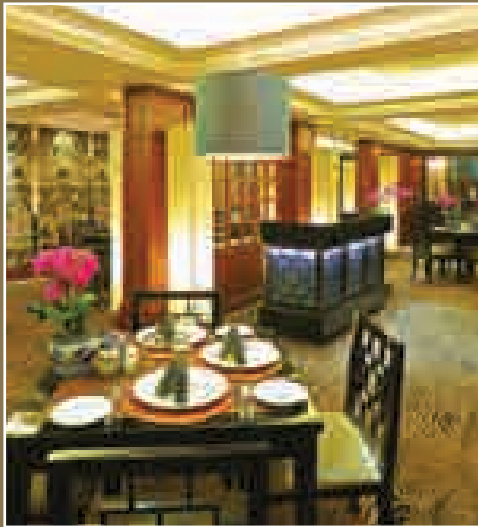




GRAND HOTEL
ESTABLISHED 1891



More than a Monument

Annual Report 2014/15

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More than a Monument

Respect... Chic grandeur... A legacy of uncompromised quality...

These are things that are achieved with dedication, conviction and a deep embosomed passion for excellence. Since our inception in 1891 and a genesis of favored repute, the Grand has endured decades to rise to the epitome of the hotel industry as a true monument with colonial splendor.

The Grand which originated as the palatial residence of Sir Edward Barnes, Governor of Sri Lanka now stands as a permanent fixture in the country with mesmerizing architecture, evocative lush surroundings of environmental delight and fully fledged, immaculately facilitated enterprise that combines the best of the traditional world and the contemporary.

The Grand has evolved into more than a hallowed sanctuary through the ages, building an impenetrable reputation for its penchant to maintain the highest standards, breathtaking enhancements and a truly unrivalled service ascertaining absolute customer satisfaction augmenting value at every step, at every turn. The latest additions of our Coffee Bar along with our brilliant Thai Restaurant further depicts our goal to expand prepared to offer patrons an uncanny experience: something classic, something eclectic and something monumental.

As these things go our reputation may precede us and we stand proud of our heritage. We thank you for your faith in our propensity to retain our reputation as one of the world's cherished hospitality wonders.

More than a legacy... More than a Monument.



Our Vision

“To be the best Hotel in the hill country, maintaining the beauty and tranquility of Nuwara Eliya”

Our Mission

“To achieve our vision, to provide an excellent service and quality by treating every customer as a VIP Guest in the Hotel”



Our Values

To maintain the traditions of Grand Hotel and preserve its old world charm.

To provide services to our Guests with a passion for excellence.

Reward the providers of capital with adequate return.

Empower the staff to take more decisions and to achieve superior customer service.

To nurture and nourish the environment and encourage people to be more ecologically responsible.

Our Company

*Proud history,
bright future*

The Nuwara Eliya Hotels Company and Its Iconic Brand The Grand Hotel

Our Company, Nuwara Eliya Hotels Company PLC (“the Company”) owns the Grand Hotel (“the Grand”) which is the Company’s iconic brand in business. With a history spanning nearly over a century and a quarter, and with an equally long trail of performance, growth, stability and a proven value addition process, the Company although has been constantly overshadowed by its brand (“the Grand”), presents itself in the hospitality industry as a giant which is unmatched by its peers.

The ‘Grand’ History

It was one hundred and twenty four years ago, in the year 1891 that the Nuwara Eliya Hotels Company Limited was formed to own and operate the Grand Hotel. But it was in the year 1819 and not 1891, that two significant events occurred which led to the hotel’s foundation.

In 1819, Dr. John Davey became the first Briton to visit Nuwara Eliya describing it as “beautiful..... quite deserted by man..... the dominion entirely of wild animals”. While the area may have been deserted then, Mr. H C P Bell, the archaeological commissioner proved, in 1890, that Nuwara Eliya was inhabited in the 10th Century. The Kings of Kandy are also believed to have made strategic retreats there in times of invasion.

In 1819, too there arrived in what was then Ceylon, a man who was to change the country, laying the foundations for the modern Sri Lanka, as well as for the Grand Hotel. Sir Edward Barnes, who was one of the adjutants to the Duke of Wellington at Waterloo, came in 1819 as Commander in Chief of the forces. By the time he took over as Lieutenant Governor in 1820, he had already made a tour of the island and decided, what Ceylon needed was “first roads, second roads and third, roads.”

It was during his main terms as Governor, from 1824 to 1831, that he became enchanted with Nuwara Eliya and built a bungalow there at his own expense at a cost of £8,000. It was this that eventually became the Grand Hotel.

Nuwara Eliya, at 6200 feet above sea level, once it had road access under Barnes’ direction, became a sanatorium for enervated, and convalescing, British soldiers, as well as the residence of Britons who turned to hunting and horticulture, growing English vegetables and fruits.

In the Ceylon Almanac of 1843, the assistant staff surgeon at Nuwara Eliya, George Stewart Beatson, wrote: “In addition to the military buildings there are several private residences, as well as a rest house.” It was this rest house, built in 1828, which pioneered facilities for visitors and caused Frederic Mouat to comment in his Rough Notes published in 1852: “the rest house..... is excellent and contains quarters for ladies, a portion of the creation for whom little provision is usually made in the island.”

The bungalow that Sir Edward Barnes built was known as Barnes Hall, it being his private, not a government, residence. He entertained lavishly there, believing that good living; even away from Government House in Colombo was essential. With claret at £3.15 for a dozen bottles, “riotous folly” as one guest described his parties, was frequent and Barnes’ enthusiasm did much to popularise Nuwara Eliya.

Barnes was 55 when he left Ceylon in 1831, leaving behind his beloved Barnes Hall and, according to a letter written in 1836 by James Stewart who was looking after the Hall, “a remarkably fine child..... he is so like him.”

Barnes Hall was rented to his successor as Governor, Sir Robert Wilmot Horton. The terms of the lease led to dispute and Barnes’ agent commented that “Sir Edward..... will not stand any of his dirty shabby work and had rather burn the house and let it go to rack and ruin rather than submit to it – such nonsense, as if tubs in the upper rooms prevent water coming through, but he wishes to deprecate the house in order to get it for a mere song.”

An account published in the journal Amicus in 1915 stated: “Probably one of the most modern and conclusive proofs of Nuwara Eliya’s recent development, is the Grand Hotel. It will be remembered as one of the early landmarks of the place, a small huddled up building, used by former Governors and Government Agents, later as a Club, and finally as a Hotel. Mr. Lindsay White was the first Managing Director and after the hotel was made into a company, Mr. O T McDermott succeeded to this position, with several others prior to him.”

Barnes Hall actually became a hotel before it was taken over by the Nuwara Eliya Hotels Company. A map of 1862 shows a hotel on the same site. In the complaints book of the neighboring Hill Club, Mr. A N Lloyd wrote on 18th October 1887, “Ordered tea and toast at 4.00 p.m. and waited till 4.40 and then had to go to the Grand Hotel for it.”

The Times of Ceylon commenting on the death on 5 December 1888 of Reginald Beauchamp Downall said: “The present Grand Hotel grew out of what was once known as Barnes Hall..... In the course of time, Barnes Hall changed hands and went to Mr. R.B. Downall, a wealthy man.”

In its issue of 1 April 1889, The Times of Ceylon states: "One of the latest innovations and improvements in Nuwara Eliya is the connection of Mr. White's coach office with the (Hill) Club and Grand Hotel by telephone. Up to now, it had taken seven coolies two hours to bring a rickshaw; now one just had to pick up the phone and order one which arrived within minutes." Perhaps that news item should be read with reference to its date (1 April) since the telephone did not operate generally in Nuwara Eliya until 1909.

Lindsay White however was a remarkable pioneer quite capable of installing his own telephone system. He settled in Nuwara Eliya in the 1860s, eventually starting a coaching establishment meeting the railway at Talawakelle and onwards to Nanu Oya with the mails for Nuwara Eliya. He purchased all the land he could procure in and around Nuwara Eliya at one time owning what are now the Wattles and St. Andrew's Hotels as well as being the first managing director of the Grand Hotel and also of what is now the Ceylon Brewery Company.

Telegraph communication with Nuwara Eliya was begun in May 1867 and the railway service was extended from Talawakelle to Nanu Oya in May 1885, making access to Nuwara Eliya easier. Development intruded with thatched houses assuming modern aspects and red-painted corrugated iron roofs (such as covers the Grand today) becoming popular during Governor Ridgeway's regime (1896-1903).

The transfer of ownership in the Grand Hotel to the Nuwara Eliya Hotels Company Limited took place on 12 April 1892. William Milsom, owner of "property..... known as Barnes Hall on which is built the Grand Hotel" sold it to the Company for Rs. 35,000. The total area, which was in three separate lots, amounted at the time of sale to approximately 27 acres. The property now consists of 19 acres.

In 1891, a Guide to the Grand Hotel was published by Capper and Sons and in 1893, a Guide to Nuwara Eliya gave the price of a single bed at the Grand as Rs. 2.50 double Rs. 4.00, hot bath 75 cents, cold bath 50 cents. The cost of getting to the hotel by mail coach from the railway station at Nanu Oya was Rs. 3.00. At that time the train took 8 hours 20 minutes for the run from Colombo, less than an hour longer than it would take 122 years later.

Barnes' "huddled up bungalow" was extended in stages from the nucleus that forms the present hotel's public and administrative areas. The northern wing came first, originally one floor linked by an archway with the main building. An extension was opened in 1904 and old photos show a second floor added to the northern wing linked by a corridor with the additional floor of the main building.



Our Company contd.

The need for expansion followed the opening of the railway line to Nuwara Eliya in 1903 and the arrival of motor transport in 1904. Mr. A. Loesch, a former hotel manager in Hamburg, was appointed manager doubling the size of the hotel and announcing plans to provide accommodation for 200 people with 60 doubles and 40 single rooms.

Among guests who stayed at the Grand were the Duc d'Abruzzi (brother of the Italian Sovereign), Leopold of Saxe-Coburg-Gotha (nephew of King Edward), the Grand Duke of Saxe-Weimar, Prince Reuss XXXII, the Maharaja of Kapurthala, and Sir Thomas Lipton. "On one day there were as many as sixteen English, French, German and Belgian titled people in the house" according to a book called Twentieth Century Impressions of Ceylon. Manager Loesch advertised the hotel as "Former vice-regal residence."

By 1915, when Mr. McDermott was Managing Director, the Grand was managed by Mr. Larson, described by Amicus as "one of the most popular and expert hotel men in the East. Under its efficient management, the Grand has grown into a large structure. institution Nuwara Eliya may well be proud of." Photographs show the "new" (southern) wing had been added with three floors, together with the present dining room, billiard room and sitting and reading rooms.

The railway from Nanu Oya to Nuwara Eliya which brought many visitors every season to stay at the Grand and other hotels (one of which was the New Keena also owned by the Nuwara Eliya Hotels Company up to 1919) was narrow gauge. H.W. Cave writing in 1910 described it as "similar to the Darjeeling Himalayan railway." The Ceylon Government Railway handbook published in 1929 said "the ascent at one point of the journey is so steep as to have merited the title of Jacob's ladder." It was popular with visitors and is missed even today, following its closure to passenger traffic in 1940.

"The Nuwara Eliya season," wrote Cave, "extends from November to May. . . . June and July are the only months that should be avoided on account of rain and wind." He pointed out that the 57 degrees Fahrenheit mean temperature appears extraordinarily low as Nuwara Eliya is only six degrees north of the equator. This did not deter either the British or Ceylonese who wanted to live there. Mr. J A Roberts when he was the Managing Director of the Nuwara Eliya Hotels Company prior to 1908 built a series of bungalows on land adjoining the Grand which were immediately sold.

In the 1920s and 1930s the Grand became the center of the season's social activities for visitors from Colombo. Golf (the course runs close to the hotel) was the main sport although cricket, polo, hockey, croquet and lawn tennis were also played and there was hunting too. "Red deer, leopards, wild boar and birds of many varieties are plentiful," according to a 1929 guide book. Mr. S.A.W. "Sam" Mottau, who came to Nuwara Eliya in the 1920s and settled there in 1943, recalls annual race meets, police sports

The new Managing Director, George Ondaatje, who had purchased a substantial investment in the company in 1984, was confident that someday he would be able to turn it around financially while restoring the Grand Hotel to its former splendor.

meets, gymkhanas, horse, dog and flower shows, clay pigeon shoots and above all, the Governor's State Ball.

Many of the guests who attended the ball stayed at the Grand. Sam Mottau tells the story of one guest, a member of the Legislative Council with a limited knowledge of English who, when asked to reply to the toast "To the Guests" said: "Your Excellency, Ladies and Gentlemen, I have attended many balls, but I must say that I have always observed that Your Excellency's Balls are the biggest."

By the 1930s, the third floor had been added onto the old, center part of the hotel, giving the appearance that it has today. The war years of the 1940's brought austerity and saw the hotel used as the billet of British officers. No liquor was available then. Christmas, however, remembers Sam Mottau was celebrated with open air carol services in the hotel gardens.

The hotel bounced back in the 1950s becoming popular with visitors who came by liner to stay in Ceylon and, during half term, with the parents of children boarded at the Hill School (now the army camp). In the 1960s began the pattern which characterizes the hotel today. Guests (except for the April season) no longer stayed for weeks but for one or two nights in transit during their coach tours of the island.

To cater for the demands of modern tourists, the bedrooms were refurbished and attached bathrooms attached, converted out of adjoining bedrooms. Previously, there were common bathrooms and lavatories which were serviced by staff who had access by outside steps, like the wrought iron fire escape which still exists today. The amount of rooms were reduced and the room numbers were changed.

In the first issue of This Month in Sri Lanka, published in June 1976, the hotel was described as having 104 rooms with rates of US \$ 9.00 single, US \$ 15.00 double, full board (US \$ 9.00 then equaled about Rs.120.00) There are 153 rooms including Three Presidential Suites and three Junior Suites at present while the rates have risen to keep pace with inflation.

The 'Grand' Update

In mid-1987, the management of the Grand Hotel changed hands after a long and complicated court case which was finally settled with Cornel Perera being appointed chairman of the Nuwara Eliya Hotels Company Limited and George Ondaatjie the Managing Director. The other members of the newly constituted Board were Mahinda Wijenaika, S D A De Vos, K N Choksy, PC Lucian V Perera, Asker Moosajee and Naveen Rajapakse.

The new Managing Director, George Ondaatjie, who had purchased a substantial investment in the company in 1984, was confident that someday he would be able to turn it around financially while restoring the Grand Hotel to its former splendor. He set about the task with the support of the Board and, four years later, the Company was able to record profits for the years 1990 and 1991. After a lapse of seven years, a dividend was declared for the year ending March 1990.

With most of the urgently needed improvements completed, renovation and restoration work continues. With its improvements, the Grand Hotel takes its place as one of the best hill station hotels in Asia, providing a unique and memorable stay for its guests.

The 'Grand' Environment

Nuwara Eliya before British Rule (1815)

The first recent written account on Nuwara Eliya is by Dr. John Davy. In 1819 he had visited Nuwara Eliya during a trekking expedition. The direction he has accessed Nuwara Eliya was from Uva Region. During that time Nuwara Eliya was uninhabited. The Nuwara Eliya valley was covered with thick forest on slopes and grass 'patanas' in valleys. It only had been a passing visit by him and his party. There had been ruins of earlier irrigation systems and an inscription stone dated back to 900- 1000 AD stating offerings to a Buddhist 'Vihara' had been found. This was later shifted to the premises of Kachcheri of the Nuwara Eliya town.



The name Nuwara Eliya has the meaning "City of Light". Throughout the island's history, "Nuwara" is having a meaning of a Royal Township. Meaning of "Eliya" is not very clear but could have been Patana areas that are found among the highland's thick forests that get full sun shine, thus getting ample "light" or "Eliya". Few more such names crop up in the vicinity of Nuwara Eliya, that of "Sita" Eliya, Maha Eliya (Horton Plains) and "Handa" Eliya, the areas that can be attributed to plains.

In 1826, an Elephant hunting party had visited the Nuwara Eliya plains. During those days Nuwara Eliya valley and the hill sides had been frequented by elephants since the undisturbed forest regions were covering much of the highland land area. This episode of the hunting party who had experienced the 36 F° climate and the geological features the area possessed was heard by the then Governor Edward Barnes. He later initiated the roadway to reach Nuwara Eliya passing Ramboda, making Nuwara Eliya accessible to entrepreneurs who gradually converted Nuwara Eliya to a model British village area.

Topography and Geography of Nuwara Eliya

Physiographically, Nuwara Eliya is situated in the middle of the country's highest pen plain, a level land surface that has an advanced stage of erosion. It is a complex of massifs, mountain ranges, plateaus and basins. The Southern border of this pen plain runs about 50 miles from Sri Pada or Adam's Peak (7,360 feet) which is on the Western side to Namunukula (6,360 feet) of the Eastern side. From the middle of this Southern border and running towards North is the High Plains that extends between Kirigalpotta (7,875 feet) and Pidurutalagala (8292 feet). It is near this Pidurutalagala Mountain, that Nuwara Eliya town (6,128 feet) is situated. The scenic grasslands of Horton Plains, Moon Plains, Kandepola-Sita Eliya Plains and Elk Plains all are situated in this altitude range of 6,000 to 7,000 feet, few tens of kilometers away from Nuwara Eliya.

The highlands of Sri Lanka can be considered as a great upheaval of land mass having an area of about 4000 sq. miles. From the base of this massive upheaval, rises four extensive ledges. They consist of mountains of different elevations between 5,000-8,000 feet above sea level. Pidurutalagala, which is the highest peak among these, is 8,280 feet high. It is positioned about 3 miles North East of Nuwara Eliya town. The plain which Nuwara Eliya is situated is upwards of 6,000 feet above sea level. This plain is about 6 miles in length and 1 ½ miles in breadth. The circumference of this area is considered to be around 15 miles. In around 1833, before any plantations took place, the whole plain was divided into two parts with a thick stripe of jungle appearing in the middle. This plain was surrounded by steep rocky mountains, covered by thick forest from the level of the plain up to the top of those steep and irregular heighted mountains. The temperature of Nuwara Eliya never approaches the Tropical

Our Company contd.



heat but can touch low temperatures that make ice flakes on grass patna in early mornings. There are four gaps accessing the Nuwara Eliya plains through surrounding hills. The gap at North-East leads to Kotmale valley, the South-East gap leads to Uva basin, the West gap to the Dimbula valley and the East gap to Kandapola and Udapussellawa. Some other important mountains and places around Nuwara Eliya are Kikiliyamana (7345 feet, 1 mile North West of Nuwara Eliya), Kudugala (7607 feet), Totupola (7746 feet), Kirigalpotta (7832 feet), Lover's Leap (7098 feet, 2 miles East of Nuwara Eliya) and One Tree Hill (6903 feet, 1 mile South of Nuwara Eliya)

Nuwara Eliya as a tourist destination

Nuwara Eliya, the land yet unexplored and un-spoilt can easily be described as the new adventure tourism destination. The adventure season now covers almost the entire year. Nuwara Eliya being blessed with rolling hills, verdant valleys, cascading waterfalls, natural forests, tea plantations, rice fields and hospitable people with a rich culture – is a land perfect for adventure. People from all over the world have rapidly begun to realise the potential of this island as a premium adventure, sport destination. The wide choice of adventure sports ranges from exotic tours that mix various activities such as trekking, hiking, camping, mountain biking, Bird watching and Fishing in Kande Ella.

Nuwara Eliya has escalated in the tourism development process and foreign travelers as well as locals visit Nuwara Eliya in large numbers contributing to a boost in the tourism industry. Hotels, guest houses, natural parks, golf course and other complimentary facilities have sprung up to cope with the demand. Throughout the year tourists visit Nuwara Eliya, but the main

attractions are during the April season, when the flowers are in bloom. During this period it is difficult to find accommodation and most residents of Nuwara Eliya let out their homes to many a traveler.

