

RENUKA CITY HOTELS PLC
ANNUAL REPORT
2024 / 2025

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RENUKA CITY HOTELS PLC

CORPORATE INFORMATION

Name of Company	: Renuka City Hotels PLC
Legal Form	: A Public Quoted Company with Limited Liability (Incorporated in Sri Lanka on 6 February 1992)
Company Registration No.	: PQ 189
Registered Office	: 328, Galle Road, Colombo - 3.
Directors	Mr. R. B. Thambiayah - Chairman Ms. N. A. Thambiayah – Deputy Chairman Ms. S. R. Thambiayah – Jt. Managing Director Ms. A.L. Thambiayah – Jt. Managing Director Ms. M. A. Jayawardena Ms. N. R. Thambiayah Mr. T. Dharmarajah Mr. C.V. Cabraal Dr. D. Senathirajah
Secretary	: Ms. A. Withana
Bankers	: NDB Bank PLC Hatton National Bank PLC Commercial Bank of Ceylon PLC Seylan Bank PLC DFCC Bank PLC
Auditors	: BDO Partners Chartered Accountants 65/2, Sir Chittampalam A. Gardiner Mawatha, Colombo 2.

NOTICE OF MEETING

Notice is hereby given that the thirty fourth Annual General Meeting of Renuka City Hotels PLC., will be conducted from the Conference Room, Renuka City Hotel, 328, Galle Road, Colombo 3 on 22 September 2025 at 10.30 a.m. as a **Virtual Meeting** using a digital platform for the following purposes.

- 1) To receive and adopt the Audited Accounts for the year ended 31 March 2025 and the Reports of the Directors and Auditors.
- 2) To declare a dividend.
- 3) To authorise the Directors to determine and make donations.
- 4) To re-appoint Mr. R.B. Thambiayah as a Director of the Company, who is over 70 years of age and who vacates his office in terms of Section 210 of the Companies Act No. 7 of 2007 (the Companies Act). Notice is hereby given to propose the under noted Ordinary Resolution in compliance with Section 211 of the Companies Act, in relation to his re- appointment.
"Resolved that Mr. R.B. Thambiayah who is over 70 years of age be and is hereby re-appointed as a Director of the Company, and it is hereby declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Mr. R. B. Thambiayah".
- 5) To re-appoint Ms. N. A. Thambiayah as a Director of the Company, who is over 70 years of age and who vacates her office in terms of Section 210 of the Companies Act No. 7 of 2007 (the Companies Act). Notice is hereby given to propose the under noted Ordinary Resolution in compliance with Section 211 of the Companies Act, in relation to her re- appointment.
"Resolved that Ms. N.A. Thambiayah who is over 70 years of age be and is hereby re-appointed as a Director of the Company, and it is hereby declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Ms. N.A. Thambiayah".
- 6) To re-appoint Ms. M. A. Jayawardena as a Director of the Company, who is over 70 years of age and who vacates her office in terms of Section 210 of the Companies Act No. 7 of 2007 (the Companies Act). Notice is hereby given to propose the under noted Ordinary Resolution in compliance with Section 211 of the Companies Act, in relation to her re- appointment
"Resolved that Ms. M. A. Jayawardena who is over 70 years of age be and is hereby re-appointed as a Director of the Company, and it is hereby declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Ms. M. A. Jayawardena"
- 7) To re-elect Mr. C. V. Cabraal who retires by rotation at the Annual General Meeting in terms of the Articles of Association of the Company, as a Director.
- 8) To re-appoint M/s BDO Partners, Chartered Accountants as Auditors of the Company and to authorise the Directors to determine their remuneration.

By Order of the Board,



Ms. A. Withana
Company Secretary
Colombo
22 August 2025

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 328, Galle Road, Colombo 3, not later than forty-eight (48) hours before the time appointed for the holding of the meeting.

CHAIRMAN’S REPORT

On behalf of the Board of Directors I have great pleasure in welcoming you to the 34th 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 31st March 2025.

Profit and Operations (Our Performance)

I am proud to state that our Company concluded the financial year 2024/2025 with a commendable profit of Rs 710 million which consists of Finance Income and Other income amounting to Rs 651 million. Our Company achieved a reasonable occupancy level this year as well. Whilst the company continued to strive towards improving its revenue through sales and marketing initiatives; the price wars created by numerous competitor hotels continues to be a threat to higher revenues, forcing us to concentrate on effective cost management and operational efficiency to improve the bottom line.

Sri Lanka's Tourism industry continued its recovery trajectory in 2024/2025, and saw a notable increase in tourist arrivals. Our hotel was able to capitalize on this improvement to some extent, maintaining stable occupancy rates particularly in the third and fourth quarters of the financial year. However as has been the case in the last decade, an enormous increase in the number of hotel rooms available, especially in the City Of Colombo, has not allowed the moderate increase in arrivals to Sri Lanka to be matched with a proportionate increase in revenue and profitability through out Hotel Operations.

Industry Overview

As discussed above the industry saw a growth in the total tourist arrivals to the country compared to 2023/2024 which is a positive indication. However, we are doubtful whether the industry, as a whole, has been able to reap the total benefit on offer through this positive trend, due to the existing practice of intense and unhealthy competition which has resulted in Hotels offering tourists incredibly low room rates to secure business. This unsolicited practice is hindering the growth of the industry, in terms of its contribution to the economy.

In an attempt to maintain occupancy, many hotels have resorted to unsustainable discounting strategies that have distorted market dynamics. Such practices, while offering short-term gains in room sales, erode long-term profitability, reduce tax revenue to the government, dilute brand value of the country as a destination, and place undue pressure on service standards.

Another challenge the industry has been facing and continues to experience is the existence of a large, unregulated, informal accommodation sector, which includes home stays and short-term apartment rentals. Online travel agents often feature these accommodation options without requiring appropriate legislations and licenses for the units they feature. These units also do not pay appropriate taxes which are compliance burdens faced by the formal sector. This creates an uneven playing field and further fragments the market, making it difficult for compliant operators to maintain margin integrity.

Colombo in particular has witnessed a rapid expansion in hotel inventory over the past decade, with several new entrants. While increased capacity can enhance the city's appeal for large-scale events and MICE tourism, the pace of supply growth has far outstripped demand from high-spending tourists. This has led to lower average occupancies of each hotel and heightened competition across all tiers, but especially in the budget and mid-range segments.

Despite these challenges, which have been threatening the wellbeing of the industry during the last few years we remain committed to deliver value through consistent and uncompromised service quality, memorable guest experiences, and operational efficiency. We have continued to focus on our in-house staff training, digital marketing, and guest engagement efforts to differentiate ourselves in an increasingly competitive marketplace.

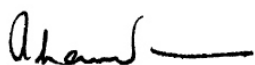
CHAIRMAN'S REPORT (continued)

Furthermore, we choose to set an example by not partaking in the unfair price competition and we advocate for fair competition through industry associations. As has been done in the past we also urge policymakers to address the regulatory disparities that allow informal sector accommodations to dominate. A more equitable framework is essential to ensure a sustainable and competitive hospitality industry in Colombo and Sri Lanka as a whole.

Acknowledgements

It is my pleasure to record my appreciation of the support and guidance given to me by my fellow Board members. I would also like to express my sincere appreciation to our dedicated staff for their contribution and commitment throughout the year, and to our shareholders for their continued support. 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.



R.B. Thambiayah
Chairman

22nd August 2025

RENUKA CITY HOTELS PLC

BOARD OF DIRECTORS

Mr. R. B. Thambiayah **Executive Chairman**

(Member of the Board since 06.02.1992 and appointed Chairman on 20.05.1992)

Skills and Experience

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 was educated at the University of Madras, where he received a Degree in Economics. He is a Fellow of the Chartered Management Institute (UK).

Other Current Appointments **Listed companies:**

Executive Chairman of Cargo Boat Development Company PLC and Executive Director of Renuka Hotels PLC

Others:

Executive Director of Renuka Consultants and Services Limited, Renuka Properties Limited, Lancaster Holdings Limited, Crescent Launderers & Dry Cleaners (Pvt) Limited, Amalgamated Theaters (Pvt) Limited and Portfolio Management Services (Pvt) Limited

Ms. N. A. Thambiayah **Executive - Deputy Chairman** (Member of the Board since 02.09.1996)

Skills and Experience

Ms. Thambiayah is an Advertising & Marketing professional with over 25 years' experience. She has been a member of Zonta Club I of 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 is a Graduate of the Chartered Institute of Marketing UK. She is an AFS Scholar 1968-1969 and was an exchange student in Los Angeles, USA.

Other Current Appointments **Listed companies:**

Executive Director of Renuka Hotels PLC and Cargo Boat Development Company PLC.

Others:

Executive Director of Renuka Consultants & Services Limited and Crescent Launderers & Dry Cleaners (Pvt) Limited. Non-Executive Director of Renuka Properties Limited, Lancaster Holdings Limited, Amalgamated Theatres (Pvt) Limited and Portfolio Management Services (Pvt) Limited.

Ms. S. R. Thambiayah **Executive Jt. Managing Director** (Member of the Board since 14.03.2005)

Skills and Experience

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. Ms. Thambiayah was also a Director of DFCC Vardhana Bank from October 2010 to March 2015 and a Director of DFCC Bank PLC from March 2015 to September 2021.

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.

Other Current Appointments **Listed companies:**

Chairperson /Jt. Managing Director of Renuka Hotels PLC and Non-Executive Director of Cargo Boat Development Company PLC.

Others:

Non-Executive Director of Crescent Launderers & Dry Cleaners (Pvt) Ltd, Renuka Consultants & Services Limited, and Lancaster Holdings Limited
Executive Director of Renuka Properties Limited and Portfolio Management Services (Pvt) Limited.
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".

Ms. A. L. Thambiayah **Executive Jt. Managing Director** (Member of the Board since 24.02.2009)

Skills and Experience

Ms. Thambiayah 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 2008 and is currently the Joint Managing Director of both Renuka Hotels PLC and Renuka City Hotels PLC.

She 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.

Other Current Appointments **Listed companies:**

Joint Managing Director of Renuka Hotels PLC, Non-Executive Director of Cargo Boat Development Company PLC and DFCC Bank PLC.

Others:

Non-Executive Director of Renuka Properties Limited and Lancaster Holdings Limited
Executive Director of Renuka Consultants and Services Limited, Amalgamated Theaters (Pvt) Limited and Portfolio Management Services (Pvt) Limited

Ms. M. A. Jayawardena **Non Independent Non-Executive Director** (Member of the Board since 14.03.2005)

Ms. 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 had also functioned as the Group Financial Controller of EDS Group of Companies overseeing accounting and finance of their regional IT companies in South Asia.

She is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and the Chartered Institute of Management Accountants, U.K

Other Current Appointments **Listed companies:** None

Others:

Non-Executive Director of Amalgamated Theaters (Pvt) Limited and Crescent Launderers & Dry Cleaners (Pvt) Limited

Ms. N. R. Thambiayah **Non Independent Non-Executive Director** (Member of the Board since 06.07.2010)

Skills and Experience

Ms. Thambiayah has over 20 years' experience in management and operations in the commercial real-estate and hotels sectors. She has been the Managing Director of Cargo Boat Development Company PLC since 2014, and a Director since 2010. She has been a Director of Renuka Hotels PLC since 2009.

She 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.

Other Current Appointments **Listed companies:**

Executive Director of Cargo Boat Development Company PLC, Non-Executive Director of Renuka Hotels PLC.

Others:

Executive Director of Renuka Consultants and Services Limited, Renuka Properties Limited, Lancaster Holdings Limited, and Crescent Launderers and Dry Cleaners (Pvt) Limited.
Non-Executive Director of Amalgamated Theaters (Pvt) Limited and Portfolio Management Services (Pvt) Limited

BOARD OF DIRECTORS

Mr. T. Dharmarajah
Independent Non-Executive Director
 (Member of the Board since 22.06.2020)

Skills and Experience

Mr. Dharmarajah is the Senior Partner (Audit & Assurance) of M/S Amerasekera & Company. He was a director of DFCC Bank PLC and DFCC Vardhana Bank, a Member of the Board of Management Postgraduate Institute of Management and Curriculum Development Committee of the National Institute of Education. He was also a Member of the Council of the Institute of Chartered Accountants of Sri Lanka and University of Sri Jayewardenepura. He is also a former president of the Association of Accounting Technicians of Sri Lanka.

