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A PROUD SRI LANKAN

Our brands are household names in Sri Lanka, known and loved by the thousands who have depended on us for decades. Yet, not everyone knows how our success story has evolved; the deep rooted heritage of a truly home grown company, the local understanding and strength of our impact on many people's lives.

WHO WE ARE

In 1990, a seed was planted for a Sri Lankan company that had a thriving desire to branch out into value addition in our agricultural sector, drawing on the expertise of Renuka Enterprises since 1975 and the families' involvement in agriculture since the last century.

The Company was listed on the Colombo Stock Exchange in 1994. Through acquisitions the company now traces its roots to 1866 becoming one of Sri Lankans oldest food and beverage corporates.

Renuka Foods PLC is the parent company of our Food and Beverage businesses consisting of the segments of Agri Food Exports (manufacturing, Organic Plantations) and Consumer Brands (Dairy, FMCG manufacturing & distribution).



RESPONSIVE
ENTERPRISING
NURTURING
UNRELENTING
KNOWLEDGEABLE
ACCOUNTABLE

VISION

To be a leading Sri Lankan food & Beverage company, making food you love.

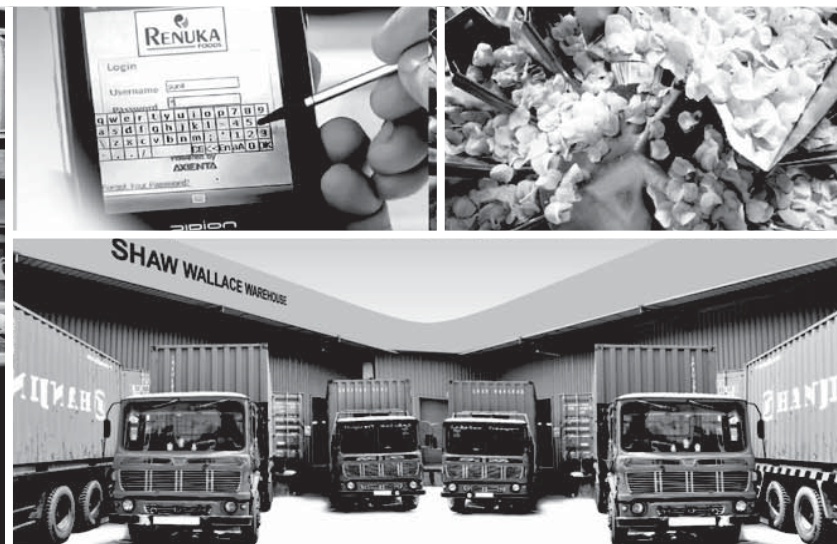
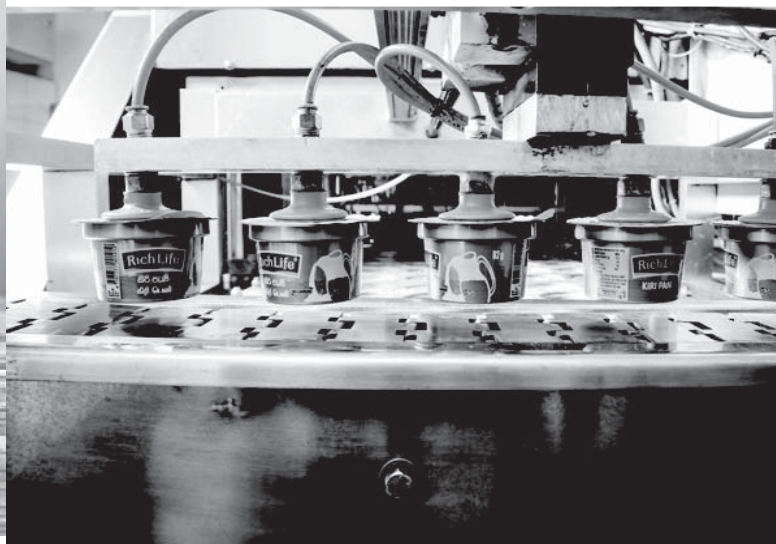
CULTURE AND VALUES

Renuka's culture reflect more than a structure, it is a statement of values. Our commitment to a Responsive, Enterprising, Nurturing, Unrelenting, Knowledgeable and Accountable workplace enables us to build relationships with clients and with colleagues, on honesty and trust. It drives our ability to deliver great products and services and to generate superior long-term financial performance for our shareholders.

AGRI FOOD EXPORTS

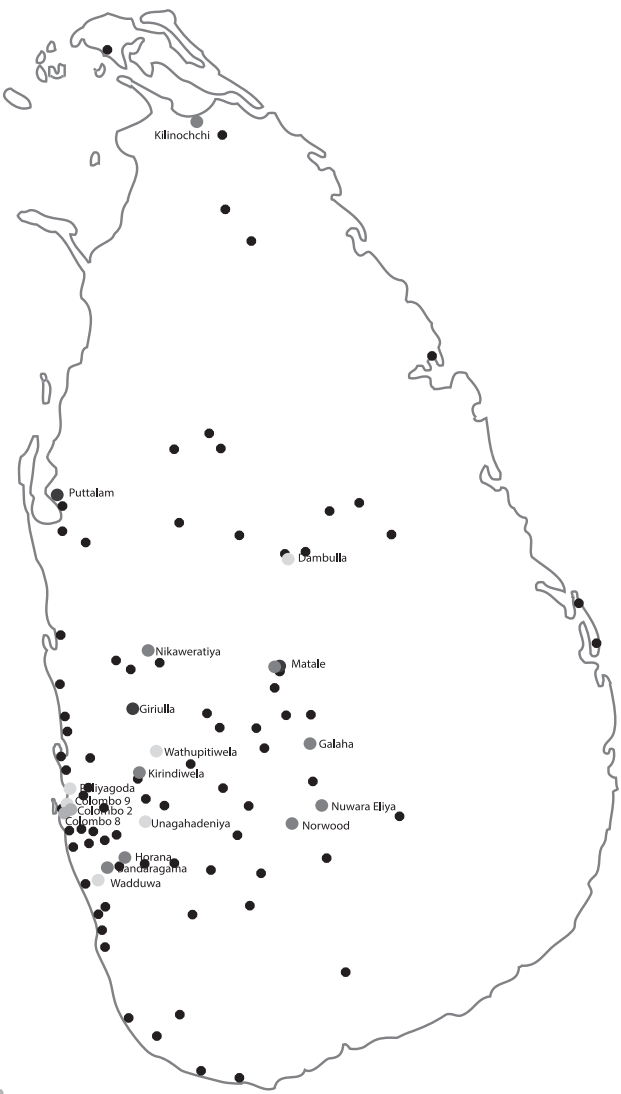


CONSUMER BRANDS

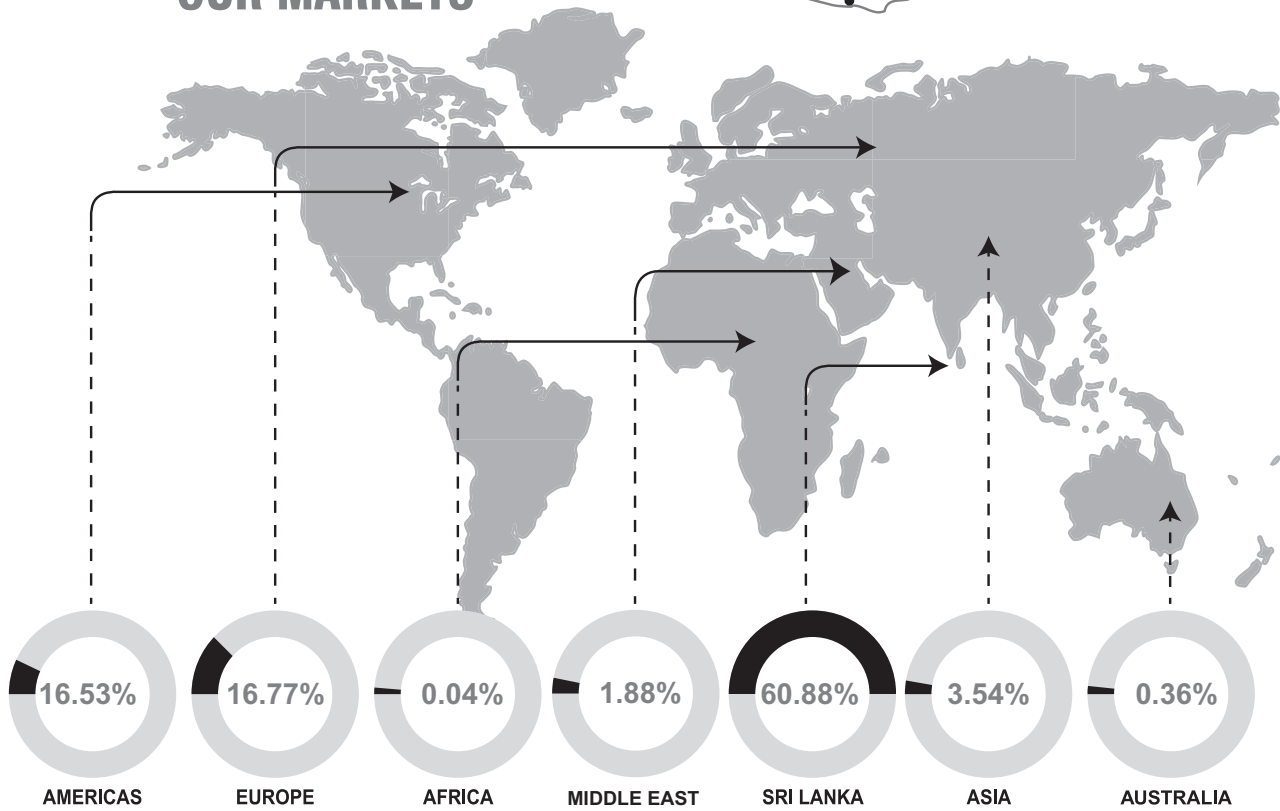


OUR LOCATIONS

- Offices
- Factories & Warehouses
- Collection & Processing Centres
- Plantations
- Stockists



OUR MARKETS





Revenue
10,695
Million



Net Profit
733
Million



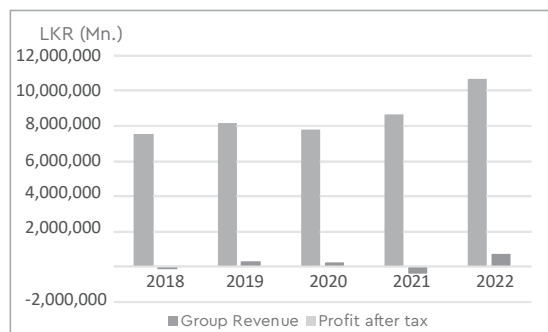
Total Assets
10,858
Million



Employees
1,296
Nos,

AT A GLANCE

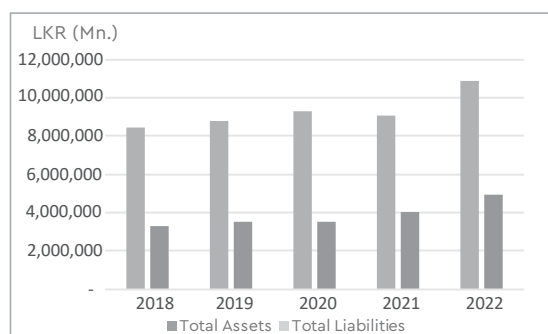
GROUP REVENUE AND PROFIT AFTER TAX



10,695 Mn
Revenue in year
2021/22

733 Mn
Profit in year
2021/22

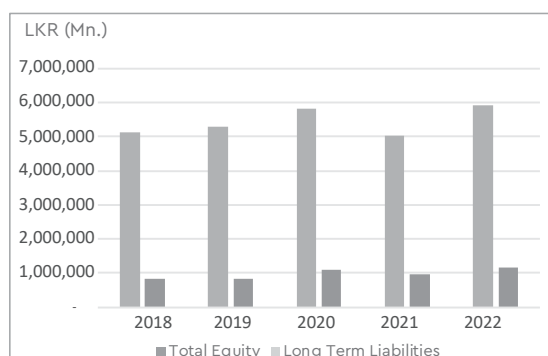
TOTAL ASSETS AND TOTAL LIABILITIES



10,858 Mn
Total Assets
in Year 2021/22

4,953 Mn
Total Liabilities
in Year 2021/22

TOTAL EQUITY AND LONG TERM LIABILITIES



5,905 Mn
Total Equity
in Year 2021/22

1,169 Mn
Non - Current Liabilities
in Year 2021/22

PROFILE OF DIRECTORS

Dr. S.R Rajiyah

Dr. S.R Rajiyah is the Executive Chairman of the Company. He is also the Group Managing Director of Renuka Holdings PLC and the Executive Chairman of Renuka Agri Foods PLC, Chairman of Shaw Wallace Ceylon Ltd and Richlife Dairies Ltd and other Companies of the Renuka Group. He is medical doctor qualified in Sri Lanka and counts over 40 years of corporate experience in operations, quality management, research and development as well as in founding and running businesses.

Mrs. I.R Rajiyah

Mrs. I.R Rajiyah is the Deputy Executive Chairperson of the Company. She is qualified in Business Studies from the United Kingdom and is a fellow of the British Institute Management. She counts over 40 years of corporate experience in founding and running businesses. She is also the Executive Chairperson of Renuka Holdings PLC and Deputy Executive Chairperson of Renuka Agri Foods PLC, a Director of Shaw Wallace Ceylon Ltd, Richlife Dairies Ltd and Companies of the Renuka Group.

Mr. S.V. Rajiyah

Mr. S.V. Rajiyah is the Managing Director of the Company. He is also the Managing Director of Renuka Holdings PLC and Renuka Agri Foods PLC, Shaw Wallace Ceylon Ltd, Richlife Dairies Ltd and Director of Companies of the Renuka Group. He is also the Executive Chairman of Shaw Wallace Investments PLC and Galle Face Capital Partners PLC. He is a graduate in Management from the Warwick Business School, University of Warwick, United Kingdom. He has over 20 years of experience in General Management.

Mr. V. Sanmugam

Mr V. Sanmugam is an Executive Director of the Company and he holds a Bachelor of Engineering Degree from the Mangalore University. He counts over 35 years of industrial work experience, out of which, 24 years have been with the Renuka Group Companies. He has extensive experience in New Plant Establishment, Project Planning & Management, Supply Chain/ Inventory Management, Statutory & Regulatory Compliance, besides others. He is also a Non-Executive Director of Renuka Holdings PLC, Renuka Agri Foods PLC, Shaw Wallace Ceylon Ltd and Richlife Dairies Ltd.

Mr. M. S. Dominic

Mr. M.S. Dominic is an Independent Non-Executive Director and holds a BSc (Hons) degree in Computer Science from the University of South Bank, United Kingdom. He has over 38 years of experience in the Information Technology field. He is also Director of Galle Face Properties Ltd, Renuka Foods PLC, Galle Face Capital Partners PLC and Sithijaya Fund. He is a trustee of the George Keyt Foundation.

Mr. T.K. Bandaranayake

Mr. T.K. Bandaranayake is an Independent Non-Executive Director of the Company. He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka. He was in public practice with Ernst & Young for 27 years since 1982. He was a Senior Partner managing a large portfolio of clients. He is also a Director of Renuka Holding PLC, Nawaloka Hospitals PLC, Overseas Realty (Ceylon) PLC, Havelock City (Pvt) Ltd, Mireka Capital Land (Pvt) Ltd, Mireka Homes (Pvt) Ltd, Samson International PLC, Harischandra Mills PLC, Micro Holdings Ltd. and Browns & Company PLC.

Dr. J.A.S. Felix

Dr J. A. S. Felix is an Independent Non-Executive Director of the Company. He was awarded LLB (Honours) degrees by the University of Colombo and the University of London in 1994. He was admitted and enrolled as an Attorney-at-Law of the Supreme Court of Sri Lanka in 1996. He was awarded a PhD degree by the University of London in 2000. He is a Fellow of the Society for Advanced Legal Studies of the University of London, Fellow of the Sri Lanka Institute of Taxation (FTII) and a Fellow of the Royal Society of Arts, London (FRSA). He is a member of the Taxes Committee, the Human Rights Law Committee and the Public Law Committee of the International Bar Association. He is a member of the Society of Legal Scholars of the United Kingdom and Ireland.

CHAIRMAN'S REVIEW

RENUKA FOODS

On behalf of the Board of Directors I take pleasure in inviting you, our valued shareholders, to the 32nd Annual General Meeting of the Company and wish to present to you the Annual Report and Audited Financial Statements for the year ended 31st March 2022. As you already are aware, the year in review was a period of unprecedented challenges to the world at large and especially to Sri Lanka with an acute economic and political crisis which is still ongoing at the time of writing this message which is affecting all citizens and businesses in the country.

The Sri Lankan Economy

The Sri Lankan economy after one of the turbulent years in recent times following the outbreak of the Covid 19 rebounded during 2021 expanding 3.7% after a 3.6% contraction in 2020. The agriculture sector which is the largest in terms of employment expanded 2.0%, while industry grew 5.3% and services grew 3.0%. However, 2022 will be one of the toughest for Sri Lanka, as the country faces an acute foreign exchange shortage coupled with political instability which is threatening to bring economic activity to a grinding halt. The instability in Europe, supply chain disruptions, and a looming global recession could aggravate the current situation as foreign direct investment, tourism, and export growth could be curtailed. Though annual average inflation in 2021 was only 7%, year-on-year inflation at the end of December was 14%. The Central Bank of Sri Lanka decided to allow the Sri Lankan rupee to float in March 2022, which led to a sharp depreciation of the currency. The rupee which was trading in the 198-200 range to the US dollar during 2021 is now trading at 350. The sharp depreciation, rising fuel costs, and increasing raw material prices across the world have led to inflation rising to 45% as at May 2022. With the Central Bank hiking interest rates by 700bps in early April, it is anticipated that inflation will start to trend downwards towards the 2nd quarter of the upcoming financial year. It is also noteworthy

to mention that the Sri Lankan Government announced a standstill on all foreign debt in April 2022 in order to preserve foreign exchange to purchase essential imports

Consumer discretionary spending deteriorated significantly during the calendar year 2021 and worsened in 2022 due to the severe economic conditions, with the central bank forecasting inflation may increase to 70%, in the coming year. The financial year commenced with fuel shortages which became severe and disrupted movement of the public and services, thus hampering most of the company's distribution operations as well within Sri Lanka.

The Group

During the year, the company faced challenges in sourcing key raw materials; coconut and milk, stemming from Covid related restrictions in the second and third quarter, which in turn led to an increase in production costs. Further, the informal restrictions on the import of canned fish significantly affected our top line. Cost control and cashflow management was a key priority during the year and the Group sought to minimize costs wherever possible and control debtors to manage cashflows. Volatile market dynamics necessitated a curtailment of advertising and promotion costs during the year. Meanwhile, we incurred additional costs to implement stringent health and safety standards in ensuring the well-being of our employees. A detailed scrutiny of costs was undertaken by the management to identify areas of potential savings.

Despite the challenges faced the Group was able to report a turnover of Rs. 10.7 Bn against the previous year turnover of Rs. 8.7 Bn, reporting a year on year growth of 23 %. The Group has reported an operating profit of Rs. 805 Mn, compared to the operating loss of Rs. 284 Mn of the previous year, despite the fact that the administration and selling & distribution expenses having increased by 9.46% compared to the previous year. The Group reported a Profit of Rs.733 Mn against the loss of

Rs. 384 Mn during the previous year.

A continued commitment to build mutually beneficial partnerships strengthens our relationships across our networks. We export to 52 countries where we have built strong long-term understandings with our distributors and direct B2B customers. Our islandwide network of over 70,000 retail outlets backed by over 160 distributors ensured availability of our products in local communities. The retail outlets are typically microentrepreneurs while the distributors include a number of SME's and we engage with them continuously to support their growth. Renuka works with small to medium scale farmers to procure its requirement of organic certified coconut, dairy, corn, rice, treacle and spices supporting their growth through sustained programmes for knowledge sharing, financial assistance and capacity building

At Renuka Foods, we see these as temporary setbacks and we remain bullish on the future of Sri Lanka. That is why we made significant investments in FY 2021/22, laying the foundation for the future of our group and aiming towards where we believe the country is headed. Some of the key group investments were construction of an automated integrated coconut primary processing unit in its the Export Processing Zone, setting up new manufacturing lines in respect of cheese and enhancement of the fish canning facility

In Conclusion

I take this opportunity to express my sincere gratitude to all our employees for their contribution and acknowledge the cooperation and support received from all my fellow Directors. On behalf of the Board of Directors I thank all the Shareholders & the Stakeholders for the trust and confidence placed in the Company.

Sgd.
Dr.S.R.Rajiyah
Chairman
12th August 2022

MANAGEMENT DISCUSSION ANALYSIS

Operating Environment

- The Sri Lankan economy expanded by 3.7% in real terms in 2021, against the real GDP contracted of 3.61% recorded in 2020. Mobility restrictions and other containment

measures imposed locally and internationally, with a view to preventing the spread of COVID-19 and economic condition hampered real economic activity across all sectors.

The following aspects were discussed pertaining to the primary macro – economic variables during the year under review and the resultant impacts on the performance of Renuka Foods PLC.

Movement	Cause	Impact to Renuka Foods PLC
Economy		
GDP has increased by 3.7% for the year ended 2021 compared to negative GDP growth of 3.6% in year 2020.	<p>All sectors of the economy has expended during 2021 (agriculture, forestry and fishing by 2.0%, industry by 5.3%, and services by 3%), compared to the previous year.</p> <p>Investment and consumption expenditure grew in 2021, while net external demand weakened. Gross capital formation (27.7% of GDP), which registered a contraction of 4.2% in 2020, expanded by 23.2% in 2021. Net external demand for goods and services contracted by 31.6%, reflecting the higher growth for import of goods and services than exports. However, consumption expenditure (79.9% of GDP) recorded a significant increase of 9.9% in 2021 compared to the growth of 2.0% in 2020</p>	Due to the pandemic situation and significant changes in the government policies, the Agri Food Exports segment of the Company had to encounter with constraints in supplies in main raw materials and further resulted in an increase in main raw material prices, also the Consumer Brands segment of the Company, had to encounter with lot of disruptions in manufacturing and distribution of its products on account of the pandemic situation.
Inflation		
Year-on-year core inflation based on the CCPI and the NCPI accelerated to 12.1% and 14%, respectively, by end 2021, compared to 4.2% and 5.6%, recorded at the end of 2020, respectively.	Inflation accelerated in 2021 driven mainly by global and domestic supply side disturbances, the surge in global commodity prices and upward revisions to administered prices. Both food and non food inflation has accelerated and food inflation accounted for a larger share. Several upward revisions made to energy prices and other administrative prices reflected the rise in prices in the international market as well as volatile food prices stemming from the pandemic related supply side disruptions and the loss of production of certain items, mostly contributed to such acceleration in inflation. Spillover of the aforementioned revisions alongside external shock absorption methods, such as the removal of maximum retail prices also partly contributed to the rise in inflation.	The company managed to maintain its margins despite rise in raw materials and other Services as a result of it's pricing strategies.

MANAGEMENT DISCUSSION ANALYSIS (Contd...)

Domestic Interest Rates		
Due to the tightening monetary policy stance from August 2021 by The Central Bank, the overall interest rates have increased.	To preempt the build-up of excessive inflationary pressures over the medium term and to address imbalances in the external sector and financial markets, measures were taken to commence tightening the monetary policy stance from August 2021 onwards. Accordingly, the key policy interest rates, i.e., the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR) were raised by 50 basis points to 5.00 per cent and 6.00 per cent, respectively, in mid-August 2021, and the Statutory Reserve Ratio (SRR) applicable on all rupee deposit liabilities of Licensed Commercial Banks (LCBs) was raised by 2 percentage points to 4.00 per cent, effective from September 2021.	Although the cost of borrowing increased during the year, the Company was able to minimize the impact due to better Treasury Management.
Exchange Rates		
Exchange rate was maintained at around Rs. 200 – 203 per US dollar during most of 2021 and until early March 2022.	The external sector imbalances are largely reflected by the dried up liquidity conditions in the domestic foreign exchange market, series of sovereign rating downgrades along with the precarious level of international reserves that have exerted significant depreciation pressures on the exchange rate. While the exchange rate was maintained at around Rs. 200 – 203 per US dollar during most of 2021 and until early March 2022, mainly through moral suasion by the Central Bank, a notable development of parallel markets for foreign exchange was observed. However, following the adjustment in the exchange rate in early March 2022 and subsequent market pressure, the Sri Lanka rupee depreciated sharply by 33.0 per cent against the US dollar by end March 2022.	Depreciation of the Rupee had a negative impact on our import payments; however, this contributed positively towards the company's export turnover growth.
Share Market		
The Colombo Stock Exchange (CSE) recovered from the significant decline recorded at the onset of the pandemic, to record a notable improvement since mid-July 2020.	This was mainly supported by the improved appetite of domestic investors for equity investment, despite net outflows of foreign investment from the CSE in 2021.	Due to the improvements in the Colombo Stock Exchange, the Share price of the Company increased from the previous year.

MANAGEMENT DISCUSSION ANALYSIS (Contd...)

Capital Management Review
Managing our capital according to a structured process is key to our continued success. The capital reports below, gives a summary description of our capital resources.

Financial Capital

During the financial year under consideration, the revenue of the Group increased from Rs. 8.7 Bn to Rs. 10.7 Bn where the growth is 22.98%.

Manufactured Capital

Deriving our revenue mainly from manufactured products we are conscious of the importance of ensuring that our manufacturing capabilities are expanded, upgraded and maintained according to a carefully orchestrated plan to deliver growth and future sustainability.

Our manufactured capital comprises of building, plant & machinery and other items including motor vehicles, furniture & fittings and tools and equipment.

Natural Capital

Environmental sustainability is highly regarded and embedded into the corporate governance framework of the Renuka group whilst managing the natural resources and meeting corporate obligations towards protecting the environment around us.

Focus on energy management, waste management, maintaining clean business environment, water management are few initiatives taken by the Group during the year. We also embarked on "Net Plus" solar power project at our factories by installing roof top solar panels with a view of reducing electricity consumption within the Group.

We have also developed and integrated our sourcing of milk. Coconut, corn, soya, rice and spices with our own plantations and farmer

networks which comprises mainly of small and medium scale farmers. In addition we advocate sustainable agricultural practices with the objective of preserving forestry and bio diversity.

Management of natural capital is a critical imperative as it accounts for significant portion of our total assets. We are heavily dependent on natural resources, water and energy are significantly impacted by climate change in our plantations.

We also seek to manage our consumption of materials, water and energy to reduce cost of production and our impact on the environment.

Human Capital

The Group strongly believes in people development and encourages knowledge sharing. As a result management launched its organization structures and strategy for 2020 to its senior management team and emphasized the roles that each one of our employee needs to play in the coming years. Having sought insights from internal and external stakeholders, some of the business processes, operations and departments reporting have been revisited and streamlined.

Social and Relationship Capital

In today's dynamic and competitive business environment, Corporate Sustainability links with social responsibility and the strength of the stakeholder relationships.

The companies in the Group mainly depend on the co-ordination of the society and surrounding environment. In turn, it benefits all the companies in the Group in many ways.

At present the Group is entrenched in the rural economy touching the lives of families across the nation.

Intellectual Capital

Intellectual Capital is the group knowledge assets that are attributed to an organisation and most significantly contribute to an improved competitive position of an organisation by adding value to defined stakeholders (Marr & Schiuma, 2001). The Renuka Group which the Company belongs to, trace its roots to 1866 and gradually built its solid businesses pillars owning many brands striving in local and export markets. Such a built up knowledge is used in many aspects and able to invest in wider range of business operations while growing the Group as a whole.

Our intellectual capital enables us to compete effectively in local and global markets shaping our brand equity.

Outlook

Due to the prevailing economic and political situation lot of challenges are currently presented. However with the existing negotiation with International Monetary Fund by the government of Sri Lanka, the external factors will be normalized to carry out the business in the foreseeable future.

REPORT ON THE CORPORATE GOVERNANCE

Corporate Governance is system of rules, practices and processes by which a company is directed and controlled. Corporate Governance essentially involves balancing the interests of the many stakeholders in a company – these include its shareholders, management, customers, suppliers, financiers, government and the community. Since Corporate Governance also provides the framework for attaining a company's objectives, it encompasses practically every sphere of management, from action plans and internal controls to performance measurement and corporate disclosure. The Company holds itself accountable to the highest standards of Corporate Governance and provides public accessibility to the information of the Company. Corporate Governance has been institutionalized at all levels in the Group through a strong set of corporate values which have been adhered to by the senior management and Board of Directors in the performance of their official duties and in other situations which could affect the Group image. The Group is committed to the highest standards of integrity, ethical values and professionalism in all its activities.

In Renuka Foods Group, we set our framework of Corporate Governance in line with Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka and the rules set out in the Colombo Stock Exchange Listing rules and also comply with the country's legislative and regulatory requirements.

Internal Governance Structure

Board of Directors

The Board of Directors are the ultimate governing body of the Company with diverse experience, professionalism and has a wide range of expertise in various fields as set out on page 8.

The Board is responsible for the ultimate supervision of the Group. In all action taken by the Board, Directors are expected to exercise their business judgment considering the best interest of the Company. The Directors participate in defining goals, visions, strategies and business targets.

The Board gives leadership in setting the strategic direction and establishing a sound control framework for the successful functioning of the Company.

The Boards composition reflects a sound balance of independence.

COMPOSITION OF THE BOARD AND DIRECTORS INDEPENDENCE

Composition of the Board of Directors as at 31st March 2022 consists of 7 members of which

- 4 Executive Directors
- 3 Non-Executive Independent Directors

The Independence of the Directors are measured in accordance with the Listing Rules of the Colombo Stock Exchange and the Independent Non-Executive Directors has submitted signed confirmation of their Independence.

Name of Director	Executive	Non – Executive	Independent
Dr. S.R. Rajiyah	✓		
Mrs. I.R. Rajiyah	✓		
Mr. S.V. Rajiyah	✓		
Mr. V. Sanmugam	✓		
Mr. T.K. Bandaranayake		✓	✓
Mr. M.S. Dominic		✓	✓
Dr. J.A.S. Felix		✓	✓

BOARD RESPONSIBILITIES

The Board aims at fulfilling its responsibilities by creating value for all stakeholders that is sustainable and beneficial. Under the direction of the Executive Directors and oversight of the Board, the business of the Company is conducted by its managers, officers and employees to enhance the long term value of the Company.

REPORT ON THE CORPORATE GOVERNANCE (Contd...)

The Board meets regularly and gives full consideration to the following:

- Review strategic and operational issues
- Approve interim and annual budgets
- Review profit and working capital forecasts and monthly management accounts
- Provide advice and guidelines to senior managers
- Approve major Investments
- Approve interim and annual reports

BOARD BALANCE

The balance of Executive, Non-Executive and Independent Non-Executive Directors on the Board who are professionals/academics/business leaders holding senior positions in their respective fields ensures a right balance between executive expediency and independent judgment as no individual Director or small group of Directors dominate the Board discussion and decision making.

Directors are provided with monthly reports of performance and minutes of the Board Meetings and are given the specific documentation necessary, in advance of such meetings.

There is a distinct and clear division of responsibilities between the Chairman and the Management to ensure that there is a balance of power and authority. The roles of the Chairman and the management are separated and clearly defined. The Chairman is responsible for ensuring Board effectiveness and conduct whilst the Management has overall responsibilities over the operating units, organizational effectiveness and implementation of Board policies and decisions.

BOARD MEETINGS AND ATTENDANCE

There were 3 Board Meetings for the year ended 31st March 2022 and attendance at meetings was as follows:

Name of Director	Eligible to attend	Non – Executive
Dr S.R. Rajiyah (Chairman)	3	3/3
Mrs I.R. Rajiyah	3	3/3
Mr. S.V. Rajiyah	3	3/3
Ms. A.L. Rajiyah	3	0/3
Mr. M.S. Dominic	3	3/3
Mr. T.K. Bandaranayake	3	3/3
Mr. V. Sanmugam	3	2/3
Dr. J.A.S. Felix	3	3/3
Mr. P. Gunathilake (Alternative director to Ms. A.L.Rajiyah)	3	3/3

Ms. A.L.Rajiyah and Mr. P. Gunathilake alternative director to Ms. A.L.Rajiyah resigned w.e.f 31/03/2022

Audit Committee attendance for the year was as follows :

Name of Director	Eligible to attend	Non – Executive
Mr. T.K. Bandaranayake (Chairman)	4	4/4
Mr. M.S. Dominic	4	4/4
Dr. J.A.S. Felix	4	4/4

Related Party Transactions Review Committee (RPTRC) attendance for the year was as follows:

Name of Director	Eligible to attend	Non – Executive
Mr. T.K.Bandaranayake (Chairman)	4	4/4
Mr. M.S.Dominic	4	4/4
Mr. J.M.Swaminathan	4	4/4

The Remuneration Committee attendance for the year was as follows :

Name of Director	Eligible to attend	Non – Executive
Mr. M.S. Dominic Chairman	1	1/1
Mr. L.M.Abeyawickrama	1	1/1
Mr. T.K.Bandaranayake	1	1/1
Dr. J.M.Swaminathan	-	-

Note : Mr. L. M. Abeyawickrama resigned w.e.f 07/01/2022 and Dr. J. M. Swaminathan appointed on 07/01/2022

The Nomination Committee attendance for the year was as follows :

Name of Director	Eligible to attend	Non – Executive
Mr. M.S. Dominic - Chairman	1	1/1
Mr. T.K.Bandaranayake	1	1/1
Mr. L.M.Abeyawickrama	1	1/1
Mrs J.J.B.A. Rajiyah	-	-

Note: Mr.L.M.Abeyawickrama resigned w.e.f 07/01/2022 and Mrs J J B A Rajiyah appointed on 07/01/2022. Mr.M.S. Dominic appointed as Chairman w.e.f 07/01/2022.

