



ANNUAL REPORT  
**2015**

RENUKA FOODS PLC

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## A PROUD SRI LANKAN

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

## WHO WE ARE

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

The Company was listed on the Colombo Stock Exchange in 1994. Through acquisitions the company now traces its roots to 1891 becoming one of Sri Lankans oldest food and beverage corporates.

Renuka Foods operates seven state-of-the-art factories and warehouses, eight collection and processing centres and two plantations, all catering towards servicing the wants and needs of clients spread across 61 countries worldwide and over 65,000 outlets throughout Sri Lanka. Furthermore Renuka Foods has an out-grower network of 5,200 farmer families and contributes Rs 1.5 billion to the rural economy annually. The organization also directly employs 1,609 people

## VISION

To be a leading Sri Lankan food & Beverage company, making every day delicious.

## 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 colleagues, on honesty and trust. It drives our ability to deliver great products and services and to generate superior long term financial performance for our shareholders.





## AGRI BUSINESS SECTOR

“CATERING TO THE WORLD’S DEMAND FOR VALUE ADDED AGRICULTURE PRODUCTS, YET ENSURING THAT SUSTAINABILITY IS THE VITAL LINK”

The Agri business sector of Renuka Foods PLC consists of manufacturing and plantations. Renuka Agri Foods, Renuka Agri Organics and Renuka Organics manufacture and market coconut based food and beverage products for the local and International markets while continuously innovating; and Renuka Teas Ceylon (Pvt) Ltd is dedicated to value addition of Ceylon Tea in various forms to niche export markets. Kandy Plantations Ltd operates our Organic certified Coconut farms, the largest in the island and an extensive out grower network while promoting sustainable organic farming methods throughout the island.

## FINANCIAL & OPERATIVE PERFORMANCE

### TURNOVER RS. 2,982 MILLION

The Sector performed satisfactorily by gross profit crossing Rs 878Mn with more focus on innovation and value addition through investment in Tetra machinery, the sector was able to exploit the world demand for tetra based coconut beverages such as Coconut water and Coconut milk drink. With the commencement of the new Virgin Coconut oil plant the capacity increase enabling shorter shipment lead times thus ensuring greater satisfaction to our consumers. However the tea sector did witness a decrease in demand in certain countries such as Russia and as the dip in demand did affect the top line yet with adding new markets the company was able to continue its growth momentum.

## FUTURE OUTLOOK

The Renuka agri business sector hopes to focus more on sustainability and innovation for the year ahead. We believe backward integration by cultivation of Coconut land in war affected areas thereby generating income and livelihood for the undeveloped Eastern and Northern Region, expanding the number of farmer families in our out-grower networks and creating a line of organic certified fruit and herb infused tea blends are a few such measures to reach this goal.



## FMCG SECTOR

“THE GROWTH IN THE FMCG SECTOR HAS BEEN POSSIBLE WITH THE TRUST CONSUMERS HAVE IN OUR BRANDS”

The FMCG Sector of the group consists of Shaw Wallace Ceylon Ltd- one of the leading FMCG brand owners and distributors in the country as well as Richlife Dairies Ltd- Pioneers in introducing UHT milk to Sri Lanka. The sector currently sources, manufactures and markets a range of food and beverage products.



## FINANCIAL & OPERATIVE PERFORMANCE

### TURNOVER RS. 3,596 MILLION

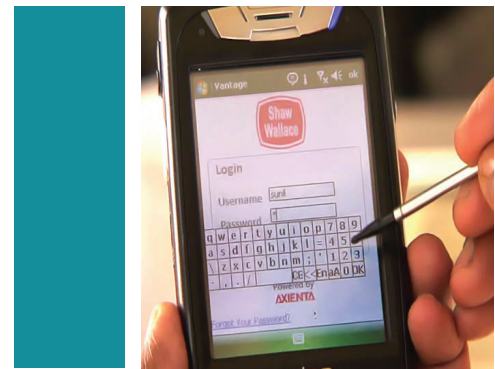
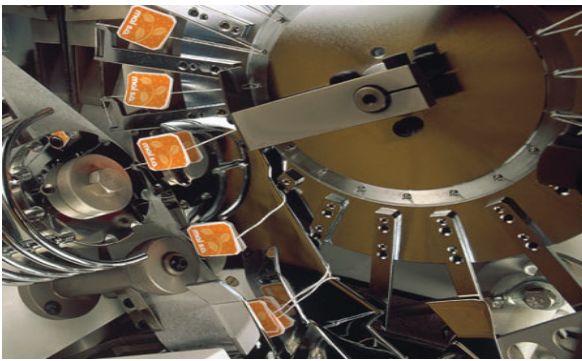
The FMCG arm further consolidated its manufacturing capabilities by setting up its own fish canning line producing fish based products and bringing in-house productions of its snack range. At our dedicated dairy manufacturing facility additional investment was made into new cultured dairy products.

The sector gross profit was 650Mn and current distribution reach to 6500 outlets throughout the island with a sales force of 184.

## FUTURE OUTLOOK

The company is focused on adding value to the existing product portfolio by offering Sri Lankan consumers quality products made to International standards, while enhancing our distribution coverage. Our commitment to the Sri Lankan dairy farmers and production remains unchanged and in collaboration with the Sri Lankan government we will make our country self-sufficient in our own milk.

# OUR FACILITIES



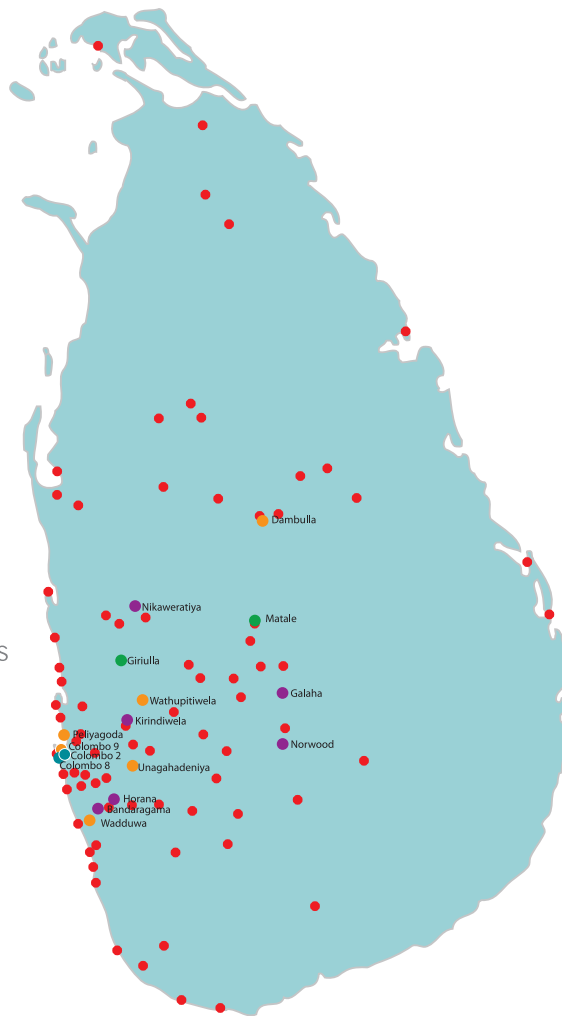
## OUR CERTIFICATIONS





# SRI LANKA

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





# OUR BRANDS



“Renuka” is a Sri Lankan household name and well-known in the Oriental & Asian cuisines internationally for decades. Be it coconut milk, cream, coconut milk powder or coconut water, Renuka has consistently been delivering the freshest, creamiest taste. *Renuka is currently represented in 23 countries*



“Cocomi Bio Organic” is the exclusive brand of organic certified coconut products. The range includes dairy free, vegan friendly products such as drinking coconut milk.

*Cocomi Bio is represented in 22 countries*



“Coconut Collective” is made from 100% organic Thambili or ‘King’ Coconuts, our delicious range of hydrating coconut waters has a flavour for every occasion.

*A Leading brand in Australia*



The “Renute” range consists of teas selected from the finest plantations of Sri Lanka. This brand includes black teas, exotic flavour blends, fruit teas, herbal infusion and green teas.



# OUR BRANDS



The brand name of “Captain” is well-known and trusted among Sri Lankan consumers. As the market leader, Captain has won the hearts and minds of consumers by delivering quality Jack mackerel to Sri Lankan customers for many years.



“Richlife” is an Innovative Dairy brand. The liquid range varies from Ultra Heat Treated (UHT) pasteurized plain and flavoured milk in Tetra packs and Bottles. The cultured range comprises of set yoghurt, natural fruit yoghurt, curd and many others.



“Mr Pop” is a nationally renowned extruded snack brand, In Original, Cheese, Cheese and Onion, BBQ, Chilli and Pizza flavours.



Plaza comes in a range of pack sizes based on the buyer’s convenience. Plaza mackerel is enriched in Omega 3 and is extremely convenient to use.



“Sun Gold ” comes in the amazing tastes of Orange ,Mango and Mixed Fruit with ease of preparation.



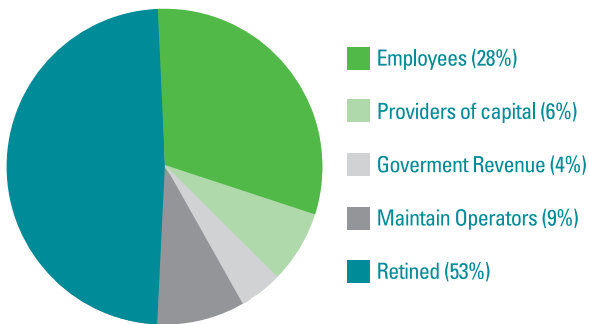
The brand name of Rainers is well known & trusted by Sri Lankan consumers for half a century and has provided the best of colourings and essences for baking & desserts.



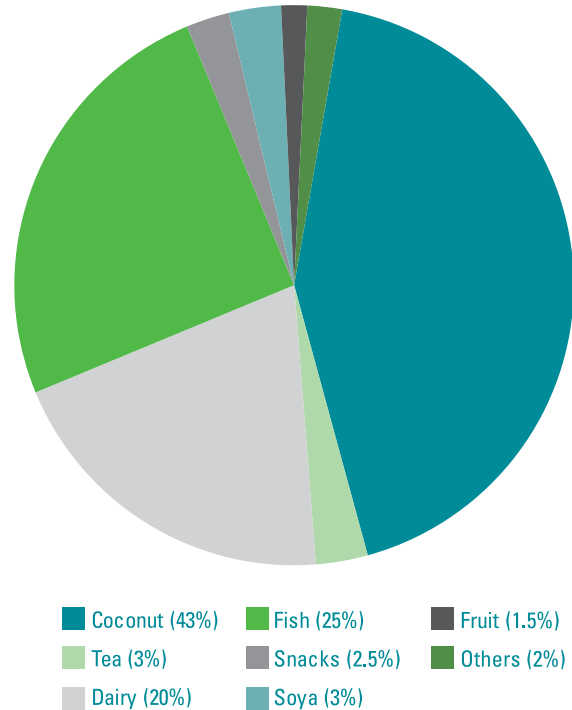
# AT A GLANCE

Group	Rupees
Revenue	6,351 Mn
EBIT	445 Mn
Net Profit	389 Mn
Total Assets	7,712 Mn
Employees	1,609 Nos

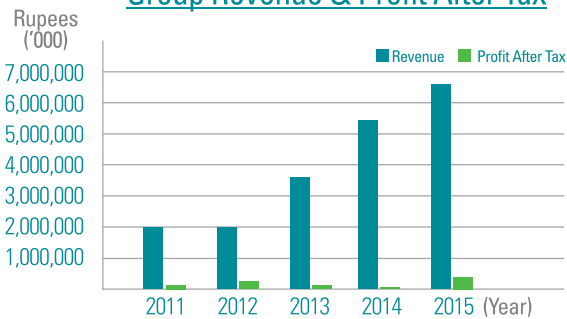
## Value Added Distribution



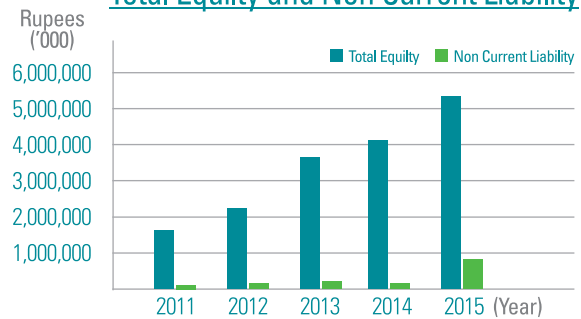
## Delivering health and wellness



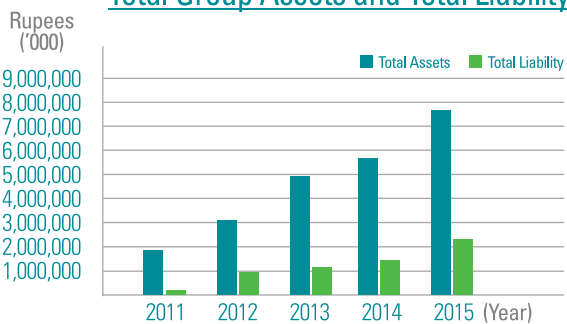
## Group Revenue & Profit After Tax



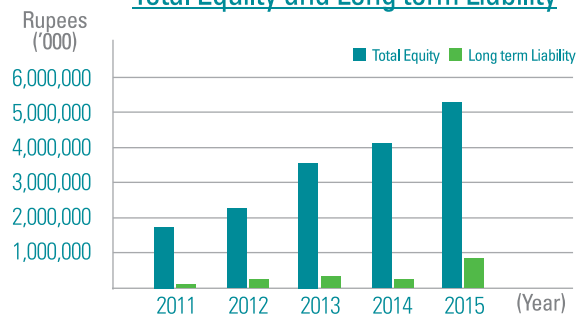
## Total Equity and Non Current Liability



## Total Group Assets and Total Liability



## Total Equity and Long term Liability



## PROFILES OF DIRECTORS

### 1. Dr S.R. Rajiyah

Dr. S.R.Rajiyah is the Executive Chairman of the Company. He is also the Executive Chairman of Renuka Agri Foods PLC, Chairman of Shaw Wallace Ceylon Ltd, Director of Richlife Dairies Ltd and the Managing Director of the Renuka Group. He is a medical doctor qualified in Sri Lanka and counts over 38 years of corporate experience in operations, quality management, research and development as well as in founding and running businesses.

### 2. Mrs I.R. Rajiyah

Mrs. I.R. Rajiyah is the Executive Deputy 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 38 years of corporate experience in founding and running businesses. She was presented with the Best Women Exporter Award in 2009 by the National Chamber of Exporters Sri Lanka. She is also the Executive Chairperson of Renuka Holdings PLC, Executive Deputy Chairperson of Renuka Agri Foods PLC, Director of Shaw Wallace Ceylon Ltd, Richlife Dairies Ltd and several un-listed companies.

### 3. Mr S. V. Rajiyah

Mr. S.V.Rajiyah is an Executive Director of the Company. He is also an Executive Director of Renuka Holdings PLC, Renuka Agri Foods PLC, Shaw Wallace Ceylon Ltd 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 14 years of experience in General Management. He is a member of the Young Leaders Steering Committee of the Chamber of Commerce and a member of the Economic Fiscal Policy Planning Committee of the Ceylon Chamber of Commerce.

### 4. Mr V. Sanmugam

Mr V. Sanmugam is an Executive Director of the Company. He holds a Bachelor of Engineering Degree from the Mangalore University. He counts over 28 years of industrial work experience, out of which, 18 years have been with the Renuka Group Companies. He has extensive experience in supply chain management and overall general management functions. He is the Chief Executive Officer of Renuka Agri Foods PLC and Director of Shaw Wallace Ceylon Ltd and Richlife Dairies Ltd.

### 5. Mr C. J. De S. Amaratunge

Mr. C.J.De.S.Amaratunge is a 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, Attorneys at Law, Notaries Public and Solicitors. He counts over 42 years of experience in all civil branches of the law including Commercial Corporate Conveyancing and Litigation. He is the Non-Executive Chairman of Richlife Dairies Ltd and serves as a Director on several boards of both private and public companies.

### 6. 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 27 years of 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 and MBA from the American University Washington DC. He is a fellow of the Chartered Institute of Marketing and a past Chairman of the SIM Sri Lanka region. He serves as a Non-Executive Director on the Board of Renuka Holdings PLC and Renuka Agri Foods PLC.

## PROFILES OF DIRECTORS (CONTD.)

### 7. 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 28 years of experience in the Information Technology field. He is also Director of The Autodrome PLC and Renuka Holdings PLC.

### 8. Ms A. L. Rajiyah

Ms. A.L. Rajiyah is an Executive Director of the Company and holds a BSc (Hons) degree in Accounting and Finance from the University of Warwick and MSc in 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 corporates. 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 also an Executive Director of Renuka Agri Foods PLC and a Non-Executive Director of Renuka Holdings PLC.

### 9. 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. 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 and Brown & Company PLC.

### 10. Dr J.A.S. Felix

Dr. J.A.S. Felix is an Independent Non-Executive Director of the Company. He was awarded LLB (Honors) degrees by the University of Colombo and the University of London in 1994. Attorney-at-Law with first class honors in 1995 and was admitted and enrolled as an Attorney-at-Law of the Supreme Court of Sri Lanka in 1996. He was elected an Associate Fellow of the Society for Advanced Legal Studies of the University of London. He holds a Ph. D. Degree by the University of London. He is a Fellow of the Sri Lanka Institute of Taxation (FTII) and a Fellow of the Royal Society of Arts, London (FRSA). He is a member of the Taxes Committee, the Human Rights Law Committee and the Public Law Committee of the International Bar Association.



## CHAIRMAN'S REVIEW

It is with great pleasure I welcome all of you, our valued shareholders, to the 25th Annual General Meeting of RENUKA FOODS PLC and present to you the Annual Report and Audited Financial Statements for the year ended 31st March 2015.

### ECONOMY

Recovery of the global economy which began in 2013 continued into 2014. According to the International Monetary Fund (IMF), global growth in 2014 was 3.4% compared to 3.3% in 2013, and is expected to be about 3.5% in 2015. Sri Lanka's economy grew by 7.4% in 2014 compared to 7.2% in 2013, becoming one of the fastest growing countries in Asia. Strengthened domestic economic activity and improved exports were key contributors to this growth while low inflation and downward revision in interest rates have reduced cost of doing business.

### The Agriculture Sector

The Agriculture sector slowed with a growth of 0.3 per cent in 2014 compared to 4.7 per cent in 2013 mainly due to adverse weather conditions that prevailed during the year. As a result, the share of the Agriculture sector decreased to 10.1 per cent of GDP in 2014 from 10.8 per cent of GDP in 2013. The paddy and rubber sub sectors contracted drastically, while the tea sub sector slowed marginally compared to the previous year. Favorable expansions in sub sectors of other food crops, coconut and fishing contributed positively towards the growth in the Agriculture sector while both minor export crops and other agricultural crops sub sectors contracted during the year. Moreover, the substantial recovery in the coconut sub sector also restrained the negative impact of the other sectors within the Agriculture sector. In the meantime, the sub sectors of livestock, plantation development, and firewood and forestry also contributed positively to the growth in the Agriculture sector (Annual Report of 2014, Central Bank of Sri Lanka).

### The Wholesale and Retail Sector

The wholesale and retail trade sub sector, which accounted for 39.5 per cent of the Services sector, recorded an 8.0 per cent growth during 2014 when compared to 5.5 per cent growth in 2013. The import trade sub sector grew by 9.4 per cent during 2014 compared to the slower growth of 2.9 per cent recorded in 2013. The domestic trade sub sector which is the largest sub sector in the wholesale and retail trade sub sector grew by 8.1 per cent in 2014, from 6.9 per cent in 2013. This growth was largely influenced by the improved consumer demand encouraged by low interest rates and improved income levels.

We expect Sri Lanka's post war growth story to continue with enhanced transparency and improved international image after the August 2015 elections.

### BUSINESS AND FINANCIAL PERFORMANCE

We have maintained the momentum of overall growth with total Group Revenue crossing the Rs. 6Bn mark, which is a milestone for any entity, with record Revenue achieved for the year being Rs 6.35Bn.

We have gone through some challenging times, but stayed focused on the fundamentals of our business operations, learned from our mistakes, but preserved the core of our company, while being willing to change everything else necessary to win and retain customers.

**"YOUR GROUP HAS RECORDED A GROUP PROFIT BEFORE TAX OF RS. 457Mn, WHICH IS A REMARKABLE GROWTH OF 191% OVER THE PREVIOUS YEAR"**

The Group Total Comprehensive Income for the year, Net of Tax recorded a commendable Rs. 883Mn as against Rs. 145Mn last year. Our total Group Assets recorded a 35% increase, to a position of Rs 7.7Bn and the increase in value of our Property, Plant and Equipment alone to Rs 3.6Bn, net of depreciation, is an increase of 60% over the previous year.

The Group Retained Earnings increased by 86Mn to Rs 1.1Bn, while Net Assets (Equity) increased by 12% to Rs 2.8Bn. It is important and pertinent to state that the Net Asset Value per Share, which stood at Rs 26.53 in the previous year, has increased at the end of the financial year under review to Rs 29.71 per share and we are determined to keep this momentum without disruption, to maximize the value of your investment.

The all-important Earnings Per Share (EPS) increased by 106% from Rs 0.98 to Rs 2.02 per Share.

### BUSINESS PORTFOLIO

#### AGRIBUSINESS

The Agri business sector which consists of coconut and tea recorded a turnover of Rs. 2,791Mn and an operating profit of Rs. 422Mn.

**"VARIOUS COST OPTIMIZATION MEASURES WERE PUT INTO PLACE ACROSS OUR MANUFACTURING LOCATIONS AND DISTRIBUTION CHAIN WHILE WE HAVE ALSO HAVE EMBARKED ACTIVELY IN BRAND DEVELOPMENT OVERSEAS"**

Through Cocomi Bio Organic; an exclusive and comprehensive brand launched catering to the Organic and health segment in developed markets. The events of the Middle East and Russia did affect our tea exports, although we serve a niche clientele, and plans are underway to capitalize on the growth of this segment as well through more value addition.

## CHAIRMAN'S REVIEW (CONTD.)

### FMCG

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The FMCG sector represented by Shaw Wallace Ceylon Ltd and Richlife Dairies Ltd recorded a turnover of Rs. 3,560Mn and an operating profit of Rs.20Mn which continued to grow amidst a host of challenges in the Sri Lankan market. The government continued its support for the dairy industry by providing duty free imports of machinery to aid the manufacture of dairy based products. We will aggressively seek to introduce new products, mindful of the need for innovation to sustain long term growth.

**"OUR FMCG BUSINESS WILL LAUNCH PRODUCTS TO HARNESS THE POTENTIAL OF OUR ESTABLISHED BRAND EQUITY WITHOUT DILUTING THE VALUE OF OUR BRANDS WHICH ENJOY SIGNIFICANT MARKET SHARE IN THE COUNTRY".**

The Agribusiness and FMCG sectors combined has resulted in foreign exchange earnings of US\$ 22Mn and contributing Rs. 1.8Bn to the rural economy by way of raw material procurement.

### CONCLUSION

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As we look to the year ahead there are many I would like to convey my heartfelt gratitude to, for their contributions have been the fuel behind your Group's ability to imagine, create and meet opportunities and exceed expectations. My sincere appreciation to my colleagues on the Board for their guidance, constant support and the confidence placed, the 1,609 members that make up our team, for their unwavering commitment and tireless efforts, our customers, shareholders, business associates and other stakeholders for their continued support and inspiration.

Sgd.

