RENUKA HOTELS PLC
ANNUAL REPORT
2025 / 2026

CONTENTS

CORPORATE INFORMATION

NAME OF COMPANY	:	Renuka Hotels PLC
DIRECTORS	:	Ms. S. R. Thambiayah (Chairperson/Jt. Managing Diretor) Ms. N. A. Thambiayah (Deputy Chairman) Ms. A. L. Thambiayah (Jt. Managing Director) R. B. Thambiayah Ms. N. R. Thambiayah G. I. Koggalage M. J. Fernando P. M. B. Fernando Ms. S. M. A. N. Ranaweera
SECRETARY	:	Ms. A. Withana
BANKERS	:	Commercial Bank of Ceylon PLC Nations Trust Bank PLC NDB Bank PLC Hatton National Bank PLC DFCC Bank PLC
AUDITORS	:	BDO Partners, Chartered Accountants 65/2, Sir Chittampalam A Gardiner Mawatha, Colombo 2.
REGISTERED OFFICE	:	328, Galle Road, Colombo 03.
LEGAL FORM	:	A Public Quoted Company with Limited Liability.
COMPANY REGISTRATION NO.	:	PB 776 PQ

NOTICE OF MEETING

Notice is hereby given that the Fifty Seventh Annual General Meeting of Renuka Hotels PLC., will be conducted from the Conference Room, Renuka City Hotel, 328, Galle Road, Colombo 3 on 22 September 2026 at 11.30 a.m. as a **Virtual Meeting** using a digital platform for the following purposes.

1. To receive and adopt the Report of the Directors and the Audited Statement of Accounts for the year ended 31st March 2026 with the Report of the Auditors thereon.

2. To declare a dividend.

3. To authorise the Directors to determine and make donations.

4. To re-appoint as a Director of the Company, Mr. R. B. Thambiayah 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 undernoted 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 as a Director of the Company, Ms. N. A. Thambiayah 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 undernoted 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-elect Mr. P. M. B. Fernando who retires by rotation at the Annual General Meeting in terms of the Articles of Association of the Company, as a Director.

7. 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.
28 August 2026

Notes:
A member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of him/her. Such proxy need not be a member of the Company. A Form of Proxy accompanies this Notice.
The completed Form of Proxy should be deposited at the registered office of the Company No. 328, Galle Road, Colombo 3, not later than 48 hours before the time appointed for the Meeting.

CHAIRMAN'S REPORT

On behalf of the Board of Directors I have great pleasure in welcoming you to the 57th Annual General Meeting of Renuka Hotels PLC. It is my privilege to present to the Shareholders the Annual Report pertaining to the Operations of our Company during the year ended 31st March 2026.

Profits and Operations

I am proud to state that our Company achieved a profit of Rs 510 million. Although our core hotel business did not make a profit this year, due to several factors including the severe price competition the hotel sector has been experiencing over the last few years, which has affected our occupancy and revenue; large finance and investment revenue generated from our substantial investment portfolio has allowed the company to achieve this profitability.

Industry Overview

The financial year under review was shaped by an increasingly uncertain global environment. The escalation of geopolitical tensions in the Middle East has heightened concerns over energy security and global economic stability. In addition, global travel limitations in particular due to rescheduled and cancelled flights especially via the Middle East region, has created a clear setback to the global tourism arena. While the direct impact on Sri Lanka has not been drastic, the volatility in international oil prices has exerted severe pressure on operating costs across the hospitality sector, particularly through increases in prices of transportation, utilities and supply chain-related expenses.

Despite these external challenges, Sri Lanka's tourism industry continued its gradual recovery, supported by improving visitor arrivals to Sri Lanka and renewed international confidence in our island. However, the market remained intensely competitive, with an increasing number of establishments competing aggressively to attract the tourists through low price offerings rather than improved service offerings.

The year continued to see the disturbing fact of seeing many industry players whom should be pursuing a category of tourists whose affordability is in the higher range and having a high spending capacity trying to attract budget travelers by offering lower room rates. In many instances, pricing decisions were driven by short-term occupancy objectives rather than long-term sustainability, resulting in widespread undercutting in room rates. This trend will result Sri Lanka as a destination in losing such niche market travelers to other alternative destinations who continuously and creatively improving their service offering.

The absence of an industry-wide marketing plan to present Sri Lanka with all it has to offer, to the global market is still a matter of concern. If the demand for the country grows, there will be less players offering excessive discounts into the market, potentially eroding the perceived value of Sri Lanka as a destination and diminishing the financial sustainability of quality hotel operators who continue to invest in service standards, infrastructure and human capital.

Against this backdrop, Renuka Hotels PLC remained focused on delivering value through service excellence rather than competing solely on price. The Company recorded a moderate yet an encouraging occupancy level of approximately 60%, reflecting the continued confidence of our guests and the strength of our market positioning. These results demonstrate that a disciplined pricing strategy, supported by consistent service quality and operational efficiency, can deliver sustainable performance even in a highly competitive environment.
As we look ahead, while global uncertainties remain, we are optimistic about the continued growth of Sri Lanka's tourism sector. The Company will remain committed to enhancing guest experiences, investing in operational excellence and creating long-term value for all stakeholders.

Acknowledgements

With great pleasure, I 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 Sri Lanka Tourism Development Authority for their corporation 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 service and that commitment will reap benefits not only to us, but to our valued customers and guests as well.

Ms. S. R. Thambiayah
Chairperson

28 August 2026

BOARD OF DIRECTORS

Ms. S. R. Thambiayah
Executive Chairperson/Jt. Managing Director
(Member of the Board since 14.03.2005 and appointed as Chairperson in September 2017)

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 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:

Joint Managing Director of Renuka City 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.
Board Member of the Ceylon Chamber of Commerce, Vice President (representing Colombo City Hotels) of The Tourist Hotels Association of Sri Lanka, and the Vice President of The Colombo City Tourist Hotels Association

Ms. N. A. Thambiayah
Executive - Deputy Chairman
(Member of the Board since 20.02.2018)

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 City Hotel 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. A. L. Thambiayah
Executive - Jt. Managing Director
(Member of the Board since 07.08.2009)

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 City 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

R. B. Thambiayah
Executive Director
(Member of the Board since 20.02.2018)

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 Renuka City Hotels PLC and Cargo Boat Development Company 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. R. Thambiayah
Non Independent Non-Executive Director
(Member of the Board since 07.08.2009)

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 City Hotels PLC since 2010.

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.

BOARD OF DIRECTORS

Other Current Appointments
Listed companies:

Executive Director of Cargo Boat Development Company PLC
Non-Executive Director of Renuka City 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

G. I. Koggalage
Executive Director
(Member of the Board since 17.05.2023)

Skills and Experience

Mr. Koggalage joined Renuka Hotels PLC as the Head of Finance in May 2017. He counts over 25 years of finance and managerial experience gained by working as a finance professional in different industries including services, hospitality, logistics and manufacturing. Prior to joining Renuka Hotels PLC he worked at various organizations including John Keells Holdings PLC, Hayleys Advantis cluster, Jetwing Travels (Pvt) Ltd and Pricewaterhousecoopers- Sri Lanka.

He is an Associate Member of the Institute of Chartered Accountants of Sri Lanka and he holds a Master of Business Administration from the University of Southern Queensland, Australia.

Other Current Appointments
None

M. J. Fernando
Independent Non-Executive Director
(Member of the Board since 20.11.2023)

Skills and Experience

Mr. Malik J. Fernando is the Director Operations of the MJF Group. Established by Merrill J. Fernando; Dilmah, named after his two sons Dilhan and Malik, was the first producer owned tea brand, offering tea 'picked, perfected and packed' at origin. Mr. Fernando is the founder of Resplendent Ceylon, the first Sri Lankan luxury resort brand. Resplendent Ceylon is developing a collection of small, luxury resorts offer discriminating travellers a remarkable circuit across Sri Lanka, with a range of authentic experiences, while contributing towards local communities & the environment through the MJF Foundation & Dilmah Conservation. After the Easter Sunday outrage, Mr. Fernando spearheaded the Sri Lanka Tourism Alliance to mobilize the private tourism sector to act swiftly and strategically, with one voice under the Love Sri Lanka banner

Mr. Fernando had his secondary education at Stonyhurst College, England and obtained a BSc in Management from Babson College, Boston.

Other Current Appointments
Listed companies:
Executive Direcor of Dilmah Ceylon Tea Company PLC
Non-Executive Director of Elpitiya Plantations PLC, Talawakelle Tea Estates PLC, Printcare PLC and Kahawatte Plantations PLC.

Others:

Chairman of MJF Leisure (Private) Limited, Resplendent Ceylon (Private) Limited and Forbes and Walker (Private) Limited
Co-Chair of MJF Holdings (Private) Limited, the holding Company of MJF Group.
Director of several private companies

P. M. B. Fernando
Senior Independent Non-Executive Director
(Member of the Board since 20.11.2023)

Skills and Experience

Mr. P. M. B. Fernando started his professional career at KPMG Ford Rhodes Thornton & Company and was a Partner of the Firm. He has extensive experience as Head of Finance, holding positions of Senior Vice President – Finance of Vanik and Forbes Ceylon Group, Group Finance Director of Confifi Group, and Director Finance – Asian Region of Virtusa (An Information Technology Company based in Boston USA).

In General Management Mr. Fernando was the Managing Director of Capital Reach Holdings Ltd, Director/Chief Executive Officer of Softlogic Finance PLC, Director/Chief Executive Officer of Laugfs Capital Ltd, and Chief Executive Officer of Orient Finance PLC.

He was a Non-Executive Independent Director and the Chairman of the Audit Committee of DFCC Bank PLC from 2013 to 2022 and The Lanka Hospitals Corporations PLC from 2020 to 2024.

Mr. Fernando is a Fellow Member of The Institute of Chartered Accountants of Sri Lanka and a Fellow Member of the Chartered Institute of Management Accountants of the UK. He holds a Bachelor of Science (Applied Science) Degree from the University of Sri Jayawardenapura.

Other Current Appointments
Listed companies:

Non-Executive Director of Laugfs Gas PLC, Laugfs Power PLC, PGP Glass Ceylon PLC, Lotus Hydro Power PLC and Hatton Plantations PLC.

Others:

Non-Executive Director of Laugfs Eco Sri Ltd, K-Seeds Investments (Pvt) Limited,DSI Holdings (Pvt) Limited and Acentura (Pvt) Ltd.

Ms. S. M. A. N. Ranaweera
Independent Non-Executive Director
(Member of the Board since 15.07.2024)

Skills and Experience

Ms. Ranaweera is a Barrister-at-Law from the Honourable Society of Gray's Inn, U.K., and an Attorney-at-Law, Sri Lanka. She holds an LL.B. (Honours) from University College London, U.K.
Having interned in the Chambers of the late Hon. Justice Mark Fernando P.C., Ms. Ranaweera apprenticed in the Chambers of President's Counsel, Dr. K Kanag-Isvaran.

She has served on several Boards of the Mackwoods

BOARD OF DIRECTORS

Group of Companies. Ms. Ranaweera began her legal career at the World Bank Project on Legal and Judicial Reforms, and thereafter she worked as an Associate, and was a Partner at the Law Firm, Julius & Creasy, in the Corporate Law Department.

Other Current Appointments
Listed companies:
Non-Executive Director of Mahaweli Reach Hotels PLC

Others:

Non-Executive Director of Mackwoods Tea (Pvt) Limited

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2026

1. The Directors present herewith the audited financial statements for the year ended 31 March 2026. The Board of Directors is responsible for preparing and presenting the financial statements set out on pages 24 to 59.

2. PROFIT AND APPROPRIATIONS

	2025/26 Rs.	2024/25 Rs.
Net profit for the year	509,633,879	398,594,202
Other Comprehensive Income	1,951,169,486	1,661,262,384
Total Comprehensive Income	2,460,803,365	2,059,856,586
Dividend Proposed	(60,446,295)	(40,297,530)
Unappropriated profit for the year	2,400,357,070	2,019,559,056

3. RESULTS

The results for the year and changes in equity are set out in the Statement of Comprehensive Income and Statement of Changes in Equity on pages 24 and 26 respectively.

4. STATE OF AFFAIRS

The state of affairs of the Company as at 31 March 2026 is set out in the Statement of Financial Position on page 25.

5. DIVIDENDS

The Directors recommend a final dividend of Rs.1.50/- per share (2025 - final dividend of Rs.1/- per share) for the year ended 31 March 2026 payable after approval by the shareholders.

6. GROUP ACTIVITY

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

7. DIRECTORS

The Directors of the Company as at 31 March 2026 were as follows :

Ms. S. R. Thambiayah – (Chairperson/Jt. Managing Director)
Ms. N.A. Thambiayah – (Deputy Chairman)
Ms. A. L. Thambiayah – (Jt. Managing Director)
R.B. Thambiayah
Ms. N. R. Thambiayah
G.I. Koggalage
M. J. Fernando
P. M. B. Fernando
Ms. S. M. A. N. Ranaweera

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

Appointments and Resignations:

There were no appointments or resignations during the year.

Mr. R. N. Asirwatham expired on 12 December 2025 and ceased to be a director.

REPORT OF THE DIRECTORS (Contd.)

