in applying the entity's accounting policies

The directors have concluded that the group has control and voting rights over its subsidiaries.

3.1.2.2 Interest in subsidiaries

Set out below are the Group's principal subsidiaries as at 31 March 2022.

Name of the entity	Place of business/ Country of incorporation	Effective percentage of ownership held by the group	Principal services
Lanka Energy International (Private) Limited	Colombo Sri Lanka	100.00%	Investing in new and existing companies outside Sri Lanka which undertake projects with potential for high growth.
Sapthakanya Hydro Electric Company (Private) Limited	Norton Bridge Sri Lanka	85.00%	Building and operating of mini hydropower stations and supply of electricity to the National Grid.
Pupulaketiya Mini Hydro Power (Private) Limited	Ratnapura Sri Lanka	100.00%	Building and operating of mini hydropower stations and supply of electricity to the National Grid.
Unit Energy Lanka (Private) Limited -Sub Subsidiary	Ginigathhena Sri Lanka	54.86%	Building and operating of mini hydropower stations and supply of electricity to the National Grid.
LVS Energy (Private) Limited	Kolonnawa Sri Lanka	57.75%	Investment in power Generation companies.
Campion Hydro (Private) Limited	Bogawantalawa Sri Lanka	84.29%	Building and operating of mini hydropower stations and supply of electricity to the National Grid.
Solar Energy Investments (Private) Limited	Colombo Sri Lanka	100.00%	Investment in solar power projects.

NOTES TO THE FINANCIAL STATEMENTS

3.1.3 Non-controlling interest

NCI are measured initially at their proportionate share of acquiree's identifiable net assets at the date of acquisition. Changes in the group interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

3.1.4 Loss of control

When the group loses control over a subsidiary, it derecognizes the asset and liabilities of the subsidiary, and any related NCI (if applicable) and other components of equity. Any resulting gain or loss is recognized in the statement of profit or loss and other comprehensive income. Any interest retained in the former subsidiary is measured at fair value when control is lost.

3.1.5 Interest in equity accounted investees

The Group's interests in equity accounted investees comprise interests in associates. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of the investee, unless this can be clearly demonstrated that this is not the case.

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

Investments in associates are accounted for under the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

3.1.6 Transactions eliminated on consolidation

Intra-group balances, and income and expenses arising from intra-group transactions are eliminated in preparing the Consolidated Financial Statements. Unrealized gains arising from transactions with equity accounted investees are eliminated to the extent of the Group's interest in the investee against the investment in the investee. Unrealized losses are eliminated in the same way as unrealized gains except that they are only eliminated to the extent that there is no evidence of impairment.

3.1.7 Equity accounting investees in separate financial statements

The Company measures its subsidiaries and associates using the equity method of accounting in accordance with LKAS 28. The Company accounts its subsidiaries and associates using equity method in its separate financial statements as per LKAS 27. Subsequent to initial recognition, the separate Financial Statements include the Company's share of the profit or loss and other comprehensive income of subsidiaries and equity accounted investees, until the date on which control or significant influence ceases. The dividends are recognized as a reduction of the carrying amount of the investments.

3.2 Foreign currency translation

3.2.1 Foreign currency translations

Translations in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the date of translation.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognized in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

3.2.2 Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into rupees at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into rupees at the exchange rates at the dates of the transactions. Foreign currency differences are recognized in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially as such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

3.3 Financial instruments

3.3.1 Financial assets

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

The Group classifies its financial assets into the following measurement categories:

- Financial Assets measured at fair value through Profit or Loss; and
- Financial Assets measured at amortised cost.

The classification depends on the Group's business model for managing financial assets and the contractual terms of the financial assets' cash flows.

The Group classifies its financial liabilities at amortised cost unless it has designated liabilities at fair value through profit or loss or is required to measure liabilities at fair value through profit or loss such as derivative liabilities.

At the inception, the Financial Assets are classified in one of the following categories:

- Financial assets measured at fair value through profit or loss
- Financial assets measured at amortised cost
- Financial assets measured at amortised cost - loans and advances
- Financial assets measured at amortised cost - debt instruments
- Financial assets measured at fair value through Other Comprehensive Income

At the inception, the Financial Liabilities are classified in one of the following categories:

- Financial liabilities at amortised cost
- Financial liabilities at amortised cost - other instruments

Initial measurements of financial instruments

Financial assets and liabilities are initially measured at their fair value plus transaction cost, except in the case of financial assets and liabilities recorded at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

“Day One” profit or loss

When the transaction price differs from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets, the Company immediately recognises the difference between the transaction price and fair value (a “Day One” Profit or Loss) in the Statement of Profit or Loss. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognized in the Statement of Profit or Loss over the life of the instrument.

Financial assets measured at amortised cost debt instruments

Investments in debt instruments are measured at amortised cost where they have:

- contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and
- are held within a business model whose objective is achieved by holding to collect contractual cash flows.

These debt instruments are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using Effective Interest Rate (EIR). The measurement of credit impairment is based on the three-stage expected credit loss model described below in Impairment of financial assets.

Financial assets measured at fair value through other comprehensive income

Debt instruments

Investments in debt instruments are measured at fair value through other comprehensive income where they have:

- contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and
- are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

These debt instruments are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in Other Comprehensive Income within a separate component of equity. Impairment losses or reversals, interest revenue and foreign exchange gains and losses are recognised in Profit or Loss. Upon disposal, the cumulative gain or loss previously recognised in Other Comprehensive Income is reclassified from Other Comprehensive Income to Profit or Loss.

The measurement of credit impairment is based on the three-stage expected credit loss model as applied to financial assets at amortised cost.

Equity instruments

Investment in equity instruments that are neither held for trading nor contingent consideration recognised by the Group in a business combination to which SLFRS 3 ‘Business Combination’ applies, are measured at fair value through other comprehensive income, where an irrevocable election has been made by management. For portfolios where management does not consider an irrevocable election of adopting fair value through other comprehensive income, by default such investments shall be measured at fair value through profit and loss.

Amounts presented in Other Comprehensive Income are not subsequently transferred to Profit or Loss. Dividends on such investments are recognised in Profit or Loss.

Reclassification of financial assets

The Group reclassifies its financial assets when, and only when, the Group changes its business model for managing financial assets. If the Group reclassifies financial assets which were measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss, the Group applies the reclassification prospectively from the reclassification date. The Group does not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

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If the Group reclassifies a financial asset out of the amortised cost measurement category and into the fair value through profit or loss measurement category, its fair value is measured at the reclassification date. Any gain or loss arising from a difference between the previous amortised cost of the financial asset and fair value is recognized in Profit or Loss.

If the Group reclassifies a financial asset out of the amortised cost measurement category and into the fair value through other comprehensive income measurement category, its fair value is measured at the reclassification date, any gain or loss arising from a difference between the previous amortised cost of the financial asset and fair value is recognized in Other Comprehensive Income. The effective interest rate and the measurement of expected credit losses are not adjusted as a result of the reclassification.

If the Group reclassifies a financial asset out of the fair value through other comprehensive income measurement category and into the amortised cost measurement category, the financial asset is reclassified at its fair value at the reclassification date. However, the cumulative gain or loss previously recognized in Other Comprehensive Income is removed from equity and adjusted against the fair value of the financial asset at the reclassification date. As a result, the financial asset is measured at the reclassification date as if it had always been measured at amortised cost. This adjustment affects Other Comprehensive Income but does not affect Profit or Loss and therefore is not a reclassification adjustment. The effective interest rate and the measurement of expected credit losses are not adjusted as a result of the reclassification.

If the Group reclassifies a financial asset out of the fair value through other comprehensive income measurement category and into the fair value through profit or loss measurement category, the financial asset continues to be measured at fair value. The cumulative gain or loss previously recognized in Other Comprehensive Income is reclassified from equity to Profit or Loss as a reclassification adjustment at the reclassification date.

Impairment

The Group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost and contract assets (as defined in SLFRS 15).

The Group measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL as per the simplified approach. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the group's historical experience and informed credit assessment and including forward-looking information.

The Group considers a financial asset to be in default when: the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the group is exposed to credit risk.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit impaired. A financial

NOTES TO THE FINANCIAL STATEMENTS

asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- It is probable that the borrower will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-offs

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

3.3.2 Financial liabilities

Recognition, initial measurement and derecognition

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Financial liabilities measured at amortised cost include trade and other payables.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the

cashflows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred, or liabilities assumed) is recognised in profit or loss.

3.3.2.1 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
Or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

NOTES TO THE FINANCIAL STATEMENTS

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable for the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3.4 Property, plant and equipment

3.4.1 Cost

Property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses. All items of property, plant and equipment are initially recorded at cost.

The cost of property, plant and equipment is the cost of acquisition or construction together with any expenses incurred in bringing the asset to its condition for its intended use.

3.4.2 Subsequent measurement

The subsequent cost of replacing a component of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within that part will flow to the Group and its cost can be reliably measured. The costs of the day to day servicing property, plant and equipment are charged to the Statement of profit or loss and other comprehensive Income.

3.4.3 Depreciation

Depreciation is charged to profit or loss so as to write off the cost of assets (other than freehold land) less their residual values over their useful lives, using the straight-line method. The estimated useful

lives, residual values and depreciation method are reviewed at each year-end, with the effect of any change in estimate accounted for on a prospective basis. The estimated useful lives of property, plant and equipment are as follows;

Class of tangible assets	Useful life
Plant and machinery	30 Years
Buildings	30 Years
Computer systems	04 Years
Motor vehicle	05 Years
Office equipment	05 Years
Furniture and fittings	08 Years

3.4.4 De-recognition

The carrying amount of an item of property, plant and equipment is derecognized on disposal. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within "other income" in profit or loss.

When replacement costs are recognized in the carrying amount of an item of property, plant and equipment, the remaining carrying amount of the placed part is derecognized. Major inspection costs are capitalized. At each such capitalization, the remaining carrying amount of the previous cost of inspections is derecognized.

3.4.5 Borrowing costs

Borrowing costs 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 respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.5 Intangible assets

Intangible assets that are acquired by the Group include right to use land and cost incurred to obtain approval for power projects, which have finite

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useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

3.5.1 Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill is recognized in the statement of profit or loss and other comprehensive income as incurred.

3.5.2 Amortization

Amortization is recognized in the Statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current periods are as follows:

Right to use lands	27 Years
Approval cost	30 Years

3.6 Leases

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

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated

over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

3.7 Stated capital

3.7.1 Ordinary share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

3.8 Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

3.9 Commitments and contingencies

All discernible risks are accounted for in determining the amount of all known liabilities. The Group's share of any contingencies and capital commitments of a Subsidiary, Associate for which the Group is also

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liable severally or otherwise are also included with appropriate disclosures.

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured. Contingent liabilities are not recognised in the Statement of Financial Position but are disclosed unless they are remote.

3.10 Income and expenses

Effective interest rate

Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial asset; or
- The amortised cost of the financial liability.

Amortised cost and gross carrying amount

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance (or impairment allowance before 01 April 2018). The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

Presentation

Interest income calculated using the effective interest method presented in the Statement of profit or loss and OCI includes–

- Interest on financial assets and financial liabilities measured at amortised cost;
- Other interest income presented in the statement of profit or loss and OCI includes interest income from loans given to related parties.

Interest expense presented in the Statement of profit or loss and OCI includes:

- Financial liabilities measured at amortised cost.

3.10.1 Dividend income

Dividend income is recognised in profit or loss on an accrual basis when the Group's right to receive the dividend is established.

This is usually on the ex-dividend date for equity securities. Dividends are presented in net trading income or net income from other financial instruments at fair value through profit or loss based on the underlying classification of the equity investment.

When equity method of accounting is used for Subsidiaries and associates, the dividends are recognized as a reduction of the carrying amount of the investments.

3.10.2 Other income

Other Income is recognized on an accrual basis.

3.10.3 Expenditure

The expenses are recognised on an accrual basis. All expenses incurred in the ordinary course of business and in maintaining property, plant and equipment in a state of efficiency is charged against income in arriving at the profit for the year.

3.10.4 Profit/loss from sale of property, plant and equipment

Profit / loss from sale of property, plant and equipment are recognised in the period in which the sale occurs and is classified as other operating income.

3.11 Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity or other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

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

3.11.1 Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted on the reporting date, and any adjustment to tax payable in respect of previous years.

Provision for taxation is based on the profit for the year adjusted for taxation purposes in accordance with the provisions of the Inland Revenue Act No.24 of 2017 and the amendments thereto at the rates specified in Note 13.

