

A large, stylized graphic of the letter "R" dominates the right side of the page. The "R" is composed of two main parts: a teal-colored upper curve and a green-colored lower curve, both with smooth, flowing lines. The teal part starts at the top left and curves down to the bottom right, while the green part starts at the bottom right and curves back up to the top right, meeting the teal part at the top right.

RENUKA HOLDINGS PLC

Annual Report 2022

BUILDING ON A FOUNDATION OF 150 YEARS

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WORLD CLASS POSSIBILITIES

Renuka Holdings PLC is a diversified organization listed on the Colombo Stock Exchange and is the holding company for subsidiaries engaged in Agri Food, Organic Plantations, FMCG, Dairy, Investment & Property tracing its roots to 1866.

Today we are Sri Lanka's leading manufacturer and exporter of Coconut based food and beverage products with our own Organic certified plantations, in addition to a century of experience in the tea industry. We are one of the top 05 dairy manufacturers and a leading brand of snacks in the country.

VISION

To be a leading Sri Lankan conglomerate in pioneering ventures with a global presence, excelling through innovation and technology.



Revenue

52

Million USD



Total Assets

61

Million USD



Employees

1,338

Nos,

(Above figures as at 31st March 2022)

ONE OF THE MOST RESPECTED ENTITIES IN SRI LANKA

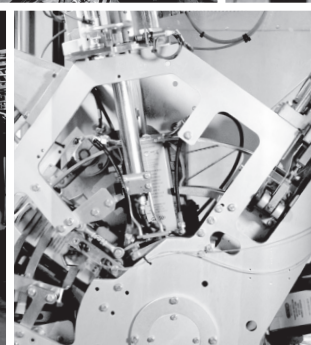
We also have been awarded the "Best Under a Billion USD" title by Forbes Asia and we are also winners of numerous Presidential, National, and International awards for excellence in manufacturing, exports, brands and distribution.

WITHIN THE TOP 100 FIRMS IN SRI LANKA AS PER LMD

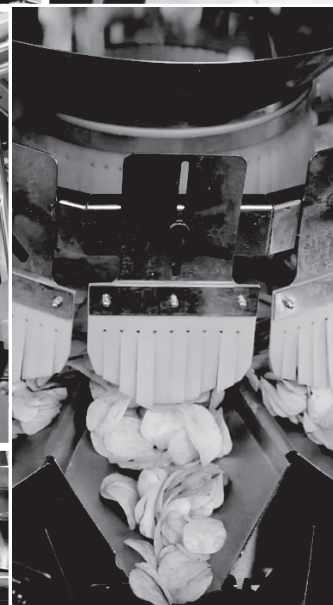


The Renuka family consists of over 1,300 individuals and a further 7,000 farmer families through our outgrower networks. It is their contribution and dedication which enables us to achieve world class possibilities.

AGRI FOOD



CONSUMER BRANDS

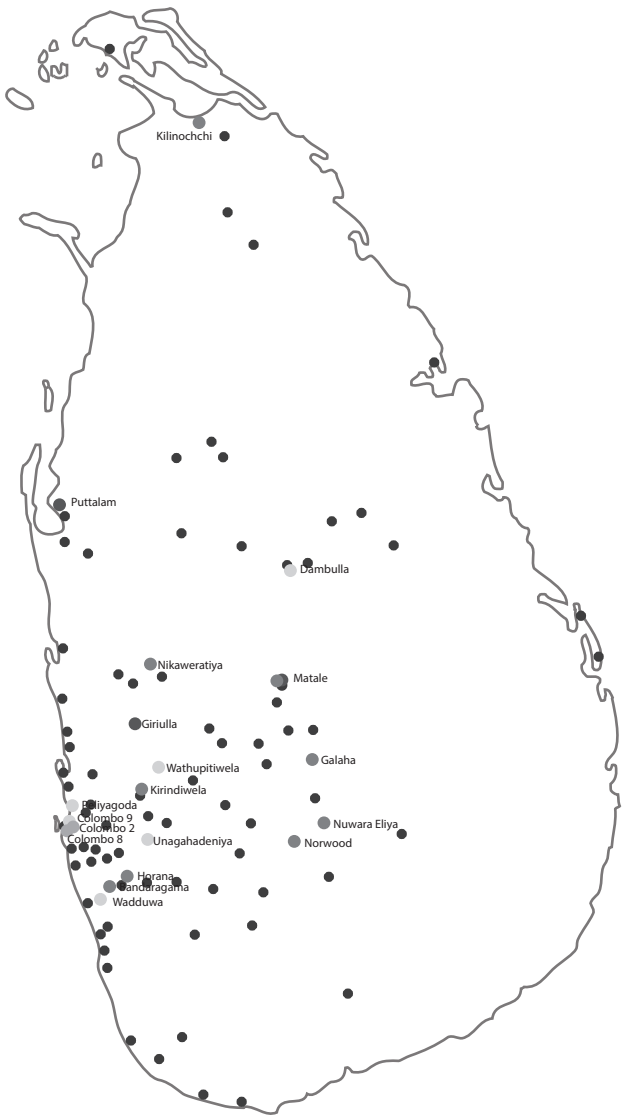


INVESTMENT & PROPERTY



OUR LOCATIONS

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



OUR NETWORK

- Distributors
- Associates



Rs.
Revenue
10,741
Million

EBIT
925
Million

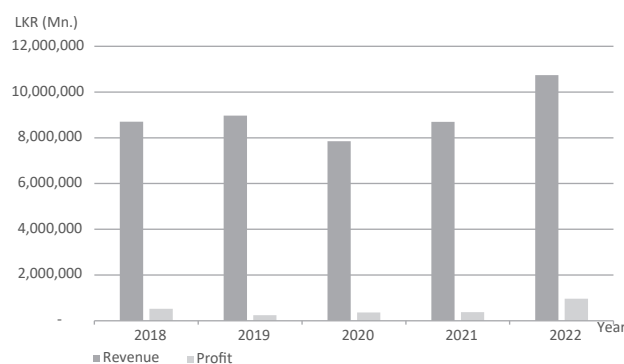
Net Profit
943
Million

Rs.
Total Assets
17,843
Million

Employees
1,338
Nos,

AT A GLANCE

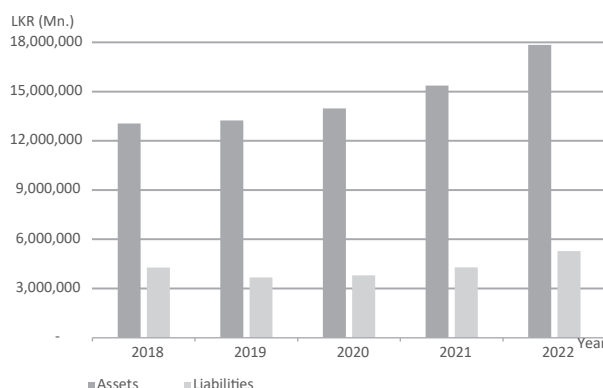
GROUP REVENUE AND PROFIT AFTER TAX



10,741 Mn
Revenue in Year 2022

943 Mn
Profit in Year 2022

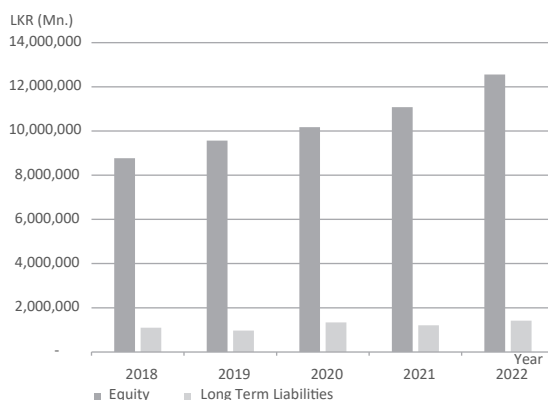
TOTAL ASSETS AND TOTAL LIABILITIES



17,843 Mn
Total Assets in Year 2022

5,284 Mn
Total Liabilities in Year 2022

TOTAL EQUITY AND LONG TERM LIABILITIES



12,559 Mn
Total Equity in Year 2022

1,420 Mn
Long Term Liabilities in Year 2022

PROFILE OF DIRECTORS

Mrs. I. R. Rajiyah

Mrs. I.R. Rajiyah is the 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 Deputy Executive Chairperson of Renuka Foods PLC, Renuka Agri Foods PLC, a Director of Shaw Wallace Ceylon Ltd, Richlife Dairies Ltd and companies of the Renuka Group.

Dr. S. R. Rajiyah

Dr. S.R. Rajiyah is the Group Managing Director of the Company. He is also the Executive Chairman of Renuka Foods PLC and Renuka Agri Foods PLC, Chairman of Shaw Wallace Ceylon Ltd, 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.

Mr. S. V. Rajiyah

Mr. S.V. Rajiyah is the Managing Director of the Company, he is also the Managing Director of Renuka Foods PLC, Renuka Agri Foods PLC, Shaw Wallace Ceylon Ltd, Richlife Dairies Ltd and Director of other 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 a Non - 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 an Executive Director of Renuka Foods PLC, Renuka Agri Foods PLC, Shaw Wallace Ceylon Ltd and Richlife Dairies Ltd

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.

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 Foods 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.

Mrs. J. J. B.A. Rajiyah

Mrs. J. J. B. A. Rajiyah is a Non - Executive Director of the Company. 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.

CHAIRPERSON'S REVIEW

On behalf of the Board of Directors I take pleasure in inviting you, our valued shareholders, to the 42nd 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

Sri Lanka is facing its worst socioeconomic and political crisis post-independence at the time of writing. The country's foreign exchange reserves declined, the currency devalued by 75% during the months of March and April 2022 and inflation climbed steadily to reach 30% by April 2022 y-o-y. Policy interest rates were increased by 700 bps in April 2022 as a corrective measure and the country struggled on its debt repayments, indicating the extent of reform and correction required to bring the economy to an even keel. The economic hardship faced by the people as a result of inflation and shortages of essentials is a critical factor that needs to be addressed urgently. Meanwhile, it is vital that we keep the wheels of the economy turning and as a Sri Lankan export oriented organization we are geared to earn the sorely needed foreign exchange and safeguard jobs and livelihoods until we have a clear way forward.

The Sri Lankan Economy

Although the pandemic related disruptions were minimal with the successful vaccination programme, the Sri Lankan economy at present is facing the most difficult time in its post-independence era. The Group had to contend with severe domestic macroeconomic pressures, primarily from a deteriorating external financing position which has resulted in severe shortage of essential items, food and medicine, disruption in power supply, hyperinflation and most significantly- political uncertainty. There was an increasing trend of the general public participating in social movements in the form of peaceful gatherings and demonstrations. At the time of writing this message, the social movement had reached its peak and the country is looking at the resignation of the Incumbent President and the Prime Minister and a call for an interim government is sought by the general public creating further uncertainty in the months to come.

We hope that all parties will work together in the national interest to resolve this current crisis and paving the way for a stable leadership to be formed which will enable the wheels of the economy to turn with sustained fuel supply, restoring of power, instilling investor confidence and more importantly concluding IMF discussions thus enabling all business to work efficiently to contribute better for the recovery of the Sri Lankan economy.

The Group

With dwindling dollar reserves, political uncertainty and with tourism and foreign remittances being a fraction of what it used to be, the only saving grace for the Sri Lankan Government and economy is to rely on exports. The country also witnessed a record depreciation of the Rupee from March 2022 onwards and this had contributed significantly to the group's bottom line.

The Sri Lankan economy recorded a growth in Gross Domestic Product (GDP) by 3.7% in the calendar year 2022,

a notable growth against the 3.6 contraction recorded in the calendar year 2021.

However, 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 23.48%. Further, the gross profit margin substantially increased from 1.07 Bn in the previous year to 1.84 during the current financial year. The Company has reported an operating profit of 16 Mn, compared to the operating profit of Rs. 19 Mn of the previous year, while the Group reported an operating profit Rs. 925 Mn against the operating profit of Rs. 494 Mn during the previous year.

At Renuka Holdings, 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 in the Agri Food Sector, setting up new manufacturing lines in respect of cheese and enhancement of the fish canning facility in the consumer brands sector, while the construction of the "Galle Face Icon" the 30 storey office and leisure complex in Colombo 3 in our Property and Investment sector forged ahead despite multiple issues due to the current environment.

In Conclusion as the country faces the most crucial period in modern era, it remains difficult to assess how the changing situation will affect outcomes of the immediate future without political and social stability.

Yet, We at Renuka Holdings believe that despite the challenges, We as a group are well prepared and have all the necessary infrastructure, Worldwide clientele, and most importantly the right personnel to navigate the storm which is upon Sri Lanka.

Our strategies have always been created and executed with the long term in mind and we feel that we are perfectly poised to capitalize on evolving consumer trends and address the needs of the nation.

Our success was achieved through the energy and support of many. Our customers continued to support and believe in us and our group mission during this year of turbulence. Our Renuka family tirelessly supported the Board in executing the strategies planned with great work ethic, commitment and loyalty. Furthermore the strategic direction and guidance by the Board of Directors helped us to navigate and overcome all challenges during this period of extreme volatility. I also wish to thank all our shareholders for their confidence and trust and wish to assure you of our continued and improved performance in the years to come and it is our fervent hope that Sri Lanka emerges from this catastrophe and we, as a truly Sri Lankan conglomerate will contribute our utmost to build a better Sri Lanka.

Sgd.
Mrs. I. R. Rajiyah
Chairperson
12th August 2022

MANAGEMENT DISCUSSION AND 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 Holding PLC.

Movement	Cause	Impact to Renuka Group
Economic Growth		
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 disruption 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 its pricing strategies.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

Movement	Cause	Impact to Renuka Group
Domestic Interest Rates		
Due to the tightening monetary policy stance from August 2021 by The Central Bank, the overall interest rates has 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 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 negatively 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 2020.	Due to the improvements in the Colombo Stock Exchange the Share prices of the Company increased from the previous year.

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 22.48%.

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.

CORPORATE GOVERNANCE

Having a diverse business portfolio, Renuka Holdings PLC has adopted a well sound corporate governance frame work that facilitates effective management of corporate relationship and deliver continues values to its stakeholders. Core principle of accountability, participation and transparency has been in-built to the corporate governance system and manages the wider range of companies in the Group.

This is a robust framework of structures, principles, policies and procedures, codes and process to ensure that our group values and standards are maintained throughout the companies in the Group. Corporate Governance essentially involves balancing in the interest of the shareholders and many stakeholders of the Company- which extend to management, customers, suppliers, financiers, government and community. Since corporate governance also provides the framework for attaining the Company's objectives, it encompasses practically every sphere of management, form action plan and internal controls to performance measurement and corporate disclosures.

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 Holdings 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 requirement.

Corporate Governance System

The Board of Directors who were appointed by the shareholders are the ultimate governing body of the Company and the highest decision making authority and has overall responsibility for determining the strategic directions of the Company and the Group. In all actions taken, the Board of Directors are expected to exercise their business judgment considering the best interest of the Company. The Corporate Governance framework is subject to continues reviews, assessments and improvements to provide best interest to its stakeholders.

BOARD LEADERSHIP

Composition of the Board

The Board comprised of ten Directors as at the date of Financial Statements are approved, of which three Directors are Executive and seven Directors are Non-Executive. Out of Seven Non-Executive Directors there are three independent Directors. The status of Directors are given below.

Executive Director	Non –Executive Director	Non – Executive and Independent
Mrs. I. R. Rajiyah – Executive Chairperson	Mrs. A. L. Rajiyah	Mr. T. K. Bandaranayake
Dr. S. R. Rajiyah	Mrs. J. J. B. A. Rajiyah	Dr. J. M. Swaminathan
Mr. S. V. Rajiyah	Mr. V. Sanmugam	Mr. M. S. Dominic
	Mr. L. M. Abeywickrama	

* Mr. L. M. Abeywickrama resigned w.e.f. 07.01.2022

The Board determined that the independence of the Directors are measured in accordance with the Colombo Stock Exchange Rules and the independent Non-Executive Directors have submitted signed confirmation of their independences. The profiles of the directors are given in page 07 to 08 of this Annual Report which states that all Directors are having diverse experience, eminent professionals and dynamic entrepreneurs in the corporate world.

The Board is of the collective opinion that Mr. T.K. Bandranayake is an independent Non-Executive Directors in spite of being on the Board for more than Nine years, he is yet regarded as an independent Director in terms of Rule 7.10.4 of the Revised Rules of the Colombo Stock Exchange since he is not directly involved in the management of the Company and free from any business or other relationship that could materially interfere in the exercise of his free and fair judgment.

Board Role and Responsibilities

The Board aims at fulfilling its responsibilities by creating values for all stakeholders that are sustainable and beneficial. Under the direction of 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.

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.

Whilst providing information to the Board on regular basis by the management which operates the individual business operations, Board meets quarterly and gives full consideration to the following:

- Review strategic and key business performance
- Approve interim and annual budgets
- Review profit and working capital forecasts and quarterly management accounts
- Provide advice and guidelines to senior Managers
- Approve major Investments
- Approve interim and annual reports
- Risk management and adequacy of internal controls of the Group
- Review reports of internal audits, Related Party Transactions, Compliance with legal and regulatory requirement

CORPORATE GOVERNANCE (CONTD.)

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.

BOARD MEETINGS AND ATTENDANCE

There were three Board Meetings for the year ended 31st March 2022 and attendance to meeting is as follows

Name of Director	Eligible to attend	Attended
Mrs.I.R.Rajiyah (Chairperson)	3	3/3
Dr.S.R.Rajiyah	3	3/3
Mr.S.V.Rajiyah	3	3/3
Mrs.J.J.B.A.Rajiyah	3	2/3
Mr. M.S.Dominic	3	3/3
Mr.T.K.Bandaranayake	3	3/3
Mr.J.M.Swaminathan	3	3/3
Mr.V.Sanmugam	3	2/3
Ms. A.L.Rajiyah	3	1/3
Mr L.M. Abeyawickrama	2	2/2
Mr P.Gunatilake (Alternative Director to Mrs.A.L.Rajiyah)	3	3/3

Mr L.M. Abeyawickrama (Resigned with effect from 7th January 2022)

Mr P. Gunatilake (Alternative Director to Mrs. A.L.Rajiyah appointed with effect from 01.01.2022)

Ms. A.L.Rajiyah and Mr P. Gunatilake (Alternative Director to Mrs. A.L.Rajiyah) resigned on w.e.f 31.03.2022.

Division of responsibilities between the Chairperson and CEO

There is a distinct and clear division of responsibilities between the Chairperson and the Managing Director together with management to ensure that there is a balance of power and authority. The roles of the Chairperson and the CEO are separated and clearly defined.

Chairperson's Role

The Chairperson is responsible for ensuring the effectiveness and conduct of the Board whilst the Management has overall responsibilities over the operating units, organizational effectiveness of the implementation of Board policies and decisions.

The Chairperson ensures that Board members have access to adequate information and are provided with sufficient opportunity to obtain clarifications on the matters before the meetings through presentations and documents prepared by the management and their teams. Board members also have access to key management personnel for any clarifications. Chief Executive Officer - Shared Services,

present the updates on performance of the Company, compliance with regulatory requirements such as Colombo Stock Exchange Listing rules, Companies Act requirements and compliance with tax regulations.

Financial Acumen

The Board constitutes with members who are having multiple disciplines and experiences in Finance, Marketing, Economic, Legal and Human resources. As a result well balanced members in the Board has the capability in providing constructive debates and reviews to assist in developing capable strategies.

Information to the Board

Directors are provided with monthly reports on the performance of each Company in the Group. Chairperson ensures that Managers provide all clarifications and documentations to the Board with minutes and Board papers which are circulated among Directors prior to seven days of the Board meeting.

Board Appointment and Re-election of Directors

The Board follows a formal process to appoint Directors to the Board mainly through the recommendation of the Nomination Committee. The Articles of Association of the Company require one third of the Non-Executive Directors retire at each Annual General Meeting and the Directors who retire are those who have served the longest periods after their respective appointments/re-appointments

Access to Independent Professional Advice

In the process of preserving the independence of the Board and the effective decision making, the Directors obtain independent and professional advice where necessary.

Access to Advice and Services of the Company Secretaries

All the Directors have access to the advice and services of the Company Secretarial function provided by Renuka Enterprises (Pvt) Ltd., which is responsible for ensuring that Board procedures are followed, compliance with rules and regulation, directions and statutes, recording minutes and maintaining required records of the Group.

Independent Judgment

Directors bring independent judgment to bearing on issues of strategy, performance, resources and standards on business conduct. Composition of the Board ensures that there is a sufficient balance of power and contribution by all the Directors without any domination by one or few Directors on Board processes or decision making.

Dedication of Adequate Time and Effort to Matters of the Board and the Company

Directors ensure that they dedicate adequate time and effort to the matters of the Board and the Company and that the duties and responsibilities owed to the Company are satisfactorily discharged. Accordingly dates of quarterly Board meetings and Board Sub-Committee meetings are

CORPORATE GOVERNANCE (CONTD.)

scheduled well in advance and the relevant papers and documents are circulated a week prior to each meeting giving sufficient time for review. There is provision to circulate papers closer to the meeting on an exceptional basis.

Disclosure of information on Directors to Shareholders

Information relating to each Director is disclosed with the profile given on pages 07 of this Annual Report. Director's profiles include name, qualifications, experience, material business interest.

Membership in sub-committees are given on pages 20 to 24 to this Annual Report together with attendance at such meetings. Attendance at Board meeting is given on page No. 13 to this Annual Report.

Remuneration paid to Director is disclosed in the Note 41 to the Financial Statements. Related Party Transactions had with Directors are disclosed in the Note No. 41 to the Financial Statements. Further any Directorships in Listed Companies established in Sri Lanka are included in the profile of each Director on pages 07 to this Annual Report.

Directors' Remuneration Procedure

Remuneration Committee determines and sets out the guidelines for remuneration of the management staff in the Group. Scope of Remuneration Committee and its composition are included on page 23 to this Annual Report.

The Board determines the remuneration of Non-Executive Directors who are paid a Directors Fee for attending the Board meetings and sub-committee meetings. However they are not paid a performance based incentive payment.

Stakeholder Management and Shareholder Relationship

Communication with Shareholders

The Board considers the Annual General Meeting as a prime opportunity to communicate with the shareholders of the Company. 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 circulated to the shareholders within the statutory period.

The Company circulates the agenda of the meeting and shareholders' vote on each issue separately. All the shareholders are invited and encouraged to participate the Annual General Meeting. The Annual General Meeting provides an opportunity for the 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 published quarterly accounts and Annual Report in a timely manner as its principal mode of communication with shareholders and others. This enables stakeholders to make a rational judgment of the Company.

Disclosure of Material Proposed Transactions

During the year under review there were no material proposed transactions entered in to by Renuka Holdings PLC or the individual companies in the Group which would materially affect the Net Assets base of the Company and the Consolidated position as a whole.

Accountability and Audit

The Board through the Chief Executive Officer-Shared Service and the management is responsible for the preparation and presentation of Consolidated Financial Statements of the Company and the Group in accordance with the Sri Lanka Accounting Standards comprising SLFRS and LKAS. This responsibility is monitored by the completion of a check list before finalizing the Interim and full year Financial Statements from the respective sector Financial Controllers, Chief Financial Officer and the Chief Executive Officer - Shared Services.

The Directors' Responsibility Statement for Financial Reporting is included on page No. 36 to this Annual Report.

Risk Management and Internal Controls

The Board is responsible for the Company's internal controls and their effectiveness. Internal controls are established with emphasis placed on safeguarding assets, making available accurate and timely information and imposing greater discipline on decision making. It covers all the controls, including financial, operational and compliance control and risk management. It is important to state, that any system can ensure only reasonable and 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 the reports of the Internal Audits together with the Management comments are discussed with Audit Committee. Further at each meeting follow up issues from previous meeting also are discussed in order to make sure implementation of appropriate policies and procedures as a prevention mechanism.

Board Sub Committees

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

The four Board Sub Committees are as follows,

- i. Audit Committee
- ii. Remuneration Committee
- iii. Related Party Transactions Review Committee
- iv. Nomination Committee

CORPORATE GOVERNANCE (CONTD.)

Audit Committee

The Board has established an Audit Committee which has oversight responsibility for financial reporting system of the Company considering how they should select and apply accounting policies, financial reporting and established internal controls and maintaining an appropriate relationship with the external auditors.

All the members of Audit Committee consist of independent Non-executive Directors who are appointed by and responsible to the Board of Directors. The Executive Director, Chief Executive Officer - Shared Service and Chief Financial Officer attended the meetings by invitation. Other members of the Board, members of Management as well as External Auditors were present when required. The Company secretaries serve as Secretaries to the committee.

The Audit Committee reviews the accounting policies, review of external audit function and ensures that the objectives and professional relationships are maintained with the External Auditors. Also Audit Committee reviews and assists the Board in maintaining a sound system of internal control.

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 presence at least once a year, in line with good Corporate Governance Practice.

The Report of the Audit Committee is presented on pages 20 to 21 and the duties of the Audit Committee are included therein.

Related Party Transactions Review Committee

The objective of the Committee is to exercise oversight on behalf of Renuka Holdings PLC and its listed subsidiaries, to ensure compliance with the Code on Related Party Transactions, as issued by the Securities and Exchange Commission of Sri Lanka ("The Code") and with the Listing Rules of Colombo Stock Exchange (CSE). The Committee has also adopted Best Practices as recommended by the Institute of Chartered Accountants of Sri Lanka and CSE.

The Related Party Transactions Review Committee consists of three Independent Non-executive Directors who are appointed by and responsible to the Board. The Executive Director, Chief Executive Officer- Shared Service and Chief Financial Officer attended the meetings by invitation and the Company secretaries serve as Secretaries to the committee.

The Report of the RPTR Committee is presented on page 22 and the duties of the committee are included therein.

Remuneration Committee

The Remuneration Committee determines the remuneration of the Chairperson, Chief Executive and the Executive Directors and sets guidelines for the remuneration of the key management staff within the Group.

The Remuneration Committee consists of three Directors out of which two Directors are independent and all three

Directors are Non- executive Directors. The Chairman of Committee is an Independent Non-executive Director and the Company secretaries serve Secretaries to the committee

The Report of the Remuneration Committee is presented on page 23 and the duties of the committee are included therein.

Nomination Committee

The committee objective is to define and establish the nomination process for Non Executive Directors, lead the process of Board appointment and make recommendation to the Board. The Committee sets the scope and the task such as assessing of skills required to be on the Board, periodic review of the extent of skills required to represent the Board, review the clear description of role and capabilities required for a particular Board appointment and identify and recommend suitable candidates to the Board.

All three Directors in the Nomination Committee are Non-executive Directors of which two Directors are Independent.

The Report of the Nomination Committee is presented on page 24 and the duties of the committee are included therein.

Institutional Investors

Shareholders are provided with interim Financial Statements and Audited Financial Statement together with Annual report which contains the periodic / Annual performance of the Company and its subsidiaries. This information is available in the website of Colombo Stock Exchange. Further Board of Directors ensure that Shareholders are given a fair chance to communicate at the Annual General Meeting and clarify any information relating to the Company and the Group. Further the Board disseminates any information which is price sensitive to the Shareholders by announcing to the Colombo Stock Exchange.

Other Investors

Board expect any other investor to carry out analysis on the information published in the Colombo Stock Exchange web site and to seek independent advice on their investment decisions to invest or divest the shares.

Information Technology Governance

The Board is vigilant on the impact of the technology to the business. The Board is concerned about the threat and the need for management of IT and Cyber security risk.

Chief Information Technology Officer is entrusted with the formation of the Group Information Technology policy and Information security policy.

Management of IT and Cyber security is reviewed at monthly meetings with Directors and informed of any risks, issues and precautionary measures.

CORPORATE GOVERNANCE (CONTD.)

Corporate Governance Compliance Statement

Renuka Holdings PLC is fully compliant with the Corporate Governance listing requirement of the Colombo Stock Exchange and adheres to the different regulating authorities including,

- 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

Compliance Summary

Statement of compliance under Section 7.6 of the Listing Rules of Colombo Stock Exchange on 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 pages 31 to 35 of this Annual Report.
(ii)	Principal activities of the entity during the year and any changes therein	Compliant	Refer Note 1 to Financial Statements.
(iii)	The names and the no. of shares held by the 20 largest holders of voting shares and the percentage of such shares held	Compliant	Refer Shareholders and Investor information on page 106 to 108 of this Annual Report
(iv)	The public holding percentage	Compliant	Refer page No 107
(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 31 to 35 of this Annual Report
(vi)	Information pertaining to material foreseeable risk factors of the Entity	Compliant	Refer Risk management Report on pages 25 to 28 of this Annual Report.
(vii)	Details of material issues pertaining to employees and industrial relation of the Entity	Not Applicable	There are no employees in the Company.
(viii)	Extent, Locations, Valuations and the number of buildings of the Entity's land holding and investment properties	Not Applicable	-
(ix)	Number of shares representing the Entity's Stated Capital	Compliant	Refer Note 21 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 106 to 108 of this Annual Report
(xi)	Financial ratios and market price information	Compliant	Refer Five years summary given on page no 105 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 12 to 19 of 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, whichever is lower.	Compliant	Refer Note 41 to Financial Statements

CORPORATE GOVERNANCE (CONTD.)

Compliance Summary CONTD...

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	Five out of Eight 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 Five Non Executive Directors are Independent Directors
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 07 for a brief resume of each Director
d.	Provide a resume of new Directors appointed to the Board along with details	Compliant	N/A
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	Remuneration Committee shall comprise of NEDs, a majority of whom will be independent	Compliant	The remuneration Committee comprises of 3 Non-Executive Directors of 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 an chairman of the committee who is an independent/ non-executive Director.
b.	Remuneration Committee shall recommend the remuneration of the CEO and the Executive Directors	Compliant	Refer Page 23 for Remuneration Committee scope
c.1	Names of Remuneration Committee members	Compliant	Refer page 23 for names of the Committee members
c.2	Statement of Remuneration policy	Compliant	Refer page 23
c.3	Aggregate remuneration paid to EDs and NEDs	Compliant	Refer to Note 41.1.2 of Financial Statements
7.10.6	AUDIT COMMITTEE		
a.1	Audit Committee shall comprise of NEDs, or a majority of whom should be independent	Compliant	The Audit Committee 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 page 20 to 21 for Audit Committee

CORPORATE GOVERNANCE (CONTD.)