Retirement by Rotation and Re-appointment / 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 2025/2026	Directorships and other principal commitments FY 2032/24- FY 2025/26
R. B. Thambiayah/ 20.02.2018	22 Sep 2025	None	Chairman -Renuka City Hotels PLC and Cargo Boat Development Company PLC and Director of several Renuka Hotels Group companies
Ms. N. A. Thambiayah/ 20.02.2018	22 Sep 2025	None	Deputy Chairperson –Renuka City Hotels PLC and Cargo Boat Development Company PLC and Director of several Renuka Hotels Group companies
P. M. B. Fernando / 20.11.2023	27 Sep 2024	Member - Audit, Remuneration, Nomination & Governance and Related Party Transactions Review Committees.	Director of Laugfs Gas PLC, Laugfs Power PLC, PGP Glass Ceylon PLC, Louts Hydro Power PLC, Hatton Plantations PLC, Laugfs Leisure Limited, Laugfs Eco Sri Ltd, Evoke International Ltd, K-Seeds Investments (Pvt) Limited ,Acentura (Pvt) Limited and DSI Holdings (Pvt) Limited
None of the above Directors has had any relationships with other Directors, the Company, or with any shareholders holding more than 10% of the shares of 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.			

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 undernoted 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 undernoted 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. P. M. B. Fernando, retires by rotation in terms of the Articles of Association and being eligible offer himself for re-election.

REPORT OF THE DIRECTORS (Contd.)

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

The Directors have no direct or indirect interest in any contract or proposed contract with the company, except as stated in Note 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. DIRECTORS' INTERESTS IN SHARES OF THE COMPANY AS AT 31 MARCH

	No. of Shares	
	31.3.2026	**31.3.2025**
Ms. N. A. Thambiayah/R. B. Thambiayah/Ms. S.R. Thambiayah	3,308,558	3,308,558
Ms. N. A. Thambiayah/R. B. Thambiayah/Ms. A.L. Thambiayah	3,308,558	3,308,558
R. B. Thambiayah/Ms. N. A. Thambiayah/Ms. S.R. Thambiayah	8,654,661	8,654,661
R. B. Thambiayah/Ms. N. A. Thambiayah/Ms. A.L. Thambiayah	8,654,660	8,654,660
Ms. S.R. Thambiayah	1,072,771	1,063,993
Ms. A. L. Thambiayah	947,186,	965,409
Ms. N. R. Thambiayah	NIL	NIL
R. N. Asirwatham (expired on 12.12.2025)	-	NIL
G. I. Koggalage	NIL	NIL
M. J. Fernando	781,364	415,000
P. M. B. Fernando	NIL	NIL
Ms. S. M. A. N. Ranaweera	NIL	NIL

10. DONATIONS

During the year the company made donations amounting Rs. 150,000/- (2025 - NIL) for charitable purposes.

REPORT OF THE DIRECTORS (Contd.)

11. 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	P. M. B. Fernando - Chairman	Independent	25 March 2024
	Ms. S. M. A. N. Ranaweera	Independent	15 July 2024
	Ms. N. R. Thambiayah	Non-Independent	18 December 2025
Related Party Transactions Review Committee	P. M. B. Fernando - Chairman	Independent	25 March 2024
	Ms. S. M. A. N. Ranaweera	Independent	15 July 2024
	Ms. N. R. Thambiayah	Non-Independent	18 December 2025
Remuneration Committee	P. M. B. Fernando - Chairman	Independent	25 March 2024
	Ms. S. M. A. N. Ranaweera	Independent	15 July 2024
	Ms. N. R. Thambiayah	Non-Independent	18 December 2025
Nomination and Governance Committee	P. M. B. Fernando - Chairman	Independent	1 September 2024
	Ms. S. M. A. N. Ranaweera	Independent	1 September 2024
	Ms. N. R. Thambiayah	Non-Independent	1 September 2024

12. CHANGES IN PROPERTY, PLANT AND EQUIPMENT

The movements in property, plant and equipment, during the year, are set out in Note 9 to the financial statement

13. 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.

14. 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.

15. EMPLOYEES AND INDUSTRIAL RELATIONS

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

16. 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.

17. RE-APPOINTMENT OF AUDITORS

The present Auditors Messrs. BDO Partners, have indicated their willingness to continue as Auditors for the next financial year ending 31 March 2027. The Audit Committee has reviewed their independence and has concluded that they have no relationship or interest with the Company or with its subsidiary which would impair the Auditors independence. A resolution pertaining to their re-appoint will be proposed at the Annual General Meeting.

18. 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.

Ms. S. R. Thambiayah	**Ms. A. L. Thambiayah**	**Ms. A. Withana**
Chairperson/Jt. Managing Director	Jt. Managing Director	Company Secretary

28 August 2026

CORPORATE GOVERNANCE

Introduction:

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

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

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

The 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.renukahotel.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 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
Ms. S. R. Thambiayah	Executive chairperson/ Jt. Managing Director
P. M. B. Fernando	Senior Independent Non-Executive Director
Ms. N. A. Thambiayah	Executive Duputy Chairman
Ms. A. L. Thambiayah	Executive Jt. Managing Director
R. B Thambiayah	Executive Director
Ms. N. R. Thambiayah	Non Independent Non-Executive Director
G. I. Koggalage	Executive Director
M. J. Fernando	Independent Non-Executive Director
Ms. S. M. A. N. Ranaweera	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 companies.

CORPAORATE GOVERNANCE (Contd.)

Senior Independent Director (SID)

The Chairperson is also the Managing Director (Executive Position) of the Company. Ms. S. R. Thambiayah, Chairperson, has been actively involved in the hospitality industry since the early 2000's and is currently the Vice President of both The Hotels Association of Sri Lanka and The Colombo City Tourist Hotels Association. In addition, she is a member of the Managing Committee of the Ceylon Chamber of Commerce. As such the company will continue to benefit from her contribution to the operation of the Company as an Executive Chairperson and Managing Director. 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 a Senior Independent Director (SID). P. M. B. Fernando was appointed as the SID with effect from 15 July 2024.

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 Chairperson. The SID also provides guidance to the Chairperson 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.

Complance with Laws, Regulations amd Prudential Requisements

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.

CORPORATE GOVERNANCE (Contd.)

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.

Directors Attendence

Name of Director	Main Board	Audit Committee	Remuneration Committee	Nomination & Governance Committee	Related Party Transactions Review Committee
Ms. S. R. Thambiayah	1/1	-	-	-	-
Ms. N. A. Thambiayah	1/1	-	-	-	-
R. B. Thambiayah	1/1	-	-	-	-
Ms. A. L. Thambiayah	1/1	-	-	-	-
Ms. N. R. Thambiayah	1/1	1/1	-	1/1	1/1
R. N. Asirwatham	1/1	3/3	1/1	-	3/3
M. J. Fernando	0/1	-	-	-	-
G. I. Koggalage	1/1	-	-	-	-
P. M. B. Fernando	1/1	4/4	1/1	1/1	4/4
Ms. S. M. A. N. Ranaweera	1/1	4/4	1/1	1/1	4/4

Attended/eligible to attend

Audit Committee Report

The Audit Committee presently consists of three Non-Executive Directors two of whom are independent, including the Chairman of the Committee. P. M. B. Fernando is the Chairman of the committee with Ms. N. R. Thambiayah and Ms. S. M. A. N. Ranaweera as the other members of the committee. R. N. Asirwatham functioned as a member of the committee until his demise on 12 December 2025.

The Managing Directors, Executive Directors, Chief Financial Officer and the External Auditors of the Company attend meetings by invitation. Chairman of the Audit Committee is a member of the Institute of Chartered Accountants of Sri Lanka.

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.

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 (Contd.)

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 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 2005/2006 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 and obtained a statement confirming their independence in accordance with the terms of all relevant professional and regulatory requirements and recommended to the Board of Directors that Messrs. BDO Partners be re-appointed as Auditors for the Financial Year ending 31March 2027, subject to the approval of the Shareholders at the next Annual General Meeting.

(Sgd.) P. M. B. Fernando
Chairman.
Audit Committee
28 August 2026

Remuneration Committee Report

The committee was reconstituted and presently consists of three Non-Executive Directors, two of whom are independent, including the Chairman of the Committee. P. M. B. Fernando is the Chairman of the committee. Ms. N. R. Thambiayah and Ms. S. M. A. N. Ranaweera are the other members of the committee. R. N. Asirwatham functioned as a member of the committee until his demise on 12 December 2025.

The remuneration committee meets whenever it is required to review the remuneration of the senior management. The Purpose of the Remuneration Committee is to lay down guidelines and recommend a policy on remuneration of the senior management staff. The main objective of the remuneration package is designed to retain quality managerial staff and reward those who are performing well. The Managing Directors attend the meetings by invitation and provides information to the committee and participate in the deliberations.

(Sgd.), P. M. B. Fernando
Chairman.
Remuneration Committee
28 August 2026

CORPORATE GOVERNANCE (Contd.)

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. The committee presently consists of three Non-Executive Directors of which two are independent Non-Executive Directors. They are namely, P. M.B. Fernando (Chairman), Ms. N. R. Thambiayah and Ms. S. M. A. N. Ranaweera. R. N. Asirwatham functioned as a member of the committee until his demise on 12 December 2025.

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, among 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.

The committee met quarterly during the year to review all proposed related party transactions and their compliance to the code. Where necessary, these are communicated to the Board to obtain their 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.) P. M. B. Fernando
Chairman
Related Party Transactions Review Committee
28 August 2026

Nomination and Governance Committee Report

The Nomination and Governance Committee presently consists of three Non-Executive Directors of which two are independent Non-Executive Directors. P. M. B. Fernando an Independent Director is the Chairman with Ms. S. M. A. N. Ranaweera, and Ms. N. R. Thambiayah as the other 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, 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.

CORPAORATE GOVERNANCE (Contd.)

No new Directors were appointed to the Board during the year., 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 11 and 14 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.) P. M. B. Fernando
Chairman.
Nomination and Governance Committee
28 August 2026

Statement by the Senior Independent Director (SID)

In terms of the option provided in Section 9.6.3, since the Chairperson is also the Managing Director, I was appointed as the SID on 15 July 2024.

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 Chairperson 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 Chairperson 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.) P M B Fernando
Senior Independent Director
28 August 2026

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 24 to 59.

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.

28 August 2026

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65/2, Sir Chittampalam A Gardiner Mawatha
Colombo 02
Sri Lanka

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

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of Renuka Hotels PLC ("the Company") and the Consolidated Financial Statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31st March 2026, 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 material accounting policy information and other explanatory information as set out on pages 24 to 59.

In our opinion, the accompanying Financial Statements of the Company and Group give a true and fair view of the financial position of the Company and Group as at 31st March 2026, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics 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 Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

a) **Valuation of Investments at Fair Value Through Other Comprehensive Income**
Refer to the accounting policies in "Note 1.3.5.1 to the Financial Statements: Financial assets" and "Note 13 to the Financial Statements: Investments in equity securities at fair value through other comprehensive income".

BDO

Key Audit Matter	How our audit addressed the Key Audit Matter
The Group's portfolio of investment in equity securities makes up 46% of the Group's total assets. The Equity Investment of the Group is classified as Fair Value Through Other Comprehensive Income as at 31st March 2026 and it amounts to Rs. 10,305,440,747/-.	Our audit procedures included: • Obtaining an understanding of the Company's processes relating to recognition and measurement of investments.
The Group has recorded a fair value gain of Rs. 2,606,352,311/- during the reporting period compared to the fair value gain of Rs. 2,303,662,007/- recorded in the previous year. Although the financial market has gradually improved with the recovery from prevailing uncertainty in the macro-economic environment, still there is uncertainty with regard to market conditions. These investments comprise liquid, quoted investments and therefore do not involve a high degree of estimation uncertainty or significant management judgment. However, given their materiality in the context of the Financial Statements as a whole, they are considered to be an critical area of focus in our audit and were given due consideration in determining overall audit strategy and the allocation of resources in planning and completing the audit.	• 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 • 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

BDO

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 our Auditor's Report thereon.

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

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

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

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

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

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

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

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

- identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the Financial Statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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.

BDO

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 a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by Section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit, and as far as 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
28th August 2026
SR/cc

Statement of Comprehensive Income

For the year ended 31st March 2026

	Note	Group 2025/2026 Rs.	Group 2024/2025 Rs.	Company 2025/2026 Rs.	Company 2024/2025 Rs.
Revenue	3	599,032,183	580,453,452	365,840,919	318,863,633
Cost of sales		(218,581,658)	(187,882,010)	(162,918,492)	(129,181,329)
Gross profit		380,450,525	392,571,442	202,922,427	189,682,304
Other income	4	567,431,791	351,404,526	408,726,176	247,166,194
Marketing expenses		(19,822,228)	(36,040,209)	(12,292,317)	(25,165,315)
Administration expenses		(399,446,337)	(305,283,579)	(218,821,844)	(169,401,901)
Profit from operations	5	528,613,750	402,652,180	380,534,442	242,281,282
Net finance income	6	1,344,861,245	720,245,370	173,327,291	237,514,349
Profit before tax		1,873,474,996	1,122,897,550	553,861,733	479,795,631
Income tax expense	7	(45,443,410)	(101,087,902)	(44,227,855)	(81,201,429)
Profit for the year		1,828,031,586	1,021,809,648	509,633,879	398,594,202
Other comprehensive income					
Items that will not be re classified subsequently to profit or loss					
Acturial (loss) / gain on retirement benefit obligations	21	(9,489,490)	2,699,288	(2,321,180)	405,358
Defered tax on remeasurement (loss)/gain of retirement benefit obligations	22	2,846,847	(809,786)	696,354	(121,607)
Net gain on equity instruments at fair value through other comprehensive income		2,606,078,411	2,303,662,007	1,952,794,312	1,660,978,633
Items that will be reclassified Subsequently to profit or loss		-	-	-	-
Total other comprehensive income for the year, net of tax		2,599,435,768	2,305,551,509	1,951,169,486	1,661,262,384
Total comprehensive income for the year		4,427,467,353	3,327,361,157	2,460,803,365	2,059,856,586
Profit attributable to					
Equity holders of the company		1,447,083,079	840,273,979	509,633,879	398,594,202
Non-controlling interests		380,948,507	181,535,669		–
Profit for the year		1,828,031,586	1,021,809,048	509,633,879	398,594,202
Total comprehensive income attributable to					
Equity holders of the company		3,829,816,016	2,934,646,493	2,460,803,365	2,059,856,586
Non-controlling interests		597,651,338	392,714,664	–	–
Total comprehensive income for the year		4,427,467,353	3,327,361,157	2,460,803,365	2,059,856,586
Earnings per share	8	35.91	20.85	12.65	9.89
Dividend per share		1.00	0.75	1.00	0.75

Figures in brackets indicate deductions.
The accounting policies and notes on pages 28 to 59 form an integral part of these financial statements.