Provision for taxation on overseas subsidiaries/equity accounted investees are made on the basis of the profit for the year as adjusted for taxation purposes in accordance with the provisions of the relevant statutes in those countries.

3.11.2 Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in

which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax is not recognized for the undistributed profits of subsidiaries as the parent group has control over the dividend policy of its subsidiaries and distribution of those profits. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.12 Earnings per share

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

3.13 Comparatives

Except when a standard permit or requires otherwise, comparative information is disclosed in respect of the previous period. Where the presentation or classification of items in the Financial Statements are amended, comparative amounts are reclassified unless it is impracticable.

3.14 Cash flow statement

The Cash Flow Statement has been prepared using the indirect method of preparing Cash Flows in accordance with the Sri Lanka Accounting Standard (LKAS 7) - Statement of Cash Flows. Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The cash and cash equivalent include cash in hand, balances with banks and repurchase agreements.

3.15 Events occurring after the reporting period

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

4. FINANCIAL RISK MANAGEMENT

4.1 Introduction and overview

The Group has exposure to the following risks from financial instruments:

- credit risk
- liquidity risk
- market risks
- operational risks

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

4.2 Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board consists of three Directors with wide financial and commercial knowledge and experience.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are

reviewed regularly to reflect changes in market conditions, products and services offered. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

4.3 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures its liquidity is maintained by investing in short, medium and long-term financial instruments to support operational and other funding requirements. The Group determines its liquidity requirements by the use of both short and long-term cash forecasts. These forecasts are supplemented by a financial head room analysis which is used to assess funding adequacy for at least a 12-month period and the same is reviewed on an annual basis.

4.4 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

NOTES TO THE FINANCIAL STATEMENTS

4.5 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to management within the Group. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorization of transactions.
- Requirements for the reconciliation and monitoring of transactions.
- Compliance with regulatory and other legal requirements.
- Documentation of controls and procedures.
- Training and professional development.
- Ethical and business standards.

4.6 Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor market confidence and to sustain future development of the business. Board of Directors monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity. The Board of Directors also monitors the level of dividends to ordinary shareholders.

There were no changes in the Group's approach to capital management during the year. Group wishes to raise additional capital to invest in more diversified investments to mitigate the future operational risk.

5. NEW ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE AS AT THE 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.

None of the new or amended pronouncements are expected to have a material impact on the consolidated financial statements of the Group in the foreseeable future. The Group intends to adopt these amended standards, if applicable, when they become effective.

5.1 Annual Improvements to SLFRS standards issued during 2018 to 2020

IFRS issued improvements to standards issued during the period 2018 to 2020 with improved clarification and amendments to SLFRS 1, SLFRS 9 and SLFRS 16.

5.2 Property, plant and equipment: proceeds before intended use (Amendments to LKAS 16)

This amendment prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. The amendment applies to annual reporting periods beginning on or after 01 January 2022.

5.3 Onerous contracts – cost of fulfilling a contract (Amendments to LKAS 37)

The amendments specify which costs an entity includes in determining the cost of fulfilling a

contract for the purpose of assessing whether the contract is onerous. The amendments apply for annual reporting periods beginning on or after 01 January 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other components of equity, as appropriate.

5.4 Classification of liabilities as current or noncurrent (Amendments to LKAS 1)

The amendments in Classification of Liabilities as Current or Non-current (Amendments to LKAS 1) affect only the presentation of liabilities in the statement of financial position not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items.

The Key amendments are as follows:

- the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. The classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. The standard also clarifies that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

5.5 Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to Sri Lanka Accounting Standard LKAS 12 – “Income Taxes”)

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the

earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other types of transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

The above amendment to Standard will be effective for annual reporting periods beginning on or after 1 January 2023.

5.6 Amendments to “Business Combinations” (SLFRS 3): Updating a reference to conceptual framework

On 23 March 2021, CA Sri Lanka issued amendments to “Business Combinations” (SLFRS 3) - Updating a Reference to the “Conceptual Framework for Financial Reporting”. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the “Conceptual Framework for Financial Reporting” issued in March 2018 without significantly changing its requirements. An exception was also added to the recognition principle of SLFRS 3 to avoid the issue of potential ‘day 2’ gains or losses arising for liabilities and contingent liabilities that would be within the scope of LKAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, it was decided to clarify existing guidance in SLFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The above amendment to Standard will be effective for annual reporting periods beginning on or after 1 January 2022.

5.7 Disclosure of accounting policies (Amendments to LKAS 1)

Disclosure of Accounting Policies (Amendments to LKAS 1) with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements.

NOTES TO THE FINANCIAL STATEMENTS

The above amendment to Standard will be effective for annual reporting periods beginning on or after 1 January 2023. This amendment is not yet adopted in Sri Lanka.

5.8 Definition of accounting estimates (Amendments to LKAS 8)

The amendments introduced the definition of accounting estimates and included other amendments to LKAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policies. The above amendment to Standard will be effective for annual reporting periods beginning on or after 1 January 2023. This amendment is not yet adopted in Sri Lanka.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees thousands)

	Group		Company	
	2022	2021	2022	2021
For the year ended 31 March				
6 Investment income				
Management fee	721	437	-	-
	721	437	-	-
7 Interest income				
Interest on savings	2,915	2,821	-	-
Interest on fixed deposits	4,030	4,519	-	1,151
Interest on security purchased under resale agreement	2,165	5,492	2,165	5,492
	9,110	12,832	2,165	6,643
8 Subsidiary company income / direct expenses				
Power generation income	428,140	336,993	-	-
Direct expenses	(134,959)	(116,536)	-	-
	293,181	220,457	-	-
Subsidiary companies income constitutes power generation income of Unit Energy Lanka (Private) Limited, Saphthakanya Hydro Electric Company (Private) Limited, Campion Hydro (Private) Limited and Solar Energy Investments (Private) Limited. Subsidiary companies expenses constitute direct expenses relating to power generation. Income from other sources in these companies are shown under the relevant line item under Revenue.				
9 Other income				
Interest income on advances given to related parties	165	95	326	1,245
Exchange gain	8,373	3,720	-	-
	8,538	3,815	326	1,245
10 The result from operating activities is after charging all expenses including the following;				
Staff salaries	5,520	5,345	5,520	5,345
Defined contribution plan cost (EPF,ETF)	828	802	828	802
Bonus	2,415	2,231	2,415	2,231
Directors' fees	1,925	1,475	1,925	1,475
Management fees	1,450	1,000	1,450	1,000
Auditors' remuneration - Audit fees	1,271	1,017	430	370
- Audit related other services	139	219	82	158
Depreciation	49,685	44,942	2,110	2,110
Amortization	2,061	1,276	-	-
11 Finance cost				
Borrowing & other charges	284,823	239,232	243,312	207,387
Dividend on cumulative redeemable preference shares	274	10,329	-	-
	285,097	249,561	243,312	207,387
12 Share of profit of equity accounted investees				

The Group's share of profit from its equity accounted investees for the year was Rs. 900,004,136/- (2021 - Rs. 774,763,807/-).

Lanka Energy International (Private) Limited received a dividend of Rs.117,102,625/- (2021 - 165,970,011) from Lakdhanavi Bangla Power Limited and of Rs. NIL (2021 - 59,122,627) from Raj Lanka Power Company Limited during the financial year.

None of the Group's equity accounted investees are publicly listed entities and consequentially do not have published price quotations.

Summary of financial information for equity accounted investees are as follows.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees thousands)

Group	Country of incorporation	Ownership	Current assets		Non current assets		Total assets		Current liabilities		Non current liabilities		Total liabilities		Net assets		Income		Expenses		Profit / (loss)		Group's share of profit / (loss)		
2021																									
	Pawan Danavi (Private) Limited	Sri Lanka	40.00%	108,535	1,711,173	1,819,708	333,705	179,625	513,330	1,306,378	138,102	(268,659)	(130,557)	(52,223)											
	Hayleys Hydro Energy (Private) Limited	Sri Lanka	49.00%	9,072	119,100	128,172	5,967	-	5,967	122,205	41,685	(6,367)	(3,120)												
	Nala Dhanavi (Private) Limited	Sri Lanka	49.00%	23,840	901,510	925,350	178,667	11,111	189,778	735,572	94,218	(131,643)	(37,425)	(18,338)											
	Neluwa Cascade Hydro Power (Private) Limited	Sri Lanka	49.00%	79,839	232,183	312,022	8,932	2,011	10,943	301,079	113,762	(47,205)	66,557	32,613											
	Raj Lanka Power Company Limited	Bangladesh	20.25%	2,385,583	6,998,458	9,384,041	4,751,219	188,454	4,939,673	4,444,368	3,017,135	(2,628,300)	388,834	78,739											
	Lakdhanavi Bangla Power Limited	Bangladesh	33.16%	1,872,796	6,669,229	8,542,026	2,193,154	1,709,435	3,902,589	4,639,437	3,605,708	(2,907,964)	697,745	231,372											
	Feni Lanka Power Limited	Bangladesh	29.17%	4,597,271	15,471,035	20,068,306	1,974,264	10,911,321	12,885,586	7,182,720	5,435,439	(4,075,249)	1,360,190	396,745											
	Parambe Hydro (Private) Limited	Sri Lanka	43.88%	3,971	76,986	80,957	279	-	279	80,956	-	-	-	-											
	Bambarapana Hydro Power (Pvt) Ltd.	Sri Lanka	40.00%	133,070	752,175	885,245	110,365	325,720	436,085	449,160	188,851	(112,893)	75,958	30,383											
	Nividhu (Private) Limited	Sri Lanka	25.00%	163,906	165,976	329,882	61,891	-	61,891	267,991	282,922	(71,582)	21,340	5,335											
	Nividhu Assupiniella (Private) Limited	Sri Lanka	25.00%	253,402	102,726	356,128	38,611	-	38,611	317,517	275,187	(31,991)	243,196	60,799											
	LTL Energy (Private) Limited	Sri Lanka	45.00%	807,853	2,453,069	3,260,922	1,602,190	426,324	2,028,514	1,232,408	87,112	(59,441)	27,684	12,459											
				10,439,138	35,653,620	46,092,759	11,259,244	13,754,001	25,013,246	21,079,791	13,280,121	(10,341,294)	2,707,155	774,764											
2022																									
	Pawan Danavi (Private) Limited	Sri Lanka	40.00%	119,349	1,553,920	1,673,269	405,094	80,625	485,719	1,187,550	185,212	(304,040)	(118,828)	(47,531)											
	Hayleys Hydro Energy (Private) Limited	Sri Lanka	49.00%	35,717	119,100	154,817	33,105	-	33,105	121,712	83,871	(12,364)	(5,813)												
	Nala Dhanavi (Private) Limited	Sri Lanka	49.00%	71,774	831,347	903,121	191,725	22,470	214,195	688,926	98,864	(144,632)	(46,645)	(22,856)											
	Neluwa Cascade Hydro Power (Private) Limited	Sri Lanka	49.00%	85,922	219,719	305,641	14,369	2,020	16,389	289,252	135,201	(64,646)	70,555	34,572											
	Raj Lanka Power Company Limited	Bangladesh	20.25%	8,481,869	9,904,905	18,386,774	11,881,635	18,306	11,899,941	6,486,833	8,892,846	(8,885,052)	(4,678)	(947)											
	Lakdhanavi Bangla Power Limited	Bangladesh	33.16%	7,959,404	9,458,031	17,417,435	8,574,642	1,519,054	10,093,696	7,323,739	9,037,782	(8,128,196)	875,205	290,218											
	Feni Lanka Power Limited	Bangladesh	29.17%	14,643,397	22,160,397	36,803,794	11,246,805	14,796,249	26,043,054	10,760,740	12,593,745	(10,825,774)	1,748,142	509,904											
	Parambe Hydro (Private) Limited	Sri Lanka	43.88%	3,971	76,986	80,957	697	-	697	80,260	-	(432)	(190)												
	Bambarapana Hydro Power (Private) Limited	Sri Lanka	40.00%	99,487	718,092	817,579	141,477	255,224	396,701	420,878	173,095	(118,883)	54,212	21,685											
	Nividhu (Private) Limited	Sri Lanka	25.00%	231,306	157,430	388,736	75,560	-	75,560	313,176	216,543	(62,025)	19,585	4,896											
	Nividhu Assupiniella (Private) Limited	Sri Lanka	25.00%	188,555	83,558	272,113	43,655	-	43,655	228,458	109,638	(63,764)	11,469												
	LTL Energy (Private) Limited	Sri Lanka	45.00%	1,135,676	4,763,271	5,898,947	1,287,615	2,573,072	3,860,687	2,038,260	286,706	(54,321)	232,385	104,598											
				33,056,427	50,046,756	83,103,183	33,896,379	19,267,020	53,163,399	29,939,784	31,813,503	(28,664,129)	2,863,512	900,004											

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees thousands)

Company

During the year Company received dividend (net of WHT) of Rs. 27,333,335/-, Rs. 25,200,000/-, Rs. 23,520,000/- from Nividhu (Private) Limited, Bambarapana Hydro Power (Private) Limited, Hayleys Hydro (Private) Limited respectively from its equity accounted investees. (2021 - Rs. 43,750,002/-, Rs. 21,974,447/-, Rs. 20,286,000/- respectively).

