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*care*



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As the tourism industry arrived at a standstill, the complexities the pandemic unravelled were many, and in order to survive and navigate through a multitude of challenges including travel restrictions, evolving customer needs and unprecedented uncertainty— John Keells Hotels preserved the remarkable reputation of care and hospitality we have been renowned with for years.

The pages you hold are a testament to the unwavering care reflected in the new approaches we followed to navigate through complexity to welcome a future of hope and opportunity.

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## MANAGEMENT DISCUSSION & ANALYSIS

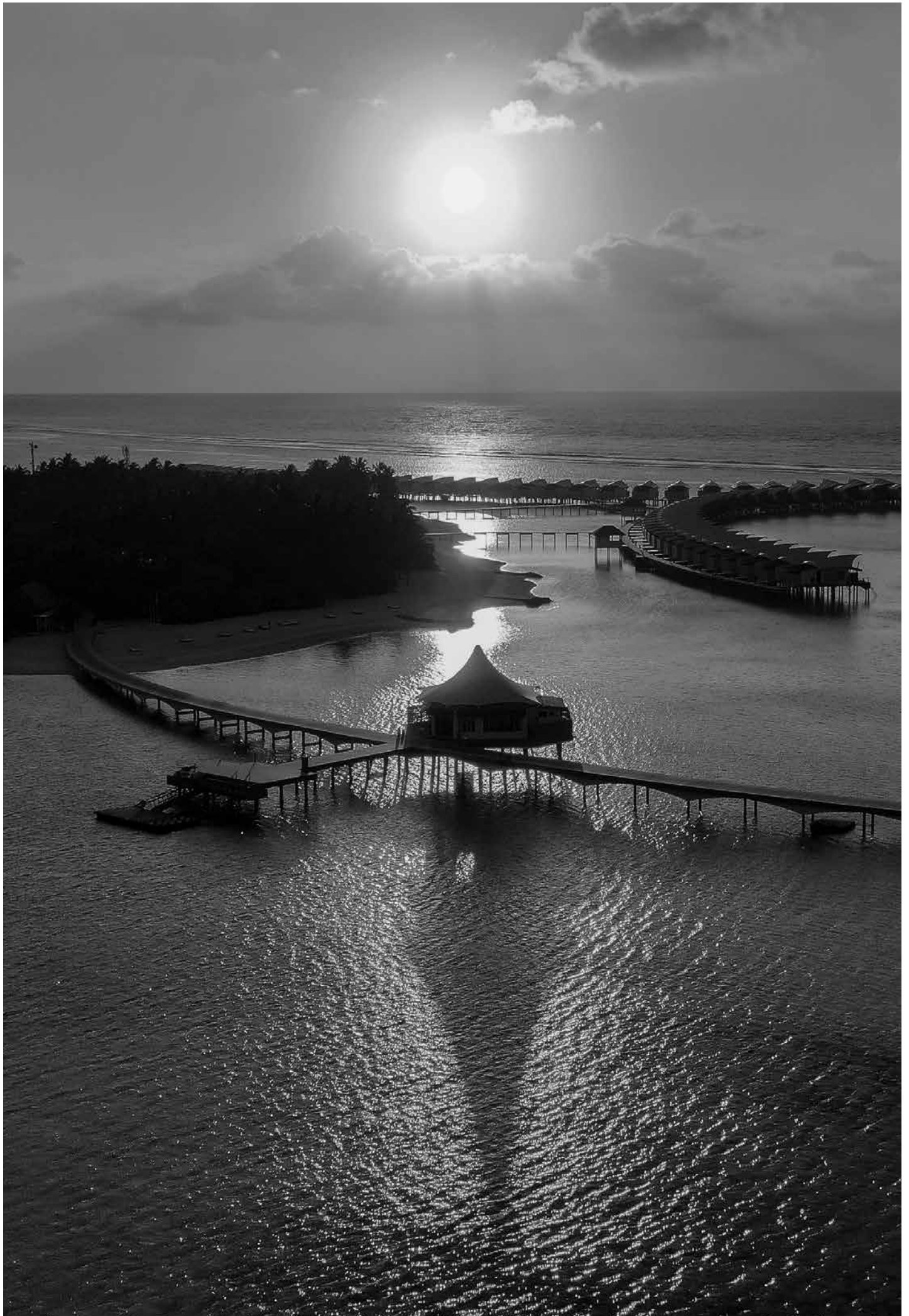
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## ABOUT OUR REPORT

John Keells Hotels PLC (Company) and its subsidiaries (hereinafter referred to as "Hotels Group") is proud to present to you, our 6th Integrated Annual Report. The report is a balanced review of the Hotels Group's financial, social, and environmental performance during the year.

### Scope and Boundary

This Report covers the Sri Lankan and Maldivian operations of the Hotels Group for the period 1 April 2020 to 31 March 2021 and builds on the Group's previous annual reporting cycle for the period ending 31 March 2020. The financial and non-financial information presented herein represents consolidated figures for the Company and its subsidiaries unless otherwise stated. We have adopted the concept of materiality throughout the report by focusing on aspects that are deemed to be material and relevant to the Hotels Group's operations and to our key stakeholders. The process for determining materiality is described on page 46 of this Report.

In addition to the information presented herein, a supplementary Sustainability Report that sets out in detail how we employed our key capitals during the year, is available on our website (<https://www.cinnamonhotels.com/cinnamon-csr-sustainability>). The supplementary Sustainability Report is in line with the Global Reporting Initiative (GRI) Standards: Core option.

### Forward looking statements

Our Report includes forward-looking statements, which discuss the possible future financial position and results of the Group's operations. These statements, however, involve an element of risk and uncertainty. We do not undertake to update or revise these statements publicly in the event of a change of circumstances.

### STATEMENT BY THE BOARD

The Board acknowledges its responsibility to ensure the integrity of the Annual Report and is of the opinion that the Report addresses all material issues that it believes to have a bearing on the Company's capacity to create value over the short, medium and long-term.

### Feedback

We value your feedback as it enables us to continuously improve our reporting and encourage your comments to be sent to:

**Ms. Vindya Cooray,**

Vice President, Finance – Cinnamon Hotels & Resorts,  
117, Sir Chittampalam A Gardiner  
Mawatha, Colombo 02.  
E-mail: [vindya@cinnamonhotels.com](mailto:vindya@cinnamonhotels.com)

### REPORTING PRINCIPLES AND QUALITY ASSURANCE

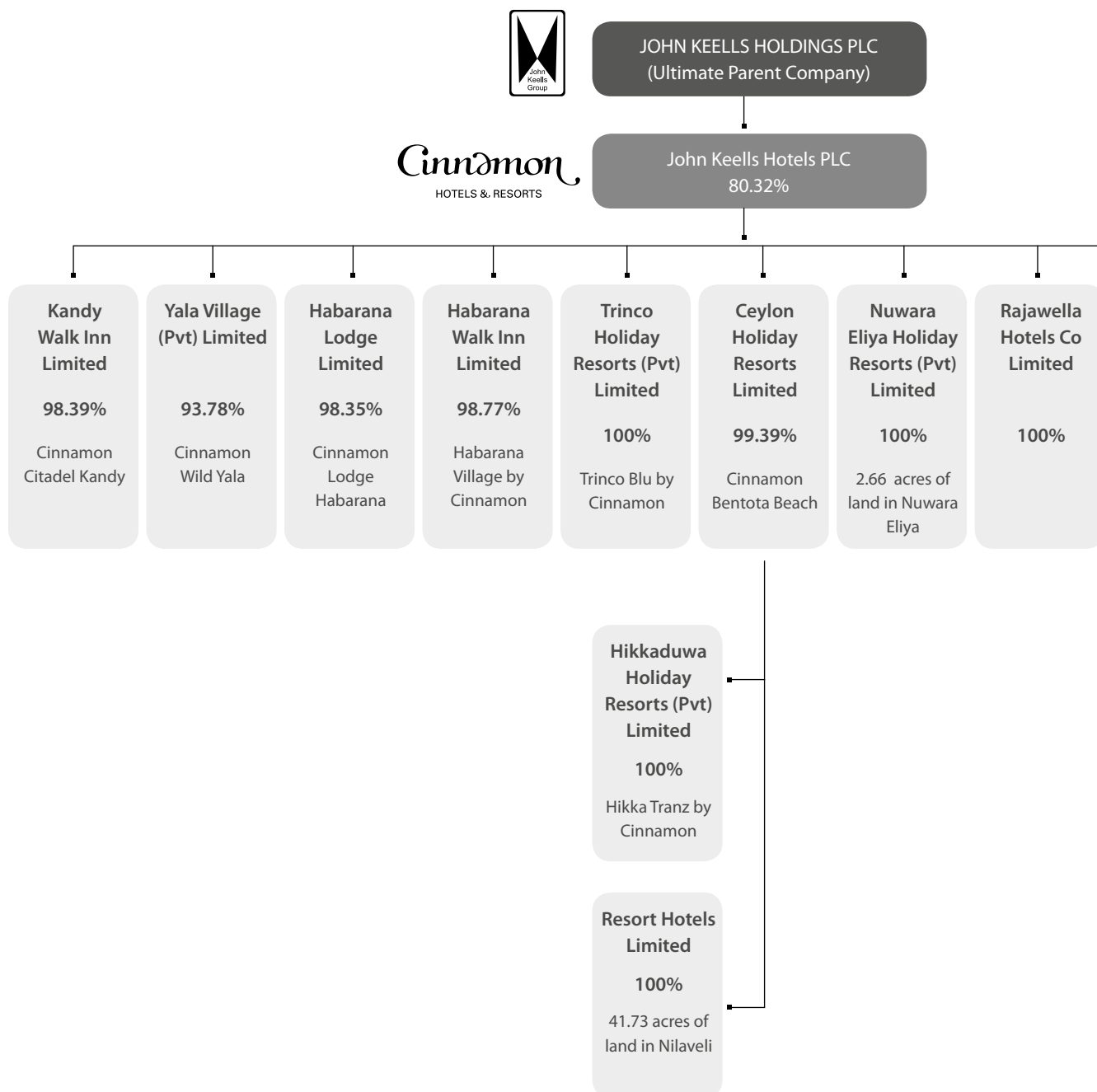
- Sri Lanka Accounting Standards (SLFRS/LKAS) issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)
- Companies Act No. 7 of 2007
- Listing Requirements of the Colombo Stock Exchange
- Gender Parity Reporting Framework published by CA Sri Lanka
- Assurance on the Financial Statements by Messrs. Ernst and Young, Chartered Accountants
- Independent assurance on sustainability reporting, by Messrs. Ernst and Young, Chartered Accountants



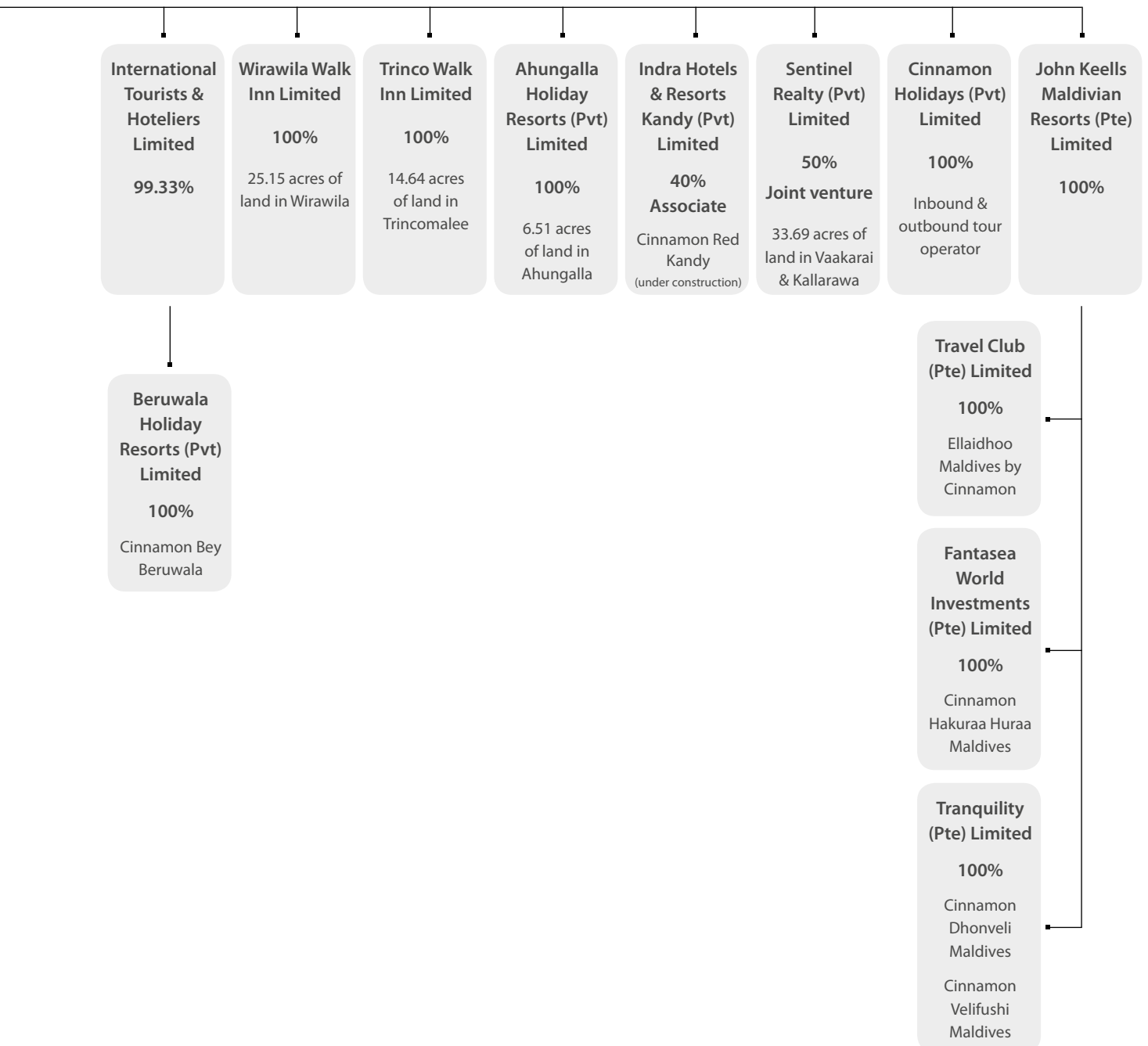
Scan to view the supplementary Sustainability Report  
Visit

<https://www.cinnamonhotels.com/cinnamon-csr-sustainability>

## GROUP STRUCTURE







## PERFORMANCE SCORECARD

	Indicator		2020/2021	2019/2020	Change YOY
Financial Capital	Profitability				
	Revenue	Rs. Million	3,661	9,712	(62%)
	TrevPAR	Rs.	8,242	21,443	(62%)
	Operating profit / (loss)	Rs. Million	(4,777)	(764)	(525%)
	Profit / (Loss) for the year	Rs. Million	(5,120)	(1,201)	(326%)
	Earnings / (Loss) per share	Rs.	(3.50)	(0.82)	(324%)
	Financial Position				
	Total Assets	Rs. Million	62,475	60,576	3%
	Total Equity	Rs. Million	24,431	28,872	(15%)
	Total Debt	Rs. Million	35,327	28,609	23%
	Market and Shareholder Information				
	Net assets per share	Rs.	16.71	19.74	(15%)
	Share Price	Rs.	9.50	6.70	42%
Market Capitalisation	Rs. Million	13,833	9,756	42%	
Manufactured Capital	Asset Light Expansion				
	Property, plant and equipment	Rs. Million	27,109	26,692	2%
	Room inventory	No. of rooms	1,476	1,476	0%
	Capital Expenditure	Rs. Million	1,400	9,580	(85%)
Human Capital	Develop People Capability				
	Total Employees	No.	2,062	2,533	(19%)
	Payment to Employees	Rs. Million	2,068	2,325	(11%)
	No of promotions	No.	22	125	(82%)
	Attrition rate	%	13	18	(28%)
	Female representation	%	10	11	(9%)
	Investment in training	Rs. Million	16	95	(83%)
	Total training hours	Hours	80,791	288,437	(72%)
	New recruits	No.	285	989	(71%)
	Average training hours/employee	Hours	39	118	(67%)
	Workplace injuries	No.	15	25	(40%)

	Indicator		2020/2021	2019/2020	Change YOY
Social and Relationship Capital	Build a Recognisable Brand				
	Occupancy rate - Sri Lanka	%	16	61	(74%)
	Occupancy rate - Maldives	%	27	56	(52%)
	Customer satisfaction rate	%	93	91	2%
	Social Media Presence				
	- Facebook likes	No.	215,003	206,267	4%
	- Twitter followers	No.	4,625	4,338	7%
	- Instagram followers	No.	33,545	20,132	67%
	- LinkedIn followers	No.	33,039	20,598	60%
	- YouTube subscribers	No.	3,333	2,310	44%
	Commitment: Creating Value Across Our Supply Chain				
	Total suppliers	No.	992	1,380	(28%)
Payment to suppliers	Rs. Million	2,369	3,657	(35%)	
	Commitment : Empowering Communities				
	Total investment in CSR	Rs. Million	1.06	6.86	(85%)
Natural Capital	Sustainability				
	Carbon footprint	tCO2e	13,435	15,704	(14%)
	Carbon footprint per EarthCheck guest night	KgCO2e	21.36	14.33	49%
	Water withdrawn	m3	405,254	523,070	(23%)
	Water withdrawn per EarthCheck guest night	Litres	644	475	36%
	Total waste	MT	805	1,541	(48%)
	Waste disposed per EarthCheck guest night	Kg	0.37	0.32	16%

## ABOUT OUR GROUP

Operating a portfolio of 12 luxury resort and hotel properties in Sri Lanka and the Maldives under the brand, “Cinnamon Hotels & Resorts”, John Keells Hotels PLC is one of Sri Lanka’s largest hotel operators. The “Cinnamon” brand, as a leading hospitality brand in Sri Lanka, continues to encourage a passion for inspired living, combining unique destination experiences with typically Sri Lankan hospitality.

### Our Footprint

#### Locations in Sri Lanka



#### Locations in Maldives



#### Financial Strength

REVENUE

**RS. 3,661 MN**



MARKET CAPITALISATION

**RS. 13,833 MN**



#### Employee Strength

EMPLOYEES

**2,062**



#### Portfolio Strength

HOTEL PROPERTIES ACROSS  
SRI LANKA AND THE MALDIVES

**12**



#### Brand Strength

BRAND EQUITY

**RS. 5,001 MN**

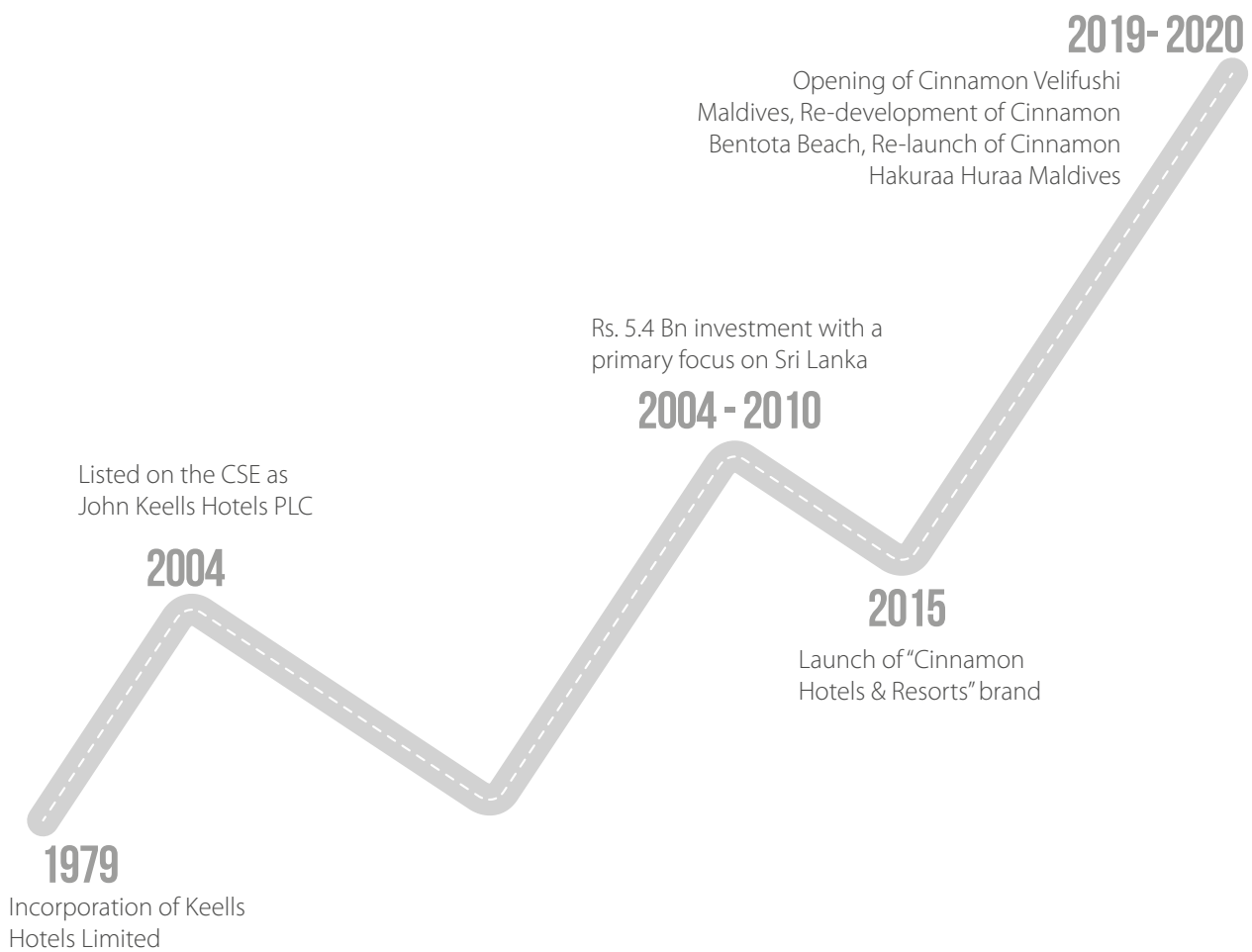


TOTAL ROOM INVENTORY

**1,476**



## Our Journey of Growth



## Economic Impact During the Year



## ABOUT OUR GROUP

### Our Offerings



Cinnamon Bentota Beach



Cinnamon Wild Yala



Cinnamon Lodge Habarana



Cinnamon Citadel Kandy



Hikka Tranz by Cinnamon



Trinco Blu by Cinnamon



Habarana Village by Cinnamon



Cinnamon Bey Beruwala



Cinnamon Dhonveli Maldives



Cinnamon Hakuraa Huraa Maldives



Cinnamon Velifushi Maldives



Ellaidhoo Maldives by Cinnamon



## YEAR AT A GLANCE

### Key Events

Despite the challenges faced during the year, we hosted a series of signature events aimed at turning the spotlight on Sri Lanka's unique heritage and providing thought-leadership in a rapidly evolving tourism industry.



June 2020

#### The Cinnamon Future of Tourism Virtual Summit

Launched as a virtual conference due to the pandemic, the summit focused on the emerging trend of Wellness Tourism in Sri Lanka post COVID-19, exploring key themes such as how wellness has changed the travel industry, the necessity to understand the wellness consumer, the relationship between wellness and hospitality and the ways in which the hospitality business can optimise performance in the wellness space, post COVID-19.

September 2020

#### A Literary Weekend with the Gratiaen Winners

Presented by Cinnamon Bentota Beach – The Cinnamon Luxury Collection, in partnership with The Gratiaen Trust, the event brought together some of Sri Lanka's most prominent literary celebrities to discuss literature in contemporary Sri Lanka in the backdrop of the beautiful Cinnamon Bentota Beach and Geoffrey Bawa's Lunuganga Estate.

April 2020

#### Travelling Photographers

Launched during the height of the pandemic, the four part series of webinars featured celebrated local and international travel photographers discussing their travels and experiences in the wild.

July 2020

#### In Situ – an Intimate Bawa Experience

Held to coincide with the opening of the iconic Bawa Suite at Cinnamon Bentota Beach, the event provided a curated experience to celebrate 100 years of the legendary Sri Lankan architect Geoffrey Bawa.

February 2021

#### Virtual Diving Experience with Cinnamon DiveStream Maldives

This first-ever immersive underwater divestream provided viewers the unique opportunity to explore stunning reefs and dive sites in Maldives from the comfort of their homes.

August 2020 - March 2021

#### Travels with Cinnamon Holidays

Over 65 photographers and guests enjoyed guided tours of Yala, Wilpattu, Kala-wewa, Mannar, Sinharaja and Kumana with all health guidelines in place.



## YEAR AT A GLANCE

### Awards and Certification

During the year, we received key certifications including LEED and Green Globe certification for several of our properties, a clear indication of our unwavering commitment to maintaining the highest global standards in sustainability and health and safety. Meanwhile, we continue to be recognised for excellence in all areas of our operation and were proud recipients of several industry and customer choice awards

#### Industry Excellence

##### South Asian Travel Awards (SATA)

Cinnamon Dhonveli Maldives - Silver award - leading surf category in South Asia

Cinnamon Citadel Kandy - Gold award in the leading riverfront hotel/resort category

Cinnamon Wild Yala - Silver award in the leading wildlife lodge category

Cinnamon Bey Beruwala - Silver award in the leading F&B hotel/resort category

##### LMD

Cinnamon Hotels & Resorts - LMD's Most Valuable Hospitality Brand in Sri Lanka 2020

##### Booking.com

Habarana Village by Cinnamon - Traveller Review Award

Cinnamon Lodge Habarana - Traveller Review Award

##### TripAdvisor

Cinnamon Dhonveli Maldives - TripAdvisor Travelers' Choice 2020

##### Travelife Certification

Cinnamon Bey Beruwala - Travelife Certification

Hikka Tranz by Cinnamon - Travelife Certification

Ellaidhoo Maldives by Cinnamon - Travelife Certification

##### Hotels.com

Cinnamon Hakuraa Huraa Maldives - Loved by Guests Award

Cinnamon Dhonveli Maldives - Loved by Guests Award

#### Sustainability

##### Green Globe Certification

Cinnamon Dhonveli Maldives - Green Globe Gold Certification

Ellaidhoo Maldives by Cinnamon - Green Globe Certification

Cinnamon Bey Beruwala - Green Globe Certification

Cinnamon Wild Yala - Green Globe Certification

Cinnamon Citadel Kandy - Green Globe Certification

Cinnamon Lodge Habarana - Green Globe Certification

Habarana Village by Cinnamon - Green Globe Certification

Trinco Blu by Cinnamon - Green Globe Certification

Hikka Tranz by Cinnamon - Green Globe Certification

##### United States Green Building Council

Cinnamon Bentota Beach - "LEED PLATINUM" certification  
- Cinnamon Bentota Beach is the first hotel of its scale (159 rooms) under LEED NC 2009 (Version 3) to be LEED PLATINUM Certified in Sri Lanka

#### Health and Safety

##### Sri Lanka Tourism Development Authority

Cinnamon Hotels & Resorts : Sri Lankan Cluster - 'Safe & Secure' Compliance Certification

##### World Travel and Tourism Council (WTTC)

Safety Stamp from WTTC

#### Marketing and Branding

##### HSMAI Adrian Awards

Cinnamon Hotels & Resorts - Bronze Award

Integrated Marketing plan & Recovery Campaign

#### Integrated Reporting

##### South Asian Federation of Accountants

John Keells Hotels PLC - Best Presented Annual Report Awards, Integrated Reporting Award and SAARC Anniversary Award for Corporate Governance Disclosures 2019 - First Runner-up in Service category



## GROUP FINANCIAL AND OPERATIONAL HIGHLIGHTS

### GROUP FINANCIAL HIGHLIGHTS

Year ended 31 March		2021	2020
<b>Earnings - highlights and ratios</b>			
Group Revenue	Rs'000	3,660,539	9,711,741
Group Earnings before interest and tax (EBIT)	Rs'000	(4,730,494)	(653,853)
Group profit / (loss) before tax (PBT)	Rs'000	(5,854,557)	(1,306,957)
Group profit / (loss) after tax (PAT)	Rs'000	(5,119,808)	(1,201,392)
Group profit / (loss) attributable to the shareholders	Rs'000	(5,096,181)	(1,200,568)
Earnings / (Loss) per share (EPS)	Rs.	(3.50)	(0.82)
EPS growth / (de-growth)	%	(326.83)	(246.43)
Return on equity	%	(19.29)	(4.18)
Pre-tax Return on capital employed (ROCE)	%	(8.09)	(1.43)

As at 31 March		2021	2020
<b>Statement of financial position - highlights and ratios</b>			
Total assets	Rs'000	62,475,469	60,576,084
Total debt	Rs'000	35,326,657	28,609,549
Total shareholders' funds	Rs'000	24,326,139	28,745,075
No. of shares in issue	Number 000's	1,456,147	1,456,147
Net assets per share	Rs.	16.71	19.74
Debt/Equity	Times	1.45	1.00
Debt/Total assets	%	56.54	47.23
Current ratio	Times	0.31	0.57
Quick asset ratio	Times	0.28	0.53

### Market/Shareholder information

Market price of share as at 31 March	Rs.	9.50	6.70
Market capitalisation	Rs'000	13,833,394	9,756,183
Price earnings ratio	No. of times	(2.71)	(8.17)

### Year ended 31 March

#### Economic value distributed

Operating costs	Rs'000	6,429,749	8,179,725
Employee wages and benefits	Rs'000	2,068,394	2,324,960
Payments to providers of funds	Rs'000	1,124,063	653,104
Payments to Government	Rs'000	29,112	211,537
Community investments	Rs'000	1,055	6,864
Total employees	Number	2,062	2,533

### GROUP OPERATIONAL HIGHLIGHTS

Year ended 31 March		2021	2020
Occupancy - Sri Lankan Sector		16%	61%
Occupancy - Maldivian Sector		27%	56%
Revenue Rooms		84,181	271,113

## CHAIRMAN'S REVIEW

### Dear Stakeholder,

I am pleased to present to you, on behalf of the Board, the highlights of the Annual Report and Financial Statements of John Keells Hotels PLC for the year ended 31st March 2021. Despite the year being an extremely challenging one for the tourism industry as a whole, the Group was resilient, demonstrated agility in an uncertain operating environment, while concurrently prioritising the health and safety of all stakeholders, particularly the employees and guests. Notwithstanding these challenging conditions, we remained focused on our long-term strategic priorities of Asset Light Expansion, operational excellence, developing a future ready workforce, strengthening brand value and creating a sustainable operation.

### Operating Context

Following the outbreak of the COVID-19 pandemic in March 2020, the global tourism industry witnessed its sharpest decline on record with international arrivals plummeting by almost 74% compared to 2019. Widespread travel restrictions and health and safety protocols impacted tourism in almost every region, with the Asia Pacific region recording the highest decrease of 84%. The Middle East and African regions recorded a 75% drop in arrivals while Europe and the Americas recorded declines of 70% and 69% respectively. While the world-wide rollout of a COVID-19 vaccine is expected to help restore consumer confidence to some extent, re-emerging outbreaks across many countries is likely to defer plans to ease travel restrictions, further prolonging a recovery for the industry. It is however encouraging to note a significant 'pent up' demand for leisure travel, which is evident when looking at travel destinations such as the Maldives, which augurs well for a "V" shaped recovery once travel restrictions ease out.

In Sri Lanka, the Government imposed travel restrictions with a full closure of the airport and termination of all passenger flights from mid-March 2020. As a result,

total tourist arrivals during the period January to December 2020 amounted to 507,704, a decline of 73% compared to total arrivals in 2019. While Sri Lanka reopened its borders to international tourists on 21st January 2021, arrivals during the first quarter of 2021 remained subdued reflecting the lower demand globally for international travel. The sharp increase in COVID-19 positive cases from late April 2021 due to the emergence of a third wave in the country and resultant border and mobility restrictions imposed by the Government in May 2021 has further slowed down short-term recovery prospects for the industry. Given the strategic importance of the tourism sector to the Sri Lankan economy, the Government has extended several relief measures including concessionary funding and loan moratoriums, moratoriums on Sri Lanka Tourism Development Authority (SLTDA) registered land leases, and concessions on payment of levies to support the recovery of the industry. Sri Lanka Tourism was one of the first in the Asian region to prepare and issue a detailed COVID-19 Health Protocol for the industry which also received the Safe Travel Stamp from World Travel & Tourism Council. Moreover, ongoing efforts to launch an integrated five-year Global Communication Campaign (GCC) is expected to positively contribute to the recovery of the industry in the medium to long term.

The Maldivian tourism sector which also witnessed a sharp decline in tourist arrivals following the airport closure in March 2020, has seen an encouraging resurgence of tourist arrivals since opening its borders in July 2020. This positive momentum has resulted in Maldives being one of the few Asian destinations to enjoy a favourable winter season despite the pandemic. The growth momentum is however somewhat curtailed by the resurgence of a more virulent COVID-19 second wave in India, the latter being one of the country's key tourism source markets.

### Group Performance

Performance of the Group was significantly impacted by the COVID-19 pandemic, with all 12 of our resorts in Sri Lanka and Maldives going into a state of hibernation for a greater part of the financial year. Group revenue declined by 62.3% to Rs. 3.66Bn during the year. Having witnessed an encouraging post-Easter Sunday attack recovery towards the end of 2019, occupancy rates started declining during the early part of 2020, almost coming to a standstill with the closure of airports on 18th March 2020. However, easing of restrictions in May 2020 aided resumption of limited activity with occupancy rates showing improvement in Q2 of FY 2021 (July to September 2020) on the back of domestic tourism. Whilst the outbreak of a second wave of the pandemic in early October 2020 prompted isolation measures in select areas during the month, the impact of these measures on business was less pronounced than witnessed during the lockdown in the first quarter of 2020/21 as local tourists adapted to the health and safety guidelines issued by the authorities. The opening of airports in Sri Lanka on 21st January 2021, under stringent health and safety protocols, provided some positive momentum with occupancy rates improving marginally during Q4 of FY 2021. The impact of the Sri Lankan resort segment's lower performance was also cushioned to an extent by the Maldivian sector which has shown a considerable pickup in occupancy since opening borders in July 2020.

The group implemented stringent expense controls and cost optimisation strategies across its resorts to mitigate the impact of low revenues on group profitability. These measures resulted in 28% Y-o-Y savings in operating expenses (excluding depreciation and amortisation). Such measures enabled the Group to limit its EBITDA losses to Rs. 1.59Bn. Concurrently, working capital management measures implemented through negotiations with suppliers and by securing loan facilities,

particularly through the various relief measures extended by the Government and the Central Bank, assisted in managing liquidity.

### **Ensuring Guest and Employee Safety**

Ensuring the safety of our employees and guests remains a key priority. We continue to take proactive action to mitigate the risk of a spread of the COVID-19 virus, in compliance with the guidelines and regulations stipulated by the health authorities, whilst continuing to rollout additional voluntary and precautionary measures. "Cinnamon Care"- the Cinnamon Standard for Care and Cleanliness was implemented across all our resorts and hotel properties with stringent health and safety protocols in line with the guidelines issued by the World Health Organisation and the Government of Sri Lanka and the Maldives. Cinnamon Hotels & Resorts was one of the first hotel chains to receive the 'Safe & Secure' certification awarded by the SLTDA with Cinnamon Bey Beruwala and Cinnamon Bentota Beach being certified "Safe & Secure" level 1 hotels as the country opened its borders to tourists.

In furtherance of our commitment to our people, the Group ensured continued employment to all our permanent staff, and no salary reductions were implemented for non-executive staff despite the financial constraints faced by the Group due to the impact of the pandemic. Additionally, certain other cash benefits were paid as part of our efforts to support our employees through such challenging times.

### **Reinforcing our Brand**

We continued to reinforce our brand through innovative customer engagement initiatives that promote our brand ethos of "creating inspired moments". Experiences such as the virtual diving experience - 'Dive Stream Maldives', In Situ – an Intimate Bawa Experience and 'A Literary Weekend' with the Gratiaen Winners enabled us to connect with our guests overcoming restrictions due to the pandemic. We are

also actively involved in the government's efforts to attract tourists back through the "Sri Lanka is Open" information video campaign, and provide thought leadership through the Cinnamon Future of Tourism Virtual Conference. Such activities not only enable us to stay relevant and connected with our guests but also provide greater visibility for our brand.

### **Aligning for the Future**

In furtherance of the Group's vision of expanding the "Cinnamon" footprint by creating a holistic value proposition that leverages the round trip offering in key tourist destinations in Sri Lanka and the Maldives, the hotel operation were re-aligned, bringing Cinnamon Colombo hotels and resorts under a single operating structure. The unified organisational structure will result in greater operational synergies and financial efficiencies across all our hotels.

Taking advantage of the lower occupancy environment, the Group commenced refurbishing Hikka Tranz by Cinnamon and the hotel is scheduled to re-open towards Q2 of FY 2021/22. Construction of 'Cinnamon Red Kandy', which was put on hold with the onset of COVID-19 last year, recommenced in 2021 and is expected to commence operations in the second half of FY2023.

Staff training and development initiatives continued despite the disruptions caused by the pandemic, focused on providing employees the skills and competencies required to be agile and adopt to the new normal. In alignment with the Group's diversity and inclusion program and gender policy, the Group is committed to increasing the number of women in our workforce by promoting greater female participation in a traditionally male dominated tourism industry. During the year we implemented several initiatives such as the introduction of gender targets, employer supported childcare solutions and agile work arrangements to promote greater female representation across our businesses.

**"DESPITE THE YEAR BEING AN EXTREMELY CHALLENGING ONE FOR THE TOURISM INDUSTRY AS A WHOLE, THE GROUP WAS RESILIENT, DEMONSTRATED AGILITY IN AN UNCERTAIN OPERATING ENVIRONMENT, WHILE CONCURRENTLY PRIORITISING THE HEALTH AND SAFETY OF ALL STAKEHOLDERS, PARTICULARLY THE EMPLOYEES AND GUESTS"**



## CHAIRMAN'S REVIEW

With technology and digitalisation playing an increasingly important role in the tourism eco-system, we continue to explore and implement digitisation initiatives particularly targeting branding and distribution channels. Data analytics is also being leveraged for decision making, focusing on improving customer value proposition and revenue model.

### Corporate Governance

I am pleased to state that there were no departures from any of the provisions of the Code of Business Conduct and Ethics of the Code of Best Practice of Corporate Governance, jointly advocated by the Securities and Exchange Commission of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka. I also wish to affirm our commitment to upholding Group policies, where emphasis is placed on ethical and legal dealings, zero tolerance for corruption, bribery and any form of harassment or discrimination in our workplace any work-related situations.

### Integrated Reporting

This Report has been prepared in conformance with the Integrated Reporting Framework of the International Integrated Reporting Council (IIRC). The Board of Directors is responsible for ensuring the accuracy and integrity of this Annual Report. We confirm, to the best of our knowledge, the credibility, reliability and integrity of the information presented, and, in this regard, external assurance has also been sought from independent auditors, as applicable.

### Sustainability

During the year, Cinnamon Bentota Beach became the first large-scale Sri Lankan hotel to be awarded LEED Platinum status by the United States Green Building Council. The certification recognises the use of cost-effective renewable energy sources and natural lighting architecture in the building as well as sustainable construction methods used during the construction process. Such certifications, including the GREEN GLOBE GOLD status received by Ellaidhoo Maldives by

Cinnamon during the year, demonstrates our commitment to maintaining the highest global standards in sustainability, health and safety. The Group continues to adopt responsible consumption practices and remain committed to reducing our dependence on fossil fuels by expanding the use of renewable energy sources across our properties. In alignment with "Plasticcycle", the JK Group initiative aimed at reducing plastic pollution in Sri Lanka, a glass water bottle project is being piloted at Cinnamon Wild Yala and Cinnamon Bentota Beach. Several other initiatives including beach caretaker projects at Hikka Tranz by Cinnamon and Cinnamon Bey Beruwala, and sponsorship of waste plastic collection bins on the Southern Expressway were implemented during the year. Moreover, a series of Biodiversity Studies, focusing on biodiversity conservation, were launched across our resorts during the year. Our Supplementary Sustainability Report discloses the Group's sustainability performance in accordance with the GRI Standards: Core option of reporting and details its integrated approach to sustainable operating practices, its management framework and its overall sustainability performance over the reporting year.

### Community Action

In recognition for the untiring efforts during the course of the COVID-19 pandemic, John Keells Hotels PLC introduced the "Cinnamon Travel Pledge", offering 2,000 complimentary holiday packages to the frontline health care professionals as a way of showing our appreciation for their dedicated work. The Group was also a forerunner in offering one of our resorts as a quarantine facility to the Government.

### Awards and Accolades

We continue to be recognised for excellence in all areas of our operation and were recipients of several industry and customer choice awards during the year. Cinnamon Dhonveli Maldives, Cinnamon Citadel Kandy, Cinnamon Wild Yala and Cinnamon Bey Beruwala

all received awards at the SATA Awards while Cinnamon Hotels & Resorts was recognised as Sri Lanka's most valuable Hospitality Brand in Sri Lanka 2020 by LMD. Cinnamon Hotels & Resorts also received the Bronze award for Best Integrated Marketing plan & Recovery Campaign at the HSMAI Adrian Awards.

### Outlook

#### Immediate to Short-Term

Despite rapid vaccination drives in countries such as the United States and the United Kingdom, the relatively slower pace of the vaccination roll-out in many other countries has hindered the resumption of international travel. Meanwhile, recurring outbreaks of the pandemic across countries and the resultant tightening of travel restrictions continues to impact short term prospects of the global tourism industry.

Sri Lanka commenced 2021 on an optimistic note with the re-opening of airports on 21st January 2021. The resurgence of the third wave of outbreak in April 2021 however has compelled the Government to re-impose stringent health and safety measures to control the transmission of COVID-19, including isolation of select areas deemed as 'high-risk', travel restrictions during select periods, limitations on foreign arrivals and certain restrictions on travel within the country. In the immediate term, given the slowdown in domestic tourism due to the current outbreak of cases, two Group hotel properties in Sri Lanka are being used as intermediate care centers (ICC) for the treatment of asymptomatic COVID-19 patients. This will help mitigate the impact of a drop in domestic tourism since the ICCs are in demand given the current circumstances. While it is too early to ascertain the full scale of this outbreak, a slowdown of operations can be expected in the short term.

While prospects for Maldives seems more up-beat considering the pick-up witnessed in arrivals and momentum of forward bookings demonstrative of "pent

up" demand, a short-term moderation of arrivals to the Maldives is expected given the current crisis in India. the Group however does not expect a significant impact given the composition of arrivals to its Maldivian hotel properties.

Despite the uncertain conditions, the outbreaks in CY2020 and the subsequent recovery post easing of restrictions, has imparted learnings for the Group which will help us better navigate the ongoing and potential constraints. The lockdowns and various measures imposed has offered insights to business resilience and also highlighted the need to manage our businesses and people in an agile work environment. Careful planning and oversight to enable Group businesses to adapt as the situation evolves, whilst managing liquidity and financing will continue to be a key area of focus.

### **Medium to Long-Term (Beyond COVID-19)**

Whilst significant short-term challenges are expected given the current situation, the Group remains confident of its medium to long-term prospects. Pent up demand for leisure travel particularly within the region is expected to fuel demand in the medium term. Meanwhile, with tourist arrivals to Sri Lanka significantly below regional peers the potential for tourism still remains largely untapped presenting significant growth potential for the cluster in the long term.

Investments carried out in Sri Lanka and Maldives during the last two financial years has positioned us to capitalise on these opportunities. Post reconstruction and refurbishments across our three Maldivian properties from 2017/18 to 2019/20 and the addition of 'Cinnamon Velifushi Maldives', ensures that the full complement of all four resorts in the Maldives is available to capitalise on growth momentum in tourist arrivals to the Maldives. 'Cinnamon Bentota Beach', which was unable to realise its full potential post the reopening of the property given the closure of the country's

borders and restrictions on global tourism, is also well positioned to capture premium ARRs and further enhance the 'Cinnamon' brand. The Group will continue to promote a holistic value proposition that leverages on the round-trip offerings in Sri Lanka and the Maldives. We will also continue to expand the 'Cinnamon' footprint across Sri Lanka and the Maldives in line with the Group's asset-light investment strategy by exploring ways of monetising our significant land bank, especially in the Southern and Eastern coasts

### **Acknowledgements**

I wish to take this opportunity to thank my colleagues on the Board for their invaluable guidance and support. My sincere appreciation also goes out to our management team for their untiring efforts and commitment during this challenging year. The Board, and I, wish to express our appreciation to Mr. J.R. Gunaratne who retired from the Board in December 2020, for his invaluable contribution and wish him the very best in all his future endeavors. We also welcome Mr. S Rajendra and Mr. M R Svensson who joined the Board during the year under review.

Finally, I wish to extend my appreciation to our stakeholders including our tour operator partners, guests and shareholders for their trust and loyalty.



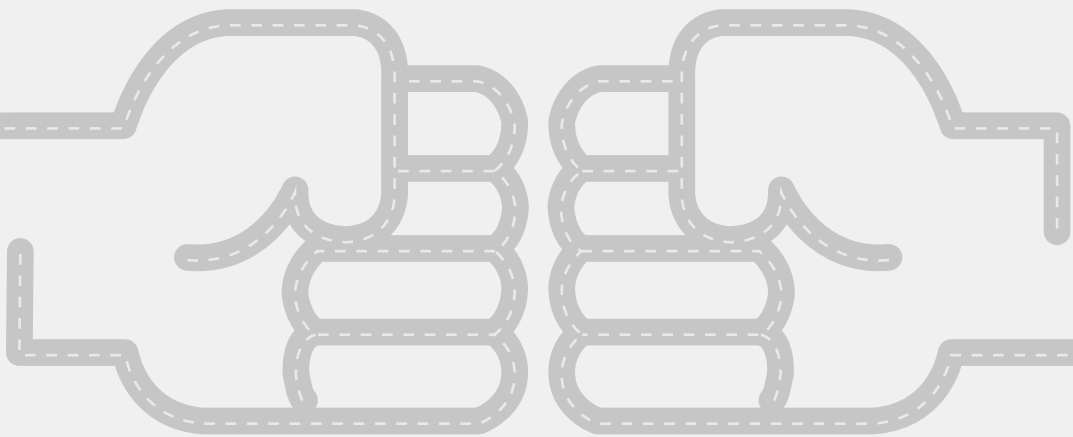
**K N J Balendra**  
Chairman

13 May 2021



governing our course with

*care*



GOVERNANCE



## BOARD OF DIRECTORS

### Mr. Krishan Balendra

Appointed to the Board of John Keells Hotels PLC in 2016 as a Non-Independent Non-Executive Director.

#### Skills & Experience:

Krishan is the Chairman of John Keells Holdings PLC (JKH). He served as the former Chairman of Nations Trust Bank PLC and the Colombo Stock Exchange. Krishan started his career at UBS Warburg, Hong Kong, in investment banking, focusing primarily on equity capital markets. He joined JKH in 2002. Krishan holds a law degree (LLB) from the University of London and an MBA from INSEAD.

#### Current Appointments:

Chairman of John Keells Holdings PLC, Chairman of Union Assurance PLC and is the Hon. Consul General of the Republic of Poland in Sri Lanka. He is a Director of the Ceylon Chamber of Commerce.

#### Past Appointments:

President of the Retail and Leisure Sectors of the John Keells Group, Former Chairman of the Colombo Stock Exchange and Nations Trust Bank PLC.

#### Shareholding:

Nil

### Mr. Gihan Cooray

Appointed to the Board of John Keells Hotels PLC in 2018 as a Non-Independent Non-Executive Director.

#### Skills & Experience:

Gihan holds an MBA from the Jesse H. Jones Graduate School of Management at Rice University, Houston, Texas. He is a Fellow member of the Chartered Institute of Management Accountants, UK, a certified management accountant of the Institute of Certified Management Accountants, Australia and has a Diploma in Marketing from the Chartered Institute of Marketing, UK. He serves as a committee member of the Ceylon Chamber of Commerce.

#### Current Appointments:

Deputy Chairman/Group Finance Director and has overall responsibility for the Group's Finance and Accounting, Taxation, Corporate Finance and Strategy, Treasury, Information Technology function and John Keells Research. He is also the Chairman of Nations Trust Bank PLC.