Colombo
28 August, 2026

Statement of Financial Position

As At 31st March 2026

	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
ASSETS					
Non-current assets					
Property, plant and equipment	9	789,219,400	594,812,938	448,915,711	331,064,983
Intangible asset	10	–	–	–	–
Investment in subsidiary	11	–	–	223,324,252	223,324,252
Financial assets measured at amortised cost	12	426,986,202	426,877,298	426,986,202	426,877,298
Financial assets measured at fair value through OCI	13	10,305,440,747	7,614,796,275	7,598,911,149	5,460,634,253
Financial assets measured at fair value through profit or loss	14	66,853	62,437	50,573	46,984
Total non-current assets		11,521,713,202	8,636,548,948	8,698,187,887	6,441,947,770
Current assets					
Inventories	15	11,449,987	6,473,155	10,759,787	5,838,375
Amounts due from a related party	16	–	–	22,313,763	1,973,979
Trade and other receivables	17	55,539,317	41,714,917	39,484,631	28,899,065
Investment in financial assets-at amortised cost	18	7,069,120,601	4,802,386,834	10,922,898	461,354,406
Cash and cash equivalents	19	3,801,561,076	4,639,080,386	856,877,660	313,574,328
Total current assets		10,937,670,981	9,489,655,292	940,358,739	811,640,153
Total assets		22,459,384,183	18,126,204,240	9,638,546,626	7,253,587,923
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	20	112,508,648	112,508,648	112,508,648	112,508,648
Retained earnings		13,063,042,778	11,661,489,010	5,222,172,452	4,738,247,639
Fair value reserve of financial assets measured at FVTOCI		5,317,937,910	2,929,973,191	4,191,471,101	2,254,890,079
Total equity attributable to equity holders of the company		18,493,489,335	14,703,970,849	9,526,152,201	7,105,646,366
Non - controlling interests		3,730,231,474	3,140,541,311	–	–
Total equity		22,223,720,809	17,844,512,160	9,526,152,201	7,105,646,366
Non-current liabilities					
Retirement benefit obligations	21	30,597,446	17,492,147	16,954,622	12,723,190
Deferred tax liability	22	84,303,077	93,705,144	24,715,707	28,751,353
Total non-current liabilities		114,900,523	111,197,291	41,670,329	41,474,543
Current liabilities					
Trade and other payables	23	99,761,304	99,130,030	51,492,944	55,160,461
Income tax payable	24	8,901,776	64,855,735	14,401,077	46,581,873
Bank overdraft	19	12,099,771	6,509,023	4,830,076	4,724,681
Total current liabilities		120,762,851	170,494,789	70,724,097	106,467,015
Total liabilities		235,663,374	281,692,080	112,394,426	147,941,558
Total equity and liabilities		22,459,384,183	18,126,204,240	9,638,546,626	7,253,587,923

Figures in brackets indicates deductions.

The accounting policies and notes on pages 28 to 59 form an integral part of these financial statements.

These financial statements are in compliance with the requirements of the Companies Act, No. 7 of 2007.

Mr. G.I. Koggalage
Head of Finance

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

Ms. S.R. Thambiayah
Chairperson

Ms. A.L. Thambiayah
Jt. Managing Director

Colombo
28 August, 2026

Statement of Changes in Equity
For the year ended 31st March, 2026

Group

Description	Note	Stated capital	Retained earnings*	Fair value reserve of financial assets at FVOCI	Total	Non controlling interests	Total
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 01st April, 2024	**20**	112,508,648	10,850,000,166	837,038,690	11,799,547,504	2,751,822,031	14,551,369,535
Comprehensive income for the year							
Profit for the year		–	840,273,979	–	898,732,359	181,535,669	1,021,809,648
Other comprehensive income for the year		–	1,438,013	2,092,934,501	2,093,914,134	211,178,795	2,305,551,509
Total comprehensive income for the year		–	841,711,992	2,092,934,501	2,934,646,493	392,714,664	3,327,361,157
Contribution by and distributions to owners							
Dividend paid by parent		–	(30,223,148)	–	(30,223,148)	–	(30,223,148)
Dividend paid by subsidiaries		–	–	–	–	(3,995,384)	(3,995,384)
Total contributions by and distributions to owners		–	(30,223,148)	–	(30,223,148)	(3,995,384)	(34,218,532)
Balance as at 31st March, 2025		112,508,648	11,661,489,010	2,929,973,191	14,908,398,619	3,140,541,311	17,844,512,160
Comprehensive income for the year							
Profit for the year			1,447,083,080	–	1,447,083,080	380,948,507	1,828,031,586
Other comprehensive income for the year		–	(5,231,782)	2,387,964,719	2,382,732,937	216,702,831	2,599,435,768
Total comprehensive income for the year		–	1,441,851,298	2,387,964,719	3,829,816,016	597,651,338	4,427,467,354
Contribution by and distributions to owners							
Dividend paid by parent			(40,297,530)		(40,297,530)		(40,297,530)
Dividend paid by subsidiaries		–	–	–	–	(7,961,175)	(7,961,175)
Total contributions by and distributions to owners			(40,297,530)		(40,297,530)	(7,961,175)	(48,258,705)
Balance as at 31st March, 2026		112,508,648	13,063,042,778	5,317,937,910	18,697,917,105	3,730,231,474	22,223,720,809

Company

	Stated capital	Retained earnings	Fair value reserve of financial assets at FVOCI	Total
	Rs.	Rs.	Rs.	Rs.
Balance as at 01st April, 2024	112,508,648	4,360,540,777	602,963,503	5,076,012,928
Comprehensive income for the year				
Profit for the year	–	398,594,202	–	398,594,202
Other comprehensive income for the year	–	283,751	1,660,978,633	1,661,262,384
Transfer of FVOCI reserve on disposal of equity instruments		9,052,057	(9,052,057)	–
Total comprehensive income for the year	–	407,930,010	1,651,926,576	2,059,856,586
Contribution by and distributions to owners				
Dividend paid	–	(30,223,148)	–	(30,223,148)
Total contributions by and distributions to owners	–	(30,223,148)	–	(30,223,148)
Balance as at 31st March, 2025	112,508,648	4,738,247,639	2,254,890,079	7,105,646,366
Comprehensive income for the year				
Profit for the year	–	509,633,879	–	509,633,879
Other comprehensive income for the year	–	(1,624,826)	1,952,794,312	1,951,169,486
Transfer of FVOCI reserve on disposal of equity instruments	–	16,213,290	(16,213,290)	–
Total comprehensive income for the year	–	524,222,343	1,936,581,022	2,460,803,365
Contribution by and distributions to owners				
Dividend paid	–	(40,297,530)	–	(40,297,530)
Total contributions by and distributions to owners	–	(40,297,530)	–	(40,297,530)
Balance as at 31st March, 2026	112,508,648	5,222,172,452	4,191,471,101	9,526,152,201

* Retained earnings are the cumulative net earnings of a group / company after accounting for dividend payments.
** Fair value reserve of financial assets at Fair Value Through Other Comprehensive Income (FVTOCI) relates to the changes in investment in equity shares.

Figures in brackets indicate deduction
The accounting policies and notes on pages 28 to 59 form an integral part of these financial statements.

Statement of Cash Flows

For the year ended 31st March 2026

	Note	Group 2025/2026 Rs.	Group 2024/2025 Rs.	Company 2025/2026 Rs.	Company 2024/2025 Rs.
Cash flows from operating activities					
Profit before tax		1,873,474,996	1,122,897,550	553,861,733	479,795,631
Adjustment for;					
Depreciation	9	30,740,315	33,637,361	18,126,390	23,319,602
Profit on disposal of financial assets at FVOCI	4	(76,235,348)	(6,843,371)	(17,888,640)	(474,086)
Fair value gain on investment in unit trust	13	(4,417)	(8,060,799)	(3,589)	(7,187,728)
Interest income	6	(732,897,374)	(850,261,730)	(167,162,471)	(239,117,138)
Profit on property, plant and equipment		(32,000,000)	-	(32,000,000)	-
Provision for retirement benefit obligation	21	4,039,813	2,305,296	2,118,252	1,606,758
Dividend income	4	(445,344,512)	(327,252,082)	(358,833,947)	(240,452,552)
Operating profit/(loss) before working capital changes		621,773,473	(33,577,775)	(1,782,272)	17,490,486
Working capital changes					
Increase in inventories		(4,976,832)	(992,136)	(4,921,412)	(1,161,136)
Decrease in amounts due to / from related parties		–	(4,717,105)	(20,339,784)	142,358
Increase/(decrease) in trade and other receivables		(13,824,400)	(8,310,267)	(10,585,565)	(7,997,913)
Increase in trade and other payables		631,267	(33,797,507)	(3,667,517)	(33,991,982)
Net cash used in operations		**603,603,508**	**(81,394,790)**	**(41,296,550)**	**(25,518,187)**
Gratuity benefits paid	21	(424,004)	(892,000)	(208,000)	(762,000)
Income Tax paid	24	(107,952,589)	(66,268,474)	(79,747,943)	(65,800,706)
		(108,376,593)	(67,160,474)	(79,955,943)	(66,562,706)
Net cash flow from (used in) operating activities		495,226,915	(148,555,264)	(121,252,493)	(92,080,893)
Cash flow from investing activities					
Purchase of property, plant and equipment	9	(225,146,774)	(223,613,156)	(135,977,118)	(223,458,576)
Investment in debt securities		-	(46,179,972)	-	-
Disposal of property, plant and equipment		31,394,473	-	32,000,000	-
Interest received		732,897,374	850,261,730	167,162,471	239,117,138
Dividends received		351,219,892	297,146,433	294,034,340	198,379,748
Proceeds from fixed deposits withdrawn					
Net proceeds from investment in unit trust	14	-	135,618,770	-	110,895,071
Net proceeds from investment in fixed deposits	12	(2,266,842,671)	(1,616,620,220)	450,322,604	50,556,185
Net proceeds from sale of financial assets at FVOCI	13	86,399,437	(417,366,558)	(102,794,337)	(421,439,508)
Net cash generated from/(used in) investing activities		(1,290,078,268)	(1,020,752,973)	704,747,960	(45,949,942)
Cash flow from financing activities					
Dividends paid		(48,258,705)	(34,218,532)	(40,297,530)	(30,223,148)
Net cash used in financing activities		(48,258,705)	(34,218,532)	(40,297,530)	(30,223,148)
Net increase/(decrease) in cash and cash equivalents		(843,110,058)	(1,203,526,768)	543,197,937	(168,253,983)
Cash and cash equivalents at the beginning of the year		4,632,571,363	5,836,098,131	308,849,647	477,103,630
Cash and cash equivalents at the end of the year	19	3,789,461,305	4,632,571,363	852,047,584	308,849,647
At the end of the year					
Cash at banks & Cash in hand		3,799,368,881	4,635,144,412	854,685,465	309,638,354
Short term bank deposits		2,192,195	3,935,974	2,192,195	3,935,974
Bank overdrafts		(12,099,771)	(6,509,023)	(4,830,076)	(4,724,681)
		3,789,461,305	4,632,571,363	852,047,584	308,849,647

Figures in brackets indicate deductions.
The accounting policies and notes on pages 28 to 59 form an integral part of these financial statements.

Colombo
28 August, 2026

Significant Accounting Policies to the Financial Statements

1. ACCOUNTING POLICIES

1.1 Corporate information

1.1.1 Reporting entity – domicile and legal form

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

1.1.2 Consolidated Financial Statements

The financial statements for the year ended 31st March 2026 comprises "the Company" referring to Renuka Hotels PLC as the holding company and "the Group" referring to the companies whose accounts have been consolidated therein.

1.1.3 Principle activities and nature of operations

During the year, the principle activities of the Company and its subsidiaries were as follows,

Entity		Principle Activety
The Company -	Renuka Hotels PLC	Operating a star class hotel.
Subsidiaries -	Renuka City Hotels PLC	Operating a star class hotel.
	Amalgamated Theaters (Pvt) Ltd	Managing & Holding of an Investment Portfolio

1.1.4 Parent enterprise and ultimate parent enterprise

The parent undertaking of Renuka City Hotels PLC and Amalgamated Theaters (Pvt) Ltd are Renuka Hotels PLC and the ultimate parent of the Group is also Renuka Hotels PLC.

1.1.5 Financial period

The financial period of the Company and its Group represents twelve months period from 01st April 2025 to 31st March 2026.

