



RENUKA HOLDINGS PLC

ANNUAL REPORT 2012



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## Profile

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

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

As an organisation focused on results, the emphasis has been towards the creation of long term shareholder value in all our businesses, while being a socially responsible corporate citizen.



Renuka Holdings PLC was selected the fastest growing in the Asia Pacific region under the US\$ Billion category



Renuka Holdings PLC was selected as one of the region's top 200 companies under the US\$ Billion category

## Vision

To be a leading Sri Lankan conglomerate excelling through pioneering ventures with a global presence by the year 2016.

## Culture and Values

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



RESPONSIVE  
ENTERPRISING  
NURTURING  
UNRELENTING  
KNOWLEDGEABLE  
ACCOUNTABLE



## Agribusiness

### Ceylon Tea

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

### Coconut and Organic Products

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



### Dairy

Richlife Dairies Ltd, manufactures dairy based products such as fresh and flavoured milk in UHT tetra paks, plastic bottles, pasteurized plastic sachets, dairy cream, semi solid milk food such as set yoghurts, flavoured yoghurts, fruit based yoghurts, drinking yoghurts, curd, ghee and fruit juices.



### Ethnic Food

Renuka Agro Exports Ltd is engaged in the export of Desiccated Coconut, Creamed Coconut and Ethnic Food products: spices, curry powders, ready to eat mixes and rice.



### Forestry

Ceylon Forestry (Pvt) Ltd was established in 2008 and is our entry into the world of forestry. With growing demand for forestry products the company intends to plan and manage sustainable forestry while being profitable for its shareholders. Our site in Matala has been completed and consists of Teak, Broadleaf Mahogany and Khaya planted in our own nursery.







## FMCG



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

Many of our own brands such as Captain Jack Mackerel, Captain Soya Meat, Captain Vinegar, Captain Tangana Tea, Captain Selecta Coffee, Plaza canned fish, Sun Gold Instant Drink Mix, Rainer's Colouring and Essences, Aji-no-moto, Milk White Laundry Soap and Ranwan Venivel Herbal Soap are household names in Sri Lanka.

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

## Foodservice

Shaw Wallace Food Services Limited provide catering solutions to the demanding needs of the leading hotels, restaurants, airlines, ship chandlers and manufacturers with the supply of value added and innovative products and ingredients.





## Automotive

Shaw Wallace entered the automotive sector in 1927 with their appointment as the exclusive distributor of Delphi Lockheed in Sri Lanka and since then this sector has grown to include a complete spectrum of automotive products.

In September 2011, Shaw Wallace Ceylon Ltd and McLaren Holdings Ltd created a joint venture named McShaw Automotive Ltd.

The vision of McShaw Automotive is "To be the acknowledged market leader in the automotive sector in Sri Lanka excelling through Global partnerships, innovation and Technology while growing organically and by acquisition".

McShaw automotive has the following business divisions:

- Lubricants- Brake oil, Engine Oil, Radiator Coolant
- Tyres, Tube and Battery
- Auto parts, accessories and Car Care products
- Auto agency representation and fleet management.

The company has a team of over 90 dedicated personnel in the automotive sector covering the segments of key accounts, franchise car dealers, service stations, fuel stations, retailers, spare part shops, IWS(Individual workshops) and franchise workshops etc. A portfolio of over 4500 customers.

Our product portfolio consists of Delphi Lockheed, Mobil, Cylco, Dunlop, Grip and Pinoneer.







## Investments & Services



### Portfolio Management

Coco Lanka PLC is a public listed company engaged in managing a portfolio of listed equity and debt instruments.

### Strategic Investments

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

### Real Estate

Coco Hotels & Properties Ltd and Renuka Developments Ltd owns valuable real estate in Colombo earmarked for development.

### Corporate Services

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

### Logistics Services

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



## Our Portfolio of Brands

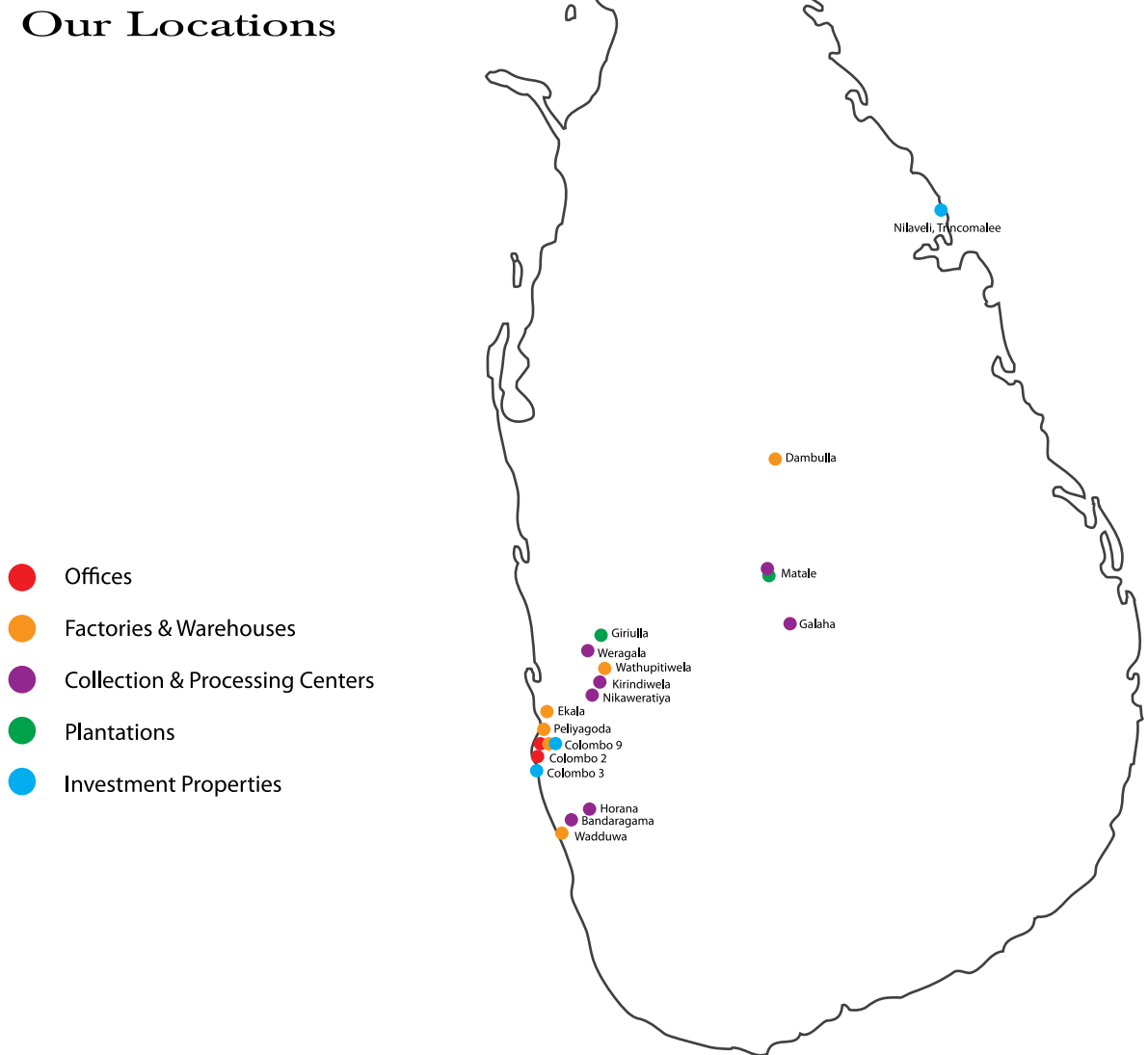




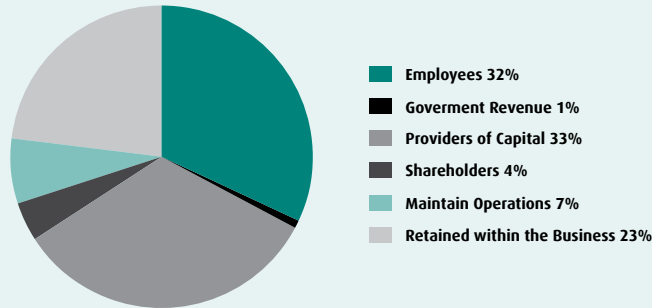
# Our Markets



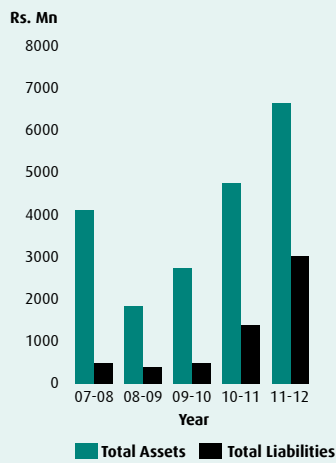
# Our Locations



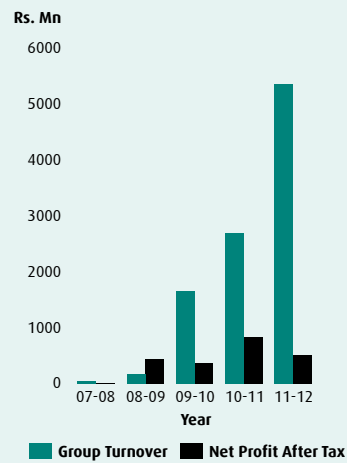
**Value Added Distribution**



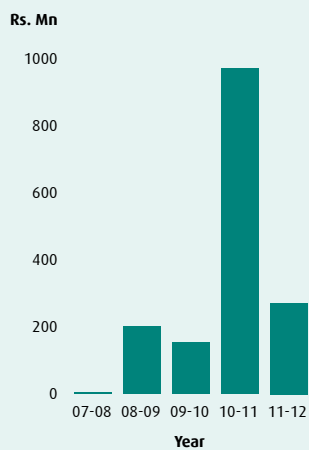
**Total Assets and Liabilities**



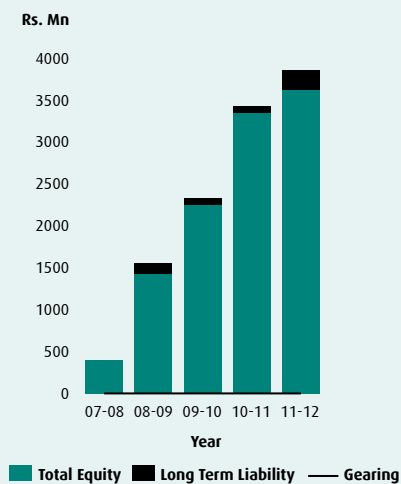
**Group Turnover and Net Profit After Tax**



**Cash From Operations**



**Total Equity, Long Term Liability and Gearing**



## **Mrs. I.R. Rajiyah**

Mrs. I.R. Rajiyah is the Chairperson of the Company. She is qualified in Business Studies from the United Kingdom and is a fellow of the British Institute of Management. She counts over 35 years of corporate experience in founding and running businesses. She was presented with the Best Woman Exporter Award in 2009 by the National Chamber of Exporters of Sri Lanka. She is also an Executive Director of Coco Lanka PLC, Renuka Agri Foods PLC, Shaw Wallace Ceylon Ltd, Richlife Dairies Ltd and several un-listed companies.

## **Dr. S.R. Rajiyah**

Dr S.R. Rajiyah is an Executive Director of the Company. He is also the Chairman of Coco Lanka PLC, Renuka Agri Foods PLC, Shaw Wallace Ceylon and the Managing Director of the Renuka Group. He is a medical doctor qualified in Sri Lanka and counts over 35 years of corporate experience in operations, quality management, research and development as well as in founding and running businesses.

## **Mr. S.V. Rajiyah**

Mr. S.V. Rajiyah is an Executive Director of the Company. He is also an Executive Director of Renuka Agri Foods PLC, Coco Lanka PLC. He is the Managing Director of Shaw Wallace Ceylon Ltd, Richlife Dairies Ltd and Joint Managing Director of McShaw Automotive Ltd. He also heads the Business Development, International Marketing and Investment Division of the Group. Mr Rajiyah is a graduate in Management from the Warwick Business School, University of Warwick, United Kingdom. His direct interest includes corporate strategy, key product and brand development and portfolio management. He has over 10 years experience in General Management.

## **Mr. M.S. Dominic**

Mr. M.S. Dominic holds a BSc Hons in Information Technology from the University of South Bank, United Kingdom. He has over 26 years of experience in the Information Technology field. He is also a Director of The Autodrome PLC.

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

Mr. C.J. De.S. Amaratunge is an Independent, Non Executive Director of the Company. He is an Attorney at law and Notary Public and was called to Bar in 1967. He is the Senior Partner of M/s Dissanayake Amaratunge Associates, Attorney at Law, Notaries Public and Solicitors. He counts over 40 years experience in all civil branches of the law including Commercial Corporate Convenancing and Litigation and Convenancing. He serves as a Director on several boards of both private and public companies.

## **Mr L.M. Abeywickrama**

Mr. L.M. Abeywickrama is an Independent Non Executive Director of the company. He is a Management consultant and trainer with over 25 year's management experience in the private sector both Sri Lanka and Overseas. He holds a Bachelors Degree in Science from the University of Colombo, a Post Graduate Diploma in Marketing from the Chartered Institute of Marketing and MBA from the American University Washington DC. He is a fellow of the Chartered Institute of Marketing and a past chairman of the CIM Sri Lanka region. He serves on the Board of Coco Lanka PLC, Renuka Agri Foods PLC, Shaw Wallace Ceylon Ltd & Richlife Dairies 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 Coco Lanka PLC, Nawaloka Hospitals PLC, Overseas Realty (Ceylon) PLC, Samson International PLC, Laugfs Gas PLC, Central Finance Co. PLC, Harischandra Mills PLC, Micro Holdings Ltd. & DFCC Bank. He serves as an Advisor to the Audit Committee of DFCC Vardhana Bank and a Consultant to the Board of Noritake Lanka Porcelain (Pvt) Ltd. He is also the Chairman of the Quality Assurance Board established by the Institute of Chartered Accountants of Sri Lanka comprising senior members of the profession and representatives of the relevant regulatory bodies.



On behalf of the Board of Directors I have pleasure in welcoming you to the 32nd Annual General Meeting of the Company. It is my privilege and pleasure to present the Annual Report for the financial year ended 31st March 2012.

### Economy

In 2011 the Sri Lankan economy recorded a growth of 8.3%, the highest in its post-independence history. It was achieved whilst maintaining inflation in single digits and unemployment below 5%. This performance, which was driven by the consumption and investment boom following the end of the conflict in 2009, merited the upgrade of the sovereign credit rating in June 2011. However, in the second half of 2011, some overheating was evident and developments in the external sector were not positive. A widening trade deficit raised concerns about Sri Lanka's external finances and led to corrective measures in the form of the depreciation of the Rupee, the hike in policy rates and a ceiling on credit growth.

### Performance

Your company achieved a consolidated Group turnover of Rs.5.4 billion for the year, surpassing the Rs.5 billion mark. Furthermore gross profit passed the Rs 1 billion mark which was a 109% increase from the corresponding period. Group net profit after taxation was Rs.511 Mn of which profit attributable to equity holders of the Group was Rs.257 Mn and profit attributable to minority shareholders was Rs.254 Mn.

The performance of the individual sectors is reviewed below:

### Agribusiness

We have invested over a period of time in sophisticated technology, enhanced research and development capabilities, grown our out grower network, introduced new varieties of products, set up integrated and efficient international distribution networks and increased visibility and availability in the local market. All this contributed to the sector achieving a turnover of Rs.2.4 billion and posting a 52% growth in profit.

We acquired 76% shareholding of Richlife Dairies Ltd for an investment of Rs.505 Mn adding another income stream to this sector. Richlife Dairies Limited owns the "Richlife" brand of dairy products and the "Cheers" brand of fruit juices. On the note of brands, Brand Finance Lanka selected the "Renuka" brand to be number 59 within the top 100 brands in the country and valued it at Rs.364 million.

### FMCG

Our FMCG sector reported a decline in profitability while achieving a turnover of Rs.2.6 billion, a growth of 12%. This was a temporary setback caused by the sudden depreciation of the rupee, resulting in an exchange loss of Rs.34.6 million. The period under review has been one of investment in this sector which has resulted in a new company information Technology platform, a dedicated FMCG manufacturing facility, a new office building for the company among many other initiatives to make Shaw Wallace the country's leading Food and Beverage based FMCG company powered by innovation and technology. We have further enhanced our marketing and sales capability by increasing direct coverage of outlets, starting a propaganda unit and creating a dedicated brands division.

### Automotive

Although a group company has been involved in the automotive industry since 1927 we created this as a new sector through a joint venture with McLaren Holdings Ltd. Thus the creation of McShaw Automotive Ltd engaged in automotive lubricants, car care products, tyres, tubes and auto parts. The sector recorded a Rs.379 million turnover for the 7 months of its existence. In an environment of increased cost due to pressure on the exchange rate, interest rate and higher import tariffs a variety of steps and measures have been taken to mitigate the impact as the overall industry experienced a slowdown in the last quarter of the financial year.

Despite the challenges McShaw Automotive Ltd will be a formidable force in the Sri Lankan Automotive market.

### Investments & Services

This sector reported a significant decline in profit after tax and turnover mainly as a result of poor market conditions at the Colombo Bourse which slumped from an all share price index of 7,377 on 1st April 2011 to 5,420 on 31st March 2012. During the year, we strengthened our human resources capability in management services in order to facilitate the integration and centralization of all such support services for the enlarged Group.

### Milestones

Renuka Holdings PLC has the distinct honour of being chosen by Forbes Asia to be one of the best 200 companies below a turnover of US\$ 1 billion in the Asia Pacific region as well as the fastest growing of these companies; which is an achievement we proudly dedicate to our stakeholders.