Mr. Dharmarajah holds a BSc. Management (Sp) Degree of the University of Sri Jayewardenepura and is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka, Association of Accounting Technicians of Sri Lanka, and Institute of Public Finance & Development Accountancy.

Other Current Appointments

Listed companies:

Non-Executive Director of Raigam Wayamba Salterns PLC, Hapugastenne Plantations PLC, Udupussellawa Plantations PLC, Dolphin Hotels PLC, Palm Garden Hotels PLC, Hotel Sigiriya PLC, Eden Hotel Lanka PLC and Serendib Hotels PLC.

Others:

Executive Director of Management Applications (Pvt) Limited, Lanka Industrial Estates Ltd and DHS Medical Group (Private) Limited. Member of the Council of the Council of University of the Visual and Performing Arts, Postgraduate Institute of Indigenous Medicine, and a member of the Standing Committee on Management Studies of the University Grant Commission.

Mr. C.V. Cabraal
Independent Non-Executive Director
 (Member of the Board since 13.01.2021)

Skills and Experience

Mr. Cabraal previously worked at CHEC Port City Colombo (Pvt) Ltd as Senior Manager – Estate Management up to October 2023 and before at Brandix Lanka (Pvt) Ltd as a Sustainability Engineer (2011-2014) in the Energy and Environment Department. He started his career in 2010 as a Management Trainee at John Keells Hotel Management Services. He also served as a member of the Sri Lanka Export Development Board from December 2019 to 2022.

He is a Graduate (with Honours) in Mechanical Engineering (BSc.) with a focus in manufacturing and design from the Missouri University of Science and Technology, USA.

Other Current Appointments

Listed companies:

Non-Executive Director of Kelani Valley Plantations PLC, and The Fortress Resort and Spa PLC

Others:

None.

Dr. D. Senathirajah
Independent Non-Executive Director
 (Member of the Board since 15.07.24)

Skills and Experience

Dr. Senathirajah counts over 40 years of experience in finance, accounting and law and is the National Director/Chief Executive Officer of World Vision Lanka, which position he has held from October 2016 to date. Prior to that he was with the National Development Bank PLC from June 1998 and had functioned as Vice President - Finance & Planning and Financial Controller. He had also worked at the Maharaja Organization and Reckitt and Colman of Ceylon Limited.

Dr. Senathirajah is an Attorney-at-Law and a Fellow of The Chartered Institute of Management Accountants, UK.

Other Current Appointments

Listed companies: None

Others:

National Director-World Vision Lanka (Gte) Ltd.
 Chairman – Vision Fund Lanka Ltd.

RENUKA CITY HOTELS PLC

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2025

- 1) The Directors present herewith the Audited Financial Statements for the year ended 31 March 2025.

2) **RESULTS**

The results and the state of affairs of the Company as at 31 March 2025 are set out in these Audited Financial Statements.

3) PROFIT AND APPROPRIATIONS :	2024/25	2023/24
	Rs.	Rs.
Profit for the year	689,829,860	263,217,111
Other comprehensive income	479,341,173	403,725,298
Total comprehensive income for the year	1,169,171,033	666,942,409
Dividend Proposed	(28,000,000)	(14,000,000)
Unappropriated profit for the period	1,141,171,033	652,942,409

4) **STATE OF AFFAIRS**

The state of affairs of the Company as at 31 March 2025 is set out in the Statement of Financial Position on page 22.

5) **PRINCIPAL ACTIVITY**

The Principal Activity of the Company is the operation of a Tourist Hotel at No. 326, Galle Road, Colombo 3. The Company had entered into an Agreement with the Board of Investment of Sri Lanka in relation to the construction and operation of such Hotel. However, the Company terminated this Agreement with the Board of Investment in 2021. The hotel operations commenced in March 1995.

6) **DIRECTORS**

The Directors of the Company as at 31 March 2025 were as follows:

R. B. Thambiayah - Chairman
Ms. N. A. Thambiayah – Deputy Chairman
Ms. S. R. Thambiayah – Jt. Managing Director
Ms. A.L. Thambiayah – Jt. Managing Director
Ms. M. A. Jayawardena
Ms. N.R. Thambiayah
T. Dharmarajah
C.V. Cabraal
D. Senathirajah

Appointment, Retirement/ Resignation and Re-appointment / Re-election of Directors

Appointments during the year:

D. Senathirajah was appointed as a Director with effect from 15 July 2024.

Resignations during the year:

R. S. Tissanayagam resigned on 15 July 2024

RENUKA CITY HOTELS PLC

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2025 (continued)

Retirement by Rotation Re - appointment and Re-election of Directors

Details relating to Directors seeking re - appointment / re-election:

Name of Director/ Date of appointment	Date last re-elected/ re-appointed	Board Committees served during FY 2024/25	Directorships and other principal commitments FY 2022/23 - FY 2024/25
R. B. Thambiayah/ 06.02.1992	27 Sep 2024	None	Chairman Cargo Boat Development Company PLC and Director of Renuka Hotels PLC and in several Renuka Hotels Group companies
Ms. N.A. Thambiayah/ 02.09.1996	27 Sep 2024	None	Deputy Chairperson –Renuka Hotels PLC and Cargo Boat Development Company PLC and director of several Renuka Hotels Group companies
Ms. M. A. Jayawardena/ 14.03.2005	27 Sep 2024	Member - Audit, Remuneration and Related Party Transaction Review Committees	Director-Renuka Hotels PLC, and Cargo Boat Development Company PLC and in few of the Renuka Hotels Group companies
C. V. Cabraal 13.01.2021	28 Sep 2021	None	Director-Kelani Valley Plantations PLC, The Fortress Resort and Spa PLC and Vallibel Power Erathna PLC
None of the above Directors has had any relationships with other Directors, or the Company, other than Mr. R. B. Thambiayah and Ms. N. A. Thambiayah being parents of Ms. S.R. Thambiayah, Ms. N. R Thambiayah and Ms. A. L. Thambiayah. Further, R. B. Thambiayah and Ms. N. A. Thambiayah are directors of Renuka Hotels PLC, shareholder holding more than 10% of the shares of the company.			

- a) R.B. Thambiayah, who is over 70 years of age vacates his office in terms of Section 210 of the Companies Act, No. 7 of 2007 (the Companies Act). Notice is hereby given to propose the under noted Ordinary Resolution in compliance with Section 211 of the Companies Act, in relation to his re- appointment.
“Resolved that Mr. R.B. Thambiayah who is over 70 years of age be and is hereby re-appointed as a Director of the Company, and it is hereby declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Mr. R. B. Thambiayah”
- b) Ms. N. A. Thambiayah, who is over 70 years of age vacates her office in terms of Section 210 of the Companies Act, No. 7 of 2007 (the Companies Act). Notice is hereby given to propose the under noted Ordinary Resolution in compliance with Section 211 of the Companies Act, in relation to her re- appointment.
“Resolved that Ms. N.A. Thambiayah who is over 70 years of age be and is hereby re-appointed as a Director of the Company, and it is hereby declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Ms. N.A. Thambiayah”.
- c) Ms. M. A. Jayawardena, who is over 70 years of age vacates her office in terms of Section 210 of the Companies Act, No. 7 of 2007 (the Companies Act). Notice is hereby given to propose the under noted Ordinary Resolution in compliance with Section 211 of the Companies Act, in relation to her re- appointment.
“Resolved that Ms. M. A. Jayawardena who is over 70 years of age be and is hereby re-appointed as a Director of the Company, and it is hereby declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Ms. M. A. Jayawardena”
- d) In accordance with the Articles of Association Mr. C. V. Cabraal retires by rotation and being eligible, offers himself for re-election.

RENUKA CITY HOTELS PLC

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2025 (continued)

7. DIRECTORS' INTERESTS IN SHARES OF THE COMPANY AS AT 31 MARCH

	No. of Shares	
	31-3-2025	31-3-2024
R. B. Thambiayah	NIL	13,004
R. B. Thambiayah / Ms. N. A. Thambiayah / Ms. S. R. Thambiayah	6,502	NIL
R. B. Thambiayah / Ms. N. A. Thambiayah / Ms. A. L. Thambiayah	6,502	NIL
Ms. N. A. Thambiayah	NIL	4,467
Ms. N. A. Thambiayah / R. B. Thambiayah / Ms. S. R. Thambiayah	2,233	NIL
Ms. N. A. Thambiayah / R. B. Thambiayah / Ms. A. L. Thambiayah	2,234	NIL
Ms. M. A. Jayawardana	NIL	NIL
Ms. S. R. Thambiayah	NIL	NIL
R. S. Tissanayagam (resigned 15.07.24)	-	NIL
Ms. A. L. Thambiayah	NIL	NIL
Ms. N. R. Thambiayah	NIL	NIL
T. Dharmarajah	NIL	NIL
C. V. Cabraal	NIL	NIL
D. Senathirajah (w. e. f. 15.7.24)	NIL	-

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

The Directors' have no direct or indirect interests in any contracts or proposed contracts with the Company except as stated in Note 29 to the Financial Statements. The Directors have disclosed the nature of their interest in contracts and proposed contracts with the company and have not participated in the decision making related to such transactions. As required by the Companies Act No. 7 of 2007, an interest register is maintained by the Company and relevant entries are recorded therein. No Director or their close family members has had any material business relationship during the year with other Directors of the company.

9. DONATIONS

During the year the company did not contribute (2024 - NIL) for charitable purposes.

10. BOARD COMMITTEES

The following are the present members of the Committees of the Board.

Committee	Members	Nature of Directorship	Date Appointed to Committee
Audit Committee	T. Dharmarajah - Chairman	Independent	29 June 2020
	D. Senathirajah	Independent	15 July 2024
	Ms. M. A. Jayawardana	Non Independent	29 June 2020
Related Party Transactions Review Committee	T. Dharmarajah - Chairman	Independent	29 June 2020
	D. Senathirajah	Independent	15 July 2024
	Ms. M. A. Jayawardana	Non Independent	29 June 2020
Remuneration Committee	T. Dharmarajah - Chairman	Independent	29 June 2020
	D. Senathirajah	Independent	15 July 2024
	Ms. M. A. Jayawardana	Non Independent	29 June 2020
Nomination and Governance Committee	T. Dharmarajah - Chairman	Independent	1 September 2024
	D. Senathirajah	Independent	1 September 2024
	Ms. N. R. Thambiayah	Non Independent	1 September 2024

11. CHANGES IN PROPERTY, PLANT AND EQUIPMENT

The movements in property, plant and equipment, during the year, are set out in Note 16 to the financial statements.

12. EMPLOYEES AND INDUSTRIAL RELATIONS

There have been no material issues pertaining to employees and industrial relations of the Company during the financial year.

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2025 (Continued)

13. DIVIDENDS

The Directors recommend a payment of a final dividend of Rs. 4/- per share (2024 - final dividend of Rs.2/- per share) for the year ended 31 March 2025 payable after approval by the shareholders.

14. SHAREHOLDING

The substantial shareholder of the Company as at reporting date was Renuka Hotels PLC., which held 71.88% of the Company's issued Share Capital.

15. EMPLOYMENT AND REMUNERATION POLICY

The Policy of the Company is to maintain a dedicated and motivated group of employees who are committed to creating sustainable value through effective management and high quality service. The Company is an equal opportunity employer. Annual increments are based on the performance of the company and the individual.

16. RELATED PARTY TRANSACTIONS

The Related Party Transactions Review Committee is responsible for ensuring compliance with the requirements specified in Rule 9.14 of the Colombo Stock Exchange Listing Rules on Related Party Transactions. The committee reviewed the related party transactions carried out during the year and noted that the transactions were in compliance with the said Rule.