1.1.6 Date of authorisation to issue

The consolidated Financial Statements of Renuka Hotels PLC, for the year ended 31st March 2026 were authorised for issue in accordance with the resolution of the Board of Directors on 28th August 2026.

1.1.7 Responsibility for Financial Statements

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

These financial statements include the following components:

- A statement of comprehensive income providing the information on the financial performance of the Company and the Group for the year under review,
- A statement of financial position providing the information on the financial position of the Company and the Group as at the year end,
- A statement of changes in equity depicting all changes in shareholders' funds during the year under review of the Company and the Group,
- A statement of cash flows providing the information to the users, on the ability of the Company and the Group to generate cash and cash equivalents and the needs of entities to utilise those cash flows and
- Notes to the financial statements comprising accounting policies and other explanatory information.

The responsibility of the Directors in relation to the Financial Statements is set out in 'the statement of Directors' responsibility'.

Significant Accounting Policies to the Financial Statements (Contd.)

1.2 **Summary of material accounting policies**

The accounting policies set out below are consistent with those used in the previous year.

1.2.1 **General accounting policies**

1.2.1.1 **Basis of preparation of Financial Statements**

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

1.2.1.2 **Basis of measurement**

The Financial Statements have been prepared on an accrual basis except for the cash flow information and under the historical cost convention except for the 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.
- Debt investments are measured at amortised cost.

1.2.1.3 **Functional and presentation currency**

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

1.2.1.4 **Statement of compliance**

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

1.2.1.5 **Going concern**

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 and the Group's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on the going concern basis.

1.2.1.6 **Comparative information**

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

1.2.1.7 **Foreign currency transaction**

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

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

All differences are taken in to the statement of comprehensive income. These are recognised in other comprehensive income until the realisation of the net investment, at which time they are reclassified to profit or loss. Tax charges and credits attributable to exchange differences on

Significant Accounting Policies to the Financial Statements (Contd.)

those monetary items are also recorded in other comprehensive income.

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

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

1.2.1.8 **Materiality and aggregation**

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

1.2.1.9 **Significant accounting judgements, estimates and assumptions**

a) **Judgements**
In the process of applying the accounting policies, management has made the judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Financial Statements.

b) **Estimates and assumptions**
The preparation of the Group's Financial Statements requires management to make judgements, estimates and assumptions that would affect the reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities as at the reporting date.

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

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

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

1.2.2 **Consolidation and business combinations**

1.2.2.1 **Basis of consolidations**
The Consolidated Financial Statements comprise the Financial Statements of the Company and its subsidiaries as at 31st March 2026.

Subsidiary is consolidated from the date of acquisition, being the date on which the Group obtains control, and continues to be consolidated until the date when such control ceases. The Financial Statements of the subsidiary has been prepared for the same reporting period as the parent Company, using the consistent accounting policies.

1.2.2.2 **Business combinations**

Business combinations are accounted for using the acquisition in accordance with SLFRS 3 - Business Combinations. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest

Significant Accounting Policies to the Financial Statements (Contd.)

of the acquiree. For each business combination, the Group elects to ascertain whether or not it measures

the non-controlling interest in the acquiree either at fair value or at the proportionate share of the identifiable net assets of acquiree. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

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

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

a) **Subsidiaries**

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

Name of the subsidiary	Control
Renuka City Hotels PLC	71.88%
Amalgamated Theatres (Pvt) Ltd	41.00%

Although the Group holds 41% ownership interest in the Amalgamated Theatres (Pvt) Ltd (entity), the entity is considered a subsidiary due to the common directorship arrangement which provides the group with significant in fluence and control over the entity.

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

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

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

b) **Cost of acquisition**

The cost of an acquisition is measured as the fair value of the assets given, equity instruments

Significant Accounting Policies to the Financial Statements (Contd.)

issued and liabilities incurred or assumed at the date of exchange. This excludes any transaction

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

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

e) **Reporting date**
The Financial Statements of the subsidiary has been prepared for the common reporting period as the parent Company, which is 12 months ending 31st March, using consistent accounting policies.

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

1.3 Material accounting policies and disclosures

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

1.3.1 Property, plant and equipment

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

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

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

b) **Useful lives of property, plant and equipment**
The Group reviews the assets' residual values, useful lives and methods of depreciation at each reporting date; judgement made by management based on professional expertise is exercised in the estimation of these values, rates and methods.

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

The economic useful lives are as follows:

Category of assets	Period
Freehold buildings and tube well	20 years

Significant Accounting Policies to the Financial Statements (Contd.)

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

Depreciation of assets begins when they are available for use and cease at the earlier of the dates on which asset is classified as held for sale or de-recognised.

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

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

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

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

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

The estimated useful life of computer software which is intangible asset with finite life is 3 years.

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

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

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

1.3.4 **Impairment of non-financial assets**

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

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

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

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot "exceed" the carrying amount that would have been determined, net of depreciation had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income.

1.3.5 **Financial instruments**

1.3.5.1 **Financial assets**

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

Financial instruments — Initial recognition and subsequent measurement

Initial recognition and measurement

Financial assets within the scope of SLFRS 9 are classified as amortised cost, Fair Value Through Other Comprehensive Income (FVTOCI), and 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 Group's business model for managing them. This assessment is referred to as the SPPI test and is performed at an instrument level. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

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

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

Significant Accounting Policies to the Financial Statements (Contd.)

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

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

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

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

- Financial assets at amortised cost are sobsequctly measured using the effective interest CEIRD method and are subject to impairment. Gains and losses are recoguised in profit or loss when the asset is derecoguised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables, debt investments and cash and cash equivalents and amount due from a related party.

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

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

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

Equity instruments

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

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

Significant Accounting Policies to the Financial Statements (Contd.)

Financial assets at fair value through profit or loss
This category comprises in-the-money derivatives and out-of-money derivatives where the time value offsets the negative intrinsic value. They are carried in the statement of financial position at fair value with changes in fair value recognised in the consolidated statement of comprehensive income in the finance income or expense.

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

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

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

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

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

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

Loss allowances for trade receivable are always measured at an amount equal to lifetime ECLs.

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

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

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

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

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

Significant Accounting Policies to the Financial Statements (Contd.)

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

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

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

Presentation of allowance for ECL in the statement of financial position
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

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

1.3.5.2 **Cash and cash equivalents**

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

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

1.3.5.3 **Financial liabilities**

Initial recognition and measurement

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

The Group's financial liabilities comprise of bank overdrafts, trade and other payables.

Financial liabilities are classified as measured at amortised cost or Fair Value Through Profit or Loss (FVTPL). A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and gains and losses, including any interest expense, are recognised in profit or loss.

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

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

Significant Accounting Policies to the Financial Statements (Contd.)

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

1.3.5.4 Off-setting of financial instruments

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

1.3.5.5 **SLFRS 7 fair value measurement hierarchy**

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

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

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) and;

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

1.4 **Stated capital**

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

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

1.5 **Liabilities and provisions**

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

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

Significant Accounting Policies to the Financial Statements (Contd.)

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

1.5.3 Current and deferred income tax

a) **Current taxes**

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

The provision for income tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provision of the Inland Revenue Act No. 24 of 2017 and subsequent amendments thereto.

b) **Deferred taxation**

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

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the statement of financial position.

c) **IFRIC interpretation 23 - uncertainty over income tax treatment**

The Interpretation addresses the accounting for income taxes when the tax treatments involve uncertainty that affects the application of LKAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of LKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The Interpretation specifically addresses the following:

a) whether an entity considers uncertain tax treatments separately,
b) the assumptions an entity makes about the examination of tax treatments by taxation authorities,
c) how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates,
d) how an entity considers changes in facts and circumstances.

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Group applies significant judgment in identifying uncertainties over income tax treatments. Since the Group operates in a complex environment, it assesses to ascertain whether the Interpretation had an impact on its Financial Statements.

Upon adoption of the Interpretation, the Group considers whether it has any uncertain tax positions and the Group determines that it is probable that its tax treatments will be accepted by the taxation authorities. The Interpretation did not have an impact on the Financial Statements of the Group.

Significant Accounting Policies information to the Financial Statements (Contd.)

Related party transactions

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

1.5.5 **Employee benefits**

a)

a) **Defined benefit plans – gratuity**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group is liable to pay retirement benefits under the Payment of Gratuity Act, No. 12 of 1983. The liability recognised 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 recognised under other comprehensive income.

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

b) **Defined contribution plans**

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

1.5.6 **Revenue recognition**

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

Performance obligations and timing of revenue recognition

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

Determining the transaction price

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

Allocating amounts to performance obligations

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

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

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

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

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

2. **New accounting standards, amendments and interpretations issued but not yet effective**

The following new accounting standards are effective for annual periods beginning after 1st January 2026 and the earlier application is permitted. However, the Company and Group has not early adopted the new or amended standards in preparing these Financial Statements.

Accounting standard	Description	Effective date
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	01st January 2026
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	01st January 2026
Amendments to SLFRS 9 and SLFRS 7	Classification and Measurement of financial instruments Contracts Referencing Nature-Dependent Electricity	01st January 2026
SLFRS 18 Presentation and Disclosure in Financial Statements	Replacing LKAS 1 – Presentation of Financial Statements	On or after 01st January 2027
SLFRS 19 Subsidiaries without Public Accountability: Disclosures	Subsidiaries without Public Accountability - Disclosures	On or after 01st January 2027

Notes to the Financial Statements (Contd)

	Group		Company	
	2025/2026 Rs.	2024/2025 Rs.	2025/2026 Rs.	2024/2025 Rs.
3. REVENUE				
Gross revenue	658,851,357	638,410,456	402,425,011	350,749,996
Less : Service charge	(59,819,174)	(57,957,004)	(36,584,092)	(31,886,363)
Revenue from sale of goods and Rendering of services Note 3.1	599,032,183	580,453,452	365,840,919	318,863,633
3.1 Revenue from sale of goods and rendering of services				
Tariff and extra bed	320,249,778	288,752,897	128,791,440	86,392,920
Palmyrah restuarant	156,985,677	169,261,508	126,746,406	121,469,118
Palmyrah bar	26,910,481	25,915,771	26,084,611	25,915,771
Takeaway	10,814,680	9,598,880	10,814,680	9,598,880
Local call income	4,212	11,531	4,212	11,531
IDD call income	13,471	41,259	10,655	37,056
Photocopy income	30,709	8,149	30,709	8,149
Laundy income	2,228,937	2,187,315	810,494	383,465
Travel desk	840,446	883,409	–	–
Pool tariff	811,900	4,465	–	4,465
Banquet income	80,141,692	83,788,268	72,547,712	75,042,278
	599,032,183	580,453,452	365,840,919	318,863,633
4. OTHER INCOME				
Dividend	459,192,025	336,287,428	358,833,947	240,452,552
Gain / (loss) on disposal of equity investments	76,235,348	6,843,371	17,888,640	(474,086)
Fair value gain on investment in unit trust	4,417	8,273,727	3,589	7,187,728
Profit on disposal of property, plant and equipment	32,000,000	-	32,000,000	-
	567,431,791	351,404,526	408,726,176	247,166,194

5. PROFIT FROM OPERATIONS

Profit from operations is stated after charging all expenses including the following ;

	Group 2025/2026 Rs.	Group 2024/2025 Rs.	Company 2025/2026 Rs.	Company 2024/2025 Rs.
Directors' fee	2,876,025	1,500,000	840,000	750,000
Directors' emoluments	54,367,650	50,184,750	29,411,400	25,228,500
Bonus and ex-gratia	126,230,251	77,721,915	91,806,603	43,298,267
Auditor's remuneration	882,010	664,300	501,250	369,000
Depreciation and amortisation	30,740,316	33,637,364	18,126,390	23,319,602
Staff costs include:				
Salaries and wages	49,647,230	48,578,892	21,262,431	20,194,093
E.P.F and E.T.F	13,372,659	12,308,132	7,402,621	6,338,094
Provision for retirement benefit obligations	2,816,790	2,305,296	2,118,252	1,606,758
Charity and donation	150,000	554,430	150,000	374,430
Legal expenses and professional fee	4,136,572	6,615,457	3,496,287	6,615,457

Notes to the Financial Statements (Contd)

	Group 2025/2026 Rs.	Group 2024/2025 Rs.	Company 2025/2026 Rs.	Company 2024/2025 Rs.
6. NET FINANCE INCOME				
7.1 Finance Income				
Interest from debentures	94,428,904	90,464,205	90,428,904	90,464,205
Interest from short term deposits	515,163	29,303,351	226,517	28,078,577
Interest from saving accounts	50,656,329	23,448,005	45,572,042	22,469,064
Interest from fixed deposits	587,296,978	98,233,971	26,935,008	98,105,292
Exchange gain/(loss)	611,963,871	478,795,838	6,164,820	(1,602,789)
	1,344,861,245	720,245,370	173,327,291	237,514,349
6.2 Finance expenses				
Interest expenses	-	-	-	-
	-	-	-	-
Net finance income	1,344,861,245	720,245,370	173,327,291	237,514,349

	Group 2025/2026 Rs.	Group 2024/2025 Rs.	Company 2025/2026 Rs.	Company 2024/2025 Rs.
7. INCOME TAX EXPENSE				
Current income tax expense (Note 7.1)	51,998,629	91,391,501	47,567,147	73,230,356
Income tax (over)/under provision	–	9,133,473	–	8,781,393
Deferred tax provision/(reversal) (Note 7.2)	(6,555,220)	562,928	(3,339,292)	(810,320)
	45,443,410	101,087,902	44,227,855	81,201,429