The festive season starts on April 1st annually in a ceremonial manner. The ceremony consists with mainly a band show where all the school bands will participate. This is one of the famous and beautiful ceremonies in Nuwara Eliya. Sports play a major role during the season, such as diverse motor racing events, golf tournaments and horse racing events and the season culminates in the nine furlong Governor's Cup and the flower show at the end of the month.

The most striking feature of the Nuwara Eliya environment is its climate, which is salubrious and refreshing. The altitude of above 2,000 meters from mean sea level means that the temperature drops at least by 13 Celsius than at sea level, where most of the tourists to Sri Lanka are attracted. Yet, within a travel time of less than 05 hours, this drop in temperature is experienced, a rare phenomenon, considering the very close proximity to the equator. This is an incredible feature promoting the scope of a higher turnover of tourism in this area.

Economy of Nuwara Eliya

Nuwara Eliya is playing a major role in our economy. The geographical and ecological features of these highlands have attracted many foreign visitors to this place. Nuwara Eliya has 18 leading star class hotels that are famous in the other parts of the world. Nuwara Eliya is known as "Little England" due to its British style of architecture and the environment. Nuwara Eliya is

very popular among British travelers, as the weather is similar to English weather.

Nuwara Eliya has often been cited as one of the most rewarding albeit difficult markets to develop properties with a long development cycle. Despite this, Nuwara Eliya houses a myriad of Hotels ranging from one star to top notch categories.

Many people in Nuwara Eliya are engaged in the hotel business and direct employment has increased due to opening up new hotels. Indirect employment is also thriving in this area especially the local farming community is well engaged for supplying their cultivation to the hotels and to the local visitors who patronised Nuwara Eliya. The other service industries also do well in this area being one of the main attractions.

Nuwara Eliya has many tourist attractions, this is a central place and people can visit many places. In Nuwara Eliya recent past there are lot of infrastructural developments have taken place. This continuous development process has greatly contributed to the economic development of Nuwara Eliya. Hospitals with better facilities, schools and educational institutes, Banks, Insurance Companies and many other institutions are being opened in this town. Residents have easy access to better education, health and job facilities. Tourism and tea can be identified as the main contributors to the national economy from this region.

Sustainability and tourism business in Nuwara Eliya

An amazing feature of this environment is the discovery of eco-tourism or ecological awareness that has been in existence for hundreds of years in Nuwara Eliya that had instilled the concept of sustainability long before it became a corporate topic. Nature has always been an essential part of the Nuwara Eliya lifestyle. Whether it is a tree or for that matter, water - it is a matter of respect. Even before the digging of a well for water, religious rites are performed and the well remains a sacred part of life. It is here that people even talk to snakes and ask them to move out of their way! Snakes are needed to balance the eco-system and villagers have learned to make use of this system without exploiting it.

The most significant contribution to the nation from Nuwara Eliya is not from what is recorded per the micro and macro-economic statistics, but from its endowments to the natural environment. Nuwara Eliya offers a window into vivacious cultures, significant monuments and verdant landscapes and ecology infused with a sense of wonder. This environment is the birth place of the whole country's water sources, and the main catalyst of its many favorable weather patterns.

Therefore, as the people of Nuwara Eliya who had co habited with this environment, the tourism industry also has to comply with the best standards in sustainability in order to become a long term partner with

Nuwara Eliya. Added to this is the enormous social responsibility that lies in the hands of the tourism industry in Nuwara Eliya due to its operation in an environmental system that a whole nation looks upon for its survival.

The Company, in its operations of the Grand Hotel, has kept this fact in mind. It has therefore adopted a policy of sustainability. The detailed report on sustainability is an integral part of this report embedded whole throughout. The existence and growth of the Grand Hotel and Nuwara Eliya Hotels Company PLC for centuries stands as an ample testimony on compliance with this sustainability policy.

The 'Grand' Business and Its Brands

Grand Hotel is renowned for their expedient and strategic location and also synonymous with the brand are the high levels of service and extensive range of Food and beverage outlets.

The Grand Hotel offers values and benefits over and above the standard of facilities. We seek to provide guests with an exemplary personal service and an echelon of recognition that they have come to rely upon. Our guests need to know that they can develop a relationship with the Hotel that will ensure efficiency, value for money and steadfastness in supplying them with the support they need. We operate with a strong sense of community and wish to remain as an integral part of the community.

Our key clients are contracted corporate clients originating from both international and domestic markets through the Travel trade. A global market mix of Middle Eastern, Far Eastern and European guests patronise the Hotel. Our guests feel that they can relax at the Grand Hotel from within a less austere atmosphere than can be experienced in our competitive properties.

They appreciate being called by name when they arrive and having staff remember their detailed requirements time and again. Upon their departure the Guest Relations Officers communicate with them through email. We take photographs of Guests celebrating their anniversaries, Birthdays and present the photographs as a surprise. This is a key in developing relationship beyond an initial stay and their added value in relation to our competitive properties in the vicinity.

The Grand sells an unmatched experience with value, which is its key perspective in product and brand development. The image of the Grand is as a landmark in Nuwara Eliya, rather than a mere service provider in the tourism trade. This is evident by the number of visitors who stay in other hotels, in Nuwara Eliya, but visit the Grand for sightseeing and food.



Front Entrance, Lobby and Reception

The colonial splendor and magnificent legacy only adds value to our penchant to perpetually provide a satisfying and fully customer oriented service at all times in every aspect, area and facet of our enterprise.





Milestones



1987

Mr. George Ondaatjie who had purchased a substantial investment in the Company took the reins on the 15th June 1987.

1988

The much needed renovation to the reception area was completed on the 5th of Dec 1988.

1990

20% first & final dividend was declared for the F/Y 1989/90 after a lapse of several years, on the 31st Oct 1990.

The Board decided to take over the running of the farm owned by the Hotel on the 3rd Dec 1990.

1991

The Hotel marked the Centenary year, Gold sovereigns were awarded to employees who had completed 25 years of service at the centenary celebrations held on 3rd June 1999. The refurbishment of 70 rooms and the bathrooms of the Hotel were completed on the 20th Nov 1991.

1992

Grand Hotel (Pvt) Ltd., signed an agreement with the Board of Investment of Sri Lanka to build and operate a 64 roomed Hotel, on the 22nd Sept 1993.

1980s

1990s

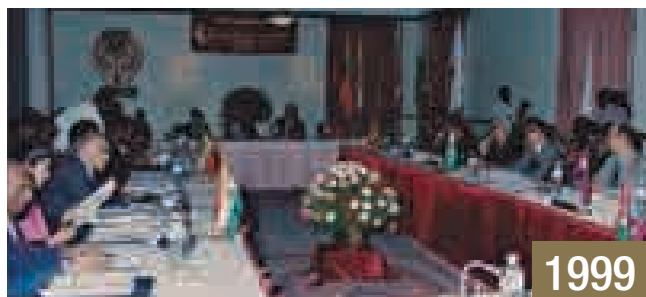


1997

Grand Hotel (Pvt) Ltd., commenced commercial operations on the 1st Apr. 1997.

1998

The new mechanized laundry was commissioned, on 8th June 1998 "Supper Club" – Fine Dining Restaurant and a Bar was opened for the guests on the 10th of April 1998. A state of the art gymnasium and health club was commissioned on the 10th Aug 1998.



1999

Hosted the 21st session of the SAARC Council of Ministers Conference followed by a banquet by the Ministry of Foreign affairs on the 10th March 1999. The second dress boutique / curio shop of the Hotel was opened for business on the 18th Oct 1999.

2000

Mr. George L.A. Ondaatjie took over 80% control of the Hotel with purchase of DFCC & Cornel Group shareholding as at 16th October 2000.

2001

The Company took a new outlook with the appointment of Mr. Gerard Ondaatjie as the Managing Director in October 2001.

2002

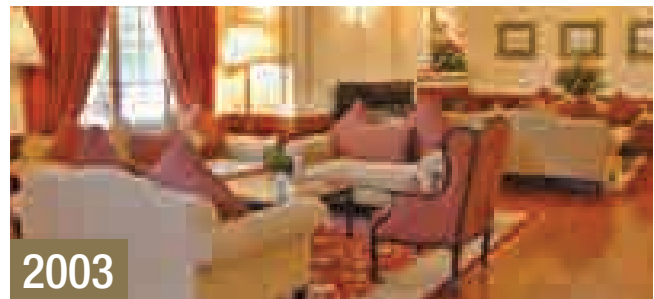
"The Grand Indian" - serving exclusive authentic Indian cuisine, commenced operations in November 2001.

2003

The Red lounge underwent a complete facelift providing guests with comfort & grandeur. The Entrance Corridor and the Ballroom too were renovated in line with the "Grand" charm.

2004

Overall winner of the "April Blooms 2004" garden competition organised by the Municipality of Nuwara Eliya.



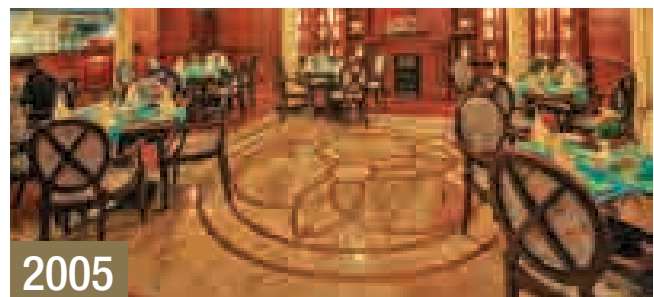
2000s

2005

A facelift was given to the "Barnes Hall", the main restaurant of the Hotel. The Coffee Shop, now known as the "Magnolia", went through a complete refurbishment process, which included a show-kitchen and a menu in keeping with the highest culinary standards.

The front entrance, Lobby, the red lounge, green lounge and the ballroom were renovated at a cost of Rs. 30 million.

The SAGA food award was awarded to the Grand. It is based on the year's customer feedback and regular inspections carried out by "SAGA HOLIDAYS" for consistency and standards maintained for food quality, presentation, variety, hygiene and service.



Milestones contd.

2007

The SAGA food award was clinched by Grand for the second consecutive year, from one of the leading tour operators from UK, SAGA HOLIDAYS. 2007.

The department of Archeology identified Grand Hotel as a National heritage in November 2007.

The SAGA food award was clinched by Grand for the third consecutive year, from one of the leading tour operators from UK, SAGA HOLIDAYS.



2008

Mr. Palaka D.L. Perera, the new General Manager took charge of the operations of the Hotel from March 2008.

The SAGA food award was clinched by Grand for the fourth consecutive year, from one of the leading tour operators from UK, SAGA HOLIDAYS.



2000s

2009

The Hotel was awarded the "Four Star" status by the Hotels Classification Committee of the Sri Lanka Tourism Development Authority, with effect from 10th Dec. 2009.

Grand was placed 1st in the "Commercial Large" category for the 23rd consecutive year at the "April Blooms 2009" flower & Garden competition organized by the Municipal Council of Nuwara Eliya.

The annual good food award presented by SAGA Holidays, a prestigious UK based tour operator specialising in holiday packages for the up-market senior citizens was won by Grand Hotel for the 5th consecutive year.

Grand Hotel was adjudged the Best Landscaped Hotel / Resort in the Nuwara Eliya district at the "Nagarayata Uyanwathu" Competition conducted by the Department of Agriculture of the Central Province.



2010

The Annual Report for 2010/11, won the certificate of compliance award, conducted by the Institute of Chartered Accountants of Sri Lanka.

A tastefully designed "Wine Bar" was constructed adjacent to the existing Public Bar which has been acclaimed as "The Best" Stocked Wine Bars in the Central Hills in November 2010 by the Chairman, Desabandu George Ondaatje.



2010s

2011

A Tea Lounge, with an open verandah overlooking the front lawn commenced operations.

Grand Hotel won the "Two Star" Award for Large Scale Business in the Service Category at the STAR awards 2011, conducted by the Ministry of Industries of the Central Province.



Milestones contd.

2012

The Annual Report for 2011/12, won the Bronze Award from the Hotel Companies category, conducted by the Institute of Chartered Accountants of Sri Lanka.

“National Geographic” identified Grand Hotel as one of the best places to visit in “Best trips 2012”.

Grand was placed 1st in the “Commercial Large” category at the “April Blooms 2012” flower & Garden competition organized by the Municipal Council of Nuwara Eliya.

Agoda.com awarded Grand the “Gold Circle” Award as the Best Hotel in Nuwara Eliya.

Grand Hotel won the “Three Star” Award for Large Scale Business in the Service Category at the Star Awards 2012, conducted by the Ministry of Industries of the Central Province.

A Bravura Coffee Table Book on the iconic Grand Hotel, Nuwara Elya was published in November 2012. The Book is authored by British-born Richard Boyle.



2010s

2013

Grand Hotel and the “Grand Indian” Restaurant were the proud recipient of the Commended Hotel award presented by “Trip Advisor” – UK, the world’s largest travel site.

The Grand Hotel entered into a partnership agreement with “Dilmah Tea” for the operation of the exclusive Tea lounge and Terrace.

Grand Hotel once again bagged the Commercial Large Category Award at the April Blooms 2013.

Grand Hotel secured 3 Gold, 2 Silver and 9 Bronze medals at the Culinary Art Competition 2013 organized by the Chef Guild and became highest medal winner of the central province.

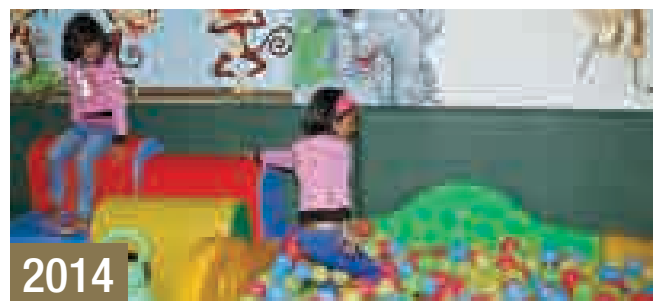


2014

“Grand Thai” serving exclusive authentic Thai cuisine, was constructed and commenced operations in April 2014.

The staff quarters underwent renovations in order to accommodate the new Indian Chef & Thai Chef.

An indoor Children’s Play Area opened during this period.



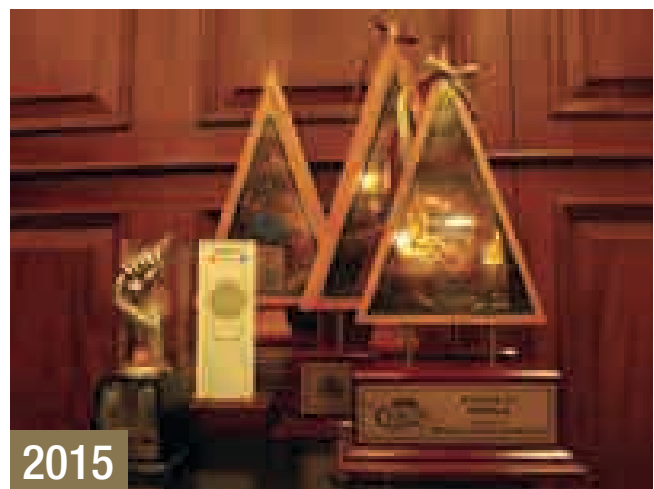
2015

Grand was placed 1st in the “Commercial Large” category at the “April Blooms 2014” flower & Garden competition organised by the Municipal Council of Nuwara Eliya.

Nagarayata Uyanwathu – 1st Place in the District.

The Annual Report for 2013/14, won the certificate of compliance award, conducted by the institute of Chartered Accountants of Sri Lanka.

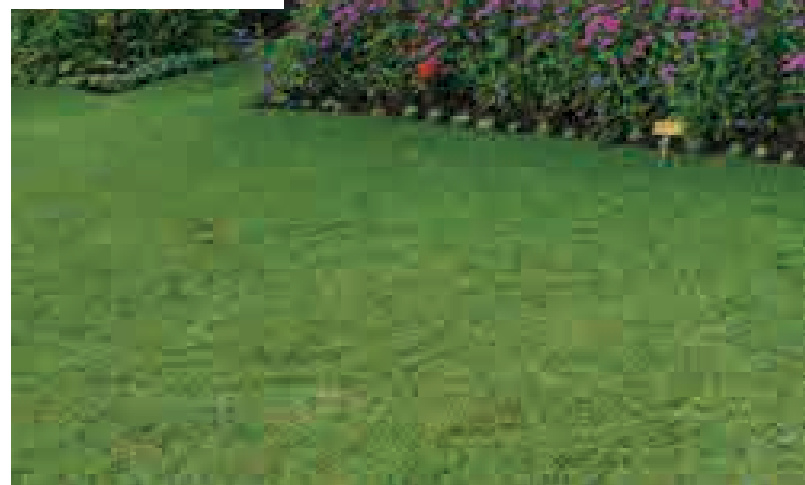
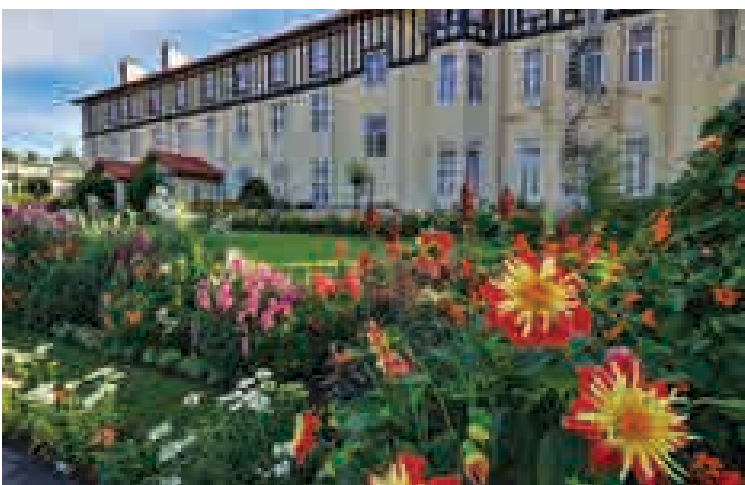
Agoda.,Com – Gold Circle Award.





Garden

Lush and lavish exotic Flora and Fauna beautify and enrich your surroundings, amidst an environment that is ecologically spellbinding and inimitably breathtaking. A paradise within one of nature's picturesque and perfect settings.





Highlights of the Year

April 2014

- The Grand Thai was opened on 12th April by Her Excellency Natnapang Damrongsoontornchai, Counsellor of the Royal Thai Embassy in Sri Lanka in the presence of some renowned personalities of the Colombo circle. All the dignitaries were hosted for Cocktails
- The traditional Sinhala and Hindu New Year festivity was celebrated on 14th April on the upper lawn by creating an ambience of a typical village. The famous raban players heralded the dawn of the New Year and scrumptious sweet meats, typical Sri Lankan pickles etc; were laid out for the guests to enjoy. Avurudu Games such as, pillow fighting, scraping coconut, tug of war, throwing the egg, finding the coin etc; were keenly competed by the guests.
- A Wine Evening comprising of all the Wine Suppliers was held with many affluent guests being invited to taste some of the exclusive Wines. Grand Hotel once again bagged the Commercial Large Category Award at the April Blooms 2014 winning all the major awards, including Best Garden, Best Lawn, Best Fence & Hedges.
- The Annual Deshabandu George Ondaatjie Snooker Tournament was held on 26th and 27th April with 135 entries being received for the tournament.



May 2014

- The new dining facility for the staff including the executives was declared open by the Managing Director on 12th May. The new "Dine" also houses a Training Centre for the convenience of conducting lectures/training and also a fully-fledged computer laboratory for staff to get acquainted with information technology.
- The Muslim Religious observance was held on 12th May with the Managing Director, Mr. Gerard Ondaatjie and Group Financial Controller Mr. M I Shahabdeen gracing the occasion.
- The Annual Staff Trips were conducted during the month to the Yala Wild life sanctuary and also the Kataragama temple. The trip was for a one night out.

June 2014

The second batch of Executives went on the Annual Trip to Yala wildlife sanctuary and Kataragama.

