

**SRI LANKA'S
BIGGEST IPO
IS CHARGING
HERE**

**PLUG IN TO
POWER YOUR
FORTUNES**

#WattAnIPO

An offer for subscription of up to 1,379,310,400 new ordinary voting shares at an issue price of LKR 14.50 per share, to raise up to LKR 20,000,000,800/-.

Joint Managers to the Issue



**LTL HOLDINGS
LIMITED**

PROSPECTUS



LTL HOLDINGS

Local Engineering, at its Global best

PB 00274329

OFFER FOR SUBSCRIPTION OF
UP TO 1,103,448,300 NEW ORDINARY VOTING SHARES OF
LTL HOLDINGS LIMITED (INITIAL ISSUE) WITH AN OPTION TO ISSUE UP
TO A FURTHER 275,862,100 NEW ORDINARY VOTING SHARES AT THE
DISCRETION OF THE BOARD OF DIRECTORS (FURTHER ISSUE) IN THE
EVENT OF AN OVERSUBSCRIPTION OF THE INITIAL ISSUE RESULTING IN
A TOTAL ISSUANCE OF UP TO 1,379,310,400 NEW ORDINARY VOTING
SHARES AT
LKR 14.50 PER SHARE

TO BE LISTED ON THE MAIN BOARD OF THE
COLOMBO STOCK EXCHANGE

ISSUE OPENS ON SEPTEMBER 10, 2024

JOINT FINANCIAL ADVISORS AND MANAGERS TO THE ISSUE



NDB Investment Bank Limited
Level 1, NDB Capital Building
No. 135, Baudhaloka Mawatha
Colombo 04
Tel : +94 11 230 0385-90
Fax: +94 11 230 0393
www.ndbib.com



CT CLSA Capital (Private) Limited
No. 4-15, Majestic City
10, Station Road
Colombo 04
Tel : +94 11 258 4843
Fax: +94 11 258 0181
www.ctclsa.lk

AT A GLANCE OUR OPERATIONS



NON-RENEWABLE ENERGY

Combined cycle and engine-based power plants with a capacity of 868 MW in Sri Lanka and Bangladesh.



MANUFACTURING

State - of - the - art manufacturing facility in Sri Lanka produces up to 4,000 distribution transformers annually, while another advanced facility in India specializes in the production of low and medium voltage switchgear products.





RENEWABLE ENERGY

26 MW capacity of hydro and wind power plants in Sri Lanka and Nepal.



HEAVY ENGINEERING

Facility with a 24,000 MT annual hot-dip galvanizing capacity and 12,000 MT annual steel fabrication capacity in Sri Lanka.



ENGINEERING SERVICES

> 1,100 MW EPC and O&M contracts undertaken across Sri Lanka, Bangladesh, Nepal and Maldives.



NEW ENERGY, NEW HORIZONS

PROVIDING ENGINEERINGS,
CONSTRUCTION, OPERATION
AND MAINTENANCE
SERVICES FOR POWER
SECTOR GLOBALLY



ESTABLISHING NEW
PRODUCTION FACILITIES
AND NEW PRODUCTS FOR
TRANSMISSION AND
DISTRIBUTION SYSTEMS

DEVELOPING
INFRASTRUCTURE AND
SUPPLY OF LNG FOR
POWER GENERATION



450+ MW OF SECURED
PROJECT PIPELINE
IN COMBINED CYCLE AND
SOLAR POWER PLANTS

The Prospectus is dated August 29, 2024.

The delivery of this Prospectus shall not under any circumstances constitute a representation or create any implication or suggestion that there has been no material change in the affairs of the Company since the date of this Prospectus. If any such material change occurs, the same will be notified by the Company via a market announcement to the Colombo Stock Exchange (CSE).

If you are in any doubt regarding the contents of this Prospectus or if you require any advice in this regard you should consult a lawyer, or any other professional advisor.

The CSE has taken reasonable care to ensure full and fair disclosure of information in this Prospectus. However, the CSE assumes no responsibility for the accuracy of the statements made (including with regard to any relevant information that may have been omitted), opinions expressed or reports included in this Prospectus. Moreover, the CSE does not regulate the pricing of the Shares which is decided solely by the Company. In the unlikely instance of any inconsistencies between content herein and the relevant provisions in the CSE Listing Rules the CSE Listing Rules shall prevail.

This Prospectus has been prepared from the information provided by LTL Holdings Limited ('LTLH' or 'the Company') and its Directors and/or from publicly available sources. The Company and its Directors having made all reasonable inquiries and having seen and approved this Prospectus, confirm that to the best of their knowledge and belief, the information contained herein is true and correct in all material respects and that there are no other material facts, the omission of which would make any statement herein misleading or inaccurate.

Where representations regarding the future performance of LTLH have been given in this Prospectus, such representations have been made after due and careful enquiry of the information available to the Company and making assumptions that, in their best judgement, are considered to be reasonable at the present point in time.

The Company accepts responsibility for the information contained in this Prospectus. While the Company has taken reasonable care to ensure full and fair disclosure of information, prospective investors are advised to carefully read this Prospectus and rely on their own examination and assessment of the Company including the risks involved prior to making any investment decision.

No person is authorised to give any information or make any representation not contained in this Prospectus and if given or made, any such information or representation must not be relied upon as having been authorised by the Company.

All Applicants (both resident and foreign) should indicate their respective National Identity Card (NIC) number or Company Registration number or Passport Number, as the case may be, in the Application Form. Individual Resident Applicants should indicate their Passport number in the Application Form only if they do not have an NIC Number.

As per the Directive of the Securities and Exchange Commission (SEC) made under Circular No. 08/2010 dated November 22, 2010 and Circular No. 13/2010 issued by the Central Depository System (Private) Limited (CDS) dated November 30, 2010, all Shares allotted must be directly uploaded to the CDS Accounts. As such, all Applicants should indicate their CDS Account number in the Application Form. Applicants who do not have a CDS Account are advised to open a valid CDS Account prior to submitting the Application, in order to facilitate the uploading of allotted Shares to their CDS Account.

Please note that upon the allotment of Shares under this Issue, the allotted Shares will be credited to the Applicant's CDS Account so indicated. Please note that **SHARE CERTIFICATES SHALL NOT BE ISSUED**. Any Application which does not carry a valid CDS Account number or indicates a number of a CDS Account which is not opened at the time of Issue Closing Date or which indicates an inaccurate/incorrect CDS Account number shall be rejected and no allotment will be made.

You can open a CDS Account through any Trading Participants of the CSE as set out in Annexure B or through any Custodian Bank as set out in Annexure C of this Prospectus. You can also open a CDS Account through the 'CSE Mobile App'. The CSE Mobile App can be downloaded from the Apple App Store (for Apple IOS users) or the Google Play Store (for Google Android users).

REGISTRATION OF THE PROSPECTUS

A copy of this Prospectus has been delivered to the Registrar General of Companies in Sri Lanka for registration. The following documents were also attached to the copy of the Prospectus delivered to the Registrar General of Companies.

- **The Written Consent of the Joint Financial Advisors and Managers to the Issue**

The Joint Financial Advisors and Managers to the Issue have given and have not before the delivery of a copy of the Prospectus for registration withdrawn the written consent for the inclusion of the name as Joint Financial Advisors and Managers to the Issue and for the inclusion of the Research Report in the form in which it is included in the Prospectus.

- **The Written Consent of the Registrars to the Issue**

The Registrars to the Issue have given and have not before the delivery of a copy of the Prospectus for registration withdrawn the written consent for the inclusion of the name as Registrars to the Issue in the Prospectus.

- **The Written Consent of the Auditors and Reporting Accountants to the Company and to the Issue**

The Auditors and Reporting Accountants to the Company and to the Issue have given and have not before the delivery of a copy of the Prospectus for registration withdrawn their written consent for the inclusion of the name as Auditors and Reporting Accountants to the Company and to the Issue and for the inclusion of the Accountants' Report in connection to the Issue in the Prospectus.

- **The Written Consent of the Lawyers to the Issue**

The Lawyers to the Issue have given and have not before the delivery of a copy of the Prospectus for registration withdrawn their written consent for the inclusion of the name as Lawyers to the Issue in the Prospectus.

- **The Written Consent of the Bankers to the Company**

The Bankers to the Company have given and have not before the delivery of a copy of the Prospectus for registration withdrawn the written consents for the inclusion of the name as Bankers to the Company in the Prospectus.

- **The Written Consent of the Bankers to the Issue**

The Bankers to the Issue have given and have not before the delivery of a copy of the Prospectus for registration withdrawn the written consent for the inclusion of the name as Bankers to the Issue in the Prospectus.

- **The Written Consent of the Company Secretaries**

The Company Secretaries have given and have not before the delivery of a copy of the Prospectus for registration withdrawn their written consent for the inclusion of the name as Company Secretaries in the Prospectus.

- **The Declaration by the Directors**

A declaration has been made by each of the Directors of the Company confirming that each of them has read the provisions of the Companies Act No. 7 of 2007 (as amended) relating to the issue of the Prospectus and that those provisions have been complied with.

REGISTRATION OF THE PROSPECTUS IN JURISDICTIONS OUTSIDE OF SRI LANKA

This Prospectus has not been registered with any authority outside of Sri Lanka. Foreign investors may be affected by the laws of the jurisdictions of their residence. Such investors are responsible for compliance with the laws relevant to their country of residence and the laws of Sri Lanka, when making their investment.

REPRESENTATION

No person is authorised to give any information or make any representation not contained in this Prospectus and if given or made, any such information or representation must not be relied upon as having been authorised by the Company.

FORWARD LOOKING STATEMENTS

Any statements included in this Prospectus that are not statements of historical fact constitute 'Forward Looking Statements'. These can be identified by the use of forward-looking terms such as 'expect', 'anticipate', 'intend', 'may', 'plan to', 'believe', 'could' and similar terms or variations of such terms. However, these words are not the exclusive means of identifying Forward Looking Statements. As such, all statements pertaining to expected financial position, business strategy, plans and prospects of the Company are classified as Forward-Looking Statements.

Such Forward-Looking Statements involve known and unknown risks, uncertainties and other factors including but not limited to regulatory changes in the sectors in which the Company operates and its ability to respond to them, the Company's ability to successfully adapt to technological changes, exposure to market risks, general economic and fiscal policies of Sri Lanka, inflationary pressures, the performance of financial markets both globally and locally, changes in domestic and foreign laws, regulation of taxes and changes in competition in the industry and further uncertainties that may or may not be in the control of the Company.

Such factors may cause actual results, performance and achievements to materially differ from any future results, performance or achievements expressed or implied by Forward Looking Statements herein. Forward Looking Statements are also based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future.

Given the risks and uncertainties that may result in the Company's actual future results, performance or achievements to materially differ from what are expected, expressed or implied by Forward-Looking Statements in this Prospectus, investors are advised not to place sole reliance on such statements.

INVESTMENT CONSIDERATIONS

It is important that this Prospectus is read carefully prior to making an investment decision. For information concerning certain risk factors, which should be considered by prospective investors, see 'Investment Considerations and Associated Risk Factors' in Section 7.13 of this Prospectus.

PRESENTATION OF CURRENCY INFORMATION AND OTHER NUMERICAL DATA

The financial statements of the Company and currency values of economic data or industry data in a local context will be expressed in Sri Lanka Rupees. References in the Prospectus to 'LKR', 'Rupees', and 'Rs.' are references to the lawful currency of Sri Lanka. Reference to 'USD' is with reference to United States Dollars, the lawful currency of the United States of America. Reference to 'EUR' is with reference to the Euro, the lawful currency of 20 member states of the European Union. Reference to 'BDT' is with reference to Bangladesh Taka, the lawful currency of Bangladesh. Reference to 'INR' is with reference to Indian Rupee, the lawful currency of India. Reference to 'NPR' is with reference to Nepalese Rupee, the lawful currency of Nepal.

Certain numerical figures in the Prospectus have been subject to rounding adjustments; accordingly, numerical figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

PRESENTATION OF MACROECONOMIC AND INDUSTRY DATA

Economic and industry data used throughout this Prospectus are derived from various industry data sources, which the Company believes to be reliable, but the accuracy and completeness of that information is not guaranteed. Similarly, industry surveys and other publications, while believed to be reliable, have not been independently verified and neither the Company nor the Managers to the Issue make any representation as to the accuracy of that information.

CONTENTS

1	CORPORATE INFORMATION	1
2	RELEVANT PARTIES TO THE ISSUE	3
3	ABBREVIATIONS	4
4	GLOSSARY	7
5	DETAILS OF THE ISSUE	9
5.1	The Issue	9
5.2	Nature of the New Shares	9
5.3	Size of the Issue	9
5.4	Share Issue Price	9
5.5	Quantitative and Qualitative Factors Pertaining to the Issue	10
5.6	Objectives of the IPO	14
5.7	Specific Risks Associated with the Objectives of the Issue	19
5.8	Approval for the Issue and Compliance with the SEC Act and Listing Rules	22
5.9	Opening and Closing of the Subscription List	23
5.10	Cost of the Issue	23
5.11	Brokerage	23
5.12	Minimum Subscription and Underwriting	24
5.13	Inspection of Documents	24
6.	PROCEDURE FOR APPLICATION	25
6.1	Eligible Applicants	25
6.2	The Procedure for Application	26
6.3	Payment of Application Monies	32
6.4	Rejection of Applications	36
6.5	Banking of Payments	37
6.6	Basis of Allotment	37
6.7	Refunding/Returning of Funds on Partially Accepted/Rejected Applications	39
6.8	Successful Applicants and CDS Lodgment	40
6.9	Declaration to the CSE and Secondary Market Trading	40
7.	BUSINESS OPERATIONS OF LTL HOLDINGS LIMITED	41
7.1	Overview of the Company	41
7.2	Evolution of the Company	43
7.3	Key Milestones	46
7.4	Shareholders of LTLH	47
7.5	Group Structure	49
7.6	Business Segments of LTLH	52
7.7	Human Capital	55
7.8	Competitive Advantages of the LTLH Group	56
7.9	LTLH's ESG Initiatives	56
7.10	Capital Structure	57
7.11	Future Strategies of LTLH Group	61
7.12	Assumptions Relating to Future Strategies	64
7.13	Investment Consideration and Associated Risks	64
7.14	Other Information	68
7.15	Corporate Social Responsibility (CSR)	72
7.16	Certifications of LTLH Group	73
7.17	Awards and Accolades	75

8	CORPORATE STRUCTURE	81
8.1	The Board of Directors of LTLH	81
8.2	Profiles of the Board of Directors	82
8.3	Directors of Subsidiaries of LTLH	89
8.4	Directors' Interest in Shares	92
8.5	Sale and Purchase of LTLH Shares by Directors	93
8.6	Directors' Interests in Assets	93
8.7	Directors' Interests in Contracts	93
8.8	Statement - Board of Directors	93
8.9	Corporate Governance Practices	93
8.10	Senior Management and Corporate Management Team of LTLH Group	96
8.11	Chief Executive Officer	107
9	STATUTORY DECLARATIONS	108
9.1	Declaration by the Directors	108
9.2	Declaration by the Company	109
9.3	Declaration by the Joint Financial Advisors and Managers to the Issue	109
	ANNEXURE A - RESEARCH REPORT PUBLISHED TO ASCERTAIN THE VALUE OF ORDINARY VOTING SHARES OF LTL HOLDINGS LIMITED	110
	ANNEXURE B - COLLECTION POINTS	188
	ANNEXURE C - CUSTODIAN BANKS	198
	ANNEXURE D - ACCOUNTANTS' REPORT AND FIVE-YEAR SUMMARY	200
	ANNEXURE E - AUDIT REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024	211
	ANNEXURE F - INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2024	289
	ANNEXURE G - LIST OF LICENCES/ APPROVALS/ CONSENTS RELATED TO RIVIDHANAVI (PRIVATE) LIMITED AND SAHASDHANAVI LIMITED	303
	ANNEXURE H - CEB LETTER TO THE SEC ON THE DEVELOPMENT OF SAHASDHANAVI	307
	ANNEXURE I - DETAILS OF PERIODIC LICENCES OBTAINED BY SUBSIDIARIES OF LTLH AS AT DATE OF INITIAL LISTING APPLICATION	309

LIST OF TABLES

Table 5-1	Summary of Valuation	9
Table 5-2	EPS, ROE & P/E	10
Table 5-3	NAV per Share	11
Table 5-4	Comparison of Key Ratios Among Peers	12
Table 5-5	Estimated Utilization of IPO Funds	15
Table 5-6	Key Project Information - Rividhanavi (Private) Limited	16
Table 5-7	Key Project Information - Sahasdhanavi Limited	17
Table 5-8	Continuous Disclosure on Utilisation of Proceeds of the Issue	21
Table 6-1	Investor Identification Required	30
Table 6-2	Basis of Allotment of New Shares to Various Categories of Applicants	37
Table 7-1	Power Generation, EPC and O&M Operations of LTLH from 1996 to To-Date	44
Table 7-2	Shareholders of LTLH	47
Table 7-3	Venture Capital/Strategic Investors and Project Promoters of LTLH Group	50
Table 7-4	Brief Descriptions on Companies under the LTLH Group	51
Table 7-5	Details of Currently Operational Power Plants of LTLH	52
Table 7-6	Details of Power Projects Currently Under Development	53
Table 7-7	Details of Past Power Projects	53
Table 7-8	Headcount of Each Business Unit	55
Table 7-9	Overview of Stated Capital of the Company	57
Table 7-10	Shareholders of the Company	59
Table 7-11	Dividend Payout	59
Table 7-12	Lock-in of Pre IPO-Shares	60
Table 7-13	Shares Locked-in Post IPO	60
Table 7-14	Lease Agreement Particulars	70
Table 7-15	Tax Rates Applicable for the Company and its Subsidiaries as at March 31, 2024	71
Table 7-16	Certifications Awarded to LTLH Group	73
Table 8-1	The Board of Directors of LTLH	81
Table 8-2	Directors of Subsidiaries of LTLH	89
Table 8-3	Directors' Direct Shareholding in Subsidiaries of LTLH	92
Table 8-4	Corporate Management and Senior Management Team of LTLH Group	96

LIST OF FIGURES

Figure 7-1	Business Operations - Geographical Presence	41
Figure 7-2	Key Milestones of LTL Holdings Limited	46
Figure 7-3	Group Structure of LTLH	49
Figure 7-4	Headcount Based on Profession	55
Figure 7-5	Headcount Based on Location	55

ISSUE AT A GLANCE

Company	LTL Holdings Limited
Number of Shares to be Issued	Initial issue of up to 1,103,448,300 new Ordinary Voting Shares of the Company at the Share Issue Price (Initial Issue) and in the event of an oversubscription of the Initial Issue to issue up to a further 275,862,100 new Ordinary Voting Shares of the Company at the Share Issue Price at the discretion of the Board of Directors of LTLH (Further Issue) resulting a total issuance of up to 1,379,310,400 new Ordinary Voting Shares of the Company (Total Issue).
Share Issue Price	LKR 14.50 per Share
Amount to be Raised via Share Issue	Up to LKR 16,000,000,350/- via the Initial Issue and in the event of an oversubscription of the Initial Issue to raise a further sum of up to LKR 4,000,000,450/- at the discretion of the Board of Directors of LTLH via a Further Issue resulting in a total amount of up to LKR 20,000,000,800/- being raised via the Total Issue by way of an offer for subscription.
Minimum Investment per Application	<p>Minimum investment per Application is 500 Shares (LKR 7,250/-). Applications exceeding the minimum investment should be in multiples of 100 Shares.</p> <p>Minimum investment of 500 Shares will be allotted to each successful Applicant.</p>
Opening of the Subscription List (Issue Opening Date)	September 10, 2024
Closure of the Subscription List (Issue Closing Date)	October 2, 2024 or the day on which the Issue becomes oversubscribed, whichever is earlier
Earliest Issue Closing Date	September 10, 2024
Basis of Allotment	The basis of allotment is detailed in Section 6.6 of this Prospectus
CSE Listing	To be listed on the Main Board of the CSE subject to compliance with the CSE Listing Rules, SEC Act and SEC Directives (as applicable)

1 CORPORATE INFORMATION

The Company	LTL Holdings Limited																		
Legal Form of the Company	<p>A company incorporated in Sri Lanka as a private limited liability company under the Companies Ordinance No. 51 of 1938 on July 4, 1980 as Lanka Transformers Limited and re-registered as Lanka Transformers (Private) Limited under the Companies Act No. 07 of 2007 (as amended) on February 21, 2008. The Company changed its name from Lanka Transformers (Private) Limited to L.T.L. Holdings (Private) Limited on October 21, 2008. The Company changed its status from L.T.L. Holdings (Private) Limited to L.T.L. Holdings Limited under the Companies Act No. 07 of 2007 (as amended) on March 13, 2023 and consequently changed its name to LTL Holdings Limited on July 18, 2023.</p> <p>Authority of Incorporation: Registrar General of Companies (ROC), Colombo, Sri Lanka.</p>																		
Company Registration Number	PB 00274329																		
Registered Office	<p>No. 77, Level 1, Park Street Colombo 02, Sri Lanka</p> <p>Tel : +94 11 269 5007 Fax : +94 11 268 4900 E-mail: info@ltl.lk Web : www.ltl.lk</p>																		
Board of Directors	<table border="1"> <tr> <td>Mr. Nalinda Sampath Illangakoon</td> <td>Chairman, Non-Executive Director, Non-Independent</td> </tr> <tr> <td>Mr. Mapalagama Rupage Vijithananda Ruwan Meepura</td> <td>Non-Executive Director, Non-Independent</td> </tr> <tr> <td>Mr. Jothipala Panangala Gamage</td> <td>Non-Executive Director, Independent</td> </tr> <tr> <td>Mr. Condagamage Vajira Kulathilake</td> <td>Non-Executive Director, Independent</td> </tr> <tr> <td>Mr. Mohamed Reyaz Mihular</td> <td>Non-Executive Director, Independent</td> </tr> <tr> <td>Prof. Abeyratne Dissanayake Mudiyanseelage Sirimal Ashoka Abeyratne</td> <td>Non-Executive Director, Independent</td> </tr> <tr> <td>Mr. Upali Dayaratne Jayawardana</td> <td>Non-Executive Director, Non-Independent</td> </tr> <tr> <td>Mr. Mohamed Jalaldeen Mohamed Nuhuman Marikkar</td> <td>Chief Executive Officer, Executive Director</td> </tr> <tr> <td>Mr. Ravindra Kumar Pitigalage*</td> <td>Deputy Chief Executive Officer, Executive Director</td> </tr> </table> <p>*Mr. Utumange Gamini Sarath who is the Deputy Chief Executive Officer (Finance) of the Company has been appointed by Mr. Ravindra Kumar Pitigalage as his alternate director to act in his stead.</p>	Mr. Nalinda Sampath Illangakoon	Chairman, Non-Executive Director, Non-Independent	Mr. Mapalagama Rupage Vijithananda Ruwan Meepura	Non-Executive Director, Non-Independent	Mr. Jothipala Panangala Gamage	Non-Executive Director, Independent	Mr. Condagamage Vajira Kulathilake	Non-Executive Director, Independent	Mr. Mohamed Reyaz Mihular	Non-Executive Director, Independent	Prof. Abeyratne Dissanayake Mudiyanseelage Sirimal Ashoka Abeyratne	Non-Executive Director, Independent	Mr. Upali Dayaratne Jayawardana	Non-Executive Director, Non-Independent	Mr. Mohamed Jalaldeen Mohamed Nuhuman Marikkar	Chief Executive Officer, Executive Director	Mr. Ravindra Kumar Pitigalage*	Deputy Chief Executive Officer, Executive Director
Mr. Nalinda Sampath Illangakoon	Chairman, Non-Executive Director, Non-Independent																		
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Mr. Upali Dayaratne Jayawardana	Non-Executive Director, Non-Independent																		
Mr. Mohamed Jalaldeen Mohamed Nuhuman Marikkar	Chief Executive Officer, Executive Director																		
Mr. Ravindra Kumar Pitigalage*	Deputy Chief Executive Officer, Executive Director																		

Company Secretaries	<p>S S P Corporate Services (Private) Limited No. 101, Inner Flower Road Colombo 03, Sri Lanka. Tel : +94 11 257 3894/+94 11 257 6871 Fax: +94 11 257 3609</p>
Auditors to the Company	<p>Ernst & Young (Chartered Accountants) No. 109, Galle Road Colombo 03, Sri Lanka Tel : +94 11 246 3500 Fax: +94 11 269 7869</p>
Bankers to the Company	<p>CITI Bank No. 65C, Dharmapala Mawatha Colombo 07, Sri Lanka Tel : +94-11 244 7316-8 Fax: +94 11 244 5487</p> <p>Commercial Bank of Ceylon PLC No. 21, Sir Razik Fareed Mawatha, Colombo 01, Sri Lanka Tel : +94 11 448 6000 Fax: +94 11 244 9889</p> <p>Hatton National Bank PLC Level 17, No. 479, T B Jayah Mawatha Colombo 10, Sri Lanka Tel : +94 11 246 2462 Fax: +94 11 266 2759</p> <p>People’s Bank No. 75, Sir Chittampalam A. Gardiner Mawatha Colombo 02, Sri Lanka Tel : +94 11 248 1481 Fax: +94 11 247 3340</p> <p>Sampath Bank PLC No.110, Sir James Peiris Mawatha Colombo 02, Sri Lanka Tel : +94 11 473 0113 Fax: +94 11 230 0603</p> <p>Standard Chartered Bank No. 37, York Street Colombo 01, Sri Lanka Tel : +94 11 248 0000 Fax: +94 11 232 3676</p>

2 RELEVANT PARTIES TO THE ISSUE

<p>Joint Financial Advisors and Managers to the Issue</p>	<p>NDB Investment Bank Limited Level 1, NDB Capital Building No. 135, Bauddhaloka Mawatha Colombo 4, Sri Lanka Tel : +94 11 230 0385-90 Fax : +94 11 230 0393 Web: www.ndbib.com</p> <p>CT CLSA Capital (Private) Limited No. 4-15, Majestic City 10, Station Road Colombo 4, Sri Lanka Tel : +94 11 258 4843 Fax : +94 11 258 0181 Web: www.ctclsa.lk</p>
<p>Lawyers to the Issue</p>	<p>F J & G de Saram Attorneys-at-Law No. 216, De Saram Place Colombo 10, Sri Lanka Tel : +94 11 460 5100 Fax : +94 11 267 7863 Web: www.fjgdesaram.com</p>
<p>Auditors and Reporting Accountants to the Issue</p>	<p>Ernst & Young (Chartered Accountants) No.109, Galle Road Colombo 03, Sri Lanka Tel : +94 11 246 3500 Fax : +94 11 269 7869 Web : www.ey.com</p>
<p>Registrars to the Issue</p>	<p>S S P Corporate Services (Private) Limited No. 101, Inner Flower Road Colombo 03, Sri Lanka Tel : +94 11 257 3894/+94 11 257 6871 Fax : +94 11 257 3609 Web: www.sspcorporateservices.com</p>
<p>Bankers to the Issue</p>	<p>Hatton National Bank PLC Level 17, No. 479, T B Jayah Mawatha Colombo 10, Sri Lanka Tel : +94 11 246 2462 Fax : +94 11 266 2759 Web: www.hnb.lk</p> <p>Sampath Bank PLC No.110, Sir James Peiris Mawatha Colombo 02, Sri Lanka Tel : +94 11 473 0113 Fax : +94 11 230 0603 Web: www.sampath.lk</p>

3 ABBREVIATIONS

A	Ampere
ABB	ASEA Brown Boveri
ADB	Asian Development Bank
AGA	American Galvanisers Association
Asiatic/AES	Asiatic Electrical & Switchgear (Private) Limited
AWPLR	Average Weighted Prime Lending Rate
BDT	Bangladeshi Taka
BESS	Battery Energy Storage System
Bn	Billion
BOI	Board of Investments of Sri Lanka
BOO	Build-Own-Operate
BOOT	Build-Own-Operate-Transfer
BLS	Bonar Long of Scotland
BPC	Bangladesh Petroleum Corporation
BPDB	Bangladesh Power Development Board
Bright/BIP	Bright International Power (Pte) Limited
c.	circa
CAGR	Compound Annual Growth Rate
CBSL	Central Bank of Sri Lanka
CDS	Central Depository System (Private) Limited
CEB	Ceylon Electricity Board
CEFT	Common Electronic Fund Transfer Switch
CEO	Chief Executive Officer
COD	Commercial Operation Date
COFACE	Compagnie Française d'Assurance pour le Commerce Extérieur
CPC	Ceylon Petroleum Corporation
CPRI	Central Power Research Institute, India
CSE	Colombo Stock Exchange
CSR	Corporate Social Responsibility
DC	Direct Current
DG	Diesel Generator
Din	Deutsches Institute fur Normung
DO	Diesel Oil
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization
ECA	Export Credit Agency
EEPC	Engineering Export Promotion Council of India
EFF	Extended Fund Facility
EPC	Engineering, Procurement and Construction
EUR	Euro
FDI	Foreign Direct Investment
Feni Lanka/Feni	Feni Lanka Power Limited
FSRU	Floating Storage Regassification Unit
FY	Financial Year
GE	General Electric
GoSL	Government of Sri Lanka
GT	Gas Turbine
GTG	Gas Turbine Generators

GW	Gigawatt
GWh	Gigawatt hour
H₂	Hydrogen
Heladhanavi	Heladhanavi Limited
HFO	Heavy Fuel Oil
HT	High Tension
i.e.	That is
IDCOL	Infrastructure Development Company of Bangladesh
IEA	International Energy Agency
IIA	Inward Investment Account
IMF	International Monetary Fund
Infra/Infra & Engineering	Infra & Engineering (Private) Limited
IPP	Independent Power Producer
ISO	International Organization for Standardization
JV	Joint Venture
kA	Kiloampere
kV	Kilovolt
kW	Kilowatt
kWh	Kilowatt hours
kWp	Kilowatt peak
LAK/Lakdhanavi	Lakdhanavi Limited
Lakdhanavi Bangla	Lakdhanavi Bangla Power Limited
LC	Letter of Credit
LD	Liquidated Damage
LD Heavy Engineering	LD Heavy Engineering (Private) Limited
LECO	Lanka Electricity Company Limited
LKR	Sri Lanka Rupee
LLC	Limited Liability Company
LNG	Liquefied Natural Gas
LOI	Letter of Intent
LT	Low Tension
Ltd.	Limited
LTGEP	Long Term Generation Expansion Plan
LTL Energy	LTL Energy (Private)Limited
LTLG/LTL Galvanizers	LTL Galvanizers (Private) Limited
LTLH	LTL Holdings Limited/LTL Holdings Limited and its subsidiaries (wherever applicable)
LTLT/LTL Transformers	LTL Transformers (Private) Limited
LV	Low Voltage
Makari Gad	Makari Gad Hydro Power (Private) Limited
Mn	Millions
MT	Metric Ton
MV	Medium Voltage
MVA	Mega Volt-Ampere
MW	Megawatt
N/A	Not Applicable
NCE	National Chamber of Exporters

NGO	Non Governmental Organisation
NIC	National Identity Card
Nividhu	Nividhu (Private) Limited
Nividhu Assupiniella	Nividhu Assupiniella (Private)Limited
NM	Not Meaningful
NPAT	Net Profit After Tax
NSD	New Sulzer Diesel
O&M	Operations and Maintenance
OEM	Original Equipment Manufacturer
p.a.	Per annum
P/E	Price to Earnings Ratio
Pawandanavi	Pawan Danavi (Private)Limited
POA	Power of Attorney
PPA	Power Purchase Agreement
PPP	Public, Private Partnership
PV	Photovoltaic
PVkWp	Peak Watt (kWp) of a Photovoltaic (PV) system
Pvt	Private
R&D	Research and Development
Raj Lanka	Raj Lanka Power Company Limited
Rividhanavi	Rividhanavi (Private) Limited
ROA	Return on Assets
ROCE	Return on Capital Employed
ROE	Return on Equity
RTGS	Real Time Gross Settlements
Sahasdhanavi	Sahasdhanavi Limited
SAPS	South Asian Partnership Summit
SCAPC	Special Cabinet Approval Project Committee
SDG	Sustainable Development Goals
SEC	Securities and Exchange Commission of Sri Lanka
SLIPS	Sri Lanka Interbank Payment System
SLNQA	Sri Lanka National Quality Award
SLSEA	Sri Lanka Sustainable Energy Authority
Sobadhanavi	Sobadhanavi Limited
SOP	Standard Operating Procedures
SPPA	Standardized Power Purchase Agreement
SPV	Special Purpose Vehicle
STELCO	State Electric Company Limited
TIL	Teckpro Investment Limited
TP	Triple Pole
US Exim	Export-Import Bank of the United States
USD	United States Dollar
VCB	Vacuum Circuit Breaker
VRE	Variable Renewable Energy
w.e.f	with effect from
WCP/West Coast/Yugadhanavi	West Coast Power (Private)Limited

4 GLOSSARY

TERMS RELATED TO THE ISSUE

Applicant/s	An investor who submits an Application Form in terms of this Prospectus
Application Form/ Application	The Application form that constitutes part of this Prospectus through which the investors may apply for the New Shares
Articles of Association	Articles of Association of LTL Holdings Limited
Board/ Board of Directors/ Directors	The Board of Directors of LTL Holdings Limited
Companies Act	Companies Act No. 07 of 2007 (as amended)
CSE Listing Rules/Listing Rules	Listing rules of the Colombo Stock Exchange as amended from time to time
Foreign Investor	<p>Investors who are:</p> <ul style="list-style-type: none"> a) Citizens of Sri Lanka who are Resident outside Sri Lanka and above 18 years of age; b) Corporate bodies incorporated or established outside Sri Lanka; c) Foreign citizens above 18 years of age (irrespective of whether they are Resident in Sri Lanka or overseas); or d) Regional and country funds approved by the SEC; <p>Please refer Section 6.1 for further information</p>
Further Issue	Issue of a further 275,862,100 New Shares at the Share Issue Price at the discretion of the Board of Directors in the event of an oversubscription of the Initial Issue
GoSL/Government	Government of the Democratic Socialist Republic of Sri Lanka
IIA	Inward Investment Account
Initial Issue	Issue of 1,103,448,300 New Shares of LTLH at the Share Issue Price
IPO/ Issue Opening Date, Earliest IPO/ Issue Closing Date or IPO/Issue Closing Date	The dates of the opening and closing of the subscription list as set out in Section 5.9 of this Prospectus
Issue/Share Issue/ Total Issue/IPO	Issue of up to 1,379,310,400 New Shares comprising of Initial Issue and Further Issue as the case may be as detailed in Section 5 of this Prospectus of the Company
Joint Application Forms	Application Forms submitted by natural persons not exceeding three
LTLH/ the Company	LTL Holdings Limited
LTLH Group/ the Group	LTL Holdings Limited and its subsidiaries
Lawyers to the Issue	F J & G de Saram
Local Time	Sri Lanka Time
Joint Managers to the Issue/Joint Financial Advisors and Managers to the Issue/Managers to the Issue	NDB Investment Bank Limited and CT CLSA Capital (Private) Limited
Market Day	Any day on which CSE is open for trading
New Shares	Up to 1,379,310,400 new Ordinary Voting Shares to be issued by the Company to the public at the Share Issue Price
Non-Retail Investor Category	Investors who do not fall under the Retail Individual Investor Category and Unit Trust Investor Category

Ordinary Shares/ Issued and Paid-up Ordinary Shares/ Ordinary Voting Shares/ Shares	Ordinary voting Shares of the Company, which confer on the holders thereof, with regard to each share: a) the right to one vote on a poll at a meeting of the Company on any resolution; b) the right to an equal share in dividends paid by the Company; and c) the right to an equal share in the distribution of the surplus assets of the Company on liquidation.
Prospectus	This prospectus dated August 29, 2024 issued by the Company in connection with the Share Issue
Public Holding	As set out in the CSE Listing Rules
Registrars to the Issue	S S P Corporate Services (Private) Limited
Retail Individual Investor Category	Individual investor who subscribes for a value of not more than LKR 200,000/- (i.e. upto 13,700 Shares).
SEC Act	Securities and Exchange Commission of Sri Lanka Act No. 19 of 2021
Share Issue Price/Issue Price	The price at which New Shares will be issued to the public as detailed in this Prospectus, i.e. LKR 14.50 per Ordinary Voting Share
Stated Capital	The stated capital of LTLH
Unit Holder	An individual who has made an investment in units not exceeding the value of LKR 10,000,000/- in a particular Unit Trust Fund that subscribes for New Shares, as per SEC Directive dated June 6, 2011 (Ref: SEC/LEG/11/06/01)
Unit Trust Investor Category	Growth and Balanced Unit Trusts operated by managing companies licensed under the SEC to operate such Unit Trusts, where such Unit Trusts comprise not less than 500 Unit Holders Resident in Sri Lanka who together hold at least 50% of that Unit Trust, as per SEC Directive dated June 06, 2011 (Ref: SEC/Leg/11/06/01)

5 DETAILS OF THE ISSUE

All financial information and figures pertaining to FY24 in this section are based on the Audited Financial Statements of LTLH for the period ended March 31, 2024 and Unaudited Interim Financial Statements for the period ended June 30, 2024.

5.1 THE ISSUE

The Issue contemplated herein shall constitute an invitation made to the public to subscribe for the initial issue of up to 1,103,448,300 new Ordinary Voting Shares of the Company (Initial Issue) and in the event of an oversubscription of the Initial Issue, for a further issue of up to 275,862,100 new Ordinary Voting Shares of the Company (Further Issue) at the Share Issue Price of LKR 14.50 per Share at the discretion of the Board of Directors of LTLH resulting in a total issuance of up to 1,379,310,400 new Ordinary Voting Shares of the Company (Total Issue) to raise up to LKR 20,000,000,800/- via the Initial Public Offering (IPO).

5.2 NATURE OF THE NEW SHARES

From the date of allotment, the New Shares shall rank equal and pari passu in all respects with the existing Ordinary Voting Shares and each New Share shall confer on the holder thereof the right to one vote on a poll at a meeting of the Company on any resolution, the right to an equal share in any dividend that may be paid by the Company and the right to an equal share in the distribution of the surplus assets of the Company in a liquidation.

5.3 SIZE OF THE ISSUE

The Company intends to raise up to LKR 20,000,000,800/- via the Issue.

5.4 SHARE ISSUE PRICE

The Share Issue Price will be LKR 14.50 per Share. The Board of Directors of LTLH are of the opinion that the Share Issue Price is fair and reasonable to the Company and to all existing shareholders of the Company in terms of the Companies Act. Advice for the determination of the Share Issue Price for the IPO was sought from the Joint Financial Advisors and Managers to the Issue, NDB Investment Bank Limited (NDBIB) and CT CLSA Capital (Private) Limited (CT CLSA), in accordance with the Research Report (as disclosed in Annexure A) compiled by NDBIB and CT CLSA in line with Rule 3.1.4 of the CSE Listing Rules.

The Net Asset Value per share of the Company (NAV) as per the Audited Financial Statements as at March 31, 2024 is LKR 11.79.

A summary of the valuation methods used to determine the Share Issue Price is as follows:

Table 5-1 Summary of Valuation

Valuation Method	Value per Share (LKR)	Upside to the Fair Value (%)
Primary Valuation Methodology Sum-Of-The-Parts approach (combination of DCF and NAV methodologies)	19.39	33.75%
Secondary Valuation Methodology 2-year Forward Price-to-Earnings Relative valuation method	36.32	150.46%

Source: Research Report (Annexure A)

*The pre-IPO number of Shares has been considered to arrive at the value per share since the pre-money forward earnings was considered for this methodology. This is also consistent with the approach followed in the Primary Valuation Methodology. The resultant Per Share Value and Upside to the Fair Value based on the post-IPO number of Shares is LKR 28.21 and 94.56%, respectively.

The Share Issue Price of LKR 14.50 per New Share amounts to an upside of 33.75% to the fair value derived from the primary valuation methodology of LKR 19.39. The IPO Price is at a discount to the Fair Value in order to give a potential upside on the investment.

The investors should read the quantitative and qualitative factors given in Section 5.5, the risk factors included under Section 7.13 of this Prospectus and the details of the Company, and its financial statements included in this Prospectus.

5.5 QUANTITATIVE AND QUALITATIVE FACTORS PERTAINING TO THE ISSUE

5.5.1 Quantitative Factors

Earnings per Share (EPS), Return on Equity (ROE) and Price to Earnings Ratio (P/E)

Historical Earnings per Share (EPS), Return on Equity (ROE) and Price to Earnings Ratio (P/E) are given below.

Table 5-2 EPS, ROE & P/E

Period Ended	Basic EPS Adjusted for the Sub-division (LKR)*	ROE (%)**	P/E (X)***
March 31, 2022	3.04	43.5%	4.78
March 31, 2023	2.16	21.8%	6.71
March 31, 2024	0.91	7.9%	15.95
Three-Year Average	2.04	24.4%	7.12
Three Months Ended June 30, 2024 (as per Unaudited Interim Financials, not annualised)	0.19	NM	NM
Three Months Ended June 30, 2024 (as per Unaudited Interim Financials, annualised)	0.77	6.9%	18.78

Source: LTLH Audited Financial FY22, FY23 and FY24 and Unaudited Interim Financial Statements for the period ended June 30, 2024

$$*Earnings\ per\ share\ (LKR) = \frac{Net\ profit\ attributable\ to\ equity\ shareholders}{Weighted\ average\ number\ of\ equity\ Shares\ outstanding\ during\ the\ year/period}$$

*On March 27, 2023, LTLH sub-divided its ordinary Shares at a sub-division ratio of 197 ordinary Shares for each share held by the shareholders. In addition, again on March 04, 2024, the Company sub-divided its ordinary Shares at a sub-division ratio of 1,462 Shares for every 1,000 Shares held by the shareholders. A proforma adjustment was made to calculate the EPS for the financial years ended March 31, 2022, March 31, 2023 and March 31, 2024 based on the sub-division ratio.

$$**ROE = \frac{Net\ profit\ attributable\ to\ equity\ shareholders}{Average\ Equity\ Attributable\ to\ Shareholders}$$

***P/E ratio is calculated based on the Share Issue Price of LKR 14.50. The Average P/E of 7.12 times is calculated based on the Average Basic EPS (Adjusted for Sub-division) of LKR 2.04.

The EPS from FY22 to FY24 reduced due to the decline in PAT mainly as a result of one-off exchange gains realized on foreign exchange deposits of the LTLH Group in FY22 and FY23 and non-receipt of dividend income from WCP in FY24. The PAT of FY23 and FY24 were further impacted by the increase in finance costs with the increase in borrowings obtained by LTLH Group for working capital financing during the two financial years and finance costs incurred by LAK as the EPC contractor to SOBA to continue the construction of the power plant, utilising its working capital facility limits and cash reserves until the commencement of drawdown of the project loan by SOBA. As a result, the interest paid on these borrowings obtained by LAK to finance the construction work of the SOBA power plant was reflected in the finance cost of FY23 and FY24 (without being capitalized as part of the project cost of SOBA). Net finance costs further increased in FY24 due to the reduction in finance income with the utilization of cash reserves of LAK to finance the construction of SOBA. One off impairment expenses recognized on the delay interest charged on the invoices raised to the BPDB and exchange losses incurred on translation of USD denominated borrowings of the Bangladesh power plants due to the depreciation of the BDT against the USD also impacted the FY23 and FY24 PAT. Refer Annexure A – Research Report for further information.

P/E Ratio

- Based on Basic EPS (post share sub-division) of LKR 0.91 for the year ended March 31, 2024, the P/E is 15.95 times.
- Based on the three-year adjusted average (FY22 – FY24) Basic EPS (post share sub-division) of LKR 2.04, the P/E is 7.12 times.
- As detailed under “Comparison of Accounting Ratios” below, only one peer company is considered for comparison purposes. Hence, the applicable P/E for the Industry is 17.43 times.

Name of the Peer Entity	P/E (x)*
WindForce PLC	17.43

Source: Based on Audited Financial Statements for the year ended March 31, 2024 published on the CSE Website (Accessed on July 10, 2024)

Sector Classification: Utilities

*Market capitalization is as at July 10, 2024 and earnings are on a trailing twelve-month basis as at March 31, 2024.

Net Asset Value (NAV) per Share

The Net Asset Value (NAV) per Share of the Company is as follows:

Table 5-3 NAV per Share

As at	NAV per Share Adjusted for the Sub-division (LKR)*
March 31, 2023	11.28
March 31, 2024	11.79
June 30, 2024 (Unaudited, Interim Financial Statements)	11.19
Post - IPO (Only Initial Issue)	11.81
Post - IPO (Initial Issue and Further Issue)	11.93

$$*Net\ Asset\ Value\ per\ share(LKR) = \frac{Equity\ attributable\ to\ the\ Parent}{Number\ of\ equity\ Shares\ as\ at\ the\ end\ of\ the\ period}$$

*On March 27, 2023, LTLH sub-divided its ordinary Shares at a sub-division ratio of 197 ordinary Shares for each share held by the shareholders. The Company, again on March 04, 2024, sub-divided its ordinary Shares at a sub-division ratio of 1,462 Shares for every 1,000 Shares held by the shareholders. A proforma adjustment was made to calculate the NAV per share for the financial years ended March 31, 2022, March 31, 2023 and March 31, 2024 based on the sub-division ratio.

$$\text{NAV per Share adjusted for Sub-division} = \frac{\text{Net Asset Value as at Specified Date}}{4,801,193,380}$$

- The Share Issue Price is LKR 14.50.

Comparison of Accounting Ratios

In selecting comparable peer companies under GICS classification “Utilities”, companies that own and operate installed capacity exceeding 100 MW and operations beyond Sri Lanka were short listed, considering LTLH’s existing operational capacity of 894 MW and its presence in Bangladesh, India and Nepal in addition to Sri Lanka. As such, only WindForce PLC was considered as a proxy to LTLH. It should be noted that WindForce PLC too is a proxy and not a directly comparable peer, given LTLH’s operations in manufacturing of power distribution equipment and in the provision of heavy engineering services (in addition to power generation and EPC/O&M services), the significant difference in scale of LTLH’s current operational capacity (over 3.5x that of the proxy) and its significant exposure to thermal power, where the tariffs earned via the PPAs are typically structured differently to the tariff structures of renewable power projects. SPPA based renewable power projects contains only an energy charge based on the units of electricity generated. PPA based thermal power projects contain a capacity charge and an energy charge which are paid by the respective off-taker (i.e. the CEB in case of Sri Lanka), as detailed in below Section 5.5.2.

Table 5-4 Comparison of Key Ratios Among Peers

Peer Entity	NAV per Share (LKR)	EPS (LKR)	P/E* (x)	ROE** (%)
WindForce PLC	17.02	1.15	17.39	6.8

Source: Based on Audited Financial Statements for the year ended March 31, 2024 published on the CSE Website (Accessed on July 10, 2024).

Sector Classification: Utilities

Earnings based metrics are on a trailing twelve-month basis as at the last published quarter prior to July 10, 2024.

All balance sheet information of the respective peers is as at the last published quarter prior to July 10, 2024.

*Market capitalization is as at July 10, 2024 and earnings are on a trailing twelve-month basis as at the last published quarter on July 10, 2024.

$$**\text{ROE} = \frac{\text{Net profit attributable to equity shareholders}}{\text{Average Equity Attributable to Shareholders}}$$

Please refer Annexure A – Research Report for further information regarding industry-related details and financial highlights of LTLH.

5.5.2 Qualitative Factors

In order to arrive at the Share Issue Price, the following qualitative factors were considered:

- **Diversified Portfolio of Power Sector related Services and Products**

LTLH is a leading engineering company with noteworthy presence through its subsidiaries across the power sector value chain, with operations in the spheres of power generation, Engineering, Procurement & Construction (EPC) of power plants and Operations & Maintenance (O&M) of power plants, as well as the manufacturing of distribution transformers and switchgear, and the fabrication/galvanizing of steel structures. LTLH is engaged in the generation of both renewable and thermal power generation and has the experience and internal capabilities to undertake engineering services for renewable and thermal power plants as an EPC and O&M contractor. The operations of LTLH are spread across several countries in South Asia. The Power Purchase Agreements (PPAs) and O&M agreements entered into by LTLH for power plants are all on long-term basis.

The diversified operations of the Company aids in securing future business contracts as opposed to a stand-alone IPP due to the ability to cross-integrate the services and offerings of each of the companies in the Group when carrying out projects, resulting in cost efficiencies, value enhancements and a stable pipeline group-wide.

- **Contractual Revenue Flows**

The power generation subsidiaries of the LTLH Group operate in the Business to Government (B2G) space. The payment structures stipulated in the existing PPAs of its thermal power generation subsidiaries along with the O&M agreements entered into with power plants, enable the LTLH Group to receive contractually guaranteed cash-flow streams (such revenue amounted to c. 24% of FY2024 Group revenue, adjusted for the fuel charge earned on the thermal power plants, which is a pass through expense to the power off-taker).

The typical structure of thermal PPAs include a “capacity charge” and an “energy charge” which are paid by the respective off-taker (i.e. the CEB in the case of Sri Lanka) under the PPAs entered into for the thermal power plants, the LTLH Group is making available the contracted capacity of the power plants for the power off-taker to dispatch, as required, depending on the requirements of the grid. Irrespective of the level of dispatch/ energy generation of the power plants, the LTLH Group is paid the capacity charge for making available the contracted capacity of the power plant to the power off-taker as per the terms of the PPA. The capacity charge includes a capital cost recovery charge to compensate for the capital cost invested for the development of the power plant, including the return on the equity investment expected at the time of bidding for the project, and a fixed O&M charge to recover the fixed operating expenses (such as salaries, power plant insurance and other fixed overheads) incurred in having the power plant made available for dispatch by the power off-taker. Additionally, when the power plant is dispatched, the energy charge is paid to compensate for the fuel cost and variable O&M expenses incurred when generating electricity.

Another salient feature in the thermal PPAs entered into by LTLH Group is that a part of the capacity charge and energy charge include hard currency linked (USD and/or EUR) tariffs, given that a significant portion of the project cost is typically incurred in the said hard currencies. This provides a natural hedge against exchange rate risks (especially against LKR and BDT depreciation against hard currencies) and an LKR and BDT revenue that appreciate in a scenario where the LKR and/or BDT depreciates against such currencies. Further, the tariffs are inflation indexed for the respective currencies during the full tenure of the PPAs, thereby mitigating any inflationary risks in the geographies in which LTLH’s thermal IPP subsidiaries operate.

- **Large Scale Independent Power Producer (IPP) in Sri Lanka**

LTLH, through its subsidiary Lakdhanavi Limited (LAK), remains to this date, one of the few, Sri Lankan based thermal IPPs to develop and operate thermal power plants with capacities in excess of 100MW, in Sri Lanka and abroad. LAK has also undertaken projects with a cumulative capacity of over 1,100 MW (thermal and renewable), in its 25-year history. Upon listing, LTLH will be the largest listed IPP on the CSE (based on installed capacity of listed IPPs on the CSE¹) by far, and the only IPP with exposure to both thermal and renewable power generation (excluding listed companies which have exposure to both thermal and renewable power generation as financial investors). LTLH is a regionally comparable power company operating in Sri Lanka at present with no direct local competitors of similar scale and product offerings in the power generation space, and once listed, the Group's enhanced ability to attract foreign investment will further its standing in the region.

The expertise and experience, garnered by the Senior Management Personnel in operating in multiple countries, along with the skills of 250+ technical staff of LAK, who are well versed in undertaking work streams across the power plant procurement value chain have laid the foundation for the company to take on and successfully execute its future plans to continue expanding the capacity of the LTLH Group in both thermal and renewable power generation.

- **Expertise in Transformer & Switchgear Manufacturing, Steel Fabrication and Galvanizing**

LTL Transformers (Private) Limited (LTLT) and LTL Galvanizers (Private) Limited (LTLG), both of which are leading players in their respective markets locally, intend to expand their foothold in the local private sector, whilst undertaking capacity expansions in international markets by leveraging on the expertise and business networks built over the years.

LTLH's Indian based subsidiary, Asiatic Electrical & Switchgear (Private) Limited (AES) which was established in 1972 has witnessed steady growth in operational performance since the acquisition of the company by LTLH in 2016. AES is poised to capture more market share in the Indian market by capitalizing on the strong economic growth India is witnessing whilst continuously enhancing its export sales. AES has undertaken multiple initiatives recently to enhance sales volumes across its core operations and to diversify into related business operations within India such as solar power generation, where the company has secured PPAs for two (2) projects to develop a combined capacity of 8MW. Initiatives related to its core operations are expected to facilitate strong revenue growth in the near future, while the two (2) solar projects are viewed as a means to access the massive IPP market and potential in India for renewable energy.

5.6 OBJECTIVES OF THE IPO

The Company intends to raise a sum of up to LKR 20,000,000,800/- via the Total Issue.

Upon receipt of the total IPO proceeds, the Company will invest the entirety of such proceeds (less the cost of IPO) in its subsidiary, LAK by subscribing to new Shares in LAK through a rights issue of LAK. In this regard, LTLH, as the majority shareholder of LAK (with a shareholding of 81.7% in LAK), has indicated to LAK that it will render its support in obtaining the necessary shareholder approval to invest the entirety of the IPO proceeds and facilitate the proposed rights issue in LAK. After the completion of the rights issue, the current shareholding of LTLH in LAK, which is currently 81.7% will increase to a higher percentage in the event the other shareholders of LAK do not fully subscribe to the Shares offered to them under the said rights issue.

¹ Based on the latest Annual Reports published on the CSE website (www.cse.lk) of respective IPPs listed on the CSE, Accessed on August 21, 2024

At the time of carrying out the said rights issue, the Board of Directors of LAK will be required to decide the consideration for which the Shares will be issued and to also opine that such consideration is fair and reasonable to LAK and to all existing shareholders of LAK. The price ceiling for the said rights issue of LAK will be the valuation for LAK and its subsidiaries (please refer Section 7.5 for details of LAK's subsidiaries) derived from the Primary Valuation Methodology as at March 31, 2024 (as indicated in Annexure A - Research Report) adjusted for the c. 25% IPO discount. The proposed rights issue is expected to be carried out in 4Q 2024, upon the completion of the IPO. Upon listing of LTLH and once the Board of Directors of LAK makes a decision on the proposed rights issue of LAK, a market announcement will be made by LTLH on the rights issue along with the terms thereof including the price per share, proportion, number of Shares to be issued etc. in respect of the rights issue.

The funds raised by the Company from the Issue which will be invested by the Company as aforesaid in LAK under the said rights issue will be utilized by LAK to meet the following objectives:

Table 5-5 Estimated Utilization of IPO Funds

Estimated Utilization of Funds	Assuming full subscription for Initial Issue (c. LKR Mn*)	Assuming full subscription for Total Issue (c. LKR Mn*)
Financing of full equity investment of Lakdhanavi Limited in Rividhanavi (Private) Limited - 100MW solar power project at Siyambalanduwa, Sri Lanka (refer Section 5.6.1)	6,047.4	6,047.4
Part financing of equity investment in Sahasdhanavi Limited - 350 MW combined cycle power plant project at Kerawalapitiya, Sri Lanka (refer Section 5.6.2)	9,552.6	13,502.6
Cost of the IPO (refer Section 5.10)	400.0	450.0
Total	16,000.0	20,000.0

*Based on the USD/LKR rate (Mid Rate) of LKR 302.37 as at July 31, 2024 as published by CBSL

Note - The above table indicates an estimated utilization of IPO proceeds. Any proceeds remaining after financing of full equity investment of Lakdhanavi Limited in Rividhanavi (Private) Limited and incurring funds for the cost of the IPO, will be used for part financing of equity investment in Sahasdhanavi Limited.

The objectives of the IPO do not amount to a Major Transaction for the Company in terms of Section 185 of the Companies Act.

5.6.1 Financing of Full Equity Investment of Lakdhanavi Limited in Rividhanavi (Private) Limited (RPL)

The consortium led by Lakdhanavi Limited with WindForce PLC, was awarded the tender by the CEB on August 16, 2023 for the development of Sri Lanka's first large scale ground mounted solar power plant² of 100MW_{AC} in Siyambalanduwa, Sri Lanka on Build-Own-Operate (BOO) Basis and construction of 132kV transmission facility on Turnkey Basis ("the Solar Project") to supply electricity to the national grid of CEB for a 20 year period under a PPA. The Project company under the name of Rividhanavi (Private) Limited was incorporated on September 12, 2023 to develop the Solar Project.

² <https://www.ft.lk/top-story/Siyambalanduwa-sprouts-SL-s-first-integrated-renewable-energy-project/26-752158> Accessed on July 05, 2024

Table 5-6 Key Project Information - Rividhanavi (Private) Limited

Location	Siyambalanduwa in the Uva Province of Sri Lanka		
Type of Power Plant	Ground Mounted Solar with Single Axis Trackers and BESS (Battery Energy Storage System) for Ramp Rate Control		
Capacity	Solar Park: 125MW _{DC} and 100MW _{AC} BESS: 12MWh		
Project Land	200 Hectares of Government owned land to be subleased by the Sri Lanka Sustainable Energy Authority ("SLSEA") to Rividhanavi (Private) Limited		
Transmission Facility	27km, 132kV transmission line and a grid substation comprising of 2 x 63.5MVA 33/132kV step up transformers and other grid components, to be constructed and handed over to CEB		
Tariff: Solar Park	Fixed tariff of USD cents 8.0 per kWh paid in equivalent LKR over the 20 Year term of the Power Purchase Agreement ("PPA")		
Annuity Payments: Transmission Facility	Semi-annual annuity of USD 2,288,624.85 paid in equivalent LKR over the 10 year term of the Contract for Development of Transmission Facility ("TF Agreement")		
Estimated First Year Annual Energy Generation	219 GWh		
Estimated Total Project Cost		USD Mn	c. LKR Mn*
	Solar Plant and BESS	108.0	32,656.0
	Transmission Facility	25.0	7,559.3
	Total	133.0	40,215.3
	<i>*Based on the USD/LKR rate (Mid-Rate) of LKR 302.37 as at July 31, 2024 as published by CBSL</i>		
Funding Mix		USD Mn	c. LKR Mn*
	Debt	93.0	28,120.4
	Equity	40.0	12,094.8
	Total	133.0	40,215.2
	<i>*Based on the USD/LKR rate (mid-rate) of LKR 302.37 as at July 31, 2024 as published by CBSL</i>		
Shareholding Structure of Rividhanavi (Private) Limited/ Source of Equity Funding		Shareholding %	
	Lakdhanavi Limited	50%	
	WindForce PLC	50%	
Investment by LAK (Utilizing IPO Proceeds)	LKR 6,047.4 Mn (for 50% of the total equity amount, amounting to USD 20.0 Mn based on the USD/LKR rate (mid rate) of LKR 302.37 as at July 31, 2024 as published by CBSL)		
Source of Debt Funding	Negotiations with both local banks and Development Financial Institutions (DFIs) are currently underway to obtain LKR and USD denominated long term project financing		
Estimated Timeline	Commencement of Construction	4Q 2024	
	Commissioning Date	3Q 2026	
	Rights Issue funds will be made available for the project latest by end of 4Q 2024.		

The Power Purchase Agreement and the Contract for Development of the Transmission Facility for the Solar Project were entered into between CEB and Rividhanavi on February 8, 2024 and April 25, 2024 respectively. The Implementation Agreement for the Solar Project between the GoSL and Rividhanavi was entered into on July 15, 2024 whilst the Sublease Agreement with the SLSEA for the Solar Project land is expected to be signed in the fourth quarter of 2024.

Upon reaching financial closure for the Solar Project and after fulfilling other preliminary period obligations as per the terms of the Power Purchase Agreement and the Contract for Development of the Transmission Facility, the construction work for the Solar Plant and the Transmission Facility are expected to commence, with a view of connecting the Solar Project to the National Grid in 2026, to support the Sri Lankan Government's commitment towards increasing the share of renewable energy to 70% by 2030³.

The key permits, licenses, consents, and approvals required for the Project in accordance with the project agreements and other applicable laws are disclosed in Annexure G.

5.6.2 Part Financing of Equity Investment in 350 MW Combined Cycle Power Project (Sahasdhanavi Limited)

Lakdhanavi Limited (LAK), a subsidiary of LTLH, incorporated on May 28, 1996, has been awarded the Letter of Intent (LOI) dated December 12, 2023 by the CEB to develop a 350 MW Combined Cycle Power Plant on a Build-Own-Operate-Transfer (BOOT) basis marking the third such plant in Kerawalapitiya. This power project will increase LTLH's LNG footprint to 1,000 MW. LAK will serve as the project developer, EPC and O&M contractor for the project. Lakdhanavi has incorporated the project company under the name of Sahasdhanavi Limited on April 18, 2024 for the development of the power plant.

Table 5-7 Key Project Information - Sahasdhanavi Limited

Location	Kerawalapitiya, Western Province			
Type of Power Plant	350 MW Combined Cycle Power Plant on a Build-Own-Operate-Transfer (BOOT) basis			
Capacity	The power plant will feature multi fuel capability (diesel, LNG and LNG +30% H ₂ [i.e. plant runs primarily on LNG with H ₂ taking up 30% of capacity]) and is anticipated to primarily operate on LNG once the necessary infrastructure is developed to make available LNG for the generation of electricity in the country.			
Project Land	12 acre plot of land It will be located on a 12-acre plot of land adjoining the 300 MW West Coast power plant and 350 MW Sobadhanavi power plant in Kerawalapitiya			
Estimated Total Project Cost	USD 250 Mn			
Funding Mix		%	USD Mn	c. LKR Mn*
	Debt	70%	175.0	52,914.8
	Equity	30%	75.0	22,677.8
	Total	100%	250.0	75,592.4
	*Based on the USD/LKR rate (mid-rate) of LKR 302.37 as at July 31, 2024 as published by CBSL			

³ the Long-Term Generation expansion Plan 2023-2042, Ceylon Electricity Board (<https://www.ceb.lk/publication-media/planning-documents/121/en>), Accessed on July 10, 2024

Shareholding Structure of Sahasdhanavi Limited		%										
	Lakdhanavi Limited	100.0%										
Investment by LAK (Utilizing IPO Proceeds)	<p>LKR 13,502.6 Mn (part finance the total equity requirement amounting to USD 44.7 Mn based on the USD/LKR rate (mid-rate) of LKR 302.37 as at July 31, 2024 as published by CBSL)</p> <p>In the event, the Further Issue is not carried out, the shortfall will be financed via internally generated funds.</p>											
Source of Debt Funding	<p>Negotiations with both local and foreign lenders are to be undertaken to raise the required debt for the project on long term project financing basis.</p> <p>Having an established mechanism to raise equity (via this IPO) in a timely manner, is essential for discussions with foreign and local lending institutions, whilst maintaining ongoing negotiations to finalise the project agreements with the CEB and the GoSL. Furthermore, being listed on the CSE will enhance the confidence of international lenders especially on governance structures.</p>											
Estimated Timeline	<p>The LOI was issued to LAK on December 12, 2023 with a 25-year PPA Term from Combined Cycle Operation date.</p> <table border="1"> <tr> <td>Negotiations with the Special Cabinet Approval Project Committee which comprises of representatives from the CEB, CPC, CEA, Ministry of Finance and Ministry of Power and Energy</td> <td>Already Commenced</td> </tr> <tr> <td>Signing of the PPA and the Land Lease Agreement with the CEB, Implementation Agreement with GoSL and the Fuel Supply Agreement with the CPC</td> <td>4Q 2024</td> </tr> <tr> <td>Commencement of Construction</td> <td>2Q 2025</td> </tr> <tr> <td>Commercial Operation Date: Open Cycle - 220 MW</td> <td>4Q 2026</td> </tr> <tr> <td>Commercial Operation Date: Combined Cycle - 350 MW</td> <td>4Q 2027</td> </tr> </table> <p>Rights Issue funds will be made available prior to the commencement of construction of this plant i.e. by the end of 4Q 2024.</p>		Negotiations with the Special Cabinet Approval Project Committee which comprises of representatives from the CEB, CPC, CEA, Ministry of Finance and Ministry of Power and Energy	Already Commenced	Signing of the PPA and the Land Lease Agreement with the CEB, Implementation Agreement with GoSL and the Fuel Supply Agreement with the CPC	4Q 2024	Commencement of Construction	2Q 2025	Commercial Operation Date: Open Cycle - 220 MW	4Q 2026	Commercial Operation Date: Combined Cycle - 350 MW	4Q 2027
Negotiations with the Special Cabinet Approval Project Committee which comprises of representatives from the CEB, CPC, CEA, Ministry of Finance and Ministry of Power and Energy	Already Commenced											
Signing of the PPA and the Land Lease Agreement with the CEB, Implementation Agreement with GoSL and the Fuel Supply Agreement with the CPC	4Q 2024											
Commencement of Construction	2Q 2025											
Commercial Operation Date: Open Cycle - 220 MW	4Q 2026											
Commercial Operation Date: Combined Cycle - 350 MW	4Q 2027											

LAK is currently negotiating the terms of the key project agreements which include the Power Purchase Agreement, Fuel Supply Agreement, Implementation Agreement and Land Lease Agreement with CEB and the GoSL. The key permits, licenses, consents, and approvals required for the project are disclosed in Annexure G.

Please refer Annexure H for the Letter issued by the CEB to the SEC on the status of the development of Sahasdhanavi as a committed project under the CEB's LTGEP and its inclusion as one of the main recommendations in the LTGEP to ensure adequate, economical and reliable supply of electricity in the near and long term.

It should be noted that, LTLH intends to invest the funds raised via the IPO in either one or a combination of government securities, deposits in licensed commercial banks and money market funds generating a return of at least the prevailing overnight REPO rate in the interim period until such funds are utilized for the objective identified above.

5.6.3 Benefits to the Shareholders of the Company from the Objective of the Issue

As the first solar power project and first large-scale renewable power project to be undertaken by LTLH, the investment in Rividhanavi (Private) Limited will spearhead LTLH Group's investments into the renewable energy sector of the country. In addition to the equity investment in this power project, LAK will be the joint EPC and O&M contractor to the power plant, which will provide additional revenue streams to the LTLH Group. The investment in Sahasdhanavi Limited will further expand the LNG footprint of the LTLH Group and enable the LTLH Group to achieve the milestone of having an operating power generation capacity of over 1,000 MW (with the commissioning of Rividhanavi (Private) Limited and Sahasdhanavi Limited, LTLH will have close to 1,350MW of operating power generation capacity in total, including 1,000MW of LNG capable capacity). LAK will also be the EPC and O&M contractor to the Sahasdhanavi power plant. The experience and expertise of LAK as the EPC and O&M contractors for Sobadhanavi, Rividhanavi and Sahasdhanavi power plants will place LAK in a stronger footing to secure more such projects locally and especially overseas in the future. Further, LAK can leverage on the internal capabilities and experience garnered through these projects to secure EPC and O&M contracts for the development of power plants for overseas market and external parties.

The income earned through the EPC and O&M contracts as well as dividends from the power projects would boost the future profitability and cash flows of LAK and therefore that of the Company. Furthermore, income from Rividhanavi, Sahasdhanavi and other projects in the pipeline have not been factored into the IPO valuation or pricing and are also not reflected in the forecast financial statements included in the Research Report (Annexure A).

5.7 SPECIFIC RISKS ASSOCIATED WITH THE OBJECTIVES OF THE ISSUE

5.7.1 Risk of Cost Overruns

Any potential increase in the estimated project cost will have an impact on the viability and expected returns of a project. LAK through its extensive project implementation experience maintains stringent internal controls to ensure that project costs are within the budget. However, costs can still escalate due to adverse macro-economic conditions, which are beyond the control of the company. Any cost escalations will be bridged through additional equity capital or via bank borrowings in order to ensure that the projects are completed on time, in the unlikely scenario of a cost overrun.

Given the long-standing experience in project execution, LTLH has not experienced any situations of requiring additional equity and debt financing during the project execution stage after reaching financial closure when undertaking past power projects.

Project costs of Sahasdhanavi and Rividhanavi have been estimated with necessary contingency provisions in place to counter possible cost escalations. Any LKR-based cost escalations can be covered by the committed equity amounts by the shareholders.

Furthermore, since Sahasdhanavi's project debt is expected to be USD denominated, there will be minimal impact on debt financing upon the depreciation of the LKR. The majority of Rividhanavi's project debt is also expected to be USD denominated.

The depreciation of LKR will cause to reduce the local costs in USD terms and will reduce the overall project cost in USD terms.

5.7.2 Risk of Schedule Overrun

Since the power projects of LAK are large scale infrastructure projects, delays in project implementation can arise from various factors such as holdups in project approvals (as mentioned in Annexure G) and macroeconomic conditions which are beyond the company's control. However, considering that the project agreements stipulate stringent timelines for the completion of projects, ensuring timely project implementation is critical.

Given the long-standing experience and positioning as a leading player in the integrated power industry, having commissioned numerous projects both in Sri Lanka and overseas markets within the stipulated project timelines, LAK does not foresee, at this point in time, any challenges in the implementation of the power projects within stipulated time frames.

LTLH through its expertise of over 25 years in development of power projects on turnkey basis has the required internal capabilities to undertake the full spectrum of engineering work from designing using advanced design software to commissioning of power plants with minimal dependency on external sub-contractors and agency support, carrying out procurements through reliable OEM suppliers who have long standing relationships with LTLH and undertaking site construction and erection. This provides LTLH with the requisite project planning capabilities to manage timely delivery of power projects within the stipulated contractual timelines.

5.7.3 Risk of Not Being Able to Raise Adequate Funds to Subscribe for the Envisaged Rights Issue at LAK

The Company will **invest the entirety** of IPO proceeds (**subject to the cost of IPO**) in LAK by subscribing to new Shares through a rights issue of LAK. In the event of an undersubscription of either the Initial Issue or the Total Issue, the Company will evaluate alternative financing options including internally generated funds, external borrowings and/or further equity raising as appropriate together with funds raised via the IPO to subscribe for the envisaged rights issue at LAK, thereby meeting the objective of the Issue set out in Section 5.6 herein.

It is the intention of LAK to structure the Rights Issue in consultation with shareholders of LAK which would ensure full subscription of the Rights Issue and hence there will not be any delays in utilization of Rights Issue funds towards the projects identified.

5.7.4 Risk of the GoSL not pursuing with the Sahasdhanavi Project as per the CEB's LTGEP

LTLH was awarded the Sahasdhanavi project by an LOI subsequent to a competitive procurement process by the CEB. Despite that, there may be a risk of the GoSL not pursuing with the project.

It should be noted that Sahasdhanavi is an integral addition as the 2nd committed LNG-powered combined cycle plant in Kerawalapitiya, as listed in CEB's LTGEP which was published in 2023, adding 350 MW of firm power capacity to the national grid. The timely commissioning of this project is also listed under the main recommendations identified in the LTGEP. Furthermore, due to the capability of the plant to run on LNG (which is a cleaner alternative to coal and diesel-powered plants), this addition aligns with GoSL's initiatives on transitioning towards cleaner power generation.

Considering the delays already experienced in the implementation of CEB's LTGEP⁴, it is imperative that the CEB proceeds with the commissioning of Sahasdhanavi, particularly given that 385 MW of firm power (power plants) is due for retirement by end-2026, necessitating the timely additions of firm power to the grid. As such, the CEB has shown interest in proceeding with the processes relating to the commissioning of Sahasdhanavi as evidenced by the ongoing negotiations between the SCAPC and LTLH.

Furthermore, the CEB would not be able to facilitate the connection of significant renewable energy capacity to the grid without adequate additions of firm power due to the intermittent nature of renewable power, making the timely commissioning of Sahasdhanavi critical.

⁴ https://www.ceb.lk/front_img/img_reports/1677040471CEB_LTGEP_2023-2042_DL-LINK-.pdf, Accessed on August 23, 2024

Since LNG is a cheaper source of fuel and given CEB's plans of powering SOBA with LNG, the quantity of LNG required for SOBA alone will not optimize the economies of scale of LNG distribution and storage infrastructure. As such, it would be imminent for CEB to continue with Sahasdhanavi, so that adequate capacity would be in place to operate plants (including SOBA) with LNG in the most optimum manner.

Considering the above, it is unlikely that the GoSL will decide not to proceed with the current project (i.e. Sahasdhanavi).

5.7.5 Risk of Not Being Able to Invest the Funds Raised for the Stipulated Objectives and/or the Stipulated Timelines

LTLH does not intend to deviate from the objectives mentioned above when utilising the proceeds raised through the Issue. However, in the event the Company cannot proceed with the said objectives, for any reason not attributed to the Company, the Company would evaluate the next best alternative of investing such funds without undue delay.

In the event proceeds raised via the Issue are utilised for any purpose other than the objectives mentioned above, or if there is any deviation from the stipulated time frame to achieve the objectives or any deviation from the amount allocated for the objectives, the Company will make necessary disclosures to the shareholders via the CSE and include relevant disclosures in the Interim Financial Statements and the Annual Report as appropriate and will take steps to obtain any necessary approvals of the relevant parties including the shareholders as appropriate at that point in time.

In the event the Company decides to utilise proceeds of the IPO for the purpose of any related party transactions, such utilisation would be carried out in compliance with Section 9 of the CSE Listing Rules by obtaining the requisite approvals from the Related Party Transaction Review Committee prior to carrying out such transactions.

The Company will disclose the information pertaining to the utilisation of proceeds of the Issue in the Annual Report and in Interim Financial Statements from the date of raising funds until the objective is achieved, and until funds are fully utilised as per the template referred to below;

Table 5-8 Continuous Disclosure on Utilisation of Proceeds of the Issue

Objective No.	Objective as per Prospectus	Amount allocated as per Prospectus in Rs.	Proposed Date of Utilisation as per Prospectus	Amount allocated upon the receipt of proceeds in Rs. [A]	As a % of Total Proceeds	Amount Utilised in the Objective Rs. [B]	% of Utilisation against allocation [B/A]	Clarification if not fully Utilised including where the funds are invested (i.e. (e.g. whether given to related parties etc.)

5.8 APPROVAL FOR THE ISSUE AND COMPLIANCE WITH THE SEC ACT AND LISTING RULES

The Issue contemplated herein constitutes an issue of up to One Billion Three Hundred and Seventy Nine Million Three Hundred and Ten Thousand Four Hundred (1,379,310,400) New Ordinary Voting Shares at the Share Issue Price of LKR 14.50 per Share to raise a total sum of up to Sri Lanka Rupees Twenty Billion Eight Hundred (LKR 20,000,000,800/-).

If the Total Issue is fully subscribed, the New Shares will amount to 22.32% of the Ordinary Shares of the Company subsequent to the IPO.

Ceylon Electricity Board being a shareholder and a public corporation, obtained the approval of the Cabinet of Ministers, on December 19, 2022, for the issuance and listing of up to 5,500,000 new Ordinary Voting Shares of the Company (which amounts to 1,584,077,000 Ordinary Voting Shares pursuant to the sub division of Shares referred to in Section 7.10), for the purpose of raising requisite capital from the capital market to fund the identified new projects of the LTLH Group. Pursuant to the said approval of the Cabinet of Ministers, the Ceylon Electricity Board at its board meeting held on January 10, 2023 decided to implement the Cabinet Decision, which in turn was considered by the LTLH Board on July 09, 2024.

The Board of Directors of the Company, having considered the current macro-economic environment of the country, and the immediate capital requirements to finance the objectives mentioned in Section 5.6 of the Prospectus, resolved to issue up to 1,379,310,400 Ordinary Voting Shares, which constitute 87% of the total number of Shares approved for issuance as aforementioned (i.e. 1,584,077,000 Ordinary Voting Shares) by the Cabinet of Ministers and the Board of Directors of CEB. The Company has the option to issue the remaining 204,766,600 Ordinary Voting Shares (i.e. 13% of the total number of Shares approved for issuance), subsequent to the listing of the Company, as more fully disclosed in Section 7.10.2 of the Prospectus. The shareholders of the Company approved the same by resolution passed on August 22, 2024.

An Application has been made and approved in principle by the CSE for a listing of up to Six Billion One Hundred and Eighty Million Five Hundred and Three Thousand Seven Hundred and Eighty (6,180,503,780) Ordinary Voting Shares being the entirety of the issued Shares of the Company subsequent to the IPO.

However, the CSE has reserved the right to withdraw such approval, in the circumstances set out in Rule 2.3 (b) of the Listing Rules of the CSE.

Furthermore, LTLH has obtained the requisite approval from CSE for the IPO. The Company has lodged a copy of the Prospectus with the CSE in terms of Section 82 of the SEC Act. LTLH has already complied with Rule 2.1.2 (A) (i) (b) and (d) of the CSE Listing Rules for a listing on the Main Board.

It is expected that the Company will meet the minimum Stated Capital requirement as set out in Rule 2.1.2 (A) (i) (a) and the minimum public holding requirement as set out in Rule 2.1.2 (A) (i) (c) via the IPO pursuant to which the listing of the entire Ordinary Shares of the Company will take place on the Main Board of the CSE.

However, in the event LTLH is unable to meet the requirements of Rule 2.1.2 (A) (i) (a) and (c) of the CSE Listing Rules as mentioned above, upon closure of the Issue, the Company would alternatively opt for a listing on the Diri Savi Board of the CSE, subject to meeting the minimum public holding requirement set out in Rule 2.1.2 (A) (ii) (c) of the CSE Listing Rules. In the event the Company is unable to meet the necessary criteria for listing on the Main Board or Diri Savi Board subsequent to the IPO, the Company will not be listed on the CSE and the monies received from Applicants will be returned to the Applicants.

It should be noted that the aforesaid public holding requirements would be calculated by considering all Shares that are freely tradable on the date of listing. The details of Shares subject to lock-in are mentioned in Section 7.10 of the Prospectus.

5.9 OPENING AND CLOSING OF THE SUBSCRIPTION LIST

The subscription list for the New Shares will open at 9.00 a.m. on September 10, 2024 and shall, subject to the occurrence of the events in the following paragraph, remain open for fourteen (14) Market Days (including the date of opening) until closure at 4.30 p.m. October 2, 2024.

However, the subscription list will be closed on an earlier date at 4.30 p.m. with notification to the CSE on the occurrence of the following. Accordingly the Earliest Issue Closing Date shall be Issue Opening Date (i.e. September 10, 2024):

- i. The maximum of Total Issue amounting to 1,379,310,400 New Shares being fully subscribed;
- ii. The Board of Directors of LTLH decides to close the Issue upon the Initial Issue of 1,103,448,300 New Shares becoming fully subscribed.

In the event of an oversubscription of the Initial Issue, if the Board of Directors of the Company decides to proceed with the Further Issue but subsequently decides to close the subscription list upon subscription of part of the Further Issue, such decision will be notified to the CSE on the day such decision is made and the subscription list will be closed on the following Market Day at 4.30 p.m. In the event the Board of Directors of LTLH decides to close the Issue without the full subscription of the Initial Issue, such decision will be notified to the CSE on the day such decision is made and the subscription list will be closed on the following Market Day at 4.30 p.m.

However, in the event of an oversubscription, the subscription list will be closed on an earlier date at 4.30 p.m. with notification to the CSE. Accordingly, the Earliest Issue Closing Date shall be Issue Opening Date (i.e. September 10, 2024).

The Board of LTLH reserves the right to close the subscription list on any Market Day within the period of fourteen (14) Market Days, irrespective of whether the Issue is oversubscribed or not, by providing one (01) Market Day's prior notice to the CSE.

Applications may be made forthwith in the manner set out in Section 6 of this Prospectus.

5.10 COST OF THE ISSUE

The costs associated with the Total Issue are estimated to be c. LKR 450 Mn translating to c. 2.25% of the Total Issue. In the event the Further Issue is not exercised, the costs associated with the Initial Issue is estimated to be c. LKR 400 Mn translating to c. 2.5% of the Initial Issue. These include all direct costs and indirect expenses associated with the Issue, inclusive of but not limited to the initial listing fees to the CSE, management/advisory fees payable to the Joint Managers to the Issue, brokerage commission, fees for the registrar function, fees for bankers, legal, consultancy and accountancy fees, advertising and promotional costs and printing costs. The costs borne by LTLH will be recovered from the IPO proceeds.

5.11 BROKERAGE

Brokerage at the rate of zero decimal five per centum (0.5%) of the value of New Shares will be paid in respect of the number of New Shares allotted on Applications delivered physically, bearing the original seal of any bank operating in Sri Lanka or Trading Participants of the CSE or Joint Financial Advisors and Managers to the Issue or any other party identified by the Company and/or Joint Financial Advisors and Managers to the Issue engaged in the placement of the Issue.

5.12 MINIMUM SUBSCRIPTION AND UNDERWRITING

The Issue is not conditional upon any minimum subscription amount being raised through this IPO.

The Company has not entered into any underwriting arrangement with regard to the Issue.

In the event the either Initial Issue or Total Issue is undersubscribed, the subscribers shall be allotted the New Shares they have applied for in full (subject to LTLH meeting the necessary criteria for listing on the Main Board or Diri Savi Board subsequent to the IPO), and the Company will evaluate alternative financing options including internally generated funds, external borrowings and/or further equity raising as appropriate together with funds raised via the IPO to meet the objective of the Issue set out in Section 5.6 herein.

5.13 INSPECTION OF DOCUMENTS

Articles of Association, Auditors' Report and Audited Financial Statements for the five (5) financial years ended March 31, 2024, March 31, 2023, March 31, 2022, March 31, 2021, March 31, 2020, Accountants Report and Summary Financial Statements for the five (5) financial years immediately preceding the date of this Prospectus, Interim Financial Statements for the period ended June 30, 2024, Material Contracts and Management Agreements (if any), Research Report prepared by Managers to the Issue would be made available for inspection by the public during normal working hours at the registered office of the Company, at No. 77, Level 1, Park Street, Colombo 02 from the date hereof, until the subscription list is closed or up to 14 Market Days, whichever is later as per Rule 3.1.19 (a) of the CSE Listing Rules.

The Prospectus, Application Form and Articles of Association of the Company will be available on the website of the CSE, www.cse.lk, on the website of the Company, www.ltl.lk and, on the website of the Managers to the Issue www.ndbib.com and www.ctcls.lk, from the date hereof for a period of not less than Fourteen (14) Market Days as stipulated in Rule 3.1.19 (b) of the CSE Listing Rules.

The Research Report justifying the Share Issue Price will be available on the website of the CSE, www.cse.lk, on the Company website, www.ltl.lk, and on the website of the Managers to the Issue www.ndbib.com and www.ctcls.lk from the date hereof, for a period of not less than two (2) months as stipulated in Rule 3.1.19 (c) of the CSE Listing Rules.

6 PROCEDURE FOR APPLICATION

6.1 ELIGIBLE APPLICANTS

Applications are invited from the following categories of investors, having a valid **CDS Account in the CDS**:

- i. Citizens of Sri Lanka who are Resident in Sri Lanka and above 18 years of age; or
- ii. Citizens of Sri Lanka who are Resident outside Sri Lanka and above 18 years of age; or
- iii. Companies, corporations or institutions incorporated or established within Sri Lanka; or
- iv. Corporate bodies incorporated or established outside Sri Lanka; or
- v. Approved unit trusts licensed by the SEC; or
- vi. Approved provident funds and contributory pension schemes registered/incorporated/ established in Sri Lanka (in this case, Applications should be in the name of the Trustee/Board of Management); or
- vii. Foreign citizens above 18 years of age (irrespective of whether they are Resident in Sri Lanka or overseas); or
- viii. Global, regional and country funds approved by the SEC.

Applications made by **individuals less than 18 years of age** or those in the names of **sole proprietorships, partnerships, unincorporated trusts and non-corporate bodies will be rejected.**

Applications submitted by investors mentioned in (ii), (iv), (vii) and (viii) should be in accordance with the provisions of Foreign Exchange Act No.12 of 2017 and any regulations and/or directions issued thereunder.

Applications submitted under the Unit Trust Investor Category should conform to the criteria defined by the SEC Directive dated June 06, 2011 (Ref: SEC/LEG/11/06/01).

Eligible Applicants may fall into one of the following categories.

- i. Retail Individual Investor Category
- ii. Unit Trust Investor Category
- iii. Non-Retail Investor Category

Please refer "Glossary of Terms Related to the Issue" for the definitions of the aforementioned categories.

6.2 THE PROCEDURE FOR APPLICATION

6.2.1 How to Apply

Availability of Prospectus and Application Form

Applicants applying for New Shares should submit their Applications in the manner set out below as applicable to you.

i. Via Physical Delivery

The Prospectus and Application Form will be made available free of charge from the collection points listed in Annexure B. The Prospectus and the Application Form can also be downloaded from www.cse.lk, www.ltl.lk, the websites of the Managers to the Issue www.ndbib.com and www.ctclsa.lk. **Please refer Section 6.2.8 for submission of Application Forms.**

Applicants must apply for the New Shares through the Application Form, which constitutes part of this Prospectus. The Application Form should be legibly completed and be received by the Registrars to the Issue.

ii. Via CSE Mobile App

Applicants who register with the CSE Mobile App should follow the instructions set out in the said Mobile App and submit their Applications as per the instructions. Submission of digital Application Forms through such CSE Mobile App is limited to both citizens of Sri Lanka who are Resident in or outside Sri Lanka and are above 18 years of age and, foreign citizens above 18 years of age (irrespective of whether they are Resident in Sri Lanka or overseas) only.

The Mobile App, currently, does not facilitate Applications made through Powers of Attorney (POA), Margin Trading, Joint Applicants and the categories referred to in Section 6.1 sub-sections iii, iv, v, vi and viii to apply. Therefore, such Applicants may send their Applications physically as disclosed above.

Please note that the Applicants who wish to use the integrated Helakurusuper Payment App platform through the CSE Mobile App should have the 'Helakurusuper' Mobile App installed in their mobile devices. Please refer Section 6.3.5 for more details on Helakurusuper Mobile App.

iii. CDS Web Portal

The Applicant can use the online Application Web Portal accessible via <https://ipo.cse.lk/> or www.cds.lk or <https://www.linkedin.com/company/cds-srilanka>. Only Resident and non-Resident individual Applicants who have a valid CDS Account at the time of Application can apply via the CDS Web Portal.

This option is not permitted for Applicants applying via POA, Margin Trading, Joint Applicants, foreign citizens, corporate bodies and Unit Trusts.

The Applicant must comply with the instructions given on the Web Portal when submitting the online Application.

Users must first register for the Web Portal and read the instructions given on the Web Portal carefully and click on "Apply Now" option. Users will be directed to a page to self-register and create a login by validating their mobile number and email address. Once the user logs-in to the Web Portal the Application can be completed and submitted via the CDS Web Portal.

(iv) CDS eConnect

Institutional users (CDS Account types of Local Customer and Foreign Customer) who are registered to the CDS eConnect facility are allowed to apply for the IPO through their registered CDS eConnect.

Registered eConnect Institutional users (Applicant categories iii, iv, v, vi, viii mentioned in Section 6.1 Eligible Applicants), have an option for “eIPOs” within their eConnect facility, through which they are enabled to select the relevant IPO and apply.

APPLICANTS SHOULD APPLY ONLY THROUGH ONE INVESTOR CATEGORY (INCLUDING JOINT APPLICANTS AND MARGIN APPLICANTS) AND ARE PERMITTED TO SUBMIT ONLY ONE APPLICATION FORM. TWO OR MORE APPLICATIONS SUBMITTED BY THE SAME APPLICANT EITHER UNDER THE SAME CATEGORY OR UNDER DIFFERENT CATEGORIES WILL BE CONSTRUED AS MULTIPLE APPLICATIONS AND WILL BE REJECTED.

Retail Individual and Non-Retail Investor Category

Applicants falling under the **Retail Individual and Non-Retail Investor Categories** should apply for New Shares through the **WHITE coloured** Application Form printed for this purpose, which constitutes part of this Prospectus (please refer Section 6.2.1 above for methods of obtaining the Prospectus and Application Form).

Exact size copies of the Application Form will also be permissible under the Retail Individual and Non-Retail Investor Categories. The completed Application Forms should be submitted to the Registrars to the Issue in accordance with Section 6.2.8 of the Prospectus.

Local and Foreign Investor/s who apply for value of not more than LKR 200,000/- (i.e. upto 13,700 Shares) will be categorised as Retail Individual Investors for share allotment purposes .

All foreign Applicants and corporate Applicants should ensure that the Passport Number/Company Registration number (as applicable) is stated in the relevant cages of the Application Form.

Unit Trust Investor Category

Applicants applying under the **Unit Trust Investor Category** should apply for the New Shares using the separate **YELLOW coloured** Application Form printed for this purpose which constitutes part of this Prospectus. Such Application Forms will be made available through the Joint Managers and Financial Advisors to the Offer, NDB Investment Bank Limited, Level 1, NDB Capital Building, No. 135, Bauddhaloka Mawatha, Colombo 04 and CT CLSA Capital (Private) Limited, No. 4-15, Majestic City, 10, Station Road, Colombo 04.

The completed Application Forms should be submitted to the Joint Managers and Financial Advisors to the issue who will forward the same to the Registrars to the Issue in accordance with Section 6.2.8

Only one Application should be made by an Applicant under the **Unit Trust Category**.

Applications submitted under the Unit Trust Investor Category should submit a confirmation by the trustee that such Unit Trust is in conformity with the criteria defined by the SEC Directive dated June 06, 2011 (Ref: SEC/LEG/11/06/01).

Joint Applications

An Applicant of a Joint Application, applying through another Application Form, is deemed to have made multiple Applications and will be rejected.

An Applicant who has made an Application under a Margin Trading account should not apply individually or jointly on a separate Application Form. Such Applications will also be construed as multiple Applications and will be rejected.

Subject to the above, the Company/Managers/Registrars to the Issue reserve the right to reject multiple Applications and suspected multiple Applications which are not allowed or to accept only one Application Form at their discretion.

Notwithstanding any provision contained herein, the Board of Directors shall reserve the right to refuse any Application or to accept any Application in full or part, without any explanation or reason.

Please note that Applicant information such as full name, address, NIC number/Passport number and residency will be downloaded from the database of CDS, based on the CDS Account number indicated in the Application Form. Such information shall take precedence over information provided in the Application Form.

Application Forms stating third party CDS Accounts instead of their own CDS Account numbers, except in the case of Margin Trading accounts detailed in Section 6.2.5 will be rejected.

The CDS Account number stated on the Application you submit should be registered under your name. Kindly contact your stockbroker if you are in doubt about the CDS Account number. Application Forms stating third party CDS Accounts instead of their own CDS Account numbers, except in the case of Margin Trading accounts, will be rejected.

Care must be taken to follow the instructions on the reverse of the Application Form. Applications that do not strictly conform to such instructions and additional conditions set out hereunder or which are illegible may be rejected.

All Applicants (both resident and foreign) should indicate their respective NIC number or Company Registration number or Passport Number, as the case may be, in the Application Form. Individual Resident Applicants should indicate their Passport number in the Application Form only if they do not have an NIC Number.

As per the Directive of the SEC made under Circular No. 08/2010 dated November 22, 2010 and Circular No. 13/2010 issued by the CDS dated November 30, 2010, all Shares allotted must be directly uploaded to the CDS Accounts. As such, all Applicants should indicate their CDS Account number in the Application Form. Applicants who do not have a CDS Account are advised to open a valid CDS Account prior to submitting the Application, to facilitate the uploading of allotted Shares to their CDS Account.

Please note that upon the allotment of New Shares under this Issue, the allotted New Shares will be credited to the Applicant's CDS Account so indicated. Please note that **SHARE CERTIFICATES SHALL NOT BE ISSUED.**

Any Application which does not carry a valid CDS Account number or indicates a CDS Account number which is not opened at the time of Issue Closing Date or which indicates an inaccurate/incorrect CDS Account number, shall be rejected and no allotment will be made.

You can open a CDS Account through any Trading Participants of the CSE as set out in Annexure B or through any Custodian Bank as set out in Annexure C of this Prospectus. You can also open a CDS Account through the CSE Mobile App. The CSE Mobile App can be downloaded from the Apple App Store (for Apple IOS users) or the Google Play Store (for Google Android users).

PLEASE NOTE THAT AN ALLOTMENT OF NEW SHARES WILL ONLY BE MADE IF YOU HAVE A VALID CDS ACCOUNT AT THE TIME OF SUBMISSION OF APPLICATION.

Applicants have the option of having their Shares 'locked' in the CDS. Shares that are 'locked' will not be available for trading purposes and will not be visible to the participants. Such Applicants would have to fill in the relevant section in the Application Form for this purpose. If the Applicant has not specified that the Shares need to be deposited to his/her 'locked' balance in the CDS Account, the said Shares would be deposited to Applicant's 'trading' balance in the CDS Account.

Operation of a 'locked' balance in the CDS

In order to preserve the confidentiality of shareholder information and to ensure that securities are not made available for trading for those shareholders who do not want to trade the securities, the CDS provides a mechanism where securities can be 'locked' in the CDS Account.

The CDS maintains two balances for each CDS Account, namely a 'trading' balance and a 'locked' balance. The trading balance would be visible to the CDS participant and all dealings and trading would be permitted on the said trading balance, as done normally.

As opposed to the trading balance, the locked balance will not be visible to the CDS participant and all dealings on such locked balance would be suspended thereby maintaining the confidentiality of the information and also safeguarding the account holder from any unauthorised sale by a broker.

At the request of an account holder, the CDS would transfer a named quantity of securities from the locked balance to the trading balance of a CDS Account and/or from the trading balance to the locked balance.