## Future

We will be consolidating our position in the year 2012/2013 with the new ventures in our hand. We will continue to strengthen our core businesses and will try at all levels to continue to exploit synergies in our value chain. With the acquisition of Richlife Dairies Ltd, we are looking forward to develop the Dairy sector through our established distribution channels of Shaw Wallace Ceylon Ltd. It is our vision to emerge as a front runner in the Dairy industry. With the commissioning of the Coconut Water Project in Tetra Pack, the Company is on the threshold of cementing its place in Sri Lanka as the pioneer and the innovative exporter of value added Coconut based beverage products from Sri Lanka.

I wish to conclude by acknowledging the untiring efforts of the entire work force for their hard work, commitment and loyalty to achieve the group objectives. I also must thank my fellow directors for their valued contribution. I also avail this opportunity to thank our customers for their patronage. Finally I thank all our stakeholders for the support, confidence and trust placed in the company.

Sgd.

**Mrs I.R. Rajiyah**

Chairperson

8th August, 2012

Renuka Holdings PLC is the holding company of a number of subsidiaries. The businesses of the subsidiaries are given on page 30 of this report.

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

### The Board Of Directors

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

### Boards Responsibilities

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

**Business Performance:** Reviews Business Results on a regular basis and guides the management on and appropriate direction in achieving forecasted results.

**Management Risk:** A risk management system was developed and periodically reviewed. Review of the risk management is depicted on pages 16 & 17.

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

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

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

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

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

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

Name of Director	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting
Dr. S.R. Rajiyah	4/4	-	-
Mrs. I.R. Rajiyah	4/4	-	-
Mr. S.V. Rajiyah	4/4	-	-
Mr. C.J. De. S. Amaratunge	4/4	4/4	1/1
Mr. T.K. Bandaranayake	3/4	4/4	-
Mr. L.M. Abeywickrama	4/4	3/4	1/1
Mr. M.S. Domimic	3/4	-	-

### Board Balance

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

There is a Board balance and complies with the independent Directors criteria set out under Listing Rules of the Colombo Stock Exchange. Together, the Directors with their wide experience in both the public and private sectors and diverse academic backgrounds provide a collective range of skills, expertise and experience which is vital for the successful direction of the Group. A brief profile of each Director is presented on page 9.

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

### Supply of Information

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

### Re-Election of Directors

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



## Going Concern

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

## Internal Control

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

## Communication with Stakeholders

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

## Board Committees

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

## Audit Committee

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

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

## Remuneration Committee

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

## Corporate Governance Disclosure

The Company has published quarterly financial statements with the necessary explanatory notes as required by the Rules of the Colombo Stock Exchange and the Securities and Exchange Commission of Sri Lanka to all stakeholders. Any other financial and non financial information, which is price sensitive or warrants the shareholders and stakeholder's attention and consideration, is promptly disclosed to the public.

## Major Transactions

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

The Audit Committee is appointed by the Board of Directors of the company and reports directly to the Board. The Audit Committee consists of three members who are independent non-executive directors. The Chairman of the Audit Committee is a Fellow of the Institute of Chartered Accountants of Sri Lanka. The composition of the members of the Audit Committee satisfy the criteria as specified in the Standards of Corporate Governance for listed companies. Managing Director, Head of Finance and Company Secretary attends the Audit Committee meeting by invitation.

The Members of the Audit Committee and their attendance at meetings are:

Name	Independent (all are Non-Executive Directors)	Attendance
Mr. T.K. Bandaranayake	Independent	4 of 4
Mr. C.J. De. S. Amaratunge	Independent	3 of 4
Mr. L.M. Abeywickrama	Independent	4 of 4

The oversight function of the preparation, presentation and adequacy of disclosures in the quarterly and annual financial statements of the Group, in accordance with Sri Lanka Accounting Standards and the Company's compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related to regulations and requirements, were duly performed and the Audit Committee reviewed and discussed the quarterly and year end financial statements and recommended their adoption to the Board.

The Audit Committee also ensures that the Company's internal controls and risk management, are adequate to meet the requirements of the Sri Lanka Auditing Standards was duly performed and the Audit

Committee reviewed and discussed the business risk management processes and procedures adopted by the Group, to manage and mitigate the effects of such risks and measures taken to minimize the impact of such risks.

The Audit Committee was briefed by the external auditors M/s Kreston MNS & Co, Chartered Accountants on the progress and the conduct of the statutory audit and discussed audit related issues with them.

The Audit Committee assessed the independence and performance of the Company's external auditors and made recommendations to the Board pertaining to appointment/re-appointment. The Audit Committee also reviewed the audit fees for the Company and approved the remuneration and terms of engagement of the external auditors and made recommendations to the Board. When doing so, the Audit Committee reviewed the type and quantum of non audit services (if any) provided by the external auditors to the Company to ensure that their independence as Auditors has not been impaired.

The Audit Committee has recommended to the Board that M/s Kreston MNS & Co, Chartered Accountants, be re-appointed as external auditors of the Company for the financial year ending 31st March 2013, subject to approval by the shareholders at the Annual General Meeting.

Sgd.

**T.K. Bandaranayake**

Chairman - Audit Committee

8th August, 2012

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

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

The Group policy on remuneration packages is to attract and retain the best professional managerial talent to the Group and also to motivate and encourage them to perform at the highest possible level. The Group has a structure and professional methodology in evaluating the performance of employees. The policy ensures equity and fairness between the various employees is maintained, no discrimination is practiced on account of gender, age, ethnicity or religion, recognizes the basic needs of staff and ensures that compensation addresses cost of living and inflation, particularly in the lower income groups.

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

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

Sgd.

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

Chairman Remuneration Committee

8th August, 2012



## Enterprise Risk Management and Issues Pertaining to Employees and Industrial Relations

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

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

## Internal Controls

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

## Business Risk

The business risk management is a dynamic process due to the constant change and complexity in the operating environment of the Group. The different business operations of the Group and their performance are subject to a variety of risk factors which are constantly monitored and evaluated by the management in order to respond effectively. The manufacturing facilities are maintained according to best international food manufacturing standards.

## Competitive Environment

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

## People Capabilities

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

## Health and Safety Risks

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

## IT Systems and Infrastructure

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

## Interest Rate and Exchange Rate Risk

It is the Company's objective to limit its exposure to changes in interest and exchange rates while retaining the opportunity to benefit. Accordingly the Group manages interest and exchange rate fluctuations with an appropriate mix of fixed and variable rate debts, forward contracts through a centralized treasury management function.

## Market Risk

A broad definition of market risk is exposure to adverse movements in the securities markets for both equity and fixed income investments, which can result in value loss as well as variations in the anticipated returns from those securities. All financial institutions face market risks, created by changes in the macro environment related to political factors, national security economic management and globalization influences which have an impact on systematic risk factors such as interest rates, currency parity, inflation, and availability of credit. Therefore, understanding market risks requires considering multiple dimensions and complexity in the macro environment.

Market risks are inherent in every security and are thus collectively considered at the portfolio level to take into account the asset allocation decisions of the portfolio. Thus market risks affecting a particular class of security are mitigated by switching to asset classes that are assessed to be less risky in a particular scenario.

## General Securities Risk

Any trading in securities carries inherent investment risks, associated with the entity issuing those securities in particular, the price of value of any security can and does fluctuate and may even become

valueless, resulting in possible loss not only of returns and profits but even also of all or part of the principal sums invested. These risks arise as a result of the overall risks faced by the issuing entity which affects its ability to provide a return to the investors holding the securities issued by it. Particularly in the case of equities past performance of any investment is not necessary indicative of future performance.

At Renuka Holdings PLC our approach focuses on the fact that there is no substitute for fundamental individual security assessment. Our portfolio management and investment selection process is designed to maximize the risk/return trade off to our shareholders and we employ a bottom up investment selection process. Our internal research has added value over time to our choice of investments. Prospective investments are selected from fundamental analysis and contact with corporate management. Once an investment is made, a continuous process of monitoring the performance of that investment is adopted.

## **Legal Compliance**

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

## **Regulatory Compliance**

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

## **Operational Risks**

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

## **Issues Pertaining to Employees and Industrial Relationship**

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

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

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

### Internal Operations

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

**Renuka Work place-** At Renuka we have created a work place policy and created employee awareness for the total group. With an employee base of 1200 and expanding, creation of a group identity and belonging is priority. We also have an open communication policy and implemented a process to identify corruption within the business units. Effective two way communication with employees is important and in particular face to face dialogue. Communication on matters is through in-house email presentation and team briefings. Employees are also encouraged to access the corporate websites.

**Environmental Impact-**Renuka has strived to ensure that all our manufacturing and production processes will not knowingly harm people and will minimize any negative impact our business will have on human life. We maintain in good order the property we are privileged to use, protecting the environment and our natural resources.

### Stakeholder Engagement

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

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

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

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

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

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

The Board of Directors of Renuka Holdings PLC is pleased to present its Report and the Audited Financial Statements of the Company and its subsidiaries ('the Group') for the financial year ended 31st March 2012.

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

## The Principal Activities of the Group and Structure

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

## Review of Business

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

## Financial Results

The company recorded a net loss of Rs.29.8 Mn and Net Profit of Rs.510 Mn at group level for the year. An abridgment of the performance is presented in the table below.

For the year ended 31st March

	Group		Company	
	2012 Rs'000	2011 Rs'000	2012 Rs'000	2011 Rs'000
Profit/Loss after taxation	510,587	829,492	(29,815)	322,547
Profit available for appropriation	1,887,226	1,704,687	390,708	505,524

## Auditors Report

The Auditors report on the financial statement is given on page 24 of this Annual Report

## Significant Accounting Policies

The accounting policies adopted in the preparation of the financial statements are given on pages 30 to 37. There have been no changes in the accounting policies adopted by the Group during the year under review.

## Financial Statements

Financial statements of the Group comprises the balance sheet, statement of income, changes in equity and cash flow together with the accounting policies and notes to the Financial Statements for the year ended 31st March 2012 are set out in pages 25 to 66.

## Statement of Directors' Responsibilities

The Statement of Director's Responsibilities for the Financial Statements is given on page 22.

## Directors' Interest

Directors' interest in contracts or proposed contract with the Company both direct and indirect are disclosed on page 63 & 64 of the Annual Report under related party transactions. The above discloses the transaction with entities where a Director either has control or exercise significant influence. These interests have been declared at Directors' Meetings.

## Directors' interests in transactions and shares

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

## Shareholding of Directors together with their spouses:

	2012		2011	
	Voting	Non Voting	Voting	Non Voting
Dr. S.R. Rajiyah	-	-	-	-
Mrs. I.R. Rajiyah	-	-	-	-
Dr. S.R. Rajiyah & Mrs. I.R. Rajiyah	1,844,564	85,711	583,330	83,330
Mr. S.V. Rajiyah	77,491	217,707	1,576,155	211,660
Mr. C.J. De. S.Amaratunge	11,641	-	11,641	-
Mr. L.M. Abeywickrama	-	-	-	-
Mr. T.K. Bandaranayake	-	-	-	-
Mr. M.S. Dominic	-	-	-	-

## Remuneration of Directors

Directors' remuneration, in respect of the Company for the financial year ended 31st March 2012 is given in Note 7 to the Financial Statements, on page 40.

## Corporate Donations

During the year donations amounting to Rs.366,188 were made by the Group.

## Directors

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

## Recommendation for re-election

Mr. M.S. Dominic retires by rotation in terms of Article 102 of the Articles of Association of the company and being eligible is

recommended by the Board for re-election at the forthcoming Annual General Meeting.

Mr. C.J. De. S. Amaratunge who is above the age of 70 years and in accordance with Section 210 (ii) of the companies Act No.7 of 2007, vacates office at the forthcoming Annual General Meeting. A notice of a resolution has been received from a shareholder that the age limit of 70 years referred to in Section 210 (i) of the said companies act shall not apply to Mr C.J.De.S.Amaratunge and that he be re-appointed as a Director at the Annual General Meeting. The Directors recommend the adoption of the Ordinary Resolution.

### Auditors

Company's Auditors during the year under review were Messrs. Kreston MNS Chartered Accountants. Their report on the Financial Statements is given on page 24 of the Annual Report.

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

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

### Corporate Governance

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

### Board of Directors

The following Directors held office as at the balance sheet date. Brief profiles of the Current Directors are given in page 9 of the Annual Report.

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

All the Directors' held office during the entire year.

The following Directors' served as members of the Audit Committee and Remuneration Committee

### Audit Committee

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

### Remuneration Committee

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

### Solvency Test

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

### Dividends

The Board of Directors has recommended a payment of Rs.0.70 per share payable for 2011/2012 (2010/2011 - Rs.1.70 per share) The Directors are confident that the company would meet the Solvency Test requirement under section 56 (2) of the companies Act No.7 of 2007 immediately after the proposed final dividend distribution.

### Stated Capital

The stated capital of the Company as at 31st March 2012 was Rs.565.7 Mn comprising of Voting Ordinary shares of 44,517,313 and Non Voting Ordinary shares of 6,428,415

### Shareholders' Funds

Total Group shareholders funds stood at Rs.2.01Bn as at 31st March 2012 (2011 Rs.1.8 Bn) comprising stated capital of Rs.175 Mn and reserves of Rs.1.9 Bn. The movements are shown in the statement of changes in equity.

### Property, Plant & Equipment

The carrying value of Property, Plant & Equipment for the Group as at 31st March 2012 amounted to Rs.2.01 Bn. The total expenditure on the acquisition of property, plant & equipment during the year in respect of new assets and replacements by the Group amounted to Rs.423 Mn.

### Statutory Payments

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



## Going Concern

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

## Events Occurring after the Balance Sheet Date

Subsequent to the balance sheet date, no material circumstances have arisen, which would require adjustments to or disclosure in these financial statements other than those disclosed in note 31 to these financial statements.

## Share Information

Information relating to shareholding, earnings, dividend, net assets and market price per share are given on page 69 to 71 of the Annual Report.

## Annual Report

The Board of Directors approved the Company's financial statements together with the reviews which forms part of the Annual Report, on 8th August 2012. The appropriate number of copies of the Report would be submitted to the Colombo Stock Exchange, Sri Lanka Accounting and Auditing Standard Monitoring Board and the Registrar of Companies within the given time frames.

## Notice of Meeting

The notice of meeting of the 32nd Annual General Meeting is given on page No 72.

## Public Holding

The percentage of shares held by the public as at 31st March 2012 was Voting 43.61% & Non Voting 95.28% (2011 Voting 37.57% & Non Voting 94.95%)

By order of the Board

Sgd.

**Mrs I.R.Rajiyah**

Chairperson

8th August, 2012

Sgd.

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

Director

Sgd.

**Renuka Enterprises  
(Pvt) Ltd**

Company Secretaries

# Statement of Directors' Responsibility

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

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

The Directors confirm that the Financial Statements of the Group for the year ended 31st March 2012 presented in the Report have been prepared in accordance with the Sri Lanka Accounting Standards and the Companies Act of No.7 of 2007. In preparing the Financial Statement, the Directors have selected appropriate accounting policies and have applied them consistently. Reasonable and prudent judgment and estimates have been made and applicable accounting standards have been followed and the Financial Statements have been prepared on a going concern basis.

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

The Directors have taken all reasonable steps expected of them to safeguard the assets of the Company and of the Group and to establish appropriate systems of internal controls in order to prevent, deter and detect any fraud, misappropriation or other irregularities.

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

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

## Compliance Report

The Directors confirm that, to the best of their knowledge all taxes and levies payable by the Company and all contributions, levies and taxes payable on behalf of the employees of the Group, and all other known statutory obligations as at the Balance Sheet date have been paid or provided for in the Financial Statements.

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

By order of the Board

Sgd.

**Renuka Enterprises (Pvt) Ltd**

Company Secretaries

8th August, 2012

## Financial Reports

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# 24 Independent Auditors' Report

## Kreston MNS & Co

**Chartered Accountants**  
P.O. Box 210  
50/2, Sir James Peiris Mawatha,  
Colombo 02, Sri Lanka.  
T +94 (0) 11 2323571  
F +94 (0) 11 2433388  
E [audit@kreston.lk](mailto:audit@kreston.lk)  
[www: webasia.com/kreston](http://www.webasia.com/kreston)

### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF RENUKA HOLDINGS PLC

#### Report on the Financial Statements

We have audited the accompanying Financial Statements of RENUKA HOLDINGS PLC which comprise the consolidated Balance Sheet of the company and its subsidiaries as at 31st March 2012, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year then ended, and a Summary of Significant Accounting Policies and other explanatory notes, exhibited on pages 25 to 66.

#### Management's Responsibility for the Financial Statements

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

#### Scope of Audit and Basis of Opinion

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

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

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

#### Opinion

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended 31st March 2012 and the Financial Statements give a true and fair view of the state of affairs of the Company as at 31st March 2012, and its Loss and Cash Flows for the year then ended in accordance with Sri Lanka Accounting Standards.

In our opinion, the Consolidated Financial Statements give a true and fair view of the state of affairs as at 31st March 2012 and the Profit and Cash Flows for the year then ended, in accordance with Sri Lanka Accounting Standards, of the Company and its subsidiaries dealt with thereby, so far as concern the shareholders of the Company.

#### Report on Other Legal and Regulatory Requirements

In our opinion, these Financial Statements also comply with the requirements of Section 151 (2) and Section 153 (2) to 153(7) of the Companies Act No. 07 of 2007.



#### Chartered Accountants

Colombo

8th AUGUST, 2012

#### Partners:

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

#### Kreston MNS & Co

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Correspondent firm within Grant Thornton International Ltd (Grant Thornton International).  
Grant Thornton International and the member and correspondent firms are not a worldwide partnership.