#### Past Appointments:

President Retail Sector, Head of Corporate Finance and Treasury of the John Keells Group.

#### Shareholding:

Nil

### Mr. Suresh Rajendra

Appointed to the Board of John Keells Hotels PLC in January 2021 as a Non-Independent Non-Executive Director.

#### Skills & Experience:

Suresh has over 30 years of experience in the fields of finance, property development and real estate management, travel and tourism and business development acquired both in Sri Lanka and overseas. He is a Fellow Member of the Chartered Institute of Management Accountants, UK.

#### Current Appointments:

He is a member of the Group Executive Committee of the John Keells Group. He is the President of the Leisure Group, Union Assurance PLC, John Keells Stockbrokers (Pvt) Ltd and John Keells Information Technology (Pvt) Ltd.

He also serves as a Director of Asian Hotels & Properties PLC, Union Assurance PLC, Trans Asia Hotels PLC and in many of the unlisted companies of the John Keells Group. He is currently the Chairman of the Condominium Developers Association of Sri Lanka.

#### Past Appointments:

Prior to joining the John Keells Group, he was the Head of Commercial and Business Development of NRMA Motoring and Services in Sydney, Australia and Director/General Manager of Aitken Spence Hotel Management (Pvt) Ltd.

#### Shareholding:

Nil



### **Mr. Mikael Svensson**

Appointed to the Board of John Keells Hotels PLC in January 2021 as a Non-Independent Non-Executive Director.

#### **Skills & Experience:**

Mikael brings with him extensive international senior leadership experience in managing and operating large scale luxury hotels across Asia, the Middle East and Australia, of which over 20 years was with the Hyatt Group.

#### **Current Appointments:**

Executive Vice President - John Keells Holdings PLC, Chief Executive Officer, Cinnamon Hotels & Resorts

#### **Past Appointments:**

He was the opening General Manager of the landmark luxury hotel on the trunk of the Palm Jumeirah, the Viceroy Palm Jumeirah, Dubai and the Grand Hyatt Mumbai, India. He was also the General Manager of the Park Hyatt Canberra, Australia and Hyatt Regency Hua Hin, Thailand. Prior to joining the John Keells Group, he was the Senior Vice President of Louis T Collection, a Singapore based hospitality management and building solutions company which manages and provides services to and owns a portfolio of hotels across Asia and Australia.

#### **Shareholding:**

Nil

### **Mr. Jayantissa Kehelpannala**

Appointed to the Board of John Keells Hotels PLC in 2005 as a Non-Independent Non-Executive Director.

#### **Skills & Experience:**

Jayantissa has over 37 years of experience in the Leisure Industry both in hotels and inbound tourism.

#### **Current Appointments:**

Executive Vice President- John Keells Holdings PLC, Senior Vice President- Acquisitions and Development and Vice President Maldives Operations, Cinnamon Hotels & Resorts.

#### **Past Appointments:**

He was a President of The Hotels Association of Sri Lanka and the Sri Lanka Maldives Business Council and has served as a committee member of the Ceylon Chamber of Commerce. He has also served as a Director of Walkers Tours Ltd and the Convention Bureau.

#### **Shareholding:**

Nil

### **Mr. Hishan Singhawansa**

Appointed to the Board of John Keells Hotels PLC in 2018 as a Non-Independent Non-Executive Director.

#### **Skills & Experience:**

Hishan has been with the John Keells Group since 2008. He holds a BSc Engineering (Hons) degree from the University of Moratuwa and is an Associate Member of the Chartered Institute of Management Accountants (UK). He also holds an MBA from the University of Wales.

#### **Current Appointments:**

Executive Vice President - John Keells Holdings PLC, Deputy Chief Executive Officer and Chief Operating Officer for Cinnamon Hotels & Resorts

#### **Past Appointments:**

He was with the Retail sector of the group for 8 years holding positions in Category Management and heading Supply Chain.

#### **Shareholding:**

Nil

## BOARD OF DIRECTORS

### Mr. Trevine Jayasekara

Appointed to the Board of John Keells Hotels PLC in 2013 as an Independent Non-Executive Director.

#### Skills & Experience:

Trevine has experience in International Banking, Finance, Treasury and IT Services.

#### Current Appointments:

Non-Executive Director – Brandix Lanka Ltd  
Director - Phoenix Ventures (Private) Ltd

#### Past Appointments:

Group Finance Director – Brandix Lanka Ltd  
Non-Executive Director – National Development Bank PLC  
Non-Executive Director – Hayleys PLC  
Non-Executive Director – Lanka Ventures Ltd  
Director – Ceylease Financial Services Ltd  
Board Member – Sri Lanka Auditing and Accounting Standards Monitoring Board  
Group Finance Director – Aitken Spence & Co. Ltd  
General Manager & Financial Controller – Deutsche Bank  
Controller – Arab Bank Limited, Bahrain  
Audit/Senior Supervisor – Coopers & Lybrand, Zambia

#### Shareholding:

Nil

### Ms. Anarkali Moonesinghe

Appointed to the Board of John Keells Hotels PLC in 2016 as an Independent Non-Executive Director.

#### Skills & Experience:

Anarkali has over 20 years of Investment Banking experience in Europe and Asia, particularly Asian Emerging Markets.

Anarkali received a Bachelor of Arts (Hons) in Politics, Philosophy and Economics from Christchurch College, University of Oxford.

#### Current Appointments:

Anarkali currently serves on the Board of Directors of the Lankan Angel Network, a platform for private investors who invest in high growth early-stage Sri Lankan ventures, and the Board of Directors of GoodLife X, an accelerator programme aimed at supporting start-ups and more mature companies in scaling regionally and globally.

She is also a Director of WealthTrust Securities Ltd, which is a primary dealer.

#### Past Appointments:

Country Head- CIMB Investment Bank in Sri Lanka.

Partner- Amura Consulting, a Singapore based financial advisory services boutique which focused on small to mid-cap transactions in frontier markets including private equity, mergers & acquisitions, and financial structuring.

Anarkali started her career with Merrill Lynch in Mergers & Acquisitions.

#### Shareholding:

Nil

### Dr. Kumudu Gunasekera

Appointed to the Board of John Keells Hotels PLC in 2019 as an Independent Non-Executive Director.

#### Skills & Experience:

Dr. Gunasekera, Ph.D. is a management consultant and strategic advisor to private equity firms, public and privately held corporations, and Fortune 100 global organisations. Throughout his career he has delivered actionable insights to clients worldwide.

As a business consultant, Dr. Gunasekera specialises in delivering data-driven analysis and research for clients worldwide. A proven problem-solver, his insights and perspectives have been published in numerous peer-reviewed journals and industry magazines.

#### Current Appointments:

Managing Director, Stax Inc.  
Co-founder, Sri Lanka@100

#### Past Appointments:

Principal Economist, Parsons Brinckerhoff now WSP (Washington DC)  
Past President, American Chamber of Commerce (Sri Lanka)

#### Shareholding:

Nil

## CORPORATE GOVERNANCE

**THE HOTELS GROUP IS COMMITTED TO THE HIGHEST STANDARDS OF CORPORATE GOVERNANCE. EMBRACING GLOBALLY ACCEPTED BEST PRACTICES THAT ENTAILS MORE THAN LEGISLATIVE COMPLIANCE, THE GROUP BELIEVES GOOD GOVERNANCE IS FUNDAMENTAL TO DRIVING RESILIENCE, NURTURING GROWTH AND STRENGTHENING THE TRUST AND CONFIDENCE OF STAKEHOLDERS IN AN ERA OF UNCERTAINTY AND CHANGE.**

### Framework and Structure

As the custodians of Corporate Governance, the Board has established a robust governance framework, founded on the core principles of accountability, participation and transparency. The framework is regularly reviewed to reflect the evolving internal and external business environment, new regulations, governance best practice and dynamic stakeholder needs. These structures and policies conform to those of the John Keells Group.

Regulation / Code	Adoption	Adherence
The Companies Act No.7 of 2007 (Companies Act)	Mandatory provisions	Fully Compliant
Listing Rules of the Colombo Stock Exchange (CSE)	Mandatory provisions	Fully Compliant
Securities and Exchange Commission Act No. 36 of 1987, including directives and circulars	Mandatory provisions	Fully Compliant
Code of Best Practices on Related Party Transactions (2013) issued by the Securities and Exchange Commission of Sri Lanka (SEC)	Mandatory provisions	Fully Compliant
Code of Best Practice on Corporate Governance (2013) jointly issued by SEC and the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)	Voluntary provisions	Fully Compliant
Code of Best Practice on Corporate Governance (2017) issued by CA Sri Lanka	Voluntary provisions	Compliant with the majority of the Code, to the extent of business exigency and as required by the Hotels Group

### BOARD GOVERNANCE HIGHLIGHTS -2020/21

- ◆ Continued to regularly review the impact and risks to the organisation arising from the COVID-19 pandemic.
- ◆ Recalibrated strategy in line with the Group's long-term vision and purpose considering impact of pandemic, Integrated Environment, Social and Governance aspects.
- ◆ Approved capital investment of Rs. 525Mn in the structural refurbishment of Hikka Tranz by Cinnamon and re-commencement of Cinnamon Red Kandy development project.
- ◆ Strengthened the policy framework. Introduced a comprehensive gender policy.
- ◆ Resignation of Mr. Jitendra Gunaratne with effect from 31st December 2020.
- ◆ Appointment of Mr. Suresh Rajendra as a Non-Independent Non-Executive Director with effect from 1st January 2021.
- ◆ Appointment of Mr. Mikael Svensson as a Non-Independent Non-Executive Director with effect from 1st January 2021.

## CORPORATE GOVERNANCE



In a year of unparalleled challenges, the Board provided leadership to recalibrate strategy in line with the Hotels Group's long-term vision and purpose. Vigilance and oversight by the Board increased significantly as they carefully considered a range of issues to determine the impacts of the pandemic on the business and recovery plans.

### Board Composition

Board Composition	
Independent, Non-Executive Directors	
Non-Independent, Non-Executive Directors (including the Chairman)	

The Board comprises of nine Non-Executive Directors, three of whom are independent. The Non-Independent, Non-Executive Directors are employees of John Keells Holdings PLC (JKH) or its subsidiaries and draw on the extensive expertise, networks, and tacit knowledge of a successful conglomerate.

The Board composition is diverse, balanced and is refreshed periodically to ensure that its composition remains relevant.

Given the unprecedented challenges and operating conditions arising from the COVID-19 pandemic, in March 2020, the Group evaluated the resilience of its businesses under multiple scenarios, including extreme operating conditions. The businesses continued to proactively evaluate their operational performance and financial health during the year under review with many measures implemented from March 2020 onwards, including the following.

- Adopted weekly dashboards, which cover financial and non-financial KPIs and revised targets, including monitoring of weekly cash and collections targets.
- Established 'cash war rooms' and 'spend control towers' to critically review each spend item, prioritise payments, and impose clear reporting metrics. Although such initiatives were institutionalised primarily in response to the COVID-19 pandemic, the Group will continue to implement select measures to ensure an agile, efficient and productive business model.
- A freeze on all non-essential capital expenditure.
- Enforced stringent expense control measures, including a reduction in executive staff remuneration ranging from 5 to 60 per cent across the Group, which was reinstated from October 2020 onwards in tandem with the recovery in performance.

Appointments
Appointments of Mr. Mikael Svensson and Mr. Suresh Rajendra as Non-Independent, Non-Executive Directors with effect from 1st January 2021.
Resignations
Resignation of Mr. Jitendra Gunaratne with effect from 31st December 2020

**100%**

Board attendance, demonstrating active engagement

- ♦ Group companies applied for relief measures, where relevant, extended by the Government and Central Bank which eased the financial position further.

'Cinnamon Hotels & Resorts' was strategically realigned to create a unified organisational structure to ensure an even more focused leadership and synergised approach across the Group's hotels. The revised structure encompasses a holistic approach to the portfolio of hotels as opposed to the previous separate verticals of City and Resorts – in Sri Lanka and the Maldives.

### Leadership

The Board leads in formulating strategy, sets risk appetite and monitors the achievement of goals and objectives, while

balancing stakeholder interests. Integrated thinking at Board level ensures the embracing of Environmental, Social and Governance (ESG) perspectives into policy and strategy across the Group.

The Board retains effective control of the business through a clear governance structure.

It is assisted in the discharge of duties by the Audit Committee and as permitted by the Listing Rules of the Colombo Stock Exchange, the Parent company's Nominations Committee, Human Resources and Compensations Committee, Related Party Transactions Review Committee and Project Risk Management Committee. Committee composition, mandates and scope are summarised on page 29.

Daily management of the Hotels Group and implementation of the strategic plan has been delegated to the Executive management led by the CEO of Cinnamon Hotels & Resorts. Roles and responsibilities are clearly defined by mandates and job descriptions, by which means authority is delegated and accountability established. Regular reporting on key matters enables effective oversight by the Board.

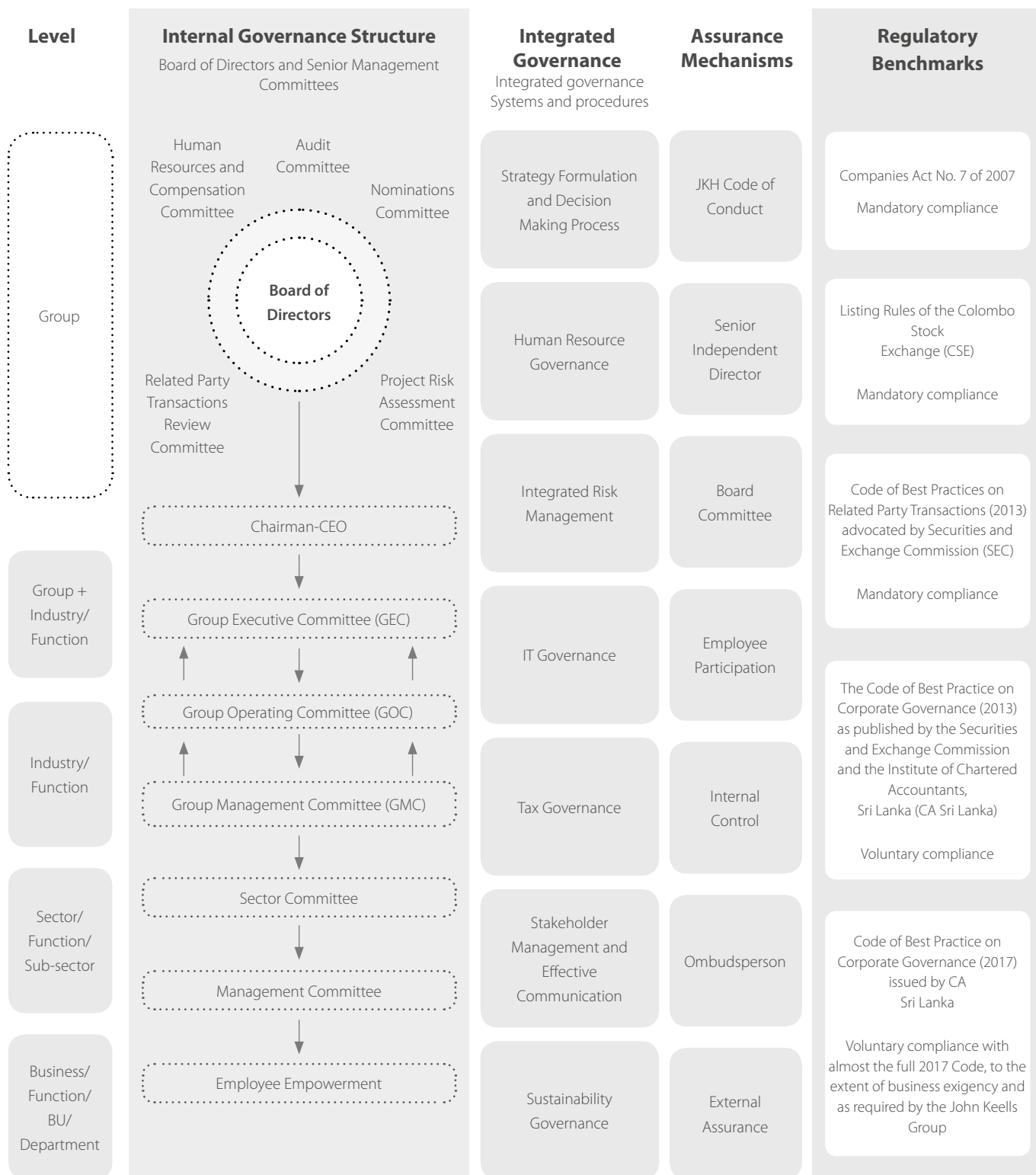
Attendance at Board meetings held during the financial year 2020/21 is given below. Meetings were held virtually.

Name of Director	Status	Date 19.05.20	Date 27.07.20	Date 29.10.20	Date 22.01.21	Eligibility	Attended
K N J Balendra	NED	✓	✓	✓	✓	4	4
J G A Cooray	NED	✓	✓	✓	✓	4	4
J R Gunaratne (Resigned w.e.f. 31/12/2020)	NED	✓	✓	✓		3	3
J E P Kehelpannala	NED	✓	✓	✓	✓	4	4
T L F W Jayasekara	INED	✓	✓	✓	✓	4	4
A K Moonesinghe (Ms.)	INED	✓	✓	✓	✓	4	4
M H Singhawansa	NED	✓	✓	✓	✓	4	4
K A Gunasekera (Dr.)	INED	✓	✓	✓	✓	4	4
S Rajendra (Appointed w.e.f. 01/01/2021)	NED				✓	1	1
M R Svensson (Appointed w.e.f. 01/01/2021)	NED				✓	1	1

NED-Non-Executive Director

INED-Independent NED

## CORPORATE GOVERNANCE



## Board Sub-Committees

The Board has delegated certain functions to Board Sub-Committees, while retaining final decision rights. Members of these Sub-Committees focus on their designated areas of responsibility and impart knowledge and oversight in areas where they have greater expertise.

The five Board Sub-Committees are as follows:

- a. Audit Committee of the Company
- b. Human Resources and Compensation Committee of the parent company, JKH
- c. Nominations Committee of the parent company, JKH
- d. Related Party Transactions Review Committee of the parent company, JKH
- e. Project Risk Assessment Committee of the parent company, JKH

Board Committee & Composition	Mandate	Scope
<b>Audit Committee (John Keells Hotels PLC)</b>		
<p>All members to be Non-Executive, Independent Directors, with at least one member having significant, recent and relevant financial management and accounting experience and a professional accounting qualification.</p> <p>The Sector Head/Chief Executive Officer and the Chief Financial Officer are permanent invitees for all Committee meetings.</p> <p>Vice President, Finance- Cinnamon Hotels &amp; Resorts is the Secretary of the Committee.</p> <p>Current members are:</p> <ul style="list-style-type: none"> <li>♦ T L F W Jayasekara - Chairman (Independent)</li> <li>♦ K A Gunasekera (Dr.) (Independent)</li> <li>♦ A K Moonesinghe (Ms.) (Independent)</li> </ul>	<p>Assist the Board in meeting its oversight responsibilities for maintaining an effective system of internal control and risk management, ensuring compliance with legal and regulatory requirements that may have a material impact on the Company's financial statements, and for meeting its external financial reporting obligations.</p>	<ol style="list-style-type: none"> <li>i. Review the quarterly and annual financial statements, including the quality, transparency, integrity, accuracy and compliance with accounting standards, laws and regulations.</li> <li>ii. Assess the adequacy and effectiveness of the internal control environment in the Group and ensure appropriate action is taken on the recommendation of the internal auditors.</li> <li>iii. Evaluate the competence and effectiveness of the risk management systems of the Group and ensure the robustness and effectiveness in monitoring and controlling risks.</li> <li>iv. Review the adequacy and effectiveness of the internal audit arrangements.</li> <li>v. Recommend the appointment, re-appointment and removal of the External Auditors including their remuneration and terms of engagement by assessing qualifications, expertise, resources and independence.</li> </ol>
Refer page 39 for Audit Committee Report		

## CORPORATE GOVERNANCE

Board Committee & Composition	Mandate	Scope
<b>Human Resources and Compensation Committee (John Keells Holdings PLC)</b>		
<p>Committee to comprise of NEDs, a majority of whom shall be independent. The Chairman of the Committee must be a NED. The Chairman-CEO of JKH and Deputy Chairman/Group Finance Director of JKH are present at all Committee meetings unless their respective remuneration is under discussion. The Deputy Chairman/Group Finance Director is the Secretary of the Committee.</p> <p>The current members are:</p> <ul style="list-style-type: none"> <li>♦ D A Cabraal - Chairman (Independent)</li> <li>♦ M A Omar (Independent)</li> <li>♦ S S H Wijayasuriya (Dr.) (Independent)</li> </ul>	<p>Determine Remuneration Policy and review implementation of the same, determine the remuneration of the Chairman-CEO in terms of the methodology set out by the Board, determine the remuneration of Board and GEC members having reviewed their performance evaluations by Chairman-CEO</p>	<ul style="list-style-type: none"> <li>i. Review and recommend overall remuneration philosophy, strategy, policies and practice and, performance-based pay plans for the Group</li> <li>ii. Determine and agree with the Board a framework for remuneration of Chairman and Executive Directors based on performance targets, benchmark principles, performance related pay schemes, industry trends and past remuneration.</li> <li>iii. Succession planning of Key Management Personnel</li> <li>iv. Determining compensation of Non-Executive Directors will not be under the scope of this Committee.</li> </ul>
<b>Nominations Committee (John Keells Holdings PLC)</b>		
<p>Majority of the members shall be NEDs together with the Chairman-CEO. The Chairman shall be an Independent NED. The Secretary to the Board is the Secretary of the Committee.</p> <p>Current members are:</p> <ul style="list-style-type: none"> <li>♦ M A Omar - Chairman (Independent)</li> <li>♦ M P Perera (Ms.) (Independent)</li> <li>♦ S S H Wijayasuriya (Dr.) (Independent)</li> <li>♦ K N J Balendra (Executive Director)</li> </ul>	<p>Define and establish nomination process for directors, lead the process and make recommendations to the Board on the appointment of directors.</p>	<ul style="list-style-type: none"> <li>i. Assess skills required on the Board given the needs of the businesses.</li> <li>ii. From time to time assess the extent to which the required skills are represented at the Board.</li> <li>iii. Prepare a clear description of the role and capabilities required for appointment.</li> <li>iv. Identify and recommend suitable candidates for appointments to the Board.</li> <li>v. Ensure that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment specifying clearly <ul style="list-style-type: none"> <li>♦ expectation in terms of time commitment</li> <li>♦ involvement outside of the formal Board meetings,</li> <li>♦ participation in committees, amongst others.</li> </ul> </li> <li>vi. Ensure that every appointee undergoes an induction to the Group.</li> <li>vii. The appointment of Chairperson and Executive Directors is a collective decision of the Board.</li> </ul>



Board Committee & Composition	Mandate	Scope
<b>Related Party Transactions Review Committee (John Keells Holdings PLC)</b>		
<p>Chairman should be an Independent Non-Executive Director. The Committee may include an Executive Director. Current members are:</p> <ul style="list-style-type: none"> <li>♦ M P Perera (Ms.) – Chairperson (Independent)</li> <li>♦ A N Fonseka (Senior Independent)</li> <li>♦ D A Cabraal (Independent)</li> </ul>	<p>To ensure on behalf of the Board of John Keells Hotels PLC, that all Related Party Transactions of the Company are consistent with the Listing Rules and the Code of Best Practices on Related Party Transactions issued by the SEC.</p>	<ul style="list-style-type: none"> <li>i. The Group has broadened the scope of the Committee to include senior decision makers in the list of key management personnel, whose transactions with Group companies also get reviewed by the Committee, in addition to the requisitions of the CSE.</li> <li>ii. Develop and recommend for adoption by the Board of Directors of JKH and its listed subsidiaries, a Related Party Transaction Policy which is consistent with the Operating Model and the Delegated Decision Rights of the Group .</li> <li>iii. Update the Board of Directors on the related party transactions of each of the listed companies of the Group on a quarterly basis.</li> <li>iv. Define and establish the threshold values for each of the subject listed companies in setting a benchmark for related party transactions, related party transactions which have to be pre-approved by the Board, related party transactions which require to be reviewed annually and similar issues relating to listed companies.</li> </ul>
<b>Project Risk Assessment Committee (John Keells Holdings PLC)</b>		
<p>Should comprise of a minimum four Directors. Must include the Chairman-CEO and Group Finance Director and must include two Non-Executive Directors. The Chairman must be a Non-Executive Director. Current members are:</p> <ul style="list-style-type: none"> <li>♦ S S H Wijayasuriya (Dr.) Chairman (Independent)</li> <li>♦ K N J Balendra (Executive Director)</li> <li>♦ J G A Cooray (Deputy Chairman /Group Finance Director/ Executive Director)</li> <li>♦ M P Perera (Ms.) (Independent)</li> </ul>	<p>To evaluate and assess risks associated with significant new investments at the initial stages of formulation and in any event prior to making any long-term contractual commitments.</p>	<ul style="list-style-type: none"> <li>i. Review and assess risks associated with large-scale investments and the mitigatory plans thereto, if mitigation is possible, and identify risks that cannot be mitigated.</li> <li>ii. Ensure stakeholder interests are aligned, as applicable, in making this investment decision.</li> <li>iii. Where appropriate, obtain specialised expertise from external sources to evaluate risks, in consultation with the Group Finance Director.</li> <li>iv. Recommend to the Board, necessary action required, to mitigate risks that are identified in the course of evaluating a project in order to ensure that those risks are captured by the Group Risk Matrix for monitoring and mitigation.</li> </ul> <p>Note that the Committee shall convene only when there is a need to transact in business, as per the terms of its mandate.</p>

## CORPORATE GOVERNANCE

### Audit Committee Meeting Attendance

	Eligibility to Attend	Attended
T L F W Jayasekara - Chairman	4	4
K A Gunasekera (Dr.)	4	4
A K Moonesinghe (Ms.)	4	4
<b>By invitation</b>		
J E P Kehelpannala	4	4
M H Singhawansa	4	4
C L P Gunawardane	4	4
M R Svensson	1	-

### Human Resources and Compensation Committee Meeting Attendance

	Eligibility to Attend	Attended
D A Cabraal - Chairman	1	1
M A Omar	1	1
S S H Wijayasuriya (Dr.)	1	1
<b>By invitation</b>		
K N J Balendra	1	1
J G A Cooray	1	1

### Nominations Committee Meeting Attendance

	Eligibility to Attend	Attended
M A Omar - Chairman	2	2
M P Perera (Ms.)	2	2
S S H Wijayasuriya (Dr.)	2	2
K N J Balendra	2	2

### Related Party Transactions Review Committee Meeting Attendance

	Eligibility to Attend	Attended
M P Perera (Ms.) - Chairperson	4	4
A N Fonseka	4	4
D A Cabraal	4	4
<b>By invitation</b>		
K N J Balendra	4	4
J G A Cooray	4	4

### Project Risk Assessment Committee Meeting Attendance

	Eligibility to Attend	Attended
S S H Wijayasuriya (Dr.) - Chairman		
K N J Balendra		
J G A Cooray		
M P Perera (Ms.)		

No meetings were held during the year.

## Managing Conflicts of Interest and Ensuring Independence

### Definition

Independence is determined against criteria as set out in the Listing Rules of the CSE and in compliance with the CA/SEC code on Corporate Governance, 2013. An independent Director should be independent in character and judgement and there should be no relationships or circumstances which are likely to affect, or could appear to affect, his/her independence.

### Assessment

Independent assessment of Directors is conducted annually by the Board, based on annual declaration and other information submitted by NEDs.

### Outcome

The Board is satisfied there are no relationships or circumstances likely to affect or appear to affect, Directors' judgement during the period under review.

The Board is committed to the highest standards of professional and ethical conduct. Directors declare their business interests at the beginning of every financial year and during the year as required. Details are maintained in a Register by the Company Secretaries and tabled at the next Board meeting. The Register is available for inspection in terms of the Companies Act.

Directors abstain from voting where there is a conflict of interest and generally excuse themselves from the discussion to ensure the integrity of the Board's independence in decision making. In the event of conflicts and concerns that cannot be resolved unanimously, Director's dissent is recorded in the Board minutes.

## Digital & Technology Governance

The Board is cognizant of the benefits that digital platforms provide and ensures implementation of an effective and properly resourced digital technology strategy. The Board is equally committed to safeguarding the Group's information assets and operational systems and invests extensively in cyber risk management systems. Data protection and cyber security are regularly addressed during Audit Committee meetings and periodically discussed at Board level.

The Hotels Group abides with the JKH IT Governance framework and controls. During the year under review, controls over data classification and rights management system were further enhanced and the Group strengthened its cybersecurity resilience through device management, user access and data protection. Awareness sessions have been conducted to drive user adoption on the same.

Given the higher incidence of remote working arrangements in the wake of the COVID-19 pandemic, measures have been taken to further strengthen the IT governance and cybersecurity framework.

## Corporate Culture

A culture of innovation, integrity, excellence, caring and trust is nurtured within the Group. The Chairman and the Board set the tone from the top.

## Director Remuneration

Remuneration of Non-executive and Independent Directors is fixed. Remuneration is determined with reference to fees paid to other Non-Executive and Independent Directors of comparable companies and reviewed annually. Non-Executive Directors (NEDs) are paid additional fees for either chairing or being a member of a Sub-Committee. Directors' fees applicable to NEDs nominated by JKH are paid directly to JKH and not to individuals. The aggregate remuneration paid to NEDs in FY 2020/21 is Rs. 5.4 Mn. There are no Executive Directors employed by the Company.

## Board Evaluation

Performance evaluations designed to improve the Board's effectiveness and that of its Committees, are conducted annually in line with good Corporate Governance practices. The Board conducted its annual Board performance appraisal for the financial year 2020/21 and accordingly the Board is seen as effective in discharging its role and responsibilities.

## Risk Management, Internal Control & Compliance

The Board has oversight responsibility for risk management and internal control and has set in place a robust risk management framework of controls, systems and processes, as detailed under Risk Management report on pages 61-65. The Group has increased the rigor of monitoring and management of risk, as the environment continues to be uncertain and challenging.

Hotels Group has complied with all applicable laws and regulations, including the Listing Rules of the CSE.

## Innovation Governance

The Group's ability to continually innovate is critical to remaining relevant to the changing needs of customers and other stakeholders, in generating sustainable value. The Board is aware of its role in innovation governance and to this end, encourages a creative and flexible culture that promotes innovative thinking.

## CORPORATE GOVERNANCE

### Appendix I- Statement of Compliance under Section 7.6 of the Listing Rules of the Colombo Stock Exchange (CSE) on Annual Report Disclosure

#### MANDATORY PROVISIONS - FULLY COMPLIANT

Rule	Complied	Reference (within the Report)
(i) Names of persons who were Directors of the Entity	Yes	Board of Directors
(ii) Principal activities of the entity and its subsidiaries during the year, and any changes therein	Yes	About our Group
(iii) The names and the number of shares held by the 20 largest holders of voting and non-voting shares and the percentage of such shares held	Yes	Investor Information
(iv) The float adjusted market capitalisation, public holding percentage (%), number of public shareholders and under which option the listed entity complies with the Minimum Public Holding requirement	Yes	Investor Information
(v) A statement of each Director's holding and Chief Executive Officer's holding in shares of the Entity at the beginning and end of each financial year	Yes	Director's Shareholding
(vi) Information pertaining to material foreseeable risk factors of the Entity	Yes	Risk Management
(vii) Details of material issues pertaining to employees and industrial relations of the Entity	Yes	Chairman's Review
(viii) Extents, locations, valuations and the number of buildings of the Entity's land holdings and investment properties	Yes	Group Real Estate Portfolio
(ix) Number of shares representing the Entity's stated capital	Yes	Investor Information
(x) A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings	Yes	Investor Information
(xi) Financial ratios and market price information	Yes	Investor Information and Decade at a Glance
(xii) Significant changes in the Company's or its subsidiaries' fixed assets, and the market value of land, if the value differs substantially from the book value as at the end of the year	Yes	Group Real Estate Portfolio
(xiii) Details of funds raised through a public issue, rights issue and a private placement during the year	Yes	Investor Information
(xiv) Information in respect of Employee Share Ownership or Stock Option Schemes	Yes	Note 34 to the Financial Statements on Share-Based Payment Plans
(xv) Disclosures pertaining to Corporate Governance practices in terms of Rules 7.10.3, 7.10.5 c. and 7.10.6 c. of Section 7 of the Listing Rules	Yes	Corporate Governance Report
(xvi) Related Party transactions exceeding 10 percent of the equity or 5 percent of the total assets of the Entity as per audited financial statements, whichever is lower	Yes	Note 41 Related Party Transactions, to the Financial Statements

## Appendix II - Statement of Compliance under Section 7.10 of the Listing Rules of the CSE on Corporate Governance

### MANDATORY PROVISIONS - FULLY COMPLIANT

Rule No.	Subject	Requirement	Complied	Action / Reference (within the Report)
<b>7.10 Compliance</b>				
7.10 (a – c)	Compliance	The Group is in compliance with the Corporate Governance Rules and any deviations are explained where applicable.	Yes	Corporate Governance
<b>7.10.1 Non-Executive Directors</b>				
7.10.1(a-c)	Non-Executive Directors (NED)	At least 2 or 1/3 of the total number of Directors on the Board whichever is higher should be NEDs	Yes	Board Composition
<b>7.10.2 Independent Directors</b>				
7.10.2(a)	Independent Directors (ID)	2 or 1/3 of NEDs, whichever is higher, should be independent	Yes	Board Composition
7.10.2(b)	Independent Directors (ID)	Each NED should submit a signed and dated declaration of his/her independence or non-independence	Yes	Independence of the Directors has been determined in accordance with CSE Listing Rules and the 3 Independent NEDs have submitted signed confirmation of their independence.
<b>7.10.3 Disclosures relating to Directors</b>				
7.10.3(a, b)	Disclosure relating to Directors	<ul style="list-style-type: none"> <li>◆ The Board shall annually determine the independence or otherwise of the NEDs, and</li> <li>◆ Names of each IDs should be disclosed in the Annual Report (AR)</li> </ul>	Yes	Managing Conflicts of Interest and Ensuring Independence, and Board Profiles
7.10.3(c)	Disclosure relating to Directors	A brief resume of each Director should be included in the AR including the Director's areas of expertise	Yes	Board of Directors
7.10.3(d)	Disclosure relating to Directors	Provide a brief resume of new Directors appointed to the Board with details specified in 7.10.3 (a), (b) and (c) to the CSE	Yes	Board of Directors
<b>7.10.4 Criteria for defining independence</b>				
7.10.4 (a-h)	Criteria for defining Independence	Requirements for meeting criteria to be an Independent Director	Yes	Corporate Governance

## CORPORATE GOVERNANCE

Rule No.	Subject	Requirement	Complied	Action / Reference (within the Report)
<b>7.10.5 Remuneration Committee</b>				
7.10.5	Remuneration Committee (RC)	The Human Resources and Compensation Committee (equivalent of the RC with a wider scope) of the listed parent company may function as the RC	Yes	Committees- The Human Resources and Compensation Committee (HRCC) (equivalent to the RC with a wider scope) of the listed Parent Company, JKH functions as the RC
7.10.5(a)	Composition of Remuneration Committee	RC Shall comprise of NEDs, a majority of whom will be independent  One NED shall be appointed as Chairman of the committee by the Board of Directors	Yes	Board Sub-Committees -HRCC
7.10.5.(b)	Functions of Remuneration Committee	The RC shall recommend the remuneration of Executive Directors	Yes	Board Sub-Committees -HRCC
7.10.5.(c)	Disclosure in the Annual Report relating to Remuneration Committee	<ul style="list-style-type: none"> <li>◆ Names of Directors comprising the RC Statement of Remuneration Policy</li> <li>◆ Aggregated remuneration paid to Executive and NEDs</li> </ul>	Yes	Board Sub-Committees -HRCC  Note 17 to the Financial Statements
<b>7.10.6 Audit Committee</b>				
7.10.6	Audit Committee (AC)	The Company shall have an AC	Yes	Audit Committee Report
7.10.6(a)	Composition of Audit Committee	<ul style="list-style-type: none"> <li>◆ AC shall comprise of 2 INEDs or of NEDs a majority of whom will be Independent whichever is higher.</li> <li>◆ A NED shall be appointed as the Chairman of the Committee</li> <li>◆ Chief Executive Officer (CEO) and Chief Financial Officer (CFO) should attend AC meetings</li> <li>◆ The Chairman of the AC or one member should be a member of a professional accounting body</li> </ul>	Yes	Audit Committee Report

Rule No.	Subject	Requirement	Complied	Action / Reference (within the Report)
7.10.6(b)	Audit Committee Functions	<p>Overseeing of the –</p> <ul style="list-style-type: none"> <li>♦ Preparation, presentation and adequacy of disclosures in the financial statements in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS)</li> <li>♦ Compliance with financial reporting requirements, of the Companies Act and related regulations and requirements</li> <li>♦ Processes to ensure that the internal controls and risk management are adequate to meet the requirements of the Sri Lanka Auditing Standards (SLFRS/LKAS)</li> <li>♦ Assessment of the independence and performance of the External Auditors</li> <li>♦ Make recommendations to the Board pertaining to appointment, re-appointment and removal of External Auditors, and approve the remuneration and terms of engagement of the external auditor</li> </ul>	Yes	Audit Committee Report
7.10.6(c)	Disclosure in Annual Report relating to Audit Committee	<p>The Annual Report shall contain.</p> <ul style="list-style-type: none"> <li>♦ Names of Directors comprising the AC</li> <li>♦ The AC shall make a determination of the independence of the Auditors and disclose the basis for such determination</li> <li>♦ Report of the AC setting out the manner of compliance with their functions</li> </ul>	Yes	Audit Committee Report

## CORPORATE GOVERNANCE

### Appendix III: Statement of Compliance under Section 9.3.2 of the Listing Rules of the CSE on Corporate Governance

#### MANDATORY PROVISIONS - FULLY COMPLIANT

Rule	Requirement	Complied	Reference (within the Report)
(a)	Details pertaining to Non-Recurrent Related Party Transactions (RPT)	Yes	Report of the Related Party Transactions Review Committee
(b)	Details pertaining to Recurrent RPTs	Yes	Notes to the Financial Statements
(c)	Report of the Related Party Transactions Review Committee	Yes	Report of the Related Party Transactions Review Committee
(d)	Declaration by the Board of Directors in the Annual Report as an affirmative statement of compliance with the rules pertaining to RPT, or a negative statement otherwise	Yes	Annual Report of the Board of Directors

### Appendix IV: Statement of Compliance pertaining to Companies Act No. 7 of 2007

#### MANDATORY PROVISIONS - FULLY COMPLIANT

Rule	Requirement	Complied	Reference (within the Report)
168 (1) (a)	The nature of the business together with any change thereof	Yes	About our Group
168 (1) (b)	Signed financial statements of the Group and the Company	Yes	Financial Statements
168 (1) (c)	Auditors' Report on financial statements	Yes	Independent Auditors' Report
168 (1) (d)	Accounting policies and any changes therein	Yes	Notes to the Financial Statements
168 (1) (e)	Particulars of the entries made in the Interests Register	Yes	Annual Report of the Board of Directors
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company	Yes	Notes to the Financial Statements
168 (1) (g)	Corporate donations made by the Company	Yes	Notes to the Financial Statements
168 (1) (h)	Information on the Directorate of the Company and its subsidiaries during and at the end of the accounting period	Yes	Group Directory
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered	Yes	Notes to the Financial Statements
168 (1) (j)	Auditors' relationship or any interest with the Company and its Subsidiaries	Yes	Report of the Audit Committee/ Financial Statements
168 (1) (k)	Acknowledgement of the contents of this Report and signatures on behalf of the Board	Yes	Financial Statements/ Annual Report of the Board of Directors

#### Statement of Compliance with Applicable Codes of Best Practice

The Company is also compliant with the Code of Best Practices on Related Party Transactions (2013) advocated by the SEC (mandatory), the Code of Best Practice on Corporate Governance (2013) jointly advocated by the SEC and CA Sri Lanka (voluntary) and almost all the provisions of the Code of Best Practice on Corporate Governance (2017) issued by CA Sri Lanka to the extent of business exigency and as required by the Hotels Group.



# AUDIT COMMITTEE REPORT

## Terms of Reference, Principal Focus and Medium of Reporting

The responsibilities of the Audit Committee are governed by the Audit Committee Charter, approved and adopted by the Board. The Audit Committee focuses principally on assisting the Board in fulfilling its duties by providing an independent and objective review of the financial reporting process, the process of risk identification and mitigation, internal controls and its compliance with legal and regulatory requirements actively; reviewing procedures relating to statutory, regulatory and related compliance; and the adequacy of the Company's internal and external audit function. The proceedings of the Audit Committee were regularly reported to the Board of Directors, through formal minutes. Further, the effectiveness of the Committee is evaluated annually by each member of the Committee and the results are communicated to the Board.

## Committee Composition, Meetings Held and Attendance

The Audit Committee consists of three members. The Chairman of the Audit Committee is a Fellow member of the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). In addition to the Chairman of the Committee, another member of the Committee is also a specialist in investment banking, predominantly on cross border transactions across the Asian region. The third member earned his Ph.D. in Economic Geography.

All Non-Executive Directors satisfy the criteria for independence as specified in the Standards on Corporate Governance for Listed Companies, issued by the Securities & Exchange Commission of Sri Lanka. The Audit Committee reports directly to the Board. The individual and collective financial and hotel industry specific knowledge, business experience and the independence of members are brought to bear on all matters, which fall within the committee's purview. The

Sector Head/ Chief Executive Officer and Chief Financial Officer, together with the Chief Operations Officer, Sector Financial Controller/ Vice President- Finance and Head of Group Business Process Review of John Keells Holdings PLC, attend Audit Committee meetings by invitation. Outsourced Internal Auditors, i.e. PricewaterhouseCoopers, SJMS Associates, BDO Partners, and Independent External Auditors, Ernst & Young, are required to attend meetings on a regular basis. The Committee met four times during the financial year ended 31 March 2021 (information on the attendance at these meetings by the members of the Committee is given on page 32). In addition, the Chairman of the Committee met the Internal and External Auditors and in-house personnel, as necessary, to strengthen guidance and oversight related to audit matters.

## Activities Performed

- ♦ Reviewed the activities and financial affairs of the Company and its subsidiaries and underlying hotel entities. They also reviewed the financial reporting system adopted in the preparation of quarterly and annual Financial Statements to ensure reliability of the process, appropriateness and consistency of accounting policies and methods adopted and that they facilitate compliance with the requirements of the Sri Lanka Accounting Standards (SLFRS/LKAS), the Companies Act No. 7 of 2007 and other relevant statutory and regulatory requirements.
- ♦ Met the outsourced Internal Auditors to consider their reports, management responses and matters requiring follow up on the effectiveness of internal financial controls that have been designed to provide reasonable but not absolute assurance to the Directors that assets are safeguarded and that the financial reporting system can be relied upon in the preparation and presentation of the Financial Statements. Their scope of work and approach, the timeliness of their reports, and cooperation with External Auditors was also addressed.
- ♦ Reviewed the Business Risk Management processes and procedures adopted by the Company, to manage and mitigate the impact of such risks and observed that risk analysis exercises had been conducted across the different hotels, key risks that could impact operations had been identified to the extent possible, measures were taken to minimise the impact and likelihood of such risks. It was noted that with the integration of Sustainability within the Leisure Group, further measures to mitigate the core sustainability risks had been identified and risk mitigation measures designed and implemented.
- ♦ Reviewed the quarterly and year-end Financial Statements and recommended their adoption to the Board of Directors.
- ♦ Met with the External Auditors before commencement of the external audit to ascertain the nature, scope and approach of the audit and reviewed their audit plans.
- ♦ Met with External Auditors to discuss interim audit issues, management responses and to affect any corrective action where necessary.
- ♦ Met with External Auditors at the end of the annual audit to review the Financial Statements and the reports thereon and to respond as necessary to such reports.
- ♦ Had closed door discussions with the external and outsourced Internal Auditors where necessary.
- ♦ Reviewed the type and quantum of non-audit services provided by the External Auditors to the Company to ensure that their independence as auditors has not been impaired.

## AUDIT COMMITTEE REPORT

- ◆ Appraised the independence and performance of the outsourced Internal Auditors whose services are coordinated by the Group Business Process Review Division.
- ◆ Conducted special review of processes, content and the effectiveness of feeders to the deliberations of the Audit Committee, such as in-house accounting and record keeping, Group Business Process Review, and the Sustainability and Enterprise Risk Management division.
- ◆ Reviewed the Company's compliance framework to determine that it provides reasonable assurance that all relevant laws, rules and regulations have been complied with.
- ◆ Participated in discussions with management, to evaluate compliance with the Code of Best Practice on Corporate Governance issued jointly by the Securities and Exchange Commission of Sri Lanka and CA Sri Lanka in the year 2013, in relation to auditor appointments.
- ◆ The Senior management of the Company followed a formal assessment process to evaluate the performance of External Auditors and the Committee has recommended to the Board of Directors that Messrs. Ernst & Young be re-appointed as Auditors for the financial year ending 31st March 2022, subject to the approval of the shareholders at the next Annual General Meeting.

In conclusion, the Audit Committee is satisfied that the Company's accounting policies, operational controls and risk management processes provide reasonable assurance that the affairs of the Company are managed in accordance with Group policies and that Company assets are properly accounted for and adequately safeguarded.



**T L F W Jayasekara**  
Chairman - Audit Committee

13 May 2021

## REPORT OF THE HUMAN RESOURCES AND COMPENSATION COMMITTEE

The Committee determined the remuneration of the Executive Directors including the Chairman-CEO in terms of the methodology set out by the Board, upon an evaluation of their performance by the Non-Executive Directors. The evaluation of the members of the Group Executive Committee (GEC) of John Keells Holdings PLC were considered by the Committee and remuneration was determined based on performance, market comparators for similar positions and in accordance with the Company's Compensation and Benefits policy.

A report from the Chairman of the Human Resources and Compensation Committee continues to be a standing agenda item at the quarterly Board meetings. The Chairman of the Committee reports on the developments which have taken place since the last Board meeting, if any, and updates the Board on various matters, as relevant and requested.

In light of the COVID-19 impact on the businesses and its people, the Group developed and implemented a Working Arrangement Protocol which sets out the working practices to be followed by Group employees in terms of maintaining their health and safety. The Group also implemented a new Agile Working Policy, with the identification of agile roles across all sectors. To mitigate the financial impact of the pandemic on the Group, the employees and the members of the GEC were subject to salary reductions for a period of time.

The Committee wishes to report that the Company has complied with the Companies Act in relation to remuneration of Directors. The annual performance appraisal scheme, the calculation of short-term incentives, and the award of Employee Share Option Plans were executed in accordance with the approvals given by the Board, based on discussions conducted between the Committee and the Management.



**D A Cabraal**

Chairman of the Human Resources and  
Compensation Committee

13 May 2021

## REPORT OF THE NOMINATIONS COMMITTEE

The Nominations Committee, as at 31 March 2021, consisted of the following:

M A Omar (Chairman)

S S H Wijayasuriya (Dr.)

K N J Balendra

M P Perera (Ms.)

The self-review of the mandate of the Committee reaffirmed that it exists to:

- ◆ Recommend to the Board the process of selecting the Chairman and Deputy Chairman.
- ◆ Identify suitable persons who could be considered for appointment to the Board of John Keells Holdings PLC and other Listed Companies in the Group, as Non-Executive Directors.
- ◆ Make recommendations on matters referred to by the Board.

During the reporting period, the following appointments were made consequent to approval obtained from the Committee:

S Rajendra

M R Svensson

The Committee continues to work with the Board on reviewing its skills mix, based on the immediate and emerging needs. Further, the Committee discusses with the Board the outputs of the Annual John Keells Holdings PLC Board Evaluation.



**M A Omar**

Chairman of the Nominations Committee

13 May 2021

## REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The following Directors served as members of the Committee during the financial year:

M P Perera (Ms.)

