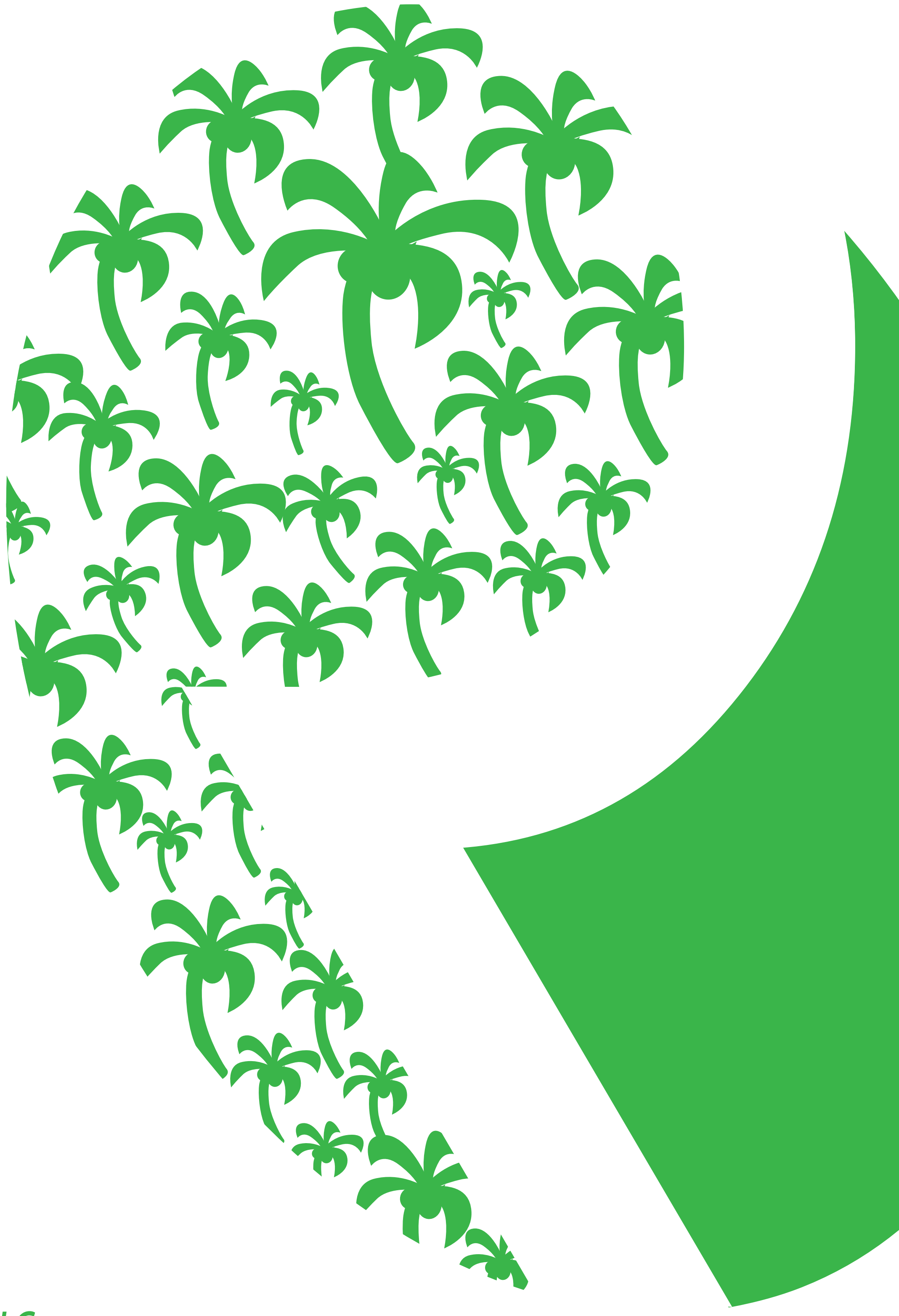
RENUKA FOODS



RENUKA AGRI FOODS PLC

Annual Report 2024

CONTENTS

WHO WE ARE

Renuka Agri Foods PLC is an Agribusiness organization listed on the Colombo Stock Exchange. We are an organization engaged in plantations, manufacturing and distribution, integrated across the value chain. As an organization focused on results, the emphasis has been towards the creation of long term shareholder value in all our businesses, while being a socially responsible corporate citizen.

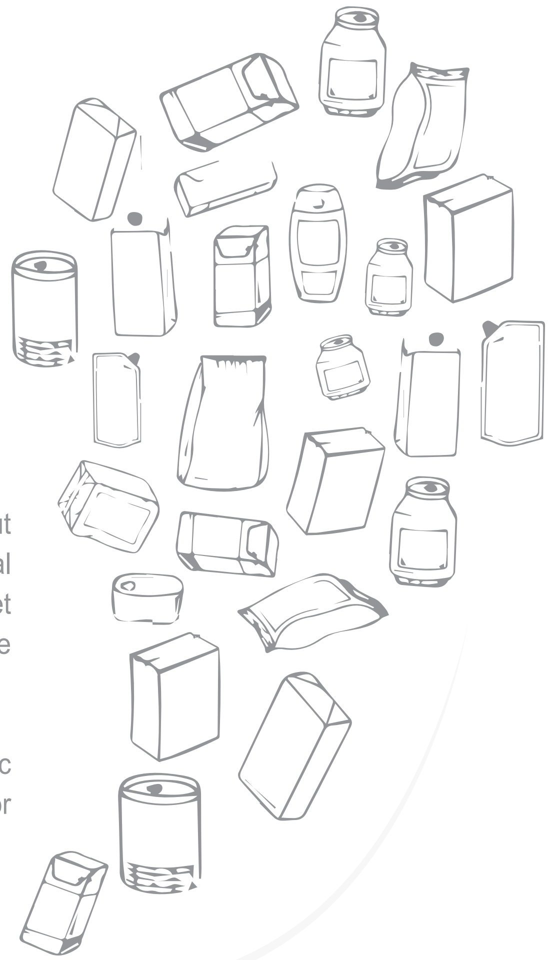
Responsive
Enterprising
Nurturing
Unrelenting
Knowledgeable
Accountable

VISION

To be a leading global manufacturer, marketer and center of excellence for agriculture based food and beverage products.

CULTURE AND VALUES

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



MANUFACTURING

Renuka Agri Foods PLC is involved in the manufacture of coconut based food and beverage products for the local and international markets. Our state of the art production facilities are geared to meet the demands set out by clientele the world over and brings out the best taste in different forms of packaging.

Renuka Developments (Pvt) Ltd is the license holder for our organic plantations and factories thus ensuring that the world demand for organic coconut products is sustainable on a long term basis.

PLANTATIONS

Kandy Plantations Ltd today is one of Sri Lanka's largest, integrated organic certified farms contributing to uplift the rural communities around the region. Coco Lanka (Pvt) Ltd is establishing a state of the art drip irrigation organic coconut farm, while Ceylon Forestry (Pvt) Ltd is engaged in sustainable cultivation of trees.

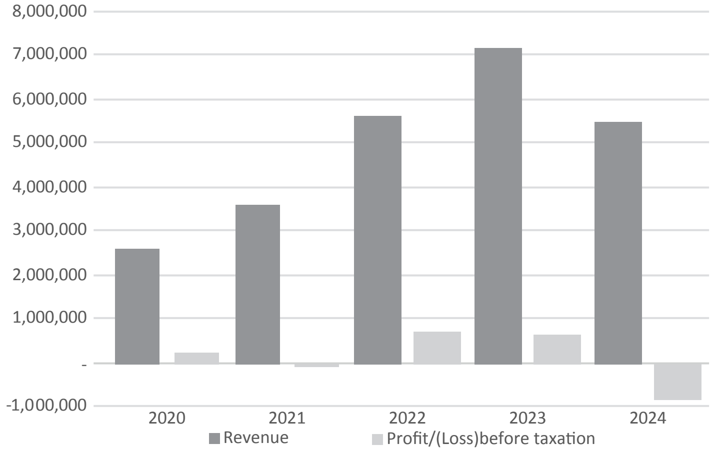
REVENUE
5,517
RS. MILLION

TOTAL ASSETS
6,936
RS. MILLION

GROSS PROFIT
290
RS. MILLION

EMPLOYEES 550 NOS.

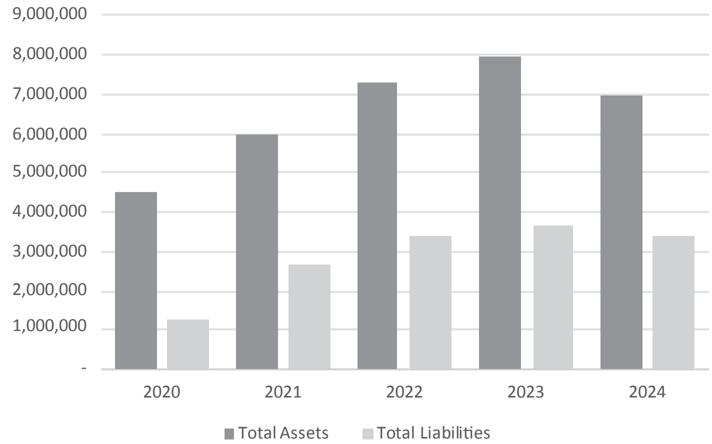
GROUP REVENUE AND EBIT



RS. (253) Mn.
EBIT in Year 2024

RS. 5,517 Mn.
Revnue in Year 2024

TOTAL ASSETS AND LIABILITIES



RS. 6,936 Mn.
Assets in Year 2024

RS. 3,352 Mn.
Liabilities in Year 2024

PROFILE OF DIRECTORS

Dr. S.R Rajiyah

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

Mrs. I.R Rajiyah

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

Mr. S.V. Rajiyah

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

Mr. V. Sanmugam

Mr V. Sanmugam is an Executive Director of the Company and he holds a Bachelor of Engineering Degree from the Mangalore University. He counts over 37 years of industrial work experience, out of which, 27 years have been with the Renuka Group Companies. He has extensive experience in New Plant Establishment, Project Planning & Management, Supply Chain/ Inventory Management, Statutory & Regulatory Compliance, besides others. He is also a Director of Renuka Holdings PLC, Renuka Foods PLC, Shaw Wallace Ceylon Ltd and Richlife Dairies Ltd

Mr. D.S. Arangala

(Non-Executive/ Independent)

Mr. Daya Sumith Arangala was appointed to the Board on 8th September 2023 as an Independent Non-Executive Director. He functioned as the Chief Executive Officer (CEO) of LVL Energy Fund PLC during the period May 2016 to August 2023 and of Lanka Ventures PLC during the period July 2002 to April 2016. Prior to that he functioned as the Assistant General Manager of Capital Development and Investment Company Limited, the pioneer venture capital company in Sri Lanka. He commands considerable knowledge and experience in investing in private equity, venture capital and capital markets being associated with the industry for over 35 years. He is a Bachelor of Engineering from the Royal Melbourne Institute of Technology (RMIT), Melbourne, Australia and holds a Graduate Diploma in Quality Technology from the same institute. He is a Graduate member of the Institute of Engineers, Australia. He is also an Independent Non- Executive Director of Renuka Foods PLC.

Mr. M. S. Dominic

(Non-executive /independent)

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 Holdings PLC, Renuka Foods PLC, Galle Face Capital Partners PLC and Sithijaya Fund. He is a trustee of the George Keyt Foundation. He is also Council of the University of Visual and Performance Art Colombo.

Fit and proper

To ensure compliance with listing rule 9.7.1 each member of the board has declared confirmity with the Fit and Proper assestment criteria outline in listing rule number 9.7.3 by providing signed decleration for the year under review. Individuals who failed to comply with the criteria as per the above rule will no longer be eligible to serve as director of the company.

CHAIRMAN'S REVIEW

It is a pleasure to welcome you to the 25th Annual General Meeting and to present the Audited Financial Statements and the Annual Report for the year ended 31st March 2024.

This year posed many challenges; among them were volatility of raw material prices, which affected our ability to secure long-term contracts with international partners and high production costs. Together these factors have impacted our profit margins, making it difficult to stay competitive both within and outside of Sri Lanka. However, we remain confident that despite these cost and operational challenges, our commitment to quality, high standards, and our reputation as a preferred manufacturer will continue to thrive. We are dedicated to implementing innovative solutions and efficiency improvements to mitigate these challenges. Our focus on maintaining strong relationships with our partners, investing in advanced technologies, and adhering to stringent quality control measures will ensure that we continue to stand out in the industry. Through resilience and adaptability, we are determined to overcome these obstacles and sustain our growth trajectory.

The company recorded a turnover of 4,679 Mn while the group recorded a turnover of 5,517 Mn. While the company posted a net loss of 569 Mn and the group a Net loss of 656 Mn,

As an organization, we will employ effective pricing strategies, productivity enhancements, and cost control measures to navigate the current circumstances. Our approach will be comprehensive, ensuring that we remain competitive while delivering high-quality products and services. By closely monitoring economic developments, we will stay adaptable and responsive to changes, ensuring that our operations align with market demands and opportunities.

I have confidence that our strong foundation will guide our resilience in the years ahead. Our strategic initiatives, robust operational framework, and dedicated workforce position us well to overcome challenges and seize opportunities. We are committed to fostering a culture of excellence, where every team member plays a vital role in our collective success.

In conclusion, I take this opportunity to express my sincere gratitude to all our employees for their unwavering dedication and significant contributions. Your hard work and commitment are the bedrock of our success. I also acknowledge the invaluable support received from my fellow Directors, whose wisdom and guidance have been crucial in steering the company through these times.

On behalf of the Board of Directors, I extend our heartfelt thanks to all the Shareholders and Stakeholders for the trust and confidence placed in the Company. Your continued support and belief in our vision inspire us to strive for greater heights. Together, we will continue to build on our successes and create a prosperous future for our company and our community

Sgd.
Dr. S.R.Rajiyah
13th August 2024

MANAGEMENT DISCUSSION ANALYSIS

Operating Environment

The Sri Lankan economy declined by 2.3% in real terms in 2023 (2022 declined was 7.8%). The year 2023 posed significant challenges for the Sri Lankan economy, marking one of the toughest periods since its independence. The country was going through economic hardship causing public anxiety and political unrest. In response, both the Government and the Central Bank swiftly implemented coordinated policy initiatives to address the situation and prevent further escalation. These measures aimed to alleviate the impoverished conditions and bring stability to the economy, fostering hope for a brighter future. While the corrective measures implemented had short-term adverse effects on the general population, they were imperative to protect the economy and its stakeholders from potentially disastrous consequences of unchecked economic instability. These measures aimed to prevent hyperinflation, a significant decline in economic activity, and isolation from the global community, which would have had far more detrimental impacts on the people and businesses of the country. Although challenging in the short term, these actions were taken with the long-term well-being of the nation in mind.

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 Agri Foods PLC .

Movement	Cause	Impact to Renuka Agri Foods PLC
Economy GDP has decreased by 2.3% for the year ended 2023 compared to a decline of 7.8% in year 2022.	All sectors of the economy has declined during 2023 (agriculture grew by 2.6%, whilst industry declined by 9.2%, and services by 0.2%), compared to the previous year. The construction sector saw a decline of approximately 3.2%. Investment as a percentage of nominal GDP stood at 22.2 per cent in 2023. Due to depreciation in domestic currency in the previous year, and import controls and subdued aggregate demand, the net external demand for goods and services resulted in a trade surplus of around $2.8 billion. Consumption expenditure, accounted for 83% of the GDP in 2023.	Due to the imposition of import control restrictions and the depreciation of the currency in the previous year, the Company has been facing challenges in sourcing essential imported raw materials. As a result, there has been a noticeable increase in the prices of these critical inputs. These supply constraints, coupled with currency fluctuations, have , led to higher costs. The Company is actively addressing these challenges.
Inflation Year-on-year core inflation based on the CCPI and the NCPI decreased to 26% and 29%, respectively, by end 2023, compared to 57% and 59%, recorded at the end of 2022, respectively.	During the year inflation declined significantly mainly due to corrective action taken by Central Bank of Sri Lanka. Further the relative stability of the rupee parity maintained by the CBSL also contributed to the lower inflation. The decline in inflation reflected a complex interplay of multiple factors impacting the overall economy, requiring careful monitoring and potential policy interventions to manage the situation effectively.	The company was significantly impacted by the high cost of manufacturing, which posed challenges to its operations. To mitigate the negative effects on the company, measures were taken to improve product margins and enhance manufacturing efficiency. These steps were necessary to offset the increased costs and maintain competitiveness in the market. By implementing these strategies, the company aimed to safeguard its financial stability and maintain its position in the industry amid the challenging cost environment.
Domestic Interest Rates Due to the relaxing of the monitory policy stance by The Central Bank, overall interest rates have been decreased from a high of 27% to 12%..	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 early 2022 onwards. The decline in interest rates in 2023 was driven by a combination of moderating inflation, a need to stimulate economic growth, debt management, external financial support, and evolving market conditions. The adjustment in interest rates was part of a broader strategy to balance economic stabilization with growth objectives.	The Company successfully faced the high interest cost period and is now enjoying the fruit of the hardship in the past. These proactive measures enabled the Company to mitigate the financial impact of borrowing expenses. By optimizing product margins and streamlining manufacturing processes, the Company demonstrated its resilience and ability to adapt to challenging market conditions. These efforts contributed to maintaining the Company's financial stability and competitiveness in the industry

MANAGEMENT DISCUSSION ANALYSIS (CONT.)

Movement	Cause	Impact to Renuka Agri Foods PLC
Exchange Rates Exchange rate was fluctuated from Rs. 363/- to Rs 323/- during the year against the USD.	The external sector imbalances are largely reflected by decline in demand for foreign currency which has resulted in a declined in the forex conversion rate amongst a whole heap of external factors.	Appreciation of the Rupee had negatively impacted on our export receipt and on the company bottom line.
Share Market The Colombo Stock Exchange (CSE) showed a mix of ups and downs during the year mainly responding to the general market sentiment and the interest rates prevailing in the market.	During the period from 01st April 2023 to 31st March 2024, the Colombo Stock Exchange (CSE) performance showed a mix of ups and downs. The overall trend of the market reflected the evolving economic and global conditions, as well as various internal and external factors that influenced investor sentiment. In the first quarter of the period, the market experienced some volatility, influenced by uncertainties surrounding the global economic recovery. However, as the year progressed, the market gradually showcased signs of recovery. The performance of individual sectors in the CSE varied, with some sectors experiencing growth and others facing challenges. Factors such as changes in interest rates, government policies, corporate earnings, and global market dynamics played a role in shaping the market performance. Additionally, investor sentiment was influenced by domestic economic conditions, political developments, and global events.	Highest share price of the company recorded at Rs. 5.70/- & lowest at Rs. 3.50/- during the year under review. It closed at Rs3.70/- as at 31st March 2024.

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

The Group achieved a revenue of Rs. 5.5 billion, 24% decrease compared to the previous year's revenue of Rs. 7.2 billion. Group reported a Loss after tax attributable to equity holders amounting to Rs. 656 million for the year.

Furthermore, the Group's gross profit reached Rs. 290 million, with a decrease of Rs. 1326 million compared to the previous year.

Manufactured Capital

Deriving 100% of our revenue from manufactured products we are conscious of the importance of ensuring that our manufacturing capabilities are expanded, upgraded and maintained according to carefully orchestrated plans 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 Agri Sector whilst managing the natural resources and meeting corporate obligations towards protecting the environment around us. Through our organic certified plantation's and factories we ensure that our customers all around the world get organic coconut products which is sustainable in the long term as well. Focus on energy management, waste management, maintaining clean business environment, water management are a few initiatives taken by the Group during the year. We also embarked on "Net Plus" solar power project at our factory by installing roof top solar panels with a view to reducing electricity consumption within the Group. We also provide guidance to farmers on sustainable agricultural practices with the objective of preserving soil health, 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, energy and 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 impacts on the environment. Compliance with Central Environmental Authority License, which is obtained by all our factories, is strictly adhered to.

Human Capital

The Group strongly believes in people development and encourages knowledge sharing. As a result management launched its organization structures and strategy for 2022 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.

MANAGEMENT DISCUSSION ANALYSIS (CONT.)

Social and Relationship Capital

In today's dynamic and competitive business environment, Corporate Sustainability links with the social responsibility and the strength of the stakeholder relationships. The companies in the Group mainly depend on the co-ordination of the society surrounding environment. In turn, it benefits all the companies in the Group in many ways.

Intellectual Capital

Intellectual Capital is the group of 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

Given the prevailing economic conditions, the country is currently facing significant challenges. However, the company has proactively tackled these operational difficulties by implementing effective working capital and capital management strategies. By carefully managing various aspects, the company aims to maximize returns and mitigate the impact of the challenging economic environment.

Despite the external challenges, the company remains committed to optimizing its operational efficiency and financial performance. Through diligent management of working capital and other resources, the company strives to navigate through the prevailing economic conditions and achieve sustainable growth. By adapting to the changing landscape and making strategic decisions, the company aims to position itself for long-term success in the face of economic uncertainties.

STATEMENT BY THE SENIOR INDEPENDENT DIRECTOR

Profile of **Mr.Daya Sumith Arangala** is given on page 5 of this report.

In compliance with Section 9.6.3. 2 of the Listing Rules of the Colombo Stock Exchange, the Board of Directors of the Company appointed me as the Senior Independent Director of the Company with effect from 1st October 2023 Section 9.6.3. 2 of the Listing Rules Provide that in the event the Chairman is an Executive Director a Senior Independent Director shall be appointed.

At Renuka Agri Foods PLC Dr Skantha Rajit Rajiyah remains as Chairperson and Executive Director, in the interest of the Company.

ROLE OF THE SENIOR INDEPENDENT DIRECTOR

The Senior Independent Director provides guidance to the Chairman on matters of governance of the Company.

The Senior Independent Director makes himself available to any Director or any employee to have confidential discussions on the affairs of the Company should the need arise.

ACTIVITIES DURING THE YEAR

Meetings were held with the Non-Executive Directors without the presence of the Executive Directors. At these meetings the performance of the Chairman and the Executive Directors were appraised. The outcome of these meetings together with recommendations were duly informed to the Chairman and the Board.

As we look to the future, company remain focused on navigating the challenges and opportunities that lie ahead. Renuka Agri Foods PLC's strategic priorities will continue to be underpinned by our commitment to sound corporate governance, effective risk management, and sustainable growth. As the senior independent director, I am confident that the process and practices established by Renuka Agri Foods PLC ensure that the role of the SID is efectively carried out contributing to the robust governance of the company.

The independence and objectivity of the SID, along with the regular engagement with both the board and shareholders, help to maintain transparency, accountability and trust in our corporate governance frame work. I remain committed to upholding these standards and will continue to work closely with the board to ensure that the company aligned with the best practices in corporate governance.

D.S.Arangala
Senior Independent Director

13th August 2024
Colombo

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

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

At Renuka Agri Export 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.

Internal Governance Structure

Board of Directors

The Board of Directors are the ultimate governing body of the Company with diverse experience, professionalism and has a wide range of expertise in various fields as set out on page 05.

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

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

COMPOSITION OF THE BOARD AND DIRECTORS INDEPENDENCE

Composition of the Board of Directors as at 31st March 2024 consists of 6 members of which

- 4 Executive Directors
- 2 Non-Executive Independent Directors

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

Name of Director	Executive	Non – Executive	Independent
Dr. S. R. Rajiyah	√		
Mrs. I.R. Rajiyah	√		
Mr. S.V. Rajiyah	√		
Mr. V. Sanmugam	√		
Mr. D.S. Arangala		√	√
Mr.M.S.Dominic		√	√

BOARD RESPONSIBILITIES

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

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

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

BOARD BALANCE

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

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

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

CORPORATE GOVERNANCE (CONT.)

BOARD MEETINGS AND ATTENDANCE

There was 3 Board Meeting for the year ended 31st March 2024 on a regular basis and attendance to meeting is as follows;

Names of Directors	Eligible to attend	Attended
Dr. S.R. Rajiyah (Chairman)	3	3/3
Mrs. I.R.Rajiyah	3	3/3
Mr. S.V.Rajiyah	3	3/3
Mr. V.Sanmugam	3	3/3
Mr. D.S.Arangala	3	3/3
Mr.M.S.Dominic*	1	1/1
Mr. K. Liyanagamage	3	3/3
Mr. S.T.R.E Wijesooriya	1	1/1

Mr.B.V.Selvanayagam, Mrs.S.T.R.E.Wijesuriya & Mr.K.Liyanagamage (Resigned wef 8.9.2023)

*Mr.M.S.Dominic appointed wef 8.9.2023

Audit Committee Meetings

Renuka Foods PLC (Parent Company) appointed as Audit Committee on 20.01.2023 the audit committee met four times on a quarterly basis during the year

From 01.04.2023 to 31.03.2024

Names of Directors	Eligible to attend	Attended
Mr. B.V.Selvanayagam*	2	2/2
Mr. M.S.Dominic*	2	2/2
Dr.J.A.S.Felix	4	4/4
Mr.A.M.P.C.K.Abeykoon** (Chairman)	2	2/2
Mr.D.S.Arangala**	2	2/2

*B.V.Selvanayagam resigned wef 8.9.2023

*M.S.Dominic resigned as member wef 8.9.2023

**Mr.D.S.Arangala & Mr.A.M.P.C.K.Abeykoon appointed wef 8.9.2023

Related Party Review Committee Meetings

the Related Party Review Committee met four times on a quarterly basis during the year

Names of Directors	Eligible to attend	Attended
Mr. T.K. Bandaranayake (Chairman)	4	4/4
Mr. M.S. Dominic	4	3/4
Dr. J.M.Swaminathan	4	4/4

Remuneration Committee Meeting

Names of Directors	Eligible to attend	Attended
Mr. M.S. Dominic- Chairman	1	1/1
Dr. J.M.Swaminathan	1	1/1
Mr. T.K.Bandaranayake	1	1/1

Nomination & Governance Committee Meeting

Names of Directors	Eligible to attend	Attended
Mr. M.S. Dominic – Chairman	1	1/1
Mr. T.K. Bandaranayake	1	1/1
Mrs. J. J. B. A. Rajiyah	1	1/1

APPOINTMENT RE-ELECTION OF DIRECTORS

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

PROCEDURE FOR DIRECTORS TO OBTAIN PROFESSIONAL ADVICE

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

BOARD COMMITTEES

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

AUDIT COMMITTEE

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

The Report of the Audit Committee is presented on page 18 and the duties of the Audit Committee are included therein.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The related Party Transactions review committee was established on 1st January 2016 with an objective of keeping in line with the Code of Best Practice on Corporate Governance and the requirement of the Listing Rules of Colombo Stock Exchange with a view to ensure that the interests of shareholders as a whole are taken into account by Renuka Agri Foods PLC and its subsidiaries and are consistent with the Listing Rules of Colombo Stock Exchange when entering into Related Party Transactions and make required disclosures in a timely manner. The Related Party Transaction Committee of Renuka Agri Foods PLC is the same committee of the ultimate parent, Renuka Holdings PLC appointed by and responsible to the Board of Directors. It consists of three Non-Executive Independent Directors.

