

RENUKA HOTELS PLC

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RENUKA HOTELS PLC

CORPORATE INFORMATION

DIRECTORS : Ms. S. R. Thambiayah (Chairperson/Jt. Managing Director)
Mrs. N. A. Thambiayah (Deputy Chairman)
Ms. A. L. Thambiayah (Jt. Managing Director)
Mr. R. B. Thambiayah
Mr. M. J. Fernando (Demised on 20/7/23)
Mr. G. U. Nanayakkara
Mrs. M. A. Jayawardena
Ms. N. R. Thambiayah
Mr. R. N. Asirwatham
Mr. G.I. Koggalage (w.e.f. 17/5/23)

SECRETARY : Mrs. M. A. Jayawardena F.C.A., F.C.M.A.

BANKERS : Commercial Bank of Ceylon PLC
Nations Trust Bank
NDB Bank
Hatton National Bank
DFCC bank

AUDITORS : BDO Partners
Chartered Accountants
65/2, Sir Chittampalam A Gardiner Mawatha,
Colombo 2.

REGISTERED OFFICE : 328, Galle Road,
Colombo - 3.

COMPANY REGISTRATION NO. : PB 776 PQ

RENUKA HOTELS PLC

NOTICE OF MEETING

Notice is hereby given that the Fifty fourth Annual General Meeting of Renuka Hotels PLC., will be held at the Conference Room, Renuka City Hotel, 328, Galle Road, Colombo - 3 on Tuesday, 26th September 2023 at 11.30 a.m.

Agenda:

1. To receive and adopt the Report of the Directors and the Audited Statement of Accounts for the year ended 31st March 2023 with the Report of the Auditors thereon.
2. To declare a dividend
3. To authorise the Directors to determine and make donations.
4. (1) To re-elect as a Director, Mr. R.N. Asirwatham who retires pursuant re Section 210 of the Companies Act No. 7 of 2007.

Pursuant to Section 211 of the Companies Act Special notice of the following Ordinary Resolution has been received by the Company from a member of the Company.

"That Mr. R.N. Asirwatham who has reached the age of 70 years on 26th August 2012 be re-elected as a Director of the company and it is hereby declared that the provision of section 210 of the companies Act No. 7 of 2007 shall not apply to Mr. R.N. Asirwatham."

- (2) To re-elect Mr. R. B. Thambiayah as a director of the Company, who retires pursuant to section 210 of the Company Act No. 7 of 2007.

Pursuant to section 211 of the Companies Act, special notice of the following Ordinary Resolution has been received by the company from a member of the company.

"That Mr. R.B. Thambiayah who has reached the age of 70 years on 28th January 2015 be re-elected as a Director of the company and it is hereby declared that the provision of section 210 of the Companies Act No. 7 of 2007 shall not apply to Mr. R. B. Thambiayah."

- (3) To re-elect as a Director, Mrs. N.A. Thambiayah who retires pursuant to section 210 of the companies Act. No. 7 of 2007.

Pursuant to section 211 of the Companies Act Special notice of the following Ordinary Resolution has been received by the Company from a member of the Company.

"That Mrs. N.A. Thambiayah who has reached the age of 70 years on 31st May 2021 be re-elected as a Director of the Company and it is hereby declared that the provision of Section 210 of the Companies Act No. 7 of 2007 shall not apply to Mrs. N.A. Thambiayah"

- (4) To re-elect as a Director Mr. G.U. Nanayakkara who by retires pursuant to section 210 of the Companies Act, No. 7 of 2007.

Pursuant to section 211 of the Companies Act special notice of the following Ordinary Resolution has been received by the company from a member of the company.

"That Mr. G.U. Nanayakkara who has reached the age of 70 years on 7th May 2021 be re-elected as a Director of the company and it is hereby declared that the provision of section 210 of the Companies Act, No. 7 of 2007 shall not apply to Mr.G.U. Nanayakkara."

- (5) To re-elect Ms. A.L. Thambiayah who retires by rotation at the Annual General Meeting in terms of the Articles of Association of the Company, as a Director.

- (6) To re-elect Mr. G.I. Koggalage who retires at the Annual General meeting in terms of the Articles of Association of the Company, as a Director.

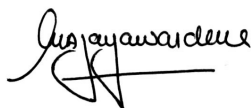
5. To appoint Auditors of the company and authorise the Directors to determine their remuneration.

The Annual Report and financial statement of the Company are available on the following websites

CSE Website <https://www.cse.lk/home/company-info/RCH.N0000/financial>

Company Website : <https://cdn.renukacityhotel.com/wp-uploads/annual-reports/RHL-Annual-Report-2022-2023.pdf>

By Order of the Board of Directors



Mrs. M. A. Jayawardena

Secretary

Colombo,

29th August 2023

Notes :

A member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of him/her. Such proxy need not be a member of the Company.

A Form of Proxy accompanies this Notice.

The completed Form of Proxy should be deposited at the registered office of the Company No. 328, Galle Road, Colombo 3, not later than 48 hours before the time appointed for the Meeting.

RENUKA HOTELS PLC

CHAIRMAN'S REPORT

On behalf of the Board of Directors I have great pleasure in welcoming you to the 54 th Annual General Meeting of Renuka City Hotels PLC. It is my privilege to present to the Shareholders the Report pertaining to the operations of our Company during the year ended 31 st March 2023.

Profit and Operations (Our Performance)

I am proud to state that your Company with its perseverance during the difficult business environment managed to record a 24% growth in terms of Revenue in comparison to the previous year. The company recorded a modest profit of Rs 714 million which consists of Finance Income and Other income amounting to Rs 914 million. The profit has dropped compared to previous year largely due to the low unrealised exchange gain recorded this year in comparison to the previous year. The significant growth in the top line during the financial year 2022/2023 indicated a positive trend of gradual recovery from the adverse impact of the COVID 19 Pandemic. Despite the continuation of the adverse economic conditions prevailing in the country, including increasing inflation, volatile exchange rates, general price increases etc , we are hopeful that revenue and profitability will continue to grow in the coming year as well.

Industry overview

Global tourism depicted a positive indication of bouncing back to reach pre-pandemic levels of travel and leisure. Even though the local industry was also relieved from the impact of COVID 19 pandemic towards the beginning of the financial year, the adverse social, economic and political conditions experienced by the industry and the country as a whole during the early part of the financial year continued to hold back the recovery of the industry. As such, the Sri Lankan leisure industry deemed unfortunate in terms of recovery compared to its global counterparts. However, gradual relief from fuel scarcity, lack of imports, and instability in power supply paved the way of hope for the ambitious and resilient leisure industry in Sri Lanka.

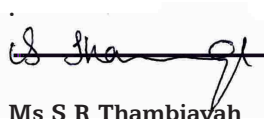
However, still the rapidly increasing inflation, volatile exchange rates and unavailability of supplies ,due to import restrictions ,which is necessary for the day to day operations of hoteliers curtails the growth of the industry.

As I referred to in my report to you last year , I wish to reiterate the utmost importance and necessity of our policy makers and relevant authorities to take a collective interest in facilitating the development of the tourism industry and the promotion of Sri Lanka as a destination to attract global travellers. This is even more relevant in the present economic condition experienced by our country, as the development of the Leisure industry will critical to attract the much needed foreign currency to the country.

We believe that the revival of the industry will depend much on the level of social, economic and political stability which will in turn facilitate the arrival of the global tourists and enhance the ability of the industry players to extend a superior experience to such travellers , which the Sri Lankan leisure industry was well renowned for.

Acknowledgements

It is my pleasure to record my appreciation of the help and guidance given to me by my colleagues of the Board and the good work done by the managers and staff of the Hotel, who cooperated with me closely during the year. I also wish to thank our Auditors Messrs, BDO Partners and the several government departments including the Ministry of Tourism, the Ministry of Finance, and the Sri Lanka Tourism Development Authority for their cooperation and assistance during the year. It is also my duty to acknowledge with gratitude the support of our many customers and guests, whose loyal and valued patronage has sustained us over the years. Our staff is committed to the continued and consistent improvement of our services and that commitment will reap benefits not only to us, but to our valued customers and guests as well.



Ms S R Thambiayah
Chairperson

29th August 2023

RENUKA HOTELS PLC

BOARD OF DIRECTORS

Ms. S. R. Thambiayah
Chairperson/Jt. Managing Director

Ms. Thambiayah holds a bachelor of Economics (Hons.) degree from the University of Nottingham, UK; and a Master of Management in Hospitality from Cornell University, USA. She began her career in the hospitality industry in 1999 at Hotel Renuka and Renuka City Hotels and is currently Jt. Managing Director for both hotels. Ms. Thambiayah has also held positions at Nestle Lanka Ltd., and with Expedia Inc. in New York as a Market Manager during her career. She was appointed to the Board on 14.03.05 and appointed as Chairperson in September 2017. Ms Thambiayah was also a director of DFCC Vardhana Bank from October 2010 to March 2015 and a Director of of DFCC Bank PLC from March 2015 to September 2021. She is a director of Cargo Boat Development Company PLC, Crescent Launderers & Dry Cleaners (Pvt) Ltd, Renuka Consultants & Services Limited, Renuka Properties Limited, Lancaster Holdings Limited and Portfolio Management Services (Pvt) Ltd. She is also the Vice President (representing Colombo City Hotels) of The Tourist Hotels Association of Sri Lanka, the Vice President of The Colombo City Tourist Hotels Association and a Member of the Committee of the Ceylon Chamber of Commerce representing "General Interest".

Mrs. N. A. Thambiayah
Deputy Chairman

Mrs. Thambiayah is an Advertising & Marketing professional with over 25 years experience. She is a Graduate of the Chartered Institute of Marketing UK. She is an AFS Scholar and was an exchange student in Los Angeles, USA. She has been a member of Zonta International Club I Colombo from 1997. She is also a member of SARRC Women's Association, Sri Lanka Chapter from 1998 and was the President of the Association in 2003/2004 and 2021-2023. She was appointed to the Board on 02.09.96.

Ms. A. L. Thambiayah
Jt. Managing Director

Ms. Arnika Lakshmi Thambiayah holds a Bachelor of Arts (Hons.) in Management Studies from the University of Nottingham, UK. and a Master of Science in International Business and Management from Manchester Business School, University of Manchester, UK. She has worked as an Executive at Keells Hotel Management and John Keells Holdings - New Business Development and Group Initiatives for two and a half years. She commenced work at Hotel Renuka and Renuka City Hotel in 2006 and is currently Jt. Managing Director for the hotels. She was appointed to the Board on 07.08.09 Ms. Thambiayah is also on the board of DFCC Bank since November 2021.

Mr. R. B. Thambiayah
Director

Educated at the University of Madras, where he received a Degree in Economics, Mr. Thambiayah's early career was in Tourism. He was the President of Colombo City Tourist Hotels Association and Vice-President of the Tourist Hotels Association of Sri Lanka. He is Chairman and Managing Director of several companies in the Renuka Hotels Group as well as of the Cargo Boat Development Company PLC. He is a Fellow of the Chartered Management Institute (UK).

Mrs. M. A. Jayawardena
Director

Mrs. Jayawardena is a Fellow of the Institute of Chartered Accountants of Sri Lanka and the Chartered Institute of Management Accountants, UK. Mrs. Jayawardena has over 40 years experience in Accounting and Finance both locally and internationally. She worked in Zambia for more than 13 years in various capacities including Group Chief Accountant of the Copperbelt Companies of Anglo American Corporation (Central Africa) Ltd. She was also the Group Financial Controller of the EDS Group of Companies overseeing the Accounting and Finance of their regional IT Companies in South Asia prior to joining the Company. She was appointed to the Board on 07.08.09.

Ms. N. R. Thambiayah
Director

Ms. Niruja Thambiayah holds a Bachelor of Arts with Honours degree in Industrial Economics from the University of Nottingham, UK and a Master of International Business from Monash University, Australia. She is currently the Managing Director of Cargo Boat Development Company PLC and a Director at Renuka Hotels PLC, Renuka City Hotels PLC, Royal Ceramics Lanka PLC, Renuka Consultants & Services Ltd, Renuka Properties Ltd and Lancaster Holdings Ltd. She was appointed to the Board on 07.08.2009.

Mr. G.U. Nanayakkara
Director

Mr. Nanayakkara joined the family business in 1968 for a short while prior to pursuing his studies to UK to specialize in tourism and aviation. He once again joined the business in 1972 on a fulltime basis. During his illustrious career, he joined many forums and associations and was in the executive committee in many associations dedicating himself in serving the industry and country. He was President of the Travel Agent's Association in Sri Lanka and served three terms. Co-Founder of the Sri Lanka Association of Airlines Representatives which he subsequently was appointed as the President. He is also the Founder President - IATA

RENUKA HOTELS PLC

Agents Association of Sri Lanka, which he served for two terms. He was also the first Sri Lankan to be appointed as the Chairman/President of UFTAA (United Federation of Travel Agent's Associations in Monaco) He served this position for 2 consecutive years. At present he is a Honorary President. During his tenure as Chairman of Sri Lanka Tourism he restructured the Board to perform even better than a private sector organisation. He was the Chairman of Sri Lanka Tourism Promotion Bureau during 2017/2018. He is currently a director of the owning companies of Movenpick Hotel, Colombo and Centara Ceysands Resort & Spa in Bentota. He was appointed to the Board on 07.08.2009.

Mr. R.N. Asirwatham
Director

Mr. Rajan Asiriwatham was the Senior Partner and Country Head of KPMG Ford Rhodes Thornton & Company from 2001 to 2008. Further, he was the Chairman of the Steering Committee for the Sustainable Tourism Project Funded by the World Bank for the Ministry of Tourism and also a member of the Presidential Commission on Taxation, appointed by His Excellency the President.

Mr. Asirwatham is a fellow member of the Institute of Chartered Accountants of Sri Lanka. He was appointed to the Board on 23.12.2010.

Mr.G.I.Koggalage
Director

Mr Koggalage is an Associate Member of the Institute of Chartered Accountants of Sri Lanka and he holds a Master of Business Administration from the University of Southern Queensland, Australia. He joined Renuka Hotels PLC as the Head of Finance in May 2017. He counts over 25 years of finance and managerial experience gained by working as a Finance professional in different industries including services, hospitality, logistics and manufacturing. Prior to joining Renuka Hotels PLC he worked at various organizations including John Keells Holdings PLC, Hayleys Advantis cluster, Jetwing Travels (Pvt) Ltd and Pricewaterhousecoopers- Sri Lanka. He was appointed to the Board on 17th May 2023.

RENUKA HOTELS PLC

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST MARCH 2023

1. The Directors present herewith the audited financial statements for the year ended 31st March 2023. The Board of Directors is responsible for preparing and presenting the financial statements set out on pages 21 to 55.

2. **PROFIT AND APPROPRIATIONS**

	Group Rs.	Company Rs.
Net profit for the year before taxation	2,057,020,126	713,676,467
Less: Taxation thereon	(57,808,770)	(54,235,245)
Net profit for the year after taxation	1,999,211,356	659,441,222
Remeasurement of Defined Benefit Obligation	12,109,040	7,734,009
Equity transaction with non controlling interest	-	-
Less: Non Controlling Interest	(411,500,313)	-
Profits for the year attributable to Equity Holders of the Company	1,599,820,083	667,175,231
Add: Retained earnings at the beginning of the year	2,787,518,585	926,203,836
Profits available for appropriation	4,387,338,668	1,593,379,067
Dividend Paid	(20,148,765)	(20,148,765)
Thus, leaving unappropriated profits to be carried forward	4,367,189,903	1,573,230,302

3. **RESULTS**

The results for the year and changes in equity are set out in the Statement of Comprehensive Income and Statement of Changes in Equity on pages 21 and 23 respectively.

4. **STATE OF AFFAIRS**

The state of affairs of the Company as at 31st March 2023 is set out in the Statement of Financial Position on page 22.

5. **DIVIDENDS**

The Directors have proposed a final dividend of Rs. 0.50 per share (2022 - interim dividend of Rs. - /50 pershare) for the year ended 31st March 2023.

6. **GROUP ACTIVITY**

The principal activity of the Group, which remains unchanged since the previous year is the business of a hotelier.