REPORT ON THE CORPORATE GOVERNANCE (Contd...)

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The Company's Articles of Association call for one third of the Non- Executive Directors to retire at each Annual General Meeting and the Director who retires are those who have served for the longest period after their appointment/ re-appointment.

PROCEDURE FOR DIRECTORS TO OBTAIN PROFESSIONAL ADVICE

The Directors obtain independent and professional advice with regard to decision making in their duties.

BOARD COMMITTEES

To assist the Board in discharging its duties various Board Committees are established. The functions and terms of references of the Board Committee are clearly defined and where applicable, and comply with the recommendation of the Code of Best Practice on Corporate Governance.

AUDIT COMMITTEE

The Audit Committee reviews issues of accounting policy and presentation for external audit function and ensures that an objective and professional relationship is maintained with the external auditors. Its principal function is to assist the Board in maintaining a sound system of internal controls. The Committee has full access to the external auditors who, in turn, have access at all times to the Chairman of the Committee. The Committee meets with the external auditors without any executive present at least once a year, in line with good Corporate Governance Practice.

The Report of the Audit Committee is presented on pages 21 and 22 and the duties of the Audit Committee are included therein.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The related Party Transactions review committee was established on 1st January 2016 with an objective of keeping in line with the Code of Best Practice on Corporate Governance and the requirement of the Listing Rules of Colombo Stock Exchange with a view to ensure that the interests of shareholders as a whole are taken into account by Renuka Foods PLC and its subsidiaries and are consistent with the Listing Rules of Colombo Stock Exchange when entering into Related Party Transactions and make required disclosures in a timely manner.

The Related Party Transactions review committee of Renuka Foods PLC is the same committee of the ultimate parent, Renuka Holdings PLC appointed with effect from 3rd August 2016, by and responsible to the Board of Directors, The Report of the Related Party Transactions Review Committee is presented on page 23.

REMUNERATION COMMITTEE

The Remuneration Committee is responsible for developing the Group's remuneration policy and determining the remuneration packages of executive employees of the Group. The Committee recommends to the Board and its subsidiaries the remuneration to be paid to Key Management Personnel.

The Remuneration Committee of Renuka Foods PLC is the same committee of the ultimate parent, Renuka Holdings PLC appointed by and responsible to the Board of Directors, it consists of two Non-Executive Independent Directors and one Non-Executive Director. The Managing Director may also be invited to join in the deliberation as required. The Chairman of the Committee is an Independent Non-Executive Director.

SHAREHOLDER RELATIONS

The Board considers the Annual General Meeting as a prime opportunity to communicate with shareholders. The Shareholders are given the opportunity of exercising their rights at the Annual General Meeting. The notice of the Annual General Meeting and the relevant documents required are published and sent to the shareholders within the statutory period. The Company circulates the agenda for the meeting and shareholders vote on each issue separately. All shareholders are invited and encouraged to participate at the Annual General Meeting. The Annual General Meeting provides an opportunity for shareholders to seek and obtain clarifications and information on the performance of the Company and to informally meet the Directors. The external Auditors are also present at the Annual General Meeting to render any professional assistance that may be required. Shareholders who are not in a position to attend the Annual General Meeting in person are entitled to have their voting rights exercised by a proxy of their choice.

The Company publishes interim financial statements in a timely manner as its principle communication with shareholders and others. This enables stakeholders to make a rational judgment of the Company.

INTERNAL AUDIT AND CONTROL

The Board is responsible for the Group's internal control and its effectiveness. Internal control is established with emphasis placed on safeguarding assets, making available accurate and timely information and imposing greater discipline in decision making. It covers all controls, including financial, operational and compliance control and risk management. It is important to state, that any system can ensure only reasonable and

REPORT ON THE CORPORATE GOVERNANCE (Contd...)

not absolute assurance that errors and irregularities are prevented or detected within a reasonable time.

The Group's internal audit function is headed by the Manager Internal Audit and report of the Internal Audits together with management comments are discussed with the Audit Committee. Further at each meeting follow up issues from previous meetings are also discussed in order to ensure implementation of appropriate policies and procedures as a prevention mechanism.

EXTERNAL AUDIT

The Group uses four Professional Accounting Firms for its external audits. Some of them provide nonassurance services to the Group. The restrictions provided in terms of rulings issued by CSE and other commitments were taken into consideration when entering into engagements with the Group auditor.

The Knowledge and experience of

the Audit Committee ensure effective usage of the expertise of the auditors, whilst maintaining independence, in order to derive transparent Financial Statements. This Group maintains independence from financial and non financial interest between auditors and re-assesses the same on a regular basis.

MAJOR TRANSACTION

There are no transactions during the year under review which fall within the definition of 'Major Transaction' in terms of the Companies Act. No. 07 of 2007.

GOING CONCERN

The Directors, upon making necessary inquiries and reviews including reviews of the Group budget for the following year, capital expenditure requirements and available financing facilities, have a reasonable expectation of the Company's existence in the foreseeable future.

Therefore, the going concern basis

is adopted in the preparation of the Financial Statements.

CORPORATE GOVERNANCE COMPLIANCE STATEMENT

Renuka Foods PLC is fully complied with the Corporate Governance listing requirement of the Colombo Stock Exchange and adheres to the different regulating authorities.

- Companies Act No.7 of 2007
- Code of Best Practices on Corporate Governance issued jointly by the CA Sri Lanka and the Securities & Exchange Commission of Sri Lanka
- Inland Revenue Act
- Exchange Control Act
- Board of Investment Regulations
- Customs Ordinance

Extent of Compliance with the Listing Rules set out in Section 7.10 of the Colombo Stock Exchange's on Corporate Governance, are summarized below. (Mandatory Provisions – Fully Complied).

COMPLIANCE SUMMARY

Extent of Compliance with the Listing Rules set out in Section 7.6 of the Colombo Stock Exchange's Corporate Governance and Annual Report Disclosures.

CSE Rule Reference	Corporate Governance Principles	Compliance Status	Company's Extent of Adoption
(i)	Names of persons who were Directors of the entity	Compliant	Refer Directors' Report on page 33 to 37 in this Annual Report.
(ii)	Principal activities of the entity during the year and any changes therein	Compliant	Refer Note 3.1 to Financial Statements.
(iii)	The names and the No. of shares held by the 20 largest holders of voting and non voting shares and the percentage of such shares held	Compliant	Refer Shareholders and Investor information on pages 118 to 119 to this Annual Report
(iv)	The public holding percentage	Compliant	Refer Shareholders and Investor information on pages 115 to 119 to this Annual Report
(v)	A Statement of each Director's holding and Chief Executive Officer's holding in shares of the entity at the beginning and end of each Financial year	Compliant	Refer Directors' Report on pages 33 to 37 to this Annual Report
(vi)	Information pertaining to material foreseeable risk factors of the Entity	Compliant	Refer Risk management Report on pages 26 to 30 to this Annual Report.
(vii)	Details of material issues pertaining to employees and industrial relation of the Entity	Compliant	Refer Directors' Report on pages 33 to 37 to this Annual Report
(viii)	Extent, Locations, Valuations and the number of buildings of the Entity's land holding and investment properties	Compliant	Refer Note 15 to Financial Statements.

REPORT ON THE CORPORATE GOVERNANCE (Contd...)

CSE Rule Reference	Corporate Governance Principles	Compliance Status	Company's Extent of Adoption
(ix)	Number of shares representing the Entity's Stated Capital	Compliant	Refer Note 27 to Financial Statements.
(x)	A distribution schedule of the number of holders in each class of equity securities and the percentage of their total holdings	Compliant	Refer Shareholders and Investor information on pages 115 and 119 to this Annual Report
(xi)	Financial ratios and Market Price Information	Compliant	Refer Five Year Summary given on page 114 to this Annual Report.
(xii)	Significant change in the Company's fixed assets and market value of Land, if the value differs substantially from the book value as at the end of the year	Not Applicable	-
(xiii)	Details of funds raised through a public issue, rights issue and a private placement during the year	Not Applicable	-
(xiv)	Information in respect of Employee Share Ownership or Stock Option scheme	Not Applicable	-
(xv)	Disclosures pertaining to Corporate Governance practices in terms of Rules 7.10.3, 7.10.5 c. and 7.10.6.c. of Section 7 of the Listing Rules	Compliant	Refer Corporate Governance Report on page 13 to 20 to this Annual Report
(xvi)	Related Party Transactions exceeding 10 percent of the equity or 5 percent of the total assets of the entity as per Audited Financial Statements, which ever is lower.	Compliant	Refer Note 35 to Financial Statements

Extent of Compliance with the Listing Rules set out in Section 7.10 of the Colombo Stock Exchange's on Corporate Governance, are summarized below. (Mandatory provisions fully complied)

CSE Rule Reference	Corporate Governance Principles	Compliance Status	Company's Extent of Adoption
7.10	COMPLIANCE		
a./b./c.	Compliance with Corporate Governance Rules	Compliant	This report declares the confirmation on compliance and refer above for "CORPORATE GOVERNANCE COMPLIANCE STATEMENT"
7.10.1	NON-EXECUTIVE DIRECTORS (NED)		
a.	At least 2 members or 1/3 of the Board, whichever is higher should be NEDs	Compliant	Three out of seven Directors are Non-Executive Directors
b.	The Total number of Directors are to be calculated based on the number as at the conclusion of the immediately preceding Annual General Meeting	Compliant	Calculation is based on number as at the conclusion of the immediately preceding Annual General Meeting
c.	Any change occurring to this ratio shall be rectified within ninety (90) days from the date of the change	Not Applicable	-
7.10.2	INDEPENDENT DIRECTORS		
a.	2 or 1/3 of NEDs, whichever is higher shall be 'independent'	Compliant	Three out of three Non-Executive Directors are independent

REPORT ON THE CORPORATE GOVERNANCE (Contd...)

CSE Rule Reference	Corporate Governance Principles	Compliance Status	Company's Extent of Adoption
b.	Each NED to submit a signed and dated declaration annually of his/her independence or non-independence	Compliant	All Non-Executive Independent Directors have submitted their confirmation on independence
7.10.3	DISCLOSURES RELATING TO DIRECTORS		
a./b.	Board shall annually determine the independence or otherwise of NEDs	Compliant	The Board assessed the independence declared by Directors and determined the Directors who are independent.
c.	A brief resume of each Director should be included in the annual report including the directors' experience	Compliant	Refer page 8 for a brief resume of each Director
d.	Provide a resume of new Directors appointed to the Board along with details	Not Applicable	There are no new appointments during the year ended 31st March 2022.
7.10.4	CRITERIA FOR DEFINING INDEPENDENCE		
a. - h.	Requirements for meeting the criteria to be an Independent Director	Compliant	As per 7.10.2 a & b in determining of the independence or otherwise of NEDs, board reviewed the criteria for defining independence as per 7.10.4 a to h
7.10.5	REMUNERATION COMMITTEE		
a.1	A listed company shall have a Remuneration Committee	Compliant	The remuneration committee of Renuka Foods PLC is the same Committee of the ultimate Parent. Renuka Holdings PLC as allowed by Listing Rules of Colombo Stock Exchange.
	Remuneration Committee shall comprise of NEDs, a majority of whom will be independent	Compliant	The remuneration Committee comprises of 3 Non-Executive Directors of whom all are independent.
a.2	One Non-Executive Director shall be appointed as Chairman of the Committee by the board of directors	Compliant	Mr. M.S. Dominic is the Chairman of the Committee who is Independent/ Non-Executive Director.
b.	Remuneration Committee shall recommend the remuneration of the CEO and the Executive Directors	Compliant	Refer Page 24 for Remuneration Committee scope
c.1	Names of Remuneration Committee members	Compliant	Refer page 24 for names of the Committee members

REPORT ON THE CORPORATE GOVERNANCE (Contd...)

CSE Rule Reference	Corporate Governance Principles	Compliance Status	Company's Extent of Adoption
c.2	Statement of Remuneration policy	Compliant	Refer page 24.
c.3	Aggregate remuneration paid to EDs and NEDs	Compliant	Refer to note 12 of the financial statements.
7.10.6	AUDIT COMMITTEE		
a.1	A listed company shall have an Audit Committee.	Compliant	The Company has its own Audit Committee.
	Audit Committee shall comprise of NEDs, or a majority of whom should be independent	Compliant	The Audit Comprises of three Independent Non-Executive Directors
a.2	A NED shall be the Chairman of the committee	Compliant	The Chairman of the Committee is an Independent Non-Executive Director
a.3	CEO and CFO should attend Audit Committee meetings	Compliant	Refer to pages 21 and 22.
a.4	The Chairman of the Audit Committee or one member should be a member of a professional accounting body	Compliant	The Chairman of the Audit Committee is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka.
b.	Functions of the Audit Committee		
b.1	Overseeing of the preparation, presentation and adequacy of disclosure in the financial statements in accordance with SLFRS/LKAS	Compliant	Refer pages 21 and 22 of Audit Committee Report
b.2	Overseeing the compliance with financial reporting requirements, information requirements as per the laws and regulations	Compliant	Refer pages 21 and 22 of Audit Committee Report
b.3	Ensuring the internal controls and risk management, are adequate, to meet the requirements of the SLFRS/LKAS	Compliant	Refer pages 21 and 22 of Audit Committee Report
b.4	Assessment of the independence and performance of the Entity's external auditors	Compliant	Refer pages 21 and 22 of Audit Committee Report
b.5	Make recommendations to the Board pertaining to appointment, re-appointment and removal of external auditors and to approve the remuneration and terms of engagement of the external auditors.	Compliant	Refer pages 21 and 22 of Audit Committee Report
c.1	Names of the Audit Committee members shall be disclosed	Compliant	Refer pages 21 and 22 of Audit Committee Report
c.2	Audit Committee shall make a determination of the independence of the external auditors	Compliant	Refer pages 21 and 22 of Audit Committee Report
c.3	Report on the manner in which Audit Committee carried out its functions	Compliant	Refer pages 21 and 22 of Audit Committee Report

REPORT ON THE CORPORATE GOVERNANCE (Contd...)

CSE Rule Reference	Corporate Governance Principles	Compliance Status	Company's Extent of Adoption
9.2	RELATED PARTY TRANSACTIONS REVIEW COMMITTEE(RPTR)		
9.2.1 & 9.2.3	Related Party Review Committee	Compliant	The Functions of the Committee are stated in the Report of the RPTR Committee on page 23.
9.2.2	Composition	Compliant	Refer the report of RPTR Committee on page 23.
9.2.4	Meetings	Compliant	Refer the report of RPTR Committee on page 23.
9.3.1	Immediate Disclosures	Compliant	Please refer Note 35 of the Notes to the Financial Statements.
9.3.2 (a) & (b)	Disclosure of recurrent and non-recurrent Related Party Transactions	Compliant	Please refer Note 35 of the Notes to the Financial Statements.
9.3.2 (c)	Report by the Related Party Transactions Review Committee	Compliant	Refer the report of RPTR Committee on page 23.
9.3.2. (d)	A declaration by the Board of Directors	Compliant	Please refer the Annual Report of Board of Directors for an affirmative statement of compliance of the Board on pages 33 to 37.

Below summary list, Company compliance with Companies Act No 7 of 2007

Section	Companies Act Requirements	Compliance Status	Reference
168 (1) (a)	The state of the Company's affairs and nature of the business of the Company or any of its subsidiaries together with any change thereof during the accounting period	Compliant	Refer Note 1 – 5 of the Financial Statements
168 (1) (b)	Signed Financial Statement of the Company and its subsidiaries for the accounting period completed	Compliant	Refer page 45 of the Annual Report
168 (1) (c)	Auditors Report on Financial Statements of the Group and the Company	Compliant	Refer page 39 to 43 of the Annual Report
168 (1) (d)	Accounting Policies and any changes therein	Compliant	Refer Note 1 – 5 of the Financial Statement
168 (1) (e)	Particulars of the entries made in the interests Register during the accounting period	Compliant	Refer Annual Report of the Board of Directors on page 33 – 37
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company during the accounting period	Compliant	Refer Note 12 of the Financial Statements
168 (1) (g)	Corporate donations made by the Company during the accounting period	Compliant	Refer page 36 of the Annual Report
168 (1) (h)	Names of the Directors of the Company and its Subsidiaries at the end of the accounting period and name of Directors who ceased to hold office during the accounting period	Compliant	Refer page 14 and 100 of the Annual Report
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered during the accounting period	Compliant	Refer Note 12 of the Financial Statement
168 (1) (j)	Other relationships or any interest of Auditors with the Company and its subsidiaries	Compliant	Refer pages 21 and 22 of the Annual Report, Audit Committee Report
168 (1) (k)	Acknowledgment of the content of this report and signature on behalf of the Board	Compliant	Refer pages 33 to 37 of the Annual Report for Report of the Board of Directors

AUDIT COMMITTEE REPORT

In keeping with the Code of the Best Practice on Corporate Governance and the requirement of the Securities and Exchange Commission for Public Listed Companies, Renuka Foods PLC has established an Audit Committee whose function, authority and duties have been clearly identified in the Audit Committee Charter. This Charter integrates all the requirements of the Securities and Exchange Commission and the Code of Best Practice on Corporate Governance.

The role of the Audit Committee is to oversee the financial reporting system of the Company with a view of safeguarding the interest of all the stakeholders and ensuring that it has been extended to its subsidiaries. This includes selecting and applying appropriate accounting policies for the purpose of financial reporting, ensuring sound internal control principles and its effective implementation, ensuring the integrity of Financial Statements and maintaining an appropriate independent relationship with the Company auditors.

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee appointed by and responsible to the Board of Directors comprises three Non-Executive Directors of whom all three are independent during the year as follows:

Mr. T.K. Bandaranayake (IND/NED)
Chairman

Mr. J.A.S. Felix (IND/NED)

Mr. M.S. Dominic (IND/NED)

(IND – Independent Director,
NED – Non-Executive Director)

The composition is in compliance with the requirement to have a minimum of two Independent Non-Executive Directors in terms of the

rules on Corporate Governance for Listed Companies issued by the Colombo Stock Exchange.

The Chairman of the Committee, Mr. T. K. Bandaranayake, an independent Non-Executive Director, is a financial professional with over 28 years in public practice with Ernst & Young. He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka. He currently holds Directorship in number of listed companies and audit committees.

Brief profiles of each member are given on pages 8 to 9 of this report. Their individual and collective financial knowledge and business acumen and the independence of the Committee are brought to bear on their deliberations and judgments on the matters that come within the Committee's purview.

Executive Director, Chief Executive Officer – Shared Services and Chief Financial Officer attend meetings of the Committee by invitation.

CHARTER OF THE AUDIT COMMITTEE

"Rules on Corporate Governance" under the listing rules of Colombo Stock Exchange and "Code of Best Practice on Corporate Governance" issued jointly by Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka further regulate the composition, role and functions of the Audit Committee.

MEETINGS OF THE AUDIT COMMITTEE

The attendance of the members of Audit Committee meeting is stated in the table on page 14. The Committee met four times during the year.

Other members of the Board, Management members as well as External Auditors were present at the discussions where it was re-quired. The proceedings of the Audit Committee are regularly reported to the Board of Directors.

FINANCIAL REPORTING

The Committee oversees the Company's financial reporting on behalf of the Board of Directors, as part of its responsibility, review the quarterly and Annual Financial Statements and recommended them to the Board for its deliberations prior to their issuance.

The Committee reviews the Financial Statements to ensure consistence of the accounting policies and their compliance with the Sri Lanka Accounting Standards.

The Committee has also regularly discussed the operations of the Company and its future prospects with the management and is satisfied that all relevant matters have been taken into account in the preparation of the Financial Statements.

INTERNAL AUDIT

Internal audits are carried out internally in line with an agreed audit plan. Follow up reviews are scheduled to ascertain that audit recommendations are being acted upon.

AUDIT COMMITTEE REPORT (Contd...)

CONTROLS AND RISKS

The Committee reviewed the process to assess the effectiveness of the internal financial controls that have been designed to provide reasonable assurance to the Directors that assets are safeguarded, and that the financial reporting system can be relied upon in preparation and presentation of Financial Statements. Further it evaluates compliance with laws, regulations and established policies and procedures of the Company.

EXTERNAL AUDITORS

The Audit Committee evaluated the independence of the External Auditors and the effectiveness of the audit process. The Committee discussed the Management letter at the conclusion of the Audit.

The Committee reviewed the Audited Financial Statements with the External Auditors who are responsible to expressing an opinion on its conformity with the Sri Lanka Accounting Standards. Also the External Auditors kept the Audit Committee advised on an on-going basis regarding any unresolved matters of significance.

The Audit Committee undertook the evaluation of the independence and objectivity of the external auditor and the effectiveness of the audit process. As far as the Audit Committee is aware, Auditors do not have any relationship (other than of Auditors) with the Company. In addition, as required by the Companies Act No. 07 of 2007, the Committee has received a declaration from Messrs. KPMG confirming that they do not have any relationship with the Company, which may have a bearing on their independence.

The Audit Committee recommended to the Board of Directors that M/s KPMG be appointed as Auditors for the financial year ending 31st March 2023 subject to the approval of the shareholders at the Annual General Meeting.

Conclusion

The Audit Committee is satisfied that the internal controls and procedures in place for assessing and managing risks are adequately designed and operate effectively and is of the view that they provide reasonable assurance that the Company's assets are safeguarded and that the financial statements of the Company are reliable. The Company's External Auditors have been effective and independent throughout the year.

Sgd.
T.K. Bandaranayake
Chairman
12th August 2022

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

The Related Party Transactions Review Committee was established on 1st January 2016. The objective of the Committee is to keep in line with the Code of Best Practice on Corporate Governance and the requirement of the Listing Rules of Colombo Stock Exchange with a view to ensure that the interests of shareholders as a whole are taken into account by Renuka Foods PLC and its subsidiaries and are consistent with the Listing Rules of Colombo Stock Exchange when entering into Related Party Transactions and made required disclosures in a timely manner.

Composition of the Related Party Transactions Review (RPTR) Committee

The Related Party Transactions Review Committee is appointed by and responsible to the Board of Directors. However as from 3rd August 2016 the Related Party Transaction Review Committee of the Ultimate Parent Company namely Renuka Holdings PLC which is a listed legal entity functions as the RPTR Committee for Renuka Foods PLC. This is in compliance in terms of the rules on Corporate Governance for Listed Companies issued by the Colombo Stock Exchange.

Related Party Transactions Review Committee Members

Mr. T.K. Bandaranayake (IND/NED)
Chairman

Mr. M.S.Dominic (IND/NED)

Dr. J.M. Swaminathan (IND/NED)
IND – Independent Director
NED – Non-Executive Director

Brief profiles of Mr. T.K. Bandaranayake and Mr. M.S.Dominic are given on pages 8–9 and Dr. J.M. Swaminathan's profile is given below. Their individual and collective financial knowledge and business acumen and the independence of the Committee are brought to bear on their deliberations and judgments on the matters that come within the Committee's purview.

Dr. J. M. Swaminathan

Dr. J. M. Swaminathan is an Attorney-at-Law with over 57 years in practice. He was the former Senior Partner of Messrs. Julius & Creasy. He was a Member of the Office for Reparations Sri Lanka. He has served as a Member of the Law Commission of Sri Lanka and Member of the Council of Legal Education and the Council of the University of Council. He is also a Member of the Company Law Advisory Commission and The Intellectual Property Law Advisory Commission. He is the Chairman of the Board of Studies of the Council of Legal Education and also a Consultant at the Institute of Advanced Legal Studies of the Council of Legal Education. He is a Member of the Visiting Faculty of the LLM Course of the University of Colombo. He also serves on the Boards of several public and private companies.

Mandate

To ensure on behalf of the Board, that all related party transactions of Renuka Foods PLC and its subsidiaries are consistent with the listing rules of Colombo Stock Exchange.

Number of Committee Meetings

The committee has met four times during the period from 1st April 2021 to 31st March 2022. The attendance of the members of the Committee is stated in the table on page 14.

Attendance by Invitation

The Executive Director – Mr. S.V. Rajiyah, Chief Executive Officer – Shared Services and Chief Financial Officer attended the meetings by invitation.

DUTIES AND RESPONSIBILITIES OF THE RPTR COMMITTEE

- Establish the definitions and set out the threshold values of each related party transaction as per the Code which require discussion and disclosure.
- Identify related party transactions that need pre-approval from the Board of Directors, immediate market disclosure, transactions that need shareholder approval and disclosure in the Annual Report.

- Formulate a standard template to implement in the group to follow when documenting RPT and when presenting to RPT committee.
- Establish proper guide lines to identify recurrent & non-recurrent Related party transactions to follow by the company and its subsidiaries.
- Establish a method of having access to adequate knowledge or expertise to assess all aspects of proposed related party transactions where necessary, and method of obtaining appropriate professional and expert advice from appropriately qualified persons.
- Periodic review by the Committee to ensure that required disclosures have been disclosed in the market or annual report as required by the Listing Rules of Colombo Stock Exchange.
- The committee communicates its comments/observations to the Board of Directors after each review of related party transactions.

CONCLUSION

The Committee has reviewed the related Party Transactions presented to them by the management of the Company for the financial year ended 31st March 2022. The Activities and views of the Committee have been communicated to the Board of Directors through verbal briefing and by tabling minutes of the Committee meetings.

Sgd.

T. K. Bandaranayake

Chairman

12th August 2022

REMUNERATION COMMITTEE REPORT

The Remuneration Committee of Renuka Foods PLC is the same Committee of the ultimate parent, Renuka Holdings PLC appointed by and responsible for the Board of Directors consists of two Non-Executive Independent Directors (IND/NED) and one Non-Executive Director (NED). The Managing Director may also be invited to join in the deliberations as required.

The Chairman of the Committee is an Independent Non-Executive Director.

The members are:

1. Mr. M.S. Dominic (IND/NED)
(Chairman)
2. Mr. T.K. Bandaranayake (IND/NED)
3. Dr. J.M. Swaminathan (IND/NED)
4. Mr. L.M. Abeywickrama (NED)

(IND – Independent Director, NED – Non-Executive Director)

Mr. L. M. Abeywickrama resigned W.E.F. 07/01/2022 and Dr. J.M. Swaminathan appointed on 07/01/2022

The brief profiles of the Directors are given on page 8 & page 9 of the Annual Report and Dr. J.M. Swaminathan profile is given below.

Dr. J. M. Swaminathan

Dr. J. M. Swaminathan is an Attorney-at-Law with over 57 years in practice. He was the former Senior Partner of Messrs. Julius & Creasy. He was a Member of the Office for Reparations Sri Lanka. He has served as a Member of the Law Commission of Sri Lanka and Member of the Council of Legal Education and the Council of the University of Council. He is also a Member of the Company Law Advisory Commission and The Intellectual Property Law Advisory Commission. He is the Chairman of the Board of Studies of the Council of Legal Education and also a Consultant at the Institute of Advanced Legal Studies of the Council of Legal Education. He is a Member of the Visiting Faculty of the LLM Course of the University of Colombo. He also serves on the Boards of several public and private

companies.

The Remuneration Committee held a meeting during the year to review Company remuneration policy and made its recommendations.

Independence of the Committee

The committee is independent from the management of the business and not involve any business operations.

The scope of the Committee

- The committee study and recommends the remuneration policy of Directors & Key Management Personnel
- Review the performances of Key Management Personnel on periodic basis
- The Committee recommends the remuneration based on the prevailing market rates and perquisites applicable to the Key Management personnel of the Company and makes appropriate recommendations to the Board of Directors for Approval.
- The Committee also carries out periodic reviews to ensure that the remunerations are in line with market conditions.

The Remuneration Policy is to attract and retain best professional managerial talent within the Renuka Group and also to motivate and encourage them to perform at the highest possible level. The Group has a structure and professional methodology in evaluate the performance of employees. The policy ensure equality and fairness between the various employees is maintained.

Sgd.

M.S. Dominic

Chairman

12th August 2022

NOMINATION COMMITTEE REPORT

The Nomination Committee of ultimate parent, Renuka Holdings PLC, acts as the Nomination Committee of Renuka Foods PLC.

Composition of Nomination Committee

Mr. M.S. Dominic – Chairman

Mr. T.K. Bandaranayake (Independent Non-Executive)

Mrs. J.J.B. A. Rajiyah (Non-Executive)

Mrs. L.M. Abeywickrema (Non-Executive)

Brief profiles of each member are given on pages 8 and 9 of this Annual Report and Mrs. J.J.B.A. Rajiyah profile is given below.

Mr. L.M. Abeywickrema resigned w.e.f. 07/01/2022 and Mrs. J.J.B.A. Rajiyah appointed on 07/01/2022. Mr. M.S. Dominic appointed as Chairman w.e.f. 07/01/2022.

Mrs. J. J. B.A. Rajiyah

Mrs. J. J. B. A. Rajiyah is a Non-Executive Director of Renuka Holding PLC. She has earned her B.Sc in Law with Management from the University of London and holds a MBA from the Postgraduate Institute of Management, University of Sri Jayawardenepura. She is an Executive Director on the Board of The Autodrome PLC since 2004 and serves in the capacity of the Marketing Director. She is also a Director of Renuka Group Limited, Renuka Enterprises (Pvt) Limited, Galle Face Properties Ltd and other Companies of the Renuka Group. She is also a Director of Mercury Ltd., and Tourama (Pvt) Ltd.

The directives of the Committee are,

- To identify suitable persons who could be considered to become Board member as a Non-Executive Director
- To recommend to the Board the process of selection of Chairman and Deputy Chairman

- Make necessary recommendation to the Board as and when needed by the Board

The Scope of the Committee is,

- To define and establish the nomination process for Non-Executive Directors,
- Lead the process of Board appointments and make recommendations to the Board.
- The Committee scope out the tasks such as assess skills required to be on the Board
- Periodic review of the extent of skills required of the Director who represent the Board
- Review description of role and capabilities required for a particular Board appointment and Identify and recommend suitable candidates to the Board.

Company Secretaries act as the secretaries to the Committee.

Sgd.

D. S. Dominic

Chairman

12th August 2022

RISK MANAGEMENT

Risk Management is an integral part of our business, since management of risks against returns is a critical trade off decision, businesses have to make every day when it comes to investment and operational decision making.

We reviewed and refined our investment and business processes balancing objectively with responsiveness and flexibility. The aim was to lay a sound foundation to integrate our risk management activities as part and parcel of our business operations.

Our Approach to Risk Management

Our definition for risk is the potential occurrence of an external or internal event that may negatively impact our ability to achieve the Groups' business objectives.

The process of embedding risk management system within our groups systems and procedure can be outlined as below:

1. Identify Controls that are already operating
2. Monitor those controls to ensure their effectiveness
3. Improve and refine as per the requirement
4. Document evidence of monitoring and control operation

Group's risk management framework takes into account the range of risks to be managed, and summery in to below categories.

1. Strategic Risk – A possible source of loss that might arise from an unsuccessful strategic decision taken by the organization. These content strategies related to growth and strategic positioning which ultimately affect the overall mission of the group.

2. Operational Risk – is the potential loss that might arise in business operation resulting from inadequate or failed internal processes, people and system or external events which ultimately affect the day to day activities of the Group.
3. Financial Risk- The likelihood of loss inherent in financing procedures which may weaken the ability to deliver adequate return to the Group. This may include liquidity risk, currency risk, and interest rate risk.

The systems and standard operating procedures and processes are in place to deal with these risks, and the chain of responsibility within the organization to monitor the effectiveness of our mitigation measures.

Enterprise Risk Management Process Risk Identification, Prioritization and Assessment

As the initial step of the risk framework, it is important to identify risks for effective management.

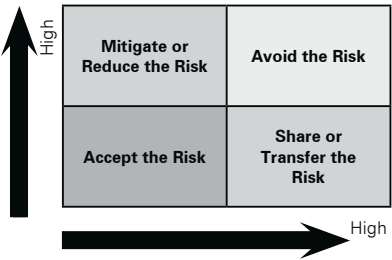
Renuka Group identifies all the risks by key stakeholders. We consider risk identification to be a key component of a robust risk management framework. In the absence of a proper risk identification process, the organization is incapable of effectively managing its key risks. We evaluate risks according to the likelihood of occurrence and magnitude of impact. This assessment provides a prioritized risk list, identifying those risks that need the most urgent attention.

		Impact		
		Low	Medium	High
Probability	High			
	Medium			
	Low			

Develop Risk Management Strategy

The Risk management strategies address how Group intend to assess risk, respond to risk and making explicit and transparent the risk perceptions that organization routinely use in making both investment and operational decisions.

The above concept has been embedded with risk mapping in order to develop a robust framework to determine an appropriate risk management strategy as shown below.



The Risk Management process in place ensures the clear allocation and segregation of responsibilities relating to risk identification, assessment, mitigation, monitoring, control and communication. We have in place several measures to strengthen our risk management process which are linked to our business processes. These include policies to mitigate business risks along with the upgrading of the support system that enable easy monitoring and management risks.

RISK MANAGEMENT (Contd...)

The main categories of risks that we take into account in the pursuit of our business goals are detailed below.

RISK	IMPACT	RISK MANAGEMENT STRATEGIES
STRATEGIC RISK		
Competitive Risk		
Risks to the group's reputation and Brand image	<p>Reduced market share and rates reducing revenue, cash flow and profitability.</p> <p>Increased promotional Expenditure.</p> <p>The positive correlation between cost of resources and competition.</p>	<p>Aim to have a broad appeal in price, range and format in a way that allows us to compete effectively in different markets.</p> <p>Formed strategic relationships with a diverse pool of suppliers, enabling flexibility in pricing contracts and hedging mechanisms are used wherever possible to mitigate exposure to commodity price fluctuations.</p> <p>The Group's service excellence, committed and award winning staff, uniqueness of properties, innovative product and service developments and the strength of its brands enables the group to counter threats from new and existing players.</p> <p>Maintaining a positive relationship with employees with a better remuneration and performance appraisal scheme.</p>
OPERATIONAL RISK		
Employee Risk		
Risk from not being able to attract and retain skilled and experienced staff.	Reduced productivity. Reduced quality of service resulting in reduced market share and Group's image.	<p>Significant resources are invested in strengthening our human capital through the deployment of the latest Human Resource Information Systems, regular staff training & development, succession planning and fostering a performance-based culture.</p> <p>Maintaining cordial relationships with labour grade staff and adopting interest based negotiations for win-win solutions.</p> <p>Implemented well structured talent management process to Identify critical employees and retain them in the long run.</p> <p>Periodic employee satisfaction surveys to ensure that remuneration is in line with the market.</p> <p>Investments in strengthening employee brand image.</p>

RISK MANAGEMENT (Contd...)