6.2.2 Number of Shares Applied

Application should be made for a minimum of Five Hundred (500) Shares for a value of Sri Lanka Rupees Seven Thousand Two Hundred and Fifty (LKR 7,250/-) and in multiples of One Hundred (100) Shares thereafter. The maximum number of Shares that can be applied through one Application under the IPO would be limited to One Billion Three Hundred and Seventy Nine Million Three Hundred and Ten Thousand Four Hundred (1,379,310,400) Ordinary Voting Shares, i.e. the total number of Shares issued under the IPO rounded to nearest 100 shares. Any Applications for over and above 1,379,310,400 Shares would be either capped at the maximum number of Shares as aforesaid or rejected at the outset at the discretion of the Board of Directors.

Applications made for less than Five Hundred (500) Shares or for a number which is not in multiples of One Hundred (100) Shares will be rejected and the accompanying cheques, bank drafts or bank guarantees will not be sent for clearing but will be returned via ordinary post at the risk of the Applicant, or in the case of Joint Applicants, the first named Applicant. **The cheque or bank draft or bank guarantee or RTGS/CEFT/SLIPS transfer or payment via the payment gateway provided through the CDS Web Portal/CSE Mobile App should be issued/carried out to the exact number of New Shares applied for multiplied by the Share Issue Price.** Any Application not conforming to the above requirement will be rejected and the Application monies will be returned as aforementioned.

Please refer Section 6.3 for details with respect to the mode of remittance.

6.2.3 Identification Information

All Applicants should disclose their identification/registration information by filling in the space provided in the Application Form for this purpose.

Applicants are requested to state their residency and nationality in the appropriate spaces provided in the Application Form.

The NIC, Passport, or Company Registration number as the case may be, must be stated in the Application Form and any Application Form which does not provide the appropriate identification information will be rejected.

Resident Applicants may use the Passport for purposes of identification only if they do not have a NIC Number.

Tabulated below is the relevant identification information that a prospective investor should provide depending on the legal status:

Table 6-1 Investor Identification Required

Citizenship/Legal Form	Identification Information			
	NIC Number	Passport Number	Company Registration Number	Common Seal or Rubber Stamp
Sri Lanka Citizens	X			
Sri Lanka Citizens with no NIC Number*		X		
Foreign Citizens**		X		
Corporate Entities***			X	X

**In the case of Sri Lankan citizens, the Passport number will be accepted only when the NIC number is not available. The CDS Account must be for the same Passport Number.*

*** Foreign citizens must state the Passport number in the space provided in the Application Form.*

**** In case of a corporate entity, the Company Registration number must be provided. The common seal or rubber stamp should be affixed, and the Application Form duly signed as stipulated in the constitutional documents of such Applicants.*

A valid CDS Account number must be stated in the Application Form. All foreign Applicants and corporate Applicants should ensure that the Passport Number/Company Registration number is stated in the relevant cages of the Application Form. All information about the Applicant (i.e., name, address, nationality and NIC or Passport Number) will be downloaded from the database of the CDS, based on the number given in the Application Form. In the event of any discrepancy between the information in the CDS and in the Application Form, the information in the CDS shall take precedence.

If the CDS Account number is not indicated in the Application Form, or the number indicated in the Application Form is found to be inaccurate/incorrect, or the account number indicated is not opened at the Issue Closing Date, such Application will be rejected, and no allotments of Shares will be made.

6.2.4 Key Responsibility of a Foreign Investor

Foreign Investors may be affected by the laws of the jurisdiction of their residence. If Foreign Investors wish to apply for the New Shares, it is their responsibility to comply with the laws relevant to the jurisdiction of their residence and of Sri Lanka.

6.2.5 Margin Trading

Applicants who wish to apply through their Margin Trading account should submit the Applications in the name of the 'Margin Provider/Applicant's name' signed by the Margin Provider.

The Applicants should state the relevant CDS Account number relating to the Margin Trading account in the space provided for the CDS Account number in the Application Form. The New Shares shall be uploaded to the CDS Account indicated in the Application Form.

The NIC, Passport, or Company Registration number of the Applicant as the case may be, must be stated in the Application Form.

Resident Applicants may use the Passport for purposes of identification, only if they do not have a NIC Number.

A photocopy of the Margin Trading agreement must be submitted along with the Application.

Please note that the Margin Provider can apply under its own name and such Applications will not be construed as multiple Applications. Details regarding multiple Applications are available under Section 6.2.1.

Please note that the CSE Mobile App and CDS Web Portal do not facilitate an Application by Applicants through a Margin Trading facility.

6.2.6 Applications Made Under Power of Attorney

In the case of Applications made under POA, said POA should be valid and in conformity with the applicable law and, a copy of the said POA, **certified by a Notary Public** to be a true copy of the original, should be submitted to the Registrars to the Issue along with the Application Form. **The original POA should not be attached.** If the said POA is not valid or in conformity with the law, the Application will be rejected.

Please note that the CSE Mobile App and CDS Web Portal do not facilitate an Application by a POA.

6.2.7 Joint Applications

If the ownership of the New Shares is desired in the name of one Applicant, such Applicant should make the Application for an **individual CDS Account**. In the case of Joint Applicants, the signatures and particulars in respect of all Applicants must be given under the relevant headings in the Application Form.

Joint Application Forms are permitted only for natural persons not exceeding three (3) Applicants. Joint Applicants should note that there should not be a combination of residents of Sri Lanka and non-residents. An Applicant of a Joint Application shall not apply through a separate Application Form either individually or jointly.

Please note that the CSE Mobile App, CDS Web Portal and CDS eConnect do not facilitate an Application by Joint Applicants.

6.2.8 Submission of Applications

a) Applicants Applying via CSE Mobile App or CDS Web Portal

Application Forms properly and legibly filled in accordance with the instructions thereon, along with the applicable remittance/proof of remittance as applicable (Payment Gateway or CEFT or SLIPS or RTGS) for the full amount payable on Application Form shall be forwarded online as referred to Section 6.2.1.

b) Applicants Applying via Physical Delivery

Application Forms properly and legibly filled in accordance with the instructions thereon, along with the applicable remittance/proof of remittance as applicable [cheque or bank draft or bank guarantee or **RTGS transfers only for Application valued above and inclusive of Sri Lanka Rupees One Hundred Million (LKR 100,000,000/-)**], for the full amount payable on Application Form may be forwarded by way of delivery (by hand or post) enclosed in a sealed envelope marked '**LTL Holdings Limited - IPO**' on the top left-hand corner and be addressed and dispatched by post or courier or delivered by hand to the Registrars to the Issue at the following address prior to **4.30 p.m. Local Time on the Issue Closing Date**.

S S P Corporate Services (Private) Limited

No. 101, Inner Flower Road
Colombo 03

Applications may also be handed over to the Company, Managers to the Issue, Bankers to the Issue and its designated branches and, Trading Participants of the CSE, as set out in Annexure B **prior to 4.30 p.m. Local Time on the Issue Closing Date**.

In the case of Applications dispatched by post, such Applications should reach the Registrars to the Issue **not later than 4.30 p.m. Local Time on the Market Day immediately following the Issue Closing Date**.

Any Applications received after the above deadlines shall be rejected even if the courier or post mark is dated prior to the Issue Closing Date.

6.3 PAYMENT OF APPLICATION MONIES

6.3.1 Cheques or Bank Drafts - Resident Sri Lankan Investors

Cheque or Bank Drafts payments as a mode of payment are only applicable for Applicants applying **via Physical Delivery**.

Cheques or bank drafts should be drawn on any Licensed Commercial Bank in Sri Lanka and crossed '**Account Payee Only**' and made payable to "**LTL HOLDINGS LIMITED - IPO**".

Cheques or bank drafts accompanying Application Forms made for less than Five Hundred (500) Shares, i.e. for a value less than Sri Lanka Rupees Seven Thousand Two Hundred and Fifty (LKR 7,250/-) or not multiples of One Hundred (100) Shares thereafter (as mentioned in Section 6.2.2) will not be sent for clearing and shall be returned via ordinary post at the risk of the Applicant or, in the case of joint Applicants, to the first named Applicant.

In the event that cheques are not realized within **Two (2) Market Days** from the date of presenting the same to the bank for clearing, the Directors reserve the right to reject the Applications and return the Application cheques. No Allotment of New Shares will be made to such Applicants.

Cheques must be honoured on the first presentation to the bank for the Application to be valid. Applications supported by cheques which are not honoured on first will be rejected.

6.3.2 Bank Guarantees - Resident Sri Lankan Investors

Applications made by Resident Sri Lankan investors backed by bank guarantees presented in line with the requirements set out in Section 6.3.6 will be accepted.

Bank guarantees will be presented to the respective banks only after the New Shares have been allotted by the Company.

Bank Guarantees as a mode of payment are only applicable for Applicants applying **via Physical Delivery**.

Bank guarantees should be issued by any Licensed Commercial Bank in Sri Lanka and in favour of **"LTL HOLDINGS LIMITED - IPO"** in a manner acceptable to the Company and payable on demand.

Please note that the original bank guarantee should be lodged with the Registrars to the Issue along with the Application Form prior to 4.30 p.m. local time on the Issue Closing Date, in order to claim funds in respect of such Applications made via bank guarantees.

Bank guarantees should be valid for a minimum of One (1) month from the Issue Opening Date (i.e. October 10, 2024).

Applicants are advised to ensure that sufficient funds/facilities are available in order to honour the bank guarantees, inclusive of charges when called upon to do so by the Registrars to the Issue.

It is advisable that the Applicants discuss with their respective bankers the matters with regard to the issuance of bank guarantees and all charges involved. All expenses with regard to such bank guarantees should be borne by the Applicants.

6.3.3 CEFT/SLIPS Transfers - Resident Sri Lankan Investors

In case of CEFT/SLIPS transfers (**only for Application made via the CSE Mobile App and CDS Web portal**) such transfers should be made to the credit of **"LTL HOLDINGS LIMITED IPO - ONLINE"**, bearing the **account number 003010554703 at Hatton National Bank PLC, Head Office (Bank Code - 7083, Branch Code - 003)** on or before the Issue Closing Date (i.e. the funds to be made available to the above account).

Applicants are required to indicate their CDS Account number or NIC number as payment reference for CEFT/SLIPS transfers. Any Applications accompanying fund transfers confirmations without the payment reference as aforementioned will be rejected.

The Applicants should obtain a confirmation from the Applicant's bank to the effect that arrangements have been made to transfer payment in full for the total value of New Shares applied for to the credit of **"LTL HOLDINGS LIMITED IPO - ONLINE"** and the fund transfer confirmation should be submitted with the Application Form.

IMPORTANT: When CEFT, SLIPS transfers are made, ensure to enter the CDS Account number or the NIC number of the Applicant in the 'Beneficiary Narration/Beneficiary Remark/ Reference/Remark/Comment' field to identify the payments. If such identification details are not provided, Application will be rejected.

6.3.4 RTGS Transfers -Resident Sri Lankan Investors

In case of RTGS transfers, such transfers should be made to the credit of the following accounts for Applications submitted via;

1. **Physical Delivery - Only for Application valued above and inclusive of Sri Lanka Rupees One Hundred Million (LKR 100,000,000/-)** should be made to the credit of **"LTL HOLDINGS LIMITED IPO - ONLINE"** bearing the account number **003010554703** at **Hatton National Bank PLC, Head Office (Bank Code - 7083, Branch Code - 003)** on or before the Issue Closing Date (i.e., the funds to be made available to the above account).
2. **CSE Mobile App or CDS Web Portal - Only for Application valued above and inclusive of Sri Lanka Rupees Five million (LKR 5,000,000/-)** should be made to the credit of **"LTL HOLDINGS LIMITED IPO - ONLINE"** bearing the account number **003010554703** at **Hatton National Bank PLC, Head Office (Bank Code - 7083, Branch Code - 003)** on or before Issue Closing Date (i.e., the funds to be made available to the above account).

The Applicants should obtain a confirmation from the Applicant's bank to the effect that arrangements have been made to transfer payment in full for the total value of New Shares applied for to the credit of **"LTL HOLDINGS LIMITED IPO - ONLINE"** for Application submitted via physical delivery or CSE Mobile App or CDS Web Portal. The fund transfer confirmation should be submitted with the Application Form.

IMPORTANT - When RTGS transfers are made, ensure to enter the CDS Account number or the NIC number of the Applicant in the 'Beneficiary Narration/Beneficiary Remark/ Reference/Remark/Comment' field to identify the payments. If such identification details are not provided, the Application will get rejected.

6.3.5 Payment Options for CSE Mobile APP or CDS Web Portal Applicants

CSE Mobile App and CDS Web Portal are now integrated with the Helakurusuper Payment App.

Only the **LOCAL INDIVIDUAL** Applicants, with applied share values less or equal to LKR 49,900/- will be able to use the Helakurusuper app after completing the Applications on the said eIPO platform. If the Applicant has already made a payment to the IPO account prior to starting the Application process, such applicants should not select the 'Helakurusuper' option.

Customer charges of LKR 100/- charged by 'Helakurusuper' will apply for such payment and to be borne by the Applicants.

Please note that the Applicants who wish to use the integrated 'Helakurusuper' Payment App platform through the CSE Mobile App or CDS Web portal should have the 'Helakuru' Mobile App installed in their mobile devices.

Alternatively, Individual applicants who wish to use the payment modes of SLIPS, CEFTS, RTGS transfers must ensure to initiate such transfers prior to making the Application using the CSE Mobile App, in order to attach the proof of payment which is a mandatory requirement in submitting their applications via CSE Mobile App.

IMPORTANT - When CEFT, RTGS or SLIPS transfers are made, please ensure to enter the CDS Account number or the NIC number of the Applicant in the 'Beneficiary Narration/Beneficiary Remark/ Reference/Remark/ Comment' field to identify the payments. If such identification details are not provided, the Application will get rejected.

6.3.6 Amount Payable and Other Payment Conditions

The amount payable should be calculated by multiplying the number of New Shares applied for under a particular category by the Share Issue Price of Sri Lanka Rupees Fourteen and Fifty Cents (LKR 14.50). If there is a discrepancy in the amount payable and the amount specified in the cheque/bank draft or bank guarantee or amount deposited to IPO account via RTGS/CEFT/SLIPS transfer such Applications will be rejected.

CEFT/SLIPS transfers are subject to a maximum limit of Sri Lanka Rupees Five Million (5,000,000/-) imposed by the CBSL.

Payments for Applications via the payment gateway available on CSE Mobile App and CDS Web Portal is subject to a maximum value limit of Sri Lanka Rupees Fifty Thousand (LKR 50,000/-). i.e. Maximum Application value of LKR 49,900/- and convenience fee of LKR 100/-.

In the case of cheques, bank drafts, RTGS/CEFT/SLIPS transfer and bank guarantees, Application Forms should be accompanied by **only one** cheque or bank draft or RTGS/CEFT/SLIPS transfer (single transfer) or bank guarantee and should be issued for the full amount indicated in the Application Form. Any Application for New Shares, accompanied by two or more cheques or bank drafts or RTGS/CEFT/SLIPS transfers or bank guarantees will be rejected at the outset.

Payments for Applications for values above and inclusive of Sri Lankan Rupees One Hundred Million (LKR 100,000,000/-) will be permitted to submit multiple Bank guarantees issued by Licensed Commercial Banks in Sri Lanka, multiple bank drafts/cheques drawn upon any Licensed Commercial Bank operating in Sri Lanka, or a single RTGS transfer directed through any Licensed Commercial Bank operating in Sri Lanka, each of which should be for values on or before Issue Closing Date.

Cash will not be accepted. Anyone wishing to pay cash should obtain a bank draft from a Licensed Commercial Bank in Sri Lanka.

6.3.7 Foreign Currency Remittances

This section is applicable to:

- Citizens of Sri Lanka who are above 18 years of age and Resident overseas.
- Corporate bodies incorporated or established outside Sri Lanka.
- Regional or country funds approved by the SEC.
- Foreign citizens (irrespective of whether they are Resident in Sri Lanka or overseas) who are above 18 years of age.

A foreign investor may invest through an IIA (previously known as a Securities Investment Account/SIA) maintained with any Licensed Commercial Bank in Sri Lanka. The procedure for arranging payments through an IIA are presented below:

- A Foreign Investor may use the services of a custodian bank as an intermediary when investing in the Sri Lankan securities market.
- The intermediary may open an IIA, on the investor's behalf.
- In conjunction with the IIA, an account with the CDS must be opened in case the investor does not already possess a valid CDS Account.
- In respect of regional or country funds investing for the first time in Sri Lanka, the intermediary will facilitate the approval process regulated by the SEC.
- **Applicants Applying via CSE Mobile App, CDS Web Portal or CDS eConnect**
 - Payment for New Shares should be made through a RTGS/CEFT/SLIPS transfer against the funds arranged through the IIA and made payable to "**LTL HOLDINGS LIMITED IPO - ONLINE**" bearing the account number **003010554703 at Hatton National Bank PLC, Head Office (Bank Code - 7083, Branch Code - 003)** prior to 4.30 p.m. local time on or before the Issue Closing Date. Kindly note that the foreign individual Applicants are **NOT** eligible to use the payment gateway option. Therefore, they must ensure to initiate the transfers prior to making the Application using an accepted mode of payment.

IMPORTANT - When CEFT, RTGS or SLIPS transfers are made, please ensure to enter the CDS Account number of the Applicant in the 'Beneficiary Narration/Beneficiary Remark/ Reference/Remark/Comment' field to identify the payments. If such identification details are not provided, the Application will be rejected.

- **Applicants Applying via Physical Delivery**

- Payment for New Shares should be made through a cheque or bank draft, or bank guarantee issued by a Licensed Commercial Bank in Sri Lanka or a **RTGS transfer only for Application valued above and inclusive of Sri Lanka Rupees One Hundred Million (LKR 100,000,000/-) against the funds arranged through the IIA and made payable to LTL HOLDINGS LIMITED IPO - ONLINE bearing the account number 003010554703at Hattion National Bank PLC, Head Office (Bank Code - 7083, Branch Code - 003) prior to 4.30 p.m. local time on or before the Issue Closing Date.**

Cheques or bank drafts or bank guarantees or **RTGS transfers only for Application valued above and inclusive of Sri Lanka Rupees One Hundred Million (LKR 100,000,000/-)** should be endorsed by the issuing custodian bank to the effect that arrangements have been made to facilitate such payment to be made against funds available in the individual's IIA. **The endorsement must be clearly indicated** on the cheque or bank draft or the bank guarantee. Alternatively, a document detailing the endorsement could be submitted along with the payment and Application.

Any refund payments to Foreign Investors are made in terms of Section 6.7 of this Prospectus.

Applications supported by foreign currency remittances should be accompanied by the documentation stipulated by the Head of the Department of Foreign Exchange of the CBSL.

6.3.8. Restrictions Applicable to Foreign Citizens Resident in Sri Lanka

Foreign citizens Resident in Sri Lanka may make payments through Sri Lanka Rupee Accounts, only if they possess dual citizenship where one such citizenship is Sri Lankan. **Foreign citizens having Sri Lankan citizenship should attach a certified copy of the citizenship certificate with the Application Form. In case of an online Application, the certified copy of the citizenship certificate should be uploaded under the relevant field.**

Foreign citizens residing in Sri Lanka having valid residency visas should note that they cannot make remittances via cheques or bank drafts, or bank guarantees or RTGS/CEFT/SLIPS transfers drawn upon Sri Lanka Rupee accounts maintained with any Licensed Commercial Bank in Sri Lanka or payment gateway in the CDS Web Portal but may do so via an IIA account as detailed in Section 6.3.7 above. **Applications made by foreign citizens not in accordance with the foregoing shall be rejected.**

6.4 REJECTION OF APPLICATIONS

- i. Application Forms which are incomplete in any way and/or are not in accordance with the terms and conditions set out in this Prospectus will be rejected at the absolute discretion of the Company.
- ii. Any Application Form which does not provide the NIC, Passport (where NIC is not available) or Company Registration number as the case may be, will be rejected.
- iii. Any Application Forms accompanying fund transfers confirmations without the requisite payment references will be rejected.
- iv. Applications delivered by hand or by courier after 4.30 p.m. Local Time on the Issue Closing Date will be rejected. Applications received by post after 4.30 p.m. Local Time on the succeeding Market Day immediately following the Issue Closing Date will also be rejected even if they carry a postmark date earlier than the Issue Closing Date.
- v. Applications made for less than Five Hundred (500) New Shares or for a number which is not in multiples of One Hundred (100) New Shares will be rejected.

- vi. An Application which does not carry a CDS Account number or indicates a number of a CDS Account which is not opened at the time of Issue Closing Date or which indicates an inaccurate/incorrect CDS Account number shall be rejected and no allotment of New Shares will be made.
- vii. Application Forms stating third party CDS Accounts instead of their own CDS Account numbers, except in the case of Margin Trading accounts, will be rejected.
- viii. Applicants should apply only through one investor category and would be permitted to submit only one Application Form. Two or more Applications submitted by the same Applicant either under the same category or under different categories will be construed as multiple Applications and will be rejected.
- ix. The Company reserves the right to reject multiple Applications and suspected multiple Applications which are not allowed, as mentioned in Section 6.2.1.
- x. Payment for Applications of New Shares accompanying two or more cheques and bank drafts or multiple direct deposits or bank guarantees or RTGS/CEFT/SLIPS transfers as mentioned in Section 6.3.6 will be rejected at the outset in the event the value of such Application is below Sri Lanka Rupee One Hundred Million (LKR 100,000,000/-)
- xi. Applications made by individuals below 18 years of age or those in the names of sole proprietorships, partnerships, unincorporated trusts and non-corporate bodies will be rejected.
- xii. Physical applications accompanying payments made via RTGS in the event the value of such Application is below Sri Lankan Rupees One Hundred million (LKR 100,000,000/-) or by way of CEFT or SLIPS will be rejected.
- xiii. Applications signed on behalf of the Applicant by an attorney under a POA that is not valid or in conformity with the applicable law will be rejected.

Notwithstanding any provision contained herein, the Board of Directors shall reserve the right to refuse any Application or to accept any Application in full or part, without any explanation and reason.

6.5 BANKING OF PAYMENTS

All cheques and bank drafts received in respect of Applications will not be banked until the Market Day following the Issue Closing Date in terms of the CSE Listing Rules.

6.6 BASIS OF ALLOTMENT

As per Rule 2.1.1.(g) (i) of the CSE Listing Rules, the Company is required to determine the basis of allotting the Shares in a fair and equitable manner, in consultation with the CSE.

As such, the basis of allotment of New Shares determined by the Company in consultation with the CSE is as follows:

Table 6-2 Basis of Allotment of New Shares to Various Categories of Applicants

Investor Category	Percentage of Issue (%)	Amount Allocated Under the Total Issue (LKR Mn)
Unit Trusts*	1.5%	300
Retail Individual	5.0%	1,000
Non-Retail	93.5%	18,700
	100.0%	20,000

*Unit Trust Investors should be growth or balanced unit trusts operated by managing companies licensed by the SEC, where such unit trusts comprise of not less than 500 unit holders Resident in Sri Lanka who together hold at least 50% of that fund as per the SEC Directive dated March 10, 2011 (Ref: SEC/LEG/11/06/01).

Applications submitted under the Unit Trust Investor Category should be accompanied by a confirmation by the trustee that such unit trust is in conformity with the criteria defined by the SEC Directive dated June 06, 2011 (Ref: SEC/LEG/11/06/01) and CSE Listing Rules, 2.1.1(g)(ii)(b).

Local and Foreign Investor/s who apply for value of not more than LKR 200,000/- (i.e. upto 13,700 Shares) will be deemed as Retail Individual Investors for share allotment purposes.

Investors who do not fall under the Retail Individual Investor Category and Unit Trusts Investor Category stated above will be deemed as Non-Retail investors for share allotment purposes.

The Board of Directors of LTLH reserves the right to preferentially allot up to 80% of the New Shares available to be allotted under the Non-Retail Investor Category to identified investors (i.e. institutional investors including local and foreign funds, high net worth individuals etc. who apply through this category under the IPO.

In determining the basis of allotment within the Retail Individual Investor Category, investors who subscribe for a smaller number of Shares shall be given priority.

The investor categories have been selected to ensure the broadest possible spread of shareholders while treating all Applicants in a fair manner as may be decided by the Board at its discretion.

In the event of an undersubscription in the Unit Trust Investor Category, the Retail Individual Investor Category shall be given first priority in allotment of the New Shares not subscribed for by investors in the Unit Trust Investor Category.

In the event of an undersubscription in the Retail Individual Investor Category, the Unit Trust Investor Category shall be given first priority in allotment of the New Shares not subscribed for by investors in the Retail Individual Investor Category.

In the event of an undersubscription in the Non-Retail Investor Category, Retail Individual Investor Category will be given first priority followed by Unit Trust Investor Category in the allotment of the New Shares not subscribed for by investors in the Non-Retail Individual Investor Category.

In the event of an oversubscription in any one or more of the categories mentioned above, the basis of allotment will be decided by the Board of Directors in a fair and equitable manner.

The Board of Directors will endeavour to decide and announce to the CSE the basis of allotment as soon as practicable so as to ensure compliance with the Listing Rules. Upon the allotment being decided, an announcement will be made to the CSE.

The successful Applicants will be informed of their allotment within 10 Market Days from the Issue Closing Date.

6.7 REFUNDING/RETURNING OF FUNDS ON PARTIALLY ACCEPTED/REJECTED APPLICATIONS

Where an Application is accepted only in part or rejected in its entirety, the balance/entirety of the monies received on an Application, as the case may be, will be refunded. Such refunds will be made on or before the expiry of Eight (8) Market Days from the Issue Closing Date (excluding the Issue Closing Date) as required by the CSE Listing Rules. As required by Rule 2.4(l) of the CSE Listing Rules, Applicants would be entitled to receive interest at the rate of last quoted AWPLR published during the immediately preceding week by the CBSL or any other authority (in the event the CBSL ceases to publish the AWPLR) plus five per centum (5%) for the delayed period on any refunds not made by the expiry of the aforementioned period.

It is the responsibility of Foreign Investors to ensure that their IIA details are accurately provided under 'Refund Payment Instructions' on the Application Form to forward the refund to the IIA through which the Application was made.

With regard to applications which have been fully rejected due to any of the reasons specified in this Section 6, neither the Company nor the Registrars to the Issue nor CDS shall be liable for any delay on the refund of monies to the Applicant if the Applicant has paid the Application monies through a direct deposit or a RTGS/CEFT/SLIPS and has not indicated his NIC number or the CDS Account number as the payment reference.

Refund via Sri Lanka Inter-bank Payment Systems (SLIPS)

The refund payment will be made to the bank account specified by the Applicant through the SLIPS on or before the expiry of Eight (8) Market Days from the Issue Closing Date (excluding the Issue Closing Date) as required by the CSE Listing Rules and a payment advice shall be issued to the Applicant provided that the Applicant has submitted accurate and complete details of Applicant's bank account in the Application Form. However, SLIPS transfers are subject to a maximum limit of Sri Lanka Rupees Five Million (LKR 5,000,000/-) imposed by the CBSL with effect from October 29, 2010, as per Operating Instruction Circular No. 11/2010 dated October 25, 2010.

In the event of refunds over Rupees Five Million (LKR 5,000,000/-), if the Applicant has provided accurate and complete details of his bank account in the Application, refunds will be made via RTGS.

In the event the refund payment is effected via SLIPS based on the bank account details provided by the Applicant in the Application Form, but is rejected by the Applicant's bank due to inaccurate or incomplete information, such refund payments would be made via a crossed cheque in favour of the Applicant and sent by ordinary post at the risk of the Applicant. In such instances, the bank together with the Registrars to the Issue or CDS will send the refund cheques to such Applicants at the earliest possible time and the Applicant should not hold the Company or the bank or the Registrars to the Issue or CDS Accountable for such delays.

Refunds Via Crossed Cheque

If the Applicant has not provided details of the bank account in the Application Form or has provided inaccurate or incomplete details of the bank account with respect to refunds via SLIPS, the refund payment will be made by a crossed cheque in favour of the Applicant and sent by ordinary post at the risk of the Applicant. In the case of a Joint Application, a crossed cheque will be drawn in favour of the Applicant whose name appears first on the Application Form.

6.8 SUCCESSFUL APPLICANTS AND CDS LODGMENT

The New Shares allotted will be directly uploaded to the respective CDS Accounts given in the Application Forms before the expiry of Twelve (12) Market Days from the Issue Closing Date as per the CSE Listing Rules.

Upon completion of crediting the respective CDS Accounts, a written confirmation will be sent to the shareholders within Two (2) Market Days of crediting the CDS Accounts by ordinary post to the address provided by each Applicant in their respective Applications.

Applicants have the option of having their Shares 'locked' in the CDS. Shares that are 'locked' will not be available for trading purposes and will not be visible to the participants. Such Applicants would have to fill in the relevant section in the Application Form for this purpose. If the Applicant has not specified that the Shares need to be deposited to his/her 'locked' balance in the CDS Account, the said Shares would be deposited to Applicant's 'trading' balance in the CDS Account.

New Shares shall not be transferable by the shareholders during the period between the date of allotment of the New Shares and up to the date of listing (excluding the date of listing) of Shares of the Company on the CSE. Further, the Company shall not allot any Shares (other than the allotment of New Shares stemming from this IPO) or register a transfer of existing Shares during the interim period between the date of the Initial Listing Application and the date of listing of the Shares of the Company.

Upon the Shares of the Company being listed on the CSE, such Shares shall be freely transferable except for those Shares mentioned in Section 7.10 of this Prospectus, which will be locked-in to be compliant with CSE Listing Rules.

6.9 DECLARATION TO THE CSE AND SECONDARY MARKET TRADING

The Company will submit to the CSE a declaration on the Market Day ("Declaration") immediately following the date on which the Applicants' CDS Accounts are credited with the New Shares. Trading of the Shares on the secondary market will commence on or before the Third (3rd) Market Day from the receipt of the Declaration by the CSE as per the CSE Listing Rules.

7 BUSINESS OPERATIONS OF LTL HOLDINGS LIMITED

7.1 OVERVIEW OF THE COMPANY

LTL Holdings Limited is renowned as one of Sri Lanka’s premier and leading engineering companies, with a distinguished history spanning over 40 years. LTLH is a diversified conglomerate with operations spanning across two continents with investments in Power Generation through renewable and conventional energy solutions, Engineering Services for Power Plants as an EPC (Engineering, Procurement and Construction) and O&M (Operations & Maintenance) contractor, Manufacturing and sale of Distribution Transformers & Electrical Switchgear and Heavy Engineering, in Steel Fabrication and Galvanizing.

The current operational footprint of LTLH includes 9 power plants with a combined capacity of 894 MW in Sri Lanka, Bangladesh and Nepal, 3 manufacturing facilities in Sri Lanka and India and a business support office in Singapore. The wide product range of LTLH are exported to over 30 countries across Asia, Middle East, Africa, Europe and Australia.

Figure 7-1 Business Operations - Geographical Presence



Business Segments of LTLH



Conventional Energy

Combined cycle and engine-based power plants with a capacity of 868 MW in Sri Lanka and Bangladesh and 350MW Combined Cycle Power Plant in the pipeline in Sri Lanka



Renewable Energy

26MW capacity of hydro and wind power plants in Sri Lanka and Nepal and 100MW ground mounted solar power plant under development in Sri Lanka and a further two 4 MW Solar Power Plants under development in India



Engineering Services

> 1,100MW of EPC and O&M contracts undertaken across Sri Lanka, Bangladesh, Nepal, and Maldives



Manufacturing

- Manufacturing of distribution transformers in a state-of-the-art manufacturing facility in Sri Lanka with an annual manufacturing capacity of 4,000 transformers and a newly set up transformer assembling facility in Tanzania
- Manufacturing of Low and Medium voltage Switchgear products in a state-of-the-art manufacturing facility in India



Heavy Engineering Services

Facility with a 24,000MT annual hot-dip galvanizing capacity and 12,000MT annual steel fabrication capacity in Sri Lanka

At a Glance



3 Countries

Power Generation -
Footprints in South Asia



894MW

Capacity of Existing
Power Projects



30+

Export Markets



LKR 137.6 Bn

Total Assets as at
June 30, 2024



LKR 59.8 Bn

Annual
Revenue in FY24



70%+

Foreign Currency Linked
Revenue in FY24



780+

Staff
Strength



1.1 GW

Capacity of Projects
Undertaken to Date

7.2 EVOLUTION OF THE COMPANY

LTLH commenced its journey under the name of Lanka Transformers Limited in the year 1982 as a Public Private Partnership (PPP) between the CEB and Bonar Long of Scotland (BLS), (BLS later became part of ABB Norway), to manufacture and supply power distribution transformers for the CEB to meet the increasing electrification in the country, which was in its incipient stages as low as 15% at that time. With the development of emerging economies, at that point of time, the demand for power infrastructure had been forecasted to increase dramatically.

Subsequent to the successful implementation and operations of the transformer manufacturing facility at Angulana, Sri Lanka, the Company then expanded its operations by setting up a hot dip galvanizing plant in 1991 in Homagama, Sri Lanka which was later relocated at LINDEL Industrial Estates, Sapugaskanda, Sri Lanka.

The GoSL liberalized grid connected thermal power generation for private investments on Build-Own-Operate (BOO) basis for the first time in 1996. This facilitated an opportunity for LTLH to enter into the business of power generation. At that time, the country's level of electrification and penetration was 60% against the current position of 99.5%, which speaks well as a country. ABB-Norway which was the joint venture partner of the CEB in LTLH at that time, very keenly supported the diversification and increased its investment in Sri Lanka with further infusion of equity capital. The CEB too followed suit by increasing its own investment.

Under this liberalization policy, LTLH submitted a proposal to the CEB to invest in a 24 MW Heavy Fuel Oil (HFO) power plant in Sapugaskanda, quoting the lowest tariff to the CEB, in comparison to other proposals, evaluated at that time. The CEB accepted LTLH's proposal, and a Special Purpose Vehicle (SPV) was incorporated under the name, Lakdhanavi Limited (LAK) in 1996, as a subsidiary of LTLH, for the construction and development of the power plant.

LTLH had chosen the globally renowned Original Equipment Manufacturer (OEM) Wartsila NSD of Finland as its equipment supplier for the development of the 24 MW Heavy Fuel Oil (HFO) power plant in Sapugaskanda, which ultimately proved to be a long-term partnership for both entities. LTLH recruited a strong professional team from local universities to manage the project, equipping them with required training and technical assistance received from Wartsila NSD, and the new power plant was established and commissioned in a record time of eight months of construction.

As LTLH has played a significant role in the country's journey towards enhancing the level of electrification and in the expansion in power generation capacities, LTLH has been able to secure a number of landmark projects in the country during this period. These include the engine based 100MW Heladhanavi power plant in Puttalam Sri Lanka which was commissioned in August 2004, helping to boost the firm power generation capacity in the country available at the time. Upon the successful completion of the PPA term of 10 years, the power plant was decommissioned. LAK also built and operated a number of emergency power plants to help meet the power shortages in the national system of the country.

LTLH achieved a significant milestone in its history as an engineering company, by securing the 300MW "Yugadhanavi" Combined Cycle Power Plant project (West Coast Power (Private) Limited) in 2007, competing with international competitors, in which LAK played a leading role as the project developer, EPC and O&M contractor. LTLH portrayed its capabilities as an innovative engineering company in the country, with strong design and project management skills through this project, by constructing the first ever combined cycle power plant in the country to operate on HFO⁵. The project supported the Sri Lankan Government's objective of maintaining an uninterrupted power supply, at a lower generation cost. The company was able to successfully mobilize the required funds for "Yugadhanavi" power plant through international Banks and Export Credit Agencies (ECA) for around Euro 150 Mn.

⁵ Research paper published on 2017 on Effect of Fuel Viscosity on Combustion Performance of Heavy Fuel Oil (HFO) Fired Gas Turbines accessed through <https://theiet.lk/wp-content/uploads/2017/10/24-p6.pdf> on August 08, 2024

Having secured the international technical support, especially from Germany, LTLH managed to take the challenge of firing a gas turbine with HFO to reduce the generation cost compared to diesel oil which was used as fuel for all gas turbines in the country and the region. The cost savings for Sri Lanka on use of HFO for the operation of the West Coast Power Plant for the last 14 years⁶ is estimated to be over LKR 100 billion. The two gas turbines in the power plant has achieved over 124,000 operational hours to date through its 13 years of commercial operations and has played an anchor role in maintaining reliability of the Sri Lankan power grid, being the largest IPP power plant in the country⁷.

With the complexity of HFO operation, LAKD has closely worked with the OEM, General Electric USA/France (GE) by contributing technical analysis of use of HFO in gas turbines and to improve fuel flexibility, efficiency and reliability as well as reduction of emissions. As a testament to the successful operations, the power plant has been awarded many accolades which are detailed in Section 7.17 of this Prospectus.

LTLH thereafter leveraged on its internal resources and experience gained in developing and operating the Yugadhanavi power plant, to expand its operations in the international markets, as an IPP, EPC, and O&M contractor in Bangladesh, Nepal and very recently in India for both thermal and renewable power generation.

Power Generation, EPC and O&M Operations of LTLH from 1996 to To-Date

Table 7-1 Power Generation, EPC and O&M Operations of LTLH from 1996 to To-Date

Power Generation/ O&M (MW)				EPC (MW)		
Sri Lanka	Bangladesh	Nepal	Total	Own Plants	Others	Total
880.2	218.4	10	1,108.6	808.6	332	1,140.6

The above has translated into LTLH having experience of operating power plants with cumulative running hours of over 350,000 hours and undertaking over 100 power plant overhaul/ maintenance activities which includes 3 major maintenance of gas/steam turbines.

Along with the expansion in its power generation business, LTLH had been focusing consistently on providing engineering and construction solutions along the entire chain from generation of power to distribution of power to the end consumers. Today, LTLH Group operates globally with its headquarters situated in Colombo, Sri Lanka with international subsidiaries and branches in Singapore, Bangladesh, India, Nepal, Tanzania and trusted local agents in many other countries.

Diversification into Greener Technologies

In the manufacturing side, capitalizing on the strong R&D capabilities developed over the years, LTLH has continuously focused on introducing new types of transformers with less energy losses and developing innovative ideas to reuse waste material in its galvanizing operations to contribute towards a greener future.

Consequent upon concerns expressed by organizations for international environmental protection with regard to environmental impacts, such as climate change, global warming and air pollution, LTLH has repositioned its strategy during the last two decades on the power generation aspect of business operations. It recognized the global shift towards cleaner sources of energy and began pursuing the opportunities as an IPP investor and EPC/O&M contractor for large power projects, capable of being operated with the use of LNG and renewable energy sources. In 2007 itself, the 300MW West Coast power plant was developed with the capability to operate on LNG, anticipating the systematic phasing out of oil-based power generation in Sri Lanka. LTLH also identified Nepal as a market with significant potential and opportunities for generating hydropower and the opportunity to enable cross-border power sales with India. In 2018, LTLH entered into Nepal Power Sector and successfully commissioned a 10 MW hydro power project in March 2023.

⁶ West Coast Power Plant commissioned on May, 2010

⁷ Sales and Generation Databook - 2022, Ceylon Electricity Board accessed through https://www.ceb.lk/front_img/img_reports/1696388777Sales_and_Generation_Data_Book_2022.pdf on August 08, 2024

Continuing on this innovative and progressive journey, LTLH secured the 350 MW multi-fuel (LNG, diesel and liquid hydrogen) combined cycle gas turbine power project in 2021, which would be the country's first LNG-fired power plant⁸. An SPV was incorporated in the name of Sobadhanavi Limited to undertake the project. Amidst the tough economic conditions that prevailed in the country over the past few years with the Covid pandemic and the acute economic crisis in Sri Lanka, construction work on the power plant was continued by LTLH, enabling the power plant to achieve commissioning well ahead of the contractual timeline, with the first phase of open cycle operations of 212 MW commenced in August 2024 (the facility has been already tested with the national grid for 235 MW and with all necessary grid interconnection test), followed by the full commissioning of combined cycle operations of 350MW targeted by March 2025. However, until the necessary infrastructure for supply and distribution of LNG is available, the power plant will operate on diesel.

The gas turbine of this power plant is the latest F class machine and would be one of the most efficient gas turbine power plant to operate in Sri Lanka at present and is equipped with the capability to operate with a fuel mix of 30% Hydrogen, enabling to move to the next generation of greener fuel in time to come.

In addition, in 2023, LTLH secured another contract awarded by the CEB for construction of the 350 MW multi-fuel (LNG, diesel and Liquid Hydrogen) combined cycle gas turbine power project in Kerewalapitiya, Sri Lanka. In order to undertake the construction of this plant, an SPV has been established under the name of Sahadhanavi Limited. This will be the third power plant of this kind to be constructed within the Kerewalapitiya power plant complex adjoining to each other to be operated by LTLH with a total aggregated power generation capacity of 1,000 MW.

LTLH, in partnership with a consortium of investors, secured the 100 MW PV solar power plant project, namely Rividhanavi Limited in Siyambalanduwa, Sri Lanka. This project marks the country's first large-scale solar power project, and the single largest renewable power plant to be undertaken in the country to date under the IPP model⁹.

As a project promoter of the 100MW solar power project in Siyambalanduwa, Sri Lanka, LTLH aims to support establishing the required regulatory framework and project agreements structures which are internationally bankable to enable similar large scale renewable projects to be executed efficiently with the ability to access foreign funding through international lenders, by leveraging on the experience gained through developing large scale thermal power projects under the IPP model.

LTLH's commitment towards developing LNG capable power plants is also aligned with the country's target of generating 70% of electricity via renewable sources in 2030, by having the required firm capacity via more cleaner forms of fossil fuels. This facilitates integration of a higher mix of renewable energy to the national grid without compromising on the grid stability, due to the variable nature of renewable energy sources. LTLH is also closely working with the GoSL to provide its support to develop the required infrastructure to enable LNG based power generation to commence in Sri Lanka in the near future.

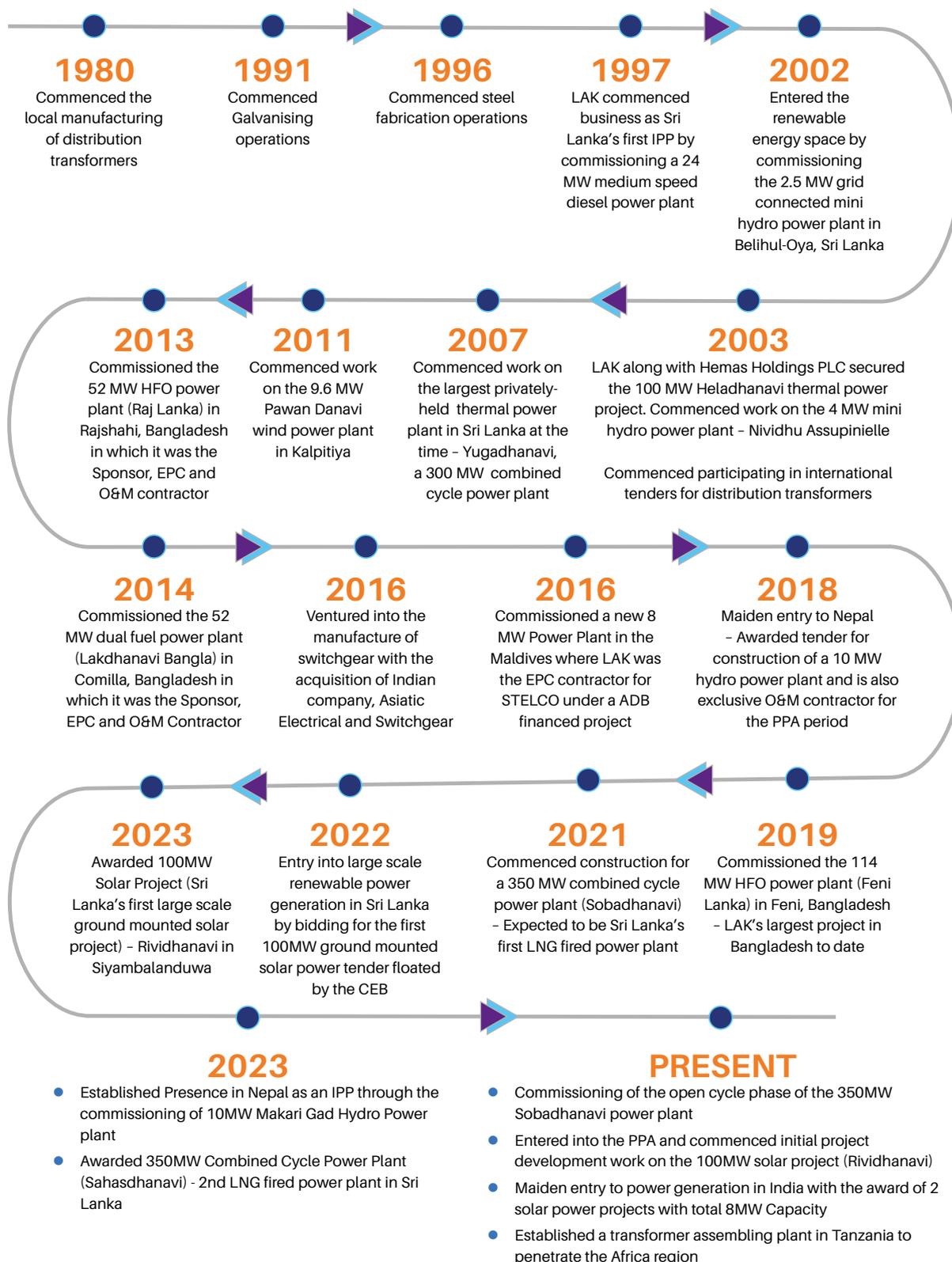
Further details on the 100 MW solar power plant (Rividhanavi) and 350 MW Thermal power plant (Sahadhanavi) project is provided under Section 5.6 Objectives of the Issue.

⁸ Progress Report - 2022, Ministry of Power and Energy accessed through https://energymin.gov.lk/web/images/En_Progress_2022-compressed_1.pdf on August 08, 2024

⁹ <https://www.dailynews.lk/2024/02/09/admin-catagories/breaking-news/390123/sri-lankas-first-large-scale-solar-project-unveiled/> accessed on August 08, 2024

7.3 KEY MILESTONES

Figure 7-2 Key Milestones of LTL Holdings Limited¹⁰



¹⁰ Sources: 2007 - Historical Data Book 1969-2015, Ceylon Electricity Board accessed via https://www.ceb.lk/front_img/img_reports/1532066424Historical_Data_Book_1969_-_2015.pdf on August 08, 2024 | 2021 - Progress Report - 2022, Ministry of Power and Energy accessed via https://energym.in.gov.lk/web/images/En_Progress_2022-compressed_1.pdf on August 08, 2024

7.4 SHAREHOLDERS OF LTLH

The current shareholders of LTLH are the following.

Table 7-2 Shareholders of LTLH

Name of Shareholder	Shareholding (%)
Ceylon Electricity Board	35%
West Coast Power (Private) Limited	28%
Peradev Limited	27%
Teckpro Investment Limited	10%
Total	100%

7.4.1 Ceylon Electricity Board (CEB)

Incorporated as a public corporation by Act No. 17 of 1969, the CEB is the sole power utility in Sri Lanka for the generation, transmission, and distribution of electricity in Sri Lanka. CEB holds 35% ownership stake in LTLH.

Initially, CEB owned 70% stake in LTLH where the balance stake of 30% was owned by ABB Norway. This was later diluted to 63% owned by CEB and 27% by ABB Norway respectively by issuing 10% new Shares through an Employee Share Ownership Trust arrangement in LTLH on December 26, 2001¹¹. These Shares were vested in 2017 to Teckpro Investment Limited, an investment company held by employees by transferring to it all the assets and liabilities of Lanka Transformers Limited Employees Share Ownership Trust. On February 08, 2024, CEB transferred 28% of its Shares in LTLH to West Coast Power (Private) Limited (WCP). Consequently, CEB holds a 35% stake in LTLH.

7.4.2 West Coast Power (Private) Limited (WCP)

WCP was incorporated as an SPV under the Companies Act for the development of the 300 MW combined cycle power plant at Kerewalapitiya, Sri Lanka. WCP holds a 28% ownership stake in LTLH.

The shareholders of WCP are as follows.

Name of Shareholder	Shareholding (c.)
The Secretary to the Treasury, Ministry of Finance, Economic Stabilization & National Policies	41%
The Monetary Board of the CBSL (Acting on Behalf of the EPF)	27%
Lanka Electricity Company Limited	18%
Lakdhanavi Limited	13%
Total	100%

¹¹ Currently, there are no ongoing Employee Share Ownership Trust arrangements in LTLH. The Shares under the Employee Share Ownership Trust arrangement had been transferred to Teckpro Investment Limited and fully allotted subsequently

7.4.3 Peradev Limited (Peradev)

Peradev Limited, formerly known as “LTL ESOT Limited” was incorporated as an investment company for the Management Buyout of ABB held Shares of LTLH in 2005. It is owned by the employees of the LTLH Group¹² and holds a 27% ownership stake in LTLH.

The major shareholders of Peradev who hold a collective stake of c. 82% are provided below.

- Mr. U D Jayawardana
- Mr. M J M N Marikkar
- Mr. R K Pitigalage
- Mr. D A J Nanayakkara
- Mr. S Annasiwatta
- Mr. H D Chaminda
- Mr. L N S Perera
- Mr. S Ganegoda
- Mr. J A D S Ranjan
- Mr. U C T Warnakulasuriya
- Mr. R Pathberiya
- Mr. H M T Bandara
- Mr. M Ananthavel
- Mr. D V T Jayath
- Mr. S W S A B Bulankulame

7.4.4 Teckpro Investment Limited (TIL)

TIL, the successor to formerly known as Lanka Transformers Limited Employees Share Ownership Trust is an investment company owned by the employees of the LTLH Group¹³ and hold the remaining 10% stake in LTLH.

The major shareholders of TIL who hold a collective stake of c. 76% are provided below.

- Mr. U D Jayawardana
- Mr. M J M N Marikkar
- Mr. R K Pitigalage
- Mr. D A J Nanayakkara
- Mr. S Annasiwatta
- Mr. H D Chaminda
- Mr. J A D S Ranjan
- Mr. L N S Perera
- Mr. S Ganegoda
- Mr. U C T Warnakulasuriya
- Mr. H M T Bandara
- Mr. R Pathberiya
- Mr. M Ananthavel
- Mr. S W S A B Bulankulame
- Mr. D V T Jayath

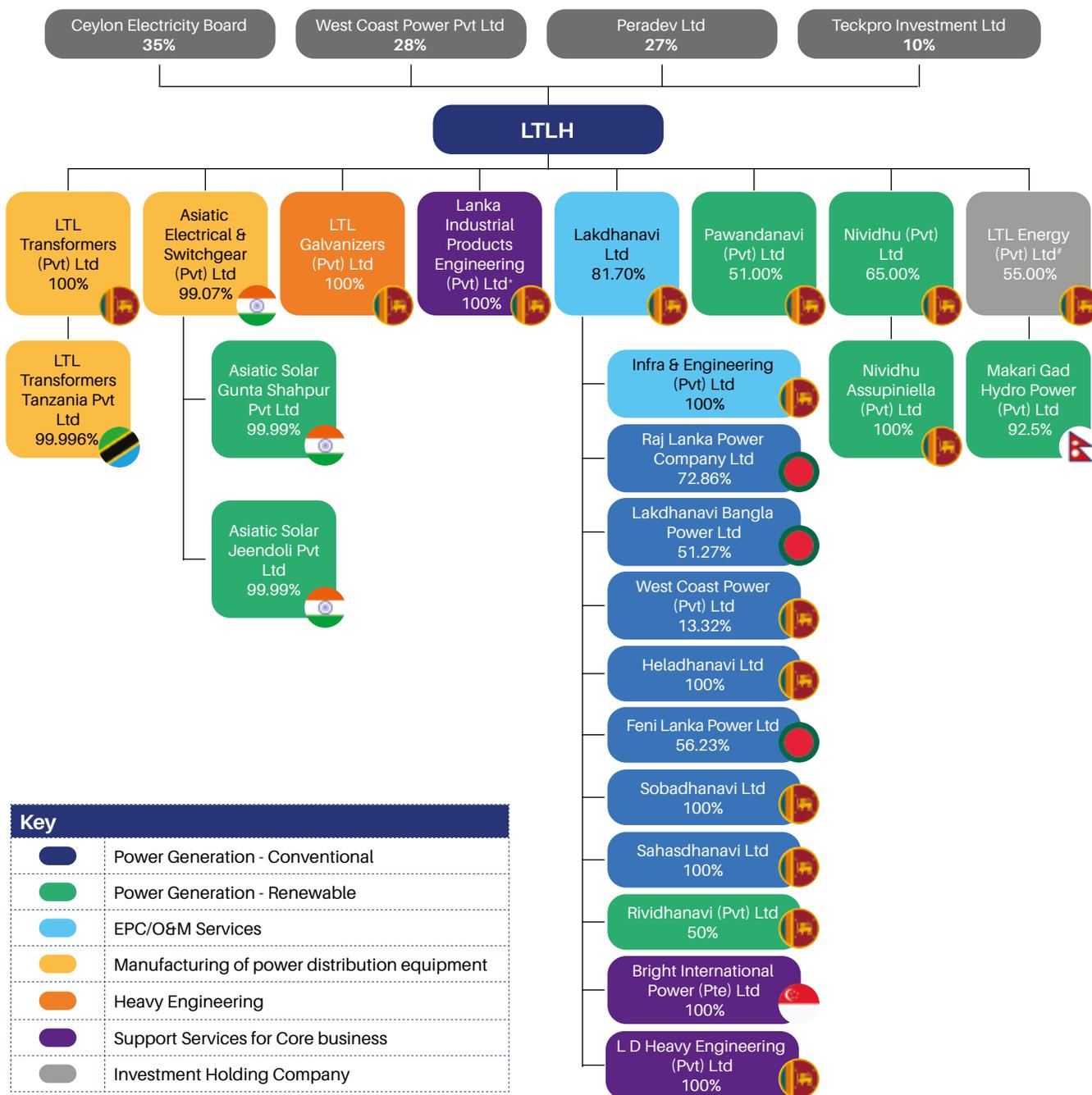
¹² Employees as at March 31, 2017

¹³ Employees as at October 9, 2017

7.5 GROUP STRUCTURE

Over the 40 year operating history, LTLH has diversified and expanded its operations into different verticals in power and related sectors in local and in foreign markets. At present the group consists of twenty four (24) operating companies under LTLH, as depicted in Figure 7.3 below.

Figure 7-3 Group Structure of LTLH



*Lanka Industrial Products Engineering (Private) Limited and Heladhanavi Limited are currently non-operational. Heladhanavi Limited was incorporated to operate a 100MW fuel oil-based power plant which was commissioned in August 2004. The plant has been decommissioned upon the completion of the PPA term, however the 57.28 acre land in Puttalam, Sri Lanka, owned by the company is suitable to undertake a future power project.

#LTL Energy is the investment holding company of Makari Gad Hydro Power (Private)Limited and has no other business operations

7.5.1 Other shareholders of LTLH's subsidiaries/associate companies

The following LTLH Group companies have other shareholders who have invested in these companies as venture capital investors, strategic partners and project promoters.

Table 7-3 Venture Capital/Strategic Investors and Project Promoters of LTLH Group

No.	Company	Names of Shareholders	Equity Stake %
01	Lakdhanavi Limited	Teckpro Investment Limited	18.30
02	LTL Energy (Private)Limited	LVL Energy Fund PLC	45.00
03	Asiatic Electric & Switchgear (Private) Limited	Other Individual Shareholders	0.93
04	Nividhu (Private)Limited	LVL Energy Fund PLC Teckpro Investment Limited	25.00 10.00
05	Pawan Danavi (Private)Limited	LVL Energy Fund PLC NDB Capital Holdings Limited	40.00 9.00
06	Makari Gad Hydro Power (Private)Limited	Hydro Vision (Private) Limited Other Individual Shareholders	7.50 0.00
07	Raj Lanka Power Company Limited	Lanka Energy International (Private) Limited Individual Shareholders	20.25 6.89
08	Lakdhanavi Bangla Power Limited	Lanka Energy International (Private) Limited Sawam Holdings Pte Limited	33.16 15.57
09	Feni Lanka Power Limited	Lanka Energy International (Private) Limited Ceylex Engineering (Private)Limited	29.17 14.60
10	West Coast Power (Private) Limited	GoSL via the Treasury Employees Provident Fund Lanka Electricity Company (Private) Limited	41.45 27.05 18.18
11	Rividhanavi (Private) Limited	WindForce PLC	50.00
12	Asiatic Solar Gunta Shahpur (Private) Limited	Other Individual Shareholders	0.01
13	Asiatic Solar Jeendoli (Private)Limited	Other Individual Shareholders	0.01
14	LTL Transformers Tanzania (Private) Limited	Other Individual Shareholders	0.001

7.5.2 Brief description on companies of the LTLH Group

The following is a summary of the companies under the LTLH Group, categorized by business segment, nature of operations and by geographical location.

Table 7-4 Brief Descriptions on Companies under the LTLH Group

Business Segment	Nature of Operations	Name of the Company	Country of Operation
Power Generation	Hydro	● Nividhu (Private) Limited (2.2 MW)	● Sri Lanka
		● Nividhu Assupiniella (Private) Limited (4 MW)	● Sri Lanka
		● Makari Gad Hydro Power (Private)Limited (10 MW)	● Nepal
	Solar	● Rividhanavi (Private) Limited (100 MW)*	● Sri Lanka
		● Asiatic Solar Jeendoli(Private)Limited (3.9 MW)*	● India
		● Asiatic Solar Gunta Shahpur (Private)Limited (4.1MW)*	● India
	Wind	● Pawan Danavi (Private) Limited (10 MW)	● Sri Lanka
	Thermal	● Raj Lanka Power Company Limited (52 MW)	● Bangladesh
		● Lakdhanavi Bangla Power Limited (52 MW)	● Bangladesh
		● Feni Lanka Power Limited (114 MW)	● Bangladesh
● West Coast Power (Private)Limited (300 MW)		● Sri Lanka	
● Sobadhanavi Limited (350 MW)†		● Sri Lanka	
	● Sahasdhanavi Limited (350 MW)**	● Sri Lanka	
EPC and O&M Services	Construction/ Operation and Maintenance of Power Plants	● Lakdhanavi Limited	● Sri Lanka
		● Infra & Engineering (Private) Limited	● Sri Lanka
		● LD Heavy Engineering (Private) Limited	● Sri Lanka
		● Bright International (Pte) Limited	● Singapore
Manufacturing	Manufacturing of Distribution Transformers	● LTL Transformers (Private) Limited	● Sri Lanka
		● LTL Transformers Tanzania (Private)Limited	● Tanzania
	Manufacturing of Switchgear Products	● Asiatic Electrical & Switchgear (Private) Limited	● India
Heavy Engineering	Steel Fabrication and Hot-Dip Galvanizing	● LTL Galvanizers (Private) Limited	● Sri Lanka

*Rividhanavi, Asiatic Solar Jeendoli (Private)Limited and Asiatic Solar Gunta Shahpur (Private) Limited are currently under development.

†Sobadhanavi is currently under construction where open cycle phase was commissioned in August 2024 and the commissioning of combined cycle operations due in March 2025.

**Sahasdhanavi has been incorporated as the Special Purpose Vehicle to undertake the 350 MW combined cycle power plant project in Kerawalapitiya, awarded in December 2023.

7.6 BUSINESS SEGMENTS OF LTLH

A brief description of each business segment of LTLH is given below.

7.6.1 Power Generation

LTLH will be the only listed IPP in Sri Lanka which own and operate both conventional and renewable power plants, at the time of listing. A summary of the currently operational, under construction and past, power projects of LTLH is given in Tables 7-5, 7-6 and 7-7 below.

Table 7- 5 Details of Currently Operational Power Plants of LTLH

Entity	Location	LTLH's Stake in Entity(%)	Total Capacity (MW)	Power Plant Type	PPA Period	Remaining PPA Term [#]
Thermal Power Plants						
Sobadhanavi Limited*	Sri Lanka	81.7%	350.0	Multi- Fuel (Combined Cycle)	20 Years	*Refer Note
West Coast Power (Private)Limited	Sri Lanka	10.89%	300.0	Combined Cycle Gas Turbine	May 2009 to May 2035	9 Years and 11 Months
Feni Lanka Power Limited	Bangladesh	45.94%	114.0	Engine Based	Nov 2019 to Nov 2034	9 Years and 5 Months
Lakdhanavi Bangla Power Limited	Bangladesh	41.89%	52.0	Engine Based	Dec 2014 to Dec 2029	4 Years and 6 Months
Raj Lanka Power Company Limited	Bangladesh	59.53%	52.0	Engine Based	Jan 2014 to Jan 2029	3 Years and 7 Months
Renewable Power Plants						
Makari Gad Hydro Power (Private)Limited	Nepal	50.88%	10.0	Hydro	Mar 2023 to Mar 2053	27 Years and 9 Months
Pawan Danavi (Private)Limited	Sri Lanka	51.00%	10.0	Wind	Feb 2013 to Feb 2033	8 Years and 8 Months
NividhuAssupiniella (Private)Limited	Sri Lanka	65.00%	4.0	Hydro	Oct 2004 to Oct 2025	4 Months [^]
Nividhu (Private) Limited	Sri Lanka	65.00%	2.4	Hydro	Mar 2015 to Dec 2038	13 Years and 6 Months
Total			894.4			

[#] PPA Years left as at June 30, 2024

[^] Likely to be extended as per the government policy

* Open cycle operations of Sobadhanavi was commissioned in August 2024 whereby 212 MW was connected to the national grid. Total capacity of 350 MW through combined cycle operations is expected to be commissioned in March 2025. PPA Period will commence from the date of Commissioning Combined Cycle Operations.

Table 7- 6 Details of Power Projects Currently Under Development

Entity	Location	LTLH's Stake in Entity (%)	Total Capacity (MW)	Power Plant Type	LTLH'S Role
Rividhanavi (Private) Limited	Sri Lanka	40.85%	100.0	Solar	IPP and Joint EPC and O&M
Sahasdhanavi Limited*	Sri Lanka	81.70%	350.0	Multi- Fuel (Combined Cycle)	Project Sponsor, EPC & O&M Contractor
Asiatic Solar Jeendoli (Private)Limited^	India	99.06%	3.9	Solar	Project Sponsor, EPC & O&M Contractor
Asiatic Solar Gunta Shahpur (Private)Limited^	India	99.06%	4.1	Solar	Project Sponsor, EPC & O&M Contractor
Total			458.0		

*Sahasdhanavi Limited is the Special Purpose Vehicle incorporated for the development of the 350 MW LNG based power plant with a 25-year PPA. LAK received the LOI for the project from CEB in December 2023 and the project is currently at a very initial stage. Entering into the PPA and other project agreements would be the immediate next steps to be carried out.

^ Asiatic Solar Jeendoli (Private) Limited and Asiatic Solar Gunta Shahpur (Private) Limited are Special Purpose Vehicles incorporated for the development of the two 4MW Solar Power Plants with a 25 year PPA. Both projects are expected to be completed by end of Q1 2025.

Table 7- 7 Details of Past Power Projects

Location	Total Capacity (MW)	Power Plant Type	Period of Operation/ Construction	LTLH's Role
Sri Lanka	100.0	Thermal (HFO)	October 2004 to November 2015	Designed and commissioned in Puttalam, Sri Lanka and operated on an IPP basis via a JV with Hemas Holdings PLC (LTLH also being exclusive EPC and O&M contractor)
Sri Lanka	24.0	Thermal (Engine Based)	May 2012 to January 2013	Designed and acted as exclusive EPC contractor for CEB in its project in Jaffna, Sri Lanka
Sri Lanka	40.0	Thermal (Diesel)	June 2002 to May 2003	Designed and commissioned in Puttalam, Sri Lanka for short term use and operated on IPP basis (with LTLH also being exclusive EPC and O&M contractor)
Sri Lanka	30.0	Thermal (Diesel)	May 2002 to November 2002	Designed and commissioned in Embilipitiya, Sri Lanka for short term use and operated on IPP basis (with LTLH also being exclusive EPC and O&M contractor)
Sri Lanka	20.0	Thermal (Diesel)	April 2000 to December 2004	Designed and commissioned in Sapugaskanda, Sri Lanka for short term use and operated on IPP basis (with LTLH also being exclusive EPC and O&M contractor)
Sri Lanka	24.0	Thermal (HFO)	November 1997 to November 2012	Designed and commissioned in Sapugaskanda, Sri Lanka and operated on an IPP basis (with LTLH also being exclusive EPC and O&M contractor)
Maldives	8.0	Thermal (Engine Based)	April 2016 to June 2017	Designed and acted as exclusive EPC contractor for STELCO- the Power Utility of Republic of Maldives
	246.0			

7.6.2 Engineering Services

LAK is the leading subsidiary in the LTLH Group, which provides engineering services to power plants as an EPC and O&M contractor. Infra and Engineering Limited and LD Heavy Engineering Limited provide the required technical support for the EPC and O&M services of LAK. Bright International Limited, assists the O&M operations of the LTLH Group by procuring the required spare parts.

LAK has undertaken over 1,100 MW of EPC and O&M contracts to date across Sri Lanka, Bangladesh, Nepal and Maldives, the details of which are provided under Section 7.2 of the Prospectus.

7.6.3 Manufacture and Sale of Power Distribution Equipment

The subsidiaries of LTLH's, namely LTL Transformers (Private)Limited and Asiatic Electrical & Switchgear (Private) Limited, India are engaged in the manufacture and sale of power distribution transformers and switchgear, for both local and international markets.

LTLT has a dominant local presence catering to 100% of the transformer requirement for CEB and LECO and one of the market leaders in supplying the private sector, which includes commercial, industrial and IPPs. LTLT strategically entered the international transformer market in 2003 and has **served over 55 Power Utilities globally** in more than 20 international markets to date. The product range of LTLT includes oil-filled transformers, low-voltage distribution transformers, and pre-fabricated compact MV substations.

In August 2016, LTLH acquired Asiatic Electrical & Switchgear (Private) Limited (AES), in India, enabling LTLH to further strengthen the value chain in power generation and distribution in the region. AES, which is located in Bhiwadhi, Rajasthan, has over 30 years of operating history and specializes in designing, manufacturing, and marketing a wide range of electrical accessories such as High Tension (HT - 33 kV)/ Low Tension (LT) switchgear products, namely, LV Distribution Boards, Feeder Pillars, Service Cabinets, and 25 kV Composite Insulators.

AES sells its products to Indian and international power utilities in UK, Cyprus, Abu Dhabi, Yemen, Tanzania, Kenya, Uganda, Ethiopia, Türkiye, Ghana, Qatar, Dubai, Nepal, Bangladesh, Bahrain, Oman, Kuwait, South Africa and in Sri Lanka.

7.6.4 Heavy Engineering Services

LTL Galvanizers (Private)Limited (LTLG) provides Steel Galvanizing and Steel Fabrication services under the heavy engineering segment of LTLH, as a fully owned subsidiary.

LTLG uses hot dip galvanizing, which is the process of coating steel structures with a zinc membrane for the protection of steel structures used in power, telecommunication, construction, shipping, steel infrastructure and other industries. In addition, LTLG also offers Thermal Spray Metallizing which is an effective and durable method to apply a protective coating to standing steel structures such as Bridges.

LTLG also specializes in the Design, Fabrication and Installation of power transmission towers, communication towers, steel masts, steel buildings, steel bridges, and other steel structures, all built to industrial standards. The steel fabrication plant is equipped with cutting-edge equipment which can be controlled by computerized systems with a high level of accuracy, repeatability, and output rate.

7.7 HUMAN CAPITAL

LTLH employed 785 staff as at 30th June 2024, who possess the required engineering, technical and managerial expertise and experience to undertake and effectively manage the overall business operations of the LTLH Group. A trade union of executive and clerical employees, in the name of "Lanka Transformers Ltd Staff Union" was formed under the laws of Sri Lanka on May 14, 2002. This trade union has a membership of 255 as of the date of the Prospectus. There are no other labour unions within the Group, and the Company has not entered into any agreements with any Trade Union including Lanka Transformers Ltd Staff Union.

A Human Capital policy of LTLH is to provide varied opportunities for young graduates from local universities and other professionals to engage with the LTLH Group as employees immediately after the completion of their studies. This has enabled the LTLH Group to create a strong and competent resource pool, and to achieve the unique milestones reached in the past. As its Human Capital is considered a significant asset within the Group, this will also position the Group in a manner to embark on more challenging projects it envisages accomplishing in the future.

All employees are trained on the job as well as through structured local and international training and development programs to ensure that they are equipped with the state-of-the-art and cutting-edge technologies, the latest know-how, and industry best practices, to meet the needs of the continuously evolving power and energy sector.

Composition of the talent pool of the LTLH Group as at June 30, 2024 is depicted below.

Table 7-8 Headcount of Each Business Unit

Company	No of Employees
LTL Holdings Limited	10
Lakdhanavi Limited and its Subsidiaries	418
LTL Transformers (Private)Limited	70
LTL Galvanizers (Private)Limited	48
Asiatic Electrical & Switchgear (Private)Limited	229
Makari Gad Hydro Power (Private) Limited	10
Total	785

Figure 7-4 Headcount Based on Profession

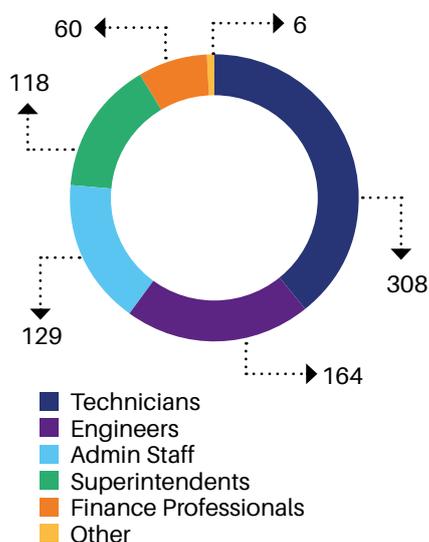
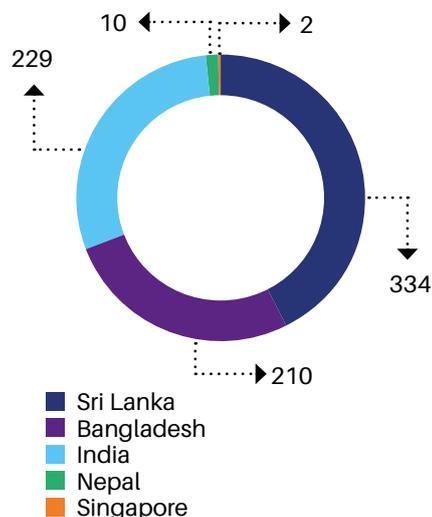


Figure 7-5 Headcount Based on Location



In addition to the above talent pool, the LTLH Group outsources certain project-related activities to external parties both local and foreign on a need's basis.

The strong and effective leadership provided by the management supplemented by the commitment of the employees, has largely been instrumental in the growth of the operational performance and strong and consistent financial performance recorded by the LTLH Group over the years.

7.8 COMPETITIVE ADVANTAGES OF THE LTLH GROUP

The LTLH Group can leverage on the following key strengths.

1. Talent pool of over 785 experienced and well qualified team in management and other levels of staff.
2. A strong balance sheet with a total asset base of LKR 134 Bn and debt to capital ratio of 41%, as at March 31, 2024 which the LTLH Group can leverage on its future growth and diversification plans by mobilizing the required capital via the capital markets, private equity funds and local & international financial institutions.
3. In-house technical know-how and capabilities in the areas of engineering design, feasibility studies, procurement, construction project management, innovation, project financing, operations and maintenance and de-commissioning of multifuel power plants. It also possesses the ability to adapt to latest technologies effectively into its operations.
4. Although LTLH operates in several countries, a bulk of its operational revenues are naturally hedged against exchange rate risk and power plant dispatch variation risks. The PPAs and O&M agreements entered into by LTLH Group companies for firm power projects guarantee a steady stream of cash-flows to the Company. In FY24, above 70% of LTLH's revenue was either foreign currency denominated or foreign currency linked (including fuel passthroughs), with the tariffs of the respective agreements structured to include payments linked to local currencies and hard currencies, and also to include inflation indexing of the respective currencies. The agreements also typically include a sizeable portion of fixed (i.e. independent of power plant dispatch) revenue. Between FY21 and FY24, on average, around 24% of LTLH's total revenue was of fixed nature (independent of operational activity level).

7.9. LTLH'S ESG INITIATIVES

LTLH is committed to reducing its energy and carbon footprint, contributing to global climate change efforts, and implementing a sustainability program that provides value to the Company, its employees, and the wider public. This commitment is demonstrated through initiatives such as the Yugadhanavi Power Plant's 135 kW solar rooftop, which has an annual energy yield of 190,600 kWh, LTLT's 472 kW solar rooftop with an annual energy yield of 660,000 kWh, and LTLG's 341.76 kW solar rooftop, with an annual energy yield of 355,000 kWh. LTLH promotes the use of sustainable materials and actively encourages a paper-free office to minimize paper usage in its operations, transactions, and communications with stakeholders. Efforts are also made to reduce the use of single-use plastics in LTLH's projects and events. The Company incorporates energy-efficient resources wherever possible to monitor and reduce energy consumption as part of its strategy to promote environmentally friendly initiatives. Regular educational programs are conducted to increase awareness among the employees about the importance of adopting environmentally friendly practices and complying with Company policies and procedures.

LTLH ensures compliance with relevant requirements of the National Environmental Act No. 47 of 1980 (as amended) and all relevant environmental protection regulations on environmental protection of the Central Environmental Authority, to the extent applicable. Key business units within LTLH hold ISO 14001:2015 certification for their Environmental Management System, demonstrating adherence to high environmental standards.

In terms of social and governance factors, LTLH aims to foster an inclusive workplace that values and nurtures its employees. The Company ensures fair compensation at industry standards, provides necessary resources and training, promotes a positive work environment, and ensures the health and safety of all employees, including appropriate healthcare benefits. LTLH is committed to gender, age, and ethnic diversity within its workforce, recognizing that diverse perspectives and experiences improve decision-making and results. Discrimination based on gender, age, ethnicity, race, physical ability, socio-economic status, or other grounds is actively discouraged.

As part of its social responsibility initiatives, Feni Lanka, a subsidiary of LTLH, constructed a new school building at Dukkin Kashimpur Government Primary School, enhancing sanitary conditions and other facilities. This construction project underscores LTLH's commitment to improving community infrastructure and supporting education. Furthermore, LTLH has provided financial support to the "Suwa Seriya" Foundation Sri Lanka, donating LKR 15 million to their "Adopt an Ambulance" program. These funds will be used for the maintenance of ambulances, medical equipment maintenance, staff refresher training, and staff uniforms for three ambulances, highlighting LTLH's dedication to enhancing public health services. LTLH's dedicated commitment to social initiatives are further explained in the corporate social responsibility section.

7.10 CAPITAL STRUCTURE

As at the date of this Prospectus, the stated capital of the Company is LKR 166,700,000/- constituting of monies received by the Company by the issue of 4,801,193,380 fully paid Ordinary Voting Shares.

7.10.1 An Overview of the Stated Capital

An overview of the stated capital of the Company is given below.

Table 7-9 Overview of Stated Capital of the Company

	Number of Shares	Stated Capital (LKR)
Balance as of April 01, 2021	16,670,000	166,700,000
Balance as of March 31, 2022	16,670,000	166,700,000
Sub-division of Shares on March 27, 2023 at a ratio of 197 Shares for each Share held	3,283,990,000	166,700,000
Balance as of March 31, 2023	3,283,990,000	166,700,000
Sub-division of Shares on March 4, 2024 at a ratio of 1,462 Shares for every 1,000 Shares held	4,801,193,380	166,700,000
Balance as of March 31, 2024	4,801,193,380	166,700,000
Initial Issue of up to 1,103,448,300 New Shares at LKR 14.50 per Share via the IPO (assuming a full subscription to the Initial Issue)	1,103,448,300	16,000,000,350
Balance Subsequent to the Initial Issue	5,904,641,680	16,166,700,350
Further Issue of up to 275,862,100 New Shares at LKR 14.50 per Share via the IPO (assuming a full subscription to the Further Issue)	275,862,100	4,000,000,450
Balance Subsequent to the Total Issue	6,180,503,780	20,166,700,800

7.10.2 Post Listing Share Issues

As detailed in Section 5.8, CEB, sought and obtained the approval of the Cabinet of Ministers for the issue and listing of Five Million Five Hundred Thousand (5,500,000) Shares [which is equivalent to One Billion Five Hundred and Eighty Four Million Seventy Seven Thousand (1,584,077,000) Shares as at the date of Prospectus post sub-divisions]. The shareholders of the Company when authorising the Company to carry out the IPO, also authorised the Company to, in the event the number of Shares to be issued at the IPO is less than One Billion Five Hundred and Eighty Four Million Seventy Seven Thousand (1,584,077,000) Shares [as increased from Five Million Five Hundred Thousand (5,500,000) Shares approved by the Cabinet of Ministers, pursuant to the aforesaid sub-divisions], to issue the balance Shares ("Balance Shares"), subsequent to the listing of the Company, by adopting such modality that the Board may deem appropriate (which modality may include without limitation a private placement or a rights issue of shares) on terms to be determined by the Board, at the time of such issuance of Shares, if the requirement arises. Such subsequent issuance of Shares, will be carried out in compliance with the relevant Listing Rules and will be subject to the approval of the CSE, in terms of Section 5 - "Further issue of Securities of a Listed Entity" of the CSE Listing Rules. The Company has, in this regard, received necessary undertakings from its existing shareholders (i.e. CEB, West Coast Power (Private) Limited, Paradev Limited, Tekpro Investment Limited) that they shall support any shareholder resolution and in no manner oppose or decline the approval for the issuance of the Balance Shares in line with the aforesaid Cabinet decision.

Accordingly, assuming that the entirety of One Billion Three Hundred and Seventy Nine Million Three Hundred and Ten Thousand Four Hundred (1,379,310,400) New Shares are issued at the IPO, the total number of Shares that constitute the Balance Shares to be issued post IPO will be Two Hundred and Four Million Seven Hundred and Sixty Six Thousand Six Hundred (204,766,600) Shares.

7.10.3 Details of Transfer of Shares

The following transfer of Shares in the Company took place during the past twelve (12) months:

Date	Transferor	Transferee	Number of Shares	Total Consideration (LKR)
February 8, 2024	Ceylon Electricity Board	West Coast Power (Private) Limited	919,517,200 (equivalent to 1,344,334,146 Shares post sub-division) (28% of Pre-IPO Shares)	26,081,160,000

Other than above, there were no Shares which had been acquired by any Shareholder by way of transfer during the period of twelve (12) months immediately preceding the date on which the Initial Listing Application was submitted to the CSE (i.e. July 31, 2024).

7.10.4 Details of Repurchase and Redemption of Shares by the Company

The Company has not carried out any share re-purchase under sections 63, 64, 93 or 100 of the Companies Act, redemption of Shares under sections 66 to 69 of the Companies Act or stated capital reduction exercise under section 59 of the Companies Act, in the two (2) years preceding the date of this Prospectus.

7.10.5 Shareholding Structure of the Company

Tabulated below is the shareholding structure of the Company as of the date of submission of the Initial Listing Application to the CSE (July 31, 2024) and the status of their shareholding subsequent to the IPO assuming (i) full subscription of the IPO and (ii) that CEB, West Coast Power (Private) Limited, Paradev Limited and Tekpro Investment Limited do not subscribe to any New Shares issued under the IPO.

Table 7-10 Shareholders of the Company

Name of the Shareholder	Prior to IPO		Subsequent to IPO (i.e. Total Issue)	
	Number of Shares	Percentage of Shareholding	Number of Shares	Percentage of Shareholding
Ceylon Electricity Board	1,679,812,854	34.987%	1,679,812,854	27.1%
West Coast Power (Private) Limited	1,344,334,146	28.000%	1,344,334,146	21.7%
Peradev Limited	1,296,063,000	26.995%	1,296,063,000	20.9%
Teckpro Investment Limited	480,983,380	10.018%	480,983,380	7.7%
IPO Shareholders	-	-	1,379,310,400	22.3%
Total	4,801,193,380	100.000%	6,180,503,780	100.0%

7.10.6 Dividend Policy

Subject to the provisions of the Companies Act and the Articles of Association of the Company, the amount and the timing of dividend payments on the Ordinary Voting Shares of the Company will be decided by the Board of Directors of the Company. As per the dividend policy of the Company, the payment of dividends is based on a number of factors, including but not limited to, Company's earnings, cash flow position, future investments, funding of growth, the maintenance of a sound and efficient capital structure, and any other factors which the Board of Directors of the Company may deem relevant.

The dividends paid by the Company during the five (05) financial years immediately preceding the issue of the Prospectus are set out below.

Table 7-11 Dividend Payout

	FY2020	FY2021	FY2022	FY2023	FY2024
Dividends (LKR Mn) - Note 1	3,500.0	1,000.0	4,000.0	-	-
Profit Attributable to the Equity Holders of the Parent (LKR Mn) - Note 2	7,613.0	5,392.2	14,578.3	10,372.1	4,559.0
Dividend Payout (%)	46%	19%	27%	-	-

Note 1: The Board decided not to declare any dividends for FY2023 and FY2024, considering the significant investments going into the construction of the Sobadhanavi power plant and to maintain sufficient cash reserves within the LTLH Group amidst the delay in payments by key customers and challenging macro-economic conditions that prevailed in the recent past.

Considering the subsequent improvement in the operations and cash flow position of the LTLH Group, the Board decided to declare a dividend of LKR 3,000 Mn in May 2024 to be treated as the final dividend for FY 2024. This will be paid out by end of August, 2024.

Note 2: Profit Attributable to the Equity Holders of the Parent was higher in FY2023 in comparison to FY2024 due to the other income and gains amounting to LKR 8,610.1 Mn recognized in FY2023 (refer Note 22 in the Audited Financial Statements for FY2024 in Annexure E).

7.10.7 Details Pertaining to the Locked-in Shares - Pre and Post IPO

Details pertaining to the locked-in Shares constituting the public and non-public holding are given in Tables 7-10 and 7-11 below.

Details pertaining to the locked-in Shares (pre and post IPO) are accordingly given below.

Table 7-12 Lock-in of Pre IPO-Shares

Category of Shareholder	Locked-in Shares	Lock-in Period	Total Number of Shares	Number of Shares as a Percentage of Total Number of Shares in Issue (Pre IPO)
Non-Public	Locked-in	6 months from date of listing	3,456,859,234	72.00%
Non-Public (Shares acquired by way of a transfer in the last 12 months)	Locked-in	6 Months from date of listing or 12 months from the date of transfer whichever is longer	1,344,334,146	28.00%
Total			4,801,193,380	100.00%

N/A-Not Applicable

Note: The terms 'Non-Public Shareholders' and 'Public Shareholders' shall have the same meaning as set out in the CSE Listing Rules.

Table 7-13 Shares Locked-in Post IPO

Category of Shareholders (Post-Listing)	Locked-in Shares/Not-Locked in Shares	Months After Which the Shares will be Available for Trading	Number of Shares	Number of Shares as a Percentage of Total Number of Shares in Issue (Post-IPO)
Non-Public	Locked-in	6 months from date of listing	3,456,859,234	55.93%
Non-Public (Shares acquired by way of a transfer in the last twelve months)	Locked-in	6 Months from date of listing or 12 months from the date of transfer whichever is longer	1,344,334,146	21.75%
Public (Total IPO Shares)	Not Locked-in	N/A	1,379,310,400	22.32%
Total			6,180,503,780	100.00%

N/A - Not Applicable

Note: The terms 'Non-Public Shareholders' and 'Public Shareholders' shall have the same meaning as set out in of the CSE Listing Rules.

Post-IPO public holding (total unlocked-Shares post-IPO that will be held by the Public as a percentage (%) of the total Shares in issue Post-IPO) immediately after the IPO, as per the definition provided in the CSE Listing Rules for Public shareholding is 22.32% (on the assumption that all of the shareholders who subscribe to Shares in the IPO fall within the definition of 'Public Shareholders') representing a float adjusted market capitalisation of LKR 20,000,000,800/- at the Share Issue Price.

The Company confirms that the information furnished herewith shall remain unchanged until the date of listing.

Shares listed on the CSE shall be freely transferable and registration of the transfer of such listed Shares shall not be subject to any restriction, save and except to the disclosure above and to the extent required for compliance with statutory requirements.

7.10.8 Details of Convertible Debt Securities

The Company has no outstanding convertible debt securities as of the date of this Prospectus.

7.10.9 Details of Shares Sold Privately in Conjunction with the Issue

No Shares are being offered privately in conjunction with this Issue.

7.10.10 Details of Take-Over Offers

There have been no take-over offers by third parties in respect of the Company's Shares and no take-over offers were made by the Company in respect on the Shares of a third party during the past two (02) years, preceding the date of this Prospectus.

7.11 FUTURE STRATEGIES OF LTLH GROUP

LTLH Group will focus on the following strategies for the long term growth of the Company.

7.11.1 Continuation of existing contractual business operations

LTLH will carry forward the contracted activities under the existing PPAs, O&M and EPC contracts entered into with local and international power utilities and IPPs during the remaining tenure of the contractual terms of each respective agreement.

7.11.2 Expansion of existing business segments

7.11.2.1 LNG Based Power Generation

As per CEB's LTGEP for 2023-2042, additional re-gasified Liquefied Natural Gas (LNG) based thermal power plants of 465MW are expected to be commissioned by 2030.

At present, LTLH has two power plants with the required technology to operate on LNG, with an installed capacity of 650 MW (300 MW Yugadhanavi power plant and 350 MW Sobadhanavi power plant). LTLH has been awarded the LOI for the development of the third LNG power plant with a capacity of 350 MW, which will increase the total LNG based capacity of LTLH to 1,000 MW, all located within a single power generation complex in Kerawalapitiya, Sri Lanka.

The experience gained through the construction, operation and maintenance of these power plants will provide LTLH a strong competitive advantage to bid for new LNG based power projects in Sri Lanka and in other international markets.

7.11.2.2 Renewable Energy

Globally there is a shift in the generation of power through renewable energy to counter the negative environmental impact of conventional energy sources and the commitments given by national governments across the world to meet future energy demand through more sustainable sources to meet committed environmental targets.

The GoSL under its National Energy Policy has committed to enhance the contribution of renewable energy to 70% of the overall energy mix of the country by 2030 and beyond, which is reflected in the CEB's LTGEP for 2023-2042. This would require renewable energy capacity enhancements of 6,333 MW^{14,15}, during the period from 2023 to 2030.

LTLH has aligned its future strategy in line with this shift in National Policy and will focus on securing large-scale renewable energy power projects in Sri Lanka, mainly in solar and wind power.

In addition, in response to the global shift towards renewable energy, LTLH will look at investments in renewable energy projects in international markets such as India, Nepal, Bhutan, Bangladesh and East Africa in future.

In terms of expanding the renewable energy portfolio in international markets, LTLH Group has submitted a direct proposal to BPDB to develop a 100 MW Solar power plant in Bangladesh, which is currently at an initial stage of evaluation. In addition, LTLH Group has been awarded a project to develop two solar power plants with capacities of 3.9 MW and 4.1 MW, respectively, in India.

The shift will also provide growth opportunities for LTL Transformers and Asiatic Electrical to cater to the expanding renewable energy capacities in existing and new markets.

7.11.2.3 Expansion of Manufacturing and Galvanizing Facilities to International Markets

LTLH is currently in the process of establishing a distribution transformer assembly plant in Tanzania, with an annual manufacturing capacity of 1,000 transformers. The plant will be set up to meet the growing demand for transformers in Tanzania and neighbouring countries such as Uganda, Kenya, Mozambique, and Ethiopia. The cost for setting up the plant is estimated to be around USD 2.2 Mn. The approval of the CBSL has been obtained for the equity investment for the project. The operations in Tanzania would initially commence as an assembling plant for transformer parts imported from Sri Lanka in an existing facility that has been obtained on leasehold basis. Within two (2) years, the operation is expected to be developed into a comprehensive assembly facility in own premises, with plans for further development into a fully-fledged manufacturing plant with higher capacity in future.

LTL Galvanizers is currently pursuing the opportunities for setting up a galvanizing and fabrication plant in Bangladesh. Preliminary work in this regard is being carried out with a JV partner in Bangladesh.

7.11.3 Entering new business segments

7.11.3.1 Development of LNG Infrastructure

GoSL is pursuing introducing LNG based power generation to the country within the next few years, with the aim of minimizing the generation cost and creating a positive environmental impact by using LNG against other fossil fuels (coal, diesel and HFO).

¹⁴ Long-term generation expansion plan 2023-2042, Ceylon Electricity Board accessed through <https://www.ceb.lk/publication-media/planning-documents/121/en> on August 08, 2024

¹⁵ Statistical Digest - 2023, Ceylon Electricity Board accessed through https://www.ceb.lk/front_img/img_reports/1719383943Statistical_Digest_2023_n.pdf on July 10, 2024

LTLH will have an LNG based power generation capacity of 650 MW in 2025, with the commissioning of the Sobadhanavi power plant along with the existing Yugadhanavi power plant. This would further increase to 1,000 MW with the completion of the third combined cycle power plant in Kerawalapitiya (Sahasdhanavi) for which a LOI has been issued to LAK, making LTLH the single largest consumer of LNG in the country.

LTLH is therefore actively involved with the GoSL to identify an economically attractive, technically feasible, and fast track solution for the development of LNG infrastructure in Sri Lanka, focusing on key components such as LNG terminals, storage facilities, regasification units, and distribution networks, with the target of completion within two to three year period. The proposed infrastructure will cover the importation, storage, and distribution of LNG mainly for the electricity generation which could be extended to other industrial applications, and transportation subsequently. As an initial step, LTLH and Petronet LNG Limited, India ("Petronet") entered into a Memorandum of Understanding ("MOU") on August 20, 2024 to jointly develop the LNG infrastructure and supply of LNG to the Sobadhanavi power plant from the LNG terminal of Petronet in Kochi, India in the future.

7.11.3.2 Provision of Spare Parts and Other Maintenance Services

As a strategy of further diversifying operations, LTLH is exploring the opportunities to provide specialized O&M services to power plants by providing spare parts and maintenance support to existing and new clients in Bangladesh and Sri Lanka.

As a first step in initiating such business avenues, LTLH has submitted 4 proposals in response to tenders for the procurement of spares and maintenance work for BPDB owned power plants in Bangladesh, for which technical evaluations are currently underway.

7.11.3.3 New Production Lines in Manufacturing

LTL Transformers plans to introduce a new production line for the manufacturing of dry type transformers. Dry type transformers are required for indoor installations such as high-rise buildings, which are currently being served only by imports.

Asiatic Electricals & Switchgear has established a new R&D division for developing switchgears required for Electrical Vehicle charging and to pursue other business avenues in the renewable energy space, mainly targeting solar power.

7.11.3.4 New Business Avenues via the Reform Process of the Local Power Sector

The introduction of the power sector reforms through the Sri Lanka Electricity Act No. 36 of 2024 which provides for the increased private sector participation the power sector would provide new avenues of business for LTLH.

With more than 40 years of experience in the power sector having a presence in the entire gamut of the power system from generation until reaching the end consumer would provide LTLH with a competitive advantage to enter into the power distribution sector as a distribution licensee. As an established IPP in both the thermal and renewable sectors, the establishment of a wholesale electricity market in the country would also provide opportunities for LTLH to engage in the trading of electricity.

7.12 ASSUMPTIONS RELATING TO FUTURE STRATEGIES

7.12.1 Increase in Electricity Demand and Economic Activities in Target Markets

Across all key target markets of LTLH, capacity expansions required to meet projected increases in demand for electricity, based on future economic growth levels, have been identified by the respective Governments and/or regulatory bodies.

In Sri Lanka, based on CEB's LTGEP for 2023-2042, demand for electricity is expected to increase at a 7-year CAGR of 7.1% to reach 25,253 GWh in 2030, in comparison to 15,576 GWh in 2023. Based on the World Energy Outlook 2023, published by the International Energy Agency (IEA), global electricity demand is expected to increase at an accelerated compound average growth of 2.7% up to 2030¹⁶. It is also worth noting that both emerging and developing markets will amount to three quarters of the demand growth in electricity up until 2050.¹⁷

The above growth potential has been taken into consideration in identifying future business opportunities and strategies for the LTLH Group.

7.12.2 Government Policies to be Focused on Green Energy

The Company's future strategy of gradually shifting towards cleaner forms of power generation technologies (renewables, LNG and hydrogen), follows future global electricity supply trends and environmental commitments of Governments across all key target markets and CEB's LTGEP for 2023-2042 on anticipated capacity additions.

7.12.3 Government Policy on Private Sector Investments in the Power Sector

It is assumed that the Government of Sri Lanka will enable private sector participation in the local power sector whilst providing a conducive regulatory environment to facilitate local companies to undertake foreign investments in the sector.

7.12.4 Continuous Investments in Electricity Networks in Key Target Markets

It is assumed that continuous investments into generation, transmission and distribution infrastructure would be undertaken across the target markets, in parallel to capacity expansions, since this would be critical towards meeting anticipated growth levels in electricity demand. Modernizing and extending electricity network infrastructure from transmission and distribution lines to substations and other equipment would be critical towards ensuring access to electricity and ability to connect capacity additions to the system. This would also drive future demand for distribution equipment, steel fabrication and galvanizing in target markets.