The Report of the Related Party Transactions Review Committee is Presented on Page 19.

REMUNERATION COMMITTEE

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

The Remuneration Committee of Renuka Agri Foods PLC is the same committee of the ultimate parent, Renuka Holdings PLC appointed by and responsible to the Board of Directors, it consists of three Non-Executive Independent Directors. The Managing Director may also be invited to join in the deliberation as required. The Chairman of the Committee is an Independent Non-Executive Director. The report of the remuneration committee is presented on page 20.

CORPORATE GOVERNANCE (CONT.)

NOMINATION & GOVERNANCE COMMITTEE

The nomination committee is responsible to identify suitable persons who could be considered to become a board member as a non Executive Director.

NOMINATION & GOVERNANCE COMMITTEE

The Nomination & Governance committee of Renuka Agri Foods PLC is the same Committee of the ultimate parent, Renuka Holdings PLC appointed by and responsible to the Board of Directors. The report of the nomination committee is presented on page 21

SHAREHOLDER RELATIONS

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

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

The company assign a high priority to the communication of the results and prospects for the future to its shareholders as a responsible listed company on the Colombo Stock Exchange. The quarterly and Annual Reports are simultaneously updated on the companies website at www.renukagroup.com. If you have any question on accessing of the digital copy of this report, please call 0112 314750, company secretaries.

INTERNAL AUDIT AND CONTROL

The Board is responsible for the Group's internal control and its effectiveness. Internal control is established with emphasis placed on safeguarding assets, making available accurate and timely information and imposing greater discipline on decision making. It covers all controls, including financial, operational and compliance control and risk management. It is important to state, that any system can ensure only reasonable and not absolute assurance that errors and irregularities are prevented or detected within a reasonable time.

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

EXTERNAL AUDIT

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

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

MAJOR TRANSACTION

There were no major transactions during the year which fall within the definition of 'Major Transaction' in terms of the Companies Act.

GOING CONCERN

The Directors, upon making necessary inquiries and reviews including reviews of the Group budget for the following year, capital expenditure requirements and available financing facilities, have a reasonable expectation of the Company's existence in the foreseeable future. Therefore, the going concern basis is adopted in the preparation of the Financial Statements.

CORPORATE GOVERNANCE COMPLIANCE STATEMENT

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

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

CORPORATE GOVERNANCE (CONT.)

COMPLIANCE SUMMARY

Statement of Compliance with the Listing Rules set out in Section 7.6 of the Colombo Stock Exchange's on Corporate Governance, are summarized below. (Mandatory Provisions – Fully Complied)

CSE Rule Reference	Corporate Governance Principal	Compliance Status	Company's Extent of Adoption
(i)	Names of persons who were Directors of the entity	Complied	Refer Directors' Report on pages 28 to 31 in this Annual Report.
(ii)	Principal activities of the entity during the year and any changes there in	Complied	Refer Note 1 to Financial Statements.
(iii)	The names and the no. of shares held by the 20 largest holders of voting and non voting shares and the percentage of such shares held	Complied	Refer Shareholders and Investor information and top 20 largest share holders on page 89 – 91 to this Annual Report
(iv)	The public holding percentage	Complied	Refer Shareholders and Investor information on page 89–91 to this Annual Report
(v)	A Statement of each Director's holding and Chief Executive Officer's holding in shares of the entity at the beginning and end of each Financial year	Complied	Refer Directors' Report on pages 28 to 31 to this Annual Report
(vi)	Information pertaining to material foreseeable risk factors of the Entity	Complied	Refer Risk management Report on pages 22 to 25 to this Annual Report.
(vii)	Details of material issues pertaining to employees and industrial relation of the Entity	Complied	Refer Directors' Report on pages 28 to 31 to this Annual Report
(viii)	Extent, Locations, Valuations and the number of buildings of the Entity's land holding and investment properties	Complied	Refer Real Estate Portfolio on page 87 to this Annual Report
(ix)	Number of shares representing the Entity's Stated Capital	Complied	Refer Note 24 to Financial Statements and pages 89-91
(x)	A distribution schedule of the number of holders in each class of equity securities and the percentage of their total holdings	Complied	Refer Shareholders and Investor information on page 89–91 to this Annual Report
(xi)	Financial Ratios and Market Price Information	Complied	Refer five year summary on pages 88 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	Complied	Refer note 12 to Financial Statements
(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, 7.10.5c. & 7.10.6.c.of Section 7 of the Listing Rules	Complied	Refer Corporate Governance Report on pages 11 to 17 to this Annual Report
(xvi)	Related Party Transactions exceeding 10 percent of the equity or 5 percent of the total assets of the entity as per Audited Financial Statements, whichever is lower.	Complied	Refer Note 32 to Financial Statements
(xvii)	Disclosures on Foreign Currency Denominated Security	Not Applicable	-
(xviii)	Disclosures on listed Green Bonds	Not Applicable	-
(xix)	Disclosures on listed perpetual Debt Securities	Not Applicable	-

CORPORATE GOVERNANCE (CONT.)

Extent of Compliance with the Listing Rules set out in Section 9 of the Colombo Stock Exchange's on Corporate Governance, are summarized below. (Mandatory Provisions – Fully Complied) and subject to transtional provision which will be complied in line with the effective date as a 1.10.2024

CSE Rule	Corporate Governance Principles	Compliance Status	Company's Extent of Adoption
9.1/9.11.1/9.1.2	**COMPLIANCE**		
	Compliance with Corporate Governance Rules	Compliant	This report declares the confirmation on compliance and refer Page 13 for "CORPORATE GOVERNANCE COMPLIANCE STATEMENT"
9.18.1	**NON-EXECUTIVE DIRECTORS (NED)**		
	At least 2 members or 1/3 of the Board, whichever is higher should be NEDs	Compliant	Two out of Six Directors are Non-Executive Directors
	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
b.	Any change occurring to this ratio shall be rectified within ninety (90) days from the date of the change	Not Applicable	-
9.8.2	**INDEPENDENT DIRECTORS**		
	2 or 1/3 of NEDs, whichever is higher shall be 'independent'	Compliant	All Two Non-Executive Directors are independent
9.8.3	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
9.10	**DISCLOSURES RELATING TO DIRECTORS**		
	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.
9.10.4	A brief resume of each Director should be included in the annual report including the directors' experience	Compliant	Refer page 05 for a brief resume of each Director
	Provide a resume of new Directors appointed to the Board along with details	Compliant	Refer page 05
9.8.3	**CRITERIA FOR DEFINING INDEPENDENCE**		
	Requirements for meeting the criteria to be an Independent Director	Compliant	As per 9.8.3 i to viii in determining of the independence or otherwise of NEDs, board reviewed the criteria for defining independence as per 7.10.4 a to h also till subject to transtional provision which will be complied in line with the effective date as a 1.10.2024
9.12	**REMUNERATION COMMITTEE**		
2.1	A listed company shall have a Remuneration Committee	Compliant	The remuneration committee of Renuka Agri Foods PLC is the same Committee of the ultimate Parent. Renuka Holdings PLC as allowed by Listing Rules of Colombo Stock Exchange.
	Remuneration Committee shall comprise of NEDs, a majority of whom will be independent	Compliant	The remuneration Committee comprises of 3 Non-Executive Directors of whom 2 are independent.
9.12.6.3	One Non-Executive Director shall be appointed as Chairman of the Committee by the board of directors	Compliant	Mr. M.S. Dominic is the chairman of the committee who is independent/ non-executive Director.

CORPORATE GOVERNANCE (CONT.)

CSE Rule	Corporate Governance Principles	Compliance Status	Company's Extent of Adoption
	Remuneration Committee shall recommend the remuneration of the CEO and the Executive Directors	Compliant	Refer Page 20 for Remuneration Committee scope
	Names of Remuneration Committee members	Compliant	Refer page 20 for names of the Committee members
	Statement of Remuneration policy	Compliant	Refer page 20
	Aggregate remuneration paid to EDs and NEDs	Compliant	Refer to Note 8 and 32.4
9.13	**AUDIT COMMITTEE**		
	A listed company shall have an Audit Committee.	Compliant	The Company has its own Audit Committee.
3	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
5	A NED shall be the Chairman of the committee	Compliant	The Chairman of the Committee is an Independent Non-Executive Director
6	CEO and CFO should attend Audit Committee meetings	Compliant	Refer to page 18
7	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, also a member of Association of Certified Management Accountants of Sri Lanaka
9.13.4	**Functions of the Audit Committee**		
(i)	Overseeing of the preparation, presentation and adequacy of disclosure in the financial statements in accordance with SLFRS/LKAS	Compliant	Refer page 18 of Audit Committee Report
	Overseeing the compliance with financial reporting requirements, information requirements as per the laws and regulations	Compliant	Refer page 18 of Audit Committee Report
	Ensuring the internal controls and risk management, are adequate, to meet the requirements of the SLFRS/LKAS	Compliant	Refer page 18 of Audit Committee Report
	Assessment of the independence and performance of the Entity's external auditors	Compliant	Refer page 18 of Audit Committee Report
	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 18 of Audit Committee Report
	Names of the Audit Committee members shall be disclosed	Compliant	Refer page 18 of Audit Committee Report
	Audit Committee shall make a determination of the independence of the external auditors	Compliant	Refer page 18 of Audit Committee Report
	Report on the manner in which Audit Committee carried out its functions	Compliant	Refer page 18 of Audit Committee Report
9.14	**RELATED PARTY TRANSACTIONS REVIEW COMMITTEE(RPTR)**		
	Related Party Review Committee	Compliant	The Functions of the Committee are stated in the Report of the Related Party Transaction Review Committee on Page 19
9.14.2	Composition	Compliant	Refer the report of RPTR committee on page 19

CORPORATE GOVERNANCE (CONT.)

CSE Rule	Corporate Governance Principles	Compliance Status	Company's Extent of Adoption
9.14.4	Meetings	Compliant	Refer the report of RPTR committee on page 19
9.14.7	Immediate Disclosures	Compliant	Please refer Note 32 of the Notes to the Accounts on Pages 74 to 75
9.14.8 (1)&(2)	Disclosure of recurrent and non-recurrent Related Party Transactions	Compliant	Please refer Note 32 of the Notes to the Accounts on Pages 74 to 75
9.14.8 (3)	Report by the Related Party Transactions Review Committee	Compliant	Refer the report of RPTR committee on page 19
	A declaration by the Board of Directors	Compliant	Please refer the Annual Report of Board of Directors for an affirmative statement of compliance of the Board on page 32

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 or any of its subsidiaries together with any change thereof during the accounting period	Compliant	Refer Note 1 of the Financial Statements
168 (1) (b)	Signed Financial Statement of the Company and its subsidiaries for the accounting period completed	Compliant	Refer page 38 of the Annual Report
168 (1) (c)	Auditors Report on Financial Statements of the Group and the Company	Compliant	Refer page 33 to 36 of the Annual Report
168 (1) (d)	Accounting Policies and any changes therein	Compliant	Refer Note 1–5 of the Financial Statement
168 (1) (e)	Particulars of the entries made in the interests Register during the accounting period	Compliant	Refer Annual Report of the Board of Directors on pages 28 to 31
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company during the accounting period	Compliant	Refer Note 8 of the Financial Statements
168 (1) (g)	Corporate donations made by the Company during the accounting period	Compliant	Refer page 31 of the Annual Report
168 (1) (h)	Names of the Directors of the Company and its Subsidiaries at the end of the accounting period and name of Directors who ceased to hold office during the accounting period	Compliant	Refer pages 11 and 95 of the Annual Report
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered during the accounting period	Compliant	Refer Note 8 of the Financial Statement
168 (1) (j)	Other relationships or any interest of Auditors with the Company and its subsidiaries	Compliant	Refer page 18 of the Annual Report, Audit Committee Report
168 (1) (k)	Acknowledgement of the content of this report and signature on behalf of the Board	Compliant	Refer page 31 of the Annual Report, report of the Board of Directors

AUDIT COMMITTEE REPORT

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

COMPOSITION OF THE AUDIT COMMITTEE

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

From 01.04.2023 to 08.09.2023
Mr.B.V Selvanayagam
Dr. J.A.S.Felix (IND/NED)
Mr.M.S.Domic

From 09.09.2023 to 31.03.2024
Mr. A.M.P.C.K.Abeykoon – Chairman (IND/NED)
Mr. D.S.Arangala (IND/NED)
Dr. J.A.S.Felix (IND/NED)

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

The composition is in compliance with the requirement to have a minimum of two Independent Non-Executive Directors in terms of the rules on Corporate Governance for Listed Companies issued by the Colombo Stock Exchange.

Brief profiles of each member are given on page 05 of this report except profiles of Mr. A.M.P.C.K.Abeykoon and Dr.J.A.S.Felix which are given below. Their individual and collective financial knowledge and business acumen and the independence of the Committee are brought to bear on their deliberations and judgments on the matters that come within the Committee's purview.

Mr A.M.P.C.K.Abeykoon

Mr A.M.P.C.K.Abeykoon is the Chairman/Principal Consultant and founder Director of Management Frontiers (Pvt) Limited, one of the leading companies in the field of management consultancy in Sri Lanka.

He holds Master of Business Administration degree from the Postgraduate Institute of Management (PIM) and a Bachelor of Business Administration degree from the University of Jayewardenepura. He is also a fellow Member of the Institute of Chartered Accountants of Sri Lanka (ICASL) and a fellow Member of the Certified Management Accountants of Sri Lanka.

He counts over 20 years of experience in field of consultancy and has served in many assignments in Sri Lanka, Malaysia, Pakistan, Vietnam, Nepal, Bangladesh, Lao PDR and Zimbabwe in various capacities such as the financial management specialist, results-based planning and budgeting specialist, public finance specialist and monitoring & evaluation specialist.

Dr J. A. S. Felix

Dr J. A. S. Felix, President's Counsel, is an Independent Non-Executive Director of the Company. He was awarded LLB (Honours) degrees by the University of Colombo and the University of London in 1994. He was admitted and enrolled as an Attorney-at-Law of the Supreme Court of Sri Lanka in 1996 and appointed a President's Counsel by His Excellency the President of Sri Lanka in 2023. He was awarded a PhD degree by the University of London in 2000. He is a Fellow of the Society for Advanced Legal Studies of the University of London, Fellow of the Chartered Institute of Taxation of Sri Lanka (FCIT) and a Fellow of the Royal Society of Arts, London (FRSA). He is a member of the Taxes Committee, the Human Rights Law Committee and the Public Law Committee of the International Bar Association. He is also a member of the Society of Legal Scholars of the United Kingdom and Ireland.

CHARTER OF THE AUDIT COMMITTE

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

MEETINGS OF THE AUDIT COMMITTEE

The attendance of the members of Audit Committee meeting is stated in the table on page 11. The Committee met four times during the year. Other members of the Board, Management members as well as External Auditors were present at the discussions where required. The proceedings of the Audit Committee are regularly reported to the Board of Directors.

FINANCIAL REPORTING

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

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

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

INTERNAL AUDIT

Internal Audits are carried out internally in line with an agreed audit plan. Follow-up reviews are scheduled to ascertain that audit recommendations are being acted upon. These reports reviewed by the Committee and compliance with the recommendations of the Internal Auditors have been followed through at subsequent reviews.

CONTROLS AND RISKS

During the year the committee reviewed the effectiveness of the Company's system of Internal Control. The Committee also assessed the major business and control risks and the control environment prevalent in the Company and advised the Board on actions to be taken where weaknesses were observed.

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 reviewed the Audited Financial Statements with the External Auditors who were responsible to expressing an opinion on it in conformity with the Sri Lanka Accounting Standards. Also the External Auditor 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 that of Auditors) with the Company. In addition, as required by the Company's 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 evaluated the independence of the External Auditors and recommended to the Board of Directors that M/s KPMG be appointed as Auditors for the financial year ending 31st March 2025 subject to the approval of the shareholders at the Annual General Meeting.

CONCLUSION

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

Sgd.
A.M.P.C.K. Abeykoon
Chairman
13th August 2024

RELATED PARTY TRANSACTIONS REVIEW COMMITEE

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

Composition of the Related Party Transactions Review (RPTR) Committee

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

Related Party Transactions Review Committee Members
Mr. T.K. Bandaranayake (IND/NED) -Chairman
Dr. J.M. Swaminathan (IND/NED)
Mr. M.S. Dominic (IND/NED)
(IND – Independent Director, NED – Non-Executive Director)

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

Mr. T. K. Bandaranayake- Chairman

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 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 and Browns & Company PLC.

Dr. J. M. Swaminathan

Dr. J. M. Swaminathan is an Attorney-at-Law with over 60 years in practice and has been appointed as a Senior Instructing Attorney-at-Law by His Excellency the President. 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 and Member of the Board of Management of the Superior Court Complex. 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, Renuka Agri Foods PLC, Galle Face Capital Partners PLC and Sithijaya Fund. He is a trustee of the George Keyt Foundation. He is also Council of the University of Visual and Performance Art Colombo

Mandate

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

Number of Committee Meetings

The Committee has met four times during the year from 1st April 2023 to 31st March 2024. The attendance of the members of Committee meeting is stated in the table on page 12.

Further, the Committee has reviewed and recommended related party transactions by resolution in writing, which the Committee for the purposes hereof construed as equivalent to meetings being held.

Attendance by Invitation

The Executive Director and Chief Financial Officer attended the meetings by invitation.

DUTIES AND RESPONSIBILITIES OF THE RPTR COMMITTEE

- Establish the definitions and set out the threshold values of each related party transaction as per the Code which require discussion and disclosure.
- Identify related party transactions that need preapproval from the Board of Directors, immediate market disclosure, transactions that need shareholder approval and disclosure in the Annual Report.
- Formulate a standard template to implement in the group to follow when documenting related party transaction when presenting to the Related Party Transaction Review Committee.
- Establish proper guide lines to identify recurrent & non recurrent related party transactions to follow by the Company and its subsidiaries.
- Establish a method of having access to adequate knowledge or expertise to assess all aspects of proposed related party transactions where necessary, and method of obtaining appropriate professional and expert advice from appropriately qualified persons.
- Periodic review by the Committee to ensure that required disclosures have been disclosed in the market or annual report as required by the Listing Rules of Colombo Stock Exchange.
- The Committee communicates its comments/ observations to the Board of Directors after each review of related party transactions.

CONCLUSION

The Committee has reviewed the related party transactions presented to them by the Management of the Company for the financial year ended 31st March 2024. The activities and views of the Committee have been communicated to the Board of Directors through verbal briefing and by tabling minutes of the Committee meetings.

Sgd.
T. K. Bandaranayake (Chairman)
13th August 2024

REMUNERATION COMMITTEE REPORT

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

The members are:

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

(IND – Independent Director, NED – Non-Executive Director) The brief profile of the members are listed below.

Mr. M. S. Dominic – Chairman

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, Renuka Agri Foods PLC, Galle Face Capital Partners PLC and Sithijaya Fund. He is a trustee of the George Keyt Foundation. He is also Council of the University of Visual and Performance Art Colombo.

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 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 and Browns & Company PLC.

Dr. J. M. Swaminathan

Dr. J. M. Swaminathan is an Attorney-at-Law with over 60 years in practice and has been appointed as a Senior Instructing Attorney-at-Law by His Excellency the President. 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 and member of the Board of Management of the Superior Court Complex. He also serves on the Boards of several public and private companies.

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

Independence of the Committee

The Committee is independent from the Management of the business and not involved in any business operations.

The scope of the Committee

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

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

Sgd.
M.S. Dominic
Chairman
13th August 2024

NOMINATION & GOVERNANCE COMMITTEE REPORT

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

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. 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, Renuka Agri Foods PLC, Galle Face Capital Partners PLC and Sithijaya Fund. He is a trustee of the George Keyt Foundation. He is also Council of the University of Visual and Performance Art Colombo.

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 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 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 Tuckers (Pvt) Ltd and Tourama (Pvt) Ltd.

The directives of the Committee are,

- The Scope of the Committee includes,
- To identify suitable persons who could be considered to become Board member as a Non-Executive Director
- To recommend to the Board the process of selection of Chairman and Deputy Chairman
- To make necessary recommendation to the Board as and when needed by the Board
- To define and establish the nomination process for Non-Executive Directors,
- To Lead the process of Board appointments and make recommendations to the Board.
- To assess skills required to be on the Board
- Periodic review of the extent of skills required of the Director who represent the Board
- Review description of role and capabilities required for a particular Board appointment and Identify and recommend suitable candidates to the Board.

Company Secretaries act as the secretaries to the Committee.

Sgd.
M.S. Dominic
Chairman
13th August 2024

RISK MANAGEMENT

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

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

Our Approach to Risk Management

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

The process of embedding risk management system within our groups systems and procedure can be outline 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 summary 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 contain 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.

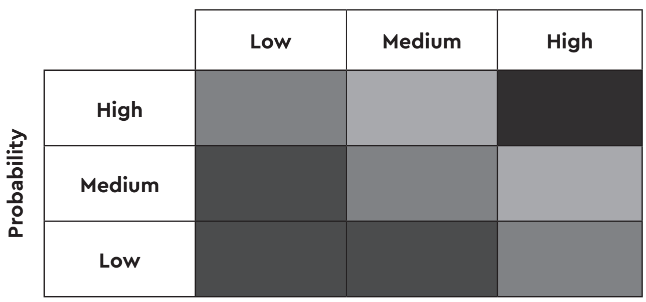
3. Financial Risk- The likelihood of loss inherent in financing procedures which may weaken the ability to deliver adequate return to the Group. This may include liquidity risk, currency risk, and interest rate risk.

The systems and 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

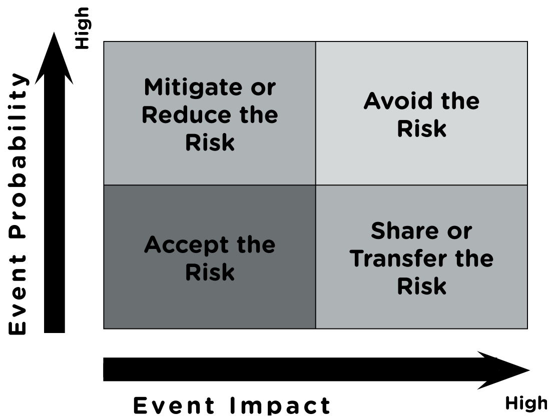
Process Risk Identification, Prioritization and Assessment

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.



Develop Risk Management Strategy

The Risk management strategies address as to how the Group intends to assess risk, respond to risk and making explicit and transparent the risk perceptions that organization routinely use in making both investment and operational decisions. The above concept has been embedded with risk mapping in order to develop a robust framework to determine an appropriate risk management strategy as shown below.



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

RISK MANAGEMENT (CONT.)

RISK	IMPACT	RISK MANAGEMENT STRATEGIES
STRATEGIC RISK		
Competitive Risk		
Risks to the group's reputation and Brand image	Reduced market share and rates profitability. Increased promotional Expenditure. The positive correlation between cost of resources and competition.	Aim to have a broad appeal in price, range and format in a way that allows us to compete effectively in different markets. 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 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		
Employee Risk		
Risk from not being able to attract, retain skilled and experienced staff	Reduced productivity. Reduced quality of service resulting in reduced market share and Group's image.	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. 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. Investments in strengthening employee brand image
Issue Pertaining to Employees and industrial Relationship	Adverse impact on service levels, Expected quality standards, Operational efficiency and group reputation. Loss of revenue	Review all the issues with regard to employees and Industrial Regulations which affect the performance of the Group. Steps taken to ensure employees are satisfied at all the levels and their issues are addressed in order to retain talented employees. Maintain cordial relationship with Trade Unions and adopting interest-based negotiations for win-win solutions. Well structured grievance handling system is in place to handle the grievance of employees at all levels and development of a Multi-skilled work force through structured and focused training programmes. Ensure proper industrial relationships with all the government agencies.
IT systems and infrastructure	Inability to obtain timely and accurate information due to failures in IT systems. Potential disruption to operations Significant financial losses.	Implementation of effective IT infrastructure and to ensure consistency of delivery, All relevant staffs are effectively engaged to mitigate IT related risks through effective policy and procedures as well as increased awareness. Implementation of a comprehensive IT policy within the Group, supported by adequate systems and controls, ensure the safety and security of data. Contingency plans are in place to mitigate any short term loss on IT services. All employees are bound by the code of conduct to safeguard the Group's information, irrespective of its physical form. A dedicated central IT team is in place to support all IT related aspects of the group.

RISK MANAGEMENT (CONT.)

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.	In order to eliminate loss of market share or market leadership, we monitor market leadership and customer needs. Develop innovation that add value to our customers. Enhance productivity and efficiency to improve price competitiveness and investing in high quality machinery and equipment. Employ established operating procedures to review and approve all raw material prior to use to ensure that quality control is maintained. Take into account safety, health and environmental hazards to cover all avenues of possible negative publicity. Research and development team is equipped to field any technical questions about our product, Marketing and distribution procedures ensure complete control of the supply chain.
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. Unable to maintain strong bond with critical suppliers over the period. 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.	Consistent engagement with a diverse pool of suppliers to maintain strong relationships Structured processes are in place to add value to our supplier base through livelihood development programmes. Technical support and guidance on enhancing quality. Manage operational risks by identifying areas of risk,formulating plans for their management, promoting best 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 Result high cost of legal and penalty fees that reduced profitability Adversely impact to the Groups' reputation and brand image	The legal support services to Renuka Group management come through the legal department which ensures all legal and regulatory provisions are complied with. 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 counsel retained in those environments. Internal audit function of the Group ensures the safeguarding of company assets and recommends process improvements in areas where process control failure are noted. 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 regulation.

RISK MANAGEMENT (CONT.)

RISK	IMPACT	RISK MANAGEMENT STRATEGIES
Breakdown of Internal Controls	Wastage of management time and resources. 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	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. The Company uses comprehensive general and specific reporting and monitoring systems to identify, assess and manage risks. Making each employee accountable for ethical behavior, high standards for business conduct and adherence to laws ensures that transactions occur in a reliable way. Staff rotation and special verification audits across the Group. Internal auditors are also engaged to carry out special reviews wherever necessary. The Company uses comprehensive general and specific reporting and monitoring systems to identify, assess and manage risks. Ensuring that only trained, trustworthy, knowledgeable and competent personnel perform tasks, prevents errors, irregularities and fraud.

