



**Vallibel Power
Erathna PLC**

Annual Report 2024/25

Expanding The Energy Spectrum

Expanding The Energy Spectrum

At Vallibel Power Erathna PLC, our journey began with the power of water as we harnessed the strength of rivers to deliver clean, reliable energy. Today, as one of the leaders in sustainable energy generation we take the next step in our evolution by incorporating solar into our portfolio.

This shift is driven by a clear vision: to meet growing energy demands sustainably while maintaining our commitment to financial strength and operational excellence. By diversifying and enhancing our energy mix, we not only reduce risk and grow our resilience but also align with global and national goals for a greener future. Through it all, we continue to deliver consistent returns to our shareholders, maintain the integrity of our operations, and foster strong relationships with the communities in which we operate.

As we develop beyond hydropower, our focus remains the same, to deliver long-term value, protect the environment, and power growth through innovation and responsibility. In 2025 and beyond, we stand ready to expand our energy spectrum, deepen our impact, and strengthen our legacy as a force for sustainable progress.

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"Our disciplined capital allocation continued to prioritise high-impact, risk-adjusted investments aimed at building resilience and driving sustainable growth. A notable achievement during the year was the successful award of the 10 MW Solar PV project at the Matara GSS, significantly strengthening the Group's Renewable Energy portfolio."

Pages **22**

"This year's performance reflects our sustained focus on operational excellence and agile decision-making. In a dynamic environment shaped by climate variability and market shifts, we sharpened our commitment to efficient, reliable generation."

We secured a 10 MW ground-mounted Solar PV project at Matara GSS through a SPPA with the CEB. This marks a pivotal step anchoring our future growth strategy."

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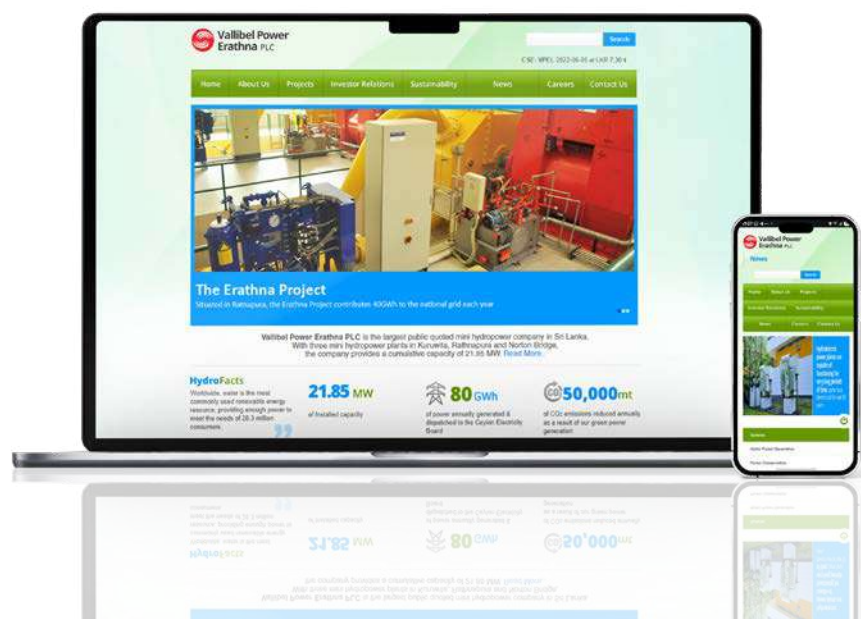
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www.vallibel-hydro.com



ABOUT THE REPORT





WELCOME TO OUR INTERGRATED ANNUAL REPORT

Our Reporting Profile- 2024/2025

Our seventh Integrated Annual Report (IAR) covers the performance of Vallibel Power Erathna PLC for the financial year ended 31 March 2025. We reaffirm our commitment to transparent, comprehensive, and responsible reporting, providing a balanced view of how we generate sustainable value across the short, medium, and long term. By leveraging all six capitals, we offer clear insights into our value creation strategies, governance practices, operational performance, and the external factors that influenced our decisions. Through an integrated approach that combines financial, operational, and sustainability perspectives, we aim to give all stakeholders, particularly our shareholders, a meaningful understanding of our business model and its outcomes. As the principal publication for our shareholders, this report reflects our belief that integrated reporting supports informed decision-making and strengthens confidence in the future prospects of the VPE Group.



GRI | 2-2, 3, 4, 5

 Reporting Framework	 Methodology	 Assurance	 Restatement of information
<p>This IAR provides an overview of the annual reporting cycle of Vallibel Power Erathna PLC and its subsidiary, Country Energy (Pvt) Ltd., from 1 April 2024 to 31 March 2025, aligned with the corporate fiscal year. It presents consolidated information in an integrated, balanced manner across all activities undertaken. The report is structured around the sustainable value creation process, covering financial and non-financial performance for the period, with comparative figures for the previous year included without restatement. No material changes to scope or reported information occurred during the year unless otherwise stated, with any adjustments to material topics and boundaries disclosed.</p>	<ul style="list-style-type: none"> ★ Financial and performance data in this report are based on audited accounting records, with the Financial statements audited by M/S. Deloitte Partners, Chartered Accountants. ★ Non-financial data, including sustainability metrics, were sourced internally across the VPE Group, verified for accuracy, reliability, and completeness in line with the Group's disclosure policies, and independently assured by M/s. Ernst & Young, Chartered Accountants, under the Sri Lanka Standard on Assurance Engagements (SLASE 3000). ★ Macroeconomic and industry data were obtained from publicly available sources, including the Central Bank of Sri Lanka, the Ceylon Electricity Board, and other reputable bodies. 	<ul style="list-style-type: none"> ★ The financial statements in this report were audited by M/S. Deloitte Partners, Chartered Accountants, who have expressed their opinion that the statements present a true and fair view of the Company's financial position and operations, as detailed on pages 113 to 115. ★ The non-financial information, including the Sustainability Reporting on GRI Standards, was assured by M/s. Ernst & Young, Chartered Accountants, in accordance with the Sri Lanka Standard on Assurance Engagements (SLASE 3000 - Revised): <i>Assurance Engagements Other than Audits or Reviews of Historical Financial Information</i>. 	<ul style="list-style-type: none"> ★ There have been no restatements of prior year information during the reporting period.

REGULATORY AND REPORTING FRAMEWORK OVERVIEW

Narrative Reporting	Governance and Compliance	Financial Reporting	Sustainability Reporting
<ul style="list-style-type: none"> ★ Based on the International Integrated Reporting Framework (IIRC). 	<ul style="list-style-type: none"> ★ Compliant with the provisions of the Companies Act No. 7 of 2007. ★ Listing Rules of the Colombo Stock Exchange (CSE) and their subsequent revisions. ★ Securities and Exchange Commission of Sri Lanka (SEC) Act No. 19 of 2021, including relevant directives and circulars. ★ Code of Best Practice on Corporate Governance (2023) issued by CA Sri Lanka. 	<ul style="list-style-type: none"> ★ Prepared in accordance with the Sri Lanka Accounting Standards (SLFRS/LKAS) issued by CA Sri Lanka. 	<ul style="list-style-type: none"> ★ Developed in accordance with the Global Reporting Initiative (GRI) Standards. ★ Aligned with the United Nations Sustainable Development Goals (SDGs).

Material themes discussed in our Integrated Annual Report (IAR):

	Economic	Environmental Aspect	Social Aspect	Governance
Sub-reports in this IAR	<ul style="list-style-type: none"> ★ Chairman's Statement ★ Joint CEOs' Review ★ Operating Context ★ Annual Financial Statements ★ Financial Capital Report ★ Risk Management 	<ul style="list-style-type: none"> ★ Natural Capital Report ★ Risk Management 	<ul style="list-style-type: none"> ★ Human Capital Report ★ Social and Relationship Capital Report ★ Risk Management 	<ul style="list-style-type: none"> ★ Board of Directors ★ Corporate Governance ★ Board sub-committee reports ★ Risk Management ★ Investor Information

Icon Navigation

Six Capitals



Financial Capital



Natural Capital



Human Capital



Social and Relationship Capital



Manufactured Capital



Intellectual Capital

Stakeholders



Shareholders



Employees



Customer/Ceylon Electricity Board



Community



Government and other Regulators



Suppliers and Service Providers

FORWARD-LOOKING STATEMENTS

This Annual Report includes forward-looking statements about Vallibel Power Erathna PLC's future financial performance, operational outcomes, strategic initiatives, growth prospects and management objectives. These statements are based on current expectations, assumptions, and projections made in good faith by the Company's management. However, they involve inherent risks, uncertainties and other factors, many of which are beyond the Company's control, which may cause actual results or outcomes to differ materially from those anticipated. Accordingly, no assurance can be given that such forward-looking statements will prove accurate. Except as required by applicable laws and regulations, the Company assumes no obligation to update or revise any forward-looking statements to reflect subsequent events or changes in expectations.

BOARD RESPONSIBILITY STATEMENT

This Integrated Annual Report (IAR) was prepared by the Senior Management of the Company under the direction and authority of the Board of Directors. Drawing on both internal expertise and external support, our Senior Management has sought to further

enhance the report's clarity, presentation, and accessibility. The Board is satisfied that this IAR is aligned with best practices, provides a balanced and comprehensive overview of VPE's operations, and faithfully represents the Company's overall performance.

On behalf of the Senior Management;

Russell De Silva
Jt. CEO

Aruna Dheerasinghe
Jt. CEO

On behalf of Board of Directors;

Harsha Amarasekera
Chairman

Hareesh Somashantha
Director

30 May 2025

GRI | 2 - 3

WE VALUE YOUR FEEDBACK

As integrated reporting evolves, we stay committed to clear, relevant and transparent communication, focusing on the matters most important to you, our valued stakeholders. So, we welcome your comments, suggestions, and queries.

Please reach out to us through:

The Accountant

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No. 25, Foster Lane, Colombo 10

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+94112381115

energy@vallibel.com

www.vallibel-hydro.com



Inquiry Form

ABOUT US

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Vallibel Power Erathna sparked into life at the dawn of the new millennium, and has illuminated the path to a brighter, greener future ever since, delivering renewable energy to energise the nation and empower communities.

Our journey began with a visionary initiative by the Ceylon Electricity Board (CEB) to expand the country's energy capacity in line with the growing demands of a developing economy. Born from a powerful synergy between boardroom foresight and the natural force of Sri Lanka's waterways, we ignited operations in 2001 as Zyx Power Company Erathna Limited. In 2004, we evolved into Power Company Erathna Limited, and just a year later, established our energy footprint under the banner we proudly carry today, Vallibel Power Erathna PLC (VPE PLC).

We opened our grid to the public in 2006 by listing on the Colombo Stock Exchange (CSE), inviting investors to join our mission

of energising the future. Year after year, we have generated not only renewable energy but also strong returns for our shareholders, demonstrating that sustainability and profitability can go hand in hand.

We now stand as a leading force in Sri Lanka's mini hydropower sector, holding the title of the largest publicly listed mini hydropower company in the country. Our three cornerstone plants, Erathna, Denawaka Ganga and Kiriwaneliya, generate a combined 21.85 MW of capacity, nearly 83 GWh of green energy into the grid annually, offsetting over 50,000 metric tonnes of CO₂ emissions and fuelling a cleaner future.

Today, we've stepped into the sun to power a future that shines brighter than ever before. Building on our proud legacy in hydropower, we are expanding our energy spectrum by venturing into solar energy, diversifying and strengthening our renewable energy portfolio. In line with this evolving focus, we have also updated our mission to reflect our increasing commitment to clean energy. A key milestone in this journey is the signing of two 20-year Standardised Power Purchase Agreements (SPPAs) for 10 MW solar projects (5MW each) on a 30-acre site in Matara. Once operational, this project is expected to generate 18 GWh annually, bringing our total projected generation close to 100 GWh.

We remain fully charged with purpose, steadfast in our commitment to powering progress with sustainable energy solutions. As we explore new frontiers in renewables, we aim to help realise Sri Lanka's vision of a self-sustaining, energy-secure future.

This report captures not just the energy we've generated, but the current of change we've sparked, and the future we are determined to illuminate.



OUR VISION

To be a significant producer of clean energy for the sustainable economic development of Sri Lanka.



OUR MISSION

To generate the maximum amount of electricity from available renewable energy resources with minimal environmental pollution, by optimising the operational efficiencies of our assets.



OUR VALUES

INTEGRITY

We act with trust, honesty, fairness and transparency

RESPONSIBILITY

We manage the assets of the Company responsibly and effectively to create wealth for shareholders

SAFETY

We consider the safety of our people both within and outside the organisation

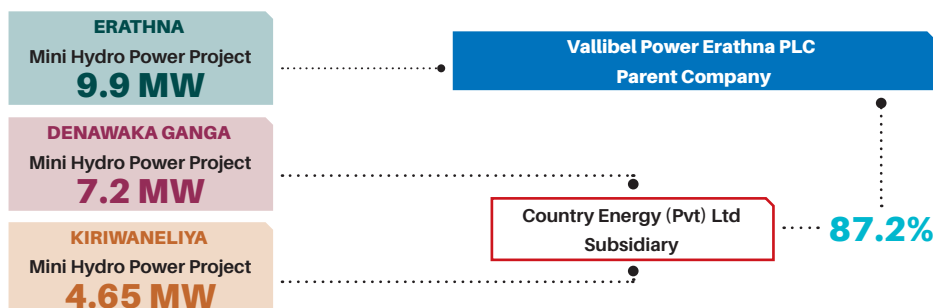
EXPLORATION

We encourage innovation and seek new and innovative renewable energy solutions

CORPORATE SOCIAL RESPONSIBILITY

We consciously manage our impact on the environment and indigenous communities in the vicinity of our plant sites

OPERATING STRUCTURE







Nature of Business

Generate and Supply Electric Power to National Grid

21.85 MW
Total installed capacity

OUR PROJECTS

		Mini Hydro Power Projects		
		ERATHNA MHP	DENAWAKA GANGA MHP	KIRIWANELIYA MHP
Project Features	Installed capacity	9.9 MW	7.2 MW	4.65 MW
	Annual average energy	42 GWh	25 GWh	16 GWh
	Year of commissioning	2004	2012	2011
	Net head	420 Meters	33 Meters	200 Meters
	Penstock length	2250 Meters	97 Meters	1,690 Meters
	Channel length	300 Meters	1,800 Meters	300 Meters
	EM plant supplier	Voith Seimens	Dongfeng Electric	VS Energy
	Country of origin	Germany	China	Sri Lanka
	River	Kuru Ganga	Denawaka Ganga	Maskeli Oya
	Invested company	Vallibel Power Erathna PLC	Country Energy (Pvt) Ltd	Country Energy (Pvt) Ltd
 Scan these QR Code for videos to learn more about our projects				

Ground Mounted Solar PV Project (under construction)

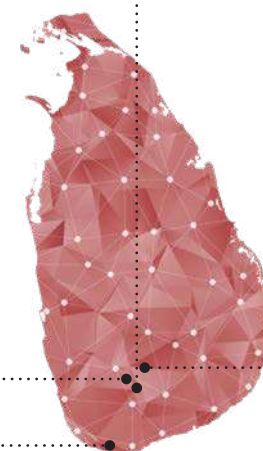
Dolahena Estate I & II Ground Mounted Solar PV Projects	
Project capacity	10.0 MW
Expected annual average energy	18 GWh
Expected date of Commissioning	November 2025
Location	Kekanadura, Matara
VPE's Stake	100%

 Refer more information (Page 36)

Kuruwita
Ratnapura District

Malwala
Ratnapura District


Norton Bridge
Nuwara Eliya District



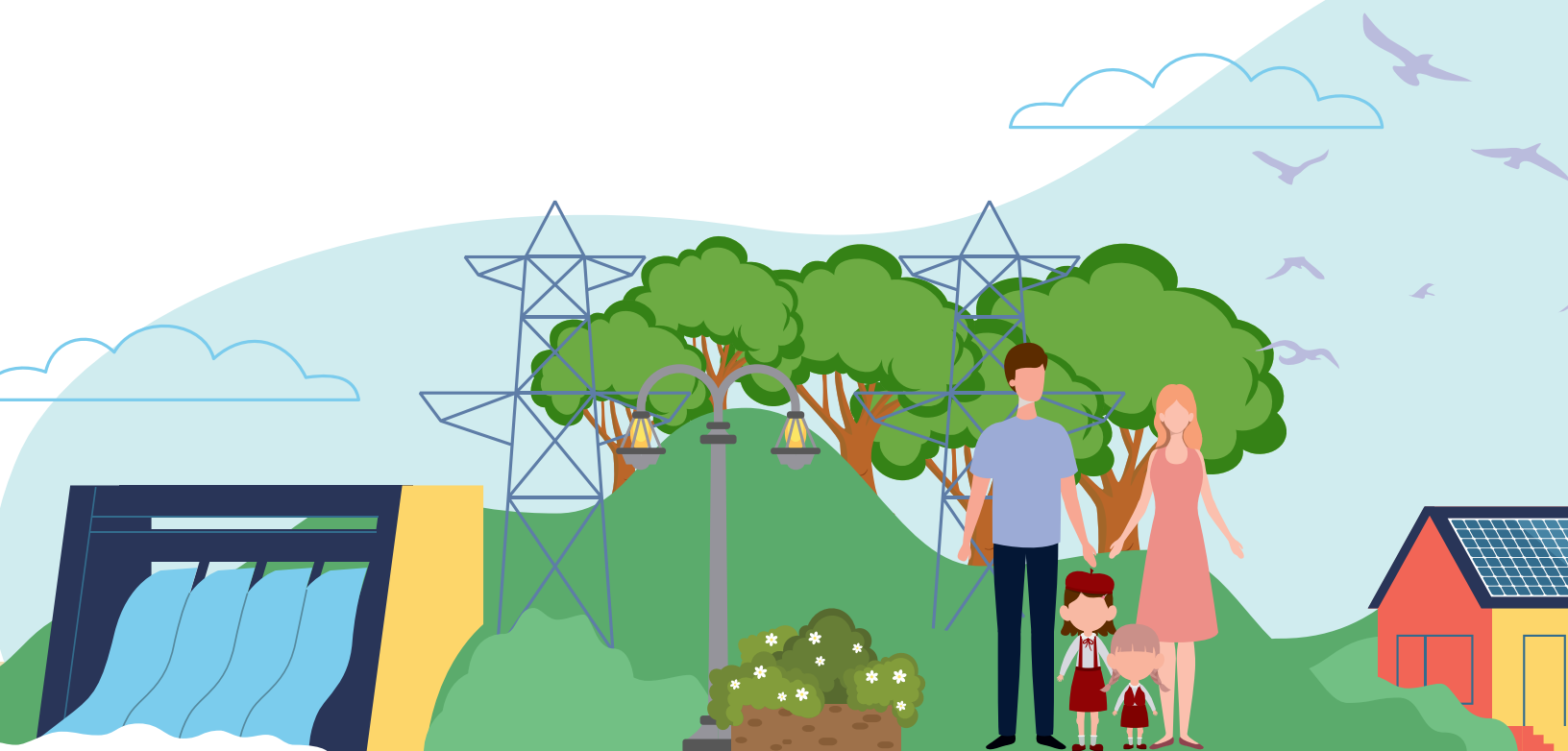
KEY CORPORATE INFORMATION

GRI | 2-1

Ownership Structure	Legal Form	Stock Exchange Listing	Reg. No.
<p>As at 31/03/2025</p> <p>VPE PLC</p> <ul style="list-style-type: none"> Public Holdings 40.5% Vallibel Power Ltd 40.1% Other Holding 19.4% 	A Public quoted company with limited liability incorporated under the Provisions of the Companies Act, No. 07 of 2007.	The ordinary shares of the Company are listed on the Colombo Stock Exchange of Sri Lanka. (Stock Code - VPEL. N0000)	PQ-103
			<p>Incorporation Date</p> <p>07th November 2001</p>

 Refer **Investor Information** (Page 162) for more information

 Refer **Corporate Information** (Inner Back Cover) for more information



2001/02

- ★ Incorporation of the Company Erathna and commencement of the construction of Erathna MHP.

2004/05

- ★ Commencement of commercial operations of the Erathna MHP on 14th July 2004.

2006/07

- ★ Listing of Company's shares on Secondary Board of Colombo Stock Exchange.
- ★ Strategic investment made in shares of Fortress Resort Ltd.

2009/10

- ★ Acquisition of the Country Energy (Pvt) Ltd as a subsidiary.
- ★ Commencement of the construction of the Kiriwaneliya & Denawakaganga MHPs under the Subsidiary.
- ★ Transferring to the Main Board of Colombo Stock Exchange.

2011/12

- ★ Commencement of commercial operations of Kiriwaneliya MHP and Denawakaganga MHP.
- ★ Bronze Award Winner - ICASL Annual Report Competition 2011.

2012/13

- ★ Gold Award Winner- ICASL Annual Report Competition 2012.
- ★ Winner of ACCA Sustainability Reporting Award 2012.
- ★ Bronze Award to Erathna MHP - National Green Award 2012 organised by CEA.
- ★ Visiting of Erathna MHP Project by the Delegation of Seychelles government to study mini power projects industry.

2013/14

- ★ Kiriwaneliya project and Denawakaganga project were qualified for Clean Development Mechanism (CDM) under United Nations Framework Convention on Climate Change (UNFCCC).
- ★ Silver Award Winner- ICASL Annual Report Competition 2013.

2014/15

- ★ Company and its Subsidiary were certified for ISO 9001 & 14001 for the implementation of Quality and Environmental Management Systems.
- ★ Silver Award Winner- ICASL Annual Report Competition 2014.
- ★ Bronze Award to Kiriwaneliya MHP - National Green Award-2013 organised by CEA.

2015/16

- ★ "Best Under A Billion Award" to the Company held by Forbes Asia.
- ★ Bronze Award Winner- ICASL Annual Report Competition 2015.
- ★ Silver Award to Kiriwaneliya MHP - National Green Award-2015 organised by CEA.
- ★ Commencement of "Empowering Green" tree planting programme as a CSR initiative.

2016/17

- ★ Bronze Award Winner- ICASL Annual Report Competition 2016.

2017/18

- ★ Silver Award Winner-ICASL Annual Report Competition 2017.
- ★ Silver Award to Kiriwaneliya MHP - National Green Award-2017 organised by CEA.
- ★ Winner of ACCA Sustainability Reporting Award 2017.



2018/19

- ★ Bronze Award Winner- ICASL Annual Report Competition 2018.
- ★ Bronze Award to Kiriwaneliya MHP - Presidential Environmental Awards- 2018
- ★ Winner of ACCA Sustainability Reporting Award 2018.
- ★ Winner as Asia's Best Integrated Report - "SME Category" Asia Sustainability Reporting Awards - 2018.

2019/20

- ★ Bronze Award Winner- ICASL Annual Report Competition 2019.
- ★ Bronze Award to Kiriwaneliya MHP - Presidential Environmental Awards- 2019.
- ★ Winner of ACCA Sustainability Reporting Award 2019.

2021/22

- ★ Achieving the highest-ever plant efficiency factor for three MHPs resulted in the generation of 99.4 GWh of energy.

2022/23

- ★ Gold Award Winner TAGS Awards 2022 (ICASL).
- ★ Best Integrated Report in Energy Sector- CMA Excellence in Integrated Reporting Award - 2022.
- ★ Merit Award- CMA Excellence in Integrated Reporting Award - 2022.
- ★ Silver Award to Kiriwaneliya MHP - Presidential Environment Awards 2021-22.

2023/24

- ★ Highest Group Revenue reported - Rs 1.5 billion.
- ★ Highest Dividend paid - Rs. 1.75 per share.
- ★ Gold Award Winner- Best Presented Annual Report 2022 (SAFA).
- ★ Bronze Award Winner- TAGS Awards 2023 (ICASL).
- ★ Best Integrated Report in Energy Sector- CMA Excellence in Integrated Reporting Award - 2023.
- ★ Merit Award- CMA Excellence in Integrated Reporting Award - 2023.
- ★ Recognition as "Green Company" at Earth Summit 2024.

2024/25

- ★ Secured 10 MW Ground Mounted Solar PV Project in Matara by signing SPPA with CEB.
- ★ Highest-ever Group's Net Profit recorded - Rs. 1,100 Mn.
- ★ Bronze Award Winner- TAGS Awards 2024 (ICASL).
- ★ Best Integrated Report in the Energy Sector- CMA Excellence in Integrated Reporting Award - 2024.
- ★ Merit Award- CMA Excellence in Integrated Reporting Award - 2024.

BOARD OF DIRECTORS



MR. HARSHA AMARASEKERA

Chairman - Non-Executive Director

Appointed to the Board - 28th April 2005

Appointed as Chairman - 16th June 2022

SKILLS AND EXPERIENCE

Mr. Harsha Amarasekera President's Counsel, is a leading luminary in the legal profession in Sri Lanka having a wide practice in the Original Courts as well as in the Appellate Courts. His fields of expertise include Commercial Law, Business Law, Securities Law, Banking Law and Intellectual Property Law. Mr. Amarasekera also has significant experience in arbitration and cross-national disputes.

Mr. Amarasekera was admitted to the Bar in November 1987 and took oath as a President's Counsel in November 2012.

Mr. Amarasekera serves as the Non-Independent Non-Executive Chairman of Sampath Bank PLC. Also, he serves as Independent Non-Executive Chairman of CIC Holdings PLC, Swisstek (Ceylon) PLC, Swisstek Aluminium Limited, CIC Agri Business (Private) Limited. He is also the Independent Non-Executive Co-Chairman of Royal Ceramics Lanka PLC and Non-Executive Co-Chairman of Vallibel One PLC. He is Non-Executive Chairman of Sampath Centre Limited. Also, he is the Chairman of Colombo Port City Economic Commission. He is an Independent Non-Executive Director of Expolanka Holdings Ltd. Again, Non-Executive Director of Galle Face Management Company (Pvt) Ltd, Link Natural Products (Pvt) Ltd, Millennium Airlines (Pvt) Ltd, Millennium Investments Lanka (Pvt) Ltd, Ceylon Hotel Holdings (Pvt) Ltd., Silver Aisle (Pvt) Ltd., and EFL Global Logistics (Pte) Ltd.

BOARD COMMITTEE MEMBERSHIP

Remuneration Committee

Nomination and Governance Committee

EXPERTISE

Entrepreneurship and/ or Leadership

Finance Acumen

Legal and/ or Compliance

Risk and Strategy



MR. PRABODHA SUMANASEKERA

Non-Executive Director

Appointed to the Board - 28th April 2005

SKILLS AND EXPERIENCE

Mr. Prabodha Sumanasekera holds a Degree in Physics from the Colombo University and has over 31 years' experience in the small hydro power sector.

He has been involved in formulating and developing 35 small/mini hydropower projects, including the ground breaking Dick- Oya mini hydropower project which is the first grid connected mini hydropower project in Sri Lanka. He is also a shareholder Director in several companies owning, developing and operating hydropower projects in Sri Lanka, and in Africa.

BOARD COMMITTEE MEMBERSHIP

NA

EXPERTISE

Entrepreneurship and/ or Leadership

Engineering

Risk and Strategy



MR. HARESH SOMASHANTHA

Non-Executive Director

Appointed to the Board - 25th January 2010

SKILLS AND EXPERIENCE

Mr. Hareesh Somashantha is a seasoned finance and operations professional with over 25 years of leadership experience. His expertise spans business planning and development, strategic and financial management, and internal and external process optimization. With a strong track record in driving team-led process improvements, he has successfully implemented innovative solutions to enhance revenue, operational efficiency, customer satisfaction, and overall profitability.

BOARD COMMITTEE MEMBERSHIP

Audit Committee

EXPERTISE

Entrepreneurship and/ or Leadership

Finance Acumen

Legal and/ or Compliance

Risk and Strategy

A Fellow Member of both the Institute of Chartered Accountants of Sri Lanka and the Institute of Certified Management Accountants of Sri Lanka, Mr. Somashantha is also an Associate Member of CPA Australia. He holds a Bachelor of Science degree in Mathematics.

He currently serves as the Director Finance of Royal Ceramics Lanka PLC (Rocell Group). Additionally, he is a Director and Audit Committee Member of Hayleys Fabrics PLC and Unidil Packaging Limited. His directorships further extend to Lanka Tiles PLC and several subsidiary companies within the Unidil and Delmege Group.



MS. DINUSHA BHASKARAN

Non-Executive Director

Appointed to the Board - 15th May 2020

SKILLS AND EXPERIENCE

Ms. Dinusha Bhaskaran is a Fellow of the Chartered Institute of Management Accountants UK (FCMA), Fellow of CPA Australia (FCPA) and an Associate Member of the Institute of Bankers, Sri Lanka. She is a Financial and Accounting professional currently serving as the Group Managing Director of Vallibel One PLC.

She also holds Directorships on the Boards of Delmege Limited and Chairperson/Director of Greener Water Ltd. A Non - Executive Director of LB Finance PLC and a Member of the LB Finance PLC Audit Committee. In addition Mrs. Bhaskaran serves as a Non - Executive Director for Country Energy (Pvt) Ltd and Lanka Walltiles PLC.

BOARD COMMITTEE MEMBERSHIP

Related Party Transactions Review Committee

EXPERTISE

Entrepreneurship and/ or Leadership

Finance Acumen

Risk and Strategy

Ms. Dinusha Bhaskaran has previously worked as a Financial Controller for several Melbourne based companies in Australia. She has in the past served as the Assistant General Manager (Finance & Planning) at Pan Asia Banking Corporation PLC.

She had the distinction of being awarded the most coveted award of Best Corporate Leader 2023 presented by WIM at the Top50 Professional & Career Women Global Awards.

**MS. DEVIKA WEERASINGHE***Independent Non-Executive Director**Appointed to the Board - 1st January 2025***SKILLS AND EXPERIENCE**

Ms. Weerasinghe's career spans over 35 years in Finance. She is a highly accomplished and focused finance professional with proven competencies in general management and finance with a strong drive for performance.

She last held the position of Executive Vice President - CFO of the Transportation Group, Plantation Services and Information Technology Sectors of the John Keells Group.

Ms. Weerasinghe is an Associate Member of the Chartered Institute of Management Accountants CIMA (UK) and she also holds a (BSc) in Business Administration from the University of Sri Jayawardenapura.

She also holds Directorships on the Boards of Printcare PLC, Lanka Ceramics PLC Vallible One PLC and Fortress Resorts PLC.

BOARD COMMITTEE MEMBERSHIP

Audit Committee

Remuneration Committee

Related Party Transactions Review Committee

Nomination and Governance Committee

EXPERTISE

Finance Acumen

Legal and/ or Compliance

Risk and Strategy

**MR. GAMINI GUNARATNE***Independent Non-Executive Director**Appointed to the Board - 1st January 2025***SKILLS AND EXPERIENCE**

Mr. Gunaratne studied at St. Thomas' College Mt. Lavinia and was a member of the Western Provincial Council during the period 1989 to 2009.

Mr. Gunaratne has held diverse leadership positions in both private and state sector organisations. He previously served as the Vice Chairman of the National Water Supply and Drainage Board. Mr. Gunaratne presently serves as Chairman of Lanka Hotels and Residencies (Pvt) Ltd (Sheraton Colombo) and several other Listed Public Companies.

He also holds Directorships on the Boards of Hayleys PLC, Dipped Products PLC, Horana Plantations PLC, Swisstek Ceylon PLC, College of Fashion and Design and SLIIT International (Pvt) Ltd.

Mr. Gunaratne has served as an Independent Non Executive Director of Lanka Walltiles PLC.

BOARD COMMITTEE MEMBERSHIP

Audit Committee

Remuneration Committee

Nomination and Governance Committee

EXPERTISE

Entrepreneurship and/ or Leadership

Finance Acumen

Risk and Strategy



MR. DINESH MENDIS

Independent Non-Executive Director

Appointed to the Board - 1st January 2025

SKILLS AND EXPERIENCE

Mr. Mendis has a corporate career spanning over 30 years and is an innovative business leader with exceptional strategic, operational, marketing and people development experience and was a Director of Aitken Spence Group Ltd from 2007 to 2022. He has led as the Managing Director, companies in a variety of industries which include Fintech and Financial Services, Freight Forwarding, Logistics, Engineering and held Directorships in companies in ICT, Printing and Packaging and Real Estate Industries in Sri Lanka. He also has experience working in the Retail industry in the United States.

Mr. Mendis holds a Bachelor of Science Degree (BSc), (Magna Cum Laude) from Slippery Rock University of Pennsylvania, USA, specializing in Marketing and Economics where he won the outstanding Undergraduate Student award in both Marketing and Economics in his final year 1992. He also holds a Master of Business Administration Degree (MBA) specializing in Marketing in 1993 from The University of Texas, USA. Mr. Mendis serves as an Independent Non-Executive Director of Swisstek Ceylon PLC and Lanka Walltiles PLC.

Mr. Mendis has served on the Board of Directors of the American Chamber of Commerce in Sri Lanka and currently serves on the Board of The National Council for Child and Youth Welfare and is involved in mentoring and advising local small and medium enterprises.

BOARD COMMITTEE MEMBERSHIP

Related Party Transactions Review Committee

EXPERTISE

Entrepreneurship and/ or Leadership

Legal and/ or Compliance

Risk and Strategy

VALUE CREATION MODEL

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Corporate Overview

Year at A Glance
Management Commentary
Governance
Annual Financial Statements
Supplementary Information







Our evolution continues as we complement hydropower with solar and storage, broadening our energy mix for a balanced, sustainable future.

***Harnessing
more than
water***

YEAR AT A GLANCE

Rs. 1,376 Million

Revenue

(7%)

2023/24 - Rs. 1,475 Mn

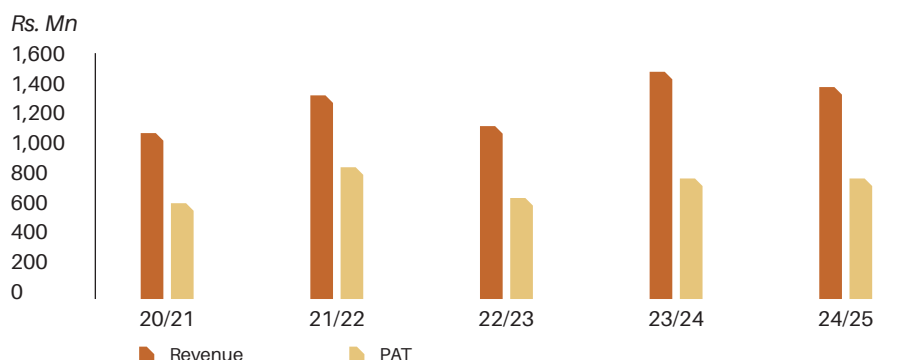
Rs. 1,110 Million

Profit After Tax

42%

2023/24 - Rs. 782 Mn

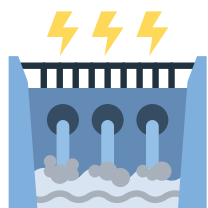
REVENUE VS. PROFIT AFTER TAX (PAT)

**Rs. 0.75 per Share**

Dividend

(57%)

2023/24 - Rs. 1.75

**113%**EBITDA on Revenue
2023/24 - 84%**43%**Return on Equity (ROE)
2023/24 - 35%**82.9 GWh**

Generated clean energy

2023/24 - 85.2 GWh

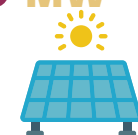
**11,350 trees**

Planted for forest cover

2023/24 - 2,750

**434,716 ML**River water withdrawn for power
generation (Approximate)

2023/24 - 465,165 ML

>51,000MtCO₂e Emission reduced**Developing 10 MW**Ground Mounted
Solar PV Project**Rs. 1.6 Million**

Invested in CSR activities

Bronze Award
TAGS Awards 2024Winner
Power Sector
Excellence in Integrated
Annual Reports by CMA 2024Merit Award
Excellence in Integrated
Annual Reports by CMA 2024**Rs. 188 Million**

Direct value created to employees

Rs. 0.3 Million

Invested in employee training

ZeroEnvironmental
Non-Compliances**Zero**Anti-Corruption and
Anti-Competitive Behavioral
Actions



“Our disciplined capital allocation continued to prioritise high-impact, risk-adjusted investments aimed at building resilience and driving sustainable growth. A notable achievement during the year was the successful award of the 10 MW Solar PV project at the Matara GSS, significantly strengthening the Group’s Renewable Energy portfolio.”

Dear Shareholders,

It is my great pleasure to welcome you to the 24th Annual General Meeting of Vallibel Power Erathna PLC. I am proud to present our Integrated Annual Report and Audited Financial Statements for the year ended 31 March 2025, a year that affirmed our strength, sharpened our focus, and equipped us for an exciting future.

A STRONG YEAR, A CLEAR DIRECTION

The year 2024 marked a strong performance for your Company. We delivered robust operational and financial results while strategically positioning ourselves for sustainable growth and long-term value creation.

Despite a modest decline in generation output and revenue, the Group delivered strong bottom-line growth in the year under review. Inconsistent rainfall led to a 3% drop in power generation, from 85.2 GWh to 82.9 GWh, leading to a 7% dip in Group revenue to Rs. 1,376.1 million. Nevertheless, Group net profit surged by 42% to Rs. 1,110.0 million, driven primarily by interest income received in April 2024 from the delayed settlement of dues outstanding for the past two years by the Ceylon Electricity Board. This inflow significantly boosted our cash reserves, enhanced liquidity and provided strategic flexibility for timely investments and operational resilience, enabling us to continue delivering value to our stakeholders.

Our disciplined capital allocation continued to prioritise high-impact, risk-adjusted investments aimed at building resilience and driving sustainable growth. A notable achievement during the year was the successful award of the 10 MW Solar PV project at the Matara GSS, significantly strengthening the Group’s Renewable Energy portfolio. This addition will expand our clean energy capacity from 21.75 MW to 31.75 MW, marking a substantial 46% increase. The project is expected to generate approximately Rs. 460 million in Group revenue and deliver substantial long-term value to shareholders. Developed under a best-practice environmental management framework and facilitated by the Board of Investment (BOI), it reflects our ongoing commitment to responsible and sustainable execution.

SUSTAINABILITY AT THE CORE

[GRI | 2-22](#)

We continued to embed sustainability across all platforms. From reducing our carbon footprint to investing in reforestation and energy efficiency, our actions are rooted in ethical leadership and purposeful stewardship.

Over the past year, we further reinforced our ESG foundations by aligning our strategy with global clean energy trends and the UN Sustainable Development Goals (SDGs). We also invested in the development and well-being of our employees, to nurture a future-ready workforce. Our community engage-

ment efforts remained inclusive and intentional, strengthened through staff volunteer engagement and meaningful partnerships. Our governance is the foundation of our strength, underscored by transparency, accountability, and unwavering ethical standards.

Guided by advanced ESG metrics, we remain committed to our mission of helping to create a cleaner, fairer, and more sustainable future for Sri Lanka.

RAISING THE BAR ON GOVERNANCE

Building on our strong governance foundations, we took further steps to reinforce our leadership ethos. This year, we adopted the updated Code of Best Practice on Corporate Governance 2023, further strengthening our commitment to transparency, independence, and ESG-led leadership. In line with evolving regulatory expectations, our Board committees were reconstituted during the year, and several new governance policies were introduced in accordance with Colombo Stock Exchange (CSE) guidelines.

We warmly welcome Ms. Devika Weerasinghe, Mr. Dinesh Mendis, and Mr. Gamini Gunaratne, who bring valuable expertise and fresh perspectives to the Board. We also thank Mr. Shan Shanmuganathan and Mr. Chatura Cabraal, who resigned during the year after serving 12 and 10 years on the Board respectively, for their valuable contribution and guidance. We extend our sincere appreciation and wish them continued success.

With a renewed structure, clear policies, and an experienced Board, I am confident that we are fully geared to lead from a position of strength.

RIDING THE MOMENTUM OF ECONOMIC RECOVERY

The broader economic recovery has injected fresh optimism into the business environment. With a stable political outlook and with Sri Lanka's foreign reserves crossing USD 6.0 billion, investor confidence is steadily rising, supported by a more stable and predictable business landscape. The outlook for renewable energy is bright.

The recent past has tested the resilience of businesses across sectors, reaffirming the importance of adaptability and foresight. For VPEL, this renewed stability provides a solid foundation for growth. We are realigning our strategy to pursue new opportunities, deepen our renewable footprint, and enhance our long-term value proposition.

A TRANSFORMING ENERGY LANDSCAPE

The renewable energy sector is rapidly emerging as a cornerstone of the global shift toward sustainable innovation and digital advancement. As one of the most dynamic industries today, it is evolving into a vital part of modern infrastructure worldwide. The global energy transition is accelerating, underpinned by advances in technology and large-scale investments. A key enabler of this transition

is the rollout of Battery Energy Storage Systems (BESS), which are unlocking the full potential of solar energy by ensuring grid stability and availability, even during periods of peak demand or low sunlight.

Sri Lanka is poised to follow suit. As the economy stabilises and investor confidence returns, the country's renewable energy landscape is on the cusp of a major transformation. The planned deployment of BESS will be a game-changer in supporting solar energy integration into the national grid. Beyond enabling the capture and use of surplus energy, battery storage provides essential backup during grid outages, enhances grid reliability, and reduces dependence during peak hours. This transition will be instrumental in strengthening the nation's energy resilience and long-term sustainability.

Meanwhile, global investments in solar PV and battery storage reached an all-time high of USD 500 billion in 2024, reinforcing our conviction that the future is clean, digital, and distributed. With our rooftop solar PV system set to go live by year-end, we at VPEL are proud to be part of this transformation, responsibly, smartly, and sustainably.

LOOKING AHEAD WITH CONFIDENCE

As the world moves towards a more distributed energy model, where generation is cleaner, more localised, and digitally connected, we too will equip ourselves to be at the forefront of this transition.

We will continue to pursue growth through government tenders and feed-in-tariff (FIT) projects, while remaining agile in a rapidly evolving market. The recent awarding of our 10 MW Solar PV project at the Matara GSS is a pivotal step forward in this journey, and sets the tone for future expansion in clean energy. Backed by a strong balance sheet, a dedicated team, and a clear sense of purpose, Vallibel Power Erathna is well-positioned to power the future with confidence.

DIVIDEND

I am pleased to report that an interim and final dividend of Rs. 0.75 per share, as recommended by the Board, was paid during the year, while also earmarking reserves for the Matara Ground Mounted Solar PV Project.

ACKNOWLEDGEMENTS

Our success stems from the people who power our journey. I extend heartfelt thanks to our Board of Directors for their insight and guidance, and to our Joint Chief Executive Officers and management team for their dynamic leadership and execution. To our employees, thank you for your dedication and excellence. I am also deeply grateful to our shareholders for their continued trust, to the Government of Sri Lanka for creating a supportive policy environment, and to our business partners and stakeholders for their continued collaboration. To the communities we serve, your engagement inspires us to build a better future.

We look to the future with energy, optimism, and a renewed sense of purpose. Let's keep building it together.



Harsha Amarasekera

Chairman

30 May 2025

Colombo



“This year’s performance reflects our sustained focus on operational excellence and agile decision-making. In a dynamic environment shaped by climate variability and market shifts, we sharpened our commitment to efficient, reliable energy generation.

We secured a 10 MW ground-mounted Solar PV project at Matara GSS through a SPPA with the CEB. This marks a pivotal step anchoring our future growth strategy.”

ANNUAL PERFORMANCE

In a year marked by accelerating energy transformation and early signs of economic recovery, VPE delivered a resilient financial performance. This is a testament to our strategic focus and robust operating model. Net profit surged by 41% to Rs. 1,110.0 million, driven by disciplined cost control and timely interest income from delayed CEB settlements. This strong result was achieved despite a modest 3% decline in power generation due to erratic rainfall at our Denawaka Ganga and Kiriwaneliya MHPs. Group revenue declined to Rs. 1,376.1 million, underscoring our ability to adapt and protect margins in a changing environment.

Our financial discipline remained robust. We managed operational and maintenance (O&M) costs effectively, sustaining efficiency levels above industry benchmarks. Although O&M expenses increased year-on-year due to scheduled civil maintenance, overhead growth remained within expectations. This preserved liquidity, strengthened our balance sheet, and reinforced our capacity for future investment.

STRATEGIC EXPANSION INTO SOLAR ENERGY

Sri Lanka’s improving macroeconomic outlook and evolving energy policy environment continue to support our long-term vision for sustainable growth. In this context, we expanded into solar energy, a strategic move that aligns with national priorities while safeguarding future revenue streams.

In response, we secured a 10 MW ground-mounted Solar PV project at Matara GSS through a SPPA with the CEB. This marks a pivotal step anchoring our future growth strategy. The project, approved under the Board of Investment (BOI) framework as an expansion

of existing operations, involves a total investment of approximately Rs. 1.9 billion. It will increase our installed renewable energy generation capacity by 46%, from 21.75 MW to 31.75 MW, and will occupy 30 acres in Kekanadura Village, Matara. Once operational, it is expected to generate 18 GWh of clean energy annually and offset over 13,000 metric tons of CO₂ emissions from 2026 onwards. The project is also expected to contribute approximately Rs. 460 million in annual revenue, significantly boosting Group profitability from FY 2026/27. All necessary pre-construction regulatory approvals have been secured, with full compliance assured throughout implementation and operational phases.

PROMOTING OPERATIONAL EFFICIENCIES

This year’s performance reflects our sustained focus on operational excellence and agile decision-making. In a dynamic environment shaped by climate variability and market shifts, we sharpened our commitment to efficient, reliable energy generation. A key highlight of the year was the celebration of the 20th anniversary of the Erathna Mini Hydropower Plant, commissioned in 2004. Still operating with youthful efficiency, the plant stands as a testament to our robust asset management practices. We remain confident in its continued performance well beyond the extended SPPA period, with no disruptions anticipated.

COMMITMENT TO ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG)

Environmental, Social, and Governance (ESG) considerations remained central to our strategy, shaping both our long-term direction and daily operations. We strengthened integration across the organisation, reinforcing our identity as a responsible, future-focused enterprise.

Joint Chief Executive Officers' Review

In line with best practices, we adopted a comprehensive environmental management policy to minimise the impact of our new solar project. On the governance front, we implemented 12 new policies in alignment with the 2023 Code of Best Practice on Corporate Governance. These enhanced transparency, ethical conduct, and accountability at all levels.

As global expectations continue to evolve, our ESG agenda safeguards long-term resilience while expanding our positive contribution to society and the environment.

CREATING A SUPPORTIVE WORK ENVIRONMENT

In 2024/25, we continued to invest in our people, the cornerstone of our success. We fostered an inclusive, high-performance culture through targeted training, leadership development, and industry-aligned skills-building initiatives.

Employee engagement remained a key priority. Wellness programmes and team-building activities supported work-life balance, while competitive compensation and recognition frameworks contributed to retention and rewarded excellence.

Looking ahead, we are committed to nurturing a workplace defined by respect, opportunity, and a shared sense of purpose.

COMMUNITY AND ENVIRONMENTAL STEWARDSHIP

We remained actively engaged with the communities surrounding our hydropower operations, recognising them as key stakeholders in our long-term success. Our initiatives were tailored to evolving local needs, ranging from healthcare and education support to infrastructure improvements. We also

supported cultural and religious events that reinforce community cohesion. Continued prioritisation of local employment has further contributed to regional economic stability and skills development.

Our commitment to environmental sustainability remained strong. Operating exclusively through run-of-river hydropower technology, we ensure water is returned to its natural course with minimal ecological disruption. Alongside compliance with regulatory standards, we expanded reforestation programmes and biodiversity protection within catchment areas.

As we entered the solar energy sector in a new geographic region, we extended the same community engagement and environmental care practices. Site selection and project planning were undertaken with due regard to social context and ecological balance, ensuring that our expansion upholds the values we've built over time.

FORECASTING THE FUTURE

Sri Lanka's economic recovery and renewed investor confidence are generating momentum across key sectors. Clean energy is positioned at the forefront of this progress. The government's accelerated shift away from fossil fuels, supported by a more stable regulatory environment and clear policy direction, presents compelling opportunities for growth.

With our first ground-mounted solar project now underway, VPE is actively contributing to the country's clean energy transition. This milestone marks more than a beginning. It reaffirms our long-term commitment to national energy goals.

Looking ahead, we will pursue further opportunities in renewable energy, with a strategic focus on battery storage and

emerging sustainable technologies. These initiatives will expand our portfolio, strengthen competitiveness, and enhance alignment with Sri Lanka's target of achieving 70% renewable energy by 2030.

Our continued progress will be driven by the expertise, passion, and dedication of our people, the true engine of VPE's enduring success.

ACKNOWLEDGEMENTS

We extend our sincere appreciation to our Chairman and the Board of Directors for their steadfast leadership and invaluable guidance throughout the year.

To our stakeholders, we are deeply grateful for your trust and continued support. It gives purpose to our efforts and drives us forward.

A special thank you goes to our dedicated team. Your unwavering commitment and hard work have been the foundation of our progress. We look forward to continuing this journey together as we build a more resilient and sustainable future.



Russell De Zilva
Jt. CEO



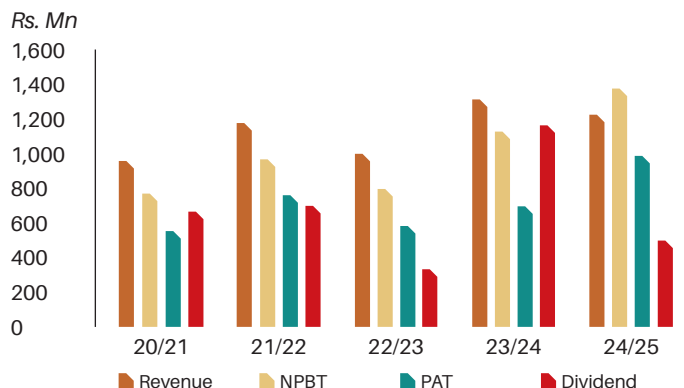
Aruna Dheerasinghe
Jt. CEO

30 May 2025
Colombo

ESG AND FINANCIAL HIGHLIGHTS

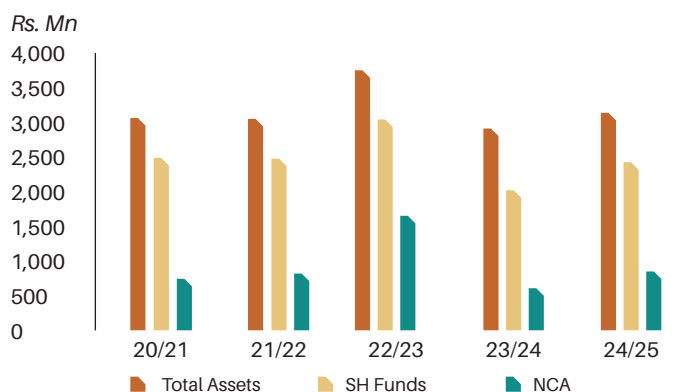
FINANCIAL PERFORMANCE

	2024/25 Rs. Mn	2023/24 Rs. Mn	Change %
Revenue	1,376	1,475	(7%)
Profit before tax	1,547	1,267	22%
Profit after tax	1,110	782	42%
Dividend	560	1,307	(57%)
Return on equity	43%	35%	23%



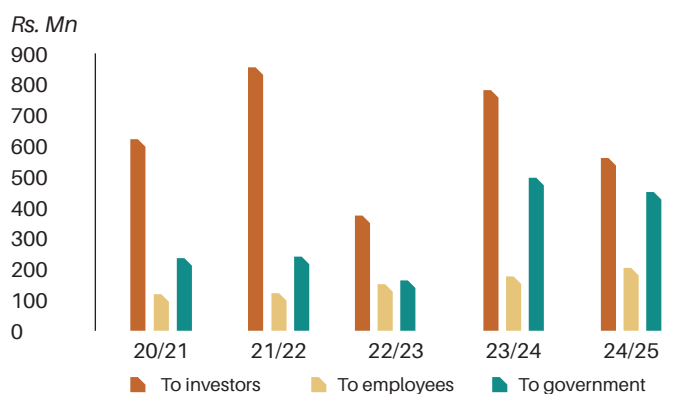
FINANCIAL STABILITY

	2024/25 Rs. Mn	2023/24 Rs. Mn	Change %
Total assets	3,139	2,913	8%
Total shareholders' fund	2,427	2,020	20%
Net current assets	851	608	40%



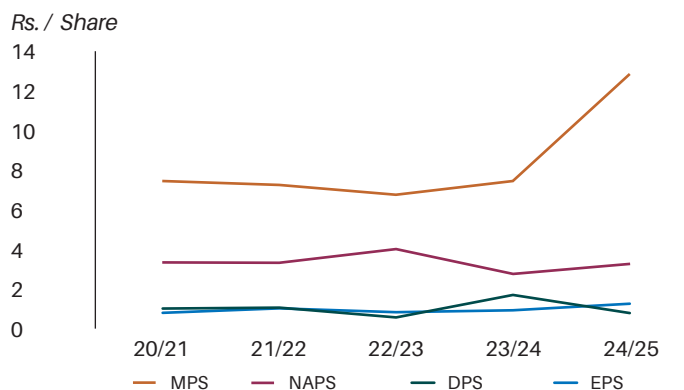
ECONOMIC PERFORMANCE

	2024/25 Rs. Mn	2023/24 Rs. Mn	Change %
Value added distributed to VPE's investors	560	781	(28%)
Value added distributed to employees	204	176	16%
Value added distributed to government	450	497	(9%)



SHARE PERFORMANCE

	2024/25 Rs.	2023/24 Rs.	Change %
Earnings per Share	1.31	0.90	46%
Net assets per share	3.25	2.70	20%
Market price per share (closed)	12.9	7.40	74%
Dividend per share	0.75	1.75	(57%)
Dividend yield	6%	24%	(75%)



ESG and Financial Highlights

E



	2024/25	2023/24	Change %
No. of Clean Energy Units generated	82.9 kWh million	85.2 kWh million	(3%)
GHG Emission Reduced (Approx.)	51,790 MtCO ₂ e	53,269 MtCO ₂ e	(3%)
River Water withdrawn for power generation (Approx.)	434,716 ML	465,165 ML	(7%)
No. of Trees planted for forest cover	11,350	2,750	313%
No. of endangered nursery plants developed for forest cover	3,050	2,734	12%
Energy Consumption	706 GJ	563 GJ	25%
GHG Emission from Operations (Approx.)	59 MtCO ₂ e	47 MtCO ₂ e	25%
Water Consumption	0.2 ML	0.2 ML	-
Investments on Environment Conservation Projects	Rs. 0.3 million	Rs. 0.3 million	-
Solid Non-hazardous waste disposal	1,071 Kg	1,119 Kg	(4%)
No. of Environmental Non-Compliance Incidents	Zero	Zero	-

S



	2024/25	2023/24	Change %
No. of Employees	87	86	1%
No. Employees hired from local community	70%	69%	1%
Training Hours per Employee	7.2 Hours	2.0 Hours	260%
Total direct employee benefits	Rs. 188 million	Rs. 159 million	18%
Investment in Community Development Activities	Rs. 1.6 million	Rs. 1.0 million	60%
Taxes and Levies paid	Rs. 461 million	Rs. 460 million	0.2%
Value distributed to suppliers from local environment	Rs. 11 million	Rs. 15 million	(27%)
No. of Social Non-Compliance Incidents	Zero	Zero	-

G



	2024/25	2023/24	Change %
Proportion of Employees trained for VPE's ethical practices	100%	100%	-
No. of Anti-Corruption related incidents	Zero	Zero	-
No. of Anti-Competitive Behavior related incidents	Zero	Zero	-
Number of whistle-blower cases reported	Zero	Zero	-
No. of Internal Audit Cycles	2	2	-



Strategic
diversification
strengthens our
operational stability
and ensures long-
term value for all
stakeholders.