Compliance Summary CONTD...

CSE Rule Reference	Corporate Governance Principles	Compliance Status	Company's Extent of Adoption
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	Compliant	Refer page No. 20 to 21 of Audit Committee Report
b.2	Overseeing the compliance with financial reporting requirements, information requirements as per the laws and regulations	Compliant	Refer page No. 20 to 21 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 page No.20 to 21 of Audit Committee Report
b.4	Assessment of the independence and performance of the Entity's external auditors	Compliant	Refer page No. 20 to 21 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 page No. 20 to 21 of Audit Committee Report
c.1	Names of the Audit Committee members shall be disclosed	Compliant	Refer page No. 20 to 21 of Audit Committee Report
c.2	Audit Committee shall make a determination of the independence of the external auditors	Compliant	Refer page No. 20 to 21 of Audit Committee Report
c.3	Report on the manner in which Audit Committee carried out its functions	Compliant	Refer page No. 20 to 21 of Audit Committee Report
9.2	RELATED PARTY TRANSACTIONS REVIEW COMMITTEE (RPTR)		
9.2.1	Reviewing of Related Party Transactions except the transactions mentioned under rule no. 9 should be carried out by the Committee prior to entering or completion of the transaction	Compliant	Refer Related Party Transactions Review Committee Report on page 22 of this Annual Report.
9.2.2	The Committee should comprise a combination of non-executive directors and independent non-executive directors. The composition of the Committee may also include executive directors, at the option of the Listed Entity. One independent non-executive director shall be appointed as Chairman of the Committee.	Compliant	Refer Related Party Transactions Review Committee Report on page 22 of this Annual Report.
9.2.3	Holding Company RPT Committee to function as the RPT Committee of subsidiaries	Compliant	Renuka Holdings PLC is the ultimate holding company
9.2.4	Frequency of Meetings	Compliant	Refer Related Party Transactions Review Committee Report on page 22 of this Annual Report.
9.3.1	Immediate Disclosures a) Any non-recurrent related Party transaction with a value exceeding 10 percent of the Equity or 5 percent of Total Assets which ever is lower, OR if the aggregate value of all non-recurrent Related Party Transactions entered in to with the same Related Party during the same Financial year amounts to 10 percent of the equity or 5 percent of the Total assets of the Entity as per the latest Audited Financial Statements b) Any subsequent Non-Recurrent Transaction after it exceeds 5 percent of Equity entered with the same related party	Compliant	There were no related party transactions with a value more than the criteria

CORPORATE GOVERNANCE (CONTD.)

Compliance Summary CONTD...

CSE Rule Reference	Corporate Governance Principles	Compliance Status	Company's Extent of Adoption
9.3	RPTR COMMITTEE DISCLOSURE IN THE ANNUAL REPORT		
9.3.2 (a)	Details pertaining to Non-Recurrent Related Party Transactions	Compliant	Refer Note No. 41 to the Financial Statements
9.3.2 (b)	Details pertaining to Recurrent Related Party Transactions	Compliant	Refer Note No. 41 to the Financial Statements
9.3.2 (c)	Report of the Related Party Transactions Review Committee	Compliant	Refer page 22 for Report of the Related Party Transactions Review Committee
9.3.2 (d)	Declaration by the Board of Directors as an affirmative statement of compliance with the rules pertaining to Related Party Transactions, or a negative statement otherwise	Compliant	Refer page 22 for Report of the Related Party Transactions Review Committee.

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

Section	Compliance status	Reference
168 (1) (a)	The state of the Company's affairs and nature of the business of the Company together with any change thereof during the accounting period	Compliant Refer Note 01 of the Financial Statements
168 (1) (b)	Signed Financial Statement of the Company for the accounting period completed	Compliant Refer pages 41 to 45 of this Annual Report
168 (1) (c)	Auditors Report on Financial Statements of the Company	Compliant Refer pages 37 to 40 of this Annual Report
168 (1) (d)	Accounting Policies and any changes therein	Compliant Refer Note No. 2 of the Financial Statement
168 (1) (e)	Particulars of the entries made in the interests Register during the accounting period	Compliant Refer page No. 32 of the Financial Statements
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company during the accounting period	Compliant Refer Note No. 41 of the Financial Statements
168 (1) (g)	Corporate donations made by the Company during the accounting period	Compliant Refer page No. 34 of the Annual Report
168 (1) (h)	Names of the Directors of the Company at the end of the accounting period and name of Directors who ceased to hold office during the accounting period	Compliant Refer page No. 32 of this 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 No. 33 of the Financial Statement
168 (1) (j)	Other relationships or any interest of Auditors with the Company	Compliant Refer pages 20 to 21 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 page 35 of the Annual Report for the Report of the Directors

AUDIT COMMITTEE REPORT

The Board has established the Audit Committee which has full responsibility pertaining to the Group. However when discharging its responsibilities, Audit Committee places reliance on work of other Audit Committees established for other Companies in the Group.

Role of the Audit Committee

The main role and the responsibilities of the Audit Committee include;

Assisting the Board in accomplishing oversight responsibilities in relation to quality and integrity of the Financial Statements of the Company and the Group. This include preparation, presentation and adequacy of disclosures in the Financial Statements in accordance with Sri Lanka Accounting Standards.

Responsibility in ensuring that the Internal controls systems and risk management systems of the Company and the Group are adequate and are complied with legal and regulatory requirements.

Oversight responsibility in overseeing the compliance in relation to financial reporting requirement and the information requirement as required by Companies Act No. 07 of 2007 and other relevant financial reporting related regulations and requirements.

Assessing the independence, qualifications and performance of External Auditors.

Making recommendations to the Board pertaining to appointment, re-appointment and removal of external auditors and approval of the remuneration and terms of engagement of the external auditors.

Discussion of the audit plan, key audit issues and their resolution and management responses.

Discussion of the Company's Annual Audited Financial Statements and Interim Financial Statements with the Management and/or the Auditors as appropriately.

Ensuring that a process of sound system of internal control is in place in the Company and in the Group.

The Audit Committee reviews the scope and results of the audit and its effectiveness, the independence and objectivity of the external auditors. They also review the nature and extent of non audit services provided by the auditors to ensure that auditors are able to maintain objectivity and independence.

The proceedings of the Audit Committee are regularly reported to the Board of Directors.

Composition of The Audit Committee

There are no changes to the composition of Audit Committee during the financial year. The Audit Committee consist of Independent Non-Executive Directors who are appointed by and responsible to the Board of Directors.

Audit Committee Members

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

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

Dr. J. M. Swaminathan
(IND/NED)

Brief profiles of each member are given on page 07 to this Annual 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.

Audit Committee Meetings

The Committee has met five times during the year under review. The attendance of the members of Audit Committee meeting is stated in the table below.

Name of Director	Eligible to Attend	Attended
Mr.T.K.Bandaranayake (chairman)	5	5/5
Mr. J.M.Swaminathan	5	5/5
Mr. M.S.Dominic	5	5/5

Company Secretary acts as the Secretary to the Audit Committee. The Executive Director, Chief Executive Officer – Shared Services and Chief Financial Officer, attended the meetings by invitation. Other members of the Board, members of the Management as well as External Auditors were present at the discussions when required.

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 Board Audit Committee.

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 and coverage 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. Also evaluates compliance with laws, regulations and established policies and procedures of the Company.

The Audit Committee is satisfied that the Group's accounting policies and operational controls provide reasonable assurance that affairs of the Group are managed in accordance with Group policies and that Group assets are properly accounted for and adequately safeguarded.

External Auditors

The Audit Committee evaluated the independence of the External Auditors and the effectiveness of the audit process. The Committee met with the External Auditors in relation to the scope of the audit and also to discuss the Management letter at the conclusion of the Audit.

The Committee also met with the External Auditors without the presence of the Management to discuss any sensitive aspects which arose during the audit and any other relevant matters.

The Committee reviewed the Audited Financial Statements with the External Auditors who are responsible to express an opinion on its conformity with the Sri Lanka Accounting Standards, and also the External Auditor's 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 Messrs. 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 at a fee to be determined by the Management.

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

The Related Party Transactions Review Committee (RPTR) was constituted with an objective of keeping in line with the Code of Best Practice on Corporate Governance and the requirements of the Securities and Exchange Commission with a view to ensure that the interests of shareholders as a whole are taken into account by Renuka Holdings PLC and are consistent with the Code when entering into Related Party Transactions and made required disclosures in a timely manner. The Committee has also adopted the Best Practices as recommended by the Institute of Chartered Accountants of Sri Lanka and CSE.

Composition of the Related Party Transactions Review Committee (RPTR)

The committee comprises three Independent Non-executive Directors who are appointed by and responsible to the Board of Directors.

The Committee comprised of following members as at 31st March 2022.

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

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

Dr. J. M. Swaminathan
(IND/NED)

Brief profiles of each member are given on pages 07 of this Annual 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 are placed within the Committee's purview.

Related Party Transactions Review Committee Meetings

The Committee has met four times during the period under review. The attendance of the members of Committee meeting is stated in the table below.

Name of Director	Eligible to attend	Attended
Mr. T.K. Bandaranayake (<i>chairman</i>)	4	4/4
Mr. J.M. Swaminathan	4	4/4
Mr. M.S. Dominic	4	4/4

Further, RPTRC has reviewed and recommended Related Party Transactions by Resolution in Writings which the Committee for purposes hereof construe as equivalent to meetings being held.

Company Secretaries act as the Secretaries to the Related Party Transactions Review Committee. The Executive Director, Chief Executive Officer - Shared Services and Chief Financial Officer attended the meetings by invitation.

Policies and procedures of Related Party Transactions Review Committee

- Establishing and defining the threshold values of each listed related party transaction as per the Code which require discussion in detail and disclose.
- Identifying related party transactions that need pre-approval from the Board of Directors and need immediate market disclosure. And identify transactions that need shareholder approval and disclosure in the Annual Report.
- Formulating a standard template to implement to all listed subsidiaries in the Group to follow when documenting RPT when presenting to RPTR Committee.
- Establishing proper guide lines to identify recurrent & non-recurrent Related party transactions to review economic and commercial substance of the related party transaction.
- Establishing a method of having access to adequate knowledge or expertise to assess all aspects of proposed related party transactions where necessary and procedure for obtaining professional and expert advice from appropriately qualified persons.
- Providing guidelines which senior management must follow in dealing with related parties.
- Quarterly reviewing to ensure that adequate disclosures have been done in the market or Annual Report as required by the Code.
- The Committee communicates its comments/ observations to the Board of Directors after each review of related party transactions.

Task of the Committee

The Committee reviewed the related party transactions presented to them by the Management and their compliance by Renuka Holdings PLC and communicated its findings to the Board of Directors.

The Committee declared that no RPT falling within the scope of the Code was entered into by the Company during the financial year 2020/21 other than those reflected in Note No. 45 to the Annual Report.

Sgd.
T. K. Bandaranayake
Chairman

12th August 2022

REMUNERATION COMMITTEE REPORT

Composition of the Committee

The Committee consists of three non-executive directors out of which two directors who are independent. The members of the Committee have wide experience and knowledge of the business / industry that we are engaged in.

Members of Remuneration Committee

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

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

Dr. J. M. Swaminathan (IND/NED)

Mr. L. M. Abeywickrama resigned w.e.f. 07.01.2022 and
Dr. J. M. Swaminathan appointed on 07.01.2022.

The brief profile of the directors are given on page 07 of this Annual Report.

Remuneration Committee Meeting Attendance

The Committee met once during the financial year under review. Attendances of the directors in such meetings are given below.

Attendance of the committee

Name of Directors	Eligible to Attend	Attended
Mr.M.S. Dominic (<i>Chairman</i>)	1	1/1
Mr.L.M.Abeyawickrama	1	1/1
Mr.T.K.Bandaranayake	1	1/1
Dr.J.M.Swaminathan	-	-

The Managing Director may attend the committee meetings on invitation and consult on the performance and remuneration of the Key management staff to make recommendations.

Independence of the Committee

The Committee is independent from the Management of the business and does not involve any business operations.

The scope of the Committee

- The Committee studies and recommends the remuneration policy of Directors & Key Management Personnel.
- Reviews the performance evaluation done by the Management of Key Management Personnel on a 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 when deemed necessary 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 to evaluate the performance of employees. The policy ensures that equality and fairness among the various categories of employees is maintained.

Sgd.
M.S. Dominic
Chairman
12th August 2022

NOMINATION COMMITTEE REPORT

The Nomination Committee of Renuka Holdings PLC as at 31st March 2022 consisted of three Non-Executive Directors out of which two Directors are Independent as follows.

Composition of Nomination Committee

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

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

Mrs. J. J. B. A. Rajiyah
(NED)

Mr. L. M. Abeywickrama
(NED)

Brief profiles of each member are given on page 07 of this Annual Report.

Attendance at Nomination Committee Meetings

During the financial year under review, the Committee had met once, with all members in attendance as given below.

Name of Directors	Eligible to Attend 03.02.2020	Attended
Mr.L.M.Abeyawickrama (<i>Chairman</i>)	1	1/1
Mr.T.K.Bandaranayake	1	1/1
Mr.M.S. Dominic	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.

The Company Secretaries act as the Secretaries to the Committee.

The responsibilities of the Committee are,

- To identify suitable persons who could be considered to become Board members as Non-Executive Directors.
- 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 sets the scope comprising tasks such as assessing the skills required to be on the Board;
- Periodic review of the extent of skills required to represent the Board;
- Review description of role and capabilities required for a particular Board appointment and Identify and recommend suitable candidate to the Board.

Sgd.
M.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. Proactive risk management is vital for the Group since our business is exposed risk arising out of economic, demographic and political factors.

Each Business sector of the Group carries out sector risk assessments on periodic basis and reviewed at the Group management meetings.

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 procedures 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.

		Impact		
		Low	Medium	High
Probability	High			
	Medium			
	Low			

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.

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

RISK MANAGEMENT (CONTD.)

Strategic Risk		
Risk	Impact	Risk Management Strategies
Competitive Risk		
Risks to the Group's reputation and Brand image	Reduced market share and rates reducing revenue, cash flow and profitability.	Aim to have a broad appeal in price, range and format in a way that allows us to compete effectively in different markets.
	Increased promotional Expenditure.	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.
	The positive correlation between cost of resources and competition.	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.
		Maintaining a positive relationship with employees with a better remuneration and performance appraisal scheme.
Operational risk		
Risk	Impact	Risk Management Strategies
Employee Risk		
Risk from not being able to attract and retain skilled and experienced staff.	Reduced productivity.	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.
	Reduced quality of service resulting in reduced market share and Group's image.	Maintaining cordial relationships with labour unions and adopting interest based negotiations for win-win solutions.
		Implemented well structured talent management process to identify critical employees and retain them in the long run.
		Periodic employee satisfaction surveys to ensure that remuneration is in line with the market.
Issue Pertaining to Employees and industrial Relationship		Investments in strengthening employee brand image.
	Adverse impact on service levels, expected quality standards, operational efficiency and Group reputation.	Review all the issues with regard to employees and Industrial Regulations which affect the performance of the Group.
	Loss of revenue.	Steps taken to ensure employees are satisfied at all the levels and their issues are addressed in order to retain talented employees.
		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.
IT systems and infrastructure		
	Inability to obtain timely and accurate information due to failures in IT systems.	Implementation of effective IT infrastructure and to ensure consistency of delivery.
	Potential disruption to operations	All relevant staffs are effectively engaged to mitigate IT related risks through effective policy and procedures as well as increased awareness.
	Significant financial losses.	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.

RISK MANAGEMENT (CONTD.)

Operational risk		
Risk	Impact	Risk Management Strategies
Product Risk		
	Product risk implies any effect of perceived impact of our product on stakeholders in general which could bring down our market share.	<p>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.</p> <p>Enhance productivity and efficiency to improve price competitiveness and investing in high quality machinery and equipment.</p> <p>Employ established standard operating procedures to review and approve all raw material prior to use to ensure that quality control is maintained.</p> <p>Take into account safety, health and environmental hazards to cover all avenues of possible negative publicity.</p> <p>Research and development team is equipped to handle any technical questions about our product,</p> <p>Marketing and distribution procedures ensure complete control of the supply chain</p>
Supply Chain and Operational Risk		
	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>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. Technical support and guidance on enhancing quality.</p>
	Unable to maintain strong bond with critical suppliers over the period.	Manage operational risks by identifying areas of risk, formulating plans for their management, promoting best practices.
	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.	Implement internal controls, systems and monitoring of compliance.
Legal Regulatory Compliance		
	Risk of legal action due to non performance of legal and statutory requirements	The legal support services to Renuka Group management come through the legal department which ensure all legal and regulatory provisions are complied with.
	Result high cost of legal and penalty fees that reduced profitability	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.
	Adversely impact to the Groups' reputation and brand image.	<p>Internal audit function of the Group ensures the safeguarding of company assets and recommends process improvements and assist in development of new standard operating procedures 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 staffs are constantly kept aware of the compliance needs imposed by these regulations.</p>

RISK MANAGEMENT (CONTD.)

Operational risk		
Risk	Impact	Risk Management Strategies
Break down of Internal Controls		
	Wastage of management time and resources.	<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.</p> <p>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 which in turn, prevents errors, irregularities and fraud.</p>
	Possible loss of data.	
	Increased possibility of fraud and misuse.	
	Disruptions to the normal course of operations.	
	lack of ability to track performance against budgets, forecasts and schedules.	
	Illegal transactions including theft or misappropriation of assets by employees	

Financial Risk

Financial risk management obligations and policies have been described in note No 45 to the Financial Statements.

SUSTAINABILITY REPORT

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

Overview

Sustainability is the key element which is incorporated to Corporate Governance frame work where the utilization of resources would be achieved efficiently, though an environmentally responsible manufacturing of products and provision of services that deliver sustainability benefits which can leverage commercial advantage for the Group. Based on expectations of each stakeholder and Group desire to deliver sustainable stakeholder values over time, the Group designed appropriate strategies to face the challenge of fulfilling stakeholder expectations.

The key business drivers for sustainability are internal operations and stakeholder engagement. The former focuses on our internal operations and manufacturing our products and provision of our services more efficiently using limited 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 later 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 builds trust among 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.

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 reduction of waste. Further investment in IT/ ERP helps measurement of operational results on time with increase accuracy. Group has continue to make substantial investment during the year to improve value addition to economic development. These investments have helped to improve resources utilization as well as minimization of waste and pollution.

Sustainability Policy and Guidelines

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 Group 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

Shareholder engagement is important to us to have access to capital growth 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, a fair return should be realised for the shareholders.

Method of Engagement

- We have open door policy which enables shareholders to keep in contact, visit and obtain information from the Company Secretaries and engage in dialogue.
- Further e-mail address is provided for comments and suggestions.
- Update with latest financial for shareholders/investors to take rational decisions which are 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 meetings, Extra Ordinary meetings with a view for letting in the shareholders to express their voice.

Our Concern

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

Employees Support

At Renuka we have created a work place policy and created employee awareness for the total group. With an employee base of over 1,300, creation of Group identity and belongings is priority. We care for our employees and health and safety is priority, keeping much attention at work place including factories and workplaces.

SUSTAINABILITY REPORT (CONTD.)

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. Newly implemented quarterly News Letter communicate significant events occurred in the Group.
- We organize team building activities such as get-together, sports meets and CSR projects.
- Factories of the Group Companies are equipped with adequate safety measures and the employees are educated to minimize accidents.
- Awareness program are carried out for employees relating to health and safety measures, personal hygiene and precautions to be taken in an event of fire.

Our Concern

Our concern is to create a friendly environment to our employees who are motivated and talented in order to offer effective service.

Customers' Support

World class quality products and customer satisfaction is our key with our customers. The Group uses its competencies and decades of experiences 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 carry out to ensure compliance with global quality standards

Our Concern

We are concerned of the quality of our products manufactured in compliance with global standards and creation of innovative products to cater customer needs.

Support of the 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 full fill 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 for 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 share knowledge.

Environment Support

The Company continues to assess and monitor the consumption of natural resources such as electricity, water and environment around us. Generating solar energy within the Group would able to reduce the cost of electricity expense and could provide excess electricity to National Grid. Focus on waste management and water management are key elements included in staff training events to obtain collective support from staff to protect the natural resources.

Our Society Around

Renuka Group has been actively involved in supporting the rural farmer network for our coconut division as well as the dairy division. Renuka Group procures over Rs. 2.5 Bn 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 measure to carryout our operations minimizing carbon foot print and saving energy by effective utilization of limited resources while reducing wastage so as to have minimal negative impact on society to have safe environment.

Renuka Group considers engagement to be an increasingly important component of its corporate citizenship strategy. Our engagement efforts help Renuka Group 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

1. Overview

The Board of Directors of Renuka Holdings PLC have pleasure in presenting the Annual Report and the Audited Financial Statements for the year ended 31st March 2022 which were approved on 9th August 2022. The details set out herein provide the pertinent information required under section 168 of Companies Act No. 07 of 2007, Colombo Stock Exchange Listing Rules and the recommended best practices on Corporate Governance.

Renuka Holdings 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 re-registered as required under the provisions of the Companies Act No. 7 of 2007.

2. Review of Business

2.1. Principal Business Activities

Renuka Holdings PLC is a holding company that owns, directly and indirectly, investments in the numerous companies constituting the Renuka Holdings Group. The Group consists of a portfolio of diverse business operations that are engaged in Agri Food Exports, Consumer Brands and Property and Investment Sector. The main subsidiaries and their principle activities of Renuka Holdings PLC are listed on page No. 69 and 97 to this Annual Report.

2.2. Review of operations of the Company and the Group

The Company's businesses and the performance during the year, with comments on financial results, as well as future business developments are presented in the Chairperson's message.

2.3 Future Developments

The Future developments of the Group are stated in the Chairperson's Report on page 8 to this Annual Report.

3. Associated Companies

Associated Companies belong to the Renuka Group is listed on page 73 to this Annual Report.

4. Financial Statements of the Company and the Group

The Financial Statements of the Company and the Group are given on pages 41 to 103 of this Annual Report.

5. Directors' Responsibility for Financial Statements

The statement of Directors' responsibilities for the Financial Statements is given on page 36 to this Annual Report

6. Auditor's Report

The Auditors of the Company, Messrs KPMG performed the audit on the Financial Statements for the year ended 31st March 2022 and the Auditor's Report on the Financial Statements is given on pages 37 to 40 of this Annual Report as required by section 168(1)(c) of the companies Act No. 07 of 2007.

7. Accounting Policies and Changes During the Year

The Financial Statements have been prepared in accordance with the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 which require compliance with Sri Lanka Accounting Standards (LKAS/SLFRS) that were in effect up to the year under review. The detailed of significant accounting policies adopted in the preparation of the Financial Statements are given on pages 46 to 57 as required by Section 168 (1) (d) of the Companies Act No 07 of 2007. Changes in accounting policies if any that are made during the accounting period are described under page No. 47 of the Accounting Policies. The Board confirms that there were no changes to the Accounting Policies used by the Company during the year other than those disclose their in.

8. Financial Results and Appropriations of the year

The Group turnover for the year ended 31st March 2022 was Rs. 10,741 Mn, compared to Rs. 8,698 Mn during the previous year. A detailed analysis of the Group turnover is given in Note No. 28 of the Financial Statements. Further Net profit of the Group was Rs. 943 Mn Compared with the net profit of Rs. 379 Mn for the previous year.

9. Stated Capital

The Stated Capital of the Company as at 31st March 2022 was Rs. 2,223 Mn comprising 155,810,595 Voting shares and 22,499,452 Non voting shares.

10. Profit Appropriations

The Group's profit before income tax for the year was Rs. 1,131 Mn (2021-Rs. 441 Mn) and profit after tax was Rs. 943 Mn (2021- Rs. 379 Mn.)

11. Dividends on Ordinary Shares

The Board of Directors has recommended a scrip dividend of Rs. 0.40 per share payable for 2021/22

The Directors are confident that the Company would meet the solvency test requirement under section 57 of Companies Act No. 7 of 2007 immediately after the proposed final dividends distribution.

11.1 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. 0.40 scrip dividend per share, proposed to be declared to the share holders of the Company.

12. Reserves

The Group reserves as at 31st March 2022 amount to Rs 6.5 Bn (2021- Rs 5.5 Bn) representing Revaluation Reserve, Capital Reserve and Retained Earnings and the detailed movement of the reserves shown in the Statement of Changes in Equity in the Financial Statements.

REPORT OF THE DIRECTORS (CONTD.)

13. Provision for Tax

The taxable income of the Company is tax at 24% (2020 - 28% - 24%). Taxable income is arising from the operations of the Company and has been disclosed in accordance with Sri Lanka Accounting Standards. The Group companies have provided deferred tax on all known temporary differences under the liability method, as permitted by the Sri Lanka Accounting Standard - LKAS 12 on "Income Taxes" Information on Income Tax Expenses & Deferred Taxes is given in Notes No. 34 & 22 to the Financial Statements on pages 87 & 80 respectively, to this Annual Report.

14. Group Investments

The Group Companies have invested in quoted/ unquoted shares of wider portfolio during the year. Detailed portfolio of the investments held by the Group is given in Note No. 13 to the Financial Statements.

15. Property, Plant & Equipment and Capital Expenditure

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. 691 Mn (2021 - Rs. 290 Mn).

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 No. 8 to 12 to the Financial Statements.

16. Market Value of Investment in Land & Buildings and Investment Properties

Extent, locations, number of buildings and valuations of the properties of the Group are given under Real Estate Portfolio on Page 104 and the market values of the Land & Buildings owned by the Company and Group are included on the basis of valuation carries out by a professionally qualified valuer is given in Note No. 8 to the Financial Statement.

17. Share Information

17.1 Information on earnings, net assets and market values

Information relating to earnings and net assets are given with the Five Year Summary appearing on page 105 to this Annual Report. Market value details of the ordinary shares are appearing with Shareholder information on page No. 106 to 108 of this Annual Report.

17.2 Major Shareholdings

Details of the twenty largest shareholders with the percentage of their respective shareholdings as at 31st March 2022 are given on page 108 together with comparative shareholdings.

17.3 Public Holding

There were 2,652 (2021 - 2,502) registered voting shareholders as at 31st March 2022 with the percentage of shares held by the public, as per the Colombo Stock Exchange rules, being 31.76 % (2021 - 31.78 %).

17.4 Distribution of Shareholdings/ Share information

Shareholders distribution schedule is given on pages 106 to 108 of this Annual Report together with Shareholders and investor information.

17.5 Ratio and market price information

The ratios relating to equity as required by the listing requirement by the Colombo Stock Exchange are given on page 106 to this Annual Report.

17.6 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.

17.7 Interests Register

The Interests Register is maintained by the Company Secretary, as per the Section 168(1) (e) of the Companies Act No 7 of 2007. All Directors have made their declarations as provided for in section 192(1) & (2) of the Companies Act No. 07 of 2007 aforesaid. The share ownership of Directors is disclosed on page 33 to this Annual Report, Entries were made in the Interests Register on share transaction and Directors' interest in contracts. The Interest Register is available for inspection by shareholders or their authorised representatives as required by the section 119 (1) (d) of the Companies Act No. 07 of 2007.

17.8 Information to Shareholders

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

18. Board of Directors

18.1 Composition of the Board of Directors

The names of the directors who held office during the period up to the Financial Statements are given below. The brief profile of the Board of directors appear on pages 07 this Annual Report.

Name of Directors	Executive	Non-Executive	Independent
Mrs. I. R. Rajiyah	X		
Dr. S. R. Rajiyah	X		
Mr. S. V. Rajiyah	X		
Mr. T. K. Bandaranayake		X	X
Dr. J. M. Swaminathan		X	X
Mr. M. S. Dominic		X	X
Mr. V. Sanmugam		X	
Mrs. J. J. B. A. C. J. Rajiyah		X	

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

REPORT OF THE DIRECTORS (CONTD.)

18.2 New appointments and Resignations

There were no new appointment or resignation of Directors during the year.

18.3 Recommendation for re-election

1. To re-elect Mr. M.S. Dominic as a Director who retires by rotation in terms of Article 28 (1).
2. 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
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 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.
5. To re-appoint Dr. J.M. Swaminathan who is 81 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. J.M. Swaminathan.

18.4 Directors' Meetings

Details of the Board Meetings are presented on page 13 and details of the sub committee are presented with related committee report (Audit Committee report on page 20 to 21 Remuneration Committee on page 23, Related Party Transactions Review Committee on page 22 and Nomination Committee on page 24.)

18.5 Directors' Interest in transactions

The Company carried out transactions in the ordinary cause of business with the entities where a Director of the Company is a Director. The transactions with the 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 No. 41 to Financial Statements. The Directors have no direct or indirect interest in any other contract or proposed contract with the Company.

18.6 Directors' Interest in Shares

Directors of the Company and its subsidiaries who have relevant interest in 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.

As at 31st March	2022		2021	
Name of Directors	Voting	Non-Voting	Voting	Non-Voting
Mrs. I R Rajiyah	-	-	-	-
DR. S R Rajiyah	-	-	-	-
Dr. & Mrs. Rajiyah (JT)	25,987,723	-	22,448,894	299,988
Mr. S. V. Rajiyah	3,327,870	-	-	-
Mr. S. V. Rajiyah & Mrs. J. J. B. A. Rajiyah (JT)	2,176,436	-	2,176,436	761,974
Mr. V. Sanmugam	-	-	-	-
Ms. A. L. Rajiyah	2,327,870	74,987	4,578,870	74,987
Mr. T. K. Bandaranayake	-	-	-	-
Mr. M. S. Dominic	-	-	-	-
Mr. J. M. Swaminathan	-	-	-	-
	33,819,899	74,987	29,204,200	1,136,949

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

18.7 Remuneration of Directors

The remuneration of Directors in respect of the Company for the year ended 31st March 2022 is given in Note No. 41 to Financial Statements.

18.8 Directors Responsibility for Financial Reporting

The Directors are responsible for the preparation of Financial Statements of the Company to reflect a true & fair view of the status 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.