FINANCIAL RISK

Financial risk management obligations and policies have been described in the note No. 38 to the Financial Statements.

SUSTAINABILITY REPORT

Overview

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

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

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

Renuka 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, development of new standard operating procedures and waste reduction. Further investment in IT/ERP helps measurement of operational results on time with increased accuracy. Group has made substantial investment during the year to improve value addition to economic development. These investments have helped to improve resource utilization as well as minimization of waste and pollution.

Renuka Sustainability Policy and guidelines

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

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

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

ENVIRONMENTAL IMPACT

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

● Our Stakeholder Engagement Process

Investors support Renuka business activities

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

Method of engagement

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

Our Concern

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

● Employees at Renuka work place

At Renuka we have created a work place policy and created employee awareness for the total group. With an employee base of over 550 a creation of Group identity and belongings is priority. We care for our employees and health and safety is priority, giving much attention at work place including factories.

SUSTAINABILITY REPORT (CONT.)

Method of engagement

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

Our Concern

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

- **Customers**

World class quality products and customer satisfaction is our key with our customers. The group uses its competencies and decades of 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.
- Ongoing participation for Industry exhibitions and trade fairs locally and internationally.
- We allow buyer inspections and audits to ensure compliance with global quality standards

Our Concern

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

Suppliers and business partners

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

Our Society

Renuka has been actively involved in supporting the rural farmer network for our coconut division. Renuka procures over Rs. 2Bn worth of produce from our farmer network.

Method of engagement

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

Our Concern

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

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

REPORT OF THE DIRECTORS

Overview

The Board of Directors of Renuka Agri Foods PLC have pleasure in presenting the Annual Report of your Company together with the Audited Consolidated Financial Statements for the year ended 31st March 2024. The details set out herein provide the required information under Companies Act No.7 of 2007, the Colombo Stock Exchange Listing Rules and the recommended best practices on Corporate Governance.

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

Principle Activities of the Company and the Group

The Principle activity of the company is manufacturing and sale of coconut related food and beverage products. Further Renuka Agri Foods PLC is a holding company that owns, directly or indirectly, investments in the numerous companies constituting the Renuka Agri Foods Group and provides services to its Group companies. The Group consists of a portfolio of diverse business operations. The main subsidiaries of Renuka Agri Foods PLC are listed on page 95.

The Principle activities of the Group are categorized into manufacturing and plantation business segments and segmental reporting is provided in page 79 to 80 of the Annual Report.

Vision, Mission and Corporate conduct

The Corporate vison and mission are provided on the page 2 of this report. In achieving its vision and mission, all Directors and employees conduct their activities with the highest level of ethical standards and integrity.

Review of Business and Future Developments

The review of the Group Progress and Performance during the year with comment on the financial results and prospects is contained in the Chairman's Review on page 6, as required under Section 168 (1) (a) of the Companies Act. These reports form an integral part of the report of the Directors and together with the audited financial statement reflect the state of affairs of the Company.

Directors Responsibilities for Financial Statements

The Statement of Directors responsibilities for the Financial Statements is given on page 32

Financial Statements of the Company and Group

The Financial Statements of the Company and Group are given on pages 37 to 85.

Accounting Policies and Changes During the Year

The accounting policies adopted in the preparation and presentation of the Financial Statements are given on pages 42 to 52. Further Accounting Standards issued but not yet effective are disclosed on page 52.

Group Turnover

The Turnover of the Group was Rs. 5.5 Bn as compared with Rs 7.2Bn in the previous year. A detailed analysis of the Group Turnover is given in Note No. 6 of the Financial Statements.

Gross Profit

The Group Gross Profit for the year was Rs.290Mn,compared with the Group Gross Profit of Rs. 1,616 Mn for the previous year.

Net Profit/ (Loss)

The Group Loss after Taxation for the year was Rs. 656Mn, compared with the Group Profit of Rs. 498 Mn for the previous year.

Group Investments

Investments of the Company and the Group in Subsidiaries, Associates, Joint Ventures and Other long term External equity investment amounted to Rs.2.077 Mn (2023 – 2,070 Mn). Detailed description of the Subsidiaries, Associates, Joint Ventures and Other long term external equity investments held at the Reporting date are given in Note No. 17 to 18 in the Financial Statements.

Property, Plant and Equipment

Group has incurred Capital Expenditure during the year on Property, Plant & Equipment (including capital work-in-progress), amounting to Rs.252 Mn (2023 – Rs. 155Mn).

Detailed information relating to capital expenditure on Property, Plant & Equipment (including capital work-in-progress), is given in Note 12 to the Financial Statements.

Extent, Locations, number of buildings and Valuations of the properties of the Group are given under Real Estate Portfolio on page 87 the market values of the Land and Buildings owned by the Company and Group are included on the basis of valuation carried out by a professionally qualified valuer is given in Note No. 12 to the Financial Statements.

Stated Capital

The Company issued shares during the year ended 31st March 2024 by way of scrip dividend amounting to Rs. 47,748,750. The Stated Capital of the Company as at 31st March 2024 was Rs. 1,242Mn comprising of Voting Ordinary Shares of 570,592,361.

REPORT OF THE DIRECTORS (CONT.)

Reserves

Total Group Reserves as at 31st March 2024 amounts to Rs. 1.9 Bn (2023 – Rs, 2.7Bn) representing Revenue Reserve and the detailed movement of the Reserves shown in the Statement of Changes in Equity in the Financial Statements.

Major Shareholdings

Details of the twenty largest shareholders with the percentage of their respective holdings are given on Page 91 together with comparative shareholding as at 31st March 2024.

Public Holding

There were 6,012 (2023- 5,750) registered shareholders as at 31st March 2024, with the percentage of shares held by the public , as per the Colombo Stock Exchange Rules, being 23.98% (2023 – 24.00%)

Share Holdings /Share Information

Information relating to earnings, dividend, net assets, market value per share, share trading and distribution of shareholding is given on Pages 88 and 90.

Ratios and Market Price Information

The ratios relating to equity as required by the listing requirement of the Colombo Stock Exchange are given in Page 88 and 89 to this report.

Equitable Treatment to all Shareholders

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

Information to Shareholders

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

Directors

The names of the Directors who held office during the financial year are given below. The brief profiles of the Board of Directors appear on Page 5.

Name of Director	Executive	Non -Executive	Independent
Dr. S.R. Rajiyah	√		
Mrs. I.R. Rajiyah	√		
Mr. S.V. Rajiyah	√		
Mr. V. Sanmugam	√		
Mr. D.S. Arangala		√	√
Mr. M.S. Dominic		√	√

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

Key Changes to the Board during the period under review

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-elect Mr. D.S. Arangala as a Director who retires by rotation in terms of Article 30 (1).

3. 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.

4. 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 Mrs. I.R. Rajiyah.

Entries in the Interest Register

The Company, in compliance with the Companies Act No. 7 of 2007, maintains an Interest Register. The Directors have made the declaration required by said Act. And they have been entered into the Interest register.

Directors' Interest in Transactions

The Company carried out transactions in the ordinary course of business with the entities which a Director of the Company is a Director. The transactions with entities where a Director of the Company either has control or exercises significant influence have been classified as related party transaction and disclosed in Note 32 to Financial Statements.

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

REPORT OF THE DIRECTORS (CONT.)

Directors Interest in Shares

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

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

Name of Director	At at 31st March 2024	At at 31st March 2023
Dr. S.R. Rajiyah	-	-
Mrs. I.R. Rajiyah	-	-
Dr. S.R. Rajiyah (Jointly with Mrs. I.R. Rajiyah)	153,851	153,851
Mr. S.V. Rajiyah (Jointly with Mrs. J.J.B.A. Rajiyah)	1,922,925	1,922,925
Mr. V. Sanmugam	10,025	
Mr. D.S. Arangala		
Mr.M.S.Dominic		-
	2,086,801	**2,096,776**

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

Remuneration of Directors

The remuneration of the Directors in respect of the Company for the year ended 31st March 2024 is given in Note 8 to the Financial Statements.

Directors Meetings

Details of Board meetings and Board subcommittee meetings are presented on Page 12 of the Annual Report.

Directors Responsibility for Financial Reporting

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

Board Committees

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

Audit Committee

The composition of the Board Audit Committee comprising of Non-Executive Directors is provided on Page 18. The Executive Directors, Chief Financial Officer and Internal and External auditors attend the meeting by invitation. Detail scope of Audit Committee and their work during the year is disclosed in Audit Committee report given on Page No. 18.

Remuneration Committee

The composition of the Board Remuneration Committee comprising of Non-Executive Directors is provided on Page 20.

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

Related Party Transactions Review Committee

The composition of the Board Related Party Transactions Review Committee comprising of Non- Executive Directors is provided on Page 19. The Executive Directors and Chief Financial Officer attend the meeting by invitation. Detail scope of Related Party Transaction Review Committee and their work during the year is disclosed in Related Party Transactions Review Committee report given on Page 19.

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

Non – Recurrent Related Party Transactions

All the Non -Recurrent Related Party transactions of which the aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the Company as per audited Financial Statements of 31st March 2024, which required additional disclosures in the Annual Report of 2023/24 under Colombo Stock Exchange Listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission directive issued under Section 13(c) of the Securities and Exchange Commission Act are disclosed in Note 32 in the Financial statements.

Recurrent Related Party Transactions

All the Recurrent Related Party Transactions which in aggregate value exceeds 10% of the revenue of the Company as per 31st March 2024 audited Financial Statements are disclosed under Note 32, If any, to the Financial Statements as required by Colombo Stock Exchange Listing Rules 9.3.2 and Code of Best Practices on Related Party transactions under the Securities and Exchange Commission directive issued under Section 13(c) of the Securities and Exchange Commission Act.

Statutory Payments

The Directors, to the best of their knowledge and belief are satisfied that all statutory payments due to the Government, other regulatory institutions and those related to employees have been made on time. The declaration relating to statutory payments is made in the Statement of Directors Responsibilities on Page No. 32.

Compliance with Laws and Regulations

The company has taken all reasonable measures to ensure that it has complied with all applicable laws and regulations. A compliance checklist is signed-off on a monthly basis by responsible officers and any violations are reported to the Board Audit Committee. Refer Page 17 for a statement of compliance.

Code of Conduct

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

System of Internal control

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

REPORT OF THE DIRECTORS (CONT.)

Corporate Governance

The Company has complied with the Corporate Governance rules laid down under the listing rules of the Colombo Stock Exchange. Refer pages 11 to 17 for further details

Going Concern

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

Risk Management

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

The group exposure to risk and structure to manage and mitigate risk is discussed in more detail to Risk Management Report on page No. 22 to 25.

Compliance with the transfer pricing regulations

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

Event after the Reporting period

No event of material significance that requires adjustment to the Financial Statements have occurred subsequent to the date of the reporting date, other than those disclosed in Note 35 to the Financial Statements.

Capital Commitments

No significant capital commitments exist as at 31st March 2024 other than those disclosed in Note 34 to the financial statements.

Contingencies and Outstanding Litigation

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

Corporate Donations

No donation by the Group for the year ended 31st March 2024.(2023 – Rs 20,418,450) No donations were made for political purposes.

Employees and Industrial Relations

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

Auditors

Company's Auditors during the year under review were M/s KPMG, Chartered Accountants.

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

	2024 Rs.	2023 Rs.
Audit and Audit related fees	**1,456,000**	1,300,400
Non audit fees	**376,000**	342,000

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

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

Auditors Report

Auditors Report on the financial statements is given on page 33 to 36 of this annual report.

Environmental Protection

The group effort in minimizing and conserve scarce and non-renewable resources as well as environmental objectives are discussed in detail in Sustainability Report on page No. 26 to 27.

Employment Policies

The Group employment policies respect the individuals and offer equal career opportunities, regardless of sex, race or religion and consider the relationship with the employees to be good. The number of persons employed in the Company and its subsidiaries as at 31st March 2024 was 550 (2023 – 762)

Annual Report

The Board of Directors approved the Consolidated Financial Statement along with Company Financial Statements on 30th August 2024. The appropriate number of copies of this report will be submitted to Colombo Stock Exchange and to the Sri Lanka Accounting and Auditing Standards Monitoring Board.

Annual General Meeting

Following the issuance of guidelines by the Colombo Stock Exchange (CSE) 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 25th Annual General Meeting of Renuka Agri Foods PLC will be held at 30A, Malalasekara Road, Colobo 7 at 2.15 p.m. on 27th September 2024.

Acknowledgment of the content of the report

As required by the section 168(1)k of the Companies Act No. 7 of 2007 the Board of Directors hereby acknowledge the content of this report.

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

Sgd.
Mr. S.V. Rajiyah

Sgd.
Mr. V. Sannugam

Sgd.
Company Secretaries
Renuka Enterprises (Pvt) Ltd
13th August 2024

STATEMENT OF DIRECTORS' RESPONSIBILITY

The responsibility of the Directors in relation to the Financial Statements for the year ended 31st March 2024 which have been prepared and presented in accordance with the requirements of the Sri Lanka Accounting Standards, the Listing Rules of the Colombo Stock Exchange and the Companies Act No.7 of 2007 is set out in the following statement.

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

a) A statement of profit or loss and other comprehensive income of the Company and its subsidiaries which present a true and fair view of the profit or loss of the Company for the financial year

b) A statement of financial position, which presents a true and fair view of the state of affairs of the Company and its subsidiaries as at the end of the financial year together with explanatory notes to the financial statements

c) A statement of changes in Equity which presents a true and fair view of the changes in the Company's and its Subsidiaries retained earnings for the financial year; and

d) A statement of cash flow which presents a true and fair view of the flow of cash in and out of the business for the financial year for the Company and its Subsidiaries and; notes to the Financial Statements and which comply with the requirements of the Act.

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

a) The appropriate accounting policies have been selected and applied in a consistent manner, material deviations if any have been disclosed and explained;

b) All applicable Accounting Standards, in accordance with the Sri Lanka Accounting Standards (SLFRS/ LKAS) as relevant have been applied

c) Reasonable and prudent judgements have been made so that the form and substance of transactions are properly reflected

d) It provide the information required by and otherwise complies with the Companies Act No. 7 of 2007, Listing Rules of Colombo Stock Exchange and requirement of any other regulatory authority as applicable to the company.

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

The External Auditors, M/s KPMG who were deemed reappointed in terms of the Companies Act No. 07 of 2007 were provided with every opportunity to undertake the inspections they considered appropriate to enable them to form their opinion on the Financial Statements. The Report of the Auditors, shown on pages 33 to 36 set out their responsibilities in relation to the Financial Statements.

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

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

COMPLIANCE REPORT

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the company, all contributions, levies and taxes payable on behalf of and in respect of the employees of the company and all other known statutory dues as were due and payable by the company as at the reporting date have been paid or where relevant provided for.

By order of the Board

Sgd.
Company Secretaries
Renuka Enterprises (Pvt) Ltd
13 August 2024

INDEPENDENT AUDITOR'S REPORT

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

Tel +94 - 11 542 6426
Fax +94 - 11 244 5872
+94 - 11 244 6058
Internet www.kpmg.com/lk

TO THE SHAREHOLDERS OF RENUKA AGRI FOODS PLC

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Renuka Agri Foods PLC ("the Company"), and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statements of financial position as at 31 March 2024, 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 material accounting policies and other explanatory information, set out on pages 42 to 85.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2024, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards ("SLAuSs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the Code of Ethics for professional Accountants 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.

01. Carrying Value of Inventories

Refer to the accounting policies in "Note 3.11 to the Financial Statements: Inventories", "Note 2.4 to the Financial Statements: Use of Estimates and Judgments" and "Note 19 to the Financial Statements: Inventories".

Risk Description	Our responses
The Group has recognized a total inventory provision of Rs.41 Mn (the Company – Rs. 14 Mn) in arriving at a total inventory value of Rs.1,170 Mn (Company – 846 Mn) . Therefore, judgement is involved with regard to categorization of inventories in to obsolete and/or slow moving and which should therefore be considered for provision. As a result of the prevailing uncertain and volatile macro-economic environment, 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. We identified assessing the carrying value of inventories as a key audit matter because of the inherent risk that the Group's and the Company 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.	Our audit procedures included: ● Reviewing the work carried out by the component auditors where necessary. ● Testing the adequacy of the Group's and the Company provision against inventory by assessing the assumptions applied by the Group and the Company in providing against aged/obsolete items. We did this by assessing the historical accuracy of the Group and the Company 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. ● Evaluating, on a sample basis, whether inventories were stated at the lower of cost or net realisable value at the reporting date by comparing the sales prices of inventories subsequent to the reporting date where available and with the latest prices prior to the business interruption and checked whether there were any considerably low margin products which would potentially have an effect of the net realisable value.

INDEPENDENT AUDITOR'S REPORT (CONT.)

KPMG

02. Impairment of Investment in subsidiaries and goodwill

Refer to the accounting policies in "Note 3.7.1 : Goodwill, Note 3.1.2 : Investment in subsidiaries, Note 2.4:, to the Financial Statements: Use of Estimates and Judgments" and "Note 17 to the Financial Statements: Investment in subsidiaries", "Note 15 to the Financial statements: Goodwill".

Risk Description	Our responses
The Company holds investments in subsidiaries amounting to Rs. 2,005 million as at 31 March 2024. Further, the Group holds goodwill amounting to Rs. 561 million as at 31 March 2024. 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. 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.	Our audit procedures included: ● Assessing the impairment indication relates to this asset and obtaining the management's judgement and estimates assessment. And test if those assessment involve any management bias. ● Obtaining an understanding of management's impairment assessment process. ● Obtaining assessment from management and see whether it is complied with relevant standards. ● Evaluating the reasonableness of the Group's key assumptions for its revised cash flow projections such as discount rates, cost inflation and business growth with reference to the internally and externally derived sources including the Group budgetary process and reasonableness of historical forecasts. ● Reviewing of value in use computations for recoverable amounts with impairment indications and discussion with management of the Group. ● Assessing the adequacy of the financial statements disclosure. ● Assessing the disclosure in the financial statements in line with the requirements of relevant accounting standards.

03. Revenue recognition

Refer to the accounting policies in "Note 3.17 to the Financial Statements: Revenue", "Note 2.4 to the Financial Statements: Use of Estimates and Judgments" and "Note 6 to the Financial Statements: Revenue".

Risk Description	Our responses
The principal activity of the Company was the manufacturing and sales of coconut related food products. The Company recognised revenue from sales of coconut related food products in the amount of Rs. 4.679 Bn for the year ended 31 March 2024. Under Auditing standards, we are required to consider that the fraud risk from revenue recognition is a significant risk. We identified revenue recognition as a key audit matter because of its significance to the financial statements. We focused on whether transactions have been recorded in the period in which the Company becomes entitled to record revenue in accordance with SLFRS 15.	Our audit procedures included: ● Obtaining an understanding of and assessing the design, implementation, and operating effectiveness of management's key internal controls in relation to revenue recognition from sales transactions. ● Testing the operating effectiveness of key IT application controls over revenue, in addition to evaluating the integrity of the general IT control environment with the assistance of IT specialists. ● Obtaining an understanding and testing design, implementation, and operating effectiveness of controls over journal entries and post-closing adjustments. ● Comparing revenue transactions recorded during the current year, on a sample basis, with invoices, sales contracts, underlying goods delivery, and acceptance notes, where appropriate, to assess whether the related revenue was recognized in accordance with the Company's revenue recognition accounting policies. ● Agreeing the monthly sales system reports to the general ledger to ensure that the revenue is accounted accurately and completely in the general ledger. ● On a sample basis, testing that sales have been recognized in the correct accounting period and evaluating whether there are any significant product returns after the year end.

INDEPENDENT AUDITOR'S REPORT (CONT.)

KPMG

04. Recoverability of Trade Receivables

Refer to the accounting policies in "Note 3.3 to the Financial Statements: Financial Instruments", "Note 2.4 to the Financial Statements: Use of Estimates and Judgments" and "Note 20. To the Financial Statements: trade and other receivables".

Risk Description	Our responses
The Group has recognized a total impairment provision of Rs. 3.8 Mn (Company – Rs. 1.3 Mn) in arriving at a total trade receivables Rs. 879 Mn (Company – Rs. 725 Mn). 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 as at the reporting date. The Group and the Company uses significant judgment, based on the available facts and circumstances, including but not limited to, the length of relationship with the customer and the customer's repayment history and known market factors. In addition, trade receivables allowance assessment requires significant management judgment. As such, we determined that this is a key audit matter	Our audit procedures included: ● 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 financial statements.

Other Information

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

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

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

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

KPMG

- 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 regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, action taken to eliminate threats or 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

30th August 2024

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		GROUP		COMPANY	
FOR THE YEAR ENDED 31ST MARCH	**Note**	**2024 Rs.**	**2023 Rs.**	**2024 Rs.**	**2023 Rs.**
Revenue	6	**5,517,184,305**	7,212,002,625	**4,679,017,063**	5,603,592,764
Cost of Sales		**(5,226,931,501)**	(5,595,355,771)	**(4,522,617,139)**	(4,498,041,230)
Gross Profit		**290,252,804**	1,616,646,854	**156,399,924**	1,105,551,534
Other Operating Income	7	**38,842,026**	(5,222,173)	**21,322,077**	39,338
Administration Expenses		**(415,725,124)**	(427,845,084)	**(309,209,769)**	(339,316,626)
Selling and Distribution Expenses		**(166,988,541)**	(189,946,211)	**(125,568,512)**	(142,844,210)
Profit / (Loss) from Operations	8	**(253,618,835)**	993,633,386	**(257,056,280)**	623,430,036
Finance Income		**324,304,235**	429,156,998	**311,829,282**	410,490,779
Finance Cost		**(831,766,209)**	(779,208,877)	**(771,381,856)**	(742,358,629)
Net Finance Cost	9	**(507,461,974)**	(350,051,879)	**(459,552,574)**	(331,867,850)
Share of Profit for Equity Accounted Investees	18	**(71,096,885)**	45,215,959	**-**	-
Profit / (Loss) Before Tax		**(832,177,694)**	688,797,466	**(716,608,854)**	291,562,186
Taxation	10	**176,139,053**	(190,706,967)	**147,795,273**	(94,399,793)
Profit / (Loss) for the year		**(656,038,641)**	498,090,499	**(568,813,581)**	197,162,393
Other Comprehensive Income					
Items that will not be reclassified to profit or loss					
Actuarial Gain / (Loss) on Defined Benefit Plan	26	**3,584,176**	6,209,605	**6,869,485**	9,290,299
EAI- Share of OCI Defined Benefit Plan & changes in FVOCI		**(20,807,028)**	(1,320,094)	**-**	-
EAI – Share of OCI of Revaluation		**-**	(25,911,545)	**-**	-
Deferred Tax effect on actuarial Gain / (Loss) on Defined Benefit Plans		**(667,233)**	(2,950,567)	**(1,030,423)**	(499,540)
Other Comprehensive Income for the Year, Net of Tax		**(17,890,085)**	(23,972,601)	**5,839,062**	8,790,759
Total Comprehensive Income for the Year		**(673,928,726)**	474,117,898	**(562,974,519)**	205,953,152
Profit Attributable to:					
Equity Holders of the Company		**(658,482,421)**	399,094,751	**(568,813,581)**	197,162,393
Non Controlling Interest		**2,443,780**	98,995,748	**-**	-
Profit / (Loss) for the Year		**(656,038,641)**	498,090,499	**(568,813,581)**	197,162,393
Total Comprehensive Income Attributable to :					
Owners of the Company		**(675,728,879)**	375,948,667	**(562,974,519)**	205,953,152
Non Controlling Interest		**1,800,153**	98,169,231	**-**	-
Total Comprehensive Income for the Year		**(673,928,726)**	474,117,898	**(562,974,519)**	205,953,152
Earnings Per Share					
Basic Earnings Per Share (Rs.)	11.1	**(1.15)**	0.70	**(1.00)**	0.35
Diluted Earnings Per Share (Rs.)	11.2	**(1.15)**	0.70	**(1.00)**	0.35

Figures in brackets indicate deductions

The Financial Statements are to be read in conjunction with the related notes, which form a part of the Financial Statements of the Group set out on pages 42 to 85. The Audit Report is given on pages 33 and 36.

STATEMENT OF FINANCIAL POSITION

		GROUP		COMPANY	
AS AT 31ST MARCH	Note	**2024** Rs.	2023 Rs.	**2024** Rs.	2023 Rs.
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	12	**2,533,673,601**	2,489,176,630	**1,625,743,653**	1,712,462,773
Biological Assets	14	**160,986,808**	128,101,108	**–**	–
Intangible Assets	15	**561,135,745**	571,237,477	**–**	–
Right of use Assets	16	**124,698,740**	137,128,768	**62,971,826**	65,252,785
Investment In Subsidiaries	17	**–**	–	**2,005,203,321**	2,005,203,321
Investment In Equity Accounted Investees	18	**920,568,094**	1,026,032,877	**–**	–
		4,301,062,988	4,351,676,860	**3,693,918,800**	3,782,918,879
Current Assets					
Inventories	19	**1,169,816,728**	1,643,804,430	**846,101,031**	1,385,761,669
Trade and Other Receivables	20	**1,247,949,728**	1,033,077,949	**1,049,947,110**	916,839,502
Tax Receivables	21	**7,892,599**	3,778,068	**–**	–
Amounts Due from Related Companies	22	**25,244,220**	125,708,422	**76,299,371**	213,984,635
Cash and Cash Equivalents	23	**184,700,337**	760,399,863	**62,617,050**	428,116,702
		2,635,603,612	3,566,768,732	**2,034,964,562**	2,944,702,508
TOTAL ASSETS		**6,936,666,600**	7,918,445,592	**5,728,883,362**	6,727,621,387
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated Capital	24	**1,242,201,700**	1,194,452,950	**1,242,201,700**	1,194,452,950
Revaluation Reserve	25	**228,683,474**	239,485,514	**119,253,743**	119,253,743
Retained Earnings		**1,718,866,843**	2,516,689,084	**1,488,630,360**	2,107,779,879
Equity attributable to Owners of the Company		**3,189,752,017**	3,950,627,548	**2,850,085,803**	3,421,486,572
Non Controlling Interest		**394,914,842**	329,517,859	**–**	–
		3,584,666,859	4,280,145,407	**2,850,085,803**	3,421,486,572
Non- Current Liabilities					
Retirement Benefit Obligations	26	**62,068,244**	58,091,397	**50,838,408**	49,954,031
Loans and Borrowings	27.2	**251,388,200**	359,721,800	**251,388,200**	359,721,800
Lease Obligation	28	**157,217,245**	158,959,142	**83,207,588**	76,390,509
Deferred Tax Liability	29.1	**95,520,146**	178,899,987	**6,474,230**	122,114,017
		566,193,835	755,672,326	**391,908,426**	608,180,357
Current Liabilities					
Loans and Borrowings	27.1	**1,690,545,546**	1,742,708,247	**1,540,545,546**	1,731,333,600
Lease Obligation	28	**20,878,146**	31,892,296	**6,115,445**	17,171,992
Trade and Other Payables	30	**908,956,252**	764,184,832	**776,322,142**	672,087,408
Amounts Due to Related Companies	31	**–**	239,780,150	**513,398**	239,675,754
Dividend Payable		**6,366,081**	6,046,553	**5,016,081**	4,696,556
Income Tax Payable		**1,049,009**	96,992,431	**873,696**	32,989,148
Bank Overdraft	23	**158,010,872**	1,023,350	**157,502,825**	–
		2,785,805,906	2,882,627,859	**2,486,889,133**	2,697,954,458
TOTAL LIABILITIES		**3,351,999,741**	3,638,300,185	**2,878,797,559**	3,306,134,815
TOTAL EQUITY AND LIABILITIES		**6,936,666,600**	7,918,445,592	**5,728,883,362**	6,727,621,387

The Financial Statements are to be read in conjunction with the related notes, which form a part of the Financial Statements of the Group set out on pages 42 to 85. The Audit Report is given on pages 33 and 36.