The Company's share of profit from its equity accounted investees for the year was Rs. 916,123,461/- (2021 - Rs 848,026,571/-).

During the year Company received dividend of Rs. 57,750,905/-, Rs. 261,576,200/- and 14,994,000/- from LVS Energy (Private) Limited, Lanka Energy International (Private) Limited and Sapthakanya Hydro Electric Company (Private) Limited respectively from its subsidiaries. (2021 - 22,675,202/-, Rs. 96,240,300/- and 11,709,600/- respectively)

2021	Country of incorporation	Ownership	Current assets	Non current assets	Total assets	Current liabilities	Non current liabilities	Total liabilities	Net assets	Income	Expenses	Profit / (loss)	Group's share of profit / (loss)
Associates													
Pawan Danavi (Private) Limited	Sri Lanka	40.00%	108,535	1,711,173	1,819,708	333,705	179,625	513,330	1,306,378	138,102	(268,659)	(130,557)	(52,223)
Hayleys Hydro Energy (Private) Limited	Sri Lanka	49.00%	9,072	119,100	128,172	5,967	-	5,967	122,205	41,685	(6,367)	(6,367)	(3,120)
Nala Dhanavi (Private) Limited	Sri Lanka	49.00%	23,840	901,510	925,350	178,667	11,111	189,778	735,572	94,218	(131,643)	(37,425)	(18,338)
Neluwa Cascade Hydro Power (Private) Limited	Sri Lanka	49.00%	79,839	232,183	312,022	8,932	2,011	10,943	301,079	113,762	(47,205)	66,557	32,613
Parambe Hydro (Private) Limited	Sri Lanka	43.88%	3,971	76,986	80,957	279	-	279	80,678	-	-	-	-
Bambarapana Hydro Power (Private) Limited	Sri Lanka	40.00%	133,070	752,175	885,245	110,365	325,720	436,085	449,160	188,851	(112,893)	75,958	30,383
Nividhu (Private) Limited	Sri Lanka	25.00%	163,906	165,976	329,882	61,891	-	61,891	267,991	282,922	(71,582)	21,340	5,335
Nividhu Assupiniella (Private) Limited	Sri Lanka	25.00%	253,402	102,726	356,128	38,611	-	38,611	317,517	275,187	(31,991)	243,196	60,799
LTL Energy (Private) Limited	Sri Lanka	45.00%	807,853	2,453,069	3,260,922	1,602,190	426,324	2,028,514	1,232,408	87,112	(59,441)	27,684	12,459
			1,583,488	6,514,898	8,098,386	2,340,607	944,791	3,285,398	4,812,988	1,221,839	(729,781)	260,386	67,907
Subsidiaries													
LVS Energy (Private) Limited	Sri Lanka	57.75%	6,816	325,407	332,223	6,495	-	6,495	325,728	437	(6,597)	(6,160)	(3,558)
Sapthakanya Hydro Electric Company (Pvt) Ltd	Sri Lanka	85.00%	56,323	292,481	348,804	47,859	106,430	154,289	194,515	44,242	(16,907)	27,335	23,235
Pupulakatiya Mini Hydro Power (Private) Limited	Sri Lanka	100.00%	75	26,673	26,748	22,268	-	22,268	4,480	-	(70)	(70)	(70)
Lanka Energy International (Private) Limited	Sri Lanka	100.00%	134,436	4,479,792	4,614,228	257	-	257	4,613,971	711,907	(23,084)	688,823	688,823
Campion Hydro Power (Private) Limited	Sri Lanka	84.29%	35,706	337,781	373,487	84,835	137,783	222,618	150,869	53,620	(47,784)	5,836	4,919
Solar Energy Investments (Private) Limited	Sri Lanka	100.00%	50,612	261,724	312,336	436	189,421	189,857	122,479	6,319	(3,840)	2,479	2,479
Unit Energy Lanka (Private) Limited	Sri Lanka	54.86%	190,252	306,711	496,963	91,384	63,046	154,430	342,533	215,727	(98,543)	117,184	64,291
			474,220	6,030,569	6,504,789	253,534	496,680	750,214	5,754,575	1,032,252	(196,825)	835,427	780,119
Total share of profits from equity accounted investees												848,026	

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees thousands)

2022	Country of incorporation	Ownership	Current assets	Non current assets	Total assets	Current liabilities	Non current liabilities	Total liabilities	Net assets	Income	Expenses	Profit / (loss)	Group's share of profit / (loss)
Associates													
	Pawan Danavi (Private) Limited	Sri Lanka	119,349	1,553,920	1,673,269	405,094	80,625	485,719	1,187,550	185,212	(304,040)	(118,828)	(47,531)
	Hayleys Hydro Energy (Private) Limited	Sri Lanka	35,717	119,100	154,817	33,105	-	33,105	121,712	83,871	(12,364)	(11,863)	(5,813)
	Nala Dhanavi (Private) Limited	Sri Lanka	71,774	831,347	903,121	191,725	22,470	214,195	688,926	98,864	(144,632)	(46,645)	(22,856)
	Neluwa Cascade Hydro Power (Private) Limited	Sri Lanka	85,922	219,719	305,641	14,369	2,020	16,389	289,252	135,201	(64,646)	70,555	34,572
	Parambe Hydro (Private) Limited	Sri Lanka	3,971	76,986	80,957	697	-	697	80,260	-	(432)	(432)	(190)
	Bambarapana Hydro Power (Pvt) Ltd.	Sri Lanka	99,487	718,092	817,579	141,477	255,224	396,701	420,878	173,095	(118,883)	54,212	21,685
	Nividhu (Private) Limited	Sri Lanka	231,306	157,430	388,736	75,560	-	75,560	313,176	216,543	(62,025)	19,585	4,896
	Nividhu Assupiniella (Private) Limited	Sri Lanka	188,555	83,558	272,113	43,655	-	43,655	228,458	109,638	(63,764)	45,874	11,469
	LTL Energy (Private) Limited	Sri Lanka	1,135,676	4,763,271	5,898,947	1,287,615	2,573,072	3,860,687	2,038,260	286,706	(54,321)	232,385	104,598
			1,971,757	8,523,423	10,495,180	2,193,297	2,933,411	5,126,708	5,368,472	1,289,130	(825,107)	244,843	100,829
Subsidiaries													
	LVS Energy (Private) Limited	Sri Lanka	8,696	331,868	340,564	7,482	-	7,482	333,082	124,117	(16,762)	(15,671)	(9,050)
	Sapthakanya Hydro Electric Company(Pvt)Ltd	Sri Lanka	58,368	280,803	339,171	38,504	72,750	111,254	227,917	51,041	(34,662)	51,042	43,386
	Pupulakatiya Mini Hydro Power (Private) Limited	Sri Lanka	74	26,673	26,747	2,384	-	2,384	24,364	-	(116)	(116)	(116)
	Lanka Energy International (Private) Limited	Sri Lanka	627,173	6,939,203	7,566,376	218,423	-	218,423	7,566,158	809,823	(131,379)	678,444	678,444
	Campion Hydro Power (Private) Limited	Sri Lanka	41,608	324,899	366,507	45,935	138,900	184,835	181,672	52,121	(21,318)	30,803	25,964
	Solar Energy Investments (Private) Limited	Sri Lanka	20,935	858,622	879,557	1,384	657,406	658,790	220,766	32,507	(24,616)	5,622	5,622
	Unit Energy Lanka (Private) Limited	Sri Lanka	148,640	288,311	436,951	47,714	39,903	87,617	349,335	237,224	(107,722)	129,501	71,044
			905,494	9,050,379	9,955,873	361,826	908,959	1,270,785	8,903,294	1,306,833	(336,575)	879,625	815,294
	Total share of profits from equity accounted investees												916,123

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees thousands)

	Group		Company	
	2022	2021	2022	2021
13 Tax expense				
Income tax (note 13.1)	172,917	51,533	-	-
Deferred tax (note 26)	(2,510)	(2,510)	-	-
	170,407	49,023	-	-

13.1 Income tax expense

Liability to income tax of the Company and its subsidiaries has been computed in accordance with the provisions of Inland Revenue Act No. 10 of 2021.

Current tax charge	172,917	51,533	-	-
	172,917	51,533	-	-

13.1.1 Reconciliation between accounting profit and taxable income

Profit / (loss) before income tax	894,689	737,564	657,683	633,232
Disallowable expenses	51,344	55,796	1,489	2,110
Allowable expenses	(25,474)	(552)	-	-
Income from other sources and exempt income	(647,750)	(640,038)	(918,615)	(855,483)
Taxable business profit/(loss) for the year	272,809	152,770	(259,443)	(220,141)
Other income liable for tax	126,841	57,809	2,491	7,887
Total statutory income	399,650	210,579	2,491	7,887
Tax loss utilized	(107,765)	(8,116)	(2,491)	(7,887)
Assessable / taxable income	291,885	202,463	-	-
Income tax charged at the rate of 14%	39,757	27,661	-	-
Income tax charged at the rate of 24%	1,898	1,172	-	-
Income tax charged at the rate of 28%	-	-	-	-
With holding tax on dividend	131,262	22,700	-	-
Tax expense for the year	172,917	51,533	-	-

The Companies in the Group are taxable at following rates;

Name of the company	Applicable tax rate	
	2022	2021
LVL Energy Fund PLC	24%	24%
Unit Energy Lanka (Private) Limited	14%	14%
Sapthakanya Hydro Electric Company (Private) Limited	14%	Exempt
LVS Energy (Private) Limited	24%	24%
Lanka Energy International (Private) Limited	24%	24%
Campion Hydro Power (Private) Limited	Exempt	Exempt
Solar Energy Investments (Private) Limited	14%	14%

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees thousands)

13.1.2 Tax losses

	Group		Company	
	2022	2021	2022	2021
Unutilized tax losses at the beginning of the year	501,045	288,590	500,883	288,630
Tax losses recognized during the year	259,554	220,571	259,443	220,140
	760,599	509,161	760,326	508,770
Tax losses utilized	(107,765)	(8,116)	(2,491)	(7,887)
Unutilized tax losses at the end of the year	652,834	501,045	757,835	500,883

14 Basic and diluted earnings per share

Basic earnings per share has been calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, as per the requirements of the Sri Lanka Accounting Standards LKAS 33 - Earnings per share. There were no potentially diluted shares outstanding at any time during the year. Therefore, the diluted earnings per share are equal to the Basic earnings per share.

	Group		Company	
	2022	2021	2022	2021
Weighted average number of ordinary shares in issue				
Present number of ordinary shares ('000)	582,278	582,278	582,278	582,278
Weighted average number of ordinary shares in issue ('000)	582,278	582,278	582,278	582,278
Profit attributable to equity holders of the company	657,683	633,232	657,683	633,232
Earnings per share (Rs.)	1.13	1.09	1.13	1.09

Diluted earnings per share is same as computed above.

15 Dividend per share

Dividend per share is based on the dividend relevant for the year.