17. EVENTS AFTER THE FINANCIAL POSITION DATE

No material events have occurred subsequent to the date of the Statement of Financial Position, which require adjustments or disclosure in the financial statements.

18. AUDITORS

The present Auditors Messrs. BDO Partners, have indicated their willingness to continue as Auditors for the next financial year ending 31 March 2026. The Audit Committee has reviewed their independence and has concluded that they have no relationship or interest with the Company which would impair the Auditors independence. A resolution pertaining to their re-appointment will be proposed at the Annual General Meeting.

19. ACKNOWLEDGEMENT OF THE CONTENT OF THE REPORT.

As required by Section 168 (1) (k), of the Companies Act No. 7 of 2007, the Board of Directors hereby acknowledges the contents of this report.

For and on behalf of the Board of Directors.



R. B. Thambiayah
Chairman
22 August 2025



Ms. S. R. Thambiayah
Jt. Managing Director



Ms. A. Withana
Company Secretary

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 City 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 Company is in full compliance with Section 9 of the CSE Rules on Corporate Governance.

The list of Policies governing Corporate Governance practices of the Company can be accessed via the link <https://www.renukacityhotel.com>. These policies are reviewed periodically and changes introduced as and when required. Company is in full compliance with the requirements of the Policy described in Section 9.5.1 of the CSE Listing Rules governing matters relating to the Board of Directors.

The Board approved Policy on Investor Relations and Shareholder Communication ensures that information relating to the financial performance and the progress of the company is made available to shareholders through timely disclosures made to the CSE. The Chairman has assigned the CEO to bring any matters of concern raised by shareholders to the notice of the Board.

The Board of Directors

The Board of Directors of Renuka City 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 as at date:

Name of Director	Type
R. B. Thambiayah	Executive Chairman
Ms. N. A. Thambiayah	Executive Deputy Chairman
Ms. S. R. Thambiayah	Executive Jt. Managing Director
Ms. A. L. Thambiayah	Executive Jt. Managing Director
Ms. M. A. Jayawardena	Non-Independent Non-Executive Director
Ms. N. R. Thambiayah	Non-Independent Non-Executive Director
T. Dharmarajah	Senior Independent Non-Executive Director
C.V. Cabraal	Independent Non-Executive Director
D. Senathirajah (w.e.f 15.7.24)	Independent Non-Executive Director

The Independent Directors satisfy the criteria set out in Section 9.8.3 of the CSE Listing Rules. Further, all directors satisfy the fit and proper assessment criteria stipulated in the CSE Listing Rules. In terms of the Board approved policy, a Director shall not hold more than twenty directorships in listed entities.

CORPORATE GOVERNANCE (Continued)

Senior Independent Director (SID)

The Chairman, R. B. Thambiayah is an Executive Director. R. B. Thambiayah, who is a founder Director of the Company, possesses a wealth of knowledge and expertise in the Hotel Industry as well as in managing investment portfolios. His expertise has been a driving force behind the growth and stability of the business and the Company will continue to benefit from his contribution to the operation of the Company in an executive capacity. As such, Mr. Thambiayah will remain as the Chairman and an Executive Director of the Company

The Company has therefore, elected to comply with the alternative option provided under Section 9.6.3 of the Listing Rules with the appointment of T. Dharmarajah as the Senior Independent Director.

SID is required to meet with the Non-Executive Directors, enabling discussions and communication on governance related matters and further to carry out an annual review of the performance of the chairman. The SID also provides guidance to the Chairman on matters of governance relating to the Company.

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.

Compliance with Laws, Regulations and Prudential Requirements

The Company has not engaged in any activities contravening the laws and regulations and has complied with all prudential requirements. The Directors are provided with updates on revisions to rules and relevant laws.

Internal Control

The Board is responsible for ensuring that the Company has adequate and effective internal controls in place. These controls are designed to provide assurance on the maintenance of proper accounting records and the reliability of financial information generated and the safeguarding of assets of the Company, to the extent possible, and to minimize the impact of identifiable risks. These controls provide reasonable and not absolute assurance against errors or material misstatements of management and financial information. The Management assists the Board by regularly reviewing and ensuring the operation and implementing of these controls.

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.

RENUKA CITY HOTELS PLC

CORPORATE GOVERNANCE (Continued)

Directors Attendance

	Attendance of Directors at meetings - During Year ended 31 March 2025				
Name of Director	Main Board	Audit Committee	Remuneration Committee	Nomination & Governance Committee	Related Party Transactions Review Committee
Ms. S. R.Thambiyah	1/1	-	-	-	-
Ms. N. A.Thambiyah	1/1	-	-	-	-
R B Thambiyah	1/1	-	-	-	-
Ms. A. L. Thambiyah	1/1	-	-	-	-
Ms. N. R. Thambiyah	1/1	-	-	1/1	-
Ms. M.A. Jayawardena	1/1	5/5	1/1	-	4/4
R. S. Tissanayagam	-	1/1	-	-	1/1
T. Dharmarajah	1/1	5/5	1/1	1/1	4/4
C.V. Cabraal	1/1	-	-	-	-
D. Senathirajah	1/1	4/4	1/1	1/1	3/3

Attended/eligible to attend

Audit Committee Report

During the year the Audit Committee was reconstituted with the resignation of R. S. Tissanayagam on 15 July 2024 and presently consists of three Non-Executive directors, two of whom are independent including the Chairman of the Committee. T. Dharmarajah is the Chairman with D. Senathirajah and Ms. M. A. Jayawardena as members.

The Mandate of the Audit Committee encompasses the tasks in line with Section 9.13 of the Colombo Stock Exchange Listing Rules. The Board of Directors has formally adopted the Terms of Reference of the Committee.

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. As a part of this process the committee also obtained the assurance from the Managing Director and the Head of Finance who are responsible for designing and effectively implementing the company's internal control systems. 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.

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, SEC Act and other relevant financial reporting regulations.

The Audit Committee is satisfied that a strong control environment arising from the effectiveness of 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.

CORPORATE GOVERNANCE (Continued)

The External Auditors of the Company have direct access to the Committee, which ensure that their independence is not impaired in any way. The current Auditors, Messrs. BDO Partners were initially appointed as external auditors in FY 2022/23 and continue to hold that position at present. A partner rotation of the Auditors takes place periodically; a rotation of partner took place in FY 2023/2024. The Audit Committee assessed the performance and effectiveness of the external auditors, their independence, professional capabilities, obtained a statement confirming their independence in accordance with the terms of all relevant professional and regulatory requirements and made recommendations to the Board pertaining to the re-appointment of the external auditors, Messrs. BDO Partners.

(Sgd) T. Dharmarajah

Chairman.

Audit Committee

22 August 2025

Remuneration Committee Report

During the year, with the resignation of R. S. Tissanayagam on 15 July 2024, the committee was reconstituted and presently consists of three Non-Executive Directors two of whom are independent, including the Chairman of the Committee. T. Dharmarajah is the Chairman of the committee. D. Senathirajah and Ms. M.A. Jayawardena are the other members of the committee. R. S. Tissanayagam functioned as the Chairman of the committee until 15 July 2024.

The Purpose of the Remuneration committee is to lay down guidelines and recommend a policy on remuneration of the Senior Management Staff. The committee meets whenever it is required to review the remuneration of the Senior Management. 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) T. Dharmarajah

Chairman.

Remuneration Committee

22 August 2025

Related Party Transactions Review Committee Report

The Board appointed Related Party Transactions Review Committee is in accordance with Section 9.14 of the Listing Rules on Related Party Transactions issued by the Colombo Stock Exchange. During the year, with the resignation of R. S. Tissanayagam on 15 July 2024, the committee was reconstituted and presently consists of three Non-Executive Directors two of whom are independent, including the Chairman of the Committee. T. Dharmarajah is the Chairman of the committee. D. Senathirajah and Ms. M.A. Jayawardena are the other members of the committee.

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 issued by the Colombo Stock Exchange.

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 immediate market disclosure as per section 9.14.7 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.

CORPORATE GOVERNANCE (Continued)

The committee met quarterly during the year to review all proposed related party transactions and their compliance with the CSE Listing Rules. Where necessary, these are communicated to the Board to obtain the prior Approval. The committee is satisfied that the company is in compliance with the Rules issued by the Colombo Stock Exchange on Related Party Transactions.

(Sgd.) T. Dharmarajah

Chairman

Related Party Transactions Review Committee

22 August 2025

Nomination and Governance Committee Report

The Nomination and Governance Committee of the Board of Directors was established on 1 September 2024 and presently consists of three Non-Executive Directors. T. Dharmarajah an Independent Director is the Chairman with D. Senathirajah and Ms. N. R. Thambiayah as members. The Managing Director attends the meetings by invitation, while the Company Secretary functions as the Secretary of the Committee.

The composition of the Committee met the requirements of Section 9.11.4 of the Listing Rules of the Colombo Stock Exchange (CSE).

During the year under review, upon the establishment of the committee in September 2024, the Committee carried out the tasks as set out in the Terms of Reference approved by the Board. The Terms of Reference approved by the Board encompasses the tasks set out in Section 9.11 of the CSE Listing Rules on Corporate Governance.

The Committee meets as necessary and, in any case, at least once a year and acts within its mandate approved by the Board of Directors and makes recommendations to the Board for consideration.

The role of the Committee in terms of the mandate is to review governance policies and procedures, evaluate the performance of the Board and identify, and evaluate persons with the required skills, knowledge, standing, fitness, and propriety to join the Board of the Company and to evaluate the suitability of Directors who are seeking re-election. Documented policy and processes are in place to ensure Board diversity in terms of skills, experience, age, gender etc. The Committee is also responsible for the task of implementing a procedure for the appointment of the CEO and Key Management Personnel.

Existing Directors are provided with updates on revisions to rules on Corporate Governance and other relevant regulations.

No new Directors were appointed to the Board subsequent to the establishment of the Committee. However, committee has put in place a procedure in making appointments to the Board to ensure to carry out a review of the composition of the Board including the balance between Independent and Non-Independent Directors and consider the skills, experience and knowledge of the existing Directors and assesses the potential candidates in terms of who would benefit the Company most.

The committee carried out an evaluation of the performance of the Board including the CEO. The Committee also assessed the fitness and propriety of Directors. A declaration was obtained from independent directors confirming their status of independence. Further, a declaration was obtained from the Directors in terms of Section 9.7.3 of the CSE Listing Rules confirming their fit and propriety to hold office as a Director. Individual Committee members do not participate in discussions in matters relating to them. Major issues if any, relating to the Company are updated to the Independent Directors by the Chairman. The attendance by Directors at meetings, dates of appointment to Committees and the nature of Directorships are given on page 14 and 10 of the Annual Report.

In terms of the Articles, one-third of the Non-Executive Directors shall retire from office at each Annual General Meeting and are eligible for re-election. The Committee reviewed the contributions made by the respective Directors towards Board Committees, their other commitments and the overall performance and has recommended the re-election of the Directors offering themselves for re-election at the forthcoming Annual General Meeting. Particulars of Directors seeking re-election are given on page 9 of the Annual Report. The Corporate Governance requirements stipulated under the CSE Listing Rules have been met. Further the Independent Directors have met the criteria for determining independence in terms of Section 9.8.3 of the CSE Listing Rules.

(Sgd.) T. Dharmarajah

Chairman

Nomination & Governance Committee

22 August 2025

Statement by the Senior Independent Director (SID)

In terms of the option provided in Section 9.6.3, since the Chairman is an Executive Director, I was appointed as the SID on 31 October 2023.

The role of the SID is to provide an opportunity to Non-Executive Directors to discuss matters and concerns relating to the company and the operations of the Board.

In line with the regulatory requirements, I chaired two meetings, one with only the Independent Directors and the other with all the Non-Executive Directors without the presence of the Chairman or the Executive Directors and an opportunity was given to the directors to raise any concerns or matters that they require to be taken up, so that where necessary, any matters of concern can be communicated and taken up for further discussion at Board level. The performance of the Chairman was also reviewed at the meeting with the Non-Executive Directors.

I confirm that the company has complied with all relevant mandatory governance requirements.

