



GRAND HOTEL
ESTABLISHED 1891

The Nuwara Eliya Hotels Co. PLC

Annual Report
2024/2025

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Financial Highlights

Year at a Glance

Results of the year	Company			Group		
	2024/25	2023/24	% Change	2024/25	2023/24	% Change
Gross Revenue (Rs. '000)	2,182,883	1,965,776	11%	2,355,665	2,132,295	10%
Cost of Sales (Rs. '000)	(428,607)	(458,301)	-6%	(453,304)	(484,837)	-7%
Operating Profit before Interest & tax (Rs. '000)	931,562	664,271	40%	973,260	695,923	40%
Finance Income (Rs. '000)	223,612	280,795	-20%	245,272	313,732	-22%
Finance Expense (Rs. '000)	(680)	(967)	-30%	(794)	(1,358)	-42%
Profit / (Loss) before tax (Rs. '000)	1,024,788	826,970	24%	1,076,084	877,539	23%
Income tax expense (Rs. '000)	(296,283)	(246,005)	20%	(313,200)	(296,232)	6%
Profit / (Loss) after tax (Rs. '000)	728,505	580,965	25%	762,885	581,307	31%
Profit / (Loss) attributable to shareholders (Rs. '000)	728,505	580,965	25%	754,003	581,219	30%
Dividend paid (Rs. '000)	-	(80,002)	0%	-	(80,002)	0%
Financial Position at the end of the year						
Shareholder's funds (Stated Capital & Reserves) (Rs. '000)	6,153,855	5,039,521	22%	6,571,907	5,366,874	22%
Number of shares in issue	2,186,040	2,186,040	0%	2,186,040	2,186,040	0%
Total Assets (Rs. '000)	7,652,939	6,440,362	19%	8,238,788	6,913,265	19%
Total Debt (Rs. '000)	-	-	0%	-	-	0%
Cash & Cash Equivalents (Rs. '000)	90,025	56,138	60%	106,446	79,366	34%
Ratios						
Return on shareholders' funds (%)	11.84	11.53	3%	11.88	10.83	10%
Return on total assets (%)	9.52	9.02	6%	9.26	8.41	10%
Year on year EPS Growth (%)	25	775	-97%	30	706	-96%
Interest Cover (Times)	1,179	566	108%	1,048	416	152%
Equity : Assets (%)	80	78	3%	80	78	3%
Current Ratio (Times)	6.45	4.86	33%	6.77	5.09	33%
Debt/Equity (Long Term Debt/ Shareholders Funds) (%)	-	-	0%	-	-	0%
Debt/Total Assets (Long Term Debt/ Total Assets) (%)	-	-	0%	-	-	0%
Dividend cover (Times)	-	(0.14)	-	-	(0.14)	-
Dividend yield (%)	-	2.12	-	-	2.12	-
Dividend pay-out ratio (%)	-	13.74	-	-	13.73	-
Investors						
Earnings per share (Rs.)	333.25	265.66	25%	344.92	265.78	30%
Dividend per share (Rs.)	-	36.50	-	-	36.50	-
Net assets per share (Rs.)	2,815	2,305	22%	2,904	2,364	23%
Market Shareholder Information						
Market price per share as at 31st March (Rs)	2,186	1,725	27%	2,186	1,725	27%
Market Capitalization (Rs. '000)	4,778,137	3,772,559	27%	4,778,137	3,772,559	27%
Price Earnings Ratio – Company (Times)	6.6	6.5	1%	6.3	6.5	-2%

Chairman's Message

It is with pleasure that I note during the year under review, we continued to develop and take advantage of hospitality business prospect in a meaningful manner. The Company recorded an admirable performance on both financial and operational fronts. Our Group revenue rose by 10% to Rs. 2.356 billion, while profit after tax grew to Rs. 763 million-a 31% increase over the previous year. These results reflect our ability to manage costs effectively while enhancing service delivery and guest satisfaction.

This year, we placed strategic emphasis on quality enhancements and long-term brand strength. Capital investments totaling Rs. 215 million were directed towards the refurbishment of the Tea Lounge (Verandah) and Magnolia dining outlet-spaces iconic to our Grand Hotel experience. These upgrades ensure that we retain our timeless colonial charm while aligning with modern guest expectations.

I am pleased to note that we have continued to build digital and operational capabilities. Our focus on innovation and service agility has led to more tailored offerings and a better digital guest experience. We are confident that this transformation will yield long-term value and greater efficiency, laying a firm foundation for the future.

In 2024/25, our teams worked with resilience and passion to meet changing customer needs while maintaining our heritage of excellence. I am particularly proud of how our team embraced the evolving business environment, with flexibility and professionalism that reflect the strength of our corporate culture.

Looking ahead, we remain optimistic about Sri Lanka's continued recovery and the long-term growth of the tourism sector. We will continue investing in our people, technology, and property to strengthen our competitive position. With a clear vision, committed leadership, and a talented team, we are confident in our ability to grow sustainably and create enduring stakeholder value.

On behalf of the Board of Directors, I express our appreciation and commitment to our shareholders, employees, guests, and stakeholders for their continued trust and



J.H.P. Ratnayake

12th August 2025

Deputy Chairman's Message

“With record-breaking performance, strengthened capabilities, and a renewed focus on sustainability and innovation, The Nuwara Eliya Hotels Company PLC stands ready to embrace opportunities and navigate the challenges of tomorrow with confidence.”

Macroeconomic and Industry Context

The global economic environment in 2024 showed signs of stabilization, particularly in the hospitality and travel sector, which rebounded with vigor. According to the UNWTO, international tourism recovered to 88% of pre-pandemic levels by the end of 2024, with South Asia demonstrating one of the fastest growth rates. Sri Lanka, recovering from its deepest financial crisis in recent memory, demonstrated renewed policy clarity and structural stability throughout the financial year 2024/25 under the guidance of the IMF-supported program. Inflation, which had been a major concern in prior years, declined steadily and entered negative territory during the latter part of the year, reflecting tighter monetary policy and improved macroeconomic discipline.

This stabilization of the economic environment provided a much-needed boost to investor confidence and enabled key sectors, particularly tourism-to recover. Sri Lanka's tourism revival during the year was further supported by proactive government measures, including enhanced destination marketing campaigns, streamlined visa processes, and continued investments in critical tourism infrastructure. These initiatives contributed to a 38% increase in international tourist arrivals, surpassing 2.05 million. Domestic travel also flourished, supported by rising disposable incomes and greater awareness of local destinations. In this context, the hospitality sector emerged as a leading contributor to national economic recovery.

Financial and Operational Performance

The 2024/25 financial year marked an exceptional, record-breaking performance for The Nuwara Eliya Hotels Company PLC. Total revenue grew by over 10% year-on-year to LKR 2.36 billion, driven by improved room occupancy, higher average daily rates, and stable food and beverage income. Operating profit rose significantly, supported by strong top-line growth and continued cost control measures.

Net profit after tax increased sharply to LKR 763 million, compared to the previous year, reflecting a strong rebound in core profitability. Earnings per share (EPS) surged from Rs. 265.78 to Rs. 344.94, marking one of the highest year-on-year gains in the Company's history.

The Company maintained strong operating margins despite inflationary pressures and external cost fluctuations. Prudent expense management, efficient procurement strategies, and tighter control of overheads contributed to improved profitability ratios. The cost-to-income ratio remained at healthy levels, supporting strong returns on capital employed.

Operating cash flows were robust, enabling reinvestments in key operational areas without increasing borrowings. The Company preserved a strong balance sheet position with solid liquidity and working capital management. Return on equity (ROE) and return on assets (ROA) showed substantial improvement in line with bottom-line growth.

Strategic Refurbishments and Facility Enhancements

During the year, we focused on elevating the guest experience and enhancing our asset base through a series of targeted refurbishments and upgrades. A key highlight was the transformation of the Tea Lounge (Verandah), which now features an upgraded ambiance, improved service flow, and expanded seating. The venue has become a signature attraction with the introduction of the Grand High Tea—an elegant and curated experience that has attracted widespread acclaim from both local and international guests.

The Magnolia outlet was also improved to increase operational efficiency and overall dining comfort. Several guest rooms underwent refurbishment to enhance luxury and convenience, while our spa facilities were upgraded to offer a more holistic and relaxing wellness experience. These improvements were aligned with our vision of delivering world-class service and amenities.

Our retail offerings were further expanded with ongoing renovations to our boutique shops, aimed at providing a more premium shopping experience. The addition of the new Cinnamon Shop introduced a curated collection of local products, enhancing the value-added options available to our guests.

Looking ahead, we are preparing to refurbish Barnes Hall, one of the Grand Hotel's most iconic event spaces, with a focus on preserving its heritage charm while introducing modern conferencing

Deputy Chairman's Review contd.

and banquet capabilities. We are also exploring the development of a new outdoor venue with breathtaking natural scenery, specifically designed to capture the Meetings, Incentives, Conferences, and Exhibitions (MICE) market. Additionally, plans are underway to introduce an in-house entertainment hub, offering engaging evening experiences for our guests and further enriching our hospitality offering.

Human Capital and Employee Development

Our people remain at the core of our continued success. In recognition of their invaluable contribution, we invested in the expansion of staff facilities and accelerated the development of a state-of-the-art training center, scheduled to open in the upcoming financial year. This facility will serve as a central hub for skills enhancement, leadership development, and service excellence, supporting our long-term commitment to building internal capabilities.

Throughout the year, we also launched several initiatives aimed at employee well-being, including expanded healthcare access, wellness programs, and dedicated mental health support. In line with our focus on performance and development, a new performance appraisal system is set to go live in May 2025, introducing a more structured and transparent approach to evaluating and rewarding employee contributions.

To maintain open dialogue across all levels of the organization, we continued to strengthen our communication platforms—such as employee feedback channels, engagement surveys, and recognition programs. Our ongoing commitment to diversity, equity, and inclusion ensures that all team members are treated with respect, empowered to grow, and supported in achieving their fullest potential.

Digital Transformation Strategy

In alignment with global hospitality trends, we advanced our digital transformation agenda by implementing several key systems that enhance operational efficiency and decision-making. The SAGE accounting system was successfully introduced, enabling greater financial accuracy, real-time reporting, and improved compliance. We also rolled out the MC procurement system, significantly improving inventory management, supplier coordination, and cost control across departments.

To strengthen human resource operations, a comprehensive HRIS (Human Resource Information System) was implemented, streamlining core HR functions such as payroll, leave management, and employee engagement, while providing better visibility into workforce analytics.

On the guest-facing front, we initiated the integration of AI-powered tools, including intelligent chatbots and personalized content across digital platforms, to improve responsiveness and enrich the guest experience. These initiatives represent the foundation for our broader digital roadmap.

Looking ahead, we are strategically positioned to expand the use of AI-driven solutions in both operational and guest service areas across the Group over the next three years—reinforcing our commitment to innovation, agility, and service excellence in a rapidly evolving hospitality landscape.

Sustainability and ESG Initiatives

Sustainability remained a core strategic focus throughout the year, guiding both our operational decisions and community engagement efforts. We strengthened our waste management practices and rolled out energy-efficiency initiatives, including LED lighting retrofits and water recycling

systems in select service areas. In line with our commitment to responsible sourcing, we continued to partner with local suppliers—reducing our carbon footprint while supporting the regional economy.

Our engagement with the Nuwara Eliya community remained strong, with ongoing support for education-focused programs and local tourism entrepreneurship initiatives. These efforts reflect our broader goal of fostering inclusive, sustainable growth beyond the boundaries of the hotel.

As part of our evolving ESG (Environmental, Social, and Governance) agenda, we have begun evaluating key performance metrics to better assess our environmental and social impact, and to identify and mitigate emerging sustainability-related risks. Looking ahead, we are preparing to formally incorporate sustainability reporting into our annual disclosures beginning in FY 2025/26—underscoring our long-term commitment to transparency, accountability, and sustainable value creation.

Policy Advocacy and Market Regulation

At The Nuwara Eliya Hotels Company PLC, we recognize that proactive engagement with regulators and industry bodies is essential to ensuring a balanced and competitive operating environment. During the year, we maintained close dialogue with policymakers and stakeholders to address several regulatory concerns impacting the tourism sector, including the Minimum Room Rate (MRR) policy in Colombo.

While the MRR was introduced with the intention of enhancing service quality and standardizing pricing across city hotels, its selective application has created competitive distortions—particularly

affecting properties like Fair View Hotel, which fall within city limits but operate in a mixed-market environment. This asymmetry continues to challenge price flexibility and restricts our ability to respond to dynamic market demand.

We continued to collaborate with key industry associations such as The Hotels Association of Sri Lanka (THASL), The Nuwara Eliya Hotels association (NEHA) and other sector platforms to advocate for more inclusive and data-driven policy interventions. These efforts included participation in industry consultations and the presentation of impact assessments that highlighted the operational consequences of current regulatory structures.

Looking Ahead

We remain committed to shaping a policy environment that is fair and forward-looking. In the year ahead, we intend to:

- Present policy proposals supported by operational data and competitive benchmarking to relevant authorities.
- Deepen our role in industry advocacy through participation in working groups and advisory forums.
- Continue aligning with national tourism strategies to ensure that Sri Lanka remains a globally competitive, investment-friendly destination.

By championing fair regulation and collaborative development, we reinforce our position as a responsible stakeholder in the country's tourism resurgence.

Strategic Outlook and Future Growth

As we enter FY 2025/26, we do so with measured optimism, supported by strengthening macroeconomic fundamentals and a steady recovery in the tourism sector. The Sri Lanka Tourism Development Authority projects tourist arrivals to exceed 3 million in 2025,

reflecting continued momentum in key source markets and improving global sentiment. While external risks remain—including geopolitical tensions, policy adjustments following national elections, and foreign exchange volatility—we are confident in our ability to navigate these uncertainties with agility and resilience.

Our forward strategy is anchored in long-term value creation. We are actively exploring expansion opportunities through both organic growth and strategic partnerships. This includes the potential acquisition of high-value assets, brand portfolio diversification, and select vertical integration in support functions to drive operational synergies and improve guest experience.

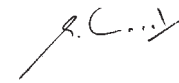
Digital transformation will continue to play a central role in our growth agenda. With key systems already in place, we aim to further enhance data-driven decision-making, guest personalization, and service delivery. Simultaneously, our investments in talent development and ongoing asset enhancement will ensure that we remain agile, competitive, and future-ready in a rapidly evolving hospitality landscape.

Appreciation and Closing Remarks

On behalf of the Board, I wish to extend my deepest appreciation to all those who have contributed to our success this year. I thank our Board of Directors for their strategic oversight and continued support, our management team for their leadership and vision, and our dedicated employees for their unwavering commitment and resilience.

To our shareholders, your continued trust and confidence fuel our ambition to grow stronger and deliver sustainable value. To our valued guests, thank you for your loyalty and for making us a part

of your journeys year after year. To our community partners, collaborators, and industry stakeholders, we are grateful for your support, which has been instrumental in shaping our progress. As we look ahead, we remain committed to delivering exceptional guest experiences, responsible growth, and value to all our stakeholders.



Gerard G. Ondaatjie
Deputy Chairman

12th August 2025

Management Discussion and Analysis

Emerging Trends in Global Travel and Tourism: 2024/2025

The global tourism industry continued its strong recovery through 2024 and into early 2025, building on the momentum gained in 2023.

Sustainability and responsible travel remained central themes across the industry. Tourists increasingly prioritized eco-conscious destinations, low-impact travel experiences, and businesses demonstrating environmental and social responsibility. In response, many destinations enhanced green tourism infrastructure and adopted more stringent sustainability standards.

The digital transformation of the tourism sector accelerated further. Artificial intelligence, augmented reality, and contactless technologies became more deeply integrated into the travel experience, improving personalization, efficiency, and safety. Travelers widely adopted digital wallets, biometric identification, and AI-driven itinerary planning tools, making seamless, tech-enabled journeys the new norm.

Economic uncertainties, including continued inflationary pressures and fluctuating currency values, influenced global travel behavior. While overall tourism revenue rose by an estimated 18% compared to 2023, many travelers remained budget-conscious, favoring shorter trips, off-season travel, and value-for-money experiences.

Regionally, Europe maintained its lead in both inbound and outbound travel, with the Asia-Pacific region showing the fastest growth due to the full reopening of key markets like China and Japan. The Middle East and parts of Africa also saw growing interest, particularly among adventure and cultural travelers.

As 2025 unfolds, the tourism industry is poised for further innovation and

growth, with resilience, sustainability, and digitalization shaping its future.

Tourism Trends and Economic Impact in Sri Lanka - 2024 Overview

Sri Lanka's tourism industry experienced a significant rebound in 2024, marking a notable recovery from previous challenges. The country welcomed over 2 million international visitors, reflecting a 38% year-on-year growth. This surge was driven by strategic initiatives, including the reinstatement of the Electronic Travel Authorization (ETA) system and the introduction of free 30-day tourist visas for travelers from 35 countries, effective from October 1, 2024. Revenue from tourism also saw a substantial increase, with earnings surpassing \$3 billion, a significant rise from the previous year's figures. Despite challenges such as visa processing delays and security advisories affecting certain regions, the sector demonstrated resilience and growth. Looking ahead, Sri Lanka aims to attract 5 million tourists and generate \$8.5 billion in revenue by 2029, underpinned by a comprehensive five-year development plan.

Key Developments in Sri Lanka's Tourism Industry

Sri Lanka has launched a new tourism slogan, "You Will Come Back for More," replacing "So Sri Lanka" as part of a Rs. 1.45 billion, 12-month campaign to revive tourism post-COVID-19 and the 2022 economic crisis. (UNWTO) The campaign was introduced at IFTM Top Resa in France and targets key markets including Europe, South Asia, West Asia, and East Asia.

Key features:

- Focus on attracting repeat visitors
- Free tourist visas offered to travelers from China, Russia, India, Thailand, and Indonesia
- Aimed at restoring international confidence and increasing visitor numbers after recent crises

The initiative marks a fresh effort to position Sri Lanka as a welcoming, experience-rich destination in a competitive global tourism market.

In 2024 and early 2025, Sri Lanka's tourism sector witnessed continued progress through strategic investments and policy reforms. Infrastructure development remained a national priority, with major upgrades to airports, expressways, and coastal transportation aimed at improving accessibility and enhancing the overall visitor experience. Public-private partnerships contributed to the modernization of tourist facilities, accommodation standards, and digital services to meet rising global expectations.

To boost international arrivals, Sri Lanka expanded its promotional efforts with renewed campaigns such as **"So Sri Lanka Reimagined"**, targeting both high-potential emerging markets and traditional source countries. The government also introduced visa waivers and simplified entry procedures for several countries to further encourage travel.

Sustainable tourism gained stronger emphasis, with growth in eco-lodges, responsible wildlife tourism, and community-based initiatives that empower local populations. Collaborative efforts between the government, tourism operators, and NGOs aimed to balance economic growth with environmental preservation.

Despite these advancements, the sector faced headwinds from ongoing economic challenges, including currency volatility and cost-of-living pressures that affected both travelers and operators. Additionally, maintaining the ecological balance amid rising tourist volumes remained a critical concern, prompting stricter enforcement of conservation policies in national parks and heritage sites.

Grand Hotel - A Year of Empowerment and Record-Breaking Performance (2024/2025)

The financial year 2024/25 was a landmark period for Grand Hotel, defined by its unwavering commitment to employee wellbeing and a forward-thinking approach that led to the highest revenue in the hotel's history. Building on the strategic momentum of the previous year, the hotel once again demonstrated how long-term vision, agility, and people-centric values can drive extraordinary performance.

Central to this year's success was the prioritization of employee wellbeing. The management introduced a suite of initiatives including wellness programs, mental health support, and enriched training and development pathways. This not only boosted morale and engagement but translated directly into elevated service standards and a deeply personalized guest experience, which are the key drivers behind increased guest satisfaction and loyalty.

Forward-thinking strategies continued to shape commercial success. Timely rate increases, executed with careful market analysis, enabled the hotel to maximize returns during peak periods while maintaining value for guests. Simultaneously, cost-saving measures were further refined, allowing the hotel to optimize operational efficiency and reinvest strategically without compromising service quality.

A highlight of the year was the renovation and relaunch of key dining outlets, which introduced a series of innovative F&B concepts that captured both local and international attention. Culinary excellence, paired with exceptional service, led to a significant boost in F&B revenue and positioned Grand Hotel as a top dining destination.

Marketing efforts were also expanded, with targeted campaigns reaching new demographics and reinforcing the hotel's brand positioning in a competitive market. Enhanced digital visibility and a refreshed brand narrative resonated strongly with both returning and first-time guests.

By aligning strategic investments with operational discipline and putting its people first, Grand Hotel successfully turned challenges into opportunities. The year 2024/25 will be remembered as a period of record-breaking achievement, where the hotel not only exceeded financial goals but created lasting value for its employees, guests, and stakeholders alike.

Cutting-Edge Advancements - Elevating Heritage and Hospitality (2024/2025)

The Grand Verandah - Tradition Reimagined

In 2024/2025, Grand Hotel continued its legacy of innovation and elegance by unveiling the newly renovated Grand Verandah, a beloved space that now beautifully blends colonial charm with contemporary sophistication. With enhanced seating arrangements, upgraded flooring, and custom-designed furnishings, the Verandah offers an elevated setting for guests to enjoy high tea with sweeping views of the gardens. The refreshed menu features an artisanal selection of Ceylon teas paired with handcrafted pastries and savory delights, creating a refined experience that pays homage to the timeless ritual of afternoon tea. The project was completed at a cost of Rs. 108 million, reflecting the hotel's commitment to preserving tradition while enhancing guest satisfaction.

The Garden Room - A Sanctuary Reimagined

The Garden Room, known for its scenic beauty and tranquil ambiance, underwent a thoughtful transformation to align with modern aesthetics while retaining its

serene essence. With an investment of Rs. 43 million, the upgraded space now features large picture windows, elegant interiors, and a nature-inspired design palette that connects guests to the lush surroundings. The dining concept was also revitalized, focusing on wellness cuisine and locally sourced ingredients. This serene retreat continues to be a favorite for breakfast and intimate gatherings.

Magnolia Restaurant - A Bloom of Culinary Excellence

The Magnolia Restaurant was also given a new face during the year, with a full-scale renovation that introduced vibrant, floral-inspired design elements, enhanced lighting, and expanded dining capacity. A new open-kitchen layout allows guests to engage with the culinary process, while the reimagined menu focuses on fusion cuisine that blends Western flair with Sri Lankan authenticity. With an investment of Rs. 64 million, Magnolia has reemerged as a dynamic dining venue for both residents and travelers alike.

New Shooting Range Experience

As part of our continued efforts to enhance guest engagement and recreational offerings, The Grand Hotel Nuwara Eliya introduced a newly added Shooting Range. Designed with safety and entertainment in mind, the facility offers guests a unique opportunity to enjoy a fun and controlled target-shooting experience within the hotel premises. This addition has been well-received, contributing positively to guest satisfaction and enriching the overall leisure experience at the hotel.

Laying the Groundwork - Investing in People and Potential

In a bold step toward building long-term internal capabilities, the foundation was laid for a state-of-the-art Training Center that will nurture the next generation of hospitality professionals. Designed to offer both theoretical and hands-on learning

Management Discussion and Analysis contd.

environments, this facility represents a significant investment in human capital and the continued excellence of Grand Hotel's service standards.

Simultaneously, construction commenced on new staff accommodation facilities, focused on providing a more comfortable, dignified, and supportive living environment for employees. These developments underline Grand Hotel's holistic approach to hospitality, where staff wellbeing is as valued as guest satisfaction.

Financial Performance Overview

The Nuwara Eliya Hotels Company PLC delivered resilient financial performance for the fiscal year ending March 31, 2025, despite a challenging macroeconomic environment. The company sustained its revenue growth momentum while maintaining strong cost discipline and operational efficiency. Strategic pricing, optimized resource allocation, and focused revenue management initiatives contributed to stable margins and healthy bottom-line performance. These results reaffirm the company's ability to adapt swiftly and drive value creation, reinforcing its position as a leader in the hospitality sector.

HR System Implementation

We have successfully implemented a new HR system as planned. All leave requests, approvals, and cancellations are now fully automated, streamlining administrative processes and improving efficiency. Attendance data, captured through staff check-in and check-out records, is now directly integrated into the payroll system, ensuring accuracy and reducing manual input. Furthermore, later in the financial year, we will begin assigning Key Performance Indicators (KPIs) through the "Performance Module" of the HRIS, further enhancing performance tracking and employee development.

Financial Metrics

The financial year ended 31st March 2025 marked another milestone for The Nuwara Eliya Hotels Company PLC, reflecting continued recovery in the tourism sector and the successful execution of the Group's long-term strategic initiatives. Across all key financial metrics, the Group recorded substantial improvements, demonstrating resilience, operational excellence, and a strong market presence in the Sri Lankan hospitality industry.

Revenue Growth and Segment Performance

Group revenue increased from **Rs. 2.13 billion in 2023/24 to Rs. 2.36 billion in 2024/25**, registering a year-on-year growth of approximately **10.5%**. The standalone company revenue grew from **Rs. 1.96 billion to Rs. 2.18 billion**, driven primarily by robust growth in room and beverage segments.

- **Room revenue** rose by **21.3%** year-on-year, reflecting strategic pricing adjustments and improved occupancy levels across the Group's hotel properties.
- **Beverage revenue** increased by **18.7%**, supported by enhanced guest offerings and improved banquet and event services.
- **Ancillary revenues** such as spa, laundry, and gift shop sales also witnessed moderate growth, contributing to revenue diversification and customer value enhancement.

The consistent performance across revenue lines is a testament to the Group's proactive marketing efforts, upgraded service standards, and strong relationships with travel partners, tour operators, and online platforms.

Profitability and Margin Expansion

The Group maintained a disciplined approach to cost control, which, coupled

with revenue growth, enabled significant profitability improvements:

- **Gross profit** grew from **Rs. 1.65 billion to Rs. 1.90 billion**, with the gross profit margin improving to 81%, up from 77% in the previous year.
- Despite higher administrative and staff-related expenses due to inflation and expanded operations, **operating profit** rose sharply by **40%**, reaching **Rs. 973 million (from Rs. 696 million)**.
- **Net finance income** remained strong at **Rs. 244 million**, although slightly lower than the previous year, primarily due to changes in deposit rates.
- **Profit before tax** increased to **Rs. 1.08 billion** from **Rs. 878 million**, while **profit after tax** reached **Rs. 763 million**, marking a **31% year-on-year increase**.

Efficiency Ratios and Operational Indicators

- **Earnings Per Share (EPS)** rose to **Rs. 344.92**, up from **Rs. 265.78**, reflecting enhanced returns to shareholders.
- Return on Equity (ROE) improved significantly to 11.84%, compared to 3% in the previous year, highlighting better capital utilization and earnings quality.
- The **cost-to-income** ratio stood at approximately **44%**, indicating that only 44 cents of every rupee earned was spent on operating costs - a clear indicator of prudent financial management and lean operational structures.

Liquidity and Asset Base Enhancement

The Group's total asset base expanded significantly, increasing from **Rs. 6.91 billion in 2023/24 to Rs. 8.24 billion in 2024/25**, primarily due to:

- Strategic investments in **property, plant, and equipment** amounting to over **Rs. 350 million**.

- A **revaluation surplus of Rs. 593.6 million** recognized during the year, reflecting the enhanced market value of the company's land and buildings.
- Increase in financial assets and short-term deposits, contributing to improved cash flow stability.

Liquidity also improved:

- **Current ratio** rose from **2.00 to 3.20**, indicating a stronger ability to meet short-term obligations.
- **Quick ratio** increased from **1.65 to 2.85**, confirming sound liquidity even after excluding inventory.

Capital Structure and Shareholder Returns

Despite not declaring a dividend for the financial year 2024/25 (compared to a Rs. 36.50 per share dividend in the previous year), the Group retained earnings for future capital investments and strengthening the balance sheet. This reinvestment strategy is expected to yield long-term returns and enable sustained growth.

Outlook and Strategic Positioning

With a strong capital base, growing revenues, and enhanced profitability, Nuwara Eliya Hotels Company PLC is well-positioned to leverage future opportunities in the evolving tourism landscape. The management remains focused on strategic investments, service innovation, digital transformation, and operational excellence to deliver continued shareholder value.

Enhancing Guest Experience and Operational Efficiency

In the financial year 2024/25, The Grand Hotel Nuwara Eliya underwent a transformative phase, marked by targeted advancements in guest experience, operational excellence, and service innovation. The hotel welcomed 55,134 guests, maintaining a year-round occupancy rate of 45%. A shift in guest

demographics reflected a growing reliance on the international market, with 64% (35,126) of arrivals from foreign guests and 36% (20,008) from Sri Lankan nationals.

Key performance outcomes included:

- Accommodation revenue: Rs. 900,397,234.27
 - Room nights sold: 25,495
- These figures underscore strong guest engagement and effective booking conversion strategies.

To elevate first impressions and overall satisfaction, several impactful initiatives were introduced:

- Personalized Guest Service Agent interactions, where each GSA was assigned to manage the full guest journey from check-in to check-out. This led to stronger relationships, especially with returning Sri Lankan guests.
- New team uniforms, inspired by British tradition, enhanced brand image and created a more refined, cohesive appearance.
- QR code deployment in guest rooms and public areas provided convenient, contactless access to hotel information and services.
- Continuous staff training ensured the Front Office team remained aligned with evolving industry standards and guest expectations.

The hotel also launched guest-centric experiences that enriched its luxury offerings:

- Air rifle shooting range
- VIP service tiers
- Exclusive upgrades in the Gregory Suite
- In line with its commitment to wellness and innovation, the hotel also partnered with Balinese Ayu Spa to offer a unique, authentic Balinese healing experience. This collaboration not only elevated the property's wellness offerings but also

received high guest acclaim across review platforms. The success of the spa contributed to ancillary revenue growth and opened new avenues for curated wellness packages, further reinforcing The Grand Hotel's position as a guest-centric, trend-responsive luxury destination.

Accommodation Enhancements (2024/2025)

To support comfort and aesthetics, The Grand implemented a series of room and bathroom enhancements:

- Selected guest rooms have been upgraded with modern lighting, refreshed color palettes, and added bedside plug points for enhanced comfort.
- Identified rooms in the Golf Wing under phased renovation.
- Chosen rooms have been fitted with 12-inch premium mattresses to significantly improve sleep quality.
- Replacement of mattress protectors, tea/coffee containers, and soft furnishings (pillows, duvets, curtains).
- Bathroom updates: identified bathtubs refinished, shower mixers replaced, and bathrooms fitted with new amenity trays.

Sustainability and cost-efficiency remained central to operations:

- Transitioning to dispenser systems for toiletries has significantly reduced monthly operational costs
- Room cost was effectively maintained at 3%, reflecting strong cost control measures
- A dedicated supervisor was appointed to oversee staff accommodation standards.

Digital innovation was another major focus area:

- Introduction of real-time guest feedback through the Emojot platform.
- Integration with MakeMyTrip to boost booking convenience.
- Launch of a revamped, user-friendly website.

Management Discussion and Analysis contd.

Operationally, the hotel improved service speed, reliability, and responsiveness through:

- Standardized procedures
- Energy-efficient sauna upgrades
- Enhanced valet services
- Improved internal communication systems
- New service features such as international calling, a structured departure feedback mechanism, and the Guest Guardians Program to reinforce care and personalization.

Recognition for these efforts included:

- Strengthened sustainability alignment through the Booking.com Sustainability Plan

Strategic marketing campaigns, curated local excursions, and expanded wellness offerings helped reinforce the hotel's market position and contributed to steady revenue growth.

Through a deliberate mix of personalization, innovation, and operational discipline, the hotel significantly enhanced guest satisfaction and loyalty, laying a strong foundation for further success in 2025/26.

Online Brand Performance and Engagement Overview

Reflecting on the digital landscape for 2024/25, The Grand Hotel Nuwara Eliya strengthened its position as a premier hill country destination by maintaining consistently high guest ratings across major online travel platforms. The hotel achieved strong ratings including:

- TripAdvisor: 4.4
- Booking.com: 8.6
- Expedia: 8.8
- Agoda: 8.6
- Google Reviews: 4.6
- TripAdvisor Travelers' Choice

Award: Retained for 2025

These figures reflect consistent guest satisfaction in service excellence, ambiance, and overall experience.

Culinary innovation played a key role in enhancing the hotel's digital reputation. Themed dining promotions such as "*Vada Pav*", "*Hot Dogs vs. Chili Dogs*" and "*Grill-Ready Cuts*" gained strong engagement on Instagram and TripAdvisor, with the *Grand Tea Verandah's* high tea continuing to earn acclaim for its scenic setting and gourmet offerings.

Key digital engagement efforts included:

- Strategic website updates, enhancing navigation, real-time booking, and interactive tools to improve user experience.
- Monthly e-newsletters, which effectively promoted F&B and room offers, driving revenue.
- Weekly SMS campaigns, maintaining direct engagement with guests and increasing promotional reach.
- Consistently active social media, reinforcing brand presence through engaging and responsive content.

Strategic Outlook for 2025/26

- To build on this momentum, the following initiatives are recommended:
- Introduce dynamic and personalized website content to drive engagement and conversions.
- Expand video storytelling and influencer partnerships to increase brand visibility.
- Launch gamified campaigns and user-generated content to encourage interaction.
- Leverage data analytics for targeted communication and offer personalization.
- Strengthen real-time feedback response systems to uphold high service standards.

The Grand Hotel's strong online performance in 2024/25 reflects a solid foundation with clear opportunities

to enhance digital innovation, guest engagement, and brand growth in 2025/26.