18.9 Board Committees

The Board has established committees for better monitoring and guidance of different aspects of operations and controls of the Company.

18.9.1 Audit Committee

The composition of Board Audit Committee comprising of Non-Executive Directors is provided on page 20 and 21 to this Annual Report. Detailed scope of the Audit Committee and its work during the year disclosed in Audit Committee Report given on pages 20 to 21 of this Annual Report.

REPORT OF THE DIRECTORS (CONTD.)

18.9.2 Remuneration Committee

The composition of board Remuneration Committee and report is given on page 23 to this Annual Report.

18.9.3 Nomination Committee

The composition of Nomination Committee and its report is given on page 24 to this Annual Report.

18.9.4 Related Party Transactions Review Committee

The composition of Related Party Transactions Review Committee and its report is given on page 22 to this Annual Report.

19. Related Party Transactions

The Board of Directors has given the following statement in respect of the related party transactions. The related party transactions of the Company during the financial year have been reviewed by the Related Party Transactions Review Committee and are in compliance with the Section 09 of the CSE Listing Rules.

20. Statutory Payment

The directors, to the best of their knowledge and belief are satisfied that all statutory payments are due to the Government, other regulatory institutions and those related to employees (if any) have been made on time.

Declaration relating to statutory payments is made in the statement of Directors' Responsibilities on the page 36 to this Annual Report.

21. Corporate Donations

Donations made by the Group amounted to Rs. 412,949 (2021 - Rs. 185,083.)

22. Environmental Protection

The Directors, to the best of their knowledge and belief are satisfied that the Company has not engaged in any activities, which have caused adverse effects on the environment and it has complied with the relevant environmental regulations.

23. Events Occurred After the Reporting Date

There are no events of material and significance nature that requires adjustment to the Financial Statements, occurred subsequent to the date of the reporting date, other than those disclosed in Note No. 36 to the Financial Statements.

24. Going Concern

The Directors, after considering the financial position, operating conditions, regulatory and other factors including matters addressed in the Corporate Governance Code, have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Therefore the going concern basis has been adopted in the preparation of the Financial Statements.

25. Capital Commitments

No significant capital commitments exist as at 31st March 2022 other than those disclosed in Note No. 38 to this Annual Report.

26. Risk Management and system of Internal Controls

26.1 Risk Management

The Company has a structured risk management process in place to support its operations. The Renuka Holdings PLC Board Audit Committee plays a major role in this process. The Risk Management Report elaborates these processes and the Company's risk factors.

26.2 Internal Controls

The Directors acknowledge their responsibility for the Company's system of internal control. The system is designed to give assurance, inter alia, regarding the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information generated.

However, any system can only ensure reasonable and not absolute assurance that errors and irregularities are either prevented or detected within a reasonable time period.

The Board, having reviewed the system of internal controls, is satisfied with the Group's adherence to and effectiveness of these controls for the year up to the date of signing the Financial Statements.

27. Compliance with Laws and Regulations

The Company has taken all reasonable measures to comply with all applicable laws and regulations. A compliance checklist is signed-off on a quarterly basis by responsible officers and any violations are reported to the Board Audit Committee. Detailed report of the Audit Committee is given on Pages 20 to 21 to this Annual Report.

28. Contingent Liabilities

There is no contingent liabilities existed as at the balance sheet date except what is disclosed in the Note No. 39 to the Financial Statements on page 91 to this Annual Report.

29. Outstanding Litigation

There are no litigations pending against the Company as at the balance sheet date other than what is disclosed in the note No. 37 to Financial Statements on page No. 91 to this Annual Report.

30. Code of Conduct

The Company demands 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.

REPORT OF THE DIRECTORS (CONTD.)

31. Corporate Governance

The Company has complied with the Corporate Governance rules that are laid down under the Listing Rules of the Colombo Stock Exchange. The Corporate Governance Report on pages 12 to 19 details this further.

32. Compliance with Transfer Pricing Regulations

All transactions are entered into with associated persons during the period on an arm's length basis, and are comparable with transactions carried out with non-associated parties.

33. Human Resources

As a policy the Company continues to regard communication with its employees as an integral part of the relationship. Information is effectively communicated to employees on the matters pertaining to the financial performance and economic factors affecting the Company's performance and other developments in the Group as a whole through its quarterly News Letter. Employees are encouraged to discuss operational and strategic issues with their line management and to make suggestions.

34. Employees and Industrial Relations

The Renuka Group has a structure to assess the competencies and commitments of its employees. There are no employees attached to Renuka Holdings PLC as such no material issues pertaining to employees and industrial relations of the entity.

35. Appointment of Auditors

Messrs. KPMG, Chartered Accountants, who are the company auditors during the year, are deemed reappointed, in terms of Section 158 of the Companies Act No. 7 of 2007 as auditors of the Company. The retired auditors have expressed their willingness to continue in office. A resolution to re-appoint them as auditors of the Company and authorizing directors to fix their remuneration will be proposed at the forthcoming Annual General Meeting.

36. Auditors' Remuneration and Interest in contracts

The amount of fees paid/payable for the services provided to the Company during the year with corresponding figures for the previous year is presented in Note No. 33.

37. Annual Report

The Board of Directors approved the Consolidated Financial Statements along with Company Financial Statements on 12th 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.

38. 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 42nd Annual General Meeting of Renuka Holdings PLC will be held as a virtual meeting at 5.00 p.m. on Thursday, 7th September 2022.

The Notice of the Annual General Meeting appears on page 108.

39. Acknowledgment of the contents of the Report

As required by section 168(1)(k) of the Companies Act No 07 of 2007 the Board of Directors hereby acknowledge the contents of this Annual Report.

For and on behalf of the Board.

Sgd.
S. V. Rajiyah

Sgd.
V. Sanmugam

Sgd.
Renuka Enterprises (Pvt) Ltd
Secretaries

12th August 2022

STATEMENT OF DIRECTORS RESPONSIBILITY

The Board of Directors of the Company is responsible for preparation and presentation of financial statements for the year ended 31st March 2022 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.

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 comprising

- 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 and its subsidiaries 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
- d. A Cash Flow Statement which presents a true and fair view of the flow of cash in and out of the Company and its subsidiaries for the financial year; and notes to the Financial Statements and which comply with the requirements of the Act.

The Board of Directors are of the view that prevailing Corporate Governance frame, Internal Control systems, risk management policies established by the Company ensure that there are reasonable assurance that all assets are safeguard and all transactions are properly authorized by the management and recorded on time, hence any material misstatements or irregularities are prevented or bring to the notice of the management within a reasonable time.

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 judgments have been made so that the form and substance of transactions 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. No. 07 of 2007.

The External Auditors, M/s KPMG 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 37 to 40 set out their responsibilities in relation to the Financial Statements.

The Directors are also of the view that the Company and its subsidiaries have 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.

As required by Section 56 (2) of the Companies Act No. 7 of 2007, the Board of Directors have confirmed that the Company based on the information available, satisfies the solvency test immediately after the distribution in accordance with section 57 of the Companies Act No. 07 of 2007, and have obtained/ sought in respect of the dividend now proposed a certificate of solvency from the Audit.

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 its Group and all other known statutory dues as were due and payable by the Company and its Group companies 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 August 2022

INDEPENDENT AUDITOR'S REPORT



KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. O. Box 186,
Colombo 00300, Sri Lanka.

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TO THE SHAREHOLDERS OF RENUKA HOLDINGS PLC

Opinion

We have audited the financial statements of Renuka Holdings 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 46 to 103.

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. Abeyrathne 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.)



Key audit matters

01. Carrying Value of Inventories	
Refer to the accounting policies in "Note 3.13 to the Financial Statements: Inventories", "Note 2.4 to the Financial Statements: Use of Estimates and Judgments" and "Note 15 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 balance of Rs.2,052 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 potentially 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. Accounting for Goodwill, and investments in subsidiaries	
Refer to the accounting policies in "Note 3.9.1 Goodwill, Note 3.1.2 Investment in subsidiaries, "Note 2.4 Use of Estimates and Judgments" and Note 13.1 to the Financial Statements: Investment in Subsidiaries" and "Note 9.1 to the Financial statements: Goodwill".	
Risk Description	Our responses
<p>The Company holds investments in subsidiaries amounting to Rs. 2,631 million as at 31st March 2022. Further, the Group holds goodwill amounting to Rs. 181 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 judgment 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 adequacy of the disclosure in the financial statements in line with the requirements of relevant accounting standards.

INDEPENDENT AUDITOR'S REPORT (CONTD.)



03. Recoverability of Trade Receivables	
Refer to the accounting policies in "Note 3.4 to the Financial Statements: Financial Instruments", "Note 2.4 to the Financial Statements: Use of Estimates and Judgments" and "Note 16 to the Financial Statements: Trade and Other Receivables".	
Risk Description	Our responses
<p>The Group has recognised trade receivables amounting to Rs.1, 427 Mn net of impairment provision of Rs.10 Mn as at 31 March 2022. 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>We identified assessing the recoverability of trade receivables as a key audit matter because of the significance of trade debtors to the financial statements and the assessment of the recoverability of trade debtors is inherently subjective and requires significant management judgement, such as length of relationship with the customer, customer's repayment history and known market factors, which increases the risk of error or potential management 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 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.
04. 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: Use of Estimates and Judgments" and "Note 10 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. 4,478 Mn and fair value gain derived from investment properties for the year ended 31st March 2022 was Rs. 190 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.

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.

INDEPENDENT AUDITOR'S REPORT (CONTD.)



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.
- 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 charge 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 FINANCIAL POSITION

AS AT 31ST MARCH	Note	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
ASSETS					
Non-Current Assets					
Property, Plant & Equipment	8	4,648,015,440	4,408,034,524	-	-
Intangible Assets	9	192,463,199	172,763,880	-	-
Investment Property	10	4,478,442,272	3,898,231,260	-	-
Right to use Assets	11	323,566,820	333,173,784	-	-
Biological Assets	12	120,940,041	109,439,773	-	-
Investment in Subsidiaries	13.1	-	-	2,631,078,500	2,631,078,500
Investment in Equity Accounted Investees	13.2	-	169,053,776	-	-
Deferred Tax Asset	22	3,677,396	3,353,223	-	-
Total Non-Current Assets		9,767,105,168	9,094,050,220	2,631,078,500	2,631,078,500
Current Assets					
Inventories	15	1,916,101,534	1,351,013,730	-	-
Trade and Other Receivables	16	1,900,426,245	1,569,283,233	-	-
Other Current Assets	17	125,028,939	110,904,868	12,500	-
Income Tax Refund Due	27	8,127,344	17,527,153	-	-
Investment - Measured at Fair Value Through Profit or Loss	14	743,804,451	922,337,733	-	-
Short Term Investments in Deposits	19	-	2,274,566	-	2,274,566
Cash at Bank and Cash in Hand	20	3,234,323,653	2,297,638,293	3,256,053	3,793,418
Assets Held for Sale	18	148,528,118	-	-	-
Total Current Assets		8,076,340,284	6,270,979,576	3,268,553	6,067,984
Total Assets		17,843,445,452	15,365,029,796	2,634,347,053	2,637,146,484
EQUITY AND LIABILITIES					
Equity					
Stated Capital	21	2,223,194,210	2,223,194,210	2,223,194,210	2,223,194,210
Revaluation Reserve	21.2	427,560,704	436,244,931	-	-
Capital Reserve	21.3	313,874,458	313,874,458	-	-
Retained Earnings		5,744,857,843	4,806,732,547	403,408,441	404,700,097
Equity Attributable to Owners of the Company		8,709,487,215	7,780,046,146	2,626,602,651	2,627,894,307
Non Controlling Interest		3,849,949,772	3,301,369,424	-	-
Total Equity		12,559,436,987	11,081,415,570	2,626,602,651	2,627,894,307
Non Current Liabilities					
Deferred Tax Liability	22	715,968,238	681,028,244	-	-
Interest Bearing Borrowings due After One Year	23.1.1	449,058,601	293,041,890	-	-
Non Current Portion of Lease Obligation	23.2.1	139,097,279	106,990,490	-	-
Retirement Benefit Obligation	24	116,278,588	128,247,562	-	-
Total Non Current Liabilities		1,420,402,706	1,209,308,186	-	-
Current Liabilities					
Trade and Other Payables	25	1,223,870,628	779,357,943	4,054,719	2,846,578
Other Current Liabilities	26	233,333,744	104,423,086	-	-
Interest Bearing Borrowings due within One Year	23.1.2	2,087,819,067	1,992,183,745	-	-
Current Portion of Lease Obligation	23.2.2	23,108,973	20,736,013	-	-
Income Tax Payable	27	107,892,034	36,057,144	9,737	136,293
Bank Overdraft	20	187,581,313	141,548,109	3,679,946	6,269,306
Total Current Liabilities		3,863,605,759	3,074,306,040	7,744,402	9,252,177
Total Liabilities		5,284,008,465	4,283,614,226	7,744,402	9,252,177
Total Equity and Liabilities		17,843,445,452	15,365,029,796	2,634,347,053	2,637,146,484

The Notes to the Financial Statements on pages 46 to 103 form an integral part of these Financial Statements.
I certify that the above Financial Statements comply with the requirements of the Companies Act No. 07 of 2007.



P. Gunathilake
Chief Executive Officer/Group Director Shared Services

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



Dr. S. R. Rajiyah
Director
12th August 2022
Colombo



S. V. Rajiyah
Director

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST MARCH	Note	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Revenue	28	10,740,549,242	8,697,768,589	23,467,500	27,938,750
Cost of Sales		(8,903,154,415)	(7,624,221,573)	-	-
Gross Profit		1,837,394,827	1,073,547,016	23,467,500	27,938,750
Other Operating Income	29	315,222,039	579,874,146	-	-
Administrative Expenses		(596,683,938)	(582,288,037)	(6,999,039)	(8,798,963)
Distribution Expenses		(630,915,473)	(519,241,719)	-	-
Other Operating Expenses		-	(57,959,472)	-	-
Profit from Operations		925,017,455	493,931,934	16,468,461	19,139,787
Finance Income	30	122,321,461	94,464,711	40,573	567,886
Finance Cost	31	(190,659,367)	(139,254,614)	-	(12,464,074)
Other Financial Items	32	247,402,864	(10,980,745)	-	-
Fair Value Loss on Investments - Measured at Fair Value Through Profit or Loss	14.1	29,928,267	(50,306,203)	-	-
Share of Profit of Equity Accounted Investee		(3,105,183)	53,362,960	-	-
Profit before Taxation		1,130,905,497	441,218,043	16,509,034	7,243,599
Taxation	34	(187,926,401)	(62,247,472)	30,315	(136,293)
Profit for the year		942,979,096	378,970,571	16,539,349	7,107,306
Other Comprehensive Income					
Items that will not be reclassified to Profit or Loss					
Defined Benefits Plan Actuarial Gains / (Loss)	24	12,753,069	11,566,927	-	-
Revaluation Reserve on Land & Buildings		17,100,000	-	-	-
Tax on Defined Benefits Plan Actuarial Gains / (Loss)	22	(2,003,942)	(1,517,927)	-	-
Tax on Revaluation	22	(224,918)	-	-	-
Deferred Tax Impact Due to Rate Change on Revaluation of Land and Buildings		-	72,198,921	-	-
Other Comprehensive Income for the year		27,624,209	82,247,921	-	-
Total Comprehensive Income for the year		970,603,305	461,218,492	16,539,349	7,107,306
Attributable to :					
Equity Holder of the Parent		439,153,948	282,982,782	16,539,349	7,107,306
Non Controlling Interest		503,825,148	95,987,789	-	-
PROFIT FOR THE YEAR		942,979,096	378,970,571	16,539,349	7,107,306
Total Comprehensive Income Attributable to:					
Equity Holder of the Parent		449,666,017	322,738,977	16,539,349	7,107,306
Non Controlling Interest		520,937,288	138,479,515	-	-
Total Comprehensive Income for the year		970,603,305	461,218,492	16,539,349	7,107,306
Earnings Per Share (Rs.)	35.1	2.46	2.25	0.09	0.06
Diluted Earnings/(Loss) Per Share (Rs.)	35.2	2.46	2.25	0.09	0.06
Dividend per Share (Rs.)	35.3	0.10	0.25	0.10	0.25

Figures in brackets indicate deductions.

The Notes to the Financial Statements on pages 46 to 103 form an integral part of these Financial Statements.

STATEMENT OF CHANGES IN EQUITY

Group	Equity Attributable to Owners of the Company					Non Controlling Interest	Total
	Stated Capital	Revaluation Reserve	Capital Reserve	Retained Earnings	Total		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 1st April 2020	1,198,897,063	403,976,194	-	4,500,908,341	6,103,781,598	4,071,024,092	10,174,805,690
Profit for the year	-	-	-	282,982,782	282,982,782	95,987,789	378,970,571
Other Comprehensive Income for the year	-	31,652,823	-	8,103,372	39,756,195	42,491,726	82,247,921
Total Comprehensive Income for the year	-	31,652,823	-	291,086,154	322,738,977	138,479,515	461,218,492
Transfers within reserves	-	-	313,874,458	(313,874,458)	-	-	-
Realization on Account of Depreciation on Revalued Assets	-	(332,651)	-	332,651	-	-	-
Share of EAI - Amalgamation Reserve	-	-	-	86,270	86,270	-	86,270
Transactions with owners							
Acquisition of NCI without a change in control	-	-	-	(116,758,728)	(116,758,728)	(403,241,272)	(520,000,000)
Right Issue of Shares (Note 21.1)	1,031,289,786	-	-	-	1,031,289,786	-	1,031,289,786
Adjustments due to changes in shareholdings of Subsidiaries	-	948,565	-	470,425,181	471,373,746	(454,069,745)	17,304,001
Expense incurred in respect of right issue (Note 21.1)	(6,992,639)	-	-	-	(6,992,639)	-	(6,992,639)
Dividend Paid (Note 35.3)	-	-	-	(25,472,864)	(25,472,864)	(50,823,166)	(76,296,030)
Balance as at 31st March 2021	2,223,194,210	436,244,931	313,874,458	4,806,732,547	7,780,046,146	3,301,369,424	11,081,415,570
Balance as at 1st April 2021	2,223,194,210	436,244,931	313,874,458	4,806,732,547	7,780,046,146	3,301,369,424	11,081,415,570
Profit for the year	-	-	-	439,153,948	439,153,948	503,825,148	942,979,096
Other Comprehensive Income	-	5,119,064	-	5,393,005	10,512,069	17,112,140	27,624,209
Total Comprehensive Income	-	5,119,064	-	444,546,953	449,666,017	520,937,288	970,603,305
Acquisition of Subsidiary	-	-	-	-	-	299,867,420	299,867,420
Disposal of Subsidiary	-	-	-	-	-	18,696,223	18,696,223
Realisation on Account of Depreciation on Revalued Assets	-	(46,848)	-	46,848	-	-	-
Transactions with owners							
Adjustments due to changes in shareholdings of Subsidiaries	-	(13,756,443)	-	511,362,500	497,606,057	(274,837,583)	222,768,474
Dividend Paid (Note 35.3)	-	-	-	(17,831,005)	(17,831,005)	(16,083,000)	(33,914,005)
Balance as at 31st March 2022	2,223,194,210	427,560,704	313,874,458	5,744,857,843	8,709,487,215	3,849,949,772	12,559,436,987
Company				Stated Capital	Retained Earnings	Total	
				Rs.	Rs.	Rs.	
Balance as at 31st April 2020				1,198,897,063	423,065,655	1,621,962,718	
Profit for the year				-	7,107,306	7,107,306	
Other Comprehensive Income for the year				-	-	-	
Total Comprehensive Income for the year				-	7,107,306	7,107,306	
Transactions with owners							
Right Issue of Shares (Note 21.1)				1,031,289,786	-	1,031,289,786	
Expense incurred in respect of right issue (Note 21.1)				(6,992,639)	-	(6,992,639)	
Dividend Paid (Note 35.3)				-	(25,472,864)	(25,472,864)	
Balance as at 31st March 2021				2,223,194,210	404,700,097	2,627,894,307	
Balance as at 1st April 2021				2,223,194,210	404,700,097	2,627,894,307	
Profit for the year					16,539,349	16,539,349	
Other Comprehensive Income for the year					-	-	
Total Comprehensive Income for the year				-	16,539,349	16,539,349	
Transactions with owners							
Dividend Paid (Note 35.3)				-	(17,831,005)	(17,831,005)	
Balance as at 31st March 2022				2,223,194,210	403,408,441	2,626,602,651	

Figures in brackets indicate deductions.

The Notes to the Financial Statements on pages 46 to 103 form an integral part of these Financial Statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST MARCH	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
CASH FLOW FROM OPERATING ACTIVITIES				
Profit Before Taxation	1,130,905,497	441,218,043	16,509,034	7,243,599
Adjustments :				
Share of Profit of Equity Accounted Investee	13.2.2 3,105,182	(53,362,960)	-	-
Interest Income	30 (122,321,461)	(94,464,711)	(40,573)	(567,886)
Fair Value (Gain) / Loss from Investment - Measured at FVTPL	14.1 (29,928,267)	50,306,203	-	-
Provision for Retiring Gratuity	24 21,015,863	30,377,686	-	-
Depreciation	8 312,990,056	298,214,841	-	-
Amortization of Intangible Assets	9 3,718,329	3,657,741	-	-
Interest Expense	31 181,588,360	129,550,092	-	12,464,074
Lease Interest	31 9,071,007	9,704,522	-	-
Amortisation of Right to use Assets	11 20,366,022	19,436,148	-	-
Profit on Disposal of Property Plant & Equipment	29 -	(3,359,765)	-	-
Change in Fair Value of Investment Property	29 (189,750,000)	(277,100,000)	-	-
Fair Value Adjustment of Biological Assets	12 722,302	(4,689,040)	-	-
Provision for Impairment of Debtors	16 (19,950,884)	(10,773,348)	-	-
(Gain) / Loss on Disposal of Equity Accounted Investees	29 15,831,781	(255,152,629)	-	-
Gain on Disposal of Quoted Shares	29 (28,443,428)	(16,895,803)	-	-
Gain on De-recognition of Investment in Subsidiary	29 (14,902,747)	-	-	-
Exchange Loss	23.2 40,420,583	6,734,260	-	-
Impairment of Property Plant and Equipment	-	45,000,000	-	-
Impairment of Investment Property	-	13,500,000	-	-
Loss on Withdrawal of Lease	-	6,301,898	-	-
Provision on Obsolete Inventories	15.1 (13,538,365)	37,382,566	-	-
Written back of Interest Payable on Loan	-	(43,401)	-	-
Operating Profit before Changes in Working Capital	1,320,899,830	375,542,343	16,468,461	19,139,787
(Increase) / Decrease in :				
Inventories	(626,321,371)	(102,688,463)	-	-
Trade & Other Receivables	(383,170,196)	(499,228,848)	(12,500)	-
Other Current Assets	(24,167,947)	52,791,632	-	-
Net Investment in Fair Value Through Profit or Loss	740,275,477	(532,542,882)	-	-
Trade & Other Payables	461,117,688	9,828,068	1,208,141	(4,900,902)
Other Current Liabilities	130,041,269	(42,179,240)	-	(32,821)
Amount due to Related Companies	-	-	-	(4,265,889)
Cash Generated / (Used in) from Operations	1,618,674,750	(738,477,390)	17,664,102	9,940,175
Gratuity Paid	24 (12,881,799)	(14,519,706)	-	-
Income Tax / WHT Paid	28 (46,075,320)	(44,976,635)	(96,241)	(2,725)
Interest Income	30 122,321,461	94,464,711	40,573	567,886
Interest Paid	31 (181,588,360)	(129,550,092)	-	(12,464,074)
Net Cash Generated / (used in) Operating Activities	1,500,450,732	(833,059,112)	17,608,434	(1,958,738)
CASH FLOW FROM INVESTING ACTIVITIES				
Investment in Biological Assets	12 (12,222,570)	(13,798,620)	-	-
Purchase of Property Plant & Equipment	8 (671,027,141)	(259,286,085)	-	-
Constructions of Investment Property	10 (390,461,012)	(300,747,107)	-	-
Proceed from Disposal of Property Plant & Equipment	-	24,922,264	-	-
Dividend Received from Equity Accounted Investee	-	17,524,573	-	-
(Purchase) / Disposal of Shares in Existing Subsidiaries	222,768,475	17,304,001	-	(982,253,500)
Cash Outflow from Acquisition of NCI	-	(520,000,000)	-	-
Disposal of Subsidiaries Net of Cash	13.1.2 198,119,573	-	-	-
Acquisition of Subsidiary, Net of Cash	(193,707,842)	-	-	-
Investment in Equity Accounted Investee	(29,000,000)	-	-	-
Proceeds from Disposal of Equity Accounted Investee	-	1,222,749,450	-	-
Net Cash Generated/ (used in) Investing Activities	(875,530,517)	188,668,476	-	(982,253,500)

STATEMENT OF CASH FLOWS (CONTD)

FOR THE YEAR ENDED 31ST MARCH	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from Right Issue	-	1,031,289,786	-	1,031,289,786
Expenses Incurred in Respect to Right Issue	-	(6,992,639)	-	(6,992,639)
Dividend Paid	(17,831,005)	(25,472,864)	(17,831,005)	(25,472,864)
Dividend Paid to Non Controlling Party	(16,083,000)	(50,823,166)	-	-
Payment of Lease Liabilities 23.2	(25,668,439)	(47,187,190)	-	-
Net Long Term & Short Term Borrowings 23	323,039,819	819,753,391	-	-
Net Cash Generated / (used in) Financing Activities	263,457,375	1,720,567,318	(17,831,005)	998,824,283
Net Increase / (Decrease) in Cash and Cash Equivalents	888,377,590	1,076,176,682	(222,571)	14,612,045
Cash and Cash Equivalents at the Beginning of the year	2,158,364,750	1,082,188,068	(201,322)	(14,813,367)
Cash and Cash Equivalents at the End of the year	3,046,742,340	2,158,364,750	(423,893)	(201,322)
ANALYSIS OF CASH AND CASH EQUIVALENTS				
Short Term Investments in Deposits 19	-	2,274,566	-	2,274,566
Cash at Bank and Cash in Hand net of Bank Overdraft 20	3,046,742,340	2,156,090,184	(423,893)	(2,475,888)
	3,046,742,340	2,158,364,750	(423,893)	(201,322)

Figures in brackets indicate deductions.

The Notes to the Financial Statements on pages 46 to 103 form an integral part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1 REPORTING ENTITY

Renuka Holdings PLC is a Public Quoted Limited Liability Company, incorporated in Sri Lanka on 08.02.1979 and re-registered under the Companies Act No. 07 of 2007 (PQ 227) (PVS 524/PBS) and domiciled in Sri Lanka. The shares were listed in the Colombo stock exchange on 10th March 2008.

The registered office of the Company is located at No. 69, Sri Jinaratana Road, Colombo 02.

The consolidated financial statements of the Company as at and for the year ended 31st March 2022 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

1.2 PRINCIPAL ACTIVITIES

During the year, the principal activities of the Company, and Subsidiaries below.

- **Renuka Holdings PLC**
Investment and holding Company
- **Renuka Foods PLC**
Fast moving consumer goods
- **Shaw Wallace Investment PLC**
Investing and Trading
- **Gall Face Capital Partners PLC**
Investing and Trading
- **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.
- **Gall Face Properties Ltd**
Property and Leisure Development

1.3 PARENT ENTERPRISE AND ULTIMATE PARENT ENTERPRISE

The Company does not have an identifiable parent on its own.

1.4 FINANCIAL YEAR

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

1.5 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 of August 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.

2.2 FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

The Consolidated Financial Statements are presented in Sri Lankan Rupees (Rs.) which is the group's functional & presentation currency. All financial information presented at the nearest Rupee unless otherwise indicated.

2.3 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
- Liability for Defined Benefit Obligations is recognized as the present value of the defined benefit obligation.
- Land and Buildings are carried at fair value
- Financial Instruments at Fair Value Through Profit or Loss (FVTPL) are measured at fair value
- Equity Securities at Fair Value Through Other Comprehensive Income (FVOCI) are measured at fair value

2.4. USE OF ESTIMATES AND JUDGMENTS

The preparation of the consolidated financial statements in conformity with SLFRSs 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

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 significant effect on the amounts recognized in the Financial Statements is included in the following respective notes to the Financial Statements.

- Note No. 3.19 - Revenue Recognition
- Note No. 12 - deferring the Fair Value of Biological Assets on the basis of significant unobservable inputs.
- Note No. 9.1 - Impairment test of Goodwill
- Note No. 24 - Measurement of Defined Benefit Obligations: key actuarial assumptions
- Note No. 22 - Recognition of Deferred Tax Assets and Liabilities
- Note No. 15.1 - Provision for Inventories
- Note No. 16.2 - Provision for Impairment of Trade Receivables
- Note No. 8 - Property Plant and Equipments
- Note No. 10 - Investment Property
- Note No. 14 - Investment Measured at FVTPL (quoted and unquoted shares)

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the respective notes to the Financial Statements.

2.4.1. TRANSFER PRICING REGULATION

The Group is subject to income taxes and other taxes including transfer pricing regulations. Prevailing uncertainties with respect to the interpretation of respective transfer pricing regulations, necessitated using management judgment to determine the impact of transfer pricing regulations. Accordingly critical judgments and estimates were used in applying the regulations in aspects including but not limited to identifying associated undertakings, estimation of the respective prices and selection of appropriate pricing mechanism. The current tax charge is subject to such judgments. Differences between estimated income tax charge and actual payable may arise as a result of management's interpretation and application of transfer pricing regulation.

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. CHANGE IN ACCOUNTING POLICIES

The Group has initially adopted definition of a Business (Amendments to SLFRS 3) from 1st April 2020. A number of other new standards are also effective from 1st April 2020, but they do not have material effect on 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, and have been applied consistently by Group entities.

3.1. BASIS OF CONSOLIDATION

The consolidated Financial Statements include the Financial Statements of the Company, its subsidiaries and other companies over which it has control. The Group's Financial Statements comprise of the consolidated Financial Statements of the Company and the Group which have been prepared in compliance with the Group's accounting policies.

