



RENUKA HOLDINGS PLC
ANNUAL REPORT 2014

CONTENTS

Profile, Vision, Culture and Values	1
Our Portfolio	2-4
Our Locations	5
Financial Highlights	6
Profile of Directors	7-8
Chairperson's Review	9-10
Corporate Governance	11-13
Audit and Remuneration Committee Reports	14-16
Risk Management	17-18
Sustainability Report	19-20
Report of the Directors on the affairs of the company	21-24
Statement of Directors Responsibility	25
Independent Auditors Report	28
Statement of Financial Position	29
Income Statement	30
Statement of Comprehensive Income	31
Statement of Changes in Equity	32
Statement of Cash Flows	33
Notes to the Financial Statement	34-94
Real Estate Portfolio	95
Five Year Summary	96
Shareholder's Information	97-99
Notice of Annual General Meeting	100
Form of Proxy	101



Profile

Renuka Holdings PLC is a diversified organisation listed on the Colombo Stock Exchange.

Renuka Holdings PLC is responsible for the strategic direction of the group and where appropriate has entered into strategic alliances with global partners that will add value to its long term interests.

As an organisation 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.

Vision

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

Culture and Values

Renuka's culture reflects 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.



RESPONSIVE
ENTERPRISING
NURTURING
UNRELENTING
KNOWLEDGEABLE
ACCOUNTABLE



Agri Food Exports

Ceylon Tea

Renuka Teas (Ceylon) (Pvt) Ltd manufactures and exports Ceylon Tea, Black, Green, Flavoured and Herbal Teas in bulk, packets, tea bags and speciality packaging.

Coconut and Organic Products

Renuka Agri Foods PLC is listed under the food and beverage sector of the Colombo Stock Exchange. It manufactures and markets a range of premium coconut based food & beverages in both conventional and organic forms to over 61 countries. Renuka Organics (Pvt) Ltd is the administrator for Organic Certified Products and Kandy Plantations Ltd owns the Organic Plantations.

Dairy

The Richlife dairy liquid range varies from Ultra-Heat Treated (UHT) non-flavoured milk, UHT flavoured milk, pasteurized non- flavoured milk and pasteurized flavoured milk which comes in different packaging formats such as tetra packs, bottles and sachets.

The cultured product range comprises of set yoghurt, natural fruit yoghurt, drinking yoghurt, curd and valued added curd. Richlife Dairies also produces fresh dairy cream and ghee. Richlife was the first brand to introduce pure cows' milk packed in user friendly tetra packs to the local market more than a decade ago. Since then it continues to be the innovator of milk based liquid and semi-solid products.

Our experienced, dynamic and qualified food technologists, laboratory and quality assurance personnel carry on continuous improvements to our recipes well supported by a group of expert consultants.





FMCG

Shaw Wallace Ceylon Ltd is one of Sri Lanka's oldest firms in the forefront of the distribution business for over a century and today is a leader in the FMCG and Catering sectors.

Our fast moving Consumer Foods portfolio primarily focuses on Food & Beverage. Our brands are household names in Sri Lanka occupying market leadership positions.

Our products range from Captain Jack Mackerel, Captain Soya, Mr POP extruded snacks, SunGold Instant Drink Powder, Rainers Colouring & Essences among others.

The products are either manufactured at our state of art production facilities or out sourced from overseas.

Our commitment in delivering value added, innovative products for the evolving Sri Lankan consumer is through a meticulous process involving our Quality and Research & Development team.

The Foodservice division provide catering solutions to the demanding needs of the all leading hotels, restaurants, airlines, ship chandlers and manufacturers with the supply of value added and innovative products and ingredients.





Automotive

The group entered the automotive sector in 1927 with the appointment as the exclusive distributor of Delphi Lockheed in Sri Lanka. In 2011, The Renuka Group and McLaren's Holdings Ltd merged their auto business creating a joint venture named McShaw Automotive Ltd.

The company has a team of over 100 dedicated personnel in the automotive sector covering the segments of key accounts, franchise car dealers, service stations, fuel stations, retailers, spare part shops, IWS (Individual workshops) and franchise workshops etc. A portfolio of products ranging from lubricants such as Brake Oil, Engine Oil, Radiator Coolant and others includes Tyres and Tubes, Auto Parts, Accessories and Car Care Products. The company also represents auto agencies and handles fleet management which covers a portfolio of over 4500 customers.

Investments & Services

Equity

Renuka Investments (Pvt) Ltd invests in listed equity and non controlling stakes in unquoted companies. Among its investments are enterprises engaged in property development, provision of laundry services among others.

Property

Galle Face Properties Ltd is to embark on a project with an overseas collaborator on prime real estate in Colombo.

Corporate Services

Renuka Enterprises (Pvt) Ltd is engaged in the provision of management services of Finance, Information Technology, Human Resources, Legal and Secretarial to group companies. It also acts as a promoter to foreign principles in the various development projects in Sri Lanka.

Logistics Services

Renuka Shipping & Travels (Pvt) Ltd is engaged in the clearing and forwarding, shipping and wharf operation for group companies.



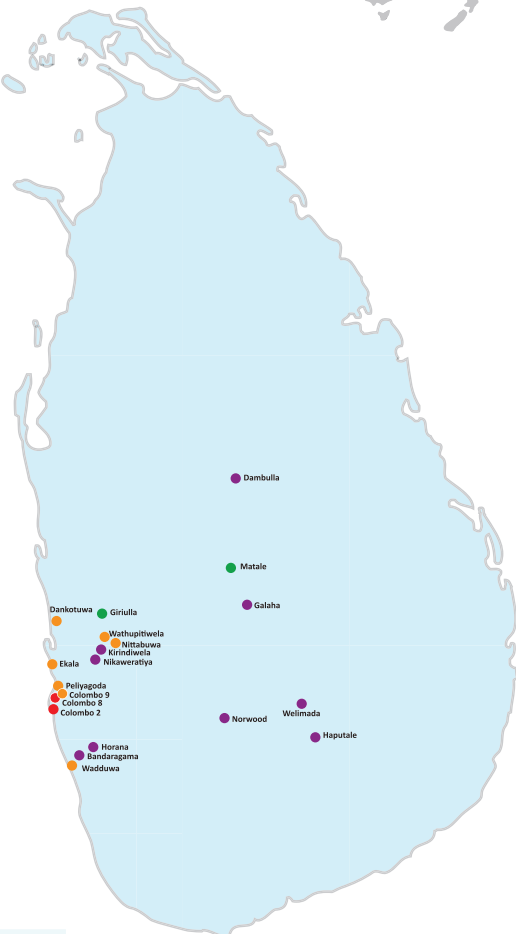
OUR MARKET



OUR LOCATIONS

- Offices
- Factories & Warehouses
- Collection & Processing Centers
- Plantations

AT A GLANCE



Revenue | Rs. 7.2 Billion

Foreign Exchange Earnings | US\$ 15 Million

Distribution Outlets | 71,000

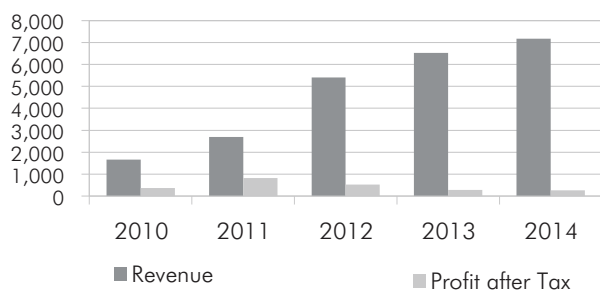
Employment Generated (Direct) | 1420

International Markets | 61 Countries

Farmer Families with Renuka | 7,000

FINANCIAL HIGHLIGHTS

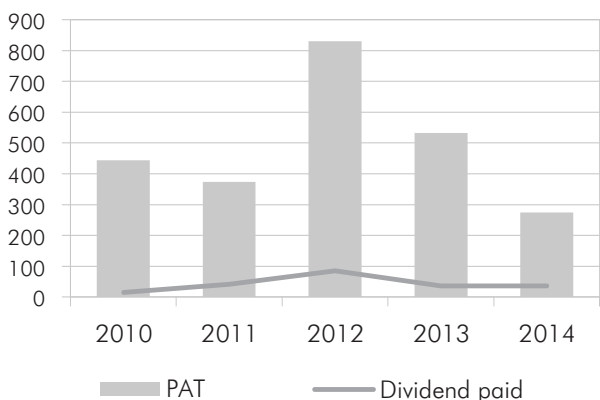
GROUP REVENUE & PROFIT AFTER TAX



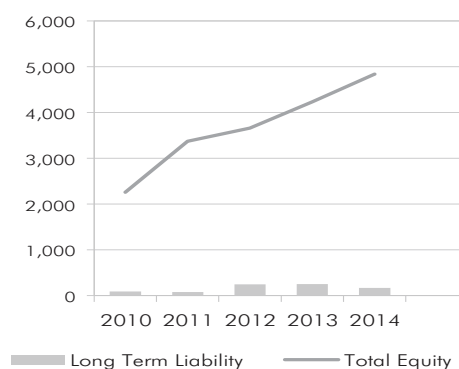
TOTAL ASSETS & LIABILITIES



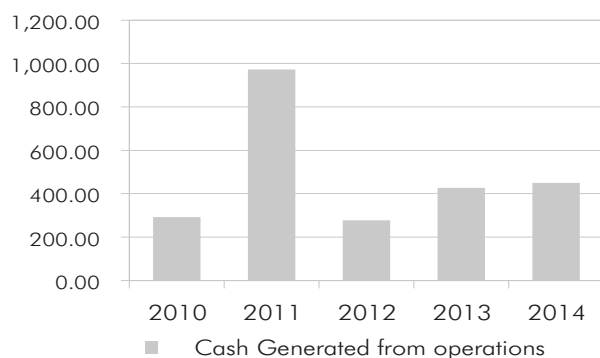
PROFIT AFTER TAX AND DIVIDEND DECLARED



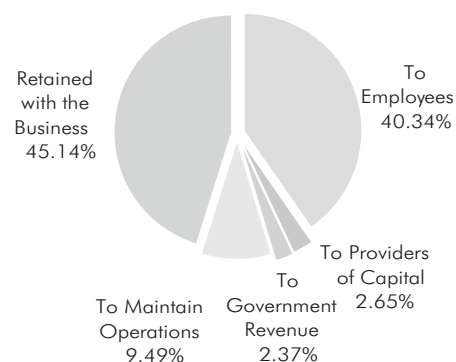
TOTAL EQUITY & LONG TERM LIABILITY



CASH GENERATED FROM OPERATION



VALUE ADDED DISTRIBUTION



PROFILE OF DIRECTORS

MRS. I. R. RAJIYAH

Mrs. I.R. Rajiyah is the Chairperson of the Company. She is qualified in Business Studies from the United Kingdom and is a fellow of the British Institute of Management. She counts over 37 years of corporate experience in founding and running businesses. She was presented with the Best Woman Exporter Award in 2009 by the National Chamber of Exporters Sri Lanka. She is also an Executive Director of Renuka Shaw Wallace PLC, Renuka Agri Foods PLC, Shaw Wallace Ceylon Ltd, Richlife Dairies Ltd and several unlisted companies.

DR. S. R. RAJIYAH

Dr. S.R. Rajiyah is the Executive Deputy Chairman of the Company. He is also the Chairman of Renuka Shaw Wallace PLC, Renuka Agri Foods PLC and the Managing Director of the Renuka Group. He is a medical doctor qualified in Sri Lanka and counts over 37 years of corporate experience in operations, quality management, research and development as well as in founding and running businesses.

MR. S. V. RAJIYAH

Mr. S.V. Rajiyah is an Executive Director of the Company. He is also a Director of Renuka Agri Foods PLC, Renuka Shaw Wallace PLC and Richlife Dairies Ltd. He heads the Business Development, International Marketing and Investment Division of the Group. Mr. Rajiyah is a graduate in Management from the Warwick Business School, University of Warwick, United Kingdom. His direct interest includes corporate strategy, key product and brand development and portfolio management. He has over 13 years of experience in General Management. He is a member of the Young Leaders Steering Committee of the Ceylon Chamber of Commerce and a member of the Economic Fiscal Policy Planning Committee of the Ceylon Chamber of Commerce.

MR. M. S. DOMINIC

Mr. M.S. Dominic is an Independent, Non-Executive Director and holds a BSc Hons degree in Information Technology from the University of South Bank, United Kingdom. He has over 27 years of experience in the Information Technology field. He is also Director of The Autodrome PLC & Renuka Holdings PLC.

MS. A.L.RAJIYAH

She is an Executive Director of the Company, a BSc (Hons) Accounting and Finance from the University of Warwick and MSc Law and Accounting from the London School of Economics. She spent 3 years at the investment bank, Morgan Stanley in London where she was involved in the structuring of credit derivative products linked to European corporate. She subsequently joined Alcentra Limited (a subsidiary of Bank of New York Mellon Corporation) which is a USD 18 Bn asset management firm in London, where she was a Vice President involved in portfolio management, trading and investing in credit derivative products for Alcentra's structured products platform. She is an Executive Director of Renuka Shaw Wallace PLC and Renuka Agri Foods PLC.

MR. C. J. DE S. AMARATUNGE

Mr. C.J.De.S. Amaratunge is an Independent, Non Executive Director of the Company. He is an Attorney at law and Notary Public and was called to Bar in 1967. He is the Senior Partner of M/s Dissanayake Amaratunge Associates, Attorney at Law, Notaries Public and Solicitors. He counts over 41 years' experience in all civil branches of the law including Commercial Corporate Conveyancing and Litigation and Conveyancing. He is the Chairman of Richlife Dairies Ltd and serves as a Director on several boards of both private and public companies.

PROFILE OF DIRECTORS (CONT.)

MR. L.M.ABEYWICKRAMA

Mr. L.M. Abeywickrama is an Independent, Non Executive Director of the company. He is a Management consultant and trainer with over 26 year's management experience in the private sector both Sri Lanka and Overseas. He holds a Bachelors Degree in Science from the University of Colombo, a Post Graduate Diploma in Marketing from the Chartered Institute of Marketing UK and MBA from the American University Washington DC. He is a fellow of the Chartered Institute of Marketing and a past chairman of the CIM Sri Lanka region. He serves as a non-Executive Director on the Board of Renuka Holdings PLC and Renuka Agri Foods PLC.

MR. T.K.BANDARANAYAKE

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

MR. J.M. SWAMINATHAN

Mr. J.M. Swaminathan is an Independent, Non-Executive Director of the Company. He holds LLB (Ceylon) LLM, M.Phil. (Colombo) degrees and is an Attorney at Law. He has been in the legal profession for over 47 years. He is the precedent Partner of Messrs. Julius & Creasy and a member of the Council of Legal Education, a member of the Board of the Faculty of Law, of the University of Colombo and a member of the Legal Cluster of National Economic Commission. He is a member of the Company Law Advisory Commission, a member of the Intellectual Property Law Commission and a member of the Law Commission of Sri Lanka. He is a visiting lecturer and examiner at the Faculty of Law, University of Colombo. He is also a faculty member of the LLM Wales course, conducted by the Sri Lanka Law College and a faculty member of Post Attorneys Diploma programme on Intellectual Property Law and the Course Director of Post Attorneys Diploma Programme in International Trade Law, conducted by the Sri Lanka Law College. He is an Independent, Non-Executive Director of several listed and unlisted Companies.

CHAIRPERSON'S REVIEW

It is with great pleasure that I welcome all of you, our valued shareholders, to the 34th Annual General Meeting of Renuka Holdings PLC and present to you the Annual Report and Audited Financial Statement for the year ended 31st March 2014.

ECONOMIC PERFORMANCE

The Sri Lankan economy rebounded strongly in 2013 with an annual GDP growth of 7.3 percent. While inflation, which remained at single digit levels gradually declined further to reach mid-single digits by the end of the year. Economic growth in 2013 was broad based, with a strong growth in the industry sector, a recovery in the services sector and a revival in the agriculture sector during the second half of the year. Stability of the financial system was preserved amidst uncertainties arising from global market developments. The Global economy grew at a slower pace in 2013, despite strong signs of increased economic activity towards the latter part of the year.

CORPORATE PERFORMANCE

The group recorded revenues of Rs 7.2 billion, an increase from Rs 6.5 billion in the corresponding period last year. Group's profit after tax was Rs 272 million while profit attributable to equity holders of the group was Rs 193 million. Total equity grew from Rs 4.2 billion to Rs 4.8 billion and equity attributable to equity holders stood at Rs 2.8 billion.

SECTOR PERFORMANCE

FOOD AND BEVERAGE

The Agri Food Export Sector consisting coconut and tea represented by Renuka Agri Food PLC, Renuka Agri Exports Ltd, Renuka Teas Ceylon Ltd and Kandy Plantations Ltd recorded a turnover of Rs 2,421 million and gross profit of Rs 475 million. Currently exporting to 61 countries, our dedicated export divisions individually cater the export range to various client segments worldwide.

Our dairy sector represented by Richlife Dairies Ltd recorded a turnover of Rs 1,342 million and gross profit of Rs 266 million continues to add value to the local dairy industry through its dedicated sales channel. The government continued its support for the dairy industry by providing duty free imports of machinery to aid the manufacture of dairy based products and the group capitalized on this and invested substantially in expanding the current facility. Production capacity of milk and yoghurt has seen an increase while diversification into other value added dairy products is in its planning stages.

The Agri sector (Agri Food exports and Dairy) combined has resulted in foreign exchange earnings of US\$ 15 million and contributing Rs 1.24 billion to the rural economy by way of raw material procurement.

The FMCG sector recorded a turnover of Rs 2,219 million and a gross profit of Rs 411 million is one with immense long term potential and is backed with substantial investments. Yet the introduction of the VAT, the declining demand for non-essentials on the back of the higher food and utility costs, and adverse weather has impacted sector's profitability. The group partnered with Fiji based CJ Patel and company Ltd through the sale of 42.2% stake in voting shares in our subsidiary, Shaw Wallace Ceylon Ltd. CJ Patel group is headquartered in Fiji and operates across 10 countries and involved in manufacturing and distribution of FMCG products.

AUTOMOTIVE

The Automotive sector represented by Mcshaw Automotive Ltd, A joint venture between Mclarens and Renuka, represents flagship brands such as Delphi Lockheed, Mobil, Cyclo and Avon which have performed exceptionally well this year. The company enjoyed a steady growth of revenue recording Rs 1,136 million Vs Rs 1,001 million in the previous comparative period despite tighter margins attributed to pressure from competition and limited purchasing powder in the market.

CHAIRPERSON'S REVIEW (CONT.)

INVESTMENTS AND SERVICES

The sector comprises of Renuka Enterprises (Pvt) Ltd , Renuka Investments (Pvt) Ltd, Galle Face Properties Ltd and Renuka Shipping and Travels (Pvt) Ltd which recorded a turnover of Rs 60 million and an gross profit of Rs 7 million during the financial year.

FUTURE CHALLENGES AND OPPORTUNITIES

The Agri Food Exports, Dairy and FMCG sectors continues to offer opportunities for high growth locally and internationally as consumer trends are constantly changing and our commitment to innovation and adaptability keeps pace with the same. Foreign partnerships have further enhanced our expertise in manufacturing and also enabled us to capitalize on raw material sourcing through volume discounts. Our expansion plans and investments in plant and machinery are catering to the increasing demand for nutritious and healthy food and beverage products supported by the Research and Development teams. Our commitment in keeping pace with technology is evident through implementation of modern IT infrastructure throughout the group with ERP and Sales Force Automation to further enhance productivity and information gathering. The group has also forged ahead in the automotive sector partnering with leading brands and catering to Sri Lanka's growing automotive sector. The group has also earmarked valuable property within Colombo for future building projects.

The group, confident of the economic environment in the country in the post conflict period invested in organic and inorganic growth over the past 3 years. This includes acquisitions

and capacity enhancement in agriculture, FMCG and infrastructure. Through these investments the group has created new jobs while positioning itself for its next phase of growth. Having invested heavily since the end of the conflict, the group is well positioned to benefit from the growth of the economy, and it maintains a positive outlook in view of the long- term scope of its value creation strategy.

The group continues to benefit from the diversity of its portfolio. As has been enumerated before, a downturn in one subsector or a subsector has been offset by the upturn in another. One of our strategic imperatives for the year ahead is to increase the diversity of our portfolio in order to strengthen the group's resilience to market volatilities and mitigate risks and thus, ensure sustainable value creation for all our stakeholders.

ACKNOWLEDGEMENTS

I wish to express my sincere gratitude to my fellow Directors on the Board for their support, and to my other colleagues in the Group who have worked tirelessly to add to shareholder value, and to all employees for their dedication and commitment. I also extend my gratitude to the shareholders and all other stakeholders for the support and confidence placed in us.

Sgd.

Mrs I. R. Rajiyah

Chairperson

27th August 2014

CORPORATIVE GOVERNANCE

Renuka Holdings PLC is the holding company of number of subsidiaries. The businesses of the subsidiaries are given on pages 34 and 35 of this report.