***Resilient
through
innovation***

STAKEHOLDER ENGAGEMENT

APPROACH

GRI | 2-29

Meaningful engagement with stakeholders is essential for responsible corporate governance and for achieving positive outcomes for both the company and its diverse stakeholder groups. By establishing transparent and open channels of communication, we were able to actively listen to stakeholders and understand their concerns. This approach enabled us to evaluate their needs and expectations and align them effectively with VPE’s strategic objectives and operations.







STAKEHOLDER ENGAGEMENT PRINCIPLES

Purposeful	...	Every engagement is entered into with a clear understanding of what should be achieved
Inclusive	...	The relevant stakeholders are identified and encouraged to engage with the Company
Timely	...	The stakeholders are involved from the start of the initiative and consensus is arrived at on when and how to engage with them
Transparent	...	Openness and honesty in the engagement that clearly outlines expectations
Respectful	...	The expertise, perspectives and needs of stakeholders is acknowledged and respected







KEY STAKEHOLDER GROUPS - 2024/25

GRI | 2-29

We have identified the following key stakeholder groups as vital to our value creation process. These stakeholders significantly influence our operations in the renewable energy sector and are, in turn, impacted by our actions. Their needs, expectations, and feedback play a pivotal role in shaping our strategies and decision-making processes, ensuring alignment with broader economic, social, and environmental objectives. Through active recognition and engagement, we are better positioned to manage risks, capitalize on opportunities, and strengthen the sustainability and effectiveness of our business.

	Shareholders	...	The company remains firmly committed to serving and creating value for its primary stakeholder group, its shareholders, who are the rightful owners of the organization.
	Employees	...	Employees are a vital stakeholder group, playing a key role in the achievement of the company’s corporate objectives and goals. Their expertise, tacit knowledge, skills, and dedication are instrumental in translating our purpose into tangible value.
	Customer/Ceylon Electricity Board	...	Ensuring the satisfaction of the Ceylon Electricity Board (CEB) is essential, as it serves as the sole customer for all aspects of our business.
	Community	...	The broader society, including our immediate surroundings, is recognized as a key stakeholder community. The company depends on a natural resource that is deeply intertwined with the lives and livelihoods of local communities. As such, our operations cannot be viewed in isolation from the communities and environment in which we operate.
	Government and other regulators	...	Engagement with regulatory authorities helps shape the company’s legislative environment and supports the effective management of economic, social, and environmental issues.
	Suppliers and service providers	...	This stakeholder group includes suppliers, service providers, banks, and other financial institutions. We maintain strong relationships with these entities to support efficient day-to-day financial operations and strengthen our supply chain.

STAKEHOLDER ENGAGEMENT MODE







Stakeholder Group	Mode of Engagement	Frequency					Key Concerns during the year 2024/25
		Annually	Quarterly	Monthly	Regularly	Whenever necessary	
Shareholders 	★ Quarterly Interim Financial Reports		✓				★ Profit and growth ★ Dividends ★ Power plants performance ★ New Solar Project investment ★ Future prospects ★ Responsible corporate management ★ Sustainability aspects
	★ Annual Report	✓					
	★ Shareholder AGM & EGM	✓					
	★ Dividend payouts					✓	
	★ Corporate disclosures					✓	
	★ Company's web site	✓		✓	✓		
	★ Press releases					✓	
	★ Open-door policy				✓		
Employees 	★ Annual staff performance appraisals	✓					★ Remuneration ★ Profit and growth ★ Responsible corporate management ★ Occupational health and safety initiatives ★ Better work life balance ★ Career stability and future prospects
	★ Monthly staff meetings			✓			
	★ Negotiations					✓	
	★ Training and workshops				✓		
	★ Salary increments and bonuses	✓					
	★ Welfare activities				✓		
	★ Team building activities and programmes					✓	
Customer/ Ceylon Electricity Board 	★ Complying with provisions of the SPPA				✓		★ Recovery of overdue payments ★ Claiming interest on long aged debtor settlements ★ NCRE tariff revisions ★ Tender related matters ★ Routine operational matters
	★ Monthly invoicing and receiving payments			✓			
	★ Annual meter testing at power plants	✓					
	★ Regular dialogue and interactions				✓		
	★ Bidding for NCRE project tenders					✓	
Community 	★ CSR activities				✓		★ Contribution for Infrastructure development activities ★ Contribution for community development ★ Tree planting programmes in the surrounding areas ★ Compliance with environmental regulations ★ Environmental impact mitigation and protection ★ Hiring of employees from indigenous communities
	★ Environmental effects management				✓		
	★ Environmental conservation programs				✓		
	★ Community development programs					✓	
Government and other Regulators 	Obtaining initial project approvals					✓	★ Profitability and tax compliance ★ Regulatory approvals and legal compliances ★ Sustainability aspects ★ Responsible corporate management ★ Statutory approvals for Ground Mounted Solar PV Project
	Payment of taxes and levies	✓	✓	✓			
	Renewal of required approvals and licenses	✓					
	Compliance with laws and other periodical statutory requirements				✓		
	Industry-level meetings					✓	
Suppliers and Service Providers 	Business transaction				✓		★ Awarding EPC contract to develop new solar project ★ New business opportunities ★ Reliability ★ Sustainable business practices ★ Profitability, growth and investment opportunities
	Regular dialogue and interactions				✓		
	Annual Report and other publications	✓					

MATERIALITY ASSESSMENT

ASSESSMENT APPROACH

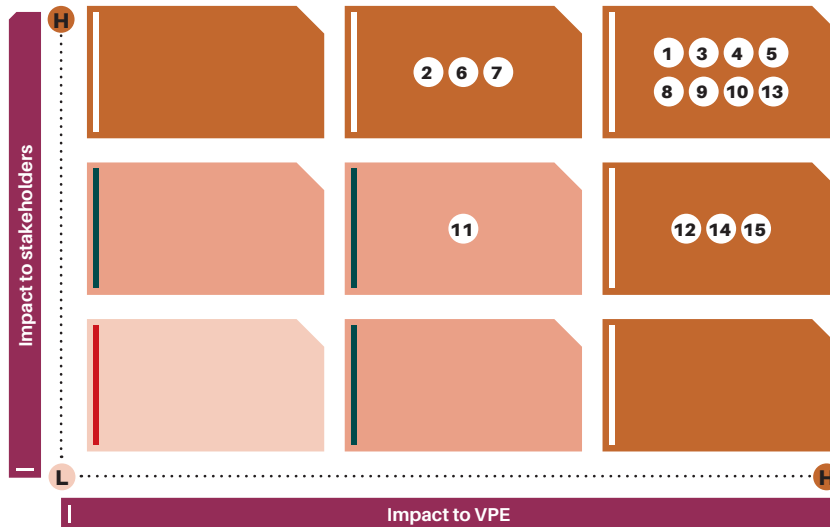
GRI | 3-1

As a company committed to the highest standards of reporting, we have established a sustainability reporting process that aligns with globally recognized frameworks and best practices. Central to this process is a comprehensive materiality assessment, which helps us identify and prioritize issues that are most relevant to our organizational strategy, business model, and various forms of capital. A topic is considered material if it plays a vital role in our long-term success whether by influencing our reputation, exposing the business to risks or additional costs, or significantly affecting stakeholder perceptions and decision-making. We evaluate materiality based on the potential impact on our operations and the likelihood of occurrence, ensuring a robust and meaningful assessment.

Our process - Determining materiality		
1. Stakeholder identification		<ul style="list-style-type: none"> ★ Identifying and engaging with key stakeholders such as local communities, environmental organizations, regulatory authorities, and investors. ★ Taking into account the diverse perspectives, interests, and concerns of stakeholders relevant to the renewable energy industry.
2. Materiality analysis		<ul style="list-style-type: none"> ★ Evaluating the economic, environmental, and social impacts of the company's operations. ★ Assessing the significance and relevance of each potential material topic based on its impact on stakeholders and the company's long-term sustainability.
3. Defining report content and topic boundaries		<p>Selection of material topics and topic are aligned with the disclosure requirements under:</p> <p>Primary:</p> <ul style="list-style-type: none"> ★ The GRI Universal Standards 2021 ★ The International Integrated Reporting (IR) framework of 2013 ★ ESG Reporting principles ★ United Nations Sustainable Development Goals (UNSDGs) <p>Secondary:</p> <ul style="list-style-type: none"> ★ The Companies Act of 2007 ★ Listing rules of the CSE ★ The Code of Best Practice on Corporate Governance for public listed companies, jointly issued by The Institute of Chartered Accountants of Sri Lanka, The Securities and Exchange Commission of Sri Lanka and The Colombo Stock Exchange
4. Internal consultation		<ul style="list-style-type: none"> ★ Collaborating with internal departments and teams to gather insights into the company's operations, potential risks, and emerging opportunities. ★ Promoting cross-functional engagement to ensure a comprehensive and well-rounded understanding of material topics.
5. Prioritization		<ul style="list-style-type: none"> ★ Prioritizing material topics according to their importance to stakeholders and alignment with the company's overarching sustainability objectives. ★ Evaluating the potential severity of impacts and the company's capacity to influence or mitigate those impacts effectively.
6. Documentation and reporting		<ul style="list-style-type: none"> ★ Documenting the materiality assessment process, including the methodologies used, data sources consulted, and outcomes of stakeholder engagement. ★ Incorporating the identified material topics into the company's sustainability reporting to promote transparency and accountability.

PRIORITIZING VPE'S MATERIALITY TOPICS

GRI | 3-2

**VPE's Material Topics - 2024/25**

1. Economic value creation and financial stability
2. Taxation
3. Resource utilisations and material consumption
4. Energy generation and consumption
5. Carbon footprint
6. Biodiversity
7. Waste management
8. Talented workforce
9. Employee wellbeing
10. Social Equitability
11. Good procurement practices
12. Community development
13. Non-discrimination policy
14. Ethics, good governance and good operational practices
15. Anti-corruption and anti-competitive behavior

MANAGEMENT OF MATERIAL TOPICS

Material theme	VPE's material topic	Relevant GRI topic	Alignment with SDGs	Report references for management approach
Economic	1. Economic value creation and financial stability	GRI 201 : Economic Performance GRI 202 : Market Presence		★ Financial Capital Report ★ Human Capital Report ★ VPE's Operating Context Report ★ Risk Management Report
	2. Taxation	GRI 207 : Tax		
Environmental aspect	3. Resource Utilisations and Material Consumption	GRI 301 : Materials GRI 303 : Water		★ Natural Capital Report
	4. Energy generation and consumption	GRI 302 : Energy		
	5. Carbon footprint	GRI 305 : Emission		
	6. Biodiversity	GRI 304 : Biodiversity		
	7. Waste management	GRI 306 : Effluent and Waste		
Social aspect	8. Talented workforce	GRI 401 : Employment		★ Human Capital Report ★ Social and Relationship Capital Report ★ Risk Management Report
	9. Employee wellbeing	GRI 403 : Occupational Health and Safety GRI 404 : Training and Education		
	10. Social Equitability	GRI 405 : Diversity and Equal Opportunity		
	11. Good procurement practices	GRI 204 : Procurement Practices		
	12. Community development	GRI 203 : Indirect Economic Practices GRI 413 : Local Communities		
Governance	13. Non-discrimination policy	GRI 406 : Non-Discrimination		★ Corporate Governance Report ★ Human Capital Report
	14. Ethics, Good Governance and Good Operational practices	GRI 402 : Labor/Management Relations GRI 407 : Freedom of Association and Collective Bargaining GRI 408 : Child Labor GRI 409 : Forced or Compulsory Labor GRI 415 : Public Policy		
		GRI 205 : Anti-Corruption GRI 206 : Anti-competitive Behavior		
	15. Anti-corruption and Anti-competitive behavior			

VPE'S OPERATING CONTEXT

GLOBAL CONTEXT

Global Economic Performance

In 2024, global economic performance remained closely tied to energy consumption patterns. Economic activities expanded across sectors, increasing electricity demand that was increasingly met through renewable energy. The global economy grew at a modest rate of 3.2 percent, according to the International Monetary Fund (IMF), reflecting resilience despite challenges such as geopolitical tensions, trade disruptions, and changes in monetary policy. The U.S. economy continued to provide significant impetus for global growth.

However, trade tensions intensified, particularly due to the implementation of broad U.S. tariffs, including a 10 percent global import tariff. These actions disrupted trade flows and impacted economic activity in several Asian and Middle Eastern economies. Inflation showed signs of easing, with global headline inflation projected to decline to 5.9 percent from 6.8 percent in 2023. This was attributed to improvements in supply chains and tighter monetary policies.

Global Energy Trends

The global energy sector in 2024 experienced notable transformation, driven by rising demand and decarbonisation imperatives. Energy demand grew by 2.4 percent, with renewables, especially solar and wind, accounting for the majority of new electricity generation. Asia played a leading role, with China and India making significant progress in clean energy deployment.

A key milestone was reached as oil's share in the global energy mix fell below 30 percent for the first time in over fifty years. Clean energy investments surged, with projected global spending exceeding USD 2 trillion by 2025. However, this level of investment is only about 37 percent of what is required to meet the Paris Agreement targets. The world remains on a trajectory towards a 2.4-degree Celsius rise by century's end unless stronger action is taken.

Technological innovations provided a boost, with advancements in long-duration energy storage, smart grids, and AI-driven energy efficiency. Promising developments in hydrogen and carbon capture also emerged, offering potential for decarbonising hard-to-abate industries.

SRI LANKAN CONTEXT

Local Economic Performance

Sri Lanka's economy rebounded in 2024, recording real GDP growth of 5.0 percent, a reversal from the 2.3 percent contraction in 2023. The recovery was supported by all major sectors and backed by the IMF Extended Fund Facility, progress in external debt restructuring, and improved investor confidence. The IMF's third review in November led to an additional disbursement of USD 333 million, enhancing reserves and currency stability.

Debt restructuring deals with bondholders and bilateral creditors, including Japan, China, and India, contributed to macroeconomic stability. Structural reforms aimed at increasing tax revenue, achieving a primary budget surplus of 2.3 percent of GDP, and improving state enterprise efficiency were implemented. Inflation, which rose early in the year, declined later, supported by tariff reductions and falling food prices.

The Central Bank forecasts continued growth above 3 percent in 2025, supported by stable inflation, a stable exchange rate, and favourable monetary policy.

Local Energy Sector Overview

Sri Lanka's energy sector is undergoing structural reform, with a shift toward renewables. In 2024, the government enacted the Sri Lanka Electricity Act No. 36 of 2024, modernising the sector's regulatory framework. This Act aimed to improve investor confidence, streamline licensing, and strengthen compliance while promoting renewable energy.

The country continued expanding renewable energy, commissioning floating solar projects and securing a USD 200 million loan from the Asian Development Bank. This funding supported competitive procurement for renewables, grid

upgrades, and system stability. By year-end, renewable sources, including large hydro, contributed around 50 percent of the national electricity generation mix. The national target remains to generate 70 percent of electricity from renewables by 2030.

Key challenges persist, including limited transmission capacity, payment delays to independent power producers, and rainfall variability affecting hydropower. These issues highlight the need for climate-resilient energy infrastructure and long-term planning.

Local Electricity Sector Trends

Significant legislative and operational changes occurred in 2024. The Sri Lanka Electricity Act No. 36 replaced outdated laws, enabling increased private sector involvement and creating independent corporate entities for electricity services. The Act reinforced the regulatory role of the Public Utilities Commission of Sri Lanka and introduced tax incentives and subsidies for renewable energy investments.

Electricity demand rose by 7.3 percent in 2024, with generation increasing by 7.8 percent. Tariff reductions in March and July, averaging over 20 percent, supported this growth. However, the implementation of the Buffer Stock Tariff Adjustment mechanism was postponed, despite being essential for ensuring cost recovery and sector sustainability.

The energy mix continued its transition. Hydropower contributed 32.3 percent, non-conventional renewables 21.2 percent, and fossil fuels 46.5 percent. Several major infrastructure projects advanced. The Uma Oya Hydropower Complex (120 MW) was inaugurated in April. The Sobadhanavi Power Station added 220 MW through its first phase. Work on the 600 MW Maha Oya Pumped Storage facility progressed, aiming to enhance renewable energy storage and grid reliability.

These developments reflect Sri Lanka's commitment to a cleaner, more diversified energy future, supported by policy reform, infrastructure investment, and international financing.

VPE'S OPERATING ENVIRONMENT

Company's Performances - 2024/2025

Despite macroeconomic headwinds, VPE delivered resilient financial results in 2024/2025, reflecting its operational stability and adaptability. Group revenue declined by 7% to Rs. 1,376.1 million, primarily due to a 3% drop in power generation, from 85.2 GWh in the previous year to 82.9 GWh. This decline was caused by erratic rainfall. However, this level of generation remained consistent with the Group's long-term average of 83 GWh.

Net profit increased by 42% to Rs. 1,110.0 million, largely due to interest income received from the CEB and supported by improved operational efficiencies. The Group effectively managed rising costs, maintaining an O&M cost-to-revenue ratio of 21%, which remained within industry norms. VPE concluded the year with a strong balance sheet and solid cash flows, ensuring financial readiness to support upcoming expansion projects.

SEGMENTAL PERFORMANCE

Erathna Mini Hydropower Project

Installed capacity	9.9 MW
Average annual energy	42 GWh
SPPA validity	July 2039

Revenue highlights

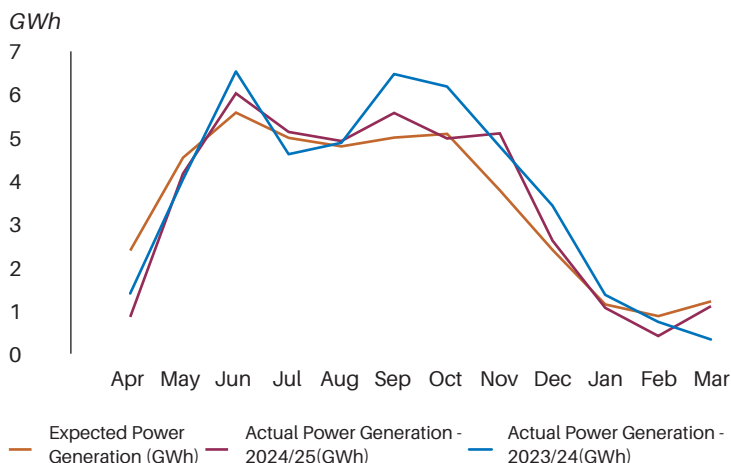
	2024/25	2023/24	Variance
Revenue (Rs. Mn)	337.5	323.9	4%
Segmental gross profit (Rs. Mn)	272.7	262.9	4%
Tariff method	Plant factor based tariff		



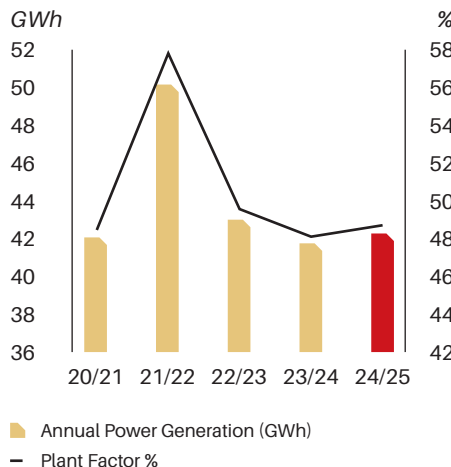
Operational highlights

	2024/25	2023/24	Variance
Power generation (GWh)	42.0	41.5	1%
Plant efficiency factor	48%	48%	1%
% of outages	1.7%	1.4%	20%
Revenue loss on outages (Rs. Mn)	5.9	4.7	25%

MONTHLY POWER GENERATION



ANNUAL POWER GENERATION



Scan this QR Code for monthly power generation history

Denawaka Ganga Mini Hydropower Project

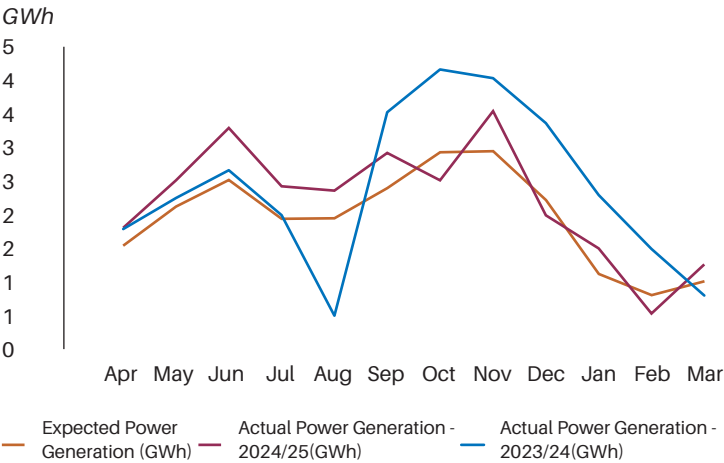
Installed capacity	7.2 MW
Average annual energy	25 GWh
SPPA validity	February 2027

Revenue Highlights			
	2024/25	2023/24	Variance
Revenue (Rs. Mn)	682.3	771.2	(12%)
Segmental gross profit (Rs. Mn)	614.0	707.5	(13%)
Tariff method	Avoided cost based tariff		

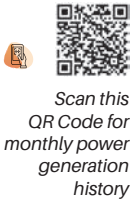
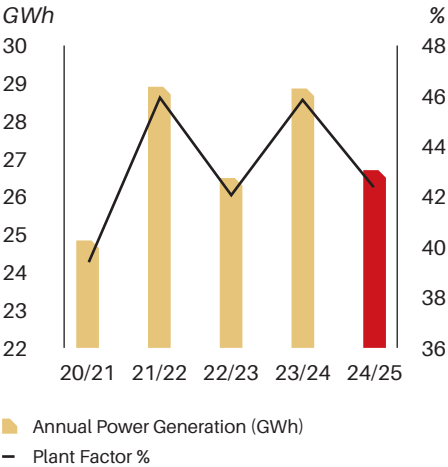


Operational Highlights			
	2024/25	2023/24	Variance
Power generation (GWh)	26.7	28.9	(8%)
Plant efficiency factor	42%	46%	(8%)
% of outages	0.20%	0.20%	(2%)
Revenue loss on outages (Rs. Mn)	1.37	1.35	1%

MONTHLY POWER GENERATION



ANNUAL POWER GENERATION



Kiriwaneliya Mini Hydropower Project

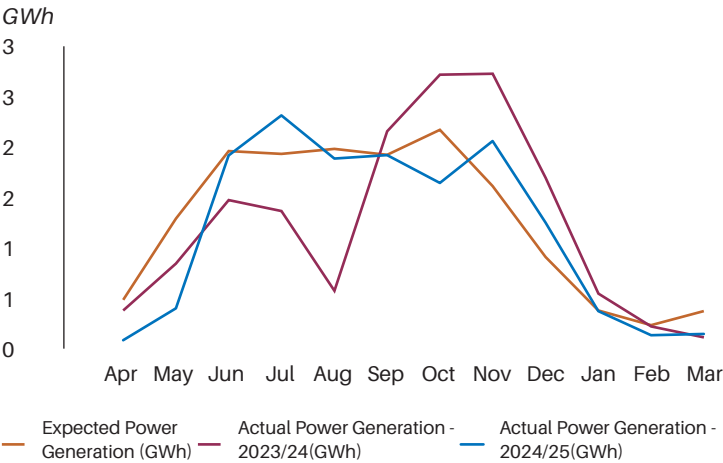
Installed capacity	4.65 MW
Average annual energy	16 GWh
SPPA validity	December 2026

Revenue Highlights			
	2024/25	2023/24	Variance
Revenue (Rs. Mn)	356.1	380.1	(6%)
Segmental gross profit (Rs. Mn)	313.7	337.9	(7%)
Tariff method	Avoided cost based tariff		

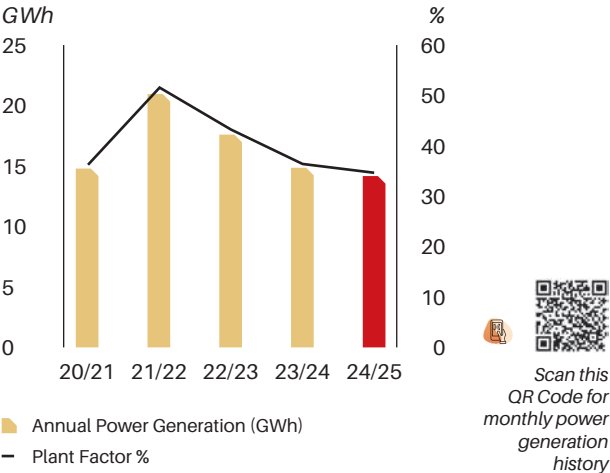


Operational Highlights			
	2024/25	2023/24	Variance
Power generation (GWh)	14.1	14.8	(5%)
Plant efficiency factor	35%	36%	(5%)
% of outages	0.8%	1.5%	(47%)
Revenue loss on outages (Rs. Mn)	2.8	5.2	(47%)

MONTHLY POWER GENERATION



ANNUAL POWER GENERATION



EXPANSION OF CLEAN ENERGY PORTFOLIO

Ground Mounted Solar PV Project

As part of its long-term strategy to diversify and expand its clean energy portfolio, VPE is currently developing a 10 MW ground-mounted Solar Photovoltaic (PV) project at the Matara Grid Substation (GSS).

This project follows the signing of two 20-year Standardised Power Purchase Agreements (SPPAs) with the CEB at a fixed tariff of Rs. 25.48 per kWh. It is being undertaken as a BOI-approved project, with a supplementary

agreement signed with the Board of Investment (BOI) as an expansion of existing operations. The project entails an estimated investment of Rs. 1.9 billion and is being implemented in two 5 MW phases: Dolahena Estate I and II.

The project site spans 40 acres of freehold land in Kekanadura Village, Matara, acquired at a cost of Rs. 154 million. Of this, 30 acres will be used for solar installation, while the remaining 10 acres will be reserved for agricultural and green purposes. This approach reflects VPE's commitment to

sustainable and balanced land use. All required regulatory and environmental approvals have been obtained following comprehensive pre-assessments.

Upon completion, the Matara Solar PV Project will increase the Group's installed renewable energy capacity by 46%, from 21.75 MW to 31.75 MW. It is expected to generate approximately 18 GWh of clean energy annually and reduce carbon emissions by more than 13,000 metric tonnes per year starting from 2026.

VPE’s Operating Context

Project Highlights



PROPOSED DOLAHENA ESTATE - I
Ground Mounted Solar PV Project

Project type	Project land extent
Ground Mounted Solar	6.1 Hectares
Location	Estimated investment
Kekanadura, Matara	LKR 950 million
Capacity	Debt : Equity Ratio
5.0 MW (AC)	75:25
Estimated annual energy	Estimated annual revenue
18.0 GWh	LKR 230 million
Expected date of commission	Estimated reduction in CO2 emission
November 2025	>6,500 MtCO2e
Tariff	Expected Equity Internal Rate of Return (EIRR)
LKR. 25.48/KWh – Fixed	> 15%
Term of Standardised Power Purchase Agreement (SPPA)	VPE’s stake
20 Years	100%
Interconnecting Grid Substation (GSS)	
Matara GSS	

PROPOSED DOLAHENA ESTATE - II
Ground Mounted Solar PV Project

Project type	Project land extent
Ground Mounted Solar	6.1 Hectares
Location	Estimated investment
Kekanadura, Matara	LKR 950 million
Capacity	Debt : Equity Ratio
5.0 MW (AC)	75:25
Estimated annual energy	Estimated annual revenue
18.0 GWh	LKR 230 million
Expected date of commission	Estimated reduction in CO2 emission
November 2025	>6,500 MtCO2e
Tariff	Expected Equity Internal Rate of Return (EIRR)
LKR. 25.48/KWh – Fixed	> 15%
Term of Standardised Power Purchase Agreement (SPPA)	VPE’s stake
20 Years	100%
Interconnecting Grid Substation (GSS)	
Matara GSS	

Progress Highlights

★ Project site survey



★ Project land excavation



★ Micro-piling for mounting structure



★ Testing for energy yield validation



★ Transmission line construction



VPE's Operating Context

Project Status and Outlook

Engineering, Procurement, and Construction (EPC) responsibilities have been awarded to Hayleys Fentons Ltd., a reputed local engineering services provider with strong expertise in solar installations in Sri Lanka. Land development and excavation activities have been completed, and civil construction is currently in progress for the mounting structures. Procurement of critical components, including solar panels and inverters, is underway, and grid interconnection work is progressing as planned.

The project remains on schedule for phased commissioning, with both phases expected to be fully operational and connected to the national grid by the end of 2025.

This expansion reinforces the Company's strategic focus on sustainability, operational resilience, and environmental stewardship, strengthening its role in supporting Sri Lanka's clean energy transition.

OPERATIONAL CHALLENGES

While the operating environment has improved, several structural and contextual challenges continue to affect Sri Lanka's energy sector:

★ Grid Capacity and Transmission

Bottlenecks: The existing transmission infrastructure is under strain due to rising demand and the growing integration of intermittent renewable energy sources. Delays in grid upgrades may affect the timely commissioning and stability of new solar and wind projects.

★ Regulatory Implementation Gaps:

Although the Sri Lanka Electricity Act No. 36 of 2024 provides a progressive framework, full implementation of its provisions, particularly those concerning independent power producers (IPPs), feed-in tariffs, and transparent tendering will require consistent enforcement and effective inter-agency coordination.

★ Payment Delays and Credit Risk:

The financial health of the Ceylon Electricity Board (CEB), while showing significant improvement, remains a key risk factor. Further delays in payment cycles could impact liquidity and investment planning for power producers.

★ **Climate Variability:** Despite diversification efforts, the Group remains partially exposed to hydrological risk. Unpredictable rainfall patterns driven by climate change may affect generation from small hydro assets.

Key risks associated with these operational challenges are further discussed in the Risk Management section on pages 39 to 43.

FUTURE OUTLOOK

Sri Lanka's economic rebound and the landmark 2024 energy sector reforms have created a more stable and investor-friendly environment, positioning renewable energy for accelerated growth. The new Sri Lanka Electricity Act No. 36 of 2024 has strengthened regulatory clarity, encouraged private participation, and introduced fiscal incentives to support clean energy expansion.

Against this backdrop, VPE is entering a new phase of growth. With the Matara Solar PV Project underway, the Group is transitioning from a hydro-dominated portfolio toward a more diversified mix that includes solar and emerging technologies. Future initiatives will focus on energy storage and grid-integrated renewables, aligned with Sri Lanka's goal of 70% renewable energy by 2030.

VPE will also pursue growth through government tenders and feed-in tariff (FIT) programmes, leveraging its strong balance sheet, operational expertise, and focus on cost efficiency. The Group remains committed to sustainability and innovation and is well-positioned to play a leading role in Sri Lanka's clean energy transition.

RISK MANAGEMENT

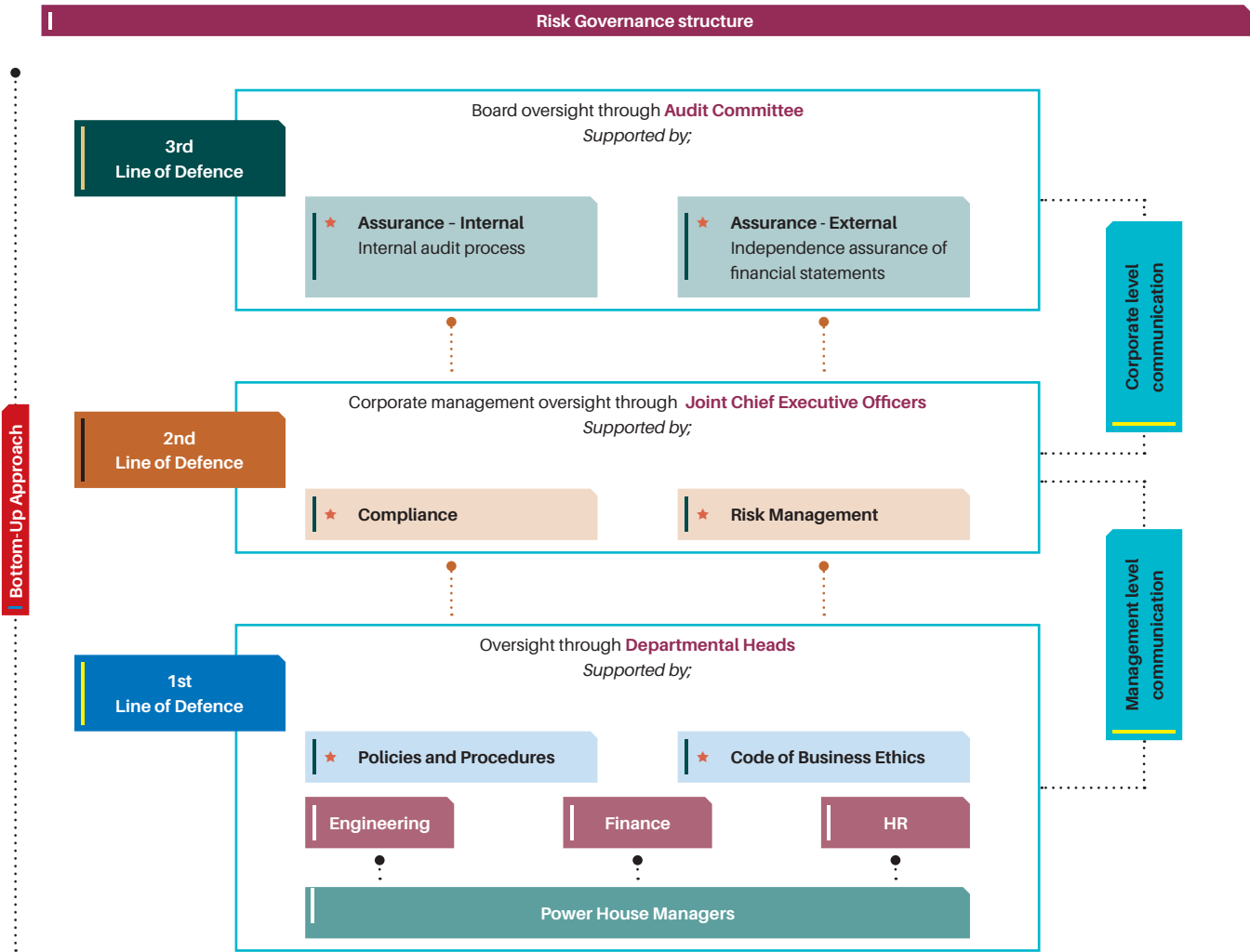
VPE’S RISK LANDSCAPE

At VPE, risk is defined as any internal or external factor that could hinder our progress toward achieving our strategic, financial, and sustainability goals. Operating in a dynamic environment shaped by climate variability, evolving regulations, and stakeholder expectations, effective risk management is essential for long-term value creation and organisational resilience.

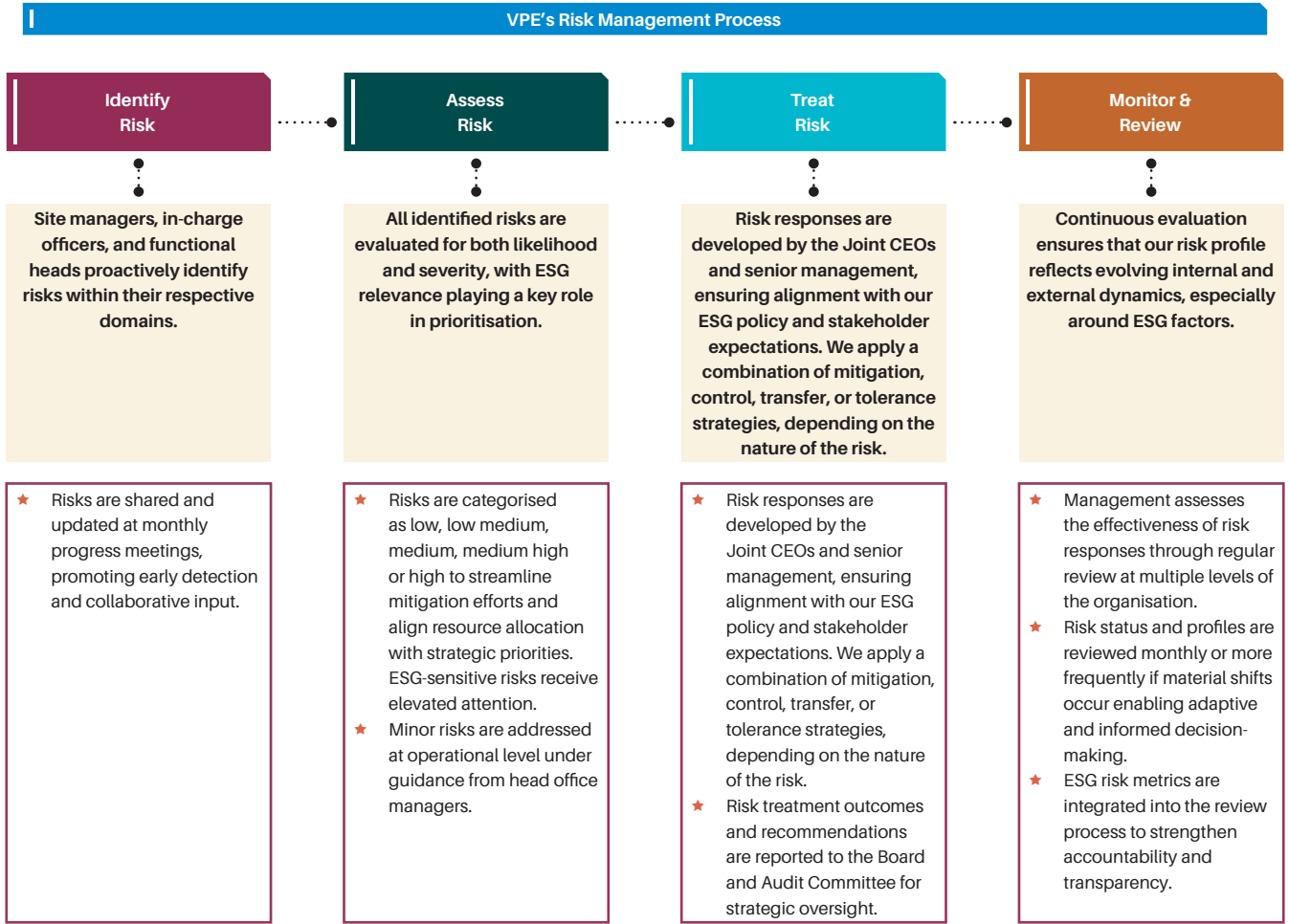
Our ESG-conscious Risk Management framework is integrated throughout the organisation, outlining how we identify, assess, and respond to risks. This approach combines corporate oversight, decentralised input from operational teams, and data-driven insights, fostering a culture of accountability and inclusivity. It ensures that both leadership and operational teams are actively engaged in managing risks and uncertainties, particularly those related to Environmental, Social, and Governance (ESG) factors.

RISK MANAGEMENT FRAMEWORK

VPE’s risk governance is structured around a three-tier system, ensuring clarity in roles, robust oversight, and shared accountability. From frontline operations to internal assurance functions, each level plays a vital role in identifying and managing risks effectively. This forward-looking structure enables us to adapt confidently to evolving ESG risks, strategic challenges, and external disruptions, ensuring the continued resilience of our operations.



GRI | 2-13, 25



NAVIGATING VPE'S RISK ENVIRONMENT

GRI | 201-2

As a renewable energy company committed to environmental stewardship and responsible governance, VPE operates in an evolving risk environment shaped by climate dynamics, regulatory changes, and operational dependencies. Proactive risk navigation is central to safeguarding operational continuity, enhancing stakeholder confidence, fulfilling our ESG commitments, and positioning the company for sustainable value creation.

Risk Rating

H: High **MH:** Medium High **M:** Medium **LM:** Low Medium **L:** Low

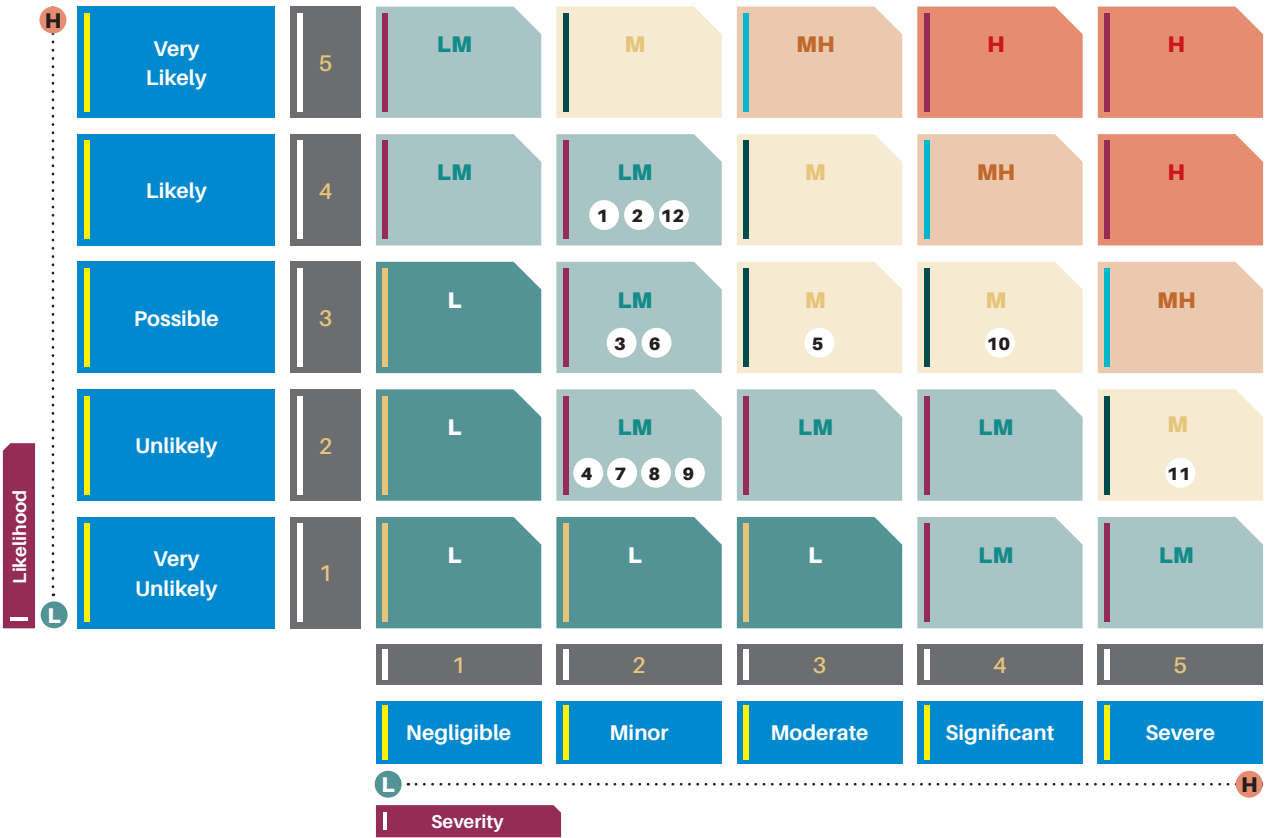
Risk	Potential impact	Severity	Likelihood	Risk rating	Risk mitigation strategy
1. Interest rate risk	Rising interest rates can increase borrowing costs for project financing and operational expansions, potentially reducing profitability. However this risk is zero since company has no borrowings.	Minor	Likely	LM	<ul style="list-style-type: none">This risk is inapplicable since the Company has no borrowings.However, if project financing or short-term bank borrowings become necessary, management will negotiate favorable terms to minimize financial impact.

Risk	Potential impact	Severity	Likelihood	Risk rating	Risk mitigation strategy
2. Forex risk	Fluctuations in foreign exchange rates could impact the cost of spare parts imports and machinery equipment.	Minor	Likely	LM	<ul style="list-style-type: none"> ★ Prioritize local or in-house solutions whenever feasible. ★ Negotiate more favorable payment terms with overseas suppliers.
3. Liquidity risk	Limited cash flow due to delays in CEB payments and seasonal variations in hydropower generation could affect the company's ability to meet short-term obligations.	Minor	Possible	LM	<ul style="list-style-type: none"> ★ Maintain an adequate cash reserve fund to cover routine O&M expenses and ensure short-term financial stability.
4. Credit risk	Default risk from Ceylon Electricity Board (CEB), which purchases the generated power, could disrupt revenue streams.	Minor	Unlikely	LM	<ul style="list-style-type: none"> ★ Ensure CEB adherence to standardized Power Purchase Agreement (PPA) terms to mitigate default risk issues. ★ Engage in industry-wide collaboration and lobbying to advocate for fair policies and contractual terms.
5. Environmental risk	Climate change, extreme weather, and changing rainfall patterns can reduce water availability, directly affecting power generation capacity.	Moderate	Possible	M	<ul style="list-style-type: none"> ★ Commitment to implementing best practices in Environmental Management Systems to ensure the preservation of catchment environments, including investments in environmental initiatives like tree planting programs. ★ Prompt mitigation of any adverse environmental impacts as they arise, coupled with continuous, positive engagement with stakeholders.
6. Human capital risk	Loss of skilled technical personnel could affect operational efficiency and maintenance quality.	Minor	Possible	LM	<ul style="list-style-type: none"> ★ Implementing a comprehensive human resource policy with effective HR procedures, and proactively addressing issues to cultivate a positive work culture. ★ Ensuring uninterrupted powerhouse operations through roster adjustments, fostering open communication and trust, investing in employee training and engagement, and creating an inclusive culture that rewards performance.

Risk Management

Risk	Potential impact	Severity	Likelihood	Risk rating	Risk mitigation strategy
7. Cyber security risk	Since the company's operational control systems are not linked to the internet, the risk of cyberattacks disrupting power generation is minimal. However, potential threats to the corporate website could impact online presence and reputation.	Minor	Unlikely	LM	★ Regularly update security protocols and monitor website vulnerabilities to prevent unauthorized access.
8. Data privacy risk	Breach of financial, customer, or employee data could lead to legal liabilities and reputational damage.	Minor	Unlikely	LM	★ Implement strict access controls, data encryption and regular audits to safeguard sensitive information as needed.
9. Theft and fraud risk	Financial mismanagement, internal fraud, or theft of assets can lead to financial losses and regulatory scrutiny.	Minor	Unlikely	LM	★ Strengthen internal controls, security aspects (CCTV monitoring), conduct regular audits, and implement a Whistle-blower policy to detect and prevent fraud.
10. Regulatory compliance risk	Non-compliance with energy sector regulations, environmental laws, and licensing requirements could result in fines, legal action, or operational shutdowns.	Significant	Possible	M	★ Renewal of the Environmental Protection License (EPL) in accordance with regulatory requirements. ★ Payment of mandatory annual levies to relevant statutory authorities. ★ Maintaining monthly compliance reporting at both the site and corporate levels to track regulatory changes and ensure timely compliance with legal requirements.
11. Business continuity risk	Natural disasters, significant operational failures or power outages at power plants could disrupt electricity supply and revenue generation.	Sever	Unlikely	M	★ Conduct regular assessments of soil and geological conditions to identify potential landslide or flood risks. ★ Regular maintenance and monitoring of Grid connected transmission line. ★ Perform timely maintenance of machinery, transmission lines, and equipment as per schedule and as needed. ★ Ensure comprehensive insurance coverage to safeguard all assets and operational areas.
12. Health and Safety Risk	Workplace safety hazards, including accidents at power plants, could lead to injuries, legal liabilities, and reputational damage.	Minor	Likely	LM	★ Implement strict workplace safety protocols, conduct regular safety training, and provide personal protective equipment (PPE).

RISK RATING 5X5 MATRIX



ESG AND SUSTAINABILITY FRAMEWORK

GRI | 2 - 23, 24

At VPE PLC, we are committed to delivering sustainable value through responsible renewable energy development. As a company built on clean energy solutions, we recognise that our responsibilities extend beyond power generation, encompassing environmental stewardship, social empowerment, and principled governance. Our Environmental, Social, and Governance (ESG) framework integrates these dimensions into every aspect of our operations, ensuring we create long-term value for all stakeholders while safeguarding the planet.

ESG STRATEGY OVERVIEW

Our ESG strategy supports both national priorities and global goals, such as the United Nations Sustainable Development Goals (SDGs). It is guided by key principles including transparency, environmental stewardship, ethical conduct, community engagement, and innovation. Sustainability is integrated into our core operations to create long-term value for both people and the planet.

As part of this commitment, the Company has adopted a set of formal policies approved by the Board to guide responsible business practices. The types of policies are outlined in the Corporate Governance Report on page 86 and are also available in full on the Company’s website. These policies are embedded into day-to-day operations through structured implementation mechanisms, including clearly defined departmental roles and responsibilities, regular awareness and training programs, internal controls, and ongoing monitoring. Senior management ensures alignment with these commitments, while policy effectiveness is reviewed periodically to support continuous improvement and compliance with evolving regulatory and stakeholder expectations.



SUSTAINABILITY IN NEW DEVELOPMENTS

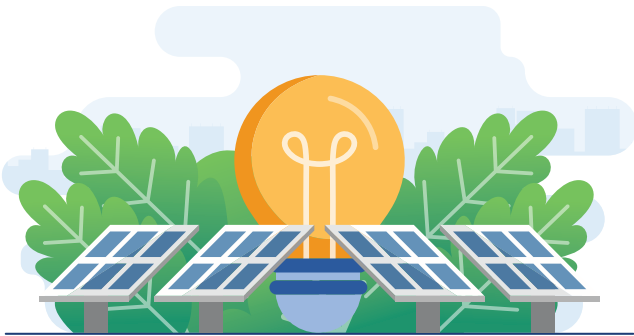
In the past year, we initiated the development of a 10MW Ground Mounted Solar Project in Matara, marking a significant milestone in our journey towards a diversified renewable energy portfolio. The 30-acers site was selected for its optimal solar potential and minimal ecological disruption. Comprehensive Environmental Impact Assessments (EIAs) were conducted, and all necessary environmental approvals were obtained prior to commencing construction. The project is currently underway and will contribute significantly to Sri Lanka’s clean energy grid once operational. This development not only broadens our renewable footprint but also supports national climate targets and enhances energy security.

ENVIRONMENTAL RESPONSIBILITY

We strive to ensure our operations are nature-positive and climate-resilient. Our clean energy generation from mini hydropower and solar reduces dependence on fossil fuels and significantly lowers greenhouse gas emissions.

Key environmental commitments include:

VPE’s Commitment	SDG Alignment
★ Net zero and climate impact: Generating over 80 million units of clean energy annually through hydropower while actively expanding our renewable energy portfolio with solar initiatives to further reduce carbon emissions.	7 AFFORDABLE AND CLEAN ENERGY
★ Environmental compliance: Zero environmental non-compliances.	14 LIFE BELOW WATER
★ Biodiversity and conservation: Environmental Impact Assessments and habitat protection.	15 LIFE ON LAND
★ Water management: Zero contamination and routine quality monitoring.	6 CLEAN WATER AND SANITATION
★ Waste management: Reduce, reuse, and recycle principles.	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
★ Employee engagement: Green initiatives such as “Empowering Green” program and awareness programs.	13 CLIMATE ACTION



ESG and Sustainability Framework

SOCIAL RESPONSIBILITY

At VPE PLC, we believe that our success is inseparable from the well-being of the communities in which we operate. Our social responsibility efforts are rooted in respect for human rights, inclusive development, employee empowerment, and meaningful community engagement. These principles guide our actions and partnerships, ensuring that our operations generate positive, long-term social impact.