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.

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,

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

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. INVESTMENTS IN SUBSIDIARIES

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

3.1.3. NON-CONTROLLING INTERESTS

Non - controlling interests (NCI) are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners.

3.1.4. LOSS OF CONTROL

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

3.1.5. INVESTMENT IN ASSOCIATES

The Group's interests in equity-accounted investees comprise interests in associates. Associates are those entities in which the Group has significant influence, but not control over the financial and operating policies.

Interests in associate is accounted for using the equity method. It is initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity accounted investees, until the date on which significant influence or joint control ceases.

3.1.6. TRANSACTIONS ELIMINATED ON CONSOLIDATION

Intra-group balances and transactions, and any unrealized income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated Financial

Statements. Unrealised 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.

3.2. FOREIGN CURRENCY

3.2.1. FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate at the date that the fair value was determined.

Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are generally recognized in profit or loss.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- Equity investments (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss)

3.3 CURRENT VERSUS NON CURRENT CLASSIFICATION

The Group presents assets & liabilities in the Statement of Financial Position based on current / non-current classification. An asset is current when it is:

- Expected to be realised or intended to sold or consumed in a normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in a normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

The Group classifies all other liabilities as non-current.

3.4 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 Group becomes a party to the contractual provisions of the instrument.

3.4.1 RECOGNITION AND INITIAL MEASUREMENT

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at 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.

3.4.2 CLASSIFICATION AND SUBSEQUENT MEASUREMENT

3.4.2.1 Financial assets – On initial recognition

On initial recognition, a financial asset is classified as measured at:

- 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 Group 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	<p>A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:</p> <ul style="list-style-type: none"> • 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. <p>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.</p>
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FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)	<p>The financial assets are measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:</p> <ul style="list-style-type: none"> • 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.
	<p>On initial recognition of an equity investment that is not held for trading, the Group 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.</p> <p>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 Group recognizes interest income and impairment losses in the statement of profit and loss.</p>
FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)	<p>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 Group 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.</p> <p>Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.</p>

3.4.2.2 Financial assets – Subsequent measurement and gains and losses

FINANCIAL ASSETS AT AMORTISED COST	<p>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.</p>
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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.

3.4.2.3 FINANCIAL LIABILITIES – CLASSIFICATION, SUBSEQUENT MEASUREMENT AND GAINS AND LOSSES

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

3.4.3 DERECOGNITION

3.4.3.1 FINANCIAL ASSETS

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
- substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

3.4.3.2 Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when

its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

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 recognized 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.

3.5 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

3.5.1 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.

3.5.2 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 Group, 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.

3.5.3 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.

3.6 STATED CAPITAL

3.6.1 ORDINARY SHARES

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

3.7 PROPERTY, PLANT AND EQUIPMENT

3.7.1 RECOGNITION AND MEASUREMENT

Land and Buildings are measured at fair value less accumulated depreciation and accumulated impairment loss and other items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalized as part of the 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.

3.7.1.1 REVALUATION METHOD

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 recognized 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 recognized in the income statement, in which case the increase is recognized in the income statement. A revaluation deficit is recognized in the income statement, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

3.7.2 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.

3.7.3 DEPRECIATION

Items of property, plant and equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using a straight-line basis over their estimated useful economic life. Depreciation is generally recognized in profit or loss, unless the amount is included in the carrying amount of another 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.

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.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

	Percentage
Buildings	2.5 – 5
Plant & Machinery	5 – 20
Motor Vehicles	20
Equipment & Tools	10 – 20
Furniture & Fittings	5 -15
Electrical Installation	10 – 20
Computers & Software	25
Waste Water Treatment Plant	5

3.7.4 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 remeasurement 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 the extent that an amount is included in the revaluation surplus for that property, the loss is recognised in OCI and reduces the revaluation surplus within equity.

3.8 INVESTMENT PROPERTY

Investment property is property held either to earn rental income or for capital appreciation or 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 initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When 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.

Rental income from investment property is recognised as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

3.9 INTANGIBLE ASSETS AND GOODWILL

3.9.1 GOODWILL

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. Goodwill is measured at initial recognition in accordance with Note 3.1.1. Any goodwill that arises is tested annually for impairment.

3.9.1.1 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 any impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted investee.

3.9.2 OTHER INTANGIBLE ASSETS

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

3.9.3 SUBSEQUENT EXPENDITURE

Subsequent expenditure is capitalised 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 recognised in profit or loss as incurred.

3.9.4 AMORTISATION

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss. Goodwill is not amortised.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

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

Class of Assets	Useful Lifetime (Years)
Computer Software	5 years
Trade License	10 years

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

3.10 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. Biological assets are classified as mature biological assets and immature biological assets. Mature biological assets are those that have attained harvestable specifications or are able to sustain regular harvests. Immature biological assets are those that have not yet attained harvestable specifications. Managed Timber, Tea, rubber, other plantations and nurseries are classified as biological assets. Biological assets are further classified as bearer biological assets and consumable biological assets. Bearer biological asset includes tea and trees, those that are not intended to be sold or harvested, however used to grow for harvesting agricultural produce from such biological assets. Consumable biological assets includes managed timber those that are to be harvested as agricultural produce or sold as biological assets. The Group recognizes the biological assets when, and only when, the entity controls the assets as a result of past event, it is probable that future economic benefits associated with the assets will flow to the entity and the fair value or cost of the assets can be measured reliably.

The managed timber is measured on initial recognition and at the end of each reporting periods at its fair value less cost to sell in terms of LKAS 41. The cost is treated as approximation to fair value of young plants as the impact on biological transformation of such plants to price during this period is immaterial. The fair value of timber trees are measured using DCF method taking in to consideration the current market prices of timber, applied to expected timber content of a tree at the maturity by an independence professional valuer. All other assumptions are given in Note 12 to the financial statements. The gain or loss arising on initial recognition of biological assets at fair value less cost to sell and from a change in fair value less cost to sell of biological assets are included in profit or loss for the period in which it arises.

3.11 LEASE

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

The lease liability is measured at amortised cost using the 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 payment.

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 in 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 used 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 recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.12 PREMIUM PAID ON LEASEHOLD LAND

The premium paid by the subsidiary for leasehold land represents prepaid rental charges which are amortized over 50 years, commencing from the second year of operation.

3.13 INVENTORIES

Inventories are stated at the lower of cost or net realizable value. Cost is determined by the weighted average method. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads, but excludes interest expense.

Net realisable value is the estimate of the selling price in the ordinary course of business less the costs of completion and selling expenses. Provision is made, where necessary, for obsolete, slow moving and defective inventories.

3.14 IMPAIRMENT

3.14.1 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.

3.14.2 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

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 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.

3.15 EMPLOYEE BENEFITS

3.15.1 SHORT-TERM EMPLOYEE BENEFITS

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group 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.

3.15.2 DEFINED CONTRIBUTION PLANS

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 plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior period; that benefit is discounted to determine its present value.

The retirement benefit obligation of the Group is based on the actuarial valuation using Projected Unit Credit (PUC) methods as recommended by Sri Lanka Accounting Standards (LKAS 19) Employee Benefits. The calculation is performed by individual actuary using the projected unit credit method. The assumptions based on which the results of the actuarial valuation was determined, are included in Note 24 to the Financial Statements.

The Group recognizes all actuarial gains and losses arising from the defined benefit plans immediately in the statement of comprehensive income. The liability is disclosed under non-current liabilities in the statement of financial position and not externally funded. However, as per the Payment of Gratuity Act No. 12 of 1983 the liability to an employee arises only on completion of 5 years of continued services.

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 the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gain or losses on the settlement of a defined plan when the settlement occurs.

3.15.3 DEFINED BENEFIT PLANS

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 Group contributes 12 % and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

3.16 PROVISION

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pretax 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.

3.17 COMMITMENTS AND CONTINGENT LIABILITIES

Contingent Liabilities are possible obligations whose existence will be confirmed only by occurrence or nonoccurrence of uncertain future events not wholly within the control of the Group or present obligations where the transfer of economic benefits is not probable or cannot be reliably measured. Capital Commitment and Contingent Liabilities of the Company and the Group are disclosed in the respective notes to the Financial Statements.

3.18 EVENTS AFTER THE REPORTING PERIOD

The materiality of the events after the reporting period has been considered and appropriate adjustments and provisions have been made in the Financial Statements wherever necessary.

3.19 REVENUE

3.19.1 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

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

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 groups 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.

3.20 FINANCE INCOME AND FINANCE COSTS

Finance Income comprises interest income on funds invested recognized in profit or loss using the effective interest method. 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 on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

3.21 INCOME TAX

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

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

3.21.1 CURRENT TAX

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

3.21.2 DEFERRED TAX

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

Deferred tax is not recognised for:

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

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. 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 realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

3.22 STATEMENT OF CASH FLOWS

The Statement of Cash Flows has been prepared using the "indirect method". Interest paid are classified as operating cash flows, interest received is classified as investing cash flows for the purpose of presenting Statement of Cash Flows.

3.23 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.

3.24 RELATED PARTY TRANSACTIONS

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

Disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies/decisions of the other, irrespective of whether a price is charged.

3.25 SEGMENT REPORTING

Segment results that are to the Group's CEO (the Chief Operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses and tax assets and liabilities.

3.26 COMPARATIVE INFORMATION

The comparative information is re-classified wherever necessary to conform with the current year's presentation in order to provide a better presentation.

4. 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.

5. DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and nonfinancial 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.

5.1. BIOLOGICAL ASSETS

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.

5.2. 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.

5.3. 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. The fair value of held-to-maturity investment is determined for disclosure purposes only.

5.4. TRADE AND OTHER RECEIVABLES

The fair values of trade and other receivables are estimated at the present value of future cash flows, discounted at the market rate of interest at the measurement date. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date..

6. NEW STANDARDS AND INTERPRETATION NOT YET ADOPTED AS AT REPORTING DATE

The following amended standards and the interpretations are not expected to have a significant impact on the Company financial statements.

- Amendments to SLFRS 16 - COVID - 19 related rent concessions beyond June 2001.
- Onerous Contracts - Costs of fulfilling a contract - amendments to LKAS 37
- Amendments to references to the conceptual framework in SLFRS standards - Amendments to slfrs 3
- 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 transfer (Amendments to LKAS 12)
- Annual Improvements to SLFRS standards 2018-2020
- Disclosure of Accounting Policies (Amendments to LKAS 1)
- Definition of Accounting Estimates (Amendment to LKAS 8)

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 7 - FINANCIAL INSTRUMENTS

NOTE 7.1 - 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 Profit/Loss		Fair Value through OCI		Measured at Amortised Cost		Measured at Amortised Cost			
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.	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	-	-	-	-	-	-	-	-	-	-	449,058,601	293,041,890
Financial instruments in current assets/current liabilities												
Trade & other receivables/Payables	1,900,426,245	1,569,283,233	-	-	-	-	-	-	-	-	1,223,870,628	779,357,943
Current financial assets	-	-	743,804,451	922,337,733	-	-	-	-	-	-	-	-
Short term investment in deposits	-	2,274,566	-	-	-	-	-	-	-	-	-	-
Cash in hand and at Bank	3,234,323,653	2,297,638,293	-	-	-	-	-	-	-	-	-	-
Interest-bearing loans & borrowings	-	-	-	-	-	-	-	-	-	-	2,087,819,067	1,992,183,745
Bank overdraft	-	-	-	-	-	-	-	-	-	-	187,581,313	141,548,709
	5,134,749,898	3,869,196,092	743,804,451	922,337,733	-	-	-	-	3,948,329,609	3,206,131,687	-	-

NOTE 7.1.1 - 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.

NOTE 7.2 - 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 Profit/Loss		Fair Value through OCI		Measured at Amortised Cost		Measured at Amortised Cost			
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.	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	-	-	-	-	-	-	-	-	-	-	-	-
Amounts due from/ due to related parties	-	-	-	-	-	-	-	-	-	-	-	-
Short term investment in deposits	-	2,274,566	-	-	-	-	-	-	-	-	-	-
Cash in hand and at Bank	3,256,053	3,793,418	-	-	-	-	-	-	-	-	-	-
Interest-bearing loans & borrowings	-	-	-	-	-	-	-	-	-	-	-	-
Bank overdraft	-	-	-	-	-	-	-	-	-	-	3,679,946	6,269,306
	3,256,053	6,067,984	-	-	-	-	-	-	3,679,946	6,269,306	-	-

NOTE 7.2.1 - 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 7.3 - FAIR VALUE HIERARCHY

NOTE 7.3.1 - 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

The carrying amounts of Financial Assets and Financial Liabilities in each category are as follows.

	LEVEL 1		LEVEL 2		LEVEL 3	
	2022	2021	2022	2021	2022	2021
Asset measured at Fair value						
Investment - Measured at Fair Value through Profit or Loss	339,737,451	553,558,234	-	-	404,067,000	368,779,500
Land & Buildings	-	-	-	-	2,991,615,858	2,850,801,386
Investment Property	-	-	-	-	4,478,442,272	3,898,231,260

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 - Measured at Fair Value through Profit or Loss was based on the net assets value adjusted for the effect of the non market ability of the investments, by discounting the net assets value of the Company.

NOTE 7.3.2 - NON FINANCIAL ASSETS - COMPANY

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

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.)

NOTE 8 - PROPERTY, PLANT & EQUIPMENT

Group	Freehold Land	Buildings	Leasehold Buildings	Plant & Machinery	Motor Vehicles	Furniture, Fittings and Equipment	Electrical Installation	Computer & Software	Milk Collection Centre	Calvet Renovation	WIP	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.		
COST / VALUATION												
Opening Balance as at 1 April 2020	1,084,936,000	1,624,493,915	227,286,500	2,230,813,155	149,567,566	532,193,074	155,462,005	9,175,534	37,191,887	10,169,863	28,948,269	6,090,237,768
Additions	-	28,810,186	-	139,832,779	-	70,445,739	19,001,383	-	-	-	17,301,675	275,391,762
Disposals	-	-	-	(23,886,305)	(17,758,834)	(1,018,578)	-	-	-	-	-	(42,663,717)
Transfers	-	-	-	-	-	-	-	-	-	-	(16,105,677)	(16,105,677)
Impairment	-	(45,000,000)	-	-	-	-	-	-	-	-	-	(45,000,000)
Closing Balance as at 31 March 2021	1,084,936,000	1,608,304,101	227,286,500	2,346,759,629	131,808,732	601,620,235	174,463,388	9,175,534	37,191,887	10,169,863	30,144,267	6,261,860,136
Opening Balance	1,084,936,000	1,608,304,101	227,286,500	2,346,759,629	131,808,732	601,620,235	174,463,388	9,175,534	37,191,887	10,169,863	30,144,267	6,261,860,136
Reclassifications	-	-	-	-	(2,598,513)	-	-	100	-	(10)	-	(2,598,423)
Opening Balance as at 1 April 2021	1,084,936,000	1,608,304,101	227,286,500	2,346,759,629	129,210,219	601,620,235	174,463,388	9,175,634	37,191,887	10,169,853	30,144,267	6,259,261,713
Additions	-	292,791,716	-	236,092,900	646,500	109,771,929	31,918,441	928,469	-	-	19,469,505	691,619,460
Revaluation	17,100,000	-	-	-	-	-	-	-	-	-	-	17,100,000
Transfers	(4,698,806)	-	-	-	-	-	-	-	-	-	(20,592,319)	(25,291,125)
Disposal of subsidiary	(115,000,000)	-	-	-	(16,098,913)	(48,822,468)	-	(157,590)	-	-	-	(183,195,342)
Closing Balance as at 31 March 2022	982,337,194	1,901,095,817	227,286,500	2,582,852,829	113,757,806	662,569,696	206,381,829	9,946,513	37,191,887	10,169,853	29,021,453	6,759,494,706
ACCUMULATED DEPRECIATION												
Opening Balance as at 1 April 2020	-	24,395,571	218,323	1,040,939,886	134,656,650	336,357,135	29,285,310	10,142,192	716,912	-	-	1,576,711,979
Reclassification	-	-	-	-	-	-	966,658	(966,658)	-	-	-	-
Opening Balance as at 1 April 2020	-	24,395,571	218,323	1,040,939,886	134,656,650	336,357,135	30,251,968	9,175,534	716,912	-	-	1,576,711,979
Charge For the year	-	44,503,969	607,352	178,997,644	10,204,398	48,811,538	14,939,915	-	150,035	-	-	298,214,851
Depreciation on Disposals	-	-	-	(2,323,805)	(17,758,835)	(1,018,578)	-	-	-	-	-	(21,101,218)
Closing Balance as at 31 March 2021	-	68,899,540	825,675	1,217,613,725	127,102,213	384,150,095	45,191,883	9,175,534	866,947	-	-	1,853,825,612
Opening Balance	-	68,899,540	825,675	1,217,613,725	127,102,213	384,150,095	45,191,883	9,175,534	866,947	-	-	1,853,825,612
Reclassifications	-	-	-	76,313	(9,387,209)	6,712,383	-	-	-	-	-	(2,598,423)
Opening Balance as at 1 April 2021	-	68,899,540	825,675	1,217,690,038	117,715,004	390,862,478	44,225,215	10,142,292	866,947	-	-	1,851,227,189
Charge For the year	-	48,714,614	663,824	196,415,116	4,851,182	45,707,457	16,521,266	7,879	108,718	-	-	312,990,056
Transfers	-	-	-	(832,290)	-	832,290	-	-	-	-	-	-
Disposal of Subsidiaries	-	-	-	-	(16,098,913)	(34,759,759)	-	(157,590)	-	-	-	(52,737,979)
Closing Balance as at 31 March 2022	-	117,614,154	1,489,499	1,413,272,864	106,467,273	402,642,466	61,713,149	9,025,923	975,665	-	-	2,111,479,266
Net book value as at 31.03.2022	982,337,194	1,783,481,663	225,797,001	1,169,579,665	7,290,533	259,927,230	144,668,680	920,590	36,216,222	10,169,853	29,021,453	4,648,015,440
Net book value as at 31.03.2021	1,084,936,000	1,539,404,561	226,460,825	1,129,145,904	4,706,519	217,470,140	129,271,505	-	36,324,940	10,169,863	30,144,267	4,408,034,524

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 8.1

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.

NOTE 8.2

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)

NOTE 8.3

There were no restrictions on the title of the Property, Plant and Equipment as at 31 March 2022 other than those disclosed in Note 23.3

NOTE 8.4

There were no items of Property, Plant and Equipment Pledged as security as at 31 March 2022 other than those disclosed in Note 23.3

NOTE 8.5

The Capital Work in Progress represent projects in progress.

NOTE 8.6

During the year under review the Group has not capitalized any borrowing cost.

NOTE 8.7

During the financial year, the Group has acquired property, plant & equipment to the aggregate value of Rs. 691,619,460 (2021 - Rs. 259,286,085) cash payments amounting to Rs. 671,027,141 (2021 - Rs. 259,286,085) were made during the year for purchase of property, plant & equipment.

NOTE 8.8 - 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.

As at 31.03.2022	Group			Company		
	Cost	Accumulated Depreciation	Carrying Amount	Cost	Accumulated Depreciation	Carrying Amount
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land	492,494,405	-	492,494,405	-	-	-
Building	1,368,913,081	234,098,986	1,134,811,095	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 8.9 - 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 and 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 the market values as at 31st March 2022 have not materially changed from the values determined as at 31st March 2020.

Company	Location	Last Revaluation Date	Land Extent (Perches)	Fair Value as at 31.03.2022 Rs.			
				Land	Free Hold Buildings	Number of Buildings	Level of Fair value Hierarchy

NOTE 8.10 - REVALUATION OF LAND & BUILDINGS

Renuka Agri Foods PLC	Unagahadeniya	31st March 2020	70	21,120,000	903,000	1	Level 3
	Wathupitiwala / Giriulla	31st March 2020	-	-	634,719,314	11	Level 3
Renuka Developments (Pvt) Ltd	Unagahadeniya	31st March 2020	303	75,825,000	23,380,751	7	Level 3
Renuka Agri Organics Ltd	Wathupitiwala	31st March 2020	-	-	262,973,228	3	Level 3
	Colombo - 8	31st March 2020	40	320,000,000	588,921,750	1	Level 3
	Colombo - 9	31st March 2020	5	18,800,000	-	-	Level 3
Shaw Wallace Ceylon Ltd	Ekala, Ja - Ela	31st March 2020	60	29,900,000	47,585,241	2	Level 3
	Ekala, Ja - Ela	31st March 2020	215	107,375,000	31,531,759	11	Level 3
Shaw Wallace Properties (Pvt) Ltd	New Nuge Road, Peliyagoda	31st March 2022	216	355,899,359	182,970,652	3	Level 3
RichLife Daries Ltd	Priivena Road, Molligoda, Wadduwa	31st March 2020	886	158,568,000	183,562,119	6	Level 3
Kandy Plantations Ltd	Nalla, Diuldeniya	31st March 2020	-	-	10,493,810	4	Level 3
	Matale	31st March 2022	3,285	70,301,194	-	-	Level 3
Coco Lanka (Pvt) Ltd	Coco Watte Estate, Puttalam	31st March 2020	26,445	180,448,000	9,904,501	5	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)]

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 particular 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) "

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

Company	Location	Market Value as at 31st March 2022	Extent	Land			Building		
				Per Perch Value	Increase +10%	Decrease -10%	Market Value as at 31st March 2022	Increase +10%	Decrease -10%
				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	-	-	-	-	-	634,719,314	63,471,931	(63,471,931)
Renuka Developments (Pvt) Ltd	Unagahadeniya	75,825,000	1A-3R-23.30P	250,000	7,582,500	(7,582,500)	23,380,751	2,338,075	(2,338,075)
Kandy Plantations Ltd	Nalla, Diuldeniya	-	-	-	-	-	8,524,350	852,435	(852,435)
	Matale	70,301,194	20A-2R-4.70P	16,523	7,030,119	(7,030,119)	-	-	-
Coco Lanka (Pvt) Ltd	Cocowatte Estate, Puttalam	180,448,000	165A-1R-05P	6,824	18,044,800	(18,044,800)	9,904,501	990,450	(990,450)
Renuka Agri Organics Ltd	Wathupitiwala	-	-	-	-	-	262,973,228	26,297,323	(26,297,323)
Shaw Wallace Ceylon Ltd	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)
	Colombo - 9	18,800,000	0A-0R-4.7P	4,000,000	1,880,000	(1,880,000)	-	-	-
	Ekala	29,900,000	0A-1R-19.8P	500,000	2,990,000	(2,990,000)	31,531,759	3,153,176	(3,153,176)
	Ekala	107,375,000	1A-1R-14.75P	500,000	10,737,500	(10,737,500)	47,585,241	4,758,524	(4,758,524)
Richlife Dairies Ltd	Molligoda, Wadduwa	158,568,000	5A-2R-06P	178,971	15,856,800	(15,856,800)	183,562,119	18,356,212	(18,356,212)
Shaw Wallace Properties (Pvt) Ltd	Nuge Road, Peliyagoda	355,899,359	0A-0R-12.59P	1,763,974	35,589,936	(35,589,936)	182,970,652	18,297,065	(18,297,065)

NOTE 9 - INTANGIBLE ASSETS

	Goodwill	Trade Mark	Computer Software	Total
	Rs.	Rs.	Rs.	Rs.
Cost				
Balance at the Beginning of the year	157,500,770	32,350,000	17,172,508	207,023,278
Additions during the year	23,417,648	-	-	23,417,648
Balance at the End of the year	180,918,418	32,350,000	17,172,508	230,440,926
Accumulated Amortization/ Impairment				
Balance at the Beginning of the year	-	18,743,212	15,516,186	34,259,398
Amortization during the year	-	3,010,000	708,329	3,718,329
Balance at the End of the year	-	21,753,212	16,224,515	37,977,727
Written down value				
Balance as at 31st March 2021	157,500,770	13,606,788	1,656,322	172,763,880
Balance as at 31st March 2022	180,918,418	10,596,788	947,993	192,463,199

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 9.1 - GOODWILL

Goodwill represents the excess on acquisition over the Group interest in the net fair value of the identifiable assets, liabilities and contingent liabilities at the date of acquisition, and is carried at cost less accumulated impairment losses. The Group goodwill has been allocated to the following cash generating units, for impairment testing.

AS AT 31ST MARCH	2022 Rs.	2021 Rs.
Name of the Subsidiaries		
Shaw Wallace Ceylon Ltd	53,489,916	53,489,916
Richlife Dairies Ltd	66,431,610	66,431,610
Shaw Wallace Investment PLC	37,579,244	37,579,244
Galle Face Capital Partners PLC	23,417,648	–
	180,918,418	157,500,770

When testing for impairment for goodwill the recoverable amount of a cash generating unit is determined on the basis of value-in-use calculations. These calculations use cash flow projections based on financial budgets, which are approved by the Management typically covering a five year period. Cash flows beyond the five year period are extrapolated using the estimated growth rates. The cash flows were discounted at an appropriate pre-tax discount rate. The Management is of the view that a provision for impairment of goodwill is not required as at the reporting date.

NOTE 9.1.1 - SHAW WALLACE CEYLON 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

NOTE 9.1.2 - 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

NOTE 9.1.3 - SHAW WALLACE INVESTMENT PLC

The recoverable amount of this CGU was based on fair value less costs 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 per share is Rs. 7.30.

NOTE 9.1.4 - GALLE FACE CAPITAL PARTNERS PLC

The recoverable amount of this CGU was based on fair value less costs 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 per share is Rs. 24.50.

NOTE 9.2 - TRADEMARK

- Shaw Wallace Ceylon Limited has acquired the "Mr. POP", "Pic Nic", "Rockers", "Chatters" and associated 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.
- Mayfair Foods (Pvt) Ltd has acquired the "Mayfair" Trade Mark for a sum of Rs. 15 Million during 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 said trademark reflected in Shaw Wallace Ceylon Limited.

NOTE 10 - INVESTMENT PROPERTY

AS AT 31ST MARCH	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
NOTE 10.1 - MOVEMENT OF INVESTMENT PROPERTY				
Balance at the beginning of the year	3,898,231,260	3,333,884,153	-	-
Additions during the year	390,461,012	300,747,107	-	-
Less : Provision for Impairment (Note 10.4)	-	(13,500,000)	-	-
Change in fair value of investment property	189,750,000	277,100,000	-	-
Balance at the end of the year	4,478,442,272	3,898,231,260	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 10.2 - Details of Investment Property as at 31.03.2022

Name of the Company		Details of the Property	Fair Value as at 31.03.2022 Rs.	Director Valuation as at 31.03.2022 Rs.	Valuer's Valuation	
					Date	Value Rs.
(a) Land						
Galle Face Properties Limited	Land	Galle Face Terrece, Colombo - 03	2,129,750,000	2,129,750,000	31st March 2022	2,129,750,000
Campbell Place Properties (Pvt) Ltd	Land	Sri Dharma Mawatha, Colombo - 09	920,000,000	920,000,000	31st March 2022	920,000,000
(b) Capital work-in progress						
Galle Face Properties Limited	Building	Galle Face Terrece, Colombo - 03	1,428,692,272	1,428,692,272	31st March 2022	-
			4,478,442,272	4,478,442,272		

NOTE 10.3 - Investment Property has been valued by,

Name of the Company	Name of the Valuer
Galle Face Properties Limited	Mr. A.A.M. Fathihu' F.I.V Government valuer (Ret'd)
Campbell Place Properties (Pvt) Ltd	M.C Abdul Malick Int.Sc.(London),D.I.V (SL),F.I.V (SL) Chartered valuer (Ret'd)State Value)

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		Market Value as at 31st March 2022 (Rs.)	Extent	Per Perch Value (Rs.)	Increase +10% (Rs.)	Decrease -10% (Rs.)
Galle Face Properties Limited	Galle Face Terrace, Colombo 02"	Land	2,129,750,000	Perch	85.19	25,000,000	212,975,000 (212,975,000)
Campbell Place Properties (Pvt) Ltd	Sri Dhamma Mawatha Colombo 09.	Land	920,000,000	Perch	184	5,000,000	92,000,000 (92,000,000)

NOTE 10.4 - Provision for Impairment

Provision for impairment of Rs.13,500,000/- has been made in relation to the cost of Rs. 13,500,000/- incurred under the Capital Work in Progress during the financial year ended 31st March 2018. The Management is of the opinion that the recoverable value of the same is zero. Further the management of the company is of the opinion that there is no further impairment provision required for the same.

NOTE 10.5 - Rental income Earned and Direct Operating Expenses Incurred

Rent income earned from Investment Property by the Group amounted to Rs. Nil (2021 - Nil) and no Direct operating Expenses incurred in relation to the Investment Property.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 11 - RIGHT OF USE ASSETS

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 data. 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.

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

AS AT 31ST MARCH	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Balance as at 1st April	208,417,234	212,095,186	-	-
Amortization during the year	(3,677,948)	(3,677,952)	-	-
Balance as at 31ST March	204,739,286	208,417,234	-	-
RIGHT OF USE ASSETS (Note 11.2)				
Cost				
Balance as at 1st April	180,077,013	144,572,684	-	-
Disposal of subsidiary	(4,245,034)	-	-	-
Withdrawal during the year	-	(22,729,306)	-	-
Additions during the year	11,311,433	58,233,635	-	-
Balance as at 31ST March	187,143,412	180,077,013	-	-
Amortization				
Balance as at 1st April	55,320,463	40,483,725	-	-
Disposal of subsidiary	(3,692,659)	-	-	-
Withdrawal during the year	-	(921,458)	-	-
Charge for the year	16,688,074	15,758,196	-	-
Balance as at 31ST March	68,315,878	55,320,463	-	-
Net Book Value	118,827,534	124,756,550	-	-
Grand Total	323,566,820	333,173,784	-	-
Note 11.1 Leasehold Land				
Kandy Plantations Limited (Note 11(a))				
Land, Building, Mature and Immature Plantations	6,224,180	6,742,866	-	-
Amortization during the year	(518,682)	(518,686)	-	-
Balance as at 31ST March	5,705,498	6,224,180	-	-
Shaw Wallace Properties (Pvt) Limited (Note 11(c))				
Balance as at 1st April	202,193,054	205,352,320	-	-
Amortization during the year	(3,159,266)	(3,159,266)	-	-
Balance as at 31ST March	199,033,788	202,193,054	-	-
Grand Total	204,739,286	208,417,234	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 11.1.(a) - KANDY PLANTATIONS LIMITED

Lease have been executed for 3 estates (Primarily coconut) comprising 33 contiguous allotments of Land called and known as "Giriulla Estate" in Giriulla situated in the Gampaha District, Western Province.

