



**MAHAWELI PEACH**  
SRI LANKA

OUR WORLD REVOLVES AROUND YOURS



ANNUAL REPORT 2023 - 2024





**MAHAWELI REACH**  
SRI LANKA

OUR WORLD REVOLVES AROUND YOURS



# The Sound of Success

Another year arrives to the beat of our continuing success.  
A rhythm that flows past obstacles in a challenging environment.

## C O N T E N T S

Vision and Mission	2
Notice of Meeting	3 - 4
Management Discussion Analysis	5 - 11
Corporate Governance Report	12 - 20
Statement of Directors' Responsibilities	21
Chairman's Review	22 - 25
Board of Directors	26 - 29
Report of the Directors	30 - 37
Information to Shareholders and Investors	38 - 39
Five Year Highlights	40
Remuneration Committee Report	41
Audit Committee Report	42 - 43
Related Party Transactions Review Committee Report	44 - 45
Independent Auditors' Report	46 - 48
Statement of Profit or Loss and Other Comprehensive Income	49
Statement of Financial Position	50
Statement of Changes in Equity	51
Statement of Cash Flows	52 - 53
Significant Accounting Policies to the Financial Statements	54 - 64
Notes to the Financial Statements	65 - 86
Proxy Form	87
Instructions as to Completion	88
Corporate Information	Inner Back Cover



## VISION

To make ourselves the cynosure of the industry, through dedication that goes above and beyond the boundaries of duty.



## MISSION

To foster continuing excellence in service through the nurturing of teamwork and total commitment among our staff, thus inspiring them to reach greater heights.



# NOTICE OF MEETING...

*The Board of Directors have proposed to hold the 50th Annual General Meeting of MAHAWELI REACH HOTELS PLC on Monday, the 30th day of September 2024 at 11.00 a.m., by way of a hybrid meeting at the registered office of the Company and by way of digital media.*

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of MAHAWELI REACH HOTELS PLC will be held on Monday, the 30th day of September 2024 at 11.00 a.m., at the registered office of the Company No. 35, P. B. A. Weerakoon Mawatha, Kandy, Sri Lanka for the following purposes:

## AGENDA

1. To receive and adopt the Annual Report of the Board of Directors and the Financial Statements for the year ended 31st March 2024 together with the report of the Independent Auditors thereon.
2. To re-elect Mr. A. U. Maniku who retires by rotation in terms of Articles 90, 91 & 92 of the Articles of Association of the Company.
3. To re-elect Mr. A. M. Didi who retires by rotation in terms of Articles 90, 91 & 92 of the Articles of Association of the Company.
4. To re-elect Mr. J. R. P. M. Paiva who retires by rotation in terms of Articles 90, 91 & 92 of the Articles of Association of the Company.
5. To re-elect Mr. S. I. Maniku who retires by rotation in terms of Articles 90, 91 & 92 of the Articles of Association of the Company.
6. To re-elect Ms. F. V. Mahir who retires by rotation in terms of Articles 90, 91 & 92 of the Articles of Association of the Company.
7. To re-appoint Mr. A. N. Esufally who is over Seventy years of age as a Director of the Company. Special Notice has been received of the intention to pass a resolution which is set out below in compliance with law, relating to his re-appointment.

"IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act, No. 07 of 2007 shall not be applicable to Mr. A. N. Esufally who is 71 years of age and that he be re-appointed as a Director of the Company from the conclusion of the Annual General Meeting for a further period of one year."

8. To re-appoint Mr. M.U. Maniku who is over Seventy years of age as a Director of the Company. Special Notice has been received of the intention to pass a resolution which is set out below in compliance with law, relating to his re-appointment.

"IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act, No. 07 of 2007 shall not be applicable to Mr. M.U. Maniku who is 77 years of age and that he be re-appointed as a Director of the Company from the conclusion of the Annual General Meeting for a further period of one year."

9. To re-appoint Mr. J. C. Ratwatte who is over Seventy years of age as a Director of the Company. Special Notice has been received of the intention to pass a resolution which is set out below in compliance with law, relating to his re-appointment.



## NOTICE OF MEETING

"IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act, No. 07 of 2007 shall not be applicable to Mr. J. C. Ratwatte who is 76 years of age and that he be re-appointed as a Director of the Company from the conclusion of the Annual General Meeting for a further period of one year."

10. To authorize the Board of Directors to determine contributions to charities and other donations.
11. To re-appoint Messrs. Bakertilly Edirisinghe & Co., Chartered Accountants as Auditors of the Company as set out in Section 154(1) of the Companies Act No. 07 of 2007 and to authorize the Directors to determine their remuneration.

By Order of the Board  
Mahaweli Reach Hotels PLC

(Sgd.)  
Director  
BUSINESSMATE (PRIVATE) LIMITED  
Secretaries

Colombo  
30 August 2024

### Notes:

1. The Notice convening the AGM will be published in one issue of a daily newspaper/e-newspaper in English, Sinhala and Tamil languages.
2. The documents will also be made available on the Colombo Stock Exchange website [www.cse.lk](http://www.cse.lk) and on the Company's website [www.mahaweli.com](http://www.mahaweli.com) and you may access same directly through the URL link.
3. Shareholders are advised to view the full content of this Notice and all connected documents pertaining to the AGM of the Company, including the "Procedure to be followed at the Annual General Meeting of the Company scheduled for 30th September 2024" via one of the above websites or URL.
4. Shareholders who wish to participate at the AGM through the online platform are kindly requested to complete and forward the "Registration Form (Annexure 1)" as morefully explained in the said "Procedure to be followed at the Annual General Meeting of the Company scheduled for 30th September 2024"
5. A member is entitled to appoint a Proxy to attend and vote instead of him / herself. A Proxy need not be a member of the Company. The Form of Proxy will be made available on the above websites and URL.
6. The completed Registration Form (Annexure I) and Form of Proxy (Annexure II), as relevant, must be submitted to the Company not later than 11.00a.m. on 27th September 2024,  
- via email to [sonali@mahaweli.com](mailto:sonali@mahaweli.com), or  
- by hand or post to the registered office of the Company, No. 35, P. B. A. Weerakoon Mawatha, Kandy.
7. A person representing a corporation is required to submit a certified copy of the resolution authorizing him / her to act as the representative of the Corporation. A representative need not be a member.
8. The transfer books of the Company will remain open.



# MANAGEMENT, DISCUSSION ANALYSIS...

## Introduction

*The company embarks on its sixth decade marking the highest turnover in its history recording a 61% growth year on year. The significant upward trend in arrivals to Sri Lanka has contributed to the growth in revenue for the Company. The increased arrivals have had a positive impact on not only our Company but the tourism industry in general and thereby the economy of the country.*

## Global Outlook

The global economy has shown signs of rebounding with fiscal policies in the developed economies supporting the recovery with measures being taken to control inflation and increase economic activity. However high interest rates and debt burdens will continue to impact consumer behavior and may slow down growth in these markets. Emerging economies contend with higher inflation but at levels below the 2022 peak.

Global tourism demonstrated a strong resurgence in 2023 gaining nearly 88% of pre-pandemic levels. It is expected that international tourism will return to pre-pandemic levels in 2024. This outlook remains susceptible to geo-political tensions, natural disasters and the fact that most of the major economies in the world are having elections this year which may lead to policy changes.

Europe achieved 94% of its pre-pandemic tourism levels in 2023, while Africa and the America reached 96% and 90%, respectively. The Middle East spearheaded the recovery reaching 22% better results than pre-pandemic levels. Asia and the Pacific region have lagged behind reaching 65% of pre-pandemic levels though it is expected to improve as the Chinese market continues to grow.

Total export revenues from tourism, including passenger transport, recorded approximately USD 1.6 trillion in 2023, achieving nearly 95% of the USD 1.7 trillion recorded in 2019.

With tourism growth expected to develop beyond pre-pandemic levels in 2024, the outlook is optimistic for the industry in the coming years.

## Sri Lankan Context

The Sri Lankan economy has witnessed a resurgence, with GDP growth recorded from the third quarter of 2023. Economic reform initiatives in the country appear to have steered the country towards greater stability and is increasing confidence in the destination.

Sri Lankan tourism is a pivotal factor in its economic growth and has supported the economy in its journey of resurgence, contributing significantly to GDP and providing employment opportunities both directly and indirectly to so many people. The social and political landscape remains challenging for businesses and citizens but the growth momentum is expected to continue.

Sri Lanka's cumulative tourist arrivals for the calendar year 2023 reached close to 1.5 million arrivals, in line with the Sri Lanka Tourism Development Authority's (SLTDA) target. Arrivals in the first four months of 2024 crossed 784,000, which is approximately 90% of the arrivals recorded in the same period of 2018. In the past, Sri Lanka recorded its highest ever arrivals in the calendar year 2018. The SLTDA anticipates a further increase in tourist arrivals as greater air connectivity is achieved through international airlines expanding their frequencies. As foreign exchange earnings are crucial to the economic recovery of the country. The multiplier effects of tourism with the employment opportunities it creates, will make a significant contribution.



## MANAGEMENT, DISCUSSION ANALYSIS...

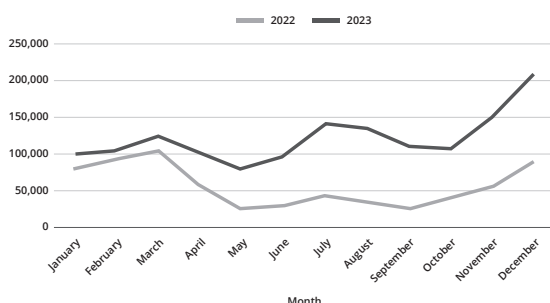
Increased inflows through conversions of export proceeds, workers remittances and tourist earnings together with restrictions on imports for the better part of the financial year have contributed towards easing liquidity conditions in the domestic foreign exchange market.

Sri Lanka continues to be bestowed with accolades, being ranked as the fourth most popular tourist destination in the world for 2024 by the Forbes magazine whilst the world-renowned travel guide, 'Travel Off Path', ranked Sri Lanka among the top five fastest growing tourism destinations for 2024.

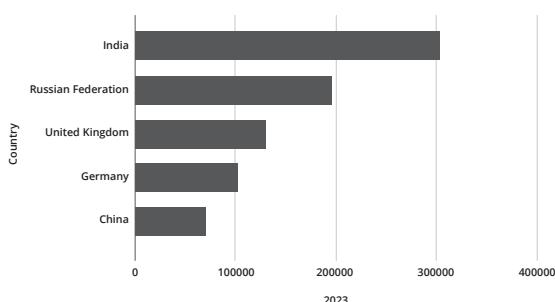
It is anticipated that the much awaited destination marketing campaign which is to be rolled out globally will be implemented in a manner that will gain the greatest impact for the destination. The strong economic growth in India and the resulting increase in outbound travel from India, is an opportunity for Sri Lanka, which must be seized especially in view of the proximity and cultural alignment with regional neighbours.

It is vitally important that tourism be recognised as the catalyst that it is and all measures taken to bolster the nascent progress that Sri Lankan tourism is experiencing. As competition from regional competitors increase, it is important that all avenues are considered such as nominal visa fees which will make the destination more competitive in a price conscious market.

**Tourist Arrivals to Sri Lanka - 2022 and 2023**



**Tourist Arrivals from Main Source Market, 2023**



India was the primary source market to Sri Lanka with 302,844 arrivals, making up 20.3% of total arrivals. Russia followed with 197,498 arrivals, accounting for 13.27% of total arrivals. The UK and German markets also made substantial contributions.

Overall, arrivals remain lower than pre-pandemic levels, except for Russia, where arrivals surpassed pre-pandemic tourist arrivals. Though there is a year on year increase in tourist arrivals from the Indian market, arrivals are still lower than pre-pandemic levels. Similarly, there is also a decline in arrivals from China which is yet to reach the outbound travel numbers of the pre-pandemic period.

### Performance

The increase in arrivals to the country has had a positive impact on the hotel. Occupancy levels have increased and properties in Kandy have witnessed better demand. Applicable rates have improved which have resulted in the highest revenues recorded.

The Company recorded a gross revenue of LKR 810,337,940/- which is a 61% increase year on year. The average room occupancy was 50% which also saw an increase of 8531 room nights when compared with 2022/2023.

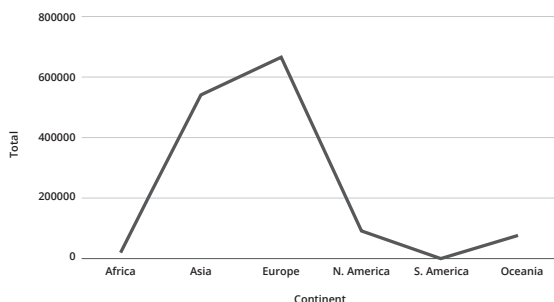
In the cumulative result, a loss of Rs. 274,656,482/- was recorded with contributing factors being interest on interest which accumulated during the moratorium period, depreciation from the revaluation carried out last year and rising costs. It is still seen as positive momentum since the substantial increase in revenue earned during the year along with the revival of the tourism industry in the country will have a positive outlook moving forward.



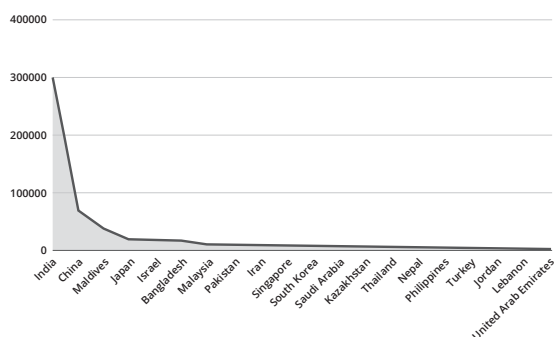
## MANAGEMENT, DISCUSSION ANALYSIS...

Continuous efforts are being made to manage liquidity and curtail borrowings in an effort to strengthen the company's financial resilience.

**Geographical Market Analysis 2023**



**Segmentation: Asia 2023**



Geographically Asia, Australia, Europe, Middle East, Africa, North America & South America have been the principal markets for the Company in the year under review.

The local destination management companies remain the main feeder source with domestic travellers making up a significant portion of visitors. Efforts are being made to continue to enhance digital channels and increase sourcing and visibility.

Kandy as a destination continues to be handicapped by the perception that it is a stopover destination. Lobbying efforts are being made to encourage travel partners to change the traditional itineraries, making Kandy a base rather than simply a single stop. Should this approach gain traction, the city and accommodation providers at all levels will benefit. There is new room inventory in the pipeline and this may further exacerbate the impact on profits in the event a systemic change does not take place to promote Kandy.

Kandy and its environs have many attractions that will appeal to different traveller segments including the adventure traveller, the golfer,

the nature lover, the culture and heritage buff, immersion in local culture, the culinary enthusiast or those simply looking for a place to unwind. All efforts are made to enhance marketing initiatives and channels to maximize yield.

The transport infrastructure remains an impediment to promoting Kandy as a destination. In the event the plans for development reach fruition and the road network improves along with the railway services, Kandy as a destination may be able to reach its true potential.

The cost base of operations have increased exponentially and creates stress on cash flow management. The focus is on preserving liquidity and optimising resources.

The electricity costs during the period have increased nearly threefold while other commodities costs and fuel costs have increased. The finance costs have also had an impact on performance. The Company's debt position has increased due to the interest which accumulated during the loan moratorium periods and which are now being capitalised. The Company has reached consensus with its lenders to reschedule the loan facilities. The company actively manages its funds to derive the best benefits for the Company.

Universal Enterprises Private Limited, as the largest shareholder of the Company has provided the Company with a loan of USD1 million which has assisted the Company in streamlining operations. A moratorium of 18 months has been granted on this loan.

The high taxation that the Company is subject to affects the competitiveness of the products and results in thinner margins and higher costs.

Given the volatile operating conditions that were prevalent during the year, the Group's approach to managing cash flow and liquidity included negotiations with suppliers for favourable settlement terms, rationalising costs, close follow up on debt collection and effective management of working capital.

Discretionary expenses continued to be deferred as the Company focused on rationalisation of costs in order to preserve liquidity. Given the volatile operating environment and macroeconomic challenges faced in the last few



## MANAGEMENT, DISCUSSION ANALYSIS...

years, major renovations were put on hold during the year and refurbishments will be carried out where necessary to ensure guest satisfaction. Strategic plans are in progress for enhancement of the product when liquidity positions permit.

Hotels continue to be unable to derive the full benefit of foreign currency arbitrage as hotels do not receive payments in foreign currency for most of the business generated through local destination management companies. Though there has been lobbying on the part of the industry, a successful resolution to this issue has not been reached.

The Company liaises actively with suppliers to manage its cost base and ensure quality of produce. While the cost base has increased due to the prevailing circumstances in the country, all possible efforts have been made to ensure that the best value is derived by the Company.

The Company continues to focus on weddings and events to enhance revenues as the hotel remains a popular venue for these events.

During the COVID times and beyond, the Company's diversified revenue streams through its food and laundry collection and delivery outlets, online platform for food and laundry services and the food take away and delivery service have continued to support the revenues generated through the traditional hotel business. The personal income tax which has reduced the disposable income among the local community has had an impact on these business lines. The value added tax levied on these products also make it challenging to reach a competitive price point.

Concerted efforts have been made to ensure that the rating received by the hotel on digital channels is improved with the guest satisfaction rate showing a positive change.

The hotel continues to develop our own content for digital channels thereby giving more personalised and unique content.

### **Corporate governance**

During the year under review, Mr. W. P. Hettiaratchi and Ms. D. L. Panabokke were re-designated as Executive Directors to meet compliance obligations.

The past year has seen many changes to corporate governance compliance obligations as a result of amendments to the Listing Rules of the Colombo Stock Exchange which have introduced a raft of changes. The Company is in the process of taking steps to achieve compliance with the obligations which necessitate a re-constitution of the Board and committees of the Board.

### **People**

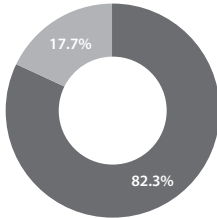
One of the principal issues facing the tourism industry is the migration of skilled people due to the economic issues in the country. There is a severe dearth of personnel and service standards in the short to medium term as a result of this brain drain. All possible measures are being taken to provide opportunities for growth to the existing cadre and to provide them with incentives to remain loyal and committed to the Company. While the Company is constantly reviewing the applicable remuneration policies, entry level wages are paid in accordance with applicable minimum wage legislation. The need to recruit untrained individuals and groom them for the role can affect productivity and efficiency and this sometimes leads to a higher headcount as well in order to provide the requisite level of service. All possible efforts are being made to manage this challenge and mitigate the adverse effects.

Wherever possible the Company is making efforts to increase female participation in roles which have been traditionally male dominated. Efforts are made to encourage the recruitment of differently-abled personnel where suitable roles exist.



## MANAGEMENT, DISCUSSION ANALYSIS...

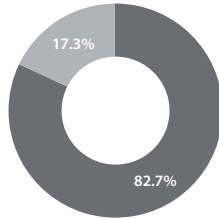
Number of Staff - Gender Wise  
2023



● Male ● Female

Gender	Nos.
Male	190
Female	41
Total	231

Number of Staff - Gender Wise  
2024

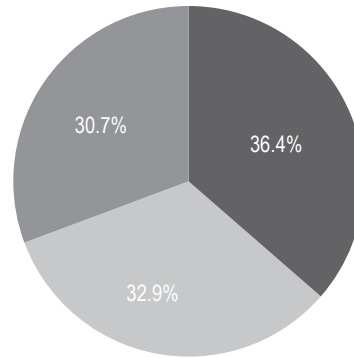


● Male ● Female

Gender	Nos.
Male	201
Female	42
Total	243

The distribution of cadre by age is shown below:

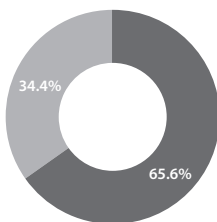
Age Span - 2023



● X<30 ● 30-55 ● 55<X

Age Span	Nos.
X<30	84
30-55	76
55<X	71
Total	231

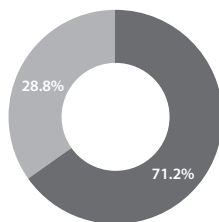
Executive Staff - Gender Wise  
2023



● Male ● Female

Gender	Nos.
Male	42
Female	22
Total	64

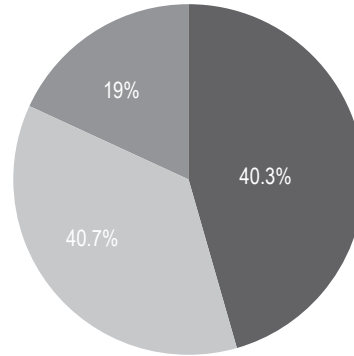
Executive of Staff - Gender Wise  
2024



● Male ● Female

Gender	Nos.
Male	42
Female	17
Total	59

Age Span - 2024



● X<30 ● 30-55 ● 55<X

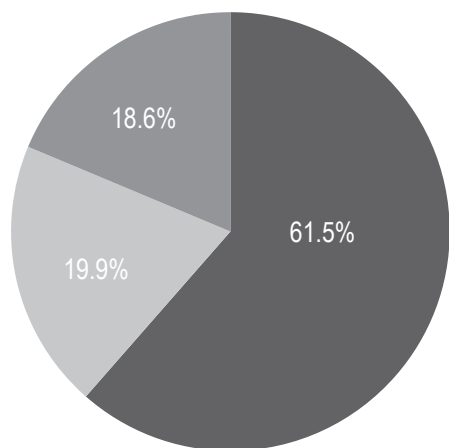
Age Span	Nos.
X<30	98
30-55	99
55<X	46
Total	243

In commemoration of International Women's Day the Company organized a day filled with empowerment and inspiration with two guest speakers on personal grooming and women's safety & wellbeing. The event concluded with a cookery competition where our talented ladies showcased their culinary skills and creativity in a friendly yet competitive atmosphere.

Mahaweli Reach has a mix of staff who have remained with the Company for a long period of time and provide stability in terms of service quality, while the Company also has a healthy mix of experienced and new entrants to the industry.



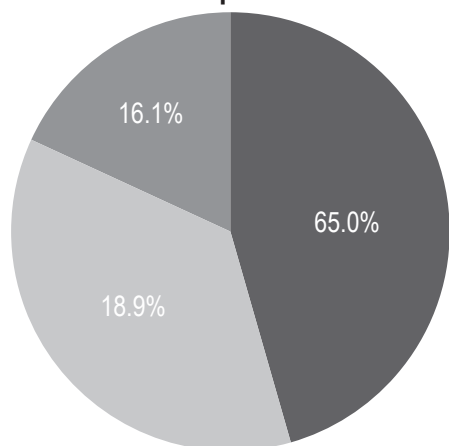
## Service Span - 2023



● X<05 ● 05-10 ● 10<X

Service period	Nos.
Less Than 5 years	142
Between 5 to 10 years	46
Above 10 years	43
Total	231

## Service Span - 2024



● X<05 ● 05-10 ● 10<X

Service period	Nos.
Less Than 5 years	158
Between 5 to 10 years	46
Above 10 years	39
Total	243

## Sustainability Measures

The Company is growing some produce on the premises and utilizing this produce in our menu engineering. This serves as motivation to the garden team, provides fresh ingredients to our guests and brings a cost saving to the Company.