Key social responsibility commitments include:

VPE's Commitment	SDG Alignment
★ Community development and engagement: Collaborating with local communities and respecting indigenous rights while supporting infrastructure, education, and healthcare improvements.	
★ Stakeholder inclusivity: Maintaining transparent stakeholder consultations and a formal grievance mechanism to ensure responsiveness and accountability.	
★ Employee wellbeing: Providing a safe, inclusive, and supportive work environment with competitive pay, crisis relief allowances, and wellness initiatives.	 
★ Health and safety: Upholding rigorous occupational health and safety standards across all sites through regular training and audits.	
★ Workforce development: Investing in employee training, skill enhancement, and equal opportunities for career growth and advancement.	
★ Diversity and inclusion: Promoting gender equity and fair employment practices across all operations.	
★ Supply chain responsibility: Partnering with ethical suppliers, promoting local procurement, and monitoring labour standards and supplier performance.	
★ Sustainable infrastructure development: Committed to being a leading sustainable infrastructure developer in the country by deploying renewable energy projects that contribute to long-term economic growth.	
★ Green urban integration: Collaborating with local authorities to increase green space and environmental resilience in project locations.	



GOVERNANCE AND ETHICAL CONDUCT

At VPE PLC, we are committed to upholding the highest standards of governance and ethical conduct, ensuring that our actions reflect integrity, responsibility, and respect for all stakeholders. Our governance practices are designed to foster transparency, trust, and long-term value creation, guiding the company’s strategic direction while maintaining accountability.

Key governance elements include:

VPE’s Commitment	SDG Alignment
<div>★ Ethical leadership: Operating with integrity, transparency, and accountability across all business activities, guided by a robust Code of Ethics.</div>	<div></div>
<div>★ Board diversity and independence: Ensuring strong, independent oversight and diverse perspectives at the board level to support sound governance and strategic direction</div>	
<div>★ Anti-corruption measures: Maintaining zero tolerance for corruption and bribery, supported by compliance with anti-bribery laws and internal policies.</div>	
<div>★ Regulatory compliance: Adhering strictly to all applicable legal and regulatory frameworks, including financial, environmental, and labour-related requirements.</div>	
<div>★ Risk management: Identifying and mitigating key operational, financial, and sustainability risks, including climate-related risks, through a structured Enterprise Risk Management system.</div>	
<div>★ Monitoring and reporting: Conducting regular audits and tracking ESG performance indicators to ensure transparency and continuous improvement.</div>	
<div>★ Stakeholder trust: Maintaining open communication channels and addressing grievances promptly to build long-term stakeholder trust.</div>	
<div>★ SDG alignment: Integrating the UN Sustainable Development Goals into company policies and collaborating with industry peers and authorities to advance national sustainability goals.</div>	<div></div>

PREPARING FOR SUSTAINABILITY DISCLOSURE STANDARDS

In line with our commitment to transparency and continuous improvement, VPE PLC is preparing for the adoption of the upcoming SLFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and SLFRS S2 (Climate-related Disclosures). While these standards are initially applicable to the top 100 listed companies by market capitalization, they will become mandatory for all listed companies, including VPE PLC, from 1st January 2026. We have commenced internal assessments to align our reporting processes and governance structures accordingly. A formal implementation road map will be finalized and disclosed in the next reporting cycle.



CAPITAL MANAGEMENT REPORTS

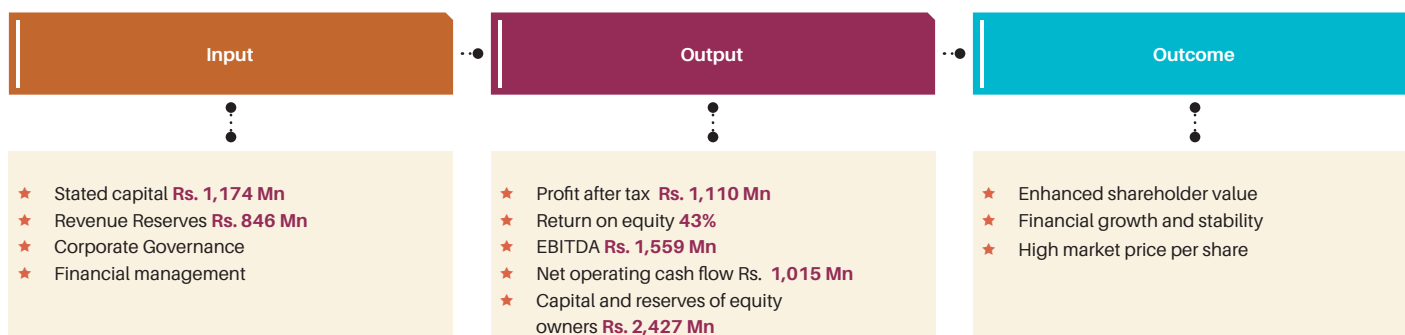
Financial Capital

FINANCIAL CAPITAL

Ensuring long-term profitability and stakeholder value

GRI | 3-3

As we accelerate our role in the global transition to renewable energy, sound financial management is essential to support long-term investment and operational scalability. Our capital structure and funding strategy are designed to ensure we can deliver on our sustainability objectives while continuing to generate strong returns for shareholders. Financial discipline remains central to our ability to lead in this transformative sector.



YEAR AT A GLANCE

Despite a 7% year-on-year decline in revenue, attributed to reduced power generation, the Group delivered a strong financial performance supported by operational efficiencies and the receipt of one-off delayed interest income from the Ceylon Electricity Board (CEB). As a result, EBITDA grew by 26%, while net profit increased by 42%, further boosted by lower intra-group tax expenses. VPE concluded the year with a stable financial position, delivering a healthy Return on Equity (ROE) of 43% and maintaining a balanced dividend distribution. The Group remains well-positioned to fund its upcoming solar project, while preserving financial flexibility and sustaining long-term shareholder value.

FINANCIAL PERFORMANCE

Item	2024/25 Rs. Mn	2023/24 Rs. Mn	Change
Revenue	1,376.1	1,475.2	(7%)
Gross profit	1,191.5	1,299.5	(8%)
EBITDA	1,559.5	1,237.3	26%
Income tax expense	436.9	485.2	(10%)
Net profit	1,109.8	781.8	42%

FINANCIAL POSITION

As at 31st March	2024/25 Rs. Mn	2023/24 Rs. Mn	Change
Total assets	3,139.2	2,912.8	8%
Total liabilities	533.7	708.1	(25%)
Shareholders fund	2,426.9	2,020.4	20%
Non-controlling interest	178.6	184.3	(3%)
Total equity	2,605.5	2,204.7	18%
Net current assets	850.7	608.0	40%

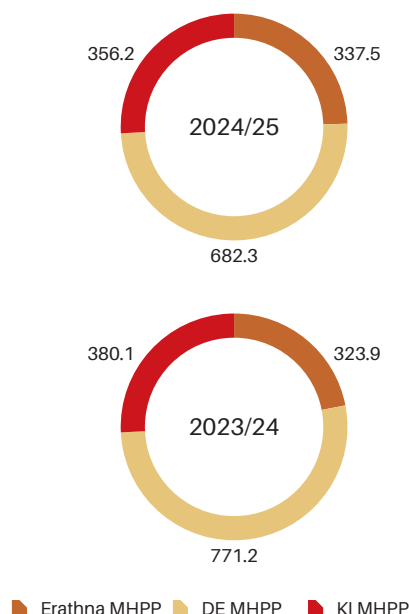
REVENUE

During the financial year 2024/25, the VPE Group generated a total of 82.9 GWh of electricity to the National Grid, slightly below the previous year's output of 85.2 GWh due to adverse weather conditions. However, this figure remained in line with the Group's average estimated generation of 83 GWh, reflecting consistent operational performance despite challenging external factors.

Group revenue remained relatively stable in the absence of major tariff adjustments, with no significant changes implemented during the year except for a 3% increase in the plant factor-based tariff applicable to Erathna MHP. As a result, total revenue showed only a marginal change compared to the previous year.

Denawaka Ganga MHP continued to be the leading revenue contributor, accounting for 50% of the Group's total revenue. Erathna MHP, while recording the highest share of power generation at 51%, operated under the plant factor-based tariff structure, which, despite the slight rate increase, yielded a comparatively lower revenue contribution.

REVENUE



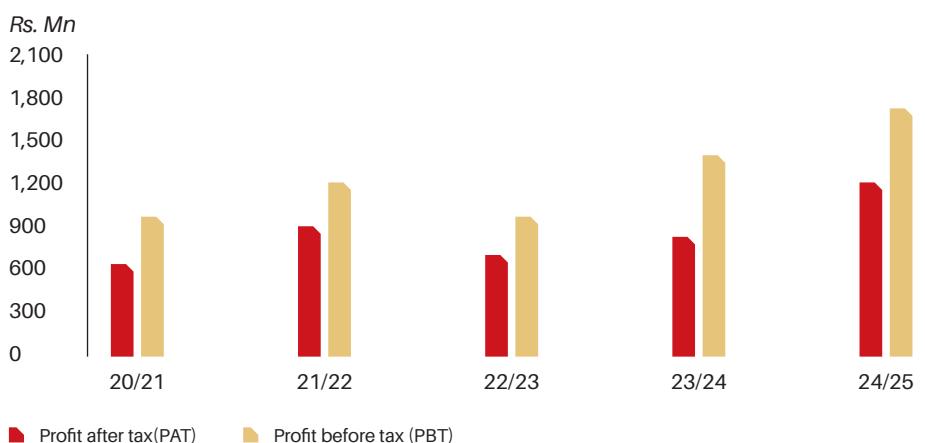
PROFITABILITY

Earnings before interest, tax, depreciation and amortisation (EBITDA)

EBITDA, reflecting the Group's cash operating profit, increased to Rs. 1,559 million in 2024/25, a 26% rise from Rs. 1,237 million in the previous year. This growth was largely driven by the receipt of delayed interest from the CEB at the beginning of the financial year, related to prolonged outstanding dues. The resulting cash inflow helped cushion the impact of reduced revenue caused by lower power generation.

Profit before tax (PBT) and profit after tax (PAT)

Profit before tax increased by 22%, reaching Rs. 1,546 million compared to Rs. 1,267 million in the previous year. Profit after tax (PAT) recorded a sharper rise of 42%, growing from Rs. 782 million in 2023/24 to Rs. 1,110 million in 2024/25. This significant increase was primarily driven by a lower tax expense on intra-group dividends compared to the previous year.



Return on Equity (ROE)

Return on Equity saw a notable improvement, rising to 43% from 35% in 2023/24. This increase was primarily driven by the uplift in EBITDA, supported by the recognition of delayed interest income during the year. This interest, related to prior period dues, effectively restored value previously foregone by equity investors in earlier years.

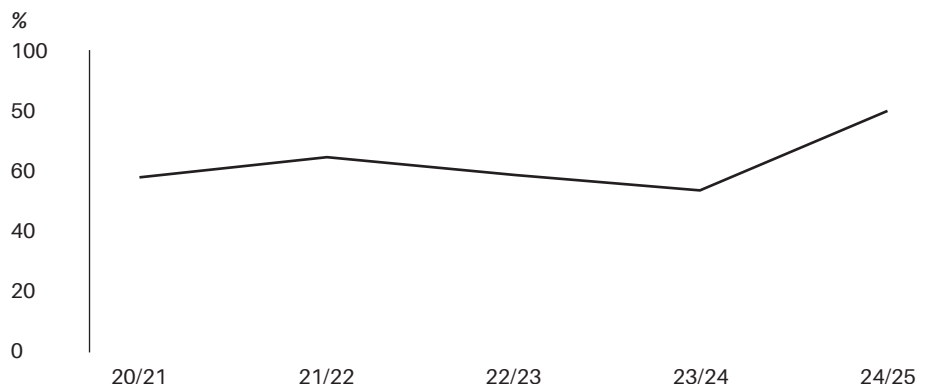


Capital Management Reports

Financial Capital

Net profit (NP) margin

As a result of the EBITDA improvement noted above and the lower tax expense on intra-group dividends during the year, the net profit margin rose significantly to 81%, up from 53% in the previous year.



QUARTERLY PERFORMANCE

The below presents VPE's quarterly performance as published in the interim financial statements, highlighting the changes over the corresponding quarters of the previous year.

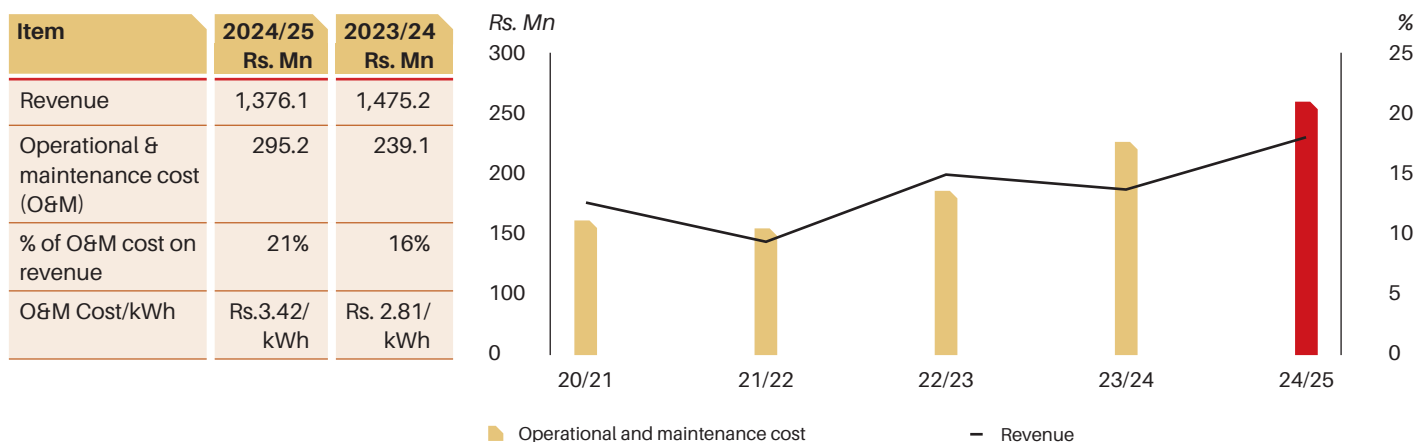
	Q-1			Q-2			Q-3			Q-4			Total		
	2024/25	2023/24	Change	2024/25	2023/24	Change	2024/25	2023/24	Change	2024/25	2023/24	Change	2024/25	2023/24	Change
Revenue	345.3	263.8	31%	474.0	463.1	2%	430.2	583.4	(26%)	126.4	165.0	(23%)	1,376.0	1,475.2	(7%)
Gross Profit	298.8	219.5	36%	429.3	420.1	2%	384.4	542.0	(29%)	78.8	117.9	(33%)	1,191.4	1,299.5	(8%)
NPAT	561.0	161.3	248%	300.9	272.1	11%	285.4	441.2	(35%)	(37.5)	(92.7)	(60%)	1,109.8	781.7	42%

During Q1, VPE's performance improved significantly, driven by seasonally high power generation during the wet season and the receipt of delayed interest from the CEB. In Q2, the Group recorded a modest increase in profits, mainly attributed to steady operational performance. However, Q3 experienced a decline compared to the same period in FY 2023/24, due to a drop in power generation caused by unfavourable weather conditions. As in previous years, Q4 was marked by the dry season, typically resulting in a loss. Nevertheless, the loss in Q4 of FY 2024/25 was lower than the previous year, largely due to the absence of a significant inter-group tax charge that had impacted Q4 of FY 2023/24.

For detailed quarterly performance, please refer to the interim financial reports available on the Colombo Stock Exchange website.

GROUP OPERATIONAL AND MAINTENANCE (O&M) COST

VPE maintained the Group's annual operations and maintenance (O&M) cost increase at 22%, reflecting planned infrastructure maintenance activities scheduled periodically over several years, along with routine annual plant upkeep. General overhead costs were also well managed, with a year-on-year increase contained at 15%. The O&M cost-to-revenue ratio remained stable at 21%, consistent with industry benchmarks.



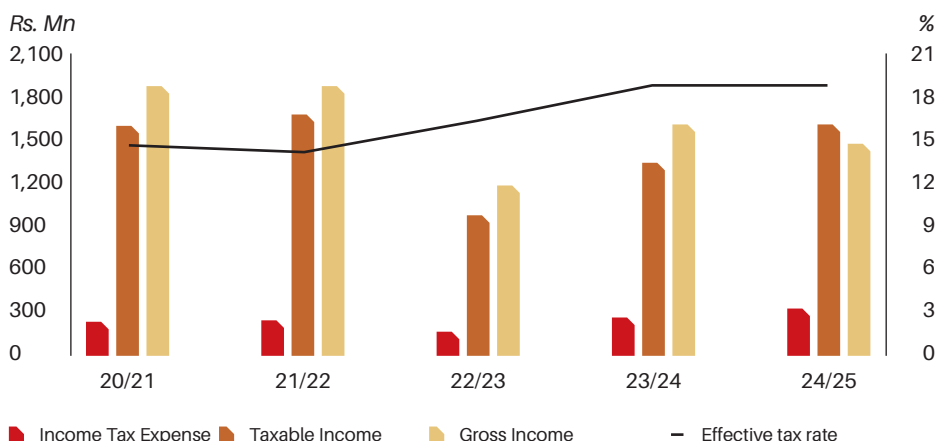
TAXATION

VPE recorded higher taxable income during the year, primarily due to the recognition of other income, resulting in a 21% increase in income tax expense from Rs. 255 million to Rs. 309 million. However, total Group tax expenses declined by 10%, mainly due to the absence of a significant inter-group tax charge that had impacted the previous financial year (FY 2023/24).

During the year, the parent company was subject to a 30% tax rate, while the subsidiary benefited from a BOI-concessionary tax rate of 15%. Other investment income earned by the Group was taxed at the standard corporate rate of 30%.

The deferred tax impact on the Group's profit during the year was a reversal of Rs. 15 million (compared to a Rs. 13 million reversal in the previous year). Of this, Rs. 11 million was charged to the income statement, with the balance recognized in other comprehensive income. These deferred tax effects were accounted for at both 30% and 15% tax rates, as detailed in Note 24.2 of the Financial Statements.

INCOME TAX EXPENSES



The tax expenses by type recognised during the year are given below.

Tax component	2024/25 Rs. Mn	2023/24 Rs. Mn	%
Aggregate taxable income	1,624.9	1,350.1	20%
Income tax on business profits	283.5	216.8	31%
Income tax on finance income	25.3	38.5	(34%)
Total income tax on liable income	308.8	255.3	21%
Tax on intra-group dividend	138.9	239.3	(42%)
Total income tax expense	447.7	494.6	(9%)
Deferred tax charge/(reversal)	(10.8)	(9.2)	17%
Adjustment for the previous year	-	(0.2)	(100%)
Tax charge for the year	436.9	485.2	(10%)
Income tax paid	458.7	457.5	0.1%

More details on tax expenses are given on pages 134 to 135 under the Note 11 of financial statements.

OTHER COMPREHENSIVE INCOME

During the year, a net loss of Rs. 13 million was recognized in the Statement of Comprehensive Income, arising from the re-measurement of the retirement benefit obligation based on actuarial valuation. This represents an increase compared to the Rs. 11 million loss recorded in the previous year.

Capital Management Reports

Financial Capital

CAPITAL STRUCTURE

Shareholders' fund			Non- controlling interest			Gearing		
As of March 31, 2025, VPE maintained a strong and resilient capital structure. Retained earnings attributable to equity holders rose from Rs. 846 million to Rs. 1,252 million, primarily driven by the strategic decision to reserve funds for the upcoming solar project investment, while continuing to uphold a balanced dividend distribution policy. This approach reflects the Company's commitment to delivering shareholder value, while ensuring adequate reinvestment to support long-term growth and financial stability.			The Group's non-controlling interest (NCI) represents a 12.8% minority stake in the subsidiary. The year-end NCI balance reflects the impact of dividend distributions made by the subsidiary, with the corresponding share allocated to minority shareholders. There were no changes in the NCI ownership percentage during the year, and the minority stake remained consistent throughout the reporting period.			As of the reporting date, the VPE Group remains entirely debt-free. In line with the planned solar project investment, the Company has secured an offer letter from Commercial Bank of Ceylon PLC for a project loan of Rs. 1,372 million, intended to finance 75% of the project cost. This planned financing is structured to ensure that future gearing levels remain balanced within the Group's capital structure. The facility had not been drawn down as of the reporting date.		
	2024/25 Rs. Mn	2023/24 Rs. Mn		2024/25 Rs. Mn	2023/24 Rs. Mn			
Stated Capital	1,174.4	1,174.4	NCI	178.6	184.3			
Retained earnings	1,252.6	846.1						
Total	2,426.9	2,020.4						

WORKING CAPITAL/LIQUIDITY

Trade receivables			Net current asset (NCA) position		
Trade receivables primarily consist of outstanding payments from the Ceylon Electricity Board (CEB) for electricity sales. Settlements are made in accordance with the terms of the Standardised Power Purchase Agreement (SPPA), and no significant delays were experienced during the year. As a result, the average debtor collection period remained consistent at approximately 19 days, in line with the previous year. This continued efficiency in collections positively supports the Company's cash flow and overall financial stability.			As of the reporting date, VPE's Net Current Assets (NCA) stood at Rs. 851 million, with a current ratio of 5.0 times, an improvement from 2.5 times in 2023/24 indicating a strong short-term liquidity position. Current assets include cash and cash equivalents totaling Rs. 932 million. This robust liquidity allows VPE to comfortably meet its short-term obligations and support capital requirements for the upcoming solar project, while preserving financial flexibility.		
Aging	2024/25 Rs. Mn	2023/24 Rs. Mn			
< 30 days	49.0	28.5			
30 - 60 days	21.9	48.7			
Total	70.9	77.2			

AVERAGE DEBTOR COLLECTION PERIOD

Period	Days
20/21	19
21/22	21
22/23	39
23/24	1
24/25	1

WORKING CAPITAL

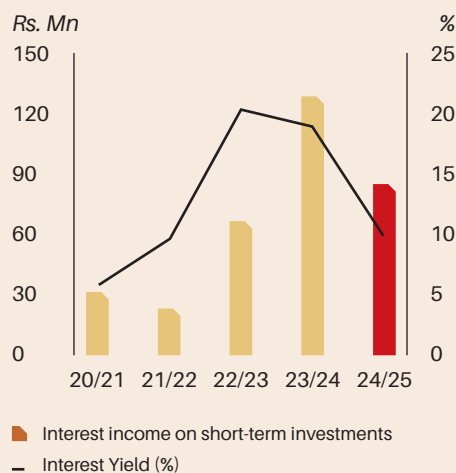
Period	Current assets	Current liabilities
20/21	~850	~100
21/22	~900	~100
22/23	~1,700	~100
23/24	~900	~300
24/25	~930	~100

SHORT-TERM DEPOSITS AND CASH

At the end of the reporting period, the Group held cash and cash equivalents totaling Rs. 932 million, up from Rs. 874 million in 2023/24. These balances comprise short-term investments with maturities of less than three months, in addition to cash holdings and bank balances. Notably, the Group maintained a zero overdraft position, underscoring its sound liquidity management.

Finance income earned from these short-term investments including fixed deposits, government Treasury Bills, and savings accounts amounted to Rs. 84 million. This marks a 34% decline from the previous year, largely attributable to a reduction in average interest yields to 10%, compared to 19% in 2023/24. The high level of short-term investments has been strategically maintained to partially fund the equity component of the Group's upcoming solar project.

INTEREST INCOME ON SHORT-TERM INVESTMENTS



CAPITAL EXPENDITURE

As part of its strategic transition from hydropower to solar energy, the Company signed a Standardised Power Purchase Agreement (SPPA) with the Ceylon Electricity Board (CEB) for a 10 MW ground-mounted solar PV project. During the year, the Company acquired a 40-acre freehold land in Matara for Rs. 154 million to facilitate the project. In addition to the land acquisition, capital work-in-progress amounted to Rs. 104 million as at the year-end, covering the construction of the transmission line, land development, civil structures, and other pre-development activities. A further Rs. 1 million was invested in property, plant, and equipment for existing projects.

SHARE PERFORMANCE

VPE continued to follow a balanced dividend distribution policy, enabling the retention of sufficient funds to support the equity investment in its upcoming solar project. During the year, the Company declared a dividend of Rs. 0.75 per share, representing a payout ratio of 57%, which exceeds the industry benchmark.

Earnings per share (EPS) increased from Rs. 0.90 to Rs. 1.31, reflecting enhanced profitability. Net assets per share also rose from Rs. 2.70 to Rs. 3.25, driven by retained earnings not distributed as dividends. In parallel, the Company's share price appreciated significantly from Rs. 7.40 to Rs. 12.90 while the price-to-earnings (P/E) ratio expanded from 8 to 10 times, signaling growing investor confidence in VPE's strategic shift from hydro to solar energy.

Share performance

		2024/25	2023/24	% of Change	
Earnings per share-EPS	Rs.	1.31	0.90	46%	
Dividend per share-DPS	Rs.	0.75	1.75	(57%)	
Market price per share (closing)	Rs.	12.90	7.40	74%	
Nets assets per share	Rs.	3.25	2.70	20%	
P/E ratio	Times	10 times	8 times	20%	
Dividend payout ratio	%	57%	194%	(71%)	
Dividend yield	%	6%	24%	(75%)	
Market capitalization		Rs. 9.6 billion	Rs. 5.6 billion	74%	

More information on the Company's shares and shareholders is given in the Investor Information report of this report.

Capital Management Reports

Financial Capital

SUPPLEMENTARY ANALYSIS

To further support stakeholder understanding of our financial performance, a five-year horizontal and vertical analysis of the Statement of Financial Position and Statement of Profit or Loss has been included as supplementary information at the end of this Annual Report on pages 158 to 161. This analysis highlights key trends and structural shifts that have influenced the Group's financial position and operational outcomes over time.

DISTRIBUTION OF FINANCIAL VALUE ADDED

GRI | 3-3, 201-1

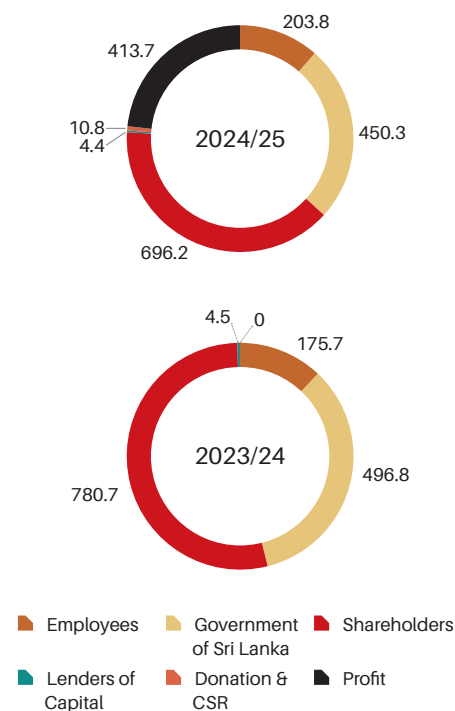
VPE is committed to delivering value beyond profits by ensuring that the financial value it generates is fairly shared among all key stakeholders. The Value Added Statement illustrates how this value is distributed supporting employees through compensation, rewarding shareholders via dividends, fulfilling obligations to the government through taxes, and servicing lenders. A portion is also retained within the business to fuel future growth and sustainability. This approach reflects VPE's broader commitment to inclusive growth, transparency, and long-term stakeholder value.

	2024/25 Rs. Mn	2023/24 Rs. Mn	Change %
Revenue generated from power generation	1,376.1	1,475.2	(7%)
(+) Other Income	563.4	129.6	335%
Total Value generated	1,939.5	1,604.9	21%
(-) Cost of supplies (Goods and services obtained)	(78.2)	(60.8)	29%
Amount set aside for depreciations, amortisation and provisions	(82.1)	(84.9)	(3%)
Value distributed	1,779.2	1,459.1	22%

Value distribution analysis

		2024/25 Rs. Mn	2023/24 Rs. Mn	Change %
To	By way of;			
Shareholders	Dividend	696.2	780.7	(11%)
Employees	Wages, Salaries and benefits	203.8	175.7	16%
Government	Taxes & Levies	450.3	496.8	(9%)
Community	CSR & donation activities	10.8	1.3	731%
Lenders of Capital	Interest and capital payments	4.4	4.5	(2%)
Re-invested profits		413.7	-	>999%
Total Value Distributed		1,779.2	1,459.1	22%

Value added distribution as a percentage of total value added;



FUTURE OUTLOOK

VPE is entering a period of accelerated financial growth, underpinned by the upcoming launch of our large-scale solar energy project. This strategic initiative is projected to increase Group revenue by 46%, contributing approximately Rs. 460 million in additional annual revenue. The positive impact on the Group's bottom line will further reinforce our earnings profile and long-term value proposition.

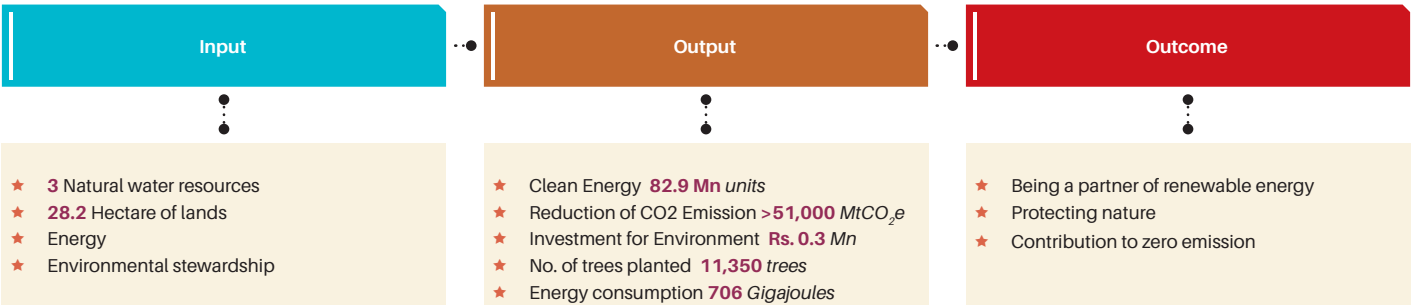
To support this growth, we have secured a tailored financing structure that preserves our historically low gearing and maintains balance sheet strength. This disciplined approach ensures that we continue to retain financial flexibility while generating high-quality returns from our expanding renewables portfolio. As we scale our operations, we remain focused on capital efficiency, prudent risk management and delivering sustained returns on equity.

Natural Capital

NATURAL CAPITAL

Sustaining nature as we generate clean power

At Vallibel Power, we understand that the rivers powering our mini hydropower plants do more than generate electricity. They nourish ecosystems, sustain biodiversity, and support communities. That’s why our Natural Capital strategy is built around a deep respect for nature and a firm resolve to minimise our environmental footprint. From rigorous monitoring and habitat conservation to renewable innovation and climate resilience, we embed sustainability into every stage of our operations.



STRATEGIC IMPORTANCE

Our operations are deeply interwoven with nature. The rivers that power our mini hydropower plants flow through ecologically sensitive catchments rich in biodiversity and integral to Sri Lanka’s hydrological systems. While hydropower is renewable and largely non-consumptive, returning water to rivers unchanged in quantity and quality, it is not impact-free. Even run-of-river schemes can disrupt ecosystems, accelerate erosion and affect local habitats if not carefully managed.

Preserving natural capital is critical to our long-term viability and underpins every project decision. So, environmental stewardship is embedded in our business model, not merely as an obligation, but as an operational imperative.

It is noteworthy to mention that although our sites lie within catchment areas, none are located in protected zones or nature reserves, nor do they host any Red Listed or conserved species. Nonetheless, we maintain rigorous environmental monitoring

to ensure our presence remains non-disruptive. This commitment reinforces our dedication to responsible, sustainable operations and strict regulatory compliance.

OUR RESPONSE TO CLIMATE CHANGE

This year, we took our commitment to addressing climate change a step further by contributing to broader mitigation efforts. We diversified beyond hydropower by investing in solar energy, an important advancement in our clean energy journey. This strategic move strengthens our clean energy portfolio by reducing dependence on a single resource, improving our adaptability to a changing climate and supporting national and global clean energy goals.

ENVIRONMENTAL STEWARDSHIP

As part of our unwavering commitment to environmental stewardship, we ensure that our operations maintain a zero-emission generation process with minimal pollution or waste, contributing to cleaner air and a healthier

environment. We actively manage sediment to preserve water quality and maintain natural flow regimes, thereby protecting aquatic ecosystems and preventing downstream degradation. In addition, comprehensive environmental monitoring programmes are in place across all sites, focusing on water quality, sediment control, and overall ecosystem health. These measures enable us to promptly identify and mitigate any potential impacts, reinforcing our responsibility as custodians of the environment.

OUR QUALITY & ENVIRONMENTAL POLICY

We have committed to sustainability through a comprehensive environmental monitoring programme implemented across all sites, which ensures strict compliance with applicable regulations. All activities are systematically assessed for potential environmental impacts.

Capital Management Reports

Natural Capital

Our Quality and Environmental Policy

"We aspire to be a significant producer of clean energy for the sustainable economic development of Sri Lanka by generating the maximum amount of electricity as per stakeholder requirements from the available water resources while preventing pollution and protecting the environment around us.

To meet the above objective, we are committed to an Integrated Quality and Environmental Management System complying with International Standards, comply with all applicable legislation and other environmental requirements related to us, set quality and environmental objectives for processes of our organization and review achievement of those objectives at periodic intervals for continual improvement."

Vallibel Power Erathna PLC

We have on board an Environmental Management Policy that provides overarching guidance across all three project sites and aligns with international best practices and take swift corrective action whenever issues are identified.

We also maintain robust Environmental and Social Management Systems (ESMS) supported by regular site assessments, impact reviews, and responsive mitigation, reflecting our commitment to both environmental stewardship and stakeholder accountability.



ENVIRONMENTAL REGULATORY COMPLIANCE AND APPROVALS

GRI | 2 - 27

We operate in full compliance with all applicable environmental regulations, including those issued by the Central Environmental Authority (CEA) and regional AGA offices. Our approach includes not only meeting these requirements but also proactively monitoring ongoing implementation and compliance across all project sites.

For both our hydro and solar power operations, all required environmental permits and approvals were diligently secured at both provincial and national levels. For the existing hydro operations, necessary approvals including those related to land use and ongoing mitigation and monitoring measures were obtained and are continuously upheld. For the new solar project, comprehensive pre-development approvals have been obtained in advance of implementation, ensuring full compliance with regulatory requirements and the integration of all recommended environmental safeguards from the outset.



IMPACT MANAGEMENT

GRI | 3-3

VPE groups our efforts into three core categories: Protecting, Maintaining, and Enhancing habitats.

With the addition of solar power to our energy portfolio, we have extended our environmental stewardship principles to cover solar-specific impact management strategies at the project development and operational stages. Although solar energy is emission-free during operation, responsible land use, biodiversity protection and effective waste management are essential to ensure its sustainable development and operation. Our approach to managing natural capital impacts for the new solar project aligns with the same high standards we uphold in hydropower.

Green Engineering in Infrastructure Development

We integrate climate resilience into our infrastructure from the outset by conducting thorough Environmental Impact Assessments (EIAs) prior to the construction of our hydro

and solar projects. These inform site selection and design. In our hydropower operations these measures have enabled the reinforcement of tailrace channels to prevent riverbank erosion during floods. Our penstock pipes and support structures are also engineered to minimise erosion and reduce disruption to the surrounding habitat.

Similar environment protection practices such as erosion control measures are also being implemented in the ongoing construction of the ground solar project.



All tree removals during construction at both hydro and solar project sites, were formally approved in writing by local Pradeshiya Sabhas, with full documentation maintained for transparency and compliance.

At the hydropower sites, tree cover and surface vegetation have been successfully restored as part of our post-construction commitments. These efforts contribute to habitat regeneration and help prevent soil erosion and degradation.

Similarly, at the solar project site, buffer zones will be implemented, and native vegetation will be restored on non-operational land areas. These measures aim to preserve local biodiversity and maintain the ecological balance.



Proactive Environmental Planning

GRI | 3-3, 304-1, 2, 3, 4

We take a proactive approach to managing environmental impacts across our hydro and solar operations. At hydropower sites, we strengthen flood resilience by reinforcing weirs and using concrete spillways to control overflow and reduce erosion. Sediment management strategies help protect downstream ecosystems, while we maintain natural river flows and often release more water than required to support ecological and community needs. Our headrace channels are designed to preserve natural stream continuity.

Our hydro project sites are located within water catchment areas on both owned and leased lands, with some parcels situated adjacent to protected areas. These lands are held under government lease agreements. Full details of all project site lands can be found in the Manufactured Capital Report on page 76.



For solar operations, environmental protection measures are integrated from the planning stage. Sites are selected to avoid ecologically sensitive areas, and biodiversity management plans are in place to minimise disturbance during construction and operations. Compliance with these plans is closely monitored.

None of our sites are in protected areas or host any species listed under Sri Lanka's Fauna and Flora Protection Ordinance of 2009. No Red Listed or nationally protected species are found at our locations. Although no negative biodiversity impacts have been recorded, we continue to monitor our activities carefully. Initiatives such as endangered plant nurseries and wildlife footpaths at our hydropower sites further reflect our commitment to protecting local flora and fauna.



Safeguard of Environmental Assets

We prioritise ongoing monitoring of water quality and temperature at both intake and tailrace points to ensure conditions remain within safe ecological thresholds. To reduce noise pollution, we have implemented soundproofing within powerhouses and planted bamboo along tailrace channels as a natural sound barrier.

Additionally, we safeguard the well-being of our operational staff by mandating the use of ear protection, demonstrating our commitment to both environmental stewardship and occupational health.

Fire safety measures have also been introduced on both the hydro and solar project sites in conformity with regulatory requirements.



ENERGY

GRI | 3-3, 302-1, 2, 3, 4

As both energy producers and consumers, we prioritise reducing fossil fuel use due to its environmental impact. While our operations are primarily powered by clean hydropower, certain activities still depend on non-renewable energy sources such as grid electricity, gas, and petrol and diesel for company vehicles and generators. This reflects the broader national reliance on fossil fuels.

To drive innovation and efficiency, we have introduced a staff suggestion scheme that encourages employees to propose energy-saving ideas. As a result, our powerhouse employees successfully developed a micro wind plant, which showed promising results during its initial stage. Although overall energy consumption increased this year mainly due to new project development, we have implemented several measures to reduce future fossil fuel dependence. These include adopting energy-efficient machinery, maximising natural light use, applying energy-saving techniques, raising staff awareness, and continuously monitoring energy data to identify improvement areas. Through these actions, we are steadily advancing toward greater sustainability and responsible energy use.



Capital Management Reports

Natural Capital







Energy Generation

	2024/25	2023/24
Green Energy units generated	82,865,242 KWh	85,231,073 KWh
Equal energy produced	298,315 GJ	306,832 GJ



Energy Consumption

Type of energy	 Grid Electricity	 Fuel - Diesel	 Fuel - Petrol	 LPG
Use of energy	Power House Operations <ul style="list-style-type: none">★ Energize plant machineries★ Cooling of equipment Offices and Staff Quarters <ul style="list-style-type: none">★ Energize computers, equipment and accessories★ Lightning and cooling	<ul style="list-style-type: none">★ Standby generators★ Vehicles	<ul style="list-style-type: none">★ Vehicles and motor bikes★ Grass cutter equipment	<ul style="list-style-type: none">★ Cooking at staff quarters
	<div><div>2024/25</div><div>2023/24</div></div> <div><div>27,268 kWh</div><div>20,986 kWh</div></div> <div><div>98 GJ</div><div>76 GJ</div></div>	<div><div>2024/25</div><div>2023/24</div></div> <div><div>8,710 L</div><div>7,081 L</div></div> <div><div>337 GJ</div><div>274 GJ</div></div>	<div><div>2024/25</div><div>2023/24</div></div> <div><div>6,916 L</div><div>5,424 L</div></div> <div><div>268 GJ</div><div>210 GJ</div></div>	<div><div>2024/25</div><div>2023/24</div></div> <div><div>115 L</div><div>119 L</div></div> <div><div>3 GJ</div><div>3 GJ</div></div>

298,315 GJ
-3%

Total energy generated

2023/24 - 306,832 GJ

706 GJ
+25%

Total energy consumed

2023/24 - 563 GJ

Energy Consumption

8.1 GJ

Per employee

2023/24 - 6.5 GJ

Energy Consumption

1.9 GJ

Per working day

2023/24 - 1.5 GJ



EMISSION-FREE ENERGY GENERATION

GRI | 3-3, 305-1, 2, 4, 5

Our power generation remains fully emission-free, driven entirely by hydropower with no direct greenhouse gas (GHG) emissions. We continue to prioritise energy efficiency across all facilities, including powerhouses, offices, and company vehicles, while implementing practices to reduce indirect emissions. This year, however, emissions were slightly higher than the previous year, mainly due to increased transport activities linked to new project developments. Additionally, emissions from land excavation machinery used by contractors during solar land development were not accounted for, as fuel consumption data was unavailable. Despite these factors, we remain committed to reducing our overall emissions and enhancing sustainable practices throughout our operations.

EMISSION OF GHG (CO₂e) (Metric tons Approximately)

	2024/25	2023/24	Change %
Scope-1*	39.9	32.1	24%
Scope-2**	19.4	14.9	30%
Scope-3		Not quantified	
Total GHG emission	59.3	47.0	26%

*Scope -1 : emissions result from combustion of fuels

**Scope -2 : emissions from acquired electricity

REDUCTION OF GHG (CO₂e) EMISSION (Metric tons Approximately)

	2024/25	2023/24	Change %
Erathna MHP	26,253	25,949	1%
Denawaka Ganga MHP	16,695	18,054	(8%)
Kiriwaneliya MHP	8,842	9,266	(5%)
Total	51,791	53,269	(3%)

Emission Intensity

0.72 MtCO₂e/ Electricity Production (GWh)

2023/24 - 0.55 MtCO₂e



ECOSYSTEM RESTORATION AND COMMUNITY ENGAGEMENT

GRI | 304-2

Our commitment to environmental sustainability is demonstrated through both direct restoration initiatives and active community involvement. Under our flagship initiative Empowering Green, we aim to plant 1,000,000 trees to enhance forest cover across the country. This large-scale reforestation effort plays a vital role in stabilising riverbanks, enhancing biodiversity, and rehabilitating degraded habitats contributing to the long-term resilience of local ecosystems. The programme was further strengthened this year through collaboration with a non-profit organization, Planet Protectors Organization.



Location of tree planted during the year	No. of plants
Kuruwita	1,550
Ratnapura	1,000
Maharagama	1,000
Erathna	850
Matara	6,950
Total	11,350

We also place strong emphasis on community engagement, recognising that lasting environmental change is driven by collective awareness and action. Through school-based environmental education programmes, we foster ecological responsibility among younger generations, instilling a culture of sustainability from an early age.

In parallel, our teams at the Erathna and Kiriwaneliya Mini Hydropower Plants (MHPs) lead annual community clean-up campaigns during the Sri Pada pilgrimage season. This initiative focuses on the responsible collection of waste along the sacred trail, helping to protect both the sanctity of the pilgrimage site and the surrounding ecosystem.



This year, a total of 236 kg of waste was collected and handed over to the local Pradeshiya Sabha for responsible disposal.



EMPLOYEE PARTICIPATION IN SUSTAINABILITY

GRI | 304-2

We actively involve our employees in our sustainability journey through a staff suggestion scheme, with a key focus on encouraging ideas to reduce energy consumption and enhance environmental

Capital Management Reports

Natural Capital

performance. By empowering our workforce to contribute, we foster a culture of shared responsibility and continuous improvement, an inclusive approach that strengthens our environmental practices and drives operational efficiency.

Beyond formal initiatives, employees also take personal ownership of sustainability by engaging in voluntary efforts. Notably, several team members have developed plant nurseries during their free time, demonstrating genuine commitment to ecological restoration and reinforcing our collective dedication to environmental stewardship.



Endangered plant nurseries developed during the year	No. of plants
Goraka	200
Kumbuk	150
Bambarawel	800
Yakahalu	550
Pelan	700
Geta Domba	650
Total	3,050

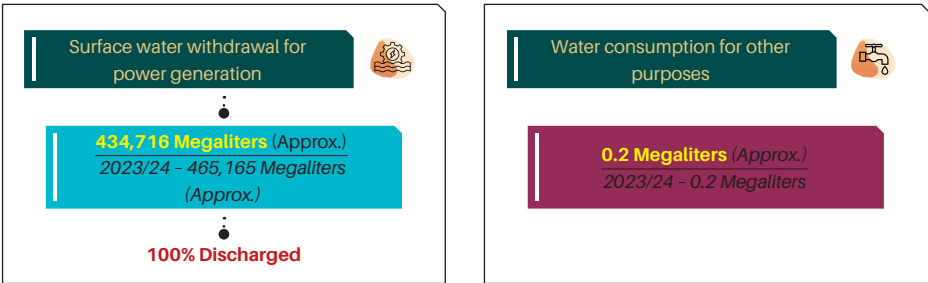


SUSTAINABLE WATER STEWARDSHIP
GRI | 3-3, 301-1, 303-1, 2, 3, 4, 5

We are committed to the responsible management of water resources across our operations. Our approach balances water withdrawal, replenishment, and conservation to safeguard the ecological stability of river systems and catchment areas that support biodiversity and local communities.

The primary use of water in our operations is for hydropower generation through river water diversion. Given the nature of our run-of-river hydropower system, precise measurement of intake and discharge is technically challenging. To address this, we use a formula-based estimation method to reliably approximate water volumes used across our operations.

Human water consumption at both hydro and solar sites is minimal, limited to essential needs such as drinking and bathing for staff. While this usage is not yet quantified, it remains negligible. At our head office, water is sourced from the municipal supply and is tracked under our environmental performance framework.



Quantification of water discharge from the power generation process was based on approximate calculations using estimated water flow data and the actual plant factor for the year.

Our commitment to sustainable water use is reinforced through continuous monitoring and mitigation. We regularly assess the ecological impacts of water diversion and evaluate the effectiveness of safeguards in place. Any unexpected effects are promptly investigated, allowing us to refine our strategies and maintain the health of surrounding ecosystems.



RESPONSIBLE WASTE MANAGEMENT
GRI | 3-3, 301-1, 2, 3, 306-1, 2, 3, 4, 5

Our commitment to environmental stewardship is reflected in a comprehensive waste management system designed to minimise ecological harm and support habitat restoration. Waste generated at our sites is carefully segregated into biodegradable and non-biodegradable categories to ensure appropriate handling based on environmental risk.

Biodegradable waste, such as natural vegetation debris, is composted and reused to enrich soil and support re-greening initiatives. At the solar project site, topsoil and excavated materials are preserved and reused on-site, reducing off-site disposal. Sanitation infrastructure is maintained to prevent environmental contamination. Additionally, paper use is reduced through digital systems and recycling efforts, promoting circular economy principles.

Non-biodegradable waste, including glass, polythene, and cardboard, is collected and handed over to licensed recyclers for responsible disposal. Hazardous materials like lubricants and oils are carefully managed to avoid contamination, with some recycled in-house to extend their lifecycle. In our hydropower plant operations, used lubricant oil is purified on-site and reused as a reclaimed material until it reaches the end of its effective life. This purification process is carried out in accordance with established internal engineering standards to ensure safety and performance. Electronic waste management at the solar construction site has not yet commenced but is scheduled to be implemented during future installation phases in compliance with regulatory requirements.

While biodegradable waste data is tracked, non-biodegradable waste volumes remain minimal but are managed according to best practices to ensure safety. These integrated practices go beyond compliance and form a key part of our Natural Capital strategy, supporting sustainable value creation over the long term.

Use of reclaimed materials:

Re-use of purified lubricants at power houses

	2024/25	2023/24
Lubricant consumption	9,148 L	6,207 L
Use of purified lubricants as reclaimed material (%)	97%	97%

Re-use of papers at offices

	2024/25	2023/24
Paper consumption	0.24 MT	0.23 MT
Re-using percentage (%)	7%	24%

Waste disposal by type

Waste type	2024/25	2023/24	Disposal action
Non-hazardous			
Bio waste	0.64 MT	0.61 MT	Composting and dumping
Non-bio degradable waste			
Plastic/PVC materials	0.18 MT	0.25 MT	On-site storage
Paper	0.25 MT	0.26 MT	Recycling and dumping
Hazardous			
E-waste	0.04 MT	0.06 MT	On-site storage



INCIDENT AND GRIEVANCE MANAGEMENT

All incidents are recorded in the powerhouse log at each site. Each entry is investigated thoroughly, and appropriate corrective and preventive actions are taken to support continuous improvement in both operational safety and environmental protection. No significant accidents were reported during the current fiscal year.

Additionally, a Stakeholder Complaints Log is maintained at every project site to encourage open communication with nearby communities. Stakeholders can report grievances, including those related to environmental impacts, and share suggestions. This mechanism is a key part of maintaining our social license to operate, promoting transparency and trust. No significant complaints were received during the year.

TRADE-OFFS

Sustaining natural capital requires a readiness to make both operational and financial trade-offs. As part of our ongoing commitment to environmental stewardship, we recognise that the responsible use of shared natural resources often involves operational flexibility and recurring costs.

FUTURE OUTLOOK

Looking ahead, we plan to deepen our environmental commitment by advancing key pillars of our Natural Capital Strategy. A more refined catchment management approach will be developed to integrate forest conservation, biodiversity protection, and climate resilience into a unified and cohesive framework across both our hydro and solar project sites. In parallel, we aim to expand our real-time environmental monitoring systems to enable faster detection of deviations and facilitate a more agile, data-driven response to emerging environmental challenges.

Building on the success of our flagship tree-planting programme, we will broaden the geographic scope and ecological diversity of our reforestation efforts. These expanded initiatives will enhance riverbank stability, improve ecosystem services, and strengthen long-term habitat resilience. Additionally, we will reinforce our planting programme specifically to compensate for land use changes associated with new projects and implement comprehensive environmental protection strategies at all new sites. Furthermore, we plan to incorporate additional clean energy solutions to further reduce our environmental footprint and support sustainable development.

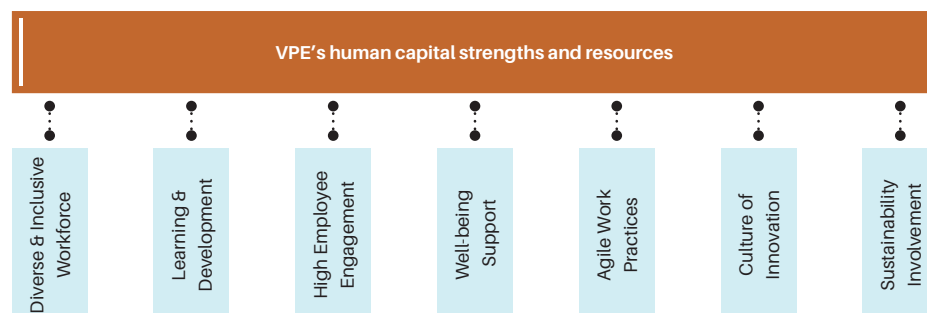
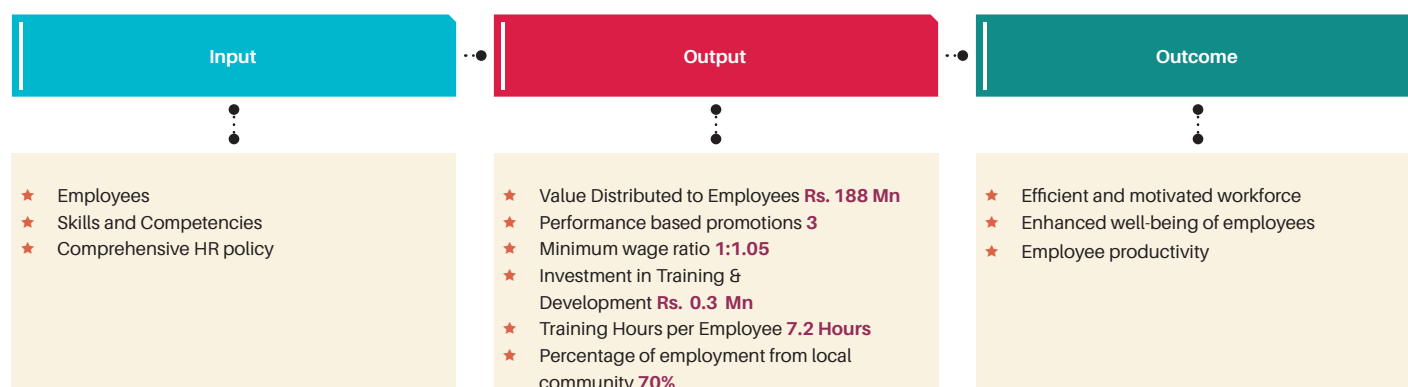
Capital Management Reports

Human Capital

HUMAN CAPITAL

Human Potential Fueling Innovation and Impact

At VPE, we recognise that our people are central to everything we do. Their dedication, skills, and shared values fuel the performance, innovation, and resilience that underpin our leadership in the energy sector. In an ever-evolving environment, empowering our workforce to thrive, both personally and professionally, has been key to fostering a high-performance culture. By cultivating an inclusive, respectful, and supportive workplace, we ensure that every employee is equipped and inspired to contribute meaningfully and grow along with the company.



HR POLICY FRAMEWORK

GRI | 3-3

Our Human Resources Policy outlines our commitment to building a fair, inclusive, and performance-driven workplace. It governs recruitment, onboarding, training, compensation, employee relations, compliance, and ethical labour standards, ensuring transparency and alignment with both Sri Lankan law and international best practices. Available in Sinhala and English, it reflects our values of respect, accountability, and continuous improvement.