We set below the Corporate Governance practices adopted and practiced by Renuka Holdings PLC against the background of the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka and the rules set out in Section 6 of the Colombo Stock Exchange Listing Rules and also complies with the Country's Legislative and Regulatory requirements.

THE BOARD OF DIRECTORS

The Company's business and operations are managed under the supervision of the Board, which consists of members with experience and knowledge in the areas of business, in which the company is engaged with specific acumen in terms of commercial, financial and or technical expertise in relation to information and communications technology management.

BOARDS RESPONSIBILITIES

Strategic Direction:

The Board provides good stewardship vision and strategic direction to the institution whilst transparency and accountability is maintained. The Board also reviews and monitors the Company's activities.

Business Performance:

Reviews Business Results on a regular basis and guides the management on and appropriate direction in achieving forecast results.

Management Risk:

A risk management system was developed and periodically reviewed. Review of the risk management is depicted on pages 17 and 18

Code of Business Conduct and Ethics:

The Code of Conduct and Ethics are clearly defined from the Board of Directors downwards to every employee.

Financial Performance of the Company:

The Board sits once in three months to review the financial performance of the company. The Quarterly Accounts are reviewed by the Audit Committee before recommending to the Board of Directors to consider for adoption and release to the public. Recommending of final dividends are considered and recommended by the Board of Directors.

Investor Rights and Relations:

The Company communicates regularly with its shareholders updating them on the company's position and performance through the quarterly reports.

The Annual Report provided a comprehensive assessment of the company's performance during the year.

Audit:

An independent statutory audit is carried out annually and the appointment of auditors M/s Kreston MNS & Co Chartered Accountants for the ensuing year is recommended to the shareholders at the Annual General Meeting.

COMPOSITION AND ATTENDANCE MEETINGS

The Board of Directors and Audit committee meet quarterly to discharge its duties effectively. The table below shows the attendance of Directors to the Board meetings and committee meetings.

Name of Director	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting
1. Mrs I.R.Rajiyah	3/4	-	-
2. Dr S.R.Rajiyah	4/4	-	-
3. Mr S.V.Rajiyah	4/4	-	-
4. Ms A.L.Rajiyah	4/4	-	-
5. Mr C.J.De.S.Amaratunga	4/4	4/4	1/1
6. Mr T.K.Bandaranayake	4/4	4/4	-
7. Mr L.M.Abeywickrama	2/4	-	1/1
8. Mr M.S.Dominic	3/4	2/4	1/1
9. Mr J.M.Swaminathan	4/4	-	-

CORPORATIVE GOVERNANCE (CONT.)

BOARD BALANCE

The Board as at the date of this statement consists of nine members of which five members are Non-Executive Directors and four are Executive Directors. All Non Executive Directors are independent as defined under the Listing Rules of the Colombo Stock Exchange.

There is a Board balance and complies with the independent Directors criteria set out under Listing Rules of the Colombo Stock Exchange. Together, the Directors with their wide experience in both the public and private sectors and diverse academic backgrounds provide a collective range of skills, expertise and experience which is vital for the successful direction of the Group. A brief profile of each Director is presented on pages 7 and 8.

There is a distinct and clear division of responsibilities between the Chairperson and the Management to ensure that there is a balance of power and authority. The roles of the Chairperson and the Management are separated and clearly defined. The Chairperson 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.

SUPPLY OF INFORMATION

The Directors are provided with quarterly reports on performance, minutes of quarterly meetings and such other reports and documents as are necessary. The Chairperson ensures all Directors are adequately briefed on issues arising at Meetings.

RE-ELECTION OF DIRECTORS

The provision of the Company's Articles of Association requires that one third of the Non Executive Directors 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

GOING CONCERN

The Directors, after making necessary inquiries and reviews including reviews of the Group's budget for

the ensuing year, capital expenditure requirements 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.

INTERNAL CONTROL

The Board is responsible for the company's internal controls and for reviewing their 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, however that any system can ensure only reasonable and not absolute, assurance that errors and irregularities are prevented or detected within a reasonable time.

COMMUNICATION WITH STAKEHOLDERS

Shareholders are provided with Quarterly Financial Statements and the Annual Report, which the Group considers as its principal communication with them and other stakeholders. These reports are provided to the Colombo Stock Exchange.

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, comply with the recommendations 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 control. The Committee has full access to the external auditors who, in turn, have access at all times to the Chairman of the Committee. The Committee meets with the external auditors without any executive present, at least once a year, in line with good corporate governance practice.

CORPORATIVE GOVERNANCE (CONT.)

The report of the Audit Committee is presented on pages 14 and 15 and the duties of the Audit Committee are included therein.

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.

CORPORATE GOVERNANCE DISCLOSURE

The Company has published quarterly financial statements with the necessary explanatory notes as required by the Rules of the Colombo Stock

Exchange and the Securities and Exchange Commission of Sri Lanka to all stakeholders. Any other financial and non financial information, which is price sensitive or warrants the shareholders and stakeholder's attention and consideration, is promptly disclosed to the public.

MAJOR TRANSACTIONS

There are no transactions during the year under review which fall within the definition of 'Major Transaction' in terms of the Companies Act, except as disclosed in this report.

AUDIT COMMITTEE REPORT

In keeping with the Code of Best Practice on Corporate Governance and the requirements of the Securities and Exchange Commission for Public Limited Companies, Renuka Holdings PLC has established an Audit Committee whose functions, 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 Code of Best Practice on Corporate Governance.

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

FORMATION AND COMPOSITION OF THE COMMITTEE

The Audit Committee was established by the Board with a formal and transparent arrangement and the committee comprises of three Independent Non-Executive Directors.

1. Mr T.K.Bandaranayake
2. Mr C.J.De.S.Amaratunge
3. Mr. M.S. Dominic

The Chairman of the Audit Committee is:

Mr Tissa K.Bandaranayake, who is an Independent Non-Executive Director, a fellow member of The Institute of Chartered Accountants of Sri Lanka and a former Senior Partner of Messrs Ernst & Young, Chartered Accountants with expert knowledge in Accounting and Finance.

DUTIES AND RESPONSIBILITIES

In brief, the duties and responsibilities performed by the Audit Committee are as follows:

EXTERNAL AUDIT

- ❖ Recommending the appointment of external auditors of Renuka Holdings PLC for each financial year.
- ❖ Examine any non-audit work performed by the Auditors and the fees thereon to ensure that their objectivity and independence is not impaired
- ❖ Reviewing the scope and result of the audit and its effectiveness
- ❖ Discussing with the External Auditors before commencement of the audit and at the conclusion of the audit, in relation to audit plan, key audit issues and their resolution, management responses and recommending to the Board and the remuneration of the auditors.

COMPLIANCE WITH LAWS AND REGULATIONS AND COMPANY POLICIES

- ❖ Reviewing the extent of compliance with the laws of the country, Governmental regulations, listing rules and established policies of the Company.

INTERNAL CONTROLS

- ❖ Ensuring that the companies internal controls and risk management practices are adequate to meet the requirements of the Sri Lanka Auditing Standard, and are being duly performed.

RISK MANAGEMENT

- ❖ Reviewing and discussing the business risk management processes and procedures adopted by the Group to manage and mitigate the effects of such risks and measures taken to minimize the impact of such risks.
- ❖ Monitoring the policies and practices related to risk management
- ❖ Obtaining statements of business risks, evaluating the severity the process in place for the management of these risks and persons responsible for the management of risks within specified time frames.

AUDIT COMMITTEE REPORT (CONT.)

FINANCIAL STATEMENTS

- ❖ Ensuring proper standardized updated systems for financial reporting
- ❖ Holding of meetings with the Head of Finance to ensure proper controls and segregation of duties to minimize risks.
- ❖ Reviewing Company's quarterly unaudited and annual Audited Financial Statements and making recommendations to the Board for their approval and release.

MEETINGS

The Audit Committee held four meetings during the year under review. The proceedings of the Audit Committee are regularly reported to the Board of Directors.

The Chairman of the Audit Committee has been empowered to convene regular meetings with the Financial Controller, sectional Heads and Company's external auditors, separately and periodically as deemed necessary.

EVALUATION OF THE EFFECTIVENESS OF THE COMMITTEE

The Board reviews and updates the Committee Charter annually according to the changes in business operations of the organization. The minutes of the meetings and other reports from the Audit Committee are submitted to the Board of Directors.

Sgd
Mr Tissa K. Bandaranayake
Chairman
27th August 2014

REMUNERATION COMMITTEE REPORT

The Remuneration Committee of Renuka Holdings PLC consists of three Non-Executive Directors and the Managing Director may also be invited to join in the deliberations as required.

The members are:

1. Mr. C.J.De.S. Amaratunga
2. Mr. M.S. Dominic
3. Mr. L.M. Abeywickrama

The Committee studies and recommends the remuneration and perquisites applicable to the Key Management personnel of the Company and makes appropriate recommendations to the Board of Directors of the Company for approval.

The Group policy on remuneration packages is to attract and retain the best professional managerial talent to the 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 equity and fairness between the various employees is maintained, no discrimination is practiced on account of gender, age, ethnicity or religion, recognizes the basic needs of staff

and ensures that compensation addresses cost of living and inflation, particularly in the lower income groups.

The Committee studies and recommends the remuneration and perquisites applicable to the Key Management Personnel of the Group and makes appropriate recommendations to the Board of Directors of the Company for approval.

The Committee also carries out periodic reviews to ensure that the remunerations are in line with market conditions.

Sgd
C.J.De.S.Amaratunga
Chairman
27th August 2014

ENTERPRISE RISK MANAGEMENT

Risk management is an integral part of our business, since balancing risks against returns is a critical trade off decision we have to make every day when it comes to investment decision making. We have in place several measures to strengthen our risk management processes which are linked to our daily investment decisions. These include policies to mitigate business risks along with the upgrading of the support systems that enable easy monitoring and management risks.

We reviewed and refined our investment processes balancing rigor 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 operations.

INTERNAL CONTROLS

The Company maintains a system of internal controls designed to provide a high degree of assurance regarding the effectiveness and efficiency of operations, the adequacy of safeguards for assets, the reliability of financial controls, and compliance with applicable laws and regulations.

BUSINESS RISK

Our Group's risk management framework takes into account the range of risks to be managed, the systems and processes in place to deal with these risks, and the chain of responsibility within the organization to monitor the effectiveness of our mitigation measures. The risks that we take into account in the pursuit of our business goals are detailed below.

COMPETITIVE ENVIRONMENT

Our businesses are highly competitive. Failure to compete with competitors on areas including price, product range, quality and service would have an adverse effect on the Group's financial results. Hence we aim to have a broad appeal in price, range and format in a way that allows us to compete effectively in different markets.

PEOPLE CAPABILITIES

Our greatest asset is our employees. It is critical to our success to attract, retain, develop and motivate the best people with the right capabilities at all levels of operations. We review our people and policies regularly and are committed to investing in development and incentives for our people. There are clear processes for understanding and responding to employees' needs through HR initiatives, and communication of business developments.

HEALTH AND SAFETY RISKS

The safety of our staff and customer is of paramount importance to us. We operate stringent health and safety processes in line with best practice in our manufacturing facilities, stores and offices.

IT SYSTEMS AND INFRASTRUCTURE

The business is dependent on efficient information technology (IT) systems. We recognize the essential role that IT plays across our operations in allowing us to trade efficiently through the implementation of effective IT solutions. We have extensive controls in place to maintain the integrity and efficiency of our IT infrastructure and to ensure consistency of delivery, and all relevant staffs are effectively engaged to mitigate IT related risks through effective policy and procedures as well as increased awareness.

MARKET RISK

In order to eliminate loss of market share or market leadership, we monitor market and customer needs and develop innovations that add value to our customers. We also enhance productivity and efficiency to improve price competitiveness and investing in high quality machinery and equipment.

PRODUCT RISK

Product risk implies any negative effect of perceived impact of our product on stakeholders in general which could bring down our market share. We employ established operating procedures to review and approve all raw materials prior to use to ensure that quality control

ENTERPRISE RISK MANAGEMENT (CONT.)

is maintained. We take into account safety, health and environmental hazards to cover all avenues of possible negative publicity. Our research and development team is equipped to field any technical questions about our product, whilst our marketing and distribution procedures ensure complete control of the supply chain.

OPERATIONAL RISKS

We manage operational risks by identifying areas of risk, formulating plans for their management, promoting best practices, implementing internal controls and systems and monitoring compliance. Operational risks mainly cover the areas of system failure, continuity of decision making, dealing with contingencies and ensuring efficiency in operations and correct application of recommended management practices.

LEGAL COMPLIANCE

The legal support services to Renuka Holdings PLC management come through the legal department which ensures that the Renuka Holdings PLC complies with all legal and regulatory provisions applicable to it. The legal function proactively identifies and sets up appropriate systems and processes for legal and regulatory compliance in respect of all our investments. We also ensure legal and regulatory compliance in any foreign country that we have invested in or operate in, and in such instances through legal counsel retained in those environments. Similarly, the internal audit function of the Group ensures the safeguarding of company assets and recommends process improvements in areas where process control failures are noted.

REGULATORY COMPLIANCE

The operations of the Renuka Holdings PLC come within the rules and regulations applicable to companies listed on the CSE and regulations applicable to securities trading set by the Securities and Exchange Commission of Sri Lanka. Our systems and processes are structured to satisfy the criteria set by these regulations and staffs are constantly kept aware of the compliance needs imposed by these regulations.

FINANCIAL RISK

Financial risk management obligations and policies have been described in the note No 44 of the notes to the Financial Statement.

ISSUES PERTAINING TO EMPLOYEES AND INDUSTRIAL RELATIONSHIP

The Board of Directors reviews all the issues with regard to employees and Industrial Relation which affect the performance of the Group. Renuka Holdings PLC takes considerable amount of steps to ensure employees are satisfied at all the levels and their issues are addressed in order to retain talented employees. A well structured grievance handling system is in place to handle the grievance of employees at all levels. We also ensure proper industrial relationships with all the governmental agencies. There are no issues which affect the company's performance to be disclosed.

SUSTAINABILITY REPORT

Sustainability is the key element of our strategy for future growth where the resource efficient, environmentally responsible manufacturing of products and provision of services that deliver sustainability benefits can leverage commercial advantage for the group.

The key business drivers 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 our costs and at the same time reduces our impact on the environment. The second approach focuses on our partnerships with our stakeholders. Stakeholders are any individual or party that has an interest in our group, and who are affected by, or can affect our organizational activities. Partnerships help to build trust among our key stakeholders and to reach a better understanding on a variety of issues. It can also pave the way for more successful solutions to problems, concerns and challenges.

INTERNAL OPERATIONS

Economic Performance -

Implemented IT/ERP systems for the group which monitors all aspects in providing up to date information and real time data.

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 1420 and expanding, creation of a group identity and belongings is priority. We also have an open communication policy and implemented a process to identify corruption within the business units. Effective two way communication with employees is important and in particular face to face dialogue. Communication on matters are through e-mails, presentations and team briefings. Employees are also encouraged to access the corporate websites.

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 business will have on human life. We maintain in good order the property we are privileged to use, protecting the environment and our natural resources.

STAKEHOLDER ENGAGEMENT

Our Customers -

In meeting their needs, everything we must do must be of world class quality. We engage our customers through weekly, monthly and annual meetings, customer visits, International trade fair participation and corporate websites.

Our Employees -

The foundation that our business is built on. Our constant employee engagement helps us to retain and motivate our employees and to maintain an organizational culture formed by respect, honesty and integrity. We pay considerable attention to employee remuneration, career and progress, health and safety and organizational ethics.

Our business partners -

We have built lasting business relationships all over the world and not only centered in Sri Lanka. It is through our business partners that we co exist to full fill customer needs and wants. We also look at our business partners as a resource base to develop business efficiencies and innovative products.

Our Investors/Shareholders -

Shareholder engagement is important to us to have access to growth capital and in the process we must make a sound profit. 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.

SUSTAINABILITY REPORT (CONT.)

Local Community-

Renuka has been actively involved in supporting the rural farmer network for our coconut division as well as the dairy division. Renuka procures over Rs 1 Bn worth of produce from our farmer net work. It also conducts farmer training programmes, medical camps, veterinary services which assist in improving the livelihood and wellness of the communities within Sri Lanka.

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 BOARD OF DIRECTORS

The Board of Directors of Renuka Holdings PLC is pleased to present its Report and the Audited Financial Statements of the Company and its subsidiaries ('the Group') for the financial year ended 31st March 2014.

The details set out herein provide the pertinent information required by the Companies Act No.07 of 2007, the Colombo Stock Exchange Rules and are guided by recommended best Accounting Practices.

THE PRINCIPAL ACTIVITIES OF THE GROUP AND STRUCTURE

Renuka Holdings PLC carries on the activity of investing in subsidiary companies', shares listed on the Colombo Stock Exchange and debt instruments.

REVIEW OF BUSINESS

The review of the performance during the year, with comments on financial results and future developments is contained in the Chairperson's statement. These reports form an integral part of the report of the Directors.

FINANCIAL RESULTS

The company recorded a net profit of Rs 27 Mn and Net Profit of Rs 269 Mn at group level for the year. An abridgement of the performance is presented in the table below.

For the year ended 31st March

	Group		Company	
	2014 Rs 000	2013 Rs 000	2014 Rs 000	2013 Rs 000
Profit /Loss after taxation	269,008	271,969	27,053	39,668
Profit attributable to Equity holders	191,728	188,881	27,053	39,668

AUDITORS REPORT

The Auditors report on the financial statement is given on page 28 of this Annual Report

ACCOUNTING POLICES

The accounting policies adopted in the preparation of the financial statements are given on page 34 to 52. There have been no changes in the accounting policies adopted by the Group during the year under review.

FINANCIAL STATEMENTS

Financial statements of the Group comprises the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows together with the accounting policies and notes to the Financial Statements for the year ended 31st March 2014 are set out in page 29 to 94.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Statement of Director's Responsibilities for the Financial Statements is given on page 25.

DIRECTORS' INTEREST

Directors' interest in contracts or proposed contracts with the Company both direct and indirect are disclosed on page 85 & 86 of the Annual Report under related party transactions. The above discloses the transaction with entities where a Director either has control or exercise significant influence. These interests have been declared at Director's Meetings.

DIRECTORS' INTERESTS IN TRANSACTIONS AND SHARES

The Directors have no direct or indirect interest in any other contracts or proposed contracts in relation to the business of the Company, while they had the following interest in Ordinary shares of the Company.

REPORT OF THE BOARD OF DIRECTORS (CONT.)

Shareholding of Directors together with their spouses:

	2014		2013	
	Voting	Non Voting	Voting	Non Voting
Mrs I. R. Rajiyah	-	-	-	-
Dr S. R. Rajiyah	-	-	-	-
Dr S. R. Rajiyah & Mrs I. R. Rajiyah	2,225,866	85,771	2,225,866	88,771
Mr S. V. Rajiyah	77,491	2017,707	77,491	2017,707
Ms A. L. Rajiyah	148,338	21,425	-	-
Mr C. J. De. S. Amaratunge	11,641	-	11,641	-
Mr L. M. Abeywickrama	-	-	-	-
Mr T. K. Bandaranayake	-	-	-	-
Mr M. S. Dominic	-	-	-	-
Mr J. M. Swaminathan	-	-	-	-

REMUNERATION OF DIRECTORS

Directors' remuneration, in respect of the Company for the financial year ended 31st March 2014 is given in Note 42 to the Financial Statements, on page 85.

CORPORATE DONATIONS

During the year donations amounting to Rs 29,000 were made by the Group.

DIRECTORS

The names of the Directors who served during the year are given under corporate information provided in the back inner cover of the Annual Report.

RECOMMENDATION FOR RE-ELECTION

- In terms of Article 28 (1) of the Articles of Association of the Company, Mr. L.M. Abeywickrama retires by rotation and being eligible, offers himself for re-election at the forthcoming Annual General Meeting.
- Mr. C.J. De S. Amaratunge who is above the age of 70 years and a notice of an Ordinary Resolution has been received from a shareholder pursuant to /Section 211 of the Companies Act No. 07 of 2007, for the re-appointment at the forthcoming Annual

General Meeting, notwithstanding the age limit of 70 years stipulated by Section 210 of the Companies Act No. 7 of 2007. The Directors recommend the adoption of the Ordinary Resolution.

- Mr. T.K. Bandaranayake who is above the age of 70 years and a notice of an Ordinary Resolution has been received from a shareholder pursuant to /Section 211 of the Companies Act No. 07 of 2007, for the re-appointment at the forthcoming Annual General Meeting, notwithstanding the age limit of 70 years stipulated by Section 210 of the Companies Act No. 7 of 2007. The Directors recommend the adoption of the Ordinary Resolution.
- Mr. J.M. Swaminathan who is above the age of 70 years and a notice of an Ordinary Resolution has been received from a shareholder pursuant to /Section 211 of the Companies Act No. 07 of 2007, for the re-appointment at the forthcoming Annual General Meeting, notwithstanding the age limit of 70 years stipulated by Section 210 of the Companies Act No. 7 of 2007. The Directors recommend the adoption of the Ordinary Resolution.