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

A.R.D. Perera
Chief Financial Officer

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

S.V. Rajiyah
Director

V. Sanmugam
Director

30th August 2024
Colombo

STATEMENT OF CHANGES IN EQUITY

		Equity Attributable to Owners				Non Controlling Interest	Total Equity
FOR THE YEAR ENDED 31ST MARCH	**Note**	**Stated Capital Rs.**	**Revaluation Reserve Rs.**	**Retained Earnings Rs.**	**Total Rs.**	**Rs.**	**Rs.**
Group							
Balance as at 1st April 2022		1,194,452,950	266,925,387	2,225,650,544	3,687,028,881	231,348,628	3,918,377,509
Profit for the Year		–	–	399,094,751	399,094,751	98,995,748	498,090,499
Other Comprehensive Income		–	(25,911,545)	2,765,461	(23,146,084)	(826,517)	(23,972,601)
Total Comprehensive Income		–	(25,911,545)	401,860,212	375,948,667	98,169,231	474,117,898
Realization on account of depreciation on revalued assets			(1,528,328)	1,528,328	–	–	–
Transactions with Owners of the Company, Recognized							
Directly in Equity							
– Dividend Paid		–	–	(112,350,000)	(112,350,000)	–	(112,350,000)
Total Transactions with Owners of the Company		–	–	(112,350,000)	(112,350,000)	–	(112,350,000)
Balance as at 31st March 2023		1,194,452,950	239,485,514	2,516,689,084	3,950,627,548	329,517,859	4,280,145,407
Balance as at 1st April 2023		**1,194,452,950**	**239,485,514**	**2,516,689,084**	**3,950,627,548**	**329,517,859**	**4,280,145,407**
Profit for the Year		**–**	**–**	**(658,482,421)**	**(658,482,421)**	**2,443,780**	**(656,038,641)**
Other Comprehensive Income		**–**	**–**	**(17,246,458)**	**(17,246,458)**	**(643,627)**	**(17,890,085)**
Total Comprehensive Income		**–**	**–**	**(675,728,879)**	**(675,728,879)**	**1,800,153**	**(673,928,726)**
Transactions with Owners of the Company, Recognized							
Directly in Equity							
– Effect of change in interest in subsidiaries without a change in control (Note 17.4)		**–**	**(10,802,040)**	**(52,794,790)**	**(63,596,830)**	**63,596,830**	**–**
– Share of net assets of equity-accounted investees directly recorded in equity		**–**	**–**	**(13,570,401)**	**(13,570,401)**	**–**	**(13,570,401)**
– Impact from Amalgamation (Note 13)		**–**	**–**	**446,829**	**446,829**	**–**	**446,829**
– Scrip Dividend		**47,748,750**	**–**	**(56,175,000)**	**(8,426,250)**	**–**	**(8,426,250)**
Total Transactions with Owners of the Company		**47,748,750**	**(10,802,040)**	**(122,093,362)**	**(85,146,652)**	**63,596,830**	**(21,549,822)**
Balance as at 31st March 2024		**1,242,201,700**	**228,683,474**	**1,718,866,843**	**3,189,752,017**	**394,914,842**	**3,584,666,859**

The Financial Statements are to be read in conjunction with the related notes, which form a part of the Financial Statements of the Group set out on pages 42 to 85. The Audit Report is given on pages 33 and 36.

STATEMENT OF CHANGES IN EQUITY (CONT.)

FOR THE YEAR ENDED 31ST MARCH	Stated Capital Rs.	Revaluation Reserve Rs.	Retained Earnings Rs.	Total Rs.
Company				
Balance as at 1st April 2022	1,194,452,950	119,253,743	2,014,176,727	3,327,883,420
Profit for the Year	–	–	197,162,393	197,162,393
Other Comprehensive Income	–	–	8,790,759	8,790,759
Total Comprehensive Income	–	–	205,953,152	205,953,152
Transactions with Owners of the Company, Recognized directly in Equity				
Dividend Paid	–	–	(112,350,000)	(112,350,000)
Total Transactions with Owners of the Company	–	–	(112,350,000)	(112,350,000)
Balance as at 31st March 2023	1,194,452,950	119,253,743	2,107,779,879	3,421,486,572
Balance as at 1st April 2023	1,194,452,950	119,253,743	2,107,779,879	3,421,486,572
Profit for the Year	–	–	(568,813,581)	(568,813,581)
Other Comprehensive Income	–	–	5,839,062	5,839,062
Total Comprehensive Income	–	–	(562,974,519)	(562,974,519)
Transactions with Owners of the Company, Recognized directly in Equity				
Scrip Dividend	47,748,750	–	(56,175,000)	(8,426,250)
Total Transactions with Owners of the Company	47,748,750	–	(56,175,000)	(8,426,250)
Balance as at 31st March 2024	**1,242,201,700**	**119,253,743**	**1,488,630,360**	**2,850,085,803**

The Financial Statements are to be read in conjunction with the related notes, which form a part of the Financial Statements of the Group set out on pages 42 to 85. The Audit Report is given on pages 33 and 36.

STATEMENT OF CASH FLOWS

		GROUP		COMPANY	
FOR THE YEAR ENDED 31ST MARCH	**Note**	**2024 Rs.**	**2023 Rs.**	**2024 Rs.**	**2023 Rs.**
Cash Flow from Operating Activities					
Profit Before Tax from continue operations		**(832,177,694)**	688,797,466	**(716,608,854)**	291,562,186
Adjustments for					
Depreciation on Property, Plant and Equipment	12	**195,315,626**	191,441,972	**147,728,466**	147,887,665
Amortization of Right to use Assets	16.1	**12,430,028**	22,814,299	**2,280,959**	13,207,463
Gain on Disposal of Assets held for Sale	7	**–**	(1,108,154)		–
Fair Value Gain on Biological Assets	14	**(13,254,207)**	9,344,726		–
Provision for Retirement Benefit Obligation	26	**18,234,095**	15,731,462	**14,815,341**	8,233,478
Provision for Obsolete Inventories	19.1	**(73,027,440)**	25,400,329	**(57,347,360)**	5,700,083
Provision for Trade and Other Receivables	20.1	**(2,321,567)**	2,468,621	**(2,321,567)**	426,398
Provision for Amount Due From Related Parties	24	**–**	353,587	**(253,721)**	353,587
Finance Income	9	**(18,597,722)**	(7,843,208)	**(1,770,139)**	(675,064)
Finance Expense	9	**397,827,125**	521,725,142	**379,089,512**	480,732,591
Dividend Income	7	**–**	(262,363)		–
Profit on Disposal of Property, Plant and Equipment	7	**(21,322,077)**	(39,338)	**(21,322,077)**	(39,338)
Share of Profit of Equity Accounted Investees	18	**71,096,885**	(45,215,959)		–
Impairment on Goodwill recognised under business combination	15.2	**10,101,732**	–		–
Operating Profit Before Working Capital Changes		**(255,695,216)**	1,423,608,582	**(255,709,440)**	947,389,049
Working Capital Changes					
(Increase)/Decrease in Inventories	19	**547,015,142**	(447,582,556)	**597,007,998**	(490,056,828)
(Increase)/Decrease in Trade and Other Receivables	20	**(211,740,202)**	148,356,502	**(130,786,044)**	128,865,693
(Increase)/Decrease in Amount Due from Related Parties	22	**100,464,202**	(48,574,266)	**137,938,985**	(154,371,947)
Increase/(Decrease) in Trade and Other Payables	30	**144,895,484**	2,204,322	**104,554,259**	21,173,394
Increase/(Decrease) in Amount Due to Related Parties	31	**(239,780,150)**	238,505,408	**(239,162,356)**	234,897,791
Cash Generated from Operations		**85,159,260**	1,316,517,992	**213,843,403**	687,897,152
Interest Paid		**(387,121,557)**	(493,406,382)	**(374,550,030)**	(465,142,187)
Tax Paid		**(57,951,670)**	(131,583,336)	**(9,416,639)**	(118,411,995)
Payment of Retirement Benefit Obligation	26	**(10,673,072)**	(12,533,585)	**(7,061,479)**	(6,037,577)
Net Cash Flows Generated from /(Used in) Operating Activities		**(370,587,039)**	678,994,689	**(177,184,744)**	98,305,393
Cash Flows from Investing Activities					
Acquisition of Property, Plant and Equipment	12	**(252,692,290)**	(142,211,519)	**(73,889,039)**	(139,770,959)
Acquisition of Biological Assets	14	**(19,631,493)**	(16,505,792)	**–**	–
Proceeds from Disposal of Property, Plant and Equipment		**34,201,770**	39,338	**34,201,771**	39,338
Amalgamation impact, net of cash	13	**175,191,729**	–		
Investment in equity accounted investees	18	**(9,532)**	–		–
Interest Received		**18,597,722**	7,843,208	**1,770,139**	675,064
Proceeds from disposal of assets held for Sale		**–**	5,806,960		–
Dividends Received		**–**	262,363		–
Net Cash Generated from / (Used in) Investing Activities		**(44,342,094)**	(144,765,442)	**(37,917,129)**	(139,056,557)
Cash Flows from Financing Activities					
Loans and Borrowings obtained during the period	27	**7,212,995,000**	6,464,777,522	**6,658,995,000**	5,732,777,800
Repayment of Loans and Borrowings	27	**(7,507,291,301)**	(6,458,739,572)	**(6,958,116,654)**	(5,410,936,043)
Repayment of Lease Obligations	28	**(23,461,614)**	(36,072,165)	**(8,778,950)**	(18,358,008)
Dividend Paid		**–**	(112,350,000)	**–**	(112,350,000)
Net Cash Flows Generated From/(Used) in Financing Activities		**(317,757,915)**	(142,384,215)	**(307,900,604)**	191,133,749
Net Increase/ (Decrease) in Cash and Cash Equivalents		**(732,687,048)**	391,845,032	**(523,002,477)**	150,382,585
Cash and Cash Equivalents at the beginning of the Period		**759,376,513**	367,531,481	**428,116,702**	277,734,117
Cash and Cash Equivalents at the End of the Period (Note A & Note 23)		**26,689,465**	759,376,513	**(94,885,775)**	428,116,702
Note A – Analysis of cash and cash equivalents					
Call Deposits		**7,744,714**	145,709,541	**7,744,714**	145,709,541
Cash at Bank and in Hand		**176,955,623**	614,690,322	**54,872,336**	282,407,161
Bank Overdraft		**(158,010,872)**	(1,023,350)	**(157,502,825)**	–
		26,689,465	759,376,513	**(94,885,775)**	428,116,702

The Financial Statements are to be read in conjunction with the related notes, which form a part of the Financial Statements of the Group set out on pages 42 to 85. The Audit Report is given on pages 33 and 36.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1. Reporting Entity

Renuka Agri Foods PLC is a public quoted Company incorporated and domiciled in Sri Lanka under the Companies Act No. 17 of 1982, re registered under the Companies Act No. 07 of 2007. The registered office of the Company is located at No. 69, Sri Jinarathana Road, Colombo 2.

The consolidated financial statements of the Company as at and for the year ended 31st March 2024 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

The principal activities of the Company is manufacturing and sale of coconut related food products. Ceylon Forestry (Private) Limited is engaged in a business of planting timber species in identified plots of land & manage them till harvest Kandy Plantations Limited and Coco lanka (Private) Limited is engaged in business of cultivating coconut, producing organic coconut,Renuka Developments (Private) Limited Investment in plantation / farm of vertical integration projects. Renuka Agri Organics Ltd, is engaged in manufacture and export of coconut based products.

1.2. Parent and Ultimate Parent Undertaking

The Company's immediate parent enterprise is Renuka Foods PLC, and the Company's ultimate parent is Renuka Holdings PLC which is incorporated in Sri Lanka.

1.3. Financial Year

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

2. BASIS OF PREPARATION

2.1. Statement of compliance

The Consolidated Financial Statements of the Group as at 31st March 2024 have been prepared in accordance with the Sri Lanka Accounting standards (SLFRS/LKAS) issued by the Institute of Chartered Accountants of Sri Lanka and the requirements of the Companies Act No. 7 of 2007.

The Consolidated Financial Statements were authorized for issue by the Board of Directors on 14th August 2024.

2.2. Basis of measurement

The Consolidated 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,

- Liability for defined benefit obligations is carried at the present value of the defined benefit obligations,
- Land and Buildings are carried at fair value
- Assets held for sales are measured at fair value.

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

2.3. Functional and presentation currency

These Consolidated Financial Statements are presented in Sri Lankan rupees, which is the Company's functional currency. All financial information presented has been rounded to the nearest rupee unless otherwise indicated.

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.

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. 3.17 – Revenue Recognition
- Note No. 12.1 (b) – Revaluation of Land and Buildings
- Note No. 13 – deferring the fair value of bio logical assets on the basis of significant unobservable inputs.
- Note No. 14 – impairment test of goodwill
- Note No. 16.2 – acquisition of subsidiary: fair value of the consideration transferred (including contingent consideration) and fair value of the assets acquired and liabilities assumed, measured on a provisional basis.
- Note No. 26 – measurement of defined benefit obligations: key actuarial assumptions
- Note No. 29 – recognition of deferred tax assets: availability of future taxable profit against which deductible temporary difference and tax losses carried forward can be utilized

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 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

3. MATERIAL ACCOUNTING POLICIES

The Group has consistently applied the following material accounting policies to all periods presented in the Financial Statements by the Group, except as mentioned otherwise.

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.

Changes in material accounting polices

The Group also adopted Disclosure of Accounting Policies (Amendments to LKAS 1 and SLFRS Practice Statement 2) from 1 April 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the Financial Statements. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the Financial Statements. Management reviewed the accounting policies and made updates to the information disclosed in Note 3 – Material accounting policies (2023: Significant accounting policies) in certain instances in line with the amendments.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group has adopted Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to LKAS 12) from 1 January 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and off-setting temporary differences - e.g. leases and decommissioning liabilities. For leases and decommissioning liabilities, an entity is required to recognise the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, an entity applies the amendments to transactions that occur on or after the beginning of the earliest period presented.

The Group previously accounted for deferred tax on leases and decommissioning liabilities by applying the 'integrally linked' approach, resulting in a similar outcome as under the amendments, except that the deferred tax asset or liability was recognised on a net basis. Following the amendments, the Group has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of use assets. However, there was no impact on the Statement of Financial Position because the balances qualify for off-set under paragraph 74 of LKAS 12. There was also no impact on the opening retained earnings as at 1 April 2022 as a result of the change. The key impact for the Group relates to disclosure of the deferred tax assets and liabilities recognised Note 29.

Material Accounting policy information

The Group also adopted Disclosure of Accounting Policies (Amendments to LKAS 1 and IFRS Practice Statement 2) from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the Financial Statements. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the Financial Statements. Management reviewed the accounting policies and made updates to the information disclosed in Note 3 – Material accounting policies (2022: Significant accounting policies) in certain instances in line with the amendments

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, 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. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial 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 derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised 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 equity-accounted investees

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

3.3.1 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.

3.3.2 Classification And Subsequent Measurement

3.3.2.1 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	A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL: ● it is held within a business model whose objective is to hold assets to collect contractual cash flows; and ● its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Group financial assets classified and measured at amortized cost are limited to its other receivables, short term investments, amounts due from related party and cash & cash equivalent. .

FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)	The financial assets are measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL: ● it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and ● its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. On initial recognition of an equity investment that is not held for trading, the 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. 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.
FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)	All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the 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. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.
FINANCIAL ASSETS AT AMORTISED COST	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain orloss on derecognition is recognised in profit or loss.
DEBT INVESTMENTS AT FVOCI	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. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.
EQUITY 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.
FINANCIAL ASSETS AT FVTPL	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. 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.

3.3.2.3 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.

3.3.3 Derecognition

3.3.3.1 Financial Assets

The Group derecognises a financial asset when:

- The contractual rights to the cash flows from the financial asset expire; or
- t 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.

3.3.3.2Financial 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

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

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.

3.4 Measurement at Fair Value

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

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

3.4.1 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.

3.4.2 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.

3.4.3 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.

3.5 Stated Capital

3.5.1 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.

3.6 Property, Plant and Equipment

3.6.1 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.

3.6.1.1 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

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.

3.6.2 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 dayto-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

3.6.3 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:

Class of Assets	Useful Lifetime (Years)
Factory Buildings	40
Plant and machinery	10–20
Land Development	10–20
Electrical Installation	10
Workshop Tools	10
Laboratory Equipment	10
Factory Equipment	10
Office Equipment	10
Furniture and Fitting	10
Motor vehicle	05
Revalued Buildings	20–25

3.7 Intangible Assets and Goodwill

3.7.1 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.

3.7.1.1 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.

3.7.2 Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

3.7.3 Subsequent expenditure

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

3.8 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 14 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

3.9 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.

As a Lessee

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

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

The right of use asset is subsequently depreciated using straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of lease term or the cost of the right of use asset reflects that the Group will exercise a purchase option. In that case the right of use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right if 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 values of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

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

Lease payments included in the measurement od 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 commencement date;
- Amounts expected to be payable under residual value guaranteed; and
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise and extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

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

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

The Group presents right of use assets that do not meet the definition of investment property in 'right of use assets' and lease liabilities in 'lease Obligation' in the statement of financial position.

Short term leases and leases of low-value assets

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

3.9.1 Investment properties

Investment properties are measured initially at cost, including transaction costs. The carrying value of an investment properties includes the cost of replacing part of an existing investment properties, at the time that cost is incurred if the recognition criteria are met and excludes the costs of day to- day servicing of the investment properties. Subsequent to initial recognition, the investment properties are stated at fair values, which reflect market conditions at the reporting date.

Gains or losses arising from changes in fair value are included in the income statement in the year in which they arise. Fair values are revaluated annually by an accredited external, independent valuer. The most recent revaluation was carried out on 30th November 2023.

Investment properties are derecognised when disposed, or permanently withdrawn from use because no future economic benefits are expected. Any gains or losses on retirement or disposal are recognised in the income statement in the year of retirement or disposal.

Transfers are made to or from investment properties only when there is a change in use for a transfer from investment property to owner occupied property or inventory (WIP), the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property or inventory (WIP), the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. Where Group companies occupy a significant portion of the investment property of a subsidiary, such investment properties are treated as property, plant and equipment in the consolidated financial statements, and accounted for using accounting policy for property, plant and equipment.

Investment property of the group is a result from the amalgamation with Matale Valley Estates (Pvt) Ltd which situated at Wiharagama Estates, Weragama, Owala Tenna Hacille and Durukewatte, Pallesiyapattu, Matale relates to leasehold lands in, given on rent to the Subisdiary, Ceylon Forestry (Pvt) Ltd for twenty five (25) years starts from October 2008 and expires on 30 September 2033.

The fair value of the investment property has been determined through an independent valuation conducted by Mr. G.J. Sumanasena, a Chartered Valuation Surveyor.

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 a location.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

Measurement of fair value 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 of similar assets, making appropriate adjustments for differences in size, nature, location, condition of specific property. In this process, outlier transactions, indicative of particularly motivated buyers or sellers are too compensated for since the price may not adequately reflect the fair market value.

3.9.2. Amalgamation of Sub Subsidiary Company

Amalgamation with Matale Valley Estates Company (Private) Limited with Kandy Plantations Limited

Amalgamation with Matale Valley Estates Company (Private) Limited ("Amalgamating company"), with Kandy Plantations Limited (Amalgamated Company) was approved by the shareholders by way of a circular resolution on 31 January 2024. The Amalgamation of Companies was effected in accordance with Section 244 (1) (a) of the Companies Act No. 07 of 2007, whereby the whole of the assets, undertakings, property, business and liabilities of Amalgamating companies were vested in Kandy Plantations Limited, without payment or other consideration. The Registrar of Companies issued the Amalgamation Certificate stating the date of Amalgamation as 29 February 2024. Accordingly, the Amalgamation has taken effect on 29 February 2024, in terms of Section 245 (c) of the Companies Act, all the particulars relating to the amalgamating company has been removed from the Register of Companies by the Registrar of Companies on 29 February 2024 and ceases to exist thereafter.

The Amalgamation is not a business combination within the scope of SLFRS – 3 Business Combinations. Accordingly, the said merger has been accounted for in the books of Kandy Plantations Limited, the continuing entity as follows;

1) All assets and liabilities of Amalgamating company, as at 29 February 2024 has been taken over at their respective carrying values.

2) The difference between the net assets taken over and the carrying amount of the investment in Amalgamating Company, before the amalgamation is recognized in the Statement of Changes in Equity of Kandy Plantations Limited.

3.10 Premium paid on Leasehold premises

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

3.11 Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories includes expenditure incurred in acquiring the Inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Cost incurred in bringing inventories to the present location and condition is recognized as follows.

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

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

3.12 Impairment

3.12.1 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.

3.12.2 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the group of CGUs that is expected to benefit from the synergies of the combination. This allocation is subject to an operating segment ceiling test and reflects the lowest level at which that goodwill is monitored for internal reporting purposes. The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

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

3.13 Employee benefits

3.13.1 Defined benefit plan-Gratuity

A defined benefit plan is a post- employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defied 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 26 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 Plan are changed or when a Plan is curtailed, the resulting change in benefits that relates to fast service or the gain or loss on curtailment is recognised immediately in profit or loss. The company recognise gain or losses on the settlement of a defined plan when the settlement occur.

3.13.2 Defined contribution plan-Employee Provident Fund and Employee Trust Fund

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.

3.14 Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated

reliably, and it is probable that an outflow of economic 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.

3.15 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.

3.16 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.

3.17 Revenue

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

Step 1: Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that create enforceable rights and obligations and sets out the criteria for each of those rights and obligations.

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

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

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

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

3.18 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.Dividend income recognized when the right to receive the dividend is established.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

3.19 Income tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

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 LKAS 37 Provisions, Contingent Liabilities and Contingent Assets.

3.19.1 Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

3.19.2 Deferred tax

Deferred tax is recognized 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 recognized for:

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

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

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.20 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.

3.21 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

3.22 Related Party Transactions

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.

3.23 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.

3.24 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.

3.25 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.

4. DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

4.1 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.

4.2 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

4.3 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.

5. New standards and interpretation not yet adopted as at reporting date

The Institute of Chartered Accountants of Sri Lanka has issued a number of new amendments to Sri Lanka Accounting Standards (SLFRSs/LKASs) that are effective for annual periods beginning after the current financial year. Accordingly the Group has not early in preparing these Financial Statements.

The following amended standards and interpretations are not expected to have a significant impact on the Group 's Financial Statements.

Classifications of Liabilities as Current or Non-current and Noncurrent Liabilities with Covenants (Amendments to LKAS 1)

The amendments, as issued in 2020 and 2022, aim to clarify the requirements on determining whether a liability is current or noncurrent, and require new disclosures for non-current liabilities that are subject to future covenants. The amendments apply for annual reporting periods beginning on or after 1 January 2024. There is no potential impact the amendments on the classification of these liabilities and the related disclosures.

Supplier finance arrangements (Amendment to LKAS 1 and SLFRS 7)

These amendments introduce new disclosures relating to supplier finance arrangements that assist users of the financial statements to assess the effect of these arrangement on an entity's liabilities and cash flows and on and entity's exposure to the liquidity risk. The amendments apply for annual period beginning on or after January 2024.