7. **DIRECTORS**

The Directors of the Company as at 31st March 2023 were:

Ms. S. R. Thambiayah – (Chairperson/Jt. Managing Director)

Mrs. N.A. Thambiayah – (Deputy Chairman)

Ms. A. L. Thambiayah – (Jt. Managing Director)

Mr. R.B. Thambiayah

Mr. M.J. Fernando (Demised on 20/7/23)

Mr. G.U. Nanayakkara

Mrs. M. A. Jayawardena

Ms. N. R. Thambiayah

Mr. R. N. Asirwatham

Mr. G.I. Koggalage (w.e.f 17/5/23)

RENUKA HOTELS PLC

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST MARCH 2023 (Contd.)

- (1) Mr. R.N. Asirwatham retires pursuant re Section 210 of the Companies Act No. 7 of 2007.

Pursuant to Section 211 of the Companies Act Special notice of the following Ordinary Resolution has been received by the Company from a member of the Company.

“That Mr. R.N. Asirwatham who has reached the age of 70 years years on 26th August 2012 be re-elected as a Director of the company and it is hereby declared that the provision of section 210 of the companies Act No. 7 of 2007 shall not apply to Mr. R.N. Asirwatham”.

- (2) Mr. R. B. Thambiayah retires pursuant to section 210 of the Company Act No. 7 of 2007.

Pursuant to section 211 of the Companies Act, special notice of the following Ordinary Resolution has been received by the company from a member of the company.

“That Mr. R.B. Thambiayah who has reached the age of 70 years on 28th January 2015 be re-elected as a Director of the company and it is hereby declared that the provision of section 210 of the Companies Act No. 7 of 2007 shall not apply to Mr. R. B. Thambiayah.”

- (3) Mrs. N.A. Thambiayah retires pursuant to section 210 of the Companies Act No. 7 of 2007.

Pursuant to section 211 of the Companies Act Special notice of the following Ordinary Resolution has been received by the Company from a member of the Company.

“That Mrs. N.A. Thambiayah who has reached the age of 70 years on 31st May 2021 be re-elected as a Director of the Company and it is hereby declared that the provision of Section 210 of the Companies Act No. 7 of 2007 shall not apply to Mrs. Thambiayah”

- (4) Mr. G.U. Nanayakkara retires pursuant to section 210 of the Companies Act, No. 7 of 2007.

Pursuant to section 211 of the Companies Act special notice of the following Ordinary Resolution has been received by the company from a member of the company.

“That Mr. G.U. Nanayakkara who has reached the age of 70 years on 7th May 2021 be re-elected as a Director of the company and it is hereby declared that the provision of section 210 of the Companies Act, No. 7 of 2007 shall not apply to Mr.G.U. Nanayakkara.”

- (5) Ms.A.L. Thambiayah, retires by rotation in terms of the Articles of Association and being eligible offer herself for re-election.

- (6) Mr. G.I. Koggalage retires in terms of the articles of Association and being eligible offer himself for re-election.

8. DIRECTORS' INTERESTS IN CONTRACTS AND PROPOSED CONTRACTS WITH THE COMPANY

The Directors have no direct or indirect interest in any contract or proposed contract with the company, except as stated in Note 33 to the financial statements.

The Directors have disclosed the nature of their interest in contracts and proposed contracts with the company at meetings of the Directors.

RENUKA HOTELS PLC

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST MARCH 2023(Contd.)

9. DIRECTORS' INTERESTS IN SHARES OF THE COMPANY

	No. of Shares	
	2023	2022
Mrs. N. A. Thambiayah	6,189,616	6,189,616
Mr. R. B. Thambiayah	17,082,864	17,082,864
Ms. S.R. Thambiayah	993,943	756,817
Mr. G. U. Nanayakkara/Ms. D.M. Nanayakkara	536,890	536,890
Ms. A. L. Thambiayah	929,913	692,923
	<u>25,733,226</u>	<u>25,259,110</u>

10. DONATIONS

During the year the company did not contribute (2022 - NIL) for charitable purposes.

11. CHANGES IN PROPERTY, PLANT AND EQUIPMENT

The movements in property, plant and equipment, during the year, are set out in Note 10 to the financial statements.

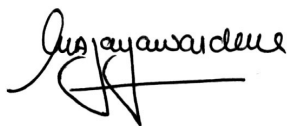
12. EVENTS AFTER THE FINANCIAL POSITION DATE

No material events have occurred after the Balance Sheet date which require adjustments or disclosure in the financial statements.

13. AUDITORS

A resolution to re-appoint our present Auditors Messrs. BDO Partners, Chartered Accountants, who have indicated their willingness to continue will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD



Mrs. M. A. Jayawardena
Secretary

Colombo,
29th August 2023

RENUKA HOTELS PLC

STATEMENT OF THE DIRECTORS' RESPONSIBILITY FOR THE PREPARATION OF FINANCIAL STATEMENTS

The Board of Directors is responsible for preparing and presenting the financial statements, which are set out on pages 21 to 55.

As per the provisions of the Companies Act, No. 7 of 2007 the Directors are required to prepare financial statements for each financial year giving a true and fair view of the state of affairs of the Company as at the end of the financial year.

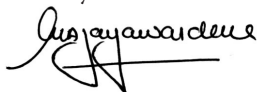
In preparing the financial statements, the Directors have selected appropriate accounting policies and applied them in a consistent manner. Such policies are supported by reasonable and prudent judgment and all applicable Accounting Standards have been followed.

The Directors are also confident that the company has adequate resources to continue in operation and have applied the going concern basis in preparing these financial statements. Further, the Directors have a responsibility to ensure that the company maintains sufficient accounting records to disclose, with reasonable accuracy the financial position of the company and to ensure that the financial statements presented comply with the requirements of the Companies Act, No. 7 of 2007.

The Directors have taken reasonable steps to safeguard the assets of the company and established appropriate internal control systems with a view to preventing and for the detection of fraud and other irregularities.

The Directors are confident that they have discharged their responsibility as set out in this statement. They also confirm that to the best of their knowledge all statutory payments payable by the company as at the Balance Sheet date have been paid or where relevant, provided for.

Mrs. M. A. Jayawardena
Secretary



Colombo.
29th August 2023

RENUKA HOTELS PLC

CORPORATE GOVERNANCE

Introduction:

Corporate Governance deals with the systems by which companies are led, directed and controlled, the role of the Board of Directors, the frame-work of internal controls and relationships between the Board of Directors, Shareholders and Auditors.

The platform on which Corporate Governance principles are structured in Sri Lanka is that the Board of Directors is responsible for the proper Governance of the Company. In that context, the Board of Directors of Renuka Hotels PLC., have recognized that their responsibilities include the setting out of the Company's strategic aims, providing the necessary leadership to implement such aims, supervising the management of the business and reporting to the shareholders on their stewardship. Therefore, they strive to discharge such duties collectively.

The shareholders responsibilities cover the appointing of Directors and Auditors and satisfying themselves that the appropriate Governance structures are in place.

The Board of Directors

The Board of Directors of Renuka Hotels PLC., takes responsibility for the good corporate Governance of the Company. The Board sets out the Company's strategic focus, and oversees the business and connected affairs of the Company and it also formulates the strategic objectives and policy frame work for the Company.

Board composition and Directors Independence :

Name of Director	Type	Shareholding
Ms. S. R. Thambiayah	Executive Chairperson/Jt. Managing Director	Yes
R. B. Thambiayah	Executive Director	Yes
Mrs. N. A. Thambiayah	Executive Deputy Chairman	Yes
Mrs. M. A. Jayawardena	Non Executive Director	No
Ms. A. L. Thambiayah	Executive Jt. Managing Director	Yes
Ms. N. R. Thambiayah	Executive Director	No
Mr. G.U. Nanayakkara	Independent Non Executive Director	Yes
Mr. R.N. Asirwatham	Independent Non Executive Director	No
Mr. G.I. Koggalage	Executive Director	No

Audit Committee

With the demise of Mr. M.I. Fernando the Company's Audit Committee was reconstituted and Consists of three Non-Executive Directors who are Mr. R.N. Asirwatham (Chairman), Mr. G.U.Nanayakkara and Mrs. M.A. Jayawardena. The External Auditors of the Company have direct access to the Committee, which ensure that their independence is not impaired in any way. The report of the Audit Committee is set out in page 13.

Remuneration Committee

The Company's Remuneration committee consists of three Non-Executive Directors namely, Mr. R. Asirwatnam(Chairman), Mr. G.U. Nanayakkara & Mrs. M.A. Jayawardena. The remuneration committee meets whenever it is required to review the remuneration of the Senior Management. The report of the Remuneration committee is set out in page 13.

RENUKA HOTELS PLC

CORPORATE GOVERNANCE (Contd.)

Related Party Transaction Review Committee

The Related Party Transaction Review Committee was formed during the year 2015/2016 in compliance with the listing rules of the Colombo Stock exchange. The Company's related party transactions review committee consists of three Non Executive Directors of which two are independent. They are namely, Mr. G.U. Nanayakkara (chairman), Mr. R. Asirwatham and Mrs. M.A. Jayawardena. The committee ensure that all Related Party Transactions are consistent with the code of Best Practices on Related Party Transactions issued by the SEC.

Directors responsibility for the preparation of the Financial Statements

The Board of Directors accepts the responsibility for the preparation of the financial statements, maintaining adequate records for safeguarding the assets of the Company, and preventing and detecting fraud and/or other irregularities. The Board of Directors also confirm that the applicable Sri Lanka Accounting Standards have been adhered to, subject to any material departures being disclosed and explained in the Notes to the Financial Statements.

The Board of Directors further confirm that suitable accounting policies consistently applied and supported by reasonable and prudent judgement and estimates, have been applied in the preparation of the financial statements.

Compliance regarding Payments

The Board of Directors confirm that all known statutory payments have been paid up to date and all retirement gratuities have been provided for in the financial statements. At the same time, all management fees and payments made to related parties have been reflected in the financial statements.

Internal Control

The Board is responsible for ensuring that the Company has adequate and effective internal controls in place.

Going Concern

The Board of Directors is satisfied that the Company is a going concern and has adequate resources to continue in business for the foreseeable future. For this reason, the Company follows the "going concern" basis when preparing financial statements.

Related Party Transactions

The Board of Directors declare that the company is in compliance with the Rules of the Colombo Stock Exchange and the Code of Best Practices on Related Party Transactions.

Directors Attendance for meeting

Director	Board Meetings		Audit Committee Meetings		Related Party Transactions Review Committee	
	Attended	Eligible	Attended	Eligible	Attended	Eligible
S R Thambiayah	01	01	-	-	-	-
N A Thambiayah	01	01	-	-	-	-
R B Thambiayah	01	01	-	-	-	-
A L Thambiayah	01	01	-	-	-	-
N R Thambiayah	00	01	-	-	-	-
G.U. Nanayakkara	01	01	-	-	04	04
M A Jayawardena	01	01	01	01	04	04
R.N. Asirwatham	01	01	04	04	04	04

RENUKA HOTELS PLC

CORPORATE GOVERNANCE (Contd.)

Audit Committee Report

The purpose of the Audit Committee is to assist the Directors fulfill their responsibility with regard to certain aspects of best Corporate Governance practices, namely Audit and Risk Management. The Audit Committee is empowered to review the activities and financial affairs of the Company. The Audit Committee also receives direct reports from the External Auditors on their audit findings and provides a forum for the impartial review of these reports. The Committee also reviews the External Auditor's management letter and examines the actions taken by management in response thereto.

The Audit Committee, through independent reviews by the Night Auditors ensures that the internal controls continue to be effective. The Audit Committee thereby provides assurance that control issues, which would have a bearing on the management of enterprise risks, are identified and appropriate and timely action taken to overcome these.

The Audit Committee is satisfied that a strong control environment arising from the effectiveness or organization structures and compliance with the Company's accounting and operational policies is prevalent within the Company. By their very nature, these controls provide reasonable, but not absolute, assurance that the financial positions of the Company is well managed, and to the extent possible, systems are in place to minimize the impact of identifiable risks.

Audit Committee through review of Quarterly financial statements and Annual Financial statements is satisfied with the adequacy of disclosures, consistency of Accounting Policies, compliance with CSE Listing rules, requirements of Companies Act No 07 of 2007.

The Audit Committee assessed the performance & effectiveness of the external auditors, their independence, mainly by reviewing company's share register, and related party transactions professional capabilities & has recommended to the Board of Directors that Messrs BDO partners be re-appointed as Auditors for the Financial Year ending 31st March 2023, subject to the approval of the Shareholders at the next Annual General Meeting.

(Sgd) R.N. Asirwatham

Chairman.

Audit Committee

Remuneration Committee Report

The Purpose of the Remuneration committee is to lay down guidelines and recommend a policy on remuneration of the Senior Management Staff.

The main objective of the remuneration package is designed to retain Quality Managerial Staff and reward those who are performing well. The Managing Directors attend the meetings by invitation and provides information to the committee and participate in the deliberations.

(Sgd) R.N. Asirwathnam

Chairman.

Remuneration Committee

Related Party Transactions Review Committee Report

The Board appointed a Related Party Transactions Review Committee in accordance with the Code of Best Practice on Related Party Transactions, issued by the Colombo Stock Exchange. The committee comprises of three Non Executive Directors of which all are independent Non Executive Directors, namely, Mr. G.U. Nanayakkara (Chairman), Mr. M.J. Fernando and Mr. S. Nagendra.

RENUKA HOTELS PLC

CORPORATE GOVERNANCE (Contd.)

The purpose of the Related Party Transactions Review Committee is to conduct an independent review of all related party transactions of the company and to ensure that they comply with the rules set out in the code.

The responsibilities of the committee, amongst others, includes ;

- To develop policies and procedures consistent with CSE guidelines to be adopted by the Board of Directors in relation to Related Party Transactions.
- To identify Related Party Transactions which require immediated market disclosure as per section 9 of the Continuing Listing Requirements of the CSE.
- To review all proposed Related Party Transactions of the company and to determine whether it requires prior approval of the board.
- To ensure that appropriate disclosures are made in the Annual Report of the company on Related Party Transactions as required by the Continuing Listing Requirements of the CSE.

The committee met quarterly during the year to review all proposed related party transactions and their compliance to the code. Where necessary, these were communicated to the Board to obtain their prior Approval. The committee is satisfied that the company is in compliance with the Rules of the Colombo Stock Exchange and the Code of Best Practices on Related Party Transactions

(Sgd.) G.U. Nanayakkara

Chairman

Related Party Transactions Review Committee

RENUKA HOTELS PLC

FOLLOWING TABLE CONFIRMS OUR ADHERENCE TO THE CORPORATE GOVERNANCE RULES INTRODUCED BY THE COLOMBO STOCK EXCHANGE FOR LISTED COMPANIES

Rule	Adherence
Non-Executive Directors (a) The Board of Directors of a Company shall include at least * two Non-Executive Directors; or * such number of Non-Executive Directors equivalent to one third of the total number of Directors whichever is higher.	The Board consists of Nine Directors. Out of the Nine Directors Three are Non-Executive Directors.
Independent Directors (a) Where the constitution of the Board of Directors includes only two Non-Executive Directors in terms of Clause 1 above, both such Non-Executive Directors shall be 'independent'. In all other instances two or 1/3 of Non-Executive Directors appointed to the Board of Directors, whichever is higher shall be 'independent'. (b) The Board require each Non-Executive Director to submit a signed and dated declaration annually of his/her independence or non-independence against the specified criteria.	Out of the Three Non-Executive Directors two are independent. Each Non-Executive Director has submitted a signed and dated declaration annually of his independence based on the criteria specified by CSE.
Disclosures Relating to Directors (a) The Board shall make a determination annually as to the independence or non-independence of each Non-Executive Director based on such declaration and other information available to the Board and shall set out in the Annual Report, the names of Directors determined to be 'independent'. (b) In the event a Director does not qualify as 'independent' against any of the criteria set out below but if the Board, taking into account all the circumstances, is of the opinion that the Director is nevertheless 'independent', the Board shall specify the criteria not met and the basis for its determination in the Annual Report.	Based on the declaration made by the Non-Executive Directors and other information available the following Directors are determined to be independent: Mr. G.U. Nanayakkara Mr. R.N. Asirwawatham Mr. G.U. Nanayakkara and Mr. R.N. Asirwathan have served on the Board for more than 9 years. However, the Board after taking into account all other circumstances listed down in Rule 7.10.4 - 'Criteria for Defining Independence', is of the opinion that the said Directors are nevertheless independent.
Remuneration Committee A listed company shall have a Remuneration committee in conformity with the following; (a) Composition The Remuneration Committee shall comprise a minimum of two Independent Non-Executive Directors (in instances where a company has only two Directors on its Board); or Non-Executive Directors a majority of whom shall be independent, whichever shall be higher.	The Remuneration Committee has three Non-Executive Directors, two of whom are independent.
Audit Committee A listed company shall have an Audit Committee in conformity with the following: (a) Composition The Audit Committee shall comprise a minimum of two Independent Non-Executive Directors (in instances where a company has only two Directors on its Board); or Non-Executive Directors a majority of whom shall be independent, whichever shall be higher.	The Audit Committee consists of three Non-Executive Directors two of whom are independent, including the Chairman of the Committee. The Managing Directors, Executive Directors, Chief Financial Officer and the External Auditors of the Company attend meetings by invitation. Chairman of the Audit Committee is a members of the Institute of Chartered Accountants of Sri Lanka.
Related Party Transactions Review Committee A listed company shall have a related party transaction review committee in conformity with the following : (a) Composition The Related party transactions review committee shall comprise of a combination of Non-Executive Directors and Independent Non Executive Directors. One Independent Non Executive Director shall be appointed as the Chairman of the committee.	The related party transactions review committee consists of three Non - Executive Directors two of whom are Independent Non - Executive Directors, including the Chairman.