7.13 INVESTMENT CONSIDERATION AND ASSOCIATED RISKS

Prior to investing in new shares, prospective investors should pay attention to the risks relating to the business activities of LTLH Group which may be within or beyond the control of the LTLH Group.

It is recommended that potential investors review the entire Prospectus in detail and pay particular attention to the following risks in connection with your investment. If any of the considerations and uncertainties given below develop into actual events, LTLH Group's business operations and future financial performance could be materially and adversely affected which can impact the value of the Ordinary Shares.

¹⁶ IEA World Energy outlook 2023 accessed through <https://iea.blob.core.windows.net/assets/86ede39e-4436-42d7-ba2a-edf61467e070/WorldEnergyOutlook2023.pdf> on March 22, 2023.

¹⁷ IEA World Energy outlook 2023 accessed through <https://iea.blob.core.windows.net/assets/86ede39e-4436-42d7-ba2a-edf61467e070/WorldEnergyOutlook2023.pdf> on March 22, 2023.

7.13.1 Risks Relating to Future Strategies and Business Operations

7.13.1.1 General Economic and Political Conditions in Operating Countries

Electricity consumption is strongly correlated to the level of economic activity in countries. Accordingly, poor economic conditions or low economic growth for a protracted period can lead to a reduction in electricity demand.

In LTLH's case, all existing PPAs are well-structured agreements where a significant portion of the tariff comprises a fixed capacity charge, which is based on the power plant being made available for dispatch for the required number of hours of each month as per the terms of the PPA, and not on actual units of electricity generated. Hence, any macroeconomic factors that may lead to demand reduction have a minimal impact on LTLH. The revenues in both PPAs and O&M agreements guarantee the minimum return thresholds under which LTLH initially bid for the projects, subject to providing the required availability of the power plants, as per the terms stipulated in the PPAs.

7.13.1.2 Government Policies and Regulations in the Power Sector

Since the power industry is of strategic importance to the overall economy of a country, and the power off-taker in most cases tend to be state owned utilities, operations of power sector companies are highly dependent on government policies and the prevailing regulatory environment. The opportunity to bid for future projects envisaged by the Group are heavily dependent on the long-term power generation plans and the level of private sector participation allowed in the respective countries.

The current markets that LTLH Group operates are adopting policies which encourage private sector participation in the power sector, considering the significant investments that are required to meet envisaged capacity expansions and improvements to the transmission and distribution infrastructure.

7.13.1.3 Financing Risks

LTLH would require both equity and debt capital to undertake the planned investment activities.

A considerable portion of the LTLH Group's future projects is expected to be funded through debt financing by multilateral/international lending institutions and banks operating in Sri Lanka and other potential target markets. If economic conditions deteriorate resulting in a decline in risk appetite of lenders, LTLH Group's ability to secure the required quantum of debt financing at attractive terms could be challenging. Materialisation of the above situation could lead to a reduction in shareholder returns through future projects, in comparison to the anticipated returns that were expected to be generated at the time of bidding for such projects. Nevertheless, the strong financial position of LTLH Group can be leveraged to obtain the required debt financing amidst challenging economic conditions.

Future equity capital required for expansion in operations is expected to be financed through internal funds, capital markets and investments by strategic investors at specific project level, which would mitigate the risk of future equity requirements of the LTLH Group.

7.13.1.4 Foreign Exchange Risk

LTLH Group is subject to fluctuations in exchange rates and the availability of sufficient foreign currency liquidity in the banking system for the conversion of local currencies to international currencies to meet foreign payments relating to the repayment of debt, procurement of capital goods and materials. In the event of investment limits imposed on offshore investments by Sri Lankan entities continue for a prolonged period of time, it will impact the ability of the Group to undertake planned offshore investments.

CBSL in July 2023, relaxed to certain extent the Investment limits set out on the offshore investments¹⁸.

¹⁸ Central Bank of Sri Lanka, accessed through https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/press/pr/press_20230724_new_order_issued_relaxing_certain_limitations_suspensions_imposed_on_outward_remittances_of_foreign_exchange_e.pdf on August 08, 2024

As of June 2024, Sri Lanka's foreign currency reserves stood at USD 5,605 Mn¹⁹. LTLH Group, through the expansion in exports and undertaking foreign power generation and EPC and O&M projects intends to build strong forex reserves on its balance sheet.

Further, a majority of the PPAs and O&M contracts entered into by the LTLH Group have tariffs which are linked to foreign currencies, which provides a natural hedge against fluctuation in foreign exchange rates.

7.13.1.5 Project Implementation Risks

Key challenges that LTLH Group faces in project implementation are meeting contractual timelines, meeting budgetary targets and maintaining quality standards. In certain cases, project managers may encounter bureaucratic delays, finding suitable sub-contractors, and country specific cultural issues.

LTLH, through undertaking large power projects in Sri Lanka and other international markets, has gained sufficient experience in overcoming general and project specific challenges in project implementation. LTLH Group undertakes extensive market analysis and feasibility studies to identify country and project specific risks and adopt suitable risk mitigatory measures prior to taking investment decisions in projects.

LTLH has had the ability to complete projects ahead of time over its operating history of over 25 years, amidst challenging operating conditions. Such project management experience and in-house technical know-how gained through many years of operations will help mitigate future project implementation risks.

7.13.1.6 Natural Resource Dependency Risk for Renewable Power Generation

The electricity generated by renewable power plants is highly dependent on the availability of natural resources such as wind, rainfall, and sunlight. Availability of natural resources varies depending on a number of factors including site location, seasonality and weather patterns.

Prior to selecting project sites for renewable power plants, the LTLH Group undertakes comprehensive feasibility studies to assess the availability of the natural resource. This ensures that the identified sites have the optimal natural resources required for power generation to meet targeted project returns. However, recent phenomenon such as climate change could impact the accuracy and predictability of the factors described above, thereby not fully eliminating such risks.

Furthermore, since the Group's renewable energy plants are diverse in terms of hydro, solar and wind sources and spread across different geographical locations, the effects of seasonal fluctuations in the availability of natural resources can be mitigated.

7.13.1.7 Credit Risk

The primary off-takers of power projects in LTLH's current operations are CEB for power plants in Sri Lanka and BPDB for power plants in Bangladesh. Delay in payments by the off-takers and other customers have an impact on the overall working capital position of the LTLH Group.

LTLH Group, due to its financial capacity, can secure sufficient working capital limits to finance any working capital constraints faced due to payment delays. Strong contractual terms incorporated in the PPAs such as issuance of LCs and arbitration clauses, performance guarantees provided under the implementation agreements entered with respective governments can also help mitigate the risk of non-payments. Further, PPAs of the thermal power plants in Sri Lanka contain delay interest provisions which enable LTLH to recover its financing costs stemming from the delay in payments.

¹⁹ Weekly Economic Indicators - Central Bank of Sri Lanka August 02, 2024 accessed through https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/statistics/wei/WEI_20240802_e.pdf on August 08, 2024

7.13.1.8 Risk of Forced Outages and Non-availability of Power Plants

Making available the power plant capacity as per the terms of the PPA is the key determinant for an IPP of a thermal power plant to earn the full capacity charge, to realize the equity returns anticipated at the time of bidding for the specific project. Forced outages of power plants can occur due to design errors, operator errors and wear & tear and major breakdowns and impact the availability of the power plant.

To minimize above risks, the LTLH Group procures equipment from world class OEMs and adheres to the required industrial O&M practices whilst proper preventive maintenance, quality management, environmental management and health and safety management systems such as ISO standards are adopted in carrying out operations. Engaging skilled engineers and technicians at sites to intervene and take remedial/preventive action on a timely manner and maintaining sufficient spares stock at site help minimize the adverse impacts of outages. Further, machinery breakdown insurance covers are also maintained to minimize any potential financial implications pertaining to the non-availability of the power plants due to equipment failure.

7.13.1.9 Technology Risk

As technology continues to rapidly evolve, there is always a risk that the LTLH Group's investments in new technology may quickly become outdated or surpassed by advancements in the technology.

This could lead to a situation where the LTLH Group has invested significant resources into a technology that is no longer competitive or effective, resulting in reduced efficiency, increased costs, and potentially lower profits. Additionally, the need to continually upgrade or replace technology could require ongoing investments and expenses. However, since the tariffs are fixed at the outset in long term PPAs based on existing technologies, a technology becoming obsolete during the PPA term does not have an impact on LTLH's returns.

While such risk exists, LTLH has continuously invested in new technologies to remain competitive in the market and will invest in new technologies only upon careful assessment of alternative technologies that are in development. Further, the technologies used in power generation and delivery are quite established and are unlikely to become obsolete in a short period of time.

7.13.1.10 Risk of Non-Renewal of Approvals and Licenses

LTLH Group is required to obtain periodic licenses for the continuation of its business operations in the power generation, manufacturing and heavy engineering segments. The Company has secured all required licenses in a timely manner to date and does not envisage the risk of non-renewal of these licenses considering its long standing operating history across all these business segments. Further, through the implementation agreements entered into for the large IPP power projects of LTLH, the respective governments facilitate the power plants to obtain/renew the required regulatory approvals and licenses in a timely manner. Please refer Annexure G for more information on renewal of licenses.

7.13.1.11 Risks posed by the Trade Union

The Company has not had any industrial disputes with the trade union in the past. "Lanka Transformers Ltd Staff Union", which only consists of Executives and Clerical staff of the Group, in its existence of more than 20 years, has not caused any disruptions to the development, implementation and operations of any projects in the past, and has always acted in a manner that compliments the future growth and expansion of the businesses of the Group. Therefore, the Company does not foresee any material risk from the existence of this Trade Union to the business and affairs of the Group.

7.13.2 Risks Relating to Investment in Shares

7.13.2.1 Liquidity Risk

This is the risk stemming from the lack of marketability of Shares that cannot be bought or sold quickly enough to prevent or minimize losses. Liquidity risk is typically reflected in an unusually wide gap between the buying and selling price (particularly to the downside).

7.13.2.2 Investment Risk

Equity instruments may not be a suitable investment for all investors. Potential investors who wish to purchase Shares should possess the relevant knowledge and analytical skills required to evaluate an investment in Shares by judging the risk reward proposition of such an investment decision. The decision to invest in Shares should also be considered in the light of an investor's financial situation, risk appetite, investment horizon and investment objectives.

7.13.2.3 Price Volatility

The share issue price of the Company is not an indication of the market price for the Company as the share may fluctuate in the secondary market due to multiple reasons. These reasons may include, but not limited to, the risk of changes in the nature or scope of the Group's operations, industry-wide changes, changes to regulation and tax laws, macro-economic factors, secondary market volatility and market sentiment.

7.14 OTHER INFORMATION

7.14.1 Relationship with Key Customers and Suppliers of LTLH Group

7.14.1.1 Key Customers

Considering the diverse business operations across multiple sectors and geographies, LTLH Group engages with a range of customers and suppliers in undertaking its day-to-day business activities. The key customers and suppliers of LTLH Group can be identified as follows.

1. Bangladesh Power Development Board (BPDB)

BPDB, the state-owned power utility in Bangladesh, is responsible for a major portion of generation and distribution of electricity mainly in urban areas except Dhaka and West Zone of the country. The three (3) Bangladesh power plants of the LTLH Group with a total installed capacity of 218MW supplies power to the BPDB based on the terms stipulated in the PPAs between BPDB and the respective power plants. BPDB has accounted for c. 63% of LTLH Group's revenue on average, over the last four (04) years.

2. West Coast Power (Private)Limited (WCP)

WCP is a IPP operating in Sri Lanka with a contracted capacity of 300MW (under liquid fuel operations). WCP has as the ability to cater to over 8% of the present peak demand of the country (CEB Long Term Generation Expansion Plan 2023-2042). LAK undertakes the O&M operations of WCP based on the terms stipulated in the O&M contract between WCP and LAK. WCP has accounted for c. 14% of LTLH Group's revenue on average, over the last four (04) years.

3. Ceylon Electricity Board (CEB)

LTL Transformers (Private) Limited has derived c. 67% of its revenue on average, over the last four (04) years from selling distribution transformers to CEB. However, total revenue from LTL Transformers (Private) Limited has accounted for only c. 10% of LTLH Group's revenue on average over the last four (04) years.

LTL Galvanizers (Private) Limited has derived c. 24% of its revenue on average, over the last four (4) years from the provision of steel fabrication and galvanizing services to CEB. However, total revenue from LTL Galvanizers (Private) Limited has accounted for only c. 4% of LTLH Group's revenue on average over the last four (04) years.

In addition, LTLH Group's smaller subsidiaries in the renewable power sector, i.e. Pawan Danavi (Private) Limited, Nividhu (Private) Limited and Nividhu Assupiniella (Private) Limited derive its full revenue from CEB. However, the aggregate revenue of these companies that have a combined capacity of 16MW, has accounted for only c. 1% of LTLH Group's revenue on average, over the last four (4) years.

However, with the commissioning of the Sobadhanavi power plant and completion of immediate pipeline projects in Sri Lanka including Sahasadhanavi, the contribution of CEB towards the overall revenue of the LTLH Group will increase in future years, compared to the current position.

7.14.1.2 Key Suppliers

The three (3) Bangladesh power plants of the LTLH Group purchase fuel for the generation of power from either State-owned Bangladesh Petroleum Corporation (under the respective Fuel Supply Agreements) and also import fuel from Vitol, Singapore. LAK in its capacity as the O&M contractor for the three (3) Bangladeshi subsidiaries, WCP and Sobadhanavi, purchases spare parts from OEMs such as Wartsila, GE and Siemens. Considering the nature of the businesses carried out by the LTLH Group, there is low dependency on suppliers for its day-to-day business activities other than the aforementioned.

With the commissioning of the Sobadhanavi and Sahasadhanavi power plants, the Ceylon Petroleum Corporation, as the supplier of liquid fuel to the power plants under Fuel Supply Agreement, would also become a key supplier to the LTLH Group. The party contracted by the GoSL for the importation of LNG to the Kerawalapitiya power plants will also become a key supplier to the LTLH Group in future, once these power plants operate with LNG.

7.14.2 Working Capital

The Board is of the opinion that the working capital is sufficient for the purpose of carrying out day-to-day operations of the LTLH Group.

7.14.3 Litigation, Disputes and Contingent Liabilities

There are no material legal, arbitration or mediation proceedings against the Company which have or may have in the recent past affected the financial position or profitability of the Company.

There are no material contingent liabilities including guarantees that would affect the current and future profits of the Company.

There are no penalties imposed by any regulatory or state authority against the Company.

7.14.4 Management Agreements and Other Contracts

There are no management agreements presently in force or currently being considered by LTLH.

7.14.5 Material Contracts

The details of material contracts entered into by the Company and its subsidiaries are as follows.

- The Company has entered into an agreement dated March 31, 2023, with other companies within the LTLH Group, in terms of which the Company provides identified support services to such companies and Shares resources such as human resources, office space, security costs etc. In terms of such arrangement, the Company receives fees in consideration of the services rendered to the Group companies and further the costs incurred by LTLH in the rendering of such services to and sharing of resources with such Group companies are reimbursed to the Company as per a basis decided by the Board of Directors annually.
- Particulars of the lease agreements entered into by the Company with its subsidiaries are as follows.

Table 7-14 Lease Agreement Particulars

Parties to the Agreement	Nature of the Agreement	Date of Execution
LTL Transformers (Private) Limited (Lessee) and the Company (Lessor)	For the lease by the Company to the Lessee of a land extent of 1.3 Hectares in Angulana for a period of 3 years commencing from April 1, 2023 to March 31, 2026	March 17, 2023
LTL Galvanizers (Private) Limited (Lessee) and the Company (Lessor)	For the lease by the Company to the Lessee of a land extent of c. 7 Hectares in Sapugaskanda Industrial Estate for a period of 5 years commencing from April 01, 2021 to March 31, 2026	March 31, 2021
Pawan Danavi (Private) Limited (Lessee) and the Company (Lessor)	For the lease by the Company to the Lessee of a total land extent of 2.738 Hectares in the Village of Illadaiyadi, Erukkaliyadi, and Illandaiyadi Kani for a period of 12 years commencing from December 15, 2020 to December 14, 2032	March 22, 2021

Except for the contracts and agreements mentioned above, there are no material contracts entered into by the Company and its subsidiaries in the two (2) years preceding the date of the Prospectus, other than those contracts entered into in the ordinary course of business.

Although subsidiaries of the Company have entered into Power Purchase Agreements, Operation and Maintenance (O&M) Agreements and Engineering, Procurement and Construction (EPC) Contracts, details thereof are not included as all those contracts are entered into in the ordinary course of business of the Group.

7.14.6 Details of Commissions Paid

No commission has been paid in the two (2) years preceding the IPO or payable for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any Shares of the Company.

7.14.7 Details of Benefits Paid to Promoters

No benefit has been paid in the two (2) years preceding the IPO and there is no benefit intended to be paid or given to any promoter of the Company.

7.14.8 Details of Transactions Relating to Property

There were no transactions relating to the property within the two (2) years preceding the IPO in which any vendor of the property to the Company or any person who is or was at the time of the transaction, a promoter or a director or proposed director of the Company had any interest, direct or indirect.

7.14.9 Corporate Taxation

Taxation applicable for the Company and its subsidiaries as at March 31, 2024 is as follows.

Table 7-15 Tax Rates Applicable for the Company and its Subsidiaries as at March 31, 2024

Company	Country of Operations	Dividend Tax Deducted at Source (%)	Income Tax Rate (%)	Other Comments
LTL Transformers (Private) Limited	Sri Lanka	15.00%	30.00%	
LTL Galvanizers (Private) Limited	Sri Lanka	15.00%	30.00%	
Asiatic Electrical & Switchgear (Private) Limited	India	7.50%	25.17%	Income Tax 22%, Surcharge 10%, CESS 4%
Nividhu (Private) Limited	Sri Lanka	15.00%	30.00%	
Nividhu Assupiniella (Private) Limited	Sri Lanka	15.00%	30.00%	
Pawan Danavi (Private) Limited	Sri Lanka	15.00%	30.00%	
LTL Energy (Private) Limited	Sri Lanka	15.00%	30.00%	
Makari Gad Hydro Power (Private) Limited	Nepal	5.00%	25.00%	1-10 Years - exempt, next 5 years 50% of applicable tax rate
Lakdhanavi Limited	Sri Lanka	15.00%	30.00%	Foreign EPC and O&M Income earned is exempt from taxes as of the Prospectus Date
Infra & Engineering (Private) Limited	Sri Lanka	15.00%	30.00%	Foreign EPC and O&M Income earned is exempt from taxes as of the Prospectus Date
Raj Lanka Power Company Limited	Bangladesh	15.00%	25.00%	Under the PPA, the company is eligible for a tax holiday on income generated from the power plant operations until the expiry of the PPA on 1/24/2029
Lakdhanavi Bangla Power Limited	Bangladesh	15.00%	25.00%	Under the PPA, the company is eligible for a tax holiday on income generated from the power plant operations until the expiry of the PPA on 12/27/2029
Feni Lanka Power Limited	Bangladesh	15.00%	25.00%	Under the PPA, the company is eligible for a tax holiday on income generated from the power plant operations until the expiry of the PPA on 11/21/2034
LD Heavy Engineering (Private) Limited	Sri Lanka	15.00%	30.00%	
Bright International Power Pte Limited	Singapore	Nil	17.50%	
Heladhanavi Limited	Sri Lanka	15.00%	30.00%	
Sobadhanavi Limited	Sri Lanka	15.00%	30.00%	As a result of an Accelerated Capital Allowance of 150%, Sobadhanavi is not expected to pay any tax on taxable profits until the completion of the 11th year of Combined Cycle operations

Company	Country of Operations	Dividend Tax Deducted at Source (%)	Income Tax Rate (%)	Other Comments
Rividhanavi Limited	Sri Lanka	15.00%	30.00%	As a result of an Accelerated Capital Allowance of 150%, Rividhanavi is not expected to pay any tax on taxable profits until the completion of the 11 th year of commercial operations
Sahasdhanavi Limited	Sri Lanka	15.00%	30.00%	As a result of an Accelerated Capital Allowance of 150%, Sahasdhanavi is not expected to pay any tax on taxable profits until the completion of the 11 th year of Combined Cycle operations

Note: Dividend declared out of dividend received (Local and/or foreign) are exempted from Dividend Tax

7.14.10 Details of Licenses

The Company does not require any periodic license issued by a regulatory body in order to carry out the main business activities of the Company.

The details of the periodic licenses required by the subsidiaries of LTLH in order to carry out their respective business operations are disclosed in Annexure H of the Prospectus.

7.15 CORPORATE SOCIAL RESPONSIBILITY (CSR)

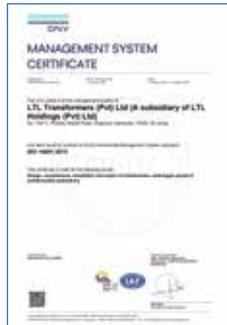
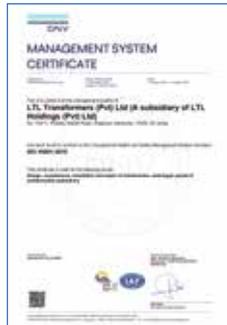
LTLH has consistently sought for a balanced approach to achieve its business goals in tandem with its obligations towards the communities it operates in, by contributing towards CSR Projects in the areas of health, education, culture and capacity building for the communities. These were mostly conducted as CSR initiatives. Some of the group's recent CSR initiatives are as follows.

Maintenance of the lighting systems in key religious institutions in "Atamasthana", Anuradhapura	Renovated the Ward No. 4, visitors' area and medical staff administration premises of the Lady Ridgway Hospital
Contribution for the renovation of the Wilfred P Jayasekara High voltage laboratory of Department of Electrical and Electronic Engineering, Faculty of Engineering, of the University of Peradeniya	Sponsored supplying and installing a 150kWp (DC) Solar PV System for Jaya Sri Maha Bodhi Temple in Anuradhapura. This initiation supports neutralizing the carbon emissions related to the electricity consumption of the Jaya Sri Maha Bodhi temple.
Donation of essential medical apparatus worth to ministry of health to aid combating covid-19	Installation of a solar power system at Kularatne Hall in Ananda College, Colombo
Construction of a new school building at Dukkin Kashimpur Government, Primary School in Feni, Bangladesh. This Project was recognized as the "Corporate Social Responsibility Initiative of the year-Bangladesh" by Asian Power Awards 2021, Singapore	Sponsorship for the Automation and Motion Control Research Facility at the Electrical Engineering Department of the University of Moratuwa
Multiple projects undertaken to provide hospital with required support to combat the Covid-19 pandemic	Providing financial support for the "Suwa Seriya" Ambulance program

7.16 CERTIFICATIONS OF LTLH GROUP

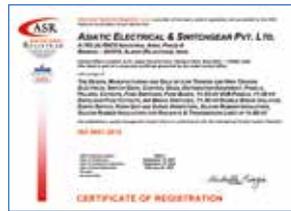
LTLH is committed in delivering the highest quality of service to its clients. In line with the group’s strategy of growing its strong regional footprint with verticals, it has introduced procedures and systems for all applicable ISO standards such as Environment Management and Health and Safety certification as shown below;

Table 7-16 Certifications Awarded to LTLH Group

	Certification		
<p>Lakdhanavi Limited</p>	 <p>ISO 9001:2015 Quality Management System</p>	 <p>ISO 14001:2015 Environmental Management System</p>	 <p>ISO 45001:2018 Occupational Health and Safety Management System</p>
<p>LTL Transformers (Private)Limited</p>	 <p>ISO 9001:2015 Quality Management System</p>	 <p>ISO 14001:2015 Environmental Management System</p>	 <p>ISO 45001:2018 Occupational Health and Safety Management System</p>  <p>ISO 17025:2017 Accredited Testing Laboratory under the field of Electrical & Mechanical Testing</p>

Certification

Asiatic Electrical and Switchgear (Private) Limited



ISO 9001:2015
Quality Management System



ISO 14001:2015
Environmental Management System Standard



ISO 45001:2018
Occupational Health and Safety Management System Standard

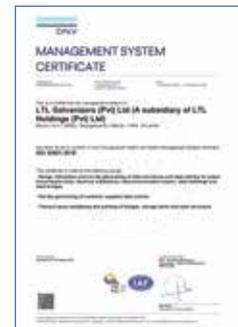
LTL Galvanizers (Private)Limited



ISO 9001:2015
Quality Management System



ISO 14001:2015
Environmental Management System



ISO 45001:2018
Occupational Health and Safety Management System

7.17 AWARDS AND ACCOLADES

Over the years, LTLH has consistently been recognized not only in Sri Lanka but globally as well, which is a strong validation of the group's operations and performance. These awards have covered the entire gamut of LTLH's operations as an investor, developer and operator of power plants.

7.17.1 Achievements on the Power Generation and EPC/O&M Operations

					
Award	Distinction- International Safety Award	Award	Country Winner of Bangladesh	Award	Innovative Power Technology of the year - Bangladesh
Awarded by	British Safety Council	Awarded by	British Safety Council	Awarded by	Asian Power
Awarded to	300 MW Yugadanavi Combined Cycle Power Plant	Awarded to	Lakdhanavi Limited	Awarded to	114MW Feni Lanka Power Limited
Year	2021	Year	2021	Year	2021
					
Award	British Safety Award - 2021	Award	British Safety Award	Award	Corporate Social Responsibility Initiative of the Year - Bangladesh
Awarded by	British Safety Council	Awarded by	British Safety Council	Awarded by	Asian Power
Awarded to	Lakdhanavi Bangla Power Limited	Awarded to	Feni Lanka Power Limited	Awarded to	Feni Lanka Power Limited
Year	2021	Year	2021	Year	2021

	
Award	International Safety Award Merit
Awarded by	British Safety Council
Awarded to	Raj Lanka Power Company Limited
Year	2021

	
Award	Independent Power Producer of the Year - Bangladesh
Awarded by	Asian Power
Awarded to	Feni Lanka Power Project
Year	2020

	
Award	International Safety Award
Awarded by	British Safety Council
Awarded to	Yugadanavi 300 MW Combined Cycle Power Plant
Year	2019

	
Award	International Safety Award
Awarded by	British Safety Council
Awarded to	Yugadanavi 300 MW Combined Cycle Power Plant
Year	2018

	
Award	Innovative Power Technology of the year - Sri Lanka
Awarded by	Asian Power
Awarded to	Yugadanavi 300MW Combined Cycle Power Plant
Year	2018

	
Award	Power Utility of the Year
Awarded by	Asian Power
Awarded to	Lakshnavi Limited
Year	2018



Award	Engineering Excellence Award
Awarded by	The Institution of Engineers, Sri Lanka
Awarded to	Lakdhanavi Limited
Year	2018



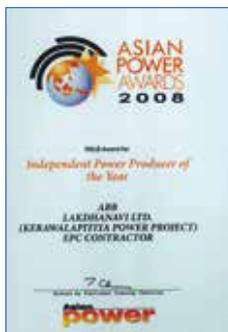
Award	International Safety Award
Awarded by	British Safety Council
Awarded to	Yugadhanavi Power Plant
Year	2017



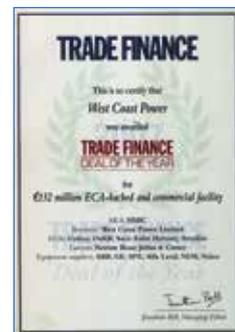
Award	Power Utility of the Year
Awarded by	Asian Power
Awarded to	Yugadhanavi Combined Cycle Power Plant
Year	2017



Award	Utility of the Year
Awarded by	Asian Power
Awarded to	Yugadhanavi Combined Cycle Power Plant
Year	2016



Award	Independent Power Producer of the Year
Awarded by	Asian Power
Awarded to	Kerawalapitiya Power Project
Year	2008



Award	Trade Finance Deal of the Year
Awarded by	Trade Finance
Awarded to	West Coast Power (Yugadhanavi Power Plant)
Year	2007

7.17.2 Achievements on Manufacturing Power Distribution Equipment Operations

	
Award	Type Test Certification for Power Transformer 5 MVA, 33kV/11kV
Awarded by	Central Power Research Institute (CPRI) India
Awarded to	LTL Transformers Pvt Ltd
Year	2024

	
Award	Type-test certification for quality of LTLT distribution transformers
Awarded by	Central Power Research Institute (CPRI) India
Awarded to	LTL Transformers Pvt Ltd
Year	2023

	
Award	Merit Certificate of Sri Lanka National Quality Award (SLNQA)
Awarded by	Sri Lanka Standards Institution (SLSI)
Awarded to	LTL Transformers Pvt Ltd
Year	2022

	
Award	Excellence in Exports
Awarded by	Engineering Export Promotion Council of India (EPEC)
Awarded to	Asiatic Electrical & Switchgear Pvt Ltd
Year	2021

	
Award	The Engineering Excellence
Awarded by	The Institution of Engineers, Sri Lanka
Awarded to	LTL Transformers Pvt Ltd
Year	2018

	
Award	Type-test certification for quality of LTLT distribution transformers
Awarded by	KEMA High Power & High Voltage laboratories in Netherlands
Awarded to	LTL Transformers Pvt Ltd
Year	2018



Award	Excellence in Exports
Awarded by	Engineering Export Promotion Council of India (EEPC)
Awarded to	Asiatic Electrical & Switchgear Pvt Ltd
Year	2018



Award	Excellence in Exports
Awarded by	Engineering Export Promotion Council of India (EEPC)
Awarded to	Asiatic Electrical & Switchgear Pvt Ltd
Year	2017



Award	Type-test certification for quality of LTLT package substation
Awarded by	Electrotechnical Testing Institute, Czech Republic
Awarded to	LTL Transformers Pvt Ltd
Year	2016



Award	Silver Award for Export Performance
Awarded by	National Chamber of Exporters (NCE)
Awarded to	LTL Transformers Pvt Ltd
Year	2015

7.17.3 Achievements on Heavy Engineering Operations

	
Award	Certificate of Membership
Awarded by	American Galvanizers Association
Awarded to	LTL Galvanizers Pvt Ltd
Year	2024

	
Award	Excellence in hot dip galvanizing for its galvanizing work in a Power plant construction in Bangladesh
Awarded by	American Galvanizers Association (AGA)
Awarded to	LTL Galvanizers Pvt Ltd
Year	2019

	
Award	Achiever Award for Industrial Excellence. Merit Award in the National Level Manufacturing Sector - Extra large Category
Awarded by	The Ceylon national Chamber of Industries (CNCI)
Awarded to	LTL Galvanizers Pvt Ltd
Year	2019

	
Award	The Engineering Excellence Award - Merit Award for Manufacturing Organisation - Large Scale
Awarded by	The Institution of Engineers, Sri Lanka
Awarded to	LTL Galvanizers Pvt Ltd
Year	2018

	
Award	The best workplace in terms of workplace safety and health risk management
Awarded by	South Asian Partnership Summit
Awarded to	LTL Galvanizers Pvt Ltd
Year	2017

8 CORPORATE STRUCTURE

8.1 THE BOARD OF DIRECTORS OF LTLH

The Board of Directors of LTLH endeavors to provide leadership through effective formulation and execution of policies and procedures to attain the objectives of the Company. The Board assumes ultimate responsibility for corporate governance within the Company. As at the date of this Prospectus, the Board comprises of nine (9) Directors of whom two (2) are Executive Directors. The remaining seven (7) are Non-Executive Directors, four (4) of whom are Independent. Board members are established professionals in their respective fields, collectively providing the diversity and balance of skills for effective stewardship.

Table 8-1 The Board of Directors of LTLH

Name	Designation
Mr. Nalinda Sampath Illangakoon	Chairman, Non-Executive Director, Non-Independent
Mr. Mapalagama Rupage Vijithananda Ruwan Meepura	Non-Executive Director, Non-Independent
Mr. Jothipala Panangala Gamage	Non-Executive Director, Independent
Mr. Condagamage Vajira Kulathilake	Non-Executive Director, Independent
Mr. Mohamed Reyaz Mihular	Non-Executive Director, Independent
Prof. Abeyratne Dissanayake Mudiyansele Sirimal Ashoka Abeyratne	Non-Executive Director, Independent
Mr. Upali Dayaratne Jayawardana	Non-Executive Director, Non-Independent
Mr. Mohamed Jalaldeen Mohamed Nuhuman Marikkar	Chief Executive Officer, Executive Director
Mr. Ravindra Kumar Pitigalage	Deputy Chief Executive Officer, Executive Director

Note: Mr. Utumange Gamini Sarath who is the Deputy Chief Executive Officer (Finance) of the Company has been appointed by Mr. Ravindra Kumar Pitigalage as his alternate director to act in his stead when he is unable to attend to his duties for a period of one year from the date of appointment due to Mr. Ravindra Kumar Pitigalage residing overseas.

8.2. PROFILES OF THE BOARD OF DIRECTORS

Name	Profile	Other Directorships
<p>Mr. Nalinda Sampath Illangakoon <i>Chairman, Non-Executive Director</i></p>	<p>Mr. Illangakoon is an experienced professional with 20 years of overall experience out of which he has held senior management positions for over 15 years.</p> <p>Mr. Illangakoon commenced his career as a Commissioned Officer in the Sri Lanka Army from July 1992 to January 2004. He has been conferred with many awards for his contribution to the Sri Lanka military forces, which includes the Rana Wickrama Padakkama (RWP) and Rana Sura Padakkama (RSP) medals for outstanding performance in intense and dangerous engagements in battle front awarded by all three forces. He is also an FAA and CAA qualified commercial pilot.</p> <p>Mr. Illangakoon has subsequently held many senior management positions in both the public and private sectors of the country. He has been the Chairman of the Sugathadasa National Stadium Complex Authority from January 2020 to February 2021, Chairman/Director of the National Youth Corps from January 2013 to January 2015, Chairman of Skill Development Fund Limited from November 2014 to January 2015, First Officer of Cinnamon Air (Private) Limited from September 2013 to January 2015, Head of Transport of the Associated Newspapers of Ceylon Limited from October 2010 to September 2015, Head of Security Services of the Associated Newspapers of Ceylon Limited from March 2006 to June 2013, Head of Circulation of the Associated Newspapers of Ceylon Limited from November 2008 to October 2010, General Manager of Caravan Foods (Private) Limited, Head of Human Resource at Lanka Equities Group of Company, Operations Director at Benchmark Safety Providers (Private) Limited and Director of the Dangerous Drugs Control Board.</p> <p>Mr. Illangakoon is currently the Chairman of Ceylon Electricity Board as well as the Director/CEO of APEX Campus for Global Education.</p> <p>Mr. Illangakoon has a Master of Business Administration from the University of Wales, UK and a Diploma in Human Resource Management from the National Institute of Business Management, Sri Lanka.</p>	<ul style="list-style-type: none"> ● LTL Transformers (Private) Limited - Chairman ● LTL Galvanizers (Private) Limited - Chairman ● Sri Lanka Energies (Private) Limited - Chairman ● Trincomalee Power Co. (Private) Limited - Chairman ● Lanka Electricity Company (Private) Limited - Director ● EZI Packaging (Private) Limited - Chairman/ Managing Director ● APEX Campus for Global Education - Director/ CEO

Name	Profile	Other Directorships
<p>Mr. Mapalagama Rupage Vijithananda Ruwan Meepura <i>Non-Executive Director, Non-Independent</i></p> <p>Appointed to the Board in June 2021</p>	<p>Mr. Meepura, Director of the Department of Management Audit in the General Treasury, counts almost 25 years of experience in the public sector, of which 10 years of experience in serving in director boards of several State Owned Enterprises including the CEB, State Pharmaceutical Corporation, Chilaw Plantations Limited, Hector Kobbekaduwa Agrarian Research and Training Institute, Sugarcane Research Institute, and the National Youth Crops.</p> <p>Mr. Meepura is an alumnus of Taxila Central College, Horana, fellow member of the institute of Chartered Accountants of Sri Lanka and holds Master of Finance and Business Economics degree from the University of Adelaide, Australia, Master of Business Studies from the University of Colombo and BSc. (HRM) Special Honors degree from the University of Sri Jayewardenepura.</p>	<ul style="list-style-type: none"> ● LTL Transformers (Private) Limited - Director ● LTL Galvanizers (Private) Limited - Director
<p>Mr. Jothipala Panangala Gamage <i>Non-Executive Director, Independent</i></p> <p>Appointed to the Board in January 2021</p>	<p>Mr. Gamage is a senior counsel with almost 30 years of legal practice, specializing in civil matters in District Courts, Appellate Courts and the Supreme Court.</p> <p>Mr. Gamage has also previously served as the Chairman of the Urban Settlement Development Authority for a term of 5 years.</p> <p>Mr. Gamage holds a Bachelor of Law degree from the University of Colombo and was admitted to the Bar as an Attorney-at-Law in June 1994.</p>	<ul style="list-style-type: none"> ● LTL Transformers (Private) Limited - Director ● LTL Galvanizers (Private) Limited - Director

Name	Profile	Other Directorships
<p>Mr. Condagamage Vajira Kulatilaka <i>Non-Executive Director, Independent</i></p> <p>Appointed to the Board in March 2023</p>	<p>Mr. Kulatilaka counts over 40 years of experience in Banking and Finance and Capital Market operations in Sri Lanka. He has been at the helm of NDB Investment Banking Cluster since 2003 until 2020 and was instrumental in bringing the group to the leadership position. He has introduced a number of innovative financial products to the country and also, was adjudged the Best Investment Banking CEO Sri Lanka in 2014 and 2015 by Global Banking and Finance Review in recognition of his contribution to the investment banking field in Sri Lanka.</p> <p>Prior to joining the NDB Group, Mr. Kulatilaka has served in key strategic positions in a number of high profile organizations in Sri Lanka including the United States Agency for International Development (USAID) and Sampath Bank. He also served as the Chairman of the Colombo Stock Exchange from 2014 to 2017 and the Chairman of the South Asian Federation of Exchanges (SAFE) from 2015 to 2017. He was also a council member of the University of Moratuwa from 2015 to 2019.</p> <p>Mr. Kulatilaka holds a BSc. Degree in Civil Engineering with First Class Honors from the University of Moratuwa and a MSc. Degree in Industrial Engineering and Management from the Asian Institute of Technology, Thailand. Mr Kulatilaka was awarded the "AITAA Distinguished Alumni Award in 2011" in recognition of regional service to the region through outstanding professional and technical achievements by the Asian Institute of Technology Alumni Association (AITAA) in Thailand.</p> <p>He is also a Chartered Financial Analyst (CFA) and has been awarded Fellow Membership of the Chartered Institute of Management Accountants, UK.</p>	<ul style="list-style-type: none"> ● Sampath Bank PLC - Director ● Printcare PLC - Director ● Printcare Digital Solutions (Private) Limited - Director ● Hemas Hospitals (Private) Limited- Director

Name	Profile	Other Directorships
<p>Mr. Mohamed Reyaz Mihular <i>Non-Executive Director, Independent</i></p> <p>Appointed to the Board in March 2023</p>	<p>Mr. Mihular is the former Managing Partner of KPMG Sri Lanka & Maldives and the former Chairman of KPMG’s Middle East & South Asia (MESA) Regional Cluster (October 1, 2018 to September 30, 2021). He previously served a term as the Chief Operating Officer of the MESA Regional Office and was also on KPMG’s Europe Middle East & Africa (EMA) Board and on the Global Council of KPMG International.</p> <p>Mr. Mihular also served as a Board Member of the International Accounting Standards Committee (IASC) for a 5-year term from July 1995 to December 2000. Subsequently, he served on the IASC’s Standing Interpretations Committee for a year and as a Member of the IFRS Advisory Council of the International Accounting Standards Board for a 5-year period. He also served as a member of the International Ethics Standards Board for Accountants (IESBA) for a six-year term from January 2013 – December 2018. He was the Chairman of the CIMA Sri Lanka Division during the year 2013.</p> <p>Mr. Mihular also acts as a Commissioner in the Colombo Port City Economic Commission.</p> <p>Mr. Reyaz has completed International Executive Education programmes at INSEAD, France, Harvard Business School and the London Business School, UK.</p> <p>Mr. Mihular is a Past President and Fellow Member of the Institute of Chartered Accountants of Sri Lanka and a Fellow Member of the Chartered Institute of Management Accountants (CIMA) – UK.</p>	<ul style="list-style-type: none"> ● Watawala Plantations PLC - Chairman ● Bairaha Farms PLC - Chairman ● Melstacorp PLC - Director ● Sunshine Holdings PLC - Director ● Sunshine Teas (Private) Limited - Director ● DAMRO Holdings Limited - Director ● Agility Innovation (Private) Limited - Director
<p>Prof. Abeyratne Dissanayake Mudiyansele Sirimal Ashoka Abeyratne <i>Non-Executive Director, Independent</i></p> <p>Appointed to the Board in March 2023</p>	<p>Prof. Abeyratne is an Emeritus Professor in Economics, in the University of Colombo. Prof. Abeyratne has extensively researched on Sri Lankan economy related subjects and is a regular contributor to scholarly literature on such matters.</p> <p>Prof. Abeyratne has been a Visiting Fellow at Universities in Japan, Vietnam, Australia and Italy, and has served as a consultant to many international organizations, government agencies and corporate sector organizations in Sri Lanka. He is also a member of the Economic Freedom Network (EFN) Asia.</p> <p>He is currently the Chairman of the Stakeholder Engagement Committee of the Central Bank of Sri Lanka as well as the Institute of Policy Studies of Sri Lanka.</p> <p>Prof. Abeyratne obtained his PhD from the Free University of Amsterdam, MA and MPhil degrees from International Institute of Social Studies, The Hague, and Bachelor’s degree from the University of Colombo.</p>	

Name	Profile	Other Directorships
<p>Mr. Upali Dayaratna Jayawardana <i>Non-Executive Director, Non-Independent</i></p> <p>Appointed to the Board in July 2001</p>	<p>Mr. Jayawardana co-founded LTLH in 1980 and has played a pivotal role in the success of LTLH over the years.</p> <p>Mr. Jayawardana joined the Lanka Transformers Limited (now LTLH), as its Transformer Design Engineer and Company Secretary. After being appointed General Manager of LTLH in 1988, he also spearheaded LTLH's diversification into the galvanizing industry and power generation business, whilst also expanding the target markets of the Group by venturing into overseas markets. After steering the Company for 40 years to make it one of the largest in Sri Lanka, in 2020 he relinquished his responsibilities as Chief Executive Officer but continues to be an active member of the Board of Directors of the Company.</p> <p>Mr. Jayawardana began his career at CEB as an Electrical Engineer, and he resigned in 1988 to join LTLH.</p> <p>Mr. Jayawardana, one of the most respected senior engineers in Sri Lanka today, holds a Bachelor's Degree in Electrical Engineering from the University of Moratuwa.</p> <p>He is a Chartered Engineer and a Fellow of the Institute of Engineers Sri Lanka and Institute of Engineering and Technology (IET) UK.</p>	<ul style="list-style-type: none"> ● Lakdhanavi Limited - Chairman ● Lanka Industrial Products Engineering (Private) Limited- Director ● Feni Lanka Power Limited-Director ● West Coast Power (Private) Limited - Director ● Peradev Limited - Director ● Teckpro Investment Limited - Director

Name	Profile	Other Directorships
<p>Mr. Mohamed Jalaldeen Mohamed Nuhuman Marikkar <i>Chief Executive Officer, Executive Director</i></p>	<p>Mr. Marikkar joined the LTLH Group in 1997 and functioned as the Chief Operating Officer and Deputy CEO in LTLH as the understudy to Mr. Upali Jayawardana. He functioned as the project director in all thermal power projects that the Group has implemented to date.</p>	<ul style="list-style-type: none"> ● Lakdhanavi Limited - CEO/ Director ● Infra & Engineering (Private) Limited - Director
<p>Appointed to the Board in March 2005</p>	<p>Mr. Marikkar took over the reins of LTLH as the Chief Executive Officer (CEO) in 2022.</p>	<ul style="list-style-type: none"> ● Sobadhanavi Limited - Director
	<p>Having worked in LECO and CEB before joining LTLH, Mr. Marikkar has developed extensive experience in construction and project management in the electrical sector and has overseen the development of power plants of different technologies, high voltage transmission lines, and substations projects both at CEB and at LTLH and possesses over three decades of industry experience.</p>	<ul style="list-style-type: none"> ● Asiatic Electric & Switchgear (Private) Limited - Director
	<p>Mr. Marikkar holds a Bachelor's degree in Electrical & Electronic Engineering from the University of Peradeniya, Sri Lanka, a Master's degree in Construction Project Management from the University of Moratuwa and a Post Graduate Diploma in Industrial Engineering from NIBM.</p>	<ul style="list-style-type: none"> ● Feni Lanka Power Limited - Director ● Raj Lanka Power Company Limited - Director
	<p>He is a Chartered Engineer and a member of the Institute of Engineers Sri Lanka and Institute of Engineering and Technology (IET) UK.</p>	<ul style="list-style-type: none"> ● Lakdhanavi Bangla Power Limited - Director
		<ul style="list-style-type: none"> ● West Coast Power (Private) Limited - Director
		<ul style="list-style-type: none"> ● Rividhanavi (Private) Limited - Director
		<ul style="list-style-type: none"> ● Heladhanavi Limited - Director
		<ul style="list-style-type: none"> ● Bright International Power Pte Limited - Director
		<ul style="list-style-type: none"> ● Lanka Industrial Products Engineering (Private) Limited - Director

Name	Profile	Other Directorships
<p>Mr. Ravindra Kumar Pitigalage <i>Deputy Chief Executive Officer, Executive Director</i></p> <p>Appointed to the Board in March 2005</p>	<p>Mr. Pitigalage joined LTLH Group in 1995 and currently serves as a Director and the Deputy CEO of LTLH. At LTLH, he has closely worked with a large number of financial institutions both in and outside Sri Lanka, securing financing that augured the continuous growth of LTLH. He has been involved in structuring, negotiating and securing financing for large infrastructure projects with a total value exceeding USD 500 Mn.</p> <p>Some of the major financial transactions spearheaded by him are the Euro 152 Mn Export Credit Bank backed Syndication for the Yugadhanavi 300 MW Combined Cycle Power Plant where HSBC-Hong Kong acted as the arranger, USD 62 Mn financing for a 100 MW power plant in Puttalam, the leveraged management buyout valued at USD 5 Mn of the Shares held by ABB [ASEA Brown Boveri] in LTLH, USD 25 Mn World Bank assisted 10 MW Wind Power Project in Kalpitiya, USD 70 Mn financing for the two 52.2 MW HFO Fired Power Plants in Bangladesh and USD 66Mn project financing by OPEC Fund and Islamic Development Bank and IDCOL in the 115 MW Feni Lanka Power Plant in Bangladesh. Mr. Pitigalage was selected as the Chief Financial Officer (CFO) of the year by CIMA-Sri Lanka in 2008.</p> <p>Prior to joining the LTLH Group, Mr. Pitigalage served at ANZ Grindlays Bank-Colombo, as an Assistant Manager.</p> <p>Mr. Pitigalage holds a B.Sc. (Hons) degree in Electrical Engineering from the University of Moratuwa, and a Master's degree in Business Administration from the University of Sri Jayewardenepura.</p> <p>He is a Fellow of the Chartered Institute of Management Accountants (CIMA) UK and Fellow of CPA (Australia).</p>	<ul style="list-style-type: none"> ● Infra & Engineering (Private) Limited - Director ● Bright International Power Pte Limited - Director ● Feni Lanka Power Limited - Director ● Raj Lanka Power Company Limited - Director ● Lakdhanavi Bangla Power Limited - Director

Alternate Directors

Name	Profile	Other Directorships Held
<p>Mr. U G Sarath Deputy Chief Executive Officer (Finance), Alternate Director to Mr. Ravindra Pitigalage</p> <p>Appointed to the Board in January 2024.</p>	<p>Mr. U G Sarath has been a Director of Lakdhanavi Limited since 1997 and has taken on an executive role as an employee of LTLH Group from 2013 onwards. Mr. Sarath with his 40 years of experience in Banking and Finance now acts as the Deputy Chief Executive Officer – Finance of LTLH.</p> <p>Mr. Sarath was a career banker prior to joining LTLH. He started his career at the Central Bank of Sri Lanka and thereafter moved into investment banking. He worked at several investment banking institutions in Sri Lanka where he structured large project finance transactions and capital market transactions. He served as the Director General/CEO of the Institute of Bankers of Sri Lanka (IBSL).</p> <p>Mr. Sarath has a B.Sc. (Business Administration) degree from the Vidyodaya Campus of University of Ceylon, Post Graduate Diploma in Economic Development and MA in Economics from the University of Colombo Master of Business Administration (MBA) from the University of Sri Jayewardenepura and Statistical Training Diploma from International Statistical Training Centre (ISEC) of Indian Statistical Institute, Kolkata, India.</p>	<ul style="list-style-type: none"> ● Lakdhanavi Limited - Director ● Lakdhanavi Bangla Power Limited - Director ● Raj Lanka Power Company Limited - Director ● Feni Lanka Power Limited - Director ● Infra & Engineering (Private) Limited - Director ● L D Heavy Engineering (Private) Limited - Director ● Sobadhanavi Limited - Director

8.3 DIRECTORS OF SUBSIDIARIES OF LTLH

Table 8-2 Directors of Subsidiaries of LTLH

Subsidiary	Director
LTL Transformers (Private) Limited	<p>Mr. N S Ilangakoon Mr. M R V R Meepura Mr. J P Gamage Mr. D A J Nanayakkara Mr. S Annasiwatta Mr. H D Chaminda</p>
LTL Galvanizers (Private) Limited	<p>Mr. N S Ilangakoon Mr. M R V R Meepura Mr. J P Gamage Mr. D A J Nanayakkara Mr. S Annasiwatta Mr. H D Chaminda</p>
Asiatic Electric & Switchgear (Private) Limited	<p>Mr. M J M N Marikkar Mr. R Pathberiya Mr. D A J Nanayakkara Mr. H D Chaminda Mr. Vishal Sikka</p>

Subsidiary	Director
Lanka Industrial Products Engineering (Private) Limited	Mr. U D Jayawardana Mr. M J M N Marikkar
Lakdhanavi Limited	Mr. U D Jayawardana Mr. M J M N Marikkar Mr. U G Sarath Mr. P S Rajiv Casie Chetty Mr. S Bandaranayake Mr. S P Fernando
Lakdhanavi Bangla Power Limited	Mr. U G Sarath Mr. R K Pitigalage Mr. M J M N Marikkar Mr. D A J Nanayakkara Mr. S Annasiwatta Mr. P Gamage Mr. M A Wijetunga
Raj Lanka Power Company Limited	Mr. U G Sarath Mr. M J M N Marikkar Mr. R K Pitigalage Mr. T Thimbiripola Mr. P Gamage
Feni Lanka Power Limited	Mr. U D Jayawardana Mr. M J M N Marikkar Mr. R K Pitigalage Mr. U G Sarath Mr. T Thimbiripola Mr. P Gamage Mr. N Perera
Infra & Engineering (Private) Limited	Mr. M J M N Marikkar Mr. R K Pitigalage Mr. U G Sarath Mr. D A J Nanayakkara
Heladhanavi Limited	Mr. M J M N Marikkar Mr. D A J Nanayakkara Mr. S Annasiwatta
Bright International Power Pte Limited	Mr. M J M N Marikkar Mr. R K Pitigalage Mr. B Reinier Mr. D A J Nanayakkara
L D Heavy Engineering (Private) Limited	Mr. W A K Egodawata Mr. U G Sarath Mr. D A J Nanayakkara Mr. D V T Jayath

Subsidiary	Director
Sobadhanavi Limited	Mr. M J M N Marikkar Mr. S Bandaranayake Mr. S P Fernando Mr. U G Sarath Mr. N Y Casie Chetty Mr. D A J Nanayakkara
Pawan Danavi (Private) Limited	Mr. D V T Jayath Mr. S Annasiwatta Mr. I S Somaratne Mr. M Ananthavel Mr. I G J Palitha
Nividhu (Private) Limited	Mr. S Annasiwatta Mr. M P J Pathmasiri Mr. D V T Jayath Mr. I G J Palitha
Nividhu Assupiniella (Private) Limited	Mr. D V T Jayath Mr. S Annasiwatta Mr. M Ananthavel Mr. I G J Palitha
LTL Energy (Private) Limited	Mr. H D Chaminda Mr. M Ananthavel Mr. I G J Palitha
Makarigad Hydro Power (Private) Limited	Mr. D A J. Nanayakkara Mr. S Ganegoda Mr. K C Thakur
Rividhanavi (Private) Limited	Mr. M J M N Marikkar Mr. D A J Nanayakkara Mr. K B Manjula I Perera Mr. H Akbarally Mr. O M R Duguet
Sahasdhanavi Limited	Mr. U Thilakarathne Mr. D A J Nanayakkara Mr. W A K Egodawata Mr. P S Rajiv Casie Chetty
LTL Transformers Tanzania (Private)Limited	Mr. S Annasiwatta Mr. H D Chaminda
Asiatic Solar Gunta Shahpur (Private)Limited	Mr. H D Chaminda Mr. Vishal Sikka
Asiatic Solar Jeendoli (Private)Limited	Mr. H D Chaminda Mr. Vishal Sikka

8.4 DIRECTORS' INTEREST IN SHARES

None of the Directors of LTLH holds Shares of the Company, as at the date of this Prospectus.

8.4.1 Directors' Direct Shareholding in Subsidiaries

Table 8-3 Directors' Direct Shareholding in Subsidiaries of LTLH

Name of Director	Number of Shares Held	Percentage of Shareholding (%)
Mr. Upali Dayaratne Jayawardana		
Lanka Industrial Products Engineering (Private)Limited	1	0.001%
Lakdhanavi Limited	2	0.00001%
Heladhanavi Limited	1	0.000004%
LTL Energy (Private)Limited	1	0.000001%
Nividhu(Private)Limited	1	0.000005%
Nividhu Assupiniella(Private)Limited	1	0.00001%
Pawan Danavi (Private)Limited	1	0.00001%
Raj Lanka Power Company Limited	1,000	0.001%
Lakdhanavi Bangla Power Limited	1,000	0.001%
Feni Lanka Power Limited	1,000	0.0004%
Mr. Mohamed Jalaldeen Mohamed Nuhuman Marikkar		
Lanka Industrial Products Engineering (Private)Limited	1	0.001%
Lakdhanavi Limited	1	0.00001%
Heladhanavi Limited	1	0.000004%
LTL Energy (Private)Limited	1	0.000001%
Nividhu(Private)Limited	1	0.000005%
Pawan Danavi (Private)Limited	1	0.00001%
Raj Lanka Power Company Limited	1,000	0.001%
Lakdhanavi Bangla Power Limited	1,000	0.001%
Feni Lanka Power Limited	1,000	0.0004%
Mr. Ravindra Kumar Pitigalage		
Lakdhanavi Limited	1	0.00001%
LTL Energy (Private)Limited	1	0.000001%
Nividhu(Private)Limited	1	0.000005%
Pawan Danavi (Private)Limited	1	0.00001%
Raj Lanka Power Company Limited	1,000	0.001%
Lakdhanavi Bangla Power Limited	1,000	0.001%
Feni Lanka Power Limited	1,000	0.0004%

8.5 SALE AND PURCHASE OF LTLH SHARES BY DIRECTORS

There have been no share transactions carried out by Directors of LTLH during the one-year period preceding the date of this Prospectus.

8.6 DIRECTORS' INTERESTS IN ASSETS

None of the Directors of LTLH have any interest in any assets acquired, disposed or leased by the Company during the past two years preceding the date of this Prospectus and/or in any assets proposed to be acquired, disposed or leased during the two years succeeding the IPO.

8.7 DIRECTORS' INTERESTS IN CONTRACTS

There are no contracts or arrangements in force as of the date of the submission of the Initial Listing Application (July 31, 2024) in which the Directors of LTLH are materially interested in relation to the business of the Company.

8.8 STATEMENT - BOARD OF DIRECTORS

No Director or a person nominated to become a Director of the Company has been involved in any of the following:

- A petition under any bankruptcy laws filed against such person or any partnership in which he/she was a partner or any corporation of which he was an executive officer; or
- Conviction for fraud, misappropriation or breach of trust or any other similar offence which the CSE considers a disqualification.

8.9 CORPORATE GOVERNANCE PRACTICES

The Board of Directors of LTLH believe that Corporate Governance is a pre-requisite for long-term sustainability, thus enhancing the value of the Company for stakeholders through ethical business practices and high standards of conduct. The Board has the primary responsibility for managing the affairs at LTLH in a fair and transparent manner. The Board ensures that the Corporate Governance guidelines and best practices are strictly complied with. The Board is aware of its inherent responsibility to disclose timely and accurate information regarding the financial performance and the importance of navigating the governance of the Company through its leadership.

The Board being responsible for the Company's Corporate Governance practices, oversees how the management serves and protects the long-term interests of all its stakeholders. LTLH believes that an active, well-informed and independent Board is necessary to ensure the highest standards of corporate governance. This is implemented through the careful selection and maintenance of a well-balanced and diversified Board.

In view of the best practices in Corporate Governance, the Board has delegated certain responsibilities to the following sub-committees of the Board. The Committees deal with relevant issues according to the Terms of References of each committee and make recommendations to the Board.

- Audit Committee
- Remuneration Committee
- Related Party Transactions Review Committee
- Nominations and Governance Committee

8.9.1 The Audit Committee (AC)

The Audit Committee is responsible for overseeing of the preparation, presentation and adequacy of disclosures in the financial statements of the Company in accordance with Sri Lanka Accounting Standards. It is also responsible for the financial reporting of the Company's financial performance in compliance with the Companies Act, CSE Listing Rules and the relevant accounting standards. It also ensures that potential business risks are reviewed and monitored proactively and appropriate mitigatory mechanisms are in place. The Audit Committee also ensures that a strong internal control environment and risk management procedure is maintained through an effective internal audit process administered by the Company in order to meet the requirements of the Sri Lanka Auditing Standards. The Audit Committee has oversight over the Financial Reporting, Internal Audit function, Internal Controls, Risk Management function, External Audit function, Whistle Blowing and Fraud activities and the Compliance function of LTLH. It is also responsible for making recommendations to the Board pertaining to appointment, re-appointment and removal of external auditors, approving the remuneration and terms of engagement of the external auditors, assessing the independence and performance and liaising with the external auditors.

The Company's Audit Committee comprises of three (3) Non-Executive Independent Directors. The Chairman of the Committee is a qualified senior finance professional who possesses a recognized accounting qualification and is a member of a recognized professional accounting body.

Name of Director	Designation
Mr. Mohamed Reyaz Mihular	Chairman Non-Executive Director, Independent
Prof. Abeyratne Dissanayake Mudiyansele Sirimal Ashoka Abeyratne	Member Non-Executive Director, Independent
Mr. Jothipala Panangala Gamage	Member Non-Executive Director, Independent

8.9.2. Related Party Transactions Review Committee (RPTRC)

The Related Party Transactions Review Committee of the Company has oversight responsibility for related party transactions. Its operations comply with requirements of the CSE Listing Rules and, LKAS 24.

The Company's RPTRC comprises of two (2) Non-Executive, Non-Independent Directors and two (2) Non-Executive, Independent Directors.

Name of Director	Designation
Mr. Condagamage Vajira Kulathilake	Chairman Non-Executive Director, Independent
Mr. Upali Dayaratne Jayawardana	Member Non-Executive Director, Non-Independent
Mr. Mapalagama Rupage Vijithananda Ruwan Meepura	Member Non-Executive Director, Non-Independent
Mr. Jothipala Panangala Gamage	Member Non-Executive Director, Independent

8.9.3. Remuneration Committee (RC)

The Remuneration Committee operates within the terms of reference approved by the Board of Directors to recommend the remuneration payable to the executive directors, Chief Executive Officer and Key Management Personnel of the Company for final determination by the Board and assists the Board to ensure that the remuneration policies of the Company align with its objectives.

The Company's Remuneration Committee comprises of five (5) Non-Executive Directors, of whom three (3) are Independent Directors.

Name of Director	Designation
Prof. Abeyratne Dissanayake Mudiyanseelage Sirimal Ashoka Abeyratne	Chairman Non-Executive Director, Independent
Mr. Mohamed Reyaz Mihular	Member Non-Executive Director, Independent
Mr. Condagamage Vajira Kulathilake	Member Non-Executive Director, Independent
Mr. Upali Dayaratne Jayawardana	Member Non-Executive Director, Non-Independent
Mr. Mapalagama Rupage Vijithananda Ruwan Meepura	Member Non-Executive Director, Non-Independent

The Remuneration Committee is responsible for the maintenance of the Remuneration Policy of executive directors and making recommendation to the Board with regard to the fixing of remuneration of the Key Management Personnel of the Company. It also ensures that appropriate Remuneration structures are in place and ensures that the best talent is acquired and retained.

Emoluments paid in the form of salaries, bonuses, fees and allowances to the Directors of LTLH during the FY2024 amounted to LKR 56.5 Mn.

8.9.4. Nominations and Governance Committee (NGC)

The Nominations and Governance Committee is responsible for the formulation of policies that provide the framework for the nomination, appointment, election and/or re-election of directors to the Board and the appointment of members to Board committees and evaluating the fitness and propriety of persons for appointment, election and/or re-election as directors to the Board and making recommendations to the Board in this regard.

The Nominations and Governance Committee is also responsible for the formulation of policies that sets out the framework for governance of the Company including corporate governance policies and compliance manuals and overseeing and evaluating the compliance by the Company with the governance framework.

The Company's Nominations and Governance Committee comprises of three (3) Non-Executive Directors, all of whom are Independent Directors.

Name of Director	Designation
Mr. Jothipala Panangala Gamage	Chairman Non-Executive Director, Independent
Prof. Abeyratne Dissanayake Mudiyanseelage Sirimal Ashoka Abeyratne	Member Non-Executive Director, Independent
Mr. Condagamage Vajira Kulathilake	Member Non-Executive Director, Independent

LTLH is in compliance with Section 9 - "Corporate Governance" of the CSE Listing Rules.

8.10 SENIOR MANAGEMENT AND CORPORATE MANAGEMENT TEAM OF LTLH GROUP

Each company within the Group operates under the guidance and direction of a board of directors and a set of core management personnel.

However, to optimise the synergies to be gained within the Group and to ensure group-wide congruence in decision-making and strategy formulation, the strategic management function of the Group is performed by the Senior Management of LTLH (see Table 8.5). This team of highly experienced professionals brings together industry relevant capabilities and exposure, which aids LTLH and the Group in providing comprehensive, high-quality products and services to its clientele.

In addition to the Senior Management team, the Group has a Corporate Management team who are responsible for the various functions of the Group. The Corporate Management team implements the decisions taken by the Senior Management and ensures that corporate strategies are streamlined across the Group.

The Senior Management and Corporate Management Team of LTLH Group are as follows:

Table 8-4 Corporate Management and Senior Management Team of LTLH Group

Name	Experience
Corporate Management Team	
Mr. Nuhuman Marikkar <i>Chief Executive Officer</i> LTL Holdings Limited	Refer Section 8.2
Mr. Ravindra Pitigalage <i>Deputy Chief Executive Officer</i> LTL Holdings Limited	Refer Section 8.2

Name	Experience
<p>Mr. Dammika Nanayakkara <i>Deputy Chief Executive Officer (Operations)</i> LTL Holdings Limited</p>	<p>Dammika joined LTLH soon after graduation from the University of Moratuwa in 1995. Prior to his current role, he has been in varying capacities in the Group, such as Design Engineer, Engineering Manager and Chief Technology Officer. During this period, he has been responsible for overall engineering and technology development of the Group and its products. This includes designing and manufacturing of transformers, designing and development of thermal power plants, wind and hydro power plants, high voltage grid substations etc. He has vast experience in design, engineering, procurement, logistics and construction (EPC) of thermal power plants, grid substations, wind, hydro and solar power plants. He was instrumental in introducing energy saving projects to industries, developing an improved and effective lightning protection system for distribution transformers as well as developing self-protected transformers.</p> <p>Dammika was the Chief Project Manager of the Yugadhanavi 300 MW, Combined Cycle Power Plant project at Kerawalapitiya, which was built at a cost of over USD 300M, and the Project Director for all the power plant projects of the Group in overseas with over cumulative capacity of 900MW. Design, engineering, procurement, construction of those power plant projects worth over USD 1.2 billion were completed under the direct purview of Dammika. He played a vital role in positioning LTLH as a leading power plant development company in the region. Currently, Dammika bears the overall responsibility of heading the engineering and construction of the Sobadhanavi 350MW LNG Power Plant in Kerawalapitiya. He has served as a visiting lecturer in University of Moratuwa too. With electrical engineering industry experience of three decades and overall development experience of over 1500 mega watt of power plant capacity, Dammika is one of the most experienced power plant engineering professionals in South Asia.</p> <p>Dammika holds a BSc.Eng (Hons) Degree in Electrical Engineering with First-Class Honours from University of Moratuwa. He has obtained a MEng degree from the same university. Dammika was the captain of the basketball team at the University of Moratuwa in 1994 and received university colours for four years.</p> <p>Dammika is a Chartered Electrical Engineer (CEng) as well as a Chartered Professional Engineer (CPEng) registered with the Engineering Councils of Sri Lanka, UK, and Australia. He is a Fellow of the Institution of Engineers of Sri Lanka, a Fellow of the Institution of Engineering and Technology (UK), a Senior Member of the Institute of Electrical and Electronic Engineers (USA), and a Member of the Institution of Engineers, Australia.</p>
<p>Mr. U. Gamini Sarath <i>Deputy Chief Executive Officer (Finance)</i> LTL Holdings Limited</p>	<p>Refer Section 8.2</p>

Name	Experience
<p>Mr. Sudath Annasiwatte</p> <p><i>Chief Operating Officer</i> LTL Holdings Limited</p> <p><i>Chief Executive Officer</i> LTL Galvanizers (Private) Limited</p>	<p>Sudath joined the Group in 1988 as the Head of the Transformer Repair Department and thereafter was promoted as the Assistant Manager of the Transformer Manufacturing Facility. He then moved to the Construction Project Management division of LTLH as a Senior Manager of Special Projects. He played a distinctive role in the construction of all the power plant projects of the Group. Sudath has been the Project Manager of a number of infrastructure projects relating to transmission lines, thermal and small hydro power plants and underground cable systems. He was the Project Coordinator of the 300 MW Combined Cycle power plant project at Kerawalapitiya during its construction in 2007-2010 period. He has involved in management of civil and erection works in thermal power plants of Yugadhanavi and Sobadhanavi and in overseas plants undertaken by LTLH group.</p> <p>Sudath obtained his Bachelor of Science degree from the University of Sri Jayewardenepura and National Diploma in Technology from the University of Moratuwa. He is also a member of the Institution of Engineering and Technology - UK.</p>
<p>Mr. H D Chaminda</p> <p><i>Chief Technological Officer</i> LTL Holdings Limited</p> <p><i>Managing Director</i> Asiatic Electricals & Switchgear (Private) Limited</p>	<p>Chaminda holds a dual role as the Chief Technology Officer of LTLH and Managing Director of Asiatic Electricals. His journey with the company began in 1999 as an Electrical Engineer, progressing through various positions, including Project Manager, Senior Project Manager, Vice President Electrical, and thereafter Chief Executive Officer of LTL Transformers. Currently, Mr. Chaminda leads LTL Holding Group's technological initiatives as the Group Head of Technology. He also serves as the Managing Director of Asiatic Electrical & Switchgear (Private) Limited, a vital subsidiary specializing in distribution switchgear manufacturing. In addition to these roles, he holds directorial positions in several other group enterprises.</p> <p>Chaminda's academic qualifications include a Bachelor of Science (B.Sc.) in Electrical Engineering from the University of Moratuwa. Furthering his professional education, he earned a master's degree in Strategic Marketing from Cardiff Metropolitan University, as well as a Master of Business Administration (MBA) from the University of Sri Jayewardenepura.</p> <p>Chaminda's professional expertise is underscored by a range of certifications, including Chartered Engineer from the Institute of Engineers Sri Lanka (MIESL), Financial Modelling and Valuation Analyst from the Corporate Finance Institute (CFI) FMVA, Certified Management Accountant (CMA) from the Institute of Certified Management Accountants Australia (CMA 44139), and Lean Six Sigma Black Belt from the International Council for Quality (ICF0910820581).</p>

Name	Experience
Senior Management Team	
<p>Mr. P G Pushpakumara Indrasiri</p> <p><i>Chief Operations Officer</i> Sobadhanavi Limited</p>	<p>Indrasiri joined the LTLH Group in 2022 as the Director – Power Plant Operations and currently serves as the Chief Operations Officer of Sobadhanavi Limited.</p> <p>Before joining the Group, he has been a power and energy engineering professional with more than 33 years of experience at CEB managing operation and maintenance of thermal and hydro power plants and in project management. Throughout his career he has held Deputy General Manager and Power Plant Manager of Lakvijaya Coal Power Plant (900MW). He has received national and international training related to Power Plant Maintenance, Procurement, Human Resource Management, Project Management & Hydro Power Development.</p> <p>Indrasiri holds a BSc (Hons) Degree in Electrical & Electronic Engineering from the University of Peradeniya.</p> <p>Indrasiri is a Chartered Electrical Engineer (CEng) registered with the Engineering Council of Sri Lanka and a member of Institution of Engineer (MIESL), Sri Lanka.</p>
<p>Mr. Kithsiri Egodawatta</p> <p><i>Chief Operations Officer</i> Lakdhanavi Limited</p>	<p>Kithsiri joined LTLH Group in 2008. During his over 15 years of experience at Lakdhanavi Limited, Kithsiri has worked as a Commissioning Engineer, Operations Engineer, Deputy Plant Manager, Plant Manager and Vice President (Power Plants) prior to his current appointment.</p> <p>Kithsiri graduated with a BSc Engineering (Hons) in Mechanical Engineering from the University of Peradeniya, Sri Lanka. He also holds a Post Graduate Diploma in Business Administration from the Open University, Sri Lanka. Kithsiri is a Chartered Engineer and in addition, he is a member of Institution of Engineers Sri Lanka and Engineering Council Sri Lanka. Kithsiri also a member in Engineering Council - UK and member of American Society of Mechanical Engineers (ASME).</p>
<p>Mr. Thamaka Thimbiripola</p> <p><i>Country Director</i> Bangladesh & Singapore</p>	<p>Thamaka joined LTLH Group as power plant design engineer during the Yugadhanavi Power Plant Construction. He then accepted the challenge of being Business Development Manager for LTLH in Bangladesh during which period he secured the 115MW Feni Power Project for the Group and ensured its successful implementation. Currently he operates as the Country Director for Bangladesh and Singapore.</p> <p>Thamaka has a BEng (Hon) in Electronic and Electrical Engineering from Queen Mary University of London and is a Harvard Business School Alumni. He has successfully completed the Senior Executive Leadership Program conducted by Harvard Business School.</p>

Name	Experience
<p>Mr. Mahesh Thilakasiri</p> <p><i>Senior Vice President (Power Projects)</i></p> <p>Lakdhanavi Limited</p>	<p>Mahesh joined the LTLH Group as an electrical engineer in 2011. Since then for 13 years he served as an electrical engineer, a senior electrical engineer and a Project Manager of several important power plant projects executed both here in Sri Lanka as well as overseas. He served as the Project Manager for several power plant projects including the 114 MW Feni Lanka Power Plant in Bangladesh, and key positions in power plants developed in Bangladesh by LTLH group. He was Project manager for 8MW STELCO Power Plant Project in Malé, Maldives. He is currently serving as the Project Manager for the construction of the Sobadhanavi 350 MW RLNG Power Plant, the largest Combined Cycle plant in Sri Lanka.</p> <p>Prior to his engagement with the LTLH Group, Mahesh served as an electrical engineer (Research and Development) at Orange Electric for a duration of 6 months and also held a position as a temporary instructor at the University of Peradeniya.</p> <p>Mahesh holds a BSc. Eng (Hons) Degree with Second Class (Upper Division) from the University of Peradeniya. He has obtained Project Management Professional (PMP) qualification from the Project Management Institute, USA.</p> <p>Mahesh is a Chartered Electrical Engineering (CEng)/International Professional Engineer (IntPE) registered with Engineering Council of Sri Lanka, Engineering Council of UK and Institution of Engineers, Australia. He is a member of Institution of Engineers Sri Lanka, the Institution of Engineering and Technology UK and Institution of Engineers Australia.</p>
<p>Ms. Thanuja Jayawardana</p> <p><i>Senior Vice President - Strategy & Investor Relations</i></p> <p>LTL Holdings Limited</p>	<p>Thanuja joined the LTLH Group in March 2022 as Vice President Strategy & Investor Relations to oversee the raising of capital through various forms and structures and future investments of the Group. Currently she is serving as a Senior Vice President of the company.</p> <p>Before joining LTLH Group, she worked at NDB Investment Bank Limited. She has over 12 years of experience in Corporate Finance having been involved in numerous capital market related transactions.</p> <p>Thanuja is a Graduate of the University of Sri Jayewardenepura, having a BSc Finance (Special) Degree with First Class Honours.</p> <p>Thanuja is a CFA Charter holder and a Member of CIMA CGMA.</p>

Name	Experience
<p>W. Vithanawasam Chaya Thilini</p> <p><i>Senior Vice President – Financial System & Audit Coordination</i> LTL Holdings Limited</p>	<p>Chaya joined LTLH Group in 2023 as Vice President Financial Systems and Audit Coordination and currently she is spearheading the Audit activities at LTL Holdings as Senior Vice President Financial Systems and Audit Coordination.</p> <p>With her 26 years of multifaceted background in finance, auditing, and management experience, she brings nuances of financial systems, audit processes, and effective management strategies tailored to varying cultural and operational contexts. Her career began at M/s Ernst & Young in 1997 and then at the Auditor General’s Department. She has a decade of auditing experience with auditee institutions such as the Board of Investment, the Central Bank, the Bank of Ceylon, the Public Enterprises Reform Commission, and numerous foreign-funded projects of UNDP, ADB, and the World Bank. Chaya has worked as the Director - Finance of the Public Utilities Commission, as the Director -Finance & Administration of the Insurance Regulatory Commission, and as the Deputy Director General -Finance & Commerce at the Urban Development Authority. On top of that, she has worked as the Deputy Project Director -Finance & Administration at the 1st Asian Infrastructure Investment Bank project, alongside her commitments as the Project Accountant at the Port City Development Project. She has represented the Board of Directors at Waters Edge Limited, Urban Investment & Development Company (Private) Limited, Ocean View Development Company (Private) Limited, and Lanka Rest House (Private) Limited. As for her experience overseas, she has held positions as Finance Director at Here For Life NGO, Grants Officer-Finance at Latrobe University in Melbourne, and as a Group Accountant at Eldridge Corporation in Canberra.</p> <p>Academically, Chaya holds a Bachelor of Commerce special degree from the University of Colombo and a Master of Business Administration from Deakin University of Australia.</p> <p>Professionally, she is a fellow member of the Institute of Chartered Accountants in Sri Lanka.</p>
<p>Mr. Muthusamy Ananthavel</p> <p><i>Senior Vice President- Finance & Compliance</i> LTL Holdings Limited</p>	<p>Ananthavel has more than 16 years of experience at the Group during which time he has been involved in treasury management, corporate finance, financial reporting, tax management and in arranging project financing for local and international projects of the Group and financing transactions in relation to the execution of EPC projects.</p> <p>Ananthavel has a Bachelor of Science (Accountancy and Financial Management) from the University of Sri Jayewardenepura. He is also an Associate Member of the Certified Practicing Accountant (CPA Australia), the Chartered Global Management Accountants (CGMA) and an Associate Member of Chartered Institute of Management Accountants (ACMA).</p>

Name	Experience
<p>Mr. D. V. Tharindu Jayath</p> <p><i>Chief Operating Officer- Technical and Talent Development</i></p> <p>LTL Holdings Limited</p>	<p>Jayath has over 18 years of experience in the Group and has extensive experience in the operation and maintenance of power plants and supports the Group in overall technical aspects of operations.</p> <p>Considering the importance of talent acquisition and development for the Group, Jayath has also been given the responsibility of overseeing the strategic planning aspects of human resources of the LTLH Group.</p> <p>Jayath is a holder of a BSc Hons in Mechanical Engineering and MBA in Entrepreneurship from University of Moratuwa and is also Member of Institution of Engineers Sri Lanka.</p>
<p>Ms. Ashani Muthumala</p> <p><i>Manager Planning & Corporate Affairs</i></p> <p>LTL Holdings Limited</p>	<p>Ashani joined LTLH Group in 2015 as a Design Engineer at LTL Transformers (Private)Limited. She has served as Design Engineer, Procurement & Commercial Engineer, Assistant Manager Procurement, Manager Procurement in LTL Transformers (Private)Limited. Currently she is working as the Manager Planning & Corporate Affairs of LTLH Group.</p> <p>Before joining LTLH she has worked as a visiting instructor at University of Moratuwa for 6 months.</p> <p>Ashani holds a BSc. Eng (Hons) Degree in Electrical Engineering from University of Moratuwa, MBA from London Metropolitan University, Post Graduate Diploma In Electrical Installations from University of Moratuwa. She is also a CIMA passed finalist. She is an Associate member of Institute of Engineers Sri Lanka.</p>
<p>Mr. Md. Saiful Islam</p> <p><i>Senior Plant Manager</i></p> <p>Feni Lanka Power Plant, Bangladesh</p>	<p>Saiful Islam joined Raj Lanka Power Company Limited, Natore Bangladesh in 2014 and was assigned in various key positions during his career over 10 years, Shift-In-Charge Engineer, Maintenance-In-Charge Engineer, Lead Operation Engineer and Acting Plant Manager. In September 2014 he received Best Engineer Award for outstanding performance from Raj Lanka Power Company Limited while serving as Maintenance-In-Charge Engineer. He has received training on Power Plant Operation and Maintenance for Wartsila 18V46 Engines from Heladhanavi 100 MW Diesel Power Plant, Puttalam, Sri Lanka in 2014. During 2017, he went to Wartsila Land and Sea Academy Turku, Finland for Tailored Engine W32 Operation Advanced training. In 2019, he was transferred from Natore to Feni Lanka Power Limited where he took the responsibility as Plant Manager to commence the operation of newly built 114 MW Feni Lanka HFO fired Power Plant.</p> <p>Saiful has a Bachelor of Science degree in Electrical and Electronic Engineering from Khulna University of Engineering & Technology (KUET). He is a member of Institute of Engineers, Bangladesh (IEB)</p>

Name	Experience
<p>Mr. Indika Priyantha</p> <p><i>Vice President - Renewable Energy</i> Lakdhanavi Limited</p>	<p>Indika joined the Group as a Mechanical Engineer in 2000. Since then, for 16 years, he served the LTLH Group in various capacities such as Mechanical Engineer, Project Engineer Maintenance Manager, Plant Manager and Project Manager. During this period, he served in most of the power plant projects during construction and operation which includes both thermal and renewable plants. Indika supervises the operation and maintenance of the Bangladesh power plants as well.</p> <p>Indika holds a B.Sc. Eng (Hons) degree from the University of Moratuwa. He is a Chartered Mechanical Engineer (CEng) and a Member of the Institution of Engineers, Sri Lanka.</p>
<p>Mr. Rukshika Pathberiya</p> <p><i>Chief Executive Officer</i> LTL Transformers (Private) Limited</p>	<p>Rukshika joined the LTLH Group as a Design Engineer at LTL Transformers in 2000 after graduating from the University of Moratuwa. During his career of over 23 years at LTLH Group, he has gained vast experience in multidisciplinary areas and has held many responsible positions such as Operation Engineer at 100MW Heladhanavi Power Plant, Maintenance Engineer of the same power plant, and Factory Manager of the transformer plant. As factory manager, he was instrumental in securing and completing most of the transformer export contracts the company undertook and then as Managing Director of Asiatic Electrical and Switchgear (Private)Limited, Chief Operations Officer at LTL Transformers prior to his current role as the Chief Executive Officer of LTL Transformers.</p> <p>Rukshika holds a B.Sc. Engineering degree (year 2000) and MBA in Technology Management (year 2014) from University of Moratuwa. He is a Chartered Electrical Engineer (CEng) registered with the Engineering Council of Sri Lanka, member of the Institution of Engineers Sri Lanka and the Institution of Engineering and Technology - UK and a Management Accountant of CMA Australia.</p>
<p>Mr. Prabath Gunasekera</p> <p><i>Chief Operations Officer</i> LTL Galvanizers (Private) Limited</p>	<p>Prabath joined the LTLH Group as a Health and Safety Executive in 2007. During his career of 12 years with LTLH Group he has served in many different roles ranging from safety executive, Quality Assurance Executive and Quality Assurance Manager until his promotion to the post of factory manager. He has over 15 years' experience in the hot dip galvanizing process and has been instrumental in many innovations developed in-house to improve the quality and productivity of the galvanizing process, productive use of effluents, etc. Currently, he serves as the Chief Operations Officer of LTL Galvanizers (Private)Limited.</p> <p>Prabath holds a BSc. (Chemistry Special) Honors degree from the University of Peradeniya and he is a NACE Level 01 certified coating inspector. Currently he is reading for a Masters Degree in strategic Marketing.</p> <p>Prabath is a member of the American Chemical Society and Association for Materials Protection and Performance (AMPP).</p>

Name	Experience
<p>Mr. Harshitha Ananda</p> <p><i>Deputy Plant Manager</i> Yugadhanavi Power Plant, Sri Lanka</p>	<p>Harshitha joined the LTLH Group in July, 2008 as an Electrical Engineer. During his career over 15 years in LTL he has served as an Electrical Engineer and then as a Senior Electrical Engineer before being promoted as the Deputy Plant Manager in 2019.</p> <p>Harshitha holds a B.Sc.Eng (Hons) degree in Electrical Engineering with First Class from University of Moratuwa. He also holds Master in Business Administration (MBA) from the Open University of Sri Lanka.</p> <p>Harshitha is a Chartered Electrical Engineer (CEng) registered with the Engineering Council of Sri Lanka and also an International Professional Engineer (Int-PE). He is a corporate member of the institution of Engineers, Sri Lanka and member of the Institution of Engineering and Technology, UK.</p>
<p>Mr. Salim Ashraf Mamun</p> <p><i>Power Plant Manager</i> Raj Lanka Power Plant, Bangladesh</p>	<p>Ashraf joined Raj Lanka, Bangladesh as an Operation Engineer in 2016. During his 8 years career at LTLH he has served as an Operations Engineer and also as a Maintenance Engineer until he was promoted as the Power Plant Manager of Raj Lanka Power Plant.</p> <p>Ashraf holds a BSc Degree in Mechanical Engineering from Khulna University of Engineering & Technology, Bangladesh. He is a member of the Institute of Engineers Bangladesh.</p>
<p>Mr. Mizanur Rahman</p> <p>Power Plant Manager Lakdhanavi Bangla Power Plant, Bangladesh</p>	<p>Mizanur joined LTL, Bangladesh as a Project Engineer in 2011. During his 13 years' experience with LTLH Group he served as a Project Engineer, Maintenance Engineer, Maintenance Manager of Lakdhanavi Bangla and currently he functions as the Power Plant Manager of Lakdhanavi Bangla Power Limited, Bangladesh.</p> <p>Mizanur holds a BSc Degree in Mechanical Engineering from Dhaka University of Engineering & Technology (DUET), Gazipur & Post Graduate Diploma in Supply Chain Management (PGDSCM). He is a member of the Institution of Engineers, Bangladesh.</p>
<p>Mr. Kumud Herath</p> <p><i>Senior Mechanical Engineer</i> Lakdhanavi Limited</p>	<p>Kumud joined the LTLH Group as a Mechanical Engineer in 2014 and thereafter as Senior Mechanical Engineer. Kumud has served in most of the power plant projects undertaken by the Group both here and abroad. Currently he is the Chief Engineer responsible for the thermal engineering designs, Steam Turbine Erection, commissioning, and heavy equipment transport of the Sobadhanavi Plant.</p> <p>Kumud holds a Bachelor of Engineering (Hons) Degree in Mechanical Engineering (Second Class Upper Division) from Aston University, Birmingham, UK and a MSc in Mechanical Engineering and Industrial Management from the University of Sheffield, UK. Kumud has obtained Project Management Professional (PMP) qualification from the Project Management Institute, USA.</p> <p>Kumud is a Chartered Mechanical Engineer (CEng) registered with Engineering Councils of Sri Lanka and the UK. He is a member of the Institution of Engineers, Sri Lanka and the Institution of Mechanical Engineers, UK.</p>

Name	Experience
<p>Mr. Dishan H. Samarasinghe</p> <p><i>Assistant Vice President - Mechanical and Process Engineering</i> Lakdhanavi Limited</p>	<p>Dishan joined the LTLH Group as a Mechanical Engineer of the 300MW Yugadhanavi Power Plant in 2010. During his career in LTLH Group for more than 13 years, he has served as a Mechanical Engineer, Lead Operations Engineer and Lead Maintenance Engineer of the same power plant. Presently he and his team are responsible for the mechanical engineering designs of the ongoing 350MW Sobadhanavi LNG Power Plant being built at Kerawalapitiya.</p> <p>Dishan holds a BSc.Eng (Hons) Degree in Mechanical Engineering with Second Class (Upper Division) from University of Moratuwa and Master of Business Administration (MBA) from Cardiff Metropolitan University, UK. Dishan is a Chartered Mechanical Engineer (CEng) registered with Engineering Council of Sri Lanka and he is a Member of the Institution of Engineers, Sri Lanka.</p>
<p>Mr. Nipun Nanayakkara</p> <p><i>Chief Technology Officer</i> LTL Transformers (Private) Limited</p>	<p>Nipun's journey with LTLH began in 2014 as an Electrical Engineer, progressing through various positions, including Project Manager, Manager - Testing, R&D and HSEQ, and currently he is serving as the Chief Technology Officer of LTL Transformers (Private)Limited.</p> <p>Nipun has a Bachelor of Science in Engineering (Honors) from the University of Peradeniya, followed by a Postgraduate Degree in Electrical Engineering from University of Moratuwa and a Master's in Strategic Marketing from Cardiff Metropolitan University, which provide a solid foundation for his professional endeavors. He is a Chartered Engineer in Sri Lanka and member of the Institution of Engineering and Technology (IET) in the UK and the Institute of Electrical and Electronics Engineers (IEEE) in the USA.</p>
<p>Mr. Sasanka Herath</p> <p><i>Chief Electrical Engineer</i> Lakdhanavi Limited</p>	<p>Sasanka joined the LTLH Group as an Electrical Engineer of the 300MW Yugadanavi Power Plant in 2012. Presently, he serves as the Chief Electrical Engineer of 350MW Sobadhanavi LNG power plant project responsible for the electrical engineering designs, erection and commissioning of the same project.</p> <p>Sasanka holds a BSc. Eng (Hons) Degree in Electrical Engineering a M.Sc. Degree in Electrical Engineering from the University of Moratuwa. He has a Master of Business Administration (MBA) as well. He is a Chartered Electrical Engineer (CEng/CPEng) and International Professional Engineer (IntPE) registered with Engineering Councils of Sri Lanka, UK and Australia. He is a Member of Institution of Engineers, Sri Lanka, the Institution of Engineering and Technology UK, and the Institution of Engineers, Australia.</p>
<p>Mr. Vishal Sikka</p> <p><i>Whole Time Director</i> Asiatic Electrical & Switchgear (Private) Limited, India</p>	<p>Vishal joined Asiatic Electrical & Switchgear (Private) Limited in 1995 as Engineer Q.A. During his carrier of over 28 years in the company, Vishal has held many responsible positions such as Senior Engineer (Quality Assurance), Manager QA, Management Representative for ISO 9001 QMS, AGM Marketing, GM Marketing, and Director Operations. He has vast experience in handling export contracts and securing local contracts and his team is responsible for sales of the company. Before joining the company, Vishal has worked as a QA Engineer for one and half years in Telemecanique & Controls India Limited.</p> <p>Vishal holds a Bachelor of Engineering (Electrical) degree with First Class Honours from one of the prominent engineering colleges in India, Delhi College of Engineering (year 1993).</p>

Name	Experience
<p>Mr. Gyanmani Rai</p> <p><i>Vice President -R&D and Operations</i> Asiatic Electrical & Switchgear (Private) Limited, India</p>	<p>Gyanmani joined Asiatic Electrical & Switchgear (Private) Limited as a Quality & Testing Engineer in 1995. During his career of over 28 years in the company, Gyanmani has held many responsible positions such as Production Engineer, Design & Marketing Engineer, Head of Research and Development and Head of Operations.</p> <p>Before joining, the company, he has worked at Bentex Control & Switchgear (Private)Limited Delhi, India for one year.</p> <p>Gyanmani holds B.E. in Electrical, MBA in Operations, and Diploma in Electrical Engineering.</p>
<p>Mr. Karan Chand</p> <p><i>Chief Executive Officer,</i> Makarigad Hydropower (Private) Limited, Nepal</p>	<p>Karan joined Makarigad Hydropower Company Limited as Deputy CEO in 2018 and currently serves as its CEO.</p> <p>Before joining Makarigad, he has worked in several organizations in different capacities as Mortgage Specialist, Wells Fargo Financial, Des Moines IA USA, (2008 -2009), Managing Director, Kanchan Urja (Private)Limited. (1MW Power Plant from 2012 to 2014) in Nepal, Managing Director, Jal Urja (Private) Limited (2MW power plant from 2014 - 2017) in Nepal. With over 13 years of experience in the renewable energy industry, he has deep understanding of the industry, and has also gained extensive knowledge in the banking sector and sustainability growth.</p> <p>Karan holds a Bachelor of Science Degree in Business Administration (BSBA), International Business from Drake University (Des Moines, IA, USA). He is a member of the Executive Committee, Independent Power Producers Association (Far West Region).</p>
<p>Mr. Jayantha Pathmasiri</p> <p><i>Vice President-Finance</i> Lakdhanavi Limited</p>	<p>Jayantha joined the LTLH Group’s finance team in 2001. He has since then served the LTLH Group in several key finance functions including financial reporting, management of audits, overseas assignments for foreign subsidiaries, export and import documentation, Group consolidation, Group Treasury and working capital management and managing the compliance with accounting standards in reporting etc.</p> <p>Jayantha holds a Bachelor of Science (Accountancy and Financial Management) from the University of Sri Jayewardenepura. He also holds a MBA -Finance in University of Bedfordshire-UK.</p>

Name	Experience
<p>Mr. Nalin Priyamal Pathirage</p> <p><i>Vice President-Finance Operations</i> LTL Galvanizers (Private) Limited</p>	<p>Nalin joined the LTLH Group in 2011 and during his 13 years of experience, he has held several important responsibilities in the Group’s various financial management functions such as overseas assignments in foreign subsidiaries, export and import documentation, Group Consolidation, Group Treasury management and managing the compliance with accounting standards in reporting.</p> <p>Nalin is a graduate of the University of Sri Jayewardenepura in Business Administration. He also holds a MBA -Finance from University of Bedfordshire-UK.</p> <p>Nalin is an Associate Member of Institute of Chartered Accountants of Sri Lanka, Member of Association of Chartered Certified Accountants (ACCA-UK) and a member of Association of Accounting Technicians of Sri Lanka.</p>
<p>Mr. D R Lalan Ranaweera</p> <p><i>Manager -Administration</i> LTL Holdings Limited</p>	<p>Lalan joined the LTLH Group in 2021 as the in charge of administration, premises management and security of all installations of the LTLH Group in Sri Lanka.</p> <p>Before joining LTLH Group, Lalan had a distinguished career in the Sri Lanka Police Service in which he served as a Senior Deputy Inspector General of Police. He also served as Director Criminal Investigation Department during 2013 to 2015.</p> <p>Ranaweera is a graduate of the University of Sri Jayawardenapura, a holder of a Master’s degree in Sociology from University of Kelaniya, a Higher National Diploma in Human Resource Management from NIBM, a Postgraduate Diploma in Criminology from University of Sri Jayawardenapura and a Diploma in Drug Abuse Management from University of Colombo.</p>
<p>Mr. Moin Uddin Ahmed</p> <p><i>Head of Finance</i> Lakdhanavi Limited - Bangladesh</p>	<p>Moin embarked on his professional journey in April 2012, commencing his tenure with LTLH Group’s Bangladesh division in December 2014 as an Executive - Accounts. Throughout his tenure, he has exhibited a comprehensive understanding of Accounts and Finance Operations, gradually ascending to his current role as the Head of Finance since January 2024. Over the course of nine years, Moin has played a pivotal role in steering the financial affairs of all three LTLH companies within Bangladesh, demonstrating his adeptness in financial management and strategic decision-making.</p> <p>Moin is Possessing a master’s degree in business studies from the National University of Bangladesh. Moin is a finalist in the Association of Chartered Certified Accountants (ACCA). Additionally, he is a Tax Practitioner (ITP) and membership of the Dhaka Taxes Bar Association.</p>

8.11 CHIEF EXECUTIVE OFFICER

The Chief Executive Officer of LTLH has not been involved in any of the following:

- A petition under any bankruptcy laws filed against such person or any partnership in which he was a partner or any corporation of which he was an executive officer; or
- A conviction for fraud, misappropriation or breach of trust or any other similar offence which the CSE considers a disqualification.