Lease Liability in a sales and lease leaseback (Amendment to SLFRS 16)

The amendments specifically affect seller-lessee accounting in sale and leaseback transactions that qualify as a sale under SLFRS 15, especially those involving variable lease payments not based on an index or rate. They modify how a seller-lessee accounts for these leasebacks, preventing recognition of gains on retained rights of use due to lease term modifications or changes, which previously could occur when variable payments not defined as 'lease payments' were excluded

Other standards

The following new and amended standards are not expected to have a significant impact on the Financial Statements;

– Presentation and disclosure of Financial Statements (SLFRS 18)

– Subsidiaries without Public Accountability (SLFRS 19)

– General Requirements for Disclosure of Sustainability related Financial Information (SLFRS S1)

– Climate-related Disclosures (SLFRS S2)

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

			GROUP		COMPANY	
FOR THE YEAR ENDED 31ST MARCH			**2024 Rs.**	**2023 Rs.**	**2024 Rs.**	**2023 Rs.**
6	**REVENUE**					
	Export Sales		**4,620,215,520**	6,240,331,058	**3,878,311,704**	4,711,055,213
	Local Sales		**896,968,785**	971,671,567	**800,705,359**	892,537,551
			5,517,184,305	7,212,002,625	**4,679,017,063**	5,603,592,764
7	**OTHER OPERATING INCOME**					
	Gain disposal of Asset held for sale		**–**	1,108,154	**–**	–
	Fair Value Gain on Biological Assets		**13,254,207**	(9,344,726)	**–**	–
	Profit on Sale Property, Plant & Equipment		**21,322,077**	39,338	**21,322,077**	39,338
	Dividend Income		**–**	262,363	**–**	–
	Sundry Income		**4,265,742**	2,712,698	**–**	–
			38,842,026	(5,222,173)	**21,322,077**	39,338
8	**PROFIT FROM OPERATIONS**					
	Is stated after charging all expenses including the following					
	Director's & Key Management Personnel Remuneration		**99,687,680**	99,687,680	**99,687,680**	99,687,680
	Auditors' Fee		**2,579,000**	2,509,400	**1,456,000**	1,500,000
	Non Audit Services (KPMG)		**376,000**	342,000	**376,000**	342,000
	Depreciation on Property, Plant and Equipment		**195,315,626**	191,441,972	**147,728,466**	147,887,665
	Amortization on Right of Use Assets		**12,430,028**	22,814,299	**2,280,959**	13,207,463
	(Reversal of) / Provision for Obsolete Inventories		**(73,027,440)**	25,400,329	**73,545,883**	5,700,083
	Impairment on Goodwill recognised under business combination		**10,101,732**	–	**–**	–
	Personnel Costs (Note 8.1)		**587,816,619**	683,174,114	**448,434,503**	578,041,991
8.1	**PERSONNEL COSTS**					
	Salaries, Wages and Related Expenses		**520,457,121**	616,159,527	**394,451,765**	522,779,751
	Defined Contribution Plan Costs – EPF and ETF		**49,125,403**	51,283,125	**39,167,397**	42,130,266
	Defined Benefit Plan Costs – Retirement Benefit Obligation		**18,234,095**	15,731,462	**14,815,341**	13,131,974
			587,816,619	683,174,114	**448,434,503**	578,041,991
9	**NET FINANCE COSTS**					
	Finance Income					
	Interest on	– Call Deposit	**2,299,898**	2,066,629	**1,646,344**	369,591
		– Savings Accounts	**708,684**	371,242	**123,795**	342,953
		– Inter Company Loans	**15,589,140**	5,405,337	**4,443,483**	5,513,215
	Exchange Gain		**305,706,513**	421,313,790	**305,615,660**	404,265,020
			324,304,235	429,156,998	**311,829,282**	410,490,779
	Finance Cost					
	Interest on	– Bank Loans	**(378,002,285)**	(414,582,871)	**(365,894,182)**	(386,363,353)
		– Bank Overdraft	**(3,109,595)**	(3,483,039)	**(2,949,790)**	(3,248,257)
		– Lease	**(14,560,127)**	(13,701,983)	**(4,539,482)**	(5,745,816)
		– Packing Credit Loans	**–**	(8,731,028)	**–**	(8,731,027)
		– Other	**(30,539)**	(3,750)	**–**	–
	Inter company		**(6,050,782)**	(66,809,501)	**(5,706,058)**	(66,799,553)
	Exchange Loss		**(430,012,881)**	(271,896,705)	**(392,292,344)**	(271,470,623)
			(831,766,209)	(779,208,877)	**(771,381,856)**	(742,358,629)
			(507,461,974)	(350,051,879)	**(459,552,574)**	(331,867,850)

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

		GROUP		COMPANY	
	FOR THE YEAR ENDED 31ST MARCH	**2024 Rs.**	**2023 Rs.**	**2024 Rs.**	**2023 Rs.**
10	**TAXATION**				
	Income Tax Charge for the Year (Note 10.1)	**2,045,650**	134,436,960	**1,864,086**	**55,267,343**
	Under/ (Over) Provisions in Respects of Previous Years	**(52,578,183)**	18,543,852	**(32,989,149)**	22,768,145
	Deferred Tax Provision/(Reversal) for the Year (Note 29)	**(125,606,520)**	37,726,155	**(116,670,210)**	16,364,305
		(176,139,053)	190,706,967	**(147,795,273)**	94,399,793
10.1	**Reconciliation Between Accounting Profit and Taxable Income**				
	Profit Before Tax	**(832,177,694)**	688,797,466	**(716,608,854)**	291,562,189
	Share of Results of Equity Accounted Investees	**71,096,885**	(45,215,959)	**–**	–
	Other Consolidation Adjustments	**(583,215)**	–	**–**	–
	Profit Before Income Tax Before Adjustments	**(761,664,024)**	643,581,507	**(716,608,854)**	291,562,189
	Aggregate Disallowable Expenses	**641,610,117**	453,950,233	**599,861,221**	406,858,045
	Aggregate Allowable Expenses	**(833,718,822)**	(220,710,746)	**(789,975,761)**	(150,923,105)
	Aggregate Other Income	**(6,818,832)**	(3,628,674)	**(6,213,621)**	–
	Aggregate Exempt Income	**–**	(102,546,181)	**–**	(102,546,181)
	Statutory Income/(loss) from Business	**(960,591,561)**	770,646,139	**(912,937,015)**	444,950,948
	Taxable Aggregate Other Income	**6,818,832**	12,303,017	**6,213,621**	5,882,806
	Total Statutory Income	**(953,772,729)**	782,949,156	**(906,723,394)**	450,833,754
	Brought Forward Loss Claimed during the Year	**(4,714,465)**	–	**–**	–
	Tax losses incurred during the year	**(965,306,026)**	(87,091,046)	**(906,723,394)**	(87,091,046)
	Taxable Income	**6,818,832**	695,858,110	**6,213,621**	363,742,708
	Income Tax at 30%	**2,045,650**	49,154,631	**1,864,086**	882,421
	Income Tax at 24%	**–**	1,025,779	**–**	705,937
	Income Tax at 15%	**–**	53,678,985	**–**	53,678,985
	Income Tax at 18%	**–**	30,577,565	**–**	–
		2,045,650	134,436,960	**1,864,086**	55,267,343
10.2	**Tax Losses**				
	Tax Losses Brought Forward	**106,408,955**	110,353,434	**–**	–
	Tax Losses during the year	**965,306,026**	87,091,046	**906,723,394**	87,091,046
	Actualization of provisional Losses carried forward	**–**	–	**–**	(87,091,046)
	Tax Losses Utilised	**(4,714,465)**	(91,035,525)	**–**	**–**
	Tax Losses Carried Forward	**1,067,000,516**	106,408,955	**906,723,394**	–

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

10. TAXATION (CONTINUED)

10.3 Income tax rates applicable to the Company and Its subsidiaries

10.3.1 The Company

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 15%. 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).

10.3.2 Subsidiaries

a) 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 exempt 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% up to 30th September 2022 and & 30% w.e.f. 1st October 2022.

b) Renuka Agri Organics Limited

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

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

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

c) Ceylon Forestry (Private) Limited

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

(i) For a period of eight (08) years reckoned from the year of assessment as may be determined by the BOI, the profits and income of the Company is exempted from tax. For the above purpose, the year of assessment shall be reckoned from the year in which the Company commences to make profits or any year of assessment not later than two (02) years reckoned from the date of commencement of commercial operations whichever year is earlier, as specified in a certificate issued by the BOI, Sri lanka.

(ii) After the expiration of the aforesaid tax exemption period, referred to in sub clause (i) above, the profits and income of the Company shall for each year of assessment be charged at the rate of ten per centum (10%) for a period of two (2) years ("concessionary period") immediately succeeding the last date of the tax exemption period during which the profits and income of the Company is exempted from it.

(iii) After the expiration of the aforesaid concessionary period referred to in sub clause (ii) above, the profits and income of the Company shall be charged for any year of assessment at the rate of 20%.

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

However, other income would be liable to Income Tax at the rate of 24% up to 30th September 2022 and 30% w.e.f 1st October 2022.

d) 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 exempt from income tax for further 3 years of assessments ending 2010/2011, under section 16 of the inland revenue act No. 10 of 2006. This tax holiday was expired on 31st March 2011.

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

However, other income would be liable to Income Tax at the rate of 24% up to 30th September 2022 and 30% w.e.f. 1st October 2022.

e) Coco Lanka (Private) Limited

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

However, other income would be liable to Income Tax at the rate of 24% up to 30th September 2022 & 30% w.e.f. 1st October 2022.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

11. EARNINGS PER SHARE

11.1 Basic Earnings Per Share

The Computation of the basic earnings per Share is based on the profit for the year attributable to ordinary shareholders for the year divided by the weighted average number of shares outstanding during the year and calculated as follows:

	Group		Company	
FOR THE YEAR ENDED 31ST MARCH	**2024**	2023	**2024**	2023
		Restated		Restated
Profit for the period, attributable to Ordinary Shares (Rs)	**(658,482,421)**	399,094,751	**(568,813,581)**	197,162,393
Weighted Average number of Ordinary	**570,592,362**	570,592,363	**570,592,362**	570,592,362
Basic Earnings per Share (Rs.)	**(1.15)**	0.70	**(1.00)**	0.35

Weighted average number of shares as at 31st March 2023 has been restated based on the number of shares issued as scrip dividend in September 2023 in accordance with Sri Lanka Accounting Standard LKAS 33 – Earnings Per Share.

11.2 Diluted Earnings Per Share

The Computation of diluted earnings per share is based on profit attributable to ordinary shareholders for the year divided by the weighted average number of shares outstanding after adjusting for the effects of all dilutive potential ordinary shares.

	Group		Company	
FOR THE YEAR ENDED 31ST MARCH	**2024**	2023	**2024**	2023
		Restated		Restated
Profit for the period, attributable to Ordinary Shareholders (Rs)	**(658,482,421)**	399,094,751	**(568,813,581)**	197,162,393
Weighted Average number of Ordinary	**570,592,362**	570,592,363	**570,592,362**	570,592,362
Diluted Earnings per Share (Rs.)	**(1.15)**	0.70	**(1.00)**	0.35

11.3 There was no dilution of ordinary shares outstanding at any time during the year. Therefore, diluted earnings per share is the same as basic earning per share as shown in Note 11.1

	Group		Company	
FOR THE YEAR ENDED 31ST MARCH	**2024**	2023	**2024**	2023
11.4 Dividend Per Share				
Dividend Declared and Paid during the Year (Rs.)	**56,175,000**	112,350,000	**56,175,000**	112,350,000
Weighted Average Number of Ordinary Shares	**570,592,362**	561,750,000	**570,592,362**	561,750,000
Dividend Per Share (Rs.)	**0.10**	0.20	**0.10**	0.20

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS AT 31ST MARCH

12 PROPERTY, PLANT AND EQUIPMENT

Group

	Freehold Land	Factory Buildings	Plant and Machinery	Land Development	Furniture and Fittings	Electrical Installation	Workshop Tools	Laboratory Equipment	Factory Equipment	Office Equipment	Motor Vehicles	Software	Capital Work In Progress	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost														
Balance as at 1st April 2022	**349,994,194**	**979,059,908**	**1,818,215,206**	**20,678,825**	**35,887,549**	**206,381,829**	**118,701**	**6,361,366**	**253,369,925**	**20,641,216**	**85,283,840**	**928,469**	**12,467,166**	**3,789,388,194**
Additions During the Year	17,203,000	10,779,560	40,736,851	390,360	1,002,599	1,675,607	16,500	1,349,601	79,766,523	1,763,700	–	–	–	154,684,301
Transfers During the Year	–	–	–	–	–	–	–	–	–	–	–	–	(12,433,444)	(12,433,444)
Disposals during the Year	–	–	–	–	–	–	–	–	(39,338)	–	–	–	–	(39,338)
Balance as at 31st March 2023	**367,197,194**	**989,839,468**	**1,858,952,057**	**21,069,185**	**36,890,148**	**208,057,436**	**135,201**	**7,710,967**	**333,097,110**	**22,404,916**	**85,283,840**	**928,469**	**33,722**	**3,931,599,713**
Balance as at 1st April 2023	**367,197,194**	**989,839,468**	**1,858,952,057**	**21,069,185**	**36,890,148**	**208,057,436**	**135,201**	**7,710,967**	**333,097,110**	**22,404,916**	**85,283,840**	**928,469**	**33,722**	**3,931,599,713**
Additions During the Year	167,200,000	3,458,596	60,635,245	87,000	947,625	3,752,341	–	58,176	10,920,566	1,323,077	4,309,664	–	–	252,692,290
Acquisition of subsidiary	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Disposals during the Year	–	–	(29,394,531)	–	–	–	–	–	(190,271)	–	–	–	–	(29,584,802)
Transfers during the Year	(2,300,000)	–	–	2,300,000	–	–	–	–	–	–	–	–	–	–
Balance as at 31st March 2024	**532,097,194**	**993,298,064**	**1,890,192,771**	**23,456,185**	**37,837,773**	**211,809,777**	**135,201**	**7,769,143**	**343,827,405**	**23,727,993**	**89,593,504**	**928,469**	**33,722**	**4,154,707,201**
Accumulated Depreciation														
Balance as at 1st April 2022	**–**	**39,103,413**	**916,944,954**	**6,936,021**	**22,854,015**	**60,746,480**	**114,210**	**3,786,410**	**104,270,707**	**12,655,289**	**83,561,732**	**7,879**	**–**	**1,250,981,110**
Charge for the Year	–	27,512,850	120,039,226	415,301	1,549,856	19,050,698	1,409	477,385	20,752,173	485,903	1,095,860	100,650	–	191,481,311
Disposal od subsidiary	–	–	–	–		–	–	–	(39,338)	–	–	–	–	(39,338)
Balance as at 31st March 2023	**–**	**66,616,263**	**1,036,984,180**	**7,351,322**	**24,403,871**	**79,797,178**	**115,619**	**4,263,795**	**124,983,542**	**13,141,192**	**84,657,592**	**108,529**	**–**	**1,442,423,083**
Balance as at 1st April 2023	**–**	**66,616,263**	**1,036,984,180**	**7,351,322**	**24,403,871**	**79,797,178**	**115,619**	**4,263,795**	**124,983,542**	**13,141,192**	**84,657,592**	**108,529**	**–**	**1,442,423,083**
Charge for the Year	–	26,360,971	115,301,799	2,491,066	2,480,555	19,263,241	1,653	565,404	26,315,920	1,556,958	885,034	93,025	–	195,315,626
Disposals during the Year	–	–	(16,514,838)	–	–	–	–	–	(190,271)	–	–	–	–	(16,705,109)
Balance as at 31st March 2024	**–**	**92,977,234**	**1,135,771,141**	**9,842,388**	**26,884,426**	**99,060,419**	**117,272**	**4,829,199**	**151,109,191**	**14,698,150**	**85,542,626**	**201,554**	**–**	**1,621,033,600**
Written Down Value														
As at 31st March 2024	**532,097,194**	**900,320,830**	**754,421,630**	**13,613,797**	**10,953,347**	**112,749,358**	**17,929**	**2,939,944**	**192,718,214**	**9,029,843**	**4,050,878**	**726,915**	**33,722**	**2,533,673,601**
As at 31st March 2023	367,197,194	923,223,205	821,967,877	13,717,863	12,486,277	128,260,258	19,582	3,447,172	208,113,568	9,263,724	626,248	819,940	33,722	2,489,176,630

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS AT 31ST MARCH

12.1 PROPERTY, PLANT AND EQUIPMENT

Company

	Freehold Land	Factory Buildings	"Plant and Machinery"	Furniture and Fittings	Electrical Installation	Work-shop Tools	Laboratory Equipment	Factory Equipment	Office Equipment	Motor Vehicles	Software	Capital Work In Progress	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost													
Balance as at 1st April 2022	**21,120,000**	**657,537,575**	**1,549,329,699**	**30,401,729**	**202,900,216**	**118,701**	**3,269,642**	**179,870,468**	**17,829,943**	**72,325,066**	**928,469**	**12,393,444**	**2,748,024,952**
Additions During the Year	17,203,000	10,779,560	40,736,851	687,464	648,911	16,500	1,349,601	79,033,734	1,748,120	-	-	(12,393,444)	139,810,297
Disposals During the Year	-	-	-	-	-	-	-	(39,338)	-	-	-	-	(39,338)
Balance as at 31st March 2023	**38,323,000**	**668,317,135**	**1,590,066,550**	**31,089,193**	**203,549,127**	**135,201**	**4,619,243**	**258,864,864**	**19,578,063**	**72,325,066**	**928,469**	**-**	**2,887,795,911**
Balance as at 1st April 2023	**38,323,000**	**668,317,135**	**1,590,066,550**	**31,089,193**	**203,549,127**	**135,201**	**4,619,243**	**258,864,864**	**19,578,063**	**72,325,066**	**928,469**	**-**	**2,887,795,911**
Additions During the Year	-	3,458,596	57,095,040	947,625	3,752,341	-	-	7,986,721	648,716	-	-	-	73,889,039
Disposals During the Year	-	-	(29,394,531)	-	-	-	-	(190,271)	-	-	-	-	(29,584,802)
Balance as at 31st March 2024	**38,323,000**	**671,775,731**	**1,617,767,059**	**32,036,818**	**207,301,468**	**135,201**	**4,619,243**	**266,661,314**	**20,226,779**	**72,325,066**	**928,469**	**-**	**2,932,100,148**
Depreciation													
Balance as at 1st April 2022	**-**	**21,915,261**	**760,585,093**	**20,989,688**	**58,789,603**	**114,210**	**2,601,700**	**81,024,889**	**10,814,195**	**70,602,955**	**7,879**	**-**	**1,027,445,473**
Charge for the Year	-	18,647,314	91,922,238	1,174,245	18,803,658	1,409	170,507	15,736,560	274,559	1,095,863	100,650	-	147,927,003
Disposals During the Year								(39,338)					(39,338)
Balance as at 31st March 2023	**-**	**40,562,575**	**852,507,331**	**22,163,933**	**77,593,261**	**115,619**	**2,772,207**	**96,722,111**	**11,088,754**	**71,698,818**	**108,529**	**-**	**1,175,333,138**
Balance as at 1st April 2023	**-**	**40,562,575**	**852,507,331**	**22,163,933**	**77,593,261**	**115,619**	**2,772,207**	**96,722,111**	**11,088,754**	**71,698,818**	**108,529**	**-**	**1,175,333,138**
Charge for the Year		17,745,175	88,008,389	2,183,232	18,974,379	1,653	253,227	19,052,388	1,303,420	113,578	93,025	-	147,728,466
Disposals During the Year	-	-	(16,514,838)	-	-	-	-	(190,271)	-	-	-		(16,705,109)
Balance as at 31st March 2024	**-**	**58,307,750**	**940,515,720**	**24,347,165**	**96,567,640**	**117,272**	**3,025,434**	**115,774,499**	**12,392,174**	**71,812,396**	**201,554**	**-**	**1,306,356,495**
Written Down Value													
As at 31st March 2024	**38,323,000**	**613,467,981**	**677,251,339**	**7,689,653**	**110,733,828**	**17,929**	**1,593,809**	**150,886,815**	**7,834,605**	**512,670**	**726,915**	**-**	**1,625,743,653**
As at 31st March 2023	38,323,000	627,754,560	737,559,219	8,925,260	125,955,866	19,582	1,847,036	162,142,753	8,489,309	626,248	819,940	-	1,712,462,773

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

12.1 Property, plant and equipment (Continued)

12.2 Fully depreciated property, plant and equipment still in use

Group

The gross carrying amount of fully depreciated property, plant and equipment still in use as at 31st March 2024 is Rs. 661,486,268 (2023- Rs. 425,257,582/-).

Company

The gross carrying amount of fully depreciated property, plant and equipment still in use as at 31st March 2024 is Rs.596,484,369 (2023- Rs. 405,272,502/-).

12.3 Revaluation of Land & Building – Method of Valuation

The Land and buildings of the companies were revalued as at 31st March 2020. The results of such revaluations were incorporated in these financial statements from its effective date, which is 31st March 2020. Fair value of the Land & Building was ascertained by an independent valuation carried out by Mr.A.A.M. Fathihu-FIV (Sri Lanka) as at 31st March 2020. Valuation was carried out in reference to Sri Lanka Accounting Standard LKAS 16 Property, Plant & Equipment and SLFRS 13 together with valuation standards.

All revaluations are based on market values and based on the aforesaid valuations. The Directors are of the view that market values as at 31st March 2024 have not materially changed from the values determined as at 31st March 2020. Kandy Plantations Ltd has revalued Matale land as at 31st March 2022. (Valuation carried out by Mr.A.A.M. Fathihu – FIV (Sri Lanka))

			Fair Value as at 31.03.2024 Rs.				
Company	**Location**	**Last revaluation Date**	**Land Extent**	**Land**	**Buildings**	**No of Buildings**	**Level of Fair value Hierarchy**
Renuka Agri Foods PLC	Unagahadeniya	31st March 2020	0A-1R 30.4P	21,120,000	903,000	1	Level 3
	Wathupitiwala / Giriulla	31st March 2020	0A-3R 30P	17,203,000	626,851,561	11	Level 3
Renuka Developments (Pvt) Ltd	Unagahadeniya	31st March 2020	1A-3R-23.3P	75,825,000	22,683,624	7	Level 3
Kandy Plantations Ltd	Giriulla	31st March 2020	-	-	7,627,050	3	Level 3
	Matale	31st March 2022	20A-0R-18P	72,601,194	-	–	Level 3
	Matale	31st March 2024	67A-3R-2P	167,200,000			Level 3
Coco Lanka (Pvt) Ltd	Puttalam	31st March 2020	165A-1R-05P	180,448,000	9,354,253	5	Level 3
Renuka Agri Organics Ltd	Wathupitiwala	31st March 2020	-	-	255,803,718	3	Level 3

Valuation technique and significant unobservable inputs

Valuation techniques	Significant unobservable inputs	Inter – relationship between Significant unobservable inputs and fair value measurement
Market comparable method ; this method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of the property being revalued. This involves evaluation of recent active market prices if similar assets, making appropriate adjustments for differences in size, nature, location, condition of specific property in this process outlier transactions,indicative of particularly motivated buyers or sellers are too compensated for, since the price may not adequately reflect the fair market value.	Price per perch for Land Price per square fact 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)

		Land					Building		
Company	**Location**	**"Market Value as at 31st March 2024 (Rs.)"**	**Extent**	**"Per Perch Value (Rs.)"**	**"Increase +10% (Rs.)"**	**"Decrease -10% (Rs.)"**	**"Market Value as at 31st March 2024 (Rs.)"**	**"Increase +10% (Rs.)"**	**"Decrease -10% (Rs.)"**
Renuka Agri Foods PLC	Unagahadeniya	21,120,000	0A-1R-30.40P	300,000	2,112,000	(2,112,000)	**903,000**	90,300.00	(90,300.00)
	Wathupitiwala / Giriulla	17,203,000	0A-3R-30P	300,000	1,720,300	(1,720,300)	**626,851,561**	62,685,156.00	(62,685,156.00)
Renuka Developments (Pvt) Ltd	Unagahadeniya	75,825,000	1A-3R-23.30P	250,000	7,582,500	(7,582,500)	**22,683,624**	2,268,362.00	(2,268,362.00)
Kandy Plantations Ltd	Giriulla	-	-	-	-	-	**7,627,050**	762,705.00	(762,705.00)
	Matale	72,601,194	20A-0R-18P	21,875	7,260,119	(7,260,119)	**–**	–	–
	Giriulla	167,200,000	67A-3R-2P	14,687	16,720,000	(16,720,000)			
Coco Lanka (Pvt) Ltd	Puttalam	180,448,000	165A-1R-05.00P	7,187	18,044,800	(18,044,800)	**9,354,253**	935,425.00	(935,425.00)
Renuka Agri Organics Ltd	Wathupitiwala	-	-	-	-	-	**255,803,718**	25,580,371.00	(25,580,371.00)

12.4 The carried amount of the revalued assets that would have been included in the Financial Statements had the assets being carried at

Company	**As at 31.03.2024**			**As at 31.03.2023**		
	Cost Rs.	**Accumulated Depreciation Rs.**	**Carrying Amount Rs.**	**Cost Rs.**	**Accumulated Depreciation Rs.**	**Carrying Amount Rs.**
Land	38,631,000	–	38,631,000	38,631,000	–	38,631,000
Building	710,926,994	133,290,184	577,636,810	707,468,399	115,545,010	591,923,389

Group	**As at 31.03.2024**			**As at 31.03.2023**		
Land	21,428,000	–	21,428,000	21,428,000	–	21,428,000
Building	993,298,063	84,111,699	909,186,364	989,839,468	57,750,727	932,088,741

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

12.5 There were no temporarily idle property, plant & equipments as at the reporting date.

12.6 **Group**

During the financial year, the Group acquired Property, Plant and Equipment to the aggregate value of Rs.252,692,295/- (2023 – Rs. 154,644,963/-). Cash payments amounting to Rs. 85,492,295/- (2023 – Rs. 154,644,963/-) were made during the year for purchase of Property, Plant and Equipment.

Group has acquired the land Value of RS. 167,200,000 from amalgamation of Matale Valley Estates Company (Private) Limited with kandy plantation limited.(Refer note 13)

Company

During the financial year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs. 73,889,037/- (2023 – Rs. 139,770,959/-). Cash payments amounting to Rs. 73,889,037/- (2023 – Rs. 139,770,959/-) were made during the year for purchase of Property, Plant and Equipment.

12.7 There were no restrictions on the title of the Property, Plant & Equipments as at 31 March 2024 other than disclosed in Note 27.

12.8 There were no items of Property, Plant & Equipment pledged as security as at 31 March 2024 other than disclosed in Note 27.

12.9 The capital work in progress represents projects in progress.

12.10 During the year under review, the group has not capitalized any borrowing cost.

12.11 Each company in the Group has evaluated both internal and external indicators of impairment of long lived assets and has not identified presence of any of such indicators at the end of the financial year.

13. Amalgamation with Matale Valley Estates Company (Private) Limited with Kandy Plantations Limited

Summary of assets and liabilities of Amalgamating companies as of 29 February 2024 and their respective carrying values on the said date as taken over and the effect on the Statement of Financial Position of Kandy Plantations Limited are as follows,

As at 29 February 2024	**Matale Valley Estates Company (Pvt) Ltd**
	Rs.
Investment property	167,200,000
Other receivables	810,010
Cash and cash equivalent	7,991,740
Total assets	176,001,750
Less: Liabilities	
Temporary loan	(133,800,000)
Deferred tax liability	(41,559,446)
Other current liability	(40,000)
Income tax payable	(155,464)
Total net assets	**446,839**
Less: Carrying value of	–
Investments	
Reserves acquired on amalgamation	446,839
Set-off of investment by Kandy Plantations Limited	(10)
Balance transferred to Amalgamation Reserve	**446,829**
Net Cash Impact	**7,991,729**

14 Biological Assets

	GROUP		COMPANY	
	2024	2023	**2024**	2023
	Rs.	**Rs.**	**Rs.**	**Rs.**
Balance as at the Beginning	**128,101,108**	120,940,042	–	–
Additions During the Year	**19,631,493**	16,505,792	–	–
Gain / (Loss) on Fair Value During the year	**13,254,207**	(9,344,726)	–	–
Balance at the End	**160,986,808**	128,101,108	–	–
Represented By				
Biological Assets at fair value	**69,146,356**	54,076,741	–	–
Biological Assets at cost less	**89,264,086**	71,454,801	–	–
Immature pepper plantation	**2,576,366**	2,569,566	–	–
	160,986,808	128,101,108	–	–

Biological Assets at Fair value

Biological Assets as at 31st March 2024 consists of Ceylon Forestry (Pvt) Limited's investments made for Teak and Mahogany Plants, Kandy Plantations Limited's investment in Coconut Plant Nursery and Coco Lanka (Private) Ltd, Investments made on Chashew and timber plants.

