



RENUKA FOODS PLC
Annual Report 2020

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A PROUD SRI LANKAN

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

WHO WE ARE

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

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

Renuka Foods PLC is the parent company of our Food and Beverage businesses consisting of Agri Food, Organic Plantations, FMCG, Dairy and related entities.



RESPONSIVE
ENTERPRISING
NURTURING
UNRELENTING
KNOWLEDGEABLE
ACCOUNTABLE

VISION

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

CULTURE AND VALUES

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



AGRI FOOD

COCONUT BASED FOOD AND BEVERAGES

Renuka Agri Foods PLC & Renuka Agri Organics Ltd, are the leading manufacturers, marketers & exporters of Coconut based food and beverages from Sri Lanka.

Our quality measures are of stringent standards and are not compromised at any point, right from the raw material purchases to delivery of goods.

Innovation has been a key strength of the Company thus enabling entry into new markets and ensuring that we always remain as the Coconut Centre of Excellence.

CEYLON TEA AND SUPERFOODS

Renuka Teas Ceylon (Pvt) Ltd is dedicated to the value addition of Ceylon tea, Cinnamon, Moringa and Turmeric in various forms for export markets.

Renuka Teas Ceylon (Pvt) Ltd has a century of experience tracing its roots to Bois Bros. and Co. Ltd, a pioneer in Ceylon tea, established in 1891.

ORGANIC PLANTATIONS

Kandy Plantations Ltd, is the Group's foray into sustainable organic farming since the 1980s'. Today our farms are a model of a balanced eco-system, located in the heart of the famed Coconut Triangle.

INTERCROPPING

Our Coconut farms are rich in biodiversity and intercropped with both long crops such as Cashew, Pepper and Cinnamon and short term crops.

CATTLE BREEDING

Another important component in the farm eco-system is cattle breeding. At present around 430 cattle roam freely, providing cow dung which forms a part of the natural fertilizer mix, along with Coconut husks, Rice straw and Gliricidia leaves.

FORESTRY

Our forestry is mainly situated in the Wiharagama estate in the Matale district of Sri Lanka. The land comprises of Teak, Kaya and Mahogany trees.

DAIRY

Richlife Dairies Limited, was incorporated in the year 1995. It was the first company in Sri Lanka to manufacture Ultra High Temperature (UHT) treated, shelf-stable "Tetra Pak" packaged food products. We also manufacture culture dairy products.

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

FMCG

Shaw Wallace Ceylon Ltd is one of the leading FMCG brand owners and distributors in the country which sources, manufactures and markets a range of food and beverage products namely Fish, Soya, Cereals, Snacks, Fruit Beverages and Confectionery.

Our grocery network distributes directly to over 70,000 outlets and indirectly to over 100,000 across Sri Lanka assisted and monitored by over 160 company salesmen on a state-of-the-art Sales Force Automation system.

FACILITIES AND INFRASTRUCTURE

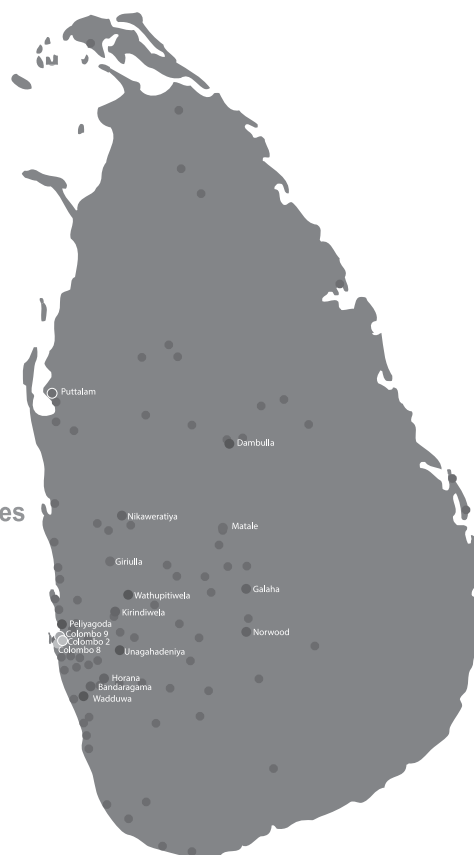
The warehouse complex is a 80,000 sq.ft. facility on an area of land designed to cater to the company's needs over the years. Our own manufacturing facilities are situated in Ekala where we manufacture various products using local raw materials such as Soya, Drink mixes, Snacks, Cereals & Canned fish. A fully fledged fleet of lorries and prime movers cater to our delivery requirements thus ensuring that products and service continue uninterrupted.

OUR NETWORK



OUR LOCATIONS

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



OUR CERTIFICATIONS







Revenue

7,815

Million



Net Profit

239

Million



Total Assets

9,463

Million



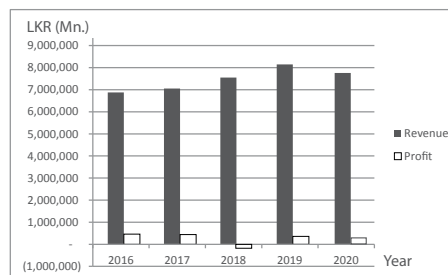
Employees

1,277

Nos,

AT A GLANCE

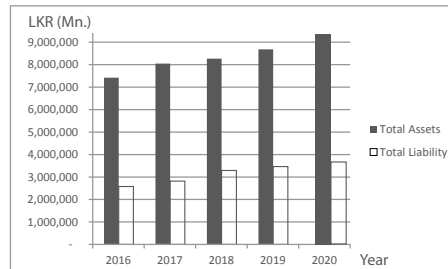
GROUP REVENUE AND PROFIT AFTER TAX



7,815 Mn
Revenue in year
2019/20

239 Mn
Profit in year
2019/20

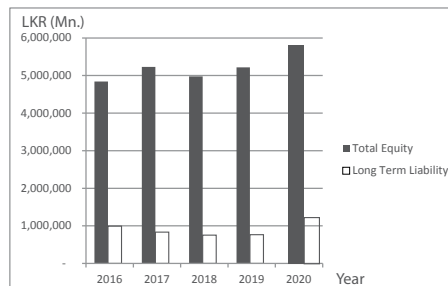
TOTAL ASSETS AND TOTAL LIABILITIES



9,463 Mn
Total Assets
in Year 2019/20

3,656 Mn
Total Liabilities
in Year 2019/20

TOTAL EQUITY AND LONG TERM LIABILITIES



5,806 Mn
Total Equity
in Year 2019/20

1,234 Mn
Long Term Liabilities
in Year 2019/20

PROFILE OF DIRECTORS

Dr. S.R. Rajiyah

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

Mrs. I.R. Rajiyah

Mrs. I.R. Rajiyah is the 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 40 years of corporate experience in founding and running businesses. She is also the Executive Chairperson of Renuka Holdings PLC, Executive Deputy Chairperson of Renuka Agri Foods PLC, a Director of Shaw Wallace Ceylon Ltd, Richlife Dairies Ltd and Companies of the Renuka Group.

Mr. V. Sanmugam

Mr V. Sanmugam is an Executive Director of the Company and he holds a Bachelor of Engineering Degree from the Mangalore University. He counts over 35 years of industrial work experience, out of which, 23 years have been with the Renuka Group Companies. He has extensive experience in New Plant Establishment, Project Planning & Management, Supply Chain/ Inventory Management, Statutory & Regulatory

Compliance, besides others. He is also a Non-Executive Director of Renuka Holdings PLC, Renuka Agri Foods PLC, Shaw Wallace Ceylon Ltd and Richlife Dairies Ltd

Mr. S.V. Rajiyah

Mr. S.V. Rajiyah is the Managing Director of Company. He is also the Managing Director of Renuka Holdings PLC, Renuka Agri Foods PLC, Shaw Wallace Ceylon Ltd, Richlife Dairies Ltd and Director of Companies of the Renuka Group. He is also the Executive Chairman of Renuka Capital PLC. He is a Non-Executive Director of On'all Holdings PLC. He is a graduate in Management from the Warwick Business School, University of Warwick, United Kingdom. He has over 18 years of experience in General Management.

Dr. J.A.S. Felix

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

Ms. A.L. Rajiyah

Ms. A.L. Rajiyah is a Non- 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 her initial at the investment bank, Morgan Stanley in London and later joined Alcentra Limited, 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. Since 2012, she has been with the Renuka group and also serves as an Executive Director of Renuka Agri Foods PLC and Non-Executive Director of Renuka Holdings PLC.

Mr. L.M. Abeywickrama

Mr. Lasantha Abeywickrama is a Non-Executive Director of the company. He is a Management consultant and trainer with over 30 years of management experience in the private sector both in 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 past Chairman of the CIM Sri Lanka region. He also serves as a Non-Executive Director on the Board Renuka Holdings PLC

PROFILE OF DIRECTORS (*CONTD...*)

Mr. M. S. Dominic

Mr. M.S. Dominic is an Independent Non-Executive Director and holds a BSc (Hons) degree in Computer Science from the University of South Bank, United Kingdom. He has over 35 years of experience in the Information Technology field. He is also Director of Renuka Holdings PLC, Galle Face Properties Ltd, Renuka Capital PLC and Sithijaya Fund. He is a consultant to Hitachi Digital Payment Solutions Ltd.

Mr. T.K. Bandaranayake

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

CHAIRMAN'S REVIEW

On behalf of the Board of Directors I take pleasure in inviting you, our valued shareholders, to the 30th Annual General Meeting of your Company and wish to present to you the Annual Report and Audited Financial Statements for the year ended 31st March 2020.

Overview

The Sri Lankan economy grew at 2.3% in 2019 compared to 3.3% in 2018. The main reason for the reduction in GDP growth was the Easter Sunday Attack in April 2019 causing the loss of many valuable lives, including considerable damage to property.

It was observed that the evolving situation of the spread of the COVID-19 around the world, which is disrupting all industries, including our industry and has brought about additional uncertainties in the Group's operating environment and has impacted the Group's operation subsequent to the financial year end. However, the Group has been closely monitoring the impact of the developments on the Organisation's businesses and has taken adequate steps/contingency measures to minimise such impact.

Business Performance

Due to the prevailing challenges during the year, the revenue of the Group reduced by 4.45% from the previous year and consequently recorded an operating profit of Rs. 417 Mn compared to the previous year operating profit of Rs. 664 Mn.

In Conclusion

Our company is guided by sustainability, innovation, quality, CSR and loyalty to its customers. This is a collective contribution of every member of our staff.

I wish to acknowledge unconditional support from my fellow directors in the management team for their commitment, passion and deliverance. My sincere appreciation to all of our staff, customers, other stakeholders and shareholders for their continuing support and confidence placed in us.

Dr. S.R Rajiyah
Chairman

28th August 2020

MANAGEMENT DISCUSSION ANALYSIS

Operating Environment

Sri Lanka's overall growth prospects were severely affected by the Easter Sunday Attack in April 2019, which was the main reason behind the Country's GDP growth slowing to 2.3% in 2019, from 3.3% in 2018, in which Agricultural Sector is only grown by 0.6%, whereas Industry and Services sectors has grown by 2.7% and 2.3% respectively.

Despite the Easter Sunday Attack had a significant impact on the tourism sector, while it had a spillover effect across the economy, there were notable developments in the country during the last 12 months, which includes;

- Policy measures aimed at reducing pressures on the balance of payments (BOP) and the exchange rate continued in 2019.
- Subdued demand conditions allowed the continuation of low inflation during the year.

The above developments helped the Country to stay on course, in spite of the impact of the Easter Sunday Attack to the Economy. The following aspects were discussed pertaining to the primary macro - economic variables during the year under review and the resultant impacts on the performance of Renuka Foods PLC.

Movement	Cause	Impact to Renuka Foods PLC
Economic Growth		
GDP growth indicates 2.3% for the year ended 2019 compared to GDP growth of 3.3% in year 2018.	<p>According to GDP estimates of CBSL based on the expenditure approach, growth in 2019 was driven by consumption growth and the improvement in the external balance of goods and services.</p> <p>Agricultural sector indicated a growth of 0.6% due to the extreme weather conditions.</p> <p>With the impact of the Easter Sunday attacks on tourism related activities, the growth of the services sector decelerated significantly to 2.3% in 2019 against the 4.6% of the previous year.</p> <p>Industry activities growth by 2.7% compared to the growth of 1.2% in the previous year and this is mainly due to the growth in manufacture of textiles, wearing apparel and leather products, the manufacture of food, beverages and tobacco products, and the revival of construction and mining and quarrying activities.</p>	Despite the volatile macro-economic environment our brands synonymous with convenience and quality continued to grow, meeting the expectations of our consumers both retail and in food services in Sri Lanka and the sustained distribution in the local market has enabled us to achieve the reported sales during the year.

MANAGEMENT DISCUSSION ANALYSIS (CONTD...)

Inflation		
<p>The Colombo Consumer Price Index (CCPI – Base year 2013) moved down to 4.3% in 2019, as same in 2018.</p>	<p>Despite transient supply side disturbances, both headline and core inflation moved broadly in the desired range of 4-6 per cent during 2019, mainly as a result of subdued demand conditions and well anchored inflation expectations. With survey based upward adjustments to house rentals and education fees, headline inflation as measured by the movements in the Colombo Consumer Price Index (CCPI, 2013=100) accelerated at the beginning of 2019. Contributed also by the revisions of administratively determined prices and taxes on certain food and non food items, CCPI based year-on-year headline inflation accelerated from 3.7 per cent in January 2019 to 5.0 per cent in May 2019, before easing during the ensuing three months to record 3.4 per cent in August 2019. However, subsequent adverse weather conditions caused high food inflation, resulting in an acceleration of headline inflation to reach 5.4 per cent in October 2019, following which headline inflation remained below 5.0 per cent during the remainder of the year.</p>	<p>Increased inflation lead to escalation in raw and packing material sourcing prices especially in the Group's FMCG sector which were resulted in the Group's margins being adversely affected.</p>

MANAGEMENT DISCUSSION ANALYSIS (CONTD...)

Domestic Interest Rates		
<p>Both AWDR and AWLR decreased to 8.2% and 9.74% respectively by end 2019.</p> <p>Yields on primary market Treasury bills decreased by 197-275 basis points across the tenures during 2019.</p>	<p>Central Bank adopted an accommodative monetary policy stance in 2019 to support the revival of economic activity and address the sluggish growth in credit extended to the private sector.</p> <p>Within a neutral monetary policy stance, the Central Bank reduced the Statutory Reserve Ratio (SRR) applicable on all rupee deposit liabilities of LCBs by a total of 2.50 percentage points in November 2018 and March 2019, thereby addressing the persistent liquidity deficit in the domestic money market. Consequently, market liquidity turned to surplus levels from mid April 2019. However, in spite of the improvement in market liquidity, market interest rates remained downward rigid. Thus, the Central Bank imposed interest rate ceilings on deposit products of licensed banks and non bank financial institutions in April 2019, with a view to expediting the monetary policy transmission through the financial system. Further, with the commencement of the accommodative monetary policy stance, the Central Bank reduced policy interest rates by a total of 100 basis points, in May and August 2019, aimed at lowering the market lending rates and boosting credit flows to the private sector. Responding to these measures, deposit interest rates adjusted downwards notably, while the adjustment of market lending rates remained grossly inadequate. Consequently, the Central Bank imposed ceilings on market lending rates in September 2019, while withdrawing the deposit rate ceilings imposed on licensed banks. This resulted in a continued downward adjustment in market lending rates during the remainder of the year. However, considering the need for a faster reduction in market lending rates to support the slow growth in economic activity, the Central Bank reduced policy interest rates by a further 50 basis points in January 2020.</p>	<p>Lending rates were fluctuated during the year and commercial banks maintained higher rates even though Central bank expected it to be inline with rate changes and increased borrowing during the year due to drop in margins has resulted in a net increase in finance costs during the year.</p>

MANAGEMENT DISCUSSION ANALYSIS (CONTD...)

Exchange Rates		
Sri Lankan rupee recorded a marginal appreciation of 0.6% against the US dollar in 2019, compared to the significant depreciation recorded in 2018	This appreciation of the currency mainly reflected the impact of the notable contraction in the trade deficit, in spite of pressure witnessed in the domestic foreign exchange market in the aftermath of the Easter Sunday attacks and amidst outflows of foreign investment from the government securities market during the second half of 2019.	Marginal appreciation of the Rupee had a marginal reduction in our import payments.
Share Market		
The All Share Price index has increased by 1.2% and the S&P Sri Lanka 20 index decreased by 6.3% compared to the previous year.	This was mainly due to the less active Primary and Secondary market, Net foreign outflows.	During the period there was a marginal decrease in our share price from Rs. 14.70 to Rs. 13.70 in voting shares from the previous year.

MANAGEMENT DISCUSSION ANALYSIS (CONTD...)

Capital Management Review

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

Financial Capital

Due to the prevailing challenges during the financial year under consideration, the revenue of the Group reduced from Rs. 8.1 Bn to Rs. 7.8 Bn where the degrowth is 4.45%. Despite the degrowth of the revenue, the Group was able to maintain the Gross Profit ratio same as the previous year.

Manufactured Capital

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

During the year the Group has invested in new UHT plant to enhance the existing capacity and further investment was made in installing roof top solar panels which would reduce the national grid electricity consumption.

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

Natural Capital

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

Focus on energy management, waste management, maintaining clean business environment, water management are few initiatives taken by the Group during the year. We also embarked on "Net Plus" solar power

project at our factories by installing roof top solar panels with a view of reducing electricity consumption within the Group.

We have also developed and integrated our sourcing of milk. Coconut, corn, soya, rice and spices with our own plantations and farmer networks which comprises mainly of small and medium scale farmers. In addition we advocate sustainable agricultural practices with the objective of preserving forestry and bio diversity.

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

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

Human Capital

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

Social and Relationship Capital

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

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

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

Intellectual Capital

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

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

Outlook

In line with Government strategies to develop international trade and ongoing revisions to Government policies to welcome foreign investments to the country, private sector also focus on new local and international market developments to assist in government policies. To accelerate economic growth, it is vital to manage the country inflation and exchange rates at a minimal level.

REPORT ON THE CORPORATE GOVERNANCE

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

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

Internal Governance Structure

Board of Directors

The Board of Directors are the ultimate governing body of the Company with diverse experience, professionalism and has a wide range of expertise in various fields as set out on pages 6 to 7.

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 Board's composition reflects a sound balance of independence.

COMPOSITION OF THE BOARD AND DIRECTORS INDEPENDENCE

Composition of the Board of Directors as at 31st March 2020 consists of 9 members of which

- 4 Executive Directors
- 2 Non-Executive Directors
- 3 Non-Executive Independent Directors

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

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

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

* Mr. A.U. Kodagoda resigned from the board w.e.f. 28th May 2019

BOARD RESPONSIBILITIES

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

REPORT ON THE CORPORATE GOVERNANCE (CONTD...)

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

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

BOARD BALANCE

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

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

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

BOARD MEETINGS AND ATTENDANCE

There were 4 Board Meetings for the year ended 31st March 2020 and attendance at meetings was as follows:

Name of Director	Eligible to attend	Attended
Dr. S.R. Rajiyah	4	3/4
Mrs. I.R. Rajiyah	4	4/4
Mr. S.V. Rajiyah	4	4/4
Mr. V. Sanmugam	4	0/4
Mr. L.M. Abeywickrama	4	3/4
Mr. T.K. Bandaranayake	4	4/4
Ms. A.L. Rajiyah	4	0/4
Mr. M.S. Dominic	4	3/4
Dr. J.A.S. Felix	4	4/4
Mr. A.U. Kodagoda (resigned w.e.f. 26 th May 2019)	1	0/1

Audit Committee attendance for the year was as follows :

Name of Director	Eligible to attend	Attended
Mr. T.K. Bandaranayake (Chairman)	5	5/5
Dr. J.A.S. Felix	5	5/5
Mr. M.S. Dominic	5	5/5

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

Name of Director	Eligible to attend	Attended
Mr. T.K. Bandaranayake (Chairman)	3	3/3
Mr. M.S. Dominic	3	2/3
Dr. J.M. Swaminathan	3	3/3

Further, RPTRC has reviewed and recommended related party transaction for the period 01st April 2019 to 30th September 2019 by resolution in writing dated 14th November 2019, which the Committee for the purposes hereof construed as equivalent to a meeting being held.

The Remuneration Committee attendance for the year was as follows :

Name of Director	Eligible to attend	Attended
Mr. M.S. Dominic (Chairman)	1	1/1
Mr. T.K. Bandaranayake	1	1/1
Mr. L.M. Abeywickrama	1	1/1

The Nomination Committee attendance for the year was as follows

Name of Director	Eligible to attend	Attended
Mr. L.M. Abeywickrama (Chairman)	1	1/1
Mr. M.S. Dominic	1	1/1
Mr. T.K. Bandaranayake	1	1/1

APPOINTMENT AND RE-ELECTION OF DIRECTORS

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

REPORT ON THE CORPORATE GOVERNANCE (CONTD...)

PROCEDURE FOR DIRECTORS TO OBTAIN PROFESSIONAL ADVICE

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

BOARD COMMITTEES

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

AUDIT COMMITTEE

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

The Report of the Audit Committee is presented on pages 22 and 23 and the duties of the Audit Committee are included therein.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

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

The Related Party Transactions review committee of Renuka Foods PLC is the same committee of the

ultimate parent, Renuka Holdings PLC appointed with effect from 3rd August 2016, by and responsible to the Board of Directors,

The Report of the Related Party Transactions Review Committee is presented on page 24.

REMUNERATION COMMITTEE

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

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

SHAREHOLDER RELATIONS

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

in person are entitled to have their voting rights exercised by a proxy of their choice.

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

INTERNAL AUDIT AND CONTROL

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

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

EXTERNAL AUDIT

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

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

REPORT ON THE CORPORATE GOVERNANCE (CONTD...)

and re-assesses the same on a regular basis.

MAJOR TRANSACTION

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

GOING CONCERN

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

Therefore, the going concern basis is adopted in the preparation of the Financial Statements.