As per Survey Plan No. 45/27, prepared in May 1926 and April 1927 by Mr. L.H.Croos Dabrera, this contiguous allotments of Land comprise a total extent of 640A-3R-32P. This lease has been executed for a period of 30 years under 2 separate lease agreements. The first lease agreement relates to 10 years period from 1st April 2003 to 31st March 2013 and the second lease agreement relates to the next 20 years commencing from 1st April 2013 and ending on 31st March 2033.

A valuation report dated 11th October 2003 prepared by Leon M.P. Perera Dip.in.Val.F.I.V. indicates only the method of ascertaining the maximum amount payable to the owner of the Estate for the 30 years period which was Rs. 88,000,000/-. The agreed amount payable of Rs. 82.5Mn had been capitalized on the basis that it represents the value of immovable tassetsak oven byer Kandy Plantations Ltd.

With the initial application of SLFRS 16-Leases this has been adjusted to reflect the application of SLFRS 16-Leases.

NOTE 11.1.(b) - RENUKA AGRI FOODS PLC

This represents the premiums paid to the Board of Investment of Sri Lanka for the acquisition of leasehold land in 2001 and 2014. These premiums are amortized over the leasehold period of 50 years with effect from the years 2001 and 2014 respectively. With the initial application of SLFRS 16-Leases this has been adjusted to reflect the application of SLFRS 16-Leases.

NOTE 11.1.(c) - SHAW WALLACE PROPERTIES (PRIVATE) LIMITED

The acquisition cost of the leasehold rights of the Land situated at No. 42/1, New Nuge Road, Peliyagoda is recognized under Right to use Land. This Land is on a ninety nine year lease from the Urban Development Authority. This lease, which was assigned by the previous lessee, to the Company on 12th June 2008, expires on 31st August 2085.

NOTE 11.1.(d) - RENUKA AGRI ORGANICS LIMITED

The land is acquired under 50 years lease term from Board of Investment of Sri Lanka. The total lease rent is being amortised during lease term from 2014/15 at 2% per annum. With the initial application of SLFRS 16 - Leases, this has been adjusted to reflect the application of SLFRS 16 - Leases.

NOTE 11.2 - RIGHT OF USE ASSETS

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

NOTE 12. BIOLOGICAL ASSETS

	GROUP		COMPANY	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
(a) Consumable Biological Assets - Timber Plantations				
Balance as at 1st April	109,439,773	90,952,113	-	-
Additions during the year	12,222,570	13,798,620	-	-
Gain / (Loss) arising from changes in fair value	(722,302)	4,689,040	-	-
Balance as at 31st March	120,940,041	109,439,773	-	-
Represented by				
Biological Assets at fair value	62,331,124	62,026,150	-	-
Biological Assets at cost less depreciation	56,221,752	45,395,533	-	-
Immature pepper plantation	2,387,166	2,018,090	-	-
	120,940,041	109,439,773	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 12.1 - BIOLOGICAL ASSETS AT FAIR VALUE

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

NOTE 12.1.1 - CEYLON FORESTRY (PRIVATE) LIMITED

The biological asset is on the land owned by Ceylon Botanicals (Private) Limited (a subsidiary company of the ultimate holding Company Renuka Holdings PLC), for which rent has been paid by Ceylon Forestry (Private) Limited. The total extent of the land is 67A- 3R-03.00P. The timber planted area is 42 acres and pepper is 05 acres. Number of Timber Trees are 13,896.

Managed trees include commercial teak timber plantations and pepper plantation 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.

The fair value of managed Timber 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 in Note 12.1.3.

NOTE 12.1.2 - 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 in Note 12.1.3.

NOTE 12.1.3 - 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 nears) 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 +0.5% to -0.5%

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 12.1.4 - SENSITIVITY ANALYSIS

Sensitivity variation on sales price

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 10 % of the estimated discount rate has the following effect on the net present value of biological assets:

Sales price fluctuation	+10% Rs.	0 Rs.	-10% Rs.
Managed Timber			
As at 31st March 2022	68,564,253	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% Rs.	0 Rs.	-1% Rs.
Manage Timber			
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

NOTE 12.2 - 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.

NOTE 13 - INVESTMENTS

NOTE 13.1 - INVESTMENTS IN SUBSIDIARIES

AS AT 31ST MARCH	Effective Holding %		Company	
	2022	2021	2022 Rs.	2021 Rs.
Direct-Subsidiaries				
Renuka Agro Exports Ltd	100.00%	100.00%	442,687,500	442,687,500
Shaw Wallace & Hedges Ltd	78.91%	85.12%	1,754,625,000	1,754,625,000
Renuka Enterprises (Pvt) Ltd	100.00%	100.00%	433,766,000	433,766,000
Sub-Subsidiaries				
Renuka Foods PLC	48.36%	48.36%	-	-
Renuka Agri Foods PLC	31.49%	33.87%	-	-
Renuka Agri Organics Ltd	38.24%	39.67%	-	-
Renuka Developments (Pvt) Ltd	31.49%	33.87%	-	-
Renuka Teas Ceylon (Pvt) Ltd	0.00%	48.36%	-	-
Bois Bros and Co. (Pvt) Ltd	0.00%	48.36%	-	-
Campbell Place Properties (Pvt) Ltd	80.23%	85.12%	-	-
Ceylon Forestry (Pvt) Ltd	18.29%	19.67%	-	-
Ceylon Botanicals (Pvt) Ltd	0.00%	26.23%	-	-
Coco Lanka (Pvt) Ltd	30.76%	33.11%	-	-
Galle Face Properties Ltd	80.23%	85.12%	-	-
Galle Face Capital Partners PLC	25.08%	-	-	-
Kandy Plantations Ltd	30.49%	32.79%	-	-
Richlife Dairies Ltd	48.36%	46.70%	-	-
Shaw Wallace Ceylon Ltd	41.13%	42.81%	-	-
Shaw Wallace Properties (Pvt) Ltd	41.13%	42.81%	-	-
Shaw Wallace Investment PLC	50.06%	51.44%	-	-
Total			2,631,078,500	2,631,078,500

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 13.1.1.- 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

Shaw Wallace & Hedges Ltd

On 30.08.2021 Shaw Wallace Investments PLC purchased 2,000,000 new ordinary voting shares at Rs. 11.54 from Shaw Wallace & Hedges Ltd for Rs.23,080,000

On 30.08.2021 Shaw Wallace Investments PLC purchased 2,000,000 new ordinary voting shares at Rs. 11.54 from Shaw Wallace & Hedges Ltd for Rs.23,080,000

On 31.08.2021 Shaw Wallace Investments PLC purchased 3,600,000 new ordinary voting shares at Rs. 11.54 from Shaw Wallace & Hedges Ltd for Rs.41,544,000

On 15.09.2021 Shaw Wallace Investments PLC purchased 4,000,000 new ordinary voting shares at Rs. 11.54 from Shaw Wallace & Hedges Ltd for Rs.46,160,000

On 27.09.2021 Shaw Wallace Ceylon Ltd purchased 18,900,000 new ordinary non-voting shares at Rs.11.90 per share from Shaw Wallace & Hedges Ltd for Rs.224,910,000 as approved by the Board on 28th June 2021

On 08.11.2021 Shaw Wallace Investments PLC purchased 7,400,000 new ordinary voting shares at Rs. 11.54 from Shaw Wallace & Hedges Ltd for Rs.85,396,000

On 19.11.2021 Shaw Wallace Ceylon Ltd purchased 17,010,000 new ordinary non-voting shares at Rs.11.90 per share from Shaw Wallace & Hedges Ltd for Rs.202,419,000 as approved by the Board on 28th June 2021

On 14.12.2021 Shaw Wallace Ceylon Ltd purchased 5,000,000 new ordinary non-voting shares at Rs.11.90 per share from Shaw Wallace & Hedges Ltd for Rs.59,500,000 as approved by the Board on 28th June 2021

On 22.02.2022 Shaw Wallace Ceylon Ltd purchased 5,090,000 new ordinary non-voting shares at Rs.11.90 per share from Shaw Wallace & Hedges Ltd for Rs.60,571,000 as approved by the Board on 28th June 2021

On 18.03.2022 Shaw Wallace Investments PLC purchased 15,000,000 new ordinary voting shares at Rs.11.90 per share from Shaw Wallace & Hedges Ltd for Rs.178,500,000

Coco Lanka (Pvt) Ltd

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

Galle Face Properties Ltd

On 27.09.2021 Shaw Wallace & Hedges Ltd purchased 50,000,000 new ordinary non-voting shares at Rs.10 each from Galle Face Properties Ltd for Rs.500,000,000

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

Galle Face Capital Partners PLC

On 17.02.2022 Shaw Wallace Investments PLC purchased 5,199,950 ordinary shares of Galle Face Capital Partners PLC at Rs.32.60 per share from Shaw Wallace & Hedges Ltd for Rs.169,494,630

Cargo Boat Despatch Company Investments (Private) Limited

On 23.03.2022 Galle Face Capital Partners PLC purchased 99,056 ordinary voting shares of Cargo Boat Despatch Company Investments (Private) Limited at Rs.1,452 per share from Shaw Wallace Investments PLC for Rs.143,829,312

On 23.11.2021 Renuka Enterprises (Pvt) Ltd purchased 20,000,000 new ordinary non-voting shares at Rs.1.45 each from Cargo Boat Despatch Company Investments (Private) Limited for Rs.29,000,000

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 13.1.2 - FOLLOWING ARE THE GROUP INVESTMENTS DISPOSED DURING THE YEAR

13.1.2 (a) 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 18.08.2021 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.

	Rs.
Assets	
Property, plant and equipment	20,001,062
Amounts due from related company	33,332
Cash at bank	5,009,438
	25,043,832
Liabilities	
Deferred tax liability	(4,745,800)
Amounts due to related company	(6,655)
Other payables	(77,332)
	(4,829,787)
Total identifiable net assets as at disposal date	20,214,045
Tabulated below is the net impact of the transactions outlined in above.	
Cash consideration	26,300,000
Impact on NCI	(4,489,553)
	21,810,447
Carrying value of net asset	(20,214,045)
Gain on disposal of subsidiary	1,596,402
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	21,290,562

13.1.2. (b) 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 28.08.2021 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
Income tax refund due	-	603,805	603,805
Other Current Assets	10,043,876	-	10,043,876
Cash & Cash Equivalents	11,308,574	5,579,840	16,888,414
	187,037,387	101,661,707	288,699,094
Liabilities			
Retirement Benefit Obligation	(7,349,969)	-	(7,349,969)
Lease Liability	(893,998)	-	(893,998)
Deferred Tax Liability	(229,417)	(22,800,000)	(23,029,417)
Trade & Other Payables	(16,537,893)	(85,000)	(16,622,893)
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)	(22,885,000)	(122,494,684)
Total identifiable net assets as at disposal date	87,427,703	78,776,707	166,204,410

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

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

	2022 Rs.
Cash consideration	193,717,425
Impact on NCI	(14,206,674)
	179,510,751
Carrying value of net asset	(166,204,410)
Gain on disposal of subsidiary	13,306,341
Cash flow as a result of disposal of subsidiary	
Consideration received	193,717,425
Cash and cash equivalent as at disposal date	
Cash and Cash Equivalents	(16,888,414)
Net cash inflow as a result of disposal	176,829,011

13.1.2 (c) Galle Face Capital Partners PLC

On 31 October 2021, the Group acquired 63.65% of the shares and voting interest in Galle Face Capital Partners PLC. As a result, granting it control of Galle Face Capital Partners PLC.

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

	2022 Rs.
Investments - Measured at fair value through profit or loss	468,083,000
Trade and other receivables	3,431,000
Cash and cash equivalents	343,663,000
Other payable	(334,386)
Income tax payable	(1,022,000)
Total identifiable net assets acquired	813,820,614
Goodwill arising from acquisition has been recognised as follows,	
Consideration transferred	537,370,842
Non Controlling Interests	299,867,420
Fair Value of identifiable net assets	(813,820,614)
Goodwill on acquisition	23,417,648

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 13.2 - INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES

AS AT 31ST MARCH		Effective Holding %			
		2022	2021	2022	2021
Investor	Investee			Rs.	Rs.
Shaw Wallace & Hedges Ltd	Cargo Boat Despatch Company Investments (Pvt) Ltd	-	50%	-	169,053,776
Renuka Enterprise (pvt) Ltd					
Shaw Wallace Investment PLC					
				-	169,053,776

(a) MOVEMENT IN INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES

	GROUP	
	2022	2021
	Rs.	Rs.
Opening Balance	169,053,776	1,113,769,804
Investment during the year	29,000,000	-
Share of Comprehensive Income (Net of Tax)	(3,105,182)	40,319,087
Share of Amalgamated Reserve	-	86,270
Derecognition of EAI	(143,829,312)	-
Loss on disposal of EAI	(15,831,782)	-
Transfer to Fair Value through Profit or Loss	(35,287,500)	-
Dividend received during the year	-	(17,524,573)
Disposed during the year	-	(967,596,812)
Balance as at 31ST March	-	169,053,776

	Value	
	2022	2021
	Rs.	Rs.
NOTE 13.2.1 - On'ally Holdings PLC		
Opening balance	-	944,853,144
Share of Comprehensive Income (Net of Tax)	-	40,268,241
Dividend received during the year	-	(17,524,573)
Disposed during the year	-	(967,596,812)
Balance on 31ST March	-	-

On'ally Holdings PLC was an investment in associate with a holding of 43.82% and engaged in property development/real estate business and a listed company in Colombo Stock Exchange having its principal place of business is at Unit 603, 4th Floor, Unity Plaza Building, No.2, Galle Road, Colombo 04. The Group has fully disposed the Associate Investment in On'ally Holdings PLC on 03rd December 2020.

SHARE OF PROFITS	2022	From
	Rs.	01.04.2020 to
		30.11.2020
		Rs.
Revenue	-	117,468,190
Other Operating Income	-	8,075,408
Other Operating Expenses	-	(39,330,708)
Operating Profit	-	86,212,890
Finance Income	-	35,448,711
Fair Value Gain on Investment Property	-	-
Profit Before Tax	-	121,661,601
Company's Share of Profit Before Tax	-	53,312,114
(-) Company's Share of Tax	-	(13,043,873)
Company's Share of Profit (Net of Tax)	-	40,268,241
Company's Share of Other Comprehensive Income	-	-
Company's Share of Total Comprehensive Income (Net of Tax)	-	40,268,241

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

	Value	
	2022 Rs.	2021 Rs.
NOTE 13.2.2 - CARGO BOAT DESPATCH COMPANY INVESTMENTS (PVT) LTD		
Opening balance	169,053,776	168,916,660
investment during the year	29,000,000	-
Share of Comprehensive Income (Net of Tax) (Note 38(a))	(3,105,182)	50,846
Share of Amalgamation Reserve	-	86,270
Derecognition of EAI	(143,829,312)	-
Loss on disposal of EAI	(15,831,782)	-
Transfer to Fair Value through Profit or Loss	(35,287,500)	-
Balance on 31ST March	-	169,053,776

Cargo Boat Despatch Company Investments (Pvt) Ltd is an investment in associate with a holding of 50% and engaged in investment activities and not a publically listed. Its principal place of business is at No. 71, Lake Crescent, Colombo 02.

SHARE OF PROFITS FOR THE YEAR ENDED	31.03.2022 Rs.	31.03.2021 Rs.
Revenue	(6,937,481)	175,728
Cost of Sales	-	-
Gross Profit /(Loss)	(6,937,481)	175,728
Administrative Expense	(98,109)	(146,381)
Finance and Other Charges	(10,507)	(4,500)
Finance Income	191,017	76,843
Profit /(Loss) Before Tax	(6,855,080)	101,690
Company's Share of Profit /(Loss) Before Tax	(3,105,182)	50,846
(-) Company's Share of Tax	-	-
Company's Share of Profit (Net of Tax)	(3,105,182)	50,846
Company's Share of Other Comprehensive Income	-	-
Company's Share of Total Comprehensive Income (Net of Tax)	(3,105,182)	50,846

SUMMARIZED FINANCIAL INFORMATION	Balance as at 31.03.2022 Rs.	Balance as at 31.03.2021 Rs.
Non Current Assets	-	299,888,400
Current Asset	-	5,653,732
Total Assets	-	305,542,132
Current Liability	-	68,000
Total Liabilities	-	68,000
Net Asset	-	305,474,132
Company Share of Net Asset	-	152,737,066
Goodwill	-	16,316,710
	-	169,053,776

	Balance as at 31.03.2021 Rs.	Balance as at 31.03.2020 Rs.
NOTE 13.2.3 - Inter Ocean Lubricants (Pvt) Ltd		
Amount Invested during the year	-	67,775,449
Share of Comprehensive Income (Net of Tax)	-	2,135,263
Disposed during the year	-	(69,910,712)
Balance on 31st March	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 13.3 - PRINCIPAL SUBSIDIARIES

The following disclosure excerpt highlights the Group composition and the proportion of ownership interests held by NCI

Company	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 Food PLC	Fast Moving Consumer Goods	Ordinary	48.36%	48.4%	51.64%	48.36%	48.4%	51.64%
Renuka Agri Foods PLC	Manufacture & markets a range of coconut products	Ordinary	31.49%	31.5%	68.51%	31.49%	31.5%	68.51%
Shaw Wallace Investments PLC	Investing and trading in debt, equity and other classes of instruments.	Ordinary	50.06%	50.1%	49.94%	50.06%	50.1%	49.94%
Renuka Agro Exports Ltd	Sourcing, manufacturing & exporting ethnic food products	Ordinary	100.00%	100.0%	0.00%	100.00%	100.0%	0.00%
Shaw Wallace & Hedges Ltd	The company operates as the holding company of property development Companies	Ordinary	78.91%	78.9%	21.09%	78.91%	78.9%	21.09%
Renuka Enterprises (Pvt) Ltd	Provide support services to Group companies	Ordinary	100.00%	100.0%	0.00%	100.00%	100.0%	0.00%
Renuka Agri Organics Ltd	Export coconut based products	Ordinary	38.24%	38.2%	61.76%	38.24%	38.2%	61.76%
Renuka Developments (Pvt) Ltd	Organic certification license holder and investment in plantation /farm & vertical intergration projects	Ordinary	31.49%	31.5%	68.51%	31.49%	31.5%	68.51%
Renuka Teas Ceylon (Pvt) Ltd	Export bulk tea, value added tea products	Ordinary	0.00%	0.0%	100.00%	0.00%	0.0%	100.00%
Bios Bros & Co. (Pvt) Ltd	Providing warehousing facilities	Ordinary	0.00%	0.0%	100.00%	0.00%	0.0%	100.00%
Campbell Place Properties (Pvt) Ltd	The company is in the business of property development	Ordinary	78.91%	78.9%	21.09%	80.23%	80.2%	19.77%
Ceylon Forestry (Pvt) Ltd	Planting and managing forestry	Ordinary	18.29%	18.3%	81.71%	0.00%	0.0%	100.00%
Ceylon Botanicals (Pvt) Ltd	Investment in agricultural property	Ordinary	0.00%	0.0%	100.00%	18.29%	18.3%	81.71%
Coco Lanka (Pvt) Ltd	Organic cultivation of agriculture produce	Ordinary	30.76%	30.8%	69.24%	30.76%	30.8%	69.24%
Galle Face Properties Ltd	The company is in the business of property development	Ordinary	78.91%	78.9%	21.09%	80.23%	80.2%	19.77%
Kandy Plantations Ltd	Engaged in organic certified cultivation of agriculture	Ordinary	30.49%	30.5%	69.51%	30.49%	30.5%	69.51%
Richlife Dairies Ltd	Manufacturing of dairy and fruit juice based products	Ordinary	48.36%	48.4%	51.64%	48.36%	48.4%	51.64%
Shaw Wallace Ceylon Ltd	Manufacturing and distribution of fast moving consumer goods	Ordinary	41.13%	41.1%	58.87%	41.13%	41.1%	58.87%
Shaw Wallace Properties Ltd	Providing warehousing facilities	Ordinary	41.13%	41.1%	58.87%	41.13%	41.1%	58.87%
Galle Face Capital Partners PLC	Investing and trading in debt, equity	Ordinary	25.08%	25.1%	74.92%	0.00%	0.00%	0.00%

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 13.4 - NON CONTROLLING INTERESTS (NCI)

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

NCI Percentage	Renuka Agri Foods PLC 68.51%	Renuka Agri Organics Ltd 61.76%	Shaw Wallace Ceylon Ltd 58.87%
	Amount Rs.	Amount Rs.	Amount Rs.
Non Current Assets	3,804,243,049	474,591,187	2,599,823,606
Current Assets	2,285,236,904	522,416,092	548,639,118
Non Current Liabilities	(677,429,318)	(93,130,580)	(148,925,092)
Current Liabilities	(2,084,167,217)	(425,752,799)	(810,428,191)
Net Assets	3,327,883,418	478,123,900	2,189,109,441
Net Assets attributable to NCI	2,279,820,856	295,283,945	1,288,823,388
Revenue	4,692,400,458	1,003,024,319	2,363,828,504
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 Income	435,031,129	73,326,950	152,223,717
Loss allocated to NCI	295,409,660	43,573,127	74,744,782
OCI allocated to NCI	2,615,516	1,712,773	14,875,903
Cash flows from / (used in) operating activities	682,527,382	19,013,669	137,016,871
Cash flows from / (used in) investment activities	672,753,863	(27,608,352)	(232,822,326)
Cash flows from / (used in) finance activities	139,212,418	(51,171,103)	97,682,628

Non-controlling interest represent the equity in subsidiaries that are not attributable, directly or indirectly to that parent Company. Profit or loss and each component of other comprehensive income are attributed to the Company and non-controlling interests. Losses are attributable to non-controlling interest even if the non-controlling 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 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 also recorded in equity.

Significant inter group balances and transaction and gain and losses 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.

NOTE 14 - INVESTMENTS - MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

AS AT 31ST MARCH	2022 Rs.	2021 Rs.
Investment in quoted share (Note 14.1)	339,737,451	553,558,233
Investment in unquoted share (Note 14.2)	404,067,000	368,779,500
Total	743,804,451	922,337,733

NOTE 14.1 - INVESTMENTS IN QUOTED SHARES

Balance on 1st April	553,558,233	54,425,751
Acquisition of subsidiaries	466,347,950	-
Additions during the year	13,993,580	718,459,270
Disposals during the year	(724,090,579)	(169,020,585)
Fair Value Gain / (Loss) on Investment	29,928,267	(50,306,203)
Balance on 31st March	339,737,451	553,558,233

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 14.1.1- SHORT TERM INVESTMENT IN QUOTED SHARES

AS AT 31ST MARCH	No. of Shares		Carrying Value of Shares/ Market Value	
	2022	2021	2022 Rs.	2021 Rs.
Group				
Aitken Spense PLC	100	100	7,370	5,550
Asiri Hospitals Holdings PLC	824	824	30,900	21,012
Asiri Surgical Hospital PLC	11,000	11,000	165,000	151,800
Blue Diamonds Jewellery Worldwide PLC	100	100	50	90
Browns & Company PLC	100	100	13,350	15,525
Capital Alliance Limited	15,000	-	142,500	-
Cargills Ceylon PLC	50,589	114	9,232,493	26,790
Cargo Boat Development Company PLC	1,167	1,167	65,469	70,020
Carsons Cumberbatch PLC	100	100	27,000	27,850
Central Finance Company PLC	212	212	14,642	17,108
Ceylon Hospitals PLC	-	402,823	-	40,785,829
Chevron Lubricants Lanka PLC	200	200	17,420	18,000
CIC Holdings PLC	328,573	400	11,494,565	20,360
Commercial Bank of Ceylon PLC	501,910	1,868	31,469,757	159,714
DFCC Bank PLC	109	104	5,232	6,198
Dialog Axiata PLC	1,000,100	100	10,001,000	1,300
Diesel & Motor Engineering PLC	104	100	50,752	53,025
EXPO Lanka holdings PLC	100	100	20,775	4,470
The Colombo Fort Land & Building PLC	122,100	100	1,611,720	1,290
Hatton National Bank PLC - Voting	-	506,030	-	63,759,780
Hatton National Bank PLC - Non Voting	-	400,000	-	38,880,000
Hayleys PLC	225,850	-	17,367,865	-
Hemas Holdings PLC	416,934	103	19,262,351	8,590
John Keells Holdings PLC	322,000	1,000,000	46,690,000	148,500,000
Lankem Ceylon PLC	100	100	2,800	2,710
LB Finance PLC	720	720	41,760	34,128
Lee Hedges PLC	500	500	41,900	32,500
Melstacorp PLC	-	291,178	-	12,811,832
MTD Walkers PLC	7,500	7,500	111,000	111,000
National Development Bank PLC	2,354	1,614	131,118	130,411
Nations Trust Bank PLC	43,370	104	1,956,258	5,751
Nestle Lanka PLC	100	100	93,875	114,650
Overseas Reality Ceylon PLC	10,140	10,140	158,184	157,170
Printcare PLC	100	100	2,700	2,730
Renuka City Hotel PLC	1,036	1,036	304,584	234,395
Renuka Hotels PLC	6,044,687	4,029,687	138,946,909	229,692,159
Richard Peiris & Company PLC	100	100	1,330	1,680
Sampath Bank PLC	2,766	2,766	126,683	148,811
Singer Sri Lanka PLC	900	900	12,600	15,660
Sri Lanka Telecom PLC	100	100	3,490	3,270
Softlogic Holdings PLC	124	124	4,660	1,463
Sunshine Holdings PLC	303	303	11,090	8,030
The Autodrome PLC	5,377	5,377	618,354	376,928
United Motors Lanka PLC	150	150	8,265	8,655
Watawala Plantations PLC	-	300,000	-	17,130,000
Access Engineering Plc	395,642	-	5,934,630	-
Ceylon Hospitals Plc (Durdans)	400,000	-	41,800,000	-
Galle Face Capital Partners PLC - Hela Apparel Holdings PLC	134,500	-	1,735,050	-
	-	-	339,737,451	553,558,234

NOTE 14.2 - INVESTMENTS IN UNQUOTED SHARES

Investor	No. of Shares		Value	
	2022	2021	2022 Rs.	2021 Rs.
Renuka Enterprises (Pvt) Ltd - Crescent Launderers & Dry Cleaners (Pvt) Ltd	265,500	265,500	368,779,500	368,779,500
Renuka Enterprises (Pvt) Ltd - The Cargo Boat Despatch Company Investment (Pvt) Ltd	26,250	-	35,287,500	-
Balance on 31ST March			404,067,000	368,779,500
Balance on 31ST March			743,804,451	922,337,733

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 15 - INVENTORIES

AS AT 31ST MARCH	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Raw Materials	503,258,359	341,928,294	-	-
Finished Goods	731,946,696	533,930,367	-	-
Packing Material & Chemicals	348,220,796	282,690,907	-	-
Machinery Spare Parts & Consumables	307,904,596	239,437,278	-	-
Goods in Transit	57,262,851	26,892,210	-	-
Work in Progress	97,883,910	70,111,543	-	-
Harvested Crop	5,809,648	5,746,818	-	-
Total Inventory	2,052,286,856	1,500,737,417		
Less: Provision for Obsolete Inventories (Note 15.1)	(136,185,322)	(149,723,687)	-	-
	1,916,101,534	1,351,013,730	-	-

NOTE 15.1 - PROVISION FOR OBSOLETE INVENTORIES

Balance as at the Beginning	149,723,687	112,341,121	-	-
Provisions/made During the Year	(13,538,365)	37,382,566	-	-
Balance as at the End	136,185,322	149,723,687	-	-

NOTE 16 - TRADE AND OTHER RECEIVABLES

NOTE 16.1 - SUMMARY

Trade Debtors	1,437,282,783	1,095,808,186	-	-
Less : Provision for Impairment (16.2)	(9,924,454)	(29,875,338)	-	-
	1,427,358,329	1,065,932,848	-	-
Refundable Deposits	23,479,003	28,765,066	-	-
Other Debtors	449,588,913	474,585,319	-	-
	473,067,916	503,350,385	-	-
	1,900,426,245	1,569,283,233	-	-

NOTE 16.2 - Provision for Impairment

Balance at the beginning of the year	29,875,348	40,648,686	-	-
Provision/(Reversal) made during the year	(19,950,894)	(10,773,348)	-	-
Balance at the end of the year	9,924,454	29,875,338	-	-

NOTE 17 - OTHER CURRENT ASSETS

Advances & Prepayments	119,201,588	92,970,388	12,500	-
Other Current Assets	5,827,351	17,934,480	-	-
	125,028,939	110,904,868	12,500	-

NOTE 18 - ASSETS HELD FOR SALE

AS AT 31ST MARCH	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Kandy Plantations Limited - Note 18.1				
Land - transfer from property plant and equipment	4,698,806	-	-	-
Galle Face Capital Partners PLC - Note 18.2				
Cargo Boat Dispatch Co. Investment	143,829,312	-	-	-
Balance as at 31st March	148,528,118	-	-	-

NOTE 18.1 - KANDY PLANTATIONS LIMITED

Management has intention to sell the part of the Matale land (Wariyapola Estate) during the one year time period. Fair Value of the land was ascertained by an independent valuation carried out by Mr. A. A. M. Fathihu (FIV-Sri Lanka).

NOTE 18.2 - GALLE FACE CAPITAL PARTNERS PLC

By 31st March 2022 the Management was in an intention to sell the investment made in Cargo Boat Dispatch Co. Investments (Pvt) Ltd by the end of May 2022. Accordingly, the investment is recognized as Assets held for sale as of Balance sheet date.