	Company	
	2022	2021
Dividend ('000)	-	203,797
Weighted average number of ordinary shares in issue ('000)	582,278	582,278
Dividend per share	-	0.35
Dividend payout ratio	-	32.11%

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees thousands)

16 Property, plant and equipment (Group)

	Land	Plant & Machinery	Building	Work in progress	Motor Vehicle	Total
Cost						
Balance as at 01 April 2020	1,000	1,226,471	5,518	-	10,550	1,243,539
Additions/(disposals) during the year	60,880	171,141	-	14,115	-	246,136
Balance as at 31 March 2021	61,880	1,397,612	5,518	14,115	10,550	1,489,675
Accumulated depreciation						
Balance as at 01 April 2020	-	(298,855)	(768)	-	(1,934)	(301,557)
Charge for the year	-	(42,713)	(119)	-	(2,110)	(44,942)
Balance as at 31 March 2021	-	(341,568)	(887)	-	(4,044)	(346,499)
Carrying amounts	61,880	1,056,044	4,631	14,115	6,506	1,143,176
Cost						
Balance as at 01 April 2021	61,880	1,397,612	5,518	14,115	10,550	1,489,675
Additions/(disposals) during the year	9,297	571,929	2,955	-	-	584,181
Transfers during the year	-	14,115	-	(14,115)	-	-
Balance as at 31 March 2022	71,177	1,983,656	8,473	-	10,550	2,073,856
Accumulated depreciation						
Balance as at 01 April 2021	-	(341,568)	(887)	-	(4,044)	(346,499)
Charge for the year	-	(47,421)	(154)	-	(2,110)	(49,685)
Balance as at 31 March 2022	-	(388,989)	(1,041)	-	(6,154)	(396,184)
Carrying amounts	71,177	1,594,667	7,432	-	4,396	1,677,672

Property, plant and equipment (Company)

	Motor Vehicle	Total
Cost		
Balance as at 01 April 2020	10,550	10,550
Balance as at 31 March 2021	10,550	10,550
Accumulated depreciation		
Balance as at 01 April 2020	(1,934)	(1,934)
Charge for the year	(2,110)	(2,110)
Balance as at 31 March 2021	(4,044)	(4,044)
Carrying amounts	6,506	6,506

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees thousands)

Property, plant and equipment (Company)

	Motor Vehicle	Total
Cost		
Balance as at 01 April 2021	10,550	10,550
Balance as at 31 March 2022	10,550	10,550
Accumulated depreciation		
Balance as at 01 April 2021	(4,044)	(4,044)
Charge for the year	(2,110)	(2,110)
Balance as at 31 March 2022	(6,154)	(6,154)
Carrying amounts	4,396	4,396

- (a) On reassessment of fair values of Group's/ Company's assets, it had been identified that there is no permanent impairment of property, plant and equipment which requires a provision in the Financial Statements.
- (b) Refer note no.24 for information regarding property plant & equipment pledged as securities for liabilities obtained by subsidiaries.

16.1 Right-to-use land (Group)

	2022	2021
Cost		
As at the beginning of the year	5,105	5,105
As at the end of the year	5,105	5,105
Accumulated amortization		
As at the beginning of the year	(1,927)	(1,739)
(+) Amortization for the year	(188)	(188)
As at the end of the year	(2,115)	(1,927)
	2,990	3,178

Land rights relate to the land in Peragahamulla, Ginigathhena on which the power plant owned by Unit Energy Lanka (Private) Limited is located.

Land right is relevant for a project with a life time of 27 years and 2 months period, which commenced in August 2005.

The land right is amortized over its project lifetime.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees thousands)

17 Equity accounted investees

17.1 Investment in subsidiaries (Company)

As at 31 March

	2022			2021		
	% of holding	Cost of investment	Carrying Value	% of holding	Cost of investment	Carrying Value
LVS Energy (Private) Limited	57.75%	130,600	192,606	57.75%	130,600	188,359
Sapthakanya Hydro Electric Company(Private) Limited	85.00%	142,800	193,729	85.00%	142,800	165,338
Pupulakatiya Mini Hydro Power (Private) Limited	100.00%	29,000	24,364	100.00%	9,000	4,480
Lanka Energy International (Private) Limited	100.00%	2,467,700	7,566,158	100.00%	2,467,700	4,613,972
Campion Hydro Power (Private) Limited	84.29%	118,000	153,123	84.29%	118,000	127,161
Solar Energy Investments (Private) Limited	100.00%	200,000	205,851	100.00%	120,000	122,479
		3,088,100	8,335,831		2,988,100	5,221,789

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees thousands)

17 Equity accounted investees (Contd.)

17.1(a) Non controlling interest (NCI)

The following table summarizes the information related to each of the Group's subsidiaries that has material NCI, before any intra - group eliminations.

As at 31 March	2022		2021	
	LVS Energy (Private) Limited	Unit Energy Lanka (Private) Limited	LVS Energy (Private) Limited	Unit Energy Lanka (Private) Limited
NCI Percentage	42.25%	45.14%	42.25%	45.14%
Non current assets	-	288,311	-	306,711
Current assets	8,696	148,640	6,816	190,252
Non - current liabilities	-	39,903	-	63,046
Current liabilities	7,482	47,714	6,495	91,384
Net assets	1,214	349,334	321	342,533
Carrying amount of NCI	513	157,681	136	154,611
Revenue	721	235,522	437	213,452
Profit for the year	(15,671)	129,501	(6,161)	117,184
Other comprehensive income for the year, net of income tax	-	-	-	-
Total comprehensive income for the year	(15,671)	129,501	(6,161)	117,184
Profit allocated to NCI	(6,621)	58,454	(2,603)	52,894
OCI allocated to NCI	-	-	-	-
Cash flows from operating activities	605	(20,622)	(6,753)	83,493
Cash flows from investment activities	116,565	-	44,990	-
Cash flows from financing activities	100,001	(47,826)	(39,264)	(10,486)
Net cash increase (decrease) in cash equivalent	1,614	(68,448)	(1,027)	73,007

Campion Hydro (Private) Limited (15.71%) and Sapthakanya Hydro Electric (Private) Limited (15%) are not considered as a material NCI during the year.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees thousands)

17 Equity accounted investees (Contd.)

17.2 Investment in associates

Group	Ownership	As at 01 April	Investments	Share of profits	Share of OCI	Foreign currency adjustment	Dividend distribution	As at 31 March
2021								
Hayleys Hydro Energy (Private) Limited	49.00%	51,791	-	(3,120)	-	-	-	48,671
Neluwa Cascade Hydro Power (Private) Limited	49.00%	88,562	-	32,613	(20)	-	(20,286)	100,869
Pawan Danavi (Private) Limited	40.00%	574,775	-	(52,223)	-	-	-	522,552
Nala Dhanavi (Private) Limited	49.00%	378,768	-	(18,338)	-	-	-	360,430
Lakdhanavi Bangla Power Limited	33.16%	1,307,872	-	231,372	-	82,273	(132,486)	1,489,031
Raj Lanka Power Company Limited	20.25%	779,521	-	78,739	-	46,735	(18,845)	886,150
Feni Lanka Power Limited	29.17%	1,598,055	-	396,745	-	109,813	-	2,104,613
Nividhu (Private) Limited	25.00%	106,885	-	5,335	-	-	(43,750)	68,470
Nividhu Assupiniella (Private) Limited	25.00%	109,529	-	60,799	-	-	-	170,328
Parambe Hydro (Private) Limited	43.88%	35,416	-	-	-	-	-	35,416
Bambarapana Hydro Power (Private) Limited	40.00%	186,522	-	30,383	-	-	(35,174)	181,731
LTL Energy (Private) Limited	45.00%	465,738	78,486	12,459	-	14,266	-	570,949
		5,683,434	78,486	774,764	(20)	253,087	(250,541)	6,539,210
2022								
Hayleys Hydro Energy (Private) Limited	49.00%	48,671	-	(5,813)	-	-	-	42,858
Neluwa Cascade Hydro Power (Private) Limited	49.00%	100,869	-	34,572	-	-	(35,280)	100,161
Pawan Danavi (Private) Limited	40.00%	522,552	-	(47,531)	-	-	-	475,021
Nala Dhanavi (Private) Limited	49.00%	360,430	-	(22,856)	-	-	-	337,574
Lakdhanavi Bangla Power Limited	33.16%	1,489,031	-	290,218	-	787,070	(137,768)	2,428,551
Raj Lanka Power Company Limited	20.25%	886,150	-	(947)	-	428,383	-	1,313,586
Feni Lanka Power Limited	29.17%	2,104,613	-	509,904	-	1,319,864	(737,314)	3,197,067
Nividhu (Private) Limited	25.00%	68,470	-	4,896	-	-	(27,333)	46,033
Nividhu Assupiniella (Private) Limited	25.00%	170,328	-	11,469	-	-	-	181,797
Parambe Hydro (Private) Limited	43.88%	35,416	-	(190)	-	-	-	35,226
Bambarapana Hydro Power (Private) Limited	40.00%	181,731	-	21,685	-	-	(32,998)	170,418
LTL Energy (Private) Limited	45.00%	570,949	71,437	104,598	-	189,002	-	935,986
		6,539,210	71,437	900,004	-	2,724,319	(970,693)	9,264,278

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees thousands)

17 Equity accounted investees (Contd.)

Company	Ownership	As at 01 April	Investments	Share of profits	Share of OCI	Foreign currency adjustment	Dividend distribution	As at 31 March
2021								
Hayleys Hydro Energy (Private) Limited	49.00%	51,791	-	(3,120)	-	-	-	48,671
Neluwa Cascade Hydro Power (Private) Limited	49.00%	88,563	-	32,613	(20)	-	(20,286)	100,869
Pawan Danavi (Private) Limited	40.00%	574,773	-	(52,223)	-	-	-	522,552
Nala Dhanavi (Private) Limited	49.00%	378,767	-	(18,338)	-	-	-	360,430
Nividhu (Private) Limited	25.00%	106,883	-	5,335	-	-	(43,750)	68,470
Nividhu Assupiniella (Private) Limited	25.00%	109,530	-	60,799	-	-	-	170,328
Parambe Hydro (Private) Limited	43.88%	35,415	-	-	-	-	-	35,416
Bambarapana Hydro Power (Private) Limited	40.00%	186,522	-	30,383	-	-	(35,174)	181,731
LTL Energy (Private) Limited	45.00%	465,738	78,486	12,459	-	14,266	-	570,949
		1,997,982	78,486	67,908	(20)	14,266	(99,210)	2,059,417
2022								
Hayleys Hydro Energy (Private) Limited	49.00%	48,671	-	(5,813)	-	-	-	42,858
Neluwa Cascade Hydro Power (Private) Limited	49.00%	100,869	-	34,572	-	-	(35,280)	100,161
Pawan Danavi (Private) Limited	40.00%	522,552	-	(47,531)	-	-	-	475,021
Nala Dhanavi (Private) Limited	49.00%	360,430	-	(22,856)	-	-	-	337,574
Nividhu (Private) Limited	25.00%	68,470	-	4,896	-	-	(27,333)	46,033
Nividhu Assupiniella (Private) Limited	25.00%	170,328	-	11,469	-	-	-	181,797
Parambe Hydro (Private) Limited	43.88%	35,416	-	(190)	-	-	-	35,226
Bambarapana Hydro Power (Private) Limited	40.00%	181,731	-	21,685	-	-	(32,998)	170,418
LTL Energy (Private) Limited	45.00%	570,949	71,437	104,598	-	189,002	-	935,986
		2,059,417	71,437	100,830	-	189,002	(95,611)	2,325,074

	Group		Company	
	2022	2021	2022	2021
17.1 Investment in subsidiaries (Company)	-	-	8,335,831	5,221,789
17.2 Investment in associates	9,264,278	6,539,210	2,325,074	2,059,417
	9,264,278	6,539,210	10,660,905	7,281,206

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees thousands)

18 Intangible assets

Group	2022	2021
Cost		
As at the beginning of the year	75,178	58,655
Additions	19,391	16,523
As at the end of the year	94,569	75,178
Accumulated amortization		
As at the beginning of the year	(4,391)	(3,303)
Amortization for the year	(1,873)	(1,088)
As at the end of the year	(6,264)	(4,391)
Carrying value	88,305	70,787

Approval cost consist of expenditure incurred in connection with approvals, surveys and engineering designs in respect of Pupulaketiya Hydro Power (Private) Limited Rs. 26,673,346/- (in 2021 - Rs. 26,673,346/-) This cost is to be amortized with effect from commencement of commercial operations.

Approval cost of Rs. 1,981,602/-, Rs. 30,000,000/- and Rs.35,914,178/- of Sapthakanya Hydro Electric Company (Private) Limited, Campion Hydro (Private) Limited and Solar Energy Investments (Private) Limited respectively are being amortized over the period.

There has been no impairment of intangible assets that requires a provision in the Financial Statements. Method used in estimating recoverable amount was based on value in use. Value in use was determined by discounting the future cash flows generated from the continuing use of the assets.