WORKPLACE CULTURE

Our workplace culture is rooted in trust, empowerment, and a shared commitment to excellence. Employees are encouraged

OUR ORGANISATIONAL STRUCTURE

VPE operates under a functional organisational structure, grouping departments by specialised roles and expertise. This structure establishes clear lines of responsibility, defined reporting relationships, and performance metrics that ensure individual efforts align with broader organisational objectives.

While maintaining this structure, VPE fosters cross-functional collaboration and adaptability, enabling teams to respond effectively to evolving business needs. This approach optimises workflow, resource allocation, and communication, enhancing operational efficiency and supporting the successful delivery of strategic goals.

to take initiative, embrace curiosity, and challenge conventional thinking, thereby fostering an environment where innovation thrives.

Our culture of integrity was further strengthened this year with the introduction of the Internal Code of Business Conduct and the Anti-Bribery and Corruption Policy, embedding ethical standards into daily operations and reinforcing accountability and transparency across all levels of the organisation. To support these standards, clear signage and reminders are thoughtfully placed throughout our facilities to gently encourage and reinforce adherence to our policies.

Inclusion is a lived value at VPE. We are committed to cultivating a workplace where every individual feels respected, heard, and valued, regardless of role, background, or identity. This inclusive ethos enhances team cohesion, strengthens collaboration, and supports organisational resilience.

Employee engagement is both meaningful and multifaceted, ranging from open one-on-one dialogue to celebratory events that nurture camaraderie, morale, and a strong sense of belonging. These practices contribute to making VPE a workplace where people are proud to belong and motivated to excel.



RECRUITMENT

GRI | 3-3, 406-1

We follow a structured, merit-based recruitment process that ensures equal opportunity for all candidates, regardless of gender, ethnicity, religion, or background. All vacancies are publicly advertised, and candidates are evaluated based on objective and transparent criteria. We actively prioritise diversity, with a focus on including members from local communities. While technical roles remain predominantly male-dominated, we have successfully closed the gender gap at our head office, maintaining equal pay and providing advancement opportunities across the organisation.

This strong policy of non-discrimination in our recruitment process has ensured that no incidents of discrimination have arisen in the course of our business.

Upon joining, all new employees undergo a comprehensive induction programme that introduces them to the Company's operations, health and safety practices, vision, mission, and core corporate values, fostering a strong sense of culture and alignment from the outset.



TRAINING

GRI | 3-3, 404-1, 2

Continuous learning is essential to our adaptability and success. In 2024/25, VPE enhanced its training strategy to include both job-specific technical instruction and broader capacity-building in non-core areas. Training needs are identified through a competency framework that aligns individual capabilities with job roles and career development paths, fostering a dynamic, well-rounded workforce.

Training programme type	No of Participants			Total Training Hours
	Male	Female	Total	
Workshop on solar PV system	3	-	3	21.0
Training program for certificate in electrician & welding	3	-	3	504.0
"Sustainable Sri Lanka" webinar series programme	-	2	2	2.0
Fire training	58	-	58	93.5
Security awareness program	3	-	3	3.0
Total	67	2	69	623.5

Training hours analysis

Training hours/employee	Hours
Average training hours per employee	7.2
Average training hours per employee - Category wise	
Executive & above	0.9
Below executive	9.3
Average training hours per employee - Gender wise;	
Male	7.6
Female	0.4

PERFORMANCE MANAGEMENT

GRI | 3-3, 404-3

Our performance-based appraisal system covers all employees (permanent and contract) and evaluates performance across behavioural and technical criteria. Annual reviews inform promotions, salary adjustments, and development planning. This system ensures alignment between personal and organisational goals while supporting a transparent, merit-driven culture of continuous improvement.

99%

Percentage of Employees considered for PAS 2023/24 - 100%

Capital Management Reports

Human Capital

Reviewing Aspect	2024/25		2023/24	
	Percentage of Employees Reviewed	Average performing Rate	Percentage of Employees Reviewed	Average performing Rate
Performing duties	99%	78%	100%	78%
Work-related knowledge	99%	76%	100%	78%
Conduct	99%	78%	100%	76%
Team work	99%	78%	100%	78%
Proactiveness	99%	78%	100%	77%
Discipline	99%	100%	100%	100%
Attendance and punctuality	99%	95%	100%	90%

Employee performance review by employee category - 2024/25;

	No. Employees	No. of Employees Reviewed	% of Employees Reviewed
Corporate management	2	2	100%
Middle management	12	12	100%
Executive	8	8	100%
Below executive	65	64	98%
Total	87	86	

Employee performance review by gender - 2024/25;

	No. Employees	No. of Employees Reviewed	% of Employees Reviewed
Male	82	82	100%
Female	5	4	80%
Total	87	86	



STATUTORY COMPLIANCE

GRI | 3-3, 202-1

The minimum salary level at VPE exceeds the thresholds established by local wage regulations. Statutory contributions including EPF, ETF, and gratuity are fully compliant with applicable labour laws. In addition to monetary compensation, employees receive a range of benefits such as meals, accommodation, transportation, and interest-free advances. VPE maintains a minimum wage ratio of 1:1.05, reflecting our commitment to fair and equitable pay practices.



REWARDS AND COMPENSATION

GRI | 3-3, 201-3, 40 -2, 3

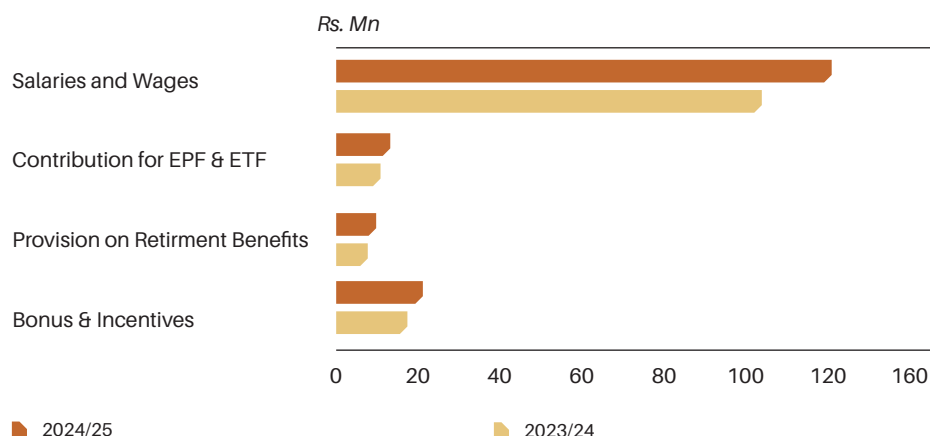
VPE remains committed to cultivating a workplace where employees feel valued, supported, and empowered to perform at their best. At the heart of this commitment is our comprehensive Compensation and Benefits programme, strategically designed to attract, retain, and reward top talent from diverse backgrounds while upholding principles of fairness and equity.

This programme includes competitive remuneration packages, a wide range of benefits, welfare amenities, and performance-based incentives, all of which consistently meet or exceed prevailing industry standards. Equal pay is a cornerstone of our compensation philosophy, with all employees receiving salaries and wages above the minimum wage requirements, irrespective of gender.

All 87 employees were entitled to Maternity and Paternity Leave; however, no parental leave was utilised during the reporting year. VPE also offers a dedicated Retirement Benefit Plan that is fully compliant with

Sri Lankan labour laws, underscoring our long-term commitment to employee welfare and financial security.

EMPLOYEE BENEFITS BY TYPE



To support full-time employees engaged in shift-based work, the Company provides accommodation and food preparation facilities, ensuring their comfort and well-being during work hours. These additional wellness provisions further enhance employee morale and engagement, contributing to strong retention rates.

Type of benefit	2024/25		2023/24	
	Entitled %	Obtained %	Entitled %	Obtained %
Interest free staff loan Scheme	99%	16%	100%	20%
Festival Advance	99%	73%	100%	78%
Insurance covers on work life	99%	-	100%	100%
Healthcare	18%	6%	28%	13%
Maternity/ Paternity Leave	99%	2%	100%	-
Medical Leave	100%	37%	100%	13%
Short leave	100%	91%	100%	60%
Emergency Accident Leave	100%	-	100%	-
Uniforms & Safety Packs	75%	98%	78%	100%
Accommodation	55%	25%	83%	13%
Incentives to Employees	99%	92%	77%	100%
Gifts / Alimonies	99%	5%	100%	15%



DIVERSITY, INCLUSION, AND WORKFORCE PROFILE

GRI | 2 - 7, 8, 3 - 3, 202 - 2, 405 - 1

At VPE, diversity and inclusion are core to our culture and talent strategy. We value the unique perspectives brought by individuals from different backgrounds, including those from local communities and people with disabilities. Our recruitment process ensures fair representation and fosters a respectful, inclusive workplace.

Although no local community members were appointed to senior management during the year, we remain committed to providing equitable opportunities at all levels. “Senior Management” refers to top executives overseeing strategic and operational functions, while “local community” denotes individuals from areas where VPE operates.

Employees hired from Local Community

Senior Management		Other Employees	
2024/25	2023/24	2024/25	2023/24
Nil	Nil	70%	69%

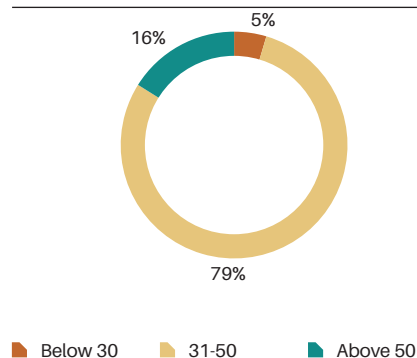
Our workforce is stable and experienced, with 85% of employees aged between 31 and 50. High retention levels reflect long-term employee commitment. While technical roles are male-dominated, we actively promote gender equity, offering equal pay and advancement opportunities. Our entry-level pay maintains a 1:1 male-to-female ratio.

In addition, four individuals are employed on a daily service payment for janitorial and maintenance services, with no current part-time employees. We continue to strengthen our inclusive practices to reflect the communities we serve.

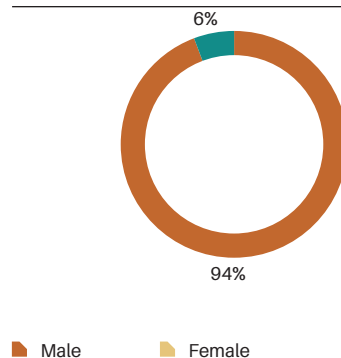
Capital Management Reports

Human Capital

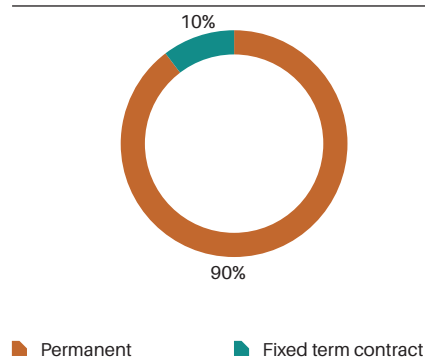
EMPLOYEE BY AGE



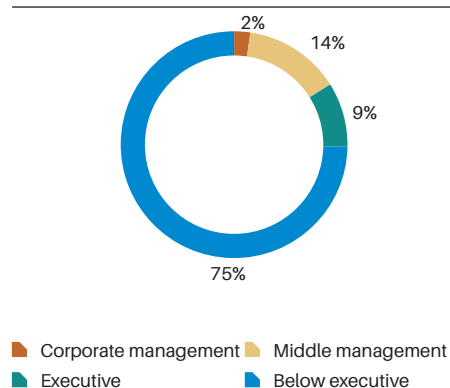
EMPLOYEE BY GENDER



EMPLOYEES BY EMPLOYMENT TYPE



EMPLOYEES BY JOB CATEGORY



TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT CONTRACT (PERMANENT AND TEMPORARY), BY GENDER, REGION AND AGE

Employment by gender and employment type								
	Years							
	Below 30		31-50		Above 50		Total	
	M	F	M	F	M	F	M	F
Corporate management	0	0	0	0	2	0	2	0
Middle management	0	0	10	1	0	1	10	2
Executive	0	1	5	1	1	0	6	2
Below Executive	2	1	52	0	10	0	64	1
Total	2	2	67	2	13	1	82	5
Percentage	50%	50%	97%	3%	93%	7%	94%	6%

Employment by region and gender								
	Years							
	Below 30		31-50		Above 50		Total	
	M	F	M	F	M	F	M	F
Colombo	-	-	2	1	2	1	4	2
Gampaha	-	2	5	-	-	-	5	2
Kalutara	-	-	4	1	-	-	4	1
Kandy	-	-	1	-	1	-	2	-
Mathale	-	-	1	-	-	-	1	-
Nuwareliya*	1	-	10	-	2	-	13	-
Kegalle	-	-	2	-	-	-	2	-
Ratnapura*	1	-	39	-	8	-	48	-
Matara	-	-	3	-	-	-	3	-
Total	2	2	67	2	13	1	82	5

Employment by contract type and gender				
Job Type	M	F	Total	Percentage
Permanent	74	4	78	90%
Fixed Term Contract	8	1	9	10%
Total	82	5	87	100%

Employment by region and contract type			
	Permanent	Fixed Term Contract	Total
Colombo	4	2	6
Gampaha	6	1	7
Kalutara	5	-	5
Kandy	1	1	2
Mathale	1	-	1
Nuwareliya*	11	2	13
Kegalle	2	-	2
Ratnapura*	45	3	48
Matara	3	-	3
Total	78	9	87

TOTAL NUMBER OF NEW EMPLOYEE HIRES AND TURNOVER DURING THE YEAR

GRI | 401-1

	Region	Years								Percentage
		Below 30		31-50		Above 50		Total		
		M	F	M	F	M	F	M	F	
Recruitments	Nuwara Eliya*	-	-	-	-	-	-	-	-	0%
	Ratnapura*	1	-	2	-	-	-	3	-	60%
	Other	-	1	-	-	1	-	1	1	40%
	Total	1	1	2	-	1	-	4	1	100%
	Percentage	25%	100%	50%	-	25%	-	100%	100%	
Turnover	Nuwara Eliya*	-	-	-	-	-	-	-	-	-
	Ratnapura*	-	-	1	-	-	-	1	-	25%
	Other	-	-	1	1	1	-	2	1	75%
	Total	-	-	2	1	1	-	3	1	100%
	Percentage	-	-	67%	100%	33%	-	100%	100%	

*Considered as local regions as our power generating operation are carried out.

LABOUR RELATIONS

GRI | 2-30, 3-3, 402-1, 407-1

At VPE, we prioritise a workplace culture built on mutual respect, open communication, and aligned objectives between management and employees. Transparent, two-way dialogue and fair engagement practices have enabled us to maintain a harmonious and productive work environment.

Employees are kept well-informed about operational developments that affect their roles. Major changes, such as adjustments to work rosters are communicated with at least one month's notice, during which feedback is welcomed and considered. Routine operational changes are also communicated with adequate notice to ensure a smooth transition and employee preparedness.

We do not have trade unions or collective bargaining agreements, as our open and inclusive workplace fosters direct communication and resolution. The Company strictly complies with all relevant labour laws and industrial relations standards, including those of the International Labour Organisation (ILO), ensuring that employee rights and workplace dignity are upheld at all times.

**WORK-LIFE BALANCE**

GRI | 3-3

Maintaining a healthy work-life balance is central to employee well-being, satisfaction, and long-term engagement at VPE. We support this through regular team-building activities and staff events that help reduce stress and strengthen camaraderie across teams. This year, in addition to our annual staff outings for site and head office teams, we celebrated the 20th anniversary of the Erathna Mini Hydropower Plant with the participation of all its employees, a special event that highlighted the spirit and dedication of our team.



At the Kiriwaneliya MHP, employees expanded their welfare initiative by cultivating bell peppers in idle areas around the powerhouse, promoting both sustainability and staff engagement. These efforts reflect our ongoing commitment to creating a positive, supportive, and inclusive work environment that encourages both personal and professional fulfilment.

**A CULTURE OF SAFETY**

GRI | 3-3, 403-1, 2, 3, 4, 5, 6, 7, 8, 9, 10

At VPE, the health and safety of our employees, contractors, visitors, and nearby communities is a top priority. We operate a strong occupational health and safety management system that aligns with national laws and industry best practices. Our safety policies are regularly reviewed to ensure they remain effective and relevant.

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Human Capital

All employees (100%) are covered under the Company's occupational health and safety management system, and safety protocols are extended to contractors and visitors to ensure their well-being while on-site.

To maintain high safety standards, we take several proactive measures, including:

- ★ Fire Drills: Conducted regularly to prepare everyone for emergency situations.
- ★ Personal Protective Equipment (PPE): Provided to all relevant staff and strictly enforced based on site-specific risks.
- ★ Safety Signage: Clear and visible signs are placed at appropriate locations to highlight hazards and encourage safe practices.



We perform risk assessments and hazard checks across all three of our power plants and implement mitigation measures to prevent accidents, injuries, or operational disruptions. Any incidents are thoroughly documented and investigated for continuous improvement.

During the year, the Company also improved safety measures at certain areas of the powerhouses and water channels to reduce risk and enhance worker protection.



Regular safety training ensures that all employees understand their responsibilities. Our health and safety practices are monitored by qualified in-house staff and periodically reviewed by independent third-party auditors.

We also focus on overall well-being, not just occupational safety. Medical camps were held at each power plant during the year to support non-work-related health needs, with all personal medical records kept strictly confidential.



Percentage of employees covered from non-occupational medical camp

2024/25	2023/24
49%	42%

We encourage open communication and actively involve employees in safety decisions, which helps build a strong safety culture throughout the organisation. These efforts go beyond compliance, embedding safety into daily operations and contributing to the long-term success of our projects.

During the year, VPE recorded no work-related injuries, safety incidents, or cases of work-related ill health involving its employees.



ETHICAL LABOUR PRACTICES - CHILD AND FORCED LABOUR

GRI | 3-3, 408-1, 409-1

VPE maintains a strict zero-tolerance policy on both child and forced labour, in full alignment with International Labour Organization (ILO) standards. We do not employ individuals under the age of 18 at any of our sites, and our internal policies and monitoring systems are designed to uphold and protect children's rights. Likewise, all employment at VPE is entirely voluntary, with employees free to leave at their discretion, ensuring that dignity, autonomy, and lawful practices are preserved. We are pleased to report that no incidents of child or forced labour were recorded during this reporting year.



GRIEVANCE MECHANISM

GRI | 2-25, 26

VPE maintains a structured, three-tiered grievance mechanism that allows employees to raise concerns in a safe, transparent, and supportive environment. Staff are encouraged to first discuss issues with their immediate supervisors; if unresolved, matters may be escalated to the respective departmental head,

and subsequently to the Joint CEO. Written outcomes are provided at each stage to ensure proper closure. All grievances are formally documented by the HR department, reinforcing accountability, transparency, and employee trust.

In 2024, this framework was further strengthened with the introduction of a dedicated Whistle-blowing Policy, which offers a confidential channel for reporting serious concerns without fear of retaliation. This policy enhances our existing grievance process by protecting whistle-blowers and reaffirming our commitment to ethical conduct at all levels of the organisation.

TRADE-OFFS AND CHALLENGES

Balancing operational demands with training commitments remains a challenge, particularly during maintenance or project cycles. Additionally, achieving gender parity in technical roles continues to require sustained effort and cultural change, particularly at leadership levels.

FUTURE OUTLOOK

As VPE expands further into the renewable energy sector with the launch of our new solar power project, we are actively investing in upskilling our workforce to meet the evolving demands of this dynamic industry. Our training initiatives will focus on equipping employees with the specialized knowledge and technical skills required to operate and manage a broader portfolio of renewable energy technologies, ensuring continued operational excellence.

By fostering a culture of continuous learning and development aligned with our strategic growth, VPE is preparing its human capital to play a vital role in driving a greener and more sustainable energy future. This commitment not only strengthens internal capabilities but also positions the Company to seize new opportunities within the rapidly expanding renewable energy landscape.



Capital Management Reports

Social and Relationship Capital

SOCIAL AND RELATIONSHIP CAPITAL

Strengthening bonds for shared Prosperity

In a rapidly transforming energy landscape, relationships are our most enduring asset. Our commitment to ethical engagement, inclusive development, and collaborative partnerships drives us to deliver not only clean power but also shared prosperity. From regulators and suppliers to communities and shareholders, we build resilient connections that power our growth and green transition. With the launch of our solar energy project, these bonds grow deeper, extending our positive impact across more lives, landscapes, and local economies.



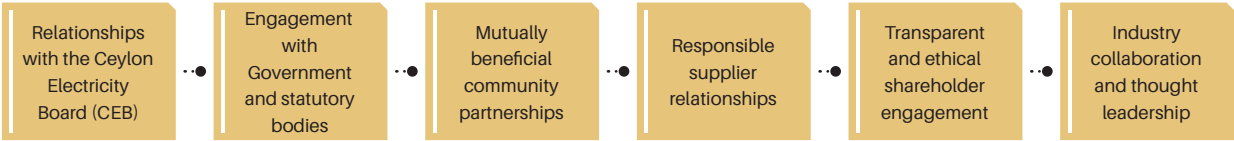
STRATEGIC IMPORTANCE

In an industry where long-term sustainability hinges on trust, transparency, and collaboration, our Social and Relationship Capital plays a vital role in creating enduring value. Our expansion into green energy initiatives, such as solar power, further strengthens this capital.

By nurturing reciprocal partnerships across communities, institutions, and stakeholders, we reinforce the resilience of our operations and the inclusivity of our growth model. Meaningful engagement ensures operational continuity, enhances reputation, and supports national development goals.

As we diversify into solar energy, we extend our commitment to shared prosperity through reinforcing these trusted relationships. While supporting our pledge to green energy, the solar project further expands our engagement footprint into more communities and ecosystems.

THE SOCIAL PULSE OF OUR ENTERPRISE:

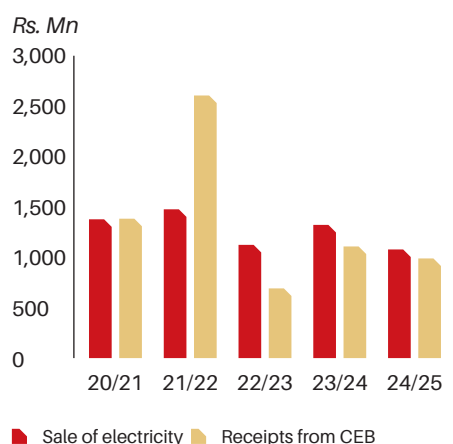




RELATIONSHIPS WITH THE CEB

We have cultivated a strong, exclusive partnership with the CEB, our sole customer, under long-term Standardised Power Purchase Agreements (SPPAs) that are central to our operations and license to operate. Ongoing, proactive engagement has enabled alignment with national energy policies, operational efficiency, and regulatory compliance. This year, collaboration extended to our new ground-mounted solar power project, ensuring the SPPA terms met solar-specific regulations, facilitating grid connection approvals, and supporting transmission line development. Throughout the year, we remained fully compliant with all obligations, with no incidents of non-compliance or operational shortfalls, further underscoring the strength, transparency, and reliability of our institutional relationship.

CEB INCOME AND RECEIPTS



Rs. 1,376.1 Mn

Sale of electricity to CEB
2023/24 - Rs. 1,475.2 Mn

Rs. 1,382.4 Mn

Receipts from CEB
2023/24 - Rs. 2,604.6 Mn



ENGAGEMENT WITH THE GOVERNMENT

GRI | 2-27, 201-4

Key engagements - 2024/25

Our strong institutional relationships with various government agencies and statutory bodies have enabled smooth navigation through regulatory and licensing processes. We actively collaborate with these stakeholders on national and local initiatives, including our flagship community and environmental programme, Empowering Green.

The development of the solar project required close coordination with a range of regulatory stakeholders and regional environmental authorities to secure site-specific clearances, including multiple approvals, permits, and consents. These interactions underscored the importance of maintaining strong, collaborative relationships with regulatory bodies and further deepened our institutional engagement. They also reflected our proactive approach to ensuring full compliance with evolving regulatory frameworks for diversified energy sources.

During the year, the company did not receive any form of financial support from the government.

We interacted with the following government agencies on various operational matters, throughout the year, particularly on matters related to operationalising the new solar power project.

- ★ Sri Lanka Sustainable Energy Authority (SEA)
- ★ Public Utility Commissions of Sri Lanka (PUCSL)
- ★ Central Environmental Authority
- ★ Board of Investments of Sri Lanka (BOI)
- ★ Divisional Secretariat Offices
- ★ Local Councils
- ★ National Water Supply and Drainage Board
- ★ Department of Forests
- ★ Urban Development Authority
- ★ Inland Revenue Department
- ★ Department of Agrarian Services
- ★ Water Resources Board
- ★ Fire Services Department
- ★ Tea, Rubber and Coconut Plantation Fragmentation Control Board

Taxes and Levies to the Government

GRI | 3-3, 207-1, 2, 3

The Group pays income tax on its business operations and other earnings, adhering to the guidelines outlined in the Inland Revenue Act No. 24 of 2017. Quarterly tax payments are made accordingly, with final adjustments completed by September 30 of the subsequent year. Annual income tax filings are conducted through an online platform. While both hydro entities are BOI companies and were previously eligible for tax breaks, these incentives have since lapsed. The Group has enlisted a reputable professional service to handle its tax consultancy. Robust internal controls are in place to ensure adherence to tax regulations, which are overseen by the Board's Audit Committee. The finance team maintains close collaboration with tax authorities to swiftly address any issues that may arise.

Capital Management Reports

Social and Relationship Capital

In addition to income taxes of Rs. 458.7 million, each hydropower project incurs an annual Water Rights Tax paid to the respective Divisional Secretariats, and an Annual Regulatory Levy paid to the PUCSL, based on plant capacity. The total levies paid during the year amounted to Rs. 2.2 million.

More details on income tax expenses/payments can be referred to in the Financial Capital Report and the Financial Statements of this IAR.

We did not experience any instances of legal or regulatory breaches of local laws and regulations during the year of review, which underscores our commitment to ethical and lawful conduct.



RESPONSIBLE SUPPLIER RELATIONSHIPS

GRI | 2-6

We maintain a strong network of supplier partnerships grounded in ethical business practices and quality assurance. Priority is given to small and diverse suppliers, with a firm commitment to fair trade and responsible sourcing. Our centralised procurement process is governed by clearly defined quality standards and timely payment practices, ensuring reliability and transparency.

The solar power project broadened our supplier base to include vendors of photovoltaic modules, inverters, and mounting structures, all vetted for alignment with our sustainability and ethical procurement policies. It also enabled greater engagement with local civil and electrical contractors, contributing to capacity-building within Sri Lanka's emerging green energy supply chain.

The main Engineering, Procurement, and Construction (EPC) contract was awarded to a local engineering firm. While key equipment was imported due to the absence of domestic solar manufacturing, preliminary works such as land development were undertaken by contractors from the project area. All

major contractor agreements incorporated environmental safeguards and sustainability requirements throughout the project lifecycle.

Supply chain management

Our established supply chain management procedures add value, build competitive advantage, optimise logistics, and synchronise supply with demand. Given the nature of our clean energy business, we maintain a limited supplier base due to infrequent purchases.

As a responsible corporate citizen, we prioritise the ethical sourcing of both local and foreign suppliers, ensuring they align with our stringent quality standards and business ethics. While we do not currently implement a formal screening process specifically targeting labour or human rights violations, we assess suppliers based on established criteria that reflect our commitment to ethical conduct.

In the case of our local solar power contractors, we have, to the best of our ability, screened suppliers based on their market reputations and industry standing. This evaluation, supported by our long-standing relationships and sector knowledge, enables us to engage with partners whose practices are consistent with ethical and sustainable business principles. Additionally, most of our key suppliers hold certifications from international standards organisations, validating their adherence to recognised best practices.

There have been no actual or potential negative impacts on society resulting from negative labour practices or human rights violations in the supply chain this year.

Procurement

GRI | 3-3, 204-1

Procurement is centralised at our head office in Colombo, which manages the purchases of most consumables, maintenance materials, and utility services from local suppliers. The three project offices also procure certain supplies for the daily operations of the powerhouses. Machinery spares are exclusively procured

by the head office due to technical expertise requirements. During the development stage of the new solar project, most daily needs were also procured from the local community.

The Company primarily utilises credit facilities for its supplies, with cash reserved for specific transactions. We ensure timely payment within the agreed credit period for all goods and services procured.

Spare parts for maintaining our electromechanical machinery are sourced from international suppliers, with continuous engagement to ensure uninterrupted operations. No solar-related goods were imported during the year, although the procurement process is in place to facilitate such imports in the coming year.

	2024/25	2023/24
Value distributed for supplies from local community	Rs. 11.0 Mn	Rs. 15.3 Mn
Percentage	17%	25%
No. of suppliers from local community	Between 600 - 500 suppliers	Between 500 - 400 suppliers
Value of goods and services procured from other parts of country	Rs. 53.1 Mn	Rs. 43.2 Mn

	2024/25	2023/24
Value of foreign supplies	Rs. 14.1 Mn	Rs. 2.3 Mn
No. of suppliers	6 suppliers	4 suppliers

Throughout the year, there were no disputes or issues concerning credit settlements.



PARTNERSHIPS WITH COMMUNITIES

GRI | 3-3, 203-1, 2, 413-1

We acknowledge and respect the rights of Indigenous peoples and traditional land users, particularly those surrounding our hydropower plants and, more recently, our new solar power project. Our presence in these local communities is marked by sustained engagement and meaningful development work. In turn, these communities provide us with the invaluable social license to operate, enabling us to carry out our energy projects with trust, goodwill, and local legitimacy. This mutual respect and collaboration form the bedrock of long-term sustainability and inclusive growth.

All (100%) of our operating hydropower sites and the solar project under development are covered by community engagement practices, impact assessments, and locally relevant development initiatives. We maintain open communication channels, conduct stakeholder consultations, and assess the potential impacts of our operations on surrounding communities.

This year, we extended our Corporate Social Responsibility (CSR) efforts from hydropower sites to include the solar project community. While our solar power project is currently in its construction phase, full-scale community engagement in the surrounding area has not commenced as yet. However, we recognise the importance of early and meaningful dialogue and have been actively laying the groundwork for structured engagement. As the project advances, we are committed to building strong, participatory relationships with local stakeholders, guided by the same inclusive and respectful approach that has shaped our hydropower community partnerships.



Participation

We embrace a participatory approach by actively involving community members through events, discussions, and locally driven initiatives. At our Kiriwaneliya MHP site, employees launched a welfare project to cultivate bell pepper, fully sponsored by the company. They also initiated an awareness program to encourage local communities to engage in similar cultivation practices to enhance their livelihoods. Throughout the year, the company sponsored many community activities, reinforcing our commitment to shared growth, mutual support, and strong community relationships. We also continue to support local vendors by sourcing daily supplies, further contributing to community wellbeing.



Capital Management Reports

Social and Relationship Capital



Inclusion

61

Employees

Employment created to local community

221

No. of family dependents from local employment

Our recruitment practices are rooted in inclusivity, with a strong emphasis on hiring indigenous talent, particularly from the communities surrounding our powerhouses. These practices are guided by our Human Resources Policy, which promotes equitable and locally focused hiring. While we primarily recruit for entry-level positions, employees are offered opportunities to progress into more responsible roles based on demonstrated potential. To support career development, we provide targeted training and development programmes. Although no member of an indigenous community has yet entered the senior management cadre, the Company maintains strong representation from these communities at lower levels, especially in powerhouse operations. During the solar project development activities undertaken during the year, most casual labour was sourced from the surrounding area.

This inclusive approach has elevated living standards within these communities, creating a positive ripple effect that extends beyond direct employment. Ultimately, it has made a meaningful contribution to the region's broader socio-economic development.



Development

In addition, we invest in vital infrastructure and educational projects that uplift livelihoods and create lasting value for our communities. These initiatives foster long-

term social development and resilience. For example, Denawaka Ganga MHP organized an event to donate school supplies to children in the project village, combined with an educational tour of the facility to highlight the importance of education. We also encouraged schoolchildren from Erathna to participate in a tree-planting project organized during the year by sponsoring prizes to motivate their involvement. While the returns on such efforts are largely intangible, they build community goodwill, strengthen trust, and enhance our corporate reputation.



CSR Policy

GRI | 3-3, 2-23, 413-2, 415-1

Our corporate social responsibility (CSR) activities, including sponsorships and donations, are subject to rigorous evaluation to ensure their necessity and appropriateness prior to granting relief. This ensures that they do not constitute acts of bribery of any type. VPE abstains from contributing to political parties, affiliates, or personalities, both domestic and foreign. This policy aligns with our commitment to business ethics and applies from top-down to employees at all levels, as well as the Board of Directors.

During the reporting period, none of our operations had significant actual or potential negative impacts on local communities. No formal grievances were received, and stakeholder feedback has not indicated any adverse social implications. This reflects the strength of our proactive engagement strategies and our commitment to responsible, community-sensitive development.

SHAREHOLDER ENGAGEMENT

We are committed to upholding transparency and accountability in all shareholder interactions. Open channels of communication facilitate active participation in governance and decision-making. Our disclosures conform strictly to legal and ethical frameworks and consistently focus on delivering long-term value for our shareholders.

An Extraordinary General Meeting (EGM) was held during the year to obtain shareholder approval for awarding the main EPC contract to a related party of VPE, in compliance with Colombo Stock Exchange (CSE) regulations. Related public announcements were made via the CSE web portal for shareholders' reference.

This year, we introduced a Policy on Relations with Shareholders and Investors, which formalises our approach to shareholder engagement. The policy outlines clear principles for transparency, timely communication, and fair treatment of all shareholders, further reinforcing our commitment to ethical corporate governance.

INDUSTRY PARTNERSHIPS

GRI | 2-28

We remain actively engaged in key industry bodies. These memberships enable us to contribute to policy dialogue, foster innovation through collaboration, and stay tuned to industry developments. Participation in such networks provides access to valuable market intelligence and emerging investment opportunities, helping us maintain our role as a thought leader in the renewable energy sector.

To date, we hold memberships in the following associations:

- ★ Small Hydropower Developers Association (SHDA)
- ★ The Ceylon Chamber of Commerce (CCC)
- ★ The Employers' Federation of Ceylon (EFC)

With our entry into solar, we have also initiated collaborations with emerging solar industry forums.

STAKEHOLDER RESPONSIVENESS

GRI | 3-3, 2-16, 26

A Stakeholder Complaints Log is maintained at all project sites with a guaranteed 7-day response time. Additionally, there is an open channel for grievances and suggestions related to social and environmental practices.

Zero grievances reported in the current year, affirming the success of our engagement approach.

Any critical stakeholder concerns received through the grievance mechanism that may pose a negative impact to the organisation are escalated to senior management at the Head Office and, where necessary, to the Board. However, no such issues arose during the year.

ETHICAL BEHAVIOUR

GRI | 3-3, 205-1, 2, 3, 206-1

This year, we strengthened our ethical framework by introducing two key policies: the Internal Code of Business Conduct and the Policy on Anti-Bribery and Corruption, in alignment with the new CSE listing rules. These new additions build on our existing Anti-Corruption and Anti-Competitive Behavior policies, reinforcing our organisation's ongoing commitment to integrity and ethical conduct.

These policies have been effectively communicated and implemented across the organisation, with regular communication and periodic reviews conducted to ensure awareness and compliance at all staff levels.

During the year under review, there were no reported incidents of corruption or unethical practices. No operational activities were assessed as being at risk for corruption, and the Company faced no convictions or legal actions related to anti-competitive behavior, anti-trust, or monopoly practices. Furthermore, no legal action was taken against the Company by its sole customer, suppliers, or contractors for unethical conduct, underscoring our adherence to ethical and responsible business practices.

FUTURE OUTLOOK

As we continue to expand our renewable energy footprint into solar energy and beyond, we remain committed to strengthening the social fabric that supports our operations. In the coming years, we will further embed social equity into our value chain by prioritising local sourcing, promoting supplier diversity, and developing digital platforms for two-way stakeholder engagement. We also aim to deepen our partnerships with government institutions to co-create inclusive green initiatives and enhance community participation in sustainability efforts. With trust as our compass, we will chart a course toward deeper partnerships, empowered communities, and a greener tomorrow.

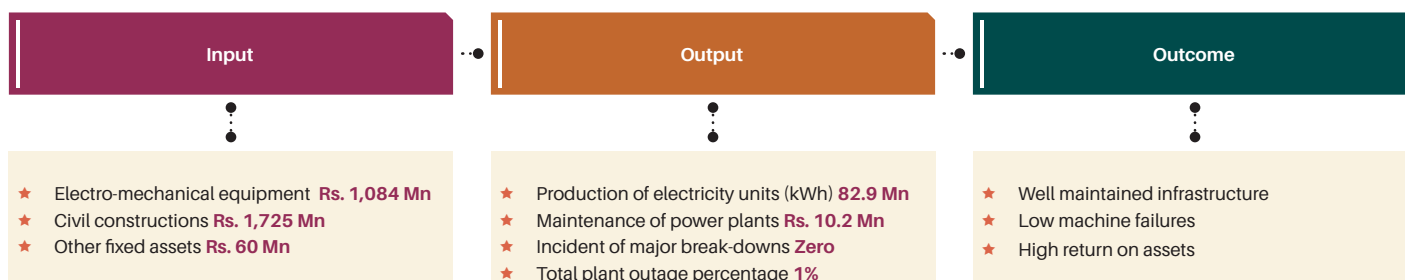
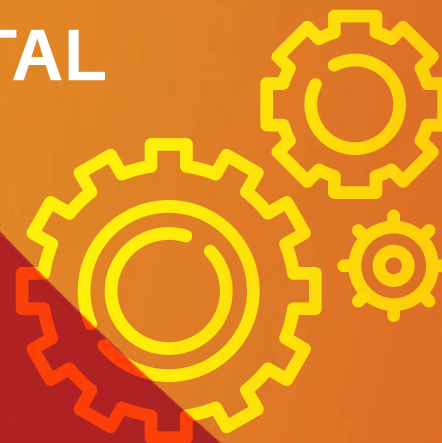
Capital Management Reports

Manufactured Capital

MANUFACTURED CAPITAL

Powering sustainable energy generation

Our manufactured capital is vital to delivering on our clean energy mandate and supporting the nation's transition to a low-carbon future. It underpins our commitment to energy efficiency, environmental stewardship, regulatory compliance, and long-term sustainability. Continued investment in high-quality hydropower machinery and resilient infrastructure is central to achieving operational excellence while minimising our environmental footprint. Through ongoing innovation, proactive maintenance, and strategic upgrades, we ensure reliable energy generation and contribute meaningfully to the renewable energy transition.



ENGINEERED ASSETS

GRI | 304-1

Our portfolio comprises high-performing hydropower plants equipped with robust and efficient machinery, modern control systems, and precision-engineered electro-mechanical components. The facilities include durable civil infrastructure such as intake systems, weirs, forebay tanks, water channels and penstocks designed to ensure safe water flow, optimal efficiency, and minimal ecological impact. The necessary components of each project are computerised to support effective monitoring and control, while certain operations are carried out manually to ensure operational flexibility and reliability. A structured maintenance and inspection regime ensures safety, regulatory compliance, and continuous energy production. We are committed to ongoing asset modernisation, integrating energy-efficient technologies and planning solar generation infrastructure to diversify our energy mix and enhance long-term resilience. Our operational practices align with environmental best standards, underscoring our focus on sustainability and responsible resource use. A dedicated team of technical specialists and engineers ensures asset integrity, drives performance optimisation, and supports continuous improvement across our operations.

Details of the project assets of as at end of the year are given below.

	Project Assets			Other assets	Project land extent	
	Plant Capacity	Electro-mechanical equipment	Civil constructions		Freehold	Lease
	(MW)	(Rs.Mn)	(Rs.Mn)	(Rs.Mn)		
Erathna MHP	9.9 MW	577.7	530.9	36.4	2.27 Ha	2.48 Ha
Denawaka Ganga MHP	7.2 MW	234.4	685.2	6.8	0.53 Ha	3.96 Ha
Kiriwaenliya MHP	4.65 MW	271.7	509.0	16.6	3.03 Ha	-
Dolahena Estate Ground Mounted Solar PV Project	Under constructions				15.92 Ha	-
Total	21.75 MW	1,083.8	1,725.1	59.8	21.75 Ha	6.44 Ha

KEY ACTIVITIES IN 2024/2025

In 2024/2025, we focused on strengthening operational resilience and diversifying our energy portfolio. Construction is currently underway to add 10 MW of solar capacity to our existing portfolio, which is expected to enhance the Group's manufactured capital by approximately Rs. 1.8 billion. As part of this expansion, the Company invested Rs. 103.5 million in the development of a ground-mounted solar plant in Matara, further reinforcing our commitment to clean energy and infrastructure growth. These installations adhere to modern engineering and technology standards, ensuring high efficiency and long-term reliability.

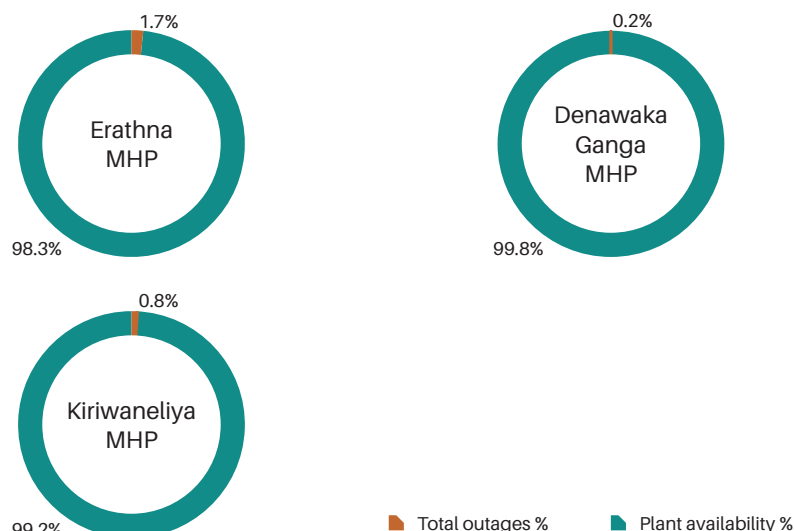
We also implemented real-time monitoring systems across all plants to enable data-driven decision-making and support predictive maintenance practices. Additionally, flood control infrastructure was upgraded and measures were taken to mitigate the impact of landslides, improving our ability to manage climate-related risks and maintain operational continuity. These initiatives are integral to our long-term strategy of future-proofing energy assets, enhancing manufactured capital, and optimising overall performance.

OUTPUTS AND OUTCOMES

During the financial year, we delivered 82.9 GWh of renewable energy to the national grid, maintaining plant availability at over 99%. Our high-performance infrastructure and data-driven operations ensured consistent, efficient energy delivery with minimal unplanned disruptions.

	Percentage of loss of units (outages)					
	Erathna MHP		Denawaka Ganga MHP		Kiriwaneliya MHP	
	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24
Plant outages due to;						
Machine break-down (%)	1.1%	0.70%	0.0%	0.00%	0.0%	0.00%
Grid failures (%)	0.6%	0.71%	0.2%	0.22%	0.7%	1.52%
Total outages	1.7%	1.40%	0.2%	0.22%	0.8%	1.52%
Plant availability (%) for generation	98.3%	98.60%	99.8%	99.78%	99.2%	98.48%

PLANT AVAILABILITY FOR POWER GENERATION - 2024/25



BREAKDOWN MANAGEMENT

A structured escalation process ensures that breakdowns are swiftly reported, diagnosed, and resolved. Plant in-charges escalate issues to technical heads and the Joint CEOs for prompt action. Routine breakdowns are typically managed internally, while more complex issues are escalated for specialised intervention.

Notably, there were no major mechanical breakdowns during the year under review.

TRADE-OFFS AND CHALLENGES

While investments in infrastructure and technology upgrades are essential for long-term sustainability, they present short-term financial trade-offs. Managing capital expenditure within budgetary constraints remains a strategic challenge, particularly as we expand into solar and explore hybrid energy solutions.

STREAMLINED ASSET UTILIZATION

We follow an annual capital expenditure plan that identifies and addresses technology gaps, guides procurement, and ensures efficient utilisation of all engineered assets. Asset performance is continuously monitored and optimised, with planned upgrades supporting long-term generation reliability and cost efficiency.



Capital Management Reports

Manufactured Capital

ON-SCHEDULE MAINTENANCE

Preventive and corrective maintenance activities are conducted in-house by our trained technical team. These are scheduled during periods of low water flow, typically in the dry season, to minimise impact on generation. All procedures adhere to manufacturer guidelines and are supported by digital monitoring systems for early issue detection.

Rs. 10.2 Mn

Total plant maintenance and repairs
2023/24 - Rs. 9.4 Mn

60%

Repair and maintenance carried out in-house
2023/24 - 66%



REPLACEMENT AND REFURBISHMENT

We maintain an adequate stock of spare parts, sourced both locally and internationally, to ensure uninterrupted operations. Equipment replacement and refurbishment are carried out based on predictive data analytics and technical assessments, ensuring optimal asset performance and cost efficiency.

SKILLS TRAINING

Operational staff undergo continuous professional training in the safe and efficient operation of electro-mechanical equipment. Training and certification programmes ensure our teams remain up to date with industry best practices and evolving compliance standards.

COMPLIANCE

All three power plants comply with the regulations outlined in their respective SPPAs. We adhere to a range of health, safety, and environmental regulations at both national and sectoral levels. Environmental impact mitigation is built into every stage, from site design and construction to ongoing operations.

QUALITY ASSURANCE

Our power generation systems operate under integrated Quality and Environmental Management frameworks, aligned with international standards for mini hydropower and solar energy. These frameworks ensure consistently high performance, safety, and environmental stewardship.

INSURANCE COVERS

All engineered assets are comprehensively insured against fire, natural disasters, and machinery breakdowns. Insurance values reflect the full replacement cost of each asset, ensuring that financial risks associated with operational disruptions are mitigated.

FUTURE OUTLOOK

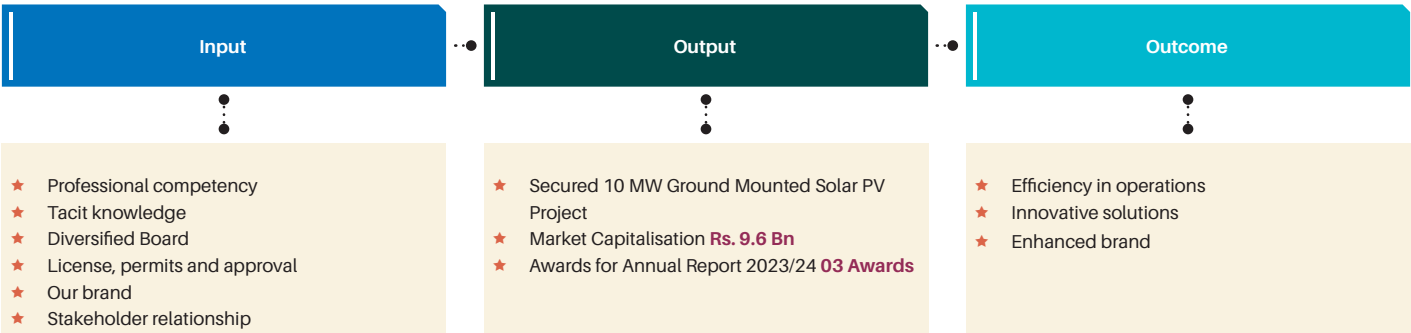
We plan to continue expanding our clean energy portfolio and will enhance automation and operational resilience across both hydropower and solar assets. As part of our commitment to strengthening manufactured capital, we are making strategic investments in real-time monitoring, predictive maintenance, and hybrid energy models, including battery storage solutions. These initiatives are designed to boost long-term competitiveness, improve efficiency, diversify our energy mix, and enhance grid stability. Sustainability and innovation remain central to our growth agenda, ensuring that our manufactured capital evolves in alignment with technological advancements and environmental priorities. Through these efforts, we aim to remain a key contributor to Sri Lanka's renewable energy goals.

Intellectual Capital

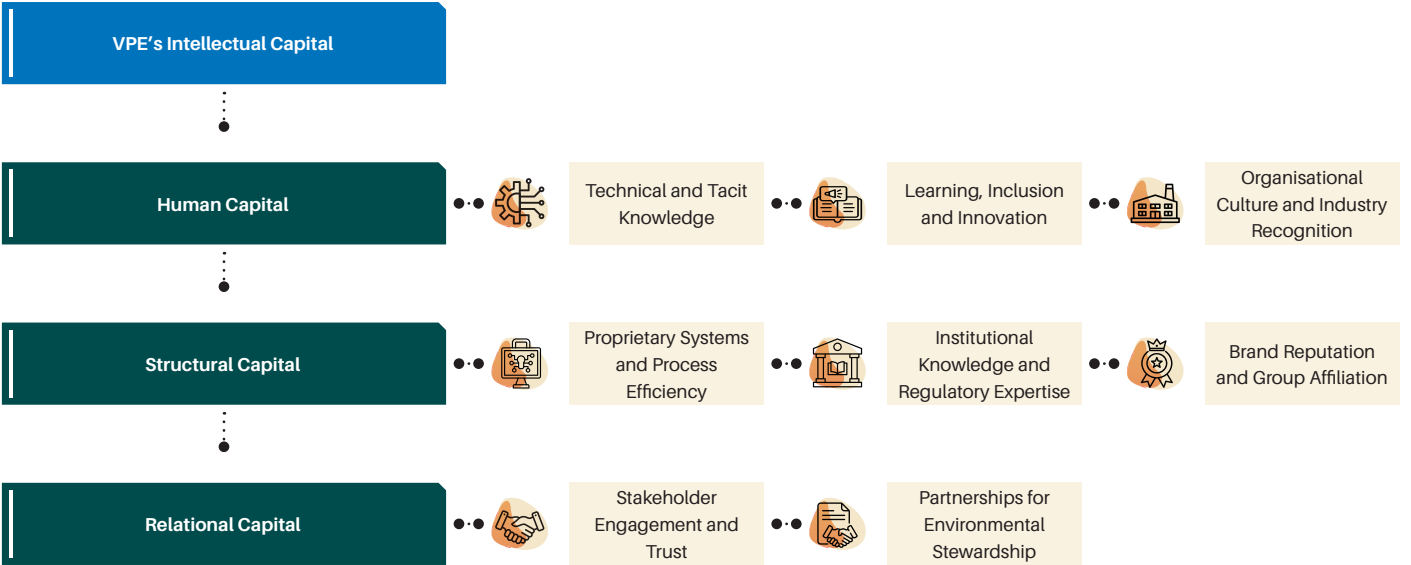
INTELLECTUAL CAPITAL

Harnessing human insight and organisational intelligence

In a world where innovation defines progress and agility determines resilience, intellectual capital is the silent force that drives transformation. At Vallibel Power Erathna PLC, it represents more than technical skill or institutional knowledge and it reflects a living ecosystem of ideas, values, systems, and relationships that fuel our evolution as a renewable energy leader. Our culture of continuous learning, ethical stewardship, regulatory insight, and collaboration equips us to navigate complexity, unlock potential, and reimagine Sri Lanka’s energy future with confidence and purpose.



VPE'S INTELLECTUAL CAPITAL FRAMEWORK



Capital Management Reports

Intellectual Capital

OUR HUMAN CAPITAL

Technical and tacit knowledge

Our people remain our greatest strength. From the Boardroom to plant-level technicians, teams bring deep technical expertise, hands-on experience, and cross-functional collaboration to ensure operational continuity and innovation. Notably, our in-house technical team's ability to conduct precision repairs on electro-mechanical systems has resulted in significant time and cost savings, while reducing downtime. This accumulation of tacit knowledge, built over years, is embedded in our day-to-day functions and remains irreplaceable to our operational efficiency.

Learning, inclusion and innovation

We have created a workplace culture rooted in trust, empowerment, and shared excellence. Continuous training, mentorship, and knowledge-sharing initiatives keep employees aligned with industry best practices and emerging technologies. Our inclusive ethos, coupled with vibrant employee engagement from open forums to celebratory events fosters a strong sense of belonging and encourages innovation, loyalty, and sustained high performance.

Organisational culture and industry recognition

Our collaborative culture, supported by ethical governance and visionary leadership, promotes agility and talent retention. By prioritising transparency, inclusion, and respect, VPE continues to position itself as an employer of choice within the energy sector. Internal cohesion and morale are strengthened through values-based management and open communication, making our workplace one that nurtures both professional and personal growth.

Our strong organisational culture is further reflected in the industry recognition we have received. These accolades underscore the strength of our human capital and institutional integrity. During the year, we were recognised for excellence in governance, reporting, and sustainability through the following awards:

- ★ **Bronze Award** – Power & Energy Sector, at the **TAGS Awards 2024**, conducted by CA Sri Lanka



- ★ **Best Intergrated Report-Energy Sector and Merit Award** - CMA Excellence in Integrated Reporting Awards 2024, conducted by the Institute of Certified Management Accountants of Sri Lanka



These recognitions reflect stakeholder confidence in our ability to generate long-term value through responsible, transparent, and performance-driven operations.

OUR STRUCTURAL CAPITAL

Proprietary systems and process efficiency

We deploy a robust framework of proprietary systems to enhance operational efficiency, regulatory compliance, and asset reliability. From condition monitoring and predictive maintenance to digital integration and performance analytics, our systems deliver real-time insights and support data-driven decisions. Investments in advanced control systems, aligned with original equipment manufacture specifications, ensure that our hydropower and solar plants operate with maximum efficiency and longevity.