**Dr. Ranjit Rajiyah**

Chairman

5th August 2015

## CORPORATE GOVERNANCE

Corporate Governance is a system of rules, practices and processes by which a company is directed and controlled. Corporate Governance essentially involves balancing the interests of the many stakeholders in a company - these include its shareholders, management, customers, suppliers, financiers, government and the community. Since Corporate Governance also provides the framework for attaining a company's objectives, it encompasses practically every sphere of management, from action plans and internal controls to performance measurement and corporate disclosure.

The Company holds itself accountable to the highest standards of Corporate Governance and provides public accessibility to the information of the Company. Corporate Governance has been institutionalized at all levels in the Group through a strong set of corporate values which have been adhered to by the senior management and Board of Directors in the performance of their official duties and in other situations which could affect the Group image. The Group is committed to the highest standards of integrity, ethical values and professionalism in all its activities.

Renuka Foods PLC, we set our framework of Corporate Governance in line with the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka and the rules set out in the Colombo Stock Exchange Listing Rules and also comply with the Country's Legislative and Regulatory requirement.

### INTERNAL GOVERNANCE STRUCTURE

#### BOARD OF DIRECTORS

The Board of Directors are the ultimate governing body of the Company and diverse experience, Professionalism and has a wide range of expertise in diverse fields as set out on pages 9 & 10.

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

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

#### COMPOSITION OF THE BOARD AND DIRECTORS

##### INDEPENDENCE

Composition of the Board of Directors as at 31st March 2015 is consists of 10 members of which,

- 5 Executive Directors
- 1 Non-Executive Director
- 4 Non-Executive Independent Directors

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

Name of Director	Executive	Non – Executive	Independent
Dr S.R. Rajiyah	√		
Mrs I.R. Rajiyah	√		
Mr S.V. Rajiyah	√		
Ms A.L. Rajiyah	√		
Mr V. Sanmugam	√		
Mr C. J. De. S. Amaratunge		√	
Mr T.K. Bandaranayake		√	√
Mr L.M. Abeywickrama		√	√
Mr M.S. Dominic		√	√
Dr J. A. S. Felix		√	√

#### BOARD RESPONSIBILITIES

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

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

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

## CORPORATE GOVERNANCE (CONTD.)

### BOARD BALANCE

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

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

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

### BOARD MEETINGS AND ATTENDANCE

There were 5 Board Meetings for the year ended 31st March 2015 and attendance to meeting is as follows. Further below chart shows Audit Committee and Remuneration Committee meeting attendance as well.

Name of Director	Board Meeting	Audit Committee Meeting
Mrs I.R. Rajiyah	5/5	
Dr S.R. Rajiyah	5/5	
Mr S.V. Rajiyah	5/5	
Ms A.L. Rajiyah	4/5	
Mr V. Sanmugam	5/5	
Mr C. J. De. S. Amaratunge	5/5	3/5
Mr. T.K. Bandaranayake	5/5	5/5
Mr L.M. Abeywickrama	1/5	
Mr M.S. Dominic	5/5	
Dr J. A. S. Felix	4/5	5/5

### APPOINTMENT AND RE-ELECTION OF DIRECTORS

The Company’s Articles of Association call for 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.

### PROCEDURE FOR DIRECTORS TO OBTAIN PROFESSIONAL ADVICE

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

### BOARD COMMITTEES

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

### AUDIT COMMITTEE

The Audit Committee review issues of accounting policy and presentation for external audit function and ensures that an objectives 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.

The Report of the Audit Committee is presented on pages 18 and 19 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.

### SHAREHOLDER RELATIONS

The Board considers the Annual General Meeting as a prime opportunity to communicate with shareholders. The Shareholders are given the opportunity of exercising their rights at the Annual General Meeting. The notice of the Annual General Meeting and the relevant documents required are published and sent to the shareholders within the statutory period. The Company circulates the agenda for the meeting and shareholders vote on each issue separately. All shareholders are invited and encourage participating at the Annual General Meeting. The Annual General Meeting provides an opportunity for shareholders to seek and obtain clarifications and information on the performance of the Company and to informally meet the Directors. The external Auditors are also present at the Annual General Meeting to render any professional assistance that

## CORPORATE GOVERNANCE (CONTD.)

may be required. Shareholders who are not in a position to attend the Annual General Meeting in person are entitled to have their voting rights exercised by a proxy of their choice.

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

### INTERNAL AUDIT AND CONTROL

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

The Group obtains the services of an independent, a leading professional accounting firm other than the statutory auditors to carryout internal audits and reviews. These reports along with management comments discuss with Audit Committee and with the Board. Further at each meeting follow up issues from previous meeting also discuss in order to make sure implementation of appropriate policies and procedures as prevention mechanism.

### EXTERNAL AUDIT

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

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

### MAJOR TRANSACTION

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

### GOING CONCERN

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

### CORPORATE GOVERNANCE DISCLOSURE

The Group adheres to regulations, codes and best practices laid down by different regulating authority.

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

The Corporate Governance Practices adopted by the Group, including that extent of adoption of the Code of Best Practice on Corporate Governances issued jointly by the CA Sri Lanka and the Securities and Exchange Commission of Sri Lanka and Rules set out in Section 7.10 of the Colombo Stock Exchange's Listing Rules on Corporate Governance, are summarized below.

## CORPORATE GOVERNANCE (CONTD.)

CSE RULE REFERENCE	CORPORATE GOVERNANCE PRINCIPLES	COMPLIANCE STATUS	COMPANY'S EXTENT OF ADOPTION
7.10	COMPLIANCE		
a./b./c.	Compliance with Corporate Governance Rules	Compliant	The Group is in compliance with the Corporate Governance Rules and any deviations are explained where applicable
7.10.1	NON-EXECUTIVE DIRECTORS (NED)		
a./b./c.	At least 2 members or 1/3 of the Board, whichever is higher should be NEDs	Compliant	Five out of ten Directors are Non-Executive Directors
7.10.2	INDEPENDENT DIRECTORS		
a.	2 or 1/3 of NEDs, whichever is higher shall be 'independent'	Compliant	Four out of five Non-Executive Directors are independent
b.	Each NED to submit a signed and dated declaration annually of his/her independence or non-independence	Compliant	All Non-Executive Directors have submitted their confirmation on independence
7.10.3	DISCLOSURES RELATING TO DIRECTORS		
a./b.	Board shall annually determine the independence or otherwise of NEDs	Compliant	Although Mr. T.K. Bandaranayake and Mr M.S. Dominic, are Directors of other group companies, the Board is of the opinion that there independence will not be affected.
c.	A brief resume of each Director should be included in the annual report including the directors' experience	Compliant	Refer page 9 & 10 for a brief resume of each Director
d.	Provide a resume of new Directors appointed to the Board along with details	N/A	There are no new appointments during the year
7.10.4	CRITERIA FOR DEFINING INDEPENDENCE		
a. - h.	Requirements for meeting the criteria to be an Independent Director	Compliant	As per 7.10.2 a & b in determining of the independence or otherwise of NEDs, board reviewed the criteria for defining independence as per 7.10.4 a to h
7.10.5	REMUNERATION COMMITTEE		
a.1	Remuneration Committee shall comprise of NEDs, a majority of whom will be independent	Compliant	The remuneration committee comprises of 3 Non-Executive Directors of whom 2 are independent.
a.2	One Non-Executive Director shall be appointed as Chairman of the Committee by the board of directors	Compliant	Mr. M.S. Dominic is the chairman of the committee
b.	Remuneration Committee shall recommend the remuneration of the CEO and the Executive Directors	Compliant	Refer Page 20 for Remuneration Committee scope
C.1	Names of Remuneration Committee members	Compliant	Refer page 20 for names of the Committee members
C.2	Statement of Remuneration policy	Compliant	Refer page 20
C.3	Aggregate remuneration paid to EDs and NEDs	Compliant	Refer page 53
7.10.6	AUDIT COMMITTEE		
a.1	Audit Committee shall comprise of NEDs, a majority of whom should be independent	Compliant	The Audit Committee comprises of three Non-Executive Directors of whom two are independent
a.2	A NED shall be the Chairman of the committee	Compliant	The Chairman of the Committee is an Independent Non-Executive Director
a.3	CEO and CFO should attend Audit Committee meetings	Compliant	Refer page 18 & 19

## CORPORATE GOVERNANCE (CONTD.)

CSE RULE REFERENCE	CORPORATE GOVERNANCE PRINCIPLES	COMPLIANCE STATUS	COMPANY'S EXTENT OF ADOPTION
a.4	The Chairman of the Audit Committee or one member should be a member of a professional accounting body	Compliant	The Chairman of the Audit Committee is a fellow Member of Institute of Chartered Accountants of Sri Lanka
b.	Functions of the Audit Committee		
b.1	Overseeing of the preparation, presentation and adequacy of disclosure in the financial statements in accordance with SLFRS/LKAS	Compliant	Refer page 18 & 19 for Audit Committee Report
b.2	Overseeing the compliance with financial reporting requirements, information requirements as per the laws and regulations	Compliant	Refer page 18 & 19 for Audit Committee Report
b.3	Ensuring the internal controls and risk management, are adequate, to meet the requirements of the SLFRS/LKAS	Compliant	Refer page 18 & 19 for Audit Committee Report
b.4	Assessment of the independence and performance of the Entity's external auditors	Compliant	Refer page 18 & 19 for Audit Committee Report
b.5	Make recommendations to the board pertaining to external auditors	Compliant	Refer page 18 & 19 for Audit Committee Report
c.1	Names of the Audit Committee members shall be disclosed	Compliant	Refer page 18 & 19 for Audit Committee Report
c.2	Audit Committee shall make a determination of the independence of the external auditors	Compliant	Refer page 18 & 19 for Audit Committee Report
c.3	Report on the manner in which Audit Committee carried out its functions	Compliant	Refer page 18 & 19 for Audit Committee Report

# AUDIT COMMITTEE REPORT

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

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

## COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee, appointed by and responsible to the Board of Directors, comprises two Independent Non-Executive Directors and one Non-Executive Director as follows:

1. Mr. T.K. Bandaranayake (IND/NED) – Chairman
2. Mr. C.J.De.S. Amaratunge (NED)
3. Dr. J.A.S. Felix (IND/NED)

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

The Chairmen of the committee, Mr. T.K. Bandaranayake is an Independent Non-Executive Director, is a financial professional with over 27 years in public practice with Ernst & Young. He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka. He currently holds Directorship in number of listed companies and Audit committees.

Brief profiles of each member are given on pages 9 & 10 of this report. Their individual and collective financial knowledge and business acumen and the independence of the Committee are brought to bear on their deliberations and judgments on the matters that come within the Committee's purview.

Executive Director – Mr S.V. Rajjyah, Chief Operating Officer – Shared Services and Head of Finance attend meetings of the Committee by invitation.

## CHARTER OF THE AUDIT COMMITTEE

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

## MEETINGS OF THE AUDIT COMMITTEE

The attendance of the members of Audit Committee meeting is stated in the table on page 14. The Committee met 5 times during the year.

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

## DUTIES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE

### FINANCIAL REPORTING

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

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

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

### INTERNAL AUDIT

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



## AUDIT COMMITTEE REPORT (CONTD.)

Internal Audits are outsourced to leading audit firms in line with an agreed audit plan. Follow-up reviews are scheduled to ascertain that audit recommendations are being acted upon. These reports reviewed by the committee in the presence of the senior Manages of the Company and compliance with the recommendations of the Internal Auditors have been followed through at subsequent reviews.

### CONTROLS AND RISKS

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

### EXTERNAL AUDITORS

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

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

The Audit Committee evaluated the independence of the External Auditors and recommended to the Board of Directors that Messrs KPMG, Chartered Accountants be appointed as Auditors for the financial year ending 31st March 2016 subject to the approval of the shareholders at the Annual General Meeting.

### EVALUATION OF THE EFFECTIVENESS OF THE COMMITTEE

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

Sgd.

**T. K. Bandaranayake**

Chairman

5th August 2015

## REMUNERATION COMMITTEE REPORT

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

The members are:

1. Mr. M.S. Dominic (IND/NED) (Chairman)
2. Mr. T.K. Bandaranayake (IND/NED)
3. Mr. C.J. De S. Amarathunge (NED)

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

The brief profile of the Directors are given on pages 9 & 10 of the Annual Report.

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

The Committee studies and recommends the remuneration based on the prevailing market rates and perquisites applicable to the Key Management personnel of the Company and makes appropriate recommendations to the Board of Directors for Approval.

The 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 address 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 Personal of the Group and makes appropriate recommendations to the Board of Directors for approval.

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

Sgd.

**M.S. Dominic**  
Chairman

5th August 2015

# RISK MANAGEMENT

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

We reviewed and refined our investment and business processes balancing 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 business operations.

## OUR APPROACH TO RISK MANAGEMENT

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

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

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

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

1. Strategic Risk - A possible source of loss that might arise from an unsuccessful strategic decision taken by the organization. These content strategies related to growth and strategic positioning which ultimately affect the overall mission of the group.
2. Operational Risk - is the potential loss that might arise in business operation resulting from inadequate or failed internal processes, people and system or external events which ultimately affect the day to day activities of the Group.
3. Financial Risk- The likelihood of loss inherent in financing procedures which may weaken the ability to deliver adequate return to the Group. This may include liquidity risk, currency risk, and interest rate risk.

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

## ENTERPRISE RISK MANAGEMENT PROCESS

### RISK IDENTIFICATION, PRIORITIZATION AND ASSESSMENT

As the initial step of the risk framework, it is important to identify risks for effective management. Renuka Holding identifies all the risks by key stakeholders. We consider risk identification to be a key component of a robust risk management framework. In the absence of a proper risk identification process, the organization is incapable of effectively managing its key risks.

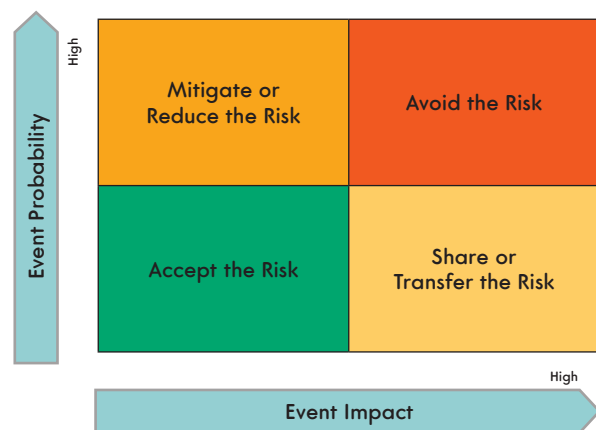
We evaluate risks according to the likelihood of occurrence and magnitude of impact. This assessment provides a prioritized risk list, identifying those risks that need the most urgent attention.

		Impact		
		Low	Medium	High
Probability	High			
	Medium			
	Low			

### DEVELOP RISK MANAGEMENT STRATEGY

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

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



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

## RISK MANAGEMENT (CONTD.)

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

### STRATEGIC RISK

RISK	IMPACT	RISK MANAGEMENT STRATEGIES
<b>Competitive Risk</b>		
Risks to the group's reputation and Brand image	<p>Reduced market share and rates reducing revenue, cash flow and profitability.</p> <p>Increased promotional Expenditure.</p> <p>The positive correlation between cost of resources and competition.</p>	<p>Aim to have a broad appeal in price, range and format in a way that allows us to compete effectively in different markets.</p> <p>Formed strategic relationships with a diverse pool of suppliers, enabling flexibility in pricing contracts and hedging mechanisms are used wherever possible to mitigate exposure to commodity price fluctuations.</p> <p>The Group's service excellence, committed and award winning staff, uniqueness of properties, innovative product and service developments and the strength of its brands enables the group to counter threats from new and existing players.</p> <p>Maintaining a positive relationship with employees with a better remuneration and performance appraisal scheme.</p>

### OPERATIONAL RISK

RISK	IMPACT	RISK MANAGEMENT STRATEGIES
<b>Competitive Risk</b>		
Risk from not being able to attract and retain skilled and experienced staff.	<p>Reduced productivity.</p> <p>Reduced quality of service resulting in reduced market share and Group's image.</p>	<p>Significant resources are invested in strengthening our human capital through the deployment of the latest Human Resource Information Systems, regular staff training &amp; development, succession planning and fostering a performance-based culture.</p> <p>Maintaining cordial relationships with labour unions and adopting interest based negotiations for win-win solutions.</p> <p>Implemented well structured talent management process to Identify critical employees and retain them in the long run.</p> <p>Periodic employee satisfaction surveys to ensure that remuneration is in line with the market.</p> <p>Investments in strengthening employee brand image.</p>
Issue Pertaining to Employees and industrial Relationship	<p>Adverse impact on service levels, expected quality standards, operational efficiency and group reputation.</p> <p>Loss of revenue.</p>	<p>Review all the issues with regard to employees and industrial Regulations which affect the performance of the Group.</p> <p>Steps taken to ensure employees are satisfied at all the levels and their issues are addressed in order to retain talented employees.</p> <p>Maintain cordial relationship with Trade Unions and adopting interest-based negotiations for win-win solutions.</p> <p>Well structured grievance handling system is in place to handle the grievance of employees at all levels and development of a Multi-skilled work force through structured and focused training programmes.</p> <p>Ensure proper industrial relationships with all the government agencies.</p>

## RISK MANAGEMENT (CONTD.)

### OPERATIONAL RISK (CONTD.)

RISK	IMPACT	RISK MANAGEMENT STRATEGIES
<b>IT systems and infrastructure</b>	<p>Inability to obtain timely and accurate information due to failures in IT systems.</p> <p>Potential disruption to operations</p> <p>Significant financial losses.</p>	<p>Implementation of effective IT infrastructure and to ensure consistency of delivery,</p> <p>All relevant staffs are effectively engaged to mitigate IT related risks through effective policy and procedures as well as increased awareness.</p> <p>Implementation of a comprehensive IT policy within the Group, supported by adequate systems and controls, ensure the safety and security of data. Contingency plans are in place to mitigate any short term loss on IT services.</p> <p>All employees are bound by the code of conduct to safeguard the Group's information, irrespective of its physical form.</p> <p>A dedicated central IT team is in place to support all IT related aspects of the group.</p>
<b>Product Risk</b>	<p>Product risk implies any effect of perceived impact of our product on stakeholders in general which could bring down our market share.</p>	<p>In order to eliminate loss of market share or market leadership, we monitor market leadership and customer needs.</p> <p>Develop innovation that add value to our customers.</p> <p>Enhance productivity and efficiency to improve price competitiveness and investing in high quality machinery and equipment.</p> <p>Employ established operating procedures to review and approve all raw material prior to use to ensure that quality control is maintained.</p> <p>Take into account safety, health and environmental hazards to cover all avenues of possible negative publicity.</p> <p>Research and development team is equipped to field any technical questions about our product,</p> <p>Marketing and distribution procedures ensure complete control of the supply chain.</p>
<b>Supply Chain and Operational Risk</b>	<p>Operational disruption can occur due to inadequate quantity or quality of raw material supplies, longer lead time, supply disruption caused by global supply and demand.</p> <p>Unable to maintain strong bond with critical suppliers over the period.</p> <p>Operational risks cover the areas of system failure, continuity of decision making, dealing with contingencies and ensuring there are no deficiency in operations, application of recommended management practices.</p>	<p>Consistent engagement with a diverse pool of suppliers to maintain strong relationships</p> <p>Structured processes are in place to add value to our supplier base through livelihood development programmes.</p> <p>Technical support and guidance on enhancing quality.</p> <p>Manage operational risks by identifying areas of risk, formulating plans for their management, promoting best practices.</p> <p>Implement internal controls and systems and monitoring of compliance.</p>

## RISK MANAGEMENT (CONTD.)

### OPERATIONAL RISK (CONTD.)

RISK	IMPACT	RISK MANAGEMENT STRATEGIES
<p><b>Legal Regulatory Compliance</b></p>	<p>Risk of legal action due to non performance of legal and statutory requirements</p> <p>Result high cost of legal and penalty fees that reduced profitability</p> <p>Adversely impact to the Groups' reputation and brand image.</p>	<p>The legal support services to Renuka Group management come through the legal department which ensure all legal and regulatory provisions are complied with.</p> <p>The legal function proactively identified and sets up appropriate system and processes for legal regulatory compliance in any foreign country that are operate in, and in such instances through legal council retained in those environments.</p> <p>Internal audit function of the Group ensures the safeguarding of company assets and recommends process improvements in areas where process control failure are noted.</p> <p>The operations of the Renuka Group come within the rules and regulations applicable to companies listed on the CSE and regulations applicable to securities trading set by the Securities and Exchange Commission of Sri Lanka. Our systems and processes are structured to satisfy the criteria set by these regulations and staffs are constantly kept aware of the compliance needs imposed by these regulation.</p>
<p><b>Break down of Internal Controls</b></p>	<p>Wastage of management time and resources.</p> <p>Possible loss of data. Increased possibility of fraud and misuse.</p> <p>Disruptions to the normal course of operations.</p> <p>lack of ability to track performance against budgets, forecasts and schedules.</p> <p>Illegal transactions including theft or misappropriation of assets by employees</p>	<p>Regular reviews of the effectiveness of internal controls by the corporate internal audit department supplemented by regular management audits carried out by internal teams within the Group ensures the robustness of internal controls. The Company uses comprehensive general and specific reporting and monitoring systems to identify, assess and manage risks.</p> <p>Making each employee accountable for ethical behavior, high standards for business conduct and adherence to laws ensures that transactions occur in a reliable way.</p> <p>Staff rotation and Special verification audits across the Group.</p> <p>Internal auditors are also engaged to carry out special reviews wherever necessary. The Company uses comprehensive general and specific reporting and monitoring systems to identify, assess and manage risks.</p> <p>Ensuring that only trained, trustworthy, knowledgeable and competent personnel perform tasks, prevents errors, irregularities and fraud.</p>

### FINANCIAL RISK

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

# SUSTAINABILITY REPORT

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

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

## INTERNAL OPERATIONS

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

Group has made substantial investment during the year to improve value addition to economic development. These investments have helped to improve resources utilization as well as minimization of waste and pollution.

**Renuka Work Place** - At Renuka we have created a work place policy and created employee awareness for the total group. With an employee base of over 1,609, creation of Group identity and belongings is priority. We also have an open communication policy and have implemented a process to identify and report corruption within the business units. We have adopted effective two way communication system with employees and management through human resources division has created short and long term benefits to the group. We also have adopted other communication methods like e-mails, presentations and team briefings on daily operations for betterment of the organization. Employees are also encouraged to access the corporate websites.

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

## STAKEHOLDER ENGAGEMENT

**Our Customers** - World class quality products and customer satisfaction is our key with our customers. We engage our customers through regular meetings, visits, International trade fair participation and web portal.

**Our Employees** - The foundation of our business is built on employees. 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 grow capital and in the process we must make a sound return to them. In meeting global challenges and evolving consumer needs we must be geared to be proactive with new ideas and ready with the output as well. When we operate according to these principles the shareholders should realize a fair return.

We have open doors policy which enables shareholders to keep in contact, visit and obtain information from the Company Secretaries and engage in dialogue. Further e-mail address provided for comments and suggestions. Update with latest financial for shareholders/investors rational decision is very important. We produce quarterly financial reports and Annual Report with enhance disclosures timely and accurate manner.

## SUSTAINABILITY REPORT (CONTD.)

**Local Community** - Renuka has been actively involved in supporting the rural farmer network for our coconut, soya, rice, corn and dairy requirements. Renuka procures over Rs. 1Bn worth of produce from our farmer network. It also conducts farmer training programs, 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 DIRECTORS

## 1. GENERAL

The Board of Directors of Renuka Foods PLC have pleasure in presenting to members their Report and the Audited Consolidated Financial Statements for the year ended 31st March 2015. The details set out herein provide the required information under Companies Act No.7 of 2007, the Colombo Stock Exchange Listing Rules and the recommended best practices on Corporate Governance.