19 Loans and receivables

	Group		Company	
	2022	2021	2022	2021
Receivable from Ceylon Electricity Board	239,965	111,819	-	-
Advances	2,040	3,049	1,665	-
Prepayments	2,699	20,394	161	155
	244,704	135,262	1,826	155

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees thousands)

20 Amounts due from / due to related parties

20.1 Amounts due from related parties

	Group		Company	
	2022	2021	2022	2021
Sapthakanya Hydro Electric Company (Private) Limited	-	-	3,522	-
Campion Hydro (Private) Limited	-	-	7,099	-
Pupulaketiya Hydro Power (Private) Limited	-	-	2,334	22,224
Receivable Lanka Energy International (Private) Limited	-	-	153	-
Receivable Parambe Hydro Power (Private) Limited	451	451	451	451
Receivable from Solar Energy Investments (Private) Limited	-	-	42,520	4,142
Receivable from VS Hydro (Private) Limited	396	129	-	-
	847	580	56,079	26,817

20.2 Amounts due to related parties

Current Account with Lanka Ventures PLC	66,285	4,103	66,285	4,103
	66,285	4,103	66,285	4,103

21 Other receivables

Dividend Receivable	719,475	73,200	92,758	73,200
	719,475	73,200	92,758	73,200

22 Cash and cash equivalents

Cash at bank	32,009	141,719	988	17,164
Short term investments	38,644	249,410	-	76,032
	70,653	391,129	988	93,196

23 Stated capital and reserves

23.1 Stated capital

	Group		Company	
	2022	2021	2022	2021
Balance as at 1 April	2,906,472	2,906,472	2,906,472	2,906,472
Balance as at 31 March	2,906,472	2,906,472	2,906,472	2,906,472

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees thousands)

23 Stated capital and reserves (Contd.)

Number of shares

	Group		Company	
	2022	2021	2022	2021
As at 1 April	582,278,117	582,278,117	582,278,117	582,278,117
As at 31 March	582,278,117	582,278,117	582,278,117	582,278,117

Par value per share was LKR 10 for the Company.

The holders of ordinary shares are entitled to recover dividends as declared from time to time, and are entitled to one vote per individual at meetings of shareholders or one vote per share in case of poll.

Stated capital as per the requirements of the Companies Act No. 07 of 2007.

	Note	Group		Company	
		2022	2021	2022	2021
Ordinary share capital	23	2,906,472	2,906,472	2,906,472	2,906,472
Redeemable preference shares	25	-	95,000	-	-
Stated capital as per the Companies Act No. 07 of 2007		2,906,472	3,001,472	2,906,472	2,906,472

23.2 Revaluation reserve

Revaluation reserve comprise of share of revaluation reserve attributable to the Company/Group from its equity accounted investees.

23.3 Translation reserve

Translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

23.3.1 Foreign operations - foreign currency translation difference

During the period company has recognize foreign currency translation difference of Rs. 787,070,521/-, Rs. 428,383,368/-, Rs. 1,319,864,234/- and Rs. 189,002,227/- from Lakdhanavi Bangla Power Limited, Raj Lanka Power Company Limited, Feni Lanka Power Limited and LTL Energy (Private) Limited respectively. (2021 – Rs. 82,273,217/-, Rs. 46,735,139/-, Rs. 109,813,240/- and Rs. 14,266,211/- respectively).

23.5 Non controlling interest

SEI Mathugama (Private) Limited issued Rs. 10,395,800/- worth of ordinary shares on 10 February 2022.

24 Interest bearing borrowings

As at 01 April	2,911,170	2,588,715	2,398,973	2,251,983
Repayments during the year	(1,110,768)	(194,573)	(911,667)	(111,016)
Obtained during the period	1,578,513	459,021	925,000	200,000
Interest payable/ overpaid at the end of the year	68,336	58,007	82,753	58,006
As at 31 March	3,447,251	2,911,170	2,495,059	2,398,973
Repayments due within one year	546,601	1,181,371	463,465	1,048,441
Repayments due after one year	2,900,650	1,729,799	2,031,594	1,350,532

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees thousands)

24 Interest bearing borrowings (Contd.)

3,447,251 2,911,170 2,495,059 2,398,973

Financial institution	Security	Repayment terms and maturity	Interest rate	Principal value	Amount outstanding
LVL Energy Fund PLC					
Hatton National Bank PLC	Unsecured	Repayable in 5 equal annual installments from March 2023.	AWPLR of the preceding month plus 2.00% p.a.	75,000	75,405
DFCC Bank PLC	Unsecured	Repayable in 7 equal annual installments from March 2021.	AWPLR of the preceding month plus 1.75% p.a.	200,000	171,782
DFCC Bank PLC	Unsecured	Repayable in 6 equal annual installments from March 2021.	AWPLR of the preceding month plus 1.75% p.a.	580,000	273,897
DFCC Bank PLC	Unsecured	Repayable in 36 equal quarterly installments commenced from December 2020.	AWPLR of the preceding month plus 1.50% p.a.	500,000	430,908
Mr.M.A. Wijetunge	Unsecured	Company shall have the option of settling the loan in full at any time. Mr. M.A. Wijetunge shall have the option of calling upon the Company to settle the said loan in full upon granting twelve (12) months' notice in writing to the Company	AWPLR of the preceding month plus 2.50% p.a.	100,000	100,000
Sampath Bank PLC	Unsecured	Repayable on 28th April 2026 for a sum of LKR 1,016 Mn.	AWPLR of the preceding month plus 1.50% p.a.	750,000	788,982
National Development Bank PLC	Unsecured	Repayable in 10 equal bi-annual installments commenced from April 2021.	Interest will be payable in 10 equal bi-annual installments after a grace period of 18 months from the date of the first disbursement along with the capital repayment at AWPLR plus a varying margins.	600,000	654,085
				Sub total	2,495,059

(All amounts in Sri Lanka Rupees thousands)

24 Interest bearing borrowings (Contd.)

Unit Energy Lanka (Private) Limited						
DFCC Bank PLC	A negative pledge over assets of the company.	Repayable in 42 equal monthly installments commenced from March 2019.	AWPLR of the preceding month plus 1.75% p.a	120,000	18,198	
National Development Bank PLC	Unsecured	Repayable in 15 monthly installments commenced from May 2021.	4.00% p.a	23,800	6,347	
				Sub total	24,545	
Sapthakanya Hydro Electric Company (Private) Limited						
DFCC Bank PLC	Leasehold right of land and immovable project assets in Laxapanagalla division of Theberton Group.	Repayable in 60 equal monthly installments of Rs. 2,300,000/-, 23 equal monthly installments of Rs. 1,600,000/- and final installment of Rs. 1,450,000/- commenced in June 2019.	AWPLR plus 1.60% p.a	176,250	100,350	
DFCC Bank PLC	Unsecured	Repayable in 12 equal monthly installments of Rs. 511,458/-	AWPLR plus 1.00% p.a	6,138	2,557	
National Development Bank PLC	Unsecured	Repayable in 15 monthly installments commenced from May 2021.	4.00% p.a	22,800	7,600	
				Sub total	110,507	
Campion Hydro (Private) Limited						
National Development Bank PLC	Leasehold right of land, and immovable project assets in Campion Tea Estate, Bogawanthalawa and Primary mortgage book debts and receivables of project.	Repayable in 96 monthly installments commenced from April 2021.	AWPLR of the preceding month plus 2.00% p.a	170,000	153,600	
National Development Bank PLC	Unsecured	Repayable in 15 monthly installments commenced from May 2021.	4.00% p.a	23,000	6,133	
				Sub total	159,733	

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees thousands)

24 Interest bearing borrowings (Contd.)

SEI Mathugama (Private) Limited					
Sampath Bank PLC	All project assets of solar power plant at Mathugama.	Repayable in 144 monthly installments commenced from May 2021.	AWPLR plus 1.25% p.a	115,921	115,947
				Sub total	115,947
Solar Energy Investments Pallekele (Private) Limited					
Sampath Bank PLC	All project assets of solar power plant at Pallekele.	Repayable in 144 monthly installments commenced from January 2021.	AWPLR plus 1.25% p.a	238,060	233,060
				Sub total	233,060
SEI Maho (Private) Limited					
Sampath Bank PLC	All project assets of solar power plant at Maho.	Repayable in 144 monthly installments commenced from January 2021.	AWPLR plus 1.25% p.a	312,400	308,400
				Sub total	308,400
				Total interest bearing borrowings	3,447,251

(All amounts in Sri Lanka Rupees thousands)

25 Cumulative redeemable preference shares

Principal value	Security	Repayment terms and maturity	No. of shares	Dividend rate	Balance as at 01 April 2021	Issued during the year	Redeemed during the year	Balance as at 31 March 2022
Campion Hydro (Private) Limited								
100,000	Unsecured	Redemption of these preference shares will be commencing from 31 December 2020 in twenty consecutive equal quarterly installments.	10,000,000	AWPLR of the preceding month plus 3.0% p.a.	95,000	-	(95,000)	-
				Sub total	95,000	-	(95,000)	-
				Total interest bearing borrowings	95,000	-	(95,000)	-

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees thousands)

25 Cumulative redeemable preference shares (Contd.)

	Group		Company	
	2022	2021	2022	2021
Balance as at 01 April	95,000	139,806	-	39,806
Preference shares issued during the year	-	-	-	-
Preference shares redeemed during the year	(95,000)	(42,500)	-	(37,500)
	-	97,306	-	2,306
Preference dividend recognized during the year	274	10,329	-	-
Preference dividend paid during the year	(274)	(12,635)	-	(2,306)
Balance payable as at 31 March	-	95,000	-	-
Non current liabilities				
Redeemable after one year to five years	-	75,000	-	-
Current liabilities				
Redeemable within one year	-	20,000	-	-
	-	95,000	-	-

During the period Champion Hydro (Private) Limited settled the preference shares in full.

26 Deferred tax liability - Group

Deferred tax (assets) and liabilities are calculated on all taxable and deductible temporary differences arising from differences between accounting bases and tax bases of assets and liabilities.

The amount shown in the statement of financial position represents the following:

As at 31 March	2022	2021
Liabilities		
Plant and equipment	39,903	42,413
Net deferred tax liability	39,903	42,413

The taxable and deductible temporary differences mainly arise from property, plant & equipment and tax losses.

	Balance as at 31 March 2020	Recognised in profit or loss	Balance as at 31 March 2021	Recognised in profit or loss	Balance as at 31 March 2022
Plant and equipment	44,923	(2,510)	42,413	(2,510)	39,903
	44,923	(2,510)	42,413	(2,510)	39,903

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees thousands)

26 Deferred tax liability - Group (Contd.)

26.1 Unrecognized deferred tax assets - Group

As at 31 March 2022, a deferred tax asset of Rs. 167,179,864/- (2021- Rs. 120,250,800/-) was not recognized since it is not probable that adequate taxable profits will be available in the foreseeable future to absorb these amounts.

	2022		2021	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
Deductible temporary differences				
Tax losses	652,834	167,180	501,045	120,251
		167,180		120,251

26.2 Unrecognized deferred tax assets - Company

As at 31 March 2022, a deferred tax asset of LKR 181,880,681/- (2021- LKR 120,212,003/-) was not recognized since it is not probable that adequate taxable profits will be available in the foreseeable future to absorb these amounts.

	2022		2021	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
Deductible temporary differences				
Tax losses	757,835	181,880	500,883	120,212
		181,880		120,212

27 Other payables

	Group		Company	
	2022	2021	2022	2021
Dividend payable	503	-	473	-
Audit fees payable	1,106	757	279	223
Electricity payable	128	85	-	-
Lease rental payable	6,241	4,271	-	-
O & M payable	12,537	6,277	-	-
Bonus payable	2,415	2,231	2,415	2,231
Management fees payable	2,450	90	450	-
Director fee payable	258	47	258	45
Insurance payable	-	88	-	-
Professional fees payable	1,372	1,112	585	314
Repair fees payable	-	2,971	-	-
	27,010	17,929	4,460	2,813

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees thousands)

28 Income tax receivable/ payable

	Group		Company	
	2022	2021	2022	2021
28.1 Balance as at 01 April	6,378	6,371	5,236	5,236
WHT deduction	-	7	-	-
Balance receivable as at 31 March	6,378	6,378	5,236	5,236
28.2 Balance as at 01 April	19,215	10,394	-	-
Provision for the year	172,917	51,533	-	-
WHT on associate company dividends	(131,262)	(22,700)	-	-
Payments during the year	(43,257)	(20,013)	-	-
Balance payable as at 31 March	17,613	19,215	-	-

29 Capital commitments and contingencies

There were no commitments and contingencies as at the balance sheet date, which require adjustments to or disclosure in the Financial Statements.