Food & Beverage Perspective (2024/2025)

During the financial year 2024/2025, the Food & Beverage division demonstrated strong performance, driven by strategic pricing and outlet enhancements. Barnes Hall recorded a notable increase in the number of covers compared to the previous year, reflecting growing guest engagement. As part of our operational refinement, banqueting revenue has now been reported separately, providing clearer insights into outlet-specific performance.

At the Grand Indian, a 2% growth in the number of covers and a 15% rise in APC reflect the outlet's continued popularity and the effectiveness of its menu enhancements and service delivery. Meanwhile, despite a temporary decline in covers due to ongoing renovations, Magnolia reported an increase in average per check, reflecting positive guest response to its renewed offerings upon reopening.

Overall, the Food & Beverage department performed well in the year, with a noticeable increase in total covers year-over-year and a significant uplift in APC across most outlets. These results underscore the success of targeted pricing strategies, promotional campaigns, and the ongoing investment in outlet improvements.

Food & Beverage Initiatives and Events (2024/2025)

In the 2024/25 fiscal year, The Grand Hotel Nuwara Eliya's Food & Beverage division delivered outstanding performance across financial, operational, and experiential metrics. Beverage revenue reached record highs in December 2024 (Rs. 30.8M), January 2025 (Rs. 33.1M), and February 2025 (Rs. 31.2M), demonstrating strong

customer demand and effective sales strategies. In parallel, banquet revenue rose by 28% compared to the previous year, highlighting increased success in the events segment.

Outlet upgrades significantly enhanced guest experience and capacity:

- Grand Verandah was fully renovated and expanded to accommodate 130 covers.
 - Magnolia underwent layout and service enhancements.
 - A new outlet, Garden Room, was launched with 26 covers in a tranquil setting, offering a unique dining experience.
- The F&B department also took a leading role in curating culinary experiences throughout the year. Notable highlights include:
- Themed food presentations for high-profile seminars, including Dilmah and Unilever International Tea Buyers, showcasing Sri Lankan cuisine with global appeal.
 - Customized menus for elite guests during the HSBC Golf Tournament.
 - A festive and engaging Halloween Dinner in October, which attracted wide participation.
 - December seasonal promotions, including elaborate Christmas and New Year's Eve buffets, received exceptional guest feedback and significantly boosted revenue.
- On the innovation and sustainability front, the department introduced:
- In-house production of items such as baked beans, canned tuna, jams, and smoked products, achieving major procurement cost savings.
 - Plant-based menus and redesigned culinary offerings led by internationally renowned chefs.
 - Ongoing monthly food innovations and promotional campaigns, further enhancing the guest experience.
 - Online, the hotel's restaurants performed exceptionally:

- We have fostered a healthy spirit of internal competition among our outlets, driving continuous improvement and excellence. This approach has contributed to outstanding performance across the board.
- Grand Indian and Grand Café achieved the #1 ranking in their respective categories on TripAdvisor, a testament to exceptional guest experiences and consistent service quality.
- Other outlets, including Grand Thai, Verandah, Barnes, and Magnolia, also ranked within the top 10, underscoring strong guest satisfaction and a well-established digital reputation.

This collective achievement reflects the dedication of our teams and reinforces our position as a leading dining destination in the city.

Finally, the customer database expanded, with high levels of repeat patronage highlighting growing loyalty and the value placed on the hotel's dining experiences.

In summary, 2024/25 was a year of strategic growth, innovation, and excellence for the Food & Beverage division. Through record revenues, creative event execution, cost-efficient operations, and exceptional guest engagement, the department reinforced The Grand Hotel's position as a culinary leader in Sri Lanka's hospitality sector.

Learning & Development

The financial year 2024/2025 marked a remarkable transformation for the Learning & Development (L&D) Department of Grand Hotel Nuwara Eliya. Staying true to our commitment of nurturing talent and setting new benchmarks in hospitality excellence, we introduced several key initiatives and improvements designed to elevate the skills, service standards, and overall engagement of our associates.

Specialized Training Programs Introduced

- Dining Etiquette
 - Food Handlers Short Course
 - Certifications & Standards
 - Grooming & Hygiene
 - Eye for Detail
- Enhanced professionalism and alignment with global luxury standards

Hands-on Operational Training

- Practical sessions on Check-in Process, Tea & Coffee Making, Wine Pouring, Food Preparation, and Maintenance
- Improved operational efficiency and guest satisfaction

Culinary Expertise Development

- Experiential training with renowned Chef Ralf Vogt on French and German cuisine
- Expanded skills within the Food & Beverage team

Training Evaluation & SOP Development

- Introduced outcome-based evaluation tools for key training sessions
 - Supported development and refinement of Standard Operating Procedures (SOPs) across departments
- Strengthened consistency and service quality

Digital Engagement & Service Culture

- Launched "Social Media Champion of the Month" initiative
 - Rolled out weekly service competencies for clear performance benchmarks
- Promoted brand advocacy and continuous improvement

Management Discussion and Analysis contd.

Internal Capacity Building

- Developed 30 internal trainers across all department
- Introduced an Executive Onboarding & Familiarization Program
- Streamlined new hire orientation process
- Fostered a sustainable learning culture and smooth integration for new staff

Communication & Visibility Improvements

- Established Monthly Training Meetings for planning, feedback, and recognition
- Introduced Monthly Training Summary Videos and improved summary formats for leadership insight
- Strengthened L&D visibility via social media and internal engagement strategies

Experiential Learning Activities

- Conducted immersive activities like the Lichen Tour and curated excursions
- Deepened associate appreciation of the local environment and heritage

Professional Development & Community Engagement Initiatives

- Wine training with Favorite Lanka
- Educational hotel tour for the Sri Lanka Navy
- Motivational session for students of the Swiss Hotel School
- Chemical safety training by SGS
- Fire safety Training
- Service excellence workshops (led by Mr. Romesh Perera)
- Enhanced staff knowledge, community ties, and guest service standards.

In conclusion, 2024/2025 has been a year of solid progress, innovation, and alignment with our long-term vision for Learning & Development. The investments made in upskilling, engagement, and experiential education have laid a strong foundation to continue delivering world-class hospitality and nurturing the future leaders of our esteemed hotel.

Sustainability Perspectives 2024-2025 Environmental Sustainability

Grand Hotel Nuwara Eliya continues to implement impactful initiatives aimed at preserving natural resources and reducing our environmental footprint.

Regular *Shramadana* (voluntary community service) activities were conducted by our staff to clean and maintain the surrounding environment. These efforts demonstrate our employees' growing commitment to sustainability at both personal and organizational levels.

The hotel continued in implementing effective water-saving measures, including low-flow fixtures and the linen reuse program. These mechanisms collectively contributed to a significant reduction in water usage while maintaining guest comfort and hygiene standards.

Reinforcing our commitment to waste minimization, we strengthened our recycling efforts, which significantly reduced the volume of waste sent to landfills. In addition to promoting segregation at the source and ensuring responsible recycling practices, we are now placing a stronger focus on reducing the generation of waste at the source itself. By encouraging smarter procurement, mindful consumption, and better handling practices, we aim to prevent waste before it even begins, creating a more sustainable operation from the ground up.

Throughout the year, the Engineering Department led a rigorous energy monitoring and optimization program across the hotel. This proactive approach resulted in reduced utility costs while reinforcing our commitment to minimizing carbon emissions and enhancing energy efficiency.

Leadership and Community Engagement

By bearing the prestigious title of President of the Nuwara Eliya Hoteliers

Association (NEHA), the General Manager of The Grand Hotel Nuwara Eliya initiated and led numerous impactful programs throughout the year. These efforts not only supported The Grand Hotel's staff but also significantly contributed to the broader hospitality community in Nuwara Eliya. The President successfully united local hoteliers, built collaborative teams, and played a pivotal role in the advancement of the region's hotel industry.

The Grand Hotel took the lead in several NEHA initiatives, including International Housekeepers Week, during which competitions, awareness campaigns, and skill development programs were organized. A notable highlight was a Revenue Management training session conducted for General Managers and hospitality professionals in the area, facilitated by the renowned expert Mr. Ajith Hettiarachchi.

Beyond industry development, the hotel engaged in meaningful CSR efforts. It organized the distribution of bed sheets to the Nuwara Eliya General Hospital and actively participated in the Zero Plastic initiative, collaborating with other hotels to clean key areas of the city. In celebration of Poson Poya Day in June 2024, the hotel organized a Dansala (almsgiving), reinforcing its commitment to cultural and religious values. Additionally, the team contributed to environmental sustainability by helping clean the Nanu Oya Railway Station, further strengthening community ties and social responsibility.

Collaborations

The Grand Hotel proudly served as a sponsor of Sri Lanka's iconic motorsport event, the Festival of Speed 2025, organized by the Ceylon Motor Sports Club. As part of the festivities, the Mahagastota Historic Parade was hosted at The Grand Hotel on April 5th, showcasing 55 rare and classic cars before they took on the legendary hill climb. Our sponsorship and involvement in this prestigious event reflect The

Grand Hotel's continued commitment to promoting tourism, heritage, and world-class experiences in the region.

Achievements

Besides the international quality certifications, on the industry recognition front, The Grand Hotel is honored with the prestigious Agoda Gold Circle Award 2024 for outstanding service and guest experience. Our culinary team brought home the Nestlé Golden Chef's Hat - Regional Championship title, demonstrating their skill and creativity in the Nestlé Culinary Art Competition held in Kandy. Additionally, we celebrated individual excellence as one of our staff was crowned the Veterans Singles Master Champion in Snooker at the national-level event hosted by the Billiard Association of Sri Lanka.

The Grand Hotel received multiple top honors in the April Blooms 2025 competition, organized by the Nuwara Eliya Municipal Council. In total, the hotel secured an impressive 76 awards across multiple categories, reflecting its outstanding commitment to floral and garden excellence.

- Best Flower Garden Commercial Large - 1st Place
- Best Lawn Commercial Large - 1st Place
- Best Fences and Hedges Commercial Large - 1st Place
- Best Collection of Cut flowers Commercial Large - 1st Place
- Flower Arrangements Commercial Large Category - 2nd Place
- Best Collection of Potted Plants - Commercial Large - 3rd Place
- Flower Arrangements Commercial Small Category - 3rd Place

Cost Optimization and Operational Enhancements Through In-House Initiatives

Over the past year, The Grand Hotel Nuwara Eliya has undertaken a wide range of infrastructure, maintenance, and operational improvement projects, many of which were completed entirely in-house. These efforts not only improved facility functionality and guest experience but also generated substantial cost savings, demonstrating the hotel's strategic focus on efficiency, sustainability, and internal capacity building.

Major accomplishments include the redesign and repair of steam lines, significantly improving laundry operations and reducing diesel consumption, resulting in substantial cost savings. Interior renovations across the New Wing, lighting modifications, electrical socket installations, and mirror downlight replacements were all executed internally, leading to combined savings in the range of several hundred thousand rupees. Structural enhancements, such as the repair of pool-area rafters, return wall concreting, and large-scale wall painting, were efficiently completed at minimal external cost.

Innovative in-house fabrications also contributed to both functional and aesthetic improvements. These include, a meat smoke and aging cabinet, operator room furniture, and a fully upgraded audio system in the Old Wing, each saving significant outsourcing expenses. Operational infrastructure such as lighting pole relocations, shooting range modifications, and STP improvements at Grand Farm were also successfully managed internally, avoiding high contractor fees and optimizing utility systems.

Additionally, the hotel has developed specialized in-house capabilities for SS welding, cool room/chiller/refrigeration repairs, and other technical services, resulting in significant annual savings and strengthening staff skills for long-term efficiency.

In total, these initiatives not only resulted in financial savings exceeding several million rupees but also demonstrated a strong commitment to self-reliance, sustainability, and team development, further reinforcing The Grand Hotel's position as a forward-thinking and resource-efficient hospitality leader.

Our Commitment to Sustainability

Introduction

The Nuwara Eliya Hotels Company PLC continues to uphold its legacy as a pioneer in sustainable hospitality by integrating environmental stewardship, social responsibility, and governance best practices into its operational model. In alignment with the Sri Lanka Sustainability Disclosure Standards (SLFRS S1 & S2) and the Colombo Stock Exchange (CSE) mandatory reporting requirements for listed companies, this report provides a comprehensive overview of our sustainability efforts for the year ended 31st March 2025.

Governance and ESG Oversight

Our sustainability governance is led by a Sustainability Steering Committee, comprising senior leadership including the General Manager, Resident manager, Financial Controller, and departmental heads. The committee reports to the Board of Directors and is responsible for overseeing the implementation, monitoring, and reporting of sustainability strategies and climate-related risks.

- **Board Oversight:** The Board of Directors is kept informed of key ESG initiatives and climate-related developments through regular updates from the Sustainability Steering Committee
- **Management Role:** Day-to-day implementation is handled by departmental teams in collaboration with the Environmental and Social Compliance Officer.

Materiality Assessment

In FY2024/25, we conducted a materiality assessment to identify sustainability topics most relevant to our stakeholders and business model. The following material issues were prioritized:

- Energy consumption and climate change
- Waste management
- Local community engagement

- Staff welfare and development
- Water conservation
- Guest health and safety

These were determined through stakeholder consultations, industry benchmarking, and alignment with global frameworks such as GRI and ISSB standards.

Environmental Initiatives

We continued our commitment to minimizing environmental impact through the following measures:

- **Energy Conservation:** Reduced energy usage through automation, solar energy, and LED conversion. Annual electricity consumption reduced by 5% year-on-year.
- **Water Management:** Implemented a greywater recycling system and monitored consumption through smart meters.
- **Waste Reduction:** Ongoing zero-plastic campaign, waste segregation training, and composting practices.
- **Certifications:**
 - ISO 14001: Environmental Management System
 - Travelife Gold Certification

Climate-Related Risks and Opportunities (SLFRS S2 Compliance)

Risks:

- **Physical Risks:** Increased rainfall and extreme weather events affecting occupancy and operations.
- **Transition Risks:** Potential regulatory changes on emissions and energy pricing.

Opportunities:

- Rising eco-conscious tourism trends.
- Cost savings from energy efficiency.
- Marketing advantage from sustainability certifications.

Scenario Planning:

- We have initiated an internal process to assess long-term climate scenarios aligned with a 1.5°C and 2°C future and their impact on operations, particularly in energy and water usage.

GHG Emissions Reporting (Preliminary):

- **Scope 1 (Direct):** Fuel usage in generators and hotel vehicles.
- **Scope 2 (Indirect):** Purchased electricity.

(We are in the process of formalizing GHG accounting systems for full Scope 1 and 2 disclosures in the next reporting cycle.)

Social Responsibility Initiatives

We remain committed to positively impacting our employees, community, and guests:

- **Community Projects:** Support for local schools, medical centers, and donations to orphanages and religious institutions.
- **Local Employment:** Over 90% of our workforce is sourced locally.
- **Staff Welfare:** Continuous training, career development, and health & safety workshops.
- **Inclusive Guest Programs:** Guest education on sustainability, towel reuse programs, and eco-friendly dining options.

Economic Sustainability and Value Creation

- **Local Sourcing:** Over 60% of raw materials are procured from nearby suppliers, supporting the local economy.
- **Fair Pay & Benefits:** Competitive salaries and benefits that exceed industry minimums.
- **Sustainable Investments:** Renovation projects aligned with energy efficiency and low environmental impact.

Metrics and Targets (S1 & S2 Compliance)

Indicator	2023/24	2024/25	Target 2025/26
Energy consumption per guest night (kWh)	13.2	12.5	11.8
Water usage per guest night (liters)	165	152	145
Waste diverted from landfill (%)	41%	52%	60%
Local supplier contribution (%)	58%	61%	65%

Our ESG Performance in Action - FY 2024/25

Grand Hotel Nuwara Eliya continues to implement impactful initiatives aimed at preserving natural resources and reducing our environmental footprint.

A team from the hotel actively participated in the Zero Plastic Walk to commemorate World Tourism Day 2024. The initiative focused on collecting and properly segregating waste, promoting ethical disposal practices, and handing over collected plastics to authorized recyclers. This hands-on activity helped raise awareness and reduce pollution in the local environment.

Regular Shramadana (voluntary community service) activities were conducted by our staff to clean and maintain the surrounding environment. These efforts demonstrate our employees' growing commitment to sustainability at both personal and organizational levels.

The hotel continued in effective water-saving measures, including low-flow fixtures and the linen reuse program. These mechanisms collectively contributed to a significant reduction in water usage while maintaining guest comfort and hygiene standards.

Reinforcing our commitment to waste minimization, we strengthened our recycling efforts, which significantly reduced the volume of waste sent to landfills. In addition to promoting segregation at the source and ensuring responsible recycling practices, we are now placing a stronger focus on reducing the generation of waste at the

source itself. By encouraging smarter procurement, mindful consumption, and better handling practices, we aim to prevent waste before it even begins-creating a more sustainable operation from the ground up.

Throughout the year, the Engineering Department led a rigorous energy monitoring and optimization program across the hotel. This proactive approach resulted in reduced utility costs while reinforcing our commitment to minimizing carbon emissions and enhancing energy efficiency.

Social Responsibility

We continued to build strong community partnerships and support the wellbeing of our employees and the broader society through various socially driven initiatives:

To mark World Tourism Day 2024, we collaborated with the Nuwara Eliya Hotels Association to donate bed linen to the Nuwara Eliya General Hospital. This act of solidarity supported healthcare services in the region by supplying much-needed essential items.

Through the unique internal program; "change hands", high-quality reusable linen was repurposed and distributed to individuals in need. This initiative reflects our ongoing dedication to reducing waste and extending the useful life of materials while supporting community welfare.

In December, we extended support to the children at Paynter's Home in Nuwara Eliya by donating essential items. These donations were made possible through contributions from our stakeholders and

reflect our long-standing support for the local community.

We prioritize sourcing food and operational products from local vendors, ensuring economic opportunities for small and medium enterprises in the region. Furthermore, our recruitment strategy focuses on hiring from the local community, creating job opportunities and contributing directly to the socio-economic upliftment of Nuwara Eliya.

Guest Engagement in Sustainability

As part of our commitment to promoting global sustainability, we took proactive steps to increase guest awareness and encourage their participation in our green initiatives. Through diverse communication channels such as in-room collaterals, digital screens, staff interactions, and informative signage across the property, we educated guests on sustainable practices and inspired them to contribute.

Key topics shared included water conservation, energy-saving practices, responsible waste disposal, and participation in linen and towel reuse programs. By fostering a culture of environmental responsibility, we empowered our guests to be active partners in our sustainability journey, extending the impact of our initiatives beyond the hotel.

Showcasing our commitment to excellence and sustainability.

We maintained high operational standards through global certifications, showcasing our commitment to excellence and sustainability.

Staff Training on ESG Practices

Throughout the year, comprehensive training sessions were conducted for staff across departments, covering all dimensions of ESG. These capacity-building programs ensured that our

Our Commitment to Sustainability contd.

team was well-equipped to integrate sustainable practices into daily operations.

Travelife Gold Certification for Accommodation Sustainability

Our dedication to responsible tourism was recognized with the successful renewal of the Travelife Gold Certification, a globally respected accreditation (valid from 2025-2027). We met over 250 sustainability criteria, reaffirming our place as a leader in sustainable hospitality. We completed the certification process with zero non-conformities, underscoring the strength of our sustainability practices.

ISO 9001:2015 - Quality Management Certification

By successfully renewing the ISO 9001:2015 certification (valid from 2025 to 2028), we demonstrated our commitment to delivering high-quality services and maintaining customer satisfaction through continuous improvement and quality management systems.

ISO 22000:2018 - Food Safety Management Certification (2024-2026)

We upheld stringent food safety and hygiene standards throughout the year under the ISO 22000:2018 framework. From procurement to food preparation and service, every step was carefully managed to ensure the safety and well-being of our guests.

ISO 14001:2015 - Environmental Management System (EMS) Recertification

In alignment with our commitment to responsible environmental stewardship, Grand Hotel Nuwara Eliya successfully achieved recertification for ISO 14001:2015 - a globally recognized standard for Environmental Management Systems. This accomplishment reflects our dedication to minimizing our environmental footprint through structured planning, operational control, and continuous improvement.

The recertification audit was concluded on Earth Day 2025, marking a symbolic and meaningful milestone in our sustainability journey. Our environmental initiatives - from energy conservation and waste reduction to water management and compliance - were evaluated against the standard's comprehensive criteria.

The successful outcome of the audit, with no major non-conformities, reaffirms the strength of our EMS framework and the collective commitment of our team to upholding environmental responsibility across all areas of the property. The certification is valid through 2028.

This achievement further strengthens our position as a leader in sustainable hospitality in Sri Lanka, and supports our long-term goals in environmental performance, climate action, and sustainable tourism.

Looking Ahead

For the upcoming year, our goals include:

- Establishing a formal GHG (Greenhouse Gas) inventory system.
- Aligning with TCFD (Task Force on Climate-related Financial Disclosures.) recommendations for climate disclosure.
- Increasing renewable energy share.
- Expanding sustainability-linked guest services and marketing.

Assurance and Continuous Improvement

While this report has not undergone external assurance, we aim to engage independent verification for our 2025/26 disclosures. Internal audits and the sustainability committee will continue to enhance data accuracy and compliance.

Stakeholder Engagement

We recognize that our sustainability journey is shaped by meaningful engagement with stakeholders. During the

reporting year, we actively consulted and collaborated with:

- Employees
- Guests
- Local Community
- Suppliers
- Investors and Shareholders
- Regulatory Bodies

These interactions helped shape our materiality matrix and strategic sustainability direction.

Integration with Strategy and Financial Planning

Our sustainability practices are not isolated efforts but are fully integrated into the Group's business strategy. ESG considerations directly influence our:

- Capital investment decisions
- Operational budgets
- Human resource development
- Risk management and contingency planning

Limitations and Future Improvements

This report marks our first full-year compliance with SLFRS S1 and S2. As such, certain aspects-including full Scope 3 emissions, climate scenario modeling, and integrated assurance-remain areas for future development.

Declaration of Compliance

This report has been prepared in accordance with:

- Sri Lanka Sustainability Disclosure Standards: SLFRS S1 and S2
- Colombo Stock Exchange Listing Rule No. 8.1
- Best practices from GRI, TCFD, and ISO frameworks

We confirm that all applicable mandatory disclosures have been addressed or are in development with a clear roadmap.

Board of Directors



**J H P Ratnayake - Chairman
Non-Executive Director**

Mr. Paul Ratnayake was appointed to the Board on 1st June 2005 and assumed the role of Chairman of the Company on 6th February 2019. He is the Senior Partner and Founder of Paul Ratnayake Associates. Mr. Ratnayake holds an Honours degree from the University of

Ceylon (Colombo) and an LLM from the University of London. He is an Attorney-at-Law of the Supreme Court of Sri Lanka and a Solicitor of the Supreme Court of England and Wales.

Mr. Ratnayake currently serves on the Boards of the following companies.

Name of Company	Position Held	Executive/Non-Executive
PR Secretarial Services (Pvt) Ltd	Chairman	Non-Executive
PR Intellectual Property Services (Pvt) Ltd	Chairman	Non-Executive
PR Corporate Services (Pvt) Ltd	Chairman	Non-Executive
PR Business Services (Pvt) Ltd	Chairman	Non-Executive
Nature Holdings Ltd	Chairman	Non-Executive
Rose Hill Hotel (Pvt) Ltd	Chairman	Non-Executive
Allied Export and Import Agencies (Pvt) Ltd	Alternate Director	Non-Executive
Colombo Agencies Limited	Chairman	Non-Executive
Jims Farm (Private) Ltd	Alternate Director	Non-Executive
Paul Ratnayake Associates	Senior Partner	
The Tea & Herb Company Ltd	Director	Non-Executive



**G G Ondaatjie - Deputy Chairman
Non Executive Director**

Mr. Gerard Ondaatjie was appointed to the Board on 25th November 1996 and assumed the position of Deputy Chairman on 2nd July 2018. He has over 30 years of experience in the tourism, financial services, and trading sectors. He holds a BSc in Accountancy from Arizona State University, USA. He is a former Member of the Commission on the Simplification of Existing Laws and Regulations in the Interest of the People and a former Member of the Colombo Port City Economic Commission. He currently serves as a member of the Sri Lanka Tourism Advisory Committee.

Mr. Ondaatjie currently serves on the Boards of the following companies.

Name of the Company	Position held	Executive/Non Executive
Mercantile Investments and Finance PLC	Managing Director	Executive
Tangerine Beach Hotels PLC	Director	Non-Executive
Royal Palms Beach Hotels PLC	Director	Non-Executive
Nilaveli Beach Hotels (Pvt) Limited	Director	Non-Executive
Tangerine Tours (Pvt) Limited	Director	Non-Executive
Security Ceylon (Pvt) Limited	Chairman	Non-Executive
Mercantile Fortunes (Pvt) Limited	Chairman	Non-Executive
Global Films Limited	Chairman	Non-Executive
Mercantile Orient (Pvt) Limited	Chairman	Non-Executive
International Fortunes (Pvt) Limited	Chairman	Non-Executive
Fair View Hotel (Pvt) Limited	Chairman	Non-Executive
Nilaveli Hotels (Pvt) Limited	Director	Non-Executive
Mercantile Fortunes Insurance Brokers (Pvt) Limited	Chairman	Non-Executive
Tangerine Vacations (Pvt) Ltd	Director	Non-Executive

Board of Directors contd.



A M Ondaatjie
Non Executive Director

Ms. Angeline Ondaatjie was appointed to the Board on 17th October 2000. She has over 30 years of experience in the tourism, financial services, and manufacturing sectors. She holds a Master's degree from the University of Texas at Austin, USA, and a BSc degree from the Massachusetts Institute of Technology (MIT), USA. She is a former Director of the Sri Lanka Tourism Promotion Bureau and a former Vice President of the Tourist Hotels Association. She currently serves as a

Safety Advisor to Princeton in Asia, a member of the Education Council of MIT, and a Trustee of the Lionel Wendt Memorial Fund.

Ms. Ondaatjie currently serves on the Boards of the following companies.

Name of the Company	Position held	Executive/Non-Executive
Mercantile Investments and Finance PLC	Director	Executive
Mercantile Fortunes (Pvt) Limited	Director	Non-Executive
Nilaveli Beach Hotels (Pvt) Limited	Director	Non-Executive
Tangerine Beach Hotels PLC	Chairperson	Non-Executive
Royal Palms Beach Hotels PLC	Chairperson	Non-Executive
Tangerine Tours (Pvt) Limited	Chairperson	Non-Executive
Security Ceylon (Pvt) Limited	Director	Non-Executive
Global Films Limited	Director	Non-Executive
International Fortunes (Pvt) Limited	Director	Non-Executive
Mercantile Orient (Pvt) Limited	Director	Non-Executive
Fair View Hotel (Pvt) Limited	Director	Non-Executive
Nilaveli Hotels (Pvt) Limited	Director	Non-Executive
Mercantile Fortunes Insurance Brokers (Pvt) Ltd	Director	Non-Executive
The Light House Hotel PLC	Director	Non-Executive
Phoenix Industries Limited	Director	Non-Executive
Brushco (Pvt) Ltd	Director	Non-Executive
Tangerine Vacations (Pvt) Ltd	Chairperson	Non-Executive



T J Ondaatjie
Non-Executive Director

Mr. Travice Ondaatjie was appointed to the Board on 17th October 2000. He has over 25 years of experience in the tourism and financial services sectors. He holds a BSc degree from Arizona State University, USA.

Mr. Travice Ondaatjie currently serves on the Boards of the following companies.

Name of Company	Position held	Executive/ Non-executive
Mercantile Investments and Finance PLC	Director	Executive
Tangerine Beach Hotels PLC	Director	Non-Executive
Royal Palms Beach Hotels PLC	Director	Non-Executive
Nilaveli Beach Hotels (Pvt) Limited	Chairman	Non-Executive
Tangerine Tours (Pvt) Limited	Director	Non-Executive
Security Ceylon (Pvt) Limited	Director	Non-Executive
Mercantile Fortunes (Pvt) Ltd	Director	Non-Executive
Global Films Limited	Director	Non-Executive
Mercantile Orient (Pvt) Limited	Director	Non-Executive
International Fortunes (Pvt) Limited	Director	Non-Executive
Fair View Hotel (Pvt) Limited	Director	Non-Executive
Nilaveli Hotels (Pvt) Limited	Chairman	Non-Executive
Mercantile Fortunes Insurance Brokers (Pvt)Ltd	Director	Non-Executive
Tangerine Vacations (Pvt)Ltd	Director	Non-Executive



M K K K B Galagoda
Non Executive Director

Mr. Manil Galagoda was appointed to the Board on 8th April 2013 and currently serves as the Group Engineer of the Mercantile Investments Group of Companies. He has over 30 years of experience in the hotel industry, both in Sri Lanka and overseas, including with the Ramada Group of Hotels and the Holiday Inn Group. He holds a Diploma in Electrical and Electronics Engineering from the University of Katubedda, Moratuwa.

Mr. Galagoda currently serves on the Boards of the following companies.

Name of Company	Positon Held	Executive/Non Executive
Nilaveli Beach Hotels (Pvt) Ltd	Director	Non-Executive
Fair View Hotel (Pvt) Ltd	Director	Non-Executive



Chevalier S K Abeyesundara KStG
Non-Executive Director

Surendra Kumar Abeyesundara (commonly known as Sahran Abeyesundara) was appointed to the Board on 8 April 2013. Born in Sri Lanka in April 1974, he is a British national and a designer with an international portfolio.

Sahran is a seasoned interior designer and entrepreneur. He previously worked as Lead Designer for an Italian design house in Dubai, before co-founding Taru IE in Sri Lanka. He later established Design Guru London, where he currently

leads in events and interior design. He also formerly directed Pride London Productions and the Pride Arts Festival, reflecting a dynamic combination of creative vision and organisational leadership.

After relocating to Haslemere, Sahran was elected to the Haslemere Town Council in 2015, serving first as Deputy Mayor and then as the town's 43rd Mayor in 2016. His mayoral year was marked by successful fundraising for four charities: Positive Action, Action Medical Research, the Kaleidoscope Trust, and the Haslemere Penny Ha'Penny Trust. He played a key role in enhancing civic engagement, and was invited to the House of Commons by the Kaleidoscope Trust in recognition of his advocacy for LGBT+ rights.

In June 2019, Sahran was appointed a Knight of the Order of St. George at Rochester Cathedral, in recognition of his continued community service.

He remains an active member of the Haslemere community and has previously served on the Executive Committee of the Haslemere and District Chamber of Trade & Commerce. Sahran continues to lead Design Guru London and provides strategic oversight across several boards.

He currently serves on the Boards of the following companies.

Name of Company	Positon Held	Executive/Non Executive
Fair View Hotel (Pvt) Ltd	Director	Non-Executive

Board of Directors contd.



G H R Fernando **Executive Director**

Mr. Ravindra Fernando was appointed to the Board on 26th October 2022. He has over 35 years of experience in the hotel industry. He is an Associate Member of the Association of Financial Accountants (AFA), UK, and a Fellow Member of the Association of Accounting Technicians of Sri Lanka (FMAAT). He is also a Member of the Chartered Securities Institute (UK) (MCSI), a Certified Business Accountant (CBA) of CA Sri Lanka, and an Associate Member of the Chartered Management Institute (CMI), UK.

Mr. Fernando holds a Master of Business Administration (MBA) from the University of Lincoln, UK, and a Master of Applied Finance (M.Sc.) from the University of Sri Jayewardenepura.

He currently serves on the Boards of the following companies.

Name of Company	Position held	Executive/Non Executive
Security Ceylon (Pvt) Ltd	Director	Executive
Fair View Hotel (Pvt) Ltd	Director	Executive



S M S S Bandara **Independent Non-Executive Director**

Mr. Sanjaya Bandara was appointed to the Board on 1st October 2024. He is a Fellow Member of both the Institute of Chartered Accountants of Sri Lanka and the Institute of Certified Management Accountants of Sri Lanka.

Since 2004, Mr. Bandara has served as a Partner at B R De Silva & Co., Chartered Accountants. He was the President of the Institute of Chartered Accountants of Sri Lanka for the 2022/2023 term. He has also served as an Independent Non-Executive Director and Chairman of Mercantile Investments and Finance PLC.

Mr. Bandara holds a Bachelor of Science in Accountancy from the University of Sri Jayewardenepura and a Master of Business Administration from the University of Colombo.

He currently serves on the Boards of the following companies:

Name of Company	Position held	Executive/Non Executive
Prime Lands Residencies PLC	Director	Non-Executive
Agalawatte Plantations PLC	Director	Non-Executive
Luminex PLC	Director	Non-Executive



H M S Herath

Independent Non-Executive Director

Ms. Samanmalie Herath was appointed to the Board on 14 March 2025. She is a seasoned finance professional with over a decade of experience in financial analysis, investment research, and business valuations.

She currently serves as an Assistant Director at Acuity Knowledge Partners, Colombo, where she leads an offshore team supporting the equity research operations of a U.S.-based global hedge fund. Prior to this, Ms. Herath was with Asia Capital, where she gained significant experience in investment banking, specializing in financial modelling, business valuations, and advisory services for large-scale investment projects.

Ms. Herath is a Chartered Financial Analyst (CFA) charterholder, accredited by the CFA Institute, USA, and actively contributes to CFA Society initiatives promoting the investment profession in Sri Lanka. She also holds a Master of Business Administration (MBA) from the University of West London, UK. In addition, she has completed the examinations of the Chartered Institute of Management Accountants (CIMA), UK, and led the winning team in the 2014 CIMA Global Business Challenge. She holds a Bachelor of Business Administration (BBA) in Finance from the University of Colombo, where she was honoured as the Student of the Year for the graduating class of 2014.