(Sgd.) T. Dharmarajah
Senior Independent Director
22 August 2025

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 50.

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 date of the Statement of Financial Position have been paid or where relevant, provided for.

By order of the Board.



Ms. A. Withana
Company Secretary
Colombo.
22 August 2025



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E-mail : bdopartners@bdo.lk
Website : www.bdo.lk

Chartered Accountants
"Charter House"
65/2, Sir Chittampalam A Gardiner Mawatha
Colombo 02
Sri Lanka

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

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of Renuka City Hotels PLC ("the Company"), which comprise the statement of financial position as at 31st March 2025, 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 material accounting policy information as set out on pages 21 to 50.

In our opinion, the accompanying Financial Statements give a true and fair view of the financial position of the Company as at 31st March 2025, and of its financial performance and its 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 Company in accordance with the Code of Ethics for Professional Accountants 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 judgment, were of the 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.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Valuation of Investments at Fair Value Through Other Comprehensive Income</p> <p>The Company's portfolio of investment in financial assets makes up 57% of the Company's total assets. The equity investment of the Company is classified as fair value through Other Comprehensive Income as at 31st March 2025 and it amounts to Rs. 1,851,129,738/-.</p> <p>We do not consider these investments to be at high risk of significant misstatement, or to be subject to a significant level of judgment because they comprise liquid, quoted investments.</p> <p>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</p>	<p>Our audit Procedures included :</p> <ul style="list-style-type: none">• Obtaining an understanding of the Company's processes relating to recognition and measurement of investments.• Documenting and assessing processes in place to record investment transactions and to value the portfolio.• Validating a sample of additions and disposals of investments by tracing to related supported documents such as bank statements, sold notes and brought notes.

Partners : Sujeewa Rajapakse FCA, ACCA, FCMA, MBA. Ashane J.W. Jayasekara FCA, FCMA (UK), MBA. H. Sasanka Rathnaweera FCA, ACMA.
F. Sarah Z. Afker FCA, FCMA (UK), CGMA, MCSI (UK). Dinusha C. Rajapakse FCA, LLB (Hons)(Colombo), CTA, Attorney at Law.
Nirosha Yadelvel Bsc (Acc.), FCA, ACMA. R. D. Chamika N. Wijesinghe FCA, BBA (Acc.) Sp. H. M. R. Thilina Ranaweera FCA, BBA (Acc.) Sp.

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.



INDEPENDENT AUDITOR'S REPORT

Key Audit Matter	How our audit addressed the Key Audit Matter
overall audit strategy and allocation of resources in planning and completing our audit.	<ul style="list-style-type: none"> • Re-computing of gain/losses on investments. • 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 the adequacy of disclosures in the Financial Statements as required by the relevant accounting standards.

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the Financial Statements and the Auditor's Report thereon.

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

In connection with our audit of the Financial Statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially consistent with the Financial Statements and our knowledge obtained during the audit, or otherwise whether it appears to be materially misstated. If, based upon the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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



INDEPENDENT AUDITOR'S REPORT

- identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 Company's ability to continue as a going concern. If we conclude that 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 Company 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 achieves fair presentation

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of the 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 the 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 it 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

22 August 2025

SR/kp

RENUKA CITY HOTELS PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST MARCH

	Note	2025 Rs.	2024 Rs.
Revenue	8	261,589,819	257,198,942
Cost of sales	9	(58,700,681)	(70,927,441)
Gross profit		202,889,138	186,271,501
Other operating income	10	168,603,552	100,210,186
		371,492,690	286,481,687
Salaries and related expenses	12.1	(69,477,023)	(68,293,991)
Administrative expenses		(63,902,462)	(58,819,813)
Marketing expenses		(10,874,894)	(8,442,232)
Profit from operations	12	227,238,311	150,925,651
Net finance income	11	482,278,340	138,126,505
Profit before taxation		709,516,651	289,052,156
Tax expense	13	(19,686,791)	(25,835,045)
Profit for the year		689,829,860	263,217,111
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of retirement benefit obligation	24	2,293,930	(1,342,802)
Related tax on remeasurement of defined benefit obligation	25.1.1	(688,179)	402,841
Equity investments at FVTOCI - net change in fair value		477,735,422	404,665,259
Total other comprehensive expense for the year, net of tax		479,341,173	403,725,298
Total comprehensive income for the year net of tax		1,169,171,033	666,942,409
Earnings for share	14	98.55	37.60
Dividend per share	15	2.00	2.00

Figures in bracket indicate deductions.

The accounting policies and notes on pages 25 to 50 form an integral part of these financial statements.

Colombo
22 August 2025

RENUKA CITY HOTELS PLC

STATEMENT OF FINANCIAL POSITION

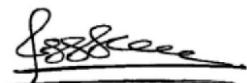
AS AT 31ST MARCH

	Note	2025 Rs.	2024 Rs.
ASSETS			
Non-current assets			
Property, plant and equipment	16	263,747,958	273,911,137
Intangible assets	17	--	--
Investments in financial assets	18	1,851,129,738	1,342,789,314
Total non current assets		2,114,877,696	1,616,700,451
Current assets			
Inventories	19	634,780	803,780
Other receivables	20	4,086,432	3,810,363
Deposits and pre-payments	21	8,729,419	8,690,849
Investment in financial asset	18.4	4,341,032,428	2,634,962,211
Cash and cash equivalents	22	4,320,790,419	5,357,155,685
Total current assets		8,675,273,478	8,005,422,888
Total assets		10,790,151,174	9,622,123,339
EQUITY AND LIABILITIES			
Equity			
Stated capital	23	110,000,000	110,000,000
Fair value reserve of financial affets at FVOCI		732,969,315	255,233,893
Retained earnings		9,812,441,131	9,135,005,520
Total equity		10,655,410,446	9,500,239,413
Non-current liabilities			
Retirement benefit obligations	24	4,768,957	6,494,349
Deferred tax liability	25	64,953,790	62,892,363
Total non current liabilities		69,722,747	69,386,712
Current liabilities			
Trade and other payables	26	43,098,515	47,815,620
Amounts due to related party	27	1,973,979	2,116,337
Income tax payable	28	18,161,145	37,894
Bank overdraft	22	1,784,342	2,527,363
Total current liabilities		65,017,981	52,497,214
Total liabilities		134,740,728	121,883,926
Total equity and liabilities		10,790,151,174	9,622,123,339

Figures in brackets indicate deductions.

The accounting policies and notes on page s 25 to 50 form an integral part of these financial statements.

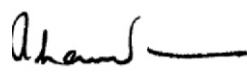
It is hereby certified that the financial statement have been prepared in compliance with the requirements of the companies act No. 7 of 2007



Mr. G. Koggalage
Head of Finance

The Board of Directors is responsible for the preparation and presentation of these financial statements in accordance with Sri Lanka accounting standards.

Approved & Signed for and on behalf of the Board of Directors.



Mr. R.B. Thambiayah
Chairman
Colombo
22nd August 2025



Ms. A.L. Thambiayah
Jt. Managing Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31st MARCH 2025

Description	Note	Stated Capital Rs.	Fair Value Reserve Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 01 st April 2023	23	110,000,000	(149,431,366)	8,886,728,370	8,847,297,004
Comprehensive Income for the year					
Profit for the year		–	–	263,217,111	263,217,111
Other comprehensive Income			404,665,259	(939,961)	403,725,298
Total comprehensive Income for the year		–	404,665,259	262,277,150	666,942,409
Contributions by and distributions to owners					
Dividend paid		–	–	(14,000,000)	(14,000,000)
Total contributions by and distributions to owners		–	–	(14,000,000)	(14,000,000)
			–		
Balance as at 31 st March 2024		110,000,000	255,233,893	9,135,005,520	9,500,239,413
Comprehensive Income for the year					
Profit for the year		–	–	689,829,860	689,829,860
Other comprehensive Income		–	477,735,422	1,605,751	479,341,173
Total comprehensive Income for the year		–	477,735,422	691,435,611	1,169,171,033
Contributions by and distributions to owners					
Dividend paid		–	–	(14,000,000)	(14,000,000)
Total contributions by and distributions to owners		–	–	(14,000,000)	(14,000,000)
Balance as at 31 st March 2025		110,000,000	732,969,315	9,812,441,131	10,655,410,446

* Retained earnings are the cumulative net earnings of a company after accounting for dividend payments

** Fair value reserve of financial assets as at fair value through other comprehensive income (FVTOCI) relates to the changes in investment in equity shares.

Figures in bracket indicate deductions.

The accounting policies and notes on pages 25 to 50 form an integral part of these financial statements.

Colombo
22 August 2025

RENUKA CITY HOTELS PLC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST MARCH

		2025 Rs.	2024 Rs.
Cash flows from operating activities			
Profit before taxation	Note	709,516,651	289,052,156
Adjustment for:			
Depreciation	16	10,317,759	13,228,045
Interest income	11	(610,691,911)	(709,443,250)
Dividend income	10	(93,711,041)	(69,943,394)
Profit on sale of shares	10	(74,019,440)	(30,135,331)
Fair value gain on investment in unit trust	10	(873,071)	(131,461)
Provision for employee benefit obligation	24	698,538	990,865
Operating (loss) before working capital changes		(58,762,515)	(506,382,370)
Changes in working capital			
Decrease in inventories		169,000	1,020,395
Increase in other receivables, deposits and pre payments and amount due from related party		(314,639)	(1,684,016)
(Decrease)/ Increase in other payables and amount due to related parties		(4,859,463)	21,677,960
Cash used in operating activities		(63,767,617)	(485,368,031)
Income tax paid	28	(190,292)	(1,134,603)
Gratuity paid	24	(130,000)	(328,250)
Net cash used in operating activities		(64,087,909)	(486,830,884)
Cash flows from investing activities			
Net proceed from investments in shares	18	7,582,543	37,296,539
Net proceed from investment in fixed deposits	18	(1,667,176,405)	3,794,328,310
Investment in unit trust	18	24,723,699	(23,730,000)
Dividends received		66,798,497	36,160,290
Interest received	11	610,691,911	709,443,250
Purchase of property, plant and equipment	16	(154,580)	(189,990)
Net cash generated from investing activities		(957,534,335)	4,553,308,399
Cash flows from financing activities			
Dividend paid		(14,000,000)	(14,000,000)
Net cash used in financing activities		(14,000,000)	(14,000,000)
Net (Decrease) / increase in cash and cash equivalents during the year		(1,035,622,244)	4,052,477,515
Cash and cash equivalents at the beginning of the year		5,354,628,322	1,302,150,807
Cash and cash equivalents at the end of the year (Note A)		4,319,006,077	5,354,628,322
Note A			
At the end of the year			
Bank overdraft		(1,784,342)	(2,527,263)
Cash in hand and at bank	22	4,320,790,419	5,357,155,685
Cash and cash equivalents at end of the period		4,319,006,077	5,354,628,322

Figures in bracket indicate deductions.

The accounting policies and notes on pages 25 to 50 form an integral part of these financial statements.

Colombo
22 August 2025

MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENT

01 ACCOUNTING POLICIES

1.1. Domicile and legal form and nature of the business

Renuka City Hotels PLC (the "company"), is a public limited liability company incorporated & domiciled in Sri Lanka and listed in the Colombo Stock Exchange. It has entered into an agreement with the Board of Investment of Sri Lanka in terms of Section 17 of the GCEC Law No. 04 of 1978 to set up/conduct and operate the business of a hotel. The corporate information is disclosed in page No. 02 of the Annual Report.

1.2. Parent enterprise and ultimate parent enterprise

The Company's parent and ultimate parent undertaking and controlling party is Renuka Hotels PLC.

1.3 Principal activity and nature of operation

The principal activity of the Company is operating a Hotel.

1.4 Number of employees

The total number of employees of the Company as at 31st March 2025 is 53 (2024 – 51).