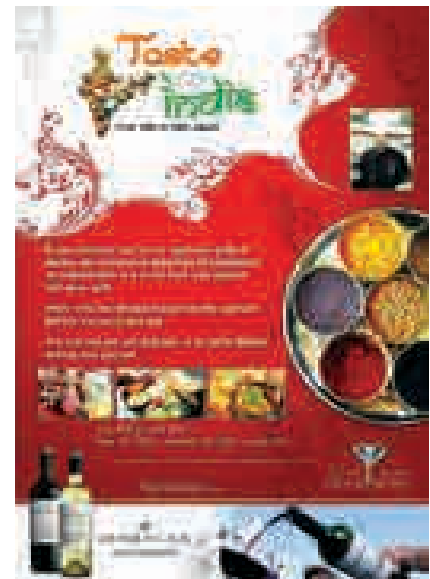
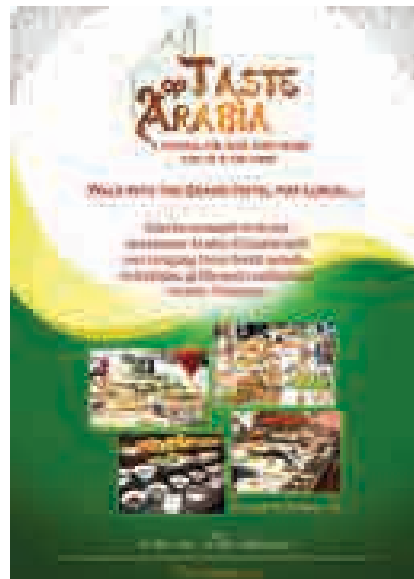


July 2014

This year we conducted the Blood Donation Campaign for the sixth successive time, with a participation of 83 donors. The Blood Donation was conducted on 10th July 2014 and the participation was very encouraging.

August 2014

- “Taste of Arabia” a Lunch buffet promoting authentic Arabian dishes including kebabs, traditional Arabic desserts etc; was held from 1st to 15th August mainly accommodating the Arabic clientele who patronized the hotel.
- Authentic India cuisine promotion “Taste of India” was held from 16th to 30th August at the Grand Indian which included fragrant curries to tandoori-grilled meats.
- Introduction of laundry valet service in August.



Highlights of the Year contd.

September 2014

- The Annual Fire Training program and Awareness for the Employees of Grand Hotel was held on 5th and 6th September 2014 with the participation of a majority of the Staff. The first session of the program consisted of a Training (both Theoretical and Practical) on Fire Evacuation methods, Administering of First Aid, etc; while the Evening Session consisted of Practical Fire Extinguishing methods and in-depth training of the Fire Wardens selected from Each Department.
- The Grand Hotel Staff Welfare Society annually organises a family get together and this year it was held on 28th September at the Nuwara Eliya Municipal Council Grounds.
- Saraswathy Pooja conducted on 29th September 2014 with the participation of staff, school children and other dignitaries of Nuwara Eliya.
- The Environmental day for September was held on 19th September where the road leading to the Executive Quarters was cleaned.
- Introduction of new toilet amenity tray for room toilets in September.



October 2014

- An extensive training on butler service was conducted by a professional Maldivian Butler Trainer, Mr. Masthooq for a duration of two weeks. Six senior staff members of the Housekeeping and Food and Beverage Departments were selected to be trained as Butlers.
- The Grand Hotel Coffee Bar located adjacent to the highly patronized and popular Grand Indian was declared open on 12th October 2014 by Mr. Gerard Ondaatjie, Managing Director of The Nuwara Eliya Hotels Co PLC owning Company of Grand Hotel and Mr. Warren Ferdinandus, Business Partner of The Café Galley (Pvt) Ltd. The interior settings and décor is elegantly designed to meet with the sophistication and taste of a Galley atmosphere for the perfect Cup of Coffee.
- The mega Health Camp organised for the second consecutive year was held at the Nuwara Eliya Municipal Grounds Car Park on 18th October. More than 800 people obtained medical assistance. Patients were screened for various illnesses ranging from diabetes, heart, skin, ears, nose and throat, gynecology etc. A physiotherapist was also in attendance and the prescribed medicines were also issued to the patients free of charge. Going one step further, we solicited the assistance of Vision Care, who generously came forward to have their state of the art technology installed at the venue for screening of eyes of patients and providing reading glasses to more than 150 patients free of charge.
- An Environment day was organised on 15th October 2014, to clean and clear all the waste and dump that holiday makers scatter and leave around the Lake Gregory, which definitely pollutes the lake and its surroundings. The request was made by the Nuwara Eliya Municipal Council and our staff participated in this external environment day which was greatly appreciated.
- In the history of Grand Hotel in its existence for 123 years, an impressive Ceremony to recognise and appreciate the services rendered by the staff for long period of time was held for the very first time on 24th October 2014 at the "Barnes Hall" amidst a large gathering of staff, the recipients, and their families
- Ocktoberfest was organised for the second time at the Grand Hotel on 29th, 30th and 31st which was a tremendous success. It was definitely a novel experience for the fun lovers of the central hills to experience the Oktoberfest out of the Colombo region.



November 2014

- Donation of essential items such as clothing, dry rations, biscuits etc; to the earthslip victims of Meeriyabedde in the Badulla district was carried out on 1st November.
- The Annual Thanksgiving Mass was celebrated by Very Rev. Fr. Milroy Fonseka, Vicar General of the Kandy Diocese on 7th November amidst a large gathering of parishioners of Nuwara Eliya, and the staff.
- The Traditional Cake Mixing Ceremony was held on 8th November presided over by Madam Christobel Ondaatjie at the Ballroom.
- Started a new laundry out let for outside guest laundry on 17th November, 2014.
- On the request of the Director of the Hospital, two bed screens were turned out by our Maintenance Department which was handed over to the Director in person on the 26th November 2014, for which they have appreciated our gesture in writing too.



Highlights of the Year contd.

December 2014

- A Coffee Breakfast at the Coffee Bar was introduced from 1st to 31st December from 7.00 a.m. to 9.00 a.m.
- The Christmas Party for the deserving children selected from Homes and Institutions were held on 6th December 2014 which officially signified the commencement of the Christmas and New Year Celebrations at the Hotel.
- Followed by the Christmas Party, singing of the Christmas Carols by the children of the Paynter Home and lighting of the Traditional Christmas Tree was held at 7.00 p.m. on the same day.
- Introduction of the wood fired pizza at the Tea Lounge. A novel concept which was an instant hit from the first day of introduction
- The Grand Kiddies Party was held on the 13th in a splendid manner with around 60 kids and 50 Parents being entertained at the event. This year too, the entire event was coordinated by Party Magic Entertainments and there were much activities lined up for the kids including a mega bouncer, popcorn, candy floss, face painting, balloon modeling, Magic Show, Games and dance along with Cartoon Characters. A new introduction was a cookery demonstration for the mothers which were very interesting.
- The donation of School Books and other essential school items for the children of the members of the Grand Hotel Staff Welfare Society was held on 18th December 2014 as it was felt that giving the books early would enable parents get the books ready for the new school term on time.
- Commencing from the 26th to the 30th December, the Executive Chef and the Kitchen Brigade carried out some exciting Theme Nights varying from Middle Eastern, to the Chef's Night, Seafood Market, Asian Night and Continental night for which some excellent food comments were received from Guests.
- Reusable cosmetic containers (shampoo, shower gel, body lotion and hair conditioner) introduced to reduce the operation cost and usage of plastic in the department in December, 14.



January 2015

- The Thai Pongal Celebrations were observed near the Shrine Room of the Hotel with performance of the Hindu rites and serving of the traditional "Pongal Rice" to all present.
- A personalised Butler Service for all Presidential and Junior Suites were introduced from 12th January 2015.
- The Environmental Day for the month was held on 22nd January to clean and clear the road leading to the Grand Hotel as well as painting of the Welfare Room.

February 2015

- The 67th Independence Day Commemoration was held on the 4th with the hoisting of the flag at 9.00 a.m. The event was patronized by the guests and staff members.
- With a view to minimise polythene usage and also operational cost in the department, accumulated discarded pillow cases were converted to laundry bags and commenced using them for guest rooms in February.
- A novel Valentine dinner menu was served on the deck of the Grand Thai restaurant, where the diners could enjoy the clear sky gazing through the glass panel.
- Another Environmental Day was organised on 19th February 2015, where the staff participated in the cleaning of the Grand Hotel Road. This road which houses Hotels as well as the Clubs. Every evening, there are many tourists who take an evening walk on this road enjoying the scenic beauty and maintaining the cleanliness of this road definitely boosts the image of Grand Hotel as well as the city of Nuwara Eliya too.
- Introduced a new Bed Décor for Rooms occupied by Honeymoon couples.
- The Grand Sithuvam 2015 an Art Exhibition which was conducted among 25 schools in the Nuwara Eliya Zone was held on 21st February 2015. There were 241 entries for this keenly competed event.



March 2015

- The Exhibition and Prize giving of the Grand Situvam Art competition was held on 6th and 7th March, where the Zonal Director of Education Mr. Amarasiri Piyadasa was the Chief Guest, while Mr. Nandalal Uduporuwa, Senior Lecturer of the Giragama Teacher Training School, Mrs. Hemalatha Bandara, Deputy Director of Aesthetic Studies and Mr. Manil Galagoda, Director of The Nuwara Eliya Hotels Co PLC were the Guests of Honour.
- The Annual Pirith Pinkama was held on 17th March 2015, with 35 Buddhist Clergy from all the temples in the Nuwara Eliya area being present for this Ceremony.



Company at a Glance





Established in 1891, a Colonial Monument nestled in the embrace of true natural splendor, The Grand Hotel offers unmatched experience, resonating the ambiance and chic grandeur of a classic era, offering unparalleled value and continues to accentuate its legacy by evolving into a hospitality giant that never cuts corners, perpetually offering a service on par with any international entity while providing an aesthetic that is authentic and timeless.

6
Suites

4
**Luxurious
Rooms**

144
Deluxe Rooms

Key Figures in 2015

838 Group Revenue (Rs. Mn)

Average Room Rate (Rs.) **15,246**

270 Group Profit After Tax (Rs. Mn)

Group Earnings per Share (Rs.) **135.28**

838 Company Revenue (Rs. Mn)

Rev PAR (Rs.) **8,587**

273 Company Profit After Tax (Rs. Mn)

Dividends per Share (Rs.) **22.50**

Financial Highlights – Group

Year ended 31st March	2015 Rs.' 000	2014 Rs.' 000	% Change
Results for the year			
Gross Revenue	837,811	829,894	1
Cost of sales	(171,469)	(169,313)	1
Operating Profit before Interest & Tax	263,319	298,482	(12)
Finance Income	43,813	50,181	(13)
Finance Expense	(266)	(472)	(44)
Share of Profit of Associate	-	(437)	(100)
Profit /(Loss) before tax	306,866	347,754	(12)
Income tax expense	(37,230)	(54,546)	(32)
Profit after tax	269,636	293,208	(8)
Profit attributable to shareholders	269,636	293,208	(8)
Dividend paid	45,087	45,087	-
Financial Position at the end of the year			
Shareholders' funds (Stated Capital & Reserves)	2,902,417	2,702,785	7
Number of shares in issue	2,003,870	2,003,870	-
Total Assets	3,209,960	3,028,894	6
Total Debt	-	1,046	(100)
Cash & Cash Equivalents	94,431	125,883	(25)
Ratios			
Return on shareholders' funds (%)	9.29	10.85	(14)
Return on total assets (%)	8.40	9.68	(13)
Year on year EPS Growth (%)	(8)	8	(205)
Interest cover (Times)	989.92	639.15	55
Equity : Assets (%)	90.42	89.23	1
Current ratio (Times)	5.97	6.17	(3)
Debt/Equity (%)	0.00	0.04	(100)
Debt/Total Assets (%)	0.00	0.03	(100)
Dividend cover (Times)	5.98	6.50	(8)
Dividend yield (%)	1.55	1.80	(14)
Dividend pay-out ratio (%)	16.63	15.35	8
Information per Ordinary share			
Earnings per share - Group (Rs.)	135.28	146.58	(8)
- Company (Rs.)	136.04	103.90	31
Dividend per share (Rs.)	22.50	22.50	-
Net Asset per share (Rs.)	1,448.41	1,348.78	7
Market Shareholder Information			
Market price per share as at 31st March (Rs.)	1,452.40	1,250.00	16
Market Capitalisation (Rs.' 000)	2,910,421	2,504,838	16
Price Earnings Ratio - Company (Times)	10.68	12.03	(11)

Year ended 31st March

2015
Rs.' 000

2014
Rs.' 000

%
Change

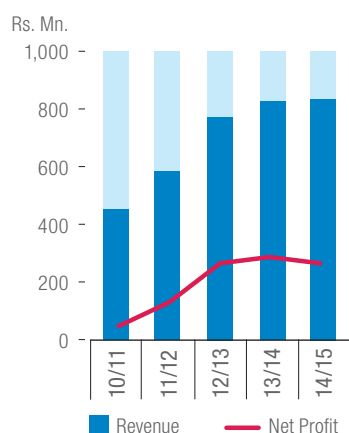
Sector Specific Information

Room nights available	56,210	56,210	-
Room nights sold	31,658	36,246	(13)
Room sales per employee	1,304,480	987,003	32
Occupancy Ratio (%)	56	62	(10)

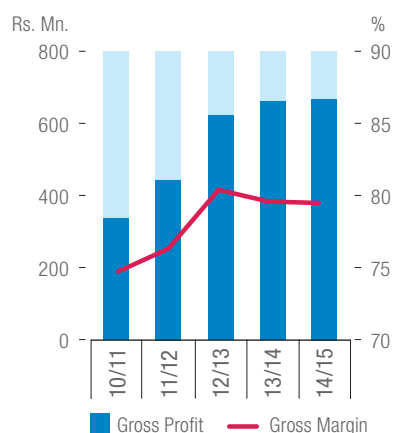
Others

Total Value added	630,987	552,147	14
To Employees	110,114	94,138	17
To Government (Income tax)	144,165	72,004	101
To Providers of Capital	45,218	45,218	-
To Expansion & Growth	331,490	340,787	(3)
Total Employees	363	343	5.83

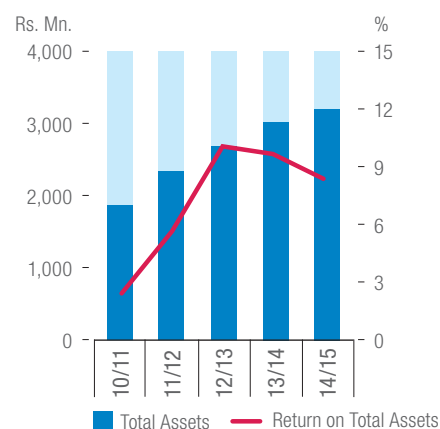
Revenue & Net Profit



Gross Profit & Gross Margin



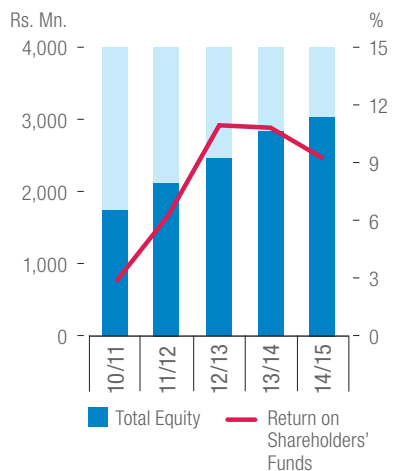
Total Assets & Return on Total Assets



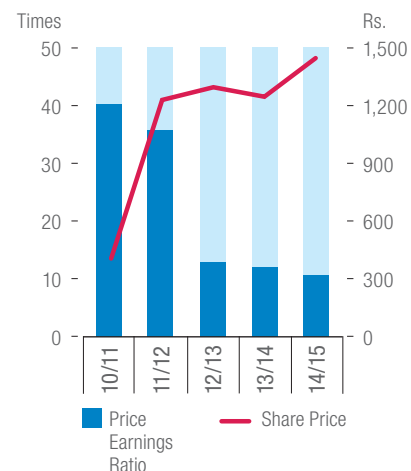
Dividends per Share & Yield



Total Equity & Return on Shareholders' Funds



Price Earnings Ratio & Share Price





Rooms

Fully furnished and fledged, state of the art rooms complete with value added amenities to cater to the ever increasing demands of our esteemed and choice oriented clientele. From Junior Suites and Presidential Suites to Deluxe Rooms, The Grand offers an intoxicating range interlacing old world charm and opulent elegance. Yes indeed... comfort does matter. Luxury is a bonus.





Chairman's Message



"Over the period the management has clearly demonstrated their commitment to deliver on key strategic priorities to consolidate the business whilst at the same time generating growth momentum"

2014/15 has been a very significant year for Nuwara Eliya Hotels Company PLC. The management team has done an exceptional job to deliver an outstanding operational performance with a trading profit growth in challenging market conditions and establish a platform for growth as we look forward to 2016.

In 2014/15 management had set out number priorities to stabilise the business and I am delighted that they have delivered on these. The ability to deliver, often above set targets, is an important step in rebuilding trust with key stakeholders – our customers, shareholders, banks and employees. It is the key reason why the Company has been able to report an increase in sales of its all food outlets and in underlying trading profit despite the difficult economic environment in late 2014.

The new strategies allow the business to execute its turnaround. As part of its strategy, the Company decided to amalgamate Grand Hotel (Private) Limited to Nuwara Eliya Hotels Company PLC from 1st April 2015. In addition, a major cost reduction programme was implemented. The collective effect was the Company's cost base to be more focused and had eliminated a major part of its overheads.

Sri Lankan Economy and its impact to the tourism industry

Sri Lanka attracted 1,527,153 tourists for calendar year 2014 recording a 19.8 percent growth year-on-year (YOY), with India, UK and China leading the pack, according to statistics released by the Sri Lanka Tourism Development Authority.

While December 2014 observed the highest number of visitors for the year at 178,672, it recorded the fifth lowest monthly growth number at 16.1 percent YOY.

State holidays and travel patterns of the exploding Chinese market has contributed significantly in disturbing the traditional peak and off peak seasons of the calendar, while the decreasing demand from the Western markets has also weighed in. December 2014 figures saw arrivals from Western Europe leading with 55,877, a growth of 13.9 percent YOY. Visitors from South Asia reached 45,089 with a 13.3 percent increase YOY and East Asia recorded 29,243 arrivals with an increase of 65.6 percent YOY. The UK market rose to 15,996 tourists with a 5.2 percent growth YOY, Germany to 10,829 arrivals, with a 12 percent growth YOY and France to 7,134 arrivals with an 8.9 percent growth YOY.

Future Strategic Investments

Given the rich history of the Company, it is futile to consider any strategy without further investments in its business. The Company made a strategic investment in a 67 percent stake in our first city hotel, Fair View Hotel (Private) Limited. Our City hotel is a fully equipped hotel in Colombo with 50 luxury rooms with beautiful ambiance. I know definitely that this investment will add more returns to the Grand Hotel maximising shareholders' wealth and assure good returns to our shareholders in future.

Leadership

Our Managing Director has given the required leadership to all the management team members along with the Board of Directors. This has given tremendous courage to all level of staff in the hotel. Not only that certain strategies have been initiated and implemented by him, but has been in the forefront guiding and directing the management team in every angle to ensure its accomplishment.

Employees

During the year we have continued to strengthen the human resource capabilities of the Company particularly within sales and operational staff. In our restaurants, we re-aligned our commercial team bringing together our sales and marketing teams under one roof with innovation and technical insight. This will ensure greater alignment with the delivery of our growth plans. A dedicated management team has also been put in place to focus on addressing the challenges faced by the leisure sector, and its possible impacts on our Hotel to ensure effective management of such risks.

Sustainability

Ultimately, the Company endeavors to deliver sustainability in everything it does whether that applies to financial results or in the way it uses natural resources. Wider sustainability issues are becoming more and more important with our consumers and customers. Most of our major customers have expressed significant sensitivity towards sustainability and therefore, our sustainability concept has been subjected to wider acceptance amongst them, as has been demonstrated by their response throughout this period.