The Company uses environmentally friendly packaging and materials wherever possible in all its operations.

Wet and dry garbage is separated and dealt with in suitable ways, either recycled or disposed of in a responsible manner in accordance with established waste management practices. Only materials that cannot be disposed of using alternate methods are collected by the local authorities.

Waste water is treated at the onsite waste water treatment plant and used for the gardens and drip irrigation methods which control the water usage.

## Sustainable tourism for a greener future

In commemoration of World Environmental Health Day and World Tourism Day, we organized an insightful discussion on Tourism & Green Investment.

Our aim was to educate the future ambassadors of environmental harmony on the critical role each of us play in environmental pollution and the profound impact of tourism on our fragile ecosystems.

We delved into re-engineering an environmentally sustainable tourism model for Sri Lanka and explored innovative solutions. The event was enriched by the enlightening lectures delivered by a world-renowned Chartered Architect, a Conservator & Heritage Management consultant, Chief Engineer of Mahaweli Authority and the Provincial Director – Department of Trade Commerce and Tourism.

### ***Foreseeable Risks and Future prospects***

The resurgence in the tourism industry has certainly created a more optimistic outlook for the industry when compared to the trials and tribulations of the past few years. It appears that the fiscal measures taken have brought a sense of stability to the economy which will have a cascading effect to all industries and the macro outlook for the country. Recent developments in the external debt restructuring also brings better prospects for a long term economic recovery. Geo-political conflicts in different regions such as the Russia-Ukraine conflict and the Israel-Palestine conflict have the potential of slowing down this growth trajectory as does the economic slowdown in Europe and slower economic activity in markets such as China and Australia.

Climate change is another phenomenon that can cause disruptions as weather patterns change bringing greater chances of unforeseen natural calamities which too can disrupt the nascent growth of the tourism industry on Sri Lanka. The Company makes continuous efforts to reduce its carbon footprint and make environmentally friendly process innovations.

The talent migration which is currently taking place and the difficulties in recruiting and replacing these skills is creating further challenges. The Company is taking steps to strengthen its training regime and provide incentives for employees to remain with the Company.

The exponential increase in prices of commodities, energy and high taxation makes managing liquidity a challenge. The cost of financing adds to these complexities. Managing expenses and retaining liquidity amidst the need for the refurbishment of the hotel remains a concern as well.

The prevailing situation where the market is still price sensitive with more room inventory expected in Kandy over the next two years adds further challenges. The expected demand if the current growth trajectory continues, will assist to offset some of these challenges.

Regional and emerging markets remain a sound opportunity to be focused on as established source markets face economic issues.

The Company is continuing its efforts to improve its digital footprint through the management of content on social media and online platforms.

Special events and theme nights are continuously promoted to further strengthen the customer relationships which the hotel has built up over the years. These varied events and promotions assist the Company to widen its client base.

While the Company is grappling with the challenges mentioned, many of which are not unique to the Company but affecting the wider industry it is anticipated that should the current trends continue the Company and the industry will be able to greatly benefit and offset the legacy issues of the past few years.

With Sri Lanka poised to have elections in September 2024, the ramifications cannot be forecast. It is hoped that consistent policies will be implemented in a manner that will help the country to continue on the path to progress.

The Company is streamlining processes and designing strategies which will continue to strengthen its agility and efficiencies and create greater value for stakeholders.



# CORPORATE GOVERNANCE REPORT...

The Company is committed to maintaining a robust approach to good corporate governance practices. The values of professionalism, integrity and ethics remain the cornerstone of the ethos of the Company which is strengthened by a sound framework of corporate governance practices.

The Board of Directors is responsible for overseeing the operations of the Company and for managing its affairs while ensuring its financial well being and safeguarding the principles of accountability, transparency and ethical conduct. All stakeholder interests are considered when employing operational strategies.

The Company has adopted Corporate Governance practices in compliance with the mandatory requirements of the Listing Rules of the Colombo Stock Exchange and the Companies Act No. 07 of 2007 and wherever possible additional best practices are followed. The report indicates compliance with the requirements of the Listing Rules. The recent changes to the Listing Rules necessitate the Company to make several changes to the adopted framework which are in the process of being implemented in line with the stipulated time frames.

The Board has appointed Mahaweli Hotel Management Services (Private) Limited as the managing agent of the Company.

## **Composition of The Board of Directors**

The Board of Mahaweli Reach Hotels PLC comprised of fifteen Directors, five Executive Directors and ten Non-Executive Directors out of which three Directors are Independent Non-Executive Directors. This composition while in place at present will be subject to change in compliance with the changes to the Listing Rules.

The number of Non-Executive Directors met the requirement of the Listing Rules of the Colombo Stock Exchange for the number to be more than one-third of the total number of Directors.

Three Non-Executive Directors have been determined by the Board to satisfy the criteria for "Independence" during the year as set out in the Listing Rules. The Independent Non-Executive

Directors are free from any relationship that can interfere with the affairs of the Company.

Mr. A. N. Esufally and Mr. J. C. Ratwatte who are Independent Non-Executive Directors of the Company, have been directors of the Company for a period in excess of 15 years and Mr. Esufally has a shareholding of 0.71%. The Board has determined that these factors do not impair their ability to act independently and objectively, in the best interests of the Company.

This composition while in place at present will be subject to change in compliance with the changes to the Listing Rules.

Brief profiles of all directors setting out the experience and expertise they provide to the Board are provided on page 26 to 29 of this Report.

## **Fit and Proper Assessment**

All Directors including the Managing Director who is the CEO satisfy the Fit and Proper Assessment Criteria stipulated in the Listing Rules of the Colombo Stock Exchange.

## **Financial Acumen**

The Board includes two Senior Chartered Accountants who possess the necessary knowledge and competence to guide the Board on matters of finance.

## **Re-Election of Directors**

The provisions of the Company's Articles require a Director appointed by the Board to hold office until the next Annual General Meeting and seek re-appointment by the shareholders at that meeting.

The Articles call for one-third of the Directors in office excluding Executive Directors to retire at each Annual General Meeting. The Directors who retire are those who have served for the longest period after their appointment / re-appointment. Retiring Directors are generally eligible for re-election.

The Chairman and Managing Director and other Executive Directors do not retire by rotation.



# CORPORATE GOVERNANCE REPORT...

## Board Meetings

The Board generally meets quarterly and ad hoc meetings are held whenever necessary. During the year under review, the Board met on four occasions. The attendance at these meetings are as follows:

NAME OF DIRECTOR	EXECUTIVE / NON EXECUTIVE	ATTENDANCE
Mr. J. A. Panabokke	Executive Director	4/4
Mr. M. U. Maniku	Non-Executive Director	-
Mr. A. N. Esufally	Independent Non-Executive Director	4/4
Mr. A. U. Maniku	Non-Executive Director	-
Mr. A. M. Didi	Non-Executive Director	-
Mr. W. P. Hettiaratchi	Executive Director	4/4
(Appointed Executive Director on 28/6/2023)		
Mr. A. Nooradeen	Non-Executive Director	-
Mr. J. C. Ratwatte	Independent Non-Executive Director	3/4
Mr. J. R. P. M. Paiva	Independent Non-Executive Director	4/4
Ms. D. L. Panabokke	Executive Director	4/4
(Appointed Executive Director on 28/6/2023)		
Mr. J. A. Panabokke	Executive Director	4/4
Mr. P. B. Panabokke	Executive Director	4/4
Mr. S. I. Maniku	Non-Executive Director	4/4
Ms. F. V. Mahir	Non-Executive Director	4/4
Mr. U. M. Maniku	Non-Executive Director	4/4

## Supply of Information

Directors are provided with monthly updates, quarterly reports on performance and appropriate documentation in advance of each Board meeting for individual Directors to study matters under discussion. The Managing Director ensures all Directors are adequately briefed on issues arising at meetings.

### Responsibilities of The Board of Directors

The Directors of the Company are responsible inter alia for:

- \* Enhancing shareholder value, formulating, communicating, implementing and monitoring business policies and strategies.
- \* Monitoring progress of these policies and strategies.
- \* Ensuring due compliance with applicable legal, ethical, health, environment and safety standards and regulations.
- \* Ensuring that due attention is given to appropriate accounting policies and practices and setting priorities and communicating values and ethical standards for management.

- \* Ensuring that appropriate systems of internal controls are in place to safeguard the assets of the Company.
- \* Reviewing and approving Annual Budgets and periodic monitoring of performance against the budgets.
- \* Approving any major investments.
- \* Succession Planning.
- \* Ensuring best practices in relation to human resources are followed.
- \* Evaluating and monitoring the performance of the Company on a regular basis and initiating remedial action where necessary.
- \* Approving annual and interim accounts prior to publication and where appropriate recommending dividend for approval by the shareholders.
- \* Ensuring optimal resource allocation for sustainable value creation.

The Annual capital expenditure budgets, non-budgeted capital expenditure, the annual budgeted operating statements require Board approval. The Board meets regularly to review performance and forecasts against budget so as to take decisions in the best interests of the Company.



## CORPORATE GOVERNANCE REPORT...

### Directors' Interests

Directors' Interests in contracts are regularly disclosed and such disclosure pertaining to the year ended 31/03/2024 can be seen on page 37 in the Directors' Report. Related Party Transactions are monitored by the Related Party Transactions Review Committee and details are provided on page 84 of the annual report.

The Board of Directors is ultimately responsible to stakeholders for the performance of the Company.

### Managing Director

The Managing Director is responsible for the efficient conduct of Board meetings. The Managing Director maintains close contact with all Directors and holds informal meetings with Non-Executive Directors whenever necessary.

### Company Secretary

The service and advice of the Company Secretary are made available to Directors as necessary. The Company Secretary is required to keep the Board informed of any new laws, regulations and requirements coming into effect which are relevant to them as individual Directors and collectively to the Board.

### Sub-Committees

The Board while assuming the overall responsibility and accountability for the management of the Company, has also appointed Board Sub-Committees to ensure more effective control over certain affairs of the Company, conforming to the Corporate Governance requirements of the Listing Rules of the CSE and industry best practices.

Accordingly, the following Board Sub-Committees have been constituted by the Board:

1. Remuneration Committee
2. Audit Committee
3. Related Party Transactions Review Committee

The Sub-Committees are headed by Non-Executive Directors.

The Nominations and Governance Committee will be established along with the reconstitution of the Board in keeping with the changes to the Listing Rules.

### Remuneration Committee

The Company has its own Remuneration Committee. The Committee consists of two Independent Non-Executive Directors and one Non-Executive Director. During the year under review the Remuneration Committee met once and discussed the remuneration policy for the Company. The policy changes were reviewed by the Committee Members on an ongoing basis when necessary. The attendance at this meeting was;

Members of the Remuneration Committee	Attendance
Mr. J. C. Ratwatte (Chairman) - Independent Non-Executive Director	1/1
Mr. J. R. P. M. Paiva - Independent Non-Executive Director	1/1
Ms. F. V. Mahir - Non-Executive Director (Appointed on 28/6/2023)	1/1

The Remuneration Committee recommends to the Board, the remuneration payable to the Executive Director/s and reviews the remuneration policies of the Company. The Remuneration Committee aims to design compensation as appropriate for the Company and commensurate with each employee's level of expertise and contribution, bearing in mind business performance and shareholder returns.

The Remuneration Committee report is provided on page 41.

### Audit Committee

The committee consists of two Independent Non-Executive Directors and one Non-Executive Director. The Managing Director, Executive Directors and the Finance Officer attend the meetings of the Audit Committee by invitation.

The Audit Committee is chaired by Mr. S. I. Maniku, appointed on the 30/3/2024 due to the demise of Mr. R. Seevaratnam on 19.1.2023.

During the year under review, the Audit Committee met formerly on four occasions and have conducted discussions regularly throughout the year. The attendance at these meetings were:



## CORPORATE GOVERNANCE REPORT...

### Members of the Audit Committee Attendance

Mr. S. I. Maniku (Chairman) - Non-Executive Director (Appointed on 30/3/2023)	4/4
Mr. A. N. Esufally - Independent Non-Executive Director	4/4
Mr. J. C. Ratwatte - Independent Non-Executive Director	4/4
Mr. W.P. Hettiaratchi - Executive Director (A Member until 28/06/2023)	1/4

The committee has adopted a written Charter for the Audit Committee. The Terms of Reference of the Audit Committee are,

(i) Ensure the preparation, presentation and adequacy of disclosures in the financial statements are in accordance with the Sri Lanka Accounting Standards.

(ii) Ensure compliance with financial reporting requirements, information requirements of the Companies' Act and other relevant financial reporting related regulations and requirements.

(iii) Oversee the processes to ensure that the internal controls and risk management procedures are adequate, to meet the requirements of the Sri Lanka Auditing Standards.

(iv) Assess the independence and performance of the external auditors.

(v) Make recommendations to the Board pertaining to appointment, re-appointment and removal of external auditors and internal auditors and to approve the remuneration and terms of engagement of the auditors.

(vi) ensure that risks are identified and mitigation measures implemented.

The Committee reviewed the financial statements, internal control procedures, accounting policies, compliance with accounting standards, emerging accounting issues and other related functions that the Board required. It also reviewed the adequacy of systems for compliance with the relevant legal, regulatory and ethical requirements. Significant issues discussed by the Committee at the reviews were communicated to the Board of Directors for their consideration and action.

The Audit Committee helps the Company to strike a balance between conformity and performance.

The Audit Committee recommends the appointment and fees of the external auditors and internal auditors, having considered their independence and performance.

The Audit Committee Report appears on page 42 to 43.

### Related Party Transactions Review Committee

The committee comprises of four Directors of whom two are Independent Non-Executive Directors and two are Executive Directors. The committee is chaired by Mr. J. C. Ratwatte an Independent Non-Executive Director.

The following Directors serve on the committee and attendance at meetings were as follows:

### Members of the Related Party Transactions Review Committee Attendance

Mr. J. C. Ratwatte (Chairman) - Independent Non-Executive Director	4/4
Mr. W. P. Hettiaratchi - Executive Director (Appointed as Executive Director on 28/6/2023)	4/4
Mr. J. A. Panabokke - Executive Director	4/4
Mr. J. R. P. M. Paiva - Independent Non-Executive Director (Appointed on 26/6/2024)	

The Company Secretaries attend meetings and participate in the Committee meetings by invitation.

The Committee met on four occasions during the year under review. The Committee is mandated to review all related party transactions to ensure that they are in the best interests of the Company.



## CORPORATE GOVERNANCE REPORT...

### Related Party Transactions

Details of recurrent Related Party Transactions entered into by the Company during the year 2023/2024 are provided in Note No. 31 to the financial statements.

Details are provided in Note No. 31.2.1 to the financial statements.

Details of Non - recurrent Related Party Transactions entered into by the Company during the previous years with necessary adjustments for the year 2023/2024 are provided in Note No. 31 to the financial statements.

The Recurrent and a majority of the Non-Recurrent Related Party Transactions do not meet the thresholds specified by the Listing Rules in order for such transactions to be reported in the format provided therein and are therefore included in the financial statements.

A single Non-Recurrent Related Party Transaction being the loan of USD1,000,000/- granted by Universal Enterprises Private Limited, the company's largest shareholder is provided below in the format provided in the Listing Rules. Further details are provided in the Committee's report.

Name of the Related Party	Relationship	Value of the Related Party transactions entered into during the financial year	Value of the Related Party Transaction as % to the Equity and as a % to Total Assets	Terms & Conditions of the Related Party Transactions	The rationale for entering into the transaction
Universal Enterprises (Pvt) Limited	Majority Share Holder of the Borrower which constitute 69.44% of the issued share capital	US Dollars 1 Million	18% of the Equity and 9% of the Total Assets	Loan Repayment within five years with an interest grace period of 18 months and capital grace period of 36 months. Interest is 6.5% plus one month SOFR on the loan	To meet urgent accumulated working capital requirements

The report of the Committee is provided on page 44 to 45.

### Relations with Shareholders

The Notice of Meeting is included in the Annual Report. The Notice contains the Agenda for the AGM as well as instructions on voting, including appointments of proxies. A Form of Proxy is enclosed with the Annual Report. The period of notice prescribed by the Companies Act No. 07 of 2007 has been met.

### Constructive use of the Annual General Meeting

The Annual General Meeting (AGM) is considered by the Board of Directors as a means of continuing effective dialogue with shareholders and encourages their active participation.

The Board offers clarifications and responds to concerns shareholders have over the content of the Annual Report as well as other matters which are important to them. The AGM is also used to adopt the financial statements for the year.



## CORPORATE GOVERNANCE REPORT...

### **Communication with Shareholders**

Shareholders are provided with the Annual Report and also with Quarterly Financial Statements via the Colombo Stock Exchange website, which the Company considers as its principal communication with them and other stakeholders. The reports are also now made available on the Company website for the ease of access by shareholders.

Shareholders may bring up concerns they have, either with the Chairman, Directors or the Company Secretary as appropriate. The Company maintains an appropriate dialogue with them.

### **Accountability and Audit Financial Reporting**

The Board places great emphasis on complete disclosure of financial and non-financial information within the bounds of commercial reality and on the adoption of sound reporting practices. Financial information is disclosed in accordance with the Sri Lanka Accounting Standards. Revisions to existing accounting standards and adoption of new standards are carefully monitored.

The Statement of Directors' Responsibilities for the Financial Statements are given in page 21 of this report.

### **Going Concern**

After making necessary inquiries and reviews including reviews of the Company budget for the ensuing year, future prospects and risks, cash flows and borrowing facilities, which has had a significant impact on business, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Therefore, the going concern basis has been adopted in the preparation of the Financial Statements.

### **Internal Control**

The Audit Committee and Board are responsible for the Company's internal controls and its effectiveness. Internal control is established with emphasis placed on safeguarding assets, making available accurate and timely information and imposing greater discipline on decision making. It is important to state that any system can ensure only reasonable, and not absolute assurance that errors and irregularities are prevented or detected within a reasonable time. An Internal Auditor is being appointed to support this assurance process and to assist the Company in managing foreseeable risks.

The Board has reviewed the effectiveness of the system of financial controls for the period up to the date of signing the accounts.



## CORPORATE GOVERNANCE REPORT...

The Level of Compliance with the Listing Rules of the CSE – Sections 7.10 and 9 - Rules on Corporate Governance as at 31st March 2024 are given in the following table:

Rule No	Subject	Applicable Requirement	Level of Compliance
7.10.1(a)	Non-Executive Directors.	At least one-third of the total number of Directors should be Non-Executive Directors.	Ten of Fifteen were Non-Executive Directors.
7.10.2 (a)	Independent Directors.	Two or One-third of Non-Executive Directors which ever is higher should be Independent.	Three of Ten Non- Executive Directors were Independent.
7.10.2 (b)	Independent Directors.	Each Non-Executive Director should submit a declaration of independence / non- independence in the prescribed format.	Non-Executive Directors have submitted the declaration.
7.10.3 (a)	Disclosure relating to Directors	The Board shall annually make determination as to the independence or otherwise of the Non-Executive Directors and names of Independent Directors should be disclosed in the Annual Report.	Please ref. page 13.
7.10.3 (b)	Disclosure relating to Directors	The basis for the Board to determine a Director is independent, when the criteria specified for independence is not met.	Please refer page 12 under the heading of composition of the Board.
7.10.3 (c)	Disclosure relating to Directors	A brief résumé of each Director should be included in the Annual Report including the areas of expertise	Please refer 'Board of Directors' on pages 26 to 29.
7.10.3 (d)	Disclosure relating to Directors	Forthwith provide a brief résumé of new Directors appointed to the Board with details specified in 7.10.3 (d) to the Exchange	A brief résumé provided to the Exchange at the time of appointment is available on Page 26 to 29.
7.10.5	Remuneration Committee	A listed Company shall have a Remuneration Committee	Names of the members of the Remuneration Committee are stated on page 14.
7.10.5 (a)	Composition of the Remuneration Committee	Shall comprise of a minimum of two Independent Non-Executive Directors a majority of whom shall be independent	The Committee consists of three Non- Executive Directors of whom two are Independent Non-Executive Directors.
7.10.5 (b)	Remuneration Committee Functions	The Remuneration Committee shall recommend the remuneration of the Chief Executive Officer and Executive Directors	Please refer Remuneration Committee Report on page 41 of this report.