## 2. REVIEW OF THE BUSINESS

### 2.1 Principle Activities of the Company and the Group

Renuka Foods PLC is a holding company that owns, directly or indirectly, investments in the numerous companies constituting the Renuka Foods Group and provides services to its Group companies. The Group consists of a portfolio of diverse business operations. The main subsidiaries and equity accounted investees of Renuka Foods PLC are listed on page 77.

The Principle activities of the Group are categorized into different business segments i.e. Agribusiness, FMCG and Investment. The main activities of the subsidiaries are listed on page 77.

### 2.2 Review of Business and Future Developments

The review of the Group Progress and Performance during the year with comment on the financial results and prospects is contained in the Chairman's Review on pages 11 & 12.

### 2.3 Statement of Directors Responsibilities

The Statement of Directors responsibilities for the Financial Statements is given on page 31.

### 2.4 Auditors' Report

The Auditors' Report to the Financial Statements of the Company and Group is given on page 34.

### 2.5 Financial Statements of the Company and Group

The Financial Statements of the Company and Group are given on pages 35 to 86.

### 2.6 Accounting Policies and Changes During the Year

The accounting policies adopted in the preparation and presentation of the Financial Statements are given on pages 40 to 52. Further Accounting Standards issues but not yet effective are disclosed on page 52.

### 2.7 Group Turnover

The Turnover of the Group was Rs. 6.35Bn as compared with Rs. 5.52Bn in the previous year. A detailed analysis of the Group Turnover is given in Note No 6 of the Financial Statement.

### 2.8 Gross Profit

The Group Gross Profit for the year was Rs. 1.35Bn, compared with the Group Gross Profit of Rs. 1.08Bn for the previous year.

### 2.9 Net Profit

The Group Profit after Taxation for the year was Rs. 389Mn, compared with The Group Profit of Rs. 142Mn for the previous year.

## 3. GROUP INVESTMENTS

Investment of the Company and the Group in Subsidiaries, Associates, Joint Ventures and Other long term External equity investment amounted to Rs. 1.8Bn (2014 – 1.8Bn). Detailed description of the Subsidiaries, Associates, Joint Ventures and other long term external equity investments held at the Balance Sheet date are given in Note No 19 in the Financial Statements.

## 4. PROPERTY, PLANT AND EQUIPMENT

Group has incurred Capital Expenditure during the year on Property, Plant & Equipment (including capital work-in-progress), Biological assets, Investment Properties, Intangible assets amounting to Rs. 659Bn (2014 – Rs. 161Bn).

Detailed information relating to capital expenditure on Property, Plant & Equipment (including capital work-in-progress), Biological assets, Investment Properties, Intangible assets are given in Note 14 to Note 20 to the Financial Statements.

Extent, Locations, number of buildings and Valuations of the properties of the Group are given in the Statement of Value of Real Estate on page 87.

## 5. MARKET VALUE OF LAND AND BUILDINGS

The market values of the Land and Buildings owned by the Company and Group are included on the basis of valuation carries out by a professionally qualified valuer. Detailed description is given in page 87 to the Financial Statements.

## 6. STATED CAPITAL, RESERVES, SOLVENCY TEST AND DIVIDENDS

### 6.1 Stated Capital

The Company did not issue any shares during the year ended 31st March 2015.

The Stated Capital of the Company as at 31st March 2015 was Rs. 1,384Mn comprising of Voting Ordinary Shares of 89,771,800 and Non-Voting Ordinary share of 4,773,346.

## REPORT OF THE DIRECTORS (CONTD.)

### 6.2 Reserves

Total Group Reserves as at 31st March 2015 amounts to Rs. 2.8Bn (2014 – Rs. 2.5Bn) representing Revenue Reserve and the detailed movement of the Reserves shown in the Statement of Changes in Equity in the Financial Statements.

### 6.3 Solvency Test

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

A solvency certificate has been sought in respect of the first and Final dividend of Rs. 0.35 per share (2014 – Rs. 0.30) proposed to be paid to the holders of the Company as at the close of the business on 21st September 2015.

### 6.4 Dividends

The Board of Directors has recommended a payment of Rs. 0.35 per share payable for 2014/15 (2013/14 Rs. 0.30 per share). The Directors are confident that the Company would meet the solvency test requirement under Section 56 (2) of the Companies Act of No 7 of 2007 immediately after the proposed final dividend distribution.

## 7. SHAREHOLDERS

### 7.1 Major Shareholdings

Details of the twenty largest shareholders of Voting Ordinary and Non-Voting shares with the percentage of their respective holdings are given on page 91.

### 7.2 Public Holding

There were 3,785 (2014 – 4,007) registered shareholders as at 31st March 2015, with the percentage of shares held by the public, as per the Colombo Stock Exchange Rules, being 30.94% (2014 – 30.94%)

### 7.3 Share Holdings/Share Information

Information relating to earnings, dividend, net assets, market value per share, share trading and distribution of shareholding is given on pages 88 to 91.

## 8. RATIOS AND MARKET PRICE INFORMATION

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

## 9. DIRECTORS

### 9.1 Renuka Foods PLC

The names of the Directors who held office during the financial year are given below. The brief profiles of the Board of Directors appear on pages 9 & 10.

Name of Director	Executive	Non – Executive	Independent
Dr S.R. Rajiyah	√		
Mrs I.R. Rajiyah	√		
Mr S.V. Rajiyah	√		
Ms A.L. Rajiyah	√		
Mr V. Sanmugam	√		
Mr C. J. De. S. Amaratunge		√	
Mr T.K. Bandaranayake		√	√
Mr L.M. Abeywickrama		√	√
Mr M.S. Dominic		√	√
Dr J. A. S. Felix		√	√

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

### 9.2 Recommendation for re-election

- 9.2.1 To re-elect Dr. J.A.S. Felix as a Director who retires by rotation in terms of Article 28 (1).
- 9.2.2 To re-appoint Mr. C.J. De S. Amaratunge who is 75 years of age, as a director in terms of Section 211 of the Companies Act No. 7 of 2007 and it is specifically declared that the age limit of 70 years referred to in section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Mr. C.J. De S. Amaratunge.
- 9.2.3 To re-appoint Mr. T.K. Bandaranayake who is 72 years of age, as a director in terms of Section 211 of the Companies Act No. 7 of 2007 and it is specifically declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Mr. T.K. Bandaranayake.

## REPORT OF THE DIRECTORS (CONTD.)

### 9.3 Disclosure of Directors Dealing in Shares

Directors dealing in shares are given in Note 9.4.2

Directors' holdings, in ordinary shares of the Company are given on Note 9.4.1.

### 9.4 Entries in the Interest Register

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

#### 9.4.1 Directors' Interest in Transactions

The Company carried out transactions in the ordinary course of business with the entities which a Director of the Company is a Director. The transactions with entities where a Director of the Company either has control or exercises significant influence have been classified as related party transaction and disclosed in Note 37 to Financial Statements.

As at 31st March	2015		2014	
	Voting	Non-Voting	Voting	Non-Voting
Mrs I.R. Rajiyah	1,214	44	1,214	44
Dr S.R. Rajiyah	6,696	248	6,696	248
Dr S.R. Rajiyah & Mrs I.R. Rajiyah	4,488,590	6	4,488,590	6
Mr S.V. Rajiyah	955,135	5,714	955,135	5,714
Ms A.L. Rajiyah	-	-	-	-
Mr V. Sanmugam	-	-	-	-
Mr C. J. De. S. Amaratunge	7,680	1,282	7,680	1,282
Mr. T.K. Bandaranayake	-	-	-	-
Mr. L.M. Abeywickrama	-	-	-	-
Mr M.S. Dominic	-	-	-	-
Dr J. A. S. Felix	-	-	-	-

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

#### 9.4.2 Directors' Interest in Shares

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

### RENUKA FOODS PLC

There were no share transactions by the Directors during the year.

#### 9.4.3 Remuneration of Directors

The remuneration of the Directors in respect of the Company for the year ended 31st March 2015 is given in Note 11 to Financial Statements.

### 10. BOARD COMMITTEES

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

#### 10.1 Audit Committee

1. Mr T.K. Bandaranayake (IND/NED) – Chairman
2. Mr C.J.De.S. Amaratunge (IND/NED)
3. Mr J.A.S. Felix (IND/NED)

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

The Audit Committee reviewed the type and quantum of non-audit services provided by External Auditors to the Group to ensure that their independence as Auditors has not been impaired. Detail scope of Audit Committee and their work during the year disclosed in Audit Committee report given on Pages 18 & 19.

#### 10.2 Remuneration Committee

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

The report of the Remuneration Committee is given on Page 20.

### 11. ENVIRONMENTAL PROTECTION

The group effort in minimizing and conserve scarce and non-renewable resources as well as environmental objectives are discusses in detail in Sustainability Report on pages 25 & 26.

### 12. STATUTORY PAYMENTS

The Directors, to the best of their knowledge and belief are satisfied that all statutory payments due to the Government, other regulatory institutions and those related to employees have been made on time. The declaration relating to statutory payments is made in the Statement of Directors Responsibilities on page 31.

### 13. EVENT OCCURRING AFTER THE BALANCE SHEET DATE

No event of material significance that requires adjustment to the Financial Statements has occurred subsequent to the date of the reporting date, other than those disclosed in Note 40 to the Financial Statements.

### 14. GOING CONCERN

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

## REPORT OF THE DIRECTORS (CONTD.)

### 15. RISK MANAGEMENT

The group exposure to risk and structure to manage and mitigate risk is discussed in more detail to Risk Management Report on pages 21 to 24 and note 45 to the Financial statements.

### 16. CORPORATE DONATIONS

Donation by the Group for the year ended 31st March 2015 is Rs. 27,000.

No donations were made for political purposes.

### 17. AUDITORS

Company's Auditors during the year under review were Messrs KPMG, Chartered Accountants. Their report on the Financial Statements is given on page 34 of the Annual Report.

The Auditors Messrs KPMG were paid Rs. 450,000 (2014 – Rs. 410,000) and Rs. 1.05Mn (2014 – Rs. 0.96Mn) as audit fees by the Company and its Subsidiaries respectively.

As far as Directors are aware, the Auditors do not have any other relationship or interest with the Company or its Subsidiaries other than that of an auditor of the Company.

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

### 18. EMPLOYMENT POLICIES

The Group employment policies respect the individuals and offer equal career opportunities, regardless of sex, race or religion and consider the relationship with the employees to be good. The number of persons employed in the Company and its subsidiaries as at 31st March 2015 was 1,609 (2014 – 1,227)

### 19. SEGMENT REPORTING

Segmental reporting is provided in Note 44 to Annual Report.

### 20. ANNUAL REPORT

The Board of Directors approved the Consolidated Financial Statement along with Company Financial Statements on 5th August 2015. The appropriate number of copies of this report will be submitted to Colombo Stock Exchange and to the Sri Lanka Accounting and Auditing Standards Monitoring Board on or before 31st August 2015.

### 21. SHAREHOLDERS

It is the Group policy to endeavor to ensure equitable treatment to its shareholders.

### 22. CORPORATE GOVERNANCE

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

The Corporate Governance Report on pages 13 to 17 discusses this further.

### 23. ANNUAL GENERAL MEETING

The Annual General Meeting will be held at the Sri Lanka Foundation Institutes, No 100, Independence Square, Colombo 7 on the 18th September 2015 at 03.00 p.m. The notice of the Annual General Meeting appears on page 92.

For and on behalf of the Board

Sgd.

Dr. S.R. Rajiyah

Sgd.

Mr. C.J.De.S. Amaratunge

Sgd.

Renuka Enterprises (Pvt) Ltd  
Company Secretaries

## STATEMENT OF DIRECTORS RESPONSIBILITY

The responsibility of the Directors in relation to the Financial Statements for the year ended 31st March 2015 which have been prepared and presented in accordance with the requirements of the Sri Lanka Accounting Standards, the Listing Rules of the Colombo Stock Exchange and the Companies Act No.7 of 2007 is set out in the following statement .

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

- a) An Income Statement, which presents a true and fair view of the Profit and loss of the Company and its subsidiaries for the financial year;
- b) A Statement of Changes in Equity which presents a true and fair view of the changes in the Company's and its Subsidiaries retained earnings for the financial year;
- c) A Statement of Cash Flow which presents a true and fair view of the flow of cash in and out of the business for the financial year; and
- d) A Statement of Financial Position, which presents a true and fair view of the state of affairs of the Company and its subsidiaries as at the end of the financial year together with explanatory notes to the financial statements

and which comply with the requirements of the Act.

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

- a) The appropriate accounting policies have been selected and applied in a consistent manner, material deviations if any have been disclosed and explained;
- b) All applicable Accounting Standards, as relevant have been followed
- c) Judgments and estimates have been made which are reasonable and prudent.

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

The External Auditors, Messrs KPMG who were deemed reappointed in terms of the Companies Act No. 07 of 2007 were provided with every opportunity to undertake the inspections they considered appropriate to enable them to form their opinion the Financial Statements. The Report of the Auditors,

shown on page 34 set out their responsibilities in relation to the Financial Statements .

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

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

As required by Companies Act, the Board of Directors has authorized distribution of the dividend now proposed, being satisfied based on information available to it that the Company would satisfy the solvency test after such distribution in accordance with the Section 57 of the Companies Act, and have sought in respect of the dividend now proposed, a certificate of solvency from the Auditors.

### COMPLIANCE REPORT

The Directors confirm that to the best of their knowledge, all statutory payments relating to employees and the Government that were due in respect of the Company and its Subsidiaries as at the Balance Sheet date have been paid or where relevant provided for.

By order of the Board

Sgd.

**Renuka Enterprises (Pvt) Ltd**  
Company Secretaries

5th August 2015



# FINANCIAL REPORTS

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	36
STATEMENT OF CHANGES IN EQUITY	37-38
CONSOLIDATED STATEMENTS OF CASH FLOWS	39
NOTES TO THE FINANCIAL STATEMENTS	40-86

# INDEPENDENT AUDITORS' REPORT



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

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Internet : www.lk.kpmg.com

## TO THE SHAREHOLDERS OF RENUKA FOODS PLC

### Report on the Financial Statements

We have audited the accompanying financial statements of Renuka Foods PLC, ("the Company"), and the consolidated financial statements of the Company and its subsidiaries ("Group"), which comprise the statement of financial position as at March 31, 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and, cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information set out on pages 35 to 86.

### Board's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies

used and the reasonableness of accounting estimates made by Board, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at March 31, 2015, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

### Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we state the following:

- a) The basis of opinion and scope and limitations of the audit are as stated above
- b) In our opinion:
  - we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company,
  - The financial statements of the Company give a true and fair view of its financial position as at March 31, 2015, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.
  - The financial statements of the Company, and the Group comply with the requirements of sections 151 and 153 of the Companies Act No. 07 of 2007.

**CHARTERED ACCOUNTANTS**

Colombo,

5th August 2015.

KPMG, a Sri Lankan partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

M.R. Mihular FCA	P.Y.S. Perera FCA	C.P. Jayatilake FCA
T.J.S. Rajakarier FCA	W.W.J.C. Perera FCA	Ms. S. Joseph FCA
Ms. S.M.B. Jayasekara ACA	W.K.D.C. Abeyrathne ACA	S.T.D.L. Perera FCA
G.A.U. Karunaratne ACA	R.M.D.B. Rajapakse ACA	Ms. B.K.D.T.N. Rodrigo ACA
R.H. Rajan ACA		

Principals - S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA



# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st March	Note	GROUP		COMPANY	
		2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Revenue	6	6,350,902,357	5,524,395,999	71,705,400	31,038,000
Cost of Sales		(5,000,887,047)	(4,446,658,440)	-	-
<b>Gross Profit</b>		<b>1,350,015,310</b>	<b>1,077,737,559</b>	<b>71,705,400</b>	<b>31,038,000</b>
Other Operating Income	7	43,133,739	95,830,299	14,040,737	-
Administrative Expenses		(399,784,945)	(373,036,656)	(3,412,473)	(6,658,855)
Selling and Distribution Expenses		(528,046,942)	(604,814,655)	-	-
Other Expenses	8	(19,990,604)	(2,028,878)	-	-
<b>Profit from Operations</b>		<b>445,326,558</b>	<b>193,687,668</b>	<b>82,333,664</b>	<b>24,379,145</b>
Finance Income	9	56,699,271	15,577,682	258,353	2,337,238
Finance Costs	10	(45,343,917)	(52,510,573)	(39,014)	(18,675)
<b>Net Finance Income / (Costs)</b>		<b>11,355,354</b>	<b>(36,932,891)</b>	<b>219,339</b>	<b>2,318,563</b>
<b>Profit Before Tax</b>	11	<b>456,681,912</b>	<b>156,754,776</b>	<b>82,553,003</b>	<b>26,697,708</b>
Income Tax Expense	12	(67,491,912)	(14,298,290)	(4,354,687)	(1,306,950)
<b>Profit for the Year</b>		<b>389,190,000</b>	<b>142,456,487</b>	<b>78,198,316</b>	<b>25,390,759</b>
<b>Other Comprehensive Income</b>					
Actuarial Gain on Defined Benefit Plan, Net of Tax		6,321,549	2,654,688	-	8,174
Revaluation of Lands & Buildings		630,232,315	-	-	-
Tax effect on Other Comprehensive Income		(142,610,748)	(598,442)	-	(2,289)
<b>Other Comprehensive Income for the Year, Net of Tax</b>		<b>493,943,116</b>	<b>2,056,246</b>	<b>-</b>	<b>5,885</b>
<b>Total Comprehensive Income for the Year</b>		<b>883,133,116</b>	<b>144,512,732</b>	<b>78,198,316</b>	<b>25,396,644</b>
<b>Profit Attributable to:</b>					
Owners of the Company		191,226,876	92,289,431	78,198,316	25,390,759
Non Controlling Interests		197,963,124	50,167,056	-	-
<b>Profit for the Year</b>		<b>389,190,000</b>	<b>142,456,487</b>	<b>78,198,316</b>	<b>25,390,759</b>
<b>Total Comprehensive Income Attributable to :</b>					
Owners of the Company		464,650,540	93,557,786	78,198,316	25,396,644
Non Controlling Interest		418,482,576	50,954,946	-	-
<b>Total Comprehensive Income for the Year</b>		<b>883,133,116</b>	<b>144,512,732</b>	<b>78,198,316</b>	<b>25,396,644</b>
<b>Basic Earnings Per Share (Rs.)</b>	13	<b>2.02</b>	0.98	<b>0.83</b>	0.27
<b>Diluted Earnings Per Share (Rs.)</b>	13.1	<b>2.02</b>	0.98	<b>0.83</b>	0.27

Figures in brackets indicate deductions.

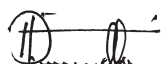
The Notes on pages 40 to 86 are an integral part of these Financial Statements.

# STATEMENTS OF FINANCIAL POSITION

As at 31st March	Note	GROUP		COMPANY	
		2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
<b>ASSETS</b>					
Property, Plant and Equipment	14	3,585,135,096	2,235,639,166	-	-
Investment Property	15	381,850,000	596,624,786	108,299,125	94,258,400
Biological Assets	16	45,842,832	35,562,431	-	-
Immovable Estate Asset on Lease	17	49,499,976	52,249,980	-	-
Premium paid for lease hold premises	18	7,574,548	2,486,462	-	-
Investment in Subsidiaries	19	-	-	1,788,046,082	1,778,047,082
Intangible Assets	20	231,632,467	221,921,469	-	-
Deferred Tax Asset	29.1	337,041	25,540,949	-	-
Investment Securities	21	-	376,000,000	-	-
<b>Non Current Assets</b>		<b>4,301,871,960</b>	<b>3,546,025,243</b>	<b>1,896,345,207</b>	<b>1,872,305,482</b>
Inventories	22	1,104,262,805	795,322,417	-	-
Trade and Other Receivables	23	950,821,388	797,852,813	204,835	180,000
Current Tax Assets		36,580,918	30,257,893	-	-
Amounts Due from Subsidiary Companies	24	-	-	671,094	2,680,992
Amounts Due from Related Companies	25	16,588,332	11,558,091	-	-
Short Term Investments		992,688,467	50,000,000	-	-
Cash and Cash Equivalents	26	309,683,113	446,516,520	1,191,333	4,959,734
<b>Current Assets</b>		<b>3,410,625,023</b>	<b>2,131,507,734</b>	<b>2,067,262</b>	<b>7,820,726</b>
<b>Total Assets</b>		<b>7,712,496,983</b>	<b>5,677,532,977</b>	<b>1,898,412,469</b>	<b>1,880,126,208</b>
<b>EQUITY &amp; LIABILITIES</b>					
<b>Capital &amp; Reserves</b>					
Stated Capital	27	1,383,508,316	1,383,508,316	1,383,508,316	1,383,508,316
Revaluation Reserve	28	293,186,657	77,933,500	-	-
Retained Earnings		1,132,675,389	1,046,413,413	497,353,058	447,518,286
<b>Equity attributable to Owners of the Company</b>		<b>2,809,370,362</b>	<b>2,507,855,229</b>	<b>1,880,861,374</b>	<b>1,831,026,602</b>
<b>Non Controlling Interest</b>		<b>2,471,658,008</b>	<b>1,606,337,399</b>	<b>-</b>	<b>-</b>
<b>Total Equity</b>		<b>5,281,028,370</b>	<b>4,114,192,628</b>	<b>1,880,861,374</b>	<b>1,831,026,602</b>
Deferred Tax Liability	29	208,105,477	47,753,635	7,200,176	3,121,558
Interest Bearing Borrowings	30	508,188,685	107,796,179	-	-
Finance Lease Obligations	31	57,605,992	60,105,992	-	-
Retirement Benefit Obligation	32	44,508,151	46,696,218	-	127,461
<b>Non Current Liabilities</b>		<b>818,408,305</b>	<b>262,352,024</b>	<b>7,200,176</b>	<b>3,249,019</b>
Trade and Other Payables	33	775,750,556	656,159,645	271,004	1,179,129
Amounts Due to Subsidiary Companies	34	-	-	5,023,104	40,000,000
Amounts Due to Related Companies	35	20,027,769	7,611,334	-	-
Dividend Payable	36	8,269,592	5,542,721	2,524,874	2,318,713
Current Portion of Interest Bearing Borrowings	30	457,838,309	373,264,521	-	-
Current Tax Payable		7,002,543	5,701,306	2,531,937	2,333,110
Short Term Loan		162,265,760	-	-	-
Current Portion of Finance Lease Obligations	31	2,500,000	2,698,815	-	-
Bank Overdraft	26.2	179,405,779	250,009,983	-	19,635
<b>Current Liabilities</b>		<b>1,613,060,308</b>	<b>1,300,988,325</b>	<b>10,350,919</b>	<b>45,850,587</b>
<b>Total Liabilities</b>		<b>2,431,468,613</b>	<b>1,563,340,349</b>	<b>17,551,095</b>	<b>49,099,606</b>
<b>Total Equity and Liabilities</b>		<b>7,712,496,983</b>	<b>5,677,532,977</b>	<b>1,898,412,469</b>	<b>1,880,126,208</b>

The Notes on pages 40 to 86 are an integral part of these Financial Statements.