RISK	IMPACT	RISK MANAGEMENT STRATEGIES
Issue Pertaining to Employees and industrial Relationship	Adverse impact on service levels, expected quality standards, operational efficiency and group reputation. Loss of revenue.	Review all the issues with regard to employees and Industrial Regulations which affect the performance of the Group. Steps taken to ensure employees are satisfied at all the levels and their issues are addressed in order to retain talented employees. Maintain cordial relationship with all labour grade staff and adopting interest-based negotiations for win-win solutions. Well structured grievance handling system is in place to handle the grievance of employees at all levels and development of a Multi-skilled work force through structured and focused training programmes. Ensure proper industrial relationships with all the government agencies.
IT systems and infrastructure	Inability to obtain timely and accurate information due to failures in IT systems. Potential disruption to operations Significant financial losses.	"Implementation of effective IT infrastructure and to ensure consistency of delivery, All relevant staffs are effectively engaged to mitigate IT related risks through effective policy and procedures as well as increased awareness. Implementation of a comprehensive IT policy within the Group, supported by adequate systems and controls, ensure the safety and security of data. Contingency plans are in place to mitigate any short term loss on IT services. All employees are bound by the code of conduct to safeguard the Group's information, irrespective of its physical form. A dedicated central IT team is in place to support all IT related aspects of the group."
Product Risk	Product risk implies any effect of perceived impact of our product on stakeholders in general which could bring down our market share.	In order to eliminate loss of market share or market leadership, we monitor market leadership and customer needs. Develop innovation that add value to our customers. Enhance productivity and efficiency to improve price competitiveness and investing in high quality machinery and equipment. Employ established operating procedures to review and approve all raw material prior to use to ensure that quality control is maintained. Take into account safety, health and environmental hazards to cover all avenues of possible negative publicity. Research and development team is equipped to field any technical questions about our product, Marketing and distribution procedures ensure complete control of the supply chain.

RISK MANAGEMENT (Contd...)

RISK	IMPACT	RISK MANAGEMENT STRATEGIES
Supply Chain and Operational Risk	<p>"Operational disruption can occur due to inadequate quantity or quality of raw material supplies, longer lead time, supply disruption caused by global supply and demand.</p> <p>Unable to maintain strong bond with critical suppliers over the period.</p> <p>Operational risks cover the areas of system failure, continuity of decision making, dealing with contingencies and ensuring there are no deficiency in operations, application of recommended management practices."</p>	<p>Consistent engagement with a diverse pool of suppliers to maintain strong relationships</p> <p>Structured processes are in place to add value to our supplier base through livelihood development programmes.</p> <p>Technical support and guidance on enhancing quality. Manage operational risks by identifying areas of risk, formulating plans for their management, promoting best practices.</p> <p>Implement internal controls, systems and monitoring of compliance.</p>
Legal Regulatory Compliance	<p>Risk of legal action due to non performance of legal and statutory requirements.</p> <p>Result high cost of legal and penalty fees that reduced profitability</p> <p>Adversely impact to the Groups' reputation and brand image.</p>	<p>"The legal support services to Renuka Group management come through the legal department which ensure all legal and regulatory provisions are complied with.</p> <p>The legal function pro-actively identified and sets up appropriate system and processes for legal regulatory compliance in any foreign country that we operate in, and in such instances through legal council retained in those environments.</p> <p>Internal audit function of the Group ensures the safeguarding of company assets and recommends process improvements in areas where process control failure are noted.</p> <p>The operations of the Renuka Group come within the rules and regulations applicable to companies listed on the CSE and regulations applicable to securities trading set by the Securities and Exchange Commission of Sri Lanka. Our systems and processes are structured to satisfy the criteria set by these regulations and staff are constantly kept aware of the compliance needs imposed by these regulation."</p>

RISK MANAGEMENT (Contd...)

RISK	IMPACT	RISK MANAGEMENT STRATEGIES
Breakdown of Internal Controls	<p>Wastage of management time and resources.</p> <p>Possible loss of data.</p> <p>Increased possibility of fraud and misuse</p> <p>Disruptions to the normal course of operations.</p> <p>Lack of ability to track performance against budgets, forecasts and schedules</p> <p>Illegal transactions including theft or misappropriation of assets by employees</p>	<p>"Regular reviews of the effectiveness of internal controls by the corporate internal audit department supplemented by regular management audits carried out by internal teams within the Group ensures the robustness of internal controls.</p> <p>The Company uses comprehensive general and specific reporting and monitoring systems to identify, assess and manage risks.</p> <p>Making each employee accountable for ethical behavior, high standards for business conduct and adherence to laws ensures that transactions occur in a reliable way. Staff rotation and special verification audits across the Group.</p> <p>Internal auditors are also engaged to carry out special reviews wherever necessary.</p> <p>The Company uses comprehensive general and specific reporting and monitoring systems to identify, assess and manage risks.</p> <p>Ensuring that only trained, trustworthy, knowledgeable and competent personnel perform tasks, prevents errors, irregularities and fraud."</p>
FINANCIAL RISK		
Financial risk management obligations and policies have been described in the note No. 42 to the Financial Statements.		

SUSTAINABILITY REPORT

Overview

We emphasize the importance of our stakeholders when developing our strategies through the competitiveness in order to achieve a common value.

Sustainability is the key element of our strategy for future growth where the utilization of resources efficiently, environmentally responsible manufacturing of product and provision of services that deliver sustainability benefits which can leverage commercial advantage for the group.

The key business drives for sustainability are internal operations and stakeholder engagement. The first focuses on our internal operations and manufacturing our products and provision of our services more efficiently using fewer resources. This approach helps us to reduce costs of goods manufactured and provision of services and at the same time reduces our impact on the environment. The second approach focuses on our partnerships with our stakeholders. Stakeholders are any individual or party that has an interest in our group, and who are affected by or can affect our organizational activities. Partnerships help to build trust amongst our key stakeholders and to reach better understanding on a variety of issues. It can also pave the way for more successful solutions to problems, concerns and challenges.

Reuka impact on economic performance

In Economic Performance, Group focused on operational excellence across all its business divisions and subsidiaries and value addition to economic development. Operational excellence measured in terms of efficiency and effectiveness of manufacturing process, process improvement and reduces waste. Further investment in IT/ERP helps measurement of operational results

on time with increased accuracy. Group has made substantial investment during the year to improve value addition to economic development. These investments have helped to improve resource utilization as well as minimization of waste and pollution.

Renuka Sustainability Policy and guidelines

Management identify the stakeholders and rate them in line with the degree of influence and importance. Such stakeholders thus identified are,

- * Investors
- * Employees
- * Customers
- * Key suppliers and business partners
- * The society
- * Environment

Renuka has then formulated sustainability strategies to create value for those identified stakeholders. We have created formal and informal channels to develop effective communication systems and engagements programs to involve our stakeholders and implement continuous monitoring systems through the management team in order to gauge our impact on the stakeholders.

ENVIRONMENTAL IMPACT

Renuka has strived to ensure that all our manufacturing and production processes will not knowingly harm people and will minimize the negative impact our businesses will have on human life as well as environment. In fact, we promote organic products to our customers due to health and other environmental benefits. This has created awareness among the farmer community of the long term benefits of sustainable farming.

Our Stakeholder Engagement Process

- Investors support Renuka business activities

Shareholder engagement is important to us to have access to growth capital and in the process we must make a sound return to them. In meeting global challenges and evolving consumer needs we must be geared to be proactive with new ideas and ready with the output as well. When we operate according to these principles the shareholders should realize a fair return.

Method of engagement

- We have open doors policy which enables shareholders to keep in contact, visit and obtain information from the Company Secretaries and engage in dialogue.
- Further e-mail address has been provided for comments and suggestions.
- Update with latest financials for shareholders/investor to take rational decisions which is very important.
- We produce company performance in timely and relevant manner through quarterly Financial reports and Annual Report published in the Colombo Stock Exchange web site.
- We hold Annual General and Extra Ordinary meetings to communicate with our shareholders.

Our Concern

Our concern is to increase the return on investment, sustainable profitability, good governance and transparency in carrying out group operations.

SUSTAINABILITY REPORT (Contd...)

• Employees at Renuka work place

At Renuka we have created a work place policy and created employee awareness for the total group. With an employee base of over 817 creation of Group identity and belongings is priority. We care for our employees and health and safety is priority, giving much attention at work place including factories..

Method of engagement

- We have an open communication policy and have implemented a process to identify and report corruption within the business units.
- We have adopted effective two way communication system with employees and management through human resources division which has created short and long term benefits to the group.
- We also have adopted other communication methods like e-mails, presentations and team briefings on daily operations for betterment of the organization. Employees are also encouraged to access the corporate websites.
- We organize team building activities such as get-togethers, sports meets and CSR projects.
- Factories of the group companies are equipped with adequate safety measures and have educated the employees to minimize accidents

Our Concern

Our concern is to create a friendly environment to our employees who are motivated and talent developed to offer effective service.

• Customers

World class quality products and customer satisfaction is our key with our customers. The group uses its competencies and decades of experience to identify the needs and wants of our customers in order to provide quality product and services creating value-for-money.

Method of engagement

- We engage our customers through regular meetings, visits and web portal.
- On going participation for Industry exhibitions and trade fairs locally and internationally.
- We allow buyer inspections and audits to ensure compliance with global quality standards

Our Concern

We are concerned about the quality of our products manufactured, are in compliance with global standards. We also create innovative products to cater to our customer needs.

• Suppliers and business partners

We have built lasting business relationships all over the world and not only centered in Sri Lanka. It is through our business partners that we co-exist to fulfil customer needs and wants.

Method of engagement

- We look at our business partners as a resource base to develop business efficiency and innovative products.
- Develop long term purchase contracts with our business partners & suppliers to support responsible supply chain
- Participate in industry exhibitions and trade fairs

Our Concern

We maintain effective long term relationship with our business partners and suppliers who benefit from our growth, and knowledge sharing.

• Our society

Renuka has been actively involved in supporting the rural farmer network for our coconut division. Renuka procures over Rs. 1Bn worth of produce from our farmer network.

Method of engagement

- We conduct farmer training programs, medical camps, veterinary services which assist in improving the livelihood and wellness of the communities within Sri Lanka.
- Local engagement through purchasing.

Our Concern

We take measures to carryout our operations minimizing carbon foot print and saving energy by effective utilization of limited resources while reducing wastage in order that we have only a minimal negative impact on society and the environment.

Renuka considers engagement to be an increasingly important component of its corporate citizenship strategy. Our engagement efforts help Renuka identify those issues that are most material to our business operations and shape our approach to addressing a range of areas relating to the financial, social and environmental performance of the organization.

REPORT OF THE DIRECTORS

Overview

The Board of Directors of Renuka Foods PLC have pleasure in presenting the Annual Report of your Company together with the Audited Consolidated Financial Statements for the year ended 31st March 2022. The details set out herein provide the required information under Companies Act No. 7 of 2007, the Colombo Stock Exchange Listing Rules and the recommended best practices on Corporate Governance.

Renuka Foods PLC is a public limited liability company incorporated in Sri Lanka under the Companies Act No. 17 of 1982, quoted on the Colombo Stock Exchange and reregistered as required under the provisions of the Companies Act No. 7 of 2007.

Principal Activities of the Company and the Group

Renuka Foods PLC is a food and beverages company that owns, directly or indirectly, investments engaged in Agri Business and FMCG companies constituting the Renuka Foods Group. The Group consists of a portfolio of diverse business operations. The main subsidiaries of Renuka Foods PLC are listed on Note 19.

The Principle activities of the Group are categorized into Agri business and FMCG business segments and Segmental reporting is provided in pages 111 and 112 to the annual report.

Vision, Mission and Corporate conduct

The Corporate vision and mission are provided on the page 3 of this report. In achieving its vision and mission, all Directors and employees conduct their activities with the highest level of ethical standards and integrity.

Review of Business and Future Developments

The review of the Group Progress and Performance during the year

with comment on the financial results and prospects is contained in the Chairman's Review on page 10, as required under Section 168 (1) (a) of the Companies Act. These reports form an integral part of the report of the Directors and together with the Audited Financial Statement reflect the state of affairs of the company.

Statement of Directors of Responsibilities

The Statement of Directors responsibilities for the Financial Statements is given on page 38.

Financial Statements of the Company and Group

The Financial Statements of the Company and Group are given on pages 44 to 112.

Accounting Policies and Changes During the Year

The accounting policies adopted in the preparation and presentation of the Financial Statements are given on pages 49 to 63. Further Accounting Standards issued but not yet effective are disclosed on page 64.

Group Turnover

The Turnover of the Group was Rs. 10.7 Bn as compared with Rs. 8.7 Bn in the previous year. A detailed analysis of the Group Turnover is given in Note 6 of the Financial Statements.

Gross Profit

The Group Gross Profit for the year was Rs. 1.8 Bn, compared with the Group Gross Profit of Rs. 1 Bn for the previous year.

Net Profit

The Group Profit after Taxation for the year was Rs. 733 Mn, compared with the Group loss after Taxation of Rs. 385 Mn for the previous year.

Group Investments

Investment of the Company and the Group in Subsidiaries, Associates and Other long term equity investment amounted to Rs. 4.4 Bn (2021 – 3.8Bn). Detailed description of the Subsidiaries, Associates, and Other long term equity investments held at the Balance Sheet date are given in Note 19 and 20 in the Financial Statements.

Property, Plant and Equipment

Group has incurred Capital Expenditure during the year on Property, Plant & Equipment (including capital work-in-progress), Biological assets, Investment Properties, Intangible assets amounting to Rs. 702 Mn (2021 – Rs. 282Mn).

Detailed information relating to capital expenditure on Property, Plant & Equipment (including capital work-in-progress), Biological assets, Investment Properties, Intangible assets are given in Note 15, 17, 18 and 21 to the Financial Statements.

Extent, Locations, number of buildings and Valuations of the properties of the Group are given under Real Estate Portfolio on page 113 and the market values of the Land and Buildings owned by the Company and Group are included on the basis of valuation carried out by a professionally qualified valuer is given in Note 15 and 17 to the Financial Statements.

Stated Capital

The Stated Capital of the Company as at 31st March 2022 was Rs. 2,242Mn comprising of Voting Ordinary Shares of 117,960,106 and Non-Voting Ordinary shares of 4,773,346.

Reserves

Total Group Reserves as at 31st March 2022 amounts to Rs. 2.3 Bn (2021 – Rs. 1.9 Bn) representing Revaluation Reserve and Retained Earnings

REPORT OF THE DIRECTORS (Contd...)

and the detailed movement of the Reserves shown in the Statement of Changes in equity in the Financial Statements.

Dividend

The Board of Directors has recommended a payment of Rs. 0.41 per share payable for 2021/22. The Directors are confident that the Company would meet the solvency test requirement under Section 57 of the Companies Act of No. 7 of 2007 immediately after the proposed final dividend distribution.

Solvency Test

Solvency test has been carried out by the Board of Directors before the payment of the final dividend as required by the Companies Act No. 7 of 2007.

A solvency certificate has been received in respect of the first and final dividend of Rs. 0.41 per share proposed to be paid to the shareholders of the Company.

Major Shareholdings

Details of the twenty largest shareholders with the percentage of their respective holdings are given on page 118 and 119 together with comparative shareholding as at 31st March 2021.

Public Holding

There were 3,839 (2021 - 4,032) registered voting shareholders and 772 (2021-768) registered non-voting shareholders as at 31st March 2022, with the percentage of shares held by the public, as per the Colombo Stock Exchange Rules, being 25.99% (2021 - 26.75%) for voting shares and 68.89%. (2021-68.89%) for non-voting shares.

Share Holdings /Share Information

Information relating to earnings, dividend, net assets, market value per share, share trading and distribution of shareholding is given

on pages 114 to 119.

Ratios and Market Price Information

The ratios relating to equity as required by the listing requirement of the Colombo Stock Exchange are given in page 117 to this report.

Equitable Treatment to all Shareholders

The company has made every endeavor to ensure the equitable treatment to all shareholders and adopted adequate measures to prevent information asymmetry.

Information to Shareholders

The Board strives to be transparent and provide accurate information to shareholders in all published material. The quarterly financial information during the year has been sent to the Colombo Stock Exchange in a timely manner.

Name of Director	Executive	Non - Executive	Independent
Dr. S.R. Rajiyah	✓		
Mrs. I.R. Rajiyah	✓		
Mr. S.V. Rajiyah	✓		
Mr. V. Sanmugam	✓		
Ms. A.L. Rajiyah		✓	
Mr. T.K. Bandaranayake		✓	✓
Mr. M.S. Dominic		✓	✓
Dr. J.A.S. Felix		✓	✓

The basis on which Directors are classified as Independent Non-Executive Directors is discussed in the Corporate Governance Report.

Mr. P. Gunathilake - Alternate Director for Ms. A. L. Rajiyah (appointed w.e.f 05/05/2021)

Ms. A. L. Rajiyah and Mr. P. Gunathilake (Alternate Director to Ms. A. L. Rajiyah)resigned w.e.f 31.03.2022

Directors

The names of the Directors who held office during the financial year are given in the above table. The brief profiles of the Board of Directors appear on page 8.

Recommendation for re-election

1. To re-elect Dr J.A.S.Felix as a Director who retires by rotation in terms of Article 28 (1).
2. To re-appoint Dr. S.R. Rajiyah who is 72 years of age, as a director in terms of Section 211 of the Companies Act No. 7 of 2007 and it is specifically declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Dr. S.R. Rajiyah
3. To re-appoint Mrs. I.R. Rajiyah who is 71 years of age, as a director in terms of Section 211 of the Companies Act No. 7 of 2007 and it is specifically declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Mrs. I.R. Rajiyah

REPORT OF THE DIRECTORS (Contd...)

4. To re-appoint Mr. T.K. Bandaranayake who is 79 years of age, as a director in terms of Section 211 of the Companies Act No. 7 of 2007 and it is specifically declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Mr. T.K. Bandaranayake.

Entries in the Interest Register

The Company, in compliance with the Companies Act No. 7 of 2007, maintains an Interest Register. The Directors have made the declaration

required by said Act and they have been entered into the Interest register.

Directors' Interest in Transactions

The Company carried out transactions in the ordinary course of business with the entities which a Director of the Company is a Director. The transactions with entities where a Director of the Company either has control or exercises significant influence have been classified as related party transaction and disclosed in Note 35 to Financial Statements.

The Directors have no direct or indirect interest in any other contract or proposed contract with the Company.

Directors Interest in Shares

Directors of the Company and its Subsidiaries who have relevant interest in the shares of their respective companies have disclosed their shareholdings and any acquisitions/disposals to their Boards, in compliance with section 200 of the Companies Act.

Directors' holdings, in ordinary shares of the Company are given on below table.

Name	As at 31st March 2022		As at 31st March 2021	
	Voting	Non Voting	Voting	Non Voting
Dr. S.R. Rajiyah				
- Individually	3,720	-	3,720	-
- Jointly with Mrs. I.R. Rajiyah	11,798,563	-	11,798,563	298
Mrs. I.R. Rajiyah				
- Individually	674	-	674	-
- Jointly with Dr. S.R. Rajiyah (refer above)	-	-	-	-
Mr. S.V. Rajiyah	940,000	-	40,000	762,579
Mr. L.M. Abeywickrama	-	-	-	-
Mr. M.S. Dominic	-	-	-	-
Mr. T.K. Bandaranayake	-	-	-	-
Ms. A.L. Rajiyah	-	-	-	-
Mr. V. Sanmugam	-	-	-	-
Dr. J.A.S. Felix	-	-	-	-

Share dealing by Directors during the year were disclosed to Colombo Stock Exchange.

Remuneration of Directors

The remuneration of the Directors in respect of the Company for the year ended 31st March 2022 is given in Note 12 to Financial Statements.

Directors Meetings

Details of Board meetings and Board subcommittee meetings are presented on page 14 of the annual report.

Directors Responsibility for Financial Reporting

The Directors are responsible for the preparation of the financial statements of the company to reflect a true and fair view of the state of its affairs. The Directors are of the view that these financial statements have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards (SLFRS/LKAS) issued by the Institute of Chartered Accountants of Sri Lanka, Companies Act No. 7 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and the Listing Rules of Colombo Stock exchange.

Board Committees

The Board has established Committees for better monitoring and guidance of different aspects of operations and control.

Audit Committee

The composition of the Board Audit Committee comprising of Non-Executive Directors is provided on pages 21 and 22. The Executive Directors, CEO- Shared Services, Chief Financial Officer External auditors attend the meeting by invitation. Detail scope of Audit Committee and their work during the

REPORT OF THE DIRECTORS (Contd...)

year is disclosed in Audit Committee report given on Pages 21 and 22.

Remuneration Committee

The composition of the Board Remuneration Committee comprising of Non-Executive Directors is provided on page 24.

The remuneration committee of Renuka Foods PLC is the same committee of the ultimate parent, Renuka Holdings PLC, appointed by and responsible for the Board of Directors consists of two Non-Executive Independent Directors and one Non-Executive Director.

The Managing Director may also be invited to join in the deliberations as required. The Chairman of the committee is an independent Non-Executive Director.

Related Party Transactions Review Committee

The composition of the Board Related Party Transactions Review Committee comprising of Non-Executive Directors is provided on page 23. The Executive Directors, CEO -Shared Services and Chief Financial Officer attend the meeting by invitation. Detail scope of Related Party Transaction Review Committee and their work during the year is disclosed in Related Party Transactions Review Committee report given on page 23.

The company is in compliance with Rule 9 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions from 1st January 2016.

Non - Recurrent Related Party Transactions

All Non - Recurrent Related Party transactions of which aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the Company as per audited Financial Statements of 31st March

2021, which required additional disclosures in the Annual Report of 2021/22 under Colombo Stock Exchange Listing Rule

9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission directive issued under Section 13(c) of the Securities and Exchange Commission Act are disclosed under note 36 in the Financial statements.

Recurrent Related Party Transactions

All the Recurrent Related Party Transactions which in aggregate value exceeds 10% of the revenue of the Company as per 31st March 2020 audited Financial Statements are disclosed under note 35. If any, to the Financial Statements as required by Colombo Stock Exchange Listing Rules 9.3.2 and Code of Best Practices on Related Party transactions under the Securities and Exchange Commission directive issued under Section 13(c) of the Securities and Exchange Commission Act.

Statutory Payments

The Directors, to the best of their knowledge and belief are satisfied that all statutory payments due to the Government, other regulatory institutions and those related to employees have been made on time. The declaration relating to statutory payments is made in the Statement of Directors Responsibilities on page 38.

Compliance with Laws and Regulations

The company has complied with all applicable laws and regulations. A compliance checklist is signed-off on a monthly basis by responsible officers and any violations are reported to the Board Audit Committee. Refer page 38 for a statement of compliance.

Code of Conduct

The company demand impeccable standards of conduct from its Directors and employees in the performance of their official duties and in situations that could affect the company's image.

System of Internal control

The Board of Directors has put place an effective and comprehensive system of internal controls covering financial, operational and compliance controls and have obtained reasonable assurance of their effectiveness.

Corporate Governance

The Company has complied with the Corporate Governance rules laid down under the listing rules of the Colombo Stock Exchange.

The Corporate Governance Report on pages 13 to 20 discusses this further in detail.

Going Concern

The Directors are in the view that the Company has adequate resources to continue in operations and have applied the going concern basis in preparing these Financial Statements.

Risk Management

The Board and the management of the company have put in place a comprehensive risk identification, measurement and mitigation process.

The Group exposure to risk and structure to manage and mitigate risk is discussed in more detail in Risk Management Report from pages 26 to 30.

Compliance with the transfer pricing regulations

All transactions entered into with associated persons during the period are on an arm's length basis, and are

REPORT OF THE DIRECTORS (Contd...)

comparable with transactions carried out with non- associated persons.

Event after the Reporting period

No event of material significance that requires adjustment to the Financial Statements has occurred subsequent to the date of the reporting date, other than those disclosed in Note 38 to the Financial Statements.

Capital Commitments

No significant capital commitments exist as at 31st March 2022 other than those disclosed in Note 37 to the financial statements.

Contingencies and Outstanding Litigation

In the opinion of the Directors and in consultation with the company lawyers, litigation currently pending against the company will not have a material impact on the reported financial results or future operations of the company.

Corporate Donations

Donation by the Group for the year ended 31st March 2022 is Rs. 412,949. (2020 – Rs 185,083). No donations were made for political purposes.

Employees and Industrial Relations

The Group has a structure to assess the competencies and commitment of its employees. There are no material issues pertaining to employees and industrial relations of the entity.

Auditors

Company's Auditors during the year under review were M/s KPMG, Chartered Accountants. Their report on the Financial Statements is given on page 39 to 43 of the Annual Report.

The fee amount paid/payable for the services provided to the company during the year, with corresponding figures for the previous year is presented below.

Based on the declaration from Messrs. KPMG and as far as Directors are aware, the Auditors do not have any other relationship or interest with the Company or its Subsidiaries other than that of an auditor of the Company.

	2022	2021
Audit and Audit related fees	374,000	340,000
Non audit fees	297,000	270,000

The retiring auditors have expressed their willingness to continue in office. A resolution to re-appoint them as Auditors of the Company and authorizing the Directors to fix their remuneration will be proposed at the Annual General Meeting.

Auditors Report

Auditors Report on the financial statements is given on page 39 to 43 of this annual report.

Environmental Protection

The group effort in minimizing and conserve scarce and non- renewable resources as well as environmental objectives are discussed in detail in Sustainability Report on page 31.

Employment Policies

The Group employment policies respect the individuals and offer equal career opportunities, regardless of sex, race or religion and consider the relationship with the employees to be good. The number of persons employed in the Company and its subsidiaries as at 31st March 2022 was 1,296 (2021 – 1,202)

Annual Report

The Board of Directors approved the Consolidated Financial Statement along with Company Financial Statements on 12th of August 2022. The appropriate number of copies of this report will be submitted to

Colombo Stock Exchange and to the Sri Lanka Accounting and Auditing Standards Monitoring Board.

Annual General Meeting

Following the issuance of guidelines by the Colombo Stock Exchange (CSE) due to the COVID-19 pandemic situation in the country, and in the interest of protecting public health and facilitating compliance with the Health and Safety guidelines issued by the Government of Sri Lanka the 32nd Annual General Meeting of Renuka Foods PLC will be held as a virtual meeting at 4.15 p.m. on Wednesday, 07th September 2021.

The Notice of the Annual General Meeting appears on page 120.

This Annual report is signed for and on behalf of the Board of Directors by:

Sgd.

Dr. S.R. Rajiyah

Sgd.

Mr. S.V Rajiyah

Sgd.

Renuka Enterprises (Pvt) Ltd

Company Secretaries

12th August 2022

STATEMENT OF DIRECTORS' RESPONSIBILITY

The responsibility of the Directors in relation to the Financial Statements for the year ended 31st March 2021 which have been prepared and presented in accordance with the requirements of the Sri Lanka Accounting

Standards, the Listing Rules of the Colombo Stock Exchange and the Companies Act No. 7 of 2007 is set out in the following statement.

As per the provisions of the Companies Act No. 7 of 2007, the Directors are required to prepare Financial Statements, for each financial year and presented before a General Meeting which comprise;

- a) A statement of profit or loss and other comprehensive income of the Company and its subsidiaries which present a true and fair view of the profit or loss of the Company for the financial year;
- b) A statement of financial position, which presents a true and fair view of the state of affairs of the Company and its subsidiaries as at the end of the financial year together with explanatory notes to the financial statements;
- c) A statement of changes in equity which presents a true and fair view of the changes in the Company's and its subsidiaries retained earnings for the financial year; and
- d) A statement of cash flow which presents a true and fair view of the flow of cash in and out of the business for the financial year for the Company and its Subsidiaries and; notes to the Financial Statements, and which comply with the requirements of the Act.

The Directors are of the view that, in preparing these Financial Statements:

- a) The appropriate accounting policies have been selected and applied in a consistent manner, material deviations if any have been disclosed and explained;
- b) All applicable Accounting Standards, in accordance with the Sri Lanka Accounting Standards (SLFRS/LKAS) as relevant have been applied;
- c) Reasonable and prudent judgements have been made so that the form and substance of transactions are properly reflected;
- d) It provide the information required by and otherwise complies with the Companies Act No. 7 of 2007, Listing Rules of Colombo Stock Exchange and requirement of any other regulatory authority as applicable to the company.

Further, the Directors have a responsibility to ensure that the Company maintains sufficient accounting records to disclose, with reasonable accuracy of the financial position of the Company and of the Group, also to reflect the transparency of transactions and to ensure that the Financial Statements presented comply with the requirements of the Companies Act.

The External Auditors, M/s KPMG who were deemed reappointed in terms of the Companies Act No. 07 of 2007 were provided with every opportunity to undertake the inspections they considered appropriate to enable them to form their opinion on the Financial Statements. The Report of the Auditors, shown on page 40 set out their responsibilities in relation to the Financial Statements.

The Directors are also of the view that the Company has adequate resources to continue in operations and have applied the going concern basis in preparing these Financial Statements.

The Directors are also responsible for taking reasonable steps to safeguard the Assets of the Company and that of the Group and in this regard to give proper consideration to the establishment of appropriate internal control systems with a view to preventing and detecting fraud and other irregularities.

COMPLIANCE REPORT

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the company, all contributions, levies and taxes payable on behalf of and in respect of the employees of

the company and all other known statutory dues as were due and payable by the company as at the reporting date have been paid or where relevant provided for.

By order of the Board

Renuka Enterprises (Pvt) Ltd

Sgd.

Company Secretaries

12th of August 2022

INDEPENDENT AUDITOR'S REPORT



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

TO THE SHAREHOLDERS OF RENUKA FOODS PLC

Opinion

We have audited the financial statements of Renuka Foods PLC ("the Company"), and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statements of financial position as at 31 March 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, set out on pages 49 to 112.

In our opinion, the 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 2022, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

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

Key audit matters

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

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

guarantee.

P. Y. S. Perera FCA
W. J. C. Perera FCA
W. K. D. C. Abeyratne FCA
R.M.D.B. Rajapakse FCA
M.N.M. Shameel FCA
Ms. P.M.K. Sumanasekara FCA

C. P. Jayatilake FCA
Ms. S. Joseph FCA
S. T. D. L. Perera FCA
Ms. B.K.D.T.N. Rodrigo FCA
Ms. C.T.K.N. Perera ACA

T. J. S. Rajakarier FCA
Ms. S.M.B. Jayasekara FCA
G. A. U. Karunaratne FCA
R. H. Rajan FCA
A.M.R.P. Alahakoon ACA

Principals: S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA,
W. A. A. Weerasekara CFA, ACMA, MRICS

INDEPENDENT AUDITOR'S REPORT (Contd...)



01. Carrying Value of Inventories

Refer to the accounting policies in "Note 4.3 to the Financial Statements: Inventories", "Note 2.4 to the Financial Statements: Significant Accounting Judgments and Estimates" and "Note 22 to the Financial Statements: Inventories".

Risk Description	Our responses
<p>The Group has recognized a total inventory provision of Rs.136 Mn in arriving at carrying value of inventory value of Rs. 2,048 Mn.</p> <p>Therefore judgement is involved with regard to categorization of inventories in to obsolete and/or slow moving and which should be therefore be considered for provision.</p> <p>As a result of the prevailing uncertain and volatile macro-economic environment and implications of Covid-19 pandemic, resulted in interruption in business activities and resulted in loss of income for some of the individuals/industries which would adversely affect the ability to sell its inventories with a reasonable margin which would potential impact on the net realizable value adjustments.</p> <p>We identified assessing the carrying value of inventories as a key audit matter because of the inherent risk that the Group's inventories may become obsolete or may be sold at prices below their carrying values and because the judgment exercised by management in determining the appropriate provision for inventories involves management's bias.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> Involving the component auditors of the subsidiary Companies' and reviewing the work carried out by the component auditors where necessary. Testing the adequacy of the Group's provision against inventory by assessing the assumptions applied by the Group in providing against aged/obsolete items. We did this by assessing the historical accuracy of the Group provisioning policy. As part of our attendance at the year-end inventory counts, we challenged the inventory provisioning in line with our observations of potentially obsolete inventory. We tested a sample of inventory, comparing the carrying value to recent sales invoices to ensure provisions were appropriately applied. Testing the calculation of labor and production overhead absorption by critically assessing the method of calculation and challenging the levels of overhead absorbed compared to actual overhead costs incurred and in comparison, to prior year levels. On a sample basis, testing of inventory items sales subsequent to the year end and assessed if they were sold at higher than the cost.

02. Impairment of investment in subsidiaries and goodwill subsidiaries

Refer to the accounting policies in "Note 3.5.1: Goodwill, Note 3.1.3: Subsidiaries", "Note 2.4 to the Financial Statements: Use of Estimates and Judgments" and "Note 19 to the Financial Statements: Investment in subsidiaries", and "Note 21.1 to the Financial statements: Goodwill".