The hotel is expected to help boost the local economy by supporting local suppliers, providing opportunities for youth in hospitality training and generating more employment in new hospitality jobs, in addition to the 325 jobs already generated by the hotel. We believe that responsible hotel and resource management creates positive economic opportunities and can be a positive force for the environment. From our associates to an array of external business and community partners, we have engaged the resources needed to help us accomplish our goals, which include efforts to reduce energy and water consumption by 20 percent by 2020 and develop into a complete green hotel. We are also engaged in educating and inspiring associates and guests to conserve and preserve natural resources as well as addressing environmental challenges through innovative conservation initiatives including rainforest protection and water conservation.

We are also engaged in educating and inspiring associates and guests to conserve and preserve natural resources as well as addressing environmental challenges through innovative conservation initiatives including rainforest protection and water conservation.

Operational performance

The Group has achieved another year of strong earnings and market share growth, despite difficult trading conditions in some parts of the world and unfavorable currency headwinds in major tourism capture markets. Industry

volumes continued to decline but the pricing environment remained the same. Good profit growth and a focus on asset management have also contributed to a continued improvement in return on capital employed, as detailed in our Financial Review.

Our Company has always worked to high standards in its business principles supported by a management team of diverse professionals with high business acumen. Your Board of Directors and Top Executives along with all the members of the Company have worked hard to raise the awareness of the Grand Hotel Brand through the quality of the service we provide. All of us are proud to be working for Grand Hotel, supporting and pursuing the mission of the Company to become a global player in the development and management of hotel under the 'GRAND' Brand. With your support and belief in our company, the spirit of Grand Hotel will continue to meet the challenges of doing business in a competitive world with the sole purpose of providing added value to our shareholders. This will always remain the mission of your Board.

Continuing Our Journey from my vantage point, I see a Company poised on the brink of a new era. We have better enabled our Team Members to deliver great guest experiences, while also delivering great results to our hotel shareholders. We may be nearly 132 years old, but we plan to continue our legacy of innovation and firsts that transform the industry. We are only in the initial stages of achieving our potential as the clear leader in hospitality.

Financial Results

We were able to fulfill the Company's primary aspiration of enhancing investor wealth. The Group recorded a pre-tax profit of Rs. 307 million for the financial year 2014/15 in comparison to last year's Rs. 348 million, a notable decline which was a result of industry conditions. The Group's revenue reached Rs. 838 million for the current year, in comparison to Rs. 830 million recorded in the previous year, which reflected a revenue growth of 1 percent. Our share price closed at Rs. 1,452.40 an increase from last year's closing price of 1,250/-. Share turnover doubled in comparison to last year and recorded Rs. 22 million reflecting investor confidence.

Concluding Thought

Our thanks go to all the stakeholders who have contributed to another successful and rewarding year for our group. This includes guests, staff, management, directors, shareholders, service providers and joint venture partners. We look forward to continuing our exciting growth journey.



Deshabandu George L.A. Ondaatjie
Chairman

20th May 2015

Managing Director's Review



"Our brand refreshment initiative has been successfully rolled out and implemented across our operations."

Dear Stakeholder,

This is our first Integrated Annual Report. We convey to you by this report the consolidation of your Company value and its potential for growth. We believe that this is an opportune time to reflect on the strengthening penetration of our core values and the considerable progress that has been made in advancing our Group's profile, geographic representation, operational capacity and capability.

Global Economic Outlook in 2014/15

Despite setbacks, an uneven global recovery continues. In advanced economies, the legacies of the pre-crisis boom and the subsequent crisis, including high private and public debt, still cast a shadow on the recovery. Emerging markets are adjusting to rates of economic growth lower than those reached in the pre-crisis boom and the post crisis recovery. Overall, the pace of recovery is becoming more country specific. Other elements are also affecting the outlook. Financial markets have been optimistic, with higher equity prices, compressed spreads, and very low volatility.

However, this has not translated into a pickup in investment which, particularly in advanced economies, has remained subdued. And there are concerns that markets are underpricing risk, not fully internalising

the uncertainties surrounding the macroeconomic outlook and their implications for the pace of withdrawal of monetary stimulus in some major advanced economies. geopolitical tensions have risen. So far their macroeconomic effects appear mostly confined to the regions involved, but there are tangible risks of more widespread disruptions. Some medium-term problems that predate the crisis, such as the impact of an aging population on the labor force and weak growth in total factor productivity, are coming back to the fore and need to be tackled. These problems show up in low potential growth in advanced economies which, may be affecting the pace of recovery today, and a decline in potential growth in emerging markets.

With global growth in the first half of 2014 slower than expected, growth for 2014 is projected at 3.3 percent, 0.4 percentage points less relative to the April 2014 World Economic Outlook (WEO). The growth projection for 2015 is also slightly lower at 3.8 percent. These projections are predicated on the assumption that key drivers supporting the recovery in advanced economies, including moderating fiscal consolidation (Japan being one exception) and highly accommodative monetary policy, remain in place. Projections also assume a decline in geopolitical tensions, supporting some recovery in stressed economies. Growth prospects across both

advanced economies and emerging markets exhibit sizable heterogeneity. Among advanced economies, growth is projected to pick up, but is slower in the Euro area and Japan and generally faster in the United States and elsewhere. Among major emerging markets, growth is projected to remain high in emerging Asia, with a modest slowdown in China and a pickup in India, but to stay subdued in Brazil and Russia.

Sri Lanka Tourism

The tourism industry continued to grow as one of the highest foreign exchange earners for Sri Lanka. Tourist arrivals increased by 20 per cent to 1,527,153 during the twelve months of 2014 over the corresponding period in 2013. Western Europe continued to be the largest tourist generating market for Sri Lanka with the number of tourist arrivals increasing by 13.8 per cent to 479,007. However, the share of Western Europe fell to 31 per cent during the first twelve months of 2014 from 33 per cent in the corresponding period of 2013, reflecting a significant improvement in tourist arrivals from non-traditional countries. The share of tourist arrivals from East Asia and Eastern Europe increased, supported by the effective promotional campaigns conducted in some countries in those regions. India, the largest tourist generating country for Sri Lanka recorded an impressive growth of 16.3 per cent in tourist arrivals to 170,671. Meanwhile, the highest growth of 136.1 per cent of tourist arrivals to 128,166 was recorded from China, followed by Indonesia (68.5 per cent) and Oman (67.1 per cent), reaching 29,558 and 12,756 arrivals, respectively.

Hotels and restaurants sub sector continued its growth momentum by achieving a 21.9 per cent growth in the first half of 2014 compared to the 19.8 per cent growth recorded in the corresponding period of 2013. This was largely supported by the significant improvement in tourist arrivals by 24.6 per cent during the period yielding a 33.8 per cent increase in earnings from tourism. The sub sector was largely supported by the gradual recovery of the western economies as well as emerging markets such as China. With the expansion of Chinese and Indian middle income population Sri Lanka's effort towards positioning itself as a tourist destination, the tourism industry could gather higher growth momentum with arrivals from those countries. Meanwhile, as Sri Lanka being recognised as one of the best tourist destination in the world, with the expansion of the necessary infrastructure facilities to cater to higher end tourists, Sri Lanka also has the potential to expand in the western market.

Operational Environment

The 2014 financial year could aptly be described as a mixed year, with a tale of two halves. The first half occupancies were 64%. The second half of the year was severely disrupted by a number of issues and happenings

such as presidential election and the change of government resulting in a little retarded economic growth during the year. This definitely impacted the leisure and business travel sectors. Reflecting the pressure experienced by participants in the small and medium tourism and leisure sector was a single show of decrease in occupancy.

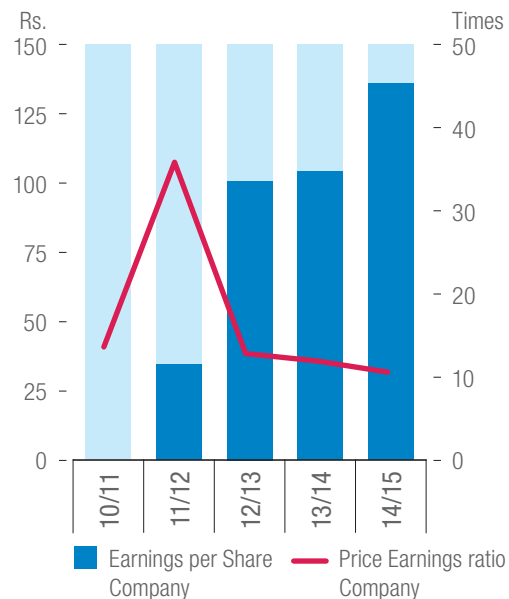
Financial Performance summary

It has been another marginal year for Grand Hotel, delivering record results for our shareholders. This was led by a successful trading performance from our growing business, from which the Group had achieved an operating profit of Rs 263 million as against the previous year's Rs 298 million, which is a decline of 12% under adverse global economic conditions.

The Group Revenue was Rs 837.8 million representing a 1 per cent growth. The Gross Profit increased from Rs 660.6 million to Rs 666.3 million during the financial period, an increase of 1 percent as against the previous year.

Earnings per Ordinary Share

Group Earnings per Share (EPS) for the period under review was Rs. 135.28, against Rs 146.58 in year 2013/14. Earnings per Share of the Company were Rs. 136.04 against Rs 103.90 in year 2013/14. The Price Earnings ratio was 10.68 in comparison to 12.03 last year.



Managing Director's Review contd.

Average Room Rate and Occupancy

The Group achieved an Average Room Rate of Rs. 15,246 which is a 9 per cent increase in comparison to prior year.

Across the Group Occupancy decreased to 56 per cent (2014 – 62 per cent), in-line with our strategy of focusing on improving average room rates. In percentage terms occupancy decreased by 9.7 per cent from the previous year. The number of guests who occupied the hotel during the year was 61,652 (2014 – 69,015).

Laying the foundations for future growth

As immediate operational business issues are addressed, our attention can turn increasingly to the strategic judgements that will determine Grand Hotel's prosperity and deliver value for shareholders over the next decade. Our strategic choices are defined by three parameters: the strength of the Grand brand; the marketing all the associated developments it is driving; and the potential to leverage our skill and scale locally.

We must decide how to position our business relative to the rapid development together with social media, which is changing how guests choose to select a hotel like Grand and what they expect from it that aspires to serve them. This creates both opportunities and challenges which Grand Hotel needs to understand and respond to, both in terms of offering more diverse ways for customers to stay at Grand Hotel and to have a personalised service, by customised relationships with its customers.

We have the potential to create value for shareholders by leveraging our skill and scale. The key to unlocking this value is the discipline of how opportunities are approached, flexibility, and drawing on the lessons of experience. At the same time, and driven by many of the same factors, brand and reputation will become ever more critical points of differentiation as social media continues to broaden access and choice for guests, and as guests themselves develop expectations about levels of choice, service and increasingly, behaviors that match their own values and aspirations.

Against this background, the investment choices we make over the next few years to develop Grand Hotel as an international multichannel retailer with strong brands and a distinctive identity continuously appreciated by customers, will continue to be critical judgments for the Board to secure long-term returns for shareholders.

Our vision is to be the "World's Best at Satisfying Consumer Moments in Our Hotel and Beyond." Our ambition remains to lead the global leisure industry. We will do this by keeping the guests at the heart of our business and focusing on delivering today's results as well as investing in our long-term success.

Expanding our brand footprint

Our strategy of expanding the brand footprint is twofold, i.e. expansion within the Grand Hotel operations and expanding outside.

Our Brand initiative has been successfully rolled out and implemented across our operations at the Grand, with encouraging feedback from guests who find it easier to identify with and differentiate between the refreshed Grand Hotel, with new ambiance with our Coffee Bar, Grand Thai Restaurant and Tea Lounge.

During the financial year 2014, we opened a new Coffee Bar serving all international speciality coffees, the pastry shop was given a new face lift and serves high quality pastries and other savories not only to people who pass Nuwara Eliya, but to our guests as well. We have added another feather by adding the Grand Thai Restaurant with an expert Thai Chef. We are planning to open an Arabic Restaurant to serve our Middle Eastern Guests who patronize our hotel in large numbers whom we cannot afford to exclude from our brand portfolio. An equally strong presence in our brand portfolio is our Indian Restaurant operation which is doing very well and giving tremendous returns.

In expanding our Brand Footprint outside, we have long before realised the need to expand beyond the boundaries of Grand, and its Nuwara Eliya environment to diversify and create more value addition in the long term. Accordingly, we have adopted strategies that are expected to consolidate and grow the value of the Company as one group.

We have amalgamated Grand Hotel (Private) Limited with Nuwara Eliya Hotels Company PLC during this financial year. We have been able to iron out some of the administrative issues by this process, and curtail the administrative and compliance costs of maintaining both Companies. We are able to give the full benefit of this strategy to our stakeholders.

We have made another strategic move and have invested Rs. 550 million on our new city hotel project. This is going to be our first city hotel project. Nuwara Eliya Hotels Company PLC has invested in more than 75 % of the cost in Fair View Hotel. Balance investment is from our other Group Companies, and Fair View hotel will be the new member in the Tangerine Group of Hotels. We have decided to operate this mini business model with Bed and Breakfast basis. Fair View Hotel has 50 luxury rooms with all modern amenities in the room.

This hotel will be operating with 33 staff members who will be engaged as a multi duty workforce. Our main objective is to give them good industrial exposure in the trade and to enhance their level of income by targeting an average service charge of Rs. 25,000 per employee.

We will sign up with 'Agoda' and 'Booking.com' for online bookings for Fair View Hotel. We are hoping to have an average occupancy of 75% and we will offer very competitive rates to our guests. We shall be the small business model among the large players.

Marketing and IT Advancement

After a comprehensive redesigning exercise focusing on enhanced functionality and usability, the Group's website was officially re launched last year, making it easier for guests to manage their bookings via the internet and find out more about our geographic locations along with our product and service offerings.

With effect from January 2014, complimentary wireless internet access was increased to our food outlets too. Further enhancements to this offering are expected to be announced during the course of this financial year.

Importantly, further enhancements to the Wi-Fi offering will be implemented through a fiber-optic network which will also enable us to provide and benefit from increased speed and reliability across our telephone and internal networking. In the social media space, our presence continues to grow and create interactive communication with our guests. The milestone of more than 50 000 "likes" on Facebook was reached in May and other channels are also growing in popularity.

Increasing our energy efficiency and environmental responsibility

On the back of our significant energy-efficiency programme implemented over the past two years, further progress has been made in the important areas of electricity usage, water consumption and waste management. Major steps were taken from April last year, to reduce energy and water consumption, educate staff and guests, and efficiently handle the disposal of recyclable and non-recyclable waste generated at our hotel. We are planning to celebrate Earth Hour this year in a big way. In addition, Grand has implemented an innovative "Every Day is Earth Day" campaign among staff and guests within the hotel.

We have realised the enormous social responsibility in operating a hotel in an environmentally sensitive geographical region, and we continue to maintain the sustainability as elaborated throughout this Integrated Report.

The Governance by the Board

I am impressed by the strength and diversity of Nuwara Eliya Hotels PLC (Grand) Board. We have a very strong balance of skills, knowledge, experience and diversity among our Directors. Critical to the success of the business is ensuring that we maintain this breadth and balance of skills to suit both the existing shape of the business and to support our future growth. We have, for example, recognised that guests who are exposed and sensitive to technology will continue to be an important part of our business and that we need to strengthen and empower ourselves accordingly. We have therefore taken the decision to further enhance the Board by appointing an additional Non-Executive Director with strong experience in this area.

Equally important, is ensuring that the Board has absolutely the right processes in place to ensure it is operating as efficiently and effectively as possible, and is helping to set the agenda for the business to succeed both in the short and long term. This will continue to be a priority in 2014 and beyond. Reflecting these commitments, this year, we have announced a number changes to the Board.

Managing Director's Review contd.

Training and Development

At Grand Hotel, we place the highest importance in ensuring that our people are continuously equipped with the necessary leadership, skills and knowledge, as well as to ensure their wellbeing to keep us at the forefront of our business. It is also within our Grand Hotel culture to share and replicate best practices amongst employees or Business Units. We believe this supports the professional and personal development of our people.

Various programs were held which focused on upgrading the competencies of our people and to increase their productivity whilst creating a talent pool for effective succession planning. Investments are made in structured on-the-job training, workshops and seminars covering areas ranging from management, technical, communication, leadership to soft skills. We have in place Internship Programs to identify and develop future leaders.

Delivering Value

Our vision is to be the "World's Best at Satisfying Consumer Moments in Our Hotel and Beyond." Our ambition remains to lead the global leisure industry. We will do this by keeping the guests at the heart of our business and focusing on delivering today's results as well as investing in our long-term success. We are confident as ever in the growth of our hotel business. Pricing remains good and despite the industry volume decline, the local hotel market is growing in value.

New investments will also contribute to future growth, such as our joint operation with subsidiary of Fair View Hotel (Pvt) Limited, which would commence operations during 2015/16. Our strategy is delivering today and we firmly believe, it will continue to deliver long-term value to shareholders and a wide group of stakeholders.

Integrated Reporting

This, our first integrated annual report, helps us to explain our business in a concise way and starts to explain the inter-connectivity of the resources and relationships upon which our business depends. Explaining our business model and what the material issues for our business are; is new to this report and provides greater insight into how we create value and the risks and opportunities we face. Our review of portfolios highlights the common drivers for the business as a whole and by integrating sustainability throughout the report we can clearly show how this is core to delivering a stronger performance and making better and more informed decisions. The movement towards integrated reporting has gathered significant momentum over the past couple of years and we are proud to be associated with this through our active participation in the International Integrated Reporting Council's (IIRC) pilot programme, where we can share experiences and improve the way we report on our business.

We remain confident in the long-term growth prospects of the hotel industry. This reflects our belief that we will continue to see an increase in demand for hotels over the next few decades.

The Future Outlook

We remain confident in the long-term growth prospects of the hotel industry. This reflects our belief that we will continue to see an increase in demand for hotels over the next few decades.

This belief is supported by the positive socio-economic, demographic and technological changes that we see across the globe which will ultimately mean record numbers of people join the travel market each year. As a result, we start 2015 with confidence that the business will continue to deliver high-quality growth and generate long-term value to all stakeholders.

Our significant scale, broad geographical exposure as well as our strong understanding of the industry and how it is evolving, particularly in terms of consumer trends and technological innovation, means we are well-positioned for future growth. This will allow us to continue to deliver attractive shareholder returns whilst further enhancing our guest propositions to create brands which are truly preferred.

We Look to the Future with Confidence

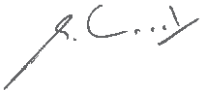
Challenges persist in 2015/16. Economic recovery is still fragile, particularly across Europe, Ukraine and Russia. However, we have shown a consistent ability to improve our operating margins and grow market share. In short, we have the expertise, the talented people and the global reach to succeed. Our valuable Guests have always been the core of our success. We will continue to meet their needs by providing them with superior and innovative products and services they want. We have a compelling strategy and proven capabilities in place to make this happen. We look forward to a gradually improving economic environment and GRAND HOTEL is well positioned to take advantage of this when it comes.

Conclusion

As I said last year, 2014 was indeed the start of a new chapter in the history of Grand Hotel. We delivered on our promise to realise our true value and now we intend to grow the Company through sustainable, responsible decision making and utilisation of our assets to its full potential. This is all possible through the continued support and involvement of our Chairman and Board, whom I would like to thank again, for their guidance and advice.

In a year of much corporate activity, I have to record my sincere thanks to our various advisors, who have been magnificent in their dedication to our cause and their wisdom and expertise is much appreciated.

Our employees have delivered on all our targets and, as management, we are very grateful. Many thanks to my executive team, for the effort you have put in during the year. Never a dull moment! I look forward to your continued support and commitment.