CORPORATE GOVERNANCE COMPLIANCE STATEMENT

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

- Companies Act No.7 of 2007
- Code of Best Practices on Corporate Governance issued jointly by the CA Sri Lanka and the Securities & Exchange Commission of Sri Lanka

- Inland Revenue Act
- Exchange Control Act
- Board of Investment Regulations
- Customs Ordinance

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

COMPLIANCE SUMMARY

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

CSE Rule Reference	Corporate Governance Principles	Compliance Status	Company's Extent of Adoption
(i)	Names of persons who were Directors of the entity	Compliant	Refer Directors' Report on page 34 to 38 in this Annual Report.
(ii)	Principal activities of the entity during the year and any changes therein	Compliant	Refer Note 3.1 to Financial Statements.
(iii)	The names and the No. of shares held by the 20 largest holders of voting and non voting shares and the percentage of such shares held	Compliant	Refer Shareholders and Investor information on pages 102 and 106 to this Annual Report
(iv)	The public holding percentage	Compliant	Refer Shareholders and Investor information on pages 102 to 106 to this Annual Report
(v)	A Statement of each Director's holding and Chief Executive Officer's holding in shares of the entity at the beginning and end of each Financial year	Compliant	Refer Directors' Report on pages 34 to 38 to this Annual Report
(vi)	Information pertaining to material foreseeable risk factors of the Entity	Compliant	Refer Risk management Report on pages 27 to 31 to this Annual Report.
(vii)	Details of material issues pertaining to employees and industrial relation of the Entity	Compliant	Refer Directors' Report on pages 34 to 38 to this Annual Report
(viii)	Extent, Locations, Valuations and the number of buildings of the Entity's land holding and investment properties	Compliant	Refer Note 14 to Financial Statements.
(ix)	Number of shares representing the Entity's Stated Capital	Compliant	Refer Note 28 to Financial Statements.
(x)	A distribution schedule of the number of holders in each class of equity securities and the percentage of their total holdings	Compliant	Refer Shareholders and Investor information on pages 102 to 106 to this Annual Report

REPORT ON THE CORPORATE GOVERNANCE (CONTD...)

CSE Rule Reference	Corporate Governance Principles	Compliance Status	Company's Extent of Adoption
(xi)	Financial ratios and Market Price Information	Compliant	Refer Five Year Summary given on pages 101 to 104 this Annual Report.
(xii)	Significant change in the Company's fixed assets and market value of Land, if the value differs substantially from the book value as at the end of the year	Not Applicable	
(xiii)	Details of funds raised through a public issue, rights issue and a private placement during the year	Not Applicable	
(xiv)	Information in respect of Employee Share Ownership or Stock Option scheme	Not Applicable	
(xv)	Disclosures pertaining to Corporate Governance practices in terms of Rules 7.10.3, 7.10.5 c. and 7.10.6.c. of Section 7 of the Listing Rules	Compliant	Refer Corporate Governance Report on page 14 to 21 to this Annual Report
(xvi)	Related Party Transactions exceeding 10 percent of the equity or 5 percent of the total assets of the entity as per Audited Financial Statements, whichever is lower.	Compliant	Refer Note 38 to Financial Statements

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

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

REPORT ON THE CORPORATE GOVERNANCE (CONTD...)

CSE Rule Reference	Corporate Governance Principles	Compliance Status	Company's Extent of Adoption
7.10.3	DISCLOSURES RELATING TO DIRECTORS		
a./b.	Board shall annually determine the independence or otherwise of NEDs	Compliant	The Board assessed the independence declared by Directors and determined the Directors who are independent.
c.	A brief resume of each Director should be included in the annual report including the directors' experience	Compliant	Refer page 6 and 7 for a brief resume of each Director
d.	Provide a resume of new Directors appointed to the Board along with details	Not Applicable	There are no new appointments during the year ended 31st March 2020.
7.10.4	CRITERIA FOR DEFINING INDEPENDENCE		
a. - h.	Requirements for meeting the criteria to be an Independent Director	Compliant	As per 7.10.2 a & b in determining of the independence or otherwise of NEDs, board reviewed the criteria for defining independence as per 7.10.4 a to h
7.10.5	REMUNERATION COMMITTEE		
a.1	A listed company shall have a Remuneration Committee	Compliant	The remuneration committee of Renuka Foods PLC is the same Committee of the ultimate Parent. Renuka Holdings PLC as allowed by Listing Rules of Colombo Stock Exchange.
	Remuneration Committee shall comprise of NEDs, a majority of whom will be independent	Compliant	The remuneration Committee comprises of 3 Non-Executive Directors of whom 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 who is Independent/ Non-Executive Director.
b.	Remuneration Committee shall recommend the remuneration of the CEO and the Executive Directors	Compliant	Refer Page 25 for Remuneration Committee scope
c.1	Names of Remuneration Committee members	Compliant	Refer page 25 for names of the Committee members
c.2	Statement of Remuneration policy	Compliant	Refer page 25.
c.3	Aggregate remuneration paid to EDs and NEDs	Compliant	Refer to note 11 of the financial statements.

REPORT ON THE CORPORATE GOVERNANCE (CONTD...)

CSE Rule Reference	Corporate Governance Principles	Compliance Status	Company's Extent of Adoption
7.10.6	AUDIT COMMITTEE		
a.1	A listed company shall have an Audit Committee.	Compliant	The Company has its own Audit Committee.
	Audit Committee shall comprise of NEDs, or a majority of whom should be independent	Compliant	The Audit Committee comprises of three Independent Non-Executive Directors
a.2	A NED shall be the Chairman of the committee	Compliant	The Chairman of the Committee is an Independent Non-Executive Director
a.3	CEO and CFO should attend Audit Committee meetings	Compliant	Refer to pages 22 and 23.
a.4	The Chairman of the Audit Committee or one member should be a member of a professional accounting body	Compliant	The Chairman of the Audit Committee is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka.
b.	Functions of the Audit Committee		
b.1	Overseeing of the preparation, presentation and adequacy of disclosure in the financial statements in accordance with SLFRS/LKAS	Compliant	Refer pages 22 and 23 of Audit Committee Report
	Overseeing the compliance with financial reporting requirements, information requirements as per the laws and regulations	Compliant	Refer pages 22 and 23 of Audit Committee Report
b.2	Overseeing the compliance with financial reporting requirements, information requirements as per the laws and regulations	Compliant	Refer pages 22 and 23 of Audit Committee Report
b.3	Ensuring the internal controls and risk management, are adequate, to meet the requirements of the SLFRS/LKAS	Compliant	Refer pages 22 and 23 of Audit Committee Report
b.4	Assessment of the independence and performance of the Entity's external auditors	Compliant	Refer pages 22 and 23 of Audit Committee Report
b.5	Make recommendations to the Board pertaining to appointment, re-appointment and removal of external auditors and to approve the remuneration and terms of engagement of the external auditors.	Compliant	Refer pages 22 and 23 of Audit Committee Report
c.1	Names of the Audit Committee members shall be disclosed	Compliant	Refer pages 22 and 23 of Audit Committee Report
c.2	Audit Committee shall make a determination of the independence of the external auditors	Compliant	Refer pages 22 and 23 of Audit Committee Report
c.3	Report on the manner in which Audit Committee carried out its functions	Compliant	Refer pages 22 and 23 of Audit Committee Report

REPORT ON THE CORPORATE GOVERNANCE (CONTD...)

CSE Rule Reference	Corporate Governance Principles	Compliance Status	Company's Extent of Adoption
9.2	RELATED PARTY TRANSACTIONS REVIEW COMMITTEE(RPTR)		
9.2.1 & 9.2.3	Related Party Review Committee	Compliant	The Functions of the Committee are stated in the Report of the RPTR Committee on page 24.
9.2.2	Composition	Compliant	Refer the report of RPTR Committee on page 24.
9.2.4	Meetings	Compliant	Refer the report of RPTR Committee on page 24.
9.3.1	Immediate Disclosures	Compliant	Please refer Note 38 of the Notes to the Financial Statements.
9.3.2 (a)			
& (b)	Disclosure of recurrent and non-recurrent Related Party Transactions	Compliant	Please refer Note 38 of the Notes to the Financial Statements.
9.3.2 (c)	Report by the Related Party Transactions Review Committee	Compliant	Refer the report of RPTR Committee on page 24.
9.3.2. (d)	A declaration by the Board of Directors	Compliant	Please refer the Annual Report of Board of Directors for an affirmative statement of compliance of the Board on pages 34 to 38.

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

Section	Companies Act Requirements	Compliance status	Reference
168 (1) (a)	The state of the Company's affairs and nature of the business of the Company or any of its subsidiaries together with any change thereof during the accounting period	Compliant	Refer Note 1 - 5 of the Financial Statements
168 (1) (b)	Signed Financial Statement of the Company and its subsidiaries for the accounting period completed	Compliant	Refer page 40 to 44 of the Annual Report
168 (1) (c)	Auditors Report on Financial Statements of the Group and the Company	Compliant	Refer page 45 of the Annual Report
168 (1) (d)	Accounting Policies and any changes therein	Compliant	Refer Note 1 - 5 of the Financial Statement
168 (1) (e)	Particulars of the entries made in the interests Register during the accounting period	Compliant	Refer Annual Report of the Board of Directors on page 34 - 38.
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company during the accounting period	Compliant	Refer Note 11 of the Financial Statements
168 (1) (g)	Corporate donations made by the Company during the accounting period	Compliant	Refer page 38 of the Annual Report
168 (1) (h)	Names of the Directors of the Company and its Subsidiaries at the end of the accounting period and name of Directors who ceased to hold office during the accounting period	Compliant	Refer page 14 and 94 of the Annual Report
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered during the accounting period	Compliant	Refer Note 11 of the Financial Statement
168 (1) (j)	Other relationships or any interest of Auditors with the Company and its subsidiaries	Compliant	Refer pages 22 and 23 of the Annual Report, Audit Committee Report
168 (1) (k)	Acknowledgement of the content of this report and signature on behalf of the Board	Compliant	Refer pages 34 to 38 of the Annual Report for Report of the Board of Directors

AUDIT COMMITTEE REPORT

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

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

COMPOSITION OF THE AUDIT COMMITTEE

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

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

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

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

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

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

The Chairman of the Committee, Mr. T.K. Bandaranayake, an independent Non-Executive Director, is a financial professional with over 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 6 to 7 of this report. Their individual and collective financial knowledge and business acumen and the independence of the Committee are brought to bear on their deliberations and judgments on the matters that come within the Committee's purview.

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

CHARTER OF THE AUDIT COMMITTEE

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

MEETINGS OF THE AUDIT COMMITTEE

The attendance of the members of Audit Committee meeting is stated in the table on page 15. The Committee met four times during the year.

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

FINANCIAL REPORTING

The Committee oversees the Company's financial reporting on behalf of the Board of Directors, as part of its responsibility, 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

AUDIT COMMITTEE REPORT (*CONTD...*)

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.

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

CONTROLS AND RISKS

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

EXTERNAL AUDITORS

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

The Committee reviewed the audited Financial Statements with the External Auditors who are responsible to expressing an opinion on

it's conformity with the Sri Lanka Accounting Standards. Also the External Auditors kept the Audit Committee advised on an on-going basis regarding any unresolved matters of significance.

The Committee has received a declaration from Messrs. KPMG as required by the Companies Act No. 7 of 2007, confirming that it does not have any relationship or interest in the Company, which may have bearing on its independence within the meaning of the Code of Conduct and Ethics of The Institute of Chartered Accountants of Sri Lanka.

The Audit Committee evaluated the independence of the External Auditors and recommended to the Board of Directors that M/s KPMG be appointed as Auditors for the financial year ending 31st March 2021 subject to the approval of the shareholders at the Annual General Meeting.

Sgd.

T.K. Bandaranayake
Chairman

28th August 2020.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

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

Composition of the Related Party Transactions Review (RPTR) Committee

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

Related Party Transactions Review Committee Members

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

Mr. M.S.Dominic (IND/NED)
Dr. J.M. Swaminathan (IND/NED)
IND - Independent Director
NED - Non-Executive Director

Brief profiles of Mr. T.K. Bandaranayake and Mr. M.S.Dominic are given on pages 6 - 7 and Dr. J.M. Swaminathan's profile is given below. Their individual and collective financial knowledge and business acumen and the independence of the Committee are brought to bear on their deliberations and judgments on the matters that come within the Committee's purview.

Dr. J. M. Swaminathan

Dr. J. M. Swaminathan is an independent, Non-Executive Directors of Renuka Holdings PLC. He holds LLB (Ceylon), LLM, M. Phil. (Colombo) and

LLD (Honoris Causa) Degrees and is an Attorney-at-Law.

He has been in the legal profession for over 53 years. He is a Partner and immediate Precedent Partner of Messrs. Julius & Creasy and is a Member of the Law Commission of Sri Lanka and Former Member of the Council of Legal Education. He is also a Member of the Company Law Advisory Commission and Chairman of the Intellectual Property Law Advisory Commission. He was a Member of the Board of the Faculty of Law of the University of Colombo. He also served as a Member of the Legal Cluster of the National Council for Economic Development and the Financial Systems Stability Committee of the Central Bank of Sri Lanka. He has also served as a Visiting Lecturer and an Examiner at the Faculty of Law, University of Colombo and was a Lecturer at the Institute of Advanced Legal Studies Unit of the Sri Lanka Law College and was also a Faculty Member for the LLM Courses of the University of Wales and LLM Colombo. He is a member of the Council of the University of Colombo.

Mandate

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

Number of Committee Meetings

The committee has met three times during the period from 1st April 2019 to 31st March 2020. The attendance of the members of the Committee is stated in the table on page 15.

Attendance by Invitation

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

DUTIES AND RESPONSIBILITIES OF THE RPTR COMMITTEE

- Establish the definitions and set out the threshold values of each related party transaction as per the Code which require discussion and disclosure.

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

CONCLUSION

The Committee has reviewed the related Party Transactions presented to them by the management of the Company for the financial year ended 31st March 2020. The Activities and views of the Committee have been communicated to the Board of Directors through verbal briefing and by tabling minutes of the Committee meetings.

Sgd.

T. K. Bandaranayake
Chairman

28th August 2020

REMUNERATION COMMITTEE REPORT

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

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

The members are:

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

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

The brief profiles of the Directors are given on page 6 & page 7 of the Annual Report.

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

Independence of the Committee

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

The scope of the Committee

- The committee study and recommends the remuneration policy of Directors & Key Management Personnel
- Review the performances of Key Management Personnel on periodic basis

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

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

Sgd.
M.S.Dominic
Chairman

28th August 2020

NOMINATION COMMITTEE REPORT

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

Composition of Nomination Committee

Mr. L.M. Abeywickrema - Chairman (Non-Executive)

Mr. M.S. Dominic (Independent Non-Executive)

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

Brief profiles of each member are given on pages 6 and 7 of this Annual Report.

The directives of the Committee are,

- To identify suitable persons who could be considered to become Board member as a Non_Executive Director
- To recommend to the Board the process of selection of Chairman and Deputy Chairman
- Make necessary recommendation to the Board as and when needed by the Board

The Scope of the Committee is,

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

Company Secretaries act as the secretaries to the Committee.

Sgd.

L. M. Abeywickrema
Chairman

28th August 2020

RISK MANAGEMENT

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

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

Our Approach to Risk Management

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

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

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

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

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

2. Operational Risk - is the potential loss that might arise in business operation resulting from inadequate or failed internal processes, people and system or external events which ultimately affect the day to day activities of the Group.

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

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

Enterprise Risk Management Process Risk Identification, Prioritization and Assessment

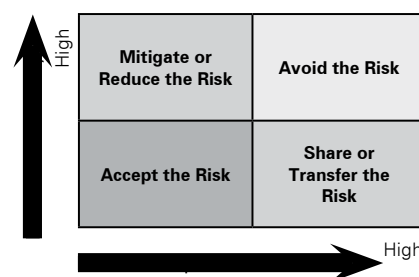
As the initial step of the risk framework, it is important to identify risks for effective management. Renuka Group identifies all the risks by key stakeholders. We consider risk identification to be a key component of a robust risk management framework. In the absence of a proper risk identification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

		Impact		
		Low	Medium	High
Probability	High			
	Medium			
	Low			

Develop Risk Management Strategy

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

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



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

RISK MANAGEMENT (CONTD...)

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

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

RISK MANAGEMENT (CONTD...)

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

RISK MANAGEMENT (CONTD...)

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

RISK MANAGEMENT (CONTD...)

RISK	IMPACT	RISK MANAGEMENT STRATEGIES
Breakdown of Internal Controls	<p>Wastage of management time and resources.</p> <p>Possible loss of data.</p> <p>Increased possibility of fraud and misuse.</p> <p>Disruptions to the normal course of operations.</p> <p>lack of ability to track performance against budgets, forecasts and schedules.</p> <p>Illegal transactions including theft or misappropriation of assets by employees</p>	<p>Regular reviews of the effectiveness of internal controls by the corporate internal audit department supplemented by regular management audits carried out by internal teams within the Group ensures the robustness of internal controls.</p> <p>The Company uses comprehensive general and specific reporting and monitoring systems to identify, assess and manage risks.</p> <p>Making each employee accountable for ethical behavior, high standards for business conduct and adherence to laws ensures that transactions occur in a reliable way. Staff rotation and special verification audits across the Group.</p> <p>Internal auditors are also engaged to carry out special reviews wherever necessary.</p> <p>The Company uses comprehensive general and specific reporting and monitoring systems to identify, assess and manage risks.</p> <p>Ensuring that only trained, trustworthy, knowledgeable and competent personnel perform tasks, prevents errors, irregularities and fraud.</p>
FINANCIAL RISK		
Financial risk management obligations and policies have been described in the note No. 44 to the Financial Statements.		

SUSTAINABILITY REPORT

Overview

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

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

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

Reuka impact on economic performance

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

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

Renuka Sustainability Policy and guidelines

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

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

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

ENVIRONMENTAL IMPACT

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

Our Stakeholder Engagement Process

• Investors support Renuka business activities

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

Method of engagement

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

Our Concern

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

SUSTAINABILITY REPORT (CONTD...)

• Employees at Renuka work place

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

Method of engagement

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

Our Concern

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

• Customers

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

Method of engagement

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

Our Concern

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

• Suppliers and business partners

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

Method of engagement

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

Our Concern

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

• Our society

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

Method of engagement

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

Our Concern

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

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

REPORT OF THE DIRECTORS

Overview

The Board of Directors of Renuka Foods PLC have pleasure in presenting the Annual Report of your Company together with the Audited Consolidated Financial Statements for the year ended 31st March 2020. The details set out herein provide the required information under Companies Act No.7 of 2007, the Colombo Stock Exchange Listing Rules and the recommended best practices on Corporate Governance.

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

Principal Activities of the Company and the Group

Renuka Foods PLC is a food and beverages company that owns, directly or indirectly, investments engaged in Agri Business and FMCG companies constituting the Renuka Foods Group. The Group consists of a portfolio of diverse business operations. The main subsidiaries of Renuka Foods PLC are listed on Note 20.

The Principle activities of the Group are categorized into Agri business and FMCG business segments and Segmental reporting is provided in pages 98 and 99 to the annual report.

Vision, Mission and Corporate conduct

The Corporate vision and mission are provided on the page 1 of this report. In achieving its vision and mission, all Directors and employees conduct their activities with the highest level of ethical standards and integrity.

Review of Business and Future Developments

The review of the Group Progress and Performance during the year

with comment on the financial results and prospects is contained in the Chairman's Review on page 8, as required under Section 168 (1) (a) of the Companies Act. These reports form an integral part of the report of the Directors and together with the Audited Financial Statement reflect the state of affairs of the company.

Statement of Directors of Responsibilities

The Statement of Directors responsibilities for the Financial Statements is given on page 39.

Financial Statements of the Company and Group

The Financial Statements of the Company and Group are given on pages 40 to 99.

Accounting Policies and Changes During the Year

The accounting policies adopted in the preparation and presentation of the Financial Statements are given on pages 50 to 54. Further Accounting Standards issued but not yet effective are disclosed on page 64.

Group Turnover

The Turnover of the Group was Rs 7.8 Bn as compared with Rs 8.1 Bn in the previous year. A detailed analysis of the Group Turnover is given in Note 6 of the Financial Statements.

Gross Profit

The Group Gross Profit for the year was Rs. 1.8 Bn, compared with the Group Gross Profit of Rs.1.9 Bn for the previous year.

Net Profit

The Group Profit after Taxation for the year was Rs. 276 Mn, compared with the Group Profit after Taxation of Rs. 312 Mn for the previous year.

Group Investments

Investment of the Company and the Group in Subsidiaries, Associates,

and Other long term External equity investment amounted to Rs. 4.5 Bn (2019 - 3.7 Mn). Detailed description of the Subsidiaries, Associates, and Other long term external equity investments held at the Balance Sheet date are given in Note 21 and 22 in the Financial Statements.

Property, Plant and Equipment

Group has incurred Capital Expenditure during the year on Property, Plant & Equipment (including capital work-in-progress), Biological assets, Investment Properties, Intangible assets amounting to Rs. 547Mn (2019 - Rs. 534Mn).

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 18 to the Financial Statements.

Extent, Locations, number of buildings and Valuations of the properties of the Group are given under Real Estate Portfolio on page 96 and the market values of the Land and Buildings owned by the Company and Group are included on the basis of valuation carried out by a professionally qualified valuer is given in Note 14 and 15 to the Financial Statements.

Stated Capital

The Stated Capital of the Company as at 31st March 2020 was Rs. 2,242Mn comprising of Voting Ordinary Shares of 117,960,106 and Non-Voting Ordinary shares of 4,773,346.

Reserves

Total Group Reserves as at 31st March 2020 amounts to Rs. 2.4 Bn (2019 - Rs. 2.0 Bn) representing Revenue Reserve and the detailed movement of the Reserves shown in the Statement of Changes in equity in the Financial Statements.

REPORT OF THE DIRECTORS (CONTD...)

Dividends

The Board of Directors has recommended a payment of Rs. 0.35 per share payable for 2018/19. 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.

Solvency Test

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

A solvency certificate has been received in respect of the first and final dividend of Rs. 0.35 per share proposed to be paid to the shareholders of the Company.

Major Shareholdings

Details of the twenty largest shareholders with the percentage of their respective holdings are given on page 105 and 106 together with comparative shareholding as at 31st March 2019.

Public Holding

There were 3,607 (2019 - 3,676) registered shareholders as at 31st March 2020, with the percentage of shares held by the public, as per the Colombo Stock Exchange Rules, being 26.75% (2018 - 26.75%)

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 102 to 106.

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 101 to 104 this report.

Equitable Treatment to all Shareholders

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

Information to Shareholders

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

Directors

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 page 6 to 7.