Risk Description	Our responses
<p>The Company holds investments in subsidiaries amounting to Rs. 3,293 million as at 31st March 2022 Further, the Group holds goodwill amounting to Rs. 204 million as at 31st March 2022.</p> <p>Management performed the impairment assessment for subsidiaries with indicators of impairment and determined their recoverable amounts based on value-in-use calculations. The identification of impairment events and the determination of the impairment charge require the application of significant judgment by management. Accordingly, the management performed an impairment assessment on the cash generating units ("CGUs") relating to the investment in subsidiaries which had an indication of impairment as individual Cash Generating Units and management allocated goodwill to the respective CGU and the recoverable amounts of the identified CGUs have been determined based on value-in-use calculation.</p> <p>We considered the audit of management's impairment assessment of goodwill and investment in subsidiaries to be a key audit matter due to the magnitude of the carrying value and use of significant judgments and estimates.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> Assessing the impairment indication relates to this asset and obtaining the management's judgement and estimates assessment. And test if those assessment involve any management bias. Obtaining an understanding of management's impairment assessment process. Obtaining assessment from management and see whether it is comply with relevant standards. Evaluating the reasonableness of the Group's key assumptions for its revised cash flow projections such as discount rates, cost inflation and business growth with reference to the internally and externally derived sources including the Group budgetary process and reasonableness of historical forecasts. Reviewing of value in use computations for recoverable amounts with impairment indications and discussion with management of the Group. Assessing the disclosure in the financial statements in line with the requirements of relevant accounting standards.

INDEPENDENT AUDITOR'S REPORT (Contd...)



03. Valuation of Investment property

Refer to the accounting policies in "Note 3.8 to the Financial Statements: investment property", "Note 2.4 to the Financial Statements: Significant Accounting Judgments and Estimates" and "Note 17. To the Financial Statements: investment property".

Risk Description	Our responses
<p>The fair value of the Group's investment properties as at 31st March 2022 was Rs. 321 Mn and fair value gain derived from investment properties for the year ended 31st March 2022 was Rs. 17 Mn.</p> <p>The fair value of the Group's investment properties was determined by independent external valuer engaged by the Group.</p> <p>We identified assessing the valuation of investment properties as a key audit matter because of the significance of investment properties to the Group and because the valuation of investment properties can be inherently subjective and requires the exercise of significant judgement and estimation, in particular in determining the appropriate valuation methodology, capitalisation and discount rates and market rents, which increases the risk of error or management bias.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> Assessing the objectivity, independence, competency and qualifications of the external Valuers engaged by the Group. Obtaining and inspecting the valuation report prepared by the Valuer engaged by the management. Assessment of key assumptions applied by the external Valuers in deriving the fair value of properties and comparing the same with evidence of current market values. Assessing the adequacy of disclosures made in relation to the fair value of properties in the financial statements, including the description and appropriateness of the inherent degree of subjectivity and key assumptions used in the estimates.

04. Recoverability of Trade Receivables

Refer to the "Note 2.4 to the Financial Statements: Significant Accounting Judgments and Estimates" and "Note 23. To the Financial Statements: trade receivables".

Risk Description	Our responses
<p>Trade receivable balances were significant to the Group due to the trade receivables from following subsidiary companies;</p> <ul style="list-style-type: none"> Shaw Wallace Ceylon Limited Renuka Agri Foods PLC Renuka Agri Organics Limited Richlife Dairies Limited <p>Any impairment of significant trade receivable could have material impact on the Group's profitability.</p> <p>Recoverability of trade receivables remains one of the most significant judgment made by the management particularly in light of the prevailing uncertain and volatile macro-economic environment and implication of Covid-19 pandemic as at the reporting date.</p> <p>The Group uses significant judgment, based on the available facts and circumstances, including but not limited to, the length of relationship with the customer and the customer's repayment history and known market factors. In addition, trade receivables allowance assessment requires significant management judgment. As such, we determined that this is a key audit matter.</p>	<p>Our audit procedures included:</p> <p>Involving the component auditors of the subsidiary Companies' and reviewing the work carried out by the component auditors where necessary.</p> <ul style="list-style-type: none"> Testing the aging of the trade receivables and evaluated management's assumptions used to estimate the trade receivables provision amount, through specific review of significant overdue individual trade receivables, reviewing payment history of debtors, checking the bank receipts for the payment received subsequent to the year end and calling debtor confirmations. Assessing the adequacy of the disclosures related to trade receivables and the related credit risk in the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT (Contd...)



Other Information

The Directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as the 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, the 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 the management either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management 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.

INDEPENDENT AUDITOR'S REPORT (Contd...)



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 3707.

KPMG
Chartered Accountants
12th August 2022

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 ST MARCH	Note	GROUP		COMPANY	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Revenue	6	10,695,305,164	8,667,438,896	12,000,000	77,207,792
Cost of Sales		(8,914,518,671)	(7,631,156,004)	-	-
Gross Profit		1,780,786,493	1,036,282,892	12,000,000	77,207,792
Gain on disposal of Investment	7	104,151,964	-	117,783,925	-
Other Income	8	47,622,112	61,815,207	-	-
Change in Fair Value of Investment Property	17.1	17,367,549	10,394,526	-	-
Administrative Expenses		(514,671,307)	(529,288,157)	(7,204,140)	(6,473,048)
Selling & Distribution Expense		(630,330,051)	(516,859,826)	-	-
Other Expenses	9	-	(346,309,311)	-	-
Operating Profit/(Loss)		804,926,760	(283,964,669)	122,579,785	70,734,744
Finance Income	10	592,703,439	100,274,085	256,349	34,801
Finance Costs	11	(527,476,794)	(230,714,831)	(5,628,933)	(161,984)
Net Finance Costs		65,226,645	(130,440,746)	(5,372,584)	(127,183)
Share of profit from Equity Account Investee		-	39,699,539	-	-
Profit/(Loss) before Tax	12	870,153,405	(374,705,876)	117,207,201	70,607,561
Taxation	13	(136,881,260)	(10,151,615)	(16,899,144)	(8,525,241)
Profit /(Loss) for the year		733,272,145	(384,857,491)	100,308,057	62,082,320
Other Comprehensive Income					
Items that will not be re-classified to Profit or Loss					
Equity-accounted Investees – Share of OCI		-	(20,931)	-	-
Actuarial Gains /(Loss) on Retirement Benefit Plans	31.1	9,835,736	3,965,216	-	-
Revaluation of land and buildings		17,100,000	-	-	-
Gain on Fair Value of Investment		33,846,317	127,429,195	-	-
Tax effect on Revaluation of land and buldings		(224,918)	72,198,921	-	-
Tax effect on changes in Fair Value of Investment		(7,107,727)	(26,760,131)	-	-
Tax effect on Acturial gain / (loss)		(1,314,325)	(614,754)	-	-
Other Comprehensive Income, Net of Tax		52,135,083	176,197,516	-	-
Total Comprehensive Income/(Expenses)		785,407,228	(208,659,975)	100,308,057	62,082,320
Profit /(Loss) Attributable to;					
Owners of the Company		554,351,186	(184,603,247)	100,308,057	62,082,320
Non Controlling Interests		178,920,959	(200,254,244)	-	-
Profit /(Loss) for the year		733,272,145	(384,857,491)	100,308,057	62,082,320
Total Comprehensive Income Attributable to;					
Owners of the Company		594,736,259	(22,459,136)	100,308,057	62,082,320
Non Controlling Interests		190,670,969	(186,200,839)	-	-
Total Comprehensive Income/(Expenses) for the year		785,407,228	(208,659,975)	100,308,057	62,082,320
Basic Earnings/(Loss) per Share	14.1	4.52	(1.50)	0.82	0.51
Diluted Earnings/(Loss) per Share	14.2	4.52	(1.50)	0.82	0.51
Dividend per Share	14.3	-	0.35	-	0.35

Figures in brackets indicate deductions.

The Notes set out on page 49 to 112 form an integral part of these Financial Statements.

STATEMENT OF FINANCIAL POSITION

		GROUP		COMPANY	
AS AT 31 ST MARCH	Note	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	15	4,672,434,663	4,436,758,332	-	-
Right of use assets	16	124,533,033	130,980,731	-	-
Investment Property	17	320,757,694	303,390,145	-	-
Biological Assets	18	120,940,042	109,439,774	-	-
Investment in Subsidiaries	19	-	-	3,293,149,435	3,238,102,935
Investment in FVTOCI	20	1,140,675,512	559,429,195	-	-
Intangible Assets and Goodwill	21	216,108,447	218,906,186	-	-
Total Non-Current Assets		6,595,449,391	5,758,904,363	3,293,149,435	3,238,102,935
Current Assets					
Inventories	22	1,912,173,981	1,347,086,178	-	-
Trade and Other Receivables	23	1,855,027,308	1,517,811,400	331,701	319,204
Current Tax Assets		4,086,246	14,264,083	-	-
Amounts Due from Related Companies	24	10,396,913	11,011,495	-	-
Cash and Cash Equivalents	26	476,255,688	411,123,161	6,023,672	10,139,941
Assets Held for Sale	25	4,698,806	-	-	-
Total Current Assets		4,262,638,942	3,301,296,318	6,355,373	10,459,145
Total Assets		10,858,088,333	9,060,200,681	3,299,504,808	3,248,562,080
EQUITY AND LIABILITIES					
Equity					
Stated Capital	27	2,241,842,234	2,241,842,234	2,241,842,234	2,241,842,234
Revaluation Reserve	28	737,310,185	755,457,294	-	-
Retained Earnings		1,616,234,564	1,229,183,377	1,044,018,545	943,710,488
Equity attributable to Owners of the Company		4,595,386,983	4,226,482,905	3,285,860,779	3,185,552,722
Non Controlling Interest		1,309,461,060	788,052,773	-	-
Total Equity		5,904,848,043	5,014,535,678	3,285,860,779	3,185,552,722
Non-Current Liabilities					
Deferred Tax Liability	29	470,301,364	460,160,494	-	-
Interest Bearing Borrowings	30	457,391,950	293,041,890	-	-
Lease Liabilities	16.2	139,097,279	102,943,378	-	-
Retirement Benefit Obligation	31	101,919,111	113,458,562	-	-
Total Non Current Liabilities		1,168,709,704	969,604,324	-	-
Current Liabilities					
Trade and Other Payables	32	1,432,457,075	885,905,026	2,325,615	2,056,758
Amounts Due to Subsidiary Companies	33	-	-	-	45,150,682
Amounts Due to Related Companies	33.1	36,900	676,874	-	-
Dividend Payable	34	12,107,992	16,823,303	5,088,486	9,775,773
Current Portion of Interest Bearing Borrowings	30	2,079,485,717	1,992,183,745	-	-
Lease Liabilities	16.2	23,108,974	24,783,125	-	-
Current Tax Payable		87,677,851	26,190,063	6,145,368	5,804,236
Bank Overdraft	26	149,656,077	129,498,543	84,560	221,909
Total Current Liabilities		3,784,530,586	3,076,060,679	13,644,029	63,009,358
Total Liabilities		4,953,240,290	4,045,665,003	13,644,029	63,009,358
Total Equity and Liabilities		10,858,088,333	9,060,200,681	3,299,504,808	3,248,562,080

The Notes set out on page 49 to 112 form an integral part of these Financial Statements.

I certify that the Financial Statements of the Group comply with the requirement of the Companies Act No, 07 of 2007.



P. Gunathilake

Chief Executive officer / Group Director shared Services

The Board of directors is responsible for preparation and presentation of these Financial Statements. Approved and signed for and on behalf of the Board.



Dr. S. R. Rajiyah

Director

12th August 2022

Colombo



V. Sanmugam

Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST MARCH	Equity Attributable to Owners of the Company				Non Controlling Interests		Total Equity
	Stated Capital	Revaluation Reserve	FVTOCI Reserve	Retained Earnings	Total		
GROUP	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance at 1 April 2020	2,241,842,234	712,167,960	(2,180,638)	1,660,162,815	4,611,992,371	1,194,362,198	5,806,354,569
Profit for the year	-	-	-	(184,603,247)	(184,603,247)	(200,254,244)	(384,857,491)
Other Comprehensive Income, net of tax	-	65,447,326	-	96,696,785	162,144,111	14,053,405	176,197,516
Total Comprehensive Income for the year	-	65,447,326	-	(87,906,462)	(22,459,136)	(186,200,839)	(208,659,975)
Changes in ownership interest that do not result in loss of control	-	(21,825,341)	-	(298,268,281)	(320,093,622)	(199,906,378)	(520,000,000)
Transactions with the owners							
Dividends (Note 13.3)	-	-	-	(42,956,708)	(42,956,708)	(20,202,208)	(63,158,916)
Transfers	-	(332,651)	2,180,638	(1,847,987)			
Total transactions with the owners	-	(332,651)	-	(44,804,695)	(42,956,708)	(20,202,208)	(63,158,916)
Balance as at 31 March 2021	2,241,842,234	755,457,294	-	1,229,183,377	4,226,482,905	788,052,773	5,014,535,678
Balance as at 1st April 2021	2,241,842,234	755,457,294	-	1,229,183,377	4,226,482,905	788,052,773	5,014,535,678
Profit for the period	-	-	-	554,351,186	554,351,186	178,920,959	733,272,145
Other Comprehensive Income, net of tax	-	10,588,481	-	29,796,592	40,385,073	11,750,010	52,135,083
Total Comprehensive Income for the year	-	10,588,481	-	584,147,778	594,736,259	190,670,969	785,407,228
Changes in ownership interest that do not result in loss of control	-	(28,289,612)	-	(197,542,569)	(225,832,181)	327,952,181	102,120,000
Disposal of a subsidiary	-	-	-	-	-	2,785,137	2,785,137
Transactions with the owners							
Revaluation Transfer (Note A)	-	(445,978)	-	445,978	-	-	-
Total transactions with the owners	-	(445,978)	-	445,978	-	-	-
Balance as at 31 March 2022	2,241,842,234	737,310,185	-	1,616,234,564	4,595,386,983	1,309,461,060	5,904,848,043

Figures in brackets indicate deductions.

The Notes set out on page 49 to 112 form an integral part of these Financial Statements

STATEMENT OF CHANGES IN EQUITY (Contd..)

FOR THE YEAR ENDED 31ST MARCH	Stated Capital	Retained Earnings	Total
	Rs.	Rs.	Rs.
COMPANY			
Balance as at 1st April 2020	2,241,842,234	924,584,876	3,166,427,110
Profit for the period			
Other Comprehensive Income, net of Tax	-	62,082,320	62,082,320
Total Comprehensive Income for the year	-	62,082,320	62,082,320
Transactions with the owners			
Dividends (Note 14.3)	-	(42,956,708)	(42,956,708)
Total transactions with the owners	-	(42,956,708)	(42,956,708)
Balance as at 31 March 2021	2,241,842,234	943,710,488	3,185,552,722
Balance as at 1st April 2021	2,241,842,234	943,710,488	3,185,552,722
Profit for the period	-	100,308,057	100,308,057
Other Comprehensive Income, net of Tax	-	-	-
Total Comprehensive Income for the year	-	100,308,057	100,308,057
Balance as at 31 March 2022	2,241,842,234	1,044,018,545	3,285,860,779

Figures in brackets indicate deductions.

The Notes set out on page 49 to 112 form an integral part of these Financial Statements.

STATEMENT OF CASH FLOWS

		GROUP		COMPANY	
FOR THE YEAR ENDED 31 ST MARCH	NOTE	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
CASH FLOW FROM OPERATING ACTIVITIES					
Profit / (Loss) from continuing operation		870,153,405	(374,705,876)	117,207,201	70,607,561
Adjustments for :					
Depreciation on Property plant and equipments	15	316,366,172	297,796,077	-	-
Amortization of Intangible Assets	21	3,726,208	3,657,742	-	-
Amortization of ROU Asset	16	17,206,756	16,276,878	-	-
Loss on disposal of lease		-	6,301,898	-	-
Written back of Interest payable on loan		-	(43,401)	-	-
Provision for Retiring Gratuity	31	18,528,053	26,123,255	-	-
Provision for obsolete inventories	22	(13,538,365)	(11,037,337)	-	-
Provision for doubtful debts	23	22,044,414	-	-	-
Gain from Change in Fair Value of Investment Properties	17	(17,367,549)	(10,394,526)	-	-
Gain on disposal of subsidiary		(42,713,889)	-	(117,783,925)	-
Changes on fair value of Biological Assets	18	722,302	(4,689,040)	-	-
Loss on disposal of Equity accounted investees		-	301,309,311	-	-
Exchange loss	16	40,420,584	6,734,260	-	-
Profit share of Equity Account Investee		-	(39,699,539)	-	-
Interest Expenses	11	186,312,631	126,637,585	5,628,933	161,984
Interest Income	10	(5,554,441)	(7,334,027)	(256,349)	(34,801)
Impairment on Propety, Plant & Equipment		-	45,000,000	-	-
Gain on disposal of Propety, Plant & Equipment	8	-	(11,309,916)	-	-
Operating Profit Before working Capital Changes		1,396,306,281	370,623,344	4,795,860	70,734,744
Changes in:					
Inventories		(626,321,370)	(86,252,340)	-	-
Trade & Other Receivables		(445,290,394)	(450,872,688)	(12,500)	(23,986)
Amount Due from Related Companies		581,250	(9,151,025)	-	-
Trade & Other Payables		564,622,051	(35,199,717)	(4,418,428)	382,354
Amount Due to Related Companies		(633,319)	584,568	(45,150,682)	45,150,682
Cash Generated/(Used in) from Operations		889,264,499	(210,267,858)	(44,785,750)	116,243,794
Interest Paid		(177,241,624)	(117,032,538)	(5,628,933)	(161,984)
Gratuity Paid	31	(12,881,799)	(14,422,204)	-	-
Taxation Paid		(21,966,454)	(23,080,443)	(16,558,014)	(5,536,005)
Net Cash Generated from/(Used in) Operating Activities		677,174,622	(364,803,043)	(66,972,697)	110,545,805
CASH FLOW FROM INVESTING ACTIVITIES					
Addition to Property, Plant and Equipment and Investment Property	15	(670,098,672)	(268,024,575)	-	-
Addition to Intangible asset	21	(928,469)	-	-	-
Addition to Biological Assets	18	(12,222,570)	(13,798,621)	-	-
Dividend income received		-	1,890,000	-	-
Interest income received	10	5,554,441	7,334,027	256,349	34,801
Net (Investment) / Disposal in subsidiary	19	198,119,573	-	62,737,428	(36,300,000)
Acquisition of NCI		-	(520,000,000)	-	-
Proceeds from partial disposal of a subsidiary		102,120,000	-	-	-
Proceeds from Disposal of Property, Plant and Equipment		-	41,610,907	-	-
Acquisition of Available for sale Financial Assets		(547,400,000)	-	-	-
Proceeds from Disposal of Investment in Equity Accounted Investees		-	578,017,050	-	-
Net Cash Generated from/(Used in) Investing Activities		(924,855,697)	(172,971,212)	62,993,777	(36,265,199)
CASH FLOW FROM FINANCING ACTIVITIES					
Lease Rental Paid	16	(25,668,439)	(47,087,717)	-	-
Proceeds from Borrowings	30	7,848,369,477	5,532,690,774	-	-
Repayment of Borrowings	30	(7,525,329,659)	(4,712,937,381)	-	-
Dividends Paid		(4,715,311)	(39,262,733)	-	(38,080,103)
Dividends Paid to Minority		-	(20,202,208)	-	-
Net Cash Generated from/(Used in) Financing Activities		292,656,068	713,200,735	-	(38,080,103)
Net Increase/(Decrease) in Cash & Cash Equivalents		44,974,993	175,426,480	(3,978,920)	36,200,503
Cash & Cash Equivalents at the Beginning of the Year		281,624,618	106,198,138	9,918,032	(26,282,471)
Cash & Cash Equivalents at the End of the Year		326,599,611	281,624,618	5,939,112	9,918,032
Note A: Analysis of Cash and Cash Equivalents					
Cash at Bank & in Hand	26	476,255,688	411,123,161	6,023,672	10,139,941
Bank Overdraft	26	(149,656,077)	(129,498,543)	(84,560)	(221,909)
		326,599,611	281,624,618	5,939,112	9,918,032

Figures in brackets indicate deductions.

The Notes set out on page 49 to 112 form an integral part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1 General

Renuka Foods PLC ("Company") is a quoted public limited liability company incorporated and domiciled in Sri Lanka under the Companies Act No. 17 of 1982, re registered under the Companies Act No. 07 of 2007. The registered office and the principal place of business is situated at No. 69, Sri Jinarathana Road, Colombo 2.

In the Annual Report of the Board of Directors' and in the financial statements, "the company" refers to Renuka Foods PLC as the holding company and "the Group" refers to the companies whose accounts have been consolidated therein.

1.2 Principal Activities

During the year principal activities of the Company and Subsidiaries are given in note 3.1.

1.3 Parent Enterprise and Ultimate Parent Enterprise

The Company's immediate parent undertaking is Renuka Agro Exports (Pvt) Ltd. In the opinion of the Directors, the Company's ultimate parent entity is Renuka Holdings PLC, which is incorporated in Sri Lanka.

1.4 Authorization of Financial Statements

The consolidated financial statements of the Group for the year ended 31st March 2022 were authorized for issue in accordance with a resolution of the Directors on 12th August 2022.

1.5 Financial Year

Financial Statements of the Company and Group entities ends on 31st March 2022.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The Statement of financial position, Statement of profit or loss and other comprehensive income, Statement of changes in equity and Statement of cash flows, together with Notes to the financial statements ("Financial Statements") of the Group as at 31st March 2022 and for the year then ended, comply with the Sri Lanka Accounting Standards (SLFRSs / LKASs) as laid down by the Institute of Chartered Accountants of Sri Lanka and the requirements of the Companies Act No. 07 of 2007.

2.1.1 Directors' Responsibility for the Financial Statements

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

The Board of Directors acknowledges their responsibility as set out in the "Annual Report of the Board of Directors on the Affairs of the Company", "Statement of Director's Responsibilities" and the "Statement of Financial Position".

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- Biological assets are measured at fair value less costs to sell
- Investment property is measured at fair value

- Land and building are carried at fair value
- Assets held for sales are measured at fair value
- Liability for Defined Benefit Obligations is recognized as the present value of the defined benefit obligation.

2.3 Functional and presentation currency

These consolidated financial statements are presented in Sri Lankan Rupees, which is the Company's functional currency.

2.4 Use of estimates and judgments

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

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

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following notes:

- Note 17 – Measurement of investment property

Information about assumptions and estimation uncertainties

NOTES TO THE FINANCIAL STATEMENTS (Contd...)

that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 31- Measurement of defined benefit obligations
- Note 36 – Contingencies
- Note 29 – Deferred tax assets
- Note 40 – Economic conditions and its impact on the Financial statement.

Deferred tax assets are recognized in respect of tax losses to the extent that it is probable that future taxable profit will be available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits, together with future tax-planning strategies and considered any uncertainty that could arise due to the Covid Pandemic and Macro economic conditions

2.5 Going Concern

The Board of Directors has made an assessment on the Company's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, Board of Directors is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern.

Such includes management's assessment of the existing and anticipated effects of COVID-19 on the Company and its subsidiaries. Therefore, the Financial Statements continue

to be prepared on the going concern basis.

2.6 Changes in Accounting Policies

The Group has initially adopted Definition of a Business (Amendment to SLFRS 3) from 01st April 2020. A number of other new standards are also effective from 01st April 2020, but they do not have a material effect on the Group's Financial Statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise indicated.

The accounting policies have been applied consistently by Group entities.

3.1 Basis of consolidation

The Financial Statements of the Group represents the consolidation of the Financial Statements of the Company and of its subsidiaries listed below,

- **Renuka Agri Foods PLC**
Manufacture & export coconut based products
- **Renuka Developments (Pvt) Ltd.**
Organic certification licence holder and investment in plantation/farm and vertical integration projects
- **Kandy Plantations Ltd**
Engaged in Organic Certified Cultivation of Agriculture Produce

- **Ceylon Forestry (Pvt) Ltd**
Planting and Managing Forestry.
- **Richlife Dairies Ltd**
Manufacturing of dairy & fruit juice based products.
- **Shaw Wallace Ceylon Ltd**
Manufacturing & distribution of Fast Moving Consumer Goods.
- **Shaw Wallace Properties (Pvt) Ltd**
Providing warehousing facilities.
- **Renuka Agri Organics Ltd**
Manufacture & export of coconut based products.
- **Coco Lanka (Pvt) Ltd**
Plantation.

3.1.1 Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

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

NOTES TO THE FINANCIAL STATEMENTS (Contd...)

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

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

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

3.1.2 Acquisitions of non- controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognized as a result. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

3.1.3 Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

3.1.4 Loss of control

On the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in profit or loss.

3.1.5 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee.

Unrealized losses are eliminated in the same way as unrealized

gains, but only to the extent that there is no evidence of impairment.

3.1.6 Loss of Significant Influence in Equity Accounted Investee

When the Group loses significant influence over an equity accounted investee, it derecognizes the investment in equity accounted investee. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former equity accounted investee is measured at fair value and recorded under FVTOCI.

3.2 Foreign Currency

3.2.1 Foreign currency transactions

All transactions in foreign currencies are translated at the rate of exchange prevailing at the time the transaction was effected. All monetary assets and liabilities in foreign currencies at the year-end are translated at the rate prevailing on the Reporting date. Non monetary assets and liabilities which are carried in terms of historical cost or fair value denominated in foreign currencies are translated using the exchange rate at the date of transaction. Non monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to reporting currency using the exchange rate that was prevailing on the date the fair value was determined. The resulting gains or losses on translations are dealt with in the Statements of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS (Contd...)

3.3 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity. Receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial Assets – Recognition and initial measurement SLFRS 9

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not a FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

On initial recognition, a financial asset is classified as below:

- As measured at amortised cost
- Fair value through other comprehensive income (FVOCI)
- Fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

As measured at amortised cost

A financial asset is measured at amortised cost if both of the following conditions are met and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group financial assets classified and measured at amortized cost are limited to its other receivables, short term investments, amounts due from related party and cash & cash equivalent.

Fair value through other comprehensive income (FVOCI)

The Financial assets is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment by investment basis.

FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the company recognizes interest income and impairment losses in the statement of profit and loss.

Fair value through profit or loss (FVTPL).

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

Financial assets – Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (Contd...)

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss.

Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Derecognition – Financial assets

Financial Assets derecognise when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Classification and subsequent measurement of financial liabilities

The Group classifies financial liabilities as described below:

- Financial liabilities at fair value through profit or loss (FVTPL)
- Financial liabilities at amortised cost

The subsequent measurement of financial liabilities depends on their classification.

Financial liabilities at FVTPL

Financial liabilities at fair value through profit and loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit and loss.

Gains or losses on liabilities held for trading are recognised in the profit and loss.

Financial liabilities at amortised cost

The financial liabilities which are not designated at FVTPL are classified as financial liabilities at amortised cost.

After initial recognition, such financial liabilities are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

Derecognition – Financial Liability

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the

same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Non-derivative financial liabilities Measurement

A financial liability is classified as at Fair Value through Profit or Loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial liabilities at FVTPL are measured at fair value and changes therein, including any interest expense, are recognised in profit or loss. The Group classifies non derivative financial liabilities in to other financial liability category. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired. The Group has the following nonderivative financial liabilities: trade and other payables, bank overdrafts, loans and borrowings and financial guarantees. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

3.3.4. Determination of Fair Value

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.

NOTES TO THE FINANCIAL STATEMENTS (Contd...)

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

Level 1

When available, the Group measures the fair value of an instrument using active quoted prices or dealer price quotations (assets and long positions are measured at a bid price; liabilities and short positions are measured at an asking price), without any deduction for transaction costs. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions.

Level 2

If a market for a financial instrument is not active, then the Group establishes fair value using a valuation technique. Valuation techniques include using recent transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses, credit models, option pricing models and other relevant valuation models. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Company, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument. The Group calibrates valuation techniques and tests them for validity using prices from observable current market transactions in the same instrument or based on other available observable market data. The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e. the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument, i.e. without modification or repackaging, or based on a valuation technique whose variables include only data from observable markets. When transaction price provides the best evidence of fair value at

initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognised in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is supported wholly by observable market data or the transaction is closed out.

Level 3

Certain financial instruments are recorded at fair value using valuation techniques in which current market transactions or observable market data are not available. Their fair value is determined by using valuation models that have been tested against prices or inputs to actual market transactions and also using the best estimate of the most appropriate model assumptions. Models are adjusted to reflect the spread for bid and ask prices to reflect costs to close out positions, credit and debit valuation adjustments, liquidity spread and limitations in the models. Also, profit or loss calculated when such financial instruments are first recorded ('Day 1' profit or loss) is deferred and recognised only when the inputs become observable or on derecognition of the instrument.

3.3.3 Stated capital

3.3.3.1 Ordinary shares

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

NOTES TO THE FINANCIAL STATEMENTS (Contd...)

3.3.4 Financial instruments (part of equity)

Financial instruments issued by the Group comprise convertible debentures that can be converted to share capital at the option of the issuer. The value of these convertible debentures is treated as part of equity of the issuer and parent or the subsidiary holding these instruments accounts as investments.

3.4 Property, plant and equipment

3.4.1 Recognition and measurement

Plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing part of the Property, plant and equipment when that cost is incurred, if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection or maintenance activity is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statements of comprehensive income as incurred.

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment charged subsequent to the date of the revaluation. Where land and buildings are subsequently

revalued, the entire class of such assets is revalued at fair value on the date of revaluation.

- Valuations are performed every 3–5 years (or frequently enough) to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity in the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the income statement, in which case the increase is recognised in the income statement. A revaluation deficit is recognised in the income statement, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Depreciation is calculated by using a straight line method on the cost or valuation of all property, plant and equipment, other than freehold land, in order to write off such amounts over the estimated useful economic life of such assets.

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary

for it to be capable of operating in the manner intended by

management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale in accordance with SLFRS 5 and the date that the asset is derecognised. Therefore, depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

Capital expenditure incurred in relation to fixed assets which are not completed as at the reporting date are shown as capital work-in-progress and is stated at cost. On completion, the related assets are transferred to property, plant and equipment. Depreciation on capital work-in-progress commences when the assets are ready for their intended use.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising 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.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant

NOTES TO THE FINANCIAL STATEMENTS (Contd...)

and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income in profit or loss.

3.4.2 Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

3.4.3 Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The annual rates used for this purpose which for the current and comparative periods are as follows:

	%
Buildings	2.5
Motor Vehicles	20
Plant, Machinery & Others	10
Office Equipment	10

Depreciation of an asset begins when it is available for use whereas depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.4.4 Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on this re-measurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in OCI and presented in the revaluation reserve. Any loss is recognised in profit or loss.

However, to extent that an amount is included in the revaluation surplus for the property, the loss is recognised on OCI and reduces the revaluation surplus with in equity

3.5. Intangible assets and goodwill

3.5.1 Goodwill

Goodwill that arises upon the acquisition of subsidiaries

is presented with intangible assets. For the measurement of goodwill at initial recognition, refer note 3.1.1

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss is allocated to the carrying amount of the equity-accounted investee as a whole.

3.5.2 Computer Software

Acquired computer software licenses are capitalized on the basis of the cost incurred to acquire and bring to use the specific software.

3.5.3 Other intangible assets

Other intangible assets, including trademarks and trade license that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

3.5.4 Subsequent expenditure

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

3.5.5 Amortization

Except for goodwill, intangible assets are amortized on a straight line basis in profit or loss over their estimated useful lives, from the date that they are available for use, since this most

NOTES TO THE FINANCIAL STATEMENTS (Contd...)

closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative years are as follows:

- Software – 5 years.
- Trade Mark and Trade License subject to testing for impairment.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.6 Premium paid on Leasehold premises

The premium paid by the subsidiary for leasehold premises represents prepaid rental charges which are amortized over 50 years, commencing from the second year of operation with initial adoption of SLFRS 16 – Leases, the premium paid on Leasehold Premises have been transferred to Right of Use Assets.

3.7 Biological assets

Biological assets are measured at fair value less costs to sell, with any change therein recognized in profit or loss. Costs to sell include all costs that would be necessary to sell the assets, including transportation costs.

3.8 Investment property

Investment property is properly held either to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property is measured at cost on initial recognition and subsequently

at fair value with any change therein recognized in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labor, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalized borrowing costs.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

When the use of a property changes such as that it is reclassified as property, plant, equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

When the use of a property changes from owner-occupied to investment property, the property is re-measured to fair value and reclassified as investment property. Any gain arising on re-measurement is recognized in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognized in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognized immediately in profit or loss.

Where the Group companies occupy a significant portion of the investment property of a subsidiary such as investment properties, are treated as property, plant and equipment in the consolidated Financial Statements, Accounted for in accordance with LKAS 16 – Property, Plant and Equipment.

3.9 Inventories

The cost of each category of inventory of the Company and its subsidiaries are determined on the following basis.

- Raw Material – At cost determined at the factory on weighted average cost method.
- Finished Goods – At factory cost of direct materials, direct labor and appropriate proportion of fixed production overheads at normal operating capacity.
- Goods in transit – At the actual cost
- Packing Material – At cost determined at the factory on weighted average cost method
- Harvested Crops – Inventory of harvested crop sold has been valued at realized price. Unsold harvested crop have been valued at estimated realizable value net of direct selling expenses. This basis has been adopted to recognize the profit/loss on perennial crops in the financial period of harvesting.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

NOTES TO THE FINANCIAL STATEMENTS (Contd...)

3.10 Impairment

3.10.1 Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future Cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Group follows 'simplified approach' for recognition of impairment loss allowance on Trade Receivables.

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime expected credit losses (ECLs) at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether

there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

3.10.2. Non-financial assets

The carrying amounts of the Group's non-financial assets, other than biological assets, investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the Group of CGUs that is expected to benefit from the synergies of the combination.