7.1 Reconciliation between current tax expense and accounting profit

	Group 2025/2026 Rs.	Group 2024/2025 Rs.	Company 2025/2026 Rs.	Company 2024/2025 Rs.
Profit before tax	1,873,474,996	1,124,015,552	553,861,733	479,795,631
Aggregate disallowable expenses	45,740,328	160,568,399	24,432,749	33,234,513
Aggregate allowable expenses	(6,275,628)	(23,906,375)	(4,800,419)	(22,987,281)
Exclude amount	(1,905,123,104)	(1,187,249,382)	(575,888,647)	(486,270,740)
Business profit/(loss)	6,816,591	72,428,194	(2,394,584)	3,772,123
Brought forward business loss	–	(10,829,705)	–	–
Investment income	545,282,456	487,970,965	560,098,348	495,322,797
Total assessable income	552,099,047	549,569,454	557,703,764	499,094,818
Exempt amounts	(378,957,784)	(244,931,117)	(399,146,609)	(254,993,731)
Total taxable income	173,328,762	304,638,337	158,557,155)	244,101,187
Current income tax expense @ 30%	51,998,629	91,391,501	47,567,147	73,230,356

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

7.2 Defrred tax expense

	Group 2025/2026 Rs.	Group 2024/2025 Rs.	Company 2025/2026 Rs.	Company 2024/2025 Rs.
Accelerated depreciation for tax purposes	(5,699,075)	(2,927,193)	(2,994,816)	(328,296)
Employee benefit liability	(856,145)	(161,591)	(344,476)	(482,024)
Carried forward tax loss	–	3,651,752	–	–
	(6,555,220)	562,968	(3,339,292)	(810,320)

8. EARNINGS PER SHARE

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

	Group 2025/2026 Rs.	Group 2024/2025 Rs.	Company 2025/2026 Rs.	Company 2024/2025 Rs.
Profit attributable to ordinary shareholders (Rs.)	1,447,083,080	840,273,979	509,633,879	398,594,202
Weighted average number of ordinary shares (No.)	40,297,530	40,297,530	40,297,530	40,297,530
Earnings Per Share (Rs)	35.91	20.85	12.65	9.89

9. PROPERTY, PLANT AND EQUIPMENT
9.1 Group

	Land and building Rs.	Air conditioners, lifts and generators Rs.	Motor vehciles Rs.	Furniture, fittings and equipment Rs.	Total Rs.
Cost					
As at 1st April 2025	784,926,220	105,642,488	80,262,676	237,021,161	1,207,852,545
Additions during the year	-	5,059,840	219,025,423	1,061,511	225,146,774
Disposal of assets	-	-	(38,800,000)	-	(38,800,000)
As at 31st March 2026	784,926,220	110,702,328	260,488,099	238,082,672	1,394,199,319
Accumulated depreciation					
As at 1st April 2025	229,805,376	85,935,631	80,262,676	217,035,921	613,039,604
for the year	16,150,372	3,464,434	5,891,771	5,233,737	30,740,315
Disposal of assets	-	-	(38,800,000)	-	(38,800,000)
As at 31st March 2026	245,955,748	89,400,065	47,354,447	222,269,659	604,979,919
Net book value					
As at 31st March 2025	555,120,844	19,706,857	-	19,985,240	594,812,938
As at 31st March 2026	538,970,472	21,302,263	213,133,652	15,813,013	789,219,400

9.2 Company

	Land and building Rs.	Air conditioners, lifts and generators Rs.	Motor vehciles Rs.	Furniture, fittings and equipment Rs.	Total Rs.
Cost					
As at 1st April 2025	443,158,490	51,977,327	46,012,676	144,291,442	685,439,935
Additions during the year	-	-	135,593,220	383,898	135,977,118
Disposal of assets	-	-	(38,800,000)	-	(38,800,000)
As at 31st March 2026	443,158,490	51,977,327	142,805,896	144,675,340	782,617,053
Accumulated depreciation					
As at 1st April 2025	140,952,062	39,524,535	46,012,676	127,885,679	354,374,952
For the year	10,157,879	996,606	3,551,252	3,420,653	18,126,390
Disposal of assets	-	-	(38,800,000)	-	(38,800,000)
As at 31st March 2026	151,109,941	40,521,141	10,763,928	131,306,332	333,701,342
Net book value					
As at 31st March 2025	302,206,428	12,452,792	-	16,405,763	331,064,983
As at 31st March 2026	292,048,549	11,456,186	132,041,968	13,369,008	448,915,711

9.3 Extent, location, valuation & number of buildings & land holdings.

Location	Number of building	Extent of land A.R.P	Cost Rs.	Fair Value Rs.
Land and building -No 328, Galle Road, Colombo 03	01	0-0-32.59	233,359,491	688,730,000
Land and building -No 10, Sea avenue, Colombo 03	01	0-0-16.5	160,000	264,000,000
Land and building -No 36, Sea avenue, Colombo 03	01	0-0-15	209,639,000	200,000,000
Land and building -No 326, Galle Road, Colombo 03	01	0-1-1.05	341,767,730	905,425,000

The fair value of the property was determined by external, professional independent property valuer, Mr. T. Hilmy Farook (Fellow member of the Institute of Valuers Sri Lanka). The Group fair value the property portfolio once in five years and the latest valuation was done on 31st March 2024. Fair value has been determined by reference to market-based evidence adjusted for any difference in the nature, location or condition of the specific property. Based on the valuation technics used it has been classified under level 3 in fair value hierarchy.

Notes to the Financial Statements (Contd)

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

	Group		Company	
	As at 31.03.2026 Rs.	As at 31.03.2025 Rs.	As at 31.03.2026 Rs.	As at 31.03.2025 Rs.
Building	50,461,159	3,951,334	50,461,159	3,951,334
Furniture, fixture & electrical equipment	187,743,180	114,730,624	115,515,336	46,426,847
Motor Vehicles	41,462,676	80,262,676	7,212,676	46,012,676
Air conditions lifts and generators	31,404,630	31,230,531	16,608,696	16,434,589
	311,071,653	230,175,165	189,797,867	112,825,446

10. INTANGIBLE ASSETS

	Group		Company	
	2025/2026 Rs.	2024/2025 Rs.	2025/2026 Rs.	2024/2025 Rs.
Balance at the beginning of the year	4,261,191	4,261,191	–	–
Balance at the end of the year	4,261,191	4,261,191	–	–
Accumulated Amortization				
Balance at the beginning of the year	4,261,191	4,261,191	–	–
Charge for the year	–	–	–	–
Balance at end of the year	4,261,191	4,261,191	–	–
Carrying Amount	–	–	–	–

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

Computer software	4,261,191	4,261,191	–	–
	4,261,191	4,261,191	–	–

11. INVESTMENTS IN SUBSIDIARY

	As at 31.03.2026			As at 31.03.2025		
	No of Shares	Holding %	Carrying Value Rs.	No. of Shares	Holding %	Carrying Value Rs.
Renuka City Hotels PLC	5,031,808	71.88%	223,118,942	5,031,808	71.88%	223,118,942
Amalgamated Theateres (Private) Limited	20,531	41.00%	205,310	20,531	41.00%	205,310
			223,324,252			223,324,252

12. FINANCIAL ASSETS MEASURED AT AMOTISED COST

	Group		Company	
	As at 31.03.2026 Rs.	As at 31.03.2025 Rs.	As at 31.03.2026 Rs.	As at 31.03.2025 Rs.
Investment in Debentures - Commercial Bank of Ceylon PLC	324,297,945	324,189,041	324,297,945	324,189,041
Investment in Debentures - Seylan Bank PLC	97,379,216	97,379,216	97,379,216	97,379,216
Investment in Debentures - DFCC Bank PLC	5,309,041	5,309,041	5,309,041	5,309,041
	426,986,202	426,877,298	426,986,202	426,877,298

Notes to the Financial Statements (Contd)

13. **FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

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

Investment in financial assests		Group As at 31.03.2026 Rs.	Group As at 31.03.2025 Rs.	Company As at 31.03.2026 Rs.	Company As at 31.03.2025 Rs.
	13. 13. 13. 13.				
Unquoted Companies	14.1.1 and 14.2.1	100,000	100,000	–	–
Quoted Companies	14.1.2 and 14.2.2	10,305,340,747	7,614,696,275	7,598,911,149	5,460,634,253
		10,305,440,747	7,614,696,275	7,598,911,149	5,460,634,253

13.1 Group

13. 1.1 Unquoted Companies	As at 31.03.2026 No. of Shares	Cost Rs.	Fair Value Rs.	As at 31.03.2025 No. of Shares	Cost Rs.	Fair Value Rs.
Unquoted Shares						
Merchant Securities Lmited	10,000	100,000	100,000	10,000	100,000	100,000
		100,000	100,000		100,000	100,000

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

13. 1.2 Other Companies

Shares	As at 31.03.2026 No. of	Cost Rs.	Market Value Rs.	As at 31.03.2025 No.of Shares	Cost Rs.	Market Value Rs.
Quoted Shares						
Access Engineering PLC	300,000	7,500,000	20,100,000	450,000	11,250,000	17,325,000
Aitken Spence PLC	440,295	29,806,345	61,201,004	494,297	30,810,721	63,146,441
Blue Diamonds PLC	33	445		66	834	20
Renuka Capital PLC	2,447,804	11,763,543	70,741,535	1,223,902	11,763,543	13,462,921
Commercial Bank of Ceylon PLC - Voting	25,433,327	2,219,129,398	5,194,757,051	25,689,208	2,213,196,999	3,789,158,189
DFCC Bank PLC	14,550,874	1,026,129,388	2,004,385,648	14,033,453	949,686,261	1,487,546,017
Dialog Axiata PLC	248,000	4,915,500	7514,400	248,000	4,915,500	3,546,400
Hotel Service Ceylon PLC	9,267,200	101,754,139	139,934,720	9,267,200	101,754,139	110,279,680
Chervon Lubricant Lanka PLC	5,796,965	467,426,696	1,036,207,495	6,002,965	445,703,695	825,407,688
Mackwoods Energy PLC	20,000	280,000	124,000	20,000	280,000	42,000
National Development Bank PLC	867,623	92,183,554	112,790,989	1,283,653	138,942,240	137,350,870
Richard Pieris & Company PLC	3,900,000	17,939,989	120,120,000	4,000,000	18,406,989	101,200,000
Royal Ceramics Lanka PLC	2,900,000	30,101,792	124,700,000	2,900,000	30,101,792	107,300,000
Royal Palms Beach Hotels PLC	260,000	2,414,369	13,156,000	280,000	2,594,969	9,240,000
Softlogic Capital PLC	25,000	250,000	347,500	25,000	250,000	137,500
Sierra Cables PLC	45,400	94,764	1,284,820	45,400	94,764	712,780
The Finance Co. PLC	4,968	257,600	-	4,968	257,600	-
Vallibel One PLC	548,204	14,120,966	50,379,948	548,204	14,120,966	32,289,216
Vallibel Power Erathna PLC	876	2,336	13,052	876	2,336	11,300
Vanik Incorporation PLC	848	17,160	-	848	17,160	-
Sampath Bank PLC	11,099	590,012	1,612,131	11,099	590,012	1,359,628
Dipped Product PLC	2,178,626	5,999,148	107,624,124	2,182,798	60,118,603	120,053,890
Hayleys Fabric PLC	150,000	4,092,581	4,575,000	150,000	4,092,581	6,750,000
Hayles PLC	3,109,897	229,777,424	668,627,855	3,315000	244,931,636	454,155,000
Melstacorp PLC	1,800,000	105,496,200	302,400,000	1,800,000	105,496,200	228,600,000
John Keels Holdings Ltd	10,021,406	232,423,750	184,000,000	5,000,000	121,242,500	101,000,000
John Keels Hotel PLC	-	148,374	-	21,406	148,374	432,401
On'Allay Holding PLC	10	53	369	10	53	280
Lanka Tile Ltd	10,000	474,531	457,000	10,000	474,531	507,000
LVL Energy Fund Limited	100,000	1,000,000	-	100,000	1,000,000	580,000
Sri Lanka Telecom PLC	25,[illegible]	387,500	2,000,[illegible]	25,000	387,500	1,507,500
Union Assurance PLC	840	1,603	-	840	1,603	45,444
Renuka Shaw Wallace PLC	140,797	1,273,346	8,138,067	140,797	1,273,346	1,548,767
Renuka Agri Foods PLC	101	302	1,262	101	302	343
C.W.Mackie PLC	2,000,000	52,582,400	6,780,000	-	-	-
	86,582,625	4,713,533,961	10,305,340,747	79,275,091	4,523,907,750	7,614,696,275

Notes to the Financial Statements (Contd)

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

13.1.3 Movement in financial assets measured fair value through other comprehensive income

Year 2025/2026	Balance as at 01st April 2025 Rs.	Additions Rs.	Disposals Rs.	Fair value adjustment Rs.	Balance as at 31st March 2026 Rs.
Quoted companies	7,614,696,275	283,231,638	(198,665,577)	2,606,078,411	10,305,340,747
	7,614,696,275	283,231,638	(198,665,577)	2,606,078,411	10,305,340,747

Year 2024/2025	Balance as at 01st April 2024 Rs.	Additions Rs.	Disposals Rs.	Fair value adjustment Rs.	Fair Value as at 31st March 2025 Rs.
Quoted companies	4,808,726,891	612,982,564	(110,675,187)	2,303,662,007	7,614,696,275
	4,808,726,891	612,982,564	(110,675,187)	2,303,662,007	7,614,696,275