# Income Statement

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For the Year Ended 31st March	Note	Consolidated		Company	
		2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
<b>Revenue</b>	3	<b>5,366,727,736</b>	2,697,274,756	<b>31,763,040</b>	588,061,180
Carrying value of Investment Disposed		<b>(8,223,900)</b>	(748,546,892)	-	(344,810,403)
Cost of Sales		<b>(4,017,411,645)</b>	(1,307,367,779)	-	-
		<b>1,341,092,191</b>	641,360,085	<b>31,763,040</b>	243,250,777
Gain/(Loss) from change in Market Value of Current Investments - Quoted	19	<b>(85,096,360)</b>	87,675,214	<b>(59,294,720)</b>	81,680,480
Other Income	5	<b>167,350,570</b>	363,354,333	<b>109,435</b>	1,121,325
Distribution Expenses		<b>(360,663,794)</b>	(51,172,099)	-	-
Administrative Expenses		<b>(441,626,482)</b>	(194,997,031)	<b>(2,362,132)</b>	(3,101,974)
Finance Cost	6	<b>(59,427,017)</b>	(8,098,064)	-	-
Negative Goodwill on Acquisition of Joint Venture		<b>4,469,434</b>	-	-	-
Impairment of Property, Plant & Equipment	11	<b>(25,321,250)</b>	-	-	-
<b>Profit/(Loss) before Taxation</b>	7	<b>540,777,292</b>	838,122,438	<b>(29,784,377)</b>	322,950,608
Taxation	8	<b>(30,189,623)</b>	(8,630,104)	<b>(31,032)</b>	(403,054)
<b>Profit/(Loss) for the year</b>		<b>510,587,669</b>	829,492,334	<b>(29,815,409)</b>	322,547,554
<b>Attributable to :</b>					
Equity Holders of the Company		<b>256,388,549</b>	618,465,238	<b>(29,815,409)</b>	322,547,554
Minority Interest		<b>254,199,120</b>	211,027,096	-	-
		<b>510,587,669</b>	829,492,334	<b>(29,815,409)</b>	322,547,554
Earnings/(Loss) Per Share	9	<b>5.08</b>	12.37	<b>(0.59)</b>	6.45
Dividend per Share	10	<b>0.70</b>	1.70	<b>0.70</b>	1.70

The Accounting Policies and Notes on pages 30 to 66 form an integral part of these Financial Statements.

Figures in brackets indicate deductions



# 26 Balance Sheet

As at 31st March	Note	Consolidated		Company	
		2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, Plant & Equipment	11	2,010,721,707	1,219,176,199	-	-
Intangible Assets	12	148,131,237	71,161,144	-	-
Investment Property	13	1,075,333,111	934,015,111	-	-
Value of Immovable Assets on Lease	14	300,258,181	315,493,664	-	-
Immature Plantations	15	6,075,584	5,633,879	-	-
Investment in Subsidiaries	16(a)	-	-	644,175,501	470,000,210
Investment in Joint Ventures	16(c)	-	-	-	-
Other Investments	16(d)	223,958,952	224,463,942	-	-
Long Term Receivable	17	28,538,000	28,538,000	-	-
Deferred Tax Asset	25	14,012,834	7,923,924	-	-
		<b>3,807,029,606</b>	<b>2,806,405,863</b>	<b>644,175,501</b>	<b>470,000,210</b>
<b>Current Assets</b>					
Inventories	18	1,248,149,774	615,009,290	-	-
Short Term Investments in Shares	19	288,857,840	382,178,100	112,780,200	172,074,920
Trade and Other Receivables	20	1,132,525,169	734,991,586	95,587	74,638
Amounts due from Related Companies	21	54,837,721	-	452,906,593	631,694,990
Short Term Investments in Deposits	22	23,370,838	122,204,075	1,943,330	2,299,153
Cash at Bank and Cash in Hand	23	93,390,884	88,738,920	169,427	853,736
		<b>2,841,132,225</b>	<b>1,943,121,971</b>	<b>567,895,137</b>	<b>806,997,437</b>
<b>Total Assets</b>		<b>6,648,161,832</b>	<b>4,749,527,834</b>	<b>1,212,070,638</b>	<b>1,276,997,647</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and Reserves</b>					
Stated Capital	24	175,000,000	125,000,000	175,000,000	125,000,000
Retained Earnings		1,887,226,051	1,704,687,813	390,708,293	505,523,702
Total Equity Attributable to the Equity holders of the Company		2,062,226,051	1,829,687,813	565,708,293	630,523,702
Minority Interest		1,566,595,303	1,525,130,811	-	-
<b>Total Equity</b>		<b>3,628,821,354</b>	<b>3,354,818,624</b>	<b>565,708,293</b>	<b>630,523,702</b>
<b>Non-Current Liabilities</b>					
Deferred Tax Liability	25	65,379,989	24,699,539	-	-
Interest Bearing Borrowings and Lease Installments due after one year	26(a)	247,195,893	80,621,812	-	-
Retirement Benefit Obligation	27	67,575,438	46,581,530	-	-
		<b>380,151,320</b>	<b>151,902,881</b>	<b>-</b>	<b>-</b>
<b>Current Liabilities</b>					
Trade and Other Payables	28	1,134,785,943	489,759,162	624,455	310,500
Deferred Income	28	46,064,355	-	-	-
Interest Bearing Borrowings and Lease Installments due within one year	26(b)	830,379,892	194,556,531	-	-
Amount due to Related Companies	29	471,203,073	460,603,577	645,690,940	646,067,837
Income Tax Payable	30	2,578,897	34,052,090	2,997	95,608
Bank Overdraft	23	154,176,998	63,834,969	43,953	-
		<b>2,639,189,157</b>	<b>1,242,806,329</b>	<b>646,362,345</b>	<b>646,473,945</b>
<b>Total Equity and Liabilities</b>		<b>6,648,161,832</b>	<b>4,749,527,834</b>	<b>1,212,070,638</b>	<b>1,276,997,647</b>

The Accounting Policies and Notes on pages 30 to 66 form an integral part of these Financial Statements.

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

Sgd.

**A.F. Feroze Noon**

Head of Finance

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

Approved and Signed on behalf of the Board of Directors.

Sgd.

**S.V. Rajiyah**

Director

Sgd.

**C.J. De S. Amarathunge**

Director

8th August, 2012  
Colombo

# Statement of Changes In Equity

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		Stated Capital Rs.	Retained Earnings Rs.	Minority Interest Rs.	Total Rs.
<b>Note</b>					
<b>Consolidated</b>					
Balance as at 1st April 2010		125,000,000	1,031,170,149	1,099,578,108	2,255,748,257
Adjustments due to Acquisition of subsidiaries		-	-	182,674,006	182,674,006
Adjustments due to changes in shareholdings of Subsidiaries		-	96,552,426	65,853,105	162,405,531
Profit for the year		-	618,465,238	211,027,096	829,492,334
Cash Dividend Paid for 2009/2010		-	(41,500,000)	(34,001,504)	(75,501,504)
Balance as at 31st March 2011		125,000,000	1,704,687,813	1,525,130,811	3,354,818,624
Adjustments due to Acquisition of subsidiaries				(124,212,877)	(124,212,877)
Adjustments due to changes in shareholdings of Subsidiaries	4	-	11,149,689	(74,646,909)	(63,497,220)
Shares Issued to Minority		-	-	27,813,351	27,813,351
Profit for the year		-	256,388,549	254,199,120	510,587,669
Dividend for 2010/2011 Satisfied in the form of issue and allotment of new shares		50,000,000	(50,000,000)	-	-
Cash Dividend Paid for 2010/2011		-	(35,000,000)	(41,688,193)	(76,688,193)
Balance as at 31st March 2012		175,000,000	1,887,226,051	1,566,595,303	3,628,821,354

		Stated Capital Rs.	Retained Earnings Rs.	Total Rs.
<b>Company</b>				
Balance as at 1st April 2010		125,000,000	224,476,148	349,476,148
Profit for the year		-	322,547,554	322,547,554
Cash Dividend Paid for 2009/2010		-	(41,500,000)	(41,500,000)
Balance as at 31st March 2011		125,000,000	505,523,702	630,523,702
Dividend for 2010/2011 Satisfied in the form of issue and allotment of new shares		50,000,000	(50,000,000)	-
Loss for the year		-	(29,815,409)	(29,815,409)
Cash Dividend Paid for 2010/2011		-	(35,000,000)	(35,000,000)
Balance as at 31st March 2012		175,000,000	390,708,293	565,708,293

The Accounting Policies and Notes on pages 30 to 66 form an integral part of these Financial Statements.

For the year ended 31st March	Note	Consolidated		Company	
		2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Profit/(Loss) before Taxation		540,777,292	838,122,438	(29,784,377)	322,950,608
<b>Adjustments :</b>					
Interest Income	5	(4,743,975)	(28,798,836)	(109,435)	(1,121,325)
(Gain)/Loss from Change in market Value of Current Investments	19	85,096,360	(87,675,214)	59,294,720	(81,680,480)
Provision for Retiring Gratuity	27	19,511,089	3,847,461	-	-
Impairment of Property, Plant & Equipment		25,321,250			
Depreciation	11	64,472,965	42,858,883	-	-
Amortization of Intangible Assets		2,729,631			
Interest Paid	6	58,852,195	7,505,409	-	-
Lease Interest	6	395,732	340,378	-	-
Negative Goodwill on Acquisition of Joint Ventures		(4,469,434)	-	-	-
Amortisation of Leasehold Assets		15,235,483	2,919,074	-	-
Profit/(Loss) on Disposal of Property, Plant & Equipment	5	(595,680)	(5,787,500)	-	-
Change in fair value of Investment Property	5	(140,721,000)	(286,412,000)	-	-
Assets written off		2,400,581	-	-	-
Carrying Value of Investment Disposed	19	8,223,900	748,546,892	-	344,810,403
<b>Operating Profit before changes in Working Capital</b>		<b>672,882,120</b>	<b>1,235,466,985</b>	<b>29,400,908</b>	<b>584,959,206</b>
(Increase)/Decrease in :					
Inventories	18	(439,905,894)	(67,293,374)	-	-
Trade & Other Receivables	20	(188,726,449)	73,263,062	(20,949)	41,555,121
Amounts due from Related Companies	21	(52,493,594)	217,495,223	178,788,397	(501,874,990)
Increase/(Decrease) in :					
Trade & Other Payables	28	456,863,822	36,319,294	313,955	14,547
Amount due to Related Companies	29	(170,101,127)	(523,053,837)	(376,897)	407,067,837
<b>Cash Generated from Operations</b>		<b>278,518,877</b>	<b>972,197,353</b>	<b>208,105,414</b>	<b>531,721,721</b>
Gratuity and Pension Paid	27	(5,395,019)	(1,485,507)	-	-
Income Tax/WHTax Paid	30	(57,885,583)	(7,287,521)	(123,643)	(225,275)
Tax effect on Group Dividend	8	(3,460,809)	(274,100)	-	-
Interest Income	5	4,743,975	28,798,836	109,435	1,121,325
Interest Paid	6	(58,852,195)	(7,505,409)	-	-
<b>Net Cash from Operating Activities</b>		<b>157,270,822</b>	<b>984,443,652</b>	<b>208,091,206</b>	<b>532,617,771</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
Additions to Investment Property	13	(597,000)	(327,324,111)	-	-
Intangible Assets Additions		(13,648,153)	-	-	-
Purchase of Shares in Subsidiaries and Joint Ventures		(622,852,556)	(420,965,285)	(174,175,291)	(368,000,210)
Sales Proceeds on Disposal of Shares in subsidiaries		30,140	212,405,532	-	-
Sales Proceeds from disposal of Other Investment		504,990	-	-	-
Purchase of Property Plant & Equipment	11	(358,733,323)	(37,561,014)	-	-
Disposal Proceeds from sale of Property, Plant & Equipment		17,805,305	22,560,896	-	-
Additions to Immature Plantation	15	(441,705)	(621,889)	-	-
Purchase/Disposal of Share - Quoted	19	-	(679,668,807)	-	(120,223,872)
<b>Net Cash used in Investing Activities</b>		<b>(977,932,302)</b>	<b>(1,231,174,678)</b>	<b>(174,175,291)</b>	<b>(488,224,082)</b>

# Cash Flow Statement *(contd.)*

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For the year ended 31st March	Note	Consolidated		Company	
		2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
Shares Issued to Minority		27,813,351	-	-	-
Dividend Paid		(35,000,000)	(41,500,000)	(35,000,000)	(41,500,000)
Dividend Paid to Minority		(41,688,193)	(34,001,504)	-	-
Reduction of Shares of Renuka Organics (Pvt) Ltd		-	(50,000,000)	-	-
Leasing Installments Paid	26	(4,391,881)	(1,687,493)	-	-
Net Long Term & Short Term Borrowings	26	689,404,901	6,446,562	-	-
<b>Net Cash from/(used in) Financing Activities</b>		<b>636,138,178</b>	<b>(120,742,435)</b>	<b>(35,000,000)</b>	<b>(41,500,000)</b>
<b>Net Increase/( Decrease) in Cash and Cash Equivalents</b>		<b>(184,523,302)</b>	<b>(367,473,461)</b>	<b>(1,084,085)</b>	<b>2,893,688</b>
<b>Cash and Cash Equivalents at the Beginning of the year</b>		<b>147,108,026</b>	<b>514,581,487</b>	<b>3,152,889</b>	<b>259,201</b>
<b>Cash and Cash Equivalents at the End of the year</b>		<b>(37,415,276)</b>	<b>147,108,026</b>	<b>2,068,804</b>	<b>3,152,889</b>
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>					
Short Term Investments in Deposits	22	23,370,838	122,204,075	1,943,330	2,299,153
Cash at Bank and Cash in Hand	23	(60,786,114)	24,903,951	125,474	853,736
		<b>(37,415,276)</b>	<b>147,108,026</b>	<b>2,068,804</b>	<b>3,152,889</b>

The Accounting Policies and Notes on pages 30 to 66 form an integral part of these Financial Statements.

## 1. CORPORATE INFORMATION

### 1.1 General

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

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

The Financial Statements are authorised for issue by the Directors on 8th August 2012.

### 1.2 Principal Activities and Nature of Operations

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

Company	Activities
Renuka Holding PLC	Investment in subsidiary companies, shares listed on the Colombo Stock Exchange and debt securities.
Renuka Agro Exports Ltd	Engaged in sourcing, manufacturing & exporting ethnic food products
Coco Lanka PLC	Investment in agricultural ventures and shares listed on the Colombo Stock Exchange
Renuka Agri Foods PLC	Manufacture & markets a range of coconut products
Renuka Organics (Pvt) Ltd	Organic Certification License holder and exports organic products
Kandy Plantations Ltd	Engaged in organic certified cultivation of agriculture
Renuka Products (Pvt) Ltd	Manufacture and Sale of Soya, Colourings, Essence & Fish Products.  The name of the Company was changed from Renuka Witsernberg Organic (Pvt) Ltd to Renuka Products (Pvt) Ltd on 6th April 2011.
Renuka Teas (Ceylon) (Pvt) Ltd	Manufacture and exports of tea products.
Campbell Teas (Pvt) Ltd	Manufacturing and sale of tea products
Renuka Developments Ltd	Investment Property
Renuka Enterprises (Pvt) Ltd	Provision of management services to group companies, act as a promoter to foreign principal in development projects in Sri Lanka and investment.
Renuka Investment (Pvt) Ltd	Investment
Renuka Resorts Ltd	Investment in Tourism Property
Renuka Shipping & Travel (Pvt) Ltd	Provision of logistics services

Company	Activities
Ceylon Forestry (Pvt) Ltd	Planting and managing forestry
Ceylon Botanicals (Pvt) Ltd	Investment in Agricultural Property
Renuka Villas (Pvt) Ltd	Investment in Tourism Property
Renuka Trading (Pvt) Ltd	Holding Investment Property
Coco Hotels & Properties (Pvt) Ltd	Presently it owns Properties for appreciation purpose
Coco Resorts & Villas Ltd	Investment
Shaw Wallace Ceylon Ltd	Marketing & Distribution of consumer goods & automotive products.  The name of the Company was changed from Shaw Wallace Marketing Ltd to Shaw Wallace Ceylon Ltd, with effect from 23rd June 2011.
Shaw Wallace Properties Ltd	Renting of Warehouse Space
Shaw Wallace Food Services Ltd	Manufacture & Distribution of Food Service Products
Shaw Wallace Services Ltd	Provision of Accounting Services
Shaw Wallace Agencies (Pvt) Ltd	Representation for Agencies
Mc Shaw Automotive Ltd	Distribution of Automotive Products.
Inter Ocean Lubricants (Pvt) Ltd	Importing, blending, distributing and marketing lubricant oil and greases
Bois Brothers (Pvt) Ltd	Investment
Richlife Dairies Ltd	Manufacturing of dairy and fruit juice based products.

### 1.3 Parent Enterprise and Ultimate Parent Enterprise

The Company's parent undertaking and ultimate parent Enterprise is Renuka Group Limited which holds 52.05% of the shares of the Company.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 General Policies

**2.1.1** The Financial Statements of the Company and the Group, comprising the Balance Sheet, Income Statement, Statement of Changes in Equity, Cash Flow Statement, Accounting Policies and Notes to the Financial Statements are prepared on the basis of the historical cost conventions, other than Investment Property which is stated at fair value and in conformity with Accounting Standards laid down by the Institute of Chartered Accountants of



Sri Lanka. These standards have been applied consistently with that of the previous year unless otherwise stated. No adjustments are made for inflationary factors affecting these Financial Statements.

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

## 2.1.2 Basis of Consolidation

All the Companies in the Group are incorporated in Sri Lanka and have a common financial year, which ends on 31st March.

The Consolidated Financial Statements include the results, assets and liabilities of Renuka Holding PLC, and Companies controlled by it. Control arises when the Company has the power directly or indirectly to govern the financial and operating policies of an enterprise so as to obtain benefit from the activities. The Subsidiaries and joint venture entities included in the consolidation are disclosed in Note 16 to the Financial Statements. Although the direct shareholdings in some of these Group Companies are below 50% of the equity, the accounts of such Companies are consolidated in recognition of the effective management control exercised by the Parent Company.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the Income Statement.

All Inter-Company balances, transactions and unrealized profits are eliminated on consolidation. Where controlled interests have been acquired or sold during the year, their operating results have been included from the date of acquisition or to date of sale.