Name of Director	Executive	Non – Executive	Independent
Dr. S.R. Rajiyah	✓		
Mrs. I.R. Rajiyah	✓		
Mr. S.V. Rajiyah	✓		
Mr. V. Sanmugam	✓		
Mr. L.M. Abeywickrama		✓	
Ms. A.L. Rajiyah		✓	
Mr. T.K. Bandaranayake		✓	✓
Mr. M.S. Dominic		✓	✓
Dr. J.A.S. Felix		✓	✓
Mr. A.U. Kodagoda (Resigned w.e.f. 28th May 2019)		✓	

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

REPORT OF THE DIRECTORS (CONTD...)

Recommendation for re-election

To re-appoint Mr. T.K. Bandaranayake who is 77 years of age, as a director in terms of Section 211 of the Companies Act No. 7 of 2007 and it is specifically declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Mr. T.K. Bandaranayake.

Entries in the Interest Register

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

Directors' Interest in Transactions

The Company carried out transactions in the ordinary course of business with the entities which

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

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

Directors Interest in Shares

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

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

Name	As at 31 st March 2020	
	Voting	Non Voting
Dr. S.R. Rajiyah	-	-
- Individually	3,720	-
- Jointly with Mrs. I.R. Rajiyah	11,798,563	298
Mrs. I.R. Rajiyah	-	-
- Individually	674	-
- Jointly with Dr. S.R. Rajiyah (refer above)	-	-
Mr. S.V. Rajiyah	40,000	762,579
Mr. L.M. Abeywickrama	-	-
Mr. M.S. Dominic	-	-
Mr. T.K. Bandaranayake	-	-
Ms. A.L. Rajiyah	-	-
Mr. V. Sanmugam	-	-
Dr. J.A.S. Felix	-	-
Mr. A.U. Kodagoda (Resigned w.e.f.28th May 2019)	-	-

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

Remuneration of Directors

The remuneration of the Directors in respect of the Company for the year ended 31st March 2020 is given in Note 11 to Financial Statements.

Directors Meetings

Details of Board meetings and Board subcommittee meetings are presented on page 15 of the annual report.

Directors Responsibility for Financial Reporting

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

Board Committees

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

Audit Committee

The composition of the Board Audit Committee comprising of Non-Executive Directors is provided on pages 22 and 23. The Executive Directors, CEO- Shared Services, Chief Financial Officer and Internal and External auditors attend the meeting by invitation. Detail scope of Audit Committee and their work during the year is disclosed in Audit Committee report given on Pages 22 and 23.

Remuneration Committee

The composition of the Board Remuneration Committee comprising of Non-Executive Directors is provided on page 25.

REPORT OF THE DIRECTORS (CONTD...)

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

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

Related Party Transactions Review Committee

The composition of the Board Related Party Transactions Review Committee comprising of Non-Executive Directors is provided on page 24. The Executive Directors, CEO -Shared Services and Chief Financial Officer attend the meeting by invitation. Detail scope of Related Party Transaction Review Committee and their work during the year is disclosed in Related Party Transactions Review Committee report given on page 24.

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

Non - Recurrent Related Party Transactions

All Non - Recurrent Related Party transactions of which aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the Company as per audited Financial Statements of 31st March 2019, which required additional disclosures in the Annual Report of 2019/20 under Colombo Stock Exchange Listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission directive issued under Section 13(c) of the Securities and Exchange Commission Act are disclosed under note 35 in the Financial statements.

Recurrent Related Party Transactions

All the Recurrent Related Party Transactions which in aggregate value exceeds 10% of the revenue of the Company as per 31st March 2019 audited Financial Statements are disclosed under note 35. If any, to the Financial Statements as required by Colombo Stock Exchange Listing Rules 9.3.2 and Code of Best Practices on Related Party transactions under the Securities and Exchange Commission directive issued under Section 13(c) of the Securities and Exchange Commission Act.

Statutory Payments

The Directors, to the best of their knowledge and belief are satisfied that all statutory payments due to the Government, other regulatory institutions and those related to employees have been made on time. The declaration relating to statutory payments is made in the Statement of Directors Responsibilities on page 39.

Compliance with Laws and Regulations

The company has complied with all applicable laws and regulations. A compliance checklist is signed-off on a monthly basis by responsible officers and any violations are reported to the Board Audit Committee. Refer page 39 for a statement of compliance.

Code of Conduct

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

System of Internal control

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

Corporate Governance

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

The Corporate Governance Report on pages 14 to 21 discusses this further in detail.

Going Concern

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

Risk Management

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

The group exposure to risk and structure to manage and mitigate risk is discussed in more detail in Risk Management Report from pages 27 to 31.

Compliance with the transfer pricing regulations

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

Event after the Reporting period

No event of material significance that requires adjustment to the Financial Statements has occurred subsequent to the date of the reporting date, other than those disclosed in Note 39 to the Financial Statements.

Capital Commitments

No significant capital commitments exist as at 31st March 2020 other than those disclosed in Note 37 to the financial statements.

REPORT OF THE DIRECTORS (CONTD...)

Contingencies and Outstanding Litigation

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

Corporate Donations

Donation by the Group for the year ended 31st March 2020 is Rs. 302,000. (2019 -Rs 207,524). No donations were made for political purposes.

Employees and Industrial Relations

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

Auditors

Company's Auditors during the year under review were M/s KPMG, Chartered Accountants. Their report on the Financial Statements is given on page 40 to 44 of the Annual Report.

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

Based on the declaration from Messrs. KPMG and as far as Directors are aware, the Auditors do not have

	2020	2019
Audit and Audit related fees	340,000	336,000
Non audit fees	270,000	270,000

any other relationship or interest with the Company or its Subsidiaries other than that of an auditor of the Company.

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

Auditors Report

Auditors Report on the financial statements is given on page 40 to 44 of this annual report.

Environmental Protection

The group effort in minimizing and conserve scarce and non- renewable resources as well as environmental objectives are discussed in detail in Sustainability Report on page 32.

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 2020 was 1,277 (2019 – 1,571)

Annual Report

The Board of Directors approved the Consolidated Financial Statement along with Company Financial Statements on 28th of August 2020. The appropriate number of copies of this report will be submitted to Colombo Stock Exchange and to the Sri Lanka Accounting and Auditing Standards Monitoring Board.

Annual General Meeting

Following the issuance of guidelines

by the Colombo Stock Exchange (CSE) due to the COVID-19 pandemic situation in the county, and in the interest of protecting public health and facilitating compliance with the Health and Safety guidelines issued by the Government of Sri Lanka the 30th Annual General Meeting of Renuka Foods PLC will be held as a virtual meeting at 'BASELINE BUSINESS CENTER', No. 193, Dr. Danister De Silva Mawatha, Colombo 8 at 2.30 p.m. on Monday, 28th September 2020.

The Notice of the Annual General Meeting appears on page 88.

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

Sgd.

Dr. S.R. Rajiyah

Sgd.

Mr. S.V Rajiyah

Sgd.

Renuka Enterprises (Pvt) Ltd
Company Secretaries

28th August 2020

STATEMENT OF DIRECTORS' RESPONSIBILITY

The responsibility of the Directors in relation to the Financial Statements for the year ended 31st March 2020 which have been prepared and presented in accordance with the requirements of the Sri Lanka Accounting

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

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

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

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

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

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

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

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

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

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 obtained / 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 taxes, duties and levies payable by the company, all contributions, levies and taxes payable on behalf of and in respect of the employees of

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

By order of the Board
Renuka Enterprises (Pvt) Ltd

Sgd.
Company Secretaries

28th of August 2020

INDEPENDENT AUDITOR'S REPORT



KPMG
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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF RENUKA FOODS PLC

Opinion

We have audited the financial statements of Renuka Foods PLC ("the Company"), and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statements of financial position as at 31 March 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2020, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

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

Key audit matters

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

01. Carrying Value of Inventories

Refer to the accounting policies in "Note 3.9 to the Financial Statements: Inventories", "Note 2.4 to the Financial Statements: Use of Estimates and Judgments" and "Note 24 to the Financial Statements: Inventories".

Risk Description	Our responses
<p>Inventories are significant to the group due to inventories held at Shaw Wallace Ceylon Limited and Renuka Agri Foods PLC.</p> <p>The Group has recognized a total inventory provision of Rs.115 Mn in arriving at carrying value of inventory value of Rs. 1, 283 Mn.</p> <p>The Group has significant levels of inventories and judgement is involved with regard to categorization of inventories in to obsolete and/or slow moving and which should be therefore be considered for provision.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> Involving the component auditors of the subsidiary Companies' in performing the following audit procedures and reviewed the work carried out by the component auditors where necessary. Testing the adequacy of the group's provision against inventory by assessing the assumptions applied by the group in providing against aged/obsolete items. We did this by assessing the historical accuracy of the group provisioning policy.

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

P.Y.S. Perera FCA
W.W.J.C. Perera FCA
W.K.D.C. Abeyrathne FCA
R.M.D.B. Rajapakse FCA
M.N.M. Shameel ACA

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

Principals - S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. P.M.K. Sumanasekara FCA

INDEPENDENT AUDITOR'S REPORT (CONTD...)

<p>Further, COVID 19 outbreak resulted in interruption in business activities and resulted in loss of income for some of the individuals/industries which would adversely affect the ability to sell its inventories with a reasonable margin which would potential impact on the net realizable value adjustments.</p> <p>We identified assessing the carrying value of inventories as a key audit matter because of the inherent risk that the Group's inventories may become obsolete or may be sold at prices below their carrying values and because the judgment exercised by management in determining the appropriate provision for inventories involves management's bias .</p>	<ul style="list-style-type: none"> • As part of our attendance at the year-end inventory counts we challenged the inventory provisioning in line with our observations of potentially obsolete inventory. We tested a sample of inventory, comparing the carrying value to recent sales invoices to ensure provisions were appropriately applied. • Testing the calculation of labor and production overhead absorption by critically assessing the method of calculation and challenging the levels of overhead absorbed compared to actual overhead costs incurred and in comparison to prior year levels. • Testing a sample of inventory items sales subsequent to the year end and assessed if they were sold at higher than the cost.
02. Accounting for goodwill, investments in subsidiaries and equity-accounted investees	
<p><i>Refer to the accounting policies in "Note 3.5.1: Goodwill, Note 3.10: Investment in subsidiaries and impairment", "Note 2.4 to the Financial Statements: Use of Estimates and Judgments" and "Note 20 to the Financial Statements: Investment in subsidiaries and impairment", "Note 22 to the Financial Statements: Equity Accounted investees" and "Note 23 to the Financial statements: Goodwill".</i></p>	
Risk Description	Our responses
<p>The Company has made a significant investment in its subsidiary companies namely;</p> <ul style="list-style-type: none"> • Renuka Agri Foods PLC • Renuka Teas Ceylon (Pvt) Ltd • Renuka Agri Organics (Pvt) Ltd • Shaw Wallance Ceylon Limited • Richlife Diaries Limited <p>The Company holds investments in subsidiaries amounting to Rs. 3,202 million as at 31st March 2020. Further, the Group holds investments in equity-accounted investees amounting to Rs. 1,274 million and goodwill amounting to Rs. 204 million as at 31st March 2020.</p> <p>Investments which do not generate adequate returns may be an indication on of impairment. Management performed the impairment assessment for goodwill, subsidiaries and equity-accounted investees with indicators of impairment.</p> <p>The carrying amount of each investments in subsidiary and investments in equity- accounted investees have been tested for impairment as individual Cash Generating Units and management allocated goodwill to the respective cash-generating units ('CGU') and the recoverable amounts of the identified CGUs have been determined based on value-in-use calculation.</p> <p>We considered the audit of management's impairment assessment of goodwill, investment in equity accounted investees and investment in subsidiaries to be a key audit matter due to the magnitude of the carrying value and use of significant judgments and estimates.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> • Assessing the classification of the investment whether it is an associate or subsidiary .and obtain the Management's basis for accounting for this investments and checked it is in compliance with relevant accounting standards. • Assessing the impairment indication relates to this asset and obtaining the management's judgement and estimates assessment. And test if those assessment involve any management bias. • Obtaining an understanding of management's impairment assessment process. • Evaluating the reasonableness of the group's key assumptions for its revised cash flow projections such as discount rates, cost inflation and business growth with reference to the internally and externally derived sources including the Group budgetary process and reasonableness of historical forecasts. • Reviewing of value in use computations for recoverable amounts with impairment indications and discussion with management of the Group to ensure that management assessment is in line with relevant accounting standards. • Assessing the extent to which the need for large scale government intervention is required for each of subsidiaries/associates in response to Covid-19 was evident as at reporting date. • Assessing the disclosure in the financial statements in line with the requirements of relevant accounting standards.

INDEPENDENT AUDITOR'S REPORT (CONTD...)

03. Valuation of Land and building	
<i>Refer to the accounting policies in "Note 3.4/3.8 to the Financial Statements: property plant and equipment and investment property", "Note 2.4 to the Financial Statements: Use of Estimates and Judgments" and "Note 14/16. To the Financial Statements: property plant and equipment and investment property".</i>	
Risk Description	Our responses
<p>As at reporting date 31st March 2020, land and building carries at fair value, classified as Property, Plant and Equipment's and Investment Properties amounted to Rs.4,542Mn and Rs.293Mn respectively.</p> <p>The fair value of these properties were determined by the Independent external value engagement by the management, who has the qualification and experience required to perform valuation in the market.</p> <p>The Valuation of land and building was significant to our audit due to the use of significant estimates and judgments such as per perch price and value per square foot.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> Assessing the objectivity, independence, competency and qualifications of the external Valuers engaged by the Company. Assessing the appropriateness of the valuation techniques used by the external valuers, taking into account the profile of the properties. Assessment of key assumptions applied by the external Valuers in deriving the fair value of properties and comparing the same with evidence of current market values where available and challenging the reasonableness of key assumptions based on our knowledge of the business and industry and internal benchmarks. Discussion with the management and the external valuers in relation to the possible impact on the key assumptions and the resulting valuation due to Covid-19. Assessing the adequacy of disclosures made in relation to the fair value of properties in the financial statements, including the description and appropriateness of the inherent degree of subjectivity and key assumptions used in the estimates.
04. Recoverability of Trade Receivables	
<i>Refer to the accounting policies in "Note 3.3 to the Financial Statements: Financial Instruments", "Note 2.4 to the Financial Statements: Use of Estimates and Judgments" and "Note 25 to the Financial Statements: trade receivables".</i>	
Risk Description	Our responses
<p>Trade receivable balances were significant to the Group due to the receivables in Shaw Wallace Ceylon Limited. Any impairment of significant trade receivable could have material impact on the Group's profitability.</p> <p>Recoverability of trade receivables remains one of the most significant judgment made by the management particularly in light of the uncertain economic outlook in Sri Lanka as at the reporting date due to the potential impact of the Covid-19 outbreak.</p> <p>The Group uses significant judgment, based on the available facts and circumstances, including but not limited to, the length of relationship with the customer and the customer's repayment history and known market factors. In addition, trade receivables allowance assessment requires significant management judgment. As such, we determined that this is a key audit matter.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> Involving the component auditors of the subsidiary Companies' in performing the following audit procedures and review their working papers where necessary. Testing the aging of the trade receivables and evaluated management's assumptions used to estimate the trade receivables provision amount, through specific review of significant overdue individual trade receivables, reviewing payment history of debtors, checking the bank receipts for the payment received subsequent to the year end and calling debtor confirmations. Assessing the adequacy of the disclosures related to trade receivables and the related credit risk in the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT (CONTD...)

05. 05. Management assessment relating to impact of COVID 19

Refer to the accounting policies in "Note 2.5.1 to the Financial Statements: Impact of COVID 19 Outbreak to the current year financial statements and possible effect to the Company's future prospects"

Risk Description	Our responses
<p>The financial statements have been prepared on a going concern basis. In adopting the going concern basis of preparation of the financial statements, the directors have reviewed the company's cash flow projections for the next 12 months, prepared by the management. The cash flow projections were based on management's assumptions and estimation of future cash inflows and outflows, also taking into consideration the impact of COVID-19 global pandemic.</p> <p>Note 2.5.1 to the financial statements, describes the impact of COVID-19 outbreak to the current year financial statements and possible effects to the Company's, future prospects, performance and cash flows. Further, the management has described how they plan to deal with these events and circumstances.</p> <p>We identified the assessment of going concern as a key audit matter because the cash flow projections referred to above involves consideration of future events and circumstances which are inherently uncertain, and effect of those uncertainties may significantly impact the resulting accounting estimates. Therefore, the assessment requires the exercise of significant management judgement in assessing future cash inflows and outflows which could be subject to potential management bias.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> Assessing the directors' assessment of the Company's ability to continue as a going concern, including challenging the underlying data and key assumptions used to make the assessment, and evaluated the directors' plans for future actions in relation to their going concern assessment. Obtaining the Company's cash flow projections covering period of not less than twelve months from the reporting period end date and challenging these key assumptions used in preparing the projections. Evaluating the sensitivity of the projected available cash by considering downside scenarios together with reasonably plausible changes to the key assumptions and considering whether there were any indicators of management bias in the selection of the assumptions. Inspecting the facility agreements for the Company's long-term loans to identify any financial covenants or similar terms and assessing the implication of these on the Company's liquidity. Assessing the adequacy of the financial statements disclosure.

Other Information

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

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

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

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

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

INDEPENDENT AUDITOR'S REPORT (CONTD...)

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Auditor's responsibilities for the audit of the financial statements (Continued)

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

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

Report on Other Legal and Regulatory Requirements

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

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



KPMG
Chartered Accountants
28th August 2020

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		GROUP		COMPANY	
FOR THE YEAR ENDED 31 ST MARCH		2020	2019	2020	2019
	Note	Rs.	Rs.	Rs.	Rs.
Revenue	6	7,815,363,950	8,179,475,679	43,178,701	41,104,307
Cost of Sales		(5,976,805,568)	(6,255,627,355)	-	-
Gross Profit		1,838,558,382	1,923,848,324	43,178,701	41,104,307
Other Income	7	71,331,389	56,034,911	10,267,728	-
Change in Fair Value of Investment Properties	16.1	16,335,943	-	-	-
Administrative Expenses		(617,895,436)	(597,758,018)	(8,466,858)	(7,304,887)
Selling & Distribution Expenses		(851,481,550)	(718,024,188)	-	-
Other Expenses	8	(40,062,336)	-	-	-
Operating Profit		416,786,392	664,101,029	44,979,571	33,799,420
Finance Income	9	27,169,614	3,241,939	59,713	356,650
Finance Costs	10	(203,148,824)	(167,207,504)	(1,612,085)	(595,896)
Net Finance Costs		(175,979,210)	(163,965,565)	(1,552,372)	(239,246)
Profit Share of Equity Accounted Investee	22.1	29,908,909	19,771,140	-	-
Profit Before Tax	11	270,716,091	519,906,604	43,427,199	33,560,174
Taxation	12	4,989,308	(207,615,131)	(2,803,270)	(103,944)
Profit From Continuing Operations		275,705,399	312,291,473	40,623,929	33,456,230
Profit / (Loss) from discontinued operation	20.1	(36,850,058)	1,469,031	-	-
Profit		238,855,341	313,760,504	40,623,929	33,456,230
Other Comprehensive Income					
Items that will not be re-classified to Profit or Loss					
Equity-accounted Investees - Share of OCI		(1,653,127)	3,944,420	-	-
Fair value loss of AFS in Equity-accounted Investees		-	(8,838,468)	-	-
Actuarial Gain from Discontinued Operations		17,347	113,860	-	-
Actuarial Gains /(Loss) on Retirement Benefit Plans		(5,662,855)	16,043,300	-	-
Revaluation of land and buildings		499,755,576	-	-	-
Tax effect on Reevaluation of land and buildings		(144,964,007)	-	-	-
Tax effect on Actrural gain / (loss)		717,034	(17,704,474)	-	-
Other Comprehensive Income, Net of Tax		348,209,968	(6,441,362)	-	-
Total Comprehensive Income		587,065,309	307,319,142	40,623,929	33,456,230
Profit Attributable to;					
Owners of the Company		136,284,600	181,839,841	40,623,929	33,456,230
Non Controlling Interests		102,570,741	131,920,663	-	-
		238,855,341	313,760,504	40,623,929	33,456,230
Total Comprehensive Income Attributable to;					
Owners of the Company		435,133,005	180,638,561	40,623,929	33,456,230
Non Controlling Interests		151,932,304	126,680,581	-	-
		587,065,309	307,319,142	40,623,929	33,456,230
Earnings per Share					
Basic Earnings per Share	13.1	1.11	1.48	0.33	0.27
Diluted Earnings per Share	13.2	1.11	1.48	0.33	0.27
Dividend per Share	13.3	0.35	-	0.35	-

Figures in brackets indicate deductions.

The Notes on pages 50 to 99 are an integral part of these Financial Statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 ST MARCH	Note	GROUP		COMPANY	
		2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
ASSETS					
Property, Plant and Equipment	14	4,541,830,820	3,895,851,332	-	-
Right of Use Assets	15.1	110,831,822	-	-	-
Investment Property	16	292,995,619	276,659,676	-	-
Biological Assets	17	90,952,113	71,121,024	-	-
Immovable Estate Asset on Lease	18	-	38,499,960	-	-
Premium paid for lease hold premises	19	-	6,875,282	-	-
Investment in Subsidiaries	20	-	-	3,201,802,935	2,759,802,935
Investment in FVOCI	21	-	-	-	423,000,000
Investment in Equity Accounted Investees	22	1,273,537,752	1,460,134,006	-	-
Intangible Assets and Goodwill	23	222,563,928	228,885,239	-	-
Deferred Tax Asset	30.1	147,769,541	110,162,111	-	-
Non Current Assets		6,680,481,595	6,088,188,630	3,201,802,935	3,182,802,935
Inventories	24	1,282,661,465	1,319,668,589	-	-
Trade and Other Receivables	25	1,034,073,749	1,082,409,925	295,218	211,369
Current Tax Assets		68,191,867	59,462,231	-	-
Amounts Due from Related Companies	26	1,860,470	6,968,717	-	-
Cash and Cash Equivalents	27	395,480,304	257,045,573	3,123,327	2,452,811
Current Assets		2,782,267,855	2,725,555,035	3,418,545	2,664,180
Total Assets		9,462,749,450	8,813,743,665	3,205,221,480	3,185,467,115
EQUITY					
Stated Capital	28	2,241,842,234	2,241,842,234	2,241,842,234	2,241,842,234
Revaluation Reserve	29	709,987,322	408,801,584	-	-
Retained Earnings		1,660,162,815	1,609,093,769	924,584,876	926,917,655
Equity attributable to Owners of the Company		4,611,992,371	4,259,737,587	3,166,427,110	3,168,759,889
Non Controlling Interest		1,194,362,198	1,047,639,445	-	-
Total Equity		5,806,354,569	5,307,377,032	3,166,427,110	3,168,759,889
Liabilities					
Deferred Tax Liability	30	711,260,683	590,483,865	-	-
Interest Bearing Borrowings	31	325,688,690	110,924,284	-	-
Finance Lease Obligations	32	-	46,500,000	-	-
Lease Liability	15.2	91,034,938	-	-	-
Retirement Benefit Obligation	33	105,722,727	86,161,755	-	-
Non Current Liabilities		1,233,707,038	834,069,904	-	-
Trade and Other Payables	34	921,104,743	1,011,849,581	1,674,402	1,630,366
Amounts Due to Subsidiary Companies	35	-	-	-	10,555,352
Amounts Due to Related Companies	36	92,306	-	-	-
Dividend Payable	37	13,129,328	11,688,716	4,899,168	4,493,098
Current Portion of Interest Bearing Borrowings	31	1,139,826,953	1,487,090,595	-	-
Lease Liability	15.2	24,712,290	-	-	-
Current Tax Payable		34,540,057	54,768,362	2,815,002	28,410
Current Portion of Finance Lease Obligations	32	-	3,000,000	-	-
Bank Overdraft	27.2	289,282,166	103,899,475	29,405,798	-
Current Liabilities		2,422,687,843	2,672,296,729	38,794,370	16,707,226
Total Liabilities		3,656,394,881	3,506,366,633	38,794,370	16,707,226
Total Equity and Liabilities		9,462,749,450	8,813,743,665	3,205,221,480	3,185,467,115

The notes to the Financial Statements on pages 50 to 99 form 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.