A N Fonseka

D A Cabraal

The Chairman, Deputy Chairman/Group Finance Director, and Group Financial Controller attended meetings by invitation. The Head of Group Business Process Review served as the Secretary to the Committee.

The objective of the Committee is to exercise oversight on behalf of the Board of John Keells Holdings PLC and its listed Subsidiaries, to ensure compliance with the Code on Related Party Transactions, as issued by the Securities and Exchange Commission of Sri Lanka ("The Code") and with the Listing Rules of the Colombo Stock Exchange (CSE). The Committee has also adopted best practices as recommended by the Institute of Chartered Accountants of Sri Lanka.

The Committee in discharging its functions primarily relied on processes that were validated from time to time and periodic reporting by the relevant entities and Key Management Personnel (KMP) with a view to ensuring that:

- ♦ there is compliance with "the Code" and Listing Rules of the CSE
- ♦ shareholder interests are protected; and
- ♦ fairness and transparency are maintained.

The Committee reviewed and pre-approved all proposed non-recurrent Related Party Transactions (RPTs) of John Keells Hotels PLC. Recurrent RPTs were reviewed annually by the Committee. Furthermore, guidelines were introduced to facilitate requisite disclosures and assurances by senior management of

the John Keells Hotels PLC, in relation to recurrent RPTs so as to validate compliance with Sec. 9.5(a) of the listing rules and thus exclusion from review and pre-approval by the Committee.

Other significant transactions of non-listed subsidiaries were also presented to the Committee for information.

In addition to the Directors, all Presidents, Executive Vice Presidents, Chief Executive Officers, Chief Financial Officers and Financial Controllers of the respective companies have been designated as KMPs in order to increase transparency and enhance good governance. Annual disclosures from all KMPs setting out any RPTs they were associated with, if any, were obtained and reviewed by the Committee.

The Committee held four meetings during the financial year. Information on the attendance at these meetings by the members of the Committee is given on page 32 of this Annual Report. The activities and views of the Committee have been communicated to the Board of Directors, quarterly, through verbal briefings, and by tabling the minutes of the Committee meetings.



**Ms. M P Perera**

Chairperson of the Related Party Transactions Review Committee

13 May 2021

## REPORT OF THE PROJECT RISK ASSESSMENT COMMITTEE

The following Directors served as members of the Committee during the financial year:

H Wijayasuriya

P Perera

K Balendra

G Cooray

The Project Risk Assessment Committee was established with the purpose of further augmenting the Group's Investment Evaluation Framework. The committee provides the Board with enhanced illumination of risk perspectives with respect to large-scale new investments, and also assists the Board in assessing the potential impact of risks associated with such investments. Investments which are referred to the committee are those which exceed a board-agreed threshold in terms of quantum of investment and/or potential impact to the Group. The committee accordingly provides early-stage recommendations to the Board with respect to the extent of risk and adequacy of mitigation strategies.

During the year under review, given the unprecedented impact of the COVID-19 pandemic on Group businesses, the Board met more frequently than usual. The increased frequency of Board Meetings provided the opportunity for discussions related to investments and risk assessments to be conducted within Board Meeting agendas. As such, the Committee did not have a requirement to convene separately, during the year under review.



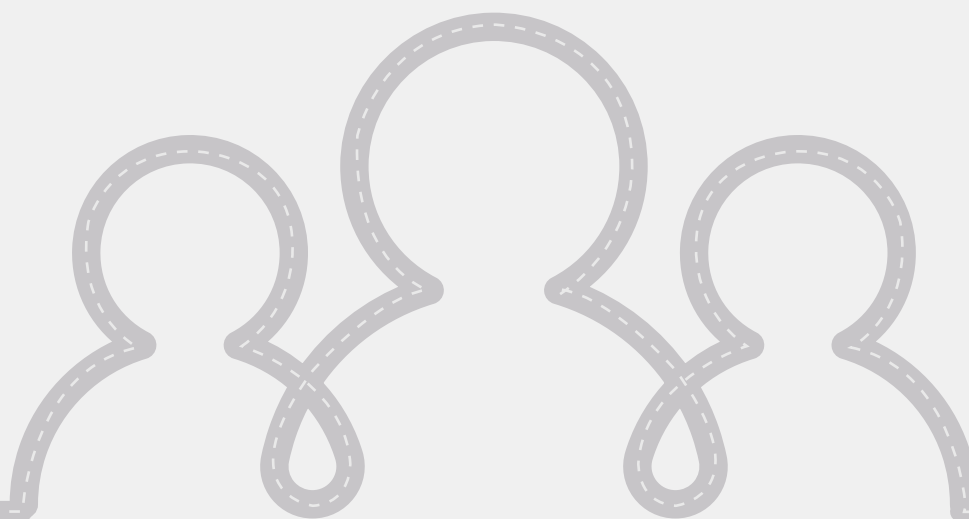
H Wijayasuriya

Chairman of the Project Risk Assessment Committee

13 May 2021

managing our journey with

*Care*



MANAGEMENT DISCUSSION & ANALYSIS

## ALL ABOUT STRATEGY

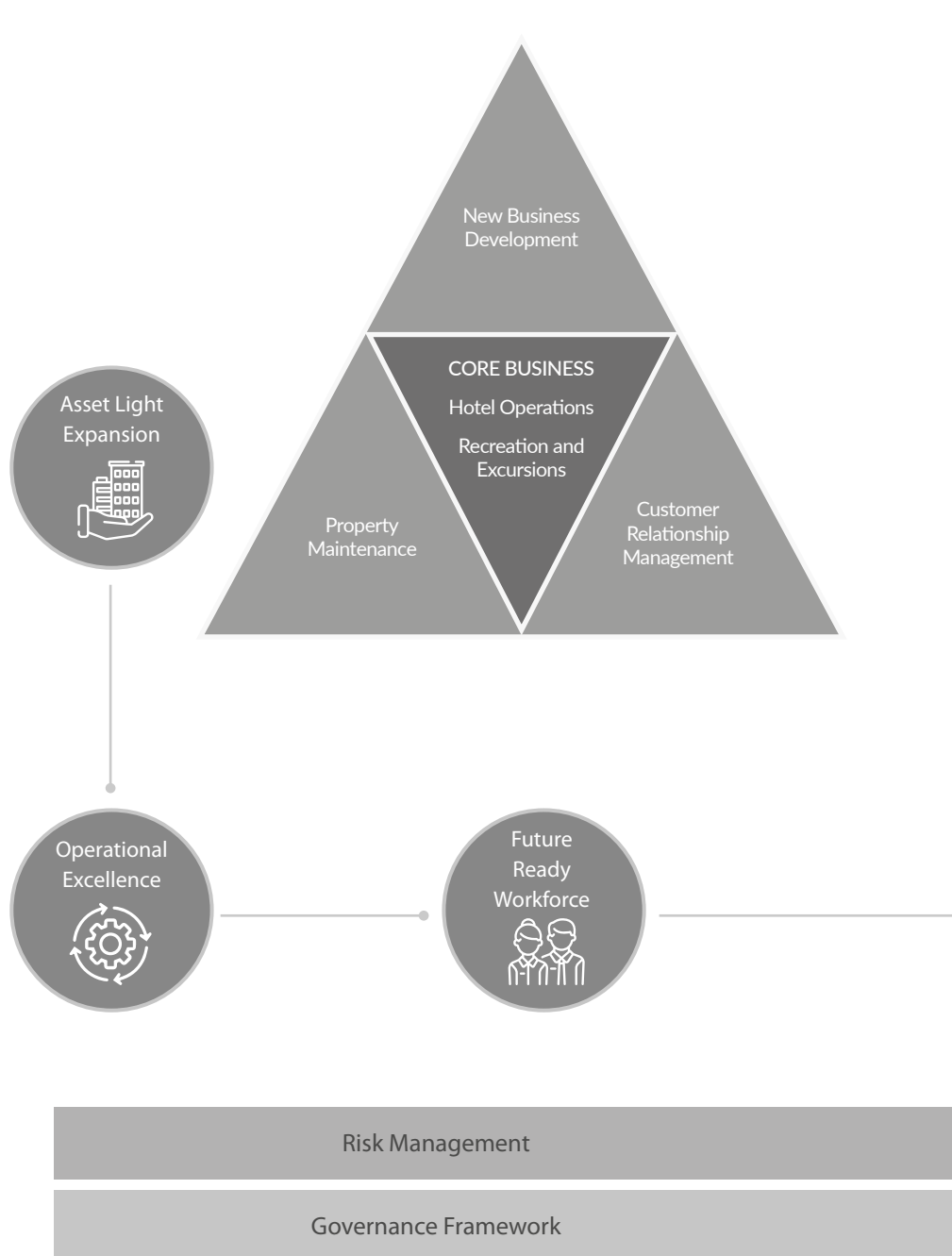
### Value Creation Model

Our value creation model depicts how we strategically leverage our capital inputs to create sustainable value for our stakeholders through specific outputs and outcomes.

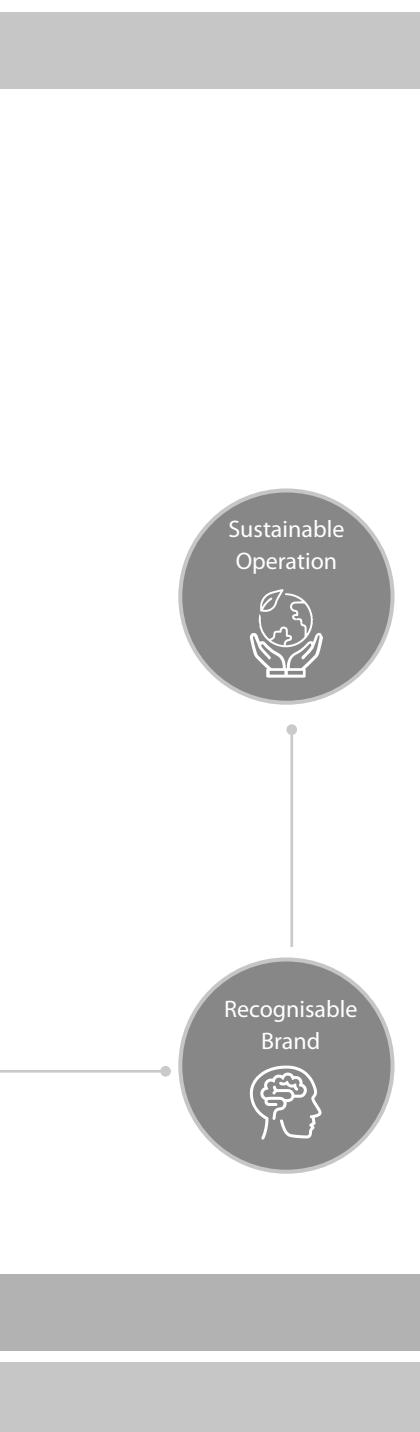
#### We Leverage Our Capital Inputs



#### By focusing on Key Strategic Drivers







To Create Sustainable Value for Our Stakeholders		
<b>Outputs</b>  <b>RS. 3,661 MN</b> Revenue  <b>RS. 2,068 MN</b> Payments to employees  <b>RS. 16 MN</b> Investment in training  <b>RS. 29 MN</b> Tax payments  <b>RS. 2,369 MN</b> Payments to suppliers  <b>RS. 1 MN</b> Community investments	<b>Outcomes</b>   <b>Shareholders</b> Sustainable Growth   <b>Customers</b> Responsiveness to evolving needs   <b>Employees</b> Safe and inspiring work environment   <b>Suppliers and Business Partners</b> Stronger partnerships   <b>Community</b> Socio Economic Empowerment and more responsible consumption of resources	<b>KPIs</b> <ul style="list-style-type: none"> <li>♦ PAT growth</li> <li>♦ Dividends</li> <li>♦ Share price</li> </ul> <b>KPIs</b> <ul style="list-style-type: none"> <li>♦ Guest Satisfaction</li> </ul> <b>KPIs</b> <ul style="list-style-type: none"> <li>♦ Employee Productivity</li> <li>♦ Payments to employees</li> <li>♦ Training per employee</li> </ul> <b>KPIs</b> <ul style="list-style-type: none"> <li>♦ Payments to suppliers</li> <li>♦ Investment in supplier development initiatives</li> </ul> <b>KPIs</b> <ul style="list-style-type: none"> <li>♦ Investment in CSR</li> <li>♦ Energy consumption</li> <li>♦ Raw material consumption</li> </ul>
<b>Impacts</b>  <b>805 MT</b> Solid waste:  <b>305,800 LITRES</b> Effluents:  <b>13,435 tCO2e</b> CO2 footprint:		

## ALL ABOUT STRATEGY

### Stakeholder Engagement

Continuously engaging with our stakeholders has enabled us to understand the evolving aspirations of our stakeholders and proactively respond to their requirements. Stakeholder engagement is an ongoing process and is incorporated into the normal course of business through both formal and informal channels. The issues, concerns and suggestions raised through our engagement activities feed into our materiality assessment and form the basis of our overall strategic direction.

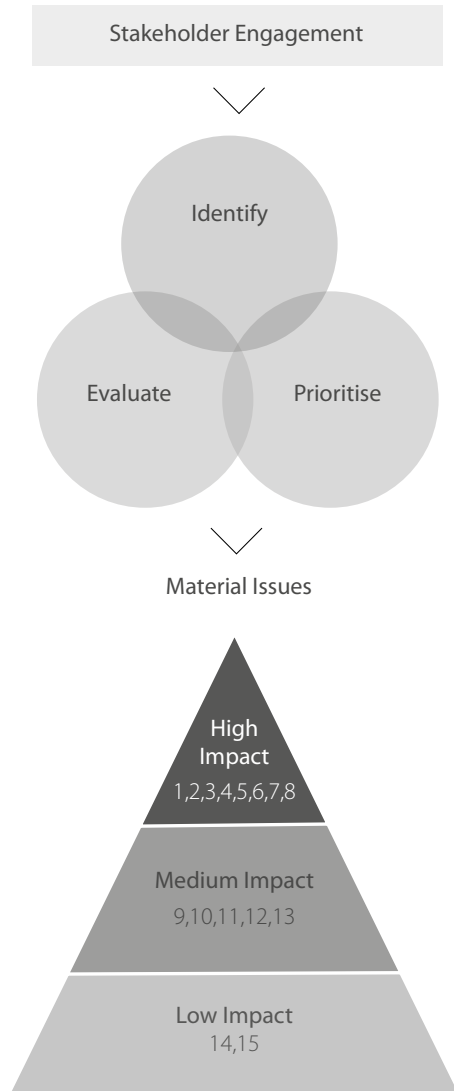
Stakeholder Group	Mode and Frequency of Engagement	Key Concerns in FY 2020/21	Strategic Response in FY 2020/21
Shareholders	<ul style="list-style-type: none"> <li>◆ Annual General Meeting</li> <li>◆ Annual Report and Quarterly financial statements</li> <li>◆ Website (Ongoing)</li> <li>◆ Open Door Policy for investors (Ongoing)</li> </ul>	<ul style="list-style-type: none"> <li>◆ Sustainable Growth</li> <li>◆ Risk Management</li> <li>◆ Corporate Governance &amp; Ethics</li> <li>◆ Financial Performance</li> </ul>	<p>Strategic re-alignment of hotel operations</p> <p>Implementation of cost management measures and efficiency improvements for sound cash management amidst COVID-19 pandemic.</p>
Employees	<ul style="list-style-type: none"> <li>◆ Staff meetings (Ongoing)</li> <li>◆ Staff engagement activities (Ongoing)</li> <li>◆ Performance Management System (Ongoing)</li> <li>◆ Employee Surveys (Quarterly)</li> <li>◆ Collective Agreements (Ongoing)</li> <li>◆ Newsletters (Quarterly)</li> </ul>	<ul style="list-style-type: none"> <li>◆ Health &amp; safety considerations</li> <li>◆ Job security</li> <li>◆ Continuation of remuneration and benefits</li> <li>◆ Employee engagement in new normal</li> </ul>	<p>Implementation of strict health and safety protocols across operations</p> <p>Introduction of flexible and agile work arrangements</p> <p>Ensuring zero redundancies</p> <p>Adoption of technology for employee engagement and development</p>
Customers	<ul style="list-style-type: none"> <li>◆ Guest Feedback forms (Ongoing)</li> <li>◆ Social Media Platforms (Ongoing)</li> <li>◆ Face-to-face interactions (Ongoing)</li> <li>◆ Customer Relationship Management (Ongoing)</li> </ul>	<ul style="list-style-type: none"> <li>◆ Health &amp; safety Considerations</li> <li>◆ Unique experiences to cater to local traveller</li> <li>◆ Preparing for the reopening of the airports and welcoming tourist under strict regulation</li> <li>◆ Security</li> </ul>	<p>Implementation of 'Cinnamon Care' Standard for Care and Cleanliness</p> <p>Conceptualising &amp; executing a detailed crisis management plan with National Tourism Organization (NTO) for Sri Lanka to be recognised as a safe destination by the World Travel &amp; Tourism Council</p> <p>Obtaining World Travel &amp; Tourism Council (WTTC) Safe Travels Stamp and SLTDA Safe and Secure Certification</p> <p>Launch of marketing campaigns targeting local travellers with appealing packages for the locals</p> <p>Bi-weekly newsletter targeting B2B partners highlighting relevant COVID-19 news updates from Sri Lanka</p> <p>Informative webpage extension for local/international travellers, with updates on COVID-19 travel related information, precautionary measures &amp; emergency contacts for Sri Lanka/public spaces/Cinnamon Hotels</p> <p>Establishment of level 01 hotels complying with the regulations set by Sri Lanka Tourism Development Authority</p>

Stakeholder Group	Mode and Frequency of Engagement	Key Concerns in FY 2020/21	Strategic Response in FY 2020/21
Business Partners	<ul style="list-style-type: none"> <li>◆ Site visits (Ongoing)</li> <li>◆ Face-to-face interactions (Ongoing)</li> </ul>	<ul style="list-style-type: none"> <li>◆ Strong partnerships</li> <li>◆ Ease of transaction</li> </ul>	Continuous engagement with business partners
Suppliers	<ul style="list-style-type: none"> <li>◆ Procurement Process (Ongoing)</li> <li>◆ Supplier Forum (Ongoing)</li> <li>◆ Face-to-face interaction (Ongoing)</li> </ul>	<ul style="list-style-type: none"> <li>◆ Supplier adherence to health &amp; safety protocols</li> <li>◆ Timely payment</li> <li>◆ Ease of transaction</li> </ul>	Communication and awareness building on health and safety protocols with special attention towards COVID-19 safety guidelines
Government and Regulatory Bodies	<ul style="list-style-type: none"> <li>◆ Trade Association interactions (Ongoing)</li> <li>◆ Direct dialog (Ongoing)</li> <li>◆ Regulatory Reporting (Ongoing)</li> </ul>	<ul style="list-style-type: none"> <li>◆ Tourism industry recovery</li> <li>◆ COVID-19 safety protocols</li> <li>◆ Compliance with laws and regulations</li> <li>◆ Job creation</li> <li>◆ Contribution towards uplifting communities</li> <li>◆ Environmental conservation</li> </ul>	<p>Close engagement with industry stakeholders to re-build the industry</p> <p>Ongoing initiatives to promote Sri Lanka as a safe destination to travel to.</p>
Community	<ul style="list-style-type: none"> <li>◆ CSR Programs (Ongoing)</li> <li>◆ Dialogue with community (Ongoing)</li> </ul>		<p>Supporting the Governments COVID-19 relief efforts by</p> <ul style="list-style-type: none"> <li>◆ Initiating Cinnamon Travel Pledge to recognise 2000 health care heroes and inviting them to a vacation at Cinnamon Resorts on free of charge basis</li> <li>◆ Offering Trinco Blu by Cinnamon as a quarantine center</li> </ul>

## Materiality Assessment

Materiality assessment is a vital element of our value creation process as it ensures that we remain focused on what really matters to our stakeholders. Our material matters constitute those risks, opportunities or issues that could substantively affect the group's ability to create value in the short, medium and long term. To assess materiality, we identify, evaluate and prioritise all possible risks, opportunities and issues in terms of impact to stakeholders and impact on operations of the Group in order to categorise issues as high, medium or low impact during the year. The material issues we identify form the basis of our internal and external reporting throughout the year and reflect the issues we focus on to maximise value for our stakeholders.

## ALL ABOUT STRATEGY



Overall Impact Level	Material topic in FY 2020/21	Change in materiality in FY 2020/21	Link to Strategic Priority	Link to SDG
1	Tourism Industry Recovery	↑	-	
2	Health & safety considerations for employees and customers	↑	Operational Excellence	
3	Sustainable growth and financial performance	-	Asset Light Expansion Operational Excellence	
4	Growth in digital marketing channels	↑	Operational Excellence	
5	Need to address evolving needs of customers by providing unique experiences	↑	Operational Excellence Recognisable Brand	
6	Service quality and customer satisfaction	-	Operational Excellence	
7	Talent Attraction and retention	-	Future Ready Workforce	
8	Risk Management	-	Operational Excellence Asset Light Expansion	
9	Corporate Governance & Ethics	-	Operational Excellence	
10	Competitive pressures	-	Recognisable Brand	
11	Strong partnerships with business partners and suppliers	-	Operational Excellence	
12	Compliance with all laws and regulations	-	Operational Excellence	
13	Contribution towards uplifting communities	-	Sustainable Operation	
14	Impact of operations on environment	-	Sustainable Operation	
15	Environmental Conservation	-	Sustainable Operation	 

## Our Strategy

Despite the disruptions caused by the pandemic, we remained focused on our long-term strategic priorities of asset light expansion, operational excellence, developing a future ready workforce, strengthening brand value and creating a sustainable operation. Our “People, Planet, Profit” approach to strategy that links financial performance with environmental stewardship and social responsibility showed true dividends in terms of resilience and the ability to navigate a turbulent year and we are confident that it will also be the driving force as we enter the new normal, post COVID-19.



### Asset Light Expansion

#### Key activities in FY 2020/21

Continuing the ongoing development of ‘Cinnamon Red Kandy’

#### Way forward

Continue to focus on asset light investment models as a part of the strategy to enhance the ‘Cinnamon’ footprint in Sri Lanka and the Maldives.



### Operational Excellence

#### Key activities in FY 2020/21

Strategic re-alignment of hotel operations to bring Cinnamon Hotels & Resorts under a single operational structure

Implementation of ‘Cinnamon Care’ Standard for Care and Cleanliness

#### Way forward

Focus on driving domain expertise and synergies to improve customer experience and operational efficiency



### Future Ready Workforce

#### Key activities in FY 2020/21

Roll out of agile work arrangements

Establishment of Diversity and Inclusion (D & I) team



Rollout of new Gender Policy

Continuation of training and development

#### Way forward

Continue to support employees through the aftermath of the pandemic while developing the skills and capabilities required to thrive in the new-normal working environment.

## ALL ABOUT STRATEGY

 Recognisable Brand	
Key activities in FY 2020/21	Way forward
<p>Continued to reinforce the brand promise through ongoing customer engagement initiatives;</p> <ul style="list-style-type: none"> <li>♦ Cinnamon Future of Tourism Virtual Conference</li> <li>♦ Dive Stream Maldives</li> <li>♦ In Situ – an Intimate Bawa Experience</li> <li>♦ A Literary Weekend with the Gratiaen Winners</li> </ul>	<p>Continue to create brand value through product and service differentiation and group level brand building initiatives</p>
 Sustainable Operation	
Key activities in FY 2020/21	Way forward
<p>LEED Platinum Certification for Cinnamon Bentota Beach</p>	<p>Continue to incorporate social and environmental best practices to all aspects of our operation to create long term value to stakeholders.</p>

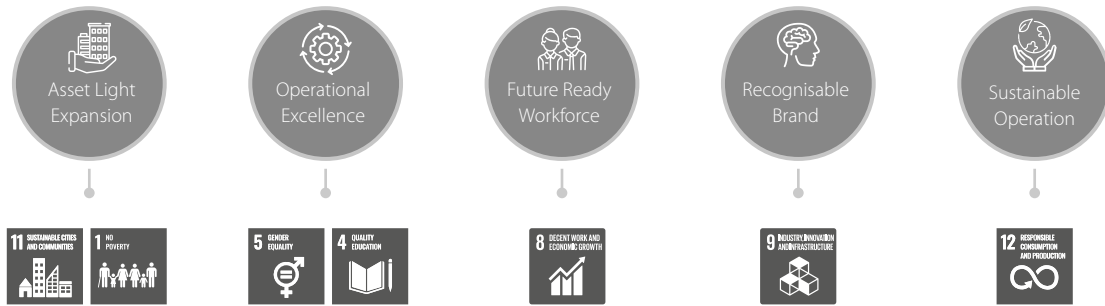
### Sustainability at John Keells Hotels PLC

Sustainability is not viewed in isolation but as an integral part of our overall business strategy. Social and environmental considerations are entrenched into our own operation and across our value chain through our overall strategy that strives to optimise financial performance with a 'People, Planet, Profit' perspective. Meanwhile, a robust sustainability management framework which includes defined goals, clear guidelines, a reliable monitoring mechanism and transparent reporting system ensure that sustainability is integrated into our operation at all levels, monitored and reported on an ongoing basis.

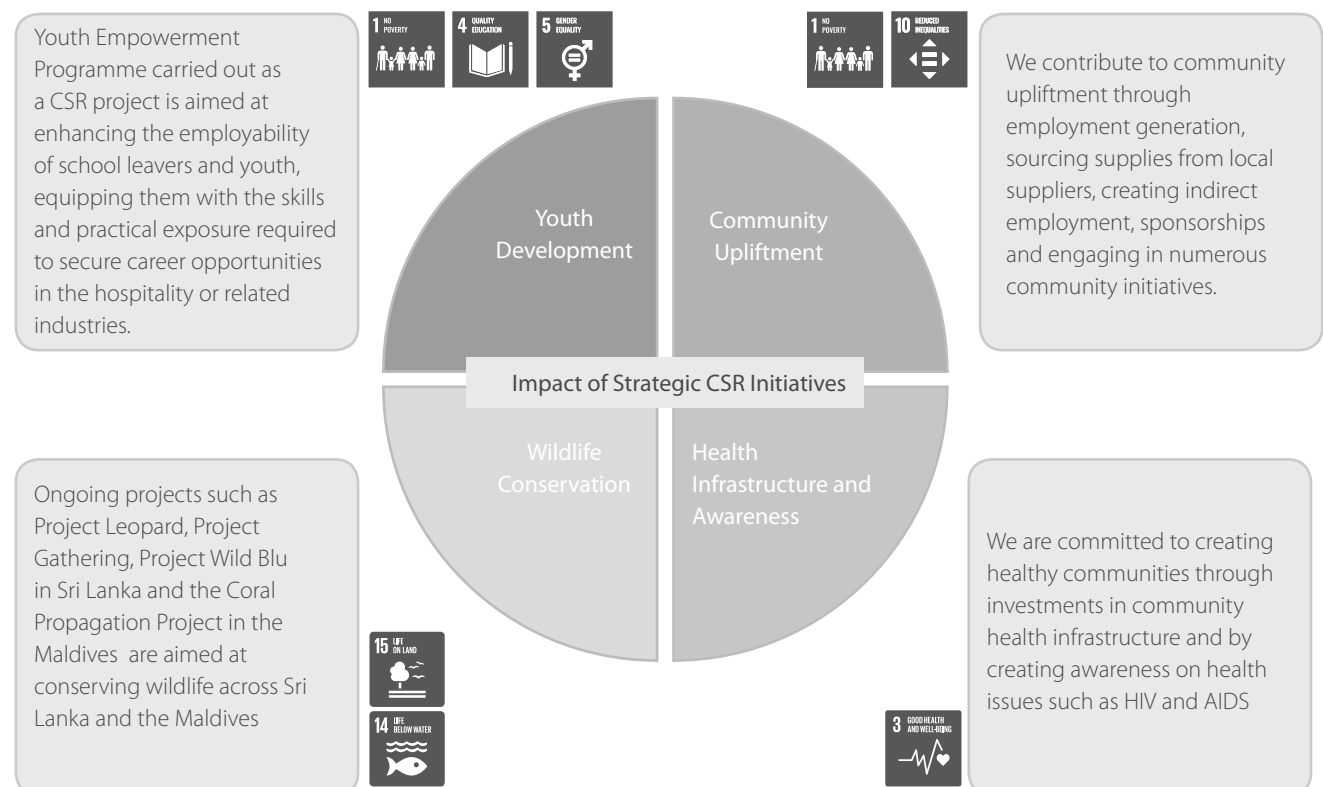


## Contribution to Sustainable Development Goals

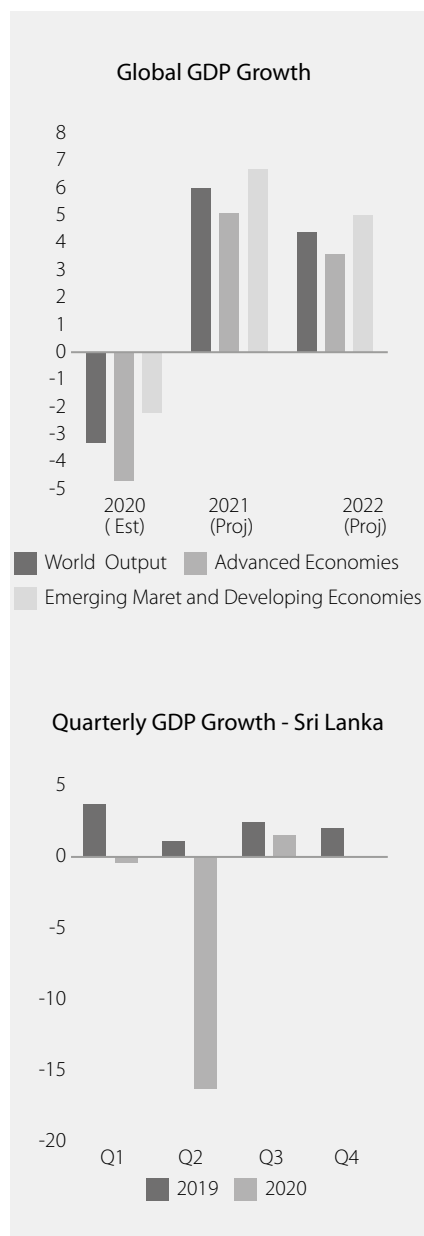
We contribute to several of the United Nations Sustainable Development Goals through our long-term strategic priorities as well as through the numerous community engagement activities carried out throughout the year.



We are one of the largest hotel operators in the country providing employment opportunities to 2,062 individuals in Sri Lanka and the Maldives	10% of our workforce is females  All employees were provided professional development and up-skilling through training and development	We promote the sustainable tourism agenda in Sri Lanka by setting industry standards for operational excellence and innovation.	Our thought leadership forums such as the annual Future Of Tourism summit attracts over 450 participants from around the world bi annually.	Continuous investment in renewable energy sources  Plastic consumption at our properties has reduced as a result of measures taken to eliminate single use plastic.
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## OPERATING ENVIRONMENT



The global economy is showing gradual signs of recovery with the International Monetary Fund (IMF) projecting a growth of 5.5% in 2021 after the estimated contraction of 3.5% in 2020. Economic data released in the fourth quarter of 2020 suggest stronger-than-projected momentum on average across regions, while the gradual roll-out of the vaccination across countries and fiscal and monetary support by governments are expected to support growth momentum in 2021. The pace of recovery, however, is expected to vary significantly across countries, depending on access to medical interventions and effectiveness of policy support. Among advanced economies, the US and Japan are projected to regain end-2019 activity levels in the second half of 2021 buoyed by strong policy support and the anticipated widespread availability of vaccines in summer 2021. Activity in the Euro area and the United Kingdom however are expected to remain below end 2019 levels into 2022. Emerging markets and developing economies are also projected to trace diverging recovery paths. China is expected to show strong recovery although oil exporters and tourism-based economies are expected to follow a slower recovery trajectory due to continued restrictions on cross border travel and a subdued outlook for oil prices.

### Sri Lankan Economic Environment

As per the latest available assessments from Central Bank of Sri Lanka (CBSL), the Sri Lankan economy is estimated to record a 3.9% contraction in 2020 due to the impact of the COVID-19 pandemic on almost every sector of the economy. The exchange rate which depreciated by 2.6% in 2020 continued to record intermittent volatility in early 2021, depreciating 4.5% during the first three months of 2021 mainly due to excessive speculation. Meanwhile, the monetary easing measures taken by the CBSL to support the revival of

the economy resulted in market interest rates declining sharply in 2020 and remaining in the single digit range going into 2021. Both headline and core inflation too remained low reflecting the subdued demand conditions in the country.

Although 2021 commenced on an optimistic note with the vaccination drive getting off ground, the current third wave of the pandemic and expected impact on the economy has put a dampener on the CBSL projected GDP growth of 6%, with the IMF slashing Sri Lanka's economic growth rate forecast for year 2021 to 4% from the 5.3% projected in October 2020.

### Maldivian Economic Environment

With the tourism industry directly accounting for almost a quarter of GDP, the sudden drop in arrivals subsequent to the closure of borders between end-March and Mid-July 2020 together with a slump in construction activity, another key contributor to GDP, resulted in the Maldives economy contracting by an estimated 28% in 2020. Tourist arrivals however witnessed a strong recovery since December 2020, due to the absence of quarantine requirements and the unique 'one island, one resort' concept. Assuming its borders remain open to visitors, and tourist arrivals maintain a steady momentum, the economy is projected to grow by 17% in 2021. Real GDP, however, is not expected to return to pre-pandemic levels until 2023. Further, much of this anticipated growth is expected to be dependent on a continuation of strong tourism inflows especially from Russia and India, key markets that showed positive growth since the opening of borders. Given the current COVID-19 third wave in India however, growth prospects may be dampened to an extent.

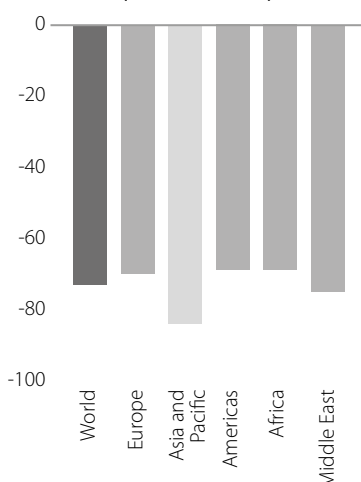


## Global Tourism

Global tourism suffered its worst year on record in 2020, with international arrivals dropping by 74% according to the latest data from the World Tourism Organisation (UNWTO). Widespread travel restrictions following the COVID-19 outbreak resulted in international tourist arrivals declining by almost 1 billion during the year with Asia and the Pacific, the first region to suffer the impact of the pandemic recording the largest decline of 84% in tourist arrivals in 2020.

Looking ahead, UNWTO has outlined two scenarios for 2021 considering the gradual improvement of the epidemiological situation, a continued roll-out of the COVID-19 vaccine, a significant improvement in traveller confidence and a major lifting of travel restrictions, particularly in Europe and the Americas. The first scenario points to a rebound in July, which would result in a 66% increase in international arrivals for the year 2021 compared to the historic lows of 2020 while the second scenario considers a potential rebound in September, leading to a 22% increase in arrivals compared to 2020. In both these scenarios, however, arrivals will still be lower than the levels recorded in 2019. As per a survey carried out in October 2020 by UNWTO, full recovery to pre-pandemic levels is unlikely to happen before 2023.

YTD change in Tourist Arrivals  
(Jan -Dec 2020)



## Sri Lankan Tourism

The tourism industry was one of the hardest hit sectors by the COVID-19 pandemic, with tourist arrivals in 2020 plummeting to just 507,704 arrivals compared to 1,913,702 arrivals in 2019. The airport was closed mid-March 2020 when the first local patient was detected, and all passenger flights were terminated with immediate effect. As a result, no tourist arrivals were recorded during the months April to December 2020 apart from the 393 tourists from Ukraine as part of a pilot project in December 2020. Sri Lanka reopened its borders on 21st January 2021, following a 10-month pandemic-induced closure since 18th March 2020. Arrivals since then, however, remain low, reflecting the lower demand for international travel globally.

The Government of Sri Lanka extended several relief measures to support the recovery of the tourism industry which suffered successive setbacks after the Easter Sunday bombing in 2019 and the outbreak of the COVID-19 pandemic thereafter. A debt moratorium was issued by the CBSL in April 2019 after the Easter Sunday attacks and subsequently extended till 30 September 2021 due to the ongoing crisis. CBSL also introduced the Saubhagya COVID-19 Renaissance Working Capital Facility for several industries including the tourism sector. Meanwhile, several other measures such as the waiver of SLTDA's annual registration fee of all tourist establishments and moratoriums on utility bill payments have also been implemented to support the tourism sector.

In addition to the financial support offered, several initiatives were implemented to strengthen preparedness and attract tourists back into the country post COVID-19. Sri Lanka tourism was one of the first in the Asian region to prepare and issue a detailed COVID-19 Health Protocol for the Industry which also received the Safe Travel Stamp from the World Travel & Tourism Council. The health protocol which introduced an independently verified COVID-19 safety standard

compliance certification for all SLTDA-registered entities is aimed at adopting the highest health and safety standards as the country opens up for tourists. The Government has also implemented a "Bio bubble" concept since opening airports for tourists. Under this arrangement tourists entering the country are required to stay at one of the 98 COVID-safe approved hotels but can move freely within their hotel and approved tourist sites during this initial two-week bio bubble period.

Tourist arrivals - Sri Lanka		
	2020	2021
Jan	228,434	1,682
Feb	207,507	3,366
Mar	71,370	4,581
Apr	-	
May	-	
Jun	-	
Jul	-	
Aug	-	
Sep	-	
Oct	-	
Nov	-	
Dec	393	

Source: Sri Lanka Tourism Board

## Government Support Offered to the Tourism Industry

Debt Moratorium offered since April 2019 was extended for the tourism industry till September 2021.
Saubhagya COVID-19 Renaissance Loan Scheme Facility
Renewal fees waived off for SLTDA licensed establishments for one year.
Grace period of twelve months for utility payments.
Grace period of six months for vehicle lease rentals.
Provisional registration to support informal sector.
Rs. 150 billion loan schemes for affected industries including tourism
Industry was given the opportunity to convert existing accommodations to quarantine hotels and accommodate seafarers
Liquor License fee waived off for 2021

## OPERATING ENVIRONMENT

### Maldivian Tourism

Having started 2020 on a strong note with a 14.4% YoY growth in January 2020, tourist arrivals to the Maldives started declining sharply in February and March 2020 as the global pandemic started to unfold. The country closed its borders on 27 March 2020, resulting in no new tourist arrivals during the second quarter of 2020.

On 15th July 2020, Maldives borders were re-opened with strict health guidelines in place making it one of the first tourist destinations to re-open its borders with no mandatory quarantine. Since its re-opening tourist arrivals have witnessed a steady growth, making it one of the few Asian destinations to enjoy a favourable season despite the impact of the pandemic. The Maldives unique one-island-one resort concept provided a distinct advantage over other destinations in the region amidst greater demand for remote and private destinations. Consequently, although total arrivals in 2020 declined compared to 2019 due to the border closure from April to July 2020, a steady growth in tourist arrivals have been witnessed commencing August 2020. Top source markets post border reopening were India, Russia and the United Kingdom.

Tourist arrivals - Maldives		
	2020	2021
Jan	173,347	92,103
Feb	149,785	96,882
Mar	59,630	109,585
Apr	-	91,200
May	-	
Jun	-	
Jul	1,752	
Aug	7,628	
Sep	9,538	
Oct	21,515	
Nov	35,759	
Dec	96,412	

Source: Ministry of Tourism – Republic of Maldives

The positive results are expected to continue throughout 2021, with an anticipated 1.2 million tourist arrivals in 2021 as projected by the Ministry of Tourism. Outlook for the Maldives is positive as more tourists prefer remote and private beach destinations amidst rising safety and social distancing trends following the COVID-19 outbreak. During the year, Maldives received the World's Leading Destination award at the World Travel Awards 2020 further boosting its image as a post pandemic tourist destination.

The Government of Maldives continues to support efforts to attract tourists back into the country. A vaccination program for frontline workers in the tourism industry was rolled out in February 2021 as part of the Government's preparedness efforts. Meanwhile, a countdown campaign for the celebration of the year of Golden Jubilee of the Maldives tourism industry in 2022 was launched through social media together with "Maldives Border Miles" loyalty program for frequent visitors.

### Tourism in the New Normal

The COVID-19 pandemic is transforming the travel industry with several key trends expected to impact the tourism market in the short to medium term.

Growth in domestic and regional tourism	Domestic and regional tourism is expected to lead the way in the recovery journey due to persisting concerns regarding long-haul flights, travel restrictions and health protocols.
Growth in nature based tourism	Experts foresee growing demand for open-air and nature-based tourism activities in isolated locations
Growth in wellness tourism	More and more travellers are expected to opt for more intimate travel options with a focus on health and wellness
Decrease in business travel	With virtual communication becoming a norm, and companies becoming more cost conscious, business travel is expected to take a longer time to recover.
Slowing down of MICE Market growth	With most large global events such as conferences, launches, festivals, seminars, symposiums, conventions put on hold, demand for MICE travel is expected to see a slowing down.
Growth in touch-less travel and automation	Technologies such as contactless payments and check in, virtual reality tours, are also expected to drive the consumers decision making process amidst heightened safety and social distancing concerns

## CLUSTER REVIEW

### Sri Lanka Cluster

THE SRI LANKA CLUSTER RECORDED A SUBDUED PERFORMANCE WITH REVENUE DECLINING BY ALMOST 78% DUE TO PANDEMIC INDUCED TRAVEL RESTRICTIONS AND THE RESULTANT DECLINE IN OCCUPANCY RATES. DESPITE THESE SETBACKS, WE STAYED RESOLUTE, AND FOCUSED ON PREPARING FOR THE RE-OPENING OF OUR PROPERTIES IN THE NEW NORMAL.

#### Highlights



REVENUE

**RS. 955 MN**



PBT

**RS. -2,478 MN**



OCCUPANCY

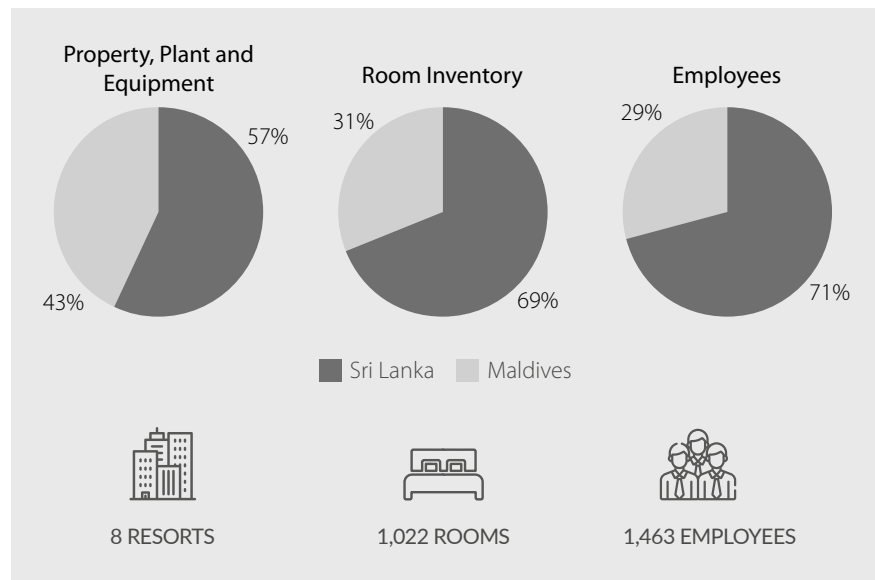
**16%**



CARBON FOOTPRINT

**7,319 tCO2e**

#### Cluster Profile

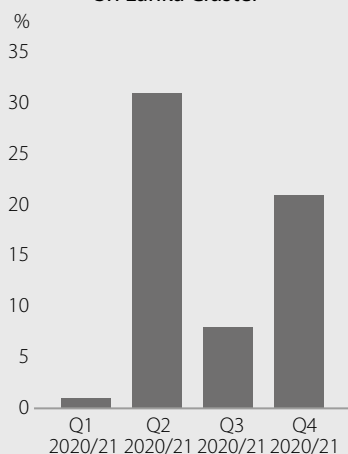


#### Way Forward

- ♦ Proposed re-opening of refurbished Hikka Tranz by Cinnamon
- ♦ Continue to explore digitisation particularly in branding and distribution channels
- ♦ Greater use of data analytics to maximise revenue
- ♦ Invest in staff development

## CLUSTER REVIEW

### Occupancy Rates- Sri Lanka Cluster



PAYMENTS TO EMPLOYEES

**RS. 992 MN**



TRAINING HOURS PROVIDED

**40,406**

### Virtual Employee Engagement

- ◆ SNAP! Online photography contest
- ◆ #CinnamonMemories Competition on Instagram

### Performance and strategic focus in FY 2020/21

With the closure of Sri Lankan airports on 18th March 2020, all our hotel and resort properties in Sri Lanka went into a hibernation mode before gradually re-opening under stringent health and safety guidelines. A phased out re-opening was implemented with Cinnamon Bey Beruwala, Cinnamon Wild Yala, Cinnamon Lodge Habarana, Cinnamon Bentota Beach, Cinnamon Citadel Kandy, and Trinco Blu by Cinnamon opening in June 2020 followed by Habarana Village by Cinnamon in July 2020.

The structural repair of Hikka Tranz by Cinnamon which commenced in April 2020, but had to be put on hold due to the island-wide lock-down re-commenced in October 2020 as mobility restrictions were lifted. The property is expected to re-open for guests in August 2021. Construction work on Cinnamon Red Kandy also re-commenced post lock-down.

Occupancy rates across our properties averaged at 16% for the year, resulting in revenue during FY 2020/21 recording a decline of 78% to Rs. 955 Mn. Occupancy rates started dwindling during the early part of 2020, but showed some recovery during Q2 of FY 2020/21 mainly on account of a pickup in domestic tourism. With the onset of the second wave of COVID-19 in October 2020, occupancy rates once again saw a sharp decline towards the latter part of 2020. The opening of the airports in Sri Lanka on 21 January 2021 under stringent health and safety protocols brought about some improvement in occupancy levels during the fourth quarter of FY 2020/21 (January to March 2021) although subdued demand conditions for international travel continue to impact occupancy levels at the Sri Lankan Resorts.

During the year, we focused on preparing for the re-opening of our properties in the new normal. Strict health protocols were implemented across all our properties through the Cinnamon Standard for Care and Cleanliness- "Cinnamon Care", resulting in Cinnamon Hotels & Resorts being one of the first hotel chains to receive the 'Safe & Secure' certification awarded by the Sri Lanka Tourism Development Authority (SLTDA). Currently two of our resorts Cinnamon Bey Beruwala and Cinnamon Bentota Beach have been certified "Safe & Secure" level 1 hotels.

We also initiated the Cinnamon Travel Pledge to recognise 2,000 healthcare heroes and invited them to a vacation at Cinnamon on free of charge basis.

Ensuring the safety and wellbeing of our 1,463 employees was a key priority during the year. We are proud to note that we retained all our permanent staff with no salary reductions for non-executive staff despite the challenging conditions. Meanwhile, we continued to provide training and development opportunities while staying engaged with our employees throughout the COVID-19 pandemic period. (Please refer our sustainability report for more details of our engagement with employees).

## Maldives Cluster

THE MALDIVIAN CLUSTER SHOWED A STEADY PICKUP IN OCCUPANCY SINCE THE COUNTRY RE-OPENED ITS BORDERS IN JULY 2020. BUOYED BY THE POSITIVE TREND IN TOURIST ARRIVALS TO THE MALDIVES, WE CONTINUED TO FOCUS ON BUILDING BRAND VALUE AND IMPROVING OUR CUSTOMER VALUE PROPOSITION BY OFFERING A SAFE AND CONVENIENT HOLIDAY EXPERIENCE FOR TOURISTS EMERGING FROM THE PANDEMIC.