The interest of outside shareholders in net assets of the subsidiaries and the proportion of the profit or loss after taxation applicable to outside shareholders are stated separately in the Consolidated Balance Sheet and the Consolidated Income Statement under the heading Minority interest.

## Joint Ventures

The Group's interests in jointly controlled entities are accounted for by proportionate consolidation. The Group combines its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements. The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other venture. The Group does not recognise its share of profits or losses from the joint venture that result from the Group's purchase of assets from the joint venture until it resells the assets to an independent party. However, a loss on the transaction is recognized immediately if the loss provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

## 2.1.3 Foreign Currency Translation

Items included in the Financial Statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("The Functional currency"). The Consolidated Financial Statements are presented in Sri Lankan Rupees, which is the Company's functional and presentation currency.

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement. Such balances are translated at year-end exchange rates.

## 2.1.4 Income Tax

Income Tax expense comprises current and deferred tax. Income tax expense is recognized in income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Income Tax has been computed in accordance with the provisions of the Inland Revenue Act No.10 of 2006 and amendments thereto. Income Tax details of the group companies are as follows.

### (i) Renuka Holdings PLC

#### Profit on Sale of Shares

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

**Interest Income**

Liable to income tax at 28%.

**(ii) Renuka Agro Exports Limited**

The Company is exempted from income tax for a period of five years commencing April 1st, 2006 under Section 16 of the Inland Revenue Act No. 10 of 2006. The Company's export profit is liable to income tax at 12%.

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

**(iii) Coco Lanka PLC**

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

**Profit on Sale of Shares**

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

**Interest Income**

Liable to income tax at 28%

**(iv) Renuka Agri Foods PLC**

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

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

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

**(v) Renuka Organics (Pvt) Ltd.**

According to the Agreement entered into with the Board of Investment of Sri Lanka, the Profits & Income of the Company is exempt for a period of 5 years. This tax holiday expired on 31.03.1999.

However, from the year of Assessment 2006/2007, under Section 16 of the Inland Revenue Act No. 10 of 2006, the Company's trading profit is exempt from income tax for a period of five years.

Accordingly the tax exemption under section 16 expired on 31.03.2011. Since the Company's turn over is less than Rs.300Mn, the Company is liable to income tax at the rate of 10% for the year of assessment 2011/2012 as per the Sec 59B of the Inland Revenue Act No. 22 of 2011 which has subsequently been amended excluding the group of Companies from applying the rate of 10% with effect from year of assessment 2012/2013.

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

**(vi) Kandy Plantations Ltd.**

According to the Agreement dated 13.11.2003 entered into with the Board of Investment of Sri Lanka, the Profits & Income of the Company is exempt for a period of 5 years from the year of assessment in which the Enterprises commence to make profit (i.e. 2003/2004). Accordingly the tax holiday expired on 31.03.2008. Thereafter the Company is liable to income tax at 15%

However the profit from Agriculture of the Company is liable for income tax at 10%. The profit from export sales is liable to income tax at 12%.

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

**(vii) Renuka Product (Pvt) Ltd**

Under Section 16 of the Inland Revenue Act No. 10 of 2006, the Company's trading profit is exempt from income tax for a period of five years of Assessment commencing 2006/2007. Accordingly the tax exemption expired on 31st March 2011 and the profit is liable to income tax at 28%.

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

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

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

**(ix) Campbell Teas (Pvt) Ltd.**

In accordance with the powers of the Board of Investments of Sri Lanka (BOI) under section 17(2) of BOI Law No.4 of 1978 and in terms of agreement bearing registration number 194 between the BOI and Campbell Teas (Pvt) Ltd, the Company was not liable for income tax for a period of five (5) years up to 31st March 1999.

The company's export Profit is liable to income tax at 12%.

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

- (x) **Renuka Developments Limited**  
The company is liable to tax at 28%.
- (xi) **Renuka Enterprises (Pvt) Ltd**  
The company is liable to tax at 28%.
- (xii) **Renuka Investments (Pvt) Ltd**  
The company is liable to tax at 28%.
- (xiii) **Renuka Resorts Ltd**  
The company is liable to tax at 28%.
- (xiv) **Renuka Shipping and Travel (Pvt) Ltd**  
The company is liable to tax at 28%.
- (xv) **Ceylon Forestry (Pvt) Ltd**  
In accordance with the provision of Section 17 of the Board of Investment of Sri Lanka Law No.4 of 1978 the Company will be entitled to the following exemptions/benefits with regard to income tax.
- i) For a period of eight (08) years reckoned from the Year of Assessment as may be determined by the B0I, the profits & income of the Company is exempt from tax. For the above purpose, the year of assessment shall be reckoned from the year in which the Company commences 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 B0I.
- ii) After the expiration of the aforesaid tax exemption period, referred to in sub clause (i) above, the profits and income of the Company shall for each year of assessment be charged at the rate of ten per centum (10%) for a period of two (2) years ("concessionary period") immediately succeeding the last date of the tax exemption period during which the profits and income of the Company is exempted from it.
- iii) After the expiration of the aforesaid concessionary period referred to in sub clause (ii) above, the profits and income of the Company shall be charged for any year of assessment at the rate of twenty per centum (20%)  
However, other income would be liable to income Tax @ 28%.
- (xvi) **Ceylon Botanicals (Pvt) Ltd**  
The company is liable to tax at 28%.
- (xvii) **Renuka Villas (Pvt) Ltd**  
The company is liable to tax at 28%.
- (xviii) **Renuka Trading (Pvt) Ltd**  
The company is liable to tax at 28%.
- (xix) **Coco Hotels & Properties (Private) Limited**  
The company is liable to tax at 28%.
- (xx) **Coco Resorts & Villas Ltd**  
Income Tax has been computed in accordance with the provisions of the Inland Revenue Act No. 10 of 2006 and amendments thereto.
- (xxi) **Shaw Wallace Ceylon Ltd**  
The company is liable to tax at 28%.
- (xxii) **Shaw Wallace Properties Ltd**  
In terms of an agreement entered into with the Board of Investment of Sri Lanka, under section 17 of the Board of Investment of Sri Lanka Law No. 04 of 1978, the Company is exempt from income tax for a period of five years commencing 1st April 2009.
- (xxiii) **Shaw Wallae Food Services (Pvt) Ltd**  
The company is liable to tax at 28%.
- (xxiv) **Shaw Wallace Services Ltd**  
The company is liable to tax at 28%.
- (xxv) **Shaw Wallace Agencies Ltd**  
The company is liable to tax at 28%.
- (xxvi) **McShaw Automotive Ltd**  
Liable to Income tax rate of 28% on the Company profit.
- (xxvii) **Inter Ocean Lubricants (Pvt) Ltd**  
The company is liable to tax at 28%.
- (xxviii) **Bois Brothers (Pvt) Ltd.**  
The company is liable to tax at 28%.
- (xxvix) **Richlife Dairies Ltd**  
The Company is liable to income tax at 12%.
- 2.1.5 Deferred Taxation**  
Deferred tax is provided using the liability method on temporary differences at the Balance Sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.  
  
Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based

on tax rates (and tax laws) that have been enacted or substantively enacted at the Balance Sheet date.

#### 2.1.6 Economic Service Charge (ESC)

As per the provisions of the Economic Service Charge Act No. 13 of 2006 and the Amendment Act No. 17 of 2007, ESC is payable on the liable turnover at specified rates. ESC paid is deductible from the Company's income tax liability and any excess can be carried forward and set off against the income tax payable as per the relevant provisions of the Act.

#### 2.1.7 Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred except to the extent the borrowing cost that is directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time to get ready for its intended use. The amount of borrowing cost eligible for capitalisation is determined in accordance with the Sri Lanka Accounting Standard No.20.

#### 2.1.8 Related Party Transactions

Disclosures are made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies or decisions of the other irrespective of whether price is being charged.

#### 2.1.9 Events Occurring after the Balance Sheet Date

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

#### 2.1.10 Going Concern

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

#### 2.1.11 Use of Estimates & Judgments

The preparation of Financial Statements requires management to make judgments estimates and Assumptions that affect the application of accounting policies and the reported amounts of Assets, Liabilities, Income and Expenses. Actual results may differ from these estimates.

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

#### 2.1.12 Management's Responsibility for the Financial Statements

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

#### 2.1.13 Changes in Accounting Policies

The accounting policies applied by the Company are, unless otherwise stated, consistent with those used in the previous year.

#### 2.1.14 New Accounting Standards issued but not effective as at Balance sheet date

The Institute of Chartered Accountants of Sri Lanka has issued a new volume of Sri Lanka Accounting Standards which will become applicable for financial periods beginning on or after 1st January 2012. Accordingly these Standards have not been applied in preparing these Financial Statements as they were not effective for the year ended 31st March 2012.

These Sri Lanka Accounting Standard comprise Accounting Standards prefixed both SLFRS (corresponding to IFRS) and LKAS (corresponding to IAS). Application of Sri Lanka Accounting Standards prefixed SLFRS and LKAS for the first time shall be deemed to be an adoption of SLFRS.

The Company is currently in the process of evaluating the potential effects of these Standards on its Financial Statements and the impact on the adoption of these Standards have not been quantified as at Balance sheet date.

#### 2.2.1 Property, Plant & Equipment

(a) Property, Plant & Equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

The cost of property, plant & equipment is the cost of acquisition or construction to seller with any incidental expenses thereon

(b) Depreciation is calculated on the straight line method to write-off the cost of each asset, to their residual values

over their estimated useful lives as follows :

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

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

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

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

#### (c) **Immature and Mature Plantations**

The cost of Replanting and New Planting are classified as immature plantation up to the time of harvesting the crop.

Further, the general charges incurred on the plantation are apportioned based on the labour days spent on respective Replanting and New Planting and capitalised on the immature areas. The remaining portion of the general charges is expensed in the accounting period in which it is incurred.

The cost of immature areas coming into bearing are transferred to mature plantations and depreciated over their useful life period.

#### (d) **Finance Leases**

Property, Plant & Equipment on finance leases, which effectively transfer to the Company substantially all the risk and benefits incidental to ownership of the leased items, are capitalised and disclosed as finance leases at their cash price and depreciated over the period the Company is expected to benefit from the use of the leased assets.

The corresponding principal amount payable to the lessor is shown as a liability. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the outstanding balance of the liability. The interest payable over the period of the lease is transferred to an interest

in suspense account. The interest element of the rental obligations pertaining to each financial year is charged to the Income Statement over the period of lease.

#### (e) **Impairment of Property, Plant & Equipment**

The carrying value of Property, Plant & Equipment is reviewed for impairment either annually or when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount the assets are written down to their recoverable amount. Impairment losses are recognised in the Income Statement.

#### 2.2.2 **Leasehold Property**

Leasehold property comprising of land use rights and stated at valuation, is amortised on a straight line basis over the period of the lease. Leasehold property are tested for impairment annually and is written down where applicable. The impairment loss if any, is recognised in the income statement.

#### 2.2.3 **Investment Property**

Investment property is recognised when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the investment property can be measured reliably.

Investment property, comprising freehold land and buildings, is property held for long- term rental or for capital appreciation or both and is not occupied substantially for the supply of goods or services or in administration, and is not intended for sale in the ordinary course of business. Investment property is initially measured at its cost. Subsequent to initial recognition the investment properties are stated at fair value, which reflect market conditions at the Balance Sheet date. Gains or losses arising from changes in fair value are included in the Income Statement in the year in which they arise.

#### 2.2.4 **Investments**

##### 2.2.4.1 **Long Term Investments**

Investments held on long term basis are classified as non-current investment and are measured at cost less impairment losses. The cost of the investment is the cost of acquisition inclusive of brokerage and costs of transaction. Provision for impairment is made in the income statement, when there has been a decline other than temporary in the value of investments, determined on an individual basis.



**2.2.4.2 Short Term Investments**

Short-term investments (quoted) are recognized at market value as at the Balance Sheet date. Any resultant gain or loss in market value is recognized in the income statement.

**2.2.5 Inventories**

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

Harvested Crop

Inventory of harvested crop since sold has been valued at since realised price. Unsold harvested crop has been valued at estimated realisable value net of direct selling expenses. This basis has been adopted to recognise the Profit / Loss on perennial crops in the financial period of harvesting.

**2.2.6 Trade Receivables**

Trade receivables are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off during the year in which they are identified.

**2.2.7 Cash and Cash Equivalents**

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

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

**2.3 Liabilities and Provisions****2.3.1 Trade & Other Payables**

Trade & other payables are stated at book values.

**2.3.2 Provisions**

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

**2.3.3 Employee Benefit Cost****2.3.3.1 Defined Benefit Plan - Gratuity**

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

The defined benefit obligation is calculated annually by independent actuaries using Projected Unit Credit Method (PUC) as recommended by SLAS - 16, Employees benefits. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows.

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

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

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

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

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

**2.3.4 Grants**

Grants received in relation to assets are deducted from the cost of the assets. Thus this grant is recognised as income over the useful life of the depreciable asset by way of a reduced depreciation charge.

**2.3.5 Capital Commitments and contingencies**

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

**2.4 Income Statement****2.4.1 Revenue Recognition**

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

**(a) Rendering of Services**

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

**(b) Exports Sales** - at the time of shipment

**(c) Local Sales** - at time of dispatch

**(d) Export Rebate Income**

Export Rebate income has been accounted for on an accrual basis.

**(e) Interest**

Interest Income is recognised as the interest accrues (taking into account the effective yield on the asset) unless collectability is in doubt.

**(f) Dividend Income**

Dividend Income is recognised when the Company's right to receive payment is established.

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

**(h) In keeping with the practice in the Plantation Industry,** revenue and profit or loss on perennial crops are recognised in the financial period of harvesting. Revenue is recorded at invoice value net of Brokerage, Public Sale Expenses and other levies related to turnover.

## 2.4.2 Expenditure Recognition

### Revenue Expenditure

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

### Capital Expenditure

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

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

## 2.5 Segment Reporting

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

The results of the business segments are described in Note 39 to the Financial Statements.

	Consolidated		Company	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
<b>3. REVENUE</b>				
Agri Business				
Exports	2,155,042,690	1,387,557,510	-	-
Local	202,351,262	162,626,026	-	-
FMCG - Local	2,545,405,025	81,000,821	-	-
Automotive - Local	379,470,189	-	-	-
Investment & Services – Local (Note 3.a)	84,458,570	1,066,090,399	31,763,040	588,061,180
	<b>5,366,727,736</b>	<b>2,697,274,756</b>	<b>31,763,040</b>	<b>588,061,180</b>
<b>3.a</b> Dividend - Quoted Shares	26,541,475	17,493,769	9,290,765	11,986,741
-Others	-	-	22,472,275	11,720,995
Sales Proceeds from sale of investment	8,850,007	1,046,539,946	-	564,353,444
Rent Income - Investment Property	1,500,000	2,000,000	-	-
-Others	6,409,939	56,684	-	-
Local Sales	41,157,149			
	<b>84,458,570</b>	<b>1,066,090,399</b>	<b>31,763,040</b>	<b>588,061,180</b>
<b>4. ADJUSTMENTS DUE TO CHANGES IN SUBSIDIARIES</b>				
1. Disposal of Renuka Beach Hotels Ltd., shares by Coco Resorts & Villas Ltd				Rs.
Sales Proceeds				25,140
Net Asset Changes				295,891
				321,031
2. Disposal of Renuka Resorts & Villas (Pvt) Ltd. Shares by Renuka Investments (Pvt) Ltd				
Sales Proceeds				5,000
Net Asset Change				(32,134)
				(27,134)
3. Loss on disposal of Coco Resorts & Villas (Pvt) Ltd. Shares by Renuka Holdings PLC to Coco Lanka PLC				(82,604)
4. Net asset change due to shares issued to Coco Lanka PLC in Coco Hotels & Properties (Pvt) Ltd The effective reduction of the holding percentage of the Group in Coco Hotels & Properties (Pvt) Ltd due to this share issue was 25.72%.				(73,375,703)
5. Gain from Net asset change on reduction of share capital of Renuka Products (Pvt) Ltd				4,914,153
6. Gain from shares issued to Shaw Wallace Ceylon Ltd and Renuka Agri Foods PLC in Renuka Products (Pvt) Ltd. The effective increase in holding percentage of the Group in Renuka Products (Pvt) Ltd due to this share issue was 27.53%.				11,833,965
7. Gain from Acquisition of shares of Shaw Wallace Ceylon Ltd. by Renuka Holdings PLC				
Investment in Rights issue of shares				110,441,607
Additional Investment made				63,733,884
				174,175,491
Net Asset Change				(106,609,510)
				67,565,981
				11,149,689

	Consolidated		Company	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
<b>5. OTHER INCOME</b>				
Interest Income on - Call Deposits	<b>2,561,811</b>	3,935,472	<b>109,435</b>	1,121,325
- Foreign Currency Account	<b>1,261,596</b>	373,370	-	-
- Fixed Deposits	<b>853,656</b>	23,795,782	-	-
- Repo	<b>66,912</b>	694,212	-	-
Exchange Gain	-	11,159,406	-	-
Other Income	<b>3,462,989</b>	5,471,782	-	-
Insurance Claim	<b>201,440</b>	3,012,764	-	-
Dividend Income - Others	-	9,586,792	-	-
Profit on Disposal of Property, Plant & Equipment	<b>595,680</b>	5,787,500	-	-
Sundry Sales	<b>17,625,486</b>	2,946,689	-	-
Creditors Written Back	-	178,564	-	-
Export Grant Received	-	10,000,000	-	-
Change in fair value of Investment Properties	<b>140,721,000</b>	286,412,000	-	-
	<b>167,350,570</b>	363,354,333	<b>109,435</b>	1,121,325