AUDITORS

Company's Auditors during the year under review were Messrs. Kreston MNS Chartered Accountants. Their report on the Financial Statements is given on page 28 of the Annual Report.

As far as the Directors are aware the Auditors do not have any other relationship or interest with the Company 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.

REPORT OF THE BOARD OF DIRECTORS (CONT.)

CORPORATE GOVERNANCE

Compliance of corporate governance rules as per the Listing Rules of the Colombo Stock Exchange (CSE)

BOARD OF DIRECTORS

The following Directors held office as at the balance sheet date. Brief profiles of the Current Directors are given in pages 7 & 8 of the Annual Report.

Directors	Executive	Non-Executive	Independent
Dr. S.R.Rajiyah	✓		
Mrs. I.R.Rajiyah	✓		
Mr. S.V. Rajiyah	✓		
Ms. A.L. Rajiyah	✓		
Mr. C.J.De.S. Amaratunge		✓	✓
Mr. L.M. Abeywickrama		✓	✓
Mr. M.S. Dominic		✓	✓
Mr. T.K. Bandaranayake		✓	✓
Mr. J.M. Swaminathan		✓	✓

AUDIT COMMITTEE

1. Mr. T.K. Bandaranayake (Chairman)
2. Mr. C.J. De S. Amaratunge
3. Mr. M.S. Dominic

REMUNERATION COMMITTEE

1. Mr. C.J. De S. Amaratunge (Chairman)
2. Mr. M.S. Dominic
3. Mr. L.M. Abeywickrama

SOLVENCY TEST

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

DIVIDENDS

The Board of Directors has recommended a payment of Rs 0.70 per share payable for 2013/2014 (2012/2013 – Rs 0.70 per share). The Directors are confident that the company

would meet the Solvency Test requirement under section 56 (2) of the companies Act No.7 of 2007 immediately after the proposed final dividend distribution.

STATED CAPITAL

The stated capital of the Company as at 31st March 2014 was Rs 175Mn comprising of Voting Ordinary shares of 44,517,313 and Non Voting Ordinary shares of 6,428,415.

SHAREHOLDERS FUNDS

Total Group shareholders funds stood at Rs 4.8 Bn as at 31st March 2014 (2013 Rs 4.2 Bn) comprising stated capital of Rs 175 Mn and reserves of Rs 4.6 Bn. The movements are shown in the statement of changes in equity.

PROPERTY, PLANT & EQUIPMENT

The carrying value of Property, Plant & Equipment for the Group as at 31st March 2014 amounted to Rs 2.5 Bn. The total expenditure on the acquisition of property, plant & equipment during the year in respect of new assets and replacements by the Group amounted to Rs 170 Mn.

STATUTORY PAYMENTS

The Directors to the best of their knowledge and belief are satisfied that all statutory payments have been paid up to date or have been provided for in these financial statements.

GOING CONCERN

The Board of Directors is satisfied that the Company has adequate resources to continue its operations in the foreseeable future. Accordingly, the financial statements are prepared based on the going concern concept.

EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Subsequent to the balance sheet date, no material circumstances have arisen, which would require adjustments to or disclosure in these financial statements other than those disclosed in note 36 to these financial statements.

REPORT OF THE BOARD OF DIRECTORS (CONT.)

SHARE INFORMATION

Information relating to shareholding earnings dividend, net assets and market price per share are given on pages 97 to 99 of the Annual Report.

ANNUAL REPORT

The Board of Directors approved the Company's Financial Statements together with the reviews which forms part of the Annual Report, on 27th August 2014. The appropriate number of copies of the Report would be submitted to the Colombo Stock Exchange, Sri Lanka Accounting and Auditing Standard Monitoring Board and the Registrar of Companies within the given time frames.

By order of the Board

Sgd
Mrs I.R.Rajiyah
Chairperson

Sgd
Dr. S.R Rajiyah
Director

27th August 2014

NOTICE OF MEETING

The notice of meeting of the 34th Annual General Meeting is given on page No 100.

PUBLIC HOLDING

The percentage of shares held by the public as at 31st March 2014 was Voting 42.94 % & Non-Voting 94.61% (2013 Voting 43.17% & Non-Voting 94.95%).

Sgd
Renuka Enterprises (Pvt) Ltd
Company Secretaries

STATEMENT OF DIRECTORS' RESPONSIBILITY

This Statement of Directors' responsibilities is to be read in conjunction with the Report of the Auditors and is made to distinguish the respective responsibilities of the Directors and the Auditors in relation to the Financial Statements contained in this Annual Report.

The Directors of your Company are required by the Companies Act No.7 of 2007 to prepare Financial Statements which give a true and fair view of the state of affairs of the Company and of the Group as at the end of the financial year, and of the income and expenditure of the Company and of the Group for the financial year.

The Directors confirm that the Financial Statements of the Company for the year ended 31st March 2014 presented in the Report have been prepared in accordance with the Sri Lanka Accounting Standards and the Companies Act of No.7 of 2007. In preparing the Financial Statement, the Directors have selected appropriate accounting policies and have applied them consistently. Reasonable and prudent judgment and estimates have been made and applicable accounting standards have been followed and the Financial Statements have been prepared on a going concern basis.

The Directors are of the view that adequate funds and other resources are available within the company for the company to continue in operation for the foreseeable future.

The Directors have also taken all reasonable steps to ensure that the Company and its subsidiaries maintain adequate and accurate accounting books of record which reflect the transparency of transactions and provide an accurate disclosure of the Company's financial position.

The Directors are required to provide the Auditors with every opportunity to take whatever steps and undertake whatever inspection they consider appropriate for the purpose of enabling them to give their Audit Report. The Directors are of the view that they have discharged their responsibilities in this regard.

As required by section 56 (2) of the Companies Act No.7 of 2007, the Board of Directors have confirmed that the Company satisfies the Solvency test immediately after the distribution, in accordance with section 57 of the Companies Act No.7 of 2007.

By order of the Board
RENUKA ENTERPRISES (PVT) LTD

Sgd
Company Secretaries
27th August 2014



Independent Auditors' Report	28
Statements of Finance Position	29
Income Statement	30
Statements of Comprehensive Income	31
Statements of Changes in Equity	32
Statements of Cash Flows	33
Notes to the Financial Statement	34-94

FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

Kreston MNS & Co

Chartered Accountants
PO Box 210
50/2, Sir James Peiris Mawatha
Colombo 02, Sri Lanka
T +94 (0) 11 2323571
F +94 (0) 11 2433388
E audit@kreston.lk
www.webasia.com/kreston

TO THE SHAREHOLDERS OF RENUKA HOLDINGS PLC
REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying Financial Statements of Renuka Holdings PLC ("the Company") and the Consolidated Financial Statements of the Company and its subsidiaries ("the Group"), which comprise the Statements of Financial Position as at 31st March 2014, the Income Statement, Statements of Comprehensive Income, Statement of Changes in Equity and Statements of Cash Flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory notes set out on pages 29 to 94 of the annual report.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these Financial Statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Financial Statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

SCOPE OF AUDIT AND BASIS OF OPINION

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall Financial Statement presentation.

Partners:

Ms Y Shirani de Silva, FCA, FCMA
Ms Sivaselvi Balachandran, FCA, FCMA
S Rajanathan, FCA, FCMA (UK)
N K Atukorala, FCA, ACMA
Ms H D S C A Tilakaratne, FCA, ACMA
K I Skandadasan, BSc (Madras), FCA, ACMA
R L R Balasingham, FCA, ACMA

Kreston MNS & Co

City Office at 18-1/2A, First Floor, State Bank of India Building, Colombo 01. T +94 (0) 11 2327444
Branches in Anuradhapura, Badulla, Batticaloa, Hatton, Jaffna, Kandy, Kurunegala, Matara, Negombo, Nuwara Eliya, Trincomalee
Correspondent firm within Grant Thornton International Ltd (Grant Thornton International)
Grant Thornton International and the member and correspondent firms are not a worldwide partnership.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

OPINION- COMPANY

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended 31st March 2014 and the Financial Statements give a true and fair view of the financial position of the Company as at 31st March 2014, and of its financial performance and its cash flow for the year then ended in accordance with Sri Lanka Accounting Standards.

OPINION- GROUP

In our opinion, the Consolidated Financial Statements give a true and fair view of the financial position of the Group as at 31st March 2014, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

These Financial Statements also comply with the requirements of Section 151(2) and 153(2) to 153(7) of the Companies Act No. 07 of 2007.



CHARTERED ACCOUNTANTS
Colombo
27th August 2014

STATEMENTS OF FINANCIAL POSITION

As at	Note	Group		Company	
		31.03.2014	31.03.2013	31.03.2014	31.03.2013
		Rs.	Rs.	Rs.	Rs.
ASSETS					
Non-Current Assets					
Property, Plant & Equipment	4	2,525,979,843	2,480,286,064	-	-
Intangible Assets	5	134,957,311	139,072,459	-	-
Investment Property	6	937,000,000	788,007,500	-	-
Right to Use Land	7	279,044,358	285,022,698	-	-
Biological Assets	8	35,648,016	29,513,248	-	-
Investment Securities	9	376,000,000	-	-	-
Investment in Subsidiaries	10 (a)	-	-	852,000,010	102,000,010
Investment in Joint Ventures	10 (c)	-	-	59,491,500	59,491,500
Other Investments	10 (d)	223,958,952	223,958,952	-	-
Deferred Tax Asset	19	26,737,471	27,839,487	-	-
		4,539,325,951	3,973,700,4098	911,491,510	161,491,510
Current Assets					
Inventories	12	1,091,643,415	807,390,983	-	-
Short Term Investments in Shares	11	3,658,840	-	-	-
Trade and Other Receivables	13	1,041,669,711	993,421,527	-	-
Other Current Assets	14	108,611,543	78,637,439	-	-
Income Tax Refund Due	25	5,932,185	6,199,811	-	-
Amounts due from Related Companies	15	7,911,349	35,909,094	6,540,000	799,186,660
Short Term Investments in Deposits	16	310,355,548	37,013,597	24,884	613,187
Cash at Bank and Cash in Hand	17	215,305,797	121,020,714	1,168,239	1,741,596
		2,785,088,387	2,079,593,163	7,733,123	801,541,443
Total Assets		7,324,414,339	6,053,293,571	919,224,633	963,032,953
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated Capital	18	175,000,000	175,000,000	175,000,000	175,000,000
Retained Earnings		2,649,111,332	2,081,548,504	386,105,636	394,714,320
Equity Attributable to Equity holders of Parent		2,824,111,332	2,256,548,504	561,105,636	569,714,320
Non Controlling Interest		2,012,814,534	1,974,003,762	-	-
Total Equity		4,836,925,866	4,230,552,266	561,105,636	569,714,320
Non Current Liabilities					
Deferred Tax Liability	19	48,377,308	43,574,815	-	-
Interest Bearing Borrowings and Lease Installments due after one year	20 (a)	169,431,548	254,160,690	-	-
Retirement Benefit Obligation	21	56,896,203	50,359,880	-	-
		274,705,059	348,095,385	-	-
Current Liabilities					
Trade and Other Payables	22	753,266,824	567,093,468	1,308,972	1,132,086
Other Current Liabilities	23	106,108,510	214,451,834	199,280	48,552
Interest Bearing Borrowings and Lease Installments due within one year	20 (b)	755,806,062	478,075,542	-	-
Amount due to Related Companies	24	324,450,000	2,280,932	356,436,140	391,894,980
Income Tax Payable	25	-	-	104,623	243,015
Bank Overdraft	17	273,152,018	212,744,145	69,982	-
		2,212,783,413	1,474,645,920	358,118,997	393,318,633
Total Equity and Liabilities		7,324,414,339	6,053,293,571	919,224,633	963,032,953

The Accounting Policies and Notes on page 34 to 94 form an integral part of these Financial Statements.

I certify that the above Financial Statements comply with the requirements of the Companies Act No. 07 of 2007.

Sgd

P. Gunathilake

Chief Operating Officer - Shared Services

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

Approved and Signed on behalf of the Board of Directors.

Sgd

Dr S.R Rajiyah

Director

Sgd

S.V Rajiyah

Director

27th August 2014.
Colombo

INCOME STATEMENTS

For The Year Ended 31st March		Group		Company	
		2014	2013	2014	2013
	Note	Rs.	Rs.	Rs.	Rs.
Revenue	26	7,177,796,724	6,521,083,734	27,994,794	694,297,762
Carrying value of Investment Disposed		-	(290,977,115)	-	(654,955,651)
Cost of Sales		(5,795,971,793)	(4,873,876,681)	-	-
		1,381,824,932	1,356,229,939	27,994,794	39,342,111
Other Operating Income	27	193,705,324	263,830,700	-	-
Distribution Expenses		(659,515,708)	(542,730,737)	-	-
Administrative Expenses		(511,929,408)	(553,040,398)	(1,789,386)	(2,295,499)
Other Operating Expenses		(13,816,707)	(114,999,959)	-	-
Profit from Operations		390,268,433	409,289,545	26,205,407	37,046,612
Finance Income	28	12,880,031	29,709,353	1,080,236	3,584,283
Finance Cost	29	(115,406,413)	(159,017,764)	(35,714)	(310,909)
Other Financial Items	30	10,834,984	2,193,107	-	-
Profit on Disposal of Subsidiaries	35(b)	2,259,579	429,629	-	-
Profit before Taxation	31	300,836,614	282,603,870	27,249,929	40,319,986
Taxation	32	(31,828,592)	(10,634,498)	(196,603)	(651,949)
Profit for the year		269,008,021	271,969,372	27,053,326	39,668,037
Attributable to :					
Equity Holder of the Parent		191,728,353	188,881,413	27,053,326	39,668,037
Non Controlling Interest		77,279,669	83,087,959	-	-
		269,008,021	271,969,372	27,053,326	39,668,037
Earnings Per Share	33	3.76	3.71	0.53	0.78
Dividend per Share	34	0.70	0.70	0.70	0.70

The Accounting Policies and Notes on page 34 to 94 form an integral part of these Financial Statements.

Figures in brackets indicate deductions

STATEMENTS OF COMPREHENSIVE INCOME

For The Year Ended 31st March	Group		Company	
	2014 Rs.	2013 Rs.	2014 Rs.	2013 Rs.
Profit for the year	269,008,021	271,969,372	27,053,326	39,668,037
Other comprehensive income for the year				
Defined benefits plan actuarial gains	2,994,621	3,933,969	-	-
Tax on Other Comprehensive Income	(498,511)	(1,334,603)	-	-
Total other comprehensive income for the year	2,496,110	2,599,366	-	-
Total comprehensive income for the year	271,504,132	274,568,738	27,053,326	39,668,037
Total Comprehensive Income Attributable to:				
Equity Holder of the Parent	192,921,514	191,480,779	27,053,326	39,668,037
Non Controlling Interest	78,582,618	83,087,959	-	-
	271,504,132	274,568,738	27,053,326	39,668,037

The Accounting Policies and Notes on page 34 to 94 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

STATEMENTS OF CHANGES IN EQUITY

Group	Note	Stated Capital	Retained Earnings	Non Controlling Interest	Total
		Rs.	Rs.	Rs.	Rs.
Balance as at 31st March 2012		175,000,000	1,898,743,080	1,587,533,340	3,661,276,420
Profit for the year		-	188,881,413	83,087,959	271,969,372
Other Comprehensive Income		-	2,599,366	-	2,599,366
Total comprehensive income		-	191,480,779	83,087,959	274,568,738
Adjustments due to Disposal of subsidiaries		-	-	(425,987)	(425,987)
Adjustments due to changes in Shareholdings of Subsidiaries and shared issue to Non Controlling Interest		-	26,986,655	358,672,251	385,658,906
Cash Dividend Paid	34	-	(35,662,010)	(54,863,801)	(90,525,811)
Balance as at 31st March 2013		175,000,000	2,081,548,504	1,974,003,762	4,230,552,266
Balance as at 1st April 2013		175,000,000	2,081,548,504	1,974,003,762	4,230,552,266
Profit for the year		-	191,728,353	77,279,669	269,008,021
Other Comprehensive Income		-	1,193,162	1,302,949	2,496,110
Total comprehensive income		-	192,921,514	78,582,618	271,504,132
Adjustments due to Disposal of subsidiaries		-	-	(6,309,801)	(6,309,801)
Adjustments due to changes in shareholdings of Subsidiaries	35(a)	-	410,303,324	12,115,108	422,418,432
Cash Dividend Paid	34	-	(35,662,010)	(45,577,153)	(81,239,163)
Balance as at 31st March 2014		175,000,000	2,649,111,332	2,012,814,534	4,836,925,866

Company		Stated Capital	Retained Earnings	Total
		Rs.	Rs.	Rs.
Balance as at 31st March 2012		175,000,000	390,708,293	565,708,293
Profit for the year		-	39,668,037	39,668,037
Other Comprehensive Income		-	-	-
Total comprehensive income		-	39,668,037	39,668,037
Cash Dividend Paid for 2011/2012	34	-	(35,662,010)	(35,662,010)
Balance as at 31st March 2013		175,000,000	394,714,320	569,714,320
Balance as at 1st April 2013		175,000,000	394,714,320	569,714,320
Profit for the year		-	27,053,326	27,053,326
Other Comprehensive Income		-	-	-
Total comprehensive income		-	27,053,326	27,053,326
Cash Dividend Paid for 2012/2013	34	-	(35,662,010)	(35,662,010)
Balance as at 31st March 2014		175,000,000	386,105,636	561,105,636

The Accounting Policies and Notes on page 34 to 94 form an integral part of these Financial Statements.

STATEMENTS OF CASH FLOWS

For The Year Ended 31st March		Group		Company	
		2014	2013	2014	2013
Note		Rs.	Rs.	Rs.	Rs.
CASH FLOW FROM OPERATING ACTIVITIES					
	Profit before Taxation	300,836,614	282,603,870	27,249,929	40,319,986
	Adjustments :				
	Interest Income	28 (12,880,031)	(29,709,353)	(1,080,236)	(3,584,283)
	Provision for Retiring Gratuity	21 15,194,309	13,946,011	-	-
	Depreciation	4 127,462,707	106,230,249	-	-
	Amortization of Intangible Assets	5 4,115,148	2,899,128	-	-
	Interest Paid	29 107,457,228	147,159,844	35,714	310,909
	Lease Interest	29 370,322	487,423	-	-
	Amortisation of Leasehold Assets	7 5,978,340	15,235,483	-	-
	(Loss) on Disposal of Property Plant & Equipment	27 (3,149,516)	(4,937,423)	-	-
	Change in fair value of Investment Property	6 (148,992,500)	(191,080,500)	-	-
	Assets Written Off	-	114,999,959	-	-
	Short Term Financial Assets Written off	-	40	-	40
	Carrying Value of Investment Disposed	-	290,977,115	-	112,780,160
	(Profit)/ Loss on disposal of subsidiary	35(b) (2,259,579)	(429,629)	-	1,209,653
	Fair value adjustment of biological assets	8 (6,056,368)	(1,135,379)	-	-
	Provision for Stock Loss	12 3,863,453	24,587,578	-	-
	Provision for impairment of Doubtful debt	13 7,578,863	11,370,457	-	-
	Operating Profit before changes in Working Capital	399,518,991	783,204,872	26,205,407	151,036,465
	(Increase) / Decrease in :				
	Inventories	12 (288,115,886)	416,171,213	-	-
	Trade & Other Receivables	13 (56,347,393)	47,644,538	-	-
	Other Current Assets	14 (29,974,104)	1,184,708	-	95,587
	Amounts due from Related Companies	15 27,997,745	47,466,528	792,646,660	(346,280,067)
	Short Term Financial Assets	11 (3,658,840)	-	-	-
	Increase / (Decrease) in :				
	Trade & Other Payables	22 186,141,051	(464,631,709)	176,885	520,795
	Other Current Liabilities	23 (108,343,324)	65,222,505	150,728	35,388
	Amount Due to Related Companies	24 322,169,068	(468,922,041)	(35,458,840)	(253,795,960)
	Cash Generated/ (used in) from Operations	449,387,308	427,340,613	783,720,840	(448,387,792)
	Gratuity Paid	21 (5,663,365)	(27,227,599)	-	-
	Income Tax / WHT Tax Paid	25 (23,380,911)	(35,320,695)	(334,995)	(411,931)
	Tax effect on Group Dividend	32 (2,774,057)	(10,666,578)	-	-
	Interest Income	28 12,880,031	29,709,353	1,080,236	3,584,283
	Interest Paid	29 (107,457,228)	(147,159,844)	(35,714)	(310,909)
	Net Cash from / (used in) Operating Activities	322,991,778	236,675,250	784,430,367	(445,526,349)
CASH FLOW FROM INVESTING ACTIVITIES					
	Intangible Assets Additions	-	(15,000,000)	-	-
	Purchase of Shares in Subsidiary and Joint Ventures	-	(127,230,215)	-	(59,491,500)
	Sales Proceed on Disposal of Shares in Subsidiaries	35(b) (3,497,651)	962,718	-	540,965,838
	Sales Proceed on Deemed Disposal of Shares in Subsidiaries	35(a) 422,418,512	-	-	-
	Investment in Investment Securities	9 (376,000,000)	-	-	-
	Purchase of Property Plant & Equipment	4 (173,828,258)	(214,877,801)	-	-
	Disposal Proceed on Property Plant & Equipment	-	5,146,297	-	-
	Additions to Immature Plantation	8 (78,400)	(279,158)	-	-
	Advance Paid for Investment	-	-	(750,000,000)	-
	Net Cash from/ (used in) Investing Activities	(127,164,509)	(351,278,159)	(750,000,000)	481,474,338
CASH FLOW FROM FINANCING ACTIVITIES					
	Share Issued to Non Controlling Interest	-	533,661,139	-	-
	Dividend Paid	(35,662,010)	(35,662,010)	(35,662,010)	(35,662,010)
	Dividend Paid to Non Controlling Interest	(45,577,153)	(54,863,801)	-	-
	Lease Installments Paid	20 (3,839,314)	(3,796,589)	-	-
	Net Long Term & Short Term Borrowings	20 196,470,369	(342,030,387)	-	-
	Net Cash from / (used in) Financing Activities	111,391,892	97,308,352	(35,662,010)	(35,662,010)
	Net Increase / (Decrease) in Cash and Cash Equivalents	307,219,161	(17,294,558)	(1,231,643)	285,979
	Cash and Cash Equivalents at the Beginning of the year	(54,709,834)	(37,415,276)	2,354,783	2,068,804
	Cash and Cash Equivalents at the End of the year	252,509,327	(54,709,834)	1,123,140	2,354,783
ANALYSIS OF CASH AND CASH EQUIVALENTS					
	Short Term Investments in Deposits	16 310,355,548	37,013,597	24,884	613,187
	Cash at Bank and Cash in Hand	17 (57,846,221)	(91,723,431)	1,098,256	1,741,596
		252,509,327	(54,709,834)	1,123,140	2,354,783

The Accounting Policies and Notes on page 34 to 94 form an integral part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION**1.1 General**

Renuka Holdings PLC is a Public Quoted Limited Liability Company, incorporated in Sri Lanka on 08.02.1979 and re-registered under the Companies Act No. 07 of 2007 (PQ 227) (PVS 5524/PBS) and domiciled in Sri Lanka. The shares were listed in the Colombo stock exchange on 10th March 2008.