Aasiri Iddamalgoda

Independent Non-Executive Director

Mr. Aasiri Iddamalgoda was appointed to the Board on 28th March 2025. He currently serves as the Senior Vice President - Branch Banking and SME at DFCC Bank PLC

With over 25 years of experience in the banking industry, Mr. Iddamalgoda has held progressively senior leadership roles. He brings extensive expertise in financial regulations, risk management, and compliance practices. Throughout his career, he has consistently demonstrated a strong ability to develop and execute effective business strategies aligned with the bank's vision and mission. Mr. Iddamalgoda is widely recognized for his talent in building high-performing teams, fostering a collaborative culture, and inspiring others to achieve sustainable and exceptional results.

Prior to this, Mr. Iddamalgoda held several senior roles at HSBC, including Head of Products, Cards and Services Retail Banking, Head of Premier & Wealth Management (Private Banking), and Relationship Manager in Corporate Banking.

Mr. Iddamalgoda currently serves as a member of the Sri Lanka Tennis Selection Committee.

He holds a Bachelor of Science degree and a Master of Business Administration (MBA) from Jacksonville State University, Alabama, USA.

Corporate Management

Mahinda Pinnapola General Manager

Joined Date
1st April 2025

Qualifications

- Master's in Human Resource Management (HRM),
- Graduate - Sri Lanka Hotel School (SLITHM),
- Professional Development Programs - Hilton Worldwide,
- A member of the Environmental Professionals' Association, A member of prestigious Oberoi School of Management - India

Experience

Mr. Mahinda Pinnapola brings over 35 years of distinguished experience in the hospitality industry, both in Sri Lanka and internationally. He has held senior leadership roles in globally renowned hotel chains including Hilton Leisure Hotel Development by Aitken Spence Hotels, Mount Lavinia Hotel, Group of BMICH and the Oberoi Group.

Prior to joining the Grand Hotel, he served as the Group Chief Operating Officer of Melwa Hotels & Resorts, where he oversaw multiple luxury properties and played a pivotal role in launching key developments such as Hilton Yala and DoubleTree by Hilton Negombo.

Mr. Pinnapola is widely recognized for his deep commitment to sustainable tourism, excellence in hotel operations, and developing high-performing teams. His visionary leadership blends operational discipline with

innovation, enabling properties under his guidance to achieve both service excellence and environmental stewardship. His appointment reinforces the Grand Hotel's strategic focus on becoming a benchmark for luxury, sustainability, and heritage hospitality in Sri Lanka.

Nazeem Mohamed Resident Manager

Joined Date
10th April 2004

Qualifications

MBA-Tourism and Hotel Management, CBA, AMA

Experience

A seasoned professional with 27 years of experience, including 24 years in the hospitality industry, Mr. Mohamed brings a unique blend of financial acumen and operational leadership to his role as Resident Manager of the hotel. Having previously served as Financial Controller, he successfully transitioned into hotel operations, demonstrating exceptional adaptability and a comprehensive understanding of the industry. His qualifications from recognized accounting bodies, combined with an MBA specializing in Hospitality Management, have equipped him to lead with strategic insight and efficiency. His broad expertise continues to drive service excellence, operational performance, and sustainable growth for the hotel.

Kumara Karunaratna Financial Controller

Joined Date
13th January 2023

Qualifications

FCA (SL), ACCA (UK), MBA (UK), BBA Fin spl (COL), SAT (SL)

Experience

Mr. Karunaratne is a double-qualified Chartered Accountant, holding fellow memberships from both the Institute of Chartered Accountants of Sri Lanka (FCA) and the Association of Chartered Certified Accountants (ACCA - UK). He also holds a Master of Business Administration (MBA - UK) and a Bachelor's Degree in Business Administration (Finance Special) from the University of Colombo.

With over 16 years of diversified experience in financial management, Mr. Karunaratne has worked across the leisure, manufacturing, retail, trading, and audit sectors. He commenced his career at Deloitte Touche Tohmatsu and has since held senior finance roles in several leading conglomerates, including John Keells Holdings PLC.

He transitioned into the leisure and hospitality industry, where he continues to play a pivotal role in financial leadership, strategic planning, performance reporting, and compliance. In parallel with his corporate responsibilities, Mr. Karunaratne has been actively involved in academia for over 10 years as a registered lecturer at CA Sri Lanka, demonstrating his commitment to professional education and knowledge-sharing.

Corporate Governance

Introduction

Corporate Governance represents the cornerstone of responsible corporate conduct and is essential for long-term value creation, stakeholder confidence, and institutional sustainability. At The Nuwara Eliya Hotels Company PLC, we view Corporate Governance as a dynamic framework that evolves in response to changes in the regulatory environment, stakeholder expectations, and global best practices.

In the financial year 2024/25, we operated under a macro-environment shaped by economic volatility, global travel disruptions, and rising stakeholder scrutiny. Against this backdrop, we reaffirmed our commitment to high standards of corporate behavior, aligning with the Updated Code of Best Practice on Corporate Governance (2023) issued by CA Sri Lanka, and the revised Section 9 of the Colombo Stock Exchange Listing Rules, effective from October 2023.

Our governance approach is built around the principles of accountability, transparency, integrity, and inclusivity, and is fully embedded into our decision-making structures, policies, and operational controls.

We are not only focused on compliance but also strive to go beyond minimum requirements, by incorporating Environmental, Social and Governance (ESG) objectives, technology governance, and a proactive stakeholder engagement strategy into our Corporate Governance framework.

Key Features of Our Corporate Governance Framework

The governance practices of The Nuwara Eliya Hotels Company PLC are designed to promote strategic guidance, responsible leadership, and effective control. Core features include:

- **Board Leadership & Oversight**
 - The Board provides independent oversight, strategic direction, and ensures executive accountability.
 - Clear division of responsibilities between the Chairperson, CEO, and Committees.
- **Transparency & Accountability**
 - Robust reporting practices ensure accurate, timely, and complete disclosure to shareholders and regulators.
 - Publication of key governance policies (Board Charter, Whistleblower, Ethics, Risk, Sustainability) on the corporate website.
- **Stakeholder-Centric Governance**
 - Regular engagement with shareholders, employees, regulators, suppliers, and the community.
 - Dedicated grievance and feedback mechanisms.
- **Compliance & Legal Conformity**
 - Full adherence to: Companies Act No. 07 of 2007 SEC Act No. 19 of 2021 CSE Listing Rules (including updated 2023 rulings)
 - CA Sri Lanka Code of Best Practices (2023)
 - Governance policies updated to reflect emerging legislative changes.
- **Ethics and Culture**
 - Organization-wide emphasis on ethical behavior, code of conduct adherence, and anti-bribery practices.
 - Periodic ethics training for senior leadership and key departments.

Risk Management & Controls

- Active oversight of enterprise risks through risk registers, audit trails, and early-warning systems.
- Internal Audit function supports preventive control mechanisms.

ESG Integration

- ESG objectives embedded in long-term strategy, board review processes, and annual planning.
- Commitment to sustainable operations, energy efficiency, waste reduction, and community engagement.

Technology Governance

- Oversight of digital infrastructure, cybersecurity, data privacy, and automation within financial and operational systems.

Corporate Governance contd.

Governance Framework and Leadership

The Board of The Nuwara Eliya Hotels Company PLC is the apex governance body responsible for steering the Company toward its long-term vision while ensuring compliance and ethical conduct. The governance framework includes:

Governance Pillar	Focus Areas
Board of Directors	Strategic direction, performance oversight, and risk governance
Audit Committee	Financial reporting, internal controls, external audit independence
Remuneration Committee	Executive remuneration, incentive plans, and performance management
Nomination & Governance	Board composition, director evaluations, succession planning
RPTR Committee	Review and approval of all Related Party Transactions
Internal Audit & Risk	Monitoring risk registers, control audits, whistleblowing investigations
ESG Committee	Sustainability strategy, reporting, climate risk, and stakeholder impact
Company Secretary	Ensuring regulatory compliance and Board process integrity

The Board also conducts an **annual self-evaluation** and performance review of each committee to identify areas for improvement and alignment with emerging governance trends.

Alignment with Revised Governance Standards (2023/24)

We have fully reviewed and adopted the following governance enhancements introduced by CA Sri Lanka and CSE:

- **Fit and Proper Assessments:** Annual declarations by Directors and CEO confirming independence, capability, and ethical conduct.
- **Diversity and Inclusion Policy:** Adopted to ensure gender, age, industry, and skill diversity within the Board.
- **Director Tenure and Independence Reviews:** Compliance with tenure limits and independence evaluations.
- **Disclosure Enhancements:**
 - Attendance at Board/Committee meetings
 - Director competencies and qualifications
 - Summary of stakeholder engagements
 - RPT details and justification for approvals
- **Whistleblower and Ethics Policy:** Updated to align with SEC and CSE guidelines, with mechanisms for confidential reporting.
- **Non-Compliance Protocols:** Reporting to the market in case of any breach or deviation from listing rules.

Standard / Principle / Code	Adherence
The Companies Act No.7 of 2007 (Companies Act)	Mandatory provisions - Fully Compliant
Listing Rules of the Colombo Stock Exchange (CSE), including circulars	Fully Compliant
Securities and Exchange Commission of Sri Lanka (SEC) Act No. 19 of 2021, including rules, regulations, directives and circulars	Fully Compliant
Code of Best Practices on Related Party Transactions (2013) advocated by the SEC	Fully Compliant
Code of Best Practice on Corporate Governance (2013) jointly issued by the SEC and the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)	Fully Compliant
Code of Best Practice on Corporate Governance (2017) issued by CA Sri Lanka	Voluntary provisions - Fully Compliant
International Integrated Reporting Framework published by the International Integrated Reporting Council (IIRC)	Fully Compliant
Global Reporting Initiative Standards	Fully Compliant
Articles of Association	Fully Compliant
Internal Policies	Fully Compliant
Internal mechanisms	Fully Compliant

Note:

In line with the revised **Colombo Stock Exchange Listing Rules (effective from October 2023)** and the **Code of Best Practice on Corporate Governance (2023)** issued by CA Sri Lanka, the Company has adopted all mandatory governance provisions applicable to listed entities.

These include key requirements related to **Board composition, independence, policy disclosures, whistleblowing, Board evaluation, and related party transactions**

The Company is fully compliant with the updated governance framework, and any deviations (if applicable) are duly explained in this report in line with the “comply or explain” approach mandated by the CSE.

Committees

COMMITTEE	RESPONSIBILITIES
Audit Committee	<ul style="list-style-type: none"> • - Oversee the Entity's compliance with financial reporting requirements, information requirements under these Rules, the Companies Act, and the SEC Act, and other relevant financial reporting-related regulations and requirements. • Review the quarterly results and year-end financial statements of the Entity prior to tabling for the approval of the Board of Directors. • Oversee the internal and external audit processes, including the appointment, re-appointment, and removal of external auditors. • Monitor internal financial controls and risk management systems. • Obtain and review assurance received from the CEO and CFO on the financial records and the adequacy of risk management and internal control systems. • Establish and maintain a process for the periodic evaluation of the performance of the Board of Directors and the CEO. • Ensure the independence of auditors and review non-audit services provided by the external auditor.
Remuneration Committee	<ul style="list-style-type: none"> • Recommend the remuneration payable to the Executive Directors and CEO of the Listed Entity to the Board for final determination. • Set remuneration policy for Directors, ensuring a formal and transparent procedure for developing policy on Executive Directors' remuneration and fixing remuneration packages. • Approve annual performance objectives and the granting of long-term incentives. • Engage external consultants to assess the relevance of remuneration levels applicable to Directors and the CEO.
Nomination Committee	<ul style="list-style-type: none"> • Review and recommend the structure, size, and composition of the Board and Board Committees. • Evaluate and recommend the appointment of Directors to the Board of Directors and Board Committees. • Establish and maintain a formal and transparent procedure for the selection and appointment of Directors. • Develop and implement a policy on Board diversity, including experience, skills, age, gender, and industry requirements. • Develop succession plans for the Board of Directors and Key Management Personnel. • Ensure Directors are fit and proper persons as per the Fit and Proper Assessment Criteria. • Oversee compliance with corporate governance requirements and policies.
Related Party Transactions Review Committee	<ul style="list-style-type: none"> • Review Related Party Transactions (RPT) of the Company to ensure compliance with relevant rules and regulations. • Monitor and ensure that all RPT are conducted in the best interest of the Company and its shareholders. • Review and recommend policies and procedures for RPT to the Board. • Ensure the Entity's compliance with the SEC Act, Listing Rules of the Exchange, and other applicable laws regarding RPT.

Corporate Governance contd.

Corporate Governance at a Glance

Rule: CA Code A.5

Requirement: Clear identification of each Director's status (Executive/Non-Executive, Independent/Non-Independent)

Disclosure:

The Board of Directors of Nuwara Eliya Hotels Company PLC comprises a balanced mix of Executive and Non-Executive Directors with a sufficient number of Independent Non-Executive Directors, ensuring compliance with both the Code of Best Practice and the CSE

Listing Rules.

The independence of Directors is determined in accordance with the criteria set out in the CSE Listing Rules and the CA Code, including tenure, financial/material relationships, employment history, and cross-directorships.

The following table summarizes the independence status of each Director:

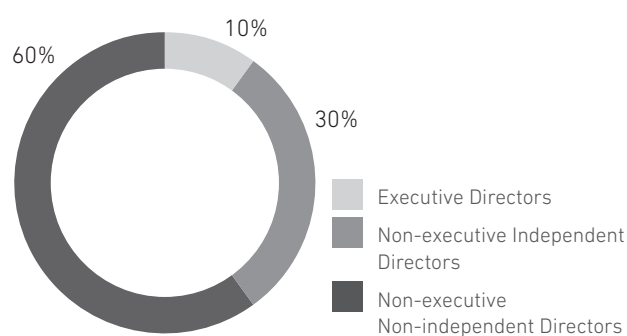
Name of Director	Designation	Executive/ Non Executive	Independent
Mr.J H P Ratnayeke	Chairman	Non executive	No
Mr.G G Ondaatjie	Deputy chairman	Non executive	No
Ms.A M Ondaatjie	Director	Non executive	No
Mr.T J Ondaatjie	Director	Non executive	No
Mr.M K K K B Galagoda	Director	Non executive	No
Mr.S K Abeysundara	Director	Non executive	No
Mr. G H R Fernando	Director	Executive	No
Mr. S M S S Bandara	Director	Non executive	Yes
Ms. H M S Herath	Director	Non executive	Yes
Mr. A M Iddamalgod	Director	Non executive	Yes

Composition of the Board

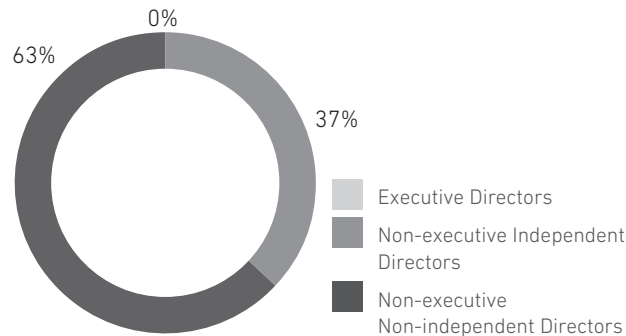
Rule: 9.8.1 and 9.8.2

Requirement: Minimum five directors, at least one-third should be independent.

Composition of the Board 2024/2025



Composition of the Board 2023/2024



Description	2024/25		2023/24	
Executive Directors	1	10.00%	0	0%
Non-executive Independent Directors	3	30.00%	3	37.50%
Non-executive Non-independent Directors	6	60.00%	5	62.50%

Appointments of members of the Commission during years 1995-2025							
							Mr.J H P Ratnayake
							Mr.G G Ondaatjie
							Ms.A M Ondaatjie
							Mr.T J Ondaatjie
							Mr.S K Abeysundara
							Mr.M K K K B Galagoda
							Mr. G H R Fernando
							Mr. S M S S Bandara
							Ms. H M S Herath
							Mr. A M Iddamalgoda
1995 - 1999	2000-2004	2005-2009	2010-2014	2015-2019	2020-2024	2025	

Corporate Governance contd.

Disclosure of Directors Information

Information	Section	Page Number
Name & Profile	Rule 9.10.4(a)	17-21
Expertise in functional areas	Rule 9.10.4(b)	17-21
Material Business Relationships	Rule 9.10.4(c)	23-31
Independence of Directors	Rule 9.8.5, Rule 9.10.4(d)	28
Other Directorships	Rule 9.10.4(e)	28
Attendance at Board Meetings	Rule 9.10.4(f)	29
Sub-committees	Rule 9.10.4(g), Sub-committee Reports	38-49
Attendance of other Committee meetings	Rule 9.10.4(h)	38-49
Audit Committee Report	Rule 9.13.5	38
Risk Management and Internal Control	Rule 9.13.5(b)	50-51
Assurance from CEO and CFO	Rule 9.13.5(c)	31
Compliance with Financial Reporting	Rule 9.13.5(d)	38-49
Determination of Auditor Independence	Rule 9.13.5(i)	38-49
Related Party Transactions	Rule 9.14.8	100
Director's Material Interests	Rule 9.16(i)	23-31
Review of Internal Controls	Rule 9.16(ii)	38-49
Compliance with Laws and Regulations	Rule 9.16(iii)	38-49
Non-compliance with Laws or Regulations	Rule 9.16(iv)	38-49
Board Diversity	CA Code of Best Practice - Section A.2	27
Board & Committee Performance Evaluation	CA Code - Section A.10	38-49
Succession Planning	CA Code - Section A.12	38-49
Stakeholder Engagement	CA Code - Section D	38-49
Code of Conduct & Ethics / Whistleblowing	CA Code - Sections B.3, B.4	6-16
Sustainability / ESG Disclosures	CA Code - Sections D.3, CSE ESG Guidance	6-16
Cybersecurity / IT Governance (if applicable)	CA Code - Emerging Governance Practices (optional but encouraged)	

Directors' independence

Rule: 9.8.4 and 9.10.4(d)

Requirement: The presence of non-executive independent directors who enable independent judgment. Directors must submit an annual declaration confirming their independence, and the board must assess and confirm their independence based on the criteria set forth in the CSE listing rules.

Name of Director/Capacity	a.	b.	c.	d.	e.	f.	g.	h.	i.	j.	k.
Non-executive Non-independent Directors											
Mr. Gerard G. Ondaatjie	Yes	No.	No	No	Yes	Yes	No	No	No	No	No
Ms. Angeline Ondaatjie	Yes	No	No	No	Yes	Yes	No	No	No	No	No
Mr. T.J. Ondaatjie	Yes	No	No	No	Yes	Yes	No	No	No	No	No
Mr. Manil Galagoda	No	No	No	No	No	Yes	No	No	No	No	No
Mr. J.H.P. Ratnayeke	No	No	No	No	No	Yes	Yes	No	No	No	No
Mr. S.K. Abeyesundara	No	No	No	No	No	Yes	No	No	No	No	No
Non-executive Independent Director											
Mr. S M S S Bandara	No	No	No	No	No	No	No	No	No	No	No
Ms. H M S Herath	No	No	No	No	No	No	No	No	No	No	No
Mr. A M Iddamalagoda	No	No	No	No	No	No	No	No	No	No	No
Executive Director											
Mr. G.H.R. Fernando	No	Yes	Yes	Yes	No	No	No	No	No	No	No

Code	Criteria Description
a	Holds, directly or indirectly, shares carrying 10% or more of the voting rights in the listed entity or any of its subsidiaries.
b	Management (Persons having authority and responsibility for key management decisions of the entity)
c	Has had any commercial, professional or consultancy relationship with the listed entity in the past year where the total value of benefits received exceeds 20% of the individual's annual income.
d	Is currently employed or has been employed in the last three years by the listed entity or its subsidiaries.
e	Is a close family member or a financially dependent person of a director or CEO of the listed entity.
f	Has served on the board of the listed entity for nine (9) or more consecutive years. Such persons will be considered independent only until 1 January 2025, unless the board provides a valid justification.
g	Is 70 years or older. As per transitional provision, such directors can be considered independent only until 1 January 2025, unless otherwise justified by the board.
h	Is employed in a company where a majority of directors of the listed entity are also employed or serve as directors, or which has significant business or ownership links with the listed entity.
i	Is a director in another company where a majority of directors of the listed entity are also directors, or where a business/ownership relationship exists.
j	Is acting in concert with another person or entity to influence or control the decisions of the listed entity.
k	Is involved in a business which has transactions with the listed entity that account for 10% or more of the annual turnover of such business.

Directors' Attendance

Rule: 9.10.4(f)

Requirement: Disclosure of directors' attendance at board meetings.

Name of Director	28th May 2024	15th August 2024	12th November 2024	14th February 2025	Total Attendance
Mr.J H P Ratnayake	✓	✓	✓	x	3/4
Mr.G G Ondaatjie	✓	✓	✓	✓	4/4
Mr.L N De Silva Wijeyeratne	✓	✓	*	*	2/2
Ms.A M Ondaatjie	✓	✓	✓	✓	4/4
Mr.T J Ondaatjie	✓	✓	✓	✓	4/4
Mr.M K K B Galagoda	✓	✓	✓	✓	4/4
Mr.S K Abeyesundara	x	x	x	✓	1/4
Mr. G H R Fernando	✓	✓	✓	✓	4/4
Mr. S M S S Bandara	*	*	✓	✓	2/2
Ms. H M S Herath	*	*	*	*	0/0
Mr. A Iddamalgod	*	*	*	*	0/0

- Mr. L. N. De Silva Wijeyeratne resigned from the Board of Directors on 26th September 2024.
- Mr. S. M. S. S. Bandara was appointed as a Director to the Board on 1st October 2024.
- Ms. H. M. S. Herath was appointed as a Director to the Board on 14th March 2025.
- Mr. A. M. Iddamalgod was appointed as a Director to the Board on 28th March 2025.

Director Induction and Training

Rule: CA Code A.1.8 & A.10.1

Requirement: Directors should receive appropriate induction and continuous training to effectively discharge their duties.

Disclosure: While no formal training sessions were conducted during the year, directors were regularly updated on relevant regulatory, industry, and business developments at Board and Committee meetings. The Company is committed to facilitating structured training in the upcoming periods.

Availability of Governance Policies

Rule: CA Code A.1.7

Requirement: Key governance policies should be made available to stakeholders.

Disclosure: The Company's Board Charter, Code of Conduct, Whistleblowing Policy, and other governance documents are available at the registered office and on the Company's website. These are periodically reviewed and updated.

Directors Aged 70+ and Long-Serving Directors

Rule: CSE Listing Rule 9.8.3

Requirement: Directors over the age of 70 and those serving more than 9 consecutive years cannot be classified as Independent Directors from 01st January 2025.

Disclosure: One director is above 70 years of age, and certain directors have served over 9 years. In line with the CSE Listing Rule, they are reclassified as Non-Independent Non-Executive Directors.

Board Evaluation

Rule: CA Code A.10.3

Requirement: A formal annual performance evaluation of the Board, Committees, and individual directors.

Disclosure: The Company has established a formal evaluation process to assess the performance of the Board, its committees,

Corporate Governance contd.

and individual Directors. During the year under review, the evaluation was conducted through a structured process covering areas such as effectiveness, participation, decision-making, and strategic contribution. The outcomes of the evaluation are used to enhance Board performance and governance practices.

Succession Planning

Rule: CA Code A.10.2

Requirement: The Board should ensure effective succession planning for senior management and Board leadership.

Disclosure: The Company has a succession planning process in place to ensure continuity in leadership and the smooth operation of the business. The Board periodically reviews and identifies key individuals within the organization for potential leadership roles, with development plans tailored to prepare them for future responsibilities. This process supports long-term sustainability and effective talent management across the organization.

Director Appointment Process

Rule: CSE Listing Rules 9.11.2 - 9.11.4

Requirement: Disclosure of the appointment and reappointment process of directors.

Disclosure: During the year under review, three directors were appointed to the Board following a formal and transparent process. The appointments were based on recommendations by the Board, taking into consideration their independence, professional expertise, and alignment with the Company's values and strategic direction. All regulatory requirements and corporate governance principles relating to director appointments were duly complied with.

Directors' Shareholding

Rule: CSE Listing Rule 9.10.3

Requirement: Disclosure of shareholding of directors.

Disclosure: As at 31st March 2025, certain directors held shares in the Company. Details of individual director shareholdings are disclosed separately under the Directors' Interest in Shares section of the Annual Report, in accordance with the applicable disclosure requirements.

Note on CSE Regulatory Developments

The Colombo Stock Exchange (CSE) introduced a new Section 13 to the Listing Rules on 14 July 2025, pertaining to the delisting of equity securities due to voluntary applications, mergers, breaches of listing obligations, or directives by the Securities and Exchange Commission of Sri Lanka. While these provisions do not currently apply to The Nuwara Eliya Hotels Company PLC, the Board remains committed to upholding all regulatory and governance requirements to ensure continued compliance with the CSE Listing Rules.

Corporate Governance Compliance Summary - 2024/2025

Governance Principle	CA Code Ref.	CSE Listing Rules	Compliance Status
Board composition and size	A.1	9.8.1	☑ Compliant
Minimum Independent Directors	A.5	9.8.2	☑ Compliant
Chairperson and CEO	A.2	9.6	☑ Compliant
Independence Declaration & Assessment	A.5.4-5.5	9.10.4(d), 9.8.3(iv-ix)	☑ Compliant
Tenure/Age Exceptions Disclosure	-	9.8.3(v), 9.8.3(ix)	☑ Compliant
Audit Committee Composition & Reporting	D.3	9.13.3-9.13.5	☑ Compliant
Remuneration Committee Composition & Reporting	B.1	9.12.6	☑ Compliant
Key Policies Disclosure	-	9.2	☑ Compliant
Director Appointment Procedures	A.7	9.11	☑ Compliant
General Meeting & Shareholder Rights	E.2	9.4	☑ Compliant
Related Party Transactions Oversight	D.4	9.14	☑ Compliant
Fit & Proper Assessments	A.3	9.7	☑ Compliant
Annual Governance Disclosures	-	9.2.3, 9.10.4, 9.13.5	☑ Compliant
Non-Compliance Reporting	A.1.3	9.13.4(iv)(b)	☑ Compliant

Other Disclosure

The roles of Chairman & CEO are separated to ensure independence and effective governance. The board has identified the key position regarding success plans, and is working to formalized in 2024/2025.

The chairperson of the board is not the chairperson of the board committees. Mr. J H P Rathnayake is the chairperson of the board and Mr. S M S S Bandara is the chairperson of the committees.

Assurance from CEO and CFO - 2024/2025

In compliance with Rule 9.13.5(c) of the Listing Rules of the Colombo Stock Exchange and as part of our commitment to strong corporate governance and financial transparency, we provide the following assurance:

Statement from the CEO and CFO:

We, Mr. Mahinda Pinnapola, The General Manager, and Mr. Kumara Karunarathna, Financial Controller, of Nuwara Eliya Hotels Co. PLC, confirm that:

1) Financial Records:

- We have properly maintained the financial records of the company.
- The financial statements for the year ending 31st March 2025 give a true and fair view of the state of affairs of the company, its performance, and cash flows in accordance with the applicable financial reporting framework.

2) Internal Control Systems:

- We have reviewed the effectiveness of the internal control systems and risk management frameworks in place during the year.

- These systems and frameworks are adequate and effective in addressing the material risks faced by the company and ensuring the integrity of financial reporting.
- No significant deficiencies or material weaknesses in the design or operation of internal controls over financial reporting have been identified that could adversely affect the company's ability to record, process, summarize, and report financial data.

3) Compliance:

- We have ensured that the company complies with all applicable financial reporting requirements under the Companies Act, the SEC Act, and the Listing Rules of the Colombo Stock Exchange.
- Any instances of non-compliance have been duly addressed with appropriate remedial actions taken.

We affirm that to the best of our knowledge and belief, the above statements are accurate, and the financial reports and internal controls reflect the company's commitment to transparency and integrity.



Mr. Mahinda Pinnapola
The General Manager



Mr. Kumara Karunarathna
Financial Controller

Annual Report of the Board of Directors

The Directors have pleasure in submitting their report, together with the Audited Accounts for the financial year ended 31st March 2025.

Review of the year

The Chairman's Review on pages 02 contains a review of operations during the financial year.

Principal Activity

The principal activity of the Company, which is hoteliering, remained unchanged.

Corporate Governance

The Board of Directors of the Company is responsible for the governance of the company, which include setting out strategic aims, providing leadership and supervising the management. The corporate governance practices of the Company are given on page 23.

Internal Controls

The Statement of Corporate Governance and the Statement of Directors Responsibilities on pages 23 to 31 and 37 respectively, give a detailed description of the Company's internal control system.

Risk Management

The Board has established and adhere to a comprehensive risk management framework. The categories of risks faced by the Group are identified, the significance they pose are evaluated and mitigating strategies are adopted. A detailed overview of this process is outlined in the Risk Management report on pages 50 to 51.

Customers

The Company provides services to both local and foreign clientele, with a passion for excellence. Stringent quality standards are maintained to ensure that guests enjoy a unique experience.

Suppliers

The Company endeavors to transact business with reputed organizations capable to offer quality goods and services at competitive prices with a view to building mutually beneficial business relationships.

Employment Policy

The number of permanent and contract employees of the company as at 31st March 2025 are 403 (31st March 2024 - 407), the total remuneration paid during the year by the Company amounted to Rs. 282 Mn. (2023/2024 - Rs. 243Mn.) As a socially responsible "Equal Opportunity Employer", the Company's recruitment and employment policies are non-discriminatory. Our employment policies are reviewed periodically by the relevant committees and the Board of Directors.

Environment Policy

The Company is committed to environmental conservation and measures are taken in order to minimize any adverse impact resulting from its operations. An Environmental management system is in place to monitor and control any adverse environmental or social impacts. The Company's environmental and social practices are detailed on pages 14 to 16.

Compliance with laws and regulations

The Board has received assurance from the Audit Committee, and confirms that the Company has complied with all applicable laws, rules and regulations in its operations.

Statutory Payments

The Directors to the best of their knowledge are satisfied that all statutory payments in relation to the Government and employees have been either duly paid or appropriately provided.

Turnover

The net revenue of the Company and the Group for the year was Rs. 2,182 Mn (2023/2024 Rs. 1,965 Mn) and Rs 2,355 Mn (2023/2024 Rs. 2,132 Mn) respectively and the Segmental Analysis of revenue is given in Note 5.1 to the Financial Statements.

Results for the Year

Description	Company Millions		Group Millions	
	2024/25	2023/24	2024/25	2023/24
Profit/(Loss) Before Taxation	1,024.78	826.96	1,076.08	877.53
Taxation	(296.28)	(246.00)	(313.19)	(296.23)
Profit/(Loss) after tax	728.50	580.96	762.88	581.30
Balance brought forward from previous year	2,908.36	2,368.26	2,908.65	2,368.50
Actuarial Gain/(Loss) on defined benefit plan/obligation	(6.55)	(8.37)	(6.55)	(8.62)
Income tax rate change effect on retirement benefit obligation	1.96	2.51	1.96	2.56
Amount available for appropriation	3,658.70	2,943.30	3,658.70	2,943.70
Transferred to Retained Earnings	44.99	44.99	44.99	44.99
Dividends paid	-	(80.00)	-	(80.00)
Retained Profit for the year	3,677.27	2,908.36	3,703.06	2,908.65

Dividends

The Board of Directors has not recommended a dividend for the year ended 31st March 2025.

Capital Expenditure

The total capital expenditure incurred on the acquisition of fixed assets during the year by the Company amounted to Rs. 345.7 Mn (2023/24 - Rs 126.7 Mn) and by Group amounted to Rs. 349.6 Mn (2023/24 - Rs. 128.9 Mn) details of which are given in Note 14 to the Financial Statements.

Contingent Liabilities

The details of the contingent liabilities are disclosed in the Note 33.2 to the Financial Statements on page 101.

Property Plant & Equipment

The details of property, plant & equipment of the Company are shown in Note 14 to the Financial Statements.

Stated Capital

The Stated Capital of the Company as at 31st March 2025 is Rs. 335,209,740/- (2023/24 - Rs. 335,209,740/-) comprising of 2,186,040 ordinary shares and 5,800 participating cumulative preference shares.

Reserves

The total reserves of the Company as at 31st March 2025 stand at Rs. 5,818.6 Mn (2023/24 - Rs. 4,704.3Mn), comprising Revaluation Reserves of Rs. 2,051.6 Mn/-, Retained earnings 3,677.2 Mn and Other Reserves of Rs 89.7 Mn. The total reserves of the Group as at 31st March 2025 stand at Rs. 6,013.9 Mn (2023/24 - Rs. 4,832.2 Mn), comprising Revaluation Reserves of Rs. 2,221.2 Mn, Retained earnings 3,703 Mn and Other Reserves of Rs. 89.7 Mn

Donations

During the year donations of Rs. 635,000 (2023/24 - Rs. 183,000/-) were made to various charities by the Company and Rs. 640,000/- (2023 - Rs. 183,000/-) by the Group.

Events Occurring after the Reporting Date

No circumstances have arisen since the reporting date which would require adjustments to or disclosure in the Accounts, other than those disclosed in Notes to the Accounts Note 32 on page 101.

Changes in Accounting Policies

The Accounting policies adopted by the Company and its subsidiary have been consistently applied from previous years.

The significant accounting policies adopted in the preparation of these Financial Statements are given on pages 64 to 76.

Going Concern

The Board adopts a going concern basis in the preparation of accounts since the Company holds adequate resources to continue its operations in the foreseeable future.