	Consolidated		Company	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
<b>6. FINANCE COST</b>				
Interest on Loans & Bank Overdraft	58,852,195	7,505,409	-	-
Lease Interest	395,732	340,378	-	-
Other Lease Expenses	-	252,277	-	-
Factoring Discount	179,090	-	-	-
	<b>59,427,017</b>	<b>8,098,064</b>	<b>-</b>	<b>-</b>
<b>7. PROFIT/(LOSS) BEFORE TAXATION</b>				
is stated after charging all expenses including the following:				
Group Directors Remuneration & Fees	16,683,125	5,245,000	195,000	35,000
Auditors Remuneration Note 7(a)	2,544,513	1,485,863	145,000	135,000
Depreciation on Property, Plant & Equipment	64,472,965	42,858,883	-	-
Impairment of Property, Plant & Equipment	25,321,250	-	-	-
Donation	113,200	60,132	-	-
Staff Cost			-	-
Defined Benefit Plan	19,511,089	3,847,461	-	-
Other Staff Cost (Including EPF & ETF)	288,389,441	141,159,273	-	-
Amortization of Intangible assets	2,729,631	-	-	-
Amortisation of Leasehold Assets	15,235,483	2,919,074	-	-
Loss on Disposal of Property, Plant & Equipment.	2,400,581	-	-	-
Foreign Exchange Loss	49,368,225	-	-	-
<b>7. (a) AUDITOR'S REMUNERATION</b>				
Fees payable to Kreston MNS & Co. for the audit of annual accounts of Renuka Holdings PLC	145,000	135,000	145,000	135,000
Fees payable to Kreston MNS & Co. for the audit of subsidiaries of Renuka Holdings PLC	491,467	320,000	-	-
Fees payable to Other auditors for the audit of subsidiaries & Joint Venture of Renuka Holdings PLC	1,908,046	1,030,863	-	-
	<b>2,544,513</b>	<b>1,485,863</b>	<b>145,000</b>	<b>135,000</b>
<b>8. TAXATION</b>				
Current year Income Tax	29,895,637	10,183,187	31,032	403,054
Tax effect on Group Dividend	3,460,809	274,100	-	-
Transferred to/(from) Deferred Taxation	(3,166,823)	(1,827,183)	-	-
	<b>30,189,623</b>	<b>8,630,104</b>	<b>31,032</b>	<b>403,054</b>

	Consolidated	Company
	2012 Rs.	2011 Rs.
<b>8.1 Reconciliation Between Taxable Profit and The Accounting Profit</b>		
Accounting Profit before Taxation	540,777,292	(29,784,377)
Aggregate Disallowed Items	432,030,916	29,893,812
Aggregate Allowed Expenses	(126,249,620)	-
Tax Exempt Income	(515,923,942)	-
Losses of Tax Liable Companies	7,113,169	-
	<b>337,747,815</b>	109,435
Tax loss set-off	(5,126,725)	-
Taxable Income	<b>332,621,090</b>	109,435
Income Tax @ 28%	14,141,566	30,642
Income Tax @ 12%	14,707,376	-
Income Tax @ 10%	949,800	-
(Over) / under provision in the previous year	96,895	390
	<b>29,895,637</b>	31,032
Deferred Tax	(3,166,823)	-
Tax effect on Group Dividend	3,460,809	-
Income Tax on current year profits	<b>30,189,623</b>	31,032

## 9. EARNINGS PER SHARE

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

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

	2012	2011	2012	2011
	Rs.	Rs.	Rs.	Rs.
<b>Amount used as the Numerator</b>				
Profit/(Loss) Attributable to equity holders of the Company for basic Earnings per share	256,388,549	618,465,238	(29,815,409)	322,547,554
<b>Number of Ordinary Shares used as Denominator</b>				
Weighted Average number of Ordinary Shares in issue applicable to basic Earnings per Share	50,473,058	50,000,000	50,473,058	50,000,000
	Rs.	Rs.	Rs.	Rs.
Earnings/(Loss) per Share	5.08	12.37	(0.59)	6.45

**10. DIVIDEND PER SHARE**

Final proposed Rs.0.70 per share (2010/2011 Rs.1.70 per share )

1. The final dividend of Rs.1.70 per share comprising of a cash dividend of Rs. 0.70 and a scrip dividend of Rs.1/- for the financial year ended 31st March 2011 was paid on 30th September 2011.
2. The Directors recommend Rs.0.70 per share as the final dividend for the year ended 31st March 2012.

**11. PROPERTY, PLANT & EQUIPMENT**

<b>CONSOLIDATED</b>	<b>As at 01.04.2011 Rs.</b>	<b>Acquisition of Subsidiaries Rs.</b>	<b>Additions Rs.</b>	<b>Disposals Rs.</b>	<b>As at 31.03.2012 Rs.</b>
<b>Cost</b>					
Freehold Land	570,451,243	107,752,400	18,499,000	(16,583,600)	<b>680,119,043</b>
Buildings	195,987,624	192,897,600	244,825,871	(2,732,236)	<b>630,978,859</b>
Plant & Machinery	357,725,473	239,880,792	87,013,930	-	<b>684,620,195</b>
Motor Vehicles	83,032,082	17,295,900	31,751,633	(1,385,000)	<b>130,694,615</b>
Equipment & Tools	87,996,800	51,075,970	37,074,438	(286,025)	<b>175,861,183</b>
Furniture & Fittings	37,258,315	3,729,821	3,086,187	-	<b>44,074,323</b>
Electrical Installation	13,556,054	-	1,605,577	-	<b>15,161,631</b>
	<b>1,346,007,591</b>	<b>612,632,482</b>	<b>423,856,636</b>	<b>(20,986,861)</b>	<b>2,361,509,848</b>

	<b>As at 01.04.2011 Rs.</b>	<b>Acquisition of Subsidiaries Rs.</b>	<b>Charge for the year Rs.</b>	<b>Depreciation on Disposal Rs.</b>	<b>As at 31.03.2012 Rs.</b>
<b>Depreciation</b>					
Freehold Land	-	-	-	-	-
Buildings	18,391,808	-	10,545,939	(331,655)	<b>28,606,092</b>
Plant & Machinery	167,101,139	34,170,149	25,987,222	-	<b>227,258,511</b>
Motor Vehicles	45,516,843	9,601,754	12,918,769	(1,045,000)	<b>66,992,366</b>
Equipment & Tools	34,962,524	28,949,328	10,733,702	-	<b>74,645,554</b>
Furniture & Fittings	23,100,630	1,894,646	2,838,423	-	<b>27,833,699</b>
Electrical Installation	8,910,460	-	1,448,910	-	<b>10,359,370</b>
	<b>297,983,405</b>	<b>74,615,877</b>	<b>64,472,965</b>	<b>(1,376,655)</b>	<b>435,695,591</b>

	<b>As at 01.04.2011 Rs.</b>	<b>Acquisition of Subsidiaries Rs.</b>	<b>Charge for the year Rs.</b>	<b>On Disposal Rs.</b>	<b>As at 31.03.2012 Rs.</b>
<b>Impairment</b>					
Buildings	-	-	25,321,250	-	<b>25,321,250</b>
	-	-	<b>25,321,250</b>	-	<b>25,321,250</b>



	As at 31.03.2012 Rs.	As at 31.03.2011 Rs.
<b>Written Down Value</b>	<b>1,900,493,007</b>	1,048,024,186
Capital Work in Progress	<b>110,228,700</b>	171,152,013
	<b>2,010,721,707</b>	1,219,176,199

Freehold Land includes the land owned by the Renuka Resorts Ltd valued at Rs.115 Mn is currently occupied by the Sri Lankan Navy. It had purportedly been acquired by the state by Gazette No. 171/3 for purpose of tourism. The acquisition has been resorted to without due notice and without adhering to the requisite provision of the Law. Representation has been made to have the land returned or to allocate an alternate land.

	Goodwill	Other Intangible	Total
<b>12. INTANGIBLE ASSETS</b>			
<b>Cost</b>			
Balance on 1st April 2011	71,161,744	-	<b>71,161,744</b>
Additions during the year (Note 12.b)	66,136,096	13,648,153	<b>79,784,249</b>
Balance on 31st March 2012	137,297,840	13,648,153	<b>150,945,993</b>
<b>Accumulated Amortization/ Impairment</b>			
Balance on 1st April 2011	-	-	-
Amortised/Impaired during the year	85,125	2,729,631	<b>2,814,756</b>
Balance on 31st March 2012	85,125	2,729,631	<b>2,814,756</b>
<b>Net Book Value</b>			
Balance on 1st April 2011	71,161,744	-	<b>71,161,744</b>
Balance on 31st March 2012	137,212,715	10,918,522	<b>148,131,237</b>

**(a) Goodwill**

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

- (1) Shaw Wallace Ceylon Ltd
- (2) Coco Resorts & Villas (Pvt) Ltd
- (3) Richlife Dairies Ltd

**(b) Goodwill Additions**

Acquisition of subsidiaries (Note 12.c)	<b>64,611,566</b>
Goodwill Adjustment Due to additional investment in Shaw Wallace Properties Ltd. by Shaw Wallace Ceylon Ltd.	<b>1,524,530</b>
	<b>66,136,096</b>

**(c) Acquisition of subsidiaries & Joint Ventures**

The following represents the fair values of the identifiable assets and liabilities of subsidiaries & Joint Ventures acquired as at the date of acquisition.

	<b>Interocean (Pvt) Ltd.</b>	<b>McShaw Automotive (Pvt) Ltd.</b>	<b>Sub Total</b>	<b>Richlife Dairies (Pvt) Ltd.</b>	<b>Grand Total</b>
<b>Assets</b>					
Property, Plant & Equipment	429,150	8,303,835.00	8,732,985	529,283,621	<b>538,016,606</b>
Long Term Receivables		-	-	5,000,000	<b>5,000,000</b>
Inventories	73,671,092	93,265,374	166,936,466	26,298,123	<b>193,234,589</b>
Trade & Other Receivables	94,960,629	66,336,683	161,297,312	43,746,910	<b>205,044,222</b>
Amount due from Related Companies	2,344,128	-	2,344,128	-	<b>2,344,128</b>
Income Tax Receivable	-	-	-	3,573,502	<b>3,573,502</b>
Cash & Cash Equivalents	-	2,245,745	2,245,745	846,343	<b>3,092,088</b>
	<b>171,404,999</b>	<b>170,151,636</b>	<b>341,556,636</b>	<b>608,748,499</b>	<b>950,305,135</b>
<b>Liabilities</b>					
Retiring Benefit Obligations	-	-	-	6,877,837	<b>6,877,837</b>
Trade & Other Payables	3,579,729	149,821,560	153,401,289	167,589,217	<b>320,990,506</b>
Dividend Payable	-	-	-	-	<b>-</b>
Amounts due to Related Companies	81,956,676	11,980,754	93,937,430	-	<b>93,937,430</b>
Income Tax Payable	-	92,948	92,948	-	<b>92,948</b>
Deferred Tax Liability	-	-	-	37,758,332	<b>37,758,332</b>
Interest bearing Loans & Borrowings	82,500,000	-	82,500,000	30,288,691	<b>112,788,691</b>
Bank Overdraft	813,144	-	813,144	51,172,585	<b>51,985,729</b>
	<b>168,849,549</b>	<b>161,895,262</b>	<b>330,744,811</b>	<b>293,686,662</b>	<b>624,431,473</b>
Net Identifiable Assets	2,555,450	8,256,375	10,811,825	315,061,837	<b>325,873,662</b>
Less : Minority Interest	(511,090)	(1,651,275)	(2,162,365)	(256,806,903)	<b>(258,969,268)</b>
Identifiable Net Assets Acquired	<b>2,044,360</b>	<b>6,605,100</b>	<b>8,649,460</b>	<b>58,254,934</b>	<b>66,904,393</b>
Add : Positive Goodwill arising from Acquisition	(44,334)	(4,425,100)	(4,469,434)	64,611,566	<b>60,142,132</b>
Less: Goodwill Written off	-	-	-	-	<b>-</b>
Consideration paid for Acquisition - Majority	2,000,026	2,180,000	4,180,026	122,866,500	<b>127,046,526</b>
Consideration paid for Acquisition - Minority	500,006	545,000	1,045,006	382,133,500	<b>383,178,506</b>
	<b>2,500,032</b>	<b>2,725,000</b>	<b>5,225,032</b>	<b>505,000,000</b>	<b>510,225,032</b>
<b>The effects of acquisition on cash flow :</b>					
Consideration settled in cash	2,500,032	2,725,000	-	505,000,000	<b>510,225,032</b>
Less : Cash and Cash Equivalents of Subsidiaries & Joint Venture Acquired	813,144	(2,245,745)	-	50,326,242	<b>48,893,641</b>
Net Cash flow on Acquisition	<b>3,313,176</b>	<b>479,255</b>	<b>-</b>	<b>555,326,242</b>	<b>559,118,673</b>

## (d) Goodwill

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

## 13. INVESTMENT PROPERTY

	Consolidated		Company	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
<b>(a) Movement of Investment Property</b>				
Balance on 1st April	934,015,111	320,279,000	-	-
Additions during the year	597,000	327,324,111	-	-
Change in fair value of investment property	140,721,000	286,412,000	-	-
Balance on 31st March	1,075,333,111	934,015,111	-	-

## (b) Details of Investment Property

Name of the Company	Details of the Property	Fair Value as at 31.03.2012	Directors Valuation as at 31.03.2012	Valuer's Valuation	
				Date	Value
Renuka Developments Ltd	Land & Building No. 210, Sri Dharmma Mawatha, Colombo 09	478,406,111	478,406,111	31st March 2012	478,406,111
Coco Hotels & Properties (Pvt) Ltd	Land & Building No. 27, 27A, Galleface Terrace, Colombo 03	596,927,000	596,927,000	30th June 2011	596,330,000
		<b>1,075,333,111</b>	<b>1,075,333,111</b>		

## (c) Change in fair value of Investment Property

Renuka Developments Ltd	140,721,000
Coco Hotels & Properties (Pvt) Ltd	-
	<b>140,721,000</b>

**(d) Rental Income earned & Direct Operating Expenses incurred****(i) Renuka Developments Ltd**

Rental Income earned from Investment Property by the Group amounted to Rs.1,500,000/- (2011 - 1,700,000/-) and Direct Operating Expenses incurred amounted to Rs.701,520/- (2011 - Rs.878,140/-).

This Property has been Valued by Mr. M.P. Perera D.I.V FIV. Assistant Gov't Valuer (retired) based on the Market Value of Lands in that area.

**(ii) Coco Hotels & Properties (Pvt) Ltd**

Rent income earned from Investment Property by the Group amounted to Rs. Nil (2011 - Rs.300,000/-) and No Direct operating Expenses incurred in relation to the Investment Property.

This Property has been valued by valuer Leon M.P. Perera D.I.V, F.I.V (Asst. Govt. Valuer (Retired), based on the Market value of the adjoining properties.

	Consolidated		Company	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
<b>14. VALUE OF IMMOVABLE ASSETS ON LEASE</b>				
<b>Kandy Plantations Ltd (Note 14.a)</b>				
Land, Building, Mature and Immature Plantations	82,500,000	82,500,000	-	-
Less : Accumulated Amortisation	(24,750,012)	(22,000,008)	-	-
Balance on 31st March	57,749,988	60,499,992	-	-
<b>Renuka Agri Foods PLC (Note 14.b)</b>				
Balance on 1st April	2,693,672	2,762,742	-	-
Amortisation during the year	(69,070)	(69,070)	-	-
Balance on 31st March	2,624,602	2,693,672	-	-
<b>Shaw Wallace Properties Ltd. (Note 14.c)</b>				
Balance on 1st April	252,300,000	-	-	-
On Acquisition of Subsidiaries	-	252,300,000	-	-
Amortisation during the year	(12,416,409)	-	-	-
Balance on 31st March	239,883,591	252,300,000	-	-
Total	300,258,181	315,493,664	-	-

## 14.a Kandy Plantations Ltd

Lease have been executed for 3 estates (Primarily coconut) comprising 33 contiguous allotments of Land called and known as "Giriulla Estate" in Giriulla situated in the Gampaha District, Western Province. As per Survey Plan No. 45/27, prepared in May 1926 and April 1927 by Mr. L.H. Croos Dabrera, this contiguous allotments of Land comprise a total extent of 640A-3R-32P. This lease has been executed for a period of 30 years under 2 separate lease agreements. The first lease agreement relates to 10 years period from 1st April 2003 to 31st March 2013 and the second lease agreement relates to the next 20 years commencing from 1st April 2013 and ending on 31st March 2033.