### Highlights



REVENUE

**RS. 2,706 MN**



LOSS BEFORE TAX

**RS. -3,377 MN**



OCCUPANCY

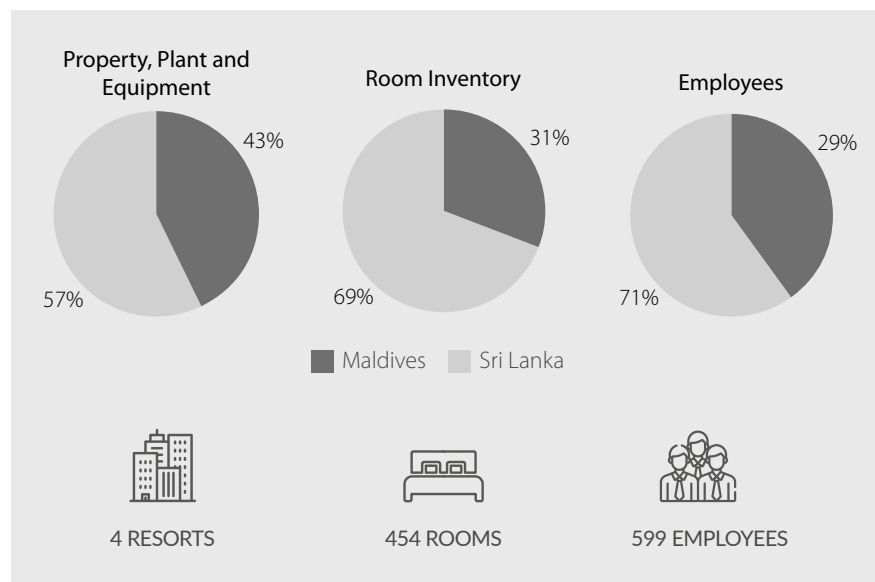
**27%**



CARBON FOOTPRINT

**6,116 tCO2e**

### Cluster Profile

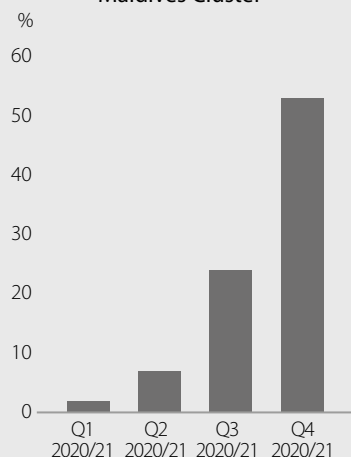


### Way Forward

- ◆ Continued focus on brand building to attract the “new normal” traveller
- ◆ Contactless services
- ◆ Staff development

## CLUSTER REVIEW

Occupancy Rates-  
Maldives Cluster



PAYMENTS TO EMPLOYEES

**RS. 1,076 MN**



TRAINING HOURS PROVIDED

**40,385**

### Virtual Employee Engagement

- ♦ SNAP! Online photography contest
- ♦ #CinnamonMemories Competition on Instagram

### Performance and strategic focus in FY 2020/21

On 30 January 2020, the World Health Organization announced that the COVID-19 outbreak is a global health emergency and followed it by declaring it as a global pandemic on 11 March 2020. The subsequent closure of borders to tourists by the Government of Maldives on 27th March 2020 led to Cinnamon Resorts in the Maldives temporarily suspending its hotel operations. The Government of Maldives re-opened its borders on 15th July 2020 and immediately thereafter Cinnamon Dhonveli Maldives and Cinnamon Velifushi Maldives re-opened for guests with new health protocols in place. This was followed by the opening of Ellaidhoo Maldives by Cinnamon in August 2020 and Cinnamon Hakuraa Huraa Maldives in October 2020.

Cinnamon Hotels & Resorts concentrated on a prudent re-opening strategy, focusing on optimising profitability amid the COVID-19 pandemic whilst ensuring the highest health and safety standards. Going above and beyond the mandatory requirements, we implemented our own health and safety standard "Cinnamon Care", to ensure the highest health and safety standards for our guests and employees. Consequently, Maldives Resorts cluster experienced a steady growth in occupancy following the re-opening of the borders.

Further to a phased-out re-opening of our Maldivian resorts, all our resorts were fully operational by Q3 (October - December 2020). With demand picking up in Q4 due to increased arrivals from Europe and Middle East, our resorts recorded an occupancy of 53% in Q4 of FY 2020/21 compared to 63% during the same period in FY 2019/20.

Overall financial performance during the year was significantly impacted by the pandemic. Despite the gradual recovery in occupancy towards the second half of the financial year, revenue during the year declined by almost 50% to Rs.

2,706 Mn, while the cluster recorded a negative EBITDA of Rs. 212 Mn compared to a positive EBITDA of Rs. 1,426 Mn in FY 2019/20. To mitigate the impact on sector profitability, we implemented a range of cost and cash management initiatives. Stringent cash flow protection plans were implemented across all properties by negotiating loan moratoriums and revision to the terms of island lease rentals. We also limited capital expenditure to essential repairs and re-negotiated our fixed asset base to better manage cash flows. Meanwhile, we secured concessionary funding and other Government support including a deferment of island lease payments for a period up to 30 June 2021.

Notwithstanding the challenges during the year, we continued to strive to offer our guests the best possible experience virtually and physically. During the early part of the pandemic, as borders remained closed for travellers, we continued to engage with our guests through innovative initiatives such as Cinnamon DiveStream Maldives, a virtual diving experience which viewers were provided with the unique opportunity to explore the stunning reefs and dive sites in Maldives. Once we were able to welcome guests back into our resorts, we ensured that guests experienced the hospitality we are renowned for in a safe and unobtrusive environment. The numerous awards and high customer ratings we received continuously during the year, is a validation of these efforts. All properties in the Maldives achieved a GRI score of over 90% which is a testimony for the excellent service provided.

## RISK MANAGEMENT

### THE GROUP REMAINED EXTRA VIGILANT IN MANAGING HEIGHTENED LEVELS OF RISKS, AS THE BUSINESS ENVIRONMENT CONTINUED TO BE UNCERTAIN AND CHALLENGING.

The establishment of a solid risk management framework that sets in place dynamic and flexible process and systems to proactively identify and mitigate risks and to protect assets from external and internal threats, is critical in driving resilience, creating value and ultimately retaining stakeholder confidence. The Group has understood this imperative and works to strengthen its control framework.

#### Risk Governance



#### Risk Management Process

The Group is guided by the John Keells Group (Parent) Sustainability and Enterprise Risk Management (ERM) division. Standardised risk management tools and techniques are used across all properties.

The risk management process is carried out through an online Enterprise Risk, Audit, and Incident Management platform that maintains a live and dynamic risk register for the Group. The system provides a comprehensive assessment of the Group's risk profile, delivering metrics that support identification and management of material issues and principal risks faster and more proactively.

Increasing complexity and uncertainty, increases the associated risk and the difficulties in risk identification and management. However, these technologies act as a potent tool in enabling the Board and management to gain access to required insights for strategic and informed decision-making.

- ◆ Managing risk is a key aspect of the Board's stewardship obligations. The Board is assisted in the discharge of duties by the Audit Committee.
- ◆ The John Keells Group Business Process Review (BPR) division together with the Outsourced Internal Auditors supports the Audit Committee in performing its assurance role through regular reviews and recommendations on the robustness of the internal control systems in place.
- ◆ Responsibility for effective execution of risk management at executive level lies with the Sector Risk Management Committee comprising of the Leisure Group President, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and functional and operational managers, fostering a high level of risk awareness across the organisation.

## RISK MANAGEMENT

Key risks are highlighted below.

### Principal Risks

Net Risk Assessment	High	Moderate	Low
	●	●	●

Risk factor	Potential impact	Mitigating actions						
1. Global Pandemic Outbreak								
<b>Description</b> International travel restrictions, imposition of travel advisories against Sri Lanka and Maldives and local travel restrictions	<ul style="list-style-type: none"><li>♦ Lower tourist arrivals places pressure on average room rates, squeezing margins and reducing profits</li></ul>	<ul style="list-style-type: none"><li>♦ Introduction of COVID-19 safety guidelines to all properties and head office.</li><li>♦ Establishment of protocols as per the Business Continuity Plans (BCP) on action to be taken in the event of an active case within a business unit.</li><li>♦ Follow latest guidance and recommendations of Government, global and local health officials on implementation of appropriate health and safety measures for staff and guests, to curb the spread of disease at Group properties.</li><li>♦ Re-assure employee and existing and potential guests of the Group’s commitment to safety and wellbeing, through a dedicated page on the Group website.</li><li>♦ Analyse the cost structure of the operational model and progress towards a variable cost base as much as possible as opposed to fixed costs</li></ul>						
<table><tr><td>Impact</td><td>High</td></tr><tr><td>Likelihood</td><td>High</td></tr><tr><td>Assessment</td><td>●</td></tr></table>	Impact	High	Likelihood	High	Assessment	●		
Impact	High							
Likelihood	High							
Assessment	●							
2. Threat from Terrorism & Civil Unrest								
<b>Description</b> Possible attacks on civilians and economic targets by terrorists may lead to civil unrest and imposition of travel advisories against Sri Lanka.	<ul style="list-style-type: none"><li>♦ Loss of Revenue due to tourists choosing alternate travel destinations.</li><li>♦ Property damage</li><li>♦ Loss of staff, guests, patrons</li></ul>	<ul style="list-style-type: none"><li>♦ Establishment of protocols as per the BCP on action to be taken in such an event.</li><li>♦ Appointment of Vigilance Officers at each location and establishment of reporting protocols</li><li>♦ Establishment of direct link with local intelligence for information on potential risks</li><li>♦ Review/implementation of Emergency Response Plans for armed intrusions/hostage handling/isolation/bomb threat.</li></ul>						
<table><tr><td>Impact</td><td>High</td></tr><tr><td>Likelihood</td><td>Medium</td></tr><tr><td>Assessment</td><td>●</td></tr></table>	Impact	High	Likelihood	Medium	Assessment	●		
Impact	High							
Likelihood	Medium							
Assessment	●							



Risk factor	Potential impact	Mitigating actions						
3. Brand Reputation Impact								
<b>Description</b> Events that could negatively affect Group's reputation and relationships with key stakeholders.	<ul style="list-style-type: none"><li>◆ Negative online guest comments</li><li>◆ Food poisoning incidents</li><li>◆ Adverse impact on brand positioning</li></ul>	<ul style="list-style-type: none"><li>◆ Training and Development of staff</li><li>◆ Conduct of Compliance Audits / Brand Audits</li><li>◆ Brand positioning, development, and marketing</li><li>◆ Establishment of a Crisis Communication Plan/ Team and Spokesperson</li></ul>						
<table><tr><td>Impact</td><td>High</td></tr><tr><td>Likelihood</td><td>Low</td></tr><tr><td>Assessment</td><td><div></div></td></tr></table>	Impact	High	Likelihood	Low	Assessment	<div></div>		
Impact	High							
Likelihood	Low							
Assessment	<div></div>							
4. Guests / Staff Health and Safety								
<b>Description</b> Events that could have an adverse impact on the health and safety of guests and employees.	<ul style="list-style-type: none"><li>◆ Disruption to business activities</li><li>◆ Loss of revenue</li><li>◆ Adverse brand reputation</li><li>◆ Potential claims and litigation</li></ul>	<ul style="list-style-type: none"><li>◆ Establishment of standard operating procedures to ensure Guest and Staff health and safety.</li><li>◆ Conduct of periodic audits and addressing of gaps identified through training.</li><li>◆ Availability of a periodically trained firefighting team and first-aid team</li><li>◆ Guidelines for client excursions and adventures</li></ul>						
<table><tr><td>Impact</td><td>Medium</td></tr><tr><td>Likelihood</td><td>Medium</td></tr><tr><td>Assessment</td><td><div></div></td></tr></table>	Impact	Medium	Likelihood	Medium	Assessment	<div></div>		
Impact	Medium							
Likelihood	Medium							
Assessment	<div></div>							
5. Technology and Data Risks								
<b>Description</b> Risk of financial loss, disruption or damage to the reputation resulting from the failure of cyber security and information technology systems.	<ul style="list-style-type: none"><li>◆ Potential loss of information assets of the Group</li><li>◆ Impact on customer privacy in the event of a potential loss event</li></ul>	<ul style="list-style-type: none"><li>◆ Well-defined cyber security incident response process addressing the pillars of device, information and user</li><li>◆ Training employees and creating staff awareness on the importance of maintaining information security and handling of sensitive information.</li><li>◆ Implementation and regular testing and verification of network protection technology</li><li>◆ Contractual binding with JKH-Group IT for BCP protocols</li></ul>						
<table><tr><td>Impact</td><td>Medium</td></tr><tr><td>Likelihood</td><td>Low</td></tr><tr><td>Assessment</td><td><div></div></td></tr></table>	Impact	Medium	Likelihood	Low	Assessment	<div></div>		
Impact	Medium							
Likelihood	Low							
Assessment	<div></div>							

## RISK MANAGEMENT

Risk factor	Potential impact	Mitigating actions
6. Retention of Skilled Employees		
<b>Description</b> Retention of skilled employees is an ongoing challenge in the hospitality industry due to employment opportunities both locally and internationally.	<ul style="list-style-type: none"><li>◆ Challenges in maintaining service quality</li><li>◆ Increased costs associated with new recruitments</li><li>◆ Impact on competitive edge and brand loyalty</li></ul>	<ul style="list-style-type: none"><li>◆ Ongoing investment in talent and competency development</li><li>◆ Strengthening rewards and benefit schemes. Periodic benchmarking is carried out against market remuneration packages</li><li>◆ Talent management and succession planning programmes for critical positions</li></ul>
Impact	Medium	
Likelihood	Low	
Assessment	<div></div>	
7. Exchange Rate		
<b>Description</b> Impact on profitability from depreciation of exchange rates	<ul style="list-style-type: none"><li>◆ Foreign exchange losses on USD loans and other foreign currency based transactions</li></ul>	<ul style="list-style-type: none"><li>◆ Regular monitoring of fluctuations in exchange rates and hedging the exposure by matching foreign currency earnings and payments</li><li>◆ Inclusion of terms in third party agreements to mitigate foreign currency exposure</li></ul>
Impact	Low	
Likelihood	Medium	
Assessment	<div></div>	
8. Liquidity Risk		
<b>Description</b> Potential Liquidity constraints arising from operational losses	<ul style="list-style-type: none"><li>◆ Inability to make operational payments</li></ul>	<ul style="list-style-type: none"><li>◆ Regular review of cash flow forecasts and obtaining funding on a timely manner</li><li>◆ Obtaining debt moratoriums offered by the Central Bank of Sri Lanka and deferment of Island rent payments in Maldives as COVID-19 relief</li><li>◆ Strategies in place to improve business volumes, operational efficiencies and margins</li><li>◆ Organisation wide cost reduction initiatives to improve margins and cash flows</li></ul>
Impact	Medium	
Likelihood	Low	
Assessment	<div></div>	
9. Credit Risk		
<b>Description</b> Risk of default from customers in settling their payments	<ul style="list-style-type: none"><li>◆ Negative impact on cash flows</li></ul>	<ul style="list-style-type: none"><li>◆ Stringent credit policy in place</li><li>◆ Evaluation of customer credit worthiness</li><li>◆ Obtaining periodic confirmation of outstanding balances</li><li>◆ Regular follow-up on debtors</li><li>◆ Weekly debtors meetings with management</li></ul>
Impact	Medium	
Likelihood	Low	
Assessment	<div></div>	

Risk factor	Potential impact	Mitigating actions						
10. Natural Disaster and Fire								
<b>Description</b> Risk of Tsunami/Cyclone/Flooding/ Fire	<ul style="list-style-type: none"><li>♦ Loss of life, injury or destruction and damage to property</li></ul>	<ul style="list-style-type: none"><li>♦ Business Continuity Plans including alternate working arrangements and emergency response plans</li><li>♦ Conduct of Business Process Recovery drills, fire drills and training</li><li>♦ Agile Work Environment</li><li>♦ Insurance coverage for physical damage of properties</li><li>♦ Implementation of safety guidelines based on international best practices including requirements for emergency evacuation</li></ul>						
<table><tr><td>Impact</td><td>High</td></tr><tr><td>Likelihood</td><td>Low</td></tr><tr><td>Assessment</td><td>●</td></tr></table>	Impact	High	Likelihood	Low	Assessment	●		
Impact	High							
Likelihood	Low							
Assessment	●							
11. Implications of Climate Change and Plastic Pollution								
<b>Description</b> Implications include decline of eco-systems, increases in temperature, decline in biodiversity and increase in natural disasters.	<ul style="list-style-type: none"><li>♦ Potential negative impact to Sri Lanka's and Maldives attractiveness as a travel destination affecting generation of revenue from owned resorts.</li></ul>	<ul style="list-style-type: none"><li>♦ Promoting ongoing efforts to reduce the consumption of natural resources, and single-use plastics.</li><li>♦ Setting up standards, trainings and monitoring range of environmental indicators including water, energy, waste and carbon footprint</li><li>♦ Consider long term climate change impacts in evaluating expansion plans</li><li>♦ Promoting awareness among key stakeholders on sustainable operations</li></ul>						
<table><tr><td>Impact</td><td>Medium</td></tr><tr><td>Likelihood</td><td>Low</td></tr><tr><td>Assessment</td><td>●</td></tr></table>	Impact	Medium	Likelihood	Low	Assessment	●		
Impact	Medium							
Likelihood	Low							
Assessment	●							

## INVESTOR INFORMATION

### Distribution of Shareholders

There were 6,788 registered shareholders as at 31st March 2021 (6,488 as at 31st March 2020) distributed as follows:-

No. of Shares held	As at 31st March 2021				As at 31st March 2020			
	No. of Shareholders	%	No. of Shares held	%	No. of Shareholders	%	No. of Shares held	%
1 to 1,000	3,691	54.38	1,354,099	0.09	3,541	54.58	1,310,513	0.09
1,001 to 10,000	2,110	31.08	8,402,576	0.58	1,998	30.80	7,822,836	0.54
10,001 to 100,000	820	12.08	25,434,927	1.75	784	12.08	23,945,640	1.64
100,001 to 1,000,000	138	2.03	40,618,720	2.79	142	2.19	39,322,601	2.70
Over 1,000,001	29	0.43	1,380,336,458	94.79	23	0.35	1,383,745,190	95.03
<b>Total</b>	<b>6,788</b>	<b>100.00</b>	<b>1,456,146,780</b>	<b>100.00</b>	<b>6,488</b>	<b>100.00</b>	<b>1,456,146,780</b>	<b>100.00</b>

### Composition of Shareholders

	As at 31st March 2021			As at 31st March 2020		
	No. of Shareholders	No. of Shares held	%	No. of Shareholders	No. of Shares held	%
John Keells Holdings PLC	1	1,169,598,478	80.32	1	1,169,598,478	80.32
Directors & Spouses	-	-	-	-	-	-
<b>Public - Resident</b>						
Institutions	225	173,258,488	11.90	238	165,280,482	11.36
Individuals	6,488	82,796,719	5.69	6,172	92,217,939	6.33
<b>Public - Non Resident</b>						
Institutions	7	20,810,441	1.43	6	18,810,441	1.29
Individuals	67	9,682,654	0.66	71	10,239,440	0.70
<b>Total</b>	<b>6,788</b>	<b>1,456,146,780</b>	<b>100.00</b>	<b>6,488</b>	<b>1,456,146,780</b>	<b>100.00</b>

The percentage of the shares of the Company held by the Public as at 31st March 2021 was 19.68% (2020 - 19.68%).

### Directors and Spouses Shareholdings

	31 March 2021	31 March 2020
Mr. K N J Balendra - Chairman	Nil	Nil
Mr. J G A Cooray	Nil	Nil
Mr. J R Gunaratne (resigned w.e.f. 31 December 2020)	N/A	Nil
Mr. S Rajendra (appointed w.e.f. 01 January 2021)	Nil	N/A
Mr. M R Svensson (appointed w.e.f. 01 January 2021)	Nil	N/A
Mr. J E P Kehelpannala	Nil	Nil
Mr. M H Singhawansa	Nil	Nil
Mr. T L F W Jayasekara	Nil	Nil
Ms. A K Moonesinghe	Nil	Nil
Dr. K Gunasekera	Nil	Nil

**Market Information on Ordinary Shares of the Company**

	2020/21	Date	2019/20	Date
<b>SHARE INFORMATION</b>				
Highest Price (Rs.)	12.60	08-12-2020	12.90	02-12-2019
Lowest Price (Rs.)	5.60	12-05-2020	6.60	20-03-2020
As at period end (Rs.)	9.50	19-03-2021	6.70	20-03-2020
<b>TRADING STATISTICS</b>				
Number of Transactions	14,213		5,498	
Number of Shares Traded	62,786,421		41,208,693	
% of Total Shares in Issue	4.31		2.83	
Value of all Shares Traded (Rs.)	593,397,364		371,957,365	
Average Daily Turnover (Rs.)	2,709,577		1,653,144	
Market Capitalisation (Rs.)	13,833,394,410		9,756,183,426	
Float Adjusted Market Capitalisation (Rs.)	2,722,208,869		1,919,873,623	

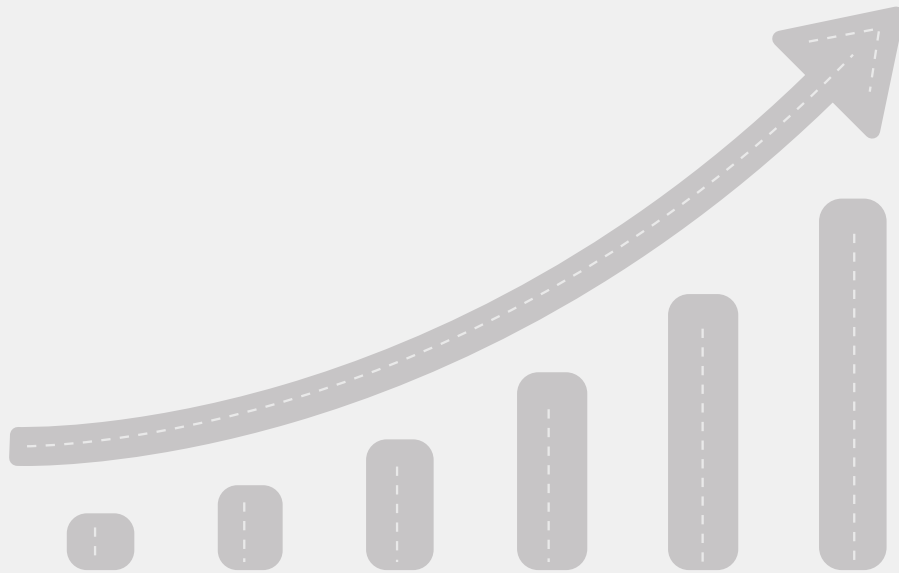
**Top Twenty Shareholders of the Company**

Name of the shareholder	31st March 2021		31st March 2020	
	No. of Shares	%	No. of Shares	%
JOHN KEELLS HOLDINGS PLC	1,169,598,478	80.32	1,169,598,478	80.32
EMPLOYEE'S PROVIDENT FUND	78,474,454	5.39	78,474,454	5.39
SRI LANKA INSURANCE CORPORATION LTD-LIFE FUND	53,655,250	3.68	53,655,250	3.68
CITIBANK NEWYORK S/A NORGES BANK ACCOUNT 2	17,380,056	1.19	17,380,056	1.19
MR. R. S. CAPTAIN	8,819,179	0.61	23,099,913	1.59
MRS. J. M. BLACKLER	6,514,760	0.45	6,514,760	0.45
MERCANTILE FORTUNES (PRIVATE) LIMITED	3,800,000	0.26	3,800,000	0.26
SEYLAN BANK PLC - A/C NO. 3	3,326,811	0.23	3,326,811	0.23
DFCC BANK PLC A/C 1	3,000,000	0.21	-	-
BANK OF CEYLON-NO. 2 A/C (BOC PTF)	2,725,266	0.19	2,725,266	0.19
MR R.T. JINASENA	2,516,765	0.17	2,516,765	0.17
MR. T. R. JINASENA	2,351,568	0.16	2,351,568	0.16
MR. K. D. A. PERERA	2,225,027	0.15	2,044,600	0.14
NATIONAL SAVINGS BANK	2,011,205	0.14	2,011,205	0.14
AFC UMBRELLA FUND -AFC ASIA FRONTIER FUND	2,000,000	0.14	-	-
MR. U. G. MADANAYAKE	2,000,000	0.14	2,000,000	0.14
UNION ASSURANCE PLC-UNIVERSAL LIFE FUND	1,939,088	0.13	-	-
MERRILL J FERNANDO & SONS (PVT) LIMITED	1,911,573	0.13	1,911,573	0.13
E.W. BALASURIYA & CO. (PVT) LTD	1,851,626	0.13	1,851,626	0.13
NDB CAPITAL HOLDINGS PLC	1,687,500	0.12	-	-
	1,367,788,606	93.94	1,373,262,325	94.31
Shares held by balance shareholders	88,358,174	6.06	82,884,455	5.69
TOTAL	1,456,146,780	100.00	1,456,146,780	100.00



sustaining our progress with

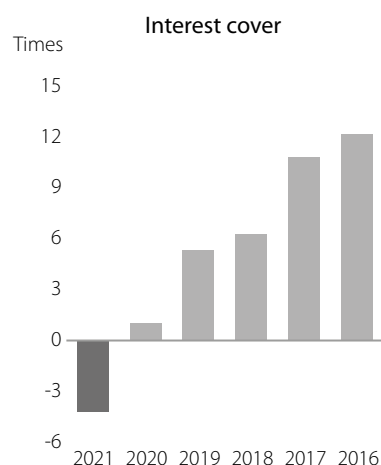
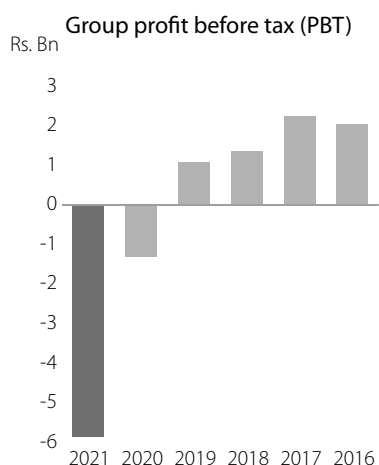
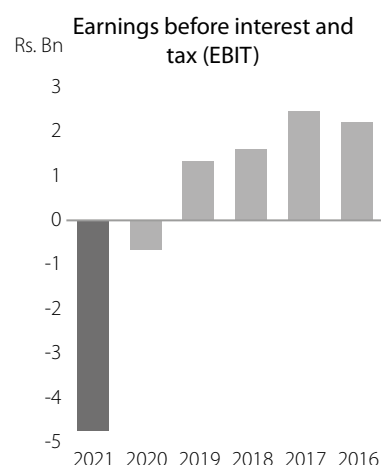
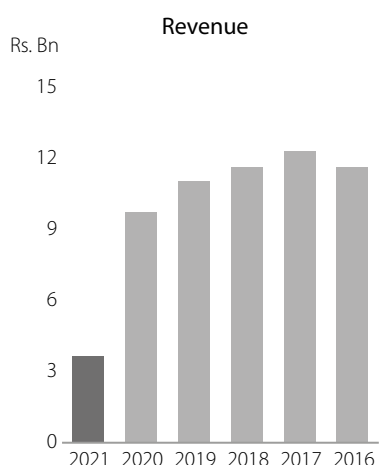
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FINANCIAL INFORMATION

## FINANCIAL CALENDAR

Year ended 31 March	2021	2020
Audited Financial Statements signed on	13 May 2021	21 May 2020
Annual General Meeting	To be notified	26 June 2020
Interim Financial Statements		
1st Quarter Interim Results released on	27 July 2020	23 July 2019
2nd Quarter Interim Results released on	29 October 2020	23 October 2019
3rd Quarter Interim Results released on	22 January 2021	27 January 2020
4th Quarter Interim Results released on	17 May 2021	21 May 2020





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Statement of Cash Flows  
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- 8 Basis of consolidation
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# ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Directors have pleasure in presenting the 42nd Annual Report (6th Integrated Annual Report) of John Keells Hotels PLC ("Company") together with the Audited Financial Statements of the Company and the Consolidated Financial Statements of John Keells Hotels PLC and its Subsidiaries ("Hotels Group") for the year ended 31 March 2021.

The Company was incorporated as a Limited Liability Company in 1979 under the name Keells Hotels Limited. The Company was listed on the Colombo Stock Exchange (CSE) in 2004 as John Keells Hotels PLC. Pursuant to the requirements of the Companies Act, the Company was re-registered and obtained a new Company number PQ 8 in 2007.

## CORPORATE CONDUCT AND THE VISION OF THE COMPANY

The business activities of the Company and the Hotels Group are conducted in accordance with the highest levels of ethical standards to achieve the vision - "We Will Always Be The Hospitality Trendsetter".

## PRINCIPAL ACTIVITIES

The principal activity of the Company, which is investment, remained unchanged. The principal activities of its subsidiaries, which is hoteliering, also remained unchanged.

## ULTIMATE PARENT

The Company's ultimate Parent and controlling entity is John Keells Holdings PLC (JKH), a company incorporated in Sri Lanka.

## REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The financial and operational performance, during the year ended 31 March 2021 and future business development of the Company and Hotels Group, is provided in the Chairman's Review and the Management Discussion and Analysis.

These reports, which form an integral part of this Annual Report of the Board of Directors, together with the Audited Financial Statements, reflect the state of affairs of the Company and the Hotels Group.

## CORPORATE GOVERNANCE

### Chairman's declaration

The Chairman declares that there were no departures from any of the provisions of the Code of Business Conduct and Ethics.

### Directors' declarations

The Directors declare that;

- a) the Company and its subsidiaries have complied with all applicable laws and regulations in conducting its business.
- b) they have declared all material interests in contracts involving the Company and its subsidiaries and refrained from voting on matters in which they were materially interested.
- c) the Company has made all endeavours to ensure the equitable treatment of shareholders.
- d) the business is a going concern with supporting assumptions or qualification as necessary, and
- e) they have conducted a review of internal control covering financial, operational and compliance controls and risk management and have obtained a reasonable assurance of their effectiveness and successful adherence therewith.
- f) the Company has a Code of Business Conduct and Ethics for Directors and members of the senior management team and that all Directors and members of the senior management team have complied with this Code.
- g) The Company being listed on the CSE, is compliant with the rules on Corporate Governance under the Listing Rules of the CSE with regard to the composition of the Board and its Sub-Committees.

- h) The Company is fully compliant with the Code of Best Practice on Corporate Governance (2013) jointly issued by the Securities and Exchange Commission of Sri Lanka (SEC) and the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). The Company is almost fully compliant with the 2017 Code of Best Practice on Corporate Governance issued by the CA Sri Lanka to the extent of business exigency and as required by the Hotels Group.

### Board Evaluation

The Board conducted its annual Board performance appraisal for the financial year 2020/21. This formalised process of individual appraisal enabled each member to self-appraise, on an anonymous basis, the performance of the Board under the areas of:

- ◆ Role clarity and effective discharge of responsibilities
- ◆ People mix and structures
- ◆ Systems and procedures
- ◆ Quality of participation
- ◆ Board image

The scoring and open comments are collated by an independent Director, and the results are analysed to give the Board an indication of its effectiveness as well as areas that require addressing and/or strengthening. Despite the original anonymity of the remarks, the open and frank discussions that follow include some Directors identifying themselves as the person making the remark, reflecting the openness of the Board. This process has led to an improvement in the Board dynamics and its effectiveness.

The Corporate Governance practices of the Company are described on pages 25 to 38 of this Annual Report.

## HUMAN RESOURCES

The Company continued to implement appropriate human resource management policies to develop employees and optimise their contribution towards the achievement of corporate objectives. The policies and procedures ensure the equitable treatment of all employees. There were no material issues pertaining to employees and industrial relations during the year under review.

## SYSTEM OF INTERNAL CONTROL

The Board has acknowledged their responsibility for the system of internal controls of the Company and its subsidiaries and has implemented an effective and comprehensive system of internal controls, which provide reasonable but not absolute assurance that assets are safeguarded and that the financial reporting system may be relied upon in the preparation of the Financial Statements. The Audit Committee receives and acts upon reports on the results of internal control reviews carried out by Outsourced Internal Auditors.

## RISK MANAGEMENT

The Board confirms that there is an ongoing process for identifying, evaluating, managing, and mitigating any significant risks faced by the Company, that financial, operational and compliance controls have been reviewed. Risk assessment and evaluation for the Company takes place as an integral part of the business and the Board Audit Committee reviews the principal risks and mitigating actions in place regularly. The Board, through the involvement of the Group Business Process Review (BPR) division takes steps to gain assurance on the effectiveness of control systems in place. The Head of Group BPR division has direct access to the Chairman of the Audit Committee. Foreseeable risks that may materially impact the business are disclosed in the Chairman's Review on pages 16 to 19 and Risk Management practices on pages 61 to 65 of this Annual Report.

## COMPLIANCE WITH LAWS AND REGULATIONS

The Board has received assurance from the Board Audit Committee and confirms that the Company has complied with all applicable laws, rules, and regulations in the territories in which it operates.

## GOING CONCERN

The Board of Directors, after considering the financial position, operating conditions, regulatory and other factors, and such matters required to be addressed in the Code of Best Practice on Corporate Governance (2013) issued jointly by the SEC and CA Sri Lanka, have a reasonable expectation that the Company, its subsidiaries possess adequate resources to continue in operation for the foreseeable future. For this reason, they continue to adopt the Going Concern basis in preparing the Financial Statements.

## IMPACT OF COVID-19

In determining the basis of preparing the financial statements for the year ended 31 March 2021, based on available information, the management has assessed the prevailing and anticipated effects of COVID-19 on the Hotels Group and the appropriateness of the use of the going concern basis. It is the view of the management that there are no material uncertainties that may cast significant doubt on the Hotels Groups' ability to continue to operate as going concern, due to the improved operating environment despite the ongoing effects of the pandemic and the operationalisation of risk mitigation initiatives and continuous monitoring of business continuity and response plans at each business unit along with the financial strength of the Group. The management have formed judgement that the Company, its subsidiaries, associates and joint ventures have adequate resources to continue in operational existence for the foreseeable future and continue to adopt

the going concern basis in preparing and presenting these financial statements. The Group continued to place emphasis on ensuring that cash and undrawn committed facilities are sufficient to meet the short, medium and long-term funding requirements, unforeseen obligations as well as unanticipated opportunities.

## DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors are responsible for the preparation of the Financial Statements so that they present a true and fair view of the state of affairs of the Company. The Directors are of the view that these Financial Statements have been prepared in conformity with the requirements of the Companies Act No. 7 of 2007, the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, the Listing Rules of the CSE and the Code of Best Practice on Corporate Governance (2013) issued jointly by the SEC and CA Sri Lanka. The Statement of Directors' Responsibility for financial reporting is given on page 79 and forms an integral part of this Annual Report of the Board of Directors.

## REVENUE

The revenue of the Hotels Group from its operations amounted to Rs. 3,661 Mn (2019/20 - Rs. 9,712 Mn). Revenue contribution to the Hotels Group from different geographical segments is provided in Note 7.1 to the Financial Statements.

## FINANCIAL RESULTS

The Company recorded a loss after tax of Rs. 52 Mn (2019/20 - profit after tax of Rs. 178 Mn), while the Group recorded a consolidated net loss after tax of Rs. 5,120 Mn (2019/20 - Rs. 1,201 Mn) for the year under review. A synopsis of the Company's and Group's performance is presented below:

## ANNUAL REPORT OF THE BOARD OF DIRECTORS

For the year ended 31 March In Rs. 000	Group		Company	
	2021	2020	2021	2020
After making provision for doubtful debts, all known liabilities and depreciation on property, plant and equipment, the profit / (loss) earned before interest was	(4,730,494)	(653,853)	344	203,289
Interest expense during the year was	(1,124,063)	(653,104)	(52,600)	(38,190)
Profit / (Loss) before tax was	(5,854,557)	(1,306,957)	(52,256)	165,099
From which was (deducted) / reversed the provision for taxation, including the deferred taxation of	734,749	105,565	(2)	12,450
Leaving a net profit / (loss) after tax of	(5,119,808)	(1,201,392)	(52,258)	177,549
The profit/ (loss) attributable to the non-controlling interest was	(23,627)	(824)	-	-
The profit/ (loss) attributable to the Company and the Group was therefore	(5,096,181)	(1,200,568)	(52,258)	177,549
When the balance brought forward from the previous year was added	8,523,704	9,695,525	3,347,642	3,170,093
The amount available for appropriation was	3,427,523	8,494,957	3,295,384	3,347,642
Other adjustments	(355)	28,747	-	-
Dividend paid during the year	-	-	-	-
Leaving a balance to be carried forward to the next year of	3,427,168	8,523,704	3,295,384	3,347,642

### DIVIDENDS

There was no dividend paid for the financial year ended 31 March 2021.

However, if a dividend is declared, it is preceded by a confirmation from the Board of Directors that the Company will satisfy the requirements of Section 56 (2) of the Companies Act No. 7 of 2007, and that it will also satisfy the solvency test in accordance with Section 57 of the Companies Act No. 7 of 2007. The Board will also obtain a certificate from the Auditors, prior to recommending the dividend.

### PROVISION FOR TAXATION

The details of the tax provision of the Group is disclosed in Note 18 to the Financial Statements.

### INDEPENDENT AUDITORS' REPORT

The independent Auditors' Report on the Financial Statements is given on page 80 of this Annual Report.

### PROPERTY, PLANT AND EQUIPMENT

The book value of property, plant, and equipment as at the reporting date amounted to Rs. 27,108 Mn (2020 - Rs. 26,692 Mn) for the Group. Capital expenditure for the Group amounted to Rs. 1,400 Mn (2019/20 - Rs. 9,580 Mn). Details of property, plant and equipment and their movements are given in Note 21 to the Financial Statements.

### MARKET VALUE OF PROPERTIES

Freehold land and buildings of the Group are subject to routine revaluation by independent qualified valuers. The most recent valuation in respect of Group was carried out as at 31 December 2020. Details of property valuations, including the valuation method and effective date of these valuations are provided in Note 21 and 23 to the Financial Statements.

### INVESTMENTS

The details of investments held by the Company and the Hotels Group as at 31 March 2021, are given in Notes 25, 26, and 27 to the Financial Statements.

### IMPAIRMENT ASSESSMENT

The Board of Directors has evaluated impairment loss in relation to property, plant, and equipment, intangible assets and investments.

### STATED CAPITAL

The total Stated Capital of the Company as at 31 March 2021 stood at Rs. 9,500.2 Mn (2020 - Rs. 9,500.2 Mn) divided into 1,456,146,780 Ordinary Shares (2020- 1,456,146,780 Ordinary Shares).

### RESERVES

The movement in Other Components of Equity and Revenue Reserves of the Company, its subsidiaries, joint ventures and associates are shown in the Statement of Changes in Equity on page 86 of this Report.

### SEGMENT REPORTING

Geographical segment-wise contribution to the Hotels Group revenue, results, assets, and liabilities is provided in Note 7 to the Financial Statements.

## SHARE INFORMATION AND SHAREHOLDINGS

The market value of an Ordinary Share of the Company as at 31 March 2021 was Rs. 9.50 (31 March 2020 - Rs. 6.70). Information relating to earnings, dividends, net assets, and market value per share is given in page 15 of this Report. The number of shareholders as at 31 March 2021 was 6,788 (31 March 2020- 6,488). An analysis of shareholders based on shares held, the distribution of ownership and details of share transactions during the year are provided on pages 66 to 67 of this Annual Report. The list of top twenty shareholders of the Company as at 31 March 2021 is also provided on page 66 of this Annual Report.

## FLOAT ADJUSTED MARKET CAPITALISATION

As at 31 March 2021, Company had a float adjusted market capitalisation of Rs. 2,722 Mn and 6,787 public shareholders (19.68% public shareholdings). Therefore, the Company is compliant under option 01 of the minimum threshold requirements for the Diri Savi Board of the CSE, as per section 7.6 of the Listing Rules of the CSE.

## EQUITABLE TREATMENT TO ALL SHAREHOLDERS

The Company has made every endeavour to ensure the equitable treatment of all shareholders and has adopted adequate measures to prevent information asymmetry.

## INFORMATION TO SHAREHOLDERS

The Board strives to be transparent and provide accurate information to shareholders in all published material. The quarterly financial information during the year has been sent to the CSE in a timely manner.

## DIRECTORS

The Board of Directors of the Company as at 31 March 2021 and their brief profiles are given on pages 22-24 of this Report. The Board of the Company is comprised of Non-Executive Directors, three of whom are independent.

Mr J R Gunaratne resigned from the Board of the Company with effect from 31 December 2020.

Mr S Rajendra and Mr M R Svensson were appointed to the Board of the Company with effect from 01 January 2021.

In accordance with Article 90 of the Articles of Association of the Company, Mr S Rajendra and Mr M R Svensson will retire and both being eligible will offer themselves for re-election at the Annual General Meeting. Brief profiles of the said Directors are contained in page 22-24 of this Annual Report.

In accordance with Article 83 of the Articles of Association of the Company, Mr T L F W Jayasekara and Ms A K Moonesinghe retire by rotation and being eligible will offer themselves for re-election at the Annual General Meeting. A brief profile of the said Directors are contained in page 22-24 of this Annual Report.

## RESPONSIBILITIES OF THE BOARD

Details of responsibilities of the Board and the manner in which those responsibilities were discharged during the year are disclosed in the Corporate Governance section of this Annual Report.

## BOARD SUB-COMMITTEES

### Audit Committee

The following Independent Non-Executive Directors of the Board served on the Audit Committee during the financial year ended 31 March 2021:

Mr T L F W Jayasekara - Chairman

Dr K A Gunasekera

Ms A K Moonesinghe

The Audit Committee reviewed the type and quantum of services provided by the external Auditors to the Hotels Group to ensure that their independence as Auditors has not been impaired. The Report of the Audit Committee is given on page 39 of this Annual Report.

## Human Resources and Compensation Committee

As permitted by the Listing Rules of the CSE, the Human Resources and Compensation Committee of JKH, the Parent Company of John Keells Hotels PLC, functions as the Human Resources and Compensation Committee of the Company.

The Human Resources and Compensation Committee of JKH comprises of three Independent Non-Executive Directors:

Mr D A Cabraal - Chairman

Mr M A Omar

Dr S S H Wijayasuriya

The Report of the Human Resources and Compensation Committee and the remuneration policy of the Company are detailed in the Corporate Governance Report on page 41 of this Annual Report.

## Nominations Committee

Nominations Committee of the Parent Company JKH functions as the Nominations Committee of the Company and conforms to the requirements of the Listing Rules of the CSE.

The report, mandate and the scope of the Nominations Committee is set out in page 42 of this Annual Report.

The Nominations Committee members of the parent company JKH, are as follows;

Mr M A Omar - Chairman

Ms M P Perera

Dr S S H Wijayasuriya

Mr K N J Balendra

## ANNUAL REPORT OF THE BOARD OF DIRECTORS

### Related Party Transactions Review Committee

Related Party Transactions Review Committee of the Parent Company JKH, as permitted by the listing rules of the CSE, functions as Related Party Transactions Review Committee of the Company and conforms to the requirements of the Listing Rules of the CSE.

The Related Party Transactions Review Committee members of the parent company JKH, are as follows;

Ms M P Perera – Chairperson

Mr A N Fonseka

Mr D A Cabraal

The report, mandate and the scope of the Related Party Transactions Review Committee is set out on page 43 of this Annual Report.

### Project Risk Assessment Committee

The Project Risk Assessment Committee of the parent company, JKH, functions as the Project Risk Assessment Committee of the Company and its subsidiaries. The Project Risk Assessment committee members of the parent company are as follows;

Dr S S H Wijayasuriya - Chairman

Mr K N J Balendra

Mr J G A Cooray

Ms M P Perera

### DIRECTORS' SHAREHOLDINGS

The shares held by Directors and their spouses in the Company as at 31 March 2021 and 2020 are as follows:

	31-Mar-21	31-Mar-20
Mr K N J Balendra - Chairman	Nil	Nil
Mr J G A Cooray	Nil	Nil
Mr J R Gunaratne (resigned w.e.f. 31 December 2020)	N/A	Nil
Mr S Rajendra (appointed w.e.f. 01 January 2021)	Nil	N/A
Mr M R Svensson (appointed w.e.f. 01 January 2021)	Nil	N/A
Mr J E P Kehelpannala	Nil	Nil
Mr M H Singhawansa	Nil	Nil
Mr T L F W Jayasekara	Nil	Nil
Ms A K Moonesinghe	Nil	Nil
Dr K Gunasekera	Nil	Nil

The shares held by Directors and their spouses in the Group companies as at 31 March 2021 and 31 March 2020 are as follows:

	31-Mar-21	31-Mar-20
<b>International Tourists &amp; Hoteliers Ltd</b>		
Mr J E P Kehelpannala	150	150

### INTERESTS REGISTER

The Company has maintained an Interests Register as contemplated by the Companies Act No. 7 of 2007. In compliance with the requirements of the Companies Act No. 7 of 2007, this Annual Report also contains particulars of entries made in the interest registers of subsidiaries and joint ventures which are Public Companies or Private Companies which have not dispensed with the requirement to maintain an interests register as permitted by Section 30 of the Companies Act No. 7 of 2007. The Interests Register is available at the Registered office of the Company in keeping with the requirement of the Section 119 (1) (d) of the Companies Act No. 07 of 2007.

Particulars of entries in the Interests Register for the Financial Year 2020/21 are as follows.

#### a. Directors Interests in Contracts

All the Directors have made a general disclosure to the Board of Directors as permitted by Section 192 (2) of the Companies Act No. 7 of 2007 and no additional interests have been disclosed by any Director.

#### b. Share Dealings

There have been no disclosures of share dealings as at 31 March 2021.

#### c. Indemnities and Directors' Remuneration

Details of the remuneration and other benefits received by the Directors of the Company, its subsidiaries and joint ventures are set out in Note 17 to the Financial Statements. While any Executive Directors' remuneration is determined by the Human Resources and Compensation Committee of JKH, the parent company, the remuneration of the Non-Executive Directors is determined according to scales of payment decided upon by the Board. The Directors are of the opinion that the framework assures appropriateness of remuneration and fairness for the Company.



Mr S Rajendra and Mr M R Svensson were appointed as Non-Executive Non-Independent Directors of the Company with effect from 1st January 2021 at the standard Non-Executive Fees approved by the Board of Directors, which fees are commensurate with the market and complexities of the business of the Company.

### DIRECTORS MEETINGS

Details of the meetings of the Directors are given on page 32.

### EMPLOYMENT

The Company has an equal opportunity policy and these principles are adhered in specific selection, training, development, and promotion policies, ensuring that all decisions are based on merit. The Group practices equality of opportunity for all employees irrespective of ethnic origin, religion, political opinion, gender, marital status, or physical disability. There were no material issues pertaining to employees and industrial relations in the year under review. The number of persons employed by the Group as at 31 March 2021 was 2,062 (2020 - 2,533).

### EMPLOYEE SHARE OPTION SCHEME (ESOP)

The Company does not offer its shares under an ESOP Scheme. The ESOP Scheme made available to the Senior Executives of the Company is from the parent company, JKH. The Company has not directly or indirectly provided funds to its employees to purchase shares under ESOP Scheme.

### STATUTORY PAYMENTS

The Directors, to the best of their knowledge, are satisfied that all statutory payments in relation to the Government and the employees have been either duly paid or appropriately provided for. The income tax position of the Company and its subsidiaries are disclosed in Note 18 to the Financial Statements.

### OUTSTANDING LITIGATION

In the opinion of the Directors and in consultation within the Company Lawyers, litigation currently pending against the Company will not have a material impact on the reported financial results or future operations of the Company.

### SUPPLIER POLICY

The Company applies an overall policy of agreeing and clearly communicating terms of payment as part of the commercial agreements negotiated with suppliers and endeavours to pay for all items properly charged in accordance with these agreed terms. As at 31 March 2021, the trade and other payable of the Group amounted to Rs. 1,133 Mn (2020 - Rs. 1,431 Mn) and for the Company amounted to Rs. 10 Mn (2020 - Rs. 14 Mn).

### SUSTAINABILITY REPORTING

The Group is conscious of the impact, direct and indirect, on the environment due to its business activities. Every endeavour is made to minimise the adverse effects on the environment to ensure sustainable continuity of our natural resources.