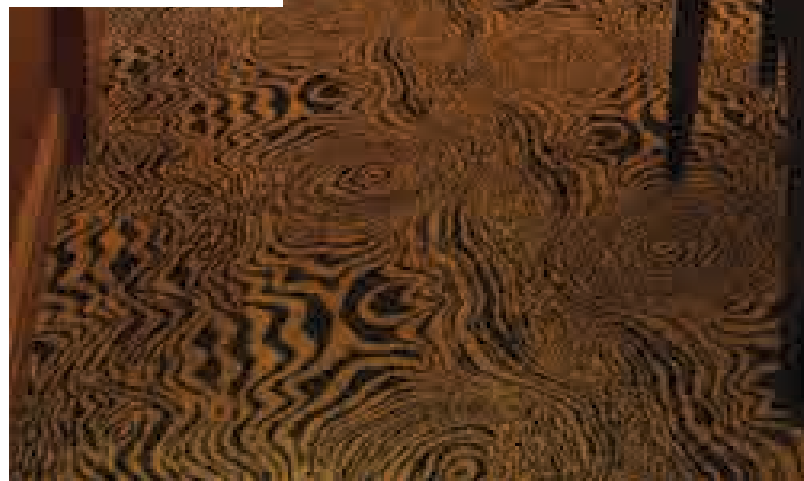
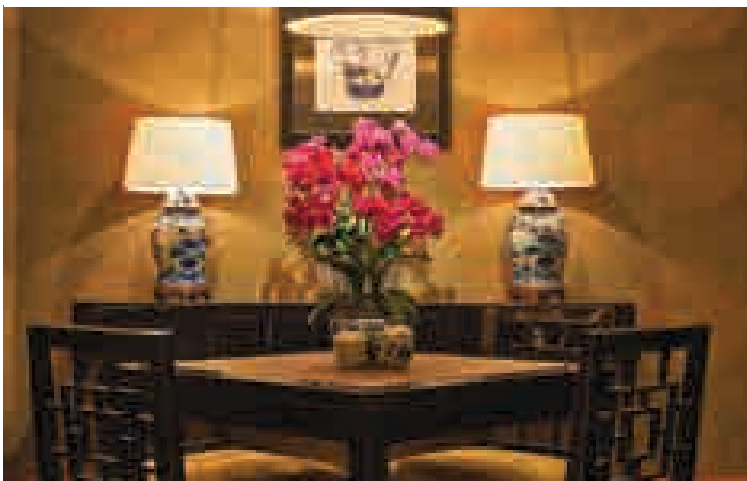
Gerard G. Ondaatjie
Managing Director

20th May 2015



Grand Thai Restaurant

Succulent and sensational, our latest addition offers an eclectic mix of cuisine with an exotic touch that will be majestic and memorable.





Grand Thai

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This, our first integrated annual report, helps us to explain our business in a concise way and starts to explain the inter-connectivity of the resources and relationships upon which our business depends.

Our Reporting Principles

We are committed to ensure best standards in our communications with the stakeholders, and have adopted the most sophisticated and stringent reporting standards. We have adopted an Integrated Reporting Strategy. The Nuwara Eliya Hotel Company PLC Group is guided by the principles contained in the following sources with regard to our Integrated Report:

Integrated Reporting

- International Integrated Reporting Council's Integrated Reporting Framework
- The 2013 code of Corporate Governance of CA Sri Lanka and the Securities and Exchange Commission (SEC) of Sri Lanka.
- Where applicable, the Global Reporting Initiatives ("GRI") guidelines.

Financial Reporting

- The Sri Lankan Accounting and Financial Reporting Standards (LKAS and SLFRS) based on International Accounting and Financial Reporting Standards (IFRS).
- Sri Lankan Companies Act No. 07 of 2007.

Integrated Reporting

This is our first Integrated Report ("IR") and represents a further step forward in our journey towards integrated reporting, in line with the requirements of the Code of Best Practice on Corporate Governance 2013.

In our reporting initiatives on each of the previous years, we looked to improve on the preceding year's report, using feedback obtained from our stakeholders and from the inputs of reporting experts and an internal review process that highlights opportunities for improvement in the reporting process of CA Sri Lanka's annual report competition.

This year we believe we have improved on the review of our strategic objectives and have clearly linked our material issues to these objectives.

We hope that this IR gives you a better understanding of our business and we remain committed to improving on this report every year.

Scope and Boundary

Nuwara Eliya Hotel Company PLC's IR is released at least 21 business days prior to its AGM. This report covers the financial year from 1 April 2014 to 31st March 2015. This IR provides a general narrative on the performance of the group's business across our hotel brand, the Grand Hotel, which is owned 100% on a free hold basis by the Company.

This report is consistent with the prior year, except for the inclusion of the results of Fairview Hotel (Pvt) Limited, which became a 70.83 per cent owned subsidiary during the year, however, this city hotel is nearing completion and is planning to commence commercial operations in July 2015.

This report has been prepared primarily to facilitate the communications policy of the company with its stakeholders, in order to fulfill the statutory compliance requirements as set out by the sources of integrated reporting as set out above.

Forward Looking Statements

Certain statements in this document may constitute "forward looking statements". Such forward looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of Nuwara Eliya Hotels Company PLC and its subsidiary to be materially different from the future results, performance or achievements expressed or implied by such forward looking statements.

The company undertakes no obligation to update publicly or release any revisions to these forward looking statements to reflect events or circumstances after the date of this document, or to reflect the occurrence of anticipated events. These statements have not been reviewed or reported on by the group's auditors.

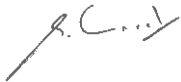
The Statement of the Board of Directors on the 2014/15 Integrated Report

On the basis of the recommendations from the Audit Committee provides assurance on the annual financial statements.

The Board acknowledges its responsibility to ensure the integrity of the IR. The Board has applied its mind to the IR and believes that it addresses all material issues and presents fairly the integrated performance of the organisation and its impacts in accordance with the principles set out in the International Integrated Reporting Framework.

The IR has been prepared in line with best practice and based on reporting sources as set out above.

The Integrated Report was approved by the Board on the 20th May 2015 and is signed on its behalf by:



Gerard G. Ondaatjie
Managing Director



T. J. Ondaatjie
Executive Director

Our Economy

The Sri Lankan economy recorded a growth of 7.7 per cent in real terms during the first half of 2014. Strengthening domestic economic activity and improving external demand contributed to the growth momentum. In the first quarter of 2014, the Agricultural sector grew only by 0.2 per cent due to adverse weather conditions, but the sector rebounded to record a growth of 6.4 per cent in the second quarter, resulting in a growth of 3.1 per cent in the first half of the year. The Industrial sector grew by 12.4 per cent with continued high performance in Construction, Mining and Quarrying and Manufacturing sub sectors. The Services sector grew by 6.1 per cent with improved performance in the Wholesale and Retail Trade, Transport, Communication sectors and Hotels and Restaurants sub sector. The growth momentum is expected to continue in the second half of the year resulting in an annual real GDP growth rate of around 7.8 per cent in 2014.

Sri Lanka's economy continued to grow robustly in 2014, inflation fell markedly, and the current account deficit narrowed. The election in January 2015 brought a new president into office on a mandate for political and economic change. With parliamentary elections expected in June 2015, the year will be marked by political transition. The outlook is for a continued strong economic performance aided by generally favorable global conditions.

Growth in 2015 will be affected by the political transition and the revised priorities of the government. Construction will slow after leading growth in recent years, driven by large government infrastructure projects. Political uncertainty would retard private investment. While investment is likely to lose momentum in 2015, consumption is expected to pick up. Price reductions for food and fuel will encourage private consumption, and government consumption will rise with the shift in the budget towards recurrent expenditure. Somewhat faster growth in advanced economies will benefit export industries such as apparel and tourism. How well agriculture performs after mixed fortunes over the past 5 years will depend on the weather, but increases in government-guaranteed prices for several agricultural products should boost production. Against this backdrop, assuming that politics settle in the second half of 2015 and that investment rebounds, growth is projected to ease to 7.0% in 2015 and then strengthen to 7.3% in 2016.

There is no doubt that 2015 will require Sri Lankan companies to consider re-strategising. The next few years will see fairly stable presidential policies but companies need to expect highly dynamic parliamentary politics. Therefore, it is important to possess or gain the ability to handle uncertainty amidst some certainty.

The current regime's policies seem to place great focus on serving the basic needs of the people and catering to the bottom of the pyramid. Industries such as agriculture and food, healthcare, public transportation (not necessarily highways), affordable housing, micro-finance and other

industries that employ semi-skilled labor (outside of the Western Province) are clearly set to be the promising growth zones in the future.

Sri Lanka is focusing on long-term strategic and structural development challenges as it strives a transition to an upper middle-income country. Key challenges include boosting investment, including in human capital, realigning public spending and policy with the needs of a middle-income country, enhancing the role of the private sector, including the provision of an appropriate environment for increasing productivity and exports, and ensuring that growth is inclusive.

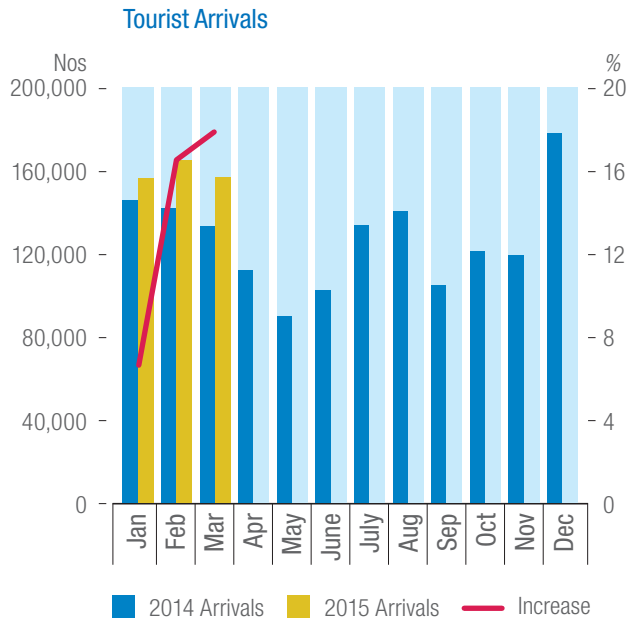
Sri Lanka's challenges going forward as a Middle Income Country (MIC) differ from what it recently faced as a successfully developing lower income country emerging out of an internal conflict. Growth in the last five years is in substantial part due to a 'peace dividend' which included significant reconstruction efforts. Going forward, economic growth will likely require structural changes in the economy, including a move away from agriculture which currently employs a third of the population, as well as greater diversification and productivity increases. Although Sri Lanka has excelled in overcoming human development challenges typical to a low-income country, its service delivery systems in education, health, and other areas must now adjust to face new and changing demands typical of a MIC.

Improving the quality of human capital through effective education and skills development is central to Sri Lanka's economic growth and competitiveness. Continued growth will also depend largely on fostering private sector development and private investment, especially increased foreign direct investment (FDI). Sri Lanka's economy depends on FDI to bring in innovation. The import of FDI is further underscored by the country's limited domestic savings rate, brought about largely by its demographic trends. Contrary to most economies in South Asia, Sri Lanka does not have a demographic dividend: by 2036, more than 22 percent of the population will be over 60, and there will be 61 dependents per 100 adults. Increases in the labour force, employment rates and productivity will be central to growth. Against the background of an aging society, efficient and well-targeted social assistance will also become more important.

In 2014 Sri Lanka will show all characteristics of growth of small developing countries as highlighted above with IT services exports, tourism and remittances playing a role in overall growth. With close to 6 per cent GDP public investment in physical infrastructure as announced in the 2014 Budget, the debt financed government-led growth with some spillovers to private sector activities like construction will be visible in the economy. Sri Lanka will also show a slight improvement in growth in 2014 compared to 2013 but the improvement may not manifest in full if 2014 is going to be an election year. Perhaps the growth rate will be between 7 per cent and 7.5 per cent — a reasonably high rate from an Asian perspective.

Our Industry

The Tourism Industry in Sri Lanka



The Sri Lanka Tourism Development Authority (SLTDA), according to the Statistics, had met its tourist arrivals target of 1.5 million for the year 2014. Accordingly, Sri Lanka's tourist arrivals rose by 16.1 percent in December last year compared to the same period in 2013 with the arrival of 178,672 tourists compared to the 153,918 arrived in December 2013. For the year, a total of 1,527,153 tourists arrived in the island recording a 19.8 percent increase from the 1,274,593 during 2013.

Most of the tourist arrivals were from Western Europe with 479,007 tourists visiting in 2014 recording a 13.8 percent increase over corresponding 2013 figures. For the month of December 55,877 tourists arrived in the island, 13.9% more than in December 2013.

Arrivals from North America rose by 10.7 percent with 72,653 visitors last year while arrivals from Eastern Europe increased 22.6 percent with the arrival of 154,153 tourists. Arrivals from Eastern Europe rose 6.3 percent for the last month.

Tourist arrivals from Middle East declined in December by 24.3 percent to but for the year arrivals increased by 10.5 percent to 88,991.

Last year 280,511 East Asians arrived in the island, an increase of 53.2 percent. The number of tourists from China arriving in the island rose by an impressive 136.1 percent to reach 128,166. In December alone tourists arrivals from China increased by 120.4 percent with 10,400 tourists visiting the island.

Arrivals from South Asia, the other region from where most of the tourists come, increased by 13.4 percent to record 370,299, while arrivals from India increased 16.3 percent to 242,734 in 2014.

In the past year, 57,940 Australians arrived in the country, a 6.8 percent increase from the previous year.

Sri Lanka has earned US\$ 1.775 billion from tourism in the first ten months of 2014, an increase of 30.4 percent compared to the same period of 2013.

74 new hotel projects were approved this year to add a further 3075 rooms to Sri Lanka. Total value of these projects would be more than US \$20 billion. The target is to have 400,000 star class rooms by 2015.

The diversity of the future tourism offer and the rising expectations of tourists and business visitors will impact on accommodation standards, food service and service training requirements generally.

Colombo is an emerging business destination and financial center and business tourism hotels and facilities for meetings and conventions are also needed.

The general improvement in demand has continued over the past year. However, business activity has been varied and travel patterns have remained mixed and changing due to various global issues. Many corporates in Sri Lanka involved in the travel and tourism trade appear to have weathered the storm well and are showing signs of increased activity, while we are experiencing an increase in Middle Eastern tourism, supported by a weaker currency.

Reduced domestic business confidence has however resulted in lower levels of activity in the local business travel market. Above-inflation increases in commodity prices, taxes, utilities etc. have had an impact on both the industry and the consumer until recently, with the present government's reduction in fuel and commodity prices, this additional pressure on the consumers has been reduced. This has seen a marginal increase in local leisure travel due to easing of pressure on disposable income, which is particularly noticeable at the lower end of the market.

We need to improve the volume of international inbound tourism into Sri Lanka. We need to solve the expectation gaps in the industry amongst the stakeholders. The core strategies to be adopted shall cater to this objective on a national perspective.

The general improvement in demand has continued over the past year. However, business activity has been varied and travel patterns have remained mixed and changing due to various global issues. Many corporates in Sri Lanka involved in the travel and tourism trade appear to have weathered the storm well and are showing signs of increased activity, while we are experiencing an increase in Middle Eastern tourism, supported by a weaker currency.

The expectations of employees for better income, service delivery concerns and concerns of safety and security continue to impact business and consumer confidence and the performance of the industry.

The use of social media to communicate and transact has certainly developed and has seen a shift in the way the industry engages with its stakeholders. Travelers make use of mobile technology and online booking capabilities to shop for a better deal and are using the provision of free WiFi as a product differentiator. They are also quite comfortable in rating our services and their experience on public platforms such as Trip Advisor.

The level of awareness of the consumer towards environmental issues has increased, resulting in behavioral changes which are more environmentally responsible. The energy security and the rise in its associated costs has meant that stakeholders are more interested in initiatives to reduce consumption patterns.

The Sri Lanka Tourism Promotion Bureau (SLTPB) initiated the 'Global Mega Promotional Campaign' this year under the guidance of the Ministry of Economic Development. As a part of this campaign 1,200 taxis are being branded featuring key tourism attractions of Sri Lanka in major destinations around the world including UK, France, Germany, Korea and Japan. A joint mega tourist promotional campaign 'Sri Lanka Shines in Shanghai' was held in Shanghai, China and the tourism and trade promotional business forum was initiated to attract more tourists and trading partners. Reflecting

the impact of positive developments in Sri Lanka's tourism industry, Sri Lanka was recognised as the 'Best Travel Destination' by the Travel and Leisure Magazine of China at the annual travel award ceremony held in January 2014.

Earnings from tourism continued its steady growth momentum. Earnings from tourism recorded a healthy growth of 31.4 per cent to US dollars 1,600 million during the first nine months of 2014, compared to US dollars 1,217 million in the corresponding period of 2013. This notable increase was mainly driven by the continuous upward momentum in tourist arrivals and higher spending by tourists. Also the tourism promotional activities which are being conducted worldwide aiming to brand Sri Lanka as a value for money destination helped attract more tourists into the country. Earnings from tourism are expected to increase during the latter part of the year as a higher number of tourist arrivals are expected to be recorded during the peak tourist season together with the on-going tourism promotional campaigns in the UK, Germany and other countries.

Our Business Model

Our marketing strategy will permit us to communicate brand values, develop intimate working relationships with our customers and suppliers. Growth will take place by targeting new areas of business within both local and international communities.

Our business model is developed to ensure that we secure a sizable chunk of the inbound tourism market segment into our Company. We have the following 06 point core strategy to ensure this.

- Our Brand
- Our Products
- The Technology Infusion
- Development of Human Resources
- Sustainability
- Financial and Compliance

Our Brand

The Iconic Landmark of Nuwara Eliya

An elegant High Tea on a manicured lawn; sip a stiff brandy by the blazing fire after a round of golf in the chilling air probably at the highest golfing elevation in the Indian Ocean. Is it England in the Days of the Raj? It may be the 21st century, but colonial splendor still reigns in all its past glory at the Grand Hotel.

Built in 1891, this was the palatial residence of the former Governor of Sri Lanka, Sir Edward Barnes; today we offer the ultimate in comfort and the best of traditions from the 'good old days' to all who seek the charms of our famed hill country landmark.

Our hotel is situated 6200 ft. above the sea level in Nuwara Eliya known as the "little England" during the British Era. The Grand Hotel has 154 deluxe rooms with colonial spacious rooms and apart from the main dining hall, we have international cuisine served in specialty Food outlets such as Grand Indian, Grand Thai, Magnolia coffee shop and at 'Dilmah' tea lounge where 34 types of tea are served along with our specialty high tea and coffee bar where we serve all types of international coffees.

As a result of the rapid economic growth of Sri Lanka, Nuwara Eliya is becoming a highly budding market for all investors. There has been a significant increase in foreigners visiting Nuwara Eliya, and the Hotel has to face direct competition from its competitors as well.

The Grand Hotel is positioned as a Top Notch brand in Sri Lanka. Our focus is on offering the guests added value and differentiating ourselves in their levels of personal service. We provide a superior Hotel experience where guests are valued, respected and their business truly appreciated.

Grand Hotel ventures its best to keep abreast of all such meeting know-how and continue to strengthen our affiliation with the guests. We endeavor our best to direct the focus of our guests to the issue of quality and value for money as opposed to simply bottom-line costs associated with their stay.

Our marketing strategy will permit us to communicate brand values, develop intimate working relationships with our customers and suppliers. Growth will take place by targeting new areas of business within both local and international communities.

Value Proposition

Grand Hotel offers the best, most personalised service for the holiday travelers. They include holiday essentials in every area of the Hotel, such as a nice desk in the room, internet connection, wireless access, multiple Food and beverage outlets and provide easy to access meeting rooms with all audio-visual and technology needs.

Marketing activity in previous years has produced positive results. The areas that have produced the best results have been:

The Personalised Service

Superior-quality services accompanied by commendable personal attention, differentiated from competition, in line with the overall brand strategy has proven to be a successful approach generating high levels of repeat business.

The Competitive Price

Pricing policy has been unwavering with the differentiation objective, to provide added value for a reasonable rate as opposed to discounting and devaluing their products and services.