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

## 14.b Renuka Agri Food PLC

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

## 14.c Shaw Wallace Properties Ltd

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

	Consolidated		Company	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
<b>15. IMMATURE PLANTATION</b>				
Balance on 1st April	<b>5,633,879</b>	5,011,990	-	-
Additions during the year	<b>441,705</b>	621,889	-	-
Written off during the year	-	-	-	-
Balance on 31st March	<b>6,075,584</b>	5,633,879	-	-

## 16. INVESTMENTS

## 16.a Investments in Subsidiaries

	Consolidated		Company	
	2012	2011	2012	2011
	Rs.	Rs.	Rs.	Rs.
Cost	-	-	644,175,501	470,000,210
	-	-	644,175,501	470,000,210

	% Holding		No of Shares		Value	
	2012	2011	2012	2011	2012	2011
			Movement	Movement		
Renuka Developments Ltd	100%	100%	9,994	9,994	35,000,000	-
Renuka Enterprises (Pvt) Ltd	97%	97%	3,100,000	3,100,000	31,000,000	-
Renuka Agro Exports Ltd	96%	96%	9,600,000	9,600,000	36,000,000	-
Coco Resorts & Villas (Pvt) Ltd	-	100%	-	(20)	-	(200)
Coco Hotels & Properties (Pvt) Ltd	50%	100%	10	10	10	-
Shaw Wallace Ceylon Limited	79.80%	61.78%	93,450,116	3,163,277	542,175,491	174,175,491
					644,175,501	174,175,291
						470,000,210

## 16.b Group Investments in Subsidiaries

	% Holding		No of Shares		Value	
	2012	2011	2012	2011	2012	2011
<b>Investor</b>						
Renuka Agro Exports Ltd						
<b>Investee</b>						
<b>Quoted Investments</b>						
Coco Lanka PLC - Voting	50.60%	50.60%	10,929,651	10,929,651	280,834,843	280,834,843
- Non-Voting	-	-	-	-	-	-
<b>Investor</b>						
Coco Lanka PLC						
<b>Investee</b>						
<b>Quoted Investments</b>						
Renuka Agri Foods PLC	50.09%	50.09%	201,030,000	221,030,000	199,572,072	199,572,072
<b>Unquoted Investments</b>						
Coco Hotels & Properties (Pvt) Ltd	50.00%	-	10	-	285,000,000	-
<b>Investor</b>						
Renuka Agri Foods PLC						
<b>Investee</b>						
Richlife Dairies Ltd	76%	-	20,290,000	-	505,000,000	-
Renuka Products (Pvt)Ltd	37.5%	-	150,000	-	18,750,000	-
Renuka Organics (Pvt) Ltd	100%	100%	500,000	500,000	-	50,000,000
Renuka Teas (Ceylon) (Pvt) Ltd - Voting	100%	100%	1,250,000	1,250,000	-	46,875,000
- Non-Voting	-	-	1,250,000	1,250,000	-	50,000,000



## 16.b Group Investments in Subsidiaries (contd.)

	% Holding		No of Shares		Value	
	2012	2011	2012	2011	2012	2011
<b>Investor</b> Renuka Organics (Pvt) Ltd						
<b>Investee</b> Kandy Plantations Ltd	50%	50%	2,100,002	2,100,002	21,050,025	21,050,025
Renuka Product (Pvt) Ltd	-	100%	-	100,000	-	10,000,000
				(100,000)		(10,000,000)
<b>Investor</b> Kandy Plantations Ltd						
<b>Investee</b> Ceylon Forestry (Pvt) Ltd	60%	60%	2,100,000	2,100,000	20,000,000	20,000,000
<b>Investor</b> Ceylon Forestry (Pvt) Ltd						
<b>Investee</b> Ceylon Botanicals (Pvt) Ltd	100%	100%	2,500,000	2,500,000	25,000,000	25,000,000
<b>Investor</b> Renuka Teas (Ceylon) (Pvt) Ltd						
<b>Investee</b> Campbell Teas (Pvt) Ltd	100%	100%	499,998	499,998	4,999,980	4,999,980
Renuka Trading (Pvt) Ltd	100%	100%	20	20	110,000,000	110,000,000
<b>Investor</b> Renuka Enterprises (Pvt) Ltd						
<b>Investee</b> Renuka Shipping & Travel (Pvt) Ltd	100%	100%	549,980	549,980	5,499,800	5,499,800
Renuka Investments (Pvt) Ltd	50%	50%	5,000	5,000	50,000	50,000
<b>Investor</b> Renuka Investments (Pvt) Ltd						
<b>Investee</b> Renuka Resorts Ltd	89.60%	89.60%	89,600	89,600	1,796,000	1,796,000
Renuka Villas (Pvt) Ltd	30%	50%	7,500	12,500	7,500	12,500
				(5,000)		(5,000)

	% Holding		No of Shares		Value	
	2012	2011	2012	2011	2012	2011
<b>Investor</b>						
Coco Resorts and Villas Ltd						
<b>Investee</b>						
Renuka Beach Hotels Ltd	-	100%	-	2,520	-	25,140
<b>Investor</b>						
Shaw Wallace Ceylon Ltd						
<b>Investee</b>						
Shaw Wallace Food Service Ltd	100%	100%	600,000	600,000	6,990,000	6,990,000
Shaw Wallace Properties Ltd	100%	100%	2	2	-	-
Shaw Wallace Services Ltd	100%	100%	10,000	10,000	1,250,000	1,250,000
Shaw Wallace Agencies Ltd	100%	100%	5,000	5,000	5,115,000	5,115,000
Renuka Product (Pvt) Ltd	62.5%	-	250,000	-	375,000	-
Bois Brothers (Pvt) Ltd	100%	-	1	-	100	-

## 16.c Investments in Joint Ventures

### Investor

Shaw Wallace Ceylon Ltd

### Investee

McShaw Automotive Limited

### Investor

McShaw Automotive Limited

### Investee

Interocean Lubricants (Pvt) Ltd

Shaw Wallace Ceylon Ltd has 50% equity shareholding of McShaw Automotive Ltd, Joint Venture incorporated in Sri Lanka with McLaren Holdings Ltd with effect from 30th September 2011.

The Group interest in the Income, Expenses, profit before tax, Long Term Assets, Current Assets, Long Term Liabilities & Current Liabilities of Joint Venture is given below.

	As at 31.03.2012
Long Term Assets	18,029,812
Current Assets	526,876,758
<b>Total Assets</b>	<b>544,906,570</b>
Long Term Liabilities	64,743,584
Current Liabilities	461,237,790
<b>Total Liabilities</b>	<b>525,981,374</b>

30th September 2011 to 31st March 2012

Income	387,625,480
Expenses	(374,251,622)
<b>Profit Before Tax</b>	<b>13,373,858</b>

## 16.d Other Investments

	% Holding		No of Shares		Value	
	2012	2011	2012	2011	2012	2011
<b>Investor</b>						
Renuka Enterprises (Pvt) Ltd						
<b>Investee</b>						
Crescent Launderers & Dry Cleaners (Pvt) Ltd*	44.25%	44.25%	265,500	265,500	56,882,542	56,882,542
<b>Investor</b>						
Renuka Investments (Pvt) Ltd						
<b>Investee</b>						
Renuka Consultants & Services Ltd*	20.71%	20.71%	12,420	12,420	96,112,570	96,112,570
Renuka Properties Ltd*	20.64%	20.64%	12,386	12,386	46,062,520	46,062,520
Lancaster Holdings Ltd*	20.64%	20.64%	12,386	12,386	24,901,310	24,901,310
The Cargo Boat Despatch Co. Ltd	-	-	-	(50,498)	-	(504,980)
<b>Investor</b>						
Renuka Shipping & Travel (Pvt) Ltd						
<b>Investee</b>						
The Cargo Boat Despatch Co. Ltd	-	-	-	-	(10)	10
<b>Investor</b>						
Renuka Enterprises (Pvt) Ltd						
<b>Investee</b>						
The Cargo Boat Despatch Co. Ltd	-	-	1	1	10	10
					<b>223,958,952</b>	<b>224,463,942</b>
					(504,990)	

\* The Group percentage holding in the above companies is more than 20% but less than 50% as at 31st March 2012. However, there is no representation in the Board of Directors of these companies by the Group. In the absence of significant influence in these companies, these investments have not been accounted as investment in Associates.

	Consolidated		Company	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
<b>17. LONG TERM RECEIVABLE</b>				
Shaw Wallace & Hedges PLC	<b>28,538,000</b>	28,538,000	-	-
	<b>28,538,000</b>	28,538,000	-	-

The above represents the balance due on funds advanced to Shaw Wallace & Hedges PLC by Shaw Wallace Ceylon Ltd. The aforesaid balance due, which is not receivable within next one year, is not secured and no interest would be charged on the this balance.

<b>18. INVENTORIES</b>				
Raw Materials & Consumables	<b>118,430,011</b>	28,543,278	-	-
Finished Goods	<b>527,534,938</b>	333,403,452	-	-
Packing Material & Chemicals	<b>80,519,382</b>	73,840,248	-	-
Machinery Spare Parts	<b>11,802,714</b>	5,055,184	-	-
Goods in Transit	<b>339,633,913</b>	10,768,946	-	-
Work in Progress	<b>40,141,497</b>	158,426,068	-	-
Harvested Crop	<b>5,801,151</b>	8,294,060	-	-
Lubricants, Tyre Tube & Lockheed	<b>126,179,105</b>	-	-	-
Less. Provision for Stock Loss	<b>(1,892,937)</b>	(3,321,946)	-	-
	<b>1,248,149,774</b>	615,009,290	-	-

## 19. SHORT TERM INVESTMENTS IN SHARES

## (a) Renuka Holdings PLC

Quoted Shares	No. of Shares			Carrying Value of Shares					Dividends Received		
	As at 01.04.2011	Additions	Disposals	As at 31.03.2012	As at 01.04.2011	Additions	Disposals	Gain/(Loss) from charge of Market Value		As at 31.03.2012	Sale Proceeds from Disposal
DFCC Bank PLC	1,001,600	-	-	1,001,600	172,074,880	-	-	(59,294,720)	112,780,160	-	9,290,765
Vanik Incorporation PLC	50	-	-	50	40	-	-	-	40	-	-
					172,074,920	-	-	(59,294,720)	112,780,200	-	9,290,765

## (b) COCO Lanka PLC

Quoted Shares	No. of Shares			Carrying Value of Shares					Dividends Received		
	As at 01.04.2011	Additions	Disposals	As at 31.03.2012	As at 01.04.2011	Additions	Disposals	Gain/(Loss) from charge of Market Value		As at 31.03.2012	Sale Proceeds from Disposal
Ceylon Tobacco PLC	-	-	-	150,000					77,265,000		
Distilleries Company PLC	-	-	-	225,000					32,265,000		
DFCC Bank PLC	-	-	-	92,600					45,922,950		
Hatton National Bank PLC	-	-	-	300,150					10,786,760		
Sampath Bank PLC	-	-	-	51,152					9,197,130		
Lanka Ceramic PLC	-	-	-	9,000					640,800		
<b>Total</b>					210,103,180	-	(8,223,900)	(25,801,640)	176,077,640	8,850,007	17,250,710
<b>Grant Total</b>					382,178,100	-	(8,223,900)	(85,096,360)	288,857,840	8,850,007	26,541,475

	Consolidated		Company	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
<b>20. TRADE AND OTHER RECEIVABLES</b>				
Trade Debtors	958,923,331	512,663,231	-	-
Provision for Bad debts - Note 20(a)	(48,749,375)	(28,334,221)	-	-
Other Receivables	222,351,213	250,662,576	95,587	74,638
	<b>1,132,525,169</b>	<b>734,991,586</b>	<b>95,587</b>	<b>74,638</b>
<b>20.a Provision for Bad Debts</b>				
Balance on 1st April	28,334,221	600,000	-	-
Acquisition of Subsidiaries	13,942,345	27,734,221	-	-
Provision made during the year	6,472,809	-	-	-
Balance on 31st March	<b>48,749,375</b>	<b>28,334,221</b>	<b>-</b>	<b>-</b>
<b>21. AMOUNT DUE FROM RELATED COMPANIES</b>				
Renuka Agro Exports Ltd	-	-	-	27,462,397
Renuka Developments Ltd	-	-	32,707,593	372,307,593
Mc Larens Holdings Ltd	54,837,721	-	-	-
Coco Resorts & Villas (Pvt) Ltd.	-	-	-	41,925,000
Shaw Wallace Ceylon Ltd	-	-	420,199,000	190,000,000
	<b>54,837,721</b>	<b>-</b>	<b>452,906,593</b>	<b>631,694,990</b>
<b>22. SHORT TERM INVESTMENTS IN DEPOSITS</b>				
Short Term Deposits	203,236	106,434,092	-	-
Call Deposits	23,167,602	12,269,983	1,943,330	2,299,153
Repo	-	3,500,000	-	-
	<b>23,370,838</b>	<b>122,204,075</b>	<b>1,943,330</b>	<b>2,299,153</b>
<b>23. CASH AT BANK AND IN HAND</b>				
<b>Favourable Cash and Cash Equivalent Balances</b>				
Cash at Bank & in Hand	93,390,884	88,738,920	169,427	853,736
	<b>93,390,884</b>	<b>88,738,920</b>	<b>169,427</b>	<b>853,736</b>
<b>Unfavourable Cash and Cash Equivalent balances</b>				
Bank Overdraft	(154,176,998)	(63,834,969)	(43,953)	-
	<b>(154,176,998)</b>	<b>(63,834,969)</b>	<b>(43,953)</b>	<b>-</b>
Net Balance	<b>(60,786,114)</b>	<b>24,903,951</b>	<b>125,474</b>	<b>853,736</b>

	Company / Consolidated	
	2012 Rs.	2011 Rs.
<b>24. STATED CAPITAL</b>		
<b>Number of Ordinary Shares Issued and Fully Paid</b>		
Balance on 1st April	50,000,000	50,000,000
Issue of Shares (Scrip Dividend)		
- Voting Shares	767,313	-
- Non Voting Shares	178,415	-
Balance on 31st March	50,945,728	50,000,000
<b>Stated Capital</b>		
Balance on 1st April	125,000,000	125,000,000
Issue of Shares (Scrip Dividend)		
- Voting Shares	43,750,000	-
- Non Voting Shares	6,250,000	-
Balance on 31st March	175,000,000	125,000,000

Ordinary Shares were issued during the year as part of the final dividend for 2010/11 satisfied in the form of issue and allotment of new shares (Scrip Dividend).

	Consolidated		Company	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
<b>25. DEFERRED TAXATION</b>				
<b>The gross movement of Deferred tax account</b>				
Balance on 1st April	16,775,615	26,916,169	-	-
Acquisition of Subsidiaries	37,758,363	(8,313,371)	-	-
Provision/(Reversal) made during the year	(3,166,823)	(1,827,183)	-	-
Balance on 31 st March	51,367,155	16,775,615	-	-

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

Deferred tax liabilities	65,379,989	24,699,539	-	-
Deferred tax assets	(14,012,834)	(7,923,924)	-	-
	51,367,155	16,775,615	-	-



	Consolidated		Company	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
<b>26. INTEREST BEARING BORROWINGS &amp; LEASE INSTALLMENTS</b>				
<b>26.a Interest Bearing Borrowings And Lease Installments Due After One Year</b>				
Long Term Loan (26.c)	<b>178,679,187</b>	13,100,651	-	-
Lease Installments Payable (to the Owner of the Estate/Lessor) (26.d)	<b>65,000,000</b>	67,000,000	-	-
Finance Lease Obligation (Motor Vehicles) (26.e)	<b>3,516,706</b>	521,161	-	-
<b>Total Non-Current Portion of Interest Bearing Borrowings &amp; Lease Installments</b>	<b>247,195,893</b>	80,621,812	-	-
<b>26.b Interest Bearing Borrowings and Lease Installments Due Within One Year</b>				
Long Term Loan (26.c)	<b>383,529,678</b>	3,208,356	-	-
Lease Installments Payable (to the Owner of the Estate/Lessor) (26.d)	<b>2,000,000</b>	2,000,000	-	-
Finance Lease Obligation (Motor Vehicles) (26.e)	<b>1,483,641</b>	1,587,384	-	-
Project Loan (26.f)	<b>402,841,080</b>	168,635,000	-	-
Other Loan	<b>40,525,493</b>	19,125,791	-	-
<b>Total Non-Current Portion of Interest Bearing Borrowings</b>	<b>830,379,892</b>	194,556,531	-	-
<b>26.c Long Term Loan</b>				
Balance on 1st April	<b>16,309,007</b>	20,628,770	-	-
Acquisition of Subsidiaries & Joint Venture	<b>112,100,741</b>	-	-	-
Loans Obtained During the year	<b>451,382,355</b>	-	-	-
Payments made during the year	<b>(17,583,238)</b>	(4,319,763)	-	-
Balance on 31st March	<b>562,208,865</b>	16,309,007	-	-
Payments due within one year	<b>383,529,678</b>	3,208,356	-	-
Payments due after one year	<b>178,679,187</b>	13,100,651	-	-
<b>26.d Lease Installments Payable (To The Owner of the Estate/Lessor)</b>				
Total Lease installments payable under the lease for 30 years commencing 01.04.2003	<b>82,500,000</b>	-	-	-
Amount paid up to 31st March	<b>(15,500,000)</b>	(13,500,000)	-	-
Balance payable on lease as at 31st March	<b>67,000,000</b>	69,000,000	-	-
Lease Installments payable in the ensuing year	<b>(2,000,000)</b>	(2,000,000)	-	-
Lease installments payable after one year	<b>65,000,000</b>	67,000,000	-	-

## 26.e Lease Obligation (Motor Vehicles)

	<b>Consolidated Total</b>
<b>Lease Liability</b>	
Balance on 1st April 2011	2,260,996
Acquisition of Subsidiaries	814,140
Lease Obtained during the year	5,564,786
Installments Paid during the year	(2,391,881)
<b>Balance on 31st March 2012</b>	<b>6,248,041</b>
<b>Interest in Suspense</b>	
Balance on 1st April 2011	152,450
Acquisition of Subsidiaries	126,191
Lease Obtained during the year	1,364,785
Charged to Income Statement	(395,732)
<b>Balance on 31st March 2012</b>	<b>1,247,694</b>
<b>Net Balance Payable as follows</b>	<b>5,000,347</b>
Installments payable within one year	1,483,641
Installments payable after one year	3,516,706
<b>Net Balance</b>	<b>5,000,347</b>

## 26.f Project Loan

Lender	Facility	Security	As at 31st March	
			2012	2011
Seylan Bank PLC Bank of Ceylon Hatton National Bank PLC	Short Term Loan	Corporate Guarantees issued by Renuka Holdings PLC	402,841,080	168,635,000

## 26.g Details of Long Term Borrowings

Lender	Interest Rate	Facility Obtained	Balance as at 31st March 2012 Rs.	Repayment Terms	Security
DFCC Bank	AWPR + 6.5% p.a	Boiler Loan	13,100,651	To be paid in 72 installment with a grace period of 24 Months starting from July 2008 a monthly installment of Rs. 267,363/-	Primary Mortgage over leasehold rights of an allotted plot of land depicted on lot no 28, Yatadawala.
National Development Bank PLC	1 year LIBOR + 3.75 p.a	Medium term loan	98,163,487	24 equal monthly installments of USD 40,625 each.	(a) Primary mortgage over stock and book debt for USD 740,000/- (b) Agreement to mortgage over stocks and book debts for USD 1,180,000/- (c) Corporate guarantee from Renuka Agro Exports Limited for USD 940,000/-
	3 months LIBOR + 4% p.a	Letters of credits	102,247,506	120 Days (maximum)	
HSBC Limited	1 or 3 months LIBOR+ 3.5% p.a	Packing credit loan	77,480,389	Repayable on demand	Corporate Guarantee of USD 1,000,000/- from Coco Lanka PLC and LKR 25,000,000/- from Richlife Dairies Ltd.
	1 or 3 months LIBOR+ 3.5% p.a		24,083,444	Repayable on demand	
Bank of Ceylon	6.5% p.a	Long term Loan	15,241,740	Repayable over 96 equal monthly installments.	Letter of set off/ Memo of deposit dated 26 February 2010.
	14% p.a	Long term Loan	225,650	To be Paid in 66 equal monthly installments	Property held at, Pirivena Road, Molligoda, Wadduwa for Rs.426 Mn.
	16.5% p.a	Import Loan	9,721,000	3 Months	

	Consolidated		Company	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
<b>27. RETIREMENT BENEFIT OBLIGATION</b>				
<b>27.1 Movement in the Present Value of the Defined Benefit Obligation</b>				
<b>(a) Provision for Retiring Gratuity</b>				
Balance on 1st April	44,451,530	12,500,395	-	-
Acquisition of Subsidiaries & Joint Ventures	6,877,837	29,589,181	-	-
Provision made during the year (Note 27.5)	19,511,089	3,847,461	-	-
Gratuity Paid during the year	(4,434,046)	(1,485,507)	-	-
Balance on 31 st March	66,406,411	44,451,530	-	-
<b>(b) Pension Fund</b>				
Balance on 1st April	2,130,000	-	-	-
Acquisitions of Subsidiary	-	2,130,000	-	-
Paid During the year	(960,973)	-	-	-
Balance on 31st March	1,169,027	2,130,000	-	-
	67,575,438	46,581,530	-	-

This represents the amount payable to 37 retired employees those who joined Shaw Wallace & Hedges PLC prior to 20th April 1969 All employees eligible for a pension under this scheme have retired from Service.