The registered office of the Company is located at No. 69, Sri Jinaratana Road, Colombo 02. The Financial Statements are authorized for issue by the Directors on 27th August 2014

1.2 Principal Activities and Nature of Operations

During the year, the principal activities of the Company, Subsidiaries and Joint venture entities were as follows.

Company	Activities
Renuka Holdings PLC	Investment in subsidiary companies, shares listed on the Colombo Stock Exchange and debt securities
Renuka Agro Exports Ltd	Engaged in sourcing, manufacturing & exporting ethnic food products
Renuka Shaw Wallace PLC	Investment in Food & Beverage ventures
Renuka Agri Foods PLC	Manufacture & markets a range of coconut products
Renuka Organics (Pvt) Ltd	Organic certification license holder and investment in plantation/farms & vertical integration projects
Kandy Plantations Ltd	Engaged in organic certified cultivation of agriculture
Captain Foods (Pvt) Ltd	Manufacture of FMCG (Fast Moving Consumer Goods) The name of the Company was changed from Renuka Products (Pvt) Ltd to Captain Foods (Pvt) Ltd on 10th June 2014
Renuka Teas (Ceylon) (Pvt) Ltd	Manufacture and exports of tea products.
Campbell Teas (Pvt) Ltd	Export of tea products The company was disposed during the year
Renuka Developments Ltd	Warehousing
Renuka Enterprises (Pvt) Ltd	Provision of management services to group companies, acting as a promoter to foreign principals in development projects in Sri Lanka and Investments
Renuka Investment (Pvt) Ltd	Investment in shares
Renuka Shipping & Travels (Pvt) Ltd	Provision of logistic services
Ceylon Forestry (Pvt) Ltd	Planting and managing forestry

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

Company	Activities
Ceylon Botanicals (Pvt) Ltd	Investment in Property
Renuka Villas (Pvt) Ltd	Investment in Property
Renuka Trading (Pvt) Ltd	Investment in Property
Coco Hotels & Properties (Pvt) Ltd	Investment in property
Renuka Consumer Foods Ltd	Investment in FMCG (Fast Moving Consumer Goods)
Shaw Wallace Ceylon Ltd	Manufacturing & Distribution of Fast Moving Consumer Goods
Shaw Wallace Properties Ltd	Warehousing
Shaw Wallace Food Services Ltd	Distribution The Company suspended its commercial operations as at 31st December 2012. The management is currently evaluating new business opportunities and new products to restructure food service business.
Shaw Wallace Services Ltd	Provision of services
Shaw Wallace Agencies (Pvt) Ltd	Provision of Agency services
McShaw Automotive Ltd	Distribution of Automotive products
Inter Ocean Lubricants (Pvt) Ltd	Importing, blending, distributing and marketing lubricant oil and greases
Bois Brothers (Pvt) Ltd	Investment
Richlife Dairies Ltd	Manufacturing and Marketing of dairy and fruit juice based products
Renuka Agri Organic Ltd	Manufacturing and export of coconut based products

1.3 Parent Enterprise and Ultimate Parent Enterprise

The Company's parent undertaking and ultimate parent Enterprise is Renuka Group Limited which holds 51.19% of the shares of the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

2. SIGNIFICANT ACCOUNTING POLICIES**2.1 Statement of Compliance**

The consolidated financial statements of the Group have been prepared in accordance with Sri Lanka Accounting Standards.

The consolidated financial statements have been prepared on a historical cost basis, except for the financial instruments, Biological assets and investment properties which have been measured at fair value.

The preparation and presentation of these Financial Statements is in compliance with the Companies Act No. 07 of 2007.

The consolidated financial statements are presented in Sri Lankan Rupees.

2.2 Basis of consolidation

The consolidated financial statements comprise the Financial Statements of the Group and its subsidiaries as at 31st March 2014.

The consolidated financial statements include the results, assets and liabilities of Renuka Holding PLC, and Companies controlled by it. Control arises when the Company has the power directly or indirectly to govern the financial and operating policies of an enterprise so as to obtain benefit from the activities. The Subsidiaries and joint venture entities included in the consolidation are disclosed in Note 1.2 to the Financial Statements.

Although the direct shareholdings in some of these Group Companies are below 50% of the equity, the accounts of such Companies are consolidated in recognition of the effective management control exercised by the Parent Company.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences, recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

The following are the significant accounting policies applied by the Group in preparing its consolidated financial statements:

2.2.1 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree at the fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs incurred are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration which is deemed to be an asset or liability that is a financial instrument and within the scope of LKAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value either in profit or loss or as a change to Other Comprehensive Income (OCI). If the contingent consideration is not within the scope of LKAS 39, it is measured in accordance with the appropriate SLFRS.

Contingent consideration that is classified as equity is not re-measured and subsequent settlement is measured at fair value with changes in fair value either in a profit or loss or as a change to the Other Comprehensive Income (OCI). If the contingent consideration is not within the scope of LKAS 39, it is measured in accordance with the appropriate SLFRS.

Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

2.2.2 Interest in a joint venture

The Group has an interest in a joint venture which is a jointly controlled entity, whereby the ventures have a contractual arrangement that establishes joint control over the economic activities of the entity. The agreement requires unanimous agreement for financial and operating decisions among the ventures. The Group recognises its interest in the joint venture using the proportionate consolidation method.

The Group combines its proportionate share of each of the assets, liabilities, income and expenses of the joint venture with similar

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

items, line by line, in its consolidated financial statements. The financial statements of the joint venture are prepared for the same reporting period as the Group. Adjustments are made where necessary to bring the accounting policies of the joint venture in line with those of the Group. Adjustments are made in the Group's consolidated financial statements to eliminate the Group's share of intergroup balances, transactions and unrealised gains and losses on such transactions between the Group and its jointly controlled entity. Losses on these transactions are recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

The joint venture is proportionately consolidated until the date on which the Group ceases to have joint control over the joint venture. Upon loss of joint control, the Group measures and recognises its remaining investment at its fair value. Any difference between the carrying amount of the former jointly controlled entity upon loss of joint control and the fair value of the remaining investment and proceeds from disposal are recognised in profit or loss. When the remaining investment constitutes significant influence, it is accounted for as investment in an associate.

2.3 Foreign Currencies

The Group's consolidated financial statements are presented in Sri Lankan Rupees, which is also the Parent Company's functional currency. For each entity the Group determines functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and Balances

Transactions in foreign currencies are initially recorded by the Group entities at their functional currency spot rate at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary measured at fair value is treated in line with the recognition of gain or loss on change in fair value in the item (i.e., the translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

2.4 Income Tax

Income Tax expense comprises current and deferred tax. Income tax expense is recognized in income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Income Tax has been computed in accordance with the provisions of the Inland Revenue Act No.10 of 2006 and amendments thereto. Income Tax details of the group companies are as follows.

(i) Renuka Holdings PLC

Profit on Sale of Shares

According to the section 13 (t) of the Income Tax Act No.10 of 2006, profit earned on sale of shares on which share transaction levy under Section 7 of the Finance Act No.05 of 2005, is paid is exempt from income tax.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

Interest Income

Liable to income tax at 28%.

(ii) Renuka Agro Exports Limited

The Company's export profit is liable to income tax at 12%.

The Company is liable to income tax on other income at 28%.

(iii) Renuka Shaw Wallace PLC**Profit on Sale of Shares**

According to the section 13 (t) of the Income Tax Act No. 10 of 2006, profit earned on sale of shares on which share transaction levy under Section 7 of the Finance Act No. 05 of 2005, is paid is exempt from income tax.

Interest Income

Liable to income tax at 28%

(iv) Renuka Agri Foods PLC

In terms of the agreement with the Board of Investment of Sri Lanka (BOI), business profit of the company is exempt from income tax for a period of 12 years from the date of commencement of its business.

After the expiration of exemption period, the company is liable for taxation at 15% for a further period of 12 years.

Dividend paid by the company out of exempt profits during the 12 year tax holiday period or within one year thereafter is exempt from tax.

(v) Renuka Organics (Pvt) Ltd.

The Company is liable to tax at 10% on its Agricultural Profit.

(vi) Kandy Plantations Ltd.

The profit from Agriculture Activity of the Company is liable to income tax at 10%.

The profit from export sales is liable to income tax at 12%.

The other income of the Company is liable to income tax at 28%.

(vii) Captain Foods (Pvt) Ltd

Company's other income is liable to income tax at 28%.

(viii) Renuka Teas (Ceylon) (Pvt) Ltd.

The company's export Profit is liable to income tax at 12%. Local sales and other income is liable to Income tax at 28%.

(ix) Renuka Developments Limited

The company is liable to tax at 28%.

(x) Renuka Enterprises (Pvt) Ltd

The company is liable to tax at 28%.

(xi) Renuka Investments (Pvt) Ltd

The company is liable to tax at 28%.

(xii) Renuka Shipping and Travels (Pvt) Ltd

The company is liable to tax at 28%.

(xiii) Renuka Consumer Foods Ltd

The company is liable to tax at 28%.

(xiv) Ceylon Forestry (Pvt) Ltd

In accordance with the provision of Section 17 of the Board of Investment of Sri Lanka Law No.4 of 1978 the Company will be entitled to the following exemptions benefits with regard to income tax.

- 1) For a period of eight (08) years reckoned from the Year of Assessment as may be determined by the BOI, the profits & income of the Company is exempt from tax. For the above purpose, the year of assessment shall be reckoned from the year in which the Company commences

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

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.

- 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 twenty per centum (20%) However, other income would be liable to income Tax at 28%.

(xv) Ceylon Botanicals (Pvt) Ltd

The company is liable to tax at 28%.

(xvi) Renuka Villas (Pvt) Ltd

The company is liable to tax at 28%.

(xvii) Renuka Trading (Pvt) Ltd

The company is liable to tax at 28%.

(xviii) Coco Hotels & Properties (Private) Limited

The company is liable to tax at 28%.

(xix) Shaw Wallace Ceylon Ltd

The company is liable to tax at 28%.

(xx) Shaw Wallace Properties Ltd

In terms of an agreement entered into with the Board of Investment of Sri Lanka, under

section 17 of the Board of Investment of Sri Lanka Law No. 04 of 1978, the Company is exempt from income tax for a period of five years commencing 1st April 2009.

(xxi) Shaw Wallace Food Services (Pvt) Ltd

The company is liable to tax at 28%.

(xxii) Shaw Wallace Services Ltd

The company is liable to tax at 28%.

(xxiii) Shaw Wallace Agencies Ltd

The company is liable to tax at 28%.

(xxiv) McShaw Automotive Ltd

The company is liable to tax at 28%.

(xxv) Inter Ocean Lubricants (Pvt) Ltd

The company is liable to tax at 28%.

(xxvi) Bois Brothers (Pvt) Ltd.

The company is liable to tax at 28%.

(xxvii) Richlife Dairies Ltd

The Company is liable to income tax at 28%.

(xxviii) Renuka Agri Organics Limited

As per the agreement entered with BOI, the enterprise shall be entitled for a tax exemption period of 4 years in terms of the Inland Revenue Act number 10 of 2006 as amended by the Inland Revenue (amendment) Act number 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. The enterprise has not commenced its commercial operations yet.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

2.5 Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on Tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.6 Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax, except:

Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

Receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.7 Property, Plant & Equipment

- (a) Property, Plant & Equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. The cost of property, plant & equipment is the cost of acquisition or construction to seller with any incidental expenses thereon
- (b) Depreciation is calculated on the straight line method to write-off the cost of each asset, to their residual values over their estimated useful lives which are reviewed annually are as follows:

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

Land is not depreciated as it is deemed to have an indefinite life.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

Depreciation of an asset begins when it is available for use and ceases at the earliest of the date, the asset is classified as held for sale and the date that the asset is derecognised.

Gains and losses on disposal of Property, Plant & Equipment are determined by comparing proceeds with carrying amount and are taken into account in determining operating profit.

(c) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Group as a Lessee

Finance leases which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the income statement.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the income statement on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(d) Withdrawal of UITF Rulings

The Urgent Issue Task Force (UITF) rulings issued prior to 1 January 2012 have been superseded by the Sri Lanka Accounting Standards (SLFRS and LKAS) with effect from 1 January 2012. Consequently it is now required to treat transactions in which any of UITF rulings applied, in accordance with Sri Lanka Accounting Standards (SLFRS and LKAS) effective from 1 January 2012.

The Group has recorded Lease Hold Property (Leasehold Right to the Land) and correspondent liability in terms of UITF ruling issued by The Institute of Chartered Accountants of Sri Lanka prior to 1st January 2012. It has been superseded by the Statement of Recommended Practice (SoRP) for Right-To-Use of Land on Lease which was approved by the Council of the Institute of Chartered Accountants of Sri Lanka on 19 December 2012. Accordingly, the Leasehold Property is re-classified as "Right-To-Use of Land". Corresponding net liability to lessor re-classified as "Liability to make lease payment."

(e) Immature and Mature Plantations

Biological assets are classified in to 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 specification. Coconut, timber trees, other plantations and nurseries are classified as biological assets.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

Biological assets are further classified as bearer biological assets and consumable biological assets. Bearer biological asset includes mainly coconut plants, those that are not intended to be sold or harvested, however used to grow for harvesting agriculture produce. Consumable biological assets includes managed timber trees those that are to be harvested as agricultural produce from biological assets or sold as biological assets.

The entity recognise 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 bearer biological assets are measured at cost less accumulated depreciation and accumulated impairment losses, if any, in terms of LKAS 16 – Property Plant & Equipment as per the ruling issued by The Institute of Chartered Accountants of Sri Lanka.

The cost of land preparation, rehabilitation, new planting, replanting, crop diversification, inter planting and fertilizing, etc., incurred between the time of planting and harvesting (when the planted area attains maturity), are classified as immature plantations. These immature plantations are shown at direct costs plus attributable overheads. The expenditure incurred on bearer biological assets which comes into bearing during the year, is transferred to mature plantations. Expenditure incurred on consumable biological assets is recorded at cost at initial recognition and thereafter at fair value at the end of each reporting period.

Permanent impairments to Biological Asset are charged to the Income Statement in full and reduced to the net carrying amounts of such asset in the year of occurrence after ascertaining the loss.

The requirement of recognition of bearer biological assets at its fair value less cost to sell under LKAS 41 was superseded by the ruling issued on 02 March 2012, by The Institute of Chartered Accountants of Sri Lanka. Accordingly, the Group has elected to measure the bearer biological assets at cost using LKAS 16 Property Plant & Equipment.

2.8 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the period in which they arise. Fair values are evaluated annually by an accredited external, independent valuer, applying an appropriate valuation model. Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the income statement in the period of derecognition. Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change.

2.9 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.10 Related Party Transactions

Disclosures are 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 or decisions of the other irrespective of whether price is being charged.

2.11 Events Occurring after the Reporting Period

All material events occurring after the Reporting period have been considered and where necessary adjustments to or disclosure have been made in the Financial Statements.

2.12 Going Concern

The Board of Director has certified that the company had adequate resources to continue its operations in the foreseeable future. Therefore, going concern basis has been adopted in preparing these Financial Statements.

2.13 Use of Estimates & Judgments

The preparation of Financial Statements 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 estimate is revised and in any future periods affected.

2.14 Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Financial Statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

2.15 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined by the weighted average method. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads, but excludes interest expense. Net realisable value is the estimate of the selling price in the ordinary course of business less the costs of completion and selling expenses. Provision is made, where necessary, for obsolete, slow moving and defective inventories.

Agricultural Produce Harvested from Biological Assets

Agricultural produce harvested from its biological assets are measured at their fair value less cost to sell at the point of harvest. The finished and semi-finished inventories from agriculture produce are valued by adding the cost of conversion to the fair value of the agricultural produce.

Input Material, Spares and Consumables

At actual cost on weighted average basis.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

2.16 Employee Benefit Cost

2.16.1 Defined Benefit Plan – Gratuity

A defined benefit plan is a post employment benefit plan other than a defined contributions plan. The liability recognized in the Statement of Financial Position in respect of defined benefit plan is the present value of the defined benefit obligation at the reporting date. Benefits falling due more than 12 months after the reporting date are discounted to present value.

The defined benefit obligation is calculated annually by independent actuaries using Projected Unit Credit Method (PUC) as recommended by LKAS - 19, Employees benefits. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows.

However, according to the Payment of Gratuity Act No. 12 of 1983, the liability for the gratuity payment to an employee arises only on the completion of 5 years of continued service with the Company.

The actuarial gains and losses are charged or credited to other Comprehensive income in the period in which they arise.

2.16.2 Defined Contribution Plan - Employee's Provident Fund and Employee's Trust Fund.

All employees who are eligible for Employee's Provident Fund Contribution and Employee's Trust Fund Contributions are covered by relevant contribution funds in line with respective Statutes and Regulations.

Contribution to Provident Fund and Trust Fund covering the employees are recognized as an expense in the Income Statement in the period in which it is incurred.

2.16.3 Changing in Accounting Policies

The Accounting Policies adopted by the group are consistent with those used in the previous year except for the accounting

policies retirement benefit (gratuity), which as has been change due to revisions made to LKAS 19- Employee benefits

As per the previous policy, Actuarial gain/ (loss) in full, in the year of occurrence was recognized in the Income Statement. Revised standard requires recognition of actuarial gain or loss in full, in the occurrence in the statement of other comprehensive income (OCI).

2.17 Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short-term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of Statement of Cash Flow, Cash and Cash Equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts.

2.18 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

2.19 Capital Commitments and contingencies

All material capital commitments and contingencies of the Group as at the Statement of Financial Position date are disclosed in the notes to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

2.20 Financial instruments - initial recognition and subsequent measurement**2.20.1 Financial assets****Initial recognition and measurement**

Financial assets within the scope of LKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets or, as appropriate. The Group determines the classification of its financial assets at initial recognition.

All financial assets other than those classified as fair value through profit or loss are recognised initially at fair value plus transaction costs.

The Group's financial assets are disclosed in Note 3.1

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held-for-trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held-for-trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value recognised in the income statement.

The Group evaluates its financial assets held-for-trading, to determine whether the intention to sell them in the near term is still appropriate. When the Group is unable to trade these financial

assets due to inactive markets and management the Group may elect to reclassify these financial assets in rare circumstances. The reclassification to loans and receivables, available-for-sale or held-to-maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the income statement. The losses arising from impairment are recognised in the income statement in finance costs.

Discounting is omitted where the effect of discounting is immaterial or where the balances are recoverable on demand.