Kandy Plantation Limited

During the year, the Company has incurred Rs.2,861,564/- (2023- Rs.2,846,032/-) in planting coconut nursery. The nursery is for in plant vacant areas of the plantation held by the Company.

The biological asset is carried out at cost as at the reporting date, since the nursery has just started its operation and the expected useful life is estimated to be 7 years.

Coco Lanka (Pvt) Ltd

Managed trees include commercial teak timber plantations, coconut and cashew nurseries on the estate in Ambalam village 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 (Timber) was ascertained in accordance with LKAS 41 – "Agriculture". The Valuation was carried out by an independent Chartered Valuation Surveyor Mr. W.M. Chandrasena FIV (SL) MRICS (UK), Chartered valuation surveyor using discounted Cash Flows (DCF) method.

Ceylon Forestry (Private) Limited

The biological asset is on leased land owned by Kandy Plantation Limited 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 13,997 Last year and Pepper trees are 3,500.

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 below.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

14.1. Key assumptions used in valuation are as follows

Variable	Comment
Growth Pattern	Corresponding to relevant height are based on published international growth patterns and adjusted to suit local conditions.
Time period of Maturity	Time period of maturity of each verity is estimated based on current age of trees, existing diameter of the trees, soil conditions, area, by using marginal increase of different species.
Selling Price	Considered that the timber plantation on maturity is solely for sale in long form and rate will be adopted accordingly. Teak rate per cubic ft is Rs.950
Discount Rate	Future cash flows are discounted at the rate of 18% (2023 -19%)

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 12% may stimulate an increase or a decrease between the ranges +1% to -1%

14.2 Sensitivity Analysis

Sensitivity variation on sales price

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

Sales price fluctuation	+10%	0	-10%
Managed Timber	Rs.	Rs.	Rs.
As at 31st March 2024	72,444,625	65,858,750	59,272,875

Sensitivity variation on discount rate

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

Discount rate fluctuation	+1%	0	-1%
Manage Timber	Rs.	Rs.	Rs.
As at 31st March 2024	61,123,045	65,858,750	71,073,236

Biological Assets at cost less depreciation include coconut nursery. The nursery is for replant vacant areas of the plantation held by Kandy Plantations Ltd and Coco Lanka (private) Limited.

Biological Assets at cost less depreciation include coconut nursery. The nursery is for replant vacant areas of the plantation held by Kandy Plantations Ltd and Coco Lanka (private) Limited.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

		GROUP		COMPANY	
		2024	2023	**2024**	2023
		Rs.	Rs.	**Rs.**	Rs.
15.	**INTANGIBLE ASSETS**				
	Goodwill on Acquisition (Note 15.1)	**561,135,745**	571,237,477	–	–
		561,135,745	571,237,477	–	–

15.1 Goodwill on Acquisition

Renuka Agri Organic Ltd

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use (VIU). The fair value less costs to sell calculation is based on available data from an active market, in an arm's length transaction, of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

The key assumptions used to determine the recoverable amount for the different cash generating units, are as follows;

Gross margins
The basis used to determine the value assigned to the budgeted gross margins is the gross margins achieved in the year preceding the budgeted year adjusted for projected market conditions

Discount rates
This discount rate used is the risk free rate, adjusted by the addition of an appropriate risk premium, is 15%.

Inflation
The basis used to determine the value assigned to the budgeted cost inflation, is the inflation rate, based on projected economic conditions

Volume growth
Volume growth has been budgeted on a reasonable and realistic basis by taking into account the industry growth rates of one to four years immediately subsequent to the budgeted year. Cash flows beyond the five year period are extrapolated using 0% growth rate.

Coco Lanka (Pvt) Ltd
Based on the assesment made on goodwill on aquisition from coco lanka (Pvt) Ltd has fully impaired during the year

		GROUP		COMPANY	
		2024	2023	**2024**	2023
		Rs.	Rs.	**Rs.**	Rs.
15.2	**Goodwill on Acquisition**			–	
	At the Beginning of the Year	**571,237,477**	571,237,477	–	–
	Impairment During the Year	**(10,101,732)**	–	–	–
	At the End of the Year	**561,135,745**	571,237,477	–	–
15.2.1	**Goodwill on Acquisition Consist of Following Company**				
	Coco Lanka (Private) Limited	**–**	10,101,732	–	–
	Renuka Agri Organics Limited	**561,135,745**	561,135,745		
		561,135,745	571,237,477		

16. RIGHT OF USE ASSETS

AS AT 31ST MARCH		GROUP 2024 Rs.	GROUP 2023 Rs.	COMPANY 2024 Rs.	COMPANY 2023 Rs.
16.1	**Carrying Value of Right to use Assets**				
	Balance as at the beginning	**137,128,768**	148,544,516	**65,252,785**	78,460,248
	During the year additions	**–**	11,398,551	**–**	–
	Amortization during the year – BOI Land / Right-To-Use Estate	**(10,149,069)**	(20,533,340)	**–**	(10,926,504)
	Amortization during the year – Head Office Building	**(2,280,959)**	(2,280,959)	**(2,280,959)**	(2,280,959)
	At the end of the year	**124,698,740**	137,128,768	**62,971,826**	65,252,785

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 lease 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 are presented below.

Kandy Plantations Ltd – Giriulla

Ceylon Forestry (Pvt) Ltd – Matale

Renuka Agri Organics Ltd – BOI Lands at Wathupitiwala, Unagahadeniya, Dankotuwa

AS AT 31ST MARCH		GROUP 2024 Rs.	GROUP 2023 Rs.	COMPANY 2024 Rs.	COMPANY 2023 Rs.
17.	**INVESTMENT IN SUBSIDIARIES**				
	Renuka Developments Ltd	–	–	**2,005,203,321**	2,005,203,321
		–	–	**2,005,203,321**	2,005,203,321

		% Holding		No. of Shares	
17.1	**Investment in subsidiary – Company**	**2024**	**2023**	**2024**	**2023**
	Renuka Developments (Private) Limited	100%	100%	**15,509,660**	15,509,660

17.2 Group Investments in Subsidiaries

On 12th January 2024 , Renuka Agri Organics Ltd has made an investment in 6,400,015 Voting Shares in Kandy Plantations Ltd which amounts to Rs.147,200,345.

17.3 PRINCIPAL SUBSIDIARIES

AS AT 31ST MARCH 2024

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

			As at 31 March 2024			As at 31 March 2023		
Company and Country of Incorporation/ Operation	Principal Activities	Class of Shares Held	Proportion of class held	Group Interest (%)	Non-controlling interest (%)	Proportion of class held	Group Interest (%)	Non-controlling interest (%)
Sri Lanka								
Renuka Development (Private) Limited	Investment in plantation / farm & vertical integration projects	Ordinary	100%	100.00%	0.00%	100.00%	100.00%	0.00%
Kandy Plantations Limited (KPL)	Engaged in organic certified cultivation of agriculture	Ordinary	100%	85.32%	14.68%	100.00%	96.81%	3.19%
Ceylon Forestry (Private) Limited (CFL)	Planting and managing of Forestry	Ordinary	100%	39.95%	60.05%	100.00%	58.09%	41.91%
Coco Lanka (Private) Limtied (CLP)	Plantation	Ordinary	100%	75.77%	24.23%	100.00%	97.69%	2.31%
Renuka Agri Organics (Pvt) Limited	Manufacture and Export of Coconut Cultivation of agriculture	Ordinary	100%	60.00%	40.00%	100.00%	60.00%	40.00%

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

17 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Non-controlling interest represent the equity in subsidiaries that are not attributable, directly or indirectly to the parent Company. Profit or loss and each component of other comprehensive income are attributed to the Company and non-controlling interests. Losses are attributed to non-controlling interests even if the 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 a loss of control, an increase or decrease in equity is recognized as the difference between the consideration received by the Group and the carrying amount of the non-controlling interests in the subsidiary adjusted for the disposal of goodwill in the subsidiary, if any, and amounts recognized in other comprehensive income, if any. Transaction costs in respect of transaction with non-controlling interests as also recorded in equity.

Significant inter group balances and transaction and gain ad 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.

Consolidation of entities in which the Group holds less than a majority of voting rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

1. The contractual arrangement with the other vote holders of the investee;
2. Rights arising from other contractual arrangements; and
3. The Group's voting rights and potential voting rights

17.4 NON-CONTROLLING INTERESTS (NCI)

The following table summaries the information relating to the Group's subsidiary that has material NCI.

	Ceylon Forestry (Pvt) Ltd	Renuka Agri Organics Limited
	2024	**2024**
NCI Percentage	**60.05%**	**40%**
	Amount (Rs.)	**Amount (Rs.)**
Non-current assets	41,882,843	539,740,499
Current assets	1,420,129	609,371,823
Non-current liabilities	429,842	(94,870,942)
Current liabilities	1,420,129	(337,251,301)
Net Assets	**45,152,943**	**716,990,079**
Net Assets attributable to NCI	**27,113,811**	**286,778,107**
Revenue	–	1,104,427,038
Profit	11,534,642	(15,425,744)
Other Comprehensive Income	17,405	(847,444)
Total Comprehensive Income	11,552,047	(16,273,188)
Profit allocated to NCI	**6,926,417**	**(6,169,912)**
OCI allocated to NCI	**10,451**	**(338,956)**
Cash flows used in operating activities	1,373,818	(44,144,419)

Changes in Interest Without a Change in Control

On 12th January 2024, Renuka Agri Organics (Pvt) Ltd has additionally invested in 6,400,015 shares of Kandy Plantations Limited as a result the effective interest of the subsidiaries held by Kandy Plantations Limited has changed which has change the Group effecitve interest of those respective subsidiaries.

Kandy Plantations Limited

Change in effective interest of NCI (%)	**11.49%**
Consideration Paid (Rs.)	**147,200,345**
Carrying amount of NCI acquired (Rs.)	(4,026,086)
Increase in equity attributable to owners of the Company (Rs.)	**143,174,259**

Other sub-subsidiaries

	Change in NCI Effective Holding %	Net assets on transaction date	Change in NCI (Rs.)
Ceylon Forestry (Private) Limited	**18.13%**	**67,612,275**	**12,260,762**
Coco Lanka (Private) Limtied	**21.92%**	**252,566,420**	**55,362,154**
Decrease in equity attributable to owners of the Company (Rs.)			67,622,916
Net decrease in equity attributable to owners of the Company (Rs.)			63,596,830

The net decrease in equity attributable to owners of the Company comprised of;

* a decrease in the revaluation reserves of Rs. 10,802,040; and

* a decrease in the retained earnings of Rs. 52,794,790.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

	GROUP		COMPANY	
AS AT 31ST MARCH	**2024**	2023	**2024**	2023
	Rs.	Rs.	**Rs.**	Rs.
18. INVESTMENT IN EQUITY ACCOUNTED INVESTEES				
Shaw Wallace Ceylon Limited	**920,568,094**	1,026,032,877	**–**	–
	920,568,094	1,026,032,877	**–**	–

	Shaw Wallace Ceylon Limited	**Total**
Opening balance as at 1st April	**1,026,032,877**	**1,026,032,877**
Investment / Disposal during the year	**9,532**	**9,532**
Profit / loss for the year	**(71,098,755)**	**(71,098,755)**
OCI	**(20,807,028)**	**(20,807,028)**
Share of net assets directly recorded in equity	**(13,570,401)**	**(13,570,401)**
Gain on Additional Investrment	**1,870**	**1,870**
Closing balance 31st March	**920,568,094**	**920,568,094**

18.1 PRINCIPAL ASSOCIATES

The following disclosure provides summarized financial information for associates and a reconciliation to the carrying amount in the statement of financial position.

Name of associate and place of incorporation	**Principal Activities**	**Financial statement reporting date**	**% holding in voting rights 2024**	**% holding in voting rights 2023**
Shaw Wallace Ceylon Limited (SWCL)	Manufacture, market and distribute Fast moving consumer goods	31st March	39.77%	39.77%

	SWCL 2024	**SWCL 2023**
Percentage Ownership Interest	**39.77%**	39.77%
Non-current assets	**2,485,180,706**	2,481,781,275
Current assets	**768,856,423**	1,739,935,148
Non-current liabilities	**(337,451,613)**	(358,476,023)
Current liabilities	**(601,707,268)**	(1,283,126,423)
Net Assets (100%)	**2,314,878,249**	2,580,113,977
Group's share of net assets	**920,568,094**	1,026,032,876
Goodwill	**–**	–
Carrying amount in the statement of financial position	**920,568,094**	1,026,032,876

Share of profit and summarized financial information of associates

	Group		Company	
Share of Profit after Tax of Associates	**2024**	2023	**2024**	2023
Shaw Wallace Ceylon Limited	(71,098,755)	45,215,959	–	–
Share of profit				
For the year ended 31st March				
Revenue	2,772,905,384	3,897,207,932	–	–
Profit for the year	(178,788,414)	113,702,328	–	–
Company's Share of profit after Tax	(71,098,755)	45,215,959	–	–
Company's Share of OCI, net of tax	(20,807,028)	(27,231,639)	–	–

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

		GROUP		COMPANY	
AS AT 31ST MARCH		**2024**	2023	**2024**	2023
		Rs.	Rs.	**Rs.**	Rs.
19.	**INVENTORIES**				
	Raw Materials and Consumables	**114,831,521**	161,033,294	**84,266,086**	109,563,480
	Finished Goods	**565,524,146**	907,865,915	**375,250,929**	758,872,619
	Packing Material and Consumables	**211,854,604**	337,973,446	**142,558,723**	268,432,670
	Machinery Spare Parts	**261,870,771**	231,648,449	**252,115,446**	220,208,049
	Goods in Transit	**9,845,811**	20,936,890	**6,051,289**	6,105,902
	Work in Progress	**47,208,955**	98,692,956	**-**	94,067,751
		1,211,135,808	1,758,150,950	**860,242,473**	1,457,250,471
	Less : Provision for the Obsolete Inventories (Note 19.1)	**(41,319,080)**	(114,346,520)	**(14,141,442)**	(71,488,802)
		1,169,816,728	1,643,804,430	**846,101,031**	1,385,761,669
19.1	**Provision for Obsolete Inventories**				
	Balance at the Beginning	**114,346,520**	88,946,191	**71,488,802**	65,788,719
	Provisions/ (Reversal) made During the Year	**(73,027,440)**	25,400,329	**(57,347,360)**	5,700,083
	Balance at the End	**41,319,080**	114,346,520	**14,141,442**	71,488,802
20.	**TRADE AND OTHER RECEIVABLES**				
	Trade Debtors	**882,906,045**	726,550,013	**726,293,369**	662,101,673
	Less : Impairment Provision (Note 20.1)	**(3,793,383)**	(6,123,203)	**(1,342,339)**	(3,663,906)
		879,112,662	720,426,810	**724,951,030**	658,437,767
	Staff Loans and Advances	**8,613,802**	10,520,370	**5,531,881**	8,807,046
	Other Receivables	**9,421,933**	19,225,919	**6,349,126**	13,924,858
	Pre- Payments	**23,237,254**	34,930,020	**20,506,390**	24,382,265
	Deposit and Advances	**327,564,077**	247,974,830	**292,608,683**	211,287,566
		1,247,949,728	1,033,077,949	**1,049,947,110**	916,839,502
20.1	**Impairment Provision**				
	Balance as at the beginning	**6,123,203**	3,654,582	**3,663,906**	3,237,508
	Provision Reversed during the year	**(2,329,820)**	2,468,621	**(2,321,567)**	426,398
	Balance as at the end	**3,793,383**	6,123,203	**1,342,339**	3,663,906
21.	**TAX RECEIVABLES**				
	VAT Recoverable	**3,779,787**	93,270	**-**	-
	Income Tax	**3,193,512**	3,494,805	**-**	-
	WHT Recoverable	**919,300**	189,993	**-**	-
		7,892,599	3,778,068	**-**	-
22.	**AMOUNTS DUE FROM RELATED COMPANIES**				
	Renuka Holding PLC	**104,501**	-	**-**	-
	Renuka Agro Exports Limited	**303,238**	-	**303,238**	-
	Kandy Plantations Limited	**-**	-	**-**	6,903,186
	Renuka Foods PLC	**10,931,166**	10,878,272	**10,931,166**	10,878,272
	Renuka Agri Organics Ltd	**-**	-	**53,674,587**	85,938,129
	Richlife Diaries Limited	**582,631**	2,425,584	**582,631**	2,425,584
	Renuka Enterprises (Private) Limited	**-**	14,729,061	**-**	14,626,664
	Shaw Wallace Ceylon Limited	**14,342,605**	98,695,426	**11,421,907**	94,080,679
	Less : Impairment Provision (Note 21.1)	**(1,019,921)**	(1,019,921)	**(614,158)**	(867,879)
		25,244,220	125,708,422	**76,299,371**	213,984,635
22.1	**Impairment Provision**				
	Balance as at the beginning	**1,019,921**	666,334	**867,879**	514,292
	Provision/ (reversal) during the year	**-**	353,587	**(253,721)**	353,587
	Balance as at the end	**1,019,921**	1,019,921	**614,158**	867,879

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

		GROUP		COMPANY	
	AS AT 31ST MARCH	**2024**	2023	**2024**	2023
		Rs.	Rs.	**Rs.**	Rs.
23.	**CASH AND CASH EQUIVALENTS**				
	Call Deposits	**7,744,714**	145,709,541	**7,744,714**	145,709,541
	Cash at Bank and in Hand	**176,955,623**	614,690,322	**54,872,336**	282,407,161
		184,700,337	760,399,863	**62,617,050**	428,116,702
	Bank Overdraft	**(158,010,872)**	(1,023,350)	**(157,502,825)**	–
	Cash and Cash equivalents for the purpose of Statement of Cash Flows	**26,689,465**	759,376,513	**(94,885,775)**	428,116,702

24.	**STATED CAPITAL**	**2024**		2023	
	Group/Company	**Value of shares**	Number of shares	**Value of shares**	Number of shares
	Opening Balance	**1,194,452,950**	561,750,000	**1,194,452,950**	561,750,000
	Scrip Dividend	**47,748,750**	8,842,362	**–**	–
	At the end of the year	**1,242,201,700**	570,592,362	**1,194,452,950**	561,750,000

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

25.	**REVALUATION RESERVE**				
	Opening Balance	239,485,514	266,925,387	**119,253,743**	119,253,743
	Effect of change in holding in subsidiary	(10,802,040)	–	**–**	–
	Surplus on revaluation of building	–	(25,911,545)	**–**	–
	Realization on account of depreciation on revalued assets	–	(1,528,328)	**–**	–
	Closing balance	**228,683,474**	239,485,514	**119,253,743**	119,253,743

26.	**RETIREMENT BENEFIT OBLIGATION**				
	Balance as at the Beginning of the Year	**58,091,397**	61,103,125	**49,954,031**	52,149,933
	Interest Cost for the Year	**11,327,822**	8,248,921	**9,741,036**	7,040,240
	Current Service Cost for the Year	**6,906,273**	7,482,541	**5,074,305**	6,091,734
	Payments Made During the Year	**(10,673,072)**	(12,533,585)	**(7,061,479)**	(6,037,577)
	Actuarial (Gain)/Loss for the Year	**(3,584,176)**	(6,209,605)	**(6,869,485)**	(9,290,299)
	Balance at the Year End	**62,068,244**	58,091,397	**50,838,408**	49,954,031
	Recognised in Profit or Loss	**18,234,095**	15,731,462	**14,815,341**	13,131,974
	Recognised in OCI	**(3,584,176)**	(6,209,605)	**(6,869,485)**	(9,290,299)
		14,649,919	9,521,857	**7,945,856**	3,841,675

An actuarial valuation of retirement benefit obligation was carried out as at 31st March 2024 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.

	2024	2023
1. Retirement age	**60 years**	60 years
2. Discount rate	**11%**	19.5%
3. Salary increment rate	**10.0%**	15%
4. Demographic Assumption	**A 1967/70 Mortality Table**	A 1967/70 Mortality Table

The Future working life time of an individual, as per the assumptions made as at 31st March 2024 is 2.84 for the Group and 2.82 for the Company

A long-term treasury bond rate of 11% (2023–19.5%) has been used to discount future liabilities taking in to consideration the remaining working life of the eligible employees. The effect of this change resulted in an actuarial loss as the liability was higher due to lower discounting of the liability to the valuation date.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

26.1 Sensitivity Analysis – Group

In order to illustrate the significance of the Salary Escalation rate and Discount Rate assumed in this valuation as at 31 March 2024 we have conducted a sensitivity analysis for all employees assuming the following salary escalation rate and discount rate.

Discount Rate	Salary Escalation rate	Present Value of Defined Benefit Obligation (Rs.)	
		Group	Company
One Percentage Point increase	As given in Report	60,720,365	49,805,493
One Percentage Point decrease	As given in Report	63,495,264	51,931,527
As given in Report	One Percentage Point increase	63,644,609	52,049,535
As given in Report	One Percentage Point decrease	60,553,985	49,674,359

26.2 Maturity Analysis

The following payments are expected on employee benefit plan – gratuity in future years

	2024	
	Group	Company
Within the next 12 months	26,289,647	23,419,441
Between 1–2years	15,131,315	11,859,690
Between2–5 years	14,450,454	10,909,075
Between5–10 years	5,562,346	4,106,477
Beyond 10 years	634,482	543,724
Total	**62,068,244**	**50,838,408**
Weighted average duration (years) of defined benefit obligation	**3.3**	**2.3**

		GROUP		COMPANY	
	AS AT 31ST MARCH	**2024**	2023	**2024**	2023
		Rs.	Rs.	**Rs.**	Rs.
27	**LOANS AND BORROWINGS**				
	Balance at the Beginning of the Year	**2,102,430,047**	2,096,188,290	**2,091,055,400**	1,769,213,643
	Accrued Interest	**–**	203,807	**–**	–
	Borrowings During the Year	**7,212,995,000**	6,464,777,522	**6,658,995,000**	5,732,777,800
	Repayment During the year	**(7,507,291,301)**	(6,458,739,572)	**(6,958,116,654)**	(5,410,936,043)
	Balance at the Year End	**1,941,933,746**	2,102,430,047	**1,791,933,746**	2,091,055,400
27.1	**Repayment Due within One Year**	**1,690,545,546**	1,742,708,247	**1,540,545,546**	1,731,333,600
27.2	**Repayment Due After One Year**	**251,388,200**	359,721,800	**251,388,200**	359,721,800
		1,941,933,746	2,102,430,047	**1,791,933,746**	2,091,055,400

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

27.3 DETAILS OF LOANS AND BORROWINGS OF THE COMPANY

Name of the	Facility	Outstanding Balance (Rs.)		Repayment Terms	Assets Pledged
Bank /Lessor	**Obtained**	**2024**	**2023**		
	Rs.				
Renuka Agri Foods PLC					
Sampath Bank PLC	Short Term Loan	**320,000,000**	420,000,000	Repayable on Demand	
Hatton National Bank PLC	Short Term Loan	**1,012,000,000**	1,053,000,000	Repayable on Demand	
Hatton National Bank PLC	Term Loan	**212,500,000**	287,500,000	Commecning from March 2021	Negative pledge over Coconut milk processing plant for UHT
Commercial Bank PLC	Term Loan	**147,221,800**	180,555,400	71 monthly installements of Rs. 2,777,800/- & Rs. 2,776,200 as final.	Rs. 200 mn. Corporate Guarantee from Renuka Foods PLC
National Development Bank PLC	Packing Credit Loan		–	Repayable on Demand	Lodgment of confirmed orders
National Development Bank PLC	Short Term Loan	**100,211,946**	150,000,000	Repayable on Demand	
		1,791,933,746	2,091,055,400		

27.4 DETAILS OF LOANS AND BORROWINGS OF THE GROUP

Name of the Bank	Facility Obtained (Rs.)	Outstanding Balance (Rs.)		Repayment Terms	Assets Pledged
		2024	**2023**		
Renuka Agri foods PLC					
Sampath Bank PLC	Short Term Loan	**320,000,000**	420,000,000	Repayable on Demand	
Hatton National Bank PLC	Short Term Loan	**1,012,000,000**	1,053,000,000	Repayable on Demand	
Hatton National Bank PLC	Term Loan	**212,500,000**	287,500,000	Commecning from March 2021	Negative pledge over Coconut milk processing plant for UHT
Commercial Bank PLC	Term Loan	**147,221,800**	180,555,400	71 monthly installements of Rs. 2,777,800/- & Rs. 2,776,200 as final.	Rs. 200 mn. Corporate Guarantee from Renuka Foods PLC
National Development Bank PLC	Short Term Loan	**100,211,946**	150,000,000	Repayable on Demand	Rs. 25 mn. Corporate Guarantee from Renuka Foods
					Rs. 300 mn. Corporate Guarantee from Renuka Foods
Renuka Agri Organics Ltd					
Hatton National Bank PLC	Packing Credit Loan	**150,000,000**	–	Repayable on Demand	Lodgment of confirmed orders
Commercial Bank of Ceylon PLC	Term Loan	**–**	8,780,493	44 Monthly Installment	Negative pledge over Coconut milk processing plant for UHT
Kandy Plantations Ltd					
Commercial Bank of ceylon PLC	Term Loan	**–**	2,594,154	Interest to be paid during the Grace Period of 6 months. Thereafter it is repayable in 17 equal monthly instalments of Rs.555,600/- and a final instalment of Rs.554,800/- plus interest	Corporate Gurantee of Renuka Foods PLC for Rs. 10,000,000/-
		1,941,933,746	2,102,430,047		

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

		GROUP		COMPANY	
	AS AT 31ST MARCH	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
28.	LEASE OBLIGATION				
	Balance as at the Beginning of the Year	190,851,438	187,410,098	93,562,501	96,330,109
	Addition during the year	–	11,398,552	–	–
	Accrued Interest	14,631,770	13,701,983	4,539,482	5,745,816
	Repayments During the Year	(23,461,614)	(36,072,165)	(6,115,446)	(18,358,008)
	Exchange (Gain) / Loss	(3,926,203)	14,412,970	(2,663,504)	9,844,584
	Balance at the End of the Year	178,095,391	190,851,438	89,323,033	93,562,501
	Lease rentals Payables within One Year	20,878,146	31,892,296	6,115,445	17,171,992
	Lease Rental Payable After One Year	157,217,245	158,959,142	83,207,588	76,390,509
	Balance Payable as at Year End	178,095,391	190,851,438	89,323,033	93,562,501

28.1	**Analysis by Company**				
	Kandy Plantations Limited (Note 28.3)	19,806,988	20,738,829	–	–
	Renuka Agri Foods PLC (Note 28.2)	89,323,033	93,562,501	–	–
	Renuka Agri Organics (Pvt) Limited (Note 28.4)	68,421,275	75,977,276	–	–
	Ceylon Forestry (Private) Limited (Note 28.5)	544,095	572,832	–	–
		178,095,391	190,851,438	–	–