**27.2** This obligation is not externally funded.

**27.3** Gratuity liability is based on the actuarial valuation carried out by Messrs. Actuarial and Management Consultants (Private) Limited, Actuaries, on 31st March 2012. The principal assumptions used in the actuarial valuation are as follows:

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

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

**27.5 Provision made during the year**

Interest cost for the year	5,655,896	1,160,619
Current Service cost for the year	5,919,775	2,890,902
Actuarial (Gain)/Loss	7,935,418	(204,060)
	19,511,089	3,847,461

	Consolidated		Company	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
<b>28. TRADE &amp; OTHER PAYABLE</b>				
Trade Creditors	817,629,230	315,799,276	-	-
Payable to Tetra Pak South East Asia (Pte) Ltd (Note 28.a)	15,354,785	65,347,328	-	-
Other Payables	7,711,752	16,080,602	-	-
Accrued Expenses & Other Payables	294,090,176	92,531,956	624,455	310,500
	<b>1,134,785,943</b>	489,759,162	<b>624,455</b>	310,500

#### 28.a Payable To Tetra Pak South East Asia (Pte) Ltd

Gross Payable	61,419,140	-	-	-
Less: Deferred Income	(46,064,355)	-	-	-
Net Payable to Tetra Pak South East Asia (Pte)Ltd	15,354,785	-	-	-

#### 28.b Payable To Tetra Pak South East Asia (Pte) Ltd

This Balance represents a packing material rebate to be granted by Tetra Pak South East Asia (Pte) Ltd to Richlife Dairies Limited on timely settlement of overdue amount on Capital Equipment payable to Tetra Pak South East Asia (Pte) Ltd by 31st March 2013.

#### 29. AMOUNTS DUE TO RELATED COMPANIES

Renuka Group Ltd	384,439,880	460,603,567	384,439,880	460,567,837
Renuka Enterprises (Pvt) Ltd	-	-	41,009,980	33,000,000
Renuka Agri Foods PLC	-	-	211,140	2,500,000
Coco Hotels & Properties (Pvt) Ltd	-	-	159,159,800	150,000,000
Interocean Services Limited,	84,419,065	-	-	-
Mc Larens Holdings Ltd	2,344,128	-	-	-
Renuka Agro Exports Ltd	-	-	60,870,140.00	-
Cargo Boat Despatch Co. Ltd	-	10	-	-
Balance on 31st March	<b>471,203,073</b>	460,603,577	<b>645,690,940</b>	646,067,837

#### 30. INCOME TAX PAYABLE/(REFUND DUE)

Balance on 1st April	34,052,090	4,128,033	95,608	(82,171)
Acquisition of Subsidiaries & Joint Venture	(3,480,554)	27,028,391	-	-
Income Tax provision made during the year	29,895,637	10,183,187	31,032	403,054
Payments made	(57,787,986)	(6,949,572)	(112,699)	(113,143)
WHT	(93,600)	(280,114)	(10,944)	(112,132)
Notional Tax	(6,690)	(57,835)	-	-
Balance on 31st March	<b>2,578,897</b>	34,052,090	<b>2,997</b>	95,608

**31. EVENTS OCCURRING AFTER THE BALANCE SHEET**

- (a) The Directors have proposed a final dividend of Rs.0.70 for the year ended 31st March 2012.  
In accordance with SLAS 12 (2005) "Events after the Balance Sheet date" the final dividend has not been recognised as a liability in the Financial Statements at the year end.
- (b) The Shaw Wallace Ceylon Ltd subsidiary of the company enforced termination clause of the agreement for a overseas supplier not acting according to the terms of the said agreement, Hence, the sale of inventories amounting to Rs.40 million as at the reporting date was discontinued subsequent to the reporting date. The inventories carried by the Company as at date of signing of accounts (including imports subsequent to the reporting date) amounts to Rs.55 million.
- (c) As per the Accounting policy of the Company, the current investments are stated at market value as at the Balance Sheet date in the Financial Statements.

The changes in market value of Investments subsequent to the Balance Sheet date is given below.

	<b>Consolidated</b>	<b>Company</b>
	<b>2012</b>	<b>2012</b>
Market Value as at 31st March	288,857,840	112,780,200
Market Value as at 8th August	300,908,082	110,176,000
Increase/(Fall) in Value after the Balance Sheet date.	12,050,242	(2,604.200)

There are no other material events occurring after the Balance Sheet date that require adjustments to or disclosure in the Financial Statements.

- (d) Renuka Agri Foods PLC has a made rights issue of 160,500,000, shares at and issue price of Rs.4/- per share on 14th May 2012

**32. LITIGATIONS AGAINST THE GROUP****(a) Coco Lanka PLC**

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

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

**(b) Kandy Plantations Ltd.**

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

**(c) Renuka Agri Foods PLC**

The Company is a Respondent in case No. H.C.(Civil) 4/2001 (2) mentioned in Note 32 (a) above

**33. COMMITMENTS****Capital Commitments****(a) Kandy Plantations Limited**

The estimated capital expenditure of Rs 400,000/= contracted for at the end of the year has not been provided in the accounts.

**(b) Shaw Wallace Ceylon Ltd**

Capital Expenditure commitments, as at 31st March 2012, on the construction of the office building amounting to Rs. 150Mn as approved by the Board of Directors, has not been provided in the Financial Statements.

There were no other material commitments as at the Balance Sheet date.

## 34. CONTINGENT LIABILITIES

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

Renuka Holdings PLC has issued Corporate Guarantees to Hatton National Bank, Seylan Bank PLC and Bank of Ceylon to the value of Rs.300 Mn, Rs.150 Mn and Rs.150 Mn respectively, on behalf of the Shaw Wallace Ceylon Ltd to obtain bank facilities.

## 35. COMPARATIVE FIGURES

To facilitate comparison, relevant balances pertaining to the previous year have been re-classified to conform to current classification and presentation.

## 36. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for the preparation of the Financial Statements of the Company in accordance with the Sri Lanka Accounting Standards and also for the Provision of information as required by the Companies Act No. 07 of 2007. The Directors are accordingly satisfied that the Financial Statements presented herein give a true and fair view of the state of affairs of the Company as at 31st March 2012 and the Loss for the year then ended.

## 37. ASSETS PLEDGED

Assets Pledged for facilities obtained is given in Note 26(g)

## 38. TRANSACTIONS WITH KEY MANAGERIAL PERSONS

**38.1.1** According to the Sri Lanka Accounting Standards No.30 (Revised 2005) "Related Party disclosures" key Management personnel are those having responsibility for planing, directing and controlling the activities of the entity. Accordingly, the Board of Directors (Including executive and Non-Executive Directors) has been classified as key management personnel.

Transactions with Key Managerial Persons are given below.

	As at 31st March	
	2012	2011
	Rs.	Rs.
Remuneration to Key Managerial Persons - Group	<b>16,683,125</b>	5,245,000
Rent	<b>3,600,000</b>	-



## 38.1.2 Related Party Transactions

The Company/Group has taken/given interest free advances from/to its related companies. The balances outstanding as at the Balance Sheet dates are given below.

<b>Company</b>			
<b>AMOUNT DUE FROM RELATED COMPANIES</b>	<b>2012</b>	<b>2011</b>	<b>Relationship</b>
	<b>Rs.</b>	<b>Rs.</b>	
Renuka Agro Exports Ltd	-	27,462,397	Subsidiary
Renuka Developments Ltd	<b>32,707,593</b>	372,307,593	Subsidiary
Renuka Shipping Ltd	-	41,925,000	Subsidiary
Shaw Wallace Ceylon Ltd	<b>420,199,000</b>	190,000,000	Subsidiary
	<b>452,906,593</b>	631,694,990	
<b>AMOUNTS DUE TO RELATED COMPANIES</b>			
Renuka Group Ltd	<b>384,439,880</b>	460,567,837	Parent Company
Renuka Enterprises (Pvt) Ltd	<b>41,009,980</b>	33,000,000	Subsidiary
Renuka Agri Foods PLC	<b>211,140</b>	2,500,000	Subsidiary
Coco Hotels & Properties (Pvt) Ltd	<b>159,159,800</b>	150,000,000	Subsidiary
Renuka Agro Exports Ltd.	<b>60,870,140</b>	-	Subsidiary
	<b>645,690,940</b>	646,067,837	
<b>Group</b>			
<b>LONG TERMS RECEIVABLE</b>			
Shaw Wallace Hedges PLC	<b>28,532,000</b>	28,532,000	
<b>AMOUNT DUE FROM RELATED COMPANIES</b>			
Mc Larens Holdings Ltd	<b>54,837,721</b>	-	Joint Venture Partner
<b>AMOUNTS DUE TO RELATED COMPANIES</b>			
Renuka Group Ltd	<b>384,439,880</b>	460,603,567	Parent Company
Interocean Services Limited,	<b>84,419,065</b>	-	Joint Venture
Mc Larens Holdings Ltd	<b>2,344,128</b>	-	Joint Venture Partner
Cargo Boat Dispatch Co. Ltd	-	10	Affiliate
	<b>471,203,073</b>	460,603,577	

## 38.2 Related Party Disclosures

Related Party Transactions

<b>Name Of the Company</b>	<b>Relationship</b>	<b>Nature of Transactions</b>	<b>Values</b>	
			<b>2012</b>	<b>2011</b>
			<b>Rs.</b>	<b>Rs.</b>
Symbiosis Business (Pvt) Ltd	Common Director	Consultancy Services	<b>3,370,840</b>	427,045
Chadha Oriental Foods Limited	Common Director	Purchase of Goods	<b>58,760,053</b>	688,600
Enco Products Limited	Common Director	Purchase of Goods	<b>87,235,131</b>	14,323,298
B. Terfloth and ice (Canda)	Common Director	Purchase of Goods	<b>22,645,814</b>	28,405,412
Inter Ocean Services Ltd	Affiliate	Purchase of Goods	<b>262,077,143</b>	-
McShaw Automotive Ltd	Joint Venture	Purchase of Goods	<b>10,883,193</b>	-
Mc Larens Holdings Ltd	Joint Venture	Purchase of Goods	<b>9,856</b>	-
	Partner	Shared Service Provider	<b>20,706</b>	-
Mc Larens Lubricants Ltd	Affiliate	Purchase of Goods	<b>298,494,819</b>	-

### 38.3 Directors of Group Companies

Name of Director	RHL	CLP	RAFL	RTL	ROL	KPL	RPL	CTL	RTRL	CFL	CBL	RAEL	RDL	REL	RSTL	RIL	RRL	RVL	SWCL	SWCL	SWFSL	SWPL	SWSL	CHPL	SWAL	CHPL	CRVL	BPL	RDL	MAL	ILPL	
Mrs. I.R. Rajiyah (Chairperson)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Dr. S.R. Rajiyah	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Mr. C.J. De. S. Amararatunge	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Mr. S.V. Rajiyah	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr L.M. Abeywickrama	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. T.K. Bandaranayake	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. M.S. Dominic	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

✓ - indicates director

Coco Lanka PLC	CLP	Renuka Villas (Pvt) Ltd	RVL	Renuka Development Ltd	RDL	Coco Resorts & Villas (Pvt) Ltd	CRVL	Bois Brothers(Pvt) Ltd	BPL
Renuka Agri Foods PLC	RAFL	Campbell Teas (Pvt) Ltd	CTL	Renuka Enterprises (Pvt) Ltd	REL	Shaw Wallace Agencies Ltd	SWAL	Richlife Dairies Ltd	RDL
Renuka Teas (Ceylon) Ltd	RTL	Renuka Trading (Pvt) Ltd	RTRL	Renuka Shipping & Travel(Pvt) Ltd	RSTL	Shaw Wallace Ceylon Ltd	SWCL	Mcshaw Automotive Ltd	MAL
Renuka Organics (Pvt) Ltd	ROL	Ceylon Forestry (Pvt) Ltd	CFL	Renuka Investments (Pvt) Ltd	RIL	Shaw Wallace Food Service Ltd	SWFSL	Interocean Lubricants(Pvt) Ltd	ILPL
Kandy Plantations Ltd	KPL	Ceylon Botanical (Pvt) Ltd	CBL	Renuka Resorts Ltd	RRL	Shaw Wallace Properties Ltd	SWPL		
Renuka Products (Pvt) Ltd	RPL	Renuka Agro Exports Ltd	RAEL	Coco Hotels & Properties (Pvt) Ltd	CHPL	Shaw Wallace Services Ltd	SWSL		

## 39. SEGMENTAL REPORT

	Agri Business		FMCG		Automotive		Investment & Services		Group	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Turnover</b>										
Export	2,155,042,690	1,387,557,510	-	-	-	-	-	-	2,155,042,690	1,387,557,510
Local	379,055,271	206,587,667	2,787,545,073	204,622,207	379,470,189	-	137,045,276	1,109,317,206	3,683,115,809	1,520,527,080
Intra Group	(176,704,008)	(43,961,641)	(242,140,048)	(123,621,386)	-	-	(52,586,707)	(43,226,807)	(471,430,763)	(210,809,834)
External	2,357,393,952	1,550,183,536	2,545,405,025	81,000,821	379,470,189	-	84,458,570	1,066,090,399	5,366,727,736	2,697,274,756
Gain/(Loss) from the change in Market Value of Current Investment	-	-	-	-	-	-	(85,096,360)	87,675,214	(85,096,360)	87,675,214
Profit before Finance Cost	457,037,458	231,798,582	97,565,705	26,353,215	22,909,359	-	22,691,787	588,068,705	600,204,309	846,220,502
Finance Cost	(8,776,059)	(5,479,068)	(37,419,653)	(2,144,687)	(9,535,501)	-	(3,695,804)	(474,309)	(59,427,017)	(8,098,064)
Profit for the year	448,261,399	226,319,514	60,146,052	24,208,528	13,373,858	-	18,995,983	587,594,396	540,777,292	838,122,438
Total assets	2,050,274,076	1,504,275,250	1,768,366,618	841,201,998	590,707,009	-	2,238,814,129	2,404,050,586	6,648,161,832	4,749,527,834
Fixed Assets including Investment Property	1,208,521,591	604,685,183	402,572,864	331,129,804	15,529,783	-	1,459,430,579	1,217,376,323	3,086,054,818	2,153,191,310
Other Long Term Investment	-	-	-	-	-	-	223,958,952	224,463,942	223,958,952	224,463,942
Deferred Tax Asset	14,012,834	-	-	-	-	-	-	7,923,924	14,012,834	7,923,924
<b>Non Interest Bearing Liabilities</b>										
Deferred Tax Liability	63,756,449	16,883,651	675,550	-	-	-	947,990	7,815,888	65,379,989	24,699,539
Retirement Benefit Obligation	27,002,103	12,815,264	34,992,570	31,088,567	497,944	-	5,082,821	2,677,699	67,575,438	46,581,530
Trade & Other Payable	301,533,041	149,532,907	674,790,386	362,476,250	151,573,119	-	9,468,294	11,802,095	1,137,364,840	523,811,252

Note;

The above automotive sector includes only 50% of total turnover, assets and liabilities of the sector for the period of 7 months from 1st September 2011 to 31st March 2012 being a 50% Joint Venture.

