

26th May 2020

Colombo Stock Exchange
#04-01 West Block,
World Trade Centre,
Echelon Square,
Colombo 01.

Attn: Renuke Wijeyawardhane
Chief Regulatory Officer

Dear Sir,

TAL LANKA HOTELS PLC – CORPORATE DISCLOSURE ON THE IMPACT OF COVID 19 PANDEMIC

We write with reference to your circular in respect of the above and given below is the disclosure to be made to the market.

1. The impact of COVID-19 pandemic on the business/operations of the Listed Company.

Our company which is in the hospitality sector is significantly dependent on room , banquet , food & beverage business arising out of tourists generating from international locations to Colombo along with gathering of audiences for conferences and social occasions. Due to the unfortunate impact of the COVID – 19 Pandemic, Airports have been shut down restricting all international travel in and out of the country. This was followed by the lockdown in the island to resist the wide spread of corona virus by imposing strict curfew by the government.

This has led to fall in revenues by 95 % since the lockdown has been levied, business on books for the forthcoming months is currently nil. Business operations have been paralyzed leading to shut down of multiple revenue centers at the hotel. The hotel is being serviced by a restricted core team for the upkeep of the hotel and to serve a few stranded travelers staying in house.

2. The Listed Company's response to the impact of the COVID – 19 Pandemic.

The Company identified available opportunities to help society and stake holders both internal and external including the IDH staff by providing meals and offering to assist in any way possible under the curfew conditions prevalent in the island.

The company simultaneously commenced its limited operations with an exclusive menu as a take-away food offering 'Hospitality @ Home' and initiated the delivery of Food & Beverage to guests at their door steps to generate an alternate source of revenue under these prevailing circumstances.



Stringent measures were taken at the hotel to ensure the associates working at the hotel do not get affected with the virus while at workplace. The associates have been trained and emphasized on the safety practices to conduct operations within the organization in line with the guidelines issued by the Ministry of Health, WHO and by our parent company IHCL.

Furthermore, the company revisited all its processes in working under COVID - 19 situation and engaged its work force to work in small batches at a given time to ensure maximum social distancing which was successful given the size and complexity of operations across the wide spread property.

The Company has invested in relevant equipment and PPE's to ensure a more conducive work environment for the workforce and to re-commence operations in line with the recommendations and guidelines issued by all the above mentioned authorities.

The hotel continues to operate with a limited number of staff members servicing few in-house guests and take away delivery orders. The hotel management team has commenced extensive work to make the hotel well equipped to run under the new norms and hygiene and safety requirements once the curfew is lifted and international flight operations resume.

The company has initiated discussions with its stakeholders to improve its cash flow by monitoring its receivable and payment balances by negotiating new payment terms with its customers as well as its suppliers. Further, the Company implemented stringent cost control measures to ensure that the costs are kept under close monitoring during this current business situation.

Survival being of utmost importance for us under the current business scenario, we have taken up multiple measures to manage our costs including payroll cost by implementing a proposed contribution from the associates without affecting the workforce whose monthly earning is below a reasonable threshold. A moratorium for 6 months is being availed from the bank on our existing loans which will help our current cash flow position.

3. The Listed Company's expectation of the future impact of COVID – 19 on the company's future operations and the financial condition.

At this point in time, we are not able to ascertain our future volume of business and to comment on the period for which this situation will linger will be purely speculative. During these challenging uncertain times that may prolong up to even 2 years, we are relying on the dedication and resilience of our team who are researching and preparing themselves to meet the future demands of the well-informed guests.

All the necessary steps are being taken to position the hotel in a revised travel industry model with new norms and trends. With the use of existing resources and services, alternative streams of revenue are being considered alongside the possibility of attracting new markets to meet the developing challenges.

We all at Taj Samudra would like to take the opportunity to thank and appreciate the leadership of H.E. President of Sri Lanka, the whole team of taskforce who are working relentlessly on the prevention of COVID-19 outbreak, our sincere gratitude to the healthcare providers, tri-forces, police and all other authorities for their tireless efforts and the sacrifices made by them to manage and control this unprecedented crisis.

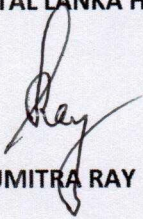


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With the experience of our group in hospitality industry for over a century and the commitment of the Management to serve the society at large in the best possible way, we are confident that we shall be able to sail through such difficult situation by aligning ourselves to the new hospitality norms, standards and requirements and ensure to take Sri Lankan tourism to newer heights in future. While we all hope for the best, we need to prepare ourselves for the worst under the present unpredictable condition.

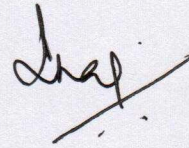
Thanking you,

For TAL LANKA HOTELS PLC.



SOUMITRA RAY

Director of Finance



PANKAJ SAMPAT

Director