RENUKA HOTELS PLC



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Colombo 02
Sri Lanka

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF RENUKA HOTELS PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Renuka Hotels PLC ('the Company') and the consolidated financial statements of the Company and its subsidiary ('the Group'), which comprise the statement of financial position as at 31st March 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information as set out on pages 25 to 55.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31st March 2023, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

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

Key Audit Matters

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

a) Valuation of Investments at Fair Value Through Other Comprehensive Income

Refer to the accounting policies in "Note 1.3.6.1 to the financial statements: Financial assets" and "Note 14 to the financial statements: Investments in equity securities at fair value through other comprehensive income".

Key Audit Matter	How our audit addressed the Key Audit Matter
The Group's portfolio of investment in equity securities makes up 23% of the Group's total assets. The Equity Investment of the Group is classified as Fair Value Through Other Comprehensive Income as at 31st March 2023 and it amounts to Rs. 2.97 billion.	Our audit procedures included: Documenting and assessing the processes in place to record investment transactions and to value the portfolio.

BDO Partners, a Sri Lankan Partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms affiliated with the BDO network of member firms affiliated with the BDO network of independent member firms.

Partners : Sujeewa Rajapakse FCA, ACCA, FCMA, MBA, Ashani J.W. Jayasekera FCA, FCMA (UK), MBA, H. Saranika Rathnayake FCA, ACCA, R. Yasanthakumar BSc (Acc), ACA, F. Sarah Z. Alper ACCA, ACMA (UK), CGMA, MCS (UK), Dinusha C. Rajapakse FCA, LLB (Hons)(Colombo), CTA, Attorney at Law, Nirosha Vaidya BSc (Acc), ACA, ACMA.

RENUKA HOTELS PLC



Key Audit Matter	How our audit addressed the Key Audit Matter
The Group has recorded a fair value gain of Rs. 43.1 million during the reporting period compared to the fair value loss of Rs. 411.1 million recorded in the previous year. Although, financial market has gradually improved with the recovery from prevailing uncertainty in macro-economic environment, still there is an uncertainty with regard to market conditions. We do not consider these investments to be at high risk of significant misstatement, or to be subject to a significant level of judgement because they comprise liquid, quoted investments. However, due to their materiality in the context of the financial statements as a whole, they are considered to be one of the areas which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.	• Agreeing the valuation of investments in the portfolio to externally quoted prices; and • Agreeing the investment holdings in the portfolio to documentary evidence from third party. • Assessing whether there is any impairment, if any has been adequately provided for; and • Assessing the adequacy of disclosures in the financial statements as required by the relevant accounting standards.

b) Revenue recognition

Refer to the accounting policies in “Note 1.5.6 to the financial statements: Revenue recognition” and “Note 3 to the financial statements: Revenue”.

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue represents the Group's gross inflow of economic benefits in terms of cash, receivables or other assets arising from the operating activities. The net revenue for the 2022/2023 year amounted to Rs. 275 million. The Group has sales from multiple revenue streams which include room sales, food and beverage sales as well as other hotel related revenue and is routed through free individual travelers and online platforms. Such streams carry terms and conditions that would require detail analysis of gross/net revenue. As the reservation systems are not directly linked to the general ledgers, the Group recognizes the revenue through initiation of the journal entries over the different revenue streams which impose an additional risk over recognition.	Our audit procedures included: • Assessing the design, implementation and operating effectiveness of key controls regarding revenue recognition and assessing key performance indicators. • Performing substantive analytical procedures over the different streams of revenue to assess the reasonability of revenue recognized. • Performing focused substantive testing procedures based on our industry knowledge which includes among others testing on sample basis;

RENUKA HOTELS PLC

Key Audit Matter	How our audit addressed the Key Audit Matter
Considering these facts revenue recognition has been identified as a Key Audit Matter.	- Revenue recognition over different stTEM C /PTd2 (u)-12. (.)TJETEM C /P L

RENUKA HOTELS PLC



Auditor's Responsibilities for the Audit of the consolidated Financial Statements

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

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

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

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

RENUKA HOTELS PLC



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

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

Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 1961.

BDO Partners

CHARTERED ACCOUNTANTS

Colombo

29th August 2023

SR/dm

RENUKA HOTELS PLC

Statement of Comprehensive Income

For the year ended 31st March

		Group		Company	
	Note	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Revenue	3	274,750,991	214,147,848	146,673,516	118,975,315
Cost of sales		(158,040,526)	(89,463,030)	(114,920,906)	(56,146,689)
Gross profit		116,710,465	124,684,818	31,752,610	62,828,626
Other income	4	683,462,606	248,797,174	633,014,353	171,590,481
Marketing expenses		(20,043,958)	(8,664,951)	(10,287,890)	(3,515,201)
Administration expenses		(299,673,245)	(174,332,883)	(196,979,413)	(100,011,520)
Operating expenses	5	(43,968,517)	(48,938,848)	(25,080,463)	(30,131,348)
Profit from operations	6	436,487,351	141,545,310	432,419,197	100,761,038
Net finance income	7	1,620,532,775	2,379,099,944	281,257,270	85,991,335
Profit before tax		2,057,020,126	2,520,645,254	713,676,467	186,752,373
Income tax expense	8	(57,808,770)	(46,125,711)	(54,235,245)	(38,461,194)
Profit for the year		1,999,211,356	2,474,519,543	659,441,222	148,291,179
Other comprehensive income					
Items that will not be re classified to income statement in subsequent period					
Remeasurement gain on retirement benefit obligations	23	20,073,918	9,318,002	11,048,584	7,046,483
Related tax on remeasurement gain of retirement benefit obligations	24.1	(6,022,175)	(1,304,521)	(3,314,575)	(986,508)
Net gain/(loss) on equity instruments at fair value through other comprehensive income		43,135,705	(411,163,475)	74,222,043	(243,437,257)
Items that are or may be re-classified to income statement of subsequent period					
Realised fair value loss on financial assets at fair value through OCI (FVOCI)		(67,957,457)	(5,545,032)	(67,957,457)	(5,545,032)
Total other comprehensive income for the year		(10,770,009)	(408,695,026)	13,998,595	(242,922,314)
Total comprehensive income for the year		1,988,441,347	2,065,824,517	673,439,817	(94,631,135)
Profit attributable to					
Equity holders of the company		1,587,711,043	1,759,204,321	659,441,222	148,291,179
Non-controlling interests		411,500,313	715,315,222	-	-
Profit for the year		1,999,211,356	2,474,519,543	659,441,222	148,291,179
Total comprehensive income attributable to					
Equity holders of the company		1,584,557,380	1,401,484,339	673,439,817	(94,631,135)
Non-controlling interests		403,883,967	664,340,178	-	-
Total comprehensive income for the year		1,988,441,347	2,065,824,517	673,439,817	(94,631,135)
Earnings per share					
Basic (rupees per share)	9	39.40	43.66	16.36	3.68

Figures in brackets indicate deductions.

The Accounting Policies and notes on pages 25 to 55 form an integral part of these consolidated financial statements.

RENUKA HOTELS PLC

Statement of Financial Position

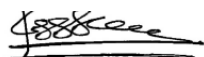
As At 31st March

	Notes	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
ASSETS					
Non-current assets					
Property, plant and equipment	10	439,525,009	482,094,476	152,575,815	176,925,253
Intangible asset	11	–	–	–	–
Investment in subsidiary	12	–	–	160,641,556	160,641,556
Investment in financial assets at amortised cost	13	6,791,986,281	5,891,430,666	323,801,948	–
Investments in equity securities - at fair value through OCI	14	2,970,082,101	2,951,523,121	2,121,335,215	2,106,383,849
Total non-current assets		10,201,593,391	9,325,048,263	2,758,354,534	2,443,950,658
Current assets					
Inventories	15	6,429,583	4,106,612	4,605,408	3,682,330
Amounts due from related parties	16	–	1,011,548	7,135,624	17,996,059
Trade and other receivables	17	23,773,069	20,969,877	12,955,871	14,983,580
Investment in financial assets at amortised lost	18	833,950,000	163,257,336	833,950,000	72,446,249
Cash and cash equivalents	19	1,629,727,535	1,199,184,371	327,440,246	719,996,895
Total current assets		2,493,880,187	1,388,530,104	1,186,087,149	829,105,113
Total assets		12,695,473,578	10,713,578,367	3,944,441,683	3,273,055,771
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	20	112,508,648	112,508,648	112,508,648	112,508,648
Revenue reserve	21	–	5,738,354,067	–	2,453,491,352
Retained earnings		10,105,543,970	2,787,518,585	4,026,721,654	926,203,836
Fair value reserve		(402,390,847)	(387,128,144)	(291,760,336)	(298,024,922)
Total equity attributable to equity holders of the company		9,815,661,771	8,251,253,156	3,847,469,966	3,194,178,914
Non - controlling interests	22	2,718,434,862	2,318,855,895	–	–
Total equity		12,534,096,633	10,570,109,051	3,847,469,966	3,194,178,914
Non-Current Liabilities					
Retirement benefit obligations	23	13,612,177	32,693,960	9,123,245	19,605,306
Deferred tax liability	24	68,667,641	45,630,951	31,207,483	13,279,420
Total non-current liabilities		82,279,818	78,324,911	40,330,728	32,884,726
Current liabilities					
Interest bearing loans and borrowings	25	–	3,432,000	–	–
Trade and other payables	26	59,575,524	33,399,217	38,457,151	19,635,196
Amounts due to related parties	27	–	1,000,000	–	1,000,000
Income tax payable	28	15,261,340	20,353,368	14,060,057	19,535,070
Bank overdraft	19	4,260,263	6,959,820	4,123,781	5,821,865
Total current liabilities		79,097,127	65,144,405	56,640,989	45,992,131
Total liabilities		161,376,945	143,469,316	96,971,717	78,876,857
Total equity and liabilities		12,695,473,578	10,713,578,367	3,944,441,683	3,273,055,771

Figures in brackets indicates deductions.

The significant accounting policies and notes on pages 25 to 55 form an integral part of these financial statements.

These Financial Statements are in compliance with the requirements of the Companies Act, No. 7 of 2007.



Mr. G. Koggalage
Head of Finance

The Board of Directors is responsible for the preparation and presentation of these financial statements.
Approved and signed for and on behalf of the board.



Ms. S.R. Thambiayah
Chairperson

Colombo
29th August, 2023



Director

RENUKA HOTELS PLC

Statement of Changes in Equity For the year ended 31st March, 2023

Group

	Note	Stated capital	Revenue reserves	Retained earnings	Fair value reserve of financial assets at FVOCI	Total	Non controlling interests	Total
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 01st April, 2021	20	112,508,648	5,738,354,067	1,020,901,486	(21,995,450)	6,849,768,751	1,654,515,782	8,504,284,533
Comprehensive income for the year								
Profit for the year		-	-	1,759,204,321	-	1,759,204,321	715,315,222	2,474,519,543
Other Comprehensive income for the year		-	-	7,412,778	(365,132,694)	(357,719,916)	(50,975,109)	(408,695,025)
Total Comprehensive income for the year		-	-	1,766,617,099	(365,132,694)	1,401,484,405	664,340,113	2,065,824,518
Contributions by and distribution to owners		-	-	-	-	-	-	-
Balance as at 31st March, 2022		112,508,648	5,738,354,067	2,787,518,585	(387,128,144)	8,251,253,156	2,318,855,895	10,570,109,051
Comprehensive income for the year								
Profit for the year		-	-	1,587,711,043	-	1,587,711,043	411,500,313	1,999,211,356
Other Comprehensive income for the year		-	-	12,109,040	(15,262,703)	(3,153,663)	(7,616,346)	(10,770,009)
Transfer to the retained earnings		-	(5,738,354,067)	5,738,354,067	-	-	-	-
Total Comprehensive income for the year		-	(5,738,354,067)	7,338,174,150	(15,262,703)	1,584,557,380	403,883,967	1,988,441,347
Contribution by and distributions to owners								
Dividends		-	-	(20,148,765)	-	(20,148,765)	-	(20,148,765)
Dividend Paid By Subsidiary		-	-	-	-	-	(4,305,000)	(4,305,000)
Total Contributions by and distributions to owners		-	-	(20,148,765)	-	(20,148,765)	(4,305,000)	(24,453,765)
Balance As At 31st March, 2023		112,508,648	-	10,105,543,970	(402,390,847)	9,815,661,771	2,718,434,862	12,534,096,633

Company

	Stated capital	Revenue reserves	Retained earnings	Fair value reserve reserve of financial assets at FVOCI	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 01st April, 2021	112,508,648	2,453,491,352	771,852,682	(49,042,633)	3,288,810,049
Comprehensive income for the year					
Profit for the year	-	-	148,291,179	-	148,291,179
Other Comprehensive income for the year	-	-	6,059,975	(248,982,289)	(242,922,314)
Total Comprehensive income for the year	-	-	154,351,154	(248,982,289)	(94,631,135)
Contribution by and distributions to owners					
	-	-	-	-	-
Balance as at 31st March, 2022	112,508,648	2,453,491,352	926,203,836	(298,024,922)	3,194,178,914
Comprehensive income for the year					
Profit for the year	-	-	659,441,222	-	659,441,222
Other Comprehensive income for the year	-	-	7,734,009	6,264,586	13,998,595
Transfer to the retained earnings	-	(2,453,491,352)	2,453,491,352	-	-
Total Comprehensive income for the year	-	(2,453,491,352)	3,120,666,583	6,264,586	673,439,817
Contribution by and distributions to owners					
Dividend Paid	-	-	(20,148,765)	-	(20,148,765)
Total Contributions by and distributions to owners	-	-	(20,148,765)	-	(20,148,765)
Balance as at 31st March, 2023	112,508,648	-	4,026,721,654	(291,760,336)	3,847,469,966

* Fair value through other comprehensive income

Figures in brackets indicate deduction
The accounting policies and notes on pages 25 to 55 form an integral part of these financial statements.