## CORPORATE GOVERNANCE REPORT...

Rule No	Subject	Applicable Requirement	Level of Compliance
7.10.5 (c)	Disclosure in the Annual Report relating to the Remuneration Committee.	<p>The Annual Report should set out</p> <p>a) Names of Directors comprising the Remuneration Committee.</p> <p>b) Statement of the Remuneration policy.</p> <p>c) Aggregate Remuneration paid to Executive Directors &amp; Non-Executive Directors</p>	<p>Names of the Members of the Remuneration Committee are stated in this report under the heading of Remuneration Committee. Please refer page 14.</p> <p>Please refer Remuneration Committee Report on page 41.</p> <p>Please refer page 37.</p>
7.10.6	Audit Committee	The Company shall have an Audit Committee	Names of the members of the Audit Committee are stated on page 15.
7.10.6 (a)	Composition of the Audit Committee	Shall comprise of Non-Executive Directors a majority of whom will be independent	Audit Committee consists of two Independent Non-Executive Directors and one Non-Executive Director.
		A Non-Executive Director shall be appointed as the Chairman of the Committee	Chairman of the Audit Committee is a Non- Executive Director.
		The Chief Executive Officer and the Chief Financial Officer shall attend Audit Committee Meetings.	Managing Director and the Finance Officer attend meetings by invitation
		The Chairman of the Audit Committee or one Member should be a member of a professional accounting body.	One member of the Committee is a member of a professional accounting body
7.10.6 (b)	Audit Committee's Functions	Should be as outlined in Section 7.10.6(b) of the Listing Rules	The terms of reference of the Audit Committee have been agreed by the Board.
7.10.6 (c)	Disclosure in the Annual Report relating to the Audit Committee	<p>a) Names of Directors comprising the Audit Committee</p> <p>b) The Audit Committee shall make a determination on the independence of the Auditors and disclose the basis for such determination</p> <p>c) The Annual Report shall contain a Report of the Audit Committee setting out the manner of Compliance with their Functions</p>	<p>Names of the members of the Audit Committee are stated in this Report under the heading of Audit Committee on page 15.</p> <p>Please refer Audit Committee Report on page 42 to 43.</p> <p>Please refer Audit Committee Report on page 42 to 43.</p>



## CORPORATE GOVERNANCE REPORT...

Rule No	Subject	Applicable Requirement	Level of Compliance
9.2	Related Party Transactions Review Committee's Functions	Should be as outlined in Section 9.2 of the Listing Rules.	The policies and procedures adopted by the Committee for reviewing the Related Party Transactions have been agreed by the Board.
9.2.2	Composition of the Related Party Transactions Review Committee	Shall comprise a combination of Non-Executive Directors and Independent Non-Executive Directors. It may include Executive Directors at the option of the Company.	The Related Party Transactions Review Committee consists of two Non-Executive Independent Directors and two Executive Directors.
		An Independent Non-Executive Director shall be appointed as the Chairman of the Committee.	Chairman of the Related Party Transactions Review Committee is an Independent Non-Executive Director.
9.2.3	Related Party Transactions Review Committee	The Company shall have a Related Party Transactions Review Committee.	Names of the members of the Related Party Transactions Review Committee are stated on page 15.
9.2.4	Related Party Transactions Review Committee meetings	Shall meet once a calendar quarter.	Committee has met on four occasions for the year under review.
9.3.2	Disclosure in the Annual Report relating to the Related Party Transactions Review Committee	<p>a) Names of Directors comprising the Related Party Transactions Review Committee</p> <p>b) The Annual Report shall contain a Report of the Related Party Transactions Review Committee setting out the manner of compliance with their functions.</p> <p>c) Statement of Policies and procedures</p>	<p>Names of the members of the Related Party Transactions Review Committee are stated in this Report under the heading of Related Party Transactions Review Committee on page 15.</p> <p>Please refer Related Party Transactions Review Committee Report on page 44 to 45.</p> <p>Please refer Related Party Transactions Review Committee Report on page 44 to 45.</p>
9.7.4		Listed Entities shall obtain declarations from their Directors & CEO on an annual basis confirming that each of them has continuously satisfied the Fit & Proper Assessment Criteria set out in these Rules during the financial year concerned and satisfies the said criteria as at the date of such confirmation	Declarations have been obtained from all the Directors & CEO of the Company and the Directors are all compliant with the stated criteria.
9.7.5		A statement that the Directors and CEO of the Listed Entity satisfy the Fit and Proper Assessment Criteria.	Statement is included in this report. Please see Page 12.



# STATEMENT OF DIRECTORS' RESPONSIBILITIES...

The Directors are responsible under the sections 150(1), 151, 152(1) & 153 of the Companies Act No. 07 of 2007, to ensure compliance with the requirements set out therein, to prepare Financial Statements for each financial year giving a true and fair view of the state of affairs of the Company as at the end of the financial year and of the Profit or Loss of the Company for the financial year.

The Directors are also responsible, under Section 148 for ensuring that proper accounting records are kept, to disclose with reasonable accuracy, the financial position and enable preparation of the Financial Statements.

The Board accepts responsibility for the integrity and objectivity of the Financial Statements presented. The Directors confirm that in preparing the Financial Statements, appropriate accounting policies have been selected and applied consistently while reasonable and prudent judgments have been made so that the form and substance of transactions are properly reflected.

They also confirm that the Financial Statements have been prepared and presented in accordance with the Sri Lanka Accounting Standards. The Financial Statements provide the information required by the Companies' Act and the Listing Rules of the Colombo Stock Exchange.

The Directors have taken reasonable measures to safeguard the assets of the Company and, in that context, have instituted appropriate systems of internal control in order to prevent and detect fraud and other irregularities.

The External Auditors, Messrs. Bakertilly Edirisinghe & Company, Chartered Accountants, were deemed re-appointed in terms of Section 158 of the Companies' Act No 07 of 2007 and were provided with every opportunity to undertake the inspections they considered appropriate to enable them to form their opinion on the Financial Statements. The report of the Auditors, shown on page 46 to 48 sets out their responsibilities in relation to the Financial Statements.

## **Compliance Report**

The Directors confirm that to the best of their knowledge, all statutory payments relating to employees and the Government that was due in respect of the Company as at the Balance Sheet date have been paid or provided for.

By Order of the Board

**Mahaweli Reach Hotels PLC**

## **Secretaries**

**Businessmate Pvt Ltd**

45 Braybrooke Street, Colombo 2

**30 August 2024**



# CHAIRMAN'S REVIEW...



The year under review has borne witness to many significant steps in the economic recovery of the country and in the journey of the Company as we continue to streamline operations following the challenges of the past years.

The year under review saw the Company rebounding and recording excellent results with a turnover of Rs. 810 million which has surpassed the pre-Covid results. The positive momentum seen in arrivals to the country has certainly assisted the Company in engineering a turnaround of revenues and bodes well for the future prospects of the Company and the country.

It is greatly heartening to note that this Company which kept operations going continuously and safeguarded the employment of its team, through the worst times of the COVID-19 pandemic and the economic crisis faced by the country is now able to look to the future with brighter prospects.

## Global results

The global tourism industry has demonstrated a strong recovery recording a 34% increase over 2022 to reach 1.28Bn international tourists in 2023, achieving approximately 90% of pre-pandemic levels. The Asia Pacific region is still

in recovery mode achieving only 65% of pre-pandemic levels while the Middle East Region appears to have outstripped other regions achieving, nearly 22% growth over and above pre-pandemic levels.

In South Asia, India continues to maintain growth levels recording GDP growth of 5.6% in 2023 which augurs well for the region's economic prospects and the continued growth of tourism in this geographical area.

The UNWTO has predicted that tourist travel will return to pre-pandemic levels in 2024. A rebound in the Chinese market will no doubt fuel this growth. However, headwinds remain with geo-political tensions between Russia-Ukraine and Israel-Palestine escalating and nearly all the major economies facing elections this year which introduces a level of instability, realizing this prediction remains uncertain. High interest rates, volatile oil prices, high cost of air travel and extreme weather conditions will also continue to have an impact on the rate of recovery of tourism.

## Sri Lankan scenario

Sri Lanka is witnessing a nascent revival of the leisure industry. The increase in arrivals to the destination has certainly seen an uptick with Sri Lanka's cumulative tourist arrivals for the calendar year 2023 reaching close to 1.5 million arrivals, in keeping with the Sri Lanka Tourism Development Authority's (SLTDA) target. The growth trajectory of tourism is encouraging with arrivals for the first four months of 2024 crossing 784,000, which is circa 90% of the arrivals recorded in the same period of 2018 when the country recorded the highest number of arrivals. This is an exponential growth in tourist arrivals to the country. In 2023, the Sri Lanka sector experienced a remarkable 106% increase in tourist arrivals compared to 2022.

Sri Lanka is also continuing to win accolades for its tourism offering with Forbes magazine ranking it the fourth most popular destination in the world for 2024 and Travel Off Path nominating it among the top five fastest-growing tourist destinations which underscores the significant potential of the island.



## CHAIRMAN'S REVIEW...

Sri Lanka has made significant progress post-economic crisis to stabilize the economy and achieve normalcy. Recent developments in external debt restructuring will undoubtedly help the country's balance of payments. However, sustaining the balance of payments in the years ahead will require sustained attention and a consistent approach. While the Government requires enhanced taxation revenue, it is important to be conscious of the impact higher taxes are having on society. Long term, consistent fiscal policies which take account of the economic hardships experienced by the citizenry are required to ensure sustainability of the present economic recovery. The current economic climate is resulting in a brain drain from the country which is affecting every sector. It is also one of the biggest challenges faced by the tourism industry in Sri Lanka which is experiencing a severe dearth of skilled talent at a time when service delivery is of utmost importance to promote the Sri Lankan brand.

The transport infrastructure within the country remains a significant inhibitor for tourism development, requiring greater focus from the Government. Enhancing connectivity will not only improve tourist access to attractions but also significantly enhance their overall experience. The lack of this infrastructure deters guests from visiting or experiencing all the attractions that the country has to offer.

The influx of tourists to the country will eventually require an increase in capacity. Such expansion should be carefully considered and carried out in a sustainable manner ensuring that the attractions are not overwhelmed and a beneficial mix of properties are introduced within a reasonable timeframe. An unplanned approach that does not take into consideration the impact on existing infrastructure will be counterproductive to the long term outlook for Sri Lanka.

Despite these challenges, future prospects of tourism in Sri Lanka seem optimistic and tourist arrivals are expected to exceed 2.2 Mn by the end of 2024. A strong global marketing campaign focusing on the key source markets and the grant of visas at a nominal fee will provide the much needed boost to the industry which is yet to recover fully from the challenges it faced over the last few years. Regional competitors are offering visa free entry and have a lower cost base in

many instances. The latest launch of a marketing campaign bodes well and it is hoped that the campaign will be implemented in a manner that gains the maximum benefits for the country. Focusing on regional source markets may yield the best returns in the short to medium term.

Kandy as a destination continues to be affected by the general perception that it is a one-night stopover destination. To change this perception, travel agents who are the dominant source of travellers, need to make a shift in preparation of itineraries. Kandy is yet to gain traction as a base from which to explore neighbouring attractions. The difficulties with road infrastructure contributes to this issue and would benefit from the increased focus of the authorities.

The overall heightened visitor numbers have assisted hotels in Kandy to boost occupancy rates though the exponential increase witnessed in the beach resorts have not yet fully materialized in Kandy. There has certainly been a growth trajectory and it is hoped this will continue to yield good results.

The increased demand has also assisted in improving applicable room rates though they are not at optimum levels due to practices adopted in the market. It is necessary for all segments of the industry to understand that offering better rates to the hotels will result in the upliftment of the standards of the entire industry. Hotels have had to contend with several years of harsh circumstances which have had a significant impact on their ability to reinvent and redevelop infrastructure.

While applicable room rates have improved, the cost base has increased tremendously. The utility costs especially the electricity costs have increased by almost threefold from the previous financial year which has taken a heavy toll on cashflow management. Further the cost of commodities, fuel and other operating costs have also increased.



## CHAIRMAN'S REVIEW...

The very high taxation impacts the ability of the hotels to be competitive and manage cashflows effectively. The nascent recovery of the past year is greatly tempered by these factors.

The Company has had to contend with high interest which accumulated during the loan moratorium periods and have had a significant impact on overall borrowings of the Company. The funding structure of the Company has been reliant on interest bearing liabilities which were relied upon to overcome the challenges of the past years.

Universal Enterprises Private Limited extended funding to the Company by way of a loan facility to facilitate the settlement of identified overdue payments. This arrangement assisted the Company in commencing the restructuring process and charting its future course.

Financial discipline and oversight continue to be priorities for the Company and after negotiations with our lenders the loan facilities have been restructured. These finance costs have a substantial effect on the Company.

While the travel agents generate approximately 68% of the occupancy, the domestic market remains a vital source market for the property and account for nearly 20%. The OTAs and other sources make up the balance.

In the period under review, the Company has made significant headway in streamlining processes to control the effects of these issues. The Company has actively sought ways to control the cost base and develop marketing initiatives. The Company continues to develop its core businesses and the ancillary revenue streams which were developed during the pandemic period. These revenue lines complement each other and have sustained the Company through its darkest days. The Company continues to create bespoke experiences for our customers which are targeted at specific segments of travellers and to explore how to add value in terms of providing experiences and creating memories.

We firmly believe that our people are the greatest asset. The operating environment has become extremely challenging with the brain drain which is taking place affecting every level. The dearth of skilled personnel in the industry make maintaining

service levels a difficult task. Every effort is being made to train and upskill employees and foster a sense of loyalty and commitment. Attrition remains an issue with employees migrating between competitors due to the prevailing economic climate. Mahaweli Reach Hotels PLC, as an equal opportunity employer, is dedicated to promoting diversity and inclusivity.

### Growth outlook

The outlook for Sri Lankan tourism remains positive. It is expected that the current growth trajectory will continue albeit affected by the economic slowdown in most source markets and the geo-political tensions in various hot spots around the globe. It is anticipated that airline connectivity to Sri Lanka will continue to expand with greater demand. This should make travel to the country more attractive and have a positive impact on price.

The exchange rate movements had a significant impact in this period as the Sri Lankan Rupee appreciated after a sharp decline in the previous year. Changes in exchange rates will need careful monitoring to understand medium and long-term trends and their impacts on financial performance. There is significant uncertainty surrounding interest rates, highlighting the need to both reduce exposure and leverage, as well as to make strategic investments. These determinations are being considered in the year ahead.

These decisions will be further affected by the election which is due to take place in Sri Lanka on 21st September 2024. It is hoped that irrespective of the outcome, consistent policy will be applied in ways which will assist the private sector to drive growth with government spending being curtailed. This will assist to keep the country on its current path to recovery.



## CHAIRMAN'S REVIEW...

---

### Acknowledgements

I acknowledge with deep gratitude the unwavering support and guidance provided by my colleagues on the Board especially during the turbulence of the past few years. During the year Mr. W. P. Hettiaratchi and Ms. D. L. Panabokke, two Non-Executive Directors were re-designated as Executive Directors without remuneration, to achieve compliance and also in view of the contribution by these two Directors.

There will be changes to the Board in the forthcoming period due to changes in applicable Listing Rules and will be notified in due course.

The support and assistance provided by our Bankers has been invaluable and we trust that we will be able to call upon their continued co-operation in the future.

We are deeply grateful for the continued loyalty and patronage of our guests and travel partners and the support of our suppliers and other stakeholders who have made survival in difficult times possible.

The steadfast backing and confidence of our shareholders is greatly appreciated and we hope that we can all look forward to better times.

In the words of Peter Drucker "The best way to predict the future is to create it" and our company and its people are committed to ensuring its future sustainability and continuing to be the leaders and innovators in the hospitality sector of the Hill country and beyond.

**M. U. Maniku**  
**Chairman**

30 August 2024



# BOARD OF DIRECTORS...

## **Mr. M. U. Maniku**

*(Chairman)*

*Non-Executive Director*

Mr. M. U. Maniku was appointed to the Board on 27th February 2003 and was appointed Chairman with effect from 31st May 2012. He is a holder of a Masters Degree in Agriculture from the University of Bangladesh. Mr. Maniku has nearly 50 years' experience in the hospitality Industry. He is considered as the pioneer in development of tourism in the Maldives. He is the Chairman of Universal Enterprises Pvt Ltd a company that owns and operates eight tourist resorts in the Maldives. Mr. Maniku was Chairman of the Maldives Association of Tourism Industry of the Republic of Maldives.

International - Colombo. In addition, he has in the past been appointed Vice President of the Tourist Hotels Association of Sri Lanka, President of the Kandy Hoteliers Association, Director of the Chamber of Commerce & Industry of the Central Province and a Member of the National Vocational Training Council for the Hotel, Travel & Tourism Trade of the Ministry of Labour.

## **Mr. A. N. Esufally**

*Independent Non-Executive Director*

Mr. Abbas Esufally has played an active part in the growth and development of the country's tourism industry for the past 40 years. He serves as a Group Director of Hemas Holdings PLC and Chairman of DTH Travel Sri Lanka (Pvt) Ltd.

He also serves on several other listed and unlisted Company Boards. Mr. Esufally acts as the Deputy Chairperson for AYATI Trust, Sri Lanka, a Center of Excellence for children with disabilities. He is a Fellow Member of both the Institute of Chartered Accountants of England & Wales and the Institute of Chartered Accountants of Sri Lanka. He is an all-Island Justice of Peace and serves as the Honorary Consul-General of Bhutan in Sri Lanka.

## **Mr. J. A. Panabokke**

*(Managing Director)*

*Executive Director*

Mr. J. A. Panabokke has approximately five decades of management experience in the hospitality industry and has been a Member of the Board of Directors of Mahaweli Reach Hotels PLC since 1988. He has functioned as its Managing Director since 1992. He is on the Board of the Sri Lanka Business Development Centre and is a Director of Mahaweli Hotel Management Services (Pvt) Limited and of Mowbray Hotels Ltd.

He has represented Sri Lanka on the Board of the Pacific Asia Travel Association (PATA), and as International Councilor for the SKAL Asian Area. He has also been a former Member of the Board of the Sri Lanka Tourist Board and of the Sirimavo Bandaranaike Institute of Tourism & Hotel Management. He has functioned as Chairman of the PATA Sri Lanka Chapter and President of SKAL

## **Mr. A. U. Maniku**

*Non-Executive Director*

Mr. A. U. Maniku was appointed to the Board on 27th February 2003. He is the Managing Director of Universal Enterprises Pvt Ltd of Maldives.



## BOARD OF DIRECTORS...

### **Mr. A. M. Didi**

*Non-Executive Director*

Mr. A. M. Didi was appointed to the Board on 27th February 2003. He functioned as the Director - Sales and Marketing of Universal Enterprises Pvt Ltd, Maldives. He has over 40 years' experience in Resort Management specializing in Marketing and the promotion of Maldives, Seychelles and the Universal Resorts portfolio around the world. He was also responsible for Universal Travel Services. He is a Director of Silhouette Island Resort and Rocher Marketing and Hospitality Supplies of Seychelles. Mr. Didi is the Honorary Consul for Russia in the Republic of Maldives.

### **Mr. W. P. Hettiaratchi**

*Executive Director*

Mr. W. P. Hettiaratchi was appointed to the Board on 27th February 2003. He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka. He has been employed by Universal Resorts, Maldives since 1998 and at present heads the Group's operations in Sri Lanka. He is also the Managing Director of The British School in Colombo and CEO/Director of Lanka Valiant Developers Pvt Ltd. He counts over 30 years' experience and exposure in the areas of the soft drinks industry, hospitality, tourism and school operations.

### **Mr. J. C. Ratwatte**

*Independent Non-Executive Director*

Mr. J. C. Ratwatte is a holder of a Bachelor of Laws Degree from the University of Ceylon, Colombo and is an Attorney-at-Law of the Supreme Court of Sri Lanka, with over 51 years' experience. He also holds a Post Graduate Diploma in International Relations from the Bandaranaike Center for International Studies. He has worked for the government sector for over 20 years in various assignments, ranging from Director General of Youth Services, Chairman of the National Youth Services Savings and Credit Co-operative, Commissioner General for Essential Services, Managing Director of the Janasaviya Trust Fund and also as Secretary to six Ministries. When he retired from government service, he held the post of Secretary to the Treasury & Ministry of Finance. He now works in the business sector as a Director of the Sri Lanka Business Development Centre, a not-for-profit social enterprise.

He serves on the Board of Directors of several companies. He has been a Lecturer and Examiner in Constitutional Law in Sri Lanka and a Resource Person on Disaster Management to the Asian Disaster Management Center of the Asian Institute of Technology, Bangkok. Mr. Ratwatte was also Senior Adviser to the Prime Minister's Office, Government of Sri Lanka.

### **Mr. A. Nooradeen**

*Non-Executive Director*

Mr. A. Nooradeen was appointed to the Board on 15th June 2004. He is a Director of Universal Enterprises Pvt Ltd, Maldives.



## BOARD OF DIRECTORS...

### **Mr. J. R. P. M. Paiva**

*Independent Non-Executive Director*

Mr. Paiva was appointed to the Board on 21st September 2015. He holds a BA (Hons) Degree from the University of Peradeniya. Mr. Paiva was the former Vice President - Administration & Services of the National Development Bank PLC (NDB), overseeing Human Resources, Administration, Maintenance, Security & SMS Operations. He joined NDB from Hatton National Bank PLC (HNB), where he counts over 30 years' experience at Senior Management level. Prior to joining NDB, he held the position of Deputy General Manager (DGM) - Strategy & Compliance and has also overseen the Human Resources & Administration areas of HNB.

He also served as a Director of Acuity Stock Brokers Private Ltd and Development Holdings Private Ltd.

### **Mr. J. A. Panabokke**

*Executive Director*

Mr. J. A. Panabokke is a holder of a Bachelor's Degree in Business with Major in Marketing and Major in Management from the Edith Cowan University, Perth, Australia. Upon graduation he joined Mahaweli Reach as the Systems Administrator. He was also part of the Senior Management team and involved in overall operations including the sales and maintenance functions. He currently oversees the general operations of Mahaweli Reach Hotel and functions as the head of its IT Department in addition to functioning as an Executive Director of the Company.

### **Ms. D. L. Panabokke**

*Executive Director*

Holding a Master of Laws Degree from the University of London and a Bachelor of Laws Degree from the University of Colombo, Ms. Panabokke is an Attorney-at-Law admitted to the Supreme Court of Sri Lanka. She has been engaged in the practice of commercial & corporate law for over a decade at law firms in Sri Lanka and in the Kingdom of Bahrain. She was also previously employed with the Securities & Exchange Commission of Sri Lanka and works in the policy and governance field in Australia. She has had extensive experience inter alia in the fields of company law, securities law, banking law, good governance practices and regulatory compliance. Ms. Panabokke is also a Director of Mahaweli Hotel Management Services Private Limited.

### **Mr. P. B. Panabokke**

*Executive Director*

A Graduate of the Sri Lanka Institute of Tourism and Hotel Management, Mr. Panabokke has garnered expertise in the Food and Beverage Operations during his tenures with Cinnamon Hotels and Uga Resorts, two of the most successful hospitality brands in the country. He presently functions as the Director Operations at Mahaweli Reach. He is a Member of the Institute of Hospitality.



## BOARD OF DIRECTORS...

### **Mr. S. I. Maniku**

*Non-Executive Director*

Mr. S. I. Maniku was appointed to the Board on 17th November 2022. He holds a Bachelor's Degree in Electrical & Electronic Engineering from Imperial College London and a MBA from INSEAD.

Mr. Maniku has over 20 years' experience in the hospitality industry and is a Director of Universal Enterprises Pvt. Ltd and the Managing Director of the Male' Aerated Water Company, the franchise bottler of Coca-Cola in the Maldives. He is also the Managing Director of Manta Aviation Pvt. Ltd, which operates aircraft in the Maldives and Pulse Hotels & Resorts Pvt. Ltd a luxury hotel management company.

### **Mr. U. M. Maniku**

*Non-Executive Director*

Mr. U. M. Maniku was appointed to the Board on 30th March 2023. He holds a Bachelor's Degree in Marketing and Management from Edith Cowan University Australia.

Mr. Maniku has over 20 years' experience in the hospitality industry and construction sector. He is currently an Executive Director of Universal Enterprises Pvt. Ltd, Managing Director of Universal Resorts Management Pvt Ltd, Managing Director of Coral Edge Pvt Ltd and the Managing Director of Hospitality Supplies Pvt Ltd which are leading companies in Maldives in the hospitality industry.