T. M. Dilum Nanayakkara

Chief Financial Officer

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

Dr. S. R. Rajiyah

Director

S. V. Rajiyah
Director

28th August 2020
Colombo

STATEMENT OF CHANGES IN EQUITY

	Equity Attributable to Owners of the Company					Non Controlling Interest		Total Equity
	Stated Capital	Revaluation Reserve	Available for sale Reserve	Retained Earnings	Total	Rs.	Rs.	
Group								
Balance as at 1st April 2018	2,241,842,234	337,290,191	-	1,068,030,185	3,647,162,610	1,487,430,059	5,134,592,669	
Profit for the period	-	-	-	181,839,841	181,839,841	131,920,663	313,760,504	
Other Comprehensive Income, net of tax	-	-	(2,180,638)	979,358	(1,201,280)	(5,240,082)	(6,441,362)	
Total Comprehensive Income for the year	-	-	(2,180,638)	182,819,199	180,638,561	126,680,581	307,319,142	
Changes in ownership interest that do not result in loss of control	-	73,871,025	-	363,661,323	437,532,348	(555,034,017)	(117,501,669)	
Acquisition of Subsidiary with NCI	-	-	-	-	-	(1,087,178)	(1,087,178)	
Transactions with the owners	-	-	-	-	-	-	-	
Dividends	-	-	-	-	-	(10,350,000)	(10,350,000)	
SLSFRS 9 Adjustment	-	-	-	(5,595,932)	(5,595,932)	-	(5,595,932)	
Revaluation Transfer	-	(178,994)	-	178,994	-	-	-	
Total transactions with the owners	-	(178,994)	-	(5,416,938)	(5,595,932)	(10,350,000)	(15,945,932)	
Balance as at 31 March 2019	2,241,842,234	410,982,222	(2,180,638)	1,609,093,769	4,259,737,587	1,047,639,445	5,307,377,032	
Balance as at 1st April 2019	2,241,842,234	410,982,222	(2,180,638)	1,609,093,769	4,259,737,587	1,047,639,444	5,307,377,032	
Adjustment of initial application of SLSFRS 16 Net of tax	-	-	-	(12,742,781)	(12,742,781)	(4,845,912)	(17,588,693)	
Adjusted balance as at 1 April 2019	2,241,842,234	410,982,222	(2,180,638)	1,596,350,988	4,246,994,806	1,042,793,532	5,289,788,339	
Profit for the period	-	-	-	136,284,600	136,284,600	102,570,741	238,855,341	
Other Comprehensive Income, net of tax	-	302,798,622	-	(3,950,218)	298,848,404	49,361,563	348,209,967	
Total Comprehensive Income for the year	-	302,798,622	-	132,334,382	435,133,004	151,932,304	587,065,308	
Changes in ownership interest that do not result in loss of control	-	(1,612,884)	-	(25,565,848)	(27,178,732)	27,178,732	-	
Disposal of a subsidiary	-	-	-	-	-	(7,340,162)	(7,340,162)	
Transactions with the owners	-	-	-	(42,956,708)	(42,956,708)	(20,202,208)	(63,158,916)	
Dividends	-	-	-	-	-	-	-	
Total transactions with the owners	-	-	-	(42,956,708)	(42,956,708)	(20,202,208)	(63,158,916)	
Balance as at 31 March 2020	2,241,842,234	712,167,960	(2,180,638)	1,660,162,814	4,611,992,370	1,194,362,198	5,806,354,569	

Figures in brackets indicate deductions.

The Notes on pages 50 to 99 are an integral part of these Financial Statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 ST MARCH	Stated Capital Rs.	Retained Earnings Rs.	Total Equity Rs.
Company			
Balance as at 1st April 2018	2,241,842,234	893,461,425	3,135,303,659
Profit for the period	-	33,456,230	33,456,230
Other Comprehensive Income, net of Tax	-	-	-
Total Comprehensive Income for the year	-	33,456,230	33,456,230
Balance as at 31st March 2019	2,241,842,234	926,917,655	3,168,759,889
1st April 2019	2,241,842,234	926,917,655	3,168,759,889
Profit for the period	-	40,623,929	40,623,929
Other Comprehensive Income, net of Tax	-	-	-
Total Comprehensive Income for the year	-	40,623,929	40,623,929
Transactions with the owners			
Dividends	-	(42,956,708)	(42,956,708)
Total transactions with the owners	-	(42,956,708)	(42,956,708)
Balance as at 31st March 2020	2,241,842,234	924,584,876	3,166,427,110

Figures in brackets indicate deductions.

The Notes on pages 50 to 99 are an integral part of these Financial Statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 ST MARCH	GROUP		COMPANY	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
CASH FLOW FROM OPERATING ACTIVITIES				
Profit from continuing operation	270,716,091	519,906,604	43,427,199	33,560,174
Profit/(Loss) from Discontinued operation	(36,850,058)	1,469,031	-	-
Adjustments for :				
Depreciation on Property plant and equipments	290,943,984	292,587,539	-	-
Amortization of Intangible Assets	4,253,637	4,244,159	-	-
Amortization of Right of Use Asset	18,942,825	-	-	-
Provision for Retiring Gratuity	23,868,590	23,260,689	-	-
Provision for Slow Moving Items & Doubtful Debts	40,292,860	15,044,736	-	-
Gain from Change in Fair Value of Investment Properties	(16,335,943)	-	-	-
Loss on disposal of subsidiary	9,691,915	-	-	-
Changes on fair value of Biological Assets	(9,972,677)	(3,844,956)	-	-
Amortisation of Immoveable state	-	2,750,004	-	-
Amortisation of Premium paid	-	174,816	-	-
Loss on disposal of Equity accounted investees	29,958,036	-	-	-
Exchange loss	3,803,274	-	-	-
Profit share of Equity Account Investee	(29,908,909)	(19,771,140)	-	-
Interest Expenses	147,532,339	167,360,375	1,612,085	595,896
Interest Income	(8,584,296)	(3,241,939)	(59,713)	(356,650)
Profit / (Loss) on Revaluation of Property Plant and Equipment	412,385	-	-	-
Gain on disposal of Propety, Plant & Equipment	(12,994,258)	-	-	-
Operating Profit Before working Capital Changes	725,769,794	999,939,918	44,979,571	33,799,420
Changes in:				
Inventories	(28,082,377)	(332,860,374)	-	-
Trade & Other Receivables	38,512,070	256,881,652	(83,849)	(17,832)
Amount Due from Related Companies	5,108,247	(6,966,917)	-	-
Trade & Other Payables	(94,078,894)	95,990,839	450,106	(2,868,839)
Amount Due to Related Companies	92,306	(2,194,772)	(10,555,352)	10,555,352
Cash Generated/(Used in) from Operations	647,321,147	1,010,790,346	34,790,476	41,468,101
Interest Paid	(137,456,516)	(167,360,374)	(1,612,085)	(595,896)
Gratuity Paid	(9,212,217)	(13,627,206)	-	-
Taxation Paid	(85,046,219)	(117,203,037)	(16,678)	(103,944)
Net Cash Generated from/(Used in) Operating Activities	415,606,195	712,599,728	33,161,713	40,768,259
CASH FLOW FROM INVESTING ACTIVITIES				
Addition to Property, Plant and Equipment and Investment Property	(531,559,833)	(547,168,240)	-	-
Addition to Biological Assets	(9,858,412)	(9,590,665)	-	-
Dividend income received	2,394,000	10,275,972	-	-
Interest income received	8,584,296	3,241,939	59,713	356,650
Disposal of Investment Property	-	-	-	(117,282,777)
Additions of Investments in Associate	(17,500,000)	(203,000,000)	(19,000,000)	-
Acquisition of Intangible Assets	(472,703)	(5,192,030)	-	-
Acquisition of subsidiaries net of cash	-	(51,959,446)	-	-
Disposal of subsidiaries net of cash	21,904,440	-	-	-
Proceeds from Disposal of Property, Plant and Equipment	80,361,482	-	-	-
Proceeds from Disposal of Investment in Associate	200,000,000	-	-	-
Net Cash Generated from/(Used in) Investing Activities	(246,146,730)	(803,392,470)	(18,940,287)	(116,926,127)
CASH FLOW FROM FINANCING ACTIVITIES				
Lease Rental Paid	(22,189,885)	(3,000,000)	-	-
Proceeds from Borrowings	4,752,578,853	2,646,012,931	-	-
Repayment of Borrowings	(4,885,078,089)	(2,756,037,845)	-	-
Dividends Paid	(42,550,638)	-	(42,956,708)	-
Dividends Paid to Minority	(19,167,666)	-	-	-
Net Cash Generated from/(Used in) Financing Activities	(216,407,425)	(113,024,919)	(42,956,708)	-
Net Increase/(Decrease) in Cash & Cash Equivalents	(46,947,960)	(203,817,662)	(28,735,282)	(76,157,868)
Cash & Cash Equivalents at the Beginning of the Period	153,146,098	356,963,760	2,452,811	78,610,679
Cash & Cash Equivalents at the End of the Period	106,198,138	153,146,098	(26,282,471)	2,452,811

Figures in brackets indicate deductions.

The Notes on pages 50 to 99 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 Jinathana Road, Colombo 2.

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

1.2 Principal Activities

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

1.3 Parent Enterprise and Ultimate Parent Enterprise

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

1.4 Authorization of Financial Statements

The consolidated financial statements of the Group for the year ended 31st March 2020 were authorized for issue in accordance with a resolution of the Directors on 28th of August 2020.

1.5 Financial Year

Financial Statements of the Company and Group entities ends on 31st March 2020.

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 2020 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.

This is the first set of Annual Financial in which SLFRS 16 - Leases has been applied. The related changes are described in Note 2.6.

2.1.1 Directors' Responsibility for the Financial Statements

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

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

2.2 Basis of measurement

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

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

The preparation of the

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

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

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

- Note 16 - 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 33- Measurement of defined benefit obligations
- Note 39 - Contingencies
- Note 30.1- 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 Board of Directors has made an assessment on the Company's ability to continue as a going concern and is satisfied that it has

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

the resources to continue in business for the foreseeable future. Furthermore, Board of Directors is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern.

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

2.5.1 Impact of COVID 19 and Way Forward

In the immediate aftermath of the COVID-19 outbreak in Sri Lanka, measures have been taken by the Management to reduce the risks by implementing social distance work environment, work from home and implementation of the procedures laid out by the Ministry of Health and Indigenous Medical Services in the factory and the office premises. Key impacts are summarized below:

People	In line with the Group guidelines, the Company has implemented comprehensive measures to ensure the safety of all our employees.
Supply Chain and Logistics	<ul style="list-style-type: none"> • Temporary disruptions to raw material supply where actions been taken to bring it to the normalcy. • Impact on distribution and logistics during the lockdown temporarily affected continuity of operations.

Strategies	In line with the guidelines issued by the Group, the Company has introduced a range of measures to preserve liquidity and curtail losses in this challenging period; these measures include deferment of non-essential expenditure, recruitment and advertising/promotion expenses as well as renegotiation with suppliers and banks.
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2.6 Changes in Accounting Policies

The Group initially adopted SLFRS 16 Lease from 1 April 2019. SLFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right of use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard (LKAS 17 Leases) - i.e. lessors continue to classify leases as finance or operating leases.

The Group applied SLFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings as at 1 April 2019. Accordingly, the comparative information presented for 2018/2019 is not restated.

As a Lessee

As a Lessee, the Group leases Land and building. The Group previously classified as operating or finance lease based on its assessment of whether the lease transferred significantly all of the risk and rewards incidental to ownership of the underlying assets to the Group. Under SLFRS 16, The Group recognizes right to use assets and lease liabilities of leases are on balance sheet

At the commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

i. Leases classified as operating leases under LKAS 17

Previously, the Group classified property leases as operating leases under LKAS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 April 2019.

Right of use assets are measured at either;

- Their carrying amounts as if SLFRS 16 had been applied since the commencement date, discounted using the Group's incremental borrowing rate at the date of initial application; the Group applied this approach to its largest property lease; or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments: the Group applied this approach to all other leases.

The Group has tested its right to use assets for impairment on the date of transition and has concluded that there is no indication that the right of use assets are impaired

The Group used number of practical expedient when applying SLFRS 16 to leases previously classified as operating lease under LKAS 17. In particular, the Group:

- did not recognized right of use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial recognition;
- did not recognize right of use assets and liabilities for leases of low value assets
- excluded initial direct costs from the measurement of the right of use assets at the date of initial application; and

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Impact on financial statements

On transition of SLFRS 16, the group recognized additional right of use assets and additional lease liabilities, recognizing the difference in retained earnings. The impact on transition is summarized below

	31st March 2019	
	Group	Company
Right of use assets	92,361,845	-
Lease Liabilities	(109,950,538)	-
Retained earnings	17,588,693	-

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate as at 31st March 2019.

	31st March 2019	
	Group	Company
Operating lease commitments as 31st March 2019 as disclosed under LKAS 17 in the Group's consolidated financial statements -	49,500,000	-
Discounted using incremental borrowing rate at 31st March 2019	102,111,338	-

- used hindsight when determine the lease term.
- 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 Developments (Pvt) Ltd.**
 Organic certification license holder and investment in plantation/farm and vertical integration projects
 - Renuka Teas Ceylon (Pvt) Ltd.**
 Export bulk tea, value added tea products.
 - Kandy Plantations Ltd.**
 Engaged in Organic Certified Cultivation of Agriculture Produce
 - Bois Bros. & Co. (Pvt) Ltd.**
 Providing warehousing facilities
 - 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
 - Shaw Wallace Ceylon Ltd.**
 Manufacturing & Distribution of Fast Moving Consumer Goods.
 - Shaw Wallace Properties (Pvt) Ltd.**
 Providing warehousing facilities.
 - Renuka Agri Organics Ltd.**
 Manufacture & Export coconut based product
 - Coco Lanka (Pvt) Ltd.**
 Engaged in Organic Certified Cultivation of Agriculture Produce
 - Mayfair Foods (Pvt) Ltd.**
 Manufacturer and Wholesaler of Confectionary Products
 - Matale Valley Plantations (Pvt) Ltd**
 The Company has not commenced its commercial operations.
 - Royal Candle Works (Ceylon) (Pvt) Ltd**
 Manufacturing of candles for export and local market.
- 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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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.

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

A financial instrument is any contract that gives rise to a financial asset of one entity

and financial liability or equity instrument of another entity. Receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial Assets - Recognition and initial measurement SLFRS 9

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

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

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

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

As measured at amortised cost

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Fair value through other comprehensive income (FVOCI)

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

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

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

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

Fair value through profit or loss (FVTPL).

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

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

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

Financial assets - Subsequent measurement and gains and losses

Financial assets at amortised cost

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

Debt investments at FVOCI

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

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

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial assets at FVTPL

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

Derecognition - Financial assets

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

Classification and subsequent measurement of financial liabilities

The Group classifies financial liabilities as described below:

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

The subsequent measurement of financial liabilities depends on their classification.

Financial liabilities at FVTPL

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Financial liabilities at amortised cost

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

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

Derecognition - Financial Liability

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Non-derivative financial liabilities Measurement

A financial liability is classified as at Fair Value through Profit or Loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial liabilities at FVTPL are measured at fair value and changes therein, including any interest expense, are recognised in profit or loss. The Group classifies non-derivative financial liabilities in to other financial liability category. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired. The Group has the following non-derivative financial liabilities: trade and

other payables, bank overdrafts, loans and borrowings and financial guarantees. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

3.3.4. Determination of Fair Value

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

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

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

All assets and liabilities for which fair value is measured or disclosed in

the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

Level 1

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

Level 2

If a market for a financial instrument is not active, then the Group establishes fair value using a valuation technique. Valuation techniques include using recent 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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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.

3.4 Property, plant and equipment

3.4.1 Recognition and measurement

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

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment charged subsequent to the date of the revaluation. Where land and buildings are subsequently revalued, the entire class of such assets is revalued at fair value on the date of revaluation - Valuations are performed every

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

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

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

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

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale in accordance with SLFRS 5 and the date that the asset is derecognised. Therefore, depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

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

3.4.4 Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified

accordingly. Any gain arising on this 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,

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 subject to testing for impairment.

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

3.6 Premium paid on Leasehold 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.

3.8 Investment property

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

Investment property is measured at cost on initial recognition and subsequently at fair value with

any change therein recognized in profit or loss.

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

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

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

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

16 - Property, Plant and Equipment.

3.9 Inventories

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

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

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

3.10 Impairment

3.10.1 Financial assets

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

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

3.10.2. Non-financial assets

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

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

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

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated

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

3.11 Employee benefits

3.11.1 Retirement Benefit Obligations

3.11.1.1 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3.11.1.2 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 2020. 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 33 to the Financial Statements.

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

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

3.11.1.3 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.

3.12 Bills Payable

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

3.13 Grants

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

3.14 Provisions

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

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

3.15 Revenue

3.15.1 Revenue Recognition

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

a) Dividend income

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

b) Provision of Accounting Services

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

3.16 Leases

The Group adopted SLFRS 16 from 01 April 2019 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at the date of initial application. Accordingly the information presented for 2018/2019 has not been restated, i.e. it is presented, as previously reported, under LKAS 17 and IFRIC 04.

Policy applicable from 1 April 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease of the contract conveys the right to control the use of an identified assets for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of a identified asset, the Group uses the definition of a lease in SLFRS 16.

This policy applied to contract entered into, on or after 1 April 2019.

As a Lessee

At commencement or on modification of a contract that contains a lease component, the Group allocate the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the

lease of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

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

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

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

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing

sources and makes certain adjustments to reflect the terms of the lease and type of the assets leased.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

Short term leases and leases of low-value assets

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

Policy applicable before 1 April 2019

For contracts entered into before 1 April 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets: and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
- The purchaser has the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
- The purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than as insignificant amount of the output: or
- Facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

As a lessee

In the comparative period, as a lessee the Group classified leases that transferred substantially all of the risk and rewards of the ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payment over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognized in the Group's statement of financial position. Payments made under operating leases were recognized in profit or loss in straight-line basis over the term of lease. Lease incentives received were recognized as an integral part of the total lease expenses, over the term of lease.

3.17 Finance income and finance costs

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

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

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

3.17.1 Borrowing Cost

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

Borrowing costs may include:

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

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

3.18 Income tax

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. 24 of 2017 and its subsequent amendments thereto.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Deferred tax

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

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

3.19 Segment Reporting

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

- Agri
- FMCG

3.20 Discontinued operation

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

rest of the Group and which:

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

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

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

3.21 Earnings per share

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

4. DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the de-

termination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

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

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

4.2 Investment property

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

with anticipated reversionary increases, it is assumed that all notices, and when appropriate counter-notices, have been served validly and within the appropriate time.

4.3 Inventories

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

4.4 Equity and debt securities

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

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

The Institute of Chartered Accountants of Sri Lanka has issued the following new Sri Lanka Accounting Standard which will become applicable for financial periods beginning on or after 1 April 2020.