### DONATIONS

Total donations made by the Group during the year amounted to Rs. 1 Mn (2019/20 - Rs. 6.8 Mn). The amount includes contributions on account of Corporate Social Responsibility (CSR) initiatives for which the Group donated Rs. 96,030/- (2019/20 - Rs. 3,184,331/-). The John Keells Social Responsibility Foundation, which operates with funds contributed by each of the companies in the Group, handles most of the Group's CSR initiatives and activities. The Foundation manages a range of programs that underpin its key principle of acting responsibly in all areas of business to bring about sustainable development. In quantifying the Group's contribution to charities no

account has been taken of 'in-house' costs or management time. Donations made by Subsidiaries of the Company were as follows: Ceylon Holiday Resorts Ltd - Rs. 4,500/- (2019/20 - Rs. 486,223/-), Habarana Lodge Ltd - Rs. 42,160/- (2019/20 - Rs. 534,147/-), Habarana Walk Inn Ltd - Rs. 17,401/- (2019/20 - Rs. 371,601/-), Kandy Walk Inn Ltd - Rs. 14,330/- (2019/20 - Rs. 111,409/-), Trinco Holiday Resorts (Pvt) Ltd - Rs. 53,517/- (2019/20 - Rs. 447,556/-), Hikkaduwa Holiday Resorts (Pvt) Ltd - Rs. 209,677/- (2019/20 - Rs. 540,564/-), Yala Village (Pvt) Ltd - Rs. 169,981/- (2019/20 - Rs. 1,309,787/-), Beruwala Holiday Resorts (Pvt) Ltd - Rs. 35,447/- (2019/20 - Rs. 215,670/-), Travel Club (Pte) Ltd - Nil (2019/20 - Rs. 867,887/-), Fantasea World Investments (Pte) Ltd - Nil (2019/20 - Rs. 621,684/-) and Tranquility (Pte) Ltd - Rs. 507,608/- (2019/20 - Rs. 1,316,334/-).

### AUDITORS

The Audit Committee reviews the appointment of the Auditors, their effectiveness, independence, and relationship with the Company, including the level of audit. As far as the Directors are aware, the Auditors, Messrs. Ernst & Young, Chartered Accountants, do not have any relationship or interest in the Company, its subsidiaries, associates or joint ventures.

Messrs. Ernst & Young, Chartered Accountants have indicated their willingness to continue as Auditors of the Company, and accordingly, a resolution proposing their reappointment as Auditors will be proposed at the Annual General Meeting. Details of the Audit Fees paid to the Auditors are set out in Note 17 to the Financial Statements of this Report. Further details of the work of the Auditor and the Audit Committee are set out in the Audit Committee Report on pages 39-40.

## ANNUAL REPORT OF THE BOARD OF DIRECTORS

### ANNUAL REPORT

The audited consolidated Financial Statements for the financial year ended 31 March 2021 were approved for issue by the Board of Directors on 13 May 2021. The appropriate number of copies of this Report will be submitted to the CSE and to the Sri Lanka Accounting and Auditing Standards Monitoring Board as required.

### ANNUAL GENERAL MEETING

The Board of Directors is closely monitoring the ongoing developments in the country due to the COVID-19 pandemic and the resultant directives issued by the regulatory authorities. Given the unprecedented nature of these events and the fact that the health and well-being of all meeting attendees is of paramount importance, the date, venue of the Annual General Meeting and the business to be transacted in terms of the agenda of the Meeting, will be notified to Shareholders in due course.



K N J Balendra  
Chairman



J G A Cooray  
Director

By Order of the Board



Keells Consultants (Private) Limited  
Secretaries

13 May 2021



## STATEMENT OF DIRECTORS' RESPONSIBILITY

The responsibility of the Directors, in relation to the Financial Statements of John Keells Hotels PLC (Company) and the Consolidated Financial Statements of the Company and its subsidiaries is set out in this Statement. This Statement of Directors' Responsibility is to be read in conjunction with the Report of the Auditors and is made to distinguish the respective responsibilities of the Directors and of the Auditors in relation to the Financial Statements contained in this Annual Report.

The financial statements are comprised of:

- ♦ Income statement and Statement of comprehensive income of the Company and its subsidiaries, which present a true and fair view of the profit and loss of the Company and its subsidiaries for the financial year.
- ♦ Statement of financial position, which represents a true and fair view of the state of affairs of the Company and its subsidiaries as at the end of the financial year:

As per the provisions of the Companies Act No. 7 of 2007 (Companies Act), the Board of Directors of your Company shall cause the Annual Report to be sent to every shareholder of the Company not less than fifteen working days before the date fixed for holding the Annual General Meeting. The Board of Directors of the Company are required by the provisions of the Companies Act to prepare Financial Statements which give a true and fair view of the state of affairs of the Company and of the subsidiaries as at the end of the financial year, Profit or Loss, Cash flows of the Company and of the subsidiaries for the financial year.

The Board of Directors confirm that the Financial Statements of the Company and of the subsidiaries for the year ended 31 March 2021 presented in the Report have been prepared in accordance with the Sri Lanka Accounting and Auditing Standards

Act No. 15 of 1995, the Companies Act and has provided the information required by and otherwise complied with the listing rules of the Colombo Stock Exchange (CSE) and the code of best practice on Corporate Governance (2013) issued jointly by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the Securities and Exchange Commission of Sri Lanka (SEC).

In preparing the Financial Statements, the Board of Directors has selected appropriate accounting policies and have applied them consistently. Reasonable and prudent judgements and estimates have been made and applicable accounting standards have been followed and the Financial Statements have been prepared on a going concern basis. The Board of Directors are of the view that adequate funds and other resources are available within the Company to continue in operation for the foreseeable future.

The Board of Directors have taken all reasonable steps expected of them to safeguard the assets of the Company and of the subsidiaries and to establish appropriate systems of internal controls to prevent, deter and detect any fraud, misappropriation or other irregularities. The Board of Directors have also taken all reasonable steps to ensure that the Company and its subsidiaries maintain adequate and accurate accounting books of record which reflect the transparency of transactions and provide an accurate disclosure of the financial position of the Company and its subsidiaries.

The Board of Directors is required to provide the Auditors with every opportunity to take whatever steps and undertake whatever inspection they consider appropriate for the purpose of enabling them to give an independent Audit Report. The Board of Directors is of the view that they have discharged their responsibilities as set out in this Statement.

### COMPLIANCE REPORT

The Directors confirm that, to the best of their knowledge, all taxes and levies payable by the Company and the subsidiaries, and all contributions, levies and taxes payable on behalf of the employees of the Company and its subsidiaries, and all other known statutory obligations as at the reporting date, have been paid or provided for, except as specified in Note 44 to the Financial Statements covering Contingent Liabilities.

The Board of Directors confirms that the Company and its subsidiaries have complied with the Para 23 of the LKAS 24, and all related party transactions are carried out at "arm's length" basis.

By Order of the Board



Keells Consultants (Private) Limited  
Secretaries

13 May 2021

## INDEPENDENT AUDITORS' REPORT



Ernst & Young  
Chartered Accountants  
201 De Saram Place  
P.O. Box 101  
Colombo 10  
Sri Lanka

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Tax : +94 11 5578180  
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### TO THE SHAREHOLDERS OF JOHN KEELLS HOTELS PLC Report on the audit of the Consolidated Financial Statements Opinion

We have audited the financial statements of John Keells Hotels PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 March 2021, and the income statement and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2021, and of their financial

performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

#### Basis for opinion

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

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial

statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>Impairment testing of significant Non-Current Assets including Goodwill</b></p> <p>As at 31 March the Group reported the following significant Non-Current Assets including Goodwill which accounted for 93% of the Total Assets of the Group.</p> <ul style="list-style-type: none"> <li>Property, Plant &amp; Equipment and Investment Property which included Land and Buildings amounting to Rs 28,772 Mn</li> <li>Right of Use Assets amounting to Rs 28,432 Mn</li> <li>Goodwill amounting to Rs 670 Mn</li> </ul> <p>The continuing impacts of COVID-19 on the Group's results, have been considered a trigger for impairment testing of Non-Current Assets. The Group tested significant Non-Current Assets including Goodwill for impairment based on the recoverable amount determined using fair value less cost to sell and value in use computations (VIU). Such VIU calculations are based on the discounted cash-flow models of each Cash Generating Unit (CGU) being each Hotel of the Group to which such Non-Current Assets including Goodwill has been allocated. A deficit between the recoverable value and the carrying values of the CGUs including Goodwill would result in an impairment.</p>	<p>Our audit procedures included the following;</p> <ul style="list-style-type: none"> <li>We gained an understanding of how Management has forecast its future discounted cash flows which included consideration of the impacts of the continuing COVID-19 pandemic on the operations of the respective hotels of the Group</li> <li>We checked the calculations of the future discounted cash flows and cross checked the data to relevant underlying accounting records, to evaluate their reasonableness</li> </ul>

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Impairment testing of significant Non-Current Assets including Goodwill was a Key Audit Matter due to:</p> <ul style="list-style-type: none"> <li>the degree of assumptions, judgements and estimation uncertainties associated with fair valuation of Land and Buildings including the impacts of COVID-19. The fair valuation this year contains higher estimation uncertainties as there were fewer market transactions which are ordinarily a strong source of evidence regarding fair value</li> <li>the degree of underlying assumptions coupled with inherent estimation uncertainties that arise when deriving the estimated future cashflows used for value in use calculations.</li> </ul> <p>Key areas of significant judgments, estimates and assumptions included the following:</p> <ul style="list-style-type: none"> <li>estimate of per perch value of the land and per square foot value of buildings</li> <li>key inputs and assumptions related to the value in use computations of future cash flows, growth rates used for extrapolation purposes, discount rates and terminal yield rates including the potential impacts of the prevailing COVID-19 pandemic.</li> </ul>	<ul style="list-style-type: none"> <li>We engaged our internal specialized resources to assist us in: <ul style="list-style-type: none"> <li>assessing the reasonableness of significant assumptions used such as expected period of time for recovery, anticipated occupancy and average room rates. This included comparing assumptions used with available industry data, and;</li> <li>evaluating the sensitivity of the projected cashflows, by considering possible changes in key assumptions.</li> <li>we discussed with the external valuer and those charged with governance, the external valuer's judgments, assumptions and estimates used by the external valuer and compared the same with relevant published data.</li> </ul> </li> <li>We assessed the adequacy of the disclosures made in Notes 5, 21, 22.1.1, 23 and 24 in the financial statements.</li> </ul>

### Other information included in the Group's 2020/21 Annual Report

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

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

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

### Responsibilities of management and those charged with governance

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

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

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

### Auditor's responsibilities for the audit of the financial statements

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

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

## INDEPENDENT AUDITORS' REPORT

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

- ◆ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ◆ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

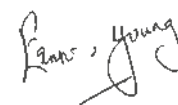
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation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

adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2097.



13 May 2021

Colombo

Partners: W R H Fernando FCA FCMA R N de Saram ACA FCMA Ms. N A De Silva FCA Ms. Y A De Silva FCA W R H De Silva ACA ACMA W K B S P Fernando FCA FCMA  
Ms. K R M Fernando FCA ACMA Ms. L K H L Fonseka FCA A P A Gunasekera FCA FCMA A Herath FCA D K Hulangamuwa FCA FCMA LLB (Lond) H M A Jayasinghe FCA FCMA  
Ms. A A Ludowyke FCA FCMA Ms. G G S Manatunga FCA A A J R Perera ACA ACMA Ms. P V K N Sajeewani FCA N M Sulaiman ACA ACMA B E Wijesuriya FCA FCMA  
Principals: G B Goudan ACMA T P M Ruberu FCMA FCCA

A member firm of Ernst & Young Global Limited

# INCOME STATEMENT

For the year ended 31 March In Rs. '000s	Note	Group		Company	
		2021	2020	2021	2020
Revenue from contracts with customers	13	3,660,539	9,711,741	-	-
Cost of sales		(2,130,666)	(3,496,474)	-	-
<b>Gross profit</b>		<b>1,529,873</b>	<b>6,215,267</b>	<b>-</b>	<b>-</b>
Dividend income	14	-	-	-	218,580
Other operating income	15.1	60,615	28,481	14,874	3,923
Administrative expenses		(5,478,673)	(5,651,302)	(18,484)	(25,255)
Distribution expenses		(276,472)	(415,264)	-	-
Other operating expenses	15.2	(612,332)	(941,645)	(178)	(190)
Results from operating activities		(4,776,989)	(764,463)	(3,788)	197,058
Finance expenses	16	(1,124,063)	(653,104)	(52,600)	(38,190)
Finance income	16	33,317	88,824	4,132	6,231
Change in fair value of investment property	23.1	16,250	21,504	-	-
Share of results of equity accounted investees (net of tax)	26.1	(3,072)	282	-	-
<b>Profit / (Loss) before tax</b>	17	<b>(5,854,557)</b>	<b>(1,306,957)</b>	<b>(52,256)</b>	<b>165,099</b>
Tax reversal / (expense)	18.1	734,749	105,565	(2)	12,450
<b>Profit / (Loss) for the year</b>		<b>(5,119,808)</b>	<b>(1,201,392)</b>	<b>(52,258)</b>	<b>177,549</b>
<b>Attributable to :</b>					
Equity holders of the parent		(5,096,181)	(1,200,568)		
Non-controlling interests		(23,627)	(824)		
		(5,119,808)	(1,201,392)		
		<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
Earnings / (Loss) per share - Basic/Diluted	19	(3.50)	(0.82)	(0.04)	0.12
Dividends per share	20			-	-

Figures in brackets indicate deductions.

The accounting policies and notes as set out in pages 89 to 155 form an integral part of these financial statements.

## STATEMENT OF COMPREHENSIVE INCOME

	Note	Group		Company	
		2021	2020	2021	2020
For the year ended 31 March					
In Rs. '000s					
Profit / (Loss) for the year		(5,119,808)	(1,201,392)	(52,258)	177,549
Other comprehensive income					
Other comprehensive income to be reclassified to income statement in subsequent periods					
Currency translation of foreign operations		596,257	1,040,174	-	-
Net other comprehensive income to be reclassified to income statement in subsequent periods		596,257	1,040,174	-	-
Other comprehensive income not to be reclassified to income statement in subsequent periods					
Revaluation of land and buildings	21.1	111,798	116,462	-	-
Share of other comprehensive income of equity accounted investees		-	324	-	-
Net gain / (loss) on equity instruments at fair value through other comprehensive income		(4,739)	3	(2)	3
Re-measurement gain / (loss) on defined benefit plans	36	(116)	28,346	-	-
Net other comprehensive income not to be reclassified to income statement in subsequent periods		106,943	145,135	(2)	3
Tax on other comprehensive income	18.2	(24,517)	(10,724)	-	-
Other comprehensive income for the year, net of tax		678,683	1,174,585	(2)	3
Total comprehensive income for the year, net of tax		(4,441,125)	(26,807)	(52,260)	177,552
Attributable to:					
Equity holders of the parent		(4,418,394)	(25,960)		
Non-controlling interests		(22,731)	(847)		
		(4,441,125)	(26,807)		

Figures in brackets indicate deductions.

The accounting policies and notes as set out in pages 89 to 155 form an integral part of these financial statements.

# STATEMENT OF FINANCIAL POSITION

As at 31 March In Rs. '000s	Note	Group		Company	
		2021	2020	2021	2020
ASSETS					
Non-current assets					
Property, plant and equipment	21	27,108,615	26,692,178	-	-
Right-of-use assets	22.1.1	28,432,037	26,115,233	-	-
Investment property	23	1,663,950	1,647,700	-	-
Intangible assets	24	670,407	670,407	-	-
Investments in subsidiaries	25	-	-	12,682,683	12,678,838
Investments in equity accounted investees	26	773,411	644,408	766,072	633,997
Non-current financial assets	27	180,034	186,491	6	8
Deferred tax assets	18.5	909,050	294,620	-	-
Other non-current assets	28	872	1,404	-	-
		59,738,376	56,252,441	13,448,761	13,312,843
Current assets					
Inventories	29	258,005	296,683	-	-
Trade and other receivables	30	439,076	1,472,111	-	-
Amounts due from related parties	41.1	8,636	63,201	4,530	10,725
Other current assets	31	702,881	932,250	-	799
Income tax recoverable	18.3	154	98,244	-	-
Short term investments	32	151,201	659,345	-	3,781
Cash in hand and at bank		1,177,140	801,809	393,477	4,707
		2,737,093	4,323,643	398,007	20,012
Total assets		62,475,469	60,576,084	13,846,768	13,332,855
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent					
Stated capital	33.1	9,500,247	9,500,247	9,500,247	9,500,247
Revenue reserve		3,427,168	8,523,704	3,295,384	3,347,642
Other components of equity	33.2	11,398,724	10,721,124	(7)	(5)
		24,326,139	28,745,075	12,795,624	12,847,884
Non-controlling interests		104,587	127,318	-	-
Total equity		24,430,726	28,872,393	12,795,624	12,847,884
Non-current liabilities					
Interest-bearing loans and borrowings	35	13,240,350	10,749,189	1,020,560	-
Lease liabilities	22.1.2	14,983,915	12,318,477	-	-
Deferred tax liabilities	18.5	657,548	781,718	-	-
Employee benefit liability	36	219,566	196,473	-	-
Other deferred liabilities	37	58,632	389	-	-
Non-current financial liabilities	38	53,205	92,958	-	-
		29,213,216	24,139,204	1,020,560	-
Current liabilities					
Trade and other payables	39	1,133,218	1,430,789	10,456	14,023
Amounts due to related parties	41.2	98,670	131,419	3,121	2,514
Other current liabilities	40	428,071	333,081	-	-
Income tax liabilities	18.4	69,176	127,315	14,413	15,207
Interest-bearing loans and borrowings	35	1,922,745	972,338	2,594	-
Lease liabilities	22.1.2	1,131,749	1,103,057	-	-
Bank overdrafts		4,047,898	3,466,488	-	453,227
		8,831,527	7,564,487	30,584	484,971
Total equity and liabilities		62,475,469	60,576,084	13,846,768	13,332,855

I certify that the financial statements comply with the requirements of the Companies Act, No. 7 of 2007.



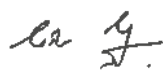
C L P Gunawardane  
Chief Financial Officer

The Board of Directors is responsible for these financial statements.

Signed for and on behalf of the Board by,



K N J Balendra  
Chairman



J G A Cooray  
Director

The accounting policies and notes as set out in pages 89 to 155 form an integral part of these financial statements.

13 May 2021

Colombo



## STATEMENT OF CHANGES IN EQUITY

GROUP	Attributable to Equity Holders of the Parent								
	Stated capital	Revaluation reserve	Foreign currency translation reserve	Employee Share Option Plan reserve	Fair value reserve of financial assets at FVOCI*	Revenue reserve	Total	Non-controlling interest	Total equity
In Rs. '000s									
As at 01 April 2019	9,500,247	4,842,272	4,668,858	53,071	(8)	9,695,525	28,759,965	136,602	28,896,567
Loss for the year	-	-	-	-	-	(1,200,568)	(1,200,568)	(824)	(1,201,392)
Other comprehensive income	-	109,211	1,040,174	-	3	25,220	1,174,608	(23)	1,174,585
Total comprehensive income	-	109,211	1,040,174	-	3	(1,175,348)	(25,960)	(847)	(26,807)
Share based payment	-	-	-	6,509	-	-	6,509	34	6,543
Acquisition, disposal and changes in non-controlling interest	-	1,030	-	4	-	3,527	4,561	(4,391)	170
Subsidiary dividend to non-controlling interest	-	-	-	-	-	-	-	(4,080)	(4,080)
As at 31 March 2020	9,500,247	4,952,513	5,709,032	59,584	(5)	8,523,704	28,745,075	127,318	28,872,393
Loss for the year	-	-	-	-	-	(5,096,181)	(5,096,181)	(23,627)	(5,119,808)
Other comprehensive income	-	86,566	596,257	-	(4,681)	(355)	677,787	896	678,683
Total comprehensive income	-	86,566	596,257	-	(4,681)	(5,096,536)	(4,418,394)	(22,731)	(4,441,125)
Share based payment reversal	-	-	-	(542)	-	-	(542)	-	(542)
As at 31 March 2021	9,500,247	5,039,079	6,305,289	59,042	(4,686)	3,427,168	24,326,139	104,587	24,430,726
COMPANY									
In Rs. '000s									
As at 01 April 2019						9,500,247	(8)	3,170,093	12,670,332
Profit for the year						-	-	177,549	177,549
Other comprehensive income						-	3	-	3
Total comprehensive income						-	3	177,549	177,552
As at 31 March 2020						9,500,247	(5)	3,347,642	12,847,884
Loss for the year						-	-	(52,258)	(52,258)
Other comprehensive income						-	(2)	-	(2)
Total comprehensive income						-	(2)	(52,258)	(52,260)
As at 31 March 2021						9,500,247	(7)	3,295,384	12,795,624

\*Fair value through other comprehensive income

Figures in brackets indicate deductions.

The accounting policies and notes as set out in pages 89 to 155 form an integral part of these financial statements.



# STATEMENT OF CASH FLOWS

For the year ended 31 March In Rs. '000s	Note	Group		Company	
		2021	2020	2021	2020
Cash flows from / (used in) Operating Activities					
Operating profit / (loss) before working capital changes	A	(1,465,271)	1,929,637	(3,727)	(21,522)
(Increase) / decrease in inventories		44,962	(120,846)	-	-
(Increase) / decrease in trade and other receivables		821,641	(427,400)	-	-
(Increase) / decrease in other current assets		291,075	393,093	799	3,008
(Increase) / decrease in amounts due from related parties		54,565	66,604	6,195	(5,327)
Increase / (decrease) in amounts due to related parties		(32,749)	(13,235)	607	(3,594)
Increase / (decrease) in other current liabilities		94,434	(222,834)	(794)	-
Increase / (decrease) in trade and other payables		(337,325)	669,544	(3,567)	(303)
Cash generated from/(used in) Operations		(528,668)	2,274,563	(487)	(27,738)
Finance expenses paid		(474,249)	(303,584)	(32,160)	(38,190)
Finance income received		33,317	88,824	4,132	6,231
Tax paid		(5,880)	(77,408)	-	(2,717)
Dividend received		-	-	-	218,580
Gratuity paid		(22,050)	(35,210)	-	-
Net Cash Flows from / (used in) Operating Activities		(997,530)	1,947,185	(28,515)	156,166
Cash Flows from / (used in) Investing Activities					
Purchase and construction of property, plant and equipment		(1,399,861)	(9,579,980)	-	-
Proceeds from sale of property, plant and equipment		37,441	16,247	-	-
(Investment) / withdrawal in short term investments (net)		(30,208)	117,984	-	-
(Purchase) / disposal of non-current financial assets (net)		1,720	(2,521)	-	-
Purchase of lease rights		-	(1,421,293)	-	-
Increase in interest in subsidiaries		-	-	(3,845)	(469,846)
Increase in interest in equity accounted investees		(132,075)	(147,200)	(132,075)	(147,200)
Net Cash Flows from / (used) in Investing Activities		(1,522,983)	(11,016,763)	(135,920)	(617,046)
Cash Flows from / (used in) Financing Activities					
Direct cost on issue of shares		-	(4,392)	-	-
Repayments of bank borrowings	35.1	(2,426,512)	(2,703,533)	-	-
Repayment of lease liabilities	22.1.2	(845,089)	(710,632)	-	-
Proceeds from borrowings	35.1	5,047,683	9,615,288	1,002,651	-
Changes in non-controlling interest		-	4,561	-	-
Dividend paid to shareholders with non-controlling interest		-	(4,080)	-	-
Net Cash Flows from / (used in) Financing Activities		1,776,082	6,197,212	1,002,651	-
Net Increase / (decrease) in Cash and Cash Equivalents		(744,431)	(2,872,366)	838,216	(460,880)
Cash and Cash Equivalents at the beginning of the year		(2,039,892)	832,474	(444,739)	16,141
Cash and Cash Equivalents at the end of the year		(2,784,323)	(2,039,892)	393,477	(444,739)
ANALYSIS OF CASH & CASH EQUIVALENTS					
Short term investments (less than 3 months)	32	86,435	624,787	-	3,781
Cash in hand and at bank		1,177,140	801,809	393,477	4,707
Bank overdrafts		(4,047,898)	(3,466,488)	-	(453,227)
Total cash and cash equivalents		(2,784,323)	(2,039,892)	393,477	(444,739)

Cash and cash equivalents in the statement of financial position comprise cash at banks and in hand and short-term deposits with a maturity of three months or less. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts

Figures in brackets indicate deductions.

The accounting policies and notes as set out in pages 89 to 155 form an integral part of these financial statements.

## STATEMENT OF CASH FLOWS

For the year ended 31 March In Rs. '000s	Note	Group		Company	
		2021	2020	2021	2020
<b>A Operating profit / (loss) before working capital changes</b>					
Profit / (Loss) before tax		(5,854,557)	(1,306,957)	(52,256)	165,099
Adjustments for;					
Depreciation of property, plant and equipment	21.1	1,658,669	1,201,666	-	-
Provision for employee benefit costs	36	45,027	46,499	-	-
Share based payment expense / (reversal)	34	(542)	6,543	-	-
Depreciation of right of use assets	22.1.1	1,477,219	1,335,016	-	-
Finance expense	16	1,124,063	653,104	52,600	38,190
Amortisation of transaction cost on interest bearing borrowings	35	159	-	61	-
Amortisation of grant received	37.1	(389)	(1,408)	-	-
Dividend received		-	-	-	(218,580)
Finance income	16	(33,317)	(88,824)	(4,132)	(6,231)
Loss on disposal of property, plant and equipment	15.2	7,517	51,417	-	-
Share of results of equity accounted investees	26.1	3,072	(282)	-	-
Provision / (Reversal) for slow moving inventories		(6,289)	3,378	-	-
Provision for impairment losses		100,585	41,453	-	-
Change in fair value of investment property	23.1	(16,250)	(21,504)	-	-
Unrealised (gain) / loss on foreign exchange (net)		29,762	9,586	-	-
<b>Operating profit / (loss) before working capital changes</b>		<b>(1,465,271)</b>	<b>1,929,637</b>	<b>(3,727)</b>	<b>(21,522)</b>

# NOTES TO THE FINANCIAL STATEMENTS

## CORPORATE AND GROUP INFORMATION

### 1 CORPORATE INFORMATION

#### Reporting entity

John Keells Hotels PLC is a public limited liability company incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The registered office and principal place of business of the Company is located at 117, Sir Chittampalam A Gardiner Mawatha, Colombo 2.

Ordinary shares of the Company are listed on the Colombo Stock Exchange.

In the Director's opinion, the Company's ultimate parent undertaking is John Keells Holdings PLC, which is a Company incorporated in Sri Lanka.

#### Consolidated Financial Statements

The Financial Statements for the year ended 31 March 2021, comprise "the Company" referring to John Keells Hotels PLC as the holding Company and "the Group" referring to the companies whose accounts have been consolidated therein.

#### Approval of Financial Statements

The Financial statements for the year ended 31 March 2021 were authorised for issue by the Directors on 13 May 2021.

### Principal activities and nature of operations of the holding Company

John Keells Hotels PLC, the Group's holding Company, manages a portfolio of holdings consisting of hoteliering business, which together constitute the John Keells Hotels Group.

#### Responsibility for Financial Statements

The responsibility of the Directors in relation to the Financial Statements is set out in the statement of Directors' responsibility on Pages 79 in the Annual report.

#### Statement of compliance

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

### 2 GROUP INFORMATION

#### Subsidiaries, associate and joint ventures

The Companies within the Group are shown in the Group structure on pages 6-7.

There were no significant changes in the nature of the principal activities of the Company and the Group during the financial year under review.

### BASIS OF PREPARATION & OTHER SIGNIFICANT ACCOUNTING POLICIES

#### 3 BASIS OF PREPARATION

The Consolidated Financial Statements have been prepared on an accrual basis and under the historical cost convention except for investment properties, land and buildings, derivative financial instruments and equity instruments at fair value through other comprehensive income that have been measured at fair value.

#### Going concern

In determining the basis of preparing the financial statements for the year ended 31 March 2021, based on available information, the management has assessed the prevailing and anticipated effects of COVID-19 on the Group Companies and the appropriateness of the use of the going concern basis.

It is the view of the management, there are no material uncertainties that may cast significant doubt on the Groups' ability to continue to operate as going concern due to the improved operating environment, despite the ongoing effects of the pandemic and the operationalisation of risk mitigation initiatives and continuous monitoring of business continuity and response plans at each business unit level along with the financial strength of the Group.

The management have formed judgement that the Company, its subsidiaries, associates and joint ventures have adequate resources to continue in operational existence for the foreseeable future and continue to adopt the

## NOTES TO THE FINANCIAL STATEMENTS

going concern basis in preparing and presenting these financial statements.

The Group continued to place emphasis on ensuring that cash and undrawn committed facilities are sufficient to meet the short, medium and long-term funding requirements, unforeseen obligations as well as unanticipated opportunities. Please refer Note 10.2.2 for disclosures on the impact of Liquidity Risk on Going concern.

In determining the above significant management judgements, estimates and assumptions, the impact of the COVID-19 pandemic has been considered as of the reporting date and specific considerations have been disclosed under the relevant notes.

### Presentation and functional currency

The Consolidated Financial Statements are presented in Sri Lankan Rupees, which is the primary economic environment in which the Holding Company operates. Each entity in the Group uses the currency of the primary economic environment in which they operate as their functional currency.

The following subsidiaries are using United States Dollar (USD) as its functional currency;

- ♦ Fantasea World Investments (Pte) Ltd
- ♦ John Keells Maldivian Resorts (Pte) Ltd
- ♦ Tranquility (Pte) Ltd
- ♦ Travel Club (Pte) Ltd

Each material class of similar items is presented cumulatively in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard-LKAS 1, 'Presentation of Financial Statements'.

All values are rounded to the nearest rupees thousand (Rs. '000) except when otherwise indicated.

The significant accounting policies are discussed with relevant individual notes.

The share of results of equity accounted investees in the income statement and other comprehensive income statement are shown net of all related taxes.

The indicative US Dollar Financial Statements on pages 159 and 161 do not form part of the Financial Statements prepared in accordance with SLFRS/LKAS.

### Comparative information

The presentation and classification of the Financial Statements of the previous year has been amended, where relevant for better presentation and to be comparable with those of the current year.

## 4

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of significant accounting policies have been disclosed along with the relevant individual notes in the subsequent pages.

Those accounting policies presented with each note, have been applied consistently by the Group.

### Other significant accounting policies not covered with individual notes

Following accounting policies which have been applied consistently by the Group, are considered to be significant but are not covered in any other sections.

### Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification.

An asset as current when it is:

- ♦ expected to be realised or intended to sold or consumed in normal operating cycle
- ♦ held primarily for the purpose of trading
- ♦ expected to be realised within twelve months after the reporting period, or
- ♦ cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when it is:

- ♦ it is expected to be settled in normal operating cycle
- ♦ it is held primarily for the purpose of trading
- ♦ it is due to be settled within twelve months after the reporting period, or
- ♦ there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

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

#### **Foreign currency translation, foreign currency transactions and balances**

The consolidated financial statements are presented in Sri Lanka rupees (LKR), which is the Company's functional and presentation currency.

The functional currency is the currency of the primary economic environment in which the entities of the Group operate.

All foreign exchange transactions are converted to functional currency, at the rates of exchange prevailing at the time the transactions are effected.

Monetary assets and liabilities denominated in foreign currency are translated to functional currency equivalents at the spot exchange rate prevailing at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. The gain or loss arising on translation of non-monetary items is treated in line with the recognition of gain or loss on changing fair value of the item.

#### **Foreign operations**

The Statement of Financial Position and Income Statement of overseas subsidiaries which are deemed to be foreign operations are translated to Sri Lanka rupees at the rate of exchange prevailing as at the reporting date and at the average annual rate of exchange for the period, respectively.

The Exchange rates applicable during the period were as follows:

	Reporting Date		Income Statement	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
US Dollar	200.30	189.63	189.02	179.42

The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign entity, the deferred cumulative amount recognised in other comprehensive income relating to that particular foreign operation is recognised in the Income Statement.

The Group treated goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition as assets and liabilities of the parent. Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the parent and no further translation differences occur.

## **5 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the Financial Statements of the Group require the management to make judgements, estimates and assumptions, which may affect the amounts of income, expenditure, assets, liabilities and the disclosure of contingent liabilities, at the end of the reporting period.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Group's accounting policies, management has made various judgements. Those which management has assessed to have the most significant effect on the amounts recognised in the Consolidated Financial Statements have been discussed in the individual notes of the related Financial Statement line items.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also described in the individual notes to the Financial Statements. The Group based its assumptions and estimates on parameters available when the Financial Statements were prepared. Existing circumstances

## NOTES TO THE FINANCIAL STATEMENTS

and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

The items which have most significant effect on accounting, judgements, estimate and assumptions are as follows;

- a) Valuation of property, plant and equipment and investment property
- b) Impairment of non-financial assets
- c) Share based payments
- d) Taxes
- e) Employee benefit liability
- f) Provision for expected credit losses of trade receivables and contract assets
- g) Leases - Estimating the incremental borrowing rate
- h) Going Concern basis

The Group performed impairment testing for non-current assets with the indicators of impairment in accordance with the accounting policies stated in Note 21 Property, Plant and equipment, Note 22.1.1 Right of use assets, Note 23 Investment property and Note 24 Intangible assets. An impairment loss is recognised for the amount by which the asset's carrying

amount exceeds its recoverable amount. The recoverable amounts of cash generating units are the higher of asset's fair value less costs of disposals and value in use. These calculations require the use of estimates, assumptions and judgements. Value in use calculations were based on cash flow projections as at 31 March 2021. The cash flow projections are derived from the approved business plans and assumptions. The key assumptions used in determining the value in use calculations were - occupancy rates, room revenue, food revenue and beverage revenue. The discount rate used is the risk free rate, adjusted by the addition of an appropriate risk premium.

The Group assesses the fair value of its property, plant and equipment and investment property based on valuations determined by independent qualified valuers' best estimate based on the market conditions that prevailed, which in the valuers' considered opinion, meets the requirements in SLFRS-13 Fair Value Measurement.

In view of the cash flow projections, no provision for impairment losses is considered necessary after reviewing the impairment assessment.

## 6 CHANGES IN ACCOUNTING STANDARDS AND STANDARDS ISSUED BUT NOT YET EFFECTIVE

### 6.1 Changes in accounting standards

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020.

#### Amendments to IFRS 16 COVID-19 Related Rent Concessions

The amendments provide relief to lessees from applying SLFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under SLFRS 16, if the change were not a lease modification. The group has applied practical expedient for COVID-19 related rent concessions.

The following amendments and improvements do not expect to have a significant impact on the Group's financial statements.

- Amendments to SLFRS 3: Definition of a Business
- Amendments to LKAS 1 and LKAS 8: Definition of Material
- Conceptual Framework for Financial Reporting

## 6.2 Standards issued but not yet effective

The following amendments and improvements are not expected to have a significant impact on the Group's financial statements.

Amendments to LKAS 1 :  
Classification of liabilities as  
Current or Non-current.

Amendments to SLFRS 3:  
Reference to the Conceptual  
Framework.

Amendments to LKAS 16 :  
Property, Plant & Equipment -  
Proceeds before Intended Use

Amendments to LKAS 37 : Onerous  
Contracts - Cost of Fulfilling a  
Contract.

Amendments to SLFRS 7, SLFRS  
9 and LKAS 39 : Interest Rate  
Benchmark Reform - Phrase 1

Amendments to SLFRS 9, LKAS 39,  
SLFRS 7, SLFRS 4 and SLFRS 16 :  
Interest Rate Benchmark Reform -  
Phrase 2

## 7 OPERATING SEGMENT INFORMATION

### Accounting Policy

The Group's segments are determined based on the Group's geographical spread of operations.

The Group's internal organisation and management is structured based on the Group's geographical spread of operations. The geographical analysis of turnover and profits are based on the location of the operations.

Segment information has been prepared in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements of the Group.

No operating segments have been aggregated to form reportable operating segments. An individual segment manager is determined for each operating segment and the results are regularly reviewed by the Board of Directors. The Board of Directors monitors the operating results of its business units separately for the purpose of

making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the operating segments' information, is measured differently from operating profit or loss in the consolidated financial statements. Transfer prices between operating segments are carried out in the ordinary course of business.

## 7.1 Business segments

The following tables present revenue, profit information, assets and liabilities based on the Group's operating segments.

For the year ended In Rs. '000s	Sri Lanka		Maldives		Group	
	2021	2020	2021	2020	2021	2020
<b>Disaggregation of revenue - Timing of revenue recognition</b>						
Services transferred over time	957,799	4,318,977	2,850,613	5,632,848	3,808,412	9,951,825
Less: inter segment revenue	(3,197)	(29,643)	(144,676)	(210,441)	(147,873)	(240,084)
<b>Net segment revenue from contracts with customers</b>	<b>954,602</b>	<b>4,289,334</b>	<b>2,705,937</b>	<b>5,422,407</b>	<b>3,660,539</b>	<b>9,711,741</b>
<b>Segment results</b>	<b>(2,136,942)</b>	<b>(287,258)</b>	<b>(2,700,662)</b>	<b>(505,686)</b>	<b>(4,837,604)</b>	<b>(792,944)</b>
Other operating income	2,617	3,132	57,998	25,349	60,615	28,481
Finance expenses	(389,979)	(170,050)	(734,084)	(483,054)	(1,124,063)	(653,104)
Finance income	33,317	88,820	-	4	33,317	88,824
Change in fair value of investment property	16,250	21,504	-	-	16,250	21,504
Share of results of equity accounted investees	(3,072)	282	-	-	(3,072)	282
<b>Profit / (Loss) before tax</b>	<b>(2,477,809)</b>	<b>(343,570)</b>	<b>(3,376,748)</b>	<b>(963,387)</b>	<b>(5,854,557)</b>	<b>(1,306,957)</b>
Tax reversal / (expense)	222,746	(36,116)	512,003	141,681	734,749	105,565
<b>Profit / (Loss) for the year</b>	<b>(2,255,063)</b>	<b>(379,686)</b>	<b>(2,864,745)</b>	<b>(821,706)</b>	<b>(5,119,808)</b>	<b>(1,201,392)</b>
<b>Assets</b>						
Segment assets	20,056,179	20,665,219	41,748,883	39,240,458	61,805,062	59,905,677
Goodwill					670,407	670,407
<b>Total assets</b>					<b>62,475,469</b>	<b>60,576,084</b>
<b>Liabilities</b>						
Segment liabilities	7,631,847	6,073,267	30,412,896	25,630,424	38,044,743	31,703,691
<b>Total liabilities</b>					<b>38,044,743</b>	<b>31,703,691</b>
<b>Other Information</b>						
Purchase and construction of property, plant and equipment	680,578	4,146,824	773,426	5,433,156	1,454,004	9,579,980
Depreciation of property, plant and equipment	652,930	579,324	1,005,739	622,342	1,658,669	1,201,666
Addition to right-of-use assets	2,956	542,936	2,310,831	13,763,633	2,313,787	14,306,569
Depreciation of right-of-use assets	52,238	50,546	1,424,981	1,284,470	1,477,219	1,335,016
Lease liabilities	474,967	509,694	15,640,697	12,911,840	16,115,664	13,421,534
Interest-bearing loans and borrowings	4,828,229	2,632,167	10,334,866	9,089,360	15,163,095	11,721,527
Provision for employee benefit costs	45,027	46,449	-	-	45,027	46,449

In addition to segment results, information such as finance costs/ income, tax expenses have been allocated to segments for better presentation.



## 8 BASIS OF CONSOLIDATION

### Accounting Policy

The consolidated Financial Statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2021. Control over an investee is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

### Control over an investee

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

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

The Group re-assesses whether or not it controls an investee, if facts and circumstances indicate that there are changes to one or more of the three elements of control.

### Transactions eliminated on consolidation

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

### Subsidiaries

Subsidiaries are those enterprises controlled by the parent and have been listed in the Group directory.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. The financial statements of the subsidiaries are prepared for the same reporting period as the parent Company, which is 12 months ending 31 March, using consistent accounting policies.

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

### Loss of control

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

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

### Non-controlling interest (NCI)

Non-controlling interest which represents the portion of profit or loss and net assets not held by the Group, are shown as a component of profit for the year in the consolidated income statement and statement of comprehensive income and as a component of equity in the consolidated statement of financial position, separately from equity attributable to the shareholders of the parent.

The consolidated statement of cash flow includes the cash flows of the Company and its subsidiaries.

## 9 BUSINESS COMBINATIONS & GOODWILL

### Accounting Policy

Business combinations are accounted for using the acquisition method of accounting. The Group measures goodwill at the acquisition date as the fair value of the consideration transferred including the recognised amount of any non-controlling interests in the acquire, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

## NOTES TO THE FINANCIAL STATEMENTS

When the fair value of the consideration transferred including the recognised amount of any non-controlling interests in the acquire is lower than the fair value of net assets acquired, a gain is recognised immediately in the income statement.

The Group elects on a transaction-by-transaction basis whether to measure non-controlling interests at fair value, or at their proportionate share of the recognised amount of the identifiable net assets, at the acquisition date. Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration which is deemed to be an asset or liability, and

which is a financial instrument and within the scope of SLFRS 09, is measured at fair value with changes in fair value either in income statement or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of SLFRS 09, it is measured in accordance with the appropriate SLFRS/LKAS.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

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

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than the carrying amount, an impairment loss is recognised. The impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets pro-rata to the carrying amount of each asset in the unit.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

### 9.1 Investment in equity accounted investees

During the financial year 2020/2021, the Group further invested Rs. 131 Mn (2020- Rs. 145 Mn) in Indra Hotels & Resorts Kandy (Pvt) Ltd. for the construction of a lean luxury hotel branded as "Cinnamon Red Kandy".

## 10 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments held by the Group, principally comprise of cash, loans and other receivables, trade and other receivables, trade and other payables and loans and borrowings. The main purpose of these financial instruments is to manage the operating, investing and financing activities of the Group. These financial instruments are exposed to credit, liquidity and market risks.

The Hotels Group has established guidelines for risk controlling procedures and for the use of financial instruments, including a clear segregation of duties with regard to financial activities, settlement, accounting and related controlling. The guidelines upon which the Group's risk management processes are based are designed to identify and analyse these risks throughout the Group, to set appropriate risk limits and controls and to monitor the risks by means of reliable and up-to-date administrative and information systems. The guidelines and systems are regularly reviewed and adjusted to changes in markets and products. The Group manages and monitors these risks primarily through its operating and financing activities.

## 10.1 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all clients who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the

result that the Group's exposure to debtors impairment is not significant.

With respect to credit risk arising from the other financial assets of the Group, such as cash and cash equivalents and fair value through OCI financial investments, the Group's exposure to credit risk arises from default of the counterparty. The Group manages its operations to avoid any excessive concentration of counterparty risk and the Group takes all reasonable steps to ensure that the counterparties fulfil their obligations.

### Impact of COVID-19

The Group's exposure to credit risk is influenced by the individual characteristics of each customer. The individual receivable balances were re-assessed, specific provisions were made wherever necessary, existing practice on the provisioning of trade receivables were re-visited and adjusted to reflect the rearrangement of homogeneous groups which the COVID-19 outbreak has affected different types of customers. Receivable balances are monitored on an ongoing basis to minimise bad debt risk and to ensure default rates are kept very low whilst the improved operating environment itself during the financial year has resulted in improved collections.

## NOTES TO THE FINANCIAL STATEMENTS

### 10.1.1 Credit risk exposure - Group

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts (without considering of collateral, if available). Following table shows the maximum risk positions of the Group.

As at 31 March	Notes	2021					Total
		Non-current financial assets	Cash in hand and at bank	Trade and other receivables	Short term investments	Amounts due from related parties	
In Rs. '000s							
Deposits with bank	10.1.2	-	-	-	151,201	-	151,201
Trade and other receivables	10.1.3	-	-	439,076	-	-	439,076
Amounts due from related parties	10.1.4	-	-	-	-	8,636	8,636
Loans to executives	10.1.5	5,011	-	-	-	-	5,011
Cash in hand and at bank	10.1.2	-	1,177,140	-	-	-	1,177,140
Total credit risk exposure		5,011	1,177,140	439,076	151,201	8,636	1,781,064
Financial Assets at fair value through OCI 10.1.6		175,023	-	-	-	-	175,023
Total equity risk exposure		175,023	-	-	-	-	175,023
Total		180,034	1,177,140	439,076	151,201	8,636	1,956,087

As at 31 March	Notes	2020					Total
		Non-current financial assets	Cash in hand and at bank	Trade and other receivables	Short term investments	Amounts due from related parties	
In Rs. '000s							
Deposits with bank	10.1.2	-	-	-	659,345	-	659,345
Trade and other receivables	10.1.3	-	-	1,472,111	-	-	1,472,111
Amounts due from related parties	10.1.4	-	-	-	-	63,201	63,201
Loans to executives	10.1.5	6,729	-	-	-	-	6,729
Cash in hand and at bank	10.1.2	-	801,809	-	-	-	801,809
Total credit risk exposure		6,729	801,809	1,472,111	659,345	63,201	3,003,195
Financial Assets at fair value through OCI 10.1.6		179,762	-	-	-	-	179,762
Total equity risk exposure		179,762	-	-	-	-	179,762
Total		186,491	801,809	1,472,111	659,345	63,201	3,182,957

**Credit risk exposure - Company**

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts. Following table shows the maximum risk positions of the Company.

As at 31 March	Notes	2021				
		Non-current financial assets	Cash in hand and at bank	Short term investments	Amounts due from related parties	Total
In Rs. '000s						
Amounts due from related parties	10.1.4	-	-	-	4,530	4,530
Cash in hand and at bank	10.1.2	-	393,477	-	-	393,477
Total credit risk exposure		-	393,477	-	4,530	398,007
Financial Assets at fair value through OCI	10.1.6	6	-	-	-	6
Total equity risk exposure		6	-	-	-	6
Total		6	393,477	-	4,530	398,013

As at 31 March	Notes	2020				Total
		Non-current financial assets	Cash in hand and at bank	Short term investments	Amounts due from related parties	
In Rs. '000s						
Deposits with bank	10.1.2	-	-	3,781	-	3,781
Amounts due from related parties	10.1.4	-	-	-	10,725	10,725
Cash in hand and at bank	10.1.2	-	4,707	-	-	4,707
<b>Total credit risk exposure</b>		-	4,707	3,781	10,725	19,213
Financial Assets at fair value through OCI	10.1.6	8	-	-	-	8
<b>Total equity risk exposure</b>		8	-	-	-	8
<b>Total</b>		8	4,707	3,781	10,725	19,221

**10.1.2 Credit risk relating to cash and cash equivalents**

In order to mitigate settlement and operational risks related to cash and cash equivalents, the company uses several banks with acceptable ratings for its deposits.

Deposits with bank mainly consists of fixed and call deposits .

As at 31 March 2021, 100% of the fixed and call deposits (2020 - 58%) of the Group was rated "A" or better.

## NOTES TO THE FINANCIAL STATEMENTS

### Deposits with banks and Credit rating of the banks

As at 31 March Fitch ratings	Group				Company			
	2021		2020		2021		2020	
	In Rs. 000s	%	In Rs. 000s	%	In Rs. 000s	%	In Rs. 000s	%
AA+	-	-	281,432	43%	-	-	-	-
AA	-	-	29,831	5%	-	-	-	-
AA-	96,983	64%	33,645	5%	-	-	-	-
A+	47,037	31%	-	-	-	-	-	-
A	7,181	5%	39,385	6%	-	-	-	-
A-	-	-	-	-	-	-	-	-
BBB	-	-	3,781	1%	-	-	3,781	100%
B	-	-	271,271	40%	-	-	-	-
	151,201	100%	659,345	100%	-	-	3,781	100%

### 10.1.3 Trade and other receivables

As at 31 March In Rs. 000'	Group	
	2021	2020
Neither past due nor impaired	343,366	699,057
Past due but not impaired		
31–60 days	32,987	547,671
61–90 days	55,315	200,854
> 91 days	7,408	24,529
Impaired	124,278	93,353
Gross carrying value	563,354	1,565,464
Allowance for expected credit loss	(124,278)	(93,353)
Total	439,076	1,472,111

The Group has obtained deposits from major customers by reviewing their past performance and credit worthiness, as collateral.