(c) Held-to-maturity investments

Non derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Amortised cost is calculated by taking into account any

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the income statement. The losses arising from impairment are recognised in the income statement in finance costs.

The Group has not designated any financial assets upon initial recognition as Held-to-maturity investments.

(d) Available-for-sale financial investments

Available-for-sale financial investments held at the reporting date consists of equity securities. Equity investments classified as available-for-sale are those, neither classified as held-for-trading nor designated at fair value through profit or loss.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time, the cumulative gain or loss is recognised in other operating income, or determined to be impaired, at which time the cumulative loss is reclassified to the income statement in finance costs and removed from the available-for-sale reserve.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without

material delay to a third party under a "pass through" arrangement; and either (a) the Group/Company has transferred substantially all the risks and rewards of the asset, or (b) the Group/Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognised to the extent of the Group's continuing involvement in it.

In such case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an 'incurred' loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

in payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

a) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset carrying amount and the present value of estimated future cash flows. The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. The assets are written off when there is no realistic prospect of future recovery. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to the income statement.

b) Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost.

Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement - is removed from other comprehensive income and recognised in the income statement. Impairment losses on equity investments are not reversed through the income statement; increases in their fair value after impairment are recognised directly in other comprehensive income.

2.20.2 Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of LKAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings or, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, carried at amortised cost. This includes directly attributable transaction costs.

The Group's financial liabilities are disclosed in Note 3.

Amounts due to related companies are stated at cost since there are considered payable on demand.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

Subsequent measurement of Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the income statement.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

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

2.20.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset with the net amount reported in the consolidated statement of financial position only if there is a current enforceable legal right to offset the recognised amounts and intent to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.21 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or

when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is higher of asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

For assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of the recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That the increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement.

2.22 Contingent Assets and Contingent Liabilities

All contingent liabilities are disclosed as a note to the financial statements unless the outflow of resources is remote. Contingent assets are disclosed, where inflow of economic benefit is probable.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

2.23 Intangible assets**Basis of recognition**

An Intangible asset is recognized if it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be reliably measured.

Basis of measurement

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised, and expenditure is charged against income statement in the year in which the expenditure is incurred.

Useful economic lives, amortisation and impairment

The useful lives of intangible assets are assessed as either finite or indefinite lives. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Income Statement**2.24 Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

(a) Sale of Goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

(b) Rendering of Services

Revenue from rendering of services is recognised in the accounting period in which the services are rendered or performed.

(c) Interest

For all financial instruments measured at amortised cost and interest bearing financial assets classified as available for sale, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period.

(d) Dividend Income

Dividend is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

(e) Others Gains or losses of a revenue nature on the disposal of Property, Plant & Equipment have been accounted for in the Income Statement.**2.25 Expenditure Recognition****Revenue Expenditure**

All expenditure incurred in the running of the business and in maintaining the capital assets in a state of efficiency, has been charged to revenue in arriving at the profit or loss for the year.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

Capital Expenditure

Expenditure incurred for the purpose of acquiring, extending or improving assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earning capacity of the business has been treated as capital expenditure.

For the purpose of presentation of the Income Statement, the Directors are of the opinion that function of expenses method fairly present the elements of the Company's performance, hence such presentation method is adopted.

2.26 Reporting Segments

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments. The results of the business segments are described in Note 43 to the Financial Statements.

2.27 Effect of Sri Lanka Accounting Standards Issued But Not yet effective

The Standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's Financial Statements are disclosed below. The Group intends to adopt these Standards, if applicable, when they become effective.

a) SLFRS 9 – Financial Instruments : Classification and Measurement

SLFRS 9, as issued reflects the first phase of work on replacement of LKAS 39 and applies to classification and measurement of financial assets and liabilities. The standard is effective for annual periods beginning on or after January 2015.

b) SLFRS 10 Consolidated Financial Statements

SLFRS 10 replaces the portion of LKAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated Financial Statements. It also includes the issues raised in Standing Interpretations Committee – SIC 12 Consolidation – Special Purpose Entities. This standard becomes effective for annual periods beginning on or after 1st January 2014.

c) SLFRS 11 – Joint Arrangements

SLFRS 11 replaces LKAS 31 Interests in Joint Ventures and SIC 13 jointly controlled Entities – Non monetary Contributions by ventures. SLFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. This standard becomes effective for annual periods beginning on or after 1st January 2014.

d) SLFRS 12 – Disclosure of interests in Other Entities

SLFRS 12 includes all of the disclosures that were previously in LKAS 27 related to consolidated Financial Statements, as well as all of the disclosures that were previously included in LKAS 31 and LKAS 28. This standard becomes effective for annual periods beginning on or after 1st January 2014.

e) SLFRS 13 – Fair Value Measurement

SLFRS 13 establishes a single source of guidance under SLFRS for all fair value measurements.

SLFRS 13 will be effective for financial periods beginning on or after 1st January 2014.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

2.28 Exemptions Applied

- a) SLFRS 3 Business Combinations has not been applied to acquisitions of subsidiaries, which are considered business for SLFRS, or of interests in associates and joint ventures that occurred before 1st April 2011.

Use of this exemption means that the previous SLAS carrying amounts of assets and liabilities, that are required to be recognized under SLFRS, is their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with SLFRS. Assets and liabilities that do not qualify for recognition under SLFRS are excluded from the opening SLFRS Statement of Financial Position.

2.29 Comparative Information

The presentation and classification of the financial statement of the previous years have been amended, where relevant for better presentation and to be comparable with those of the current year.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

3. ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS

3.1 Group

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

		Fair Value through Profit & Loss (Carried at FVTPL)	Available for Sale (Carried at FV)	Held to Maturity (Carried at Amortised Cost)	Loans & Receivables (Carried at Amortised Cost)	Total
	Note	Rs.	Rs.	Rs.	Rs.	Rs.
31st March 2014						
Financial assets						
Investment in Securities	9	-	-	376,000,000	-	376,000,000
Other Investments	10(d)	-	223,958,952	-	-	223,958,952
Trade & Other Receivables	13	-	-	-	1,041,669,711	1,041,669,711
Short Term Investment in Deposits	16	-	-	54,593,875	255,761,674	310,355,548
Amounts due from Related Companies	15	-	-	-	7,911,349	7,911,349
Short Term Investment in Shares	11	3,658,840	-	-	-	3,658,840
Cash at Bank & in Hand	17	-	-	-	215,305,797	215,305,797
		3,658,840	223,958,952	430,593,875	1,520,648,529	2,178,860,196

		Other Liabilities at FVTPL	Other Liabilities at Amortised Cost	Total
		Rs.	Rs.	Rs.
Financial Liabilities				
Interest Bearing Borrowings	20(a)&(b)	-	860,015,421	860,015,421
Trade & Other Payables	22	-	753,266,824	753,266,824
Amounts due to Related Companies	24	-	324,450,000	324,450,000
Bank Overdrafts	17	-	273,152,018	273,152,018
		-	2,210,884,263	2,210,884,263

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

		Fair Value through Profit & Loss (Carried at FVTPL)	Available for Sale (Carried at FV)	Held to Maturity (Carried at Amortised Cost)	Loans & Receivables (Carried at Amortised Cost)	Total
	Note	Rs.	Rs.	Rs.	Rs.	Rs.
31st March 2013						
Financial assets						
Other Investments	10(d)	-	223,958,952	-	-	223,958,952
Trade & Other Receivables	13	-	-	-	993,421,527	993,421,527
Short Term Investment in Deposits	16	-	-	527,198	36,486,399	37,013,597
Amounts due from Related Companies	15	-	-	-	35,909,094	35,909,094
Cash at Bank & in hand	17	-	-	-	121,020,714	121,020,714
		-	223,958,952	527,198	1,186,837,734	1,411,323,884
Financial Liabilities						
Interest Bearing Borrowings	20(a)&(b)			-	663,545,051	663,545,051
Trade & Other Payables	22			-	567,093,468	567,093,468
Amounts due to Related Companies	24			-	2,280,932	2,280,932
Bank Overdraft	17			-	212,744,145	212,744,145
				-	1,445,663,596	1,445,663,596

A description of the Company's Financial Instrument risks, including risk management objectives and policies is given in Note 44.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

3.2 Company

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

		Fair Value through Profit & Loss (Carried at FVTP)	Held to Maturity (Carried at Amortised Cost)	Loans & Receivables (Carried at Amortised Cost)	Total
	Note	Rs.	Rs.	Rs.	Rs.
31st March 2014					
Financial assets					
Amounts due from Related Companies	15	-	-	6,540,000	6,540,000
Short Term Investment in Deposits	16	-	-	24,884	24,884
Cash at Bank & in Hand	17	-	-	1,168,239	1,168,239
		-	-	7,733,123	7,733,123

		Other Liabilities at FVTPL	Other Liabilities at Amortised Cost	Total
		Rs.	Rs.	Rs.
Financial Liabilities				
Trade & Other Payables	22	-	1,308,972	1,308,972
Amounts due to Related Companies	24	-	356,436,140	356,436,140
Bank Overdraft	17	-	69,982	69,982
		-	357,815,094	357,815,094

		Fair Value through Profit & Loss (Carried at FV)	HTM (Carried at Amortised Cost)	Loans & Receivables	Total
		Rs.	Rs.	Rs.	Rs.
31st March 2013					
Financial assets					
Amounts due from Related Companies	15	-	-	799,186,660	799,186,660
Short Term Investment in Deposits	16	-	-	613,187	613,187
Cash at Bank & in Hand	17	-	-	1,741,596	1,741,596
		-	-	801,541,443	801,541,443

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

	Note	Other Liabilities at FVTPL	Other Liabilities at Amortised Cost	Total
		Rs.	Rs.	Rs.
Financial Liabilities				
Trade & Other Payables	22	-	1,132,086	1,132,086
Amounts due to Related Companies	24	-	391,894,980	391,894,980
Bank Overdraft	17	-	-	-
		-	393,027,066	393,027,066

4. PROPERTY, PLANT & EQUIPMENT

Group

Cost	As at 01.04.2013	Additions / Transfers	Disposals	As at 31.03.2014
	Rs.	Rs.	Rs.	Rs.
Freehold Land	1,021,767,022	32,187,828	-	1,053,954,850
Buildings	712,617,632	27,500,707	-	740,118,339
Plant & Machinery	808,104,806	72,578,220	-	880,683,026
Motor Vehicles	151,740,673	10,564,694	(2,629,667)	159,675,700
Equipment & Tools	214,988,767	12,665,820	(391,548)	227,263,040
Furniture & Fittings	75,542,591	9,314,582	(447,869)	84,409,305
Electrical Installation	17,240,814	1,283,984	-	18,524,798
Computer & software	8,445,185	3,999,502	(360,988)	12,083,699
	3,010,447,490	170,095,337	(3,830,071)	3,176,712,756

Depreciation	As at 01.04.2013	Charge for the year	Depreciation on Disposal	As at 31.03.2014
	Rs.	Rs.	Rs.	Rs.
Free Hold Land	-	-	-	-
Buildings	54,418,181	23,420,822	-	77,839,003
Plant & Machinery	255,413,278	52,628,071	-	308,041,348
Motor Vehicles	83,428,735	22,260,261	(2,629,667)	103,059,329
Equipment & Tools	85,282,435	8,924,300	(159,882)	94,046,854
Furniture & Fittings	34,943,315	16,134,550	(252,156)	50,825,709
Electrical Installation	11,859,737	1,730,427	-	13,590,164
Computer & software	3,133,289	2,364,277	(116,595)	5,380,971
	528,478,970	127,462,707	(3,158,299)	652,783,378

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

Impairment	As at 01.04.2013 Rs.	Charge for the year Rs.	On Disposal Rs.	As at 31.03.2014 Rs.
Buildings	25,321,250	-	-	25,321,250
	25,321,250	-	-	25,321,250

	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
Written Down Value	2,498,608,128	2,456,647,271
Capital Work in Progress	27,371,715	23,638,793
	2,525,979,843	2,480,286,064

5. INTANGIBLE ASSETS

	Goodwill	Trade Mark	Other Intangible Assets	Total
Cost				
Balance on 1st April 2013	116,053,065	15,000,000	13,648,153	144,701,218
Addition during the year	-	-	-	-
Disposed during the year	-	-	-	-
Balance on 31st March 2014	116,053,065	15,000,000	13,648,153	144,701,218
Accumulated Amortization/ Impairment				
Balance on 1st April 2013	-	156,164	5,472,595	5,628,759
Amortized / Disposed during the year	-	1,500,000	2,615,148	4,115,148
Balance on 31st March 2014	-	1,656,164	8,087,743	9,743,907
Net Book Value				
Balance on 1st April 2013	116,053,065	14,843,836	8,175,558	139,072,459
Balance on 31st March 2014	116,053,065	13,343,836	5,560,410	134,957,311

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

Goodwill

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

Name of the Subsidiary	31.03.2014 Rs.	31.03.2013 Rs.
(1) Shaw Wallace Ceylon Ltd	49,621,455	49,621,455
(2) Richlife Dairies Ltd	66,431,610	66,431,610
	116,053,065	116,053,065

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

Trademark

The Group had acquired the "Mr. POP" Trade Mark for a sum of Rs. 15 Mn during 2012/2013. The management is of the opinion that the Trademark has a useful life of 10 years.

Group		Company	
31.03.2014 Rs.	31.03.2013 Rs.	31.03.2014 Rs.	31.03.2013 Rs.

6. INVESTMENT PROPERTY**(a) Movement of Investment Property**

Balance at the beginning of the year	788,007,500	1,075,333,111	-	-
Transferred to Property, Plant & Equipment	-	(478,406,111)	-	-
Change in fair value of investment property	148,992,500	191,080,500	-	-
Balance at the end of the year	937,000,000	788,007,500	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

(b) Details of Investment Property as at 31.03.2014

Name of the Company	Details of the Property		Fair Value as at 31.03.2014	Directors Valuation as at 31.03.2014	Valuer's Valuation	
					Date	Value
Coco Hotels & Properties (Pvt) Ltd	Land & Building	No. 27, 27A, Galleface Terrace, Colombo 03	937,000,000	937,000,000	31st March 2014	937,000,000
			937,000,000	937,000,000		

(c) Rental Income earned & Direct Operating Expenses incurred

Coco Hotels & Properties (Pvt) Ltd

Rent income earned from Investment Property by the Group amounted to Rs, 4,200,000/- (2013 - Rs, 3,901,000/-) and No Direct operating Expenses incurred in relation to the Investment Property. This Property has been valued by valuer Leon M.P. Perera D.I.V, F.I.V (Asst. Govt. Valuer (Retired) as stated in (b) above, based on the Market value of the adjoining properties.

Group		Company	
31.03.2014	31.03.2013	31.03.2014	31.03.2013
Rs.	Rs.	Rs.	Rs.

7. RIGHT TO USE LAND**Kandy Plantations Ltd (Note 7(a))**

Land, Building, Mature and Immature Plantations	82,500,000	82,500,000	-	-
Less : Accumulated Amortization	(30,250,020)	(27,500,016)	-	-
	52,249,980	54,999,984	-	-

Renuka Agri Foods PLC (Note 7(b))

Balance as at 1st April	2,555,532	2,624,602	-	-
Amortization during the year	(69,070)	(69,070)	-	-
Balance as at 31st March	2,486,462	2,555,532	-	-

Shaw Wallace Properties Ltd. (Note 7(c))

Balance as at 1st April	227,467,182	239,883,591	-	-
Amortization during the year	(3,159,266)	(12,416,409)	-	-
Balance as at 31st March	224,307,916	227,467,182	-	-
Total	279,044,358	285,022,698	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

7(a) Kandy Plantations Ltd

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

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

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

7(b) Renuka Agri Foods Plc

This amount represents the premium paid to the Board of Investment of Sri Lanka for the acquisition of leasehold land in 2006 and it is amortized over the period of 50 years with effect from 2006.

7(c) Shaw Wallace Properties Ltd

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

	Group		Company	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
	Rs.	Rs.	Rs.	Rs.
8. BIOLOGICAL ASSETS				
(a) Bearer Biological Assets - Coconut Plantations				
Balance as at 1st April	85,585	-	-	-
Additions during the year	-	85,585	-	-
Balance as at 31st March	85,585	85,585	-	-
(b) Consumable Biological Assets - Timber Plantations				
Balance as at 1st April	29,427,663	28,098,711	-	-
Gain arising from changes in fair value	6,056,368	1,135,379	-	-
Additions during the year	78,400	193,573	-	-
Balance as at 31st March	35,562,431	29,427,663	-	-
Total	35,648,016	29,513,248	-	-

Biological Assets as at 31 March 2014 wholly consists of investments made on immature coconuts plants & Teak and Mahogany Plants.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

Timber Plantation

The total extent of the land is 67 acres. The planted area is 42 acres. Number of Trees are 21,560. Managed trees include commercial Teak timber plantations cultivated on estates. The cost of immature trees is treated as approximate fair value based on the period that would take up to the harvested age. When such plantations become mature, the additional investments made from the time of taking over to bring them to maturity are transferred from Immature to Mature.

The fair value of managed trees was ascertained since the LKAS 41 is only applicable for managed agricultural activities in terms of the ruling issued by The Institute of Chartered Accountants of Sri Lanka. The valuation was carried by Mr. Korelege Dayananda Tissera, Chartered Valuer, using Discounted Cash Flow (DCF) methods. In ascertaining the fair value of timber, a random check of girth measured at breast height.

Key assumption used in valuation

Variable	Comment
Timber Content	Estimated based on the girth, height and considering the growth and present age of the trees of each species in different geographical regions, factoring all the prevailing statutory regulations enforced against harvesting of timber coupled with forestry plan of the Company approved by the Forestry Department.
Economic Useful Life	Estimated based on normal life span of each species by factoring the forestry plan of the Company approved by the Forestry Department.
Selling Price	Estimated based on prevailing Sri Lankan market prices factoring all the conditions to be fulfilled in bringing the trees in to salable condition.
Discount Rate	Future cash flows are discounted at the rate of 12.5% (2013-12.5%)

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

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 show that a rise or decrease by 10% of the estimated future selling price has the following effect on the net present value of biological assets:

Group	-10%		+ 10%
As at 31st March 2014	Rs	Rs	Rs
Managed Timber	32,006,188	35,562,431	39,118,674

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 show that a rise or decrease by 1.5% of the estimated future discount rate has the following effect on the net present value of biological assets:

Group	-1.5%		+ 1.5%
As at 31st March 2014	Rs	Rs	Rs
Managed Timber	43,666,479	35,562,431	29,214,136

The carrying amount of biological assets pledged as securities for liabilities are nil for year 2013/2014 (2012/2013 - nil). There are no commitments for the development or acquisition of biological assets.