30 Events after the reporting date

Surcharge tax

The Group/Company made an assessment on the implications of the surcharge tax as per the requirements of the surcharge tax act No 14 of 2022 and concluded that the Group/Company do not meet the taxable income threshold criteria and thereby no surcharge tax liability arises accordingly.

There are no other events that occurred since the reporting date which would require adjustments to or disclosure in the Financial Statements.

31 Prevailing economic environment

Increase in the interest rates

The Average Weighted Prime Lending Rate applicable for the Company's variable rate debt has increased from 5.78% at the beginning of April 2021 to 24.94% by August 2022 substantially increasing the Company's cost of debt. To mitigate the debt service burden, the Company took measures to replace the bridging loan of LKR 750 Mn which was at variable interest rate with a deep discount bond at a low coupon rate of 3.57% p.a. which is redeemable in 5 years at a face value of LKR 1,016 Mn.

(All amounts in Sri Lanka Rupees thousands)

31 Prevailing economic environment (Contd.)

Fluctuations in foreign currency and significant rupee depreciation

During the 3-month period ended 30 June 2022, BDT depreciated significantly against USD from USD 1 = BDT 86.20 to USD 1 = BDT 93.45. This adversely affected the profit of Bangladeshi investee companies which have USD borrowings. Accordingly the exchange loss attributable to these companies were BDT 397 Mn for the quarter.

Depreciation of LKR against BDT from BDT 1 = LKR 3.80 in August 2022 against BDT 1 = LKR 3.47 in March 2022 resulted an exchange gain of Rs. 687 Mn which improved the carrying value of the investment.

Reduction in dividend income

Cash flow position of local companies supplying electricity to Ceylon Electricity Board (CEB) is tight with a time lag of 9 months for settlement of invoices. Increase in interest rates together with the delay in payments from CEB resulted a major impact to the profitability and the cash position which restricted the declaration of dividend from the project companies which will negatively impact the cash position of the Company.

32 Related parties

Lanka Ventures PLC (LVL) is the parent company for LVL Energy Fund PLC, which has 57% controlling interest and the ultimate parent is Acuity Partners (Private) Limited. Hatton National Bank PLC and DFCC Bank PLC jointly control Acuity Partners (Private) Limited.

32.1 Transactions with key management personnel

Key management personnel include all the members of the Board of Directors of the Company and the CEO of the Company having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly.

Board of Directors of the Company are as follows;

Mr. A.R. Munasinghe

Mr. M.R. Abeywardena

Mr. M.A. Wijetunge

Mr. M.M. Wijetunge

Mr. J.D.N. Kekulawala

Mr. K.C.S. Dharmawardena

Mr. R. A. Dassanayake

Mr. P.G.D.B. Pallewatte

Mr. A.G.R. Dissanayake

Mr. N.H.T.I. Perera (appointed w.e.f. 02 February 2022)

Mr. P.G.D.B. Pallewatte is the Deputy General Manager - Wholesale Banking Group of Hatton National bank PLC. He is a Director of Acuity Partners (Private) Limited, Acuity Securities (Private) Limited and Lanka Ventures PLC.

Mr. N.H.T.I. Perera is the Director / Chief Executive Officer of DFCC Bank PLC. He is the chairman of Acuity Partners (Private) Limited and a director of Lanka Ventures PLC.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees thousands)

32 Related parties (Contd.)

32.1 Transactions with key management personnel (Contd.)

Mr. A.R. Munasinghe is a Director of Lanka Ventures PLC.

Mr. M.R. Abeywardena is the Managing Director of Acuity Partners (Private) Limited. He is the chairman of Acuity Stockbrokers (Private) Limited and Acuity Securities Limited. He is a director of Lanka Ventures PLC.

Mr. J.D.N. Kekulawala is a Director of Lanka Ventures PLC.

Mr. M.A. Wijetunge is a Director of Lakdhanavi Bangla Power Limited.

Mr. R.A. Dassanayake is the Vice President - Strategic Planning & Subsidiaries of DFCC Bank PLC. He is a Director of Acuity Securities Limited and Lanka Ventures PLC.

Mr. A.G.R. Dissanayake is the Chief Financial Officer of Hatton National Bank PLC. He is a Director of Acuity Partners (Private) Limited and Lanka Ventures PLC.

Mr. D.S. Arangala who is the Chief Executive Officer of the Company is a director of Nividhu (Private) Limited, Nividhu Assupiniella (Private) Limited, LVS Energy (Private) Limited, Unit Energy Lanka (Private) Limited, Lanka Energy International (Private) Limited, Pawan Danavi (Private) Limited, Hayleys Hydro Energy (Private) Limited, Nala Dhanavi (Private) Limited, Raj Lanka Power Company Limited, Lakdhanavi Bangla Power Limited, Feni Lanka Power Limited, Pupulaketiya Mini Hydro Power (Private) Limited, Sapthakanya Hydro Electric Company (Private) Limited, Champion Hydro (Private) Limited, Bambarapana Hydropower (Private) Limited, Solar Energy Investments (Private) Limited and LTL Energy (Private) Limited.

During the year directorship changes,

Mr. P.G.D.B. Pallewatte was appointed as the Chairman of the Company with effect from 26 November 2021.

Mr. N.H.T.I. Perera was appointed as a Director of the Company with effect from 02 February 2022.

Mr. L.H.A.L. Silva and Mr. A.J. Alles who were directors of the Company resigned with effect from 31 December 2021 and 26 November 2021 respectively.

32.2 Transactions with key management personnel

(i) Key management personnel compensation

Compensation paid to / on behalf of key management personnel of the company are as follows.

	Group		Company	
	2022	2021	2022	2021
Director's remuneration	1,925	1,475	1,925	1,475
Employee benefits	8,558	7,539	8,558	7,539

(ii) Loans given to directors

The Company has not given any loans for the directors of the company during the year ended 31 March 2022.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees thousands)

32 Related parties (Contd.)

32.3 Other related party transactions

The Company enters into transactions with related parties in the ordinary course of business on an arm's length basis on terms similar to comparable transactions with unrelated parties.

Outstanding balances at year end are unsecured and settlement occurs in cash. No guarantees were given or received in respect of the outstanding balances. Company did not recognized any provision for doubtful debt related to the amount of outstanding balances and did not recognized any expenses during the year in respect of bad or doubtful debts from related parties.

Name of the related party	Relationship	Nature of transaction	2022		2021	
			Amounts (paid)/ received	Balance 31 March	Amounts (paid)/ received	Balance 31 March
DFCC Bank PLC	Joint holder of ultimate parent	Redeemable preference shares	-	-	(37,500)	-
		Preference dividend	-	-	(2,306)	-
		Term loan - obtained	-	875,317	200,000	1,291,984
		Term loan - repaid	(416,666)	-	(111,016)	-
		Interest on term loan	(80,888)	-	(113,844)	-
		Fixed deposit	-	-	-	-
		Fixed deposit - interest	-	-	-	-
		TB repo - interest	-	-	582	-
		TB repurchase - Investment	-	-	-	-
		Bank charges	(184)	-	(230)	-
Hatton National Bank PLC	Joint holder of ultimate parent	Term loan - repaid	(375,000)	-	-	-
		Interest on term loan	(3,958)	-	(32,632)	-
		Bank charges	(8)	-	(10)	-
Acuity Securities Limited	Subsidiary of ultimate parent	TB repurchase interest	-	-	48,874	135
		TB repurchase - Investment	-	-	-	75,897
Lanka Ventures PLC	Parent	Current account	65,700	66,286	4,100	4,103
		Management fees	(1,000)	450	(1,000)	-
Unit Energy Lanka (Private) Limited	Subsidiary	Interest income	-	-	(1,029)	-
Pupulaketiya Hydro Power (Private) Limited	Subsidiary	Current account	(19,890)	2,334	(65)	22,224
Sapthakanya Hydro Electric Company (Private) Limited	Subsidiary	Current account	(3,521)	-	(340)	-
Campion Hydro (Private) Limited	Subsidiary	Current account	(7,099)	-	(33,590)	-
Solar Investments (Private) Limited	Subsidiary	Current account	60,830	42,520	60,830	4,142
Parambe Hydro Power (Private) Limited	Associate	Current account	-	451	-	451

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees thousands)

32 Related parties (Contd.)

32.4 Disclosures under Section 9.3.2 of the Listing Rules of the Colombo Stock Exchange

(a) Non-recurrent related party transactions

No non-recurrent related party transactions requiring disclosure.

(b) Recurrent related party transactions

No recurrent related party transactions requiring disclosure.

33 Financial risk management and financial instruments

Risk management of the Group is the systematic process of identifying, quantifying and managing all risks and opportunities that can affect the achievement of Lanka Ventures PLC and its subsidiary's strategic and financial goals. The Group has established a sound risk management framework to identify and mitigate the risk exposure.

Financial instruments held by the Group, principally comprise of cash and cash equivalents and investments held under amortized cost category. The main purpose of these financial instruments is to manage the operating, investing and financing activities of the Group.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Group risk management processes / guidelines and procedures and reviews the adequacy of the risk management framework in relation to the risks.

Financial risk management of the Group is carried out based on guidelines established by the finance division which comes under the purview of the Board of Directors of the Group. The finance division identifies, evaluates and mitigates financial risk in close co-operation with the Group's finance department.

The Group has identified 3 critical types of risk which can affect the Group's operations adversely as Credit risk, Liquidity risk and Market risk.

33.1 Exposure to credit risk

Cash at bank and other financial assets

The group held cash at bank and short term investments of LKR 70,653,151 as at 31 March 2022 (2021- LKR 391,128,683) which represents its maximum credit exposure on these assets. These are invested / held with licensed commercial banks and security company's to limit its exposure to credit risk, which have better fit ratings if AA+, AA- , A+.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period was as follows.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees thousands)

33 Financial risk management and financial instruments (Contd.)

	Notes	Carrying amounts			
		Group		Company	
		2022	2021	2022	2021
Loans and receivables	19	244,704	135,262	1,826	155
Amounts due from related parties	20	847	580	56,079	26,817
Other receivables	21	719,475	73,200	92,758	73,200
		965,026	209,042	150,663	100,172

Ageing

The ageing of loans and receivables (Loans and receivables, amounts due from related parties and other receivables) at the reporting date was as follows.

	Carrying amounts			
	Group		Company	
	2022	2021	2022	2021
Below 30 days	-	-	-	-
30 - 45 days	-	-	42,520	-
46 - 60 days	396	129	-	4,142
Over 61 days	964,630	208,913	108,143	96,030
	965,026	209,042	150,663	100,172

There were no objective evidence of impairment as a result of one or more loss events that occurred subsequent to their initial recognition. Hence no impairment provision made in the financial statements as at 31 March 2022.

33.2 Exposure to liquidity risk

The following are the contractual maturities of financial liabilities:

The maturity analysis of liabilities - 2022

Group	Carrying value	Current	Non current		
		Upto 1 year	1 to 2 years	2 to 5 years	Above 5 years
Cumulative redeemable preference shares	-	-	-	-	-
Interest bearing borrowings	3,447,251	546,601	625,712	1,472,067	802,871

Company	Carrying value	Current	Non current		
		Upto 1 year	1 to 2 years	2 to 5 years	Above 5 years
Interest bearing borrowings	2,495,059	463,465	297,009	931,714	802,871

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees thousands)

33 Financial risk management and financial instruments (Contd.)

33.2 Exposure to liquidity risk (Contd.)

The maturity analysis of liabilities - 2021

Group	Carrying value	Current	Non current		
		Upto 1 year	1 to 2 years	2 to 5 years	Above 5 years
Cumulative redeemable preference shares	95,000	20,000	75,000	-	-
Interest bearing borrowings	2,911,170	1,181,371	1,069,011	593,661	67,127

Company	Carrying value	Current	Non current		
		Upto 1 year	1 to 2 years	2 to 5 years	Above 5 years
Interest bearing borrowings	2,398,974	1,048,441	351,136	776,381	223,016

33.3 Exposure to market risk

33.3.1 Currency risk

The Group's exposure to foreign currency risk was as follows based on notional amounts

31 March	2022	2021
	BDT	BDT
Investment in equity accounted investees		
Raj Lanka Power Company Limited	234,920	234,920
Lakdhanavi Bangla Power Limited	386,800	386,800
Feni Lanka Power Limited	677,600	677,600
Share of profit of equity accounted investees (net of income tax)		
Raj Lanka Power Company Limited	643	33,602
Lakdhanavi Bangla Power Limited	122,917	98,738
Feni Lanka Power Limited	210,155	169,310

The following exchange rates applied on 31 March

Spot rate as at 31 March	2022	2021
Bangladesh Taka (BDT)	3.4677	2.3433

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees thousands)

33 Financial risk management and financial instruments (Contd.)

Sensitivity analysis

A strengthening /(weakening) of the LKR and BDT against all other currencies at 31 March would have affected the measurement of financial instruments denominated in a foreign currency and increased /(decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2021, albeit that the impact of reasonably possible foreign exchange rate variances were nil, as indicated below.