Colombo

29th August 2023

RENUKA HOTELS PLC

Statement of Cash Flows

For the year ended 31st March

	Note	Group		Company	
		2022/2023 Rs.	2021/2022 Rs.	2022/2023 Rs.	2021/2022 Rs.
Cash flows from operating activities					
Profit before tax		2,057,020,126	2,520,645,254	713,676,467	186,752,373
Adjustment for;					
Depreciation	10	42,840,291	48,522,107	24,406,238	29,858,815
Amortization		-	209	-	-
Profit on disposal of financial assets at FVOCI	4	(460,143,272)	(22,529,937)	(455,894,654)	(8,134,467)
Interest income	7.1	(283,358,528)	(380,995,119)	(276,732,501)	(65,475,806)
Provision for retirement benefit obligation	23	2,449,135	3,959,311	1,592,273	2,321,085
Dividend income	4	(224,826,874)	(226,262,778)	(177,069,504)	(163,451,555)
Operating profit/(loss) before working capital changes		1,133,980,878	1,943,339,047	(170,021,681)	(18,129,555)
Working Capital Changes					
Increase in inventories		(2,322,971)	(1,702,226)	(923,078)	(1,864,514)
Decrease/(increase)in amounts due from related parties		1,011,558	(1,011,548)	10,860,435	(7,583,719)
Decrease/(increase) in trade and other receivables		(2,803,192)	(5,652,097)	2,027,710	(6,291,259)
Increase in trade and other payables		26,176,307	5,443,205	18,821,955	1,900,847
Decrease in amounts due to related parties		(1,000,000)	-	(1,000,000)	-
Net cash generated from/(used in) operations		1,155,042,580	1,940,416,381	(140,234,659)	(31,968,200)
Employee benefits paid	23	(1,457,000)	(1,150,500)	(1,025,750)	(726,250)
Tax paid	28	(45,886,282)	-	(45,096,770)	-
		(47,343,282)	(1,150,500)	(46,122,520)	(726,250)
Net cash flow/(used in) from operating activities		1,107,699,298	1,939,265,881	(186,357,179)	(32,694,450)
Cash flow from investing activities					
Purchase of property, plant and equipment	10	(270,824)	(2,341,980)	(56,800)	(2,341,980)
Proceeds from debt securities		(323,801,951)	81,826,742	(323,801,951)	81,826,742
Interest received		283,358,528	380,885,229	276,732,501	65,365,916
Net proceeds from short term investment		(485,942,580)	-	-	-
Dividends received		176,877,882	171,703,971	156,920,739	130,788,773
Proceeds from fixed deposits withdrawn		338,496,249	493,305,514	338,496,249	333,033,015
Investment in fixed deposits		(1,100,000,000)	(2,172,515,781)	(1,100,000,000)	(84,436,702)
Proceeds from sale of financial assets at FVOCI		763,317,641	26,270,670	756,267,758	9,396,306
Purchase of financial assets at FVOCI		(309,059,882)	(292,499,716)	(309,059,882)	(263,488,987)
Net cash from/(used in) investing activities		(657,024,937)	(1,313,365,351)	(204,501,386)	270,143,083
Cash flow from financing activities					
Dividends paid		(14,000,000)	-	-	-
Repayment of loan		(3,432,000)	(10,344,000)	-	-
Net cash used in financing activities		(17,432,000)	(10,344,000)	-	-
Net increase/(decrease) in cash and cash equivalents		433,242,361	615,556,530	(390,858,565)	237,448,633
Cash and cash equivalents at the beginning of the year		1,192,224,911	576,668,381	714,175,030	476,726,397
Cash and cash equivalents at the end of the year		1,625,467,272	1,192,224,911	323,316,465	714,175,030

Figures in brackets indicate deductions.

The accounting policies and notes on pages 25 to 55 form an integral part of these financial statements.

Colombo

29th August, 2023

RENUKA HOTELS PLC

Significant Accounting Policies to the Financial Statements

1 ACCOUNTING POLICIES

1.1 Corporate Information

1.1.1 Reporting entity - domicile and legal form

The Company is a Public Listed Company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at No. 328, Galle Road, Colombo 03. The principal place of business is at the same place.

1.1.2 Consolidated financial statements

The financial statements for the year ended 31st March 2023 comprises “the Company” referring to Renuka Hotels PLC as the holding company and “the Group” referring to the companies whose accounts have been consolidated therein.

1.1.3 Principal activities and nature of operations

During the year, the principal activities of the Company and its subsidiary were running a star class hotel.

1.1.4 Parent enterprise and ultimate parent enterprise

The parent undertaking of Renuka City Hotels PLC is Renuka Hotels PLC and the ultimate parent of the Group is also Renuka Hotels PLC.

1.1.5 Financial period

The financial period of the Company and its Group represents twelve months period from 01st April, 2022 to 31st March, 2023.

1.1.6 Date of Authorisation to issue

The consolidated financial statements of Renuka Hotels PLC, for the year ended 31st March, 2023 were authorized for issue in accordance with the resolution of the Board of Directors on, 29th August 2023.

1.1.7 Responsibility for financial statements

The Board of Directors is responsible for the preparation and presentation of the financial statements of the Company and the Group as per the provisions of the Companies Act No. 07 of 2007 and in accordance with new Sri Lanka Accounting Standards (SLFRS/LKAS) laid down by the Institute of Chartered Accountants of Sri Lanka.

These financial statements include the following components:

A statement of comprehensive income providing the information on the financial; performance of the Company and the Group for the year under review.

A statement of financial position providing the information on the financial position of the Company and the Group as at the year end.

A statement of changes in equity depicting all changes in shareholders' funds during the year under review of the Company and the Group.

A statement of cash flows providing the information to the users, on the ability of the Company and the Group to generate cash and cash equivalents and the needs of entities to utilize those cash flows and

Notes to the financial statements comprising accounting policies and other explanatory information.

The responsibility of the Directors in relation to the financial statements is set out in “the statement of directors' responsibility”.

1.2 Summary of significant accounting policies

1.2.1 General accounting policies

1.2.1.1 Basis of preparation of financial statements

The consolidated financial statements of the Group have been prepared in accordance with Sri Lanka Accounting Standards comprising SLFRS and LKAS (hereafter referred to as “SLFRS”), as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

1.2.1.2 Basis of measurement

The Financial statements have been prepared on an accrual basis except for cash flow information and under the historical cost convention except for following material items in the statement of financial position:

RENUKA HOTELS PLC

Significant Accounting Policies to the Financial Statements (Contd)

- Equity investments are measured at fair value through other comprehensive income.
- Employee defined benefit obligations based on actuarial valuation
- Debt investments are measured at amortized cost

1.2.1.3 Functional and presentation currency

Item included in the financial statements are measured using the currency of primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Sri Lanka Rupees, which is the Company's functional and presentation currency.

1.2.1.4 Statement of Compliance

The financial statements which comprise the income statement, statement of comprehensive income, statement of financial position, statement of changes in equity and the statement of cash flows, together with the accounting policies and notes (the "financial statements") have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/ LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the requirement of the Companies Act No. 7 of 2007.

1.2.1.5 Going Concern

The Group has prepared the financial statements for the year ended 31st March 2022 on the basis that it will continue to operate as a going concern.

In determining the basis of preparing the financial statements for the year ended 31 March 2022, based on available information, the management has assessed the prevailing macroeconomic conditions and its effect on the Group and the appropriateness of the use of the going concern basis.

It is the view of the management that there are no material uncertainties that may cast significant doubt on the Group's ability to continue to operate as a going concern. In determining the above, significant management judgements, estimates and assumptions including the impact of the current macroeconomic challenges have been considered as of the reporting date and specific disclosures have been made under the relevant notes to the Financial Statements. The Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future and hence has adopted the going concern basis in preparing and presenting these financial statements.

1.2.1.6 Comparative Information

The accounting policies have been consistently applied by the Group and are consistent with those of the previous year. The previous year's figures and phrases have been re-arranged wherever necessary to conform to current year's presentation/classification.

1.2.1.7 Foreign currency transaction

Transactions in foreign currencies are initially recorded by the Group at the functional currency rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the statement of comprehensive income. These are recognized in other comprehensive income until the realization of the net investment, at which time they are reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items is recognized in line with the gain or loss of the item that gave rise to the translation difference.

Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. The resulting gain or loss is accounted in the statement of comprehensive income.

1.2.1.8 Materiality and aggregation

Each material class of similar items is presented separately in the financial statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

RENUKA HOTELS PLC

Significant Accounting Policies to the Financial Statements (Contd)

1.2.1.9 Significant accounting judgements, estimates and assumptions

a) Judgements

In the process of applying the accounting policies, management has made the judgements, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements.

b) Estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that would affect the reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities at reporting date.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year, have been considered.

Estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results form the basis of making the judgements about the carrying amount of assets and liabilities that are not readily apparent from other sources.

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 period affected.

Impact of prevailing macroeconomic conditions

The prevailing macroeconomic conditions and their implications have increased the uncertainty of estimates made in the preparation of the financial statements. The estimation uncertainty is associated with:

- the extent and duration of the disruption to businesses arising from the prevailing macroeconomic conditions and the related actions of stakeholders such as government, businesses and customers.
- the extent and duration of the prevailing macroeconomic conditions due to impact on GDP, capital markets, credit risk of customers, impact of unemployment and possible decline in consumer discretionary spending.
- the effectiveness of Government and Central Bank measures that have been put in place in response to the prevailing circumstances.

The significant accounting estimates impacted by these forecasts and associated uncertainties are related to impairment of financial assets and recoverable amount assessments of non-financial assets, recoverable value of property, plant and equipment and investment properties and net realizable value of inventory.

The impact of prevailing macroeconomic conditions on accounting estimates is discussed under the relevant notes to these financial statements.

1.2.2. Consolidation and business combinations

1.2.2.1 Basis of consolidations

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31st March, 2023.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continues to be consolidated until the date when such control ceases. The financial statements of the subsidiaries have been prepared for the same reporting period as the parent company, using consistent accounting policies.

1.2.2. Business combination

Business combinations are accounted for using the acquisition method in accordance with SLFRS 3 – Business combinations. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest of the acquiree. For each business combination, the Group elects whether or not it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the identifiable net assets of acquiree. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate

RENUKA HOTELS PLC

Significant Accounting Policies to the Financial Statements (Contd)

classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest of the acquiree is re-measured to fair value at the acquisition date through profit or loss. After the control of an entity is obtained, changes in ownership interest that do not result in a loss of control are accounted as equity transactions and gain or loss from these changes are not recognized in the statement of comprehensive income.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with LKAS 39 either in profit or loss or as a change to other comprehensive income.

a) **Subsidiaries**

Subsidiaries are all entities over which the Group has the power directly or indirectly to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Name of the subsidiary	Control
Renuka City Hotels PLC	69.25% (2022 - 69.25%)

The total profits and losses for the year of the Company and of its subsidiaries included in consolidation and all assets and liabilities of the Company and of its subsidiaries included in consolidation are shown in the consolidated statement of comprehensive income and the statement of financial position respectively.

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 irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's identifiable 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 recognized directly in the statement of financial position.

Related party transactions, balances and unrealized profits or losses among the group of companies are eliminated.

b) **Cost of acquisition**

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. This excludes any transaction costs incurred.

c) **Non-controlling interest**

The interest of the outside shareholders in net assets of the Group and proportion of the profit after taxation applicable to outside shareholders are stated separately in the consolidated statement of financial position and the consolidated statement of comprehensive income under the heading, "Non-Controlling Interest".

d) **Transactions eliminated on consolidation**

All intra group balances, income and expenses and unrealized gains and losses and dividends resulting from intra group transactions are eliminated in full. Subsidiaries are fully consolidated from the date of acquisition or incorporation, being the date on which the Group obtains control and continues to be consolidated until the date that such control ceases.

e) **Reporting date**

The financial statements of the subsidiaries have been prepared for the common reporting period as the parent Company, which is 12 months ending 31st March, using the consistent accounting policies.

f) **The consolidated statement at cash flows includes the cash flows of the Company and its subsidiaries.**

RENUKA HOTELS PLC

Significant Accounting Policies to the Financial Statements (Contd)

1.3 Assets and bases of their valuation

1.3.1 Property, plant and equipment

(a) Measurement

Property, plant and equipment are initially and subsequently measured at cost.

Property, plant and equipment are stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of the property, plant and equipment when that cost is incurred, if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

When a major inspection is performed, its cost is recognized in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the profit or loss as incurred.

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

b) Useful lives of property, plant and equipment

The Group reviews the assets' residual values, useful lives and methods of depreciation at each reporting date; judgement made by the management based on the professional experts is exercised in the estimation of these values, rates and methods.

c) Depreciation

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

The economic useful lives are as follows:

Freehold buildings and tube well	20 years
Air conditioners, lifts and generators	10 years
Motor vehicles	05 years
Cooling tower and chiller	10 years
Deep freezer equipment	05 years
Computer	06 – 07 years
Electrical fittings	20 years
Furniture fittings	10 years
Floor polisher and vacuum cleaner	10 years
Kitchen utensils and glassware	06 – 07 years
Laundry and swimming pool equipment	10 years
Telephone exchange and television	06 – 07 years

Depreciation of assets begins when it is available for use and ceases at the earlier of the date on which asset is classified as held for sale or de-recognized.

d) Restoration Costs

Expenditure incurred on repairs or maintenance of property, plant and equipment in order to restore or maintain the future economic benefits expected from originally assessed standard of performance is recognized as an expense when incurred.

(e) De-recognition

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognizing of the asset is calculated as the difference between the net disposal proceeds and the carrying amount.

1.3.2 Intangible assets

An intangible asset is recognised if it is probable that future economic benefits will flow to the entity and the cost of the asset can be measured reliably in accordance with LKAS 38 on 'Intangible Assets'. Intangible assets with finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

RENUKA HOTELS PLC

Significant Accounting Policies to the Financial Statements (Contd)

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible assets with finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumptions of future economic benefits embodied in the assets is accounted for by changing the amortisation period of method, as appropriate, and treated as changes in accounting estimates. Amortisations expense on intangible assets with finite lives is recognised in the statement of profit or loss and other comprehensive income on the straight-line basis over the estimated useful lives, from the date they are available for use.

The estimated useful life of intangible assets with finite life is as follows:

Computer software 3 Years

Gains or losses arising from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in statement of profit or loss and other comprehensive income when the asset is derecognised.

1.3.3 Capital work-in-progress

Capital work-in-progress was transferred to the respective asset accounts at the time of the first utilization of the asset.

1.3.4 Inventories

Inventories are valued at the lower of cost and estimated net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the selling expenses.

The cost of inventories is generally determined by reference to weighted average cost principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

1.3.5 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If such indication exists or when annual impairment testing for an asset is required the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessment of the time value of money and the risk specific to the asset.

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

For assets excluding goodwill, an assessment is made at each reporting date to ascertain as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the estimates

RENUKA HOTELS PLC

Significant Accounting Policies to the Financial Statements (Contd)

used to determine the assets recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot “exceed” the carrying amount that would have been determined, net of depreciation had, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of comprehensive income.

1.3.6 Financial Instruments

1.3.6.1 Financial assets

The group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Group’s accounting policy for each category is as follows:

Financial instruments — Initial recognition and subsequent measurement Initial recognition and measurement

Financial assets within the scope of SLFRS 9 are classified as amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them. This assessment is referred to as the SPPI test and is performed at an instrument level. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at (FVPL) are expensed in profit or loss.

The Group’s financial assets include cash and short-term deposits, trade and other receivables, debt investments, quoted equity securities.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories

- Financial assets at amortised cost
- Financial assets at fair value through OCI with recycling of cumulative gains and losses
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

Financial assets at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group’s financial assets at amortised cost includes trade and other receivables, debt investments and cash and cash equivalents.

Financial assets at fair value through OCI

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at FVOCI. The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

RENUKA HOTELS PLC

Significant Accounting Policies to the Financial Statements (Contd)

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling.

and

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

Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the income statement.

Equity instruments

Financial assets designated at fair value through OCI

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI.

Financial assets at fair value through profit or loss

This category comprises in-the-money derivatives and out-of-the-money derivatives where the time value offsets the negative intrinsic value. They are carried in the statement of financial position at fair value with changes in fair value recognised in the consolidated statement of comprehensive income in the finance income or expense line. The Group does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

Financial assets – derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Impairment of financial assets

The new impairment model applies to financial assets measured at amortised cost, contract assets, loan commitments and financial guarantee contracts. The loss allowance is based on the ECL associated with the probability of default in the next twelve months, unless there has been a significant increase in credit risk since its origination. If the credit risk on that financial asset has increased significantly since its initial recognition, the loss allowance is based on the change in the ECLs over the life time of the asset.