NOTE 19 - SHORT TERM INVESTMENTS IN DEPOSITS

AS AT 31ST MARCH	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Call Deposits				
Fixed Deposits	-	1,937,764	-	1,937,764
Capital Alliance Investment	-	336,802	-	336,802
	-	2,274,566	-	2,274,566

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 20 - CASH AND CASH EQUIVALENTS

AS AT 31ST MARCH	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
NOTE 20.1 - FAVORABLE CASH AND CASH EQUIVALENTS BALANCES				
Cash & Bank Balances	3,234,323,653	2,297,638,293	3,256,053	3,793,418
	3,234,323,653	2,297,638,293	3,256,053	3,793,418

NOTE 20.2 - UNFAVORABLE CASH AND CASH EQUIVALENTS BALANCES

Bank Overdrafts	(187,581,313)	(141,548,109)	(3,679,946)	(6,269,306)
	(187,581,313)	(141,548,109)	(3,679,946)	(6,269,306)
Cash and Cash Equivalents for the purpose of Statement of Cash Flows	3,046,742,340	2,156,090,184	(423,893)	(2,475,888)

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

NOTE 21 - STATED CAPITAL

AS AT 31ST MARCH	Group / Company	
	2022	2021
Number of Ordinary Shares Issued and Fully Paid		
Voting Shares	155,810,595	155,810,595
Non Voting Shares	22,499,452	22,499,452
Balance at the end of the year	178,310,047	178,310,047
Stated Capital		
Balance at the beginning of the year	2,223,194,210	1,198,897,063
Right Issue during the year (Rs.) (Note 20.1)	-	1,024,297,147
Balance at the end of the year	2,223,194,210	2,223,194,210

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.

NOTE 21.1 - RIGHT ISSUE

During 2020/2021, the Company has issued 66,775,969 Ordinary Voting Shares in the proportion of three (3) new Ordinary Voting Shares for every four (4) Ordinary Voting Shares in the capital of the Company and 9,642,622 Ordinary Non-Voting Shares in the proportion of three (3) new Ordinary Non-Voting Shares for every four (4) Ordinary Non-Voting Shares in the capital of the Company by way of a Rights Issue. The Company raised Rs. 1,024,297,147 (net of transaction cost) from the Rights Issue and increased the Stated Capital of the Company from Rs. 1,198,897,063 representing 89,034,626 Ordinary Voting Shares and 12,856,830 Ordinary Non-Voting shares to Rs. 2,223,194,210 representing 155,810,595 Ordinary Voting Shares and 22,499,452 Ordinary Non-Voting shares.

NOTE 21.1.1 - RIGHT ISSUE PROCEEDS UTILIZATION

Objective Number	Objective as per Circular	Amount allocated as per Circular in Rs.	Proposed Date of Utilization as per the circular	Amount allocated from proceeds in Rs. (A)	Percentage of total proceeds	Amount utilized in Rs. (B)	Percentage Utilized against allocation (B/A)	Clarification if not fully utilized, including where the funds are invested. (i.e. whether lent to related party/s etc.)
1	Settlement of short-term loan from Hatton National Bank PLC	408,000,000	12/31/2020	408,000,000	40%	408,000,000	100%	
2	Settlement of short-term loan from Habib Bank Limited	400,000,000	12/31/2020	400,000,000	39%	400,000,000	100%	
3	Settlement of interest expenses for the loans applicable for the loans specified above for three months *	13,539,000	12/31/2020	13,539,000	1%	12,163,996	90%	Actual Interest cost
4	Future investments into group subsidiaries and sub-subsidiaries *	200,000,000	1/5/2021	200,000,000	19%	175,266,000	88%	Actual Investment Cost
5	Balance funds allocated for settlement of Rights Issue expenses *	9,750,786	1/5/2021	9,750,786	1%	6,992,639	72%	Actual Charge

Unutilized funds under the objective 3, 4 and 5 has been used for the operations of the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 21.2 - REVALUATION RESERVE

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Balance as at beginning	436,244,931	403,976,194	-	-
During the Year Movement	(8,684,227)	32,268,737	-	-
Balance at the end	427,560,704	436,244,931	-	-

Revaluation reserve relates to the revaluation of land and buildings

NOTE 21.3 - CAPITAL RESERVE

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Balance as at beginning	313,874,458	-	-	-
During the Year Movement	-	313,874,458	-	-
Balance at the end	313,874,458	313,874,458	-	-

Capital reserve represents the capital reserve resulted on consolidation.

NOTE 22 - DEFERRED TAXATION

AS AT 31ST MARCH	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
The gross movement of Deferred tax account				
Balance at the beginning of the year	677,675,022	787,738,426	-	-
Disposal of subsidiary	(27,775,217)	-	-	-
Provision/(Reversal) made during the year	62,391,037	(110,063,404)	-	-
Balance at the end of the year	712,290,842	677,675,022	-	-

NOTE 22.1

Deferred tax liabilities	715,968,238	681,028,244	-	-
Deferred tax assets	(3,677,396)	(3,353,223)	-	-
	712,290,842	677,675,021	-	-

	2022		2021	
	Temporary Differences Rs.	Tax Effects Rs.	Temporary Differences Rs.	Tax Effects Rs.
NOTE 22.2 - Provision for Deferred Tax is attributable to the followings.				
Group				
On Property, Plant and Equipment	1,554,179,120	247,582,218	1,723,008,184	285,589,844
On Right of use asset	150,872,428	21,692,560	142,214,528	21,220,528
On Revaluation of Land and Building	3,586,914,938	598,123,596	3,348,698,681	562,533,331
On Retirement Benefit Obligation	(112,244,994)	(19,014,313)	(121,940,542)	(20,755,740)
On Provision for Bad Debts/Stocks	(173,868,704)	(28,425,873)	(179,856,177)	(28,954,951)
On Accumulated Tax Losses	(388,192,015)	(82,647,017)	(622,030,982)	(122,318,254)
On lease liability	(174,650,414)	(25,054,385)	(124,940,050)	(19,639,737)
	4,443,010,359	712,256,786	4,165,153,642	677,675,021

FOR THE YEAR ENDED	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.

NOTE 22.3 - RECONCILIATION OF DEFERRED TAX PROVISION

Recognized in Profit or Loss	(60,162,177)	39,382,410	-	-
Recognized in OCI	(2,228,860)	70,680,994	-	-
Total	(62,391,037)	110,063,404	-	-

NOTE 22.4

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 farming for five years of assessments commencing from 1st April 2021. as per the Inland Revenue Act No. 24 of 2017 and subsequent amendments thereto.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 22.5

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, Renuka Enterprises (Pvt) Ltd, Renuka Agro Exports (Pvt) Ltd, Campbell Place Properties (Pvt) Ltd. 15%, 18% and 20% rates applied for Galle Face Properties Ltd, Richlife Dairies Ltd and Shaw Wallace Properties (Pvt) Ltd respectively for the calculation of deferred tax liability as at the reporting date.

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
NOTE 23 - INTEREST BEARING BORROWINGS & LEASE OBLIGATIONS				
NOTE 23.1 - INTEREST BEARING BORROWINGS				
NOTE 23.1.1 - INTEREST BEARING BORROWINGS DUE AFTER ONE YEAR				
Long Term Loan (23.1.3)	449,058,601	293,041,890	-	-
Total Non-Current Portion of Interest Bearing Borrowings	449,058,601	293,041,890	-	-
NOTE 23.1.2 - INTEREST BEARING BORROWINGS DUE WITHIN ONE YEAR				
Long & Short Term Loan (23.1.3)	1,647,129,690	1,632,683,745	-	-
Project Loan (23.1.4)	421,244,927	312,300,000	-	-
Other Loans	19,444,450	47,200,000	-	-
Total Current Portion of Interest Bearing Borrowings	2,087,819,067	1,992,183,745	-	-
NOTE 23.1.3 - LONG & SHORT TERM BORROWINGS				
Balance as at 1ST April	1,925,725,635	808,356,603	-	-
Loans Obtained During the year	6,507,848,359	3,967,154,010	-	-
Written Back during the year	-	(43,401)	-	-
Payments made during the year	(6,337,385,703)	(2,849,741,577)	-	-
Balance as at 31ST March	2,096,188,291	1,925,725,635	-	-
Payments due within one year	1,647,129,690	1,632,683,745	-	-
Payments due after one year	449,058,601	293,041,890	-	-
NOTE 23.1.4 - PROJECT LOAN DUE WITHIN ONE YEAR				
Balance as at 1ST April	312,300,000	499,300,001	-	-
Loans obtained during the year	1,291,333,333	1,518,336,766	-	-
Payments made during the year	(1,182,388,406)	(1,705,336,767)	-	-
Balance as at 31ST March	421,244,927	312,300,000	-	-
NOTE 23.2 - LIABILITIES TO MAKE LEASE PAYMENTS (TO THE OWNER OF THE ESTATE / LESSOR)				
Balance payable on lease as at 01st April	127,726,503	115,747,226	-	-
Amount recognised during the year	11,550,596	58,233,637	-	-
Disposal of subsidiary	(893,998)	-	-	-
Interest for the year	9,071,007	9,704,522	-	-
Withdrawal during the year	-	(15,505,950)	-	-
Exchange (Gain) / Loss	40,420,583	6,734,258	-	-
Payments made during the year	(25,668,439)	(47,187,190)	-	-
Balance payable on lease as at 31ST March	162,206,252	127,726,503	-	-
NOTE 23.2.1 - NON-CURRENT PORTION OF LEASE OBLIGATION				
Lease Installment payable	139,097,279	106,990,490	-	-
	139,097,279	106,990,490	-	-
NOTE 23.2.2 - CURRENT PORTION OF LEASE OBLIGATION				
Lease Installment payable	23,108,973	20,736,013	-	-
	23,108,973	20,736,013	-	-
NOTE 23.2.3				
Amount recognized in Profit or Loss				
Interest on Lease Obligation	9,071,007	9,704,522	-	-
Amotization of Right of Used Assets	20,366,022	19,436,148	-	-
Amount recognized in Statement of Cash Flow				
Total Cash Outflow of Lease	25,668,439	47,187,190	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 23.3 - Details of loans obtained by the Group are set out below.

Financial Institution	Facility Obtained	Outstanding Balance		Repayment	Assets Pledged
		2022	2021		
Renuka Agri Foods PLC					
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 USD
Commercial Bank PLC	Term Loan	200,000,000	-	71 monthly installments 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 installments of USD 10,250/-	Term Loan agreement for USD 327,903/=
		1,769,213,643	1,557,365,285		
Shaw Wallace Ceylon Ltd					
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		
Renuka Teas Ceylon (Private) Ltd					
National Development Bank PLC	Term Loan	-	22,200,000	Payable within 18 Monthly Installments w.e.f February 2021	-
		-	22,200,000		
Kandy Plantations Ltd					
Commercial Bank PLC	Term Loan	7,130,155	10,000,000	18 Monthly Installment	-
		7,130,155	10,000,000		

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

Financial Institution	Facility Obtained	Outstanding Balance		Repayment	Assets Pledged
		2022	2021		
Renuka Agri Organics Ltd					
Hatton National Bank PLC	Packing Credit Loan	-	122,902,152	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. 300 mn. Corporate Guarantee from Renuka Foods
Commercial Bank of Ceylon PLC	Term Loan	19,305,000	29,829,000	56 Monthly Installment	-
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	358,360,352		
Richlife Dairies Limited					
Peoples Bank	Term Loan	19,444,450	25,000,000	24 Monthly Installment	-
		19,444,450	25,000,000		
		2,536,877,668	2,285,225,635		

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 24 - RETIREMENT BENEFIT OBLIGATION

AS AT 31ST MARCH	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Movement in the Present Value of the Defined Benefit Obligation				
Balance at the beginning of the year	128,247,562	123,956,509	-	-
Adjustment Due to Disposal of Subsidiaries	(7,349,969)	-	-	-
Current Service Cost	14,985,402	17,378,355	-	-
Past Service Cost	(2,453,841)	-	-	-
Interest Cost	8,484,302	12,999,327	-	-
Actuarial (gain) / loss - Recognised in OCI	(12,753,069)	(11,566,927)	-	-
Benefit Paid	(12,881,799)	(14,519,702)	-	-
Balance at the end of the year	116,278,588	128,247,562	-	-

NOTE 24.1 - NET BENEFIT EXPENSES CATEGORIZED UNDER STAFF EXPENSES

Provision made during the year

Current Service Cost	14,985,402	17,378,355	-	-
Past Service Cost	(2,453,841)	-	-	-
Interest Cost	8,484,302	12,999,327	-	-
	21,015,863	30,377,682	-	-

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 result of the plan amendment, the Group defined benefit obligation decrease by 2,453,841. A corresponding past service credit was recognized in profit or loss during 2021/22.

NOTE 24.2

An actuarial valuation of retirement benefit obligation was carried out as at 31st March 2021 by Mr. M. Poopalanathan, Actuarial and Management Consultants (Private) Limited. The valuation methods used by the actuary to value the benefit is the "Projected unit credit method", the method recommended by the Sri Lanka Accounting Standards No 19 (LKAS 19) "Employee Benefits". The Principal assumptions used were as follows and those had been uniformly applied to all the companies in the Group.

	31.03.2022	31.03.2021
Discount rate (p.a.)	13.5%	7%
Retirement age	60 years	55 years
Future salary increase (p.a.)	10%	8%

In addition to the above, demographic assumptions such as mortality, withdrawal and disability, and retirement age were considered for the actuarial valuation. "A67/07 mortality table" issued by the Institute of Actuaries, London was used to estimate the gratuity liability of the Group.

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 31st March 2022 is 4.40 for the Group.

Sensitivity Analysis

Values appearing in the Financial Statements are very sensitive to the changes in financial and non financial assumptions used. The sensitivity was carried out for both the salary escalation rate and discount rate. Simulations made for retirement benefit obligation show that an increase or decrease by 1% of salary escalation rate and discount rate has the following effect on the retirement benefit obligation.

Salary Escalation Rate	DISCOUNT RATE	Group	
		2022 Rs.	2021 Rs.
One Percentage Increase	As given in Report	120,312,156	132,510,670
One Percentage Decrease	As given in Report	112,165,674	124,008,378
As given in Report	One Point Increase	112,835,236	123,436,535
As given in Report	One Point Decrease	119,662,947	133,032,342

NOTE 25 - TRADE & OTHER PAYABLES

AS AT 31ST MARCH	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Trade Creditors	773,957,987	479,714,165	-	65,496
Accrued Expenses & Other Payables	449,912,641	299,643,778	4,054,719	2,781,082
	1,223,870,628	779,357,943	4,054,719	2,846,578

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 26 - OTHER CURRENT LIABILITIES

AS AT 31ST MARCH	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Other Payables	233,333,744	104,423,086	-	-
	233,333,744	104,423,086	-	-

NOTE 27 - INCOME TAX PAYABLE / (REFUND DUE)

Income Tax Payable	107,892,034	36,057,144	9,737	136,293
Income Tax Refund Due	(8,127,344)	(17,527,153)	-	-
Balance at the end of the year	99,764,690	18,529,991	9,737	136,293

NOTE 28 - REVENUE

FOR THE YEAR ENDED 31ST MARCH	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Exports	5,067,610,465	4,301,462,192	-	-
Local	5,627,312,824	4,363,979,236	-	-
Dividend Income	12,794,964	845,538	23,467,500	27,938,750
Rent Income	32,830,989	31,481,623	-	-
	10,740,549,242	8,697,768,589	23,467,500	27,938,750

NOTE 29 - OTHER OPERATING INCOME

FOR THE YEAR ENDED 31ST MARCH	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Other Income	20,469,714	7,280,170	-	-
Profit on Disposal of Property, Plant & Equipment	-	3,359,765	-	-
Profit on Sale of Investment	61,438,075	-	-	-
Gain on derecognition of investment in subsidiary	14,902,747	-	-	-
Profit on Disposal of Shares	28,443,428	16,895,803	-	-
Sundry Sales	16,772,158	15,353,338	-	-
Gain/(Loss) on disposal of Investment in Associates	(15,831,781)	255,152,629	-	-
Change in fair value of Investment Properties	189,750,000	277,100,000	-	-
Gains on fair value change in Biological Assets	(722,302)	4,689,040	-	-
Written back of Interest payable on loan	-	43,401	-	-
	315,222,039	579,874,146	-	-

NOTE 30 - FINANCE INCOME

FOR THE YEAR ENDED 31ST MARCH	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Interest Income on				
• Call Deposits	11,011,359	13,439,819	19,485	567,886
• Foreign Currency Account	48,327	575,948	-	-
• Fixed Deposits	31,586,100	71,756,400	-	-
• Unit Trust	21,088	-	21,088	-
• Savings	79,654,587	6,892,671	-	-
• Others	-	1,799,873	-	-
	122,321,461	94,464,711	40,573	567,886

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 31 - FINANCE COST

FOR THE YEAR ENDED 31ST MARCH	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Interest on Loans & Bank Overdraft	178,855,156	126,807,065	-	12,464,074
Interest on Related Party Balances	2,506	-	-	-
Lease Interest	9,071,007	9,704,522	-	-
Others	2,730,698	2,743,027	-	-
	190,659,367	139,254,614	-	12,464,074

NOTE 32 - OTHER FINANCIAL ITEMS

Exchange Gain/ (Loss)	247,402,864	(10,980,745)	-	-
	247,402,864	(10,980,745)	-	-

NOTE 33 - PROFIT BEFORE TAXATION

Is stated after changing all expenses including the following:

Directors Remuneration and fees	115,243,443	80,270,680	380,000	-
Auditors Remuneration - Note 33.1	6,750,176	5,556,890	808,834	620,000
Depreciation on Property, Plant & Equipment	312,990,056	298,214,851	-	-
Staff Cost				
Defined Benefit Plan	23,469,704	30,377,682	-	-
Other Staff Cost (Including EPF & ETF)	1,000,608,285	734,439,890	-	-
Amortization of Intangible assets	3,718,329	3,657,741	-	-
Amortization of Right to use Land	3,677,948	3,677,952	-	-
Provision/(Reversal) for Impairment of Trade and Other Receivables	2,140,733	(10,773,348)	-	-

NOTE 33.1 - AUDITOR'S REMUNERATION

KPMG

for the audit of annual accounts of Renuka Holdings PLC	307,800	270,000	307,800	270,000
for the audit of Group Financial Statements	399,000	350,000	399,000	350,000
for the audit of subsidiaries of Renuka Holdings PLC	3,134,065	2,909,250	-	-
Non Audit Fee	795,186	371,640	-	-

Fees Payable to Other Auditors

for the audit of subsidiaries of Renuka Holdings PLC	2,114,125	1,656,000	-	-
	6,750,176	5,556,890	682,000	620,000

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 34 - TAXATION

FOR THE YEAR ENDED 31ST MARCH	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Income Tax charge for the year	124,988,438	64,273,366	9,737	136,293
Tax Charge on Associate and Joint ventures	-	13,043,873	-	-
Capital Gain Tax on Disposal of Investment	65,000	-	-	-
Income tax under/(over) Provision in respect of previous year	2,710,786	24,312,643	(40,052)	-
Deferred Tax Provision / (Reversal) for the year	60,162,177	(39,382,410)	-	-
	187,926,401	62,247,472	(30,315)	136,293

NOTE 34.1 - RECONCILIATION BETWEEN ACCOUNTING PROFIT AND TAXABLE INCOME

Profit Before Tax	1,130,905,497	441,218,043	16,509,034	7,243,599
Other Consolidation Adjustments	3,105,183	(53,362,960)	-	-
Profit Before Income Tax Before Adjustments	1,134,010,680	387,855,083	16,509,034	7,243,599

Aggregate Disallowed Items	555,350,117	526,742,560	-	21,263,037
Aggregate Allowed Items	(570,860,910)	(742,065,155)	-	-
Aggregate Exempt Income	(140,322,110)	(92,242,521)	(23,467,500)	(27,938,750)
Aggregate other income	(134,462,079)	(117,129,095)	(40,573)	(567,886)
Adjusted Business Profit / (Loss)	843,715,698	(36,839,128)	(6,999,039)	-
Taxable Aggregate Other Income	123,057,135	117,129,095	-	567,886
Total Statutory Income/(Loss)	966,772,833	80,289,967	(6,999,039)	567,886

Tax loss settled of during the year	(233,618,670)	(26,598,247)	-	-
Tax loss incurred during the year	-	228,304,460	-	-
Taxable Income	733,154,163	281,996,180	(6,999,039)	567,886

Income Tax @ 24%	44,818,495	21,258,765	9,737	136,293
Income Tax @ 18%	16,526,170	13,150,719	-	-
Income Tax @ 14%	63,643,773	16,850,182	-	-
ESC writte off	-	13,013,700	-	-
	124,988,438	64,273,366	9,737	136,293

NOTE 34.1.1 - TAX LOSSES

FOR THE YEAR ENDED 31ST MARCH	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Tax Losses Brought Forward	824,196,462	622,490,249	-	-
Adjustment over the brought forward loss	8,454,050	-	-	-
Tax Losses incurred/(reversal) during the year	14,564,032	228,304,460	-	-
Tax Losses Utilised	(233,618,670)	(26,598,247)	-	-
Tax Losses Carried Forward	613,595,874	824,196,462	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

34.2 CURRENT TAX

34.2.1 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%)

34.2.2 Subsidiary companies enjoying tax holidays at concessional rates of tax

i. Renuka Agro Exports (Pvt) Limited

The Company's export profit is liable to income tax at 14%.

The Company is liable to income tax on other income and interest at 24% (2021 - 24%)

ii. Renuka Foods PLC

a. Profit on Sale of Shares

According to the 3rd 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 is exempt from income tax.

b. Interest and Other income is liable to income tax at 24%. (2021 - 24%)

iii. 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 3 years of assessment ending 2014/15 by a supplementary agreement. After the expiration of said tax exemption period, the Company will be liable for taxation at the rate of 12%. In terms of section 59 L of the Inland Revenue Act No. 10 of 2006, the Renuka Agri Foods PLC was entitled to a 50% tax credit on the income tax liability of the business of food processing (both export and local sales).

The Departments of Inland Revenue has issued a notice No. PM/IT/2020-03 (Revised) date 8 April 2020, proposing to amend the existing Inland Revenue Act, No 24 of 2017 effective from 1 January 2020. Proposed notice also provides concessional tax rate for specific businesses at 14% and income tax exemptions to agro-processing & manufacturing and agro-farming respectively.

According to the recent amendments, Profits from Export business income, Local Business income and other income liable for income tax at the rate of 14%, 18% & 24% respectively.

iv. Shaw Wallace Investment PLC

a. Profit on Sale of Shares

According to the 3rd 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 is exempt from income tax.

b. Interest and Other income is liable to income tax at 24%. (2021 - 24%)

v. 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) 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.

vi. 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%)

vii. 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.

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

ix. Ceylon Botanicals (Private) Limited

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

x. 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;

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

(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%.

The Departments of Inland Revenue has issued a notice No. PM/IT/2020-03 (Revised) date 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.

xi. 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) date 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.

xii. Coco Lanka (Private) Limited

The Departments of Inland Revenue has issued a notice No. PM/IT/2020-03 (Revised) date 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.

xiii. Richlife Dairies Ltd

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

xiv. 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.

xv. Shaw Wallace & Hedges Limited

The company is liable to tax at 24%. (2021 - 24%)

xvi. Renuka Enterprises (Pvt) Ltd

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

xvii. Galle Face Properties Limited

The Company shall be entitled for a tax exemption period of 8 years in term Inland Revenue Act No. 10 of 2006. 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 commencement of commercial operations, whichever year is earlier as may be specified in a certificate issued by Board of Investments in Sri Lanka.

After the expiration of the aforesaid tax exemption period the profit and income of the enterprise shall, for any year of assessment, be charged at 15%.

The other Income is liable to income tax at 24%. (2020 - 24% /28%)

xviii. Campbell Place Properties (Pvt) Ltd

The Company is liable to tax at 24%.

xix. Shaw Wallace Ceylon Ltd

The Company is liable to tax at 18% and 24%. (2021 - 18 % and 24%)

xx. Galle Face Capital Partners PLC

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

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 35 - EARNINGS/(LOSS) PER SHARE/ DIVIDEND PER SHARE

NOTE 35.1 - Basic Earnings/(loss) Per Share

Basic Earnings per Share is calculated by dividing the Profit for the year attributable to ordinary shareholders by the weighted average number of ordinary Shares outstanding during the year.

The following reflect the Income and Share data used in the basic Earnings per Share computation.

FOR THE YEAR ENDED 31ST MARCH	Group		Company	
	2022	2021	2022	2021
Amount used as the Numerator				
Profit Attributable to equity holders of the Company for basic Earnings per share	439,153,948	282,982,782	16,539,349	7,107,306
Number of Ordinary Shares used as Denominator				
Weighted Average number of Ordinary Shares in issue applicable to basic Earnings per Share	178,310,047	126,036,957	178,310,047	126,036,957
Basic Earnings per Share	2.46	2.25	0.09	0.06

NOTE 35.2 - Diluted Earnings Per Share

Amount used as the Numerator

Profit / (Loss) Attributable to equity holders of the Company for basic Earnings per share	439,153,948	282,982,782	16,539,349	7,107,306
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Number of Ordinary Shares used as Denominator

Weighted Average number of Ordinary Shares in issue applicable to basic Earnings per Share	178,310,047	126,036,957	178,310,047	126,036,957
Diluted Earnings per Share	2.46	2.25	0.09	0.06

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

NOTE 35.3 - 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.

FOR THE YEAR ENDED 31ST MARCH	Group		Company	
	2022	2021	2022	2021
Dividend declared and paid during the year (Rs.)	17,831,005	25,472,864	17,831,005	25,472,864
Weighted Average number of Ordinary Shares	178,310,047	101,891,456	178,310,047	101,891,456
Dividend per share (Rs.)	0.10	0.25	0.10	0.25

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 36 - EVENTS OCCURRING AFTER THE REPORTING DATE

Group/ Company

There were no material events occurring after the reporting date that require adjustment to or disclosure in the Financial Statements other than the following.

Dividend

The Board of Directors has recommended a payment of scrip dividend of Rs. 0.40 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.

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.

NOTE 37 - PENDING LITIGATIONS

There were no litigation that require disclosure in the Financial Statements as at the Financial Reporting date other than the following:-

NOTE 37.1 - GROUP

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 Plantations Limited is a respondent. In the opinion of the Lawyers, there is a strong likelihood of the outcome of this case being awarded in favor of the Trustees The John Leo De Croos Trust.

NOTE 37.2 - COMPANY

There were no Litigations against the Company.

NOTE 38 - CAPITAL COMMITMENTS

NOTE 38.1 - GROUP

There were no material commitments that require disclosure in the Financial Statements other than the following.

Galle Face Properties Ltd

The Company commenced construction of the "Galle Face Icon", a Mixed Development Project at Colombo 3 in 2018.

The Capital commitments for this project, approved by the board are as follows :

Contracted but not provided for : Rs. 3,544,462,178

Approved but not contracted for : Nil

Company

There were no capital commitments that require disclosure in the Financial Statements.

NOTE 39 - CONTINGENT LIABILITIES OF SUBSIDIARIES

Group

Contingent Liabilities of Subsidiaries

There are no contingent liabilities which would require adjustments to or disclosure in the Financial Statements

Company

There were no contingent liabilities as at the reporting date that require adjustments to or disclosure in the Financial Statements other than the following.

NOTE 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 Company 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 Company 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.

NOTE 41 - RELATED PARTY TRANSACTIONS

NOTE 41.1 - Transactions with Key Management Personnel

NOTE 41.1.1 - 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, Key Management Personnel include the Board of Directors (including Executive & Non-Executive Directors),

NOTE 41.1.2 - Transactions with Key Management Personnel are given below

For the year ended 31ST March	2022	2021
	Rs.	Rs.
Directors Remuneration and fees	115,243,443	80,270,680
Rent	11,520,000	11,520,000
Consultancy Fees Paid	-	617,500
Others	-	428,123

NOTE 41.2 - TRANSACTIONS WITH SUBSIDIARIES, EQUITY ACCOUNTED INVESTEEES & OTHER RELATED COMPANIES

The Group and the Company carries out transactions in the ordinary course of its business with parties who are defined as related parties in Sri Lanka Accounting Standard (LKAS) 24 - "Related Party Disclosures". Transactions with related parties were made on the basis of the price lists in force with non-related parties. Outstanding balances with related parties other than balances relating to investment related transactions as at the reporting date are unsecured. Settlement will take place in cash. Such outstanding balances have been included under respective assets and liabilities. Details of related party transactions are reported below:-

a) Transactions with Related Entities (Company) - Recurrent Transactions

RELATED COMPANY	RELATIONSHIP	NAME OF THE COMMON DIRECTOR/S	NATURE OF TRANSACTIONS	AGGREGATE VALUE OF RELATED PARTY TRANSACTIONS ENTERED IN TO DURING THE FINANCIAL YEAR	BALANCE AS AT 31/03/2022	BALANCE AS AT 01/04/2021
				Rs.	Rs.	Rs.
Renuka Enterprises (Pvt) Ltd	Subsidiary	Dr.S.R.Rajiyah	Shared Services	(3,793,350)	-	-
		Mrs.I.R.Rajiyah	Net Funds Paid	3,793,350		
		Mr.S.V.Rajiyah				
		Mrs.J.J.B.A..Rajiyah				

b) Transactions with Related Entities (Group) - Recurrent Transactions

RELATED COMPANY/ PARTY	RELATIONSHIP	NAME OF THE COMMON DIRECTOR/S	NATURE OF TRANSACTIONS	AGGREGATE VALUE OF RELATED PARTY TRANSACTIONS ENTERED IN TO DURING THE FINANCIAL YEAR	BALANCE AS AT 31/03/2022	BALANCE AS AT 01/04/2021
				Rs.	Rs.	Rs.
Mrs. I R Rajiyah	Director	Mrs.I.R.Rajiyah	Rent Expenses	11,520,000	-	-
Renuka International Ltd	Common Director	Mr.S.V.Rajiyah	Royalty Payment	12,455,976	-	-
		Mrs..A.L..Rajiyah				
Renuka Group Ltd	Common Director	Dr.S.R.Rajiyah	Royalty Payment	23,607,282	-	-
		Mrs.I.R.Rajiyah				
		Mr.S.V.Rajiyah				
		Mrs.J.J.B.A..Rajiyah				

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

41.3 Disclosure in terms of Section 9.3.2 of the Listing Rules of Colombo Stock Exchange

Recurrent transactions

There are no recurrent transactions that have been entered in to with Related Entities during the year which are more than 10% of the Group Turnover as specified in Section 9.3.2 of the Listing Rules of Colombo Stock Exchange that require disclosure to this Annual Report.