### **Ms. F. V. Mahir**

*Non-Executive Director*

Ms. F. V. Mahir was appointed to the Board on 17th November 2022. She is currently serving as Executive Director of Universal Enterprises Pvt. Ltd and COO of Universal Resorts Management and has over 20 years' of experience in the tourism sector.

She is also a Board Member of MATI (The Maldives Association of Tourism Industry) and holds a Bachelors' Degree in English from the University of Exeter, UK.



# REPORT OF THE DIRECTORS...

## ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY- FOR YEAR 2023/24

The Board of Directors of Mahaweli Reach Hotels PLC, have pleasure in presenting the shareholders their report together with the Audited Financial Statements for the year ended 31st March 2024.

The details set out herein provide the pertinent information in compliance with the Sri Lanka Accounting Standards, Companies Act No.07 of 2007, the Sri Lanka Accounting and Auditing Standards Act No.15 of 1995 and the Listing Rules of the Colombo Stock Exchange.

The Annual Report was approved by the Board of Directors on 31st July 2024.

### 1. GENERAL

Mahaweli Reach Hotels PLC is a public limited liability Company incorporated in Sri Lanka in 1973

### 2. THE PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The principal activities of the Company are that of a hotelier and related activities and this has remained unchanged. A review of business and the Company's performance during the year with comments on financial results is contained in the Chairman's Review and the Management Discussion and Analysis.

There are no other classes in which the Company has an interest, either as a Shareholder of another Company or otherwise.

The Directors are not aware of any other material information which requires inclusion for the Shareholders to have a further appreciation of the state of the Company's affairs outside the information disclosed in the Financial Statements.

### 3. FINANCIAL STATEMENTS

The Financial Statements of the Company for the accounting period ended 31st March 2024,

prepared in compliance with the Sri Lanka Accounting Standards and completed and signed in accordance with the provisions of the Companies Act are given on pages 49 to 86.

(In Rupees Thousand) For the year ended 31st March	2023	2024
Profit / (Loss) for the year	(12,031,860)	(274,691,896)
Other comprehensive income / (expense) for the year, adjusted for revaluation of Property Plant and Equipment and related tax	1,477,028,397	35,414
Total comprehensive income / (expense) for the year	1,464,996,537	(274,656,482)
Retained earnings as at the beginning of the year	(581,265,393)	(598,696,513)
Retained earnings as at the end of the year	(598,696,513)	(873,352,995)



#### 4. TURNOVER

The turnover for the year was Rs. 810,337,939/- 2023/24 and Rs. 503,948,227/- for the financial year 2022/23

#### 5. AUDITOR'S REPORT

The Auditor's Report on the Financial Statements of the Company is given on page 46 to 48.

#### 6. ACCOUNTING POLICIES

The Notes to the Financial Statements contained herein describe the accounting policies adopted in the preparation of the Financial Statements.

Changes in accounting policies made during the accounting period are described under Note No. 03 to the Financial Statements. In the year under review there have been no significant changes to accounting policies of the Company.

#### 7. STATED CAPITAL

There were no changes in the Company's Stated Capital during the year under review. In terms of the Companies Act No.07 of 2007, the Stated Capital is the total of the amounts received by the Company in respect of the issue of shares.

The Stated Capital of the Company as at 31st March 2024 consists of 47,066,447 Ordinary shares totaling to Rs. 585,445,870/-. Refer Note No. 19

#### 8. PROPERTY, PLANT AND EQUIPMENT

Information relating to movements of Property, Plant & Equipment is given in Note No. 12 to the Financial Statements.

#### 9. CORPORATE GOVERNANCE

The Board has ensured that the Company has complied with the Corporate Governance Rules as per the Listing Rules of the Colombo Stock Exchange (CSE). Details of compliance are provided in the Corporate Governance Report on page 18 to 20.

##### 9.1. Board of Directors

The following Directors held office during the period under review and their brief profiles are given on Page 26 to 29 of the Annual Report.



## REPORT OF DIRECTORS...

DIRECTORS	Executive/ Non-Executive/ Independent
Mr. Mohamed Umar Maniku	Non-Executive
Mr. Abbasally Nuruddin Esufally	Non-Executive/Independent
Mr. Jayantha Atul Panabokke	Executive
Mr. Ahamed Umar Maniku	Non-Executive
Mr. Ahamed Mahir Didi	Non-Executive
Mr. Wajjiya Priyantha Hettiaratchi	Executive (with effect from 28/06/2023)
Mr. Ali Nooradeen	Non-Executive
Mr. Jayampathy Charitha Ratwatte	Non-Executive/Independent
Mr. Joseph Rosario Philip Mancius Paiva	Non-Executive/Independent
Ms. Dayanthi Lakshmi Panabokke	Executive (with effect from 28/06/2023)
Mr. Janaka Asitha Panabokke	Executive
Mr. Priyanjith Buddhika Panabokke	Executive
Mr. Sanjay Ibrahim Maniku	Non-Executive
Ms. Fathimath Visha Mahir	Non-Executive
Mr. Umar Mohamed Maniku	Non-Executive

*Each of the Non-Executive Directors of the Company have submitted signed declarations on Independence/Non-Independence as per Rule 7.10.2(b) of the Listing rules of the Colombo Stock Exchange (CSE). The said declarations were tabled at a meeting of the Board of Directors of the Company held on 30/03/2024 in order to enable the Board of Directors to determine the Independence/Non-Independence of each Non-Executive Director, in terms of Rule 7.10.3(a) of the Listing Rules of Colombo Stock Exchange.*

### 9.2 - Directors to retire by rotation

In terms of Articles 90, 91 and 92 of the Articles of Association of the Company, Mr. A. U. Maniku, Mr. A. M. Didi, Mr. J. R. P. M. Paiva, Mr. S. I. Maniku & Ms. F. V. Mahir retires by rotation and being eligible offer themselves for re-election.



## 9.3 - Appointment of Directors who are over 70 years of age

It is recommended that Mr. A. N. Esufally, Mr. M. U. Maniku and Mr. J. C. Ratwatte who are over 70 years of age be re-appointed as Directors of the Company for a further period of one year from the conclusion of the Annual General Meeting and that the age limit stipulated in Section 210 of the Companies Act No.07 of 2007 shall not be applicable to the said Directors.

## 9.4 - Remuneration Committee

The Remuneration Committee of the Company comprises of the following Members:

Remuneration Committee Members	Executive/Non-Executive/Independent
Mr. J. C. Ratwatte (Chairman)	Non-Executive/Independent
Mr. J. R. P. M. Paiva	Non-Executive/Independent
Ms. F. V. Mahir	Non-Executive

## 9.5 - Audit Committee

The Audit Committee of the company comprises of the following Members:

Audit Committee Members	Executive/Non-Executive/Independent
Mr. S. I. Maniku (Chairman)	Non Executive
Mr. A. N. Esufally	Non-Executive/Independent
Mr. J. C. Ratwatte	Non-Executive/Independent

## 9.6 - Related Party Transactions Review Committee

As at 31st March 2024 the Related Party Transactions Review Committee of the company comprised of the following members:

Related Party Transactions Review Committee Members	Executive/Non-Executive/Independent
Mr. J. C. Ratwatte (Chairman)	Non-Executive/Independent
Mr. W. P. Hettiaratchi	Executive
Mr. J. A. Panabokke	Executive

The details of the Related Party Transactions are given in Note No. 31 on pages 84 to 85 of the Financial Statements.

The Company has complied with the rules set out in Section 9 of the Listing Rules pertaining to Related Party Transactions. In accordance with sections 9.14.8 of the said rules, the recurrent Related Party Transactions did not exceed 10% of the gross revenue as per the latest Audited Financial Statements.

While other non-recurrent transactions remain the same as disclosed in previous years and do not meet the thresholds for reporting in the given format, information on these transactions is provided on page 84 to 85. Refer Note No 31.

Details of the single non recurrent transaction requiring reporting in the given format is provided below:



## REPORT OF DIRECTORS...

### - Non-Recurrent Related Party Transactions

As at 31st March 2024, there was one Non-Recurrent Related Party Transaction entered into by the Company came within the stated thresholds of, the aggregate value of the Non-Recurrent Related Party Transactions exceeding 10% of the Shareholders' Equity or 5% of the total assets of the Company, whichever was lower and the information is provided below.

Name of the Related Party	Relationship	Value of the Related Party transactions entered into during the financial year	Value of the Related Party Transaction as % to the Equity and as a % to Total Assets	Terms and conditions of the Related Party Transactions	The rationale for entering into the transaction
Universal Enterprises (Pvt) Limited	Majority Share Holder of the Borrower which constitute 69.44% of the issued share capital.	USD Dollars 1 Million	18% of the Equity and 9% of the Total Assets	Loan Repayment within five years with an interest grace period of 18 months and capital grace period of 36 months. Interest is 6.5% plus one-month SOFR on the loan.	To meet urgent accumulated working capital requirements

### - Recurrent Related Party Transactions

There were no Recurrent Related Party Transactions entered into by the Company, when the aggregate value of the Recurrent Related Party Transactions exceeded 10% of the Gross Revenue / Income of the Company as at 31st March 2024.

### 10. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

There were no significant events reported during the year under review.

### 11. POST BALANCE SHEET EVENTS

No circumstances of significance have arisen since the Balance Sheet date, which would require adjustments to or disclosure in the Financial Statements.

### 12. DONATIONS

The total amount of Donations made by the Company during the financial year is Rs. 218,500/-

### 13. AUDITORS

The Company's auditors during the year under review were Messrs. Bakertilly Edirisinghe & Co., Chartered Accountants, and a sum of Rs. 495,400/- was paid to them by the Company as audit fees for the year ended 31st March 2024.

As far as the Directors are aware, the Auditors do not have any other relationship (other than that of an Auditor) with the Company. The Auditors also do not have any interest in the Company.

Messrs. Bakertilly Edirisinghe & Co., Chartered Accountants, are deemed re-appointed, in terms of Section 158 of the Companies Act No.07 of 2007, as Auditors of the Company. A Resolution proposing the Directors be authorized to determine their remuneration will be submitted



## REPORT OF DIRECTORS...

at the Annual General Meeting. Messrs. Bakertilly Edirisinghe & Co have functioned as the auditors of the company for 30 years. However the audit partner is rotated with the current partner being associated with the audit of the company for 4 years.

### 14. GOING CONCERN

The Directors have made an assessment and have a reasonable expectation of the Company's ability to continue as a going concern and do not intend either to liquidate or to cease operations of the Company in the foreseeable future. Accordingly, these financial statements are prepared on the Going Concern Concept.

### 15. HUMAN RESOURCES

The Company continues to invest in human capital development and implement effective human resource practices and policies to develop and build an efficient and effective workforce aligned around its business priorities and to ensure that its employees are developing the skills and knowledge required for the future success of the Company.

### 16. ONGOING LITIGATIONS

The ongoing litigation related to the Company are shown in Note No. 28.2 to the Financial Statements.

### 17. EQUITABLE TREATMENT TO SHAREHOLDERS

The Company endeavours at all times to ensure equitable treatments to all Shareholders.

### 18. EVENTS AFTER THE REPORTING DATE

There were no events occurring after the reported date of the company.

### 19. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

The contingent liabilities and commitments as at 31st March 2024 are given in Note No. 28 to the Financial Statements.



## REPORT OF DIRECTORS...

### 20. TWENTY MAJOR SHAREHOLDERS WITH COMPARATIVES

Name of Shareholder	31.03.2024		31.03.2023	
	No. of Shares	Holding %	No. of Shares	Holding %
Universal Enterprises Pvt. Ltd	32,683,550	69.44	32,683,550	69.44
Freudenberg Shipping Agencies Limited	3,000,000	6.37	3,000,000	6.37
Mr. J. A. Panabokke	1,905,858	4.05	1,905,858	4.05
Estate of Late Mr. B. D. Panabokke	1,502,843	3.19	1,502,843	3.19
Mr. M. U. Maniku	1,217,306	2.59	1,217,306	2.59
Estate of Late Mr. K. M. Panabokke	826,637	1.76	826,637	1.76
Estate of Late Mrs. L. R. Panabokke	819,050	1.74	819,050	1.74
Mr. J. A. Panabokke & Mrs. K. D. Panabokke	781,418	1.66	731,418	1.55
Mrs. K. D. Panabokke	412,587	0.88	247,550	0.53
Mr. A. N. Esufally	332,000	0.71	332,000	0.71
Ms. D. L. Panabokke	309,843	0.66	309,843	0.66
Mr. J. A. Panabokke	176,460	0.37	176,460	0.37
Mackwoods Securities Limited	134,572	0.29	229,627	0.49
Mr. U. D. M Fernando	108,751	0.23	-	-
Mr. H. D. Molligoda	108,035	0.23	187,965	0.40
Merchant Bank of Sri Lanka & Finance PLC	90,000	0.19	-	-
Mr. R. Ratna Gopal	57,800	0.12	57,800	0.12
Mr. P. B. Panabokke	52,660	0.11	52,660	0.11
Mr. P. H. Amarasinghe	51,090	0.11	-	-
Mr. J. C. L. De Mel	40,000	0.09	40,000	0.09

### 21. DIRECTORS' SHAREHOLDINGS

#### Directors' Interest in Shares

Directors of the Company have disclosed their shareholdings and any acquisition / disposal to their Boards, in compliance of Section 200 of the Companies Act No.07 of 2007

	As at 31st March 2024	As at 31st March 2023
Mr. J. A. Panabokke	1,905,858	1,905,858
Mr. M. U. Maniku	1,217,306	1,217,306
Mr. A. N. Esufally	332,000	332,000
Ms. D. L. Panabokke	309,843	309,843
Mr. J. Asitha Panabokke	176,460	176,460
Mr. P. B. Panabokke	52,660	52,660



## REPORT OF DIRECTORS...

### 22. DIRECTOR'S REMUNERATION AND OTHER BENEFITS

The Directors remuneration and other benefits from the Company during the financial year 2023/2024 is Rs. 31,800,000/-.

### 23. INTERESTS REGISTER

The particulars of entries in the Interests Register and the Directors' Interests in the Contracts of the Company are disclosed under Note No. 31 to the Financial Statements contained herein.

The Directors are not either directly or indirectly interested in any existing or proposed contracts with the Company other than what is disclosed in the Financial Statements.

A review of these contracts are undertaken by the Related Party Transactions Review Committee of the Company. The Committee's report is found on page 44 to 45.

### 24. ANNUAL REPORT

The information provided herein is pursuant to the requirements of the Companies Act No.07 of 2007 and the Listing Rules of the Colombo Stock Exchange.

The Board of Directors have approved the Audited Financial Statements of the Company together with the Reviews and other Reports which form part of the Annual Report. The appropriate number of copies of the Annual Report will be submitted to the Colombo Stock Exchange, the Sri Lanka Accounting and Auditing Standards Monitoring Board, the Registrar General of Companies, within applicable time frames.

### 25. ANNUAL GENERAL MEETING

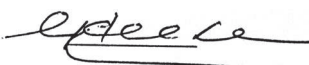
The 50th Annual General Meeting of the Company will be held on the 30th September, 2024 at 11.00 a.m. at the Registered Office of the Company, No.35, P. B. A. Weerakoon Mawatha, Kandy, Sri Lanka.

The Notice of the Annual General Meeting, setting out the business which will be transacted there is on Page 3 to 4 of the Annual Report

Signed on behalf of the Board



J. A. Panabokke  
Director



W.P. Hettiaratchi  
Director



Businessmate (Pvt) Limited  
Company Secretaries

30 August 2024



# INFORMATION TO SHAREHOLDERS AND INVESTORS...

(All figures in Sri Lankan Rupees thousands)

## 1. STOCK EXCHANGE LISTING

Mahaweli Reach Hotels PLC is a public quoted Company, the Ordinary Shares of which are listed on the Diri Savi Board of the Colombo Stock Exchange of Sri Lanka.

The Stock Exchange code for Mahaweli Reach Hotels PLC shares is "MRH".

## 2. ORDINARY SHAREHOLDERS

Number of Shareholders

As at 31st March	2024	2023
Number of Shareholders	2,276	2,281

### 2.2 - Distribution and Composition of Shareholders

No. of Shareholders		Distribution of Shares		31.03.2023 Holding	%	31.03.2024 Holding	%
31.03.2024	31.03.2023						
1,863	1876	1	1,000	389,390	0.83	384,487	0.82
340	338	1,001	10,000	1,076,377	2.29	1,054,832	2.24
58	51	10,001	100,000	1,113,528	2.36	1,308,218	2.78
10	11	100,001	1,000,000	4,177,595	11.46	4,009,353	8.52
5	5	Above	1,000,000	40,309,557	83.06	40,309,557	85.64
2,276	2,281			47,066,447	100.00	47,066,447	100.00

Categories of Shareholders	As at 31st March 2024		
	No. of Shareholders	No. of Shares	%
Institutions	61	36,183,203	76.88
Individuals	2,215	10,883,244	23.12
Total	2,276	47,066,447	100.00

## 3. Market performance - Ordinary shares

For the year ended 31st March	2024	2023
As at 31st March (Rs.)	13.00	12.90
Highest (Rs.)	14.00	14.30
Lowest (Rs.)	11.60	11.50
Value of shares traded (Rs.)	9,000,844	1,684,231.80
No. of shares traded	680,953	134,894
Volume of transactions	272	322



## INFORMATION TO SHAREHOLDERS AND INVESTORS...

### 4. Market Capitalization

Market capitalisation of the Company which is the number of ordinary shares in issue multiplied by the market value of an ordinary share was Rs. 611,863,811/- as at 31st March 2024 (2023 - Rs. 607,157,166/-)

### 5. Public Holding

The Company is in compliance with the minimum public holding requirements set out in Rule 7.13.1 (b) of the Listing Rules of the Colombo Stock Exchange.

Float Adjusted Market Capitalisation	Public Holding Percentage	No. of Non-Public Shareholders	No. of Public Shareholders	Option
Rs. 119,558,188.67	19.54%	09	2267	2

Shareholdings	No. of Shares held as at 31.03.2024	Holding %	No. of Shares held as at 31.03.2023	Holding %
Others	37,871,682	80.46	37,656,645	80.00
Public	9,194,765	19.54	9,409,802	20.00
<b>Total</b>	<b>47,066,447</b>	<b>100.00</b>	<b>47,066,447</b>	<b>100.00</b>



# FIVE YEAR HIGHLIGHTS...

Operating Results		2019/20	2020/21	2021/22	2022/23	2023/24
Occupancy	%	40	4	15	16	50
Gross Revenue	(Rs.000)	446,380	213,128	423,434	503,948	810,337
Interest Charges	(Rs.000)	(18,752)	(23,065)	(53,201)	(43,637)	(118,405)
Depreciation	(Rs.000)	(62,675)	(72,571)	(69,031)	(62,986)	(199,868)
Profit & (Loss) - before Interest	(Rs.000)	(140,034)	(200,720)	(108,129)	(155,453)	(275,561)
- after Interest	(Rs.000)	(151,447)	(225,058)	(160,103)	(196,972)	(370,827)
Assets Employed						
Non-Current Assets	(Rs.000)	1,722,815	1,664,708	1,601,741	3,676,771	3,514,514
Current Liabilities	(Rs.000)	(124,049)	(260,574)	(346,571)	634,105	479,669
Stated Capital						
Ordinary Shares	(Rs.000)	585,446	585,446	585,446	585,446	585,446
Net Reserves	(Rs.000)	634,361	411,149	238,353	1,702,350	1,428,648
Non-Current Liabilities	(Rs.000)	378,959	407,539	432,218	634,105	479,669
Market Value per share	Rs. Cts.	12.00	17.00	12.00	12.90	13
Net Assets per share	Rs. Cts.	25.92	21.17	18.38	48.63	42.80
Dividend per share	Rs. Cts.	-	-	-	-	-
Earnings per share	Rs. Cts.	(3.31)	(4.75)	(3.75)	(0.26)	(5.84)
Year on Year Growth						
- in Earnings per share	%	(275.69)	(43.69)	1	(3.50)	(21.46)
- In Dividend per share	%	-	-	-	-	-
Price Earning Ratio	-	(3.63)	(3.58)	(3.38)	(49.62.)	(2.22)
Borrowing as a % of Total Assets	%	15.45	18.94	21.24	12.22	21.04%
Interest Cover	Times	(7.52)	(8.76)	(2.98)	(2.56)	(2.32)



# REMUNERATION COMMITTEE REPORT...

## **Composition & Meetings**

The Remuneration Committee of the Board in keeping with the requirements of the Listing Rules of the Colombo Stock Exchange, comprises of two Independent Non -Executive Directors and one Non-Executive Director.

The two Independent Non-Executive Directors are independent of management and free from any business or other relationship which would otherwise impede the exercise of their independent judgment.

The following Directors served on the Committee:

Mr. J. C. Ratwatte (Chairman)  
- Independent Non-Executive Director

Mr. J. R. P. M. Paiva  
- Independent Non-Executive Director

Ms. F.V. Mahir  
- Non-Executive Director

Brief profiles of the Directors are given on page 26 to 29 of the Annual Report.

## **Meetings**

During the year under review the Directors met and reviewed the remuneration policy followed by the Company and changes were made as necessary in keeping with the situation prevalent in the country.

## **Invitees of the Board**

The Managing Director who is responsible for the overall management of the Company, attends meetings and participates by invitation.

The Company Secretaries also attend meetings and participate in the Committee meetings by invitation.

## **Policy**

The Company's remuneration policy aims to attract, motivate and retain talent with the appropriate professional, managerial and operational expertise, necessary to achieve

the objectives of the Company in a competitive environment.

All statutory increases are taken account to ensure that the Company is compliant with any regulatory changes which are mandated.

It is the focus of the Committee to ensure that the total remuneration package takes into consideration increases in cost of living and industry norms.

The remuneration of the Executive Directors is designed to create and enhance value for all stakeholders of the Company and to ensure alignment between the short and long term interests of the Company and its management. The recent economic conditions in the country will necessitate the review of applicable policies.

The Remuneration policy of the organization has remained unchanged for the year and Mahaweli Reach Hotels PLC has complied with the policies and procedures set out by the Remuneration Committee.

## **Scope**

The Committee is vested with power to examine, evaluate and recommend to the Board of Directors in respect of any matter that may affect the management of human resources within its Terms of Reference (TOR) and any other matters as may be referred to it by the Board.

It reviews all significant policies and initiatives relating to human resources, salary structures and terms and conditions relating to employees.

Reports of meetings of the Committee with its recommendations are referred to the Board for discussion, to be ratified or otherwise acted upon by the Board of Directors.

The Remuneration Committee Members interacted among themselves as well as with the Executive Board Members when the necessity arose.