I certify that these Financial Statements have been prepared and presented in compliance with the requirements of the Companies Act, No.07 of 2007



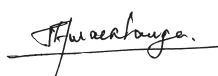
**M. M. D. Nirosan**  
Head of Finance

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

Approved and signed for and on behalf of the Board ;



**S.V. Rajiyah**  
Director



**C.J. De. S. Amaratunge**  
Director

5th August 2015, Colombo

# STATEMENT OF CHANGES IN EQUITY

	Equity Attributable to Owners					
	Stated Capital	Revaluation Reserve	Retained Earnings	Total Controlling Interests	Non Controlling Interest	Total Equity
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>GROUP</b>						
Balance as at 01 March 2013	1,383,508,316	77,933,500	748,324,630	<b>2,209,766,446</b>	1,416,991,846	<b>3,626,758,292</b>
Profit for the year	-	-	92,289,430	<b>92,289,430</b>	50,167,056	<b>142,456,486</b>
Other Comprehensive Income, net of tax	-	-	1,268,356	<b>1,268,356</b>	787,890	<b>2,056,246</b>
<b>Total Comprehensive Income for the year</b>	-	-	93,557,786	<b>93,557,786</b>	50,954,946	<b>144,512,732</b>
On Disposal of Subsidiaries	-	-	-	-	(2,021,324)	<b>(2,021,324)</b>
Changes in ownership interest that do not result in a loss of control	-	-	233,676,565	<b>233,676,565</b>	188,741,957	<b>422,418,522</b>
Transactions with the owners						
Dividends	-	-	(29,145,568)	<b>(29,145,568)</b>	(48,330,026)	<b>(77,475,594)</b>
Total transactions with the owners	-	-	(29,145,568)	<b>(29,145,568)</b>	(48,330,026)	<b>(77,475,594)</b>
Balance as at 31 March 2014	1,383,508,316	77,933,500	1,046,413,413	<b>2,507,855,229</b>	1,606,337,399	<b>4,114,192,628</b>
Profit for the year	-	-	191,226,876	<b>191,226,876</b>	197,963,124	<b>389,190,000</b>
<b>Other Comprehensive Income, net of tax</b>	-	270,342,317	3,081,346	<b>273,423,663</b>	220,519,453	<b>493,943,116</b>
<b>Total Comprehensive Income for the year</b>	-	270,342,317	194,308,222	<b>464,650,539</b>	418,482,577	<b>883,133,116</b>
Changes in ownership interest that do not result in a loss of control	-	-	(134,771,863)	<b>(134,771,863)</b>	515,293,575	<b>380,521,712</b>
Transactions with the owners						
Dividends	-	-	(28,363,544)	<b>(28,363,544)</b>	(68,455,543)	<b>(96,819,087)</b>
Revaluation Transfer (Note A)	-	(55,089,160)	55,089,160	-	-	-
Total transactions with the owners	-	(55,089,160)	26,725,616	<b>(28,363,544)</b>	(68,455,543)	<b>(96,819,087)</b>
<b>Balance as at 31 March 2015</b>	1,383,508,316	293,186,657	1,132,675,389	<b>2,809,370,362</b>	2,471,658,008	<b>5,281,028,370</b>

## Note A

Renuka Trading (Private) Limited has erroneously classified the gain on revaluation of investment property as Revaluation Reserve in the Statement of Changes in equity for the year ended 31 March 2012. This error has been corrected retrospectively in the separate financial statements of Renuka Trading (Private) Limited, in accordance with Sri Lanka Accounting Standards LKAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors". Since the amount involved is immaterial to the group, in the consolidated financial statements this error has been corrected during the current financial year.

Figures in brackets indicate deductions.

The Notes on pages 40 to 86 are an integral part of these Financial Statements.

## STATEMENTS OF CHANGES IN EQUITY (CONTD.)

<i>For the year ended 31st March</i>	Stated Capital Rs.	Retained Earnings Rs.	Total Equity Rs.
<b>COMPANY</b>			
Balance as at 31 March 2013	1,383,508,316	451,267,210	<b>1,834,775,526</b>
Profit for the year	-	25,390,759	<b>25,390,759</b>
Other Comprehensive Income, Net of Tax	-	5,885	<b>5,885</b>
<b>Total Comprehensive Income for the year</b>	-	25,396,644	<b>25,396,644</b>
<b>Transactions with the owners</b>			
Dividends	-	(29,145,568)	<b>(29,145,568)</b>
<b>Total transactions with the owners</b>	-	(29,145,568)	<b>(29,145,568)</b>
<b>Balance as at 31 March 2014</b>	1,383,508,316	447,518,286	<b>1,831,026,602</b>
Profit for the year	-	78,198,316	<b>78,198,316</b>
Other Comprehensive Income, Net of Tax	-	-	<b>-</b>
<b>Total Comprehensive Income for the year</b>	-	78,198,316	<b>78,198,316</b>
<b>Transactions with the owners</b>			
Dividends	-	(28,363,544)	<b>(28,363,544)</b>
<b>Total transactions with the owners</b>	-	(28,363,544)	<b>(28,363,544)</b>
<b>Balance as at 31st March 2015</b>	1,383,508,316	497,353,058	<b>1,880,861,374</b>

Figures in brackets indicate deductions.

The Notes on pages 40 to 86 are an integral part of these Financial Statements.

## STATEMENT OF CASH FLOWS

For the year ended 31st March	GROUP		COMPANY	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
<b>Cash Flow from Operating Activities</b>				
Profit Before Tax	456,681,912	156,754,776	82,553,003	26,697,708
<b>ADJUSTMENTS FOR :</b>				
Depreciation on Property, Plant and Equipment	137,927,368	114,656,141	-	-
Amortization of Intangible Assets	5,622,717	5,374,359	-	-
Provision for Retiring Gratuity	11,652,531	11,433,907	49,089	28,371
Provision for Slow Moving Items & Doubtful Debts	(4,800,982)	62,159,882	2,022,775	2,159,487
Gain from Change in Fair Value of Investment Properties	(13,886,503)	(64,244,690)	(14,040,737)	-
Fair Value Gain on Biological Assets	(10,194,816)	(6,056,368)	-	-
Amortization of Estate Assets on Lease	2,750,004	-	-	-
Premium paid on lease	131,914	-	-	-
Interest Expenses	45,343,917	51,938,161	39,014	141,825
Loss on Disposal of Subsidiary	-	2,028,878	-	-
Profit on Disposal of Property Plant and Equipment	-	(2,468,454)	-	-
<b>Operating Profit Before working Capital Changes</b>	<b>631,228,062</b>	<b>331,576,592</b>	<b>70,623,156</b>	<b>29,027,392</b>
<b>CHANGES IN:</b>				
Inventories	(301,412,354)	(203,998,052)	-	-
Trade & Other Receivables	(155,695,625)	(105,779,155)	(2,047,608)	2,312,861
Amount Due from Related Companies	(5,030,242)	340,441,930	2,009,898	(187,371,621)
Trade & Other Payables	284,830,087	8,045,121	(779,207)	(708,613)
Amount Due to Related Companies	12,416,436	3,088,183	(34,976,896)	39,793,000
<b>Cash Generated/(Used in) from Operations</b>	<b>466,336,363</b>	<b>373,374,619</b>	<b>34,829,343</b>	<b>(116,946,980)</b>
Interest Paid	(45,343,917)	(47,102,104)	(39,014)	(141,825)
Gratuity Paid	(7,519,049)	(4,484,025)	(176,550)	(72,300)
Taxation Paid	(29,815,242)	(8,795,687)	-	(250,000)
<b>Net Cash Generated from/(Used in) Operating Activities</b>	<b>383,658,155</b>	<b>312,992,803</b>	<b>34,613,779</b>	<b>(117,411,105)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Additions to Property, Plant and Equipment	(659,085,131)	(161,001,032)	-	-
Additions to Biological Assets	(85,585)	(9,235)	-	-
Additions of Investments in Subsidiaries	-	-	(9,999,000)	143,125,001
Changing in Investments Securities and short terms Investment	(566,688,467)	(429,396,735)	-	-
Lease hold premises	(5,220,000)	-	-	-
Addition to Intangible Assets	(15,333,715)	(2,878,477)	-	-
Proceeds from Disposal of Property	30,555,436	-	-	-
Proceeds from Disposal of Subsidiaries Net of Cash Disposed	-	4,899,084	-	-
Proceeds from New Share Issue	380,521,712	422,418,522	-	-
<b>Net Cash Generated from/(Used in) Investing Activities</b>	<b>(835,335,750)</b>	<b>(165,967,872)</b>	<b>(9,999,000)</b>	<b>143,125,001</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Lease Rental Paid	(2,698,815)	137,816	-	-
Proceeds from Borrowings	1,989,856,126	1,236,651,302	-	-
Repayment of Borrowings	(1,504,889,832)	(1,067,518,283)	-	-
Dividends Paid	(28,363,544)	(29,145,568)	(28,363,544)	(28,979,130)
Dividends Paid to Minority	(68,455,543)	(48,330,026)	-	-
<b>Net Cash Generated from/(Used in) Financing Activities</b>	<b>385,448,392</b>	<b>93,557,085</b>	<b>(28,363,544)</b>	<b>(28,979,130)</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>(66,229,203)</b>	<b>240,582,016</b>	<b>(3,748,765)</b>	<b>(3,265,234)</b>
Cash & Cash Equivalents at the Beginning of the year	196,506,537	(44,075,478)	4,940,098	8,205,333
Cash & Cash Equivalents at the End of the year (Note A)	130,277,334	196,506,537	1,191,333	4,940,098
<b>Note A: Analysis of Cash and Cash Equivalents</b>				
Cash at Bank & in Hand	309,683,113	446,516,520	1,191,333	2,567,802
Short-Term Investments	-	-	-	2,391,932
Bank Overdraft	(179,405,779)	(250,009,983)	-	(19,635)
	130,277,334	196,506,537	1,191,333	4,940,098

Figures in brackets indicate deductions.

The Notes on pages 40 to 86 are an integral part of these Financial Statements.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. CORPORATE INFORMATION

### 1.1 General

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

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

### 1.2 Principal Activities

The Principal activities of the company up to 31st December 2008 was manufacturing and marketing of agriculture products and with effect from 01 January 2009 the principal activity is investment in agriculture, Food and Beverage.

### 1.3 Parent Enterprise and Ultimate Parent Enterprise

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

### 1.4 Authorisation of Financial Statements

The consolidated financial statements of the Group for the year ended 31st March 2015 were authorized for issue in accordance with a resolution of the Directors on 5th August 2015.

### 1.5 Financial Year

Financial Statements of the Company and Group entities ends on 31st March 2015.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

The Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows, together with Notes to the Financial Statements ("Financial Statements") of the Group as at 31st March 2015 and for the year then ended, comply with the Sri Lanka Accounting Standards (SLFRSs / LKASs) as laid down by the Institute of Chartered Accountants of Sri Lanka and the requirements of the Companies Act No. 07 of 2007.

#### 2.1.1 Directors' Responsibility for the Financial Statements

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

Business Act No. 42 of 2011.

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

### 2.2 Basis of measurement

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

- Biological assets are measured at fair value less costs to sell
- Investment property is measured at fair value
- Liability for Defined Benefit Obligations is recognised as the present value of the defined benefit obligation.

### 2.3 Functional and presentation currency

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

### 2.4 Use of estimates and judgments

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

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

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

- Note 15 - classification of investment property

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 32 – measurement of defined benefit obligations
- Note 38 – contingencies
- Note 29.1 – utilization of tax losses

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

- Note 29.1 – deferred tax assets

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

### 2.5 Going Concern

The company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

### 3. SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies have been applied consistently by Group entities.

#### 3.1 Basis of consolidation

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

#### RENUKA AGRI FOODS PLC

Manufacture & Markets a range of Coconut Products

#### RENUKA ORGANICS (PVT) LTD.

Organic certification license holder and investment in plantation/farm & vertical integration projects

#### RENUKA TEAS (CEYLON) (PVT) LTD.

Manufacture and Exports of Tea Products.

#### KANDY PLANTATIONS LTD.

Engaged in Organic Certified Cultivation of Agriculture

#### RENUKA TRADING (PVT) LTD.

Warehousing

#### CEYLON FORESTRY (PVT) LTD.

Planting and Managing Forestry

#### CEYLON BOTANICALS (PVT) LTD.

Investment in Agricultural Property

#### RICHLIFE DAIRIES LTD.

Manufacturing of Dairy and Fruit Juice Based Products

#### RENUKA DEVELOPMENTS LTD.

Warehousing

#### RENUKA CONSUMER FOODS LTD.

Investment in FMCG

#### SHAW WALLACE CEYLON LTD.

Manufacture & Distribution of Fast Moving Consumer Goods.

#### SHAW WALLACE FOOD SERVICES LTD.

Distribution

#### SHAW WALLACE SERVICES LTD.

Provision of Accounting services

#### SHAW WALLACE AGENCIES LTD.

Provision of Logistic Services

#### CAPTAIN FOOD (PVT) LIMITED .

Manufacture of FMCG Products

#### SHAW WALLACE PROPERTIES LTD.

Warehousing

#### BOIS BROTHERS (PVT) LTD.

Investment

#### RENUKA AGRI ORGANICS LTD.

Export coconut based product

#### 3.1.1 Business Combinations

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

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss. Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.



## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

### 3.1.2 Acquisitions of non-controlling interests

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

### 3.1.3 Subsidiaries

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

### 3.1.4 Loss of control

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

### 3.1.5 Transactions eliminated on consolidation

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

Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

## 3.2 Foreign Currency

### 3.2.1 Foreign currency transactions

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

## 3.3 Financial instruments

### 3.3.1 Non-derivative financial assets

The Group initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for sale financial assets.

#### 3.3.1.1 Financial Assets at Fair Value through Profit or Loss

A financial asset is classified as at fair value through profit or loss if it is held for trading or is designated as such on initial recognition. Financial assets are designated as at fair value through profit or loss if the Group manages such investment and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, which takes into account any dividend income, are recognized in profit or loss.

#### 3.3.1.2 Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognitions, loans and receivables are measured at amortized costs using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables.



## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

### CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances and call deposits with maturities of 3 months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the group in the management of its short term commitments.

#### 3.3.1.3 Available for sale financial assets

Available-for-sale financial assets are non derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognitions, they are measured at fair value and changes therein, other than impairment and foreign currency differences on available-for-sale debt instruments, are recognized in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities and debt securities.

#### 3.3.1.4 Held to maturity financial assets

Held to maturity financial investments are non derivative financial assets with fixed determinable payments and fixed maturities, which the Group has the intention and ability to hold to maturity. After initial measurement, Held to Maturity financial investments are subsequently measured at amortized cost using the EIR, less impairment. Amortized cost is calculated by taking in to account any discount or premium on acquisition and fees that are an integral part of the EIR. The amortization is included in income statement in the Statement of Comprehensive Income.

If the Group were to sell or reclassify more than an insignificant amount of Held to Maturity investment before maturity (Other than in certain specific circumstances permitted in the Sri Lanka Accounting Standards – LKAS 39 on “Financial Instruments : Recognition and Measurement”), the entire category would be tainted and would have to be reclassified as Available For Sale. Furthermore, the Group would be prohibited from classifying any financial asset as Held to Maturity during the following two years.

#### 3.3.2 Non-derivative financial liabilities

The Group initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial liability when its contractual obligations are discharged, canceled or expired. The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, bank overdraft, and trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of the Group’s cash management are included as a component of cash and cash equivalent for the purpose of the statement of cash flows.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

#### 3.3.2.1 Derecognition of Financial Instruments

The Group derecognizes a financial asset when the right to receive cash flows from the asset have expired or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of the ownership of the financial assets are transferred or in which the Group neither transfer nor substantially all risks and rewards of ownership and it does not retain control of the financial asset.

In transactions in which the Group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of (i) the consideration received (Including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

The Group derecognizes a financial liability when its contractual obligations are discharged or canceled or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when and only when, the group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset or settle the liability simultaneously.

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

### 3.3.2.2 Determination of Fair Value

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

#### Level 1

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

#### Level 2

If a market for a financial instrument is not active, then the Company establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses, credit models, option pricing models and other relevant valuation models. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Company, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing

financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument. The Company calibrates valuation techniques and tests them for validity using prices from observable current market transactions in the same instrument or based on other available observable market data.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e. the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument, i.e. without modification or repackaging, or based on a valuation technique whose variables include only data from observable markets. When transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognised in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is supported wholly by observable market data or the transaction is closed out.

#### Level 3

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

### 3.3.3 Stated capital

#### 3.3.3.1 Ordinary shares

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

#### 3.3.4 Financial instruments (part of equity)

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

### 3.4 Property, Plant and Equipment

#### 3.4.1 Recognition and measurement

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

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment charged subsequent to the date of the revaluation. Where land and buildings are subsequently revalued, the entire class of such assets is revalued at fair value on the date of revaluation. Valuations are performed every 3-5 years (or frequently enough) to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

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

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

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

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale in accordance with SLFRS 5 and the date that the asset is derecognised. Therefore,

depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

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

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

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

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

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

#### 3.4.2 Subsequent costs

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

#### 3.4.3 Depreciation

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

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

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

Group will obtain ownership by the end of the lease term. Land is not depreciated.

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

	%
Buildings	2.5-5
Motor Vehicles	20
Plant, Machinery & Others	10-20
Office Equipment	10-20
Computer Software	25
Furniture & Fittings	5-15

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

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

### 3.4.4 Reclassification to investment property

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

### 3.5. Intangible assets and goodwill

#### 3.5.1 Goodwill

Goodwill that arises upon the acquisition of subsidiaries is presented with intangible assets. For the measurement of goodwill at initial recognition, refer note 3.1.1

#### Subsequent measurement

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

#### 3.5.2 Computer Software

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

#### 3.5.3 Other intangible assets

Other intangible assets, including trademarks and trade license that are acquired by the Group and have finite useful lives

are measured at cost less accumulated amortisation and any accumulated impairment losses.

#### 3.5.4 Subsequent expenditure

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

#### 3.5.5 Amortization

Except for goodwill, intangible assets are amortized on a straight line basis in profit or loss over their estimated useful lives, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

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

- Software - 5 years.
- Trade Mark and Trade License – 10 years

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

### 3.6 Premium paid on Leasehold Land

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

### 3.7 Biological assets

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

#### 3.7.1 Right to use Land

Right to use lands are amortised over the lease hold period.

### 3.8 Investment property

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

Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognized in profit or loss.

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

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

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

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

### 3.9 Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and, except for investment property, are not recognized in the Group's statement of financial position.

### 3.10 Inventories

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

- Raw Material - At cost determined at the factory on weighted average cost method
- Finished Goods - At factory cost of direct materials, direct labor and appropriate proportion of fixed production overheads at normal operating capacity.
- Goods in transit - At the actual cost
- Packing Material - At cost determined at the factory on weighted average cost method

- Harvested Crops – Inventory of harvested crop sold has been valued at realized price. Unsold harvested crop have been valued at estimated realizable value net of direct selling expenses. This basis has been adopted to recognize the profit/loss on perennial crops in the financial period of harvesting.

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

### 3.11 Impairment

#### 3.11.1 Non derivative financial assets (including receivables)

A financial asset not classified as at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the assets, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

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

#### 3.11.2 Financial assets measured at amortized costs

The Group considers evidence of impairment for financial assets at both a specific asset and collective level. All individually significant financial assets are assessed for specific impairment.

All individually significant financial assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Financial assets that are not individually significant are collectively assessed for impairment by grouping together financial assets with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables.

Interest on the impaired asset continues to be recognized. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

### 3.11.3 Available for sale financial assets

Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, any principal repayment and amortization, and the current fair value, less any impairment loss previously recognized in profit or loss.

Changes in cumulative impairment losses attributable to application of the effective interest method are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognized in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in other comprehensive income.

### 3.11.4 Non-financial assets

The carrying amounts of the Group's non-financial assets, other than biological assets, investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and indefinite-lived intangible assets are tested annually for impairment. An impairment loss is recognized if the carrying amount of an asset or cash generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of

assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets or CGUs.

For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the group of CGUs that is expected to benefit from the synergies of the combination. This allocation is subject to an operating segment ceiling test and reflects the lowest level at which that goodwill is monitored for internal reporting purposes. The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

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

### 3.12 Assets held for sale or distribution

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property and biological assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.



## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

Once classified as held for sale or distribution, intangible assets and Property, plant and equipments are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

### 3.13 Employee benefits

#### 3.13.1 Retirement Benefit Obligations

##### 3.13.1.1 Defined contribution plan- EPF and ETF

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

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

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

##### 3.13.1.2 Defined benefit plan- Gratuity

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

Provision for gratuity on the employees of the company and group are based on actuarial valuation as recommended by Sri Lanka Accounting Standard No. 19 'Employee Benefits' (LKAS – 19). The actuarial valuation was carried out by professionally qualified firm of actuaries, as at 31 March 2015. The valuation method used by the actuary is 'Projected Unit Credit Method'.

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

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

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

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

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

##### 3.13.1.3 Short-term Employee Benefits

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

### 3.14 Bills Payable

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

### 3.15 Grants

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

### 3.16 Provisions

A provision is recognized if as a result of a past event the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefit will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

### 3.17 Revenue

#### 3.17.1 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the group and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of trade discounts and sales taxes after eliminating sales within the Group.

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

The following specific criteria are used for the purpose of recognition of revenue.

### a) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Revenue is recognized when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of Goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

### b) Services

Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

### c) Rental income

Rental income from investment property is recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease. Rental income from subleased property is recognized as other income.

### d) Dividend income

Dividend income is recognized on a cash basis.

### e) Export Sales

Export sales are recognized at the time of shipment.

### f) Local Sales

Local sales are recognized at the time of dispatch.

### g) Provision of Accounting Services

Revenue from accounting services rendered is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date.

## 3.18 Leases

### 3.18.1 Lease payments

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease

incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfillment of the arrangement is dependent on the use of that specified asset. An arrangement contains the right to use the asset, if the arrangement conveys to the Group the right to control the use of the underlying asset. At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognized at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognized using the Group's incremental borrowing rate.

## 3.19 Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings, bank loans and leases.

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

### 3.19.1 Borrowing Cost

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

Borrowing costs may include:

- (a) Interest expense calculated using the effective interest method as described in LKAS 39 Financial Instruments: Recognition and Measurement;



## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

(b) Finance charges in respect of finance leases recognised in accordance with LKAS 17 Leases; and

(c) Exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

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

### 3.20 Income tax

#### Current tax

Current income tax assets and liabilities for the current and prior period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and the tax laws used to compute the amount are those that are enacted or substantively enacted by the Reporting Date.

The provision for income tax is based on the elements of the income and expenditure as reported in the financial statements and computed in accordance with the provision of the Inland Revenue Act No. 10 of 2006 and its subsequent amendments thereto.

#### Deferred tax

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

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

### 3.21 Segment Reporting

The group has three reportable segments, as described below which are the group's strategic divisions. The strategic divisions offer different products and services and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the

group's CEO (the chief operating decision maker) reviews internal management reports on at least a quarterly basis. The Group's reportable segments are as follows;

- Agri Business
- FMCG
- Strategic Investment and Services

### 3.22 Earnings per share

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

## 4. DETERMINATION OF FAIR VALUES

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

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

### 4.1 Biological assets

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

### 4.2 Investment property

An external, independent valuation company, having appropriate recognized professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property portfolio once a year. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly.

In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

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

### 4.3 Inventories

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

### 4.4 Equity and debt securities

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

## 5. NEW ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE AS OF THE REPORTING DATE

A number of new standards and amendments to standards which have been issued but not yet effective as at Reporting date have not been applied in preparing these financial statements. Company plans to apply these standards on the respective effective dates.