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

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

- Amendments to References to Conceptual Framework in SLFRS standards

- Definition of a Business (Amendments to SLFRS 3)
- Amendments to LKAS 1 and LKAS 8
- SLFRS 17 Insurance Contracts

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 ST MARCH	GROUP		COMPANY	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
6. REVENUE				
Export Sales	3,304,083,315	3,578,024,418	-	-
Local Sales	4,511,280,635	4,566,302,247	-	-
Dividend Income	-	881,559	43,178,701	41,104,307
Rental Income	-	34,267,455	-	-
	7,815,363,950	8,179,475,679	43,178,701	41,104,307
7. OTHER INCOME				
Profit on disposal of Property, Plant & Equipment	12,994,258	-	1,267,728	-
Insurance Claim	-	367,926	-	-
Rental Income	35,008,131	29,887,917	-	-
Change in fair value of Biological Assets	9,972,677	4,772,205	-	-
Gain on disposal of investment	-	-	9,000,000	-
Sundry Income	13,356,323	21,006,863	-	-
	71,331,389	56,034,911	10,267,728	-
8. OTHER EXPENSES				
Loss on Revaluation of Buildings	412,385	-	-	-
Disposal Loss on Subsidiary	9,691,915	-	-	-
Loss on partial disposal of equity accounted investees	29,958,036	-	-	-
	40,062,336	-	-	-
9. FINANCE INCOME				
Interest Income	8,584,296	2,275,073	59,713	356,650
Exchange Gain	18,585,318	966,866	-	-
	27,169,614	3,241,939	59,713	356,650
10. FINANCE COSTS				
Interest on Bank Overdrafts	5,779,107	3,008,395	2,085	11,313
Interest on Borrowings	131,677,409	128,551,199	1,610,000	584,583
Interest on leases liability	10,075,823	-	-	-
Exchange Losses	55,507,422	9,322,596	-	-
Others	109,063	26,325,314	-	-
	203,148,824	167,207,504	1,612,085	595,896
Net Finance Costs	(175,979,210)	(163,965,565)	(1,552,372)	(239,246)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	GROUP		COMPANY	
FOR THE YEAR ENDED 31 ST MARCH	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
11. PROFIT BEFORE TAXATION				
Profit before Taxation is stated after charging all expenses including the followings;				
Directors Remuneration and Fees	82,520,200	75,502,070	260,000	251,000
Auditors' Remuneration				
Audit Services	3,055,433	2,726,705	340,000	336,000
Non Audit Services	406,200	606,000	270,000	270,000
Depreciation	290,943,984	292,587,539	-	-
Amortisation of Right of Use Assets	19,266,164	-	-	-
Amortization of Intangible Assets	3,841,443	4,244,159	-	-
Personnel Cost (Note 11.1)	748,939,248	788,678,089	-	-
11.1 Personnel Cost				
Salaries, Wages and Other related costs	669,773,913	686,222,244	-	-
Defined Benefit Plan Cost- Retirement Gratuity	23,868,590	23,260,689	-	-
Defined Contribution Plan Cost - EPF & ETF	55,296,745	79,195,156	-	-
	748,939,248	788,678,089	-	-
12. TAXATION				
Income Tax Expense	64,719,961	90,834,076	2,803,270	99,862
Under / (Over) provision in respect of previous years	(15,660,773)	731,553	-	4,082
Tax effect on Inter Company Dividends	7,029,091	7,326,952	-	-
Origination and Reversal of Temporary Differences	(61,077,587)	108,722,550	-	-
	(4,989,308)	207,615,131	2,803,270	103,944

12.1 Current Tax

12.1.1 Company

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

According to Third Schedule -(Exempt Amounts) item (h) of the Income Tax Act No. 24 of 2017, profit earned on sale of shares on which share transaction levy under Section 7 of the Finance Act No.05 of 2005, is paid, exempt from income tax. Interest and other Income are liable to Income Tax at 28% (2019 – 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 3 years of assessment ending 2014/15 by a supplementary agreement. After the expiration of said tax exemption period, the Company will be liable for taxation at the rate of 12%. In terms of section 59 L of the Inland Revenue Act No. 10 of 2006, the Renuka Agri Foods PLC was entitled to a 50% tax credit on the income tax liability of the business of food processing (both export and local sales). The same benefit can be claimed under the Inland Revenue Act. No. 24 of 2017 based on the Gazette Notification No.2064/53 dated 01 April 2018. Other Income is liable at reduced rate since the company's predominantly conducting a business of exporting goods, which is taxed at the reduced rate, as indicated above..

12.2.2 Renuka Teas Ceylon (Private) Limited

The Company's export profit is liable to income tax at a concessionary rate of 14%.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 TAXATION (CONTINUED)

12.2 Subsidiary Companies Enjoying Tax Holidays at Concessionary Rates of Tax (Continued.)

12.2.3 Renuka Developments (Private) Limited

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

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

Company's other income is liable for income tax at the rate of 24% / 28%.

12.2.4 Bois Bros. & Co (Private) Limited

The Company is liable to income tax at 24% / 28%..

12.2.5 Ceylon Botanicals (Private) Limited

The Company is liable to income tax at 24% / 28%.

12.2.6 Ceylon Forestry (Private) Limited

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

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

However, other income would be liable to Income Tax at the rate of 24% / 28% for the year.

12.2.7 Kandy Plantations Limited

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

However, the profit from agriculture of the Company continued to be exempted from income tax for further 3 year of assessments ending 2010/2011, under section 16 of the Inland Revenue Act No. 10 of 2006. This tax holiday was expired on 31st March 2011. The Company is liable to income tax at 14% on profit from agriculture from the year of assessment 2018/2019 under the Inland Revenue Act No. 24 of 2017.

12.2.8 Richlife Dairies Limited

The Company is liable to income tax at 14%.

12.2.9 Shaw Wallace Ceylon Limited

The Company is liable to income tax at 24% / 28%.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12.2.10 Shaw Wallace Properties (Pvt) 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% under transitional provisions to the new Inland Revenue Act No. 24 of 2017.

12.2.11 Mayfair Foods (Private) Limited

The Company is liable to income tax at 24% / 28%.

12.2.12 Coco Lanka (Private) Limited

The Company is liable to income tax at 14%.

12.2.13 Renuka Agri Organics Limited

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

This tax exemption period ended by year of assessment 2017/2018. The profit from export sales is liable to income tax at 14%.

12.2.14 Coco Serendib (Private) Limited

The Company is liable to income tax at 14%.

12.2.15 Matale Valley Plantations (Private) Limited

The Company is liable to income tax at 14%.

12.2.16 Royal Candle Works Ceylon (Private) Limited

The Company is liable to income tax at 14%.

12.2.17 The Company and its subsidiaries applied the Notices PN/IT/2020 dated 06th May 2020 issued by the Commissioner General of Inland Revenue in arriving at the tax liability for the year of assessment 2019/2020. Further difference between computing current tax liability using the propose rate of 24% and existing 28% has on immaterial impact on the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	GROUP		COMPANY	
FOR THE YEAR ENDED 31 ST MARCH	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
12.3 Reconciliation between Taxable Profit and the Accounting Profits				
Profit Before Taxation	270,716,091	519,906,604	43,427,199	33,560,174
Consolidation Adjustments	23,357,891	33,247,919	-	-
Profit before Taxation before Consolidation Adjustments	294,073,982	553,154,523	43,427,199	33,560,174
Aggregate Disallowed Items	548,369,869	158,687,281	9,763,181	8,257,433
Aggregate Allowable Items	(352,908,244)	(113,169,844)	-	-
Aggregate Other income	(20,851,644)	-	(10,011,679)	(356,650)
Exempt Income	(49,422,701)	(1,462,574)	(43,178,701)	(41,104,307)
Adjusted Business Profit	419,261,262	597,209,386	-	356,650
Statutory Income from Business	419,261,262	597,209,386	-	356,650
Taxable Aggregate Other Income	20,851,644	-	10,011,679	-
Total Statutory Income	440,112,906	597,209,386	10,011,679	356,650
Brought Forward Loss Claimed during the Year	(53,187,920)	-	-	-
Taxable Income / (Loss)	386,924,986	597,209,386	10,011,679	356,650
Tax Rate				
24%/28% (2018/19 - 28%)	29,425,746	53,717,121	2,803,270	99,862
20% (2018/19 -20%)	697,930	-	-	-
14% (2018/19 - 14%)	6,375,787	37,116,955	-	-
6%	13,968,123	-	-	-
ESC Write off	14,252,375	-	-	-
Income Tax on Current Year Profits	64,719,961	90,834,076	2,803,270	99,862
13.1 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.				
	GROUP		COMPANY	
FOR THE YEAR ENDED 31 ST MARCH	2020	2019	2020	2019
Profit attributable to the Ordinary Shareholders (Rs.)	136,284,600	181,839,841	40,623,929	33,456,230
Weighted Average Number of Ordinary Shares as at year end	122,733,452	122,733,452	122,733,452	122,733,452
Earnings Per Share (Rs.)	1.11	1.48	0.33	0.27

13.2 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 31st March 2020 & as at 31st March 2019 there were no dilutive potential ordinary shares. Hence, diluted earnings per share is same as basic earnings per share.

13.3 DIVIDEND PER SHARE

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

	GROUP		COMPANY	
FOR THE YEAR ENDED 31 ST MARCH	2020	2019	2020	2019
Dividend paid during the year (Rs.)	42,956,708	-	42,956,708	-
Number of Ordinary Shares as at distribution	122,733,452	-	122,733,452	-
Dividend per Share (Rs.)	0.35	-	0.35	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS AT 31ST MARCH 14. PROPERTY, PLANT AND EQUIPMENT 14.1 Group

Cost/ Revaluation	Freehold Land Rs.	Leasehold Land Rs.	Buildings Rs.	Plant and Machinery Rs.	Electrical Installation Rs.	Furniture Fittings & Equipment Rs.	Motor Vehicles Rs.	Land Development Costs Rs.	Capital Work In Progress Rs.	Total Rs.
As at 01st of April 2018	811,672,525	187,428,691	1,502,825,332	1,826,345,987	29,690,571	428,334,320	164,490,186	15,265,805	42,990,159	5,009,043,576
Additions	1,929,585	8,949,119	202,772,884	117,165,453	61,163,494	45,447,382	730,600	401,906	108,607,817	547,168,240
Acquisition of subsidiaries	-	3,756,060	15,441,581	14,672,372	-	1,586,958	-	-	-	35,456,971
Disposal/Transfers	-	-	4,421,244	(672,688)	-	(23,222,381)	-	-	(105,915,145)	(125,388,970)
As at 31st March 2019	813,602,110	200,133,870	1,725,461,041	1,957,511,124	90,854,065	452,146,279	165,220,786	15,667,711	45,682,831	5,466,279,817
As at 01st of April 2019	813,602,110	200,133,870	1,725,461,041	1,957,511,124	90,854,065	452,146,279	165,220,786	15,667,711	45,682,831	5,466,279,817
Additions	-	-	18,924,337	377,870,490	63,509,429	33,925,876	-	215,853	37,113,848	531,559,832
Revaluation	284,325,595	8,319,164	49,694,000	-	-	-	-	-	-	342,338,759
Disposal of subsidiary	-	-	-	(14,672,372)	-	(1,586,958)	-	-	-	(16,259,330)
Transferred to Right of use Assets	-	(24,969,613)	-	-	-	-	-	-	-	(24,969,613)
Disposals / Transfers	-	-	(22,850,151)	-	-	-	(26,310,980)	-	(48,072,455)	(97,233,586)
As at 31st March 2020	1,097,927,705	183,483,421	1,771,229,227	2,320,709,242	154,363,494	484,485,197	138,909,806	15,883,564	34,724,224	6,201,715,880
Accumulated Depreciation										
As at 1st April 2018	-	5,768,068	164,208,193	729,098,458	16,631,173	270,937,896	131,045,662	-	-	1,317,689,450
Charge for the year	-	360,771	42,027,513	153,703,875	1,813,890	46,597,495	14,293,716	1,889,939	-	260,687,199
Acquisition of subsidiaries	-	-	2,608,071	-	-	13,246,317	-	-	-	15,854,388
Disposal/Transfers	-	-	-	(580,187)	-	(23,222,381)	-	-	-	(23,802,568)
As at 31st March 2019	-	6,128,839	208,843,777	882,222,146	18,445,063	307,559,343	145,339,378	1,889,939	-	1,570,428,485
As at 1st April 2019	-	6,128,839	208,843,777	882,222,146	18,445,063	307,559,343	145,339,378	1,889,939	-	1,570,428,485
Charge for the year	-	-	47,679,829	174,314,864	11,293,604	47,065,216	8,704,696	1,885,775	-	290,943,984
Revaluation Adjustment	-	-	(157,004,432)	-	-	-	-	-	-	(157,004,432)
Disposal of subsidiaries	-	-	-	(11,830,219)	-	(1,416,098)	-	-	-	(13,246,317)
Transferred to Right of use Assets	-	(1,370,298)	-	-	-	-	-	-	-	(1,370,298)
Disposals / Transfers	-	-	(10,321,141)	11,830,219	-	(11,830,219)	(19,545,221)	-	-	(29,866,362)
As at 31st March 2020	-	4,758,541	89,198,033	1,056,537,010	29,738,667	341,378,242	134,498,853	3,775,714	-	1,659,885,060
Carrying Amount										
As at 31st March 2020	1,097,927,705	178,724,880	1,682,031,194	1,264,172,232	124,624,827	143,106,955	4,410,953	12,107,850	34,724,224	4,541,830,820
As at 31st March 2019	813,602,110	194,005,031	1,516,617,264	1,075,288,978	72,409,002	144,586,936	19,881,408	13,777,772	45,682,831	3,895,851,332

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 2020.

14.1.2 Property, Plant and Equipment include fully depreciated assets having a gross amount of Rs.516,671,351 as at 31 March 2020. (Rs.409,933,088 as at 31 March 2019)

14.1.3 There were no restrictions on the title of the Property, Plant and Equipment as at 31 March 2020 other than disclosed in Note 31.

14.1.4 There were no items of Property, Plant and Equipment pledged as security as at 31 March 2020 other than disclosed in Note 31.

14.1.5 Fair value of the Land & Building is ascertained by an independent valuation carried out by Mr. A.A.M. Fathihu - FIV (Sri Lanka) as at 31st March 2020. Valuation is carried out in reference to Sri Lanka Accounting Standard LKAS 16 Property, Plant and Equipment of 2011 and SLFRS 13 together with Valuation Standards.

14.1.6 Original cost of Revalued Land and building of the Company was Rs. 1,806,203,168.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. PROPERTY, PLANT & EQUIPMENT

14.2 Company

	Motor Vehicles Rs.	TOTAL 2020 Rs.	TOTAL 2019 Rs.
Cost			
As at 01 April	2,598,113	2,598,113	2,598,113
Additions	-	-	-
Disposals	-	-	-
As at 31 March	2,598,113	2,598,113	2,598,113
Accumulated Depreciation			
As at 01 April	2,598,113	2,598,113	2,598,113
Charge for the year	-	-	-
Disposals	-	-	-
As at 31 March	2,598,113	2,598,113	2,598,113
Carrying Value			
As at 31 March 2019	-	-	-
As at 31 March 2020	-	-	-

14.3 Methods and assumptions used in the fair valuation of land and building as at 31st March 2020.

The Land and buildings of the companies were revalued as at 31st March 2020. The results of such revaluations were incorporated in these financial statements from its effective date which is 31st March 2020.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14.5 Revaluation of Land & Building

Company	Location	Last revaluation Date	Land Extent	Fair Value as at 31.03.2020		No of Buildings
				Rs.	Rs.	
				Land	Free Hold Building	
Renuka Agri Foods PLC	Unagahadeniya	31st March 2020	70.4	21,120,000	903,000	1
	Wathupitiwala / Giriulla		-	-	369,137,000	11
Renuka Developments (Pvt) Ltd	Unagahadeniya	31st March 2020	303.3	75,825,000	24,775,000	7
Renuka Agri Organics Ltd	Wathupitiwala	31st March 2020	-	-	268,858,000	3
Shaw Wallace Ceylon Ltd	No. 193, Danister De Silva Mawatha, Colombo - 8	31st March 2020	40	320,000,000	626,512,500	1
	No. 07, Karishue Place, Colombo - 9	31st March 2020	4.7	18,800,000	-	-
	Gamunu Mawatha, Ekala,	31st March 2020	59.8	29,900,000	25,060,000	2
	Samagi Mawatha, Ekala,	31st March 2020	214.75	107,375,000	59,107,000	11
Shaw Wallace Property Ltd	No. 42/1, New Nuge Road, Peliyagoda	31st March 2020	215.59	361,425,000	221,294,000	3
Richlife Diaries Ltd	Privena Road, Molligoda, Wadduwa	31st March 2020	886	158,568,000	170,674,000	6
Kandy Plantations Ltd	Nalla, Diuldeniya	31st March 2020	-	-	8,973,000	4
Coco Lanka (Pvt) Ltd	Coco Watte Estate, Puttalam	31st March 2020	26,445	180,448,000	11,005,000	5
Matale Valley Plantations (Pvt) Ltd	Owela Village, Matale East	31st March 2020	3,284.70	60,200,000	-	-
Ceylon Botanicals (Pvt) Ltd	Viharagama Estate, Matale	31st March 2017	10,842	20,000,000	-	-
Bois Bros & Co. (Pvt) Ltd	No. 110/10 & No. 110/11, Kent Road, Dematagoda, Colombo - 9	31st March 2017	75	95,000,000	45,000,000	3

Valuation technique and significant unobservable inputs

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

15. RIGHT OF USE ASSET/LEASE LIABILITY

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

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

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

Renuka Agri Foods PLC - BOI Land Wathupitiwala, Head office building, Colombo 2

Kandy Plantations Ltd - Giriulla Estate

Ceylon Forestry (Pvt) Ltd - Wiharagama Estate

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

Renuka Teas Ceylon (Pvt) Ltd - Dematagoda Factory Premises.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

	Group	
	2020 Rs.	2019 Rs.
Cost		
Balance as at 01 April	-	-
Transferred from Property, Plant and Equipment	24,969,613	-
Recognition on transition date	131,929,086	-
Transferred from Immovable Estate Asset on lease	7,261,544	-
Transferred from premium paid for lease premises	6,875,282	-
Cost as at 31 March	171,035,525	-
Accumulated Amortisation		
Balance as at 1 April	-	-
Transferred from Property Plant and Equipment	1,370,298	-
Recognition on transition date	39,567,241	-
Amortization during the year	19,266,164	-
Accumulated amortisation as at 31 March 2	60,203,703	-
Net book value as at 31 March	110,831,822	-

15.2 The carrying amounts of lease liability (included under current and non current liabilities) and its movements during the year.

	Group	
	2020 Rs.	2019 Rs.
Balance as at 01 April	-	-
Recognition on transition date as at 01 April 2019	102,111,338	-
Transferred from Finance lease obligation	21,946,677	-
Accretion of interest	10,075,823	-
Payments	(22,189,885)	-
Exchange gain	3,803,274	-
Balance as at 31 March	115,747,227	-
Current	24,712,290	-
Non- current	91,034,938	-
Balance as at 31 March	115,747,228	-

As at 31st March,

16. INVESTMENT PROPERTY

16.1 Group	Land Rs.	Buildings Rs.	2020 Rs.	2019 Rs.
Balance as at the Beginning of the Year	174,118,425	102,541,251	276,659,676	276,659,676
Change in Fair Value	8,161,836	8,174,107	16,335,943	-
	182,280,261	110,715,358	292,995,619	276,659,676

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

16.1.2 Rental Income earned from Investment Property by the Group amounted to Nil (2018/19-Rs 24,054,417/-).

16.1.3 Fair value of the Investment Property is ascertained by an independent valuation carried out by Mr. A.A.M.Fathiu - F.I.V (Sri Lanka) as at 31 March 2020.

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.

Significant unobservable valuation input:

Price per square feet

Range

Rs. 2,500 - Rs. 4,500

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st March,	GROUP		COMPANY	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
17. BIOLOGICAL ASSETS				
Balance as at 01 April	71,121,024	57,685,403	-	-
Additions during the year	9,858,412	8,663,416	-	-
Gain on fair value	9,972,677	4,772,205	-	-
Balance as at 31 March 2020	90,952,113	71,121,024	-	-

17.1.1 Ceylon Forestry (Private) Limited

The biological asset harvested is on the land owned by Ceylon Botanicals (Private) Limited (a subsidiary company of the Group), for which rent has been paid by Ceylon Forestry (Private) Limited. The total extent of the land is 67-A-3R-03.00P. The planted area is 42 acres. Number of trees are 13,987.

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

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

The fair value of managed trees was ascertained in accordance with LKAS 41 - "Agriculture" which is applicable only for managed agricultural activity in terms of the ruling issued by the Institute of Chartered Accountants of Sri Lanka. The Valuation was carried out by an independent Chartered Valuation Surveyor Mr. W.M. Chandrasena FIV(SL)MRICS (UK) using Discounted Cash Flows (DCF) method. Valuation of biological assets are considered as a level III valuation, and details of the valuation are given below under note No. 17

17.1.2 Coco Lanka (Private) Limited

The biological assets is on the land acquired by Coco Lanka (Private) Limited. The total extent of the land is 159 Acres. Managed trees include commercial Teak timber plantations and coconut nursery on the estate in Puttalam. The cost of immature trees up to 5 years from planting are treated as approximate fair value particularly on the grounds of little biological transformation has taken place and impact of the biological transformation on price is not material.

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

The fair value of managed trees was ascertained in accordance with LKAS 41 - "Agriculture" which is applicable only for managed agricultural activity in terms of the ruling issued by the Institute of Chartered Accountants of Sri Lanka. The Valuation was carried out by an independent Chartered Valuation Surveyor Mr. W.M. Chandrasena FIV(SL)MRICS (UK) using Discounted Cash Flows (DCF) method. Valuation of biological assets are considered as a level III valuation, and details of the valuation are given below under note No. 17

17.2 Key assumptions used in valuation are as follows

Variable	Comment
Timber Content	Estimated based on the girth, height and considering the growth and present age of the trees of each species in different geographical regions, factoring all the prevailing statutory regulations enforced against harvesting of timber coupled with forestry plan of the Company approved by the Forestry Department
Economic Useful Life	Estimated based on normal life span of each species by factoring the forestry plan of the Company approved by the Forestry Department
Selling Price	Estimated based on prevailing Sri Lankan market prices factoring all the conditions to be fulfilled in bringing the trees in to salable condition.
Discount Rate	Future cash flows are discounted at the rate of 13% (2019 - 13%)

17.3 Sensitivity Analysis

Sensitivity variation on sales price

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

Sales price fluctuation	+10%	0	-10%
Manage Timber	Rs.	Rs.	Rs.
As at 31st March 2020	61,545,896	55,950,814	50,355,732

Sensitivity variation on discount rate

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

Discount rate fluctuation	+1%	0	-1%
Manage Timber	Rs.	Rs.	Rs.
As at 31st March 2020	51,560,795	55,950,814	60,878,800

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18. IMMOVABLE ESTATE ASSETS ON LEASE

Kandy Plantations Ltd.

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.

With the initial application of SLFRS 16 - Leases, the Immovable Estate Assets on Lease has been transferred to Right of Use Assets after the impact adjustment.