The requirement for an impairment is analysed at each reporting date on an individual basis for major customers. Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

### 10.1.4 Amounts due from related parties

The Group's amounts due from related parties mainly consists of the balances from affiliate companies and ultimate parent.

### 10.1.5 Loans to executives

Loans to executive portfolio is largely made up of vehicle loans which are given to staff at assistant manager level and above. The respective business units have obtained the necessary Power of Attorney/promissory notes as collateral for the loans granted.

### 10.1.6 Financial Assets at fair value through OCI

All equity investments are made after obtaining Board of Directors approval.

## 10.2 Liquidity Risk

The Group's policy is to hold cash and undrawn committed facilities at a level sufficient to ensure that the Group has available funds to meet its medium term capital and funding obligations, including organic growth and acquisition activities, and to meet any unforeseen obligations and opportunities. The Group holds cash and undrawn committed facilities to enable the Group to manage its liquidity risk.

The Group monitors its risk of a shortage of funds using a daily cash management process. This process considers the maturity of both the Group's financial investments and financial assets (e.g. accounts receivable, other financial assets) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of multiple sources of funding including bank loans and overdrafts.

### 10.2.1 Net (debt)/cash

As at 31 March In Rs. '000s	Group		Company	
	2021	2020	2021	2020
Short term investments	151,201	659,345	-	3,781
Cash in hand and at bank	1,177,140	801,809	393,477	4,707
<b>Total liquid assets</b>	<b>1,328,341</b>	<b>1,461,154</b>	<b>393,477</b>	<b>8,488</b>
Bank borrowings	15,163,095	11,721,527	1,023,154	-
Bank overdrafts	4,047,898	3,466,488	-	453,227
<b>Total liabilities</b>	<b>19,210,993</b>	<b>15,188,015</b>	<b>1,023,154</b>	<b>453,227</b>
<b>Net (debt) / cash</b>	<b>(17,882,652)</b>	<b>(13,726,861)</b>	<b>(629,677)</b>	<b>(444,739)</b>

The net debt position of the Group is due to the expansion and refurbishment of its hotel portfolio which will commence generating cash flows in the medium term. This position is constantly monitored and evaluated to determine appropriate risk mitigation strategies.

### 10.2.2 Liquidity risk management

The mixed approach combines elements of the cash flow matching approach and the liquid assets approach. The business units attempt to match cash outflows in each time bucket against the combination of contractual cash inflows plus other inflows that can be generated through the sale of assets, repurchase agreement, or other secured borrowings.

The Group continued to place emphasis on ensuring that cash and undrawn committed facilities are sufficient to meet the short, medium and long-term funding requirements, unforeseen obligations as well as unanticipated opportunities. Constant dialogue between Group companies and banks regarding financing requirements, ensures that availability within each single borrower limit is optimised by efficiently reallocating under-utilised facilities within the Group. The daily cash management processes at the business units include active cash flow forecasts and matching the duration and profiles of assets and liabilities, thereby ensuring a prudent balance between liquidity and earnings. The Group is also confident on the support which can be extended by its parent company in managing funding requirements should there be a need.

## NOTES TO THE FINANCIAL STATEMENTS

### Maturity analysis - Group

The table below summarises the maturity profile of the Group's financial liabilities at 31 March 2021 based on contractual undiscounted payments.

As at 31 March In Rs. '000s	Within 1 year	Between 1-2 years	Between 2-3 years	Between 3-4 years	Between 4-5 years	More than 5 years	Total
Interest-bearing loans and borrowings	1,922,745	2,199,194	2,390,382	3,851,048	1,790,328	3,009,398	15,163,095
Lease liabilities	1,131,749	1,927,471	1,000,136	2,065,417	1,228,856	8,762,035	16,115,664
Trade and other payables	1,133,218	-	-	-	-	-	1,133,218
Amounts due to related parties	98,670	-	-	-	-	-	98,670
Bank overdrafts	4,047,898	-	-	-	-	-	4,047,898
	8,334,280	4,126,665	3,390,518	5,916,465	3,019,184	11,771,433	36,558,545

The table below summarises the maturity profile of the Group's financial liabilities at 31 March 2020 based on contractual undiscounted payments.

As at 31 March In Rs. '000s	Within 1 year	Between 1-2 years	Between 2-3 years	Between 3-4 years	Between 4-5 years	More than 5 years	Total
Interest-bearing loans and borrowings	972,338	1,640,542	1,478,127	1,580,998	4,828,586	1,220,936	11,721,527
Lease liabilities	1,103,057	680,556	824,139	894,268	2,413,717	7,505,797	13,421,534
Trade and other payables	1,430,789	-	-	-	-	-	1,430,789
Amounts due to related parties	131,419	-	-	-	-	-	131,419
Bank overdrafts	3,466,488	-	-	-	-	-	3,466,488
	7,104,091	2,321,098	2,302,266	2,475,266	7,242,303	8,726,733	30,171,757

### Maturity analysis - Company

The table below summarises the maturity profile of the company's financial liabilities at 31 March 2021 based on contractual undiscounted payments.

As at 31 March In Rs. '000s	Within 1 year	Between 1-2 years	Between 2-3 years	Between 3-4 years	Between 4-5 years	More than 5 years	Total
Interest-bearing loans and borrowings	2,594	1,780	256,342	236,000	236,000	290,438	1,023,154
Trade and other payables	10,456	-	-	-	-	-	10,456
Amounts due to related parties	3,121	-	-	-	-	-	3,121
	16,171	1,780	256,342	236,000	236,000	290,438	1,036,731



The table below summarises the maturity profile of the company's financial liabilities at 31 March 2020 based on contractual undiscounted payments.

As at 31 March In Rs. '000s	Within 1 year	Between 1-2 years	Between 2-3 years	Between 3-4 years	Between 4-5 years	More than 5 years	Total
Trade and other payables	14,023	-	-	-	-	-	14,023
Amounts due to related parties	2,514	-	-	-	-	-	2,514
Bank overdrafts	453,227	-	-	-	-	-	453,227
	469,764	-	-	-	-	-	469,764

### 10.3 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

Market prices comprise of the following risks:

- ♦ Interest rate risk
- ♦ Currency risk

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The sensitivity analysis in the following sections relate to the position as at 31 March in 2021 and 2020.

The following assumptions have been made in calculating the sensitivity analysis:

- ♦ The sensitivity of the relevant income statement item is the effect of the assumed changes in respective market risks.
- ♦ This is based on the financial assets and financial liabilities held at 31 March 2021 and 2020.

#### 10.3.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The global outbreak of the COVID-19 pandemic has resulted in reductions in policy rates and monetary easing policies by Central Bank of Sri Lanka which has resulted in a sharp reduction in lending rates. The Group has managed the risk of increased interest rates by having a balanced portfolio of borrowings at fixed and variable rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings).

## NOTES TO THE FINANCIAL STATEMENTS

	Increase/ (decrease) in basis points		Group
	Rupee borrowings	Other currency borrowings	Effect on profit before tax Rs. 000's
2021	+ 411 basis points	+ 87 basis points	(247,475)
	- 411 basis points	- 87 basis points	247,475
2020	+ 284 basis points	+ 156 basis points	(208,087)
	- 284 basis points	- 156 basis points	208,087

The assumed spread of basis points for the interest rate sensitivity analysis is based on the currently observable market.

### 10.3.2 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 Group has exposure to foreign currency risk where it has cash flows in overseas operations and foreign currency transactions which are affected by foreign exchange movements.

#### 10.3.2.1 Effects of currency transaction and translation

For purposes of Group consolidated financial statements, the income and expenses and the assets and liabilities of subsidiaries located outside Sri Lanka are converted into Sri Lankan Rupees. Therefore, period-to-period changes in average exchange rates may cause translation effects that have a significant impact on, for example, revenue, segment results (earnings before interest and taxes – EBIT) and assets and liabilities of the Group. Unlike exchange rate transaction risk, exchange rate translation risk does not necessarily affect future cash flows. The Group's equity position reflects changes in book values caused by exchange rates.

The Group's exposure to foreign currency changes for currencies other than USD is not material.

	Group		
	Increase/(decrease) in exchange rate USD	Effect on profit/(loss) before tax	Effect on equity
2021	6.71%	(1,611,360)	1,051,163
	-6.71%	1,611,360	(1,051,163)
2020	3.22%	(287,805)	570,147
	-3.22%	287,805	(570,147)

#### Assumptions

The assumed movement, in the spread of the exchange rate sensitivity analysis, is based on the current observable market environment.

The Sri Lankan Rupee witnessed significant volatility during 2020/21 on the back of the COVID-19 pandemic and macro-economic pressures. The Group adopted prudent measures, as and when required, to manage the financial impacts arising from currency fluctuations by matching liabilities with corresponding inflows. At a Group level, the translation risk on foreign currency debt is largely hedged "naturally" as a result of the conscious strategy of maintaining US Dollar cash balances while also ensuring obligations can be managed through US Dollar denominated revenue streams.

## 10.4 Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong financial position and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure, and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may issue new shares, have a rights issue or buy back of shares.

	Group		Company	
	2021	2020	2021	2020
Debt/Equity (times)	1.45	1.00	0.08	0.04

## 11 FAIR VALUE MEASUREMENT AND RELATED FAIR VALUE DISCLOSURES

### Fair value measurement

Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are reflected in this note. Aside from this note, additional fair value related disclosures, including the valuation methods, significant estimates and assumptions are also provided in:

- ◆ Investment in unquoted equity shares - Notes 25, 26, 27
- ◆ Property, plant and equipment under revaluation model - Note 21.2
- ◆ Financial instruments (including those carried at amortised cost) - Note 12.5
- ◆ Investment properties - Note 23

### Accounting Policy

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

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

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

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

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

The Group determines the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted equity instruments, and for nonrecurring measurement, such as assets held for sale in discontinued operations.

External valuers are involved for valuation of significant assets, such as land and buildings. Involvement of external valuers is decided upon annually by the Group after discussion with and approval by the Company's Audit Committee. Selection criteria for external valuers include market knowledge, reputation, independence and whether professional standards are maintained. The Group decides, after discussions with the external valuers, which valuation techniques and inputs to use for individual assets and liabilities.

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

### 11.1 Financial assets and liabilities by fair value hierarchy - Group

The Group held the following financial instruments carried at fair value in the statement of financial position:

Financial Assets As at 31 March In Rs. '000	Level 1		Level 2		Level 3	
	2021	2020	2021	2020	2021	2020
Listed equity investments	6	8	-	-	-	-
Non-listed equity investments	-	-	-	-	175,017	179,754
Total	6	8	-	-	175,017	179,754

### 11.2 Financial assets and liabilities by fair value hierarchy - Company

The Company held the following financial instruments carried at fair value in the statement of financial position:

Financial Assets As at 31 March In Rs. '000	Level 1		Level 2		Level 3	
	2021	2020	2021	2020	2021	2020
Listed equity investments	6	8	-	-	-	-
Total	6	8	-	-	-	-

During the reporting periods 31 March 2021 and 2020, there were no transfers between Level 1 and Level 2 fair value measurements.

### 11.3 Reconciliation of fair value measurements of Level 3 financial instruments

The Group carries unquoted equity shares as equity instruments designated at fair value through OCI classified as Level 3 within the fair value hierarchy. A reconciliation of the beginning and closing balances including movements is summarised below:

In Rs. '000	Group
As at 1 April 2020	179,754
New investment	-
Re-measurement recognised in OCI	(4,737)
As at 31 March 2021	175,017

Group has valued level 3 financial instruments as at reporting date using discounted cash flow method. Fair value would not significantly vary if one or more of the inputs were changed.

#### 11.4 Non-financial assets - Group

As at 31 March In Rs. '000	Level 1		Level 2		Level 3	
	2021	2020	2021	2020	2021	2020
<b>Assets measured at fair value</b>						
Land and buildings	-	-	-	-	7,208,644	7,148,796
Buildings on leasehold land	-	-	-	-	15,622,778	13,460,205
Investment property	-	-	-	-	1,663,950	1,647,700

In determining the fair value, highest and best use of the property has been considered including the current condition of the properties, future usability and associated redevelopment requirements. Also, the valuers have made reference to market evidence of transaction prices for similar properties, with appropriate adjustments for size and location. The appraised fair values are rounded within the range of values.

## 12 FINANCIAL INSTRUMENTS AND RELATED POLICIES

### Accounting Policy

#### Financial instruments — initial recognition and subsequent measurement

#### 12.1 Financial assets

##### Initial recognition and measurement

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

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

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

The Group's financial assets include cash and short-term deposits, trade and other receivables, loans and other receivables and quoted and unquoted financial instruments.

## NOTES TO THE FINANCIAL STATEMENTS

### Subsequent measurement

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

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

### Debt instruments

#### Financial assets at amortised cost

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

- ◆ The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

And

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

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

The Group's financial assets at amortised cost includes trade receivables and short term investments.

#### Financial assets at fair value through OCI

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

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

and

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

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

### Equity Instruments

#### Financial assets designated at fair value through OCI

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity 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 profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

#### **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 amortised 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 recognised in the statement of profit or loss.

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

#### **De-recognition**

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

#### **Impairment of financial assets**

From 1 April 2018, the group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the group applies the simplified approach permitted by SLFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

## **12.2 Financial Liabilities**

#### **Initial recognition and measurement**

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

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

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

#### **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

## NOTES TO THE FINANCIAL STATEMENTS

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

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by SLFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

### Loans and borrowings

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

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

### De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

### 12.3 Offsetting of financial instruments

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

### 12.4 Derivative financial instruments and hedge accounting - Initial recognition and subsequent measurement

The Group uses derivative financial instruments such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- ◆ Fair value hedges when hedging the exposure to changes in the Fair value of a recognised asset or liability or an unrecognised firm commitment
- ◆ Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment
- ◆ Hedges of a net investment in a foreign operation



## 12.5 Financial assets and liabilities by categories

Financial assets and liabilities in the tables below are split into categories in accordance with SLFRS 9

Financial assets by categories	Group				Company			
	Financial assets at amortised cost		Financial assets at fair value through OCI		Financial assets at amortised cost		Financial assets at fair value through OCI	
As at 31 March In Rs. '000	2021	2020	2021	2020	2021	2020	2021	2020
<b>Financial instruments in non-current assets</b>								
Non-current financial assets	5,011	6,729	175,023	179,762	-	-	6	8
<b>Financial instruments in current assets</b>								
Trade receivables	439,076	1,472,111	-	-	-	-	-	-
Amounts due from related parties	8,636	63,201	-	-	4,530	10,725	-	-
Short term investments	151,201	659,345	-	-	-	3,781	-	-
Cash in hand and at bank	1,177,140	801,809	-	-	393,477	4,707	-	-
<b>Total</b>	<b>1,781,064</b>	<b>3,003,195</b>	<b>175,023</b>	<b>179,762</b>	<b>398,007</b>	<b>19,213</b>	<b>6</b>	<b>8</b>

Both carrying amount and fair value are equal of financial assets at fair value through OCI.

The fair value of loans and receivables does not significantly vary from the value based on the amortised cost methodology.

Financial liabilities by categories	Group		Company	
	Financial liabilities measured at amortised cost		Financial liabilities measured at amortised cost	
As at 31 March In Rs. '000	2021	2020	2021	2020
<b>Financial instruments in non-current liabilities</b>				
Bank Borrowings	13,240,350	10,749,189	1,020,560	-
<b>Financial instruments in current liabilities</b>				
Trade payables	1,133,218	1,430,789	10,456	14,023
Amounts due to related parties	98,670	131,419	3,121	2,514
Bank Borrowings	1,922,745	972,338	2,594	-
Bank overdrafts	4,047,898	3,466,488	-	453,227
<b>Total</b>	<b>20,442,881</b>	<b>16,750,223</b>	<b>1,036,731</b>	<b>469,764</b>

The fair value of financial liabilities does not significantly vary from the value based on the amortised cost methodology.

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

## NOTES TO THE FINANCIAL STATEMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following methods and assumptions were used to estimate the fair values:

- ♦ Fair value of quoted equities and bonds is based on price quotations in an active market at the reporting date.
- ♦ The fair value of unquoted instruments, loans from banks and other financial liabilities, obligations under finance leases, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.
- ♦ Fair value of the unquoted ordinary shares has been estimated using a Discounted Cash Flow (DCF) model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

### Accounting judgements, estimates and assumptions

#### Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible.

Where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

## 13 REVENUE FROM CONTRACTS WITH CUSTOMERS

### Accounting Policy

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

#### Services transferred over time

Under SLFRS 15, the Group determines at contract inception whether it satisfies the performance obligation over time or at a point in time. For each performance obligation satisfied over time, the Group recognises the revenue over time by measuring the progress towards complete satisfaction of that performance obligation.

### 13.1 Disaggregation of revenue

The Group presented disaggregated revenue with Group's reportable segments based on timing of revenue recognition and geographical region in the operating segment information section.

### 13.2 Reconciliation of revenue

Reconciliation between Revenue from contracts with customers and revenue information that is disclosed for each reportable segment has been provided in the operating segment information section.

### 13.3 Contract balances

#### Contract liabilities

Contract liabilities are Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or the amount is due) from the customer. Contract liabilities include long-term advances received to deliver goods and services and short-term advances received to render certain services. Contract liabilities of the group have been disclosed in other current liabilities note.

### 13.4 Performance obligations and significant judgements

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

The revenue for providing the services are usually recognised at or after the guests' departure, over the period of stay or at the point of arrival of guests. The entity identifies the services under each contract as one performance obligation. The revenue is accounted based on the output method. Since revenue will be based on the final good or service provided, the output method will provide a faithful depiction in recognising revenue.

The Group applies the practical expedient and does not disclose the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the Group expects to recognise that amount as revenue for the year ended 31 March 2021.

### 13.5 Revenue from contracts with customers

For the Year Ended 31 March In Rs. '000s	Group	
	2021	2020
Gross revenue	3,741,072	9,869,114
Less : Green tax	(80,533)	(157,373)
<b>Net revenue</b>	<b>3,660,539</b>	<b>9,711,741</b>

Direct taxes of Rs. 8 Mn (2020 - Rs. 230Mn) have been deducted in arriving at the gross revenue.

## 14 DIVIDEND INCOME

### Accounting Policy

#### Dividend

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

For the Year Ended 31 March In Rs. '000s	Company	
	2021	2020
Income from investments in subsidiaries	-	218,580
	-	218,580

## 15 OTHER OPERATING INCOME AND OTHER OPERATING EXPENSES

### Accounting Policy

#### Gains and losses

Net gains and losses of a revenue nature arising from the disposal of property, plant and equipment and other non-current assets, including investments, are accounted for in the income statement, after deducting from the proceeds on disposal, the carrying amount of such assets and the related selling expenses.

Gains and losses arising from activities incidental to the main revenue generating activities and those arising from a Group of similar transactions, which are not material are aggregated, reported and presented on a net basis.

#### Other income and expenses

Other income and expenses are recognised on an accrual basis.

## NOTES TO THE FINANCIAL STATEMENTS

### 15.1 Other operating income

For the Year Ended 31 March In Rs. '000s	Group		Company	
	2021	2020	2021	2020
Sundry income	60,226	27,073	14,874	3,923
Amortisation of grant received	389	1,408	-	-
	60,615	28,481	14,874	3,923

### 15.2 Other operating expenses

For the Year Ended 31 March In Rs. '000s	Group		Company	
	2021	2020	2021	2020
Power and energy	379,061	513,150	-	-
Maintenance and repair cost	147,883	226,031	-	-
Nation Building Tax	-	51,291	-	-
Loss on disposal of property, plant and equipment	7,517	51,417	-	-
Foreign exchange losses	18,171	20,853	-	-
Other overheads	59,700	78,903	178	190
	612,332	941,645	178	190

## 16 FINANCE INCOME AND FINANCE EXPENSE

### Accounting Policy

#### Finance income

Finance income comprises interest income on funds invested, gains on the disposal of fair value through OCI financial assets.

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.

#### Finance costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, losses on disposal of fair value through OCI financial assets, impairment losses recognised on financial assets (other than trade receivables) that are recognised in the income statement.

Interest expense is recorded as it accrues using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial liability.

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

For the Year Ended 31 March In Rs. '000s	Group		Company	
	2021	2020	2021	2020
<b>Finance income</b>				
Interest income	33,317	88,824	4,132	6,231
	33,317	88,824	4,132	6,231
<b>Finance expense</b>				
Interest expenses on bank borrowings	727,742	399,045	52,600	38,190
Interest expenses on lease liabilities	396,321	254,059	-	-
	1,124,063	653,104	52,600	38,190
<b>Net finance income / (expense)</b>	<b>(1,090,746)</b>	<b>(564,280)</b>	<b>(48,468)</b>	<b>(31,959)</b>

## 17 PROFIT / (LOSS) BEFORE TAX

### Expenditure recognition

Expenses are recognised in the income statement on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the income statement.

For the purpose of presentation of the income statement, the “function of expenses” method has been adopted, on the basis that it presents fairly the elements of the Company’s and Group’s performance.

Profit/(loss) before tax is stated after charging all expenses including the following;

For the Year Ended 31 March In Rs. '000s	Group		Company	
	2021	2020	2021	2020
Remuneration to non-executive directors	5,400	6,287	5,400	6,287
Auditors’ remuneration				
Audit	14,689	14,765	1,199	1,332
Non-audit	746	5,310	736	577
Cost of defined employee benefits				
Defined benefit plan cost	40,424	42,495	-	-
Defined contribution plan cost (EPF and ETF)	85,856	83,166	-	-
Other long term employee benefits cost	4,603	3,954	-	-
Staff expenses	1,937,511	2,198,567	-	-
Share based payments / (reversals)	(542)	6,543	-	-
Depreciation of property, plant and equipment & ROU asset	3,135,888	2,536,682	-	-
Donations	1,055	6,864	-	-
(Reversal) / Impairment of bad and doubtful debts	30,925	41,453	-	-
(Reversal) / Provision for slow moving inventories	(6,289)	3,378	-	-
(Profit) / Loss on disposal of property, plant and equipment	7,517	51,417	-	-

## NOTES TO THE FINANCIAL STATEMENTS

### 18 TAXES

#### Accounting Policy

##### Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and for items recognised in other comprehensive income shall be recognised in other comprehensive income and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Management has used its judgement on the application of tax laws including transfer pricing regulations involving identification of associated undertakings, estimation of the respective arm's length prices and selection of appropriate pricing mechanism.

The Group has complied with the arm's length principles relating to transfer pricing as prescribed in the Inland Revenue Act, and has complied with the related Gazette notification issued by Ministry of Finance.

##### Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

- ♦ where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- ♦ in respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- ♦ where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- ♦ in respect of deductible temporary differences associated with investments in subsidiaries and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the year when the asset is realised or liability is settled, based on the tax rates and tax laws that have been enacted or substantively enacted as at the reporting date.

Deferred tax relating to items recognised outside the income statement is recognised outside the income statement. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity and the same taxation authority.

No deferred tax asset or liability has been recognised in the companies which are enjoying the Board of Investment (BOI) tax holiday period, if there are no qualifying assets or liabilities beyond the tax holiday period.

### Sales tax

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

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

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

### IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of LKAS 12 Income Taxes. The Group applies significant judgement in identifying uncertainties over income tax treatments. Since the Group operates in a complex environment, it assessed whether the Interpretation had an impact on its consolidated financial statements. Group determined that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The Interpretation did not have an impact on the consolidated financial statements of the Group.

## 18.1 Tax expense

	Note	Group		Company	
For the Year Ended 31 March		2021	2020	2021	2020
In Rs. '000s					
<b>Current income tax</b>					
Current tax charge	18.6	7,483	71,441	-	-
Under / (over) provision of current tax in respect of previous years		(43,394)	(63,836)	2	(12,450)
Irrecoverable Economic Service Charge		19,445	4,683	-	-
Withholding tax on inter-company dividends - 14% (2020 - 14%)		-	11,022	-	-
<b>Deferred income tax</b>					
Relating to origination and reversal of temporary differences	18.2	(718,283)	(128,875)	-	-
<b>Tax expense reported</b>		<b>(734,749)</b>	<b>(105,565)</b>	<b>2</b>	<b>(12,450)</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 18.2 Deferred Tax Expense

For the Year Ended 31 March In Rs. '000s	Group	
	2021	2020
<b>Income statement</b>		
<b>Deferred tax arising from</b>		
Accelerated depreciation for tax purposes	14,376	(23,637)
Revaluation of investment property to fair value	2,933	842
Benefit / (reversal) arising from tax losses	(686,062)	(111,440)
Employee benefits liability	(8,915)	5,143
Others (ROU assets / liabilities, trade receivables etc)	(40,615)	217
	(718,283)	(128,875)
<b>Other comprehensive income</b>		
<b>Deferred tax arising from</b>		
Employee benefits liability	285	3,514
Revaluation of land and building to fair value	24,232	7,210
	24,517	10,724
<b>Total deferred tax charge / (reversal)</b>	<b>(693,766)</b>	<b>(118,151)</b>

Deferred Tax has been computed at the following rates :

Subsidiary companies in Sri Lanka engaged in promotion of tourism - 14%.

Subsidiary companies in Maldives - 15%.

Others - 24%

### 18.3 Income tax recoverable

As at 31 March In Rs. '000s	Group		Company	
	2021	2020	2021	2020
Balance at the beginning of the year	98,244	116,026	-	-
Arising during the year / (utilised)	(98,090)	(17,782)	-	-
<b>Balance at the end of the year</b>	<b>154</b>	<b>98,244</b>	<b>-</b>	<b>-</b>

### 18.4 Income tax liabilities

As at 31 March In Rs. '000s	Group		Company	
	2021	2020	2021	2020
Balance at the beginning of the year	127,315	167,389	15,207	30,374
Charge for the year	7,483	71,441	-	-
Effect of movements in exchange rates	(598)	(2,919)	-	-
Payments, set off against refunds and tax credits	(65,024)	(108,596)	(794)	(15,167)
<b>Balance at the end of the year</b>	<b>69,176</b>	<b>127,315</b>	<b>14,413</b>	<b>15,207</b>



## 18.5 Deferred tax assets and liabilities

As at 31 March In Rs. '000s	Group			
	Assets		Liabilities	
	2021	2020	2021	2020
Balance at the beginning of the year	294,620	140,627	781,718	761,366
Transferred from / to deferred tax liabilities	-	(904)	-	(1,724)
Effect of movements in exchange rates	44,834	19,412	-	4,742
Charge / (release)	569,596	135,485	(124,170)	17,334
<b>Balance at the end of the year</b>	<b>909,050</b>	<b>294,620</b>	<b>657,548</b>	<b>781,718</b>
<b>The closing deferred tax asset / liability balance relates to the following:</b>				
Accelerated depreciation for tax purposes	96,048	121,411	246,223	286,030
Impact on revaluation of property, plant and equipment	(26,907)	(3,035)	582,857	517,536
Revaluation of investment property to fair value	-	(24,647)	9,015	-
Employee benefits liability	3,620	-	(21,040)	(5,726)
Losses available for off-set against future taxable income	784,003	200,891	(153,564)	(16,122)
Others	52,286	-	(5,943)	-
	<b>909,050</b>	<b>294,620</b>	<b>657,548</b>	<b>781,718</b>

### Accounting judgements, estimates and assumptions

The Group is subject to income tax and other taxes including VAT/GST. Significant judgement was required to determine the total provision for current, deferred and other taxes due to the uncertainties that exists with respect to the interpretation of the applicability of tax laws, at the time of the preparation of these financial statements.

Uncertainties also exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. Where the final tax outcome of such matters is different from the amounts that were initially recorded, such differences will impact the income and deferred tax amounts in the period in which the determination is made.

The Group has tax losses relate to subsidiaries that have a history of losses that do not expire and may not be used to offset other tax liabilities and where the subsidiaries have no taxable temporary differences nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets.

The Group has contingent liabilities amounting to Rs. 10.3 Mn (2020 – Rs. 20.7 Mn). These have been arrived at after discussing with independent and legal tax experts and based on information available. All assumptions are revisited as at the reporting date.

Further details on contingent liabilities are disclosed in Note 44 to the financial statements.

The Inland Revenue (Amendment) Bill, to amend the Inland Revenue Act, No. 24 of 2017, incorporating announcements implemented by the Inland Revenue Circular Nos. PN/IT/2020-03 (Revised) and PN/IT/2021-01 was Gazetted on 18 March 2021.

As the Bill has been Gazetted and also printed by order of Parliament as of the reporting date, the Group's management, having applied significant judgment have concluded the provisions of the Inland Revenue (Amendment) Bill to be substantially enacted, and have relied upon the income tax rates specified therein to calculate the income tax liability and deferred tax provision for the 2020/21 financial year of the Group.

### Impact of COVID-19

The Group recognises a deferred tax asset on unused tax losses which is expected to reduce the future tax expense. The Group's risk management strategy involved implementation of the business continuity plans at the respective companies as a response to COVID-19 pandemic.

## NOTES TO THE FINANCIAL STATEMENTS

### 18.6 Reconciliation between current tax charge and the accounting profit/(loss)

	Group		Company	
	2021	2020	2021	2020
Profit/(loss) before tax	(5,854,557)	(1,306,957)	(52,256)	165,099
Share of results of equity accounted investees	(3,072)	282	-	-
Other consolidation adjustments	175,224	107,991	-	-
<b>Profit/(loss) after adjustments</b>	<b>(5,682,405)</b>	<b>(1,198,684)</b>	<b>(52,256)</b>	<b>165,099</b>
Dividends not subjected to income tax	-	-	-	(218,580)
Income exempt from income tax	557,750	(51,760)	-	-
Adjusted accounting profit/(loss) chargeable to income taxes	(5,124,655)	(1,250,444)	(52,256)	(53,481)
Disallowable expenses	4,734,391	3,269,209	-	-
Allowable expenses	(3,986,061)	(2,669,147)	-	-
Utilisation of tax losses	-	(112,291)	-	-
Tax losses not utilised in the current financial year	4,423,529	1,039,180	52,256	53,481
<b>Taxable income</b>	<b>47,204</b>	<b>276,507</b>	<b>-</b>	<b>-</b>
<b>Current tax charged at</b>				
Standard rate of 28% (2020 - 28%)	-	1,647	-	-
Standard rate of 24% (2020 - 24%)	1,042	4,058	-	-
Standard rate of 15% (2020 - 15%)	6,441	34,672	-	-
Concessionary rate of 14% (2020 - 14%)	-	31,064	-	-
<b>Current tax charge</b>	<b>7,483</b>	<b>71,441</b>	<b>-</b>	<b>-</b>

### 18.7 Reconciliation between tax expense and the product of accounting profit

	Group		Company	
	2021	2020	2021	2020
Adjusted accounting profit/(loss) chargeable to income tax	(5,124,655)	(1,250,444)	(52,256)	(53,481)
Tax effect on chargeable profits	(764,523)	(150,332)	(12,539)	(14,975)
Tax effect on non deductible expenses	27,600	56,349	-	-
Tax effect on deductions claimed	1,984	(14,995)	-	-
Net tax effect of unrecognised deferred tax assets for the year	21,646	953	12,539	14,975
Net tax effect of deferred tax in respect of previous year	6,599	52,090	-	-
Deferred tax due to rate differentials	(4,106)	(1,499)	-	-
Under / (over) provisions of current tax in respect of prior years	(43,394)	(63,836)	2	(12,450)
Other income based taxes				
Irrecoverable Economic Service Charge	19,445	4,683	-	-
Withholding tax on inter-company dividends - 14% (2020 - 14%)	-	11,022	-	-
<b>Total tax expense / (reversal)</b>	<b>(734,749)</b>	<b>(105,565)</b>	<b>2</b>	<b>(12,450)</b>

The Group tax is based on the taxable profit of individual companies within the Group. At present the tax laws of Sri Lanka and Maldives do not provide for Group taxation.

**18.8 Tax Losses Carried Forward**

For the Year Ended 31 March In Rs. '000s	Group		Company	
	2021	2020	2021	2020
Tax losses brought forward	2,697,967	1,799,803	53,481	-
Adjustments on finalisation of liability	29,060	(28,725)	(53,481)	-
Tax losses arising during the year	4,423,529	1,039,180	52,256	53,481
Utilisation of tax losses	-	(112,291)	-	-
<b>Tax losses carried forward</b>	<b>7,150,556</b>	<b>2,697,967</b>	<b>52,256</b>	<b>53,481</b>

**18.9 Applicable rates of Income Tax****Income Tax rates of Sri Lankan Companies**

Companies which undertake promotion of tourism in Sri Lanka are liable to tax at the rate of 14% (2020 - 14%) of such income. Other Income is taxed at the rate of 24% with effect from 01 January 2020. The following Companies enjoy a full or partial exemption and concessions under the law of Board of Investment (BOI).

- I Profits and income of Trinco Holiday Resorts (Pvt) Ltd are exempt from tax for a period of 10 years commencing from the year in which the company commences to make profits or any year of assessment not later than two years reckoned from the date of commencement of commercial operation whichever is earlier. The BOI exemption period has commenced from the year 2011/12.
- II Profits and income of Beruwala Holiday Resorts (Pvt) Ltd are exempt from tax for a period of 8 years commencing from the year in which the company commences to make profits or any year of assessment not later than two years reckoned from the date of commencement of commercial operation whichever is earlier. The BOI exemption period has commenced from the year 2014/15.

**Income Tax rates of off-shore Companies**

The following subsidiaries based in the Republic of Maldives, are subject to Income tax at 15%.

- ◆ John Keells Maldivian Resorts (Pte) Ltd
- ◆ Travel Club (Pte) Ltd
- ◆ Fantasea World Investments (Pte) Ltd
- ◆ Tranquility (Pte) Ltd

**19 EARNINGS / (LOSS) PER SHARE****Accounting Policy**

Basic Earnings / (Loss) Per Share (EPS) is calculated by dividing the profit / (loss) for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by dividing the profit / (loss) attributable to ordinary equity holders of the parent (after adjusting outstanding share option scheme and warrants) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

## NOTES TO THE FINANCIAL STATEMENTS

There were no potentially dilutive ordinary shares outstanding at any time during the year /previous year.

For the Year Ended 31 March	Group		Company	
	2021	2020	2021	2020
Profit / (Loss) attributable to equity holders of the parent (In Rs. '000s)	(5,096,181)	(1,200,568)	(52,258)	177,549
Weighted average number of ordinary shares (In '000s)	1,456,147	1,456,147	1,456,147	1,456,147
Basic/diluted earnings/(loss) per share (Rs.)	(3.50)	(0.82)	(0.04)	0.12

### 20 DIVIDENDS PER SHARE

For the Year Ended 31 March	Company	
	2021	2020
Equity dividend on ordinary shares declared and paid during the year (In Rs. '000s)	-	-
Weighted average number of ordinary shares (In '000s)	1,456,147	1,456,147
Dividend per share (Rs.)	-	-

### 21 PROPERTY, PLANT AND EQUIPMENT

#### Accounting Policy

#### Basis of recognition

Property, plant and equipment are recognised if it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be reliably measured.

#### Basis of measurement

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment loss. Such cost includes the cost of replacing component parts of the plant and equipment and borrowing costs for long-term construction projects if the recognition criterias are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group de-recognises the replaced part, and recognises the new part with its own associated useful life and depreciation. All other repair and maintenance costs are recognised in the income statement as incurred.

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment charged subsequent to the date of the revaluation.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity in the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the income statement, in which case the increase is recognised in the income statement. A revaluation deficit is recognised in the income statement, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings. Where land and buildings are subsequently revalued, the entire class of such assets is revalued at fair value on the date of revaluation. The Group has adopted a guideline of revaluing assets by a professional valuer at least once in every five years.

#### De-recognition

An item of property, plant and equipment are de-recognised upon replacement, disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset is included in the income statement in the year the asset is de-recognised.

### Depreciation

Depreciation is calculated by using a straight-line method on the cost or valuation of all property, plant and equipment, other than freehold land, in order to write off such amounts over the estimated useful economic life of such assets or over the unexpired period of lease, whichever is lower.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

The estimated useful life of assets is as follows:

Assets	Years
Buildings on leasehold land	Estimated lease period
Buildings freehold land	up to 60
Plant and machinery	03 - 25
Equipment	05 - 15
Furniture and fittings	05 - 13
Motor vehicles	05
Computer equipment	05
Cutlery, crockery, glassware and linen	03

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each financial year end.

### Borrowing costs

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

### Impairment of property plant and equipment

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

Impairment losses are recognised in the income statement, except that, impairment losses in respect of property, plant and equipment previously revalued are recognised against the revaluation reserve through the statement of other comprehensive income to the extent that it reverses a previous revaluation surplus.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

## NOTES TO THE FINANCIAL STATEMENTS

The Group has not determined an impairment as at the reporting date due to the COVID-19 pandemic, as each business unit implemented its business continuity plans which were operationalised during the early days of the pandemic. Businesses also developed and instituted COVID-19 specific response plans and teams to enable smooth and uninterrupted functioning of businesses and operations to the extent possible, whilst maintaining strict adherence to Government directives and health and safety considerations in situations where normal operations are disrupted.

### 21.1 Property, Plant and Equipment

As at 31 March

	Land and buildings	Buildings on leasehold land	Plant and machinery	Equipment
In Rs. '000s				
<b>Group</b>				
<b>Cost or valuation</b>				
At the beginning of the year	7,374,880	15,927,623	1,799,252	2,460,349
Additions	7,264	8,865	46,985	147,437
Disposals	-	(9,672)	(9,057)	(37,534)
Revaluations	120,924	(9,126)	-	-
Transfers	4,899	2,398,220	515,073	325,254
Effect of movements in exchange rates	-	695,305	1,132	80,511
Transfers on revaluation	(31,676)	(55,258)	-	-
<b>At the end of the year</b>	<b>7,476,291</b>	<b>18,955,957</b>	<b>2,353,385</b>	<b>2,976,017</b>
<b>Accumulated depreciation</b>				
At the beginning of the year	226,084	2,467,418	1,143,597	1,443,000
Charge for the year	73,239	750,867	170,409	303,194
Disposals	-	(604)	(8,475)	(35,344)
Effect of movements in exchange rates	-	170,756	(33,546)	36,746
Transfers on revaluation	(31,676)	(55,258)	-	-
<b>At the end of the year</b>	<b>267,647</b>	<b>3,333,179</b>	<b>1,271,985</b>	<b>1,747,596</b>
<b>Carrying value</b>				
<b>As at 31 March 2021</b>	<b>7,208,644</b>	<b>15,622,778</b>	<b>1,081,400</b>	<b>1,228,421</b>
<b>As at 31 March 2020</b>	<b>7,148,796</b>	<b>13,460,205</b>	<b>655,655</b>	<b>1,017,349</b>
<b>Carrying value of assets</b>				
At cost				
At valuation				
<b>Carrying value of land and buildings</b>				
At cost				
At valuation				

	Furniture and fittings	Motor vehicles	Computer equipment	Cutlery, crockery, glassware and linen	Capital work in progress	Total 2021	Total 2020
	1,780,916	157,442	305,617	331,159	3,135,411	33,272,649	23,101,504
	28,944	54,702	4,271	15,873	1,139,663	1,454,004	9,579,980
	(24,000)	(21,660)	(7,592)	(29,901)	(92,421)	(231,837)	(497,236)
	-	-	-	-	-	111,798	116,462
	599,256	2,251	11,179	42,190	(3,898,322)	-	-
	68,488	(1,432)	10,383	8,254	(38,336)	824,305	1,007,613
	-	-	-	-	-	(86,934)	(35,674)
	2,453,604	191,303	323,858	367,575	245,995	35,343,985	33,272,649
	814,540	115,566	211,136	159,130	-	6,580,471	5,538,350
	224,270	18,911	31,465	86,314	-	1,658,669	1,201,666
	(22,882)	(21,660)	(6,921)	(21,333)	-	(117,219)	(429,572)
	23,012	(6,888)	7,105	3,198	-	200,383	305,701
	-	-	-	-	-	(86,934)	(35,674)
	1,038,940	105,929	242,785	227,309	-	8,235,370	6,580,471
	1,414,664	85,374	81,073	140,266	245,995	27,108,615	-
	966,376	41,876	94,481	172,029	3,135,411	-	26,692,178
						17,230,202	16,838,629
						9,878,413	9,853,549
						27,108,615	26,692,178
						12,953,009	10,755,452
						9,878,413	9,853,549
						22,831,422	20,609,001

## NOTES TO THE FINANCIAL STATEMENTS

### 21.2 Revaluation of Land and Buildings

#### Accounting judgements, estimates and assumptions

The Group uses the revaluation model of measurement of land and buildings. The Group engaged independent expert valuers, to determine the fair value of its land and buildings. Fair value is determined by reference to market-based evidence of transaction prices for similar properties.

Valuations are based on open market prices, adjusted for any difference in the nature, location or condition of the specific property. These valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The date of the most recent revaluation was on 31 December 2020.

The changes in fair value recognised in other comprehensive income and in the statement of equity. The valuer has used valuation techniques such as market values and discounted cash flow methods where there was lack of comparable market data available based on the nature of the property.

#### Impact of COVID-19

The outbreak of COVID-19, declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted both local and global markets.

Consequently, as at the reporting date, the value reflected represents the best estimate based on the market conditions that prevailed, which in the valuer's considered opinion, meets the requirements in SLFRS-13 Fair Value Measurement.

The details of Property, Plant & Equipment of the Group which are stated at valuation are indicated below.

Property	Method of Valuation	Effective date of valuation	Name of the Chartered Valuation Surveyor	Significant unobservable inputs	Sensitivity of fair value to unobservable inputs
<b>Land of</b>					
Nuwara Eliya Holiday Resorts (Pvt) Ltd	Residual method	31 December 2020	Mr. S Fernando	Estimated occupancy rate 70% and estimated price per perch Rs.655,000	Positively correlated
<b>Land and buildings of</b>					
Beruwala Holiday Resorts (Pvt) Ltd	Depreciated replacement cost method / Open market value method	31 December 2020	Mr. P B Kalugalagedara	Estimated price per perch Rs.800,000 - 1,000,000 and per square foot Rs.3,000 - 10,250	Positively correlated
Kandy Walk Inn Ltd	Depreciated replacement cost method / Open market value method	31 December 2020	Mr. S Fernando	Estimated price per perch Rs. 10,000 - 1,175,000 and per square foot Rs.1,000 - 8,000	Positively correlated
Trinco Holiday Resorts (Pvt) Ltd	Open market value method	31 December 2020	Mr. P B Kalugalagedara	Estimated price per perch Rs. 350,000 and per square foot Rs.1,000 - 7,000	Positively correlated



Property	Method of Valuation	Effective date of valuation	Name of the Chartered Valuation Surveyor	Significant unobservable inputs	Sensitivity of fair value to unobservable inputs
<b>Land, Buildings and Buildings on leasehold land of</b>					
Ceylon Holiday Resorts Ltd	Depreciated replacement cost method / Open market value method	31 December 2020	Mr. P B Kalugalagedara	Estimated price per perch Rs. 250,000- 900,000 and per square foot Rs.1,750 - 3,400	Positively correlated
Habarana Lodge Ltd	Depreciated replacement cost method	31 December 2020	Mr. S Fernando	Estimated price per square foot Rs.500 - 8,000	Positively correlated
Habarana Walk Inn Ltd	Depreciated replacement cost method	31 December 2020	Mr. S Fernando	Estimated price per square foot Rs.1,500 - 6,000	Positively correlated
Hikkaduwa Holiday Resorts (Pvt) Ltd	Direct capital comparison method / Open market value method	31 December 2020	Mr. P B Kalugalagedara	Estimated price per perch Rs. 800,000 and per square foot Rs.1,700 - 5,400	Positively correlated
Yala Village (Pvt) Ltd	Depreciated replacement cost method	31 December 2020	Mr. P B Kalugalagedara	Estimated price per square foot Rs.2,450 -7,350	Positively correlated

#### Summary description of valuation methodologies

##### Open market value method

Open market value method uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities or a group of assets and liabilities, such as a business.

##### Depreciated replacement cost method

Depreciated replacement cost uses the current cost of reproduction or replacement of an asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation.

##### Direct capital comparison method

This method may be adopted when the rental value is not available from the property concerned, but there are evidences of sale price of properties as a whole. In such cases, the capitalised value of the property is fixed by direct comparison with capitalised value of similar property in the locality.

### 21.3 The carrying amounts of fair valued land and buildings if they were carried at cost less depreciation, would be as follows.

As at 31 March In Rs. '000s	Group	
	2021	2020
Cost	17,544,214	15,139,537
Accumulated depreciation and impairment	(1,606,288)	(1,313,884)
Carrying value	15,937,926	13,825,653

## NOTES TO THE FINANCIAL STATEMENTS

### 21.4 Segmental Analysis of Net Book Value of property, plant and equipment

As at 31 March In Rs. '000s	Group	
	2021	2020
Sri Lanka	15,474,710	15,424,180
Maldives	11,633,905	11,267,998
	27,108,615	26,692,178

21.5 No assets have been pledged as security for term loans obtained (2020 - Nil).

21.6 Group property, plant and equipment with a cost of Rs. 2,589 Mn (2020 - Rs.1,644 Mn) have been fully depreciated but continue to be used by the Group.

## 22 LEASES

### Accounting Policy

Set out below are the new accounting policies of the Group upon adoption of SLFRS 16, which have been applied from the date of initial application:

### Right-of-use assets

The Group recognises right-of-use assets when the underlying asset is available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term. Right-of-use assets are subject to impairment.

### Impact of COVID-19

The Group has not determined Impairment as at the reporting date due to the COVID-19 pandemic as each business unit implemented its business continuity plans which were operationalised during the early days of the pandemic. Businesses also developed and instituted COVID-19 specific response plans and teams to enable smooth and uninterrupted functioning of businesses and operations to the extent possible, whilst maintaining strict adherence to Government directives and health & safety considerations in situations where normal operations are disrupted.

### Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

### Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

### Rent concessions

The Group companies received rent concessions such as rent payment holidays and deferral of payments during the year. The practical expedient has been chosen to adopt Amendments to SLFRS 16 COVID-19 Related Rent Concessions which is insignificant to a separate disclosure.

## 22.1 Amounts recognised in the statement of financial position and income statement

### 22.1.1 Right-of-use assets

Set out below, are the carrying amounts of the Group's right-of-use assets and the movements for the period ended 31 March 2021 and 31 March 2020.

In Rs. 000'	Group			
	Leasehold Properties	Motor Vehicles	Total 2021	Total 2020
<b>Cost</b>				
At the beginning of the year	27,346,105	104,144	27,450,249	18,984,209
Additions	2,310,831	2,956	2,313,787	6,771,824
Disposal of lease right	-	(3,203)	(3,203)	-
Currency translation difference	1,483,439	-	1,483,439	1,694,216
<b>At the end of the year</b>	<b>31,140,375</b>	<b>103,897</b>	<b>31,244,272</b>	<b>27,450,249</b>
<b>Accumulated depreciation and impairment</b>				
At the beginning of the year	1,303,743	31,273	1,335,016	-
Depreciation	1,443,472	33,747	1,477,219	1,335,016
<b>At the end of the year</b>	<b>2,747,215</b>	<b>65,020</b>	<b>2,812,235</b>	<b>1,335,016</b>
<b>Carrying value</b>	<b>28,393,160</b>	<b>38,877</b>	<b>28,432,037</b>	<b>26,115,233</b>

### 22.1.2 Lease liabilities

Set out below, are the carrying amounts of the Group's lease liabilities and the movements for the period ended 31 March 2021.

In Rs. '000s	Group	
	2021	2020
At the beginning of the year	13,421,534	7,742,700
<b>Cash movement</b>		
Payments	(845,089)	(710,632)
<b>Non cash movement</b>		
Additions	2,313,787	5,350,232
De-recognition of liability	(3,514)	-
Interest expense	396,321	254,059
Currency translation difference	832,625	785,175
<b>At the end of the year</b>	<b>16,115,664</b>	<b>13,421,534</b>
<b>Current</b>	<b>1,131,749</b>	<b>1,103,057</b>
<b>Non-current</b>	<b>14,983,915</b>	<b>12,318,477</b>
<b>At the end of the year</b>	<b>16,115,664</b>	<b>13,421,534</b>

The maturity analysis of lease liabilities are disclosed in Note 10.2.2.