- SLFRS 15 – “Revenue from Contracts with Customers” establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance LKAS 18 Revenue, LKAS 11 Construction Contracts.

SLFRS 15 is effective for reporting period beginning on or after 1st January 2017, with early adoption permitted.

- SLFRS 9 – “Financial Instruments” replaces the existing guidance in LKAS 39 – Financial Instruments: Recognition and Measurement. SLFRS 9 includes revised guidance on the classification and measurement of financial instruments including a new expected credit loss model for calculating impairment on financial assets.

SLFRS 9 is effective for annual period beginning on or after 1st January 2018 with early adoption permitted.

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

	GROUP		COMPANY	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
<i>For the year ended 31st March</i>				
<b>6. Revenue</b>				
Export Sales	2,665,281,779	1,910,129,844	-	-
Local Sales	3,643,548,068	3,554,458,277	-	-
Dividend Income	-	16,240,518	68,807,400	28,140,000
Rental Income	42,072,510	43,567,360	2,898,000	2,898,000
	<b>6,350,902,357</b>	<b>5,524,395,999</b>	<b>71,705,400</b>	<b>31,038,000</b>
<b>7. OTHER OPERATING INCOME</b>				
Profit on disposal of Property, Plant & Equipment	-	2,468,454	-	-
Change in Fair Value of Investment Property	13,886,703	64,244,690	14,040,737	-
Write back of Payables	118,624	915,468	-	-
Change in fair value of Biological Assets	10,194,816	6,056,368	-	-
Sundry Income	18,933,596	22,145,319	-	-
	<b>43,133,739</b>	<b>95,830,299</b>	<b>14,040,737</b>	<b>-</b>
<b>8. OTHER EXPENSES</b>				
Loss on Disposal of Subsidiary	-	2,028,878	-	-
Direct cost of share issue of subsidiary Companies	19,990,604	-	-	-
	<b>19,990,604</b>	<b>2,028,878</b>	<b>-</b>	<b>-</b>
<b>9. FINANCE INCOME</b>				
Interest Income	39,675,268	12,503,110	258,353	2,337,238
Exchange Gain	17,024,003	3,074,572	-	-
	<b>56,699,271</b>	<b>15,577,682</b>	<b>258,353</b>	<b>2,337,238</b>
<b>10. FINANCE COST</b>				
Interest on Bank Overdrafts	9,167,998	15,396,424	-	11,025
Interest on Borrowings	36,157,630	36,505,891	39,014	-
Interest on Leases	18,289	35,846	-	-
Exchange Losses	-	572,413	-	7,650
	<b>45,343,917</b>	<b>52,510,573</b>	<b>39,014</b>	<b>18,675</b>
<b>11. PROFIT BEFORE TAXATION</b>				
Profit before Taxation is stated after charging all expenses/income including the followings;				
Directors Remuneration and Fees	27,500,000	24,100,000	200,000	260,000
Auditors' Remuneration				
Audit Services	2,814,192	2,485,000	450,000	410,000
Non Audit services	200,000	172,500	-	-
Depreciation	137,927,368	114,656,141	-	-
Amortization of Intangible Assets	5,622,717	5,374,359	-	-
Personnel Cost ( Note 11.1)	445,357,722	441,750,908	49,089	20,197
<b>11.1 Personnel Cost</b>				
Salaries, Wages and Other related costs	388,373,394	392,398,696	-	-
Defined Benefit Plan Cost- Retirement Gratuity	11,707,783	11,433,907	49,089	20,197
Defined Contribution Plan Cost - EPF & ETF	45,276,545	40,572,991	-	-
	<b>445,357,722</b>	<b>441,750,908</b>	<b>49,089</b>	<b>20,197</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

	GROUP		COMPANY	
	2015	2014	2015	2014
<i>For the year ended 31st March</i>	Rs.	Rs.	Rs.	Rs.
<b>12. INCOME TAX EXPENSE</b>				
Taxation on current year profit	15,970,989	7,605,619	47,020	654,426
Under provision in respect of previous years	7,713,502	353,104	229,049	358,076
Tax effect on Inter Company Dividends	1,108,963	828,884	-	-
Origination and Reversal of Temporary Differences	42,698,458	5,510,683	4,078,618	294,448
	<b>67,491,912</b>	14,298,290	<b>4,354,687</b>	1,306,950

### 12.1 Current Tax

#### 12.1.1 Company

Income tax has been computed in accordance with the provisions of the Inland Revenue Act No 10 of 2006 and amendments thereto.

According to the section 13 (t) of the Inland Revenue Act No. 10 of 2006, profit earned on the sale of shares of which share transaction levy under section 7 of the Finance Act No 5 of 2005, is paid is exempt from income tax. Interest and other Income are liable to Income Tax at 28% (2014 – 28%).

#### 12.2 Subsidiary Companies Enjoying Tax Holidays at Concessionary Rates of Tax

##### 12.2.1 Renuka Agri Foods PLC

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

Dividend paid by Company out of exempt profits during the 12 year tax holiday period or within one year thereafter is exempted from tax. Other Income is liable for income tax at the rate of 28%.

##### 12.2.2 Renuka Teas (Ceylon) (Pvt) Limited

The company's export profit is liable to income tax at a concessionary rate of 12%. Further, other Income is liable to income tax at 28%.

##### 12.2.3 Renuka Organics (Pvt) Limited

According to the agreement entered into with the Board of Investment of Sri Lanka (BOI), the profit and income of the company is exempt for a period of 5 years. This tax holiday expired on 31st March 1999.

Further, from the Year of Assessment 2006/2007, under Section 16 of the Inland Revenue Act No. 10 of 2006, the Company's profit is exempt from income tax for a period of five years. This tax holiday expired on 31st March 2011. The company is liable to income tax at 10% on profit from agriculture from the year of assessment 2011/12.

Company's other income is liable for income tax at 28%

##### 12.2.4 Renuka Trading (Pvt) Limited

The Company is liable to income tax at 28%.

##### 12.2.5 Ceylon Botanicals (Pvt) Limited

The Company is liable to income tax at 28%.

##### 12.2.6 Captain Foods (Pvt) Limited

The Company is liable to income tax at 28%.

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

### 12.2.7 Ceylon Forestry (Pvt) Limited

In accordance with the provisions of Section 17 of the Board of Investment of Sri Lanka (BOI) Law No. 4 of 1978, the Company will be entitled to the following exemptions/benefits with regard to income tax:

- (i) For a period of eight (08) years reckoned from the Year of Assessment as may be determined by the BOI, Sri Lanka, profit of the Company is exempt from income tax. For the above purpose, the year of assessment shall be reckoned from the year in which the Company commences to make profits or any year of assessment not later than two (02) years reckoned from the date of commencement of commercial operations whichever year is earlier, as specified in a certificate issued by the BOI, Sri Lanka.
- (ii) After the expiration of the aforesaid tax exemption period, referred to in subclause (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 the income tax.
- (iii) After the expiration of the aforesaid concessionary period referred to in subclause (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% for the year.

### 12.2.8 Kandy Plantations Limited

According to the Agreement dated 13.11.2003 entered into with the Board of Investment of Sri Lanka (BOI), the Profits & Income of Kandy Plantations Ltd was exempt for a period of 5 years from the year of assessment in which the Enterprises commence to make profit (i.e. 2003/2004). Accordingly the tax holiday expired on 31st March 2008.

However, the profit from Agriculture of the Company continues to be exempt from income tax for further 3 years of Assessments ending 2010 / 2011, under Section 16 of the Inland Revenue Act No. 10 of 2006, the Company is liable to income tax at 10% on profit from Agriculture from the year 2011/2012.

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

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

### 12.2.9 Richlife Dairies Limited

The Company is liable to income tax at 10% on profit from agriculture and 28% on other income.

### 12.2.10 Renuka Developments Limited

The Company is liable to income tax at 28%.

### 12.2.11 Shaw Wallace Ceylon Limited

The Company is liable to income tax at 28%.

### 12.2.12 Shaw Wallace Properties Limited

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

### 12.2.13 Shaw Wallace Food Services Limited

The Company is liable to income tax at 28%.

### 12.2.14 Shaw Wallace Services Limited

The Company is liable to income tax at 28%.

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

### 12.2.15 Shaw Wallace Agencies (Pvt) Limited

The Company is liable to income tax at 28%.

### 12.2.16 Bois Brothers (Pvt) Limited

The Company is liable to income tax at 28%.

### 12.2.17 Renuka Consumer Foods Limited

The Company is liable to income tax at 28%.

### 12.2.18 Renuka Agri Organics Limited

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.

		GROUP		COMPANY	
		2015	2014	2015	2014
<i>For the year ended 31st March</i>		Rs.	Rs.	Rs.	Rs.
<b>12.3</b>	<b>Reconciliation between Taxable Profit and the Accounting Profits</b>				
	Profit before Taxation	456,681,912	156,754,776	82,553,003	26,697,709
	Aggregate Disallowed Items	176,287,110	189,315,352	76,306	127,461
	Aggregate Allowable Items	(414,740,606)	(213,394,949)	(15,051,840)	(3,113,087)
	Tax Loss incurred	-	(56,612)	-	-
	Exempt Income	(98,386,527)	(16,904,265)	(68,807,400)	-
		119,841,889	(115,714,302)	(1,229,931)	23,712,083
	Exempt Business Profit	(51,543,274)	(89,859,396)	-	(28,140,000)
	Tax Loss set - off	(289,676)	(103,462)	-	-
	Taxable Income / (Loss)	68,008,939	25,751,444	(1,229,931)	(4,427,917)
	Taxable Interest Income	23,327,646	9,093,433	167,930	2,337,236
	Tax Rate				
	28% (2012/13 - 28%)	8,768,548	5,992,409	47,020	654,426
	12% (2012/13 - 12%)	7,202,441	1,613,210	-	-
	10% (2012/13 - 10%)	-	-	-	-
	Income Tax on Current Year Profits	15,970,989	7,605,619	47,020	654,426

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

### 13. Earnings Per Share

The calculation of Earnings per Share is based on the profit after taxation over the weighted average number of shares in issue during the year.

<i>For the year ended 31st March</i>	GROUP		COMPANY	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Profit attributable to the Ordinary Shareholders (Rs.)	191,226,876	92,289,431	78,198,316	25,390,759
Weighted Average Number of Ordinary Shares as at year end	94,545,146	94,545,146	94,545,146	94,545,146
Earnings Per Share (Rs.)	2.02	0.98	0.83	0.27

#### 13.1 Diluted Earnings Per Share

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

As at 31 March 2015 & as at 31 March 2014 there were no dilutive potential ordinary shares. Hence, diluted earnings per share is same as basic earnings per share.

#### 13.2 Dividend Per Share

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

<i>For the year ended 31st March</i>	COMPANY	
	2015 Rs.	2014 Rs.
Dividend Declared & Paid During the Year (Rs.)	28,363,544	29,145,568
Number of Ordinary Shares as at year end	94,545,146	94,545,146
Dividend Per Share (Rs.)	0.30	0.30

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

### 14. Property, Plant and Equipment 14.1 Group

	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Total 2015	Total 2014
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Cost/ Valuation</b>														
As at 1st April	701,058,578	109,149,678	766,285,770	862,495,201	17,623,865	73,206,092	155,331,929	116,816,027	1,150,000	33,049,335			2,836,166,475	2,675,591,656
Additions	43,431,880	188,100	16,932,983	435,404,476	-	11,393,174	60,434,295	11,859,515	-	61,241,707			640,886,131	177,911,641
Transferred from Investment Properties	228,661,289	-	-	-	-	-	-	-	-	-			228,661,289	-
Revaluation	78,590,607	-	551,641,708	-	-	-	-	-	-	-			630,232,315	-
Disposals / Transfers	-	-	(43,910,462)	43,910,462	-	(230,759)	-	-	(1,150,000)	(12,125,677)			(13,506,436)	(17,336,822)
<b>As at 31 March</b>	1,051,742,354	109,337,778	1,290,949,999	1,341,810,139	17,623,865	84,368,507	215,766,224	128,675,542	-	82,165,365			4,322,439,777	2,836,166,475
<b>Accumulated Depreciation</b>														
As at 1st April	-	2,966,757	57,905,751	316,174,634	13,590,165	46,131,804	81,336,924	81,271,274	1,150,000	-			600,527,309	488,765,835
Charge for the year	-	2,070,073	23,605,519	66,406,275	532,003	14,826,991	9,958,093	20,528,414	-	-			137,927,369	114,656,141
Disposals / Transfers	-	-	-	-	-	-	-	-	(1,150,000)	-			(1,150,000)	(2,894,667)
<b>As at 31 March</b>	-	5,036,830	81,511,270	382,580,909	14,122,168	60,958,795	91,295,017	101,799,688	-	-			737,304,678	600,527,309
<b>Carrying Amount</b>														
<b>As at 31 March 2015</b>	1,051,742,354	104,300,948	1,209,438,729	959,229,230	3,501,697	23,409,712	124,471,207	26,875,854	-	82,165,365			3,585,135,096	-
As at 31 March 2014	701,058,578	106,182,921	708,380,019	546,320,567	4,033,700	27,074,288	73,995,005	35,544,753	-	33,049,335			2,235,639,166	

**14.1.1** Based on the assessment carried out internally, by the Board of Directors no provision was required for the potential impairment of fixed assets as at 31 March 2015.

**14.1.2** Property, Plant and Equipment include fully depreciated assets having a gross amount of Rs. 134,852,434 as at 31 March 2015. (Rs. 94,140,573 as of 31 March 2014)

**14.1.3** There were Rs. 639,358/- capitalised borrowing costs related to the acquisition of Property, Plant and Equipment during the year (2013/2014 - Nil).

**14.1.4** There were no restrictions on the title of the Property, Plant and Equipment as at 31 March 2015

**14.1.5** There were no items of Property, Plant and Equipment pledged as security as at 31 March 2015 other than disclosed in Note 30.1.

**14.1.6** During 2014/15, land was transferred from investment property (see note 15) due to the change in use.



## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

### 14. Property, Plant and Equipment

14.1.7 Information on the valuation of freehold Land, Buildings included in the Property, Plant and Equipment of the Group.

Company	Ownership	Method of valuation	No of Buildings	Land Extent (Perches)	Property Valuer
Shaw Wallace Ceylon Limited	Freehold	Open market value method	1	45	L. M. P. Perera
Richlife Diaries Limited	Freehold	Open market value method	6	682	L. M. P. Perera
Renuka Foods PLC	Freehold	Open market value method	9	215	L. M. P. Perera
Renuka Agri Foods PLC	Freehold	Open market value method	9	420	L. M. P. Perera
Renuka Developments Limited	Freehold	Open market value method	2	184	L. M. P. Perera
Captain Foods Ltd	Freehold	Open market value method	2	60	L. M. P. Perera
Ceylon Botanicals Ltd	Freehold	Open market value method	-	10,842	L. M. P. Perera
Renuka Organics Ltd	Freehold	Open market value method	-	303	L. M. P. Perera
Renuka Trading Ltd	Freehold	Open market value method	3	76	L. M. P. Perera

The Land and Buildings were revalued during the financial year 2014/2015 by Mr. Leanon M.P Perera - F.I.V (Sri Lanka). The results of such revaluation were incorporated in these financial statements from its effective Date which is 31 March 2015.

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

Fair value measurement disclosure for revalued land and buildings are provided in Note 47.

### 14.2 Leasehold Land as at 31 march 2015 consists of the followings;

#### Shaw Wallace Properties LTD

The acquisition cost of the leasehold right of the land situated at No. 42/1, New Nuge Road, Paliyagoda is recognised under the leasehold land. This land is on 99 years lease arrangement from the Urban Development Authority. This lease was assigned by the previous lessee to the company on the 12 June 2008, expires on 31 August 2085.

#### Renuka Agri Organics LTD

The land is acquired under 50 years lease term from Board of Investment of Sri Lanka.

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

<i>As at 31st March</i>	<b>Land</b>	<b>Buildings</b>	<b>2015</b>	<b>2014</b>
	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
<b>15. INVESTMENT PROPERTY</b>				
<b>15.1 Group</b>				
Balance as at the Beginning of the Year	449,232,238	147,392,548	<b>596,624,786</b>	532,380,096
Transferred to Property Plant & Equipment (Note 14.1.6)	(228,661,289)	-	<b>(228,661,289)</b>	-
Change in Fair Value	588,000	13,298,503	<b>13,886,503</b>	64,244,690
	221,158,949	160,691,051	<b>381,850,000</b>	596,624,786

15.1.1 The Company's Investment Property has been accounted for as Property, Plant and Equipment in the Financial Statements of the Group in view of it being owner occupied property from the Group's point of view, and thereby changes in fair value adjusted respectively.

15.1.2 Rental Income earned from Investment Property by the group amounted to Rs. 15,863,664/- (2013/14-Rs 15,863,664/-) and Direct Operating Expenses incurred in relation to the Investment Property amounted to Rs. 776,891/- (2013/14-Rs. 776,891/-).

15.1.3 Fair value of the Investment Property is ascertained by annual independent valuation carried out by L.M.P Perera - F.I.V (Sri Lanka) as at 31 March 2015.

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

<b>Significant unobservable valuation input:</b>	<b>Range</b>
Price per square ft.	Rs.1,300 - Rs. 10,500
Price per Perch.	Rs. 275,000 - Rs. 4,500,000

<i>As at 31st March</i>	<b>Land</b>	<b>Buildings</b>	<b>2015</b>	<b>2014</b>
	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
<b>15.2 Company</b>				
Balance at the Beginning of the Year	80,531,250	13,727,150	<b>94,258,400</b>	94,258,400
Change in Fair Value	-	14,040,725	<b>14,040,725</b>	-
Balance at the End of the Year	94,571,975	13,727,150	<b>108,299,125</b>	94,258,400

15.2.1 The Investment Properties were revalued by Mr. Leon Perera, F.I.V (Sri Lanka) As at 31 March 2015 for Rs. 108,299,125/- and the resultant gain of Rs.14,040,725/- has been recognized in the income statement of the Company.

15.2.2 Rental income earned from Investment Property by the Company during the year amounted to Rs.2,898,000/- (2014 - Rs.2,898,000/) and no direct Operating Expenses incurred in relation to the Investment Property.

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

<b>Significant unobservable valuation input:</b>	<b>Range</b>
Price per square ft.	Rs.1,300 - Rs. 3,600
Price per Perch.	Rs. 375,000

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

As at 31st March	GROUP		COMPANY	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
<b>16. BIOLOGICAL ASSETS</b>				
Balance as at 01 April	35,562,431	29,496,828	-	-
Additions during the year	85,585	9,235	-	-
Gain on fair value during the year	10,194,816	6,056,368	-	-
Balance at the End of the year	45,842,832	35,562,431	-	-

- 16.1** Biological Assets as at 31st March 2015 consists of Ceylon Forestry (Pvt) Ltd. Limited's investments made for Teak and Mahogany Plants and Kandy Plantation Limited's investments made for immature Coconut Plants.

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

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

The fair value of managed trees was ascertained in accordance with LKAS 41 - "Agriculture" which is applicable only for managed agricultural activity in terms of the ruling issued by the Institute of Chartered Accountants of Sri Lanka. The Valuation was carried out by Mr. K. D. Tissera, Chartered Valuer using Discounted Cash Flows (DCF) method.

### 16.2 Key assumptions used in valuation are as follows

Variable	Comment
<b>Timber Content</b>	Estimated based on the growth, 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.
<b>Economic Useful Life</b>	Estimated based on normal life span of each species by factoring the forestry plan of the Company approved by the Forestry Department.
<b>Selling Price</b>	Estimated based on prevailing Sri Lankan market prices factoring all the conditions to be fulfilled in bringing the trees in to salable condition.
<b>Discount Rate</b>	Future cash flows are discounted at the rate of 12.5% (2014 - 12.5%).

### 16.3 Sensitivity Analysis

#### Sensitivity variation on sales price

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

Sales price fluctuation	+10%	0	-10%
As at 31st March 2015	Rs. 000	Rs. 000	Rs. 000
Manage Timber	50,333	45,843	41,182

#### Sensitivity variation on discount rate

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

Sales price fluctuation	+1%	0	-1%
As at 31st March 2015	Rs. 000	Rs. 000	Rs. 000
Manage Timber	40,227	45,843	52,156

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

### 17. Immovable Estate Assets on Lease

#### 17.1 Kandy Plantations Limited.

Leases have been executed for 3 estates (Primarily coconut) comprising 33 contiguous allotments of Land called and known as "Giriulla Estate" 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 Mr. 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. 82.5 Mn. had been capitalised on the basis that it represents the value of immovable assets taken over by the Company.

	GROUP	
	2015 Rs.	2014 Rs.
Balance at the beginning	52,249,980	54,999,984
Amortization during the year	(2,750,004)	(2,750,004)
Balance at the year end	49,499,976	52,249,980

### 18. Premium Paid for Leasehold Premises

	GROUP	
	2015 Rs.	2014 Rs.
<b>Renuka Agri Foods PLC</b>		
Balance at the beginning	2,486,462	2,555,532
Additions during the year	5,220,000	-
Amortization during the year	(131,914)	(69,070)
Balance at the year end	7,574,548	2,486,462

18.1 This 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 leasehold period of 50 years with effect from the year 2006.

### 19. Investment in Subsidiaries

Company	Number of Shares	Effective Holding		Value	
		% 2015	% 2014	2015 Rs.	2014 Rs.
<b>Direct-Subsidiaries</b>					
Renuka Agri Foods PLC	281,400,000	50.09%	50.09%	521,172,082	521,172,082
Renuka Developments Ltd	50,000,000	50.00%	50.00%	450,000,000	450,000,000
Renuka Consumer Foods Ltd	6,400,000	90.00%	100.00%	640,000,000	450,000,000
Renuka Teas (Ceylon) (Pvt) Ltd	3,000,000	100.00%	100.00%	166,875,000	96,875,000
Renuka Agri Organic Ltd (Note19.1.3)	9,999	50.00%	50.09%	9,999,000	-
<b>Sub-Subsidiaries</b>					
Renuka Organics (Pvt) Ltd	-	50.09%	50.09%	-	-
Renuka Trading (Pvt) Ltd	-	100.00%	100.00%	-	-
Kandy Plantation Ltd	-	46.90%	39.36%	-	-
Ceylon Forestry (Pvt) Ltd	-	28.14%	23.62%	-	-
Ceylon Botanicals (Pvt) Ltd	-	28.14%	23.62%	-	-
Shaw Wallace Ceylon Ltd	-	54.16%	42.24%	-	-
Shaw Wallace Properties Ltd	-	54.16%	42.24%	-	-
Shaw Wallace Services Ltd	-	54.16%	42.24%	-	-
Shaw Wallace Agencies Ltd	-	54.16%	41.40%	-	-
Shaw Wallace Food Services Ltd	-	54.16%	42.24%	-	-
Bois Brothers (Pvt) Ltd	-	54.16%	42.24%	-	-
Captain Foods (Pvt) Ltd	-	54.16%	42.24%	-	-
Richlife Dairies Ltd	-	54.16%	50.09%	-	-
				<b>1,788,046,082</b>	1,518,047,082

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

As at 31st March	Company	
	2015 Rs.	2014 Rs.
<b>19.1 Advance paid for purchase of shares</b>		
Renuka Consumer Foods Limited (Note 19.1.1)	-	190,000,000
Renuka Teas (Ceylon) Limited (Note 19.1.2)	-	70,000,000
	-	260,000,000
	-	1,778,047,082

19.1.1 During the year 2013/14 Renuka Foods PLC has advanced Rs. 190,000,000 to Renuka Consumer Foods Limited (RCFL) and in settlement the said advance, to accept from RCFL 1,900,000 Ordinary voting shares, at Rupees one Hundred (Rs. 100) per share for total consideration of Rs. 190,000,000. Accordingly RCFL has issued shares during the year.