Annual Report of the Board of Directors contd.

Board of Directors

The Board of Directors of The Nuwara Eliya Hotels Co. PLC as at 31st March 2025 comprise of;

Name of Director	Executive/ Non-executive	Independent/ Non-Independent	Year of appointment to the current position	Position / Status
J.H.P. Ratnayeke	Non-executive Director	Non-Independent	06th Feb 2019	Chairman of the Board / Non-Executive Director
Gerard G. Ondaatjie	Non-executive Director	Non-Independent	02nd Jul 2018	Deputy Chairman of the Board / Non-executive Director
Angeline Ondaatjie	Non - Executive Director	Non-Independent	17th Oct 2000	Non - Executive Director / Member of Remuneration Committee
T.J. Ondaatjie	Non - Executive Director	Non-Independent	17th Oct 2000	Non - Executive Director / Member of Nominations and Governance Committee
S.K. Abeysundara	Non-Executive Director	Non-Independent	8th Apr 2013	Non-Executive Director
M.K.K.K.B. Galagoda	Non-Executive Director	Non-Independent	8th Apr 2013	Non-Executive Director / Member of Audit Committee and RPT Review Committee
G H R Fernando	Executive Director	-	01st Feb 2025	Executive Director
Mr. S M S S Bandara	Non-Executive Director	Independent	01st Oct 2024	Non - Executive Director, Chairman of Audit Committee, Chairman of Remuneration Committee, Chairman of RPT review Committee, Chairman of Nominations and Governance Committee.
Ms. H M S Herath	Non-Executive Director	Independent	14th Mar 2025	Non - Executive Director, Member of Audit Committee, Member of RPT review Committee
Mr. A M Iddamalgod	Non-Executive Director	Independent	28th Mar 2025	Non - Executive Director, Member of Remuneration Committee

The number of meetings of the Board and individual attendance by members are shown below.

Name of Director	Executive/ non-executive	Meetings attended in F/Y 2024/25	Meetings attended in F/Y 2023/24
J.H.P. Ratnayeke	Independent Non-executive Director	3/4	0/1
Gerard G. Ondaatjie	Non-Independent Non-executive Director	4/4	1/1
Angeline Ondaatjie	Non-Independent Non - Executive Director	4/4	1/1
T.J. Ondaatjie	Non-Independent Non - Executive Director	4/4	1/1
S.K. Abeysundara	Independent Non-Executive Director	1/4	0/1
M.K.K.K.B. Galagoda	Non-Independent Non-Executive Director	4/4	1/1
G H R Fernando	Executive Director	4/4	0/1
Mr. S M S S Bandara	Independent Non-Executive Director	2/2	-
Ms. H M S Herath	Independent Non-Executive Director	-	-
Mr. A M Iddamalgod	Independent Non-Executive Director	-	-

✓ In terms of article 88(i) of the Articles of Association, Mr. T.J. Ondaatjie retires by rotation and being eligible, offer himself for re-election.

In terms of article 95 of the Article of association, Mr. S M S S Bandara, Ms. H M S Herath, Mr. A M Iddamalgod retire and being eligible offers themselves for re - election.

Special notice has been given of the intention to propose ordinary resolutions as set out in the notice of meeting to re-elect Mr. J.H.P. Ratnayeke, in terms of section 210 of the companies Act No.07 of 2007.

Board Committees

The following members of the Board serve on the Audit Committee

Mr. S M S S Bandara
Ms. H M S Herath
Mr. M K K K B Galagoda

The report of the audit committee is given on page 38 of this report.

The following members of the Board serve on the Remuneration Committee.

Mr. S M S S Bandara
Mr. A M Iddamalgoda
Ms A M Ondaatjie

The report of the Remuneration Committee is given on page 43 of this report.

The following members of the Board serve on the Nominations and Governance Committee

Mr. S M S S Bandara
Mr. A M Iddamalgoda
T.J. Ondaatjie

The report of the Nomination & Governance Committee is given on page 45 of this report.

The following members of the Board serve on the Related Party Transactions Review Committee

Mr. S M S S Bandara
Ms. H M S Herath
Mr. M K K K B Galagoda

The report of the Related Party Transactions Review Committee is given on page 47 of this report.

Directors Meetings

The number of Directors' meetings which comprise of Board meetings, Audit Committee meetings, Remuneration Committee meetings, Nomination Committee meetings, and Related Party Transactions Review (RPT) Committee meetings together with the attendance of each Director at these meetings during the year are tabulated below.

Name of Director	Board Meetings		Audit Committee Meetings		Remuneration Committee Meetings		Nomination Committee Meetings		RPT Review Committee Meetings	
	A	B	A	B	A	B	A	B	A	B
J.H.P. Ratnayake	4	3	4	3	1	-	1	-	4	3
Gerard G. Ondaatjie	4	4	-	-	-	-	1	1	-	-
Angeline Ondaatjie	4	4	-	-	-	-	-	-	-	-
T.J. Ondaatjie	4	4	-	-	-	-	-	-	-	-
S.K. Abeysundara	4	1	-	-	-	-	-	-	-	-
M.K.K.K.B. Galagoda	4	4	4	4	1	1	-	-	4	4
G H R Fernando	4	4	-	-	-	-	-	-	-	-
Mr. S M S S Bandara	2	2	2	2	1	1	1	1	2	2
Ms. H M S Herath	-	-	-	-	-	-	-	-	-	-
Mr. A M Iddamalgoda	-	-	-	-	-	-	-	-	-	-

A - No. of Meetings

B - Attendance

Directors Interest Register

The Company maintains a Directors' Interest Register in compliance with the Companies Act No. 07 of 2007. All Directors of the Company have disclosed their interest in other Companies to the Board and those interests are recorded in the Directors' Interest Register, conforming to the provisions of the Companies Act No. 7 of 2007.

Directors Interest in Contracts

The Directors of the Company have made the general disclosures provided for in Section 192(2) of the Companies Act No.07 of 2007. The related party disclosures and the Directors of each of those related parties are given on page 32.

Directors' Remuneration

The aggregate emoluments paid to the Directors in respect of the Company and the Group for the financial year 2024/2025 amounted to Rs. 7,308,400 (2023/24 - Rs. 6,970,084) given in note 09 to the Financial Statements on page 78.

Annual Report of the Board of Directors *contd.*

Directors Shareholdings

As at 31st March	2024/25	2023/24
	Shares	Shares
Mr. G G Ondaatjie	238,088	238,088
Ms. A M Ondaatjie	219,737	219,737
Mr. T J Ondaatjie	219,737	219,737
Mr. J H P Ratnayake	327	327
Mr. M K K B Galagoda	-	-
Mr. S K Abeysundara	-	-
Mr. G.H.R. Fernando	-	-
Mr. S M S S Bandara	-	-
Ms. H M S Herath	-	-
Mr. A M Iddamalgod	-	-

Shareholders' Information

The distribution of shareholders is indicated on pages 109 to 110 in the Annual Report. There were 697 registered shareholders as at 31st March 2025.

Share Information

Information on share trading is given on page 109 of the Annual Report.

Public Holding

The number of ordinary shares held by the public as at 31st March 2025 was 235,316 shares (2024 - 235,316), which amounted to 10.76% (2024 - 10.76%) of the issued capital of the Company. The number of public shareholders was 684 as at 31st March 2025.

The Company complies with the Minimum Public Holding requirement under option 2 of 17.14.1 (i) (b)

Float adjusted market capitalization as at 31st March 2025- Rs. 514,127,533

Number of shares representing the Stated Capital is 2,186,040

Financial Statements

The Financial Statements of the Company and the Group have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) as issued

by the Chartered Accountants of Sri Lanka (CASL) and in compliance with the requirements of Companies Act No. 7 of 2007. The Financial Statements of the Company and the Group for the year ended 31st March 2025 signed by the Financial Controller, the Deputy Chairman and another Director of the Company are given on page 60 which form an integral part of the Annual report of the Board.

Directors' Responsibility for Financial Reporting

The Directors are responsible for the preparation of the Financial Statements of the Company to reflect a true and fair view of the state of affairs. The Directors are of the view that these Financial Statements have been prepared in conformity with the requirements of the Companies Act No. 7 of 2007, the Sri Lanka Accounting Standards and the Listing Rules of the Colombo Stock Exchange. The statement of directors' responsibility for financial reporting is given on page 37 and forms an integral part of this report.

Auditors

The Financial Statements for the year ended 31st March 2025 have been audited by Messrs. Ernst & Young, Chartered Accountants.

Messrs. Ernst & Young, Chartered Accountants are deemed reappointed in

terms of Section 158 of the Companies Act No. 7 of 2007 as the Auditors of the Company. A resolution proposing the Directors be authorized to determine the remuneration of the Auditors will be submitted to the Annual General Meeting.

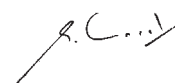
The amount payable to Auditors Messrs. Ernst & Young for the year ended 31st March 2025 is Rs. 842,000/= as Audit Fees and Cost of Non-Audit Services of Rs. 378,000/= was also incurred by the Company.

As far as the Directors are aware, the Auditor does not have any relationship (other than that of an auditor) with the company other than those disclosed above. The Auditors also did not have any interests in the Company.

Annual General Meeting

The Annual General Meeting will be held on 30th September 2024 at 11.00 A.M as a virtual meeting. Notice of the meeting relating to the 133rd Annual General Meeting is given on page 112.

For and behalf of the Board



Gerard G. Ondaatjie
Deputy Chairman



T.J. Ondaatjie
Director

(Sgd.)
Mercantile Investments and Finance PLC
Secretaries

Colombo.
12th August 2025

Statement of Directors Responsibilities

In Relation to the Financial Statements and Compliance with Corporate Governance Provisions

The Board of Directors of The Nuwara Eliya Hotels Company PLC acknowledges its responsibility to ensure that the Company's financial statements present a true and fair view of the financial position as at 31st March 2025, and the performance for the year then ended, in accordance with the requirements of the Companies Act No. 7 of 2007, the Sri Lanka Accounting Standards (SLFRS/ LKAS), and the revised Listing Rules of the Colombo Stock Exchange (effective from October 2023 and April 2025).

These responsibilities are distinct from those of the external auditors, whose role is explained in the Independent Auditors' Report. In discharging these duties, the Board confirms that,

- Appropriate accounting policies have been selected and consistently applied.
- Judgments and estimates made are reasonable and prudent.
- Applicable accounting standards have been complied with.
- The Company has maintained adequate internal controls to safeguard its assets, prevent fraud and errors, and ensure the accuracy and reliability of financial reporting.
- The financial statements have been prepared on a going concern basis.

In line with the enhanced corporate governance framework issued by the CSE, the Board further confirms that:

- The Company is in full compliance with Section 9 of the Listing Rules, including rules relating to board composition, independence, alternate directors, and director age limits;
- All independent directors have submitted their annual declarations of independence, and the Board has assessed their status based on the latest criteria.
- A "fit and proper" assessment has been completed and declared for each

director and the CEO, in accordance with Rule 9.7.3;

- The Board has implemented a Nomination & Governance Committee, Audit Committee, Remuneration Committee, and Related Party Transactions Review Committee, in compliance with prescribed composition and duties;
- Detailed disclosures on the structure, policies, and operations of these committees are included in the Corporate Governance Report;
- Directors' attendance records, committee memberships, and reappointment details are disclosed to promote accountability and transparency.

Also:

- The Company has adopted formal written policies on ethics, whistleblowing, diversity, and sustainability etc... and stated in the web site.
- All statutory payments due as of the reporting date have been settled or appropriately provided for;
- Measures are in place to ensure continuous compliance with financial and non-financial disclosures as mandated by the Listing Rules and the Companies Act.

The Board is satisfied that the Company's governance framework and internal financial reporting systems are robust and effective to support sustainable value creation while fulfilling our obligations to shareholders and regulatory bodies.

In addition, the Board confirms the following in alignment with best practices and corporate governance standards:

- The Directors have ensured that the Company has adequate resources to continue in operation and justify applying the going concern basis in preparing these financial statements.
- The Board is required to provide the Auditors with every opportunity to

take whatever steps and undertake whatever inspection they consider appropriate to enable them to give an independent Auditors' Report.

- In the event of a dividend distribution, the Board ensures that the Company satisfies the solvency test in accordance with Section 57 of the Companies Act.
- The Board of Directors is of the view that they have discharged their responsibilities as set out in this Statement.
- The Board also confirms that:
 - All taxes, levies, and employee contributions have been paid or appropriately provided for.
 - All other known statutory obligations have been settled or appropriately provided for.
 - Related party transactions comply with LKAS 24 and have been conducted at arm's length.
 - Compliance with contingent liability disclosure requirements has been ensured.

By order of the Board
The Nuwara Eliya Hotels Company PLC

(Sgd.)

Mercantile Investments and Finance PLC
Secretaries

Colombo.
12th August 2025

Audit Committee Report

Chairman

Mr. S M S S Bandara
(Chartered Accountant) w.e.f 01.10.2024

Dear shareholder,
I am pleased to present the Audit Committee Report for the year ended 31st March 2025. This report presents the roles and responsibilities of the Audit Committee and how the Audit Committee worked towards discharging its duties and responsibilities.

Members

- Ms. H M S Herath (w.e.f -28.03.2025)
- Mr.M K K B Galagoda (w.e.f 27.05.2025)

Audit Committee Composition

Category	Number
Non-Executive Independent Directors	02
Non-Executive Non-Independent Directors	01

The composition of the committee complies with the new CSE listing rules, ensuring that the members are independent non-executive directors. The Chairperson of the Audit Committee is an independent non-executive director and a member of a recognized professional accounting body.

Roles and Responsibilities

- Internal Controls & Risk Mgt.
- Financial Reporting
- Internal Audit
- External Audit & Compliance

Purpose of the Committee

The Audit Committee assists the Board in observing its responsibility of ensuring that the Group's financial systems provide accurate and up-to-date information on its financial position and that the published Consolidated Financial Statements represent a true and fair reflection of

this position. It also assists the Board in ensuring that appropriate accounting policies, internal financial controls and compliance procedures are in place. The Audit Committee receives and reviews information from the Financial Controller, the Company Secretary, the Internal Audit Team and the External Auditors regularly throughout the year.

Duties of the Committee

- **Monitoring the Financial Reporting Process:** Ensuring compliance with Sri Lanka Accounting standards, the Companies Act, and other financial reporting requirements and regulations.
- **Monitoring the Statutory Audit:** Overseeing the statutory audit of the Group's Financial Statements.
- **Reviewing the Financial Statements:** Assessing the material financial reporting judgments contained therein.
- **Monitoring the Effectiveness of Internal Controls and Risk Management Systems:** Reviewing and ensuring these systems are adequate.
- **Reviewing and Monitoring Auditor Independence:** Ensuring the independence of the External Auditors and overseeing their engagement for additional services.
- **Advising the Board:** Providing recommendations on the appointment and removal of the external auditors and determining their remuneration and terms of engagement.

Non - Audit Services

Ernst and Young provide non-audit services to the Group which are governed to safeguard their objectivity and independence by Nuwara Eliya Hotels Audit and Non-Audit Services Pre-Approval Policy.

The minutes of the Audit Committee meetings are sent to the Board of Directors for acknowledgement.

Significant issues arising therefrom were discussed by the Board of Directors.

a. Internal Controls and Risk Management

The Board has ultimate responsibility for ensuring that it has adequate systems of financial control. Systems of financial control can provide only reasonable and not absolute assurances against material misstatements or losses. The Board has adopted guidelines defining financial authorization and setting procedures for approving capital and investment expenditure. The Board also reviews and approves the annual strategic and financial plans. It subsequently reviews quarterly performance against targets set forth in these plans and budgets. A key focus of the financial management strategy is the protection of the Group's earnings stream and management of its cash flow.

- The Board and its committees have reviewed the effectiveness of the Group's risk management system and internal control systems in accordance with the Code of Best Practice on Corporate Governance. Part of this review involves the regular review by the Audit Committee of the Group's financial controls.
- The Audit Committee reviewed the reports submitted by the management and the Internal Auditors on a quarterly basis regarding compliance with applicable laws and regulations. The Committee is satisfied that laws and regulations are duly complied with and statutory payments have been made on a timely basis.

b. Financial Reporting

The Audit Committee monitors the integrity of the Financial Statements and annual accounts and confirms that they have been properly prepared in accordance with SLFRS and LKAS requirements of the Accounting Standards. The Audit Committee reviews

draft annual and interim reports before recommending their publication to the Board. The Audit Committee discusses with the Financial Controller, and External Auditors the significant accounting policies, estimates, and judgments applied in preparing the reports. The Audit Committee also reviews the reports to shareholders and any other public announcement concerning the Group's financial position, corporate governance statements, and statements on the Group's system of internal controls and reports its views to the Board to assist in its approval of the results announcement and the Annual Report.

c. Internal Audit

The Audit Committee monitors and reviews the effectiveness of the internal auditor; agrees the annual work plan and reviews whether the internal auditors have the proper resources to enable them to satisfactorily complete such work plans. It also reviews status reports and considers management's response to any major findings, providing support if necessary for any follow-up action required and ensures that the team obtains free and unrestricted access to all Group activities, records, property, and personnel necessary to fulfil its agreed objectives

d. External Audit and Compliance & Independence

To ensure that the external auditors Ernst and Young's independence is safeguarded, the lead audit partner will be rotated every seven years. This is the second year of the current lead audit partner. The Committee reviews the independence and effectiveness of Ernst and Young on an ongoing basis and receives reports from them on their independence annually.

In addition to the Company policies and procedures which aim to ensure the external auditor's independence and effectiveness, Ernst and Young also have their own protective policies and systems

in place which are explained in an Engagement Letter issued by Ernst and Young on an annual basis. For the year ended 31 March 2025, the Committee was satisfied with the independence, objectivity, and effectiveness of the relationship with Ernst and Young as the external auditor. The committee reviewed the auditors' independence and discussed key audit matters with the audit partner.

Disclosures in the Annual Report

- The names of the Chairperson and members of the Audit Committee, and the nature of directorships held by such members.
- The status of risk management and internal control of the Listed Entity.
- A statement that it has received assurance from the CEO and the CFO regarding the Entity's operations and finances.
- An opinion on the compliance with financial reporting requirements, the Companies Act, and the SEC Act.
- A statement confirming that written assurance was obtained from the external auditors approved by the SEC, confirming their independence.
- A statement confirming that the Audit Committee has made a determination of the independence of auditors and the basis of such determination.

Meeting Attendance

Name of Member	28 th May 2024	15 th Aug 2024	12 th Nov 2024	14 th Feb 2025
Mr.J H P Ratnayake	✓	✓	✓	x
Mr.L N De Silva Wijeyeratne	✓	✓	-	-
Mr.M K K B Galagoda	✓	✓	✓	✓
Mr.S M S S Bandara	-	-	✓	✓

- Mr.J H P Ratnayake - ceased to be a member of committee as of 28th March 2025.
- Mr.L N De Silva Wijeyeratne - Ceased to be a director as of 1st October 2024.
- Mr.S M S S Bandara - appointed as a member of committee as of 01st October 2024.

Audit Committee Report contd.

Conclusion

The Audit Committee is satisfied about the effectiveness of the internal controls and risk management practices, implementation of Accounting Policies, and auditors' independence in accordance with the Group policies and that the Group assets are properly accounted for and adequately safeguarded.

Date	For the Quarter Ended	Key Issues Discussed	Key Role	Meeting Attendance
15/08/2024	30/06/2024	Review of draft Audited Financial Statements for the year ended 31st March 2024	b	03/03
		Review of Financial Highlights, Outlet P&L and Farm P&L for the year ended 31st March 2024	b	
		Review Draft Interim Statement for the quarter ended 30/06/2024 and recommend to the Board for approval and issuance	b	
		Recommend appointment of Auditors, their remuneration and independence	d	
		Audit Committee Report and Corporate Governance Report for the year ended 31/03/2024 for the Annual Report	d	
		Review Internal Audit Report for the period 01/04/2024 - 30/06/2024	c	
		Review Statutory Compliance for the period 01/04/2024- 30/06/2024	a	
		Review Capital Expenditure budget/actuals	a	
12/11/2024	30/09/2024	Review asset disposals for the quarter ended 30/06/2024	a	03/03
		Review of Draft Interim Statement for the quarter ended 30/09/2024 and recommend to the Board for approval and issuance	b	
		Review of Internal Audit Report for the period 01/04/2024 - 30/06/2024	c	
		Review of Statutory Compliance for the period 01/07/2024- 30/09/2024	a	
		Review of Capital Expenditure budget/actuals	a	
14/02/2025	31/12/2024	Review of asset disposals for the quarter ended 30/09/2024.	a	03/03
		Review Draft Interim Statement for the quarter ended 31/12/2024 and recommend to the Board for approval and issuance	b	
		Review Internal Audit Report for the period 01/07/2024 - 30/09/2024	c	
		Review Statutory Compliance for the period 01/10/2024- 31/12/2024	a	
		Review Capital Expenditure budget/actuals	a	
		Review asset disposals for the quarter ended 31/12/2024.	a	
27/05/2025	31/03/2025	Review E&Y IESBA Pre-Concurrence for tax compliance services for Corporate Income Tax for the Year of Assessment 2024/2025	d	02/03
		Review Draft Interim Statement for the quarter ended 31/03/2025 and recommend to the Board for approval and issuance	b	
		Review Internal Audit Report for the period 01/10/2024 - 31/12/2024 and 01/01/2025 - 31/03/2025	c	
		Review Internal Audit Scope for 2025/2026	c	
		Review Statutory Compliance for the period 01/01/2025- 31/03/2025	a	
		Review Capital Expenditure budget/actuals	a	
		Review asset purchases/disposals for the quarter ended 31/03/2025.	a	
		Recommend SOPs for Board approval.	c	

Compliance with CSE's Listing Rules - Section 9.13, Rules on Audit Committee

Listing Rule	Governance Principal	Description	Compliance	Compliance Details
a	Composition	The audit committee shall comprise a minimum of three directors, out of which a minimum of two or a majority, whichever is higher, shall be independent directors.	Complied	The audit committee consists of three members: two independent non-executive directors and one non-independent non-executive director
		In the situation where both parent and the subsidiary are listed entities the audit committee of the parent can function as the audit committee of the subsidiary, however if the parent is not a listed entity subsidiary should have a separate audit committee.	Complied	Parent Company (Grand Hotel) is a Listed Entity while Subsidiary (Fairview Hotel) is a Private Entity.
		One non-executive director shall be appointed as Chairman of the committee by the board of directors.	Complied	Chairman of the Audit Committee is an independent non-executive director.
		Unless otherwise determined by the audit committee, the Chief Executive Officer and the Chief Financial Officer of the Listed Entity shall attend Audit Committee meetings.	Complied	The General Manager and the Financial Controller attend the meeting by invitation.
		The Chairman or one member of the committee should be a member of a recognized professional accounting body.	Complied	Chairman, Mr. S M S S Bandara is a fellow member of the Institute of Chartered Accountants of Sri Lanka.
		Audit committee performing functions of Remuneration Committee and Related Party Transactions Review Committee	Complied	All members of the audit committee are independent directors.
b	Functions	Roles and responsibilities of the Audit Committee	Complied	Refer the roles and responsibilities of the Audit Committee set in page 38 to 42.
		Roles and responsibilities of the Audit Committee include overseeing financial reporting, internal controls, risk management, and auditor independence.	Complied	Refer to the roles and responsibilities of the Audit Committee set on page 38 to 42.
		The audit committee should meet as often as required, but at least quarterly.	Complied	The Audit Committee meets quarterly and more frequently as necessary.
		The audit committee must ensure the financial records are properly maintained and financial statements give a true and fair view of the Entity's operations and finances.	Complied	Assurance received from the CEO and CFO regarding the adequacy of financial records and statements.
		Review and monitor the effectiveness of the internal audit function, including ensuring proper resources are available.	Complied	The Audit Committee reviews the internal audit reports and management's response to findings.
		Develop and implement a policy on the engagement of the external auditor to supply non-audit services.	Complied	Non-audit services provided by Ernst and Young are governed by the Nuwara Eliya Hotels Audit and Non-Audit Services Pre-Approval Policy.
c	Disclosures in the Annual Report	Names of directors comprising the Audit Committee	Complied	Refer the Audit Committee Report in page 38 to 42.

Audit Committee Report contd.

Listing Rule	Governance Principal	Description	Compliance	Compliance Details
		Independence of the auditors	Complied	Refer the Audit Committee Report in page 38.
		Audit Committee Report detailing compliance with the requirements.	Complied	Refer the Audit Committee Report in pages 38 to 42.
		Status of risk management and internal control of the Listed Entity and the Group (where applicable).	Complied	Refer to the Audit Committee Report in page 38.
		Assurance from the CEO and CFO regarding the Entity's operations and finances.	Complied	Refer to the Audit Committee Report in page 31.
		Statement confirming that written assurance was obtained from the external auditors approved by the SEC, confirming their independence.	Complied	Refer to the Audit Committee Report in page 38 to 42.
		Statement confirming that the Audit Committee has made a determination of the independence of auditors and the basis of such determination.	Complied	Refer to the Audit Committee Report in page 38 to 42.

S. Bandara

Mr. S M S S Bandara

Chairman - Audit Committee

12th August 2025

Remuneration Committee Report

Chairman

Mr. S M S S Bandara
(Chartered Accountant) w.e.f 01.10.2024

Dear Shareholder,
I am pleased to present the Remuneration Committee Report for the year ended 31st March 2025. This report presents the roles and responsibilities of the Remuneration Committee and how the Remuneration Committee discharged its duties and responsibilities.

Members

- Mr. A M Iddamal goda (w.e.f 28.03.2025)
- Ms. A M Ondaatjie (w.e.f 27.05.2025)

Remuneration Committee Composition

Category	Number
Non-Executive Independent Directors	02
Non-Executive Non-Independent Directors	01

Roles and Responsibilities

Reviewing and making recommendations to the Board on remuneration packages and policies applicable to the Directors and Key Management Personnel.

Purpose Of The Committee

The Remuneration Committee is a sub-committee of the Board, which is responsible for reviewing, making recommendations to the Board and approving the remuneration packages and policies applicable to the Directors and Key Management Personnel.

Duties of the Committee

Attracting, retaining and motivating Directors and Key Management Personnel of appropriate caliber and experience are essential to the Company's future success and therefore it is the primary objective of the Committee.

The other objectives of the remuneration policy are to:

- Ensure the integrity of the company's remuneration strategy is maintained and that the shareholder and employee interests are aligned;
- Pay a base salary, benefits and other perks which compares with other companies of comparable size and complexity in accordance with the remuneration policy;
- Use short-term and long-term increments to encourage Executive Directors to out-perform targets, thereby linking their rewards to the interests of shareholders and other stakeholders and giving them the opportunity to increase their earnings;
- Overseeing the compliance with statutory responsibilities relating to remuneration;
- Reviewing executive and director termination payments;
- Encourage Executive Directors to hold shares in the Company; and facilitate effective succession planning.

Remuneration Policy

The remuneration policy of The Nuwara Eliya Hotels Company PLC is designed to attract, reward, motivate and retain the Company's Directors and Key Management Personnel, with market competitive remuneration and benefits, to support the continued future success of the Company and creation of shareholder value. Accordingly, salaries and other benefits are reviewed periodically, taking into account the performance of the individual and industry standards.

Remuneration of Non-Executive Directors

The process for determining remuneration of the Non-Executive Directors has the objective of ensuring maximum benefit for The Nuwara Eliya Hotels Company PLC by the retention of high-quality resources in the Board.

The Remuneration Committees bears the responsibility of determining the appropriate remuneration for Non-Executive Directors. Non-Executive Directors' fees are reviewed periodically by the Remuneration Committee with reference taken to the fees paid to the Non-Executive Directors of comparable companies.

The Remuneration Committee is subject to the direction and control of the Board. In forming a view of the appropriate level of Board fees to be paid to Non-Executive Directors, the Committee may also elect to receive advice from independent remuneration consultants, if necessary. The Directors emoluments are disclosed on page 77.

Meeting Attendance

Name of Member	14th Feb 2025
Mr. S M S S Bandara	✓
Mr. J.H.P. Ratnayake	✗
Mr. M K K K B Galagoda	✓

- Mr. J.H.P. Ratnayake- ceased to be a member of committee as of 27th May 2025
- Mr.M K K K B Galagoda- ceased to be a member of committee as of 28th March 2025.

Conclusion

During the year, the Committee conducted a review of all elements of the remuneration packages of Directors and performance-related elements, this report describes how the Board has applied the principles relating to Directors' remuneration in the Combined Code on Corporate Governance, and the corresponding requirements as per Companies Act 2007 through the remuneration committee.

Remuneration Committee Report contd.

Compliance with CSE's New Listing Rules- Section 7.10.5, Rules on Remuneration Committee

Listing Rule	Governance Principal	Description	Compliance	Compliance Details
a	Composition	The remuneration committee shall comprise; of a minimum of two independent non-executive directors or of non-executive directors a majority of whom shall be independent, whichever shall be higher.	Complied	The committee consists of two Non-Executive Independent Directors and one Non - Executive Non independent Director
		In the situation where both parent and the subsidiary are listed entities the remuneration committee of the parent can function as the remuneration committee of the subsidiary, however if the parent is not a listed entity subsidiary should have a separate remuneration committee.	Complied	Parent Company (Grand Hotel) is a Listed Entity while Subsidiary (Fairview Hotel) is a Private Entity.
		One non-executive director shall be appointed as Chairman of the committee by the board of directors.	Complied	Chairman of the Remuneration Committee is an independent non-executive director.
b	Functions	Roles and responsibilities of the Remuneration Committee.	Complied	Refer the roles and responsibilities of the Remuneration Committee set in page 43.
c	Composition	The remuneration committee shall comprise; of a minimum of two independent non-executive directors or of non-executive directors a majority of whom shall be independent, whichever shall be higher.	Complied	The committee consists of two Non-Executive Independent Directors and one Non - Executive Non independent Director
d	Disclosures in the Annual Report	Names of directors comprising the remuneration Committee	Complied	Refer the Remuneration Committee Report in page 43.
		Remuneration Policy	Complied	Refer the Remuneration Committee Report in page 43.
		Aggregate Remuneration paid to executive and non-executive directors	Complied	Refer the Financial Statements Note 31.2 set in page 100.

S. Bandara

Mr. S M S S Bandara

Chairman-Remuneration Committee

12th August 2025

Nomination & Governance Committee Report

Chairman

Mr. S M S S Bandara (Chartered Accountant) w.e.f 01.10.2024

Dear Shareholder,

I am pleased to present the Nomination Committee Report for the year ended 31st March 2025. This report presents the roles and responsibilities of the Nomination Committee and how the Nomination Committee discharged its duties and responsibilities.

Members

- Mr. A M Iddamal goda (w.e.f 28.03.2025)
- Mr. T J Ondaatjie (w.e.f 27.05.2025)

Nomination Committee Composition

Category	Number
Non-Executive Independent Directors	02
Non-Executive Non-Independent Directors	01

Roles and Responsibilities

Make recommendations to the Board on all Board appointments to ensure that the Board possesses the necessary expertise, knowledge and the Board Balance to effectively discharge its duties and responsibilities.

Purpose of the Committee

The Nomination Committee at The Nuwara Eliya Hotels Co. PLC is established for making recommendations to the Board for the appointment or replacement of additional Directors and ensuring there is an appropriate balance and diversity of skills, experience, knowledge and independence both now and in the future.

Scope and Objectives of the Committee

The Nomination Committee acknowledges the importance of diversity and promoting equal opportunities throughout the Company. The Nominations Committee leads the process for Board appointments, re-election and succession of Directors, as well as making recommendations for the membership of the Board's main committees. It is also responsible for succession planning for the Group.

The Committee firmly believes that the current composition represents a strong, well balanced and diverse Board. The Board membership is made up of specialists in accounting, legal, engineering and architectural, possessing considerable knowledge, experience and skills to meet the current and future requirements of the Group. The Committee from time to time reviews the composition of the Board with particular regard to ensuring that there are an appropriate number of Directors on the Board.

Key Roles and Responsibilities of the Committee

In accordance with its terms of reference, the Nomination Committee's responsibilities include the following:

- Determination of the Board's structure, size and composition;
- Determination of the skills, experience and knowledge of the Board, and identifies candidates to fill Board vacancies and enhance its capability;
- Succession planning for Directors and other senior executives, taking into account the challenges and opportunities facing the business, and the skills and expertise therefore required on the Board for the future;
- Establishing the time commitment required from Non-executive Directors;
- Determination of the leadership needs of the organization, both Executive and Non-executive, with a view of ensuring the continued ability of the organization to compete effectively in the market place; and
- Observing strategic issues and commercial changes affecting the Group and the market in which it operates.

Meeting Attendance

Name of Member	14th Feb 2025
Mr. J.H.P.Ratnayake	x
Mr. S M S S Bandara	✓
Mr.G G Ondaatjie	✓

- Mr. J.H.P.Ratnayake - Ceased to be a member of committee as of 28th March 2025
- Mr.G G Ondaatjie - Ceased to be a member of committee as of 27th May 2025

Conclusion

The committee is satisfied that the combined expertise and knowledge of the Board is sufficient to effectively discharge its duties and responsibilities.

Nomination & Governance Committee Report contd.