02 BASIS OF PREPARATION

2.1 Statement of compliance

The statement of financial position, statement of profit or loss and other comprehensive income, changes in equity and statement of cash flows, together with the notes, (the "Financial Statements") of the Company as at 31 March 2025 and for the period then ended have been prepared in accordance with Sri Lanka Accounting Standards, promulgated by the Institute of Chartered Accountants of Sri Lanka and complies with the requirements of the Companies Act No 07 of 2007 and the listing rules of the Colombo Stock Exchange.

The financial statements were authorized for issue by the Board of Directors on 22nd August 2025.

2.2 General accounting policies

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:

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

2.3 Functional and presentation currency

The financial statements of the Company are presented in Sri Lankan Rupees, which is the Company's functional and presentation currency. All financial information presented in Sri Lanka Rupees has been rounded to the nearest rupee.

2.4 Use of estimates and judgments

The preparation of Financial Statements, management has made judgments, estimates and assumptions that affect the application of Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and revisions to accounting estimates are recognized prospectively.

MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENT *(Contd.)*

Information about significant areas of estimates, uncertainty and critical judgments in applying accounting policies that have the most significant effects on the amounts recognized in these financial statements are included in the following notes.

- | | |
|------------|-------------------------------------------------|
| Note 3.1.3 | - Impairment of assets |
| Note 3.1.4 | - Non-Financial assets and basis of measurement |

2.5 Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non- financial assets and liabilities.

The company regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, Company assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SLFRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

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

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair value is included in note 30.2

2.6 Going concern

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

2.7 Comparative information

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

MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENT *(Contd.)*

3. MATERIAL ACCOUNTING POLICY INFORMATION

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

3.1.1 Foreign currency transactions

Transactions in foreign currencies are translated to Sri Lanka Rupees at the foreign exchange rate prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to Sri Lanka Rupees at the foreign exchange rate prevailing as at the reporting date. Non-monetary assets and liabilities which are stated at historical cost denominated in foreign currencies are translated to Sri Lanka Rupees at the exchange rate prevailing at the dates of the transactions. Non-monetary assets & liabilities that are stated at fair value denominated in foreign currencies are translated to Sri Lanka Rupees at the exchange rate prevailing at the dates that the values were determined. Foreign exchange differences arising on translation are recognized in the Statement of profit or loss and other comprehensive income.

3.1.2 Financial instruments

Non derivative Financial assets

(a) Recognition and initial measurement

The Company initially recognises "Trade receivables and debt securities" when they are originated. All other financial assets are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets other than trade receivables that do not contain a significant financing component are initially measured at fair value plus, transaction costs that are directly attributable to its acquisition.

(b) Classification and subsequent measurement

On initial recognition, the company classifies a financial asset as measured at amortised cost; Fair Value through other comprehensive Income (FVOCI); or Fair Value through Profit or Loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. At the end of each reporting period all classifications are re-evaluated to the extent that such classification is required and permitted.

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

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENT *(Contd.)*

An investment is measured at FVOCI if it is held within a business model where the objective is achieved by both collecting contractual cash flows and selling financial assets.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. The Company's investment in equity investments are classified as Fair Value through OCI.

Debt Securities measured at amortised cost

Debt securities that were previously classified as held to maturity are now classified at amortised cost. The Company intends to hold the assets to maturity to collect contractual cashflows and these cashflows consist solely of payments of principal and interest on the principal amount outstanding.

Equity Securities measured at FVOCI

The Company's investment in equity securities are classified as fair value through other comprehensive income (FVOCI).

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

Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL: it is held within a business model whose objective is to hold assets to collect contractual cash flows; and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets classified and measured at amortised cost are limited to its investments in fixed deposits, other receivables, deposits and prepayments and cash & cash equivalents.

(c) Business model assessment

- The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:
- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Company's management;

MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENT *(Contd.)*

- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for de-recognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

(d) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

(e) Subsequent measurement and gains and losses

Equity investments at FVOCI

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

Financial assets at amortized cost

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

(f) De-recognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire; it transfers the right to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset. In these cases, the transferred assets are not derecognised.

MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENT *(Contd.)*

Non derivative financial liabilities

(a) Recognition and initial measurement

The Company 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 Company's financial liabilities comprise of bank overdrafts, trade and other payables, and amounts due to related party.

Financial liabilities are classified as other financial liabilities or 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 gains and losses, including any interest expense, are recognised in profit or loss.

(b) Subsequent measurement

Other financial liabilities are subsequently measured at amortized 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.

3.1.3 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 Company recognises loss allowances for Expected Credit Losses (ECLs) on:

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

The Company 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 Company considers reasonable and

MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENT *(Contd.)*

supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

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

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company 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 Company is exposed to credit risk.

Measurement of ECL for trade debtors

Given the nature of the trade debtors of the Company, 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 Company assesses whether financial assets carried at amortized 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 Company on terms that the Company 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 amortized 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.

3.1.4 Non-Financial assets and basis of measurement

(a) Property, plant and equipment

Property, plant and equipment are tangible items that are held for servicing, or for administrative purposes and are expected to be used during more than one period.

Basis of Recognition

Property, plant and equipment are recognized if it is probable that future economic benefits

MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENT *(Contd.)*

associated with the assets will flow to the Company and cost of the asset can be reliably measured.

Basis of Measurement

An item of property, plant and equipment that qualifies for recognition as an asset is measured at its cost. Cost includes expenditure that is directly attributable to the acquisition of the asset and cost incurred subsequently to add to, replace part of, or service it. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for their intended use and the costs of dismantling and removing the items and restoring the site on which they are located.

Subsequent costs

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalized. The cost of replacing part of an item of property, plant & equipment is recognized in the carrying amount of the item, if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The cost of the day-to-day servicing of property, plant and equipment are recognized in statement of profit or loss and other comprehensive income as incurred.

De-recognition

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the de recognition of an item of property, plant and equipment is included in statement of profit or loss and other comprehensive income when the item is derecognized. When replacement costs are recognized in the carrying amount of an item of property, plant and equipment, the remaining carrying amount of the replaced part is derecognized. Major inspection costs are capitalised. At each such capitalization, the remaining carrying amount of the previous cost is derecognized.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset or other amount substituted for cost, less its residual value. Depreciation is recognized in the statement of profit or loss and other comprehensive income on straight-line basis over the estimated useful lives of each 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 estimated useful lives for the current and comparative periods are as follows:

Buildings	50 Years
Furniture, fixtures & electrical equipment	03 - 16 Years
Motor vehicles	05 Years
Air conditioners, lifts & generators	10 - 20 Years
Comput ers	03 Years

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized.

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

MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENT *(Contd.)*

(b) 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.

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 or method, as appropriate, and treated as changes in accounting estimates. Amortisation 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 is as follows:

Computer software - 3 Years

Gains or losses arising from derecognition of an 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.

(c) 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.

(d) Liabilities and provisions

Liabilities

Liabilities classified as current liabilities in the statement of financial position are those, which fall due for payment on demand or within one year from the reporting date. Non-current liabilities are those balances that fall due for payment after one year from the reporting date.

Provisions

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, 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 where appropriate, the risks specific to the liability.

(e) Retirement benefit obligation

Defined contribution plans

A defined contribution plan is a post-employment plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay a

MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENT *(Contd.)*

further amount. Obligations for contributions to defined contribution plans are recognized as expense in the statement of profit and loss and other comprehensive income in the period during which related services are rendered by employees. Employees' Provident Fund the Company and Employees' contribute 12% & 8% respectively on the salary of each employee respectively. Said provident fund is being managed by the Central Bank of Sri Lanka. Employees Trust Fund the Company contributes 3% of the salary of each employee to the Employees' Trust Fund. Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Defined benefit plans - retiring gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company 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.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gain or losses on the settlement of a defined plan when the settlement occurs.

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.

(f) Capital commitments & contingencies

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefits is not probable or cannot be reliably measured. Capital commitment and contingent liabilities of the Company are disclosed in the respective notes to the Financial Statements.

(g) Events after the reporting date

The materiality of the events after the reporting date has been considered and appropriate adjustments and provisions have been made in the financial statements wherever necessary.

3.1.5 Statement of profit and loss and other comprehensive income

(a) Revenue recognition

Performance obligations and revenue recognition policies

SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised.

Contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The Company's performance obligations and significant judgements are summarised below:

The revenue for providing the services are usually recognised at or after the guests' departure, over the period of stay or at the point of arrival of guests. The entity identifies the services under

MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENT *(Contd.)*

each contract as one performance obligation. The revenue is accounted based on the output method. Since revenue will be based on the final good or service provided, the output method will provide a faithful depiction in recognising revenue. Accordingly, revenue is recognised on the rooms occupied on daily basis and food and beverages and hotel related sales are accounted for at the time of sale and rental income is recognised on an accrual basis.

(b) Cost of sales

The total food cost incurred by Renuka Hotels PLC and Renuka City Hotels PLC is initially recognized by Renuka Hotels PLC. The food cost applicable to Renuka City Hotels PLC is subsequently transferred to the entity based on food related revenue of Renuka City Hotels PLC. 90% of electricity, water and maintenance expenses are included in cost of sales and the balance 10% is recognized under administrative expenses. The total salary cost of employees are recorded under salaries and related expenses not allocated to cost of sales, due to practical difficulties in identifying directly attributable salary cost for cost of sales.

(c) Other income

Other income is recognized on an accrual basis. Net profits from the disposal of property, plant and equipment and other non-current assets, including investments, are accounted for in profit or loss, after deducting from the proceeds from disposal, the carrying amount of such assets and the related selling expenses. Gains and Losses arising from incidental activities to main revenue generating activities and those arising from a group of similar transactions which are not material, are aggregated, reported and presented on a net basis.

Dividend income is recognized in statement of profit or loss and other comprehensive income on the date that the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(d) Expenditure

All expenditure incurred in running of the business and in maintaining the property, plant & equipment in a state of efficiency has been charged to revenue in arriving at the profit for the year.

For the purpose of presentation of statement of profit or loss and other comprehensive income, the Directors are of the opinion that function of expense method present fairly the elements of the enterprise's performance, hence such presentation method is adopted. Expenditure incurred for the purpose of acquiring, expanding or improving assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earning capacity of the business has been treated as capital expenditure.

Repairs and renewals are charged to the statement of profit and loss and other comprehensive income the year in which the expenditure is incurred. The profit earned by the Company is before income tax expense and after making provision for all known liabilities and for the depreciation of property, plant & equipment and amortisation of intangible assets.

(e) Finance income

Finance income comprises interest income and foreign currency gains or losses. Interest income is recognised using the effective interest method. Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENT *(Contd.)*

(f) Income tax expense

Income tax on the profit for the year comprises current and deferred tax. Income tax is recognized directly in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognized directly in equity or other comprehensive income.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore will account for them under LKAS 37 - Provisions, Contingent Liabilities and Contingent Assets.

(g) Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment made to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

(h) Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date and reflects uncertainty related to income taxes if any.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period to cover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

(i) Basic earnings per share (EPS)

The financial statements present basic earnings per share (EPS) for its ordinary shareholders. The basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENT *(Contd.)*

04 RELATED PARTY TRANSACTIONS - LKAS 24

The Company carries out transactions in the ordinary course of business with parties who are defined as related parties in LKAS 24 - "Related Party Disclosures".

05 STATEMENT OF CASH FLOW

The statement of cash flows has been prepared by using the "indirect method" of preparing cash flows in accordance with the Sri Lanka Accounting Standard – LKAS 7 on 'Statement of cash flows'.

Cash and cash equivalents comprise of cash in hand, short term call deposits and cash at bank.

06 NEW ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATION ISSUES BUT NOT YET EFFECTIVE.

(a) The following new and amended standards are not expected to have a significant impact on the company's financial statements.