13.2 Company

		As at 31.03.2026		As at 31.03.2025	
		Cost Rs.	Fair Value Rs.	Cost Rs.	Fair Value Rs.
Quoted companies	Note 13.2.1	3,407,867,616	7,598,911,149	3,203,308,441	5,460,634,253
		3,407,867,616	7,598,911,149	3,203,308,441	5,460,634,253

	As at 31.03.2026			As at 31.03.2025		
	No. of Shares	Cost Rs.	Fair Value Rs.	No.of Shares	Cost Rs.	Fair Value Rs.
13.2.1 Other Companies						
Access Engineering PLC	150,000	3,750,000	10,050,000	150,000	3,750,000	5,775,000
Aitken Spence PLC	400,000	26,777,968	55,599,999	447,892	26,777,968	57,218,202
Blue Diamonds PLC	33	445	-	33	445	10
Renuka Foods PLC	2,447,804	11,763,543	70,741,535	1,223,902	11,763,543	13,462,921
Commercial Bank of Ceylon PLC - Voting	20,356,520	1,830,774,049	4,157,819,221	20,122,221	1,796,566,274	2,968,027,608
DFCC Bank PLC	5,048,939	352,245,164	695,491,347	4,911,033	330,490,371	520,569,497
Dialog Axiata PLC	98,000	1,948,000	2,969,400	98,000	1,948,000	1,401,400
The Kingsbury PLC	4,742,600	67,818,292	71,613,260	4,742,600	67,818,292	56,436,940
Chevron Lubricants Lanka PLC	5,201,918	373,567,079	929,842,843	5,201,918	373,567,079	715,263,725
Greentech Energy PLC	10,000	140,000	62,000	10,000	140,000	21,000
National Development Bank PLC	11	574	1,430	257	13,405	27,499
Richard Peiris & Company PLC	3,000,000	13,846,196	92,400,000	3,000,000	13,846,196	75,900,000
Royal Ceramics PLC	2,900,000	30,101,792	124,700,000	2,900,000	30,101,792	107,300,000
Royal Palm Beach Hotels PLC	200,000	1,883,398	10,120,000	200,000	1,883,398	6,600,000
Softlogic Capital PLC	25,000	250,000	347,500	25,000	250,000	137,500
The Finance Co. PLC	4,968	257,600		4,968	257,600	-
Vallibel One PLC	548,204	14,120,966	50,379,948	548,204	14,120,966	32,289,216
Vallibel Power Erathna PLC	876	2,336	13,052	876	2,336	11,300
Vanik Incorporation PLC	848	17,160		848	17,160	-
Sampath Bank PLC	9,698	533,687	1,408,635	9,698	533,687	1,188,005
Dipped products PLC	2,013,626	54,961,012	99,473,124	2,013,626	54,961,011	110,749,430
Hayleys Fabric PLC	100,000	2,828,581	3,050,000	100,000	2,828,581	4,500,000
Hayleys PLC	3,109,897	229,777,424	668,627,855	3,315,000	244,931,636	454,155,000
John Keels Holdings Ltd	10,000,000	232,423,750	184,000,000	5,000,000	121,242,500	101,000,000
Melstacorp PLC	1,800,000	105,496,200	302,400,000	1,800,000	105,496,200	228,600,000
C.W.Mackie	2,000,000	52,582,400	67,800,000	-	-	-
		3,407,867,616	7,598,911,149		3,203,308,441	5,460,634,253

Notes to the Financial Statements (Contd)

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

Year 2025/2026	Balance as at 01st April 2025 Rs.	Addition Rs.	Disposals Rs.	Fair value gain Rs.	Balance as at 31st March 2026 Rs.
Quoted companies	5,460,634,253	219,726,220	(34,243,636)	1,952,794,312	7,598,911,149
	5,460,634,253	219,726,220	(34,243,636)	1,952,794,312	7,598,911,149

Year 2024/2025	Balance as at 01st April 2024 Rs.	Addition Rs.	Disposals Rs.	Fair value adjustment Rs.	Fair Value as at 31st March 2025 Rs.
Quoted companies	3,335,669,222	486,299,597	(22,313,199)	1,660,978,633	5,460,634,253
	3,335,669,222	486,299,597	(22,313,199)	1,660,978,633	5,460,634,253

14. FINANCIAL ASSET MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
Investment in Unit Trust	As at 31.03.2026 Rs.	As at 31.03.2025 Rs.	As at 31.03.2026 Rs.	As at 31.03.2026 Rs.
NDB Wealth Management Ltd.				
Balance at the begining of the year	62,437	129,432,238	46,984	103,754,327
Additions	-	276,149,000	-	221,800,000
Disposals	-	(413,579,601)	-	(332,695,071)
Fair value adjustment	4,416	8,060,800	3,589	7,187,728
Balance as the end of the year	66,853	62,437	50,573	46,984

	Group		Company	
	As at 31.03.2026 (Rs)	As at 31.03.2025 (Rs)	As at 31.03.2026 (Rs)	As at 31.03.2025 Rs.
15. INVENTORIES				
Food and beverages	8,780,695	6,473,155	8,597,473	5,838,375
Fuel stock	2,669,292	–	2,162,314	–
	11,449,987	6,473,155	10,759,787	5,838,375
16. AMOUNTS DUE FROM A RELATED PARTY				
Renuka City Hotels PLC	–	–	22,313,763	1,973,979
	–	–	22,313,763	1,973,979
17. TRADE AND OTHER RECEIVABLES				
Trade receiables	33,524,160	23,825,224	33,524,160	23,825,223
Deposits and prepayments	14,278,072	13,731,761	5,746,840	5,002,342
Other receivables (Note - 17.1)	7,737,085	4,157,932	213,631	71,500
	55,539,317	41,714,917	39,484,631	28,899,065
17.1 Other Receivables				
Staff Loan	1,828,147	1,331,675	170,444	71,500
W.H.T receivable	3,233,749	2,826,257	–	–
Other	2,675,189	–	43,187	–
	7,737,085	4,157,932	213,632	71,500
18. FINANCIAL ASSETS MEASURED AT AMORTISED COST				
Fixed deposits	7,069,120,601	4,802,386,834	10,922,898	461,354,406
	7,069,120,601	4,802,386,834	10,922,898	461,354,406
19. CASH AND CASH EQUIVALENTS				
Cash at bank and in hand	3,799,368,881	4,635,144,412	854,685,465	309,638,354
Short term bank deposits	2,192,195	3,935,974	2,192,195	3,935,974
	3,801,561,076	4,639,080,386	856,877,660	313,574,328
Bank overdraft	(12,099,771)	(6,509,023)	(4,830,076)	(4,724,681)
	3,789,461,305	4,632,571,363	852,047,584	308,849,647

Notes to the Financial Statements (Contd)

	Group		Company	
	As at	As at	As at	As at
20. STATED CAPITAL	**31-03-2026**	**31-03-2025**	**31-03-2026**	**31-03-2025**
Number of shares	**Nos.**	**Nos.**	**Nos.**	**Nos.**
- Ordinary shares	40,297,530	40,297,530	40,297,530	40,297,530
Value	Rs.	Rs.	Rs.	Rs.
- Ordinary shares	112,508,648	112,508,648	112,508,648	112,508,648

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

21. RETIREMENT BENEFIT OBLIGATIONS

	Group		Company	
	As at 31-03-2026 Rs.	As at 31-03-2025 Rs.	As at 31-03-2026 Rs.	As at 31-03-2025 Rs.
Balance at the beginning of the year	17,492,147	18,778,139	12,723,190	12,283,790
Current service cost	1,171,588	1,508,830	515,924	1,278,390
Interest for the year	2,868,225	796,466	1,602,328	328,368
Acturial (gain)/loss for the year	9,489,490	(2,699,288)	2,321,180	(405,358)
	31,021,450	18,384,147	17,162,622	13,485,190
Payments made during the year	(424,004)	(892,000)	(208,000)	(762,000)
Balance at the end of the year	30,597,446	17,492,147	16,954,622	12,723,190

The employee benefit liability of the Company is based on the actuarial valuation carried out by Ms. Thanuja Krishnaratna, Messrs. Actsure Lab (Pvt) Ltd., a firm of professional actuaries as at 31st March 2026.

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

	Group		Company	
	As at 31.03.2026	As at 31.03.2025	As at 31.03.2026	As at 31.03.2025
Discount Rate	10.80%	11.50%	10.80%	12.42%
Salary Increment rate	17.40% - 20.39%	9.50%-9.72%	17.40%	23.52%
Staff turn over ratio	22.20% -26.67%	27.70%-38.50%	26.67%	27.30%
Retirement age - years	60 Years	60 Years	60 Years	60 Years

21.1 Sensitivity of Assumption employed in actuarial valuation

The following table demonstrates the sensitivity too reasonable possible change in the key assumptions used, with all other variables held constant in the retirement benefit obligation measurement.

	Group		Company	
	As at 31.03.2026	As at 31.03.2025	As at 31.03.2026	As at 31.03.2025
Discount rate				
Effect on retirement benifit obligation due to 1% increase	(532,662)	(4,809,503)	(158,152)	(62,474)
Effect on retirement benifit obligation due to 1% decrease	572,675	4,859,044	169,009	66,739
Salary Increment rate				
Effect on retirement benifit obligation due to 1% increase	609,025	5,017,173	185,708	182,644
Effect on retirement benifit obligation due to 1% decrease	(575,727)	(4,883,098)	(176,482)	(178,320)

22. DEFERRED TAX LIABILITY

Deferred taxes are calculated on all temporary differences under the liability method using a principal tax rate of 30% (2024 - 30%). The movement in the deferred tax account is as follows:

	Group		Company	
	As at 31.03.2026 Rs.	As at 31.03.2025 Rs.	As at 31.03.2026 Rs.	As at 31.03.2025 Rs.
Balance at the beginning of the year	93,705,144	92,332,430	28,751,353	29,440,068
Deferred tax charged/(reversed) for the year Note 22.1	(9,402,066)	1,372,714	(4,035,646)	(688,715)
Balance at the end of the year	84,303,078	93,705,144	24,715,707	28,751,353

22.1 Deferred tax charge recognised as follows :

Deferred tax charge rcognised in profit or loss Note 7.2	(6,555,220)	562,928	(3,339,292)	(810,320)
Deferred tax charge recognised in other comprehensive income	(2,846,847)	809,786	(696,354)	121,607
	(9,402,067)	1,372,714	(4,035,646)	(688,713)

Notes to the Financial Statements (Contd)

22.2 Deferred Tax liabilites/ (assets) are attributed as follows.

Company

	As at 31.03.2026			As at 31.03.2025		
	Assets Rs.	**Liabilites Rs.**	**Net Rs.**	**Assets Rs.**	**Liabilites Rs.**	**Net Rs.**
Property, plant and equipmet	–	29,802,094	29,802,094	–	32,796,910	32,796,910
Employee benefits	(5,086,387)	–	(5,086,387)	(4,045,557)	–	(4,045,557)
	(5,086,387)	29,802,094	24,715,707	(4,045,557)	32,796,910	28,751,353

Group

Property, plant and equipment	–	93,482,313	93,482,313	–	99,181,387	99,181,387
Retirement benifit obligation	(9,179,236)	–	(9,179,236)	(5,476,244)	–	(5,476,244)
	(9,179,236)	93,482,313	84,303,077	(5,476,244)	99,181,387	93,705,144

	Group		Company	
	As at 31.03.2026 Rs.	**As at 31.03.2025 Rs.**	**As 31.03.2026 Rs.**	**As at 31.03.2025 Rs.**
23. TRADE AND OTHER PAYABLES				
Trade payables	16,679,582	27,409,079	10,623,021	18,505,119
Accrued expenses and other payables	72,334,480	61,315,680	35,080,169	31,598,047
Unclaimed dividend	10,747,242	10,405,271	5,789,755	5,057,295
	99,761,304	99,130,030	51,492,945	55,160,461
24. INCOME TAX PAYABLE				
Balance at the beginning of the year	64,855,735	30,599,235	46,581,873	30,370,830
Provision for the year	51,998,630	91,591,183	47,567,147	73,230,356
Under/(over) provision in respect of previous year	–	8,933,791	–	8,781,393
	116,854,365	131,124,209	94,149,020	112,382,579
Less : Payments made during the year				
Self assessments	(91,738,557)	(54,322,951)	(63,663,659)	(54,068,223)
Colth Holding Tax	(16,214,032)	(11,945,523)	(16,084,284)	(11,732,483)
Balance at the end of the year	8,901,776	64,855,735	14,401,077	46,581,873

25. COMMITMENTS

a) Capital Commitments

There were no material commitments outstanding as at the reporting date.

b) Financial Commitments

There were no material commitments outstanding as at the reporting date.

Notes to the Financial Statements (Contd)

26. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

26.1 Contingent Liabilities

Renuka Hotels PLC

a) Colombo Municipal Council has filed a cases (case No. 32205/25) at the magistrates' court against the Hotel for operating restaurant without a Trade license for the year 2024. The case is fixed for judgement on 28 August 2026.

Renuka City Hotels PLC

a) Colombo Municipal Council has filed a cases (case No. 32204/25) at the magistrates' court against the Hotel for operating restaurant without a Trade license for the year 2024. The case is fixed judgement for

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

27. ASSETS PLEDGED

There were no assets pledged as security for liabilities as at 31st March 2026.