9 STATUTORY DECLARATIONS

9.1 DECLARATION BY THE DIRECTORS

We, the undersigned, being Directors of LTL Holdings Limited, a company incorporated in the Democratic Socialist Republic of Sri Lanka bearing Company Registration No. PB 00274329, having its registered office at No 77, Level 1, Park Street, Colombo 02, hereby declare and confirm that we have read the provisions of the Companies Act No.7 of 2007 relating to the issue of the Prospectus and provisions listed therein have been complied with.

This Prospectus has been seen and approved by us and we individually and collectively accept responsibility for the accuracy of the information given and confirm that the provisions of the Listing Rules of the Colombo Stock Exchange and the Companies Act No. 7 of 2007 and any subsequent amendments made have been complied with and after making all reasonable enquiries and to the best of our knowledge and belief, there are no other facts the omission of which would make any statement herein misleading or inaccurate. Where representations regarding the future performance of the Company have been given in the Prospectus, such representations have been made after due and careful enquiry of the information available to the Company and making assumptions that are considered reasonable at the present point in time and according to our best judgments.

We further declare that the profit forecasts have been included in this Prospectus after due and careful enquiry of the information available to the Company and assumptions that are considered to be reasonable at the present point in time and according to our best judgments.

Name of Director	Designation	Signature
Mr. Nalinda Sampath Illangakoon	Chairman, Non-Executive Director, Non-Independent	Sgd.
Mr. Mapalagama Rupage Vijithananda Ruwan Meepura	Non-Executive Director, Non-Independent	Sgd.
Mr. Jothipala Panangala Gamage	Non-Executive Director, Independent	Sgd.
Mr. Condagamage Vajira Kulathilake	Non-Executive Director, Independent	Sgd.
Mr. Mohamed Reyaz Mihular	Non-Executive Director, Independent	Sgd.
Prof. Abeyratne Dissanayake Mudiyansele Sirimal Ashoka Abeyratne	Non-Executive Director, Independent	Sgd.
Mr. Upali Dayaratne Jayawardana	Non-Executive Director, Non-Independent	Sgd.
Mr. Jalaldeen Mohamed Nuhuman Marikkar	Chief Executive Officer, Executive Director	Sgd.
Mr. Ravindra Kumar Pitigalage	Deputy Chief Executive Officer, Executive Director	Sgd.
Mr. Utumange Gamini Sarath	Deputy Chief Executive Officer (Finance), Alternate Director to Mr. Ravindra Kumar Pitigalage	Sgd.

9.2 DECLARATION BY THE COMPANY

We, LTL Holdings Limited, having our Registered Office at No 77, Level 1, Park Street, Colombo 02, hereby declare that to the best of our knowledge and belief this Prospectus constitutes full and fair disclosure of all material facts about the Issue and the Company.

An Application has been made to the Colombo Stock Exchange for permission to deal in and for a listing for all the Ordinary Voting Shares issued by the Company and those Ordinary Voting Shares, which are the subject of this Issue. Such permission will be granted when the Ordinary Voting Shares are listed on the Colombo Stock Exchange. The Colombo Stock Exchange assumes no responsibility for the correctness of any of the statements made (including with regard to any relevant information that may have been omitted) or opinions expressed or reports included in this Prospectus. Listing on the Colombo Stock Exchange is not to be taken as an indication of the merits of the Company or of the Shares issued.

The Seal of LTL Holdings Limited affixed at Colombo on August 29, 2024 in the presence of two Directors.

Sgd.
Director

Sgd.
Director

9.3 DECLARATION BY THE JOINT FINANCIAL ADVISORS AND MANAGERS TO THE ISSUE

9.3.1 NDB Investment Bank Limited

We, NDB Investment Bank Limited of Level 1, NDB Capital Building, 135, Bauddhaloka Mawatha, Colombo 04 hereby declare and confirm to the best of our knowledge and belief this Prospectus constitutes full and fair disclosure of all material facts about the Issue and the Company and we have satisfied ourselves that the profit forecasts had been stated by the Directors of LTL Holdings Limited after due and careful inquiry.

The Common Seal of NDB Investment Bank Limited affixed at Colombo on August 29, 2024 in the presence of two directors.

Sgd.
Director

Sgd.
Director

9.3.2 CT CLSA Capital (Private) Limited

We, CT CLSA Capital (Private) Limited of No 4-15, Majestic City, 10 Station Road, Colombo 04 hereby declare and confirm to the best of our knowledge and belief this Prospectus constitutes full and fair disclosure of all material facts about the Issue and the Company and we have satisfied ourselves that the profit forecasts had been stated by the Directors of LTL Holdings Limited after due and careful inquiry.

The Seal of CT CLSA Capital (Private) Limited affixed at Colombo on August 29, 2024 in the presence of two Directors.

Sgd.
Director

Sgd.
Director

ANNEXURE A

**RESEARCH REPORT PUBLISHED TO ASCERTAIN THE
VALUE OF ORDINARY VOTING SHARES OF
LTL HOLDINGS LIMITED**

LTL HOLDINGS LIMITED



LTL HOLDINGS
Local Engineering, at its Global best

RESEARCH REPORT



JOINT FINANCIAL ADVISORS AND MANAGERS TO THE ISSUE

July 31, 2024

The preparers of the Research Report possess the requisite expertise to prepare reports of this nature involving a company quoted on the Colombo Stock Exchange

July 31, 2024
Board of Directors,
LTL Holdings Limited,
No. 77, Level 1
Park Street, Colombo 02

Dear Sirs,

RESEARCH REPORT ON THE VALUATION OF LTL HOLDINGS LIMITED

We, NDB Investment Bank Limited and CT CLSA Capital (Private) Limited, as Joint Financial Advisors and Managers to the Initial Public Offering, (hereinafter collectively referred to as "Joint Managers to the Issue") of LTL Holdings Limited (hereinafter referred to as "LTLH" or the "Company"), wish to submit the enclosed Research Report in accordance with Section 3.1.4.c (ii) of the Listing Rules of the Colombo Stock Exchange.

The "Terms of Engagement" agreed upon between the Joint Managers to the Issue and the Company for the same include, amongst other activities to be performed under the role of Financial Advisors and Managers to the Issue, carrying out a valuation based on information provided to the Joint Managers to the Issue by LTLH and other publicly available information, and the preparation of a report on the valuation of LTLH.

We have carried out a detailed analysis of the business operations of LTLH to arrive at the fair value of LTLH's Shares on a pre-money basis (i.e. - without incorporating the effects of the IPO funds) as at March 31, 2024 based on a Sum-Of-The-Parts valuation approach, which is the Primary Valuation Methodology used. A forward Price-to-Earnings based Relative Valuation approach using peer multiples as at July 10, 2024 was also carried out in order to support the Primary Valuation and the results have been summarised below.

Valuation Methodology	Per Share Value (LKR)	Upside to the Offer Price of LKR 14.50
PRIMARY VALUATION METHODOLOGY	19.39	33.75%
Sum-Of-The-Parts Approach (combination of DCF and NAV methodologies)		
SECONDARY VALUATION METHODOLOGY	36.32	150.46%
Forward Price-to-Earnings based Relative Valuation Method*		

*The pre-IPO number of Shares has been considered to arrive at the value per share since the pre-money forward earnings was considered for this methodology. This is also consistent with the approach followed in the Primary Valuation Methodology. The resultant Per Share Value and Upside based on the post-IPO number of Shares is LKR 28.21 and 94.56%, respectively. Please refer Section 5.2 for further details.

We are of the view that LTLH's Shares would have a fair value of LKR 19.39, as per the Primary Valuation Methodology. The valuation obtained via the Secondary Valuation Methodology of LKR 36.32 was not used in arriving at the fair value due to the lack of comparable listed peers on the Colombo Stock Exchange. A group-wide Net Asset Value based valuation was disregarded for this valuation exercise as it does not capture the earnings capacity of the Company and due to the unique business models of key companies in the LTLH Group (Refer Section 5.1 for a more detailed justification).

Considering the need to offer an upside to potential investors and the healthy marketability of shares, we recommend an offer price of **LKR 14.50 per share** (which translates to an upside of 33.75% to the Primary Valuation Methodology), for the purpose of the IPO.

The detailed Research Report is enclosed herewith for your reference.

Thank you.
Yours faithfully,

NDB INVESTMENT BANK LIMITED

Sgd.
Darshan Perera
Director/Chief Executive Officer

CT CLSA CAPITAL (PRIVATE) LIMITED

Sgd.
Zakir Mohamedally
Director/Chief Executive Officer

CONTENTS

1	List of Abbreviations	115
2	Overview - LTL Holdings Limited	117
2.1	Background	117
2.2	Overview on the Financial Performance of the LTLH Group	119
2.3	Group Structure	121
2.4	Objectives of the Issue	122
3	Industry Overview	123
3.1	Sri Lanka Power Sector	123
3.2	Bangladeshi Power Sector	126
3.3	Nepal Power Sector	129
3.4	Indian Power Sector and the Potential of LTLH	130
4	Sources of Information	131
5	Valuation Summary	132
5.1	Valuation Overview	132
5.2	Sum-Of-The-Parts Valuation Overview	133
5.3	Forward Price-to-Earnings (PER) based Relative Valuation Overview	134
6	Consolidated Financials	135
6.1	Consolidated Statements of Profit/Loss	135
6.2	Consolidated Proforma Debt Position and Net Asset Value of the LTLH Group	136
7	Valuation Methodology	137
7.1	Sum-Of-The-Parts (SOTP) Valuation Methodology	137
7.1.1	Discounted Cash Flow Method (DCF)	137
7.1.2	Net Asset Value Method	139
7.2	Forward Price-to-Earnings (PER) Relative Valuation Method	140
7.2.1	Peer Selection	140
7.2.2	PER Valuation - Rationale and Methodology	141
8	Valuation Methodology	142
8.1	Key Common Assumptions	142
8.1.1	Exchange Rates	142
8.1.2	Inflation Rates	143
8.1.3	Interest Rates	143
8.1.4	Cost of Equity	144
8.2	Company-wise Financial Forecasts	145
8.2.1	LTL Holdings Limited	145
8.2.2	Manufacturing and Heavy Engineering Companies	146
8.2.3	Renewable Power Plants	152
8.2.4	Engineering and O&M Service Companies	163
8.2.5	Thermal Power Plants	170
8.2.6	NAV-based Valuations	184
8.2.7	Sensitivity Analysis	184
9	Transaction Teams	185
9.1	NDBIB Team	185
9.2	CT CLSA Team	186
10	Disclaimer	187

LIST OF TABLES

Table 2-1	Key Historical Financial Metrics	119
Table 2-2	Utilization of IPO Proceeds	122
Table 3-1	Sri Lanka’s Total Installed Capacity (Public and Private)	124
Table 3-2	Forecasted Capacity and Forecasted Demand	128
Table 5-1	Valuation Summary	132
Table 5-2	SOTP Company-Wise Valuation Summary	133
Table 5-3	SOTP Valuation Approach	134
Table 5-4	Forward PER based Relative Valuation Summary	134
Table 6-1	Proforma Consolidated Statements of Profit/Loss [FY23 to FY29E]	135
Table 6-2	Consolidated Proforma Debt Position [FY25E to FY29E]	136
Table 6-3	Consolidated Proforma NAV [FY24 to FY29E]	136
Table 7-1	Rationale for the Explicit Period - DCF Valuation	138
Table 7-2	Rationale for the Use of the NAV Valuation Method	139
Table 7-3	Details of the Listed Proxy	140
Table 7-4	EBITDA Workings for the Secondary Valuation	141
Table 8-1	Exchange Rate Assumptions	142
Table 8-2	Inflation Rate Assumptions	143
Table 8-3	Interest Rate Assumptions	143
Table 8-4	NAV based Equity Values	184
Table 8-5	Sensitivity Analysis	184

LIST OF FIGURES

Figure 2-1	Revenue and Gross Profit Segment Wise as of FY24	120
Figure 2-2	Group Structure - LTLH	121
Figure 3-1	Sri Lanka Capacity and Generation by Source - 2023	124
Figure 3-2	Sri Lanka Projected Electricity Capacity Mix	126
Figure 3-3	Bangladesh Capacity and Generation by Source - 2023	127
Figure 3-4	Bangladesh Forecasted Future Maximum Demand	127
Figure 3-5	Bangladesh Composition of the Installed Capacity - PP2041	128
Figure 3-6	Nepal Installed Capacity by Source - 2023	129

1 LIST OF ABBREVIATIONS

ASIATIC	Asiatic Electrical & Switchgear (Private) Limited
BDT	Bangladeshi Taka
Bn	Billion
BPC	Bangladesh Petroleum Corporation
BPDB	Bangladesh Power Development Board
BRIGHT	Bright International Power Pte. Limited
c.	Circa
CAGR	Compound Annual Growth Rate
CEB	Ceylon Electricity Board
CSE	Colombo Stock Exchange
CT CLSA	CT CLSA Capital (Private) Limited
DCF	Discounted Cash Flow
EBIT	Earnings Before Interest and Tax
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EPC	Engineering, Procurement & Construction
EUR	Euro
FCFE	Free Cash Flows to Equity
FENI	Feni Lanka Power Limited
FY	Financial Year (April to March, unless mentioned otherwise)
GDP	Gross Domestic Product
GoSL	Government of Sri Lanka
GP	Gross Profit
GWh	Gigawatt hours
H₂	Hydrogen gas
HELAD	Heladhanavi Limited
HFO	Heavy Fuel Oil
INFRA	Infra & Engineering (Private) Limited
IMF	International Monetary Fund
IPO	Initial Public Offering
IPP	Independent Power Producer
IRR	Internal Rate of Return
kWh	Kilowatt Hours
LAK	Lakdhanavi Limited
LBPL	Lakdhanavi Bangla Power Limited
LC	Letter of Credit
LD	LD Heavy Engineering (Private) Limited
LIPE	Lanka Industrial Products Engineering (Private) Limited
LKR	Sri Lanka Rupees
LNG	Liquified Natural Gas
LTLE	LTL Energy (Private) Limited
LTLG	LTL Galvanizers (Private) Limited

LTLH/LTLH Group/the Company	LTL Holdings Limited/LTLH Holdings Limited and its subsidiaries (wherever applicable)
LTLT	LTL Transformers (Private) Limited
LVL	LVL Energy Fund PLC
MAKARI	Makari Gad Hydro Power (Private) Limited
Mn	Million
MW	Megawatts
MWh	Megawatt Hours
NAE	Nividhu Assupiniella (Private) Limited
NAV	Net Asset Value
NDBIB	NDB Investment Bank Limited
NIVIDHU	Nividhu (Private) Limited
NP	Net Profit
NPV	Net Present Value
O&M	Operations & Maintenance
PDPL	Pawan Danavi (Private) Limited
PER	Price-to-Earnings Ratio
PPA	Power Purchase Agreement
PPE	Property, Plant and Equipment
PV	Present Value
RAJ	Raj Lanka Power Company Limited
Rividhanavi	Rividhanavi (Private) Limited
Sahasdhanavi	Sahasdhanavi Limited
SOBA	Sobadhanavi Limited
SOTP	Sum-Of-The-Parts
SPPA	Standardised Power Purchase Agreement
TWh	Terawatt Hours
USD	United States Dollar
WCP	West Coast Power (Private) Limited
YoY	Year-on-Year

2 OVERVIEW - LTL HOLDINGS LIMITED

This section lays out an overview of the business and operations of LTLH, in order to better contextualize the findings of the rest of the Research Report. Prospective investors are advised to refer Section 7 of the Prospectus for a more thorough and in-depth understanding of the Company, prior to making an investment decision.

2.1 BACKGROUND

Renowned as one of Sri Lanka's foremost engineering companies, with a distinguished history spanning over 40 years, LTL Holdings Limited (LTLH/ the Company or LTLH Group) operates across diversified business segments. These include investment in power generation, focusing on **Renewable Energy** and **Conventional¹ Energy**, provision of **Engineering Services** for power plants as an **EPC** (Engineering, Procurement, and Construction) and **O&M** (Operations & Maintenance) contractor, **Manufacturing and Sale** of Transformers and Switchgear required for power distribution and providing **Heavy Engineering Services** in fabrication and galvanizing of steel structures.

Originally established in 1982 as a transformer manufacturing company through a Public Private Partnership (PPP) between CEB and Bonar Long of Scotland, LTLH transitioned into power generation as an Independent Power Producer (IPP) in 1996 with the commissioning of the 24 MW Heavy Fuel Operated power plant in Sapugaskanda, Sri Lanka. Subsequently, by securing landmark projects such as the 100 MW Heladhanavi power plant, Sri Lanka in 2002 and 300 MW West Coast Power Plant², Sri Lanka in 2007, LTLH further solidified its expertise in EPC and O&M of power plants. Expanding its reach, LTLH ventured into developing and operating power plants in Bangladesh, where it currently operates three thermal power plants with a total capacity of 218 MW. In March 2023, LTLH commissioned a 10 MW Hydro Power plant in Nepal. Furthermore, LTLH has commissioned the open cycle operations of Sobadhanavi Limited (SOBA) in August 2024, making SOBA on track to be the first power plant with the capability to operate on LNG in Sri Lanka.

LTLH's **current operational** power generation footprint spans **nine power plants** combining to a total installed capacity of **894MW** across Sri Lanka, Bangladesh, and Nepal. In addition, LTLH operates **two production facilities** in Sri Lanka and India, specializing in the manufacturing of transformers and electrical switchgears for power distribution. LTLH also operates a **hot dip galvanizing and steel fabrication** facility in Sri Lanka, and a subsidiary in Singapore to further facilitate its EPC/O&M services.

¹ Conventional energy in the context of this Report refers to energy generated from Thermal Power Plants which are powered by either, diesel or HFO or LNG or H₂

² West Coast power plant, also known as "Yugadhanavi" power plant was constructed and commissioned by LTLH in 2010. West Coast power plant is owned by West Coast Power (Private) Limited (WCP). LTLH through LAK is contracted to provide O&M services to the plant till 2035. In February 2024, the CEB partly settled its dues to WCP by way of transferring 28% of its stake in LTLH to WCP, thereby effectively making WCP a shareholder in LTLH. Additionally, LAK also holds a minority stake in WCP. Refer footnote in Section 8.2.4.1 for further details.

At a Glance



1.1 GW

Capacity of Projects
Undertaken to Date



30+

Export Markets



70%+

Foreign Currency Linked
Revenue in FY24



780+

Staff
Strength

Business Segments of LTLH



Conventional Energy

Combined cycle and engine-based power plants with a capacity of 869 MW in Sri Lanka and Bangladesh and 350MW Combined Cycle Power Plant in the pipeline in Sri Lanka



Renewable Energy

26MW capacity of hydro and wind power plants in Sri Lanka and Nepal and 100MW ground mounted solar power plant under development in Sri Lanka and a further two 4 MW Solar Power Plants under development in India



Engineering Services

> 1,100MW of EPC and O&M contracts undertaken across Sri Lanka, Bangladesh, Nepal, and Maldives



Manufacturing

- Manufacturing of distribution transformers in a state-of-the-art manufacturing facility in Sri Lanka with an annual manufacturing capacity of 4,000 transformers and a newly set up transformer assembling facility in Tanzania
- Manufacturing of Low and Medium voltage Switchgear products in a state-of-the-art manufacturing facility in India



Heavy Engineering

Facility with a 24,000MT annual hot-dip galvanizing capacity and 12,000MT annual steel fabrication capacity in Sri Lanka

2.2 OVERVIEW ON THE FINANCIAL PERFORMANCE OF THE LTLH GROUP

Table 2-1 - Key Historical Financial Metrics³

LTL HOLDINGS LIMITED - GROUP	FY23	FY24
Revenue (LKR Mn)	53,785	59,753
Gross Profit (LKR Mn)	17,188	18,910
EBITDA (LKR Mn)	20,582	13,960
EBITDA from Core Operations (LKR Mn)*	15,291	17,161
Net Finance Costs (LKR Mn)	4,193	5,353
Net Profit (LKR Mn)	13,234	5,750
Profit Attributable to the Parent (LKR Mn)	10,372	4,365
Total Assets (LKR Mn)	135,934	133,582
Total Equity Attributable to the Parent (LKR Mn)	54,138	56,611
Total Equity (LKR Mn)	72,123	74,365
Total Debt (LKR Mn)**	45,438	47,262
GP Margin	32%	32%
NP Margin	25%	10%
ROE Attributable to the Parent	22%	8%
ROA - Company	10%	4%
Current Ratio (x)	1.54	1.27
Debt : Equity Ratio (x)	0.63	0.64
Interest Coverage Ratio (x)***	4.75	2.44

*Adjusting for exchange gains and losses, profit on PPE disposals, dividend income and other significant one-off income and expense items emanating outside LTLH Group's core operations.

**Includes interest-bearing loans (excluding overdrafts).

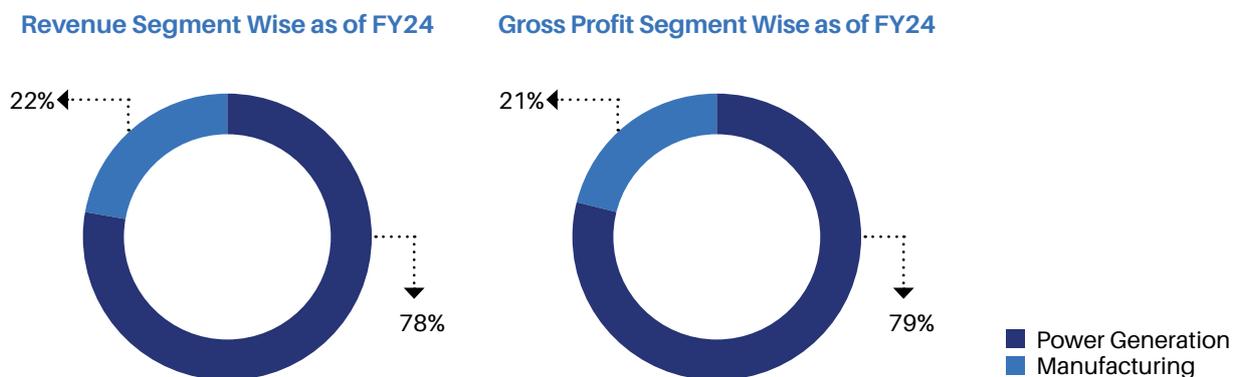
*** Interest Cover Ratio = EBIT/Net Finance Cost

LTLH's revenue is composed of; (1) Revenue from Power Generation (via Conventional and Renewable power plants and provisioning of engineering services as an EPC and O&M contractor for power plants) and, (2) Revenue from Manufacturing and Heavy Engineering operations (via the sale of distribution transformers, switchgear and steel galvanizing and fabrication operations).

A noteworthy feature of LTLH's revenue profile is that a portion of its revenue is; (1) hedged against exchange rate risks via tariff linkage to local and hard currencies, and also (2) hedged against inflation via inflation indexing, due to the tariff structures customary to PPA/O&M contracts of conventional power plants operated on a long-term basis. Please refer Section 8.2.5.1 for further details on tariff structures.

³ Source: Audited Financial Statements of LTL Holdings Limited for FY23 and FY24

Figure 2-1: Revenue and Gross Profit Segment Wise as of FY24⁴



LTLH Group recorded high EBITDA and Net Profit figures in FY23, as a result of significant net exchange gains (recognized as translation gains) on foreign currency deposits of the Group during the year and dividend income received from WCP. Although the Net Profit for FY24 is lower than the previous year, LTLH Group’s performance in terms of EBITDA from Core Operations grew by c. 12% YoY, due to improved profitability in the engineering services, manufacturing of switchgear and steel galvanizing and fabrication business segments (*Refer the note under Table 2-1 for the basis of computing EBITDA from Core Operations*).

LTLH Group’s net debt position increased in FY24 since LAK as the EPC contractor to SOBA continued to finance the construction of the power plant, utilising its working capital facility limits and cash reserves until the commencement of drawdown of the project loan by SOBA. As a result, the interest paid on these borrowings obtained to finance the construction work of the SOBA power plant is reflected in the finance cost of FY24 (without being capitalized as part of the project cost of SOBA). Net finance costs further increased in FY24 due to the reduction in finance income with the utilization of cash reserves of LAK to finance the construction of SOBA.

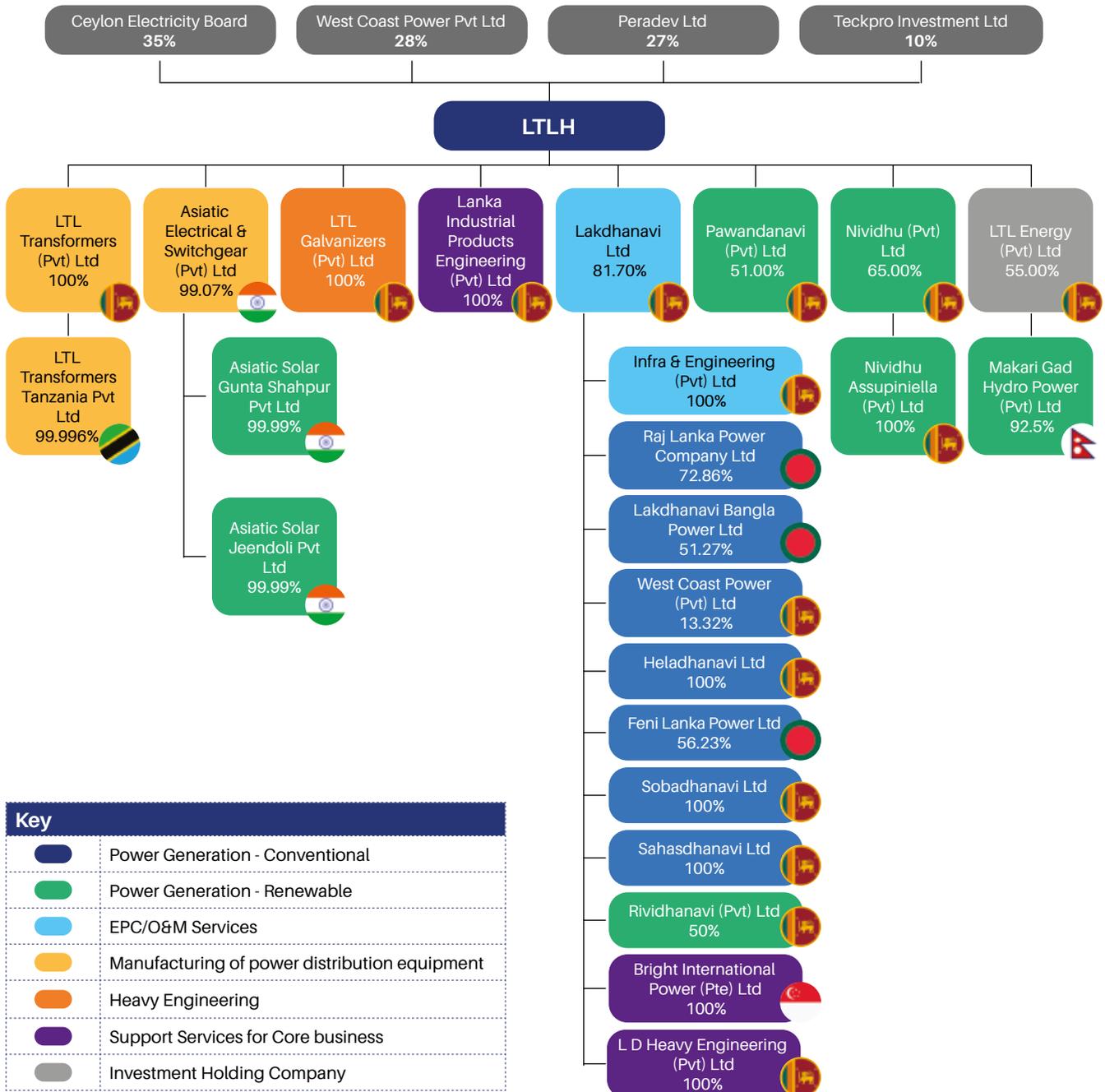
The increase in short-term loan facilities mainly obtained for the construction work of SOBA has impacted the working capital position of the LTLH Group, which is reflected in the reduction in the current ratio in FY24. These short term loan facilities are expected to be settled by the LTLH Group upon the commencement of drawdown of the SOBA project loan during FY25.

⁴ Source: Audited Financial Statements of LTL Holdings Limited for FY24

2.3 GROUP STRUCTURE

The following figure illustrates the Group structure of LTLH and the respective shareholding of LTLH in each company.

Figure 2-2: Group Structure - LTLH



2.4 OBJECTIVES OF THE ISSUE

As detailed in Section 5.6 of the Prospectus, LTLH intends to utilize the IPO proceeds of up to LKR c. 20 Bn in the following manner.

Table 2-2 - Utilization of IPO Proceeds

Use of Proceeds*	Amount up to (LKR Mn)
Equity investment in Rividhanavi (Private) Limited [Rividhanavi]- 100MW solar power project at Siyambalanduwa, Sri Lanka	6,047
Equity investment in Sahasdhanavi Limited [Sahasdhanavi] - 350 MW combined cycle LNG power plant project at Kerawalapitiya, Sri Lanka	13,503
Cost of the IPO	450
Total	20,000

*Investors are strongly advised to refer Section 5.6 - Objectives of the Issue of the Prospectus for further insight on the aforementioned equity investments.

Upon the commissioning of Rividhanavi and Sahasdhanavi⁵, LTLH will have conventional and renewable power plants in Sri Lanka, Bangladesh, Nepal and India with a combined capacity of over 1,300 MW.

It is important to note that the financial projections and valuation do not consider the additional returns to be generated for shareholders through Rividhanavi, Sahasdhanavi and other pipeline projects of LTLH.

⁵ For the avoidance of doubt, upon commissioning, Sahasdhanavi will be the third operational thermal powerplant in the Kerawalapitiya premises, following West Coast Power (Private) Limited (WCP - a 300 MW combined cycle power plant) and Sobadhanavi Limited (SOBA). As such, WCP, SOBA and Sahasdhanavi are also referred to as K1, K2 and K3 in the context of the power generation space in Sri Lanka, respectively.

3 INDUSTRY OVERVIEW

LTLH's participation in the power industry encompasses power generation, EPC and O&M services, manufacturing and sale of distribution transformers and switchgear and fabrication & galvanizing of steel structures. Business growth for LTLH is expected to be driven by the expected economic growth and the resulting surge in demand for electricity in target markets.

A key aspect of meeting the expected growth in demand for electricity requires expanding the existing power generation, transmission and distribution infrastructure across all geographies and all target markets of LTLH. For instance, in countries such as Sri Lanka and Bangladesh, where there is already high levels of access to electricity capacity expansions are primarily required to meet the increasing demand for electricity rather than achieving universal access.

As per the reports published by International Energy Agency, the global demand for electricity grew by 2.2% in 2023, with a faster rate of projected growth over the next three years, averaging 3.4% annually from 2024 to 2026⁶ supported by an improved economic outlook. In 2023, approximately 70% of the global electricity supply was generated from non-renewable energy sources, with the remainder generated through renewables⁶.

LTLH's target markets are in South Asia, Africa and selected countries in South-East Asia; regions which are predominantly forecasted to have increased electrification requirements in the medium to long term. For example, as of 2022, only 57%⁷ of the population in Africa had access to electricity. This figure is forecasted to increase significantly as African countries strive to achieve universal access to electricity by 2030 as laid out by UN Sustainable Development Goal 7. Although, insufficient power capacity and infrastructure development issues have hampered the growth of electricity demand in the region, Africa's demand for electricity is estimated to grow over 4% between 2024 to 2026⁶, higher than the global growth in demand for electricity.

LTLH, being an integrated power producer, is poised to take advantage of the increasing electrification requirements and infrastructure developments in target regions.

As LTLH currently operates in Sri Lanka, Bangladesh, Nepal and India, a detailed review and analysis of each country's operations and future potential are provided in the subsections below.

3.1 SRI LANKA POWER SECTOR

The Ceylon Electricity Board (CEB) is responsible for the generation, transmission and distribution of electricity in the country and the nation already has reached 100% electrification.

The presence of private sector participation in the power industry has increased over the years with IPPs accounting for 1,163 MW of installed capacity as at 2023. The growth of the private sector enabled the industry to reduce its reliance on CEB owned power plants over the years and the capacity composition contributed by the public sector to Sri Lanka's installed capacity has reduced to 73% in 2023, with a total installed capacity of 3,218 MW⁸.

⁶ International Energy Agency (IEA), *Electricity 2024*, accessed through <https://iea.blob.core.windows.net/assets/18f3ed24-4b26-4c83-a3d2-8a1be51c8cc8/Electricity2024-Analysisandforecastto2026.pdf> on 10 July 2024

⁷ *Africa Energy Outlook 2022*, International Energy Agency, accessed through <https://iea.blob.core.windows.net/assets/220b2862-33a6-47bd-81e9-00e586f4d384/AfricaEnergyOutlook2022.pdf> on 10 July 2024

⁸ *Statistical Digest - 2023*, Ceylon Electricity Board accessed through https://www.ceb.lk/front_img/img_reports/1719383943Statistical_Digest_2023_n.pdf on 10 July 2024

Table 3-1 - Sri Lanka's Total Installed Capacity (Public and Private)

Installed Capacity (MW)		2021	2022	2023	2023 %*
CEB	Major Hydro	1,383	1,413	1,413	32%
	Thermal - Coal	900	900	900	21%
	Thermal - Oil	654	654	801	18%
	Non- Conventional Renewable Energy - Wind	104	104	104	2%
	Total - CEB	3,040	3,071	3,218	73%
IPP	Thermal	433	270	387	9%
	Non- Conventional Renewable Energy - Mini Hydro	414	414	419	10%
	Non- Conventional Renewable Energy - Wind	148	148	163	4%
	Non- Conventional Renewable Energy - Other	150	180	193	4%
	Total - IPP	1,146	1,013	1,163	27%
Total	4,186	4,084	4,381		

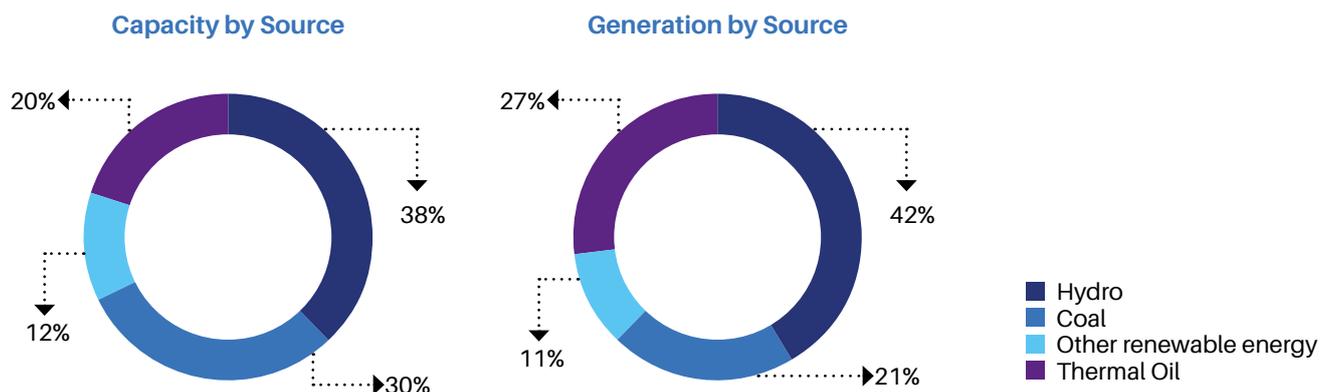
Source: CEB Statistical Digest Report 2022 and CEB Statistical Digest Report 2023 accessed on 2nd August 2024

*Percentages are calculated based on the total installed capacity base of 4,381 MW

At the end of 2023, the installed capacity of Sri Lanka comprised 2,088 MW (47.7%) of thermal power generation capacity and 2,293 MW (52.3%) of renewable energy-based power generating capacity.

Sri Lanka generated total electricity of 15,576 GWh⁹ in 2023, and the highest peak demand recorded in 2023 was 2,414.8 MW⁸.

Figure 3-1 Sri Lanka Capacity and Generation by Source - 2023



Source: CEB Statistical Digest - 2023, Ceylon Electricity Board accessed on 12 July 2024

The future outlook of Sri Lanka Power Sector

The electricity demand in Sri Lanka is expected to reach up to 27,300 GWh by 2030, growing at a CAGR of 6% (2023-2030), whilst peak demand is expected to reach 4,378 MW by 2030⁹ in Sri Lanka.

In line with the worldwide movement towards low carbon-intensity energy systems, the GoSL has committed to give prominence to sustainable electricity generation to meet the future demand for electricity. By 2030, GoSL intends to

⁹ Long term generation expansion plan 2023-2042, Ceylon Electricity board accessed through <https://www.ceb.lk/publication-media/planning-documents/121/en> on 14 August 2024

source 70%⁹ of the power generation from renewable energy, a significant increase from the current level of 52.3%⁸. Since the major hydropower potential in the country has been vastly exploited with only 31MW⁹ capacity additions from major hydropower envisaged for development in the next two decades, Sri Lanka has to rely on significant growth in wind and solar capacity additions to achieve the renewable energy target. As a result, Sri Lanka's total energy mix from wind and solar is expected to increase from 11% in 2023⁸ to 50% by 2042⁹.

In line with the policy of GoSL to transition towards sustainable energy generation, LTLH intends to actively participate in future GoSL projects aimed at enhancing the renewable energy generation capacity of the country. LAK is the lead member of the consortium which was awarded for the development of the 100MW solar power project in Siyambalanduwa¹⁰, which is the largest ground mounted solar power project and first large-scale renewable power project to be undertaken under the IPP model in Sri Lanka. The project which is currently under development through the SPV named Rividhanavi (Private) Limited signifies LTLH Group's commitment to develop large scale renewable power projects to support the country's policy towards sustainable electricity generation.

It should be noted that the transition towards sustainable energy generation will be gradual since the capacity to replace fossil fuel generation sources will require large investments and necessary grid support technologies. The CEB estimates Sri Lanka will require investments of US\$ 25.2Bn between 2023-2042, for the forecasted capacity expansions in the development of the required Wind and Solar power plants⁹.

Further, due to the intermittent nature of renewable power generation, the generation mix of the country will continue to require firm capacity such as storage hydropower and conventional thermal power plants which can be dispatched based on the requirements of the national grid.

CEB estimates that Sri Lanka will require an additional 3,080 MW of Thermal capacity (including LNG) by 2042. Out of this, combined cycle power generation capacity of the country is to increase by 700 MW by 2027⁹. This capacity will be added to the national grid by the two combined cycle power plants developed by LTLH, under subsidiaries Sobadhanavi Limited (350 MW) and Sahasdhanavi Limited (350 MW) in the Kerawalapitiya Power Plant complex. These two power plants are to be operated using LNG upon the development of the LNG infrastructure in the country, and also has the ability to replace LNG by Hydrogen for upto 30% as well in the future.

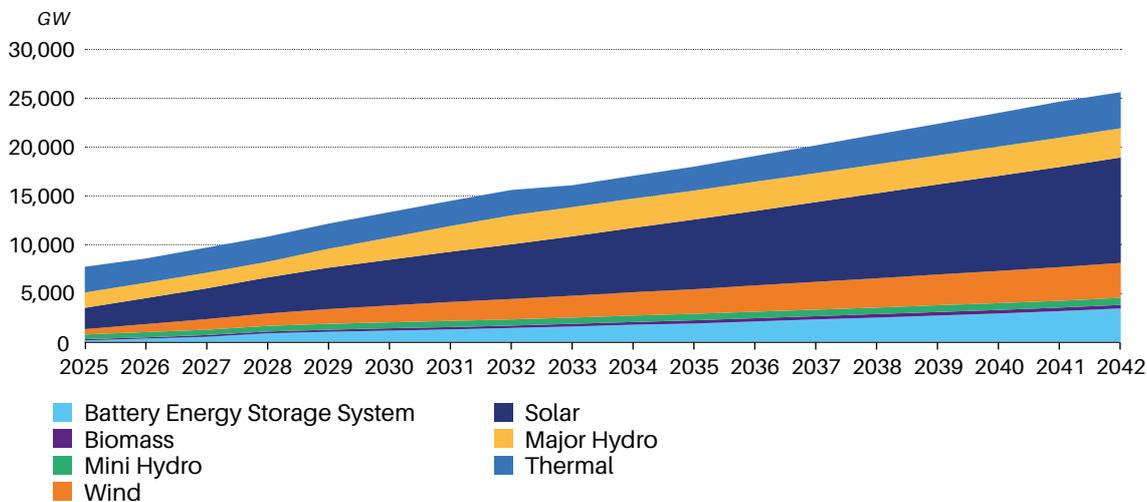
Due to the adverse environmental impact of oil and coal, LNG has been identified as the better alternative fuel source¹¹, since it is a significantly cleaner form of fuel than oil and coal and is notably more energy and cost-efficient. The GoSL is currently pursuing the options available for Sri Lanka to develop the necessary infrastructure and to secure the supply of LNG to enable the Power Plants at Kerawalapitiya to generate electricity using LNG as the main source of fuel within the next few years. The CEB proposal also took into account the possibility of converting the fuel sources of the other existing combined cycle power plants in Sri Lanka from Liquid Fuel to LNG. Further, CEB has not envisaged any new additions to Coal Based Power Generation in the future considering environmental impacts⁹.

As mentioned, given the intermittent nature of renewable-based energy generation and the lack of economically viable energy storage mechanisms, such as battery storage, LNG power plants such as Sobadhanavi and Sahasdhanavi will therefore have a key role to play in providing the necessary base load and enhancing the country's energy security while also facilitating the transition to the increased reliance on cleaner sources of energy for the generation of electricity in Sri Lanka.

¹⁰ <https://www.dailynews.lk/2024/02/09/admin-catagories/breaking-news/390123/sri-lankas-first-large-scale-solar-project-unveiled/> accessed on 08 August 2024

¹¹ The Institute of Engineers Sri Lanka, <https://iesl.lk/SLEN/52/Switching%20Power%20Sector%20from%20Fuel%20Oil%20Coal%20to%20LNG.php> accessed on 23 May 2022

Figure 3-2 Sri Lanka Projected Electricity Capacity Mix



Source: Long Term Generation Expansion Plan 2023 - 2042, Ceylon Electricity Board accessed on 10 July 2024

3.2 BANGLADESH POWER SECTOR

Following the introduction of reforms to the Bangladesh power sector in the early 90's, the private investments were allowed to enter the power sector of the country. This enabled companies like LTLH to invest in power plants in Bangladesh. At present, LTLH has three thermal based power plants in Bangladesh with a combined installed capacity of 218 MW.

The access to electricity in Bangladesh has risen significantly over the years reaching 99.4% as of 2022¹². During FY23, Bangladesh generated total electricity of 88,450 GWh¹³ (+3.32% YoY) with a total generation capacity of 24,911 MW. The highest peak demand recorded during FY23 was 15,648 MW¹³ which witnessed a 5.9% growth relative to the previous year. Despite challenges during the COVID-19 pandemic, electricity consumption has shown notable progress, increasing at a 5-Year CAGR of 5.8% reaching 79,270 GWh (+3.4% YoY) in FY23 (The difference between generation and consumption of electricity here is the losses that occur in transmission).

To meet the growing demand for electricity, Bangladesh's power generation capacity witnessed a robust growth with a 10 year CAGR of 12.6%, reaching 24,911 MW by 2023¹³. This was aided by the favorable structural reforms in the power sector coupled with the active participation of the private sector.

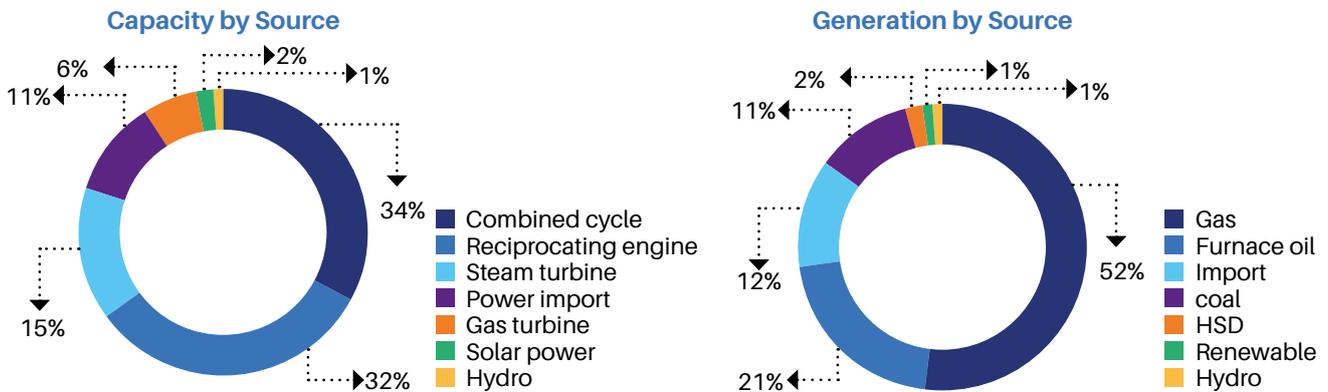
At present, the state organizations lead the power generation in the country, accounting for 47.9% of total generation, followed by private sector power generation at 40.3%, and the remainder being imported from India¹³.

The power generation capacity of the country is highly skewed towards thermal based power generation contributing c. 87% of total generating capacity whilst renewable-based sources contributed 2.8% and the remaining 10.7% was through imported power¹³.

¹² World Bank Group accessed through <https://data.worldbank.org/indicator/EG.ELC.ACCS.ZS?locations=BD> on 10 July 2024

¹³ BPDP Annual Report FY2022-2023, accessed through https://bpdh.portal.gov.bd/sites/default/files/files/bpdh.portal.gov.bd/page/771c9a89_a06c_4c2f_9b8c_699d17ed769a/2023-12-20-09-13-bc35a2ac1abda167c7c48437e4dc1061.pdf on 10 July 2024

Figure 3-3 Bangladesh Capacity and Generation by Source - 2023

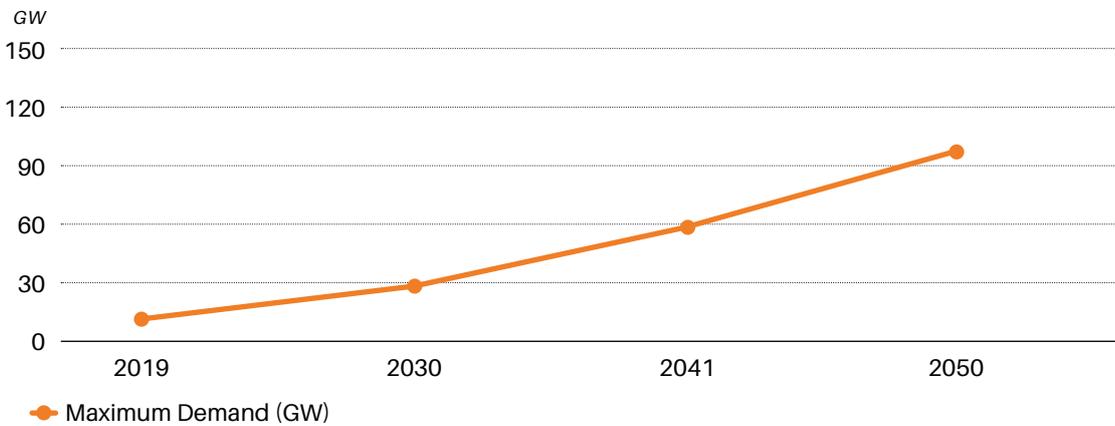


Source: BPDP Annual Report FY 2022-23

Power Industry Outlook of Bangladesh

The strong momentum in demand for electricity is expected to continue, driven by the rapid progression of the country. Bangladesh’s GDP is estimated to grow in the range from 5.7% to 7.0% from 2024 to 2029¹⁴, which bodes well for the future electricity demand. The peak demand for electricity is forecasted to reach to 29,257MW by 2030 and 58,597 by 2041¹⁵ growing at a CAGR of 7.1% from 2019 to 2041.

Figure 3-4 Bangladesh Forecasted Future Maximum Demand



Source: Integrated Energy and Power Master Plan (IEPMP) 2023

At present, natural gas is the backbone of energy generation in Bangladesh. However, due to depletion of local natural gas supplies, Bangladesh is seeking to reduce its reliance on natural gas and diversify into other conventional fuel sources. As a result, alternative imported energy source such as Coal, LNG, Nuclear Power and imported power from neighboring countries are being explored.

¹⁴ World Economic Outlook 2024 accessed through <https://www.imf.org/-/media/Files/Publications/WEO/2024/April/English/text.ashx> on 10 July 2024

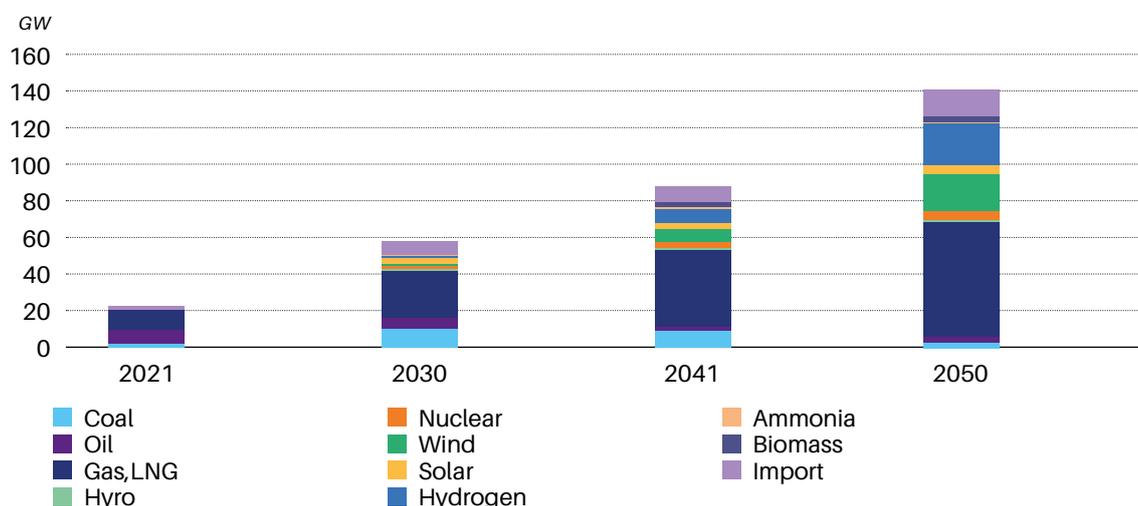
¹⁵ Integrated Energy and Power Master Plan (IEPMP) 2023 accessed through https://powerdivision.portal.gov.bd/sites/default/files/files/powerdivision.portal.gov.bd/page/4f81bf4d_1180_4c53_b27c_8fa0eb11e2c1/IEPMP%202023.pdf on 10 July 2024

Despite these diversification efforts, natural gas is expected to maintain its dominance as it is a cleaner source of energy in comparison to other fossil fuel alternatives. The Natural gas share in Bangladesh’s energy mix is projected to range between 45% to 50% from 2021 to 2050¹⁵.

However, the additional environmental impact and the public opposition with regard to coal-based power plants remains a barrier in future power mix. Therefore, long term diversification is expected to eventually take place to bring a more balanced power mix. It is envisaged that the overall contribution by coal power will be reduced to just 1% of Bangladesh’s energy mix by 2050.

In alignment with global trends toward low carbonization, Bangladesh aims to achieve a clean power generation ratio of 40%¹⁵ by 2041, including renewable energy, hydrogen/ammonia thermal power, thermal power with Carbon Capture and Storage (CCS), nuclear power, and imported hydropower. By 2050, the share of wind power and hydrogen-fired thermal power is expected to increase significantly, contributing 17% and 19% of the total capacity, respectively.

Figure 3-5 Bangladesh Composition of the Installed Capacity - PP2041



Source: Integrated Energy and Power Master Plan (IEPMP) 2023

According to the Integrated Energy and Power Master Plan (IEPMP) 2023, existing installed capacity of 21.5GW in 2021 is scheduled to gradually decrease to 6.7GW by 2041 as aging plants are retired, widening the gap between generation capacity and demand. Therefore, to meet the future demand, new capacity additions of 121GW has been envisaged in the future.

Table 3-2 Forecasted Capacity and Forecasted Demand

In GW	2021	2030	2041	2050
Capacity from Existing Power Plants	22	16	7	1
Capacity from future additions	-	26	71	121
Total Capacity	22	42	78	122
Maximum Demand	14	29	59	97

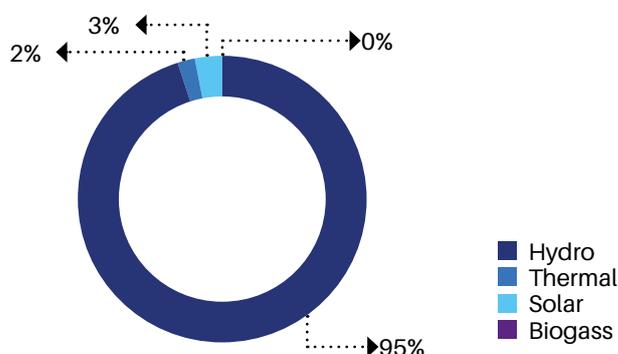
Source: Integrated Energy and Power Master Plan (IEPMP) 2023

We believe that the current social and political unrest in the country will not have a medium to long term impact on the expected growth trajectory of the country. LTLH intends to leverage on its strong expertise and established presence in Bangladesh to continue exploring opportunities to expand its installed power generation capacity in Bangladesh, in both thermal and renewable energy. LTLH will also focus on expanding its EPC and O&M services to power plants operating in Bangladesh and explore new opportunities in the country in other business segments of the LTLH Group such as galvanizing and fabrication of steel.

3.3 NEPAL POWER SECTOR

The introduction of reforms in Nepal power sector, enabled investment companies like LTLH to enter the electricity generation market in Nepal. As a country with substantial hydro power resources, LTLH has entered this market with the development of a 10 MW Hydro Power Plant (Makari Gad) and is positioned pursue further opportunities in undertaking power projects in the country.

Figure 3-6 Nepal Installed Capacity by Source - 2023



Source: Nepal Electricity Authority Annual report 2023

As of 2022, about 91.3%¹⁶ of Nepal's population had access to electricity, but the supply is of poor quality due to supply shortages and reliability issues¹⁷. Despite an increase in per capita electricity consumption, from 63 kWh in 2000 to 267 kWh in 2020, Nepal remains as one of the countries with the lowest per capita electricity consumption in Asia¹⁸.

Nepal Electricity Authority (NEA) is the sole-off-taker of power generation from IPPs in the country. It also operates its own power plants consisting of Hydro, Solar and Thermal, which contributes 44% of Nepal's energy demand. The balance demand is supplied by IPPs, and electricity imported from India, which contributes 41% and 15%, respectively¹⁹.

Although Nepal imports electricity from India, primarily to the western part of the country, which faces a generation deficit due to an inability to meet growing demand, transmission line constraints prevent the surplus generation in the eastern region from being fully transmitted to the west. As a result, Nepal both exports and imports electricity. In FY23, Nepal exported 1,346 GWh of electricity, leading to a net import of 487 GWh¹⁹.

¹⁶ The World Bank, accessed through <https://data.worldbank.org/indicator/EG.ELC.ACCS.ZS?locations=NP> on 10 July 2024

¹⁷ Hydropower Development and Economic Growth in Nepal, ADB South Asia Working Paper Series, No.70, June 2020, Asian Development Bank accessed on 10 July 2024

¹⁸ Energy Outlook for Asia and the Pacific. Manila: Asian Development Bank, 2015 accessed through <https://www.adb.org/sites/default/files/publication/29782/energy-outlook.pdf> on 10 July 2024

¹⁹ Nepal Electricity Authority, Annual report 2022/23 accessed through https://www.nea.org.np/annual_report on 10 July 2024

The landlocked country has ample water resources (c. 45,000 km of rivers/streams), translating to around 42,133 MW of economically viable²⁰ hydro power. In 2023, Nepal was constructing nine projects which would add 615 MW to the grid. At the same time projects with an aggregate capacity of 3.6GW capacity have been proposed to be added in the future²⁰. These expansion plans for renewables are expected to greatly reduce Nepal's reliance on energy imports and be a self-sufficient nation in respect of its energy requirements.

Rapid urbanization and the surge of energy-intensive industries is expected to drive demand for electricity from 7,313GWh (2022) to 59,498GWh (in 2040)²¹.

Nepal's potential from LTLH's perspective goes beyond meeting its domestic demand. LTLH can contribute to Nepal's capacity expansion, which will not only support Nepal in becoming more self-sufficient in energy but also enhance its ability to export electricity to India, particularly to the neighboring states of Uttar Pradesh and Bihar, which are among India's most populous and power-deficient regions.

3.4 INDIAN POWER SECTOR AND THE POTENTIAL OF LTLH

LTLH has a presence in India through the acquisition of ASIATIC in 2016, which manufactures medium and low voltage distribution products.

The Indian power sector is characterized by a diverse mix of energy sources. The country has a total installed capacity of around 417 GW as of 31st May 2023²². This capacity is distributed among coal (49.1%), renewable energy sources including wind, solar, and hydro (38.8%), and natural gas, nuclear, and other sources (12.1%). The renewable energy sector, particularly solar and wind, has seen rapid growth due to government policies and incentives.

India has a robust framework of state-owned and private entities in the power generation and distribution sectors. The state-owned National Thermal Power Corporation (NTPC) is the largest power producer, while there are other private sector participants.

The country's renewable energy potential is immense, with solar power estimated to be around 748 GW²³ and wind power around 695 GW²⁴. In 2023, India was developing multiple large-scale solar parks and wind farms, aiming to add over 500 GW of renewable capacity by 2034. These projects are a part of India's commitment to increasing the share of renewables in the energy mix and reducing carbon emissions under international climate agreements.

India's demand for electricity is projected to grow substantially due to urbanization, industrialization, and population growth. The total electricity consumption is expected to rise from 1,624 TWh in 2021 to around 2,500 TWh by 2030²⁵. This growing demand will drive significant investments into power infrastructure, including generation, transmission, and distribution networks.

LTLH has been awarded two Solar Projects in India with a combined capacity of 8 MW, through ASIATIC. This will serve as a stepping-stone in establishing LTLH's presence as an Independent Power Producer, with a focus on undertaking further renewable projects in India, whilst continuously focusing on increasing its presence in the Indian market via the operations undertaken by ASIATIC.

²⁰ *Electricity Demand Forecast Report (2015 - 2040)*, Water and Energy Commission Secretariat, Government of Nepal, January 2017

²¹ *Government of Nepal, Water and energy Commission Secretariat, Electricity Demand Creation in Different Sectors*, [http://weecs.gov.np/source/Electricity%20demand%20creation%20in%20different%20sectors%20\(3\).pdf](http://weecs.gov.np/source/Electricity%20demand%20creation%20in%20different%20sectors%20(3).pdf) accessed 10 July 2024

²² *Power Sector at a Glance ALL INDIA | Government of India | Ministry of Power (powermin.gov.in)* accessed through <https://powermin.gov.in/en/content/power-sector-glance-all-India> on the 3 August 2024.

²³ *Press release Detailm: Press Information Bureau (pib.gov.in)* accessed through <https://pib.gov.in/PressReleaseDetailm.aspx?PRID=1754477> on the 10 July 2024.

²⁴ *India's Wind Potential Atlas at 120m agl (niwe.res.in)* accessed through https://niwe.res.in/assets/Docu/India's_Wind_Potential_Atlas_at_120m_agl.pdf on the 3 of August 2024

²⁵ *India's Electricity Transition Pathways to 2050*, The Energy And Resources Institute accessed through https://www.teriin.org/sites/default/files/2024-02/Power_Sector_2050_Report.pdf on the 3 August 2024

4 SOURCES OF INFORMATION

The following sources were referred to when formulating the Company Overview, Industry Overview, and the Forecasts and Valuation:

1. Audited/Draft Unaudited stand-alone Financial Statements of LTLH Group and consolidated Financial Statements of LTLH for the Financial Years ended March 31, 2022, 2023 and 2024
2. Power Purchase Agreements, Fuel Supply Agreements, Implementation Agreements and Service Agreements, O&M Agreements and EPC contracts related to LTLH and its Group companies
3. Budgets and internal forecasts provided by the Management of LTLH and its respective subsidiaries
4. Information on S&P Capital IQ Platform and Bloomberg Terminal
5. Trading related information available on the Colombo Stock Exchange
6. Input from the management in the form of discussions and budgets (in order to gain a better understanding of the nature of operations and future growth plans associated with the relevant companies)
7. Other publicly available information (referenced wherever used)

The Joint Managers to the Issue are of the view that the information sources listed above were adequate to carry out the equity valuation of LTLH in a fair and reasonable basis to the best of their knowledge.

Furthermore, it should be noted that the Joint Managers to the Issue have not carried out an independent verification of the information provided by the Company. In addition, no information has come to the attention of the Joint Managers to the Issue to believe that the facts and data set forth in the report is incorrect.

5 VALUATION SUMMARY

The assumptions used to arrive at the fair value of the Shares of LTLH detailed below are given in Section 8.0 and the applicable methodologies in deriving the same are detailed in Section 7.0.

5.1 VALUATION OVERVIEW

Given that LTLH is a holding company comprising of a significant number of subsidiaries held directly or indirectly via Group entities, the Joint Managers to the Issue employed a Sum-Of-The-Parts (SOTP) approach (combination of Discounted Cash Flow Method and the Net Asset Value Method) as the primary valuation methodology in arriving at the value of LTLH. In addition to the SOTP approach, a forward Price-to-Earnings based relative valuation method (Forward PER) was also carried out as a secondary valuation to validate and support the primary valuation. The SOTP approach was considered the most suitable valuation method given the lack of directly comparable peers on the CSE, and hence was solely considered as the basis of the fair value LTLH.

Furthermore, a group-wide valuation purely on Net Asset Value was disregarded for this valuation exercise as it does not adequately capture the earning capacity of the Company. However, as detailed in Sections 7.1.2 and 8.2.6, entities that provide support services and non-operational entities have been considered at NAV for the SOTP valuation.

The following table depicts the equity values and the per share fair values derived with respect to each of the valuation approaches used.

Table 5-1 - Valuation Summary

Valuation Methodology	Equity Value (LKR Mn)	Per Share Value (LKR)*	Upside to the Offer Price of LKR 14.50
PRIMARY VALUATION METHODOLOGY			
Sum-Of-The-Parts (SOTP) Approach (combination of DCF and NAV methodologies)**	93,112	19.39 ²⁶	33.75%
SECONDARY VALUATION METHODOLOGY			
Forward Price-to-Earnings based Relative Valuation Method***	174,363	36.32	150.46%

*per share value based on the pre-IPO number of Shares in issue (4,801,193,380 shares)

**Valuation as at March 31, 2024

***Based on Peer Multiples as at July 10, 2024. The resultant Per Share Value and Upside to the Offer Price based on the Post-IPO number of Shares amounts to LKR 28.21 and 94.56%, respectively.

Accordingly, the proposed Offer Price of LKR 14.50 per share provides a 33.75% upside to investors, based on the SOTP-based valuation, which was considered in the determination of the fair value of LTLH.

²⁶ The per share value setout herein, is subject to the viability forecasts/assumptions made in Section 8 of this Research Report

5.2 SUM-OF-THE-PARTS VALUATION OVERVIEW

Table 5-2 - SOTP Company-Wise Valuation Summary

Business Segment	Company	Effective Holding of LTL Holdings (%)	Valuation Method ²⁷	Equity Value (LKR Mn)	Value Attributable to LTL Holdings (LKR Mn)
Holding Company	LTL Holdings (Private) Limited [LTLH]		DCF	1,031	1,031
Manufacturing and Heavy Engineering	LTL Transformers (Private) Limited [LTLT]	100.00%	DCF	4,829	4,829
	LTL Galvanizers (Private) Limited [LTLG]	100.00%	DCF	4,488	4,488
	Asiatic Electrical & Switchgear (Private) Limited [ASIATIC]	99.07%	DCF	3,606 ²⁸	3,573
Renewable Power Generation	Nividhu (Private) Limited [NIVIDHU]	65.00%	DCF	245	159
	Nividhu Assupiniella (Private) Limited [NAE]	65.00%	DCF	299	194
	Pawandanavi (Private) Limited [PDPL]	51.00%	DCF	692	353
	Makari Gad Hydropower Pvt. Ltd [MAKARI]	50.88%	DCF	1,600	814
Thermal Power Generation	Lakdhanavi Bangla Power Limited [LBPL]	41.89%	DCF	3,734	1,564
	Raj Lanka Power Company Limited [RAJ]	59.53%	DCF	689	410
	Feni Lanka Power Limited [FENI]	45.94%	DCF	19,584	8,997
	Sobadhanavi Limited [SOBA]	81.70%	DCF	28,345	23,158
Engineering Services	Infra & Engineering (Private) Limited [INFRA]	81.70%	DCF	4,180	3,415
	Lakdhanavi Limited [LAK]	81.70%	DCF	50,958	41,633
Other	Bright International Power Pte. Ltd [BRIGHT]	81.70%	NAV	985	805
	Heladhanavi Limited [HELAD]	81.70%	NAV	584	477
	Lanka Industrial Products Engineering (Private) Limited [LIPE]	100.00%	NAV	35	35
	LTL Energy (Private) Limited [LTLE]	55.00%	Adjusted NAV	(178) ²⁹	(98)
	L D Heavy Engineering (Private) Limited [LD]	81.70%	NAV	335	274
	Dividend Adjustment - LTLH ³⁰			(3,000)	(3,000)
	Total				123,043

²⁷ As cited in Section 5.1, a pure group-wide valuation based on NAV was not conducted due its failure to capture the growth potential of the Group in a meaningful manner. However, for the purpose of the SOTP valuation, five subsidiaries were valued based on the NAV. Refer Sections 7 and 8.2.6 for further details.

²⁸ LTLH secured two solar power projects amounting to a capacity of 8 MW in India. Returns from the two solar power plant SPVs/projects incorporated under ASIATIC have not been factored in the valuation since these are yet to be commissioned. (Refer Section 8.2.2.1 for further details.

²⁹ LTLE is the majority shareholder of MAKARI. Since MAKARI is valued separately for the valuation purposes, the NAV of LTLE is adjusted by carving out the investment in MAKARI recorded on the balance sheet of LTLE. This treatment causes the Adjusted NAV of LTLE to be negative.

³⁰ Dividend already declared on account of FY24 earnings has been deducted from the valuation.

Accordingly, a per share value of LKR 19.39 for LTLH was arrived at, after dividing the total Equity Value of LTLH (LKR 93,112 Mn) by the pre-IPO number of Shares in issue (4,801,193,380 shares). The SOTP valuation was conducted on a pre-money basis, i.e. the value generated from the use of proceeds of the IPO (investments into Rividhanavi and Sahasdhanavi) are not considered and hence not reflected in the forecast financials provided in Section 6.0 either. Therefore, the resultant valuation has been divided by the pre-IPO number of Shares to derive the per share value.

The following table depicts the general approach adopted in valuing the subsidiaries of LTLH based on the business segment of the respective subsidiary (refer Section 7.1 for further information on the SOTP valuation methodology).

Table 5-3 - SOTP Valuation Approach

Business Segment	Approach
Holding Company/Manufacturing and Heavy Engineering	Discounted Cash Flow Methodology - Based on financials forecasted for 5 years. Thereafter, a terminal value was calculated.
Renewable and Thermal Power Generation	Discounted Cash Flow Methodology - Based on financials forecasted until the end of the PPAs of the respective power plants.
Engineering Services	Discounted Cash Flow Methodology - Based on financials forecasted until the end of the O&M contracts currently undertaken.
Other	Based on the Net Asset Value/Adjusted Net Asset Value

5.3 FORWARD PRICE-TO-EARNINGS (PER) BASED RELATIVE VALUATION OVERVIEW

Table 5-4 - Forward PER based Relative Valuation Summary

In LKR Mn unless otherwise stated	
Net Profit to Equity Holders of LTLH - FY26	15,031
FY26 PER of Listed Proxy (x)	11.6 x
Equity Valuation of LTLH	174,363
Shares in Issue pre-IPO (nos.)*	4,801,193,380
Value per share of LTLH (LKR)	36.32

*The pre-IPO Shares were considered since the forecasted earnings do not reflect the financial impact of the equity infusion from the IPO (valuation conducted on a pre-money basis). Please refer Section 5.2 for further details. The resultant Value per share computed on the post-IPO Shares amounts to LKR 28.21

A 2-year forward multiple based relative valuation was derived using the Net Profit attributable to the Parent for FY26 as the respective earnings benchmark since it will be the first financial year which will fully reflect the performance of Sobadhanavi Limited, once it's commissioned as a combined cycle power plant (refer Section 7.2.2 for further details).

Furthermore, given the unique profile of LTLH as the leading IPP and a holistic power solutions provider in Sri Lanka, there is an absence of a directly comparable listed peer on the CSE. However, WindForce PLC was considered as a Listed Proxy in order to carry out this valuation exercise, based on the criteria set out in Section 7.2.1 of this report.

6 CONSOLIDATED FINANCIALS

6.1 CONSOLIDATED STATEMENTS OF PROFIT/LOSS

Table 6-1 - Proforma Consolidated Statements of Profit/Loss [FY23 to FY29E]

	FY23	FY24	FY25E*	FY26E*	FY27E*	FY28E*	FY29E*
In LKR Mn							
Revenue	53,785	59,753	91,906	148,157	149,776	153,383	157,529
Gross Profit	17,188	18,910	20,028	37,302	38,233	39,285	39,934
EBIT	19,922	13,048	17,078	34,110	34,686	35,325	35,588
Net Finance Cost	(4,193)	(5,353)	(4,905)	(9,722)	(8,258)	(7,052)	(5,940)
Profit Before Tax	15,729	7,695	12,173	24,388	26,427	28,274	29,648
Profit After Tax	13,234	5,750	8,127	20,059	21,433	22,864	23,726
Profit Attributable to Parent	10,372	4,365	5,871	15,031	15,799	16,849	17,726
<i>GP Margin</i>	32%	32%	22%	25%	26%	26%	25%
<i>EBIT Margin</i>	37%	22%	19%	23%	23%	23%	23%
<i>NP Margin</i>	25%	10%	9%	14%	14%	15%	15%
Effective P/E multiple**			11.86	4.63	4.41	4.13	3.93

*The financial impact resulting from the eventual operations of Rividhanavi (Private) Limited and Sahasdanavi Limited, (for which the IPO proceeds will be routed) have not been factored into the projections. Both of these projects are expected to yield equity IRRs of 15% in USD terms as per initial management estimates. Furthermore, the financial impact of the 8 MW of solar power to be developed in India (which has been awarded to ASIATIC) is not reflected either. The projections above incorporate the income statement resultants of the explicitly forecasted companies (companies valued via the DCF methodology as depicted in Table 5-2) and are based on the existing operations of the LTLH Group and Sobadhanavi Limited (which will be commissioned in August 2024).

**Effective P/E multiple = Number of existing Shares * Offer Price/Profit Attributable to Parent.

The LTLH Group enjoyed substantially higher profit margins in FY23 owing to exchange gains on foreign currency holdings (c. LKR 3.5 Bn) and other non-recurring incomes (c. LKR 4.5 Bn) which are reflected under EBIT during the year. As for FY24, there was an increase in net finance costs on account of facilities obtained by LAK to facilitate the provision of construction services to SOBA, which could have been capitalized had the project loan been disbursed during the year (SOBA project loans are expected to be disbursed in FY25).

Furthermore, the utilization of a significant portion of the Group's foreign currency reserves for the development of SOBA contributed to the decrease in finance income in FY24.

A significant increase in revenue is expected in FY25 with the commissioning of the open cycle phase of SOBA. However, the higher revenue does not translate to a significant increase in gross profits during the year since the power plant will receive the capacity charge for only the 3-month operational period for a lower capacity of 212 MW under open cycle operations (SOBA will have to be temporarily shut down for combined cycle testing and commissioning work to be carried out in order to prepare the plant for combined cycle operations from the start of FY26). Furthermore, it should be noted that the revenue includes the fuel charge (in line with the tariff structure of thermal PPAs) which is a passthrough cost for the power offtaker. This will be a drag on profitability margins in FY25.

The financial performance of the Group in FY26 includes the first full year of operations of SOBA under combined cycle operations on Diesel, whereby the increase in capacity to 312MW and higher plant efficiency as a result of the operation of both the gas turbine and steam turbine will result in the significant increase in profitability from the gross profit level. Parallely, an increase in the net finance cost is expected in FY26 primarily on account of the finance cost in relation to the SOBA project loan. As a result, the profit attributable to the parent is expected to reach LKR 15 Bn by FY26 and grow thereon (please refer Section 8.2.5.6 for further details). This effect is also reflected in the drop in the effective P/E multiple on FY26 profitability and beyond.

Given that the valuation of LTLH includes the value of SOBA, which only commences full year operations in FY26, profitability from FY26 onwards is the most accurate representation of LTLH's operating outlook as reflected in the effective forward P/E multiples as well. In addition, the returns of the Rividhanavi and Sahasdhanavi (equity contributions for these will be partially funded through this IPO) will commence flowing in during the period analyzed here, thus providing substantial further upside to prospective IPO investors.

A further point to note is that profits generated through the provision of EPC services for the development of power plants within the Group are not reflected in the consolidated financial statements as a result of inter-company eliminations in line with the accounting standards. However, there is significant cash accumulation (as early as FY25 when the SOBA project loan is disbursed) as a result of the same, which can be utilized to finance future projects and provide attractive dividends to shareholders.

Additionally, given LTLH's unmatched track record in the sector in Sri Lanka, its status as the only entity with participation across the power sector value chain and its regional expertise, LTLH is uniquely positioned to take advantage of certain upstream and downstream opportunities that are expected to arise in the near future. LTLH is already in discussions with GoSL to facilitate the development of the requisite LNG infrastructure to enable the three power plants of LTLH in Kerawalapitiya with a combined capacity of 1,000MW to operate on LNG in the coming years. Furthermore, LTLH expects to be involved as a private sector participant in the eventual restructuring of the CEB (as contemplated by the recently passed Sri Lanka Electricity Act No. 36 of 2024), when the envisaged restructuring materializes.

6.2 CONSOLIDATED PROFORMA DEBT POSITION AND NET ASSET VALUE OF THE LTLH GROUP

Table 6-2 - Consolidated Proforma Debt Position [FY25E to FY29E]

Total Debt (in LKR Mn)	FY25E	FY26E	FY27E	FY28E	FY29E
Debt residing at Sobadhanavi Limited	46,177	49,955	45,486	41,018	36,552
Debt residing at the Bangladesh Power Plants	27,315	17,681	15,816	14,288	13,785
Debt residing at Other Foreign Group Companies	4,485	4,495	4,494	4,446	4,328
Debt residing at Other Sri Lankan Companies	5,404	2,411	135	90	45
Total Debt*	83,382	74,542	65,931	59,842	54,710

*Includes the term borrowings and working capital facilities of the companies valued via the DCF method, as depicted in Table 5-2.

The majority of debt from FY25 is forecasted to reside at SOBA level owing to the project loan that would be obtained from syndicate banks and from its working capital facilities. SOBA's debt position will subsequently subside with the gradual settlement of project loans. A significant level of debt exists at the Bangladesh-based thermal plants, primarily at FENI which has outstanding USD-denominated term loans amounting to c. USD 45.9 Mn as at FY24. These are the project loans obtained to construct the plant in FY19. These will also subside with the gradual settlement in line with the respective repayment schedule.

Table 6-3 - Consolidated Proforma NAV [FY24 to FY29E]

In LKR Mn	FY24	FY25E	FY26E	FY27E	FY28E	FY29E
Closing Net Asset Value Attributable to the Parent Company	56,611	59,482	68,714	77,313	86,562	96,188

The NAV Attributable to the Parent Company is expected to substantially increase upon the commencement of Combined Cycle operations of SOBA in FY26. Do note that this pro forma NAV calculation is conducted on a pre-money basis and does not consider the IPO proceeds or the returns generated through the use of IPO proceeds. Furthermore, any effects stemming from Other Comprehensive Income have not been factored (e.g. - foreign currency-related consolidation adjustments at LTLH level).

7 VALUATION METHODOLOGY

The Joint Managers to the Issue utilized a Sum-Of-The-Parts (a combination of DCF and NAV methodology) approach as the primary valuation approach in arriving at the value of LTLH. In addition to the primary valuation approach, a forward Price-to-Earnings (P/E) based Relative valuation was carried out as a secondary valuation to validate and support the primary valuation.

A group-wide Net Asset Value based valuation was disregarded for this valuation exercise as it does not capture the earnings capacity of the Company. However, the NAV approach was utilized in valuing BRIGHT, HELAD, LIPE, LTLE and LD, since detailed financial forecasts have not been carried out for these companies (Refer Table 7-2 for further information).

7.1 SUM-OF-THE-PARTS (SOTP) VALUATION METHODOLOGY

7.1.1 Discounted Cash Flow Method (DCF)

The DCF analysis takes into consideration the future free cash flows and their timing to arrive at the theoretical value of a firm. As such, the DCF approach, utilized to arrive at the intrinsic values for LTLH and its subsidiaries in this valuation exercise, was deemed appropriate given that it captures the business fundamentals of LTLH as well as its growth prospects.

The following lays down the theoretical underpinnings of this method.

- The **Business Value** attributable to the Capital Providers of the firm is reflected by the summation of the present values of all future Free Cash Flows available to the providers of capital, discounted at an appropriate discount rate.
- The **Strategic Value** is arrived after adjusting the Business Value for any Non-Operating Assets and/or Liabilities.
- Accordingly, the Business Value attributable to shareholders refers to the Free Cash Flows attributable to Equity providers (FCFEs), discounted to the present at an appropriate Cost of Equity. The Joint Managers to the Issue have forecasted the future cash flows of the LTLH and its subsidiaries valued under the DCF method until the last year of relevant explicit period as outlined in Table 7-1. Furthermore, as depicted in Table 7-1, for LTLH, LTLT, LTLG and ASIATIC, (the Holding Company and the companies with manufacturing and heavy engineering operations), a time-horizon from FY25 to FY29 was considered as the explicit time horizon, and a terminal value was considered to capture the value of FCFEs in the implicit period. The resale values for the Bangladesh power plants have also been factored into the models at the end of the PPAs of the respective power plants, given that these are engine based power plants which have a secondhand market.

Table 7-1 - Rationale for the Explicit Period - DCF Valuation

Company	Explicit Period from	Rationale and Approach
Holding Company and Manufacturing and Heavy Engineering companies [LTL Holdings Limited LTL Transformers (Private) Limited LTL Galvanizers (Private) Limited Asiatic Electrical and Switchgear (Private) Limited]	FY25E to FY29E	A five-year time horizon was deemed reasonable based on the availability of the business plans of the respective companies. A terminal value was considered to capture the value of FCFEs in the implicit period.
Nividhu (Private) Limited	FY25E to FY39E	Until the end of the PPA.
Nividhu Assupiniella (Private) Limited	FY25E to FY41E	Until the end of the PPA.
Pawan Danavi (Private) Limited	FY25E to FY33E	Until the end of the PPA.
Makari Gad Hydropower Pvt. Ltd	FY25E to FY53E	Until the end of the PPA.
Lakdhanavi Bangla Power Limited	FY25E to FY30E	Until the end of the PPA. A resale value considered at the end of the PPA.
Raj Lanka Power Company Limited	FY25E to FY29E	Until the end of the PPA. A resale value considered at the end of the PPA.
Feni Lanka Power Limited	FY25E to FY35E	Until the end of the PPA. A resale value considered at the end of the PPA.
Sobadhanavi Limited	FY25E to FY45E	Until the end of the PPA.
Infra & Engineering (Private) Limited	FY25E to FY41E	Until the end of existing O&M contracts.
Lakdhanavi Limited	FY25E to FY45E	Until the end of existing O&M contracts.

The following equation provides the basis of arriving at the Business Value of a Subsidiary of LTLH;

$$V_0 = \left[\sum_{t=1}^T \frac{FCFE_t}{(1 + k_e)^t} \right]$$

Where,

V_0 – Business Value attributable to Shareholders

T – Number of years in the explicit time period

t – Year

$FCFE$ – Free Cash flows to Equity Holders, which was calculated as follows;

Net increase/(decrease) in cash and cash equivalents

(-) Interest Income net of taxes

(+) Scrap Value (if any)

= $FCFE$

K_e – Cost of Equity, which was calculated using the Build-up method as follows;

Risk-free rate

+ Equity risk premium

+ Country risk premium (where applicable)

= Cost of Equity

Accordingly, the following formula was used to derive the intrinsic value attributable to the shareholders:

$$\text{Intrinsic Value of the firm} = V_0 + \text{Other Adjustments}^*$$

* Please refer the company-wise equity value buildups under Section 8 for further insight on Other Adjustments

In arriving at the Value of each subsidiary attributable to LTLH, the Intrinsic Value of the subsidiary was multiplied by the respective shareholding held by LTLH in such a subsidiary.

7.1.2 Net Asset Value Method

The Net Asset Value (NAV) methodology arrives at the value of the company by deducting total liabilities from the total assets at a given point in time.

In arriving at the Value of each subsidiary attributable to LTLH, the Intrinsic Value of the subsidiary was multiplied by the effective shareholding held by LTLH.

$$\begin{aligned} \text{Net Asset Value of the respective subsidiary attributable to LTLH} \\ = [\text{Total Assets} \\ - \text{Total Liabilities}] \times \text{Shareholding \% attributable to LTLH} \end{aligned}$$

The following table outlines the subsidiaries of LTLH valued under the NAV method in the SOTP valuation methodology and the rationale for their consideration.

Table 7-2 - Rationale for the use of the NAV valuation method

Subsidiary	Rationale for relying on the NAV
Bright International Power Pte. Ltd	Engaged in the provision of support services for the core business of LAK
Heladhanavi Limited	No ongoing operations
Lanka Industrial Products Engineering (Private) Limited	No ongoing operations
LTL Energy (Private) Limited*	Functions as the holding company of MAKARI
L D Heavy Engineering (Private) Limited	Engaged in the provision of support services for the core business of LAK

*An adjusted NAV was considered for LTL Energy (Private) Limited. Refer Section 8.2.6 for further insight.

The value per share of LTLH under the SOTP methodology was arrived at using the following formula.

$$\begin{aligned} \text{Value per share of LTLH} \\ = \frac{\sum[\text{Intrinsic Value of the subsidiary}^* \times \text{Shareholding \%}] + \text{Other Adjustments}^{**}}{\text{Shares in issue}} \end{aligned}$$

* Obtained via the DCF or the NAV approaches

** Please refer Section 8.2.6 for more details on Other Adjustments

7.2 FORWARD PRICE-TO-EARNINGS (PER) RELATIVE VALUATION METHOD

The forward P/E multiple was utilized as a market-based metric to gauge the relative value of a share of LTLH.

The P/E multiple is a measure of a company's share price relative to its annual earnings per share. It technically conveys how much money an investor is willing to commit for one unit of firm earnings. A high P/E multiple may be reflective of anticipated earnings growth in the future. Hence, the P/E multiple is used as a supportive market-based measure to factor in the price and growth expectations of the industry to LTLH based on its earnings.

Accordingly, the following formula was used in arriving at the relative value per share of LTLH.

$$\text{Relative Value per share of LTLH} = \frac{\left[\text{Earnings}_{t+2} \times \frac{P}{E} \text{ Multiple} \right]}{\text{Pre - IPO shares in issue}}$$

Where,

Earnings $t+2$ – Earnings attributable to shareholders in FY26E

P/E Multiple – Median P/E Multiple of the Peer Group

7.2.1 Peer Selection

In selecting comparable peer companies under GICS classification "Utilities", companies that own and operate installed capacity exceeding 100 MW and operations beyond Sri Lanka were shortlisted, considering LTLH's existing operational capacity of 894 MW and its presence in Bangladesh, India and Nepal in addition to Sri Lanka. As such, only WindForce PLC (245 MW of installed capacity³¹) was considered as a proxy to LTLH. It should be noted that WindForce PLC too is a proxy and not a directly comparable peer, given LTLH's operations in manufacturing of power distribution equipment and in the provision of heavy engineering services (in addition to power generation and EPC/O&M services), the significant difference in scale of LTLH's current operational capacity (over 3.5x that of the proxy) and its significant exposure to thermal power, where the tariffs structure is different (please refer Section 8.2.5 for further details) as opposed to the tariff structures of SPPA based renewable power projects.

Table 7-3 - Details of the Listed Proxy

Listed Proxy	Market Capitalisation (LKR Mn)*	Profit Attributable to Equity Holders of the Listed Proxy - FY26 (LKR Mn)**	Forward Implied PER - FY26 (x)
WindForce PLC	27,015	2,325	11.6

Source: Bloomberg, CSE

* Market Capitalisation as at July 10, 2024 as per CSE Daily

** Profit attributable to equity holders for FY26E is based on broker consensus from Bloomberg as at July 10, 2024. It should be noted that the broker consensus comprises of a single broker, CT CLSA Securities (Private) Limited, a sister company of CT CLSA Capital (Private) Limited (Joint Managers to the Issue). CT CLSA Securities (Private) Limited has continuously covered WindForce PLC since its IPO in 2021.

³¹ Source: WindForce PLC - Annual Report 2024 (Accessed via https://cdn.cse.lk/cmt/upload_report_file/2173_1717498558965.pdf, on July 10, 2024)

7.2.2 PER Valuation - Rationale and Methodology

LTLH's profitability is expected to witness substantial growth in FY26, driven by the expected commissioning of combined cycle operations of the Sobadhanavi power plant. Initially, the plant is expected to be commissioned with a 212 MW capacity under the open cycle operations for three months, increasing to 312 MW under combined cycle (Diesel) operations in start of FY26, and finally reaching 350 MW under combined cycle (LNG) operations, once the required LNG infrastructure is developed by the GoSL to enable the power plant to operate with LNG as the primary fuel source. We have estimated such infrastructure to be in place by FY31, at which time, SOBA is expected to primarily run on LNG.

Moreover, during FY24, a significant portion of the LTLH Group's capital was tied up in SOBA with no earnings reflected on the LTLH Group's books from the project, since LAK as the project promoter and EPC contractor continued to infuse funds into the project beyond the equity commitment to ensure that construction work on the project can continue until the project loan is disbursed to enable the project to commission well ahead of the contractual timeline. In FY25, the plant will be operational for only three months under the open cycle phase, where electricity will be generated only via the operation of the gas turbine, with combined cycle operations are expected to commence in March 2025, upon the commissioning of the steam turbine, which will enable the power plant to operate at a higher efficiency level due to the use of the latest technology F class gas turbine. Consequently, FY26 will fully reflect the performance of the Group and the SOBA project.

Based on the forecasts carried out, SOBA is expected to contribute 8.4% to the total Group EBITDA in FY25 and 56.3% in FY26.

Table 7-4 - EBITDA Workings for the Secondary Valuation

LKR Mn	FY25E	FY26E
LTLH Group - EBITDA	18,716	38,957
SOBA - EBITDA	1,175	20,974
SOBA Contribution to Future LTLH Group EBITDA	6.3%	53.8%

Given SOBA's significant projected contribution to LTLH's profits in the forecasted period, we have utilized the forecasted FY26 earnings of LTLH and applied implied forward multiple (FY26) of the proxy to derive the PER-based valuation for LTLH.

8 VALUATION METHODOLOGY

Note that the financial forecasts for the operating companies of the LTLH Group are on a pre-money basis, considering the current operations of the respective companies.

8.1 KEY COMMON ASSUMPTIONS

The following variables were commonly used in driving the forecasts of LTLH and its subsidiaries.

8.1.1 Exchange Rates

Since LTLH has operations in foreign countries (Bangladesh, India and Nepal) and derives hard currency linked revenue through the thermal power plants operated in Bangladesh and Sri Lanka, the future movement in exchange rates listed in the table below needed to be considered in the valuation.

Exchange rates³² were assumed as follows.

Table 8-1 - Exchange Rate Assumptions

	Year End Exchange Rates as at March 31, 2024	Year End Exchange Rates as at March 31, 2025	Annual Depreciation % - FY26E onwards*
USD: LKR	301.18	310.00	4.00%
EUR: LKR	326.03	335.58	4.00%
USD: BDT**	109.75	120.72	2.00%
EUR: BDT**	118.16	129.98	3.30%
BDT: LKR***	2.74	2.57	1.96%
NPR: LKR	2.26	2.30	2.00%
INR : LKR	3.61	3.69	2.00%

*Historical long-term average currency depreciation rates were used as the basis when arriving at the year-end exchange rates from FY26 onwards

**A higher than average BDT depreciation rate was assumed against the USD and EUR in FY25, due to the macro-economic volatility and exchange regime adopted at present in Bangladesh

***BDT:LKR rate assumed is a derivation of the USD:LKR and USD:BDT cross rates

The above exchange rates were also applied in translating foreign currency loans and deposits to the presentation currency of the respective companies.

³² Sources for historical data - LKR rates via CBSL (accessed via <https://www.cbsl.gov.lk/en/rates-and-indicators/exchange-rates/dailyindicative-exchange-rates>, on July 3, 2024) | Other currency pairs via [investing.com](https://www.investing.com), accessed on July 3, 2024).

8.1.2 Inflation Rates

Table 8-2 - Inflation Rate Assumptions

Annual Average for	FY24	FY25E	FY26E onwards*
US**	3.50%	2.50%	2.00%
Euro Area [EUHICP]**	4.76%	3.20%	2.00%
Bangladesh**	9.69%	9.00%	6.00%
Sri Lanka**	8.85%	5.50%	6.00%
India	5.37%	4.50%	4.50%
Nepal	6.51%	6.00%	5.50%

* Assumed to be the long-run rates going forward, based on long-term historical averages (10-15 years based on data availability) and supported by medium-term inflation rates estimated for the above geographies by the IMF in July 2024³³

** Inflation has been gradually tapered down over time³³ from the highs witnessed in FY24 Annual averages for FY24 were computed considering monthly inflation figures sourced on July 2, 2024, via, CBSL (Sri Lanka), European Commission (EU), tradingeconomics.com (USA, Bangladesh and Nepal) and rateinflation.com (India).

The inflation rates depicted above were used to drive the inflation-indexed revenue and cost streams as well as key inflation-driven operating expenses such as salaries and general administration expenses.

8.1.3 Interest rates

Table 8-3 - Interest Rate Assumptions

Annual Average for	FY24	FY25E	FY26E	FY27E	FY28E onwards*
AWPLR ^{34**}	15.52%	10.00%	12.00%	12.00%	12.00%
SOFR ^{35***}	5.21%	5.10%	4.50%	3.75%	3.50%

* Long-term historical average was assumed

** AWPLR, based on the current trend in market interest rates is expected to reside at c. 10% on average in FY25. However, from FY26 onwards it is expected to settle at 12%. The average AWPLR for FY12-14 and FY17-FY20 periods is c. 11.5%. . These were periods with relative macroeconomic stability without noteworthy shocks on the credit cycle. AWPLR as at July 26, 2024 was 8.8%.

*** A long-term view on the SOFR was assumed and the SOFR is expected to taper down and normalize at 3.50% from FY28 onwards based on the forward rates published by Pensford on June 18, 2024

The interest rates forecasted as per the table above were utilized when calculating the finance cost of local and foreign denominated loans and borrowings.

³³ Source: IMF (accessed via https://www.imf.org/external/datamapper/PCPIPCH@WEO/OEMDC/ADVEC/WEO_WORLD on July 3, 2024)

³⁴ Source: CBSL (Accessed via https://www.cbsl.lk/eResearch/Modules/RD/SearchPages/CMB_LendingAndDeposit.aspx on July 27, 2024)

³⁵ Source: Pensford.com (Accessed via <https://www.pensford.com/resources/forward-curve> on 14th June 2024)

8.1.4 Cost of Equity

The cost of equity to be applied for the companies forming the LTLH Group which have been valued based on the Free Cash Flow to Equity (FCFE) approach has been determined as per a build-up approach.

In the build-up approach, we have considered both a long-term Risk-free Rate (which reflects the minimum rate of return expected by an investor, normally the treasury bond rate of the locality in operations) and a Risk Premium (which captures equity risk and other company-specific risks) to arrive at the overall Cost of Equity. In the case of subsidiaries operating outside Sri Lanka (in this case, Bangladesh, India and Nepal), an additional premium (Country Risk Premium) has been considered to factor in the relative risk of LTLH operating in foreign markets in comparison to an entity whose shareholders are domiciled in that respective geography.

Cost of Equity - Sri Lanka	FY25E onwards
Risk-free Rate	12.00%*
Risk Premium	6.00%**
Cost of Equity	18.00%

*based on the 14-year of the secondary market yield of 5-year Treasury Bonds (from FY11 to FY24)³⁶

**A risk premium of 6% was deemed to adequately capture the inherent risks of a privately-owned company (company specific risk premium and the equity risk premium) operating in the power sector by the Joint Managers to the Issue. This risk premium was applied to all geographies of operation.

Cost of Equity - Bangladesh	FY25E	FY26E to FY28E	FY29E onwards
Risk-free Rate*	12.79%	9.84%	6.90%**
Risk Premium	6.00%	6.00%	6.00%
Country Risk Premium***	3.00%	3.00%	3.00%
Cost of Equity	21.79%	18.84%	15.90%

*12.79% - based on the 5-year Treasury Bond yield prevalent as of June 13, 2024³⁷. Risk-free rate has been tapered down to reach the long-term average assuming the gradual normalization of the macroeconomic environment in Bangladesh

**based on the long-term secondary market yield of 5-year Treasury Bonds

***Risk premium to capture the risks borne by an investor domiciled outside of Bangladesh.

Cost of Equity - Nepal	FY25E onwards
Risk-free Rate*	7.70%
Risk Premium	6.00%
Country Risk Premium**	3.00%
Cost of Equity	16.70%

*Since Nepal does not have a matured secondary bond market³⁸, the 365 day Treasury Bill rate was adjusted with a maturity premium.