	Equity		Profit or loss	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2022 BDT (10% movement)	450,565	(450,565)	70,686	(70,686)
31 March 2021 BDT (10% movement)	304,470	(304,470)	70,686	(70,686)

Subsequent impact to the financial statements in respect of the movement of the exchange rate is disclosed under note 31 to the financial statements.

33.3.2 Interest rate risk

At the reporting date the interest rate profile of the Group's and the Company's interest-bearing financial instruments were:

	Carrying amounts			
	Group		Company	
As at 31 March	2022	2021	2022	2021
Fixed rate instruments				
Financial assets	38,644	249,410	-	76,032
	38,644	249,410	-	76,032
Variable rate instruments				
Financial liabilities	3,447,251	3,006,170	2,495,059	2,398,973
	3,447,251	3,006,170	2,495,059	2,398,973

33.3.2.1 Sensitivity Analysis

The impact to profit before tax if the interest rate had increased/decreased by 8% (2021 - 1%) is shown below.

	Group		Company	
	2022	2021	2022	2021
Percentage increase	(275,780)	(30,062)	(199,605)	(23,990)
Percentage decrease	275,780	30,062	199,605	23,990

The impact on the profit before tax is Rs. 241.3 Mn due to the increase of the interest rate from 1% to 8%.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees thousands)

33 Financial risk management and financial instruments (Contd.)

33.4 Analysis of financial instruments by measurement basis

The fair values of financial assets and liabilities, together with carrying amounts shown in the Statement of Financial Position are as follows.

Group	Note	Measured at			Other financial liabilities	Total
		Amortized cost	Fair value through profit or loss	Fair value through other comprehensive income		
2022						
Financial assets						
Loans and receivables	19	244,704	-	-	-	244,704
Amounts due from related parties	20	847	-	-	-	847
Other receivables	21	719,475	-	-	-	719,475
Cash & cash equivalents	22	70,653	-	-	-	70,653
		1,035,679	-	-	-	1,035,679
Financial liabilities						
Interest bearing borrowings	24	-	-	-	3,447,251	3,447,251
Cumulative redeemable preference shares	25	-	-	-	-	-
Amounts due from related parties	20	-	-	-	66,285	66,285
Other payables	27	-	-	-	27,009	27,009
		-	-	-	3,540,545	3,540,545

Group	Note	Measured at			Other financial liabilities	Total
		Amortized cost	Fair value through profit or loss	Fair value through other comprehensive income		
2021						
Financial assets						
Loans and receivables	19	135,262	-	-	-	135,262
Amounts due from related parties	20	580	-	-	-	580
Other receivables	21	73,200	-	-	-	73,200
Cash & cash equivalents	22	391,129	-	-	-	391,129
		600,171	-	-	-	600,171
Financial liabilities						
Interest bearing borrowings	24	-	-	-	2,911,170	2,911,170
Cumulative redeemable preference shares	25	-	-	-	95,000	95,000
Amounts due from related parties	20	-	-	-	4,103	4,103
Other payables	27	-	-	-	17,929	17,929
		-	-	-	3,028,202	3,028,202

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees thousands)

33 Financial risk management and financial instruments (Contd.)

33.4 Analysis of financial instruments by measurement basis (Contd.)

Company		Measured at				
2022	Note	Amortized cost	Fair value through profit or loss	Fair value through other comprehensive income	Other financial liabilities	Total
Financial assets						
Loans and receivables	19	1,826	-	-	-	1,826
Amounts due from related parties	20	56,079	-	-	-	56,079
Other receivables	21	92,758	-	-	-	92,758
Cash & cash equivalents	22	988	-	-	-	988
		151,651	-	-	-	151,651
Financial liabilities						
Interest bearing borrowings	24	-	-	-	2,495,059	2,495,059
Amounts due from related parties	20	-	-	-	66,285	66,285
Other payables	27	-	-	-	4,460	4,460
		-	-	-	2,565,804	2,565,804

Company		Measured at				
2021	Note	Amortized cost	Fair value through profit or loss	Fair value through other comprehensive income	Other financial liabilities	Total
Financial assets						
Loans and receivables	19	155	-	-	-	155
Amounts due from related parties	20	26,817	-	-	-	26,817
Other receivables	21	73,200	-	-	-	73,200
Cash & cash equivalents	22	93,196	-	-	-	93,196
		193,368	-	-	-	193,368
Financial liabilities						
Interest bearing borrowings	24	-	-	-	2,398,973	2,398,973
Amounts due from related parties	20	-	-	-	4,103	4,103
Other payables	27	-	-	-	2,813	2,813
		-	-	-	2,405,889	2,405,889

The Company does not anticipate the fair value of the above to be significantly different to their carrying values and consider the impact as non material for disclosure.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees thousands)

33 Financial risk management and financial instruments (Contd.)

33.5 Financial instruments not valued at fair value

The table below analyses fair value of the financial instruments measured at amortised cost at the end of the reporting date, by the level of the fair value hierarchy.

Group

As at 31 March 2022	Note	Level I	Level II	Level III	Total
Assets					
Loans and other receivables	19,21	-	-	964,179	964,179
Amounts due from related parties	20	-	-	847	847
Cash and cash equivalents	22	-	-	70,653	70,653
		-	-	1,035,679	1,035,679
Liabilities					
Interest bearing borrowings	24	-	-	3,447,251	3,447,251
Cumulative redeemable preference shares	25	-	-	-	-
Amounts due to related parties	20	-	-	66,285	66,285
Other payables	27	-	-	27,009	27,009
		-	-	3,540,545	3,540,545

As at 31 March 2021	Note	Level I	Level II	Level III	Total
Assets					
Loans and other receivables	19,21	-	-	208,462	208,462
Amounts due from related parties	20	-	-	580	580
Cash & cash equivalents	22	-	-	391,129	391,129
		-	-	600,171	600,171
Liabilities					
Interest bearing borrowings	24	-	-	2,911,170	2,911,170
Cumulative redeemable preference shares	25	-	-	95,000	95,000
Amounts due to related parties	20	-	-	4,103	4,103
Other payables	27	-	-	17,929	17,929
		-	-	3,028,202	3,028,202

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees thousands)

33 Financial risk management and financial instruments (Contd.)

33.5 Financial instruments not valued at fair value (Contd.)

Company

As at 31 March 2022	Note	Level I	Level II	Level III	Total
Assets					
Loans and other receivables	19,21	-	-	1,826	1,826
Amounts due from related parties	20	-	-	56,079	56,079
Cash & cash equivalents	22	-	-	988	988
		-	-	58,893	58,893
Liabilities					
Interest bearing borrowings	24	-	-	2,495,059	2,495,059
Amounts due from related parties	20	-	-	66,285	66,285
Other payables	27	-	-	4,460	4,460
		-	-	2,565,804	2,565,804

As at 31 March 2021	Note	Level I	Level II	Level III	Total
Assets					
Loans and other receivables	19,21	-	-	155	155
Amounts due from related parties	20	-	-	26,817	26,817
Cash & cash equivalents	22	-	-	93,196	93,196
		-	-	120,168	120,168
Liabilities					
Interest bearing borrowings	24	-	-	2,398,973	2,398,973
Amounts due from related parties	20	-	-	4,103	4,103
Other payables	27	-	-	2,813	2,813
		-	-	2,405,889	2,405,889

There were no transfers between Level 1, Level 2 and Level 3 during 2021 and 2022.

34 Operating segments

No information to be disclosed under operating segments.

TEN YEAR SUMMARY

For the year ended 31 March

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Operating Results										
Investment income	721	437	722	1,430	538	279	23,820	40,703	34,979	30,352
Interest income	9,110	12,832	29,520	72,756	22,274	12,158	6,934	2,481	12,597	26,778
Subsidiary company income	428,140	336,993	315,054	355,323	326,238	224,457	248,351	239,090	46,270	-
Other income	8,538	3,815	9	-	-	-	-	11	-	2,103
Total income	446,509	354,077	345,305	429,509	349,050	236,894	279,105	282,285	93,846	59,233
Operating profit	279,781	212,361	216,564	275,370	219,970	131,457	187,644	192,825	39,293	54,262
Share of profit net of tax of equity accounted investees	900,004	774,764	576,218	508,181	468,468	423,360	303,893	263,955	222,023	62,900
Gain on disposal of subsidiary	-	-	-	-	-	900	-	-	-	-
Available for sale financial assets reclassified from OCI	-	-	-	-	-	108,263	-	-	-	-
Finance cost	(285,097)	(249,561)	(305,525)	(140,098)	(190,814)	(153,575)	(94,088)	(60,530)	(71,622)	(14,251)
Tax expense	(170,407)	(49,023)	(68,102)	(87,238)	(58,266)	(45,472)	(40,540)	(44,082)	(15,536)	(3,730)
Profit for the year	724,282	688,541	419,154	556,214	439,358	464,933	356,909	352,168	174,158	99,181
Non controlling interest	66,599	55,309	44,377	40,168	40,211	34,019	61,090	91,336	18,085	140
Profit attributable to equity holders of the company	657,683	633,232	374,777	516,046	399,147	430,914	295,819	260,832	192,243	99,041
Dividend	-	203,797	203,797	378,481	343,858	277,367	231,139	137,395	120,098	29,000
Statement of Financial Position										
Assets										
Property, plant and equipment	1,677,672	1,143,176	941,982	975,309	1,017,251	1,048,986	825,422	709,039	437,782	452,888
Right-to-use land	2,990	3,178	3,366	3,554	3,742	-	-	-	-	-
Investment in equity accounted investees	9,264,278	6,539,210	5,683,434	3,349,239	2,843,605	2,597,549	2,206,180	2,076,798	1,816,796	1,047,773
Intangible assets	88,305	70,787	55,352	56,413	59,286	64,131	88,623	58,307	4,494	4,682
Available for sale financial assets	-	-	-	-	-	-	146,860	150,431	118,403	89,950
Loans and receivables	244,704	135,262	129,981	65,178	63,194	9,962	11,056	52,880	65,690	70,190
Amounts due from related parties	847	580	68,660	-	489	438	437	310	2,282	9,733
Other receivables	719,475	73,200	155,067	84,581	27,877	155,534	26,750	19,415	35,197	37,168
Income tax receivables	6,378	6,378	6,371	5,425	2,380	2,106	1,881	-	318	-
Cash and cash equivalents	70,653	391,129	320,952	787,370	944,342	83,316	128,231	115,325	13,298	96,284
Total assets	12,075,302	8,362,900	7,365,165	5,327,069	4,962,166	3,962,022	3,435,440	3,182,505	2,494,260	1,808,668
Cumulative redeemable preference shares	-	(95,000)	(139,806)	(325,000)	(490,000)	(763,311)	(685,486)	(657,519)	(420,022)	(310,186)
Interest bearing borrowings	(3,447,251)	(2,911,170)	(2,588,715)	(762,989)	(561,704)	(716,766)	(536,682)	(487,891)	(162,293)	(183,830)
Amounts due to related parties	(66,285)	(4,103)	-	-	-	-	-	-	-	-
Other liabilities	(84,526)	(79,557)	(80,363)	(76,085)	(289,238)	(46,417)	(59,557)	(53,700)	(163,736)	(147,318)
Total liabilities	(3,598,062)	(3,089,830)	(2,808,884)	(1,164,074)	(1,340,942)	(1,526,494)	(1,281,725)	(1,199,110)	(746,051)	(641,334)
Net assets	8,477,240	5,273,070	4,556,281	4,162,995	3,621,224	2,435,528	2,153,715	1,983,395	1,748,208	1,167,334
Financed by										
Stated capital	2,906,472	2,906,472	2,906,472	2,906,472	2,906,472	1,706,472	1,370,270	1,357,300	1,093,040	860,020
Revaluation reserve	9,101	9,101	9,112	9,112	8,301	8,301	-	-	-	-
Available for sale reserve	-	-	-	-	-	-	113,879	117,450	85,422	56,969
Translation reserve	3,446,932	722,612	469,524	269,076	55,727	81,756	75,400	10,930	-	-
Retained earnings	1,878,891	1,427,254	997,828	814,238	502,791	472,030	322,161	283,405	185,708	117,729
Total equity attributable to equity holders of the company	8,241,396	5,065,439	4,382,936	3,998,898	3,473,291	2,268,559	1,881,710	1,769,085	1,364,170	1,034,718
Non controlling interest	235,844	207,631	173,345	164,097	147,933	166,969	272,005	214,310	384,038	132,616
Total equity	8,477,240	5,273,070	4,556,281	4,162,995	3,621,224	2,435,528	2,153,715	1,983,395	1,748,208	1,167,334
Performance Indicators										
Return on equity ratio (%)	9.88	13.40	8.94	13.81	13.90	20.77	16.21	16.65	16.03	10.49
Return on total assets ratio (%)	7.09	8.76	6.60	10.81	9.85	12.57	10.79	12.41	8.09	7.03
Interest cover ratio	4.14	3.96	2.59	5.59	3.61	4.32	5.22	7.55	3.65	8.22
Total debt to equity ratio (%)	40.66	57.01	59.88	26.13	29.04	60.77	56.75	57.75	33.31	42.32
P/E ratio	7.53	8.92	6.53	8.91	12.22	-	-	-	-	-
Price to book value ratio	0.60	1.12	0.56	1.15	1.66	-	-	-	-	-
Net assets per share (LKR)	14.15	8.70	7.53	6.87	5.97	4.91	4.48	4.29	21.59	17.84
Earnings per share (LKR)	1.13	1.09	0.64	0.89	0.81	0.95	0.71	0.67	0.53	1.76
Dividend per share (LKR)	-	0.35	0.35	0.65	0.64	0.60	0.55	0.35	1.95	0.50
Dividend yield (%)	-	3.61	8.33	8.23	6.46	-	-	-	-	-
Market price per share (LKR)	8.50	9.70	4.20	7.90	9.90	-	-	-	-	-
Portfolio size (LKR Mn)	4,789	4,618	4,419	2,598	2,466	2,326	2,123	2,011	1,842	1,189