This allocation is subject to an operating segment ceiling test and reflects the lowest level at which that goodwill is monitored for internal reporting purposes. The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of

NOTES TO THE FINANCIAL STATEMENTS (Contd...)

units) on a pro rata basis. An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.11 Employee benefits

3.11.1. Defined contribution plan EPF and ETF

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

All employees who are eligible for Employees Provident Fund contribution and Employees Trust Fund contribution are covered by relevant contribution funds in line with respective statutes and regulations.

The Company contributes 12% and 3% of gross emoluments of employees to Employees'

Provident Fund and Employees' Trust Fund respectively.

3.11.2 Defined benefit plan- Gratuity

A defined benefit plan is a post employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The retirement benefit plan adopted is as required under the Payment of Gratuity Act No.12 of 1983.

Provision for gratuity on the employees of the Company and Group are based on actuarial valuation as recommended by Sri Lanka Accounting Standard No. 19 'Employee Benefits' (LKAS - 19). The actuarial valuation was carried out by professionally qualified firm of actuaries, as at 31 March 2022. The valuation method used by the actuary is 'Projected Unit Credit Method'.

The Group recognizes any actuarial gains & losses arising from defined benefit plan immediately in other comprehensive income.

When the benefits of a plan are changed or when a plan is curtailed the resulting change in benefits that relates to Past service or gain or loss an curtailment is recognized immediately in Profit or loss. The Company recognizes gain or losses on the settlement of a defined plan when the settlement occurs.

The present value of defined benefit obligation is determined by discounting the estimated future cash flows using the interest rates of high quality corporate bonds that are denominated in currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related retirement obligations.

The key assumptions used in the computation are stated in the Note 32 to the Financial Statements.

However, according to the Payment of Gratuity Act No.12 of 1983, the liability for gratuity payment to an employee arises only after the completion of five years continued service with the Company.

This liability is not externally funded nor actuarially valued. The item is grouped under non-current liabilities in the Statement of Financial Position.

3.11.3 Short-term Employee Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus if the company has a present, legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.12 Bills Payable

The Group account for the liability on receipt of documents for clearance.

NOTES TO THE FINANCIAL STATEMENTS (Contd...)

3.13 Grants

Grants received in relation to assets are deducted from the cost of the assets. Thus this grant is recognized as income over the useful life of the depreciable assets by way of a reduced depreciation charge. Export rebates received as rewards are recognized as income to profit or loss.

3.14 Provisions

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

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

3.15 Revenue

3.15.1 Revenue Recognition

SLFRS 15 "Revenue from Contracts with Customers" outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found across several Standards and Interpretations within SLFRS. It establishes a new five-step model that will apply to revenue arising from contracts with customers.

Step 1: Identify the contract(s) with a customer: A contract is defined as an agreement

between two or more parties that create enforceable rights and obligations and sets out the criteria for each of those rights and obligations.

Step 2: Identify the performance obligations in the contract: A performance obligation in a contract is a promise to transfer a good or service to the customer that is distinct.

Step 3: Determine the transaction price: Transaction price is the amount of consideration to which the entity expects to be entitled to in exchange for transferring the promised goods and services to a customer, excluding amounts collected from third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the entity will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the entity expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

- a) Dividend income
Dividend income is recognized when the group's right to receive the dividend is established.
- b) Provision of Accounting Services
Revenue from accounting services rendered is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date.

3.1.6 As a Lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the lease of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

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

The right of use asset is subsequently depreciated using straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of lease term or the cost of the right of use asset reflects that the Group will exercise a purchase option. In that case the right of use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

NOTES TO THE FINANCIAL STATEMENTS (Contd...)

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

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

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

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

The lease liability is measured at amortized cost using effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or

termination option or if there is a revised in-substance fixed lease payments.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset or is recorded as profit or loss if the carrying amount of the right of use asset has been reduced to zero.

The Group presents right of use assets that do not meet the definition of investment property in 'Right-of-Use-Assets' in lease liabilities in the statement of financial position.

Short term leases and leases of low-value assets

The Group has elected not to recognize right of use assets and lease liabilities of leases of low-value assets and short-term leases. The Group recognize the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.17. Finance income and finance costs

Finance income and finance Costs Finance income comprises interest income on funds invested. Interest income is recognized as it accrues in profit or loss, using the effective interest method. Finance costs comprise interest expense on borrowings, bank loans and leases.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method. Foreign currency gains and losses are reported on a net basis.

3.17.1 Borrowing Cost

Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds.

Borrowing costs may include:

- (a) Interest expense calculated using the effective interest method.
- (b) Finance charges in respect of finance leases recognised in accordance with LKAS 17 Leases; and
- (c) Exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Group capitalizes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Then Group recognizes other borrowing costs as an expense in the period in which it incurs them.

3.18 Income tax

Income tax expense comprises current and Deferred Tax. It is recognized in profit or loss except to the extent that it relates to a business combination or items recognized directly in equity or OCI.

The Group has determined that interest and Penalties related to income taxes, including uncertain tax treatments, do not meet the definition of contingent Liabilities and contingent Assets.

Current tax

Current income tax assets and liabilities for the current and prior period are measured at the amount expected to be

NOTES TO THE FINANCIAL STATEMENTS (Contd...)

recovered from or paid to the taxation authorities. The tax rates and the 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 the income and expenditure as reported in the financial statements and computed in accordance with the provision of the Inland Revenue Act No. 24 of 2017 and its subsequent amendments thereto.

Deferred tax

Deferred tax is provided using the balance sheet liability method, providing for the tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base of assets and liabilities, which is the amount attributed to those assets and liabilities for tax purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted by the reporting date.

Deferred tax assets including those related to temporary tax effects of income tax losses and credits available to be carried forward, are recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.19 Segment Reporting

The Group has two reportable segments, as described below which are the Group's strategic

divisions. The strategic divisions offer different products and services and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the group's CEO (the chief operating decision maker) reviews internal management reports on at least a quarterly basis. The Group's reportable segments are as follows;

- Agri Foods
- Consumer Brands

3.20 Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

3.21 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

4. DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The fair value of immature timber plantations is based on the present value of the net cash flows expected to be generated by the plantation at maturity.

4.2 Investment property

An external, independent valuation company, having appropriate recognized professional qualifications and recent experience in the location and category of property being valued, values the Group's investment

NOTES TO THE FINANCIAL STATEMENTS (Contd...)

property portfolio once a year. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in transaction after proper marketing where- in the parties had each acted knowledgeably and willingly.

In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows then is applied to the net annual cash flows to arrive at the property valuation. Valuations reflect, when appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, the allocation of maintenance and insurance responsibilities between the Group and the lessee, and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices, and when appropriate counter-notices, have been served validly and within the appropriate time.

4.3 Inventories

The fair value of inventories acquired in a business combination is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

4.4 Equity and debt securities

The fair value of equity and debt securities is determined by reference to their quoted closing bid price at the reporting date, or if unquoted, determined using a valuation technique. Valuation techniques employed include market multiples and discounted cash flow analysis using expected future cash flows and a market-related discount rate.

5. ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE AS AT REPORTING DATE

The Institute of Chartered Accountants of Sri Lanka has issued the following new Sri Lanka Accounting Standard which will become applicable for financial periods beginning on or after 1 April 2022.

Accordingly, these standards have not been applied in preparing these consolidated Financial Statements.

The Group has not early adopted new Standards in preparing these Financial Statements.

- SLFRS 17 - Insurance contracts
- Amendments to SLFRS 16 - COVID - 19 related rent concessions beyond June 2021
- Onerous Contracts - Costs of fulfilling a contract - amendments to LKAS 37
- Amendments to references to the conceptual framework in SLFRS standards
- Property, plant and equipment: Proceeds before intended Use - amendments to LKAS 16
- Amendments to LKAS 1: Classification of liabilities as current or non-current
- Deferred Tax related to Assets and Liabilities arising from a single transaction (Amendments to LKAS 12)
- Annual Improvements to SLFRS standards (2018-2020)
- Disclosure of Accounting Policies (Amendments to LKAS 1)
- Definition of Accounting Estimates (Amendments to LKAS 8)

NOTES TO THE FINANCIAL STATEMENTS (Contd...)

FOR THE YEAR ENDED 31 ST MARCH	GROUP		COMPANY	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
6. Revenue				
Export Sales	5,067,610,465	4,301,462,192	-	-
Local Sales	5,620,523,000	4,364,233,135	-	-
Dividend Income	232,956	-	12,000,000	77,207,792
Rental Income	6,938,743	1,743,569	-	-
	10,695,305,164	8,667,438,896	12,000,000	77,207,792
7. Gain on disposal of Investment	104,151,964	-	117,783,925	-
	104,151,964	-	117,783,925	-
8. Other Income				
Profit on disposal of Propety, Plant & Equipment	-	11,309,916	-	-
Rental Income	26,265,466	29,738,054	-	-
Change in fair value of Biological Assets	(722,302)	4,689,040	-	-
Written back of Interest payable on loan	-	43,400	-	-
Sundry Income	22,078,948	16,034,797	-	-
	47,622,112	61,815,207	-	-
9. Other Expenses				
Impairment on Propert plant and equitment	-	45,000,000	-	-
Loss disposal / partly disposal of Equity accounted investees (Note 22.5)	-	301,309,311	-	-
	-	346,309,311	-	-
10. Finance Income				
Interest Income	5,554,441	7,334,027	256,349	34,801
Exchange Gain	587,148,998	92,940,058	-	-
	592,703,439	100,274,085	256,349	34,801
11. Finance Costs				
Interest on Bank Overdrafts	2,655,787	4,614,969	-	11,302
Interest on Borrowings	174,390,925	112,112,893	-	150,682
Interest on leases liability	9,071,007	9,605,047	-	-
Exchange Losses	341,164,163	104,077,246	-	-
Others	194,912	304,676	-	-
Intercompany Interest	-	-	5,628,933	-
	527,476,794	230,714,831	5,628,933	161,984
Net Finance Costs	65,226,645	(130,440,746)	(5,372,584)	(127,183)

NOTES TO THE FINANCIAL STATEMENTS (Contd...)

FOR THE YEAR ENDED 31 ST MARCH	GROUP		COMPANY	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
12. Profit/(Loss) Before Taxation				
Profit before Taxation is stated after charging all expenses including the followings;				
Directors Remuneration and Fees	64,230,110	79,910,680	240,00	160,000
Auditors' Remuneration				
Audit Services	4,250,575	3,741,392	695,400	340,000
Non Audit services	795,186	875,196	346,556	270,000
Provision / (Reversal) on Obsolete Stocks	(4,568,351)	21,827,627		-
Depreciation	316,366,172	297,796,077	-	-
Amortisation of right of use assets	17,206,756	16,276,878	-	-
Amortization of Intangible Assets	3,726,208	3,657,742		-
Personnel Cost (Note 12.1)	1,000,608,285	734,439,890	-	
12.1 Personnel Cost				
Salaries, Wages and Other related costs	828,344,082	651,499,918	-	-
Defined Benefit Plan Cost- Retirement Gratuity	18,528,053	26,123,255	-	-
Defined Contribution Plan Cost – EPF & ETF	153,736,150	56,816,717	-	-
	1,000,608,285	734,439,890	-	-
13. Taxation				
Income Tax charged for the year	96,461,254	45,210,239	16,899,144	9,885,059
Capital Gain Tax on Disposal of Investment.	65,000	-	-	-
Under/Over provision in respect of previous years	(2,886,768)	23,447,985	-	(1,359,818)
Origination and Reversal of Temporary Differences	43,241,774	(58,506,609)	-	-
	136,881,260	10,151,615	16,899,144	8,525,241

13.1 Current Tax

13.1.1 Company

Income tax has been computed in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and amendments thereto.

According to Third Schedule –(Exempt Amounts) item (h) of the Income Tax Act No. 24 of 2017, profit earned on sale of shares on which share transaction levy under Section 7 of the Finance Act No.05 of 2005, is paid, exempt from income tax. Interest and other Income are liable to Income Tax at 24% (2021- 24%).

13.2 Subsidiary companies enjoying tax holidays at concessionary rates of tax

13.2.1 Renuka Agri Foods PLC

In terms of the agreement with the Board of investment of Sri Lanka (BOI), business profit of the Company is exempted from income tax for a period of 12 years from the date of commencement of its business, which came to an end in the year of assessment 2011/12. Subsequently the said exemption period was extended for another two years of assessments ending 2014/15 by a supplementary agreement. After the expiration of said tax exemption period, the Company will be liable for taxation at rate of 12%.

Dividend paid by Company out of exempt profits during the 12 year tax holiday period or within one year thereafter is exempted from tax. Other Income is liable for income tax at the rate of 24%.

NOTES TO THE FINANCIAL STATEMENTS (Contd...)

13.2.2 Renuka Developments (Private) Limited

According to the agreements entered into with Board of Investment of Sri Lanka, the profit and income of the Company were exempted from income tax for a period of five (5) years. This tax holiday period expired on 31st March 1999.

From the year of assessments 2006/2007, under section 16 of the Inland Revenue Act No. 10 of 2006, the Company's profit was exempted from income tax for a period of five years. This tax holiday period expired on 31st March 2011. The Company is liable to income tax at 12% on profit from agriculture from the year of assessment 2011/2012.

The Company is liable to income tax at the rate of 24% (2021 – 24%).

13.2.3 Renuka Agri Organics Limited

The enterprise shall be entitled for a tax exemption period of 4 years in terms of the Inland Revenue Act No.10 of 2006 as amended by the Inland Revenue (amendment) Act No. 8 of 2012 (Section 16C). The year of assessment shall be reckoned from the year in which the enterprise commences to make profits or any year of assessment not later than 2 years reckoned from the date of commencement of commercial operations, whichever comes first as determined by the commissioner General of Inland Revenue.

This tax exemption period ended by year of assessment 2017/2018.

According to the recent amendments (notice No. PM/IT/2020-03 (Revised) dated 8 April 2020) to the Inland Revenue Act, No 24 of 2017 Profit from Export business income, Local Business income and other income liable for income tax at the rate of 14%, 18% & 24% respectively.

13.2.4 Renuka Teas Ceylon (Private) Limited

According to the recent amendments (notice No. PM/IT/2020-03 (Revised) date 8 April 2020) to the Inland Revenue Act, No 24 of 2017 Profit from Export business income, Local Business income and other income liable for income tax at the rate of 14%, 18% & 24% respectively.

13.2.5 Shaw Wallace Ceylon Limited

The Company is liable to income tax at the rate of 24% (2021 – 24%).

13.2.6 Ceylon Botanicals (Private) Limited

The Company is liable to income tax at the rate of 24% (2021 – 24%).

13.2.7 Ceylon Forestry (Private) Limited

In accordance with the provisions of section 17 of the Board of Investment of Sri Lanka law No. 4 of 1978, the Company is entitled to the following exemptions/benefits with regard to income tax;

- (i) For a period of eight (08) years reckoned from the year of assessment as may be determined by the BOI, the profits and income of the Company is exempted from tax. For the above purpose, the year of assessment shall be reckoned from the year in which the Company commences to make profits or any year of assessment not later than two (02) years reckoned from the date of commencement of commercial operations whichever year is earlier, as specified in a certificate issued by the BOI, Sri Lanka.
- (ii) After the expiration of the aforesaid tax exemption period, referred to in sub clause (i) above, the profits and income of the Company shall for each year of assessment be charged at the rate of ten per centum (10%) for a period of two (2) years ("concessionary period") immediately succeeding the last date of the tax exemption period during which the profits and income of the Company is exempted from it.
- (iii) After the expiration of the aforesaid concessionary period referred to in sub clause (ii) above, the profits and income of the Company shall be charged for any year of assessment at the rate of 20%.

NOTES TO THE FINANCIAL STATEMENTS (Contd...)

The Departments of Inland Revenue has issued a notice No. PM/IT/2020-03 (Revised) dated 8 April 2020, proposing to amend the existing Inland Revenue Act, No 24 of 2017 effective from 1 January 2020. Proposed notice also provides concessionary tax rate and income tax exemptions to agro-processing & manufacturing and agro-farming respectively.

However, other income would be liable to Income Tax at the rate of 24% for the year.

13.2.8 Kandy Plantations Limited

According to the agreement with the BOI of Sri Lanka, the Profits and Income of Kandy Plantations Ltd were exempt for a period of 5 years from the year of assessment in which the enterprise commence to make profit (i.e. 2003/2004). Accordingly, the said tax holiday period was expired on 31st March 2008.

However, the profit from agriculture of the Company continued to be exempted from income tax for further 3 year of assessments ending 2010/2011, under section 16 of the Inland Revenue Act No. 10 of 2006. This tax holiday was expired on 31st March 2011.

The Departments of Inland Revenue has issued a notice No. PM/IT/2020-03 (Revised) dated 8 April 2020, proposing to amend the existing Inland Revenue Act, No 24 of 2017 effective from 1 January 2020. Proposed notice also provides concessionary tax rate and income tax exemptions to agro-processing & manufacturing and agro-farming respectively.

However, other income would be liable to Income Tax at the rate of 24% for the year.

13.2.9 Coco Lanka (Private) Limited

The Departments of Inland Revenue has issued a notice No. PM/IT/2020-03 (Revised) dated 8 April 2020, proposing to amend the existing Inland Revenue Act, No 24 of 2017 effective from 1 January 2020. Proposed notice also provides concessionary tax rate and income tax exemptions to agro-processing & manufacturing and agro-farming respectively.

However, other income would be liable to Income Tax at the rate of 24% for the year.

13.2.10 Richlife Dairies Ltd

The Company is liable to income tax at 18% (2021 – 14%).

13.2.11 Bois Bros & Co. (Pvt) Ltd

The Company is liable to income tax at 24% (2021 – 24%).

13.2.12 Shaw Wallace Properties (Pvt) Ltd

In terms of an agreement entered into with the Board of Investment of Sri Lanka, under section 17 of the Board of Investment of Sri Lanka (BOI) Law No. 04 of 1978, the Company is exempted from income tax for a period of five years commencing 01 April 2009. After the expiration of the said tax exemption period the profits and income of the Company shall be charged at the rate of 10% for a period of two years immediately succeeding the last date of the tax exemption period. After the expiration of the aforesaid concessionary tax rate of 10%, the profits and income of the Company shall for any year of assessment be charged at the rate of 20% under transitional provisions to the new Inland Revenue Act No. 24 of 2017

NOTES TO THE FINANCIAL STATEMENTS (Contd...)

FOR THE YEAR ENDED 31 ST MARCH	GROUP		COMPANY	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
13.3 Reconciliation between Taxable Profit and the Accounting Profits				
Profit /(Loss) Before Tax	870,153,405	(374,705,876)	117,207,201	70,607,561
Other Consolidation Adjustments	93,832,453	285,076,489	-	-
Profit /(Loss) Before Income Tax Before Adjustments	963,985,858	(89,629,387)	117,207,201	70,607,561
Aggregate Disallowable Expenses	491,914,478	479,948,235	709,899	-
Aggregate Allowable Expenses	(567,302,404)	(393,524,933)	-	-
Aggregate Other income	(11,082,413)	(11,646,705)	-	-
Exempt Income	(54,359,590)	(16,865,967)	(42,504,000)	-
Adjusted Business Profit/(Loss)	823,155,929	(31,718,757)	75,413,100	-
Taxable Aggregate Other Income	10,850,915	14,457,808	-	-
Total Statutory Income	834,006,844	(17,260,949)	75,413,100	70,607,561
Brought Forward Loss Claimed during the Year	(233,382,488)	(7,294,150)	-	-
Tax losses incurred during the year	-	194,694,613	-	-
Taxable Income / (Loss)	600,624,356	170,139,514	75,413,100	70,607,561
Income Tax at 24%	16,353,294	13,091,100	15,219,144	-
Income Tax at 18%	25,019,872	13,150,719	-	-
Income Tax at 14%	55,088,088	5,954,720	1,680,000	9,885,059
ESC Write off	-	13,013,700	-	-
Income Tax on Current year Profits	96,461,254	45,210,239	16,899,144	9,885,059
13.4 Tax Losses				
Tax Losses Brought Forward	696,539,217	509,138,754	-	-
Adjustment for the Tax Loss	993,047	-	-	-
Tax Losses incurred/(reversal) during the year	-	194,694,613	-	-
Tax Losses Utilised	(233,382,488)	(7,294,150)	-	-
Tax Losses Carried Forward	464,149,776	696,539,217	-	-

NOTES TO THE FINANCIAL STATEMENTS (Contd...)

14. BASIC EARNINGS/(LOSS) PER SHARE

- 14.1** The Computation of Basic of Earnings/(Loss) per Share is based on the profit/(Loss) for the year attributable to ordinary shareholders for the year divided by the weighted average number of shares outstanding during the year and calculated as follows.

	GROUP		COMPANY	
FOR THE YEAR ENDED 31 ST MARCH	2022	2021	2022	2021
Profit attributable to the Ordinary Shareholders (Rs.)	554,351,186	(184,603,247)	100,308,057	62,082,320
Weighted Average Number of Ordinary Shares as at year end	122,733,452	122,733,452	122,733,452	122,733,452
Earnings Per Share (Rs.)	4.52	(1.50)	0.82	0.51

14.2 Basic earnings/(Loss) per share

Diluted earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the number of ordinary shares outstanding during the year after adjustment for the effects of all dilutive potential ordinary shares.

As at 31 March 2022 & as at 31 March 2021 there were no dilutive potential ordinary shares. Hence, diluted earnings per share is same as basic earnings per share.

14.3 Dividend Per Share

The dividend per share is based on the dividend paid during the year and the number of ordinary shares outstanding as at that date.

	GROUP		COMPANY	
FOR THE YEAR ENDED 31 ST MARCH	2022	2021	2022	2021
Dividend paid during the year	–	42,956,708	–	42,956,708
Number of Ordinary Shares as at distribution	122,733,452	122,733,452	122,733,452	122,733,452
Dividend per Share (Rs.)	–	0.35	–	0.35

NOTES TO THE FINANCIAL STATEMENTS (Contd...)

15. PROPERTY, PLANT AND EQUIPMENT

15.1 Group

AS AT 31ST MARCH 2021

	Freehold Land	Leasehold Land	Buildings	Plant & Machinery	Electrical Installation	Furniture Fittings & Equipment	Motor Vehicles	Land Development Cost	Capital Work In Progress	TOTAL
Cost/ Valuation	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
As at 01st of April 2020	1,097,927,705	183,483,421	1,771,229,227	2,320,709,242	154,363,494	484,485,197	138,909,806	15,883,564	34,724,224	6,201,715,880
Adjustments	-	-	(87,002,585)	-	-	101	(2,598,113)	-	-	(89,600,597)
Adjusted balance As at 01 of April 2020	1,097,927,705	183,483,421	1,684,226,642	2,320,709,242	154,363,494	484,485,298	136,311,693	15,883,564	34,724,224	6,112,115,283
Additions	-	-	28,810,187	140,358,591	19,001,383	62,552,739	-	-	17,301,675	268,024,575
Impairment	-	-	(45,000,000)	-	-	-	-	-	-	(45,000,000)
Disposals / Transfers	-	-	-	(23,886,305)	-	(1,018,578)	(17,758,834)	-	(16,105,677)	(58,769,394)
As at 31 March 2021	1,097,927,705	183,483,421	1,668,036,829	2,437,181,528	173,364,877	546,019,459	118,552,859	15,883,564	35,920,222	6,276,370,464
As at 01 of April 2021										
Adjustments										
Adjusted balance As at 01 of April 2021	1,097,927,705	183,483,421	1,668,036,829	2,437,181,528	173,364,877	546,019,459	118,552,859	15,883,564	35,920,222	6,276,370,464
Additions	-	-	292,791,716	236,092,900	31,918,441	109,771,929	646,500	-	19,449,505	690,690,991
Revaluation	17,100,000	-	-	-	-	-	-	-	-	17,100,000
Disposal of subsidiary	(115,000,000)	-	-	(42,481,043)	-	(9,615,386)	(16,098,913)	-	-	(183,195,342)
Disposals / Transfers	(4,698,806)	-	-	-	-	-	-	-	(20,592,319)	(25,291,125)
As at 31 March 2022	995,328,899	183,483,421	1,960,828,545	2,630,793,385	205,283,318	646,176,002	103,100,446	15,883,564	34,797,408	6,775,674,988
Accumulated Depreciation										
As at 01 of April 2020	-	4,758,541	89,198,033	1,056,537,010	29,738,667	348,166,939	127,710,156	3,775,714	-	1,659,885,060
Reclassification	-	-	(87,002,585)	-	-	6,788,793	(9,386,810)	-	-	(89,600,602)
As at 1st April 2020	-	4,758,541	2,195,448	1,056,537,010	29,738,667	354,955,732	118,323,346	3,775,714	-	1,570,284,458
Charge for the year	-	-	45,353,801	180,761,138	14,939,905	45,322,727	10,175,673	1,242,833	-	297,796,077
Disposals / Transfers	-	-	-	(9,690,990)	-	(1,018,578)	(17,758,835)	-	-	(28,468,403)
As at 31 March 2021	-	4,758,541	47,549,249	1,227,607,158	44,678,572	399,259,881	110,740,184	5,018,547	-	1,839,612,132
As at 01 of April 2021										
Adjustments										
As at 1st April 2021	-	4,758,541	47,549,249	1,227,607,158	44,678,572	399,259,881	110,740,184	5,018,547	-	1,839,612,132
Charge for the year	-	-	49,582,035	201,353,024	16,521,266	44,059,206	4,822,457	28,184	-	316,366,172
Disposal of subsidiary	-	-	-	(30,195,076)	-	(6,443,990)	(16,098,913)	-	-	(52,737,979)
As at 31 March 2022	-	4,758,541	97,131,284	1,398,765,106	61,199,838	436,875,097	99,463,728	5,046,731	-	2,103,240,325
Carrying Amount										
As at 31 March 2022	995,328,899	178,724,880	1,863,697,261	1,232,028,279	144,083,480	209,300,905	3,636,718	10,836,833	34,797,408	4,672,434,663
As at 31 March 2021	1,097,927,705	178,724,880	1,620,487,580	1,209,574,370	128,686,305	146,759,578	7,812,675	10,865,017	35,920,222	4,436,758,332

NOTES TO THE FINANCIAL STATEMENTS (Contd...)

- 15.1.1** Based on the assessment carried out internally, by the Board Of Directors no provision was required for the potential impairment of fixed assets as at 31 March 2022.
- 15.1.2** Property, Plant and Equipment include fully depreciated assets having a gross amount of Rs. 692,838,362 as at 31 March 2022. (Rs. 547,180,813 as at 31 March 2021)
- 15.1.3** There were no restrictions on the title of the Property, Plant and Equipment as at 31 March 2022 other than disclosed in Note 30.
- 15.1.4** There were no items of Property, Plant and Equipment pledged as security as at 31 March 2022 other than disclosed in Note 30.
- 15.1.5** There were no temporary idle items of Property, Plant and Equipment as at 31 March 2022.
- 15.1.6** The capital work in progress represents project in progress.
- 15.1.7** During the year under review, the Group has not capitalized any borrowing cost.
- 15.1.8** During the financial year, the Group has acquired property, plant & equipment to the aggregate value of Rs. 690,690,991 (2021 – Rs. 268,024,575) cash payments amounting to Rs. 690,690,991 (2021 – Rs. 268,024,575) were made during the year for purchase of property, plant & equipment.
- 15.1.9** The carried amount of the revalued assets that would have been included in the Financial Statements had the assets being carried at cost are as follows.

Group	As at 31.03.2022		
	Cost Rs.	Accumulated Depreciation Rs.	Carrying Amount Rs.
Land	308,504,874	–	308,504,874
Building	1,368,913,081	234,098,986	1,134,814,095

15.2 Company

AS AT 31ST MARCH 2022	Motor Vehicles Rs.	TOTAL 2022 Rs.	TOTAL 2021 Rs.
Cost			
As at 01 April 2021	2,598,113	-	2,598,113
As at 31 March 2022	2,598,113	-	2,598,113
Accumulated Depreciation			
As at 01 April 2021	2,598,113	-	2,598,113
As at 31 March 2022	2,598,113	-	2,598,113
Carrying Value			
As at 31 March 2022	-	-	-
As at 31 March 2021	-	-	-

- 15.2.1** Property, Plant and equipment of the Company include fully depreciated asset having a gross amount of Rs. 2,598,113 as at 31 March 2022. (Rs. 2,598,113 as at 31 March 2021)

NOTES TO THE FINANCIAL STATEMENTS (Contd...)

15.3 Revaluation of Land & Building – Method of Valuation

"The Land and buildings of the companies were revalued as at 31st March 2020. The results of such revaluations were incorporated in these financial statements from its effective date, which is 31st March 2020. Fair value of the Land & Building was ascertained by an independent valuation carried out by Mr.A.A.M.Fathihu-FIV (Sri Lanka) as at 31st March 2020. Valuation was carried out in reference to Sri Lanka Accounting Standard LKAS 16 Property, Plant & Equipment together with SLFRS 13 – Fair Value Measurement. All revaluations are based on market values and based on the aforesaid valuations. The Directors are of the view that market values as at 31st March 2022 have not materially changed from the values determined as at 31st March 2020."

The Market value has been used as the fair value of the property. In determining the revaluation, the current condition of the properties and future usability have been considered. Also Value has made reference to market evidence of transaction price for similar properties, with appropriate adjustment for size, usage and location. Accordingly, the land and buildings were valued on an open market value on existing use basis.

Company	Location	Last revaluation	Land Extent	Fair Value as at 31.03.2022 (Rs.)		No of Buildings	Level of Fair Value Hierarchy
				Land	Buildings		
Renuka Agri Foods PLC	Unagahadeniya	31st March 2020	0A-1R-30.40P	21,120,000	903,000	1	Level 3
	Wathupitiwala / Giriulla	31st March 2020	-	-	367,715,965	11	Level 3
Renuka Developments (Pvt) Ltd	Unagahadeniya	31st March 2020	1A-3R-23.30P	75,825,000	24,077,876	7	Level 3
Kandy Plantations Ltd	Nalla, Diuldeniya	31st March 2020	-	-	8,524,350	4	Level 3
	Matale	31st March 2022	20A-2R-4.70P	77,300,000	-		Level 3
Coco Lanka (Pvt) Ltd	Cocowatte Estate, Puttalam	31st March 2020	165A-1R-05P	180,448,000	10,454,750	5	Level 3
Renuka Agri Organics Ltd	Wathupitiwala	31st March 2020	-	-	262,973,228	3	Level 3
Shaw Wallace Ceylon Ltd	Danister De Silva Mawatha, Colombo – 8	31st March 2020	0A-1R-0P	320,000,000	588,921,750	1	Level 3
	Karishue Place, Colombo – 9	31st March 2020	0A-0R-4.7P	18,800,000	-	-	Level 3
	Gamunu Mawatha, Ekala,	31st March 2020	0A-1R-19.8P	29,900,000	47,585,241	11	Level 3
	Samagi Mawatha, Ekala	31st March 2020	1A-1R-14.75P	107,375,000	31,531,739	3	Level 3
Richlife Diaries Ltd	Pirivena Road, Molligoda, Wadduwa	31st March 2020	5A-2R-06P	158,568,000	184,495,295	1	Level 3
Shaw Wallace Properties (Pvt) Ltd	New Nuge Road, Peliyagoda	31st March 2020	0A-2R-12.59P	394,793,573	182,970,652	2	Level 3

* Kandy Plantations Ltd has revalued Matale land as at 31st March 2022. (Valuation carried out by Mr.A.A.M. Fathihu – FIV (Sri Lanka))

NOTES TO THE FINANCIAL STATEMENTS (Contd...)

Valuation technique and significant unobservable inputs

Valuation techniques	Significant unobservable inputs	Inter -relationship between Significant unobservable inputs and fair value measurement
Market comparable method ; this method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of the property being revalued. This involves evaluation of recent active market prices if similar assets, making appropriate adjustments for differences in size, nature, location, condition of specific property in this process outlier transactions, indicative of particularly motivated buyers of sellers are too compensated for since the price may not adequately reflect the fair market value.	Price per perch for Land Price per square foot Depreciation rate	Estimated fair value would Increase/(decrease) if Price per perch increases/(decreases) Price per square foot increases/(decreases) Depreciation rate for building increases/(decreases)
Investment method ; This method involves capitalisation of the expected rental income at an appropriate rate for years since purchased, currently characterised by the for rental property market.	Gross Monthly Rental Years Purchase (Present value of 1 unit per period void Period)	Estimated fair value would Increase/(decrease) if Gross annual rental increases/(decreases) Years Purchase increases/(decreases) Void Period increase/(decrease)

Company	Location	Land					Building		
		Market Value as at 31st March 2022	Extent	Per Perch Value	Increase +10%	Decrease -10%	Market Value as at 31st March 2022	Increase +10%	Decrease -10%
		Rs.		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Renuka Agri Foods PLC	Unagahadeniya	21,120,000	0A-1R-30.40P	300,000	2,112,000	(2,112,000)	903,000	90,300	(90,300)
	Wathupitiwala / Giriulla	-	-	-	-	-	367,715,965	36,771,597	(36,771,597)
Renuka Developments (Pvt) Ltd	Unagahadeniya	75,825,000	1A-3R-23.30P	250,000	7,582,500	(7,582,500)	24,077,876	2,407,788	(2,407,788)
Kandy Plantations Ltd	Nalla, Diuldeniya	-	-	-	-	-	8,524,350	852,435	(852,435)
	Matale	77,300,000	20A-2R-4.70P	17,627	7,730,000	(7,730,000)	-	-	-
Coco Lanka (Pvt) Ltd	Cocowatte Estate, Puttalam	180,448,000	165A-1R-05P	6,824	18,044,800	(18,044,800)	10,454,750	1,045,475	(1,045,475)
Renuka Agri Organics Ltd	Wathupitiwala	-	-	-	-	-	262,973,228	26,297,323	(26,297,323)
Shaw Wallace Ceylon Ltd	Danister De Silva Mawatha, Colombo - 8	320,000,000	0A-1R-0P	8,000,000	3,200,000	(3,200,000)	588,921,750	58,892,175	(58,892,175)
	Karishue Place, Colombo - 9	18,800,000	0A-0R-4.7P	4,000,000	1,880,000	(1,880,000)	-	-	-
	Gamunu Mawatha, Ekala,	29,900,000	0A-1R-19.8P	500,000	2,990,000	(2,990,000)	47,585,241	4,758,524	(4,758,524)
	Samagi Mawatha, Ekala	107,375,000	1A-1R-14.75P	500,000	10,737,500	(10,737,500)	31,531,739	3,153,174	(3,153,174)
Richlife Dairies Ltd	Pirivena Road, Molligoda, Wadduwa	158,568,000	5A-2R-06P	178,971	15,856,800	(15,856,800)	184,495,295	18,449,530	(18,449,530)
Shaw Wallace Properties (Pvt) Ltd	New Nuge Road, Peliyagoda	394,793,573	0A-2R-12.59P	4,263,430	39,479,357	(39,479,357)	182,970,652	18,297,065	(18,297,065)

NOTES TO THE FINANCIAL STATEMENTS (Contd...)