Our Brand overview

Accommodation

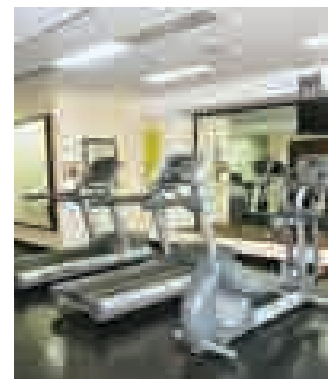
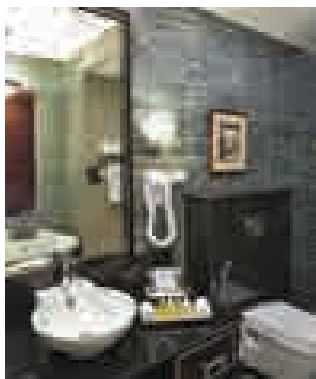
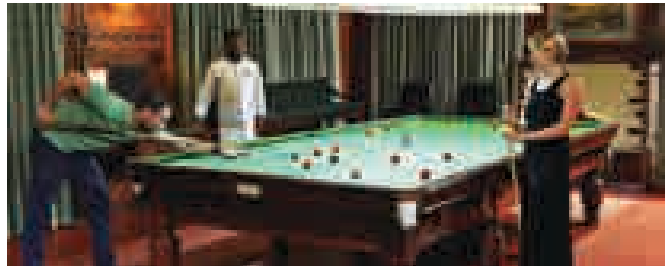
- Deluxe & Suite Rooms -154 in Total
- Well-appointed Bathrooms
- Fully Equipped Kitchenettes in Suites
- Telephone Facilities
- Television with Cable TV Channels with all International News lines
- Free Tea and Coffee services
- Electronic Safes in each Room
- Table with Reading Lights
- Mini Bar with well stocked Hard and Soft Beverages
- Free table Water in the Room
- Heaters in the Rooms
- Bath Robes and Slippers in the Room
- Same-day laundry and dry-cleaning service
- In-room dining by arrangement with local restaurants.
- Rooms with double or twin beds, with single sleeper chair available in selected rooms.

Restaurants

- Barnes Restaurant
- Grand Thai
- Grand Indian
- Coffee Bar
- Magnolia - All Day Dining
- Tea Lounge

Services

- In House Shopping Arcade
- Internet Wi Fi zones
- Gymnasium
- Boardroom
- Main Lobby Music
- Piano Music in the Lobby
- Valet Parking
- 24 hours Security
- 24 Hours Room Service
- Theme Nights
- Billiard room
- Indoor kids play area
- Wine Bar served with all kinds of wines and Champagne
- Well stocked bars
- Large and spacious Ballroom
- Bicycle Tours with our trained staff
- Nature Excursions
- Bird watching
- Air Riffle shooting
- Ayurveda Health Centre



Our Business Model contd.

Our Products

Restaurants, Services and Facilities

The Grand being an iconic landmark and a special asset in the Sri Lankan tourism industry, which is a prime brand in itself, has an equally gem studded portfolio of products that offer immaculate value. The brand strategy of the Grand is to offer value experiences. Today, the Grand Hotel is a tourist destination not only amongst its guests, but also amongst other guests as a sight-seeing destination in Nuwara Eliya. This stands testimony to its brand strategy of offering value experiences.

Barnes Hall

A colonial styled buffet restaurant where an extensive breakfast spread is presented as a start to a bright and a pleasant day. Each evening the Barnes Hall comes alive with an exciting array of international cuisine and theme nights which include, Middle Eastern, Mediterranean, Asian, Mexican and our very own Sri Lankan delicacies, accompanied by live music.

The Magnolia

Probably the only 24 hour hotel restaurant outside Colombo, the Magnolia offers an ala carte prepared by a specially trained team of chefs who will present their creations in front of the guests in a show-kitchen. Mouthwatering pastas, Sandwiches, Burgers, Steaks and the Sri Lankan Lump Rice are among the famed dishes in this 32 seat restaurant.

Grand Indian GRAND HOTEL

The Grand Indian offers a classy representation of the vast variety of Indian cuisine, which is prepared by a celebrity chef who hails from north India. The a' la carte menu here consists of a variety of both southern and northern Indian cuisine. Authenticity assured. Especially, the most popular vegetarian dishes, the variety of Naan and the vast selection of Tandoori dishes all presented to you in a totally Indian atmosphere.

Grand Thai

For those who seek something exotic and Asian, the Grand Thai, situated on the lower ground floor, offers you authentic regional delicacies of Thailand prepared by a Chef flown in from the southern part of Thailand. Pre-dinner drinks including a vast selection of wines from around the world is on offer for you to sharpen your appetite at this specialty restaurant.

Tea Lounge GRAND HOTEL

A hub of activity, a must visit for many visitors to the hill country, the Tea Lounge is an idyllic setting to savour a collection of teas that celebrate the individuality and taste of tea from estates around Sri Lanka. A selection of savories and sweets are served throughout the day, and each evening, the famed Grand High Tea takes center stage here. For those of you who prefer something more substantial, the "Wood-fired Pizzas" are available from mid-day to dusk.

Coffee & Bar GRAND HOTEL ESTABLISHED 1971

Just a short walk away from the Hotel, is the Coffee Bar where Latte or Cappuccino, or other specialty coffees will be made to perfection by our baristas. A selection of freshly baked cakes, sweets and snacks from our kitchen are for the guests to savour.

Public Bar

A wide selection of drinks, from Single Malts and Cognacs to Cocktails and Fresh fruit juices, can all be enjoyed in a nostalgic retro environment at our Public Bar, which along with the adjoining Billiard room is perhaps, the oldest part of the hotel.

The Grand being an iconic landmark and a special asset in the Sri Lankan tourism industry, which is a prime brand in itself, has an equally gem studded portfolio of products that offer immaculate value. The brand strategy of the Grand is to offer value experiences. Today, the Grand Hotel is a tourist destination not only amongst its guests, but also amongst other guests as a sight-seeing destination in Nuwara Eliya. This stands testimony to its brand strategy of offering value experiences.

Wine Bar

A quiet evening with ones' dear and near ones, surrounded by the best wines from around the world, the Wine Bar is all elegance and good taste for both the connoisseurs and the regular. Our Sommelier is at hand to guide them through the racks of old and new world wines.

Commitment to service excellence from highly motivated and dedicated staff is a common thread throughout the Grand, which has developed a loyal base of regular guests over the years and an ever-growing number of new guests.

We place emphasis on providing quality accommodation, friendly service and a colonial atmosphere revisited-core reasons why guests choose our hotels.

Of our revenue, approximately 99% is generated from providing best possible and clean accommodation to business and leisure travelers in a loving, personalised, butler service and caring environment. Providing services to complement this offering such as breakfast, light meals and meeting facilities allow guests to select which services they wish to receive at an additional affordable price. We serve all international food and we make them feel that their stay with us is very homely and well taken care of individually.

The Technology Infusion

The use of technology in operations is twofold, i.e. e- marketing and e products. E marketing uses the web technology and social media for communications with the market, while e products use the technology as a product differentiator and for value addition.

Today, the technology and communications advancements have become common application criteria amongst the guests. Technical capacity of guests in this regard are tremendous. Therefore, it pays very well to infuse technology in the aforementioned manner in the operations.

Demand for services engaging more technology such as wi fi, internet connections to rooms, phone apps etc., have become very popular and product differentiators.

Our hotel receives the support of our head office, which manages and implements the group's technology strategies consistently across our operations. As a result of this unique value proposition, we have managed to achieve an average return on equity of 9% over the past five years, with a current client satisfaction rating of 85% for the past year.

Development of Human Resources

This was achieved against a backdrop of providing direct jobs to 325 people in our hotel and for more than 500 indirectly, thereby contributing to government's growth objectives and maximising our shareholders' wealth by giving good returns.

The product is hospitality- so demands personalised service to guests. Needs extensive development of Human Resources.

Sustainability

Through the implementation of a rigorous refurbishment strategy, we maintain our high standards of product quality and are able to introduce advancements and improvements to our product regularly. One such example of the benefits from this strategy is the implementation of our energy-efficiency initiatives, which has reduced our energy consumption by more than 30% since its initiation in 2009.

Our Business Model contd.

Financial and Compliance

Branding is valueless without positive cash flows derived out of it. Therefore the Cash flows need to be managed and optimised. The Company undertakes periodical and consistent investments to keep the brand image alive and viable.

There are limits for doing business. Needs to comply with regulations, laws, statutes, standards and policies on quality etc. to deliver the products and services in a more sustainable manner.

We have identified the following 10 features related to our business model.

1. Macro-economy

The level of activity (global, regional or local) constitutes an important component for how demand shall be developed within the hotel market. Macro-economic factors also influence the direction of the economy, which implies that one can choose different points in time to enter a specific market.

2. Our hotel's economic cycle

A part of the macro-economy can be divided into five different phases: downturn, lower pace of downturn, level-out, growth and peak. With knowledge of the pattern of a hotel economic cycle, we can exploit each situation by investing in different market segments and endeavoring to limit the risk in the market segments that have poorer outlooks.

3. Location and size

Two important factors are that our hotel has strong locations and that they have the right size to contain a critical volume and thereby good preconditions for profitability.

4. Competition – new capacity – different market positions

Each market is unique and deep knowledge of the local conditions is required in order to create a product that provides sustainable profitability.

5. Brand name

A strong brand name strengthens our hotel's market position and competition in the chosen product segments.

6. Operational issues and management

Our hotel operations are complicated and require a high level of expertise, active presence and strong leadership. Our hotel team creates satisfied customers and employees as well as high profitability.

7. Investments

Our hotel is constantly developed to maintain a strong market position.

8. Asset management

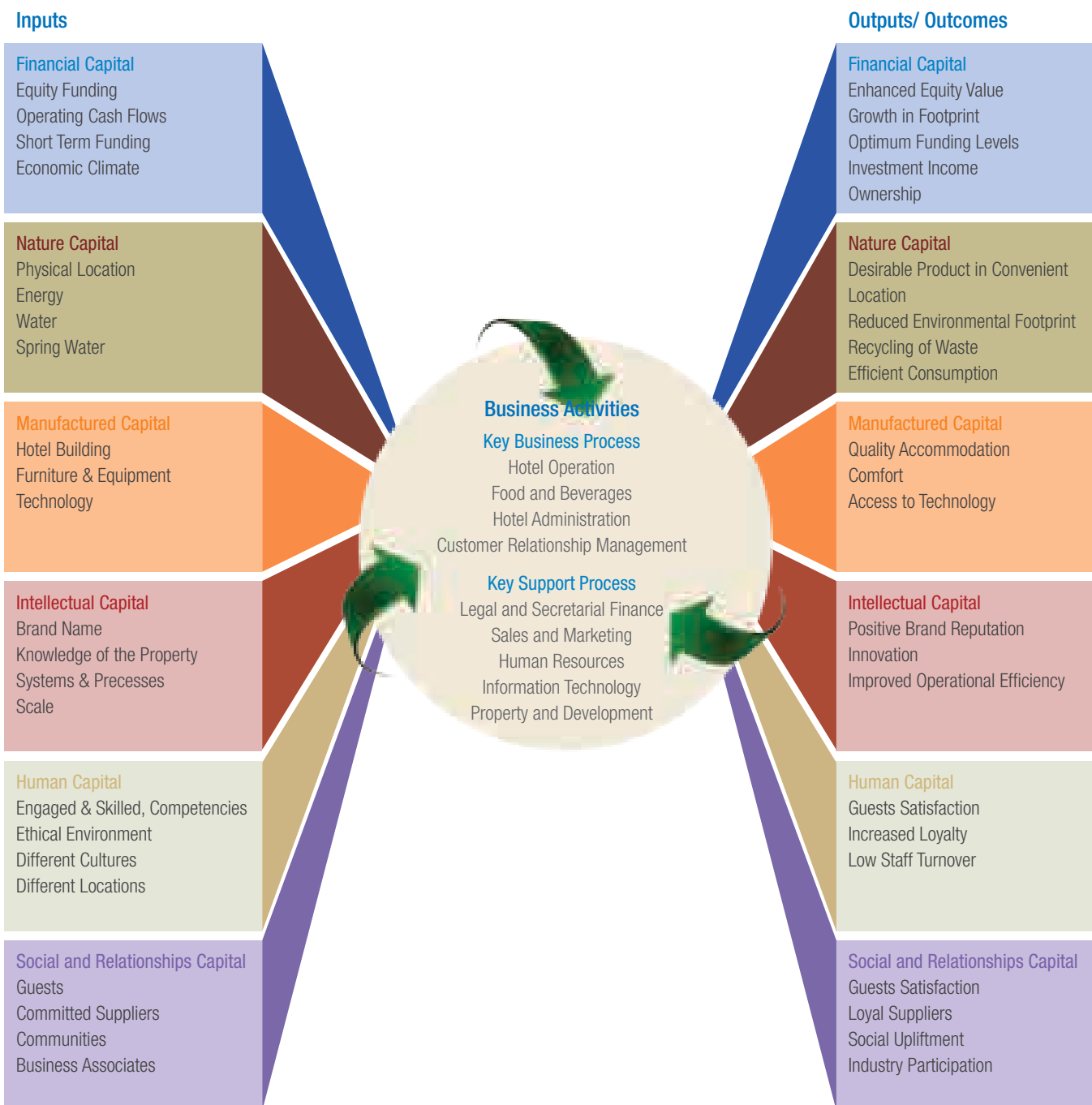
The hotel industry is capital-intensive and specialist expertise is required within both the hotel and property operations in order to effectively take care of and develop the properties. We are endowed with such resources and sound asset management policies throughout our operations.

9. Contract/agreement structure

The hotel industry has many forms of contracts and agreements, which influence a hotel's profitability, financing and value growth. In general, a contract or agreement should contain mutual incitements so that the parties work for the same objectives. We have adopted this aspect as one of our driving principles.

10. Financing and taxes

The choice of financing and legal structure is a key issue that creates preconditions for stable value growth. We have adopted the best resources to entitle us a position of supremacy in the industry on this aspect.



Our Material Issues

In determining our material issues which have the greatest potential impact on our success, the Company is informed by a range of internal and external factors, as well as the concerns raised by our stakeholders. The group follows a process to assess the input gathered and identify those issues that are of the greatest strategic importance to us. In particular, we gather information through internal and external engagement processes using these key sources:

The External Environment

We are informed by trends in the external environment, which are discussed as a regular item at the Company's Executive and Board meetings. These include economic and industry trends, shifts in the competitive landscape and stakeholder concerns.

The Regulatory Environment and Independent Bodies

We consider the effects of the regulatory environment, assess the materiality and impact of various regulations and legislation, both existing and being developed on the operations of the Company. This includes legislation affecting our engagement with the workforce, the treatment of customers, marketplace behavior, governance and environmental responsibility. We also participate in forums with governing bodies such as Sri Lanka Tourism Development Authority, Colombo Stock Exchange, Department of Inland Revenue, Central Environmental Authority and local regulatory bodies responsible for the development of legislation and compliance.

Stakeholder Engagement

Engaging with our stakeholders and understanding their concerns is critical to helping our company to identify its most material issues. Information gathered as part of our various stakeholder engagement processes are fed directly into decision-making and drive our business strategy.

Identifying Our Material Issues

Following internal meetings and workshops, inputs gathered from these key sources were assessed and summarised prior to being presented to the board for its approval of the most material issues for inclusion in this Integrated Report.

The issues identified are mapped according to its materiality as shown in the adjoining diagram. The material issues matrix/ hit map is needed here.

Following internal meetings and workshops, inputs gathered from these key sources were assessed and summarised prior to being presented to the board for its approval of the most material issues for inclusion in this Integrated Report.



As the final step in the process, this information was fed directly into the articulation of our current business strategy, along with mitigating strategies as follows.

Material Issues	Description	Mitigating Strategy
Industry trends – over-supply	The increased rooms and restaurant capacity in Nuwara Eliya has created an oversupply and the outlook for the hospitality industry in the geographic area of Nuwara Eliya remains subdued in the short term	We need to do pricing strategy carefully and be vigilant on the industry trends especially in the region. Product differentiation will be pursued to deliver more value so that the competition will be warded off. The already developed hotel image over centuries is a distinct advantage in this.
Industry trends – travel patterns	Currently, travel patterns have changed due to various global issues such as Ukraine- Russia war, Malaysian Airlines debacles, Euro crisis, Ebola epidemic etc. This has affected the travel patterns which affect the Sri Lankan leisure industry with reduced occupancy levels.	To mitigate these adverse travel patterns, we have to concentrate on new emerging markets such as Far Eastern and Middle Eastern segments. There are high-spending guests. We must create different value packages such as Health & Spa, Adventure, Eco Tourism etc., and we must be able to assure the guests' safety, reliability, satisfaction and comfort etc., to win over a better slice of the already squeezed market. Tracking and analysing industry trends and data is a must to stay in contention.
Industry trends – yield management	The industry has developed many trends and practices that increase competition, price undercutting etc., that negatively affect the hotel operations, strategies and growth.	The Company has a strategy of optimising available resources in yield management practices. The branding and product development strategies are used to mitigate these risks.
Star Classification	Four Star Hotel with a five star service	Guest feed backs are evaluated regularly. Guest needs are attended to very fast. We are geared to deliver more value by this strategy.
Exposure to Sri Lankan macro-economic environment	Effects of inflation and economic factors like interest rates, government policy on taxation etc. All these factors affect the Company's operational results and growth strategies.	The Government policy initiatives and related developments are closely monitored and are being used in the decision making processes. Budgeting and forecasting is used as a tool for mitigation of this risk.
Safeguarding our assets	The Hotel is a Colonial and Heritage property. Safeguarding this plant is a challenge and is our main priority. British built architecture has to go with the modern trends to keep the business on par with other similar hotels in the region.	Awareness in this regard is addressed through the Company's participation in the industry related security and local policing forums. 24 hour security is maintained in the hotel. The Company has an up to date Maintenance policy, inclusive of a 24 hour on call engineering unit. We obtain services from a Consultant interior designer from UK, whenever we design or refurbish the hotel.
Failure to provide required service levels	Inability to meet the diverse needs of guests.	The Company undertakes extensive in house training for the staff to excel in guest service and inter departmental cross exposure training. The Company encourages its staff for participation in beverage, chefs' guild and culinary show competitions.

Our Material Issues contd.

Material Issues	Description	Mitigating Strategy
Changing labour environment	We need to retain our trained staff by having a strong staff welfare scheme and an environment to work very closely with the staff.	We have built a staff dining room with modern facilities. We have a staff welfare shop where they can purchase their day to day requirements at subsidised prices. Our staff can buy food items on discounted prices.
Limitation on funding for future projects and the cost thereof.	For Grand Hotel to continue to expand its footprint both regionally and locally, new investments may be needed. But access to funding may be limited due to current macro-economic circumstances. Similarly, the cost and terms at which such funding is sourced may impact the group's ability to expand and grow.	The financial performance and positive cash flow generation creates a better picture in the eyes of lenders. The strong freehold asset base of the Company further ensures that the borrowings of the Company are better risk managed in the eyes of the rational lender. Continuous engagement with banks and relationship management is a key practice which ensures funding availability for Company's expansion projects. The Group's internal funding capability is also a key positive factor in this regard.
Exposure to emerging markets – macro factors	Currently we are compelled to look for new emerging markets due to various global issues in some countries including political and regulatory uncertainty, and the traditional travel market has been adversely affected.	Clear guidelines, expectations, direct in-depth investigation and feasibility studies on countries and specific locations by utilizing dedicated resources. The Company gains knowledge and market information by more participations in many travel trade fairs such as ITB, WTM, ATM and FTM.
Exposure to emerging markets – operational challenges	The development of more business from emerging markets has become challenging due to the pricing and value perceptions.	The marketing strategy is developed to access the emerging markets and effective solutions are implemented to communicate the brands and products to the emerging markets with the objective of establishing the image of the hotel.
Environmental sustainability	Development and implementation of sustainable and environmentally friendly business practices.	Regular monitoring and decision-making by the Environmental sustainability committee.
Development of a customised Property Management System	Grand Hotel is a British Built Hotel with a great history behind it.	Customised professional advice is obtained for all renovations and expansions.
IT infrastructure	As a result of the distribution of our outlet food restaurants throughout the hotel premises, we have to establish an integrated IT infrastructure in order to support our operations. Our food outlets are reliant on this infrastructure daily in order to perform optimally.	Continuous upgrading and maintenance of IT infrastructure is undertaken by the Company to ensure proper integration of systems, data and information. Back-ups are taken weekly and stored at the head office.