Institutional knowledge and regulatory expertise

With years of experience navigating Sri Lanka's regulatory landscape, we consistently ensure timely acquisition and renewal of operating licenses. In July 2024, we successfully renewed the energy permit and generation license for the Erathna Mini-Hydropower Plant and signed the SPPA for an additional 15 years. Additionally, we secured all necessary approvals for our new 10 MW Ground Mounted Solar Project, which will operate over a 20-year period. This reflects our foresight and capacity to align with environmental, legal, and community standards.

Brand reputation and group affiliation

Our brand is built on trust, reliability, and responsible performance. As a member of the Vallibel Group, renowned for innovation, quality, and ethical conduct we inherit a reputation that strengthens stakeholder confidence and supports strategic growth. This affiliation enhances our market position and credibility in a rapidly evolving renewable energy sector.

OUR RELATIONAL CAPITAL

Stakeholder engagement and trust

Our long-term success is deeply tied to strong relationships with regulators, local communities, and business partners. We maintain open channels for stakeholder dialogue, ensuring transparency, responsiveness, and mutual respect. This approach not only strengthens our social license to operate but also fosters alignment with national energy goals and community needs.

Partnerships for environmental stewardship

Our collaboration with the Planet Protectors' Organisation reinforces all dimensions of our intellectual capital. Through this partnership, we empower employees and local communities with environmental knowledge (human capital), build goodwill and trust with stakeholders (relational capital), and embed sustainable practices into operations (structural capital). This multi-dimensional approach positions VPE as a responsible and future-ready corporate citizen.



KEY ACTIVITIES IN 2024/25

Securing a 10 MW Solar PV Project

This year, we successfully secured a 10 MW Ground Mounted Solar PV Project at Matara GSS under Feed-in Tariff method. Drawing on our institutional knowledge and regulatory expertise, we navigated complex permitting processes efficiently. Our internal teams played a crucial role in ensuring that all compliance requirements, technical standards, and stakeholder considerations were met, enabling us to launch the project on schedule.

Timely license renewals and proactive compliance

We renewed all operating permits and licenses for our hydropower plants, demonstrating regulatory foresight and commitment to uninterrupted service. These renewals are the result of disciplined planning and strong relationships with licensing authorities.

Enhancement of internal systems

Our compliance and knowledge management systems were further upgraded to support better documentation, digital archiving, and asset performance tracking. These enhancements boost operational readiness and ensure continuity of expertise across teams and project cycles.

Transparent stakeholder engagement

We continued our practice of proactive engagement with regulators, investors, and communities. These efforts have helped to mitigate risks, reinforce trust, and support our strategic growth initiatives.

Governance framework and policy implementation

In line with Colombo Stock Exchange (CSE) Rules, we introduced 12 governance policies during the year, designed to strengthen our internal control systems and stakeholder relationships. These include:

- ★ Internal Code of Business Conduct
- ★ Policy on Board Committees
- ★ Policy on Corporate Disclosures
- ★ Policy on Environmental, Social and Governance Sustainability
- ★ Policy on Relations with Shareholders and Investors
- ★ Policy on Risk Management and Internal Controls
- ★ Policy on Anti-Bribery and Corruption
- ★ Policy on Control and Management of Company Assets and Shareholder Investments
- ★ Policy on Corporate Governance, Nominations and Re-election
- ★ Policy on Matters Relating to the Board of Directors
- ★ Policy on Remuneration
- ★ Policy on Whistle-blowing

These policies embed transparency, accountability, and ethical behaviour into our governance framework. They enhance human capital by providing clear standards of conduct, protect structural capital through strong controls and risk management, and deepen relational capital through improved stakeholder dialogue.

Operational efficiency through SOPs

To further streamline our day-to-day activities, we introduced several new standard operating procedures (SOPs) that ensure consistency, clarity, and efficiency across all operational areas. These SOPs support knowledge transfer, reduce variability, and uphold performance standards.

FUTURE OUTLOOK

VPE affirms the critical role of intellectual capital in sustaining and advancing its competitive edge in the energy sector. As the Company prepares to operationalise the state-of-the-art ground solar project, we also plan on implementing strategies aimed at enhancing the operational efficiencies of our existing hydroelectric assets. Intellectual capital will be pivotal in driving this innovation, process optimisation and new strategic initiatives. Accordingly, targeted investments will be made in upskilling and reskilling our workforce, ensuring our teams are equipped with the expertise needed to support us in our new phase of sustainability. By aligning our intellectual capital development with technological advancements, VPE is committed to building a resilient and forward-thinking organisation.



Every decision we make, from project development to daily operations, is guided by our commitment to environmental responsibility, renewable innovation, and a cleaner energy future.

Carrying out a green agenda

CORPORATE GOVERNANCE



At Vallibel Power Erathna PLC, corporate governance is the cornerstone of our success. We are committed to transparency, accountability, and ethical leadership, ensuring sound decision-making and stakeholder confidence. By aligning with best practices and ESG principles, we foster long-term sustainability and resilience in an evolving business landscape.

CHAIRMAN'S STATEMENT ON CORPORATE GOVERNANCE

As Chairman of Vallibel Power Erathna PLC, I affirm that good corporate governance is the foundation of the Group's long-term success. It enables sound decision-making in the Boardroom and fosters a culture of trust, transparency, and integrity across all levels of the organization. Our commitment to corporate governance ensures that we operate with accountability and responsibility, which in turn creates sustainable value for all stakeholders.

In addition to setting the strategic direction of the Group in collaboration with the Board, one of my primary responsibilities is to establish and maintain an effective corporate governance framework. Clear policies, endorsed and approved by the Board, are embedded throughout the Company to ensure robust governance practices. Accordingly, my Board of

Directors and I remain committed to upholding the Code of Best Practice on Corporate Governance 2023 as issued by the Institute of Chartered Accountants of Sri Lanka, along with the Listing Rules of the Colombo Stock Exchange (CSE).

Recognizing the importance of Board effectiveness, I ensure that the Board is composed of individuals with the necessary expertise, independence, and industry knowledge. The power sector demands agility and responsiveness, and it is imperative that our Board members are well-equipped to guide the Company through industry challenges while maintaining shareholder confidence.

This report also highlights our focus on Environmental, Social, and Governance (ESG) performance. ESG considerations play an increasingly significant role in shaping our strategy and operations. We

have developed sophisticated metrics to assess our ESG performance, ensuring detailed and relevant disclosures to our shareholders and stakeholders.

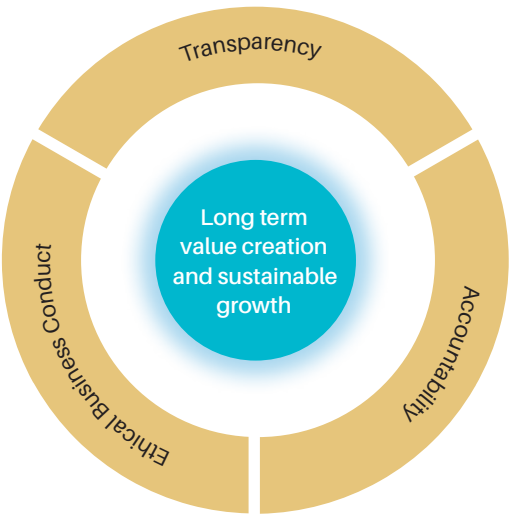
During this financial year, there have been no significant changes to our corporate governance framework. Our commitment to ethical business conduct remains unwavering, as outlined in the Company's Code of Business Conduct and Ethics.

Harsha Amarasekera
 Chairman

30 May 2025

Corporate Governance

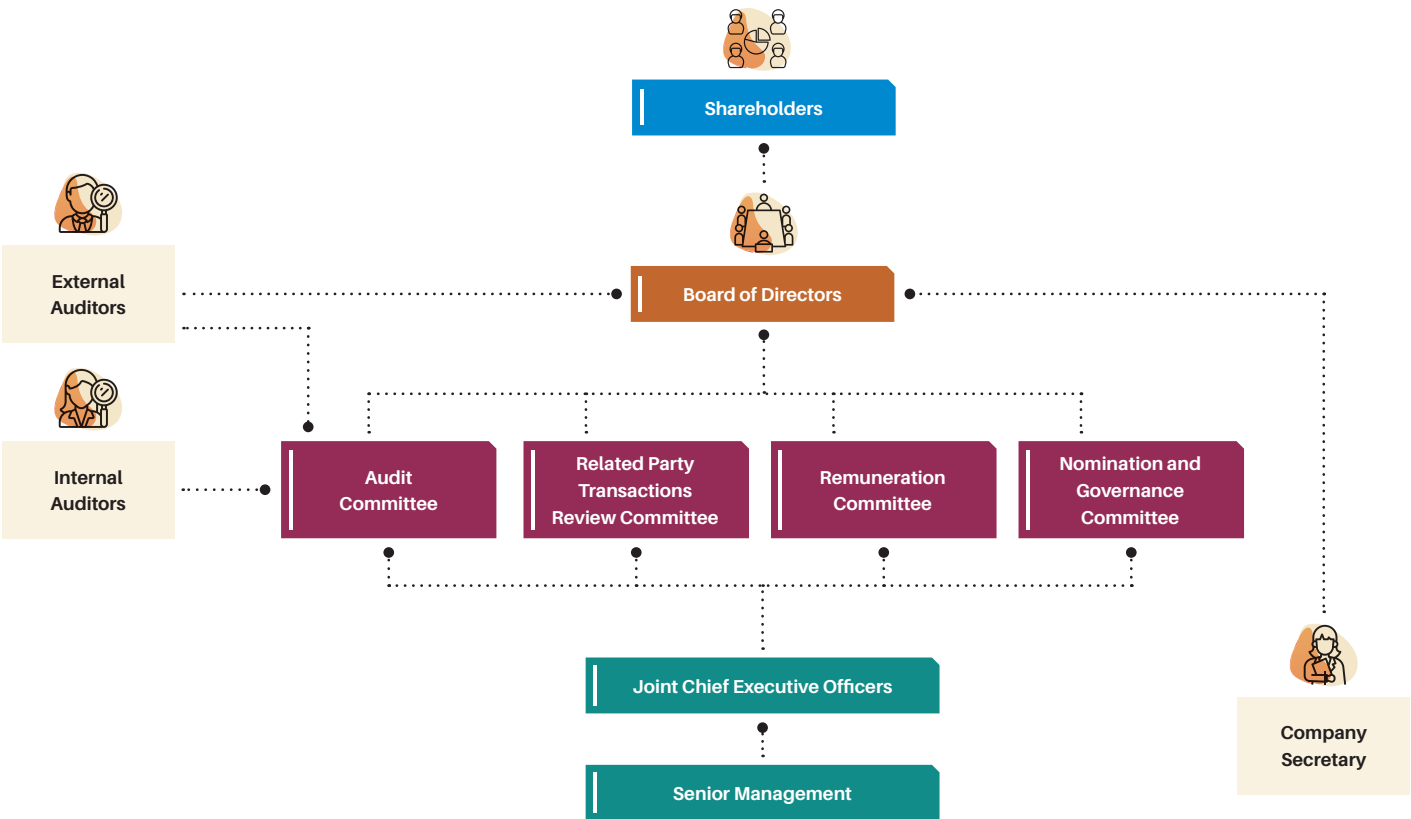
VPE’S CORPORATE GOVERNANCE FRAMEWORK



VPE’s Corporate Governance Framework ensures transparency, accountability, and ethical business conduct, fostering long-term value creation and sustainable growth. Committed to the highest governance standards, VPE complies with the Companies Act, CSE Listing Rules, SEC regulations, and Code of Best Practice on Corporate Governance 2023. Guided by principles of independence, responsibility, and disclosure, the company upholds strong governance policies on ethical conduct, risk management, shareholder rights, and financial reporting. This framework strengthens investor confidence, promotes financial stability, and supports inclusive growth. By aligning corporate strategy with governance excellence, VPE optimizes resources, mitigates risks, and remains resilient, securing its leadership in the local power sector.

GOVERNANCE STRUCTURE

GRI | 2-9, 13, 16, 17



This governance structure is designed to ensure the efficient distribution of rights and responsibilities between the Board, its committees, and executive management. The Board remains responsible for strategy, financial performance, risk management, and corporate ethics, ensuring long-term sustainability.

The Joint Chief Executive Officers (CEOs) manage day-to-day operations within the parameters set by the Board. They provide timely reports on business developments, risks, and opportunities, delegating operational responsibilities to senior management as necessary.

COMPLIANCE DIRECTIVES

GRI | 2-16

The integrated governance framework at VPE adheres to the following principles and codes:

- ★ The Companies Act No.7 of 2007 and associated regulations.
- ★ Listing Rules of the Colombo Stock Exchange (CSE).
- ★ Securities and Exchange Commission of Sri Lanka Act No. 19 of 2021 .
- ★ Code of Best Practice on Corporate Governance (2023) issued by CA Sri Lanka.

Additionally, the Company follows internal policies such as:

- ★ The Articles of Association
- ★ Company’s Governance Policies
- ★ Standardised Power Purchase Agreements (SPPAs)
- ★ Standard Operating Procedures (SOPs) and guidelines
- ★ Human Resource policy and procedures
- ★ ESG-related policies to ensure responsible business conduct.

RISK AND INTERNAL CONTROL MANAGEMENT

The Board, in collaboration with management, oversees the Company’s internal controls to safeguard assets, ensure accurate reporting, and enforce disciplined decision-making. Our internal audit function encompasses financial, operational, and compliance controls, integrating a Board-approved risk management framework. Adhering to the Codes of Best Practices on Corporate Governance, we ensure operational efficiency, regulatory compliance, and high reporting standards. Economic downturns heighten risks, but our governance structure enables proactive risk identification, assessment, and mitigation. Supported by the Audit Committee, the Board receives regular risk reports, highlighting material risks and implementing mitigation strategies. Further details are in the Risk Management Report (pages 39).

BOARD COMPOSITION

GRI | 2-9, 10, 11, 17

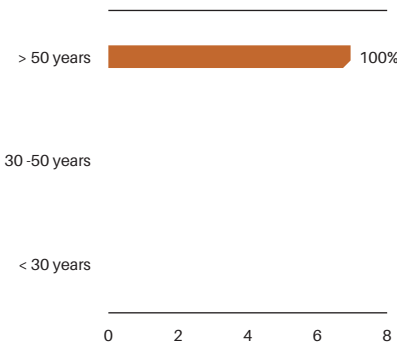
The Company’s Governance Guidelines encompass Board composition, diversity, appointment, tenure, remuneration, and the roles of Directors, the Chairman, and Board committees. Our Board structure aligns with the Code of Best Practices on Corporate Governance 2023 and Section 9 on Corporate Governance of the Listing Rules of the Colombo Stock Exchange.

VPE follows a unitary Board model comprising both executive and non-executive directors. Ensuring transparency in executive decisions is critical, with Board independence playing a key role. To achieve this, the Board consists of seven directors: three independent non-executive directors and four non-executive directors, including a Chairman who serves as a non-executive director. This structure ensures a balanced distribution of power and authority.

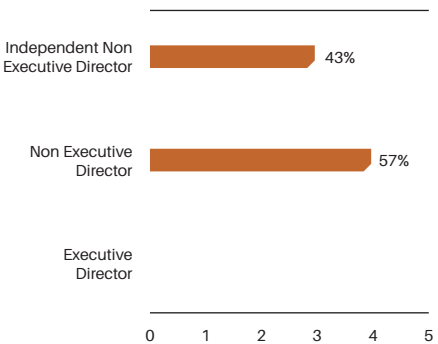
Recognizing the value of diversity, the Company maintains a professional Board with varied industry expertise, leveraging different skills, backgrounds, and experiences to enhance decision-making. Our Directors are leaders in their fields, bringing valuable insights and continuously updating their knowledge to contribute effectively to the Company’s success.

The Company remains committed to refining its governance framework, adopting global best practices to enhance Board leadership and effectiveness. The Board continuously updates its collective knowledge through regular briefings, training sessions, and access to external expertise on relevant governance, industry, and sustainability matters.

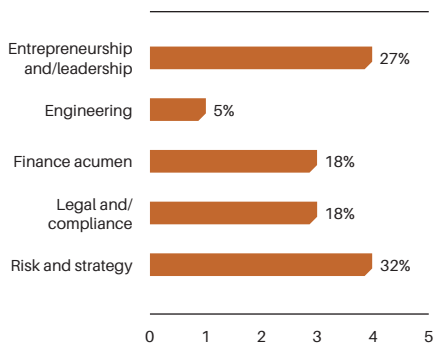
AGE OF THE BOARD MEMBERS



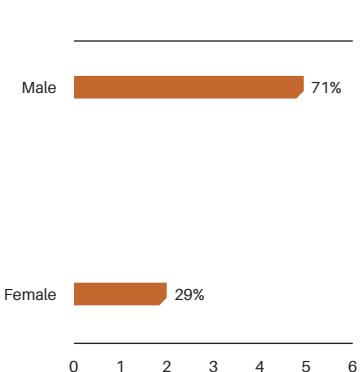
DIRECTORSHIP NATURE



DIVERSITY OF BOARD EXPERTISE

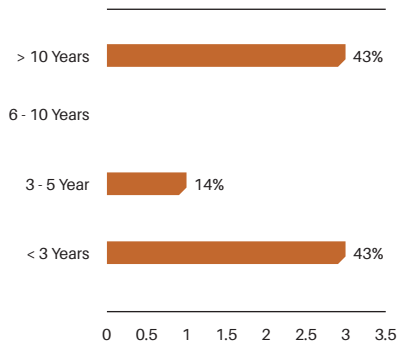


NO. OF BOARD MEMBERS BY GENDER DIVERSITY



Note: An individual director may have several area of expertise.

TENURE OF THE BOARD MEMBERS



FUNCTIONS OF THE BOARD

GRI | 2-14

The Board's primary role is to represent shareholders, ensuring a strong return on investment while upholding integrity, societal obligations, environmental responsibility, and regulatory compliance. As the governing body of the Company, it operates under a set of corporate governance guidelines that ensure accountability to all stakeholders and provide a framework for management oversight. These guidelines enable independent decision-making, free from senior management influence.

The Board follows a philosophy of responsibility, transparency, accountability, and fair disclosure. It meets quarterly to review operations and holds responsibility in three key areas:

- ★ **Strategic Responsibility:** Formulating policies, approving corporate strategy, capital investments, and performance objectives, while monitoring senior management's implementation of these strategies.
- ★ **Financial Responsibility:** Approving financial reports, capital expenditures, and financial facilities.
- ★ **Compliance & Control:** Overseeing risk management, internal controls, legal compliance, and maintaining updated organizational policies.
- ★ **Sustainability Commitment:** Promoting long-term value creation by integrating sustainability into strategic decisions, using their collective knowledge and expertise to support environmental, social, and governance (ESG) priorities.

Directors' attendance at quarterly board meetings

Name of the Director	Attendance
Harsha Amarasekera	3/4
Prabodha Sumanasekera	1/4
Haresh Somashantha	4/4
Shan Shanmuganathan*	3/3
Chatura V Cabraal*	2/3
Dinusha Bhaskaran	4/4
Devika Weerasinghe**	1/1
Dinesh Mendis**	1/1
Gamini Gunaratne**	1/1

* Resigned w.e.f. 31st December 2024

** Appointed w.e.f. 01st January 2025

COMMITTEES OF THE BOARD

The Board Committees, appointed to support the Board's functions, enhance its ability to monitor compliance and manage risk. Their specialized expertise is vital for effective decision-making and fulfilling fiduciary duties.

VPE has four Board Committees: the Audit Committee, Remuneration Committee, Related Party Transaction Review Committee, and Nomination and Governance Committee. These committees operate under clear terms of reference in compliance with the Colombo Stock Exchange's Listing Rules. Non-Executive Directors serve on all committees, with an independent director chairing each. The committees are provided with sufficient resources to fulfill their roles and follow annual work plans, including fixed agenda items tied to the financial reporting cycle. They may also address additional topics based on evolving responsibilities.

Details of the Board sub-committees' composition and meeting attendance are provided in the respective committee reports from pages 99 to 105.

CORPORATE GOVERNANCE POLICIES

In accordance with CSE Rule No. 9.2, the Company has adopted twelve (12) policies effective from October 1, 2024, and has established an effective mechanism for their implementation. These policies are approved by the Board, which intends

to review these policies periodically to ensure compliance with statutory and non-statutory requirements.

- ★ Internal Code of Business Conduct
- ★ Policy on Board Committees
- ★ Policy on Corporate Disclosures
- ★ Policy on Environmental, Social and Governance Sustainability
- ★ Policy on relations with shareholders and investors
- ★ Policy on Risk Management and Internal Controls
- ★ Policy on Anti-Bribery and Corruption
- ★ Policy on Control and Management of Company Assets and Shareholder Investments
- ★ Policy on Corporate Governance, Nominations and Re-election
- ★ Policy on matters relating to the Board of Directors
- ★ Policy on Remuneration
- ★ Policy on Whistle-blowing

These policies are published on the Company's website.

DIRECTORS INTEREST, RELATED PARTY TRANSACTION, CONFLICT OF INTEREST

GRI | 2-15

All Board members must uphold the highest standards of good faith, honesty, and integrity in all Company-related interactions. Upon appointment, Directors disclose their business interests and update this information as necessary. The Company Secretaries maintain a register of Directors' interests, with contract details available on pages 151 to 153. Directors not on the Related Party Transactions Review Committee (RPTRC) abstain from meetings discussing related party matters and exit the Boardroom during these discussions. The RPTRC reviews related party transactions quarterly, ensuring regulatory compliance and proper disclosure. Further details are provided in Note 30 of the financial statements on pages 151 to 153.

COMMUNICATION WITH SHAREHOLDERS

GRI | 2-23

The Company is committed to creating sustainable shareholder value by aligning its objectives with those of its shareholders.

Effective shareholder engagement is key to this commitment, ensuring transparency, accountability, and timely disclosure of material information. We maintain open communication through regular updates, annual and quarterly reports, and CSE announcements, with additional resources available on our website. The Annual General Meeting serves as a vital platform for direct interaction between shareholders and the Board. Additionally, shareholders can submit inquiries and suggestions in writing through the Company Secretary, reinforcing our dedication to transparency and stakeholder engagement.

COMPLIANCE WITH RELEVANT STATUTES, REGULATIONS AND CODES

This table outlines the requirements specified by the 2023 Code of Best Practice on Corporate Governance, issued by the Institute of Chartered Accountants of Sri Lanka, and details the Company's level of compliance with each requirement.

Section I		The Company	
Code	Principle	Status	Level of compliance
A	Directors		
A.1	The Board		
A.1.1	Board Meetings	Complied	The Board meets quarterly. Ad-hoc meetings are held as and when required. During the year under review, the Board met on four occasions. Attendance at these meetings are set out in the table given below in this section.
A.1.2	Responsibilities of the Board	Complied	<p>The Directors are responsible for:</p> <ul style="list-style-type: none"> ★ the formulation and implementation of a sound business strategy through skilled and experienced Joint Chief Executive Officers and the management team; ★ ensuring that effective systems are in place to secure the integrity of information, internal controls and business continuity ★ ensuring the establishment of the Company's values and standards with emphasis on the adoption of appropriate accounting policies and fostering compliance with financial regulations; as well as ★ fulfilling such Board functions as are vital, given the scale, nature and complexity of the business.
A.1.3	Compliance with the laws of the country and approval to obtain independent professional advice	Complied	<p>GRI 2-17</p> <p>The Board collectively, and the Directors individually, act in accordance with the Laws and Regulations of the country and the Company's policies. At any given time, all the members of the Board are allowed to obtain independent professional advice where necessary, at the Company's expense.</p>
A.1.4	Company Secretary	Complied	The advice and services of the Company Secretary, Messrs. P W Corporate Secretarial (Pvt) Ltd., are available to all members of the Board. They keep the Board informed of all new laws and revisions, regulations and requirements that are coming into effect and are relevant to them collectively as the Board and individually as Directors. Removal of the Secretary will be made at the Board's discretion.
A.1.5	Independent judgment of Directors	Complied	All Directors bring independent judgment to issues of strategy, performance and resources including key appointments and standards of business conduct.
A.1.6	Dedication of adequate time and effort of the Directors	Complied	<p>The Board of Directors dedicates adequate time and effort to ensure their duties and responsibilities towards the Company and Board are discharged.</p> <p>Sufficient time is allocated before a meeting to review Board papers and call for additional information and clarification wherever necessary, and to follow up on issues consequent to the meeting. Hence, the Directors are able to familiarise themselves with business changes, operations, risks and controls which ultimately help them to discharge their duties and responsibilities to the Company competently.</p>
A.1.8	Training for new and existing Directors	Complied	Newly appointed Directors follow an induction programme. Directors are also encouraged to participate in continuous professional and self-development activities.

Corporate Governance

Section I		The Company	
Code	Principle	Status	Level of compliance
A.2	Chairman and Joint Chief Executive Officers (Jt. CEOs)		
A.2.1	Division of responsibilities of Chairman and Jt. CEOs	Complied	Two Joint Chief Executive Officers function at the highest executive position of the Company and are not members of the Board. A clear division of responsibility, power and authority is maintained between the Chairman and the Joint CEOs thereby ensuring that the balance of power and authority is maintained.
A.3	Chairman's role		
A.3.1	Chairman's role	Complied	<p><u>GRI 2-12</u></p> <p>The Chairman is responsible for the efficient conduct of Board meetings and ensures inter alia, that:</p> <ul style="list-style-type: none"> ★ The effective participation of all Directors is secured; ★ All Directors are encouraged to make an effective contribution within their respective capabilities, for the benefit of the Company; ★ The views of Directors on issues under consideration are ascertained; ★ The Board is in complete control of the Company's affairs and is alert to its obligations to all shareholders and other stakeholders. ★ The Chairman maintains close contact with all Directors
A.4	Financial Acumen		
A.4	Financial Acumen	Complied	The Board includes two professional accountants including one Chartered Accountant who possess the necessary knowledge and competencies to provide the Board with guidance on matters of finance. They serve as members of the Audit Committee as well. The other members of the Board have considerable experience in handling matters of finance, having served in senior capacities in different organisations. Hence, the Board is equipped with sufficient financial acumen and knowledge to offer guidance on matters of finance.
A.5	Board Balance		
A.5.1	Non-Executive Directors	Complied	All Directors and the Chairman are non-executive.
A.5.2	Independence of Non-Executive Directors	Complied	Three of the seven Non-Executive Directors are independent. The Board has ensured that three Non-Executive Directors satisfy the criteria for 'independence' set out in the Listing Rule No 9.18.4.
A.5.3	Independence of Non-Executive Directors	Complied	The profiles of the Independent Non-Executive Directors reflect their caliber and confirm the weightage of their opinions during Board deliberations. All are independent of the Management and free from any relationship that could affect their independent judgment.
A.5.4	Annual declaration of independence of Non-Executive Directors	Complied	Each Non-Executive Director has submitted declarations stating their independence or non-dependence in a prescribed format. This information is made available to the Board.
A.5.5	Determination of independence of the Directors	Complied	The Board considered the declaration of independence submitted by each Non-Executive Director as being a fair representation of the basis for the determination given in the Code of Best Practices, and will continue to annually evaluate their independence on this basis. Brief resumes of all the Directors are available on pages 10 to 13.
A.5.6	Alternate Director	NA	There are no Alternate Directors as at 31/03/2025.
A.5.9	Chairman's meetings with Non-Executive Directors	NA	Separate meetings are not required since all Directors are non-executive.
A.5.10	Recording of concerns in the Board Minutes	Complied	Concerns raised by the Directors that could not be unanimously resolved during the year, if any, were recorded in the Board Minutes.

Section I		The Company	
Code	Principle	Status	Level of compliance
A.6	Supply of Information		
A.6.1	Timely and appropriate information to the Board	Complied	The Management provides the Board with appropriate and timely information. In the event that the information provided by the Management is insufficient, the Directors are permitted to request more information. The Chairman ensures that all Directors are briefed adequately on issues arising at meetings.
A.6.2	Information provided in advance to the Board meetings	Complied	The Directors are provided in advance with minutes, the agenda and the Board papers which provides them with adequate time to prepare and clearly comprehend the matters discussed or brought forward for consensus, to ensure a productive meeting.
A.7	Appointments to the Board		
A.7.1 & A.7.2	Appointment to the Board	Complied	<u>GRI 2-10</u> A Nomination and Governance Committee was formed on 1st January 2025. This Committee annually assesses Board composition against pre-defined criteria of skill and knowledge requirements to ascertain whether the combined knowledge and experience of the Board matches the strategic demands facing the Company.
A.7.3	Succession Plan for Key Management Personnel	Complied	The Committee reviews the succession plan for Key Management Personnel including Jt.CEOs periodically.
A.7.4	Disclosure of new appointments	Complied	Upon the appointment of a new Director to the Board, the Company discloses the following to the CSE; ★ a brief resume of the Director; ★ nature of expertise in relevant functional areas; ★ names of the companies in which the Director holds directorships or memberships in Board Committees; and ★ the 'independence' of such Director. During the year there were three new appointments to the Board as disclosed in Board Profiles from page 12 to 13.
A.7.5 & A.7.6	Disclosure on Nomination Committee	Complied	The role of the committee, composition and terms of reference are provided in Nominations and Governance Committee Report on page 104 to 105.
A.8	Re-election		
A.8.1 & A.8.2	Re-election of Directors	Complied	The provisions of the Company's Articles require a Director appointed during the year by the Board to hold office until the next Annual General Meeting, and seek re-appointment by the shareholders at that meeting. As per the provisions of the Company's Articles, at each Annual General Meeting (AGM) one third of the Directors for the time being are subject to retirement by rotation and shall retire from office. Retiring Directors are generally eligible for re-election. Please refer Nomination and Governance Committee Report on page 104 and 105
A.8.3	Resignation of Directors	Complied	Two Directors resigned during the year, and their resignations were formally communicated to the Board in writing.
A.9	Appraisal of Board Performance		
A.9.1, A.9.2, A.9.3 & A.9.4	Annual performance evaluation of the Board and its Sub Committees	Complied	<u>GRI 2-12, 18</u> The Board and Sub-Committee conduct an annual self-assessment to evaluate their performance. Based on the collective results of these appraisals, the Nominations and Governance Committee provides recommendations to enhance the balance of skills, experience, industry expertise, and company knowledge training for Directors as needed.

Corporate Governance

Section I		The Company	
Code	Principle	Status	Level of compliance
A.10	Disclosure of Information in Respect of Directors		
A.10.1	Disclosures about Directors	Complied	<p>Information in relation to Directors is disclosed as given below.</p> <ul style="list-style-type: none"> ★ Name, qualifications, brief profile and area/ nature of expertise - (Refer pages 10 to 13 of this Report) ★ Directors' interest in contracts (Refer page 151 to 153 of the Annual Report) ★ The number of meetings of the Board and Committees held, attended, names of Committees in which the Director serves as Chairman or member (Refer page 86 and pages 99 to 105 of this Report)
A.11	Appraisal of Chief Executive Officer		
A.11.1 & 11.2	Setting annual targets and appraisal of the performance of the Chief Executive officer by the Board	Complied	<p>GRI 2-12</p> <p>The short, medium and long-term objectives, including financial and non-financial targets, which must be met by both Jt. CEOs are set at the commencement of each year.</p> <p>The performances were evaluated annually and ascertained whether the targets were achieved or whether achievement is reasonable in the circumstances.</p>
B.	Directors' Remuneration		GRI 2-19, 20
B.2.1	Remuneration Committee and Procedure	Complied	The company has its own Remuneration Committee, which recommends remuneration for Directors and senior management based on an agreed Terms of Reference and the company's remuneration framework. The Board reviews these recommendations and makes the final decision. No Director is involved in determining their own remuneration.
B.2.2	Composition of Remuneration Committee	Complied	<p>The Remuneration Committee consisted of two independent Directors and one Non-Executive Director.</p> <p>Refer Remuneration Committee report on page 101.</p>
B.2.3	Consultation of the Chairman and access to professional advice.	Complied	The Committee consults the Chairman on proposals related to the remuneration of Senior management executives and has access to professional advice provided in the discharge of their duties.
B.2.4 & B.2.5	Levels of remuneration for Senior Management Executives	Complied	<p>The remuneration package is designed to attract, retain and motivate the Senior Management needed to successfully run the Company. Such payment and benefits are in line with industry standards.</p> <p>The Committee ensures that the remuneration of executives at each level of management is competitive and in line with their performance. Surveys are conducted as and when necessary to ensure that the remuneration is on par with those of competitive companies.</p>
B.2.6 & B.2.7	Positioning Company remuneration levels relative to other companies	Complied	The Remuneration Committee considers the remuneration and employment conditions of other Group companies, as well as industry benchmarks, when determining annual salary increases.
B.2.8	Performance related elements of remuneration for Senior Management Executives	Complied	Performance-based incentives are determined to ensure that the total earnings of Senior Management executives are aligned with the achievement of the objectives and budgets of the Company.
B.2.9	Executive share options	NA	This is inapplicable as the Company does not have executive share option schemes.

Section I		The Company	
Code	Principle	Status	Level of compliance
B.2.10	Designing performance related Remuneration	Complied	Performance-related remuneration is designed by the Remuneration Committee based on the provisions set out.
B.2.11 & B.2.12	Compensation, commitments in the event of early termination and dealing with early termination	Complied	The letter of contract does not include provisions for compensation in the event of early termination. However, the Board of Directors may decide on this on a case-by-case basis, based on the recommendation of the Remuneration Committee.
B.2.13 & B.2.14	Levels of remuneration for Non-Executive Directors	Complied	The Remuneration Committee determines the levels of remuneration for Non-Executive Directors, taking into consideration the time, commitment and responsibilities of their role, as well as market practices. Remuneration for non-executive Directors does not include share options.
B.2.15	Disclosure of Remuneration Committee Composition	Complied	The members of the committee, including the Chairman, are listed in the Remuneration Committee report on page 101.
B.3	Disclosure of the remuneration		
B.3.1 & B.3.2	Disclosure of Remuneration	Complied	<p>The Remuneration policy is disclosed in the Remuneration Committee Report on page 101 of the Annual Report.</p> <p>The total remuneration of the Directors and the compensation of other key management personnel are disclosed in Note 30.8 to the Financial Statements on page 153.</p>
C	Relations with Shareholders		
C.1	Constructive use of the AGM and conduct of General Meetings		
C.1.1	Notice of AGM	Complied	The notice and the agenda of the Annual General Meeting (AGM) together with the Annual Report with all other relevant documents are sent to the shareholders 15 working days prior to the meeting.
C.1.2	Separate resolution for all separate issues at the Annual General Meeting	Complied	A separate resolution is proposed at the Annual General Meeting on each issue, particularly in relation to the adoption of the Report of the Board of Directors and the Financial Statements of the Company.
C.1.3	Votes and use of proxy appointments at general meetings	Complied	The Company ensures that all proxy votes are properly recorded and counted. The numbers of proxies lodged on each resolution is conveyed to the Chairman.
C.1.4	Response to queries at the Annual General Meeting	Complied	The Chairmen of Sub- Committees made available by the Board Chairman to answer questions at the Annual General Meeting.
C.1.5	Notice of the Annual General Meeting and General Meetings and voting procedure.	Complied	The Notice of the Annual General Meeting and the relevant documents are published and dispatched to the shareholders 15 working days prior to the meeting as required by Section 135(1) of the Companies Act No. 7 of 2007 accompany with a summary of the procedures governing voting at the General Meetings.
C.2	Communication with shareholders		
C.2.1	Channel to reach all Shareholders of the Company	Complied	The Company communicates with shareholders through Annual Reports, quarterly financial statements, interim reports, CSE announcements, press releases, and General Meetings. Shareholders can raise concerns with the Chairman, Board Member, Jt. CEOs or Secretaries at meetings. The digital Annual Report is published on the company website upon release, along with news and updates. The Board encourages shareholder participation at the AGM, using it as a platform for dialogue, addressing concerns, and adopting financial statements.

Corporate Governance

Section I		The Company	
Code	Principle	Status	Level of compliance
C.2.2	Disclosure of the communication policy	Complied	Policy on relations with shareholders and Investors are given in the stakeholder engagement.
C.2.3	Implementation of the policy and methodology for communication with Shareholders	Complied	Printed Annual Reports are available to shareholders upon request at no cost, while soft copies are accessible on the CSE and corporate websites. Interim financial statements and public announcements are also released to the CSE for public access.
C.2.4	Disclosure of contact person	Complied	Shareholders can submit inquiries via email, phone, or written communication to the Company Secretary as outlined in the published policy, or contact the Company directly.
C.2.5, C.2.6 & C.2.7	Process for responding shareholder matters	Complied	The Company Secretary handles shareholder matters and escalates major issues to the Board. At General Meetings, the Chairman and Directors address shareholder queries. The Board and Company Secretary oversee processes for managing routine shareholder matters.
C.3	Major and material Transactions		
C.3.1, C.3.2 & C.3.3	Major and Material Transactions	Complied	During the year, the Company awarded the EPC contract for a Ground Mounted Solar project to related party Hayleys Fentons Limited. In compliance with CSE Rules and Section 185 of the Companies Act No. 07 of 2007, the Board disclosed all material facts and obtained shareholder approval through an ordinary resolution at an Extraordinary General Meeting. Further details are available in the Annual Report of the Board of Directors on page 109.
D	Accountability and Audit		
D.1	Financial Reporting		
D.1.1 & D.1.2	Publishing of balance and understandable information to shareholders	Complied	<p>The Company prepares balanced and transparent financial statements that provide a true and fair view on a quarterly and annual basis. These statements comply with the Companies Act No. 07 of 2007, Sri Lanka Accounting Standards, CSE Rules and SEC requirements.</p> <p>Price-sensitive public reports and statutory reports are also presented clearly and accurately as required.</p>
D.1.3	CEO's and CFO's declaration on financial statements	Complied	<p>The Joint Chief Executive Officers and the Accountant review the Financial Statements before submitting them to the Audit Committee and Board. They ensure that the entity's financial records are properly maintained and that the Financial Statements comply with the appropriate accounting standards, providing a true and fair view.</p> <p>The Responsibility Statement From Chairman, Jt CEO's and Accountant is given on page 112 of this Annual report</p>
D.1.4	Directors' Report in the Annual Report	Complied	The Annual Report of the Board of Directors on the affairs of the Company is given on pages 107 to 110 of this Annual Report which contain the required declarations.
D.1.5	Statement of Directors' and Auditor's responsibility for the Financial Statements	Complied	<p>The 'Statement of Directors' Responsibilities' for the preparation and presentation of Financial Statements is given on page 111 of this Annual Report, and the Auditor's responsibilities are set out in the 'Independent Auditors' Report' on page 114 of this Annual Report.</p> <p>The Declaration on internal controls' is given on page 110 of the Annual Report.</p>

Section I		The Company	
Code	Principle	Status	Level of compliance
D.1.6	Management Discussion and Analysis	Complied	This IAR provides a comprehensive overview of key initiatives undertaken during the year, including the business model, industry structure and developments, opportunities and threats, risk management, internal controls and their adequacy, governance, stakeholder relationships, social and environmental protection activities, financial performance, investments in physical and intellectual capital, human resources/ industrial relations, sector performance, achievements, and future prospects.
D.1.7	Summoning an EGM to notify serious loss of capital	Complied	The necessity for holding an Extraordinary General Meeting did not arise during the year under review but will be complied with if the necessity arises.
D.1.8	Related party transactions	Complied	<p>The Company has established effective mechanisms to record and disclose Related Party Transactions in compliance with CSE Listing Rules and the Code of Best Practices on Corporate Governance issued by ICASL. These transactions are documented and reviewed quarterly by the Related Party Transactions Review Committee.</p> <p>Details of related party transactions during the year are provided on pages 151 to 153 of this report.</p>
D.2	Risk Management and Internal Control		
D.2.1 Sub code: D.2.1.1, D.2.1.2 & D.2.1.3	Risk Management	Complied	<p>The Company has a risk management and internal control policy in place. As there is no separate Risk Management sub-committee, the Board, along with the Audit Committee, oversees and reviews risks that could impact the business model, future performance, solvency, or liquidity. It also assesses the effectiveness of internal controls on a quarterly basis.</p> <p>Details of the Company's risk management framework, processes, and responsibilities are provided in the Risk Management Report on pages 39 to 43.</p>
D.2.2 Sub code: D.2.2.1, D.2.2.2, D.2.2.3 & D.2.2.4	Internal Control and Internal audit function	Complied	The Company has an effective system of internal controls covering financial, operational, and compliance processes, which are periodically monitored by the Audit Committee. To support this system, the Company maintains an internal audit function and engages independent professional accounting firms to conduct internal audits. Their findings and recommendations are reported to the Audit Committee and subsequently to the Board.
D.3	Audit Committee		
D.3.1	Composition of Audit Committee	Complied	<p>The Audit Committee comprises two Independent Directors and one Non-Executive Director, chaired by an Independent Non-Executive Director.</p> <p>For details on the committee's composition, please refer the Audit Committee Report on page 99.</p>
D.3.2	Terms of Reference of the Audit Committee	Complied	<p>The Terms of Reference (TOR) of the Audit Committee have been agreed on by the Board. This addresses the purpose of the Committee, its duties and responsibilities, including its scope and functions.</p> <p>These TORs empower the committee to oversee VPE's financial reporting systems, risk management, and internal and external audits. Its responsibilities include reviewing financial statements, internal controls, accounting policies, and regulatory compliance. The committee also evaluates the independence and performance of external auditors, recommending their appointment or reappointment and approving their remuneration and terms of engagement.</p>

Corporate Governance

Section I		The Company	
Code	Principle	Status	Level of compliance
D.3.3	Disclosures of the Audit Committee	Complied	The list of members and disclosures are reported in the Audit Committee Report which is given on page 99 to 100 of this Report.
D.4	Risk Committee		
D.4.2, D.4.3 & D.4.4	Meetings and Responsibilities	Complied	The Audit Committee's scope has been expanded to include risk management responsibilities. For more details on its oversight of Risk Committee-related duties, please refer to the Audit Committee Report on page 99 of this Annual Report.
D.5	Related Party Transactions Review Committee		
D.5.1	Identification of Related Party Transaction	Complied	The related party transactions were identified and disclosed under the LKAS 24 and relevant disclosures are given on Pages 151 to 153 of this Report.
D.5.2	Composition of Related Party Transaction Committee	Complied	The related Party Transaction committee consists of two independent Non- Executive Directors with One Non-Executive Director.
D.5.3	Terms of Reference of Related Party Transaction Committee	Complied	<p>The Terms of Reference of the Related Party Transactions Review Committee has been agreed to by the Board. This addresses the purpose of the Committee, its duties and responsibilities including the scope and functions of the Committee.</p> <p>The report of Related Party Transaction Review Committee is give on the pages 102 to 103 of this report.</p>
D.6	Code of Business Conduct and Ethics		
D.6.1	Disclosure on presence of Code of Business Conduct and Ethics	Complied	<p>The Directors and Senior Management of Vallibel Power Erathna PLC are bound by the company's Internal Code of Business Conduct & Ethics. This Code covers key areas such as conflicts of interest, bribery and corruption, entertainment and gifts, accurate accounting and record-keeping, fair procurement practices, corporate opportunities, confidentiality, fair dealing, proper use of company assets (including information assets), compliance with laws and regulations (including insider trading laws), and reporting of any illegal, fraudulent, or unethical behavior.</p>  <p>The full policy is available on our website: https://www.vallibel-hydro.com/images/company-policies/internal-code-of-business-conduct-and-ethics.pdf</p>
D.6.2	Process to identify & report price sensitive information	Complied	As per the policy mentioned in D.6.1, there is a process in place to ensure that material and price sensitive information is promptly identified and reported.
D.6.3	Shares purchased by Directors and key management personnel	Complied	<p>The Company has a policy and process, managed through the Company Secretary, to monitor and disclose share purchases by any Director or key management personnel.</p> <p>Details of Directors' shareholdings can be found on page 109 of the Annual Report of the Board of Directors on the Company's affairs.</p>
D.6.4	Procedure to deal with whistle blowers' complaints	Complied	<p>According to the Company's Whistle-blowing Policy, Whistle-blower Protection Officers are designated to report any reportable conduct to Senior Management or, when necessary, to an Independent Director.</p>  <p>The full policy is available on our website: https://www.vallibel-hydro.com/images/company-policies/policy-on-whistle-blowing.pdf</p>
D.6.5	Employee Awareness on the code of business conducts and ethics	Complied	The policy referenced in D.6.1 is accessible to all employees, who can also seek clarification from the Company's Human Resources division. New employees receive an induction on this policy, and training is provided as needed.

Section I		The Company	
Code	Principle	Status	Level of compliance
D.6.7	Affirmation of Code in the Annual Report by the Chairman	Complied	The Chairman affirms that he is not aware of any violation of any of the provisions of the Code of Business Conduct and Ethics during the period of publication of this Annual Report.
D.7	Corporate Governance Disclosures		
D.7.1	Disclosure of Corporate Governance	Complied	This Report from pages 83 to 98 sets out the manner and extent to which the Company has complied with the principles and provisions of relevant Codes.

Section II		Shareholders	
Code	Principle	Status	Level of Compliance
E	Institutional Investors		
Principle E.1 Sub code: E.1.1	Dialogue with shareholders	Complied	All investors are invited to attend the Annual General Meeting and are free to make comments/suggestions on matters raised. The Company encourages dialogue with institutional investors and supports their right of using their votes at the AGM, based on the weightage they place on issues of concern to them.
Principle E.2	Evaluation of governance disclosure	Complied	Institutional investors are encouraged to give due weight to all relevant factors brought to their attention when evaluating the Company's governance arrangements, particularly in relation to Board structure and composition.
F	Other investors		
Principle F.1	Investing and divesting decisions of Individual shareholders	Complied	VPE ensures transparency through quarterly financial statements, company disclosures, and the Annual Report, enabling shareholders to make informed investment decisions. Shareholders are encouraged to seek independent advice when investing or divesting. The Board engages with shareholders at General Meetings, where voting plays a crucial role in decision-making.
Principle F.2	Individual shareholders Voting	Complied	Individual shareholders are encouraged to actively participate in the Annual General Meeting (AGM) and Extraordinary General Meetings (EGM) of the Company and exercise their voting rights. The AGM gives an ideal platform for all shareholders to meet with the Directors and obtain information and clarifications on the performance and way forward of the Company.
G	Internet of Things and Cybersecurity		
Principle G.1	Cyber security risk from sending and receiving information	Complied	The Company's Information Security measures, overseen by the Board, mitigate IT risks from internal and external threats. This includes using licensed software, monitoring internet usage, managing mail servers, employing anti-virus/firewall software, and maintaining contracts with reputable IT firms to minimise risks.
H	Sustainability: ESG Risk and Opportunities		
Principle H.1 Sub code: H.1.1	Provide the impact of ESG Risks & Opportunities for the Board	Complied	GRI 2-16 Information on significant ESG risks and opportunities are reported to the Board quarterly. This Integrated Annual Report provides detailed insights into the impact of ESG matters and associated risks.
Principle H.2 Sub code: H.2.1	Recognising significant stakeholders and material matters	Complied	The company has a structured approach to identifying key stakeholders, their concerns, and their level of interest, as detailed in the Stakeholder Engagement and Materiality Assessment sections on pages 28 and 30, respectively.

Corporate Governance

Section II		Shareholders	
Code	Principle	Status	Level of Compliance
Principle H.3 Sub code: H.3.1.1 & H.3.1.2	Environmental and Social Governance	Complied	The ESG and Sustainability Framework report (pages 44 to 47) and the "Capital Management" report (pages 48 to 81) outline the company's integrated approach to Environmental, Social, and Governance (ESG) principles.
Principle H.4 Sub code: H.4.1, H.4.2 & H.4.3	Governance structure to support sustainability/ESG factors	Complied	The Board has committed to environment, social and governance aspects as reported in ESG and Sustainability Framework from page 44 to 47.
Principle H.5 Sub code: H.5.1, H.5.2 & H.5.3	Information to enable investors and other stakeholders to assess ESG Risks and opportunities	Complied	The Board is responsible for overseeing ESG risks and addresses any emerging ESG-related risks through regular discussions. This comprehensive version of the Integrated Annual Report provides detailed insights into the identification, management, measurement, and reporting of ESG risks and opportunities.
I	Special Considerations for Listed Entities		
Principle I.1 Sub code: I.1.1, I.1.2, I.1.3 & I.1.4	Corporate Governance Policies	Complied	In accordance with CSE Rule No. 9.2.1, VPE has adopted twelve (12) policies, as stated in the "Corporate Governance Policies" section of this report (Page 86), effective from October 1, 2024. These policies are published on the company's website and made available to shareholders. Reference:  https://www.vallibel-hydro.com/about-us/corporate-governance.php No changes were made to the above policies throughout the period.
Principle I.2 Sub code: I.2.1 & I.2.2	Policy on matters relating to the Board of Directors	Complied	VPE has established and maintains a formal policy governing matters related to the Board of Directors, as published on the company's website. This policy outlines guidelines for board composition and balance, the roles of the Chairperson, Joint CEOs, and Executive Directors, as well as procedures for meetings, the Company Secretary, and board evaluations. Reference:  https://www.vallibel-hydro.com/images/company-policies/policy-on-matters-relating-to-the-board-of-directors.pdf

STATEMENT OF COMPLIANCE WITH COLOMBO STOCK EXCHANGE (CSE) LISTING RULES - SECTION 9 ON CORPORATE GOVERNANCE

The following disclosures are made in conformity with Section 9 of the Rules of the Colombo Stock Exchange which is effective from 1st October 2024;

CSE Rule No.	Rule	Compliance Status	Extent of Compliance
9.2	Policies	Complied	<p>Company maintains set of policies as per Listing Rule 9.2.1. A list of policies and level of adoption is given in Principle I.2 of Code of Best Practice on Corporate Governance compliance table of this report. (Page 86)</p> <p>Reference:</p>  https://www.vallibel-hydro.com/about-us/corporate-governance.php
9.3	Board Committees	Complied	<p>The following Board Sub-Committees are established and functioning effectively, each led by a separate chairperson distinct from the Board Chairperson.</p> <ul style="list-style-type: none"> ★ Nominations and Governance Committee ★ Remuneration Committee ★ Audit Committee ★ Related Party Transactions Review Committee <p>Please refer the respective reports of these sub committees for composition, function and responsibilities in this IAR.</p>
9.4	Democratic Principles in Shareholder Meetings: Adoption & Conduct	Complied	<p>The Company Secretary maintains accurate records of all resolutions, including proxy appointments, vote counts, and abstentions, which are accessible for review by the Exchange and SEC. The Company has a published policy on its website for effective shareholder and investor communication, featuring a designated contact point and a process to keep Directors informed of key concerns. Additionally, it adheres to guidelines for virtual and hybrid shareholder meetings, ensuring transparency and strong corporate governance.</p> <p>Reference:</p>  https://www.vallibel-hydro.com/images/company-policies/policy-on-relations-with-shareholders-and-investors.pdf
9.5	Policy on matters relating to the Board of Directors	Complied	<p>The Company adheres to a Policy on Matters Related to the Board of Directors, with no reported non-compliances during the year.</p> <p>Reference:</p>  https://www.vallibel-hydro.com/images/company-policies/policy-on-matters-relating-to-the-board-of-directors.pdf
9.6	Chairperson and CEO	Complied	<p>The Company has two joint CEOs who are not board members and operate independently of the Chairman's role. Since the Board Chairman is a non-executive Director, is not the CEO of the company, and has no relationship with the joint CEOs, a Senior Independent Director position is not required.</p>
9.7	Fitness of Directors and CEO	Complied	<p>The Company ensures that nominees recommended by the Nominations and Governance Committee meet the Listing Rules' assessment criteria. Directors and the Jt. CEOs have confirmed compliance with the Fit and Proper Assessment Criteria, as disclosed in the Nomination and Governance Committee Report on Page 104 to 105.</p>
9.8	Board Composition	Complied	<p>The Board comprises seven Directors, with three being Independent. All Non-Executive Directors (NEDs) have confirmed their independence according to the Company's criteria, in line with regulatory requirements. Each Independent Director has submitted a declaration of independence, which the Board has assessed.</p>

Corporate Governance

CSE Rule No.	Rule	Compliance Status	Extent of Compliance
9.9	Alternate Directors	Not Applicable	None of the Directors have appointed Alternate Directors.
9.10	Disclosures relating to Directors	Complied	The Board of Directors' Policy limits each Director to holding a maximum of nineteen directorships in listed companies, in addition to the Company's board. New Director appointments, including their resume, directorship capacity, and share interests, are disclosed to the Colombo Stock Exchange. Appointments are reviewed by the Nominations and Governance Committee and recommended to the Board. Any changes to Board Committees are promptly communicated to the Colombo Stock Exchange. For Director resumes and other disclosures, please refer to pages 10 to 13 and the Corporate Governance report.
9.11	Nominations and Governance Committee	Complied	<p>The Board Nominations and Governance Committee was established on 01 January 2025. It follows a formal procedure for appointing new Directors and re-electing existing Directors. The Committee has adopted a Terms of Reference outlining its scope, authority, duties, and quorum requirements for meetings.</p> <p>The functions of the committee, composition and terms of reference are provided in Nominations and Governance Committee Report on page 104 and 105.</p>
9.12	Remuneration Committee	Complied	<p>The Remuneration Committee of the Company comprises two Independent Non-Executive Directors and one Non-Executive Director. The Chairperson is an Independent Director. The remuneration Committee recommends the remuneration payable to the Directors and key management personnel. The Committee has adopted a Terms of Reference outlining its scope, authority, duties, and quorum requirements for meetings.</p> <p>The functions of the committee, composition and terms of reference are provided in Remuneration Committee Report on page 101.</p> <p>The aggregate remuneration paid to Directors and key management personnel are given in Note 30.8 to the financial statements on page 153.</p>
9.13	Audit Committee	Complied	<p>The Company's Audit Committee consists of two Independent Non-Executive Directors and one Non-Executive Director, with an Independent Director serving as Chairperson. Its scope has been expanded to include risk management in addition to Audit Committee functions. The Committee follows a Terms of Reference defining its scope, authority, duties, and quorum requirements.</p> <p>The functions of the committee, composition and terms of reference are provided in the Audit Committee Report on page 99.</p>
9.14	Related Party Transactions Review Committee (RPTRC)	Complied	<p>The Company's Related Party Transactions Review Committee consists of two Independent Non-Executive Directors and one Non-Executive Director, with an Independent Director serving as Chairperson.</p> <p>The functions of the committee, composition, affirmative declaration and terms of reference are provided are provided in RPTRC Report on page 102.</p>
9.16	Additional Disclosures	Complied	Please refer the Annual Report of the Board of Directors on the Affairs of the Company on pages 107 to 110.