**Risk premium to capture the risks borne by an investor domiciled outside of Nepal

36 Source: CBSL (accessed via <https://www.cbsl.lk/eResearch/Modules/RD/SearchPages/SelectItems.aspx?R=sERk7Xuvy5c=>, on January 3, 2024)

37 Source: investing.com (accessed via <https://www.investing.com/rates-bonds/bangladesh-5-year-historical-data> on June 13, 2024)

38 Source: PwC India (accessed via <https://www.pwc.in/assets/pdfs/consulting/financial-services/a-roadmap-for-strengthening-nepals-bond-market.pdf>)

Cost of Equity - India	FY25E onwards
Risk-free Rate	7.00%*
Risk Premium	6.00%
Country Risk Premium**	2.50%
Cost of Equity	15.50%

*based on the yield of 5-year Treasury Bonds as of June 15, 2024³⁹

**Risk premium to capture the risks borne by an investor domiciled outside of India

8.2 COMPANY-WISE FINANCIAL FORECASTS

8.2.1 LTL Holdings Limited

LTLH operates as a holding company with income primarily earned through dividends from its subsidiaries, however given that this valuation is considered on a SOTP basis these dividends have not been considered as income at LTLH company-level for valuation purposes.

LTLH generates revenue through lease income from the land and premises leased out to its subsidiaries, LTLT, LTLG and PDPL and reimbursement of common administration expenses incurred on behalf of LAK, LTLT and LTLG. The proportion of common administration expenses borne by each subsidiary depends on the scale of operations of each company and the level of time and resources of the holding company utilized towards each subsidiary, as stipulated in an agreement entered into by LTLH and the respective subsidiary companies.

Revenue (LKR Mn)	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E
Common Administration Expenses Reimbursement	119	137	226	240	254	269	285
Lease Rentals	57	64	70	73	77	81	85
Other Revenues	19	31	9	8	9	9	9
Total Revenue	195	232	305	322	340	359	380

Cost of Sales consists primarily of the common administration expense incurred by LTLH on behalf of LAK, LTLT and LTLG. Operating Expenses includes staff salaries and office related expenses borne by LTLH. These were forecasted to grow on a YoY basis based on either inflation or management expectations. A 30% tax rate on taxable income was assumed from FY25 onwards.

Summarised Statements of Profit and Loss

in LKR Mn*	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E
Revenue	195	232	305	322	340	359	380
Gross Profit	52	64	79	82	86	90	94
Operating Profit	(26)	(99)	(12)	19	19	19	20
Net Finance Cost	(82)	(18)	21	38	35	36	38
Profit Before Tax	(108)	(117)	10	57	54	56	58
Profit	(54)	(404)	(4)	40	38	39	40

*Excluding Other Income and Gains and (Charge)/Reversal of Impairment

³⁹ Source: WorldGovernmentBonds (accessed via - <https://www.worldgovernmentbonds.com/bond-historical-data/india/5-years/>, on June 17, 2024)

Unlike the other companies in the LTLH Group, a forecast Balance Sheet has not been prepared for LTLH, given the basis of forecasting for valuation purposes as mentioned above. Thus, selected items consistent with the methodology have been forecasted: loan settlement as per the existing loan repayment schedules, gratuity calculation in line with accounting standards and settlement of related party receivables and payables in line with management guidance.

Free Cash Flows to Equity of LTLH are as follows:

Free Cash Flows (LKR Mn)	FY25E	FY26E	FY27E	FY28E	FY29E
Increase/(Decrease) in Net Cash Flow*	(198)	28	27	29	30
Less: Interest Income (after tax)	(32)	(27)	(24)	(25)	(26)
Terminal value	-	-	-	-	26
Free Cash Flow to Equity	(230)	2	3	4	30

*incorporates the effects of Profit After Tax, Non-Cash items, Net Debt Repayments and Other Balance Sheet Adjustments

A terminal growth rate of 2% was assumed given the nature of LTLH's operations as a holding company.

The PV of FCFE of LTLH was arrived at after discounting the applicable cash flows of the company at the Sri Lankan cost of equity.

in LKR Mn	
Present Value of FCFE of LTLH as at March 31, 2024	(177)
Surplus Financial Assets* as at March 31, 2024	1,071
Excess Cash as at March 31, 2024	137
Equity Value of LTLH as at March 31, 2024	1,031

*includes investments in REPOs and foreign currency fixed deposits

8.2.2 Manufacturing and Heavy Engineering Companies

8.2.2.1 Overview

The Manufacturing and Heavy Engineering segment of LTLH consists of three key entities: LTL Transformers (Private) Limited (LTLT), LTL Galvanizers (Private) Limited (LTLG) and Asiatic Electrical & Switchgear (Private) Limited (ASIATIC). Operations of LTLT and LTLG are based out of Sri Lanka while ASIATIC is based out of India.

- LTLT is the only local manufacturer of power distribution transformers in Sri Lanka⁴⁰. It caters to the transformer requirements of the Ceylon Electricity Board (CEB), Lanka Electricity Company Limited (LECO), local private clients and exports to over 25 countries⁴⁰.
- LTLG began operations in 1991, as an extension of the transformer manufacturing operations of LTLH. LTLG operates a hot dip galvanizing facility in Sri Lanka⁴¹ and also carries out the fabrication of steel structures. Steel galvanizing and fabrication services are provided by LTLG to the CEB, other Group companies and private customers in the telecom, shipping, construction and other industrial sectors.

⁴⁰ LTL Transformers (Private) Limited Company Profile, accessed through <https://www.ltl.lk/wp-content/uploads/2021/12/LTLT-Brochure-2019.pdf>

⁴¹ LTL Galvanizers (Private) Limited Company Profile, accessed through <https://www.galvanize.lk/images/pdf/brochuer.pdf>

- ASIATIC, a reputed power distribution accessory manufacturer in India, was acquired by the LTLH Group in 2016, consolidating the LTLH Group's synergies in the "last mile" of the electrical distribution business. ASIATIC produces low and medium voltage switchgear products for power utilities for the Indian and overseas markets. It has a strong export footprint across the Middle East, UK, Africa and Sri Lanka. Sales are generated by securing tenders from power utilities. Furthermore, recently, LTLH, through ASIATIC secured two solar power projects amounting to a capacity of 8MW in India. These have been incorporated as SPV entities under ASIATIC. Returns from these powerplants have not been factored in our valuation exercise since these are yet to be commissioned, thereby providing further upside to investors.

As a measure of maintaining consistency across the manufacturing and heavy engineering businesses of LTLH, a common methodology has been adopted when forecasting items with similar characteristics. Administrative expenses which includes common overheads and office related expenses among others were grown in line with inflation and as per management guidance. A similar approach was taken for salary expenses. Selling and distribution expenses were forecasted on a percentage of sales basis. A 30% effective tax rate has been assumed going onwards for LTLT and LTLG.

8.2.2.2 LTL Transformers (Private) Limited

LTLT's revenues are segregated into three main categories: local transformer sales, export of transformers and other sales (which include sale of insulating oils and repair and maintenance services). Local sales are predominantly to the CEB and also includes sales to LECO and other private parties.

Revenue (LKR Mn)	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E
Local Transformer Sales	4,541	5,817	6,883	6,275	6,754	7,270	7,827
Export of Transformers	-	121	1,315*	2,082	2,760	3,513	4,473
Oil and Other Sales	193	256	220	242	254	266	280
Net Revenue**	4,734	6,194	8,418	8,598	9,768	11,050	12,579

*Exports orders are secured through tenders. There were limited tenders for LTLT to bid for in FY23 and FY24 due to the global macroeconomic environment. FY25 forecast is based on awarded tenders for export sales.

**Net of Social Security Contribution Levy

The gross profit margins for FY25 were primarily based on company budgets which in turn were derived from the historical average and immediate expectations on raw material price movement. It was assumed that these margins would normalize from FY26 onwards, based on management expectations.

Summarised Statement of Profit and Loss

in LKR Mn	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E
Revenue	4,797*	6,194	8,418	8,598	9,768	11,050	12,579
Gross Profit	1,692	1,625	2,271	1,928	2,262	2,602	3,009
Operating Profit	1,130	1,274	1,689	1,353	1,632	1,910	2,244
Other Income and Net Finance Income/(Cost)	(324)	(208)	(104)	(66)	(43)	(27)	(13)
Profit Before Tax	806	1,066	1,585	1,287	1,589	1,882	2,230
Profit After Tax	611	837	1,062	852	1,078	1,287	1,535
GP Margin	35%	26%	27%	22%	23%	24%	24%
OP Margin	24%	21%	20%	16%	17%	17%	18%
NP Margin	13%	14%	13%	10%	11%	12%	12%

*Includes Social Security Contribution Levy

Inventory days was inflated in FY24 primarily due to the accumulation of raw materials purchased to cater contracted orders. Inventory days is assumed to normalize from FY25 onwards, however relatively high levels are maintained throughout for factors such as supplier lead times, imports in bulk and contract-based sales of LTLT. Receivables days resulting from related party sales improved in FY24 upon accelerated payments by the CEB. All working capital movements in general are expected to normalize from FY25 onwards as per the figures in the table provided below.

Working Capital Assumptions	FY23	FY24	FY25E onwards
Inventory Days	156	183	155
Trade Receivable Days - Related Parties*	243	58	60
Trade Receivable Days - Others	60	48	45
Trade Payable Days	21	46	30

*Majorly arising from transformer sales to the CEB

A total capital expenditure of LKR 310 Mn is assumed to be incurred by LTLT across FY25 – FY29. A majority of it is expected to be incurred in FY25 with the balance split across the remaining financial years.

Summarised Statements of Financial Position

In LKR Mn	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E
Total Assets	4,303	4,008	4,389	4,772	5,367	6,099	6,971
Total Equity	1,953	2,282	3,045	3,705	4,274	4,914	5,677
Total Liabilities	2,350	1,725	1,344	1,067	1,093	1,185	1,294

Free Cash Flows to Equity of LTLT are as follows:

Free Cash Flows (LKR Mn)	FY25E	FY26E	FY27E	FY28E	FY29E
Cash from operating activities	593	889	776	919	1,048
Cash from investing activities	(114)	(50)	(39)	(27)	(11)
Cash from financing activities*	(95)	(109)	(79)	(26)	(30)
Net increase/(decrease) in Cash	384	730	658	867	1,007
Less: Interest Income net of taxes	(1)	(5)	(13)	(22)	(33)
Terminal value	-	-	-	-	7,230
Free Cash Flow to Equity	383	725	645	844	8,203

*Excluding dividends

A terminal growth rate of 4% was assumed for LTLT, on account of LTLT's strong position in the transformer space in Sri Lanka and growing export presence

The PV of FCFE of LTLT was arrived at after discounting the applicable cash flows at the Sri Lankan cost of equity.

	LKR Mn
Present Value of FCFE of LTLT as at March 31, 2024	5,258
Surplus Financial Assets as at March 31, 2024	2
Surplus Cash as at March 31, 2024*	(432)
Equity Value of LTLT as at March 31, 2024	4,829

*Net of Overdraft

8.2.2.3 LTL Galvanizers (Private) Limited

LTLG's revenues are generated from three key sources: Galvanizing Operations, Fabrication Operations and the Hire of Solar Power. Steel galvanizing and fabrication services are provided by LTLG to the CEB, other Group companies and private customers in the telecom, shipping, construction and other industrial sectors. Income from the hire of solar power is the revenue generated from solar panels installed on the factory roof of LTLG.

Revenue (LKR Mn)	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E
Galvanizing Operations	1,378	1,901	2,401	2,532	2,771	3,037	3,336
Fabrication Operations	282	664	515	632	758	910	1,092
Hire of Solar Power	8	9	15	15	15	15	15
Total Revenue	1,668	2,574	2,931	3,178	3,544	3,962	4,443

GP margins for FY25 were primarily based on company budgets which in turn were derived from the historical average and immediate expectations on raw material price movement. These margins were expected to normalize from FY26 onwards, based on management expectations.

Summarised Statement of Profit and Loss

in LKR Mn	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E
Revenue	1,668	2,574	2,931	3,178	3,544	3,962	4,443
Gross Profit	498	1,108	1,104	968	1,081	1,221	1,382
Operating Profit	436	916	806	666	752	861	989
Net Finance Income/(Cost)	94	126	87	61	79	99	130
Profit Before Tax	531	1,042	893	728	831	961	1,119
Profit After Tax	391	738	619	503	576	669	781
<i>GP Margin</i>	<i>30%</i>	<i>43%</i>	<i>38%</i>	<i>30%</i>	<i>31%</i>	<i>31%</i>	<i>31%</i>
<i>OP Margin</i>	<i>26%</i>	<i>36%</i>	<i>27%</i>	<i>21%</i>	<i>21%</i>	<i>22%</i>	<i>22%</i>
<i>NP Margin</i>	<i>23%</i>	<i>29%</i>	<i>21%</i>	<i>16%</i>	<i>16%</i>	<i>17%</i>	<i>18%</i>

Working capital days from FY25 onwards are expected to normalize based on the historical averages and the nature of business operations of LTLG.

Working Capital Assumptions	FY23	FY24	FY25E onwards
Inventory Days	149	111	88
Trade Receivable Days	64	46	60
Trade Payable Days	33	4	30

A total capital expenditure of LKR 566 Mn is assumed to be incurred by LTLG across FY25 - FY29. A majority of it is expected to be incurred in FY25 with the balance split across the remaining financial years. 50% of the funding requirement associated with the capital expenditure for FY25 is assumed to be debt financed.

Summarised Statements of Financial Position

In LKR Mn	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E
Total Assets	1,868	2,284	2,781	2,697	2,902	3,346	3,742
Total Equity	1,476	1,809	1,927	1,931	2,107	2,376	2,757
Total Liabilities	393	475	854	767	795	970	985

Free Cash Flows to Equity of LTLG are as follows:

Free Cash Flows (LKR Mn)	FY25E	FY26E	FY27E	FY28E	FY29E
Cash from operating activities	610	400	547	567	653
Cash from investing activities	(411)	2	47	57	107
Cash from financing activities*	221	(45)	(45)	(45)	(45)
Net increase/(decrease) in Cash	421	357	550	579	715
Less: Interest Income net of taxes	(69)	(61)	(70)	(80)	(97)
Terminal value	-	-	-	-	4,238
Free Cash Flow to Equity	351	296	480	499	4,855

*Excluding dividends

A terminal growth rate of 3% was assumed for LTLG considering the growth prospects of LTLG and the expected long term economic growth rate of Sri Lanka.

The PV of FCFE of LTLG was arrived at after discounting the applicable cash flows at the Sri Lankan cost of equity.

	LKR Mn
Present Value of FCFE of LTLG as at March 31, 2024	3,182
Surplus Financial Assets as at March 31, 2024	1,271
Excess Cash as at March 31, 2024	36
Equity Value of LTLG as at March 31, 2024	4,488

8.2.2.4 Asiatic Electrical & Switchgear (Private) Limited

ASIATIC's revenue is accrued from the Sale of Products and Rendering of Services/Contract Revenue in relation to the same.

Revenue (INR Mn)	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E
Low Voltage Products	130	329	413	463	518	580	650
Medium Voltage Panel Boards	570	632	1,011	1,132	1,268	1,420	1,590
Other	325	265	251	281	315	352	395
Total Revenue	1,025	1,226	1,674	1,875	2,100	2,352	2,635

Total revenue for FY25 was based on company budgets. A YoY growth rate of 12% was assumed for the remainder of the forecast period for each product category.

Gross profit margins are expected to remain stable from FY25 onwards.

The effective Tax Rate considered for the forecast period is after accounting for allowable and disallowable items is 25.2%.

Summarised Statement of Profit and Loss

in INR Mn	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E
Total Income*	1,044	1,261	1,703	1,910	2,140	2,398	2,687
Operating Profit	83	106	133	169	199	237	283
Finance Cost	(16)	(15)	(14)	(19)	(21)	(23)	(25)
Profit Before Tax	67	91	118	150	178	214	258
Profit After Tax	50	69	88	112	133	160	193
OP Margin	8%	8%	8%	9%	9%	10%	11%
NP Margin	5%	5%	5%	6%	6%	7%	7%

*Including Finance Income

Working capital cycles are expected to normalize from FY25 onwards.

Working Capital Assumptions	FY23	FY24	FY25E Onwards
Inventory days	76	101	80
Trade Receivables days	101	74	85
Trade Payables days	116	112	110

Capital expenditure amounting to INR 25 Mn has been considered from FY25 to FY29.

Summarised Statements of Financial Position

In INR Mn	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E
Total Assets	766	927	1,111	1,258	1,426	1,593	1,787
Total Equity	274	340	429	503	588	662	752
Total Liabilities	492	587	682	756	838	931	1,035

Free Cash Flows to Equity of ASIATIC are as follows:

Free Cash Flows (INR Mn)	FY25E	FY26E	FY27E	FY28E	FY29E
Cash from operating activities	53	115	136	159	189
Cash from investing activities	(23)	(22)	(20)	(18)	(16)
Cash from financing activities*	(10)	(3)	(4)	(5)	(5)
Net increase/(decrease) in Cash	20	90	112	136	169
Less: Interest Income net of taxes	(2)	(3)	(4)	(6)	(8)
Terminal value	-	-	-	-	1,453
Free Cash Flow to Equity	18	87	108	130	1,614

*Excluding dividends

A terminal growth rate of 4% was assumed for ASIATIC, on account of growth potential in both India and its key export markets.

The PV of FCFE of ASIATIC was arrived at after discounting the applicable cash flows at the Indian cost of equity.

In INR Mn (unless specified otherwise)	
Present Value of FCFE of ASIATIC as at March 31,2024	1,008
Excess Cash and Financial Assets as at March 31,2024*	(11)
Equity Value of ASIATIC as at March 31,2024	998
Exchange Rate (LKR per INR as at March 31,2024)	3.61
Equity Value of ASIATIC as at March 31, 2024 (in LKR Mn)	3,606

*Net of overdrafts

8.2.3 Renewable Power Plants

8.2.3.1 Overview

LTLH currently operates 4 renewable power plants with installed capacity of 26MW, comprising of 3 hydro power plants in Sri Lanka and Nepal, and 1 wind power plant in Sri Lanka.

- Nividhu (Private) Limited (NIVIDHU) operates the 2.2 MW hydro plant located in Belihuloya, Sri Lanka. The plant was commissioned in April 2002, and the term of the current SPPA is effective until December 31, 2038. Therefore, the financial performance of NIVIDHU was forecasted up to the expiry of the SPPA for the purpose of the valuation.
- Nividhu Asupiniella (Private) Limited (NAE) is a fully owned subsidiary of NIVIDHU. NAE operates a 4.0 MW hydro power plant in Aranayake, in the Kegalle district of Sri Lanka. The plant was commissioned in October 2005, and the term of the current SPPA is effective until October 2025, with the opportunity of further extending the term until October 2040 as per the current policy of the CEB. Therefore, the financial performance of the NAE has been forecasted for the same period for the purpose of valuation.
- Pawan Danavi (Private) Limited (PDPL) operates a 10MW wind farm in Kalpitiya, in the Puttalam District in the North-Western Province of Sri Lanka. The wind farm was commissioned in March 2013 and operates under a SPPA with the CEB that spans for a period of 20 years ending in February 2033. Therefore, the financial performance of PDPL has been forecasted upto the expiry of the SPPA for the purpose of valuation.
- Makari Gad Hydro Power (Private) Limited (MAKARI) operates a 10MW hydro power plant in the Darchula District in Nepal. MAKARI was commissioned in March 2023 and has an PPA for 30 years running through February 2053. Therefore, the financial performance of MAKARI has been forecasted upto the expiry of the PPA for the purpose of valuation.

Revenue for the forecast period is based on the tariff rates stipulated in the power purchase agreement signed between the respective power plant and the applicable energy off-taker (CEB for Sri Lankan Plants and Nepal Electricity Authority for MAKARI).

Delayed payment interest was paid to the Sri Lankan renewable power plants by the CEB in lieu of the extended payment delays in 2022 and 2023. This is a one off and is not expected to continue going forward.

Majority of the cost of sales is attributable to O&M costs payable to INFRA for Sri Lankan renewable power plants. All other direct costs were assumed to increase on a YoY basis in line with inflation and management assumptions as appropriate. O&M Cost estimates were provided by management for FY25 and have been assumed to escalate in line with O&M agreements between the respective O&M provider and power plants. All power plants are assumed to be fully depreciated over the term of the PPA. Plant depreciation was calculated in line with the company policy.

Administration expenses have been assumed to increase on a YoY basis at either the rate of inflation or the long term expected growth rate in line with management expectations. It is assumed that the profits would be subject to taxes at an income tax rate of 30% for Sri Lankan plants.

8.2.3.2 Nividhu (Private) Limited

It is envisaged that the plant will generate electricity based on the annual average plant factors given in the table below, which were determined based on the average historical plant factors.

Plant Factor and Generation	FY23	FY24	FY25E	FY26E- FY38E	FY39E
Effective Annual Plant Factor (%)	48.9%	50.4%	44.4%	45.8%	38.2%*
Units Generated (MWh)	9,431	9,712	8,564	8,819	7,355

*FY39 covers only a 9-month period ending December 31, 2038

Summarised Statement of Profit and Loss

in LKR Mn	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E
Revenue	129	105	85	89	92	95	97	100	103
Gross Profit	162*	58	36	36	36	35	35	34	33
Operating Profit**	155	160	56	33	32	32	31	30	29
Net Finance Income/ (Cost) and other associated costs	(33)	24	8	8	6	4	4	4	4
Profit Before Tax	122	184	64	41	38	36	35	34	33
Profit After Tax	109	142	43	27	24	23	22	22	21
GP Margin	126%	55%	42%	41%	39%	37%	36%	34%	32%
OP Margin	121%	152%	66%	37%	35%	34%	32%	30%	28%
NP Margin	85%	135%	51%	30%	26%	24%	23%	22%	20%

in LKR Mn	FY32E	FY33E	FY34E	FY35E	FY36E	FY37E	FY38E	FY39E
Revenue	106	109	113	116	119	123	127	108
Gross Profit	32	31	30	30	30	29	27	28
Operating Profit*	27	26	25	25	24	23	21	22
Net Finance Income/ (Cost) and other associated costs	7	7	5	3	3	5	8	5
Profit Before Tax	34	34	30	27	27	29	29	26
Profit After Tax	21	21	19	17	17	18	19	17
GP Margin	30%	28%	27%	26%	25%	24%	22%	26%
OP Margin	26%	24%	22%	21%	20%	19%	17%	20%
NP Margin	20%	19%	17%	14%	14%	15%	15%	16%

* With the extension of the tenure of the SPPA, an adjustment to the useful life of the plant considered for the calculation of annual depreciation was carried out in FY23, which resulted in an increase in the Gross Profits for the year.

**Dividend income from NIVIDHU's subsidiary Nividhu Assupiniella (Private) Limited, which has been historically a component of Operating Profit of NIVIDHU, has not been factored going forward under the Operating Profit of NIVIDHU given the FCFE valuation basis. This is considered directly at Nividhu Assupiniella, hence, higher operating profits are reflected historically in comparison to the forecast period.

Working capital cycles are expected to normalize by FY25 in line with the progress made in the settlement of invoices by the CEB during FY24. All receivables, payables and advances & prepayments are assumed to be fully recovered/ settled at the end of the SPPA extension period in FY39.

Working Capital Assumptions	FY23	FY24	FY25E Onwards
Receivables days	456	112	60
Payables days - INFRA*	31	62	60
Payables days - Other	35	20	90

*Linked to O&M payments to INFRA

NIVIDHU has no outstanding borrowings and the same has been assumed going forward.

An aggregate capital expenditure of c. LKR 45 Mn is considered across the remainder of the SPPA period in line with the view of the management.

Summarised Statement of Financial Position

(LKR Mn)	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E
Total Assets	462	397	354	332	307	281	305	278	300
Total Equity	423	344	325	301	276	248	270	242	263
Total Liabilities	40	54	29	30	32	33	34	36	37

(LKR Mn)	FY32E	FY33E	FY34E	FY35E	FY36E	FY37E	FY38E	FY39E
Total Assets	323	295	265	234	252	272	293	166
Total Equity	284	255	223	190	207	225	244	166
Total Liabilities	39	40	42	44	45	47	49	-

Free Cash Flows to Equity of NIVIDHU are as follows;

Free Cash Flows (LKR Mn)	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E	FY32E
Cash from operating activities	8	26	26	27	26	26	25	24
Cash from investing activities	17	(3)	6	4	(2)	5	(5)	7
Cash from financing activities*	-	-	-	-	-	-	-	-
Net increase/(decrease) in Cash	26	23	32	31	24	30	20	31
Less: Interest Income (after Tax)	(6)	(6)	(4)	(3)	(3)	(3)	(3)	(5)
Free Cash Flow to Equity	19	17	28	28	21	27	17	26

Free Cash Flows (LKR Mn)	FY33E	FY34E	FY35E	FY36E	FY37E	FY38E	FY39E
Cash from operating activities	23	23	22	21	19	17	(10)
Cash from investing activities	8	6	4	4	6	9	5
Cash from financing activities*	-	-	-	-	-	-	-
Net increase/(decrease) in Cash	31	28	26	25	26	26	(5)
Less: Interest Income (after Tax)	(6)	(4)	(2)	(2)	(4)	(6)	(3)
Free Cash Flow to Equity	25	24	23	22	21	20	(9)

*Excluding dividends

The PV of FCFE of NIVIDHU was arrived at after discounting the applicable cash flows at the Sri Lankan cost of equity.

	LKR Mn
Present Value of FCFE as at March 31, 2024	112
Surplus Assets available as at March 31, 2024	133
Equity Value of NIVIDHU as at March 31, 2024	245

8.2.3.3 Nividhu Assupiniella (Private) Limited

The plant is expected to generate electricity based on the annual average plant factors given in the table below.

Plant Factor and Generation	FY23	FY24	FY25E	F26E - FY40E	FY41E
Effective Annual Plant Factor %	45.4%	46.9%	39.4%	41.4%	28.0%*
Units Generated (MWh)	15,917	16,418	13,811	14,490	9,813

* FY41 covers a 7-month period ending October 31, 2040

Summarised Statement of Profit and Loss

In LKR Mn	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E
Revenue	163	143	114	122	126	130	134	138	142
Gross Profit	104	68	54	58	56	56	56	56	54
Operating Profit	101	65	85	55	52	52	52	52	49
Net Finance Income/ (Cost) and other associated costs	(36)	34	7	5	5	9	12	12	10
Profit Before Tax	66	99	92	59	57	62	64	63	59
Profit After Tax	47	71	63	40	37	40	42	41	38
<i>GP Margin</i>	64%	48%	48%	48%	45%	43%	42%	41%	38%
<i>OP Margin</i>	62%	45%	75%	45%	42%	40%	39%	37%	35%
<i>NP Margin</i>	29%	50%	55%	32%	29%	31%	31%	30%	27%

in LKR Mn	FY32E	FY33E	FY34E	FY35E	FY36E	FY37E	FY38E	FY39E	FY40E	FY41E
Revenue	146	150	155	159	164	169	174	179	185	128
Gross Profit	52	52	55	56	53	52	51	51	51	44
Operating Profit	47	47	50	50	47	45	44	44	43	36
Net Finance Income/ (Cost) and other associated costs	9	8	8	9	12	14	14	14	16	9
Profit Before Tax	55	55	58	58	59	60	58	57	59	45
Profit After Tax	35	35	38	39	38	39	38	38	40	30
GP Margin	36%	35%	36%	35%	32%	31%	29%	28%	28%	34%
OP Margin	32%	31%	32%	31%	28%	27%	25%	24%	23%	28%
NP Margin	24%	23%	24%	24%	23%	23%	22%	21%	21%	24%

Working capital cycles are expected to normalize by FY25 in line with the progress made in settling invoices by the CEB during FY24. All receivables, payables and advances & prepayments are assumed to be fully recovered/ settled at the end of the SPPA's extended period in FY41.

Working Capital Assumptions	FY 23	FY 24	FY25E Onwards
Receivables (CEB) days	362	100	60
Receivables (Other) days	29	2	10
Payables days - INFRA*	31	62	60

*Linked to O&M payments to INFRA

NAE has no outstanding borrowings and the same has been assumed going forward.

An aggregate capital expenditure of c. LKR 114 Mn is considered across the remainder of the SPPA period as per the view of the management.

Summarised Statement of Financial Position

in LKR Mn	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E
Total Assets	305	229	170	160	198	239	231	223	212
Total Equity	276	184	146	136	173	213	205	196	184
Total Liabilities	30	45	24	25	25	26	26	27	28

in LKR Mn	FY32E	FY33E	FY34E	FY35E	FY36E	FY37E	FY38E	FY39E	FY40E	FY41E
Total Assets	197	183	172	211	250	240	229	218	259	10
Total Equity	169	154	141	180	218	207	195	183	223	10
Total Liabilities	29	29	30	31	32	33	34	35	36	-

Free Cash Flows to Equity of NAE are as follows

Free Cash Flows (LKR Mn)	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E	FY32E
Cash from operating activities	58	40	41	40	39	38	39	39
Cash from investing activities	(8)	(36)	5	10	10	12	(19)	9
Cash from financing activities*	-	-	-	-	-	-	-	-
Net increase/(decrease) in Cash	50	4	46	49	49	51	19	48
Less: Interest Income (after Tax)	(6)	(4)	(4)	(7)	(9)	(9)	(8)	(6)
Free Cash Flow to Equity	45	0	42	43	40	42	12	41

Free Cash Flows (LKR Mn)	FY33E	FY34E	FY35E	FY36E	FY37E	FY38E	FY39E	FY40E	FY41E
Cash from operating activities	38	38	37	35	33	32	31	28	45
Cash from investing activities	9	9	(15)	13	15	15	15	17	9
Cash from financing activities*	-	-	-	-	-	-	-	-	-
Net increase/(decrease) in Cash	47	47	21	48	48	47	45	45	54
Less: Interest Income (after Tax)	(6)	(6)	(7)	(9)	(11)	(11)	(10)	(12)	(7)
Free Cash Flow to Equity	41	40	15	39	38	36	35	33	48

*Excluding dividends

The PV of FCFE of NAE was arrived at after discounting the applicable cash flows at the Sri Lankan cost of equity.

	LKR Mn
Present Value of FCFE as at March 31, 2024	174
Surplus Assets and Excess Cash available as at March 31, 2024	125
Equity Value of NAE as at March 31, 2024	299

8.2.3.4 Pawan Danavi (Private) Limited

The plant is expected to generate electricity based on the annual average plant factors given in the table below.

Plant Factor and Generation	FY23	FY24	FY25E	F26E - FY32E	FY33E
Effective Annual Plant Factor %	25.0%	25.8%	26.8%	28.5%	27.9%*
Units Generated (MWh)	21,423	22,120	23,045	24,493	23,911

* FY33 covers a 11-month period ending February 28, 2033

Plant O&M expenses comprise of a Euro denominated spare parts component and an LKR denominated service fee component. Other major costs include plant depreciation and forecast expenses to be incurred on repair & maintenance of the power plant over the remaining SPPA term.

Finance costs during the forecast period include interest to be paid on outstanding project financing loans facilities obtained by PDPL which will be fully settled by FY25.

Summarised Statement of Profit and Loss

in LKR Mn	FY23	FY24	FY25E	FY26E	FY27E	FY28E
Revenue	335	340	318	357	381	406
Gross Profit	67	69	70	107	126	143
Operating Profit	50	45	158*	87	105	121
Net Finance Income/ (Cost) and other associated costs	(134)	8	(2)	4	12	21
Profit Before Tax	(83)	53	156	91	117	143
Profit After Tax	(103)*	21	68	23	41	59
GP Margin	20%	20%	22%	30%	33%	35%
OP Margin	15%	13%	50%	24%	28%	30%
NP Margin	-31%	6%	21%	6%	11%	15%

in LKR Mn	FY29E	FY30E	FY31E	FY32E	FY33E
Revenue	406	321	332	347	353
Gross Profit	135	45	47	52	76
Operating Profit	112	20	21	25	49
Net Finance Income/ (Cost) and other associated costs	31	40	47	54	27
Profit Before Tax	143	61	69	79	76
Profit After Tax	60	2	7	14	17
GP Margin	33%	14%	14%	15%	22%
OP Margin	28%	6%	6%	7%	14%
NP Margin	15%	1%	2%	4%	5%

*The delay payment interest for FY23 which was impaired, but was subsequently recovered in FY24 is reflected.

Working capital cycles are expected to normalize by FY25 in line with the progress made in the settlement of invoices by the CEB during FY24. All receivables, advances & prepayments and payables are assumed to be fully recovered/ settled at the end of the SPPA period in FY33.

Working Capital Assumptions	FY 23	FY 24	FY 25E	FY26E Onwards
Receivables days	309	133	60	60
Payables days - INFRA*	461	107	60	60
Payables days	60	5	20	25

*Linked to O&M payments to INFRA

No Capital expenditure additions are anticipated throughout the SPPA period by the management; hence none were incorporated into the forecast since future expenses are captured under the repair & maintenance costs considered in the income statement.

SUMMARISED STATEMENT OF FINANCIAL POSITION

In LKR Mn	FY23	FY24	FY25E	FY26E	FY27E	FY28
Total Assets	1,708	1,406	1,204	1,182	1,178	1,189
Total Equity	1,084	1,105	1,173	1,147	1,138	1,147
Total Liabilities	624	301	30	35	40	42

In LKR Mn	FY29	FY30	FY31	FY32	FY33
Total Assets	1,200	1,154	1,114	1,081	47
Total Equity	1,156	1,108	1,066	1,030	25
Total Liabilities	44	46	48	51	22

Free Cash Flows to Equity of PDPL are as follows

Free Cash Flows (LKR Mn)	FY25E	FY26E	FY27E	FY28E	FY29E
Cash from operating activities	267	157	178	193	197
Cash from investing activities	-	-	-	-	-
Cash from financing activities*	(113)	-	-	-	-
Net increase/(decrease) in Cash	155	157	178	193	197
Less: Interest Income (after Tax)	(1)	(4)	(10)	(16)	(23)
Free Cash Flow to Equity	154	153	168	176	174

Free Cash Flows (LKR Mn)	FY30E	FY31E	FY32E	FY33E
Cash from operating activities	154	144	150	152
Cash from investing activities	-	-	-	-
Cash from financing activities*	-	-	-	-
Net increase/(decrease) in Cash	154	144	150	152
Less: Interest Income (after Tax)	(30)	(34)	(39)	(21)
Free Cash Flow to Equity	124	109	111	131

*Excluding dividends

The PV of FCFE of PDPL was arrived at after discounting the applicable cash flows at the Sri Lankan cost of equity.

	LKR Mn
Present Value of Cash Flows as at March 31, 2024	650
Surplus Assets available as at March 31, 2024	42
Equity Value of PDPL as at March 31, 2024	692

8.2.3.5 Makari Gad Hydro Power (Private) Limited

Expected generation of power during the term of the PPA have been arrived at based on the expected monthly average plant factors provided by the management and hydrology studies carried out at the project feasibility stage.

Plant Factor and Generation	FY24*	FY25E	FY26E - FY52E	FY53E
Effective Plant Factor %	59.0%	78.8%	79.6%	74.9%**
Units Generated (MWh)	51,704	69,006	69,731	65,577

*Commercial operations commenced in March 2023

**FY53 covers a 11-month period ending February 28, 2053

Summarised Statement of Profit and Loss

in NPR Mn	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E
Revenue*	8	288	411	418	430	442	453	453
Gross Profit	2	167	281	286	298	309	319	318
Operating Profit	(8)	134	250	255	265	275	284	282
Net Finance Income/ (Cost)	(13)	(211)	(180)	(150)	(146)	(138)	(126)	(113)
Profit before Tax	(22)	(77)	70	105	119	137	158	169
Profit for the Year	(22)	(77)**	70	105	119	137	158	169
GP Margin	22%	58%	68%	68%	69%	70%	70%	70%
OP Margin	-98%***	47%	61%	61%	62%	62%	63%	62%
NP Margin	-254%***	-27%	17%	25%	28%	31%	35%	37%

in NPR Mn	FY31E	FY32E	FY33E	FY34E	FY35E	FY36E	FY37E	FY38E
Revenue*	453	453	453	453	453	453	453	453
Gross Profit	317	315	314	312	311	315	313	312
Operating Profit	279	276	273	270	267	269	265	261
Net Finance Income/ (Cost)	(98)	(81)	(64)	(46)	(26)	(12)	(10)	(5)
Profit before Tax	181	195	209	224	241	256	255	256
Profit for the Year	181	195	209	202	217	231	230	230
GP Margin	70%	70%	69%	69%	69%	69%	69%	69%
OP Margin	62%	61%	60%	60%	59%	59%	58%	58%
NP Margin	40%	43%	46%	49%	53%	56%	56%	56%

in NPR Mn	FY39E	FY40E	FY41E	FY42E	FY43E	FY44E	FY45E	FY46E
Revenue*	453	453	453	453	453	453	453	453
Gross Profit	264	263	260	258	256	254	251	249
Operating Profit	211	207	202	197	192	187	181	175
Net Finance Income/ (Cost)	1	2	2	2	2	2	2	2
Profit before Tax	212	209	205	200	195	189	184	178
Profit for the Year	170	168	164	160	156	151	147	142
GP Margin	58%	58%	57%	57%	56%	56%	55%	55%
OP Margin	47%	46%	45%	44%	42%	41%	40%	39%
NP Margin	47%	46%	45%	44%	43%	42%	41%	39%

in NPR Mn	FY47E	FY48E	FY49E	FY50E	FY51E	FY52E	FY53E
Revenue*	453	453	453	453	453	453	413
Gross Profit	246	243	240	237	233	230	233
Operating Profit	169	162	155	148	140	132	131
Net Finance Income/ (Cost)	2	2	2	2	2	2	1
Profit before Tax	171	165	158	151	143	135	132
Profit for the Year	137	132	126	120	114	108	106
GP Margin	54%	54%	53%	52%	51%	51%	56%
OP Margin	37%	36%	34%	33%	31%	29%	32%
NP Margin	38%	36%	35%	33%	32%	30%	32%

*As per the SPPA, the tariff is escalated by 3% until FY29. There onwards no such tariff escalation is applicable. No change in plant factors are also assumed from FY26 onwards. Hence, the revenue figure from FY29 onwards will be constant.

**Revenue for FY24 has been lower due to changes in monsoon rains. Additionally, the finance cost for an entire year has been considered upon commencement of the commercial operations. These factors have mainly contributed to the negative earnings for FY24.

***Based on commercial operations for only 1 month.

A Trade Receivable period of 45 days has been assumed as per the terms of the PPA. All receivables, advances & prepayments and payables are assumed to be fully recovered/ settled at the end of the PPA period in 2053. Loans considered during the forecast period include project loans obtained for the commissioning of the power plant. No additional capital expenditure is anticipated as the plant is newly constructed. Maintenance expenses are captured as a part of operational expenses. Dividends are expected to be paid depending on the level of cash accumulation and profitability.

Summarised Statement of Financial Position

in NPR Mn	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E
Total Assets	2,814	2,791	2,797	2,583	2,487	2,394	2,301	2,207
Total Equity	754	744	815	805	869	883	985	1,041
Total Liabilities	2,060	2,047	1,982	1,777	1,619	1,511	1,316	1,167

in NPR Mn	FY31E	FY32E	FY33E	FY34E	FY35E	FY36E	FY37E	FY38E
Total Assets	2,114	2,021	1,928	1,834	1,741	1,648	1,554	1,461
Total Equity	1,121	1,216	1,307	1,425	1,553	1,521	1,428	1,416
Total Liabilities	993	805	621	409	188	127	126	45

in NPR Mn	FY39E	FY40E	FY41E	FY42E	FY43E	FY44E	FY45E	FY46E
Total Assets	1,368	1,275	1,182	1,088	995	902	809	716
Total Equity	1,336	1,242	1,148	1,054	960	866	772	678
Total Liabilities	32	33	34	35	35	36	37	38

in NPR Mn	FY47E	FY48E	FY49E	FY50E	FY51E	FY52E	FY53E
Total Assets	623	530	437	344	251	158	-
Total Equity	584	490	396	302	207	113	-
Total Liabilities	39	40	41	42	43	44	-

Free Cash Flows to Equity of MAKARI are as follows

Free Cash Flows (NPR Mn)	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E	FY32E
Cash from operating activities	166	69	136	227	192	258	270	283
Cash from investing activities	-	-	-	-	-	-	-	-
Cash from financing activities*	(42)	(72)	(80)	(104)	(136)	(145)	(169)	(183)
Net increase/(decrease) in Cash	124	(3)	56	123	55	114	101	100
Less: Interest Income (after Tax)	(5)	(5)	(2)	(2)	(2)	(2)	(2)	(2)
Free Cash Flow to Equity	119	(8)	54	121	53	111	99	98

Free Cash Flows (NPR Mn)	FY33E	FY34E	FY35E	FY36E	FY37E	FY38E	FY39E	FY40E
Cash from operating activities	297	290	307	320	323	324	279	261
Cash from investing activities	-	-	-	-	-	-	-	-
Cash from financing activities*	(179)	(207)	(217)	(57)	(1)	(82)	(28)	-
Net increase/(decrease) in Cash	118	83	89	263	322	242	251	261
Less: Interest Income (after Tax)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Free Cash Flow to Equity	116	81	87	261	320	240	249	259

Free Cash Flows (NPR Mn)	FY41E	FY42E	FY43E	FY44E	FY45E	FY46E	FY47E	FY48E
Cash from operating activities	258	254	250	245	241	236	231	226
Cash from investing activities	-	-	-	-	-	-	-	-
Cash from financing activities*	-	-	-	-	-	-	-	-
Net increase/(decrease) in Cash	258	254	250	245	241	236	231	226
Less: Interest Income (after Tax)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Free Cash Flow to Equity	256	252	248	243	239	234	229	224

Free Cash Flows (NPR Mn)	FY49E	FY50E	FY51E	FY52E	FY53E
Cash from operating activities	220	215	208	202	179
Cash from investing activities	-	-	-	-	-
Cash from financing activities*	-	-	-	-	-
Net increase/(decrease) in Cash	220	215	208	202	179
Less: Interest Income (after Tax)	(2)	(2)	(2)	(2)	(1)
Free Cash Flow to Equity	218	213	206	200	178

*Excluding dividends

The PV of FCFE of MAKARI was arrived at after discounting the applicable cash flows at the Nepali cost of equity.

in NPR Mn (unless specified otherwise)	
Present Value of Cash Flows as at March 31, 2024	650
Excess Cash Available as at March 31, 2024	59
Equity Value of MAKARI as at March 31, 2024	709
NPR:LKR Exchange Rate as at March 31, 2024	2.26
Equity Value of MAKARI (LKR Mn) as at March 31, 2024	1,600

8.2.4 Engineering and O&M Service Companies

Overview

- Lakdhanavi Limited (LAK) undertakes engineering services as an EPC and O&M contractor for power plants. LAK is the EPC contractor for Sobadhanavi Limited which is expected to be fully commissioned in March 2025 and will be the O&M contractor to the power plant during the PPA term. In addition, LAK is the O&M contractor for Raj Lanka Power Company Limited (RAJ), Lakdhanavi Bangla Power Limited (LBPL) and West Coast Power (Private) Limited (WCP).
- Infra and Engineering (Private) Limited (INFRA) is at present, engaged in the provisioning of O&M related services for NIVIDHU, NAE, PDPL and Feni Lanka Power Limited (FENI). The company also provides engineering services to LAK for the provision of O&M services to WCP.

For the purposes of valuation, only the future revenue to be generated by LAK and INFRA from the EPC and O&M contracts currently in force have been considered. Accordingly, the EPC and O&M income that will be generated from future secured projects to be undertaken by both companies such as Rividhanavi and Sahasdhanavi have not been considered for this valuation.

The revenue from EPC and O&M services have been computed in line with the tariff rates/ fees stipulated in the respective contracts with each of the power plants, during the remaining term of the contracts (O&M contracts are for the same duration of the respective PPAs of these power plants). Gross profits have been forecasted based on the margins maintained for the respective EPC and O&M contracts.

8.2.4.1 Lakdhanavi Limited

LAK is currently in the process of providing EPC services for SOBA.

The following lists out the power plants that LAK provides O&M services to,

Power Plant	Energy Source	Installed Capacity (MW)	Term End of O&M Contract
RAJ	Thermal (HFO)	52.2	January-29
LBPL	Thermal (HFO/LNG)	52.2	December-29
WCP	Thermal (HFO/Diesel/LNG)	300.0*	May-35
SOBA	Thermal (Diesel/LNG/H ₂)	350.0**	20 Years from the Combined Cycle Commission Date (Assumed to be March-45)

*Contracted capacity for liquid fuel as per the existing PPA is 270MW

**Refer the SOBA write-up for further details on contracted capacity

Revenue Breakdown

Revenue (LKR Mn)	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E
EPC Services*	4,055	6,581	10,612	-	-	-	-	-
O&M - Local Plants	5,291	7,947	9,000	11,709	12,341	12,983	13,760	14,504
O&M - Foreign Plants	188	293	289	292	312	332	324	142
Other**	152	22	-	-	-	-	-	-
Total Revenue	9,685	14,842	19,901	12,001	12,652	13,315	14,085	14,645

Revenue (LKR Mn)	FY31E	FY32E	FY33E	FY34E	FY35E	FY36E	FY37E	FY38E
O&M - Local Plants	13,944	14,720	15,587	16,379	17,375	6,895	4,994	5,296
Total Revenue	13,944	14,720	15,587	16,379	17,375	6,895	4,994	5,296

Revenue (LKR Mn)	FY39E	FY40E	FY41E	FY42E	FY43E	FY44E	FY45E
O&M - Local Plants	5,617	5,957	6,318	6,701	7,107	7,537	7,994
Total Revenue	5,617	5,957	6,318	6,701	7,107	7,537	7,994

*FY25 value reflects the EPC revenue from SOBA. EPC income to be generated via the Rividhanavi and Sahasdhanavi power projects have not been forecasted.

**This revenue stream has not been forecasted

Gross Profit is expected to increase in FY25 with the recognition of EPC profits on the Sobadhanavi power project. Operating expenses have been forecasted to increase in line with inflation or as per the view of the management as applicable.

The repayment schedules and applicable interest rates for loans were incorporated into the forecast to calculate the finance cost while income taxes were computed at 30%.

Summarised Statement of Profit and Loss

In LKR Mn	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E
Revenue	9,685	14,842	19,901	12,001	12,652	13,315	14,085	14,645
Gross Profit	4,430	6,885	11,039	8,435	8,889	9,349	9,902	10,381
Operating Profit	12,737*	5,194	9,842	7,545	7,944	8,306	8,795	9,181
Net Finance Income/(Cost)	(117)	(1,268)	(560)	439	938	1,167	1,485	1,762
Profit Before Tax	12,621	3,926	9,283	7,984	8,882	9,473	10,280	10,943
Profit After Tax	10,790	3,064	6,533	5,635	6,265	6,681	7,248	7,714
GP Margin	46%	46%	55%	70%	70%	70%	70%	71%
OP Margin	132%	35%	49%	63%	63%	62%	62%	63%
NP Margin	111%	21%	33%	47%	50%	50%	51%	53%

*The Operating Profit is higher than the Gross Profit in FY23 as a result of the Excess Dividends received from WCP and due to exchange gains stemming from the large foreign currency deposits that were maintained at the time.

In LKR Mn	FY31E	FY32E	FY33E	FY34E	FY35E	FY36E	FY37E	FY38E
Revenue	13,944	14,720	15,587	16,379	17,375	6,895*	4,994	5,296
Gross Profit	9,780	10,317	10,922	11,463	12,161	3,671*	2,039	2,163
Operating Profit	8,494	8,932	9,416	9,844	10,796	1,629*	2,024	2,141
Net Finance Income/(Cost)	1,870	1,876	1,868	1,889	1,917	1,886	1,766	1,754
Profit Before Tax	10,364	10,808	11,284	11,734	12,713	3,515	3,791	3,895
Profit After Tax	7,311	7,624	7,959	8,276	8,964	2,529	2,724	2,800
GP Margin	70%	70%	70%	70%	70%	53%	41%	41%
OP Margin	61%	61%	60%	60%	62%	24%	41%	40%
NP Margin	52%	52%	51%	51%	52%	37%	55%	53%

*The overall revenue and cost base (for selected line items that are linked to the scale of operations) were assumed to decrease substantially following the end of the WCP PPA tenure, given that the only operational contract considered thereafter is the SOBA O&M contract.

In LKR Mn	FY39E	FY40E	FY41E	FY42E	FY43E	FY44E	FY45E
Revenue	5,617	5,957	6,318	6,701	7,107	7,537	7,994
Gross Profit	2,294	2,433	2,581	2,738	2,904	3,080	3,267
Operating Profit	2,263	2,393	2,529	2,672	2,823	2,982	3,149
Net Finance Income/(Cost)	1,802	1,818	1,834	1,851	1,868	1,886	1,525
Profit Before Tax	4,064	4,210	4,363	4,523	4,691	4,868	4,675
Profit After Tax	2,922	3,027	3,137	3,252	3,373	3,501	3,369
GP Margin	41%	41%	41%	41%	41%	41%	41%
OP Margin	40%	40%	40%	40%	40%	40%	39%
NP Margin	52%	51%	50%	49%	47%	46%	42%

LAK has invested its equity portion in SOBA by utilizing its foreign currency deposits. The debt position and finance costs of LAK were elevated in FY24 as a result of providing funds for the continuation of the construction work on the Sobadhanavi power plant until SOBA is able to drawdown on the project loan in FY25E.

LAK's 13.32% shareholding in WCP is reflected as a financial asset of LAK.

Trade and other receivables in FY24 included LKR 9.8 Bn receivables from SOBA, which is expected to be settled in FY25 upon the commencement of drawdown of the SOBA project loan facility. As the O&M contractor, LAK will be required to maintain the required operational spare parts (classified as inventory) to ensure the uninterrupted operations of SOBA and WCL, which have been factored into the financial forecast. Trade and other payables days have been assumed to be 35 days going forward.

Summarised Statement of Financial Position

in LKR Mn	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E
Total Assets	60,546	66,042	60,810	57,836	61,924	68,517	75,586	76,160
Total Equity	45,046	44,778	51,020	51,505	57,479	63,869	70,659	71,007
Total Liabilities	15,501	21,264	9,790	6,332	4,445	4,648	4,926	5,153

in LKR Mn	FY31E	FY32E	FY33E	FY34E	FY35E	FY36E	FY37E	FY38E
Total Assets	75,438	75,795	76,202	76,618	77,847	68,691	68,974	69,334
Total Equity	70,493	70,701	70,939	71,189	72,087	65,869	66,291	66,603
Total Liabilities	4,946	5,094	5,263	5,428	5,760	2,822	2,683	2,731

in LKR Mn	FY39E	FY40E	FY41E	FY42E	FY43E	FY44E	FY45E
Total Assets	69,770	70,194	70,636	71,097	71,580	72,085	37,047
Total Equity	66,970	67,330	67,705	68,096	68,504	68,930	37,047
Total Liabilities	2,800	2,864	2,931	3,001	3,076	3,155	-

Free Cash Flows to Equity of LAK are as follows:

Free Cash Flows (LKR Mn)	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E
Cash from operating activities	29,189	4,653	5,277	5,405	5,657	5,782	5,018
Cash from investing activities	391	875	1,114	1,310	1,633	1,897	1,996
Cash from financing activities*	(9,011)	(2,547)	(2,194)	(16)	(2)	-	-
Net increase/(decrease) in Cash	20,569	2,980	4,197	6,698	7,288	7,679	7,013
Less: Interest Income (after Tax)	(302)	(565)	(721)	(842)	(1,064)	(1,259)	(1,334)
Free Cash Flow to Equity	20,267	2,415	3,476	5,856	6,224	6,420	5,680

Free Cash Flows (LKR Mn)	FY32E	FY33E	FY34E	FY35E	FY36E	FY37E	FY38E
Cash from operating activities	5,366	5,705	5,988	6,371	(374)	3,188	774
Cash from investing activities	2,010	1,999	2,035	2,455	1,890	1,773	1,762
Cash from financing activities*	-	-	-	-	-	-	-
Net increase/(decrease) in Cash	7,376	7,704	8,023	8,826	1,515	4,961	2,535
Less: Interest Income (after Tax)	(1,339)	(1,334)	(1,351)	(1,372)	(1,332)	(1,245)	(1,237)
Free Cash Flow to Equity	6,037	6,369	6,673	7,454	183	3,716	1,298

Free Cash Flows (LKR Mn)	FY39E	FY40E	FY41E	FY42E	FY43E	FY44E	FY45E
Cash from operating activities	849	912	989	1,073	1,162	1,257	2,403
Cash from investing activities	1,810	1,826	1,846	1,864	1,886	1,905	2,246
Cash from financing activities*	-	-	-	-	-	-	-
Net increase/(decrease) in Cash	2,659	2,738	2,835	2,937	3,048	3,162	4,649
Less: Interest Income (after Tax)	(1,271)	(1,282)	(1,295)	(1,307)	(1,320)	(1,333)	(1,082)
Free Cash Flow to Equity	1,388	1,455	1,540	1,630	1,728	1,828	3,567

*Excluding dividends

The PV of FCFE of LAK was arrived at after discounting the applicable cash flows at the Sri Lankan cost of equity.

	LKR Mn
Present Value of LAK as at March 31, 2024	37,683
Surplus Financial Assets as at March 31, 2024	4,463
Excess Cash as at March 31, 2024*	(709)
Investment in West Coast**	9,521
Equity Value of LAK as at March 31, 2024	50,958

*Net of overdrafts

**The investment in WCP recorded on the FY24 balance sheet of LAK is LKR 3,411 corresponding to a stake of 4.77%⁴². This value has been adjusted to reflect the increase in LAK's shareholding in WCP to 13.32% in June 2024.

⁴² As per the agreement entered into by the Secretary to the Treasury and LAK, LAK pledged and transferred 8.33% of its holding in WCP to the Secretary to the Treasury in order to obtain a Sovereign Guarantee to secure funding for the construction of WCP. As per the agreement, following the full settlement of the project loan, the aforementioned 8.33% was transferred back to LAK in June 2024.

8.2.4.2 Infra and Engineering (Private) Limited

The following lists out the power plants that INFRA provides O&M services to,

Power Plant	Energy Source	Installed Capacity (MW)	Validity Period
NIVIDHU	Hydro	2.2	Dec-2038
NAE*	Hydro	4.0	Oct-2040
PDPL	Wind	10.0	Feb-2033
FENI	Thermal (HFO)	114.0	Nov-2034

*The PPA expiring in October 2025 is expected to be extended for a further 15 years upon the renewal of the General License, as per the current policy in Sri Lanka for mini hydro plants

The forecast financial performance is limited to INFRA's O&M contracts currently in force for the power plants listed in the table above.

Revenue breakdown

Revenue (LKR Mn)	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E
O&M Services	332	340	347	362	387	413	442	473	506
EPC Contracts*	19	2	-	-	-	-	-	-	-
Engineering Services**	131	178	172	186	201	217	234	253	273
Total Revenue	481	520	519	548	587	630	676	726	779

Revenue (LKR Mn)	FY32E	FY33E	FY34E	FY35E	FY36E	FY37E	FY38E	FY39E	FY40E	FY41E
O&M Services	542	568	476	385	142	150	159	150	98	61
Engineering Services**	295	319	344	372	401	-	-	-	-	-
Total Revenue	837	887	820	756	543	150	159	150	98	61

*EPC income in FY23 and FY24 comprise of the EPC contracts undertaken for FENI and MAKARI

**Engineering Services is the salary cost of providing employees to LAK for the provision of O&M services to WCP inclusive of a profit margin

Cost of providing services to power plants has been forecasted based on the margins maintained for the respective O&M contracts. Other operating expenses have been inflation linked or forecasted to grow based on the assumptions of the management, as appropriate. Income Taxes have been assumed at 30% on taxable income as per the prevailing rates.

Summarised Statements of Profit or Loss

In LKR Mn	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E
Revenue	481	520	519	548	587	630	676	726	779
Gross Profit	156	174	172	178	190	202	216	230	245
EBIT*	430	(291)	144	186	192	198	204	210	217
Net Finance Income/(Cost)	311	336	243	349	366	379	406	435	449
Profit Before Tax	741	45	388	535	558	576	610	646	666
Profit After Tax	743	47	385	527	549	568	598	629	649
GP Margin	32%	33%	33%	33%	32%	32%	32%	32%	31%
EBIT Margin	89%	-56%	28%	34%	33%	31%	30%	29%	28%
NP Margin	154%	9%	74%	96%	93%	90%	88%	87%	83%

In LKR Mn	FY32E	FY33E	FY34E	FY35E	FY36E	FY37E	FY38E	FY39E	FY40E	FY41E
Revenue	837	887	820	756	543	150	159	150	98	61
Gross Profit	261	267	261	211	80	105	111	105	69	43
EBIT*	224	220	204	246	228	273	286	285	254	233
Net Finance Income/(Cost)	463	477	493	508	524	541	559	577	594	599
Profit Before Tax	687	698	696	755	752	814	844	861	849	831
Profit After Tax	671	682	682	740	739	792	823	844	838	827
GP Margin	31%	30%	32%	28%	15%	70%	70%	70%	70%	70%
EBIT Margin	27%	25%	25%	33%	42%	182%	180%	190%	258%	382%
NP Margin	80%	77%	83%	98%	136%	528%	517%	564%	851%	1357%

*Volatility of EBIT in FY23 and FY24 are due to the exchange gains and losses recognized (respectively) on the foreign currency denominated deposits maintained by INFRA. EBIT is presented here since the forecasted exchange gains and losses has a noteworthy contribution to Profit Before Tax.

Given the nature of its operations as a service provider, INFRA does not need to maintain any inventory nor incur any material capital expenditure. Trade Receivable Days are assumed to normalise through FY25 and FY26, as the working capital cycles of the power plants INFRA provides O&M services in Sri Lanka and Bangladesh improves.

Working Capital Assumptions	FY23	FY24E	FY25E	FY26E Onwards
Trade Receivable Days	294	217	90	45
Trade and Other Payable Days	61	91	90	90

INFRA has no outstanding borrowings currently and it is assumed to remain the same for the forecast period.

SUMMARISED STATEMENTS OF FINANCIAL POSITION

In LKR Mn	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E
Total Assets	4,894	4,793	4,880	5,107	5,269	5,433	5,615	5,807	5,986
Total Equity	4,391	4,359	4,709	4,947	5,101	5,257	5,429	5,609	5,787
Total Liabilities	503	434	171	160	168	176	186	197	198

In LKR Mn	FY32E	FY33E	FY34E	FY35E	FY36E	FY37E	FY38E	FY39E	FY40E	FY41E
Total Assets	6,172	6,355	6,512	6,697	6,837	7,015	7,232	7,452	7,653	7,430
Total Equity	5,971	6,150	6,320	6,549	6,733	6,971	7,199	7,426	7,632	7,430
Total Liabilities	201	205	192	148	104	44	32	26	21	-

Free Cash Flows to Equity of INFRA are as follows:

Free Cash Flows (LKR Mn)	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E	FY32E
Cash from operating activities	10	65	15	15	384*	6	(5)	(5)
Cash from investing activities	243	349	366	379	406	435	449	463
Net increase/(decrease) in Cash	254	414	382	393	791	441	444	458
Less: Interest Income (after Tax)	(241)	(341)	(358)	(370)	(394)	(418)	(433)	(447)
Free Cash Flow to Equity	13	73	24	23	397	23	11	11

Free Cash Flows (LKR Mn)	FY33E	FY34E	FY35E	FY36E	FY37E	FY38E	FY39E	FY40E	FY41E
Cash from operating activities	14	(10)	(20)	(8)	(6)	(5)	12	(26)	39
Cash from investing activities	477	493	508	524	541	559	577	594	599
Net increase/(decrease) in Cash	491	483	488	516	535	553	589	568	637
Less: Interest Income (after Tax)	(462)	(478)	(494)	(511)	(528)	(547)	(565)	(584)	(594)
Free Cash Flow to Equity	29	5	(6)	6	6	7	23	(16)	44

*Receivables from RAJ are expected to be settled upon the expiry of the PPA term in January 2029

The PV of FCFE of INFRA was arrived at after discounting the applicable cash flows at the Sri Lankan cost of equity.

	LKR Mn
Present Value of FCFE of INFRA as at March 31, 2024	291
Excess Cash as at March 31, 2024	33
Non-operational Assets as at March 31, 2024	3,856
Equity Value of INFRA as at March 31, 2024	4,180

8.2.5 Thermal Power Plants

8.2.5.1 Overview of Tariff/PPA Structure

The operating model and thereby the revenue and cost of sales structures of thermal power plants that are operated under long term Power Purchase Agreements (PPAs) are different to renewable power plants operated in Sri Lanka under SPPAs. Therefore, the Joint Managers to the Issue wish to provide the following overview of the Revenue and Cost of Sales drivers of Thermal Power plants for context when referring to the ensuing section.

The revenue of a Thermal power plant are governed by the terms set out in the PPA signed between the Power off-taker (in the case of Sri Lankan plants - CEB/in the case of Bangladeshi plants - BPDB) and the respective power plant. The tariff paid by the respective Power Off-taker to the power plant comprises of the Capacity Charge and the Energy Charge.

The Capacity Charge is paid based on the contracted capacity of the power plant as per the terms of the PPA and will be independent of the level of electricity generated by the power plant. This is because in a thermal power plant, the dispatch of the power plant (i.e. amount of electricity supplied to the power grid) is determined solely by the power off-taker, based on the requirement of the grid, whilst the obligation of the power plant is to make available the contracted capacity under the terms of the PPA to enable the power off-taker to dispatch the power plant when required. The Capacity Charge is further broken down into the following tariffs:

- *Capital Cost Recovery Charge* - This contains local currency and hard currency (USD or EUR) components, based on the currencies in which the investment of equity and debt for the development of the power plants was funded. The Capital Cost Recovery Component is structured to ensure that the capital and interest on the debt obtained for the development of the power plant can be settled and the equity returns anticipated at the time of bidding for the power plant can be realised, irrespective of the level of electricity generated.
- *Fixed O&M Charge*- These are inflation-indexed tariffs which are computed as per the terms set out in the PPA. These tariffs are denominated in local currency and in a hard currency (USD or EUR) to cover the power plant's fixed operating costs such as cost of spares, salaries, insurance and other fixed overheads.

Energy Charge, is driven by the amount of electricity generated (the level of dispatch) by the power plant, and comprises of the following;

- *Variable O&M Charge* - Comprises of inflation-indexed components which are computed as per the terms set out in the PPA. These are denominated in local currency as well as in hard currency (USD or EUR), to cover the additional operating expenses of a variable nature to be incurred depending on the dispatch level of the plant.
- *Fuel Charge*- This serves predominantly as a pass through of the fuel cost based on the actual generation of the power plant. The fuel payment offers protection from volatilities in fuel prices to the IPP. The fuel charge is paid based on the terms set out in the PPA.

The quantum of fuel for which the cost is reimbursed is calculated based on the heat rate (i.e. quantum of energy in kJ required to produce 1kWh of electricity) as stipulated in the PPA. Any variation in the actual quantum of fuel consumed by the power plant against the heat rate stipulated in the PPA can lead to the power plant incurring an additional expense or gain in the consumption of fuel. The cost or gain of this can be borne by the power plant or passed to the O&M contractor, based on the terms stipulated in the O&M agreement.

Large thermal power plants in general are operated and maintained by O&M contractors on behalf of the IPP, who have the required expertise to undertake these activities. There are corresponding fixed and variable costs relating to the operations of the power plants costs in relation to the above revenue items which are paid to the O&M contractor (with the exception of the fuel cost) based on the terms and formula agreed upon in the respective O&M agreements.

8.2.5.2 Overview of the Thermal Plants

- Feni Lanka Power Limited (FENI), an engine based HFO power plant located in Feni, Bangladesh, was commissioned in November 2019 with a capacity of 114 MW. The 15-year PPA, signed between FENI and BPDB is due to expire in November 2034.
- Lakdhanavi Bangla Power Limited (LBPL), a dual fuel power plant located in Comilla, Bangladesh, was commissioned in December 2014 with a capacity of 52.2 MW. The 15-year PPA, signed between LBPL and BPDB is due to expire in December 2029.
- Raj Lanka Power Company Limited (RAJ), an engine based HFO power plant located in Rajshahi, Bangladesh, was commissioned in January 2014 with a capacity of 52.2 MW. The 15-year PPA, signed between RAJ and BPDB is due to expire in January 2029.
- Sobadhanavi Limited (SOBA), the multi-fuel capable power plant in Kerawalapitiya, Sri Lanka (capable of running on Diesel/HFO/H2), is expected to commence operations in August 2024 as an Open Cycle - Liquid Fuel power plant for a period of 3 months. Thereafter, starting from March 2025⁴³, it will be run as a Combined Cycle powerplant for a further tenure of 20 years as set out by the PPA signed between Sobadhanavi Limited and the CEB in July 2021.

The forecasts for units generated per annum during the remainder of the PPAs of the power plants mentioned above are based on the average annual plant factor estimates provided by the management of LTLH, after taking into consideration factors such as future energy demand, other power plants operating in the area and prices of alternative energy sources.

The three Bangladesh-based plants (FENI, LBPL and RAJ) are expected to directly import 70% of its HFO requirement from FY26 onwards. These powerplants procured HFO solely from the BPC in FY24 due to the dollar liquidity crisis which prevailed in recent times. Payables days pertaining to LC payments on account of fuel imports have been assumed to be 365 days for FENI, LBPL and RAJ from FY26 onwards.

Operational expenses of FENI, LBPL and RAJ primarily comprise of the cost of fuel purchases, O&M expenses, depreciation and other fuel related expenditure. The O&M cost includes the fixed USD and BDT linked O&M fee paid to INFRA for FENI, to LAK for LBPL and RAJ in line with the terms stipulated in the respective O&M agreements. Additionally, the three Bangladesh-based plants would incur expenses for regular maintenance and overhauls, the cost of which has been estimated by the Management based the units generated annually. All other general costs have been increased in line with the inflation expectations for Bangladesh and the views of the management.

The three Bangladesh-based plants are not liable for the payment of taxes on its operational profits due to tax holidays extending over the full term of the PPA. However, 25% tax on finance income has been factored, as per current tax regulations. It should also be noted that the receivable days of all three plants have been adjusted for FY25 to reflect the normalization of payments of the BPDB in the last quarter of FY24 with the improvement in the payment capacity of BPDB.

Furthermore, for the four thermal plants, capital expenditure has not been separately considered in the projections/valuation since it is captured in the annual O&M expenses as maintenance/overhaul related expenses.

⁴³ For the purposes for forecasting and valuation, it has been assumed that the Combined Cycle operations for SOBA will commence in April 2025

8.2.5.3 Feni Lanka Power Limited

FENI's annual plant factor is expected to increase in FY25 due to the prevalent shortage of dispatch of power plants operating on natural gas in the region, necessitating FENI to cater a higher portion of the region's electricity demand. Plant factor from FY27 onwards is expected to normalize with anticipated plant additions in the medium term.

Plant Factor and Generation	FY23	FY24	FY25E	FY26E	FY27E to FY34E	FY35E
Plant Factor (%)	23.5%	33.1%	50.0%	45.0%	40.0%	40.0%
Units Generated (GWh/year)	234.3	330.6	499.3	449.4	399.5	266.3*

*The lower units generated is on account of the plant being operational for only 8 months in FY35

The summarized revenue breakdown including the currency composition of the forecasted revenue streams is given below.

Revenue breakdown

Revenue (BDT Mn)	FY23	FY24	FY25E	FY26E	FY27E	FY28E
Capacity Charge	1,470	1,559	1,706	1,673	1,656	1,637
Variable O&M Charge	121	184	430	403	375	392
Fuel Charge	4,018	6,100	9,205	7,618	6,904	7,039
Other Adjustments	252	216	-	-	-	-
Total Revenue	5,860	8,059	11,341	9,694	8,935	9,068
% - USD-linked Capacity and Variable O&M	96%	96%	91%	91%	91%	91%
% - BDT Capacity and Variable O&M	4%	4%	9%	9%	9%	9%

Revenue (BDT Mn)	FY29E	FY30E	FY31E	FY32E	FY33E	FY34E	FY35E
Capacity Charge	1,617	1,511	1,324	1,234	1,058	1,085	742
Variable O&M Charge	411	430	450	472	494	517	241
Fuel Charge	7,176	7,316	7,460	7,605	7,754	7,906	5,374
Total Revenue	9,204	9,258	9,234	9,312	9,306	9,509	6,357
% - USD-linked Capacity and Variable O&M	90%	89%	87%	86%	84%	83%	85%
% - BDT Capacity and Variable O&M	10%	11%	13%	14%	16%	17%	15%

USD denominated project loans obtained for the development of the power plant would be repaid by FY32.

Therefore, finance costs of FENI over the forecast period include interest paid on working capital facilities and project loans.

Summarised Statement of Profit and Loss

In BDT Mn	FY23	FY24	FY25E	FY26E	FY27E	FY28E
Revenue	5,860	8,059	11,341	9,694	8,935	9,068
Gross Profit	1,672	1,908	2,019	2,145	2,139	2,137
Operating Profit	1,569	1,609	1,942	2,064	2,053	2,046
Net Finance Cost	(827)	(1,036)	(1,009)	(966)	(742)	(683)
Profit Before Tax	742	573	933	1,098	1,311	1,363
Profit After Tax	735	563	928	1,089	1,301	1,352
<i>GP Margin</i>	29%	24%	18%	22%	24%	24%
<i>OP Margin</i>	27%	20%	17%	21%	23%	23%
<i>NP Margin</i>	13%	7%	8%	11%	15%	15%

In BDT Mn	FY29E	FY30E	FY31E	FY32E	FY33E	FY34E	FY35E
Revenue	9,204	9,258	9,234	9,312	9,306	9,509	6,357
Gross Profit	1,950	1,811	1,889	1,818	1,655	1,604	998
Operating Profit	1,854	1,711	1,782	1,706	1,535	1,477	909
Net Finance Cost	(642)	(611)	(485)	(465)	(170)	(165)	(103)
Profit Before Tax	1,213	1,100	1,298	1,241	1,365	1,312	806
Profit After Tax	1,202	1,090	1,288	1,231	1,354	1,298	799
<i>GP Margin</i>	21%	20%	20%	20%	18%	17%	16%
<i>OP Margin</i>	20%	18%	19%	18%	16%	16%	14%
<i>NP Margin</i>	13%	12%	14%	13%	15%	14%	13%

Working capital assumptions used for the forecast are based on expectations of Trade Receivable days to improve in FY25 and stabilize in FY26. Inventory days and Trade Payables days are expected to stabilize by FY25 and FY26, respectively.

Working Capital Assumptions	FY23	FY24	FY25E	FY26E onwards
Trade Receivables days	192	158	90	70
Inventory days	15	7	15	15
Trade Payables days	110	113	90	45

SUMMARISED STATEMENTS OF FINANCIAL POSITION

in BDT Mn	FY23	FY24E	FY25E	FY26E	FY27E	FY28E
Total Assets	10,772	10,533	11,092	10,796	10,357	10,099
Total Equity	2,208	2,747	3,379	3,749	4,217	4,579
Total Liabilities	8,563	7,786	7,713	7,047	6,139	5,520

in BDT Mn	FY29E	FY30E	FY31E	FY32E	FY33E	FY34E	FY35E
Total Assets	9,659	9,213	9,124	8,933	9,364	9,654	3,345
Total Equity	4,778	5,038	5,562	6,021	6,391	6,605	3,345
Total Liabilities	4,881	4,175	3,562	2,912	2,973	3,048	-

Free Cash Flows to Equity of FENI from FY25 to FY35 have been derived as follows.

Free Cash Flows (BDT Mn)	FY25E	FY26E	FY27E	FY28E	FY29E
Cash from operating activities	1,911	4,337	1,739	1,817	1,945
Cash from investing activities	17	36	43	43	42
Cash from financing activities*	379	(2,521)	(835)	(743)	(772)
Net increase/(decrease) in Cash	2,318	1,863	948	1,117	1,216
Less: Interest Income (after Tax)	(13)	(27)	(33)	(32)	(32)
Free Cash Flow to Equity	2,305	1,836	916	1,085	1,184

Free Cash Flows (BDT Mn)	FY30E	FY31E	FY32E	FY33E	FY34E	FY35E
Cash from operating activities	1,621	1,724	1,706	1,577	1,485	1,301
Cash from investing activities	41	40	41	46	55	29
Cash from financing activities*	(807)	(638)	(695)	22	22	(1,132)
Net increase/(decrease) in Cash	855	1,125	1,053	1,645	1,562	198
Less: Interest Income (after Tax)	(30)	(30)	(31)	(35)	(41)	(22)
Scrap Value	-	-	-	-	-	3,411**
Free Cash Flow to Equity	824	1,095	1,022	1,610	1,521	3,588

*Excluding dividends

** The resale value amounting to BDT 3,411 Mn comprises of the Net Book Value of the plant and the estimated fair value of land as at the end of the PPA (as per the recent valuation report carried out by an independent valuer in March, 2022).

The PV of FCFE of FENI was arrived at after discounting the Free Cash Flows to Equity of the company at the applicable Bangladeshi cost of equity.

In BDT Mn (unless specified otherwise)	
Present Value of FCFE of FENI as at March 31,2024	6,954
Excess Cash Available as at March 31,2024	183
Equity Value of FENI as at March 31,2024	7,136
Exchange Rate (LKR per BDT as at March 31,2024)	2.74
Equity Value of FENI (LKR Mn) as at March 31, 2024	19,584

8.2.5.4 Raj Lanka Power Company Limited

It is the expectation that RAJ would be dispatched at a minimal level by the BPDB during the remaining five year period of the PPA, due to the low level of demand growth in the region the power plant is located and the availability of lower cost power plants catering to the region such as the recently constructed coal power plant.

The summarized revenue breakdown including the currency composition of the forecasted revenue streams is given below.

Plant Factor and Generation	FY23	FY24	FY25E to FY28E	FY29E
Plant Factor (%)	18.5%	10.0%	5.0%	5.0%
Units Generated (GWh/year)	84.9	45.6	22.9	19.1*

*The lower units generated is on account of the plant being operational for only 10 months in FY29

Revenue Breakdown

Revenue (BDT Mn)	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E
Capacity Charge	505	224	272	277	284	292	250
Variable O&M Charge	27	17	13	13	14	14	10
Fuel Charge	1,476	839	415	387	394	402	341
Other Adjustments	145	74	-	-	-	-	-
Total Revenue	2,152	1,153	700	677	692	708	602
% - USD-linked Capacity and Variable O&M	98%	96%	92%	92%	92%	92%	91%
% - BDT Capacity and Variable O&M	2%	4%	8%	8%	8%	8%	9%

RAJ was LTLH Group's first entry into the Bangladeshi power sector. As a strategy for breaking into the Bangladeshi market, LAK bid at relatively lower tariff rates which steeply decline during the last years of the PPA term which results in the power plant incurring net losses during the last few years of operations.

RAJ has fully settled the project loans obtained for the development of the power plant. Therefore, finance costs include interest paid on working capital facilities and overdraft facilities maintained by RAJ for the operations of the power plant.

Summarised Statement of Profit and Loss

In BDT Mn	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E
Revenue	2,152	1,153	700	677	692	708	602
Gross Profit	343	5	(33)	2	(15)	5	(33)
Operating Profit	206	(192)	(60)	(25)	(44)	(25)	(61)
Net Finance Cost	(346)	(188)	(187)	(136)	(116)	(108)	(117)
Profit Before Tax	(140)	(380)	(247)	(161)	(160)	(133)	(177)
Profit After Tax	(141)	(382)	(247)	(161)	(160)	(133)	(177)
<i>GP Margin</i>	16%	0%	-5%	0%	-2%	1%	-6%
<i>OP Margin</i>	10%	-17%	-9%	-4%	-6%	-4%	-10%
<i>NP Margin</i>	-7%	-33%	-35%	-24%	-23%	-19%	-29%

Working capital assumptions used for the forecast are based on expectations that Trade Receivable days to improve in FY25 and stabilize in FY26. Inventory days and Trade Payables Days are expected to stabilize by FY25 onwards, respectively.

Working Capital Assumptions	FY23	FY24	FY25E	FY26E onwards
Trade Receivables days	173	275	120	70
Inventory days	79	79	15	15
Trade Payables days	102	86	90	90

For the purposes of this valuation exercise, we have assumed that RAJ will continue to rely on its overdraft facilities to manage the continuing cash deficit without burdening its shareholders and has been factored into the valuation. It is expected that these working capital facilities can be fully settled through the resale of the power plant and the land the plant is situated, upon the expiry of the PPA.

Summarised Statements of Financial Position

In BDT Mn	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E
Total Assets	4,183	3,734	2,923	2,690	2,563	2,437	1,924
Total Equity	1,729	1,347	1,100	939	779	646	469
Total Liabilities	2,454	2,387	1,823	1,751	1,784	1,791	1,455

Free Cash Flows to Equity of RAJ from FY25 to FY29 have been derived as follows.

Free Cash Flows (BDT Mn)	FY25E	FY26E	FY27E	FY28E	FY29E
Cash from operating activities	525	172	(26)	(9)	(480)
Cash from investing activities	1	1	1	1	37
Cash from financing activities*	(516)	(173)	25	8	(1,023)
Net increase/(decrease) in Cash	10	0	0	0	(1,465)**
Less: Interest Income (after Tax)	(1)	(1)	(1)	(1)	(0)
Scrap Value	-	-	-	-	1,936***
Free Cash Flow to Equity	9	(1)	(1)	(1)	470

*Excluding dividends

**Given that RAJ is loss-making until the expiry of the PPA, it is assumed that RAJ will roll-over the working capital/ overdraft facility until FY29, until it settles the same at the expiry of the tenor of the PPA

***The resale value amounting to BDT 1,936 Mn comprises of the Net Book Value of the plant and the estimated fair value of land as at the end of the PPA (as per the valuation report carried out by an independent valuer in August, 2020).

The PV of FCFE of RAJ was arrived at after discounting the applicable cash flows at the Bangladeshi cost of equity.

In BDT Mn (unless specified otherwise)	
Present Value of FCFE of RAJ as at March 31, 2024	205
Excess Cash Available as at March 31, 2024	46
Equity Value of RAJ as at March 31, 2024	251
Exchange Rate (LKR per BDT as at March 31, 2024)	2.74
Equity Value of RAJ (LKR Mn) as at March 31, 2024	689

8.2.5.5 Lakdhanavi Bangla Power Limited

LBPL's annual plant factor is expected to increase in FY25 due to anticipated increase in demand as well as the temporary under-capacity in the region currently being experiencing in relation to power generation. However, with anticipated capacity additions in the foreseeable future, the plant factor is expected to gradually taper down over the remaining period of the PPA.

Plant Factor and Generation	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E
Plant Factor (%)	22.8%	36.3%	45.0%	30.0%	30.0%	27.0%	25.0%	20.0%
Units Generated (GWh/year)	104.8	166.0	205.8	137.2	137.2	123.5	114.3	68.6*

*The lower units generated is on account of the plant being operational for only 9 months in FY30 (in addition to the lower plant factor for the year)

The summarized revenue breakdown including the currency composition of the forecasted revenue streams is given below.

Revenue Breakdown

Revenue (BDT Mn)	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E
Capacity Charge	569	612	684	682	681	673	689	528
Variable O&M Charge	42	75	143	99	103	96	93	43
Fuel Charge	1,789	3,026	3,771	2,315	2,359	2,165	2,043	1,250
Other Adjustments	150	94	-	-	-	-	-	-
Total Revenue	2,550	3,806	4,599	3,095	3,143	2,934	2,825	1,821
% - USD-linked Capacity and Variable O&M	98%	99%	97%	97%	97%	97%	96%	96%
% - BDT Capacity and Variable O&M	2%	1%	3%	3%	3%	3%	4%	4%

Summarised Statement of Profit and Loss

In BDT Mn	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E
Revenue	2,550	3,806	4,599	3,095	3,143	2,934	2,825	1,821
Gross Profit	394	406	371	464	481	470	477	326
Operating Profit	302	271	323	413	428	413	418	280
Net Finance Income/(Cost)	(433)	(322)	(306)	(223)	(124)	(66)	(56)	(31)
Profit Before Tax	(131)	(51)	17	190	305	347	362	249
Profit After Tax	(134)	(54)	16	190	304	346	360	248
GP Margin	15%	11%	8%	15%	15%	16%	17%	18%
OP Margin	12%	7%	7%	13%	14%	14%	15%	15%
NP Margin	-5%	-1%	0%	6%	10%	12%	13%	14%

Working capital assumptions used for the forecast are based on expectations of Trade Receivable days to improve in FY25 and stabilize in FY26. Inventory and Trade Payable days are expected to stabilize by FY25, respectively.

Working Capital Assumptions	FY23	FY24	FY25E	FY26E onwards
Trade Receivables days	169	138	75	70
Inventory days	37	23	15	15
Trade Payables days	124	38	45	45

Summarised Statements of Financial Position

in BDT Mn	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E
Total Assets	4,459	4,352	3,772	3,267	3,307	3,267	3,233	1,696
Total Equity	1,731	1,781	1,807	2,033	2,186	2,228	2,242	1,696
Total Liabilities	2,728	2,571	1,965	1,234	1,121	1,040	991	-

Free Cash Flows to Equity of LBPL from FY25E to FY30E have been derived as follows.

Free Cash Flows (BDT Mn)	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E
Cash from operating activities	615	1,373	470	469	479	617
Cash from investing activities	1	1	3	5	7	4
Cash from financing activities*	(785)	(1,100)	(125)	(32)	(19)	(320)
Net increase/(decrease) in Cash	(169)	274	348	442	467	302
Less: Interest Income (after Tax)	(1)	(1)	(2)	(4)	(5)	(3)
Scrap Value	-	-	-	-	-	1,687**
Free Cash Flow to Equity	(170)	273	346	439	462	1,986

*Excluding dividends

** The resale value amounting to BDT 1,687 Mn comprises of the Net Book Value of the plant and machinery as at the end of the PPA.

The PV of FCFE of LBPL was arrived at after discounting the applicable cash flows at the Bangladeshi cost of equity.

In BDT Mn (unless specified otherwise)	
Present Value of FCFE of LBPL as at March 31,2024	1,383
Excess Cash Available as at March 31,2024*	(22)
Equity Value of LBPL as at March 31,2024	1,361
Exchange Rate (LKR per BDT as at March 31,2024)	2.74
Equity Value of LBPL (LKR Mn) as at March 31, 2024	3,734

*Net of overdrafts

8.2.5.6 Sobadhanavi Limited

It is assumed that SOBA will run on Liquid Fuel, on an Open Cycle basis from August 2024 to October 2024. Thereafter, for forecasting and valuation purposes, it is assumed that SOBA would run on Liquid Fuel for the first five years of the Combined Cycle phase, from April 2025 to March 2030, and then switch to LNG in April 2030, where it will continue to run on LNG until March 2045. SOBA will only be able to operate on LNG upon the GoSL making available the necessary infrastructure for the supply and distribution of LNG to the power plants. The current estimated timeline for the conversion to LNG has been made bearing in mind the progress made to date in developing the said infrastructure. The provisions of the PPA enable SOBA to continue to operate on liquid fuel until the infrastructure is in place and required agreements for the supply of LNG to the power plants are entered into between all parties.

The following table depicts the key operational variables that correspond to each of the stage of operations.

	FY25E*	FY26E to FY30E	FY30E to FY45E
Type of Operations**	Open Cycle - Fuel	Combined Cycle - Fuel	Combined Cycle - LNG
Capacity (MW)	212.0	312.0	350.0
Plant Factor (%)	12.5%	42.0%	50.0%
Units Generated (GWh)	202.6	1,004.2	1,306.1

*Forecasted to operate for three months in FY25

**In Open Cycle operations, power is generated through a generator coupled to a gas turbine as an intermediary measure until the combined cycle operation commences. In Combined Cycle operations, both the gas and steam turbines are used for the generation of electricity where the exhaust heat produced from the gas turbine is used to produce steam and that steam is routed to the steam turbine to generate additional power. This results in increasing the efficiency of the power plant and lowering the unit cost of electricity generated since a larger number of electricity units can be generated with the fuel consumed to fire the gas turbine.

The summarized revenue breakdown including the currency composition of the forecasted revenue streams is given below.

Revenue Breakdown - SOBA Project

Revenue (LKR Mn)	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E
Capacity Charge	1,172	16,144	15,743	15,353	14,975	14,610	13,236
Energy Charge	19,340	68,706	68,864	69,031	69,208	69,396	36,348
Variable O&M Charge	468	2,449	2,597	2,755	2,922	3,100	2,302
Fuel Charge	18,872	66,257	66,266	66,276	66,286	66,296	34,046
Total Revenue	20,511	84,850	84,606	84,383	84,183	84,005	49,585
% - USD-linked Capacity and Variable O&M	63.4%	29.6%	31.6%	33.6%	35.8%	38.1%	37.1%
% - LKR-linked Capacity and Variable O&M	36.6%	70.4%	68.4%	66.4%	64.2%	61.9%	62.9%

Revenue (LKR Mn)	FY32E	FY33E	FY34E	FY35E	FY36E	FY37E	FY38E
Capacity Charge	12,902	12,583	12,278	11,988	7,597	7,962	8,345
Energy Charge	37,852	39,418	41,051	42,752	44,525	46,372	48,298
Variable O&M Charge	2,442	2,590	2,747	2,914	3,091	3,278	3,477
Fuel Charge	35,410	36,828	38,304	39,838	41,434	43,094	44,821
Total Revenue	50,754	52,001	53,328	54,740	52,122	54,334	56,642
% - USD-linked Capacity and Variable O&M	39.5%	42.0%	44.6%	47.3%	69.3%	69.3%	69.3%
% - LKR-linked Capacity and Variable O&M	60.5%	58.0%	55.4%	52.7%	30.7%	30.7%	30.7%

Revenue (LKR Mn)	FY39E	FY40E	FY41E	FY42E	FY43E	FY44E	FY45E
Capacity Charge	8,747	9,169	9,612	10,078	10,568	11,082	11,622
Energy Charge	50,304	52,396	54,576	56,848	59,216	61,685	64,259
Variable O&M Charge	3,688	3,911	4,149	4,400	4,667	4,950	5,250
Fuel Charge	46,617	48,484	50,427	52,448	54,549	56,735	59,009
Total Revenue	59,051	61,565	64,188	66,926	69,784	72,767	75,881
% - USD-linked Capacity and Variable O&M	69.3%	69.4%	69.4%	69.4%	69.4%	69.4%	69.4%
% - LKR-linked Capacity and Variable O&M	30.7%	30.6%	30.6%	30.6%	30.6%	30.6%	30.6%

Profits of SOBA were arrived at after factoring in fuel expenses, O&M expenses to be paid to LAK, depreciation and other operational expenses.

The net finance costs incorporate the interest expenses on the long-term project financing facilities and working capital facilities obtained by SOBA for the development of the power plant and for fuel purchases, respectively.

SOBA will be entitled to an Accelerated Capital Allowance on the development cost of the project in line with the current tax regulations in the country, which would result in SOBA having to incur income taxes on the profits generated through operation only from FY36 onwards. Interest income will be liable to income tax during the tenor of the project.

Summarised Statements of Profit or Loss

In LKR Mn	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E
Revenue	-	-	20,511	84,850	84,606	84,383	84,183	84,005
Gross Profit	-	-	903	15,838	15,372	14,913	14,462	14,020
Operating Profit	(6)	(49)	903	15,387	14,894	14,407	13,926	13,451
Net Finance Cost	1	8	(101)	(6,648)	(6,579)	(5,946)	(5,313)	(4,680)
Profit Before Tax	(5)	(41)	802	8,740	8,315	8,461	8,612	8,771
Profit After Tax	(5)	(41)	799	8,723	8,296	8,440	8,589	8,745
GP Margin	N/A	N/A	4.4%	18.7%	18.2%	17.7%	17.2%	16.7%
OP Margin	N/A	N/A	4.4%	18.1%	17.6%	17.1%	16.5%	16.0%
NP Margin	N/A	N/A	3.9%	10.3%	9.8%	10.0%	10.2%	10.4%

In LKR Mn	FY31E*	FY32E	FY33E	FY34E	FY35E	FY36E	FY37E	FY38E
Revenue	49,585	50,754	52,001	53,328	54,740	52,122	54,334	56,642
Gross Profit	8,281	7,857	7,442	7,037	6,643	2,140	2,387	2,645
Operating Profit	7,678	7,218	6,765	6,320	5,882	1,334	1,532	1,739
Net Finance Cost	(3,805)	(2,919)	(2,309)	(1,699)	(1,089)	(622)	(441)	(446)
Profit Before Tax	3,873	4,299	4,457	4,621	4,793	712	1,091	1,294
Profit After Tax	3,853	4,279	4,436	4,601	4,772	(508)	(247)	(110)
GP Margin	16.7%	15.5%	14.3%	13.2%	12.1%	4.1%	4.4%	4.7%
OP Margin	15.5%	14.2%	13.0%	11.9%	10.7%	2.6%	2.8%	3.1%
NP Margin	7.8%	8.4%	8.5%	8.6%	8.7%	-1.0%	-0.5%	-0.2%

In LKR Mn	FY39E	FY40E	FY41E	FY42E	FY43E	FY44E	FY45E
Revenue	59,051	61,565	64,188	66,926	69,784	72,767	75,881
Gross Profit	2,916	3,199	3,496	3,807	4,133	4,474	4,832
Operating Profit	1,956	2,181	2,417	2,664	2,921	3,189	3,470
Net Finance Cost	(451)	(456)	(462)	(468)	(476)	(484)	(345)
Profit Before Tax	1,505	1,726	1,956	2,195	2,445	2,705	3,125
Profit After Tax	33	182	338	501	670	846	1,198
GP Margin	4.9%	5.2%	5.4%	5.7%	5.9%	6.1%	6.4%
OP Margin	3.3%	3.5%	3.8%	4.0%	4.2%	4.4%	4.6%
NP Margin	0.1%	0.3%	0.5%	0.7%	1.0%	1.2%	1.6%

*The decline in margins in FY31 is due to the change in the fuel source to LNG and resultant change in the tariff structure under the PPA and again in FY36 with the debt settlement related capacity payment ending with the full settlement of project loans.

The receivable days and payables days are as per the conditions set out in the PPA signed between SOBA and the CEB and the Fuel Supply Agreement signed between SOBA and the CPC, respectively. SOBA has not entered into a Fuel Supply Agreement for LNG yet, given the absence of an LNG fuel supply mechanism in Sri Lanka and hence the timeline for commencement of the LNG phase is yet to be determined (it has been assumed to be FY31 for purposes of this forecast and valuation). Therefore, the same assumptions on payables and receivables have been assumed based on precedence in the liquid fuel stage and the view of the management.

The impact of loans obtained by the Consortium of Local Banks for the funding of the project were factored into the forecast. These loans are expected to be fully settled by FY36.

Summarised Statements of Financial Position

in LKR Mn	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E
Total Assets	24,866	42,331	69,903	83,528	81,272	79,459	77,698	75,990
Total Equity	21,445	22,479	23,279	32,001	34,192	36,824	39,505	42,238
Total Liabilities	3,421	19,852	46,624	51,527	47,080	42,635	38,192	33,752

in LKR Mn	FY31E	FY32E	FY33E	FY34E	FY35E	FY36E	FY37E	FY38E
Total Assets	64,650	61,531	58,236	54,987	51,785	45,596	45,619	45,761
Total Equity	39,969	41,166	42,179	43,231	44,322	39,997	39,751	39,641
Total Liabilities	24,681	20,365	16,057	11,756	7,463	5,599	5,869	6,120

in LKR Mn	FY39E	FY40E	FY41E	FY42E	FY43E	FY44E	FY45E
Total Assets	46,057	46,487	46,965	47,494	48,075	48,710	18,828
Total Equity	39,674	39,830	40,022	40,252	40,522	40,832	18,828
Total Liabilities	6,383	6,657	6,943	7,242	7,553	7,878	-

The following depicts the Free Cash Flows to Equity of SOBA.