28. EVENTS OCCURRING AFTER THE REPORTING DATE

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

29. RELATED PARTY TRANSACTIONS

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

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

Notes to the Financial Statements (Contd)

29.2 Trading Transactions

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

Name of the Company	Name of the Directors	Nature of transaction	2025/2026 Group (Rs)	2025/2026 Company (Rs)
(a) Renuka City Hotels PLC	Mr. R. B. Thambiayah	Collection of debtors	-	321,375,707
(RCHL)	Mrs. N. A. Thambiayah	Transfer of revenue related to RCHL including	-	(311,299,692)
	Ms. S. R. Thambiayah	the service charges of RHL	-	
	Ms. N. R. Thambiayah	Net expenses incurred on behalf of RCHL	-	(4,891,870)
	Ms. A. L. Thambiayah	Fund Transfers	-	51,000,000
		Food cost transfer	-	14,155,640
		Settlement by RHL / RCHL	-	(50,000,000)
(b) Crescent Launderers and	Mr. R. B. Thambiayah	Settlement by CLDC	9,869,455	3,337,255
Dry cleaners (Pvt) Ltd.	Mrs. N. A. Thambiayah	Fund transfers		-
(CLDC)	Ms. S. R. Thambiayah	Net expenses incurred on behalf of CLDC	(9,869,455)	(3,337,255)
	Ms. N. R. Thambiayah		-	-
	Mrs. M. A. Jayawardana			
(c) Portfolio Management	Mr. R. B. Thambiayah	Settlement by PMS	527,576	(12,424)
Services (Private) Limited(PMS)	Mrs. N. A. Thambiayah	Net expenses incurred on behalf of PMS	(527,576)	12,424
	Ms. S. R. Thambiayah			
	Ms. N.R. Thambiayah			
	Ms. A.L. Thambiayah			
(d) Lancaster Holdings Ltd(LHL)	Mr. R. B. Thambiayah	Settlement by LHL	(47,956)	(47,956)
	Mrs. N. A. Thambiayah	Net expenses incurred on behalf of LHL	47,956	47,956
	Ms. N.R. Thambiayah			
	Ms. A.L. Thambiayah			
	Ms. S. R. Thambiayah			
(e) Renuka Consultants and	Mr. R. B. Thambiayah	Net expenses incurred on behalf of RCSL	75,310	75,310
Services Ltd. (RCSL)	Ms. S. R. Thambiayah	Settlements by RCSL	(75,310)	75,310)
	Ms. A.L. Thambiayah		-	-
	Mrs. N. A. Thambiayah		-	-
	M.s N.R.Thambiya		-	-
(f) Cargo Boat Development	Mr. R.B. Thambaiyah	Net expenses incurred on behalf of CBDC	342,820	310,553
Company PLC(CBDC)	Ms. N.R. Thambaiyah	Settlment by CBDC	(342,820)	(310,553)
	Mrs. N.A. Thambaiyah			
	Ms. S.R. Thambaiyah			
	Ms. A.L. Thambaiyah			
(g) Amalgamated	Mr. R.B. Thambaiyah	Net expenses incurred on behalf of ATL	-	10,213
Theatreas Ltd (ATL)	Ms. A. L. Thambaiyah	Settlement by ATL	-	(10,213)
	MS. N.R. Thambaiyah			
	Mrs. N.A. Thambaiyah			
(h) Renuka Properties Ltd (RPL)	Mr. R.B. Thambaiyah	Net expenses incurred on behalf of RPL	(47,956)	47,956
	Ms. N.A. Thambaiyah	Settlement by RPL	46,956	(47,956)
	Ms. S.R. Thambaiyah			
	Ms. N.R. Thambaiyah			
	Ms. A.L. Thambaiyah			

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

Transfer of Food Cost
The Company has transferred the food cost incurred during the year on a monthly basis, which is relevant to the food related turnover of Renuka City Hotels PLC. The amount so apportioned for the year ended 31st March, 2026 was Rs. 14,155,640/- (2025- Rs. 19,537,676/-)

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

Non-recurrent related party transactions
There were no non-recurrent related party transactions which aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower, of the Company as per 31 March 2026 audited financial statements, which required additional disclosures in the 2025/26 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Security Exchange Commission Directive issued under Section 13(c) of the Security Exchange Commission Act.

Recurrent related party transactions
There were no recurrent related party transactions which in aggregate value exceeds 10% of the consolidated revenue of the Group as per 31 March 2026 audited financial Statements, which required additional disclosures in the 2025/26 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Security Exchange Commission Act

29.4 Key Management Personnel compensation
The remuneration of the Directors and other members of key management during the year was as follows:

	2025/2026 Rs	2024/2025 Rs.
Short Term Benefits	30,161,400	25,978,500
Bonus and ex-gratia	85,456,603	41,484,623
	115,618,003	67,463,123

30. **COMPARATIVE INFORMATION**
Comparative figures and phrases have been rearranged and reclassified wherever necessary to conform with the current year's presentation

30.1 **Reclassification**

a) During the current year, the comparative presentation of the gain on disposal of equity instruments has been re-classified to conform to the current year's presentation. This re-classification is for presentation purposes only and has no impact on the previously reported financial performance or financial position.

b) During the current year, operating expenses have been reclassified to administration expenses based on the neture of the expenses to provided a more approprate and meaning ful presentation.

Group	**Balance reported 2024/2025 Rs.**	**Reclassification adjustment Rs.**	**Reclassified balance 2025/2026 Rs.**
STATEMENT OF COMPREHENSIVE INCOME			
Other income	428,744,790	76,781,262	351,963,528
Administration expenses	270,678,217	34,605,362	305,283,579
Operating expenses	34,605,362	(34,605,362)	-
Other comprehensive income			
Items that will not be subsequently re-classified to profit or loss			
Net gain on equity instruments at FVTOCI	2,226,321,743	(76,781,262)	2,303,103,005

Company	**Balance reported 2024/2025 Rs.**	**Reclassification adjustment Rs.**	**Reclassified balance 2025/2026 Rs.**
STATEMENT OF COMPREHENSIVE INCOME			
Other income	256,218,251	9,052,057	247,166,194
Administration expenses	145,598,301	23,803,600	169,401,901
Operating expenses	23,803,600	(23,803,600)	-
Other comprehensive income			
Items that will not be subsequently re-classified to profit or loss			
Net gain on equity instruments at FVTOCI	1,651,926,576	(9,052,057)	1,660,978,633

31. SUBSIDIARY COMPANY

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

Summarised statement of comprehensive income for the year ending 31st March

	2026		2025	
	Renuka City Hotels PLC Rs.	Amalgamated Theaters(Pvt) Ltd Rs.	Renuka City Hotels PLC Rs.	Amalgamated Theaters(Pvt) Ltd Rs.
Revenue	233,191,264	16,419,729	261,589,819	14,027,603
Cost of sales	(55,663,166)	(2,505,447)	(58,700,681)	(2,502,192)
Other income	162,474,711	-	100,874,347	-
Administration expenses	(178,119,046)	-	(133,379,485)	-
Marketing expenses	(7,529,911)	-	(10,874,894)	-
Profit from operation	154,353,852	13,914,282	159,509,106	11,525,411
Finance income	1,170,235,941	1,298,013	482,278,340	452,681
Profit before tax	1,324,589,793	15,212,295	641,787,446	11,978,092
Income tax expense	(826,151)	(389,404)	(19,686,791)	(199,682)
Profit for the year	1,323,763,642	14,822,891	622,100,655	11,778,410
Other comprehensive income	536,782,141	111,484,141	547,070,378	96,659,745
Total comprehensive income	1,860,545,783	126,307,032	1,169,171,033	108,438,155

Summarised statement of financial position as at 31st March

	2026		2025	
	Renuka City Hotels PLC Rs.	Amalgamated Theaters(Pvt) Ltd Rs.	Renuka City Hotels PLC Rs.	Amalgamated Theaters(Pvt) Ltd Rs.
Non current assets	2,629,139,943	417,709,624	2,114,877,696	303,047,736
Current assets	10,009,105,298	16,254,448	8,675,273,478	4,724,924
Total assets	12,638,245,241	433,964,071	10,790,151,174	307,772,660
Capital and reserve	12,487,956,229	432,965,421	10,655,410,446	30,688,388
Non current liabilities	73,230,193	-	69,722,747	-
Current liabilities	77,058,819	998,651	65,017,981	964,272
Total equity and liabilities	12,638,245,241	433,964,071	10,790,151,174	31,652,660

Summarised cash flow information for year ending 31st march

Cash flows from operating activities	605,483,087	10,966,324	(64,087,909)	6,452,439
Cash flows from/(used in) investing activities	(1,975,329,891)	692,485	(957,534,335)	(6,002,979)
Cash flows used in financing activities	(28,000,000)	(150,000)	(14,000,000)	(100,000)
Net increase in cash and cash equivalents	1,397,846,804	11,508,809	(1,035,622,244)	349,460

Name of subsidiary and effective holding % owned
Renuka City Hotels PLC - 71.88% (2024/2025 - 71.88%)
Amalgamated Theaters(Pvt) Ltd - 41.00% (2024/2025 - 41.00%)

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

32. FAIR VALUE OF FINANCIAL INSTRUMENTS

32.1 Fair Value of the Financial Instrument Carried at Amortized Cost

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

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

Notes to the Financial Statements (Contd)

32.1.1 Group

	Amortised cost	Fair value through profit or loss	Fair value through OCI	Other Financial Liabilities at amortised cost	Total Carrying Amount	Fair Value
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
31st March, 2026						
Cash & cash equivalents	3,801,561,076	–	–	–	3,801,561,076	3,801,561,076
Trade and other receivables	35,395,494	–	–	–	35,395,494	35,395,494
Investments in financial assets	7,496,106,803	66,853	10,305,440,747	–	17,801,614,403	17,801,614,403
Trade & other payables	–	–	–	(56,611,447)	(56,611,447)	(56,611,447)
Bank overdraft	–	–	–	(12,099,771)	(12,099,771)	(12,099,771)
	11,333,063,373	66,853	10,305,440,747	(68,711,218)	21,569,859,755	21,569,859,755
31st March, 2025						
Cash & cash equivalents	4,639,080,386	–	–	–	4,639,080,386	4,639,080,386
Trade and other receivables	25,156,899	–	–	–	25,156,899	25,156,899
Investments in financial assets	5,229,264,132	62,437	7,614,796,275	–	12,844,122,844	12,844,122,844
Trade & other payables	–	–	–	(83,053,757)	(83,053,757)	(83,053,757)
Bank overdraft	–	–	–	(6,509,023)	(6,509,023)	(6,509,023)
	9,893,501,417	62,437	7,614,796,275	**(89,562,780)**	**17,418,797,349**	**17,418,797,349**

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

32.1.2 Company

	Amortised cost	Fair value through profit or loss	Fair value through OCI	Other Financial Liabilities at amortised cost	Total Carrying Amount	Fair Value
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
31st March 2026						
Cash & cash equivalents	856,877,660	–	–	–	856,877,660	856,877,660
Trade and other receivables	33,737,791	–	–	–	33,737,791	33,737,791
Investments in financial assets	437,909,100	50,573	7,598,911,149	–	8,036,870,822	8,036,870,822
Amount due from related parties	22,313,763	–	–	–	822,313,763	822,313,763
Trade & other payables	–	–	–	(22,574,506)	(22,574,506)	(22,574,506)
Bank overdraft	–	–	–	(4,830,076)	(4,830,076)	(4,830,076)
	1,350,838,314	50,573	7,598,911,149	(27,404,583)	8,922,395,454	8,922,395,454
31st March 2025						
Cash & cash equivalents	313,574,328	–	–	–	313,574,328	313,574,328
Trade and other receivables	28,899,065	–	–	–	28,899,065	28,899,065
Investments in financial assets	888,231,704	46,984	5,460,634,253	–	6,348,912,941	6,348,912,941
Amount due from related parties	1,973,979	–	–	–	1,973,979	1,973,979
Trade & other payables	–	–	–	(48,012,632)	(48,012,632)	(48,012,632)
Bank overdraft	–	–	–	(4,724,681)	(4,724,681)	(4,724,681)
	1,232,679,076	46,984	5,460,634,253	(52,737,313)	6,635,620,658	6,635,620,658

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

32.2 Fair value hierachy

	Group				Company			
As at 31st March 2026	Level 01	Level 02	Level 03	Total	Level 01	Level 02	Level 03	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Financial assets								
Investments in financial assets	10,305,440,747	-	-	10,305,440,747	7,598,911,149	-	-	7,598,911,149
Investments in units trust	66,853	-	-	66,853	50,573	-	-	50,573
Trade and other raceivables	-	-	35,395,494	35,395,494	-	-	22,313,763	22,313,763
Total financial assets	10,305,507,600	-	35,395,494	10,340,903,094	**7,598,961,722**	-	**22,313,763**	**7,621,275,485**
As at 31st March 2025								
Investments in financial assets	7,614,796,275	-	-	7,614,796,275	5,460,634,253	-	-	5,460,634,253
Investments in units trust	62,437	-	-	62,437	46,984	-	-	46,984
Trade and other raceivables	-	-	25,156,899	25,156,899	-	-	1,973,979	1,973,979
Total financial assets	**7,614,858,712**	-	**25,156,899**	**7,640,015,611**	**5,460,681,237**	-	1,973,979	**5,462,655,216**

32.3 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.