REPORT OF THE AUDIT COMMITTEE

COMPOSITION

The Audit Committee of Vallibel Power Erathna PLC was reconstituted on 1st January 2025 by the Board of Directors, and the Committee comprises two Independent Non-Executive Directors and one Non-Executive Director, in compliance with Section 9.13 of the CSE Listing Rules.

As of 31st March 2025, the composition of the Committee is as follows:

Name of Director	Directorship Status
Ms. Devika Weerasinghe (Chairperson)	Independent Non-Executive
Mr. Gamini Gunaratne	Independent Non-Executive
Mr. Haresh Somashantha	Non-Executive

Brief profile of each member is available on pages 10 to 13 of this report. The Chairperson is a senior qualified Accountant, one member is a senior Chartered Accountant with expertise in financial reporting and regulatory compliance, and the other possesses leadership experience in both the private and public sectors. The Committee members bring extensive financial expertise, business acumen, and independence, ensuring effective deliberations and decisions on relevant matters.

PW Corporate Secretarial (Private) Limited serves as the Secretary to the Committee. The Chairman of the Board, two Joint Chief Executive Officers, and the Accountant attend meetings by invitation.

ROLE OF THE AUDIT COMMITTEE

The Committee operates under a written Terms of Reference, outlining its oversight responsibilities regarding financial reporting, including:

1. Reviewing quarterly and annual financial statements for integrity, transparency, accuracy, and compliance with accounting standards and regulations before submission to the Board.
2. Obtain and review assurance received from the CEOs, Accountant and other Key Management Personnel, as relevant that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances
3. Evaluating the adequacy and effectiveness of internal and external audit arrangements.
4. Recommending the appointment, reappointment, and removal of External Auditors, including their remuneration and terms of engagement.
5. Assessing the adequacy of the Company's financial risk management systems, internal controls, information systems controls, and assessing the implementation of appropriate measures to manage and mitigate risks.

MEETING OF THE AUDIT COMMITTEE

The Committee met four times during the year. The attendance record is as follows:

Before re-constitution (from 1st April 2024 to 31st December 2024)

Name of Director	Attendance
Mr. Harsha Amarasekera* (Chairman)	2/3
Mr. Prabodha Sumanasekera*	1/3
Mr. Haresh Somashantha	3/3
Mr. Shan Shanmuganathan**	3/3
Ms. Dinusha Bhaskaran*	3/3

* Ceased to be Member w.e.f. 31st December 2024 from the Audit Committee

** Resigned w.e.f. 31st December 2024 from the Board

After re-constitution (from 1st January 2025 to 31st March 2025)

Name of Director	Attendance
Ms. Devika Weerasinghe (Chairperson)*	1/1
Mr. Gamini Gunaratne*	1/1
Mr. Haresh Somashantha	1/1

* Appointed to the Board and Audit Committee w.e.f. 01st January 2025

The Board, management, external auditors, and internal auditors participated in discussions when necessary. The Committee regularly reports its proceedings to the Board, through verbal briefings by the Chairperson of the Committee, and by tabling the minutes of the Committee's meetings. Meeting documents are circulated in advance to ensure informed discussions.

AUTHORITY OF THE AUDIT COMMITTEE

- ★ Recommend the appointment, dismissal, tenure, and remuneration of external auditors.
- ★ Maintain direct communication with external auditors.
- ★ Resolve financial reporting issues between management and external auditors.
- ★ Pre-approve auditing and non-audit services provided by external and internal auditors.
- ★ Request necessary information from employees or external parties for investigations.
- ★ Meet with management and external auditors as required to fulfill its duties.

The scope of functions and responsibilities are adequately set out in the terms of reference of the Committee which has been approved by the Board and is reviewed annually.

INTERNAL AUDITS

The Committee evaluates the effectiveness of internal controls to ensure asset protection and reliability of financial reporting. Internal audit functions are outsourced to Messrs KPMG under an annual audit plan. The Committee has recommended their reappointment for the next financial year.

Report of the Audit Committee

EXTERNAL AUDITS

The Committee met with the External Auditor to discuss audit approaches, procedures, and scope. The Management Letter and company responses were reviewed to ensure appropriate follow-up actions. Non-audit services provided by the External Auditor were assessed for independence. The Committee has recommended the reappointment of M/s Deloitte Partners, Chartered Accountants, as External Auditors, with remuneration subject to approval by the Shareholders at the Annual General Meeting. M/s Deloitte Partners has been the External Auditor for two years, and the current audit partner has served for two years.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Committee reviewed major business risks, mitigation strategies, and management actions. ESG risk assessments were conducted to identify and monitor sustainability-related risks and opportunities. The Committee also assessed risk management, internal controls, business continuity planning, information security, and cyber risks, recommending necessary actions to management and the Board. The adequacy of insurance policies and audit observations for Country Energy (Pvt) Ltd, a subsidiary, were also reviewed.

COMPLIANCE

Representations and assurances were obtained from Joint CEOs, the Accountant, and the management team on the entities finances and operations including assurances regarding provisions for possible liabilities. Compliance reports were reviewed to ensure adherence to statutory requirements, including CSE Rules, Sri Lanka Financial Reporting Standards, and the Companies Act No. 07 of 2007. Regular updates on HR and legal compliance matters were also obtained.

ETHICS AND GOOD GOVERNANCE

The Committee emphasized ethical standards among employees, reinforcing policies on Business Conduct, Whistle-blowing, and Anti-Bribery & Corruption. Training programs were conducted to ensure awareness, and confidential procedures were in place for independent investigations of Whistle-blowing reports.

CONCLUSION

The Committee is of the opinion that the Company is in compliance with the relevant legal and regulatory requirements including financial reporting requirements, CSE Rules, Companies Act and SEC Act and other relevant reporting related regulations and requirements.

The Audit Committee remains committed to upholding the highest standards of corporate governance, financial integrity, and risk management. Through diligent oversight and proactive engagement with stakeholders, the Committee continues to enhance transparency and accountability in all financial and operational aspects of the Company.



Devika Weerasinghe

Chairperson

Audit Committee

30 May 2025

REPORT OF THE REMUNERATION COMMITTEE

COMPOSITION

The Remuneration Committee of Vallibel Power Erathna PLC was reconstituted on January 1, 2025, by the Board of Directors in line with Section 9 of the Corporate Governance Rules of the CSE listing Rules. The Committee now comprises two Independent Non-Executive Directors and one Non-Executive Director, in compliance with Section 9.12 of the CSE Listing Rules.

As of March 31, 2025, the Committee consists of the following members:

Name of Director	Directorship Status
Ms. Devika Weerasinghe (Chairperson)	Independent Non-Executive
Mr. Harsha Amarasekera	Non-Executive
Mr. Gamini Gunaratne	Independent Non-Executive

Prior to reconstitution Mr. Harsha Amarasekera functioned as the Chairman and Mr. Prabodha Sumanasekera as a Member of the Committee.

Brief profile of each member is available on pages 10 to 13 of this report.

The Remuneration Committee operates under well-defined Terms of Reference. All members are Non-Executive Directors and maintain independence, free from business, operational, personal, or other relationships that may compromise their unbiased judgment. PW Corporate Secretarial (Private) Limited serves as the Secretary to the Committee.

REMUNERATION POLICY

The Group's remuneration policy aims to attract, motivate, and retain a highly qualified and experienced executive team while ensuring competitive rewards aligned with industry standards. Compensation packages are structured to reflect each employee's expertise and contributions, considering business performance and shareholder returns.

ROLE OF THE REMUNERATION COMMITTEE

The Remuneration Committee is responsible for advising and assisting the Board in determining remuneration policies and overseeing Human Resources matters within the Company and the Group. Its key functions include:

- ★ Establishing the remuneration package policy for Directors.
- ★ Reviewing compensation decisions for certain senior executives.
- ★ Reviewing policies and parameters for executive staff remuneration and setting guidelines for management staff compensation, considering industry norms.
- ★ Reviewing executive pay periodically to ensure alignment with market/industry rates.
- ★ Defining and setting performance measures for incentive plans.
- ★ Assessing and recommending promotions for Key Management Personnel.
- ★ Addressing succession planning within the Company.
- ★ Seeking professional advice when necessary on remuneration and HR matters.

The recommendations of the Committee, primarily on matters relating to compensation, benefits and Bonus to its employees were arrived at through discussion with the Management and agreement of Committee Members via circular resolutions. The Committee ensures that the Company follows a fair, competitive, and performance-driven compensation structure, supporting the Company's long-term success.

DISCLOSURE ON DIRECTOR REMUNERATION

The aggregate amount of remuneration paid to the Directors of the Company during the year is disclosed in Note 30.8 of the Financial Statements of this Annual Report.



Devika Weerasinghe
 Chairperson
 Related Party Transactions Review
 Committee

30 May 2025

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

COMPOSITION

The Related Party Transactions Review Committee (RPTRC) of Vallibel Power Erathna PLC was reconstituted on January 1, 2025, by the Board of Directors. The Committee now comprises two Independent Non-Executive Directors and one Non-Executive Director, in compliance with Section 9.14 of the CSE Listing Rules.

As of March 31, 2025, the Committee consists of the following members:

Name of Director	Directorship Status
Ms. Devika Weerasinghe (Chairperson)	Independent Non-Executive
Mr. Dinesh Mendis	Independent Non-Executive
Ms. Dinusha Bhaskaran	Non-Executive

Brief profile of each member is available on pages 10 to 13 of this report.

PW Corporate Secretarial (Private) Limited serves as the Secretary to the Committee. The Chairman of the Board, two Joint Chief Executive Officers, and the Accountant attend meetings by invitation.

ROLE OF THE RPTR COMMITTEE

The RPTRC operates under a defined Charter, which outlines its purpose, membership, authority, and key responsibilities. The Committee is empowered to:

- ★ Receive reports from management and request relevant information for its oversight duties.
- ★ Establish policies for general pre-approvals of specific categories of related party transactions.
- ★ Review, assess, and determine the fairness of proposed related party transactions.
- ★ Ensure transactions align with the best interests of the Company and its shareholders.
- ★ Recommend necessary actions to the Board regarding related party transactions.
- ★ Seek assistance from legal, financial, and technical advisors as required.

RESPONSIBILITIES OF THE RPTR COMMITTEE

- ★ Review in advance all proposed related party transactions of the Company in line with regulatory and statutory thresholds and materiality
- ★ Monitoring, considering for approval and making recommendations to the Board in relation to Related Party Transactions and managing conflicts of interest;
- ★ Providing an independent review, approval and oversight of Related Party Transactions;
- ★ Establishing guidelines in respect of Recurrent Related Party Transactions for Senior Management to follow in its ongoing dealings with the relevant Related Party; and
- ★ Managing relationships with Related Parties and uphold good governance in the best interests of the Company and to ensure that the interests of Shareholders as a whole is taken into account when entering into Related Party Transactions.

MEETING OF THE RPTR COMMITTEE

The Committee met four times during the year. The attendance record is as follows:

(from 1st April 2024 to 31st December 2024)

Name of Director	Attendance
Mr. Harsha Amarasekera (Chairman)*	2/3
Mr. Shan Shanmuganathan**	3/3
Mr. Chatura Cabraal**	2/3

* Ceased to be Member w.e.f. 31st December 2024 from the RPTR Committee

** Resigned w.e.f. 31st December 2024 from the Board

(from 1st January 2025 to 31st March 2025)

Name of Director	Attendance
Ms. Devika Weerasinghe (Chairperson)*	1/1
Mr. Dinesh Mendis*	1/1
Mr. Dinusha Bhaskaran**	1/1

* Appointed to the Board and RPTR Committee w.e.f. 01st January 2025

** Appointed to the RPTR Committee w.e.f. 01st January 2025

REPORTING PROCEDURE

The Joint CEOs are responsible for reporting related party transactions to the Committee for review and to obtain the Board approval, except for those exempted under the Listing Rules. Additionally, on a quarterly basis, the Joint CEOs must submit a report to the Committee detailing related party transactions undertaken by the Company.

The Committee ensures that all related party transactions are conducted on arm's length commercial terms and do not compromise the interests of the entity or its minority shareholders. Any significant matters are escalated to the Board as needed.

REVIEW ON 2024/25 RELATED PARTY TRANSACTIONS

During the year, the Company entered into an Engineering, Procurement, and Construction (EPC) contract with Hayleys Fentons Ltd, a related party, for the development of a Ground-Mounted Solar PV Project. This was classified as a Non Recurrent Related Party Transaction in terms of of Rule 9.14.6(1)A(ii) (a) of the Listing Rules of the Colombo Stock Exchange of a value more than one third of the total assets of the Company as per the Audited Financial Statements of the Company for the Financial Year 2023/24 as well as a Major Transaction in terms of Section 185(1) (a) of the Companies Act No. 07 of 2007, as it has the effect of the Company incurring obligations and / or liabilities which is greater than half the value of the assets of the Company. The selection

of Hayleys Fentons Ltd followed a rigorous evaluation process, considering:

- ★ The company's proven capabilities and expertise in solar installations exceeding 25 MW.
- ★ Strong market presence and brand reputation.
- ★ A competitive bidding process that shortlisted three potential EPC contractors based on submitted proposals.

The RPTRC reviewed the proposed non-recurrent related party transaction in accordance with Rule 9.14.6(1)A(i) (a) of the Listing Rules of the Colombo Stock Exchange and recommended it for Board approval. Subsequently, the transaction was approved by shareholders via a Special Resolution at the Extraordinary General Meeting (EGM) held on December 31, 2024, in compliance with the Listing Rules and the Companies Act.

In addition, the Committee reviewed other recurrent related party transactions for the financial year 2024/25 and provided observations to the Board through verbal briefings, and by tabling the minutes of the Committee's meetings. It was confirmed that all transactions were recurrent, of a trading nature, and necessary for daily operations. The Committee determined that the terms of these transactions were not more favorable to related parties than those available to the public.

The Committee confirms that it has reviewed all Related Party Transactions during the financial year and has communicated its comments/observations to the Board of Directors.

Details of related party transactions for the year are provided in Note 30 to the Financial Statements, on pages 151 to 153 of this Annual Report.

DECLARATION

An affirmative declaration by the Board of Directors regarding compliance with related party transaction rules is included in the Annual Report of the Board of Directors on the Affairs of the Company, found on page 110 of this Annual Report.



Devika Weerasinghe

Chairperson

Related Party Transactions Review Committee

30 May 2025

REPORT OF THE NOMINATION AND GOVERNANCE COMMITTEE

COMPOSITION

The Nomination and Governance Committee (NGC) of Vallibel Power Erathna PLC was established on January 1, 2025, by the Board of Directors. The primary purpose of the Committee is to ensure that the Board has the appropriate balance of skills, experience, knowledge, and independence to function effectively. Additionally, the Committee evaluates the required diversity to serve the best interests of the Company and ensures the Board's composition supports this diversity.

The Committee now comprises two Independent Non-Executive Directors and one Non-Executive Director, in compliance with Section 9.11 of the CSE Listing Rules.

As of March 31, 2025, the Committee consists of the following members:

Name of Director	Directorship Status
Mr. Gamini Gunaratne (Chairman)	Independent Non-Executive
Mr. Harsha Amarasekera	Non-Executive
Ms. Devika Weerasinghe	Independent Non-Executive

The NGC operates under a Board approved Terms of Reference (TOR) defining its scope, authority, duties and matters. All members are Non-Executive Directors and maintain independence, free from business, operational, personal, or other relationships that may compromise their unbiased judgment. The Chairman is an Independent Non-Executive Director. PW Corporate Secretarial (Private) Limited serves as the Secretary to the Committee.

FUNCTIONS OF THE COMMITTEE

1. Evaluate the appointment of Directors to the Board of Directors and Board Committees of the Listed Entity. However, a member of the Nominations and Governance Committee shall not participate in decisions relating to his/her own appointment.
2. Establish and maintain a set of criteria for selection of Directors such as the academic/professional qualifications, skills, experience and key attributes required for eligibility, taking into consideration the nature of the business of the Entity and industry specific requirements.
3. Establish and maintain a formal and transparent procedure to evaluate, select and appoint/re-appoint Directors of the Listed Entity
4. Consider and recommend (or not recommend) the re-appointment/re-election of current Directors taking into account; the combined knowledge, experience, performance and contribution made by the Director to meet the strategic demands of the Listed Entity and the discharge of the Board's overall responsibilities; and, the number of directorships held by the Director in other listed and unlisted companies and other principal commitments.
5. Establish and maintain a suitable process for the periodic evaluation of the performance of Board of Directors and the joint CEOs of the Entity to ensure that their responsibilities are satisfactorily discharged.
6. Develop succession plan for Board of Directors and Key Management Personnel of the Listed Entity.
7. Review the structure, size and composition of the Board and Board Committees with regard to effective discharge of duties and responsibilities.
8. Review and recommend the overall corporate governance framework of the Listed Entity taking into account the Listing Rules of the Exchange, other applicable regulatory requirements and industry/international best practices.
9. Periodically review and update the corporate Governance Policies / Framework of the Entity in line with the regulatory and legal developments relating to same, as a best practice.
10. Receive reports from the Management on compliance with the corporate governance framework of the Entity including the Entity's compliance with provisions of the SEC Act, Listing Rules of the Exchange and other applicable laws, together with any deviations/non-compliances and the rational for same.

ROLE OF THE NOMINATION AND GOVERNANCE COMMITTEE

The main role of the Committee is to ensure that Directors/KRPs of the Company are fit and proper persons to hold office as per the criteria set out in the Listing Rules of the Colombo Stock Exchange and other relevant Statutes. The Company strives to maintain Board diversity in the range of experience, skills, age, and gender which are essential factors for effective Board performance; the profiles of the Directors capturing details are available on pages 10 to 13 of this report.

The NGC's TOR's have been formulated in line with Section 9 of the Colombo Stock Exchange rules on Corporate Governance and on Fitness and Propriety. TOR's are reviewed annually by the Board and appropriate changes made as needed to reflect compliance requirements and best practices.

The Policy for Board of Directors Selection, Appointment, Nomination, Re-Election, and Continuation outline the procedures for nominating and appointing directors to the Board. As set out in its TOR, the NGC assists the Board of Directors in fulfilling its oversight responsibility.

The Company is in the process of formulating structured Induction programs/ orientation programs to be conducted for newly appointed Directors as well as on a continuous basis on corporate governance, Listing Rules, securities market regulations and other applicable laws and regulations. However the joint CEOs provides as overview of the operational and governance structure as well as organizational awareness on company matters to the Board Members at each meeting.

The recommendations of the Committee were carried out primarily via circular resolutions during the quarter. The Committee will hold regular meetings from the financial year 2025/26.

The Company ensures that the Independent Directors are informed of major issues through a structured communication framework including

regular Board and Committee Meetings. The joint CEOs provides an overview of the operational, governance as well as organizational issues to Board Members at each meeting.

ACTIVITIES - 2024/25

Pursuant to Article 25(3) of the Company's Articles of Association, the NGC carried out a fit and proper assessment of new Board Members - Ms. Devika Weerasinghe, Mr. Gamini Gunaratne and Mr. Dinesh Mendis. Accordingly, all 03 new Directors were deemed Fit and Proper and as such eligible for re-election at the 1st Annual General Meeting following their appointment. Accordingly, shareholders will be invited to re-elect them at the upcoming Annual General Meeting.

In Terms of Article 25(10) of the Articles of the Association of the company, 1/3rd of the Directors are subject to retirement by rotation annually. Accordingly Mr. Harsha Amarasekera will be subject to retirement by rotation at the oncoming Annual General Meeting.

Disclosed in terms of Corporate Governance Rules 9.11.6 (g) - Information of Directors who are proposed to be re-elected at the Annual General Meeting 2025.

Name of Director	Date of first Appointment as Director	Date of last re-appointment	Board Committee Memberships
Mr. Harsha Amarasekera	28.04.2005	2016	★ Member - Remuneration Committee/Nomination & Governance Committee
Ms. Devika Weerasinghe	01.01.2025	1st re-appointment	★ Chairperson - Audit Committee/ Remuneration Committee/ Related Party Transactions Review Committee ★ Member - Nomination & Governance Committee
Mr. Gamini Gunaratne	01.01.2025	1st re-appointment	★ Chairman of Nomination & Governance Committee ★ Member - Audit Committee/ Remuneration Committee
Mr. Dinesh Mendis	01.01.2025	1st re-appointment	★ Member - Related Party Transactions Review Committee

Directorships/ Chairpersonships and other principal commitments both present and those held over the preceding three years in other Listed Entities appear under profiles of each Director appearing on page 10 to 13.

None of the Directors have any relationships including close family relationships between the candidate and the directors, the Listed Entity or its shareholders holding more than ten per-centum (10%) of the shares of the Listed Entity.

DECLARATION

The Committee diligently adheres to the corporate governance standards outlined in the Listing Rules of the CSE, ensuring full compliance with each provision.

Declarations were submitted by Board Members under the Appendix 9A of the Listing Rules section 9 and following this review, it was ascertained that the Independent Directors of the Board, namely Ms. Devika Weerasinghe, Mr. Dinesh Mendis and myself, effectively met the criteria for assessing independence.

In terms of Section 9.7.4 of the Listing Rules, declarations have been obtained from the 07 Directors and the 02 joint CEOs as at 31st March 2025 confirming that each of them have continuously satisfied the Fit and Proper Assessment Criteria set out in these Rules during the financial year concerned and satisfies the said criteria as at the date of such confirmation. The committee confirms that the Directors and joint CEOs of the Listed Entity satisfy the Fit and Proper Assessment Criteria stipulated in the Listing Rules of the Colombo Stock Exchange.

The Committee has evaluated the performance of Board of Directors and the joint CEOs of the Entity to ensure that their responsibilities are satisfactorily discharged and will continue to improve such evaluation processes in line with the Company requirements in future.



Mr. Gamini Gunaratne
Chairman
Nomination and Governance Committee

30 May 2025

ANNUAL FINANCIAL STATEMENTS

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FINANCIAL CALENDAR

Financial Reports	Year 2024/25		Year 2023/24	
Interim Financial Statements - 1st Quarter	August 12, 2024		August 07, 2023	
Interim Financial Statements - 2nd Quarter	November 12, 2024		November 10, 2023	
Interim Financial Statements - 3rd Quarter	February 14, 2025		February 12, 2024	
Interim Financial Statements - 4th Quarter	May 22, 2025		May 17, 2024	
Annual Report	June 05, 2025		June 04, 2024	
Dividend payments	Year 2024/25		Year 2023/24	
	Rs. Per Share	Date	Rs. Per Share	Date
Interim and Final Dividend	Rs. 0.75	September 25, 2024	Rs.1.75	March 27,2024
	Year 2024/25		Year 2023/24	
	Annual General Meeting		June 28, 2024	

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

The Directors of Vallibel Power Erathna PLC have pleasure in presenting to the shareholders their Report together with the Audited Financial Statements of the Company and the Group for the year ended 31st March 2025.

LEGAL STATUS

The Company was incorporated on 7th November 2001 under the name of “Zyrex Power Company Erathna Limited” and later changed its name to “Power Company Erathna Limited” on 14th October 2004. Thereafter, on 2nd June 2005 the name of the Company was changed to “Vallibel Power Erathna Limited”. The shares of the Company were listed on the Colombo Stock Exchange on 17th May 2006 and re-registered as per the Companies Act No. 7 of 2007 on 14th February 2008 under registration No. PQ 103.

PRINCIPAL ACTIVITY OF THE COMPANY

The principal activities of the Company are the generation and sale of hydroelectricity to the Ceylon Electricity Board.

There had been no significant changes in the nature of the activities of the Company during the financial year under review.

PRINCIPAL ACTIVITIES OF SUBSIDIARY COMPANIES

The principal activities of the Subsidiary are the generation and sale of hydroelectricity to the Ceylon Electricity Board.

There had been no significant changes in the nature of the activities of the Subsidiary during the financial year under review.

BUSINESS REVIEW

A review of the operations of the Group business during the financial year and results of those operations are contained in the Chairman’s Statement, Jt. CEO’s Review and VPE’s Operating Context reports on pages 22 and 32 respectively in this Integrated Annual Report. This report forms an integral part of the Annual Report of the Directors.

Summarised Financial Position

As at 31st March	2025 Rs. '000	2024 Rs. '000
Retained earnings brought forward	388,735	558,866
Net profit for the year	1,022,922	1,517,206
Other comprehensive Income/(loss) recognized in the accumulated profit	(8,429)	(6,340)
Dividends	(560,332)	(1,680,997)
Retained earnings carried forward	842,896	388,735

The Financial Statements of the Company and the Group are given in pages 116 to 155.

FINANCIAL STATEMENTS

The Financial Statements of the Company and the Consolidated Financial Statements of the Company and its subsidiary, duly signed by two Directors on behalf of the Board are included in this Annual Report and form part and parcel hereof.

INDEPENDENT AUDITORS’ REPORT

The Independent Report of the Auditors on the Financial Statements is attached with the Financial Statements.

STATED CAPITAL

The Stated Capital as at 31st March 2025 was Rs. 1,174,365,278/- (2023/24 – Rs. 1,174,365,278) represented by 747,109,731 ordinary shares. There were no changes in the stated capital of the Company in the year.

ACCOUNTING POLICIES

The accounting policies adopted by the Company in the preparation of Financial Statements are given on pages 121 to 131 and are consistent with those of the previous period.

RESERVES

The reserves of the Company as at 31st March 2025 stand at Rs. 842,895,543/- (2023/24- Rs. 388,735,215/-) comprising totally revenue reserves.

TAXATION

Pursuant to the Supplementary Agreement dated 8th October 2008 entered into with the Board of Investment of Sri Lanka under Section 17 of the Board of Investment Law, the Company enjoyed a tax holiday of 10 years which was ended in 14th July 2014. Currently, pursuant to the Inland Revenue (Amendment) Act, No. 45 of 2022 certified on 19th of December, 2022, the Company is liable for income tax arising from the business of the generation of hydropower and on other income at 30%.

Information relating to income tax rates of subsidiary company is shown in Note 11.3 to the Financial Statements.

STATUTORY PAYMENTS

The Directors confirm that to the best of their knowledge and belief that all statutory payments in relation to the government and the employees have been made up to date.

DIVIDENDS

The Company paid an interim and final dividend of Rs. 0.75 per share for the financial year 2024/25 on 25th September 2024.

CAPITAL EXPENDITURE

The total capital expenditure incurred on the acquisition of fixed assets during the year amounted to Rs. 258,928,931/- (2023/24-Rs. 141,000/-) details of which are given in Note 13.1 on page 136 and Note 13.3 on page 140.

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

PROPERTY, PLANT & EQUIPMENT

The movement in property, plant and equipment of the Company are given in Note 13.1 to the Financial Statements.

SHAREHOLDINGS

As at 31st March 2025 there were 7,090 registered shareholders.

MAJOR SHAREHOLDERS, DISTRIBUTION SCHEDULE AND OTHER INFORMATION

Information on the distribution of shareholding, analysis of shareholders, market values per share, earnings, dividends, net asset per share, twenty largest shareholders of the Company, public holdings as per the Listing Rules of the Colombo Stock Exchange are given on pages 162 to 163 under Investor Information and the ten year summary of the Company.

DIRECTORATE

The names of the Directors who held office as at the end of the accounting period are given below and their brief profiles appear on pages 10 to 13.

Mr. Harsha Amarasekera (Chairman)
 Mr. Prabodha Sumanasekera
 Mr. Hareesh Somashantha
 Ms. Dinusha Bhaskaran
 Mr. Dinesh Mendis
 Mr. Gamini Gunaratne
 Ms. Devika Weerasinghe

CHANGES TO THE BOARD DURING THE YEAR

Mr. Shan Shanmuganathan, Independent Non - Executive Director and Mr. Chathura V. Cabraal, Non - Executive Director, resigned from the Board on 31st December 2024.

Mr. Harsha Amarasekera and Mr. Prabodha Sumanasekera having served an aggregate period of nine (9) years on the Board of the Listed Entity from the date of the first appointment were re-designated from Independent Non - Executive Directors to

Non - Executive Directors with effect from 1st January 2025 in terms of the Corporate Governance Rules for determining independence.

Mr. Dinesh Mendis, Mr. Gamini Gunaratne and Ms. Devika Weerasinghe were appointed as Independent Non - Executive Directors of the Board from 1st January 2025.

RE-ELECTION/RETIREMENT BY ROTATION AT THE ANNUAL GENERAL MEETING 2025

Mr. Harsha Amarasekera retires by rotation in terms of Article 25(10) of the Articles of Association of the Company and being eligible and recommended by the Directors for re-election.

Mr. Dinesh Mendis, Mr. Gamini Gunaratne and Ms. Devika Weerasinghe, Directors being appointed during the year, will be eligible for re-election by the shareholders at the oncoming Annual General Meeting 2025 in terms of Articles No. 25(3) of the Articles of Association of the Company.

FIT AND PROPER ASSESSMENT OF DIRECTORS

In terms of Rule 9.7.4 of the Listing Rules of the Colombo Stock Exchange, Declarations have been obtained from the continuing Directors and the joint CEOs confirming that they have continuously satisfied the Fit and Proper Assessment Criteria set out in the Listing Rules during the financial year under review and as at the date of such Declarations.

Directors appointed during the year satisfied the Fit and Proper Assessment Criteria upon their appointment date.

Additional disclosures pertaining to Directors;

I. Material Business relationships:

None of the Directors or close family members have any material business relationships with other Directors of the Company

II. Other directorships held by the Directors:

Other directorships held by Directors are disclosed in Board of Directors Profiles on pages 10 to 13.

III. Criteria for determining Independence of Directors:

In terms of section 9.8.3 of the Listing Rules, all Non-Executive Directors have submitted declarations of their Independence/Non Independence in conformity with Appendix 9A of the Rules.

In terms of the criteria specified there in, the Board has determined that Ms. Devika Weerasinghe, Mr. Dinesh Mendis and Mr. Gamini Gunaratne meets the criteria for an Independent Director and would continue to be so during the ensuing year until their independence is impaired against any of the criteria set out in Rule 9.8.3 for which an immediate market announcement would be made.

Directors of the subsidiary company as at the end of the accounting period:

Country Energy (Private) Limited
 Mr. G A R D Prasanna
 Mr. K D A Perera
 Mr. K D H Perera
 Mr. Prabodha Sumanasekera
 Ms. Dinusha Bhaskaran

INTEREST REGISTER

The Interest Register is maintained by the Company as per the Companies Act No. 7 of 2007 and relevant disclosures have been made in the Report.

DIRECTORS' SHAREHOLDING

The Directors' Interest in shares of the Company as at 31/03/2025 and 31/03/2024 are as follows:

As at 31st March	2025	2024
Mr. Harsha Amarasekera	30	30
Mr. Prabodha Sumanasekera	150,000	150,000
Mr. Haresh Somashantha	15,000	15,000
Mr. Shan Shanmuganathan (resigned w.e.f. 31.12.2024)	Nil	NA
Mr. Chathura V. Cabraal (resigned w.e.f. 31.12.2024)	Nil	NA
Ms. Dinusha Bhaskaran	Nil	Nil
Mr. Dinesh Mendis (appointed w.e.f 01.01.2025)	NA	Nil
Mr. Gamini Gunaratne (appointed w.e.f 01.01.2025)	NA	Nil
Ms. Devika Weerasinghe (appointed w.e.f 01.01.2025)	NA	Nil

DIRECTORS REMUNERATION

The Directors Remuneration is disclosed under key management personnel compensation in Note 30.8 to the Financial Statement on Page 153.

LAND HOLDINGS

The Company and Subsidiary hold freehold lands, leasehold lands and state lands within the districts of Rathnapura, Nuwara Eliya and Matara. The details of the land holdings and building holdings are stated in the page 76 of this Integrated Annual Report.

INVESTMENTS

Details of the Company's quoted and unquoted investments as at 31st March 2025 are given in Notes 15.1 the Financial Statements on page 141.

DONATIONS

During the year the Company and Subsidiary made donations amounting to Rs. 3,298,995/- (2023/24 - Rs. 383,700/-) and Rs. 5,680,623/- (2023/24-Rs. 651,055/-) respectively.

RISK MANAGEMENT

An ongoing process is in place to identify and manage the risks that are associated with the business and operations of the Company. The Directors review this process through the Audit Committee.

Specific steps taken by the Company in managing the risks are detailed in the section on Risk Management on pages 40 to 43 of the Integrated Annual Report.

MAJOR TRANSACTIONS

During the year, the Company entered into an Engineering, Procurement, and Construction (EPC) contract valued at Rs. 1,667,919,441/- with Hayleys Fentons Ltd, a related party, for the development of a ground-mounted solar PV project. This was classified as a Major Transaction under Section 185(1)(a) of the Companies Act No. 07 of 2007, as it resulted in the Company incurring obligations and/or liabilities exceeding half the value of its total assets.

The transaction was approved by shareholders through a Special Resolution at the Extraordinary General Meeting (EGM) held on December 31, 2024, in compliance with the Companies Act.

RELATED PARTY TRANSACTIONS

The transaction referred to under "Major Transactions" was also classified as a Non-Recurrent Related Party Transaction under Rule 9.14.6 (1)(A)(i)(a) of the Listing Rules of the Colombo Stock Exchange, as its value exceeded one-third of the total assets of the

Company, based on the audited financial statements for the financial year 2023/24.

Shareholder approval for this transaction was obtained via a Special Resolution at the EGM held on December 31, 2024, in accordance with the Listing Rules.

All related party transactions of the Company during the financial year have been reviewed by the Related Party Transactions Review Committee of the Company and are in compliance with the Section 09 of the CSE Listing Rules.

CORPORATE GOVERNANCE

The Board of Directors confirm that the Company is compliant with Section 9 of the Listing Rules of the Colombo Stock Exchange.

The report on Corporate Governance is given on pages 83 to 98 of this Annual Report.

POLICIES MAINTAINED BY THE COMPANY

The Company has established and maintain the following policies in conformity with CSE Rule 9.2.1 on Corporate Governance and has disclosed the existence of such policies in the corporate website <https://vallibel-hydro.com/about-us/corporate-governance.php>.

- ★ Internal Code of Business Conduct
- ★ Policy on Board Committees
- ★ Policy on Corporate Disclosures
- ★ Policy on Environmental, Social and Governance Sustainability
- ★ Policy on relations with shareholders and investors
- ★ Policy on Risk Management and Internal Controls
- ★ Policy on Anti-Bribery and Corruption
- ★ Policy on Control and Management of Company Assets and Shareholder Investments
- ★ Policy on Corporate Governance, Nominations and Re-election
- ★ Policy on matters relating to the Board of Directors
- ★ Policy on Remuneration
- ★ Policy on Whistle-blowing

BOARD SUB COMMITTEES

The Audit Committee, Remuneration Committee, Related Party Transaction

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

Review Committee and Nomination and Governance Committee function as Board sub committees in line with the Corporate Governance Rules of the Colombo Stock Exchange, with Directors who possess the requisite qualifications and experience. The composition of the said Committees is as follows.

Audit Committee

Ms. Devika Weerasinghe
 Mr. Gamini Gunaralne
 Mr. Hareesh Somashantha

Remuneration Committee

Ms. Devika Weerasinghe
 Mr. Harsha Amarasekera
 Mr. Gamini Gunaratne

Related Party Transaction Review Committee

Ms. Devika Weerasinghe
 Mr. Dinesh Mendis
 Ms. Dinusha Bhaskaran

Nominations and Governance Committee

Mr. Gamini Gunaratne
 Mr. Harsha Amarasekera
 Ms. Devika Weerasinghe

The sub Committees were last reconstituted on the 1st of January 2025

DECLARATION

The Directors declare that the Company is in compliance with Rule 9 of the Listing Rules of the Colombo Stock Exchange effective at present pertaining to Related Party Transactions during the Financial Year ended 31st March 2025.

INTERNAL CONTROLS

The Directors acknowledge their responsibility for the Company's system of internal controls. The system is designed to give assurance, inter alia with regard to the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information generated. However, any system can only ensure reasonable and not absolute assurance that errors and irregularities are either prevented or detected within a reasonable time period.

The Board, having reviewed the system of internal controls, is satisfied with its effectiveness of these controls for the period up to the date of signing the Financial Statements.

GOING CONCERN

The Board is satisfied that the Company has adequate resources to continue its operations in the foreseeable future. For this reason we continue to adopt the going-concern basis in preparing the Financial Statements.

EVENTS OCCURRING AFTER THE DATE OF STATEMENT OF FINANCIAL POSITION

Except for the matters disclosed in Note 27 to the Financial Statements on page 150, there are no any material events have occurred since the reporting date which would require adjustments to, or disclosure in the accounts other than the disclosed above.

AUDITORS

The Financial Statements for the year ended 31st March 2025 have been audited by Messrs Deloitte Partners, Chartered Accountants who offer themselves for re-appointment.

In accordance with the Companies Act No. 07 of 2007, a resolution relating to their re-appointment and authorizing the Directors to determine their remuneration will be proposed at the forthcoming Annual General Meeting. The amounts of Rs. 1,411,281/- (2023/24 - Rs. 1,282,983/-) and Rs. 522,151/- (2023/24 - Rs. 474,683/-) are payable by the Company and Subsidiary respectively to the Auditors for the year under review comprising of Audit Fees.

Directors were aware that the Auditors do not have any relationship other than that of the Auditor with the Company.

Details of payment to Auditors of the subsidiary Companies on account of Audit Fees and for permitted financial invoices are set out in Note 10 to the Financial Statements on page 133.

ANNUAL GENERAL MEETING

The 24th Annual General Meeting of the Company will be held on the 30th of June 2025 at 3.00p.m. at The Winchester, The Kingsbury Hotel, No.48, Janadhipathi Mawatha, Colombo 01, Sri Lanka.

The Notice of the Annual General Meeting appears on page 175 of this Report.

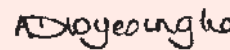
For and on behalf of the Board



Harsha Amarasekera
 Chairman



Hareesh Somashantha
 Director



PW Corporate Secretarial (Pvt) Ltd
 Secretaries

Colombo

30 May 2025

STATEMENT OF DIRECTORS RESPONSIBILITY

The responsibility of the Directors, in relation to the Financial Statements of the Company for the year ended 31st March 2025 differ from the responsibilities of the Auditors, which are set out in the Report of the Auditors on pages 113 to 115.

As per the provisions of sections 151, 153(1) and (2), 150(1) and 152(1) of the Companies Act No. 07 of 2007, the Directors are required to prepare Financial Statements for each financial year, which should give a true and fair view of the state of affairs of the Company and its subsidiaries as at the reporting date and its profit or loss for the financial year then ended, ensure that they are completed within six months or such extended period as may be determined by the Registrar General of Companies, certified by the person responsible for the preparation of the Financial Statements that it is in compliance with the said Companies Act and dated and signed on behalf of the Board by two Directors of the Company.

The Directors consider that, in preparing Financial Statements for the year ended 31st March 2025 set out on pages 116 to 155 of the Annual Report, appropriate accounting policies have been selected and applied in a consistent manner and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed. The Directors confirm that they have justified in adopting the going concern basis in preparing the Financial Statements since adequate resources are available to continue operations in the foreseeable future.

The Directors are responsible for keeping proper accounting records, which disclose reasonable accuracy, at any time, the financial position of the Company and to enable them to ensure the Financial Statements comply with the Companies Act No. 7 of 2007.

They are also responsible for safeguarding the assets of the Company 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.

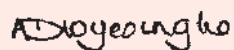
The Directors are of the view that they have discharged their responsibilities as set out in this statement.

The Financial Statements of the Company and its subsidiaries have been certified by the Accountant and Joint Chief Executive Officer of the Company, the officers responsible for their preparation as required by the Section 152 (1) (b) and they have also been signed by two Directors of the Company as required by Section 152 (1) (c) of the Companies Act.

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, in arriving at the financial results for the year under review.

For and on behalf of the Board
VALLIBEL POWER ERATHNA PLC



P W Corporate Secretarial (PVT) LTD
Secretaries

Colombo
 30 May 2025

RESPONSIBILITY STATEMENT FROM CHAIRMAN, JOINT CEOS' & ACCOUNTANT

The Financial Statements of Vallibel Power Erathna PLC and the Consolidated Financial Statements of the Group as at 31 March, 2025 have been prepared in accordance with the stipulations of the following entities:

- ★ Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka;
- ★ Companies Act No. 07 of 2007;
- ★ The Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995;
- ★ Listing Rules of the Colombo Stock Exchange;
- ★ Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka.
- ★ Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka.

Accordingly, we affirm that the accounting policies adhered to in the preparation of the Financial Statements are relevant, have been applied consistently, and present a true and fair view of the financial position and results of the Company as set out in the notes to the Financial Statements. The Audit Committee as well as our External Auditors were also kept informed and conferred with, on significant accounting policies and estimates pertaining to a high level of decision, complexity or perceived ambiguity.

We confirm that stringent systems of internal control and accounting have been implemented to enable the preparation of financial statements free from material misstatement, whether due to fraud or error, as well as to safeguard our assets. Our Internal Auditors, Messrs. KPMG, Chartered Accountants conducted periodic audits to provide assurance that the necessary policies and procedures were judiciously followed. We ensure that our policies and processes are appraised and revised continuously. It is to be noted, however, that limitations are inherent in systems of internal control and accounting and this should be taken into consideration when determining the assurances provided by them.

The Audit Committee of the Company conducts meetings with the Internal Auditors and the Independent Auditors periodically or more often if deemed necessary, to review the audits and discuss issues pertaining to auditing, internal control and financial reporting. The Company provides the Independent Auditors and the Internal Auditors with unlimited access to the Audit Committee for this purpose.

Our Financial Statements were audited by Messrs Deloitte Partners, Chartered Accountants, the Independent External Auditors whose report is provided from pages 113 to 115 in this Annual Report. The Audit Committee reviews the audit and non-audit services provided by the External Auditor periodically, to ensure that provision of these services in no way impede their independence.

We hereby declare that the Company and its subsidiaries are fully compliant with all applicable laws, regulations, and legal requirements and that there have been no instances of non-compliance or pending material litigation against the Group. Therefore, consequent to due inquiry and having taken into account the financial position and future prospects of the Company and of the Group, we have a reasonable expectation that the Company and the Group have adequate resources to continue to be in operational existence for the foreseeable future.



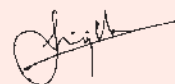
Harsha Amarasekera
Chairman



Russell De Zilva
Jt. CEO



Aruna Dheerasinghe
Jt. CEO



Sajithra Thanoj
Accountant

30 May 2025

INDEPENDENT AUDITOR'S REPORT



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To the Shareholders of Vallibel Power Erathna PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Vallibel Power Erathna PLC (the Company) and the consolidated financial statements of the Company and its subsidiary (the Group), which comprise the statement of financial position as at 31 March 2025, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements of the Company and the consolidated financial statements of the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2025, 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 Company and the Group in accordance with the Code of Ethics for Professional Accountants issued by the Institute of Chartered

Accountants of Sri Lanka ("CA Sri Lanka Code of Ethics") and we have fulfilled our other ethical responsibilities in accordance with the CA Sri Lanka Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

THE GROUP:

Key audit matter	How our audit addressed the Key audit matter
Estimation of useful life period of items of asset categories in Property, Plant & Equipment <i>(Refer Accounting Policy 2.17 and Note 13 to the financial statements)</i> The items of asset categories in property, plant and equipment of the Group are depreciated on the straight-line method by systematically allocating the depreciable amount of the individual asset categories over their useful lives, as estimated by the management. These estimations are based on changes in the expected level and period(s) of usage, technological developments and obsolescence, level of wear and tear which involves a high degree of judgement and could affect the depreciation expense and carrying value of the property, plant and equipment in the financial statements.	The following audit procedures were performed on the management's estimation of useful life periods of asset categories under Property, Plant & Equipment: <ul style="list-style-type: none"> ★ We obtained the understanding of management's policies and procedures developed over the estimation of the remaining useful lives of plant & machinery. ★ We assessed the reasonableness of management assumptions and judgement applied in developing expectations of remaining useful lives of plant & machinery and checked the agreement terms in the power purchase agreements entered. ★ We compared the depreciation policies, including estimated useful lives of asset categories, adopted by other comparable/ similar mini hydro power plant operators.

C S Manoharan FCA, T U Jayasinghe FCA, M D B Boyagoda FCA, H A C H Gunarathne FCA, M P M T Gunasekara FCA, N R Gunasekera FCA, M S J Henry FCA, M M R Hilmy FCA, H P V Lakdeva FCA, K M D R P Manatunga ACA, M M M Manzeer FCA, L A C Tillekeratne ACA, D C A J Yapa ACA

Regd. Office: P.O. Box 918, 100 Braybrooke Place, Colombo 02, Sri Lanka. Reg. No.: w/4179

Independent Auditor's Report



THE GROUP (CONTD.)

Key audit matter	How our audit addressed the Key audit matter
We considered the estimation of the useful life period of asset categories as a Key Audit Matter, since the carrying value of property, plant and equipment of Rs. 1,914 Mn, is substantial as at the statement of financial position date as it represents 61% of the total assets of the Group and also due to the level of judgement required to estimate the useful life.	<ul style="list-style-type: none"> ★ We checked the arithmetical accuracy of the depreciation recorded during the year.

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

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional scepticism 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's and the Group's internal control.

Deloitte.

- ★ 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 Company's and 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 of the Company and the consolidated financial statements of the Group or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company/ 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 of the Company and the consolidated financial statements of the Group 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 relevant ethical requirements 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, actions taken to eliminate threats or safeguards applied.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 3991.

Deloitte Perera

CHARTERED ACCOUNTANTS
Colombo

30 May 2025

STATEMENT OF PROFIT OR LOSS

For the year ended 31 March	Note	Company		Group	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Revenue from contracts with customers	6	337,542,754	323,912,381	1,376,054,670	1,475,248,843
Direct costs	10	(64,882,537)	(60,921,402)	(184,603,927)	(175,790,956)
Gross profit		272,660,217	262,990,979	1,191,450,743	1,299,457,887
Other income	7	918,758,655	1,357,353,853	478,690,192	1,166,138
Administrative expenses	10	(90,221,214)	(69,466,069)	(191,676,882)	(154,204,281)
Other operating expenses	10	(5,964,562)	(2,402,251)	(11,876,671)	(3,201,392)
Operating profit		1,095,233,096	1,548,476,513	1,466,587,382	1,143,218,352
Finance income	8	30,617,315	38,784,386	84,479,890	128,248,007
Finance costs	9	(176,812)	(350,031)	(4,292,849)	(4,522,525)
Finance income - net		30,440,503	38,434,355	80,187,041	123,725,482
Profit before income tax		1,125,673,599	1,586,910,868	1,546,774,423	1,266,943,834
Income tax expense	11.1	(102,751,717)	(69,704,276)	(436,944,141)	(485,193,786)
Profit for the period		1,022,921,882	1,517,206,590	1,109,830,282	781,750,048
Profit is attributable to:					
Owners of Vallibel Power Erathna PLC		1,022,921,882	1,517,206,590	979,017,433	670,524,648
Non-controlling interests		-	-	130,812,849	111,225,400
		1,022,921,882	1,517,206,590	1,109,830,282	781,750,048
Earnings per share for profit attributable to the ordinary equity holders of the company:					
Basic earnings per share	12	1.37	2.03	1.31	0.90
Dividend per share	26	0.75	1.75	0.75	1.75

The notes on pages 121 to 155 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March	Note	Company		Group	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Profit for the period		1,022,921,882	1,517,206,590	1,109,830,282	781,750,048
Other comprehensive income					
<i>Items that will not be reclassified to profit or loss</i>					
Remeasurement of retirement benefit obligation	23	(12,041,795)	(9,057,216)	(17,109,058)	(14,343,436)
Deferred tax effect on the remeasurement of retirement benefit obligation	11.2	3,612,539	2,717,165	4,372,628	3,510,099
Deferred tax impact on revaluation surplus of land		-	-	-	-
Other comprehensive income for the period, net of tax		(8,429,256)	(6,340,051)	(12,736,430)	(10,833,337)
Total comprehensive income for the period		1,014,492,626	1,510,866,539	1,097,093,852	770,916,711
Total comprehensive income for the period is attributable to:					
Owners of Vallibel Power Erathna PLC		1,014,492,626	1,510,866,539	966,832,322	660,266,451
Non-controlling interests		-	-	130,261,530	110,650,260
		1,014,492,626	1,510,866,539	1,097,093,852	770,916,711

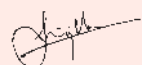
The notes on pages 121 to 155 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 March	Note	Company		Group	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
ASSETS					
Non-current assets					
Property, plant and equipment	13	777,874,681	653,926,067	1,913,794,778	1,836,795,971
Capital Work-in Progress	13.3	103,595,309	-	103,595,309	-
Right-of-use assets	14	1,135,973	1,277,970	30,296,321	33,857,897
Investment in subsidiary	15.1	821,619,980	821,619,980	-	-
Intangible assets	16	4,055,907	4,340,532	22,994,661	33,635,953
Other non-current asset	17	-	-	4,500,000	4,500,000
Total non-current assets		1,708,281,850	1,481,164,549	2,075,181,069	1,908,789,821
Current Assets					
Inventories	18	6,626,822	4,214,329	26,597,627	16,998,201
Trade and other receivables	19	25,658,858	18,050,555	102,936,185	111,570,760
Amount due from related parties	20	6,219,012	4,145,085	2,746,067	1,578,535
Cash and cash equivalents	21	542,980,238	354,470,664	931,760,488	873,886,218
Total current assets		581,484,930	380,880,633	1,064,040,367	1,004,033,714
Total assets		2,289,766,780	1,862,045,182	3,139,221,436	2,912,823,535
EQUITY					
Stated capital	22	1,174,365,278	1,174,365,278	1,174,365,278	1,174,365,278
Retained earnings		842,895,543	388,735,215	1,252,560,268	846,060,244
Capital and reserves attributable to owners of Vallibel Power Erathna PLC		2,017,260,821	1,563,100,493	2,426,925,546	2,020,425,522
Non-controlling interests		-	-	178,619,814	184,256,307
Total equity		2,017,260,821	1,563,100,493	2,605,545,360	2,204,681,829
LIABILITIES					
Non-current liabilities					
Retirement benefit obligations	23	53,471,376	36,090,205	77,946,484	53,051,569
Deferred tax liabilities	24	169,140,104	184,020,953	203,555,606	218,731,691
Lease liabilities	14	1,461,100	1,768,118	38,804,799	40,328,804
Total non-current liabilities		224,072,580	221,879,276	320,306,889	312,112,065
Current liabilities					
Accruals and other payables	25	27,465,241	57,041,018	128,452,725	299,088,023
Lease liabilities	14	176,812	-	1,452,300	2,497,463
Current tax liabilities		20,791,326	20,024,395	83,464,162	94,444,156
Total current liabilities		48,433,379	77,065,413	213,369,187	396,029,642
Total equity and liabilities		2,289,766,780	1,862,045,182	3,139,221,436	2,912,823,535

The notes on pages 121 to 155 form an integral part of these financial statements.

We certify that these financial statements have been prepared in compliance with the requirements of the Companies Act, No. 07 of 2007




Sajithra Thanoj
Accountant



Russell De Silva
Jt. CEO

The Board of Directors is responsible for the preparation and presentation of these financial statements.

Approved and signed for and on behalf of the Board of Directors.