28.2	**Renuka Agri Foods PLC**	BOI Land	Total
	Balance as at the Beginning of the Year	93,562,501	93,562,501
	Addition during the year	4,539,482	4,539,482
	Interest for the year	–	–
	Payments made during the year	(6,115,446)	(6,115,446)
	Exchange (Gain) / Loss	(2,663,504)	(2,663,504)
		89,323,033	89,323,033
	Lease Rental Payable within One Year	6,115,445	6,115,445
	Lease Rental Payable After One Year	83,207,587	83,207,587
		89,323,033	89,323,033

28.3	**Kandy Plantations Limited**	Giriulla Rs.	Total Rs.
	Land		
	Balance as at the Beginning of the Year	20,738,829	20,738,829
	Interest for the year	2,639,801	2,639,801
	Repayments During the Year	(3,571,642)	(3,571,642)
	Balance as at the Year end	*19,806,988*	*19,806,988*
	Lease Rental Payable within One Year	1,054,815	1,054,815
	Lease Rental Payable After One Year	18,752,173	18,752,173
		19,806,988	19,806,988

28.4	**Renuka Agri Organics Ltd**	Unagahadeniya	Dankotuwa	BOI Land	Total
	Balance as at the Beginning of the Year	20,223,174	11,398,552	44,355,552	75,977,278
	Interest for the year	1,592,521	3,133,418	2,655,282	7,381,221
	Payments made during the year	(7,200,000)	(3,600,000)	(2,874,526)	(13,674,526)
	Exchange Loss	–	–	(1,262,698)	(1,262,698)
	Balance as at the end	**14,615,695**	**10,931,970**	**42,873,610**	**68,421,275**
	Lease Rental Payable within One Year	7,200,000	3,600,000	2,874,527	13,674,527
	Lease Rental Payable After One Year	7,415,695	7,331,970	39,999,083	54,746,748
	Balance as at the end	**14,615,695**	**10,931,970**	**42,873,610**	**68,421,275**

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

28 LEASE OBLIGATION (CONTINUED)

28. 5	Ceylon Forestry (Private) Limited	Viharagama	Total
		Rs.	Rs.
	Acquisition During the Year	572,832	**572,832**
	Interest for the year	71,263	**71,263**
	Repayments During the Year	(100,000)	**(100,000)**
	Balance as at the Year end	544,095	**544,095**
	Lease Rental Payable within One Year	33,360	**33,360**
	Lease Rental Payable After One Year	510,735	**510,735**
		544,095	**544,095**

		GROUP		COMPANY	
	AS AT 31ST MARCH	**2024** Rs.	2023 Rs.	**2024** Rs.	2023 Rs.
28.6	**Amount recognized in profit or loss**				
	Interest on lease liabilities (Note 28)	**14,631,770**	13,701,983	**4,539,482**	5,745,816
	Amortisation of Right to use Assets (Note 16)	**12,430,028**	22,814,299	**2,280,959**	13,207,463
28.7	**Amount recognized in Statement of cash flows**				
	Total cash outflow for leases	**23,461,614**	36,072,165	**6,115,446**	18,358,008
29.	**DEFERRED TAXATION**				
	Balance at the Beginning	**178,899,987**	138,223,265	**122,114,017**	105,250,172
	Brought forward amalgamation	**41,559,446**	–	**–**	–
	Impact on Rate Difference	**–**	8,140,934	**–**	8,140,934
	Expenses (Reversed) / charged in other comprehensive income	**667,233**	–	**1,030,423**	–
	Expenses (Reversed) / charged in Statement of profit or Loss	**(125,606,520)**	32,535,788	**(116,670,210)**	8,722,911
	Balance at the Year end (Note 29.3)	**95,520,146**	178,899,987	**6,474,230**	122,114,017
29.1	Deferred tax asset	**–**	–	**–**	–
	Deferred tax liability	**95,520,146**	178,899,987	**6,474,230**	122,114,017
		95,520,146	178,899,987	**6,474,230**	122,114,017

29.2 Renuka Agri Foods PLC, Kandy Plantations Limited and Ceylon Forestry (Private) Limited have applied the effective tax rate of 15% (BOI Concessionary Rate) whereas, 30% was applied by Renuka Development Limited for the calculation of deferred tax asset/ liability as at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

29.3 Provision for Deferred Tax is attributable to the followings.

AS AT 31ST MARCH		2024		2023	
		Temporary Differences Rs.	Tax Effects Rs.	Temporary Differences Rs.	Tax Effects Rs.
a.	**Company**				
	On Property, Plant and Equipment	**1,010,642,742**	**151,596,411**	937,550,819	140,632,622
	On Right of use asset	**62,971,826**	**9,445,774**	65,252,785	9,787,918
	On Revaluation of Land and Building	**30,826,964**	**4,624,045**	30,826,964	4,624,045
	On Retirement Benefit Obligation	**(50,838,408)**	**(7,625,761)**	(49,954,031)	(7,493,105)
	On Provision for Bad Debts/Stocks	**(14,141,442)**	**(2,121,216)**	(76,020,587)	(11,403,088)
	On Tax losses	**(906,977,119)**	**(136,046,568)**	–	–
	On lease liability	**(89,323,032)**	**(13,398,455)**	(93,562,501)	(14,034,375)
		43,161,530	**6,474,230**	814,093,449	122,114,017
b.	**Group**				
	On Property, Plant and Equipment	**1,203,675,346**	**209,506,193**	1,143,515,888	202,422,143
	On Right of use asset	**119,738,059**	**26,475,644**	131,618,614	29,697,667
	On Investment Property	**138,531,487**	**41,559,446**	–	–
	On Retirement Benefit Obligation	**(57,467,915)**	**(9,614,613)**	(55,213,314)	(9,070,890)
	On Revaluation of Land and Building	**92,277,577**	**23,059,229**	92,277,577	23,059,229
	On lease liability	**(144,069,783)**	**(29,822,480)**	(155,781,023)	(32,699,932)
	On Provision for Bad Debts/Stocks	**(41,862,071)**	**(10,437,405)**	(119,421,296)	(24,423,301)
	On Tax losses	**(1,067,000,516)**	**(155,205,867)**	(33,616,430)	(10,084,929)
		(231,247,141)	**95,520,146**	1,003,380,016	178,899,987

	AS AT 31ST MARCH	GROUP		COMPANY	
29.4	**Reconciliation of Deferred Tax Provision**	**2024 Rs.**	2023 Rs.	**2024 Rs.**	2023 Rs.
	Recognized in Profit or Loss	**(125,606,520)**	37,726,155	**(116,670,210)**	16,364,305
	Recognized in OCI	**667,233**	2,950,567	**1,030,423**	499,540
		(124,939,287)	40,676,722	**(115,639,787)**	16,863,845
30.	**TRADE AND OTHER PAYBLES**				
	Trade Creditors	**371,943,886**	410,531,712	**288,305,641**	363,509,975
	Accrued Expenses	**159,055,033**	90,312,582	**120,561,192**	74,092,290
	Other Payables	**377,957,333**	263,340,538	**367,455,309**	234,485,143
		908,956,252	764,184,832	**776,322,142**	672,087,408
31.	**AMOUNT DUE TO RELATED COMPANIES**				
	Renuka Teas ceylon (Pvt) Ltd	**–**	4,400	**–**	–
	Kandy Plantation Limited	**–**	–	**513,398**	–
	Ceylon Botanicals Ltd	**–**	99,996	**–**	–
	Shaw Wallace & Hedges Ltd	**–**	404,548	**–**	404,548
	Galle Face Properties Ltd	**–**	239,271,206	**–**	239,271,206
		–	239,780,150	**513,398**	239,675,754

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

32 RELATED PARTY DISCLOSURE

32.1 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, but subject to approved discounts. Outstanding balances with related parties other than balances relating to investment related transactions as at the reporting date are unsecured and interest free. 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:

RELATED PARTY	RELATIONSHIP	NAME OF THE COMMON DIRECTOR/S	NATURE OF TRANSACTIONS	AGGREGATE VALUE OF RELATED PARTY TRANSACTIONS ENTERED IN TO DURING THE FINANCIAL YEAR	AGGREGATE VALUE OF RELATED PARTY TRANSACTIONS AS A % OF NET REVENUE/ INCOME	BALANCE OUTSTANDING BALANCE AS AT 31/03/2024	BALANCE UTSTANDING BALANCE AS AT 31/03/2023	TERMS AND CONDITIONS OF THE RELATED PARTY TRANSACTION
				Rs.	%	2024 Rs	2023 Rs	
Kandy Plantations Limited	Subsidiary of Ultimate Parent	Dr.S.R.Rajiyah	Payment for Coconuts	12,814,294	0.37%	513,399	6,903,186	Settlement based on Market Rate
	Renuka Holdings PLC	Mrs.I.R.Rajiyah	Net Coconut Purchase	(6,903,355)	0.15%			Comparable Uncontrolled Price
		Mr.S.V.Rajiyah	Interest Income	407,039	-0.01%			Interest @ AWPLR
		Mr.S.Vasantha Kumara						
Richlife Dairies Limited	Subsidiary of Ultimate Parent	Dr.S.R.Rajiyah	Net of Fund (Received) / Payments	(20,880,256)	0.90%	582,631	2,425,584	Actual Basis
	Renuka Holdings PLC	Mrs.I.R.Rajiyah	Contract packing	19,037,303	0.96%		28,491,810	Comparable Uncontrolled Price
		Mr.S.V.Rajiyah						
Renuka Enterprises Ltd	Subsidiary of Ultimate Parent	Dr.S.R.Rajiyah	Reimbursement of Expenses	(20,342,429)	-0.42%	-	14,626,664	Resale Price Method
	Renuka Holdings PLC	Mrs.I.R.Rajiyah	Net of Fund (Received) / Payments	4,077,930	-0.42%			
		Mr.S.V.Rajiyah	Interest Income	1,637,835				Actual Basis
		Mr.S.Vasantha Kumara						
Shaw Wallace Ceylon Limited	Subsidiary of Ultimate Parent Renuka Holdings PLC	Dr.S.R.Rajiyah	Sales	430,228,713	12.58%	11,421,906	94,080,679	Resale Price Method
		Mrs.I.R.Rajiyah Mr.S.V.Rajiyah	Net of Fund (Received) / Payments	(514,124,088)	13.48%			Actual Basis
		Mr.S.Vasantha Kumara	Interest Income	1,236,603	0.10%			Actual Basis
Renuka Agri Organics Ltd	Subsidiary of Ultimate Parent Renuka Holdings PLC	Dr.S.R.Rajiyah	Net of Fund (Received) / Payments	(337,893,384)	0.88%	53,674,587	85,938,129	Actual Basis
		Mrs.I.R.Rajiyah	Purchase of materials	305,629,841	-1.63%			Actual Basis
		Mr.S.V.Rajiyah Mr.S.Vasantha Kumara	Purchase of materials		0.45%			Comparable Uncontrolled Price
Galle Face Properties Ltd	Subsidiary of Ultimate Parent Renuka Holdings	Mr.S.Vasantha Kumara	Interest Expenses	(5,706,058)	-0.43%	-	(4,271,206)	Intreset @ AWPLR
		Dr.S.R.Rajiyah						
		Mrs.I.R.Rajiyah						
Renuka Foods PLC	"Subsidiary of Ultimate Parent Renuka Holdings"	Dr.S.R.Rajiyah	Net of Fund (Received) / Payments	1,000,000		10,931,166	10,878,272	Actual Basis Intreset @ AWPLR
		Mrs.I.R.Rajiyah	Interest Income	1,052,894				
		Mr.S.V.Rajiyah						
		Mr.S.Vasantha Kumara						
Mrs. I R Rajiyah	Director	Mrs.I.R.Rajiyah	Rent Expenses	11,328,000		-	-	Comparable Uncontrolled Price
Renuka International Ltd	Director	Mr.S.V.Rajiyah	Royalty Payments	31,580,022		-	-	Comparable Uncontrolled Price

32. RELATED PARTY DISCLOSURE (CONTINUED)

32.2 Transactions with Related Companies – Non Recurring Transactions

REPORTING ENTITITY	RELATED COMPANY	RELATIONSHIP	VALUE OF THE RELATED PARTY TRANSACTIONS ENTERED IN TO 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 INTP THE TRANSACTIONS
				EQUITY	TOTAL ASSETS		
Renuka Agri Foods PLC	Renuka Agro Export (Pvt) Ltd	Affiliate	300,000	0.03%	0.03%	Based on Net Assets Value per Share	Inter Company Loan
Renuka Agri Foods PLC	Shaw Wallace Ceylon Ltd	Affiliate	150,000,000	7.7%	5.5%	Based on Net Assets Value per Share	Inter Company Loan
Renuka Agri Foods PLC	Shaw Wallace Ceylon Ltd	Affiliate	-150,000,000	7.7%	5.5%	Based on Net Assets Value per Share	Inter Company Loan Payment

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

REPORTING ENTITITY	RELATED COMPANY	RELATIONSHIP	VALUE OF THE RELATED PARTY TRANSACTIONS ENTERED IN TO 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 INTP THE TRANSACTIONS
				EQUITY	TOTAL ASSETS		
Renuka Agri Foods PLC	Renuka Agro Export (Pvt) Ltd	Affiliate	300,000	0.03%	0.03%	Based on Net Assets Value per Share	Inter Company Loan
Renuka Agri Foods PLC	Shaw Wallace Ceylon Ltd	Affiliate	150,000,000	7.7%	5.5%	Based on Net Assets Value per Share	Inter Company Loan
Renuka Agri Foods PLC	Shaw Wallace Ceylon Ltd	Affiliate	-150,000,000	7.7%	5.5%	Based on Net Assets Value per Share	Inter Company Loan Payment

32.4 Transactions with Key Management Personnel

Key Management Personnel includes members of Board of Directors of the Company and Subsidiaries

	Group		Company	
For the Year Ended 31st March	**2024 Rs.**	**2023 Rs.**	**2024 Rs.**	**2023 Rs.**
Short Term Employee Benefits	**87,350,506**	119,262,680	**62,690,506**	99,687,680
Rent	**11,328,000**	11,328,000	**11,328,000**	11,328,000
Total Compensation Paid to KMP	**98,678,506**	130,590,680	**74,018,506**	111,015,680

33. CONTINGENT LIABILITIES

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

Kandy Plantations Limited

Case 1: Land Reform Commission has filed a case in the District Court of Attanagalla against the Trustees of John Leo De Cross Terust & the Company.In the opinion of the Lawyers, that there is a strong likelihood of the outcome of this case being in favour of the trustees The John Leo De Croos Terust.

Case 2: Kandy Plantation Limited has filed a case against the former watcher (Security) and his wife had been substituted to the case after his death. Kandy Plantations Limited filed the case demanding that the watchers family should vacate the land owned by the company premises and pay a rent of Rs. 1000/- per day until the land is reinstated starting from 21st April 2011. The case was postponed until 2nd July 2024.

34. CAPITAL COMMITMENTS

There were no material capital commitments as at the reporting date..

35. EVENTS OCCURRING AFTER REPORTING DATE

Subsequent to the reporting date, no circumstances have arisen which would require adjustment to or disclosure in the financial statements.

In terms of the approval received from the CSE the company raised right issue amounting to Rs.828,911,432.50 in the month of June 2024

36. COMPARATIVE INFORMATION

Comparative information has been reclassified where necessary to conform with the current year presentation.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

37. FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT

Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities.

Fair Value Hierarchy

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Group

	Carrying Amount (Rs.)				Fair Value (Rs.)			
31st March 2024	**Financial Assets at Amortised cost**	**FVTOCI**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets not measured at fair value								
Trade and other receivables	879,112,662	–	–	879,112,662	–	–	879,112,662	879,112,662
Amounts due from related companies	25,244,220	–	–	25,244,220	–		25,244,220	25,244,220
Cash and cash equivalents	184,700,337	–	–	184,700,337	–	184,700,337	–	184,700,337
	1,089,057,219	–	–	1,089,057,219	–	184,700,337	904,356,882	1,089,057,219
Financial liabilities not measured at fair value								
Bank overdrafts	–	–	158,010,872	158,010,872	–	158,010,872	–	158,010,872
Secured bank loans	–	–	1,941,933,746	1,941,933,746	–	1,941,933,746	–	1,941,933,746
Lease liabilities	–	–	178,095,391	178,095,391	–	–	178,095,391	178,095,391
Trade and Other payables	–	–	371,943,886	371,943,886	–	–	371,943,886	371,943,886
	–	–	2,649,983,895	2,649,983,895	–	2,099,944,618	550,039,277	2,649,983,895

	Carrying Amount (Rs.)				Fair Value (Rs.)			
31st March 2023	**Financial Assets at Amortised cost**	**FVTOCI**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets not measured at fair value								
Trade and other receivables	720,426,810	–	–	720,426,810	–	–	720,426,810	720,426,810
Amounts due from related companies	125,708,422			125,708,422	–	–	125,708,422	125,708,422
Cash and cash equivalents	760,399,863	–	–	760,399,863	–	760,399,863	–	760,399,863
	1,606,535,095	–	–	1,606,535,095	–	760,399,863	846,135,232	1,606,535,095
Financial liabilities not measured at fair value								
Bank overdrafts	–	–	1,023,350	1,023,350	–	1,023,350	–	1,023,350
Secured bank loans	–	–	2,102,430,047	2,102,430,047	–	2,102,430,047	–	2,102,430,047
Amounts due to related companies	–	–	239,780,150	239,780,150	–	–	239,780,150	239,780,150
Lease liabilities	–	–	190,851,438	190,851,438	–	–	190,851,438	190,851,438
Trade and Other payables	–	–	410,531,712	410,531,712	–	–	410,531,712	410,531,712
	–	–	2,944,616,697	2,944,616,697	–	2,103,453,397	841,163,300	2,944,616,697

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

37. FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT (CONTINUED)

37.1 FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT

Accounting classifications and fair values
The following table shows the carrying amounts and fair values of financial assets and financial liabilities.

Company

	Carrying Amount (Rs.)				Fair Value (Rs.)			
31st March 2024	**Financial Assets at Amortised cost**	**FVTOCI**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets not measured at fair value								
Trade and other receivables	724,951,030	–	–	724,951,030	–	–	724,951,030	724,951,030
Amounts due from related companies	76,299,371	–	–	76,299,371	–	–	76,299,371	76,299,371
Cash and cash equivalents	62,617,050	–	–	62,617,050	–	62,617,050	–	62,617,050
	863,867,451	–	–	863,867,451	–	62,617,050	801,250,401	863,867,451
Financial liabilities not measured at fair value								
Secured bank loans	–	–	1,791,933,746	1,791,933,746	–	1,791,933,746	–	1,791,933,746
Amounts due to related companies	–	–	513,398	513,398	–	–	513,398	513,398
Lease liabilities	–	–	89,323,033	89,323,033	–	–	89,323,033	89,323,033
Trade and Other payables	–	–	288,305,641	288,305,641	–	–	288,305,641	288,305,641
Bank overdrafts			157,502,825	157,502,825		157,502,825		
	–	–	2,327,578,643	2,327,578,643	–	1,949,436,571	378,142,072	2,170,075,818

	Carrying Amount (Rs.)							
31st March 2023	**Financial Assets at Amortised cost**	**FVTOCI**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets not measured at fair value								
Trade and other receivables	916,839,502	–	–	916,839,502	–	–	916,839,502	916,839,502
Amount due from related Companies	213,984,635	–	–	213,984,635	–	–	213,984,635	213,984,635
Cash and cash equivalents	428,116,702	–	–	428,116,702	–	428,116,702	–	428,116,702
	1,558,940,839	–	–	1,558,940,839	–	428,116,702	1,130,824,137	1,558,940,839
Financial liabilities not measured at fair value								
Secured bank loans	–	–	2,091,055,400	2,091,055,400	–	2,091,055,400	–	2,091,055,400
Amounts due to Related Companies	–	–	239,675,754	239,675,754	–	–	239,675,754	239,675,754
Lease obligation	–	–	93,562,501	93,562,501	–	–	93,562,501	93,562,501
Trade payable	–	–	363,509,975	363,509,975	–	–	363,509,975	363,509,975
	–	–	2,787,803,630	2,787,803,630	–	2,091,055,400	696,748,230	2,787,803,630

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

38. OPERATING SEGMENTS

Segment information is presented in respect of the group's operating segments. Operating Segments are based on the Group's management and internal reporting structure. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment Capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than a period of one year.

The Group Comprises the following main operating segments:

Manufacturing – Manufacture and Export coconut based products.
Plantation – Engaged in cultivation of agriculture.

Segmental Income Statement

	Manufacturing		Plantation		Group	
For the year ended 31st March	**2024**	2023	**2024**	2023	**2024**	2023
	Rs.	Rs.	**Rs.**	Rs.	**Rs.**	Rs.
Revenue	**5,790,644,101**	7,215,151,878	**41,450,194**	58,861,700	**5,832,094,295**	7,274,013,578
Intra Group	**(305,655,635)**	(7,200,000)	**(9,254,355)**	(54,810,953)	**(314,909,990)**	(62,010,953)
Segment Revenue	**5,484,988,466**	7,207,951,878	**32,195,839**	4,050,747	**5,517,184,305**	7,212,002,625
Gross Profit	**261,396,827**	1,569,478,823	**28,855,977**	47,168,031	**290,252,804**	1,616,646,854
Other Operating Income	**21,322,077**	301,701	**17,519,949**	(5,523,874)	**38,842,026**	(5,222,173)
Administration Expenses	**(369,264,351)**	(385,496,435)	**(46,460,773)**	(42,348,649)	**(415,725,124)**	(427,845,084)
Selling and Distribution Expenses	**(166,988,541)**	(189,946,211)	**–**	–	**(166,988,541)**	(189,946,211)
Segment Profit from Operations	**(253,533,988)**	994,337,878	**(84,847)**	(704,492)	**(253,618,835)**	993,633,386
Finance Income	**323,452,110**	427,473,499	**852,125**	1,683,383	**324,304,235**	429,156,882
Finance Cost	**(827,868,734)**	(774,842,830)	**(3,897,475)**	(4,366,047)	**(831,766,209)**	(779,208,877)
Segment Net Finance Cost	**(504,416,624)**	(347,369,331)	**(3,045,350)**	(2,682,664)	**(507,461,974)**	(350,051,995)
Share of Profit for Equity Accounted Investees	**(71,096,885)**	45,215,959	**–**	–	**(71,096,885)**	45,215,959
Profit Before Tax	**(829,047,497)**	692,184,506	**(3,130,197)**	(3,387,156)	**(832,177,694)**	688,797,350
Taxation	**176,320,595**	(190,210,724)	**(181,542)**	(496,243)	**176,139,053**	(190,706,967)
Profit for the Year	**(652,726,902)**	501,973,782	**(3,311,739)**	(3,883,399)	**(656,038,641)**	498,090,383

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

38. OPERATING SEGMENTS (CONTINUED)

Segmental Financial Position

	Manufacturing		Plantation		Group	
As at 31st March	**2024 Rs.**	**2023 Rs.**	**2024 Rs.**	**2023 Rs.**	**2024 Rs.**	**2023 Rs.**
ASSETS						
Non-Current Assets						
Property, Plant and Equipment	**2,076,801,131**	2,197,761,002	**289,672,470**	291,415,628	**2,366,473,601**	2,489,176,630
Investment properties	**–**	–	**167,200,000**		**167,200,000**	–
Biological Assets	**–**	–	**160,986,808**	128,101,108	**160,986,808**	128,101,108
Intangible Assets	**561,135,745**	561,135,745	**–**	10,101,732	**561,135,745**	571,237,477
Right of use Assets	**119,738,059**	131,618,612	**4,960,681**	5,510,156	**124,698,740**	137,128,768
Investment In Equity Accounted Investees	**920,568,094**	1,026,032,877	**–**	–	**920,568,094**	1,026,032,877
Segment Non-Current Assets	**3,678,243,029**	3,916,548,236	**622,819,959**	435,128,624	**4,301,062,988**	4,351,676,860
Current Assets						
Inventories	**1,159,804,999**	1,634,474,067	**10,011,729**	7,995,556	**1,169,816,728**	1,643,804,430
Trade and Other Receivables	**1,244,151,339**	1,027,022,775	**3,798,389**	5,216,328	**1,247,949,728**	1,033,077,949
Tax Recoverable	**6,274,894**	1,850,119	**1,617,705**	1,831,620	**7,892,599**	3,778,068
Amounts Due from Related Companies	**25,244,220**	125,708,422	**–**	3,573,453	**25,244,220**	125,708,422
Assets held for sale	**–**	–	**–**	4,698,806	**–**	–
Cash and Cash Equivalents	**161,215,774**	740,558,248	**23,484,563**	23,352,287	**184,700,337**	760,399,863
Segment Current Assets	**2,596,691,226**	3,529,613,631	**38,912,386**	46,668,050	**2,635,603,612**	3,566,768,732
TOTAL ASSETS	**6,274,934,255**	7,446,161,867	**661,732,345**	481,796,674	**6,936,666,600**	7,918,445,592
Non-Current Liabilities						
Retirement Benefit Obligations	**57,467,916**	55,213,315	**4,600,328**	3,873,379	**62,068,244**	58,091,397
Loans and Borrowings	**251,388,200**	359,721,800	**–**	–	**251,388,200**	359,721,800
Lease Obligation	**137,954,337**	138,609,031	**19,262,908**	21,311,658	**157,217,245**	158,959,142
Deferred Tax Liability	**53,960,700**	178,899,987	**41,559,446**	–	**95,520,146**	178,899,987
Segment Non- Current Liabilities	**500,771,153**	732,444,133	**65,422,682**	25,185,037	**566,193,835**	755,672,326
Current Liabilities						
Loans and Borrowings	**1,690,545,546**	1,740,114,093	**–**	7,130,154	**1,690,545,546**	1,742,708,247
Lease Obligation	**19,789,971**	30,930,746	**1,088,175**	386,664	**20,878,146**	31,892,296
Trade and Other Payables	**895,021,105**	753,442,779	**13,935,147**	8,100,651	**908,956,252**	764,184,832
Amounts Due to Related Companies	**–**	239,675,754	**–**	11,055	**–**	239,780,150
Dividend Payable	**6,366,081**	6,046,553	**–**	–	**6,366,081**	6,046,553
Income Tax Payable	**873,696**	96,722,579	**175,313**	106,507	**1,049,009**	96,992,431
Bank Overdraft	**157,502,825**	–	**508,047**	2,780,852	**158,010,872**	1,023,350
Segment Current Liabilities	**2,770,099,224**	2,866,932,504	**15,706,682**	18,515,883	**2,785,805,906**	2,882,627,859
TOTAL LIABILITIES	**3,270,870,377**	3,599,376,637	**81,129,364**	43,700,920	**3,351,999,741**	3,638,300,185

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

39. Risk management framework

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

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Financial Risk Factors

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

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

The Company's and the Group's overall financial risk management program 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 through risk reviews, internal control systems, insurance programs and adherence to the Company's and the Group's financial risk management policies.