Compliance with CSE's New Listing Rules - Section 7.10.5 Rules on Nomination Committee

Listing Rule	Governance Principal	Description	Compliance	Compliance Details
a	Composition	The nomination committee shall comprise a minimum of two independent non-executive directors or of non-executive directors a majority of whom shall be independent, whichever is higher.	Complied	The committee consists of two Non-Executive Independent Directors and one Non - Executive Non independent Director
		One non-executive director shall be appointed as Chairman of the committee by the board of directors.	Complied	Chairman of the Nomination Committee is an independent non-executive director.
b	Functions	Roles and responsibilities of the Nomination Committee	Complied	Refer to the roles and responsibilities of the Nomination Committee set in this report.
c	Disclosures in the Annual Report	Names of directors comprising the nomination committee	Complied	Refer to the Nomination Committee Report in this document.
		Nomination Policy	Complied	Refer to the Nomination Committee Report in this document.

S. Bandara

Mr. S M S S Bandara

Chairman - Nomination Committee

12th August 2025

Related Party Transactions Review Committee Report

CHAIRMAN

Mr. S M S S Bandara (Chartered Accountant) w.e.f 01.10.2024

Dear shareholder,

I am pleased to present the Related Party Transactions Review Committee Report for the year ended 31st March 2025. This report presents roles and responsibilities and how the Related Party Transactions Review Committee worked towards discharging its duties and responsibilities.

MEMBERS

- Ms. H M S Herath (w.e.f 28.03.2025)
- Mr. M K K K B Galagoda (w.e.f 27.05.2025)

RPT REVIEW COMMITTEE COMPOSITION

Category	Number
Non-Executive Independent Directors	02
Non-Executive Non Independent Directors	01

ROLES AND RESPONSIBILITIES

1. Review all proposed Related Party Transactions (RPT)
2. Ensure the compliance with LKAS 24, CSE listing rules and other regulatory requirements, in terms of RPT.

PURPOSE OF THE COMMITTEE

The purpose of the Related Party Transactions Review Committee is to review all proposed Related Party Transactions other than those transactions explicitly exempted in conformity with the Listing Rules of the Colombo Stock Exchange and Code of Best Practices on RPT issued by the Securities & Exchange Commission.

The Committee is an entity under the Board of Directors, and was established to enhance corporate transparency and promote fair transactions. The committee is responsible for reviewing related party transactions.

SCOPE AND OBJECTIVES OF THE COMMITTEE

The RPT Review Committee was formed by the Board to assist the Board in reviewing all related party transactions carried out by The Nuwara Eliya Hotels Co. PLC and its subsidiaries to facilitate early adoption of the Code of Best Practice on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka (SEC).

- Review all proposed Related Party Transactions of the Company except those explicitly exempted by the code;
- Ensuring the compliance with listing rules and other requirements with regard to the Related Party Transactions;
- Overseeing existing policies and procedures and adopting new policies and procedures to review Related Party Transactions of the Company;
- Determination of the requirement of approval by the Board or Shareholders with regard to Related Party Transactions that are to be entered into by the Company;
- Establishes guidelines for senior management to follow in its ongoing dealings with the relevant related party;
- Make recommendations if there is any potential conflict in any Related Party Transaction.

POLICIES AND PROCEDURES

The Company maintains a Directors' Interest Register and all Directors of the Company have disclosed their interests in other Companies, conforming to the provisions of the Companies Act No. 07 of 2007. Further all Related Party Transactions in accordance with Sri Lanka Accounting Standard 24 - (LKAS 24) - Related Party Transactions are disclosed under note No. 31 to the Financial Statements.

MEETING ATTENDANCE

Meeting	28th May 2024	15th Aug 2024	12th Nov 2024	14th Feb 2025
Mr. J.H.P.Ratnayeke	✓	✓	✓	x
Mr. L.N.de Silva Wijeyeratne	✓	✓	-	-
Mr.Manil Galagoda	✓	✓	✓	✓
Mr. S M S S Bandara	-	-	✓	✓

- Mr.J.H.P.Ratnayeke (Ceased to be a member of Committee as of 28th March 2025)
- Mr.L.N.deSilva Wijeyeratne (Ceased to be a director as of 1st October 2024.)
- Mr. S M S S Bandara (appointed as a member of committee as of 01st October 2024)

ROLES AND RESPONSIBILITIES

The RPTRC is responsible for:

- Reviewing all proposed RPTs.
- Ensuring compliance with LKAS 24, CSE listing rules, and other regulatory requirements.
- Adhering to the CSE's New Listing Rules - Sections 9.2 and 9.3 on RPTs

CONCLUSION

RPT Review Committee confirms that the RPTRC has reviewed all the Related Party Transactions and communicated the comments and observations to the Board of Directors and has complied with the sections 9.2 and 9.3 of the CSE listing rules.

Related Party Transactions Review Committee Report contd.

Compliance with CSE's Listing Rules- Section 9.2 and 9.3, Rules on Related Party Transactions

Listing Rule	Governance Principal	Description	Compliance	Compliance Details
9.2.1	RPT Review Committee	RPT Review Committee reviews all Related Party Transactions other than Exempted Related Party Transactions.	Complied	RPT Review committee meets on a quarterly basis in order to review all the Related Party Transactions.
9.2.2	Composition	RPT Review Committee shall consist of a combination of executive and non-executive directors. One non-executive independent director will be appointed as the Chairman.	Complied	The committee consists of two non executive independent director and non executive non independent director including Chairman of the RPT Review Committee.
9.2.3	Parent and Subsidiary companies.	In the situation where both parent and the subsidiary are listed entities the audit committee of the parent can function as the audit committee of the subsidiary, however if the parent is not a listed entity subsidiary should have a separate audit committee.	Complied	Parent Company (Grand Hotel) is a Listed Entity while Subsidiary (Fairview Hotel) is a Private Entity.
9.2.4	Meeting and Meeting Minutes	The Committee shall meet at least once a calendar quarter and ensure meeting minutes are properly documented and communicated.	Complied	RPT Review committee meets on a quarterly basis and meeting minutes are documented by the Company Secretaries.
9.2.5	Expert Advise	Directors of the Committee should ensure that they have, or have access to, enough knowledge or expertise to assess all aspects of proposed Related Party Transactions	Complied	RPT Review Committee is provided the opportunity to make enquiries from industry experts and professionals, senior management, auditors, central internal departments and the Company Secretary for further details and information as and when necessary
9.2.6	Board Approval	Where necessary, the Committee shall request the Board of Directors to approve the Related Party Transactions, which are under review by the Committee.	N/A	During the year there were no such Related Party Transactions which required board approval.
9.2.7	Personal Interest on a Related Party Transaction	If a director of the Listed Entity has a material personal interest in a matter being considered at a directors' meeting to approve; Such director should not be present at the meeting a vote to be conducted on the matter.	N/A	During the year there were no such Related Party Transactions which required board approval.

Compliance with the Listing Rules of the Colombo Stock Exchange - Section 9.3.2 - Disclosures in Annual Report

Listing Rule	Description	Compliance	Compliance Details
9.3.2 (a)	Related Party Transactions exceeds 10% of the Equity or 5% of the Total Assets, whichever is lower, should be disclosed in the annual report.	N/A	During the year there were no non-recurrent Related Party Transactions which exceeds 10% of Equity or 5% of Assets.
9.3.2 (b)	Recurrent Related Party Transactions exceeding 10% of the gross revenue/income should be disclosed in the annual report.	N/A	During the year there were no recurrent Related Party Transactions which exceeds 10% of gross revenue/income.

Compliance with the Listing Rules of the Colombo Stock Exchange - Section 9.3.2 - Disclosures in Annual Report Contd.

Listing Rule	Description	Compliance	Compliance Details
9.3.2. (c)	Related Party Transactions Review Committee Report should contain; <ul style="list-style-type: none"> Names of Directors in the Committee A statement that committee has reviewed the Related Party Transactions and observations communicated to the Board. Policies and procedures adopted by the Committee for reviewing the Related Party Transactions. The number of times the Committee has met during the Financial Year 	Complied	Refer the Related Party Transactions Report set out in pages 47 to 49.
9.3.2. (d)	Affirmative statement of the compliance with these Rules pertaining to Related Party Transactions by the Board of Directors.	Complied	Refer the Statement of Directors' Responsibility set out in page 37.

Compliance with the Listing Rules of the Colombo Stock Exchange - Section 9.3.2 (b) - Aggregate value of recurrent related party Transactions

Name of the Related Party	Relationship	Nature of the Transaction	Aggregate value of the RPT	Aggregate value of the RPT as a % of the Net Revenue/ Income	Terms and Conditions of the RPT
Fair View Hotel (Private) Ltd	Subsidiary	Salaries to Staff	1,581,200	0.07%	
		Audit Committee Refreshments	28,395	0.00%	
Security Ceylon (Private) Ltd.	Other related Company	Security services	21,222,131	0.97%	As per agreement
		Security staff meals	3,013,875	0.14%	Cost + Margin
Tangerine Beach Hotels PLC	Other related Company	Salaries to staff	703,739	0.03%	Reimbursement of Cost
Tangerine Tours (Private) Ltd.	Other related Company	Salaries to staff	4,988,980	0.23%	Reimbursement of Cost
		Administration fee	-	0%	-
		Revenue from operations	17,256,879	0.79%	As per contract
Mercantile Investments & Finance PLC	Other related Company	Repairs & services to fleet vehicles	6,663,964	0.31%	Market terms
		Rent	2,341,250	0.11%	Market terms
		Salaries to staff	188,427	0.01%	Reimbursement of Cost
		Fixed deposit made	324,938,392	14.89%	Market terms
		Upliftment of fixed deposit	247,164,865	11.32%	Market terms
		Interest income	155,608,985	7.13%	Market terms
Royal Palms Beach Hotels PLC	Other related Company	Salaries to staff	5,080,554	0.23%	Reimbursement of Cost
Mercantile Fortunes (Private) Ltd.	Other related Company	Flooring	3,663,531	0.17%	Market terms

S. Bandara

Mr. S M S S Bandara
Chairman - RPT Review Committee

12th August 2025

Risk Management

Risk Governance and Culture

At Nuwara Eliya Hotels Company PLC, we view risk management as an essential component of our corporate governance framework. The Board of Directors provides oversight through the Audit Committee, while the operational responsibility lies with the Executive Management. We promote a strong risk-aware culture throughout the organization, encouraging employees to proactively identify, assess, and mitigate risks in alignment with our long-term strategic goals.

In line with industry best practices and our commitment to sustainable operations, we continuously enhance our risk governance structures to respond effectively to an increasingly dynamic operating environment.

Risk Management Framework

- Our enterprise risk management (ERM) framework consists of the following stages:
- 1. Risk Identification - Continuous scanning of internal and external environments
 - 2. Risk Assessment - Evaluation based on impact and likelihood
 - 3. Risk Mitigation - Implementation of response strategies and controls
 - 4. Monitoring and Review - Ongoing review of risk responses and emerging threats
 - 5. Reporting - Regular updates to senior management and the Board

The risk register is reviewed quarterly, and mitigation plans are tracked through defined KPIs, operational audits, and compliance reviews.

Key Risk Categories and Strategic Responses (2024/25)

Risk Category	Description & Impact	Likelihood	Mitigation Strategy
Macroeconomic & Market Risk	Global economic slowdown and local inflationary pressures affecting tourist arrivals and operating costs.	High	Market diversification, dynamic pricing models, cost control initiatives, and promotion of local tourism.
Political and Regulatory Risk	Changes in tax policies, labour laws, or regulatory frameworks impacting operations and compliance.	Moderate	Engagement with regulatory authorities, proactive compliance monitoring, and staff awareness sessions.
Climate and Environmental Risk	Changing weather patterns, water scarcity, and rising energy costs affecting operations in the highland region.	High	Adoption of sustainable practices (water and energy management), ISO 14001 compliance, and eco-certification initiatives.
Operational Risk	Service delivery disruptions due to staff shortages, supply chain issues, or guest dissatisfaction.	High	Cross-training staff, local sourcing, SOP strengthening, and customer feedback integration.
Technology and Cybersecurity Risk	Exposure to data breaches, ransomware, or IT system failures impacting business continuity and guest data.	Moderate	IT policy updates, firewalls, regular penetration testing, data encryption, and cyber-awareness training.
Liquidity and Financial Risk	Volatility in interest rates and exchange rates increasing debt service costs and affecting foreign guest profitability.	Moderate	Foreign currency hedging, prudent cash flow management, and optimizing loan mix (fixed/floating).
Human Capital Risk	Difficulty in attracting and retaining skilled staff, leading to service quality issues.	High	Attractive reward structures, career progression paths, employee engagement programmes, and industry benchmarking.
Reputational Risk	Negative reviews, public incidents, or social media criticism impacting brand value.	Moderate	Rapid response protocols, media engagement, continuous service monitoring, and staff training.
Health, Safety & Pandemic Risk	Possible resurgence of health emergencies or disease outbreaks affecting operations and guest confidence.	Low	Enhanced hygiene protocols, contingency planning, health insurance coverage, and training.

Integrated Risk and Sustainability

As part of our commitment to responsible tourism, our risk management approach is integrated with the Company's sustainability strategy. We align with national and global ESG frameworks, environmental stewardship, and social responsibility in operations.

Conclusion

The Board remains committed to a robust risk governance culture that safeguards stakeholder interests and ensures business continuity. As we continue navigating external challenges and leveraging growth opportunities in the tourism sector, our focus remains on resilience, sustainability, and value creation.

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Independent Auditor's Report



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TO THE SHAREHOLDERS OF THE NUWARA ELIYA HOTELS COMPANY PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of The Nuwara Eliya Hotels Company PLC ("the Company") and the consolidated financial statements of the Company and its subsidiary ("the Group"), which comprise the statement of financial position as at 31 March 2025, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2025, 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 most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Partners: D K Hulangamuwa FCA FCMA LLB (London), A P A Gunasekera FCA FCMA, Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, N M Sulaiman FCA FCMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajeewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA, B Vasanthan ACA ACMA

Principals: T P M Ruberu FCCA MBA (USJ-SL), G B Goudian ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakhthivel B.Com (Sp), W D P L Perera ACA

A member firm of Ernst & Young Global Limited

Key audit matters common to both Group and Company

Key audit matter	How our audit addressed the key audit matter
<p>Investments in short term deposits</p> <p>The Group has invested an amount of Rs. 1,887,764,367/- (2024 - 1,760,611,990/-) in short term deposits of related party registered finance company from which it earned an interest income of Rs. 176,409,740/- (2024 - Rs. 251,809,450/-) for the year as disclosed in Note 19.3 and 31.1.</p> <p>Investments in short term deposits with a related party registered finance company was a key audit matter due to;</p> <ul style="list-style-type: none"> • The materiality of the short-term deposits which represents 23% of total assets. 71% of total investments is concentrated in such short-term deposits. • Involvement of related party transactions and disclosures. 	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Evaluated the appropriateness of management's process for identifying and recording related party transactions. • Inspected fixed deposit certificates and confirmations to understand the nature, terms and conditions of the transactions. • Evaluated the reasonableness of the calculation of provisions for impairment. Our procedures included reference to credit ratings of the respective finance companies in which the short-term deposits are maintained. • Performed analytical review procedures to evaluate the reasonableness of interest income. • Assessed the adequacy of the related disclosures given in Note 19.3 and 31.1 to the financial statements.
<p>Assessment of fair value of land and buildings</p> <p>Property, Plant and Equipment include land and buildings carried at fair value. The fair values of land and buildings were determined by an external valuer engaged by the Group.</p> <p>This was a key audit matter due to:</p> <ul style="list-style-type: none"> • The materiality of the reported fair value of land and buildings which amounted to Rs. 4,393,870,000 representing 53% of the Group's total assets as of the reporting date; and • The degree of assumptions, judgements and estimation uncertainties associated with fair valuation of land and buildings. <p>Key areas of significant judgments, estimates and assumptions used in the valuation of the land and buildings included the following:</p> <ul style="list-style-type: none"> • Estimate of per perch value of the land • Estimate of the per square foot value of the buildings as disclosed in Note 14.3 to the financial statements. 	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Assessed the competence, capability and objectivity of the external valuers engaged by the Group. • Read the external valuer's report and understood the key estimates made and the valuation approaches taken by the valuer in determining the valuation of each property. • Assessed the reasonableness of significant assumptions, judgements and estimates made by the valuer such as per perch value, per square foot value, depreciation rate, discount rate and valuation techniques as relevant in assessing the fair value of each property. • We also assessed the adequacy of the disclosures made in Note 14 to the financial statements.

Other Information included in the 2025 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

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

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

Independent Auditor's Report contd.



RESPONSIBILITIES OF THE MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE

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 the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- 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 internal controls of the Company and the Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

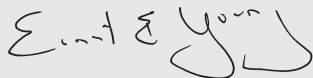
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 7752.



12 August 2025
Colombo

Statement of Profit or Loss

Year ended 31 March 2025

	Note	Group		Company	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Revenue from contracts with customers	5	2,355,664,945	2,132,294,753	2,182,883,362	1,965,775,812
Cost of sales		(453,303,548)	(484,836,659)	(428,606,609)	(458,301,452)
Gross profit		1,902,361,397	1,647,458,094	1,754,276,753	1,507,474,360
Other operating income	6	19,121,582	21,948,183	18,786,225	21,899,244
Administrative expenses		(464,886,568)	(407,840,947)	(416,857,194)	(365,538,157)
Selling and distribution expenses		(190,306,215)	(192,006,795)	(170,078,873)	(171,389,834)
Other operating expenses		(293,030,198)	(373,635,938)	(254,564,554)	(328,174,385)
Results from operating activities		973,259,998	695,922,597	931,562,357	664,271,228
Depreciation and amortization		(141,654,150)	(130,757,562)	(129,706,364)	(117,129,715)
Earnings before interest and tax		831,605,848	565,165,035	801,855,993	547,141,513
Finance expenses	7	(793,536)	(1,358,382)	(680,345)	(966,541)
Finance income	8	245,272,179	313,732,186	223,612,296	280,794,848
Profit before tax	9	1,076,084,491	877,538,839	1,024,787,944	826,969,820
Income tax expenses	10	(313,199,513)	(296,231,914)	(296,283,422)	(246,004,969)
Profit for the year		762,884,978	581,306,925	728,504,522	580,964,851
Profit attributable to :					
Equity holders of the parent company		754,003,130	581,218,554	728,504,522	580,964,851
Non-controlling interests	18.2.1	8,881,848	88,371	-	-
		762,884,978	581,306,925	728,504,522	580,964,851
Basic/diluted earnings per share	11	344.92	265.78	333.25	265.66
Dividend per share	12	-	36.50	-	36.50

The accounting policies and notes as set out in pages 64 to 105 form an integral part of these financial statements.
Figures in brackets indicate deductions.

Statement of Total Comprehensive Income

Year ended 31 March 2025

	Note	Group		Company	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Profit for the year		762,884,978	581,306,925	728,504,522	580,964,851
Other comprehensive income					
Other comprehensive income not to be reclassified to profit or loss in subsequent periods					
Gain on equity instruments designated at fair value through other comprehensive income	25	24,184,680	80,705,588	24,184,680	80,705,588
Actuarial loss on retirement benefit obligation	28	(6,557,959)	(8,708,884)	(6,552,998)	(8,379,450)
Deferred tax effect on actuarial loss on retirement benefit obligation		1,966,892	2,579,722	1,965,899	2,513,835
		(4,591,067)	(6,129,163)	(4,587,098)	(5,865,615)
Revaluation of land and buildings	24	593,592,325	-	523,187,708	-
Deferred tax effect on revaluation of land and buildings		(171,037,236)	-	(156,956,312)	-
Deferred tax impact on revaluation of land and building on income tax rate changes		-	(21,377,759)	-	-
		422,555,089	(21,377,759)	366,231,396	-
Total other comprehensive income items not to be reclassified to profit or loss in subsequent periods:		442,148,702	53,198,667	385,828,977	74,839,973
Other comprehensive income for the year, net of tax		442,148,702	53,198,667	385,828,977	74,839,973
Total comprehensive income for the year		1,205,033,680	634,505,591	1,114,333,500	655,804,824
Total comprehensive income attributable to:					
Equity holders of the parent		1,181,602,194	640,008,035	1,114,333,500	655,804,824
Non-controlling interests		23,431,486	(5,502,444)	-	-
		1,205,033,680	634,505,591	1,114,333,500	655,804,824

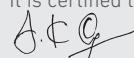
The accounting policies and notes as set out in pages 64 to 105 form an integral part of these financial statements.
Figures in brackets indicate deductions.

Statement of Financial Position

As at 31 March 2025

	Note	Group		Company	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
ASSETS					
Non-current assets					
Property, plant and equipment	14	4,696,488,240	3,890,811,615	3,962,254,422	3,220,308,634
Right-of-use assets	15	4,000,000	5,200,000	-	
Intangible assets	16	18,630,688	21,090,408	18,544,086	20,834,412
Biological assets	17	1,984,430	4,660,464	1,984,430	4,660,464
Investment in subsidiary	18	-	-	444,996,000	444,996,000
Other non-current financial assets	19	380,970,268	335,887,668	380,970,268	335,887,668
		5,102,073,626	4,257,650,155	4,808,749,206	4,026,687,178
Current assets					
Inventories	20	60,171,278	66,410,319	54,051,593	60,352,580
Trade and other receivables	21	213,881,442	154,086,963	209,999,422	150,855,786
Prepayments		23,415,727	47,156,649	21,378,284	44,892,369
Other current financial assets	19	2,732,800,327	2,308,595,319	2,468,735,343	2,101,436,326
Cash and cash equivalents	22	106,445,852	79,365,656	90,024,891	56,137,919
		3,136,714,626	2,655,614,906	2,844,189,533	2,413,674,980
Total assets		8,238,788,252	6,913,265,061	7,652,938,739	6,440,362,158
EQUITY AND LIABILITIES					
Equity					
Stated capital	23	335,209,740	335,209,740	335,209,740	335,209,740
Revaluation reserve	24	2,221,206,166	1,858,196,581	2,051,664,269	1,730,427,714
Fair value reserve of financial assets at FVOCI	25	89,707,304	65,522,624	89,707,304	65,522,624
Retained earnings		3,703,060,183	2,908,652,254	3,677,273,285	2,908,361,020
Equity attributable to owners of the company		6,349,183,393	5,167,581,199	6,153,854,599	5,039,521,098
Non-controlling interests	18.2	222,723,825	199,292,339	-	-
Total equity		6,571,907,218	5,366,873,538	6,153,854,599	5,039,521,098
Non-current liabilities					
Deferred tax liability	27	1,143,707,399	977,291,862	1,002,030,969	860,287,095
Retirement benefit obligations	28	60,116,928	47,379,515	55,868,010	43,772,974
		1,203,824,327	1,024,671,377	1,057,898,979	904,060,069
Current liabilities					
Interest bearing loans and borrowings	26	15,166,151	24,560,483	11,806,674	24,560,483
Trade and other payables	29	229,200,518	262,361,752	213,027,250	242,105,042
Contract liabilities	30	32,680,941	41,236,251	32,234,863	40,731,949
Income tax liabilities		186,009,097	193,561,660	184,116,373	189,383,517
		463,056,707	521,720,146	441,185,160	496,780,991
Total liabilities		1,666,881,034	1,546,391,523	1,499,084,140	1,400,841,060
Total equity and liabilities		8,238,788,252	6,913,265,061	7,652,938,739	6,440,362,158

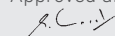
It is certified that the financial statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007.



J P K Karunaratna
Financial Controller

The board of directors is responsible for these financial statements.

Approved and signed for and on behalf of the Board;



G.G.Ondaatjie
Deputy Chairman

Approved and signed for and on behalf of the board;



T.J.Ondaatjie
Director

The accounting policies and notes as set out in pages 64 to 105 form an integral part of these financial statements.

12 August 2025
Colombo

Statement of Changes in Equity - Group

Year ended 31 March 2025

Group	Attributable to equity holders of the parent					Non controlling interest	Total
	Stated capital (Note 23)	Revaluation reserve (Note 24)	Fair value reserve of financial assets at FVOCI (Note 25)	Retained earnings	Total		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 1 April 2023	335,209,740	1,919,046,450	(15,182,964)	2,368,502,097	4,607,575,322	204,794,783	4,812,370,106
Profit for the year	-	-	-	581,218,554	581,218,554	88,371	581,306,925
Other comprehensive income							
Net gain on equity instruments designated at fair value through other comprehensive income	-	-	80,705,588	-	80,705,588	-	80,705,588
Actuarial loss on retirement benefit obligation	-	-	-	(8,623,778)	(8,623,778)	(85,106)	(8,708,884)
Deferred tax on actuarial loss	-	-	-	2,562,701	2,562,701	17,021	2,579,722
Revaluation of lands and buildings							
Deferred tax impact on revaluation of land and building on income tax rate changes (Note 24)	-	(15,855,029)	-	-	(15,855,029)	(5,522,730)	(21,377,759)
Total comprehensive income for the year net of tax	-	(15,855,029)	80,705,588	575,157,476	640,008,036	(5,502,444)	634,505,591
Transferred to retained earnings	-	(44,994,841)	-	44,994,841	-	-	-
Transactions with owners in their capacity as owners:							
Dividends - Preference shares	-	-	-	(211,700)	(211,700)	-	(211,700)
- Ordinary shares	-	-	-	(79,790,460)	(79,790,460)	-	(79,790,460)
	-	(44,994,841)	-	(35,007,319)	(80,002,160)	-	(80,002,160)
Balance as at 31 March 2024	335,209,740	1,858,196,581	65,522,624	2,908,652,254	5,167,581,198	199,292,339	5,366,873,538
Balance as at 1 April 2024	335,209,740	1,858,196,581	65,522,624	2,908,652,254	5,167,581,198	199,292,339	5,366,873,538
Profit for the year	-	-	-	754,003,130	754,003,130	8,881,848	762,884,978
Other comprehensive income							
Net gain on equity instruments designated at fair value through other comprehensive income	-	-	24,184,680	-	24,184,680	-	24,184,680
Actuarial loss on retirement benefit obligation	-	-	-	(6,556,677)	(6,556,677)	(1,282)	(6,557,959)
Deferred tax effect on actuarial loss on retirement benefit obligation	-	-	-	1,966,635	1,966,635	256	1,966,892
Revaluation of lands and buildings	-	575,403,997	-	-	575,403,997	18,188,329	593,592,325
Deferred tax effect on revaluation of land and buildings (Note 24)	-	(167,399,570)	-	-	(167,399,570)	(3,637,666)	(171,037,236)
Total comprehensive income for the year net of tax	-	408,004,426	24,184,680	749,413,088	1,181,602,194	23,431,486	1,205,033,680
Transferred to retained earnings	-	(44,994,841)	-	44,994,841	-	-	-
	-	(44,994,841)	-	44,994,841	-	-	-
Balance as at 31 March 2025	335,209,740	2,221,206,166	89,707,304	3,703,060,183	6,349,183,393	222,723,825	6,571,907,218

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.
The accounting policies and notes as set out in pages 64 to 105 form an integral part of these financial statements.
Figures in brackets indicate deductions.

Statement of Changes in Equity - Company

Year ended 31 March 2025

Company	Stated capital (Note 23)	Revaluation reserve (Note 24)	Fair value reserve of financial assets at FVOCI (Note 25)	Retained earnings	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 1 April 2023	335,209,740	1,775,422,555	(15,182,964)	2,368,269,103	4,463,718,434
Profit for the year	-	-	-	580,964,851	580,964,851
Other comprehensive income					
Net gain on equity instruments designated at fair value through other comprehensive income	-	-	80,705,588	-	80,705,588
Actuarial loss on retirement benefit obligation	-	-	-	(8,379,450)	(8,379,450)
Deferred tax effect on actuarial loss on retirement benefit obligation	-	-	-	2,513,835	2,513,835
Total comprehensive income for the year net of tax	-	-	80,705,588	575,099,236	655,804,824
Transferred to retained earnings	-	(44,994,841)	-	44,994,841	-
Transactions with owners in their capacity as owners:					
Dividends - Preference shares	-	-	-	(211,700)	(211,700)
- Ordinary shares	-	-	-	(79,790,460)	(79,790,460)
	-	(44,994,841)	-	(35,007,319)	(80,002,160)
Balance as at 31 March 2024	335,209,740	1,730,427,714	65,522,624	2,908,361,020	5,039,521,098
Balance as at 1 April 2024	335,209,740	1,730,427,714	65,522,624	2,908,361,020	5,039,521,098
Profit for the year	-	-	-	728,504,522	728,504,522
Other comprehensive income					
Net gain on equity instruments designated at fair value through other comprehensive income	-	-	24,184,680	-	24,184,680
Actuarial loss on retirement benefit obligation	-	-	-	(6,552,998)	(6,552,998)
Deferred tax effect on actuarial loss on retirement benefit obligation	-	-	-	1,965,899	1,965,899
Revaluation of lands and buildings	-	523,187,708	-	-	523,187,708
Deferred tax effect on revaluation of land and buildings (Note 24)	-	(156,956,312)	-	-	(156,956,312)
Total comprehensive income for the year net of tax	-	366,231,396	24,184,680	723,917,424	1,114,333,500
Transferred to retained earnings	-	(44,994,841)	-	44,994,841	-
	-	(44,994,841)	-	44,994,841	-
Balance as at 31 March 2025	335,209,740	2,051,664,269	89,707,304	3,677,273,285	6,153,854,599

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.
Figures in brackets indicate deductions.

Cash Flow Statement

Year ended 31 March 2025

	Note	Group		Company	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Cash flows from/ (used in) operating activities					
Profit before tax		1,076,084,491	877,538,839	1,024,787,944	826,969,820
Adjustments for:					
Depreciation of property, plant and equipment	14	137,455,212	127,868,174	126,876,822	115,544,718
Depreciation of right-of-use assets		1,200,000	1,135,000	-	-
Amortization of intangible asset	16	3,067,863	2,581,520	2,898,469	2,412,128
Provision for impairment		(960,663)	(391,171)	(960,663)	(391,171)
Provision for retirement benefit obligation		11,734,113	11,098,687	10,602,097	9,849,537
Interest expenses	7	793,536	734,840	680,345	966,541
Interest income	8	(228,857,208)	(307,131,891)	(207,197,325)	(274,194,553)
Dividend income	6	(4,959,787)	(2,759,076)	(4,959,787)	(2,759,076)
Fair value gain on of biological assets	17	(2,515,698)	(4,827,212)	(2,515,698)	(4,827,212)
Gain on equity investments fair value through profit or loss		(16,414,971)	(6,600,295)	(16,414,971)	(6,600,295)
Net foreign exchange differences		(274,748)	11,139,898	608,983	9,686,493
Profit from disposal of property, plant and equipment		(218,342)	(2,221,382)	(218,342)	(2,221,382)
Write back of unclaimed dividends		(39,242)	(558,935)	(39,242)	(558,935)
Write off of inventory		-	2,896,350	-	2,896,350
Operating profit before working capital changes		976,094,556	710,503,346	934,148,632	676,772,963
Decrease/ (increase) in inventories		6,239,041	(3,660,291)	6,300,987	(3,924,307)
Increase in trade, other receivables and prepayments		(56,596,678)	(139,563,480)	(54,406,032)	(137,219,532)
Increase/ (decrease) in trade and other payables		(32,250,027)	122,121,295	(29,038,550)	119,699,779
Increase/ (decrease) in contract liabilities		(8,555,310)	19,145,280	(8,497,086)	20,301,237
Cash generated from operations		884,931,582	708,546,150	848,507,951	675,630,140
Income tax paid		(303,609,097)	(36,480,711)	(296,765,956)	(31,102,880)
Interest paid		(793,536)	(734,840)	(680,345)	(966,541)
Gratuity paid		(5,554,659)	(4,216,300)	(5,060,059)	(2,795,862)
Net cash from operating activities		574,974,290	667,114,299	546,001,591	640,764,857
Cash flows from/ (used in) investing activities					
Acquisition of property, plant and equipment	14	(350,524,279)	(128,925,996)	(345,747,704)	(126,756,322)
Proceeds from disposal of property, plant and equipment		331,144	2,280,762	331,144	2,221,382
Acquisition of intangible assets	16	(608,143)	(12,831,092)	(608,143)	(12,831,092)
Payment made for right of use asset	15	-	(6,000,000)	-	-
Interest received		195,473,319	406,950,695	179,885,295	363,626,581
Dividend received		4,959,787	2,759,076	4,959,787	2,759,076
Investment in quoted shares		(20,897,922)	-	(20,897,922)	-
Investment in fixed deposits		(591,974,477)	(835,056,690)	(541,140,345)	(794,201,152)
Upliftment of fixed deposits		219,274,328	41,890,262	219,274,328	41,890,262
Addition of biological assets	17	(122,754)	(112,541)	(122,754)	(112,541)
Sale of biological assets	17	5,314,486	3,243,454	5,314,486	3,243,454
Net cash used in investing activities		(538,774,511)	(525,802,071)	(498,751,828)	(520,160,352)
Cash flows from/ (used in) financing activities					
Dividend paid		-	(68,317,461)	-	(68,317,461)
Repayments of bank loans		-	(28,796,799)	-	(15,997,999)
Net cash used in financing activities		-	(97,114,260)	-	(84,315,460)
Net increase in cash and cash equivalents		36,199,780	44,197,969	47,249,763	36,289,045
Net foreign exchange difference		274,748	(1,630,438)	(608,983)	(625,580)
Cash and cash equivalents at the beginning of the year		54,805,173	12,237,638	31,577,436	(4,086,029)
Cash and cash equivalents at the end of the year	22	91,279,701	54,805,173	78,218,217	31,577,436

The accounting policies and notes as set out in pages 64 to 105 form an integral part of these financial statements.
Figures in brackets indicate deductions.