Non-recurrent transactions

Given below are the non-recurrent transactions that have been entered in to with Related Entities during the year as specified in the Section 9.3.2 of the Listing Rules of Colombo Stock Exchange that require disclosure to this Annual Report.

Transaction with related Companies - Non Recurring Transactions

REPORTING ENTITY	RELATED COMPANY / PARTY	RELATIONSHIP	VALUE OF THE RELATED PARTY TRANSACTIONS ENTERED INTO DURING THE FINANCIAL YEAR Rs.	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 Holdings PLC	Galle Face Properties Ltd	Subsidiary	1,000,000,000	12.9%	6.6%	As per the actual Corporate Guarantee amount	Granting a Corporate Guarantee as a security on behalf of Galle Face Properties Ltd in order for the said subsidiary to enhance the banking facilities
Renuka Foods PLC	Shaw Wallace Ceylon Ltd	Subsidiary of the Company	110,500,000	1.4%	0.7%	Based on Valuation	Investment
Renuka Foods PLC	Shaw Wallace Ceylon Ltd	Subsidiary of the Company	221,000,000	2.8%	1.5%	Based on Valuation	Investment
Kandy Plantations Ltd	Coco Lanka (Pvt) Ltd	Subsidiary of the Company	20,000,000	0.3%	0.1%	Based on Net Assets Value per share	Investment
Kandy Plantations Ltd	Renuka Group Ltd	Common Director	13,150,000	0.2%	0.1%	Based on Net Assets Value per share	Divestment
Ceylon Forestry (Pvt) Ltd	Renuka Group Ltd	Common Director	13,150,000	0.2%	0.1%	Based on Net Assets Value per share	Divestment
Renuka Foods PLC	Renuka Group Ltd	Common Directors	193,717,425	2.5%	1.3%	Based on Valuation	Divestment
Shaw Wallace Investments PLC	Shaw Wallace & Hedges Ltd	Subsidiary of Ultimate Parent Renuka Holdings PLC	11,650,000	0.1%	0.1%	Actual Basis	Working Capital Requirement
Shaw Wallace Investments PLC	Shaw Wallace & Hedges Ltd	Subsidiary of Ultimate Parent Renuka Holdings PLC	23,080,000	0.3%	0.2%	Based on Valuation carried out by Capital Alliance Partners Ltd	Investment

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

Transaction with related Companies - Non Recurring Transactions (Cond)

REPORTING ENTITY	RELATED COMPANY / PARTY	RELATIONSHIP	VALUE OF THE RELATED PARTY TRANSACTIONS ENTERED INTO DURING THE FINANCIAL YEAR Rs.	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 Investments PLC	Shaw Wallace & Hedges Ltd	Subsidiary of Ultimate Parent Renuka Holdings PLC	23,080,000	0.3%	0.2%	Based on Valuation carried out by Capital Alliance Partners Ltd	Investment
Shaw Wallace Investments PLC	Shaw Wallace & Hedges Ltd	Subsidiary of Ultimate Parent Renuka Holdings PLC	41,544,000	0.5%	0.3%	Based on Valuation carried out by Capital Alliance Partners Ltd	Investment
Shaw Wallace Investments PLC	Shaw Wallace & Hedges Ltd	Subsidiary of Ultimate Parent Renuka Holdings PLC	11,650,000	0.1%	0.1%	Actual Basis	Working Capital Requirement
Shaw Wallace Investments PLC	Shaw Wallace & Hedges Ltd	Subsidiary of Ultimate Parent Renuka Holdings PLC	46,160,000	0.6%	0.3%	Based on Valuation carried out by Capital Alliance Partners Ltd	Investment
Shaw Wallace Ceylon Ltd	Shaw Wallace & Hedges Ltd	Subsidiary of Ultimate Parent Renuka Holdings PLC	224,910,000	2.9%	1.5%	Based on Valuation	Investment
Shaw Wallace & Hedges Ltd	Galle Face Properties Ltd	Subsidiary of Ultimate Parent Renuka Holdings PLC	500,000,000	6.4%	3.3%	Based on Valuation	Investment
Shaw Wallace Investments PLC	Renuka Enterprises (Pvt) Ltd	Subsidiary of the ultimate parent company	8,000,000	0.1%	0.05%	Actual Basis	Inter Company Loan
Shaw Wallace Investments PLC	Renuka Enterprises (Pvt) Ltd	Subsidiary of the ultimate parent company	6,000,000	0.08%	0.04%	Actual Basis	Inter Company Loan
Shaw Wallace Investments PLC	Shaw Wallace & Hedges Ltd	Subsidiary of Ultimate Parent Renuka Holdings PLC	85,396,000	1.1%	0.6%	Based on Valuation carried out by Capital Alliance Partners Ltd	Investment
Shaw Wallace Ceylon Ltd	Shaw Wallace & Hedges Ltd	Subsidiary of Ultimate Parent Renuka Holdings PLC	202,419,000	2.6%	1.3%	Based on Valuation	Investment
Renuka Enterprises (Pvt) Ltd	Amalgamated Investments (Pvt) Ltd	Equity Accounted Investee	29,000,000	0.4%	0.2%	Based on Valuation	Investment

Transaction with related Companies - Non Recurring Transactions (Cond)

REPORTING ENTITY	RELATED COMPANY / PARTY	RELATIONSHIP	VALUE OF THE RELATED PARTY TRANSACTIONS ENTERED INTO DURING THE FINANCIAL YEAR Rs.	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	Subsidiary of Ultimate Parent Renuka Holdings PLC	59,500,000	0.8%	0.4%	Based on Valuation	Investment
Shaw Wallace Investments PLC	Renuka Enterprises (Pvt) Ltd	Subsidiary of the ultimate parent company	2,000,000	0.03%	0.01%	Actual Basis	Inter Company Loan
Renuka Agri Foods PLC	Renuka Developments (Pvt) Ltd	Subsidiary of Ultimate Parent Renuka Holdings PLC	92,219,600	1.2%	0.6%	Based on Valuation	Investment
Renuka Developments (Pvt) Ltd	Renuka Foods PLC	Subsidiary of Ultimate Parent Renuka Holdings PLC	98,400,000	1.3%	0.6%	Based on Valuation	Investment
Shaw Wallace Investments PLC	Shaw Wallace & Hedges Ltd	Subsidiary of Ultimate Parent Renuka Holdings PLC	169,494,630	2.2%	1.1%	Based on Valuation	Investment
Shaw Wallace Ceylon Ltd	Shaw Wallace & Hedges Ltd	Subsidiary of Ultimate Parent Renuka Holdings PLC	60,571,000	0.8%	0.4%	Based on Valuation	Investment
Shaw Wallace Investments PLC	Shaw Wallace & Hedges Ltd	Subsidiary of Ultimate Parent Renuka Holdings PLC	178,500,000	2.3%	1.2%	Based on Valuation	Investment
Galle Face Capital Partners PLC	Shaw Wallace Investments PLC	Parent company	143,829,312	1.8%	0.9%	Based on Valuation	Investment

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 42- DIRECTORS OF GROUP COMPANIES

Directors of Group Companies

	RHL	RF	RAF	SWIP	GCP	RAO	RDL	KPL	COCO	CFL	RAEL	SW&HD	REL	GFP	RDL	SWCL	SWPL	CMP
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. 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	-	-	✓	✓	-	-	-	-	-	-	-	-	-	✓	-	-	-	-
Mr. Selvakandan Rajaratnam	-	-	-	-	-	-	-	-	-	-	-	-	-	✓	-	-	-	-
Mr. Michael Raviraj Rathnasabapathy	-	-	-	✓	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ms. Radhika Philip	-	-	-	-	✓	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Kishan Ganesh Vairavandhan	-	-	-	-	✓	-	-	-	-	-	-	-	-	-	-	-	-	-

RHL	Renuka Holdings PLC	RDL	Renuka Developments (Private) Limited	REL	Renuka Enterprises (Private) Limited
RF	Renuka Foods PLC	KPL	Kandy Plantations Limited	GFP	Galle Face Properties Limited
RAF	Renuka Agri Foods PLC	COCO	Coco Lanka (Pvt) Ltd	RDL	Richlife Dairies Limited
SWIP	Shaw Wallace Investments PLC	CFL	Ceylon Forestry (Pvt) Ltd	SWCL	Shaw Wallace Ceylon Limited
GCP	Galle Face Capital Partners PLC	RAEL	Renuka Agro Exports (Pvt) Ltd	SWPL	Shaw Wallace Properties Limited
RAO	Renuka Agri Organics Ltd	SW&HD	Shaw Wallace & Hedges Limited	CMP	Campbell Place Properties (Pvt) Ltd
Renuka Capital PLC Name Changed as Shaw Wallace Investments PLC w.e.f 26.08.2021					
Guardian Capital Partners PLC Name Changed as Galle Face Capital Partners PLC w.e.f. 24.02.2022					

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 43 - DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for the preparation of the Financial Statements of the Company / Group in accordance with the Sri Lanka Accounting Standards and also for the provision of information as required by the Companies Act No. 07 of 2007. The Directors are accordingly satisfied that the Financial Statements presented herein give a true and fair view of the state of affairs of the Company / Group as at 31st March 2020 and the Profit / (Loss) for the year then ended.

NOTE 44 - INDUSTRY SEGMENT INFORMATION

Sub Sector	Company	Nature of Operation
Agri Food Exports	Renuka Agri Foods PLC	Manufacture & markets export of coconut products
	Renuka Development (Pvt) Ltd	Organic certification license holder and investment in plantation/farm & integration projects
	Renuka Agro Exports (Pvt) Ltd	Sourcing, manufacturing & exporting ethnic food products
	Renuka Agri Organics Ltd	Manufacture of export coconut based products
	Ceylon Forestry (Pvt) Ltd	Planting and managing a forestry
	Coco Lanka (Pvt) Ltd	Plantation
	Kandy Plantations Ltd	Engaged in organic certified cultivation of agriculture
Consumer Brands	Renuka Foods PLC	Fast moving consumer goods
	Richlife Dairies Ltd	Manufacturing of dairy and fruit juice based products
	Shaw Wallace Ceylon Ltd	Manufacturing and distribution of fast moving consumer goods
	Shaw Wallace Properties (Pvt) Ltd	Providing warehousing facilities
Property & Investment	Shaw Wallace & Hedges Ltd	The company operates as the holding company of property development companies
	Campbell Place Properties (Pvt) Ltd	The company is in the business of property development
	Galle Face Properties Ltd	The company is in the business of property development
	Renuka Holdings PLC	Holding Investments
	Shaw Wallace Investment PLC	Invest and trading in debt, equity and other classes of instruments
	Galle Face Capital Partners PLC	Invest and trading in debt, equity and other classes of instruments
	Renuka Enterprises (Pvt) Ltd	Provide support services to Group companies

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 44 - INDUSTRY SEGMENT INFORMATION (CONTD.)

	AGRI FOOD EXPORTS		CONSUMER BRANDS		PROPERTY & INVESTMENT		GROUP TOTAL	
	2022	2021	2022	2021	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Revenue	5,885,820	4,843,546	5,471,275	4,311,709	129,683	112,180	11,486,778	9,267,435
Infra Group	(609,913)	(368,520)	(22,525)	(96,510)	(113,791)	(104,636)	(746,229)	(569,666)
Segment Revenue	5,275,907	4,475,026	5,448,750	4,215,199	15,892	7,544	10,740,549	8,697,769
Gross Profit	404,840	178,152	1,416,663	887,851	15,892	7,544	1,837,395	1,073,547
Other Operating Income	(106,385)	22,042	187,689	10,035	233,918	547,797	315,222	579,874
Administrative Expenses	(296,015)	(288,555)	(163,712)	(195,007)	(136,957)	(98,726)	(596,684)	(582,288)
Distribution Expenses	(105,529)	(85,686)	(524,801)	(431,139)	(586)	(2,417)	(630,916)	(519,242)
Other Operating expense	-	(45,000)	-	541	-	(13,500)	-	(57,959)
Profit from Operations	(103,089)	(219,047)	915,839	272,281	112,276	440,698	925,017	493,932
Finance Income	3,026	6,993	1,047	386	118,248	87,086	122,321	94,465
Finance Cost	(155,613)	(84,866)	(30,699)	(41,872)	(4,347)	(12,517)	(190,659)	(139,255)
Other Financial Items	254,570	(11,304)	(7,167)	323	-	-	247,403	(10,981)
Net Finance Income/ (Cost)	101,983	(89,177)	(36,819)	(41,163)	113,901	74,569	179,065	(55,771)
Loss on Fair Value of Investments Measured at Fair Value through Profit / (Loss)	-	-	-	-	29,928	(50,306)	29,928	(50,306)
Share of profit of Equity Accounted Investee	-	-	-	-	(3,105)	53,363	(3,105)	53,363
Profit before Taxation	(1,106)	(308,224)	879,020	231,118	252,991	518,324	1,130,905	441,218
Taxation	(88,747)	1,961	(43,870)	2,723	(55,309)	(66,931)	(187,926)	(62,247)
Profit for the year	(89,853)	(306,263)	835,150	233,841	197,682	451,393	942,979	378,971

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 44 - INDUSTRY SEGMENT INFORMATION (CONTD.)

	AGRI FOOD EXPORTS				CONSUMER BRANDS				PROPERTY & INVESTMENT				GROUP TOTAL	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Property, Plant & Equipment	2,539,943	2,248,160	2,107,895	2,159,648	177	227	4,648,015	4,408,035						
Intangible Assets	-	-	11,545	15,263	-	-	11,545	15,263						
Goodwill	-	-	119,922	119,922	60,997	37,579	180,919	157,501						
Right To use asset	123,976	130,193	199,591	202,980	-	-	323,567	333,173						
Investment Property	-	-	-	-	4,478,442	3,898,231	4,478,442	3,898,231						
Biological Assets	120,940	109,440	-	-	-	-	120,940	109,440						
Investment in Subsidiaries	-	-	-	-	-	-	-	-						
Investment - Measured at Fair Through Other Comprehensive Income	-	-	-	-	-	-	-	-						
Investment In Joint Venture	-	-	-	-	-	-	-	-						
Investments in Associates	-	-	-	-	-	-	-	-						
Deferred Tax Asset	-	-	-	-	3,677	3,353	3,677	3,353						
SEGMENT NON CURRENT ASSETS	2,784,859	2,487,793	2,438,953	2,497,813	4,543,293	4,108,444	9,767,105	9,094,050						
Inventories	1,225,550	911,117	690,552	439,897	-	-	1,916,102	1,351,014						
Investment - Measured at Fair Value Through Profit or Loss	-	-	-	-	743,804	922,338	743,804	922,338						
Trade and Other Receivables	1,116,541	975,147	616,255	433,713	167,630	160,424	1,900,426	1,569,284						
Other Current Assets	68,979	84,066	54,859	26,035	1,191	804	125,029	110,905						
Income Tax Refund Due	5,648	5,645	-	10,188	2,479	1,694	8,127	17,527						
Amounts due from related companies	-	-	-	-	-	-	-	-						
Assets held for sale	4,699	-	-	-	143,829	-	148,528	-						
Short Term Investments in Deposits	-	-	-	-	-	2,275	-	2,275						
Cash at Bank and Cash in Hand	371,363	276,122	105,933	136,251	2,757,028	1,885,265	3,234,324	2,297,638						
SEGMENT CURRENT ASSETS	2,792,780	2,252,097	1,467,599	1,046,084	3,815,961	2,972,800	8,076,340	6,270,981						
TOTAL SEGMENT ASSETS	5,577,639	4,739,890	3,906,552	3,543,897	8,359,254	7,081,244	17,843,445	15,365,030						
Deferred Tax Liability	138,257	139,450	267,713	255,413	309,998	286,165	715,968	681,028						
Interest Bearing Borrowings	449,059	293,042	-	-	-	-	449,059	293,042						
Lease Obligation	138,424	106,245	673	746	-	-	139,097	106,991						
Retirement Benefit Obligation	61,257	70,802	40,816	42,810	14,206	14,636	116,279	128,248						
SEGMENT NON CURRENT LIABILITIES	786,997	609,539	309,202	298,969	324,204	300,801	1,420,403	1,209,308						
Trade and Other Payables	535,249	296,179	623,882	448,114	64,740	35,065	1,223,871	779,358						
Other Current Liabilities	224,468	92,000	5,088	9,776	3,778	2,647	233,334	104,423						
Amount due to Related Companies	-	-	-	-	-	-	-	-						
Short Term Interest Bearing Borrowings	1,647,130	1,654,884	440,689	337,300	-	-	2,087,819	1,992,184						
Lease Obligation	23,036	20,673	73	63	-	-	23,109	20,736						
Income Tax Payable	75,913	18,225	11,765	7,965	20,214	9,867	107,891	36,057						
Bank Overdraft	2,791	54,844	146,865	74,654	37,925	12,050	187,581	141,548						
SEGMENT CURRENT LIABILITIES	2,508,587	2,136,805	1,228,362	877,872	126,657	59,629	3,863,605	3,074,306						
TOTAL SEGMENT LIABILITIES	3,295,584	2,746,344	1,525,664	1,176,841	450,861	360,430	5,284,008	4,283,614						

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 45 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk Management Framework

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

The Group's risk management policies are establish to identify and analyze the risks face by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limit. Risk Management policies and systems are reviewed regularly to reflect changes in market conditions and 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 overseas how management monitors compliance with the group risk management policies and procedures, and review the adequacy of the risk management frame work in relation to the risks faced by the Group.

Financial Risks Factors

The activities of the Company's and the Group exposed to variety of financial risks:

1. Market risk
 - Currency risk
 - Interest rate risk
 - Price risk
2. Credit risk
3. Liquidity risk
4. Capital Management risk
5. Operational risk

The Company's and the Group's overall financial risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company and the Group. Financial risk management is carried out though risk reviews, internal control systems, insurance programme s and adherence to the Company's and the Group's financial risk management polices.

1. Market Risk

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

a. Currency Risk

The risk that the fair value of future cash flows of a financial instrument fluctuate 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 Lanka Rupees (LKR), the foreign currencies in which transactions primarily denominated is US Dollars.

Exposure to Currency Risk

The Group exposure to foreign currency risk was as follows based on notional amounts. The Group involves with foreign currency transactions and exposed to foreign exchange risk arising from various currency exposures, primarily with respect to 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.

	2022	2021
	USD	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	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
US Dollars	208.28	188.79	293.87	199.83

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 45 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

Sensitivity Analysis

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

	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)

b. Interest rate risk

The risk that the fair value or future cash flows of financial instrument will fluctuate due to changes in market interest rates at the reporting date, the company's interest bearing financial instruments were as follows.

AS AT 31ST MARCH	Carrying Amount - Group		Carrying Amount - Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Fixed Rate Instruments				
Financial Assets				
Bank Deposits	3,234,323,653	2,299,912,859	3,256,053	6,067,984
Variable Rate Instruments				
Financial Liabilities				
Loans and Borrowings	(2,536,877,668)	(2,285,825,635)	-	-
Bank OD's	(187,581,313)	(141,548,109)	(3,679,946)	(6,269,306)
	509,864,672	(127,460,885)	(423,893)	(201,322)

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.)	
Variable Rate Instruments	800 bp increase	637,331	(1,274,609)	(530)	(2,013)
	800 bp decrease	(637,331)	1,274,609	530	2,013

c. Price Risk

Risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

2. Credit Risk

Risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk managed on company and the group basis. Credit risk arises from cash equivalent, derivative financial instruments and deposits with banks and financial institutions as well as credit exposures to customers, including outstanding receivables (net of deposits held). Individual risk limits are set, based on internal or external ratings. The utilization of credit limits is regularly monitored. The Company and the Group place its cash equivalent with a number of credit worthy financial institutions. the maximum credit risk exposure of the financial assets of the Company and the Group are approximately their carrying amount as at Statement of financial Position date.

Exposure Credit risk

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

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 45 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

The aging of Trade and Other Receivables at the reporting date as follows :

	2022			2021		
	Gross Amount	Impairment Loss	Net Amount	Gross Amount	Impairment Loss	Net Amount
	Rs	Rs	Rs	Rs	Rs	Rs
Company						
Not Credit Impaired	-	-	-	-	-	-
Credit Impaired	-	-	-	-	-	-
Group						
Not Credit Impaired	1,427,358,329	-	1,427,358,329	1,065,932,838	-	1,065,932,838
Credit Impaired	9,924,454	(9,924,454)	-	29,875,338	(29,875,338)	-
	1,437,282,783	(9,924,454)	1,427,358,329	1,095,808,186	(29,875,338)	1,065,932,838

AS AT 31ST MARCH	Carrying amount	
	2022	2021
	Rs.	Rs.
Trade and other Receivables	1,427,358,329	1,065,932,838
Balances with Banks	3,234,323,653	2,297,638,293
	4,661,681,982	3,363,571,131

Impairment losses

The company establishes an allowance for impairment that represent its estimate of Expected Losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a 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	1,012,236,847	433,349,051
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
Australia	-	7,231,848
Africa	-	28,875,435
	1,427,358,329	1,065,932,838

Cash and bank balances

The Group held favourable cash and bank balances Rs. 3,234,323,653 as at 31st March 2022 (Rs. 2,297,638,293/- as at 31st March 2021) and these balances are with licensed Commercial Banks of Sri Lanka, which represent 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-(lka)
 People's Bank- AA- (lka)
 Commercial Bank of Ceylon PLC-AA-(lka)
 National Development Bank PLC - A+(lka)
 Seylan Bank PLC - A(lka)
 Nations Trust Bank PLC - A(lka)

3. Liquidity Risk

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

Prudent liquidity risk management implies maintaining sufficient liquid funds to meet its financial obligations. In the management of liquidity risk, the company and the Group monitor and maintaining a level of cash and cash equivalents deemed adequate by the management to finance the company's and the Group's operations and to mitigate the effects of fluctuations in cash flows. Due to the dynamic nature of the underlying business, the company and the Group aim at maintaining flexibility in funding by keeping both committed and uncommitted credit lines available.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 45 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

AS AT 31ST MARCH 2022	Carrying amount	Total	0-12 Months	More than one year
	Rs.	Rs.	Rs.	Rs.
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
Trade and other Payables	1,223,870,628	1,223,870,628	1,223,870,628	-
Bank Overdrafts	187,581,313	187,581,313	187,581,313	-
Total	4,110,535,861	4,473,861,991	3,687,940,930	785,921,061

AS AT 31ST MARCH 2021	Carrying amount	Total	0-12 Months	More than one year
	Rs.	Rs.	Rs.	Rs.
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
Trade and other Payables	779,357,943	779,357,943	779,357,943	-
Bank Overdrafts	141,548,109	141,548,109	141,548,109	-
Total	3,333,858,190	3,618,589,544	3,099,448,444	519,141,100

4. Capital Management risk

The primary objective of the company's and the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The company and the Group manage its capital structure and make adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the company and the Group may or may not make dividend payments to shareholders, return capital to shareholders or issue new shares or other instruments. Consistent with others in the industry, the company and the Group monitor capital on the basis of the gearing ratio. This ratio is calculated as total borrowings divided by total equity. Total borrowings including non-current and current borrowings as shown in the statement of Financial Position. Total equity is calculated as 'Total Equity' in the statement of financial Position.

The gearing ratio as at 31st March was as follows.

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Net Debt	2,886,665,233	2,554,500,247	-	-
Total Equity	12,559,436,987	11,081,415,570	2,626,602,651	2,627,894,307
Net Debt to Equity Ratio	22.98%	23.05%	-	-

5. 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 infrastructural and from external factors other than credit, market and liquidity risk 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.

- ✓ Requirement for appropriate segmentation of duties, including the Independent authorization of transactions
- ✓ Requirements for the reconciliations 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

REAL ESTATE PORTFOLIO

COMPANY	LOCATION	LAND / BUILDING	LAND EXTENT (PERCHES)	BUILDING		CLASSIFICATION COMPANY	CLASSIFICATION GROUP	ORIGINAL COST OF PURCHASE RS.	WRITTEN DOWN VALUE AS AT 31.03.2022 UNDER FAIR VALUE METHOD	
				FREE HOLD/ LEASEHOLD	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"	Right to use Estate Building	-	4	10,598	PPE	PPE	15,927,250	10,493,810	
	Matale	Land	3,284.70	-	-	PPE	PPE	60,200,000	70,301,194	
Coco Lanka (Pvt) Ltd	Cocowatta Estate, Puttalam	Land	26,445	-	-	PPE	PPE	127,482,760	180,448,000	
		Building	-	5	6,447	PPE	PPE	-	9,904,501	
Renuka Agri Organics Ltd	Export Processing Zone, Wathipitiwala	Building	-	3	69,225	PPE	PPE	74,073,652	262,973,228	
	Karishue Place, Colombo -9	Land	4.7	-	-	PPE	PPE	17,500,000	18,800,000	
	Danister De Silva Mawatha	Land	40	-	-	PPE	PPE	114,699,000	320,000,000	
	Danister De Silva Mawatha	Building	-	1	66,828	PPE	PPE	289,341,098	588,921,750	
Shaw Wallace Ceylon Ltd	Gamunu Mawatha,Ekala	Land	59.8	-	-	PPE	PPE	16,445,000	29,900,000	
	Gamunu Mawatha,Ekala	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	
	Samagi Mw. Ekala Ja-Ela	Building	-	11	40,698	PPE	PPE	9,721,060	31,531,759	
Shaw Wallace Properties (Pvt) Ltd	New Nuge Road, Peliyagoda	Land	215.59	-	-	IP	PPE	95,000,000	351,899,359	
		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	PPE	PPE	194,843,169	183,562,119	
Galle Face Properties Ltd	Galle Face Terese, Colombo 3	Land	85.19	-	-	IP	IP	309,918,000	3,558,442,272	
Campbell Place Properties (Pvt) Ltd	Sri Dhamma Mw., Colombo 9	Land	184	2	-	IP	IP	548,627,000	920,000,000	
		Building	-	-	-	PPE	PPE	-	-	

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	10,740,549	8,697,769	7,849,081	8,966,792	8,703,565
Gross Profit	1,837,395	1,073,547	1,896,543	2,162,858	1,705,803
Profit before finance cost and tax	925,017	493,932	424,406	635,194	906,829
Profit before taxation	1,130,905	441,218	456,692	607,711	748,790
Taxation	(187,926)	(62,247)	(56,199)	(374,744)	(224,845)
Profit after tax	942,979	378,971	363,643	234,436	523,945
Profit attributable to equity holders of the company	439,154	282,983	131,621	3,722	355,461
b) Summary of Financial Position					
Capital and reserves					
Stated Capital	2,223,194	2,223,194	1,198,897	1,198,897	1,198,897
Revaluation Reserve	427,561	436,245	403,976	271,909	272,088
Capital Reserves	313,874	313,874	-	-	-
Retained earnings	5,744,963	4,806,733	4,500,908	4,494,714	3,919,518
Shareholders' Fund	8,709,487	7,780,046	6,103,781	5,965,520	5,390,503
Minority interest	3,849,950	3,301,370	4,071,024	3,602,970	3,382,015
Total Equity	12,559,437	11,081,416	10,174,805	9,568,490	8,772,518
Liabilities					
Non-Current Liabilities	1,420,403	1,209,308	1,336,849	964,508	1,102,154
Current Liabilities	3,863,606	3,074,306	2,458,592	2,704,014	3,176,685
Total Liabilities	5,284,009	4,283,614	3,795,441	3,668,522	4,278,839
Total Equity and Liabilities	17,843,445	15,365,030	13,970,246	13,237,012	13,051,357
Assets					
Property, plant and equipment	4,648,015	4,408,034	4,513,526	3,861,050	3,774,024
Investment properties	4,478,442	3,898,231	3,333,884	3,139,379	2,548,627
Investments	-	169,054	1,113,770	1,159,554	804,746
Other non-Current assets	640,647	618,731	594,478	555,994	574,940
Current assets	8,076,340	6,270,980	4,414,588	4,521,035	5,349,018
Total Assets	17,843,445	15,365,030	13,970,246	13,237,012	13,051,357
c) Key Indicators					
Earnings per share (Rs.)	2.46	2.25	1.26	0.04	3.49
Net profit margin (%)	8.78%	4.36%	4.63%	2.61%	6.02%
Net assets value per share (Rs.)	70.44	62.15	99.86	93.91	86.10
Dividends per share (Rs.)	0.10	0.25	0.25	-	-
Dividends payout (Rs.)	4.07%	11.13%	19.91%	-	-
Dividend cover (times)	24.6	8.98	5.02	-	-
Interest cover (times)	6.29	3.55	2.83	2.80	5.74
Current ratio (times)	2.09	2.04	1.80	1.67	1.67
Gearing ratio (%)	15.13%	17.97%	14.99%	15.29%	27.25%
Return on equity (%)	7.51%	3.42%	3.57%	2.45%	9.72%

SHARE HOLDER'S INFORMATION

SHARE INFORMATION	2022		2021	
	Voting	Non Voting	Voting	Non Voting
Total No. of Shareholders	2,657	997	2,510	1,101
Total No. of Shares	155,810,595	22,499,452	155,810,595	22,499,452

PUBLIC SHARE HOLDING				
The percentage of Shares held by the public			2022	2021
Voting			31.76%	31.78%
Non Voting			68.87%	79.61%
No. of Shareholders	Voting		2,652	2,502
	Non-voting		992	1,094

SHARE TRADING INFORMATION		2022		2021	
1st of April to 31st March		Voting	Non Voting	Voting	Non Voting
Share Price					
Highest (Rs.)		23.00	16.00	22.50	15.90
Lowest (Rs.)		10.40	8.60	10.50	7.30
As at 31st March		10.60	11.50	14.40	11.40

MARKET CAPITALIZATION		2022		2021	
As at 31st March (Rs. '000)		1,910,336,005	-	2,500,166,321	-
Float adjusted market capitalization (Rs. '000) **		702,748,806	-	917,328,813	-
No of Trades		15,141	4,620	10,534	3,785
No of shares Traded		72,476,281	14,016,133	41,958,963	13,820,030
Value of Shares Traded (Rs.)		1,319,880,445	178,733,407	750,358,297	180,288,136

The Company has over 20% public share holding and over 500 public share holders, thereby meeting the minimum thresholds for compliance on minimum public holding.