	GROUP	
	2020 Rs.	2019 Rs.
Balance as at 1 April	38,499,960	41,249,964
Impact on Adoption of SLFRS 16	(31,238,416)	-
Transferred to Right of Use asset	(7,261,544)	-
Amortization during the year	-	2,750,004
Balance as at 31 March	-	38,499,960

19. PREMIUM PAID FOR LEASEHOLD PREMISES

	GROUP	
	2020 Rs.	2019 Rs.
Renuka Agri Foods PLC		
Balance as at 1 April	6,875,282	7,050,098
Amortization during the year	-	(174,816)
Transferred to Right to use Assets	(6,875,282)	-
Balance as at 31 March	-	6,875,282

- 19.1** 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, respectively. With the initial application of SLFRS 16 - leases, the Premium Paid for Leasehold Premises has been transferred to Right of Use Assets.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20.	INVESTMENT IN SUBSIDIARIES	Number of Shares	Effective Holding %	Effective Holding %	Company	
	Company				2020	2019
	As at 31st March,		2020	2019	Rs.	Rs.
	Direct-Subsidiaries					
	Renuka Agri Foods PLC	393,398,269	70.03%	70.03%	850,663,245	850,663,245
	Renuka Agri Organics Ltd	875,000	54.01%	54.01%	152,499,000	152,499,000
	Renuka Teas Ceylon (Pvt) Ltd	3,000,000	100.00%	100.00%	118,437,500	118,437,500
	Richlife Dairies Ltd	16,232,000	91.24%	93.29%	442,000,000	-
	Shaw Wallace Ceylon Ltd	234,459,107	93.09%	93.35%	1,638,203,190	1,638,203,190
	Sub-Subsidiaries					
	Bois Bros. & Co. (Pvt) Ltd	-	100.00%	100.00%	-	-
	Ceylon Botanicals (Pvt) Ltd	-	54.24%	54.24%	-	-
	Ceylon Forestry (Pvt) Ltd	-	40.68%	40.68%	-	-
	Coco Lanka (Pvt) Ltd	-	68.41%	68.75%	-	-
	Kandy Plantations Ltd	-	67.80%	67.79%	-	-
	Matale Valley Plantations (Pvt) Ltd	-	67.79%	67.79%	-	-
	Mayfair Foods (Pvt) Limited	-	93.09%	70.01%	-	-
	Renuka Developments (Pvt) Ltd	-	70.03%	70.03%	-	-
	Shaw Wallace Properties (Pvt) Limited	-	93.09%	93.35%	-	-
					3,201,802,935	2,759,802,935

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20.1 DISCONTINUED OPERATION

In September 2018, the Group acquired Royal Candle Works Ceylon (Private) Ltd with the intention of recovery of the investment from sale, rather than continue of use. Management expects to sell this segment before the end of March 2020 financial year, following a strategic decision to place greater focus on the Group's key competencies. The Group has not committed to any intra-group transactions with Royal Candle Works Ceylon (Private) Ltd during the year.

Results of Discontinued Operation	2020 Rs.	2019 Rs.
Revenue	27,022,028	4,614,350
Cost of Sales	(42,713,905)	(5,716,917)
Gross Loss	(15,691,876)	(1,102,567)
Other Income	(12,261,294)	9,374,874
Administrative Expenses	(6,578,235)	(5,359,436)
Selling & Distribution Expense	(1,814,515)	(1,278,214)
Other Expenses	(3,005)	(12,755)
Operating Profit/(Loss)	(36,348,925)	1,621,902
Finance Costs	(501,133)	(152,871)
Profit (Loss) from Discontinued Operations	(36,850,058)	1,469,031
Other Comprehensive Income	17,347	113,860
Total Comprehensive Income for the Year	(36,832,711)	1,582,891
Basic Earnings/(Loss) Per share	(0.06)	-
Cash Flow from (Used in) Discontinued Operations	2020 Rs.	2019 Rs.
Operating Activities	(2,882,952)	(5,838,122)
Investment Activities	(3,830,766)	(1,864,953)
Financing Activities	(1,910,371)	1,910,371
	(8,624,089)	(5,792,704)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		GROUP		COMPANY	
As at 31st March		2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
21	INVESTMENT IN FVOCI				
	Shaw Wallace & Hedges Ltd	-	-	-	423,000,000
		GROUP			
				2020 Rs.	2019 Rs.
22.	INVESTMENT IN EQUITY ACCOUNTED INVESTEEES				
	Shaw Wallace & Hedges Ltd			1,050,837,613	1,257,134,006
	Renuka Enterprises (Pvt) Ltd			222,700,139	203,000,000
				1,273,537,752	1,460,134,006

22.1 The Composition and the movement is as follows

	Total	Shaw Wallace & Hedges Limited	Renuka Enterprises (Pvt) Ltd
	Rs.	Rs.	Rs.
Opening balance	1,460,134,006	1,257,134,006	203,000,000
Profit for the year	29,908,909	25,260,691	4,648,218
OCI	(1,653,127)	(1,599,049)	(54,078)
Dividend received	(2,394,000)	-	(2,394,000)
Further investment	17,500,000	-	17,500,000
Disposal	(200,000,000)	(200,000,000)	-
Loss on partial disposal	(29,958,036)	(29,958,036)	-
Closing balance	1,273,537,752	1,050,837,613	222,700,139

22.2 During the year, Shaw Wallace Properties (Pvt) Limited has disposed its investment in Shaw Wallace & Hedges Limited to outside of the Group.

22.3 As at 31 March 2020, Renuka Foods PLC has disposed its investment in Shaw Wallace & Hedges Limited to Shaw Wallace Ceylon Limited.

22.4 Renuka Developments (Pvt) Limited further invested in Renuka Enterprises (Pvt) Limited during the year.

22.5 Summarised Financial Information of equity accounted investees that are material to the Group.

	Shaw Wallace & Hedges Ltd		Renuka Enterprises (Pvt) Ltd	
As at 31st March	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
	23.24%	28.37%	20.00%	18.53%
Non Current Assets	3,593,434,144	3,347,626,118	1,730,002,429	1,704,464,377
Current Assets	1,169,027,703	1,336,771,954	16,612,461	8,292,860
Non Current Liabilities	(258,676,291)	(253,623,119)	(17,801,206)	(13,803,538)
Current Liabilities	(21,172,773)	(31,565,914)	(16,273,668)	(18,219,398)
Non controlling interest	-	-	(617,154,506)	(604,218,729)
Net Assets (100%)	4,482,612,784	4,399,209,038	1,095,388,510	1,076,515,572
Group's share of net assets	1,041,759,213	1,248,055,606	219,077,702	199,478,335
Goodwill	9,078,400	9,078,400	3,626,178	3,521,665
Carrying Amount of Interest in Associate	1,050,837,613	1,257,134,006	222,700,139	203,000,000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st March,	GROUP		COMPANY	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
23. INTANGIBLE ASSETS AND GOODWILL				
23.1 Goodwill				
Balance as at the beginning of the year	206,139,293	203,598,916	-	-
On Acquisition during the year	-	2,540,377	-	-
Disposal of subsidiary	(2,540,377)	-	-	-
Balance as at the end of the year	203,598,916	206,139,293	-	-
23.1.1	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.			
23.2 Computer Software				
Balance as at the Beginning of the Year	3,015,812	1,373,319	-	-
Additions made during the year	472,703	2,651,652	-	-
Amortization during the year	(1,018,637)	(1,009,159)	-	-
Balance as at the End of the Year	2,469,878	3,015,812	-	-
23.3 "Mr. POP" Trade Mark (Note 22.3.1)				
Balance as at the Beginning of the Year	5,930,137	7,440,137	-	-
Amortization during the year	(1,510,000)	(1,510,000)	-	-
Balance as at the End of the Year	4,420,137	5,930,137	-	-
23.3.1	Shaw Wallace Ceylon Limited has acquired the "Mr. POP" Trade Mark for a sum of Rs. 15 Million during 2012/13. The Management is of the opinion that the trade mark has a usefull economic life of 10 years.			
23.4 "Mayfair" Trade Mark				
Balance as at the Beginning of the Year	13,799,997	15,524,997	-	-
Amortization during the year	(1,725,000)	(1,725,000)	-	-
Balance as at the End of the Year	12,074,997	13,799,997	-	-
23.4.1	Mayfair Foods (Pvt) Ltd has acquired the "Mayfair" trade mark for a sum of Rs. 15 Million during 2016/2017. The Management is of the opinion that the trade mark has a usefull economic life of 10 years.			
Total Intangible Assets	222,563,928	228,885,239	-	-

As at 31st March,	GROUP		COMPANY	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
24. Inventories				
Raw Materials & Consumables	421,223,075	393,688,197	-	-
Finished Goods	379,830,352	280,138,024	-	-
Spares & Consumables	198,924,793	151,677,710	-	-
Packing Material & Chemicals	264,798,435	334,881,839	-	-
Work in Progress	74,871,246	88,299,500	-	-
Goods in Transit	58,163,804	154,304,536	-	-
	1,397,811,705	1,402,989,806	-	-
Provision for Slow moving items	(115,150,240)	(83,321,217)	-	-
	1,282,661,465	1,319,668,589	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st March,	GROUP		COMPANY	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
25. TRADE & OTHER RECEIVABLES				
Trade Debtors & Bills Receivable	819,915,148	919,904,279	-	-
VAT Recoverable	7,964,293	2,239,842	-	-
Deposits & Pre-Payments	164,826,758	118,343,162	180,000	180,000
Taxes Recoverable	844,964	20,557,500	82,030	-
WHT Recoverable	1,575,686	2,525,523	33,188	31,369
Advances Payments	4,122,470	38,858,866	-	-
Staff Loan and Advances	5,296,082	343,700	-	-
Other Receivables	74,762,481	16,407,349	-	-
	1,079,307,882	1,119,180,221	295,218	211,369
Provision for doubtful debts	(45,234,133)	(36,770,296)	-	-
	1,034,073,749	1,082,409,925	295,218	211,369
26. AMOUNTS DUE FROM RELATED COMPANIES				
Renuka Agro Exports Limited	1,860,470	6,961,017	-	-
Royal Candle Works Ceylon (Pvt) Ltd	-	7,700	-	-
	1,860,470	6,968,717	-	-
27. CASH & CASH EQUIVALENTS				
27.1 Favourable Balances				
Call Deposits	70,816,172	17,525,607	-	-
Cash at bank & in hand	324,664,132	239,519,966	3,123,327	2,452,811
	395,480,304	257,045,573	3,123,327	2,452,811
27.2 Unfavourable Balances				
Bank Overdraft	(289,282,166)	(103,899,475)	(29,405,798)	-
Cash & Cash Equivalents for the purpose of Statements of Cashflows	106,198,138	153,146,098	(26,282,471)	2,452,811
Cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.				
28. STATED CAPITAL				
No. of Shares Issued				
Voting Shares				
At the Beginning of the year	117,960,106	117,960,106	117,960,106	117,960,106
At the End of the year	117,960,106	117,960,106	117,960,106	117,960,106
Non Voting Shares				
At the Beginning of the year	4,773,346	4,773,346	4,773,346	4,773,346
At the End of the year	4,773,346	4,773,346	4,773,346	4,773,346
	122,733,452	122,733,452	122,733,452	122,733,452
The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per individual present at meetings of the shareholders or one vote per share in the case of a poll.				
28.1 Value of Issued and Fully Paid Ordinary Shares				
At the Beginning of the year	2,241,842,234	2,241,842,234	2,241,842,234	2,241,842,234
At the End of the year	2,241,842,234	2,241,842,234	2,241,842,234	2,241,842,234
29. REVALUATION RESERVES				
Revaluation Reserve	712,107,960	410,982,222	-	-
Available for Sale Reserve	(2,180,638)	(2,180,638)	-	-
	709,987,322	408,801,584	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st March,	GROUP		COMPANY	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
30. DEFERRED TAX LIABILITY				
Balance at the beginning of the year	590,483,865	488,233,366	-	-
Origination and Reversal of Temporary Differences - P/L	(23,535,873)	86,574,719	-	-
Origination and Reversal of Temporary Differences - OCI	144,312,690	15,675,780	-	-
Balance as at the End of the Year	711,260,683	590,483,865	-	-
Temporary Differences				
On Property, Plant and Equipment	878,863,692	728,300,493	-	-
Fair value Gain on Biological Asset	22,691,703	-	-	-
On Right of use Asset	27,122,731	-	-	-
On Investment properties	20,000,000	-	-	-
Revaluation of Investment property	572,484,853	-	-	-
Revaluation of Land & Building	936,963,001	-	-	-
On Retirement Benefit Obligation	42,802,752	-	-	-
On Carried Forward Tax Losses	(48,775,866)	-	-	-
	2,452,152,866	728,300,493	-	-
Tax Effect	711,260,683	590,483,865	-	-
30.1 Deferred Tax Asset				
Balance at the Beginning of the Year	110,162,111	134,338,572	-	-
Origination and Reversal of Temporary Differences - P/L	37,541,714	(22,147,831)	-	-
Origination and Reversal of Temporary Differences - OCI	65,716	(2,028,630)	-	-
Balance at the End of the Year	147,769,541	110,162,111	-	-
Temporary Differences				
Lease Liability	3,242,464	-	-	-
On Retirement Benefit Obligation	41,761,279	36,242,166	-	-
On Provision for Bad Debts	46,164,186	-	-	-
On Provision for obsolete Inventory	12,745,818	-	-	-
On Carried Forward Tax Losses	377,107,752	15,127,354	-	-
	481,021,498	51,369,520	-	-
Tax Effect	147,769,541	110,162,111	-	-

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

	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
31. INTEREST BEARING BORROWINGS				
Balance at the Beginning of the year	1,598,014,879	1,180,141,218	-	-
Obtained During the year	4,752,578,853	2,857,676,551	-	-
Payments During the year	(4,885,078,089)	(2,439,802,890)	-	-
Balance at the end of the year	1,465,515,643	1,598,014,879	-	-
Payable within one year	1,139,826,953	1,487,090,595	-	-
Payable after one year	325,688,690	110,924,284	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

Financial Institution	Facility Obtained	Outstanding Balance (Rs)	Repayment	Assets Pledged
		2020	2019	
31.1 Renuka Agri Foods PLC				
Hatton National Bank PLC	Packing Credit Loan	318,365,124	357,896,160	Lodgment of confirmed export orders
Hatton National Bank PLC	Term Loan	284,865,000	-	Negative pledge over coconut milk processing plant for USD 1.9 Mn
National Development Bank PLC	Packing Credit Loan	78,147,965	-	Lodgment of confirmed export orders
Nations Trust Bank PLC	Term Loan	50,184,113	60,064,394	Term loan agreement for USD 735,000/-
		731,562,202	417,960,554	
31.2 Shaw Wallace Ceylon Ltd				
Hatton National Bank PLC	Term Loan	357,000,000	445,000,000	Corporate guarantee given by Renuka Foods PLC to the value of Rs. 300 Mn.
	Term Loan	-	136,000,000	Board Resolution dated 07.01.2015
National Development Bank PLC	Term Loan	92,300,000	100,000,000	Primary mortgage over stocks and book debts
Nations Trust Bank PLC	Term Loan	50,000,000	-	Primary mortgage over stocks and book debts
		499,300,000	681,000,000	
31.3 Renuka Teas Ceylon (Private) Ltd				
National Development Bank PLC	Packing Credit Loan	41,229,461	59,584,779	a) Primary mortgage bond over stocks and book debts for Rs.22,500,000
		41,229,461	59,584,779	b) Agreement to mortgage over stocks and book debts for Rs.60,000,000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

Financial Institution	Facility Obtained	Outstanding Balance (Rs)		Repayment	Assets Pledged
		2020	2019		
31.4 Kandy Plantations Ltd					
National Development Bank PLC	Term Loan	43,511	43,401	Annual repayments commencing from June 2014	-
		43,511	43,401		
31.5 Renuka Agri Organics Ltd					
Hatton National Bank PLC	Packing Credit Loan	43,223,405	37,956,015	Repayable on demand	Lodgment of confirmed export orders
Peoples Bank PLC	Packing Credit Loan	73,406,064	61,117,976	Repayable on demand	Lodgment of confirmed export orders
Commercial Bank PLC	Term Loan - 2284659	41,660,000	166,664,000	24 Monthly Installment	Rs. 300 mn Corporate Guarantee from Renuka Foods PLC
	Term Loan - 2284715	35,091,000	45,615,000	56 Monthly Installment	
		193,380,469	311,352,991		
31.6 Shaw Wallace Properties (Pvt) Ltd					
Hatton National Bank PLC	Term Loan	-	100,000,000	Maximum roll over - tenor - 1 month	-
		-	100,000,000		
31.7 Mayfair Foods (Pvt) Ltd					
Hatton National Bank PLC	Term Loan	-	14,500,000	Maximum roll over - tenor - 1 month	-
		-	14,500,000		
31.8 Richlife Dairies Ltd					
Hatton National Bank PLC	Term Loan	-	13,573,155	Maximum roll over - tenor - 90 days	-
		-	13,573,155		
Total Term Loan - Group		1,465,515,643	1,598,014,880		

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st March,	GROUP		COMPANY	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
32. FINANCE LEASE OBLIGATIONS				
Balance at the beginning of the year	-	49,500,000	-	-
Lease Rentals Payables within one year	-	(3,000,000)	-	-
Lease Rentals Payables after one year	-	46,500,000	-	-
32.1 Finance Lease Obligation Movement				
Balance at the beginning of the year	49,500,000	52,500,000	-	-
Adjustment Due to Adoption of SLFRS 16	(27,553,323)	-	-	-
Transferred to lease liability	(21,946,677)	-	-	-
Payments made during the period	-	3,000,000	-	-
Balance at the end of the year	-	49,500,000	-	-
Lease rentals payable within one year	-	(3,000,000)	-	-
Lease rental payable after one year	-	46,500,000	-	-

With the application of SLFRS - 16 - Lease the above Liability has been adjusted and transferred to Lease Liability.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	GROUP		COMPANY	
As at 31st March,	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
33. RETIREMENT BENEFIT OBLIGATION				
Balance at the beginning of the year	86,161,755	92,685,432	-	-
On acquisition of Subsidiaries	-	502,717	-	-
Charge to Profit or Loss	23,868,590	23,260,689	-	-
Charge to OCI	5,645,508	(16,157,160)	-	-
Payment made during the year	(9,212,217)	(14,129,923)	-	-
Disposal of subsidiary	(740,909)	-	-	-
Balance at the end of the year	105,722,727	86,161,755	-	-
33.1 Movement in the Present Value of Defined Benefit Obligation				
Provision for PV - DBO as at 01 April	86,161,755	92,685,432	-	-
On acquisition of Subsidiaries	-	502,717	-	-
Interest Cost for the period	11,426,564	9,784,756	-	-
Current Service Cost for the period	12,442,026	13,475,933	-	-
Payments during the year	(9,212,217)	(14,129,923)	-	-
Actuarial (Gain) / Loss on PV-DBO	5,645,508	(16,157,160)	-	-
Disposal of subsidiary	(740,909)	-	-	-
Benefit obligation as at 31 March	105,722,727	86,161,755	-	-

33.2 Gratuity Liability is based on the Actuarial Valuation carried out by Mr. Poopalanathan, M/S. Actuarial and Management Consultants (Pvt) Limited. Actuaries, on 31 March 2020 as per the LKAS 19 Employee Benefits. The Principal assumptions used in the actuarial valuation are as follows;

	2020	2019
Retirement Age	55	55
Discounting Rate	10.50%	11.50%
Salary Increment Rate	10%	12%
Demographic Assumptions	A67/70 Mortality	A67/70 Mortality

The above rates were changed to reflect the market rates.

33.3 Sensitivity of assumptions employed in Actuarial Valuation

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

	GROUP		COMPANY	
As at 31st March,	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Discount Rate - (1% Increase)	102,653,347	82,152,053	-	-
Discount Rate - (1% decrease)	109,030,160	89,234,681	-	-
Salary Increment Rate - (1% Increase)	109,508,213	89,559,178	-	-
Salary Increment Rate - (1% decrease)	102,143,980	81,788,898	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st March,	GROUP		COMPANY	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
34. TRADE AND OTHER PAYABLES				
Trade Creditors	476,180,535	580,061,608	-	-
Staff Creditors	96,942	63,240	-	-
Advance Received from Customer	5,832,235	-	-	-
Accrued Expenses	234,531,434	260,432,669	610,000	635,966
Other Payables	204,463,597	171,292,064	1,064,402	994,400
	921,104,743	1,011,849,581	1,674,402	1,630,366
35. AMOUNTS DUE TO SUBSIDIARY COMPANIES				
Renuka Agri Foods PLC	-	-	-	10,555,352
	-	-	-	10,555,352
36. AMOUNT DUE TO RELATED COMPANIES				
Renuka Enterprises (Pvt) Ltd	92,306	-	-	-
	92,306	-	-	-
37. DIVIDEND PAYABLE				
Unclaimed Dividends	13,129,328	11,688,716	4,899,168	4,493,098
	13,129,328	11,688,716	4,899,168	4,493,098

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH

38. RELATED PARTY DISCLOSURE

Related Party Transactions

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

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

38.1 Parent and Ultimate Control Party

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

38.2 Transactions With Related Companies

38.2.1 Company

38.2.1 Transactions with Related Companies - Recurring Transactions

RELATED COMPANY	NAME OF THE COMMON DIRECTORS	NATURE OF TRANSACTIONS	AMOUNT RECEIVED/ (PAID)		AGGREGATE VALUE OF RELATED PARTY TRANSACTIONS AS A % OF NET REVENUE	TERMS AND CONDITIONS OF THE RELATED PARTY TRANSACTION
			2020	2019		
Renuka Enterprises (Pvt) Ltd	Dr.S.R.Rajiyah	Net of Fund (Received) / Payments	3,605,421	3,413,202	0.04%	Actual Basis
	Mrs.I.R.Rajiyah		(3,605,421)	(3,413,202)	0.04%	Comparable Uncontrolled Price
	Mr.S.V.Rajiyah	Reimbursement of Expenses				
Renuka Agri Foods PLC	Dr.S.R.Rajiyah	Net of Fund (Received) / Payments	12,165,354	(10,000,000)	0.15%	Actual Basis
	Mrs.I.R.Rajiyah		(1,610,000)	(555,354)	0.02%	Interest @ AWPLR
	Mr.S.V.Rajiyah	Interest Payment				
	Mr S Vasanthakumar					
	Mrs.A.L.Rajiyah					
	Mr.S.Nagarajah					
	Mr D.S Arangala					
	Mr.K Liyanagamage					
	Mrs.S T R E Wijesuriya					

38.2.2 Transactions with Related Companies - Recurring Transactions as per CSE listing rules 9.3.2

There were no recurring transactions where aggregate value of related party transactions exceeded 10% of net revenue during the financial year 2019/2020, which need to be disclosed as per CSE listing rules 9.3.2 disclosures