19.1.2 During the year 2013/14 Renuka Foods PLC (RFP) has advanced Rs. 70,000,000 to Renuka Tea Ceylon (Pvt) Limited (RTC) and in settlement the said advance, RTC has agreed to issue Ordinary voting shares of RTC to RFP, to a value of Rs. 70,000,000. Accordingly RTC has issued shares during the year.

19.1.3 During the year company has acquired 50% share holding of Renuka Agri Organics Limited at a investment value of Rs. 9,999,000.

### 19.2 Change in Non-controlling interest

19.2.1 Shaw Wallace Ceylon Ltd, a sub subsidiary purchased 20,290,000 shares in Richlife Dairies Ltd from Renuka Agri Foods PLC for a consideration of Rs. 605,000,000 on 30th January 2015.

19.2.2 Renuka Organics (Pvt) Ltd, a sub subsidiary of Renuka Foods PLC, has subscribed its entitlement of the right issue in Kandy Plantation Ltd of 9,899,985 shares for total consideration of Rs. 197,999,700 on 31st March 2015.

19.2.3 Renuka Organics (Pvt) Ltd, a sub subsidiary of Renuka Foods PLC has invested Rs. 329,600,000 on 31st March 2015, equivalent to 20% of the issued shares of Renuka Consumer Foods Ltd.

19.2.4 Shaw Wallace Ceylon Ltd, a subsidiary of Renuka Consumer Foods Ltd, issued 93,449,768 voting & 170,832 non-voting shares at 6/= per share on 9th March 2015.

As at 31st March	GROUP		COMPANY	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
<b>20. INTANGIBLE ASSETS</b>				
<b>20.1 Goodwill</b>				
Balance as at the beginning of the year	197,829,768	197,829,768	-	-
Balance as at the end of the year	197,829,768	197,829,768	-	-

20.1. Goodwill as at the reporting date has been tested for impairment and no impairment was found in carrying value. Recoverable values have been estimated based on fair value less cost to sell and value in use for the above test.

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

As at 31st March	GROUP		COMPANY	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
<b>20.2 Computer Software</b>				
Balance as at the Beginning of the Year	10,747,865	11,743,747	-	-
Additions made during the year	333,715	2,878,477	-	-
Amortization during the year	(4,122,717)	(3,874,359)	-	-
Balance as at the End of the Year	6,958,863	10,747,865	-	-

<b>20.3 Mr. POP Trade Mark (Note 20. 4)</b>				
Balance as at the Beginning of the Year	13,343,836	14,843,836	-	-
Amortization during the year	(1,500,000)	(1,500,000)	-	-
Balance as at the End of the Year	11,843,836	13,343,836	-	-

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

As at 31st March	GROUP		COMPANY	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
<b>20.5 Trade License (Note 20.5.1)</b>				
Balance as at the Beginning of the Year	-	-	-	-
Additions made during the year	15,000,000	-	-	-
Balance as at the End of the Year	15,000,000	-	-	-
<b>Total Intangible Assets</b>	<b>231,632,467</b>	<b>221,921,469</b>	<b>-</b>	<b>-</b>

**20.5.1** Renuka Organics (Pvt) Ltd. has acquired the Trade License to operate Desiccated Coconut Mill at Unagahadeniya for a sum of Rs. 15Mn during 2014/15. The management has estimated to amortised the cost of the Trade License over a period of 10 years from Financial year 2015/16.

As at 31st March	GROUP		COMPANY	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
<b>21. INVESTMENT SECURITIES</b>				
Treasury Fund	-	151,000,000	-	-
Fixed Deposit	-	225,000,000	-	-
	-	376,000,000	-	-

<b>22. INVENTORIES</b>				
Raw Materials & Consumables	209,668,054	53,292,944	-	-
Finished Goods	429,550,644	496,866,489	-	-
Harvested Crops	3,751,755	8,954,997	-	-
Spares & Consumables	64,196,551	51,947,771	-	-
Packing Material & Chemicals	212,336,607	119,248,992	-	-
Tea Flavours	467,532	384,772	-	-
Tea Stock	5,698,150	16,837,007	-	-
Blended Tea Stock	25,675,341	3,608,609	-	-
Work in Progress	130,513,235	74,524,804	-	-
Goods in Transit	45,220,870	-	-	-
	1,127,078,739	825,666,385	-	-
<b>Provision for Slow moving items</b>	<b>(22,815,934)</b>	<b>(30,343,968)</b>	<b>-</b>	<b>-</b>
	1,104,262,805	795,322,417	-	-

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

As at 31st March	GROUP		COMPANY	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
<b>23. TRADE &amp; OTHER RECEIVABLES</b>				
Trade Debtors & Bills Receivable	573,015,056	708,651,341	-	-
VAT Recoverable	6,520,648	9,263,322	-	2,004,535
Deposits & Pre-Payments	196,688,674	12,601,829	180,000	180,000
Tax Recoverable	-	-	-	154,952
Advance Payments	115,650,338	49,964,126	-	-
Staff Loan and Advances	4,663,400	627,477	-	-
Other Receivables	103,791,942	63,526,336	161,547	-
	1,000,330,058	844,634,431	341,547	2,339,487
Provision for doubtful debts	(49,508,670)	(46,781,618)	(136,712)	(2,159,487)
	950,821,388	797,852,813	204,835	180,000
<b>24. AMOUNTS DUE FROM SUBSIDIARY COMPANIES</b>				
Shaw Wallace Ceylon Ltd	-	-	241,500	241,500
Renuka Consumer Foods Ltd	-	-	-	2,009,898
Captain Foods (Pvt) Ltd	-	-	429,594	429,594
	-	-	671,094	2,680,992
<b>25. AMOUNTS DUE FROM RELATED COMPANIES</b>				
Renuka Shipping & Travels (Pvt) Ltd	9,673,213	600,000	-	-
Renuka Enterprises (Pvt) Ltd	2,040,000	-	-	-
Macshaw Automotive Limited	-	10,000	-	-
Renuka Agro Exports Limited	4,875,119	10,948,091	-	-
	16,588,332	11,558,091	-	-
<b>26. CASH &amp; CASH EQUIVALENTS</b>				
<b>26.1 Favourable Balances</b>				
Call Deposits	1,651,093	115,848,003	237,155	1,825,415
Short Term Deposits	4,351,172	144,123,273	694,496	566,517
Cash at bank & in hand	303,680,848	186,545,244	259,682	2,567,802
	309,683,113	446,516,520	1,191,333	4,959,734
<b>26.2 Unfavourable Balances</b>				
Bank Overdraft	(179,405,779)	(250,009,983)	-	(19,635)
Cash & Cash Equivalents for Cashflow Purpose	130,277,334	196,506,537	1,191,333	4,940,098
<b>27. STATED CAPITAL</b>				
<b>No of Shares Issued</b>				
<b>Voting Shares</b>				
At the Beginning of the year	89,771,800	89,771,800	89,771,800	89,771,800
Issued during the year	-	-	-	-
At the End of the year	89,771,800	89,771,800	89,771,800	89,771,800
<b>Non Voting Shares</b>				
At the Beginning of the year	4,773,346	4,773,346	4,773,346	4,773,346
Sub division of shares during the year	-	-	-	-
At the End of the year	4,773,346	4,773,346	4,773,346	4,773,346
	94,545,146	94,545,146	94,545,146	94,545,146



## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

As at 31st March	GROUP		COMPANY	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
<b>27.1 Value of Issued and Fully Paid Ordinary Shares</b>				
At the Beginning of the year	1,383,508,316	1,383,508,316	1,383,508,316	1,383,508,316
At the End of the year	1,383,508,316	1,383,508,316	1,383,508,316	1,383,508,316
<b>28. RESERVES</b>				
Revaluation Reserve	312,212,573	77,933,500	-	-
	312,212,573	77,933,500	-	-
<b>29. DEFERRED TAX LIABILITY</b>				
Balance As at 1st April	47,753,635	43,951,433	3,121,558	2,824,821
Origination and Reversal of Temporary Differences - P/L	47,747,273	3,671,255	4,078,618	294,448
Origination and Reversal of Temporary Differences - OCI	41,174,564	130,947	-	2,289
Transferred from Deferred Tax Asset	71,430,005	-	-	-
Balance as at the End of the Year	208,105,477	47,753,635	7,200,176	3,121,558
<b>Temporary Differences</b>				
On Property Plant and Equipment	1,085,495,297	526,837,128	25,714,913	11,020,959
Revaluation of Building	198,238,158	-	-	-
On Retirement Benefit Obligation	(29,305,622)	(23,863,523)	-	127,461
On Carried Forward Tax Losses	(215,640,500)	(125,713,042)	-	-
Transferred from Deferred Tax Asset	255,107,518	-	-	-
	1,293,894,851	377,260,564	25,714,913	11,148,420
Tax Effect	208,105,477	47,753,635	7,200,176	3,121,558
<b>29.1 Deferred Tax Asset</b>				
As at the Beginning of the Year	25,540,949	27,839,487	-	-
Origination and Reversal of Temporary Differences - P/L	4,802,271	(2,298,538)	-	-
Origination and Reversal of Temporary Differences - OCI	(101,436,184)	(436,256)	-	-
Transferred to Deferred Tax Liability	71,430,005	-	-	-
Balance as at the End of the Year	337,041	25,540,949	-	-
<b>Temporary Differences</b>				
On Property Plant and Equipment	(181,676,289)	(278,914,833)	-	-
On Retirement Benefit Obligation	15,202,529	31,170,058	-	-
On Provision for Bad Debts	47,570,461	83,973,942	-	-
Revaluation of Building	(362,345,950)	-	-	-
On Carried Forward Tax Losses	227,345,450	376,612,075	-	-
Transferred to Deferred Tax Liability	255,107,518	-	-	-
	1,203,718	212,841,242	-	-
Tax Effect	337,041	25,540,949	-	-

### 29.1.1 Company

Un Recognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following item.

Tax Losses	14,056,811	13,892,709
	14,056,811	13,892,709

29.1.2 Deferred tax assets have not been recognised in respect of above tax losses because it is probable that future taxable profit will not be available against which the Company can utilise tax losses.

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

As at 31st March	GROUP		COMPANY	
	2015	2014	2015	2014
	Rs.	Rs.	Rs.	Rs.
<b>30 Interest Bearing Borrowings</b>				
Balance as at the Beginning of the year	481,060,700	311,927,681	-	-
Addition During the year	1,989,856,126	1,236,651,302	-	-
Payments During the year	(1,504,889,832)	(1,067,518,283)	-	-
	<b>966,026,994</b>	481,060,700	-	-
Payable with in one year	(457,838,309)	(373,264,521)	-	-
Payable after one year	<b>508,188,685</b>	107,796,179	-	-

**30.1 Renuka Agri Foods PLC**

Details of loans obtained by the Company and it's Subsidiaries are set out below.

Name of the Bank /Lessor	Facility Obtained	Interest Rate	Assets Pledged	Repayment Terms	Outstanding Balance	
					2015	2014
					Rs.	Rs.
DFCC Bank	Boiler Loan	6.5% p.a	Primary mortgage over leasehold rights of an allotted plot of land depicted on lot no 28 at Yatadawala	To be paid in 72 instalments with a grace period of 24 months starting from July 2008 in monthly instalment of Rs.267,263	3,414,163	6,657,943
National Development Bank	Medium Term Loan	6% p.a	a) Primary Mortgage over stock and book debts for USD. 740,000. b) Agreement to mortgage over stocks and book debts for USD 740,000. c) Corporate gurantee from Renuka Agro Exports Limited for USD. 840,000.	24 equal installments of USD 40,625 each	8,493,812	64,227,771
National Development Bank	Packing Credit Loan	6.5% p.a		Repayable on demand	188,398,637	17,932,748
HSBC	Packing Credit loan	1year LIBOR+ 3.75 p.a	Corporate gurantee of USD 1,000,000 from Renuka Food PLC	Repayable on demand	32,832,800	23,862,311
					<b>233,139,412</b>	112,680,773

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NAME OF THE BANK /LESSOR	FACILITY OBTAINED	INTEREST RATE	ASSETS PLEDGED	REPAYMENT TERMS	OUTSTANDING BALANCE	
					2015	2014
					Rs.	Rs.

### Richlife Dairies Ltd

DFCC	Term Loan	AWPLR +3% p. a.	Corporate guarantee of Rs. 95 Mn given by Renuka Foods PLC	Corporate guarantee of Rs. 95Mn given by Renuka Agri Foods PLC	-	26,979,162
BOC	Long Term Loan	6.5% p.a	Property held at, Pirivena Rd, Moligoda, Wadduwa for Rs.426 Mn	Repayable over 96 equal monthly installments	-	3,775,068
HNB	Term Loan (Special Scheme)	8%p.a	Corporate guarantee given by Renuka Foods PLC for Rs. 325Mn	To be repaid over a period of 05 years in 53 equal monthly installments of Rs. 0.465Mn each & final installment of Rs. 355Mn plus interest commencing after an initial grace period of 06 months. Interest to be serviced monthly during the grace period	1,642,173	4,897,173
HNB	Term Loan	AWPLR + 0.75% p. a.	Corporate guarantee given by Renuka Foods PLC for Rs. 325Mn	To be repaid over a period of 05 years in 47 monthly installments of Rs.3.4Mn each & final installments of Rs.3.4Mn each & final installment of Rs. 0.2Mn plus interest commencing after an initial grace period of 01 year. Interest to be serviced monthly during the grace period.	17,639,285	17,639,285
HNB	Working Capital Loan	AWPLR + 0.5% p.a.	Corporate guarantee given by Renuka Foods PLC for Rs. 325Mn	Repayable with in 90 days	-	12,002,000
					<b>19,281,458</b>	<b>65,292,688</b>

### Renuka Teas Ceylon (Pvt) Ltd

NDB	Short Term Loan	6.5% p.a.		Repayable on demand	-	3,087,239
	Packing Credit Loan	6.5% p.a.	a) Primary Mortgage bond over stocks and Book debts for SLRs 22,500,000 b) Agreement to mortgage over stock and book debts for SLRs 60,000,000	Payable within period of 120 days	34,417,441	-
					<b>34,417,441</b>	<b>3,087,239</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NAME OF THE BANK /LESSOR OBTAINED	FACILITY OBTAINED	INTEREST RATE	ASSETS PLEDGED	REPAYMENT TERMS	OUTSTANDING BALANCE	
					2015	2014
					Rs.	Rs.
<b>Kandy Plantations Ltd</b>						
NDB	Term Loan	8% p.a	-	Bi annual repayments commencing from June 2014	8,188,685	-
					<b>8,188,685</b>	<b>-</b>
<b>Renuka Agri Organics Ltd</b>						
HNB	Packing Credit Loan	3 Months USD LI-BOR+ 3.5% (Monthly Review)	Lodgment of Confirmed Export orders	Settlement within 90 days	101,612,000	-
					<b>101,612,000</b>	<b>-</b>
<b>Renuka Organics (Pvt) Ltd</b>						
NDB	Packing Credit Loan	6.5% p.a.	-	Repayable on demand	60,653,760	-
					<b>60,653,760</b>	<b>-</b>
<b>Shaw Wallace Ceylon Ltd</b>						
HNB	Short term loan	1 month money market rate	Corporate gurantee given by Renuka Foods PLC to the value of Rs. 300Mn	Maximu roll over tenor - 1 month	171,000,000	300,000,000
HNB	Term Loan	8.5% p.a.	-	Within 5 years including a grace period of 2 years with effect from january 2015	500,000,000	-
					<b>671,000,000</b>	<b>300,000,000</b>
<b>Total Term Loan - Group</b>					<b>1,128,292,756</b>	<b>481,060,700</b>
<b>Total Short Term Loan - Group</b>					<b>(162,265,760)</b>	<b>-</b>
					<b>966,026,996</b>	<b>481,060,700</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

	GROUP		COMPANY	
	2015	2014	2015	2014
<i>As at 31st March</i>	Rs.	Rs.	Rs.	Rs.
<b>31 Finance Lease Obligations As At 31 st March</b>				
Kandy Plantations Ltd	60,000,000	62,500,000	-	-
Richlife Dairies Limited	105,992	304,807	-	-
	<b>60,105,992</b>	<b>62,804,807</b>	-	-
<b>31.1 Finance Lease Obligation Movement</b>				
Balance payable as at the beginning of the year	62,804,807	65,486,066	-	-
Payments made during the period	(2,698,815)	(2,681,259)	-	-
Payable on lease as at 31st March	60,105,992	62,804,807	-	-
Lease rentals payable within one year	(2,500,000)	(2,698,815)	-	-
Lease rental payable after one year	57,605,992	60,105,992	-	-

Details of the finance leases obtained by the Company are set out below.

### 31.2 Kandy Plantations Limited

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

Financial Institution	Facility Obtained	Interest Rates	Repayment Terms
John Leo De Croos Trust	Finance Lease	-	To be paid over a period of 30 years under two 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.

### 31.3 Richlife Dairies Limited

Financial Institution	Facility Obtained	Interest Rates	Repayment Terms
Bank of Ceylon	Finance Lease	15%	Repayable over 60 equal monthly installments.

	GROUP		COMPANY	
	2015	2014	2015	2014
<i>As at 31st March</i>	Rs.	Rs.	Rs.	Rs.
<b>32. Retirement Benefit Obligation</b>				
At the beginning of the year	46,696,218	42,401,024	127,461	179,564
Charge to Profit or Loss	11,652,531	11,433,907	49,089	28,371
Charge to OCI	(6,321,549)	(2,654,688)	-	(8,174)
Payment made during the year	(7,519,049)	(4,150,425)	(176,550)	(72,300)
	<b>44,508,151</b>	<b>46,696,218</b>	-	127,461

### 32.1 Movement in the Present Value of Defined Benefit Obligation

Provision for PV - DBO as at 01 April	46,696,218	42,401,024	127,461	179,564
Interest Cost for the period	4,998,375	4,606,195	-	19,752
Current Service Cost for the period	6,654,156	6,827,712	49,089	8,619
Benefit Payable	-	(49,200)	-	(49,200)
Payments during the year	(7,519,049)	(4,101,225)	(176,550)	(23,100)
Actuarial (Gain) / Loss on PV-DBO	(6,321,549)	(2,654,688)	-	(8,174)
Benefit obligation as at 31 March	<b>44,508,151</b>	<b>46,696,218</b>	-	127,461

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

- 32.2** Gratuity Liability is based on the Actuarial Valuation carried out by Merrrs. Actuarial and Management Consultants (Pvt) Limited. Actuaries, on 31 March 2015, as per the LKAS 19 Employee Benefits. The Principal assumptions used in the 2015 actuarial valuation are as follows;

	2015	2014
Retirement Age	55	55
Discounting Rate	11.00%	10.50%
Salary Increment Rate	10%	10%

### 32.3 Sensitivity of Assumptions Employed in Actuarial Valuation

The following table demonstrates the sensitivity to a reasonably possible change in the key assumptions employed with all other variables held constant in the employment benefit liability measurement.

The sensitivity of the Income Statement and the Statement of Financial Position is the effect of the assumed changes in discount rate and salary increment rate on the profit or loss & employment benefit obligation for the year.

	Increase/ (Decrease) in discount rate	Increase/ (De- crease) in salary increment	2015	
			Sensitivity effect on Income Statement Increase/ (Reduc- tion) in results for the year Rs.	Sensitivity effect on Employment Benefit Obligation Increase/ (Decrease) in the Liability Rs.
	1%		57,558,695	(57,558,695)
	-1%		(65,054,643)	65,054,643
		1%	(65,309,265)	65,309,265
		-1%	57,274,818	(57,274,818)

As at 31st March	GROUP		COMPANY	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
<b>33. Trade and Other Payables</b>				
Trade Creditors	363,653,524	363,759,725	-	-
Staff Creditors	15,282,761	21,529,825	-	-
Accrued Expenses	186,616,534	165,731,640	42,850	14,577
Other Payables	210,197,737	105,138,455	228,154	1,164,552
	<b>775,750,556</b>	656,159,645	<b>271,004</b>	1,179,129
<b>34. Amounts Due to Subsidiary Companies</b>				
Renuka Devalopments Ltd.	-	-	-	40,000,000
Renuka Consumer Foods Ltd	-	-	4,648,104	-
Renuka Agri Foods PLC	-	-	375,000	-
	-	-	<b>5,023,104</b>	40,000,000
<b>35. Amount Due to Related Companies</b>				
Renuka Enterprises Ltd.	-	3,011,156	-	-
Renuka Agro Exports Ltd	20,007,608	4,600,178	-	-
Renuka Shipping & Travels Pvt Ltd	20,161	-	-	-
	<b>20,027,769</b>	7,611,334	-	-

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

As at 31st March	GROUP		COMPANY	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
<b>36. Dividend Payable</b>				
Unclaimed Dividends	8,269,592	5,542,721	2,524,874	2,318,713
	<b>8,269,592</b>	5,542,721	<b>2,524,874</b>	2,318,713

### 37. Related Party Transactions

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

#### 37.1 Parent and Ultimate Control Party

The parent of the company is Renuka Agro Exports (Pvt) Ltd and ultimate parent of the company is Renuka Holdings PLC.

#### 37.2 Transactions With Related Companies

Company	Name of the director	Nature of Transactions	Amount Received / (Paid)	
			2015	2014
			Rs.	Rs.
Renuka Agri Foods PLC	Dr.S.R. Rajiyah Mrs.I.R. Rajiyah Mr.S.V. Rajiyah Mr.V. Sanmugam Ms. A.L. Rajiyah Mr.C.J.De.S. Amaratunge Mr.L.M. Abeywickrama	Fund Transfers	-	207,000
Captain Foods (Pvt) Ltd.	Dr.S.R. Rajiyah Mrs.I.R. Rajiyah Mr.S.V. Rajiyah Mr.C.J.De.S. Amaratunge Mr.V. Sanmugam	Fund Transfers	-	354,619
Shaw Wallace Ceylon Ltd	Dr.S.R. Rajiyah Mrs.I.R. Rajiyah Mr.S.V. Rajiyah Mr.V. Sanmugam Mr.C.J.De.S. Amaratunge	Fund Transfers	-	(483,000)
Renuka Consumer Foods Ltd	Dr.S.R. Rajiyah Mrs.I.R. Rajiyah Mr.S.V. Rajiyah Mr.C.J.De.S. Amaratunge Mr.L.M. Abeywickrama Mr.V. Sanmugam	Advance for Share Issue	(196,658,002)	117,500,000
Renuka Developments Ltd	Dr.S.R. Rajiyah Mrs.I.R. Rajiyah Mr.S.V. Rajiyah Mr.V. Sanmugam	Settlement of C/A	40,000,000	(40,000,000)
Renuka Teas (Ceylon) (Pvt) Ltd	Dr.S.R. Rajiyah Mrs.I.R. Rajiyah Mr.S.V. Rajiyah Mr.V. Sanmugam	Advance for Share Issue	(70,000,000)	70,000,000

This note should be read in conjunction with the Notes 25 and 35, Related Party receivables and Related Party Payables respectively.



## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

### 37.3 Transactions with Key Management Personnel

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

During the financial year certain Key employees who meet the criteria have been classified as Key Management Personnel of the Company. The comparative figures of the compensation paid to KMPs have been reclassified accordingly.

The transactions with Key Management Personnel are as follows.