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2025 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

Accounting Standard	Description	Effective Date
Amendments to LKAS 21 The Effects of Changes in Foreign Exchange Rates	Lack of exchangeability	1 st January 2025
SLFRS S1 - General Requirements for Disclosure of Sustainability related Financial Information	To disclose information about its sustainability-related risks and opportunities that are useful to users of general-purpose financial reports in making decisions	1 st January 2025
SLFRS S2 Climate-related Disclosures	To disclose information about its climate-related risks and opportunities that is useful to users of general-purpose financial reports in making decisions	1 st January 2025
SLFRS 17 – Insurance Contracts	Measure Insurance Contract Liability at a current fulfilment value and provide a more uniform measurement and presentation approach for all insurance contracts	1 st January 2026
Amendments to SLFRS 9 and SLFRS 7	Classification and Measurement of financial instruments Contracts Referencing Nature-Dependent Electricity	1 st January 2026
SLFRS 18 Presentation and Disclosure in Financial Statements	Replacing LKAS 1 – Presentation of Financial Statements	On or after 1 st January 2027

MATERIAL ACCOUNTING POLICY INFORMATION TO THE
FINANCIAL STATEMENT *(Contd.)*

SLFRS 19 Subsidiaries without Public Accountability: Disclosures		On or after 1 st January 2027
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07 SEGMENT REPORTING

A segment is a distinguishable component of the company that is engaged either in products or services which are subject to risks and rewards that are different from those of other segments. The company does not distinguish its products for different segments as differentiations are insignificant.

The chief operating decision maker considers the performance of the Company as a whole considering the total operations as one segment in assessing the performance of the company and making decisions about the resource allocation within the company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH

	2025 Rs.	2024 Rs.
8. REVENUE		
Gross revenue	287,660,460	282,824,383
Less: Service charge	(26,070,641)	(25,625,441)
Revenue (Note 8.1)	<u>261,589,819</u>	<u>257,198,942</u>
Disaggregation of Revenue		
Revenue is disaggregated by nature of revenue		
8.1 - Revenue		
Tariff & extra bed	202,359,977	182,060,900
Plan sales	29,999,035	26,709,742
Pool extras	800,410	348,790
Ebony	3,778,280	3,216,291
Eclipse	1,310,140	690,940
IDD calls income	4,203	4,294
Banquet	11,904,525	35,033,295
Room service	8,745,990	6,532,229
Laundry	1,803,850	1,657,933
Travel desk	883,409	944,528
	<u>261,589,819</u>	<u>257,198,942</u>
9. COST OF SALES		
Food cost based on allocation	20,344,961	31,618,578
Liquor	267,771	63,977
Fuel	591,334	360,794
House keeping	2,743,781	3,465,682
Maintenance	13,143,570	4,498,297
Electricity	16,857,828	24,380,659
Water	1,379,241	1,127,948
Commission expense	3,372,195	5,411,506
	<u>58,700,681</u>	<u>70,927,441</u>
10. OTHER OPERATING INCOME		
Dividend income	93,711,041	69,943,394
Profit on sale of shares	74,019,440	30,135,331
Fair value gain on investment in unit trust	873,071	131,461
	<u>168,603,552</u>	<u>100,210,186</u>
11. NET FINANCE INCOME		
Exchange loss	(128,413,571)	(571,316,745)
Interest income	610,691,911	709,443,250
	<u>482,278,340</u>	<u>138,126,505</u>
Finance expense	—	—
Net finance income	<u>482,278,340</u>	<u>138,126,505</u>

RENUKA CITY HOTELS PLC

NOTES TO THE FINANCIAL STATEMENTS (*Contd.*)

FOR THE YEAR ENDED 31ST MARCH

		2024/2025 Rs.	2023/2024 Rs.
12. PROFIT BEFORE TAX IS STATED AFTER CHARGING ALL EXPENSES INCLUDING FOLLOWING			
Directors emoluments		24,956,250	24,750,000
Auditors remuneration - Audit		295,300	293,000
Depreciation on property, plant and equipment		10,317,759	13,228,045
Salaries and related cost		69,477,023	68,293,991
12.1 Salaries and related expenses			
Salaries and wages		18,202,223	14,560,452
Over time		493,229	418,722
E.P.F.		4,737,998	4,534,356
E.T.F.		1,232,040	1,133,589
Service charge		-	4,692,864
Director bonus and ex-gratia		34,423,648	35,350,843
Staff welfare		3,609,040	650,240
Provision for employee benefit obligations		698,538	990,865
Travelling expense		6,080,307	5,962,060
		69,477,023	68,293,991
13. INCOME TAX EXPENSES			
Current taxation	13.1	18,161,145	-
Income tax under provision		152,398	-
Deferred taxation	25.1.1	1,373,248	25,835,045
Total income tax		19,686,791	25,835,045

13.1 Reconciliation between the income tax expense and the product of accounting profit

Numerical reconciliation between the tax expense and product of accounting profit multiplied by the applicable tax rate disclosing also the basis on which the applicable tax rate has been computed is given below.

	2024/2025 Rs.	2023/2024 Rs.
Profit before taxation	709,516,651	289,052,156
Aggregate disallowable expenses	141,814,169	586,295,086
Aggregate allowable expenses	(3,421,285)	(5,206,131)
Exempt amounts	(776,542,679)	(809,521,975)
Taxable income	71,366,856	60,619,136
Losses claimed from business	(10,829,705)	(60,619,136)
Assessable income	60,537,151	-
Current taxation	18,161,145	-

14. BASIC EARNINGS PER SHARE

The calculation of basic earnings per share is based on the net profit attributable to ordinary shareholders to the weighted average of number of ordinary shares outstanding during the year as follows.

	2024/2025 Rs.	2023/2024 Rs.
Profit attributable to ordinary shareholders (Rs.)	689,829,860	263,217,111
Weighted average no. of ordinary shares (Nos.)	7,000,000	7,000,000
Basic/diluted earnings per share (Rs.)	98.55	37.60

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

FOR THE YEAR ENDED 31ST MARCH

	2024/2025 Rs.	2023/2024 Rs.
15. DIVIDEND PER SHARE		
Dividend for the year (Rs.)	14,000,000	14,000,000
Weighted average number of ordinary shares (Nos.)	7,000,000	7,000,000
Dividends per share (Rs.)	2.00	2.00

16. PROPERTY, PLANT AND EQUIPMENT

Description	Freehold land and building Rs.	Furniture, fixtures & electrical equipment Rs.	Motor vehicles Rs.	Air conditioners, lifts & generator Rs.	Total Rs.
Cost					
Balance as at 01 st April 2024	341,767,730	92,575,149	34,250,000	53,665,161	522,258,030
Additions during the year	-	154,580	-	-	154,580
Balance as at 31st March 2025	341,767,730	92,729,719	34,250,000	53,665,161	522,412,610
Accumulated depreciation					
Balance as at 01 st April 2024	82,860,822	87,238,288	34,250,000	43,997,783	248,346,893
Charge for the year	5,992,492	1,911,954	-	2,413,313	10,317,759
Balance as at 31st March 2025	88,853,314	89,150,242	34,250,000	46,411,096	258,664,652
Net book value					
Balance as at 31 st March 2025	252,914,416	3,759,477	-	7,254,065	263,747,958
Balance as at 31st March 2024	258,906,908	5,336,851	-	9,667,378	273,911,137

16.1 Extent, Locations, Valuations and number of buildings and land holdings.

Locations	Number of buildings	Extent of land A. R. P.	Cost	Fair Value
Land & Building - No. 326, Galle Road, Colombo 3.	1	- 1 1.05	341,767,730	905,425,000

Property had been valued, by professional valuer Mr. T. Hilmy Farook (fellow member of the Institute of Valuers Sri Lanka) on 31st March 2024. Based on the valuation techniques used it has been classified under level 3 in fair value hierarchy.

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

	as at 31.03.2025 Rs.	as at 31.03.2024 Rs.
Furniture, fixture and electrical equipment	68,303,751	44,700,892
Motor vehicles	34,250,000	34,250,000
Air conditions, lifts and generators	14,795,942	14,795,942
	117,349,693	93,746,834

16.3 Property plant and equipment pledged as security

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

RENUKA CITY HOTELS PLC

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

AS AT 31ST MARCH

17. INTANGIBLE ASSETS

	2024/2025 Rs.	2023/2024 Rs.
Cost		
Balance as at 01 st April	4,261,191	4,261,191
Acquired during the year	-	-
Balance as at 31st March	4,261,191	4,261,191
Accumulated amortization		
Balance as at 01 st April	4,261,191	4,261,191
Charge for the year	-	-
Balance as at 31st March	4,261,191	4,261,191
Carrying amount as at 31st March	-	-

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

	2025 Rs.	2024 Rs.
Computer software	4,261,191	4,261,191

18. INVESTMENTS IN FINANCIAL ASSETS

	2024/2025 Rs.	2023/2024 Rs.
Investment in quoted companies - fair value through OCI (Note 18.1)	1,851,118,904	1,280,034,041
Investment in unquoted companies - fair value through OCI (Note 18.2)	-	-
Investment in unit trust - fair value through profit or loss (Note 18.3)	10,834	23,861,461
Investment in fixed deposits - amortised cost (Note 18.4.1)	-	38,893,812
	1,851,129,738	1,342,789,314

18.1 Investments in quoted companies - equity securities

	2025			2024		
	No. of Shares	Cost Rs.	Fair Value Rs.	No. of Shares	Cost Rs.	Fair Value Rs.
Access Engineering PLC	150,000	3,750,000	5,775,000	150,000	3,750,000	3,390,000
Aitken Spence & Company PLC	6,110	1,004,376	780,553	6,110	1,004,376	795,828
Aitken Spence Hotel Holdings PLC	-	-	-	462	2,418	30,585
Balangoda Plantations PLC	-	-	-	100	2,000	5,010
Commercial Bank of Ceylon PLC	4,147,888	281,983,770	611,813,479	3,786,065	242,651,656	369,898,550
D.F.C.C. Bank PLC	8,756,674	588,250,659	928,207,444	8,241,899	537,965,190	626,384,324
Dialog Axiata PLC	68,000	1,343,000	972,400	68,000	1,343,000	795,600
Hotel Services Ceylon PLC	4,520,600	33,904,500	53,795,140	4,520,600	33,904,500	48,822,480
Chevron Lubricants Lanka PLC	706,000	73,777,000	97,075,000	706,000	73,777,000	76,071,500
Mackwoods Energy PLC	10,000	140,000	21,000	10,000	140,000	19,000
National Development Bank PLC	1,165,784	131,067,020	124,738,888	1,100,223	125,852,027	74,815,164
Royal Ceramics Lanka PLC	-	-	-	1,800,000	1,433,848	55,980,000
Royal Palms Beach Hotels PLC	80,000	711,571	2,640,000	84,200	748,929	2,526,000
Richard Pieris & Company PLC	1,000,000	4,560,793	25,300,000	1,000,000	4,560,793	20,500,000
		1,120,492,689	1,851,118,904		1,027,135,737	1,280,034,041

18.2 Investments in unquoted companies - equity securities

The Company designated the investments shown below as equity securities at FVOCI because these equity securities represent investments that the Company intends to hold for the long term for strategic purposes.

	No. of Shares	2025 Cost Rs.	Fair Value Rs.	No. of Shares	2024 Cost Rs.	Fair Value Rs.
Crescent Launderers & Dry Cleaners	-	-	-	7,500	150,000	12,736,575
Balance as at the beginning of the year	-	-	-	(7,500)	(150,000)	(12,736,575)
Less Disposal During the year	-	-	-	-	-	-
Balance as at the end of the year	-	-	-	-	-	-

There were no dividend income recognised during the year or in the previous year.