Material Issues	Description	Mitigating Strategy
Changing needs of the business travellers	Technological advancements result in changing guest expectations which place an additional pressure on the IT infrastructure and requires the group to be innovative in its offering as a value added product and include development if this infrastructure in the refurbishment projects.	Offering Wi Fi facilities, free internet services in the lobby area as part of the services and products is already in place.
Perception of brand and service offerings	Grand Hotel has been offering a consistently good product since its inception. As a result of the new capacity created in the hotel. The direction of the marketing campaign may have to increase its influence over guest perceptions.	Regular market research is conducted to understand the views and needs of travellers and are addressed. Speciality restaurants are set up for their diverse tastes. Educating the guests with details of our offerings and products is part of our communications strategy.
Fair remuneration philosophy	Retaining good staff and skilled people is a major issue facing the entire hospitality industry in Sri Lanka.	Extensive staff evaluations are conducted by external specialists. Monitoring and implementation of remuneration philosophy is a function of the remuneration committee which is functioning with independence.
Legislative changes and compliance with laws and regulations	Compliance with new and changing legislation which may either curtail free earning capacity or adds up costs thereby reducing profitability.	The Company undertakes continuous monitoring of legislative changes affecting the industry and providing required information when requested by the Audit Committee and the Board. Timely and cost effective actions are always contemplated. The Company continuously educates the staff on this. The products offered by the Company are engineered to be ethical and compliant, so compromising the compliance is viewed as a compromise of quality.

Our Strategic Priorities

Strategic Core

Strategic thinking is not just about the big picture. It is also about anticipating what could go wrong before it does. Strategic thinking is not just done periodically and only by high-level management. In Grand hotel's hospitality strategies, we want all our associates to think strategically. It is an on-going, dynamic process.

Strategic thinking is at the core of what we do in all aspects of our business. We plan for growth and success. We anticipate problems and fix them once.

The basics of our strategies are that we:

- Know our guests
- Attract and retain loyal associates who excel
- Understand and respond to our market
- Outperform our competition
- Use technology to our advantage
- Actively participate in the communities in which we do business

These basics ensure that we are successful. They solidify our profitability by meeting our objectives. We develop a family of associates who are empowered to challenge conventional wisdom and break-through constraining mind-sets. Our associates are encouraged to strive towards problem solving creatively by thinking outside of the box.

Risk Management

At Grand Hotel's hospitality strategies, we are devoted to protecting our guests, our associates, our assets and our financial position. This means we continually identify, assess, and look at ways to reduce risk. We understand that our business is at risk, if we fail to manage it.

Our comprehensive risk management strategy includes:

- Commitment to safety standards
- Safety inspections
- Loss prevention and control
- Comprehensive insurance
- Risk analysis
- Focus on security (at our employees' monthly meeting and training)
- Safety committees
- Incident reporting and management
- Training programs

When a procedure falls suspect, we are quick to remedy it and quick to inform our associates. Managing risk means managing change, quickly and efficiently.

Dedicated Asset Management and Property Stewardship

Asset Management is a cornerstone in our operations. We are dedicated to managing our assets in a manner that will optimise durable financial returns. We have the programs, systems and people in place to assure that all assets are maintained at the highest quality.

The Preventative Maintenance Program confirms that every piece of operating equipment is tracked systematically for scheduled maintenance activity. All operating equipment like Kitchen equipment, doors, hardware, smoke detectors etc. are given proper care.

Property Walks are conducted on a monthly basis to inspect our hotel top to bottom. Is there carpet or furniture that needs replacing? Is it time to renovate the lobby? On a quarterly basis, the principals of Heads of the Department participate in these inspections and capital improvements are ascertained.

Main Care - our quarterly room refresh. This means fresh paint and deep cleaning of every surface. We believe our guests deserve nothing less than crisp, clean accommodations.

Keeping assets like new means they last longer and work better. The result we are able to maximise asset usefulness, bringing a higher return on asset investments.

Human resources

We have a commitment to talent. The strategy is about:

- Finding it.
- Nurturing it.
- Retaining it.

Our people are at the core of our success. Grand Hotel hospitality strategies strive to create and maintain an environment that fosters integrity and trust in a family environment.

We believe in selecting the right associates, compensating them well, and providing an environment where they can learn and grow.

Grand Hotel promotes an associate driven culture. It is our people who drive the strategies that result in our success, and as a result, deliver the best in hospitality. Our associates are valued and provided a positive, growth-oriented, family atmosphere. Our culture enhances our associates' talents and creates an environment they enjoy.

Strategic thinking is not just about the big picture. It is also about anticipating what could go wrong before it does. Strategic thinking is not just done periodically and only by high-level management. In Grand hotel's hospitality strategies, we want all our associates to think strategically. It is an on-going, dynamic process.

Satisfied, loyal associates who are fully engaged are critical to generating hospitality excellence. Our guests visit us again and again recommending us to others. As a result, revenues grow and profits increase, enabling continued recognition and rewards for our associates.

Zero Defects

The strategy is to achieve excellence in accommodations by:

- 100 percent functioning.
- 100 percent clean.
- 100 percent of the time.

This is how we assure our guests that everything in our hotel rooms is fully functioning. That it all works: the hot water, the lights, the TV remote control, the fire place, the safe, tea coffee machines.

Our housekeeping and engineering staff are teamed to deliver Zero Defects. Housekeeping staff use a very detailed checklist on a daily basis to test each and every function within a hotel room. If problems are found, they are corrected immediately.

When a guest arrives late in the evening, tired after a long day, the amenities and facilities we provide are fully tailored to satisfy the needs of our clientele.

Honoring Outstanding Service Traditions: (HOST™ program)

We believe in hospitality. The HOST™ program is ingrained in all of us at Grand Hotel Hospitality Strategies. It simply and clearly defines how we are to serve our guests at all times, by Honoring Outstanding Service Traditions. This is the philosophy that guides our actions and fuels our business.

Our HOST™ guidelines shape our guest interactions:

- H - HELLO - Guest recognition
- O - OUTGOING - Professional and friendly service
- S - SPEEDY - Responsive - no waiting
- T - TRUST IN US - Attaining customer preference and loyalty

Financial Management

Grand Hotel Hospitality Strategies creates financial value for our capital partners. Financial value results from making sound business decisions. Making sound business decisions requires solid financial information and a disciplined approach.

Our financial practices strengthen our ability to meet and exceed the desired rate of return on investment. We use systemized, centralized financial and accounting systems to collect and report information that provides the basis for analysis and interpretation of financial performance.

Current business intelligence enables us to anticipate, identify and react to changes in each of our markets rapidly. Sophisticated business models are used for budgeting and forecasting; expense management; and capital investment, project cash flow and risk management analysis.

Our Stakeholders

Engaging with our stakeholders and understanding their requirements and concerns is critical to helping our company identify its most material issues. Information gathered as part of our various stakeholder engagement processes feeds directly into decision-making and drives our business strategy.

We engage with the following stakeholders in the following ways



Guests
Employees
Shareholders
Suppliers
Communities
Business associates
The Media
Government

- Guest questionnaires
- Social media and websites
- Formal market research
- Open door policy on investor relations
- Face-to-face discussions
- Regular analysis and shareholder meetings with the Managing Director and Group Financial Controller
- Annual General Meeting
- 2015 Integrated Report
- Participation at THASL bodies and initiatives
- Newsletters and publications
- Public relations
- Statutory Compliance framework

Shareholders

- Return on investment
- Dividends
- Risk Management
- Corporate governance and ethical leadership
- Growth and expansion
- Opportunities

Suppliers

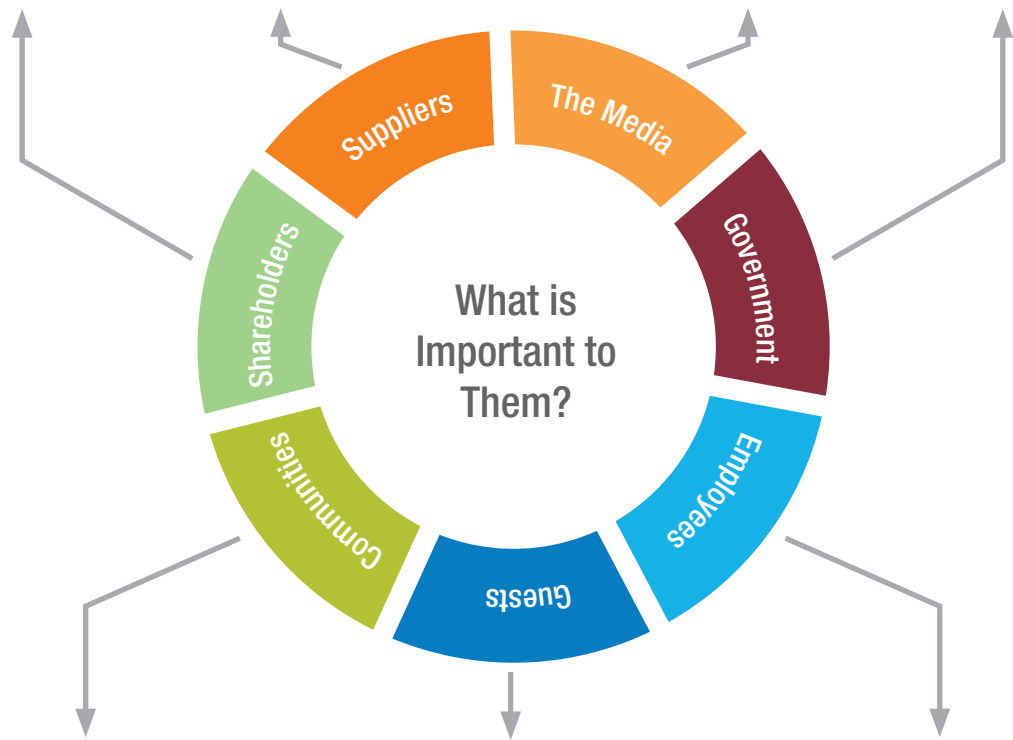
- Stability of supply and
- Timely payment
- Quality performance
- Fair treatment

The Media

- Transparent communication

Government

- Tax revenues
- Compliance with legislation
- Job creation
- Investment in country
- Advancing transformation
- Supporting communities
- Reduction in consumption of natural resources



Communities

- Sponsorships
- Bursaries and learner ships
- Investment in disadvantaged communities
- Protecting the environment
- Helping the deserving community

Guests

- Quality product offering
- Consistent service levels
- Recognised loyalty
- Efficiency in dealing with us

Employees

- Job security
- On-the-job coaching and training
- Fair remuneration
- Safe working environment
- Engagement
- Performance management
- Career pathing
- Skills development

How We Performed

2014/15 has been a challenging year for Grand Hotel as a sustainable growth company achieving 1% growth in gross profit despite a 6% drop in the occupancy. The Group revenue was 838 million representing a 1% growth over last year. This was achieved by increased food and beverage revenue with newly introduced food and beverage outlets, aggressive upselling and appropriate pricing strategies.

Key Financial Indicators

1%

Group Revenue Growth

Rs.307Mn

Group Profit Before Tax

Rs.270Mn

Group Profit After Tax

56%

Group Occupancy

Rs.135.28

Group Earnings per Share

Rs.22.50

Group Dividend Per Share

80%

Group Gross Profit Margin

Rs.15,246

Group Average Room Rate

Key Non-Financial Indicators

56,210

Room Night Available

31,658

Room Night Sold

Rs.1.3Mn

Room Sales Per Employee

28%

Employee Turnover

363

Total Number of Employees

164,111kg

Total Waste

11Mn (MJ)

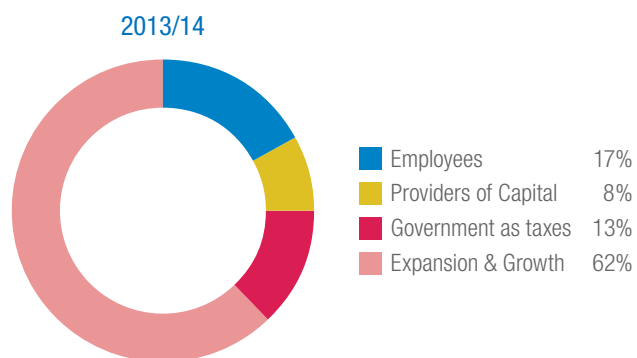
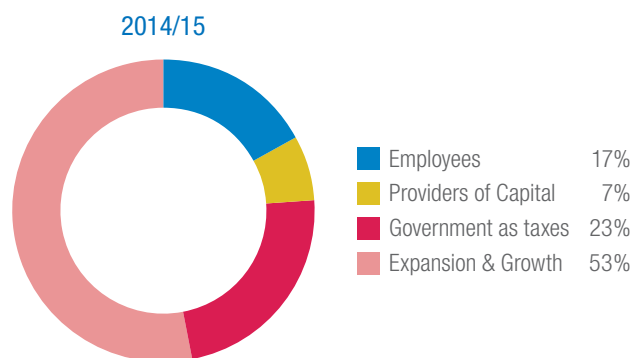
Total Energy Consumption

1,306

Direct GHG Emission *(in metric ton of CO₂e)*

Our Value Added Statement

Year ended 31st March	2014/15		2013/14	
	Rs.' 000	%	Rs.' 000	%
Value Added				
Income earned by providing hotel services	837,811		829,894	
Cost of services	(215,554)		(292,776)	
Value added by hotel services	622,257		537,118	
Other operating income	8,730		15,029	
Total Value Added	630,987	100	552,147	100
Value Allocated to Employees				
Salaries, wages & other benefits	110,114	17	94,138	17
To Providers of Capital				
Dividends to shareholders	45,218	7	45,218	8
To Government				
To Government as taxes	144,165	23	71,855	13
To Expansion & Growth				
Retained Income	269,636	43	293,208	53
Depreciation	61,854	10	47,579	9
	331,490	53	340,787	62
	630,987	100	552,147	100
Value added per Revenue (Rs.)		0.67		0.67
Value added per Employment cost (Rs.)		5.87		5.87
Value added per Ordinary Share (Rs.)		27.55		27.55



Operational Review

Although the year 2014/2015 witnessed a marginal drop (in comparison to the year 2013/2014) in occupancy, Grand Hotel was able to maintain a substantial revenue in-flow due to the increased Average Room Rate with the addition of increased revenues attracted by the Food and Beverage outlets. Looking at the industry at large, the picture may be different; i.e. reduced occupancies resulting in reduced overall revenues in greater proportions, in comparison.

Product Development and Value Addition

Improvements of facilities for guests

As mentioned in our review for the year 2013/2014, the first ever authentic Thai restaurant (headed by an ethnic Thai Chef) in the Central Province, the 44 cover “Grand Thai” was ceremonially declared open on 12th April 2014 by Her Excellency Natnapang Damrongsoontornchai - Counselor of the Royal Thai Embassy in Colombo. The occasion was graced by many visitors belonging to elite circles both in Colombo and NuwaraEliya. One of the key features of this dining outlet, as commented by many a guest hitherto, is the generous size of portions of food and the extra -realistic pricing which everyone felt was more than value for money, in addition to the authentic and superior taste of each item turned out by Thai Chef Boonsong and his team. The restaurant has become so popular and somewhat of a “talk of the town” where it has been witnessed, many guests wait outside until tables are vacant. This has become a common sight almost on a daily basis.

The outdoor terrace area of the Grand Thai which used to be open to the sky and therefore was not practically available for guests on rainy days, was seen as a disadvantage as against many advantages it had. Therefore it was decided to have a cover above this area, yet retaining the “alfresco” feeling. For this purpose a glass roof on a timber framework was erected a few months ago enabling guests to use this terrace as a waiting area and for smoking, pre and post dinner drinks etc.

Alongside the Grand Thai, the “Prince George Suite”, an 80 cover function room too was declared open. This room too, has been hitherto used for many residential workshops, conferences, International Bridge Tournaments, birthday and cocktail functions.

One of the most popular outlets of Nuwara Eliya and the only dedicated Lounge for tea in the central province, the “T-Lounge by Dilmah at the Grand” got a new menu with enhanced presentations and a fresh selection of items on it’s already popular High Tea array from the beginning of August 2014. These have added to the popularity of the outlet which can be understood by perusing through the comments made by guests on a daily basis.

Yet another feature was added to the Tea Lounge, and that was a “Wood-fired Pizza oven by Jamie Oliver”. Along with same, a new pizza menu too

One of the most popular outlets of Nuwara Eliya and the only dedicated Lounge for tea in the central province, the “T-Lounge by Dilmah at the Grand” got a new menu with enhanced presentations and a fresh selection of items on it’s already popular High Tea array from the beginning of August 2014.

came into the operation at the Tea Lounge which has once again become an extremely popular feature amongst the guests using the outlet.

Tying up with a company by the name of “Café Gallery Partnership” from Thailand, the “Grand Coffee Bar” was declared open on 12th October 2014, adding yet another dimension to the culinary experience at the Grand. The location of this outlet, is an extension to the former Pastry Shop and the new outlet has gained a great deal of popularity with its superior quality coffee concoctions made with the use of “Nacha” coffee from Thailand (a brand of selected single-estate coffee owned and produced by members of the extended Royal Family of Thailand) and high quality pastries (both savory and sweet) produced by our very own Pastry Chef and the team. The staff selected to work at the ‘Coffee Bar’ were provided with special training by a group of Thai Trainers who ensured that every bit of information and skill required to master the ‘art of coffee’ got embedded in the hearts and minds of the trainees. The load of tributary comments received on a daily basis is sufficient evidence to prove the quality of product and delivery at the “Coffee Bar”.

This 23 cover outlet which provides free Wi-Fi facilities to its users contributes substantially to the revenue as well as to the reputation of the Grand Hotel.

Going one more step forward in providing extra-superior service to guests, a “Personalised Butler Service” was introduced in January 2015 making Grand Hotel once again “a first” in the region. A team of senior staff from both the ‘food and beverage’ and the ‘housekeeping’ departments were carefully chosen and a specially flown-in International Butler Trainer provided an in-depth and intensive training on all aspects of butler services to this team. The team is headed by the former Assistant Housekeeper of the Hotel, who now functions as the Head Butler with the designation “Chief Grand Master”. The team of butlers are known as “Grand Masters”. Right at present, the team of five “Grand Masters” lead by the “Chief Grand Master” provides personalised butler services as mentioned above, to all guests occupying suites of Grand Hotel.

17th December 2014, saw the opening of the “Grand Laundry Outlet” with a dedicated team of staff. This was as a result of the increasing demand for laundry services from the community of Nuwara-Eliya, including many hotels, guest houses, bungalows, etc. Since its opening, a steady growth of revenue and a complete eradication of complaints arising from laundry services provided to out-siders, have been clearly noted.

Marketing Overview

Accessing new emerging markets

The crisis between Russia and Ukraine and the Greece issues continue to have a negative impact on arrivals from CIS markets and Western Europe. We have seen an almost a 40% drop in arrivals from these markets. Nevertheless the Chinese figures have increased with other new emerging markets such as Moldova, Belarus and Kazakhstan Czech Republic generating some volume. With the change of government, the economic outlook looks positive and 03 -04 charter flights are scheduled to operate from the Czech Republic, Chinese markets from the latter part of the summer season through Winter 2015/16.

Expansion of the portfolio travel agents who wish to operate with us

At present we operate with over 1000 local DMCs, At ITB some of the East European and German agents agreed to feature the hotel in their round tour programs. At WTM, the regular agents who are already featuring the hotel did assure that they will continue to feature the hotel and particularly “Meiers Welt Reisen” and “Der Touristik” mentioned that they will give more exposure to the hotel.