The Group recognises loss allowances for Expected Credit Losses (ECLs) on:

- financial assets measured at amortised cost and contract assets.
- debt investments measured at FVOCI

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables is always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

RENUKA HOTELS PLC

Significant Accounting Policies to the Financial Statements (Contd)

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- the financial asset is more than 180 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECL for trade debtors

Given the nature of the trade debtors of the Group, management can identify key drivers behind the changes in credit risk for each debtor on individual basis. Accordingly, the life time ECL will be assessed on an individual basis for trade debtors.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 180 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial re-organisation;
- the disappearance of an active market or a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

1.3.6.2 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and cash at banks and other highly liquid financial assets which are held for the purpose of meeting short-term cash commitments with original maturities of less than three months which are subject to insignificant risk of changes in their fair value.

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

1.3.6.3 Financial liabilities

Initial recognition and measurement

The Group initially recognises financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial liabilities are initially measured at fair value and, for an item not at fair value through Profit or Loss, net of transaction costs that are directly attributable to its issue.

The Group's financial liabilities comprise of bank overdrafts, trade and other payables and amount due to related parties.

Financial liabilities are classified as measured at amortised cost or fair value through profit or loss (FVTPL). A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and

RENUKA HOTELS PLC

Significant Accounting Policies to the Financial Statements (Contd)

gains and losses, including any interest expense, are recognised in profit or loss.

Subsequent measurement

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

The amortised cost of a financial liability is the amount at which the financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method minus any reduction for impairment.

De-recognition of financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On de-recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

1.3.6.4 Off-setting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

1.3.6.5 SLFRS 7 fair value measurement hierarchy

SLFRS 7 requires certain disclosures which require the classification of financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement. The fair value hierarchy has the following levels:

Level 1	- Quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2	-Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) and;
Level 3	- Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The levels in the fair value hierarchy within which the financial asset or financial liability is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement, financial assets and financial liabilities are classified in their entirety into only one of the three levels.

1.4 Stated capital

a) Classification

Ordinary shares with discretionary dividends are classified as equity when there is no obligation to transfer cash or other assets.

b) Dividends

Dividends are recognised when the shareholders right to receive the dividend is established. In the case of interim dividends to equity shareholders, this is when declared by the directors. In the case of final dividends, this is when approved by the shareholders at the AGM.

1.5 Liabilities and provisions

1.5.1 Liabilities

Liabilities classified under current liabilities in the statement of financial position are those expected to fall due within one year from the statement of financial position date. Items classified as non-current liabilities are those expected to fall due at point of time after one year from the date of financial position.

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Significant Accounting Policies to the Financial Statements (Contd)

1.5.2 Provisions, contingent assets and contingent liabilities

Provisions are recognized when the Group has a present obligations (legal and constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

All the contingent liabilities are disclosed as notes to the financial statements unless the outflow of resources is made contingent asset if exits are disclosed when inflow of economic benefit is probable.

1.5.3 Current and deferred income tax

a) Current taxes

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the Commissioner General of Inland Revenue.

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provision of the Inland Revenue Act No. 24 of 2017.

b) Deferred taxation

Deferred income tax is provided in full using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income 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 date of the statement of financial position.

1.5.4 Related party transactions

Disclosure is made in respect of the transaction in which one party has the ability to control or exercise significant influence over the financial and operating policies/decisions of the other, irrespective of whether a price is charged. Relationship between parent & subsidiaries shall be disclosed irrespective of whether there have been transactions between those related parties.

1.5.5 Employee benefits

a) Defined benefit plans – gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group is liable to pay retirement benefits under the Payment of Gratuity Act, No. 12 of 1983. The liability recognized in the financial statements in respect of defined benefit plans is the present value of the defined benefit obligation as at the reporting date. The defined benefit obligation is calculated by a qualified actuary as at the reporting date using the Projected Unit Credit (PUC) method as recommended by LKAS 19 - 'Employee Benefits'. Such actuarial valuations will be carried out every year. The liability is not externally funded. All Actuarial gains or losses are recognized under other comprehensive income.

Under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

b) Defined contribution plans

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with respective statutes and regulations. The Group contributes 12% and 3% of gross emoluments of employees to the Employees' Provident Fund and to the Employees' Trust Fund respectively.

1.5.6 Revenue recognition

The Group recognizes revenue when the Group satisfies a performance obligation by transferring a promised goods or services to a customer. Goods are transferred when the customer obtains the control of that.

Performance obligations and timing of revenue recognition

The Group's revenue is mainly derived from providing hospitality and leisure to their guests with revenue recognised at a point in time when control of the goods and services have transferred to the customer.

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Significant Accounting Policies to the Financial Statements (Contd)

This is generally when the goods and services are rendered to the customer.

Determining the transaction price

Most of the Group's revenue is derived from pre-determined price arrangement and therefore the amount of revenue to be earned from each contract is determined by reference to those pre-determined prices.

Allocating amounts to performance obligations

For contracts with customers, there is a fixed rate. Therefore, there is no judgement involved in allocating the contract price to each unit in such contracts.

Interest income

Interest income is recognised using the effective interest method. When are impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired Financial assets are recognised using the original effective interest rate.

Dividend income

Dividend income is recognised when the right to receive payment is established.

1.5.7 Expenditure

The expenditures are recognised on an accrual basis. All expenses incurred in the ordinary cause of business and in maintaining property, plant and equipment in a state of efficiency is charged against income in arriving at the profit for the year.

For the purpose of presentation of the statement of comprehensive income information, expense by function method is used to classify expenses.

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SIGNIFICANT ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS

2. NEW ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below.

The Group intends to adopt this amended standard and interpretation, if applicable, when it becomes effective.

Accounting Standard	Description	
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to LKAS 12)	The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases. The amendments are not expected to have a material impact on the Company and Group.	1 January 2023
Amendments to LKAS 1	Classification of liabilities as current or non-current	1 January 2023
Amendments to LKAS 1 and SLFRS Practice Statement 2	Disclosure of accounting policies	1 January 2023
Amendments to LKAS 8	Definition of accounting estimates	1 January 2023
SLFRS 17 – Insurance Contracts	SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace SLFRS 4 - Insurance Contracts that was issued in 2005. SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of SLFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in SLFRS 4, which are largely based on grandfathering previous local accounting policies, SLFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of SLFRS 17 is the general model, supplemented by:	1 January 2025

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	- a specific adaptation for contracts with direct participation features (the variable fee approach) - a simplified approach (the premium allocation approach) mainly for short-duration contracts SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2025, with comparative figures required. Early application is permitted, provided the entity also applies SLFRS 9 and SLFRS 15 on or before the date it first applies SLFRS 17. The amendments are not expected to have a material impact on the Group.	
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Notes to the Financial Statements (Contd)

(In the notes all amount are shown in Sri Lanka Rupees unless otherwise stated.)

	Group		Company	
	2022/2023	20201/2022	2022/2023	2021/2022
	Rs.	Rs.	Rs.	Rs.
3. REVENUE				
Gross revenue	302,175,651	235,494,019	161,340,867	130,872,847
Less : Service charge	(27,424,660)	(21,346,171)	(14,667,351)	(11,897,532)
Revenue from sale of goods and Rendering of services Note 3.1	274,750,991	214,147,848	146,673,516	118,975,315
3.1 Revenue from sale of goods and rendering of services				
Tariff and extra bed	102,362,766	107,908,510	4,457,149	36,598,596
Palmyrah restuarant	100,540,030	58,680,694	77,370,899	41,104,074
Palmyrah bar	17,085,250	11,886,835	17,085,250	11,265,640
Takeaway	5,594,293	8,767,940	5,594,293	8,767,940
Local call income	5,395	9,607	5,395	9,607
IDD call income	47,210	67,924	28,596	58,247
Photocopy income	7,420	9,905	7,420	9,905
Laundy income	990,909	730,870	176,770	127,090
Travel desk	504,387	579,089	-	(107,055)
Banquet income	47,613,331	25,506,474	41,947,744	21,141,271
	274,750,991	214,147,848	146,673,516	118,975,315
4. OTHER INCOME				
Dividend	224,826,874	226,262,778	177,069,504	163,451,555
Gain on disposal of equity investments	458,585,537	22,529,937	455,894,654	8,134,467
Sundry	50,195	4,459	50,195	4,459
	683,462,606	248,797,174	633,014,353	171,590,481
5. OPERATING EXPENSES				
Depreciation and amortisation	42,840,292	48,522,313	24,406,238	29,858,813
License - liquor	1,128,225	416,535	674,225	272,535
	43,968,517	48,938,848	25,080,463	30,131,348
6. PROFIT FROM OPERATIONS				
Profit from operations is stated after charging all expenses including the following ;				
Directors' fee	630,000	595,000	315,000	315,000
Directors' emoluments	43,739,000	44,962,000	22,150,000	24,760,000
Bonus and ex-gratia	155,193,275	46,331,550	114,808,505	30,205,000
Auditor's remuneration	575,843	412,118	222,800	212,118
Depreciation and amortisation	42,840,291	48,522,315	24,406,238	29,858,815
Staff costs include:				
Salaries and wages	33,501,042	24,391,607	15,635,588	13,312,750
E.P.F and E.T.F	10,451,553	10,178,604	5,398,823	5,590,478
Provision for retirement benefit obligations	2,449,135	3,959,311	1,592,273	2,321,085
Charity and donation	159,420	13,000	159,420	13,000
Legal expenses and professional fee	12,502,663	2,319,426	1,833,029	1,002,169

RENUKA HOTELS PLC

Notes to the Financial Statements (Contd)

Net Finance Income	1,620,532,775	2,379,099,944	281,257,270	85,991,335
8. INCOME TAX EXPENSE				
Current income tax provision (Note 8.1)	45,624,944	29,711,888	44,452,447	28,922,376
Income tax (over)/under provision	(4,830,690)	7,081,569	(4,830,690)	10,119,484
Deferred tax provision (Note 8.2)	17,014,516	9,332,254	14,613,488	(580,666)
	57,808,770	46,125,711	54,235,245	38,461,194

8.1 Reconciliation between current tax expense and accounting profit

Profit before taxation	2,057,020,126	2,520,645,254	713,676,467	186,752,373
Aggregate disallowable expenses	51,432,498	54,594,343	32,079,303	34,083,574
Aggregate allowable expenses	(875,250,464)	(414,784,858)	(706,502,312)	(280,162,986)
Business profit/(loss)	1,233,202,160	2,160,454,739	39,253,458	(59,327,039)
Brought forward business profit/(loss)	(25,959,257)	(21,483,352)	(25,959,257)	(21,483,352)
Investment income	172,817,682	259,377,705	172,817,682	259,377,705
Total assessable income	1,380,060,585	2,398,349,092	186,111,883	178,567,314
Exempt amounts	(1,209,425,524)	(2,251,178,928)	(21,919,960)	(34,686,783)
Total taxable income	170,635,061	147,170,164	164,191,923	143,880,531
Taxable income @ 14%	–	56,089,518	–	56,089,518
Taxable income @ 24%	88,046,854	91,080,645	88,046,854	87,791,012
Taxable income @ 30%	82,622,744	–	77,737,341	–
	170,669,598	147,170,163	165,784,195	143,880,530
Income tax for the year @ 14%	–	7,852,533	–	7,852,533
Income tax for the year @ 24%	21,131,245	21,859,355	21,131,245	21,069,843
Income tax for the year @ 30%	24,493,699	–	23,321,202	–
Current income tax expense	45,624,944	29,711,888	44,452,447	28,922,376

Exempt income includes dividend income (dividend paid out of dividend) and gain on disposal of listed shares which are not subject to income tax.

8.2 Deferred tax expense

Accelerated depreciation for tax purposes	28,856,400	1,112,532	17,920,294	(357,389)
Employee benefit liability	(3,452,525)	(393,234)	(3,306,806)	(223,277)
Carried forward tax loss	(8,389,359)	8,612,956	–	–
	17,014,516	9,332,254	14,613,488	(580,666)

9. EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by weighted average number of ordinary shares outstanding during the year.

Profit attributable to ordinary shareholders (Rs.)	1,587,711,043	1,759,204,321	659,441,222	148,291,179
Weighted average number of ordinary shares	40,297,530	40,297,530	40,297,530	40,297,530
Earnings Per Share (Rs)	39.40	43.66	16.36	3.68

Description of assets	COST/VALUATION		DEPRECIATION		WDV	
	Balance as at 01.04.2022	Additions during the year	Balance as at 31.03.2023	For the year	Balance as at 31.03.2023	Balance as at 31.03.2022
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Freehold						
Land and building	575,287,221	–	575,287,221	17,433,886	194,770,934	397,950,173
Air conditioners, lifts and generators	94,858,328	214,024	95,072,352	4,961,274	75,805,470	24,014,132
Motor vehicles	80,262,676		80,262,676	5,410,224	78,851,940	6,820,960
Furniture, fittings and equipment	232,010,508	56,800	232,067,308	15,034,907	193,736,204	53,309,211
	982,418,733	270,824	382,689,557	42,840,291	543,164,548	482,094,476
10.2 Company						

Description of Assets	COST/VALUATION		Balance as at 31.03.2023		DEPRECIATION		WDV	
	Balance As At 01.04.2022	Rs.	Balance As At 01.04.2022	Rs.	For the Year	Balance As At 31.03.2023	Balance As At 31.03.2023	Balance As At 31.03.2022
Freehold								
Land and building	233,519,490		233,519,490		11,441,394	117,902,606	115,616,884	127,058,278
Air conditioners, lifts and generators	41,407,190	-	41,407,190		2,550,194	34,207,625	7,199,565	9,749,755
Motor vehicles	46,012,676	-	46,012,676		810,224	45,801,402	211,274	1,021,498
Furniture, fittings and equipment	139,625,359	56,800	139,682,159		9,604,430	110,134,068	29,548,091	39,095,721
	460,564,716	56,800	460,621,516		24,406,238	308,045,701	152,575,815	176,925,253

Locations	Number of Buildings	Extent of land A. R. P.	Cost Rs	Fair Value Rs
Land and Building - No 328, Galle Road, Colombo 3	01	0 - 0 - 11.05	341,767,730	887,607,550

The fair value of the property was determined by external, professional independent property valuer, Mr. T. Hilmy Farook (Fellow member of the Institute of Valuers Sri Lanka). The Group fair value the property portfolio once on three years and the latest valuation was done on 31 March 2019. Fair value has been determined by reference to market-based evidence adjusted for any difference in the nature, location or condition of the specific property.

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Notes to the Financial Statements (Contd)

10.4 Details of fully depreciated assets which are still in use as at reporting date are as follows;

	Group		Company	
	As at 31.03.2023	As at 31.03.2022	As at 31.03.2023	As at 31.03.2022
	Rs.	Rs.	Rs.	Rs.
Building	3,951,334	3,951,334	3,951,334	3,951,334
Furniture, fixture & electrical equipment	74,006,110	45,463,783	35,264,759	22,515,867
Motor Vehicles	57,262,676	34,562,676	46,012,676	23,312,676
Air conditions lifts and generators	30,068,073	25,980,187	15,272,131	11,184,245
	<u>165,288,193</u>	<u>109,957,980</u>	<u>100,500,900</u>	<u>60,964,122</u>

10.5 Property plant and equipment pledged as security

No property plant and equipment has been pledged as security for borrowing.