Accounting Policies

1. CORPORATE INFORMATION

The consolidated financial statements of the Nuwara Eliya Hotels Co. PLC and its subsidiary (collectively, the Group) and the separate financial statements of the Company for the year ended 31 March 2025 were authorized for issue in accordance with a resolution of the directors on 12 August 2025. The Nuwara Eliya Hotels Co. PLC (the Company or the parent) is a public limited company incorporated and domiciled in Sri Lanka and whose shares are listed on Colombo Stock Exchange and publicly traded.

The registered office of the Company is located at No 236, Galle Road, Colombo 03 and the principal place of business (Hotel) is located at Nuwara Eliya.

The Group is principally engaged in the provision of Hotel Services. Information of the subsidiary is provided in Note 2.3. Information on other related party relationships of the Group is provided in Note 31.1.

The Company does not have an identifiable parent company of its own.

2. ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Company and the Group comprise the statement of financial position as at 31 March 2025 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

The financial statements of the Company and the consolidated financial statements of the Group have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRSs and LKASs) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), and in compliance with the requirements of Companies Act No. 7 of 2007.

The consolidated financial statements have been prepared on a historical cost basis, except for Land and Buildings, financial instruments fair value through profit or loss, equity instruments designated at fair value through OCI and biological assets.

The consolidated financial statements are presented in Sri Lanka Rupees (Rs.).

Comparative information

The consolidated financial statements provide comparative information in respect of the previous year. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year. Previous year's figures and phrases have been re-arranged whenever necessary to conform to current presentation.

2.1.1 Going concern

The Board of Directors has made an assessment of the Group's ability to continue as a going concern considering all the current internal and external environmental factors including the business impact of the overall tourism industry and they do not intend either to liquidate or to cease trading.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at 31 March 2025. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee. (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to receive variable returns from its involvement with the investee.

- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

2.3 Subsidiary

Investment subsidiary is carried at cost less impairments (if any) in the separate financial statements.

The subsidiary and its controlling percentage of the Group, which have been consolidated, are as follows:

Subsidiary	2025	2024
Fair View Hotel (Pvt) Ltd	74%	74%

The principal activities of the subsidiary are provision of lodging, food, beverage and other hospitality industry related activities. The principal place of business of the subsidiary is located at Colombo.

The financial statements of the subsidiary are prepared in compliance with the Group's accounting policies.

2.4 Summary of accounting policies

a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquirer's identifiable net assets. Acquisition-related costs are expensed as incurred 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.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope

of SLFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognized in the statement of profit or loss in accordance with SLFRS 9. Other contingent consideration that is not within the scope of SLFRS 9 is measured at fair value at each reporting date with changes in fair value recognized in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of

impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

b) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
 - Held primarily for the purpose of trading;
 - Expected to be realized within twelve months after the reporting period;
- Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period;

Accounting Policies contd.

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

c) Fair value measurement

The Group measures financial instruments such as quoted equity securities designated as fair value through profit or loss and financial assets at fair value through OCI and non-financial assets such as Land, Buildings and Biological Assets at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either;

- In the principal market for the asset or liability;

Or

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

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in

its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's senior management and board determines the policies and procedures for fair value measurement, such as land and buildings and biological assets.

External valuers are involved for valuation of land, buildings and biological assets of the Group. Involvement of external valuers is determined annually by the

senior management and the board after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The senior management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the senior management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the senior management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The senior management, in conjunction with the Group's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

On an annual basis, the senior management presents the valuation results to the Audit Committee and the Group's independent auditors. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

Fair value measurement	Disclosure Notes
Disclosures for valuation methods, significant estimates and assumptions	Notes 13, 17, 19
Quantitative disclosures of fair value measurement hierarchy	Note 13
Property, plant and equipment under revaluation model	Note 14
Biological Assets	Note 17
Financial Instruments (Including those carried at amortized cost)	Note 19

d) Revenue from contracts with customers

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

The Group's gross turnover comprises proceeds from provision of food, beverage, lodging and other hospitality industry related activities. The net Group's turnover excludes turnover taxes and trade discounts.

The specific recognition criteria described below must also be met before revenue is recognised.

Room revenue

Room revenue is recognized when the rooms are occupied on daily basis. The performance obligation is to provide the right to use accommodation for a given number of nights, and the transaction price is the room rate for each night determined at the time of booking. The performance obligation is met when the customer is given the right to use the accommodation, and so revenue is recognised for each night as it takes place, at the room rate for that night.

Contract balances associated with room revenue

Contract assets

A contract asset is initially recognised for revenue earned from room sales because the consideration is receiving at the departure of the guests. Upon departure of guests, the amount recognised as contract assets is reclassified to trade receivables.

Contract assets are subject to impairment assessment.

Contract liabilities

Customers may pay in advance for accommodation. In this case the Group has received consideration for services not yet provided. This is treated as a contract liability until the performance obligation is met and is recognised as revenue when the Group performs under the contract. The Group has taken advantage of the practical expedient in SLFRS 15 to not adjust the consideration for the effects of a financing component as the period between payment and the performance obligation is less than one year.

Food and beverage revenue

The contract is established when the customer orders the food or beverage item, and the performance obligation is the provision of food and beverage by the Group. The performance obligation is satisfied when the food and beverage is delivered to the customer (at a point of time), and revenue is recognised at this point at the price for the items purchased.

Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets classified as financial assets at fair value through OCI, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest

income is included in finance income in the statement of profit or loss.

Dividend income

Dividend income is recognised in statement of profit or loss on the date the entity's right to receive the payment is established, which is generally when shareholders approve the dividend.

Rental income, other income and gains

Rental income, other income and gains are recognised in the statement of profit or loss as it accrues.

Gains and losses on disposal of assets

Gains and losses on disposal of assets are determined by comparing the net sales proceeds with the carrying amounts of the assets and are recognised net within other operating income in the statement of profit or loss. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

e) Taxation

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred taxation

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts

Accounting Policies contd.

for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future;

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary

differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in 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 reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle

current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

f) Foreign currencies

The Group's consolidated financial statements are presented in Sri Lanka Rupees, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

g) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates 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 measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

h) Cash dividend

The Group recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Group. A distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

i) Property, plant and equipment

Property, Plant and equipment (other than land, buildings, swimming pool and farm structures) is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised at the date of revaluation. Revaluation of land is done with sufficient frequency to ensure that the carrying amount of the land does not differ materially from its fair value and is undertaken by professionally qualified valuers.

A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus.

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Depreciation is recognised in the statement of 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.

Useful lives as follows;

Asset	Years
Buildings	4 to 92 Years
Swimming pool complex	4 to 20 Years
Farm Structure	5 to 7 Years
Plant and Machinery	10 to 28 Years
Motor Vehicles	4 to 13 Years
Furniture and Fittings	5 to 11 Years
Fixtures	20 Years
Electrical Equipment	10 to 34 Years
Office Equipment	10 Years
Soft Furniture	4 to 10 Years
Crockery, Cutlery and Glassware	3 Years

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

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Capital work-in-progress

Capital work-in-progress is stated at cost less impairment losses if any. These would be transferred to the relevant asset category in property, plant and equipment when the asset is completed and available for use i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Accounting Policies *contd.*

j) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets as follows:

Asset	Years
Leasehold lands	5 years

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties

for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in Interest-bearing loans and borrowings.

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of building (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). and lease of low-value assets that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for

on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

k) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

l) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

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 asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible

assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- Its intention to complete and its ability and intention to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset;
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

m) Financial instruments - initial recognition and subsequent measurement

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

entity and a financial liability or equity instrument of another entity.

i. Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVPL).

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. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. 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 as disclosed in section revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective

to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

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

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

Financial assets at amortised cost (debt instruments)

The Group classifies its financial assets as at amortised cost only if both of the following criteria are met and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to collect the contractual cash flows,
- and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

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

Accounting Policies contd.

the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables, amount due from related parties and investments in fixed deposits.

Financial assets at fair value through OCI (equity instruments)

Financial assets at fair value through OCI comprise:

- Equity securities which are not held for trading, and which the group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments, and the Group considers this classification to be more relevant.

Financial assets at fair value through OCI are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of OCI. 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.

On disposal of these equity investments, any related balance within the FVOCI reserve is reclassified to retained earnings.

Equity instruments designated at fair value through OCI are not subject to impairment assessment.

- The Group elected to classify irrevocably its listed equity investments in Royal Palm Beach Hotels PLC and John Keels Holdings PLC under this category. The classification is determined on an instrument-by-instrument basis.

Financial assets at fair value through profit or loss

The Group classifies the following financial assets at fair value through profit or loss (FVPL)

- equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognise fair value gains and losses through OCI

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired;
- Or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset,
- or
- (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Trade receivables and disclosures for significant assumptions Note 21

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next

12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss.
- Financial liabilities at amortised cost. (loans and borrowings)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

The Group has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost (loans and borrowings)

This category generally applies to interest-bearing loans and borrowings. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same

lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

iii) Offsetting of financial instruments

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

n) Inventories

Inventories are measured at the lower of cost and net realizable value. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

Food and Beverages	At Weighted Average Cost
Engineering Supplies and Other Consumables	At Weighted Average Cost
Grand Gift Boutique	Actual Cost on FIFO Basis

Net realizable value is the estimated selling price in the ordinary course of business less, the estimated cost of completion and the estimated costs necessary to make the sale.

o) Biological Assets

Biological Assets are measured at fair value less costs to sell, with any change therein recognized in profit or loss. Costs to sell include all costs that would be necessary to sell the assets, including transportation costs. The fair value of livestock held for sale is based on the market price of livestock of similar age based on the market value circular issued by the National Livestock Development Board on weight, breed and genetic make-up.

Accounting Policies *contd.*

p) Impairment of non-financial assets

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU 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 assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation

taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor 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 profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

q) Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

r) Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, 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. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

s) Employee Benefits **Defined Contribution Plans**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to Provident and Trust Funds covering all employees are recognised as an employee benefit expense in statement of profit or loss in the periods during which services are rendered by employees. The Group contributes 12% and 3% of gross emoluments to employees as Provident Fund and Trust Fund contribution respectively.

Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The defined benefit is calculated by independent actuaries using Projected Unit Credit (PUC) method as recommended by LKAS 19 - "Employee benefits". The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability.

Current service cost and interest cost are recognized in the statement of profit or loss while any actuarial gains or losses arising are recognized in statement of other comprehensive income.

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in note 28. Any changes in these assumptions will impact the carrying amount of defined benefit obligations.

Provision has been made for retirement gratuities from the beginning of service for all employees, in conformity with LKAS 19 on employee benefit. However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of five years of continued service.

Short-term Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

t) Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its consolidated financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its consolidated financial statements but will disclose the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable.

u) Earnings per share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Other disclosures relating to the Group's exposure to risks and uncertainties includes:

• Financial risk management and policies	Note 34
• Sensitivity analyses disclosures	Note 34
• Capital management	Note 34

Estimates and assumptions

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

below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

a) Revaluation of land and buildings including swimming pool and farm structures

The Group carries its land and buildings including swimming pool and farm structures at fair value, with changes in fair value being recognised in the statement of OCI.

The valuer has used valuation techniques such as market values and discounted cash flow methods where there was lack of comparable market data available based on the nature of the property.

The lands were valued by reference to transactions involving properties of a similar nature, location and condition. The Group engaged an independent valuation specialist to assess fair values as at 31 March 2025.

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any 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 is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups 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 pretax discount rate

Accounting Policies contd.

that reflects current market assessments of the time value of money and the risks specific to the asset.

b) Retirement Benefit Obligation

The cost of retirement benefit obligation and the present value of the retirement benefit obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of long-term government bonds, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. Future salary increases, and pension increases are based on expected future inflation rates of the country.

Further details about the assumptions used are given in Note 28.

c) Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. Management considered 100% ECL for debtors aged more than 150 days in determining the provision matrix for ECL.

The provision matrix is initially based on the Group's historical observed default rates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

d) Useful lives and residual values of property, plant and equipment

The Group and the Company review annually the estimated useful lives of PPE and intangible assets based on factors such as business plan and strategies, expected level of usage. Future results of operations could be materially affected by changes in these estimates brought by changes in the factors mentioned. A reduction in the estimated useful lives of PPE and intangible assets would increase the recorded depreciation and amortization charge and decrease the carrying value.

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued up to the date of issuance of the Group financial statements but are not effective for the current annual reporting period, are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. The amendments are not expected to have a material impact on the Group's financial statement.

SLFRS 17 Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace SLFRS 4 Insurance Contracts (SLFRS 4) that was issued in 2005. SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The core of SLFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2026, with comparative figures required. Early application is permitted, provided the entity also applies SLFRS 9 and SLFRS 15 on or before the date it first applies SLFRS 17.

The amendments are not expected to have a material impact on the Group financial statement.

Lack of exchangeability - Amendments to LKAS 21

The amendments specify how an entity should assess whether a currency is exchangeable- and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

The amendments are not expected to have a material impact on the Group financial statement.

Notes to the Financial Statements

Year ended 31 March 2025

5 REVENUE FROM CONTRACT WITH CUSTOMERS

		Group		Company	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Revenue from contracts with customers	(Note 5.1)	2,355,664,945	2,132,294,753	2,182,883,362	1,965,775,812
		<u>2,355,664,945</u>	<u>2,132,294,753</u>	<u>2,182,883,362</u>	<u>1,965,775,812</u>

5.1 Revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time/the period of stay and at a point in time in the following major categories ;

Over period of stay

Room revenue	1,014,113,013	836,198,962	900,397,234	721,812,415
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At a point in time

Food revenue	1,010,722,294	1,012,727,058	957,251,585	965,502,506
Beverage revenue	258,698,885	217,854,242	254,116,543	213,994,193
Spa income	29,905,243	26,058,099	29,905,243	26,058,099
Laundry income	19,803,574	15,463,981	18,790,821	14,416,188
Gift shop sales	19,448,799	20,260,224	19,448,799	20,260,224
Excursion Income	2,973,137	3,732,187	2,973,137	3,732,187
	<u>2,355,664,945</u>	<u>2,132,294,753</u>	<u>2,182,883,362</u>	<u>1,965,775,812</u>

Contract liabilities and its movement are disclosed in Note 30 to the financial statements and there are no contract assets.

6 OTHER OPERATING INCOME

Dividend income	4,959,787	2,759,076	4,959,787	2,759,076
Rental income	1,860,000	1,860,000	1,860,000	1,860,000
Billiard income	1,840,523	1,736,263	1,840,523	1,736,263
Profit on sale of property, plant and equipment	218,342	2,221,382	218,342	2,221,382
Gain on foreign currency exchange	274,748	-	-	-
Sundry income	7,620,619	4,090,852	7,561,528	4,048,366
Net profit on farm	385,361	7,232,509	385,361	7,232,509
Vehicle Hire Income	1,962,202	2,048,101	1,960,684	2,041,648
	<u>19,121,582</u>	<u>21,948,183</u>	<u>18,786,225</u>	<u>21,899,244</u>

7 FINANCE EXPENSES

Interest on bank overdrafts and bank charges	793,536	734,840	680,345	620,160
Interest on bank loan	-	623,542	-	346,381
	<u>793,536</u>	<u>1,358,382</u>	<u>680,345</u>	<u>966,541</u>

8 FINANCE INCOME

Interest income on short term deposits	228,857,208	307,131,891	207,197,325	274,194,553
Net change in fair value of financial assets	16,414,971	6,600,295	16,414,971	6,600,295
	<u>245,272,179</u>	<u>313,732,186</u>	<u>223,612,296</u>	<u>280,794,848</u>

Notes to the Financial Statements contd.

Year ended 31 March 2025

9 PROFIT BEFORE TAX

Profit before tax is stated after charging all the expenses including the followings:

	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Included in cost of sales				
Materials and consumables	453,303,548	484,836,659	428,606,609	458,301,452
Included in administration expenses				
Auditors' remuneration				
- Statutory audit fee	1,052,890	953,435	842,000	765,000
- Internal audit fee	484,000	484,000	484,000	484,000
Costs of defined employee benefits				
- Defined benefit plan costs	11,620,429	10,993,073	10,488,413	9,743,923
- Defined contribution plan cost - EPF and ETF	36,337,302	31,392,124	36,337,302	31,392,124
- Other staff cost	329,309,411	276,209,774	292,192,733	243,044,715
Donations	640,000	183,000	635,000	183,000
Directors' emoluments	7,308,400	6,970,084	7,308,400	6,970,084
Included in depreciaton and amortization				
Depreciation of property, plant and equipment	137,455,212	127,868,174	126,876,822	115,544,718
Depreciation of right-of-use assets	1,200,000	1,135,000	-	-
Amortization of intangible assets	3,067,865	2,581,520	2,898,470	2,412,128
Included in Selling and marketing expenses				
Advertisement charges	2,479,630	2,153,505	2,234,844	1,770,984
Credit card commission	44,978,520	38,908,363	38,894,997	35,965,614

10 TAX EXPENSE/ (REVERSAL)

The major components of income tax expenses for the year ended 31st March are as follows :

Current income tax

Current income tax charge	(Note 10.1)	317,868,948	224,879,185	311,544,588	215,132,147
Adjustments in respect of current income tax of previous year		(2,014,628)	196,792	(2,014,628)	196,792
		315,854,320	225,075,977	309,529,960	215,328,939

Deferred tax expense

Deferred tax charge/ (reversal)	(Note 27)	(2,654,806)	71,155,938	(13,246,538)	30,676,030
		(2,654,806)	71,155,938	(13,246,538)	30,676,030

Income tax expense/(reversal) reported in the statement of profit or loss

		313,199,513	296,231,914	296,283,422	246,004,969
Effective tax rate		29%	34%	29%	30%

	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
10.1 Taxable profit from the business is as follows;				
Taxable income from hotel operations	841,270,264	445,399,174	841,270,264	445,399,174
Investment income	218,292,895	304,198,108	197,211,695	271,707,983
Total taxable income	1,059,563,159	749,597,282	1,038,481,959	717,107,157
Current income tax charge for the year is made up of the following:				
- Income tax on business profit 30%	252,381,079	133,619,752	252,381,079	133,619,752
- Income tax on investment income 30%	65,487,868	91,259,432	59,163,508	81,512,395
Current income tax charge for the year	317,868,948	224,879,185	311,544,588	215,132,147

10.2 A reconciliation of tax expense and the accounting profit multiplied by the statutory tax rate is as follows :

Profit before income tax expenses	1,076,084,491	877,538,839	1,024,787,944	826,969,820
Tax at statutory income tax rate	317,695,693	258,204,750	307,436,383	248,090,946
Effect of tax rate changes of other income	2,108,120	3,249,013	-	-
Adjustments in respect of current income tax of previous year	(2,014,628)	196,792	(2,014,628)	196,792
Tax effect on non deductible expenses	7,908,577	31,946,529	2,949,407	15,043,363
Tax effect on deductions claimed	(1,994,242)	(6,391,140)	(1,994,242)	(6,391,140)
Tax effect on exempt amounts	(5,272,970)	(4,599,019)	(5,157,233)	(4,509,577)
Tax effect on non-taxable income	(5,231,037)	(6,394,041)	(4,936,265)	(6,394,041)
Deferred tax effect on carried forward business losses/ losses claimed	-	(31,374)	-	(31,374)
Deferred tax due to tax rate change on the temporary differences of previous years	-	20,050,405	-	-
Tax expense	313,199,513	296,231,914	296,283,422	246,004,969

Income tax rates - The Nuwara Eliya Hotels Co. PLC

Hotel operations

The profits and income of the Company arising on provision of tourism related services is liable for taxation at the rate of 30% (2024 : 30%) in terms of Revenue Act No. 24 of 2017 and amendments thereto.

Other income and gains

Income from other sources are taxed at the rate of 30% (2024-30%).

Income tax rates - Fair View Hotel (Pvt) Ltd (Subsidiary)

Hotel operations

The Company is entitled to a tax exemption under the Section 17 of the Board of Investment of Sri Lanka. As per the agreement company is entitled to a 5 years tax exemption from the year of assessment in which company commences to make profits or any year of assessment not later than two years from the date of commencement of Commercial Operation. After the expiration of such period, a rate of 10% would apply for immediate next year and thereafter the operating profits of the Company will liable to pay tax at a rate of 20%. Currently the operating profits of Fair View Hotel (Pvt) Ltd is taxed at 20%.

Notes to the Financial Statements contd.

Year ended 31 March 2025

Other income and gains

Income from other sources are taxed at the rate of 30% (2024-30%).

Income tax and Deferred tax have been provided as per the new rates legislated as per the Inland Revenue (Amendment) Act No 45 of 2022.

11 BASIC/DILUTED EARNINGS PER SHARE

Basic earnings per share has been calculated based on the profit after taxation attributable to ordinary shareholders divided by the weighted average number of ordinary shares outstanding during the year.

	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Amount used as the numerator				
Profit attributable to ordinary equity holders of the parent	754,003,130	581,218,554	728,504,522	580,964,851
Less : Preference dividend paid	-	(211,700)	-	(211,700)
Profit Attributable to ordinary shareholders	754,003,130	581,006,854	728,504,522	580,753,151
Amount used as the denominator				
Weighted average number of ordinary shares	2,186,040	2,186,040	2,186,040	2,186,040
Basic/diluted earnings per share	344.92	265.78	333.25	265.66
12 DIVIDEND PER SHARE				
Dividend declared and paid during the year				
Final dividend	-	79,790,460	-	79,790,460
Average number of ordinary shares	2,186,040	2,186,040	2,186,040	2,186,040
Dividend per share	-	36.50	-	36.50

13 FAIR VALUE MEASUREMENT - GROUP

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

Fair value measurement hierarchy for assets as at 31 March 2025 and 2024:

	Total	Fair value measurement using		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:				
As at 31 March 2025				
Non financial assets				
Land (Note 14.1)	2,467,300,000	-	-	2,467,300,000
Buildings, swimming pool and farm structure (Note 14.1)	1,926,570,000	-	-	1,926,570,000
Biological assets (Note 17)	1,984,430	-	-	1,984,430
Total non financial assets as at 31 March 2025	4,395,854,430	-	-	4,395,854,430

Financial assets

Financial assets at fair value through OCI

Quoted equity shares (Note 19.1)	380,970,268	380,970,268	-	-
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			Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:			Total		
Equity instruments designated at fair value through profit or loss					
Quoted equity shares	(Note 19.2)	58,322,657	58,322,657	-	-
Total financial assets as at 31 March 2025		439,292,925	439,292,925	-	-
As at 31 March 2024					
Non financial assets					
Land	(Note 14.1)	2,146,612,500	-	-	2,146,612,500
Buildings, swimming pool and farm structure	(Note 14.1)	1,712,418,259	-	-	1,712,418,259
Biological assets	(Note 17)	4,660,464	-	-	4,660,464
Non financial assets as at 31 March 2024		3,863,691,223	-	-	3,863,691,223
Financial assets					
Financial assets at fair value through OCI					
Quoted equity shares	(Note 19.1)	335,887,668	335,887,668	-	-
Equity instruments designated at fair value through profit or loss					
Quoted equity shares	(Note 19.2)	41,907,686	41,907,686	-	-
Non financial assets as at 31 March 2024		377,795,354	377,795,354	-	-

There were no transfers between Level 1 and Level 2 during year ended 31 March 2025 and 2024.

13.1 Fair value of financial assets and liabilities by class

Group/Company

Set out below is a comparison, by class, of the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values.

As at 31st March	2025		2024	
	Carrying amount Rs.	Fair value Rs.	Carrying amount Rs.	Fair value Rs.
Financial assets				
Financial assets at fair value through OCI	380,970,268	380,970,268	255,182,080	255,182,080
Equity instruments designated at fair value through profit or loss	58,322,657	58,322,657	35,307,391	35,307,391
Total	439,292,925	439,292,925	290,489,471	290,489,471

Financial assets of which carrying values are reasonable approximates its fair value

The management assessed that the fair values of cash and short-term deposits, trade and other receivables approximate their carrying amounts largely due to the short-term maturities of these instruments.

Notes to the Financial Statements contd.

Year ended 31 March 2025

Financial liabilities

Financial liabilities of which carrying values are reasonable approximates its fair value

The management assessed that the fair values of trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

13.2 Fair Value Measurement - Company

The following table provides the fair value measurement hierarchy of the company's assets and liabilities.

Fair value measurement hierarchy for assets as at 31 March 2025 and 2024:

		Fair value measurement using			
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Assets measured at fair value:		Total			
As at 31 March 2025					
Non financial assets					
Land	(Note 14.2)	2,257,000,000	-	-	2,257,000,000
Buildings, swimming pool and farm structure	(Note 14.2)	1,433,000,000	-	-	1,433,000,000
Biological assets	(Note 17)	1,984,430	-	-	1,984,430
Total financial assets as at 31st march 2025		3,691,984,430	-	-	3,691,984,430
Financial assets					
Financial assets at fair value through OCI					
Quoted equity shares	(Note 19.1)	380,970,268	380,970,268	-	-
Equity instruments designated at fair value through profit or loss					
Quoted equity shares	(Note 19.2)	58,322,657	58,322,657	-	-
Total non financial assets as at 31 March 2025		439,292,925	439,292,925	-	-
As at 31 March 2024					
Non financial assets					
Land	(Note 14.2)	2,146,612,500	-	-	2,146,612,500
Buildings, swimming pool and farm structure	(Note 14.2)	1,712,418,259	-	-	1,712,418,259
Biological assets	(Note 17)	4,660,464	-	-	4,660,464
Total non financial assets as at 31 March 2024		3,863,691,223	-	-	3,863,691,223
Financial assets					
Financial assets at fair value through OCI					
Quoted equity shares	(Note 19.1)	335,887,668	335,887,668	-	-
Equity instruments designated at fair value through profit or loss					
Quoted equity shares	(Note 19.2)	41,907,686	41,907,686	-	-
Total non financial assets as at 31 March 2024		377,795,354	377,795,354	-	-

There were no transfers between Level 1 and Level 2 during year ended 31 March 2025 and 2024.

14 PROPERTY, PLANT AND EQUIPMENT**14.1 Group**

	Balance as at 01.04.2024 Rs.	Additions Rs.	Revaluations Rs.	Transfers/ disposals Rs.	Balance as at 31.03.2025 Rs.
Gross carrying amounts					
At cost or valuation					
Freehold land	2,146,612,500	-	320,687,500	-	2,467,300,000
Buildings	1,596,997,019	174,480,042	251,058,588	(211,304,748)	1,811,230,900
Swimming pool complex	110,000,000	-	19,446,989	(19,446,989)	110,000,000
Farm structure	5,421,240	-	2,399,249	(2,481,389)	5,339,100
Plant and machinery	244,342,318	40,835,525	-	(15,000)	285,162,843
Motor vehicles	71,927,630	1,548,001	-	-	73,475,631
Furniture and fittings	113,637,371	47,148,983	-	(87,403)	160,698,951
Fixtures	9,886,760	6,751,308	-	-	16,638,067
Office equipment	35,946,164	5,161,103	-	(412,047)	40,695,221
Electrical equipment	58,797,870	39,716,505	-	-	98,514,375
Soft Furniture	67,204,200	13,631,076	-	(734,929)	80,100,347
Crockery, cutlery and glassware	47,040,659	6,762,072	-	(137,036)	53,665,695
Total value of depreciable assets	4,507,813,731	336,034,615	593,592,325	(234,619,540)	5,202,821,130
In the course of construction					
Capital work-in-progress	4,343,072	260,616,547	-	(246,126,883)	18,832,736
Total gross carrying amount	4,512,156,803	596,651,162	593,592,325	(480,746,423)	5,221,653,866

	Balance as at 01.04.2024 Rs.	Charge for the year Rs.	Revaluations Rs.	Transfers/ Disposals Rs.	Balance as at 31.03.2025 Rs.
Depreciation					
At cost or valuation					
Buildings	137,352,074	73,952,674	-	(211,304,748)	-
Swimming pool complex	12,964,524	6,482,465	-	(19,446,989)	-
Farm Structure	1,654,249	827,139	-	(2,481,389)	-
Plant and machinery	163,106,144	21,344,159	-	(8,625)	184,441,678
Motor vehicles	64,753,355	3,161,089	-	-	67,914,444
Furniture and fittings	92,578,280	9,081,892	-	(33,506)	101,626,666
Fixtures	4,233,908	772,521	-	-	5,006,429
Office equipment	22,056,286	3,099,397	-	(359,517)	24,796,166
Electrical equipment	35,035,897	6,558,556	-	-	41,594,454
Soft furniture	60,433,763	2,691,373	-	-	63,125,136
Crockery, cutlery and glassware	27,176,707	9,483,947	-	-	36,660,653
Total depreciation	621,345,188	137,455,212	-	(233,634,774)	525,165,627

Notes to the Financial Statements contd.

Year ended 31 March 2025

14.1 Group (Contd.)

Net book value At cost or valuation	2025 Rs.	2024 Rs.
Freehold land	2,467,300,000	2,146,612,500
Buildings	1,811,230,900	1,459,644,945
Swimming pool	110,000,000	97,035,476
Farm structure	5,339,100	3,766,991
Plant and machinery	100,721,165	81,236,174
Motor vehicles	5,561,187	7,174,275
Furniture and fittings	59,072,285	21,059,091
Fixtures	11,631,638	5,652,852
Office equipment	15,899,054	13,889,878
Electrical equipment	56,919,921	23,761,973
Soft furniture	16,975,210	6,770,437
Crockery, cutlery and glassware	17,005,042	19,863,953
Total value of depreciable assets	4,677,655,504	3,886,468,543
In the course of construction		
Capital work-in-progress	18,832,736	4,343,072
Carrying value	4,696,488,240	3,890,811,615

14.1.1 During the financial year, the Group acquired Property, Plant and Equipment to the aggregate value of Rs.350,524,279/- (2024 - Rs.128,925,996/-) including cost incurred on capital work in progress of which Rs. 260,616,547/- (2024 - Rs. 66,440,647/-). Cash payments amounted to Rs.350,524,279/- (2024 - Rs. 128,925,996/-) were made during the year for purchase of Property, Plant and Equipment.

14.2 Company

	Balance as at 01.04.2024 Rs.	Additions Rs.	Revaluations Rs.	Transfers/ disposals Rs.	Balance as at 31.03.2025 Rs.
Gross carrying amounts					
At cost or valuation					
Freehold land	1,971,312,500	-	285,687,500	-	2,257,000,000
Buildings	1,115,735,334	174,480,042	215,653,971	(188,208,447)	1,317,660,900
Swimming pool complex	110,000,000	-	19,446,989	(19,446,989)	110,000,000
Farm structure	5,421,240	-	2,399,249	(2,481,389)	5,339,100
Plant and machinery	207,622,565	37,216,056	-	(15,000)	244,823,621
Motor vehicles	67,052,630	1,548,001	-	-	68,600,631
Furniture and fittings	67,287,586	47,144,322	-	(87,403)	114,344,505
Fixtures	9,886,760	6,751,308	-	-	16,638,067
Office equipment	30,226,790	5,082,303	-	(412,047)	34,897,046
Electrical equipment	39,258,408	39,076,785	-	-	78,335,193
Soft furniture	47,486,669	13,311,748	-	-	60,798,416
Crockery, cutlery and glassware	42,759,312	6,647,475	-	-	49,406,787
Total value of depreciable assets	3,714,049,793	331,258,040	523,187,708	(210,651,274)	4,357,844,267
In the course of construction					
Capital work-in-progress	4,343,072	260,616,547	-	(246,126,883)	18,832,736
Total gross carrying amount	3,718,392,864	591,874,587	523,187,708	(456,778,157)	4,376,677,002

Depreciation	Balance as at 01.04.2024 Rs.	Charge for the year Rs.	Revaluations Rs.	Transfers/ disposals Rs.	Balance as at 31.03.2025 Rs.
At cost or valuation					
Building	121,968,755	66,239,692		(188,208,447)	-
Swimming pool complex	12,964,524	6,482,465	-	(19,446,989)	-
Farm structure	1,654,249	827,139	-	(2,481,389)	-
Plant and machinery	147,894,423	19,802,514	-	(8,625)	167,688,312
Motor vehicles	59,878,356	3,161,089	-	-	63,039,445
Furniture and fittings	46,228,496	9,080,248	-	(33,506)	55,275,237
Fixtures	4,233,908	772,521	-	-	5,006,429
Office equipment	17,979,958	2,540,655	-	(359,517)	20,161,096
Electrical equipment	22,002,373	4,772,663	-	-	26,775,036
Soft furniture	40,716,230	3,106,973	-	-	43,823,203
Crockery, cutlery and glassware	22,562,960	10,090,863	-	-	32,653,822
Total depreciation	498,084,231	126,876,822	-	(210,538,473)	414,422,581
Net book value				2025	2024
At cost or valuation				Rs.	Rs.
Freehold land				2,257,000,000	1,971,312,500
Buildings				1,317,660,900	993,766,579
Swimming pool				110,000,000	97,035,476
Farm structure				5,339,100	3,766,991
Plant and machinery				77,135,309	59,728,141
Motor vehicles				5,561,186	7,174,275
Furniture and fittings				59,069,268	21,059,090
Fixtures				11,631,638	5,652,852
Office equipment				14,735,950	12,246,832
Electrical equipment				51,560,157	17,256,036
Soft furniture				16,975,213	6,770,438
Crockery, cutlery and glassware				16,752,965	20,196,352
				3,943,421,686	3,215,965,562
In the course of construction					
Capital work-in-progress				18,832,736	4,343,072
Carrying value				3,962,254,422	3,220,308,634

14.2.1 During the financial year, the company acquired property, plant and equipment to the aggregate value of Rs 345,747,704/- (2024 - Rs 126,756,322/-) including cost incurred on capital work in progress of which Rs. 260,616,547/- (2024 - Rs. 66,440,647/-). Cash payments amounted to Rs. 345,747,704/- (2024 - Rs. 126,756,322/-) were made during the year for purchase of property, plant and equipment.