Free Cash Flows (LKR Mn)	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E	FY32E
Cash from operating activities	(8,861)	11,964	11,532	11,668	11,810	11,958	7,082	7,508
Cash from investing activities	(24,369)	57	62	70	78	86	69	69
Cash from financing activities*	34,439	(2,214)	(4,428)	(4,428)	(4,428)	(4,428)	(4,428)	(4,428)
Net increase/(decrease) in Cash	1,209	9,807	7,166	7,310	7,459	7,615	2,723	3,149
Less: Interest Income (after Tax)	(6)	(40)	(44)	(49)	(54)	(60)	(48)	(48)
Free Cash Flow to Equity	1,203	9,767	7,123	7,261	7,405	7,555	2,675	3,100

Free Cash Flows (LKR Mn)	FY33E	FY34E	FY35E	FY36E	FY37E	FY38E	FY39E	FY40E
Cash from operating activities	7,666	7,831	8,003	3,337	3,038	3,133	3,260	3,393
Cash from investing activities	68	68	68	55	70	86	103	120
Cash from financing activities*	(4,428)	(4,428)	(4,428)	(2,214)	-	-	-	-
Net increase/(decrease) in Cash	3,306	3,471	3,642	1,178	3,109	3,219	3,363	3,514
Less: Interest Income (after Tax)	(48)	(48)	(47)	(38)	(49)	(60)	(72)	(84)
Free Cash Flow to Equity	3,258	3,423	3,595	1,140	3,059	3,158	3,291	3,429

Free Cash Flows (LKR Mn)	FY41E	FY42E	FY43E	FY44E	FY45E
Cash from operating activities	3,533	3,679	3,832	3,992	3,596
Cash from investing activities	138	156	174	192	-
Cash from financing activities*	-	-	-	-	-
Net increase/(decrease) in Cash	3,671	3,835	4,005	4,184	3,596
Less: Interest Income (after Tax)	(97)	(109)	(122)	(135)	-
Free Cash Flow to Equity	3,574	3,725	3,884	4,049	3,596

*Excluding dividends

The PV of FCFE of SOBA was arrived at after discounting the applicable cash flows at the Sri Lankan cost of equity.

	LKR Mn
PV of FCFE of SOBA as at March 31, 2024	27,956
Excess Cash as at March 31, 2024	389
Equity Value of SOBA as at March 31, 2024	28,345

8.2.6 NAV-based Valuations

Detailed financial forecasts have not been carried out for Bright International Power Pte. Ltd (BRIGHT), Heladhanavi Limited (HELAD), Lanka Industrial Products Engineering (Private) Limited (LIPE), L D Heavy Engineering (Private) Limited (LD), and LTL Energy (Private) Limited (LTLE). Hence, the NAV method was used in arriving at the value of these companies based on the rationale stipulated in Section 7.1.2.

Table 8-4 - NAV based Equity Values

	Equity Value as at March 31, 2024 (LKR Mn)
Bright International Power Pte. Ltd	985
Heladhanavi Limited	584
Lanka Industrial Products Engineering (Private) Limited	35
LTL Energy (Private) Limited*	(178)
L D Heavy Engineering (Private) Limited	335

*LTLE is the majority shareholder of MAKARI. Since MAKARI is valued separately for the valuation purposes, the NAV of LTLE is adjusted by carving out the investment in MAKARI recorded on the balance sheet of LTLE.

8.2.7 Sensitivity Analysis

The impact to the SOTP valuation from possible changes to the Costs of Equity applied for the 2 key markets of operations (Sri Lanka and Bangladesh) were analysed in this sensitivity analysis. Accordingly, the long-run Cost of Equity of Sri Lanka (18.0% from FY25 onwards) and the long-run Cost of Equity of Bangladesh (15.9% from FY29 onwards) were treated as dynamic variables to arrive at the following resultant valuation figures.

Table 8-5 - Sensitivity Analysis

		Long-run Cost of Equity - Sri Lanka [FY25 onwards]				
		16.0%	17.0%	18.0%	19.0%	20.0%
Long-run Cost of Equity - Bangladesh [FY29 onwards]	13.9%	99,368	96,246	93,412	90,824	88,450
	14.9%	99,215	96,093	93,258	90,670	88,296
	15.9%	99,069	95,947	93,112	90,524	88,150
	16.9%	98,930	95,808	92,973	90,385	88,012
	17.9%	98,798	95,676	92,841	90,253	87,879

9 TRANSACTION TEAMS

9.1 NDBIB TEAM

Darshan Perera - Director/CEO - NDB Investment Bank Limited

Darshan is credited as being a dynamic team player, highly skilled in all aspects of financial and investment markets with over 30 years of experience in the Banking and Finance Sector. He has to his credit, led teams that have successfully managed a large number of IPOs, M&As, and debt raisings and in doing so, introduced to the country new products and achieved record breaking results. Darshan is renowned in the industry as a corporate advisory specialist, specialising in areas of business due diligence, fund raising and restructuring. Darshan has also been instrumental in leading NDBIB to win numerous international and local awards for consecutive years.

Prior to joining NDBIB, Darshan held senior management positions in a number of large organisations and banking institutions, including serving as an Assistant Vice President at Vanik Incorporation. Darshan's career is enriched with a myriad of different academic disciplines. He holds a B.Sc. in Physical Science and an MBA from the University of Colombo. He is an Associate Member of the Institute of Bankers, Sri Lanka and of the Chartered Institute of Marketing, UK. He also holds the Chartered Institute of Management Accountants qualification.

Sujani Perera - Vice President

Sujani has over 15 years of investment banking experience at NDBIB. Since joining NDBIB, Sujani has engaged in a diverse range of capital market transactions including IPOs, M&As, rights issues, private placements, corporate restructurings, loan syndications, structured debt facilities and de-listings for leading corporates spread across an array of industries, some of which have been milestone transactions for the Company and the country. Sujani is responsible for sourcing and advising clients with regard to capital market transactions, both in listed and unlisted space.

Sujani holds a B.Sc. (Hons) in Finance from the University of Sri Jayewardenepura, a Master of Financial Economics (Merit) from the University of Colombo and an LLB (Honours) from the University of London. Sujani is also an Associate Member of Chartered Institute of Management Accountants, UK (ACMA).

Savinda Fernando, CFA - Vice President

Savinda joined NDBIB in 2020 and is currently engaged in a range of corporate advisory transactions including business valuations, IPOs and M&As. Prior to joining NDBIB he worked as an Engineer at MAS Intimates (Pvt) Ltd.

Savinda has a MEng (Hons) in Mechanical Engineering from the University of Nottingham, UK, is a CFA Charterholder and is also an Associate Member of the Chartered Institute of Securities & Investment.

Vindula Perera - Senior Management Associate

Vindula joined NDBIB as an Intern in 2021, and has since been involved in a wide array of Corporate Advisory transactions, including IPOs, Valuations, ESOP structurings and M&As.

Vindula is a graduate in Finance with a First-class (Special) degree from the University of Sri Jayewardenepura. He also holds a BSc (Hons) in Applied Accounting from Oxford Brookes University and is an Affiliate of the Association of Chartered Certified Accountants, UK (ACCA). He is currently a CFA Level II candidate.

Nikila Dharmadasa - Senior Management Associate

Nikila joined NDBIB in 2022 and has since been involved in a wide range of transactions including M&As, private placements, valuations, and debt raisings.

Nikila is a graduate in Bachelor of Science (Honours) in Transport & Logistics Management with a Second Upper Class from University of Moratuwa. He is a Passed Finalist of Chartered Institute of Management Accountants, UK (CIMA) and possesses a Postgraduate Diploma in Professional Marketing from the Chartered Institute of Marketing, UK (CIM). He is currently a CFA Level II candidate.

Sachini Zoysa - Management Associate

Sachini joined NDBIB as an Intern in 2023 and has been involved with diverse range of transactions related to Corporate advisory including IPO's, valuations and private placements.

Sachini is a graduate in Bachelor of Business Administration (Hons) specialized in Business Economics with a First Class degree from University of Colombo. She is a Passed Finalist of Chartered Institute of Management Accountants, UK (CIMA) and Association of Accounting Technicians, Sri Lanka (AAT).

Malithi Jayaratne - Management Associate

Malithi joined NDBIB as an Intern in 2023 and has been involved with diverse range of transactions including valuations, private placements and debt raisings.

Malithi is a graduate in Bachelor of Science in Finance (Special) with a First-class degree from the University of Sri Jayewardenepura. She is also Passed Finalist of Chartered Institute of Management Accountants, UK (CIMA).

9.2 CT CLSA TEAM

Zakir Mohamedally - Group COO & Head of Investment Banking - CT CLSA Holdings Group

Zakir has over 19 years of experience in the fields of Corporate Finance, Assurance and Advisory and joined the company in 2007. Prior to joining the CT CLSA Holdings Group, he was working with PricewaterhouseCoopers Sri Lanka.

Zakir is a Fellow Member of the Association of Chartered Certified Accountants (ACCA) UK and is an Associate Member of the Chartered Institute of Management Accountants (CIMA) UK. He is also a member of the Institute of Certified Management Accountants of Sri Lanka and holds a Post Graduate Diploma in Marketing from the Chartered Institute of Marketing (CIM) UK.

Ishan Eliyapura - Vice President

Ishan has over 9 years of experience in the fields of Investment Banking, Internal Audit, and Assurance. Since joining CT CLSA Capital in 2017, he has actively participated in transactions worth over LKR 68 Billion covering equity and debt instruments in various industries. Prior to joining CT CLSA Capital, he was associated with Ernst and Young Sri Lanka, a leading global firm of Chartered Accountants.

He holds a B.Sc (Hons) in Business Management from the University College Dublin, Ireland, and is a passed finalist of the Chartered Institute of Management Accountants (CIMA) UK.

Venkadesh Ramraj - Assistant Vice President

Venkadesh has over 8 years of work experience in Investment Banking, Deal Advisory and Financial Reporting. Prior to CT CLSA Capital, he held the position of Consultant in Transaction Services, KPMG, Sri Lanka. During his tenor in KPMG, he also participated in a three-month secondment program in the Advisory division of KPMG, Maldives.

Venkadesh is a Member of the Association of Chartered Certified Accountants (ACCA), UK and holds a MSc in Applied Finance from the University of Sri Jayewardenepura.

Raaidha Hamza - Senior Associate

Raaidha has over 5 years of experience in Equity and Investment Research. Prior to joining CT CLSA, she was attached to Lanka Securities as an Equity Research Analyst covering the counters under the Manufacturing sector. She also had a stint at Acuity Knowledge Partners where she was a part of the Fixed Income team and supported a European client who covered Emerging Markets in the Middle East and Africa.

Raaidha is CIMA qualified and has a degree in International Business and Finance from the University of the West of Scotland.

10 DISCLAIMER

The information, forecasts, analyses, assumptions and opinions contained herein have been compiled or arrived at solely based on information provided to the Managers to the Issue by LTLH. Such information has not been independently verified and no guarantee, representation or warranty, expressed or implied is made as to its accuracy, completeness or correctness. Nothing contained in this Research Report is, or shall be relied upon as, a promise or representation by the Joint Managers to the Issue. All such information is subject to change without notice and such changes could be due to unforeseen circumstances. This Research Report is for information purposes only and does not purport to be a complete description of the subject matter presented herein.

Any estimate, projection, opinion, forecast and valuation contained in this Research Report involve significant elements of subjective judgment and analysis, which may or may not be correct. No representation is made that any estimate, projection or forecast will be achieved. The actual future events may vary significantly from the estimates, projections, forecasts or valuation and each estimate, projection, forecast or valuation is based on a number of assumptions and is subject to matters which are outside the control of the Joint Managers to the Issue. Verification of assets of LTLH and evaluation of agreements between clients of LTLH have not been carried out during this exercise.

Accordingly, the Joint Managers to the Issue shall not be liable for any loss or damage howsoever arising as a result of any person acting or refrain from acting in reliance on any information, forecast analysis and opinion contained herein.

The recipients of this Research Report and/or Investors are expected to carry out their own independent evaluations taking into consideration macro-economic variables and other relevant conditions.

The valuation presented herein is valid for a period of three months (03) from the date of the final Prospectus i.e., August 29, 2024, however, subject to there being no material changes to the parameters impacting operations of LTLH.

ANNEXURE B
COLLECTION POINTS

Copies of the Prospectus and the Application Form can be obtained free of charge from the following collection points.

COMPANY

LTL Holdings Limited
No. 77, Level 1, Park Street
Colombo 02

Tel :+94 11 269 5007
Fax:+94 11 268 4900

REGISTRARS TO THE ISSUE

S S P Corporate Services (Private) Limited
No. 101, Inner Flower Road
Colombo 03

Tel : +94 11 257 3894/+94 11 257 6871
Fax: +94 11 257 3609

JOINT FINANCIAL ADVISORS AND MANAGERS TO THE ISSUE

NDB Investment Bank Limited
Level 1, NDB Capital Building
No. 135, Bauddhaloka Mawatha
Colombo 04

Tel : +94 11 230 0385-90
Fax: +94 11 230 0393

CT CLSA Capital (Private)Limited
No. 4-15, Majestic City
10, Station Road
Colombo 04

Tel : +94 11 258 4843
Fax: +94 11 258 0181

TRADING PARTICIPANTS OF THE COLOMBO STOCK EXCHANGE

NDB Securities (Private) Limited
Level 2, NDB Capital Building, No. 135,
Bauddhaloka Mawatha, Colombo 4

Tel : +94 11 213 1000
Fax : +94 11 231 4181
E-mail: mail@ndbs.lk

Somerville Stockbrokers (Private)Limited
No. 1A, Park Way, Park Road, Colombo 5

Tel : +94 11 250 2858/+94 11 250 2862
Fax : +94 11 250 2852
E-mail: contact@somerville.lk

Nation Lanka Equities (Private) Limited
No.44, Guildford Crescent, Colombo 7

Tel : +94 11 789 8302
Fax : +94 11 267 3355
E-mail: info@nlequities.com

John KeellsStock Brokers(Private) Limited
No. 186, Vauxhall Street, Colombo 2

Tel : +94 11 230 6250
Fax : +94 11 234 2068
E-mail: jkstock@keells.com

Asha Securities Limited
No.60, 5th Lane, Colombo 3

Tel : +94 11 242 9100
Fax : +94 11 242 9199
E-mail: asl@ashasecurities.net

Acuity Stockbrokers (Private)Limited
No. 53, Dharmapala Mawatha, Colombo 3

Tel : +94 11 220 6206
Fax : +94 11 220 6298/9
E-mail: sales@acuitystockbrokers.com

J B Securities (Private) Limited

No. 150, St. Joseph Street, Colombo 14

Tel : +94 11 249 0900

Fax : +94 11 243 0070

E-mail: jbs@jb.lk

Asia Securities (Private) Limited

4th Floor, Lee Hedges Tower,
No. 349, Galle Road, Colombo 3

Tel : +94 11 772 2000

Fax : +94 11 258 4864

E-mail: inquiries@asiasecurities.lk

S C Securities (Private) Limited

5th Floor, No. 26B, Alwis Place, Colombo 3

Tel : +94 11 471 1000/+94 11 471 1001

Fax : +94 11 239 4405

E-mail: itdivision@sampathsecurities.lk

First Capital Equities (Private) Limited

No. 2, Deal Place, Colombo 3

Tel : +94 11 263 9898/+94 11 265 1651

Fax : +94 11 257 6866/+94 11 263 9899

E-Mail: equity@firstcapital.lk

Almas Equities (Private) Limited

Westin Tower, 5th Level, No 2- 4/1, Lake Drive,
Colombo 8

Tel : +94 70 714 4 551

Fax : +94 11 267 3908

E-Mail: info@almasequities.com

Lanka Securities (Private) Limited

3rd Floor, "M2M Veranda Office", No34, W.A.D.
Ramanayake Mawatha, Colombo 2

Tel : +94 11 470 6757/+94 11 255 4942

Fax : +94 11 470 6767

E-mail: info@lankasec.com

Capital Trust Securities (Private) Limited

No, 42, Mohamed Macan Markar Mawatha,
Colombo 3

Tel : +94 11 217 4174/+94 11 217 4175

Fax : +94 11 217 4173

E-mail: inquiries@capitaltrust.lk

CT CLSA Securities (Private) Limited

4-14, Majestic City, 10, Station Road, Colombo 4

Tel : +94 11 255 2290 - 4

Fax : +94 11 255 2289

E-mail: info@ctcls.lk

BartleetReligare Securities (Private) Limited

Level "G", "Bartleet House", No. 65, Braybrooke
Place, Colombo 2

Tel : +94 11 522 0200

Fax : +94 11 243 4985

E-mail: info@bartleetstock.com

Sampath Bank PLC - Branch Network

Contact Point

Name	Contact Number	Email Address
Dilan Perera	+94 76 581 3914	dilanp@sampath.lk

Branch Name - Sampath Bank PLC	Address
City	No. 55, D R Wijewardena Mawatha, Colombo 10
Pettah	No.999, People's Park, Bodiraja Mawatha., Colombo 11
Nugegoda	79A, Stanley Thillakarathna Mawatha, Nugegoda
Borella	No 1022, Maradana Road, Borella, Colombo 8
Kiribathgoda	259, Kandy Road, Dalugama, Kelaniya
Kurunagala Super	31, Negombo Road, Kurunegala
Kandy Super	No. 19, Dalada Veediya, Kandy
Wattala	No.280 and 280/1, Negombo Road, Wattala
Navam Mawatha	46/38, Nawam Mawatha Colombo 2
Matara Super	03, Hakmana Road, Matara
Bambalapitiya	1-01, Majestic City , Station Road, Bambalapitiya, Colombo 4
Fort	98, Chatham Street Fort, Colombo 1
Maharagama	81, Highlevel Road, Maharagama
Deniyaya	69, Main Street, Deniyaya
Morawaka	Ranaweera Building, Akuressa Deniyaya Road, Morawake
Gampaha	08, Mangala Road, Gampaha
Dehiwela	155, Galle Road, Dehiwela
Ratmalana	261, Galle Road, Ratmalana
Piliyandala	61, Moratuwa Road,Piliyandala
Eheliyagoda	02, Ratnapura Road, Eheliyagoda
Anuradhapura Super	268, Maithripala, Senanayake Mw, Anuradhapura
Avissawella	64, Yatiyantota Road,Avissawella
Kuliyapitiya	259, Madampe Road, Kulipyapitiya
Negombo Super	408, Main Street, Negombo
Matale	No.184-186, Trincomalee Street, Matale
Panadura Super	373, Galle Raod, Panadura
Old Moor St.	371, Old Moor Street,Colombo 12
Tissamaharama	25/27, Main Street,Tissamaharama
Head Quarters	110, Sir James Peiris Mw,Colombo 2
Wennappuwa	191/A, Colombo Road, Wennappuwa
Moratuwa	No.653, Galle Road, Moratuwa
Katugastota	No.187, Madawala Road, Katugastota
Ratnapura	180-82, Main Street, Ratnapura
Thimbirigasyaya	No.134, Havelock Road, Colombo 5
Galle Super	No. 5, Wakwella Road, Galle
Wellawatta Super	591A, Galle Road, Colombo 6
Kotahena	165, George R De Silva Mawatha Colombo 13
Kaduruwela	626B, Dhsmasiri Building, Main Street Kaduruwela

Branch Name - Sampath Bank PLC	Address
Malabe	895, Athurugiriya Road, Malabe
Narahenpita	No. 475, Elvitigala Mawatha, Colombo 5
Kalawana	54/B, 54/C, Manana, Kalawana
Main Street	No.84, Main Street, Colombo 11
Embilipitiya	62, Main Street, Embilipitiya
Wariyapola	Nawinna Office & Shopping Complex, Kalugamuwa Road, Wariyapola
Wellampitiya	268, Kolonnawa Road, Wellampitiya
Bandarawela	253, 255 Main Street, Bandarawela
Panadura wekada	111B & 111C, Horana road, Wekada Panadura
Thambuttegama	255 C, Anuradhapura Road, Thambuttegama
Deraniyagala	63, Noori Road, Deraniyagala
Kalutara	No.312/A, Galle Road, Kalutara South
Peradeniya	No.901, Peradeniya Road, Kandy
Kottawa	No:948, High Level Road, Kottawa
Alawwa	9 9/1, Giriulla Road, Alawwa
Neluwa	Dellawa Road, Main Street, Neluwa
Vavuniya	No. 25, Station Road, Vavuniya
Mahiyangana	28, 29 New Town, Mahiyangana
Horana	114, Sri Somananda Mawatha, Horana
Harbour View	256, Srimath Ramanathan Mw, Colombo 15
Bandaragama	61A, Kalutara Road, Bandaragama
Kadawatha	174/3, Ragama Road, Kadawatha
Battaramulla	157, Main Street, Battaramulla
Ampara	No. 9 D S Senanayake Road, Ampara
Pelawatta	No:452, Pannipitiya Road, Pelawatte, Battaramulla
Kegalle	No.64, Main Street, Kegalle
Minuwangoda	31/1, Negombo Road, Minuwangoda
Trincomalee	262, Central Road, Trincomalee
Athurugiriya	106, Borella Road, Athurugiriya
Yakkala	No.97, Kandy Road, Yakkala
Homagama	46, 1st Lane, Station Road, Homagama
Gregory's Rd	106, Wijerama Mawatha, Colombo 7
Nittambuwa	Sri Ramya Building, Kandy Rd, Nittambuwa
Ambalangoda	118A, New Road, Amabalangoda
Ragama	No.44/A/1, Kadawatha Road, Ragama
Moneragala	No.75, Pohtuwil Road, Monaragala
Wadduwa	No. 555, Galle Road, Wadduwa
Kandana	No.72, Colombo Road, Kandana
Veyangoda	No.121, Negambo Road, Veyangoda
Ganemulla	No. 367/E, Kadawatha Road, Ganemulla
Aluthgama	No. 405, Galle Road, Aluthgama
Hatton	No. 173, Dimbula Road, Hatton

Branch Name - Sampath Bank PLC	Address
Welimada	No. 54, Nuwara Eliya Road, Welimada
Nawala	No. 143, Nawala Road, Nugegoda
Kirindiwela	91, Gampaha Road, Kirindiwela
Nuwara-Eliya	No. 01, Lawson Street, Nuwara Eliya
Digana	No. 42, Mahiyangana Road, Digana, Rajawella
Mirigama	No. 54, Giriulla Road, Mirigama
Pannipitiya	No. 568, High Level Road, Pannipitiya
Negombo II	No.203D, Telwatte Junction, Colombo Road, Negombo
Attidiya	No. 202, Main Road, Attidiya
Dambulla	No. 622, Anuradhapura Road, Dambulla
Pitakotte	No.128, Pagoda Road, Pitakotte
Maharagama Super	No. 200, High Level Road, Maharagama
Badulla	14, Dharmadutha Road, Badulla
Kohuwala	81, S De S Jayasinghe Mawatha, Kohuwala
Giriulla	No.103/A, Negombo Road, Giriulla
Hendala	No.210, Hendala Road, Hendala, Wattala
Balangoda	No.117, Barnes Ratwatta,Mawatha, Balangoda
Ja-Ela	No.165, Realty Plaza, Negombo Road, Ja-ela
Narammala	No.140, Negombo Road, Narammala
Kandy Metro	No.29, Cross Street, Kandy
Gampola	No.06, Panabokke Mawatha, Gampola
Nikawaratiya	No.136, Kurunegala Road, Nikaweratiya
Pelmadulla	No. 134, Main Street, Pelmadulla
Ambalanthota.	No.138 D, Tissa Road, Ambalantota
Wattegama.	No. 73/D, Kandy Road,Wattegama
Mathugama	No.214A, Aluthgama Road, Matugama
Batticaloa	No.7A,Lake Road 1, Puliyantivu, Batticaloa
Chilaw	No.64, Colombo Road, Chilaw
Mawathagama	No.95, Kurunegala Road, Mawathagama
Hingurakgoda	No.88, D S Senanayake Veediya, Hingurakgoda
Akkaraipattu	No.61, Sulaiman Shopping Complex, Main Street, Akkaraipattu
Kalmunai	No.18, Police Station Road, Kalmunai
Wellawaya	70/D, Kumaradasa Mawatha, Wellawaya
Embuldeniya	282, Old Kottawa Road, Embuldeniya, Nugegoda
Kattanakudy	57, 59, Main Street, Kattankudy 3
Tangalle	61, Muhudu Mawatha, Tangalle
Kirulapone	136,138 & 140, High Level Road,Kirulapone
Baddegama	No. 68, Galle-Baddegama Road,Baddegama
Mannar	28, Field Street,Ward No:06, Mannar
Jaffna	56/16, Link Road, Off Stanley Road, Jaffna
Chenkalady	Main Street, Chankalady
Rajagiriya	No.1596, Kotte Road, Rajagiriya

Branch Name - Sampath Bank PLC	Address
Kandy City Center	Shop No. :L1-6 Level One, Kandy City Centre Building, Dalada Veediya, Kandy
Oddamavadi	No 957, Main Street, Brainthuraichenai, Valaichchenai
Kaluwanchikudy	Hospital Road, Kaluwanchikudy
Sainthamaruthu	Main Steet, Sainthamaruthu 16
Grand Pass	No 355,357 M. Vincent Perera Mawatha, Colombo 14
Chunnakam	160, Sir Ponnambalam Ramanathan Veethy, Chunnakam
Nelliady	No 167, Jaffna Road, Nelliady
Pottuwil	Cassim Moulvai Building, Main Street, Pottuvil
Platinum Plus	No.18 Cambridge Place, Colombo 7
Nattandiya	No. 149, Kuliypitiya Road, Nattandiya
Kundasale	No: 232, Digana Road, Kundasale
Kollupitiya	Ground Floor, Platinum Residencies Building, No:1, Bagatale Road, Colombo 3
Gangodawila	No: 617E, High Level Road, Gangodawila, Nugegoda
Peliyagoda	304, Negombo Road, Peliyagoda
Hanwella	148/A, Pahala Hanwella, Hanwella
Nochchiyagama	No:62, Puttalam Road, Nochchiyagam
Batticaloa - 2	No:394, Trinco Road, Batticaloa
Ingiriya	No: 68D, Panadura Road, Ingiriya
Karapitiya	No:598/1H, Hiribura Road, Karapitiya
Boralasgamuwa	No:192, Kesbewa Road, Boralessgamuwa
Anamaduwa	No.69, Galgamuwa Rd, Anamaduwa
Maradana	No.657, Kularathne Mawatha, Maradana Road, Colombo 10
Buttala	Madurapperuma Building, Kataragama Rd, Buttala
Passara	187/1, Badulla Rd, Passara
Manipay	103, Jaffna Rd, Manipay
Kilinochchi	Unit 1-4, Antonipillai Building, Kilinochchi
Kekirawa	56, Main Street, Kekirawa
Pilimathalawa	246, Colombo Road, Pilimatalawa
Keselwatta	41A, Galle Road, Keselwatta, Panadura
Pussallawa	295, Nuwara Eliya Road, Pussellawa
Matara Bazaar	37, New Tangalle Road, Kotuwegoda, Matara
Aralaganwila	No.113, New Town, Aranganvila
Moratumulla	16, Sri Premaratana Mawatha Moratumulla
Puttalam	85/1, Kurunegala Road, Puttalam
Sooriyawewa	6719, Ambalantota Road, Sooriyawewa
Middeniya	Abeyasing Building, Walasmulla Road, Middeniya
Galle Bazaar	Krishna Building, No:69, Old Matara Road, Pettigalawatte, Galle
Mawanella	209/ A, New Kandy Road, Mawanella
Bibile	34, Badulla Road, Bibile
Kaduwela	510/1 & 510/2, Avissawella Road, Kaduwela
Rikillagaskada	120, Kandy Road, Rikillagaskada
Chankanai	Main Street, Chankanai

Branch Name - Sampath Bank PLC	Address
Kochchikade	163, Chillaw Road, Kochchikade
Pannala	No. 109, Negombo Road, Pannala
Dehiattakandiya	F79, New Town, Dehiattakandiya
Anuradhapura New Town	521/19, Maithripala Senanayake Mawatha, New Town, Anuradhapura
Chavakachcheri	Kandy Road, Chavakachcheri
Vavuniya Metro	No. 7a, Horowpatana Road, Vavuniya
Kayts	Suruvil Road, Kayts
Kantale	70/1, Agrabodhi Road, Kantale
Gothatuwa New Town	55/4, Kotikawatta Road, Gothatuwa New Town
Mallavi	No. 6, Thunnukai Road, Mallavi
Colombo Super	103, Dharmapala Mawatha, Colombo 7
Mattegoda	102/40, Salgas Junction, Mattegoda
Kinniya	106,108,110, Main Road [Right Side] Kinniya 3
Thalawathugoda	244/4, Pannipitiya Road, Thalawathugoda
Akuressa	No:14-16, Pitabeddara Road, Akuressa
Beliatta	No:53/1, Dickwella Road, Beliatta
Habaraduwa	Dassana, Katukurunda, Habaraduwa
Ahangama	No. 71A, Matara Road, Ahangama
Marandagahamula	No. 86/A, Mirigama Road, Marandagahamula
Menikhinna	No. 82, Menikhinna walala road, Menikhinna
Ninthavur	No. 45/4A, Main Street, Ninthavur
Thirunelveli	Palaly Road, Thirunelveli North, Jaffna
Hettipola	Kurunegala Road, Hettipola
Rambukkana	No. 129, Kurunegala Road, Rambukkana
Madampe	No. 16, New Town, Medagama Road, Madampe
Galewela	No. 31C, Kurunegala Road, Galewela
Panchikawatte	No. 85 & 87, Panchikawatte Road, Colombo 10
Padukka	No. 15, Horana Road, Padukka
Mutwal	No. 811, Aluthmawatha Road, Colombo 15
Marawila	No. 87, Chilaw Road, Marawila
Nawalapitiya	No. 92, Gampola Road, Nawalapitiya
Dankotuwa	No. 63, Nattandiya Road, Dankotuwa
Maho	No. 112-114, Moragollagama Road, Maho
Divulapitiya	No. 72, Mirigama Road, Divulapitiya
Mount Lavinia	294, Galle Road, Mount Lavinia
Kiribathgoda Super	No. 139, Kandy Road, Kiribathgod
Ruwanwella	No. 61, Kegalle Road, Ruwanwella
Delgoda	351/1, New Kandy Road, Delgoda
Kahatagasdigiliya	No. 67, Anuradhapura Road, Kahatagasdigiliya
Elpitiya	No.10, Ambalangoda Road, Elpitiya
Warakapola	No. 95, Kandy Road, Warakapola
Kamburupitiya	No. 48, Mulatiyana Road, Kamburupitiya
Makola	94/3A, Makola South, Mokola

Branch Name - Sampath Bank PLC	Address
Muttur	67, Main Street, Muttur
Weligama	No. 253, Matara Road, Weligama
Karagampitiya	No. 182/A, Hill Street, Dehiwala
Talahena	557, Talangama North, Talangama
Gampaha Super	150, Colombo Road, Gampaha
Seeduwa	499, Negombo Road, Seeduwa
Orugodawatte	760 B, Dr. Danister de Silva Mawatha, Colombo 9
Kurunegala Metro	No. 183, Colombo Road, Kurunegala
Dickwella	No. 121, Main Street, Dickwella
Prince Street	No. 25, Prince Street, Colombo 11
Borella Super	No. 50, Dudley Senanayake Mawatha, Colombo 8
World Trade Centre	World Trade Center, Unit L03/EB/01, Level 03, East Block, Echelon Square, Colombo 1
Heerassagala	No.12, William Gopallawa Mawatha, Heerassagala, Kandy
Poojapitiya	No. 30/32/34, Main Street, Poojapitiya
Thalawakele	No. 148, Nuwara Eliya Road, Thalawakele
Nawala Koswatte	No. 49/A, Nawala Rd, Koswatte
Kesbewa	No. 76, Bandaragama Road, Kesbewa
Godakawela	No. 204, Main Road, Godakawela
Ratnapura Metro	No. 56/2, Bandaranayake Mawatha, Ratnapura
Kelaniya	No. 1011, Biyagama Road, Singharamulla, Kelaniya
Polgahawela	No. 21, Kurunegala Road, Polgahawela
Hikkaduwa	No. 249, Galle Road, Hikkaduwa

Hatton National Bank PLC - Branch Network

Contact Point

Name	Contact Number	Email Address
Nilan C. Kirihetti	+94 77 765 6187	nilan.kirihetti@hnb.lk

Branch Name - Hatton National Bank PLC	Address
Kandy	No. 1, Dalada Veediya, Kandy
Matale	No. 104, King Street, Matale
Nuwara Eliya	No. 42, Queen Elizabeth Drive, Nuwara Eliya
Ampara	No.103, Bandula Cinema & Shopping Complex, D. S. Senanayake Steet, Ampara
Batticaloa	No. 120-22, Bazar Street, Batticaloa
Trincomalee	No. 59, Ehamparam Road, Trincomalee
Anuradhapura	No. 30, Maithripala Senanayake Mw, Anuradhapura
Polonnaruwa	No. 467, Main Street, Kaduruwela, Polonnaruwa
Jaffna	No. 212 - 214, Hospital Road, Jaffna
Kilinochchi	Karadipokku Kandy Road, Kilinochchi
Mannar	No. 68, Main Street, Mannar

Branch Name - Hatton National Bank PLC	Address
Mullaitivu	Main Street, Mullaitivu
Vavuniya	No. 43, Inner Circular Road, Vavuniya
Kurunegala	No. 6, St. Anne Street, Kurunegala
Puttalam	No. 6, Kachcheri Road, Puttalam
Chilaw	No. 105, Colombo Road, Chilaw
Kegalle	No. 477/2, Kandy Road, Kegalle
Ratnapura	No. 9, Senanayake Mawatha, Ratnapura
Galle	No. 3, Wackwella Road, Galle
Hambantota	No. 47, Wilmot Street, Hambantota
Matara	No. 58D, Esplanade Road, Matara
Badulla	No. 15, 15 1/1, Udayaraja Mawatha, Badulla
Monaragala	No. 131, Wellawaya Road, Monaragala
Bambalapitiya	No. 285, Galle Rd, Colombo 04
Battaramulla	No. 165, Main Street, Battaramulla
Borella	No. 53/1, D S Senanayake Mawatha, Borella
Cinnamon Gardens	No. 85A, 87A, Barnes Place, Colombo 7
Dehiwela	No. 196, Galle Road, Dehiwela
Dematagoda	No. 284, Baseline Road, Dematagoda
Wellawatte	No. 100 & 102, Galle Road, Wellawatte
Colpetty	No. 324, Galle Road, Colombo 3
City Office	No. 16, Janadhipathi Mawatha, Colombo 1
World Trade Centre	Level 01, World Trade Centre, Echelon Sq, Colombo 1
Grandpass	No. 182, St Joseph's Street, Colombo 14
Head office	No. 479, T B Jayah Mawatha, Colombo 10
Islamic Banking	No. 502/1 A, Kollupitiya Rd (Facing Marine Drive), Colombo 3
Kiribathgoda	No. 141, Kandy Road, Kiribathgoda
Nugegoda	No. 190, 190/1, High Level Road, Nugegoda
Maharagama	No. 145, Colombo Road, Maharagama
Moratuwa	No. 143/1, New Galle Road, Moratuwa
Mutwal	No. 523, Ferguson Road, Colombo 15
Nawam Mawatha	No.10, Sri Uttarananda Mawatha, Colombo 3
Pettah	No. 149-151, Main Street, Colombo 11
Sea Street	No. 60, Sea Street, Colombo 11
Gampaha	No. 148, Colombo Road, Gampaha
Negombo	No. 18, Rajapakse Broadway, Negombo
Wattala	No. 270 - 270/1, Negombo Road, Wattala
JaEla	No. 73, Negombo Road, Ja Ela
Kalutara	No. 417, Galle Road, Kalutara South
Panadura	No. 402 - 404, Galle Road, Panadura

ANNEXURE C
CUSTODIAN BANKS

<p>Bank of Ceylon Head Office 11th Floor, 04, Bank of Ceylon Mawatha, Colombo 1 Tel: +94 11 220 4064</p>	<p>The Hongkong and Shanghai Banking Corporation Limited 24, Sir Baron Jayathilake Mawatha, Colombo 1 Tel: +94 11 232 5435, +94 11 244 6591, +94 11 244 6303</p>
<p>Citi Bank, N A 65 C, Dharmapala Mawatha, P. O. Box 888, Colombo 7 Tel: +94 11 479 4728</p>	<p>People's Bank Head Office - Treasury, 5th Floor, Sir Chittampalam A. Gardiner Mawatha, Colombo 2 Tel: +94 11 220 6782</p>
<p>Commercial Bank of Ceylon PLC Commercial House 21, Bristol Street, P.O. Box 853, Colombo 1 Tel: +94 11 244 5010-15</p>	<p>Public Bank Berhad 340, R A De Mel Mawatha, Colombo 3 Tel: +94 11 257 6289, +94 11 729 0200-7</p>
<p>Deutsche Bank AG P.O. Box 314, 86, Galle Road, Colombo 3 Tel: +94 11 244 7062/+94 11 243 8057</p>	<p>Standard Chartered Bank 37, York Street, P. O. Box 112, Colombo 1 Tel: +94 11 248 0450</p>
<p>Hatton National Bank PLC HNB Towers, 479, T. B. Jayah Mawatha, Colombo 10 Tel: +94 11 266 1762</p>	<p>Sampath Bank PLC 110, Sir James Peiris Mawatha, Colombo 2 Tel: +94 11 533 1458, +94 11 473 0662</p>
<p>Union Bank of Colombo PLC 64, Galle Road, Colombo 3 Tel: +94 11 237 4205</p>	<p>State Bank of India 16, Sir Baron Jayathilake Mawatha, Colombo 1 Tel: +94 11 462 2350</p>
<p>Nations Trust Bank PLC 256, Sri Ramanathan Mawatha, Colombo 15 Tel: +94 11 431 3131</p>	<p>Seylan Bank PLC Level 8, Ceylinco Seylan Towers, 90, Galle Road, Colombo 3 Tel: +94 11 470 1812, +94 11 470 1819</p>
<p>Pan Asia Banking Corporation PLC Head Office 450, Galle Road, Colombo 3 Tel: +94 11 256 5565</p>	

ANNEXURE D

ACCOUNTANTS' REPORT AND FIVE-YEAR SUMMARY



Ernst & Young
Chartered Accountants
Rotunda Towers
No. 109, Galle Road
P.O. Box 101
Colombo 03, Sri Lanka

Tel : +94 11 246 3500
Fax : +94 11 768 7869
Email: eyst@lk.ey.com
ey.com

SPF/SRA

Board of Directors
LTL Holdings Limited
No. 67, Park Street
Colombo 02
Sri Lanka

7 August 2024

Accountants' Report - LTL Holdings Limited

Dear Sirs/Madam,

Introduction

This report has been prepared for the purpose of Prospectus issued in connection with the Initial issue of up to 1,103,448,300 new Ordinary Voting Shares of the Company at LKR 14.50 ("Share Issue Price") and in the event of an oversubscription of the Initial Issue to issue up to a further 275,862,100 new Ordinary Voting Shares of the Company at the Share Issue Price at the discretion of the Board of Directors of LTL Holdings Limited (Further Issue) resulting a total issuance of up to 1,379,310,400 new Ordinary Voting Shares of the Company (Total Issue).

We have examined the Financial Statements of the LTL Holdings Limited (the "Company") and the consolidated financial statements of the Company and its subsidiaries ("Group") for the financial years ended 31 March 2020 to 31 March 2024, and report as follows.

1. Incorporation

LTL Holdings Limited (The "Company") is a limited liability company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at No. 77, Level 1, Park Street, Colombo 02.

The principal activities of the Company are to hold investments of its subsidiary undertakings.

2. Financial Information

2.1 Five-year Summary of Audited Financial Statements

A summary of Statements of Financial Position, Income Statements, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows of the Company and the Group for the financial years ended 31 March 2020 to 31 March 2024, based on the audited Financial Statements are set out in the Prospectus.

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

Principals: T P M Ruberu FCMA FCCA MBA (USJ-SL), G B Goudian ACMA, Ms. P S Paranavitane ACA ACMA LLR (Colombo), D L B Karunathilaka ACMA, W S J De Silva BSc (Hons) - MSc Msc - IT, V Shalithiel B.Com (Spl), W D P L Perera ACA

A member firm of Ernst & Young Global Limited

2.2 Audited Financial Statements for the Year Ended 31 March 2024

Audit report on the Financial Statements of the Company for the year ended 31 March 2024 together with such Financial Statements comprising the Statement of Financial Position, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows along with the accounting policies and notes are set out in the Prospectus which is available digitally on the CSE website www.cse.lk, where the Management is responsible for electronic presentation of this financial report and to ensure the electronic version of the audited financial report and the auditor's report on the website is identical to the final signed hard copy version.

2.3 Audit Reports

We (Messrs. Ernst & Young) have audited the Financial Statements of the Company and the consolidated financial statements of the group for the years ended 31 March 2020 to 31 March 2024 and unqualified audit opinions have been issued for the said financial years by our reports dated 11 September 2020, 16 June 2021, 03 June 2022, 28 July 2023 and 22 July 2024.

2.4 Accounting Policies

The Financial Statements of the Company and the group for the years ended 31 March 2020 to 31 March 2024 comply with Sri Lanka Accounting Standards.

The accounting policies and changes in accounting policies of the Company and the group are stated in detail in the audited Financial Statements of the company and group for the years ended 31 March 2020 to 31 March 2024.

2.5 Dividends

Company has paid dividend during the years ended 31 March 2020 to 31 March 2024 as follows.

Financial Year Ended 31 March	Earnings Per Share (Rs.)	Dividend Per Share (Rs.)
2020	1.59	0.73
2021	1.12	0.21
2022	3.04	0.83
2023	2.16	-
2024	0.91	-

As per board meeting held on 27th March 2023, the ordinary shares of the Company amounting to Sixteen Million Six Hundred and Seventy Thousand (16,670,000) shares) was subdivided into Three Billion Two Hundred and Eighty Three Million Nine Hundred Ninety Thousand (3,283,990,000) ordinary shares on the basis of One (01) pre-subdivision share held by each shareholder into One Hundred Ninety Seven (197) ordinary shares in conformity with Article 12 (i) of the articles of association of the Company. There was no change to the stated capital of the Company pursuant to the subdivision.



Further as per the circular resolution on 4th March 2024, the ordinary shares of the Company amounting Three Billion Two Hundred and Eighty Three Million Nine Hundred and Ninety Thousand (3,283,990,000) ordinary shares ("Pre-Subdivision Shares") be subdivided into Four Billion Eight Hundred and One Million One Hundred and Ninety Three Thousand Three Hundred and Eighty (4,801,193,380) ordinary shares ("Post-Subdivision Shares") on the basis of One Thousand (1,000) Pre-Subdivision share held by each shareholder into One Thousand Four Hundred and Sixty Two (1,462) ordinary shares in conformity with Article 12 (i) of the articles of association of the Company. There was no change to the stated capital of the Company pursuant to the subdivision.

The above EPS and DPS were calculated based on the Post-Subdivision Shares of Four Billion Eight Hundred and One Million One Hundred and Ninety Three Thousand Three Hundred and Eighty (4,801,193,380) ordinary shares.

2.6 Events After Reporting Date

Subsequent to the year end, subsidiary companies of the group received Rs. 163 Mn as outstanding delay interest from the Ceylon Electricity Board and it has accounted for the year ended 31.03.2024.

On 09 July 2024, the Board of Directors of LTL Holdings Limited ("Company") approved the listing of the shares of the Company on the Colombo Stock Exchange ("CSE") through an Initial Public Offering ("IPO") by way of an offer for subscription of 1,103,448,300 new ordinary shares ("Initial Issue") with an option to issue upto a further 275,862,100 new ordinary shares at the option of the Board of Directors in the event the Initial Issue is oversubscribed, at an issue price of LKR 14.50 per share, subject to obtaining approval of the shareholders of the Company via a special resolution and regulatory approval of the CSE for the listing of shares.

After the reporting period ended, (i.e.) 31st March 2024, Lakdhanavi Limited's shareholding in West Coast Power (Pvt) Ltd has been increased from 4.77% to 13.32% as the Secretary to The Ministry of Finance and Planning who was Acting on behalf of The Government of Sri Lanka had transferred 9,410,000 shares to Lakdhanavi Limited. These shares were transferred to GoSL, in accordance with the Share transfer agreement executed among GoSL, NSB, ETF, Lakdhanavi Limited and West Coast Power (Pvt) Ltd on 14th June 2007 and subsequently amended on 10th July 2007.

Other than above there were no significant events occurred after the last audit report date.





Building a better
working world

3. Restriction on Use

This report is made solely for the purpose of the Board of Directors of LTL Holdings Limited to include in the Prospectus issued in connection with the Initial issue of up to 1,103,448,300 new Ordinary Voting Shares at the Share Issue Price and in the event of an oversubscription of the Initial Issue to issue up to a further 275,862,100 new Ordinary Voting Shares of the Company at the Share Issue Price at the discretion of the Board of Directors of LTLH resulting a total issuance of up to 1,379,310,400 new Ordinary Voting Shares of the Company.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the addressee, for our audit work, for this report we have formed. This report should not be used, circulated, quoted or otherwise referred to for any other purpose.

Yours faithfully,

LTL Holdings Limited

STATEMENT OF FINANCIAL POSITION

As at 31 March

ASSETS	2014			2013			2012			2011			2010		
	Group Rs.	Company Rs.	Group Rs.	Company Rs.	Group Rs.	Company Rs.	Group Rs.	Company Rs.	Group Rs.	Company Rs.	Group Rs.	Company Rs.	Group Rs.	Company Rs.	
Non-Current Assets															
Property, Plant & Equipment	51,205,815,672	-	36,557,621,929	-	10,638,213,527	8,750,000	7,554,248,638	8,915,362	6,213,342,550	8,915,362	6,213,342,550	8,915,362	6,213,342,550	8,915,362	
Investment Property	-	333,970,343	-	336,551,535	-	336,015,625	-	354,472,637	-	354,472,637	-	354,472,637	-	354,472,637	
Right-of-Use Asset	505,441,241	2,711,560	389,697,380	8,636,127	450,834,461	4,259,077	336,321,424	14,199,238	349,757,352	14,199,238	349,757,352	14,199,238	349,757,352	14,199,238	
Intangible Assets	49,789,909	-	42,387,430	-	47,457,159	-	45,790,177	-	39,218,367	-	39,218,367	-	39,218,367	-	
Goodwill on Business Combination	281,605,679	-	281,605,679	-	281,605,679	-	283,331,869	-	283,331,869	-	283,331,869	-	283,331,869	-	
Investments in Subsidiaries	-	3,200,280,915	-	3,200,280,915	-	3,200,280,915	-	3,117,780,915	-	3,117,780,915	-	3,117,780,915	-	3,117,780,915	
Loaned Assets - States	6,114,945,273	-	6,560,377,358	-	46,352,176	-	72,145,651	-	76,537,114	-	76,537,114	-	76,537,114	-	
Deferred Tax Asset	90,537,677	32,744,600	27,424,571,960	80,358,469	31,787,376,089	-	21,385,476,384	-	21,182,436,124	-	21,182,436,124	-	21,182,436,124	-	
Finance Lease Receivables	24,092,198,602	-	4,444,654,797	7,447,773	3,209,326,318	7,146,289	3,205,828,136	6,856,700	3,200,711,863	6,856,700	3,200,711,863	6,856,700	3,200,711,863	6,856,700	
Other Financial Assets	4,114,905,095	3,640,140	75,780,484,943	3,552,911,300	46,561,413,408	3,556,451,906	32,963,331,979	3,472,254,942	31,332,334,939	3,472,254,942	31,332,334,939	3,472,254,942	31,332,334,939	3,472,254,942	
Current Assets															
Inventories	6,888,038,339	-	6,267,289,015	-	6,335,789,860	-	5,245,720,488	-	5,261,379,670	-	5,261,379,670	-	5,261,379,670	-	
Trade and Other Receivables	19,339,547,540	46,633,896	20,507,058,620	46,633,896	21,031,200,883	46,633,896	1,993,737,335	46,633,896	5,053,734,241	46,633,896	5,053,734,241	46,633,896	5,053,734,241	46,633,896	
Amounts Due from Related Parties	4,673,289,875	86,126,072	9,274,606,689	71,762,453	4,161,104,821	108,018,973	1,080,737,453	69,718,529	1,191,732,992	69,718,529	1,191,732,992	69,718,529	1,191,732,992	69,718,529	
Finance Lease Receivables	374,116,543	-	489,806,854	-	1,260,822,321	-	1,064,128,445	-	972,187,266	-	972,187,266	-	972,187,266	-	
Advances & Prepayments	2,095,797,026	650,981	1,773,624,572	610,333	5,836,362,681	3,975,041	885,874,898	4,900,583	1,067,171,985	4,900,583	1,067,171,985	4,900,583	1,067,171,985	4,900,583	
Dividend Receivable from Subsidiaries	-	2,382,603,277	-	76,500,035	-	125,500,035	-	770,944,161	-	770,944,161	-	770,944,161	-	770,944,161	
Other Financial Assets	10,364,207,482	1,067,587,985	14,447,392,565	893,904,192	24,016,542,542	734,306,611	23,319,672,335	655,251,338	10,408,674,449	655,251,338	10,408,674,449	655,251,338	10,408,674,449	655,251,338	
Tax Refund Due	3,839,054,029	136,809,998	6,974,179,041	139,273,836	12,964,297,979	76,854,559	4,388,614,832	1,043,272	2,015,531,893	1,043,272	2,015,531,893	1,043,272	2,015,531,893	1,043,272	
Cash and Bank Balances	47,126,050,853	3,720,412,216	60,153,357,357	1,228,684,754	25,302,138,114	1,026,988,915	41,246,376,869	1,549,411,981	26,699,116,782	1,549,411,981	26,699,116,782	1,549,411,981	26,699,116,782	1,549,411,981	
Total Assets	133,581,520,006	7,629,729,714	135,034,542,300	4,781,526,055	132,463,543,523	4,652,140,821	79,269,308,248	3,021,036,823	37,934,441,721	3,021,036,823	37,934,441,721	3,021,036,823	37,934,441,721	3,021,036,823	
EQUITY AND LIABILITIES															
Equity															
Stated Capital	166,700,000	166,700,000	166,700,000	166,700,000	166,700,000	166,700,000	166,700,000	166,700,000	166,700,000	166,700,000	166,700,000	166,700,000	166,700,000	166,700,000	
Reserves	26,152,035,120	-	27,914,472,978	-	21,334,930,168	-	13,524,079,945	-	12,912,689,532	-	12,912,689,532	-	12,912,689,532	-	
Accumulated Profits	30,292,208,263	6,660,812,548	26,056,666,904	5,574,781,139	19,415,212,337	3,093,656,831	12,486,818,687	2,875,755,446	21,289,538,962	2,875,755,446	21,289,538,962	2,875,755,446	21,289,538,962	2,875,755,446	
Equity Attributable to owners of the parent	56,510,943,383	6,827,512,548	54,137,778,942	3,741,481,139	40,916,844,547	3,260,656,831	26,177,598,632	3,042,435,446	21,289,538,962	3,042,435,446	21,289,538,962	3,042,435,446	21,289,538,962	3,042,435,446	
Non-Controlling Interest (NCI)	17,254,474,487	-	17,985,704,308	-	18,164,784,687	-	11,888,175,999	-	9,960,999,962	-	9,960,999,962	-	9,960,999,962	-	
Pending Share Allotment attributable to NCI	-	-	-	-	67,500,000	-	-	-	70,200,000	-	70,200,000	-	70,200,000	-	
Total Equity	74,365,417,870	6,827,512,548	72,122,983,289	3,741,481,139	59,149,127,233	3,260,656,831	38,065,774,631	3,042,435,446	31,321,129,455	3,042,435,446	31,321,129,455	3,042,435,446	31,321,129,455	3,042,435,446	
Non-Current Liabilities															
Other Non-Current Financial Liabilities	21,120,921,320	-	24,137,750,359	-	23,984,796,227	-	13,794,393,521	-	4,702,746,923	-	4,702,746,923	-	4,702,746,923	-	
Deferred Tax Liabilities	321,832,193	48,870,160	172,784,902	24,427,206	238,767,861	10,132,360	268,674,557	3,603,464	394,625,610	3,603,464	394,625,610	3,603,464	394,625,610	3,603,464	
Lease Payable	227,487,447	-	68,361,736	1,762,100	96,348,695	1,762,100	128,698,370	157,323,562	157,323,562	157,323,562	157,323,562	157,323,562	157,323,562	157,323,562	
Defined Benefit Liability	305,999,371	109,148,665	186,509,422	72,834,083	138,128,444	60,231,994	176,221,556	101,131,185	168,484,293	101,131,185	168,484,293	101,131,185	168,484,293	101,131,185	
Total Liabilities	21,976,240,331	1,58,018,765	24,765,446,440	104,023,389	34,438,041,228	70,364,354	14,367,988,004	1,06,711,650	5,823,183,888	1,06,711,650	5,823,183,888	1,06,711,650	5,823,183,888	1,06,711,650	
Current Liabilities															
Trade and Other Payables	4,740,789,418	40,919,218	9,855,655,385	41,678,010	17,610,591,427	28,332,465	3,648,499,313	38,035,555	4,587,630,618	38,035,555	4,587,630,618	38,035,555	4,587,630,618	38,035,555	
Amounts Due to Related Parties	81,948,092	18,273,796	17,934,534	524,498,303	-	499,875,324	162,673,875	23,265,884	66,194,043	23,265,884	66,194,043	23,265,884	66,194,043	23,265,884	
Construction Liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Dividends Payable	1,840,232,424	1,762,101	1,097,915,557	6,023,958	1,237,492,302	-	1,235,759,701	1,000,000,000	4,255,326,452	1,000,000,000	4,255,326,452	1,000,000,000	4,255,326,452	1,000,000,000	
Lease Payable	76,188,623	1,762,101	135,640,176	6,023,958	153,437,112	90,843,781	90,843,781	10,983,601	97,958,469	10,983,601	97,958,469	10,983,601	97,958,469	10,983,601	
Income Tax Liabilities	1,848,884,455	23,969,943	1,675,597,703	45,884,131	1,459,483,443	697,588,970	1,501,667,160	600,244,475	1,480,407,447	600,244,475	1,480,407,447	600,244,475	1,480,407,447	600,244,475	
Other Financial Liabilities	29,351,208,793	223,363,404	26,263,080,215	318,022,125	18,355,370,778	95,922,938	15,116,501,284	179,922,311	10,709,525,348	179,922,311	10,709,525,348	179,922,311	10,709,525,348	179,922,311	
Total Liabilities	59,216,082,136	3,98,228,463	59,045,817,571	3,316,910,626	38,835,375,063	1,321,210,626	21,725,945,614	1,822,446,802	21,190,132,377	1,822,446,802	21,190,132,377	1,822,446,802	21,190,132,377	1,822,446,802	
Total Equity and Liabilities	133,581,520,006	7,629,729,714	135,034,542,300	4,781,526,055	132,463,543,523	4,652,140,821	79,269,308,248	3,021,036,823	37,934,441,721	3,021,036,823	37,934,441,721	3,021,036,823	37,934,441,721	3,021,036,823	

These Financial Statements are in compliance with the requirements of the Companies Act No. 07 of 2007.



Information and its extraction from audited financial statements, as set out in para 1 to 6 is the responsibility of the Board of Directors. Signed for and on behalf of the Board of Directors by:

[Signature]
Director

[Signature]
Director

LTL Holdings Limited
INCOME STATEMENT
Year ended 31 March

	2024		2023		2022		2021		2020	
	Group Rs.	Company Rs.	Group Rs.	Company Rs.	Group Rs.	Company Rs.	Group Rs.	Company Rs.	Group Rs.	Company Rs.
Revenue	59,752,862,672	231,669,196	53,785,064,278	194,891,102	40,129,086,265	260,639,772	20,965,294,673	198,261,351	17,510,167,906	177,854,569
Cost of Sales	(40,842,671,093)	(167,974,981)	(36,597,054,122)	(142,709,225)	(30,787,920,355)	(213,777,652)	(11,058,115,555)	(135,517,161)	(9,887,750,960)	(122,366,861)
Gross Profit	18,910,191,580	63,694,215	17,188,010,157	52,181,877	9,341,165,910	46,862,120	9,907,179,118	62,744,190	7,622,416,946	55,487,708
Other Income and Gains	286,825,479	3,491,537,093	8,610,134,449	525,654,162	14,366,190,775	4,806,995,806	1,646,505,346	2,380,638,413	6,379,996,848	3,452,699,565
Distribution Costs	(347,719,428)	-	(359,190,951)	(8,337,632)	(320,191,415)	(5,538,246)	(162,719,077)	(18,613,797)	(322,236,870)	(126,900,851)
Administrative Expenses	(2,491,533,367)	(65,180,632)	(2,407,742,354)	(69,393,503)	(1,646,936,352)	(26,118,610)	(1,960,210,444)	(43,411,540)	(1,494,627,425)	(63,569,327)
Other Operating Expenses	(2,077,885,490)	(97,687,621)	(2,309,016,919)	-	(470,233,146)	-	(268,577,391)	-	(350,358,480)	-
(Charge)/ Reversal of Impairment	(1,231,691,825)	7,898,456	(799,908,018)	14,340,279	(103,714,106)	(35,557,592)	56,897,542	70,226,439	-	-
Finance Cost	(6,370,965,511)	(119,154,801)	(6,082,335,378)	(166,652,174)	(2,134,218,072)	(6,578,536)	(1,549,933,908)	(20,234,726)	(1,263,820,413)	(37,545,831)
Finance Income	1,018,135,277	101,482,484	1,889,131,733	84,352,268	1,347,088,008	35,947,011	762,984,191	18,897,997	548,031,350	26,628,959
Profit/(Loss) Before Tax	7,695,356,714	3,382,589,193	15,729,082,717	432,145,276	20,379,151,602	4,815,411,953	8,432,125,377	2,450,246,976	11,119,401,955	3,306,800,223
Income Tax Expense	(1,945,242,969)	(286,918,111)	(2,495,520,858)	53,587,521	(1,553,264,809)	(600,654,187)	(948,808,539)	(192,172,787)	(1,235,176,531)	(392,729,207)
Profit for the Year	5,750,113,745	3,095,671,082	13,233,561,859	485,732,797	18,825,886,793	4,214,757,766	7,483,316,838	2,258,074,189	9,884,225,425	2,914,071,016
Attributable to:										
Equity Holders of the Parent	4,365,056,706		10,372,144,471		14,578,260,092		5,392,188,423		7,612,966,287	
Non-controlling interests	1,385,057,039		2,861,417,388		4,247,626,700		2,091,128,395		2,271,259,138	
	<u>5,750,113,745</u>		<u>13,233,561,859</u>		<u>18,825,886,793</u>		<u>7,483,316,838</u>		<u>9,884,225,425</u>	
Number of shares	4,801,193,380		4,801,193,380		4,801,193,380		4,801,193,380		4,801,193,380	
Earning per share	0.91		2.16		3.04		1.12		1.59	

Note-EPS was calculated based on the Post -Subdivision shares of 4,801,193,380 ordinary shares.



LTL Holdings Limited

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March

	2024		2023		2022		2021		2020	
	Group Rs.	Company Rs.	Group Rs.	Company Rs.	Group Rs.	Company Rs.	Group Rs.	Company Rs.	Group Rs.	Company Rs.
Profit for the Year	5,750,113,745	3,095,671,082	13,233,561,859	485,732,797	18,823,886,793	4,214,757,766	7,483,316,818	2,258,074,189	9,884,225,425	2,914,071,016
Other Comprehensive Income										
Other Comprehensive Income to be reclassified to profit or loss in subsequent periods										
Net (loss) / gain on financial assets at FVOCI	(248,504,215)	-	1,139,279,211	-	90,823,632	-	92,000,000	-	288,000,000	-
Net Fair Value (loss) / gain on Loaned Asset/ Shares	(445,432,083)	-	959,278,395	-	-	-	-	-	-	-
Exchange differences on translation of foreign operations	(1,914,633,241)	-	(1,744,318,958)	-	7,899,320,110	-	823,860,756	-	607,925,588	-
Movement on Cashflow Hedue Reserve	(262,519,623)	-	(3,959,678,023)	-	-	-	-	-	-	-
Other Comprehensive Income not to be reclassified to profit or loss in subsequent periods										
Actuarial gain / (loss) recognized during the period	(82,617,270)	(13,770,962)	(27,417,983)	(7,012,127)	39,800,191	4,004,209	13,482,826	13,636,322	(7,161,278)	1,749,572
Deferred tax impact on Actuarial Gain/ Loss	24,844,315	4,131,289	8,385,434	2,103,638	(8,345,012)	(560,589)	(2,094,432)	(1,509,085)	2,005,158	(489,880)
Other Comprehensive Income for the year, net of tax	(2,928,862,119)	(9,639,673)	(3,624,470,523)	(4,908,489)	8,021,598,920	3,443,620	927,249,150	11,727,237	890,769,468	1,259,692
Total Comprehensive Income for the year, net of tax	2,821,251,626	3,086,031,409	9,609,090,335	480,824,308	26,847,485,713	4,218,201,385	8,410,565,968	2,269,801,426	10,774,994,893	2,915,330,708
Total Comprehensive Income Attributable to:										
Equity Holders of the Parent	2,180,928,781		9,454,839,458		21,181,453,812		6,013,867,302		8,231,459,746	
Non-controlling interests	276,404,833		154,251,477		5,666,031,901		2,396,698,666		2,543,535,146	
	<u>2,821,251,626</u>		<u>9,609,090,935</u>		<u>26,847,485,713</u>		<u>8,410,565,968</u>		<u>10,774,994,893</u>	



LTL Holdings Limited
STATEMENT OF CHANGES IN EQUITY

Group	Attributable to Equity Holders of the Parent										Total	
	Statd Capital	Pat Value reserve of financial assets at FVOCI	Investment Reserve	Fixed Assets Replacement Reserve	Development Reserve	Exchange Equitization Reserve	Cash Flow Hedge Reserve	Accumulated Profits	Total	Non-controlling Interest		Non-controlling Interest Pending Share Allotment
	Rc.	Rc.	Rc.	Rc.	Rc.	Rc.	Rc.	Rc.	Rc.	Rc.	Rc.	Rc.
Balance as at 01 April 2019	166,700,000	1,739,370,000	5,790,486,067	205,856,158	20,000,000	905,522,877	-	5,896,661,806	16,634,617,632	5,736,772,646	116,999,951	32,093,140,929
Other Comprehensive Income	-	-	-	-	-	306,292,201	-	(1,176,120)	301,716,181	301,673,247	-	602,709,428
Pat value gain of quoted intangible assets	-	155,200,000	-	-	-	-	-	(1,176,120)	154,023,880	154,023,880	-	298,000,000
Net Profit for the Year	-	-	-	-	-	-	-	5,612,066,287	7,012,566,287	4,271,229,118	-	5,884,225,425
Transferred to/from during the year	-	-	-	-	-	-	-	(3,702,845,631)	-	-	-	-
- Investment Reserve	-	-	-	-	-	-	-	(3,702,845,631)	-	-	-	-
- Development Reserve	-	-	-	-	10,000,000	-	-	(10,000,000)	-	-	-	-
One-off change in fixed charging Controlling Group	-	-	-	-	-	-	-	17,553,293	17,553,293	18,154,200	(110,999,051)	296,908,222
Revised Share Allotment LTL Energy (N) Ltd	-	-	-	-	-	-	-	17,553,293	17,553,293	18,154,200	(110,999,051)	296,908,222
Issue of Shares of Subsidiary	-	-	-	-	-	-	-	(11,841,399)	(11,841,399)	2,136,410,722	70,200,000	2,124,569,323
Dividends - Ordinary Shares	-	-	-	-	-	-	-	(4,590,000,000)	(4,590,000,000)	(927,884,000)	-	(4,447,884,000)
Balance as at 31 March 2020	166,700,000	1,737,600,000	9,693,327,096	205,856,158	30,000,000	1,211,814,878	-	8,207,338,062	21,279,528,698	9,969,979,862	70,200,000	41,217,128,160
Other Comprehensive Income	-	-	-	-	-	400,292,121	-	11,296,314	429,117,215	419,971,435	-	853,280,190
Pat value gain of quoted intangible assets	-	75,660,000	-	-	-	-	-	75,660,000	75,660,000	16,830,000	-	92,490,000
Net Profit for the Year	-	-	-	-	-	-	-	3,921,196,423	5,372,186,625	2,077,128,335	-	7,405,310,838
Transferred to/from during the year	-	-	-	-	-	-	-	(124,157,200)	-	-	-	-
- Investment Reserve	-	-	-	-	-	-	-	(124,157,200)	-	-	-	-
- Fixed Asset Replacement Reserve	-	-	326,131,258	(215,556,136)	10,000,000	-	-	200,575,122	-	-	-	-
- Development Reserve	-	-	-	-	10,000,000	-	-	(10,000,000)	-	-	-	-
Issue of Shares of Subsidiary	-	-	-	-	-	-	-	(4,000,000,000)	(4,000,000,000)	141,275,000	(70,200,000)	79,075,000
Dividends - Ordinary Shares	-	-	-	-	-	-	-	(4,000,000,000)	(4,000,000,000)	(741,994,273)	-	(4,741,994,273)
Balance as at 31 March 2021	166,700,000	2,009,850,000	9,811,482,356	205,856,158	40,000,000	1,620,114,179	-	12,486,038,697	26,177,298,032	11,888,125,999	-	38,065,424,031
Other Comprehensive Income	-	-	-	-	-	4,655,325,758	-	11,453,178	4,666,778,936	3,841,994,379	-	7,910,773,315
Pat value gain of quoted intangible assets	-	74,202,207	-	-	-	-	-	74,202,207	74,202,207	16,620,725	-	90,822,932
Net Profit for the Year	-	-	-	-	-	-	-	14,574,200,992	14,574,200,992	4,247,620,700	-	18,821,821,692
Transferred to/from during the year	-	-	-	-	-	-	-	(6,071,321,200)	-	-	-	-
- Investment Reserve	-	-	-	-	-	-	-	(6,071,321,200)	-	-	-	-
- Development Reserve	-	-	3,671,521,480	-	10,000,000	-	-	(3,681,521,480)	-	-	-	-
Pat value gain of quoted intangible assets	-	-	-	-	-	-	-	(10,000,000)	-	-	-	-
Issue of Shares of Subsidiary	-	-	-	-	-	-	-	(4,000,000,000)	(4,000,000,000)	1,803,633,110	(7,500,000)	62,900,000
Dividends - Ordinary Shares	-	-	-	-	-	-	-	(4,000,000,000)	(4,000,000,000)	(741,994,273)	-	(4,741,994,273)
Balance as at 31 March 2022	166,700,000	2,244,052,207	13,484,004,326	205,856,158	50,000,000	2,075,439,357	-	18,011,536,981	40,112,072,149	18,011,536,217	67,500,000	58,181,107,379
Adjustment for Share Tax (levied under the exchange for A\$ on 14 of 2022)	-	-	-	-	-	-	-	(804,015,370)	(804,015,370)	(100,928,460)	-	(904,943,830)
Adjusted Balance as at 01 April 2022	166,700,000	2,244,052,207	13,484,004,326	205,856,158	50,000,000	2,075,439,357	-	18,011,536,981	40,112,072,149	18,011,536,217	67,500,000	58,181,107,379
Accounting for impact of re-structure of shares	-	3,807,300,853	-	-	-	-	-	304,797,200	4,356,097,453	1,019,930,118	-	6,181,024,771
Balance as at 01 April 2022 - Restated	166,700,000	5,271,350,760	13,484,004,326	205,856,158	50,000,000	2,075,439,357	-	18,376,334,181	44,468,169,602	19,031,466,335	67,500,000	64,362,132,250
Other Comprehensive Income	-	-	-	-	-	810,277,070	-	(19,072,549)	829,204,521	(61,541,285)	-	1,767,663,236
Pat value gain of quoted intangible assets	-	930,790,115	-	-	-	-	-	(19,072,549)	911,717,566	208,488,086	-	1,140,205,651
Pat value gain / (loss) of Intangible Assets - shares	-	783,730,449	-	-	-	-	-	911,717,566	700,200,449	173,547,866	-	1,074,456,315
Net Profit for the Year	-	-	-	-	-	-	-	16,372,144,471	(6,371,444,471)	2,861,472,308	-	12,862,172,208
Transferred to/from during the year	-	-	-	-	-	-	-	(6,676,500,000)	-	-	-	-
- Investment Reserve	-	-	-	-	-	-	-	(6,676,500,000)	-	-	-	-
Pat value gain of quoted intangible assets	-	-	3,676,500,000	-	-	-	-	(3,676,500,000)	-	-	-	-
Issue of Shares of Subsidiary	-	-	-	-	-	-	-	(4,000,000,000)	(4,000,000,000)	12,151,678,188	(67,500,000)	18,174,178,188
Dividends - Ordinary Shares	-	-	-	-	-	-	-	(4,000,000,000)	(4,000,000,000)	(1,271,989,565)	-	(5,271,989,565)
Balance as at 31 March 2023 - Restated	166,700,000	7,647,878,111	17,160,504,326	205,856,158	50,000,000	2,885,716,427	-	20,030,666,694	54,117,178,081	17,983,208,348	-	72,113,884,939
Other Comprehensive Income	-	-	-	-	-	(1,072,542,511)	-	(37,275,980)	(1,109,818,491)	180,390,724	-	(929,427,767)
Pat value gain of quoted intangible assets	-	(10,027,944)	-	-	-	-	-	(37,275,980)	(10,027,944)	180,390,724	-	(929,427,767)
Pat value gain / (loss) of Intangible Assets - shares	-	(10,027,944)	-	-	-	-	-	(37,275,980)	(10,027,944)	180,390,724	-	(929,427,767)
Net Profit for the Year	-	-	-	-	-	-	-	4,261,076,206	4,261,076,206	1,380,087,019	-	5,641,163,225
Transferred to/from during the year	-	-	-	-	-	-	-	(121,488,000)	-	-	-	-
- Investment Reserve	-	-	-	-	-	-	-	(121,488,000)	-	-	-	-
Pat value gain of quoted intangible assets	-	-	-	-	-	-	-	(4,435,511)	(4,435,511)	25,334,286	-	(4,180,225)
Issue of Shares of Subsidiary	-	-	-	-	-	-	-	(17,166,673)	(17,166,673)	141,313,366	-	124,146,693
Dividends - Ordinary Shares	-	-	-	-	-	-	-	(4,000,000,000)	(4,000,000,000)	(1,019,930,118)	-	(5,019,930,118)
Balance as at 31 March 2024	166,700,000	7,676,042,548	17,160,504,326	205,856,158	50,000,000	3,707,228,916	-	20,728,288,242	56,010,413,281	17,963,278,030	-	73,983,691,371



STATEMENT OF CHANGES IN EQUITY

Company	Stated Capital Rs.	Accumulated Profits Rs.	Total Rs.
Balance as at 01 April 2019	166,700,000	2,190,623,312	2,357,323,312
Net profit for the year	-	2,914,071,016	2,914,071,016
Actuarial Gain / Loss for the year	-	1,259,692	1,259,692
Dividend 2018/19	-	(3,500,000,000)	(3,500,000,000)
Balance as at 31 March 2020	166,700,000	1,605,954,020	1,772,654,020
Net profit for the year	-	2,258,074,189	2,258,074,189
Other Comprehensive Income	-	11,727,237	11,727,237
Dividend 2019/20	-	(1,000,000,000)	(1,000,000,000)
Balance as at 31 March 2021	166,700,000	2,875,755,446	3,042,455,446
Net profit for the year	-	4,214,757,766	4,214,757,766
Other Comprehensive Income	-	3,443,620	3,443,620
Dividend 2020/21	-	(4,000,000,000)	(4,000,000,000)
Balance as at 31 March 2022	166,700,000	3,093,956,831	3,260,656,831
Net profit for the year	-	485,732,797	485,732,797
Other Comprehensive Income	-	(4,908,489)	(4,908,489)
Balance as at 31 March 2023	166,700,000	3,574,781,139	3,741,481,139
Net profit for the year	-	3,095,671,082	3,095,671,082
Other Comprehensive Income	-	(9,639,673)	(9,639,673)
Balance as at 31 March 2024	166,700,000	6,660,812,548	6,827,512,548



STATEMENT OF CASH FLOWS

Year ended 31 March

	2024		2023		2022		2021		2020	
	Group Rs.	Company Rs.	Group Rs.	Company Rs.	Group Rs.	Company Rs.	Group Rs.	Company Rs.	Group Rs.	Company Rs.
Cash Flows From Operating Activities										
Net Profit Before Income Tax Expense	7,695,356,714	3,302,589,193	15,229,082,717	432,145,276	20,379,151,602	4,815,411,953	8,432,125,377	2,450,246,976	11,119,401,955	3,306,800,223
Adjustments for:										
Depreciation	853,836,083	8,280,577	370,586,358	8,214,090	566,328,746	7,992,000	656,842,631	5,064,921	666,598,254	5,162,171
Amortization of Intangible Assets	12,664,589	-	8,184,357	-	12,802,341	-	7,380,872	-	4,743,982	-
Amortization of Right-of-Use Assets	45,724,936	5,924,567	81,147,582	7,263,099	79,485,411	6,940,161	70,286,765	2,562,857	56,500,743	-
Other Income & Gain	-	(3,489,887,093)	-	(451,021,704)	-	(4,307,891,538)	-	(2,358,014,953)	-	(3,452,006,516)
Dividend Income from Equity Investment	(4,302,863)	-	(4,985,594,234)	-	(5,037,981,137)	-	(511,450,429)	-	(5,077,894,422)	-
Foreign Currency (Gain)/ Loss	2,491,041,242	-	(3,259,665,403)	-	(6,466,244,603)	(296,104,208)	(835,033,519)	(12,623,461)	1,218,052,658	-
Impairment (Charge)/ Reversal	(1,844,096,848)	-	(799,908,918)	-	(1,143,48,935)	-	(56,897,542)	(70,226,439)	162,490,363	-
Goodwill Impairment	-	-	-	-	-	-	-	-	62,303,831	-
Income Adjustment on Finance Lease Receivable	783,724,323	-	-	-	1,504,379,946	-	1,514,864,774	-	1,603,398,338	-
Income from Investments	(1,018,135,277)	(101,482,484)	1,443,297,803	(84,352,268)	(1,247,088,008)	(35,347,011)	(762,984,191)	(18,897,997)	4,243,982	-
Deferred Revenue from Investment Property	-	-	(1,489,131,733)	-	-	772,586	-	-	(548,031,350)	-
Profit on sales of Property, Plant & Equipment	(18,500,000)	-	-	-	(20,619,553)	-	(3,401,550)	-	(3,492,377)	-
Finance Costs	6,370,965,511	(19,154,801)	6,082,335,378	166,652,174	2,134,218,072	6,578,536	1,549,933,908	30,234,726	1,263,820,413	37,545,831
Charge for Defined Benefit Plans	48,913,077	17,543,620	31,302,319	12,164,962	28,371,678	8,255,020	27,642,866	12,712,992	27,449,820	14,601,584
Operating Profit before Working Capital Changes	(6,416,301,488)	(57,876,818)	(3,011,737,623)	111,065,029	(1,718,416,160)	6,607,499	10,089,319,962	21,639,623	10,020,086,131	(114,365,666)
(Increase)/Decrease in Inventories	(650,749,344)	-	116,500,845	-	(1,138,069,372)	-	17,658,182	-	(1,960,944,050)	-
(Increase)/Decrease in Trade and Other Receivables	5,994,455,440	(18,250,856)	(986,421,495)	39,621,218	(21,354,047,074)	(37,354,899)	809,936,909	247,891,965	(1,670,066,431)	339,196,376
Increase/(Decrease) in Trade and Other Payables	(1,121,789,280)	(506,983,203)	(7,488,220,821)	37,968,586	(13,776,418,239)	446,916,289	(822,651,473)	(610,278,487)	821,509,378	455,010,809
Cash Generated from Operations	10,578,218,304	(583,110,977)	4,253,596,154	188,655,432	3,605,717,953	(416,108,890)	10,094,264,570	(341,326,899)	7,210,581,977	680,541,516
Finance Costs paid	(6,370,965,511)	(19,154,801)	(6,382,335,378)	(165,106,265)	(2,134,218,072)	(6,578,536)	(1,549,933,908)	(30,234,726)	(1,263,820,413)	(37,545,831)
Defined Benefit Plan Costs paid	(8,153,693)	-	(10,871,980)	(1,575,000)	(53,990,398)	(471,501,000)	(6,423,276)	(4,512,500)	(47,093,396)	(39,212,053)
Income Taxes Paid	(2,235,868,524)	(18,127,389)	(1,963,449,401)	(581,218,843)	(1,740,580,242)	(497,341,381)	(1,077,040,262)	-	(1,294,824,311)	(2,010,250)
Net Cash From/ (used in) Operating Activities	1,963,230,246	(720,393,688)	(3,403,059,714)	(559,744,676)	(923,070,759)	(134,901,027)	7,460,867,159	(366,074,125)	4,601,846,856	601,773,382
Cash Flows from Investing Activities										
Acquisition of Property, Plant & Equipment, Right of Use Assets & Intangible Assets	(16,518,623,218)	(5,699,385)	(26,714,169,514)	-	(1,933,201,185)	(193,369,685)	(2,012,627,346)	(82,840,862)	(6,228,186,000)	(70,941,749)
Proceeds from Sale of Property, Plant & Equipment Investments	18,500,000	-	61,841,012	-	21,341,603	3,862,259	3,862,259	-	21,439,903	-
(Investment/ realisation) other Financial Assets	(5,269,474,451)	3,019,301	144,053,736	405,534,959	10,927,505,788	130,700,896	2,465,783,506	(11,662,894)	(5,353,256)	-
Investment in LTL Energy Private Limited	-	-	-	-	67,500,000	(82,500,000)	-	-	70,200,000	-
Cash received on Pending Share Allotment	-	-	-	-	-	-	-	-	-	1,933,922,200
Dividend Income	4,302,863	892,695,222	2,470,372,773	481,021,704	2,522,959,676	3,152,335,684	511,450,429	4,698,046,642	5,077,894,421	655,195,113
Finance Income	1,018,135,277	101,482,484	1,889,131,733	1,247,088,008	1,347,088,008	35,347,011	762,984,191	18,897,997	548,031,350	26,628,959
Net Cash Flows from (used in) Investing Activities	(20,739,082,446)	699,497,722	(21,957,906,730)	970,988,931	12,896,975,139	5,216,533,887	1,761,333,623	4,441,715,884	7,107,876,714	2,026,403,523
Cash Flows used in Financing Activities										
Proceeds from Interest Bearing Loans & Borrowings	26,613,511,281	-	25,406,237,606	-	24,743,923,846	-	18,230,960,252	-	9,014,759,915	-
Repayment of Interest Bearing Loans & Borrowings	(17,018,739,873)	-	(14,352,671,819)	-	(20,131,877,633)	-	(6,209,152,704)	(338,132,984)	(12,831,463,099)	(254,648,867)
Issue of Subsidiary Shares	-	-	-	-	-	-	78,075,000	-	2,421,477,545	-
Payment to lease creditor	(97,131,976)	(6,023,062)	(195,877,982)	(5,400,000)	(141,244,574)	(11,347,050)	(110,988,427)	(4,580,542)	(115,313,129)	-
Redemption of Preference Shares	(76,773,988)	-	(1,410,966,232)	-	(236,134,755)	-	(726,388,687)	-	(670,496,000)	-
Net Cash Flows from (used in) Financing Activities	9,420,865,442	(6,023,062)	9,200,586,317	(5,400,000)	(2,444,830,188)	(5,178,531,020)	6,498,943,891	(3,842,722,526)	(3,290,423,219)	(12,591,878,760)
Net Increase/(Decrease) Cash & Cash Equivalents	(9,574,966,458)	265,080,393	(16,566,380,127)	405,764,255	9,529,074,192	(96,938,166)	15,721,144,674	232,419,233	6,241,263,400	(218,349,721)
Cash and Cash Equivalents at the beginning of the year	14,744,023,331	675,240,059	31,275,005,458	266,475,804	21,745,931,266	166,413,970	6,024,786,592	133,994,737	(216,476,810)	352,444,458
Cash and Cash Equivalents at the end of the year	5,339,638,873	940,320,453	14,718,625,331	675,240,059	31,275,005,458	266,475,804	21,745,931,266	366,413,970	6,024,786,591	133,694,737



ANNEXURE E

**AUDIT REPORT AND FINANCIAL STATEMENTS FOR THE
YEAR ENDED MARCH 31, 2024**



Ernst & Young
Chartered Accountants
Rotunda Towers
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Colombo 03, Sri Lanka

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ey.com

SPF/SRA/DM

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF LTL HOLDINGS LIMITED (FORMERLY KNOWN AS LTL HOLDINGS (PVT)
LIMITED)**

Report on the audit of the financial statements

Opinion

We have audited the financial statements of LTL Holdings Limited (Formerly known as LTL Holdings (Pvt) Limited) ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 March 2024, and the income statement, Statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2024, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

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

Responsibilities of management and those charged with governance for the financial statements.

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

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

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

(Contd...2/)

Partners: D K Hulanaramani FCA FCMA LLB (London), A P A Gunasekera FCA FCMA, Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, N M Sulaiman FCA FCMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajjewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA, B Vasanthan ACA ACMA
Principals: T P M Ruberu FCA FCCA MBA (USJ-SL), G B Gouilan ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), D L B Karunathilaka ACMA, W S J De Silva BSc (Hons) - MIS Msc - IT, V Shaktivel B.Com (Spl), W D P L Perera ACA

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Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and the Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

(Contd...3/)



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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 it appears from our examination, proper accounting records have been kept by the Company.

A handwritten signature in blue ink that reads "Edmund J. Yarnery".

07 August 2024
Colombo

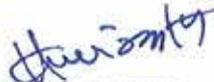
LTL Holdings Limited

STATEMENT OF FINANCIAL POSITION

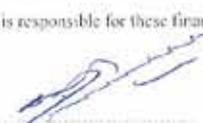
As at 31 March 2024

	Note	Group		Company	
		2024 Rs.	2023 Rs. Restated	2024 Rs.	2023 Rs.
ASSETS					
Non-Current Assets					
Property, Plant & Equipment	4	51,205,815,672	36,557,621,929	-	-
Investment Property	5	-	-	333,970,343	336,551,535
Right-of-Use Asset	6.1	505,441,241	389,697,380	2,711,560	8,636,127
Intangible Assets	7	49,789,909	42,387,430	-	-
Goodwill on Business Combination	5	281,605,679	281,605,679	-	-
Investments in Subsidiaries	8	-	-	3,200,280,915	3,200,280,915
Loaned Assets - Shares	8	6,114,945,275	6,560,377,358	-	-
Deferred Tax Asset	17.7	90,537,677	80,558,409	32,744,600	23,350,225
Finance Lease Receivables	14	24,092,398,602	27,423,571,960	-	-
Other Financial Assets	9.1	4,114,905,095	4,444,664,797	3,640,140	7,442,723
		<u>86,455,438,151</u>	<u>75,780,484,943</u>	<u>3,573,347,558</u>	<u>3,576,261,525</u>
Current Assets					
Inventories	10	6,888,038,359	6,267,289,015	-	-
Trade and Other Receivables	12	19,339,547,540	20,967,058,620	46,633,896	46,633,896
Amounts Due from Related parties	12.2	4,675,289,875	9,274,406,689	86,126,072	71,762,463
Finance Lease Receivable	14	374,116,543	449,895,854	-	-
Advances & Prepayments	13	2,095,797,026	1,773,624,572	650,981	610,333
Dividend Receivable from Subsidiaries	12.6	-	-	2,382,693,277	76,500,035
Other Financial Assets	9.1	10,864,207,482	14,447,392,565	1,067,587,985	893,904,192
Cash and Bank Balances	26.1	2,889,064,029	6,974,179,041	136,809,998	139,273,836
		<u>47,126,060,853</u>	<u>60,153,757,357</u>	<u>3,720,412,216</u>	<u>1,228,684,754</u>
Total Assets		<u>133,581,500,006</u>	<u>135,934,242,300</u>	<u>7,293,759,774</u>	<u>4,804,946,280</u>
EQUITY AND LIABILITIES					
Equity					
Stated Capital	15	166,700,000	166,700,000	166,700,000	166,700,000
Reserves	16	26,152,035,120	27,914,472,078	-	-
Accumulated Profits		30,292,208,263	26,056,605,904	6,660,812,548	3,574,781,139
Equity Attributable to owners of the parent		<u>56,610,943,383</u>	<u>54,137,778,981</u>	<u>6,827,512,548</u>	<u>3,741,481,139</u>
Non-Controlling Interest (NCI)		17,754,474,487	17,985,204,308	-	-
Pending Share Allotment attributable to NCI		-	-	-	-
Total Equity		<u>74,365,417,870</u>	<u>72,122,983,289</u>	<u>6,827,512,548</u>	<u>3,741,481,139</u>
Non-Current Liabilities					
Other Non-Current Financial Liabilities	9.2	21,120,921,320	24,137,790,359	-	-
Deferred Tax Liabilities	17.7	321,832,193	372,784,902	48,870,100	47,777,431
Lease Payable	19	227,487,447	68,361,756	-	1,762,100
Defined Benefit Liability	18	305,999,371	186,509,422	109,148,665	77,834,083
		<u>21,976,240,331</u>	<u>24,765,446,440</u>	<u>158,018,765</u>	<u>127,373,614</u>
Current Liabilities					
Trade and Other Payables	20	4,740,789,418	9,855,635,386	40,919,218	41,678,010
Amounts Due to Related Parties	20.1	81,948,092	17,934,534	18,273,796	524,498,303
Dividends Payable	21	1,640,232,424	1,097,915,557	-	-
Lease Payable	19	76,188,623	135,640,176	1,762,101	6,023,958
Income Tax Liabilities		1,348,884,455	1,675,597,704	23,909,943	45,884,131
Other Financial Liabilities	9.2	29,351,795,793	26,263,089,215	223,363,404	318,007,125
		<u>37,239,841,805</u>	<u>39,045,812,571</u>	<u>308,228,463</u>	<u>936,091,527</u>
Total Liabilities		<u>59,216,082,136</u>	<u>63,811,259,011</u>	<u>466,247,227</u>	<u>1,063,465,141</u>
Total Equity and Liabilities		<u>133,581,500,006</u>	<u>135,934,242,300</u>	<u>7,293,759,774</u>	<u>4,804,946,280</u>

These Financial Statements are in compliance with the requirements of the Companies Act No. 07 of 2007.


 Chief Financial Officer

The Board of Directors is responsible for these financial statements. Signed for and on behalf of the board by:


 Director


 Director

The accounting policies and notes on pages 09 through 77 form an integral part of the financial statements.



LTL Holdings Limited
INCOME STATEMENT
Year ended 31 March 2024

	Note	Group		Company	
		2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Revenue	3	59,752,862,672	53,785,064,278	231,669,196	194,891,102
Cost of Sales		(40,842,671,093)	(36,597,054,122)	(167,974,981)	(142,709,225)
Gross Profit		18,910,191,580	17,188,010,157	63,694,215	52,181,877
Other Income and Gains	22	286,825,479	8,610,134,449	3,491,537,093	525,654,162
Distribution Costs		(347,719,428)	(359,190,951)	-	(8,337,632)
Administrative Expenses		(2,491,533,367)	(2,407,742,354)	(65,180,632)	(69,393,503)
Other Operating Expenses	23	(2,077,885,490)	(2,309,016,919)	(97,687,621)	-
(Charge)/ Revesal of Impairment	12.3	(1,231,691,825)	(799,908,018)	7,898,456	14,340,279
Finance Cost	24.1	(6,370,965,511)	(6,082,335,378)	(119,154,801)	(166,652,174)
Finance Income	24.2	1,018,135,277	1,889,131,733	101,482,484	84,352,268
Profit Before Tax		<u>7,695,356,714</u>	<u>15,729,082,717</u>	<u>3,382,589,193</u>	<u>432,145,276</u>
Income Tax Expense	17.1	(1,945,242,969)	(2,495,520,858)	(286,918,111)	53,587,521
Profit for the Year		<u><u>5,750,113,745</u></u>	<u><u>13,233,561,859</u></u>	<u><u>3,095,671,082</u></u>	<u><u>485,732,797</u></u>
Attributable to:					
Equity Holders of the Parent		4,365,056,706	10,372,144,471		
Non-controlling interests		1,385,057,039	2,861,417,388		
		<u><u>5,750,113,745</u></u>	<u><u>13,233,561,859</u></u>		
Earning Per Share	15.4	<u>0.91</u>	<u>2.16</u>		

The accounting policies and notes on pages 09 through 77 form an integral part of the financial statements.



LTL Holdings Limited

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2024

	Note	Group		Company	
		2024 Rs.	2023 Rs. Restated	2024 Rs.	2023 Rs.
Profit for the Year		5,750,113,745	13,233,561,859	3,095,671,082	485,732,797
Other Comprehensive Income					
Other Comprehensive Income to be reclassified to profit or loss in subsequent periods					
Net (loss) / gain on financial assets at FVOCI		(248,504,215)	1,139,279,211	-	-
Net Fair Value (loss) / gain on Loaned Asset/ Shares	29.1	(445,432,083)	959,278,395		
Exchange differences on translation of foreign operations		(1,914,633,241)	(1,744,318,958)	-	-
Movement on Cashflow Hedge Reserve		(262,519,623)	(3,959,678,023)	-	-
Other Comprehensive Income not to be reclassified to profit or loss in subsequent periods					
Actuarial gain / (loss) recognized during the period	18.2	(82,617,270)	(27,417,983)	(13,770,962)	(7,012,127)
Deferred tax impact on Actuarial Gain/ Loss	17.2	24,844,315	8,386,434	4,131,289	2,103,638
Other Comprehensive Income for the year, net of tax		(2,928,862,119)	(3,624,470,923)	(9,639,673)	(4,908,489)
Total Comprehensive Income for the year, net of tax		<u>2,821,251,626</u>	<u>9,609,090,935</u>	<u>3,086,031,409</u>	<u>480,824,308</u>
Total Comprehensive income Attributable to:					
Equity Holders of the Parent		2,180,928,781	9,454,839,458		
Non-controlling interests		276,404,833	154,251,477		
		<u>2,821,251,626</u>	<u>9,609,090,935</u>		

The accounting policies and notes on pages 09 through 77 form an integral part of the financial statements.



LTL Holdings Limited
STATEMENT OF CHANGES IN EQUITY
Year ended 31 March 2024

Notes	Attributable to Equity Holders of the Parent										Non-controlling Interest		Total
	Stated Capital	Fair Value reserve of financial assets at FVOCI	Investment Reserve	Development Reserve	Exchange Equalization Reserve	Cash Flow Hedge Reserve	Accumulated Profits	Total	Non-controlling Interest	Pending Share Allotment	Rs.	Rs.	
Balance as at 1 April 2022	166,700,000	2,124,055,907	13,484,804,326	50,000,000	5,675,069,935	-	19,413,213,378	40,110,842,547	18,164,784,687	97,500,000	59,149,127,251		
Adjustment for Surcharge Tax levied under the surcharge tax Act no. 12 of 2022	-	-	-	-	-	-	(834,015,397)	(834,015,397)	(1,602,928,460)	-	(964,041,857)		
Adherence Balance as at 01 April 2022 Accounting for impact of forfeiture of shares	166,700,000	2,124,055,907	13,484,804,326	50,000,000	5,675,069,935	-	18,579,197,981	39,276,827,150	16,561,856,227	97,500,000	58,185,193,376		
Balance as at 01 April 2022 - Restated	166,700,000	2,124,055,907	13,484,804,326	50,000,000	5,675,069,935	-	18,579,197,981	39,276,827,150	16,561,856,227	97,500,000	58,185,193,376		
Other Comprehensive Income	-	-	-	-	(810,777,673)	-	(810,777,673)	(810,777,673)	(810,777,673)	-	(1,621,555,346)		
Fair value gain of financial assets	-	910,791,115	-	-	-	-	910,791,115	910,791,115	208,008,696	-	1,118,799,811		
Fair value gain / (Loss) of Leased Assets - shares	-	783,730,449	-	-	-	-	783,730,449	783,730,449	175,847,646	-	959,578,095		
Net Profit for the Year	-	-	-	-	-	-	10,372,144,471	10,372,144,471	2,861,417,308	-	13,233,561,779		
Transferred to/from during the year	-	-	-	-	-	-	-	-	-	-	-		
- Investment Reserve	-	-	1,076,500,000	-	-	-	(1,076,500,000)	-	67,565,066	(97,810,000)	-		
Pending Share Allotments- LTL Energy Pte Ltd	-	-	-	-	-	-	-	-	(2,151,023,388)	-	(2,151,023,388)		
Cashflow Hedge Reserve	-	-	-	-	-	(1,808,002,835)	-	(1,808,002,835)	11,271,380,986	-	(1,271,380,986)		
Dividends - Ordinary Shares	-	-	-	-	-	-	-	-	-	-	-		
Balance as at 31 March 2023 - Restated	166,700,000	7,615,874,325	17,161,204,326	50,000,000	3,865,292,262	(1,808,002,835)	26,076,698,934	54,177,778,983	17,985,204,398	-	72,162,983,381		
Other Comprehensive Income	-	-	-	-	(1,073,542,514)	-	(1,073,542,514)	(1,073,542,514)	(841,060,728)	-	(1,914,603,242)		
Fair value gain of financial assets	-	(231,027,944)	-	-	-	-	(231,027,944)	(231,027,944)	(45,376,271)	-	(276,404,215)		
Fair value gain / (Loss) of Leased Assets - shares	-	(350,918,012)	-	-	-	-	(350,918,012)	(350,918,012)	(81,534,071)	-	(432,452,083)		
Net Profit for the Year	-	-	-	-	-	-	4,355,056,206	4,355,056,206	1,385,037,009	-	5,740,093,215		
Cashflow Hedge Reserve	-	-	-	-	-	(121,648,488)	-	(121,648,488)	(60,521,115)	-	(182,169,603)		
Societango Tax	-	-	-	-	-	-	(54,515,514)	(54,515,514)	(20,345,568)	-	(74,861,082)		
Ownership change without changing controlling power	-	-	-	-	-	-	(17,166,877)	(17,166,877)	(1,110,709)	-	(18,277,586)		
Dividends - Ordinary Shares	-	-	-	-	-	-	-	-	(61,090,855)	-	(61,090,855)		
Balance as at 31 March 2024	166,700,000	7,078,932,369	17,161,204,326	50,000,000	3,791,749,748	(1,929,651,323)	30,292,298,253	56,610,963,383	17,754,474,487	-	74,365,437,870		

Company

Balance as at 01 April 2022



The accompanying policies and notes on pages 07 through 77 form an integral part of the financial statements.