11. INTANGIBLE ASSETS

	Group		Company	
	2022/2023	2021/2022	2022/2023	2021/2022
	Rs.	Rs.	Rs.	Rs.
At the beginning of the year	4,261,191	4,261,191	-	-
Balance at the end of the year	<u>4,261,191</u>	<u>4,261,191</u>	<u>-</u>	<u>-</u>
Accumulated Amortization				
At the beginning of the year	4,261,191	4,260,982	-	-
Charge for the year	-	209	-	-
Balance at end of the year	<u>4,261,191</u>	<u>4,261,191</u>	<u>-</u>	<u>-</u>
Carrying Amount as at 31st March	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

11.1 Details of fully amortized asset which is still in use as at reporting date is as follows;

Computed software	4,261,191	4,261,191	-	-
	<u>4,261,191</u>	<u>4,261,191</u>	<u>-</u>	<u>-</u>

12. INVESTMENTS IN SUBSIDIARY

		As at 31.03.2023			As at 31.03.2022	
	No. of Shares	Carrying Value Rs.	Market Value Rs.	No of Shares	Carrying Value Rs.	Market Value Rs.
Renuka City Hotels PLC	4,847,374	160,641,556	1,775,350,728	4,847,374	160,641,556	1,425,127,956
	69.25%	<u>160,641,556</u>	<u>1,775,350,728</u>	69.25%	<u>160,641,556</u>	<u>1,425,127,956</u>

13. FINANCIAL ASSETS AT AMOTISED COST

	Group		Company	
	As at 31.03.2023	As at 31.03.2022	As at 31.03.2023	As at 31.03.2022
	Rs.	Rs.	Rs.	Rs.
Investment in Debentures -				
Commercial Bank of Ceylon PLC	323,801,948	-	323,801,948	-
Fixed Deposits	6,468,184,333	5,891,430,666	-	-
	<u>6,791,986,281</u>	<u>5,891,430,666</u>	<u>323,801,948</u>	<u>-</u>

RENUKA HOTELS PLC

Notes to the Financial Statements (Contd)

14. INVESTMENT IN EQUITY SECURITIES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The company designated the investments in equity securities of FVOCI as these equity securities represent investments that the company intends to hold for the long term strategic purpose

		Group		Company	
	Note	As at 31.03.2023 Rs.	As at 31.03.2022 Rs.	As at 31.03.2023 Rs.	As at 31.03.2022 Rs.
Related Companies	14.1.1 and 14.2.1	13,091,885	505,310	355,310	355,310
Other Companies	14.1.2 and 14.2.2	2,956,990,216	2,951,017,811	2,120,979,905	2,106,028,539
		<u>2,970,082,101</u>	<u>2,951,523,121</u>	<u>2,121,335,215</u>	<u>2,106,383,849</u>

14.1	Group	As at 31.03.2023			As at 31.03.2022		
		No. of Shares	Cost Rs.	Market Value Rs.	No. of Shares	Cost Rs.	Market Value Rs.
14.1.1	Related Companies						
	Unquoted Shares						
	Crescent Launderers & Dry Cleaners (Pvt) Ltd	15,000	12,886,575	334,500	15,000	300,000	334,500
	Amalgamated Theatres Ltd.	20,531	205,310	241,240	20,531	205,310	241,240
			<u>13,091,885</u>	<u>575,740</u>		<u>505,310</u>	<u>575,740</u>

Fair value of unquoted investments is based on net asset value per share based on the valuation performed as per the latest financial statements of the respective companies.

14.1.2	Other Companies						
	Quoted Shares						
	Access Engineering PLC	300,000	7,500,000	4,260,000	300,000	7,500,000	4,500,000
	Aitken Spence PLC	476,110	29,088,354	62,370,409	5,486,100	328,451,010	404,325,570
	Aitken Spence Hotel Holdings PLC	945	5,110	56,605	945	5,110	33,548
	Balangoda Plantations PLC	5,200	130,250	349,760	5,200	130,250	90,480
	Blue Diamonds PLC	33	445	30	33	445	17
	Renuka Foods PLC	1,203,062	11,296,709	25,745,526	1,203,062	11,296,709	8,782,352
	Commercial Bank of Ceylon						
	PLC - Voting	18,498,552	1,593,492,727	1,184,837,991	16,757,694	1,489,782,033	1,050,707,424
	DFCC Bank PLC	12,397,267	821,647,086	560,365,500	12,181,262	813,978,908	584,700,576
	Dialog Telecom PLC	166,000	3,291,000	1,726,400	166,000	3,291,000	1,660,000
	The Kingsbury PLC	9,263,200	101,722,792	91,705,680	9,263,200	101,722,792	74,105,600
	Lanka IOC PLC	255,000	8,820,689	2,503,900	255,000	8,820,689	7,854,000
	Chervon Lubricant Lanka PLC	5,907,918	447,344,079	541,165,289	5,907,918	447,344,079	514,579,658
	Mackwoods Energy PLC	20,000	280,000	39,000	20,000	280,000	34,000
	National Development Bank PLC	983,839	119,047,999	47,015,105	983,825	119,047,067	54,799,052
	Richard Pieris PLC	5,000,090	23,077,409	103,501,863	5,000,090	23,077,409	66,501,197
	Royal Ceramics Lanka PLC	4,700,000	31,535,640	129,720,000	3,700,000	3,222,040	150,590,000
	Royal Palms Beach Hotels PLC	293,400	2,718,963	7,716,420	293,400	2,718,963	4,782,420
	Sampath Bank PLC.	9,464	524,436	496,860	9,464	524,436	433,451
	Softlogic Capital PLC	44,200	442,000	610,620	44,200	442,000	274,040
	Sierra Cables PLC	32,400	70,734	388,800	32,400	70,734	220,320
	The Finance Co. PLC	4,968	257,600	-	4,968	257,600	-
	Vallibel One PLC	548,204	14,120,966	20,064,266	548,204	14,120,966	22,037,800
	Vallibel Power Erathna PLC	876	2,336	5,869	876	2,336	6,307
	Vanik Incorporation PLC	848	17,160	-	848	17,160	-
	Dipped Product PLC	1,997,990	54,549,922	55,344,323	-	-	-
	Hayles PLC	100,000	2,828,579	7,200,000	-	-	-
	Melstacorp PLC	2,000,000	117,218,000	109,800,000	-	-	-
			<u>3,216,434,484</u>	<u>2,956,990,216</u>		<u>3,376,103,736</u>	<u>2,951,017,811</u>

RENUKA HOTELS PLC

Notes to the Financial Statements (Contd)

14. INVESTMENT IN EQUITY SECURITIES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

14.1.3 Movement in financial assets- fair value through other comprehensive income

Year 2022/2023	Fair Value as at 01st April 2022 Rs.	Additions Rs.	Disposals Rs.	Fair value adjustment Rs.	Fair Value as at 31st March 2023 Rs.
Investment in listed companies	2,951,523,121	343,381,816	(381,050,427)	43,135,705	2,956,990,216
	<u>2,951,523,121</u>	<u>343,381,816</u>	<u>(381,050,427)</u>	<u>43,135,705</u>	<u>2,956,990,216</u>
Year 2021/2022	Fair Value as at 01st April 2021 Rs.	Additions Rs.	Disposals Rs.	Fair value adjustment Rs.	Fair Value as at 31st March 2022 Rs.
Investment in listed companies	3,024,913,838	347,399,023	(9,626,265)	(411,163,475)	2,951,523,121
	<u>3,024,913,838</u>	<u>347,399,023</u>	<u>(9,626,265)</u>	<u>(411,163,475)</u>	<u>2,951,523,121</u>

14.2 Company

	As at 31.03.2023		As at 31.03.2022	
	Cost Rs.	Fair Value Rs.	Cost Rs.	Fair Value Rs.
Related Companies	355,310	411,372	355,310	411,372
Other Companies	2,416,443,965	2,120,979,905	2,401,516,716	2,106,028,539
	<u>2,416,799,275</u>	<u>2,121,391,277</u>	<u>2,401,872,026</u>	<u>2,106,439,911</u>

	As at 31.03.2023			As at 31.03.2022		
	No. of Shares	Cost Rs.	Fair Value Rs.	No. of Shares	Cost Rs.	Fair Value Rs.
14.2.1 Related Companies						
Unquoted shares						
Crescent Launderers & Dry Cleaners (Pvt) Ltd	7,500	150,000	165,000	7,500	150,000	165,000
Amalgamated Theatres Ltd.	20,531	205,310	246,372	20,531	205,310	246,372
		<u>355,310</u>	<u>411,372</u>		<u>355,310</u>	<u>411,372</u>
14.2.2 Other Companies						
Access Engineering PLC	150,000	3,750,000	2,130,000	150,000	3,750,000	2,250,000
Aitken Spence Company PLC	470,000	28,083,978	61,569,999	5,479,990	327,446,634	403,875,263
Aitken Spence Hotels Holding PLC	483	2,692	28,931	483	2,692	17,146
Balangoda Plantations PLC	5,100	128,250	338,130	5,100	128,250	88,740
Blue Diamonds PLC	33	445	30	33	445	17
Renuka Foods PLC	1,203,062	11,296,709	25,745,526	1,203,062	11,296,709	8,782,352
Commercial Bank of Ceylon PLC. - Voting	15,053,876	1,374,851,968	957,426,524	13,313,018	1,271,141,274	834,726,239
DFCC Bank PLC	4,726,698	312,797,647	207,502,041	4,510,693	305,129,469	216,513,264
Dialog Telecom PLC	98,000	1,948,000	1,019,200	98,000	1,948,000	980,000
The Kingsbury PLC	4,742,600	67,818,292	46,951,740	4,742,600	67,818,292	37,940,800
Lanka I.O.C. PLC	145,000	6,360,189	788,900	145,000	6,360,189	4,466,000
Lanka Lubricant PLC (Caltex)	5,201,918	373,567,079	476,495,689	5,201,918	373,567,079	453,087,058
Mackwoods Energy PLC	10,000	140,000	22,000	10,000	140,000	17,000
National Development Bank PLC	232	11,695	10,417	218	10,763	12,142
Richard Peiris PLC	3,000,000	13,846,196	62,100,000	3,000,000	13,846,196	39,900,000
Royal Ceramics PLC	2,900,000	30,101,792	80,040,000	1,900,000	1,788,192	77,330,000
Royal Palm Beach Hotels PLC	209,200	1,970,034	5,501,960	209,200	1,970,034	3,409,960
Softlogic Capital PLC	25,000	250,000	397,500	25,000	250,000	155,000
The Finance Co. PLC	4,968	257,600	-	4,968	257,600	-
Vallibel One PLC	548,204	14,120,966	20,064,266	548,204	14,120,966	22,037,800
Vallibel Power Erathna PLC	876	2,336	5,869	876	2,336	6,307
Vanik Incorporation PLC	848	17,160	-	848	17,160	-
Sampath Bank PLC	9,464	524,436	496,860	9,464	524,436	433,451
Dipped products PLC	1,997,990	54,549,922	55,344,323	-	-	-
Hayles PLC	100,000	2,828,579	7,200,000	-	-	-
Melstacorp PLC	2,000,000	117,218,000	109,800,000	-	-	-
		<u>2,416,443,965</u>	<u>2,120,979,905</u>		<u>2,401,516,716</u>	<u>2,106,028,539</u>

14.2.3 Movement in financial assets- fair value through other comprehensive income

Year 2022/2023	Fair Value as at 01st April 2022 Rs.	Additions Rs.	Disposals Rs.	Fair value adjustment Rs.	Fair Value as at 31st March 2023 Rs.
Investment in listed companies	2,106,028,539	314,289,905	(373,560,582)	(74,222,043)	2,120,979,905
	<u>2,106,028,539</u>	<u>314,289,905</u>	<u>(373,560,582)</u>	<u>(74,222,043)</u>	<u>2,120,979,905</u>
Year 2021/2022	Fair Value as at 01st April 2021 Rs.	Additions Rs.	Disposals Rs.	Fair value adjustment Rs.	Fair Value as at 31st March 2022 Rs.
Investment in listed companies	2,060,476,203	296,136,959	(7,147,366)	(243,437,257)	2,106,028,539
	<u>2,060,476,203</u>	<u>296,136,959</u>	<u>(7,147,366)</u>	<u>(243,437,257)</u>	<u>2,106,028,539</u>

RENUKA HOTELS PLC

Notes to the Financial Statements (Contd)

15. INVENTORIES

Food and beverages	6,429,583	4,106,612	4,605,408	3,682,330
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16. AMOUNTS DUE FROM RELATED PARTIES

Renuka City Hotels PLC	–	–	7,135,624	16,989,469
Portfolio Management Services (Pvt) Limited	–	1,006,590	–	1,006,590
Renuka consultants & services (Pvt) Ltd	–	3,295	–	–
Crescent Launderers & Dry cleaners (Pvt) Ltd	–	1,663	–	–
	<u>–</u>	<u>1,011,548</u>	<u>7,135,624</u>	<u>17,996,059</u>

17. TRADE AND OTHER RECEIVABLES

Trade Receivables	2,494,060	5,505,107	2,494,060	5,505,107
Deposits and Prepayments	12,164,490	9,792,071	5,110,513	4,571,521
Other Receivables (Note - 17.1)	9,114,519	5,672,699	5,351,298	4,906,952
	<u>23,773,069</u>	<u>20,969,877</u>	<u>12,955,871</u>	<u>14,983,580</u>

17.1 Other Receivables

VAT	–	2,786,275	–	2,786,224
Staff Loan	2,388,347	2,333,180	1,642,500	1,819,500
ESC	–	–	–	–
W.H.T	6,229,878	–	3,590,908	–
Interest - Foreign Currency	109,890	–	109,890	–
Other	386,404	553,244	8,000	301,228
	<u>9,114,519</u>	<u>5,672,699</u>	<u>5,351,298</u>	<u>4,906,952</u>

18. INVESTMENTS IN FINANCIAL ASSETS - AT AMORTISED COST

Fixed deposits	833,950,000	163,257,336	833,950,000	72,446,249
	<u>833,950,000</u>	<u>163,257,336</u>	<u>833,950,000</u>	<u>72,446,249</u>

19. CASH AND CASH EQUIVALENTS

Cash at bank and in hand	82,980,607	41,850,989	75,270,842	22,394,972
Short term bank deposits	1,546,746,928	1,157,333,742	252,169,404	697,601,923
	<u>1,629,727,535</u>	<u>1,199,184,731</u>	<u>327,440,246</u>	<u>719,996,895</u>
Bank overdraft	(4,260,263)	(6,959,820)	(4,123,781)	(5,821,865)
	<u>1,625,467,272</u>	<u>1,192,224,911</u>	<u>323,316,465</u>	<u>714,175,030</u>

20. STATED CAPITAL

Number of shares	Nos.	Nos.	Nos.	Nos.
- Ordinary shares	<u>40,297,530</u>	<u>40,297,530</u>	<u>40,297,530</u>	<u>40,297,530</u>
Value	Rs.	Rs.	Rs.	Rs.
- Ordinary shares	<u>112,508,648</u>	<u>112,508,648</u>	<u>112,508,648</u>	<u>112,508,648</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at shareholders meetings of the Company.

RENUKA HOTELS PLC

Notes to the Financial Statements (Contd)

	As at 31.03.2023	Group As at 31.03.2022	As at 31.03.2023	Company As at 31.03.2022
21. REVENUE RESERVE				
Balance at the beginning of the year	5,738,354,067	5,738,354,067	2,453,491,352	2,453,491,352
Transaction with non controlling Interest	(2,707,675,000)	-		
Balance at the end of the year	3,030,679,067	5,738,354,067	2,453,491,352	2,453,491,352

Revenue reserve represents the amount set aside by the Directors over the years to meet any future contingencies.

	Group As at 31-03-2023 Rs.	Group As at 31-03-2022 Rs.
22. NON CONTROLLING INTEREST		
Balance at the beginning of the year	2,318,855,895	1,654,515,782
Share of net profit	411,500,313	715,315,222
Fair value loss on financial assets at FVOCI	(9,559,049)	(51,575,812)
Dividend paid by subsidiary	(4,305,000)	-
Remasurement of Defined benefit obligation	2,775,290	698,492
Related tax on remeasurement of retirement benefit obligation	(832,587)	(97,789)
Balance at the end of the year	2,718,424,862	2,318,855,895

	Group As at 31-03-2023 (Rs)	Group As at 31-03-2022 (Rs)	Company As at 31-03-2023 (Rs)	Company As at 31-03-2022 (Rs)
23. RETIREMENT BENEFIT OBLIGATIONS				
Balance at the beginning of the year	32,693,960	39,203,151	19,605,306	25,056,954
Charge for the year / Current service cost	462,113	1,839,774	251,760	965,749
Past service cost	-	(428,668)	-	(273,366)
Interest for the year	1,987,022	2,548,205	1,340,513	1,628,702
Actuarial gain for the year	(20,073,918)	(9,318,002)	(11,048,584)	(7,046,483)
	15,069,177	33,844,460	10,148,995	20,331,556
Payments made during the year	(1,457,000)	(1,150,500)	(1,025,750)	(726,250)
Balance at the end of the year	13,612,177	32,639,960	9,123,245	19,605,306

The employee benefit liability of the Company is based on the actuarial valuation carried out by Mr. Thanuja Krishnaratna, Messrs. Actsure Lab (Pvt) Ltd., a firm of professional actuaries as at 31st March 2023.