Notes to the Financial Statements contd.

Year ended 31 March 2025

14.3 Revaluation of freehold land and buildings including swimming pool and farm structure

Freehold land and buildings including swimming pool and farm structure of the Group were revalued by Mr. E.G. Jayatissa, a professional valuer considering the existing use as the highest and best use and considering the nature, location and condition of the properties. Effective date of the valuations of the Company and subsidiary was 31 March 2025. Note 2.4 (c) to the financial statements describes the valuation process of the Group.

Set out below is a comparison of the carrying amounts and fair value of the Group's land and buildings as at the reporting date.

	Carrying Value	Fair Value
Company		
Land	2,257,000,000	2,257,000,000
Buildings, swimming pool and farm structure	1,433,000,000	1,433,000,000

	Carrying Value	Fair Value
Group		
Land	2,467,300,000	2,467,300,000
Buildings, swimming pool and farm structure	1,926,570,000	1,926,570,000

Valuation technique, inputs and relationship with fair value

The fair value measurement for the freehold land and buildings of the Group has been categorized as a Level 3 fair value measurement based on the inputs to the valuation technique used in market comparable method.

Significant unobservable valuation input:	Range
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The Nuwara Eliya Hotels Co. PLC

Nature of the property - 4 star Tourist hotel

Location - Nuwara Eliya

Price per perch

Rs. 40,000/- - Rs.1,500,000/-

Price per sq.ft

Rs. 1,300/- - Rs.20,000/-

Fair View Hotel (Pvt) Ltd

Nature of the property - Tourist boutique hotel

Location - Colombo 06

Price per perch

Rs. 12,000,000/-

Price per sq.ft

Rs.20,000/-

Significant increases/(decreases) in estimated price per square meter and price per perch in isolation would result in a significantly higher/ (lower) fair value on a linear basis.

The carrying amount of revalued assets that would have been included in the financial statements, had the assets been carried at cost less accumulated depreciation is as follows:

	2025			2024		
	Cost Rs.	Accumulated Depreciation Rs.	Carrying value Rs.	Cost Rs.	Accumulated Depreciation Rs.	Carrying value Rs.
Group						
Freehold land	66,563,275	-	66,563,275	66,563,275	-	66,563,275
Buildings	954,430,072	159,911,658	794,518,414	779,950,030	85,713,299	694,236,731
Total	1,020,993,347	159,911,658	861,081,689	846,513,305	85,713,299	760,800,006
Company						
Freehold land	773,000	-	773,000	773,000	-	773,000
Buildings	534,545,348	96,534,510	438,010,838	360,065,306	26,620,685	333,444,620
Total	535,318,348	96,534,510	438,783,838	360,838,306	26,620,685	334,217,620

15 RIGHT OF USE ASSETS

	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Leasehold lands	4,000,000	5,200,000	-	-
	4,000,000	5,200,000	-	-

15.1 Nature of the leasehold properties and cash outflows

	Purpose	Lease Term
Leasehold lands	Staff Quarters	2023-2028

15.2 Set out below are the carrying amounts of right-of-use assets recognized and the movements during the year

	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
As at 1 April	5,200,000	335,000	-	-
Additions	-	6,000,000	-	-
Depreciation expenses	(1,200,000)	(1,135,000)	-	-
As at 31 March	4,000,000	5,200,000	-	-

15.3 The following are the amounts recognized in profit or loss in respect of ROU assets and related lease liabilities:

Depreciation expense of right-of-use assets	1,200,000	1,135,000	-	-
Total amount recognized in profit or loss	1,200,000	1,135,000	-	-

15.4 Future lease commitments

Lease payments related to the leasehold land has been fully paid as at the date of transition and there is no future commitments on the same.

16 INTANGIBLE ASSETS

	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Cost				
Opening balance	35,596,669	22,765,577	33,902,706	21,071,614
Additions	608,143	12,831,092	608,143	12,831,092
Closing balance	36,204,812	35,596,669	34,510,849	33,902,706
Accumulated amortization				
Opening balance	14,506,261	11,924,741	13,068,294	10,656,166
Amortizations	3,067,863	2,581,520	2,898,469	2,412,128
Closing balance	17,574,124	14,506,261	15,966,763	13,068,294
Carrying Value	18,630,688	21,090,408	18,544,086	20,834,412

16.1 The cost incurred on purchase of computerized accounting software and Opera & Symphony System have been recognized as intangible assets and amortized over a period of 10 years on a straight-line basis.

Notes to the Financial Statements contd.

Year ended 31 March 2025

17 BIOLOGICAL ASSETS

	Group/Company	
	2025 Rs.	2024 Rs.
Carrying value at the beginning of the year	4,660,464	2,964,165
Additions during the year	122,754	112,541
Decrease due to sales	(5,314,486)	(3,243,454)
Gain from changes in weight and value	2,515,698	4,827,212
At the end of the year	1,984,430	4,660,464

Biological assets comprise of piggery and cattle stock, which have been valued at the reporting date by an independent, consultant veterinary surgeon, based on the circular issued by the National Livestock Development Board (NLDB).

Following variables are significant in determining the fair value of the above live stocks:

- a - Weight c - Age
b - Pregnancy d - Rates as per 06/2023 NLDB Circular

17.1 Fair Value Hierarchy

The Fair Value measurements of Live stock have been categorized as level 3 fair values based on observable market sales data.

Valuation techniques and significant unobservable inputs

Type	Valuation technique
Livestock comprises cattle and pigs characterized as commercial breeders	Market comparison technique: The fair values are based on the market price of livestock of similar age, weight and market value.

Sensitivity analysis

Significant increases/(decreases) in estimated price per 1Kg of live weight in isolation would result in a significantly higher/ (lower) fair value on a linear basis.

18 INVESTMENT IN SUBSIDIARIES

	Company	
	2025 Rs.	2024 Rs.
Fair View Hotel (Private) Limited	444,996,000	444,996,000
	444,996,000	444,996,000
18.1 Investment in subsidiary- Fair View Hotel (Private) Limited		
Number of shares	44,499,600	44,499,600
Holding %	74%	74%
Cost of the investment Rs.	444,996,000	444,996,000

Based on the Management's assessment which considered the net assets of the subsidiary, other indications and current operations, the above investment in subsidiary is not impaired as at the reporting date.

18.2 Non-controlling interest (NCI) in subsidiary

Financial information of the Fair View Hotel (Private) Ltd that have material non-controlling interests is provided below.

	2025	2024
NCI percentage (%)	26%	26%

18.2.1 Summarized statement of profit or loss and other comprehensive income

	2025 Rs.	2024 Rs.
Revenue	172,781,583	166,518,941
Cost of sales	(24,696,939)	(26,535,207)
Gross profit	148,084,644	139,983,734
Other income	335,357	48,939
Operating expenses	(118,670,142)	(122,009,152)
Finance income	21,659,883	32,937,338
Finance costs	(113,191)	(391,841)
Profit before tax	51,296,551	50,569,018
Income tax expense	(16,916,092)	(50,226,945)
Profit for the year	34,380,459	342,073
Other comprehensive income/ (loss)	56,319,725	(21,641,306)
Total comprehensive income/ (loss)	90,700,185	(21,299,233)
Profit attributable to NCI	8,881,848	88,371

18.2.2 Summarized statement of financial position

Non-current assets	738,320,419	675,958,976
Current assets	291,769,192	241,967,099
Total assets	1,030,089,611	917,926,075
Non-current liabilities	145,925,345	120,504,735
Current liabilities	21,115,625	21,551,216
Equity	863,048,640	775,870,124
Total equity and liabilities	1,030,089,611	917,926,075
Total equity attributable to:		
Equity holders of parent	640,324,816	576,577,784
Non-controlling interest	222,723,825	199,292,339
	863,048,640	775,870,124

Notes to the Financial Statements contd.

Year ended 31 March 2025

18.2.3 Summarized cash flow information

	2025 Rs.	2024 Rs.
Cash flows from operating activities	28,984,466	24,896,046
Cash flows used in investing activities	(39,150,718)	(5,193,176)
Cash flows used in finance activities	-	(12,798,800)
Net increase/ (decrease) in cash and cash equivalents	(10,166,251)	6,904,071

19 OTHER FINANCIAL ASSETS

		Group		Company	
		2025	2024	2025	2024
Financial assets at fair value through OCI		Rs.	Rs.	Rs.	Rs.
Listed equity investments	(Note 19.1)	380,970,268	335,887,668	380,970,268	335,887,668
Equity instruments designated at fair value through profit or loss					
Listed equity investments	(Note 19.2)	58,322,657	41,907,686	58,322,657	41,907,686
Total financial assets at fair value		439,292,925	377,795,354	439,292,925	377,795,354
Debt instruments at amortized cost					
Trade and other receivables	(Note 21)	213,881,442	154,086,963	209,999,422	150,855,786
Investments in fixed deposits	(Note 19.3)	2,674,477,670	2,266,687,634	2,410,412,686	2,059,528,640
Total financial assets at amortized cost		2,888,359,112	2,420,774,597	2,620,412,108	2,210,384,426
Total financial assets		3,327,652,037	2,798,569,950	3,059,705,033	2,588,179,780
Total non-current financial assets		380,970,268	335,887,668	380,970,268	335,887,668
Total other current financial assets		2,732,800,327	2,308,595,319	2,468,735,343	2,101,436,326

Equity instruments designated at fair value through OCI and Financial assets at fair value through profit or loss

This include investments in equity shares of listed companies. The Group holds non-controlling interests in these companies. These to be strategic in nature investments were irrevocably designated at fair value through OCI as the Group considers these investments. The fair value of these investments is determined by reference to published price quotations in the Colombo stock exchange as at 31 March 2025. Note 13.1 provides further details of comparison of carrying values and fair values of equity investments.

19.1 Financial assets at fair value through OCI

	Group/ Company	
	2025 Rs.	2024 Rs.
Investment in quoted shares	380,970,268	335,887,668
	380,970,268	335,887,668

19.1.1 Investment in quoted shares

	No. of Shares		2025		2024	
	2025	2024	Cost	Market Value	Cost	Market Value
			Rs.	Rs.	Rs.	Rs.
Group/Company						
Royal Palm Beach Hotels PLC	2,750,000	2,750,000	28,895,047	90,750,000	28,895,047	82,500,000
John Keells Holding PLC	14,367,340	1,306,122	262,367,917	290,220,268	241,469,995	253,387,668
			291,262,964	380,970,268	270,365,042	335,887,668
Fair value adjustment of investments			89,707,304	-	65,522,626	-
Carrying value of investments in quoted equity securities			380,970,268	380,970,268	335,887,668	335,887,668

19.2 Equity instruments designated at fair value through profit or loss

Investment in quoted shares	2025		2024	
	No. of shares	Fair value Rs.	No. of shares	Fair value Rs.
Group/Company				
The Light House Hotel PLC	520,123	30,219,142	520,123	19,712,662
Overseas Realty (Ceylon) PLC	750,750	17,792,775	750,750	12,762,750
John Keells Hotels PLC	500,000	10,100,000	500,000	9,300,000
Ceylon Investment PLC	1,719	123,080	1,719	81,309
Ceylon Guardian Investment Trust PLC	572	87,659	572	50,965
		58,322,657		41,907,686

19.3 Investments in fixed deposits

This includes the fixed deposits placed with Mercantile Investment and Finance PLC, Bank of Ceylon, LB Finance, Sampath Bank PLC and Hatton National Bank PLC. All of these deposits mature within 12 months.

	Credit Rating	2025		Company	
		Rs.	Rs.	2025 Rs.	2024 Rs.
Mercantile Investment and Finance PLC	BBB-	1,887,764,367	1,760,611,990	1,656,933,378	1,560,067,980
Bank of Ceylon	A	188,048,356	172,923,102	188,048,356	172,923,102
LB Finance PLC	BBB+	155,905,286	140,885,753	155,905,286	140,885,753
Sampath Bank PLC	A	301,435,386	122,949,677	282,627,028	122,949,677
Hatton National Bank PLC	A	141,324,276	71,023,111	126,898,638	64,408,127
		2,674,477,670	2,268,393,633	2,410,412,686	2,061,234,639
Provision for impairment		-	(1,705,999)	-	(1,705,999)
(Note 19.4)		2,674,477,670	2,266,687,634	2,410,412,686	2,059,528,640

19.4 Provision for impairment - fixed deposits

Balance as at the beginning of period	2,226,398	1,705,999	2,226,398
Changes in impairment for the period	(520,399)	(1,705,999)	(520,399)
Balance as at end of the period	1,705,999	-	1,705,999

The impairment provision of Rs. 1,705,999/- which was recognised in prior periods, has been fully reversed during the current financial year considering the improvement of credit ratings of the financial institutions and positive economic indicators.

Notes to the Financial Statements contd.

Year ended 31 March 2025

20 INVENTORIES

	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Food and beverages	30,542,897	35,438,526	29,375,137	34,185,458
Consumables, books and general	26,804,589	28,446,952	21,852,664	23,642,281
Grand boutique	2,823,792	2,524,841	2,823,792	2,524,841
	<u>60,171,278</u>	<u>66,410,319</u>	<u>54,051,593</u>	<u>60,352,580</u>

21 TRADE AND OTHER RECEIVABLES

Trade receivables		193,604,693	127,118,955	192,475,899	126,884,163
Other receivables		21,117,259	26,819,631	18,364,033	23,823,246
Amounts due from related parties	(Note 21.1)	49,328	292,879	49,328	292,879
		<u>214,771,280</u>	<u>154,231,465</u>	<u>210,889,260</u>	<u>151,000,288</u>
Allowance for expected credit losses	(Note 21.2)	(889,838)	(144,502)	(889,838)	(144,502)
		<u>213,881,442</u>	<u>154,086,963</u>	<u>209,999,422</u>	<u>150,855,786</u>

21.1 Amounts Due From Related Companies

Entity	Relationship	Group		Company	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
	Other related company				
Mercantile Fortunes (Private) Ltd		49,328	292,879	49,328	292,879
		<u>49,328</u>	<u>292,879</u>	<u>49,328</u>	<u>292,879</u>

21.2 Allowance for expected credit losses

Balance as at the beginning of period	(144,502)	(15,274)	(144,502)	(15,274)
Changes in impairment for the period	(745,336)	(129,228)	(745,336)	(129,228)
Balance as at end of the period	<u>(889,838)</u>	<u>(144,502)</u>	<u>(889,838)</u>	<u>(144,502)</u>

Management has carried out an impairment provision based on the simplified approach of ECL method. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Management considered 100% ECL for debtors aged more than 150 days in determining the provision matrix for ECL.

Trade and other receivables are non-interest bearing and generally on terms of 30 to 90 days credit.

As at 31 March, the ageing analysis of trade receivables is, as follows

	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Neither past due nor impaired	122,169,182	84,119,733	122,169,182	83,884,941
Past due but not impaired				
31-60 days	61,096,420	20,901,014	59,967,626	20,901,014
61-90 days	9,435,420	17,904,622	9,435,420	17,904,622
> 90 days	903,671	4,193,586	903,671	4,193,586
Gross carrying value	<u>193,604,693</u>	<u>127,118,955</u>	<u>192,475,899</u>	<u>126,884,163</u>
Provision for impairment	<u>(889,838)</u>	<u>(144,502)</u>	<u>(889,838)</u>	<u>(144,502)</u>
Total	<u>192,714,855</u>	<u>126,974,453</u>	<u>191,586,061</u>	<u>126,739,661</u>

22 CASH AND CASH EQUIVALENTS

	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Favorable cash & bank balances				
Cash in hand	1,239,900	1,795,724	1,029,900	1,485,724
Cash at bank	105,205,952	77,569,932	88,994,991	54,652,195
	106,445,852	79,365,656	90,024,891	56,137,919
Unfavorable cash and bank balances				
Bank Overdraft	(15,166,151)	(24,560,483)	(11,806,674)	(24,560,483)
Total cash and cash equivalents for the purpose of cash flow statement	91,279,701	54,805,173	78,218,217	31,577,436

The identified impairment loss on Cash and cash equivalents was immaterial.

Bank overdrafts

Interest rate is AWPLR + 2.5 Per annum.

At 31 March 2025, the Group had available Rs. 66,800,000/- (2024: 66,800,000/-) of undrawn bank overdraft/borrowing facilities.

23 STATED CAPITAL

		Group		Company	
		Number of shares		2025 Rs.	2024 Rs.
		2025	2024		
Ordinary shares		2,186,040	2,186,040	335,093,740	335,151,740
7% Participating cumulative preference shares	(Note 23.1)	5,800	5,800	58,000	58,000
		2,191,840	2,191,840	335,151,740	335,209,740

23.1 7% Cumulative participating preference shares

The cumulative participating preference shares are entitled to a cumulative dividend of 7% per annum on the amount of each such preference share prior to the payment of any dividend to ordinary share holders and ordinary shareholders shall have received a dividend for a likely amount from any balance remaining over for division, then the shareholders of such preference shares shall be entitled to join with the ordinary share holders pari pasu in the division of any then remaining balance.

Notes to the Financial Statements contd.

Year ended 31 March 2025

24 REVALUATION RESERVE

Nature and purpose of the reserve

Revaluation reserve is used to record increments and decrements on the revaluation of lands and buildings of the Group. In the event of a sale or disposal of an asset, any balance in the reserve in relation to the asset is transferred to retained earnings. Refer accounting policy note 2.4 (i) for details.

	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Opening balance	1,858,196,581	1,919,046,450	1,730,427,714	1,775,422,555
Transferred to retained earnings (additional depreciation on revaluation)	(44,994,841)	(44,994,841)	(44,994,841)	(44,994,841)
Revaluation of lands and buildings	593,592,325	-	523,187,708	-
Income tax effect on revaluation of land and buildings	(171,037,236)	(15,855,029)	(156,956,312)	-
Transfers to non controlling interests*	(14,550,663)	-	-	-
	<u>2,221,206,166</u>	<u>1,858,196,581</u>	<u>2,051,664,269</u>	<u>1,730,427,714</u>

*Effective portion of the Revaluation reserve of subsidiary attributable to non controlling stake has transferred to non-controlling interest.

25 FAIR VALUE RESERVE OF FINANCIAL ASSETS AT FVOCI

Nature and purpose of the reserve

Changes in the fair value arising on translation of quoted equity investments that are classified as financial assets at fair value through OCI, are recognized in other comprehensive income and accumulated in a separate reserve within equity. This amount can not be reclassified to profit or loss when the associated assets are sold. Refer accounting policy note 2.4 (m) for details.

	Group/Company FVTOCI Reserve	
	2025 Rs.	2024 Rs.
As at 1st April	65,522,624	(15,182,964)
Change in fair value	24,184,680	80,705,588
As at 31st March	<u>89,707,304</u>	<u>65,522,624</u>

Refer Note 19.1.1 for further details of the FVOCI financial assets.

26 OTHER FINANCIAL LIABILITIES

26.1 Interest Bearing Loans and Borrowings - Group

		2025 Amount Repayable Within 1 Year Rs.	2025 Amount Repayable After 1 Year Rs.	2025 Total Rs.	2024 Amount Repayable Within 1 Year Rs.	2024 Amount Repayable After 1 Year Rs.	2024 Total Rs.
Bank Overdrafts	(Note 22)	15,166,151	-	15,166,151	24,560,483	-	24,560,483
		<u>15,166,151</u>	<u>-</u>	<u>15,166,151</u>	<u>24,560,483</u>	<u>-</u>	<u>24,560,483</u>

26.2 Interest Bearing Loans and Borrowings - Company

		2025 Amount Repayable Within 1 Year Rs.	2025 Amount Repayable After 1 Year Rs.	2025 Total Rs.	2024 Amount Repayable Within 1 Year Rs.	2024 Amount Repayable After 1 Year Rs.	2024 Total Rs.
Bank Overdrafts	(Note 22)	11,806,674	-	11,806,674	24,560,483	-	24,560,483
		11,806,674	-	11,806,674	24,560,483	-	24,560,483

	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
26.3 Bank Loans				
<i>Commercial Bank of Ceylon PLC - Working capital loans</i>				
As at 01 April	-	28,796,799	-	15,997,999
Interest accrued	-	623,542	-	346,381
Gross payments	-	(29,420,341)	-	(16,344,380)
Closing balance	-	-	-	-

Commercial Bank of Ceylon PLC - Working capital loan under "Saubhagya Covid 19 Renaissance Facility"

The Group has obtained term loan facility under the Saubhagya Covid 19 Renaissance Facility Phase II proposed by the Government. An amount of Rs. 45 Million was granted under this facility.

Terms and Conditions

Purpose - Working Capital Requirements

Repayment Period - 42 Months (Including 24 Months grace period)

Rate of Interest- 4% per annum (Fixed Rate)

Security- The Group has not pledged any properties as securities for these loans

27 DEFERRED TAX LIABILITY

	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Opening balance	977,291,862	887,337,887	860,287,095	832,124,900
Charge/ (reversal) through statement of profit or loss	(2,654,806)	71,155,938	(13,246,538)	30,676,030
Income tax effect on actuarial gain/(loss) through OCI	(1,966,892)	(2,579,722)	(1,965,899)	(2,513,835)
Income tax effect on revaluation of land and buildings	171,037,236	21,377,759	156,956,312	-
Closing balance	1,143,707,399	977,291,862	1,002,030,969	860,287,095

The deferred tax (asset)/liability on each temporary difference which were recognized in the financial statements are disclosed below.

Notes to the Financial Statements contd.

Year ended 31 March 2025

27.1 Deferred tax - Group

	Statement of financial position		Statement of profit or loss	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Deferred tax liability				
Capital allowances for tax purpose	228,850,919	229,469,886	(618,967)	28,056,863
Deferred tax effect on revaluation of buildings	226,985,715	148,654,729	-	-
Deferred tax effect on revaluation of land	705,770,046	613,063,796	-	-
	<u>1,161,606,680</u>	<u>991,188,411</u>	<u>(618,967)</u>	<u>28,056,863</u>
Deferred tax assets				
Retirement benefit obligation - recognized through statement of profit or loss	(12,708,306)	(10,918,211)	(1,790,095)	(2,426,685)
Retirement benefit obligation - recognized through other comprehensive Income	(4,901,881)	(2,934,989)	-	-
Deferred tax effect on impairment provisions	(266,951)	(43,351)	(223,601)	(38,768)
Deferred tax effect on unutilized taxable losses	(22,144)	-	(22,144)	45,564,527
	<u>(17,899,282)</u>	<u>(13,896,551)</u>	<u>(2,035,839)</u>	<u>43,099,074</u>
Deferred taxation charge			(2,654,806)	71,155,938
Net deferred tax liability	<u>1,143,707,398</u>	<u>977,291,860</u>	<u>-</u>	

27.2 Deferred Tax - Company

	Statement of financial position		Statement of profit or loss	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Deferred tax liability				
Capital allowances for tax purpose	143,139,003	154,499,329	(11,360,326)	(12,733,626)
Deferred tax effect on revaluation of buildings	199,051,220	127,801,157	-	-
Deferred tax effect on revaluation of land	676,868,100	591,161,850	-	-
	<u>1,019,058,323</u>	<u>873,462,337</u>	<u>(11,360,326)</u>	<u>(12,733,626)</u>
Deferred tax assets				
Retirement benefit obligation - recognized through statement of profit or loss	(11,927,582)	(10,264,971)	(1,662,611)	(2,116,102)
Retirement benefit obligation - recognized through other comprehensive income	(4,832,821)	(2,866,922)	-	-
Deferred tax effect on impairment provisions	(266,951)	(43,351)	(223,601)	(38,768)
Deferred tax effect on unutilized taxable losses	-	-	-	45,564,527
	<u>1,002,030,970</u>	<u>860,287,095</u>	<u>(1,886,212)</u>	<u>43,409,656</u>
Deferred taxation charge			(13,246,538)	30,676,030
Net deferred tax liability	<u>1,002,030,970</u>	<u>860,287,095</u>	<u>-</u>	

28 RETIREMENT BENEFIT OBLIGATIONS

	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Opening balance	47,379,515	31,788,243	43,772,974	28,339,849
Interest cost	5,685,542	6,215,950	5,252,757	5,526,271
Current service cost	6,048,571	4,882,738	5,349,340	4,323,266
Actuarial loss/ (gain)	6,557,959	8,708,884	6,552,998	8,379,450
Payments during the year	(5,554,659)	(4,216,300)	(5,060,059)	(2,795,862)
Closing balance	60,116,928	47,379,515	55,868,010	43,772,974

28.1 Following amount are recognized in profit or loss and other comprehensive income during the year in respect of the retirement benefit obligation.

Amount recognized in profit or loss

Interest cost	5,685,542	6,215,950	5,252,757	5,526,271
Current service cost	6,048,571	4,882,738	5,349,340	4,323,266
	11,734,113	11,098,688	10,602,097	9,849,537

Amount recognized in other comprehensive income/(loss)

Actuarial loss/(gain) for the year	6,557,959	8,708,884	6,552,998	8,379,450
	6,557,959	8,708,884	6,552,998	8,379,450

The retirement benefit obligation of the Group is based on the actuarial valuation carried out by Actuarial & Management Consultants (Private) Limited; an independent professional actuarial valuer. The projected unit credit method is used to determine the present value of the defined benefit obligation and the current service cost. Actuarial gain/(loss) is related to the changes in financial assumptions compared to the previous year. There is no material changes in demographic assumptions compared to the previous year.

The key assumption used in determining above were as follows;

		2025	2024
(1) Rate of discount		10%	12%
(2) Salary increment		10%	10%
(3) Staff turnover rates	Age	Rates	
	18-34	0.37	0.42
	35-45	0.25	0.27
	>45	0.12	0.12
(4) Staff retirement age		60 Years	60 Years

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Year ended 31 March 2025

28.2 A quantitative sensitivity analysis for significant assumptions as at 31st March 2025 and 2024 are shown below:

Group	Expected future salaries		Discount rate	
	1% increase	1% decrease	1% increase	1% decrease
2025				
Change in present value of defined benefit obligation	2,995,349	(2,799,067)	(2,632,279)	2,864,193
2024				
Change in present value of defined benefit obligation	2,194,083	(2,057,125)	(1,835,599)	1,988,048
Company				
2025				
Change in present value of defined benefit obligation	2,907,966	(2,716,119)	(2,537,250)	2,762,735
2024				
Change in present value of defined benefit obligation	2,068,943	(1,939,052)	(1,732,931)	1,877,355

28.3 The expected maturity analysis of defined benefit obligation as at 31st March 2025 and 31st March 2024 are as follows:

	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Less the 1 year	10,132,212	11,176,235	10,132,212	11,176,235
Between 1-5 years	31,300,218	20,863,869	27,051,301	17,257,328
Over 5 years	18,684,498	15,339,411	18,684,498	15,339,411
	60,116,928	47,379,515	55,868,010	43,772,974
The average duration of the defined benefit plan obligation at the end of the year			5 Years	4.6 Years

29 TRADE AND OTHER PAYABLES

Trade payables	89,972,065	92,136,041	84,613,245	84,971,267
Amounts due to related companies	2,469,434	3,530,008	2,149,679	3,280,198
Accrued expenses	136,759,019	166,695,703	126,264,326	153,853,577
	229,200,518	262,361,752	213,027,250	242,105,042

Terms and conditions of the above financial liabilities:

- Trade payables and accrued expenses are non-interest bearing and are normally settled on 60-120 day terms
- For terms and conditions with related parties, refer to Note 31.1

For explanations on the Group's liquidity risk management processes, refer to Note 34

29.1 Amounts Due To Related Companies

Nilaveli Beach Hotel (Pvt) Ltd	21,850	21,850	-	-
Tangerine Beach Hotels PLC	1,361	71,756	1,361	71,756
Royal Palm Beach Hotels PLC	44,442	107,154	44,442	107,154
Tangerine Tours (Pvt) Ltd	312,721	168,152	312,721	191,972
Mercantile Investments & Finance PLC	-	1,286,856	-	1,290,196
Security Ceylon (Pvt) Ltd	2,089,060	1,874,240	1,791,155	1,619,120
	2,469,434	3,530,008	2,149,679	3,280,198

30 CONTRACT LIABILITIES

	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Advance received for future bookings	32,680,941	41,236,251	32,234,863	40,731,949
	32,680,941	41,236,251	32,234,863	40,731,949
Opening balance	41,236,251	22,090,971	40,731,949	20,430,712
Advance received during the year	85,734,697	99,280,062	50,716,709	99,280,062
Setoff against the receivables	(94,290,007)	(80,134,782)	(59,213,796)	(78,978,825)
Closing balance	32,680,941	41,236,251	32,234,863	40,731,949

Notes to the Financial Statements contd.

Year ended 31 March 2025

31 RELATED PARTY DISCLOSURES

31.1 Transactions with related parties

Name of the related party	Relationship	Nature of transactions	Terms of transactions	Transaction Value		Aggregate Value of the PT as a % of the Net Revenue/Income		Balance as at 31 March	
				2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
a. Transactions with Subsidiaries - Recurring transactions									
Fair View Hotel (Private) Ltd	Subsidiary	Salaries to Staff		(1,581,200)	-	0.07%	-	-	-
		Audit Committee Refreshments		(28,395)		0.00%			
		Settlements		1,609,595					
b. Transactions with other related companies - Recurring transactions									
Security Ceylon (Private) Ltd	Other related company	Security services	As per agreement	(21,222,131)	(19,534,446)	0.97%	(1,791,155)	(1,619,120)	
		Security staff meals	Cost + Margin	3,013,875	3,147,804	0.14%			
		Settlements		18,036,222	15,699,059				
		Dividend paid		-	(2,068,749)	0.00%			
Tangerine Beach Hotels PLC	Other related company	Salaries to staff	Reimbursement of Cost	(703,739)	(560,871)	0.03%	(1,361)	(71,756)	
		Settlements		774,134	522,584				
Tangerine Tours (Private) Ltd	Other related company	Salaries to staff	Reimbursement of Cost	(4,988,980)	(5,119,583)	0.23%	(312,721)	(191,972)	
		Settlements		4,868,231	5,887,946				
		Revenue from operations	As per agreement	17,256,879	15,175,751	0.79%			
		Dividend paid		-	(4,682,519)	0.00%			
Mercantile Investments & Finance PLC	Other related company	Repairs & services to fleet vehicles	Market Terms	(6,663,964)	(6,107,131)	0.31%	-	(1,290,196)	
		Rent	Market Terms	(2,341,250)	(2,974,578)	0.11%			
		Salaries to Staff	Reimbursement of Cost	(188,427)	(785,002)	0.01%			
		Business Promotion	Reimbursement of Cost	-	(1,892,934)	0.00%			
		Electricity	Reimbursement of Cost	-	(203,642)	0.00%			
		Settlements		10,483,837	10,916,215				
		Fixed deposit made	Market terms	(326,186,364)	(585,801,742)	14.94%	1,656,933,378	1,560,067,980	
		Upliftment of fixed deposit	Market terms	247,164,865	41,890,262	11.32%			
		Interest income	Market terms	155,612,178	219,568,990	7.13%			
		Dividend paid		-	(17,031,178)	0.00%			
Royal Palms Beach Hotels PLC	Other related company	Salaries to staff	Reimbursement of Cost	(5,080,554)	(5,449,107)	0.23%	(44,442)	(107,154)	
		Settlements		5,143,266	5,686,205				
Mercantile Fortunes (Private) Ltd	Other related company	Payment for flooring	Market Terms	(3,663,531)	(377,366)	0.17%	49,328	292,879	
		Settlements		3,419,980	670,246				
		Dividend paid		-	(22,317)	0.00%			
Nilaveli Beach Hotels (Private) Ltd	Other related company	Dividend paid		-	(13,820,023)	0.00%	-	-	

Figures in brackets indicates payables
There were no non-recurring related party transactions during the year and all related party transactions have been conducted on an agreed commercial terms with respective parties.

31.2 Transactions with key management personnel

Key management personnel include members of the board of directors of the company. Following transactions have been entered in to with the key management personnel.

	2025 Rs.	2024 Rs.
Short-term employee benefits	7,308,400	6,970,084
	<u>7,308,400</u>	<u>6,970,084</u>

32 EVENTS OCCURRING AFTER THE REPORTING DATE

There have been no other material events occurring after the reporting date that require adjustment to or disclosure in the financial statements.

33 COMMITMENTS AND CONTINGENCIES

33.1 Lease commitments

The Group has lease contracts for land. Undiscounted future lease payments are disclosed in Note 15.4.

33.2 Contingent Liabilities

The Company has contingent liabilities in respect of legal claims arising in the ordinary course of business. Based on currently available information and legal advice, the Directors believe that the ultimate resolution of these matters is unlikely to result in a material adverse impact on the Company's financial position, results of operations, or liquidity. Accordingly, no provision has been recognized in the financial statements as of 31 March 2025.

As at the reporting date, there were no material contingent liabilities other than those disclosed below:

Name/Institution	Nature	Case No.
Labour Tribunal	Claim for reinstatement, unpaid salary, and compensation	09/NE/08/2025
Labour Tribunal	Claim for unpaid salary, and compensation	09/NE/20/2024

In addition, the Municipal Council has made a claim amounting to 0.6% of the Company's turnover for the issuance of trade licenses for the financial years 2023 and 2024. The Company disputes this claim and legal proceedings are currently ongoing at the Nuwara Eliya magistrate Court.

Although, there can be no assurance, the directors believe, based on the information currently available, that the ultimate resolution of such legal procedures would not likely have a material adverse affect on the results of operations, financial position or liquidity of the company. Accordingly no provision for any liability has been made in the financial statements, nor has any liability been determined by the ongoing legal cases, as at 31 March 2025.