9. INVESTMENT SECURITIES

151,000,000	-	-	-
225,000,000	-	-	-
376,000,000	-	-	-

10(a) Investments In Subsidiaries

-	852,000,010	102,000,010
-	852,000,010	102,000,010

	% Holding		No of Shares			Value		
	31.03.2014	31.03.2013	31.03.2014	Movement	31.03.2013	31.03.2014	Movement	31.03.2013
Renuka Developments Ltd	50%	50%	4,999,700	-	4,999,700	35,000,000	-	35,000,000
Renuka Enterprises (Pvt) Ltd	97%	97%	3,100,000	-	3,100,000	31,000,000	-	31,000,000
Renuka Agro Exports Ltd	96%	96%	9,600,000	-	9,600,000	36,000,000	-	36,000,000
Coco Hotels & Properties (Pvt) Ltd	100%	100%	10	-	10	10	-	10
Advance Paid for Investment - Renuka Agro Exports Ltd						450,000,000	450,000,000	-
Advance Paid for Investment - Coco Hotels & Properties (Pvt) Ltd						300,000,000	300,000,000	-
						852,000,010	750,000,000	102,000,010

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

10(b) Group Investments In Subsidiaries

Investor	% Holding		No of Shares		Value	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Renuka Agro Exports Ltd						
Investee						
Quoted Investments						
Renuka Shaw Wallace PLC - Voting	62.97%	62.97%	56,533,428	56,533,428	889,257,048	889,257,048
- Non Voting	15.73%	-	751,031	-	13,813,762	-
Renuka Shaw Wallace PLC						
Investor						
Renuka Shaw Wallace PLC						
Investee						
Quoted Investments						
Renuka Agri Foods PLC	50.09%	50.09%	281,400,000	281,400,000	521,172,082	521,172,082
Unquoted Investments						
Renuka Consumer Foods Ltd	100%	100%	4,500,000	4,500,000	450,000,000	450,000,000
Renuka Developments Ltd	50%	-	5,000,000	5,000,000	450,000,000	-
Renuka Teas (Ceylon) (Pvt) Ltd - Voting	100%	-	1,250,000	1,250,000	48,437,500	-
- Non Voting	-	-	1,250,000	-	48,437,500	-

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

	% Holding		No of Shares		Value	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Investor Renuka Consumer Foods Ltd						
Investee Shaw Wallace Ceylon Ltd	42.24%	84.14%	41,252,933	81,863,722	291,974,644	560,880,278
Investor Renuka Agri Foods PLC						
Investee Richlife Dairies Ltd	100%	100%	20,290,000	20,290,000	605,000,000	605,000,000
Renuka Organics (Pvt) Ltd	100%	100%	500,000	500,000	50,000,000	50,000,000
Renuka Teas (Ceylon) (Pvt) Ltd - Voting	-	100%	-	1,250,000	-	46,875,000
- Non Voting	-	-	-	1,250,000	-	50,000,000
Investor Renuka Organics (Pvt) Ltd						
Investee Kandy Plantations Ltd	78.6%	78.6%	3,299,995	3,299,995	40,761,025	40,761,025
Renuka Agri Organics Ltd	50%	-	1	-	1,000	-
Renuka Developments Ltd	-	50%	-	5,000,000	-	450,000,000

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

ANNUAL REPORT 2014

	% Holding		No of Shares		Value	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Investor Kandy Plantations Ltd						
Investee Ceylon Forestry (Pvt) Ltd	60%	60%	2,100,000	2,100,000	20,000,000	20,000,000
Investor Ceylon Forestry (Pvt) Ltd						
Investee Ceylon Botanicals (Pvt) Ltd	100%	100%	2,500,000	2,500,000	25,000,000	25,000,000
Investor Renuka Teas (Ceylon) (Pvt) Ltd						
Investee Campbell Teas (Pvt) Ltd	-	100%	-	499,998	-	4,999,980
Renuka Trading (Pvt) Ltd	100%	100%	20	20	110,000,000	110,000,000
Investor Renuka Enterprises (Pvt) Ltd						
Investee Renuka Shipping & Travels (Pvt) Ltd	100%	100%	549,980	549,980	5,499,800	5,499,800
Renuka Investments (Pvt) Ltd	50%	50%	5,000	5,000	50,000	50,000

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

	% Holding		No of Shares		Value	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Investor						
Renuka Investments (Pvt) Ltd						
Investee						
Renuka Villas (Pvt) Ltd	30%	30%	7,500	7,500	7,500	7,500
Investor						
Shaw Wallace Ceylon Ltd						
Investee						
Shaw Wallace Food Service Ltd	100%	100%	600,000	600,000	6,990,000	6,990,000
Shaw Wallace Properties Ltd	100%	100%	6,000,002	6,000,002	211,218,411	211,218,411
Shaw Wallace Services Ltd	100%	100%	10,000	10,000	1,250,000	1,250,000
Shaw Wallace Agencies Ltd	100%	100%	5,000	5,000	5,115,000	5,115,000
Captain Foods (Pvt) Ltd	100%	100%	150,000	150,000	150,000	150,000
Bois Brothers (Pvt) Ltd	100%	100%	1	1	100	100

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

10(c) Investments In Joint Ventures

Investor	% Holding		No of Shares		Value	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Renuka Holdings PLC						
Investee						
Mcshaw Automotive Ltd	50.00%	50.00%	2,750,000	2,750,000	59,491,500	59,491,500
				-	-	-
					59,491,500	59,491,500
Investor						
McShaw Automotive Ltd						
Investee						
Interocean Lubricants (Pvt) Ltd	100%	100%	500,006	500,006	5,000,060	5,000,060
				-	-	-
					5,000,060	5,000,060

Renuka Holdings PLC has 50% equity shareholding of Mcshaw Automotive Ltd, Joint Venture incorporated in Sri Lanka with effect from 12.10.2012.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

The Group interest in the income, expenses, Profit for the year, assets & Liabilities of Joint Venture is given below.

Group Share Of	31.03.2014	31.03.2013
Revenue	1,136,278,916	1,001,353,672
Expense	(1,123,959,534)	(998,859,618)
Profit/(Loss) for the year	12,319,381	2,494,054
Group Share Of	31.03.2014	31.03.2013
Total Assets	584,574,552	441,669,406
Total Liabilities	530,581,773	398,281,847
Net Assets	53,992,778	43,387,559

10(d) Other Investments

	% Holding		No of Shares		Value	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Investor						
Renuka Enterprises (Pvt) Ltd						
Investee						
Crescent Launderers & Dry Cleaners (Pvt) Ltd *	44.25%	44.25%	265,500	-	56,882,542	56,882,542
					56,882,542	56,882,542

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

	% Holding		No of Shares		Value	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Investor						
Renuka Investments (Pvt) Ltd						
Investee						
Renuka Consultants & Services Ltd *	20.71%	20.71%	12,420	-	96,112,570	96,112,570
Renuka Properties Ltd *	20.64%	20.64%	12,386	-	46,062,520	46,062,520
Lancaster Holdings Ltd *	20.64%	20.64%	12,386	-	24,901,310	24,901,310
					167,076,400	167,076,400
Investor						
Renuka Enterprises (Pvt) Ltd						
Investee						
The Cargo Boat Despatch Co. Ltd	-	-	1,000	-	10	10
					10	10
					223,958,952	223,958,952

* The Group percentage holding in the above companies are more than 20% but less than 50% as at 31st March 2014. However, there is no representation in the the Board of Directors of these companies by the Group. In the absence of significant influence in these companies, these investments have not been accounted as Investment in Associates.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

	No of Shares		Carrying Value of Shares	
	31.03.2014	31.03.2013	31.03.2014 Rs.	31.03.2013 Rs.
11. SHORT TERM INVESTMENTS IN SHARES				
Investor				
Renuka Investments (Pvt) Ltd				
Investee				
The Autodrome PLC	1,000	-	859,446	-
The Cargo Boat Development PLC	3,675	-	457,128	-
Renuka City Hotels PLC	8,936	-	2,342,266	-
			3,658,840	-

	Group		Company	
	31.03.2014 Rs.	31.03.2013 Rs.	31.03.2014 Rs.	31.03.2013 Rs.
12. INVENTORIES				
Raw Materials & Consumables	125,209,832	79,273,121	-	-
Finished Goods	550,887,618	364,292,601	-	-
Packing Material & Chemicals	126,972,861	123,170,537	-	-
Machinery Spare Parts	51,947,770	41,760,852	-	-
Goods in Transit	-	88,909,726	-	-
Work in Progress	75,281,450	40,214,081	-	-
Harvested Crop	8,954,997	10,630,977	-	-
Lubricants, Tyre, Tube & Lockhead	182,732,855	85,619,604	-	-
Less: Provision for Stock Loss	(30,343,968)	(26,480,515)	-	-
	1,091,643,415	807,390,983	-	-

13. TRADE AND OTHER RECEIVABLES**13.1 Summary**

Trade Debtors	973,710,535	923,912,402	-	-
Less : Provision for Impairment (13.2)	(67,698,695)	(60,119,832)	-	-
	906,011,840	863,792,570	-	-
Refundable Deposits	3,021,500	105,128,550	-	-
Other Debtors	132,636,370	24,500,407	-	-
	135,657,870	129,628,957	-	-
	1,041,669,711	993,421,527	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

	Group		Company	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
	Rs.	Rs.	Rs.	Rs.
13.2 Provision for Impairment				
Balance at the beginning of the year	60,119,832	48,749,375	-	-
Provision made during the year	7,578,863	11,370,457	-	-
Balance at the end of the year	67,698,695	60,119,832	-	-
14. OTHER CURRENT ASSETS				
Advances & Prepayments	36,343,882	6,906,349	-	-
Other Current Assets	72,267,660	71,731,090	-	-
	108,611,543	78,637,439	-	-
15. AMOUNT DUE FROM RELATED COMPANIES				
Renuka Agro Exports Ltd	-	-	-	445,429,860
Coco Hotels & Properties (Pvt) Ltd	-	-	6,540,000	307,940,200
Mcshaw Automotive Ltd	-	-	-	45,363,835
Shaw Wallace Properties Ltd	-	-	-	452,765
McLarens Holdings Ltd	458,599	762,500	-	-
Renuka Resorts Ltd	1,000,000	-	-	-
Zenith Marine Services (Pvt) Ltd	113,500	-	-	-
D Motors	6,339,248	35,146,594	-	-
	7,911,349	35,909,094	6,540,000	799,186,660
16. SHORT TERM INVESTMENTS IN DEPOSITS				
Short Term Deposits	54,593,875	527,198	-	-
Call Deposits	115,761,674	36,486,399	24,884	613,187
Fixed Deposits	140,000,000	-	-	-
	310,355,548	37,013,597	24,884	613,187
17. CASH AND CASH EQUIVALENTS				
17.1 Favorable Cash and Cash Equivalents Balances				
Cash & Bank Balances	215,305,797	121,020,714	1,168,239	1,741,596
	215,305,797	121,020,714	1,168,239	1,741,596
17.2 Unfavorable Cash and Cash Equivalents Balances				
Bank Overdrafts	(273,152,018)	(212,744,145)	(69,982)	-
	(273,152,018)	(212,744,145)	(69,982)	-
Total Cash and Cash Equivalents for the purpose of Cash Flow Statements	(57,846,221)	91,723,431	1,098,256	1,741,596

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

18. STATED CAPITAL

	Group/Company	
	31.03.2014	31.03.2013
	Rs.	Rs.
Number of Ordinary Shares Issued and Fully Paid		
Balance at the beginning of the year	50,945,728	50,945,728
Issue of Shares	-	-
Balance at the end of the year	50,945,728	50,945,728
Stated Capital		
Balance at the beginning of the year	175,000,000	175,000,000
Issue of Shares	-	-
Balance at the end of the year	175,000,000	175,000,000

19. DEFERRED TAXATION

	Group		Company	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
	Rs.	Rs.	Rs.	Rs.
The gross movement of Deferred tax account				
Balance at the beginning of the year	15,735,328	40,974,792	-	-
Deferred Tax Charged / (Reversed) to Income Statement	5,405,999	(26,574,067)	-	-
Deferred Tax Charged / (Reversed) to Statement of Other Comprehensive Income	498,511	1,334,603	-	-
Balance at the end of the year	21,639,837	15,735,328	-	-

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to off-set current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

Deferred tax liabilities	48,377,308	43,574,815	-	-
Deferred tax assets	(26,737,471)	(27,839,487)	-	-
	21,639,837	15,735,328	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

Group		Company	
31.03.2014	31.03.2013	31.03.2014	31.03.2013
Rs.	Rs.	Rs.	Rs.

20. INTEREST BEARING BORROWINGS & LEASE INSTALLMENTS**20(a) Interest Bearing Borrowings And Lease Installments Due After One Year**

Long Term Loan (20[c])	107,796,187	189,038,501	-	-
Lease Installments Payable (to the Owner of the Estate / Lesser) (20[d])	60,000,000	62,500,000	-	-
Finance Lease Obligation (Motor Vehicles) (20[e])	1,635,361	2,622,189	-	-
Total Non-Current Portion of Interest Bearing Borrowings & Lease Installments	169,431,548	254,160,690	-	-

20(b) Interest Bearing Borrowings And Lease Installments Due Within One Year

Long Term Loan (20[c])	371,615,813	388,838,236	-	-
Lease Installments Payable (to the Owner of the Estate / Lesser) (20[d])	2,500,000	2,500,000	-	-
Finance Lease Obligation (Motor Vehicles) (20[e])	1,086,828	1,068,992	-	-
Project Loan (20[f])	300,000,000	40,750,000	-	-
Other Loans	80,603,421	44,918,314	-	-
Total Current Portion of Interest Bearing Borrowings	755,806,062	478,075,542	-	-

20(c) Long Term Borrowings

Balance as at 1st April	577,876,737	562,208,865	-	-
Loans Obtained During the year	1,312,393,929	1,007,070,169	-	-
Payments made during the year	(1,410,858,667)	(991,402,297)	-	-
Balance as at 31st March	479,412,000	577,876,737	-	-
Payments due within one year	371,615,813	388,838,236	-	-
Payments due after one year	107,796,187	189,038,501	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

	Group		Company	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
	Rs.	Rs.	Rs.	Rs.
20(d) Liabilities To Make Lease Payments (To The Owner Of The Estate / Lessor)				
Total Lease installments payable under the lease for 30 years commencing 01.04.2003	82,500,000	82,500,000	-	-
Amount paid up to the year end	(20,000,000)	(17,500,000)	-	-
Balance payable on lease as at 31st March	62,500,000	65,000,000	-	-
Lease Installments payable in the ensuing year	(2,500,000)	(2,500,000)	-	-
Lease installments payable after one year	60,000,000	62,500,000	-	-

20(e) Lease Obligation (Motor Vehicles)

	Consolidated Total
Lease Liability	
Balance on 01.04.2012	6,248,041
Lease Installments Paid during the year	(1,796,589)
Balance on 01.04.2013	4,451,452
Lease Installments Paid during the year	(1,339,314)
Balance on 31.03.2014	3,112,138
Interest in Suspense	
Balance on 01.04.2012	1,247,694
Interest Charged to Income Statement	(487,423)
Balance on 01.04.2013	760,271
Interest Charged to Income Statement	(370,322)
Balance on 31.03.2014	389,949
Net Balance	2,722,189
Installments payable within one year	1,086,828
Installments payable after one year	1,635,361
Net Balance	2,722,189

20(f) Project Loan Due Within One Year

Balance as at 1st April	40,750,000	402,841,080	-	-
Loans obtained during the year	861,000,000	40,750,000	-	-
Payments made during the year	(601,750,000)	(402,841,080)	-	-
Balance as at 31st March	300,000,000	40,750,000	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

20 (g) Details Of Long Term Borrowings

Lender	Facility obtained by	Balance as at 31.03.2014	Interest Rate	Repayment Terms	Security
DFCC	Renuka Agri Foods PLC	6,657,943	AWPLR +6.5% p.a.	To be paid in 72 instalments with a grace period of 24 months starting from July 2008 in monthly installment of Rs 267,263	Primary mortgage over leasehold rights of an allotted plot of land depicted on lot no 28 at Yatadawala
	Richlife Dairies Ltd	26,979,162	AWPLR +3% p.a.	To be paid in 48 instalments with a grace period of 12 a monthly installment of Rs 729,167	Corporate guarantee of Rs 95 Mn given by Renuka Agri Foods PLC
HSBC	Renuka Agri Foods PLC	23,862,311	6% p.a.	Repayable on demand	Corporate guarantee of USD 1,000,000 from Renuka Shaw Wallace PLC and LKR 25,000,000 from Rich life Dairies Ltd
National Development Bank PLC	Renuka Agri Foods PLC	64,227,771	1 year LIBOR+3.75% p.a.	24 equal monthly installments of USD 40,625 each	a) Primary Mortgage over stock and stock and book debts for USD 740,000 b) Agreement to mortgage over stocks and book debts for USD 740,000
					c) Corporate guarantee from Renuka Agro Exports Ltd for USD 940,000
	Renuka Agri Foods PLC	17,932,748	3 months LIBOR+4% p.a.	Repayable within 120 days	-
	Renuka Teas (Ceylon) (Pvt) Ltd	3,087,239	6% p.a.	Repayable on demand	-
Bank Of Ceylon	Richlife Dairies Ltd	3,775,068	6.5% p.a.	Repayable over 96 equal monthly installments	Property held at, Pirivena Rd, Moligoda, Wadduwa for Rs 426Mn

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

Lender	Facility obtained by	Balance as at 31.03.2014	Interest Rate	Repayment Terms	Security
Hatton National Bank	Richlife Dairies Ltd	4,897,173	8% p.a	To be repaid over a period of 05 years in 53 equal monthly instalments of Rs 0.465Mn each & final instalment of Rs 0.355Mn plus interest commencing after an initial grace period of 06 months. Interest to be serviced monthly during the grace period	Corporate guarantee given by Renuka Agri food PLC for Rs. 325 Mn
	Richlife Dairies Ltd	17,639,285	AWPLR +0.75% p.a	To be repaid over a period of 05 years in 47 monthly instalments of Rs 3.4Mn each & final instalment of Rs 0.2Mn plus interest commencing after an initial grace period of 01 year .Interest to be serviced monthly during the grace period	Corporate guarantee given by Renuka Agri food PLC for Rs. 325 Mn
	Richlife Dairies Ltd	12,002,000	AWPLR +0.5% p.a	Repayable with in 90days	Corporate guarantee given by Renuka Agri food PLC for Rs. 325 Mn
	Shaw Wallace Ceylon Ltd	300,000,000	Floating Rate	Maximum roll over tenor-1 month	Corporate guarantee given by Renuka Shaw Wallace PLC to the value of Rs 300Mn
	Inter Ocean Lubricant (Pvt) Ltd	25,007,500	AWPLR + 0.5% p.a	To be paid in 35 equal monthly installments	Primary floating mortgage bond
	Inter Ocean Lubricant (Pvt) Ltd	145,472,000	AWPLR + 0.5% p.a	Payable within Maximum period of 120 days	Secured by Stocks
	Inter Ocean Lubricant (Pvt) Ltd	89,047,719	AWPLR + 0.5% p.a	Payable within 120 days	Secured by Stocks and Corporate Guarantees

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

21. RETIREMENT BENEFIT OBLIGATION

Group		Company	
31.03.2014	31.03.2013	31.03.2014	31.03.2013
Rs.	Rs.	Rs.	Rs.

Movement in the Present Value of the Defined Benefit Obligation

(a) Provision for Retiring Gratuity

Balance at the beginning of the year	50,026,214	66,406,410	-	-
Provision made during the year	12,199,688	10,012,042	-	-
Benefit Paid	(5,329,699)	(26,392,238)	-	-
Balance at the end of the year	56,896,203	50,026,214	-	-

(b) Pension Fund

Balance at the beginning of the year	333,666	1,169,027	-	-
Paid during the year	(333,666)	(835,361)	-	-
Balance at the end of the year	-	333,666	-	-
	56,896,203	50,359,880	-	-

21.1 Net Benefit Expenses Categorized Under Personal Expenses

Provision made during the year				
Current Service Cost	8,738,060	7,097,470	-	-
Interest Cost	6,456,249	6,848,541	-	-
Actuarial (gain)	(2,994,621)	(3,933,969)	-	-
	12,199,688	10,012,042	-	-

21.2 This obligation is not externally funded.

21.3 Gratuity liability is based on the actuarial valuation carried out by Messrs. Actuarial and Management Consultants (Private) Limited, Actuaries, on 31 March 2014. The principal assumptions used in the actuarial valuation are as follows:

	31.03.2014	31.03.2013
Discount rate	10.50%	11%
Retirement Age	55 years	55 years
Future salary increase	10%	10%

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

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

	Group		Company	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
	Rs.	Rs.	Rs.	Rs.
22. TRADE & OTHER PAYABLES				
Trade Creditors	539,769,313	465,867,980	-	-
Accrued Expenses & Other Payables	213,497,511	101,225,488	1,308,972	1,132,086
	753,266,824	567,093,468	1,308,972	1,132,086
23. OTHER CURRENT LIABILITIES				
Other Payables	104,450,369	207,175,374	199,280	48,552
Other Statutory Obligations	1,658,141	7,276,460	-	-
	106,108,510	214,451,834	199,280	48,552
24. AMOUNTS DUE TO RELATED COMPANIES				
Renuka Group Ltd	324,450,000	1,350,000	323,000,000	-
Renuka Enterprises (Pvt) Ltd	-	-	33,000,000	34,894,980
Renuka Developments Ltd	-	-	-	357,000,000
McLarens Holdings Ltd	-	930,932	-	-
Renuka Agro Exports Ltd.	-	-	436,140	-
	324,450,000	2,280,932	356,436,140	391,894,980
25. INCOME TAX PAYABLE / (REFUND DUE)				
Balance at the beginning of the year	(6,199,811)	2,578,897	243,015	2,997
Disposal of Subsidiaries	(305)	-	-	-
Income Tax provision made during the year	23,648,537	26,541,987	196,603	651,949
Payments made	(22,830,554)	(34,925,244)	(328,067)	(152,955)
WHT	(550,052)	(386,854)	(6,928)	(258,976)
Notional Tax	-	(8,597)	-	-
Balance at the end of the year	(5,932,185)	(6,199,811)	104,623	243,015
26. REVENUE				
Agri Food - Exports	2,371,167,503	1,830,851,455	-	-
Agri Food - Local	49,504,134	211,917,179	-	-
Dairy	1,341,968,705	831,526,009	-	-
FMCG	2,218,574,102	2,260,901,110	-	-
Automotive	1,136,278,916	1,001,353,672	-	-
Investment Services & Others 26 (a)	60,303,365	384,534,309	27,994,794	694,297,762
	7,177,796,724	6,521,083,734	27,994,794	694,297,762