The principal assumptions used in determining the cost of employee benefits were

Discount Rate	17.8%	15%	17.8%	15%
Salary Increment rate	8%-10%	3%-7%	8.6%	3%
Staff turn over ratio	20%	17%-18%	20%	17%
Retirement age - years	60 years	60 years	60 years	60 years

23.1 Sensitivity of Assumption employed in actuarial valuation

The following table temenstrates the sensitivity too reasonable possible change in the key assumptions used with all other variables held constant in the retirement benefit obligation measurement in respect of the year 2023.

Discount rate

Effect on retirement benefit obligation due to 1% increase	(13,446,255)	(663,196)	(9,021,534)	(342,566)
Effect on retirement benefit obligation due to 1% decrease	13,788,579	702,359	9,229,881	359,452

Salary Increment rate

Effect on retirement benefit obligation due to 1% increase	13,856,383	876,156	9,254,227	465,153
Effect on retirement benefit obligation due to 1% decrease	(13,378,610)	(819,476)	(8,996,711)	(448,450)

24. DEFERRED TAX LIABILITY

Deferred taxes are calculated on all temporary differences under the liability method using a principal tax rate of 30% (2022 - 14%). The movement in the deferred tax account is as follows:

Balance At the beginning of the year	45,630,950	34,994,175	13,279,420	12,873,578
Amount charged/(reversed)during the year Note 24.1	23,036,691	10,636,776	17,928,063	405,842
Balance at the end of the year	68,667,641	45,630,951	31,207,483	13,279,420

24.1 Deferred tax charge recognised as follows :

Deferred tax charge rcognised in profit or loss Note 8.2	17,014,516	9,332,254	14,613,488	(580,666)
Deferred tax charge recognised in other comprehensive income	6,022,175	1,304,521	3,314,575	986,508
	23,036,691	10,636,775	17,928,063	405,842

RENUKA HOTELS PLC

Notes to the Financial Statements (Contd)

24.2 Deferred Tax liabilities are attributed as follows.

Company

	As at 31.03.2023			As at 31.03.2022		
	Assets Rs.	Liabilities Rs.	Net Rs.	Assets Rs.	Liabilities Rs.	Net Rs.
Property, plant and equipment	–	33,944,457	33,944,457	–	16,024,163	16,024,163
Employee benefits	(2,736,974)	–	(2,736,974)	(2,744,743)	–	(2,744,743)
	(2,736,974)	33,944,457	31,207,483	(2,744,743)	16,024,163	13,279,420

Group

	Assets Rs.	Liabilities Rs.	Net Rs.	Assets Rs.	Liabilities Rs.	Net Rs.
Property, plant and equipment	–	104,582,087	104,582,087	–	50,208,105	50,208,105
Employee benefits	(4,083,653)	–	(4,083,653)	(4,577,154)	–	(4,577,154)
Tax losses	(31,830,791)		(31,830,791)			

RENUKA HOTELS PLC

Notes to the Financial Statements (Contd)

29. COMMITMENTS

a) Capital Commitments

There were no material commitments outstanding at the reporting date.

b) Financial Commitments

The Company has an annual commitment to pay Rs. 1,000,000/= as rental to Renuka Consultants and Services (Pvt) Ltd.

30. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

32.1 Contingent Liabilities

Renuka Hotels PLC

- Judgment was given dismissing the Writ Application filed by the company (through the Hotels Association of Sri Lanka) challenging the decision taken by Colombo Municipal Council to levy a licence fee of 1% of the annual turnover as a pre-condition to issue Annual Trade License under Section 247 2 (A) of the Municipal Council Ordinance. An appeal was filed and is pending listing the case.
- Colombo Municipal Council has filed a case at the Magistrates Court against the Hotel for operating without a licence for the year 2021. The matter was concluded on 16th June 2023.

Renuka City Hotels PLC

- Judgment was given dismissing the writ application filed by the Company (through Hotels Association of Sri Lanka) challenging the decision taken by Colombo Municipal Council to levy a license fee of 1% of the annual turnover as a pre condition to issue Annual Trade Licenses. An appeal was filed and is pending listing the case.
- Colombo municipal council has filed a case (case No 11643/22) at the magistrates' court against the Hotel for operating restaurant without a Trade license for the year 2021. The Hon. Magistrate delivered judgment holding the hotel guilty and imposed a fine Rs.100/-. No appeal was filed on the instructions of the hotel. The matter was concluded on 16th June 2023.

There were no other contingent liabilities at the reporting date other than above.

31. ASSETS PLEDGED

There were no assets pledged as security for liabilities as at 31st March 2023.

32. EVENTS OCCURRING AFTER THE REPORTING DATE

There were no other material events have occurred after the reporting date which require adjustments to, or disclosure, in the financial statements.

33. RELATED PARTY TRANSACTIONS

33.1 The Directors of the Company are also Directors of the following Companies.

Name of Directors	Renuka City Hotels PLC	Cargo Boat Development Co. PLC	Crescent Ladundered & Dry Cleaners (Pvt) Ltd	Renuka Cosultants & Services Ltd	Renuka Properties Ltd	Lancaster Holding Ltd	Amalagamated Theatres Ltd	Portfolio Management Services (Pvt) Ltd
Mr. R.B. Thambiayah	X	X	X	X	X	X	X	X
Mrs. N.A. Thambiayah	X	X	X	X	X	X	X	X
Ms. S.R. Thambiayah	X	X	X	X	X	X	-	X
Ms. A.L. Thambiayah	X	X	-	X	X	X	X	X
Ms. N.R. Thambiayah	X	X	X	X	X	X	X	X
Mrs. M.A. Jayawardena	X	X	X	-	-	-	X	-
Late Mr. M.J. Fernando	-	X	-	-	-	-	-	-

RENUKA HOTELS PLC

Notes to the Financial Statements (Contd)

33.2 Trading Transactions

The Company has entered into transaction with the following Companies in which directors of the Company are also directors of the said Company.

Name of the Company	Name of the Directors	Nature of transaction	2022/2023	
			Group (Rs)	Company (Rs)
(a) Renuka City Hotels PLC (RCHL)	Mr. R. B. Thambiyah	Collection of debtors	-	133,497,830
	Mrs. N. A. Thambiyah	Transfer of revenue related to RCHL	-	(158,402,094)
	Ms. S. R. Thambiyah	Net expenses incurred on behalf of RCHL	-	6,769,717
	Ms. N. R. Thambiyah	Salary payment	-	1,780,701
	Mrs. M. A. Jayawardena			
	Ms. A. L. Thambiyah			
(b) Renuka Consultants & Services Ltd (RCSL)	Mr. R. B. Thambiyah	Laundry and quarters rent	1,000,000	1,000,000
	Mrs. N. A. Thambiyah	Fund transfers	(2,012,654)	(2,000,000)
	Ms. S. R. Thambiyah	Net expenses incurred on behalf of RCSL	9,359	-
	Ms. N.R. Thambiyah			
	Ms. A.L. Thambiyah			
(c) Portfolio Management Services (Private) Limited	Mr. R. B. Thambiyah	Fund received	(1,006,590)	(1,006,590)
	Mrs. N. A. Thambiyah			
	Ms. S. R. Thambiyah			
	Ms. A.L. Thambiyah			
	Ms. N.R. Thambiyah			
(d) Renuka City Hotels PLC	Mr. R. B. Thambiyah	Fund transfers	-	6,500,000
	Mrs. N. A. Thambiyah			
	Mrs. M. A. Jayawardena			
	Ms. N.R. Thambiyah			
	Ms. A.L. Thambiyah			
(e) Crescent Launderers & Dry Cleaners (Pvt) Ltd	Mr. R. B. Thambiyah	Net expenses incurred on behalf of CLDC	7,430	7,430
	Ms. S. R. Thambiyah	Fund received	(7,431)	(7,431)
	Mrs. M. A. Jayawardena			
	Mrs. N. A. Thambiyah			
(f) Cargo Boat Development Company PLC	M.s N.R.Thambiya	Net expenses incurred on behalf of CBDC	5,709,064	5,709,064
	Mr. R.B.Thambaiyah	Fund received	(5,709,064)	(5,709,064)
	Mrs. N.A. Thambaiyah			
	Ms. S.R. Thambaiyah			
	Ms. A.L. Thambaiyah			
	Ms. N.R. Thambaiyah			
	Mrs.M.A.Jayawardena			
	Mr.M.J. Frenando			
(g) Crescent Launderers & Dry Cleaners (Pvt) Ltd	Mr. R.B. Thambaiyah	Net expenses incurred on behalf of CLDC	7,035,914	-
	Ms. S.R. Thambaiyah	Fund received	(7,037,575)	-
	Mrs. M.A. Jayawardena			

RENUKA HOTELS PLC

Notes to the Financial Statements (Contd)

- 33.3 The following transactions were carried out with Renuka City Hotels PLC a subsidiary of Renuka Hotels PLC where Mr. R.B Thambiayah, Mrs. N.A. Thambiayah, Ms. S.R. Thambiayah, Ms. N. R. Thambiayah, Ms. A. L. Thambiayah and Mrs. M. A. Jayawardena Directors of the Company are also Directors of Renuka City Hotels PLC.

Transfer of Food Cost

The Company has transferred the food cost incurred during the year on a monthly basis, which is relevant to the food related turnover of Renuka City Hotels PLC. The amount so apportioned for the year ended 31st March, 2023 was Rs. 13,131,354/- (2022- Rs. 10,508,619/-)

Managing of Trade Receivables

Trade receivables are collected by the Company on behalf of Renuka City Hotels PLC and the respective debtors settlements recorded through related party current account.

Non-recurrent related party transactions

There were no non-recurrent related party transactions which aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower, of the Company as per 31 March 2021 audited financial statements, which required additional disclosures in the 2021/22 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Security Exchange Commission Directive issued under Section 13(c) of the Security Exchange Commission Act.

Recurrent related party transactions

There were no recurrent related party transactions which in aggregate value exceeds 10% of the consolidated revenue of the Group as per 31 March 2021 audited financial Statements, which required additional disclosures in the 2021/22 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Security Exchange Commission Act

33.4 Key Management Personnel compensation

The remuneration of the Directors and other members of key management during the year was as follows:

	2022/2023 Rs	2021/2022 Rs.
Short Term Benefits	19,982,732	24,760,000
Bonus & Ex-Gratia	103,781,125	44,643,525
	<u>123,763,857</u>	<u>69,403,525</u>

34. COMPARATIVE INFORMATION

Comparative figures have been re-classified where necessary in line with the presentation requirements for the current year.

RENUKA HOTELS PLC

Notes to the Financial Statements (Contd)

35. SUBSIDIARY COMPANY

Financial information of subsidiary that has material non-controlling interest (NCI) is provided below.

		Renuka City Hotels PLC	
Summarised statement of comprehensive income for the year ending 31st March		2023	2022
		Rs.	Rs.
Revenue	128,077,475	95,172,533	
Cost of sales	(43,119,620)	(33,316,341)	
Other income	60,143,253	77,206,693	
Administration expenses	(58,005,216)	(51,391,342)	
Salaries and related expenses	(74,829,405)	(41,737,522)	
Marketing expenses	(9,756,068)	(5,149,750)	
Other operating expenses	-	-	
Profit from operation	2,510,419	40,784,271	
Finance income	1,339,275,505	2,293,108,609	
Profit before tax	1,341,785,924	2,333,892,880	
Income tax expense	(3,573,525)	(7,664,516)	
Profit for the year	1,338,212,399	2,326,228,364	
Other comprehensive income	(24,768,604)	(165,772,712)	
Total comprehensive income	1,313,443,795	2,160,455,652	
Summarised statement of financial position as at 31st March		2023	2022
Non current assets	7,603,880,441	7,041,739,160	
Current assets	1,314,928,660	576,414,463	
Total assets	8,918,809,071	7,618,153,623	
Capital and reserve	8,847,297,004	7,536,600,484	
Non current liabilities	41,949,091	45,440,185	
Current liabilities	29,562,975	36,112,954	
Total equity and liabilities	8,918,809,070	7,618,153,623	
Summarised cash flow information for year ending 31st march		2023	2022
Cash flows from operating activities	551,350,052	1,986,355,798	
Cash flows from/(used in) investing activities	290,614,125	(1,597,903,901)	
Cash flows used in financing activities	(17,432,000)	(10,344,000)	
Net increase in cash and cash equivalents	824,532,177	378,107,896	
Name of subsidiary and effective holding % owned			
Renuka City Hotels PLC - 69.25% (2021/2022 - 69.25%)			

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

RENUKA HOTELS PLC

Notes to the Financial Statements (Contd)

36. FAIR VALUE OF FINANCIAL INSTRUMENTS

36.1 Fair Value of the Financial Instrument Carried at Amortized Cost

Financial instruments are measured subsequently on the on going basis either at fair value or amortised cost. The summary of significant accounting policies describes how the classes of financial instruments are measured, and how income expenses, including fair value gains and losses, are recognized. The following table analyses the fair value of financial instruments together with the carrying amounts shown in the statement of financial position.

The face value of the financial assets and the liabilities together with the carrying amount shown in the statement of financial position are as follows.

36.1 Group

	Amortised cost	Fair value through OCI	Other Financial Liabilities at amortised cost	Total Carrying Amount	Fair Value
	Rs.	Rs.	Rs.	Rs.	Rs.
31st March, 2023					
Cash & cash equivalents	1629727535	–	–	1,629,727,535	1,629,727,535
Trade and other receivables	23,773,069	–	–	23,773,069	23,773,069
Investments in financial assets	6,791,986,281	2,970,082,101	–	9,762,068,382	9,762,068,382
Trade & other payables	–	–	(59,575,524)	(59,575,524)	(59,575,524)
Investments in financial assets-at amortised cost	833,950,000	–	–	833,950,000	833,950,000
Bank overdraft	–	–	(4,260,263)	(4,260,263)	(4,260,263)
	9,279,436,885	2,970,082,101	(63,835,787)	12,185,683,199	12,185,683,199
31st March, 2022					
Cash & cash equivalents	1,199,184,731	–	–	1,199,184,731	1,199,184,731
Trade and other receivables	20,969,877	–	–	20,969,877	20,969,877
Investments in financial assets	5,891,430,666	2,951,523,121	–	8,842,953,787	8,842,953,787
Trade & other payables	–	–	(33,399,217)	(33,399,217)	(33,399,217)
Investments in financial assets-at amortised cost	163,257,336	–	–	163,257,336	163,257,336
Interest bearing borrowings	1,011,548	–	(3,432,000)	(2,420,452)	(2,420,452)
Amounts due to related parties	–	–	(1,000,000)	(1,000,000)	(1,000,000)
Amounts due from related parties	1,011,548	–	–	1,011,548	1,011,548
Bank overdraft	–	–	(6,959,820)	(6,959,820)	(6,959,820)
	7,275,854,158	2,951,523,121	(44,791,037)	10,182,586,242	10,182,586,242

Investment in shares (long term investment) are classified as fair value through other comprehensive income financial assets and fair value had been arrived at based on level 01 category which is quoted price active market.

36.2 Company

	Amortised cost	Fair value through OCI	Other Financial Liabilities at amortised cost	Total Carrying Amount	Fair Value
	Rs.	Rs.	Rs.	Rs.	Rs.
31st March 2023					
Cash & cash equivalents	327,440,246	–	–	327,440,246	327,440,246
Trade and other receivables	12,955,871	–	–	12,955,871	12,955,871
Investments in financial assets	323,801,948	2,121,335,215	–	2,445,137,163	2,445,137,163
Investments in financial assets-at amortised cost	833,950,000	–	–	833,950,000	833,950,000
Amount due from related parties	7,135,624	–	–	7,135,624	7,135,624
Trade & other payables	–	–	(38,457,151)	(38,457,151)	(38,457,151)
Bank overdraft	–	–	(4,123,781)	(4,123,781)	(4,123,781)
	1,505,283,689	2,121,335,215	(42,580,932)	3,584,037,972	3,584,037,972
31st March 2022					
Cash & cash equivalents	719,996,895	–	–	719,996,895	719,996,895
Trade and other receivables	14,983,580	–	–	14,983,580	14,983,580
Investments in financial assets	–	2,106,383,849	–	2,106,383,849	2,106,383,849
Investments in financial assets-at amortised cost	72,446,249	–	–	72,446,249	72,446,249
Amount due from related parties	17,996,059	–	–	17,996,059	17,996,059
Trade & other payables	–	–	(19,635,196)	(19,635,196)	(19,635,196)
Amount due to related parties	–	–	(1,000,000)	(1,000,000)	(1,000,000)
Bank overdraft	–	–	(5,821,865)	(5,821,865)	(5,821,865)
	825,422,783	2,106,383,849	(26,457,061)	2,905,349,571	2,905,349,571

Investment in shares (long term investment) are classified as fair value through other comprehensive income financial assets and fair value has been arrived at based on level 01 category which is quoted price active market.