Classification	Name of the Company	Location	Land Perches		No. of Buildings	Building in (Sq. ft)	Value (Rs.'000) Cost/Valuation
			Lease Hold	Free Hold			
Property, Plant & Equipment	Kandy plantation Limited	Diwuldeniya	102,552		4	8,094	75,347
	Bois Brothers(pvt) Ltd	Colombo 08		4.7			18,199
	Shaw Wallace Ceylon Ltd	Colombo 08		40	1	66,227	384,665
	Ceylon Botanical(pvt) Ltd	Matale		10,842			20,000
	Renuka Agri Foods PLC	Wathupitiwala	670		8	81,363.78	91,547
	Renuka Trading (pvt) Ltd	Colombo 09		75.61	3	34,705.64	110,178
	Shaw Wallace Properties Ltd	Peliyagoda	215.59		2	61,473	438,655
	Coco Lanka PLC	Ekala Ja-ela		214.75	9	29,919	94,250
	Richlife Dairies Ltd	Wadduwa		681.5	6	44,200	300,650
	Renuka Resorts Ltd	Nilaveli, Trincomalee		1,176.67			115,000
Renuka Villas (pvt) Ltd	Jaffna		3,200			575	
Investment Properties	Coco Hotels & Properties Ltd	Colombo 03		85.19			596,927
	Renuka Development Ltd	Colombo 09		184.4	2	7,507	478,406

	2012 Rs'000	2011 Rs'000	2010 Rs'000	2009 Rs'000	2008 Rs'000
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**A) Summary of the Operation**

Revenue	<b>5,366,728</b>	2,697,274	1,663,397	163,680	36,716
Gross Profit	<b>1,341,092</b>	641,360	522,213	43,994	11,202
Profit before Finance Cost and Tax	<b>600,204</b>	846,220	401,835	449,653	11,869
Profit before Taxation	<b>540,777</b>	838,122	387,121	446,878	11,869
Taxation	<b>(30,190)</b>	(8,630)	(14,050)	(3,691)	(370)
Profit after Tax	<b>510,588</b>	829,492	373,071	443,187	11,499
Profit attributable to Equity Holders of the Company	<b>256,389</b>	618,465	240,749	440,223	11,499

**B) Summary of Financial Position**

<b>Capital and Reserves</b>					
Stated Capital	<b>175,000</b>	125,000	125,000	75,000	75,000
Retained Earnings	<b>1,887,226</b>	1,704,688	1,031,170	805,421	330,779
<b>Shareholders' Fund</b>	<b>2,062,226</b>	1,829,688	1,156,170	880,421	405,779
Minority Interest	<b>1,566,595</b>	1,525,131	1,099,578	550,879	-
<b>Total Equity</b>	<b>3,628,821</b>	3,354,819	2,255,748	1,431,300	405,779

<b>Liabilities</b>					
Non-Current Liabilities	<b>380,152</b>	151,903	129,691	164,813	-
Current Liabilities	<b>2,639,189</b>	1,242,806	362,774	230,444	4,916
<b>Total Liabilities</b>	<b>3,019,340</b>	1,394,709	492,465	395,257	4,916

<b>Total Equity and Liabilities</b>	<b>6,648,162</b>	4,749,528	2,748,213	1,826,557	410,695
<b>Assets</b>					
Property, Plant and Equipment	<b>2,016,797</b>	1,224,810	749,705	640,054	-
Investment Properties	<b>1,075,333</b>	934,015	320,279	307,000	307,000
Investments	<b>223,959</b>	224,464	224,464	224,464	-
Other Non-Current Assets	<b>490,941</b>	423,117	68,362	66,132	-
Current Assets	<b>2,841,132</b>	1,943,122	1,385,403	588,907	103,695
<b>Total Assets</b>	<b>6,648,162</b>	4,749,528	2,748,213	1,826,557	410,695

**C) Key Indicators**

Earnings per share (Rs.)	<b>5.08</b>	12.37	5.04	9.54	0.31
Net Profit Margin (%)	<b>9.51</b>	30.75	22.43	270.76	31.32
Net Assets value per Share (Rs.)	<b>40.48</b>	36.59	23.12	23.48	10.82
Dividends per share (Rs.)	<b>1.70</b>	0.83	0.40	0.16	0.16
Dividends Payout (%)	<b>10.24</b>	11.12	3.38	52.18	2.04
Dividend Cover (Times)	<b>9.76</b>	8.99	29.55	1.92	49.02
Interest Cover (Times)	<b>10.13</b>	107.86	27.31	161.98	-
Current Ratio (Times)	<b>1.08</b>	1.56	3.82	2.56	21.09
Gearing Ratio (%)	<b>6.38</b>	2.41	3.85	8.31	0.00
Return on Equity (%)	<b>14.07</b>	24.73	16.54	30.96	2.83

# Shareholders' Information

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## Stock Exchange Listing

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

	2012		2011	
	Voting	Non Voting	Voting	Non Voting
Total No of Shareholders	1,926	1,023	1,875	972
Total No of Shares	44,517,313	6,428,415	43,750,000	6,250,000

## Voting Shares

No of Shares Held - Voting	31st March 2012			31st March 2011		
	No of Shareholders	No of Shares	%	No of Shareholders	No of Shares	%
1-1000	1,051	286,958	0.65	1,155	536,150	1.22
1001-10,000	707	1,848,662	4.15	572	2,232,155	5.1
10,001-100,000	137	3,391,360	7.61	119	3,308,150	7.56
100,001-1,000,000	25	8,019,394	18.01	24	6,292,590	14.38
1,000,00 & Over	6	30,970,941	69.57	5	31,380,955	71.73
	<b>1,926</b>	<b>44,517,313</b>	<b>100</b>	<b>1,875</b>	<b>43,750,000</b>	<b>100</b>

Analysis of Shareholders - Voting	31st March 2012			31st March 2011		
	No of Shareholders	No of Shares	%	No of Shareholders	No of Shares	%
Individuals	1,792	10,323,102	23.18	1,763	11,325,980	25.88
Institutions	134	34,194,211	76.82	112	32,424,020	74.12
<b>Total</b>	<b>1,926</b>	<b>44,517,313</b>	<b>100</b>	<b>1,875</b>	<b>43,750,000</b>	<b>100</b>

Analysis of Shareholders - Voting	31st March 2012			31st March 2011		
	No of Shareholders	No of Shares	%	No of Shareholders	No of Shares	%
Residence	1,898	42,387,495	95.22	1,875	42,405,580	96.93
Non-Residence	28	2,129,818	4.78	29	1,344,000	3.07
Non-classified	-	-	-	1	420	0
<b>Total</b>	<b>1,926</b>	<b>44,517,313</b>	<b>100</b>	<b>1,875</b>	<b>43,750,000</b>	<b>100</b>

## Non Voting

No of Shares Held – Non Voting	31st March 2012			31st March 2011		
	No of Shareholders	No of Shares	%	No of Shareholders	No of Shares	%
1-1000	527	137,595	2.14	570	242,456	3.88
1001-10,000	380	1,147,756	17.86	310	1,317,200	21.07
10,001-100,000	102	2,483,056	38.63	81	2,327,584	37.24
100,001-1,000,000	14	2,660,008	41.37	11	2,362,760	37.81
1,000,00 & Over	-	-	-	-	-	-
	<b>1,023</b>	<b>6,428,415</b>	<b>100</b>	<b>972</b>	<b>6,250,000</b>	<b>100</b>

Analysis of Shareholders – Non Voting	31st March 2012			31st March 2011		
	No of Shareholders	No of Shares	%	No of Shareholders	No of Shares	%
Individuals	947	4,662,302	72.53	909	4,438,570	71.02
Institutions	76	1,766,113	27.47	63	1,811,430	28.98
<b>Total</b>	<b>1,023</b>	<b>6,428,415</b>	<b>100</b>	<b>972</b>	<b>6,250,000</b>	<b>100</b>

Analysis of Shareholders – Non Voting	31st March 2012			31st March 2011		
	No of Shareholders	No of Shares	%	No of Shareholders	No of Shares	%
Residence	1,008	6,068,609	94.4	963	6,172,800	98.76
Non Residence	15	359,806	5.6	9	77,200	1.24
<b>Total</b>	<b>1,023</b>	<b>6,428,415</b>	<b>100</b>	<b>972</b>	<b>6,250,000</b>	<b>100</b>

## Public Share Holding

		Voting	Non Voting
The percentage of shares held by the public	<b>2012</b>	<b>43.61</b>	<b>95.28</b>
	2011	37.57	94.95

## Share Trading Information

1st April to 31st March	2011/2012		2010/2011	
	Voting	Non Voting	Non Voting	Non Voting

## Share Prices

Highest (Rs)	<b>55.00</b>	<b>34.00</b>	87.20	60.60
Lowest (Rs)	<b>35.10</b>	<b>23.30</b>	63.10	40.00
As at 31st March	<b>38.50</b>	<b>26.00</b>	66.10	43.10

## Market Capitalization

As at 31st March (Rs.'000)	<b>1,713,916</b>	<b>167,138</b>	2,891,875	269,375
No of Trades	<b>5,254</b>	<b>2,501</b>	5,531	2,765
No of shares traded	<b>11,950,301</b>	<b>3,226,342</b>	13,533,600	5,175,600
Value of shares traded (Rs.)	<b>723,050,723</b>	<b>123,116,169</b>	1,010,121,44	269,090,400

## Dividends

Proposed/paid final dividend (Rs.)	35,662,009 (Rs.0.70 cents per share)	85,000,000 (Rs.1.70 cents per share)
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# Shareholders' Information (contd.)

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Top 20 shareholders' Voting as at 31st March		2012		2011	
Name	No of shares	%	No of shares	%	
Renuka Group Ltd	23,170,051	52.05%	25,000,000	57.14	
National Savings Bank C/o Manager Investments	2,678,073	6.02%	-	-	
Dr. S.R. Rajiyah & Mrs I.R.Rajiyah (Jt)	1,844,564	4.14%	583,330	1.33	
Sri Lanka Insurance Corporation Ltd-C/o Life Fund	1,526,316	3.43%	-	-	
Deutsche Bank AG-National Equity Fund	1,197,954	2.69%	-	-	
Mr. Oho Teruaki	1,032,807	2.32%	1,015,000	2.32	
Mr. Dawood Mohideen Mohamed Sheik	979,386	2.20%	962,500	2.2	
Employees Trust Fund Board	940,650	2.11%	813,500	1.86	
Deutsche Bank AG as Trustee for Namal Acuity Value Fund	804,877	1.81%	-	-	
Mr. Mushtaq Mohomad Fuad	666,356	1.50%	313,300	0.72	
Sri Lanka Insurance Corporation Ltd-General Fund	596,382	1.34%	2,500,000	5.71	
Merchant Bank of Sri Lanka Ltd A/c no .1	356,446	0.80%	350,300	0.8	
Seylan Bank PLC/Mr S.N.C.W.M.B.C.Kandegedera	337,824	0.76%	332,076	0.76	
Hi Line Towers (Pvt) Ltd	276,874	0.62%	272,100	0.62	
Mr. Kangasu Chelvadurai vignarajah	235,496	0.53%	221,600	0.51	
First Capital Markets Ltd/Mr S.W.U.Arunashantha	212,896	0.48%	-	-	
Mr. Gnanasambanthan Rajendran	208,556	0.47%	286,600	0.66	
Mr. Gitendra Rajiyah	199,846	0.45%	196,400	0.45	
Deusche Bank AG Namal Growth Fund	197,403	0.44%	-	-	
Waldock Mackenzie-Hi Line Trading	171,558	0.39%	183,600	0.42	
<b>Total</b>	<b>37,634,315</b>	<b>84.55%</b>	<b>33,030,306</b>	<b>75.5</b>	

Top 20 Shareholders' Non Voting as at 31 st March		2012		2011	
Name	No of shares	%	No of shares	%	
Mr. Kangasu Chelvadurai Vignarajah	301,768	4.69%	289,900	4.64	
Mr. Muhtaq Mohamed Fuad	279,629	4.35%	275,600	4.41	
Pan Asia Banking Corp/Mr. R.E. Rambukwelle	267,768	4.17%	340,000	5.44	
Mr. Talib Tawfiq Talib Al Nakib	243,107	3.78%	-	-	
Mr. Shamindra Vatsalan Rajiyah	217,707	3.39%	211,660	3.39	
Mr. Duleep Fairlie George Dalpathado	205,808	3.20%	-	-	
A.T. Cooray Pvt Ltd	195,428	3.04%	244,200	3.91	
Swiss Lloyd Ltd	171,506	2.67%	168,200	2.69	
National Savings Bank C/o Manager Investments	148,406	2.31%	-	-	
J.B.Coco shell(Pvt)Ltd	141,211	2.20%	225,400	3.61	
Mrs. Fleur Annaleen Ann Mack	133,700	2.08%	-	-	
Waldock Mackenzie Ltd/ Hi Line Trading	123,428	1.92%	120,000	1.92	
Sampath Bank PLC/MR S.A.Cooray	118,388	1.84%	-	-	
Mr. Sellaturai Prabagar	112,154	1.74%	-	-	
Mr Lalith Elabada Liyanage	100,000	1.56%	83,100	1.33	
Greenstone(Pvt)Ltd	94,834	1.48%	-	-	
Mr. Duraisamy Ganeshamoorthy	90,000	1.40%	200,000	3.2	
Dr. S.R. Rajiyah & Mrs. I.R. Rajiyah (Jt)	85,711	1.33%	83,330	1.33	
Mr. Sithampalam Arunasalam	72,000	1.12%	70,000	1.12	
Mr. Rizmy Ahamed Rishard	56,891	0.88%	172,700	2.76	
<b>Total</b>	<b>3,159,444</b>	<b>46.11%</b>	<b>2,484,090</b>	<b>39.75</b>	



# **72** Notice of Meeting

Notice is hereby given that the 32nd Annual General Meeting of the Company will be held at the Sri Lanka Foundation Institute No.100 Independence Square, Colombo 7 on the 26th September 2012 at 10.30 a.m. for the following purposes.

1. To receive and consider the report of the Directors and the Statement of the Audited Financial Statement for the year ended 31st March 2012 with the report of the Auditors thereon.
2. To Re-elect Mr. M.S.Dominic as a Director who retires by rotation in terms of Article No.102.
3. IT IS HEREBY RESOLVED To re-elect Mr C.J. De. S. Amaratunge who is above 70 years of age as a director in terms of section 211 of the companies Act No.7 of 2007 and it is specifically declared that the age limit of 70 year refer to in section 210 of the Companies Act No.7 of 2007 shall not apply to the said Mr C.J. De. S. Amaratunge
4. To declare a dividend of Rs.0.70 per share
5. To authorize the directors to determine the contribution to charity.
6. To re- appoint M/s Kreston MNS & Co, Chartered Accountants as the auditors & authorize the Directors to determine their remuneration.

By Order of the Board

Sgd.

**Renuka Enterprises (Pvt) Ltd**

Company Secretaries

8th August, 2012

Note:

- a) 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 to be a member.
- b) A form of proxy is enclosed to this report
- c) The completed form of proxy should be deposited at the registered office of the company, "Renuka House" 69 Sri Jinaratana Road, Colombo 2 on or before 10.30 a.m. on 24th being the time appointed for the holding of the meeting.

I/We.....

of.....

being a member/members of Renuka Holdings PLC, hereby appoint:

Mrs. I.R.Rajiyah	(or failing her)
Dr S.R.Rajiyah	(or failing him)
Mr T.K.Bandaranayake	(or failing him)
Mr L.M.Abeywickrama	(or failing him)
Mr S.V.Rajiyah	(or failing him)
Mr C.J.De.S.Amaratunge	(or failing him)
Mr M.S.Dominic	(or failing him)

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

.....as my/  
our proxy to represent me/us and to speak and to vote on my/our behalf at the Annual General Meeting of the Company to be held on 26th September, 2012 and at any adjournment thereof and at every poll which may be taken in consequence thereof.

- |   |                          |
|---|--------------------------|
| 1. To receive & consider the report of the Directors and the Statement of the Audited Financial Statements for the year ended 31st March 2012 with the report of the Auditors thereon | <input type="checkbox"/> |
| 2. To re-elect Mr. M.S. Dominic as a Director   | <input type="checkbox"/> |
| 3. To re-elect Mr. C.J. De. S. Amaratunge as a Director   | <input type="checkbox"/> |
| 4. To declare a dividend of Rs.0.70 per share.  | <input type="checkbox"/> |
| 5. To authorize the Directors to determine the contribution to charity  | <input type="checkbox"/> |
| 6. To re-appoint M/s Kreston MNS & Co, Chartered Accountants as Auditors & authorize the Directors to determine their remuneration.   | <input type="checkbox"/> |

Dated this ..... day of .....2012

..... Signature of Shareholder

- (a) A proxy need to be a member of the Company
- (b) Instructions regarding completion appear overleaf

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

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

# Corporate Information

## **Name Of Company**

Renuka Holdings PLC

## **Registration No.**

PQ 227

## **Legal Form**

Quoted Public Company With Limited Liability

## **Subsidiaries:**

Coco Hotels & Properties Ltd.  
Renuka Agro Exports Ltd.  
Renuka Developments Ltd.  
Renuka Enterprises (Pvt) Ltd.  
Shaw Wallace Ceylon Ltd.

## **Principal Activity**

It is the holding company for subsidiaries engaged in the sectors of Agri business, FMCG, Automotive, Investments and Services

## **Board Of Directors - Company**

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

## **Board Of Directors - Group**

(Not Inclusive of Above Directors)

Mr. S. Vasantha Kumara  
Mr. J. Brennan  
Mr. W. Rajapakse  
Mr. M. Terfloth  
Ms. S.R. Thambiayah  
Mr. T.G. Hockley  
Mr. L.L. Samarasinghe  
Mr. R. Seevaratnam  
Mr. J.M. Swaminathan  
Mr. M.I.K. Perera  
Mr. R. De. Silva  
Mr. D. Jayawardana  
Mrs. S.S. Jayawardana  
Mr. B. Ponnambalam  
Mr. V.M.H. Varnasooriya

## **Company Secretary**

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

## **Registrars**

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

## **Registered Office**

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

## **Postal Address**

P.O.Box 25, Colombo

## **Stock Exchange Listing**

Colombo Stock Exchange

## **Audit Committee**

Mr. T.K. Bandaranayake (Chairman)  
Mr. C.J. De. S. Amaratunge  
Mr. L.M. Abeywickrama

## **Remuneration Committee**

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

## **Auditors**

Kreston MNS & Co  
Chartered Accountants

## **Legal Consultants**

Nithya Partners-Attorney's at Law

## **Bankers**

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

'RENUKA HOUSE', P. O. BOX 25, #69, Sri Jinaratana Road, Colombo 02, Sri Lanka  
Tel: 94 - 11- 2314750 - 5, 2422694, Fax: 94 - 11 - 2445549  
E-mail: [inquiries@renukagroup.com](mailto:inquiries@renukagroup.com)  
Website: [www.renukagroup.com](http://www.renukagroup.com)