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

	Group		Company	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
	Rs.	Rs.	Rs.	Rs.
26(a) Investment Services & Others				
Rent Income - Investment Property	4,200,000	3,901,000	-	-
- Others	5,507,240	3,276,000	-	-
Local Sales	46,004,122	39,504,931	-	-
Dividend Income	4,592,003	5,311,663	27,994,794	33,876,100
Sales proceeds from sale of Investments	-	332,540,715	-	660,421,662
	60,303,365	384,534,309	27,994,794	694,297,762
27. OTHER OPERATING INCOME				
Other Income	5,738,560	12,315,092	-	-
Insurance Claim	850,720	219,814	-	-
Profit on Disposal of Property, Plant & Equipment	3,149,516	4,937,423	-	-
Sundry Sales	16,099,695	8,023,802	-	-
Creditors and Payables Written Back	12,817,966	54,335	-	-
Rebate on Purchase	-	46,064,355	-	-
Change in fair value of Investment Properties	148,992,500	191,080,500	-	-
Gains on fair value change in Biological Assets	6,056,368	1,135,379	-	-
	193,705,324	263,830,700	-	-
28. FINANCE INCOME				
Interest Income on				
- Call Deposits	923,672	3,032,234	69,277	863,734
- Foreign Currency Account	263,233	278,011	-	-
- Fixed Deposits	8,228,500	21,249,336	-	1,726,028
- Repo	-	4,155,251	-	-
- Loan	3,464,626	994,521	1,010,959	994,521
	12,880,031	29,709,353	1,080,236	3,584,283
29. FINANCE COST				
Interest on Loans & Bank Overdraft	104,077,825	146,650,432	35,714	310,869
Lease Interest	370,322	487,423	-	-
Others	3,379,403	509,412	-	-
Provision for Impairment - Trade Receivables	7,578,863	11,370,457	-	-
Short Term Financial Assets written off	-	40	-	40
	115,406,413	159,017,764	35,714	310,909

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

	Group		Company	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
	Rs.	Rs.	Rs.	Rs.
30. OTHER FINANCIAL ITEMS				
Exchange Gain or (Loss)	10,834,984	2,193,107	-	-
	10,834,984	2,193,107	-	-

31. PROFIT BEFORE TAXATION

is stated after charging all expenses including the following :

Directors/ Key managerial Remuneration and fees	40,900,000	33,455,000	300,000	125,000
Auditors Remuneration - Note 31 (a)	3,591,500	3,307,250	199,500	190,000
Depreciation on Property, Plant & Equipment	127,462,707	106,230,249	-	-
Donation	19,300	143,922	-	-
Staff Cost				
Defined Benefit Plan	15,194,309	13,946,011	-	-
Other Staff Cost (Including EPF & ETF)	522,177,023	476,314,739	-	-
Amotization of Intangible assets	4,115,148	2,899,128	-	-
Amortisation of Right to use Land	5,978,340	15,235,483	-	-
loss on Disposal of Shares in Subsidiaries	-	-	-	1,209,653
Assets written off	-	114,999,959	-	-
Provision for Obsolete Stock	3,863,453	24,587,578	-	-

31(a) Auditor's Remuneration

Fees payable to Kreston MNS & Co. for the audit of annual accounts of Renuka Holdings PLC	199,500	190,000	199,500	190,000
Fees payable to Kreston MNS & Co. for the audit of subsidiaries of Renuka Holdings PLC	461,000	465,000	-	-
Fees payable to Other auditors for the audit of subsidiaries & Joint Venture of Renuka Holdings PLC	2,931,000	2,652,250	-	-
	3,591,500	3,307,250	199,500	190,000

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

	Group		Company	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
	Rs.	Rs.	Rs.	Rs.
32. TAXATION				
Current year Income Tax	23,648,537	26,541,987	196,603	651,949
Tax effect on Group Dividend	2,774,057	10,666,578	-	-
Transferred to / (from) Deferred Taxation	5,405,999	(26,574,067)	-	-
	31,828,592	10,634,498	196,603	651,949

32.1 Reconciliation Between Taxable Profit And The Accounting Profit

Profit before Taxation	300,836,614	282,603,870	27,249,929	40,319,986
Aggregate Disallowed Items	539,777,513	361,134,139	2,905,332	3,584,282
Aggregate Allowed Expenses	(447,622,501)	(98,004,003)	(29,075,027)	(39,342,111)
Tax Exempt Income	(254,599,147)	(455,367,942)	-	(977,915)
Losses of Tax Liable Companies	-	3,356,053	-	-
	138,392,479	93,722,117	1,080,234	3,584,242
Tax loss set-off	(8,589,515)	(2,904,510)	(378,082)	(1,254,499)
Taxable Income	129,802,964	90,817,607	702,152	2,329,743
Income Tax @ 28%	13,443,846	10,968,754	196,603	652,339
Income Tax @ 12%	9,851,587	13,464,830	-	-
Income Tax @ 10%	-	1,073,655	-	-
(Over) / under provision in the previous year	353,104	1,034,748	-	(390)
	23,648,537	26,541,987	196,603	651,949
Deferred Tax	5,405,999	(26,574,067)	-	-
Tax effect on Group Dividend	2,774,057	10,666,578	-	-
Income Tax on current year profits	31,828,592	10,634,498	196,603	651,949

33. EARNINGS PER SHARE

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

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

Amount used as the Numerator

Profit / (Loss) Attributable to equity holders of the Company for basic Earnings per share	191,728,353	188,881,413	27,053,326	39,668,037
--	-------------	-------------	------------	------------

Number of Ordinary Shares used as Denominator

Weighted Average number of Ordinary Shares in issue applicable to basic Earnings per Share	50,945,728	50,945,728	50,945,728	50,945,728
Earnings per Share	3.76	3.71	0.53	0.78

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

34. DIVIDEND PER SHARE

1. The final dividend of Rs. 0.70 per share for the financial year ended 31st March 2012 was paid on 28th September 2012
2. The final dividend of Rs. 0.70 per share for the financial year ended 31st March 2013 was paid on 30th September 2013

35. ADJUSTMENTS DUE TO CHANGES IN SUBSIDIARIES**(a) Adjustments Due To Changes In Shareholding of Subsidiaries**

Gain from acquisition of shares of Renuka Developments (Pvt) Ltd by Renuka Shaw Wallace PLC. The effective increase of the holding percentage of group due to this Acquisition was 15.12%	135,368,888
---	-------------

Gain from acquisition of shares of Renuka Teas (Ceylon) (Pvt) Ltd by Renuka Shaw Wallace PLC. The effective increase of the holding percentage of group due to this Acquisition was 30.17%	53,789,903
--	------------

Gain from Disposal of shares of Renuka Agri Organics (Pvt) Ltd by Renuka Agro Exports Ltd to Renuka Organics (Pvt) Ltd. The effective Decrease of the holding percentage of group due to this Disposals was 65.72%	89,059
--	--------

Gain from Disposal of Shaw Wallace Ceylon (Pvt) Ltd shares by Renuka Consumer Foods (Pvt) Ltd. The effective reduction of the holding percentage of group due to this Disposals was 25.23%	<table border="0"> <tr> <td>Sales</td> <td style="text-align: right;">422,418,512</td> <td></td> </tr> <tr> <td>Proceeds</td> <td></td> <td></td> </tr> <tr> <td>Net Assets</td> <td style="text-align: right;">(201,363,037)</td> <td></td> </tr> <tr> <td>Disposed</td> <td></td> <td style="text-align: right;">221,055,475</td> </tr> </table>	Sales	422,418,512		Proceeds			Net Assets	(201,363,037)		Disposed		221,055,475
Sales	422,418,512												
Proceeds													
Net Assets	(201,363,037)												
Disposed		221,055,475											

During the year, Renuka Consumer Foods Limited disposed its ownership interest of 42.24% with Shaw Wallace Ceylon Limited to Eagle View Management Services Limited and CJ Patel and Company Limited (21.12% each) for a cash consideration of Rs. 422,418,512/-.

410,303,324

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

35. ADJUSTMENTS DUE TO CHANGES IN SUBSIDIARIES (CONT.)

(b) Disposal of Subsidiary	Campbell Teas Ltd
Assets	
Trade & Other Receivable	584,876
Call Deposit	3,396,735
Cash & Cash Equivalents	5,100,896
	<u>9,082,507</u>
Liabilities	
Trade & Other Payables	32,000
Income Tax Payables	305
	<u>32,305</u>
Net Identifiable Assets	9,050,202
Less: Non Controlling Interest	(6,309,801)
Net Identifiable Assets Disposed	2,740,401
Consideration Received for disposal	4,999,980
	<u>2,259,579</u>
The effect of disposal on Cash flow	
Consideration settled in cash	4,999,980
Less : Cash and Cash Equivalents of Subsidiary - Disposed	(8,497,631)
Net Cash Flow on Disposal	<u>(3,497,651)</u>

36. EVENTS OCCURRING AFTER THE REPORTING DATE

The Board of Directors has recommended a final dividend of Rs 0.70 per Share amounting Rs 35,662,010 for the year ended 31st March 2014. This to be approved at the annual general meeting to be held on 24th September 2014.

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

37. LITIGATIONS AGAINST THE GROUP**(a) Renuka Shaw Wallace PLC**

During the year 2001 a case was filed by Renuka Hotels Ltd against seven respondents including Renuka Shaw Wallace PLC and its subsidiary Renuka Agri Foods PLC (Case No. HC (civil) 4 / 2001 (2)) in the Colombo Commercial High Courts with regard to the investment made by Renuka Shaw Wallace PLC in the above mentioned subsidiary. This action was dismissed with cost to the defendants.

They have appealed the verdict and the legal consultants are of the view that there is a strong likelihood of the outcome of this case being in favour of Renuka Shaw Wallace PLC even in the appeal too.

(b) Kandy Plantations Ltd.

Land Reform Commission has filed a case in the District court of Attanagalla against the trustees where the Company is a respondent.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

(c) Renuka Agri Foods PLC

The Company is a Respondent in case No. H.C.(Civil) 4/2001 (2) mentioned in Note 37 (a) above

38. CAPITAL COMMITMENTS

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

39. CONTINGENT LIABILITIES

There are no contingent liabilities which would require adjustments to or disclosure in the Financial Statements other than Corporate Guarantees given as per Note 20 (g).

40. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for the preparation of the Financial Statements of the Company in accordance with the Sri Lanka Accounting Standards and also for the Provision of information as required by the Company's Act No. 07 of 2007. The Directors are accordingly satisfied that the Financial Statements presented herein give a true and fair view of the state of affairs of the Company as at 31st March 2014 and the Profit for the year then ended.

41. GOING CONCERN OF SUBSIDIARIES**Shaw Wallace Food Services Limited**

The Board of Directors intends to cease operations. Therefore the financial statement of Shaw Wallace Food Services Limited have been prepared and presented other than on the basis of a going concern reflecting the cessation of the operations.

42. RELATED PARTY TRANSACTIONS**42.1 Transactions with Key Managerial Persons**

42.1.1 Key Managerial Persons include members of the Board of Directors of the Company and its Subsidiaries.

42.1.2 Transactions with Key Managerial Persons are given below

42.1.3 Transactions with Key Managerial Persons

	31.03.2014	31.03.2013
	Rs.	Rs.
Remuneration to Key Managerial Persons – Group	40,900,000	33,455,000
Rent	5,760,000	3,600,000

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

42.1.4 Transactions with Related Entities

	31.03.2014	31.03.2013	
	Rs.	Rs.	
(a) Amount due from / due to Related Entities Group			
Amount Due From Related Companies			
D Motors	6,339,248	35,146,594	Affiliate
McLarens Holdings Ltd	458,599	762,500	Joint Venture Partner
Renuka Resorts Ltd	1,000,000	-	Affiliate
Zenith Marine Services (Pvt) Ltd	113,500	-	Affiliate
Amount Due to Related Companies			
Renuka Group Ltd	324,450,000	1,350,000	Parent Company
McLarens Holdings Ltd	-	930,932	Joint Venture Partner
Company			
Amount Due From Related Companies			
Renuka Agro Exports Ltd	-	445,429,860	Subsidiary
McShaw Automotive Ltd	-	45,363,835	Joint Venture
Shaw Wallace Properties Ltd	-	452,765	Subsidiary
Coco Hotels & Properties (Pvt) Ltd	6,540,000	307,940,200	Subsidiary
Amount Due to Related Companies			
Renuka Group Ltd	323,000,000	-	Parent Company
Renuka Enterprises (Pvt) Ltd	33,000,000	34,894,980	Subsidiary
Renuka Agro Exports Ltd	436,140	-	Subsidiary
Renuka Development Ltd	-	357,000,000	Subsidiary

(b) Transactions with related entities

Name of the Company	Nature of Transaction	Relationship	2014	2013
			Rs.	Rs.
Symbiosis Business (Pvt) Ltd	Constancy Service	Common Director	857,136	6,285,440
Chadha Oriental Foods Limited	Purchase of Goods	Common Director	19,697,247	18,981,468
Enco Products Limited	Purchase of Goods	Common Director	36,387,655	94,786,838
B.Teffloth and (Canada)	Purchase of Goods	Common Director	20,192,664	32,050,783
Interocean Services Ltd	Fund Transfers/ Purchase of Goods	Affiliate	57,583,045	47,193,478
McLarens Holdings Ltd	Shared Service Provider	Affiliate	2,449,600	2,449,600
McLarens Lubricants Ltd	Purchase of Goods	Affiliate	1,325,294,536	931,850,122
D Motors	Purchase of Goods	Affiliate	12,678,495	70,293,187

42.2 Directors of Group Companies

	RHL	RSW	RAF	RTCL	ROL	KPL	RVL	RTRL	CFL	CBL	RAEL	RAOL	RDL	REL	RSTL	RIL	CHPL	RIDL	SWCL	CFPL	SWSL	SWAL	SWFL	BBL	SWFS	MAL	ILPL	RCF
Mrs. I.R. Rajiyah (Chairperson)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	✓	-	✓
	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	✓	-	✓
	✓	✓	✓	-	-	✓	-	-	-	-	✓	-	-	-	-	-	-	✓	✓	✓	✓	-	-	✓	-	-	-	✓
Mr. S.V. Rajiyah	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	-	✓
Mr. L.M. Abeywickrama	✓	✓	✓	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	✓
Mr. T.K. Bandaranayake	✓	✓	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. M.S. Dominic	✓	✓	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ms. A.L. Rajiyah	✓	✓	✓	-	-	-	-	-	-	-	-	✓	-	-	-	-	-	-	✓	-	-	-	-	-	✓	-	-	-
Mr. J.M. Swaminathan	✓	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. S. Vasanthakumara	-	✓	✓	✓	✓	✓	-	-	✓	-	-	✓	✓	-	-	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	-	✓
Mr. W. Rajapakshe	-	-	✓	-	-	✓	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dr. J.A.S. Felix	-	✓	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. M. Terfloth	-	-	✓	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. M.K.A. Ranglin	-	-	✓	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. T.G. Hockley	-	-	-	-	-	-	-	-	✓	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. P. Gunathilake	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	✓	-	✓	-	-
Mr. S. Nagarajah	-	-	✓	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
RHL	Renuka Holdings PLC			RVL		Renuka Villas (Pvt) Ltd						RDL		Renuka Developments Ltd						CHPL						Coco Hotels and Properties (Pvt) Ltd		
SWPL	Shaw Wallace Properties Ltd			RSW		Renuka Shaw Wallace PLC						RTRL		Renuka Trading (Pvt) Ltd						REL						Renuka Enterprises (Pvt) Ltd		
RLDL	Richlife Dairies Ltd			BBL		Bois Brothers (Pvt) Ltd						RAF		Renuka Agri Foods PLC						CFL						Ceylon Forestry (Pvt) Ltd		
RSTL	Renuka Shipping & Travel (Pvt) Ltd			SWCL		Shaw Wallace Ceylon Ltd						SWFS		Shaw Wallace Food Services Ltd						RTCL						Renuka Teas (Ceylon) (Pvt) Ltd		
CBL	Ceylon Botanicals (Pvt) Ltd			RIL		Renuka Investments (Pvt) Ltd						CFPL		Captain Foods (Pvt) Ltd						MAL						McShaw Automotive Ltd		
ROL	Renuka Organics (Pvt) Ltd			RAEL		Renuka Agro Exports Ltd						SWAL		Shaw Wallace Agencies Ltd						SWSL						Shaw Wallace Services Ltd		
ILPL	Interocean Lubricants (Pvt) Ltd			KPL		Kandy Plantations Ltd						RAOL		Renuka Agri Organics Ltd						RCF						Renuka Consumer Foods Ltd		

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

ANNUAL REPORT 2014

43. INDUSTRY SEGMENT INFORMATION

	AGRI FOOD EXPORTS			DAIRY			FMCG			AUTOMOTIVE			INVESTMENT & SERVICES			GROUP		
	31.03.2014	31.03.2013	Rs.	31.03.2014	31.03.2013	Rs.	31.03.2014	31.03.2013	Rs.	31.03.2014	31.03.2013	Rs.	31.03.2014	31.03.2013	Rs.	31.03.2014	31.03.2013	Rs.
Turnover																		
Export	2,371,167,503	1,830,851,455	-	-	-	-	-	-	-	-	-	-	-	-	-	2,371,167,503	1,830,851,455	-
Local	318,130,175	389,566,367	1,341,968,705	831,570,533	2,279,756,250	2,336,758,497	1,136,278,916	1,001,353,672	61,443,365	385,674,309	5,137,577,411	4,944,923,378						
Intra Group	(268,626,042)	(177,649,188)	-	(44,524)	(61,182,148)	(75,857,387)	-	-	(1,140,000)	(1,140,000)	(330,948,190)	(254,691,099)						
Total External Sales	2,420,671,636	2,042,768,634	1,341,968,705	831,526,009	2,218,574,102	2,260,901,110	1,136,278,916	1,001,353,672	60,303,365	384,534,309	7,177,796,724	6,521,083,734						
Gross Profit	475,371,884	861,579,280	265,510,628	132,877,499	410,786,135	148,069,089	223,197,742	182,183,605	6,958,543	31,520,466	1,381,824,932	1,356,229,939						
Profit before Tax & Finance Cost																		
Finance Cost																		
Taxation																		
Profit for the year after tax	1,881,065,041	1,896,558,089	881,912,571	784,277,637	1,851,766,521	1,646,757,779	573,806,035	441,669,406	2,135,864,170	1,284,030,660	7,324,414,339	6,053,293,571						
Total Assets																		
Fixed Assets including																		
Investment Property	1,360,171,089	1,145,632,055	549,848,979	526,135,318	601,154,742	753,663,352	13,127,773	16,646,575	938,677,260	826,216,264	3,462,979,843	3,268,293,564						
Other Long Term Investment	-	-	-	-	-	-	-	-	223,958,952	223,958,952	223,958,952	223,958,952						
Deferred Tax Asset	-	-	-	-	25,540,948	27,839,487	-	-	1,196,523	-	26,737,471	27,839,487						
Non Interest Bearing Liabilities																		
Deferred Tax Liability	27,298,724	19,424,185	21,078,584	21,325,809	-	-	-	-	-	-	48,377,308	43,574,815						
Retirement Benefit Obligation	26,116,387	22,312,886	8,547,377	6,771,025	15,325,393	16,193,252	3,080,412	1,995,376	3,826,634	3,087,341	56,896,203	50,359,880						
Trade and other payable	203,944,164	113,633,964	135,921,829	42,858,900	229,734,966	328,607,499	178,263,245	75,212,243	5,402,620	6,780,863	753,266,824	567,093,468						
Other Current Liabilities	44,599,940	124,375,320	-	63,782,966.00	48,528,779	17,207,783	9,677,536	6,741,851.00	3,302,255	2,343,914	106,108,510	214,451,834						

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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 risk faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limit. Risk Management policies and systems are reviewed regularly to reflect changes in market conditions and 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 Risks Factors

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

1. Market risk
 - Currency risk
 - Interest rate risk
 - Price risk
2. Credit risk
3. Liquidity risk

The company's and the Group's overall financial risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company and the Group. Financial risk management is carried out through risk reviews, internal control systems, insurance programmes 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 the risk that changes in market prices, such as foreign exchanges rates and interest rates will affect the Group 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 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 Group exposure to foreign currency risk was as follows based on notional amounts. The Group involves with foreign currency transactions and exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US Dollar. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

	31.03.2014		31.03.2013	
	Rs	USD	Rs	USD
Amounts due to Related Company	(324,450,000)	(2,524,313)	(2,280,932)	(17,800)
Trade and Other payables	(753,266,824)	(5,860,630)	(567,093,468)	(4,425,577)
Amounts due from Related Company	7,911,349	61,553	35,909,094	280,233
Trade and Other receivables	1,041,669,711	8,104,487	993,421,527	7,752,626
Cash and cash equivalents	215,305,797	1,675,140	121,020,714	944,441
Bank Overdraft	(273,152,018)	(2,125,200)	(212,744,145)	(1,660,248)
Gross Statement of Financial Position Exposure	(85,981,986)	(668,964)	368,232,790	2,873,676

The following significant exchange rates were applicable during the year.