The Board of Directors regularly reviews these risks and approves the risk management policies, which covers the management of these risk

1. Market Risk

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

a. Currency Risk

The risk that the fair value or future cash flows of a financial instrument fluctuation due to changes in foreign exchange rates. The Company and the Group is exposed to currency risk on sales, purchases that are denominated in a currency other than Sri Lankan Rupees (LKR). The foreign currencies in which these transactions primarily denominated is US Dollars.

Exposure to Currency Risk

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

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

	Group		Company	
AS AT 31ST MARCH	USD		USD	
	2024	2023	**2024**	2023
Trade and other Payables	**(332,138)**	(238,667)	**(332,138)**	(238,667)
Trade and other Receivables	**2,296,285**	1,959,203	**1,797,249**	1,762,198
Cash and cash equivalets	**85,044**	1,734,128	**(302,348)**	860,453
Gross Statement of Financial Position Exposure	**2,049,191**	3,454,664	**1,162,763**	2,383,984

The following significant exchange rates were applicable during the year

	Average Rate (Rs.)		Reporting Date Spot Rate (Rs.)	
AS AT 31ST MARCH	**2024**	**2023**	**2024**	**2023**
US Dollars	**313.83**	360.01	**300.44**	327.14

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

39 Risk management framework (Continued)

Sensitivity Analysis

A strengthening of the Sri Lankan Rupees as indicated below, against the US Dollar as at 31st March 2024 would have increased/ (decreased) the equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

	Strengthen		Weakening Profit or (Loss) – Rs.	
	Profit or (Loss) – Rs.	Equity – Rs.		Equity – Rs.
31st March 2024				
USD (15% movement)	92,348,842	-	-92,348,842	-
31st March 2023	169,523,817	-	-169,523,817	-
USD (15% movement)				

1.2 Interest Rate Risk

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

	Carrying Amount Group		Carrying Amount Company	
AS AT 31ST MARCH	**2024**	2023	**2024**	2023
	Rs.	Rs.	**Rs.**	Rs.
Fixed Rate Instruments				
Financial Assets				
Bank Deposits	**7,744,714**	145,709,541	**7,744,714**	145,709,541
Variable Rate Instruments				
Financials Liabilities				
Loans and Borrowings	**(1,941,933,746)**	(2,102,430,047)	**(1,791,933,746)**	(2,091,055,400)
Bank Overdrafts	**(158,010,872)**	(1,023,350)	**(157,502,825)**	–
	(2,092,199,904)	(1,957,743,856)	**(1,941,691,857)**	(1,945,345,859)

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 is managed on the Company and the Group basis. Credit risk arises from cash and cash equivalents, 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 and cash equivalents with a number of credit worthy financial institutions. The Company's and the Group's policy limits the concentration of financial exposure to any single financial institution. The maximum credit risk exposure of the financial assets of the Company and the Group are approximately their carrying amounts as at statement of financial position date.

Exposure to Credit Risk

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

	Carrying Amount Group		Carrying Amount Company	
As at 31st March	**2024**	2023	**2024**	2023
Exposure to Credit Risk	**Rs.**	Rs.	**Rs.**	Rs.
Trade and other Receivables	**1,247,949,727**	1,033,077,949	**1,049,947,109**	916,839,502
Amount due from Related Companies	**25,244,220**	125,708,422	**76,045,650**	213,984,635
Balances with Banks	**184,700,337**	760,399,863	**62,617,050**	428,116,702
	1,457,894,284	1,919,186,234	**1,188,609,809**	1,558,940,839

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

39 Risk management framework (Continued)

Impairment Losses

The Company and the Group establishes an allowance for impairment that represents its estimate of incurred 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 component established for groups of similar assets in respect of losses that have been incur but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Trade Receivables and expected credit lost assessment is given below;

	2024			2023		
AS AT 31ST MARCH	**Gross carrying value**	**Loss allowance**	**Impaired**	**Gross carrying value**	**Loss allowance**	**Impaired**
	Rs.	**Rs.**		Rs.	Rs.	
Group						
Current (not past due)	**472,830,851**	**–**	No	250,825,394	–	No
31–60 days past due	**192,222,132**	**–**	No	219,819,300	–	No
61–90 days past due	**126,580,932**	–	No	157,987,161	1,684,608	Yes
91–180 days past due	**49,529,289**	**–**	Yes	80,907,286	774,689	Yes
More than 180 days	**41,742,840**	**3,793,383**	Yes	17,010,872	3,663,906	Yes
	882,906,045	**3,793,383**	–	726,550,013	6,123,203	
Company						
Current (not past due)	**337,580,675**	**–**	No	228,591,774	–	No
31–60 days past due	**192,221,846**	**–**	No	186,869,211	–	No
61–90 days past due	**124,585,400**	**–**	No	149,497,219	–	No
91–180 days past due	**49,529,289**	**–**	No	80,132,597	–	No
More than 180 days	**22,376,158**	**1,342,339**	Yes	17,010,872	3,663,906	Yes
	726,293,369	**1,342,339**	–	662,101,673	3,663,906	

The maximum exposure to credit risk for Trade and Other Receivables as at the reporting date by geographic areas as follows;

	Gross Amount – Group		Gross Amount – Company	
AS AT 31ST MARCH	**2024**	**2023**	**2024**	**2023**
	Rs.	**Rs.**	**Rs.**	**Rs.**
Domestic	**162,597,948**	4,145,232	**162,597,948**	9,269,818
Europe	**424,792,664**	547,816,788	**362,079,916**	484,805,233
Middle East	**432,535**	20,258,376	**–**	20,258,376
Asia	**40,733,665**	65,996,131	**38,748,521**	65,996,131
United States	**232,764,741**	82,210,283	**156,362,918**	73,067,090
Australia	**6,504,066**	–	**6,504,066**	5,041,119
East Africa	**15,080,425**	–	**–**	–
	882,906,045	720,426,810	**726,293,369**	658,437,767

Cash and Cash Equivalents

The Group and the Company held cash and cash equivalents of Rs.26,689,465 and (Rs.94,885,775) as at 31st March 2024 (Rs.759,376,513 and Rs.428,116,702 as at 31st March 2023) respectively, 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)
Habib Bank LTD -A+
Sampath Bank PLC -AA-(lka)

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

3. Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity 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 Group's reputation.

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

As at 31st March 2024	**Carrying**	**Total**	**0–12**	**More than**
Financial Liabilities (Non-Derivate)	**Amount**		**Months**	**1 year**
	Rs.	**Rs**	**Rs**	**Rs**
As at 31st March 2024				
Financial Liabilities (Non-Derivate)				
Interest Bearing Borrowings Short Term	1,690,545,546	1,726,586,523	1,472,420,523	254,166,000
Interest Bearing Borrowings Long Term	251,388,200	349,860,576	159,918,978	189,941,598
Lease Liability	178,095,391	353,940,801	26,025,245	327,915,557
Trade and other Payables	371,943,886	371,943,886	371,943,886	–
Bank Overdrafts	158,010,872	158,010,872	158,010,872	–
Total	**2,649,983,895**	**2,960,342,658**	**2,188,319,504**	**772,023,155**
As at 31st March 2023				
Financial Liabilities (Non-Derivate)				
Interest Bearing Borrowings Short Term	1,631,780,493	1,727,247,325	1,727,247,325	–
Interest Bearing Borrowings Long Term	470,649,554	796,953,949	228,853,438	568,100,511
Lease Obligation	190,851,438	365,923,998	32,800,704	333,123,294
Amount due to Related Companies	239,780,150	239,780,150	239,780,150	–
Trade and other Payables	764,184,832	764,184,832	764,184,832	–
Bank Overdrafts	1,023,350	1,023,350	1,023,350	–
Total	**3,298,269,817**	**3,895,113,604**	**2,993,889,799**	**901,223,805**

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

	Interest Bearing Borrowings		**Lease Liability**	
	2024	2023	**2024**	2023
	Rs.	Rs.	**Rs.**	Rs.
Less than one years	**1,690,545,546**	1,742,708,247	**20,878,146**	31,892,296
One to Two year	**108,333,600**	108,333,600	**30,874,208**	30,874,208
Two to Three year	**108,333,600**	108,333,600	**24,874,208**	24,874,208
Three to Four year	**33,333,600**	95,833,600	**17,452,063**	17,452,063
Four to Five years	**1,387,400**	33,333,600	**17,452,063**	17,452,063
More than five years	**–**	13,887,400	**66,564,703**	68,306,600
Total	**1,941,933,746**	2,102,430,047	**178,095,391**	190,851,438

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

4. Management

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 Net Debt to Equity Ratio. This ratio is calculated as Net Debt by total equity. Net Debt includes non-current and current borrowings as shown in the statements of financial position. Total equity is calculated as 'Total equity' in the statements of financial position.

The Net Debt to Equity Ratio as at 31st March was as follows:

	Group		Company	
As at 31st March	**2024**	2023	**2024**	2023
	Rs.	Rs.	**Rs.**	Rs.
Total Liabilities	**3,351,999,741**	3,638,300,185	**2,878,797,559**	3,306,134,815
Cash and cash equivalents	**(184,700,337)**	(760,399,863)	**(62,617,050)**	(428,116,702)
Net Debt	**3,167,299,404**	2,877,900,322	**2,816,180,509**	2,878,018,113
Total Equity	**3,584,666,859**	4,280,145,407	**2,850,085,803**	3,421,486,572
Net Debt to Equity Ratio	**88.36%**	67.24%	**98.81%**	84.12%

5. Operational Risk

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

- Requirements for appropriate segregation of duties, including the independent authorization of transactions
- Requirements for the reconciliation and monitoring of transactions
- 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

DIRECTORATE OF GROUP COMPANIES

Name of Director	RAF	RAO	RDL	KPL	COCO	CFL
Mrs. I.R. Rajiyah	√	√	√	√	√	√
Dr. S.R. Rajiyah	√	√	√	√	√	√
Mr. S.V. Rajiyah	√	√	√	√	√	√
Mrs. J.J.B.A. Rajiyah	-	√	-	-	-	-
Mr. V. Sanmugam	√	√	√	√	√	√
Mr. R. F. N. Jayasooriya	-	-	-	√	√	√
Mrs. S.T.R.E. Wijesuriya	–	√	-	-	-	-
Mr. T.A.P. Peiris	-	-	-	√	√	√
Mr. D.S. Arangala	√	-	-	-	-	-
Mr. M.S.Dominic	√	-	-	-	-	-

RAF	Renuka Agri Foods PLC	KPL	Kandy Plantations Limited
RAO	Renuka Agri Organics Ltd	COCO	Coco Lanka (Pvt) Ltd
RDL	Renuka Developments (Private) Limited	CFL	Ceylon Forestry (Pvt) Ltd

REAL ESTATE PORTFOLIO

COMPANY	LOCATION	LAND / BUILDING	LAND EXTENT (PERCHES)	BUILDING		CLASSIFICATION COMPANY	CLASSIFICATION GROUP	ORIGINAL COST OF PURCHASE	WDV AS AT 31.03.2024
			FREE HOLD	NO OF BUILDINGS	BUILDING IN SQ.FT			Rs.	Rs.
Renuka Agri Foods PLC	Unagahadeniya	Land	150	-	-	PPE	PPE	17,203,000	17,203,000
	Unagahadeniya	Land	70.4	-	-	-	-	21,428,000	21,120,000
		Building	-	1	968	-	-	-	903,000
	Wathupitiwela	Building	-	9	111,379	PPE	PPE	158,452,264	596,502,980
	Giriulla	Building	-	2	8,031	-	-	-	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	21,986,500
Kandy Plantations Ltd	Giriulla	Building	-	4	10,598	PPE	PPE	15,927,250	7,178,400
	Matale	Land	14,060	-	-	PPE	PPE	225,100,000	239,801,194
Coco Lanka (Pvt) Ltd	Puttalam	Land	26,445.1	-	-	PPE	PPE	127,482,760	180,448,000
		Building	-	5	6,447	PPE	PPE	-	8,804,005
Renuka Agri Organics Ltd	Wathipitiwala	Building	-	3	69,225	PPE	PPE	74,073,652	248,883,943

FIVE YEAR SUMMARY

Year Ended 31st March	2024	2023	2022	2021	2020
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
a) Summary of Operation					
Revenue	5,517,184	7,212,003	5,691,234	3,642,458	2,657,717
Gross Profit	290,253	1,616,647	907,042	352,976	837,658
Profit before net finance cost and tax	-324,716	1,038,849	609,516	(5,745)	301,282
Profit/(Loss)before taxation	-832,178	688,797	709,148	(87,937)	280,822
Taxation	176,139	190,707	86,580	(5,697)	12,158
Profit/(Loss)after tax	-656,038	498,090	622,569	(93,634)	292,981
Profit/(Loss)attributable to equity holders of the company	-658,482	399,095	594,960	(101,450)	253,976
b) Summary of Financial Position					
Capital and reserves					
Stated Capital	1,242,202	1,194,453	1,194,453	1,194,453	1,194,453
Revaluation Reserve	228,683	239,486	266,925	256,851	241,513
Retained Earnings	1,718,866	2,516,689	2,225,650	1,610,033	1,753,355
Shareholders' Fund	3,189,752	3,950,628	3,687,029	3,061,338	3,189,321
Non-Controlling Interest	394,915	329,518	231,349	200,075	34,382
Total Equity	**3,584,667**	**4,280,145**	**3,918,378**	**3,261,413**	**3,223,703**
Liabilities					
Non-Current Liabilities	566,194	755,672	805,559	578,941	517,002
Current Liabilities	2,785,806	2,882,628	2,525,372	2,068,067	740,084
Total Liabilities	3,351,999	3,638,300	3,330,931	2,647,008	1,257,086
Total Equity and Liabilities	**6,936,666**	**7,918,446**	**7,249,308**	**5,908,421**	**4,480,790**
Assets					
Property,Plant and Equipment	2,533,673	2,489,177	2,538,407	2,135,986	1,772,920
Investments	920,568	1,026,033	1,008,049	794,453	1,589,682
Other Non-Current Assets	846,822	836,467	840,721	810,057	139,896
Current Assets	2,635,603	3,566,769	2,862,131	2,167,925	978,292
Total Assets	**6,936,666**	**7,918,446**	**7,249,308**	**5,908,421**	**4,480,790**
c) Key Indicators					
Earnings/(Loss) per share (Rs.)	-1.15	0.71	1.07	-0.18	0.45
Net profit margin (%)	-11.89%	6.91%	11%	-2.63%	11%
Net assets value per share (Rs.)	6.28	7.62	6.98	5.45	5.68
Dividends per share (Rs.)	0.10	0.2	-	0.12	0.12
Dividends payout (Rs.)	-8.70%	28.15%	-	150%	26.67%
Dividend cover (times)	-12	3.55	-	-1.5	3.75
Interest cover (times)	(0.39)	1.63	3.2	0.96	4.3
Current ratio (times)	0.95	1.24	1.1	1.06	1.32
Gearing ratio (%)	54.17%	49.12%	36.32%	38.41%	19.80%
Return on equity (%)	-18.30%	11.64%	16.32%	-3.32%	7.96%

SHAREHOLDER AND INVESTOR INFORMATION

SHARE INFORMATION	**2024**	2023
Total No of Shareholders	5,920	5,757
Total No of Public Shareholders	5,913	5,750
Total No of Shares	570,592,361	561,750,000

PUBLIC SHARE HOLDING	**2024**	2023
The percentage of Shares held by the Public Ordinary Shareholding (%)	23.98%	24.00%

	31st March 2024	
No of Shares Holders	**No of Share Held**	**Total Holdings**
2,085	**1–1,000**	0.08%
2,336	**1,001–10,000**	1.36%
1,313	**10,001–100,000**	6.77%
263	**100,001–1,000,000**	10.55%
15	**Over 1,000,000 Shares**	81.24%
6,012		100.00%

	31st March 2024			31st March 2023		
No of Shares Held	**No of Shareholders**	**No of Shares**	**%**	**No of Shareholders**	**No of Shares**	**%**
Individuals	**5,805**	**105,114,497**	**18.00%**	5,543	156,058,385	27.00%
Institutions	**207**	**465,477,864**	**72.00%**	214	405,691,615	73.00%
Total	**6,012**	**570,592,361**	**100.00%**	5,757	561,750,000	100.00%

	31st March 2024			31st March 2023		
No of Shares Held	**No of Shareholders**	**No of Shares**	**%**	**No of Shareholders**	**No of Shares**	**%**
Resident	**5,978**	**556,115,914**	**97.46%**	5,722	543,723,853	96.84%
Non Resident	**34**	**14,476,447**	**2.54%**	35	18,026,147	3.16%
Total	**6,012**	**570,592,361**	**100.00%**	5,757	561,750,000	100.00%

	31st March 2024			31st March 2023		
No of Shares Held	**No of Shareholders**	**No of Shares**	**%**	**No of Shareholders**	**No of Shares**	**%**
Renuka Foods PLC & Affiliate Companies	**4**	**431,692,904**	**75.66%**	3	368,846,578	65.67%
Directors & Spouses	**3**	**2,077,801**	**0.36%**	4	58,055,603	10.33%
Public	**6,005**	**136,821,656**	**23.97%**	5,750	134,847,819	24.00%
Total	**6,012**	**570,592,361**	**100.00%**	5,757	561,750,000	100.00%

SHAREHOLDER AND INVESTOR INFORMATION (CONT.)

1st of April to 31st March	**2024**	**2023**
Share Price (Rs)		
Highest	**5.70**	8.90
Lowest	**3.50**	3.00
As at 31st March (Last Trade)	**3.70**	5.20

Market Capitalization	**2024**	2023
As at 31st March (Rs)	**2,111,191,000**	2,921,100,000
Float Adjusted Market Capitalization (Rs)	**506,240,127**	701,208,659
No.of Trades	**14,045**	39,570
No.of Shares Traded	**147,855,081**	283,268,070
Value of Shares Traded (Rs)	**1,834,876,726**	1,834,876,726

Option the Listed Entity complies with the Minimum Public Holding requirement

The Company complied with option 5 of the listing rules 7.14.1(i) (a) – which requires a minimum public Holding of 20% and a minimum 500 shareholders representing public holding for a company having a float adjusted market capitalization of less than Rs.2.5Bn.

RENUKA AGRI FOODS PLC – TOP 20 MAJOR SHAREHOLDERS

No	Name	Voting as at 31.03.2024		Voting as at 31.03.2023	
		No of Shares	%	No of Shares	%
1	Renuka Foods Plc	371,556,203	65.12%	365,798,269	65.12%
2	Shaw Wallace Ceylon Ltd	60,087,633	10.53%	–	–
3	Mrs. A. T. T. T. Alnakib	7,618,055	1.34%	7,500,000	1.34%
4	Kalin Holdings (Pvt) Ltd	3,461,858	0.61%	-	-
5	Winsland Reality (Pvt) Ltd	3,316,650	0.58%	-	-
6	N P Capital Ltd	2,699,948	0.47%	-	-
7	People's Leasing & Finance Plc/Mr.M.I.Samsudeen	2,250,592	0.39%	1,905,065	0.34%
8	Mr. R Gautam	1,999,999	0.35%	2,544,000	0.45%
9	Merchant Bank of Sri Lanka & Finance Plc/J.A.S.M. Jayawickrama	1,982,725	0.35%	1,952,000	0.35%
10	Mr. S.V. Rajiyah & Mrs. J.J.B. Aloysius Rajiyah	1,922,925	0.34%	1,893,126	0.34%
11	Mr. H.A.A.H. Algharabally	1,673,434	0.29%	1,647,502	0.29%
12	Hatton National Bank Plc/Anuja Chamila Jayasinghe	1,468,490	0.26%	1,445,734	0.26%
13	Standard Chartered Bank Singapore S/A HL Bank Singapore Branch	1,462,015	0.26%	1,439,359	0.26%
14	Mr. K.C. Vignarajah	1,019,581	0.18%	1,003,781	0.18%
15	Dfcc Bank Plc/B. Sutharshan	1,015,740	0.18%	–	–
16	Mrs. D.R. Costa	867,253	0.15%	-	-
17	DR. A.S. Wijenayaka	810,794	0.14%	–	–
18	MR. W.M.J.P.K. Wijesinghe	800,000	0.14%	-	-
19	Merchant Bank of Sri Lanka & Finance Plc/S. Srihar	797,356	0.14%	-	-
20	J.B. Cocoshell (PVT) LTD	791,089	0.14%	-	-
		467,602,340	**81.95%**	**387,128,836**	**68.93%**

NOTICE OF MEETING

Notice is hereby given that the 25th Annual General Meeting of the Company will be held at the Institute of Chartered Accountants of Sri Lanka at No. 30 A, Malalasekhara Road, Colombo 7 on Friday, 27th September 2024 at 2.15 p.m. for the following purposes :-

1. To receive and consider the Report of the Directors and the Statement of the Audited Financial Statement for the year ended 31st March 2024 with the Report of the Auditors thereon.

2. To re-elect Mr. M.S.Dominic as a Director who retires by rotation and eligible for re-election in terms of Article 28 (1).

3. To re-elect Mr. D.S.Arangala as a Director who retires by rotation in terms of Article 30 (1).

4. 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.

5. 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 Mrs. I.R. Rajiyah.

6. To authorise the Directors to determine the contribution to charity.

7. To re-appoint M/s KPMG, Chartered Accountants as the Auditors and authorise the Directors to determine their remuneration.

8. Special Resolution

a. IT IS HEREBY RESOLVED THAT Article 16 to be deleted in entirety and be substituted with the following new Article 16 :

METHOD OF HOLDING MEETINGS

A meeting of shareholders (including a meeting where it is intended to propose a resolution as a special resolution) may be held (a) by a number of shareholders who constitute a quorum, being assembled together at the place, date and time appointed for the meeting.

Or (b) by means of audio, or audio visual communication method or platform specified by the Board by which all Shareholders participating and constituting a quorum, can simultaneously hear each other throughout the meeting.

b. IT IS HEREBY ALSO RESOLVED THAT Article 28 (12) to be deleted in entirety.

By Order of the Board,
Sgd.
Renuka Enterprises (Pvt) Ltd
Company Secretaries
27th August 2024

Note:-

(i) A member entitled to attend and vote at the above Meeting is entitled to appoint a proxy to attend and vote instead of the member, such proxy need not be a member.

(ii) A Form of Proxy is enclosed with this Annual Report.

(iii) The completed Form of Proxy should be deposited at the Registered Office of the Company at "Renuka House", No. 69, Sri Jinaratana Road, Colombo 2, on or before 2.15 p.m. on 25th September 2024, being not less than 48 hours before the time appointed for the holding of the Meeting.

FORM OF PROXY

I / We .... of

.... being a

member/members of Renuka Agri Foods PLC, hereby appoint; ....

.... (NIC No. ....)

of ....

....

Or failing her/him

Dr. S.R. Rajiyah or failing him
Mrs. I.R. Rajiyah or failing her
Mr. S.V. Rajiyah or failing him
Mr. V. Sanmugam or failing him
Mr. D.S. Arangala or failing him
Mr. M.S.Dominic or failing him

as my/ our proxy to represent me / us and to speak and to vote on my / our behalf at the Annual General Meeting of the Company to be held on the 27th day of September 2024 and at any adjournment thereof and at every poll which may be taken in consequence thereof.

		For	**Against**
1.	To receive and consider the Report of the Directors and the Statement of the Audited Financial Statements for the year ended 31st March 2024 with the Report of the Auditors thereon.		
2.	To re-elect Mr.M.S.Dominic		
3.	To re-elect Mr. D.S.Arangala		
4.	To re-appoint Dr. S. R. Rajiyah as a Director		
5.	To re-appoint Mrs. I.R. Rajiyah as a Director		
6.	To authorise the Directors to determine the contribution to charity.		
7.	To re-appoint M/s KPMG, Chartered Accountants as Auditors to the Company and authorise the Directors to determine their remuneration.		
8.	i. Approval of Special Resolution a		
	ii. Approval of Special Resolution b		

Dated this .... day of .... 2024.

....

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. 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 2.15 p.m. on 25th September 2024 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 Agri Foods PLC

Legal Form
Quoted Public Company with Limited Liability

Principal Activity
Agri Business

Direct Subsidiary
Renuka Developments (Pvt) Ltd

Board of Directors
Dr. S.R. Rajiyah – Chairman
Mrs. I.R. Rajiyah
Mr. S.V. Rajiyah
Mr. V. Sanmugam
Mr. D. S. Arangala
Mr. M.S. Dominic

Audit Committee
Mr. A.M.P.C.K. Abeykoon (Chairman)
Mr. D. S. Arangala
Dr. J.A.S. Felix

Related Party Transaction Review Committee
(Represented by ultimate parent company)
Mr. T.K. Bandaranayake-Chairman
Dr. J.M. Swaminathan
Mr. M.S. Dominic

Remuneration Committee
(Represented by ultimate parent company)
Mr. M.S. Dominic – Chairman
Mr. T.K. Bandaranayake
Dr. J.M. Swaminathan

Nomination Committee
(Represented by ultimate parent company)
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

Ultimate Parent Company
Renuka Holdings PLC

Registration No.
PB 1108/PQ

Registered Office
"Renuka House"
69 Sri Jinaratana Road,
Colombo 2
Telephone: 00941–11–2314750–5
Email: info@renukagroup.com
Fax: 00941 11–2445549

Postal Address
P.O.Box 961, Colombo

Stock Exchange Listing
Colombo Stock Exchange

External Auditors
KPMG Chartered Accountants

Legal Consultants
Nithya Partners – Attorneys- at-Law
Heritage Partners – Attorneys at law
Varners – Attoneys at Law

Bankers
Commercial Bank of Ceylon PLC
Hatton National Bank PLC
Habib Bank Limited
Hongkong and Shanghai Banking Corporation Limited
National Development Bank PLC
Nations Trust Bank PLC
Peoples Bank
Standard Chartered Bank

NOTES

'RENUKA HOUSE', P. O. BOX 961, #69, Sri Jinaratana Road, Colombo 02, Sri Lanka
Tel: 94 - 11 - 2314750 - 5, 2422694, Fax: 94 - 11 - 2445549
E-mail: inquiries@renukagroup.com
Website: www. renukagroup.com

Design & Printed by Softwave Printing & Packaging (Pvt) Ltd.