**J. C. Ratwatte**  
**Chairman – Remuneration Committee**

**30 August 2024**



# AUDIT COMMITTEE REPORT...

## **Composition and Meetings**

The Board's Audit Committee, comprises of one Non-Executive Director and two Independent Non-Executive Directors. The Chairman is a Non-Executive Director. With the change of the Listing Rules the composition is in the process of being changed to meet compliance by the stipulated date.

The following Directors serve on the Audit and Risk Committee:

Mr. S. I. Maniku (Chairman)  
- Non-Executive Director

Mr. A. N. Esufally  
- Independent Non-Executive Director

Mr. J. C. Ratwatte  
- Independent Non-Executive Director

Mr. W.P. Hettiaratchi  
- Executive Director  
(A member until 28/06/2023)

The Members of the Committee have a depth of financial expertise and collectively, the Committee has considerable financial experience on which to rely on.

For more information on the experience of and brief profiles of the Members please refer page 26 to 29 of the Annual Report.

The Committee is accountable and reports to the Board of Directors.

## **Regular Attendees by Invitation**

The Managing Director, Mr. W. P. Hettiaratchi, Executive Directors and The Finance Manager attend the meetings by invitation. During the year under review, other Directors also sometimes participated by invitation when necessary.

## **Secretary to the Committee**

The Board Secretary functions as the Secretary to the Board's Audit and Risk Committee.

## **Charter of the Committee**

The Terms of Reference (TOR) mainly cover the purpose of and the responsibilities entrusted to the Board's Audit and Risk Committee. It also spells out the constitution and the composition of the Committee. The Meetings are to be held at least once in every quarter. The Committee Members have direct access to the required data and information in order to discharge their duties; it also authorizes the Committee to obtain appropriate opinions when in doubt; the Committee also has the investigative authority conferred upon it under the TOR

## **Key Responsibilities of the Committee**

Key responsibilities include;

- (i) Monitoring the integrity of the Company's financial reporting and satisfying itself that any significant financial judgments by the management are sound and ensuring that strong internal controls are put in place;
- (ii) Overseeing the appointment of internal and external auditors and monitoring and reviewing the activities and performance of such auditor/auditors, including assessing their independence and objectivity;
- (iii) Monitoring and reviewing compliance with laws and regulations which are fundamental to the entity's operations and continued business;
- (iv) Monitoring the risks associated with the business and recommending appropriate measures to mitigate same.

## **Meetings**

For the purpose of discharging the above duties the Board's Audit Committee met on four occasions during the financial year and have had regular consultations with the Management and amongst each other.

Attendance of the Committee Members at each of these meetings is given on page 15 of the Annual Report.

The proceedings of the Committee meetings are regularly reported to the Board of Directors.

The Committee is conscious of the need to keep its knowledge up to date.



## AUDIT COMMITTEE REPORT...

### **Authority of the Committee**

The Committee, as part of its responsibility to oversee the Company's financial reporting process on behalf of the Board of Directors, has reviewed and discussed with the management the annual and the quarterly financial statements prior to their release.

The review included the extent of compliance with the Sri Lanka Accounting Standards and the Companies Act No. 7 of 2007. The Committee also reviews the effectiveness of the Financial Reporting Systems in place to ensure reliability of the information provided and the accounting policies to determine the most appropriate accounting policies. The Managing Director and Finance Manager provide assurance to the Committee on the Company's operations and finances.

The Committee recommended the financial statements to the Board for its approval.

The Committee also reviewed the budgets and forecasts of the Company.

Messrs. Bakertilly Edirisinghe & Co; Chartered Accountants were re-appointed as the External Auditors.

Messrs. Ernst and Young are being appointed to carry out the Internal Audit assurance function on behalf of the Company. The remit will include assurance on internal processes and approach to risk management.

The Committee undertook the annual evaluation of the independence and objectivity of the external auditor and the effectiveness of the audit process.

The Committee had discussions with the external auditors, to review the nature, approach and scope of the audit and have discussed any recommendations with the Auditors as well. The Committee also ascertained whether any non-audit services are provided by the Auditor.

As far as the Directors are aware, the Auditor does not have any relationship (other than that of an Auditor) with the Company. The Auditors also do not have any interest in the Company. For the said reasons the Committee has determined that the Auditors are independent.

The Committee have received written assurance from the external auditors confirming that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. Having evaluated the independence and objectivity of the external auditors, the Committee decided to recommend to the Board of Mahaweli Reach Hotels PLC, the re-appointment of Messrs. Bakertilly Edirisinghe & Co., as external auditors of the Company for the current financial year subject to the approval of the shareholders at the Annual General Meeting. While Messrs. Bakertilly Edirisinghe & Co have functioned as the auditors of the Company for over 30 years, the audit partners are rotated. The current audit partner has been associated with the audit of the Company for 4 years.

The Committee is satisfied that the controls instituted by the organization provides reasonable, but not absolute assurance that the financial position of the Company is adequately monitored and that the systems are in place to minimize the impact of identifiable risks. The Committee is also satisfied that all possible measures are in place to ensure compliance with relevant legislation and regulations.

**S. I. Maniku**  
**Chairman – Audit Committee**

**30 August 2024**



# RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT...

## **Composition & Meetings**

The Board's Related Party Transactions Review Committee, comprises of four Directors of whom two are Independent Non-Executive Directors and two Executive Directors. The Chairman of the Committee is an Independent Director.

Mr. J. C. Ratwatte (Chairman)  
- Independent Non-Executive Director

Mr. J. R. P. M. Paiva  
- Independent Non-Executive Director  
(Appointed w.e.f. 26/6/2024)

Mr. W. P. Hettiaratchi  
- Executive Director

Mr. J. A. Panabokke  
- Executive Director

Brief profiles of the Directors representing the Committee are given on page 26 to 29 of the Annual Report.

## **Committee Meetings**

The Company Secretaries attend meetings and participate in the Committee meetings by invitation.

Meetings are to be held at least once a quarter. During the year under review, the Committee met on four occasions.

Attendance at these meetings are given on page 15 of the Annual Report.

Relevant documents are reviewed by the committee Members regularly and discussed when necessary.

Reports of meetings of the Committee with its recommendations are referred to the Board for

discussion and ratified or otherwise acted upon by the Board of Directors.

## **Policies and Procedures adopted by the Committee**

The Company has in place a Related Party Transaction identification and disclosure procedure whereby the categories of persons who shall be considered as related parties has been identified. In accordance with the above procedures, self-declarations are obtained from each Director/ Key Management Personnel of the Company for the purpose of identifying parties related to them. The nature of the transactions, the quantum, parties and terms and conditions relating to the transactions are reviewed to ensure transparency. The Committee endeavours to meet at least quarterly, review and report to the Board on matters involving related party transactions falling under its scope.

The Committee is of the view that the related party transactions as disclosed have been carried out on an arms' length basis in the ordinary course of business and in the manner disclosed to shareholders and regulatory authorities. These recurrent and non-recurrent transactions are not prejudicial to the interests of the Company or its shareholders.

The Related Party Transactions Review Committee members interacted among themselves and consulted each other as and when the necessity arose. The Executive Directors did not participate in deliberations connected to transactions with the Management company or connected parties other than providing necessary information.



## RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT...

### ***Related Party Transactions during the year***

Recurrent related party transactions which are carried out on an arms' length basis, in the ordinary course of business have been carried out in the year under review and are reported on elsewhere in the report.

A single non-recurrent transaction took place during the year under review, on 23rd August 2023, when Universal Enterprises Private Limited, the company's largest shareholder holding 69.44% of the shares provided a loan of USD1,000,000 to the Company to be utilized for the purposes of the settlement of outstanding liabilities. The transaction attracted an interest rate on 6.5% + 1 month SOFR with a grace period of 18 months and a tenure of 60 months.

The Board of Directors approved this transaction and the decision was based on the need of the Company to obtain additional funding to assure business continuity and value preservation and in order to facilitate the Company in restructuring its financial obligations and to assist in the strategic objectives of the company.

The Committee was of the view that the transaction is on normal commercial terms, and is not prejudicial to the interests of the Company and its minority shareholders and the Related Party Transactions Review Committee did not obtain an opinion from an independent expert prior to forming its view on the transaction.

The aggregate value of the Related Party Transactions for the financial year with related party and the aggregate value of all Related Party Transactions for this financial year with this party is USD One Million.

Based on the exchange rate for the United States Dollar published by the Central Bank of Sri Lanka on 22nd August 2023, this transaction did not amount to 1/3 of the Total Assets of the Company. An announcement was made to the Colombo Stock Exchange at the time.

The Company has entered into two non-recurrent transactions in previous years as reported before, when a Director and a spouse of a Director of the Company provided loans to the Company for working capital needs. These loans were given without any interest being charged and only the capital is repayable to the said parties. As reported in the previous year, the repayments to the financial institution are being carried out for the sum provided to the Company by the spouse of a Director which was obtained by way of providing a personal asset to secure funding for the Company. This transaction was done by way of an arms-length transaction with a financial institution with the funds being provided to the Company. The repayment directly to the relevant institution includes the cost of funding. Details are provided in Note No. 31.2.4 to the financial statements. Details of recurrent Related Party Transactions entered into by the Company during the year 2023/2024 are provided in Note No. 31.2.2 to the Financial Statements. The Recurrent Related Party Transactions and Non-Recurrent Related Party Transactions other than the transaction entered into this year, do not meet the thresholds specified by the Listing Rules in order for such transactions to be reported in the format provided therein and are therefore included in the financial statements.

This single transaction is reported in the tabular format as required by Rule 9.14.8 of the Listing Rules.

**J. C. Ratwatte**  
**Chairman – Related Party Transactions Review Committee**

**30 August 2024**



# INDEPENDENT AUDITOR'S REPORT...

Ref No : BTEC/2024/00314



**Edirisinghe & Co.**  
**Chartered Accountants**  
45, Braybrooke Street  
Colombo 02  
Sri Lanka

T: +94 11 7374444  
E: info@bakertilly.lk  
W: www.bakertilly.lk

## INDEPENDENT AUDITOR'S REPORT

### TO THE SHAREHOLDERS OF MAHAWELI REACH HOTELS PLC

#### Opinion

We have audited the financial statements of Mahaweli Reach Hotels PLC ("the Company"), which comprise the Statement of financial position as at March 31, 2024, 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 give a true and fair view of the financial position of the Company as at March 31, 2024, 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 ("SLAuS"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountant 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.

#### Other Information

Management is responsible for the other information. The other information comprises the supplementary information included, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially 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.



Partners: P.P. Edirisinghe FCA ACIM MBA Ms. M.K.K. Karunaratne FCA ACMA R.S. Godevithanage FCA, ACMA, MBA (UK), Bsc. in Finance (sp)  
Consultants: A.T.P. Edirisinghe FCA FCMA (UK) A.O. Jayasena FCA  
Edirisinghe & Co., trading as Bakertilly, is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities.



# INDEPENDENT AUDITOR'S REPORT...

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Key Audit Matter	How our audit procedures addressed the key audit matter
<p><b>Continuous losses and net assets position of the company.</b></p> <p>The Company incurred net loss of Rs. 274.6 Mn for the year ended 31st March 2024 and losses accumulated to Rs.873 Mn as at year end. Further, current liabilities of the Company exceeded its current assets by Rs 226 Mn as at the reporting date.</p> <p>However, these financial statements have been prepared on a going concern basis. When adopting the going concern basis in preparation of the financial statements, the directors have reviewed the Company's cash flow projections, prepared by the management. The cash flow projections were based on management's assumptions and estimation of future cash inflows and outflows.</p>	<p><b>Our procedures included the following:</b></p> <ul style="list-style-type: none"> <li>• Obtained the Company's cash flow projections and verified key assumptions used in preparing the projections.</li> <li>• Verified the facility agreements for the Company's long-term loans to identify any financial covenants or similar terms and assessing the implication of these on the Company's liquidity.</li> </ul>



## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

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

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

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

### Auditor's Responsibility 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 SLAuS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.



# INDEPENDENT AUDITOR'S REPORT...

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### Auditor's Responsibility for the Audit of the Financial Statements (Continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company's 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, action 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 3534.

*Edirisinghe & Co.*  
Edirisinghe & Co.,  
Chartered Accountants Colombo  
31st July 2024



# STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME...

For the year ended 31 March	Notes	2024 Rs.	2023 Rs.
Revenue	06	810,337,940	503,948,227
Cost of sales		(524,260,530)	(387,837,779)
Gross profit		286,077,410	116,110,448
Other operating income	07	103,414,125	122,413,963
Administration expenses		(315,666,808)	(195,551,897)
Marketing and promotional expenses		(52,361,779)	(20,727,251)
Maintenance expenses		(97,155,895)	(114,712,583)
Profit / (Loss) before depreciation and amortization		(75,692,947)	(92,467,320)
Depreciation and amortization		(199,868,356)	(62,986,436)
Profit / (loss) from operations	08	(275,561,303)	(155,453,756)
Finance income	09.1	23,139,310	2,118,440
Finance cost	09.2	(118,405,542)	(43,637,303)
Profit / (loss) before income taxation		(370,827,535)	(196,972,619)
Income tax credits / (expenses)	10	96,135,639	184,940,759
<b>Profit / (loss) for the year</b>		<b>(274,691,896)</b>	<b>(12,031,860)</b>
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss;			
Re-measurement of retirement benefit obligation		50,591	(8,284,658)
Deferred tax impact on re-measurement of retirement benefit obligation		(15,177)	2,485,397
		35,414	(5,799,261)
Revaluation gain on lands		-	185,176,250
Revaluation gain on buildings		-	1,933,148,975
Deferred tax impact on revaluation of building		-	(635,497,568)
		-	1,482,827,658
Other comprehensive income / (expense) for the year, net of tax		35,414	1,477,028,397
<b>Total comprehensive income / (expense) for the year</b>		<b>(274,656,482)</b>	<b>1,464,996,537</b>
Basic earnings / (loss) per share (Rs.Cts)	11	(5.84)	(0.26)

All values are in Sri Lanka Rupees, unless otherwise stated. Figures in brackets indicate deductions. The accounting policies and notes form an integral part of these financial statements.



# STATEMENT OF FINANCIAL POSITION...

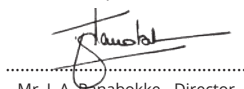
As at 31st March	Notes	2024 Rs.	2023 Rs.
<b>Assets</b>			
<b>Non current assets</b>			
Property, plant and equipment	12	2,669,684,328	2,801,771,364
Right of use asset (Land and Building)	13	844,830,251	875,000,000
		3,514,514,579	3,676,771,364
<b>Current assets</b>			
Inventories	14	46,093,134	36,248,810
Trade and other receivables	15	97,047,708	72,530,224
Other financial assets	16	41,812,537	22,120,923
Income tax refund	17	2,477,488	2,477,488
Cash and cash equivalents	18	65,674,638	13,784,458
		253,105,505	147,161,903
<b>Total assets</b>		<b>3,767,620,084</b>	<b>3,823,933,267</b>
<b>Equity and liabilities</b>			
Equity			
Stated capital	19	585,445,870	585,445,870
Revaluation reserve	20	2,302,046,051	2,302,046,051
Accumulated profit / (loss)		(873,352,995)	(598,696,513)
		2,014,138,926	2,288,795,407
Non current liabilities			
Deferred tax liabilities	21	550,306,472	646,426,933
Retirement benefit obligation	22	80,879,443	67,982,116
Borrowings	23	629,438,751	167,506,427
Deferred income	24	13,187,490	19,116,651
		1,273,812,156	901,032,127
Current liabilities			
Trade and other payables	25	310,111,530	327,663,758
Due to related parties	26	105,374,904	67,041,311
Borrowings	23	58,253,407	232,849,432
Deferred income	24	5,929,161	6,551,232
		479,669,002	634,105,733
<b>Total equity and liabilities</b>		<b>3,767,620,084</b>	<b>3,823,933,267</b>

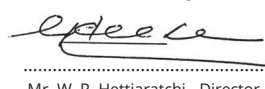
All values are in Sri Lanka Rupees, unless otherwise stated. Figures in brackets indicate deductions.  
These financial statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.



Mrs. Nirosha Gunawardane

The Board of Directors is responsible for the preparation and presentation of these financial statements. Signed for and on behalf of the Board by:

  
Mr. J. A. Panabokke - Director

  
Mr. W. P. Hettiaratchi - Director

The accounting policies and notes form an integral part of these financial statements.



# STATEMENT OF CHANGES IN EQUITY...

For the year ended 31st March	Stated Capital Rs.	Accumulated loss Rs.	Revaluation Reserve Rs.	Total Rs.
Balance as at 01 April 2022	585,445,870	(581,265,393)	819,618,393	823,798,870
Transfer of revaluation gain of disposed land	-	400,000	(400,000)	
Profit / (loss) for the year	-	(12,031,860)	-	(12,031,860)
Other comprehensive income	-	(5,799,261)	1,482,827,658	1,477,028,397
Balance as at 31 March 2023	585,445,870	(598,696,513)	2,302,046,051	2,288,795,407
Balance as at 01 April 2023	585,445,870	(598,696,513)	2,302,046,051	2,288,795,407
Profit / (loss) for the year	-	(274,691,896)	-	(274,691,896)
Other comprehensive income	-	35,414	-	35,414
<b>Balance as at 31 March 2024</b>	<b>585,445,870</b>	<b>(873,352,995)</b>	<b>2,302,046,051</b>	<b>2,014,138,926</b>

All values are in Sri Lanka Rupees, unless otherwise stated. Figures in brackets indicate deductions.  
The accounting policies and notes form an integral part of these Financial Statements.



# STATEMENT OF CASH FLOWS...

For the year ended 31st March	Note	2024 Rs.	2023 Rs.
<b>Cash flows from operating activities</b>			
Profit / (loss) before taxation		(370,827,535)	(196,972,619)
<b>Adjustment for :</b>			
Depreciation	12	169,698,606	62,986,436
Amortization	13	30,169,749	-
Lease interest	23	2,916,977	4,283,044
Bank overdraft and loan interest	09.2	29,568,445	15,777,425
Related party loan interest	09.2	25,451,614	1,505,121
Other financial charges	09.2	8,860,153	5,939,437
Moratorium loan interest	09.2	51,608,353	14,418,811
Provision for gratuity	22	15,481,648	18,495,111
Impairment loss on trade and other receivables	15	37,540,106	(2,413,138)
Disposal gain on land		-	(53,900,000)
Disposal gain on sales and lease back transaction		(6,551,232)	(2,628,567)
Moratorium lease interest	23	-	1,713,465
Property Plant & Equipment Transfer		(67,377)	-
Operating profit / (loss) before working capital changes		(6,150,493)	(130,795,474)
(Increase) / decrease in inventories	14	(9,844,324)	(14,472,465)
(Increase) / decrease in trade and other receivables	15	(62,057,590)	(3,968,906)
(Increase) / decrease in other financial assets	16	(19,691,614)	(22,120,923)
Increase / (decrease) in trade and other payables	25	(17,552,228)	96,934,725
Increase / (decrease) in related party balances	26	38,333,593	13,118,095
Cash generated from / (used in) operations		(76,962,656)	(61,304,948)
Gratuity paid	22	(2,533,730)	(2,359,880)
Tax paid	17	(66,842)	(66,842)
Interest paid		(2,916,977)	-
<b>Net cash flow from / (used in) operating activities</b>		<b>(82,413,363)</b>	<b>(63,731,670)</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	12	(15,382,620)	(328,000)
Investment in work in progress assets	12	(22,161,573)	(1,631,000)
<b>Net cash flow from / (used in) investing activities</b>		<b>(37,544,193)</b>	<b>(1,959,000)</b>



## STATEMENT OF CASH FLOWS...

### Statement of Cash Flows (Continued)

<b>Cash flows from financing activities</b>			
Proceeds from bank borrowings	<b>23</b>	255,051,679	-
Proceeds from sales and lease back arrangements	<b>23.1</b>	-	23,300,000
Repayment of bank borrowings	<b>23</b>	(136,174,118)	(11,512,111)
Proceeds from related party borrowings	<b>23.2</b>	322,859,475	23,664,773
Repayment of related party borrowings	<b>23.2</b>	(6,652,243)	(12,313,009)
Bank overdraft and loan Interest	<b>09.2</b>	(106,628,412)	(33,414,823)
Other financial charges	<b>09.2</b>	(8,860,153)	(5,939,437)
Repayment of finance lease liability	<b>23.1</b>	(17,134,456)	(13,906,449)
Repayment of finance lease liability (right of use asset)	<b>23.2</b>	-	(207,765)
Sales proceed from land		-	58,100,000
<b>Net cash flow from / (used in) financing activities</b>		<b>302,461,771</b>	<b>27,771,179</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		182,504,215	(37,919,491)
<b>Cash and cash equivalents at the beginning of the year</b>		<b>(135,056,068)</b>	<b>(97,136,577)</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>18.1</b>	<b>47,448,147</b>	<b>(135,056,068)</b>

All values are in Sri Lanka Rupees, unless otherwise stated. Figures in brackets indicate deductions.  
The accounting policies and notes form an integral part of these Financial Statements.



# SIGNIFICANT ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS...

For the year ended 31 March 2024

## Note 01 - Corporate information

### 1.1 - Reporting entity

The Company is a quoted public limited liability Company incorporated and domiciled in Sri Lanka. The Registered Office of the Company is located at No. 35, P. B. A. Weerakoon Mawatha, Kandy. The principal place of business is at the same place.

As at 31 March 2024 the number of employees of the Company is 243 (31 March 2023 - 231).

### 1.2 - Principal activities and nature of operations

During the year, the principal activity of the Company is that of a hotelier.

### 1.3 - Parent enterprise

The Company's parent undertaking is Universal Enterprises Private Ltd., which holds 69.44% of shares of Mahaweli Reach Hotels PLC.

### 1.4 - Date of authorization for issue

The Financial Statements of the Company for the year ended 31st March 2024 were authorized for issue in accordance with a resolution of the Directors on 31st July 2024.

### 1.5 - Management contract

The Company is managed by Mahaweli Hotels Management Services Private Ltd., under an agreement.

## Note 02 - Basis of preparation

### 2.1 - Statement of compliance

The Financial Statements have been prepared in accordance with Sri Lanka Accounting Standards (SLAS) prefixed both SLFRS (corresponding to IFRS) and LKAS (corresponding to IAS), promulgated by The Institute of Chartered Accountants of Sri Lanka (ICASL) and complies with the requirements of the Companies Act No. 7 of 2007.

The Financial Statements have been prepared on the historical cost basis, except that certain lands and buildings are measured at fair value and the retirement benefit obligations are measured at the present value of the defined benefit plans as explained in the respective notes to the Financial Statements.

### 2.2 - Going concern

The Directors have made an assessment of the Company's ability to continue as a going concern and they do not intend either to liquidate or to cease trading.