INFORMATION TO SHAREHOLDERS

1. Stock Exchange Listing

The issued ordinary shares of LVL Energy Fund PLC are listed on the Colombo Stock Exchange.

2. Shares held by the Public

The percentage of shares held by the public is 30.52% as at 31 March 2022.

3. Distribution of Shareholding as at 31 March 2022

No. of Shares Held	No of Shareholders	No of Shareholders %	Total Holdings	Total Holdings %
1 - 1,000	556	39.07	197,716	0.03
1,001 - 10,000	399	28.04	1,910,949	0.33
10,001 - 100,000	269	18.90	12,147,279	2.09
100,001 - 1,000,000	171	12.02	61,381,890	10.54
Over 1,000,000	28	1.97	506,640,283	87.01
Total	1,423	100.00	582,278,117	100.00

	No of Shareholders	No of Shareholders %	Total Holdings	Total Holdings %
Individual	1,298	91.22	141,372,912	24.28
Institutional	125	8.78	440,905,205	75.72
Total	1,423	100.00	582,278,117	100.00
Resident	1,395	98.03	573,464,115	98.49
Non-Resident	28	1.97	8,814,002	1.51
Total	1,423	100.00	582,278,117	100.00

INFORMATION TO SHAREHOLDERS

4. Twenty Largest Shareholders as at 31 March 2022

	No. of Shares	% of Issued Capital
Lanka Ventures PLC	331,885,609	57.00
Mr. Mohandas Ajitha Wijetunge	67,911,668	11.66
Sri Lanka Insurance Corporation Limited - General Fund	35,500,000	6.10
Phoenix Ventures (Private) Limited	22,268,600	3.82
Hatton National Bank PLC - Senfin Growth Fund	4,673,096	0.80
Mr. Mahal Mathisha Wijetunge	3,746,104	0.64
National Savings Bank	3,597,704	0.62
People's Leasing & Finance PLC/Mr. L.P. Hapangama	3,117,595	0.54
J.B. Cocoshell (Private) Limited	2,900,000	0.50
Mr. G.D.M. Ranasinghe	2,600,000	0.45
Merchant Bank of Sri Lanka & Finance PLC 01	2,500,000	0.43
Mr. Kandiah Tharmalingam Konesh	2,425,000	0.42
Mr. D.A. Cabraal	2,200,000	0.38
Mr. S.S. Sithambaranathan	2,040,510	0.35
Merchant Bank of Sri Lanka & Finance PLC/ K.K. Karunamoorthy	2,000,000	0.34
Mrs. N.K. Samaraweera	1,891,651	0.32
People's Bank	1,700,000	0.29
Mr. C.R. Perera	1,670,000	0.29
Mr. Hiran Anthony Cabraal	1,500,000	0.26
Rubber Investment Trust Limited A/C No. 01	1,257,100	0.22
Total	497,384,637	85.42

5. Share Trading Information

<i>Year to 31 March</i>	2022	2021
Number of Transactions	5,509	10,107
Number of Shares Traded	66,358,361	100,365,087
Value of Shares Traded (LKR)	714,344,300.90	984,487,031.70
Highest Price (LKR)	11.90	10.90
Lowest Price (LKR)	7.90	4.50
Closing Price (LKR)	8.50	9.70
Market Capitalisation (LKR)	4,949,363,994.50	5,648,097,734.90

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Eleventh Annual General Meeting of LVL Energy Fund PLC will be held as a virtual meeting at 2 p.m. on 27 September, 2022 for the following purposes:

- 1) To receive and consider the Annual Report of the Board of Directors together with the Financial Statements of the Company for the year ended 31 March 2022 together with the Report of the Auditors thereon.
- 2) To re-elect Mr. K.C.S. Dharmawardana who retires by rotation in terms of Article 27(12) of the Articles of Association of the Company, and being eligible has offered himself for re-election.
- 3) To re-elect Mr. R.A. Dassanayake who retires by rotation in terms of Article 27(12) of the Articles of Association of the Company, and being eligible has offered himself for re-election.
- 4) To re-appoint Messrs. KPMG, Chartered Accountants, as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company at a remuneration to be agreed with by the Board of Directors and to audit the Financial Statements of the Company for the accounting period ending 31 March 2023.
- 5) To authorize the Directors to determine contribution to charities for the ensuing year.

Note:

- I. A shareholder entitled to attend and vote at the Meeting is entitled to appoint a Proxy who need not be a shareholder to attend instead of him/her.
- II. The Form of Proxy is attached herewith.
- III. The completed Form of Proxy should be deposited at the office of the Company at 2nd Floor, "Sayuru Sevana", No. 46/12, Navam Mawatha, Colombo 02 not less than 48 hours before the meeting.

By order of the Board



Corporate Services (Private) Limited

Secretaries

LVL Energy Fund PLC

30 August 2022

Colombo

FORM OF PROXY

*I/We..... of.....
 being * a shareholder /shareholders of LVL ENERGY FUND
 PLC, do hereby appointof.....
 (failing whom)

Mr. P.G.D.B. Pallewatte	of Colombo or failing him
Mr. N.H.T.I. Perera	of Colombo or failing him
Mr. M.A. Wijetunge	of Colombo or failing him
Mr. A.R. Munasinghe	of Colombo or failing him
Mr. M.R. Abeywardena	of Colombo or failing him
Mr. M.M. Wijetunge	of Colombo or failing him
Mr. J.D.N. Kekulawala	of Colombo or failing him
Mr. K.C.S. Dharmawardana	of Colombo or failing him
Mr. R.A. Dassanayake	of Colombo or failing him
Mr. A.G.R. Dissanayake	of Colombo

as *my/our Proxy to represent *me/us and to speak and vote for *me/us on *my/our behalf at the ANNUAL GENERAL MEETING OF THE COMPANY to be held at 2 p.m. on the Twenty Seventh (27th) day of September 2022 and at any adjournment thereof, and at every poll which may be taken in consequence thereof.

		FOR	AGAINST
1)	To receive and consider the Annual Report of the Board of Directors together with the Financial Statements of the Company for the year ended 31 March 2022 together with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2)	To re-elect Mr. K.C.S. Dharmawardana who retires by rotation in terms of Article 27(12) of the Articles of Association of the Company, and being eligible has offered himself for re-election.	<input type="checkbox"/>	<input type="checkbox"/>
3)	To re-elect Mr. R.A. Dassanayake who retires by rotation in terms of Article 27(12) of the Articles of Association of the Company, and being eligible has offered himself for re-election.	<input type="checkbox"/>	<input type="checkbox"/>
4)	To re-appoint Messrs. KPMG, Chartered Accountants, as the Auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company at a remuneration to be agreed with by the Board of Directors and to audit the Financial Statements of the Company for the accounting period ending 31 March 2023.	<input type="checkbox"/>	<input type="checkbox"/>
5)	To authorize the Directors to determine contribution to charities for the ensuing year.	<input type="checkbox"/>	<input type="checkbox"/>

Signed this..... day ofTwo Thousand and Twenty Two.

.....
 *Signature/s

Note:

- 1) *Please delete the inappropriate words.
- 2) Instructions as to completion are noted on the reverse hereof.

INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the Form of Proxy after filling in legibly your full name and address and signing in the space provided and filling in the date of signature.
2. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy who need not be a member, to attend and vote instead of him. Please indicate with an "X" in the boxes provided how your Proxy is to vote on each resolution. If no indication is given, the Proxy in his discretion will vote as he thinks fit.
3. If the Form of Proxy is signed by an Attorney, the relevant Power of Attorney should also accompany the completed Form of Proxy for registration, if such power of attorney has not already been registered with the Company.
4. In the case of a Corporate Member, the Form of Proxy must be executed in the manner prescribed by the Articles of Association.
5. The completed Form of Proxy should be lodged with the Company not less than forty eight (48) hours before the Meeting.

Corporate Information

Date of Incorporation	26 June 2006
Name of Company	LVL Energy Fund PLC
Registration Number	PV1966PB/PQ
Subsidiary Companies	LVS Energy (Private) Limited Lanka Energy International (Private) Limited Unit Energy Lanka (Private) Limited Sapthakanya Hydro Electric Company (Private) Limited Campion Hydro (Private) Limited Pupulaketiya Hydro Power (Private) Limited Solar Energy Investments (Private) Limited Solar Energy Investments Pallekele (Private) Limited SEI Mathugama (Private) Limited SEI Maho (Private) Limited
Associate Companies	Hayleys Hydro Energy (Private) Limited Neluwa Cascade Hydro Power (Private) Limited Pawan Danavi (Private) Limited Nala Dhanavi (Private) Limited Raj-Lanka Power Company Limited Lakdhanavi Bangla Power Limited Feni Lanka Power Limited Nividhu (Private) Limited Nividhu Assupiniella (Private) Limited Bambarapana Hydro Power (Private) Limited LTL Energy (Private) Limited Parambe Hydro (Private) Limited
Registered Office	2 nd Floor, "Sayuru Sevana", No. 46/12, Navam Mawatha, Colombo 02 Telephone : +94 11 2 439201 Facsimile : +94 11 2 439203 E-Mail : contact@vlenergyfund.lk
Directors	Mr. P.G.D.B. Pallewatte (appointed w.e.f. 30 July 2021) Mr. N.H.T.I. Perera (appointed w.e.f. 02 February 2022) Mr. M.A. Wijetunge Mr. A.R. Munasinghe Mr. M.R. Abeywardena Mr. M.M. Wijetunge Mr. J.D.N. Kekulawala Mr. K.C.S. Dharmawardana Mr. R.A. Dassanayake Mr. A.G.R. Dissanayake (appointed w.e.f. 26 November 2021)
Secretaries	Corporate Services (Private) Limited No. 216, De Saram Place, Colombo 10
Auditors	KPMG No. 32A, Sir Mohamed Macan Markar Mawatha, Colombo 03
Bankers	Hatton National Bank PLC No. 10, Sri Uttarananda Mawatha, Colombo 03 DFCC Bank PLC City Office, No. 73/5, Galle Road, Colombo 03 Sampath Bank PLC 110, Sir James Pieris Mawatha, Colombo 02 National Development Bank PLC 40, Nawam Mawatha, Colombo 02
Lawyers	F J & G De Saram Corporate Law Office, No. 216, De Saram Place, Colombo 10



LVL ENERGY FUND PLC
Registered Office

2nd Floor, "Sayuru Sevana", No. 46/12, Navam Mawatha, Colombo 02
Telephone : +94 11 2 439201 Facsimile : +94 11 2 439203
E-Mail : contact@lvleenergyfund.lk