Harsha Amarasekera
Chairman



Haresh Somashantha
Director

30 May 2025

STATEMENT OF CHANGES IN EQUITY

Company	Stated capital Rs.	Retained earnings Rs.	Total Rs.
Balance as at 1 April 2023	1,174,365,278	558,865,571	1,733,230,849
Profit for the period	-	1,517,206,590	1,517,206,590
Other comprehensive income	-	(6,340,051)	(6,340,051)
Total comprehensive income for the period		1,510,866,539	1,510,866,539
Transactions with owners in their capacity as owners:			
Interim dividend for the financial year 2023/24	-	(1,307,442,029)	(1,307,442,029)
Final dividends for the financial year 2022/23		(373,554,866)	(373,554,866)
Dividends paid		(1,680,996,895)	(1,680,996,895)
Balance as at 31 March 2024	1,174,365,278	388,735,215	1,563,100,493
Profit for the period	-	1,022,921,882	1,022,921,882
Other comprehensive income	-	(8,429,256)	(8,429,256)
Total comprehensive income for the period		1,014,492,626	1,014,492,626
Transactions with owners in their capacity as owners:			
Interim and final dividend for the financial year 2024/25		(560,332,298)	(560,332,298)
Dividends paid	-	(560,332,298)	(560,332,298)
Balance as at 31 March 2025	1,174,365,278	842,895,543	2,017,260,821

Group	Stated Capital Rs.	Retained earnings Rs.	Non-controlling interests Rs.	Total Rs.
Balance as at 1 April 2023	1,174,365,278	1,866,790,688	307,716,088	3,348,872,054
Profit for the period	-	670,524,648	111,225,400	781,750,048
Other comprehensive income	-	(10,258,197)	(575,140)	(10,833,337)
Total comprehensive income for the period		660,266,451	110,650,260	770,916,711
Transactions with owners in their capacity as owners:				
Interim dividend for the financial year 2023/24		(1,307,442,029)	(182,720,032)	(1,490,162,061)
Final dividends for the financial year 2022/23	-	(373,554,866)	(51,390,009)	(424,944,875)
Dividends paid	-	(1,680,996,895)	(234,110,041)	(1,915,106,936)
Balance as at 31 March 2024	1,174,365,278	846,060,244	184,256,307	2,204,681,829
Profit for the period	-	979,017,433	130,812,849	1,109,830,282
Other comprehensive income	-	(12,185,111)	(551,319)	(12,736,430)
Total comprehensive income for the period		966,832,322	130,261,530	1,097,093,852
Transactions with owners in their capacity as owners:				
Interim and final dividend for the financial year 2024/25		(560,332,298)	(135,898,023)	(696,230,321)
Dividends paid	-	(560,332,298)	(135,898,023)	(696,230,322)
Balance as at 31 March 2025	1,174,365,278	1,252,560,268	178,619,814	2,605,545,360

The notes on pages 121 to 155 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 March	Note	Company		Group	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Cash flows generated from operating activities					
Profit before income tax		1,125,673,599	1,586,910,868	1,546,774,423	1,266,943,834
Adjustments for					
Amortization of intangible assets	16	284,625	284,625	10,641,292	10,641,292
Depreciation of right-of-use assets	14.2	141,997	561,709	3,561,578	4,263,339
Depreciation of property, plant and equipment	13	31,352,982	31,348,016	78,708,810	79,189,512
Provision for retirement benefits obligation	23	7,340,312	5,776,174	11,105,596	8,839,990
Dividend income	7	(787,250,430)	(1,356,187,715)	-	-
Gain on disposal of property, plant & equipment		32,025	-	32,025	-
Adjustment for Property, Plant & Equipment		-	-	250	(8,909)
Finance income	8	(30,617,315)	(38,784,386)	(84,479,890)	(128,248,007)
Finance costs	9	176,812	350,031	4,292,849	4,522,525
Operating profit before working capital changes		347,134,607	230,259,322	1,570,636,933	1,246,143,576
(Increase)/ Decrease in Inventories		(2,412,493)	(645,327)	(9,599,426)	(1,096,556)
(Increase) / Decrease in trade and other receivables		(10,376,940)	333,032,031	6,472,955	1,121,451,517
(Increase) / Decrease in amounts due from related parties		(1,802,457)	(29,534)	(896,062)	170,942
Increase / (Decrease) in trade and other payables		(29,575,777)	42,820,587	(175,435,299)	254,794,997
Cash generated from operations		302,966,940	605,437,079	1,391,179,101	2,621,464,476
Finance interest paid		(176,812)	(246,597)	(672,783)	(764,288)
Finance interest received		33,385,953	37,483,428	86,641,504	131,266,491
Retirement benefit obligations paid	23	(2,272,406)	(229,549)	(3,591,208)	(2,506,896)
Income taxes paid		(113,253,097)	(76,761,285)	(458,727,589)	(457,540,356)
Net cash inflow from operating activities		220,650,578	565,683,076	1,014,829,025	2,291,919,427
Cash flows from investing activities					
Payments for property, plant and equipment		(258,928,931)	(141,000)	(259,335,200)	(530,742)
Dividend received		787,250,430	1,356,187,715	-	-
Net cash inflow / (outflow) from investing activities		528,321,499	1,356,046,715	(259,335,200)	(530,742)
Cash flows from financing activities					
Dividends paid to company's shareholders		(560,332,298)	(1,680,996,895)	(696,230,321)	(1,915,106,936)
Principal elements of lease payments		(130,205)	(443,255)	(1,389,234)	(1,956,674)
Net cash (outflow) from financing activities		(560,462,503)	(1,681,440,150)	(697,619,555)	(1,917,063,610)
Net increase / (decrease) in cash and cash equivalents		188,509,574	240,289,642	57,874,270	374,325,075
Cash and cash equivalents at the beginning of the financial year (Note A)		354,470,664	114,181,022	873,886,218	499,561,143
Cash and cash equivalents at end of year (Note B)		542,980,238	354,470,664	931,760,488	873,886,218
Note A					
Cash and Cash Equivalents at the Beginning of the Period					
Cash in hand & at bank		10,478,331	200,730	15,680,449	5,722,104
Investments in short-term deposits (Maturity period < 3 months)		343,992,333	113,980,292	858,205,769	493,839,039
		354,470,664	114,181,022	873,886,218	499,561,143
Note B					
Cash and Cash Equivalents at the Beginning of the Period					
Cash in hand & at bank		74,245,309	10,478,331	77,631,269	15,680,449
Investments in short-term deposits (Maturity period < 3 months)		468,734,929	343,992,333	854,129,219	858,205,769
		542,980,238	354,470,664	931,760,488	873,886,218

The notes on pages 121 to 155 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 CORPORATE INFORMATION

Vallibel Power Erathna PLC ('the Company') and Country Energy (Private) Limited ('the Subsidiary') (together 'the Group') generate and supply electricity to the National Grid via renewable energy sources. The Company manages its own mini hydropower plant situated at Erathna, Rathnapura ('Erathna') while the subsidiary operates two mini hydropower plants situated at Malwala, Rathnapura ('Denawaka') and Norton Bridge, Nuwara Eliya ('Kiriwaneliya'). The Company and the Subsidiary are limited by shares, incorporated and domiciled in Sri Lanka. The registered office of the Company is located at No. 25, Foster Lane, Colombo 10.

The financial statements are presented in Sri Lankan Rupees (LKR).

The financial statements were authorised for issue by the directors on 30 May 2025.

All press releases, financial reports and other information are available in Investor Relations page on our website: <http://vallibel-hydro.com/index.php>

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

This note provides a list of the material accounting policies adopted in the preparation of these separate and consolidated financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of Vallibel Power Erathna PLC and Country Energy (Private) Limited.

2.1 Basis of preparation

(i) Compliance with SLFRS

The financial statements of the Company and the Group have been prepared in accordance with Sri Lanka Accounting Standards, which comprise Sri Lanka Financial Reporting Standards ("SLFRS"s), Sri Lanka Accounting Standards ("LKAS"s), relevant interpretations of the Standing Interpretations Committee ("SIC") and International Financial Reporting

Interpretations Committee ("IFRIC"). Sri Lanka Accounting Standards further comprises Statements of Recommended Practices (SoRPs), Statements of Alternate Treatments (SoATs) and Financial Reporting Guidelines issued by the Institute of Chartered Accountants of Sri Lanka. The preparation of financial statements in conformity with Sri Lanka Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis.

2.2 Changes in accounting policies and disclosures

(a) New and amended standards adopted by the Company and Group

The Company and Group have applied the following standards and amendments for the first time for their annual reporting period commencing 1 April 2024.

(i) Amendment to LKAS 1, 'Presentation of Financial Statements'

The amendments specify that only the covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024

(ii) Amendments to LKAS 7, 'Statement of Cash Flows' and SLFRS 7 'Financial Instruments: Disclosures - Supplier Finance Arrangements'.

The amendment requires the Company to disclose information about its supplier finance arrangements that enable users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows.

This amendment will be effective for annual reporting periods beginning on or after 1 January 2024.

(iii) Amendments to LKAS 16, 'Leases— Lease Liability in a Sale and Leaseback'

The amendment specifies the subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in SLFRS 15 to be accounted for as a sale. The amendments require the sellerlessee to determine 'lease payments' or 'revised lease payments' such that the seller lessee does not recognize a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

(b) New accounting standards, amendments and interpretations issued but not yet adopted

(i) Amendment to SLFRS 9, 'Financial Instruments' and SLFRS 7 'Financial Instruments: Disclosure.

The amendments specifies;

- ★ when a financial liability settled using an electronic payment system can be deemed to be discharged before the settlement date;
- ★ how to assess the contractual cash flow characteristics of financial assets with contingent features when the nature of the contingent event does not relate directly to changes in basic lending risks and costs; and
- ★ new or amended disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features that do not relate directly to basic lending risks and costs.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026.

(ii) Amendments to SLFRS 18 'Presentation and Disclosure in Financial Statements

The amendment requires additional defined subtotals in the statement of profit or loss; requiring disclosures about management-defined performance measures; and adding new principles for the aggregation and disaggregation of items.

Notes to the Financial Statements

This amendment will be effective for annual reporting periods beginning on or after 1 January 2027.

(iii) Amendments to IFRS S1 'Sustainability-related Financial Information'

The amendment requires companies to disclose sustainability-related risks and opportunities, focusing on governance, strategy, and performance. It aims for consistency and comparability, supporting informed investment decisions.

This amendment will be effective for annual reporting periods beginning on or after 1 January 2026.

(iv) Amendments to IFRS S2 Climate-related Disclosures

The amendment sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.

This amendment will be effective for annual reporting periods beginning on or after 1 January 2026.

The adoption of amendments to published standards is not expected to have a material impact on the financial statements of the Group and the Company.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Group and the Company in the current or future reporting periods and on foreseeable future transactions.

2.2.1 Consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group 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 to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combination by the Group. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred to the former owners of the acquired business, and the equity interests issued by the Group, fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any Non-Controlling Interest ('NCI') in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the NCI's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Inter-company transactions balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

(ii) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-

controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate for an investment because of a loss of control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Joint Chief Executive Officers ('Jt. CEO'). Refer note 31 for further information on segment reporting.

2.4 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in 'Sri Lankan Rupees' ('LKR'), which is the Group's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the

statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- ★ assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- ★ income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- ★ all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the

net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.5 Revenue from contracts with customers

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

The Group derives revenue from the transfer of services at a point in time from the below geographical regions.

- 1) Erathna mini hydro power plant ('EMHPP')
- 2) Denawaka mini hydro power plant ('DMHPP')
- 3) Kiriwaneliya mini hydro power plant ('KMHPP')

The Group has entered into an SPPA with the CEB in order to sell energy output generated from the respective power projects. This agreement shall continue for a period of 15 years beginning on the commercial operations date. The commercial operations of each project started on 15th July 2004, 15 December 2011 and 14 February 2012 respectively. The SPPA of EMHPP has been already extended from 15th July 2019 to 15th July 2039. Further, extension of SPPAs of DMHPP and KMHPP will have to be agreed with the Ceylon Electricity Board after the expiry of the aforesaid 15 years.

The electricity units (also known as the Energy Output) generated are measured via the metering equipment (owned by the CEB) located at each power plant. The title of the Energy Output shall transfer to the CEB at the metering point upon substantially satisfying the specifications of the SPPA.

The receipts are based on the applicable tariff specified in the SPPA. The CEB is required to settle the balance due of each invoice within 30 days from the billing date.

2.6 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

2.7 Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws)

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that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.8 Leases

The Group leases various land and office premises. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease

agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- ★ fixed payments (including in-substance fixed payments), less any lease incentives receivable
- ★ variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- ★ amounts expected to be payable by the Group under residual value guarantees
- ★ the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- ★ payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- ★ where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- ★ uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases
- ★ makes adjustments specific to the lease, eg term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group entities use that rate as a starting point to determine the incremental borrowing rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- ★ the amount of the initial measurement of lease liability
- ★ any lease payments made at or before the commencement date less any lease incentives received
- ★ any initial direct costs, and
- ★ restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases of office premises and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

2.9 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- ★ fair values of the assets transferred
- ★ liabilities incurred to the former owners of the acquired business

- ★ equity interests issued by the Group
- ★ fair value of any asset or liability resulting from a contingent consideration arrangement, and
- ★ fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- ★ consideration transferred,
- ★ amount of any non-controlling interest in the acquired entity, and
- ★ acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair

value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

2.10 Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are Grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or Groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.11 Inventories

Stocks are stated at the lower of cost and net realisable value. Cost comprises direct expenses incurred to acquire the stocks. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.12 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

2.13 Trade receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance. See note 19 for further information about the Group's accounting for trade receivables and note 4.1 for a description of the Group's impairment policies.

2.14 Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified

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as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

2.15 Investments and other financial assets

(i) Classification

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

- ★ those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- ★ those to be measured at amortised cost.

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

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred

substantially all the risks and rewards of ownership.

(iii) Measurement

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

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- ★ **Amortised cost:** Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- ★ **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is

reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses), and impairment expenses are presented as separate line item in the statement of profit or loss.

- ★ **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by SLFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 4.1 for further details.

2.16 Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- ★ the amount determined in accordance with the expected credit loss model under SLFRS 9 Financial Instruments and
- ★ the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of SLFRS 15 Revenue from Contracts with Customers.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

2.17 Property, plant and equipment

All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the cost or revalued amounts of the assets, net of their residual values, over their estimated useful lives as follows:

Civil constructions	40 years
Plant & machinery	33 1/3 years
Furniture, fittings & other equipment	10 years
Generator	10 years
Project equipment	5 years
Motor Vehicle	5 years
Computers	4 years
Tools & accessories	3 years
Motor cycle	3 years
Mobile phones & accessories	2 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.10).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

2.18 Intangible assets

(i) Goodwill

Goodwill is measured as described in note 2.9. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or Groups of cash-generating units that are expected to benefit from the business combination

in which the goodwill arose. The units or Groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (Note 31).

(ii) Trademarks, licences and customer contracts

Separately acquired trademarks and licences are shown at historical cost. Trademarks, licences and customer contracts acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

(iii) Software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets where the following criteria are met:

- ★ it is technically feasible to complete the software so that it will be available for use
- ★ management intends to complete the software and use or sell it
- ★ there is an ability to use or sell the software
- ★ it can be demonstrated how the software will generate probable future economic benefits
- ★ adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- ★ the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

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(iv) Research and development

Research expenditure and development expenditure that do not meet the criteria in (iii) above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

2.19 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.20 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in profit or loss as finance costs.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until

extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.21 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

2.22 Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present

legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2.23 Employee benefits

The Group operates defined benefit post-employment scheme. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit or loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

2.24 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.25 Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- ★ the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- ★ by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- ★ the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- ★ the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

3 CRITICAL ESTIMATES, JUDGEMENTS AND ERRORS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving significant estimates or judgements are:

- ★ estimation uncertainties and judgements made in relation to lease accounting - Note (14.1)
- ★ estimation of defined benefit pension obligation - Note (23)
- ★ estimated useful life of intangible asset - Note (16)
- ★ estimated useful life of property, plant and equipment - Note (13)
- ★ estimation of Deferred tax liabilities - Note (24)

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

4 FINANCIAL RISK MANAGEMENT

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current year profit and loss information has been included where relevant to add further context.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables	Aging analysis, credit ratings	Diversification of bank deposits, regular follow-ups
Liquidity risk	Accruals and other liabilities	Rolling cash flow forecasts	Maintaining sufficient short-term deposits

The Group's risk management is predominantly controlled by the Group's treasury department under policies. The board provides written principles for overall risk management, as well as policies covering specific areas, such as credit risk and investment of excess liquidity.

4.1 Credit risk

Credit risk arises from cash and cash equivalents via deposits with banks and financial institutions, as well as credit exposures from outstanding trade receivables.

Risk management and impairment of financial assets

Credit risk is managed on a Group basis. For banks and financial institutions, only independently rated parties with a minimum rating of 'BBB' are accepted. The trade receivables are due from the Ceylon Electricity Board which is the primary government institution responsible for distributing electricity to the general public. Credit risk in relation to electricity sales to the government institution is extremely low as the probability of default is insignificant; therefore the provision for expected credit losses is immaterial in respect of receivables from this customer. Further, in the past experience the customer has not defaulted payments at any occasion. The Group maintains a regular and healthy communication relationship in order to recover all the balances due. While cash and cash equivalents are also subject to the impairment requirements of SLFRS 9, the identified impairment loss was immaterial.

Notes to the Financial Statements

4.2 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities to meet obligations when due and to close out market positions. At the end of the reporting period the Group held short-term investments at banks and financial institutions of Rs. 854,129,219 (2024 - Rs. 858,205,769) that are expected to readily generate cash inflows for managing liquidity risk.

Management monitors rolling forecasts of the Group's liquidity reserve and cash and cash equivalents (note 21) on the basis of expected cash flows. This is generally carried out at local level in the operating segments of the Group, in accordance with practice and limits set by the Group. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements.

Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances of accruals and other payables equal their carrying balances as the impact of discounting is not significant.

Group	Less than 1 year Rs.	Between 1 and 2 years Rs.	Between 2 and 5 years Rs.	Over 5 years Rs.	Total contractual cash flows Rs.
31 March 2025					
Lease liabilities	5,107,017	5,107,017	15,321,050	39,321,050	64,856,134
Accruals and other payables (excluding statutory liabilities)	38,176,383	-	-	-	38,176,383
	43,283,400	5,107,017	15,321,050	39,321,050	103,032,517
31 March 2024	Rs.	Rs.	Rs.	Rs.	Rs.
Lease liabilities	5,107,017	5,107,017	15,321,050	49,228,067	74,763,151
Accruals and other payables (excluding statutory liabilities)	44,944,824	-	-	-	44,944,824
	50,051,840	5,107,017	15,321,050	49,228,067	119,707,975
Company					
31 March 2025					
Lease liabilities	307,017	307,017	921,050	921,050	2,456,134
Accruals and other payables (excluding statutory liabilities)	24,849,297	-	-	-	24,849,297
	25,156,314	307,017	921,050	921,050	27,305,431
31 March 2024	Rs.	Rs.	Rs.	Rs.	Rs.
Lease liabilities	307,017	307,017	921,050	1,228,067	2,763,151
Accruals and other payables (excluding statutory liabilities)	17,700,721	-	-	-	17,700,721
	18,007,738	307,017	921,050	1,228,067	20,463,872

5 CAPITAL MANAGEMENT

5.1 Risk management

The Group's objectives when managing capital are to:

- ★ safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- ★ maintain an optimal capital structure to reduce the cost of capital.

The Group maintains zero debt policy. However, the Group holds significant liquid reserves to satisfy its funding requirements.

Notes to the Financial Statements

6 REVENUE FROM CONTRACTS WITH CUSTOMERS

For the year ended 31 March	Company		Group	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Electricity generation:				
Erathna MHPP	337,542,754	323,912,381	337,542,754	323,912,381
Denawakaganga MHPP	-	-	682,313,085	771,192,246
Kiriwaneliya MHPP	-	-	356,198,831	380,144,216
	337,542,754	323,912,381	1,376,054,670	1,475,248,843

7 OTHER INCOME

For the year ended 31 March	Company		Group	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Dividend income	787,250,430	1,356,187,715	-	-
Unclaimed dividend write-off	-	1,088,476	-	1,088,476
CEB Delay Interest Income	131,508,225	-	478,690,192	-
Retention write-off	-	77,662	-	77,662
	918,758,655	1,357,353,853	478,690,192	1,166,138

8 FINANCE INCOME

For the year ended 31 March	Company		Group	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Interest income from financial assets held for cash management purposes	30,617,315	38,784,386	84,479,890	128,248,007
	30,617,315	38,784,386	84,479,890	128,248,007

9 FINANCE COSTS

For the year ended 31 March	Company		Group	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Interest on lease liabilities	176,812	350,031	4,292,849	4,522,525
	176,812	350,031	4,292,849	4,522,525

10 BREAKDOWN OF EXPENSES BY NATURE

For the year ended 31 March	Company		Group	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Directors' remuneration	5,954,014	5,027,049	5,954,014	5,027,049
Auditors' remuneration	1,411,281	1,282,990	1,933,432	1,711,044
Depreciation	31,494,979	31,909,725	82,270,387	83,452,851
Amortisation	284,625	284,625	10,641,287	10,641,287
Employee benefits expenses;				
Salaries and Wages	58,179,871	50,027,926	161,447,799	138,274,891
Defined Contribution Plan Costs - EPF & ETF	5,530,047	4,544,423	15,048,532	12,327,727
Defined Benefit Plan Costs -Gratuity	7,340,312	5,776,174	11,105,595	8,839,990
Maintenance expenses	11,700,133	6,779,905	25,712,067	18,719,732
Legal & professional fees	1,399,895	2,271,696	1,640,987	3,204,035
Secretaries fees	846,093	701,461	1,209,923	1,288,618
Insurance	1,846,101	1,842,542	7,457,210	6,922,409
Shareholder related expenses	6,894,776	5,068,859	6,894,776	5,068,859
Annual fees and subscription	2,642,895	2,121,237	3,368,530	2,873,922
Vehicle rent & allowances	420,000	420,000	3,840,000	3,840,000
Fuel, travelling & transport	2,606,544	2,535,918	8,363,927	6,610,428
Utility expenses	3,361,189	3,838,222	7,370,621	6,237,111
Staff welfare	1,394,121	1,608,686	2,780,808	3,254,484
Other administrative expenses	8,540,962	4,346,031	15,540,330	11,801,126
Donation & CSR	4,264,982	905,674	10,172,591	1,604,489
New project development	89,580	1,496,576	89,580	1,496,576
Compensation	1,610,000	-	1,610,000	-
Foreign Travel	3,255,912	-	3,705,086	-
Total direct cost, administrative expenses and other operating expenses	161,068,313	132,789,721	388,157,480	333,196,629

11 INCOME TAX EXPENSE

11.1 Statement of profit or loss

For the year ended 31 March	Company		Group	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
(I) Current tax expense				
Income tax on current year profit (Note 10.3)	114,020,027	80,241,760	308,821,053	255,254,131
Group dividend tax	-	-	138,926,546	239,327,244
Less: Previous year over-provision	-	(162,051)	-	(162,051)
	114,020,027	80,079,708	447,747,599	494,419,323

Notes to the Financial Statements

11 INCOME TAX EXPENSE (CONTD.)

11.1 Statement of profit or loss (Contd.)

For the year ended 31 March	Company		Group	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
(II) Deferred tax expense				
Deferred taxation expense / (income) (Note 24)	(11,268,310)	(10,375,432)	(10,803,457)	(9,225,537)
Income tax expense reported in the statement of profit or loss	102,751,717	69,704,276	436,944,141	485,193,786

11.2 Statement of other comprehensive income

For the year ended 31 March	Company		Group	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Deferred tax effect on the remeasurement of retirement benefit obligation	(3,612,539)	(2,717,165)	(4,372,628)	(3,510,099)
Income tax expense / (income) reported in the statement of other comprehensive income	(3,612,539)	(2,717,165)	(4,372,628)	(3,510,099)

11.3 Reconciliation between taxable profit and the accounting profit

For the year ended 31 March	Company		Group	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Net profit before tax	1,125,673,599	1,586,910,868	1,546,774,423	1,266,943,834
Add: Disallowable expenses	45,017,502	39,635,944	120,140,779	115,556,478
Less: Allowable expenses	(3,373,916)	(1,798,091)	(42,037,515)	(31,358,652)
Dividend income from subsidiary	(787,250,430)	(1,356,187,715)	-	-
Total assessable income	380,066,755	268,561,008	1,624,877,687	1,351,141,660
Less: Tax exempted profit from business	-	(1,088,476)	-	(1,088,476)
Taxable income	380,066,755	267,472,532	1,624,877,687	1,350,053,184
Distribution of taxable income				
Business profit liable at 15%	-	-	1,190,948,357	993,117,032
Business profit liable at 30%	349,449,440	228,688,146	349,449,440	228,688,146
Other income liable at 24%	-	-	-	-
Other income liable at 30%	30,617,315	38,784,386	84,479,890	128,248,006
	380,066,755	267,472,532	1,624,877,687	1,350,053,184

For the year ended 31 March	Company		Group	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Income tax on business profit at 15%	-	-	178,642,254	148,173,285
Income tax on business profit at 30%	104,834,832	68,606,444	104,834,832	68,606,444
Income tax on other income at 24%	-	-	-	-
Income tax on other income at 30%	9,185,195	11,635,316	25,343,967	38,474,402
Income tax expense on liable income	114,020,027	80,241,760	308,821,053	255,254,131
Deferred taxation expense / (income) (Note 24)	(11,268,310)	(10,375,432)	(10,803,457)	(9,225,537)
Income tax expense reported in the statement of profit or loss	102,751,717	69,866,328	298,017,595	246,028,594
Effective tax rate	30%	30%	19%	19%

After the expiration of tax holiday in 2014 entitled in terms of the agreement entered into with the Board of Investment of Sri Lanka (BOI), the Company is liable to income tax in terms of prevailing Inland Revenue Act. During the year, the Company was liable to income tax on business income and other income at the tax rate of 30%.

In terms of the agreement entered into with the Board of Investment of Sri Lanka (BOI), the Subsidiary was exempted from income tax for a period of 06 years reckoned from YA 2012/13 to YA 2017/18. After the expiration of the aforesaid tax exemption period referred to above, the profits and income of the enterprise shall for any year of assessment be charged at the rate of 15% and other income is taxed at the applicable tax rate of 30%.

12. EARNINGS PER SHARE

For the year ended 31 March	Company		Group	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Profit attributable to ordinary shareholders of the company	1,022,921,882	1,517,206,590	979,017,433	670,524,648
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	747,109,731	747,109,731	747,109,731	747,109,731
Basic earnings per share (Rs.)	1.37	2.03	1.31	0.90

The diluted earnings per share is same as the basic earnings per share.

Notes to the Financial Statements

13. PROPERTY, PLANT AND EQUIPMENT

13.1 Company

	Freehold land Rs.	Civil constructions Rs.	Plant & machinery Rs.	Project equipment Rs.	Tools & accessories Rs.	Motor vehicle Rs.	Motor bicycle Rs.
Cost							
Balance as at 01.04.2023	150,000,000	530,938,434	577,692,396	1,040,898	3,109,797	8,758,500	310,660
Addition	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Balance as at 31.03.2024	150,000,000	530,938,434	577,692,396	1,040,898	3,109,797	8,758,500	310,660
Accumulated Depreciation							
Balance as at 01.04.2023	-	251,008,194	325,173,317	944,909	3,103,797	8,758,500	310,660
Charge for the year	-	13,273,461	17,330,772	56,890	6,000	-	-
Disposals	-	-	-	-	-	-	-
Balance as at 31.03.2024	-	264,281,654	342,504,089	1,001,799	3,109,797	8,758,500	310,660
Net book value as at 31.03.2024	150,000,000	266,656,780	235,188,307	39,099	-	-	-
Cost							
Balance as at 01.04.2024	150,000,000	530,938,434	577,692,396	1,040,898	3,109,797	8,758,500	310,660
Addition	154,369,271	-	-	514,460	153,240	-	-
Disposals	-	-	-	-	-	-	-
Balance as at 31.03.2025	304,369,271	530,938,434	577,692,396	1,555,358	3,263,037	8,758,500	310,660
Accumulated Depreciation							
Balance as at 01.04.2024	-	264,281,654	342,504,089	1,001,799	3,109,797	8,758,500	310,660
Charge for the year	-	13,273,461	17,330,772	55,460	51,080	-	-
Disposals	-	-	-	-	-	-	-
Balance as at 31.03.2025	-	277,555,115	359,834,861	1,057,258	3,160,878	8,758,500	310,660
Net book value as at 31.03.2025	304,369,271	253,383,319	217,857,535	498,100	102,160	-	-

The cost of fully depreciated property, plant & equipment which are still in use at the reporting date is 30,256,605/- (Rs. 31,423,002/- as at 31 March 2024.)

	Furniture & fittings Rs.	Computer Rs.	Office equipment Rs.	Fire extinguisher Rs.	Generator Rs.	Site fixtures & fittings Rs.	Web development Rs.	Mobile phones & accessories Rs.	Total Rs.
	11,019,236	2,153,975	1,867,779	908,551	1,246,000	4,148,354	1,888,305	196,287	1,295,279,171
	-	46,200	-	-	-	-	-	94,800	141,000
	-	-	-	-	-	-	-	(32,990)	(32,990)
	11,019,236	2,200,175	1,867,779	908,551	1,246,000	4,148,354	1,888,305	258,097	1,295,387,181
	9,666,410	1,791,257	1,212,078	754,971	1,246,000	4,148,354	1,888,305	139,336	610,146,088
	324,310	139,628	107,336	38,395	-	-	-	71,224	31,348,016
	-	-	-	-	-	-	-	(32,990)	(32,990)
	9,990,721	1,930,885	1,319,414	793,366	1,246,000	4,148,354	1,888,305	177,570	641,461,114
	1,028,515	269,290	548,365	115,185	-	-	-	80,526	653,926,067
	11,019,236	2,200,175	1,867,779	908,551	1,246,000	4,148,354	1,888,305	258,097	1,295,387,181
	-	161,300	95,450	-	-	-	-	39,900	155,333,621
	-	-	-	-	-	-	-	(82,000)	(82,000)
	11,019,236	2,361,475	1,963,229	908,551	1,246,000	4,148,354	1,888,305	215,997	1,450,638,803
	9,990,721	1,930,885	1,319,414	793,366	1,246,000	4,148,354	1,888,305	177,570	641,461,114
	289,711	163,044	106,739	38,395	-	-	-	44,321	31,352,982
	-	-	-	-	-	-	-	(49,975)	(49,975)
	10,280,431	2,093,929	1,426,153	831,761	1,246,000	4,148,354	1,888,305	171,916	672,764,121
	738,804	267,546	537,075	76,790	-	-	-	44,081	777,874,681

Notes to the Financial Statements

13. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

13.2 Group

	Freehold land Rs.	Civil constructions Rs.	Plant & machinery Rs.	Project equipment Rs.	Tools & accessories Rs.	Motor vehicle Rs.	Motor bicycle Rs.
Cost							
Balance as at 01.04.2023	177,181,919	1,725,144,335	1,083,774,316	5,058,456	3,358,222	20,593,500	1,306,130
Addition	-	-	-	192,042	-	-	-
Disposals	-	-	-	(58,300)	-	-	-
Balance as at 31.03.2024	177,181,919	1,725,144,335	1,083,774,316	5,192,198	3,358,222	20,593,500	1,306,130
Accumulated Depreciation							
Balance as at 01.04.2023	-	583,625,979	495,188,248	4,835,207	3,351,270	16,597,418	1,268,878
Charge for the year	-	43,136,054	32,513,229	129,996	6,000	2,200,000	-
Adjustment on Depreciation	-	-	-	-	-	-	-
Disposals	-	-	-	(58,300)	-	-	-
Balance as at 31.03.2024	-	626,762,033	527,701,477	4,906,902	3,357,270	18,797,418	1,268,878
Net book value as at 31.03.2024	177,181,919	1,098,382,302	556,072,839	285,296	952	1,796,082	37,253
Cost							
Balance as at 01.04.2024	177,181,919	1,725,144,335	1,083,774,316	5,192,198	3,358,222	20,593,500	1,306,130
Addition	154,369,271	-	-	670,090	153,240	-	-
Disposals	-	-	-	(65,892)	-	-	-
Balance as at 31.03.2025	331,551,190	1,725,144,335	1,083,774,316	5,796,396	3,511,462	20,593,500	1,306,130
Accumulated Depreciation							
Balance as at 01.04.2024	-	626,762,033	527,701,477	4,906,902	3,357,270	18,797,418	1,268,878
Charge for the year	-	43,136,053	32,513,229	175,077	51,080	1,796,082	-
Adjustment on Depreciation	-	-	-	-	-	-	-
Disposals	-	-	-	(65,892)	-	-	-
Balance as at 31.03.2025	-	669,898,087	560,214,706	5,016,087	3,408,350	20,593,500	1,268,878
Net book value as at 31.03.2025	331,551,190	1,055,246,249	523,559,610	780,309	103,112	-	37,253

The cost of fully depreciated property, plant & equipment which are still in use at the reporting date is Rs. 43,071,910/- (Rs. 40,109,435/- as at 31 March 2024).

	Furniture & fittings Rs.	Computer Rs.	Office equipment Rs.	Fire extinguisher Rs.	Generator Rs.	Site fixtures & fittings Rs.	Web development Rs.	Mobile phones & accessories Rs.	Total Rs.
	11,950,767	3,424,985	3,100,648	1,343,386	3,273,265	4,148,354	1,888,305	397,291	3,045,943,879
		75,900	141,000	-	-	-	-	121,800	530,742
	(25,435)	(49,750)	(3,960)	-	-	-	-	(32,990)	(170,435)
	11,925,332	3,451,135	3,237,688	1,343,386	3,273,265	4,148,354	1,888,305	486,101	3,046,304,186
	10,551,946	2,779,146	1,971,884	1,186,830	2,841,191	4,148,354	1,888,305	263,390	1,130,498,046
	340,772	339,144	210,007	50,276	123,402	-	-	140,632	79,189,512
	-	-	-	(8,909)	-	-	-	-	(8,909)
	(25,435)	(49,750)	(3,960)	-	-	-	-	(32,990)	(170,435)
	10,867,284	3,068,540	2,177,931	1,228,197	2,964,593	4,148,354	1,888,305	371,032	1,209,508,215
	1,058,048	382,595	1,059,757	115,189	308,672	-	-	115,069	1,836,795,973
	11,925,332	3,451,135	3,237,688	1,343,386	3,273,265	4,148,354	1,888,305	486,101	3,046,304,186
		344,050	123,440	-	-	-	-	79,800	155,739,891
		(60,700)	(15,000)	-	-	-	-	(82,000)	(223,592)
	11,925,332	3,734,485	3,346,128	1,343,386	3,273,265	4,148,354	1,888,305	483,901	3,201,820,485
	10,867,284	3,068,540	2,177,931	1,228,197	2,964,593	4,148,354	1,888,305	371,032	1,209,508,214
	340,562	303,039	152,380	38,395	123,402	-	-	79,508	78,708,810
	-	-	-	-	-	-	-	-	-
		(60,700)	(14,750)					(49,975)	(191,317)
	11,207,846	3,310,880	2,315,562	1,266,592	3,087,996	4,148,354	1,888,305	400,566	1,288,025,707
	717,486	423,605	1,030,566	76,794	185,269	-	-	83,336	1,913,794,778

Notes to the Financial Statements

13. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

13.3 Capital Work In Progress

As at 31 March	Company		Group	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Balance at the beginning of the year	-	-	-	-
Additions during the year	103,595,309	-	103,595,309	-
Capitalized during the year	-	-	-	-
	103,595,309	-	103,595,309	-

14. LEASES

14.1 Amounts Recognised in the Statements of Financial Position

As at 31 March	Company	
	2025 Rs.	2024 Rs.
Right-of-use assets		
Land	1,135,973	1,277,970
Office space	-	-
	1,135,973	1,277,970
Lease liabilities		
Current	176,812	-
Non-current	1,461,100	1,768,118
	1,637,912	1,768,118
As at 31 March	Group	
	2025 Rs.	2024 Rs.
Right-of-use assets		
Land	28,383,114	30,509,785
Office space	1,913,207	3,348,112
	30,296,321	33,857,897
Lease liabilities		
Current	1,452,300	2,497,463
Non-current	38,804,799	40,328,804
	40,257,099	42,826,267

14.2 Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

For the year ended 31 March	Company	
	2025 Rs.	2024 Rs.
Depreciation charge of right-of-use assets		
Land	141,997	205,703
Office space	-	356,006
	141,997	561,709
Interest expense (included in finance cost)	176,812	350,031

The total cash outflow for leases in 2024/25 was Rs. 307,017/- (2023/24 - Rs. 689,852/-)

For the year ended 31 March	Group	
	2025 Rs.	2024 Rs.
Depreciation charge of right-of-use assets		
Land	2,126,672	2,190,378
Office space	1,434,906	2,072,961
	3,561,578	4,263,339
Interest expense (included in finance cost)	4,292,849	4,522,525

The total cash outflow for leases in 2024/25 was Rs.2,062,017/- (2023/24 - Rs.2,720,962/-)

15. INVESTMENTS

15.1 Investment in subsidiary

Investment in subsidiaries is initially recognised at cost in the financial statements of the Company. Any transaction cost relating to acquisition of investment in subsidiaries is immediately recognised in the income statement. After the initial recognition, Investments in subsidiaries are carried at cost less any accumulated impairment losses.

As at 31 March	Company	
	2025 Rs.	2024 Rs.
Country Energy (Private) Limited		
Ownership interest held by the Company	87.2%	87.2%
Ownership interest held by non-controlling interests	12.8%	12.8%
No. of shares issued by the Subsidiary	89,250,000	89,250,000
No. of shares acquired by the Company	77,829,998	77,829,998
Value of investment by the Company (Rs.)	821,619,980	821,619,980

Notes to the Financial Statements

15. INVESTMENTS (CONTD.)

15.2 Summarised financial information of subsidiary

This information is based on amounts before the inter company eliminations,

For the year ended 31 March	Company	
	2025 Rs.	2024 Rs.
Statement of profit or loss		
Revenue from contracts with customers	1,038,511,916	1,151,336,462
Direct costs	(110,831,390)	(105,979,555)
Other income	347,181,966	-
Administration expenses	(101,455,668)	(84,738,212)
Other operating expenses	(5,912,108)	(799,142)
Finance income	53,862,575	89,463,621
Finance cost	(4,116,037)	(4,172,494)
Profit before income tax	1,217,241,254	1,045,110,681
Income tax expense	(195,265,879)	(176,162,266)
Profit for the year	1,021,975,375	868,948,415
Other comprehensive income	(4,307,173)	(4,493,287)
Total comprehensive income	1,017,668,202	864,455,128
Attributable to non controlling interest	130,261,530	110,650,256

As at 31 March	Company	
	2025 Rs.	2024 Rs.
Statement of financial position		
Non-current assets	1,172,272,115	1,224,108,168
Current assets	486,028,383	625,722,063
Total assets	1,658,300,498	1,849,830,231
Non-current liabilities	96,234,309	91,454,766
Current liabilities	168,408,777	320,311,256
Total liabilities	264,643,086	411,766,022
Net assets	1,393,657,412	1,438,064,209
Accumulated NCI	178,619,814	184,256,307

As at 31 March	Company	
	2025 Rs.	2024 Rs.
Statement of cash flows		
Net cash flows from operating activities	1,088,212,159	1,965,563,595
Net cash flows used in investment activities	(406,270)	(389,742)
Net cash flows used in financing activities	(1,063,334,029)	(1,831,138,420)
Total net cash flows	24,471,860	134,035,433
Dividend paid to non-controlling interests	(135,898,024)	(234,110,041)
Dividend per share	11.90	20.50

16. INTANGIBLE ASSETS

As at 31 March	Company		Group	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Cost				
Gross carrying amount B/F	29,692,500	29,692,500	185,042,500	185,042,500
Acquisitions during the year	-	-	-	-
Gross carrying amount C/F	29,692,500	29,692,500	185,042,500	185,042,500
Accumulated amortisation				
Accumulated amortisation B/F	25,351,968	25,067,343	151,406,547	140,765,255
Amortisation for the period	284,625	284,625	10,641,292	10,641,292
Accumulated amortisation C/F	25,636,593	25,351,968	162,047,839	151,406,547
Net carrying amount at the end of the year	4,055,907	4,340,532	22,994,661	33,635,953

The above balance represents amount paid to purchase an exclusive right to generate hydro electric power. The Group amortises this right over 15 years (first term) on a straight line basis beginning from the year of commercial operations. The Company has fully amortised its initial intangible asset of Rs. 24,000,000 during its first term of 15 years period and subsequently the company has paid Rs. 5,692,500 for the energy permit which is being amortising over its next term of 20 years period.

Notes to the Financial Statements

17. OTHER NON-CURRENT ASSET

As at 31 March	Group	
	2025 Rs.	2024 Rs.
Other receivables	4,500,000	4,500,000
	4,500,000	4,500,000

The above balance represents refundable security deposit paid to the Janatha Estate Development Board in respect of the land obtained on a lease basis for a period of 30years.

18. INVENTORIES

As at 31 March	Company		Group	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Spare Parts	6,626,822	4,214,329	26,597,627	16,998,201
	6,626,822	4,214,329	26,597,627	16,998,201

19 TRADE AND OTHER RECEIVABLES

As at 31 March	Company		Group	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Trade receivables	12,145,794	2,557,981	70,936,279	77,176,573
Advances and prepayments	6,885,165	6,534,482	13,582,429	16,162,894
Other receivables	6,627,899	8,958,092	18,417,477	18,231,293
	25,658,858	18,050,555	102,936,185	111,570,760

19.1 Age analysis of trade receivables

As at 31 March	Company		Group	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Below 30 days	8,877,684	2,557,981	48,973,645	28,458,972
30 to 60 days	3,268,110	-	21,962,634	48,717,601
60 to 180 days	-	-	-	-
Over 180 days	-	-	-	-
	12,145,794	2,557,981	70,936,279	77,176,573

19.2 Classification as trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

19.3 Fair value of trade receivables

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

19.4 Risk exposure

Information about the group's exposure to credit risk can be found in Note 5.1

20 AMOUNT DUE FROM RELATED PARTIES

As at 31 March			Company		Group	
			2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Country Energy (Private) Limited	- Kiriwaneliya MHPP	Subsidiary	1,818,853	1,118,373	-	-
	- Denewakaganga MHPP		1,654,092	1,450,610	-	-
Alternate Power Systems (Private) Limited	- Current account balance	Affiliate	2,746,067	1,576,102	2,746,067	1,576,102
Greenerwater Limited	- Current account balance	Affiliate	-	-	-	2,433
			6,219,012	4,145,085	2,746,067	1,578,535

20.1 Fair value of amounts due from related parties

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

21 CASH AND CASH EQUIVALENTS

As at 31 March		Company		Group	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Investments in short-term deposits (Maturity period < 3 months)		468,734,929	343,992,333	854,129,219	858,205,769
Cash at bank and in hand		74,245,309	10,478,331	77,631,269	15,680,449
		542,980,238	354,470,664	931,760,488	873,886,218

21.1 Reconciliation to cash flow statement

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

As at 31 March		Company		Group	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Balances as above		542,980,238	354,470,664	931,760,488	873,886,218
Balances per statement of cash flows		542,980,238	354,470,664	931,760,488	873,886,218

21.2 Classification as cash equivalents

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours' notice with no or insignificant loss of interest. Due to the short-term nature of the term deposits, their carrying amount is considered to be the same as their fair value.

Notes to the Financial Statements

21 CASH AND CASH EQUIVALENTS (CONTD.)

21.3 Restricted cash

The cash and cash equivalents disclosed above and in the statement of cash flows include LKR 44,000/- which are held by the entity. These deposits are subject to bank restrictions and are therefore not available for general use by the entity.

22 STATED CAPITAL

As at 31 March	Company		Group	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Issued and fully paid number of shares				
Ordinary shares	747,109,731	747,109,731	747,109,731	747,109,731
Value of issued and fully paid shares				
Ordinary shares	1,174,365,278	1,174,365,278	1,174,365,278	1,174,365,278

Ordinary shares have a par value of Rs. 1. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held.

The authorised share capital of the Company is 1,500,000,000.

23 RETIREMENT BENEFIT OBLIGATION

As at 31 March	Company		Group	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
At the beginning of the year	36,090,205	21,486,363	53,051,569	32,375,039
Current service cost	2,648,586	1,693,765	4,208,891	2,688,733
Interest cost	4,691,726	4,082,409	6,896,704	6,151,257
Actuarial (gain)/loss	12,041,795	9,057,216	17,109,058	14,343,436
	55,472,312	36,319,754	81,266,222	55,558,465
Gratuity payments received for those employees who transferred in	271,470	-	271,470	-
Benefits paid	(2,272,406)	(229,549)	(3,591,208)	(2,506,896)
At the end of the year	53,471,376	36,090,205	77,946,484	53,051,569

The Group operates a defined benefit plan under the regulatory frameworks in Sri Lanka under the Payment of Gratuity Act, No. 12 of 1983. The level of benefits provided depends on members' length of service and their monthly salary in each year leading up to retirement. This plan is not subject to receive inflationary increases once in payment. The Group does not maintain any trustee-administered funds instead the plan is funded by the group as and when the obligation falls due.

The weighted average duration of the retirement benefit obligation of the Company and the Subsidiary at the end of the reporting period is 7.56 years and 7.75 years respectively. The expected maturity analysis of undiscounted retirement benefit obligation is as follows:

As at 31 March	Company		Group	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Less than a year	3,131,473	2,416,807	4,631,107	3,535,044
Between 2 - 5 years	7,522,451	6,808,926	12,385,914	11,097,644
Between 5 - 10 years	35,309,621	20,655,496	41,455,614	24,745,349
Over 10 years	7,507,831	6,208,976	19,473,849	13,673,532
	53,471,376	36,090,205	77,946,484	53,051,569

Significant estimates: actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

For the year ended 31 March	Company		Group	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Discount rate	11.00%	13.00%	11.00%	13.00%
Salary growth rate	10.00%	10.00%	10.00%	10.00%
Staff turnover rate	5.00%	5.00%	5.00%	5.00%
Retirement age	60 Years	60 Years	60 Years	60 Years

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in the territory.

The sensitivity of the retirement benefit obligation to changes in the weighted principal assumptions is:

A one percentage point change in the discount rate.	Company		Group	
	Rs.	Rs.	Rs.	Rs.
As at 31 March 2025 (Increase / (Decrease))	(3,577,325)	3,964,211	(5,784,294)	6,521,817
As at 31 March 2024 (Increase / (Decrease))	(2,417,091)	2,680,521	(3,821,565)	4,299,729

A one percentage point change in the salary increment rate.	Company		Group	
	Rs.	Rs.	Rs.	Rs.
As at 31 March 2025 (Increase / (Decrease))	4,202,543	(3,847,124)	6,765,086	(6,095,166)
As at 31 March 2024 (Increase / (Decrease))	2,839,202	(2,595,541)	4,480,449	(4,039,256)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the retirement benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied in calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

Notes to the Financial Statements

23 RETIREMENT BENEFIT OBLIGATION (CONTD.)

Risk exposure

Through its retirement benefit obligation, the group is exposed to a number of risks, the most significant of which is the changes in bond yields resulting in the increase of the liabilities

24 DEFERRED TAX LIABILITY

As at 31 March	Company		Group	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
At the beginning of the year	184,020,953	197,113,550	218,731,691	231,467,326
Charge/(reversal) recognised to profit/(loss)	(11,268,310)	(10,375,432)	(10,803,457)	(9,225,537)
Charge/(reversal) recognised to other comprehensive income/(loss)	(3,612,539)	(2,717,165)	(4,372,628)	(3,510,098)
At the end of the year	169,140,104	184,020,953	203,555,606	218,731,691

24.1 Company

As at 31 March	2025		2024	
	Temporary difference Rs.	Tax effect Rs.	Temporary difference Rs.	Tax effect Rs.
As at 1 April	613,403,177	184,020,953	657,045,163	197,113,550
Amount originating/(reversing) of opening balance due to change in tax rate	-	-	-	-
Amount originating/(reversing) during the year	(49,602,830)	(14,880,849)	(43,641,986)	(13,092,597)
As at 31 March	563,800,347	169,140,104	613,403,177	184,020,953

(a) The balance comprises temporary differences attributable to:

As at 31 March	2025		2024	
	Temporary difference Rs.	Tax effect Rs.	Temporary difference Rs.	Tax effect Rs.
Company				
Retirement benefit obligation	(53,471,376)	(16,041,413)	(36,090,205)	(10,827,061)
lease liabilities	(1,637,912)	(491,374)	(1,768,117)	(530,435)
Total deferred tax assets before offsetting	(55,109,288)	(16,532,787)	(37,858,322)	(11,357,496)
Offsetting deferred tax liability on:				
Property plant and equipment	472,396,049	141,718,815	504,686,221	151,405,866
Right of use assets	1,135,973	340,792	1,197,665	359,300
Revaluation surplus on freehold land	145,377,613	43,613,284	145,377,613	43,613,284
Total deferred tax liabilities before offsetting	618,909,635	185,672,891	651,261,499	195,378,450
Deferred tax assets / (liabilities) after offsetting	563,800,347	169,140,104	613,403,177	184,020,953

24.2 Group

For the year ended 31 March	2025		2024	
	Temporary difference Rs.	Tax effect Rs.	Temporary difference Rs.	Tax effect Rs.
As at 1 April	844,808,096	218,731,691	886,070,334	231,467,326
Amount originating/(reversing) of opening balance due to change in tax rate	-	-	-	-
Amount originating / (reversing) during the year	(51,571,075)	(15,176,085)	(41,262,238)	(12,735,635)
As at 31 March	793,237,021	203,555,606	844,808,096	218,731,691

(a) The balance comprises temporary differences attributable to:

As at 31 March	2025		2024	
	Temporary difference Rs.	Tax effect Rs.	Temporary difference Rs.	Tax effect Rs.
Group				
Retirement benefit obligation	(77,946,484)	(19,712,679)	(53,051,568)	(13,371,266)
lease liabilities	(40,257,099)	(6,284,252)	(42,826,267)	(6,689,158)
Total deferred tax assets before offsetting	(118,203,583)	(25,996,931)	(95,877,835)	(20,060,423)
Offsetting deferred tax liability on:				
Property plant and equipment	735,766,670	181,224,408	761,530,726	189,932,542
Right of use assets	30,296,321	4,714,844	33,777,592	5,246,289
Revaluation surplus on freehold land	145,377,613	43,613,284	145,377,613	43,613,284
Total deferred tax liabilities before offsetting	911,440,604	229,552,536	940,685,931	238,792,115
Deferred tax assets / (liabilities) after offsetting	793,237,021	203,555,606	844,808,096	218,731,691

The applicable tax rate used to calculate the deferred tax liability of the Company for all the temporary differences is 30% (2023/24 - at 30%) and the applicable tax rate of 15% is also used for deferred tax liability of the Subsidiary (2023/24 - at 15%).

25 ACCRUALS AND OTHER PAYABLES

As at 31 March	Company		Group	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Accrued expenses	5,343,209	3,784,663	7,700,959	24,533,256
Unclaimed dividend	17,474,433	8,485,873	17,474,524	8,485,873
Other statutory liabilities	2,615,944	1,997,187	3,257,593	2,600,089
Other payables	2,031,655	5,430,185	13,000,899	11,925,695
Dividend Tax payable	-	37,343,111	87,018,750	251,543,111
	27,465,241	57,041,018	128,452,725	299,088,023

All payables are unsecured and are usually paid within 30 days of recognition.

The carrying amounts of accruals and other payables are considered to be the same as their fair values, due to their short-term nature.

Notes to the Financial Statements

26 DIVIDENDS PAID DURING THE YEAR

For the year ended 31 March	Company		Group	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Interim and final dividend for 2024/25	560,332,298	1,307,442,029	560,332,298	1,307,442,029
	560,332,298	1,307,442,029	560,332,298	1,307,442,029
Dividend per share (Rs.)	0.75	1.75	0.75	1.75

27 EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 5 February 2025, the Company signed an Offer Letter with Commercial Bank of Ceylon PLC for a loan facility of Rs. 1,372 million to finance its ongoing solar power project. Subsequent to the reporting date, on 2 May 2025, both the land acquired during the year (valued at Rs. 154,369,271.27) and the project approvals obtained for the new solar project were mortgaged to the bank as security for this facility. As these events occurred after the reporting date and does not reflect conditions that existed as at 31 March 2025, it has not been adjusted in the financial statements.

Except the above and transaction mentioned in Note 30.6, no circumstances have arisen since the balance sheet date which would require adjustments to, or disclosure in, the financial statements.

28 COMMITMENTS AND CONTINGENCIES

Capital expenditure commitments

Company has a commitment amounting to Rs. 1,667,919,441/- to be incurred for construction of 10MW Ground Mounted Solar PV project at Matara.

Except the above, there are no capital commitments as at the reporting date .

Contingencies

There are no significant contingent liabilities as at the reporting date .

29 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The group holds the following financial instruments:

29.1 Financial assets

As at 31 March	Company		Group	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Financial assets at amortised cost:				
Trade and other receivables	25,658,858	18,050,555	102,936,185	111,570,760
Amount due from related parties	6,219,012	4,145,085	2,746,067	1,578,535
Cash and cash equivalents	542,980,238	354,470,664	931,760,488	873,886,218
Total	574,858,108	376,666,303	1,037,442,740	987,035,512

29.2 Financial liabilities

As at 31 March	Company		Group	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Liabilities at amortised cost:				
Lease liabilities	1,637,912	1,768,117	40,257,099	42,826,267
Accruals and other payables	27,465,241	57,041,018	128,452,725	299,088,023
Total	29,103,153	58,809,135	168,709,824	341,914,290

The group's exposure to various risks associated with the financial instruments is discussed in note 5. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

30 RELATED PARTY DISCLOSURES

30.1 Parent

The group is controlled by the following parties:

Name	Type	Place of incorporation	Ownership interest	
			31 March 2025	31 March 2024
Vallibel Power Limited	Immediate parent entity	Sri Lanka	40.08%	40.08%

30.2 Subsidiaries

Interests in subsidiaries are set out in Note 15.1

30.3 Transactions with the related parties by the Company

Company	Relationship	Nature of Transaction	Aggregate amount of transactions for the year ended 31 March	
			2025 Rs.	2024 Rs.
Country Energy (Private) Limited (CEPL)	Subsidiary	Net operating expenses incurred on behalf of CEPL	(44,039,091)	(34,665,846)
		Reimbursement of expenses by CEPL	43,135,128	34,509,793
		Dividend received from CEPL	787,250,430	1,356,187,715
Vallibel Finance PLC	Affiliate	Investment in fixed deposits	(244,105,122)	(35,087,335)
		Withdrawals of fixed deposits	163,965,766	37,212,319
		Interest received	3,849,578	91,756
Alternate Power Systems (Private) Limited (APSL)	Affiliate	Net operating expenses incurred on behalf of APSL	(29,064,959)	(22,348,954)
		Reimbursement of expenses by APSL	27,894,993	22,475,474
Hayleys PLC	Affiliate	Payment of ground rent, electricity, parking	(5,868,399)	(6,300,063)

Notes to the Financial Statements

30 RELATED PARTY DISCLOSURES (CONTD.)

30.4 Transactions with the related parties by the Subsidiary

Company	Relationship	Nature of Transaction	Aggregate amount of transactions for the year ended 31 March	
			2025 Rs.	2024 Rs.
Vallibel Finance PLC	Affiliate	Investment in fixed deposits	(429,000,000)	(208,845,627)
		Withdrawals of fixed deposits	344,998,081	276,120,247
		Interest received	17,763,431	945,769
Greenerwater Ltd (GWL)	Affiliate	Net operating expenses incurred on behalf of GWL	-	(161,903)
		Reimbursement of expenses by GWL	-	176,316
Alternate Power Systems (Private) Limited (APSL)	Affiliate	Net operating expenses incurred on behalf of APSL	208,541	273,995
		Reimbursement of expenses by APSL	(208,541)	(304,004)

The above transactions were carried out on normal trading terms.