18.3 Investment in unit trust - fair value through profit or loss

	Fair value as at 1st April 2024 Rs.	Additions Rs.	Disposals Rs.	Fairvalue adjustment Rs.	Fair value as at 31st March 2025 Rs.
Investment in unit trust					
NDB Wealth Management Ltd.	23,861,461	54,349,000	79,072,699	(873,072)	10,834
	23,861,461	54,349,000	79,072,699	(873,072)	10,834

NOTES TO THE FINANCIAL STATEMENTS (Contd.) AS AT 31ST MARCH

18.4 Investments in fixed deposits - amortised cost	As at 31.03.2025		As at 31.03.2024	
	Market Value Rs.	Amortised Cost Rs.	Market Value Rs.	Amortised Cost Rs.
18.4.1 Non current	-	-	38,893,812	38,893,812
Fixed deposits	-	-	38,893,812	38,893,812
18.4.2 Current	4,341,032,428	4,341,032,428	2,634,962,211	2,634,962,211
Fixed deposits	4,341,032,428	4,341,032,428	2,634,962,211	2,634,962,211
19. INVENTORIES			2025 Rs.	2024 Rs.
Liquor and beverages			192,644	215,720
Fuel stock			442,136	588,060
			634,780	803,780
20. OTHER RECEIVABLES				
Staff loan			1,260,175	639,568
With holding tax receivable			2,826,257	2,732,274
Other receivable			-	438,521
			4,086,432	3,810,363
21. DEPOSITS AND PREPAYMENTS				
Insurance			3,715,992	3,781,799
Deposits - electricity			1,400,000	1,400,000
Maintenance			1,427,581	609,248
Capital advance			-	447,182
Others			2,185,846	2,452,620
			8,729,419	8,690,849
22. CASH AND CASH EQUIVALENTS				
Cash in hand			100,000	200,000
Cash at bank			4,320,690,419	5,356,955,685
			4,320,790,419	5,357,155,685
			(1,784,342)	(2,527,363)
Bank overdraft			4,319,006,077	5,354,628,322
23. STATED CAPITAL AND RESERVES			2025	2024
Ordinary shares (NOS)			7,000,000	7,000,000
Stated Capital (Rs.)			110,000,000	110,000,000

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

RENUKA CITY HOTELS PLC

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

24. RETIREMENT BENEFIT OBLIGATION

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company 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.

	As at 31.03.2025 Rs.	As at 31.03.2024 Rs.
Balance at the beginning of the year	6,494,349	4,488,932
Current service cost	468,098	307,332
Interest cost	230,440	683,533
Actuarial loss/(gain)	(2,293,930)	1,342,802
	4,898,957	6,822,599
Payments made during the year	(130,000)	(328,250)
Balance at the end of the year	4,768,957	6,494,349

The employee benefit liability of the Company is based on the actuarial valuation carried out by Mr. Thanuja Krishnaratna, Actuary. Actsure Lab (Pvt) Ltd., a firm of professional actuaries as at 31st March 2025.

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

	2024/2025	2023/2024
Discount rate	11.50%	12.42%
Salary increment rate	9.72%	22.50%
Staff turnover rate	38.50%	29.20%
Retirement age	60 years	60 years

Sensitivity analysis

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

	2024/2025 Rs.		2023/2024 Rs.	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(4,747,029)	4,792,305	(6,427,370)	6,570,500
Future salary growth (1% movement)	4,834,529	(4,704,778)	6,612,699	(6,383,497)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Maturity analysis of the payments

The following payments are expected on employee benefit liabilities in future years from the fund as follows;

	2024/2025	2023/2024
Within 12 months	4,152,954	4,727,177
Between 1-2 years	182,864	-
Between 2-5 years	55,616	219,467
Between 5-10 years	355,412	1,259,300
Beyond 10 years	22,111	288,405
Total	4,768,955	6,494,349

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

AS AT 31 MARCH		As at 31.03.2025 Rs.	As at 31.03.2024 Rs.
25.	DEFERRED TAXATION		
	Deferred tax liabilities	66,384,477	68,492,419
	Deferred tax assets	(1,430,687)	(5,600,056)
	Note 25.1	<u>64,953,790</u>	<u>62,892,363</u>
Deferred taxes are calculated on all temporary differences under the liability method using a principle tax rate of 30%. The movement in the deferred tax account is as follows:			
25.1	The movement of the net deferred tax liability is as follows:		
	Balance the beginning of the year	62,892,363	37,460,159
	Originated during the year	2,061,427	25,432,204
	Balance the end of the year	<u>64,953,790</u>	<u>62,892,363</u>
25.1.1	Deferred tax charge recognised as follows:		
	Deferred tax charge recognised in profit or loss	1,373,248	25,835,045
	Deferred tax charge recognised in other comprehensive income	688,179	(402,841)
		<u>2,061,427</u>	<u>25,432,204</u>
25.2	Deferred tax assets and liabilities are attributable to the followings:		
		2024/2025	2023/2024
		Temporary differences	Temporary differences
		Tax effect	Tax effect
		Rs.	Rs.
	On property, plant and equipment	221,281,590	228,308,064
	Employee benefits	(4,768,957)	(6,494,348)
	Tax losses	-	(12,172,505)
		<u>216,512,633</u>	<u>209,641,211</u>
		<u>64,953,790</u>	<u>62,892,363</u>
		As at 31.03.2025 Rs.	As at 31.03.2024 Rs.
26.	TRADE AND OTHER PAYABLE		
	Trade creditors	8,903,960	5,474,401
	Bonus	9,725,875	21,014,543
	Value added tax	3,326,968	5,344,949
	Other	13,132,986	8,908,732
	Provision for medical and damages	3,061,443	2,357,754
	Dividend	4,947,283	4,715,241
		<u>43,098,515</u>	<u>47,815,620</u>
27.	AMOUNT DUE TO RELATED PARTY		
	Renuka Hotels PLC	1,973,979	2,116,337
		<u>1,973,979</u>	<u>2,116,337</u>
28.	INCOME TAX PAYABLE		
	Balance at the beginning of the year	37,894	1,172,497
Add:	Income tax provision for the year	18,161,145	-
	Under provision in respect of previous year	152,398	-
Less:	Income tax payments during the year	(190,292)	(1,134,603)
	Balance at the end of the period	<u>18,161,145</u>	<u>37,894</u>

RENUKA CITY HOTELS PLC

NOTES TO THE FINANCIAL STATEMENTS *(Contd.)*

AS AT 31ST MARCH

29. RELATED PARTY TRANSACTIONS

The Company carries out transactions in the ordinary course of business with parties who are defined as related parties in LKAS 24 - "Related Party Disclosures" the details of which are reported below.

29.1. Transactions with Parent Company

	2025 Rs.	2024 Rs.
Cost of food sales	19,537,676	30,097,459
Insurance premiums	6,289,972	6,735,155

The total food cost is incurred by Renuka Hotels PLC and Renuka City Hotels PLC is initially recognised by Renuka Hotels PLC. The food cost applicable to Renuka City Hotels PLC is subsequently apportioned between the two entities based on the food related revenue reported in each entity.

Trade receivables are collected by Renuka Hotels PLC (parent company) on behalf of the Company and the respective debtors settlements recorded through related party current account. The balance payable to Renuka Hotels PLC amounted to Rs 1,973,979/- as at 31st March 2025.

29.2 Transactions with other related entities

Name of the Company and relationship	Name of Director	Nature of transaction	Value of Transactions	
			2024/25 Rs	2023/24 Rs
Crescent Launderes & Dry Cleaners (Pvt) Ltd	Mr. R.B. Thambiayah	Expenses incurred	11,041,267	10,204,067
	Mrs. N.A Thambiayah			
	Mrs. M.A. Jayawardana	Fund received	(11,041,267)	(10,204,067)
	Ms. S.R. Thambiayah			
Renuka Consultants & Services Ltd	Ms. N.R. Thambiayah			
	Mr. R.B. Thambiayah	Expenses incurred	-	12,631,102
	Mrs. N.A Thambiayah			
	Ms. S.R. Thambiayah	Fund received	-	(12,631,102)
	Ms. N.R. Thambiayah			
	Ms. A.L. Thambiayah			

Non - Recurrent related party transactions

There were no non-recurrent related party transactions which the aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower, of the Company as per 31 March 2025 audited financial statements, which required additional disclosures in the 2024/25 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities 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 2025 audited financial statements, which required additional disclosures in the 2024/25 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities Exchange Commission Act.

29.3 Transactions with Key Management Personnel ("KMP")

According to LKAS 24 "Related Party Disclosures", key management personnel are those with authority and responsibility for planning and controlling the activities of the entity. Accordingly, the Directors of the Company and its parent company (including executive and non executive directors) have been classified as KMP of the Company.

Compensation to key management personnel (Board of Directors) are follows:

	2024/2025 Rs.	2023/2024 Rs.
Short term benefits	58,488,336	59,038,343
Long term benefits	4,502,572	6,014,043

30. ACCOUNTING CLASSIFICATIONS AND FAIR VALUES

The face value of the financial assets and the liabilities together with the carrying amounts shown in the statement of financial position according to its categories are as follows:

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

AS AT 31ST MARCH

30.1 Classification of financial assets and liabilities

As at 31st March 2025	Financial assets at amortised cost Rs.	Financial assets at FVTOCI Rs.	Financial assets at FVTPL Rs.	Financial liabilities at amortised cost Rs.	Total Rs.
Financial assets					
Investments in financial assets	4,341,032,428	1,851,118,904	10,834	-	6,192,162,166
Other receivables (excluding WHT)	1,260,175	-	-	-	1,260,175
Deposits	1,400,000	-	-	-	1,400,000
Cash and Cash equivalents	4,320,790,419	-	-	-	4,320,790,419
Total Financial Assets	8,664,483,022	1,851,118,904	10,834	-	10,515,612,760
Financial Liabilities					
Trade and other payables	-	-	-	43,098,515	43,098,515
Amounts due to related party	-	-	-	1,973,979	1,973,979
Bank overdraft	-	-	-	1,784,342	1,784,342
Total Financial Liabilities	-	-	-	46,856,836	46,856,836

As at 31st March 2024	Financial assets at amortised cost Rs.	Financial assets at FVTOCI Rs.	Financial assets at FVTPL Rs.	Financial liabilities at amortised cost Rs.	Total Rs.
Financial assets					
Investments in financial assets	2,673,856,023	1,280,034,041	23,861,461	-	3,977,751,525
Other receivables (excluding WHT)	1,078,089	-	-	-	1,078,089
Deposits	1,400,000	-	-	-	1,400,000
Cash and Cash equivalents	5,357,155,685	-	-	-	5,357,155,685
Total Financial Assets	8,033,489,797	1,280,034,041	23,861,461	-	9,337,385,299
Financial liabilities					
Trade and other payables	-	-	-	47,815,620	47,815,620
Amounts due to related parties	-	-	-	2,116,337	2,116,337
Bank overdraft	-	-	-	2,527,363	2,527,363
Total financial Liabilities	-	-	-	52,459,320	52,459,320

30.2 Fair value hierarchy

As at 31st March 2025	Level 01 (Rs)	Level 02 (Rs)	Level 03 (Rs)	Total (Rs)
Financial assets				
Investments in financial assets				
- Investments in equity securities - quoted	1,851,118,904	-	-	1,851,118,904
- Investments in unit trust	-	10,843	-	10,834
Total Financial assets	1,851,118,904	10,843	-	1,851,129,738
As at 31st March 2024				
Investment in financial assets				
- Investments in equity securities - quoted	1,280,034,041	-	-	1,280,034,041
- Investments in equity securities - unquoted	-	23,861,461	-	23,861,461
Total financial assets	1,280,034,041	23,861,461	-	1,303,895,502

Assets for which fair value approximates carrying value

For financial assets and financial liabilities that have a short-term maturity (original maturities less than a year), it is assumed that the carrying amounts approximate their fair values

Accordingly, the following is a list of financial instruments whose carrying amount is a reasonable approximation of fair value.

	31.03.2025	31.03.2024
Assets		
Cash and cash equivalents	4,320,790,419	5,357,155,685
Financial assets amortised cost	4,341,032,428	2,634,962,211
Other receivables	2,660,175	2,478,089
	8,664,483,022	7,994,595,985
Liabilities		
Trade and other payables	43,098,515	47,815,620
Amounts due to related party	1,973,979	2,116,337
Bank overdraft	1,784,342	2,527,363
	46,856,836	52,459,320

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

31. FINANCIAL RISK MANAGEMENT - OBJECTIVES AND POLICIES

I Introduction

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

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

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

31.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's debentures, other receivables and cash at bank.