## NOTES TO THE FINANCIAL STATEMENTS

Following are the amounts recognised in the income statement.

For the Year Ended 31 March	2021	2020
Depreciation of right-of-use assets	1,477,219	1,335,016
Interest expense on lease liabilities	396,321	254,059
Total amount recognised in income statement	1,873,540	1,589,075

The Group uses 6 months AWPLR plus margin / LIBOR plus margin when calculating the incremental borrowing rate which reflects the average rate of borrowings in the Group. Quarterly calculated incremental borrowing rates were used to discount new leases obtained during the year.

### 23 INVESTMENT PROPERTY

#### Accounting Policy

Investment properties are measured initially at cost, including transaction costs. The carrying value of an investment property includes the cost of replacing part of an existing investment property, at the time that cost is incurred if the recognition criteria are met, and excludes the costs of day to-day servicing of the investment property. Subsequent to initial recognition, the investment properties are stated at fair values, which reflect market conditions at the reporting date.

Gains or losses arising from changes in fair value are included in the income statement in the year in which they arise. Fair values are evaluated at least every 3 years by an accredited external, independent valuer.

Investment properties are de-recognised when disposed, or permanently withdrawn from use because no future economic benefits are expected. Any gains or losses on retirement or disposal are recognised in the income statement in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use for a transfer from investment property to owner occupied property. The deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. Where Group companies occupy a significant portion of the investment property of a subsidiary, such investment properties are treated as property, plant and equipment in the consolidated financial statements, and accounted using Group accounting policy for property, plant and equipment.

#### 23.1 Investment property

	Group	
	2021	2020
As at 31 March		
In Rs. '000s		
<b>Carrying value</b>		
At the beginning of the year	1,647,700	1,626,196
Change in fair value during the year	16,250	21,504
<b>At the end of the year</b>	<b>1,663,950</b>	<b>1,647,700</b>
Freehold property	1,663,950	1,647,700
	1,663,950	1,647,700
Rental income earned	-	-
Direct operating expenses incurred	15,170	8,194

**Accounting judgements, estimates and assumptions**

Fair value of the investment property is ascertained by independent valuations carried out by chartered valuation surveyors, who have recent experience in valuing properties of akin location and category. Investment property is appraised in accordance with LKAS 40, SLFRS 13 and the 8th edition of International Valuation Standards published by the International Valuation Standards Committee (IVSC) by the independent valuers. In determining the fair value, the current condition of the properties, future usability and associated re-development requirements have been considered. Also, the valuers have made reference to market evidence of transaction prices for similar properties, with appropriate adjustments for size and location. The appraised fair values are rounded within the range of values.

The changes in fair value recognised in the income statement. The determined fair values of investment properties, using investment method, are most sensitive to the estimated yield as well as the long term occupancy rate.

**Impact of COVID-19**

The outbreak of COVID-19, declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted both local and global markets.

Consequently, as at the reporting date, the value reflected represents the best estimate based on the market conditions that prevailed, which in the valuer's considered opinion, meets the requirements in SLFRS-13 Fair Value Measurement.

**Description of valuation techniques used and key inputs to valuation on investment properties:**

Property	Method of Valuation*	Effective date of valuation	Name of the Chartered Valuation Surveyor	Significant unobservable inputs	Sensitivity of fair value to unobservable inputs
<b>Land of</b>					
Ahungalla Holiday Resorts (Pvt) Ltd	Direct capital comparison method	31 December 2020	Mr. S Fernando	Estimated price per perch Rs. 240,000 - 390,000	Positively correlated
Resort Hotels Ltd	Direct capital comparison method	31 December 2020	Mr. S Fernando	Estimated price per perch Rs. 140,000 - 255,000	Positively correlated
Trinco Walk Inn Ltd	Direct capital comparison method	31 December 2020	Mr. S Fernando	Estimated price per perch Rs. 115,000 - 320,000	Positively correlated
Wirawila Walk Inn Ltd	Direct capital comparison method	31 December 2020	Mr. S Fernando	Estimated price per perch Rs. 22,192	Positively correlated

\*Summary description of valuation methodologies can be found in property plant and equipment Note 21.2.

## NOTES TO THE FINANCIAL STATEMENTS

### 24 INTANGIBLE ASSETS

#### Accounting Policy

##### Basis of recognition

An Intangible asset is recognised if it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be reliably measured.

##### Basis of measurement

The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised, and expenditure is charged to income statement in the year in which the expenditure is incurred.

##### Useful economic lives, amortisation and impairment

The useful lives of intangible assets are assessed as either finite or indefinite lives. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Intangible assets with indefinite useful lives such as Goodwill are not amortised but tested for impairment annually, or more frequently when an indication of impairment exists either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

##### Impact of COVID-19

The Group has not determined impairment of goodwill as at the reporting date due to the COVID-19 pandemic as each business unit is operating under the business continuity plans as per the Group risk management strategy, to the extent possible, whilst strictly adhering to and supporting Government directives. Other business units where it is not feasible to operate in full or partial capacity in the immediate short term under the current environment, the management has taken necessary steps to safeguard the assets.

#### 24.1 Intangible assets

	Group	
	2021	2020
As at 31 March		
In Rs. '000s		
Goodwill		
Cost		
At the beginning of the year	670,407	670,407
Adjustments on impairment	-	-
At the end of the year	670,407	670,407

Goodwill acquired through Business Combinations has been allocated to Cinnamon Resorts for impairment testing.

	Net Carrying Value of Goodwill	
	2021	2020
As at 31 March		
In Rs. '000s		
Cinnamon resorts	670,407	670,407
	670,407	670,407

The recoverable amount of all CGUs have been determined based on the Fair Value Less Cost to Sell or Value In Use (VIU) calculation.

#### Accounting judgements, estimates and assumptions

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use (VIU). The fair value less costs to sell calculation is based on available data from an active market, in an arm's length transaction, of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different cash generating units, are as follows;

#### Gross Margins

The basis used to determine the value assigned to the budgeted gross margins, is the gross margins achieved in the year preceding the budgeted year adjusted for projected market conditions.

#### Inflation

The basis used to determine the value assigned to the budgeted cost inflation is the inflation rate based on projected economic conditions.

#### Discount Rate

The discount rate used is the risk free pre-tax discount rate, adjusted by the addition of an appropriate risk premium.

#### Volume Growth

Volume growth has been budgeted on a reasonable and realistic basis by taking into account the growth rates of one to four years immediately subsequent to the budgeted year based on industry growth rates.

Cash flows beyond the five year period has been extrapolated using a zero growth rate.

## 25 INVESTMENT IN SUBSIDIARIES

### Accounting Policy

Investment in subsidiaries are initially recognised at cost in the financial statements of the Company. Any transaction cost relating to acquisition of investment in subsidiaries are immediately recognised in the income statement. Following initial recognition, Investment In subsidiaries are carried at cost less any accumulated impairment losses.

### Impact of COVID-19

The Group has not determined impairment as at the reporting date due to the COVID-19 pandemic.

### 25.1 Carrying value

	Note	Group		Company	
		2021	2020	2021	2020
As at 31 March In Rs. '000s					
Investments in subsidiaries - Unquoted	25.2	-	-	12,682,683	12,678,838
		-	-	12,682,683	12,678,838

## NOTES TO THE FINANCIAL STATEMENTS

### 25.2 Investment in subsidiaries - Unquoted

As at 31 March	Group		Company			
	Effective Holding		Effective Holding		Cost (Rs. '000)	
	2021	2020	2021	2020	2021	2020
Ceylon Holiday Resorts Ltd	99.39%	99.39%	99.39%	99.39%	3,152,248	3,152,248
Habarana Lodge Ltd	98.35%	98.35%	98.35%	98.35%	695,084	695,084
International Tourists and Hoteliers Ltd	99.33%	99.33%	99.33%	99.33%	2,094,401	2,094,401
Kandy Walk Inn Ltd	98.39%	98.39%	98.39%	98.39%	408,998	408,998
Habarana Walk Inn Ltd	98.77%	98.77%	98.77%	98.77%	311,851	311,851
John Keells Maldivian Resorts (Pte) Ltd	100.00%	100.00%	100.00%	100.00%	4,739,853	4,739,853
Rajawella Hotels Co. Ltd	100.00%	100.00%	100.00%	100.00%	35,982	35,702
Trinco Walk Inn Ltd	100.00%	100.00%	100.00%	100.00%	95,940	95,940
Wirawila Walk Inn Ltd	100.00%	100.00%	100.00%	100.00%	28,406	27,619
Yala Village (Pvt) Ltd	93.78%	93.78%	93.78%	93.78%	300,678	300,678
Trinco Holiday Resorts (Pvt) Ltd	100.00%	100.00%	100.00%	100.00%	357,000	357,000
Ahungalla Holiday Resorts (Pvt) Ltd	100.00%	100.00%	100.00%	100.00%	134,848	134,240
Nuwara Eliya Holiday Resorts (Pvt) Ltd	100.00%	100.00%	100.00%	100.00%	327,194	325,024
Cinnamon Holidays (Pvt) Ltd	100.00%	100.00%	100.00%	100.00%	200	200
Resort Hotels Ltd	99.39%	99.39%	-	-	-	-
Tranquility (Pte) Ltd	100.00%	100.00%	-	-	-	-
Travel Club (Pte) Ltd	100.00%	100.00%	-	-	-	-
Fantasea World Investments (Pte) Ltd	100.00%	100.00%	-	-	-	-
Beruwala Holiday Resorts (Pvt) Ltd	99.33%	99.33%	-	-	-	-
Hikkaduwa Holiday Resorts (Pvt) Ltd	99.39%	99.39%	-	-	-	-
<b>Total investments in subsidiaries</b>					<b>12,682,683</b>	<b>12,678,838</b>

### 25.3 Material partly-owned subsidiaries

The Group has concluded that non-controlling interest is not material in aggregate and individually for disclosure purpose.

## 26 INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES

### Accounting Policy

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

### Impact of COVID-19

Investments in equity accounted investees are carried at cost less any accumulated impairment losses. The Group has not determined impairment as at the reporting date due to the COVID-19 pandemic.

Joint ventures entered into by the Group, which have been accounted for using the equity method, is

Name	Country of incorporation
Sentinel Realty Pvt Ltd	Sri Lanka

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.



Associate company incorporated in Sri Lanka of the Group which has been accounted for under the equity method of accounting is:

Name	Country of incorporation
Indra Hotels & Resorts Kandy (Pvt) Ltd	Sri Lanka

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The Income statement reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity.

Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The share of profit or loss of an associate or a joint venture is shown on the face of income statement outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of result of equity accounted investees' in the income statement.

Upon loss of significant influence or joint control over the associate or joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in the income statement.

The accounting policies of associate companies and joint ventures conform to those used for similar transactions of the Group.

Equity method of accounting has been applied for associates and joint ventures using their corresponding/matching 12 month financial period.

Nature of the entity's relationship, principal place of business and the country of incorporation is disclosed in group directory.

## NOTES TO THE FINANCIAL STATEMENTS

### Investments in equity accounted investees

		Group		Company	
As at 31 March	Effective	2021	2020	2021	2020
In Rs. '000s	Holding				
Carrying value					
Investments in joint venture - Unquoted					
Sentinel Realty (Pvt) Ltd	50%	70,825	76,684	67,112	66,237
Investments in associate - Unquoted					
Indra Hotels & Resorts Kandy (Pvt) Ltd	40%	702,586	567,724	698,960	567,760
		773,411	644,408	766,072	633,997

### 26.1 Summarised financial information of equity accounted investees

For the Year Ended 31 March	Sentinel Realty (Pvt) Ltd		Indra Hotels & Resorts Kandy (Pvt) Ltd		Total	
In Rs. '000s	2021	2020	2021	2020	2021	2020
<b>Group share of;</b>						
Revenue	68	56	-	-	68	56
Operating expenses	(4,477)	(1,024)	(92)	(275)	(4,569)	(1,299)
Net finance income	24	21	1,755	1,599	1,779	1,620
Changes in fair value of investment property	(25)	325	-	-	(25)	325
Tax expense / (reversal)	74	(71)	(399)	(349)	(325)	(420)
<b>Share of results of equity accounted investees</b>	<b>(4,336)</b>	<b>(693)</b>	<b>1,264</b>	<b>975</b>	<b>(3,072)</b>	<b>282</b>
<b>Other comprehensive income</b>						
	-	324	-	-	-	324
<b>Total comprehensive income</b>	<b>(4,336)</b>	<b>(369)</b>	<b>1,264</b>	<b>975</b>	<b>(3,072)</b>	<b>606</b>

The share of results of equity accounted investees in Income Statement and Other Comprehensive Statement are shown net of all related taxes.

<b>Group share of;</b>						
Total assets	75,319	78,864	767,205	578,118	842,524	656,982
Total liabilities	(1,923)	(2,180)	(67,190)	(10,394)	(69,113)	(12,574)
<b>Net assets</b>	<b>73,396</b>	<b>76,684</b>	<b>700,015</b>	<b>567,724</b>	<b>773,411</b>	<b>644,408</b>

The Group and the Company have neither contingent liabilities nor capital and other commitments in respect of its joint venture and associate.

**27 NON-CURRENT FINANCIAL ASSETS**

As at 31 March In Rs. '000s	Note	Group		Company	
		2021	2020	2021	2020
<b>Outside Investments</b>					
<b>Quoted</b>					
Ceylon Hotels Corporation PLC		6	8	6	8
<b>Unquoted</b>					
Rainforest Ecolodge (Pvt) Ltd		13,610	18,347	-	-
Sri Lanka Hotel Tourism Training Institute Ltd		50	50	-	-
Rajawella Holdings Ltd		161,357	161,357		
		175,017	179,754	-	-
<b>Loans to executives</b>	27.1	5,011	6,729	-	-
<b>Total other non current financial assets</b>		<b>180,034</b>	<b>186,491</b>	<b>6</b>	<b>8</b>

**Impact of COVID-19**

Impact from the pandemic on Non-current Financial Assets are disclosed under Note 10

**27.1 Loans to executives**

As at 31 March In Rs. '000s	Group	
	2021	2020
At the beginning of the year	8,338	5,345
Loans granted / transfers	1,932	4,237
Recoveries	(3,559)	(1,244)
<b>At the end of the year</b>	<b>6,711</b>	<b>8,338</b>
Receivable within one year	1,700	1,609
Receivable between one and five years	5,011	6,729
	6,711	8,338

**28 OTHER NON-CURRENT ASSETS**

As at 31 March In Rs. '000s	Group	
	2021	2020
Prepaid staff loans	872	1,404
	872	1,404

## NOTES TO THE FINANCIAL STATEMENTS

### 29 INVENTORIES

#### Accounting Policy

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price less estimated costs of completion and the estimated costs necessary to make the sale.

The costs incurred in bringing inventories to its present location and condition, are accounted for as follows:

Food and Beverage	- On a weighted average basis
Housekeeping and Maintenance	- On a weighted average basis
Other inventories	- At actual cost

#### Impact of COVID-19

Perishables, products with short shelf lives or expiration dates, or specific seasonal inventories were considered at risk of an impairment. The Group has adequately adjusted the carrying value of the inventory to reflect its net realisable value.

#### 29.1 Inventories

As at 31 March In Rs. '000s	Group	
	2021	2020
Food and beverage	119,447	159,303
Housekeeping and maintenance	137,496	137,598
Others	5,487	10,496
	262,430	307,397
Less : Provision for slow moving inventories	(4,425)	(10,714)
	258,005	296,683

There were no inventories pledged as security for borrowings as at 31 March 2021. (as at 31 March 2020- nil)

### 30 TRADE AND OTHER RECEIVABLES

Receivables represent the Group's right to an amount of consideration that is unconditional. Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

#### Impact of COVID-19

The Group's simplified Expected Credit Loss model is based on the provision metrics which allowed to use under the practical expedient of SLFRS 9. As part of the Group wide spend control and cash management efforts set up (Cash war rooms) to manage the COVID-19 impact on working capital and collections, the individual receivable balances were re-assessed, specific provisions were made wherever necessary, existing practice on the provisioning of trade receivables were re-visited and adjusted to reflect the different ways in which the COVID-19 outbreak affects different types of customers. The Group assessed how the timing and amount of cash flows generated by outstanding trade receivables might be affected and increased loss rates as necessary.

As at 31 March In Rs. '000s	Note	Group	
		2021	2020
Trade receivables		436,849	1,366,546
Provision for expected credit loss	30.1	(124,278)	(93,353)
Other receivables		124,805	197,309
Loans to executives	27.1	1,700	1,609
		439,076	1,472,111

Refer credit risk note (Note 10.1.3) for age analysis of trade and other receivables.

### 30.1 Movement of provision for expected credit loss

	Group Expected credit loss
As at 31 March 2020	93,353
Charge for the year	30,925
As at 31 March 2021	124,278

## 31 OTHER CURRENT ASSETS

	Group		Company	
	2021	2020	2021	2020
As at 31 March In Rs. '000s				
Prepayments and non-cash receivables	164,057	453,412	-	3
Tax recoverable	538,824	478,838	-	796
	702,881	932,250	-	799

## 32 SHORT TERM INVESTMENTS

### Accounting Policy

Cash and cash equivalents in the statement of cash flows comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of the cashflow statement, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

	Group		Company	
	2021	2020	2021	2020
As at 31 March In Rs. '000s				
Bank deposits (Less than 3 months) reported for cash flow	86,435	624,787	-	3,781
Bank deposits (more than 3 months and less than 1 year)	64,766	34,558	-	-
Total short term investments	151,201	659,345	-	3,781

## 33 STATED CAPITAL AND OTHER COMPONENTS OF EQUITY

### Accounting Policy

The ordinary shares of John Keells Hotels PLC are quoted in the Colombo Stock Exchange. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are eligible for one vote per share at General Meetings of the Company. The Group has in place an Employee Share Option Plan. Please refer Note 34 for further details.

## NOTES TO THE FINANCIAL STATEMENTS

### 33.1 Stated Capital

As at 31 March	2021		2020	
	Number of shares '000s	Value of Shares in Rs. 000s	Number of shares '000s	Value of Shares in Rs. 000s
Fully paid ordinary shares				
At the beginning of the year	1,456,147	9,500,247	1,456,147	9,500,247
Issue of shares	-	-	-	-
At the end of the year	1,456,147	9,500,247	1,456,147	9,500,247

### 33.2 Other Components of Equity

As at 31 March In Rs. '000s	Note	Group		Company	
		2021	2020	2021	2020
Revaluation reserve	33.2.1	5,039,079	4,952,513	-	-
Foreign currency translation reserve	33.2.2	6,305,289	5,709,032	-	-
Fair value reserve of financial assets at FVOCI	33.2.3	(4,686)	(5)	(7)	(5)
Employee share option plan reserve	33.2.4	59,042	59,584	-	-
		11,398,724	10,721,124	(7)	(5)

**33.2.1** Revaluation reserve consists of the net surplus on the revaluation of property, plant and equipment.

**33.2.2** Foreign currency translation reserve comprises the net exchange movement arising on the currency translation of foreign operation into Sri Lankan rupees.

**33.2.3** Fair value reserve of financial assets at FVOCI includes changes of fair value of equity instruments.

**33.2.4** Employee share option plan reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration.

### 34 SHARE-BASED PAYMENT PLANS

#### Accounting Policy

#### Employee share option plan

Employees of the company and its subsidiaries are eligible to participate in employee share option schemes of John Keells Holdings PLC (Ultimate parent). Employees of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity settled transaction).

The Group applies SLFRS 2 Share Based Payments in accounting for employee remuneration in the form of shares from financial year 2013/14 onwards.

#### Equity-settled transactions

The cost of equity-settled transactions is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

### Employee Share Option Scheme

Under the John Keells Group's Employees share option scheme (ESOP), share options of the parent are granted to senior executives of the company and the subsidiary with more than 12 months of service. The exercise price of the share options is equal to the 30 day volume weighted average market price of the underlying shares on the date of grant. The share options vest over a period of four years and is dependent on a performance criteria and a service criteria. The performance criteria being a minimum performance achievement of "Met Expectations" and service criteria being that the employee has to be in employment at the time the share options vest. The fair value of the share options is estimated at the grant date using a binomial option pricing model, taking into account the terms and conditions upon which the share options were granted.

The contractual term for each option granted is five years. There are no cash settlement alternatives.

The expense recognised for employee services received during the year is shown in the following table:

For the year ended 31 March In Rs. '000s	Group	
	2021	2020
Expense arising from equity-settled share-based payment transactions	(542)	6,543
Total expense arising from share-based payment transactions	(542)	6,543

### Movements in the year

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	Group			
	2021		2020	
	No.	WAEP	No.	WAEP
Outstanding at 1 April	641,692	139.70	882,528	163.96
Granted during the year	-	-	-	-
Transfer in / (out)	-	-	(193,199)	126.86
Forfeited during the year	(152,616)	150.31	(47,637)	172.67
Adjustment during the year	-	-	-	-
Expired during the year	-	-	-	-
<b>Outstanding at 31 March</b>	<b>489,076</b>	<b>156.58</b>	<b>641,692</b>	<b>139.70</b>
<b>Exercisable at 31 March</b>	<b>382,207</b>	<b>155.62</b>	<b>423,249</b>	<b>139.56</b>

### Accounting judgements, estimates and assumptions

The fair value of the share options is estimated at the grant date using most appropriate valuation model, taking into account the terms and conditions upon which the share options were granted.

The valuation takes into account factors such as stock price, expected time to maturity, exercise price, expected volatility of share price, expected dividend yield and risk free interest rate.

## NOTES TO THE FINANCIAL STATEMENTS

### 35 INTEREST BEARING BORROWINGS

#### 35.1 Bank Borrowings

As at 31 March In Rs. '000s	Group		Company	
	2021	2020	2021	2020
<b>Movement</b>				
Balance at the beginning of the year	11,721,527	4,186,907	-	-
<b>Cash Movement</b>				
Loans obtained during the year	5,047,683	9,615,288	1,002,651	-
Repayments during the year	(2,426,512)	(2,703,533)	-	-
<b>Non Cash Movement</b>				
Accrued interest	253,804	95,459	20,442	-
Amortisation of transaction cost	159	-	61	-
Currency translation difference	566,434	527,406	-	-
<b>Balance at the end of the year</b>	<b>15,163,095</b>	<b>11,721,527</b>	<b>1,023,154</b>	<b>-</b>
<b>Analysed by repayment period</b>				
Repayable within one year	1,922,745	972,338	2,594	-
Repayable after one year	13,240,350	10,749,189	1,020,560	-
	<b>15,163,095</b>	<b>11,721,527</b>	<b>1,023,154</b>	<b>-</b>

#### 35.2 Security and Repayment Terms of Borrowings

As at 31 March In Rs. '000s	Nominal Interest Rate	Repayment terms	Carrying value of collaterals	2021	2020
<b>Ceylon Holiday Resorts Ltd</b>	AWPLR plus margin	78 monthly instalments including 18 month grace period.	Corporate guarantee from John Keells Hotels PLC of LKR 2.45Bn	-	2,092,297
	Fixed	3 monthly instalments after a grace period of 9 months commencing from June 2021	Letter of Comfort from John Keells Holdings PLC	25,753	-
	Fixed for the first 5 years and 1 month AWPLR plus margin for the next 5 years	102 monthly instalments after a grace period of 18 months commencing from August 2022	Corporate Guarantee from John Keells Hotels PLC LKR 3 Bn	2,838,351	-
<b>Beruwala Holiday Resorts (Pvt) Ltd</b>	1 month LIBOR based plus margin	7 quarterly repayments commencing from June 2021	-	218,677	198,351
	Fixed	3 monthly instalments after a grace period of 9 months commencing from June 2021	Letter of Comfort from John Keells Holdings PLC	25,753	-



As at 31 March In Rs. '000s	Nominal Interest Rate	Repayment terms	Carrying value of collaterals	2021	2020
<b>Habarana Lodge Ltd</b>	1 months LIBOR based plus margin	8 quarterly repayments commencing from September 2021	-	<b>37,939</b>	35,058
	Fixed	18 monthly instalments after a grace period of 6 months commencing from June 2021	Corporate Guarantee from John Keells Hotels PLC of LKR 37.9Mn and Letter of Comfort from John Keells Holdings PLC	<b>38,453</b>	-
<b>Hikkaduwa Holiday Resorts (Pvt) Ltd</b>	1 months LIBOR based plus margin	4 quarterly repayments commencing from June 2021	-	<b>160,304</b>	148,131
	Fixed	18 monthly instalments after a grace period of 6 months commencing from June 2021	Corporate Guarantee from John Keells Hotels PLC of LKR 18.9Mn and Letter of Comfort from John Keells Holdings PLC	<b>19,148</b>	-
	Fixed	72 monthly instalments after a grace period of 12 months from the date of first disbursement	Corporate Guarantee from John Keells Hotels PLC of LKR 540Mn	<b>193,311</b>	-
<b>Trinco Holiday Resorts (Pvt) Ltd</b>	AWPLR based plus margin	13 monthly instalments after a grace period of 12 months commencing from April 2021	Letter of comfort from John Keells Hotels PLC	<b>94,238</b>	91,000
	1 months LIBOR based plus margin	8 quarterly repayments commencing from September 2021	-	<b>63,152</b>	41,030
	Fixed	18 monthly instalments after a grace period of 6 months commencing from June 2021	Corporate Guarantee from John Keells Hotels PLC of LKR 18.5Mn and Letter of Comfort from John Keells Holdings PLC	<b>18,723</b>	-
<b>Yala Village (Pvt) Ltd</b>	1 month LIBOR based plus margin	8 quarterly repayments commencing from September 2021	-	<b>28,462</b>	26,300
	Fixed	18 monthly instalments after a grace period of 6 months commencing from June 2021	Corporate Guarantee from John Keells Hotels PLC of LKR 21.4Mn and Letter of Comfort from John Keells Holdings PLC	<b>21,712</b>	-

## NOTES TO THE FINANCIAL STATEMENTS

As at 31 March	Nominal Interest Rate	Repayment terms	Carrying value of collaterals	2021	2020
In Rs. '000s					
<b>Habarana Walk Inn Ltd</b>	Fixed	18 monthly instalments after a grace period of 6 months commencing from June 2021	Corporate Guarantee from John Keells Hotels PLC of LKR 12.7Mn and Letter of Comfort from John Keells Holdings PLC	12,855	-
<b>Kandy Walk Inn Ltd</b>	Fixed	18 monthly instalments after a grace period of 6 months commencing from June 2021	Corporate Guarantee from John Keells Hotels PLC of LKR 26.6Mn and Letter of Comfort from John Keells Holdings PLC	26,965	-
<b>John Keells Hotels PLC</b>	Fixed	15 monthly instalments after a grace period of 9 months commencing from June 2021	Letter of undertaking from John Keells Hotels PLC	4,370	-
	Fixed for the first 3 years and 1 month AWPLR plus margin for the next 4 years	10 bi-annual instalments after a grace period of 24 months commencing from June 2023	Letter of Comfort from John Keells Holdings PLC	1,018,780	-
<b>Tranquility (Pte) Ltd</b>	3 months LIBOR based plus margin	16 quarterly instalments after 12 months grace period commencing from September 2019 and moratorium period of 12 months from March 2020 to February 2021	Leasehold right on the Island of Kanuoiy Huraa in Kaafu (Male')	5,591,934	5,347,425
	3 months LIBOR based plus margin	12 Monthly equal instalments commencing March 2021	Leasehold right on the Island of Kanuoiy Huraa in Kaafu (Male')	177,866	-
<b>Fantasea World Investments (Pte) Ltd</b>	3 months LIBOR based plus margin	21 quarterly instalments after 18 months grace period commencing from December 2018 and moratorium period of 12 months from March 2020 to February 2021	Leasehold rights of Island of Hakuraa Huraa	3,817,658	3,678,726
	3 months LIBOR based plus margin	12 Monthly equal instalments commencing March 2021	Leasehold rights of Island of Hakuraa Huraa	127,791	-
<b>Travel Club (Pte) Ltd</b>	1 months LIBOR based plus margin	12 quarterly instalments commencing from September 2017	-	-	63,209
<b>John Keells Maldivan Resorts (Pte) Ltd</b>	3 months LIBOR based plus margin	6 Monthly equal instalments after 6 months grace period commencing from February 2021	Letter of comfort of John Keells Hotels PLC	600,900	-
				15,163,095	11,721,527

**36 EMPLOYEE BENEFIT LIABILITY****Accounting Policy****Employee contribution plans - EPF/ETF**

Employees are eligible for Employees' Provident Fund contributions and Employees' Trust Fund contributions in line with respective statutes and regulations. The companies contribute the defined percentages of gross emoluments of employees to an approved Employees' Provident Fund and to the Employees' Trust Fund respectively, which are externally funded.

**Employee defined benefit plan - gratuity**

The liability recognised in the statement of financial position is the present value of the defined benefit obligation at the reporting date using the projected unit credit method. Any actuarial gains or losses arising are recognised immediately in the other comprehensive income.

**Other long term employee benefits**

Long-Term Incentive Plan (LTI) has been launched for senior employees of the Group. The overall incentive will be paid in cash as a lump sum payment upon achievement of key performance indicators linked to the five year strategic plan in place. The Liability recognised in respect other long term employee benefits are measured as the present value of the estimated future cash outflows expected to be made by the Group in relation to the performance and the services of the relevant employees, up to the reporting date.

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

The obligation is not externally funded.

	Note	Group	
		2021	2020
As at 31 March			
In Rs. '000s			
Employee defined benefit plan - gratuity	36.1	209,344	186,983
Other long term employee benefits	36.2	10,222	9,490
<b>Balance at the end of the year</b>		<b>219,566</b>	<b>196,473</b>

**36.1 Employee defined benefit plan - gratuity**

	Group	
	2021	2020
As at 31 March		
In Rs. '000s		
Balance at the beginning of the year	186,983	204,822
Current service cost	20,301	22,151
Interest cost on benefit obligation	20,123	20,344
Payments	(18,218)	(21,805)
Transfers	39	(10,183)
(Gain) / Loss arising from changes in assumptions	116	(28,346)
<b>Balance at the end of the year</b>	<b>209,344</b>	<b>186,983</b>

The expenses recognised in the following line items in the income statement

Cost of sales	21,168	18,761
Administrative expenses	12,074	23,640
Distribution expenses	7,182	94
	<b>40,424</b>	<b>42,495</b>

## NOTES TO THE FINANCIAL STATEMENTS

### Accounting judgements, estimates and assumptions

The employee benefit liability of the Group is based on the actuarial valuation carried out by Independent actuarial specialist. The actuarial valuations involve making assumptions about discount rates and future salary increases. The complexity of the valuation, the underlying assumptions and its long term nature, the defined benefit obligation is highly sensitive to changes in these assumptions.

All assumptions are reviewed at each reporting date.

The employee benefit liability of the Group is based on the actuarial valuations carried out by Smiles Global (Pvt) Ltd., actuaries.

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

	2021	2020
Discount rate	8%	11%
Future salary increases	8%	8%

#### 36.1.1 Sensitivity of assumptions used

If a one percentage point change is assumed in the discount rate and salary increment rate, it would have the following effects:

	Group			
	Discount rate		Salary increment	
	2021	2020	2021	2020
As at 31 March In Rs. '000s				
Effect on the defined benefit obligation liability				
Increase by one percentage point	(2,151)	(6,217)	6,780	6,973
Decrease by one percentage point	2,565	6,488	(6,463)	(6,742)

#### 36.1.2 Maturity analysis of the payments

The following payments are expected on employee benefit liabilities in future years.

As at 31 March In Rs. '000s	Group	
	2021	2020
Within the next 12 months	9,644	13,114
Between 1 and 2 years	19,871	15,682
Between 2 and 5 years	107,560	127,552
Between 5 and 10 years	72,269	30,635
Total expected payments	209,344	186,983

The Group weighted average duration of the defined benefit plan obligation is 5.51 (2020 - 4.52) years.

**36.2 Other long term employee benefits**

	Group	
	2021	2020
As at 31 March		
In Rs. '000s		
Balance at the beginning of the year	9,490	8,758
Current service cost	4,603	3,954
Payments	(3,871)	(3,222)
Balance at the end of the year	10,222	9,490

**37 OTHER DEFERRED LIABILITIES****Accounting Policy****Government grants**

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match to the costs, that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual instalments.

Where the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the income statement over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual instalments.

	Note	Group	
		2021	2020
As at 31 March			
In Rs. '000s			
Grant	37.1	-	389
Other deferred liability	37.2	58,632	-
		58,632	389

**37.1 Grant**

	Group	
	2021	2020
As at 31 March		
In Rs. '000s		
Balance at the beginning of the year	389	1,797
Grant received during the year	-	-
Amortisation during the year	(389)	(1,408)
Balance at the end of the year	-	389

Basis of amortisation - 25% p.a.

This represents the grant received by Fantasea World Investments (Pte) Ltd from Ministry of Tourism of Maldives to develop a bio gas plant.

## NOTES TO THE FINANCIAL STATEMENTS

### 37.2 Other deferred liability

As at 31 March In Rs. '000s	Group	
	2021	2020
Balance at the beginning of the year	-	-
Additions	91,660	-
Foreign exchange movements	4,489	-
Net Cash flow from financing activities	(37,517)	-
<b>Balance at the end of the year</b>	<b>58,632</b>	<b>-</b>

This represents amounts due to Ooredoo Maldives PLC for providing total ICT Infrastructure solution to Tranquility (Pte) Ltd. Payment is to be made on a pre-agreed 5 year instalment plan.

### 38 NON-CURRENT FINANCIAL LIABILITIES

As at 31 March In Rs. '000s	Group	
	2021	2020
<b>Non-refundable deposits</b>		
Balance at the beginning of the year	92,958	-
Additions	-	99,427
Non Cash Changes		
Foreign exchange movements	1,406	4,049
Amortised during the year	(41,159)	(10,518)
<b>Balance at the end of the year</b>	<b>53,205</b>	<b>92,958</b>

This represents non-refundable deposits received from Liveaboard Maldives Private Ltd to provide required facilities to house its equipment and to operate a dive base and a water sport centre at Tranquility (Pte) Ltd for a period of 120 months.

### 39 TRADE AND OTHER PAYABLES

#### Accounting Policy

Trade payables are the aggregate amount of obligations to pay for goods or services, that have been acquired in the ordinary course of business.

Trade payables are classified as current liabilities if payment is due within one year.

As at 31 March In Rs. '000s	Group		Company	
	2021	2020	2021	2020
Trade payables	428,001	528,242	-	-
Other payables	490,956	592,115	10,456	14,023
Accrued expenses	214,261	310,432	-	-
	<b>1,133,218</b>	<b>1,430,789</b>	<b>10,456</b>	<b>14,023</b>

Trade and other payables are normally non-interesting bearing and settled within one year. For further explanation on the Group's liquidity risk management process refer Note 10.2.

**40 OTHER CURRENT LIABILITIES****Accounting Policy**

Group classifies all non-financial current liabilities under other current liabilities.

These include non-refundable deposits, advances and other tax payables.

As at 31 March In Rs. '000s	Group	
	2021	2020
Contract Liabilities	272,548	189,186
Non-refundable deposits	25,687	23,975
Other tax payables	129,836	119,920
	428,071	333,081

**41 RELATED PARTY TRANSACTIONS****Terms and conditions of transactions with related parties**

The Group and Company carried out transactions in the ordinary course of business at arm's length price with the following related entities. Governance structure, nature of the entity's relationships, principal place of business and the country of incorporation have been disclosed in the "Report of the Related Party Transactions Review Committee" and Group directory. The list of Directors at each of the subsidiary and joint venture companies have been disclosed in the Group directory under the Supplementary Information section of the Annual Report.

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions.

Outstanding current account balances at the year end are unsecured, interest free and settlements occur in cash. Loans are given at pre-agreed terms and interest rates.

**Non-recurrent related party transactions**

The Company issued a corporate guarantee of Rs. 3 Bn to Ceylon Holiday Resorts Limited for its financing facilities. This enabled Ceylon Holiday Resorts Limited to re-finance its existing debt at more competitive terms and fund additional capital expenditure pertaining to Cinnamon Bentota Beach. John Keells Hotels PLC is the immediate parent of Ceylon Holiday Resorts Limited and holds a stake of 99.39%. Disclosures have been made to the Colombo Stock Exchange (CSE) in terms of Rule 9.3.1 of the Listing rules of the CSE, as the value of the transaction exceeds 10% of the Total Equity of the Company as per 31 March 2020 audited financial statements.

There were no other non-recurrent related party transactions which aggregate value exceeds 10% of the equity or 5% of the total assets which ever is lower of the Company as per 31 March 2020 audited financial statements, which required additional disclosures in the 2020/21 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Security Exchange Commission Directive issued under Section 13(c) of the Security Exchange Commission Act.

**Recurrent related party transactions**

There were no any recurrent related party transactions which in aggregate value exceeds 10% of the consolidated revenue of the Group as per 31 March 2020 audited financial Statements, which required additional disclosures in the 2020/21 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Security Exchange Commission Directive issued under Section 13(c) of the Security Exchange Commission Act.

## NOTES TO THE FINANCIAL STATEMENTS

### 41.1 Amounts due from related parties

As at 31 March In Rs. '000s	Group		Company	
	2021	2020	2021	2020
<b>Ultimate parent</b>				
John Keells Holdings PLC	55	43	-	-
	55	43	-	-
<b>Companies under common control</b>				
Walkers Tours Ltd	1,710	46,973	-	-
Cinnamon Hotel Management Ltd	2,608	9,853	-	-
Whittall Boustead (Travels) Ltd	-	3,474	-	-
Whittall Boustead Ltd	-	545	-	-
Rajawella Holdings Ltd	743	819	-	-
Asian Hotels & Properties PLC	20	1,468	-	-
Trans Asia Hotels PLC	4	4	-	-
John Keells Office Automation (Pvt) Ltd	1,975	12	-	-
South Asia Gateway Terminals (Pvt) Ltd	151	-	-	-
Sancity Hotels & Properties Ltd	31	-	-	-
John Keells Logistics (Pvt) Ltd	108	-	-	-
Ceylon Cold Stores PLC	216	-	-	-
Keells Food Products PLC	304	-	-	-
Jaykay Marketing Services (Pvt) Ltd	44	-	-	-
Nuwara Eliya Holiday Resorts (Pvt) Ltd	-	-	-	10
Wirawila Walk Inn Ltd	-	-	-	3
Kandy Walk Inn Ltd	-	-	11	40
Ceylon Holiday Resorts Ltd	-	-	3,717	4,514
Trinco Walk Inn Limited	-	-	3	-
Rajawella Hotels Co. Ltd	-	-	-	3
Habarana Lodge Ltd	-	-	25	-
Habarana Walk Inn Ltd	-	-	54	-
Yala Village (Pvt) Ltd	-	-	18	6,000
Beruwala Holiday Resorts (Pvt) Ltd	-	-	-	41
Hikkaduwa Holiday Resorts (Pvt) Ltd	-	-	17	41
Trinco Holiday Resorts (Pvt) Ltd	-	-	8	41
Cinnamon Holidays (Pvt) Ltd	-	-	-	22
John Keells Maldivian Resorts (Pte) Ltd	-	-	242	-
	7,914	63,148	4,095	10,715
<b>Equity accounted investees</b>				
Sentinel Realty (Pvt) Ltd	576	10	344	10
Indra Hotels & Resorts Kandy (Pvt) Ltd	91	-	91	-
	667	10	435	10
	8,636	63,201	4,530	10,725



**41.2 Amounts due to related parties**

As at 31 March In Rs. '000s	Group		Company	
	2021	2020	2021	2020
<b>Ultimate parent</b>				
John Keells Holdings PLC	17,242	12,749	532	542
<b>Companies under common control</b>				
Cinnamon Hotel Management Ltd	43,727	72,909	399	1,741
Cinnamon Hotel Management International (Pvt) Ltd	29,119	35,098	-	-
InfoMate (Pvt) Ltd	3,364	4,373	57	47
Mackinnons Travels (Pvt) Ltd	263	1,603	-	-
John Keells International (Pvt) Ltd	1,243	2,006	-	-
Walkers Tours Ltd	1,521	309	-	-
Sancity Hotels & Properties Ltd	274	586	-	-
Trans Asia Hotels PLC	313	-	-	-
Asian Hotels & Properties PLC	37	-	-	-
Mack Air Services Maldives (Pvt) Ltd	-	632	-	-
Keells Consultants (Pvt) Ltd	1,452	603	783	168
John Keells Office Automation (Pvt) Ltd	79	435	-	-
Ceylon Cold Stores PLC	-	116	-	-
Jaykay Marketing Services (Pvt) Ltd	36	-	-	-
Yala Village (Pvt) Ltd	-	-	15	16
Trinco Holiday Resorts (Pvt) Ltd	-	-	1,335	-
	81,428	118,670	2,589	1,972
	98,670	131,419	3,121	2,514

## NOTES TO THE FINANCIAL STATEMENTS

### 41.3 Transactions with related parties

For the year ended 31 March In Rs. '000s	Note	Group		Company	
		2021	2020	2021	2020
Ultimate parent					
Receiving of services		(115,641)	(106,669)	(6,388)	(5,999)
Rendering of services		11,448	-	-	-
Companies under common control					
Purchase of goods	41.4	(414)	(36,100)	-	-
Rendering of services	41.4	9,331	269,682	-	-
Receiving of services	41.4	(382,543)	(940,035)	(1,964)	(1,362)
Subsidiaries					
Guarantee income received	41.5	-	-	13,940	3,924
Key management personnel (KMP)		-	-	-	-
Close family members of KMP		-	-	-	-
Companies controlled/ jointly controlled/ significantly influenced by KMP and their close family members		-	-	-	-
Post employment benefit plan					
Contributions to the provident fund		(1,402)	(2,194)	-	-

**41.4 Transactions with companies under common control**

For the year ended 31 March In Rs. '000s	Group		Company	
	2021	2020	2021	2020
<b>Purchase of goods</b>				
Ceylon Cold Stores PLC	(174)	(1,145)	-	-
Jaykay Marketing Services (Pvt) Ltd	(199)	(234)	-	-
John Keells Office Automation (Pvt) Ltd	(41)	(27,921)	-	-
Keells Food Products PLC	-	(6,800)	-	-
	(414)	(36,100)	-	-
<b>Rendering of services</b>				
Walkers Tours Ltd	3,781	253,562	-	-
Whittall Boustead Travel Ltd	527	13,802	-	-
Cinnamon Hotel Management Ltd	230	1,406	-	-
Mackinnons Travel (Pvt) Ltd	-	134	-	-
John Keells Office Automation (Pvt) Ltd	2,102	-	-	-
Other related parties	2,691	778	-	-
	9,331	269,682	-	-
<b>Receiving of services</b>				
Infomate (Pvt) Ltd	(34,896)	(42,295)	(686)	(605)
Keells Consultants (Pvt) Ltd	(3,295)	(3,078)	(1,278)	(757)
John Keells International (Pvt) Ltd	(14,690)	(15,401)	-	-
John Keells Office Automation (Pvt) Ltd	(890)	(29,336)	-	-
Cinnamon Hotel Management Ltd	(194,604)	(473,116)	-	-
Cinnamon Hotel Management International (Pvt) Ltd	(130,266)	(308,597)	-	-
Mackinnons Travels (Pvt) Ltd	(1,224)	(22,903)	-	-
Walkers Tours Ltd	(2,019)	(3,847)	-	-
Mack Air Services Maldives (Pvt) Ltd	-	(26,986)	-	-
Other related parties	(659)	(14,476)	-	-
	(382,543)	(940,035)	(1,964)	(1,362)

## NOTES TO THE FINANCIAL STATEMENTS

### 41.5 Transactions with subsidiaries

For the year ended 31 March In Rs. '000s	Group		Company	
	2021	2020	2021	2020
<b>Guarantee income received</b>				
Ceylon Holiday Resorts Ltd	-	-	12,810	3,924
Kandy Walk Inn Ltd	-	-	46	-
Habarana Lodge Ltd	-	-	66	-
Habarana Walk Inn Ltd	-	-	22	-
Yala Village (Pvt) Ltd	-	-	38	-
Beruwala Holiday Resorts (Pvt) Ltd	-	-	32	-
Hikkaduwa Holiday Resorts (Pvt) Ltd	-	-	33	-
John Keells Maldivian Resorts (Pte) Ltd	-	-	893	-
	-	-	13,940	3,924

### 41.6 Compensation of Key Management Personnel

For the year ended 31 March In Rs. '000s	Group		Company	
	2021	2020	2021	2020
Short term employee benefits	5,400	14,400	5,400	6,287
Post employment benefits	-	-	-	-
Other long term benefits	-	-	-	-
Termination benefits	-	-	-	-
Share based payments	-	-	-	-
	5,400	14,400	5,400	6,287

Key management personnel include members of the Board of Directors of John Keells Hotels PLC, its subsidiaries and John Keells Holdings PLC.

## 42 COMMITMENTS

### Capital Commitments

As at 31 March In Rs. '000s	Group		Company	
	2021	2020	2021	2020
Capital commitments contracted but not incurred	215,591	389,135	-	-
Capital commitments approved but not contracted	310,728	3,859,048	-	-
Guarantees commitment	3,779,322	2,450,000	3,779,322	2,450,000
	4,305,641	6,698,183	3,779,322	2,450,000

Capital commitments of the Group relates to structural refurbishment of Hikka Tranz by Cinnamon.

**43 ASSETS PLEDGED**

Assets pledged for facilities obtained is given in Note 35.2 to the financial statements.

**44 CONTINGENT LIABILITIES****Accounting Policy**

Provisions, contingent assets and contingent liabilities

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

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

All contingent liabilities are disclosed as a note to the financial statements unless the outflow of resources is remote. A contingent liability recognised in a business combination is initially measured at its fair value.

**Subsequently, it is measured at the higher of:**

- ♦ The amount that would be recognised in accordance with the general guidance for provisions above (LKAS 37) or
- ♦ The amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the guidance for revenue recognition (SLFRS 15)

Contingent assets are disclosed, where inflow of economic benefit is probable.

There were no significant contingent liabilities as at the reporting date except for the following:

**Yala Village (Pvt) Ltd**

Income tax assessments relating to years of assessment 2012/13 to 2017/18. The company has lodged appeals against the assessments and is contesting these under appellate procedure. Having discussed with independent legal and tax experts and based on the information available, the contingent liability as at 31 March 2021 is estimated at Rs 4.9Mn.