LTL Holdings Limited

STATEMENT OF CASH FLOWS

Year ended 31 March 2024

	Note	Group		Company	
		2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Cash Flows From Operating Activities					
Net Profit Before Income Tax Expense		7,695,356,714	15,729,082,717	3,382,589,193	432,145,276
Adjustments for					
Depreciation	4.1.3	853,836,083	570,586,858	8,280,577	8,214,090
Amortization of Intangible Assets	7.2	12,664,589	8,184,357	-	-
Amortization of Right-of-Use Assets	6.1	45,724,936	81,147,582	5,924,567	7,263,099
Other Income & Gain		-	-	(3,489,887,093)	(431,021,704)
Dividend Income from Equity Investment	22	(4,302,863)	(4,985,594,234)	-	-
Foreign Currency (Gain) / Loss		3,491,047,242	(3,259,665,402)	-	-
Impairment (Charge)/ Reversal	12.3	(1,844,996,848)	(799,908,018)	-	-
Income Adjustment on Finance Lease Receivable		783,724,323	1,443,397,801	-	-
Income from Investments	24.2	(1,018,135,277)	(1,889,131,733)	(101,482,484)	(84,352,268)
Profit on sales of Property, Plant & Equipment	22	(18,500,000)	-	-	-
Finance Costs	24.1	6,370,965,511	6,082,335,378	119,154,801	166,652,174
Charge for Defined Benefit Plans	18	48,917,077	31,302,319	17,543,620	12,164,962
Operating Profit before Working Capital Changes		16,416,301,488	13,011,737,625	(57,876,818)	111,065,629
(Increase)/Decrease in Inventories		(620,749,344)	116,500,845	-	-
(Increase)/Decrease in Trade and Other Receivables		5,904,455,440	(986,421,495)	(18,250,856)	39,621,218
Increase/(Decrease) in Trade and Other Payables		(11,121,789,280)	(7,888,220,821)	(506,983,303)	37,968,586
Cash Generated from Operations		10,578,218,304	4,253,596,154	(583,110,977)	188,655,432
Finance Costs paid	24.1	(6,370,965,511)	(6,082,335,378)	(119,154,801)	(165,106,265)
Defined Benefit Plan Costs paid	18	(8,153,693)	(10,871,090)	-	(1,575,000)
Income Taxes Paid		(2,235,868,554)	(1,963,449,401)	(18,127,589)	(581,718,843)
Net Cash From/ (used in) Operating Activities		1,963,230,546	(3,803,059,714)	(720,393,368)	(559,744,676)
Cash Flows from Investing Activities					
Acquisition of Property, Plant & Equipment, Right of Use Assets & Intangible Assets		(16,518,623,218)	(26,714,169,514)	(5,699,385)	-
Proceeds from Sale of Property, Plant & Equipment		18,500,000	61,841,012	-	-
Investment in Fair Value Through Profit & Loss Investments		(11,922,917)	190,681,530	-	-
(Investment/ realisation) other Financial Assets		(5,269,474,451)	144,035,736	3,019,301	405,534,959
Dividend Income		4,302,863	2,470,572,773	892,695,322	481,021,704
Finance Income	24.2	1,018,135,277	1,889,131,733	101,482,484	84,352,268
Net Cash Flows from/ (used in) Investing Activities		(20,759,082,446)	(21,957,906,730)	991,497,722	970,908,931
Cash Flows used in Financing Activities					
Proceeds From Interest Bearing Loans & Borrowings	9.2.a	26,613,511,281	25,406,237,606	-	-
Repayment of Interest Bearing Loans & Borrowings	9.2.a	(17,018,739,875)	(14,352,671,819)	-	-
Payment to lease creditor	19	(97,131,976)	(195,877,982)	(6,023,962)	(5,400,000)
Redemption of Preference Shares	9.2.b	-	(246,134,755)	-	-
Dividends Paid	21	(76,773,988)	(1,410,966,732)	-	-
Net Cash Flows from/ (used in) Financing Activities		9,420,865,442	9,200,586,317	(6,023,962)	(5,400,000)
Net Increase/(Decrease) in Cash and Cash Equivalents		(9,374,986,459)	(16,560,380,127)	265,080,393	405,764,255
Cash and Cash Equivalents at the beginning of the year	26	14,714,625,331	31,275,005,458	675,240,059	269,475,804
Cash and Cash Equivalents at the end of the year	26	5,339,638,872	14,714,625,331	940,320,453	675,240,059

The accounting policies and notes on pages 09 through 77 form an integral part of the financial statements.



1. CORPORATE AND GROUP INFORMATION**1.1 Reporting Entity**

LTL Holdings Limited (Formerly known as LTL Holdings (Pvt) Limited) (“Company”) is a limited liability company incorporated and domiciled in Sri Lanka. The registered office is located at No. 77, Level 01, Park Street Colombo 02, and the principal place of business is No. 77, Level 01, Park Street Colombo 02.

1.2 Consolidated Financial Information

The consolidated financial statements for the year ended 31 March 2024, comprise the LTL Holdings Limited (Formerly known as LTL Holdings (Pvt) Limited), The Parent Company and its subsidiaries whose accounts have been consolidated therein (together referred to as the “Group”).

1.3 Group Information**The Parent Company**

During the year, the principal activities of the Company were to hold investments of its subsidiary undertakings. Investment in subsidiaries is initially recognized at cost in the financial statements of the Company. Any transaction cost relating to acquisition of investment in subsidiaries is immediately recognized in the income statement. After the initial recognition, Investments in subsidiaries are carried at cost less any accumulated impairment losses.

Information about Subsidiaries

Name	Principal Activities	Country of Incorporation	% of Equity Interest	
			2024	2023
LTL Transformers (Private) Limited	Manufacturing and repair of Transformers, manufacturing of Feeder Pillars.	Sri Lanka	100%	100%
LTL Galvanizers (Private) Limited	Steel Fabrication and Galvanizing operations	Sri Lanka	100%	100%
Nividhu (Private) Limited	Power generation using hydro energy and feed the same to the National Grid of Sri Lanka as an independent power producer (IPP)	Sri Lanka	65%	65%
Nividhu Assupiniella (Private) Limited (Subsidiary of Nividhu Pvt. Ltd)	Power generation using hydro energy and feed the same to the National Grid of Sri Lanka as an independent power producer (IPP)	Sri Lanka	100%	100%
LTL Energy (Private) Limited	Offshore Investments in the Power & Energy sector especially Renewable Energy	Sri Lanka	55%	55%
Makarigad Hydro Power (Pvt) Ltd (Subsidiary of LTL Energy Pvt. Ltd)	Power generation using hydro energy and feed the same to the National Grid of Nepal.	Nepal	92.5% owned by LTL Energy (Pvt) Limited	99.17% owned by LTL Energy (Pvt) Limited



Name	Principal Activities	Country of Incorporation	% of Equity Interest	
			2024	2023
Lanka Industrial Products Engineering (Private) Limited	No operations were carried out during current year.	Sri Lanka	100%	100%
Pawan Danavi (Private) Limited	Power generation using wind energy and feed the same to the National Grid of Sri Lanka as an independent power producer (IPP)	Sri Lanka	51%	51%
Asiatic Electrical & Switchgear (Pvt) Ltd	Manufacture & Sale (export & local) of Electrical Switch Gears & Accessories.	India	99.07%	99.07%
Lakdhanavi Limited	Engage in projects of the Heavy Engineering Services for the development of Power Plants and Provision of the Heavy Engineering Services in relation to Power Plants and other Operation and Maintenance Services of Power Plants and strategic investments in group companies in the pursuit of accomplishing business goals.	Sri Lanka	81.7%	81.7%
Subsidiaries and branches of Lakdhanavi Limited				
Lakdhanavi Limited Branch Office (Dhaka)	Operation & Maintenance Services for power plants	Bangladesh	N/A	N/A
Lakdhanavi Limited Branch Office (Nepal)	Construction Services for Development of Power Plant	Nepal	N/A	N/A
Bright International Power (Pte) Limited	Power Plant operation services and supply of Power generation ancillaries	Singapore	100%	100%
Raj Lanka Power Company Limited	Power generation using Thermal energy and feed the same to the National Grid of People's Republic of Bangladesh.	Bangladesh	72.86%	72.86%
Heladhanavi Limited	No operations were carried out during current year.	Sri Lanka	100%	100%
Lakdhanavi Bangla Power Limited	Power generation using Thermal energy and feed the same to the National Grid of People's Republic of Bangladesh.	Bangladesh	51.27%	51.27%



Name	Principal Activities	Country of Incorporation	% of Equity Interest	
			2024	2023
Feni Lanka Power Limited	Power generation using Thermal energy and feed the same to the National Grid of People's Republic of Bangladesh.	Bangladesh	56.23%	56.23%
Infra & Engineering (Pvt) Limited	Heavy Engineering services for the Power Plants and other Operation & Maintenance of Power Plants	Sri Lanka	100%	100%
Infra & Engineering (Pvt) Limited Branch Office (Dhaka)	Operation & Maintenance Services for power plants	Bangladesh	N/A	N/A
LD Heavy Engineering (Pvt) Ltd	Carryout Engineering projects of technical nature in power industry	Sri Lanka	100%	100%
Sobadhanavi Limited	Power generation using Thermal energy and feed the same to the National Grid of Sri Lanka and Power plant is under construction	Sri Lanka	100%	100%

1.4 Date of Approval

The financial statements of LTL Holdings Limited (Formerly known as LTL Holdings (Pvt) Limited) and its Subsidiaries for the year ended 31 March 2024 were internally approved by Circulation on 07 August 2024.



2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION

2.1 BASIS OF PREPARATION

2.1.1 Statement of Compliance

The statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows, together with accounting policies and notes, (“ Financial Statements”) of the Group as at 31 March 2024 and for the year then ended have been prepared in accordance with Sri Lanka Accounting Standards comprising of SLFRSs and LKASs (hereafter “ SLFRS”) issued by The Institute of Chartered Accountants Sri Lanka.

2.1.2 Basis of Measurement

These financial statements presented in Sri Lankan Rupees have been prepared on a historical cost basis except financial instruments-fair value through profit or loss and financial instruments- measured at fair value through other comprehensive income.

2.1.3 Comparative Information

Comparative information including quantitative, narrative and descriptive information as relevant is disclosed in respect of previous period in the Financial Statements. The presentation and previous year are amended, where relevant for better presentation and to be comparable with those of the current year.

2.1.4 Going Concern

The Directors have made an assessment of the Group’s ability to continue as a going concern and they do not intend either to liquidate or to cease trading except for the following.

Going Concern _ Heladhanavi Limited

The Power Purchase Agreement (PPA) dated 09 May 2003 signed between Heladhanavi Limited and Ceylon Electricity Board expired on 08 December 2014. From the entity point of view there is a material uncertainty about the entity’s’ ability to continue as a going concern upon expiry of the agreement.

The Directors have made an assessment of the entity’s ability to continue as a going concern as at the reporting date and they decided that there is a significant doubt on the entity’s ability to continue as a going concern .Therefore the going concern assumption has not been adopted in the preparation of financial statement of Heladhanavi Limited.

Going Concern _ Lanka Industrial Products Engineering (Private) Limited

The Directors have decided to cease its operations with effect from 1st November 2015 and to transfer its operation to LTL Transformers (Pvt) Limited. Hence; the going concern assumption has not been adopted in preparing financial statements of Lanka Industrial Products Engineering (Private) Limited.



2.2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 March 2024. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

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

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

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

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

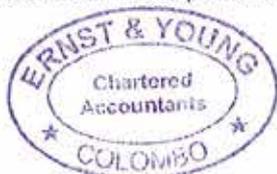
2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.3.1 Business Combinations, Acquisition of Non-Controlling Interests and Goodwill

When the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.



Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed.

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss which is more fully disclosed in Note 5.7.

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

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

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

2.3.2 Foreign Currency Translation

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

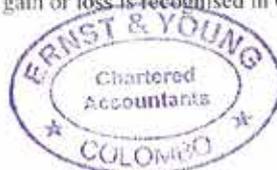
The Group's consolidated financial statements are in Sri Lanka Rupees, which is also the parent Company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional Currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).



2.3.3 Foreign operations: subsidiaries and the branch whose activities are based in a country or currency other than that of the reporting entity

The statements of financial position and income statements of overseas subsidiaries and the branch are translated to Group's presentation currency as follows;

- a) Assets and liabilities are translated at the rates of exchange ruling at the reporting date.
- b) Income and expenses are translated at the average exchange rate for the period, unless this average rate is not a reasonable approximation of the rate prevailing at the transaction date, in which case income and expenses are translated at the exchange rate ruling at the transaction date.
- c) The exchange differences arising on translation for consolidation are recognized in other comprehensive income.

2.3.4 Taxation

Current Taxation

a) LTL Holdings (Private) Limited

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

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

b) LTL Transformers (Private) Limited

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

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

c) LTL Galvanizers (Private) Limited

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

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

d) Lakdhanavi Limited

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or subsequently enacted by the date of financial position.

The provision for income tax on income generated from other operations is based on the elements of income and expenditure as computed in accordance with the provisions of the Inland Revenue Act.



e) Nividhu (Private) Limited

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or subsequently enacted by the date of financial position.

The provision for income tax on income generated from other operations is based on the elements of income and expenditure as computed in accordance with the provisions of the Inland Revenue Act.

f) LTL Energy (Private) Limited

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or subsequently enacted by the date of financial position.

The provision for income tax on income generated from other operations is based on the elements of income and expenditure as computed in accordance with the provisions of the Inland Revenue Act.

g) Nividhu Assupiniella (Private) Limited

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or subsequently enacted by the date of financial position.

The provision for income tax on income generated from other operations is based on the elements of income and expenditure as computed in accordance with the provisions of the Inland Revenue Act.

h) Heladhanavi Limited

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or subsequently enacted by the date of financial position.

The provision for income tax on income generated from other operations is based on the elements of income and expenditure as computed in accordance with the provisions of the Inland Revenue Act.

i) Lanka Industrial Products Engineering (Private) Limited

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or subsequently enacted by the date of financial position.

The provision for income tax on income generated from other operations is based on the elements of income and expenditure as computed in accordance with the provisions of the Inland Revenue Act.

j) Bright International Power (Pte) Limited

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with provisions of the Inland Revenue Authority of Singapore.

k) Pawan Danavi (Private) Limited

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



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

l) Raj Lanka Power Company Limited

Pursuant to circulation Statutory Regulatory Order (SRO) no.211 dated 1 July 2013 and no.354 dated 18 November 2013, the Company is exempt from paying tax for a period of 15 years from the year from the commercial operation date on the income from electricity generation.

m) Lakdhanavi Bangla Power Limited

Pursuant to circulation Statutory Regulatory Order (SRO) no.211 dated 1 July 2013 and no.354 dated 18 November 2013, the Company is exempt from paying tax for a period of 15 years from the year from the commercial operation date on the income from electricity generation.

n) Feni Lanka Power Limited

Pursuant to circulation Statutory Regulatory Order (SRO) no.211 dated 1 July 2013 and no.354 dated 18 November 2013, the Company is exempt from paying tax for a period of 15 years from the year from the commercial operation date on the income from electricity generation.

o) Asiatic Electrical & Switchgear (Pvt) Ltd

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with provisions of the Income Tax Department of India.

p) Makarigad Hydro Power (Pvt) Ltd

As per Section 11(3d) of Nepal Income Tax Act, any licensed person or entity commencing commercial production, transmission or distribution of hydropower, electricity produced from solar, wind and biological substance till Chaitra of 2084 shall be provided full income tax exemption for the first ten years and fifty percent exemption for another five years afterwards.

Deferred Taxation

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

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

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

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



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

Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

2.3.5 Borrowing Costs

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

2.3.6 Inventories

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

The cost incurred in bringing inventories to its present location and condition is accounted as follows: -

Raw Materials	- At Actual cost on first-in first-out basis.
Finished Goods & Work-in-progress	- At the cost of direct materials, direct labor and appropriate proportion of fixed production overhead on specific identification basis.
Consumables & spares	- At Actual cost on first-in first-out basis.
Goods in Transit	- At Actual cost.

2.3.7 Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisitions are also treated as cash equivalents.

2.3.8 Property, Plant and Equipment

Cost

Property, Plant and equipment is stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met.

Depreciation

Depreciation is calculated on a straight line basis over the useful life of the assets, when the asset is available for use. Buildings on leasehold land are depreciated over the shorter of the estimated useful life of the asset and the lease term.



The useful lives of the assets are estimated as follows:

Buildings	Over 25 - 50 Years
Plant and Machinery	Over 08 - 20 Years
Power Plants	Over 10- 35 Years
Factory Equipment	Over 10 Years
Intercom Equipment	Over 10 Years
Fire Fighting Equipment	Over 10 Years
Office Equipment	Over 03 - 10 Years
Furniture and Fittings	Over 03 - 10 Years
Motor Vehicle including Browsers	Over 04 Years
Operation & Maintenance Spares	Actual Usage
Solar PV Plant	Over 15 Years

Capital Work- in-Progress

Capital work-in-progress is stated at cost. These are expenses of a capital nature directly include in the construction work of long term capital projects. Expenses that are in the capital nature are accounted for as capital work-in-progress until the projects are completed and the related assets are available for use.

De-recognition

An item of property plant and equipment any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.3.9 Leases

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

Group as a lessee

Operating lease

The Group applies a single recognition and measurement approach for all leases, except for short term leases and low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

a) Right-of-use assets

The Group adopted SLFRS 16 using the modified retrospective method of adoption with date of initial application as 1st January 2019. Under this method, the standard is applied retrospectively and measure right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position immediately before the date of initial application. The Group applied the standard only to contract that were previously identified as leases applying LKAS 17 at the date of initial application.



Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct cost incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows,

➤ Buildings - 50 Years

The Right-of-use assets are also subject to impairment. Refer to the accounting policies in sections-Impairment of non-financial assets.

b) Lease liabilities

At the date of lease initial recognition, the Group recognizes lease liability measured at the present value of lease payments to be made over the lease term. The lease includes fixed payments less any lease incentives receivable.

In calculating the present value of minimum lease payments, the Group uses its incremental borrowing rate at the initial recognition date. After the initial recognition, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is premeasured of there is a modification, a change in the lease term, a change in lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Group as a lessor

Operating lease

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

Finance Lease

The Group is of the view that the substance of the arrangement between the Raj Lanka Power company Limited and Bangladesh Power Development Board falls within the purview of "IFRIC 4 – Determining Whether an Arrangement Contains a Lease" and accounted as a lease under "SLFRS 16 – Leases" due to the satisfaction of following criterion;

- The fulfillment of the arrangement under the Power Purchase Agreement is dependent on the exclusive use of the specific power plant of the Group situated in Rajshahi, Bangladesh.
- Bangladesh Power Development Board has the right to operate the power plant or direct others to operate the power plant in a manner it determines while controlling entire output of the power plant.
- It is impossible for any other party other than Bangladesh Power Development Board to take any output of power generated by the power plant of the company and the capacity charge per unit paid by Bangladesh Power Development Board is not based on the output.

The arrangement is accounted as a "Finance Lease" under "SLFRS 16 – Leases" where Raj Lanka Power Company Limited and Bangladesh Power Development Board will be the lessor and Lessee respectively as all the risks and rewards incidental to legal ownership of the power plant of the group are transferred to Bangladesh Power Development Board.



The initial investment in the power plant is recognized as net lease receivable where it has considered under investing activities for the cash flow purposes. Accordingly, the capital recovery component included in the capacity charge has been treated as future minimum lease rentals which is considered under operating activities for the cash flow purposes.

The Group is of the view that the substance of the arrangement between the Lakdanavi Bangla Power Limited and Bangladesh Power Development Board falls within the purview of "IFRIC 4 – Determining Whether an Arrangement Contains a Lease" and accounted as a lease under "SLFRS 16 – Leases" due to the satisfaction of following criterion;

- The fulfillment of the arrangement under the Power Purchase Agreement is dependent on the exclusive use of the specific power plant of the Group situated in Jangalia, Comilla, Bangladesh.
- Bangladesh Power Development Board has the right to operate the power plant or direct others to operate the power plant in a manner it determines while controlling entire output of the power plant.
- It is impossible for any other party other than Bangladesh Power Development Board to take any output of power generated by the power plant of the company and the capacity charge per unit paid by Bangladesh Power Development Board is not based on the output.

The arrangement is accounted as a "Finance Lease" under "SLFRS 16 – Leases" Lakdanavi Bangla Power Limited and Bangladesh Power Development Board will be the Lessor and Lessee respectively as all the risks and rewards incidental to legal ownership of the power plant of the group are transferred to Bangladesh Power Development Board.

The initial investment in the power plant is recognized as net lease receivable where it has considered under investing activities for the cash flow purposes. Accordingly, the capital recovery component included in the capacity charge has been treated as future minimum lease rentals, which is considered under operating activities for the cash flow purposes.

The Group is of the view that the substance of the arrangement between the Feni Lanka Power Limited and Bangladesh Power Development Board falls within the purview of "IFRIC 4 – Determining Whether an Arrangement Contains a Lease" and accounted as a lease under "SLFRS 16 – Leases" due to the satisfaction of following criterion;

- The fulfillment of the arrangement under the Power Purchase Agreement is dependent on the exclusive use of the specific power plant of the Group situated in Feni, Bangladesh.
- Bangladesh Power Development Board has the right to operate the power plant or direct others to operate the power plant in a manner it determines while controlling entire output of the power plant.
- It is impossible for any other party other than Bangladesh Power Development Board to take any output of power generated by the power plant of the company and the capacity charge per unit paid by Bangladesh Power Development Board is not based on the output.

The arrangement is accounted as a "Finance Lease" under "SLFRS 16 – Leases" Feni Lanka Power Limited and Bangladesh Power Development Board will be the Lessor and Lessee respectively as all the risks and rewards incidental to legal ownership of the power plant of the group are transferred to Bangladesh Power Development Board.

The initial investment in the power plant is recognized as net lease receivable where it has considered under investing activities for the cash flow purposes. Accordingly, the capital recovery component included in the capacity charge has been treated as future minimum lease rentals, which is considered under operating activities for the cash flow purposes.



2.3.10 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method for intangible assets with finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expenses on intangible assets with finite lives are recognized in the income statement in the expense category consistent with the function of the intangible assets.

Computer Software

Computer Software is amortized over the 4 years from the date of acquisition or development.

Investment properties

Investment properties are measured initially at cost, including transaction costs. The carrying value of an investment property includes the cost of replacing part of an existing investment property, at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of the investment property. Subsequent to initial recognition, the investment properties are stated at cost values.

2.3.11 Financial instruments — initial recognition and subsequent measurement

2.3.11.1 Financial Assets

Recognition, Initial Measurement and De-recognition

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

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

Classification and Subsequent Measurement of Financial Assets

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

- Financial Assets measured at fair value through Other Comprehensive Income; and
- Financial Assets measured at amortized cost.

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

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



At the Inception, the Financial Assets are Classified in One of the Following Categories:

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

At the Inception, the Financial Liabilities are Classified in One of the Following Categories:

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

Initial Measurements of Financial Instruments

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

“Day One” Profit or Loss

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

Financial Assets measured at Amortised Cost Debt Instruments

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

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

These debt instruments are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using Effective Interest Rate (EIR). The measurement of credit impairment is based on the three-stage expected credit loss model described below in Note 9 Impairment of financial assets.

Financial Assets measured at fair value through Other Comprehensive Income

Debt instruments

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

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



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

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

Equity Instruments

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

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

Reclassification of Financial Assets

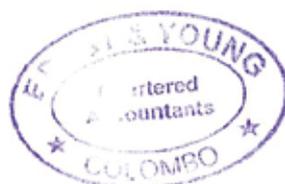
The Group reclassifies its financial assets when, and only when, the Group changes its business model for managing financial assets. If the Group reclassifies financial assets which were measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss, the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

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

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

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

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



Impairment of Financial Assets

The Group applies a three-stage approach to measuring Expected Credit Loss (ECL) for the following categories of financial assets that are not measured at fair value through profit or loss:

- Debt instruments measured at amortised cost and fair value through other comprehensive income;
- Loan commitments; and
- Financial guarantee contracts.

No ECL is recognised on equity investments.

Financial assets migrate through the following three stages based on the change in credit risk since initial recognition:

Stage 1: 12 - months ECL

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised. Bank determines 12 month ECL from customers whom are not significantly credit deteriorated.

Stage 2: Lifetime ECL - not credit impaired

For exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired, a lifetime ECL (i.e. reflecting the remaining lifetime of the financial asset) is recognised.

Stage 3: Lifetime ECL - credit impaired

Exposures are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For exposures that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount.

Determining the Stage for Impairment

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, forward-looking analysis.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the provision for doubtful debts reverts from lifetime ECL to 12-months ECL. Exposures that have not deteriorated significantly since origination, or where the deterioration remains within the Group's investment grade criteria, or which are less than 30 days past due, are considered to have a low credit risk. The provision for doubtful debts for these financial assets is based on a 12-months ECL. When an asset is uncollectible, it is written off against the related provision. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off reduce the amount of the expense in the Statement of Profit or Loss.

The Group assesses whether the credit risk on an exposure has increased significantly on an individual or collective basis. For the purposes of a collective evaluation of impairment, financial instruments are Grouped on the basis of shared credit risk characteristics, taking into account instrument type, credit risk ratings, collateral type, date of initial recognition, remaining term to maturity, industry, geographical location of the borrower and other relevant factors.



Measurement of ECL

ECL is derived from unbiased and probability-weighted estimates of expected loss, and are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls over the expected life of the financial asset discounted by the effective interest rate. The cash shortfall is the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive.
- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows discounted by the effective interest rate.
- Adopting simplified approach to measure the loss allowance at an amount equal to life time expected credit losses under the simplified approach for Finance lease assets.
- Undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive.
- Financial guarantee contracts: check the PV as the expected payments to reimburse the holder less any amounts that the Group expects to recover.

ECL is recognised in the Statement of Profit or Loss. In the case of debt instruments measured at fair value through other comprehensive income, the measurement of ECL is based on the three-stage approach as applied to financial assets at amortised cost.

2.3.11.2 Financial Liabilities**Initial Recognition and Measurement**

Financial liabilities within the scope of SLFRS 9 are classified, at initial recognition, as financial liabilities at fair value through profit or loss and other financial liabilities. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, carried at amortised cost. This includes directly attributable transaction costs.
The Group's financial liabilities include trade and other payables.

Subsequent Measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities classified as 'fair value through profit or loss' will be subsequently measured at fair value and financial liabilities classified as 'other liabilities' will be subsequently measured at amortised cost.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

2.3.12 Fair Value Measurement

The Group measures financial instruments such as available for sale and financial assets at fair value through profit or loss at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.



The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group.

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

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

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

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's Management determines the policies and procedures for both recurring fair value measurement, such as unquoted financial assets measured through other comprehensive income.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.3.13 Provisions

Provisions are recognized when the group has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

2.3.14 Impairment of non-financial Assets

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



Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset, except for property previously devalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation. For assets, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

2.3.15 Retirement Benefit Costs

a) Defined Benefit Plan – Gratuity

Gratuity is a post-employment benefit plan. Provisions have been made for retirement gratuity from the first year of service for all employees in conformity with LKAS 19. However, under the payment of Gratuity Act No.12 of 1983, the liability to an employee arises only on completion of five years of continued service. The Group is liable to pay gratuity in terms of relevant statute. In order to meet this liability, a provision is carried forward in the Statement of Financial Position.

Based on the LKAS 19 (Revised) – on Employee Benefit, the Group annually measures the present value of the promised retirement benefits for gratuity, which is a defined benefit plan, with the advice of an independent actuary using Projected Unit Credit Method.

The Defined Benefit Obligation and the related charge for the year are determined using assumptions required under actuarial valuation techniques. The valuation involves making assumptions about discount rates, future salary increases, staff turnover rates etc. Due to the long term nature of such obligations these estimates are subject to significant uncertainty.

Further details are given in Note 18 to the Financial Statements.

Recognition of Actuarial Gain and Losses

The group recognizes the total actuarial gains and losses that arise in calculating the group's obligation in respect of the plan in Other Comprehensive Income during the period in which it occurs.

Current service cost and Interest costs are recognized in Income Statement.

Funding Arrangements

The Gratuity liability is not externally funded.

b) Defined Contribution Plans – Employees' Provident Fund & Employees' Trust Fund

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with respective Statutes and Regulations. The Group contributes 12 % and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively. Related expenses are recognized in the income statement.



2.3.16 Revenue Recognition

2.3.16.1 Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group has several operating segments which are described In Note 03 to these financial statements. In all operating segments, the Group has generally concluded that it is the principal in its revenue arrangements, except for the agency services below, because it typically controls the goods or services before transferring them to the customer.

a) Sales of Goods

Revenue from Sales of goods is recognized at the point in time when control of the assets is transferred to the customer generally on delivery of Goods. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion the transaction price needs to be allocated (eg; Warranties). In determining the transaction price for the sales of goods, the Group considers the effects of variable consideration (if any).

b) Rendering of Service

Several entities within the Group engage in the provision of services to its customers. The Group recognizes revenue from services over time, applying methods to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes benefits provided by the group.

- **Operational and Maintenance Services**

Revenue from operational and maintenance services recognize over the time. Since, the customer simultaneously receives and consumes benefits provided by the O & M Operator.

- **Construction Services**

Revenue from construction contract is recognized on the percentage of completion method, measured by reference to the construction cost incurred to date to estimate total construction cost for each contract.

- **Revenue from Energy Supplied**

Revenue from energy supplied is recognized, upon delivery of Energy to Bangladesh Power Development Board. Since, the customer simultaneously receives and consumes benefits provided by the Group (Delivery of Electrical Energy shall be completed when Electrical Energy meeting the specifications as set out in Power Purchase Agreement is received at the metering point).

2.3.16.2 Interest Income from Finance Lease

Interest income from Finance lease is recognized using Implicit Interest Rate, which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial lease.

2.3.16.3 Income from Hire of Power Plants

Operating lease income from all power plants is recognized in the income statement based on energy output for the period which is more representative of the time pattern in which use benefit derived from leased assets are diminished.



2.3.16.4 Other Income

a) Interest

For all financial instruments measured at amortized cost interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the income statement.

b) Dividends

Dividend Income is recognised when the shareholders' right to receive the payment is established.

c) Others

Other income is recognised on an accrual basis. Net Gains and losses of a revenue nature on the disposal of property, plant & equipment have been accounted for in the income statement, having deducted from proceeds on disposal, the carrying amount of the assets and related selling expenses.

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

2.4 SIGNIFICANT ACCOUNTING ASSUMPTIONS, JUDGEMENTS, AND ESTIMATES

In the process of applying the group accounting policies, management is required to make judgments, apart from those involving estimations, which has the most significant effect on the amounts recognized in the Financial Statements. Further management is required to consider key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below. The respective carrying amounts of assets and liabilities are given in related notes to the Financial Statements. The key items as such are discussed below.

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Fair Value Measurement of Financial Assets at Fair Value Through OCI

The Company engaged an internal expert to assess fair value of unquoted equity shares as at 31 March 2024 and 31 March 2023. The primary approach adopted was the income approach using discounted cash flow method. A degree of judgement is required in establishing fair value and changes in assumptions could affect the reported fair value. The key assumptions used to determine the fair value of the unquoted equity shares and sensitivity analysis are provided in Note 9.5.1.



Reviews of Impairment Losses on Non-Financial Assets_ Goodwill

Potential impairment of goodwill on business combination is periodically tested. The recoverable amounts of the CGU have been determined based on the Value in use (VIU) calculation. This test is carried out by assessing the value in use calculation which is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash. The key assumptions used to determine the recoverable amount for the different CGUs, are disclosed and further explained in Note 5.7.

Taxes

The Group is subject to income tax and other taxes including VAT. The Group recognized assets and liabilities for current and deferred taxes based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income and deferred tax amounts in the period in which the determination is made. The management has also used its judgment on the application of Tax Law in determining the correct tax liability including transfer pricing regulation involving identification of associated undertakings, estimation of the respective arm's length prices and selection of appropriate pricing mechanism.

Defined Benefit Plans-Gratuity

The cost of gratuity is determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, staff withdrawals, and mortality rates. Due to the complexity of the valuation; the underlying assumptions and its long-term nature, the defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Further details are given in Note 18 to these financial statements.

Provision of Expected Credit Loss of Trade Receivable and Contract Assets

The Group uses a provision matrix to calculate ECL's for trade receivables and contract assets. The provision rates are based on days past due for grouping of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e. gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rate are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL's is a significant estimate. The amount of ECL's is sensitive to changes to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECL's on the Group's trade receivable and contract assets is disclosed in Note 12.3.

2.5 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURE

The accounting policies adopted by the Company are consistent with those of the previous financial year.



2.6 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued up to the date of issuance of the Company's financial statements but are not effective for the current annual reporting period, are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. The following amended standards are not expected to have a significant impact on the Company's financial statements.

2.6.1 Classification of Liabilities as Current or Non-current - Amendment to LKAS 1

Amendments to LKAS 1 relate to classification of liabilities with covenants as current or non-current. The amendments clarify that if an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants only at a date subsequent to the reporting period ("future covenants"), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. The requirements apply only to liabilities arising from loan arrangements.

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

2.6.2 Disclosures: Supplier Finance Arrangements - Amendments to LKAS 7 and SLFRS 7

The amendments clarify the characteristics of supplier finance arrangements and require an entity to provide information about the impact of supplier finance arrangements on liabilities and cash flows, including terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those arrangements.

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

2.6.3 Lease Liability in a Sale and Leaseback - Amendment to SLFRS 16

The amendments to SLFRS 16 Leases specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. A seller-lessee applies the amendment retrospectively in accordance with LKAS 8 to sale and leaseback transactions entered into after the date of initial application.

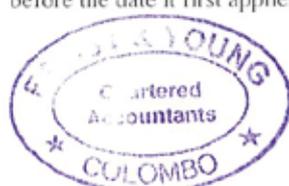
The amendments are effective for annual periods beginning on or after 1 January 2024

2.6.4 SLFRS 17 Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace SLFRS 4 Insurance Contracts (SLFRS 4) that was issued in 2005. SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The core of SLFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- simplified approach (the premium allocation approach) mainly for short-duration contracts

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2026, with comparative figures required. Early application is permitted, provided the entity also applies SLFRS 9 and SLFRS 15 on or before the date it first applies SLFRS 17.



2.6.5 International Tax Reform—Pillar Two Model Rule - Amendments to LKAS 12

The amendments to LKAS 12 introduce a mandatory exception in LKAS 12 from recognising and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. An entity is required to disclose that it has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

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



3. REVENUE	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
3.1 Summary				
Sales of Goods	13,372,869,295	10,480,665,848	-	-
Rendering of Services/Contracts Revenue	46,379,993,378	43,304,398,431	231,669,196	194,891,102
	<u>59,752,862,672</u>	<u>53,785,064,278</u>	<u>231,669,196</u>	<u>194,891,102</u>
3.2 Revenue - Segment Analysis				
3.2.1 Revenue from contract with customers				
Disaggregated revenue information				
Set out below is the disaggregation of Group's revenue from contract's with customers:				
3.2.2 Revenue - Business Segment	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Manufacturing	13,289,546,257	10,437,400,032	-	-
Power Generation	46,463,316,416	43,347,664,246	231,669,196	194,891,102
	<u>59,752,862,672</u>	<u>53,785,064,278</u>	<u>231,669,196</u>	<u>194,891,102</u>
3.2.3 Revenue - Geographical Segments				
Sri Lanka	18,073,858,209	11,034,386,010	231,669,196	194,891,102
Asia (Excluding Sri Lanka)	41,679,004,463	42,750,678,269	-	-
	<u>59,752,862,672</u>	<u>53,785,064,278</u>	<u>231,669,196</u>	<u>194,891,102</u>
3.2.4 Timing of Revenue Recognition				
Goods transferred at a point in time	13,289,546,257	11,034,386,010	-	-
Service transferred over time	46,463,316,416	42,750,678,269	231,669,196	194,891,102
	<u>59,752,862,672</u>	<u>53,785,064,278</u>	<u>231,669,196</u>	<u>194,891,102</u>
3.3 Gross Profit - Segment Analysis				
3.3.1 Gross Profit - Business Segment				
Manufacturing	3,939,320,926	3,204,689,490	-	-
Power Generation	14,970,870,654	13,983,320,667	63,694,215	52,181,877
	<u>18,910,191,580</u>	<u>17,188,010,157</u>	<u>63,694,215</u>	<u>52,181,877</u>
3.3.2 Gross Profit - Geographical Segments				
Sri Lanka	10,104,514,169	11,101,230,878	63,694,215	52,181,877
Asia (Excluding Sri Lanka)	8,805,677,411	6,086,779,278	-	-
	<u>18,910,191,580</u>	<u>17,188,010,157</u>	<u>63,694,215</u>	<u>52,181,877</u>



3. REVENUE (Contd...)

3.8 Assets & Liabilities -Business Segment

Group

31 March 2024

	Power Generation	Manufacturing	Group Adjustments	Total
Non-Current Assets	84,673,850,708	5,104,811,443	(3,323,223,000)	86,455,439,151
Current Assets	38,782,308,186	11,882,352,394	(3,538,599,727)	47,126,060,853
Total Assets	123,456,158,894	16,987,163,837	(6,861,822,727)	133,581,500,005
Non-Current Liabilities	21,381,591,628	651,054,608	(56,405,905)	21,976,240,331
Current Liabilities	36,649,892,479	4,151,703,438	(3,561,754,112)	37,239,841,805
Total Liabilities	58,031,484,107	4,802,758,046	(3,618,160,017)	59,216,082,136

Group

31 March 2023

	Power Generation	Manufacturing	Group Adjustments	Total
Non-Current Assets	77,543,379,320	1,587,650,363	(3,350,527,195)	75,780,502,489
Current Assets	54,719,975,309	7,668,857,576	(2,235,093,074)	60,153,739,811
Total Assets	67,441,845,849	9,256,507,940	(5,585,602,722)	135,934,242,300
Non-Current Liabilities	24,418,370,710	560,410,238	(146,056,087)	24,832,724,861
Current Liabilities	37,068,474,301	4,148,631,756	(2,238,571,904)	38,978,534,152
Total Liabilities	36,008,123,206	4,709,041,994	(2,384,627,991)	63,811,259,012

3.9 Cashflow -Business Segment

Group

31 March 2024

	Power Generation	Manufacturing
Cash Flows From Operating Activities	6,848,219,835	892,796,357
Cash Flows from Investing Activities	(17,101,851,396)	897,885,627
Cash Flows used in Financing Activities	5,921,770,939	(1,131,873,962)
Net Increase/(Decrease) in Cash and Cash Equivalents	(4,331,860,622)	658,808,023

Group

31 March 2023

	Power Generation	Manufacturing
Cash Flows From Operating Activities	(634,747,310)	951,888,169
Cash Flows from Investing Activities	(31,051,135,853)	943,371,481
Cash Flows used in Financing Activities	9,351,151,759	(1,175,176,005)
Net Increase/(Decrease) in Cash and Cash Equivalents	(22,334,731,404)	720,083,646



4. PROPERTY, PLANT & EQUIPMENT

4.1 Group	Balance As at 01.04.2023 Rs.	Additions Rs.	Disposals Rs.	Impact on Exchange Rates Rs.	Balance As at 31.03.2024 Rs.
4.1.1 Gross Carrying Amounts					
At Cost					
Freehold Land	1,464,984,720	5,504,303	-	(123,599,728)	1,346,889,295
Buildings	731,506,636	9,299,385	-	(28,895,243)	711,910,778
Power Plant	9,828,227,957	56,259,393	-	(789,988,722)	9,094,498,628
Plant & Machinery	1,348,647,744	17,412,337	6,573,779	(48,874,218)	1,323,759,642
Electronics & Electrical Equipments	20,306,439	-	-	-	20,306,439
Factory Equipment	364,242,939	48,852,190	-	-	413,095,129
Intercom Equipment	19,418	-	-	-	19,418
Fire Fighting Equipment	22,007,687	452,360	-	-	22,460,047
Office Equipment	283,492,733	97,764,413	1,126,718	(1,065,861)	381,318,004
Furniture & Fittings	107,813,294	8,297,957	493,140	(7,777,374)	108,827,017
Motor Vehicles	661,430,228	43,503,377	41,715,250	(38,002,084)	708,646,771
Operation & Maintenance - Spares	2,908,986,875	8,430,410	-	-	2,917,417,285
Solar PV Plants	116,427,955	-	-	-	116,427,955
Total	17,858,094,625	295,776,125	49,908,887	(1,038,203,229)	17,165,576,408
4.1.2 In the Course of Construction	Balance As at 01.04.2023 Rs.	Incurred During the year Rs.	Transferred Rs.	Impact on Exchange Rates Rs.	Balance As at 31.03.2024 Rs.
Work in Progress	24,386,943,928	16,049,505,855	-	169,155,251	40,605,605,034
Total Gross Carrying Amount of Property, Plant & Equipment	42,245,038,553	16,345,281,980	49,908,887	(869,047,978)	57,771,181,442
4.1.3 Depreciation	Balance As At 01.04.2023 Rs.	Charge for the year Rs.	Disposals Rs.	Impact on Exchange Rates Rs.	Balance As at 31.03.2024 Rs.
At Cost					
Buildings	153,629,694	19,941,586	-	(5,524,464)	168,046,815
Power Plant	1,682,007,083	381,383,803	-	(1,190,640)	2,062,200,246
Plant & Machinery	859,452,919	107,054,586	5,103,515	(27,254,936)	944,356,085
Electronics & Electrical Equipments	15,223,506	-	-	-	15,223,506
Factory Equipment	161,197,021	35,130,582	-	-	196,327,603
Intercom Equipment	19,419	-	-	-	19,419
Fire Fighting Equipment	15,640,475	3,650,510	-	-	19,290,985
Office Equipment	213,213,044	50,521,886	1,062,306	2,865,175	267,662,411
Furniture & Fittings	61,644,810	10,166,385	1,759,282	(3,616,334)	69,954,143
Motor Vehicles	524,236,163	55,217,534	40,000,209	10,908,949	630,362,855
Operation & Maintenance - Spares	1,962,006,660	183,802,748	-	-	2,145,809,408
Solar PV Plant	39,145,831	6,966,463	-	-	46,112,294
Total Depreciation	5,687,416,625	853,836,083	47,925,313	(23,812,250)	6,565,365,771
4.1.4 Net Book Value				2024 Rs.	2023 Rs.
At Cost					
Freehold Land				1,346,889,295	1,464,984,720
Buildings				543,863,963	577,876,942
Power Plant				7,032,298,381	8,146,220,874
Plant & Machinery				379,403,557	489,194,825
Electronics & Electrical Equipments				5,082,933	5,082,933
Factory Equipment				216,767,526	203,045,918
Fire Fighting Equipment				3,169,062	6,367,212
Office Equipment				113,655,592	70,279,689
Furniture & Fittings				38,872,874	46,168,484
Motor Vehicles				78,283,917	137,194,065
Operation & Maintenance - Spares				771,667,877	946,980,215
Solar PV Plant				70,315,661	77,282,124
Capital Work-In-Progress				40,605,605,034	24,386,943,928
Total Carrying Amount of Property, Plant & Equipment				51,205,815,672	36,557,621,929

4. PROPERTY, PLANT & EQUIPMENT (Contd...)

4.1.5 During the year, the Group acquired Property, Plant & Equipment to the aggregate value of Rs. 16,345,281,980/- (2023 - Rs. 33,505,143,620/-) of which Cash payments amounting to Rs. 16,345,281,980/- (2023 - Rs. 33,505,143,620/-) were made during the period for purchase of Property, Plant & Equipment.

4.1.6 Property, Plant & Equipment of the group includes fully depreciated assets having a gross carrying amount of Rs.1,700,237,488/- (2023-Rs. 585,405,500/-).

4.1.7 Work in progress

31 March 2024 work in progress represents the EPC works relating to development and construction cost incurred and advance paid to contractors for the Sobadhanavi Power Project of 350MW at Kerawalapitiya.

4.2 Company	Balance			Balance As at 31.03.2024 Rs.
	As at 01.04.2023 Rs.	Additions Rs.	Disposals/ Transfers Rs.	
4.2.1 Gross Carrying Amounts				
At Cost				
Freehold Land	-	-	-	-
Office Equipment	1,555,250	-	-	1,555,250
Motor Vehicles	45,357,831	-	678,000	44,679,831
Total Value of Depreciable Assets	46,913,081	-	678,000	46,235,081
4.2.2 Depreciation				
At Cost				
Office Equipment	1,555,250	-	-	1,555,250
Motor Vehicles	45,357,830	-	678,000	44,679,830
Total Depreciation	46,913,080	-	678,000	46,235,081
4.2.3 Net Book Value			31.03.2024	01.04.2023
At Cost			Rs.	Rs.
Freehold Land			-	-
Office Equipment			-	-
Motor Vehicles			-	-
Total Carrying Amount of Property, Plant & Equipment			-	-

4.2.4 During the financial year, the Company has acquired Property, Plant & Equipment amounts to Rs. NIL (2023 -NIL) Cash payments amounting to Rs. NIL (2023- NIL) were made during the year for the purchase of Property Plant & Equipment.

4.2.5 Property, Plant & Equipment of the Company includes fully depreciated assets having a gross carrying amount of Rs.46,235,081/- (2023-Rs. 46,913,080/-).



5. INVESTMENT PROPERTY

Company	Balance			Balance As at 31.03.2024 Rs.
	As at 01.04.2023 Rs.	Additions Rs.	Disposals Rs.	
5.1 Gross Carrying Amounts				
At Cost				
Free Hold Land	9,385,800	-	-	9,385,800
Buildings on freehold land & Lease hold land	410,703,958	5,699,385	-	416,403,343
	<u>420,089,758</u>	<u>5,699,385</u>	<u>-</u>	<u>425,789,143</u>
5.2 Depreciation				
At Cost				
Buildings on freehold land & Lease hold land	83,538,223	8,280,577	-	91,818,800
	<u>83,538,223</u>	<u>8,280,577</u>	<u>-</u>	<u>91,818,800</u>
5.3 Net Book Value				
At Cost				
Free Hold Land			9,385,800	9,385,800
Buildings on freehold land & Lease hold land			324,584,543	327,165,735
			<u>333,970,343</u>	<u>336,551,535</u>
5.4 Fair Value of Investment Property				

The fair value has been determined based on valuations performed by Mr. T.M.H.Mutaliph Chartered Valuer, an accredited independent valuer, as at 31 March 2024. Mr. T.M.H.Mutaliph is an industry specialist in valuing these types of

	Fair Value 31-Mar-2024	Fair Value 31-Mar-2023
Land & Buildings at Angulana	825,569,500	829,257,755
Buildings at Sapugaskanda	371,793,400	371,793,400
	<u>1,197,362,900</u>	<u>1,201,051,155</u>

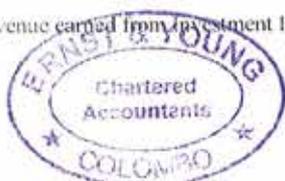
The Company uses unobservable market inputs in determining the fair value of the Investment Property (i.e. Falling under Level 3 of the fair value hierarchy)

5.5 Investment Property

The significant assumptions used by the valuer are as follows :

	Valuation Technique	Significant Unobservable Inputs
Land at Angulana	Investment Method value on Market comparable approach	Value a perch Rs.900,000/-
Buildings at Angulana	Investment Method Depreciated Replacement Cost (DRC)	Estimated rental value per Annum sq.ft : Rs.99-463
Buildings at Sapugaskanda	Investment Method Depreciated Replacement Cost (DRC)	Estimated rental value per Annum sq.ft : Rs.66-529

5.6 Revenue earned from Investment Property by the Company amounted 2024- Rs.58.07 Mn (2023- Rs. 55.3 Mn.)



5. INVESTMENT PROPERTY (Contd...)

	2024	2023
	Rs.	Rs.
5.7 Goodwill		
At 1 April	281,605,679	281,605,679
Acquisition of a subsidiary	-	-
Impairment	-	-
At 31 March	<u>281,605,679</u>	<u>281,605,679</u>

The management did not identify an impairment for this CGU as shown above.

Goodwill acquired through business combinations is allocated to Asiatic Electrical and Switchgear (Private) Ltd and Cash Generating Unit (CGU), which is operating segment, for impairment testing.

The recoverable amount of the Asiatic Electrical and Switchgear (Private) Ltd CGU is determined based on a value in use calculation using cash flow projections approved by senior management covering a five year period. Future cash flows are estimated in Indian Rupees (INR) in which they will be generated and then discounted using the discount rate appropriate for that currency. The discount rate applied to the cash flow projections is 15.5% (2023-16%).

Key assumptions used in value in use calculations and sensitivity to changes in assumptions

The calculation of value in use for Asiatic Electrical and Switchgear (Private) Ltd is most sensitive to the following assumptions:

Sales Growth

Sales Growth is estimated to be increased by 15% each year based on expected industry growth of manufacturing switchgears.

Discount Rate

The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service net of tax.

Gross Margins

Gross Margin is estimated to be maintained at 29% over 5 years based on expected sales growth and cost of sales.

6. LEASES

6.1 Right of Use Assets

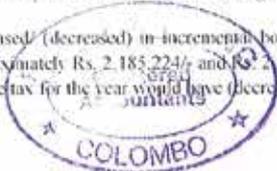
Land & Buildings

Cost	Group		Company	
	2024	2023	2024	2023
	Rs.	Rs.	Rs.	Rs.
Balance as at 01 April	537,584,779	690,492,555	13,940,149	17,873,141
Additions of operating lease assets	152,370,126	17,803,600	-	(3,932,992)
Disposals during the Period	-	(171,658,227)	-	-
Effect of Exchange rate movement	(35,082,381)	946,850	-	-
Balance as at 31 March	<u>655,372,524</u>	<u>537,584,779</u>	<u>13,940,149</u>	<u>13,940,149</u>
Amortization				
Balance as at 01 April	147,387,399	239,658,094	5,304,022	13,614,064
Amortization for the period	45,724,936	81,147,582	5,924,567	(8,310,042)
Disposals during the Period	(39,798,853)	(171,658,227)	-	-
Effect of Exchange rate movement	(3,382,199)	(1,260,051)	-	-
Balance as at 31 March	<u>149,931,283</u>	<u>147,887,399</u>	<u>11,228,589</u>	<u>5,304,022</u>
Net book value of right of use assets	<u>505,441,241</u>	<u>389,697,380</u>	<u>2,711,560</u>	<u>8,636,127</u>

6.2 Sensitivity of Right-of-Use Assets/ Liability to Key Assumption

Sensitivity to Incremental Borrowing Rates

Increased/ (decreased) in incremental borrowing rate as at 31st March 2024 by 1% would have (decreased)/ increased the lease liability by approximately Rs. 2,185,224/- and Rs. 2,180,663/- respectively. Had the Group increased / (decreased) the discount rate by 1%, the Group profit before tax for the year would have (decreased)/ increased by approximately Rs.1,708,118/- and Rs. 1,794,511/- respectively.



7. INTANGIBLE ASSETS	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
7.1 Summary				
Cost				
As at 1 April	90,523,348	87,408,720	-	-
Acquired/ Incurred during the year	20,471,117	3,114,628	-	-
Exchange Translation Difference	(1,798,767)	-	-	-
As at 31 March	109,195,692	90,523,348	-	-
7.2 Amortization				
As at 1 April	48,135,918	39,951,561	-	-
Amortized during the year	12,664,589	8,184,357	-	-
Exchange Translation Difference	(1,394,724)	-	-	-
As at 31 March	59,405,783	48,135,918	-	-
Net book value	49,789,909	42,387,430	-	-
8. INTEREST IN SUBSIDIARIES				
	2024	2023	Carrying Value	Carrying Value
	Holding	Holding	2024	2023
	%	%	Rs.	Rs.
Lakdhanavi Ltd.	81.70%	81.70%	125,000,000	125,000,000
Nividhu (Pvt) Ltd.	65.00%	65.00%	272,734,391	272,734,391
Lanka Industrial Products Engineering (Pvt) Ltd	100.00%	100.00%	15,000,000	15,000,000
LTL Energy (Pvt) Ltd.	55.00%	55.00%	807,125,000	807,125,000
LTL Transformers (Pvt) Ltd	100.00%	100.00%	500,000,000	500,000,000
LTL Galvanizers (Pvt) Ltd	100.00%	100.00%	150,000,000	150,000,000
Pawan Danavi (Pvt) Ltd	51.00%	51.00%	540,600,000	540,600,000
Asiatic Electrical & Swirlgear (Private) Limited	99.07%	99.07%	789,821,524	789,821,524
			<u>3,200,280,915</u>	<u>3,200,280,915</u>
8.1 LOANED ASSETS - SHARES				
Refer Note 29.1. for details of the adjustment made to the financial statements on transferrable shares				
	Group		Company	
	2024	2023	2024	2023
	Rs.	Rs.	Rs.	Rs.
		Restated		
Loaned Assets - Shares	6,114,915,295	6,860,377,358	-	-
9. OTHER FINANCIAL ASSETS AND LIABILITIES				
9.1 Other financial assets				
	Group		Company	
	2024	2023	2024	2023
	Rs.	Rs.	Rs.	Rs.
Financial Assets at Amortised cost				
9.1.1 Refundable Deposits Less than 1 year	158,718,060	32,225,753	-	-
Refundable Deposits-more than 1 year	93,589,660	93,324,440	3,640,140	7,442,723
Investments in Fixed Deposits - more than 1 year	5,716,807	30,384,629	-	-
Investments in Fixed Deposits	9,198,908,051	13,617,671,403	906,284,554	893,904,192
Call Deposits	13,033,551	5,515,947	-	-
Investments in Debentures	-	55,852,886	-	-
Investment in Repurchase Agreements/Treasury Bills	1,397,168,876	707,523,415	161,303,430	-
Total	<u>10,867,134,986</u>	<u>14,543,498,473</u>	<u>1,071,228,125</u>	<u>901,346,915</u>
Financial Assets at Fair Value through Profit & Loss				
9.1.3 Investments in Equity Funds	96,378,964	84,456,046	-	-
Total	<u>96,378,964</u>	<u>84,456,046</u>	<u>-</u>	<u>-</u>
Financial Assets at Fair Value through OCI				
9.1.2 Non quoted equity shares	3,411,495,785	3,660,000,000	-	-
Investments in Preference Shares - Lanka Energy International (Pvt) Ltd	604,102,843	604,102,843	-	-
Total	<u>4,015,598,628</u>	<u>4,264,102,843</u>	<u>-</u>	<u>-</u>
Total Other Financial Assets	<u>14,979,112,577</u>	<u>18,892,057,362</u>	<u>1,071,228,125</u>	<u>901,346,915</u>
Total Current Other Financial Assets	<u>10,864,207,482</u>	<u>14,447,392,565</u>	<u>1,067,587,985</u>	<u>893,904,192</u>
Total Non-Current Other Financial Assets	<u>4,114,905,095</u>	<u>4,444,664,797</u>	<u>3,640,140</u>	<u>7,442,723</u>



9. OTHER FINANCIAL ASSETS AND LIABILITIES (Contd...)

9.1.1 Financial Assets at Amortised cost are investment which generate a fixed or variable interest income for the Group/ Company. The carrying value might be affected by changes in the credit risk of the counterparties and changes in variable interest rates for some instruments

9.1.2 Financial Assets at Fair Value through OCI consist of an 4.77% investment in equity shares of non-listed company, West Coast Power (Pvt) Limited, which is valued on Discounted Cash Flow (DCF) method.

9.1.3 Fair Value through Profit & Loss Investment consist of Investment in Equity Securities- Quoted

	No. of Ordinary Shares		Group Carrying Value / Fair Value	
	2024	2023	2024	2023
Aitken Spence Hotel Holdings PLC	36,575	36,575	2,421,265	2,190,843
Chevron Lubricants Lanka PLC	38,000	38,000	4,094,500	3,480,800
Citizens Development Business Finance PLC	103,359	103,359	8,868,202	8,175,697
Commercial Bank of Ceylon PLC	5,749	5,430	561,678	345,348
Hatton National Bank PLC	59,635	56,839	9,831,775	6,173,895
Hayleys PLC	472,920	472,920	38,826,732	34,050,240
John Keells Holdings PLC	39,836	39,836	7,728,184	5,577,040
Lanka IOC PLC	95,613	95,613	11,162,818	16,397,630
National Development Bank PLC	74,493	70,881	5,065,524	3,182,557
People's Leasing & Finance PLC	409,092	387,731	4,500,012	3,063,075
Seylan Bank PLC	87,323	80,841	3,318,274	1,818,923
	1,422,595	1,388,025	96,378,964	81,456,046

9.2 Other Financial Liabilities

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Interest Bearing Loans and borrowings				
Current interest-bearing loans and borrowings				
Bank overdrafts	9.2.1(a) 3,210,860,573	4,962,585,976	223,363,404	318,007,125
Bank Loans	9.2.1(a) 26,140,938,220	21,300,503,238	-	-
Total current interest-bearing loans & borrowings	29,351,798,793	26,263,089,215	223,363,404	318,007,125
Non-current interest-bearing loans & borrowings				
Bank Loans	9.2.1(b) 21,120,921,320	24,137,790,359	-	-
Total non-current interest-bearing loans & borrowings	21,120,921,320	24,137,790,359	-	-
Total Interest Bearing Loans and borrowings	50,472,720,112	50,400,879,574	223,363,404	318,007,125

9.2.a Interest Bearing Loans and borrowings (Other than Overdraft)- Movement

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Bank Loans				
At the Beginning of the Year	45,438,293,598	37,118,071,615	-	-
Cash Movement				
Loans Obtained	26,613,511,281	25,406,237,606	-	-
Repayments	(17,018,739,835)	(14,352,671,819)	-	-
Non-cash Movement				
Exchange differences and other non cash adjustments	(7,771,205,464)	(2,733,343,804)	-	-
At the End of the Year	47,261,859,540	45,438,293,598	-	-
Repayment Less than One Year	26,140,938,220	21,300,503,238	-	-
Repayment More than One Year	21,120,921,320	24,137,790,359	-	-
	47,261,859,540	45,438,293,598	-	-



LTL Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2024

9. OTHER FINANCIAL ASSETS AND LIABILITIES (Contd.)

9.2.1 Other information of Bank Overdrafts, Bank Borrowings and Performer Shares

a) Bank Overdrafts	Interest rate	Facility	Security	On demand	Maturity				Total
					less than 3 months	3 to 12 months	1 to 5 years	+ 5 years	
LTL Holdings Limited Hutton National Bank	At prevailing market rates	Rs. 400,000,000/-		221,161,404	-	-	-	-	221,161,404
LTL Transformers (Private) Limited Hutton National Bank	At prevailing market rates At prevailing market rates	Rs. 1,000,000,000/- Rs. 100,000,000/-		449,487,706 58,273,135	-	-	-	-	449,487,706 58,273,135
Pranathanasari (Pvt) Ltd. NDB Bank	At prevailing market rates	-		(511,219)	-	-	-	-	511,219
Lanka Industrial Products Engineering (Private) Limited Hutton National Bank	At prevailing market rates	-		109,475	-	-	-	-	109,475
Swarna (Pvt) Ltd Hutton National Bank	At prevailing market rates	-		90,489	-	-	-	-	90,489
Sivallur Associates (Private) Limited Hutton National Bank	At prevailing market rates	-		731,484	-	-	-	-	731,484
Axianne Electrical & Switzinger (Private) Limited Standard Chartered Bank	10% - 11% p.a.	INR 50,000,000/-	Corporate Guarantee from LTL Holdings Ltd. Fixed hypothecation charge over stock and debts	281,194,000	-	-	-	-	281,194,000
Lakshmanan Limited Hutton National Bank PLC	At the prevailing market rates	Rs. 1,000,000,000/-		855,134,264	-	-	-	-	855,134,264
Jefra & Engineering (Private) Limited Hutton National Bank PLC	At the prevailing market rates	-		12,799,032	-	-	-	-	12,799,032
L.D. Treva Engineering Private Limited Hutton National Bank PLC	At the prevailing market rates	-		1,851,087	-	-	-	-	1,851,087
Veni Lanka Power Limited Bank Over Draft - Eastern Bank Limited	9.00%	BDT 100,000,000/-	1st ranking charge over stock (Fuel and Spare Parts) and receivables (Fuel) under PPSSA with other lenders.	278,495,465	-	-	-	-	278,495,465
Bank Over Draft - Commercial Bank of Ceylon PLC	9.00%	BDT 108,000,000/-	Registered hypothecation (1st Charge) over stock (Fuel & Spare Parts) and bank debts (Energy Agreement) of the company on Pan Power with other lenders.	282,245,760	-	-	-	-	282,245,760
Lakshmanan Ilangula Power Limited Bank Over Draft - Commercial Bank of Ceylon PLC	9.00%	BDT 15,000,000/-	Fixed & Floating Assets of Project Assets	139,982,000	-	-	-	-	139,982,000
Bank Over Draft - Eastern Bank Limited	9.00%	BDT 20,000,000/-	Fixed & Floating Assets of Project Assets	56,405,587	-	-	-	-	56,405,587
Raj Lanka Power Company Limited Bank Over Draft - Commercial Bank	9.00%	BDT 195,000,000	USD 20m Fixed Deposit of Lakshmanan Ltd	187,998,051 3,229,042,950	-	-	-	-	187,998,051 3,229,042,950



9. OTHER FINANCIAL ASSETS AND LIABILITIES (Contd...)

9.2.1 Other information of Bank Overdrafts, Bank Borrowings and Preference Shares

a) Bank Overdrafts	Interest rate	Facility	Security	Maturity				Total
				On demand	less than 3 months	3 to 12 months	1 to 5 years	
9. OTHER FINANCIAL ASSETS AND LIABILITIES (Contd...)								
b) Bank Loans								
LTL Transformers (Private) Limited								
LTL Transformers Sampath Bank	AWPLR + 1%	Rs. 50,000,000/-	- Loan Agreement	-	3,753,500	9,468,000	-	14,972,000
Bank of Ceylon- Term Loan	AWPLR + 1.1%	Rs. 400,000,000/-	1# Vacuum Drying Filling Equipment Test System Purchased from Phoenix Tech 2 set of WIND Horizontal Winding Machine One set of BRJ and three set of flyer Insulators winding machine	-	19,000,000	117,177,261	-	194,044,411
LTL Galvanizers (Private) Limited								
NDB Bank	6.25% p.a	Rs. 27,000,000/-	Rs. 17.75MB Fixed Deposit	-	3,000,000	-	-	4,125,000
Pawan Dasari (Private) Limited								
Term Loan- Sampath Bank	AWPLR (Monthly Average) +1.5%	Rs. 600,000,000/-	Corporate Guarantee from LTL Holdings Ltd for Rs. 600,000,000/-	-	15,975,000	47,025,000	-	111,310,999
Lakshmanji Limited- Group								
Lakshmanji Bangia Power Limited								
Secured Loan Working Capital Loan - Commercial Bank of Ceylon PLC	3.5% + 3M SOFR & 0.5% + 3M SOFR 5%	USD 35,000,000/- BDT 390,000,000/-	-	138,000,395	416,083,185	260,135,402	-	1,314,418,972
Raj Lanka Power Company Limited								
Working Capital Loan - Commercial Bank of Ceylon PLC	6%	BDT 400,000,000	-	-	4,004,583,971	-	-	4,004,583,971
Fru Lanka Limited								
Secured Loan Working Capital Loan - Commercial Bank of Ceylon PLC	4.25% + 3M SOFR 9.00%	USD 64,000,000 BDT 700,000,000	-	428,418,162	1,285,254,485	4,801,215,466	6,915,306,129	13,030,276,111
Lakshmanji Limited								
Import Loan-Horizon National Bank PLC	AWPLR + 0.75%	Rs. 2,000,000,000/-	-	-	3,806,016,147	-	-	3,806,016,147
Import Loan- Peoples Bank	AWPLR + 0.5%	Rs. 4,000,000,000/-	-	-	440,217,084	-	-	440,217,084
Import Loan-Sampath Bank	FD Rate-2.00% p.a	Rs. 2,000,000,000/-	-	-	1,915,751,481	-	-	1,915,751,481
Term Loan-Horizon National Bank PLC	AWPLR + 1%	Rs. 2,500,000,000/-	-	-	1,490,328,654	-	-	1,490,328,654
Term Loan-National Development Bank	AWPLR + 0.75%	Rs. 2,000,000,000/-	-	-	-	1,300,000,000	-	1,300,000,000
-	AWPLR + 1%, with a cap of 10.5% and floor of 7%	Rs. 3,000,000,000/-	-	-	375,000,000	2,475,000,000	-	2,850,000,000
-	8.75% for 1st two years. Overwrite 1st two years AWPLR + 1% with a cap of 11% & floor of 8.75% p.a.	Rs. 1,800,000,000/-	-	-	514,296,000	1,028,571,000	-	1,542,857,000



LTL Holdings Limited
 NOTES TO THE FINANCIAL STATEMENTS
 Year ended 31 March 2024

9. OTHER FINANCIAL ASSETS AND LIABILITIES (Cont'd.)
 9.24 Other information of Bank Overdrafts, Bank Borrowings and Preference Shares

a) Bank Overdrafts	Interest rate	Facility	Security	On demand	Less than 3 months	3 to 12 months	Maturity 1 to 5 years	> 5 years	Total
LTL Energy (Private) Limited Bridge Gap-Loms-Makari Gad Hydropower Private Limited	Weighted Average Base Rate (WABRR) + 1.5% set less than base rate of any member bank	NPR 800,000,000.00	Note - 9.3.8	-	-	170,613,829	-	-	(15,043,829)
Tam-Loms-Makari Gad Hydropower Private Limited	Weighted Average Base Rate (WABRR) + 1.0% set less than base rate of any member bank	NPR 1,474,700,000.00		-	-	3,740,277,276	-	-	(1,791,277,726)
Avatic Electrical & Swelgear (Private) Limited Standard Chartered Bank Loms-Makari-Bills Discounting	MCLR + Applicable Margin	INR 200,000,000	First hypothecation charge on stock and book debt Corporate Guarantee from LTL Holdings Ltd	-	213,520,430	-	-	-	(233,520,430)
Standard Chartered Bank Loms-Makari-Working Capital Loan	MCLR + Applicable Margin	INR 10,000,000.00	First hypothecation charge on stock and book debt Corporate Guarantee from LTL Holdings Ltd	-	-	10,000,512	-	-	(10,000,511)
Standard Chartered Bank Loms-Makari-Packing Credit Loan	MCLR + Applicable Margin	INR 200,000,000.00	First hypothecation charge on stock and book debt Corporate Guarantee from LTL Holdings Ltd	-	81,289,790	-	-	-	(81,289,790)
				3,229,043,980	919,546,451	24,503,899,392	34,202,560,091	6,915,460,529	(51,432,220,113)



9. OTHER FINANCIAL ASSETS AND LIABILITIES (Contd...)

9.3 Other Information of Bank Borrowings of Foreign Subsidiaries

Lakdhanavi Bangla Power Limited

9.3.1 Working capital loan with Commercial Bank of Ceylon PLC

Interest:

9% p.a. for any unsettled liability against loan which is payable quarterly in arrears.

Purpose

To finance for operation (purchasing HFO), lube oil and transport cost of fuel) of a 52.2MW fuel power plant at Jangalia, Comilla.

Security for working capital loan:

Working capital loan are secured by second charge over all fixed and floating assets covering total limit of Rs 817 Million (Taka 390 Million) . In addition to these assets, for working capital limit of Rs 817 Million (Taka 390 Million) first charge (on paripassu basis) over fuel purchased by the borrower under the fuel supply agreement, receivables against such fuel to be received by the borrower and the debt service payment account which is operated and established under the accounts agreement, are pledged under this working capital loan facility.

9.3.2 Secured Bank Loans

Project loans are obtained from Infrastructure Development Company Ltd, Bangladesh (IDCOL), National Development Bank PLC, Sri Lanka (NDB), Sampath Bank PLC, Sri Lanka (SBP), Commercial Bank of Ceylon PLC, Sri Lanka (CBC) and Hatton National Bank PLC, Sri Lanka (HNB). Loans have been taken with the approval of Board of Investments of Bangladesh.

Purpose

To finance the setting up a 52.2MW fuel power plant at Jangalia, Comilla.

Face Value	USD 15,000,000 (from IDCOL)
	USD 20,000,000 (From Other Banks)
Nominal interest rate	3 months SOFR+4.50% (for IDCOL)
	3 months SOFR+3.50% with a floor rate of 4.5% (for Others)
Year of Maturity	2026 for IDCOL
	2022 for Others

Security for USD loans:

The secured bank loans are secured over all fixed and current assets. In addition to these assets, a pledge is made on ordinary shares of the company held by Lakdhanavi Limited and/or through their subsidiaries and associated organisations. Lakdhanavi Limited and/or through their subsidiaries and associated organisations should not hold less than 51% of the shares outstanding. Additionally, agreements of mortgage of project land from Bangladesh Power Development Board (BPDB), demand promissory note, letter of continuation and revival and inclusion of the name of all lenders as co-payees under all the insurance policies are stipulated under these loan facilities.

Terms of Payment

Interest payments for all these loans started in March 2015. However principal repayment enjoyed a grace period of one year and started monthly repayment from December 2015. IDCOL loan has to be paid by 132 equal installments, NDB, SBP, HNB, CBC of Sri Lanka loan has to be paid by 84 equal installments.



9. OTHER FINANCIAL ASSETS AND LIABILITIES (Contd...)

9.3 Other Information of Bank Borrowings of Foreign Subsidiaries (Contd...)

Feni Lanka Power Limited

9.3.4 Secured Bank Loans

Project loan taken from Infrastructure Development Company Limited, Bangladesh, The OPEC Fund for International Development, Austria and Islamic Corporation for the Development of the Private Sector,

The terms and conditions of outstanding loans are as follows.

Particulars	Currency of loans	Nominal interest rate	Year of maturity	as at 31 March 2024	
				Face value	Carrying amount
				USD	USD
Secured bank Loans:					
Infrastructure Development Company Limited, Bangladesh	USD	3months SOFR+4.25%	2032	29,500,000	21,145,600
The OPEC Fund for International Development, Austria	USD	3months SOFR+4.25%	2032	22,000,000	15,769,600
Islamic Corporation for the Development of the Private Sector, Kingdom of Saudi Arabia	USD	3months SOFR+4.25%	2032	12,500,000	8,960,000
Total				64,000,000	45,875,200

Purpose

To finance the setting up of a 114 MW HFO fired Power Plant at Feni, Bangladesh.

Terms of payment

Principal and interest are payable in 46 quarterly installments in arrear on or before the last business day of each and every quarter. Interest rate is SOFR plus 4.25%.

Security offered for the secured loan

1. Registered mortgage of the project land.
2. Fixed charge over the project assets.
3. Floating charge over all the floating assets of the company.
4. Pledge of all shares of the company held by the shareholders.
5. Assignment / charge over the project documents.
6. Lien of all accounts of the company including collection accounts.
7. Assignment of benefits under all insurance policies of plant, machinery and equipment.
8. Assignment of benefits of bill/ payments issued by BPDB in favor of the Company under the PPA.



9. OTHER FINANCIAL ASSETS AND LIABILITIES (Contd...)

9.3 Other Information of Bank Borrowings of Foreign Subsidiaries (Contd....)

Makari gad Hydropower Private Limited

9.3.5 Term loan

Interest:

Weighted Average Base Rate + 1.5% not less than base rate of any member bank.

Purpose

To finance for construction of a 10MW hydro power plant at Nepal.

Security for term loan:

1. First and unencumbered legal charge by way of registered mortgage &/or/registered or unregistered pledge/hypothecation over the entire present and future fixed assets and second charge over the entire present/future Current Assets with or without our financing owned by the Borrower on pari-passu basis in favor of Consortium of Banks.

2. First charge over entire present/future Current Assets of the project including Receivables from NEA to the consortium of Banks providing working capital loan on pari-passu basis along with Power of Attorney to exercise their right over it.

3. Authorized charge by way of Power of Attorney on the PPA, signed between NEA and the Borrower for supply and delivery of energy (electricity) produced by the project and as per the provision that it can be transferred in the name of Consortium of Banks at the request of the Lead Bank to NEA. PPA signed between NEA and the borrower forms an integral part of this facility agreement. Lead Bank with the consent from Participating Banks can request NEA to transfer the PPA in favor of Consortium of Banks upon specified occurrence in the agreement.

9.4 Fair Values- Group

9.4.1 Financial Instruments carried at Fair Value

The Group has following financial instruments carried at fair value,

Financial Assets

Fair Value Through OCI

Fair Value Through Profit or Loss

9.4.2 Financial Instruments not carried at Fair Value

Given below is a comparison, by class, of the carrying amounts and fair values of the Group's financial instruments that are not carried at fair value in the Financial Statements other than those with carrying amounts that are reasonably approximate of fair values.. This table does not include the fair values of non-financial assets and non-financial liabilities.

	Carrying Value		Fair Value	
	2024	2023	2024	2023
	Rs.	Rs.	Rs.	Rs.
Financial Assets				
Other financial assets				
Investment in Debentures	-	56,852,886	-	54,828,180
Total	-	56,852,886	-	54,828,180



9. OTHER FINANCIAL ASSETS AND LIABILITIES (Contd...)

9.4 Fair Values- Group (Contd...)

9.4.3 Valuation methods and assumptions

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

Cash and Bank, trade and other receivables, trade and other payables, fixed rate borrowings and bank overdrafts approximate their carrying amounts largely due to the short-term maturities of these instruments.

Financial Assets at Amortised cost generate a fixed or variable interest income for the Group. The carrying value might be affected by changes in the credit risk of the counterparties and changes in variable interest rates for some instruments.

Variable-rate borrowings are evaluated by the Group based on parameters such as term to maturity, interest rates, and the risk characteristics of the financed project. Based on this evaluation, As at 31 March 2023, the carrying amounts of such borrowings reasonably represent fair values.

The fair values of the unquoted ordinary shares have been estimated using a Discounted Cash Flows (DCF) model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows and the discount rate. The probabilities of the various estimates within the range can be reasonably assessed and used in management's estimate of fair value for the unquoted equity investment (Level 3).

The fair Value of listed debentures have been determined referring to the quoted market price of such debentures (Level 2).

9.5 Fair value hierarchy

The Group uses the following hierarchy for disclosing the fair value of financial instruments: by valuation technique.

As at 31 March 2024

9.5. (a) Assets measured at fair value	Date of Valuation	31.03.2024 Rs.	Quoted Prices in Active Market Level 1 Rs.	Significant Observable Input Level 2 Rs.	Significant Unobservable Input Level 3 Rs.
Financial Assets at Fair Value through OCI					
Unquoted equity share	31-Mar-24	3,411,495,785	-	-	3,411,495,785
Loaned Assets - Shares	31-Mar-24	6,114,945,275	-	-	6,114,945,275
Financial Assets at Fair Value through Profit or Loss					
Investments in quoted equity shares	31-Mar-24	96,378,964	96,378,964	-	-
9.5. (b) Assets for which fair values are disclosed	Date of Valuation	31.03.2024 Rs.	Quoted Prices in Active Market Level 1 Rs.	Significant Observable Input Level 2 Rs.	Significant Unobservable Input Level 3 Rs.
Financial Assets at Amortised cost					
Investments in Debentures	31-Mar-24	-	-	-	-



9. OTHER FINANCIAL ASSETS AND LIABILITIES (Contd...)

9.5 Fair value hierarchy (Contd...)

As at 31 March 2023

9.5. (c) Assets measured at fair value	Date of Valuation	31.03.2023 Rs.	Quoted Prices in Active Market Level 1 Rs.	Significant Observable Input Level 2 Rs.	Significant Unobservable Input Level 3 Rs.
Financial Assets at Fair Value through OCI					
Unquoted equity share	31.03.2023	3,660,000,000	-	-	3,660,000,000
Loaned Assets - Shares	31.03.2023	6,560,377,358	-	-	6,560,377,358
Financial Assets at Fair Value through Profit or Loss					
Investments in quoted equity shares	31.03.2023	84,456,046	84,456,046	-	-

9.5. (d) Assets for which fair values are disclosed

Held to Maturity Investments

Investments in Debentures	31.03.2023	54,828,180	-	54,828,180	-
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9.5.1 Description of significant unobservable inputs to valuation

Financial Assets at Fair Value through OCI	Valuation Technique	Significant Unobservable Input	Range	Sensitivity of the input to fair value 2024	Sensitivity of the input to fair value 2023
Unquoted equity share_ Power Sector	DCF Method	WACC 2024-18% (2023-18%)	+1%	(162,000,000)	(109,436,365)
			-1%	149,000,000	117,763,010
		Exchange rate	+1%	(3,266)	(533,731)
			-1%	3,266	532,693
		Inflation rate	+1%	(4,395,321)	(14,136,840)
			-1%	4,243,778	13,001,657
Loaned Assets - Shares	DCF Method	WACC 2024-18% (2023-18%)	+1%	(290,377,358)	(196,159,522)
			-1%	267,075,472	211,084,640
		Exchange rate	+1%	(5,854)	(956,688)
			-1%	5,854	954,826
		Inflation rate	+1%	(7,878,406)	(25,339,619)
			-1%	7,606,772	23,304,857

9.5.2 Reconciliation of fair value measurement under Level 3 hierarchy

Unquoted equity shares classified as Fair Value through OCI	2024 Rs.	2023 Rs.
As at 1 April	3,660,000,000	3,124,823,632
Remeasurement gain/(loss) recognised in OCI	(248,504,215)	535,176,368
As at 31 March	<u>3,411,495,785</u>	<u>3,660,000,000</u>
Loaned Assets Shares classified as Fair Value through OCI	2024 Rs.	2023 Rs.
As at 1 April	6,560,377,358	5,601,098,963
Remeasurement gain/(loss) recognised in OCI	(445,432,083)	959,278,395
As at 31 March	<u>6,114,945,275</u>	<u>6,560,377,358</u>



10. INVENTORIES	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Raw Materials	2,999,382,232	2,328,297,280	-	-
Less: Provision for Raw Materials	(16,193,075)	-	-	-
Spare Parts Stock	2,675,161,957	2,857,880,341	-	-
	5,658,351,113	5,186,177,621	-	-
Work in Progress	714,337,231	437,739,057	-	-
Finished Goods	450,764,496	322,351,227	-	-
Goods in Transit	64,585,519	321,021,111	-	-
Total Inventories at Lower of Cost and Net Realizable Value	6,888,038,359	6,267,289,015	-	-

11. MATERIAL PARTLY-OWNED SUBSIDIARIES

Financial information of subsidiaries that have material non-controlling interests is provided below:

11.1 Proportion of equity interest held by non-controlling interests:

Name of Subsidiary	Country of incorporation and operation	2024	2023
Lakdhanavi Ltd	Sri Lanka	18.30%	18.30%
Lakdhanavi Ltd subsidiaries			
Raj Lanka Power Company Ltd	Bangladesh	27.14%	27.14%
Lakdhanavi Bangla Power Company Ltd	Bangladesh	48.73%	48.73%
Feni Lanka Power Ltd	Bangladesh	43.77%	43.77%
Nividhu (Pvt) Ltd	Sri Lanka	35.00%	35.00%
Pawan Danavi (Pvt) Ltd	Sri Lanka	49.00%	49.00%
LTL Energy (Pvt) Ltd	Sri Lanka	45.00%	45.00%

11.2 Accumulated balances of material non-controlling interest:

	2024 Rs.000	2023 Rs.000
Lakdhanavi Ltd and its subsidiaries	15,279,993	15,311,653
Nividhu (Pvt) Ltd.	133,313	192,976
Pawan Danavi (pvt) Ltd	541,590	531,257
LTL Energy (Pvt) Ltd	746,398	851,105

11.3 Profit allocated to material non-controlling interest:

	2024 Rs.000	2023 Rs.000
Lakdhanavi Ltd and its subsidiaries	1,494,865	2,886,005
Nividhu (Pvt) Ltd	39,691	54,738
Pawan Danavi (pvt) Ltd	10,333	(50,642)
LTL Energy (Pvt) Ltd	(162,310)	(31,027)



LTL Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2024

11. MATERIAL PARTLY-OWNED SUBSIDIARIES (Contd....)

11.4 The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations except Lakshmanani Limited Group information

Summarised statement of profit or loss for 2024:	Lakshmanani Ltd and its subsidiaries having non controlling interests									
	Lakshmanani Ltd	Raj Lanka Power Company Ltd	Lakshmanani Bangla Power Company Ltd	Feni Lanka Power Ltd	Lakshmanani Ltd	Nividha (Pvt) Ltd.	Pawan Danavi (Pvt) Ltd	L.T.L. Energy (Pvt) Ltd	Total	
	Rs. ('000)	Rs. ('000)	Rs. ('000)	Rs. ('000)	Rs. ('000)	Rs. ('000)	Rs. ('000)	Rs. ('000)	Rs. ('000)	Rs. ('000)
Revenue	14,671,735	3,495,432	10,870,163	22,829,824	45,411,608	248,484	340,490	690,811	46,692,454	
Cost of sales	(7,802,170)	(2,940,750)	(9,535,678)	(17,236,938)	(31,058,032)	(121,759)	(271,231)	(290,589)	(31,741,611)	
Gross Profit	6,869,565	554,682	1,334,485	5,592,886	14,353,576	126,726	69,259	400,222	14,949,843	
Other income & gains	61,543	-	23,330	69,099	124,659	-	-	97	124,756	
Administrative expenses	(1,087,846)	(53,521)	(146,137)	(10,981)	(1,207,311)	(8,707)	(20,035)	(81,257)	(1,271,240)	
Other Operating Expenses	(663,814)	-	(279,666)	(645,432)	(1,945,450)	31,473	-	(18,473)	(1,932,460)	
Finance Income	501,739	20,719	7,445	30,919	950,591	26,242	185	4,337	981,355	
Finance costs	(1,769,715)	(567,020)	(689,421)	(2,473,036)	(5,459,922)	-	(42,959)	(662,763)	(6,164,944)	
Profit before tax	3,911,472	(55,139)	542,230	2,585,416	6,816,194	175,734	53,221	(357,838)	6,687,311	
Income tax	(857,298)	(5,803)	(8,410)	(27,548)	(939,071)	(69,036)	(32,194)	-	(1,040,841)	
Total comprehensive income	3,054,175	(60,942)	533,820	2,557,868	5,876,523	106,698	21,027	(357,838)	5,646,470	
Profit for the year from continuing operations	1,930,825	(16,540)	260,140	1,116,254	1,494,865	39,691	10,333	(162,310)	1,382,578.25	
Attributable to non-controlling interests	-	-	-	-	549,000	70,000	-	-	-	
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	

11.5 Summarised statement of profit or loss for 2023:

Summarised statement of profit or loss for 2023:	Lakshmanani Ltd and its subsidiaries having non controlling interests									
	Lakshmanani Ltd	Raj Lanka Power Company Ltd	Lakshmanani Bangla Power Company Ltd	Feni Lanka Power Ltd	Lakshmanani Ltd	Nividha (Pvt) Ltd.	Pawan Danavi (Pvt) Ltd	L.T.L. Energy (Pvt) Ltd	Total	
	Rs. ('000)	Rs. ('000)	Rs. ('000)	Rs. ('000)	Rs. ('000)	Rs. ('000)	Rs. ('000)	Rs. ('000)	Rs. ('000)	Rs. ('000)
Revenue	9,518,707	7,164,846	8,973,789	20,702,137	43,626,372	201,378	334,831	23,490	44,276,080	
Cost of sales	(5,103,766)	(8,090,490)	(7,381,703)	(14,397,883)	(29,980,738)	(25,542)	(268,189)	(17,020)	(30,291,489)	
Gross Profit	4,414,941	1,065,250	1,592,087	6,304,254	13,645,633	265,836	66,642	6,480	13,984,591	
Other income & gains	9,030,383	9,902	23,271	56,005	8,084,482	-	-	161,642	8,246,124	
Administrative expenses	(641,398)	(406,798)	(332,657)	(502,149)	(1,519,281)	(9,216)	(88,943)	(44,998)	(1,662,438)	
Other Operating Expenses	(81,601)	(554,044)	(895,439)	(740,318)	(2,292,587)	(82,341)	-	(16,429)	(2,391,358)	
Finance Income	1,244,567	5,088	6,631	34,910	1,678,225	15,467	43	13,952	1,708,187	
Finance costs	(1,261,461)	(713,397)	(705,437)	(2,347,394)	(5,130,938)	(2,182)	(61,152)	(189,001)	(5,383,273)	
Profit before tax	12,605,420	(683,899)	(3,115,445)	2,865,308	14,666,044	187,564	(83,410)	(68,356)	14,501,833	
Income tax	(1,826,788)	(5,503)	(9,906)	(25,900)	(2,074,199)	(31,170)	(19,941)	-	(2,125,210)	
Total comprehensive income	10,778,633	(689,403)	(3,211,430)	2,779,318	12,591,836	156,393	(103,351)	(68,356)	12,376,523	
Profit for the year from continuing operations	35,342,066	(187,163,857)	(156,643)	1,216,508	2,886,005	54,738	(50,642)	(31,027)	2,859,074.55	
Attributable to non-controlling interests	-	-	-	1,013,513	-	-	-	-	-	
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	

TRINIS & COLOMBO
Accountants
* COLMBO *

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2024

11. MATERIAL PARTLY-OWNED SUBSIDIARIES (Contd....)

11.8 Summarised cash flow information for year ending 31 March 2024:	Lakshmanavi Ltd and its subsidiaries having non controlling interests										Total
	Lakshmanavi Ltd	Raj Lanka Power Company Ltd	Lakshmanavi Bangla Power Company Ltd	Feni Lanka Power Ltd	Lakshmanavi Ltd	Nividhu (Pvt) Ltd.	Pawan Danavi (Pvt) Ltd	LTL Energy (Pvt) Ltd	Group	Rs. ('000)	
Operating	(10,220,949)	847,827	(2,311,347)	(1,782,367)	6,528,033	369,997	163,397	(325,663)	Group	Rs. ('000)	6,735,764
Investing	6,527,617	16,129	3,738	14,107	(17,209,280)	25,806	(238)	81,861	Group	Rs. ('000)	(17,101,851)
Financing	3,176,611	(80,189)	2,872,137	(819,919)	6,065,665	(206,794)	(130,222)	193,032	Group	Rs. ('000)	5,921,771
Net increase/(decrease) in cash and cash equivalents	(516,721)	783,767	564,527	(2,588,179)	(4,615,583)	189,099	32,938	(50,771)	Group	Rs. ('000)	(4,442,317)

11.8 Summarised cash flow information for year ending 31 March 2023:	Lakshmanavi Ltd and its subsidiaries having non controlling interests										Total
	Lakshmanavi Ltd	Raj Lanka Power Company Ltd	Lakshmanavi Bangla Power Company Ltd	Feni Lanka Power Ltd	Lakshmanavi Ltd	Nividhu (Pvt) Ltd.	Pawan Danavi (Pvt) Ltd	LTL Energy (Pvt) Ltd	Group	Rs. ('000)	
Operating	5,351,860	(1,482,077)	(112,732)	(5,094,688)	(4,380,378)	(129,829)	40,809	532,827	Group	Rs. ('000)	(3,536,571)
Investing	(12,980,419)	480	(474,578)	(27,105)	(26,112,227)	7,342	-	(1,740,564)	Group	Rs. ('000)	(27,845,449)
Financing	336,410	1,265,025	322,660	1,640,724	8,581,391	(109,333)	(35,220)	784,279	Group	Rs. ('000)	9,221,116
Net increase/(decrease) in cash and cash equivalents	(7,292,149)	(216,592)	(204,651)	(4,081,070)	(21,911,215)	(231,820)	5,589	(423,437)	Group	Rs. ('000)	(22,560,903)



LTL Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2024

12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2024	2023	2024	2023
	Rs.	Rs.	Rs.	Rs.
12.1 Trade receivables	18,513,223,069	17,972,246,642	88,876,849	96,775,304
Trade receivables - Related Party - Ceylon Electricity Board	1,600,413,980	3,423,159,749	-	-
Trade Receivables	20,113,637,049	21,395,406,391	88,876,849	96,775,304
Less: Impairment on trade receivables	(1,717,570,876)	(1,099,184,073)	(88,876,849)	(96,775,304)
Net Trade Receivables	18,396,066,173	20,296,222,318	-	-
Statutory Receivables	394,177,478	407,137,451	46,633,896	46,633,896
Other Non Trade Receivables	549,303,889	263,658,852	-	-
	19,339,547,540	20,967,058,620	46,633,896	46,633,896

12.1.1 Trade receivables are non-interest bearing and generally on 30-90 days terms

12.2 Amounts due from Related Parties

	Group		Company	
	2024	2023	2024	2023
	Rs.	Rs.	Rs.	Rs.
Lakshmanavi Ltd	-	-	25,647,748	16,462,965
Infra Engineering (Pvt) Ltd	-	-	2,521,632	5,450,718
LTL Transformers (Pvt) Ltd	-	-	22,510,001	4,803,176
LTL Galvanizers (Pvt) Ltd	-	-	10,052,418	14,245,132
LTL Energy (Pvt) Ltd	-	-	7,084,176	3,243,118
Nividhu (Pvt) Ltd	-	-	878,040	1,635,083
Nividhu Assupiniella (Pvt) Ltd	-	-	-	49,864
Pawandanavi (Pvt) Ltd	-	-	3,263,705	19,386,172
West Coast Power (Pvt) Ltd	4,542,375,386	9,248,688,025	-	-
Asiatic Electrical & Switchgear (Pvt) Ltd	-	-	14,168,351	6,486,236
Ceylex Engineering (Pvt) Ltd	47,416,069	22,816,157	-	-
Ceylex Renewables (Pvt) Ltd	-	867,407	-	-
Ceylex Encalve (Pvt) Ltd	-	2,035,100	-	-
LTL Global Engineering Pte Limited	388,420	-	-	-
Rividhanavi Limited	85,110,000	-	-	-
	4,675,289,875	9,274,406,689	86,126,072	71,762,463

12.2.1 Terms and Conditions of Related Party Receivables

Non-interest bearing related parties as at the year-end are unsecured, interest free and due on demand. There have been no guarantees received for any related party receivables. The company has not recorded any impairment of receivables relating to amounts due from related parties.



12. TRADE AND OTHER RECEIVABLES (Contd.)

12.3 The Movements in the Provision for Impairment of Trade Receivables

	Group			Company	
	2024	2023	2024	2023	2023
	Rs.	Rs.	Rs.	Rs.	Rs.
As At 01 April	1,099,184,073	326,196,098	96,775,304	111,115,582	
Charge for the Year	1,231,691,825	799,908,018	(7,898,456)	12,579,766	
Utilised	(613,305,023)	(26,920,044)	-	(26,920,044)	
As At 31 March	1,717,570,874	1,099,184,073	88,876,849	96,775,304	

12.4 As at the reporting date, the ageing analysis of trade receivables are as follows:

Group	Neither past due and nor impaired					Past due but not impaired	Past due impaired
	0-30 days	30-60 days	61-90 days	91-120 days	> 120 days		
2024	20,113,637,049	4,788,451,278	3,151,673,234	2,623,946,507	3,883,628,049	3,948,367,106	1,717,570,874
2023	21,395,406,391	8,298,739,436	3,960,780,222	2,618,113,404	2,512,055,563	2,906,533,692	1,099,184,073
Company	Neither past due and nor impaired					Past due but not impaired	Past due impaired
	0-30 days	30-60 days	61-90 days	91-120 days	> 120 days		
2024	-	-	-	-	-	-	88,876,849
2023	-	-	-	-	-	-	96,775,304
Total							

12.5 Trade Receivables from Ceylon Electricity Board (CEB) as at 31st March 2024, includes a sum amounting to Rs. 330,071,159 due to Helahanavi Limited ("the Entity"). Such amount is equivalent to the cumulative claims made by the Entity from CEB in previous periods as per the section 8.6 a (v) of the Power Purchase Agreement dated 09 May 2003.

(a) In this backdrop CEB then made a deduction from the total outstanding dues to the Entity for the supply of electricity, in connection with previous years claims made by the Entity. This initiative was promulgated by CEB upon its submission of an application against the Entity, seeking inter alia for an order to set aside the arbitral award delivered in favor of the entity on 29 October 2013. The said Arbitral Award received in favor of the Entity specifies that CEB is not entitled to make any deductions from the monies due to the entity. In the meantime the Entity also made an application seeking enforcement of the arbitral award.



