

26 May 2020

Mr. Renuke Wijewardene
Chief Regulatory Officer
Colombo Stock Exchange
World Trade Centre
Echelon Square,
Colombo 1

Dear sir,

Impact of COVID-19 on The Kingsbury PLC

Impact on our Business

The most pronounced impact of the pandemic has been felt by the Tourism sector in Sri Lanka, which is a driving force of within the economy.

The Kingsbury PLC being one of the leading hotels in the city of Colombo also faced the impact with the drastic drop in tourist arrivals from the beginning of the year 2020, furthermore many travel restrictions imposed during the period and the health & safety scares within the country resulted in temporarily halting of operations by mid-March 2020 as per Government issued guidelines.

Funding and Liquidity

The Kingsbury PLC introduced several cost management measures which included suspension of all new recruitments and rescheduling of all non-essential expenses including but not limited to advertising/promotion and capital expenditures, furthermore minimalist payroll and other essential expenditure were managed by the company generated funds together with available banking facilities to meet the current credit obligations.

We are currently looking in to Government introduced funding mechanisms aimed at providing assistance to overcome the financial impact of Covid 19.

Impact on Internal Operations

Ensuring the health and safety of our employees was a priority and we facilitated work-from-home and remote working measures for administration employees. Whilst also adhering to government issued guidelines of having only one third of employees being called in to the hotel for all essential services and in-house duties.

Business Continuity

In ensuring continuity of business in these challenging times, and having looked in to new revenue generation avenues the Company ventured in to the Food Delivery service with the introduction of “The Kingsbury Indulgence” catering to Colombo and suburbs.

This service was introduced with our valued guests’ health and safety in mind and the hotel ensures that all food preparations and deliveries are made under strict observation whilst adhering to the guidelines, furthermore, as an added safety measure only the hotels employees are assigned with the delivery tasks without the involvement of any outside parties.

Impact on Supply Chain Management

In order to ensure there is no break in the supply of goods and services, the company arranged to place pre-orders at the onset and maintained adequate stocks of supplies at the premises to cater to the requirements during the scarcity period.

Furthermore, all suppliers are being subjected to health and safety audits to determine if they adhere to the set Health & Safety Guidelines issued by the Health Authorities and the Government.

However, with the Government imposing restrictions on several essential food & beverage items, the supply chain may get affected adversely during the coming months.

Impact on Human Capital

The company has managed to balance the day to day scaled down operations of the hotel by effectively handling human resources of the Company with a well-planned long term rostering system, without any adverse impact to employment statuses.

Furthermore, as a new initiative, the company has started providing essential services to the group companies as a synergizing strategy thereby effectively utilising the Human Capital in a productive manner.

Actions taken by the company in light of the Pandemic

Following the outbreak of the COVID-19 pandemic, The Kingsbury PLC has been operating with strict adherence to Health and Safety guidelines issued by the Government and Authorities to curtail the spread of the virus.

Keeping in line with our commitment to serve out valued guests we have taken necessary steps in health & safety measures at all operating locations including that of all outlets, kitchens, common areas, all guest rooms and also all staff areas to avoid any cross contamination.

Future outlook on operations and financial condition

Currently the medium-term outlook for the company remains bleak. However, we are currently exploring means to optimize our resources in a bid to stem losses.

Given the current uncertainty regarding the duration and intensity of the pandemic in Sri Lanka, it is difficult to quantify the exact impact of COVID-19 on the hotels operations. We estimate that by the end of the third quarter of the financial year we could return to an acceptable normalcy;

The measures implemented to preserve liquidity and curtail losses will be reviewed by the Board of Directors on a quarterly basis, and further measures may be introduced in time to address the business realities.

Conclusion

We acclaim the strict measures adopted by the Government to curtail the spread of the pandemic and will continue to operate within the required health and safety guidelines whilst taking all measures to ensure business continuity.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'Mohan Pandithage', with a long horizontal line extending from the end of the signature.

Mohan Pandithage
Chairman