30.5 Terms and conditions

Transactions relating to dividends were on the same terms and conditions that applied to other shareholders. Outstanding balances are unsecured and are repayable in cash. All other related party transactions are carried out in the ordinary course of business on an relevant commercial terms.

30.6 Non-recurrent related party transactions

During the year, the Company entered into an Engineering, Procurement, and Construction (EPC) contract valued at Rs. 1,667,919,441/- with Hayleys Fentons Ltd, a related party, for the development of a ground-mounted solar PV project. This was classified as a Non-Recurrent Related Party Transaction under Rule 9.14.6(1)A(i)(a) of the Listing Rules of the Colombo Stock Exchange, as the transaction value exceeded one-third of the Company's total assets according to the Audited Financial Statements for the financial year 2023/24. It was also considered a Major Transaction under Section 185(1)(a) of the Companies Act No. 07 of 2007, as it resulted in the Company incurring obligations and/or liabilities exceeding half the value of its total assets.

The transaction was approved by shareholders through a Special Resolution at the Extraordinary General Meeting (EGM) held on December 31, 2024, in compliance with the Listing Rules and the Companies Act. The first payment obligation under this transaction, amounting to Rs. 313,421,936/-, was made to the contractor on May 15, 2025.

Except for the above, there were no non recurrent related party transactions which in aggregate value exceeded 10% of the equity or 5% of the total assets which ever is lower of the Company as per 31 March 2025 audited financial statements.

30.7 Recurrent related party transactions

There were recurrent related party transactions which in aggregate value exceeded 10% of the gross revenue/income of the Company as per 31 March 2025 audited financial statements. Details of related party disclosures are as follows,

Name of the related party - Vallibel Finance PLC

Relationship - Affiliate

Nature of transaction - Investment in fixed deposits

For the year ended 31 March	2025 Rs.	2024 Rs.
Aggregate value of related party transactions entered into during the financial year	244,105,122	35,087,335
Consolidated Revenue as per latest audited financial statements	1,376,054,670	1,475,248,843
Aggregate value of related party transactions as a % of net revenue/income	18%	11%

30.8 Transactions with the key management personnel of the Company

The key management personnel are the members of the Board of Directors and the Jt. CEOs of Vallibel Power Erathna PLC.

Short-term employee benefits

For the year ended 31 March	2025 Rs.	2024 Rs.
Directors' emoluments	5,954,014	5,027,049
Other key management personnel	16,484,024	13,343,154

Post-employment benefits

For the year ended 31 March	2025 Rs.	2024 Rs.
Other key management personnel	3,977,091	3,148,910

No other significant transactions had taken place during the year with the parties/entities in which key management personnel or their close family members were involved.

30.9 Outstanding balances arising from the related party transactions

Information on the outstanding balances arising from the related party transactions are set out in note 20.

Notes to the Financial Statements

31. SEGMENT INFORMATION

	EMHPP		DMHPP	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Revenue from contracts with customers	337,543	323,912	682,313	771,192
Direct costs	(64,883)	(60,921)	(68,359)	(63,702)
Gross profit	272,660	262,991	613,954	707,491
Other income	918,759	1,357,354	211,931	-
Administrative expenses	(90,221)	(69,466)	(62,511)	(52,346)
Other expenses	(5,965)	(2,402)	(3,129)	(257)
Finance income	30,617	38,784	39,280	52,721
Finance cost	(177)	(350)	(4,116)	(4,170)
Profit before tax	1,125,674	1,586,911	795,408	703,440
Tax expenses	(102,752)	(69,704)	(126,644)	(116,835)
Profit after tax	1,022,922	1,517,207	668,765	586,605
Other comprehensive income / (loss)	(8,429)	(6,340)	(3,627)	(3,641)
Total comprehensive income	1,014,493	1,510,867	665,137	582,964
Segmental assets				
Non-current assets	1,708,282	1,481,165	639,989	668,712
Current assets	581,485	380,881	428,991	548,564
Total assets	2,289,767	1,862,045	1,068,980	1,217,276
Segmental liabilities				
Lease liabilities	1,461	1,768	37,344	41,058
Deferred tax liability/(asset)	169,140	184,021	16,047	17,874
Retirement benefit obligations	53,471	36,090	19,442	13,539
Current liabilities	48,433	77,065	116,790	206,348
Total liabilities	272,506	298,945	189,623	278,820
Other segment information				
Total depreciation	31,494	31,910	27,928	28,152
Amortisation	285	285	1,000	1,000
Capital expenditure	258,929	141	206	362

The Jt. CEOs examine the group's performance from a geographic perspective and have identified three reportable segments of its business:

- 1) Erathna mini hydro power plant ('EMHPP')
- 2) Denawaka mini hydro power plant ('DMHPP')
- 3) Kiriwaneliya mini hydro power plant ('KMHPP')

The Jt. CEOs primarily use a measure of operating profit to assess the performance of the operating segments. However, the Jt. CEOs also receive the information about the segments' revenue and assets on a quarterly basis.

KMHP		Group adjustments		Total	
2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
356,199	380,144	-	-	1,376,055	1,475,249
(42,472)	(42,278)	(8,890)	(8,890)	(184,604)	(175,791)
313,726	337,866	(8,890)	(8,890)	1,191,451	1,299,458
135,251		(787,250)	(1,356,188)	478,691	1,166
(38,944)	(32,393)	-	-	(191,676)	(154,204)
(2,783)	(542)	-	-	(11,877)	(3,201)
14,583	36,742	-	-	84,480	128,248
-	(3)	-	-	(4,293)	(4,523)
421,833	341,671	(8,890)	(8,890)	1,546,775	1,266,944
(68,622)	(59,328)	(138,927)	(239,327)	(436,944)	(485,194)
353,211	282,343	(8,890)	(8,890)	1,109,831	781,750
(680)	(852)	-	-	(12,736)	(10,833)
352,531	281,491	(8,890)	(8,890)	1,097,094	770,917
532,283	555,396	(805,372)	(796,493)	2,075,181	1,908,780
150,717	170,838	(97,152)	(96,238)	1,064,040	1,004,044
683,000	726,234	(902,524)	(892,731)	3,139,221	2,912,824
-		-	-	38,805	42,826
18,368	16,837	-	-	203,556	218,732
5,034	3,422	-	-	77,946	53,052
145,298	206,367	(97,153)	(96,248)	213,369	393,532
168,700	226,625	(97,153)	(96,248)	533,676	708,142
22,847	23,392	-	-	82,269	83,453
466	466	8,890	8,890	10,641	10,641
201	28	-	-	259,335	531



Innovation drives
our expansion which
enables us to meet
future energy needs
responsibly and
reliably.

Investing in Tomorrow

TEN YEARS FINANCIAL SUMMARY

	2024/25 Rs'000	2023/24 Rs'000	2022/23 Rs'000	2021/22 Rs'000	2020/21 Rs'000	2019/20 Rs'000	2018/19 Rs'000	2017/18 Rs'000	2016/17 Rs'000	2015/16 Rs'000
Operating Results										
Revenue	1,376,055	1,475,249	1,122,569	1,322,265	1,076,977	1,058,308	1,286,725	1,117,602	863,722	1,181,807
Gross profit	1,191,451	1,299,458	961,394	1,171,935	928,346	911,534	1,134,947	955,252	714,020	1,043,214
Other Income	478,690	1,166	2,497	471	21,485	11,735	9,275	90	536	38
Administration expenses	191,677	154,204	128,104	100,888	105,170	103,974	100,302	100,852	102,928	114,134
Finance cost	4,293	4,523	4,277	4,492	4,604	5,203	4,178	35,645	59,394	59,713
Net profit before tax	1,546,774	1,266,944	894,572	1,087,254	865,348	861,456	1,085,341	849,086	592,263	900,179
Net profit after tax	1,109,830	781,750	655,117	854,792	621,996	707,577	889,999	763,383	515,800	813,028
Funds Employed										
Stated capital	1,174,365	1,174,365	1,174,365	1,174,365	1,174,365	1,174,365	1,174,365	1,174,365	1,174,365	1,174,365
Revenue reserves	1,252,560	846,060	1,866,791	1,301,977	1,313,302	1,809,412	1,386,695	1,070,765	899,422	1,001,587
Non-controlling interest	178,620	184,256	307,716	235,676	224,790	268,079	225,877	199,340	162,695	165,859
Borrowings (Both non-current & current)	-	-	-	-	-	-	-	157,403	365,723	573,723
Lease Liability (Both non-current & current)	40,257	42,826	41,297	46,368	51,278	42,732	-	-	-	-
	2,645,802	2,247,508	3,390,169	2,758,386	2,763,735	3,294,588	2,786,937	2,601,874	2,602,205	2,915,534
Assets Employed										
Non Current Assets	2,075,181	1,908,790	1,997,817	2,092,950	2,188,506	2,270,177	2,302,316	2,403,789	2,490,496	2,575,812
Current Assets	1,064,040	1,004,034	1,753,253	956,987	874,349	1,282,648	769,888	401,848	254,801	529,048
Current Liabilities	(211,917)	(393,532)	(97,058)	(132,393)	(126,433)	(104,483)	(147,780)	(64,488)	(42,929)	(90,057)
Retirement Benefit Obligations	(77,946)	(53,052)	(32,375)	(31,671)	(41,162)	(32,121)	(25,240)	(25,946)	(18,786)	(16,407)
Diferred tax liability	(203,556)	(218,732)	(231,467)	(127,488)	(131,525)	(121,632)	(112,246)	(113,329)	(81,378)	(82,862)
	2,645,802	2,247,508	3,390,169	2,758,386	2,763,735	3,294,588	2,786,937	2,601,874	2,602,205	2,915,534
Key Indicators										
Earnings Per Share (Rs.)	1.31	0.90	0.78	1.02	0.74	0.87	1.12	0.96	0.66	1.04
Net Assets Per Share (Rs.)	3.25	2.70	4.07	3.31	3.33	3.99	3.43	3.01	2.78	2.91
Market Price of Share-Closing (Rs.)	12.90	7.40	6.70	7.20	7.40	5.40	5.90	7.30	7.10	8.00
Dividend Per Share (Rs.)	0.75	1.75	0.50	1.05	1.00	0.70	0.70	0.70	0.80	1.00
Price earning ratio (times)	9.84	8.22	8.58	7.06	10.01	6.22	5.27	7.59	10.74	7.73
Dividend payout (%)	57%	194%	64%	103%	135%	81%	63%	73%	121%	97%

HORIZONTAL AND VERTICAL ANALYSIS OF FINANCIAL STATEMENTS

HORIZONTAL ANALYSIS

Statement of Financial Position

	31.03.2025 Rs.'000	2025 Vs. 2024 %	31.03.2024 Rs.'000	2024 Vs. 2023 %	31.03.2023 Rs.'000
ASSETS					
Non-current assets					
Property, plant and equipment	1,913,795	4%	1,836,796	(4%)	1,915,446
Capital Work-in Progress	103,595	-	-	-	-
Right-of-use assets	30,296	(11%)	33,858	1%	33,594
Intangible assets	22,995	(32%)	33,636	(24%)	44,277
Other non-current asset	4,500	-	4,500	-	4,500
Total non-current assets	2,075,181	9%	1,908,790	(4%)	1,997,817
Current Assets					
Inventories	26,598	56%	16,998	7%	15,902
Trade and other receivables	102,936	(8%)	111,571	(91%)	1,236,041
Amount due from related parties	2,746	74%	1,579	(10%)	1,749
Cash and cash equivalents	931,760	7%	873,886	75%	499,561
Total current assets	1,064,040	6%	1,004,034	(43%)	1,753,253
Total assets	3,139,221	8%	2,912,824	(22%)	3,751,070
EQUITY					
Stated capital	1,174,365	-	1,174,365	-	1,174,365
Retained earnings	1,252,560	48%	846,060	(55%)	1,866,791
Capital and reserves attributable to owners of Vallibel Power Erathna PLC	2,426,926	20%	2,020,426	(34%)	3,041,156
Non-controlling interests	178,620	(3%)	184,256	(40%)	307,716
Total equity	2,605,545	18%	2,204,682	(34%)	3,348,872
LIABILITIES					
Non-current liabilities					
Retirement benefit obligations	77,946	47%	53,052	64%	32,375
Deferred tax liabilities	203,556	(7%)	218,732	(6%)	231,467
Lease liabilities	38,805	(4%)	40,329	4%	38,952
Total non-current liabilities	320,307	3%	312,112	3%	302,794
Current liabilities					
Accruals and other payables	128,453	(57%)	299,088	657%	39,493
Lease liabilities	1,452	(42%)	2,497	6%	2,345
Current tax liabilities	83,464	(12%)	94,444	64%	57,565
Total current liabilities	213,369	(46%)	396,030	298%	99,404
Total equity and liabilities	3,139,221	8%	2,912,824	(22%)	3,751,070

Statement of Profit or Loss

	2024/25 Rs.'000	24/25 Vs. 23/24 %	2023/24 Rs.'000	23/24 Vs. 22/23 %	2022/23 Rs.'000
Revenue from contracts with customers	1,376,055	(7%)	1,475,249	31%	1,122,569
Direct costs	(184,604)	5%	(175,791)	9%	(161,175)
Gross profit	1,191,451	(8%)	1,299,458	35%	961,394
Other income	478,690	>999%	1,166	(53%)	2,497
Administrative expenses	(191,677)	24%	(154,204)	20%	(128,104)
Other operating expenses	(11,877)	271%	(3,201)	4%	(3,074)
Operating profit	1,466,587	28%	1,143,218	37%	832,714
Finance income	84,480	(34%)	128,248	94%	66,135
Finance costs	(4,293)	(5%)	(4,523)	6%	(4,277)
Finance income - net	80,187	(35%)	123,725	100%	61,858
Profit before income tax	1,546,774	22%	1,266,944	42%	894,572
Income tax expense	(436,944)	(10%)	(485,194)	103%	(239,454)
Profit for the period	1,109,830	42%	781,750	19%	655,117

	2023 Vs. 2022 %	31.03.2022 Rs.'000	2022 Vs. 2021 %	31.03.2021 Rs.'000	2021 Vs. 2020 %	31.03.2020 Rs.'000
	(4%)	1,994,119	(4%)	2,072,809	(4%)	2,150,859
	-	-	-	-	-	-
	(15%)	39,413	(14%)	45,638	18%	38,617
	(19%)	54,919	(16%)	65,560	(14%)	76,201
	-	4,500	-	4,500	-	4,500
	(5%)	2,092,950	(4%)	2,188,506	(4%)	2,270,178
	73%	9,192	-	-	-	-
	57%	789,437	37%	576,714	14%	504,519
	(26%)	2,372	138%	998	(73%)	3,706
	220%	155,986	(47%)	296,638	(62%)	774,423
	83%	956,987	9%	874,349	(32%)	1,282,648
	23%	3,049,937	-	3,062,856	(14%)	3,552,826
	-	1,174,365	-	1,174,365	-	1,174,365
	43%	1,301,977	(1%)	1,313,302	(27%)	1,809,413
	23%	2,476,342	-	2,487,667	(17%)	2,983,778
	31%	235,676	5%	224,790	(16%)	268,080
	23%	2,712,017	(0%)	2,712,457	(17%)	3,251,858
	2%	31,671	(23%)	41,162	28%	32,121
	82%	127,488	(3%)	131,525	8%	121,633
	(5%)	41,125	(11%)	46,368	11%	41,865
	51%	200,284	(9%)	219,055	12%	195,619
	12%	35,197	(16%)	41,697	(23%)	53,921
	(55%)	5,243	7%	4,910	466%	867
	(41%)	97,195	15%	84,736	68%	50,561
	(28%)	137,636	5%	131,344	25%	105,349
	23%	3,049,937	-	3,062,856	(14%)	3,552,826
	22/23 Vs. 21/22 %	2021/22 Rs.'000	21/22 Vs. 20/21 %	2020/21 Rs.'000	20/21 Vs. 19/20 %	2019/20 Rs.'000
	(15%)	1,322,265	23%	1,076,978	2%	1,058,308
	7%	(150,331)	1%	(148,631)	1%	(146,774)
	(18%)	1,171,935	26%	928,347	2%	911,534
	430%	471	(98%)	21,485	349%	4,780
	27%	(100,888)	(4%)	(105,171)	1%	(103,974)
	171%	(1,133)	(39%)	(1,845)	(64%)	(5,068)
	(22%)	1,070,385	27%	842,816	4%	807,272
	210%	21,361	(21%)	27,137	(54%)	59,387
	(5%)	(4,492)	(2%)	(4,604)	(12%)	(5,203)
	267%	16,869	(25%)	22,533	(58%)	54,184
	(18%)	1,087,254	26%	865,348	-	861,456
	3%	(232,462)	(4%)	(243,352)	58%	(153,879)
	(23%)	854,792	37%	621,996	(12%)	707,577

Horizontal and Vertical Analysis of Financial Statements

VERTICAL ANALYSIS

Statement of Financial Position

	31.03.2025		31.03.2024	
	Rs.'000	%	Rs.'000	%
ASSETS				
Non-current assets				
Property, plant and equipment	1,913,795	61%	1,836,796	63%
Capital Work-in Progress	103,595	3%	-	0%
Right-of-use assets	30,296	1%	33,858	1%
Intangible assets	22,995	1%	33,636	1%
Other non-current asset	4,500	0%	4,500	0%
Total non-current assets	2,075,181	66%	1,908,790	66%
Current Assets				
Inventories	26,598	1%	16,998	1%
Trade and other receivables	102,936	3%	111,571	4%
Amount due from related parties	2,746	0%	1,579	0%
Cash and cash equivalents	931,760	30%	873,886	30%
Total current assets	1,064,040	34%	1,004,034	34%
Total assets	3,139,221	100%	2,912,824	100%
EQUITY				
Stated capital	1,174,365	37%	1,174,365	40%
Retained earnings	1,252,560	40%	846,060	29%
Capital and reserves attributable to owners of Vallibel Power Erathna PLC	2,426,926	77%	2,020,426	69%
Non-controlling interests	178,620	6%	184,256	6%
Total equity	2,605,545	83%	2,204,682	76%
LIABILITIES				
Non-current liabilities				
Retirement benefit obligations	77,946	2%	53,052	2%
Deferred tax liabilities	203,556	6%	218,732	8%
Lease liabilities	38,805	1%	40,329	1%
Total non-current liabilities	320,307	10%	312,112	11%
Current liabilities				
Accruals and other payables	128,453	4%	299,088	10%
Lease liabilities	1,452	0%	2,497	0%
Current tax liabilities	83,464	3%	94,444	3%
Total current liabilities	213,369	7%	396,030	14%
Total equity and liabilities	3,139,221	100%	2,912,824	100%

Statement of Profit or Loss

	2024/25		2023/24	
	Rs.'000	%	Rs.'000	%
Revenue from contracts with customers	1,376,055	100%	1,475,249	100%
Direct costs	(184,604)	(13%)	(175,791)	(12%)
Gross profit	1,191,451	87%	1,299,458	88%
Other income	478,690	35%	1,166	0%
Administrative expenses	(191,677)	(14%)	(154,204)	(10%)
Other operating expenses	(11,877)	(1%)	(3,201)	(0%)
Operating profit	1,466,587	107%	1,143,218	77%
Finance income	84,480	6%	128,248	9%
Finance costs	(4,293)	(0%)	(4,523)	(0%)
Finance income - net	80,187	6%	123,725	8%
Profit before income tax	1,546,774	112%	1,266,944	86%
Income tax expense	(436,944)	(32%)	(485,194)	(33%)
Profit for the period	1,109,830	81%	781,750	53%

	31.03.2023		31.03.2022		31.03.2021	
	Rs.'000	%	Rs.'000	%	Rs.'000	%
	1,915,446	51%	1,994,119	65%	2,072,809	68%
	-	0%	-	0%	-	0%
	33,594	1%	39,413	1%	45,638	1%
	44,277	1%	54,919	2%	65,560	2%
	4,500	0%	4,500	0%	4,500	0%
	1,997,817	53%	2,092,950	69%	2,188,506	71%
	15,902	0%	9,192	0%	-	0%
	1,236,041	33%	789,437	26%	576,714	19%
	1,749	0%	2,372	0%	998	0%
	499,561	13%	155,986	5%	296,638	10%
	1,753,253	47%	956,987	31%	874,349	29%
	3,751,070	100%	3,049,937	100%	3,062,856	100%
	1,174,365	31%	1,174,365	39%	1,174,365	38%
	1,866,791	50%	1,301,977	43%	1,313,302	43%
	3,041,156	81%	2,476,342	81%	2,487,667	81%
	307,716	8%	235,676	8%	224,790	7%
	3,348,872	89%	2,712,017	89%	2,712,457	89%
	32,375	1%	31,671	1%	41,162	1%
	231,467	6%	127,488	4%	131,525	4%
	38,952	1%	41,125	1%	46,368	2%
	302,794	8%	200,284	7%	219,055	7%
	39,493	1%	35,197	1%	41,697	1%
	2,345	0%	5,243	0%	4,910	0%
	57,565	2%	97,195	3%	84,736	3%
	99,404	3%	137,636	5%	131,344	4%
	3,751,070	100%	3,049,937	100%	3,062,856	100%
	2022/23		2021/22		2020/21	
	Rs.'000	%	Rs.'000	%	Rs.'000	%
	1,122,569	100%	1,322,265	100%	1,076,978	100%
	(161,175)	(14%)	(150,331)	(11%)	(148,631)	(14%)
	961,394	86%	1,171,935	89%	928,347	86%
	2,497	0%	471	0%	21,485	2%
	(128,104)	(11%)	(100,888)	(8%)	(105,171)	(10%)
	(3,074)	(0%)	(1,133)	(0%)	(1,845)	(0%)
	832,714	74%	1,070,385	81%	842,816	78%
	66,135	6%	21,361	2%	27,137	3%
	(4,277)	(0%)	(4,492)	(0%)	(4,604)	(0%)
	61,858	6%	16,869	1%	22,533	2%
	894,572	80%	1,087,254	82%	865,348	80%
	(239,454)	(21%)	(232,462)	(18%)	(243,352)	(23%)
	655,117	58%	854,792	65%	621,996	58%

INVESTOR INFORMATION

1 GENERAL

Stated Capital	Rs. 1,174,365,278
The number of shares representing the Stated Capital	747,109,731

2 STOCK EXCHANGE LISTING

Vallibel Power Erathna PLC, is a quoted public company and the issued ordinary shares of which are listed in the Colombo Stock Exchange of Sri Lanka. (Stock Code - VPEL.N0000)

3 PUBLIC SHAREHOLDING

The percentage of Ordinary Shares held by the public was 40.517% of the issued share capital as at 31st March 2025. It represents 7085 of shareholders as at 31st March 2025

4 FLOAT ADJUSTED MARKET CAPITALIZATION

The Float Adjusted Market Capitalization as at 31st March 2025 is Rs.3,904,915,733/- The Company complies with option 4 of the Listing Rules 7.13.1 (i) (a).

5 DISTRIBUTION OF SHAREHOLDING AS AT 31ST MARCH 2025

There were 7090 Registered shareholders as at 31st March 2025.

No. of Shares held		No. of Shareholders	% of Shareholders	Total Holding	% of Total Holding
1	1,000	3,280	46.26%	1,101,979	0.15%
1,001	10,000	2,447	34.51%	10,105,902	1.35%
10,001	100,000	1,084	15.29%	36,818,930	4.93%
100,001	1,000,000	247	3.48%	63,964,932	8.56%
Over 1,000,000		32	0.45%	635,117,988	85.01%
Total		7,090	100.00%	747,109,731	100.00%

6 ANALYSIS REPORT OF SHAREHOLDERS AS AT 31ST MARCH 2025

Category	No. of Shareholders	% of Shareholders	Total Holding	% of Total Holding
Individuals	6,916	97.55	335,727,648	44.94
Institutions	174	2.45	411,382,083	55.06
Total	7,090	100.00	747,109,731	100.00
Resident	7,053	99.48	739,750,381	99.01
Non-resident	37	0.52	7,359,350	0.99
Total	7,090	100.00	747,109,731	100.00

7 TWENTY MAJOR SHAREHOLDERS AS AT 31ST MARCH 2025

	Name of the Shareholder	Number of shares as at 31.03.2025	(%) in issued Capital	Number of shares as at 31.03.2024	(%) in issued Capital
1	Vallibel Power Limited	299,425,830	40.08	299,425,830	40.08
2	Mr. K.D.D. Perera	144,812,225	19.38	144,812,225	19.38
3	Sri Lanka Insurance Corporation Ltd-Life Fund	28,994,243	3.88	28,994,243	3.88
4	Mr. K.D.A. Perera	18,750,000	2.51	18,750,000	2.51
5	Mr. K.D.H. Perera	18,750,000	2.51	18,750,000	2.51
6	Sri Lanka Insurance Corporation Ltd-General Fund	16,568,928	2.22	26,450,000	3.54
7	Mackenzie Capital Ltd	12,050,000	1.61	7,000,000	0.94
8	DFCC Bank PLC A/C 1	10,000,000	1.34	8,400,000	1.12
9	Perera And Sons Bakers Pvt Limited	10,000,000	1.34	7,000,000	0.94
10	Ms. K.D.C. Samanthi	9,375,000	1.26	9,375,000	1.26
11	Mr. P.P. Subasinghe	8,628,799	1.16	5,457,746	0.73
12	Employees Trust Fund Board	7,557,262	1.01	9,688,029	1.30
13	N P Capital Ltd	6,000,000	0.80	2,500,000	0.34
14	Mr. M.F. Hashim	5,171,000	0.69	4,783,414	0.64
15	Mr. S.M. Jayasooriya	5,165,194	0.69	4,710,000	0.63
16	Est.Of Lat K.C. Vignarajah	3,542,275	0.47	4,017,830	0.54
17	Dr. S.P. Jayawardena	3,334,129	0.45	1,084,166	0.15
18	Mr. D.D. Gunaratne	3,300,000	0.44	3,250,030	0.44
19	Mr. B.C. Tay	3,000,000	0.40	3,000,000	0.40
20	Sampath Bank PLC/Dr.Mayuramana Dewolage	2,691,239	0.36	1,773,413	0.24
	Total	617,116,124	82.60	609,221,926	81.55
	Others	129,993,607	17.40	137,887,805	18.45
	Grand Total	747,109,731	100.00	747,109,731	100.00

8 SHARE TRADING INFORMATION

For the year ended 31 March	2025	2024
Highest (Rs.)	14.50	9.30
Lowest (Rs.)	7.40	6.30
Closing (Rs.)	12.90	7.40
Value of Shares Trades (Rs.)	1,292,663,847	696,537,182
No. of Shares Traded	122,349,224	88,442,724
No. of Trades	22,755	13,995

9 EQUITY INFORMATION

For the year ended 31 March	2025	2024
Earnings per share-Basic (Rs.)	1.31	0.90
Dividend per share (Rs.)	0.75	1.75
Net Asset Value per share (Rs.)	3.25	2.70
Dividend pay out ratio (%)	57%	194%

INDEPENDENT ASSURANCE REPORT ON SUSTAINABILITY REPORTING



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ey.com

Independent practitioner's assurance report to the Board of Directors of Vallibel Power Erathna PLC on the Sustainability reporting criteria presented in the Integrated Annual Report FY 2024/25

SCOPE

We have been engaged by **Vallibel Power Erathna PLC** to perform a 'limited assurance engagement,' as defined by Sri Lanka Standard on Assurance Engagements, here after referred to as the engagement, to report on **Vallibel Power Erathna PLC's Economic, Environment, Social and Governance (EESG) indicators** (the "Subject Matter") contained in **Vallibel Power Erathna PLC's** (the "Entity's") **Integrated Annual Report for the year ended 31 March 2025** (the "Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

CRITERIA APPLIED BY VALLIBEL POWER ERATHNA PLC

In preparing the Subject Matter, **Vallibel Power Erathna PLC** applied the following criteria ("Criteria"):

- ★ The Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines, publicly available at <https://www.globalreporting.org>

Such Criteria were specifically designed for **the purpose of assisting you in determining whether Entity's Economic, Environment, Social and Governance (EESG) indicators contained in the Entity's Report is presented in accordance with the relevant criteria;** As a result, the subject matter information may not be suitable for another purpose.

VALLIBEL POWER ERATHNA PLC'S RESPONSIBILITIES

Vallibel Power Erathna PLC management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

ERNST & YOUNG'S RESPONSIBILITIES

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the **Sri Lanka Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (SLSAE 3000 (Revised))**, and the terms of reference for this engagement as agreed with the **Vallibel Power Erathna PLC** on **29 May 2025**. Those standards require that we plan and perform our

engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

OUR INDEPENDENCE AND QUALITY MANAGEMENT

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the **Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)** and have the required competencies and experience to conduct this assurance engagement.

EY also applies quality management standards, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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

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

A member firm of Ernst & Young Global Limited



DESCRIPTION OF PROCEDURES PERFORMED

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the subject matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- ★ Validated the information presented and checked the calculations performed by the organization through recalculation.
- ★ Performed a comparison of the content given in the Report against the criteria given in the selected sustainability standards/frameworks.
- ★ Conducted interviews with relevant organization's personnel to understand the process for collection, analysis, aggregation and presentation of data.

Interviews included selected key management personnel and relevant staff.

- ★ Read the content presented in the Report for consistency with our overall knowledge obtained during the course of our assurance engagement and requested changes wherever required.
- ★ Provided guidance, recommendations and feedback on the improvement of the sustainability reporting indicators to improve the presentation standard.

We also performed such other procedures as we considered necessary in the circumstances.

EMPHASIS OF MATTER

Economic, Environment, Social management data/information are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data. Such inherent limitations are common in Sri Lanka.

We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Entity's Report.

CONCLUSION

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the information on the Economic, Environment, Social and Governance (EESG) contained in the Integrated Annual Report of Vallibel Power Erathna PLC for the year ended 31 March 2025, in order for it to be in accordance with the Criteria.

3 June 2025
 Colombo

GRI STANDARDS CONTENT INDEX

Statement of use	Vallibel Power Erathna PLC has reported in accordance with the GRI Standards for the period from 1st April 2024 to 31st March 2025
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	NA

A gray cell indicates something that does not apply. This only relates to the 'Omission' and 'GRI Sector Standard Ref. no.' columns.

GRI Standard / Other Source	Disclosure	Location (Page Reference)	Omission			GRI Sector Standard Ref. No
			Requirement Omitted	Reason	Explanation	
General Disclosures						
2-1	Organisational details	7, Inner Back Cover				
2-2	Entities included in the organisation’s sustainability reporting	4				
2-3	Reporting period, frequency and contact point	4, 5				
2-4	Restatements of information	4				
2-5	External assurance	4, 164 -165				
2-6	Activities, value chain and other business relationships	6, 14 -15, 72				
2-7	Employees	66				
2-8	Workers who are not employees	65				
2-9	Governance structure and composition	84, 85				
2-10	Nomination and selection of the highest governance body	85, 89				
2-11	Chair of the highest governance body	85				
2-12	Role of the highest governance body in overseeing the management of impacts	88, 89, 90				
2-13	Delegation of responsibility for managing impacts	40, 84				
2-14	Role of the highest governance body in sustainability reporting	86				
2-15	Conflicts of interest	86				
2-16	Communication of critical concerns	75, 84, 85, 95				
2-17	Collective knowledge of the highest governance body	84, 85, 87				
2-18	Evaluation of the performance of the highest governance body	89				
2-19	Remuneration policies	90				
2-20	Process to determine remuneration	90				
2-21	Annual total compensation ratio		2-21 a, b, c	Confidential Information	VPE has not disclosed confidential information as its policy	
2-22	Statement on sustainable development strategy	18 - 21				
2-23	Policy commitments	44 - 47, 74, 86 - 87				

GRI Standard / Other Source	Disclosure	Location (Page Reference)	Omission			GRI Sector Standard Ref. No
			Requirement Omitted	Reason	Explanation	
2-24	Embedding policy commitments	44 - 47				
2-25	Processes to remediate negative impacts	40, 68				
2-26	Mechanisms for seeking advice and raising concerns	68, 75				
2-27	Compliance with laws and regulations	56, 71 - 72				
2-28	Membership associations	75				
2-29	Approach to stakeholder engagement	28 - 29				
2-30	Collective bargaining agreements	67				
GRI 3: Material Topics 2021						
3-1	Process to determine material topics	30 - 31				
3-2	List of material topics	31				
GRI 201: Economic						
3-3	Management of material topics	48, 54				
201-1	Direct economic value generated and distributed	54				
201-2	Financial implications and other risks and opportunities due to climate change	40 - 41				
201-3	Defined benefit plan obligations and other retirement plans	64 - 65				
201-4	Financial assistance received from government	71				
GRI 202: Market Presence						
3-3	Management of material topics	64				
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	64				
202-2	Proportion of senior management hired from the local community	65				
GRI 203: Indirect Economic Impacts						
3-3	Management of material topics	73				
203-1	Infrastructure investments and services supported	73 - 74				
203-2	Significant indirect economic impacts	73 - 74				
GRI 204: Procurement Practices						
3-3	Management of material topics	72				
204-1	Proportion of spending on local suppliers	73				
GRI 205: Anti-corruption						
3-3	Management of material topics	75				
205-1	Operations assessed for risks related to corruption	75				
205-2	Communication and training about anti corruption policies and procedures	75				
205-3	Confirmed incidents of corruption and actions taken	75				

GRI Standards Content Index

GRI Standard / Other Source	Disclosure	Location (Page Reference)	Omission			GRI Sector Standard Ref. No
			Requirement Omitted	Reason	Explanation	
GRI 206: Anti-competitive Behavior						
3-3	Management of material topics	75				
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	75				
GRI 207: Tax						
207-1	Approach to tax	71 - 72				
207-2	Tax governance, control, and risk management	71 - 72				
207-3	Stakeholder engagement and management of concerns related to tax	71 - 72				
GRI 301: Material Management						
3-3	Management of material topics	60				
301-1	Materials used by weight or volume	60 - 61				
301-2	Recycled input materials used	60 - 61				
301-3	Reclaimed products and their packaging materials	60 - 61				
GRI 302: Energy						
3-3	Management of material topics	57				
302-1	Energy consumption within the organisation	58				
302-2	Energy consumption outside of the organisation	58				
302-3	Energy intensity	58				
302-4	Reduction of energy consumption	58				
302-5	Reductions in energy requirements of products and services		302-5	Information unavailable	Energy requirement is very insignificant due to the nature of business	
GRI 303: Water and Effluents						
3-3	Management of material topics	60				
303-1	Interactions with water as a shared resource	60				
303-2	Management of water discharge-related impacts	60				
303-3	Water withdrawal	60				
303-4	Water discharge	60				
303-5	Water consumption	60				
GRI 304: Biodiversity						
3-3	Management of material topics	56, 57				
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	57, 76				
304-2	Significant impacts of activities, products, and services on biodiversity	57, 59 - 60				
304-3	Habitats protected or restored	57				

GRI Standard / Other Source	Disclosure	Location (Page Reference)	Omission			GRI Sector Standard Ref. No
			Requirement Omitted	Reason	Explanation	
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	57				
GRI 305: Emissions						
3-3	Management of material topics	58				
305-1	Direct (Scope 1) GHG emissions	59				
305-2	Energy indirect (Scope 2) GHG emissions	59				
305-3	Other indirect (Scope 3) GHG emissions		305-3	Information unavailable	No gathered data for indirect emissions outside the organisation	
305-4	GHG emissions intensity	59				
305-5	Reduction of GHG emissions	59				
305-6	Emissions of ozone-depleting substances (ODS)		305-6	Information unavailable	No significant impact from Ozone-depleting substances (ODS)	
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions		305-7	Information unavailable	No significant impact from Ozone-depleting substances (ODS)	
GRI 306: Waste						
3-3	Management of material topics	60				
306-1	Waste generation and significant waste related impacts	60				
306-2	Management of significant waste-related impacts	60				
306-3	Waste generated	61				
306-4	Waste diverted from disposal	61				
306-5	Waste directed to disposal	61				
GRI 401: Employment						
3-3	Management of material topics	62				
401-1	New employee hires and employee turnover	67				
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	67 - 65				
401-3	Parental leave	64				

GRI Standards Content Index

GRI Standard / Other Source	Disclosure	Location (Page Reference)	Omission			GRI Sector Standard Ref. No
			Requirement Omitted	Reason	Explanation	
GRI 402: Labor/Management Relations						
3-3	Management of material topics	67				
402-1	Minimum notice periods regarding operational changes	67				
GRI 403: Occupational Health And Safety						
3-3	Management of material topics	67				
403-1	Occupational health and safety management system	67 - 68				
403-2	Hazard identification, risk assessment, and incident investigation	68				
403-3	Occupational health services	68				
403-4	Worker participation, consultation, and communication on occupational health and safety	68				
403-5	Worker training on occupational health and safety	68				
403-6	Promotion of worker health	68				
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	68				
403-8	Workers covered by an occupational health and safety management system	68				
403-9	Work-related injuries	68				
403-10	Work-related ill health	68				
GRI 404: Training And Education						
3-3	Management of material topics	63				
404-1	Average hours of training per year per employee	63				
404-2	Programs for upgrading employee skills and transition assistance programs	63				
404-3	Percentage of employees receiving regular performance and career development reviews	63 - 64				
GRI 405: Diversity and Equal Opportunity						
3-3	Management of material topics	65				
405-1	Diversity of governance bodies and employees	66, 85				
405-2	Ratio of basic salary and remuneration of women to men		405-2	Confidential Information	VPE has not disclosed confidential information as its policy	
GRI 406: Non-discrimination						
3-3	Management of material topics	63				
406-1	Incidents of discrimination and corrective actions taken	63				

GRI Standard / Other Source	Disclosure	Location (Page Reference)	Omission			GRI Sector Standard Ref. No
			Requirement Omitted	Reason	Explanation	
GRI 407: Freedom of Association and Collective Bargaining						
3-3	Management of material topics	67				
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	67				
GRI 408: Child Labor						
3-3	Management of material topics	68				
408-1	Operations and suppliers at significant risk for incidents of child labor	68				
GRI 409: Forced or Compulsory Labor						
3-3	Management of material topics	68				
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	68				
GRI 413: Local Communities						
3-3	Management of material topics	73 - 74				
413-1	Operations with local community engagement, impact assessments, and development programs	73 - 74				
413-2	Operations with significant actual and potential negative impacts on local communities	74				
GRI 415: Public Policy						
3-3	Management of material topics	74				
415-1	Political contributions	74				

A**ACCOUNTING POLICIES**

The specific principles, bases, conventions, rules and practices adopted by an enterprise in preparing and presenting Financial Statements.

ACCRUAL BASIS

Recording revenues & expenses in the period in which they are earned or incurred regardless of whether cash is received or disbursed in that period.

ACTUARIAL GAINS AND LOSSES

Effect of difference between the previous actuarial assumptions and what has actually occurred and effects of changes in actuarial assumption related to retirement benefit obligation.

AMORTISATION

The systematic allocation of the depreciable amount of an intangible asset over its useful life.

AVAILABLE-FOR-SALE (AFS)

Non-derivative financial asset that are designated as available-for-sale or are not classified as loans and receivable, held-to-maturity investment or financial assets at fair value through profit and loss.

B**BASIC EARNINGS PER SHARE**

Profit attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the period.

BORROWINGS

All interest-bearing liabilities.

C**CAPITAL EMPLOYED**

Total equity, minority interest and interest-bearing borrowings.

CASH EQUIVALENTS

Liquid investments with original maturity periods of three months or less.

CEA

Central Environment Authority

CEB

Ceylon Electricity Board.

CEPL

Country Energy (Pvt) Ltd – Subsidiary

CER

Certified Emission Reduction

CONTINGENCIES

A condition or situation existing at reporting date where the ultimate outcome of which, gain or loss, will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events.

CO2

Carbon Dioxide.

CURRENT RATIO

Current assets divided by current liabilities. A measure of liquidity.

CURRENT SERVICE COST

Increase in the present value of the defined benefit obligation resulting from employee service in the current period.

CSE

Colombo Stock Exchange.

CSR

Corporate Social Responsibility

D**DEFERRED TAXATION**

The tax effect of timing differences deferred to/from other periods, which would only qualify for inclusion on a tax return at a future date.

DIVIDENDS

Distribution of profits to holders of equity investments.

DIVIDEND PAY-OUT

Earnings paid as Dividend by the Company as a percentage of total earnings.

DIVIDEND YIELD

Dividend per share as a percentage of the market price. A measure of return on investment.

E**EBITDA**

Abbreviation for Earnings Before Interest, Tax, Depreciation and Amortisation.

EFFECTIVE TAX RATE (ETR)

Income tax expense divided by profit from ordinary activities before tax.

E-FLOW

Minimum environmental water flow that must be maintained in a stream to ensure that existing ecosystems thrive under appropriate hydrological and environmental conditions that respect the ecological balance.

ECONOMIC VALUE ADDED (EVA)

A measure of performance considering cost of total invested equity.

EQUITY

Shareholders' fund.

ESG

Environmental, social, and governance, is a set of aspects, including environmental issues, social issues and corporate governance that can be considered in investing.

F**FINANCIAL INSTRUMENTS**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

FAIR VALUE

Fair Value is the amount for which an asset could be exchanged between a knowledgeable, willing buyer and a knowledgeable willing seller in an arm's length transaction.

G**GEARING**

Proportion of total interest-bearing borrowings to capital employed.

GHG

Greenhouse Gas Emission

GIGA JOULES (GJ)

Equal to one billion joules or to 1000 mega joules. Joule is a derived unit of energy transferred or used.

GRI

Global Reporting Initiatives.

GSS

Known as a grid station, is a key component of an electrical grid that receives power from a power generating station and lowers the voltage to a level suitable for distribution.

GWH

Giga watt hours. Equal to one million kilowatt hours.

I

ICASL/CA SRI LANKA

The Institute of Chartered Accountants of Sri Lanka

INTEGRATED REPORTING

A methodology of reporting an organization's strategy, governance, financial performance and prospects in relation to the creation of value over the short, medium and long term in its economic, social and environmental context.

K

KEY MANAGEMENT PERSONNEL

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

KILOWATT (KW)

Equal to 1000 watt.

L

LTGEP

Long-Term Generation Expansion Plan

M

MARKET CAPITALISATION

Number of shares in issue multiplied by the market value of a share at the reported date.

MARKET VALUE ADDED (MVA)

The difference between the market value of a company and the capital contributed by all investors, both debtholders and shareholders.

MEGAWATT (MW)

Equal to one million watts or to 1000 kilowatts

MEGAWATT ALTERNATING CURRENT (MWAC)

In solar energy, MW is the actual amount of electricity a solar plant delivers to the grid after converting from DC to usable AC power, as solar panels generate electricity in direct current (DC).

MHP

Mini Hydropower Project

N

NCRE

Non-Conventional Renewable Energy

NET ASSETS PER SHARE

Shareholders' funds divided by the weighted average number of ordinary shares in issue. A basis of share valuation.

NON-CONTROLLING INTEREST

The part of equity in a subsidiary not attributable, directly or indirectly, to a parent.

O

OUTAGE

Time period of an interruption or failure in the supply of electricity.

O

O&M COST

Operational and maintenance cost without depreciation and amortization.

P

PRICE EARNINGS RATIO

Market price of a share divided by earnings per share as reported at that date.

R

PAST SERVICE COST

Past service cost is the change in the present value of defined benefit obligations caused by employee service in prior periods. The change in this cost may either be positive or negative.

PUCSL

Public Utility Commission of Sri Lanka.

RELATED PARTIES

Parties who could control or significantly influence the financial and operating policies of the business.

RETURN ON EQUITY - ROE

Attributable profits to the shareholders divided by shareholders' funds.

RETURN ON CAPITAL EMPLOYED - ROCE

Profit before tax plus net interest cost divided by capital employed.

REVENUE RESERVES

Reserves considered as being available for distribution and investments.

S

SDG

Sustainable Development Goals adopted by United Nations members with 17 goals.

SEGMENTS

Constituent business units grouped in terms of similarity of operations and location.

SOLAR PV

Solar photovoltaic (PV) systems, or solar panels, are devices that convert sunlight directly into electricity using the photovoltaic effect.

SUBSIDIARY

A subsidiary is an entity, including an unincorporated entity such as a partnership, which is controlled by another entity (known as the parent).

SLFRS/LKAS

Sri Lanka Accounting Standards corresponding to International Financial Reporting Standards.

SLSEA

Sri Lanka Sustainable Energy Authority.

SPPA

Standardised Power Purchase Agreement

T

TAGS AWARD

Awards program designed by CA Sri Lanka to recognise excellence in Transparency, Accountability, Governance, and Sustainability of corporate entities in Sri Lanka.

V

VALUE ADDITION

The quantum of wealth generated by the activities of the Group measured as the difference between turnover and the cost of materials and services bought in.

VPE

Vallibel Power Erathna PLC - Company

W

WORKING CAPITAL

Capital required to finance day-to-day operations computed as the excess of current assets over current liabilities.

WATT-HOUR

Unit of energy which expended for one hour of time.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE 24TH ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD ON 30 JUNE 2025 AT 3.00 P. M. AT THE WINCHESTER, THE KINGSBURY HOTEL, NO.48, JANADHIPATHI MAWATHA, COLOMBO 01, SRI LANKA.

1. To receive and consider the Annual Report of the Board of Directors on the affairs of the Company and its subsidiaries and the Statement of Accounts for the year ended 31st March 2025 and the Report of the Auditors thereon.
2. To re-elect Mr. Harsha Amarasekera, who retires by rotation in terms of Article 25(10) of the Articles of Association, as a Director of the Company;
3. To re-elect Mr. Dinesh Mendis in terms of Article 25(3) of the Articles of Association, being a Director appointed to the Board since the last Annual General Meeting,
4. To re-elect Mr. Gamini Gunaratne, in terms of Article 25(3) of the Articles of Association, being a Director appointed to the Board since the last Annual General Meeting,
5. To re-elect Ms. Devika Weerasinghe, in terms of Article 25(3) of the Articles of Association, being a Director appointed to the Board since the last Annual General Meeting,
6. To re-appoint Messrs Deloitte Partners, Chartered Accountants, the retiring Auditors and to authorise the Directors to determine their remuneration.
7. To authorize the Directors to determine and make donations for the year ending 31st March 2026 and up to the date of the next Annual General Meeting.
8. Special Resolution - Amendments to the Articles of Association of the Company

In order to align with the Regulatory requirements applicable to the Company, it is proposed to amend Article No. 25 (1) by increasing the minimum number of Directors appointed to the Board to Five (05)

25(1) The Number of Directors shall not be less than Five (5)

By Order of the Board

VALLIBEL POWER ERATHNA PLC



P W Corporate Secretarial (Pvt) Ltd
 Secretaries

At Colombo

30 May 2025

Notes:

1. A shareholder entitled to participate and vote at the above meeting is entitled to appoint a proxy to participate and vote in his/her place by completing the Form of Proxy enclosed herewith.
2. A proxy need not be a shareholder of the Company.
3. Shareholders who are unable to participate in the above meeting are also encouraged to submit a duly completed Form of Proxy appointing the Chairman or any other Member of the Board to participate and vote on their behalf.

FORM OF PROXY

*I/We..... holder of NIC No.....
of..... being a *Shareholder /Shareholders of Vallibel Power Erathna PLC,
do hereby appoint holder of NIC No..... ofor failing him/her

Mr. Harsha Amarasekera	of Colombo or failing him
Mr. Prabodha Sumanasekera	of Colombo or failing him
Mr. Haresh Somashantha	of Colombo or failing him
Ms. Dinusha Bhaskaran	of Colombo or failing her
Mr. Dinesh Mendis	of Colombo or failing him
Mr. Gamini Gunaratne	of Colombo or failing him
Ms. Devika Weerasinghe	

as *my/our proxy to represent me/us to speak and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 30th June 2025 at 3.00 p.m. and 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 on the affairs of the Company and its subsidiaries and the Statement of Accounts for the year ended 31st March 2025 and the Report of the Auditors thereon.		
2. To re-elect Mr. Harsha Amarasekera, who retires by rotation in terms of Article 25 (10) of the Articles of Association, as a Director of the Company.		
3. To re-elect Mr. Dinesh Mendis in terms of Article 25(3) of the Articles of Association, being a Director appointed to the Board since the last Annual General Meeting.		
4. To re-elect Mr. Gamini Gunaratne, in terms of Article 25(3) of the Articles of Association, being a Director appointed to the Board since the last Annual General Meeting.		
5. To re-elect Ms. Devika Weerasinghe, in terms of Article 25(3) of the Articles of Association, being a Director appointed to the Board since the last Annual General Meeting.		
6. To re-appoint Messrs Deloitte Partners, Chartered Accountants, the retiring Auditors and to authorize the Directors to determine their remuneration.		
7. To authorize the Directors to determine payments for the year 2025/2026 and up to the date of the next Annual General Meeting for Charitable and other purposes as set out in the Companies Donations Act (Cap 147).		
8. Special Resolution : Amendments to Article No. 25(1) of the Articles of Association of the Company		

Signed this..... day of Two Thousand and Twenty Five.

.....
Signature

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

INSTRUCTIONS AS TO COMPLETION

1. The full name, National Identity Card number and the registered address of the shareholder appointing the Proxy and the relevant details of the Proxy should be legibly entered in the Form of Proxy which should be duly signed and dated.
2. The Proxy shall –
 - (a) In the case of an individual be signed by the shareholder or by his/her attorney, and if signed by an Attorney, a notorially certified copy of the Power of Attorney should be attached to the completed Proxy if it has not already been registered with the Company.
 - (b) In the case of a company or corporate / statutory body either be under its Common Seal or signed by its Attorney or by an Officer on behalf of the company or corporate / statutory body in accordance with its Articles of Association or the Constitution or the Statute (as applicable).
3. Please indicate with a 'X' how the Proxy should vote on each resolution. If no indication is given, the Proxy in his/her discretion will vote as he/she thinks fit.
4. To be valid, the completed Form of Proxy must be deposited with the Company Secretaries, P W Corporate Secretarial (Pvt) Ltd at No. 3/17, Kynsey Road, Colombo 08, Sri Lanka or must be emailed to dineshgw@vallibel.com 48 hours before the time fixed for the Meeting.

CORPORATE INFORMATION

GRI | 2-1

NAME OF COMPANY

Vallibel Power Erathna PLC

COUNTRY OF OPERATION

Sri Lanka

LEGAL FORM

A Public quoted company with limited liability incorporated under the Provisions of the Companies Act, No. 07 of 2007.

DATE OF INCORPORATION

07th November 2001

COMPANY REGISTRATION NUMBER

P.Q. 103

FINANCIAL YEAR END

31st March

NATURE OF THE BUSINESS

Generate and Supply Electric Power to the National Grid.

STOCK EXCHANGE LISTING

The ordinary shares of the Company are listed on the Colombo Stock Exchange of Sri Lanka. (Stock Code - VPEL.N0000)

BOARD OF DIRECTORS

Mr. Harsha Amarasekera-Chairman
Mr. Prabodha Sumanasekera
Mr. Haresh Somashantha
Ms. Yogadinusha Bhaskaran
Ms. Devika Weerasinghe
Mr. Dinesh Mendis
Mr. Gamini Gunaratne

REGISTERED OFFICE

No. 25, Foster Lane, Colombo 10, Sri Lanka.
E-mail: energy@vallibel.com
Web Site: www.vallibel-hydro.com

SUBSIDIARY COMPANIES

Country Energy (Pvt) Ltd. (unquoted)

COMPANY SECRETARIES

P W Corporate Secretarial (Pvt) Limited
No.3/17, Kynsey Road, Colombo 08,
Sri Lanka.

Telephone :011- 4640360

Fax :011- 4740588

E-mail : pwcs@pwcs.lk

AUDITORS

Deloitte Parnters

Chartered Accountants

P. O. Box 918

100, Braybrooke Place, Colombo 2,
Sri Lanka.

Telephone : 011 771 9700

Fax : 011 230 3197

Web site : www.deloitte.com

BANKERS

Commercial Bank of Ceylon PLC

Hatton National Bank PLC

Pan Asia Banking Corporation PLC



**Vallibel Power
Erathna PLC**

No. 25, Foster Lane, Colombo 10

www.vallibel-hydro.com