16. RIGHT OF USE ASSET/LEASE LIABILITY

The Group has leased factory/office premises and estates. The Lease typically run for period of two to Fifty years, with an option to renew the lease after the date. Lease payments are renegotiated every 3-5 years to reflect the market rentals. Some leases provide for additional rent payments that are based on changes in local price indices.

The leases arrangements were entered into many year ago as combined leases of land and buildings. Previously these leases were classified as operating leases under LKAS 17.

Information about leases for which the Group is a lessee presented below.

Renuka Agri Foods PLC – BOI Land Wathupitiwala, Head Office Building, Colombo 2

Kandy Plantations Ltd – Giriulla Estate

Ceylon Forestry (Pvt) Ltd – Wiharagama Estate

Renuka Agri Organics Ltd – BOI Land Wathupitiwala, Land and Building Dankotuwa and Unagahadeniya.

16.1 The carrying amounts of right-of-use assets recognised and its movements during the year:

AS AT 31 ST MARCH	GROUP		COMPANY	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Cost				
Balance as at 01st April	206,539,854	171,035,525	-	-
Additions during the year	11,311,433	58,233,635	-	-
Disposals / write-offs during the year	-	(22,729,306)	-	-
Disposal of subsidiary	(8,193,035)	-	-	-
Cost as at 31st March	209,658,252	206,539,854	-	-
Accumulated amortisation				
Balance as at 1st April	75,559,123	60,203,703	-	-
Disposals / write-offs during the year	-	(921,458)	-	-
Charge for the year	17,206,756	16,276,878	-	-
Disposal of subsidiary	(7,640,660)	-	-	-
Accumulated amortisation as at 31st March	85,125,219	75,559,123	-	-
Net book value as at 31st March	124,533,033	130,980,731	-	-

NOTES TO THE FINANCIAL STATEMENTS (Contd...)

- 16.2** The carrying amounts of lease liability (included under current and non current liabilities) and its movements during the year:

AS AT 31 ST MARCH	GROUP		COMPANY	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Balance as at 01 April 2021	127,726,502	115,747,227	-	-
Disposals / write-offs during the year	-	(15,505,950)	-	-
Disposal of subsidiary	(893,998)	-	-	-
Additions during the year	11,550,596	58,233,635	-	-
Accretion of interest	9,071,007	9,605,047	-	-
Payments	(25,668,439)	(47,087,717)	-	-
Exchange gain	40,420,584	6,734,260	-	-
Balance as at end of the year	162,206,252	127,726,502	-	-
Current	23,108,974	24,783,125	-	-
Non- current	139,097,279	102,943,378	-	-
Balance as at end of the year	162,206,253	127,726,503	-	-

16.3	Amount recognized in profit or loss			
	Interest on lease liabilities	9,071,007	9,605,047	-
	Amortization of Right to Use Asstes	17,206,756	16,276,878	-

16.4	Amount recognized in Statement of cash flows			
	Total cash outflow for leases	25,668,439	47,087,717	-

17. INVESTMENT PROPERTY

17.1	Group	Land	Building	2022	2021
		Rs.	Rs.	Rs.	Rs.
	Balance as at the Beginning of the Year	190,229,693	113,160,452	303,390,145	292,995,619
	Changes in Fair Value	15,147,295	2,220,254	17,367,549	10,394,526
	Balance as at the end of the year	205,376,988	115,380,706	320,757,694	303,390,145

- 17.1.1** The Subsidiarie's Investment Property has been accounted for as property, plant and equipment in the Financial Statements of the Group in view of it being owner occupied property from the Group's point of view, and thereby changes in fair value adjusted respectively.

- 17.2** Rental Income earned from Investment Property by the group amounted to Rs. 5,649,979 (2020/21 Rs. 1,743,569) and Rs. 265,263 Operating Expenses incurred in relation to the Investment Property during the year (2020/21 - Rs 2,799,188)

NOTES TO THE FINANCIAL STATEMENTS (Contd...)

- 17.3** Fair value of the Investment Property is ascertained by annual independent valuation carried out by L.M.P Perera- F.I.V (Sri Lanka) as at 31 March 2022

The Market value has been used as the fair value in determining the fair value. The current condition of the properties and future usability have been considered. Also valuer has made reference to market evidence of transaction prices for similar properties, with appropriate adjustments for size, usage and location.

Company	Location	Rented Out Warehouse					
			Market Value as at 31st March 2022	Extent	Per SF / Perch Value	Increase +10%	Decrease -10%
			Rs.		Rs.	Rs.	Rs.
Shaw Wallace Properties (Pvt) Ltd	New Nuge Road, Peliyagoda	Building	115,380,706	SF	35747	3,228	11,538,071
		Land	205,376,988	Perch	123	1,669,732	20,537,699

18 . BIOLOGICAL ASSETS

AS AT 31ST MARCH	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Balance as at 01 April	109,439,774	90,952,113	-	-
Additions during the year	12,222,570	13,798,621	-	-
Gain/(Loss) on changes in Fair Value	(722,302)	4,689,040	-	-
Balance as at 31st March	120,940,042	109,439,774	-	-

Represented by	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Biological Assets at fair value (Note 18.1)	62,331,124	62,026,150	-	-
Biological Assets at cost less (Note 18.2)	56,221,752	45,395,534	-	-
Immature pepper plantation	2,387,166	2,018,090	-	-
	120,940,042	109,439,774	-	-

18.1 Biological Assets at Fair value

Biological Assets at Fair value as at 31st March 2022 consists of Ceylon Forestry (Pvt) Limited's investment made for Teak Plants and Coco Lanka (Private) Limited's, Investments made for timber plants.

18.1.1 Ceylon Forestry (Private) Limited

The biological asset is on the land owned by Ceylon Botanicals (Private) Limited (a subsidiary company of the Group), for which rent has been paid by Ceylon Forestry (Private) Limited. The total extent of the land is 67-A-3R-03.00P. The planted area is 42 acres. Number of trees are 13,896.

Managed trees include commercial teak timber plantations cultivated on the estates in Matale. The cost of immature trees up to 5 years from planting are treated as approximate fair value particularly on the grounds of little biological transformation has taken place and impact of the biological transformation on price is not material.

When such plantation become mature, the additional investment since taken over to bring them to maturity are transferred from immature to mature.

NOTES TO THE FINANCIAL STATEMENTS (Contd...)

The fair value of managed trees was ascertained in accordance with LKAS 41 – "Agriculture" which is applicable only for managed agricultural activity in terms of the ruling issued by the Institute of Chartered Accountants of Sri Lanka. The Valuation was carried out by an independent Chartered Valuation Surveyor Mr. W.M. Chandrasena FIV(SL)MRICS (UK) using Discounted Cash Flows (DCF) method. Valuation of biological assets are considered as a level III valuation, and details of the valuation are given below.

18.1.2 Coco Lanka (Private) Limited

The biological assets is on the land acquired by Coco Lanka (Private) Limited. The total extent of the land is 165 Acres. Managed trees include commercial Teak timber plantations and coconut nursery on the estate in Puttalam. The cost of immature trees up to 5 years from planting are treated as approximate fair value particularly on the grounds of little biological transformation has taken place and impact of the biological transformation on price is not material.

When such plantation become mature, the additional investment since taken over to bring them to maturity are transferred from immature to mature.

The fair value of managed trees was ascertained in accordance with LKAS 41 – "Agriculture" which is applicable only for managed agricultural activity in terms of the ruling issued by the Institute of Chartered Accountants of Sri Lanka. The Valuation was carried out by an independent Chartered Valuation Surveyor Mr. W.M. Chandrasena FIV(SL)MRICS (UK) using Discounted Cash Flows (DCF) method. Valuation of biological assets are considered as a level III valuation, and details of the valuation are given below.

18.1.3 Key assumptions used in valuation are as follows

Variable	Comment
Timber Content	Estimated based on the girth (range between 15 to 72 inch), height (range between 16 to 35 meters) and considering the growth and present age of the trees of each species in different geographical regions, factoring all the prevailing statutory regulations enforced against harvesting of timber coupled with forestry plan of the Company approved by the Forestry Department.
Economic Useful Life	Estimated based on normal life (25–35 years) span of each species by factoring the forestry plan of the Company approved by the Forestry Department.
Selling Price	Estimated based on prevailing Sri Lankan market prices (Rs. 675–825 per cubic ft.) factoring all the conditions to be fulfilled in bringing the trees in to salable condition.
Discount Rate	Future cash flows are discounted at the rate of 14.5% (2021 – 13%)

The valuations, as presented in the external valuation models based on net present values, take into account the long-term exploitation of the timber plantation. Because of the inherent uncertainty associated with the valuation at fair value of the biological assets due to the volatility of the variables, their carrying value may differ from their realizable value. The Board of Directors retains their view that commodity markets are inherently volatile and that long-term price projections are highly unpredictable. Hence, the sensitivity analysis regarding selling price and discount rate variations as included in this note allows every investor to reasonably challenge the financial impact of the assumptions used in the LKAS 41 against his own assumptions.

Inter-relationship between key unobservable inputs and fair value measurement:	The estimated average future sales price of timber may increase or decrease within a +10% to -10% range.
	The risk-adjusted discount rate of 14% may stimulate an increase or a decrease between the ranges +1% to -1%

NOTES TO THE FINANCIAL STATEMENTS (Contd...)

18.1.3 Sensitivity Analysis

Sensitivity variation on sales price

Values as appearing in the Statement of Financial Position are very sensitive to price changes with regard to the average sales prices applied. Simulations made for timber, shows that an increase or a decrease by 10% of the estimated future selling price has the following effect on the net present value of biological assets:

Sales price fluctuation	10%	0	-10%
Manage Timber	Rs.	Rs.	Rs.
As at 31st March 2022	68,564,235	62,331,124	56,098,010
As at 31st March 2021	68,228,765	62,026,150	55,823,536

Sensitivity variation on discount rate

Values as appearing in the Statement of Financial Position are very sensitive to changes of the discount rate applied. Simulations made for timber, shows that an increase or a decrease by 1% of the estimated discount rate has the following effect on the net present value of biological assets:

Discount rate fluctuation	1%	0	-1%
Manage Timber	Rs.	Rs.	Rs.
As at 31st March 2022	56,589,874	62,331,124	68,783,759
As at 31st March 2021	55,603,164	62,026,150	69,327,561

- 18.2** Biological Assets at cost less depreciation include coconut nursery. The nursery is for replant vacant areas of the plantation held by Kandy Plantations Limited and Coco Lanka (Private) Limited. During the year, Kandy Plantations Limited has incurred Rs.1,423,555 (2020/21 – Rs.1,954,682) in planting coconut nursery. The asset is carried out at the cost as at the reporting date, since the nursery has just started its operation and the expected useful life is estimated to be 5 years.

NOTES TO THE FINANCIAL STATEMENTS (Contd...)

19. INVESTMENT IN SUBSIDIARIES

	Effective Holding	Effective Holding	Company	
	31/03/2022 %	31/03/2021 %	31/03/2022 Rs.	31/03/2021 Rs.
Direct-Subsidiaries				
Renuka Agri Foods PLC	65.12%	70.03%	791,047,245	850,663,245
Renuka Agri Organics Ltd	79.07%	82.02%	152,499,000	152,499,000
Renuka Teas (Ceylon) (Pvt) Ltd	–	100.00%	–	118,437,500
Shaw Wallace Ceylon Ltd	85.03%	88.51%	1,244,603,190	1,343,003,190
Richlife Dairies Ltd	100.00%	96.55%	1,105,000,000	773,500,000
Sub-Subsidiaries				
Renuka Developments (Pvt) Ltd	65.12%	70.03%	–	–
Bois Brothers (Pvt) Ltd	–	100.00%	–	–
Kandy Plantation Ltd	63.04%	67.80%	–	–
Ceylon Forestry (Pvt) Ltd	37.82%	40.68%	–	–
Ceylon Botanicals (Pvt) Ltd	–	54.24%	–	–
Shaw Wallace Properties Limited	85.03%	88.51%	–	–
Coco Lanka (Pvt) Ltd	63.61%	68.47%	–	–
Matale Valley Plantations (Pvt) Ltd	–	67.79%	–	–
			3,293,149,435	3,238,102,935

NOTES TO THE FINANCIAL STATEMENTS (Contd...)

CEYLON BOTANICALS (PVT) LTD

The group has decided to derecognize the investment in ceylon botanicals (pvt) ltd, a 100% owned sub subsidiary of Kandy plantations (pvt) Ltd group, on 18th August 2021 For a consideration of rs. 26,300,000/-. Tabulated below is summarised the net impact of the transaction.

Following table summarised the total identifiable assets and liabilities as at disposal date.

Assets

Property, plant and equipment	20,001,062
Amounts due from related company	33,332
Cash at bank	5,009,438
	<u>25,043,832</u>

Liabilities

Deferred tax liability	(4,745,800)
Amounts due to related company	(6,655)
Other payables	(77,332)
	<u>(4,829,787)</u>

Total identifiable net assets as at disposal date

Tabulated below is the net impact of the transactions outlined in above.	<u>20,214,045</u>
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Cash consideration	26,300,000
Impact on NCI	(2,785,137)
	<u>23,514,863</u>
Carrying value of net asset	(20,214,045)
Gain on disposal of subsidiary	<u>3,300,818</u>

Cash flow as a result of disposal of subsidiary	
Consideration received	26,300,000
Cash and cash equivalent as at disposal date	
Cash and Cash Equivalents	(5,009,438)
Net cash inflow as a result of disposal	<u>21,290,562</u>

NOTES TO THE FINANCIAL STATEMENTS (Contd...)

Renuka Teas Ceylon (Pvt) Ltd and Bois Brothers (Pvt) Ltd

The Group has decided to derecognize the investment in Renuka Teas Ceylon (Pvt) Ltd and Bois Brothers (Pvt) Ltd, on 28.08.2022 for a consideration of Rs. 193,717,425/-. Tabulated below is summarised the net impact of the transaction.

Following table summarised the total identifiable assets and liabilities as at disposal date.

	Renuka Teas Ceylon (Pvt) Ltd RS.	Bois Brothers (Pvt) Ltd RS.	Total RS.
Assets			
Property, plant and equipment	15,456,301	95,000,000	110,456,301
Right of use Assets	552,375	-	552,375
Inventories	74,771,932	-	74,771,932
Trade Receivables and Other Receivables	74,904,329	478,062	75,382,391
Other Current Assets	10,043,876	603,805	10,647,681
Cash & Cash Equivalents	11,308,574	5,579,840	16,888,414
	187,037,387	101,661,707	288,699,094
Liabilities			
Retirement Benifit Obligation	(7,349,969)	-	(7,349,969)
Lease Liability	(893,998)	-	(893,998)
Deferred Tax Liability	(229,417)	(34,700,054)	(34,929,471)
Trade & Other Payables	(16,537,893)	(85,002)	(16,622,895)
Other Current Liabilities	(1,130,611)	-	(1,130,611)
Income Tax Payable	(2,080,010)	-	(2,080,010)
Interest Bearing Borrowings	(71,387,786)	-	(71,387,786)
	(99,609,684)	(34,785,056)	(134,394,740)
Total identifiable net assets as at disposal date	87,427,703	66,876,651	154,304,354

Tabulated below is the net impact of the transactions outlined in above.

Cash consideration	193,717,425
	193,717,425
Carrying value of net asset	(154,304,354)
Gain on disposal of subsidiary	39,413,071
Cash flow as a result of disposal of subsidiary	
Consideration received	193,717,425
Cash and cash equivalent as at dispsal date	
Cash and Cash Equivalents	(16,888,414)
Net cash inflow as a result of disposal	176,829,011

NOTES TO THE FINANCIAL STATEMENTS (Contd...)

19.1 GROUP INVESTMENTS IN SUBSIDIARIES

The Following are the group Investments during the year.

Richlife Dairies Ltd

On 23.06.2021 Renuka Foods PLC purchased 4,058,000 ordinary shares of Richlife Dairies Ltd at Rs.27.23 each from Shaw Wallace Ceylon Ltd for Rs.110,500,000

On 29.06.2021 Renuka Foods PLC purchased 8,116,000 ordinary shares of Richlife Dairies Ltd at Rs.27.23 each from Shaw Wallace Ceylon Ltd for Rs.221,000,000

Coco Lanka (Pvt) Ltd

On 16.08.2021 Coco Lanka (Pvt) Ltd has Issued 200,000 new ordinary shares at Rs.100 each to Kandy Plantations Ltd for Rs.20,000,000

Ceylon Botanicals (Pvt) Ltd

On 16.08.2021 Kandy Plantations Ltd disposed 1,250,000 ordinary shares of Ceylon Botanicals (Pvt) Ltd at Rs.10.52 per share to Renuka Group Ltd for Rs.13,150,000

On 16.08.2021 Ceylon Forestry (Pvt) Ltd disposed 1,250,000 ordinary shares of Ceylon Botanicals (Pvt) Ltd at Rs.10.52 per share to Renuka Group Ltd for Rs.13,150,000

Renuka Teas Ceylon (Pvt) Ltd

On 20.08.2021 Renuka Foods PLC disposed 3,000,000 ordinary shares of Renuka Teas Ceylon (Pvt) Ltd at Rs.64.57 per share to Renuka Group Ltd for Rs.193,717,425

Renuka Developments (Pvt) Ltd

On 25.01.2022 Renuka Agri Foods PLC purchased 838,360 right issue ordinary shares at Rs.110 per share from Renuka Developments (Pvt) Ltd for Rs.92,219,600

Shaw Wallace Ceylon Ltd

On 28.01.2022 Renuka Developments (Pvt) Ltd purchased 15,000,000 ordinary voting shares of Shaw Wallace Ceylon Ltd at Rs.6.56 per share from Renuka Foods PLC for Rs.98,400,000

NOTES TO THE FINANCIAL STATEMENTS (Contd...)

19.2 PRINCIPAL SUBSIDIARIES

Following table summarised the total identifiable assets and liabilities as at disposal date.

Company and Country of Incorporation/ Operation	Principal Activities	Class of Shares Held	As at 31st March 2022			As at 31st March 2021		
			Proportion of class held	Group Interest (%)	Non-controlling interest (%)	Proportion of class held	Group Interest (%)	Non-controlling interest (%)
Renuka Agri Foods PLC	Manufacture & export of coconut based products	Ordinary	65.12%	65.12%	34.88%	70.03%	70.03%	29.97%
Renuka Agri Organics Limited	Manufacture & export of coconut based products	Ordinary	79.07%	79.07%	20.93%	82.02%	82.02%	17.98%
Renuka Teas Ceylon (Pvt) Ltd	Export bulk tea & value added tea products	Ordinary	0.00%	0.00%	0.00%	100.00%	100.00%	0.00%
Shaw Wallace Ceylon Ltd	Manufacturing & distribution of Fast Moving Consumer Goods	Ordinary	85.03%	85.03%	14.97%	88.51%	88.51%	11.49%
Richlife Dairies Ltd	Manufacturing of dairy & fruit juice based products	Ordinary	100.00%	100.00%	0.00%	96.55%	96.55%	3.45%
Renuka Developments (Pvt) Ltd	Organic certification licence holder and investment in plantation / farm & vertical integration projects	Ordinary	65.12%	65.12%	34.88%	70.03%	70.03%	29.97%
Bois Bros & Co. (Pvt) Ltd	Providing warehousing facilities	Ordinary	0.00%	0.00%	0.00%	100.00%	100.00%	0.00%
Kandy Plantations Limited	Engaged in organic certified cultivation of agriculture	Ordinary	63.04%	63.04%	36.96%	67.80%	67.80%	32.20%
Ceylon Forestry (Pvt) Ltd	Planting and managing of Forestry	Ordinary	37.82%	37.82%	62.18%	40.68%	40.68%	59.32%
Ceylon Botanical (Pvt) Ltd	Investment in Agricultural property	Ordinary	0.00%	0.00%	0.00%	54.24%	54.24%	45.76%
Shaw Wallace Properties (Pvt) Ltd	Providing warehousing facilities	Ordinary	85.03%	85.03%	14.97%	88.51%	88.51%	11.49%
Coco Lanka (Pvt) Ltd	Plantation	Ordinary	63.61%	63.61%	36.39%	68.41%	68.41%	31.59%

NOTES TO THE FINANCIAL STATEMENTS (Contd...)

Non-controlling interest represent the equity in subsidiaries that are not attributable, directly or indirectly to the parent Company. Profit or loss and each component of other comprehensive income are attributed to the Company and non-controlling interests. Losses are attributed to non-controlling interests even if the noncontrolling interests balance reported in the consolidated statement of financial position in negative.

Non-controlling interests are directly recognized as the difference between the proceeds received and the carrying amount of the acquired interests. The difference is recorded as a reduction or increase in equity under transactions with non-controlling interests. Upon disposal of rights in a subsidiary that does not result in a loss of control, an increase or decrease in equity is recognized as the difference between the consideration received by the Group and the carrying amount of the non-controlling interests in the subsidiary adjusted for the disposal of goodwill in the subsidiary, if any, and amounts recognized in other comprehensive income, if any. Transaction costs in respect of transaction with non-controlling interests as also recorded in equity.

Significant inter group balances and transaction and gain or loss resulting from intergroup transactions are eliminated in full in the consolidated financial statements.

The financial statement of the Company and of the consolidated investees are prepared as of the same date and period. The accounting policies in the financial statements of those investees are applied consistently and uniformly with the policy applied in the financial statement of the Company.

19.3 NON CONTROLLING INTERESTS (NCI)

The following table summarises the information relating to the Group's subsidiaries that have material NCI.

	Renuka Agri Foods PLC	Renuka Agri Organics Ltd	Shaw Wallace Ceylon Ltd
NCI Percentage	34.88%	20.93%	14.97%
	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
Non Current Assets	3,804,243,049	474,591,184	2,599,823,608
Current Assets	2,285,236,904	522,416,097	548,639,114
Non Current Liabilities	(677,429,317)	(93,130,580)	(148,925,091)
Current Liabilities	(2,084,167,217)	(425,752,800)	(810,428,192)
Net Assets	3,327,883,419	478,123,901	2,189,109,439
Net Assets attributable to NCI	1,160,844,711	100,072,747	327,622,545
Revenue	4,692,400,458	1,003,024,319	2,334,476,258
Profit for the year	431,213,227	70,553,627	126,956,501
Other Comprehensive Income/ (Expenses)	3,817,902	2,773,323	25,267,216
Total Comprehensive Expenses	435,031,129	73,326,950	152,223,717
Profit allocated to NCI	150,417,407	14,767,083	19,000,335
OCI allocated to NCI	1,331,775	580,465	3,781,496
Cash flows from / (used in) operating activities	80,123,946	19,013,669	137,016,871
Cash flows from / (used in) investment activities	(59,120,200)	(27,608,352)	(232,822,326)
Cash flows from / (used in) finance activities	520,112,467	(51,171,103)	97,682,628

NOTES TO THE FINANCIAL STATEMENTS (Contd...)

20. INVESTMENT IN FVTOCI

	GROUP		COMPANY	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Shaw Wallace & Hedges (Private) Limited	1,140,675,512	559,429,195	-	-
	1,140,675,512	559,429,195		

The Group designated the investments shown above as equity securities at FVOCI because these equity securities represent investments that the Group intends to hold for the long term for strategic purpose."

"No strategic investments were disposed of during 2022/21, and there were no transfers of any cumulative gain or loss within equity relating to these investments"

20.1 Investment in Fair Value Through Other Comprehensive Income consists of the following,

AS AT 31ST MARCH 2022	Holding %	No. of Shares	Amount (Rs.)
Non – voting ordinary shares of Shaw Wallace & Hedges Ltd	10%	47,000,000	1,140,675,512

21. INTANGIBLE ASSETS

	GROUP		COMPANY	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Goodwill (Note 21.1)	203,598,916	203,598,916	-	-
Computer Software (Note 21.2)	1,912,743	1,700,482	-	-
Trade Marks (Note 21.3 , 21.4)	10,596,788	13,606,788	-	-
	216,108,447	218,906,186	-	-

21.1 GOODWILL

	GROUP		COMPANY	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Balance as at the beginning of the year	203,598,916	203,598,916	-	-
Balance as at the end of the year	203,598,916	203,598,916	-	-

21.1 THE GROUP GOODWILL HAS BEEN ALLOCATED TO THE FOLLOWING CASH GENERATING UNITS, FOR IMPAIRMENT TESTING.

AS AT 31ST MARCH 2022	2022 Rs.	2021 Rs.
Renuka Agri Foods PLC	28,455,402	28,455,402
Richlife Dairies Ltd	133,024,682	133,024,682
Shaw Wallace Ceylon Ltd	40,062,623	40,062,623
Ceylon Forestry (Pvt) Ltd	1,519,005	1,519,005
	537,204	537,204
	203,598,916	203,598,916

NOTES TO THE FINANCIAL STATEMENTS (Contd...)

21.1.1.1 Renuka Agri Foods PLC

The recoverable amount of this CGU was based on fair value less cost of disposal, estimated using market value. The fair value measurement was categorised as a Level 1 fair value. As at 31st March 2022, the market price of share is Rs. 3.60.

21.1.1.2 Richlife Dairies Limited

The recoverable amount of this CGU was based on fair value less costs of disposal, estimated using discounted cash flows. The fair value measurement was categorised as a Level 3 fair value based on the inputs in the valuation technique used.

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

	%
Discount rate	14%
Budgeted EBITDA growth rate	Year 2 to Year 4 – 10% & 1% thereafter

21.1.1.3 Shaw Wallace & Hedges Limited

The recoverable amount of this CGU was based on fair value less costs of disposal, estimated using discounted cash flows. The fair value measurement was categorised as a Level 3 fair value based on the inputs in the valuation technique used.

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

	%
Discount rate	14%
Budgeted EBITDA growth rate	Year 2 to Year 4 – 10% & 1% thereafter

21.1.1.4 Ceylon Forestry (Private) Limited

The recoverable value of Ceylon Forestry (Private) Limited was based on value in use and this is mainly consisting of Cash Generating Units (CGU's) of biological assets, which is at fair value, where in aggregate with other related CGU's carrying a value more than the aggregation of the original investment plus goodwill. Unobservable inputs – Future sale price of timber, risk adjusted discount rate.

21.1.1.5 Kandy Plantations Limited

The recoverable value of Kandy Plantations Limited was based on value in use and this is mainly consisting of Cash Generating Units (CGU's) of land and building, which is at fair value, where in aggregate with other related CGU's carrying a value more than the aggregation of the original investment plus goodwill. Unobservable inputs – Price per perch and Square feet.

NOTES TO THE FINANCIAL STATEMENTS (Contd...)

21.2 COMPUTER SOFTWARE

	GROUP		COMPANY	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Balance as at the Beginning of the Year	1,700,482	2,469,878	-	-
Additions made during the year	928,469	-	-	-
Amortization during the year	(716,208)	(769,396)	-	-
Balance as at the End of the Year	1,912,743	1,700,482	-	-

21.3 MR. POP TRADE MARK (NOTE 21.3.1)

Balance as at the Beginning of the Year	3,256,791	4,420,137	-	-
Amortization during the year	(1,500,000)	(1,163,346)	-	-
Balance as at the End of the Year	1,756,791	3,256,791	-	-

- 21.3.1** Shaw Wallace Ceylon Limited has acquired the "Mr. POP" Trade Mark for a sum of Rs. 15 Million during 2012/13. The management is of the opinion that the trade mark has a useful economic life of 10 years.

21.4 TRADE MARK (NOTE 21.4.1)

	GROUP		COMPANY	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Balance as at the Beginning of the Year	10,349,997	-	-	-
Additions made during the year	-	12,074,997	-	-
Amortization during the year	(1,510,000)	(1,725,000)	-	-
Balance as at the End of the Year	8,839,997	10,349,997	-	-

- 21.4.1** Mayfair Foods (Pvt) Ltd has acquired the "Mayfair" trade mark for a sum of Rs. 15Mn during the year 2016/17. The Management is of the opinion that the trade mark has a useful economic life of 10 years. With the amalgamation with Shaw Wallace Ceylon Limited, the same is reflected in Shaw Wallace Ceylon Limited.

Total Intangible Assets	216,108,447	218,906,186	-	-
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NOTES TO THE FINANCIAL STATEMENTS (Contd...)

22. INVENTORIES

AS AT 31ST MARCH	GROUP		COMPANY	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Raw Materials & Consumables	279,824,989	220,851,616	-	-
Finished Goods	960,155,654	660,739,059	-	-
Spares & Consumables	307,651,721	239,127,653	-	-
Packing Material & Chemicals	349,507,731	283,015,337	-	-
Work in Progress	97,883,910	70,111,543	-	-
Goods in Transit	53,335,298	22,964,657	-	-
	2,048,359,303	1,496,809,865	-	-
Provision for obsolete Inventory	(136,185,322)	(149,723,687)	-	-
	1,912,173,981	1,347,086,178	-	-

23. Trade & Other Receivables

AS AT 31ST MARCH	GROUP		COMPANY	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Trade Debtors & Bills Receivable	1,434,765,170	1,072,658,376	-	-
VAT Recoverable	4,147,692	12,587,113	-	-
Deposits & Pre-Payments	346,650,214	367,371,307	180,000	180,000
Taxes Recoverable	82,030	82,030	82,030	82,030
WHT Recoverable	450,958	43,179	33,186	33,186
Advances Payments	38,958,806	10,242,248	-	23,988
Staff Loan and Advances	5,398,390	2,193,256	-	-
Other Receivables	58,987,634	65,003,060	36,485	-
	1,889,440,894	1,530,180,569	331,701	319,204
Provision for doubtful debts	(34,413,583)	(12,369,169)	-	-
	1,855,027,308	1,517,811,400	331,701	319,204

NOTES TO THE FINANCIAL STATEMENTS (Contd...)

24. Amounts due from Related Companies

	GROUP		COMPANY	
AS AT 31ST MARCH	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Renuka Enterprises (Pvt) Ltd	22,496	-	-	-
Renuka Agro Exports Limited	10,374,417	11,011,495	-	-
	10,396,913	11,011,495	-	-

25. ASSETS HELD FOR SALE

	GROUP		COMPANY	
AS AT 31ST MARCH	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Kandy Plantations Limited				
Land - transfer from property plant and equipment	4,698,806	-	-	-
Balance as at 31st March	4,698,806	-	-	-

Fair value of the land was ascertained by an Independent valuation carried out by Mr. A.A.M. Fathihu-F.I.V (Sri Lanka) as at 31st March 2022. The management has intention to sale this land during the next financial year.

26. CASH & CASH EQUIVALENTS

26.1 Favorable Balances

	GROUP		COMPANY	
AS AT 31ST MARCH	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Call Deposits	2,857,842	1,309,681	-	-
Cash at bank & in hand	473,397,846	409,813,480	6,023,672	10,139,941
	476,255,688	411,123,161	6,023,672	10,139,941

26.2 Unfavorable Balances

	GROUP		COMPANY	
AS AT 31ST MARCH	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Bank Overdraft	(149,656,077)	(129,498,543)	(84,560)	(221,909)
Cash & Cash Equivalents for Cashflow Purpose	326,599,611	281,624,618	5,939,112	9,918,032

Cash and cash equivalents include bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

NOTES TO THE FINANCIAL STATEMENTS (Contd...)

AS AT 31ST MARCH	GROUP		COMPANY	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
27. Stated Capital				
Number of Shares Issued				
Voting Shares				
At the Beginning of the year	117,960,106	117,960,106	117,960,106	117,960,106
At the End of the year	117,960,106	117,960,106	117,960,106	117,960,106
Non Voting Shares				
At the Beginning of the year	4,773,346	4,773,346	4,773,346	4,773,346
At the End of the year	4,773,346	4,773,346	4,773,346	4,773,346
	122,733,452	122,733,452	122,733,452	122,733,452

The holders of ordinary shares are entitled to receive dividends as declared from time to time and only voting shareholders are entitled to one vote per individual present of meetings of the shareholders or one vote per share in the case of a poll.

27.1 Value of Issued and Fully Paid Ordinary Shares

AS AT 31ST MARCH	GROUP		COMPANY	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
At the Beginning of the year	2,241,842,234	2,241,842,234	2,241,842,234	2,241,842,234
At the End of the year	2,241,842,234	2,241,842,234	2,241,842,234	2,241,842,234

28. Reserves

AS AT 31ST MARCH	GROUP		COMPANY	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Revaluation Reserve (Note 28.1)	737,310,185	755,457,294	-	-
	737,310,185	755,457,294	-	-

28.1 Revaluation Reserve

AS AT 31ST MARCH	GROUP		COMPANY	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Balance as at Beginning of the Year	755,457,294	712,167,960	-	-
During the Year Movement	(18,147,109)	43,289,334	-	-
Balance as at the End	737,310,185	755,457,294	-	-

Revaluation reserve relates to the revaluation of land and buildings.

NOTES TO THE FINANCIAL STATEMENTS (Contd...)