Dividends		2022	2021
Proposed final Dividend per share (Rs.)		0.40	0.10

VOTING SHARES	31st March 2022			31st March 2021		
	No of Shareholders	No of Shares	%	No of Shareholders	No of Shares	%
No of Shares Held - Voting						
1 - 1,000	1,402	388,705	0.25%	1,292	356,520	0.23%
1,001 - 10,000	850	3,384,660	2.17%	809	3,102,665	1.99%
10,001 - 100,000	330	10,190,802	6.54%	342	10,551,055	6.77%
100,001 - 1,000,000	63	18,595,581	11.93%	52	13,527,058	8.68%
1,000,000 & Over	12	123,250,847	79.10%	15	128,273,297	82.33%
	2,657	155,810,595	100.00%	2,510	155,810,595	100.00%

Analysis of Shareholders - Voting						
Individuals	2,464	63,349,277	40.66%	2,347	61,716,091	39.61%
Institutions	193	92,461,318	59.34%	163	94,094,504	60.39%
Total	2,657	155,810,595	100.00%	2,510	155,810,595	100.00%

Analysis of Shareholders - Voting						
Resident	2,635	145,734,605	93.53%	2,483	138,098,026	88.63%
Non Resident	22	10,075,990	6.47%	27	17,712,569	11.37%
Total	2,657	155,810,595	100.00%	2,510	155,810,595	100.00%

SHARE HOLDER'S INFORMATION (CONTD.)

VOTING SHARES	31st March 2022			31st March 2021		
	No of Shareholders	No of Shares	%	No of Shareholders	No of Shares	%
Analysis of Shareholders						
Renuka Group Limited	1	72,099,999	46.27%	1	72,099,999	46.27%
Directors and Spouses	4	34,223,717	21.96%	7	34,186,888	21.94%
Public	2,652	49,486,879	31.76%	2,502	49,523,708	31.78%
Total	2,657	155,810,595	100.00%	2,510	155,810,595	100.00%

Percentage of Shares held by the public as at 31st March 2022 is 31.76% .

Non-VOTING SHARES	31st MARCH 2022			31st MARCH 2021		
	No of Shareholders	No of Shares	%	No of Shareholders	No of Shares	%
No of Shares Held - Non-Voting						
1 - 1,000	509	132,885	0.59%	521	134,857	0.60%
1,001 - 10,000	284	1,099,391	4.89%	340	1,365,406	6.07%
10,001 - 100,000	170	5,639,850	25.07%	199	6,617,320	29.41%
100,001 - 1,000,000	30	7,199,525	32.00%	39	10,305,362	45.80%
1,000,000 & Over	4	8,427,801	37.46%	2	4,076,507	18.12%
Total	997	22,499,452	100.00%	1,101	22,499,452	100.00%

Analysis of Shareholders - Non-Voting						
Individuals	926	10,450,474	46.45%	1,019	13,497,708	59.99%
Institutions	71	12,048,978	53.55%	82	9,001,744	40.01%
Total	997	22,499,452	100.00%	1,101	22,499,452	100.00%

Analysis of Shareholders - Non-Voting						
Resident	982	20,764,901	92.29%	1,082	20,653,774	91.80%
Non Resident	15	1,734,551	7.71%	19	1,845,678	8.20%
Total	997	22,499,452	100.00%	1,101	22,499,452	100.00%

Analysis of Shareholders - Non-Voting						
Directors and Spouses	3	7,004,853	31.13%	7	4,588,275	20.39%
Public	994	15,494,599	68.87%	1,094	17,911,177	79.61%
Total	997	22,499,452	100.00%	1,101	22,499,452	100.00%

Percentage of Shares held by the public as at 31st March 2022 is 68.87%.

SHARE HOLDER'S INFORMATION (CONTD.)

TOP 20 MAJOR SHAREHOLDERS		Voting as at 31.03.2022		Voting as at 31.03.2021	
No.	Name	No. of shares	%	No. of shares	%
1	RENUKA GROUP LIMITED	72,099,999	46.27%	72,099,999	46.27%
2	DR. S. R. RAJIYAH & MRS. I. R. RAJIYAH (JT)	25,987,723	16.68%	22,448,894	14.41%
3	DR. S. YADDEHIGE	6,445,890	4.14%	6,445,890	4.14%
4	MR. S. V. RAJIYAH	3,327,870	2.14%	-	-
5	EMPLOYEES TRUST FUND BOARD	2,914,330	1.87%	2,914,330	1.87%
6	MRS. A. L. RAJIYAH	2,327,870	1.49%	4,578,870	2.94%
7	MR. S. V. RAJIYAH & MRS. J. J. B. A RAJIYAH (JT)	2,176,436	1.40%	2,176,436	1.40%
8	HATTON NATINAL BANK PLC/SARRAVANAN NEELAKANDAN	2,142,000	1.37%	-	-
9	MR. M. M. S. DAWOOD	1,840,808	1.18%	1,840,808	1.18%
10	HATTON NATIONAL BANK PLC / D.N. SELLAMUTTU	1,600,100	1.03%	1,600,100	1.03%
11	BANK OF CEYLON NO. 1 ACCOUNT	1,211,821	0.78%	1,399,233	0.90%
12	N. VAITILINGAM & COMPANY LTD	1,176,000	0.75%	1,200,000	0.77%
13	PEOPLE'S LEASING & FINANCE PLC/L.PHAPANGAMA	851,811	0.55%	-	-
14	HATTON NATIONAL BANK PLC/ARUNASALAM SITHAMPALAM	777,248	0.50%	-	-
15	MR. M.D.S. GOONATILLEKE	665,167	0.43%	-	-
16	MR. D.M. WICKRAMASINGHE	661,000	0.42%	-	-
17	HATTON NATIONAL BANK PLC/ALMAS ORGANISATION(PVT) LTD	652,962	0.42%	4,496,595	2.89%
18	SEYLAN BANK PLC / E. J. GUNSEKERA & M.G.M. GUNASEKERA	610,000	0.39%	478,295	0.31%
19	MR. U.F STRUNK & MRS. M.G. DE ALBUQUERQUE LEINENBACH	535,247	0.34%	-	-
20	MISS. S. DURGA	530,563	0.34%	-	-
		128,534,845	82.49%	121,679,450	78.11%

TOP 20 MAJOR SHAREHOLDERS		Non-Voting as at 31.03.2022		Non-Voting as at 31.03.2021	
No.	Name	No. of shares	%	No. of shares	%
1	HATTON NATIONAL BANK PLC / ALMAS ORGANISATION (PVT) LTD	5,137,516	22.83%	2,979,518	13.24%
2	RENUKA GROUP LIMITED	1,135,646	5.05%	-	-
3	MR. K. C. VIGNARAJAH	1,096,989	4.88%	1,096,989	4.88%
4	HATTON NATIONAL BANK PLC/CARLINES HOLDINGS (PVT) LTD	1,057,650	4.70%	-	-
5	MR. S. ABISHEK.	550,382	2.45%	-	-
6	MR. A. SITHAMPALAM	414,644	1.84%	414,644	1.84%
7	HATTON NATIONAL BANK PLC / ARUMUGAM SIVAPALAN	382,498	1.70%	-	-
8	MR. R. GAUTAM	370,290	1.65%	370,190	1.65%
9	DR. G. RAJIYAH	356,854	1.59%	356,854	1.59%
10	MERCHANT BANK OF SRI LANKA & FINANCE PLC/B. JANEGAN	350,000	1.56%	-	-
11	MRS. S. UMESHWARY	340,594	1.51%	340,594	1.51%
12	MOTOR SERVICE STATION (PRIVATE) LTD	308,031	1.37%	-	-
13	E. W. BALASURIYA & CO. (PVT) LTD	306,521	1.36%	306,521	1.36%
14	AMANA BANK PLC/ALMAS ORGANISATION (PVT) LTD	299,850	1.33%	-	-
15	HALLSVILLE TRADING GROUP INC.	295,977	1.32%	295,977	1.32%
16	MR. S.N.C.W.M.B.C. KANDEGEDARA	274,250	1.22%	-	-
17	COMMERCIAL BANK OF CEYLON PLC A/C NO. 04	265,368	1.18%	265,368	1.18%
18	MISS. S. DURGA	263,699	1.17%	-	-
19	PEOPLE'S LEASING & FINANCE PLC / MR.D.M.PDISANAYAKE	249,194	1.11%	980,290	4.36%
20	MR. R.E. RAMBUKWELLE	245,000	1.09%	241,375	1.07%
		13,700,953	60.91%	7,648,320	34.00%

NOTICE OF MEETING

Notice is hereby given that the Forty Second (42nd) Annual General Meeting (AGM) of Renuka Holdings PLC (the 'Company') will be held on Wednesday, September 7th, 2022 at 5.00 p.m. as a virtual meeting using a digital platform for the following purposes:

1. To receive and consider the Annual Report of the Board of Directors on the affairs of the Company, the statement of Compliance and the Financial Statement for year ended 31st March 2022 with the Report of the Auditors thereon.
2. To declare a dividend as recommended by the Board of Directors and to consider to pass the following resolutions:

a. Declaration of a first and final dividend

THAT a first and final dividend of Rs. 0.40 cents per issued and fully paid ordinary (voting) and (non-voting) shares constituting a total sum of Rs. 71,324,018.80 based on the issued ordinary (voting) and (non-voting) shares as at 9th August, 2022;

THAT the shareholders entitled to such dividend would be those shareholders [both ordinary (voting) and (non-voting)], whose names have been duly registered in the Shareholders' Register maintained by the Registrars of the Company [i.e. SSP Corporate Services (Pvt) Ltd., No. 101, Inner Flower Road, Colombo 03] and also those shareholders whose names appear on the Central Depository Systems (Pvt) Ltd. ('CDS') as at end of trading on the Record Date [i.e. the third (3rd) market day from and excluding the date of the meeting] (the 'Entitled Shareholders');

THAT subject to the shareholders and (a) approving the proposed allotment and issue of new ordinary (voting) and (non-voting) shares by passing the resolutions set out in Items 2(i) and 2(ii) below, the declared first and final dividend of Rs. 0.40 cents per issued and fully paid ordinary (voting) and (non-voting) share be distributed and satisfied by the allotment and issue of new ordinary (voting) and (non-voting) shares (the 'distribution scheme') based on the share prices of ordinary (voting) and (non-voting) shares as at August 5th, 2022 to the Entitled Shareholders;

- The allotment and issue of new ordinary (voting) and (non-voting) shares of Rs. 0.40 cents per share dividend entitlement (subject to applicable government taxes).

THAT accordingly and subject to the approval of the shareholders being obtained in the manner aforementioned the implementation of the said distribution scheme shall be as follows:

By way of the allotment and issue of new shares:

The sum of:

- Rs. 62,324,238.00 to which the ordinary (voting) shareholders are entitled (subject to applicable government taxes); and
- Rs. 8,999,780.80 to which the ordinary (non-voting) shareholders are entitled (subject to applicable government taxes),

shall be satisfied by the allotment and issue of new ordinary (voting) and (non-voting) shares to the entitled shareholders of the ordinary (voting) and (non-voting) shares respectively, on the basis of the following ratios:

- 01 new fully paid ordinary (voting) share for every 27.50000397 existing issued and fully paid ordinary (voting) shares calculated on the basis of the market value of the ordinary (voting) shares as at end of trading on August 5th, 2022; and
- 01 new fully paid ordinary (non-voting) share for every 24.25001185 existing issued and fully paid ordinary (non-voting) shares calculated on the basis of the market value of the ordinary (non-voting) shares as at end of trading on August 5th, 2022.

THAT the ordinary (voting) and (non-voting) residual share fractions, respectively, arising in pursuance of the aforementioned allotment and issue of new ordinary (voting) and (non-voting) shares after applying the formulas referred to in the sub heading "Residual fractions of shares" in the "Circular to the shareholders on the first and final dividend for 2022" dated August 12, 2022 be aggregated and the ordinary (voting) and (non-voting) shares, respectively, arising consequent to such aggregation be will be donated to a charity or charities approved by the Board of Directors of the Company by way of cash;

THAT the new shares to be issued in pursuance of the said distribution scheme constituting a total issue of 5,665,839 new ordinary (voting) shares, based on the issued and fully paid ordinary (voting) shares as at August 9th, 2022, and 927,812 new ordinary (non-voting) shares based on the issued and fully paid ordinary (non-voting) shares as at August 9th, 2022 shall, immediately consequent to due allotment thereof to the entitled shareholders rank equal and pari passu in all respects with the existing issued and fully paid ordinary (voting) shares and the existing issued and fully paid ordinary (non-voting) shares of the Company respectively including the entitlement to participate in any dividend that may be declared after the date of allotment thereof and shall be listed on the Colombo Stock Exchange; and

NOTICE OF MEETING (CONTD.)

a. (Dividend Resolution No. 2 i):

THAT a new issue of shares provided for by Article 5 (b) of the Articles of Association of Renuka Holdings PLC (the 'Company'), be and is hereby issue of new shares to be effected by the Company for purposes of satisfying in first and final dividend for the year ended March 31, 2022:

"The allotment and issue of 5,665,839 new ordinary (voting) shares, and 927,812 new ordinary (non-voting) shares credited as fully paid to entitled shareholders and which new shares shall rank equal and pari passu with the existing issued and fully paid ordinary (voting) and (non-voting) shares of the Company including the right to participate in any dividend which may be declared after the date of allotment of such shares".

- a. Approval of an issue of ordinary (voting) and (non-voting) shares (Dividend Resolution No. 2 (ii)):

THAT the proposed allotment and issue of 5,665,839 new ordinary (voting) shares and 927,812 new ordinary (non-voting) shares credited as fully paid to entitled shareholders and which new shares shall rank equal and pari passu with the existing issued and fully paid ordinary (voting) and (non-voting) shares of the Company including the right to participate in any dividend which may be declared after the date of allotment of such shares be and is hereby approved in pursuance of Article 5 (b) of the Articles of Association of the Company; and

THAT accordingly the Company's management be and is hereby authorized to take all necessary steps to give effect to the aforesaid proposed issue of new ordinary (voting) and (non-voting) shares of the Company.

- b. To re-elect Mr. M.S. Dominic as a Director who retires by rotation in terms of Article 28 (1).
- c. To re-appoint Mrs. I.R. Rajiyah who is over 70 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 I.R. Rajiyah.
- d. To re-appoint Dr. S.R. Rajiyah who is over 70 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.
- e. To re-appoint Mr. T.K. Bandaranayake who is over 70 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.
- f. To re-appoint Dr. J.M. Swaminathan who is over 70 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. J.M. Swaminathan.
- g. (i) To reappoint Messrs KPMG, Chartered Accountants, as recommended by the Board of Directors as the Company's Auditors for the financial year ending March 31, 2022; and
- (ii) To authorize the Board of Directors to determine the remuneration of the Auditors for the financial year ending March 31, 2022
- h. To authorize the Board of Directors to determine donations for the year 2022.

By Order of the Board of Renuka Holdings PLC,

Renuka Enterprises (Pvt) Ltd
Company Secretaries

August 12, 2022
Colombo

NOTICE OF MEETING (CONTD.)

Notes

- (i) A duly registered and entitled holder of the Company's ordinary (voting) shares is entitled to participate at the meeting by virtual means, speak and vote at the AGM and is entitled to appoint a proxy holder to participate by virtual means, speak, and vote in his/her stead.
- (ii) A proxy holder need not be a shareholder of the Company.
- (iii) A Form of Proxy is sent along with this Report. The Form of Proxy should be completed legibly and forwarded to the Company, to Company Secretary, No. 69, Sri Jinaratana Road Colombo 02, not later than forty-eight (48) hours before the time appointed for the holding of the AGM.

CIRCULAR TO THE SHAREHOLDERS

Circular to the Shareholders on the First and Final Dividend for 2022

Dear Shareholder/s,

First and Final Dividend for the year ended March 31, 2022 to be Satisfied by the Allotment and Issue of New Shares.

The Board of Directors of the Company, is pleased to inform its Shareholders that, a first and final dividend distribution of Rs. 0.40 cents per each existing issued and fully paid ordinary (voting) and (non-voting) share has been recommended for the financial year ended March 31, 2022 for due declaration by the Shareholders at the Annual General Meeting ('AGM') to be held on Wednesday, September 7th, 2022 (the date of the AGM) at 5.00 p.m. to be held, virtually, by using a digital platform and such dividend so declared be paid out of the profits of the Company for the financial year ended March 31, 2022, which would be subject to applicable government taxes.

The Board of Directors is confident that, the Company will be able to satisfy the solvency test set out in Section 57 of the Companies Act No. 07 of 2007 (as amended) ['CA 2007'] immediately post- allotment of such dividend. A Certificate of Solvency has been provided by the Company's Auditors, Messrs KPMG, Chartered Accountants.

Subject to obtaining the approval of the Shareholders, the said dividend will be satisfied in accordance with a distribution scheme whereby:

- (i) New ordinary (voting) and (non-voting) shares will be allotted and issued, in satisfaction of the dividend entitlement, constituting a total sum of Rs. 71,324,018.80 based on the issued and fully paid ordinary (voting) and (non-voting) shares of the Company as at August 9th, 2022.

Accordingly, and in pursuance of the aforesaid distribution scheme, the Company proposes to issue:

5,665,839 number of new ordinary (voting) shares, calculated based on the issued and fully paid ordinary (voting) shares as at August 9th, 2022 and on the basis of their market value (closing price) as at end of trading on August 5th, 2022; and

- (a) 927,812 number of new ordinary (non-voting) shares calculated based on the issued and fully paid ordinary (non-voting) shares as at August 9th, 2022 and on the basis of their market value (closing price) as at end of trading on August 5th, 2022.

The said shares shall be issued in the following ratios to the entitled Shareholders of the Company:

- a. 01 new fully paid ordinary (voting) share for every 27.50000397 existing issued and fully paid ordinary (voting) shares calculated on the basis of the market value of the ordinary (voting) shares as at end of trading on August 5th, 2022; and
- b. 01 new fully paid ordinary (non-voting) share for every 24.25001185 existing issued and fully paid ordinary (non-voting) shares calculated on the basis of the market value of the ordinary (non-voting) shares as at end of trading on August 5th, 2022.

The above share ratio is based on a value of Rs. 11.00 per ordinary (voting) share and Rs. 9.70 per ordinary (non-voting) share (subject to applicable government taxes) as at the end of trading on August 5th, 2022. The Board of Directors is satisfied that the aforementioned values which constitute the consideration for which the new shares are to be allotted and issued is fair and reasonable to the Company and to all its existing Shareholders.

Entitled Shareholders

Shareholders entitled to participate in the said dividend are those who are duly registered in the Company's Share Register and also those shareholders whose names appear on the Central Depository Systems (Pvt) Ltd ('CDS') as at end of trading on the Record Date [i.e. the third (3rd) market day from and excluding the date of the meeting] (the 'Entitled Shareholders').

In calculating the number of shares held by a shareholder as at the relevant date for the proposed allotment and issue of new shares, the shareholding of the shareholder as appearing in the CDS and the Shareholders' Register maintained by the Registrars of the Company [SSP Corporate Services (Pvt) Ltd, No. 101, Inner Flower Road, Colombo 03] will not be aggregated. However, if a shareholder holds shares with multiple stockbrokers, the shares held with multiple stockbrokers will be aggregated for calculation purposes, and the shares arising as a result of the proposed issue and allotment of new shares will be uploaded proportionately to the respective CDS accounts held with each broker. The Company has obtained the approval in principle of the Colombo Stock Exchange ('CSE') for the proposed allotment and issue of new shares.

Residual Fractions of Shares

The residual fractions arising from the aforementioned allotment and issue of new ordinary (voting) and (non-voting) shares respectively, will be aggregated and the shares arising consequent thereto will, subject to receiving the approval of the Shareholders therefor, such shares will be sold and the next sale proceeds arising therefrom be distributed to a charity/charities approved by the Board of Directors. The donation will be effected by the Company within a reasonable period of time.

Residual fractions of ordinary (voting) and (non-voting) shares above-mentioned shall mean the above-mentioned fractions arising after applying the following formulas respectively:

CIRCULAR TO THE SHAREHOLDERS (CONTD.)

For voting shareholders –

Number of shares held by a shareholder
as at end of trading on the Record Date X 1

27.50000397

For non-voting shareholders –

Number of shares held by a shareholder
as at end of trading on the Record Date X 1

24.25001185

Status of the New Shares

The new ordinary (voting) and (non-voting) shares to be so issued, immediately consequent to due allotment thereof to the entitled Shareholders, shall rank equal and pari passu in all respects with the existing issued and fully paid ordinary (voting) and (non-voting) shares, respectively, of the Company.

Listing approval

An application has been made to the CSE for listing the new ordinary (voting) and (non-voting) shares on the official list of the CSE. This application has been approved 'in principle' by the CSE.

Shareholder Approvals

The proposed method of satisfying the abovementioned first and final dividend is subject to Shareholders granting approval therefor by passing the resolutions set out in the attached Notice of Meeting pertaining to the following matters:

- Authorization to satisfy the first and final dividend by an allotment and issue of new shares:

Article 5 (b) of the Company's Articles of Association provides, in effect, that, subject to the provisions of CA 2007, the Board is empowered to pay a dividend by way of shares. The Board seeks the authorization of Shareholders for the satisfaction of the first and final dividend by the issue of new ordinary (voting) and (non-voting) shares in the manner set out above.

The relevant resolution to be passed by the Shareholders in this regard is set out in item 2(i) of the attached Notice of Meeting.

As mentioned previously, the first and final dividend is proposed to be satisfied, by the allotment and issue of new ordinary (voting) and (non-voting) shares in the manner set out above and on the above-mentioned application of the above-mentioned share proportion.

The relevant resolution to be passed by the Shareholders in this regard is set out in item 2(i) of the attached Notice of Meeting.

The Company is required, in compliance with the above provisions, to seek Shareholder approval by a ordinary resolution for the proposed method of satisfaction of the first and final dividend by an allotment and issue of new

ordinary (voting) and (non-voting) shares in the manner set out above. The relevant ordinary resolution to be passed by the Shareholders in this regard is set out in item 2(ii) of the attached Notice of Meeting.

Confirmation of Compliance

The Board of Directors hereby confirms that the allotment and issue of new shares is in compliance with the Articles of Association of the Company the Listing Rules of the CSE and the provisions of the CA 2007.

Allotment of the New Shares

The Board of Directors emphasizes that the aforementioned allotment and issue of new shares is in satisfaction of the first and final dividend for the year ended March 31, 2022 and shall be dependent on and subject to the Shareholders passing the requisite resolutions.

Uploading of Shares in to CDS Accounts

In the event that the requisite resolution declaring the dividend (including its manner of satisfaction thereof) by way of the issue and allotment of new shares is passed by the Shareholders, the accounts of the Shareholders whose shares are deposited in the CDS would be directly uploaded with the new shares to the extent that such Shareholder has become entitled thereto.

The shares would be uploaded within five (05) market days from and excluding the Record Date. If a Shareholder holds multiple CDS accounts the total entitlement will be directly deposited to the respective CDS accounts proportionately. Pursuant to a Direction issued by the Securities and Exchange Commission of Sri Lanka ('SEC') pertaining to the de-materialisation of listed securities, the Shareholders who hold shares in scrip form (i.e. Share Certificates) as per the Share Register maintained by the Registrars of the Company, will not be issued Share Certificates for the new shares allotted and issued in their favour. Such Shareholders are accordingly requested to open an account with the CDS and to deposit their Share Certificates in the CDS prior to the date of the AGM of the Company. This will enable the Company to deposit the new shares directly into the Shareholder's CDS Account.

If a Shareholder fails to deposit his/her existing ordinary (voting) and/or (non-voting) shares in the CDS prior to the date of the AGM, such Shareholder's entitlement of new ordinary (voting) and/or (non-voting) shares will be deposited by the Company after such Shareholder has opened a CDS Account and has informed the Company's Registrars in writing of his/her CDS account number. Until such CDS account is opened by a Shareholder as aforementioned, the new ordinary (voting) and (non-voting) shares that are allotted in his/ her favour will be registered in such shareholder's account in the Share Register maintained by the Registrars of the Company. Consequent to the opening of the CDS account by such Shareholder, the new shares will be credited to such CDS account. Direct uploads pertaining to written requests received from Shareholders to deposit such shares will be done on a weekly basis.

CIRCULAR TO THE SHAREHOLDERS (CONTD.)

Annual General Meeting (AGM)

Attached hereto is the Annual Report comprising the Notice convening the AGM for September 7th, 2022 and setting out in item 2 thereof, the relevant resolutions to be passed by the Shareholders in the above regard.

Form of Proxy

Shareholders who are unable to participate at the meeting by virtual means are entitled to appoint a proxy to participate at the said meeting by virtual means and speak and also vote on their behalf, depending on their voting rights. If you wish to appoint such a proxy, kindly complete and return the enclosed Form of Proxy (in accordance with instructions No. 69 Sri Jinaratana Road, Colombo 02, not later than forty-eight (48) hours before the time appointed for the holding of the AGM.

Yours faithfully,

By Order of the Board of Renuka Holdings PLC

Renuka Enterprises (Pvt) Ltd
Company Secretaries

August 12, 2022

FORM OF PROXY

I / We of
 being a member/
 members of Renuka Holdings PLC, hereby appoint;
 (NIC No.)
 of
 Or failing her/him

Mrs. I.R. Rajiyah or failing her
 Dr. S.R. Rajiyah or failing him
 Mr. S.V. Rajiyah or failing him
 Mrs. J.J.B.A. Rajiyah or failing her
 Mr. V. Sanmugam or failing him
 Mr. T.K. Bandaranayake or failing him
 Mr. M.S. Dominic or failing him
 Mr. J.M. Swaminathan

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 7th day of September 2022 and at any adjournment thereof and at every poll which may be taken in consequence thereof.

		For	Against
1.	To receive and consider the Annual Report of the Board of Directors on the affairs of the Company, the Statement of Compliance and the Financial Statements for the year ended March 31, 2022 together with the Report of the Auditors thereon		
2.	To declare a dividend as recommended by the Directors and to pass the following resolutions set out in the attached Notice of Meeting:		
	i. Declaration of a first and final dividend and approval of its method of satisfaction (Dividend Resolution No. 2 (i))		
	ii. Approval of an issue of ordinary (voting) and (non-voting) shares (Dividend Resolution No. 2 (ii))		
3.	To re-elect Mr. M.S. Dominic as a Director		
4.	To re-appoint Mrs. I.R. Rajiyah as a Director		
5.	To re-appoint Dr. S.R. Rajiyah as a Director		
6.	To re-appoint Mr. T.K. Bandaranayake as a Director		
7.	To re-appoint Dr. J.M. Swaminathan as a Director		
8.	(i) To re-appoint Messrs KPMG, Chartered Accountants as recommended by the Board of Directors, as Auditors to the Company for the Financial Year ending March 31, 2022.		
	(ii) To authorize the Board of Directors to determine the remuneration of the Auditors for the Financial Year ending March 31, 2022.		
9.	To authorize the Board of Directors to determine donations for the year 2022.		

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 5.00 p.m. on 5th 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 Company

Renuka Holdings PLC

Registration No.

PQ 227

Legal Form

Quoted Public Company With Limited Liability

Direct Subsidiaries:

Renuka Agro Exports (Pvt) Ltd
Renuka Enterprises (Pvt) Ltd
Shaw Wallace & Hedges Ltd

Indirect Subsidiaries:

Renuka Agri Foods PLC
Renuka Agri Organics Ltd
Renuka Developments (Pvt) Ltd
Renuka Foods PLC
Renuka Agro Exports (Pvt) Ltd
Renuka Enterprises (Pvt) Ltd
Campbell Place Properties (Pvt) Ltd
Ceylon Forestry (Pvt) Ltd
Coco Lanka (Pvt) Ltd
Kandy Plantations Ltd
Galle Face Capital Partners PLC
Galle Face Properties Ltd
Richlife Dairies Ltd
Shaw Wallace Ceylon Ltd
Shaw Wallace Investments PLC
Shaw Wallace Properties (Pvt) Ltd
Shaw Wallace & Hedges Ltd

Principal Activity

It is the holding company for subsidiaries engaged in the business of Agri Food Exports, Consumer Brands, Property and Investment.

Board Of Directors - Company

Mrs. I.R.Rajiyah (Chairperson)
Dr. S.R.Rajiyah
Mr. S.V.Rajiyah
Mr. M.S.Dominic
Mr.T.K.Bandaranayake
Dr. J.M.Swaminathan
Mrs. J.J.B.A. Rajiyah
Mr. V. Sanmugam

Audit Committee

Mr.T.K.Bandaranayake (Chairman)
Mr. J.M.Swaminathan
Mr. M.S.Dominic

Related Party 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

Company Secretaries

Renuka Enterprises (Pvt) Ltd
69 Sri Jinaratana Road,
Colombo 2

Registrars

S.S.P.Corporate Services (Pvt) Ltd
546 Galle Road,
Colombo 3.

Registered Office

"Renuka House"
69 Sri Jinaratana Road,
Colombo 2
Telephone: 0094-11-2314750-5
Fax: 0094 11-2445549
Email: info@renukagroup.com

Postal Address

P.O.Box 25, Colombo

Stock Exchange Listing

Colombo Stock Exchange

Auditors

Messrs. KPMG
Chartered Accountants

Legal Consultants

Nithya Partners- Attorneys-at-Law
Varners

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" No. 69, Sri Jinaratana Road, Colombo 2, Sri Lanka.
Telephone: 0094-11-2314750-5 Fax : 0094-11-2445549
Email: info@renukagroup.com
Website: www.renukagroup.com