### 2.3 - Functional and presentation currency

The Financial Statements are presented in Sri Lankan Rupees which is the functional currency of the Company.

### 2.4 - Use of estimates and judgments

The preparation of the Financial Statements in conformity with SLFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements and the reported amounts of revenue and expenses during the reporting period. Although the judgments and estimates are based on management's best knowledge of the current events and actions, actual results may ultimately differ from those estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies.

Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in Note No. 05.



## SIGNIFICANT ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS...

**For the year ended 31 March 2024**

### 2.4.1 - Measurement of fair values

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

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

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

Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

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

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Further information about the assumption made in measuring fair value is included in Note No 12.2.

### Note 03 - Summary of significant

### accounting policies

The accounting policies set out below have been consistently applied to all periods presented in these Financial Statements, unless otherwise indicated.

### 3.1 - Foreign currency

Transactions in foreign currencies are initially recorded by the Company 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 retranslated at the functional currency spot rate of exchange at the reporting date. All differences arising on settlement or translation of monetary items are taken to the Statement of Profit or Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

### 3.2 - Property plant and equipment

Items of property, plant and equipment are measured at cost or valuation less accumulated depreciation and accumulated impairment losses.

#### 3.2.1 - Cost / valuation

Cost includes expenditure that is directly attributable to the acquisition of the asset and includes the cost of replacing part of the Property, Plant and Equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

When significant parts of Property, Plant and Equipment are required to be replaced at intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

All items of Property, Plant & Equipment are initially recorded at cost. Where items of Property, Plant and Equipment are subsequently revalued, the entire class of such assets are revalued.



## SIGNIFICANT ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS...

### For the year ended 31 March 2024

Lands and buildings are measured at fair value. Revaluations are carried out when there is a substantial difference between the fair value and the carrying amount of the Property, and is undertaken by professionally qualified valuers. All other Property, Plant and Equipment are stated at historical cost less accumulated depreciation.

Increase in the carrying amount arising on revaluation of lands and buildings are recognized in Other Comprehensive Income and accumulated in equity under the heading of revaluation surplus. Decreases that offset previous increases of the same asset is charged in Other Comprehensive Income and debited against the revaluation reserve in equity, all other decreases are charged to the Statement of Profit or Loss.

The revaluation surplus included in the equity in respect of lands and buildings are transferred directly to retained earnings when the asset is derecognized. This may involve transferring the whole of the surplus when the asset is retired or disposed of.

#### 3.2.2 - Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Property, Plant and Equipment are derecognized upon replacement, disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of Property, Plant and Equipment is included in the Statement of Profit or Loss in the year it is derecognized. All other repairs and maintenance costs are charged to the Statement of Profit or Loss during the financial period in which they are incurred.

#### 3.2.3 - Depreciation

Provision for depreciation is calculated based on their estimated useful lives of each part of an item of Property, Plant and Equipment other than land. Depreciation is calculated using reducing balance method to allocate their cost or revalued amounts to their residual values over their estimated useful lives.

The principal annual rates used are as follows:

Item	Rate %
Buildings	2.5% to 5.0%
Office equipment	10% to 20%
Linen items	33.33%
Furniture and fittings	20%
Motor vehicles	25%

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The asset's residual values, useful lives and methods of depreciation are reviewed and adjusted as appropriate at each financial year.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Profit or Loss.

#### 3.3 - Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.



For the year ended 31 March 2024

## 3.4 - Right of use asset and lease liability

The entity recognizes a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are measured at cost/valuation, 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 recognized, 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.

Asset Category	Useful Life (Years)
Right of use asset	30
Improvements to	
Right of use of asset	30

Depreciation of improvement to right of use of asset is calculated based on the remaining lease period.

At the commencement date of the lease the entity recognizes lease liability measured at the present value of the 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 Institute and payments of penalties for terminating the lease, if the lease term reflects the Institute exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized 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 entity uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. The entity uses its incremental borrowing rate as the discount rate. The entity determines its incremental borrowing rate by obtaining interest rates from the Institute's internal records. 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.

## 3.5 - Financial assets Initial recognition and measurement

Financial assets are classified at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI) and fair value through profit or loss. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

### 3.5.1 - Subsequent measurement

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

- Financial assets at amortized 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 de-recognition (equity instruments) gains and losses upon de-recognition (equity instruments)
- Financial assets at fair value through profit or loss



For the year ended 31 March 2024

## 3.5.1 - Subsequent measurement (Continued)

### a) Financial assets at amortized cost (Debt instruments)

The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, "Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is de-recognized, modified or impaired.

The Company's financial assets at amortized cost includes trade receivables.

### b) Financial assets at fair value through OCI (Debt instruments)

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

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

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the Statement of Profit or Loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

### c) Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under LKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to Statement of Profit or Loss. Dividends are recognized as other income in the Statement of Profit or Loss when the right of payment has been established, except when the Company 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. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

### d) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

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 recognized in the Statement of Profit or Loss.

For the year ended 31 March 2024

### 3.5.2 - De-recognition

A financial asset is de-recognized when:

- The rights to receive cash flows from the asset have expired
- The Company 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 Company 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 Company has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of it, the asset is recognized to the extent of the Company continuing involvement in it.

### 3.5.3 - Impairment of financial assets

The Company recognizes 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 Company 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.

For trade receivables the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

### 3.5.4 - 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 recognized initially at fair value and, in the case of loans and borrowings, carried at amortized cost. This includes directly attributable transaction costs.

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

#### Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

##### a) Financial liabilities at fair value through profit or loss

Financial liabilities are classified as measured at amortized cost or FVPL. A financial liability is classified as at FVPL, if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on de-recognition is also recognized in profit or loss.

##### b) Borrowings

After initial recognition, interest-bearing borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are de-recognized as well as through the EIR amortization process. Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are



## For the year ended 31 March 2024

an integral part of the EIR. The EIR amortization is included as finance costs in the Statement of Profit or Loss. This category generally applies to interest bearing loans and borrowings.

## De-recognition

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expires.

## Offsetting of financial instruments

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

## 3.6 - Inventories

Inventories are measured at the lower of cost and net realizable value, after making due allowances for obsolete and slow moving items. The cost of inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of each category of inventory is determined on the following basis:

Beverages	Actual cost on a First In First Out -(FIFO) basis
Room Supplies	Actual cost on a First In First Out -(FIFO) basis
Stationery	Actual cost on a First In First Out -(FIFO) basis
Provisions	At weighted average basis
Maintenance	Actual cost on a First In First Out -(FIFO) basis

## 3.7 - Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, net of bank overdrafts. In the Statement of Financial Position, bank overdrafts are included in borrowings in current liabilities.

For the purpose of the Statement of cash flows, cash and cash equivalents consist of cash in hand, deposits held at banks net of outstanding bank overdrafts.

## 3.8 - Stated capital

Stated capital consists solely of ordinary share capital. Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown as a deduction, net of tax, in Equity from the proceeds.

## 3.9 - Trade payables

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

Provisions are reviewed at the end of the reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

## 3.10 - Provisions

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

Provisions are reviewed at the end of the reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

## 3.11 - Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the Statement of Profit or Loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting date.



**For the year ended 31 March 2024**

## **3.12 - Leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases net of any incentives received from lessor are charged to the Statement of Profit or Loss on a straight-line basis over the period of the lease.

Lease of Property, Plant and Equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding.

The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the Statement of Profit or Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The Property, Plant and Equipment acquired under Finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

## **3.13 - Current and deferred tax**

The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except that a change attributable to an item of income or expense recognized as other comprehensive income is also recognized directly in other comprehensive income.

The current income tax is recognized on the basis of tax rates and laws that have been enacted or substantively enacted at the end of the reporting date.

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

Deferred tax is determined using tax rates that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred tax is settled.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred tax assets and liabilities relates to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

With the introduction of the new Inland Revenue Act, No 24 of 2017, the Company has recorded the deferred tax liability on the cumulative revaluation gains on freehold land in accordance with the LKAS 12, Income Taxes.

The Company has not recognized deferred tax assets on unused carried forward tax losses due to uncertainty of claiming tax losses on a taxable income.

## **3.14 - Employee benefits**

### **3.14.1 - Defined benefit plans**

Defined benefit plans are post-employment benefit plans other than defined contribution plans. The Company measures the present value of the promised retirement benefit of the gratuity which is a defined benefit plan with the advice of an actuary using the projected unit credit method.

Actuarial gains and losses for defined benefit plans are recognized in full in the period in which they occur in the Statement of other Comprehensive Income.

Past-service costs are recognized immediately in profit or loss. The liability is not externally funded.

The result of calculation based on the gratuity formula, is included in Note No. 20 to the Financial Statements.

### **3.14.2 - Defined contribution plans - Employees' Provident Fund and Employees' Trust Fund**

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. Employees are eligible for Employees' Provident Fund contributions and Employees' Trust Fund contributions in line with respective statutes and regulations. The Company contributes 12% and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively and is recognized as an expense in profit or loss in the periods during which services are rendered by employees.



**For the year ended 31 March 2024**

## 3.14.3 - Short-term benefits

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

## 3.15 - Revenue recognition

### 3.15.1 - Revenue from contracts with customers

SLFRS 15 "Revenue from Contracts with Customers" outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found across several Standards and Interpretations within SLFRSs. It establishes a new five-step model that will apply to revenue arising from contracts with customers.

Step 1: Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that create enforceable rights and obligations and sets out the criteria for each of those rights and obligations.

Step 2: Identify the performance obligations in the contract: A performance obligation in a contract is a promise to transfer a good or service to the customer that is distinct.

Step 3: Determine the transaction price: Transaction price is the amount of consideration to which the entity expects to be entitled to in exchange for transferring the promised goods and services to a customer, excluding amounts collected from third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the entity will allocate the transaction price to each performance obligation in an amount

that depicts the consideration to which the entity expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

Accordingly, the revenue from contract with customers of the Company are accounted as follows.

#### (a) Room revenue

Revenue is recognized on occupied rooms in daily basis, after completing all other obligation related to the room.

#### (b) Food and beverage revenue

Food and beverage revenue is accounted at the time of sale.

#### (c) Other hotel related revenue

Other hotel related revenue is accounted when such service is rendered.

#### (d) Others

Other income is recognized on an accrual basis.

#### (e) Interest income

Interest income is recognized in profit or loss as it accrues and is calculated by using the effective interest rate method.

## Note 04 - Risk management

### 4.1 - Financial risk factors

The Company's activities may expose it to a variety of financial risks such as market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. Risk management is carried out under policies approved by the Board of Directors.

#### (a) Market risk

##### (i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily

## SIGNIFICANT ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS...

### For the year ended 31 March 2024

to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's functional currency).

### (ii) Interest rate risk

The Company adopts a policy of ensuring borrowings are maintained at manageable levels while optimizing returns. Interest rates are negotiated leveraging on the strength of the Company thereby ensuring the availability of cost-effective funding at all times, while minimizing the negative effect of market fluctuations. In addition, Company has considered banking facilities with several reputed banks which has enabled the Company to negotiate competitive rates.

### Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant, of the Company's profit before tax as affected through an impact on floating rate borrowings:

	Assumed Impact due to Increase/(Decrease) in Basis Points	Effect on Profit Before Tax (Rs.)
Bank Loans (Rs.)	(+) 50 Basis Points	113,322,817
Bank Loans (Rs.)	(-) 50 Basis Points	(113,322,817)

### (iii) Price risk

The Company is not exposed to price risks such as commodity price risk, equity price risk and residual value risk.

### (b) Credit risk

Financial assets of the Company, which are subject to credit risk, consist mainly of cash and cash equivalents, deposits with banks and credit customers, cash and cash equivalents are placed with banks / financial institutions of national repute and rating. The management assess the credit quality of the customer, taking into account its financial position, past experience and other factors. The utilization of credit limits is regularly monitored. Sales to customers are settled mainly in cheques or bank transfers.

The credit quality of financial assets is disclosed in Note No. 15.2 to the Financial Statements.

### (c) Liquidity risk

Management monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient head-room on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance.

The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.



## SIGNIFICANT ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS...

### For the year ended 31 March 2024

As at 31st March, 2024	Less than 1 Year Rs.	Between 1 and 5 Years Rs.
Borrowings	58,253,407	232,849,432
Trade and other payables (excluding statutory liabilities)	135,601,905	-
<b>Total</b>	<b>193,855,312</b>	<b>232,849,432</b>

### As at 31st March 2023

Borrowings	232,849,432	167,506,427
Trade and other payables (excluding statutory liabilities)	211,184,745	-
<b>Total</b>	<b>444,034,177</b>	<b>232,849,432</b>

## 4.2 - Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The gearing ratios as follows:

	31 March 2024 Rs.	31 March 2023 Rs.
Total Borrowings (Note No.23)	687,692,159	400,355,859
Less		
Cash and Cash Equivalents (Note No.18)	(65,674,638)	(13,784,458)
Net Borrowings	622,017,521	386,571,401
Total Equity	2,014,138,926	2,288,795,407
Total Capital	2,636,156,447	2,675,366,808
Gearing Ratio	24%	14%

### Note 05 - Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within financial year are discussed below.

#### (a) Allowance for doubtful debts

The Company reviews its debtors to assess impairment on a continuous basis. In determining whether an impairment loss should be recorded in the Profit or Loss, the Company makes judgments as to whether there is any observable data indicating that there is measurable decrease in estimated cash flows from debtors. Management uses estimates based on historical loss experience of assets. The assumptions used for estimating the amount and timing of cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

#### (b) Income taxes

The Company is subject to income tax under the Income Tax Act in Sri Lanka. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.



# NOTES TO THE FINANCIAL STATEMENTS...

**For the year ended 31 March 2023**

## **(c) Residual value and useful lives of property, plant and equipment**

The Company determines the estimated useful lives and related depreciation charges for its plant and equipment. This estimate is based on projections about the continued existence of a market for its products and the ability of the Company to penetrate a sufficient portion of that market in order to operate profitably. The Company increases the depreciation charge where the useful lives are less than previously estimated, or it will appropriately impair, technically obsolete or non-strategic assets that have been abandoned or identified for sale.

Residual values are based on current estimates of the value of these assets at the end of their useful lives.

## **(d) Retirement benefits obligation**

The present value of the gratuity obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for gratuity include the discount rate. Any changes in these assumptions will impact the carrying amount of gratuity obligations.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the gratuity obligations. In determining the appropriate discount rate, the Company considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid.

Other key assumptions for gratuity obligations are based in part on current market conditions, additional information is disclosed in Note No. 22.



## NOTES TO THE FINANCIAL STATEMENTS...

For the year ended 31 March	2024 Rs.	2023 Rs.
<b>NOTE 06 - REVENUE</b>		
Front Office and Apartment	359,105,187	107,365,255
Restaurant	411,507,396	370,489,723
Beverage	39,725,357	26,093,249
	<b>810,337,940</b>	<b>503,948,227</b>
<b>NOTE 07 - OTHER OPERATING INCOME</b>		
Laundry income	36,424,865	38,068,613
Banquet others	6,702,592	8,491,038
Shop rental	657,088	916,374
Boating, swimming and tennis	1,981,910	1,397,756
Hire of vehicles	6,395,907	6,914,871
Leaves and Petals	1,926,734	887,197
Health Centre	4,036,832	2,328,367
Sports Centre	1,711,694	1,931,475
Minor operating income	952,885	2,341,680
Disposal gain on sales and lease back transaction	6,551,232	2,628,567
Exchange gain / (loss)	1,416,051	194,887
Profit on fixed assets disposal	-	53,900,000
Reversal of bad debt provision	34,656,335	2,413,138
	<b>103,414,125</b>	<b>122,413,963</b>
<b>NOTE 08 - PROFIT / (LOSS) FROM OPERATIONS IS STATED AFTER CHARGING ALL EXPENSES INCLUDING FOLLOWING:</b>		
Employee benefit expenses (Note No. 8.1)	236,782,117	209,237,511
Directors' remuneration	31,800,000	24,800,000
Auditor's remuneration fees	495,500	450,500
Non assurance fees and expenses	88,100	80,300
Depreciation	169,698,607	62,986,436
Impairment loss on trade and other receivables	(34,656,335)	(2,413,138)
Advertising and sales promotion cost	3,307,376	2,667,739
Other costs	581,929,647	484,006,598
<b>Total cost of sales, distribution costs and administration expenses</b>	<b>989,445,012</b>	<b>781,815,946</b>
<b>Note 08.1 - Employee benefit expenses</b>		
Salaries, wages and allowances	173,826,920	161,796,244
EPF and ETF	18,958,259	17,570,726
Post employment benefit - Gratuity	15,481,648	10,210,453
Other staff cost	28,515,290	19,660,088
	<b>236,782,117</b>	<b>209,237,511</b>



For the year ended 31 March	2024 Rs.	2023 Rs.
<b>Note 09 - Finance income / (cost)</b>		
<b>Note 09.1 - Finance income</b>		
Unrealized exchange gain on USD loan <b>Note 09.3</b>	19,092,700	2,118,440
	23,139,310	2,118,440
<b>Note 09.2 - Finance cost</b>		
Bank overdraft and loan interest	29,568,445	15,777,425
Related party loan interest	25,451,614	1,505,121
Moratorium loan interest	51,608,353	14,418,811
Moratorium lease interest	-	1,713,465
Lease interest	2,916,977	4,283,044
Other financial charges	8,860,153	5,939,437
<b>Note 09.4</b>	<b>118,405,542</b>	<b>43,637,303</b>
<b>Net finance cost</b>	<b>(95,266,232)</b>	<b>(41,518,863)</b>

### Note 09.3 - Finance Income

Finance income comprises interest income derived on funds invested. Interest income is recorded as it accrues using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

### Note 09.4 - Finance Cost

Borrowing costs (loan interest, lease interest and other financial charges) are recognized as an expense in the period in which they are incurred, except to the extent the borrowing costs that are directly attributable to the acquisition or construction of an asset that takes a substantial period of time to get ready for its intended use, and are capitalized as part of that asset.



## NOTES TO THE FINANCIAL STATEMENTS...

For the year ended 31 March	2024 Rs.	2023 Rs.
<b>NOTE 10 - Income tax (credit) / expenses</b>		
Income tax provision for the year <b>Note 10.1</b>		
ESC written off	-	-
Income tax under provision of previous years	-	-
Deferred tax charge / (credits) <b>Note 10.3</b>	(96,135,639)	(184,940,759)
<b>Income tax (Credit) / Expenses</b>	<b>(96,135,639)</b>	<b>(184,940,759)</b>

The following table shows deferred tax expense / (credit) recorded in the Statement of Comprehensive Income due to changes in the deferred tax assets and liabilities :

Deferred tax liabilities		
Accelerated depreciation charge / (reversed)	(80,787,968)	(174,290,086)
	(80,787,968)	(174,290,086)
Deferred tax assets		
Defined benefit obligation	<b>15,347,671</b>	<b>10,650,673</b>
Carried forward unused tax losses charged / (reversed)	-	-
	<b>15,347,671</b>	<b>10,650,673</b>
Deferred tax charge / (credit ) for the year	<b>(96,135,639)</b>	<b>(184,940,759)</b>

### Note 10.1 - Reconciliation income tax expense between accounting profit / (loss) and tax profit / (loss) as follows:

Accounting profit/(loss) before tax	(370,827,535)	(196,972,619)
Non deductible expenses	191,387,338	172,376,551
Deductible expenses	(31,854,516)	(41,427,411)
Other sources of income	(57,795,645)	(61,060,145)
<b>Taxable business profit / (loss) Note 10.2</b>	<b>(269,090,358)</b>	<b>(127,083,624)</b>
Interest income	4,046,610	2,118,440
<b>Total assessable income</b>	<b>4,046,610</b>	<b>2,118,440</b>
Set off against tax losses	(4,046,610)	(2,118,440)
<b>Total taxable income</b>	-	-
<b>Income tax at 30%</b>	-	-
	-	-

The Company is liable for taxation at the rate of 14% as per the first schedule of the Inland Revenue Act, No. 24 of 2017, on its profits derived from "promotion of tourism". Income Tax for any other income is computed at 24%. All incomes are taxed at 30% with effect from 01.10.2022.

### Note 10.2 - Carried forwarded tax losses

Balance brought forward	815,176,802	690,211,617
Tax loss during the year	269,090,358	127,083,624
Tax loss claimed during the year	(4,046,610)	(2,118,440)
Balance carried forward	1,080,220,551	815,176,802



## NOTES TO THE FINANCIAL STATEMENTS...

For the year ended 31 March 2024

### Note 10.3 - Deferred tax expense / (credit)

The following table shows deferred tax expense / (credit) recorded in the Statement of comprehensive income due to changes in the deferred tax assets and liabilities :

	2024 Rs.	2023 Rs.
<b>Deferred tax liabilities</b>		
Accelerated depreciation charge / (reversed)	(80,787,968)	(174,290,086)
	(80,787,968)	(174,290,086)
<b>Deferred tax assets</b>		
Defined benefit obligation	15,347,671	10,650,673
Carried forward unused tax losses charged / (reversed)	-	-
	15,347,671	10,650,673
Deferred tax charge / (credit ) for the year	(96,135,639)	(184,940,759)

Deferred taxation is provided using the Statement of Financial Position liability method providing for temporary difference between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted by the reporting date.

Deferred tax assets including those related to tax effects of retirement benefit obligation. Deferred tax assets for income tax losses and credits available to be carried forward, are not recognized as at 31 March 2024 due to the uncertainty of utilizing against future taxable profits. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that is no longer probable that the related tax benefit will be realized.

A detailed note for 'Composition of deferred tax assets and liabilities' presented in Note 21 to the Financial Statements.

For the year ended 31 March	2024 Rs.	2023 Rs.
<b>NOTE 11 - BASIC EARNINGS / (LOSS) PER SHARE</b>		
<b>Amount used as the numerator</b>		
Profit / (loss) for the year	(274,691,896)	(12,031,860)
<b>Amount used as the denominator</b>		
Number of ordinary shares	47,066,447	47,066,447
<b>Earnings / (loss) per share - Rs.Cts.</b>	<b>(5.84)</b>	<b>(0.26)</b>

Basic earnings/(loss) per share amounts are calculated by dividing the net profit/(loss) for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.