	GROUP		COMPANY	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Short Term Employee Benefits	92,509,120	79,881,000	200,000	260,000
Consultancy Fee	-	3,000,000	-	-
Rent Paid	8,640,000	5,760,000	-	-
	<b>101,149,120</b>	88,641,000	<b>200,000</b>	260,000

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

### 37.4 Directorate of Group Companies

Name of Director	RFD	RAF	RTCL	RTRL	ROL	KPL	CFL	CBL	RDL	RAOL	RLDL	RCFL	SWCL	SWFS	SWSL	SWAL	CFPL	SWPL	BBL
Dr. S.R. Rajiyah (Chairman)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	✓	✓	✓	✓	✓
Mrs. I.R. Rajiyah	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	✓	✓	✓	✓	✓
Mr. C.J. de Silva Amaratunge	✓	✓	-	-	-	✓	-	-	-	-	✓	✓	-	-	-	-	✓	✓	✓
Mr. S.V. Rajiyah	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. L.M. Abeywickrama	✓	✓	-	-	-	-	-	-	-	-	-	✓	-	-	-	-	-	-	-
Mr. V. Sanmugam	✓	✓	✓	-	✓	✓	✓	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ms. A.S. Patel	-	-	-	-	-	-	-	-	-	-	-	-	✓	-	✓	-	✓	✓	-
Mr. A. Kodagoda	-	-	-	-	-	-	-	-	-	-	-	-	✓	-	✓	-	✓	✓	✓
Mr. W. Rajapakshe	-	✓	-	-	-	✓	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. T.K. Bandaranayake	✓	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ms. A.L. Rajiyah	✓	✓	-	-	-	-	-	-	-	✓	✓	-	-	-	-	-	-	-	-
Mr. M.S. Dominic	✓	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dr. J.A.S. Felix	✓	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. M. Terfloth	-	✓	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. M.K.A. Ranglin	-	✓	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. T.G. Hockley	-	-	-	-	-	-	✓	-	-	-	-	-	-	-	-	-	-	-	-
Mr. P. Gunathilake	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	✓
Mr. S. Nagarajah	-	✓	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

RFD	Renuka Foods PLC	RAF	Renuka Agri Foods PLC	RTCL	Renuka Teas (Ceylon) (Pvt) Ltd	RTRL	Renuka Trading (Pvt) Ltd	ROL	Renuka Organics (Pvt) Ltd	KPL	Kandy Plantations Ltd.	CFL	Ceylon Forestry (Pvt) Ltd	CBL	Ceylon Botanical (Pvt) Ltd	RDL	Renuka Developments (Pvt) Ltd	RLDL	Richlife Dairies Limited
RAOL	Renuka Agri Organics Ltd.	SWCL	Shaw Wallace Ceylon Ltd	SWFS	Shaw Wallace Food services Ltd	SWSL	Shaw Wallace Services Ltd	SWAL	Shaw Wallace Agencies Ltd	CFPL	Captain Foods (Pvt) Ltd.	SWPL	Shaw Wallace Properties Ltd	BBL	Bois Brothers Ltd	RCFL	Renuka Consumer Foods Ltd		

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

### 38. Contingent Liabilities

Renuka Foods PLC has given Rs 2.5 Mn Corporate Guarantee through HSBC Bank & it has also given Rs. 300 Mn Corporate guarantee to Shaw Wallace Ceylon Ltd through HNB Bank & Rs 150 Mn through HSBC bank.

### 39. Capital Commitments

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

### 40. Events occurring after the Reporting Period

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

- (a) The Board of Directors of Renuka Agri Foods PLC has approved the subscription to the entitlement of the rights issue of its fully owned Subsidiary, Renuka Organics (Pvt) Ltd, of 1,800,000 Ordinary Shares for a total consideration of Rs. 252,000,000 on 27th May 2015.
- (b) The Board of Directors has recommended a final dividend of Rs. 0.35 per share amounting Rs. 33,090,801 for the year ended 31st March 2015. This to be approved at the Annual General Meeting to be held on 18th September 2015.

### 41. Comparative Information

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

### 42. Going Concern of Subsidiaries

#### Shaw Wallace Agencies Limited

The Board of Directors intends to cease operations and currently management is in the process of amalgamating the company with Shaw Wallace Ceylon Limited. Therefore the financial statement of Shaw Wallace Agencies Limited have been prepared and presented on other than on the basis of a going concern reflecting the cessation of the operations. Accordingly, the financial statements of Shaw Wallace Agencies Limited are prepared at the recoverable amount of Assets and settlements of Liabilities in the immediate future.

#### Captain Foods (Pvt) Limited

The financial statements are prepared on the assumption that Captain Foods (Pvt) Limited is a going concern, i.e. as continuing in operation for foreseeable future. However, as at the reporting date Captain Foods (Pvt) Limited's accumulated losses amounted to Rs. 33,003,216/- (31 March 2014 - Rs. 33,940,335/-) and its current liabilities exceeded current assets by Rs. 7,232,175/- (31 March 2014 - Rs. 9,420,257/-).

However, the directors are currently evaluating new business opportunities to restructure the business operations of Captain Foods (Pvt) Limited and further enhance the business operations that currently engaged in. Also the parent company has committed to provide continuous financial support to meet the company's current and future liabilities to enable the company to continue as a going concern. Accordingly, the directors have made an assessment of the company's ability to continue as a going concern and they do not intend either to liquidate or to cease trading.

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

### 43. Material partly-Owned Subsidiaries

The following table summarises the information relating to each of the Group's subsidiaries that has material NCI, before any intra-group eliminations

31 March 2015	Renuka Foods PLC	Renuka Developments Limited	Shaw Wallace Ceylon Limited	Shaw Wallace Properties limited	Renuka Agri Organics Ltd	Richlife Diaries Limited	Other immaterial subsidiaries	Total
<b>NCI percentage</b>	49.91%	50.00%	45.84%	45.84%	50.00%	45.84%		
Non-current assets	1,249,474,810	925,195,561	956,559,230	550,000,000	65,793,252	592,975,604		
Current assets	973,850,404	7,648,796	626,102,177	16,700,324	277,886,034	251,248,963		
Non-current liabilities	85,268,159	-	585,072,049	14,824,508	-	25,137,133		
Current liabilities	513,003,116	850,895	507,915,050	952,817	296,061,731	150,253,448		
<b>Net assets</b>	1,625,053,939	931,993,462	489,674,308	550,922,999	47,617,555	668,833,986		
Carrying amount of NCI	811,064,421	465,996,731	224,462,414	252,538,358	23,809,966	306,587,641	387,198,478	<b>2,471,658,008</b>
Revenue	2,086,628,568	-	2,292,109,095	26,695,043	448,557,626	1,257,108,317		
Profit	244,535,062	35,378,625	(4,165,622)	25,707,232	107,754,129	4,991,676		
OCI	97,740,212	-	300,874,723	-	-	566,878		
<b>Total Comprehensive Income</b>	342,275,274	35,378,625	296,709,101	25,707,232	107,754,129	5,558,554		
Profit allocated to NCI	122,047,449	17,689,313	(1,909,485)	11,783,974	53,879,753	2,288,141	(7,816,021)	<b>197,963,124</b>
OCI allocated to NCI	48,782,140	-	137,918,338	-	-	259,852	33,559,123	<b>220,519,453</b>
Cash flows from operating activities	290,935,726	62,341,136	70,530,510	4,825,850	(57,196,232)	62,467,667		
Cash flows from Investment activities	(402,998,786)	(61,195,561)	(1,134,541,218)	-	(55,658,548)	(67,195,028)		
Cash flows from financing activities	65,757,198	(80,000)	1,003,818,275	(3,260,000)	41,611,000	129,289,954		
<b>Net increase (decrease) in cash and cash equivalents</b>	(46,305,862)	1,065,575	(60,192,433)	1,565,850	(71,243,780)	124,562,593		

43.1 The above information is based on amounts before inter-company elimination.

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

### 44. Operating Segments

Segment information is presented in respect of the group's operating segments. Operating Segments are based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment Capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than a period of one year.

The Group Comprises the following main operating segments:

Agri Business

FMCG

Investment

SUB SECTOR	COMPANY	NATURE
Agri Business	Renuka Agri Foods PLC	Manufacture & markets a range of coconut products
	Renuka Organics (Pvt) Ltd	Organic certification license holder and investment in plantation / farm & vertical integration projects
	Kandy Plantations Ltd	Engaged in organic certified cultivation of agriculture
	Ceylon Forestry (Pvt) Ltd	Planting and managing forestry
	Ceylon Botanicals (Pvt) Ltd	Investment in agricultural property
	Renuka Teas (Ceylon) (Pvt) Ltd	Export bulk tea, value added tea products
	Renuka Trading (Pvt) Ltd	Warehousing
	Renuka Agri Organics Ltd	Export coconut based products
FMCG	Renuka Foods PLC	Investment in food and beverage ventures
	Richlife Dairies Ltd	Manufacturing of dairy and fruit juice based products
	Renuka Consumer Foods Ltd	Holding investments in FMCG
	Shaw Wallace Ceylon Ltd	Manufacturing and distribution of Fast Moving Consumer Goods
	Shaw Wallace Food Services Ltd	Provision of service
	Shaw Wallace Properties Ltd	Providing warehousing facilities
	Shaw Wallace Services Ltd	Providing accounting services to parent company
	Shaw Wallace Agencies Ltd	Representing for agencies
	Captain Foods (Pvt) Ltd	Renting plant & equipment and providing support services for manufacturing of consumer goods
Bois Brothers Ltd	Holding investments	
Investment	Renuka Developments Ltd	The company is in the business of property development

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

### 44. Operating Segments (Contd.)

	AGRI		FMCG		INVESTMENT		GROUP TOTAL	
	<i>For the year ended 31st March</i>		2015	2014	2015	2014	2015	2014
Revenue	<b>2,981,677,085</b>	2,183,032,065	<b>3,595,672,455</b>	3,603,585,119	<b>71,705,400</b>	32,401,500	<b>6,649,054,940</b>	5,819,018,684
Intra Segment Revenue	<b>(190,495,163)</b>	(219,854,355)	<b>(35,952,020)</b>	(55,443,859)	<b>(71,705,400)</b>	(19,324,471)	<b>(298,152,583)</b>	(294,622,685)
<b>Segment Revenue</b>	<b>2,791,181,922</b>	1,963,177,710	<b>3,559,720,435</b>	3,548,141,260	-	13,077,029	<b>6,350,902,357</b>	5,524,395,999
<b>Gross Profit</b>	<b>878,123,890</b>	441,308,208	<b>650,460,370</b>	633,561,944	-	32,146,448	<b>1,350,015,310</b>	1,077,737,559
Other Income	<b>32,990,988</b>	22,611,049	<b>28,332,884</b>	309,712,171	<b>25,134,626</b>	2,337,238	<b>43,133,739</b>	95,830,299
Administrative Expenses	<b>(398,586,559)</b>	(224,714,170)	<b>(176,182,526)</b>	(178,295,112)	<b>(3,584,810)</b>	(6,693,878)	<b>(399,784,945)</b>	(373,036,656)
Selling & Distribution Expense	<b>(82,642,854)</b>	(73,965,185)	<b>(445,404,088)</b>	(530,849,470)	-	-	<b>(528,046,942)</b>	(604,814,655)
Other Expenses	-	(2,028,878)	<b>(19,990,604)</b>	-	-	-	<b>(19,990,604)</b>	(2,028,878)
<b>Operating Profit</b>	<b>421,885,465</b>	162,925,267	<b>19,717,260</b>	8,372,594	<b>3,723,833</b>	22,389,807	<b>445,326,558</b>	193,687,668
<b>Finance Income</b>	<b>21,804,491</b>	9,362,559	<b>6,488,402</b>	5,953,938	<b>28,406,378</b>	261,185	<b>56,699,271</b>	15,577,682
Finance Costs	<b>(10,529,793)</b>	(15,682,297)	<b>(34,775,110)</b>	(36,821,671)	<b>(39,014)</b>	(6,605)	<b>(45,343,917)</b>	(52,510,573)
<b>Net Finance Income/(Costs)</b>	<b>11,274,698</b>	(6,319,738)	<b>(28,286,708)</b>	(30,867,733)	<b>28,367,364</b>	254,580	<b>11,355,354</b>	(36,932,891)
<b>Profit before Tax</b>	<b>433,160,163</b>	156,605,529	<b>(8,569,448)</b>	(22,495,139)	<b>32,091,197</b>	22,644,387	<b>456,681,912</b>	156,754,776
Income Tax Expense	<b>(53,075,079)</b>	(10,511,853)	<b>(6,371,194)</b>	(2,140,110)	<b>(8,045,639)</b>	(1,646,327)	<b>(67,491,912)</b>	(14,298,290)
<b>Profit</b>	<b>380,085,084</b>	146,093,676	<b>(14,940,642)</b>	(24,635,249)	<b>24,045,558</b>	20,998,060	<b>389,190,000</b>	142,456,487

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

### 44. Operating Segments (Contd.)

	AGRI		FMCG		INVESTMENT		GROUP TOTAL	
<i>As at 31st March</i>	2015	2014	2015	2014	2015	2014	2015	2014
Property, Plant and Equipment	1,073,560,172	524,141,969	1,622,097,087	1,151,753,808	-	-	3,585,135,096	2,235,639,166
Investment Property	160,000,000	130,178,320	550,000,000	532,655,258	596,299,125	572,664,511	381,850,000	596,624,786
<b>Segment Property, Plant and Equipment &amp; Investment Property</b>	<b>1,233,560,172</b>	<b>654,320,289</b>	<b>2,172,097,087</b>	<b>1,684,409,066</b>	<b>596,299,125</b>	<b>572,664,511</b>	<b>3,966,985,096</b>	<b>2,832,263,952</b>
<b>Biological Assets</b>	<b>45,842,832</b>	<b>35,562,431</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>45,842,832</b>	<b>35,562,431</b>
Immovable Estate Asset on Lease	49,499,976	52,249,980	-	-	-	-	49,499,976	52,249,980
Premium paid for lease hold premises	7,574,548	2,486,462	-	-	-	-	7,574,548	2,486,462
Intangible Assets	17,880,857	5,560,410	15,921,842	18,531,291	-	-	33,802,699	24,091,701
Deferred Tax Asset	-	-	337,041	25,540,949	-	-	337,041	25,540,949
Goodwill	-	-	-	-	-	-	197,829,768	197,829,768
<b>Segment Other Non Current Assets</b>	<b>120,798,213</b>	<b>95,859,283</b>	<b>16,258,883</b>	<b>44,072,240</b>	<b>-</b>	<b>-</b>	<b>334,886,864</b>	<b>337,761,291</b>
<b>Segment Total Non Current Assets</b>	<b>1,354,358,385</b>	<b>750,179,572</b>	<b>2,188,355,970</b>	<b>1,728,481,306</b>	<b>596,299,125</b>	<b>572,664,511</b>	<b>4,301,871,960</b>	<b>3,546,025,243</b>
Inventories	720,677,205	394,985,685	383,585,600	405,221,130	-	-	1,104,262,805	795,322,417
Trade and Other Receivables	506,712,489	244,975,385	443,904,063	552,439,353	204,835	842,953	950,821,388	797,852,813
Current Tax Assets	13,430,716	30,257,893	23,150,203	-	-	-	36,580,919	30,257,893
Amounts Due from Related Companies	16,588,332	11,558,091	-	-	-	-	16,588,332	11,558,091
Short Term Investments	551,255,853	50,000,000	-	-	441,432,614	376,000,000	992,688,467	426,000,000
Cash and Cash Equivalents	287,221,805	395,089,525	17,858,232	47,563,464	4,603,076	2,346,168	309,683,113	446,516,520
<b>Segment Current Assets</b>	<b>2,127,779,520</b>	<b>1,231,556,884</b>	<b>912,093,915</b>	<b>1,055,426,253</b>	<b>446,911,619</b>	<b>419,189,121</b>	<b>3,410,625,023</b>	<b>2,131,507,734</b>
<b>Total Segment Assets</b>	<b>3,482,137,905</b>	<b>1,981,736,456</b>	<b>3,100,449,885</b>	<b>2,783,907,559</b>	<b>1,043,210,744</b>	<b>991,853,632</b>	<b>7,712,496,983</b>	<b>5,677,532,977</b>
Deferred Tax Liability	102,731,860	23,553,493	101,834,410	21,078,584	7,200,176	3,121,558	208,105,477	47,753,635
Interest Bearing Borrowings	8,188,685	67,677,358	500,000,000	40,118,821	-	-	508,188,685	107,796,179
Finance Lease Obligations	57,500,000	60,000,000	105,992	105,992	-	-	57,605,992	60,105,992
Retirement Benefit Obligation	19,854,378	22,695,987	24,653,773	23,872,770	-	127,461	44,508,151	46,696,218
<b>Segment Non Current Liabilities</b>	<b>188,274,923</b>	<b>173,926,838</b>	<b>626,594,175</b>	<b>85,176,167</b>	<b>7,200,176</b>	<b>3,249,019</b>	<b>818,408,305</b>	<b>262,352,024</b>
Trade and Other Payables	402,707,382	248,644,558	362,018,748	414,731,015	298,004	4,070,267	775,750,556	656,159,645
Amounts Due to Related Companies	19,452,139	7,611,334	575,630	-	-	-	20,027,769	7,611,334
Dividend Payable	4,091,943	3,671,169	1,546,775	1,546,775	2,524,874	2,318,713	8,269,592	5,542,721
Current Portion of Interest Bearing Borrowings	267,556,852	48,090,654	190,281,457	325,173,867	-	-	457,838,309	373,264,521
Current Tax Payable	3,132,352	-	514,361	-	3,355,833	-	7,002,546	-
Short Term Loan	162,265,760	-	-	-	-	-	162,265,760	-
Current Portion of Finance Lease Obligations	2,500,000	2,500,000	-	198,815	-	-	2,500,000	2,698,815
Bank Overdraft	112,674,454	90,116,082	66,731,325	159,874,266	-	19,635	179,405,779	250,009,983
<b>Segment Current Liabilities</b>	<b>993,351,924</b>	<b>458,462,121</b>	<b>673,702,232</b>	<b>1,186,007,063</b>	<b>11,201,815</b>	<b>46,408,615</b>	<b>1,613,060,308</b>	<b>1,300,988,325</b>
<b>Total Segment Liabilities</b>	<b>1,181,626,847</b>	<b>632,388,959</b>	<b>1,300,296,407</b>	<b>1,271,183,230</b>	<b>18,401,991</b>	<b>49,657,634</b>	<b>2,431,468,613</b>	<b>1,563,340,349</b>



## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

### 45. Financial risk management

#### Overview

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

- Market risk
- Credit risk
- Liquidity risk

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

#### Risk management framework

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

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

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

#### (i) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group’s receivables from customers and investment securities.

#### Exposure to Credit Risk

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

	Carrying Amount	
	2015	2014
	Rs.	Rs.
Trade and Other Receivables	950,821,388	797,852,813
Amount due from Related Company	16,588,332	11,558,091
Balances with Banks	309,683,113	446,516,520
	<b>1,277,092,833</b>	1,255,927,424

#### Trade and other receivables

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

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

#### Impairment Losses

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

### Impairment Losses (Contd.)

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

	Carrying Amount	
	2015	2014
	Rs.	Rs.
Domestic	724,104,687	638,584,003
Europe	101,721,247	63,881,293
Middle East	25,544,158	26,121,477
Asia	7,994,600	3,465,476
United State	46,410,709	5,260,229
Canada	5,017,662	5,428,211
Caribbean	17,876,820	35,508,474
Africa	12,119,778	6,875,777
Australia	10,031,726	12,727,873
	<b>950,821,388</b>	<b>797,852,813</b>

### Cash and Cash Equivalents

The Group held cash and cash equivalents of Rs. 309,683,113 at 31st March 2015 (Rs. 446,516,520 as at 31st March 2014) which represents its maximum credit exposure on these assets.

#### (ii) Liquidity Risk

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

	Carrying Amount	0-12 Month	More than 1 year
As at 31st March 2015	Rs.	Rs.	Rs.
<b>Financial Liabilities (Non-Derivate)</b>			
Interest Bearing Borrowings	1,128,456,527	620,104,069	508,352,458
Amount due to Related Companies	20,027,769	20,027,769	-
Trade and other Payables	783,870,518	783,856,375	-
Bank OD's	179,405,779	179,405,779	-
<b>Total</b>	<b>2,111,760,593</b>	<b>1,603,393,992</b>	<b>508,352,458</b>
<b>Financial Liabilities (Non-Derivate)</b>			
Interest Bearing Borrowings	481,060,700	373,264,251	107,796,449
Amount due to Related Companies	7,611,334	7,611,334	-
Trade and other Payables	661,860,949	661,860,949	-
Bank OD's	250,009,983	250,009,983	-
<b>Total</b>	<b>1,400,542,966</b>	<b>1,292,746,517</b>	<b>107,796,449</b>

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

### (iii) Market Risk

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

#### a. Currency Risk

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

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

#### Exposure to currency risk

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

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

As at 31st March 2015	2015		2014	
	Rs.	USD	Rs.	USD
Trade and other Payables	(59,985,134)	(450,170)	(15,432,286)	(119,909)
Trade and other Receivables	250,250,957	1,878,056	159,268,810	1,237,520
Cash and cash equivalents	44,385,842	333,102	44,989,144	349,566
Gross Statement of Financial Position Exposure	234,651,665	1,760,988	188,825,668	1,467,177

The following significant exchange rates were applicable during the year

As at 31st March 2015	Average Rate		Reporting Date Spot Rate	
	2015	2014	2015	2014
	Rs.	USD	Rs.	USD
US Dollars	131.10	128.53	133.25	128.70

#### Sensitivity Analysis

A strengthening of the LKR, as indicated below, against the US Dollar and at 31st March 2015 & 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 Group considered to be reasonably possible at the end of the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant

	Strengthening	Weakening
	Profit or Loss	Profit or Loss
	Rs.	Rs.
31st March 2015		
USD (10% movement)	35,462,193	(35,462,193)
31st March 2014		
USD (10% movement)	18,882,567	(18,882,567)

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

### b. Interest rate risk

The risk that the fair value or future cash flows of a financial instrument fluctuates due to changes in market interest rates.

At the reporting date, the Company's interest-bearing financial instruments were as follows:

	Carrying Amount	
	2015	2014
As at 31st March 2015	Rs.	Rs.
<b>Fixed Rate Instruments</b>		
Financial Assets		
Bank Deposits	561,495,171	309,971,276
Variable Rate Instruments		
Financial Liabilities		
Bank OD's	179,405,779	(250,009,983)
	<b>740,900,950</b>	<b>59,961,293</b>

### (iv) Capital management risk

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

The Group's net debt to adjusted equity ratio at the reporting date was as follows

	Group		Company	
	2015	2014	2015	2014
As at 31st March 2015	Rs.	Rs.	Rs.	Rs.
Borrowings & Lease	1,188,398,746	543,865,507	-	-
Total Equity	5,281,028,370	4,114,192,628	1,880,861,373	1,831,026,602
Net Debt to Equity Ratio	22.50%	13.22%	-	-

### (v) Operational risk

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

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

- Requirements for appropriate segregation of duties, including the independent authorization of transactions
- Requirements for the reconciliation and monitoring of transactions
- Documentation of controls and procedures
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- Development of contingency plans
- Training and professional development

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

### 46. Financial instruments

#### 46.1 Group

Financial assets and liabilities by categories

Financial assets and liabilities in the tables below are split into categories in accordance with LKAS 39

31 March 2015	Financial assets by categories Loans & Receivables			Total			Financial liabilities by categories measured at amortized cost		
	2015	2014	2015	2014	2015	2014	2015	2014	2015
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Financial instruments in non-current assets/non-current liabilities</b>									
Non-current financial assets	-	376,000,000	-	376,000,000	-	-	-	-	-
Interest-bearing loans and borrowings	-	-	-	-	-	-	508,188,685	107,796,179	-
<b>Financial instruments in current assets/current liabilities</b>									
Trade & other receivables/Payables	950,821,388	797,852,813	950,821,388	797,852,813	775,750,556	656,159,645			
Amounts due from/due to related parties	16,588,332	11,558,091	16,588,332	11,558,091	20,027,769	7,611,334			
Short term investment	992,688,467	50,000,000	992,688,467	50,000,000	-	-			
Cash in hand and at Bank	309,683,113	446,516,520	309,683,113	446,516,520	-	-			
Short term borrowings	-	-	-	-	162,265,760	-			
Interest-bearing loans & borrowings	-	-	-	-	457,838,309	373,264,521			
Bank overdraft	-	-	-	-	179,405,779	250,009,983			
	<b>2,269,781,300</b>	<b>1,681,927,424</b>	<b>2,269,781,300</b>	<b>1,681,927,424</b>	<b>2,103,476,858</b>	<b>1,394,841,662</b>			

**46.1.1** The fair value of loans and receivables is not significantly different from the value based on amortized cost methodology.