	Average Rate		Reporting Date spot rate	
	2014	2013	2014	2013
	Rs	Rs	Rs	Rs
US Dollars	128.53	128.14	128.70	125.10

Sensitivity Analysis

A strengthening / (weakening) of the LKR, as indicated below, against the US Dollar at 31st March 2014 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 Company Considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

	Strengthening Profit or Loss	Weakening Profit or Loss
	Rs	Rs
31st March 2014		
USD (10% movement)	(8,598,199)	8,598,199
31st March 2013		
USD (10% movement)	36,823,327	(36,823,271)

b. Interest rate risk

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

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

	Carrying Amount	
	31.03.2014	31.03.2013
	Rs	Rs
Fixed Rate Instruments		
Financial Assets		
Fixed Deposits	376,000,000	-
Staff Loans	-	-
Financial Liabilities		
Interest Bearing borrowings from related party	-	-
	<u>376,000,000</u>	<u>-</u>
Variable rate Instruments		
Financial Assets		
Call and Savings Deposits	310,355,548	37,013,597
Financial Liabilities		
Bank Overdraft	(273,152,018)	(212,744,145)
Borrowings	(925,237,609)	(732,236,232)
	<u>(888,034,079)</u>	<u>(907,966,780)</u>

C. Price Risk

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

2. Credit Risk

Risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk is managed on company and the Group basis. Credit risk arises from 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 risks 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 equivalents with a number of creditworthy financial institutions. 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 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	
	2014	2013
	Rs	Rs
Trade and Other receivables	1,041,669,711	993,421,527
Amount due from Related Company	7,911,349	35,909,094
Balances with Banks	215,305,797	121,020,714
	<u>1,264,886,856</u>	<u>1,150,351,335</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

Impairment losses

The Company 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 allowance is determined based on historical data of payment statistics for similar financial assets.

The maximum exposure to credit risk for Trade and Other Receivables as at reporting date by geographic was as follows.

	Carrying amount	
	31.03.2014	31.03.2013
	Rs	Rs
Domestic	867,922,281	844,137,439
Europe	63,881,293	40,622,094
Middle East	26,121,477	43,208,744
Asia	3,465,476	1,500,323
United State	19,738,849	16,337,377
Canada	5,428,211	15,031,998
Caribbean	35,508,474	32,583,552
Africa	6,875,777	-
Australia	12,727,873	-
	1,041,669,711	993,421,527

Cash and bank balances

The Company held favourable cash and bank balances of Rs. 215,305,797 as at 31st March 2014 (Rs. 121,020,714 as at 31st March 2013) which represent its maximum credit exposure on these assets.

3. Liquidity Risk

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

As at 31st March 2014

	Carrying amount	0-12 Months	More than one year
	Rs	Rs	Rs
Financial Liabilities (Non-Derivative)			
Interest Bearing borrowings & lease installments payables	925,237,609	755,806,062	169,431,548
Other Amounts Due to Related Company	324,450,000	324,450,000	-
Trade and Other Payable	753,266,824	753,266,824	-
Bank Overdraft	273,152,018	273,152,018	-
Total	2,276,106,451	2,106,674,903	169,431,548

As at 31st March 2013

Financial Liabilities (Non-Derivative)			
Interest Bearing borrowings & lease installments payables	732,236,232	478,075,542	254,160,690
Other Amounts Due to Related Company	2,280,932	2,280,932	-
Trade and Other Payable	567,093,468	567,093,468	-
Bank Overdraft	212,744,145	212,744,145	-
Total	1,514,610,777	1,260,194,087	254,160,690

4. Capital Management risk

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

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

	Group		Company	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
	Rs	Rs	Rs	Rs
Borrowings (Note 20)	925,237,609	732,236,232	-	-
Total Equity	4,836,925,866	4,230,552,266	561,105,636	569,714,320
Gearing ratio %	19.1%	17.3%	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

5. Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Company's operations.

The Primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas.

- ✓ Requirement 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 procedure to address the risks identified.
- ✓ Development of Contingency plans.
- ✓ Training and Professional development.

REAL ESTATE PORTFOLIO

ANNUAL REPORT 2014

Classification	Name of the Company	Location	Land Perches		No. of Buildings	Building in Sq.ft	Value (Rs.000)	
			Lease Hold	Free Hold			Cost/ Valuation	Valuation
Property, Plant & Equipment	Bois Brothers (Pvt) Ltd	Colombo 08		5				18,199
	Captain Foods (Pvt) Ltd	Ekala Ja-ela		59	2	10,148		28,859
	Ceylon Botanicals (Pvt) Ltd	Matale		10,842				20,000
	Kandy Plantations Ltd	Diwuldeniya	102,552		4	8,094		63,998
	Renuka Agri Foods PLC	Wathupitiwala	670		9	81,364		146,893
	Renuka Developments Ltd	Colombo 09		184	2	7,507		478,406
	Renuka Shaw Wallace PLC	Ekala Ja-ela		215	9	29,919		94,258
	Renuka Trading (Pvt) Ltd	Colombo 09		76	3	34,706		132,000
	Richlife Dairies Ltd	Wadduwa		682	6	57,550		322,520
	Shaw Wallace Ceylon Ltd	Colombo 08		40	1	66,227		413,016
	Shaw Wallace Properties Ltd	Peliyagoda	215		2	61,473		532,655
	Investment Properties	Coco Hotels & Properties Ltd	Colombo 03		85			

FIVE YEAR SUMMERY

Year ended 31st March	2014	2013	2012	2011	2010
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
a) summary of the operation					
Revenue	7,177,797	6,521,084	5,400,082	2,697,274	1,663,397
Gross profit	1,381,825	1,356,230	1,369,442	641,360	522,213
Profit before finance cost and tax	416,243	445,556	639,814	846,220	401,835
Profit before taxation	300,837	282,604	559,972	838,122	387,121
Taxation	(31,829)	(10,634)	(27,871)	(8,630)	(14,050)
Profit after tax	269,008	271,969	532,100	829,492	373,071
Profit attributable to equity holders of the company	191,728	188,881	258,969	618,465	240,749
b) summary of financial position					
Capital and reserves					
Stated capital	175,000	175,000	175,000	125,000	125,000
Retained earnings	2,649,111	2,081,549	1,898,743	1,712,210	1,031,170
Shareholders' fund	2,824,111	2,256,549	2,073,743	1,837,210	1,156,170
Minority interest	2,012,815	1,974,004	1,587,533	1,536,575	1,099,578
Total equity	4,836,926	4,230,552	3,661,276	3,373,784	2,255,748
Liabilities					
Non-current liabilities	274,705	348,095	378,661	153,624	129,691
Current liabilities	2,212,783	1,474,646	2,639,189	1,242,806	362,774
Total liabilities	2,487,488	1,822,741	3,017,851	1,396,430	492,465
Total equity and liabilities	7,324,414	6,053,294	6,679,127	4,770,214	2,748,213
Assets					
Property, plant and equipment	2,525,980	2,480,286	2,008,941	1,232,097	749,705
Investment properties	937,000	788,008	1,075,333	934,015	320,279
Investments	599,959	223,959	223,959	224,464	224,464
Other non-current assets	476,387	481,448	529,761	436,516	68,362
Current assets	2,785,088	2,079,593	2,841,132	1,943,122	1,385,403
Total assets	7,324,414	6,053,294	6,679,127	4,770,214	2,748,213
c) key indicators					
Earnings per share (Rs.)	3.76	3.71	5.13	12.37	5.04
Net profit margin (%)	3.75%	4.17%	9.85%	30.75%	22.43%
Net assets value per share (Rs.)	55.43	44.29	41.09	36.74	23.12
Dividends per share (Rs.)	0.70	0.70	1.70	0.83	0.40
Dividends payout (%)	13.11%	6.70%	10.25%	11.12%	3.38%
Dividend cover (times)	7.63	14.92	9.76	8.99	29.55
Interest cover (times)	3.04	2.95	10.45	107.82	27.31
Current ratio (times)	1.26	1.41	1.08	1.56	3.82
Gearing ratio (%)	3.38%	5.67%	6.32%	2.33%	3.85%
Return on equity (%)	5.56%	6.43%	14.53%	24.59%	16.54%

SHAREHOLDER'S INFORMATION

STOCK EXCHANGE LISTING

The issued ordinary shares of Renuka Holdings PLC are listed on the Main Board of the Colombo Stock Exchange (CSE) in Sri Lanka.

SHARE INFORMATION

	2014		2013	
	Voting	Non Voting	Voting	Non Voting
Total No of Shareholders	1747	945	1,839	1,016
Total No of Shares	44,517,313	6,428,415	44,517,313	6,428,415

VOTING SHARES

No of Shares Held - Voting	31st March 2014			31st March 2013		
	No of Shareholders	No of Shares	%	No of Shareholders	No of Shares	%
1-1000	1036	247,752	0.56	1045	270,737	0.61
1001-10,000	553	1,542,794	3.46	630	1,706,666	3.83
10,001-100,000	128	3,469,693	7.79	137	4,019,249	9.03
100,001-1,000,000	24	7,310,324	16.42	21	6,744,060	15.15
1,000,00 & Over	06	31,946,750	71.76	06	31,776,601	71.38
	1747	44,517,313	100	1,839	44,517,313	100

Analysis of Shareholders - Voting	31st March 2014			31st March 2013		
	No of Shareholders	No of Shares	%	No of Shareholders	No of Shares	%
Individuals	1637	9,638,708	21.65	1,710	9,937,960	22.32
Institutions	110	34,878,605	78.35	129	34,579,363	77.68
Total	1747	44,517,313	100	1,839	44,517,313	100

Analysis of Shareholders - Voting	31st March 2014			31st March 2013		
	No of Shareholders	No of Shares	%	No of Shareholders	No of Shares	%
Resident	1724	43,069,504	96.75	1,813	43,314,762	97.30
Non Resident	23	1,447,809	3.25	26	1,202,551	2.70
Total	1747	44,517,313	100	1,839	44,517,313	100

SHAREHOLDER'S INFORMATION (CONT.)

Non Voting No of Shares Held – Non Voting	31st March 2014			31st March 2013		
	No of Shareholders	No of Shares	%	No of Shareholders	No of Shares	%
1-1000	491	123,539	1.92	514	133,799	2.08
1001-10,000	336	1,129,049	17.56	377	1,242,726	19.33
10,001-100,000	107	3,073,771	47.82	113	2,941,908	45.77
100,001-1,000,000	11	2,102,056	32.70	12	2,109,982	32.82
1,000,00 & Over	-	-	-	-	-	-
	945	6,428,415	100	1,016	6,428,416	100

Analysis of Shareholders – Non Voting	31st March 2014			31st March 2013		
	No of Shareholders	No of Shares	%	No of Shareholders	No of Shares	%
Individuals	879	4,347,610	67.63	948	4,496,576	69.95
Institutions	66	2,080,805	32.37	68	1,931,839	30.05
Total	945	6,428,415	100	1,016	6,428,415	100

Analysis of Shareholders – Non Voting	31st March 2014			31st March 2013		
	No of Shareholders	No of Shares	%	No of Shareholders	No of Shares	%
Resident	931	6,192,562	96.33	1,002	6,251,267	97.24
Non Resident	14	235,853	3.67	14	177,148	2.76
Total	945	6,428,415	100	1,016	6,428,415	100

Public Share Holding

The percentage of shares held by the public

	2014	2013
Voting	42.94%	43.17%
Non-Voting	94.61%	94.95%

Share Trading Information

1st April to 31st March

	2013/2014		2012/2013	
	Voting	Non Voting	Voting	Non Voting
Share Prices				
Highest (Rs)	41.90	30.00	55.00	36.50
Lowest (Rs)	27.10	20.00	23.50	21.00
As at 31st March	31.50	21.70	31.00	21.40
Market Capitalization				
As at 31st March (Rs '000)	1,402,295	139,496	1,380,036	137,568
No of Trades	2,866	1,281	3,204	1,510
No of shares traded	3,434,646	1,723,305	6,011,840	2,402,245
Value of shares traded (Rs)	115,471,440	39,693,978	225,027,122	66,181,947
Dividends				
Proposed/paid final dividend (Rs)	35,662,009		35,662,009	
	(Rs 0.70 cents per share)		(Rs 0.70 cents per share)	

SHAREHOLDER'S INFORMATION (CONT.)

	Voting as at 31.03.2014		Voting as at 31.03.2013	
	No. of shares	%	No. of shares	%
1 Renuka Group Ltd	22,788,749	51.19	22,691,227	50.97
2 National Savings Bank	2,678,073	6.02	2,678,073	6.02
3 Dr. S.R. Rajiyah & Mrs. I.R. Rajiyah (Jt)	2,225,866	5.00	2,225,866	5.00
4 Sri Lanka Insurance Corporation Ltd-Life Fund	1,526,316	3.43	1,526,316	3.43
5 Employees Trust Fund Board	1,457,165	3.27	1,457,165	3.27
6 Deutsche Bank AG - National Equity Fund	1,270,581	2.85	1,197,954	2.69
7 Mr. M.M.S. Dawood	999,968	2.25	979,386	2.20
8 Deutsche Bank AG - Trustee for Namal Acuity Value Fund	804,877	1.81	804,877	1.81
9 Sri Lanka Insurance Corporation Ltd-General Fund	596,382	1.34	596,382	1.34
10 Mr. M.M. Fuad	540,627	1.21	960,416	2.16
11 Waldock Mackenzie Ltd/Hi-Line Trading (Pvt) Ltd	495,576	1.11	506,674	1.14
12 Sampath Bank PLC/Capital Trust Holdings Private Ltd	395,988	0.89	14,500	0.03
13 Mr. M.M.M. Milfer	369,728	0.83	62,840	0.14
14 Lankem Developments PLC	334,152	0.75	334,152	0.75
15 Merchant Bank of Sri Lanka Ltd A/c No. 1	296,337	0.67	356,446	0.80
16 Macksons Holdings (Pvt) Ltd	257,152	0.58	730	0.00
17 Mr. K.C. Vignarajah	235,496	0.53	235,496	0.53
18 Dr. G. Rajiyah	199,846	0.45	199,846	0.45
19 Deutsche Bank AG - Namal Growth Fund	197,403	0.44	197,403	0.44
20 Bank of Ceylon No. 1 A/c	176,723	0.40	76,723	0.17
	37,847,005	85.02	37,102,472	83.34
	Non-voting as at 31.03.2014		Non-Voting as at 31.03.2013	
	No. of shares	%	No. of shares	%
1 Mr. K.C. Vignarajah	302,462	4.71	302,462	4.71
2 Pan Asia Banking Corporation PLC/Mr. R.E. Rambukwelle	267,768	4.17	267,768	4.17
3 Mr. D.F.G. Dalpethado & Mrs. H.A.K.D. Dalpethado (Jt)	253,618	3.95	7,228	0.11
4 J.B. Cocoshell (Pvt) Ltd	223,491	3.48	223,491	3.48
5 Mr. S.V. Rajiyah	217,707	3.39	217,707	3.39
6 A.T. Cooray (Pvt) Ltd	195,428	3.04	195,428	3.04
7 National Savings Bank	148,406	2.31	148,406	2.31
8 E.W. Balasuriya & Co. (Pvt) Ltd	136,709	2.13	136,709	2.13
9 M.Z. Rasheed	132,039	2.05	-	-
10 Waldock Mackenzie Ltd / Hi-Line Trading (Pvt) Ltd	123,428	1.92	123,428	1.92
11 Corporate Druids (Pvt) Ltd	101,000	1.57	101,000	1.57
12 Green Olive Investment (Pvt) Ltd	100,000	1.56	100,000	1.56
13 Commercial Bank of Ceylon PLC A/c No. 04	100,000	1.56	100,000	1.56
14 Mr. L.E. Liyanage	100,000	1.56	100,000	1.56
15 Mr. M.M.M. Mizver	98,153	1.53	-	-
16 Mr. P. Sellathurai	94,514	1.47	-	-
17 Dr. S.R. Rajiyah & Mrs. I.R. Rajiyah (Jt)	85,711	1.33	85,711	1.33
18 Macksons Holdings (Pvt) Ltd	80,116	1.25	-	-
19 Mr. F.G.N. Mendis	73,060	1.14	15,000	0.23
20 Mr. A. Sithampalam	72,000	1.12	72,000	1.12
	2,905,610	45.20	2,196,338	34.17

NOTICE OF MEETING

Notice is hereby given that the 34th Annual General Meeting of the Company will be held at the Sri Lanka Foundation Institute, No. 100, Independence Square, Colombo 7 on the 24th September 2014 at 12.00 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 2014 with the Report of the Auditors thereon.
2. To re-elect Mr. L.M. Abeywickrama as a Director who retires by rotation in terms of Article 28 (1) .
3. To re-appoint Mr. C.J. De S. Amaratunge who is above 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 refer to in section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Mr. C.J. De S. Amaratunge.
4. To re-appoint Mr. T.K. Bandaranayake who is above 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 refer to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Mr. T.K. Bandaranayake.
5. To re-appoint Mr. J.M. Swaminathan who is above 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 refer to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Mr. J.M. Swaminathan.
6. To declare a dividend of Rs 0.70 per share.
7. To authorize the Directors to determine the contribution to charity.
8. To re-appoint M/s Kreston MNS & Co. Chartered Accountants as the Auditors and authorize the Directors to determine their remuneration.

By Order of the Board,

Sgd.
Renuka Enterprises (Pvt) Ltd
Company Secretaries
27.08.2014.

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 11.30 a.m. on 22nd September 2014, 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 Holdings PLC, hereby appoint ;

Mrs. I.R. Rajiyah	or failing her
Dr. S.R. Rajiyah	or failing him
Mr. S.V. Rajiyah	or failing him
Mr. C.J. de S. Amaratunge	or failing him
Mr. L.M. Abeywickrama	or failing him
Mr. T.K. Bandaranayake	or failing him
Mr. M.S. Dominic	or failing him
Ms. A.L. Rajiyah	or failing her
Mr. J.M. Swaminathan	or failing him

..... (NICNo.)
 of
 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 24th day of September 2014 and at any adjournment thereof and at every poll which may be taken in consequence thereof.

1. To receive and consider the Report of the Directors and the Statement of the Audited Financial Statements for the year ended 31st March 2014 with the Report of the Auditors thereon. ☐
2. To re-elect Mr. L.M. Abeywickrama as a Director. ☐
3. To re-appoint Mr. C.J. De S. Amaratunge as a Director ☐
4. To re-appoint Mr. T.K. Bandaranayake as a Director ☐
5. To re-appoint Mr. J.M. Swaminathan as a Director ☐
6. To declare a dividend of Rs 0.70 per share. ☐
7. To authorise the Directors to determine the contribution to charity. ☐
8. To re-appoint M/s Kreston MNS & Co., Chartered Accountants as Auditors to the Company and authorise the Directors to determine their remuneration. ☐

Dated this day of 2014.

.....
 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 PROXY

1. To be valid, the completed form of proxy should be deposited at the Registered Office of the Company at "Renuka House" No.69 Sri Jinaratana Road, Colombo 2, not less than 48 hours before the time 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 to 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 a 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.

NOTES

RENUKA HOLDINGS PLC

[illegible]

CORPORATE INFORMATION

NAME OF COMPANY

Renuka Holdings PLC

REGISTRATION NO.

PQ 227

LEGAL FORM

Quoted Public Company With Limited Liability

SUBSIDIARIES:

Coco Hotels & Properties (Pvt) Ltd
McShaw Automotive Ltd
Renuka Agro Exports Ltd
Renuka Developments Ltd
Renuka Enterprises (Pvt) Ltd

PRINCIPAL ACTIVITY

It is the holding company for subsidiaries engaged in the sectors of Food & Beverage (Agri Food Exports, Dairy, FMCG), Automotive, Investments & Services.

BOARD OF DIRECTORS - COMPANY

Mrs. I.R.Rajiyah (Chairperson)
Dr. S.R.Rajiyah
Mr. C.J.De.S.Amaratunge
Mr. S.V.Rajiyah
Mr. L.M.Abeywickrama
Mr. M.S.Dominic
Mr. T.K.Bandaranayake
Mr. J.M.Swaminathan
Ms. A.L.Rajiyah

COMPANY SECRETARIES

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

REGISTRARS

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

REGISTERED OFFICE

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

POSTAL ADDRESS

P.O.Box 25, Colombo

STOCK EXCHANGE LISTING

Colombo Stock Exchange

AUDIT COMMITTEE

Mr. T.K.Bandaranayake
Mr. C.J.De.S.Amaratunge
Mr. M.S.Dominic

REMUNERATION COMMITTEE

Mr. C.J.De.S.Amaratunge
Mr. M.S.Dominic
Mr. L.M.Abeywickrama

AUDITORS

Kreston MNS & Co
Chartered Accountants

LEGAL CONSULTANTS

Nithya Partners- Attorneys at Law

BANKERS

National Development Bank PLC
Hong Kong & Shanghai Banking Corporation Ltd
Hatton National Bank PLC
Seylan Bank PLC
DFCC Vardhana Bank Ltd
Union Bank Ltd
Commercial Bank of Ceylon PLC
Bank of Ceylon
Peoples Bank

'RENUKA HOUSE', P. O. BOX 25, #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