LTL Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2024

12. TRADE AND OTHER RECEIVABLES (Contd.)

- (b) On 10th November 2017, the high court delivered the judgement rejecting the application by the CEB to set aside the award and the enforcement application was concluded in favor of Heladhanavi.
- (c) Pursuant to this judgment, CEB sought leave to appeal which was objected with a Caveat by the Entity.
- (d) The Supreme Court upon hearing whether to grant leave to proceed or not, on 14th May 2019 directed both cases be sent back to the same Commercial High Court Judge, to write the judgment again considering the fact that certain objections raised by the CEB has not been considered in the judgment given.
- (e) Consequently both cases were called before High Court judge M.A. Marikkar and both parties tendered additional / further written submissions. This was concluded on 22 January 2020.
- f) Both cases were fixed for judgement on the 03rd of April 2020 but later was postponed in the aftermath of the Covid-19 Pandemic. Subsequently both cases were called upon on the 16th of June and again on the 19th of June.
- g.) On the 19th June 2020, the judgment was pronounced as follows:
Heladhanavi enforcement application ARB/185/2014 – allowed
CEB application to revoke award ARB/268/2013 – dismissed
Accordingly, the Arbitration award stands and the company's application to enforce the Arbitration award was allowed.

CEB filed a case challenging this verdict in the Supreme Court of Sri Lanka. After several hearings, now judgment is pending and date of judgment to be fixed by the Registrar Supreme Court with notice to the parties.

12.6 Dividend Receivable from Subsidiaries

Lakshmanvi Limited
Pavandhanavi (Pvt) Ltd

2024	Group		Company	
	Rs.	2023 Rs.	2024 Rs.	2023 Rs.
-	-	-	2,306,105,243	-
-	-	-	76,500,035	76,500,035
-	-	-	2,382,605,277	76,500,035



13. ADVANCES AND PREPAYMENTS

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Advances	1,800,703,599	1,491,972,389	200,981	200,982
Prepayments	295,093,627	281,652,183	450,000	409,351
	<u>2,095,797,026</u>	<u>1,773,624,572</u>	<u>650,981</u>	<u>610,333</u>

14. FINANCE LEASE RECEIVABLE

14.1 The Raj Lanka Power Company Limited (RLPCL), sub-subsidiary of the group has the legal ownership of the Power Plant at Rajshahi, Natore, Bangladesh. According to the Power Purchase Agreement (PPA) between Bangladesh Power Development Board (BDPB) and RLPCL, the arrangement between the two parties comes under the purview of IFRIC 4 "Determining whether an arrangement contains a Lease", and thereby treated as a finance lease which is accounted for in accordance with SLFRS 16 "Leases".

14.2 The Lakshmanavi Bangla Power Company Limited (LBPL), sub-subsidiary of the group has the legal ownership of the Power Plant at Jangalia, Comilla, Bangladesh. According to the Power Purchase Agreement (PPA) between Bangladesh Power Development Board (BDPB) and LBPL, the arrangement between the two parties comes under the purview of IFRIC 4 "Determining whether an arrangement contains a Lease", and thereby treated as a finance lease which is accounted for in accordance with SLFRS 16 "Leases".

14.3 The Feni Lanka Power Limited (FLPL), sub-subsidiary of the group has the legal ownership of the Power Plant at Feni, Bangladesh. According to the Power Purchase Agreement (PPA) between Bangladesh Power Development Board (BDPB) and FLPL, the arrangement between the two parties comes under the purview of IFRIC 4 "Determining whether an arrangement contains a Lease", and thereby treated as a finance lease which is accounted for in accordance with SLFRS 16 "Leases".

As per the guidelines provided in SLFRS 16 "Leases", the Group has been identified as the lessor and Bangladesh Power Development Board has been identified as the lessee. Under the Power Purchase Agreement (PPA), in substance, the Group (as the lessor to the lease arrangement) will recover the total Capital invested via the capital recovery component of the Capacity Charge.

Accordingly, the capital recovery component included in the capacity charge has been treated as future minimum lease rentals.

The total lease receivable (capital recovery component of the capacity charge) is as follows:

	Group	
	2024 Rs.	2023 Rs.
Gross Investment in Finance Leases, receivable:		
Less than one year	4,908,040,989	5,548,130,817
Between one and five years	17,908,531,594	20,979,160,218
More than five years	35,099,119,428	43,425,107,117
	<u>57,915,692,011</u>	<u>69,952,398,151</u>
Unearned Finance Income	(33,449,176,866)	(42,079,019,337)
Net Investment in Finance Leases	<u>24,466,515,145</u>	<u>27,873,378,814</u>
14.3 Unearned Finance Income		
Less than one year		
Between one and five years	4,533,924,446	5,098,323,962
More than five years	16,143,777,309	19,209,499,653
	<u>12,771,475,111</u>	<u>17,771,195,722</u>
14.4 Net Investment in Finance Leases, Receivable:	<u>33,449,176,866</u>	<u>42,079,019,337</u>
Less than one year		
	<u>374,116,543</u>	<u>449,806,854</u>
	<u>374,116,543</u>	<u>449,806,854</u>
Between one and five years	1,764,754,285	1,769,660,565
More than five years	22,327,644,317	25,653,911,395
	<u>24,092,398,602</u>	<u>27,423,571,960</u>
	<u>24,466,515,145</u>	<u>27,873,378,814</u>



15. STATED CAPITAL	2024		2023	
	Number	Rs.	Number	Rs.
15.1 Fully paid Ordinary Shares	4,801,193,380	166,700,000	3,283,990,000	166,700,000
15.2 Share Split	4,801,193,380	166,700,000	3,283,990,000	166,700,000

As per board meeting held on 04 March 2024, the ordinary shares of the Company amounting to Three billion Two hundred and eighty three million nine hundred and Ninty Thousand (3,283,990,000) shares ("Pre-Subdivision Shares") be subdivided into Four Billion Eight Hundred and One Million One Hundred and Ninety Three Thousand Three Hundred and Eighty (4,801,193,380) ordinary shares ("Post-Subdivision Shares") on the basis of One Thousand (1000) Pre-Subdivision share held by each shareholder into One Thousand Four Hundred and Sixty Two (1462) ordinary shares in conformity with Article 12 (i) of the articles of association of the Company. There shall be no change to the stated capital of the Company pursuant to the subdivision.

15.3 Rights, Preference and Restrictions of Classes of Capital

The holders of ordinary shares confer their right to receive dividends as declared from time to time and are entitled to one vote per share at a meeting of the Company.

15.4 Earnings per Share

Basic earning per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in the basic earning per computation

	Group	
	2024	2023
Net Profit / (Loss) attributable to ordinary shareholders	4,365,056,706	10,372,144,471
Weight average number of ordinary shares in issue	4,801,193,380	4,801,193,380
Earnings per share	0.91	2.16

16. RESERVES

		Group		Company	
		2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Exchange Equalization Reserve	16.1	3,791,749,748	4,865,292,262	-	-
Fair Value reserve of financial assets at FVOCI	16.2	7,078,932,369	3,054,847,023	-	-
Investment Reserve	16.3	17,161,304,326	17,161,304,326	-	-
Development Reserve	16.4	50,000,000	50,000,000	-	-
Cash Flow Hedge Reserve	16.5	(1,929,951,323)	(1,808,002,835)	-	-
		26,152,035,120	23,323,440,776	-	-

16.1 Exchange Equalization Reserve

	2024 Rs.	2023 Rs.
Balance at the beginning of the year	4,865,292,262	5,676,069,935
Created during the year	(1,073,542,514)	(810,777,673)
Balance as at the end of the year	3,791,749,748	4,865,292,262

This reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries

16.2 Fair Value reserve of financial assets at FVOCI

	2024 Rs.	2023 Rs.
Balance at the beginning of the year	3,054,847,023	2,124,055,907
Created during the year	4,024,085,346	930,791,116
Balance as at the end of the year	7,078,932,369	3,054,847,023

This reserve records the value changes on financial assets at fair value through OCI.



16. RESERVES (Contd...)

16.3 Investment reserve consist with the money received to Lakdhanavi Limited for the share transfer to the Government of democratic socialist republic of Sri Lanka and management has created this reserve for the purpose of refund such money received to the Government of democratic socialist republic of Sri Lanka in certain circumstances.

16.4 LTL Transformers (Pvt) Limited (LTLT) provides warranty from 2020 onwards for all transformer sales done within Sri Lanka. In this context, if a warranty claim is made it would be covered via a special Insurance cover to be obtained.

Upon analysis of the root cause/s for the warranty claim, a reserve has built to address the issue identified.

16.5 This reserve records the movement of cash flow hedge during the year.

17. INCOME TAX EXPENSE

17.1 The major components of Income tax expense for the years ended 31 March are as follows :

Income Statements	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Income Tax				
Current Income Tax Charge	1,947,871,669	2,595,268,017	291,088,528	35,971,869
Under/(Over) Provision in Respect of Previous years	(38,716,363)	(177,700,429)	-	(105,957,874)
Deferred Tax				
Deferred Taxation Charge/(Reversal)	36,087,663	77,953,270	(4,170,417)	16,398,484
Income tax expense reported in the income statement	1,945,242,969	2,495,520,858	286,918,111	(53,587,521)
17.2 Other Comprehensive Income				
Deferred Tax				
Actuarial Gain on post employment benefit liability	(24,844,315)	(8,386,434)	4,131,289	2,103,638
Income tax expense/(reversal) reported in the Other Comprehensive Income	(24,844,315)	(8,386,434)	4,131,289	2,103,638
Total income tax expense reported in Comprehensive Income	1,920,398,654	2,487,134,424	291,049,400	(51,483,883)

17.3 Reconciliation of the accounting profits and current year tax

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Accounting Profit before Income tax	7,695,356,714	15,729,082,717	3,382,589,193	432,145,276
Income not liable for income tax	(1,431,021,661)	(14,112,212,132)	(150,467,177)	(274,346,708)
Adjusted Profit	6,264,335,053	1,616,870,584	3,232,122,016	157,798,568
Aggregate allowable deductions	(1,622,352,133)	(152,881,557)	(7,200,000)	(6,975,000)
Aggregate disallowed expenses	417,585,339	548,332,891	130,612,429	45,188,060
Capital Allowances	(340,731,476)	(277,585,097)	(19,504,981)	(19,416,970)
Utilization of tax losses	85,138,499	(47,190,392)	1,449,589	-
Effect of revenue subject to tax at source	2,191,942,445	1,793,731,754	2,042,667,836	100,000,000
Taxable Income	6,995,917,728	3,481,278,184	5,380,146,888	276,594,657
Income tax charged at:				
Standard rate-30%	1,550,916,854	815,414,796	-	-
Standard rate-24%	-	428,146,496	-	-
Concessionary rates	396,954,815	242,513,638	291,088,528	35,971,870
Tax on current year profit	1,947,871,668	1,486,074,930	291,088,528	35,971,870
Under/(Over) provision in respect of previous years	(38,716,363)	(177,700,429)	-	(105,957,874)
Relating to origination and reversal of temporary differences	36,087,663	77,953,270	(4,170,417)	16,398,484
Under/(Over) provision in respect of excess dividend	-	1,109,193,086	-	-
Income tax expense reported in the income statement	1,945,242,968	2,495,520,858	286,918,111	(53,587,520)



17. INCOME TAX EXPENSE (Contd...)

17.5 Raj Lanka Power Company Limited, Lakdhanavi Bangla Power Limited and Feni Lanka Power Limited are exempt from paying income tax for a period of 15 years from the commercial operation date on the income of electricity generation as per Bangladesh income tax regulations. Other sources are taxable at 27.5%. Asiatic Electrical and Switchgear (Private) Limited is taxed at 25.17% as per India income tax regulations. Bright International Power Pte Limited is taxed at 17.5% as per Singapore income tax regulations. Makarigad Hydro Power (Pvt) Ltd is exempt from income tax for the 10 years period from commercial operation date.

17.7 Deferred Tax Assets and Liabilities relates to the followings :

Group

	Deferred Tax liability		Deferred Tax Asset	
	2024	2023	2024	2023
	Rs.	Rs.	Rs.	Rs.
Capital Allowance for Tax Purpose	(321,778,816)	(372,125,995)	-	-
Defined Benefit Plans	-	-	83,782,941	43,546,928
Right Of use Assets	(53,377)	(658,907)	6,754,736	10,600,368
Tax Loss Utilized	-	-	-	26,411,112
	<u>(321,832,193)</u>	<u>(372,784,902)</u>	<u>90,537,677</u>	<u>80,558,409</u>

	Income Statement		Statement of Comprehensive Income	
	2024	2023	2024	2023
	Rs.	Rs.	Rs.	Rs.
Capital Allowance for Tax Purpose	50,347,179	88,358,878	-	-
Defined Benefit Plans	15,391,698	(29,229,913)	24,844,315	8,386,434
Right Of use Assets	(3,240,102)	(1,116,759)	-	-
Tax Loss Utilized	(26,411,112)	19,941,064	-	-
	<u>36,087,663</u>	<u>77,953,270</u>	<u>24,844,315</u>	<u>8,386,434</u>

Company

	Deferred Tax liability		Deferred Tax Asset	
	2024	2023	2024	2023
	Rs.	Rs.	Rs.	Rs.
Right Of use Assets	(53,377)	-	-	-
Capital Allowance for Tax Purpose	(48,816,722)	(47,777,431)	-	-
Defined Benefit Plans	-	-	32,744,600	23,350,225
	<u>(48,870,100)</u>	<u>(47,777,431)</u>	<u>32,744,600</u>	<u>23,350,225</u>

	Income Statement		Statement of Comprehensive Income	
	2024	2023	2024	2023
	Rs.	Rs.	Rs.	Rs.
Right Of use Assets	-	-	-	-
Capital Allowance for Tax Purpose	(1,039,291)	(29,212,592)	-	-
Defined Benefit Plans	5,263,086	12,814,108	4,131,289	2,103,638
ROU Assets	(53,377)	-	-	-
	<u>4,170,417</u>	<u>(16,398,484)</u>	<u>4,131,289</u>	<u>2,103,638</u>

17.8 Deferred Tax has been computed using current tax rate at 30%.



18. DEFINED BENEFIT LIABILITY

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Balance at the beginning of the Year	180,509,422	138,128,445	77,834,083	60,231,994
Charge for the Year (18.1)	48,917,077	31,302,319	17,543,620	12,164,962
Payments made during the Year	(8,151,693)	(10,871,090)	-	(1,575,000)
Actuarial (Gain) / Loss (18.2)	82,617,270	27,417,983	13,770,962	7,012,127
Effect on Exchange rates	(3,890,705)	531,765	-	-
Balance at the end of the Year	305,999,371	186,509,422	109,148,665	77,834,083
18.1 Charge for the period				
Current Service Cost	23,224,393	13,368,600	3,766,988	2,865,143
Interest cost for the year	25,692,684	17,933,719	13,776,632	9,299,819
	48,917,077	31,302,319	17,543,620	12,164,962
18.2 Actuarial Gain or Loss				
Experience Losses/(Gains) arising during the year	(8,264,024)	(8,752,333)	(1,434,137)	(3,053,281)
Losses/(Gains) due to change in assumptions	90,881,294	36,170,316	15,205,099	10,065,408
	82,617,270	27,417,983	13,770,962	7,012,127
18.3 Principle Assumptions	2024	2023	2024	2023
Discount Rate	12.00%	17.70%	12.00%	17.70%
Salary Increment Rate	15%	15%	15%	15%
Staff Turnover	10%	10%	10%	10%
Retirement Age	60 years	60 years	60 years	60 years
Expected Average Future Working Life of the Active Participants	11 years	11 years	11 years	11 years

18.4 Messrs. Priyal S Goonetilleke and Associates Actuaries, carried out an actuarial valuation of the defined benefit plan gratuity as of 31 March 2024 and 31 March 2023, for the respective plan years.

18.5 The following table demonstrates the sensitivity to a reasonably possible change in the key assumptions employed with all other variables held constant in the employment benefit liability measurement.

The sensitivity of the Statement of Comprehensive Income and Statement of Financial position is the effect of the assumed changes in discount rate and salary increment rate on the profit or loss and employment benefit obligation for the year.

2024

Increase / Decrease in Discount Rate	Increase / Decrease in Salary Increment	Group	Company
		Sensitivity effect on the liability (Rs.)	Sensitivity effect on the liability (Rs.)
1%		(22,200,525)	3,072,664
(1%)		26,249,648	(3,282,316)
	1%	26,509,749	(3,705,105)
	(1%)	(22,874,738)	3,529,139

2023

Increase / Decrease in Discount Rate	Increase / Decrease in Salary Increment	Group	Company
		Sensitivity effect on the liability (Rs.)	Sensitivity effect on the liability (Rs.)
1%		(4,938,894)	(1,933,672)
(1%)		5,527,334	2,057,082
	1%	5,328,837	1,909,722
	(1%)	(5,013,863)	(1,997,191)



19. LEASE LIABILITY

19.1 Movement of Lease Liabilities

Movement of Lease Liabilities	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Balance as at 01st April	204,001,935	249,785,807	7,786,056	9,066,623
Additions of operating lease agreements during the year	187,175,048	11,640,149	-	-
Accretion of Interest	23,182,093	38,464,963	1,176,045	519,433
Payment to lease creditor	(97,131,976)	(195,877,982)	(7,200,000)	(1,800,000)
Exchange Effect	(13,551,026)	99,988,998	-	-
Balance as at 31st March	303,676,075	204,001,935	1,762,101	7,786,056
Current	76,188,623	135,640,176	1,762,101	6,023,958
Non-Current	227,487,447	68,361,758	-	1,762,100
	303,676,071	204,001,935	1,762,101	7,786,056

20. TRADE AND OTHER PAYABLES

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Trade Payable- Others	2,088,199,296	5,664,850,248	-	-
Other Payables- Others	2,236,985,634	3,129,386,992	149,344	148,149
Deferred Revenue	772,595	40,266,406	772,595	772,586
Sundry Creditors Including Accrued expenses	414,831,893	1,021,131,740	39,997,279	40,757,271
	4,740,789,418	9,855,635,386	40,919,218	41,678,006

20.1 Amounts Due To Related Parties

	Relationship	Group		Company	
		2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Lanka Industrial Products Engineering (Pvt) Ltd	Subsidiary	-	-	450,000	2,750,000
Lakdhanavi Ltd	Subsidiary	-	-	-	521,748,303
LTL Transformers (Pvt) Ltd	Subsidiary	-	-	17,007,555	-
Ceylex Engineering (Pvt) Ltd	Other Related	81,948,092	17,934,534	-	-
Nividhu Assupiniella (Pvt) Ltd	Subsidiary	-	-	816,241	-
		81,948,092	17,934,534	18,273,796	524,498,303

20.2 Terms and conditions of the above financial liabilities:

Trade payables are non-interest bearing and are normally settled on 60 day terms

Other payables are non-interest bearing and have an average term of 12 months.

Payable to related companies as at the year-end are unsecured, interest free and due on demand. There have been no guarantees provided for any related party payables



26. CASH AND CASH EQUIVALENTS Components of Cash and Cash Equivalents	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
26.1 Favorable Cash and Cash Equivalents balance				
Cash and Bank Balances	2,889,064,070	6,974,179,041	136,809,998	139,273,836
Fixed and Call Deposits	5,306,008,923	12,630,148,934	865,570,429	853,973,348
Investment in Re-purchase Agreements	355,426,492	72,883,332	161,303,430	-
	<u>8,550,499,445</u>	<u>19,677,211,307</u>	<u>1,163,683,858</u>	<u>993,247,184</u>
26.2 Unfavorable Cash and Cash Equivalent Balances				
Bank Overdrafts	(3,210,860,573)	(4,962,585,976)	(223,363,404)	(318,007,125)
Total Cash and Cash Equivalents for the Purpose of Statement of Cash flows	<u>5,339,638,872</u>	<u>14,714,625,331</u>	<u>940,320,453</u>	<u>675,240,059</u>

27. COMMITMENTS AND CONTINGENCIES

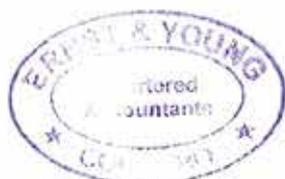
27.1 Letter of Credits	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Counter Party				
Hatton National Bank PLC	1,588,006,844	6,296,219,153	-	-
Nation's Trust Bank PLC	-	1,828,870,170	-	-
Commercial Bank PLC	118,550,517	4,339,712,965	-	-
Bank of Ceylon	-	-	-	-
Peoples' Bank	-	-	-	-
ICICI Bank	179,240,024	-	-	-
Standard Chartered Bank	998,274,130	351,451,030	-	-
	<u>2,884,071,545</u>	<u>12,816,253,318</u>	<u>-</u>	<u>-</u>
27.2 Bank Guarantees/Shipping Guarantees				
Counter Party				
Hatton National Bank PLC	42,820,073	817,711,360	42,820,073	177,417,900
Standard Chartered Bank	347,673,147	251,029,683	95,058,339	94,072,806
	<u>433,313,292</u>	<u>1,068,741,042</u>	<u>137,878,411</u>	<u>271,490,706</u>
Airway Bill Endorsement / Bills Discounting				
Hatton National Bank PLC	283,845,638	-	-	-
Standard Chartered Bank	139,633,240	200,184,670	-	-
ICICI Bank	70,308,091	-	-	-
	<u>423,478,879</u>	<u>200,184,670</u>	<u>-</u>	<u>-</u>
27.3 Other Guarantees				

Lakdhanavi Limited

The Company has a commitment towards Hatton National Bank Rs. 900,000,000/- (2023 - Rs.900,000,000/-) as performance obligation bond and USD 1,000,000/- (2023-USD 1,000,000/-) as site reinstatement bond.

The Company has a commitment towards National Development Bank PLC of Rs.600,000,000/- (2023- Rs. 600,000,000/-) as Proposal security bond.

The Company has a Fixed Price Contract (Escalated according to US Consumer Price Index (USCPI)) to provide Operational and Maintenance Services to Lakdhanavi Bangla Power Limited, a subsidiary company.



L.T.L Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2024

27. COMMITMENTS AND CONTINGENCIES (Contd...)

27.4 Corporate Guarantee

27.4.1 L.T.L Holdings Limited has issued corporate guarantees to following counter parties.

Counter Party	Subsidiary	Reason	2024 Rs.	2023 Rs.
Sampath Bank PLC	Pawandhanavi Limited	As security to subsidiary borrowings	600,000,000	600,000,000
Sampath Bank PLC	L.T.L Transformers (Pvt) Ltd	As security to subsidiary borrowings	50,000,000	50,000,000
Standard Chartered Bank	Asiatic Electrical & Switchgear Private Limited	As security to subsidiary Facility	2,403,520,000	2,350,960,000
			<u>3,053,520,000</u>	<u>3,000,960,000</u>

27.4.2 Lakshmanavi Limited has issued corporate guarantees to following counter parties.

Counter Party	Subsidiary/ Parent	Reason	2024 Rs.	2023 Rs.
Sampath Bank PLC	Rividhanavi (Pvt) Ltd (Jointly arranged with Windforce PLC)	As security to subsidiary borrowings	1,021,496,000	-
Hatton National Bank PLC	Infra & Engineering (Pvt) Ltd	As security to subsidiary borrowings	50,000,000	50,000,000
			<u>1,071,496,000</u>	<u>50,000,000</u>



27. COMMITMENTS AND CONTINGENCIES (Contd...)**27.5 Other Commitments****27.5.1 Lakdhanavi Limited**

The Company is liable to pay to the Government of the Democratic Socialist Republic of Sri Lanka, equivalent to the amount that excess dividends received from West Coast Power (Private) Limited, if any technical error in the construction of Kerawalapitiya power project or any default made by WCPL in the repayment of the debt financing of the Kerawalapitiya power project.

The Company has a Fixed Price Contract (Escalated according to US Consumer Price Index (USCPI)) to provide Operational and Maintenance Services to Lakdhanavi Bangla Power Limited, a subsidiary company.

The Company has a Fixed Price Contract (Escalated according to Bangladesh Consumer Price Index (BCPI)) to provide Operational and Maintenance Services to Raj Lanka Power Company Limited, a subsidiary company.

27.5.2 Infra & Engineering (Pvt) Limited

The Company has a fixed price contract (adjustable as per the movements of Colombo Consumer Price Index annually) to provide operational and maintenance services to Nividhu (Private) Limited, an affiliate company.

The Company has a fixed price contract (adjustable as per the movements of Colombo Consumer Price Index annually) to provide operational maintenance services to Nividhu Assupiniella (Private) Limited, an affiliate company.

The Company has a fixed price contract (adjustable 5% annually) to provide Operation & Maintenance services of the power plant of Pawan Dhanavi (Private) Limited, an affiliate company.

The Company has a fixed Price Contract (Escalated according to US Consumer Price Index (USCPI) and Bangladesh Consumer Price Index (BCPI)) to provide Operational and Maintenance Services to Feni Lanka Power Limited, an affiliate company.

27.5.3 Lakdhanavi Bangla Power Limited

As per Power Purchase Agreement (PPA), the Company shall furnish BPDB (Bangladesh Power Development Board) an irrecoverable and unconditional bank guarantee by a schedule bank in Bangladesh, for the sum specified, two months capacity payments equaling BDT 117,666,077.72 as security for compliance with the Company's performance obligation in accordance with PPA. Accordingly the Company has provided the above guarantee from The City Bank Limited for the equivalent of BDT 117,666,077.72. The Company is obliged to pay this bank guarantee amount to BPDB on demand in case of liquidity damage or other damages, interest or other amounts that the company shall be required to pay to BPDB.

27.5.4 Raj Lanka Power Company Limited

As per Power Purchase Agreement (PPA), the Company shall furnish Bangladesh Power Development Board (BPDB) an irrecoverable and unconditional bank guarantee by a schedule bank in Bangladesh, for the sum specified, two months capacity payments as security for compliance with the Company's performance obligation in accordance with PPA. Accordingly, the Company has provided the above guarantee from Standard bank Ltd- Bangladesh for the equivalent of BDT 110,163,300.00. The Company is obliged to pay this bank guarantee amount to BPDB on demand in case of liquidity damage or other damages, interest or other amounts that the Company shall be required to pay to BPDB.

27.5.5 Feni Lanka Power Limited

As per Power Purchase Agreement (PPA), the Company shall secure Bangladesh Power Development Board (BPDB) an irrecoverable and unconditional bank guarantee by a schedule bank in Bangladesh, for the sum specified, two months' capacity payments as security for compliance with the Company's performance obligation in accordance with PPA. Accordingly, the Company has provided the above guarantee from Eastern Bank Limited for the equivalent of USD 2,427,378.39. The Company is obliged to pay this bank guarantee amount to BPDB on demand in case of liquidity damage or other damages, interest or other amounts that the Company shall be required to pay to BPDB.



27. COMMITMENTS AND CONTINGENCIES (Contd...)

27.6 Capital Commitments

Sobadhanavi Limited

Sobadhanavi Limited is in the process of developing 350MW combined cycle power plant which is located in Keravalapitiya.

The total estimated project cost is USD 200Mn and for the year ended 31 March 2024, USD 135.2 Mn (Rs. 46.2 Bn) incurred for the development of the project.

27.7 Legal Claim Contingencies

27.7.1 Heladhanavi Limited

HC (Civil) ARB /185/2014- Heladhanavi Limited Vs. Ceylon Electricity Board

The entity has filed this Application seeking to enforce an arbitral award delivered in favour of the Company on 29 October 2013 by the Honourable Arbitral Tribunal in the matter of Heladhanavi Limited Vs Ceylon Electricity Board.

On 10 November 2017, the High Court granted the enforcement application in favour of Heladhanavi Ltd.

HC (Civil) ARB /268/2013- Heladhanavi Limited Vs. Ceylon Electricity Board

Ceylon Electricity Board filed this Application against the entity seeking inter alia for an order to set aside the arbitral award mentioned above in the matter of Heladhanavi Limited Vs Ceylon Electricity Board dated 29 October 2013.

On 10 November 2017, the High Court granted the enforcement application in favour of Heladhanavi Ltd.

Supreme Court Appeal No: SC /HC /LA Application 142/2017 - Final Appeal by CEB against enforcement of award in favour of Heladhanavi

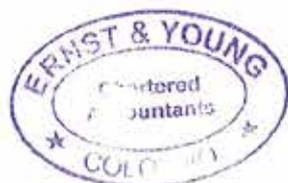
CEB is not entitled to directly appeal against the judgment granted in favour of Heladhanavi; However it is permitted to appeal to Supreme Court (SC) by way of a Special Leave to appeal with the permission of SC having been obtained first. Supreme Court has fixed this appeal for hearing i.e. to decide if leave to appeal should be granted or not.

For further explanations, Please refer Note 12.5

28. ASSETS PLEDGED

The following assets have been pledged as security for interest bearing borrowings and Letter of Credit Facilities of respective companies of the Group.

Nature of assets	Nature of Liability	Carrying Amount Pledged		Included under
		2024 Rs.	2023 Rs.	
28.1 Lakdhanavi Limited				
Investment In Fixed Deposits	Letter of Credit Facilities	1,622,553,263	7,646,311,177	Other Financial Assets
	Letter of Credit, Guarantees, Overdraft, Loans & import bill	1,163,597,923	-	Other Financial Assets
Cash and Bank	Bank Guarantees	-	1,538,539,869	Cash & Bank



29. COMPARATIVE INFORMATION

There have been no change in comparative information in the current financial statements other than stated below Note 29.1.

29.1 PRIOR YEAR ADJUSTMENT / ACCOUNTING FOR THE IMPACT OF THE RETRANSFER OF SHARES FROM TREASURY TO LADHANAVI LIMITED

The Secretary to the Ministry of Finance and Planning, acting on behalf of the Government of Sri Lanka (GOSL), transferred 9,410,000 shares of West Coast Power (Pvt) Ltd (WCPL) to Lakdhanavi Limited on June 3, 2024.

At the time of the transfer of WCPL shares to GOSL, the company derecognized the financial assets by charging them to the Income Statement and removing them from Other Financial Assets. However, according to SLFRS 9, such a transfer should be reclassified as a Loaned Asset or Repurchase Receivable, as the company retains all the risks and rewards of ownership related to these shares. Therefore, upon receipt of the shares, the Company has recorded the financial asset as "Loaned Assets - Shares" (refer Note 8.1.) and have also corrected the error by restating the affected line items in the financial statements for the prior periods as follows.

Impact to the consolidated financial position as at 01 April 2022

	Previously Reported	Effect of Prior Period Adjustment	Restated
	31 March 2022		31 March 2022
	Rs.	Rs.	Rs.
Non Current Assets			
Loaned Asset- Shares	-	5,601,098,963	5,601,098,963
			5,601,098,963
Equity			
Stated Capital	166,700,000	-	166,700,000
Reserves	21,334,930,168	3,807,300,853	25,142,231,021
Accumulated Profits	19,415,212,378	768,797,000	20,184,009,378
Equity Attributable to owners of the parent	40,916,842,547	4,576,097,853	45,492,940,399
Non-Controlling Interest (NCI)	18,164,784,687	1,025,001,110	19,189,785,797
Pending Share Allotment attributable to NCI	67,500,000	-	67,500,000
Total Equity	59,149,127,233	5,601,098,963	64,750,226,196

Impact to the consolidated financial position as at 31 March 2023

	Previously Reported	Effect of Prior Period Adjustment	Restated
	31 March 2023		31 March 2023
	Rs.	Rs.	Rs.
Non Current Assets			
Loaned Asset- Shares	-	6,560,377,358	6,560,377,358
			6,560,377,358
Equity			
Stated Capital	166,700,000	-	166,700,000
Reserves	23,323,440,775	4,591,031,302	27,914,472,078
Accumulated Profits	25,287,809,604	768,797,000	26,056,606,604
Equity Attributable to owners of the parent	48,777,950,679	5,359,828,302	54,137,778,981
Non-Controlling Interest (NCI)	16,784,655,251	1,200,549,057	17,985,204,308
Pending Share Allotment attributable to NCI	-	-	-
Total Equity	65,562,605,930	6,560,377,358	72,122,983,289

Impact To The Consolidated Income Statement For The Year Ended 31 March 2023

There is no any impact to the previously reported figures



29.1 PRIOR YEAR ADJUSTMENT (Contd...)

Impact To The Statement Of Comprehensive Income For The Year Ended 31 March 2023

	Previously Reported	Effect of Prior Period Adjustment	Restated
	YE 31 March 2023		YE 31 March 2023
	Rs.	Rs.	Rs.
Profit for the Year	13,233,561,859	-	13,233,561,859
Other Comprehensive Income			
Other Comprehensive Income to be reclassified to profit or loss in subsequent periods			
Net (loss) / gain on financial assets at FVOCI	1,139,279,211	-	1,139,279,211
Net Fair Value (loss) / gain on Loaned Asset/ Shares	-	959,278,395	959,278,395
Exchange differences on translation of foreign operations	(1,744,318,558)	-	(1,744,318,958)
Movement on Cashflow Hedge Reserve	(3,959,678,023)	-	(3,959,678,023)
Other Comprehensive Income not to be reclassified to profit or loss in subsequent periods			
Actuarial gain / (loss) recognized during the period	(27,417,583)	-	(27,417,983)
Deferred tax impact on Actuarial Gain/ Loss	8,386,434	-	8,386,434
Other Comprehensive Income for the year, net of tax	(4,583,749,318)	959,278,395	(3,624,470,923)
Total Comprehensive Income for the year, net of tax	<u>8,649,812,540</u>	<u>959,278,395</u>	<u>9,609,090,935</u>
Total Comprehensive income Attributable to:			
Equity Holders of the Parent	8,671,109,010	783,730,449	9,454,839,458
Non-controlling interests	(21,296,469)	175,547,946	154,251,477
	<u>8,649,812,540</u>	<u>959,278,395</u>	<u>9,609,090,935</u>

30. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Subsequent to the year end, subsidiary companies of the group received Rs. 163 Mri as outstanding delay interest from the Ceylon Electricity Board and it has accounted for the year ended 31.03.2024

On 09 July 2024, the Board of Directors of LTL Holdings Limited ("Company") approved the listing of the shares of the Company on the Colombo Stock Exchange ("CSE") through an Initial Public Offering ("IPO") by way of an offer for subscription of 1,103,448,300 new ordinary shares ("Initial Issue") with an option to issue upto a further 275,862,100 new ordinary shares at the option of the Board of Directors in the event the Initial Issue is oversubscribed, at an issue price of LKR 14.50 per share, subject to obtaining approval of the shareholders of the Company via a special resolution and regulatory approval of the CSE for the listing of shares.

Other than above there have been no material events occurring after the statement of financial position that require adjustment to or disclosure in financial statement.



32. TECKPRO INVESTMENT LTD

LTL Holdings Limited Employee Share Ownership Trust was set up on 10 July 2001, as a scheme for the betterment of the current employees through improved performance. Trust deed was amended in 17 March 2010.

The board of directors of LTL Holdings Limited at a meeting held on 30 March 2001 resolved to issue One Million Six Hundred and Seventy Thousand (1,670,000) ordinary shares (10.02%) of the Company to the said trust at par value of Rupees Ten each.

On 30th November 2017, this Trust was terminated based on a decision made by the Directors of LTL Holdings Limited and consented by all beneficiaries of the Trust. All the assets of the Trust were transferred to a new company called Teckpro Investment Ltd. Shares of Teckpro Investment Ltd were issued to all beneficiaries of the Trust as per the decision of the Board of Directors of LTL Holdings Limited.

Teckpro Investment Ltd also owns 18.3% (2023- 18.3%) of shareholdings in Lakdhanavi Limited and 10% shareholdings in Nividhu (Private) Limited.

During the year LTL Holdings Limited subsidiaries declared dividends as follows:

Nature of The Transactions		Declared		Due to as at 31 March	
		Rs. 2024	Rs. 2023	Rs. 2024	Rs. 2023
LTL Holdings Limited	Gross	-	-	-	-
Nividhu (Pvt) Ltd	Gross	20,000,000	-	-	-
Lakdhanavi Ltd	Gross	549,020,729	-	-	-
		<u>569,020,729</u>	<u>-</u>	<u>-</u>	<u>-</u>

33. RELATED PARTY DISCLOSURES

Details of significant related party disclosures are as follows:

33.1 Ceylon Electricity Board ("CEB") owns 35% (2023- 63%) of ordinary shares of LTL Holdings Limited.

33.2 Other Related Entities

Peradev Limited (Formally known as LTL ESOT LTD) owns 27% (2023- 27%) of the ordinary shares in LTL Holdings Limited and it also owns the entirety of shares of Ceylex Engineering (Private) Limited.

Transactions as detailed below, relating to the ordinary course of business, are entered into with the Peradev Limited and Ceylex Engineering (Private)

Nature of Transaction	Company/ Group		Company		Group	
	Peradev Limited		Ceylex Engineering (Private) Limited and its subsidiaries		Ceylex Engineering (Private) Limited and its subsidiaries	
	2024	2023	2024	2023	2024	2023
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
As at 01 April Due from/(Due to)	-	-	-	-	66,364,850	(91,522,322)
Dividend Declared	-	-	-	-	-	-
Sale of Goods and Services	-	-	-	-	163,933,113	109,326,833
Purchase of Goods and Services	-	-	-	-	(1,834,973)	-
Cost of Engineering Services	-	-	-	-	-	-
Other Adjustments	-	-	-	-	-	162,673,875
Payments/(Receipts)	-	-	-	-	(181,209,649)	(114,113,535)
As at 31 March Due from/(Due to)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,253,341</u>	<u>66,364,850</u>

33.2 The Entity with significant influence over subsidiary companies

Lanka Venture PLC Group of companies owns 40% (2023- 40%) of the ordinary shares in Pawan Dasavi (Pvt) Ltd. Dividend (Net of Tax) of Rs. NIL (2023 - NIL) was declared and paid during the year.

Lanka Venture PLC Group of companies also owns 20.25% (2023- 20.25%) of the share capital in Raj Lanka Power Company Limited and 33.16% (2023- 33.16%) of the share capital of Lakdhanavi Bangla Power Ltd. During the year, Raj Lanka Power Limited paid dividend of Rs. NIL (2023- NIL) and Lakdhanavi Bangla Power Ltd paid dividend of Rs. Nil (2023 - Rs. 175,250,221/-).

Lanka Venture PLC Group of companies owns 25% (2023 - 25%) of the ordinary shares in Nividhu (Private) Limited. Dividend (Net of Tax) of Rs.



33. RELATED PARTY DISCLOSURES (Contd...)

33.4 Subsidiaries & Sub Subsidiaries of LTL Holdings Limited

The Note 1.3 discloses the list of Subsidiaries and Sub-Subsidiaries and their principal activities.

33.5 Transaction with the CEB - Group

Nature of Transaction	Ceylon Electricity Board	
	2024 Rs. ('000)	2023 Rs. ('000)
As at 1 April	2,137,680	438,628
Sale of Goods/Services	4,614,400	3,974,949
Dividend Declared	-	(2,519,496)
Bad Debt Write Off/Written Back	50,869	(5,268)
Exchange Difference	-	29,389
Dividend Paid	-	3,149,369
Receipts during the year	(3,411,262)	(2,929,891)
Balance As At 31 March	3,391,687	2,137,680

33.6 Transaction with the related entities- Company

Nature of Transaction	Ceylon Electricity Board		Subsidiaries & Sub Subsidiaries		Total	
	2024 Rs. ('000)	2023 Rs. ('000)	2024 Rs. ('000)	2023 Rs. ('000)	2024 Rs. ('000)	2023 Rs. ('000)
As at 1 April	-	(629,873)	(265,357)	817,416	(265,357)	187,542
WIP Buildings	-	-	-	(19,370)	-	(19,370)
Rendering Services	-	-	199,218	187,500	199,218	187,500
Dividend Income/ (Expense)	-	(2,519,496)	415,000	4,436,825	415,000	1,917,329
Equity Share Investment	-	-	-	82,500	-	82,500
Dividend (Receipt)/Payment	-	3,149,369	(465,000)	(5,081,269)	(465,000)	(1,931,900)
(Receipts)/Payments	-	-	(160,684)	(341,461)	(160,684)	(341,461)
Intercompany Borrowings	-	-	(99,413)	(347,498)	(99,413)	(347,498)
Balance As At 31 March	-	-	(376,236)	(265,357)	(376,236)	(265,358)

Include in	Ceylon Electricity Board		Subsidiaries & Sub Subsidiaries		Total	
	2024 Rs. ('000)	2023 Rs. ('000)	2024 Rs. ('000)	2023 Rs. ('000)	2024 Rs. ('000)	2023 Rs. ('000)
Dividend payable	-	-	-	126,500	-	126,500
Dividend Receivable	-	-	2,382,603	-	2,382,603	-
Amount due to intercompanies	-	-	(450)	(499,876)	(450)	(499,876)
Amount due from intercompanies	-	-	86,126	108,019	86,126	108,019
	-	-	2,468,279	(265,358)	2,468,279	(265,357)

33.7 Transaction with entities related to Ceylon Electricity Board

With LTL Transformers (Private) Limited	Transaction Amount	Due From/(Due to)			
		2024 Rs.	2023 Rs.		
Lanka Electricity Company (Private) Limited (LECO)	Sale of transformers (Net of Tax)	763,373,800	774,201,634	-	128,337,723
With Lakdhamavi Limited	Operation and Maintenance Services (Net of Tax)	7,946,531,549	5,290,651,252	4,342,375,386	9,248,688,025



33. RELATED PARTY DISCLOSURES (Contd...)

33.8 Transactions with the Government of Sri Lanka and its Related Entities

Since the Government of Sri Lanka is a major shareholder of the Group, the Group has considered the Government of Sri Lanka and other government related entities which are controlled, jointly controlled or significantly influenced by the Government of Sri Lanka as Related Parties according to LKAS 24, "Related Party Disclosures".

The Group enters into transactions, arrangements and agreements with the Government of Sri Lanka and its other related entities and significant transaction have been reported in follows.

	Nature of the transactions	2024 Rs.	2023 Rs.
People's Bank	Investments & Cash Balances Short term Loan	1,996,402,645 -	3,752,898,934 -
Bank of Ceylon	Investments & Cash Balances Term Loan	57,293,649 184,044,433	57,293,649 256,266,660

Further, transaction as detailed below, relating to the ordinary course of business, are entered into with the Government of Sri Lanka and its related entities:

Payments of statutory rates, taxes
 Payment for utilities mainly comprising of telephone, electricity and water.
 Payment for employment retirement benefit – EPF and ETF.

Investments, current accounts and borrowings with banks that have ownership interest to the government (HNB, NDB, Commercial Bank and DFCC Bank)

33.9 Terms and Conditions of Transactions with Related Parties

Outstanding balances as at the year-end are unsecured, interest free, and due on demand. There have been no guarantees provided or received for any related party receivables or payables. The company has not recorded any impairment of receivables relating to amounts owed by related parties. (2023 – Rs Nil)

33.10 Transactions with Key Management Personnel of the Company/Group

Key Management Personnel (KMPs) are defined as those persons having authority and responsibility for planning, directing and controlling the

a) Key Management Personnel Compensation

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Short-term employee benefits	145,496,677	160,369,099	89,075,000	77,635,000
Post-employment benefits	13,068,000	60,845,750	11,868,750	56,827,250
Director Fees	30,100,000	8,025,000	895,000	650,000
	<u>188,664,677</u>	<u>229,239,849</u>	<u>101,838,750</u>	<u>135,112,250</u>

In addition to above compensation, the company also provides non cash benefits to Key Management Personnel in terms of employment contracts with them.



34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

34.1 Overview

The Group has exposure to the following risks from its use of financial instruments.

Credit Risk
Liquidity Risk
Market Risk
Operational Risk

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

34.2 Risk Management Framework

The Board of Directors has the overall responsibility for the establishment and effective oversight of the Group's risk management framework. The Group's risk management procedures are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Risk management procedures are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Board of Directors oversee how management monitors in compliance with the Group's risk management procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group's Directors are assisted in their oversight role by the senior management.

34.3 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include investments in fixed and called deposits, investments in bonds and debentures and interest bearing borrowings. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

34.3.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The Group manages interest rate risk on its borrowings by maintaining a mix of fixed rate and floating rate facilities as well as maintaining deposits, which would cover against market fluctuations.



34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd...)

34.3 Market risk (Contd...)

34.3.1 Interest rate risk (Contd...)

34.3.1.1 Interest Rate Sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates of its variable interest rate borrowings, with all other variables held constant, of the Company's/Group Profit Before Tax (PBT).

	Group		Company	
	2024	2023	2024	2023
	Rs.	Rs.	Rs.	Rs.
Increase in basis points of interest rate	+100	(233,582,249)	-	-
Decrease in basis points of interest rate	-100	233,582,249	-	-

34.3.2 Foreign currency risk

The Group is exposed to currency risk on sales / purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currency in which these transactions primarily are denominated in U.S. Dollars or Euro currencies. The currency risk is minimized by the Group by natural hedging strategies, over time. Amount equivalent to future payments are placed in short term income generating instruments for appropriate currencies such that the same is utilized for payments as and when they fall due.

Foreign Currency Denominated Assets	Foreign Currency Exposure					
	Group		2023		2024	
	Total Carrying Value	Total Carrying Value	Total Carrying Value	Total Carrying Value	Total Carrying Value	Total Carrying Value
	USD	RS	USD	RS	USD	RS
Investments	41,022,483	13,414,352,072	60,227,724	19,694,465,649	3,016,524	906,284,553
Trade Debtors	56,269,621	18,400,166,166	58,856,938	19,246,218,839	295,822	88,876,848
Total	97,292,105	31,814,518,238	119,084,662	38,940,684,488	3,312,347	995,161,401
Foreign Currency Denominated Liabilities						
Interest Bearing Borrowings	49,078,656	16,048,720,626	62,179,571	20,329,776,803	-	-
Total Exposure for the Group	48,213,448	15,765,797,612	56,914,091	18,610,907,684	3,312,347	995,161,401



LTL Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2024

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd...)

34.3 Market risk (Contd...)

34.3.2 Foreign currency risk (Contd...)

34.3.2.1 Foreign Currency Risk Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rate, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies is not material.

	Group		Company	
	Change in USD Rate	Effect on PBT Rs.	Change in USD Rate	Effect on PBT Rs.
2024	+5%	788,289,881	+5%	49,758,070
2024	-5%	(788,289,881)	-5%	(49,758,070)
2023	+5%	930,545,384	+5%	56,938,638
2023	-5%	(930,545,384)	-5%	(56,938,638)

34.4 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's trade and other receivables.

34.4.1 Trade and Other Receivables

The Group's material exposure to credit risk relates to sale of good / services to Ceylon Electricity Board (CEB) and credit sales to other third party customers including Bangladesh Power Development Board (BPDDB). The Group's exposure to credit risk on sales to CEB & BPDDB has been minimized as group follow up the recovery of sales on a timely basis. Also, Group is considering the individual characteristic of each customer by analysing customer's credit worthiness before granting the credit facility.

Further the Group uses age wise analysis of outstanding debtors of each entity and carries-out for effective control and timely recovery.

The Group's exposure to credit risk relates to sale of good/services to Ceylon Electricity Board (CEB) is more fully described in note 12.4.



34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd...)

34.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities as and when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group has employed competent professionals who carry out the treasury operation which includes short term borrowings, investment in income generating instruments and the routine working capital management in a concurrent manner whereby liquidity risk is managed in an efficient and effective manner.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

Year ended 31 March 2024

Group	On demand Rs.	Less than 3 months Rs.	3 to 12 months Rs.	1 to 5 years Rs.	> 5 years Rs.	Total Rs.
Other Non-Current Financial Liabilities	-	-	-	18,694,368,916	7,692,148,130	26,386,517,046
Other Current Financial Liabilities	3,229,042,950	1,594,463,042	27,759,743,781	-	-	32,583,249,773
Trade and Other Payables	-	4,740,789,418	-	-	-	4,740,789,418
	3,229,042,950	6,335,252,460	27,759,743,781	18,694,368,916	7,692,148,130	63,710,556,238

Year ended 31 March 2023

Group	On demand Rs.	Less than 3 months Rs.	3 to 12 months Rs.	1 to 5 years Rs.	> 5 years Rs.	Total Rs.
Other Non-Current Financial Liabilities	-	-	-	16,822,430,031	7,315,360,329	24,137,790,360
Other Current Financial Liabilities	5,082,285,975	3,441,525,006	17,739,278,232	-	-	26,263,089,213
Trade and Other Payables	-	9,704,436,072	-	-	-	9,704,436,072
	5,082,285,975	13,145,961,078	17,739,278,232	16,822,430,031	7,315,360,329	60,105,315,644



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2024

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd...)

34.5 Liquidity risk (Contd...)

Year ended 31 March 2024

Company	On demand Rs.	Less than 3 months Rs.	3 to 12 months Rs.	1 to 5 years Rs.	> 5 years Rs.	Total Rs.
Other Non-Current Financial Liabilities	-	-	-	-	-	-
Other Current Financial Liabilities	-	-	-	-	-	-
Trade and Other Payables	-	40,919,218	-	-	-	40,919,218
	-	40,919,218	-	-	-	40,919,218

Year ended 31 March 2023

Company	On demand Rs.	Less than 3 months Rs.	3 to 12 months Rs.	1 to 5 years Rs.	> 5 years Rs.	Total Rs.
Other Non-Current Financial Liabilities	-	-	-	-	-	-
Other Current Financial Liabilities	-	-	-	-	-	-
Trade and Other Payables	-	41,678,010	-	-	-	41,678,010
	-	41,678,010	-	-	-	41,678,010

34.6 Capital Management

Capital includes total equity attributable to the parent and minority shareholders.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit position and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders.

No changes were made in the objective, policies or processes for managing capital during the year ended 31 March 2024 and 31 March 2023.



ANNEXURE F

INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2024

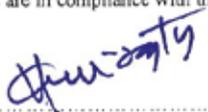
LTL Holdings Limited

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

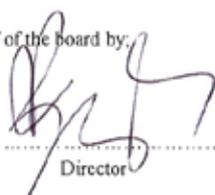
	Unaudited 30 Jun 2024 Rs.	Audited 31 Mar 2024 Rs.
ASSETS		
Non-Current Assets		
Property, Plant & Equipment	55,958,539,072	51,205,815,672
Right-of-Use Asset	492,885,236	505,441,241
Intangible Assets	50,176,431	49,789,909
Goodwill on Business Combination	281,605,679	281,605,679
Loaned Assets - Shares	-	6,114,945,275
Deferred Tax Asset	72,662,602	90,537,677
Finance Lease Receivables	23,481,493,983	24,092,398,602
Other Financial Assets	10,282,900,749	4,114,905,095
	<u>90,620,263,752</u>	<u>86,455,439,151</u>
Current Assets		
Inventories	7,075,398,173	6,888,038,359
Trade and Other Receivables	14,294,682,891	19,339,547,540
Amounts Due from Related parties	220,463,526	4,675,289,875
Finance Lease Receivable	336,461,074	374,116,543
Advances & Prepayments	3,401,778,537	2,095,797,026
Other Financial Assets	11,323,703,676	10,864,207,482
Cash and Bank Balances	10,294,898,253	2,889,064,029
	<u>46,947,386,131</u>	<u>47,126,060,853</u>
Total Assets	<u>137,567,649,885</u>	<u>133,581,500,006</u>
EQUITY AND LIABILITIES		
Equity		
Stated Capital	166,700,000	166,700,000
Reserves	25,370,704,010	26,152,035,120
Accumulated Profits	28,210,119,419	30,292,208,263
Equity Attributable to owners of the parent	<u>53,747,523,429</u>	<u>56,610,943,383</u>
Non-Controlling Interest (NCI)	17,231,953,264	17,754,474,487
Total Equity	<u>70,979,476,692</u>	<u>74,365,417,870</u>
Non-Current Liabilities		
Other Non Current Financial Liabilities	25,287,012,604	21,120,921,320
Deferred Tax Liabilities	365,134,176	321,832,193
Lease Payable	202,491,894	227,487,447
Defined Benefit Liability	322,804,431	305,999,371
	<u>26,177,443,105</u>	<u>21,976,240,331</u>
Current Liabilities		
Trade and Other Payables	4,984,467,609	4,740,789,418
Amounts Due to Related Parties	77,822,779	81,948,092
Dividends Payable	4,042,211,730	1,640,232,424
Lease Payable	85,005,739	76,188,623
Income Tax Liabilities	1,517,786,296	1,348,884,455
Other Financial Liabilities	29,703,435,935	29,351,798,793
	<u>40,410,730,088</u>	<u>37,239,841,804</u>
Total Liabilities	<u>66,588,173,193</u>	<u>59,216,082,136</u>
Total Equity and Liabilities	<u>137,567,649,885</u>	<u>133,581,500,006</u>
Net assets per share	11.19	11.79

These Financial Statements are in compliance with the requirements of the Companies Act No. 07 of 2007.


.....
Chief Financial Officer

The Board of Directors is responsible for these financial statements. Signed for and on behalf of the board by:


.....
Director


.....
Director

Date of approval by the Board - 07 August 2024

-1-

LTL Holdings Limited
CONSOLIDATED INCOME STATEMENT

Period ended 30 June 2024

	30.06.2024 (3 Months) Rs.	30.06.2023 (3 Months) Rs.
Revenue	14,984,982,446	15,480,930,280
Cost of Sales	<u>(11,668,392,725)</u>	<u>(10,915,172,638)</u>
Gross Profit	3,316,589,721	4,565,757,642
Other Income and Gains	273,011,546	(37,659,649)
Distribution Costs	(37,803,422)	(39,886,850)
Administrative Expenses	(708,751,111)	(579,831,526)
Other Operating Expenses	(82,829,865)	(546,935,992)
(Charge)/ Revesal of Impairment	(2,878,575)	(30,395,642)
Finance Cost	(1,352,632,390)	(1,361,868,495)
Finance Income	171,037,293	237,536,539
Profit Before Tax	<u>1,575,743,197</u>	<u>2,206,716,027</u>
Income Tax Expense	<u>(220,730,814)</u>	<u>(527,523,337)</u>
Profit for the Period	<u><u>1,355,012,383</u></u>	<u><u>1,679,192,689</u></u>
Attributable to:		
Equity Holders of the Parent	926,969,804	1,426,690,910
Non-controlling interests	428,042,579	252,501,781
	<u>1,355,012,383</u>	<u>1,679,192,689</u>
Earnings Per Share	<u>0.19</u>	<u>0.30</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Period ended 30 June 2024

	30.06.2024 (3 Months) Rs.	30.06.2023 (3 Months) Rs.
Profit for the Period	1,355,012,383	1,679,192,689
Other Comprehensive Income		
Other Comprehensive Income to be reclassified to profit or loss in subsequent periods		
Net (loss) / gain on financial assets at FVOCI	-	-
Net Fair Value (loss) / gain on Loaned Asset	-	-
Exchange differences on translation of foreign operations	(680,752,424)	(424,744,958)
Movement on Cashflow Hedge Reserve	(1,051,142,489)	(566,302,067)
Other Comprehensive Income not to be reclassified to profit or loss in subsequent periods		
Actuarial gain / (loss) recognized during the period	(12,940,925)	(11,913,338)
Deferred tax impact on Actuarial Gain/ Loss	3,882,277	1,550,009
Other Comprehensive Income for the year, net of tax	<u>(1,740,953,560)</u>	<u>(1,001,410,353)</u>
Total Comprehensive Income for the Period, net of tax	<u><u>(385,941,178)</u></u>	<u><u>677,782,336</u></u>
Total Comprehensive income Attributable to:		
Equity Holders of the Parent	124,557,020	895,023,224
Non-controlling interests	<u>(510,498,198)</u>	<u>(217,240,886)</u>
	<u><u>(385,941,178)</u></u>	<u><u>677,782,336</u></u>

LTL Holdings Limited

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Period ended 30 June 2024

Group	Attributable to Equity Holders of the Parent										Non-controlling Interest	Total
	Stated Capital	Fair Value reserve of financial assets at FVOCI	Investment Reserve	Development Reserve	Exchange Equalization Reserve	Cash Flow Hedge Reserve	Accumulated Profits		Total	Rs.		
							Rs.	Rs.				
Balance as at 01 April 2023	166,700,000	7,645,878,325	17,161,304,326	50,000,000	4,865,292,262	(1,808,002,835)	26,056,606,904	54,137,778,981	17,985,204,308	72,122,983,289		
Other Comprehensive Income	-	-	-	-	(267,521,338)	-	(10,363,329)	(277,884,668)	(157,223,620)	(435,108,287)		
Net Profit for the Year	-	-	-	-	-	-	1,426,690,910	1,426,690,910	252,501,781	1,679,192,691		
Transferred to/from during the year	-	-	-	-	-	-	-	-	-	-		
- Cash flow Hedge Reserve	-	-	-	-	-	(255,679,509)	-	(255,679,509)	(310,622,559)	(566,302,067)		
Balance as at 30 June 2023	166,700,000	7,645,878,325	17,161,304,326	50,000,000	4,597,770,924	(2,063,682,343)	27,472,934,484	55,030,905,715	17,769,859,911	72,800,765,626		
Balance as at 01 April 2024	166,700,000	7,078,932,369	17,161,304,326	50,000,000	3,791,749,748	(1,929,951,323)	30,292,208,263	56,610,943,383	17,754,474,487	74,365,417,870		
Other Comprehensive Income	-	-	-	-	(300,738,779)	-	(9,058,647)	(309,797,426)	(380,013,645)	(689,811,072)		
Net Profit for the Year	-	-	-	-	-	-	926,969,804	926,969,804	428,042,579	1,355,012,383		
Cashflow Hedge Reserve	-	-	-	-	-	(480,592,331)	-	(480,592,331)	(570,550,158)	(1,051,142,489)		
Final Dividend 2023-24	-	-	-	-	-	-	(3,000,000,000)	(3,000,000,000)	-	(3,000,000,000)		
Balance as at 30 June 2024	166,700,000	7,078,932,369	17,161,304,326	50,000,000	3,491,010,969	(2,410,543,654)	28,210,119,419	53,747,523,429	17,231,953,264	70,979,476,693		

LTL Holdings Limited

CONSOLIDATED STATEMENT OF CASH FLOWS

Period ended 30 June 2024

	30.06.2024 (3 Months) Rs.	30.06.2023 (3 Months) Rs.
Cash Flows From Operating Activities		
Net Profit Before Income Tax Expense	1,575,743,197	2,206,716,029
Adjustments for		
Depreciation	175,899,056	237,087,947
Amortization of Intangible Assets	3,518,405	3,001,920
Amortization of Right-of-Use Assets	(1,814,935)	12,174,188
Dividend Income from Equity Investment	(4,103,004)	(154,026)
Foreign Currency (Gain) / Loss	(782,700,580)	903,666,323
Impairment (Charge)/ Reversal	3,667,767	30,395,642
Income Adjustment on Finance Lease Receivable	783,724,323	1,114,970,458
Income from Investments	(171,037,293)	(237,536,539)
Finance Costs	1,352,632,390	1,361,868,495
Charge for Defined Benefit Plans	4,162,327	2,067,137
Operating Profit before Working Capital Changes	2,939,691,652	5,634,257,572
(Increase)/Decrease in Inventories	(187,359,815)	400,740,436
(Increase)/Decrease in Trade and Other Receivables	8,193,709,486	708,291,590
Increase/(Decrease) in Trade and Other Payables	239,552,878	(2,539,992,568)
Cash Generated from Operations	11,185,594,202	4,203,297,030
Finance Costs paid	(1,352,632,390)	(1,361,868,495)
Defined Benefit Plan Costs paid	(885,465)	(1,062,200)
Income Taxes Paid	(116,888,309)	(225,076,746)
Net Cash From/ (used in) Operating Activities	9,715,188,038	2,615,289,588
Cash Flows from Investing Activities		
Acquisition of Property, Plant & Equipment, Right of Use Assets & Intangible Assets	(4,904,496,468)	(1,460,278,976)
Proceeds from Sale of Property, Plant & Equipment	-	1,555,762
Investment in Fair Value Through Profit & Loss Investments	(18,124,076)	(112,479,222)
(Investment/ realisation) other Financial Assets	13,243,543	300,175,034
Dividend Income	4,103,004	154,026
Finance Income	171,037,293	237,536,539
Net Cash Flows from/ (used in) Investing Activities	(4,734,236,704)	(1,033,336,836)
Cash Flows used in Financing Activities		
Proceeds From Interest Bearing Loans & Borrowings	9,397,481,594	9,334,434,253
Repayment of Interest Bearing Loans & Borrowings	(6,256,357,100)	(9,339,607,027)
Payment to lease creditor	(25,791,125)	(97,131,976)
Dividends Paid	(598,020,694)	(76,773,988)
Net Cash Flows from/ (used in) Financing Activities	2,517,312,675	(179,078,738)
Net Increase/(Decrease) in Cash and Cash Equivalents	7,498,264,009	1,402,874,014
Cash and Cash Equivalents at the beginning of the year	5,339,638,872	14,714,625,331
Cash and Cash Equivalents at the end of the year	12,837,902,881	16,117,499,345

LTL Holdings Limited

COMPANY STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

ASSETS	30 Jun 2024 Rs.	31 Mar 2024 Rs.
Non-Current Assets		
Investment Property	331,888,326	333,970,343
Right-of-Use Asset	1,230,418	2,711,560
Investments in Subsidiaries	3,200,280,915	3,200,280,915
Deferred Tax Asset	32,744,600	32,744,600
Other Financial Assets	3,640,140	3,640,140
	<u>3,569,784,398</u>	<u>3,573,347,558</u>
Current Assets		
Trade and Other Receivables	46,633,896	46,633,896
Amounts Due from Related parties	133,219,042	86,126,072
Advances & Prepayments	894,868	650,981
Dividend Receivable from Subsidiaries	25,500,035	2,382,603,277
Other Financial Assets	1,112,187,036	1,067,587,985
Cash and Bank Balances	2,217,619,684	136,809,998
	<u>3,536,054,567</u>	<u>3,720,412,216</u>
Total Assets	<u>7,105,838,966</u>	<u>7,293,759,774</u>
EQUITY AND LIABILITIES		
Equity		
Stated Capital	166,700,000	166,700,000
Accumulated Profits	3,686,503,217	6,660,812,548
Total Equity	<u>3,853,203,217</u>	<u>6,827,512,548</u>
Non-Current Liabilities		
Deferred Tax Liabilities	48,870,100	48,870,100
Defined Benefit Liability	109,148,665	109,148,665
	<u>158,018,765</u>	<u>158,018,765</u>
Current Liabilities		
Trade and Other Payables	44,182,628	40,919,218
Amounts Due to Related Parties	18,273,796	18,273,796
Dividends Payable	3,000,000,000	-
Lease Payable	-	1,762,101
Income Tax Liabilities	23,909,943	23,909,943
Other Financial Liabilities	8,250,617	223,363,404
	<u>3,094,616,985</u>	<u>308,228,463</u>
Total Liabilities	<u>3,252,635,749</u>	<u>466,247,227</u>
Total Equity and Liabilities	<u>7,105,838,966</u>	<u>7,293,759,774</u>

LTL Holdings Limited
 COMPANY INCOME STATEMENT

Period ended 30 June 2024

	30.06.2024 (3 Months) Rs.	30.06.2023 (3 Months) Rs.
Revenue	66,289,325	53,636,403
Cost of Sales	<u>(49,366,226)</u>	<u>(40,448,951)</u>
Gross Profit	16,923,099	13,187,452
Other Income and Gains	18,205,282	-
Distribution Costs	(119,701)	-
Administrative Expenses	(18,059,728)	(12,780,313)
Other Operating Expenses	-	(62,857,194)
(Charge)/ Revesal of Impairment	(1,553,067)	5,391,095
Finance Cost	(4,733,612)	(38,214,296)
Finance Income	22,678,396	24,262,601
Profit Before Tax	<u>33,340,670</u>	<u>(71,010,655)</u>
Income Tax Expense	<u>(7,650,000)</u>	<u>-</u>
Profit for the Period	<u><u>25,690,670</u></u>	<u><u>(71,010,655)</u></u>

LTL Holdings Limited

COMPANY STATEMENT OF COMPREHENSIVE INCOME

Period ended 30 June 2024

	30.06.2024 (3 Months) Rs.	30.06.2023 (3 Months) Rs.
Profit for the Period	25,690,670	(71,010,655)
Other Comprehensive Income	-	-
Other Comprehensive Income for the year, net of tax	-	-
Total Comprehensive Income for the Period, net of tax	<u>25,690,670</u>	<u>(71,010,655)</u>

LTL Holdings Limited

COMPANY STATEMENT OF CHANGES IN EQUITY

Period ended 30 June 2024

Company	Stated Capital	Accumulated Profits	Total
	Rs.	Rs.	Rs.
Balance as at 01 April 2023	166,700,000	3,574,781,139	3,741,481,139
Net profit for the year	-	(71,010,655)	(71,010,655)
Other Comprehensive Income	-	-	-
Balance as at 30 June 2023	<u>166,700,000</u>	<u>3,503,770,484</u>	<u>3,670,470,484</u>
Balance as at 01 April 2024	166,700,000	6,660,812,548	6,827,512,548
Net profit for the year	-	25,690,670	25,690,670
Other Comprehensive Income	-	-	-
Final Dividend 2023/24	-	(3,000,000,000)	(3,000,000,000)
Balance as at 30 June 2024	<u>166,700,000</u>	<u>3,686,503,217</u>	<u>3,853,203,217</u>

LTL Holdings Limited

COMPANY STATEMENT OF CASH FLOWS

Period ended 30 June 2024

	30.06.2024 (3 Months) Rs.	30.06.2023 (3 Months) Rs.
Cash Flows From Operating Activities		
Net Profit Before Income Tax Expense	33,340,670	(71,010,654)
Adjustments for		
Depreciation	2,082,018	2,053,521
Amortization of Right-of-Use Assets	1,481,142	1,481,142
Income from Investments	(22,678,396)	24,262,601
Finance Costs	4,733,612	(38,214,296)
Operating Profit before Working Capital Changes	18,959,045	(81,427,686)
(Increase)/Decrease in Inventories	-	(22,312,138)
(Increase)/Decrease in Trade and Other Receivables	(51,183,455)	(347,709,163)
Increase/(Decrease) in Trade and Other Payables	7,147,903	-
Cash Generated from Operations	(25,076,506)	(451,448,986)
Finance Costs paid	(4,733,612)	38,214,296
Net Cash From/ (used in) Operating Activities	(29,810,119)	(413,234,691)
Cash Flows from Investing Activities		
(Investment) / realisation other Financial Assets	40,714,125	(29,672,985)
Dividend Income	2,349,453,243	-
Finance Income	22,678,396	24,262,601
Net Cash Flows from/ (used in) Investing Activities	2,412,845,764	(5,410,384)
Cash Flows used in Financing Activities		
Payment to lease creditor	(1,800,000)	-
Net Cash Flows from/ (used in) Financing Activities	(1,800,000)	-
Net Increase/(Decrease) in Cash and Cash Equivalents	2,381,235,649	(418,645,070)
Cash and Cash Equivalents at the beginning of the year	940,320,454	675,240,059
Cash and Cash Equivalents at the end of the year	3,321,556,103	256,594,985

SEGMENTAL INFORMATION

Revenue - Business Segment	Group			
	30.06.2024 (3 Months) Rs.	30.06.2023 (3 Months) Rs.		
Manufacturing	3,255,316,229	2,971,204,861		
Power Generation	11,729,666,217	12,509,725,418		
	<u>14,984,982,446</u>	<u>15,480,930,280</u>		
Revenue - Geographical Segments				
Sri Lanka	2,892,818,532	4,493,335,618		
Asia (Excluding Sri Lanka)	12,092,163,915	10,987,594,662		
	<u>14,984,982,446</u>	<u>15,480,930,280</u>		
Timing of Revenue Recognition				
Goods transferred at a point in time	3,255,316,229	2,971,204,861		
Service transferred over time	11,729,666,217	12,509,725,418		
	<u>14,984,982,446</u>	<u>15,480,930,280</u>		
Gross Profit - Segment Analysis				
Gross Profit - Business Segment				
Manufacturing	1,012,454,464	1,004,656,359		
Power Generation	2,304,135,257	3,561,101,283		
	<u>3,316,589,721</u>	<u>4,565,757,642</u>		
Gross Profit - Geographical Segments				
Sri Lanka	842,515,852	2,856,069,945		
Asia (Excluding Sri Lanka)	2,474,073,870	1,709,687,697		
	<u>3,316,589,721</u>	<u>4,565,757,642</u>		
Assets & Liabilities -Business Segment				
	Group			
30 June 2024				
	Power Generation	Manufacturing	Group Adjustments	Total
Non-Current Assets	88,819,037,067	5,105,123,637	(3,303,896,951)	90,620,263,752
Current Assets	35,198,835,690	12,746,100,894	(997,550,453)	46,947,386,131
Total Assets	<u>124,017,872,756</u>	<u>17,851,224,531</u>	<u>(4,301,447,404)</u>	<u>137,567,649,883</u>
Non-Current Liabilities	25,614,812,349	615,956,385	(53,325,629)	26,177,443,105
Current Liabilities	33,898,606,216	7,547,627,553	(1,035,503,680)	40,410,730,088
Total Liabilities	<u>59,513,418,565</u>	<u>8,163,583,937</u>	<u>(1,088,829,309)</u>	<u>66,588,173,193</u>
31 March 2024				
	Power Generation	Manufacturing	Group Adjustments	Total
Non-Current Assets	84,673,850,708	5,104,811,443	(3,323,223,000)	86,455,439,153
Current Assets	38,782,308,186	11,882,352,394	(3,538,599,727)	47,126,060,853
Total Assets	<u>123,456,158,894</u>	<u>16,987,163,837</u>	<u>(6,861,822,727)</u>	<u>133,581,500,006</u>
Non-Current Liabilities	21,381,591,628	651,054,608	(56,405,905)	21,976,240,331
Current Liabilities	36,649,892,479	4,151,703,438	(3,561,754,112)	37,239,841,805
Total Liabilities	<u>58,031,484,107</u>	<u>4,802,758,046</u>	<u>(3,618,160,017)</u>	<u>59,216,082,136</u>

1. Basis of Preparation

The condensed interim financial statements have been prepared in accordance with Sri Lanka Accounting Standard LKAS34, Interim Financial Reporting. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31st March 2024, including the changes to accounting policies as a result of convergence to revised Sri Lanka Accounting Standards (SLFRSs/LKASs). Further, provisions of the Companies Act No. 7 of 2007 have been considered in preparing the interim financial statements.

2. Changes in Accounting Policies

There were no changes to the Accounting Policies mentioned in the annual Financial Statements and methods of computation since the publication of the Annual Report for the year ended March 31, 2024.

3. Contingent Liabilities

There have been no material changes to the contingencies disclosed in the annual audited financial statements for the year ended 31st March 2024.

4. Events after the Reporting Period

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

5. Earnings per Share

Basic earning per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in the basic earning per computation.

For the quarter ended 30th June	Group	
	2024	2023
	Rs.	Rs.
Net Profit / (Loss) attributable to ordinary shareholders	926,969,804	1,426,690,910
Weight average number of ordinary shares in issue	4,801,193,380	4,801,193,380
Earnings per share	0.19	0.30

6. Net Asset Value per Share

	Group	
	As at 30 June 2024	As at 31 March 2024
	Rs.	Rs.
Equity Attributable to owners of the parent	53,747,523,429	56,610,943,383
Number of Shares Outstanding at the end of the period	4,801,193,380	4,801,193,380
Net asset value per share	11.19	11.79

7. Reclassification/Transfer of Loaned Assets - Shares

Upon receiving shares from Government of Sri Lanka to Lakdhanavi Limited on 3rd June 2024, Loaned Asset has been transferred / reclassified to (Other) Non current Financial Assets.

CORPORATE INFORMATION

NAME OF THE COMPANY

LTL Holdings Limited

LEGAL FORM

A company incorporated in Sri Lanka as a private limited liability company under the Companies Ordinance No. 51 of 1938 on July 4, 1980 as Lanka Transformers Limited and re-registered Lanka Transformers (Private) Limited under the Companies Act No. 07 of 2007 (as amended) on February 21, 2008. The Company changed its name from Lanka Transformers (Private) Limited to L.T.L. Holdings (Private) Limited on October 21, 2008. The Company changed its status from L.T.L. Holdings (Private) Limited to L.T.L. Holdings Limited under the Companies Act No. 07 of 2007 (as amended) on March 13, 2023 and consequently changed its name to LTL Holdings Limited on July 18, 2023.

COMPANY REGISTRATION NUMBER

PB 00274329

REGISTERED OFFICE AND CURRENT PLACE OF BUSINESS

LTL Holdings Limited
No. 77, Level 1, Park Street Colombo 02, Sri Lanka
Tel - +94 11 2695007 Fax - +94 11 2684900
E-mail: info@ltl.lk Web: http://www.ltl.lk/

BOARD OF DIRECTORS

Mr. Nalinda Sampath Ilangakoon	Chairman, Non-Executive Director, Non-Independent
Mr. Mapalagama Rupage Vijithananda Ruwan Meepura	Non-Executive Director, Non-Independent
Mr. Jothipala Panangala Gamage	Non-Executive Director, Independent
Mr. Condagamage Vajira Kulathilake	Non-Executive Director, Independent
Mr. Mohamed Reyaz Mihular	Non-Executive Director, Independent
Prof. Abeyratne Dissanayake Mudiyansele Sirimal Ashoka Abevratne	Non-Executive Director, Independent
Mr. Upali Dayaratne Jayawardana	Non-Executive Director, Non-Independent
Mr. Mohamed Jalaldeen Mohamed Nuhuman Marikkar	Chief Executive Officer, Executive Director
Mr. Ravindra Kumar Pitigalage	Deputy Chief Executive Officer, Executive Director

ALTERNATE DIRECTOR

Mr. Utumange Gamini Sarath	Deputy Chief Executive Officer (Finance), Alternate Director to Mr. Ravindra Kumar Pitigalage
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COMPANY SECRETARY

S S P Corporate Services (Private) Limited
No. 101, Inner Flower Road
Colombo 03,
Sri Lanka.
Tel: +94 11 257 3894/2 576 871
Fax : +94 11257 3609

AUDITORS TO THE COMPANY

Ernst & Young (Chartered Accountants) No. 109, Galle Road
Colombo 03, Sri Lanka Tel : +94 11 246 3500
Fax : +94 11 269 7869

BANKERS TO THE COMPANY

Hatton National Bank PLC
CITI Bank
Sampath Bank PLC
People's Bank
Standard Chartered Bank

ANNEXURE G

**LIST OF LICENCES/ APPROVALS/ CONSENTS RELATED
TO RIVIDHANAVI (PRIVATE) LIMITED AND
SAHASDANAVI LIMITED**

1. LICENSE, APPROVALS AND CONSENTS RELATED TO RIVIDHANAVI (PRIVATE) LIMITED

No.	License/Approvals/Consents	Issuing Authority	Date of Issue	Validity Period
1.	Energy Permit	Sri Lanka Sustainable Energy Authority (SLSEA)	Issued on 28thDec 2023 Valid from : Date of commencement of Commercial Operations	20 years

The only periodic license included in the table above is the Energy Permit issued by the SLSEA to Rividhanavi (Private) Limited. Other periodic approvals and licenses required by Rividhanavi (Private) Limited will be applied for and obtained during the construction phase and prior to the commencement of the operational phase of the project.

Lists of key Licenses, Approvals and Consents related to Rividhanavi (Private) Limited are as follows,

Construction Phase

No.	License/Approvals/Consent	Issuing Authority
1	Generation License	Public Utilities Commission Sri Lanka (PUCSL)
2	Environmental Approval/Environmental Clearance	Forest Department as the Project Approving agency
3	Registration under Section 17 of the BOI Law	Board of Investment of Sri Lanka (BOI)
4	Approval for Establishing the Project in the Specified Land	<ul style="list-style-type: none"> ● Divisional Secretary ● Pradeshiya Saba - Siyambanduwa
5	Project Approval/No Objection Letters for Establishing the Project in the Specified Land	<ul style="list-style-type: none"> ● Department of Wildlife Conservation ● Irrigation Department and Provincial Irrigation Department ● Department of Archaeology ● Department of Agrarian Development
6	Building Approval	<ul style="list-style-type: none"> ● Divisional Secretary ● Pradeshiya Saba - Siyambanduwa
7	Approval for Reinforcement of Roads and Bridges	<ul style="list-style-type: none"> ● Urban Development Authority ● Provincial Road Development Authority ● Pradesheeya Sabha - Siyambanduwa
8	Approval to facilitate importation or local purchase of capital goods under bonded warehouse scheme- To facilitate importation or local purchase of capital goods on the basis of exemption of duties and taxes. Under the Gazette No.2083/33 - Published on August 10, 2018 by GoSL	<ul style="list-style-type: none"> ● Sri Lanka Customs ● Ministry of Power and Energy/ ● Sri Lanka Sustainable Energy Authority

Operational Phase

No.	License/Approvals/Consents	Issuing Authority
1	Generation License (Will be covered under the Generation License obtained during the construction phase which would be valid for the total tenure of the PPA)	Public Utilities Commission Sri Lanka (PUCSL)
2	Environmental Protection License (EPL) from BOI	Environmental Monitoring Department of the Board of Investment (BOI)
3	Schedule Waste Management License	Central Environmental Authority (CEA)
4	Factory Registration	Factory Inspection Engineers Office Gampaha

Rividhanavi (Private) Limited will require approvals and licenses mentioned above to commence the construction and operation of the power plant. The Company however expects that all these approvals and licenses will be duly obtained as the Company has no reasonable ground to envisage that these approvals and licenses will not be issued given the experience and record of the LTL Group in the energy sector. Under the Implementation Agreement signed between the GoSL and Rividhanavi (Private) Limited, the GoSL will also facilitate Rividhanavi (Private) Limited to obtain the required approvals and licenses in a timely manner.

2. LICENSE, APPROVALS AND CONSENTS RELATED TO SAHASDHANAVI LIMITED

Sahasdhanavi Limited is in the process of negotiating the terms of the PPA and other project agreements with CEB and the GoSL. Sahasdhanavi Limited has not obtained periodic licenses that are required for its business yet. Sahasdhanavi Limited will apply for and obtain the periodic licenses and approvals required for its business during the construction phase and prior to the commencement of the operational phase of the project.

Lists of key Licenses, Approvals and Consents related to Sahasdhanavi Limited

Construction Phase

No.	License/Approvals/Consents	Issuing Authority
1	Generation License	Public Utilities Commission Sri Lanka (PUCSL)
2	Environmental Approval	Central Environmental Authority (CEA)
3	Registration under Section 17 of the BOI Law	Board of Investment of Sri Lanka (BOI)
4	Preliminary Planning Clearance and Building Approval	Urban Development Authority (UDA)
5	Approval of Coast Conservation Department for Sea Water Intake	Coast Conservation Department (CCD)

Operational Phase

No.	License/Approvals/Consents	Issuing Authority
1	Generation License (Will be covered under the Generation License obtained during the construction phase which would be valid for the total tenure of the PPA)	Public Utilities Commission Sri Lanka (PUCSL)
2	Environmental Protection License (EPL) from CEA/ BOI	Central Environmental Authority (CEA)/ Environmental Monitoring Department of the Board of Investment (BOI)
3	Sea Dumping License	Marine Environmental Protection Agency (MEPA)
4	Schedule Waste Management License	Central Environmental Authority (CEA)
5	Boiler Registration under Factory Ordinance	Factory Inspection Engineers office Gampaha
6	Precursor Chemical end user license	National Dangerous Drugs Control Board
7	Factory Registration under Factory Ordinance	Factory Inspection Engineers office Gampaha

Sahasdhanavi Limited will require approvals and licenses mentioned above to commence the construction and operation of the power plant. The Company however expects that all these approvals and licenses will be duly obtained as the Company has no reasonable ground to envisage that these approvals and licenses will not be issued given the experience and record of the LTL Group in the energy sector. Under the Implementation Agreement to be signed between the GoSL and Sahasdhanavi Limited, the GoSL will also agree to facilitate Sahasdhanavi Limited to obtain the required approvals and licenses in a timely manner.

ANNEXURE H

CEB LETTER TO THE SEC ON THE DEVELOPMENT OF SAHASDHANAVI



Your Ref:

My ref: CEB/GM/S-8

Date: August 26, 2024

Mr. Chinthaka Mendis
Director General
Securities & Exchange Commission of Sri Lanka
Level 28 and 29, East Tower, World Trade Centre
Colombo 01

Dear Sir,

Development of Second 350MW LNG Combined Cycle Power Plant at Kerawalapitiya on BOOT Basis; Project Ref No : CEB/AGM(TR)/DGM(PPD)/LNG2-2020

The development of the second 350MW LNG Combined Cycle Power Plant at Kerawalapitiya on Build Operate Own and Transfer (BOOT) basis ("the Project") is considered as a committed power project for planning purposes in the Long-Term Generation Expansion Plan 2023-2042 ("LTGEP") of the Ceylon Electricity Board ("CEB"). As per the LTGEP, commissioning of the Project in a timely manner is listed as one of the main recommendations to ensure adequate, economical and reliable supply of electricity in the near and long term.

The Request for Proposals (RFP) for the Project, having reference No. CEB/AGM(TR)/DGM(PPD)/LNG2-2020, was floated in June 2021 by the CEB on international competitive bidding basis. Following the cabinet approval, the Letter of Intent (LOI) for the Project was issued to Lakdhanavi Limited, a subsidiary of LTL Holdings Limited on 12th December 2023 by the CEB, acting on behalf of the Democratic Socialist Republic of Sri Lanka ("GoSL"). The power plant will be built on a land belonging to the CEB at Kerawalapitiya, which will be leased to the developer Lakdhanavi Ltd as per the tender. The 350 MW power plant once commissioned will be interconnected to the national grid at CEB's 220 kV Grid Substation at Kerawalapitiya.

Upon issuing of LOI, the Project Committee (PC) including CEB had several discussions with Lakdhanavi Ltd on technical aspects to finalize the project agreements to commence the implementation earliest. Lakdhanavi has informed the CBE as per RFP, that a Special Purpose Company has been already formed as "Sahasdhanavi Ltd" which will enter into project agreements, namely Power Purchase Agreement (PPA) with CEB, Fuel Supply Agreement with Ceylon Petroleum Corporation ("CPC") and Implementation Agreement with GOSL and Land Lease Agreement with CEB. It is expected to enter into these agreements simultaneously in Q4/2024. In accordance with the PPA, the power plant will be commissioned in two stages and expected to have the first phase in Q4/2026 and full capacity of 350 MW by Q4/2027, to support the firm energy requirement of the national grid.

Yours faithfully
Ceylon Electricity Board


Eng. (Dr.) Narendra De Silva
Actg. General Manager

Eng. (Dr.) Narendra De Silva
Actg. General Manager

OFFICE OF THE GENERAL MANAGER

Ceylon Electricity Board, Third Floor, No.50, Sir Chittampalam A. Gardiner Mawatha, Colombo 00200, Sri Lanka

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ANNEXURE I

DETAILS OF PERIODIC LICENCES OBTAINED BY SUBSIDIARIES OF LTLH AS AT DATE OF INITIAL LISTING APPLICATION

1. LTL TRANSFORMERS (PRIVATE) LIMITED

No.	License/Approvals/Consents	Issuing Authority	Validity Period (DD/MM/YYYY)	Next Renewal Date (DD/MM/YYYY)
1	Trade License	Moratuwa Municipal Council	01/01/2024 - 31/12/2024	01/01/2025
2	Fire Clearance Certificate	Moratuwa Municipal Council	01/01/2024 - 31/12/2024	01/01/2025
3	Environmental Protection License	Central Environmental Authority	21/08/2024 - 20/08/2025	20/08/2025
4	Scheduled Waste Management License	Central Environmental Authority	04/08/2024 - 03/08/2025	03/08/2025

2. LTL GALVANIZERS (PRIVATE) LIMITED

No.	License/Approvals/Consents	Issuing Authority	Validity Period (DD/MM/YYYY)	Next Renewal Date (DD/MM/YYYY)
01	Environmental Protection License	Central Environmental Authority	21/07/2023 - 20/07/2024	20/07/2024*
02	Schedule Waste Management License	Central Environmental Authority	29/12/2023 - 28/12/2024	28/12/2024
03	Trade License	Regional Council -Biyagama	31/12/2023 - 30/12/2024	31/12/2024

* Application for renewal has been made and a renewed license is expected to be granted.

3. ASIATIC ELECTRICALS & SWITCHGEAR (PRIVATE) LIMITED

No.	License/Approvals/Consents	Issuing Authority	Validity Period (DD/MM/YYYY)	Next Renewal Date (DD/MM/YYYY)
1	IEC CODE	DGFT (Director General of Foreign Trade)	29/07/2024 - 31/12/2024	31/12/2024
2	EEPC (RCMC)	EEPC India (Engineering Export Promotion Council of India)	1/04/2024 - 1/04/2025	01/04/2025
3	SELF SEALING PERMISSION	Customs	1/02/2024 - 1/02/2025	01/02/2025
4	FACTROY LICENCE A-783-A	Chief of Inspector Factory & Boilers	31/03/2024 - 31/03/2029	31/03/2029
5	FACTROY LICENCE G-1058-59	Chief of Inspector Factory & Boilers	31/03/2022 - 31/03/2027	31/03/2027
6	Consent to Operate Plot No.A-783(A)	Rajasthan State Pollution Control Board	31/05/2018 - 31/05/2028	31/05/2028
7	Consent to Operate Plot No.G-1058-59	Rajasthan State Pollution Control Board	30/11/2021 - 30/11/2026	30/11/2026

4. FENI LANKA POWER (PRIVATE)LIMITED

No.	License/Approvals/ Consents	Issuing Authority	Validity Period (DD/MM/YYYY)	Next Renewal Date (DD/MM/YYYY)
1	Trade license	Dhaka North City Corporation (DNCC)	01/07/2024 - 30/06/2025	30/06/2025
2	Union Parishad Trade License	Panchgachia Union Parishad	01/07/2024 - 30/06/2025	30/06/2025
3	Environment License	Department of Environment	01/01/2024 - 14/11/2024	14/11/2024
4	Explosive license	Department of Explosives	10/12/2023 - 31/12/2024	31/12/2024
5	Fire License	Bangladesh Fire Service & Civil Defense	14/06/2024 - 13/06/2025	13/06/2025
6	Boiler License	The Office of the Chief Inspector of Boiler	10/01/2024 - 9/01/2025	09/01/2025
7	BERC License	Bangladesh Energy Regulatory Commission	19/11/2022 - 18/11/2024	18/11/2024

5. LAKDHANAVI BANGLA (PRIVATE)LIMITED

No.	License/Approvals/ Consents	Issuing Authority	Validity Period (DD/MM/YYYY)	Next Renewal Date (DD/MM/YYYY)
1	Trade license	Dhaka North City Corporation (DNCC)	01/07/2024 - 30/06/2025	30/06/2025
2	Union Parishad Trade License	Cumilla City Corporation	01/07/2024 - 30/06/2025	30/06/2025
3	Environment License	Department of Environment	14/07/2024 - 10/02/2024	10/02/2025
4	Explosive license	Department of Explosives	31/12/2022 - 31/12/2024	31/12/2024
5	Fire License	Bangladesh Fire Service & Civil Defense	01/07/2024 - 30/06/2025	30/06/2025
6	Boiler License	The Office of the Chief Inspector of Boiler	16/08/2023 - 15/08/2024	16/08/2024*
7	BERC License	Bangladesh Energy Regulatory Commission	15/01/2023 - 14/01/2025	14/01/2025

* Application for renewal has been made and a renewed license is expected to be granted.

6. RAJ LANKA POWER (PRIVATE) LIMITED

No.	License/Approvals/Consents	Issuing Authority	Validity Period (DD/MM/YYYY)	Next Renewal Date (DD/MM/YYYY)
1	Trade license	Dhaka North City Corporation (DNCC)	01/07/2024 - 30/06/2025	30/06/2025
2	Union Parishad Trade License	Boro Harishpur Union Parishad	01/07/2024 - 30/06/2025	30/06/2025
3	Environment License	Department of Environment	16/08/2023 - 04/08/2024	05/08/2024*
4	Explosive license	Department of Explosives	26/11/2023 - 31/12/2024	31/12/2024
5	Fire License	Bangladesh Fire Service & Civil Defense	01/07/2024 - 30/06/2025	30/06/2025
6	Boiler License	The Office of the Chief Inspector of Boiler	13/09/2023 - 12/09/2024	12/09/2024*
7	BERC License	Bangladesh Energy Regulatory Commission	30/10/2022 - 29/10/2024	29/10/2024

* Application for renewal has been made and a renewed license is expected to be granted.

7. PAWAN DANAVI (PRIVATE) LIMITED

No.	License/Approvals/Consents	Issuing Authority	Validity Period (DD/MM/YYYY)	Expiry Date (DD/MM/YYYY)
1	Energy Permit	Sri Lanka Sustainable Energy Authority	02/03/2013 - 02/03/2033	02/03/2033
2	Generation License	Public Utilities Commission of Sri Lanka	02/03/2013 - 02/03/2033	02/03/2033
3	Environmental Clearance	Central Environmental Authority	22/05/2022 - 21/05/2025	21/05/2025

8. NIVIDHU (PRIVATE) LIMITED

No.	License/Approvals/Consents	Issuing Authority	Validity Period (DD/MM/YYYY)	Expiry Date (DD/MM/YYYY)
1	Energy Permit	Sri Lanka Sustainable Energy Authority	19/05/2022 - 19/05/2042	19/05/2042
2	Generation License	Public Utilities Commission of Sri Lanka	19/05/2022 - 19/05/2042	19/05/2042

9. NIVIDHU ASSUPIELLA (PRIVATE)LIMITED

No.	License/Approvals/Consents	Issuing Authority	Validity Period (DD/MM/YYYY)	Next Renewal Date (DD/MM/YYYY)
1	Energy Permit	Sri Lanka Sustainable Energy Authority	31/10/2005 - 30/10/2025	30/10/2025
2	Generation License	Public Utilities Commission of Sri Lanka	31/10/2005 - 30/10/2025	30/10/2025

10. MAKARI GAD HYDRO POWER (PRIVATE)LIMITED

No.	License/Approvals/Consents	Issuing Authority	Validity Period (DD/MM/YYYY)	Expiry Date (DD/MM/YYYY)
1	Generation License	Department of Electricity Development	12/09/2016 - 11/09/2051	11/09/2051
2	Transmission line license	Department of Electricity Development	16/09/2020 - 15/09/2050	15/09/2050

11. LAKDHANAVI LIMITED -YUGADHANAVI POWER PLANT

No.	License/Approvals/Consents	Issuing Authority	Validity Period (DD/MM/YYYY)	Next Renewal Date (DD/MM/YYYY)
01	Generation License	Public Utilities Commissions (PUCSL)	10/05/2010 - 09/05/2035	09/05/2035
02	Environmental Protection License	Central Environmental Authority (CEA)	19/07/2024- 19/07/2025	19/07/2025
03	Schedule waste Generation License	Central Environmental Authority	06/12/2023 - 05/12/2024	05/12/2024
04	Waste Sea water dumping license to Indian ocean	Marine Environment Protection Authority (MEPA)	02/01/2024 - 01/01/2025	01/01/2025
06	Precursor Chemical License - (End user)	Dangerous drug control board	23/12/2023 - 22/12/2024	22/12/2024
07	Radiation protection License Storing instruments with radioactivity source (GT ignition transformers)	Sri Lanka Atomic energy Regulatory Council	02/01/2024 - 01/01/2027	01/01/2027
08	Boiler Registration	District Factories Engineer	10/04/2024 - 09/04/2027	09/04/2027
09	Factory Registration	District Factories Engineer	31/03/2024 - 30/03/2027	30/03/2027

12. SOBADHANA VI LIMITED

No.	License/Approvals/Consents	Issuing Authority	Status Update
1	Generation License	Public Utilities Commission Sri Lanka (PUCSL)	Generation License obtained on December 23, 2022 will be valid for 20 years from the commercial operation date.
2	Environmental Protection License (EPL) from BOI	Environmental Monitoring Department of the Board of Investment (BOI)	All the inspections for the EPL were completed by the BOI and the formal approval is expected to be issued in due course
3	Sea Dumping License	Marine Environmental Protection Agency (MEPA)	The License is valid from July 01, 2024 to December 31, 2024. This will be renewed annually.
4	Schedule Waste Management License	Central Environmental Authority (CEA)	All the inspections were completed and the approval is to be provided upon the issuance of the EPL
5	Boiler Registration	Factory Inspection Engineers Office Gampaha	This will be applicable from Combined Cycle Commercial Operation Date
6	Factory Registration	Factory Inspection Engineers Office Gampaha	Since the construction of combined cycle is ongoing, the Application has been made for the extension of construction approval which is currently valid till August 31, 2024

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PAVING THE WAY FOR A CLEAN ENERGY TRANSITION

We are shaping Sri Lanka's energy future with Sobadhanavi, a groundbreaking 350 MW combined cycle power plant which will be the nation's first power plant to operate with LNG. This plant is built with a high-efficiency F-class gas turbine, a steam turbine and associated equipment. It is also capable of operating with a fuel mix of up to 30% hydrogen, positioning us at the forefront of the transition to cleaner fuels. As the developer, Engineering, Procurement and Construction (EPC) contractor, and Operations and Maintenance (O&M) contractor of the power plant, LTL Holdings is spearheading a decisive shift towards cleaner energy with this landmark project. With the first phase energising the nation from August 2024, Sobadhanavi is on track to achieve full operational capacity in the first quarter of 2025. With a 20-year power purchase agreement, we are solidifying our dedication to paving the way for clean energy generation and environmental sustainability.







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