## NOTES TO THE FINANCIAL STATEMENTS...

For the year ended 31 March 2024

### Note 12 - Property, plant and equipment

	As at 01.04.2023 Rs.	Additions Rs.	Transfers Rs.	Disposals Rs.	As at 31.03.2024 Rs.
<b>Cost / valuation</b>					
<b>Freehold assets</b>					
Freehold lands - (at valuation)	626,715,000	-	-	-	626,715,000
Buildings - (at valuation)	1,976,009,500	-	4,238,586	-	1,980,248,086
Motor vehicles	2,553,160	-	-	-	2,553,160
Office equipment	420,371,727	13,961,556	-	-	434,333,283
Furniture and fittings	157,991,950	1,421,064	-	-	159,413,014
Linen	17,170,387	-	-	-	17,170,387
	3,200,811,724	15,382,620	4,238,586	-	3,220,432,930

#### Leasehold assets

Motor vehicles	37,150,000	-	-	-	37,150,000
Office equipment	4,387,500	-	-	-	4,387,500
Laundry machine	13,377,639	-	-	-	13,377,639
Kitchen equipment	5,620,417	-	-	-	5,620,417
	60,535,556	-	-	-	60,535,556

<b>Total</b>	<b>3,261,347,280</b>	<b>15,382,620</b>	<b>4,238,586</b>	<b>-</b>	<b>3,280,968,486</b>
--------------	----------------------	-------------------	------------------	----------	----------------------

#### Accumulated depreciation

##### Freehold assets

Freehold lands - (at valuation)	-	-	-	-	-
Buildings - (at valuation)	-	143,541,323	-	-	- 143,541,323
Motor vehicles	2,620,537	-	(67,377)	-	2,553,160
Office equipment	276,253,495	14,637,715	-	-	290,891,210
Furniture and fittings	149,886,250	1,643,350	-	-	151,529,600
Linen	16,077,221	360,745	-	-	16,437,966
	<b>444,837,503</b>	<b>160,183,133</b>	<b>(67,377)</b>	<b>-</b>	<b>604,953,259</b>

#### Accumulated depreciation

##### Leasehold assets

Motor vehicles	6,440,234	7,677,442	-	-	14,117,676
Office equipment	1,070,225	331,728	-	-	1,401,953
Laundry machine	8,392,649	996,998	-	-	9,389,647
Kitchen equipment	3,073,891	509,305	-	-	3,583,196
	18,976,999	9,515,473	-	-	28,492,472

<b>Total</b>	<b>463,814,502</b>	<b>169,698,606</b>	<b>(67,377)</b>	<b>-</b>	<b>633,445,731</b>
--------------	--------------------	--------------------	-----------------	----------	--------------------

	As at As at 01.04.2023 Rs.	As at As at 31.03.2024 Rs
<b>Written down value</b>		
<b>Freehold assets</b>		
Freehold lands - (at valuation)	626,715,000	626,715,000
Buildings - (at valuation)	1,976,009,500	1,836,706,763
Motor vehicles	(67,377)	-
Office equipment	144,118,232	143,442,073
Furniture and fittings	8,105,700	7,883,414
Linen	1,093,167	732,422
	<b>2,755,974,222</b>	<b>2,615,479,672</b>



## NOTES TO THE FINANCIAL STATEMENTS...

For the year ended 31 March 2024

### Note 12 - Property, plant and equipment (Continued)

<b>Leasehold assets</b>		
Motor vehicles	30,709,766	23,032,324
Office equipment	3,317,275	2,985,547
Laundry machine	4,984,990	3,987,992
Kitchen equipment	2,546,526	2,037,221
	41,558,557	32,043,084
<b>Total written down value</b>	<b>2,797,532,778</b>	<b>2,647,522,755</b>

<b>Work in progress assets</b>	<b>As at 01.04.2023 Rs.</b>	<b>Additions Rs.</b>	<b>Transfers Rs.</b>	<b>As at 31.03.2024 Rs.</b>
Installation of salary system	1,117,000	-	(1,117,000)	-
Wet garbage room	3,121,586	-	(3,121,586)	-
Rooms renovation	-	12,934,483	-	12,934,483
Construction of River Bank Retaining Wall	-	9,227,090	-	9,227,090
	4,238,586	22,161,573	(4,238,586)	22,161,573
<b>Total assets</b>	<b>2,801,771,364</b>			<b>2,669,684,328</b>

**Note 12.1 - 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 :**

<b>Cost</b>	<b>As at 01.04.2023 Rs</b>	<b>Additions Rs</b>	<b>As at 31.03.2024 Rs</b>
Land	98,116,927		-
Buildings	602,561,563	312,980,637	98,116,927
	700,678,490		915,542,200
			1,013,659,127
<b>Accumulated depreciation</b>			
Land	-		-
Buildings	220,350,732	50,354,821	169,995,911
	220,350,732		169,995,911
<b>Written down value</b>			
Land	98,116,927		98,116,927
Buildings	382,210,830		745,546,289
	<b>480,327,757</b>		<b>843,663,216</b>



## NOTES TO THE FINANCIAL STATEMENTS...

**For the year ended 31 March 2024**

### **Note 12.2 - Reconciliation of carrying amounts of revalued assets**

	<b>Lands Rs</b>	<b>Buildings Rs</b>	<b>Total Rs</b>
Carrying value as at 01 April 2023	<b>626,715,000</b>	<b>1,976,009,500</b>	<b>2,602,724,500</b>
Additions	-	-	-
Disposals	-	-	-
Fair value gain	-	-	-
Transfer to right use asset (building)	-	-	-
Depreciation for the year	-	(143,541,323)	(143,541,323)
<b>Carrying value as at 31 March 2024</b>	<b>626,715,000</b>	<b>1,832,468,177</b>	<b>2,459,183,177</b>

#### **Note 12.2.1 - Measurement of fair value**

The freehold land and buildings and buildings on leased land were valued on 31st March 2023 in an open market value for existing use basis by Mr. T. B. Balasuriya, (Bsc.) EMV Spl (Hons ), SJP, an Independent Qualified Valuer. The result of such revaluation was incorporated in these Financial Statements. The surplus arising from the revaluation was transferred to the revaluation reserve.

Lands comprise of Walawwewatta and Siyambalagahakotuwa (02A-2R-08.15P), Talawattemullehena (00A-1R-03.87P) which are situated within Municipal Council limits of Kandy.

#### **Note 12.2.2 - Level 03 fair value**

Opening to closing reconciliation is shown in above Note 12.2.

#### **Note 12.2.3 - Valuation techniques and significant unobservable inputs**

The property is valued in an open market value for existing use basis.

### **Note 13 - Right-of-use asset**

	<b>As at 01.04.2023 Rs</b>	<b>Additions Rs</b>	<b>Disposals Rs</b>	<b>As at 31.03.2024 Rs</b>
Cost / valuation				
Land	2,318,325	-	-	2,318,325
Building	872,681,675	-	-	872,681,675
	875,000,000	-	-	875,000,000
<b>Accumulated depreciation</b>				
Land	-	77,277		77,277
Buildings	-	30,092,472		30,092,472
	-	30,169,749		30,169,749
<b>Net Book Value</b>				
Land	2,318,325			2,241,048
Buildings	872,681,675			842,589,203
	875,000,000			844,830,251



## NOTES TO THE FINANCIAL STATEMENTS...

For the year ended 31 March 2024

<b>NOTE 14 - INVENTORIES</b>	<b>2024 Rs.</b>	<b>2023 Rs.</b>
Food stock	10,133,366	13,780,647
Beverage stock	6,345,209	4,396,963
House keeping	6,289,378	2,562,440
Maintenance stock	1,389,230	4,610,595
Printing and stationery stock	2,120,459	3,482,307
Packing material	2,389,946	4,353,047
Gas stock	446,675	2,094,457
Fuel stock	212,478	968,354
Other inventory	16,766,393	-
<b>Total</b>	<b>46,093,134</b>	<b>36,248,810</b>

<b>NOTE 15 - Trade and other receivables</b>	<b>2024 Rs.</b>	<b>2023 Rs.</b>
Trade debtors	65,820,223	75,987,297
Less: Provision for impairment <b>Note 15.1</b>	(2,883,772)	(34,656,335)
Trade receivables - net	62,936,451	41,330,962
Refundable deposits	3,782,064	3,364,929
Prepayments	6,424,793	5,310,016
Other receivables	23,904,400	22,524,317
<b>Total</b>	<b>97,047,708</b>	<b>72,530,224</b>

### Note 15.1 - Provision for impairment

Balance at the beginning of the year	34,656,335	37,069,473
Reversal for the year	(34,656,335)	(2,413,138)
Provision for the year	2,883,772	-
<b>Balance at the end of the year</b>	<b>2,883,772</b>	<b>34,656,335</b>

As of 31st March 2024, Trade Receivables of Rs. 37,831,375/- (as of 31st March 2023 was Rs. 28,697,399/-) were fully performing.

As of 31st March 2024, Trade Receivables of Rs. 25,105,076/- (as of 31st March 2023 was Rs. 12,633,563/-) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade receivables is as follows:

	<b>31.03.2024 Rs.</b>	<b>31.03.2023 Rs.</b>
Over 90 days	4,098,680	5,642,490
Over 120 days	21,006,397	6,991,073
	25,105,076	12,633,563



## NOTES TO THE FINANCIAL STATEMENTS...

### For the year ended 31 March 2024

#### Note 15 - Trade and other receivables (Continued)

As of 31st March 2024, trade receivables of Rs 2,883,772/- (31.03.2023 Rs. 34,656,335/-) were impaired and provided for. The individually impaired receivables mainly relate to customers, who are in unexpectedly difficult economic situations. It was assessed that no portion of the impairment provision for receivables is expected to be recovered.

The creation and release of provision for impaired receivables have been included in 'Administration expenses' in the Statement of Profit or Loss. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above and is further analyzed in note 15.2. The Company does not hold any collateral as security.

#### Note 15.2 - Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period was as follows:

	2024	2023
Trade and other receivables	90,622,915	67,220,208
Banks with credit ratings	65,674,638	13,784,458
	156,297,553	81,004,666

The maximum exposure to credit risk for trade and other receivables at the end of the reporting period by type of counterparty is as follows:

Trade receivables - others	62,936,451	41,330,962
Loans to company officers	1,434,500	3,338,000
Other receivables	26,251,964	22,551,246
	<b>90,622,915</b>	<b>67,220,208</b>

Loans are given to permanent confirmed employees and are deducted from the salaries as per the terms of granting the loan.

#### Note 16 - Other financial assets Fixed Deposits

HNB fixed deposit No. 018300102841	4,577,063	4,266,000
SEYLAN fixed deposit No. 7mn	7,758,333	7,000,000
SEYLAN fixed deposit No. 9mn	11,197,619	9,000,000
HNB deposit No. 0180 3101 2781	232,000	-
HNB USD deposit No. 018910510874	6,090,585	-
HNB EURO deposit No. 018910510883	1,293,558	-
HNB fixed deposit No. 018300134938	10,663,379	-
<b>Interest income receivable</b>	-	<b>1,854,923</b>
	<b>41,812,537</b>	<b>22,120,923</b>

#### Note 17 - Income tax (refund)/liability

Balance at the beginning of the year	(2,477,488)	(2,410,646)
Income tax under provision of previous years	-	-
	<b>(2,477,488)</b>	<b>(2,410,646)</b>
Income tax provision for the year	-	-
ESC written off	-	-
Payment made during the year	-	-
WHT paid	-	(66,842)
<b>Balance at the end of the year</b>	<b>(2,477,488)</b>	<b>(2,477,488)</b>



## NOTES TO THE FINANCIAL STATEMENTS...

For the year ended 31 March 2024

### Note 18 - Cash and cash equivalents

Cash at bank	63,071,250	11,062,447
Cash in hand	2,603,388	2,722,011
	<b>65,674,638</b>	<b>13,784,458</b>

**Note 18.1 - For the purpose of Statement of cash flows, cash and cash equivalents includes following :**

Cash in hand and at bank	65,674,638	13,784,458
Bank overdrafts	(18,226,491)	(148,840,526)
	<b>47,448,147</b>	<b>(135,056,068)</b>

### Note 19 - Stated capital

47,066,447 No. of Ordinary shares issued and fully paid	585,445,870	585,445,870
	<b>585,445,870</b>	<b>585,445,870</b>

### Note 20 - Revaluation reserve

Balance at the beginning of the year	2,302,046,051	819,618,393
Revaluation gain on land and buildings	-	1,482,827,658
Transferred to retained earnings	-	(400,000)
<b>Balance at the end of the year</b>	<b>2,302,046,051</b>	<b>2,302,046,051</b>

Revaluation reserve related to the surplus on revaluation of land and building.

### Note 21 - Deferred tax assets and liabilities

#### Note 21.1 - Deferred tax liabilities

Balance at the beginning of the year	666,821,568	205,614,086
Provision / (reversal) for the year	(80,787,968)	(174,290,086)
Deferred tax impact to OCI on revalued land and buildings	-	635,497,568
<b>Balance at the end of the year</b>	<b>586,033,600</b>	<b>666,821,568</b>

#### Note 21.2 - Deferred tax assets

Balance at the beginning of the year	20,394,635	7,258,564
Provision / (reversal) for the year	15,347,671	10,650,673
Deferred tax impact to OCI on actuarial gain on gratuity	(15,177)	2,485,397
Balance at the end of the year	35,727,129	20,394,635
<b>Net deferred tax liability</b>	<b>550,306,472</b>	<b>646,426,933</b>



## NOTES TO THE FINANCIAL STATEMENTS...

For the year ended 31 March 2024

Note 21.3 - The principle assumptions used are as follows :				
	31.03.2024		31.03.2023	
Deferred tax liability	Temporary difference Rs.	Tax effect Rs.	Temporary difference Rs.	Tax effect Rs.
Property, plant and equipment	1,953,445,334	586,033,600	104,413,335	31,324,001
Revaluation of buildings	-	-	1,933,148,975	579,944,693
Revaluation of lands	-	-	185,176,250	55,552,875
<b>Deferred tax assets</b>				
Defined benefit obligation	(80,879,443)	(24,263,833)	(67,982,116)	(20,394,635)
Lease liability	(38,210,986)	(11,463,296)	-	-
<b>Net balance</b>	<b>1,834,354,906</b>	<b>550,306,473</b>	<b>2,154,756,445</b>	<b>646,426,933</b>

Note 22 - Retirement benefit obligation	2024 Rs.	2023 Rs.
Balance at the beginning of the year	67,982,116	51,846,885
Provision / (reversal) made during the year	Note 22.1	10,210,453
Actuarial (gain)/ loss	Note 22.1	8,284,658
Payments / payables of the year	(2,533,730)	(2,359,880)
<b>Balance at the end of the year</b>	<b>80,879,443</b>	<b>67,982,116</b>

### Note 22.1 - Provision / (reversal) made during the year

Interest charged for the year		7,517,798
Current service cost		2,692,655
		10,210,453
Actuarial (gain)/ loss		8,284,658
		18,495,111

### Note 22.2 - The principle assumptions used are as follows :

	2024	2023
Long term interest rate	12%	18.0%
Future salary increment rate	8%	10%
Staff turnover ratio	22%	21%
Retirement age	60	60

### Note 22.3 - Sensitivity analysis of present value of defined benefit obligation

Assumption changed (while all other assumptions remain unchanged)	Amount Rs.
1% increase in discount rate	79,973,733
1% decrease in discount rate	81,833,466
1% increase in Salary Escalation rate	82,259,818
1% decrease in Salary Escalation rate	79,540,069



## NOTES TO THE FINANCIAL STATEMENTS...

For the year ended 31 March 2024

Note 22.4 - Distribution of present value of defined benefit obligation in future years			Amount Rs.
Within the next 12 months			64,479,986
Between 1-2 years			3,355,569
Between 2-5 years			7,954,936
Between 5-10 years			4,144,317
Beyond 10 years			944,633
			<b>80,879,441</b>

'Weighted Average Duration of Defined Benefit Obligation (Years)

### Note 23 - Borrowings

#### Non current maturity portion

Lease creditor	Note 23.1	23,804,797	29,900,786
Lease creditor- Land and Building	Note 23.2	2,479,708	2,296,026
Bank loans		277,533,026	131,261,713
<b>Borrowings from related parties</b>	<b>Note 23.3</b>	325,624,221	4,047,902
		629,438,751	167,506,427

#### Current maturity portion

Lease creditor	Note 23.1	11,902,398	20,209,354
Lease creditor- Land and Building	Note 23.2	24,083	22,299
Bank loans		17,053,453	47,585,644
Bank overdrafts		18,226,491	148,840,526
Borrowings from related parties	Note 23.2	325,624,221	16,191,609
		629,438,751	232,849,432
		<b>687,692,159</b>	<b>400,355,859</b>

#### Note 23.1 - Lease creditor

Balance at the beginning of the year		58,839,689	42,582,497
Addition during the year		-	28,450,177
Moratorium interest addition during the year		-	1,713,465
Settlements during the year		(17,134,456)	(13,906,449)
		41,705,233	58,839,689
<b>Interest in suspense</b>	<b>Note 23.1.1</b>	(5,998,038)	(8,729,549)
		35,707,195	50,110,140
Current maturity portion		11,902,398	20,209,254
Non current maturity portion		23,804,797	29,900,786
		35,707,195	50,110,140

#### Note 23.1.1 - Interest in suspense

Balance at the beginning of the year		8,729,549	7,862,595
Addition during the year		-	5,150,177
Moratorium interest addition during the year		-	1,713,465
Lease interest charge during the year		(2,731,511)	(4,283,044)
Moratorium interest charge during the year		-	(1,713,465)
		5,998,038	8,729,549



## NOTES TO THE FINANCIAL STATEMENTS...

### For the year ended 31 March 2024

Current maturity portion		1,199,608	5,603,043
Non current maturity portion		4,798,430	3,126,506
		5,998,038	8,729,549

#### Note 23.2 - Lease Creditor (Right of use asset - land)

Balance at the beginning of the year		6,025,185	-
Addition during the year		-	6,232,950
Settlements during the year		-	(207,765)
		6,025,185	6,025,185
Interest in suspense		(3,521,394)	(3,706,860)
		2,503,791	2,318,325
Current maturity portion		24,083	22,299
Non current maturity portion		2,479,708	2,296,026
		<b>2,503,791</b>	<b>2,318,325</b>

#### Note 23.2.1 - Interest in suspense

Balance at the beginning of the year		3,706,860	-
Addition during the year		-	3,706,860
Lease interest charge during the year		(185,466)	
		3,521,394	3,706,860
Current maturity portion		-	185,466
Non current maturity portion		3,521,394	3,521,394
		<b>3,521,394</b>	<b>3,706,860</b>

#### Note 23.3 - Borrowings from related parties

Balance at the beginning of the year		20,672,021	9,320,257
Loans obtained during the year		322,859,475	23,664,773
Repayment during the year		(6,652,243)	(12,313,009)
		<b>336,879,253</b>	<b>20,672,021</b>
Less : Interest in suspense	<b>Note 23.3.1</b>	(211,050)	(432,510)
Balance at the end of the year		336,668,203	20,239,511
Current maturity portion		11,046,982	16,191,609
Non current maturity portion (USD)		322,859,475	-
Non current maturity portion		2,761,746	4,047,902
		<b>336,668,203</b>	<b>20,239,511</b>



## NOTES TO THE FINANCIAL STATEMENTS...

For the year ended 31 March 2024

### Note 23.3.1 - Interest in suspense

Balance at the beginning of the year		432,510	1,937,631
Addition during the year		-	-
Charged to profit or loss		(221,460)	(1,505,121)
Balance at the end of the year		211,050	432,510

### Note 24 - Deferred income

Disposal gain on sale and lease back arrangement under finance lease

Opening balance		25,667,883	8,683,122
Additions during the year		-	19,613,328
Charged to income statement		(6,551,232)	(2,628,567)
		19,116,651	25,667,883
Non current portion		13,187,490	19,116,651
Current portion		5,929,161	6,551,232
	Note 24.1	<b>19,116,650</b>	<b>25,667,883</b>

### Note 25 - Trade and other payables

Trade creditors		85,713,543	61,024,074
Other payables		6,391,917	9,314,875
Expense creditors		212,546,070	257,324,809
		<b>310,111,530</b>	<b>327,663,758</b>

### Note 26 - Amounts due to related parties

Mahaweli Hotel Management Services (Pvt) Ltd.	105,374,904	67,041,311
	<b>105,374,904</b>	<b>67,041,311</b>



For the year ended 31 March 2024

## Note 27 - Analysis of financial instruments financial instruments by category

### Financial asset at amortized cost

Trade and other receivables excluding prepayments, statutory payments and advances	90,622,915	52,039,704
Cash and cash equivalents (Note 18 )	65,674,638	13,784,458
	156,297,553	65,824,162

### Financial liabilities at amortized cost

Trade and other payables (Excluding statutory liabilities) (Note 25)	135,601,904	211,184,744
Amounts due to related companies (Note 26)	105,374,904	67,041,311
	240,976,808	278,226,055

## NOTE 28 - Commitments and contingencies

### Note 28.1 - Commitments

There were no commitments as at the end of the reporting date.

### Note 28.2 - Contingent liabilities

A Contingent Liability of Rs.10 million exists due to a legal claim by a customer in the ordinary course of business. Mahaweli Reach Hotels PLC maintains a public liability insurance policy and the matter has been referred to the insurers. An evaluation of the likelihood of an unfavourable outcome resulting in a potential loss cannot be quantified or commented upon at this stage.

Following the termination of employees on disciplinary grounds an inquiry was held by the Commissioner General of Labour and an order was issued for reinstatement and the payment of back wages. The Company filed a Writ Application in the Court of Appeal to have this order quashed. The Honourable Court delivered its judgement on 12th December 2018, quashing the order of the Commissioner General of Labour which required reinstatement of these employees and stating that the Commissioner General of Labour should hear the parties and make an order regarding the compensation payable to these persons in terms of the Termination of Employment of Workmen (Special Provisions) Act No: 45 of 1971 (as amended). Legal Advice has been sought with respect to the decision of the Commissioner General of Labour which was received on 05th August 2019. In view of legal advice that the determination received from the Commissioner General of Labour on 05th August 2019 was incorrect in law, the company has filed a Writ Application before the Court of Appeal seeking an order quashing the said decision. No material losses are anticipated as a result.