The management assessed that, cash and short-term investments, trade receivables, trade payables, bank overdrafts, bank borrowings and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

## 46. Financial instruments (Contd.)

## 46.2 Company

Financial assets and liabilities by categories

Financial assets and liabilities in the tables below are split into categories in accordance with LKAS 39

31 March 2015	Financial assets by categories Loans & Receivables			Total			Financial liabilities by categories measured at amortized cost		
	2015	2014	2015	2014	2015	2014	2015	2014	2014
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Financial instruments in current assets/ current liabilities</b>									
Trade & other receivables/Payables	204,835	180,000	204,835	180,000			271,004	1,179,129	
Amounts due from/due to related parties	671,094	2,680,992	671,094	2,680,992			5,023,104	40,000,000	
Cash in hand and at Bank	1,191,333	4,959,734	1,191,333	4,959,734			-	-	
Bank overdraft	-	19,635	-	19,635			-	-	
	<b>2,067,262</b>	<b>7,840,361</b>	<b>2,067,262</b>	<b>7,840,361</b>			<b>5,294,108</b>	<b>41,179,129</b>	

**46.2.1** The fair value of loans and receivables is not significantly different from the value based on amortized cost methodology.

The management assessed that, cash and short-term investments, trade receivables, trade payables, bank overdrafts, bank borrowings and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

### 47. Fair Value Hierarchy 47.1 Non financial assets - Group

Level 1 - Quoted (unadjusted) Market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

31 March 2015	Level 1		Level 2		Level 3	
	2015	2014	2015	2014	2015	2014
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Asset measured at Fair value</b>						
Land & Buildings	-	-	-	-	2,261,181,083	1,409,438,597
Building on Lease hold Land	-	-	-	-	-	-
Investment property	-	-	-	-	381,850,000	596,624,786

In determining the fair value, highest and best use of the property including the current condition of the properties, future usability and associated redevelopment requirements have been considered. Also, the values have made reference to market evidence of transaction prices for similar properties, with appropriate adjustments for size and location. The appraised fair values are rounded within the range of values.

### 47.2 Non financial assets - Company

Level 1 - Quoted (unadjusted) Market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

31 March 2015	Level 1		Level 2		Level 3	
	2015	2014	2015	2014	2015	2014
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Asset measured at Fair value</b>						
Land & Buildings	-	-	-	-	108,299,125	94,258,400

In determining the fair value, highest and best use of the property including the current condition of the properties, future usability and associated redevelopment requirements have been considered. Also, the values have made reference to market evidence of transaction prices for similar properties, with appropriate adjustments for size and location. The appraised fair values are rounded within the range of values.



## REAL ESTATE PORTFOLIO

Company	Location	Land extent (Perches)			Building		Classification Company	Classification Group	Fair value as at 31/03/2015 under fair value method
		Land / Building	Lease Hold	Free Hold	No of Buildings	Building in sq. ft			
Renuka Developments Ltd	Sri Dhamma MW, Colombo 09	Land Building	-	184	-	2	IP	488,000,000	
Renuka Trading (Pvt) Ltd	Kent Road, Dematagoda, Colombo 09	Land Building	-	76	-	3	IP	75,863,000 64,137,000	
Shaw Wallace Ceylon Ltd	Danister De Silva Mawatha Colombo 08	Land	-	40	-	-	PPE	180,000,000	
	Land - Transfer from Bois Brothers 14/ 15	Building	-	5	-	-	PPE	17,500,000	
Shaw Wallace Properties Ltd	New Nuge Road, Peliyagoda	Land Building	216	-	-	2	IP	323,385,000 226,615,000	
Captain Foods (Pvt) Ltd	Gemunu Mawatha, Ekala, Jaela	Land/ Building	-	60	-	2	PPE	53,000,000	
Renuka Foods PLC	Samagi Mawatha, Ekala, Ja-Ela	Land Building	-	215	-	9	IP	94,258,400 14,040,725	
Ceylon Botanicals (Pvt) Ltd	Matale	Land	-	10,842	-	-	IP	20,000,000	
Richlife Dairies Ltd	Privena Road, Wadduwa	Land Building	-	682	-	6	PPE	128,552,000 169,072,361	
Kandy Plantations Ltd	Nalla, Diideniya	Building	-	-	-	4	PPE	16,923,532	
Renuka Agri Foods PLC	EPZ, Wathupitiwela Unagahadeniya	Building Land	-	-	-	9	PPE	239,162,900 21,428,000	
Renuka Organics (Pvt) Ltd	Unagahadeniya	Land	-	303.3	-	-	PPE	22,702,880	

## FIVE YEAR SUMMARY

Year Ended 31st March	2015	2014	2013	2012	2011
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>A) Summary of the Operation</b>					
Revenue	6,350,902	5,524,396	3,587,377	1,991,255	2,058,383
Gross Profit	1,350,015	1,077,738	752,876	629,345	372,952
Profit from Operation	445,327	193,688	236,810	341,359	235,484
Profit before Taxation	456,682	156,755	189,649	307,987	233,068
Taxation	(67,492)	(14,298)	16,964	8,684	(5,515)
Profit after Tax	389,190	142,456	206,613	316,671	227,553
Profit attributable to Equity Holders of the Company	464,651	93,558	111,842	142,522	161,220
<b>B) Summary of Financial Position</b>					
<b>Capital and Reserves</b>					
Stated Capital	1,383,508	1,383,508	1,383,508	552,075	552,075
Capital Reserve	293,187	77,934	77,934	77,934	73,185
Retained Earnings	1,132,675	1,046,413	748,325	720,095	599,510
Shareholders' Fund	2,809,370	2,507,855	2,209,767	1,350,103	1,224,770
Minority Interest	2,471,658	1,606,337	1,416,992	833,992	455,886
Total Equity	5,281,028	4,114,192	3,626,758	2,184,095	1,680,656
<b>Liabilities</b>					
Non-Current Liabilities	818,408	262,352	310,411	256,261	120,151
Current Liabilities	1,613,060	1,300,988	1,005,598	702,672	115,901
Total Liabilities	2,431,469	1,563,340	1,316,008	958,933	236,052
<b>Total Equity and Liabilities</b>	<b>7,712,497</b>	<b>5,677,532</b>	<b>4,942,767</b>	<b>3,143,027</b>	<b>1,916,708</b>
<b>Assets</b>					
Property, Plant and Equipments	3,585,135	2,323,452	2,271,323	1,287,073	586,575
Investment Properties	381,850	596,625	532,380	652,016	46,275
Other Non-Current Assets	334,887	625,948	254,812	174,169	315,225
Current Assets	3,410,625	2,131,507	1,884,252	1,029,770	968,633
<b>Total Assets</b>	<b>7,712,497</b>	<b>5,677,532</b>	<b>4,942,767</b>	<b>3,143,027</b>	<b>1,916,708</b>
<b>C) Key Indicators</b>					
Earnings per share (Rs.)	2.02	0.98	1.85	6.09	6.89
Net Profit Margin (%)	6.13%	2.58%	5.76%	15.90%	11.05%
Net Assets per Share (Rs.)	29.71	26.53	36.58	57.70	52.34
Dividends per share (Rs.)	0.30	0.30	0.30	1.00	1.00
Dividends Payout (%)	14.85%	30.61%	16.22%	16.42%	14.51%
Dividend Cover (Times)	6.73	3.27	6.17	6.09	6.99
Interest Cover (Times)	9.82	3.69	5.36	36.11	97.46
Current Ratio (Times)	2.11	1.64	1.87	1.47	8.36
Gearing (%)	9.63%	3.92%	5.82%	7.73%	4.67%
Return on Equity (%)	2.47%	3.46%	5.70%	14.50%	13.54%

# SHAREHOLDER AND INVESTOR INFORMATION

## SHARE INFORMATION

	2015		2014	
	Voting	Non Voting	Voting	Non Voting
Total No of Shareholders	3,785	633	4,007	742
Total No of Shares	89,771,800	4,773,346	89,771,800	4,773,346

## PUBLIC SHARE HOLDING

The percentage of Shares held by the public

	2015	2014
Voting	30.94	30.94%
Non Voting	68.98	68.98%

## SHARE TRADING INFORMATION

<i>1st of April to 31st March</i>	2015		2014	
	Voting	Non Voting	Voting	Non Voting
<b>Share Price</b>				
Highest (Rs.)	30.00	27.00	24.00	19.50
Lowest (Rs.)	15.30	12.50	15.00	12.30
As at 31st March	26.90	23.70	16.10	12.40
<b>Market Capitalization</b>				
As at 31st March (Rs. '000)	2,527,989		1,502,515	
No of Trades	11,326	2,242	3,359	836
No of shares Traded	38,228,414	3,747,747	7,747,047	1,427,855
Value of Shares Traded (Rs.)	883,938,972	76,414,363	140,165,948	24,088,975
<b>Dividends</b>				
Proposed/paid final Dividend (Rs.)	33,090,801 (Rs. 0.35 cents per Share)		28,363,544 (Rs. 0.30 cents per Share)	

## SHAREHOLDER AND INVESTOR INFORMATION (CONTD.)

	31st March 2015			31st March 2014		
	No of Shareholders	No of Shares	%	No of Shareholders	No of Shares	%
<b>VOTING SHARES</b>						
<b>No of Shares Held - Voting</b>						
1 - 1,000	3,015	833,846	0.93%	3,118	892,390	0.99%
1,001 - 10,000	547	2,057,668	2.29%	646	2,343,935	2.61%
10,001 - 100,000	163	5,114,252	5.70%	192	6,261,215	6.97%
100,001 1,000,000	54	15,301,349	17.04%	45	13,765,440	15.33%
1,000,000 & Over	6	66,464,685	74.04%	6	66,508,820	74.09%
	<b>3,785</b>	<b>89,771,800</b>	<b>100%</b>	<b>4,007</b>	<b>89,771,800</b>	<b>100%</b>
<b>Analysis of Shareholders - Voting</b>						
Individuals	3,623	22,958,590	25.57%	3,848	21,761,396	24.24%
Institutions	162	66,813,210	74.43%	159	68,010,404	75.76%
<b>Total</b>	<b>3,785</b>	<b>89,771,800</b>	<b>100%</b>	<b>4,007</b>	<b>89,771,800</b>	<b>100%</b>
<b>Analysis of Shareholders - Voting</b>						
Resident	3,753	87,820,961	97.83%	3,972	87,862,760	97.87%
Non Resident	32	1,950,839	2.17%	35	1,909,040	2.13%
<b>Total</b>	<b>3,785</b>	<b>89,771,800</b>	<b>100%</b>	<b>4,007</b>	<b>89,771,800</b>	<b>100%</b>
<b>NON VOTING SHARES</b>						
<b>No of Shares Held - Non Voting</b>						
1 - 1,000	441	110,453	2.31%	515	129,656	2.72%
1,001 - 10,000	148	552,959	11.58%	180	651,303	13.64%
10,001 - 100,000	33	1,033,019	21.64%	40	1,428,455	29.93%
100,001 1,000,000	11	3,076,915	64.46%	7	2,563,932	53.71%
1,000,000 & Over	-	-	-	-	-	0.00%
	<b>633</b>	<b>4,773,346</b>	<b>100%</b>	<b>742</b>	<b>4,773,346</b>	<b>100%</b>
<b>Analysis of Shareholders - Non Voting</b>						
Individuals	590	2,751,993	57.65%	681	2,785,086	58.35%
Institutions	43	2,021,353	42.35%	61	1,988,260	41.65%
<b>Total</b>	<b>633</b>	<b>4,773,346</b>	<b>100%</b>	<b>742</b>	<b>4,773,346</b>	<b>100%</b>
<b>Analysis of Shareholders - Voting</b>						
Resident	619	4,305,070	90.19%	722	4,287,073	89.81%
Non Resident	14	468,276	9.81%	20	486,273	10.19%
<b>Total</b>	<b>633</b>	<b>4,773,346</b>	<b>100%</b>	<b>742</b>	<b>4,773,346</b>	<b>100%</b>

## SHAREHOLDER AND INVESTOR INFORMATION (CONTD.)

### TOP 20 MAJOR SHAREHOLDERS

NO.	NAME	AS AT 31.03.2015		AS AT 31.03.2014	
		NO OF SHARES	%	NO OF SHARES	%
<b>Voting</b>					
1	RENUKA AGRO EXPORTS LTD	56,533,428	62.97	56,533,428	62.97
2	DR. S. R. RAJIYAH & MRS. I.R. RAJIYAH (Jt)	4,488,590	5.00	4,488,590	5.00
3	MR. K.C. VIGNARAJAH	1,633,563	1.82	1,633,563	1.82
4	MRS. S. VIGNARAJAH	1,471,968	1.64	1,471,968	1.64
5	RENUKA HOTELS LIMITED	1,203,062	1.34	1,203,062	1.34
6	MR. M.M. FUAD	1,134,074	1.26	-	-
7	MR. S.V. RAJIYAH	955,135	1.06	955,135	1.06
8	WALDOCK MACKENZIE LTD/HI-LINE TRADING (PVT) LTD	769,288	0.86	891,288	0.99
9	PEOPLE'S LEASING & FINANCE PLC/HI LINE TRADING (PVT) LTD	604,094	0.67	-	-
10	HALLSVILLE TRADING GROUP INC.	601,000	0.67	601,000	0.67
11	MR. M.Z. RASHEED	532,036	0.59	-	-
12	MR. R.A. RISHARD	520,056	0.58	-	-
13	MR. S.C. DE ZOYSA	500,000	0.56	-	-
14	MRS. N. MULJIE	480,208	0.53	480,208	0.53
15	MRS. T. M. MOOSAJEE	472,739	0.53	494,000	0.55
16	MR. H. YUSOOF	422,900	0.47	-	-
17	MS O.D. GUNWARDENE	413,288	0.46	588,288	0.66
18	SEYLAN BANK PLC/MR.S.N.C.W.M.B.C. KANDEGEDARA	412,092	0.46	-	-
19	COMMERCIAL BANK OF CEYLON PLC A/C NO. 04	402,000	0.45	402,000	0.45
20	E.W. BALASURIYA & CO. (PVT) LTD	401,000	0.45	401,000	0.45
		<b>73,950,521</b>	<b>82.37</b>	70,143,530	78.13
<b>Non-Voting</b>					
1	RENUKA AGRO EXPORTS LTD	751,031	15.73	751,031	15.73
2	MR. K.C. VIGNARAJAH	722,224	15.13	722,224	15.13
3	WALDOCK MACKENZIE LTD/MR. H.M.S. ABDULHUSSEIN	337,356	7.07	394,399	8.26
4	BEST REAL INVEST CO SERVICES (PRIVATE) LIMITED	295,086	6.18	295,086	6.18
5	ASSETLINE LEASING COMPANY LTD/MR.A.S.MARAPANA	160,000	3.35	-	-
6	MR. Y.H. ABDULHUSSEIN	155,498	3.26	155,498	3.26
7	MR. A. M. M. RISVI	148,328	3.11	-	-
8	PEOPLE'S LEASING & FINANCE PLC/HI LINE TOWERS (PVT) LTD	147,798	3.10	-	-
9	MRS. S. VIGNARAJAH	141,094	2.96	141,094	2.96
10	MISS N. HARNAM & MRS. J.K.P. SINGH (JT)	113,900	2.39	100,000	2.09
11	MRS. J.K.P.SINGH	104,600	2.19	104,600	2.19
12	TRANZ DOMINION,L.L.C.	88,998	1.86	72,001	1.51
13	MR. M.Z. RASHEED	78,400	1.64	-	-
14	MRS. R.G. ABDULHUSSEIN	71,100	1.49	79,100	1.66
15	MR. R. GAUTAM	53,000	1.11	-	-
16	ASKOLD (PRIVATE) LIMITED	51,230	1.07	57,594	1.21
17	MRS. S. UMESHWARY	50,922	1.07	50,922	1.07
18	MR. S.P. JAYAKUMAR	49,640	1.04	-	-
19	MR. F. A. AZHAR	47,669	1.00	-	-
20	MR. M.R. RASHEED	47,635	1.00	-	-
		<b>3,615,509</b>	<b>75.75</b>	2,923,549	61.25

## NOTICE OF MEETING

Notice is hereby given that the 25th Annual General Meeting of the Company will be held at the Sri Lanka Foundation Institute, No. 100, Independence Square, Colombo 7 on the 18th September 2015 at 3.00 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 2015 with the Report of the Auditors thereon.
2. To re-elect Dr. J.A.S. Felix as a Director who retires by rotation in terms of Article 28 (1).
3. To re-appoint Mr. C.J. De S. Amaratunge who is 75 years of age, as a director in terms of Section 211 of the Companies Act No. 7 of 2007 and it is specifically declared that the age limit of 70 years referred to in section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Mr. C.J. De S. Amaratunge.
4. To re-appoint Mr. T.K. Bandaranayake who is 72 years of age, as a director in terms of Section 211 of the Companies Act No. 7 of 2007 and it is specifically declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Mr. T.K. Bandaranayake.
5. To declare a dividend of Rs 0.35 per share.
6. To authorise the Directors to determine the contribution to charity.
7. To re-appoint Messrs KPMG, Chartered Accountants as the Auditors and authorise the Directors to determine their remuneration.

By Order of the Board,

Sgd.

**Renuka Enterprises (Pvt) Ltd**

Company Secretaries

5th August 2015

Note:-

- (i) A member entitled to attend and vote at the above Meeting is entitled to appoint a proxy to attend and vote instead of the member, such proxy need not be a member.
- (ii) A Form of Proxy is enclosed with this Annual Report.
- (iii) The completed Form of Proxy should be deposited at the Registered Office of the Company at "Renuka House", No. 69, Sri Jinaratana Road, Colombo 2, on or before 2.00 p.m. on 16th September 2015, being not less than 48 hours before the time appointed for the holding of the Meeting.







# FORM OF PROXY

I / We ..... of .....  
 ..... being a member/members of Renuka Foods PLC, hereby appoint; .....  
 ..... (NIC No. ....)

of ..... Or failing her/  
 him

- Dr. S.R. Rajiyah or failing him
- Mrs. I.R. Rajiyah or failing her
- Mr. S.V. Rajiyah or failing him
- Mr. C.J. De S. Amaratunge or failing him
- Mr. V. Sanmugam 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
- Dr. J.A.S. Felix

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 18th day of September 2015 and at any adjournment thereof and at every poll which may be taken in consequence thereof.

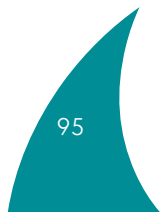
- |  |                          |                          |
|--|--------------------------|--------------------------|
| 1. To receive and consider the Report of the Directors and the Statement of the Audited Financial Statements for the year ended 31st March 2015 with the Report of the Auditors thereon. | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. To re-elect Dr. J.A.S. Felix as a Director.   | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. To re-appoint Mr. C.J. De S. Amaratunge as a Director   | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. To re-appoint Mr. T.K. Bandaranayake as a Director  | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. To declare a dividend of Rs 0.35 per share.   | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. To authorise the Directors to determine the contribution to charity.  | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. To re-appoint Messrs KPMG, Chartered Accountants as Auditors to the Company and authorise the Directors to determine their remuneration.  | <input type="checkbox"/> | <input type="checkbox"/> |

Dated this ..... day of ..... 2015.

.....  
 Signature of Shareholder

**Note:**

- (a) A proxy need not be a member of the Company.
- (b) Instructions regarding completion appear overleaf.



## FORM OF PROXY (CONTD.)

### INSTRUCTIONS AS TO COMPLETION OF THE FORM OF PROXY

1. To be valid, the completed Form of Proxy should be deposited at the Registered Office of the Company, at "Renuka House", No. 69, Sri Jinaratana Road, Colombo 2, on or before 2.00 p.m. on 16th September 2015 being not less than 48 hours before the time appointed for the holding of the Meeting.
2. In perfecting the Form of Proxy, please ensure that all the details are legible.
3. Please indicate with an 'X' in the space provided how your proxy to vote on each resolution. If no indication is given the proxy, in his discretion, will vote, as he thinks fit.
4. In the case of a Company / Corporation, the proxy must be under its Common Seal which should be affixed and attested in the manner prescribed by its Articles of Association.
5. In the case of proxy signed by the Attorney, the Power of Attorney must be deposited at the Registered Office at "Renuka House", No. 69, Sri Jinaratana Road, Colombo 2, for registration.

# CORPORATE INFORMATION

## NAME OF THE COMPANY

Renuka Foods PLC

## REGISTRATION NUMBER

PQ 216

## LEGAL FORM

Quoted Public Company with Limited Liability

## PRINCIPAL ACTIVITY

Food & Beverage

## BRANDS

Renuka  
Cocomi Bio Organic  
Coconut Collective  
Renute  
Richlife  
Captain  
Mr POP  
Sun Gold  
Plaza  
Rainers

## BOARD OF DIRECTORS

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

## COMPANY SECRETARIES

Renuka Enterprises (Pvt) Ltd.  
No. 69, Sri Jinaratana Road,  
Colombo 2.

## REGISTRAR

S.S.P. Corporate Services (Pvt) Ltd.  
No. 546, Galle Road,  
Colombo 3.

## REGISTERED OFFICE

“Renuka House”  
No. 69, Sri Jinaratana Road,  
Colombo 2, Sri Lanka.  
Telephone : 0094-11-2314750-5  
Fax : 0094-11-2445549  
Email : info@renukagroup.com

## POSTAL ADDRESS

P.O. Box 1278, Colombo

## STOCK EXCHANGE LISTING

Colombo Stock Exchange

## AUDIT COMMITTEE

Mr. T.K. Bandaranayake - (Chairman)  
Mr. C.J. De S. Amaratunge  
Dr. J.A.S. Felix

## REMUNERATION COMMITTEE

Mr. M.S. Dominic - (Chairman)  
Mr. C.J. De S. Amaratunge  
Mr. T.K. Bandaranayake

## AUDITORS

KPMG, Chartered Accountants

## LEGAL CONSULTANTS

Nithya Partners – Attorneys -at-Law

## BANKERS

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



**'RENUKA HOUSE'**, P. O. BOX 1278, #69, Sri Jinaratana Road, Colombo 02, Sri Lanka

Tel: 94 - 11 - 2314750 - 5, 2422694, Fax: 94 - 11 - 2445549

E-mail: [inquiries@renukagroup.com](mailto:inquiries@renukagroup.com)

Website: [www.renukagroup.com](http://www.renukagroup.com)