AS AT 31ST MARCH	GROUP		COMPANY	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
29. Deferred Tax Liability				
Balance As at 1st April	460,160,494	563,491,142	-	-
Disposal of Subsidiary	(41,522,956)	-	-	-
Provision Made/(Reversal) during the year	51,663,826	(103,330,648)	-	-
Balance as at the End of the Year	470,301,364	460,160,494	-	-

29.1 Provision for Deferred Tax is attributable to the followings.

AS AT 31ST MARCH	2022		2021	
	Temporary Differences Rs.	Tax Effect Rs.	Temporary Differences Rs.	Tax Effect Rs.
Group				
On Property Plant and Equipment	1,830,778,851	265,067,158	1,722,831,488	309,345,412
On Right of use Asset	151,031,553	21,692,560	142,214,528	21,220,528
On Investment properties	496,194,205	104,200,783	-	-
Fair Value Gain on Investment	161,275,514	33,867,858	127,327,193	26,738,714
Revaluation of Land & Building	1,016,049,175	198,237,911	1,357,538,207	291,071,723
On Retirement Benefit Obligation	(113,191,710)	(16,583,158)	(108,632,627)	(17,302,941)
On Carried Forward Tax Losses	(388,418,984)	(82,701,490)	(622,030,982)	(122,318,254)
On lease liability	(174,863,528)	(25,054,385)	(124,940,050)	(19,639,737)
On Provision for bad debts/ Stocks	(186,969,802)	(28,425,873)	(179,856,177)	(28,954,951)
Balance as at the End	2,791,885,273	470,301,364	2,314,451,580	460,160,494

29.2 Reconciliation of Deferred Tax Provision

Recognized in Profit or Loss	(41,169,171)	58,506,609	-	-
Recognized in OCI	(8,646,970)	44,824,039	-	-
Tax Effect	(49,816,141)	103,330,648	-	-

29.3 The Group has not recognized the deferred tax asset on tax losses arising from Kandy Plantations Limited, Ceylon Forestry (Pvt) Limited, and Coco Lanka (Pvt) Limited amounting to Rs. 74,508,235, as these companies are exempted from income tax under agro forming for five years of assessments commencing from 1st April 2021 as per the Inland Revenue Act No. 24 of 2017 and subsequent amendments thereto. Further in relation to these companies related other temporary differences also not recognized, as the management is of the opinion that the realization of the same is remote.

29.4 Renuka Agri Foods PLC, Renuka Agri Organics Ltd, have applied the effective tax rate of 14% (2020/21 – 14%) whereas, 24%(2020/21 – 24%) was applied by Renuka Developments (Pvt) Ltd. 18% and 20% rates applied for Richlife Dairies Ltd and Shaw Wallace Properties (Pvt) Ltd respectively for the calculation of deferred tax liability as at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (Contd...)

30. Interest Bearing Borrowings

AS AT 31ST MARCH	GROUP		COMPANY	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Balance as at the Beginning of the year	2,285,225,635	1,465,515,643	-	-
Addition During the year	7,848,369,477	5,532,690,774	-	-
Disposal of subsidiary	(71,387,786)	-	-	-
Written Back during the year	-	(43,400)	-	-
Payments During the year	(7,525,329,659)	(4,712,937,382)	-	-
	2,536,877,667	2,285,225,635	-	-
Payable within one year	2,079,485,717	1,992,183,745	-	-
Payable after one year	457,391,950	293,041,890	-	-
	2,536,877,667	2,285,225,635	-	-

30.1 Renuka Agri Foods PLC

Details of loans obtained by the Company are set out below.

Financial Institution	Facility Obtained	Outstanding Balance		Repayment	Assets Pledged
		2022	2021		
Hatton National Bank PLC	Packing Credit Loan	-	209,430,177	Repayable on demand	Lodgment of confirmed orders
Hatton National Bank PLC	Short Term Loan	660,000,000	450,000,000	Repayable on demand	-
Hatton National Bank PLC	Term Loan	300,000,000	293,420,381	Commencing from March 2021	Negative pledge over Coconut milk processing plant for UHT
Commercial Bank PLC	Term Loan	200,000,000	-	71 monthly installements of Rs. 2,777,800/- & Rs. 2,776,200 as final.	Rs. 200 mn. Corporate Guarantee from Renuka Foods PLC
National Development Bank PLC	Packing Credit Loan	549,213,643	-	Repayable on demand	Lodgment of confirmed orders
National Development Bank PLC	Short Term Loan	60,000,000	535,000,000	Repayable on demand	
Nations Trust Bank PLC	Term Loan	-	69,514,727	60 monthly installements of usd 10,250/-	Term Loan agreement for USD 327,903/=
		1,769,213,643	1,557,365,285		

NOTES TO THE FINANCIAL STATEMENTS (Contd...)

30.2 Shaw Wallace Ceylon Ltd

Details of loans obtained by the Company are set out below.

Financial Institution	Facility Obtained	Outstanding Balance		Repayment	Assets Pledged/ Securities
		2022	2021		
Hatton National Bank PLC	Short Term Loan	302,000,000	75,000,000	Payable within 120 days from draw down date.	
National Development Bank PLC	Short Term Loan	50,000,000	210,000,000	Payable within 90 days from draw down date.	Board Resolution dated 12th August 2021
Nations Trust Bank PLC	Short Term Loan	69,244,928	27,300,000	Payable within 90 days from draw down date.	Board Resolution Dated 21st January 2020
		421,244,928	312,300,000		

30.3 Renuka Teas Ceylon (Private) Ltd

Details of loans obtained by the Company are set out below.

Financial Institution	Facility Obtained	Outstanding Balance		Repayment	Assets Pledged/Securities
		2022	2021		
National Development Bank PLC	Term Loan	-	22,200,000	Payable within 18 Monthly Installments w.e.f February 2021	
		-	22,200,000		

30.4 Kandy Plantations Ltd

Details of loans obtained by the Company are set out below.

Financial Institution	Facility Obtained	Outstanding Balance		Repayment	Assets Pledged/ Securities
		2022	2021		
Commercial Bank PLC	Term Loan	7,130,154	10,000,000	Interest to be paid during the Grace Period of 6 months. Thereafter it is repayable in 17 equal monthly instalments of Rs.555,600/- and a final instalment of Rs.554,800/- plus interest	
		7,130,154	10,000,000		

NOTES TO THE FINANCIAL STATEMENTS (Contd...)

30.5 Renuka Agri Organics Ltd

Details of loans obtained by the Company are set out below.

Financial Institution	Facility Obtained	Outstanding Balance		Repayment	Assets Pledged
		2022	2021		
Hatton National Bank PLC	Packing Credit Loan	-	122,902,151	Repayable on Demand	Lodgment of confirmed orders
Peoples Bank	Packing Credit Loan	-	183,409,200	Repayable on Demand	Lodgment of confirmed orders
Commercial Bank of Ceylon PLC	Term Loan	5,539,492	22,220,000	24 Monthly Installment	Rs. 25 mn. Corporate Guarantee from Renuka Foods
Commercial Bank of Ceylon PLC	Term Loan	19,305,000	29,829,000	56 Monthly Installment	Rs. 300 mn. Corporate Guarantee from Renuka Foods
Commercial Bank of Ceylon PLC	Short Term Loan	50,000,000	-	90 days	Rs. 250 mn. Corporate Guarantee from Renuka Foods
Seylan Bank PLC	Short Term Loan	245,000,000	-	90 days	Lodgment of confirmed orders
		319,844,492	358,360,351		

30.6 Richlife Dairies Limited

Details of loans obtained by the Company are set out below.

Financial Institution	Facility Obtained	Outstanding Balance		Repayment	Assets Pledged/ Securities
		2022	2021		
Peoples Bank	Term Loan	19,444,450	25,000,000	24 Monthly Installment	
		19,444,450	25,000,000		
Total		2,536,877,667	2,285,225,635		

	GROUP		COMPANY	
	2022	2021	2022	2021
AS AT 31ST MARCH	Rs.	Rs.	Rs.	Rs.
31. RETIREMENT BENEFIT OBLIGATION				
At the beginning of the year	113,458,562	105,722,727	-	-
Charge to Profit or Loss	18,528,053	26,123,255	-	-
Charge to OCI	(9,835,736)	(3,965,216)	-	-
Payment made during the year	(12,881,799)	(14,422,204)	-	-
Disposal of subsidiary	(7,349,969)	-	-	-
	101,919,111	113,458,562	-	-

NOTES TO THE FINANCIAL STATEMENTS (Contd...)

AS AT 31ST MARCH	GROUP		COMPANY	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
31.1 Movement in the Present Value of Defined Benefit Obligation				
Provision for PV – DBO as at 01 April	113,458,562	105,722,727	–	–
Interest Cost for the period	8,338,758	11,100,886	–	–
Current Service Cost for the period	12,244,399	15,022,369	–	–
Past Service Cost	(2,055,104)	–	–	–
Payments during the year	(12,881,799)	(14,422,204)	–	–
Actuarial (Gain) / Loss on PV-DBO	(9,835,736)	(3,965,216)	–	–
Disposal of subsidiary	(7,349,969)	–	–	–
Benefit obligation as at 31 March	101,919,111	113,458,562	–	–

During 2021/22, the pension arrangements was adjusted to reflect new legal requirements as per minimum retirement age of workers Act no. 28 of 2021 regarding the retirement age. As a results of the plan amendment, the Group and defined benefit obligation decrease by Rs. 2,055,104. A corresponding post service credit was recognized in profit or loss during the 2021/22

- 31.2** Gratuity Liability is based on the Actuarial Valuation carried out by Mr Poopalanathan, M/S. Actuarial and Management Consultants (Pvt) Limited. Actuaries, on 31 March 2022, as per the LKAS 19 Employee Benefits. The Principal assumptions used in the 2022 actuarial valuation are as follows;

	2022	2021
Retirement Age	60	55
Discounting Rate	13.5%	7.00%
Salary Increment Rate	10%	8%
Demographic Assumptions	A67/70 Mortality	A67/70 Mortality

The above rates were changed to reflect the market rates.

The Future working life time of an individual, as per the assumption made as at 31 March 2022 is 4.40 for Group

31.3 Sensitivity of assumptions employed in Actuarial Valuation

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would affect the defined benefit obligation by the amounts shown below.

AS AT 31ST MARCH	GROUP		COMPANY	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Discount Rate – (1% Increase)	99,056,090	109,963,282	–	–
Discount Rate – (1% decrease)	104,997,822	117,241,842	–	–
Salary Increment Rate – (1% Increase)	105,581,853	117,720,056	–	–
Salary Increment Rate – (1% decrease)	98,454,679	109,442,337	–	–

NOTES TO THE FINANCIAL STATEMENTS (Contd...)

AS AT 31ST MARCH	GROUP		COMPANY	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
32. TRADE AND OTHER PAYABLES				
Trade Creditors	723,028,776	455,636,395	-	-
Staff Creditors	133,585	16,987	-	-
Advance Received from Customer	-	933,825	-	-
Accrued Expenses	429,039,402	284,072,888	2,325,615	1,032,356
Other Payables	280,255,312	145,244,931	-	1,024,402
	1,432,457,075	885,905,026	2,325,615	2,056,758
33. AMOUNTS DUE TO SUBSIDIARY COMPANIES				
Shaw Wallace Ceylon Ltd	-	-	-	45,150,682
	-	-	-	45,150,682
33.1 AMOUNT DUE TO RELATED COMPANIES				
Renuka Enterprises (Pvt) Ltd	-	676,874	-	-
Renuka Teas (Ceylon) Pvt Ltd	36,900			
	36,900	676,874	-	-
34. DIVIDEND PAYABLE				
Unclaimed Dividends	12,107,992	16,823,303	5,088,488	9,775,773
	12,107,992	16,823,303	5,088,488	9,775,773

NOTES TO THE FINANCIAL STATEMENTS (Contd...)

35. RELATED PARTY DISCLOSURE

Related Party Transactions

The Company Carries out transactions with parties who are defined as related parties in Sri Lanka Accounting Standard 24 Related Party Disclosures, the details of which are reported below.

The related party transactions are carried out at the terms and conditions indicated below for the respective transactions.

35.1 Parent and Ultimate Control Party

The immediate parent of the Company is Renuka Agro Exports (Pvt) Ltd and the Ultimate Parent of the Company is Renuka Holdings PLC.

35.2 Transactions With Related Companies

35.2.1 Transactions with Related Companies – Recurring Transactions – Company

RELATED COMPANY/ RELATIONSHIP	NAME OF THE COMMON DIRECTORS	NATURE OF TRANSACTIONS	AMOUNT RECEIVED / (PAID) (Rs.)		AGGREGATE VALUE OF RELATED PARTY TRANSACTIONS AS A % OF NET REVENUE/ INCOME	TERMS AND CONDITIONS OF THE RELATED PARTY TRANSACTION
			2022	2021		
Renuka Enterprises (Pvt) Ltd	Dr.S.R.Rajiyah	Net of Fund (Received) / Payments	3,793,350	3,448,500	0.04%	Actual Basis
	Mr.S.V.Rajiyah Mrs.I.R.Rajiyah	Reimbursement of Expenses	(3,793,350)	(3,448,500)	0.04%	Comparable Uncontrolled Price
Shaw Wallace Ceylon Limited	Dr.S.R.Rajiyah	Net of Fund (Received) / Payments	50,779,614	(45,000,000)	0.59%	Actual Basis
	Mrs.I.R.Rajiyah	Interest Expenses	(5,628,932)	(150,682)	0.06%	Interest @ AWPLR
	Mr.S.V.Rajiyah Mr.S.Vasanthakumar					
Renuka Agri Foods PLC	Dr. S. R. Rajiyah	Net of Fund (Received) / Payments	-	12,165,354	-	Actual Basis
	Mrs. I. R. Rajiyah	Interest Expenses	-	(1,610,000)	-	Interest @ AWPLR
	Mr. S. V. Rajiyah					
	Mr. S. Vasanthakumar					

35.2.2 Transactions with Related Companies – Recurring Transactions as per CSE listing rules 9.3.2

There were no recurring transactions where aggregate value of related party transactions exceeded 10% of net revenue during the financial year 2021/2022, which need to be disclosed as per CSE listing rules 9.3.2.

NOTES TO THE FINANCIAL STATEMENTS (Contd...)

35.2.3 Transactions with Related Companies – Non Recurring Transactions

REPORTING ENTITY	RELATED COMPANY / PARTY	AGGREGATE VALUE OF THE RELATED PARTY TRANSACTIONS ENTERED IN TO DURING THE FINANCIAL YEAR Rs.	AGGREGATE VALUE OF RELATED PARTY TRANSACTIONS AS A % OF		TERMS AND CONDITIONS OF THE RELATED PARTY TRANSACTION	THE RATIONALE FOR ENTERING INTO THE TRANSACTIONS
			EQUITY	TOTAL ASSETS		
Renuka Foods PLC	Shaw Wallace Ceylon Ltd	110,500,000	2.6%	1.2%	Based on Valuation	Investment
Renuka Foods PLC	Shaw Wallace Ceylon Ltd	331,500,000	7.8%	3.7%	Based on Valuation	Investment
Kandy Plantations Ltd	Coco Lanka (Pvt) Ltd	20,000,000	0.5%	0.2%	Based on Net Assets Value per share	Investment
Kandy Plantations Ltd	Renuka Group Ltd	13,150,000	0.3%	0.1%	Based on Net Assets Value per share	Divestment
Ceylon Forestry (Pvt) Ltd	Renuka Group Ltd	13,150,000	0.3%	0.1%	Based on Net Assets Value per share	Divestment
Renuka Foods PLC	Renuka Group Ltd	193,717,425	4.6%	2.2%	Based on Valuation	Divestment
Shaw Wallace Ceylon Ltd	Shaw Wallace & Hedges Ltd	224,910,000	5.3%	2.5%	Based on Valuation	Investment
Shaw Wallace Ceylon Ltd	Shaw Wallace & Hedges Ltd	427,329,000	10.1%	4.8%	Based on Valuation	Investment
Shaw Wallace Ceylon Ltd	Shaw Wallace & Hedges Ltd	486,829,000	11.5%	5.5%	Based on Valuation	Investment
Renuka Agri Foods PLC	Renuka Developments (Pvt) Ltd	92,219,600	2.2%	1.0%	Based on Valuation	Investment
Renuka Developments (Pvt) Ltd	Renuka Foods PLC	98,400,000	2.3%	1.1%	Based on Valuation	Investment
Shaw Wallace Ceylon Ltd	Shaw Wallace & Hedges Ltd	547,400,000	13.0%	6.2%	Based on Valuation	Investment

NOTES TO THE FINANCIAL STATEMENTS (Contd...)

35.2.4 Transactions with Related Companies – Non Recurring Transactions as per CSE Listing Rules 9.3.2

REPORTING ENTITY	RELATED COMPANY	AGGREGATE VALUE OF THE RELATED PARTY TRANSACTIONS ENTERED IN TO DURING THE FINANCIAL YEAR RS	AGGREGATE VALUE OF RELATED PARTY TRANSACTIONS AS A % OF		TERMS AND CONDITIONS OF THE RELATED PARTY TRANSACTION	THE RATIONALE FOR ENTERING INTO THE TRANSACTIONS
			EQUITY	TOTAL ASSETS		
Shaw Wallace Ceylon Ltd	Shaw Wallace & Hedges Ltd	427,329,000	10.1%	4.8%	Based on Valuation	Investment
Shaw Wallace Ceylon Ltd	Shaw Wallace & Hedges Ltd	486,829,000	11.5%	5.5%	Based on Valuation	Investment
Shaw Wallace Ceylon Ltd	Shaw Wallace & Hedges Ltd	547,400,000	13.0%	6.2%	Based on Valuation	Investment

35.2.5 Transactions with Related Entities – Group

NAME OF THE COMPANY / PARTY	NAME OF THE COMMON DIRECTOR/S	RELATIONSHIP	NATURE OF TRANSACTION	AGGREGATE VALUE OF THE RELATED PARTY TRANSACTIONS ENTERED IN TO DURING THE FINANCIAL YEAR Rs.	TERMS AND CONDITIONS OF THE RELATED PARTY TRANSACTION
Mrs. I R Rajiyah	Mrs.I.R.Rajiyah	Director	Rent Expenses	(11,520,000)	Comparable Uncontrolled Price
Renuka International Ltd	Mr.S.V.Rajiyah Mrs..A.L..Rajiyah	Common Director	Royalty Payment	(12,455,976)	Comparable Uncontrolled Price
Renuka Group Ltd	Dr.S.R.Rajiyah Mrs.I.R.Rajiyah Mr.S.V.Rajiyah Mrs.J.J.B.A..Rajiyah	Common Director	Royalty Payment	(23,607,282)	Comparable Uncontrolled Price

35.3 Transactions with Key Management Personnel (KMP)

According to Sri Lanka Accounting Standards 24 – Related Party Disclosures, Key Management Personnel, are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Board of Directors (including Executive & Non-Executive Directors) of the Company has been classified as Key Management Personnel of the Company. The transactions with Key Management Personnel are as follows.

AS AT 31ST MARCH	GROUP		COMPANY	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Short Term Employee Benefits	64,230,110	79,910,680	240,000	160,000
Rent	11,520,000	11,520,000	-	-
Total Compensation Paid to KMP	75,750,110	91,430,680	240,000	160,000

35.3.1 Transactions, Arrangements and Agreements Involving KMP and their Close Family Members (CFM)

CFM of a KMP are those family members who may be expected to influence, or be influenced by, that KMP in their dealings with the entity. They may include KMP's domestic partner and children, children of the KMP domestic partner and dependants of the KMP or the KMP domestic partner. CFM are related parties to the Group. There were no transaction carried out with above parties.

The Board of Directors declared that no related party transactions falling within the scope of the code was entered into by the Company during the financial year 2021/22 other than those disclosed in note 34 of the financial statements above.

NOTES TO THE FINANCIAL STATEMENTS (Contd...)

DIRECTORS OF GROUP COMPANIES										
Directors of Group Companies	RF	RAF	RAO	RDL	KPL	COCO	CFL	RLDL	SWCL	SWPL
Mrs. I.R.Rajiyah	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Dr. S.R.Rajiyah	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr.S.V.Rajiyah	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mrs.J.J.B.A.Rajiyah	-	-	✓	-	-	-	-	✓	✓	-
Mr. S.Vasanthakumara	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr.P.Gunathilake	-	-	✓	✓	✓	✓	✓	✓	✓	✓
Mr R F N Jayasooriya	-	-	-	-	✓	✓	✓	✓	✓	-
Mrs. S T R E Wijesuriya	-	✓	-	-	-	-	-	-	-	-
Mr T A P Peiris	-	-	-	-	✓	✓	✓	-	-	-
Mr. N. D. Nalliah		-	-	-		-	-	-	✓	-
Mr.T.K.Bandaranayake	✓	-	-	-	-	-	-	-	-	-
Mr.M.S.Dominic	✓	-	-	-	-	-	-	-	-	-
Mr.J.M.Swaminathan	-	-	-	-	-	-	-	-	-	-
Dr.J.A.S.Felix	✓	-	-	-	-	-	-	-	-	-
Mr.B. V. Selvanayagam	-	✓	-	-	-	-	-	-	-	-
Mr.D.S.Arangala	-	✓	-	-	-	-	-	-	-	-
Mr K Liyanagamage	-	✓	-	-	-	-	-	-	-	-

RF Renuka Foods PLC

RAF Renuka Agri Foods PLC

RAO Renuka Agri Organics Ltd

RDL Renuka Developments (Private) Limited

KPL Kandy Plantations Limited

COCO Coco Lanka (Pvt) Ltd

CFL Ceylon Forestry (Pvt) Ltd

RLDL Richlife Dairies Limited

SWCL Shaw Wallace Ceylon Limited

SWPL Shaw Wallace Properties Limited

NOTES TO THE FINANCIAL STATEMENTS (Contd...)

36. CONTINGENT LIABILITIES

There were no significant contingent liabilities as at the reporting date which require adjustments or disclosures in the Financial Statements other than the following;

Kandy Plantations Limited

Land Reform Commission has filed a case in the District Court of Attanagalla against the Trustees of John Leo De Cross Trust for which Kandy Plantation is a respondent. In the opinion of the Lawyers, that there is a strong likelihood of the outcome of this case being in favour of the trustees The John Leo De Croos Trust.

37. CAPITAL COMMITMENTS

There were no material commitments as at the reporting date that require disclosure in the Financial Statements.

38. EVENTS OCCURRING AFTER THE REPORTING PERIOD

There have been no material events occurring after the reporting period that require adjustments to and/or disclosures in the Financial Statements.

Value Added Tax

In accordance with the Gazette No 2282/26 enacted on 31st May 2022, Value Added Tax ("VAT") charged based on the Value Added Tax Act No 14 of 2002 as amended by Act No 6 of 2005, has been increased from 8% to 12% effective from 1st June 2022.

DIVIDEND

The Board of Directors has recommended a payment of Rs. 0.41 per share payable for 2021/22. The Directors are confident that the Company would meet the solvency test requirement under Section 57 of the Companies Act of No. 7 of 2007 immediately after the proposed final dividend distribution.

39. COMPARATIVE INFORMATION

The previous year's figures have been re-arranged wherever necessary to confirm to the current year's presentation and disclosure.

40. ECONOMIC CONDITIONS AND ITS IMPACT ON THE FINANCIAL STATEMENTS

The country's current economic crisis presents the most significant threat in our immediate risk landscape. We are aware of the inevitable short-term pressures that will arise from these conditions and have taken corrective measures to minimize these impacts.

As at end March 2022 inflation rate was 18.7%. However, it has been escalated up to 55% at the end June 2022. Exchange rates also observed a notable fluctuation after the balance sheet date and has not adjusted in the current year financial statements since the conditions that gave rise to the gain/(loss) did not exist as of 31st March 2022.

The Monetary Board of the Central Bank of Sri Lanka (CBSL) has decided to increase the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR). The depletion of foreign reserves has put restrictions on imports and affected supplies.

The Group has taken the following measures to ensure it continuity of its operations as a going concern.

NOTES TO THE FINANCIAL STATEMENTS (Contd...)

INCREASE OF INTEREST RATE

Increase of Interest rates have impacted to the organization working capital. Finance cost for short term loans have increased and has impacted to the net profits of the company.

The Group is in the process of taking steps to minimizing the above impact by obtaining advances from customers, reduce debtors outstanding and negotiating credit terms with its suppliers.

FLUCTUATIONS IN FOREIGN CURRENCY

Rupee depreciation has impacted negatively for the imports of the Group while positively impact to the company exports. As the organization is having favorable USD position, current exchange fluctuations has a minimum impact to its profitability.

Over the medium-to-long term, we are confident that Sri Lanka's economy will stabilize as a result of fiscal consolidation measures, structural reforms and an IMF engagement. We are firm in our belief that Sri Lankan businesses will demonstrate their characteristic resilience in responding to the challenges presented by the economic fallout and will emerge as stronger, resilient and more agile organizations.

The Group held cash at bank and in hand of Rs. 476 million as at March 31, 2022 (Rs. 411 million respectively in 2021) which represents its maximum credit exposure on these assets.

41. GOING CONCERN OF SUBSIDIARIES

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

42. FINANCIAL RISK MANAGEMENT

Overview

The Group has exposure to the following risks arising from financial instrument:

- (i) Market risk
- (ii) Credit risk
- (iii) Liquidity risk

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

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

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

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

NOTES TO THE FINANCIAL STATEMENTS (Contd...)

(i) 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 receivables from customers and investment securities. The Group considers financial instruments to be in default when the debtors are unlikely to its obligations in full.

Exposure to Credit Risk

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

	Carrying Amount	
	2022 Rs.	2021 Rs.
Trade and other Receivables	1,493,752,804	1,137,661,436
Amount due from Related Companies	10,396,913	11,011,495
	1,504,149,717	1,148,672,931

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, Management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk.

Each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

Write - Off

The gross carrying amount of a financial asset is written off when the Group has no reasonable exceptions of recovering a financial asset in its entirety or a portion thereof, based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable exceptions of recovery due.

NOTES TO THE FINANCIAL STATEMENTS (Contd...)

	Gross Amount	2022 Loss Allowance	Net Amount	Gross Amount	2021 Loss Allowance	Net Amount
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Company						
Not Credit Impaired	-	-	-	-	-	-
Credit Impaired	-	-	-	-	-	-
	-	-	-	-	-	-
Group						
Not Credit Impaired	1,493,752,804	-	1,493,752,804	1,137,661,436	-	1,137,661,436
Credit Impaired	34,413,583	(34,413,583)	-	12,369,169	(12,369,169)	-
Due more than one year	1,528,166,387	(34,413,583)	1,493,752,804	1,148,672,931	(12,369,169)	1,137,661,436

Impairment Losses

The Group establishes an allowance for impairment that represents its estimate for incurred losses in respect of trade & other receivable. The main components of this allowance are a specific component that relate to individually significant exposures, and a collective loss component established for Groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

The maximum exposure to credit risk for trade & other receivables at the reporting date by geographic region was as follows.

	Carrying Amount	
	2022	2021
	Rs.	Rs.
Domestic	1,078,631,322	505,077,639
Europe	243,192,282	360,381,633
Middle East	7,617,609	3,338,230
Asia	2,007,825	28,647,869
United States	162,303,765	204,108,782
Africa	-	7,231,848
Australia	-	28,875,435
	1,493,752,803	1,137,661,436

Cash and Cash Equivalents

The Group held cash and cash equivalents of Rs. 476,255,688 at 31st March 2022 (Rs. 411,123,161 as at 31st March 2021) and the balances are with licensed Commercial Banks of Sri Lanka, which represents its maximum credit exposure on these assets.

Respective credit ratings of banks which company cash balances held are as follows:

Hatton National Bank PLC – AA-(Ika)
 People's Bank- AA- (Ika)
 Commercial Bank of Ceylon PLC-AA-(Ika)
 National Development Bank PLC – A+(Ika)
 Seylan Bank PLC – A(Ika)
 Nations Trust Bank PLC – A(Ika)

NOTES TO THE FINANCIAL STATEMENTS (Contd...)

(ii) Liquidity Risk

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

	Carrying Amount Rs.	Total Rs.	0-12 Months Rs.	More than 1 year Rs.
As at 31st March 2022				
Financial Liabilities (Non-Derivate)				
Interest Bearing Borrowings Short Term	1,985,458,571	1,985,458,571	1,985,458,571	-
Interest Bearing Borrowings Long Term	551,419,097	670,825,644	244,421,160	426,404,484
Lease Obligation	162,206,252	406,125,835	46,609,258	359,516,577
Amount due to Related Companies	10,396,913	10,396,913	10,396,913	-
Trade and other Payables	1,432,457,078	1,432,457,078	1,432,457,078	-
Bank Overdrafts	149,656,077	149,656,077	149,656,077	-
	4,291,593,988	4,654,920,118	3,868,999,057	785,921,061
As at 31st March 2021				
Financial Liabilities (Non-Derivate)				
Interest Bearing Borrowings Short Term	1,845,241,528	1,845,241,528	1,845,241,528	-
Interest Bearing Borrowings Long Term	439,984,107	553,112,256	291,134,856	261,977,400
Lease Obligation	127,726,503	299,329,708	42,166,008	257,163,700
Amount due to Related Companies	676,874	676,874	676,874	-
Trade and other Payables	885,905,026	885,905,026	885,905,026	-
Bank Overdrafts	129,498,543	129,498,543	129,498,543	-
	3,429,032,581	3,713,763,935	3,194,622,835	519,141,100

The following table sets out a maturity analysis of interest bearing borrowings and lease liability.

	GROUP			
	Interest Bearing Borrowings		Lease Liability	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Less than one year	2,079,485,717	1,992,183,745	23,108,974	24,783,125
One to Two years	119,708,754	125,225,763	15,895,338	9,640,557
Two to Three years	108,333,600	105,124,102	15,895,338	6,797,665
Three to Four years	108,333,600	62,692,025	13,045,083	6,865,122
Four to Five years	121,015,996	-	8,695,338	6,843,840
More than five years	-	-	85,566,182	72,796,194
Total	2,536,877,667	2,285,225,635	162,206,253	127,726,503

The gross inflows /(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and are which are usually not closed out prior to contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash settled and are gross cash inflows and outflow amounts for derivatives that have simultaneous gross cash settlements, e.g. forward exchange contracts.

It is not expected that the cash flows included in the maturity analysis would not occur significantly earlier or at significantly different amounts.

NOTES TO THE FINANCIAL STATEMENTS (Contd...)

(iii) Market Risk

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

a. Currency Risk

The risk that the fair value or future cash flows of financial instruments fluctuates due to changes in foreign exchange rates.

The Group is exposed to currency risk on sales, purchases that are denominated in a currency other than Sri Lankan Rupees (LKR). The currencies in which these transactions primarily are denominated is US Dollars.

Exposure to currency risk

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

The Company and the Group involves with foreign exchange transactions and are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.

	Carrying Amount	
	2022 USD	2021 USD
Trade and other Payables	(501,804)	(479,965)
Trade and other Receivables	1,412,602	2,828,319
Cash and cash equivalents	1,209,324	654,391
Gross Statement of Financial Position Exposure	2,120,122	3,002,745

The following significant exchange rates were applicable during the year

	Average Rate		Reporting Date Spot Rate	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
US Dollars	208.28	188.79	293.87	199.83

Sensitivity Analysis

A strengthening of the LKR, as indicated below, against the US Dollar and at 31st March 2022 would have increased/ (decreased) the equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant

	Strengthening Profit or Loss Rs.	Weakening Profit or Loss Rs.
31st March 2022 USD (15% movement)	93,456,050	(93,456,050)
31st March 2021 USD (10% movement)	60,003,853	(60,003,853)

NOTES TO THE FINANCIAL STATEMENTS (Contd...)

b. Interest rate risk

The Market risk is that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates at the reporting date, the Group's and the Company's interest-bearing financial instruments were as follows;

	Carrying Amount – Group		Carrying Amount – Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Fixed Rate Instruments				
Financial Assets				
Bank Deposits	476,255,688	411,123,161	6,023,672	10,139,941
Variable Rate Instruments				
Financial Liabilities				
Loans & Borrowings	(2,536,877,667)	(2,285,225,635)	–	–
Bank Overdrafts	(149,656,077)	(129,498,543)	(84,560)	(221,909)
	(2,210,278,056)	(2,003,601,017)	5,939,112	9,918,032

Cash flow sensitivity analysis for variable rate instruments

A recoverable possible change of 800 basis points in interest rates at the reporting date would have increase/ (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variable, in particular foreign currency exchange rates, remain constant.

		Group (Rs.)		Company (Rs.)	
		2022	2021	2022	2021
Variable Rate Instruments	800 bp increase	(2,762,848)	(20,042,010)	7,424	99,180
	800 bp decrease	2,762,848	20,042,010	(7,424)	(99,180)

NOTES TO THE FINANCIAL STATEMENTS (Contd...)

(iv) Capital management risk

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of the ordinary shares, retained earnings and non controlling interest of the Group. The Board of Directors monitors the return on capital as well as the level of dividends to the ordinary shareholders.

The Group's net debt to adjusted equity ratio at the reporting date was as follows

The following significant exchange rates were applicable during the year

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Net Debt	2,848,739,997	2,542,450,681	–	–
Total Equity	5,904,848,043	5,014,535,678	3,285,860,777	3,185,552,720
Net Debt to Equity Ratio	48.24%	50.70%	0.00%	0.00%

(v) Operational risk

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

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

- . Requirements for appropriate segregation of duties, including the independent authorisation of transactions
- . Requirements for the reconciliation and monitoring of transactions
- . Documentation of controls and procedures
- . Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- . Development of contingency plans
- . Training and professional development

NOTES TO THE FINANCIAL STATEMENTS (Contd...)

43. FINANCIAL INSTRUMENTS

43.1 Group

Financial assets and liabilities by categories

Financial assets and liabilities in the tables below are split into categories in accordance with SLFRS 09.