31.1.1 Exposure to credit risk

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company'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 31.03.2025 Rs.	As at 31.03.2024 Rs.
Other receivables (excluding WHT)	1,260,175	1,078,089
Investment in fixed deposits	4,341,032,428	2,673,856,023
Cash at bank	4,320,690,419	5,356,955,685
	<u>8,662,983,022</u>	<u>8,031,889,797</u>

31.1.2 Mitigation of credit risk

a) Other receivables

The Credit risk of the Company is low since other receivables of the Company mainly includes staff loans and sundry letters.

b) Cash and cash equivalents

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

Name	Rating
National Development Bank PLC	A(LKA) Fitch Ratings Lanka Ltd.
Commercial Bank of Ceylon PLC	AA(LKA) Fitch Ratings Lanka Ltd.
DFCC Bank PLC	A(LKA) Fitch Ratings Lanka Ltd.
Seylan Bank PLC	A+(LKA) Fitch Ratings Lanka Ltd.

31.2 Market risk

'Market' risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company'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.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

AS AT 31ST MARCH

31.2.1 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument fluctuate because of changes in market interest rates.

The Company's exposure to the risk of changes in market interest rates relates preliminary to the company's investments in securities. The Company utilises various financial instruments to manage exposure to interest rate risks

At the reporting date the company's interest bearing financial instruments we as follows,

	2025 Rs.	2024 Rs.
Investment in fixed deposits	4,341,032,428	2,673,856,023
Cash at bank	4,306,181,534	5,354,602,777
	8,647,213,962	8,028,258,000

31.2.1.1. Sensitivity analysis

Sensitivity analysis to a 100 basis point (bp) change interest rates, with all other variables held constant, of the company's profit/(loss) before.

	100 bp increase	100 bp decrease
2025	86,472,140	(86,472,140)
2024	80,284,588	(80,284,588)

31.2.2. Currency risk

The Company is sensitive to the fluctuations in exchange rates and it's principally exposed to fluctuations in the value of the Sri Lankan Rupee (LKR) against US Dollar (USD).

The Company's exposure to currency risks relates primarily to the company's foreign currency deposits held with various banks. The company generally does not convert its foreign currency and therefore the risk in this regard is very minimal. However, if the currency requires to be converted, the exchange rate for the conversion is negotiated with the bank and the best conversion rate agreed upon.

The following significant exchange rates were applied during the year:

	2025 Opening Rate	2025 Closing Rate	2025 Average Rate
USD	295.54	292.07	293.81

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the company is as follows.

As at 31 March	2025 USD	2024 USD
Net exposure	29,519,598	26,676,419
	29,519,598	26,676,419

31.2.2.1 Sensitivity Analysis

A reasonably possible strengthening / (weakening) of the Sri Lankan Rupee against the USD as at 31 March 2025 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. The LKR has depreciated against USD significantly after the reporting date, this may lead to substantial impact on the future profits of the Company.

	8% Increase	8% decrease
2025	645,381,912	(645,381,912)
2024	630,722,091	(630,722,091)

31.3 Liquidity Risk

Liquidity risk' is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity 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 Company's reputation.

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

NOTES TO THE FINANCIAL STATEMENTS *(Contd.)*

AS AT 31ST MARCH

Maturity analysis of liabilities are as follows:

Cash Flows	6 months or less	6 months to 1 year	1-2 years	2-5 years	more than 5 years	Total
As at 31st March 2025						
Trade and other payables	43,098,515	-	-	-	-	43,098,515
Amount due to related parties	-	1,973,979	-	-	-	1,973,973
Bank overdraft	1,784,342	-	-	-	-	1,784,342
	44,882,857	1,973,973	-	-	-	46,856,836
As at 31st March 2024						
Trade and other payables	47,815,620	-	-	-	-	47,815,620
Amount due to related parties	-	2,116,337	-	-	-	2,116,337
Bank overdraft	2,527,363	-	-	-	-	2,527,363
	50,342,983	2,116,337	-	-	-	52,459,320

31.4 Capital Management

The Company's objective of managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital.

The capital of the company consist of Ordinary share capital and Debt. However, Company's leverage is almost fully towards equity and the debt constitute only an insignificant part of the capital.

32. Events after the reporting date

There were no material events that occurred after the reporting date, which require adjustments or disclosures in the financial statements.

33. Capital commitments and contingent liabilities

There were no material Capital Commitments or Contingent Liabilities as at the reporting date, which require adjustment to or disclosures in the Financial Statements.

34. Litigation and Claims

There were no pending litigation or claims as at the reporting date, other than the following;

- Judgement was given dismissing the writ application (763/2010) 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. Leave to appeal, sc 400/2019, against the above judgement was mentioned in courts on 07th August 2025.
- Colombo municipal council has filed a cases (case No.25135/23 and No.37691/24) at the magistrates' court against the Hotel for operating restaurant without a Trade license for the year 2022 and 2023. The judgement was delivered on 24th April 2025 favouring the Colombo Municipal Council.

RENUKA CITY HOTELS PLC

INFORMATION TO SHAREHOLDERS AND INVESTORS

(1) Stock Exchange Listing

Renuka City 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 - 31 March 2025.

No. of Shareholders	Holdings	No. of Share Holders %	Total Holdings	Total Holdings
803	1 – 1,000	84.62	117,900	1.68
108	1001 – 10,000	11.38	389,667	5.57
34	10,001 – 100,000	3.58	911,447	13.02
3	100,001 – 1,000,000	0.32	549,178	7.85
1	Over 1,000,000	0.10	5,031,808	71.88
<u>949</u>		<u>100.00</u>	<u>7,000,000</u>	<u>100.00</u>

(3) TWENTY MAJOR SHAREHOLDERS

Name of Share Holders	No. of Shares As at 31.03.25	%	No. of Shares As at 31.03.24	%
Renuka Hotels PLC	5,031,808	71.88	5,031,808	71.88
J.B. Cocoshell (Private) Limited	267,346	3.82	269,803	3.85
Mr. Yusuf Husseinally Abdulhussein	143,600	2.05	128,107	1.83
Miss. Rukaiya Husseinally Abdulhussein	138,232	1.97	112,341	1.60
Mr. Husseinally Moshinally Abdulhussein/ Mr. S.E. Lokhandwalla	79,184	1.13	54,575	0.78
Est. of Late Mr. Merrill Joseph Fernando	70,350	1.01	70,350	1.01
Mr. Murtaza Ali Jafferjee	63,134	0.90	53,129	0.76
Mr. Muthusamy Asokan	60,698	0.87	44,296	0.63
Associated Electrical Corporation Ltd.	50,100	0.72	226,816	3.24
Est. of Late Mr. Kangasu Chelvadurai Vignarajah	36,497	0.52	36,497	0.52
Mr. Parami Tillakaratne	35,100	0.50	15,100	0.22
Merril J. Fernando & Sons (Pvt) Ltd.	33,750	0.48	33,750	0.48
Mr. Arunasalam Sithampalam	29,742	0.42	26,253	0.38
N. Vaitilingam & Company Ltd.	29,434	0.42	32,434	0.46
Mr. Thelge Ajith Peiris / Mr. Premjit Rajeev Nicholas	27,500	0.39	4,000	0.06
JB Capital (Private) Limited	26,268	0.38	-	-
Ceylon Galvanising Industries Ltd.	25,250	0.36	26,250	0.38
Mr. Joseph Antony Gerard Motha	25,000	0.36	29,000	0.41
Essajee Carimjee Insurance Brokers (Pvt)Ltd.	24,485	0.35	24,485	0.35
Mr. Chinthaka Parakrama Punyajith Gamalath Hapudeniya	22,330	0.32	22,330	0.32
TOTAL	<u>6,219,808</u>	<u>88.85</u>		

(4) Public Holding

The percentage of Shares held by the public as at 31 March 2025 is 27.86%. (2024 - 27.86%)

The number of shareholders representing the public holding is 944. (2024 - 952)

Compliant under option 5 – Float adjusted market capitalisation Rs 927.32 Mn

RENUKA CITY HOTELS PLC

INFORMATION TO SHAREHOLDERS AND INVESTORS *(Contd.)*

		24/25	23/24	22/23	21/22	20/21
Occupancy	%	70	62	34	38	4
Net turnover	Rs. '000	261,590	257,198	128,077	95,173	16,339
Net profit before taxation	Rs. '000	709,517	289,052	1,341,786	2,333,893	410,895
Earnings per share	Rs.	98.55	37.60	191.17	332.32	63.91
Net assets per share	Rs.	1,522.20	1,357.18	1,263.90	1,078.26	768.02
Market value per share						
Highest value during the period	Rs.	560.00	404.00	425.00	419.00	288.75
Lowest value during the period	Rs.	325.75	300.50	232.75	204.00	155.00
Value as at 31 st March	Rs.	475.00	360.00	366.25	294.00	226.25
Non Current Assets	Rs. '000	2,114,878	1,616,700	7,603,880	7,052,991	5,277,376
Current Assets	Rs. '000	8,675,273	8,005,423	1,314,929	576,414	183,460
Equity	Rs. '000	10,655,410	9,500,239	8,847,297	7,547,853	5,376,144
Averages shareholders fund	Rs.'000	10,077,825	9,173,768	8,197,575	6,461,999	5,261,011
Return on average shareholders fund	%	7	3	16	36.03	8.49
Dividend per share	Rs.	2.00	2.00	2.00	-	-
Dividend payout ratio	%	2	5	1	-	-
Number of Employees as at 31 st March		53	51	48	44	44

RENUKA CITY HOTELS PLC (PQ 189)
FORM OF PROXY
ANNUAL GENERAL MEETING

I/We.....
of

A member/members of Renuka City Hotels PLC, hereby appoint

Mr. R. B. Thambiayah	<i>of Colombo or failing him*</i>
Ms. N. A. Thambiayah	<i>of Colombo or failing her*</i>
Ms. S. R. Thambiayah	<i>of Colombo or failing her*</i>
Ms. A. L. Thambiayah	<i>of Colombo or failing her*</i>
Ms M. A. Jayawardena	<i>of Colombo or failing her*</i>
Ms. N. R. Thambiayah	<i>of Colombo or failing her*</i>
Mr. T. Dharmarajah	<i>of Colombo or failing him*</i>
Mr. C. V. Cabraal	<i>of Colombo or failing him*</i>
Dr. D. Senathirajah	<i>of Colombo or failing him*</i>

**Please select what is required and delete the others.*

..... of
.....

As *my/our proxy to vote on *my/our behalf at the Annual General Meeting of the Company held on 22 September 2025 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 Directors and the Audited Statement of Accounts for the year ended 31 March 2025 with the Report of the Auditors' thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To declare a dividend	<input type="checkbox"/>	<input type="checkbox"/>
3. To authorise the Board of Directors to determine and make Donations	<input type="checkbox"/>	<input type="checkbox"/>
4. To re - appoint as a Director, Mr. R. B. Thambiayah in terms of Section 211 of the Companies Act No. 7 of 2007.	<input type="checkbox"/>	<input type="checkbox"/>
5. To re - appoint as a Director, Ms. N. A. Thambiayah in terms of Section 211 of the Companies Act No. 7 of 2007.	<input type="checkbox"/>	<input type="checkbox"/>
6. To re - appoint as a Director, Ms. M. A. Jayawardena in terms of Section 211 of the Companies Act No. 7 of 2007.	<input type="checkbox"/>	<input type="checkbox"/>
7. To re-elect Mr. C.V. Cabraal who retires by rotation in terms of the Articles of Association of the Company as a Director	<input type="checkbox"/>	<input type="checkbox"/>
8. To re-appoint M/s BDO partners, chartered Accountants as Auditors of the Company and to authorise the Directors to determine their remuneration	<input type="checkbox"/>	<input type="checkbox"/>

Signed this day of 2025
.....
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 CITY HOTELS PLC

INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the Form of Proxy by 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 a Director as your Proxy, please insert the relevant details in the space provided overleaf
3. In terms of Article 82 of the Articles of Association of the Company
 - a) In case of an individual shall be signed by the appointer or by his attorney
 - b) In 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 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 at 328, Galle Road, Colombo 3, not less than 48 hours before the appointed time for the meeting.