## NOTES TO THE FINANCIAL STATEMENTS...

For the year ended 31 March 2024

### NOTE 29 - Assets Pledge

Lending Institution	Nature of Facility	Interest Rate	Repayment Term	Outstanding Balance		Security
				31.3.2024 Rs.	31.3.2023 Rs.	
Hatton National Bank PLC	Term Loan Rs.50 Million	AWPLR + 1.25% p.a.	59 equal monthly instalments of Rs. 833,000/- and a final instalment of Rs. 853,000/- together with interest to be serviced monthly.	-	15,761,978	Registered primary and additional floating mortgage bonds totaling to Rs.133.9 Mn over the hotel premises bearing assessment No. 35. PBA Weerakoon Mawatha, Kandy.
	Term Loan Rs.40 Million	AWPLR + 2 % p.a.	33 monthly capital instalments of Rs. 250,000/- each and 23 monthly capital instalments of Rs. 1,300,000/- each and a final instalments of Rs. 1,100,000/- together with interest to be serviced monthly.	-	35,947,757	Concurrent Primary Mortgage Bond No. 721/3274 dated 19th and 22nd December 2006 and bond No. 624/2548 dated 09th November 2015 over the Hotel Premises Situated at Siyabalagastenna within the Municipal Limits of Kandy also depicted as Lot 1 in plan 268B surveyed on 04th, 06th, & 08th of March 1989 and 21st of December 1990.
	Term Loan Rs.15 Million	AWPLR + 2 % p.a.	24 monthly instalments of Rs. 625,000/- together with interest.	-	14,976,979	Concurrent mortgage bond for Rs.75,000,000/- to be executed over the immovable property situated at Siyabalagastenna, Kandy depicted as lot no 1 in survey plan 268B dated 04th,06th,08th of March 1989 and 21st December 1990.
	Term Loan Rs.45 Million	AWPLR + 2 % p.a.	24 monthly capital instalments of Rs.1,875,500/- + Interest	-	33,750,000	Concurrent mortgage bond for Rs.75,000,000/- to be executed over the land and premises call Walawwewatta and Siyabalagahakotuwa now known as Mahaweli reach hotel situated at No.35, PBA Weerakoon Mawatha, Kandy depicted as lot no 1 in survey plan 268B dated 04th,06th,08th of March 1989 and 21st December 1990.
Hatton National Bank PLC	Overdraft Rs. 85 Million	AWPLR + 1.75 % p.a.	On demand / To be reviewed annually.	1,265,632	81,336,66	Registered primary and additional floating mortgage bonds totaling to Rs.133.9 Mn over the hotel premises bearing assessment No. 35. PBA Weerakoon Mawatha, Kandy.



## NOTES TO THE FINANCIAL STATEMENTS...

For the year ended 31 March 2023

### Note. 29 - Assets Pledge (Continued)

Lending Institution	Nature of Facility	Interest Rate	Repayment Term	Outstanding Balance		Security
				31.3.2024 Rs.	31.3.2023 Rs.	
Commercial Bank of Ceylon PLC	Term Loan Rs. 50 Million	AWPLR + 1.5 % p.a.	65 equal monthly instalments of Rs. 520,800/- and a final instalment of Rs. 524,000/- together with interest to be serviced monthly.	26,403,611	27,084,800	Concurrent primary mortgage bond No. 721/3274 dated 19th & 22nd December 2006 and 1st of January 2007 for Rs. 30 million executed over freehold property of Mahaweli Reach Hotels PLC at No. 35, PBA Weerakoon Mawatha, Kandy.
Commercial Bank of Ceylon PLC	Overdraft Rs. 20 Million	AWPLR + 2 % p.a.	On demand	-	28,846,122	Concurrent primary mortgage bond No. 721/3274 dated 19th & 22nd December 2006 and 1st of January 2007 for Rs. 30 million executed over freehold property of Mahaweli Reach Hotels PLC at No. 35, PBA Weerakoon Mawatha, Kandy.
Sampath Bank PLC	Medium Term Loan Rs. 5.4 Million	AWPLR + 2% p.a.	48 equal monthly instalments of Rs.156,144/- together with interest to be serviced monthly.	-	1,765,844	1).Loan agreement for Rs.5,400,000/- 2).Promissory note for Rs.5,400,000/- 3).joint and several guarantee for Rs 5,400,000/- from 02directors of the company.
Hatton National Bank PLC	Term Loan Rs. 167,170,000/-	13% P.A. for 1st 12 months and thereafter AWPLR + 1.5%	84 monthly instalment . 06 months capital grace period and balance payment on staggered basis with in 78 Instalment	167,170,00	-	Primary Mortgage No. 388 for Rs. 62.5 Mn . Registered secondary mortgage No. 427 for Rs. 15 Mn. Existing registered primary concurrent mortgage bond No. 3996/2/2121 for Rs. 75 Mn mortgage bonds totaling Rs. 208 Mn Excuted over immovable property situated at Kandy depicted as Lot No. 1 survey plan 268 B dated 4th ,6th,6th March 1989 and 21st December 1990 land in extend A: 02R:02:-P11.20 made by CAO Dirckze (LS) and Resurvey of Depicted in Lot 1&2 in plan No. 5099 dated 27.07.1993 by C Palamacumbure (LS



## NOTES TO THE FINANCIAL STATEMENTS...

For the year ended 31 March 2024

### Note. 29 - Assets Pledge (Continued)

Hatton National Bank PLC	Term Loan Rs. 23,000,000	6.18% P.A.till 30.06.24 and hereafter 10% p.a.	60 monthly instalment . 06 months capital grace period and balance payment on staggered basis with in 54 Instalment	23,000,000	-	Primary Mortgage No. 388 for Rs. 62.5 Mn . Registered secondary mortgage No. 427 for Rs. 15 Mn. Existing registered primary concurrent mortgage bond No. 3996/2/2121 for Rs. 75 Mn mortgage bonds totaling Rs. 208 Mn Excuted over immovable property situated at Kandy depicted as Lot No. 1 survey plan 268 B dated 4th,6th,6th March 1989 and 21st December 1990 land in extend A: 02R:02:-P11.20 made by CAO Dirckze (LS) and Resurvey of Depicted in Lot 1&2 in plan No. 5099 dated 27.07.1993 by C Palamacumbure (LS)
Hatton National Bank PLC	Term Loan Rs. 30,000,000	10% p.a.	60 monthly instalment . 06 months capital grace period and balance payment on staggered basis with in 54 Instalment	30,000,000	-	Primary Mortgage No. 388 for Rs. 62.5 Mn . Registered secondary mortgage No. 427 for Rs. 15 Mn. Existing registered primary concurrent mortgage bond No. 3996/2/2121 for Rs. 75 Mn mortgage bonds totaling Rs. 208 Mn Excuted over immovable property situated at Kandy depicted as Lot No. 1 survey plan 268 B dated 4th,6th,6th March 1989 and 21st December 1990 land in extend A: 02R:02:-P11.20 made by CAO Dirckze (LS) and Resurvey of Depicted in Lot 1&2 in plan No. 5099 dated 27.07.1993 by C Palamacumbure (LS)
Hatton National Bank PLC	Differed Loan Rs. 17,500,000	NIL	To be written off in full at the time of settlement of original loan ( 84 Months ) Rs. 167,700,000/- and other facilities.	17,500,000	-	Primary Mortgage No. 388 for Rs. 62.5 Mn . Registered secondary mortgage No. 427 for Rs. 15 Mn. Existing registered primary concurrent mortgage bond No. 3996/2/2121 for Rs. 75 Mn mortgage bonds totaling Rs. 208 Mn Excuted over immovable property situated at Kandy depicted as Lot No. 1 survey plan 268 B dated 4th,6th,6th March 1989 and 21st December 1990 land in extend A: 02R:02:-P11.20 made by CAO Dirckze (LS) and Resurvey of Depicted in Lot 1&2 in plan No. 5099 dated 27.07.1993 by C Palamacumbure (LS)
Commercial Bank PLC	Term Loan Rs 18,260,337.97	Interet Free	Capital to be repaid in 42 equal monthly instalments of Rs. 197,465/- and a final instalment of Rs. 9,967,470/- will be granted a rebete at a tail end subject to satisfactory payment of term loan.	18,260,338	-	-
LOLC	Speed Loan Rs. 7.5 Million	2.3 % Monthly	Interest to be paid monthly as per the agreed terms & the capital to be repaid at the end of the period/ on demand.	7,000,000	7,000,000	Mortgage of Vehicle Nos LE8856 Lorry and 65-3292 Benz Car.
Seylan	Bank Overdarft Rs.16.9 million	-	-	16,960,859	-	Seylan Bank fixed deposit Rs. 18.9 Million.



## NOTES TO THE FINANCIAL STATEMENTS...

For the year ended 31 March 2024

### Note 30 - Events after the end of the reporting date

No circumstances of significance have arisen since the end of the reporting date, which would require adjustments to or disclosure in the Financial Statements.

### Note 31 - Related party disclosures

Details of significant related party disclosures are as follows:

Name of the Related Party	Relationship	Value of the Related Party transactions entered in to during the financial year	Value of the Related Party Transaction as % to the Equity and as a % to Total Assets	Terms and conditions of the Related Party Transactions	Amount The rationale for entering into the transaction
Universal Enterprises (Pvt) Limited	Majority Share Holder of the Borrower which constitute 69.44% of the issued share capital.	USD Dollars 1 Million	18% of the Equity and 9% of the Total Assets.	Loan Repayment with in five years with an interest grace period of 18 months and capital grace period of 36 months. Interest is 6.5% plus one-month SOFR on the loan.	To meet urgent accumulated working capital requirements.

### Note 31.1 - Key Management Personnel of the Company

The Key Management personnel (KMP) comprise the members of its Board of Directors

Mr. J. A. Panabokke	- Executive Director
Ms. D. L. Panabokke	- Executive Director
Mr. J. Asitha Panabokke	- Executive Director
Mr. P. B. Panabokke	- Executive Director
Mr. W. P. Hettiaratchi	- Executive Director
Mr. M. U. Maniku	- Non-Executive Director
Mr. A. U. Maniku	- Non-Executive Director
Mr. A. M. Didi	- Non-Executive Director
Mr. Ali Nooradeen	- Non-Executive Director
Mr. S. I. Maniku	- Non-Executive Director
Ms. F. V. Mahir	- Non-Executive Director
Mr. U. M. Maniku	- Non-Executive Director
Mr. A. N. Esuffally	- Independent Non-Executive Director
Mr. J. C. Ratwatte	- Independent Non-Executive Director
Mr. R. Seevaratnam	- Independent Non-Executive Director (Deceased on 19.01.2023)
Mr. J. R. P. M. Paiva	- Independent Non-Executive Director

### Note 31.1.1 - The Directors of the Company are also the Directors of the following companies;

Names of Name of Company	Names of Directors	Relationship
Mahaweli Hotel Management Services (Pvt.) Ltd.	Mr. J. A. Panabokke	Managing Agents
Mahaweli Hotel Management Services (Pvt.) Ltd.	Ms. D. L. Panabokke	Managing Agents
Universal Enterprise (Pvt) Ltd.	Mr. M. U. Maniku	Parent Company
Universal Enterprise (Pvt) Ltd.	Mr. A. U. Maniku	Parent Company
Universal Enterprise (Pvt) Ltd.	Mr. A. M. Didi	Parent Company
Universal Enterprise (Pvt) Ltd.	Mr. M. M. Didi	Parent Company
Universal Enterprise (Pvt) Ltd.	Mr. Ali Nooradeen	Parent Company
Universal Enterprise (Pvt) Ltd.	Mr. Ali Nooradeen	Parent Company



## NOTES TO THE FINANCIAL STATEMENTS...

For the year ended 31 March 2024

### Note 31 - Related party disclosures ( Continued)

#### Note 31.2 - Transactions with related parties

The Company has entered into transactions during the year with the following companies;

#### Note 31.2.1 - Management fee payments/Loan

Name of the related party	Nature of Transaction	2023/24 Rs.	2022/23 Rs.
Mahaweli Hotel Management Services (Pvt.) Ltd.	Management Fees	52,436,933	34,046,493
	Loan Receipt	-	8,352,499
Basis of Management Fees calculation			
Gross Revenue * 6% + ( 7% on Net Profit after Depreciation & Finance Charges)			

Mr. Priyanjith Panabokke	Loan Receipt	-	5,400,000
Ms. K. D. Panabokke	Loan Repayment	-	2,400,736
Mr. Jayantha Athula Panabokke	The directors have given personal guarantee to obtain		
Mr. Janaka Asitha Panabokke	10Mn loan facility from HNB Bank PLC		

During the financial year 2020/21, Ms. K. D. Panabokke, the Spouse of Mr. Jayantha Panabokke who is a Director of the Company granted a Rs 10,000,000 loan to the Company by engaging in a sales and lease back transaction for the personal vehicle with Bank of Ceylon - Super Grade Branch Kandy.

During the financial year 2022/23, Mr. Priyanjith Panabokke who is a Director of the Company granted a loan of Rs. 5,400,000/- to the Company.

During the financial year 2023/24, Universal Enterprises ( PVT ) Ltd which is the Major share holder of the company granted a loan of USD 1 Mn ( Rs. 324,000,000) - to the Company.

Year	Amount granted Rs.	Amount outstanding as at Rs.	Rental paid during 2023/24 Rs.	Interest Accrued during 2023/24 Rs	A Exchange gain/loss adjustment Rs.	Amount tstanding as at 31.03.2024 Rs.
Ms. K.D.Panabokke	10,000,000	6,919,521	(3,994,608)	-	-	2,924,913
Mr. Priyanjith Panabokke	5,400,000	5,400,000	-	-	-	5,400,000
Mahaweli Hotel Management Services (Pvt) Ltd	18,264,773	8,352,499	(2,868,684)	-	-	5,483,815
Universal Enterprises (Pvt) LTD	324,000,000	-	-	17,952,175	(19,092,700)	322,859,475

For the purposes of these Financial Statements, parties are considered to be related to the Company, if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence.

#### Note 31.3 - Transaction with key management personnel of the company

The key management personnel of the Company are the Members of it's Board of Directors. Key management personnel compensation;

	2023/24 Rs.	2022/23 Rs.
(a) Short-term employee benefits	31,800,000	24,800,000
(b) Post employment benefits	nil	nil
(c) Long-term benefits	nil	nil
(d) Termination benefits	nil	nil
(e) Share based payments	nil	nil

There were no any related party transactions other than those disclosed in Note No. 31 to the Financial Statements.



For the year ended 31 March 2024

### **Note 32 - Reclassification of land and buildings**

Revalued portion of the building at a value of Rs. 872,681,675/- situated on the land belonging to Mahaweli Authority and leased out to the company which was renewed for further 30 years from the month of February 2023, has been reclassified from freehold buildings to right of use asset to be in line with the applicable accounting standard (SLFRS 16).

The same land which was classified as an operating lease has been reclassified as right of use asset at a value of Rs. 2,318,325/- as per SLFRS 16.

# PROXY FORM...

\*I/We ..... of  
 ..... being \*a Shareholder/Shareholders of  
 MAHAWELI REACH HOTELS PLC hereby appoint..... of .....  
 ..... bearing NIC No./ Passport No..... or failing him/her\*

Mr. Mohamed Umar Maniku	or failing him,
Mr. Jayantha Atul Panabokke	or failing him,
Mr. Ahamed Mahir Didi	or failing him,
Mr. Abbasally Nuruddin Esufally	or failing him,
Mr. Wajjiya Priyantha Hettiaratchi	or failing him,
Mr. Ahamed Umar Maniku	or failing him,
Mr. Ali Noordeen	or failing him,
Mr. Jayampathy Charitha Ratwatte	or failing him,
Mr. Joseph Rosario Philip Mancius Paiva	or failing him,
Ms. Dayanthi Lakshmi Panabokke	or failing her,
Mr. Janaka Asitha Panabokke	or failing him,
Mr. Priyanjith Buddhika Panabokke	or failing him,
Mr. Sanjay Ibrahim Maniku	or failing him,
Ms. Fathimath Visha Mahir	or failing her,
Mr. Umar Mohamed Maniku	

as \*my/our proxy to attend and vote at the 50th Annual General Meeting of the Company to be held on Monday the 30th day of September 2024 at 11.00 a.m, at the registered office of the Company No.35, P. B. A Weerakoon Mawatha, Kandy, Sri Lanka. All information in this respect will be provided for the following purposes and any adjournment thereof and at every poll which may be taken in consequence thereof.

- |     |   |                          |                          |
|-----|---|--------------------------|--------------------------|
| 1.  | To adopt the Annual Report of the Board of Directors and the Financial Statements for the year ended 31st March 2024, together with the Report of the Independent Auditors thereon  | <input type="checkbox"/> | <input type="checkbox"/> |
| 2.  | To re-elect Mr. A U Mohamed who retires by rotation in terms of Articles 90, 91 & 92 of the Articles of Association of the Company  | <input type="checkbox"/> | <input type="checkbox"/> |
| 3.  | To re-elect Mr. A M Didi who retires by rotation in terms of Articles 90, 91 & 92 of the Articles of Association of the Company   | <input type="checkbox"/> | <input type="checkbox"/> |
| 4.  | To re-elect Mr J R P M Paiva who retires by rotation in terms of Articles 90, 91 & 92 of the Articles of Association of the Company   | <input type="checkbox"/> | <input type="checkbox"/> |
| 5.  | To re-elect Mr. S I Maniku who retires by rotation in terms of Articles 90, 91 & 92 of the Articles of Association of the Company   | <input type="checkbox"/> | <input type="checkbox"/> |
| 6.  | To re-elect Ms. F V Mahir who retires by rotation in terms of Articles 90, 91 & 92 of the Articles of Association of the Company.   | <input type="checkbox"/> | <input type="checkbox"/> |
| 7.  | To re-appoint Mr. A.N. Esufally who is over Seventy years of age as a Director of the Company.  | <input type="checkbox"/> | <input type="checkbox"/> |
| 8.  | To re-appoint Mr. M.U. Maniku who is over Seventy years of age as a Director of the Company   | <input type="checkbox"/> | <input type="checkbox"/> |
| 9.  | To re-appoint Mr. J.C. Ratwatte who is over Seventy years of age as a Director of the Company   | <input type="checkbox"/> | <input type="checkbox"/> |
| 10. | To authorize the Board of Directors to determine contributions to charities and other Donations..   | <input type="checkbox"/> | <input type="checkbox"/> |
| 11. | To re-appoint Messrs. Bakertilly Edirisinghe & Co, Chartered Accountants as Auditors of the Company as set out in Section 154(1) of the Companies Act No. 07 of 2007 and to authorize the Directors to determine their remuneration.. | <input type="checkbox"/> | <input type="checkbox"/> |

Signed this .....day of.....Two Thousand and Twenty Four (2024).

.....  
 Signature /s

**Note:**

(a) \*Please delete the inappropriate words.

(b) A shareholder entitled to attend and vote at a General Meeting of the company, is entitled to appoint a proxy to attend and vote instead of him/ her and the proxy need not be a shareholder of the company. A proxy so appointed shall have the right to vote on a show of hands or on a poll and to speak at the General Meeting of the shareholders.

(c) A shareholder is not entitled to appoint more than one proxy to attend on the same occasion.

(d) Instructions are noted below.

Note: Instructions as to completion are noted below



# INSTRUCTIONS AS TO COMPLETION...

1. Kindly perfect the form of proxy after filling in legibly your full name and address, by signing in the space provided. Please fill in the date of signature.
2. If you wish to appoint a person other than the Directors as your proxy, please insert the relevant details in the space provided overleaf.
3. In term of Article 72 of the Articles of Association of the Company:
  - 1) Any Shareholder entitled to attend and vote at a meeting shall be entitled to appoint another person (whether a shareholder or not) as his proxy to attend and vote instead of him. A proxy so appointed shall have the same right as the Shareholder to vote on a show of hands or on a poll and to speak at the meeting.
  - 2) An instrument appointing a proxy shall be in writing and:
    - (a) in the case of an individual shall be signed by the appointor or by his attorney; and
    - (b) in the case of a corporation shall be either under the common seal, or signed by its attorney, or by an authorized officer on behalf of the corporation.
  - 3) An instrument appointing a proxy or the power of attorney or other authority, if any, must be left or received at the Office or such other place (if any) as is specified for the purpose in the notice convening the meeting not less than forty eight (48) hours before the time appointed for the holding of the meeting or adjourned meeting (or in the case of a poll before the time appointed for the taking of the poll) at which it is to be used and in default shall not be treated as valid unless the Directors otherwise determine.
4. Where there are joint registered holders of any Share, any one (01) of such persons may vote and be reckoned in a quorum at any meeting either personally or by proxy as if he were solely entitled thereto and if more than one (01) of such joint holders be so present at any meeting, one (01) of such persons so present whose name stands first in the Register in respect of such Share, shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased Shareholder in whose name any Share stands shall for the purpose of this Article be deemed joint holders thereof.
5. To be valid the completed Form of Proxy should be deposited at the Registered Office of the Company situated at No.35, P.B.A. Weerakoon Mawatha, Kandy, Sri Lanka not later than 11.00a.m., on 27th September 2024.

**Please fill in the following:**

Name : .....

Address : .....

Jointly : .....

Folio No. : .....



## Corporate Information

### Name of the Company

Mahaweli Reach Hotels PLC

### Legal Form

A Quoted Public Limited Liability Company  
Incorporated on 21st September 1973

### Company Registration No. PQ 127

#### Directors

Mr. M. U. Maniku – Chairman  
Mr. J. A. Panabokke – Managing Director  
Mr. A. N. Esufally  
Mr. A. U. Maniku  
Mr. A. M. Didi  
Mr. W. P. Hettiaratchi – (FCA, FFA, FSCMA, MCMII)  
Mr. A. Nooradeen  
Mr. J. C. Ratwatte  
Mr. J. R. P. M. Paiva  
Ms. D. L. Panabokke  
Mr. J. Asitha Panabokke  
Mr. P. B. Panabokke  
Mr. S. I. Maniku  
Ms. F. V. Mahir  
Mr. U. M. Maniku

#### Audit Committee

Mr. S. I. Maniku (Appointed Chairman w.e.f. 30/03/2023)  
Mr. A. N. Esufally  
Mr. J. C. Ratwatte  
Mr. W. P. Hettiaratchi

#### Remuneration Committee

Mr. J. C. Ratwatte  
Mr. J. R. P. M. Paiva  
Ms. F. V. Mahir (Appointed w.e.f. 28/6/2023)

#### Related Party Transaction Review Committee

Mr. J. C. Ratwatte  
Mr. J. R. P. M. Paiva (Appointed w.e.f. 26/6/2024)  
Mr. W. P. Hettiaratchi  
Mr. J. A. Panabokke

#### Secretaries

Businessmate (Private) Limited  
45 Braybrooke Street, Colombo 2  
Tel: +94 117 374400

#### Lawyers

A & N Partners  
Attorney at Law  
No. 519/3, Baudhaloka Mawatha,  
Colombo 8.  
Tel: +94 112 665518

#### Auditors

Messrs. Bakertilly Edirisinghe & Co.,  
Chartered Accountants  
45 Braybrooke Street, Colombo 2.

#### Bankers

Hatton National Bank – Kandy  
Bank of Ceylon – Kandy  
Commercial Bank of Ceylon – Kandy  
Sampath Bank, Katugastota  
Seylan Bank, Katugastota

#### Registered office

35 P. B. A. Weerakoon Mawatha, Kandy.



**MAHAWELI REACH**  
SRI LANKA

---

OUR WORLD REVOLVES AROUND YOURS