**Kandy Walk Inn Ltd**

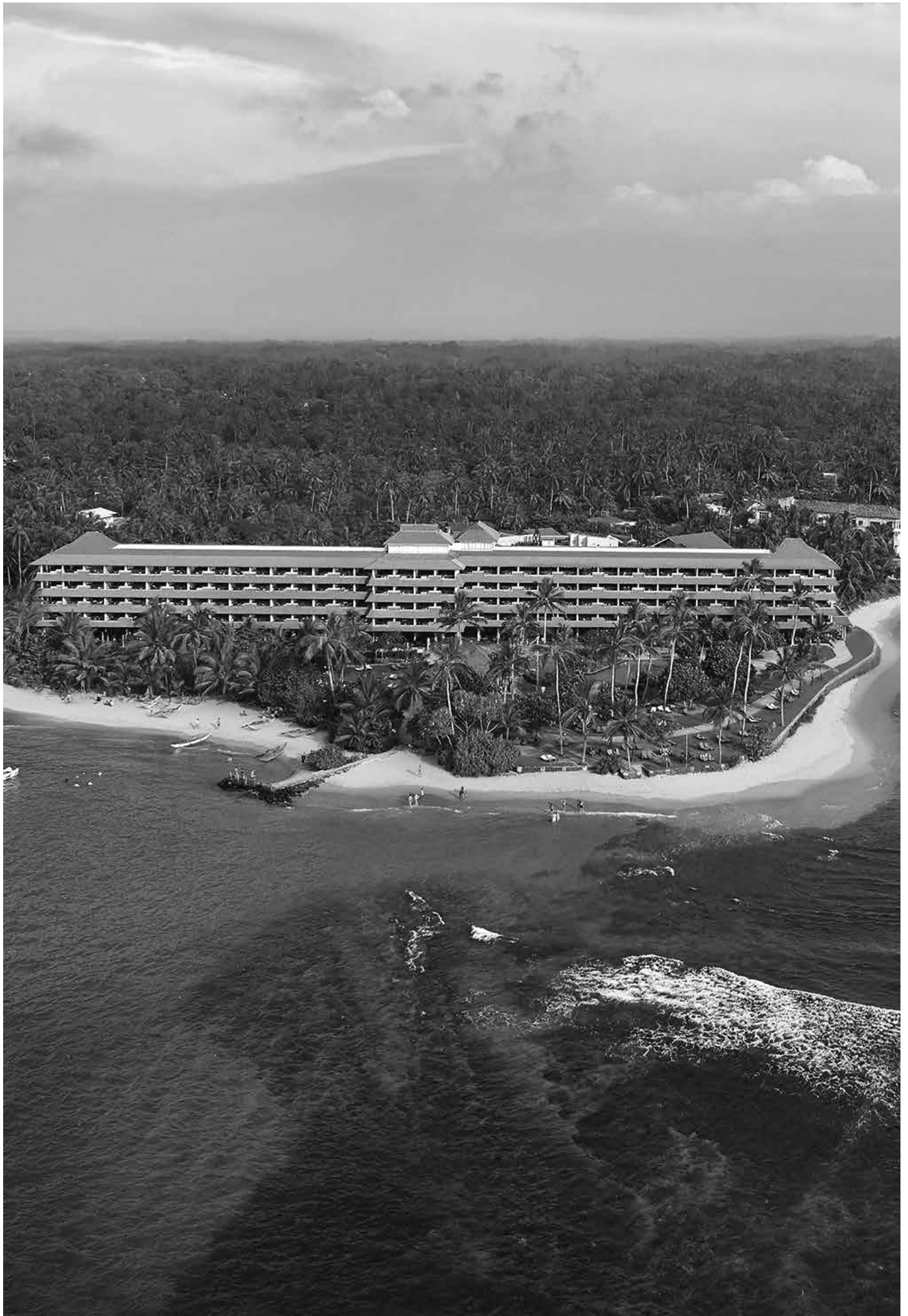
Income tax assessment relating to year of assessment 2016/17. The company has lodged appeals against the assessments and is contesting these under appellate procedure. Having discussed with independent legal and tax experts and based on the information available, the contingent liability as at 31 March 2021 is estimated at Rs. 5.4Mn.

The management is confident that the ultimate resolution of the above contingencies are unlikely to have a material adverse effect on the financial position of the Group.

**45 EVENTS SUBSEQUENT TO THE REPORTING DATE**

There have been no events subsequent to the reporting date, which require disclosure in the financial statements, but the Group has been closely monitoring the impact of the development of COVID-19 on the Group's business operations. The Group has taken numerous measures for the safety of staff employed, adhering to all Government and Health Authority rules and guidelines and also closely monitoring the liquidity positions and has been serving the existing debt requirements while managing the working capital requirements.

As the situation evolves, the Group will keep its risk management measures under continual review, and proactively take measures to ensure that business operations continue as seamlessly as possible.



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SUPPLEMENTARY INFORMATION



## QUARTERLY INFORMATION

### Income Statement - Group

For the three months ended	2020/21				
	June	September	December	March	For the year ended
In Rs. '000s	30th	30th	31st	31st	
Revenue	47,373	598,851	989,480	2,024,835	3,660,539
Cost of sales	(299,441)	(469,432)	(540,196)	(821,597)	(2,130,666)
<b>Gross profit / (loss)</b>	<b>(252,068)</b>	<b>129,419</b>	<b>449,284</b>	<b>1,203,238</b>	<b>1,529,873</b>
Other operating income	9,612	25,228	3,215	22,560	60,615
Administrative expenses	(1,350,038)	(1,257,458)	(1,352,868)	(1,518,309)	(5,478,673)
Distribution expenses	(33,455)	(61,908)	(98,797)	(82,312)	(276,472)
Other operating expenses	(102,352)	(151,725)	(140,109)	(218,146)	(612,332)
Finance expenses	(285,695)	(289,297)	(253,856)	(295,215)	(1,124,063)
Finance income	11,883	9,169	5,289	6,976	33,317
Change in fair value of investment property	-	-	-	16,250	16,250
Share of results of equity accounted investees	(2,446)	103	(528)	(201)	(3,072)
<b>Profit / (Loss) before tax</b>	<b>(2,004,559)</b>	<b>(1,596,469)</b>	<b>(1,388,370)</b>	<b>(865,159)</b>	<b>(5,854,557)</b>
Tax reversal / (expense)	278,041	217,401	155,734	83,573	734,749
<b>Profit / (Loss) for the year</b>	<b>(1,726,518)</b>	<b>(1,379,068)</b>	<b>(1,232,636)</b>	<b>(781,586)</b>	<b>(5,119,808)</b>
<b>Attributable to:</b>					
Equity holders of the parent	(1,720,230)	(1,373,744)	(1,225,821)	(776,386)	(5,096,181)
Non-controlling interests	(6,288)	(5,324)	(6,815)	(5,200)	(23,627)
	(1,726,518)	(1,379,068)	(1,232,636)	(781,586)	(5,119,808)

### Statement of Financial Position - Group

As at	2020/21			
	June	September	December	March
In Rs. '000s	30th	30th	31st	31st
<b>Assets</b>				
Non-current assets	55,418,992	57,254,245	57,362,942	59,738,376
Current assets	3,454,546	2,655,616	2,977,500	2,737,093
<b>Total Assets</b>	<b>58,873,538</b>	<b>59,909,861</b>	<b>60,340,442</b>	<b>62,475,469</b>
<b>Equity and Liabilities</b>				
Equity	26,797,289	25,341,290	24,232,039	24,326,139
Non-controlling interest	121,033	115,712	108,895	104,587
<b>Total Equity</b>	<b>26,918,322</b>	<b>25,457,002</b>	<b>24,340,934</b>	<b>24,430,726</b>
Non-current liabilities	23,447,250	24,888,494	26,633,166	29,213,216
Current liabilities	8,507,966	9,564,365	9,366,342	8,831,527
<b>Total Liabilities</b>	<b>31,955,216</b>	<b>34,452,859</b>	<b>35,999,508</b>	<b>38,044,743</b>
<b>Total Equity and Liabilities</b>	<b>58,873,538</b>	<b>59,909,861</b>	<b>60,340,442</b>	<b>62,475,469</b>
<b>SHARE INFORMATION</b>				
Earnings / (Loss) per share	(1.18)	(0.94)	(0.84)	(0.53)
Net assets per share	18.40	17.40	16.64	16.71
Market price per share				
Highest	8.30	8.90	12.60	12.20
Lowest	5.60	6.50	7.10	9.00
Last traded price	7.80	8.50	11.00	9.50



# INDICATIVE US DOLLAR FINANCIAL STATEMENTS

## Income Statement

For the Year Ended 31 March In USD '000s	Group		Company	
	2021	2020	2021	2020
Revenue from contracts with customers	19,366	54,129	-	-
Cost of sales	(11,272)	(19,488)	-	-
<b>Gross profit</b>	<b>8,094</b>	<b>34,641</b>	<b>-</b>	<b>-</b>
Dividend income	-	-	-	1,218
Other operating income	321	159	79	22
Administrative expenses	(28,985)	(31,499)	(98)	(141)
Distribution expenses	(1,463)	(2,314)	-	-
Other operating expenses	(3,240)	(5,248)	(1)	(1)
Results from operating activities	(25,273)	(4,261)	(20)	1,098
Finance expenses	(5,947)	(3,640)	(278)	(213)
Finance income	176	495	22	35
Change in fair value of investment property	86	120	-	-
Share of results of equity accounted investees (net of tax)	(16)	2	-	-
<b>Profit / (Loss) before tax</b>	<b>(30,974)</b>	<b>(7,284)</b>	<b>(276)</b>	<b>920</b>
Tax reversal / (expense)	3,887	588	-	69
<b>Profit / (Loss) for the year</b>	<b>(27,087)</b>	<b>(6,696)</b>	<b>(276)</b>	<b>989</b>
<b>Attributable to :</b>				
Equity holders of the parent	(26,962)	(6,691)		
Non-controlling interests	(125)	(5)		
	(27,087)	(6,696)		
Exchange Rate (SL Rs.)	189.02	179.42	189.02	179.42

Indicative consolidated accounts have been published in USD equivalents for information purposes only.

This information does not constitute a full set of financial statements in compliance with SLFRS/LKAS. These financial statements should be read together with the auditors opinion and note to the financial statements.

The exchange rates prevailing at each year end have been used for the conversion of the consolidated income statement and the statement of financial position.

## INDICATIVE US DOLLAR FINANCIAL STATEMENTS

### Statement of Financial Position

As at 31 March In USD '000s	Group		Company	
	2021	2020	2021	2020
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Property, plant and equipment	135,340	140,763	-	-
Right of use asset	141,947	137,720	-	-
Investment property	8,307	8,689	-	-
Intangible assets	3,347	3,535	-	-
Investments in subsidiaries	-	-	63,318	66,863
Investments in equity accounted investees	3,861	3,398	3,825	3,343
Non-current financial assets	899	983	-	-
Deferred tax assets	4,538	1,554	-	-
Other non-current assets	4	7	-	-
	298,243	296,649	67,143	70,206
<b>Current assets</b>				
Inventories	1,288	1,565	-	-
Trade and other receivables	2,192	7,763	-	-
Amounts due from related parties	43	333	23	57
Other current assets	3,509	4,916	-	4
Income tax recoverable	1	518	-	-
Short term investments	755	3,477	-	20
Cash in hand and at bank	5,877	4,228	1,964	25
	13,665	22,800	1,987	106
<b>Total assets</b>	<b>311,908</b>	<b>319,449</b>	<b>69,130</b>	<b>70,312</b>

As at 31 March In USD '000s	Group		Company	
	2021	2020	2021	2020
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to equity holders of the parent</b>				
Stated capital	47,430	50,100	47,430	50,100
Revenue reserve	17,110	44,950	16,452	17,654
Other components of equity	56,908	56,539	-	-
	121,448	151,589	63,882	67,754
Non-controlling interests	522	671	-	-
<b>Total equity</b>	<b>121,970</b>	<b>152,260</b>	<b>63,882</b>	<b>67,754</b>
<b>Non-current liabilities</b>				
Interest-bearing loans and borrowings	66,103	56,688	5,095	-
Lease liabilities	74,807	64,961	-	-
Deferred tax liabilities	3,283	4,122	-	-
Employee benefit liability	1,096	1,036	-	-
Other deferred liabilities	293	2	-	-
Non-current financial liabilities	266	490	-	-
	145,848	127,299	5,095	-
<b>Current liabilities</b>				
Trade and other payables	5,657	7,545	52	74
Amounts due to related parties	493	693	16	13
Other current liabilities	2,137	1,757	-	-
Income tax liabilities	345	671	72	80
Interest-bearing loans and borrowings	9,599	5,128	13	-
Lease liabilities	5,650	5,817	-	-
Bank overdrafts	20,209	18,279	-	2,391
	44,090	39,890	153	2,558
<b>Total equity and liabilities</b>	<b>311,908</b>	<b>319,449</b>	<b>69,130</b>	<b>70,312</b>
<b>Exchange Rate (SL Rs.)</b>	<b>200.30</b>	<b>189.63</b>	<b>200.30</b>	<b>189.63</b>

## DECADE AT A GLANCE - GROUP

In Rs.000s	2021	2020	2019
<b>OPERATING RESULTS</b>			
Revenue	3,660,539	9,711,741	11,032,715
Cost of sales	(2,130,666)	(3,496,474)	(3,439,138)
<b>Gross profit</b>	<b>1,529,873</b>	<b>6,215,267</b>	<b>7,593,577</b>
Earnings before interest and tax	(4,730,494)	(653,853)	1,330,888
Finance expenses	(1,124,063)	(653,104)	(251,103)
<b>Profit / (loss) before tax</b>	<b>(5,854,557)</b>	<b>(1,306,957)</b>	<b>1,079,785</b>
Tax reversal / (expense)	734,749	105,565	(248,090)
<b>Profit / (loss) for the year</b>	<b>(5,119,808)</b>	<b>(1,201,392)</b>	<b>831,695</b>
<b>Attributable to :</b>			
Equity holders of the parent	(5,096,181)	(1,200,568)	816,810
Non-controlling interests	(23,627)	(824)	14,885
	(5,119,808)	(1,201,392)	831,695
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment (PPE)	27,108,615	26,692,178	17,563,154
Right-of-use asset (ROU)	28,432,037	26,115,233	-
Lease rentals paid in advance (LRPA)	-	-	11,449,766
Investment property (IP)	1,663,950	1,647,700	1,626,196
Intangible assets (IA)	670,407	670,407	670,407
Non-current assets other than PPE, ROU, LRPA and IA	1,863,367	1,126,923	822,176
	59,738,376	56,252,441	32,131,699
<b>Current assets</b>			
Short Term Investments (STI) and Cash in hand and Bank (C&B)	1,328,341	1,461,154	2,253,324
Current assets other than STI and C&B	1,408,752	2,862,489	2,865,444
	2,737,093	4,323,643	5,118,768
<b>Total assets</b>	<b>62,475,469</b>	<b>60,576,084</b>	<b>37,250,467</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Stated capital	9,500,247	9,500,247	9,500,247
Revenue reserves	3,427,168	8,523,704	9,695,525
Other components of equity	11,398,724	10,721,124	9,564,193
	24,326,139	28,745,075	28,759,965
Non-controlling interests	104,587	127,318	136,602
<b>Total equity</b>	<b>24,430,726</b>	<b>28,872,393</b>	<b>28,896,567</b>
<b>Non-current liabilities</b>			
Non-current liabilities other than Lease liabilities & IBB	988,951	1,071,538	1,184,700
Lease liabilities	14,983,915	12,318,477	-
Interest-bearing loans and borrowings (IBB)	13,240,350	10,749,189	3,207,504
	29,213,216	24,139,204	4,392,204

	2018	2017	2016	2015	2014	2013	2012
	11,614,376	12,311,664	11,631,973	11,444,150	10,966,381	9,341,581	7,388,158
	(4,020,790)	(3,907,360)	(3,436,976)	(3,290,496)	(3,590,914)	(3,004,424)	(2,310,988)
	7,593,586	8,404,304	8,194,997	8,153,654	7,375,467	6,337,157	5,077,170
	1,606,233	2,463,916	2,217,246	2,455,788	2,427,116	1,819,992	1,640,782
	(255,519)	(227,788)	(182,025)	(265,101)	(533,877)	(537,096)	(264,628)
	1,350,714	2,236,128	2,035,221	2,190,687	1,893,239	1,282,896	1,376,154
	(220,116)	(372,620)	(286,422)	(322,923)	(318,313)	(161,877)	(265,354)
	1,130,598	1,863,508	1,748,799	1,867,764	1,574,926	1,121,019	1,110,800
	1,118,951	1,846,130	1,734,543	1,853,724	1,565,846	1,116,779	1,105,271
	11,647	17,378	14,256	14,040	9,080	4,240	5,529
	1,130,598	1,863,508	1,748,799	1,867,764	1,574,926	1,121,019	1,110,800
	14,083,594	14,354,695	14,272,874	13,560,033	13,152,921	13,471,801	9,918,258
	-	-	-	-	-	-	-
	10,587,355	10,714,231	8,537,247	7,861,533	8,235,508	8,639,214	9,386,494
	1,573,798	-	-	-	-	-	-
	670,407	670,407	670,407	670,407	670,407	670,407	670,407
	355,755	332,441	325,068	137,841	121,392	79,289	59,206
	27,270,909	26,071,774	23,805,596	22,229,814	22,180,228	22,860,711	20,034,365
	4,165,911	4,175,145	3,440,751	2,893,304	2,729,432	910,125	1,687,270
	1,799,020	1,836,543	1,653,253	1,626,251	1,557,862	1,493,302	1,638,314
	5,964,931	6,011,688	5,094,004	4,519,555	4,287,294	2,403,427	3,325,584
	33,235,840	32,083,462	28,899,600	26,749,369	26,467,522	25,264,138	23,359,949
	9,500,247	9,500,247	9,500,247	9,500,247	9,500,247	9,500,247	9,500,247
	9,075,560	8,531,777	7,278,122	6,189,643	4,708,642	3,165,257	2,482,461
	7,633,178	6,749,432	6,106,444	4,637,612	3,886,925	3,628,684	1,791,313
	26,208,985	24,781,456	22,884,813	20,327,502	18,095,814	16,294,188	13,774,021
	144,503	139,392	132,952	118,187	100,442	92,623	67,725
	26,353,488	24,920,848	23,017,765	20,445,689	18,196,256	16,386,811	13,841,746
	1,005,298	570,741	555,364	465,709	390,375	297,181	193,329
	-	-	-	-	-	-	-
	2,764,218	1,083,408	1,852,851	2,900,658	4,245,400	5,571,060	5,809,814
	3,769,516	1,654,149	2,408,215	3,366,367	4,635,775	5,868,241	6,003,143

## DECADE AT A GLANCE - GROUP

In Rs.000s	2021	2020	2019
<b>Current liabilities</b>			
Current liabilities other than borrowings, OD and lease liabilities	1,729,135	2,022,604	1,713,985
Current portion of lease liabilities	1,131,749	1,103,057	-
Current portion of borrowings and bank overdraft	5,970,643	4,438,826	2,247,711
	8,831,527	7,564,487	3,961,696
<b>Total equity and liabilities</b>	<b>62,475,469</b>	<b>60,576,084</b>	<b>37,250,467</b>
<b>CASH FLOWS</b>			
Net cash flows from/(used in) operating activities	(997,530)	1,947,185	1,704,850
Net cash flows from/(used in) investing activities	(1,522,983)	(11,016,763)	(3,791,262)
Net cash flows from/(used in) financing activities	1,776,082	6,197,212	(380,813)
Net increase/(decrease) in Cash and Cash Equivalents	(744,431)	(2,872,366)	(2,467,225)
<b>KEY INDICATORS</b>			
Basic earnings per share (EPS) (Rs.)	(3.50)	(0.82)	0.56
EPS growth / (de-growth) (%)	(326.83)	(246.43)	(27.27)
EBIT Margin (%)	(129.23)	(6.73)	12.06
Dividend per share (Rs.)	-	-	0.15
Dividend pay-out (%)	-	-	26.79
Dividend yield (%)	-	-	2.00
Interest cover (no. of times)	(4.21)	(1.00)	5.30
Return on equity (%)	(19.29)	(4.18)	3.03
Pre-tax ROCE (%)	(8.09)	(1.43)	4.12
No. of shares in issue ('000)	1,456,147	1,456,147	1,456,147
Net assets per share (Rs.)	16.71	19.74	19.75
Debt/Equity (no. of times)	1.45	1.00	0.19
Debt/Total assets (%)	56.54	47.23	14.64
Market price of share as at 31 March (Rs.)	9.50	6.70	7.50
Market capitalisation (Rs. '000)	13,833,394	9,756,183	10,921,101
Price earnings ratio (no. of times)	(2.71)	(8.17)	13.39
Assets turnover (no. of times)	0.06	0.16	0.30
Current ratio (no. of times)	0.31	0.57	1.29
USD closing rate	200.30	189.63	175.45
USD average rate	189.02	179.42	168.58

\* The figures are derived from financial statements prepared in accordance with SLFRS/LKAS. Figures for the remaining periods are derived from financial statements prepared in accordance with previous SLASs.

	2018	2017	2016	2015	2014	2013	2012
	1,632,908	1,422,477	1,600,718	1,524,144	1,520,160	1,463,010	1,496,896
	-	-	-	-	-	-	-
	1,479,928	4,085,988	1,872,902	1,413,169	2,115,331	1,546,076	2,018,164
	3,112,836	5,508,465	3,473,620	2,937,313	3,635,491	3,009,086	3,515,060
	33,235,840	32,083,462	28,899,600	26,749,369	26,467,522	25,264,138	23,359,949
	2,997,104	3,231,801	3,615,758	3,542,296	3,229,473	2,640,675	2,481,857
	(567,660)	(3,105,447)	(2,364,080)	(1,408,306)	(910,612)	(2,329,157)	(3,273,604)
	(333,603)	(49,099)	(1,962,069)	(2,324,195)	(938,729)	(338,777)	2,930,882
	2,095,841	77,255	(710,391)	(190,205)	1,380,132	(27,259)	2,139,135
	0.77	1.27	1.19	1.27	1.08	0.77	0.76
	(39.37)	6.72	(6.30)	17.59	40.26	1.32	46.20
	13.83	20.01	19.06	21.46	22.13	19.48	22.21
	0.40	0.40	0.40	0.25	-	0.30	-
	52.05	31.55	33.58	19.64	-	39.12	-
	4.30	4.00	3.33	1.75	-	2.27	-
	6.29	10.82	12.18	9.26	4.55	3.39	6.20
	4.43	7.82	8.09	9.72	9.16	7.46	8.70
	5.32	8.71	8.65	10.00	10.14	8.09	8.50
	1,456,147	1,456,147	1,456,147	1,456,147	1,456,147	1,456,147	1,456,147
	18.00	17.02	15.72	13.96	12.43	11.19	9.46
	0.16	0.21	0.16	0.21	0.35	0.44	0.57
	12.77	16.11	12.89	16.13	24.03	28.17	33.51
	9.30	10.00	12.00	14.30	12.50	13.20	12.60
	13,542,165	14,561,468	17,473,761	20,822,899	18,201,835	19,221,137	18,347,449
	12.08	7.87	10.08	11.26	11.62	17.21	16.60
	0.35	0.38	0.40	0.43	0.41	0.37	0.32
	1.92	1.09	1.47	1.54	1.18	0.80	0.95
	155.90	151.90	147.65	133.45	130.70	126.75	128.10
	153.56	147.98	139.18	131.24	130.09	139.91	112.56

## GROUP REAL ESTATE PORTFOLIO

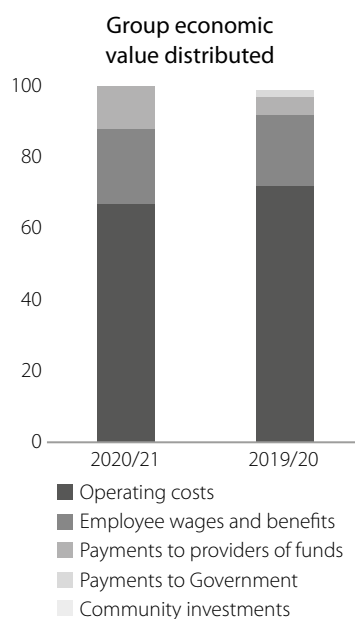
As at 31 March	Buildings				Land in acres				Net book value	
	Numbers		Square Feet		Freehold property		Leasehold property		Rs'000	Rs'000
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
<b>PROPERTIES - SRI LANKA</b>										
<b>Beruwala Holiday Resorts (Pvt) Ltd</b>										
Cinnamon Bey Beruwala	5	5	460,515	460,515	11.39	11.39	-	-	3,911,344	3,907,747
<b>Ceylon Holiday Resorts Ltd</b>										
Cinnamon Bentota Beach	9	9	334,457	334,457	2.32	2.32	11.02	11.02	4,297,530	2,617,270
<b>Hikkaduwa Holiday Resorts (Pvt) Ltd</b>										
Hikka Tranz by Cinnamon	5	5	233,965	233,965	0.29	0.29	4.36	4.36	1,176,271	1,246,246
<b>Habarana Lodge Ltd</b>										
Cinnamon Lodge Habarana	79	79	202,999	202,999		-	25.48	25.48	661,624	731,087
<b>Habarana Walk Inn Ltd</b>										
Habarana Village by Cinnamon	84	84	121,767	121,767		-	9.34	9.34	282,012	323,445
<b>Kandy Walk Inn Ltd</b>										
Cinnamon Citadel Kandy	6	6	173,900	173,900	6.57	6.57		-	1,605,598	1,620,820
<b>Resort Hotels Ltd</b>										
Nilaveli	1	1	4,485	4,485	41.73	41.73		-	906,900	900,600
<b>Trinco Holiday Resorts (Pvt) Ltd</b>										
Trinco Blu by Cinnamon	9	9	120,910	120,910	13.24	13.24		-	1,142,546	1,073,322
<b>Trinco Walk Inn Ltd</b>										
Trincomalee		-		-	14.64	14.64		-	372,500	369,200
<b>Wirawila Walk Inn Ltd</b>										
Wirawila		-		-	25.15	25.15		-	89,430	88,132
<b>Yala Village (Pvt) Ltd</b>										
Cinnamon Wild Yala	76	76	113,509	113,509			11.25	11.25	486,071	487,403
<b>Ahungalla Holiday Resorts (Pvt) Ltd</b>										
Ahungalla		-		-	6.51	6.51		-	295,250	289,900
<b>Nuwara Eliya Holiday Resorts (Pvt) Ltd</b>										
Nuwara Eliya		-		-	2.66	2.66		-	279,000	276,900
<b>PROPERTIES - MALDIVES</b>										
<b>Tranquility (Pte) Ltd</b>										
Cinnamon Dhonveli Maldives	146	146	261,327	261,327	-	-	17.16	17.16	14,842,388	12,038,628
Cinnamon Velifushi Maldives	145	145	263,512	263,512	-	-	13.22	13.22	6,404,531	6,667,102
<b>Travel Club (Pte) Ltd</b>										
Ellaidhoo Maldives by Cinnamon	115	115	178,294	178,294	-	-	13.80	13.80	4,105,176	4,322,248
<b>Fantasea World Investments (Pte) Ltd</b>										
Cinnamon Hakuraa Huraa Maldives	163	163	236,730	236,730	-	-	18.90	18.90	2,587,439	2,542,269
<b>Total</b>	<b>843</b>	<b>843</b>	<b>2,706,370</b>	<b>2,706,370</b>	<b>124.50</b>	<b>124.50</b>	<b>124.53</b>	<b>124.53</b>	<b>43,445,611</b>	<b>39,502,319</b>



## CONSOLIDATED ECONOMIC VALUE ADDED STATEMENT

For the year ended 31 March In Rs. '000s	Sri Lanka		Maldives		Group	
	2021	2020	2021	2020	2021	2020
<b>Direct economic value generated</b>						
Revenue	954,602	4,289,334	2,705,937	5,422,407	3,660,539	9,711,741
Finance income	33,317	88,820	-	4	33,317	88,824
Change in fair value of investment property	16,250	21,504	-	-	16,250	21,504
Share of results of equity accounted investees	(3,072)	282	-	-	(3,072)	282
Proceeds from sale of property, plant and equipment	6,977	12,335	30,464	3,912	37,441	16,247
	<b>1,008,074</b>	<b>4,412,275</b>	<b>2,736,401</b>	<b>5,426,323</b>	<b>3,744,475</b>	<b>9,838,598</b>
<b>Economic value distributed</b>						
Operating costs	2,099,239	3,424,137	4,330,510	4,755,588	6,429,749	8,179,725
Employee wages and benefits	992,306	1,155,903	1,076,088	1,169,057	2,068,394	2,324,960
Payments to providers of funds	389,979	170,050	734,084	483,054	1,124,063	653,104
Payments to Government						
Sri Lanka	25,667	93,444	-	-	25,667	93,444
Maldives	-	-	3,445	118,093	3,445	118,093
Community investments	547	5,375	508	1,489	1,055	6,864
	<b>3,507,738</b>	<b>4,848,909</b>	<b>6,144,635</b>	<b>6,527,281</b>	<b>9,652,373</b>	<b>11,376,190</b>
<b>Net economic value retained / (distributed)</b>	<b>(2,499,664)</b>	<b>(436,634)</b>	<b>(3,408,234)</b>	<b>(1,100,958)</b>	<b>(5,907,898)</b>	<b>(1,537,592)</b>

Above data has been derived from the audited Financial Statements that were prepared based on Sri Lanka Accounting Standards (SLFRS/LKAS).



## GLOSSARY OF FINANCIAL TERMS

### ACCOUNTING POLICIES

The specific principles, bases, conventions, rules and practices adopted by an enterprise in preparing and presenting Financial Statements.

### ACCRUAL BASIS

Recording revenues and expenses in the period in which they are earned or incurred, regardless of whether cash is received or disbursed in that period.

### AMORTISATION

The systematic allocation of the depreciable amount of an intangible asset over its useful life.

### ASSET TURNOVER

Revenue divided by average total assets.

### CAPITAL EMPLOYED

Shareholders' funds plus non-controlling interest and debt.

### CASH EQUIVALENTS

Short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### CONTINGENT LIABILITIES

A condition or situation existing as at the date of the report due to past events, where the financial effect is not recognised because:

1. The obligation is crystallised by the occurrence or non-occurrence of one or more future events or,
2. A probable outflow of economic resources is not expected or,
3. It is unable to be measured with sufficient reliability

### CURRENT RATIO

Current assets divided by current liabilities.

### CORPORATE GOVERNANCE

The process by which corporate entities are governed. It is concerned with the way in which power is exercised over the management and direction of the entity, the supervision of executive actions and accountability to owners and others.

### DEBT/EQUITY RATIO

Debt as a percentage of shareholders' funds and non-controlling interest.

### DEFERRED TAX

Sum set aside in the Financial Statements for taxation that may become payable/recoverable in a financial year other than the current financial year (future periods).

### DIVIDEND PAYOUT RATIO

Dividend paid as a percentage of Company profits, adjusted for non-cash gain items.

### DIVIDEND YIELD

Dividends adjusted for changes in number of shares in issue as a percentage of the share price (diluted) at the end of the period.

### EARNINGS PER SHARE (EPS)

Profit attributable to equity holders of the parent divided by the weighted average number of ordinary shares in issue during the period.

### EBIT

Earnings before interest and tax (includes other operating income).

### EBIT MARGIN

EBIT divided by turnover inclusive of share of associate company turnover.

### EBITDA

Earnings before interest, tax, depreciation and amortisation.

### EFFECTIVE TAX RATE

Tax expense divided by profit before tax.

### EPS GROWTH

Percentage of the increase in the EPS over the previous year.

### EQUITY METHOD

A method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition changes in the investors' share of net assets of the investee. The income statement of the investor includes the investor's share of the profit or loss of the investee.

### FAIR VALUE

The price that would be received if an asset is sold or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

### FINANCE LEASE

A contract whereby a lessor conveys to the lessee the right to use an asset over an agreed period of time. The lessor transfers substantially all the risks and rewards incidental to ownership of the asset to the lessee. Title may or may not be eventually transferred.

### GROUP

A group is a parent and all its subsidiaries.

### GUARANTEES

Tri-party agreement involving a promise by one party (the guarantor) to fulfil the obligations of a person owing a debt if that person fails to perform.

### IMPAIRMENT

This occurs when the recoverable amount of an asset is less than its carrying amount.

### INTANGIBLE ASSET

An intangible asset is an identifiable non-monetary asset without a physical substance.

### INTEREST COVER

Consolidated profit before interest and tax over finance expenses.

## **KEY MANAGEMENT PERSONNEL**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether Executive or otherwise) of that entity.

## **MATERIALITY**

The relative significance of a transaction or an event, the omission or misstatement of which could influence the economic decisions of users of Financial Statements.

## **MARKET VALUE PER SHARE**

The price at which an ordinary share can be purchased in the stock market.

## **MARKET CAPITALISATION**

Number of shares in issue at the end of the period multiplied by the market price at the end of the period.

## **NET ASSETS**

Total assets minus current liabilities, long term liabilities and non-controlling interests.

## **NET ASSETS PER SHARE**

Net assets as at a particular financial year end, divided by the number of shares in issue as at the current financial year end.

## **NET DEBT (CASH)**

Total debt minus (cash plus short term deposits).

## **NON-CONTROLLING INTEREST**

Part of net results of operations and net assets of subsidiaries attributable to interests which are not owned, directly or indirectly through subsidiaries, by the Parent Company.

## **OPERATIONAL RISK**

This refers to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

## **PRE-TAX RETURN ON CAPITAL EMPLOYED**

Consolidated profit before interest and tax as a percentage of average capital employed at year end.

## **PRICE EARNINGS RATIO**

Market price per share (diluted) over diluted earnings per share.

## **PRUDENCE**

Inclusion of a degree of caution in the exercise of judgement needed in making the estimates required under conditions of uncertainty, such that assets or income are not overstated and liabilities or expenses are not understated.

## **PUBLIC HOLDING**

Percentage of shares held by the public, calculated as per the Colombo Stock Exchange Listing Rules, as at the date of the Report.

## **QUICK RATIO**

Cash plus short-term investments plus receivables, divided by current liabilities.

## **RELATED PARTIES**

Parties where one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, directly or indirectly.

## **RETURN ON ASSETS**

Profit after tax divided by the average total assets.

## **RETURN ON EQUITY (ROE)**

Profit attributable to shareholders as a percentage of average shareholders' funds.

## **SEGMENT**

Constituent business units grouped in terms of similarity in operations and locations.

## **SUBSTANCE OVER FORM**

The consideration that the accounting treatment and the presentation in Financial Statements of transactions and events should be governed by their substance and financial reality and not merely by legal form.

## **SHAREHOLDERS' FUNDS**

Total of stated capital, other components of equity and revenue reserves.

## **TOTAL DEBT**

Long term loans plus short term loans and overdrafts.

## **TOTAL EQUITY**

Shareholders' funds plus non-controlling interest.

## **WORKING CAPITAL**

Capital required to finance day-to-day operations, computed as excess of current assets over current liabilities.

## GROUP DIRECTORY

### SRI LANKA

#### CEYLON HOLIDAY RESORTS LIMITED

(PB 40)	- 99.39%
<b>Owner of Cinnamon Bentota Beach</b>	
Incorporated in	- 1966
Company operating address	- Cinnamon Bentota Beach, Galle Road, Bentota
Registered office address	- No. 117, Sir Chittampalam A Gardiner Mawatha, Colombo 2
Stated Capital	- Rs. 2,845 Mn
Contact No.	- 034-2275176/7
Directors	- Mr. S. Rajendra Mr. M. R. Svensson Mr. M. H. Singhawansa Mr. C. L. P. Gunawardane

#### HABARANA LODGE LIMITED

(PB 38)	- 98.35%
<b>Owner of Cinnamon Lodge Habarana</b>	
Incorporated in	- 2007
Company operating address	- Cinnamon Lodge Habarana, P.O. Box 02, Habarana
Registered office address	- No. 117, Sir Chittampalam A Gardiner Mawatha, Colombo 02
Stated Capital	- Rs. 342 Mn
Contact No.	- 066-2270011/2
Directors	- Mr. S. Rajendra Mr. M. R. Svensson Mr. M. H. Singhawansa Mr. C. L. P. Gunawardane

#### HABARANA WALK INN LIMITED

(PB 33)	- 98.77%
<b>Owner of Habarana Village by Cinnamon</b>	
Incorporated in	- 1973
Company operating address	- Habarana Village by Cinnamon, P.O. Box 01, Habarana
Registered office address	- No. 117, Sir Chittampalam A Gardiner Mawatha, Colombo 02
Stated Capital	- Rs. 126 Mn
Contact No.	- 066-2270046
Directors	- Mr. M. R. Svensson Mr. K. C. Subasinghe Mr. M. H. Singhawansa Mr. C. L. P. Gunawardane

#### INTERNATIONAL TOURISTS AND HOTELIERS LIMITED

(PB 17)	- 99.33%
<b>Owner of Beruwala Holiday Resorts (Pvt) Limited</b>	
Incorporated in	- 1973
Registered office address	- No. 117, Sir Chittampalam A Gardiner Mawatha, Colombo 2
Stated Capital	- Rs. 1,940 Mn
Contact No.	- 0112-306000
Directors	- Mr. M. R. Svensson Mr. K. C. Subasinghe Mr. M. H. Singhawansa Mr. C. L. P. Gunawardane

#### KANDY WALK INN LIMITED

(PB 395)	- 98.39%
<b>Owner of Cinnamon Citadel Kandy</b>	
Incorporated in	- 1979
Company operating address	- Cinnamon Citadel Kandy, 124, Srimath Kuda Ratwatte Mawatha, Kandy
Registered office address	- No. 117, Sir Chittampalam A Gardiner Mawatha, Colombo 02
Stated Capital	- Rs.115 Mn
Contact No.	- 081-2234365/6
Directors	- Mr. M. R. Svensson Mr. K. C. Subasinghe Mr. M. H. Singhawansa Mr. C. L. P. Gunawardane

#### RAJAWELLA HOTELS COMPANY LIMITED

(PB 92)	- 100%
Incorporated in	- 1992
Registered office address	- No. 117, Sir Chittampalam A Gardiner Mawatha, Colombo 02
Stated Capital	- Rs. 36 Mn
Contact No.	- 0112306000
Directors	- Mr. M. R. Svensson Mr. K. C. Subasinghe Mr. M. H. Singhawansa Mr. C. L. P. Gunawardane

### TRINCO WALK INN LIMITED

(PB 168)	- 100%
<b>Owner of real estate in Trincomalee</b>	
Incorporated in	- 1984
Registered office address	- No. 117, Sir Chittampalam A Gardiner Mawatha, Colombo 02
Stated Capital	- Rs. 120 Mn
Contact No.	- 0112-306000
Directors -	Mr. M. R. Svensson Mr. K. C. Subasinghe Mr. M. H. Singhawansa Mr. C. L. P. Gunawardane

### RESORT HOTELS LIMITED

(PB 193)	- 99.39%
<b>Owner of real estate in Nilaveli</b>	
Incorporated in	- 2008
Registered office address	- No. 117, Sir Chittampalam A Gardiner Mawatha, Colombo 2
Stated Capital	- Rs. 11 Mn
Contact No.	- 0112-306000
Directors	- Mr. M. R. Svensson Mr. K. C. Subasinghe Mr. M. H. Singhawansa Mr. C. L. P. Gunawardane

### WIRAWILA WALK INN LIMITED

(PB 89)	- 100%
<b>Owner of real estate in Wirawila</b>	
Incorporated in	- 1994
Registered office address	- No. 117, Sir Chittampalam A Gardiner Mawatha, Colombo 2
Stated Capital	- Rs. 22 Mn
Contact No.	- 0112-306000
Directors	- Mr. K. C. Subasinghe Mr. M. H. Singhawansa Mr. C. L. P. Gunawardane

### YALA VILLAGE (PRIVATE) LIMITED

(PV 2868)	- 93.78%
<b>Owner of Cinnamon Wild Yala</b>	
Incorporated in	- 1999
Company operating address	- Cinnamon Wild Yala, P.O. Box 01, Kirinda, Tissamaharama
Registered office address	- No. 117, Sir Chittampalam A Gardiner Mawatha, Colombo 2
Stated Capital	- Rs. 320 Mn
Contact No.	- 047- 2239449/52
Directors	- Mr. M. A. Perera - Chairman Mr. S. Rajendra Mr. M. R. Svensson Mr. M. H. Singhawansa Mr. C. L. P. Gunawardane Mr. J. A. Davis Ms. N. W. Tambiah

### BERUWALA HOLIDAY RESORTS (PRIVATE) LIMITED

(PV 69678)	- 99.33%
<b>Owner of Cinnamon Bey Beruwala</b>	
Incorporated in	- 2009
Company operating address	- Cinnamon Bey Beruwala, Moragolla, Beruwala
Registered office address	- No. 117, Sir Chittampalam A Gardiner Mawatha, Colombo 2
Stated Capital	- Rs. 2,338 Mn
Contact No.	- 034-2297000
Directors	- Mr. M. R. Svensson Mr. K. C. Subasinghe Mr. M. H. Singhawansa Mr. C. L. P. Gunawardane

### TRINCO HOLIDAY RESORTS (PRIVATE) LIMITED

(PV 69908)	- 100%
<b>Owner of Trinco Blu by Cinnamon</b>	
Incorporated in	- 2009
Company operating address	- Trinco Blu by Cinnamon, Sambativu, Uppuveli, Trincomalee
Registered office address	- No. 117, Sir Chittampalam A Gardiner Mawatha, Colombo 02
Stated Capital	- Rs. 357 Mn
Contact No.	- 026-2222307
Directors	- Mr. M. R. Svensson Mr. K. C. Subasinghe Mr. M. H. Singhawansa Mr. C. L. P. Gunawardane

## GROUP DIRECTORY

### **HIKKADUWA HOLIDAY RESORTS (PRIVATE) LIMITED**

(PV 71747)	- 99.39%
<b>Owner of Hikka Tranz by Cinnamon</b>	
Incorporated in	- 2010
Company operating address	- Hikka Tranz by Cinnamon, No. 01, Galle Road, Hikkaduwa
Registered office address	- No. 117, Sir Chittampalam A Gardiner Mawatha, Colombo 02
Stated Capital	- Rs. 1,063 Mn
Contact No.	- 091-2277023
Directors	- Mr. M. R. Svensson Mr. K. C. Subasinghe Mr. M. H. Singhawansa Mr. C. L. P. Gunawardane

### **AHUNGALLA HOLIDAY RESORTS (PRIVATE) LIMITED**

(PV 85046)	- 100%
<b>Owner of real estate in Ahungalla</b>	
Incorporated in	- 2012
Registered office address	- No. 117, Sir Chittampalam A Gardiner Mawatha, Colombo 02
Stated Capital	- Rs. 135 Mn
Contact No.	- 0112-306000
Directors	- Mr. M. R. Svensson Mr. K. C. Subasinghe Mr. M. H. Singhawansa Mr. C. L. P. Gunawardane

### **NUWARA ELIYA HOLIDAY RESORTS (PRIVATE) LIMITED**

(PV 98357)	- 100%
<b>Owner of real estate in Nuwara Eliya</b>	
Incorporated in	- 2014
Registered office address	- No. 117, Sir Chittampalam A Gardiner Mawatha, Colombo 02
Stated Capital	- Rs. 327 Mn
Contact No.	- 0112-306000
Directors	- Mr. M. R. Svensson Mr. K. C. Subasinghe Mr. M. H. Singhawansa Mr. C. L. P. Gunawardane

### **CINNAMON HOLIDAYS (PRIVATE) LIMITED**

(PV 107427)	- 100%
<b>Inbound and Outbound Tour Operator</b>	
Incorporated in	- 2015
Registered office address	- No. 117, Sir Chittampalam A Gardiner Mawatha, Colombo 02
Stated Capital	- Rs. 0.2 Mn
Contact No.	- 0112-306000
Directors	- Mr. M. R. Svensson Mr. K. C. Subasinghe Mr. M. H. Singhawansa Mr. C. L. P. Gunawardane

### **SENTINEL REALTY (PRIVATE) LIMITED**

(PV 80706)	- 50%
<b>Owner of real estate in Vaakarai and Kallarawa</b>	
Incorporated in	- 2011
Registered office address	- No. 117, Sir Chittampalam A Gardiner Mawatha, Colombo 02
Stated Capital	- Rs. 137 Mn
Contact No.	- 0112-306000
Directors	- Mr. B. A. B. Goonetilleke - Chairman Mr. N. N. Mawilmada Mr. K. Balasundaram Mr. C. L. P. Gunawardane

### **INDRA HOTELS & RESORTS KANDY (PRIVATE) LIMITED**

(PV 124247)	- 40%
<b>Owner of Cinnamon Red Kandy (under construction)</b>	
Incorporated in	- 2017
Registered office address	- No. 273, Katugastota Road, Kandy
Stated Capital	- Rs. 1,413 Mn
Contact No.	- 081-2234346
Directors	- Mr. Y. S. H. I. K. Silva - Chairman Mr. Y. S. H. R. S. Silva Mr. Y. S. H. H. K. Silva Mr. S. Rajendra Mr. C. L. P. Gunawardane

**MALDIVES****JOHN KEELLS MALDIVIAN RESORTS (PTE) LIMITED**

(C-208/96)	- 100%
Incorporated in	- 1996
Registered office address	- 2nd Floor, H. Maizan Building, Sosun Magu, Malé, Republic of Maldives
Stated Capital	- US\$ 39 Mn
Contact No.	- +9603336000
Directors	- Mr. S. Rajendra Mr. J. E. P. Kehelpannala - Managing Director Mr. M. R. Svensson Mr. M. H. Singhawansa Mr. C. L. P. Gunawardane

**TRAVEL CLUB (PTE) LIMITED**

(C-121/92)	- 100%
<b>Owner of Ellaidhoo Maldives by Cinnamon</b>	
Incorporated in	- 1992
Company operating address	- Ellaidhoo Maldives by Cinnamon, North Ari Atoll, Republic of Maldives
Registered office address	- 2nd Floor, H. Maizan Building, Sosun Magu, Malé, Republic of Maldives
Stated Capital	- US\$ 3 Mn
Contact No.	- +9603336000
Directors	- Mr. S. Rajendra Mr. J. E. P. Kehelpannala - Managing Director Mr. M. R. Svensson Mr. M. H. Singhawansa Mr. C. L. P. Gunawardane

**FANTASEA WORLD INVESTMENTS (PTE) LIMITED**

(C-143/97)	- 100%
<b>Owner of Cinnamon Hakuraa Huraa Maldives</b>	
Incorporated in	- 1997
Company operating address	- Cinnamon Hakuraa Huraa Maldives, Meemu Atoll, Republic of Maldives
Registered office address	- 2nd Floor, H. Maizan Building, Sosun Magu, Malé, Republic of Maldives
Stated Capital	- US\$ 5 Mn
Contact No.	- +9603336000
Directors	- Mr. S. Rajendra Mr. J. E. P. Kehelpannala – Managing Director Mr. M. R. Svensson Mr. M. H. Singhawansa Mr. C. L. P. Gunawardane

**TRANQUILITY (PTE) LIMITED**

(C-344/2004)	- 100%
<b>Owner of Cinnamon Dhonveli Maldives and Cinnamon Velifushi Maldives</b>	
Incorporated in	- 2004
Company operating address	- Cinnamon Dhonveli Maldives, North Malé Atoll, Republic of Maldives Cinnamon Velifushi Maldives, Vaavu Atoll, Republic of Maldives
Registered office address	- 2nd Floor, H. Maizan Building, Sosun Magu, Malé, Republic of Maldives
Stated Capital	- US\$ 5 Mn
Contact No.	- +9603336000
Directors	- Mr. S. Rajendra Mr. J. E. P. Kehelpannala - Managing Director Mr. M. R. Svensson Mr. M. H. Singhawansa Mr. C. L. P. Gunawardane

## NOTES



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## NOTES

## CORPORATE INFORMATION

### **Name of the Company**

John Keells Hotels PLC

### **Legal Form**

Public Limited Liability Company Incorporated in Sri Lanka on 1st October 1979

### **Stock Exchange Listing**

The issued shares of John Keells Hotels PLC are listed on the Colombo Stock Exchange

### **Company Registration No.**

PQ 8

### **Directors**

K N J Balendra – Chairman

J G A Cooray

J R Gunaratne (Resigned w.e.f. 31 December 2020)

S Rajendra (Appointed w.e.f. 01 January 2021)

M R Svensson (Appointed w.e.f. 01 January 2021)

J E P Kehelpannala

M H Singhawansa

T L F W Jayasekera

A K Moonesinghe (Ms.)

K A Gunasekera (Dr.)

### **Secretaries and Registrars**

Keells Consultants (Pvt) Ltd

117, Sir Chittampalam A. Gardiner Mawatha  
Colombo 2

### **Auditors**

Ernst & Young

Chartered Accountants

201, De Saram Place, P.O. Box 101  
Colombo 10

### **Bankers**

Bank of Ceylon

Citi Bank N.A.

Deutsche Bank A.G

Hongkong and Shanghai Banking Corporation

Nations Trust Bank

Hatton National Bank

DFCC Bank

People's Bank

Commercial Bank of Ceylon

Sampath Bank

National Development Bank

### **Head Office & Registered Office of the Company**

No. 117, Sir Chittampalam A. Gardiner Mawatha Colombo 2

Telephone : (94-11) 2421101-15, (94-11) 2306000

Facsimile : (94-11) 2439046

E-mail : [htlres@keells.com](mailto:htlres@keells.com)

Web : [www.cinnamonhotels.com](http://www.cinnamonhotels.com)

*Cinnamon*  
HOTELS & RESORTS