Notes to the Financial Statements contd.

Year ended 31 March 2025

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial assets include trade and other receivables, cash and fixed deposits that arrive directly from its operations. The Group also holds non-current financial assets such as FVOCI financial assets and equity investments designated under fair value through profit or loss. The Group's principal financial liabilities comprise trade and other payables and bank overdrafts. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations.

The Group is exposed to market risk, credit risk and liquidity risk.

The Group's senior management oversees the management of these risks. The Group's senior management is supported by the Audit committee and board that advises on financial risks and the appropriate financial risk governance framework for the Group. The board provides assurance to the Group's senior management that the group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with group policies and Group risk appetite.

The Board of directors reviews and agrees policies for managing each of these risks which are summarized below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include bank overdrafts, debt and equity investments and investments designated under fair value through profit or loss.

The sensitivity analyses in the following sections relate to the position as at 31 March 2025 and 2024.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates is minimal as it relates primarily to the Group's investments in fixed deposits which are not more than 12 months of maturity, bank overdrafts and loan term debt obligation.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when room rates are denominated in a foreign currency).

Foreign currency sensitivity

The following table demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The Group's exposure to foreign currency changes for all other currencies is not material.

	Change in USD rate	Effect on profit/ loss before tax
2025	+ 5%	16,866,644
	- 5%	(16,866,644)
2024	+ 5%	8,522,925
	- 5%	(8,522,925)

Equity price risk

The Group's listed equity investments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

As at the reporting date, the exposure to non-listed equity investments is immaterial.

Group's equity investments are publicly traded and are included in all share price index (ASPI) of Colombo stock exchange (CSE). Changes in fair values of the equity investments held are strongly positively correlated with changes of the market index.

At the reporting date, the Group's exposure to equity securities at fair value was Rs. 439,292,925/- (2024 - Rs. 377,795,354/-). The changes in fair values of the equity investments held are strongly positively correlated with changes of the market prices.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including term deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The maximum exposure to credit risk for trade and other receivables at the reporting date by the type of counter parties are as follows:

	2025 Rs.	2024 Rs.
Trade and other receivables	213,881,442	154,086,963
Other current financial assets	2,732,800,327	2,308,595,319
Non-current financial assets	380,970,268	335,887,668
Cash and short term deposits	106,445,852	79,365,656
	<u>3,434,097,889</u>	<u>2,877,935,606</u>

Trade and other receivables

The maximum exposure to the credit risk of the trade and other receivables in the statement of financial position as at 31 March 2025 and 2024 is the carrying amounts as disclosed in Note 21.

The maximum exposure to credit risk for trade and other receivables at the reporting date by the type of counter parties are as follows:

	2025 Rs.	2024 Rs.
Corporate debtors	193,604,693	127,118,955
	<u>193,604,693</u>	<u>127,118,955</u>

The Group has established policies, procedures and controls to manage the credit risk of Travel Agents of the Group. The Group carefully evaluating travel agents credentials and credit worthiness prior to contracting with them and as at reporting date all of the trade receivables are due from well established local travel agents. There is no Risk exposure to receivables from individuals as at reporting date.

An impairment analysis is performed at each reporting date using a provision matrix (simplified approach) to measure expected credit losses. The Group has received all the dues within agreed credit period in the past without any delays. The management also considered the local and global economic indicators and the results of negotiations and subsequent cash receipts in determining the provision for impairment.

Notes to the Financial Statements contd.

Year ended 31 March 2025

Trade and other receivables

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

31 March 2025	Trade receivables						Total
	Days past due						
	0-30 days	31-60 days	61-90 days	91-120 days	121-150 days	>151 days	
Expected credit loss rate	0.2%	0.6%	2.2%	9.0%	21.0%	45.0%	
Estimated total gross carrying amount at default	122,169,182	59,967,626	9,435,420	711,957	167,623	24,090	192,475,899
Expected credit loss	213,637	358,007	208,051	64,076	35,226	10,841	889,838

31 March 2024	Trade receivables						
	Days past due						Total
	0-30 days	31-60 days	61-90 days	91-120 days	121-150 days	>151 days	
Expected credit loss rate	0.0%	0.0%	0.2%	0.8%	3.7%	45.0%	
Estimated total gross carrying amount at default	83,884,941	20,901,014	17,904,622	2,506,742	1,669,355	17,488	126,884,163
Expected credit loss	7,933	8,241	39,455	19,684	61,320	7,870	144,502

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's senior management in accordance with the Group's policy. Investments of surplus funds generated from hotel operations are made only with approved banks and financial institutions. Deposits are held with banks and financial institutions which are rated BBB- fitch rating or above based on approved rating agencies.

Liquidity risk

Liquidity risk management used to maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. The maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and lease contracts. The Group has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

The table below summarizes exposure to liquidity risk and the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Year ended 31 March 2025	On demand Rs.	Less than 3 months Rs.	3 to 12 months Rs.	1 to 3 years	Total Rs.
Trade and other payables	-	226,731,084	-	-	226,731,084
Amounts due to related companies	-	-	2,469,434	-	2,469,434
Income tax liabilities	-	186,009,097	-	-	186,009,097
Interest bearing loans and borrowings	15,166,151	-	-	-	15,166,151
	<u>15,166,151</u>	<u>412,740,181</u>	<u>2,469,434</u>	<u>-</u>	<u>430,375,766</u>
Year ended 31 March 2024					
Trade and other payables	-	258,831,744	-	-	258,831,744
Amounts due to related companies	-	-	3,530,008	-	3,530,008
Income tax liabilities	-	193,561,660	-	-	193,561,660
Interest bearing loans and borrowings	24,560,483	-	-	-	24,560,483
	<u>24,560,483</u>	<u>452,393,404</u>	<u>3,530,008</u>	<u>-</u>	<u>480,483,895</u>

Capital Management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence to sustain future development of the business. The Group's objectives when managing capital are to;

- (i) Safeguard their ability to continue as a going concern, so that they can continue to provide returns to shareholders and benefits for other stakeholders, and
- (ii) Maintain an optimal capital structure to reduce the cost of capital

Management monitors the return on capital, as well as the level of dividends to ordinary shareholders.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. The Group's policy is to keep the gearing ratio at minimum level. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents.

		2025 Rs.	2024 Rs.
Interest-bearing loans and borrowings other than convertible preference shares	(Note 26)	15,166,151	24,560,483
Trade and other payables	(Note 29)	229,200,518	262,361,752
Less-			
Cash and bank balances	(Note 22)	(106,445,852)	(79,365,656)
Net debt		<u>137,920,817</u>	<u>207,556,579</u>
Equity as shown in the statement of financial position		<u>6,571,907,218</u>	<u>5,366,873,538</u>
Total equity and net debt		<u>6,709,828,035</u>	<u>5,574,430,117</u>
Gearing ratio		2%	4%

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2025 and 2024.

Decade at a Glance

GROUP										
Year ended 31st March	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Trading Results										
Gross Turnover (Rs.' 000)	2,355,665	2,132,294	995,527	645,547	254,955	732,612	1,104,375	1,033,721	1,114,871	1,042,749
Profit / (Loss) before Tax (Rs.' 000)	1,076,084	877,538	146,771	27,940	(143,372)	99,248	357,126	363,692	398,905	350,971
Provision for Tax (Rs.' 000)	(313,200)	(296,231)	72,634	18,212	3,263	(24,171)	(51,903)	(77,275)	(61,186)	(66,127)
Profit / (Loss) after Tax (Rs.' 000)	762,885	581,306	74,137	9,728	(140,109)	75,077	305,223	286,417	337,719	284,844
Preference Dividend (Rs.' 000)	-	(211)	-	-	-	(93)	(174)	(174)	(174)	(174)
Ordinary Dividend (Rs.' 000)	-	(79,790)	-	-	-	(34,977)	(65,581)	(65,581)	(60,116)	(60,116)
Retained Profit / (Loss) (Rs.' 000)	762,885	501,305	74,137	9,728	(140,109)	40,007	239,468	220,662	277,429	224,554
Balance Sheet										
Share Capital (Rs.' 000)	335,210	335,210	335,210	335,210	335,210	335,210	335,210	335,210	80,172	80,172
Reserves (Rs.' 000)	6,013,974	4,832,372	4,274,408	4,580,059	4,216,142	4,305,036	4,327,591	3,364,148	3,583,070	3,318,104
Non Controlling interest (Rs.' 000)	222,724	199,292	204,795	202,732	182,760	191,508	189,534	154,034	149,841	151,944
Shareholders' Funds (Rs.' 000)	6,571,907	5,366,874	4,814,413	5,118,001	4,734,112	4,831,754	4,852,335	3,853,392	3,813,083	3,550,220
Non Current Assets (Rs.' 000)	5,102,074	4,257,650	4,159,135	4,198,965	3,863,049	3,906,484	4,022,109	3,139,772	3,107,602	3,031,602
Current Assets (Rs.' 000)	3,136,715	2,655,614	1,783,544	1,597,860	1,441,512	1,481,070	1,440,563	1,207,264	991,988	794,949
Current Liabilities (Rs.' 000)	(463,057)	(521,720)	(211,183)	(197,940)	(144,634)	(116,292)	(171,515)	(174,866)	(183,718)	(177,143)
Net Current Assets (Rs.' 000)	2,673,658	2,133,894	1,572,361	1,399,920	1,296,878	1,364,778	1,269,049	1,032,398	808,270	617,806
Non Current Liabilities (Rs.' 000)	(1,203,824)	(1,024,671)	(917,083)	(480,884)	(425,815)	(439,508)	(438,823)	(318,778)	(102,789)	(99,188)
Net Assets (Rs.' 000)	6,571,907	5,366,874	4,814,413	5,118,001	4,734,112	4,831,754	4,852,335	3,853,392	3,813,083	3,550,220

Real Estate Portfolio

Company and Location	Buildings (in Sq. Ft.)		No. of Buildings		Land in Acres		Net Book Value	
					Freehold Property		Rs. '000	Rs. '000
	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24
The Nuwara Eliya Hotels Co. PLC								
Nuwara Eliya	195,753	195,346	19	19	19.10	19.10	3,690,000	3,065,881
Fair View Hotel (Pvt) Ltd.								
Wellawatte	23,310	23,310	1	1	0.11	0.11	703,870	641,178
Total	219,063	218,656	20	20	19.21	19.21	4,393,870	3,707,059

Statement of Value Added

Year ended 31st March	2024/25 Rs.' 000	%	2023/24 Rs.' 000	%
Value Added				
Income earned by providing hotel services	2,355,664		2,132,294	
Cost of services	(453,303)		(484,836)	
Value added by hotel services	1,902,361		1,647,458	
Other operating income	20,210		21,948	
Total Value Added	1,922,571	100	1,669,406	100
To Employees				
Salaries, wages & other benefits	428,204	22	372,532	22
To Providers of Capital				
Dividends to shareholders	-	-	80,000	5
To Government as taxes	741,617	39	593,264	36
To Expansion & Growth				
Retained Income	762,885	40	573,988	34
Depreciation	137,455	6	129,622	8
	885,768	43	703,610	40
	2,055,589	104	1,749,406	103
Value added per Revenue (Rs)	0.82		0.78	
Value added per Employment cost (Rs)	4.49		4.48	
Value added per Ordinary Share (Rs)	879.48		763.67	

Shareholders Information

Disrtibutions to shareholders

No. of shares held	As at 31st March 2025				As at 31st March 2024			
	No. of shareholders	%	Shareholding	%	No. of shareholders	%	Shareholding	%
1 - 1,000	659	94.55	44,199	2.02	621	94.38	38,230	1.75
1,001 - 10,000	24	3.44	66,479	3.04	23	3.50	62,870	2.88
10,001 - 100,000	8	1.15	233,112	10.66	8	1.22	242,690	11.10
100,001 - 1,000,000	6	0.86	1,842,250	84.27	6	0.91	1,842,250	84.27
Over 1,000,000	0	-	-	-	-	-	-	-
	697	100	2,186,040	100	658	100	2,186,040	100

Composition of Shareholders

Category	As at 31st March 2025		As at 31st March 2024	
	Shareholding	%	Shareholding	%
Resident	2,144,691	98.11%	2,145,479	98.14%
Non-Resident	41,349	1.89%	40,561	1.86%
Total	2,186,040	100%	2,186,040	100%
Individuals	867,475	39.7%	863,105	39.5%
Corporate	1,318,565	60.3%	1,322,935	60.5%
Total	2,186,040	100.0%	2,186,040	100%

Public Holding

	31-Mar-25	%	31-Mar-24	%
No. of Ordinary shares held	235,316	10.76%	235,316	10.76%

Share Information

	2024/25	Period	2023/24	Period
Highest Price (Rs.)	2,399.00	Q/E December 2024	1,998.75	Q/E March 2024
Lowest Price (Rs.)	1,650.00	Q/E June 2024	1,250.00	Q/E June 2023
As at period end (Rs.)	2,185.75	31-Mar-25	1,725.75	31-Mar-24

Trading Statistics

	2024/25	2023/24
No. Transactions	1,205	546
No. of shares traded	29,529	9,766
Share Turnover (Rs.)	58,660,447	15,814,499
Market Capitalisation (Rs.)	4,778,136,924	3,772,558,530
Average daily turnover (Rs.)		
Float adjusted market capitalization (Rs.)	514,127,533	405,927,298

Shareholders Information contd.

The Company complies with the Minimum Public Holding requirement under “Diri Savi Board”.

Ratios (company)	2024/25	2023/24
Earnings per Share (Rs.)	333.25	265.66
Price Earnings Ratio (Times)	6.56	6.49
Net Assets per share as at 31st March (Rs.)	2,815.07	2,305.00
Dividend per share (Rs.)	-	36.50
Dividend yield (%)	-	2.12%

Directors' Shareholding

	As at 31st March 2025		As at 31st March 2024	
	Shareholding	%	Shareholding	%
Mr. J H P Ratnayake	327	0.0%	327	0.0%
Mr. G G Ondaatjie	238,088	10.9%	238,088	10.9%
Ms. A M Ondaatjie	219,737	10.1%	219,737	10.1%
Mr. T J Ondaatjie	219,737	10.1%	219,737	10.1%
Mr. M K K K B Galagoda	-	0.0%	-	0.0%
Mr. S K Abeyesundara	-	0.0%	-	0.0%
Mr. G H R Fernando	-	0.0%	-	0.0%
Mr. S M S S Bandara	-	0.0%	-	0.0%
Ms. H M S Herath	-	0.0%	-	0.0%
Mr. A M Iddamalagoda	-	0.0%	-	0.0%
	677,889	31.0%	677,889	31.0%

Twenty Largest Shareholding

	As at 31st March 2025	
	Shareholding	%
Mercantile Investments and Finance PLC	571,068	26.1%
Nilaveli Beach Hotels (Pvt) Ltd	443,390	20.3%
G G Ondaatjie	238,088	10.9%
A M Ondaatjie	219,737	10.1%
T J Ondaatjie	219,737	10.1%
Tangerine Tours (Pvt) Ltd	150,230	6.9%
Security Ceylon (Pvt) Ltd	66,372	3.0%
Mercantile Fortunes (Pvt) Ltd	40,816	1.9%
D Grimshaw	27,797	1.3%
C G Senanayake	24,789	1.1%
The Ceylon Investors (Pvt) Ltd	24,646	1.1%
S R S de Saram	20,250	0.9%
J A de Silva & Co. Ltd	16,298	0.8%
G A G Punchihewa	12,860	0.6%
D P Navaratnam	8,745	0.4%
M P D Cooray	7,020	0.3%
A D Dadabhoy	5,646	0.3%
S Abishek	4,254	0.2%
D P Marasinghe	3,938	0.2%
N K Flemming	3,550	0.2%

Glossary of Financial Terms

ACCOUNTING POLICIES

The specific principles, bases, conventions, rules and practices adopted by an entity in preparing and presenting Financial Statements.

ACCRUAL BASIS

Recording Revenues and Expenses in the period in which they are earned or incurred regardless of whether cash is received or disbursed in that period.

AMORTISATION

The systematic allocation of the depreciable amount of an asset over its useful life.

CAPITAL EMPLOYED

Shareholders' Funds plus non-current liabilities

CONTINGENT LIABILITIES

A condition or situation existing at the Balance Sheet date due to past events, where the financial effect is not recognized because:

- a) the obligation is crystalized by the occurrence or non-occurrence of one or more future events or,
 - b) a probable outflow of economic resources is not expected
- or,
- c) it is unable to be measured with sufficient reliability.

CURRENT RATIO

Current Assets divided by Current Liabilities.

CAPITAL RESERVES

Reserves that are not available for distribution, which is identified for specific purposes.

CAPITAL EXPENDITURE

The total additions to Property, Plant and Equipment.

CASH EQUIVALENTS

High liquid investments that are readily convertible to cash, which has an insignificant risk of change in value.

CORPORATE GOVERNANCE

Corporate Governance is the system by which the Company is directed and managed,

and it influences the manner in which the objectives of the Company are formulated, communicated, accepted and achieved.

DEBT/EQUITY RATIO

Non-current interest-bearing borrowings and preference share capital divided by the total shareholders' interest less preference share capital.

DIVIDEND PAYOUT RATIO

Ordinary dividend per share divided by earnings per share.

DIVIDEND YIELD RATIO

Ordinary dividend per share divided by market value per share

EARNINGS PER SHARE (EPS)

Profit attributable to Equity holders of the company divided by the weighted average number of ordinary shares in issue during the period.

EPS GROWTH

Percentage of the increase in the EPS, over the previous year.

EQUITY

Total shareholders' funds.

FAIR VALUE

The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

FAIR VALUE THROUGH PROFIT OF LOSS

A financial asset/liability, acquired/ incurred principally for the purpose of selling or repurchasing it in the near term part, of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking, or a derivative. (except for a derivative that is a financial guarantee contract).

INTEREST COVER

Profit before Interest and Tax over Finance Expenses.

IMPAIRMENT

This occurs when the recoverable amount of an asset is less than its carrying amount.

MARKET VALUE PER SHARE

The price at which an Ordinary Share can be purchased in the stock market.

MARKET CAPITALISATION

Number of ordinary shares in issue multiplied by the market price per share.

NET ASSETS

Total Assets less total Liabilities.

NET ASSETS PER SHARE

Total Assets less total Liabilities divided by the number of Ordinary Shares in issue at the end of the period.

PRICE EARNINGS RATIO

Market price per share divided by Earnings per Share.

RELATED PARTIES

Parties where one party has the ability to control the other party or exercise significance influence over the other party in making financial or operational decisions, directly or indirectly.

RETURN ON EQUITY

Profit attributable to shareholders as a percentage of Average Shareholders' Funds.

SHAREHOLDERS' FUNDS

Total of issued and fully paid share capital, capital reserves and revenue reserves.

TOTAL DEBT

Long term loans plus short term loans and overdrafts.

TOTAL VALUE ADDED

The difference between net revenue (including other income) and expenses, cost of materials and services purchased from external source.

Notice of Meeting

NOTICE IS HEREBY GIVEN that the 133rd Annual General Meeting of The Nuwara Eliya Hotels Company PLC will be held **as a virtual meeting** on 30th September 2025 at 11.00 a.m. assembled at 236, Galle Road, Colombo 3 to transact the following business.

1. To receive and adopt the Report of the Directors and the Statement of Accounts for the year ended 31st March 2025, with the Report of the Auditors thereon.
2. To elect Mr. T J Ondaatjie who retires in terms of Article 88(i) of the Articles of Association as a Director of the Company.
3. To elect Mr. J H P Ratnayake, in terms of Section 211 of the Companies Act No.07 of 2007. The Company has received notice of intention to pass the following resolution as an ordinary resolution and Mr. J H P Ratnayake has agreed to be re-elected.

Resolved that the age limit of 70 years referred to in Sections 210 of the Companies Act No.07 of 2007 shall not apply to Mr. James Henry Paul Ratnayake who is 75 years of age and that he be elected as a director of the board.
4. To elect Mr. S M S S Bandara in terms of Article 95 of the Articles of Association as a Director of the Company.
5. To elect Ms. H M S Herath in terms of Article 95 of the Articles of Association as a Director of the Company.
6. To elect Mr. A M Iddamalgoda in terms of Article 95 of the Articles of Association as a Director of the Company.
7. To re-appoint Messrs. Ernst & Young who are deemed to be re-appointed as Auditors of the Company in terms of Section 158 of the Companies Act No.7 of 2007 and to authorize the Directors to determine their remuneration.
8. To authorize the Directors to determine payments for charitable and other purposes for year 2025/26.

By Order of the Board,
For The Nuwara Eliya Hotels Company PLC
Mercantile Investments and Finance PLC
Secretaries

Colombo
12th August 2025

Notes: A member entitled to attend and vote at the meeting is entitled to appoint a proxy (whether a purpose and Shareholders who are unable to attend the meeting in person are requested to kindly complete and return such form of proxy in due time, in accordance with the instructions noted on the form of proxy).

For information on how to participate by virtual means in the above meeting please refer the supplementary notice to shareholders.

Supplimentary Notice to Shareholders

Instructions for Registration and Participation at the Virtual Annual General Meeting

THE NUWARA ELIYA HOTELS COMPANY PLC

133RD ANNUAL GENERAL MEETING

Dear Shareholder,

The Board of Directors of the Company, having taken into consideration the guidelines issued by Colombo Stock Exchange ("CSE") on holding virtual shareholder meetings through audio/visual means, have decided to hold the Annual General Meeting ("AGM") of the Company as a virtual meeting through audio/visual means using an online platform on 30th September 2025 as per the Notice of Meeting of the AGM.

Please note the following procedure to be adopted in terms of same.

1. Notice of Meeting, Form of Proxy and Form of Registration are enclosed herewith.
2. The AGM will be held in compliance with the principals set out in the Guidelines issued by CSE for hosting of virtual Annual General Meeting.
3. **Only the key officials who are essential for the administration of the formalities of the meeting will be physically present at the venue.** All registered shareholders/proxy holders are requested to participate via online meeting platform.
4. Shareholders who wish to participate in AGM through audio visual means should forward the duly perfected Registration Form (Annexure 1) to Mercantile Investments and Finance PLC, Secretaries, 236, Galle Road, Colombo 3 or by email to mercantile@mi.com.lk at least 48 hours before the time fixed for the meeting.
5. Adequate arrangements will be made for Shareholders who wish to participate in the AGM via the online meeting platform with log in information being forwarded to shareholders in advance of the meeting upon verification of registration details. Only Shareholders or their duly appointed proxyholders are requested to log in to the virtual meeting platform. It is recommended that Shareholders/Proxy Holders join the AGM at least 15 minutes before the start of the AGM. The digital Platform will be active 30 minutes before the start of the AGM. The Company will not be responsible or liable for misuse and/or unauthorized use of the login information.
6. Shareholders will be given the opportunity to raise any questions or comments on the matters listed on the Agenda for the meeting or forward the questions in advance to the email mercantile@mi.com.lk
7. Voting on items listed on the Agenda will be registered using an online platform. Shareholders/Proxyholders will be briefed on the procedure for voting prior to the commencement of the AGM.

In the event the Company is required to take any further action in relation to the Meeting and/or other communications, guidelines, directives or orders issued by the Government of Sri Lanka, Notice of such action shall be given by way of an announcement to the Colombo Stock Exchange and/or publication on the Company website www.thegrandhotelnuwaraeliya.com

The Board wishes to thank the Shareholders of the Company for their corporation and support to ensure a smooth and uninterrupted process at the Annual General Meeting of the Company and look forward to their virtual attendance.

BY ORDER OF THE BOARD

THE NUWARA ELIYA HOTELS COMPANY PLC

MERCANTILE INVESTMENTS AND FINANCE PLC

Secretaries

12th August 2025

Colombo

Form of Request

FOR A PRINTED COPY OF THE ANNUAL REPORT 2024/25 OF THE NUWARA ELIYA HOTELS CO. PLC

☐ I would like to receive the printed version of the Annual Report 2024/25 of The Nuwara Eliya Hotels Co. PLC

SHAREHOLDERS DETAILS	
Full name of Shareholder	
Shareholder's NIC/ Passport/ Company Registration No.	
Contact Number	
Signature	Date

Notes:

- 1) Please complete the Form of Request by filling in legibly the required information / Date and signing in the space provided.
- 2) In the event the shareholder is a company, the Form of Request should be signed under its Common Seal or by a duly authorized officer of the company in accordance with its Article of Association.
- 3) Please forward the completed Form of Request to the Secretaries in one of the following methods-
 - By post / Delivered by Hand - Secretaries
The Nuwara Eliya Hotels Co. PLC
236, Galle Road, Colombo - 03
 - By email - mercantile@mi.com.lk

Registration Form

ANNEXURE 1

THE NUWARA ELIYA HOTELS COMPANY PLC 133RD ANNUAL GENERAL MEETING

To: Mercantile Investments and Finance PLC
Secretaries
The Nuwara Eliya Hotels Company PLC
236, Galle Road,
Colombo 3

Full Name of Shareholder

Address of Shareholder

.....

Shareholder's NIC No/Passport No/Co. Reg No

Membership No/ CDS Account No No. of Shares held

Shareholder's Contact Nos. Residence Mobile

Shareholder's e-mail addressPlease type clearly, mandatory)

If Proxy is Appointed

Full Name of Proxy

Proxy Holder's NIC No/Passport No.

Telephone No. Residence Mobile

e-mail AddressPlease type clearly, mandatory)

.....
Shareholder's Signature/Date

.....
1st Joint holder's Signature/date

.....
2nd Joint holder's Signature/date

Notes: Instructions as to completion are noted on the reverse hereof.

Registration Form contd.

INSTRUCTIONS AS TO COMPLETION

1. Shareholders are advised to complete the form legibly in order to facilitate their participation through the online platform
2. The "Web Link" for participation at the AGM through the online platform will be forwarded to the Shareholder's above noted email address.
3. In the case of a Company/Corporation, the registration form must be under its Common Seal, which should be affixed and attested in the manner prescribed by its Articles of Association.
4. If the registration form is signed by an Attorney, the relative Power of Attorney should also accompany the proxy form for registration, if such Power of Attorney has not already been registered with the Company.
5. The completed registration form should be deposited at the Secretaries office at No.236, Galle Road, Colombo 3 or emailed to mercantile@mi.com.lk 48 hours before the time appointed for the meeting.

Form of Proxy

I/We.....
 of
 being a member/members of THE NUWARA ELIYA HOTELS COMPANY PLC, do hereby appoint;
 of or failing him/her

Mr. J H P Ratnayake	or failing him
Mr. G G Ondaatjie	or failing him
Ms. A M Ondaatjie	or failing her
Mr. T J Ondaatjie	or failing him
Mr. S K Abeyesundara	or failing him
Mr. M K K K B Galagoda	or failing him
Mr. G H R Fernando	or failing him
Mr. S M S S Bandara	or failing him
Ms. H M S Herath	or failing her
Mr. A M Iddamalgod	of Colombo

as my/our proxy to represent me/us and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to held on 30th September 2025 at 11.00 a.m. as a virtual meeting assembled at 236, Galle Road, Colombo 3 and at any adjournment thereof, and at every poll which may be taken in consequence thereof.

	FOR	AGAINST	WITHHOLD
1) To receive and adopt the Report of Directors and the Statement of Accounts for the year ended 31st March 2025, with the Report of the Auditors there on.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2) To elect Mr T J Ondaatjie retiring in terms of Article 88(i) of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3) To elect Mr. J H P Ratnayake retiring in terms of Section 211 of the Companies Act No.07 of 2007	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4) To elect Mr. S M S S Bandara retiring in terms of Article 95 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5) To elect Ms. H M S Herath retiring in terms of Article 95 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6) To elect Mr. A M Iddamalgod retiring in terms of Article 95 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7) To re-appoint Messrs. Ernst & Young, who are deemed to be re-appointed as Auditors of the Company in terms of Section 158 of the Companies Act No.7 of 2007 and to authorize Directors to determine their remuneration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8) To authorize the Directors to determine payments for charitable and other purposes for the year 2025/26	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

As witness my/our hand thisday of2025

.....
 Signature of Shareholder/s

Note: Please delete the inappropriate words.

(Instructions as to completion are noted on the reverse hereof)

Form of Proxy contd.

INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the form of proxy, after filling legibly your full name and address and by signing in the space provided and please fill in the date of signature.
2. Please indicate with an "X" in the boxes provided how your Proxy is to vote on each resolution. If no indication is given, the Proxy in his discretion will vote as he thinks fit.
3. If the proxy form is signed by an Attorney, the relative Power of Attorney should also accompany the proxy form for registration, if such Power of Attorney has not already been registered with the Company.
4. In the case of a Company/Corporation, the proxy must be under its Common Seal, which should be affixed and attested in the manner prescribed by its Articles of Association.
5. The completed form of proxy should be deposited at the Registered Office of the Company at No.236, Galle Road, Colombo 3, 48 hours before the time appointed for the meeting.

Corporate Information

NAME OF THE COMPANY

The Nuwara Eliya Hotels Co. PLC

COMPANY REGISTRATION NO.

PQ 101

STATUS & LEGAL FORM

Public quoted company with limited liability Incorporated in Sri Lanka.

TAX PAYER IDENTIFICATION NUMBER

204000492

VAT REGISTRATION NO.

204000492 7000

SECRETARIES

Mercantile Investments & Finance PLC

COMMUNICATION REGISTERED OFFICE

236, Galle Road, Colombo 03, Sri Lanka
P.O. Box 195, Colombo
Tel: 2343720-7 Fax: :2434524, 2448279
E-mail: tangerine@mi.com.lk
Website : www.thegrandhotelnuwaraeliya.com

HOTEL

Grand Hotel Road, Nuwara Eliya.
Tel: 052-2222881-7 Fax: 052-2222264/5
E-mail: admin@grandhotel.lk
Website : www.thegrandhotelnuwaraeliya.com

BANKERS

- Hatton National Bank
- Commercial Bank of Ceylon PLC
- Nations Trust Bank
- Sampath Bank
- Bank of Ceylon

BOARD OF DIRECTORS

- J.H.P. Ratnayake - Chairman
- Gerard G. Ondaatjie - Deputy Chairman
- A.M. Ondaatjie
- T.J. Ondaatjie
- M.K.K.K.B. Galagoda
- S.K. Abeyesundara
- G.H.R.Fernando
- S M S S Bandara
- H M S Herath
- A M Iddamalgoda

CORPORATE MANAGEMENT

- Mahinda Pinnapola - General Manager
- Nazeem Mohamed - Resident Manager
- Kumara Karunarathna - Financial Controller

AUDIT COMMITTEE

- Chairman - S M S S Bandara
- M.K.K.K.B. Galagoda
- H M S Herath

NOMINATION COMMITTEE

- Chairman - S M S S Bandara
- A M Iddamalgoda
- T.J. Ondaatjie

RELATED PARTY TRANSACTION REVIEW COMMITTEE

- Chairman - S M S S Bandara
- H M S Herath
- M.K.K.K.B. Galagoda

INTERNAL AUDITORS

BDO Partners Chartered Accountants

EXTERNAL AUDITORS

Ernst & Young Chartered Accountants

MANAGEMENT TEAM

- Mahinda Pinnapola - General Manager
- Nazeem Mohamed - Resident Manager
- Kumara Karunarathna - Financial Controller
- D N Karunasena - Asst. Group Engineer
- W M A Lowe - Executive Chef
- K G S K Udagama - QA/Accommodation Manager
- Rasika Weerakondarachchi - HR Manageress
- Shenali Liyanage - L&D Manageress
- Deva De Silva - Chief Engineer
- Janaka Bandaranayake - FO & Bus. Deve. Manager
- K A D D R Kumara - F&B Manager
- P G G D N K Wijewardhana - Executive Secretary
- L T S Liyanage - Accounts Executive
- Kasun Bandara - Accounts Executive
- Y Sajeepan - Management Accountant
- Champika Pathmalal - Accountant
- R Muralidaran - Accountant

- H M R B Herath - Stores Executive
- M H Shakir - Asst. F&B Manager
- L C S Lamahewa - Restaurant Manager
- T Selvapushparaj - F&B Executive
- N M Chaminda - F&B Executive
- P B S S D Dissanayaka - Snr. Restaurant Manager
- Anura De Silva - Asst. Executive Housekeeper
- K M D Dhammika - Front Desk cum Revenue Manager
- Pasindu Bandara - Accounts Executive
- Jayantha Laksiri - Laundry Manager
- P T Prakashan - Head Butler
- Muditha Lakshan - Farm Manager
- M A M Dawood - Indian Specialty Chef
- Viraj Jayarathna - Senior Ex. Pastry Chef
- L G C K Udayasiri - Senior Sous Chef
- Rajpal Sign Rawat - Sous Chef
- H P Sanjeewa - Sous Chef
- A C Aththanayaka - Chef De Cuisine
- H P S Dharmasena - Sous Chef
- Roy Pradeep kumar - Maintenance Executive
- A G R M S D Ranasinghe - Credit Executive
- S Anbalagan - Garden Manager
- R W H M S B Ranaviraja - Bar Manager/ Mixologist
- R A C L Perera - IT Manager
- M S A Azees - Purchasing Executive
- N M K N Pathirathna - AFOM
- P H V N Ekanayake - Susta. And Comp. Executive
- S M J Samarakoon - Chief Steward
- D S B Abhayakeerthi - IT Executive
- K Pushparaja - Restaurant Manager
- S Stephen - Social Media Executive
- K K Kumara - Cashier
- D P N S Embuldeniya - Collection Executive
- W H Perera - Purchasing Executive
- H M T D Wijekoon - Junior Sous Chef

Concept & Designed by





GRAND HOTEL
ESTABLISHED 1891

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