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

38.2.3 Transactions with Related Companies - Non Recurring Transactions

REPORTING ENTITY	RELATED COMPANY	RELATIONSHIP	VALUE OF THE RELATED PARTY TRANSACTIONS ENTERED IN TO DURING THE FINANCIAL YEAR RS	VALUE OF RELATED PARTY TRANSACTIONS AS A % OF		TERMS AND CONDITIONS OF THE RELATED PARTY TRANSACTION-	THE RATIONALE FOR ENTERING INTO THE TRANSACTIONS
				EQUITY	TOTAL ASSETS		
Kandy Plantations Ltd	Coco Serendib (Pvt) Ltd	Sub Subsidiary	7,500,000	0.2%	0.1%	Based on Net Assets Value per Share	Investment
Matale Valley Plantations (Pvt) Ltd	Kandy Plantations Ltd	Sub Subsidiary	8,400,000	0.2%	0.1%	Based on Net Assets Value per Share	Investment
Renuka Developments (Pvt) Ltd	Renuka Enterprises (Pvt) Ltd	Associate	17,500,000	0.4%	0.2%	Based on Net Assets Value per Share	Investment
Shaw Wallace Properties (Pvt) Ltd	Shaw Wallace Ceylon Ltd	Associate	100,000,000	2.3%	1.2%	Based on Net Assets Value per Share	Investment
Matale Valley Plantations (Pvt) Ltd	Coco Serendib (Pvt) Ltd	Sub Subsidiary	70,000,000	1.6%	0.8%	Based on Net Assets Value per Share	Restructuring
Renuka Agri Foods PLC	Renuka Developments (Pvt) Ltd	Subsidiary	230,549,000	5.4%	2.7%	Based on Net Assets Value per Share	Investment
Renuka Developments (Pvt) Ltd	Shaw Wallace Ceylon Ltd	Subsidiary	221,000,000	5.2%	2.6%	Based on Valuation	Investment
Renuka Foods PLC	Shaw Wallace Ceylon Ltd	Subsidiary	442,000,000	10.4%	5.1%	Based on Net Assets Value per Share	Group Restructuring
Renuka Foods PLC	Shaw Wallace Ceylon Ltd	Subsidiary	432,000,000	10.1%	5.0%	Based on Net Assets Value per Share	Group Restructuring
Renuka Developments (Pvt) Ltd	Shaw Wallace Ceylon Ltd	Subsidiary	5,625,003	0.1%	0.1%	Based on Net Assets Value per Share	Restructuring

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

38.2.4 Transactions with Related Companies - Non Recurring Transactions as per CSE listing rules 9.3.2

Transactions which exceeded 5% of the total assets or 10% of equity as per CSE listing rules 9.3.2

REPORTING ENTITIES	RELATED COMPANY	RELATIONSHIP	VALUE OF THE RELATED PARTY TRANSACTIONS ENTERED IN TO DURING THE FINANCIAL YEAR RS	VALUE OF RELATED PARTY TRANSACTIONS AS A % OF EQUITY	VALUE OF RELATED PARTY TRANSACTIONS AS A % OF TOTAL ASSETS	TERMS AND CONDITIONS OF THE RELATED PARTY TRANSACTION	THE RATIONALE FOR ENTERING INTO THE TRANSACTIONS
Renuka Agri Foods PLC	Renuka Developments (Pvt) Ltd	Subsidiary	230,549,000	5.4%	2.7%	Based on Net Assets Value per Share	Investment
Renuka Developments (Pvt) Ltd	Shaw Wallace Ceylon Ltd	Subsidiary	221,000,000	5.2%	2.6%	Based on Valuation	Investment
Renuka Foods PLC	Shaw Wallace Ceylon Ltd	Subsidiary	442,000,000	10.4%	5.1%	Based on Net Assets Value per Share	Group Restructuring
Renuka Foods PLC	Shaw Wallace Ceylon Ltd	Subsidiary	432,000,000	10.1%	5.0%	Based on Net Assets Value per Share	Group Restructuring

38.2.5 Transactions with Related Entities - Group

RELATED COMPANY	RELATIONSHIP	NAME OF THE COMMON DIRECTORS	NATURE OF TRANSACTIONS	AGGREGATE VALUE OF RELATED PARTY TRANSACTIONS ENTERED IN TO DURING THE FINANCIAL YEAR Rs.	TERMS AND CONDITIONS OF THE RELATED PARTY TRANSACTION
Mrs. I R Rajiyah	Director	Mrs. I R Rajiyah	Rent Expenses	(9,600,000)	Comparable Uncontrolled Price
Symbiosis Business Partners (Pvt) Ltd	Common Director	Mr. L M Abeywikrama	Consultancy Services	(2,082,825)	Comparable Uncontrolled Price
Tourama Pvt Ltd	Common Director	Mrs. J J B A Rajiyah	Services	(602,000)	Comparable Uncontrolled Price

38.3 Transactions with Key Management Personnel (KMP)

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

	GROUP		COMPANY	
As at 31st March,	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Short Term Employee Benefits	82,520,200	75,502,070	260,000	251,000
Rent Paid	11,520,000	11,520,000	-	-
	142,612,230	87,022,070	260,000	251,000

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

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

The Board of Directors declared that no related party transactions falling within the scope of the code was entered into by the Company during the financial year 2019/20 other than those disclosed in note 38 of the financial statements above.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DIRECTORS OF GROUP COMPANIES													
Directors of Group Companies													
	RFD	RAF	RTCL	RDL	KPL	BBL	CFL	CBL	RAOL	COCO	MVL	RLDL	SWCL
Mrs. I.R. Rajiyah	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Dr. S.R. Rajiyah	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. S.V. Rajiyah	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. L.M. Abeywickrama	✓	✓	-	-	-	-	-	-	-	-	-	-	-
Mr. S. Vasanthakumara	✓	✓	✓	✓	✓	-	✓	-	✓	✓	✓	✓	✓
Mr. T.K. Bandaranayake	✓	-	-	-	-	-	-	-	-	-	-	-	-
Mr. M.S. Dominic	✓	-	-	-	-	-	-	-	-	-	-	-	-
Ms. A.L. Rajiyah	✓	✓	-	-	-	-	-	-	✓	-	-	✓	-
Mr. C.J. de Silva Amaraturunge	-	✓	-	-	✓	-	-	-	-	-	-	✓	✓
Dr. J.A.S. Felix	✓	-	-	-	-	-	-	-	-	-	-	-	-
Mr. S. Nagarajah	-	✓	-	-	-	-	-	-	-	-	-	-	-
Mr. M. Terfloth	-	✓	-	-	-	-	-	-	-	-	-	-	-
Mr. T.G. Hockley	-	-	-	-	-	-	✓	-	-	-	-	-	-
Mr. P. Gunathilake	-	-	-	-	-	-	-	-	-	-	✓	-	✓
Mr. A.U. Kodagoda	✓	-	-	-	-	-	-	-	-	-	-	✓	-
Mr. R.N. Rajapakshe	-	-	-	-	✓	-	-	-	-	-	-	-	-
Mr. R. F. N. Jayasooriya	-	-	-	-	-	-	-	-	-	-	✓	-	✓
Mr. E. Deivanayagam	-	-	-	-	-	-	-	-	-	-	-	-	✓
Mr. D.S. Arangala	-	✓	-	-	-	-	-	-	-	-	-	-	-

RFD Renuka Foods PLC
 RAF Renuka Agri Foods PLC
 RTCL Renuka Teas Ceylon (Pvt) Ltd
 RDL Renuka Developments (Pvt) Ltd
 KPL Kandy Plantations Ltd
 BBL Renuka Foods PLC
 CFL Renuka Agri Foods PLC
 CBL Renuka Teas Ceylon (Pvt) Ltd
 RAOL Renuka Developments (Pvt) Ltd
 COCO Kandy Plantations Ltd
 Bois Bros. & Co. (Pvt) Ltd
 Ceylon Forestry (Pvt) Ltd
 Ceylon Botanicals (Pvt) Ltd
 Renuka Agri Organics Ltd
 Coco Lanka (Pvt) Ltd
 MVL Matale Valley Plantations (Pvt) Ltd
 RLDL Richlife Dairies Ltd
 SWCL Shaw Wallace Ceylon Ltd
 SWPL Shaw Wallace Properties (Pvt) Ltd
 MFL Mayfair Foods (Pvt) Ltd

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

39. CONTINGENT LIABILITIES

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

Kandy Plantations Limited

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

40. CAPITAL COMMITMENTS

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

41. EVENTS OCCURRING AFTER THE REPORTING PERIOD

There have been no material events occurring after the reporting period that require adjustments to and/or disclosures in the Financial Statements other than those disclosed follows;

The Directors have recommended the payment of a First and Final Dividend of Rs. 0.35 per share for the year ended at 31st March, 2020 which will be declared at the Annual General Meeting to be held on 28th September 2020. In accordance with the Sri Lanka Accounting Standard 10 - " Event Occurring after the Reporting Date " this proposed First and Final dividend has not been recognised as a liability in the Financial Statements for the year ended 31st March 2020.

42. COMPARATIVE INFORMATION

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

43. GOING CONCERN OF SUBSIDAIRIES

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

44. FINANCIAL RISK MANAGEMENT

Overview

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

- (i) Credit risk
- (ii) Liquidity risk
- (iii) Market risk
 - a. Currency risk
 - b. Interest Rate risk
- (iv) Capital Management risk
- (v) Operational 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	
	2020 Rs.	2019 Rs.
Trade and Other Receivables	858,862,048	938,743,898
Amount Due from Related Company	1,860,470	6,968,717
Cash at Bank	395,480,304	257,045,573
	1,256,202,822	1,202,758,188

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.

	Gross Amount Rs.	2020		Gross Amount Rs.	2019	
		Impairment Loss Rs.	Net Amount Rs.		Impairment Loss Rs.	Net Amount Rs.
Due within one year	-	-	-	-	-	-
Due more than one year	-	-	-	-	-	-
	-	-	-	-	-	-
Group						
Due within one year	858,862,048	-	858,862,048	938,743,898		938,743,898
Due more than one year	45,234,133	(45,234,133)	-	36,770,296	(36,770,296)	-
	904,096,181	(45,234,133)	858,862,048	975,514,194	(36,770,296)	938,743,898

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Impairment Losses

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

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

	Carrying Amount	
	2020 Rs.	2019 Rs.
Domestic	779,045,822	773,055,368
Europe	158,311,749	218,120,191
Middle East	4,809,404	15,878,328
Asia	8,115,215	5,880,223
United State	46,426,456	46,678,407
Africa	36,957,625	5,325,410
Australia	407,478	17,471,998
	1,034,073,749	1,082,409,925

Cash and Cash Equivalents

The Group held cash and cash equivalents of Rs. 395,480,304 at 31st March 2020 (Rs. 257,045,573 as at 31st March 2019) 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 Rs.	0-12 Months Rs.	More than 1 year Rs.
As at 31st March 2020			
Financial Liabilities (Non-Derivate)			
Interest Bearing Borrowings	1,465,515,643	1,139,826,953	325,688,690
Lease Liabilities	115,747,228	24,712,290	91,034,938
Amount due to related companies	92,306	92,306	-
Trade and Other Payables	921,104,743	921,104,743	-
Bank Overdraft	289,282,166	289,282,166	-
Total	2,791,742,086	2,375,018,458	416,723,628

As at 31st March 2019

Financial Liabilities (Non-Derivate)

Interest Bearing Borrowings	1,598,014,879	1,487,090,595	110,924,284
Trade and Other Payables	1,011,849,581	1,011,849,581	-
Bank Overdraft	103,899,475	103,899,475	-
Total	2,713,763,935	2,602,839,651	110,924,284

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

(iii) Market Risk

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

a. Currency Risk

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

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

Exposure to currency risk

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

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

	2020	2019
	USD	USD
Trade and other Payables	(596,210)	(1,982,207)
Trade and other Receivables	1,342,888	1,778,411
Cash and cash equivalents	1,050,510	370,881
Gross Statement of Financial Position Exposure	1,797,188	167,085

The following significant exchange rates were applicable during the year

	Average Rate		Reporting Date Spot Rate	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
US Dollars	180.44	169.71	189.91	176.13

Sensitivity Analysis

A strengthening of the LKR, as indicated below, against the US Dollar and at 31st March 2020 would have increased/ (decreased) the equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant

	Strengthening Profit or Loss Rs.	Weakening Profit or Loss Rs.
31st March 2020	34,130,405	(34,130,405)
USD (10% movement)		
31st March 2019	2,942,866	(2,942,866)
USD (10% movement)		

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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	
	2020 Rs.	2019 Rs.
Fixed Rate Instruments		
Financial Assets		
Bank Deposits	395,480,304	257,045,573
Variable Rate Instruments		
Financial Liabilities	1,465,515,643	1,598,014,879
Bank overdraft	(289,282,166)	(103,899,475)
	1,571,713,781	1,751,160,977

(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	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Net Debt	1,870,545,037	1,701,914,354	-	-
Total Equity	5,806,354,569	5,307,377,090	3,166,427,110	3,168,759,889
Net Debt to Equity Ratio	32.22%	32.07%	0.00%	0.00%

(v) Operational risk

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

45. FINANCIAL INSTRUMENTS

45.1 Group

Financial assets and liabilities by categories

Financial assets and liabilities in the tables below are split into categories in accordance with SLFRS 09.

As at 31 March	Financial assets by categories				Financial liabilities by categories			
	Measured at Amortised Cost		Fair Value through OCI		Total		Measured at Amortised Cost	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Financial instruments in non-current assets/non-current liabilities								
Interest-bearing loans and borrowings	-	-	-	-	-	-	325,688,690	110,924,284
Financial instruments in current assets/current liabilities								
Trade & other receivables/Payables	1,034,073,749	1,082,409,925	-	-	1,034,073,749	1,082,409,925	921,104,743	1,011,849,581
Amounts due from/to related parties	1,860,470	6,968,717	-	-	1,860,470	6,968,717	92,306	-
Cash in hand and at Bank	395,480,304	257,045,573	-	-	395,480,304	257,045,573	-	-
Short term borrowings	-	-	-	-	-	-	-	-
Interest-bearing loans & borrowings	-	-	-	-	-	-	1,139,826,953	1,487,090,595
Bank overdraft	-	-	-	-	-	-	289,282,166	103,899,475
	1,431,414,523	1,346,424,215	-	-	1,431,414,523	1,346,424,215	2,675,994,858	2,713,763,935

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

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

45.2 Company

Financial assets and liabilities by categories

Financial assets and liabilities in the tables below are split into categories in accordance with SLFRS 09.

As at 31 March	Financial assets by categories				Financial liabilities by categories			
	Measured at Amortised Cost		Fair Value through OCI		Total		Measured at Amortised Cost	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Financial instruments in non-current assets/non-current liabilities								
Non-current financial assets	-	-	-	423,000,000	-	423,000,000	-	-
Financial instruments in current assets/current liabilities								
Trade & other receivables/Payables	295,218	211,369	-	-	295,218	211,369	1,674,402	1,630,366
Amounts due from/to related parties	-	-	-	-	-	-	-	-
Cash in hand and at Bank	3,123,327	2,452,811	-	-	3,123,327	2,452,811	-	-
Bank overdraft	-	-	-	-	-	-	29,405,798	-
	3,418,545	2,664,180	-	423,000,000	3,418,545	425,664,180	31,080,200	1,630,366

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st March,

45.3 Fair Value Hierarchy

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

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

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

	Level 1		Level 2		Level 3	
	2020	2019	2020	2019	2020	2019
Asset measured at Fair value	-	-	-	-	-	-

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

45.3.2 Financial assets - Company

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

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

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

	Level 1		Level 2		Level 3	
	2020	2019	2020	2019	2020	2019
Asset measured at Fair value	-	-	-	-	-	423,000,000

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

46. 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
FMCG

	AGRI		FMCG		GROUP TOTAL	
For the year ended 31st March	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Revenue	3,792,077,847	4,144,411,566	4,544,396,489	4,580,628,040	8,336,474,336	8,725,039,606
Inter Segment Revenue	(413,901,755)	(478,164,638)	(107,208,631)	(67,399,289)	(521,110,386)	(545,563,927)
Segment Revenue	3,378,176,092	3,666,246,928	4,437,187,858	4,513,228,751	7,815,363,950	8,179,475,679
Cost of Sales	(2,318,354,965)	-	(4,107,825,100)	-	(6,426,180,065)	-
Segment Revenue	24,866,479	-	424,508,018	-	449,374,497	-
Gross Profit	1,084,687,606	938,411,165	753,870,776	985,437,159	1,838,558,382	1,923,848,324
Other Income	22,793,093	16,757,174	48,538,296	39,277,737	71,331,389	56,034,911
Administrative Expenses	(373,482,200)	(350,594,777)	(244,413,236)	(247,163,241)	(617,895,436)	(597,758,018)
Change in Fair Value of Investment Properties	16,335,943	-	16,335,943	-	-	-
Selling & Distribution Expense	(284,376,263)	(172,885,358)	(567,105,287)	(545,138,830)	(851,481,550)	(718,024,188)
Other Expenses	(10,104,300)	-	(29,958,036)	-	(40,062,336)	-
Operating Profit	439,517,937	431,688,204	(22,731,544)	232,412,825	416,786,392	664,101,029
Finance Income	15,290,658	890,617	11,878,956	2,351,322	27,169,614	3,241,939
Finance Costs	(96,947,686)	(64,394,516)	(106,201,138)	(102,812,988)	(203,148,824)	(167,207,504)
Profit / (Loss) from discontinued operation	(36,850,058)	1,469,031	-	-	(36,850,058)	1,469,031
Profit share of Equity Account Investee	-	-	29,908,909	19,771,140	29,908,909	19,771,140
Profit before Tax	321,010,851	369,653,337	(87,144,817)	151,722,299	233,866,033	521,375,636
Income Tax Expense	9,934,494	(2,887,240)	(4,945,186)	(204,727,891)	4,989,308	(207,615,131)
Profit	330,945,345	366,766,097	(92,090,003)	(53,005,592)	238,855,341	313,760,504

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	AGRI		FMCG		GROUP TOTAL	
As at 31st March	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Property, Plant and Equipment	2,002,208,071	1,671,261,068	2,539,622,749	2,224,590,263	4,541,830,820	3,895,851,331
Right of use assets	106,900,953	-	3,930,869	-	110,831,822	-
Investment Property	160,000,000	160,000,000	132,995,619	116,659,676	292,995,619	276,659,676
Segment Property, Plant and Equipment & Investment Property	2,269,109,024	1,831,261,068	2,676,549,237	2,341,249,939	4,945,658,261	4,172,511,007
Biological Assets	69,999,128	54,510,177	20,952,985	16,610,847	90,952,113	71,121,024
Immovable Estate Asset on Lease	-	38,499,960	-	-	-	38,499,960
Premium paid for lease hold premises	-	6,875,282	-	-	-	6,875,282
Investment in Equity Accounted Investee	-	-	1,273,537,752	1,460,134,006	1,273,537,752	1,460,134,006
Intangible Assets and Goodwill	-	-	222,563,928	228,885,239	222,563,928	228,885,239
Deferred Tax Asset	-	-	147,769,541	110,162,111	147,769,541	110,162,111
Segment Other Non Current Assets	69,999,128	99,885,419	1,664,824,206	1,815,792,203	1,734,823,334	1,915,677,622
Segment Total Non Current Assets	2,339,108,152	1,931,146,487	4,341,373,444	4,157,042,142	6,680,481,596	6,088,188,629
Inventories	595,826,018	616,543,049	686,835,447	703,125,540	1,282,661,465	1,319,668,589
Trade and Other Receivables	441,324,215	500,015,650	592,749,534	582,394,275	1,034,073,749	1,082,409,925
Current Tax Assets	25,092,974	29,103,397	43,098,892	30,358,834	68,191,866	59,462,231
Amounts Due from Related Companies	1,860,470	6,968,717	-	-	1,860,470	6,968,717
Cash and Cash Equivalents	248,059,889	162,086,931	147,420,415	94,958,642	395,480,304	257,045,573
Segment Current Assets	1,312,163,566	1,314,717,744	1,470,104,288	1,410,837,291	2,782,267,854	2,725,555,035
Total Segment Assets	3,651,271,718	3,245,864,231	5,811,477,732	5,567,879,433	9,462,749,450	8,813,743,664
Liabilities						
Deferred Tax Liability	174,125,066	164,748,488	537,135,617	425,735,377	711,260,683	590,483,865
Interest Bearing Borrowings	325,688,690	110,924,284	-	-	325,688,690	110,924,284
Finance Lease Obligations	-	46,500,000	-	-	-	46,500,000
Lease Liabilities	89,771,169	-	1,263,769	-	91,034,938	-
Retirement Benefit Obligation	62,801,535	50,808,920	42,921,192	35,352,835	105,722,727	86,161,755
Segment Non Current Liabilities	652,386,460	372,981,692	581,320,578	461,088,212	1,233,707,038	834,069,904
Trade and Other Payables	327,461,539	227,429,494	593,643,204	784,420,087	921,104,743	1,011,849,581
Amounts Due to Related Companies	92,306	-	-	-	92,306	-
Dividend Payable	6,564,240	5,529,698	6,565,088	6,159,018	13,129,328	11,688,716
Current Portion of Interest Bearing Borrowings	640,526,952	678,017,440	499,300,001	809,073,155	1,139,826,953	1,487,090,595
Lease Liabilities	21,873,172	-	2,839,118	-	24,712,290	-
Current Tax Payable	31,027,125	52,694,434	3,512,932	2,073,928	34,540,057	54,768,362
Current Portion of Finance Lease Obligations	-	3,000,000	-	-	-	3,000,000
Bank Overdraft	17,257,782	43,741,579	272,024,384	60,157,896	289,282,166	103,899,475
Segment Current Liabilities	1,044,803,116	1,010,412,645	1,377,884,727	1,661,884,084	2,422,687,843	2,672,296,729
Total Segment Liabilities	1,697,189,576	1,383,394,337	1,959,205,305	2,122,972,296	3,656,394,881	3,506,366,633