As at 31 March	Financials Assets by Categories				Financial liabilities by categories			
	Measured at Amortised Cost		Fair Value through OCI		Total		Measured at Amortised Cost	
	2022	2021	2022	2021	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Financial instruments in non-current assets/non-current liabilities								
Non-current financial assets	-	-	1,140,675,512	559,429,195	1,140,675,512	559,429,195	-	-
Interest-bearing loans and borrowings	-	-	-	-	-	-	457,391,905	293,041,890
Financial instruments in current assets/current liabilities								
Trade & other receivables/Payables	1,855,027,308	1,517,811,400	-	-	1,855,027,308	1,517,811,400	1,432,457,078	885,905,026
Amounts due from/due to related parties	10,396,913	11,011,495	-	-	10,396,913	11,011,495	36,900	676,874
Cash in hand and at Bank	476,255,688	411,123,161	-	-	476,255,688	441,123,161	-	-
Interest-bearing loans & borrowings	-	-	-	-	-	-	2,079,485,717	1,992,183,745
Bank overdraft	-	-	-	-	-	-	149,656,077	129,498,543
	2,341,679,909	1,939,946,056	1,140,675,512	559,429,195	3,482,355,421	2,499,375,251	4,119,027,777	3,301,306,078

43.1.1 The fair value of loans and receivables is not significantly different from the value based on amortised cost methodology.

The management assessed that, cash and short-term investments, trade receivables, trade payables, bank overdrafts, Short term borrowings and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

43.2 Company

Financial assets and liabilities by categories

Financial assets and liabilities in the tables below are split into categories in accordance with SLFRS 09.

As at 31 March	Financials Assets by Categories				Financial liabilities by categories			
	Measured at Amortised Cost		Fair Value through P&L		Total		Measured at Amortised Cost	
	2022	2021	2022	2021	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Financial instruments in non-current assets/non-current liabilities								
Non-current financial assets	-	-	-	-	-	-	-	-
Interest-bearing loans and borrowings	-	-	-	-	-	-	-	-
Financial instruments in current assets/current liabilities								
Trade & other receivables/Payables	331,701	319,204	-	-	331,701	319,204	2,325,615	2,056,758
Amounts due from/due to related parties	6,023,672	10,139,941	-	-	-	-	-	-
Cash in hand and at Bank	-	-	-	-	6,023,672	10,139,941	84,560	221,909
Bank overdraft	6,355,373	10,459,145	-	-	6,355,373	10,459,145	2,410,175	2,278,667

NOTES TO THE FINANCIAL STATEMENTS (Contd...)

43.2.1 The fair value of loans and receivables is not significantly different from the value based on amortised cost methodology.

The management assessed that, cash and short-term investments, trade receivables, trade payables, bank overdrafts, Short term borrowings and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

43.3 Fair Value Hierarchy

43.3.1 Non financial assets – Group

Level 1 – Quoted (unadjusted) Market prices in active markets for identical assets or liabilities

Level 2 – Valuation technique 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

	LEVEL 1		LEVEL 2		LEVEL 3	
	2022	2021	2022	2021	2022	2021
Asset measured at Fair value						
Land & Buildings	-	-	-	-	3,037,751,040	2,897,140,165
Investment property	-	-	-	-	320,757,694	303,390,145
Investment in fair value through OCI	-	-	-	-	1,140,675,512	559,429,195

In determining the fair value, highest and best use of the property including the current condition of the properties, future usability and associated redevelopment requirements have been considered. Also, the values have made reference to market evidence of transaction prices for similar properties, with appropriate adjustments for size and location. The appraised fair values are rounded within the range of values.

Investment in fair value through the OCI was based on the net assets value adjusted for the effect of the non-marketability of the investments, by discounting the net assets value of the Company. The net assets value per share of the Company was Rs. 11.90 as at 31st March 2022, prior to the discounting.

Discount rate 20% – 25%

43.3.2 Non financial assets – Company

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.

	LEVEL 1		LEVEL 2		LEVEL 3	
	2022	2021	2022	2021	2022	2021
Asset measured at Fair value	-	-	-	-	-	-

In determining the fair value, highest and best use of the property including the current condition of the properties, future usability and associated redevelopment requirements have been considered. Also, the values have made reference to market evidence of transaction prices for similar properties, with appropriate adjustments for size and location. The appraised fair values are rounded within the range of values.

NOTES TO THE FINANCIAL STATEMENTS (Contd...)

44. OPERATING SEGMENTS

Segment Information is presented in respect of the group's operating segments. Operating Segments are based on the Group's management and Internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment Capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than a period of one year.

The Group comprises the following main operating segments:

Agri Food Exports – Manufacture and export of agri based products.

Consumer Brands – Manufacture and distribution of consumer brands.

For the year ended 31st March	AGRI FOOD EXPORTS		CONSUMER BRANDS		GROUP TOTAL	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Revenue	5,884,887,814	4,821,661,163	5,442,854,652	4,275,763,132	11,327,742,466	9,097,424,295
Inter Segment Revenue	(597,912,501)	(335,245,660)	(34,524,801)	(94,739,739)	(632,437,302)	(429,985,399)
Segment Revenue	5,286,975,313	4,486,415,503	5,408,329,851	4,181,023,393	10,695,305,164	8,667,438,896
Cost of Sales	(4,934,308,196)	(4,360,525,499)	(4,570,512,976)	(3,610,038,890)	(9,504,821,172)	7,970,564,389
Segment Revenue	528,450,802	58,033,548	61,851,699	281,374,837	590,302,501	339,408,385
Gross Profit	881,117,119	183,923,552	899,668,574	852,359,340	1,780,786,493	1,036,282,892
Other Income	12,613,476	22,367,727	139,160,600	39,447,480	151,774,076	61,815,207
Administrative Expenses	(321,071,620)	(308,910,885)	(193,599,687)	(220,377,272)	(514,671,307)	(529,288,157)
Change in Fair Value of Investment Properties	–	–	17,367,549	10,394,526	17,367,549	10,394,526
Selling & Distribution Expense	94,266,053	(85,686,340)	(536,063,998)	(431,173,486)	(630,330,051)	(516,859,826)
Other Expenses	–	(346,309,311)	–	–	–	(346,309,311)
Operating Profit	478,393,722	(534,615,257)	326,533,038	250,650,588	804,926,760	(283,964,669)
Finance Income	590,581,578	99,537,701	2,121,861	736,384	592,703,439	100,274,085
Finance Costs	(489,609,661)	(188,437,047)	(37,867,133)	(42,277,784)	(527,476,794)	(230,714,831)
Profit / (Loss) from discontinued operation	–	–	–	–	–	–
Profit share of Equity Accounted Investees	–	–	–	39,699,539	–	39,699,539
Profit before Tax	579,365,639	(623,514,603)	290,787,766	248,808,727	870,153,405	(374,705,876)
Income Tax Expense	(74,277,309)	(19,227,352)	(62,603,951)	9,075,737	(136,881,260)	(10,151,615)
Profit/(Loss)	505,088,330	(642,741,955)	228,183,815	257,884,464	733,272,145	(384,857,491)

NOTES TO THE FINANCIAL STATEMENTS (Contd...)

44. OPERATING SEGMENTS (CONTD.)

	AGRI FOOD EXPORT		CONSUMER BRANDS		GROUP TOTAL	
AS AT 31ST MARCH	2022	2021	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Property, Plant and Equipment	2,347,216,698	1,924,800,005	2,325,217,965	2,511,958,327	4,672,434,663	4,436,758,332
Right of use assets	116,145,490	111,921,925	8,387,543	19,058,806	124,533,033	130,980,731
Investment Property	1,733,289	1,844,238	319,024,405	301,545,907	320,757,694	303,390,145
Segment Property, Plant and Equipment, Right of Use Assets & Investment Property	2,465,095,477	2,038,566,168	2,652,629,913	2,832,563,040	5,117,725,390	4,871,129,208
Biological Assets	80,065,095	78,542,795	40,874,947	30,896,979	120,940,042	109,439,774
Investment in FVOCI	-	-	1,140,675,512	559,429,195	1,140,675,512	559,429,195
Intangible Assets and Goodwill	31,432,201	-	184,676,246	218,906,186	216,108,447	218,906,186
Segment Other Non Current Assets	111,497,296	78,542,795	1,366,226,705	809,232,360	1,477,724,001	887,775,155
Segment Total Non Current Assets	2,576,592,773	2,117,108,963	4,018,856,618	3,641,795,400	6,595,449,391	5,758,904,363
Inventories	1,220,335,269	906,865,208	691,838,712	440,220,970	1,912,173,981	1,347,086,178
Trade and Other Receivables	1,183,745,250	1,057,134,835	671,282,058	460,676,566	1,855,027,308	1,517,811,401
Current Tax Assets	4,086,246	4,075,760	-	10,188,323	4,086,246	14,264,083
Amounts Due from Subsidiary Companies	22,496	11,011,495	10,374,417	-	10,396,913	11,011,495
Amounts Due from Related Companies	4,698,806	-	-	-	4,698,806	-
Cash and Cash Equivalents	360,128,243	273,028,617	116,127,445	138,094,544	476,255,688	411,123,161
Segment Current Assets	2,773,016,310	2,252,115,915	1,489,622,632	1,049,180,403	4,262,638,942	3,301,296,318
Total Segment Assets	5,349,609,083	4,369,224,878	5,508,479,250	4,690,975,803	10,858,088,333	9,060,200,681
Deferred Tax Liability	162,553,476	155,578,475	307,747,888	304,582,019	470,301,364	460,160,494
Interest Bearing Borrowings	449,058,600	293,041,890	8,333,350	-	457,391,950	293,041,890
Lease Liabilities	138,423,978	94,004,740	673,301	8,938,638	139,097,279	102,943,378
Retirement Benefit Obligation	61,039,742	70,501,070	40,879,369	42,957,492	101,919,111	113,458,562
Segment Non Current Liabilities	811,075,796	613,126,175	357,633,908	356,478,149	1,168,709,704	969,604,324
Trade and Other Payables	762,773,107	392,067,040	669,683,968	493,837,986	1,432,457,075	885,905,026
Amounts Due to Related Companies	36,900	676,874	-	-	36,900	676,874
Dividend Payable	5,353,584	5,381,610	6,754,408	11,441,693	12,107,992	16,823,303
Current Portion of Interest Bearing Borrowings	1,647,129,690	1,654,883,745	432,356,027	337,300,000	2,079,485,717	1,992,183,745
Lease Liabilities	23,036,376	14,476,940	72,598	10,306,185	23,108,974	24,783,125
Current Tax Payable	75,806,619	18,218,191	11,871,232	7,971,872	87,677,851	26,190,063
Bank Overdraft	2,510,093	53,447,961	147,145,984	76,050,582	149,656,077	129,498,543
Segment Current Liabilities	2,516,646,369	2,139,152,361	1,267,884,217	936,908,318	3,784,530,586	3,076,060,679
Total Segment Liabilities	3,327,722,165	2,752,278,536	1,625,518,125	1,293,386,467	4,953,240,290	4,045,665,003

REAL ESTATE PORTFOLIO

COMPANY	LOCATION	LAND/ BUILDING	LAND EXTENT (PERCHES) FREE HOLD/ LEASEHOLD	BUILDING		CLASSIFICATION COMPANY	CLASSIFICATION GROUP	ORIGINAL COST OF PURCHASE	WDV AS AT 31.03.2022
				NO OF BUILDINGS	BUILDING IN SQ.FT				
Renuka Agri Foods PLC	Unagahadeniya	Land	70.4	-	-	PPE	PPE	21,428,000	21,120,000
		Building	-	1	968	PPE	PPE	-	903,000
	EPZ, Wathupitiwela	Building	-	9	111,379	PPE	PPE	158,452,264	618,657,314
	Giriulla	Building	-	2	8,031	PPE	PPE	-	16,062,000
Renuka Developments (Pvt) Ltd	Unagahadeniya	Land	303.3	-	-	PPE	PPE	22,702,880	75,825,000
		Building	-	7	17,789	PPE	PPE	23,851,270	23,380,751
Kandy Plantation Ltd	"Mahawatta Estate, Indigolla Estate, Kurundugolla Estate, at Nalla Diuldeniya"	Building	-	4	10,598	PPE	PPE	15,927,250	11,692,496
Coco Lanka (Pvt) Ltd	Cocowatta Estate, Puttalam	Land	3,217.92	-	-	PPE	PPE	57,900,000	72,601,194
		Land	26,445	-	-	PPE	PPE	127,482,760	180,448,000
Renuka Agri Organics Ltd	Export Processing Zone, Wathupitiwela	Building	-	5	6,447	PPE	PPE	-	9,904,501
		Building	-	3	69,225	PPE	PPE	74,073,652	262,973,228
		Land	4.7	-	-	PPE	PPE	17,500,000	18,800,000
Shaw Wallace Ceylon Ltd	Danister De Silva Mawatha	Land	40	-	-	PPE	PPE	114,699,000	320,000,000
		Building	-	1	66,828	PPE	PPE	289,341,098	588,921,750
	Gamunu Mawatha, Ekala	Land	59.8	-	-	PPE	PPE	16,445,000	29,900,000
		Building	-	2	10,185	PPE	PPE	36,555,000	47,585,241
	Samagi Mw, Ekala Ja-Ela	Land	214.75	-	-	PPE	PPE	104,691,840	107,375,000
		Building	-	11	40,698	PPE	PPE	9,721,060	31,531,739
	New Nuge Road, Peliyagoda	Land	215.59	-	-	IP	PPE	95,000,000	394,793,573
		Building	-	3	62,714	IP	PPE	119,980,471	182,970,652
Richlife Dairies Ltd	Private Road, Wadduwa	Land	886	-	-	PPE	PPE	128,552,000	158,568,000
		Building	-	6	63,986			194,843,169	184,495,295

FIVE YEAR SUMMARY

Year Ended 31st March	2022	2021	2020	2019	2018
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
a) Summary of Operation					
Revenue	10,695,305	8,674,439	7,815,364	8,179,476	7,551,205
Gross Profit	1,780,786	1,036,283	1,838,558	1,923,848	,396,198
Profit / (Loss) before finance cost and tax	804,926	(283,965)	416,786	664,101	146,735
Profit before taxation	870,153	(355,567)	270,716	519,907	43,066
Taxation	(136,881)	(10,152)	4,989	(207,615)	(148,436)
Loss from discontinued operation	-	-	(36,850)	(1,469)	-
Profit after tax	733,272	(384,857)	238,855	313,760	(105,370)
Profit / (Loss) attributable to equity holders of the company	554,351	(184,603)	136,285	181,840	(92,847)
b) Summary of Financial Position					
Capital and reserves					
Stated Capital	2,241,842	2,241,842	2,241,842	2,241,842	2,241,842
Capital reserve	737,310	755,457	709,987	408,802	337,290
Retained earnings	1,616,234	1,229,183	1,660,163	1,609,094	1,068,030
Shareholders' Fund	4,595,386	4,226,483	4,611,992	4,259,738	3,647,163
Minority interest	1,309,461	788,052	1,194,362	1,047,639	1,487,420
Total Equity	5,904,848	5,014,535	5,806,355	5,307,377	5,134,593
Liabilities					
Non-Current Liabilities	1,168,710	969,604	1,233,707	834,070	817,385
Current Liabilities	3,784,531	3,076,061	2,422,688	2,672,297	2,491,676
Total Liabilities	4,953,240	4,045,665	3,656,395	3,506,367	3,309,061
Total Equity and Liabilities	10,858,088	9,060,200	9,462,749	8,813,744	8,443,654
Assets					
Property, plant and equipment	4,672,435	4,436,758	4,541,831	3,895,851	3,691,354
Investment properties	320,758	303,390	292,996	276,660	276,660
Investments	1,140,676	559,429	1,273,538	1,460,134	1,252,533
Other non-Current assets	461,580	459,327	572,116	455,544	468,261
Current assets	4,262,639	3,301,296	2,782,268	2,725,555	2,754,846
Total Assets	10,858,088	9,060,200	9,462,749	8,813,744	8,443,654
c) Key Indicators					
Earnings per share (Rs.)	4.52	(1.50)	1.11	1.48	-0.76
Net profit margin (%)	6.86%	-4.26%	3.05%	3.83%	-1.40%
Net assets value per share (Rs.)	48.11	34.43	37.57	34.71	29.72
Dividends per share (Rs.)	-	0.35	0.35	-	-
Dividends payout (Rs.)	-	-23.33%	31.53%	-	-
Dividend cover (times)	-	(4.28)	3.17	-	-
Interest cover (times)	4.4	(1.20)	2.01	4.61	1.42
Current ratio (times)	1.13	1.07	1.15	1.01	1.08
Gearing ratio (%)	30.50%	32.50%	18.20%	24.81%	26.76%
Return on equity (%)	9.38	(3.68)	1.70%	1.92%	-2.05%

SHAREHOLDER AND INVESTOR INFORMATION

SHARE INFORMATION

	2022		2021	
	Voting	Non Voting	Voting	Non Voting
Total No of Shareholders	3,839	772	4,032	768
Total No of Shares	117,960,106	4,773,346	117,960,106	4,773,346

PUBLIC SHARE HOLDING

The percentage of Shares held by the Public	2022	2021
Voting	25.99%	26.75%
Non Voting	68.89%	68.89%

SHARE TRADING INFORMATION – VOTING

	31st March 2022			31st March 2021		
No of Shares Held	No of Shareholders	No of Shares	%	No of Shareholders	No of Shares	%
1-1,000	3,133	818,586	0.69%	3,144	861,344	0.73%
1,001-10,000	529	1,944,144	1.65%	675	2,584,608	2.19%
10,001-100,000	141	4,220,597	3.58%	181	4,809,997	4.07%
100,001-1,000,000	29	7,369,141	6.25%	25	6,096,519	5.17%
1,000,001 & Over	7	103,607,638	87.83%	7	103,607,638	87.84%
Total	3,839	117,960,106	100.00%	4,032	117,960,106	100.00%

	31st March 2022			31st March 2021		
No of Shares Held	No of Shareholders	No of Shares	%	No of Shareholders	No of Shares	%
Individuals	3,685	22,984,057	19.48%	3,872	23,119,818	19.60%
Institutions	154	94,976,049	80.52%	160	94,840,288	80.40%
Total	3,839	117,960,106	100.00%	4,032	117,960,106	100.00%

	31st March 2022			31st March 2021		
No of Shares Held	No of Shareholders	No of Shares	%	No of Shareholders	No of Shares	%
Resident	3,824	89,493,780	75.87%	4,011	88,404,684	74.94%
Non Resident	15	28,466,326	24.13%	21	29,555,422	25.06%
Total	3,839	117,960,106	100.00%	4,032	117,960,106	100.00%

	31st March 2022			31st March 2021		
No of Shares Held	No of Shareholders	No of Shares	%	No of Shareholders	No of Shares	%
Renuka Foods PLC & Affiliate Companies	1	59,358,578	50.32%	1	59,358,578	50.32%
Directors and Spouses	6	13,145,735	11.14%	6	12,245,735	10.38%
Holding of 10% or more	1	14,803,147	12.55%	1	14,803,147	12.55%
Public	3,831	30,652,646	25.99%	4,024	31,552,646	26.75%
Total	3,839	117,960,106	100.00%	4,032	117,960,106	100.00%

SHAREHOLDER AND INVESTOR INFORMATION (Contd...)

SHARE TRADING INFORMATION – NON VOTING

No of Shares Held	31st March 2022			31st March 2021		
	No of Shareholders	No of Shares	%	No of Shareholders	No of Shares	%
1-1,000	531	122,895	2.57%	513	120,002	2.51%
1,001-10,000	188	748,936	15.69%	202	756,331	15.85%
10,001-100,000	44	1,303,660	27.31%	44	1,300,577	27.25%
100,001-1,000,000	9	2,597,855	54.42%	9	2,596,436	54.40%
1,000,001 & Over	-	-	-	-	-	-
Total	772	4,773,346	100.00%	768	4,773,346	100.00%

No of Shares Held	31st March 2022			31st March 2021		
	No of Shareholders	No of Shares	%	No of Shareholders	No of Shares	%
Individuals	717	2,946,587	61.73%	725	3,796,260	79.53%
Institutions	55	1,826,759	38.27%	43	977,086	20.47%
Total	772	4,773,346	100.00%	768	4,773,346	100.00%

No of Shares Held	31st March 2022			31st March 2021		
	No of Shareholders	No of Shares	%	No of Shareholders	No of Shares	%
Resident	758	4,250,321	89.04%	756	4,277,665	89.61%
Non Resident	14	523,025	10.96%	12	495,681	10.39%
Total	772	4,773,346	100.00%	768	4,773,346	100.00%

No of Shares Held	31st March 2022			31st March 2021		
	No of Shareholders	No of Shares	%	No of Shareholders	No of Shares	%
Renuka Foods PLC & Affiliate Companies	-	-	-	-	-	-
Directors and Spouses	1	762,877	15.98%	2	762,877	15.98%
Holding of 10% or more	1	722,284	15.13%	2	722,284	15.13%
Public	770	3,288,185	68.89%	764	3,288,185	68.89%
Total	772	4,773,346	100.00%	768	4,773,346	100.00%

SHAREHOLDER AND INVESTOR INFORMATION (Contd...)

SHARE INFORMATION

	2022		2021	
	Voting	Non Voting	Voting	Non Voting
Highest	27.20	20.90	21.00	16.00
Lowest	12.10	11.20	12.20	7.70
As at 31st March	13.40	11.60	12.70	10.40

SHARE INFORMATION

Market Capitalization	2022		2021	
	Voting	Non Voting	Voting	Non Voting
As at 31st March (Rs)	1,636,036,234		1,547,736,144	
Float Adjusted Market Capitalization (Rs)	448,888,402		434,938,894	
No.of Trades	9,662	3,993	7,594	2,280
No.of Shares Traded	17,762,926	5,070,759	11,311,291	2,522,630
Value of Shares Traded (Rs)	319,345,649	70,719,892	192,932,431	32,578,532

Option the Listed Entity complies with the Minimum Public Holding requirement

The Company complied with option 5 of the listing rules 7.13.1 (a) – which requires a minimum public Holding of 20% for a company having a float adjusted market capitalization of less than Rs.2.5Bn.

The company has over 20% public shareholding and over 500 public shareholders meeting the minimum thresholds for compliance on minimum public holding, under option 5 as per the directive issued in terms of section 13(c) and 13(cc) of the Securities & Exchange Commission of Sri Lanka Act No.36 of 1987(as amended).

RENUKA FOODS PLC – TOP 20 MAJOR SHAREHOLDERS

No.	Name	Voting as at 31.03.2022		Voting as at 31.03.2021	
		No. of Shares	%	No. of Shares	%
1	Renuka Agro Exports Ltd	59,358,578	50.32%	59,358,578	50.32%
2	C.J. Patel & Company Limited	14,803,147	12.55%	14,803,147	12.55%
3	Eagle View Management Limited	13,385,159	11.35%	13,385,159	11.35%
4	Dr. S.R. Rajiyah & Mrs I.r Rajiyah (Jt)	11,798,563	10.00%	11,798,563	10.00%
5	Mr. K.C Vignarajah	1,592,061	1.35%	1,592,061	1.35%
6	Mrs. S. Vignarajah	1,467,068	1.24%	1,467,068	1.24%
7	Renuka Hotels Plc	1,203,062	1.02%	1,203,062	1.02%
8	Mr. S.V. Rajiyah	940,000	0.80%	–	–
9	Mercantile Fortunes (Private) Limited	662,302	0.56%	–	–
10	Mrs. N. Muljie	480,208	0.41%	480,208	0.41%
11	People's Leasing & Finance Plc/Mr D.m.p Disanayake	460,091	0.39%	608,375	0.52%
12	United Motors Lanka Plc	401,253	0.34%	457,001	0.39%
13	Mrs. J.J.B.A Rajiyah	400,000	0.34%	400,000	0.34%
14	Unimo Enterprises Ltd	359,999	0.31%	388,211	0.33%
15	Hatton National Bank Plc/Mushtaq Mohamed Fuad	301,434	0.26%	–	–
16	Hatton National Bank Plc/ A. P. L. Fernando	300,000	0.25%	238,052	0.20%
17	Renuka Consultants & Services Limited.	280,000	0.24%	280,000	0.24%
18	Mr. N.A. Kalupathirana	235,190	0.20%	–	–
19	Tranz Dominion L.L.c	220,000	0.19%	220,000	0.19%
20	Crescent Launderers And Dry Cleaners Pvt Limited	195,428	0.17%	195,428	0.17%
		108,843,543	92.29%	106,874,913	90.62%

RENUKA FOODS PLC – TOP 20 MAJOR SHAREHOLDERS (Contd...)

No.	Name	Non-Voting as at 31.03.2022		Non-Voting as at 31.03.2021	
		No. of Shares	%	No. of Shares	%
1	Renuka Group Limited	762,583	15.98%	762,579	15.98%
2	Mr. K.C Vignarajah	722,384	15.13%	722,284	15.13%
3	Best Real Invest Co Services (Private) Limited	295,086	6.18%	295,086	6.18%
4	Amana Bank Plc/Mr. Abdul Majeed Mohammadu Risvi	172,328	3.61%	172,328	3.61%
5	Mr. M.D.S.Goonathilleke	146,315	3.07%	-	-
6	Mrs. S.Vignarajah	141,109	2.96%	141,109	2.96%
7	Miss. N Harnam & Mrs. J.k.P Singh (Jt)	138,450	2.90%	138,450	2.90%
8	Tranz Dominion,L.I.C.	115,000	2.41%	110,000	2.30%
9	Mrs. J.K.P Singh	104,600	2.19%	104,600	2.19%
10	Hatton National Bank PLC/Sivalingam Gobinath	93,595	1.96%	-	-
11	Dialog Finance Plc/E.M.S.T. Ekanayake	85,000	1.78%	-	-
12	Mr. V.T.H. Vitharana	84,822	1.78%	-	-
13	Mr. R. Gautam	80,500	1.69%	65,000	1.36%
14	Mr. Y.H Abdulhussein	76,498	1.60%	76,498	1.60%
15	Mr. N.V. Chaminda	61,800	1.29%	-	-
16	Mr. S. U. Abeysooriya & T.B.M De Silva (JT)	52,074	1.09%	52,000	1.09%
17	Askold (Private) Limited	51,230	1.07%	51,230	1.07%
18	Mrs. S. Umeshwary	50,922	1.07%	50,922	1.07%
19	Deutsche Bank Ag Singapore A/C 2 (Dcs Clt Acc For Deutsche Bank Ag Singapore- Pwm Wm Client)	42,175	0.88%	-	-
20	People's Leasing & Finance PLC/Mr. P.A. Premajayantha	40,396	0.85%	-	-
		3,316,867	69.49%	2,742,086	57%

NOTICE OF MEETING

Notice is hereby given that the 32nd Annual General Meeting of the Company will be held virtually on Wednesday, 7th September 2022 at 4.15p.m. for the following purposes :-

1. To receive and consider the Report of the Directors and the Statement of the Audited Financial Statements for the year ended 31st March 2022 with the Report of the Auditors thereon.
2. To re-elect Dr J.A.S.Felix as a Director who retires by rotation in terms of Article 28 (1).
3. To re-appoint Dr. S.R. Rajiyah who is 72 years of age, as a director in terms of Section 211 of the Companies Act No. 7 of 2007 and it is specifically declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Dr. S.R. Rajiyah
4. To re-appoint Mrs. I.R. Rajiyah who is 71 years of age, as a director in terms of Section 211 of the Companies Act No. 7 of 2007 and it is specifically declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Mrs. I.R. Rajiyah
5. To re-appoint Mr. T.K. Bandaranayake who is 79 years of age, as a director in terms of Section 211 of the Companies Act No. 7 of 2007 and it is specifically declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Mr. T.K. Bandaranayake.
6. To declare a dividend of Rs.0.41 per Share.
7. To authorise the Directors to determine the contribution to charity.
8. To re-appoint M/s KPMG, Chartered Accountants as the Auditors and authorise the Directors to determine their remuneration

By Order of the Board,

Sgd.

Renuka Enterprises (Pvt) Ltd

Company Secretaries

12th August 2022

Note:-

- (i) A member entitled to attend and vote at the above Meeting is entitled to appoint a proxy to attend and vote instead of the member, such proxy need not be a member.
- (ii) A Form of Proxy is enclosed with this Annual Report.
- (iii) The completed Form of Proxy should be deposited at the Registered Office of the Company at "Renuka House", No. 69, Sri Jinaratana Road, Colombo 2, on or before 4.15 p.m. on 05th September 2022, being not less than 48 hours before the time appointed for the holding of the Meeting.

FORM OF PROXY

I / We Of
..... being a member/
members of Renuka Foods PLC, hereby appoint;
..... (NIC No.)
of Or failing her/him

Dr. S.R. Rajiyah or failing him
Mrs. I.R. Rajiyah or failing her
Mr. S.V. Rajiyah or failing him
Mr. V. Sanmugam or failing him
Mr. T.K. Bandaranayake or failing him
Mr. M.S. Dominic or failing him
Dr. J.A.S. Felix or failing him

as my/ our proxy to represent me / us and to speak and to vote on my / our behalf at the Annual General Meeting of the Company to be held on the 07th day of September 2022 and at any adjournment thereof and at every poll which may be taken in consequence thereof.

	For	Against
1. To receive and consider the Report of the Directors and the Statement of the Audited Financial Statements for the year ended 31st March 2022 with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect Dr. J.A.S.Felix as a Director	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-appoint Dr. S.R. Rajiyah as a Director	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-appoint Mrs. I.R. Rajiyah as a Director	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-appoint Mr. T.K. Bandaranayake as a Director	<input type="checkbox"/>	<input type="checkbox"/>
6. To declare a dividend of Rs. 0.41 per Share.	<input type="checkbox"/>	<input type="checkbox"/>
7. To authorise the Directors to determine the contribution to charity.	<input type="checkbox"/>	<input type="checkbox"/>
8. To re-appoint M/s KPMG, Chartered Accountants as Auditors to the Company and authorise the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>

Dated this day of 2022.

.....
Signature of Shareholder

Note:

- (a) A proxy need not be a member of the Company.
(b) Instructions regarding completion appear overleaf.

INSTRUCTIONS AS TO COMPLETION OF THE FORM OF PROXY

1. To be valid, the completed Form of Proxy should be deposited at the Registered Office of the Company, at "Renuka House", No. 69, Sri Jinaratana Road, Colombo 2, on or before 4.15 p.m. on 05th September 2022 being not less than 48 hours before the time appointed for the holding of the Meeting.
2. In perfecting the Form of Proxy, please ensure that all the details are legible.
3. Please indicate with an 'X' in the space provided how your proxy to vote on each resolution. If no indication is given the proxy, in his discretion, will vote, as he thinks fit.
4. In the case of a Company / Corporation, the proxy must be under its Common Seal which should be affixed and attested in the manner prescribed by its Articles of Association.
5. In the case of proxy signed by the Attorney, the Power of Attorney must be deposited at the Registered Office at "Renuka House", No. 69, Sri Jinaratana Road, Colombo 2, for registration.

CORPORATE INFORMATION

Name of the Company

Renuka Foods PLC

Registration No.

PQ 216

Legal Form

Quoted Public Company With Limited Liability

Main Subsidiaries

Renuka Agri Foods PLC
Renuka Agri Organics Ltd
Richlife Dairies Ltd
Shaw Wallace Ceylon Ltd

Sub Subsidiaries

Renuka Developments (Pvt) Ltd
Ceylon Forestry (Pvt) Ltd
Coco Lanka (Pvt) Ltd
Kandy Plantations Ltd
Shaw Wallace Properties (Pvt) Ltd

Activity

It is the holding company for subsidiaries engaged in the business of Agri Food and Consumer Brands.

Board Of Directors – Company

Dr. S.R.Rajiyah – Chairman
Mrs. I.R.Rajiyah
Mr. S.V.Rajiyah
Mr. T.K.Bandaranayake
Mr. V.Sanmugam
Dr. J.A.S.Felix
Mr. M.S.Dominic

Company Secretaries

Renuka Enterprises (Pvt) Ltd
No.69 Sri Jinaratana Road,
Colombo 2

Registrar

S S P Corporate Services (Pvt) Ltd
546 Galle Road,
Colombo 3.

*Related Party Transaction Review Committee, Remuneration Committee and Nomination Committee are represented by Parent Company Directors.

Immediate Parent Company

Renuka Agro Exports (Pvt) Ltd

Ultimate Parent Company

Renuka Holding PLC

Registered Office

"Renuka House"
69 Sri Jinaratana Road,
Colombo 2, Sri Lanka.
Telephone: 00941-11-2314750-5
Fax: 00941 11-2445549
Email: info@renukagroup.com

Postal Address

P.O. Box 1403, Colombo, Sri Lanka.

Stock Exchange Listing

Colombo Stock Exchange

Audit Committee

Mr. T.K.Bandaranayake – Chairman
Dr. J.A.S.Felix
Mr. M.S.Dominic

Related Party Transaction Review Committee*

Mr. T.K.Bandaranayake – Chairman
Dr. J.M.Swaminathan
Mr. M.S.Dominic

Remuneration Committee*

Mr. M.S.Dominic – Chairman
Mr. T.K.Bandaranayake
Dr. J.M.Swaminathan

Nomination Committee*

Mr M.S.Dominic – Chairman
Mr. T.K.Bandaranayake
Mrs. J.J.B.A.Rajiyah

Auditors

KPMG Chartered Accountants

Legal Consultant

Nithya Partners- Attorneys at Law

Bankers

Commercial Bank of Ceylon PLC
Habib Bank Limited
Hatton National Bank PLC
National Development Bank PLC
Nations Trust Bank PLC
Sampath Bank PLC
Seylan Bank PLC



'RENUKA HOUSE', P. O. BOX 961, #69, Sri Jinaratana Road, Colombo 02, Sri Lanka
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E-mail: inquiries@renukagroup.com
Website: www.renukagroup.com