	Group		Company	
	31.03.2026	31.03.2025	31.03.2026	31.03.2025
Assets	Rs.	Rs.	Rs.	Rs.
Cash and cash equivalents	3,801,561,076	4,639,080,386	856,877,660	313,574,328
Financial assets at amortised cost	7,496,106,803	5,229,264,132	437,909,100	888,231,704
Amount due from related parties	-	-	22,213,763	1,973,979
Trade and Other receivables	35,395,494	25,156,899	33,737,791	23,896,723
	11,333,063,373	9,893,501,417	1,350,838,314	1,227,676,737
Liabilities				
Trade and other payables	(56,611,447)	(83,053,757)	(22,574,506)	(48,012,632)
Bank overdraft	(12,099,771)	(6,509,023)	(4,830,076)	(4,724,681)
	(68,711,218)	(89,562,780)	(27,404,582)	(52,737,313)

Notes to the Financial Statements (Contd)

33. FINANCIAL RISK MANAGEMENT - OBJECTIVES AND POLICIES

Introduction

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

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

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

33.1 Credit risk

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

33.1.1 Exposure to credit risk

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

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

	Group		Company	
As at 31st March	**2026 Rs.**	**2025 Rs.**	**2026 Rs.**	**2025 Rs.**
Trade and other receivables	35,395,494	25,156,899	33,737,791	23,896,723
Cash and cash equivalents	3,801,561,076	4,639,080,386	856,877,660	313,574,328
Short term investment	7,069,120,601	4,802,386,834	10,922,898	461,354,406
Investment in financial assets	426,986,202	426,877,298	426,986,202	426,877,298
	11,333,063,373	9,893,501,417	1,328,524,551	1,225,702,755

Trade receivables	**Rs.**	**Rs.**	**Rs.**	**Rs.**
Past due 1 - 30 days	21,177,659	9,004,380	21,177,659	9,004,380
Past due 31 - 60 days	9,546,657	10,105,991	9,546,657	10,105,991
Past due 61 - 90 days	2,324,027	4,714,854	2,324,027	4,714,854
More than 90 days	475,817	-	475,817	-
	33,524,160	23,825,225	**33,524,160**	23,825,854

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

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

33.1.2 Mitigation of credit risk

a) **Other recievables**
The credit risk of the Group is low since other recievables of the Group mainly includes taxes recoverable from the Inland Revenue Department , deposits and prepayments.

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

Notes to the Financial Statements (Contd)

33.2 Market risk

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

33.2.1 Interest rate risk

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

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

	Group		Company	
Financial assets	**As at 31.03.2026 Rs.**	**As at 31.03.2025 Rs.**	**As at 31.03.2026 Rs.**	**As at 31.03.2025 Rs.**
Investments in fixed deposits - Non current	426,986,202	426,877,298	426,986,202	426,877,298
Short term deposits	2,192,195	3,935,974	2,192,195	3,935,974
Investment in fixed deposits - current	7,069,120,601	4,082,386,834	10,922,898	461,354,406
	7,498,298,998	5,223,200,106	440,101,295	892,167,678
Financial liabilities				
Bank overdraft	12,099,771	6,509,023	4,830,076	4,724,681
	12,099,771	6,509,023	4,830,076	4,724,681

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.

	100bp Increas	100 bp decreace
2026	12,483,452	(12,483,452)
2025	13,624,086	(13,624,086)

33.2.2 Currency risk

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

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

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

	Group		Company	
	As at 31.03.2026 USD	**As at 31.03.2025 USD**	**As at 31.03.2026 USD**	**As at 31.03.2025 USD**
Foreign currency denominated assets	31,644,168	29,780,821	393,514	261,222
Foreign currency denominated liabilities	-	-	-	-
Net exposure	31,644,168	29,780,821	393,514	261,222

	Spot rate (Rs.)		Average rate (Rs.)	
	As at 31.03.2026	**As at 31.03.2025**	**2025/2026**	**2024/2025**
USD	315.19	296.35	304.62	297.91

	Group		Company	
	2025/2026 Rs.	**2024/2025 Rs.**	**2025/2026 Rs.**	**2024/2025 Rs.**
100 bp increase	789,256,194	651,485,531	9,814,857	6,103,618
100 bp decrease	(789,256,194)	(651,485,531)	(9,814,857)	(6,103,618)

Notes to the Financial Statements (Contd)

33.2.3 Liquidity Risk

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

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

The table below summarises the maturity profile of the Group and the Company's financial liabilities at 31st March 2026, based on contractual undiscounted payments.

Group

As at 31.03.2026	Within 1 year Rs.	Between 1 -2 year Rs.	Between 2 -3 year Rs.	Between 3 - 4 year Rs.	Between 4 - 5 year Rs.	Between 5 year Rs.	Total Rs.
Financial assets							
Trade receivables	35,524,160	-	-	-	-	-	35,524,160
Investments in financial assets - at amortised cost	7,069,120,601						7,069,120,601
Cash and cash equivalents	3,801,561,076						3,801,561,076
	10,904,205,837						10,904,205,837
Financial liabilites							
Trade and other payables	75,989,672						75,989,672
Bank overdraft	12,099,771						12,099,771
	88,089,443						88,089,443

As at 31.03.2025	Within 1 year Rs.	Between 1 -2 year Rs.	Between 2 -3 year Rs.	Between 3 - 4 year Rs.	Between 4 - 5 year Rs.	Between 5 year Rs.	Total Rs.
Financial assets							
Trade receivable	23,825,224	-	-	-	-	-	23,825,224
Investments in financial assets - at amortised cost	4,802,386,834						4,802,386,834
Cash and cash equivalents	4,639,080,386						4,639,080,386
	9,465,292,444						9,465,292,444
Financial liabilites							
Trade and other payables	84,126,206						84,126,206
Bank overdraft	6,509,023						6,509,023
	90,635,229						90,635,229

Company

As at 31.03.2026	Within 1 year Rs.	Between 1 -2 year Rs.	Between 2 -3 year Rs.	Between 3 - 4 year Rs.	Between 4 - 5 year Rs.	Between 5 year Rs.	Total Rs.
Financial assets							
Trade receivables	33,524,160	-	-	-	-	-	33,524,160
Investments in financial assets - at amortised cost	10,922,898						10,922,898
Cash and cash equivalents	856,877,660						856,877,660
	901,324,718						901,324,718
Financial liabilites							
Trade and other payables	41,955,231						41,955,231
Bank overdraft	4,830,076						4,830,076
	46,785,307						46,785,307

As at 31.03.2025	Within 1 year Rs.	Between 1 -2 year Rs.	Between 2 -3 year Rs.	Between 3 - 4 year Rs.	Between 4 - 5 year Rs.	Between 5 year Rs.	Total Rs.
Financial assets							
Trade receivables	23,825,223	-	-	-	-	-	23,825,223
Investments in financial assets - at amortised cost	461,354,406						461,354,406
Cash and cash equivalents	313,574,328						313,574,328
	798,753,957						798,753,957
Financial liabilites							
Trade and other payables	46,429,900						46,429,920
Bank overdraft	4,724,681						4,724,681
	51,154,601						51,154,601

INFORMATION TO SHAREHOLDERS AND INVESTORS

(1) Stock Exchange Listing

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

(2) Analysis of shareholders according to the number of shares - 31 March 2026.

No.of Shareholders	Holdings			Total Holdings Number	% Holding
635	1	–	1,000	83,499	0.21
91	1001	–	10,000	392,497	0.97
57	10,001	–	100,000	2,298,096	5.70
14	100,001	–	1,000,000	4,313,902	10.71
8	Over	–	1,000,000	33,209,536	82.41
805				40,297,530	100.00

(3) TWENTY MAJOR SHAREHOLDERS

Name of Shareholder	As at 31.03.26 No. of Shares	%	*As at 31.03.25 No. of Shares	%
Mr. Ravindra Balakantha Thambiayah/ Ms. Niramalie Anne Cabraal Thambiayah/ Ms. Shibani Renuka Thambiayah	8,654,661	21.48	8,654,661	21.48
Mr. Ravindra Balakantha Thambiayah/ Ms. Niramalie Anne Cabraal Thambiayah/ Ms. Arnila Lakshmi Thambiayah	8,654,660	21.48	8,654,660	21.48
Finco Holdings (Private) Limited	5,187,927	12.87	5,187,927	12.87
Ms. Niramalie Anne Cabraal Thambiayah/ Mr. Ravindra Balakantha Thambiayah/ Ms. Shibani Renuka Thambiayah	3,308,558	8.21	3,308,558	8.21
Ms. Niramalie Anne Cabraal Thambiayah/ Mr. Ravindra Balakantha Thambiayah/ Ms. Arnila Lakshmi Thambiayah	3,308,558	8.21	3,308,558	8.21
The Cargo Boat Investment Co. Ltd	2,015,000	5.00	287,596	0.71
Ms. Shibani Renuka Thambiayah	1,072,771	2.66	1,063,993	2.64
Mr. Dilhan Crishantha Fernando	1,007,401	2.50	457,855	1.14
Ms. Arnila Lakshmi Thambiayah	974,186	2.42	965,409	2.40
Mr. Malik Joseph Fernando	781,364	1.94	415,000	1.03
Ms. Manohari Minambachi Sellamuttu	402,800	1.00	402,800	1.00
J.B. Cocoshell (Pvt) Limited	397,425	0.99	520,609	1.29
Hatton National Bank Plc/Kandaiah Kanapathipillai Shujeevan	280,858	0.70	279,330	0.69
Mr. Husseinally Mohsinally Abdulhussein/Ms. Saema Enayat Lokhandwalla	256,919	0.64	190,078	0.47
The Estate Of The Late Rasiah Yogarajah	219,050	0.54	219,050	0.54
Mr. Ruwanpura Chanaka Dharmajith De Silva	212,976	0.53	-	-
Mr. Yusuf Husseinally Abdulhussein	190,313	0.47	190,313	0.47
Seylan Bank PLC/Anuja Chamila Jayasinghe	139,995	0.35	154,532	0.38
Mr. Nahil Joseph Terence De Fonseka	134,290	0.33	134,290	0.33
Ms. Rukaiya Hisseinally Adulhussein	113,935	0.28	113,935	0.28
Total	**37,313,647**	**92.60**		

* Comparative shareholding as at 31 March 2025 of the twenty largest shareholders as at 31 March 2026.

(4) Public Holding

The pecentage of Shares held by the public as at 31 March 2026 is 15.73% (31st March 2025- 16.68%) The number of shareholder representing the public holding is 796 (31 March 25 - 537)

Compliant under option 2 of 7.13.1.(i)(b) - Float adjusted market capitalization Rs 1,266.18 Mn (31 March 2025 Rs. 684.13mn)

INFORMATION TO SHAREHOLDERS AND INVESTORS (Contd.)

		25/26	24/25	23/24	22/23	21/22
Occupancy	%	60	39	17	2	23
Net turnover	Rs. '000	365,841	318,863	230,505	146,673	118,975
Net profit before taxation	Rs. '000	553,862	479,795	437,913	713,676	186,715
Earnings per share	Rs.	12.65	9.89	8.81	16.63	3.66
Net assets per share	Rs.	236.40	176.33	125.96	95.46	79.25
Market value per share						
Highest value during the period	Rs.	295.00	158.00	100.00	85.00	118.75
Lowest value during the period	Rs.	120.00	82.00	68.20	50.00	53.00
Value as at 31st March	Rs.	199.75	125.75	86.60	70.00	68.90
Non current assets	Rs. '000	8,698,187	6,441,948	4,118,086	2,758,354	2,443,951
Current assets	Rs. '000	940,358	811,640	1,123,102	1,186,087	829,105
Equity	Rs. '000	9,526,152	7,105,646	5,076,013	3,847,470	3,194,176
Average shareholders funds	Rs.'000	8,315,899	6,090,829	4,461,741	3,520,824	3,241,142
Return on average shareholders funds	%	6.13	6.69	7.96	18.73	4.57
Dividend per share	Rs.	1.00	0.75	0.50	0.50	-
Dividend Payout ratio	%	7.91	7.58	5.67	3...	-

RENUKA HOTELS PLC (PB776PQ)
FORM OF PROXY

I/We…….............

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

Ms. S. R. Thambiayah	of Colombo or failing her*
Ms. N. A. Thambiayah	of Colombo or failing her*
Ms. A. L. Thambiayah	of Colombo or failing her*
Mr. R. B. Thambiayah	of Colombo or failing him*
Ms. N. R. Thambiayah	of Colombo or failing her*
Mr. G. I. Koggalage	of Colombo or failing him*
Mr. M. J. Fernando	of Colombo or failing him*
Mr. P. M. B. Fernando	of Colombo or failing him*
Ms. S. M. A. N. Ranaweera	of Colombo or failing her *

*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 2026 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 2026 with the Report of the Auditors' thereon.	☐	☐
2.	To declare a dividend.	☐	☐
3.	To authorise the Board of Directors to determine and make Donations	☐	☐
4.	To re-appoint as a Director, Mr. R. B. Thambiayah in terms of Section 211 of the Companies Act No. 7 of 2007.	☐	☐
5.	To re-appoint as a Director, Ms. N.A. Thambiayah in terms of Section 211 of the Companies Act No. 7 of 2007.	☐	☐
6.	To re-elect Mr. P. M. B. Fernando, who retires by rotation in terms of the Articles of Association of the Company, as a Director.	☐	☐
7.	To re-appoint M/s BDO Partners, Chartered Accountants as Auditors of the Company and to authorise the Directors to determine their remuneration.	☐	☐

Signed this ………………......day of ………………......2026 ....
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"

FORM OF PROXY

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 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 ether under its common seal or signed by its attorney or by an officer on behalf of the Corporation

4. In terms 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.