REAL ESTATE PORTFOLIO

COMPANY	LOCATION	LAND / BUILDING	LAND EXTENT (PERCHES) LEASE HOLD/ FREE HOLD	BUILDING		CLASSIFICATION COMPANY	CLASSIFICATION GROUP	ORIGINAL COST OF PURCHASE	FAIR VALUE AS AT 31.03.2017 UNDER FAIR VALUE METHOD
				NO OF BUILDINGS	BUILDING IN SQ. FT				
Renuka Agri Foods PLC	Unagahadeniya	Land	70.4			PPE	PPE	21,428,000	21,120,000
		Building		1	968	PPE	PPE		903,000
	EPZ, Wathupitiwela Giriulla	Building		9	111,379	PPE	PPE	158,452,264	353,075,000
		Building		2	8,031	PPE	PPE		16,062,000
Renuka Developments (Pvt) Ltd	Unagahadeniya	Land	303.3			PPE	PPE	22,702,880	75,825,000
		Building		7	17,789	PPE	PPE	23,851,270	24,775,000
Kandy Plantations Ltd	Mahawatta Estate, Indigolla Estate, Kurundugolla Estate, at Nalla Diuldeniya	Right to use Estate Building		4	10,598	PPE	PPE	49,499,976	8,973,000
		Land	26,445			PPE	PPE	127,482,760	180,448,000
Coco Lanka (Pvt) Ltd	Cocowatta Estate, Puttalam	Building		5	6,447	PPE	PPE		11,005,000
		Building		3	69,225	PPE	PPE	74,073,652	268,858,000
Renuka Agri Organics Ltd	EPZ, Wathupitiwala	Land	4.7			PPE	PPE	17,500,000	18,800,000
		Land	40			PPE	PPE	114,699,000	320,000,000
Shaw Wallace Ceylon Ltd	Danister De Silva Mawatha, Colombo -9	Building		1	66,828	PPE	PPE	289,341,098	626,512,500
		Land	59.8			PPE	PPE	16,445,000	29,900,000
	Gamunu Mawatha, Ekala	Building		2	10,185	PPE	PPE	36,555,000	25,060,000
		Land	214.75			PPE	PPE	104,691,840	107,375,000
Shaw Wallace Properties Ltd	Samagi Mw, Ekala	Building		11	40,698	PPE	PPE	9,721,060	59,107,000
		Land	215.59			IP	PPE	95,000,000	361,424,874
Richlife Dairies Ltd	New Nuge Road, Peliyagoda	Building		3	62,714	IP	PPE	119,980,471	221,294,000
		Land	886			PPE	PPE	128,552,000	158,568,000
Ceylon Botanicals (Pvt) Ltd	Privena Road, Wadduwa	Building		6	63,986	PPE	PPE	194,843,169	170,674,000
		Land	10,842			IP	PPE	20,000,000	20,000,000
Matale Velly Plantations (Pvt) Ltd	Viharagama Estate, Matale	Land	3,284.7			PPE	PPE	60,200,000	60,200,000
		Land	75			IP	PPE	63,177,000	95,000,000
Bois Bros (Pvt) Ltd	Kent Road, Dematagoda, Colombo-9	Building		3	32,799	IP	PPE	47,001,320	45,000,000

FIVE YEAR SUMMERY

Year Ended 31 st March	2020 Rs. '000	2019 Rs. '000	2018 Rs. '000 (Restated)	2017 Rs. '000	2016 Rs. '000
a) Summery of Operation					
Revenue	7,815,364	8,179,476	7,551,205	7,051,381	6,877,518
Gross Profit	1,838,558	1,923,848	1,396,198	1,787,151	1,614,162
Profit before finance cost and tax	416,786	664,101	146,735	556,876	560,138
Profit before taxation	270,716	519,907	43,066	478,837	538,445
Taxation	4,989	(207,615)	(148,436)	(36,256)	(55,764)
Loss from discontinued operation	(36,850)	(1,469)			
Profit after tax	238,855	313,760	(105,370)	442,581	460,638
Profit attributable to equity holders of the company	136,285	181,840	(92,847)	251,342	220,309
b) Summery of Financial Position					
Capital and reserves					
Stated capital	2,241,842	2,241,842	2,241,842	2,241,842	2,241,842
Capital reserve	709,987	408,802	337,290	338,006	297,697
Retained earnings	1,660,163	1,609,094	1,068,030	1,098,040	910,708
Shareholders' fund	4,611,992	4,259,738	3,647,163	3,677,889	3,450,247
Minority interest	1,194,362	1,047,639	1,487,420	1,551,290	1,391,179
Total Equity	5,806,355	5,307,377	5,134,593	5,229,179	4,841,426
Liabilities					
Non- Current liabilities	1,233,707	834,070	817,385	833,858	992,126
Current liabilities	2,422,688	2,672,297	2,491,676	1,985,780	1,587,170
Total Liabilities	3,656,395	3,506,367	3,309,061	2,819,638	2,579,296
Total Equity and Liabilities	9,462,749	8,813,744	8,443,654	8,048,817	7,420,722
Assets					
Property, plant and equipment	4,541,831	3,895,851	3,691,354	3,445,796	3,328,269
Investment properties	292,996	276,660	276,660	382,660	381,850
Investments	1,273,538	1,460,134	1,252,533	879,107	821,518
Other non-current assets	572,116	455,544	468,261	454,513	435,288
Current assets	2,782,268	2,725,555	2,754,846	2,886,741	2,453,798
Total Assets	9,462,749	8,813,744	8,443,654	8,048,817	7,420,723
c) Key Indicators					
Earnings per share (Rs.)	1.11	1.48	-0.76	2.68	2.17
Net profit margin (%)	3.05%	3.83%	-1.40%	6.28%	6.70%
Net assets value per share (Rs.)	37.57	34.71	29.72	29.97	28.11
Dividends per share (Rs.)	0.35	-	-	0.35	0.27
Dividends payout (%)	31.53%	-	-	13.06%	12.44%
Dividend cover (times)	3.17	-	-	9.93	8.04
Interest cover (times)	2.01	4.61	1.42	5.18	8.26
Current ratio (times)	1.15	1.01	1.08	1.45	1.55
Gearing ratio (%)	18.20%	24.81%	26.76%	26.85%	23.70%
Return on equity (%)	1.70%	1.92%	-2.05%	3.12%	2.97%

SHAREHOLDER AND INVESTOR INFORMATION

SHARE INFORMATION

	2020		2019	
	Voting	Non Voting	Voting	Non Voting
Total No of Shareholders	3,615	735	3,684	659
Total No of Shares	117,960,106	4,773,346	117,960,106	4,773,346

PUBLIC SHARE HOLDING

The percentage of Shares held by the public	2020	2019
Voting	26.75%	26.75
Non Voting	68.89%	57.10

SHARE TRADING INFORMATION

No of Shares Held	31 st March 2020			31 st March 2019		
	No of Shareholders	No of Shares	%	No of Shareholders	No of Shares	%
	Voting			Voting		
1-1,000	2,965	771,928	0.65%	2,982	788,508	0.67%
1,001-10,000	483	1,752,144	1.49%	524	1,857,449	1.57%
10,001-100,000	131	3,912,277	3.32%	141	4,218,605	3.58%
100,001-1,000,000	29	7,964,909	6.75%	29	6,351,111	5.38%
1,000,001 & Over	7	103,558,848	87.79%	8	104,744,433	88.80%
Total	3,615	117,960,106	100.00%	3,684	117,960,106	100%

No of Shares Held	31 st March 2020			31 st March 2019		
	No of Shareholders	No of Shares	%	No of Shareholders	No of Shares	%
	Voting			Voting		
Individuals	3,455	21,786,069	18.47%	3,521	22,385,678	18.98%
Institutions	160	96,174,037	81.53%	163	95,574,428	81.02%
Total	3,615	117,960,106	100.00%	3,684	117,960,106	100%

No of Shares Held	31 st March 2020			31 st March 2019		
	No of Shareholders	No of Shares	%	No of Shareholders	No of Shares	%
	Voting			Voting		
Resident	3,597	88,064,528	74.66%	3,664	88,189,112	74.76%
Non Resident	18	29,895,578	25.34%	20	29,770,994	25.24%
Total	3,615	117,960,106	100.00%	3,684	117,960,106	100%

No of Shares Held	31 st March 2020			31 st March 2019		
	No of Shareholders	No of Shares	%	No of Shareholders	No of Shares	%
	Voting			Voting		
Renuka Foods PLC and Affiliate Companies	1	59,358,578	50.32%	1	59,358,578	50.32%
Directors and Spouses	6	12,245,735	10.38%	6	12,245,735	10.38%
Holding of 10% or more	1	14,803,147	12.55%	1	14,803,147	12.55%
Public	3,607	31,552,646	26.75%	3,676	31,552,646	26.75%
Total	3,615	117,960,106	100.00%	3,684	117,960,106	100.00%

Percentage of Shares held by the public as at 31st March 2019 is 26.75%

SHAREHOLDER AND INVESTOR INFORMATION (CONTINUED)

SHARE TRADING INFORMATION

No of Shares Held	31 st March 2020			31 st March 2019		
	No of Shareholders	No of Shares	%	No of Shareholders	No of Shares	%
	Non Voting			Non Voting		
1-1,000	500	119,750	2.51%	461	106,045	2.22%
1,001-10,000	182	747,881	15.67%	154	550,256	11.53%
10,001-100,000	45	1,444,284	30.26%	36	1,207,849	25.30%
100,001-1,000,000	8	2,461,431	51.57%	8	2,909,196	60.95%
1,000,001 & Over	-	-	0.00%	-	-	-
Total	735	4,773,346	100.00%	659	4,773,346	100%

No of Shares Held	31 st March 2020			31 st March 2019		
	No of Shareholders	No of Shares	%	No of Shareholders	No of Shares	%
	Non Voting			Non Voting		
Individuals	683	3,874,354	81.17%	615	4,068,129	85.23%
Institutions	52	898,992	18.83%	44	705,217	14.77%
Total	735	4,773,346	100.00%	659	4,773,346	100%

No of Shares Held	31 st March 2020			31 st March 2019		
	No of Shareholders	No of Shares	%	No of Shareholders	No of Shares	%
	Non Voting			Non Voting		
Resident	724	4,285,690	89.78%	648	4,275,690	89.57%
Non Resident	11	487,656	10.22%	11	497,656	10.43%
Total	735	4,773,346	100.00%	659	4,773,346	100%

No of Shares Held	31 st March 2020			31 st March 2019		
	No of Shareholders	No of Shares	%	No of Shareholders	No of Shares	%
	Non Voting			Non Voting		
Renuka Foods PLC and Affiliate Companies	-	-	-	-	-	-
Directors and Spouses	2	762,877	15.98%	2	762,877	15.98%
Holding of 10% or more	2	722,279	15.13%	2	1,285,059	26.92%
Public	731	3,288,190	68.89%	655	2,725,410	57.10%
Total	735	4,773,346	100.00%	659	4,773,346	100.00%

Percentage of Shares held by the public as at 31st March 2020 is 68.69%

SHAREHOLDER AND INVESTOR INFORMATION (CONTINUED)

SHARE TRADING INFORMATION

1 st of April to 31 st March	2020	2020	2019	2019
Share Price (Rs)	Voting	Non Voting	Voting	Non Voting
Highest (Rs.)	21.00	13.00	17.90	15.80
Lowest (Rs.)	12.00	8.00	10.50	8.00
As at 31st March	13.70	8.20	14.70	10.00

Market Capitalization	2020	2020	2019	2019
	Voting	Non Voting	Voting	Non Voting
As at 31st March (Rs)	1,655,195		1,781,747	
Float Adjusted Market Capitalization (Rs)	459,259		491,104	
No.of Trades	2,779	2,713	1,557	1,969
No.of Shares Traded	5,350,764	3,192,457	2,445,552	1,907,710
Value of Shares Traded (Rs)	94,529,272	35,163,786	37,479,812	18,739,987

Option the Listed Entity complies with the Minimum Public Holding requirement

The Company complies with option 5 of the Listing Rules 7.13.1 (a) - which requires a minimum public Holding of 20% for a company having a float adjusted market capitalization of less than Rs.2.5Bn.

The company has over 20% public shareholding and over 500 public shareholders meeting the minimum thresholds for compliance on minimum public holding, under option 5 as per the directive issued in terms of section 13(c) and 13(cc) of the Securities & Exchange Commission of Sri Lanka Act No.36 of 1987(as amended).

RENUKA FOODS PLC - TOP 20 MAJOR SHAREHOLDERS

No. Name	Voting as at 31.03.2020		Voting as at 31.03.2019	
	No. of shares	%	No. of shares	%
1 RENUKA AGRO EXPORTS (PVT) LTD	59,358,578	50.32%	59,358,578	50.32%
2 CJ PATEL & COMPANY LIMITED	14,803,147	12.55%	14,803,147	12.55%
3 EAGLE VIEW MANAGEMENT LIMITED	13,385,159	11.35%	13,385,159	11.35%
4 DR. SKANTHA RANJIT RAJIYAH & MRS. INDUMATHI RENUKA RAJIYAH	11,798,563	10.00%	11,798,563	10.00%
5 MR. KANGASU CHELVADURAI VIGNARAJAH	1,541,971	1.31%	1,633,678	1.38%
6 MRS. SARATHATHEVY VIGNARAJAH	1,468,368	1.24%	1,471,983	1.25%
7 RENUKA HOTELS PLC	1,203,062	1.02%	1,203,062	1.02%
8 PEOPLE'S LEASING & FINANCE PLC/HI LINE TRADING (PVT) LTD	915,488	0.78%	1,090,263	0.92%
9 PEOPLE'S LEASING & FINANCE PLC/MR.D.M.PDISANAYAKE	673,564	0.57%	206,418	0.17%
10 SANDWAVE LIMITED	569,435	0.48%	770,832	0.65%
11 MRS. NANDINI MULJIE	480,208	0.41%	480,208	0.41%
12 UNITED MOTORS LANKA PLC	457,001	0.39%	457,001	0.39%
13 ELGIN INVESTMENTS LIMITED	408,000	0.35%	-	-
14 MRS. JENNIFER JOANNE BERNADETTE ALOYSIUS RAJIYAH	400,000	0.34%	400,000	0.34%
15 UNIMO ENTERPRISES LTD	388,211	0.33%	388,211	0.33%
16 DR. MOHAMED AKRAM MOHAMED ARAFATH AKRAM	380,960	0.32%	-	-
17 RENUKA CONSULTANTS & SERVICES LIMITED.	280,000	0.24%	280,000	0.24%
18 MR. MURTAZA ALI ABIDHUSSEN HASSANALY ESUFALLY	270,000	0.23%	270,000	0.23%
19 AMINA INVESTMENTS LIMITED	227,900	0.19%	-	-
20 TRANZ DOMINION,L.L.C.	220,000	0.19%	220,000	0.19%
	109,229,615	92.61%	108,217,103	91.74%

RENUKA FOODS PLC - TOP 20 MAJOR SHAREHOLDERS (CONTINUED)

No.	Name	Non-Voting as at 31.03.2020		Non-Voting as at 31.03.2019	
		No. of shares	%	No. of shares	%
1	MR. SHAMINDRA VATSALAN RAJIYAH	762,579	15.98%	762,579	15.98%
2	MR. KANGASU CHELVADURAI VIGNARAJAH	722,279	15.13%	722,274	15.13%
3	BEST REAL INVEST CO SERVICES (PRIVATE) LIMITED	295,086	6.18%	295,086	6.18%
4	MR. ABDUL MAJEED MOHAMEDU RISVI	172,328	3.61%	172,328	3.61%
5	MRS. SARATHATHEVY VIGNARAJAH	141,109	2.96%	141,094	2.96%
6	MISS. NEESHA HARNAM				
	& MRS. JASBINDERJIT KAUR PIARA SINGH	138,450	2.90%	148,450	3.11%
7	HATTON NATIONAL BANK PLC				
	KUMARAGE DON AMILA MADAWA KUMARAGE	125,000	2.62%	-	-
8	MRS. JASBINDERJIT KAUR PIARA SINGH	104,600	2.19%	104,600	2.19%
9	TRANZ DOMINION, L.L.C.	100,000	2.09%	100,000	2.09%
10	MR. YUSUF HUSSEINALLY ABDULHUSSEIN	76,498	1.60%	76,498	1.60%
11	DR. MOHAMED AKRAM MOHAMED ARAFATH AKRAM	73,000	1.53%	-	-
12	MRS. RATTEN GULAMHUSSEIN ABDULHUSSEIN	70,900	1.49%	70,900	1.49%
13	MR. WEERASINGHE ARACHCHIGE				
	SAJITH PRASHANTHA WEERASINGHE	67,842	1.42%	-	-
14	MR. RAHUL GAUTAM	59,231	1.24%	59,231	1.24%
15	PEOPLE'S MERCHANT FINANCE PLC/R.M.SAMARAKKODY	56,178	1.18%	44,492	0.93%
16	MR. MOHAMMED FARIQ CADER	53,500	1.12%	-	-
17	MR. SANATH UDENI ABEYSOORIYA				
	& MRS. TOTABEDDAGE BEAUTY MALA DE SILVA	52,000	1.09%	-	-
18	ASKOLD (PRIVATE) LIMITED	51,230	1.07%	51,230	1.07%
19	MRS. SITHAMPALAM UMESHWARY	50,922	1.07%	50,922	1.07%
20	MERCHANT BANK OF SRI LANKA & FINANCE PLC 01	50,000	1.05%	-	-
		3,222,732	67.52%	2,799,684	58.65%

NOTICE OF MEETING

Notice is hereby given that the 30th Annual General Meeting of the RENUKA FOODS PLC will be held as a virtual meeting on Monday, 28th September 2020 at 2.30 p.m. Taking into account the current situation in the country due to the COVID-19 pandemic and the health and safety guidelines issued by the authorities with a view of protecting public health against the spread of the virus, The Annual General Meeting (AGM) will be held via audio and visual technology means in the manner set forth below;

The AGM shall be held in compliance with the Companies Act, No.07 of 2007, the Articles of Association of the Company, the Colombo Stock Exchange (CSE) Guidance Note on hosting of Annual General Meetings and guidelines published by the Ministry of Health.

Only the Chairman, Board of Directors, Company Secretaries, key management officials, representative of the Registrars, Auditors and who are essential for the administration of the formalities of the meeting will be physically present at the "BASELINE BUSINESS CENTER" No. 193, Dr. Danister De Silva Mawatha, Colombo 8, Sri Lanka. All others, including shareholders, will participate via an online meeting platform (i.e. Zoom Platform). These measures are being adopted to observe, "social distancing" requirements to mitigate the dangers of spreading the virus.

1. To receive and consider the Report of the Directors and the Statement of the Audited Financial Statements for the year ended 31st March 2020 with the Report of the Auditors thereon.
2. To re-elect Dr. J.A.S. Felix as a Director who retires by rotation in terms of Article 28 (1).
3. To re-appoint Dr. S.R. Rajiyah who is 70 years of age, as a director in terms of Section 211 of the Companies Act No. 7 of 2007 and it is specifically declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Dr. S.R. Rajiyah
4. To re-appoint Mr. T.K. Bandaranayake who is 77 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 M/s KPMG, Chartered Accountants as the Auditors and authorise the Directors to determine their remuneration

By Order of the Board,

Sgd.

Renuka Enterprises (Pvt) Ltd

Company Secretaries

28th August 2020

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 2.30 p.m. on 26th September 2020, being not less than 48 hours before the time appointed for the holding of the Meeting.

[illegible]

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
 Ms. A.L. Rajiyah or failing her
 Mr. L.M. Abeywickrama or failing him
 Mr. V. Sanmugam or failing him
 Mr. T.K. Bandaranayake or failing him
 Mr. M.S. Dominic or failing him
 Dr. J.A.S. Felix

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 28th day of September 2020 and at any adjournment thereof and at every poll which may be taken in consequence thereof.

		For	Against
1.	To receive and consider the Report of the Directors and the Statement of the Audited Financial Statements for the year ended 31st March 2020 with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2.	To re-elect Dr. J.A.S. Felix as a Director	<input type="checkbox"/>	<input type="checkbox"/>
3.	To re-appoint Dr. S.R. Rajiyah as a Director	<input type="checkbox"/>	<input type="checkbox"/>
4.	To re-appoint 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 M/s KPMG, Chartered Accountants as Auditors to the Company and authorise the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>

Dated this day of 2020.

.....
 Signature of Shareholder

Note:

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

INSTRUCTIONS AS TO COMPLETION OF THE FORM OF PROXY

1. To be valid, the completed Form of Proxy should be deposited at the Registered Office of the Company, at "Renuka House", No. 69, Sri Jinaratana Road, Colombo 2, on or before 2.30 p.m. on 26th September 2020 being not less than 48 hours before the time appointed for the holding of the Meeting.
2. In perfecting the Form of Proxy, please ensure that all the details are legible.
3. Please indicate with an 'X' in the space provided how your proxy to vote on each resolution. If no indication is given the proxy, in his discretion, will vote, as he thinks fit.
4. In the case of a Company / Corporation, the proxy must be under its Common Seal which should be affixed and attested in the manner prescribed by its Articles of Association.
5. In the case of proxy signed by the Attorney, the Power of Attorney must be deposited at the Registered Office at "Renuka House", No. 69, Sri Jinaratana Road, Colombo 2, for registration.

CORPORATE INFORMATION

Name of the Company

Renuka Foods PLC

Registration No.

PQ 216

Legal Form

Quoted Public Company With Limited Liability

Main Subsidiaries

Renuka Agri Foods PLC
Renuka Agri Organics Ltd
Renuka Developments (Pvt) Ltd
Renuka Teas Ceylon (Pvt) Ltd
Bois Bros. & Co.(Pvt) Ltd
Ceylon Forestry (Pvt) Ltd
Coco Lanka (Pvt) Ltd
Ceylon Botanicals (Pvt) Ltd
Kandy Plantations Ltd
Matale Valley Plantations (Pvt.) Ltd
Mayfair Foods (Pvt) Ltd
Richlife Dairies Ltd
Shaw Wallace Ceylon Ltd
Shaw Wallace Properties (Pvt) Ltd

Activity

Food & Beverage

Brands:

Renuka
Richlife
Captian
Mr POP
Sun Gold
Plaza
Rainer's
Mayfair
Cocomi
Renute / Trenute

Board Of Directors - Company

Dr. S.R.Rajiyah - Chairman
Mrs. I.R.Rajiyah
Mr. S.V.Rajiyah
Mr. L.M.Abeywickrama
Mr. T.K.Bandaranayake
Mr. V.Sanmugam
Dr. J.A.S.Felix
Mr. M.S.Dominic
Mrs. A.L.Rajiyah
Mr. A. U. Kodagoda

Company Secretaries

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

Registrar

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

Parent Company

Renuka Agro Exports Ltd

Registered Office

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

Postal Address

P.O.Box 1403, Colombo

Stock Exchange Listing

Colombo Stock Exchange

Audit Committee

Mr. T.K.Bandaranayake - Chairman
Dr. J.A.S.Felix
Mr. M.S.Dominic

Related Party Transaction Review Committee

Mr. T.K.Bandaranayake - Chairman
Mr. J.M.Swaminathan
Mr. M.S.Dominic

Remuneration Committee

Mr. M.S.Dominic - Chairman
Mr. T.K.Bandaranayake
Mr. L.M.Abeywickrama

Nomination Committee

Mr. L.M.Abeywickrama -Chairman
Mr. T.K.Bandaranayake
Mr M.S.Dominic

Auditors

KPMG Chartered Accountants

Legal Consultant

Nithya Partners- Attorneys at Law

Bankers

Commercial Bank of Ceylon PLC
Hatton National Bank PLC
National Development Bank PLC
Nations Trust Bank PLC
Seylan Bank PLC



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