RENUKA HOTELS PLC

Notes to the Financial Statements (Contd)

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Introduction

The Group has exposure to the following risks from its use of financial instruments:

1. Credit risk
2. Market risk
3. Liquidity risk

The Group's financial risk management policies are established and reviewed regularly to identify and analyze the risks faced by the Group to set appropriate risk limits and controls, and monitor risks and adherence to limits.

37.1 Credit risk

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

37.1.1 Exposure to credit risk

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

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

As at 31st March Rs.	2023 Rs.	Group 2022 Rs.	2023 Rs.	Company 2022 Rs.
Trade and other receivables	23,773,069	20,969,877	12,955,871	14,983,580
Cash and cash equivalents	1,629,727,535	1,199,184,731	327,440,246	719,996,895
Short term investment	833,950,000	163,257,336	833,950,000	72,446,249
Investment in financial assets	6,791,986,281	5,891,430,666	323,801,948	-
	9,279,436,885	7,274,842,610	1,498,148,065	807,426,724
Trade receivables	Rs.	Rs.	Rs.	Rs.
Past due 1 - 30 days	1,376,478	4,794,345	1,376,478	4,794,345
Past due 31 - 60 days	1,092,719	571,239	1,092,719	571,239
Past due 61 - 90 days	24,863	96,442	24,863	96,442
More than 90 days	-	43,081	-	43,081
	2,494,060	5,505,107	2,494,060	5,505,107

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all clients who wish to trade on credit terms are subject to credit appraisal. In addition, receivable balances are monitored on an ongoing basis to minimise bad debt risk and to ensure default rates are kept very low, whilst the improved operating environment resulted in improved collections during the financial year although there could be stresses in the ensuing year on account of the macroeconomic uncertainty and related impacts to our customers on account of elevated inflation and interest rates and the possible impact on consumer discretionary spend.

The Group did not have bad debts in the previous years and all the receivable balances have been settled subsequent to the reporting date. As such, the Group has not provided for any expected credit losses.

37.1.2 Mitigation of credit risk

a) Other receivables

The credit risk of the Group is low since other receivables of the Group mainly includes taxes recoverable from the Inland Revenue Department and interest income receivable from fixed deposit.

b) Cash & cash equivalents

The credit risk arising to the Group on cash & cash equivalents is low since the Group has placed all its deposits in reputed financial institutions with good credit ratings.

RENUKA HOTELS PLC

Notes to the Financial Statements (Contd)

37.2 Market risk

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

37.2.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's Investments in securities and debt obligation. The Group utilises various financial instruments to manage exposures to interest rate risks.

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

	Group		Company	
	As at 31.03.2023 Rs.	As at 31.03.2022 Rs.	As at 31.03.2023 Rs.	As at 31.03.2022 Rs.
Financial assets				
Investments in deposits	6,791,986,281	5,891,430,666	323,801,948	-
Short term deposits	1,546,746,928	1,157,333,742	252,169,404	697,601,923
Short term fixed deposits	833,950,000	163,257,336	833,950,000	72,446,249
	<u>9,172,683,209</u>	<u>7,212,021,744</u>	<u>1,409,921,352</u>	<u>770,048,172</u>
Financial liabilities				
Interest-bearing loans and borrowings	-	3,432,000	-	-
Bank overdraft	4,260,263	6,959,820	4,123,781	5,821,865
	<u>4,260,263</u>	<u>10,391,820</u>	<u>4,123,781</u>	<u>5,821,865</u>

During the current financial year, the Central Bank of Sri Lanka (CBSL) continued tightening its monetary policy stance. This resulted in a sharp upward trend in rates in the first half, driven by factors such as the uncertainty surrounding domestic debt restructuring. The secondary market yields on Government Securities were affected as a result, further impacting market interest rates due to a shortage of liquidity. In September 2022, Sri Lanka reached a staff level agreement on an Extended Fund Facility (EFF) arrangement of USD 2.90 Billion with the International Monetary Fund (IMF). This agreement was contingent upon Sri Lanka fulfilling a series of conditions, including the tightening of fiscal and monetary policies, debt restructuring with international creditors, and implementing public sector reforms. However, in the last three months of the financial year, there was a decrease in interest rates. This can be attributed to reduced Government debt financing requirements and an improved liquidity position in the country.

There is no interest rate risk to the Group since the interest bearing borrowings of the Group as at the reporting date are not available. Accordingly, the sensitivity analysis does not apply.

37.2.2 Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to foreign exchange rate changes is minimised by positive negotiations with banks applying financial risk management techniques.

The Sri Lankan Rupee experienced significant depreciation in the first half of the financial year, leading to heightened volatility. The foreign exchange markets were inactive and illiquid during this period due to foreign exchange shortages and macroeconomic uncertainty. However, the situation improved in the second half of the year as foreign exchange liquidity increased, driven by a trade surplus resulting from fiscal and monetary policy measures and import restrictions.

During the final quarter, the Rupee appreciated due to the improved foreign exchange liquidity and the anticipation of the Extended Fund Facility (EFF) from the International Monetary Fund (IMF). To manage the financial impacts of liquidity constraints and currency fluctuations, the Group implemented prudent measures and matched liabilities with corresponding inflows when necessary.

RENUKA HOTELS PLC

Notes to the Financial Statements (Contd)

The Group successfully navigated the liquidity challenges by aligning its obligations with foreign currency inflows whenever possible and permitted. Additionally, the strength of the Group's balance sheet played a vital role in managing the situation effectively.

The following table demonstrates the sensitivity to a reasonably possible change in the LKR/USD exchange rate, with all other variables held constant, of the profit before tax and the equity for the Group and the Company respectively.

USD	2023 Opening Rate 288.75	2023 Closing Rate 318.28	2023 Average Rate 303.51
	Group	Company	
	2023 (Rs)	2022 (Rs)	2023 (Rs)
8% Increase	623,257,312	511,139,106	6,097,084
8% decrease	(623,257,312)	(511,139,106)	(6,097,084)
			3,395,701 (3,395,701)

37.2.3 Liquidity Risk

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

Cash flow forecasting is done by the Group on a regular basis. The finance division monitors rolling forecasts of the Group's liquidity requirements to ensure that it has sufficient cash to meet operational needs.

The table below summarises the maturity profile of the Group and the Company's financial liabilities at 31st March 2023, based on contractual undiscounted payments.

Group	Within 1 year Rs.	Between 1 -2 year Rs.	Between 2 -3 year Rs.	Between 3 - 4 year Rs.	Between 4 - 5 year Rs.	Between 5 year Rs.	Total Rs.
Trade payable	20,657,405	-	-	-	-	-	20,657,405
Tax payable	15,261,340	-	-	-	-	-	15,261,340
Bank overdraft	4,260,263	-	-	-	-	-	4,260,263
	40,179,008						40,179,008

Company	Within 1 year Rs.	Between 1 -2 year Rs.	Between 2 -3 year Rs.	Between 3 - 4 year Rs.	Between 4 - 5 year Rs.	Between 5 year Rs.	Total Rs.
Trade payable	17,457,465	-	-	-	-	-	17,457,465
Tax payable	14,060,057	-	-	-	-	-	14,060,057
Bank overdraft	4,123,781	-	-	-	-	-	4,123,781
	35,641,303						35,641,303

RENUKA HOTELS PLC

INFORMATION TO SHAREHOLDERS AND INVESTORS

(1) Stock Exchange Listing

Renuka Hotels PLC is a public quoted company, the issued ordinary shares of which are listed with the Colombo Stock Exchange of Sri Lanka.

(2) Analysis of shareholders according to the number of shares - 31st March 2023.

No. of Shareholders	Holdings	No. of Share Holders %	Total Holdings	% Holdings
367	1 – 1,000	69.50	50,647	0.13
80	1001 – 10,000	15.15	312,536	0.78
57	10,001 – 100,000	10.80	2,479,392	6.15
20	100,001 – 1,000,000	3.79	8,121,811	20.15
4	Over 1,000,000	0.76	29,333,144	72.79
<u>528</u>		<u>100</u>	<u>40,297,530</u>	<u>100.00</u>

(3) TWENTY MAJOR SHAREHOLDERS

Name of Share Holders	No. of Shares As at 31.03.23	%	No. of Shares As at 31.03.22	%
1. Mr.Ravindra Balakantha Thambiayah	17,082,864	42.39	17,082,864	42.39
2. Mrs.Nirmalie Anne Thambiayah	6,189,616	15.36	6,189,616	15.36
3. Finco Holdings (Private) Limited	4,045,664	10.04	2,137,904	5.31
4. Galle Face Capital Partners PLC	2,015,000	5.00	2,015,000	5.00
5. Ms.Shibani Renuka Thambiayah	993,943	2.47	756,817	1.88
6. Ms.Arnika Lakshmi Thambiayah	929,913	2.31	692,923	1.72
7. Mr.Merril Joseph Fernando	915,910	2.27	915,910	2.27
8. Mrs. S.R. Nirmalaingam/Mr.D.J. Nirmalalingam	690,000	1.71	1,100,000	2.73
9. Mr. D.G. Wijemanna	565,731	1.40		
10. Mr. G.U. Nanayakkara/Mrs. G.M. Nanayakkara	536,890	1.33	536,890	1.33
11. Mr.Dilhan Crishantha Fernando	457,855	1.14	457,855	1.14
12. Mr.Malik Joseph Fernando	415,000	1.03	415,000	1.03
13. Mrs.M.M. Sellamuttu	402,800	1.00	402,800	1.00
14. Amalgamated Investments (PVT) LTD	287,596	0.71		
15. J.B. Cocoshell (Pvt) Ltd	282,414	0.70	187,233	0.46
16. Hattion National Bank PLC/Kandiah Kanapathipillai Shujeevan	279,750	0.69	276,300	0.69
17. The Estate of the Late Rasiyah Yogarajaha	219,050	0.54	219,050	0.54
18. Mr. Husseinly Abdulhussein	214,886	0.53		
19. Mr. A.M. Weerasinghe	205,000	0.51	205,000	0.51
20. Peoples Leasing & Finance PLC / Mr. H.N. Abdulhssein	181,265	0.45		
TOTAL	36,911,147	91.58	33,591,162	83.36

(4) Public Holding

The percentage of Shares held by the public as at 31st March 2023 is 18.83% (31st March 2022- 34.74%) The number of shareholder representing the public holding is 519 (31st March 2022 - 443)

Compliant under option 5 - Float adjusted market capitalization Rs 531.13 Mn (31st March 2022 Rs. 686.90mn)

RENUKA HOTELS PLC

Notes to the Financial Statements (Contd)

INFORMATION TO SHAREHOLDERS AND INVESTORS (Contd.)

			22/23	21/22	20/21	19/20
18/19						
Occupancy	%	2	23	-	39	75
Net turnover	Rs. '000	146,673	118,975	41,330	1 7 1 , 5 9 1	
248,485						
Net profit before taxation	Rs. '000	713,676	186,715	88,526	126,837	195,879
Earnings per share	Rs.	16.63	3.66	2.20	2.71	4.77
Net assets per share	Rs.	95.46	79.25	81.61	80.37	73.11
Market value per share						
Highest value during the period	Rs.	85	85.00	90.00	59.70	85.00
Lowest value during the period	Rs.	50	50.00	32.10	34.00	35.00
Value as at 31 st March	Rs.	70	70.00	39.00	40.00	45.00
Non current assets	Rs. '000	2,758,354	2,443,951	2,825,750	2,453,315	
2,294,565						
Current assets	Rs. '000	1,186,087	829,105	521,534	870,903	729,392
Equity	Rs. '000	3,847,470	3,194,176	3,288,810	3,239,315	
2,946,302						
Average shareholders fund	Rs.'000	3,520,824	3,241,142	3,264,063	3,092,708	3,275,422
Return on average shareholders fund	%	18.73	4.57	3.68	3.53	5.87
Dividend per share	Rs.	0.50	-	-	-	-
Dividend Payout ratio	%	3	-	-	-	-



RENUKA HOTELS PLC

RENUKA HOTELS PLC

FORM OF PROXY

ANNUAL GENERAL MEETING

I/We

of.....
a Member/Members of Renuka Hotels PLC, hereby appoint

Ms. S.R Thambiayah of Colombo	(or failing her)
Mrs. N. A. Thambiayah of Colombo	(or failing her)
Ms. A.L. Thambiayah of Colombo	(or failing her)
Mr R.B. Thambiayah of Colombo	(or failing him)
Mr. G.U. Nanayakkara of Colombo	(or failing him)
Mrs. M.A. Jayawardena of Colombo	(or failing her)
Ms. N.R. Thambiayah of Colombo	(or failing her)
Mr. R. N. Asirwatham	(or failing him)
Mr. G. I. Koggalage	(or failing him)

.....of.....

.....as *my/our proxy to vote on *my/our behalf at the Annual General Meeting of the Company to be held on 26th September 2023 and at any adjournment thereof and at every poll which may be taken in consequence of the aforesaid meeting.

	FOR	AGAINST
1. To receive and consider the Report of the Directors and the Audited Statement of Accounts for the year ended 31st March 2023 with the Report of the Auditors thereon.	☐	☐
2. To declare a divided	☐	☐
3. To authorise the directors to determine and make donations.	☐	☐
4. To re-elect Mr. R.N. Asirwatham who retires in terms of section 210 of the Companies Act No. 7 of 2007 as a Director.	☐	☐
5. To re-elect Mr. R. B. Thambiayah who retires in terms of section 210 of the Companies Act No. 7 of 2007 as a Director.	☐	☐
6. To re-elect Mrs. N.A. Thambiayah who retires in terms of section 210 of the Companies Act, No. 07 of 2007 as a Director.	☐	☐
7. To re-elect Mr. G.U. Nanayakkara who retires in terms of Section 210 of the Companies Act, No. 07 of 2007 as a Director.	☐	☐
8. To re-elect Ms. A.L. Thambiayah who retires by rotation in terms of the Articles of association of the company as a Director	☐	☐
9. To re-select Mr. G.I. Koggalage who retires at the Annual General Meeting in terms of the Articles of Association of the company, as a Director	☐	☐
10. To re-appoint M/s. BDO Partners Chartered Accountants as Auditors of the Company.	☐	☐

Signed this day of 2023

.....
Signature

- *NOTE :
1. *Please delete the inappropriate words
 2. Instructions as to completion are noted on the reverse hereof.
 3. If you wish your proxy to speak at the meeting you should interpolate the words "and to speak" immediately after the words "to vote".

RENUKA HOTELS PLC

INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the Form of Proxy after filling in legibly your full name and address and by signing in the space provided. Please fill in the date of signature.
2. If you wish to appoint a person other than the Directors as your proxy, please insert the relevant details in the space provided overleaf.
3. In terms of Articles 82 of the Articles of Association of the Company.
 - (i) in the case of an individual shall be signed by the appointer or by his attorney; and
 - (ii) in the case of a Corporation shall be either under its common seal or signed by its attorney or by an officer on behalf of the Corporation.
4. In terms of Article 77 of the Articles of Association of the Company;

In the case of joint-holders of a share the senior who tenders a vote, whether in person or by proxy or by attorney or by representatives shall be accepted to the exclusion of the votes of the other joint-holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members in respect of the joint holding.
5. To be valid the completed form of proxy should be deposited at the Registered Office of the Company situated at No. 328, Galle Road, Colombo 3 not less than forty eight (48) hours before the appointed time for the meeting.