Forecast Occupancy levels and ARR for 2015/16

Month	Occupancy	ARR
April	59%	15,000/-
May	32%	13,800/-
June	40%	15,000/-
July	46%	15,800/-
August	85%	16,900/-
September	50%	15,000/-
October	58%	15,200/-
November	49%	15,900/-
December	62%	17,300/-
January	74%	16,000/-
February	88%	16,200/-
March	65%	15,400/-

The budgeted occupancy and revenue forecasts have been marginally increased compared to the previous years, purely because of the prevailing global issues which has had a direct impact on tourist arrivals. However the new management team at the Sri Lanka Tourist Promotions Bureau headed by a marketing professional is now well represented by the trade - SLAITO and THASL. Unlike before, the SLTPB has been allocated with sufficient funding to market Sri Lanka in the international tourism markets as a valued destination.

Pricing policy with different destinations

We intend increasing the current rates marginally, since we are losing a fair share of business to some of the new neighboring hotels offering lower rates, but the Grand Hotel continues to dominate in terms of service and food. The focus and commitment of the management team has also resulted in the hotel achieving higher ratings on feedback sites.

New marketing strategies planned in the coming year

Due to our aggressive sales and marketing strategies and relationships established, we have expanded our portfolio of agents to over 1,200 local destination management companies. The sales and marketing team have continuously visited the local agents' offices and also increased our exposure with the online booking engines. Our own online reservations system too will generate a fair volume of business.

In terms of overseas marketing and awareness, the marketing team will be attending key trade fairs such as ITB – Berlin, WTM in London ATM in Dubai and IFTM in France, in addition to the Russian, Chinese and Indian trade fairs. The hotel will continue to host foreign journalists representing newspapers and life style magazines and film crews on the direction of the SLTPB.

We hope to showcase the hotel better by taking new photographs and updating our website.

Operational Review contd.

SWOT Analysis: Our Strengths, Weaknesses, Opportunities and Threats

Strengths

- Strong presence in the Middle and Far Eastern market segments.
- Rated as No. 03 on Trip Advisor.
- One of the largest hotels in terms of rooms and facilities.
- Variety of dining options within the Hotel.
- Accolades received for its garden continuously for over 03 decades.
- Consistency in Food quality and service standards.
- Purpose built Coffee Bar and Tea Lounge.
- The Hotel being identified as one of the foremost locations to visit in 2012 by the "National Geographic –Traveler" magazine.
- The Hotel commands the respect in the Travel and Tourism industry as one of the most sought after resorts in a round tour circuit.
- Grand Hotel being ear marked as one of the key locations to visit by local travel agents when they have clients staying in neighboring hotels.
- The Hotel being rated as a 04 star hotel.
- Acclaimed to be one of the best Colonial hotels in Sri Lanka.
- Only hotel with a selection of specialty restaurants with Indian, Thai and other international cuisine served.
- Grand Indian and Grand Thai restaurants are staffed with Chefs of respective nationality giving authenticity to the product.
- The only hotel with a variety of restaurants ranging from an authentic North/South Indian food to a authentic Thai cuisine.
- The purpose built Grand Tea Lounge overlooking the front garden serves 34 different varieties of specialty teas which is an icon for the tea country.
- An exclusive Wine bar offers more than 120 varieties of wines from all famous vineyards around the world.
- Three meetings and conference venues.
- Acclaimed to serve the best food amongst the round tour hotels.
- The hotel being categorized as a National Heritage property by the Department of Archeology.
- The Grand Coffee Bar is the only place in the region which serves the international brand "Nacha" Coffee with variety of specialty coffees.
- Availability of 24 X 7 dining facility at "Magnolia All Day Dinning" Restaurant.

Weaknesses

- Return journey from Colombo takes almost 05 hours.
- Clients do not stay more than a day.
- Local DMCs still prefer to keep clients in Kandy for 02 nights instead of offering accommodation in Nuwara Eliya.
- Nuwara Eliya as a destination too could be marketed for Golf. Unfortunately, the Nuwara Eliya Golf Club (NEGC), which is one of the oldest golf clubs in Asia, is not properly maintained.
- Frequent rainy weather during most times of the year.
- The product is less known in the MICE market.
- With limited entertainment and outdoor activities, clients end up staying for just one night only.
- There is very little information provided by the SLTDA and local DMC's to promote Nuwara Eliya as a hill resort.
- Insufficient emphasis done on destination marketing for the region in spite of having proposed an action plan.
- Very poor infrastructure development.

Opportunities

- SLTPB being represented by an enthusiastic SLAITO & THASL team and more aggressive focus to promote Sri Lanka as a destination.
- The Nature Trail programme promoting outdoor tourism activities is now in place.
- Domestic flights now operated by the Air Force, Sri Lankan airlines and Cinnamon air.
- Our online reservation will also generate a fair volume of direct business.
- Czech and Chinese agents planning to operate charter flights due to high demand.
- Potential to promote the hotel as a golf resort with the NEGC next door.
- Grand Hotel has the infrastructure to cater to a more up-market clientele with different categories of rooms and facilities of an international standard.
- Encourage clients to stay longer by promoting the “nature trail” programme compiled by the management and staff of the hotel.
- The hotel has the capacity to cater to large ad-hoc and incentive groups with the following outdoor activities, such as horse racing, boat rides in lake Gregory, Golf, Tennis, etc.
- Nuwara Eliya being identified as one of the key locations on the “Ramayana Trail”.
- Growth in demand on food & beverage outlets created by increasing room inventory in the area with new hotel facilities coming up.
- Increasing interest and awareness among the local community of the high quality international cuisine.

Threats

- In case of an overbooking situation, availability of hotels of similar category is limited.
- Cleanliness of Nuwara Eliya town need to be improved though being termed as” Little England”.
- Depreciation of the Rupee currency and the escalation of the cost of operations.
- Negative comments on media over Human rights issues.
- Difficulty in recruiting experienced, specialised staff and retaining them due to geographical location.
- The unrest in the Middle East.
- Euro zone crisis.
- The Scandinavian and Dutch charters tour operators will not operate flights to Sri Lanka. Most importantly it gives negative signals to new tour operators.
- Scheduled General Elections during the year might give a negative impact on travelers.
- Increasing constructional activities could affect the natural environment.
- General Elections forthcoming during the year.
- The Ukraine and Russian crisis and Greece issues continue to be a threat for long haul travel.
- Settings and attractions of the destination.

Operational Review contd.

E Marketing

E-Marketing is mainly done by using our hotels web site in conjunction with online platforms like Google or search engines to improve sales mainly by extending special offers/value additions and promote the hotel to be ranked top on google. However, we do not discount the Grand Hotel online and in fact the highest rate sold to clients is the online rate. Hence we do not need to spend money on E marketing campaigns (E Flyers) or PPC campaigns (Pay Per click) since the Grand Hotel has a very strong presence on Google due to its history/heritage and mainly the positive reviews received online from various feedback sites and other mediums.

The following measures have been taken to make it easier to market the Grand Hotel online and increase the presence on the internet.

- The Keyword Analysis is done for Grand Website and page wise keyword identification and assigning is done.
- Competitor Spying for SEO (Search Engine Optimization) is done, and directory listing also ready for submission with the new site.
- Facebook New Theme Graphics and Twitter Graphics have been installed.

The online operation has been growing YOY, given below and presented below are some statistics.

Agoda	January 2013	January 2014	January 2015
Room Nights	121	101	134
Guest Nights	242	222	268

Booking.com	January 2013	January 2014	January 2015
Room Nights	138	107	171
Guest Nights	270	210	328

While continuing to work with AGODA and BOOKING.COM, the Grand Hotel launched their own Booking engine in January with Senit Technologies who provide the booking engine software and the payment gateway for which the platform and implementation was done at no cost to the Hotel. Additionally they provide the following services to market the hotel booking engine on the internet.

- Responsive Design
- Designed to run on Mobile, Tablets, iPads and Desktops.
- Client device identification to optimise on browser.
- Perfectly done SEO page and a platform to monitor and improve rank.
- Ability to provide analytical reports. (visits / bounce rate from individual Pages)
- Ability to link to Social Media.
- Advanced SEO techniques.

Our own booking engine enables a client to book our hotel direct which will result in a lower commission paid and a higher yield per booking and will also give the client the options of booking on Half Board and Full Board basis, which was previously not available on the OTAs. With this solution, we will automatically be online with Roomsnet/Bookings.lk since the same platform is shared with our booking engine.

Human Resource Development

Fulfilling a long felt need of the Grand Hotel, a fully-fledged purpose built “Learning Centre” (Training Centre) was established on 12th May 2014. Planned and designed by the Resident Manager, Mr. Tyrone David, a specialised hospitality trainer, the center has the capacity to accommodate 40 persons in one sitting with all the required audio visual and other equipment. It also has a computer library with free Wi-Fi facility where any member of the Grand Hotel staff could walk-in and indulge in self learning of computer technology, acquire knowledge by surfing the internet etc., during free time. The two dedicated computers placed therein may be used for this purpose, in addition to their personal communication devices such as laptops, tablet pcs and mobile phones. The “Learning Centre” has been put to effective and optimum use since its inception and sessions are being conducted by the Resident Manager, Heads of Department, Departmental Executives and visiting outside Training Experts on varying topics. So far approximately 118 hours of training/learning has taken place with the help of this facility.

Together with the Learning Centre, on the same building, stands “The Dine” a specially designed dining facility for all staff of the hotel. This outfit is in two parts; Dine 1 with a capacity of 72 covers for the general staff (including the clerical and supervisory categories) and Dine 2 with 16 covers for Executive Staff. Setting another important standard in staff dining in the hospitality industry of Sri Lanka, the Dine 1 is equipped with a “Show kitchen” serving a ‘limited a la carte’ of “side dishes and desserts” where any diner could place an order with his or her Employee Number and signature which would then be prepared by the cook on duty and served to the patron and the cost being charged to the personal account at the end of the month by the Human resources department. This total facility was established with a motive of providing all staff with a sense of “quality dining experience” which should then get transferred to guests by way of superior service. Based on the same theme is a tag line that was specially designed for the Dine and clearly printed at the bottom of its sign board; “Where service begins...”

In an industry where majority of the employers look at the cheapest options when it comes to facilities and equipment for the use of staff, this superior dining facility provided to the staff of Grand Hotel, was created with an investment of over Rs. 20 Million with all the furniture imported especially from Thailand and other catering equipment such as cooking ranges, exhaust systems, bain-marie, plate warmers, refrigerators, deep-fryers,

dish washing machine, washing facilities etc., being either specially imported or fabricated for the purpose. The quality of the menu served to the staff at “The Dine” was enhanced drastically in comparison to what was served previously. This has led to an enormous boost of moral in the Grand Hotels’ team of staff.

Accommodation facilities of the staff too received substantial attention with a sizable investment being made towards a total refurbishment and re-appointment of the female staff changing room, new beds, mattresses and safety lockers provided to the male staff quarters (a facility which provides short/medium term lodging facilities for approximately 100 male staff) and hot water connections from the hotel’s hot water circulation system, to the bathrooms of male and female changing rooms/lodging facilities. These facilities too have contributed significantly towards boosting the morale of the staff.

A significant investment was also made towards providing parking facilities for vehicles owned by the staff and a new set of garages/parking spaces were created in the backyard of the hotel to cater to the fast increasing demand. Right now an estimated 80 – 100 staff members use the facility provided, on a daily basis.

Towards streamlining the attendance recording system of the human resource spectrum, an automated system complete with a “thumb scanner” was introduced with yet another sizable investment, replacing the age-old “Punch card system”. This has enabled the Human Resources Department to maintain an accurate set of attendance records which is fully automated and have more time at hand to concentrate on new ideas and development.

Sustainability

In our attempt to contribute towards the well-being of Mother Nature from whom we are bestowed with great opportunities for value addition in our business, four significant areas were selected to start on conservation of scarce resources and minimising further damage to the environment caused by the addition of non- degradable waste. The areas so identified were; heavy use of plastic laundry bags, large quantities of “throw away” bottles used for shampoo, body lotions, conditioners etc., significant number of incandescent “candle bulbs” used on chandeliers and wall fittings (resulting in heavy consumption of electricity plus large numbers of fused bulbs added to waste) and large volumes of waste water released out into public drainage systems.

In addressing the four areas mentioned above , we have replaced all plastic laundry bags with cloth bags made of discarded pillow cases which are re-usable and would have a life span of approximately ten times in comparison to the plastic and get bio-degraded once disposed.

With regard to the shampoos, conditioners, body lotions etc, appropriate re-usable containers of a new design was invested upon and these bottles are being re-filled many times over in comparison to the previous throw away containers. This has begun to save substantial quantities of the liquid-matter which would otherwise have got added onto the environment in addition to the amount of toxic waste caused by the throw away plastic containers.

The advantages of using LED candle bulbs as against their incandescent counterparts are many. They consume one fifth of the electricity in comparison and have a much longer life span (approximately 7 – 8 times higher).

The daily use of clean water for gardening purposes is estimated to be in the range of approximately 15,000 – 20,000 liters per day. This is although not a total waste, a substantial cost and the extraction of such volumes of water from the ground water sources contributes to their drying-up at a faster speed. As a remedy towards same, we have decided to use, the treated water from the “effluent treatment plant” for daily gardening purposes, where we would re-use to the best of our ability, a scarce resource which is otherwise being drained out causing more pollution of water ways, etc. This measure is yet to be implemented but the planning process is on.

Future Plans

Further to our discussions on similar previous reviews, the Grand Hotel aims at achieving 5 star status by the end of the year 2017 and in achieving same it is proposed that a heated in-door swimming pool is added to its list of facilities and all 154 guest rooms are to be fully refurbished with state-of- the-art facilities and new technology. There is also a plan to introduce a New Restaurant serving Middle Eastern cuisine including Lebanese, Iranian and Turkish culinary delights.

The ground- breaking work for a heated swimming pool would begin in September 2015 and it is expected to complete the work within 6 – 8 months’ time. Once completed, this facility would add a great deal of value to the experience of our guests staying at the Grand Hotel, giving it an opportunity of having a distinct edge over many other hotel properties in Nuwara Eliya.

The total refurbishment of rooms, is planned to be done in three stages, beginning April/May 2016. This, being a project of a large magnitude, would require a long period of time since the older wings of the hotel building would need certain structural changes too. However, our expectation is that it could be concluded by end 2017 with a strong effort.

The Financial Review

The financial review of the Nuwara Eliya Hotels Company PLC's is presented below, and it should be read in concurrence with the Audited consolidated financial statements of the Group and the Company for the financial period ended 31st March 2015.

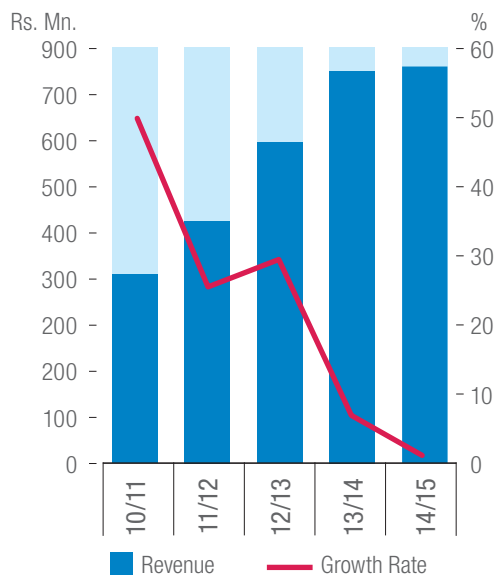
Basis of Preparation and Comparative Figures

The Group Financial Statements for the financial year 2014/2015, includes the financial statements of the Nuwara Eliya Hotels Company PLC and its subsidiary Fair View Hotel (Pvt) Limited. The financial statements have been prepared in accordance with the Sri Lankan Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka and the requirements of the Companies Act No. 07 of 2007.

Comparative figures were not restated and presented in line with the presentation made in the Financial Statements for the year 2013/14. Details of the basis of preparation and comparative figures are disclosed in Note 2.0 of the Financial Statements on page 242.

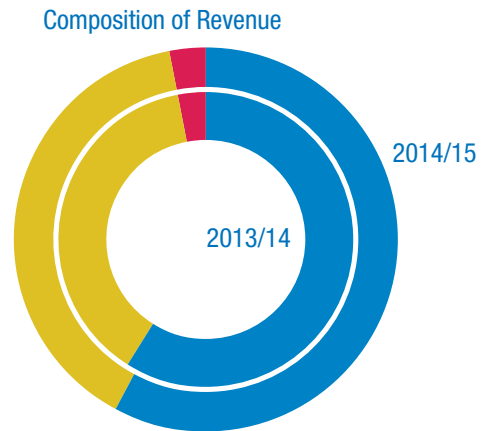
Revenue

The group revenue during the year grew by 1% to reach Rs. 838 million during the financial year, an increase of Rs. 8 million from Rs. 830 million achieved during the corresponding year. Revenue of the Company escalated from Rs. 503 million to Rs. 838 million which is a 67 percent growth, this is mainly due to the amalgamation between the Nuwara Eliya Hotels Co. PLC and Grand Hotel (Pvt) Ltd.



The year on year revenue growth of 1 percent was mainly driven by increased Food & Beverage sales and Gift shop sales. During the financial year the hotel underwent renovations and also introduced a variety of cuisines which contributed to the escalation of our Revenues; which resulted in us recording the highest Turnover in the Grand Hotel history.

The Composition of Group revenues can be presented as follows:



	2013/14	2014/15
Apartment Sales	59%	58%
Food & Beverage	38%	39%
Others	3%	3%

The apartment revenue decreased from Rs. 490 million to Rs. 483 million for the year 2014/15. This is a 1% decrease in comparison to last year. Apartment sales are forming 59% of the total revenue. Food and Beverage (F&B) revenue reached Rs. 327 million during the year under review, an increase of 4% in comparison to last year's revenue of Rs. 313 million.

Revenue clustered as "other revenue" includes gift shop sales, farm sales, telephone, laundry and billiard income. The main contributor to other income was gift shop generated revenue of Rs. 21 million a growth of 15% from the previous year's revenue of Rs. 18 million. Other revenue contributed 3% to the total revenue of the hotel.

The analysis of the revenue generated from operations:

	Company		Group	
	2014/15 Rs.	2013/14 Rs.	2014/15 Rs.	2013/14 Rs.
Apartment Sales	482,657,950	255,531,852	482,657,950	489,988,966
Food Sales	273,782,498	179,214,106	273,782,498	266,928,291
Bar Sales	52,937,299	46,319,566	52,937,299	46,570,051
Gift Shop Sales	21,070,750	18,193,161	21,070,750	18,193,161
Telephone Income	75,256	90,624	75,256	90,624
Laundry Sales	4,605,890	-	4,605,890	4,226,911
Billiard Income	203,460	286,603	203,460	286,603
Farm Sales	2,477,639	3,609,036	2,477,639	3,609,036
	837,810,742	503,244,948	837,810,742	829,893,643

Only an one percent drop in apartment sales was recorded despite a 6% drop in occupancy percentage is mainly due to higher ARR. A result of diligently calculated price adjustments on room rates in general. The ARR for the year recorded as Rs. 15,246 compared to last year's Rs. 14,035, a 9% increase YOY.

A 3% increase on food revenue was achieved with the contribution of higher performing food outlets, the Grand Indian and the newly introduced restaurant, Grand Thai, where these two restaurants had collectively marked a record revenue with 70% increase YOY. The investments made during the year to transform the supper club, a fusion restaurant in to the cozy Thai restaurant, where authentic Thai cuisine is produced by a Thai national chef has paid its dividend while the Grand Indian is continuously marking its name internationally.

Beverage revenue for the year has increased by 14% over last year. An aggressive upselling and appropriate pricing strategies adopted during the year resulted in this achievement. The newly opened Coffee Bar has contributed a specialty coffee sales of 2.3million, a 233% increase YOY. Further, popularity of the Thai and Indian restaurants too contributed to higher beverage sales as the bars of respective restaurant has recorded an increase of 67% collectively in sales.

During the year, food revenue per person has increased by 14% YOY from Rs. 3,771 to Rs. 4,294. Increase in beverage per person was 26% from Rs. 658 to Rs. 830 YOY.

Expenses & Profit before tax as a percentage of Revenue

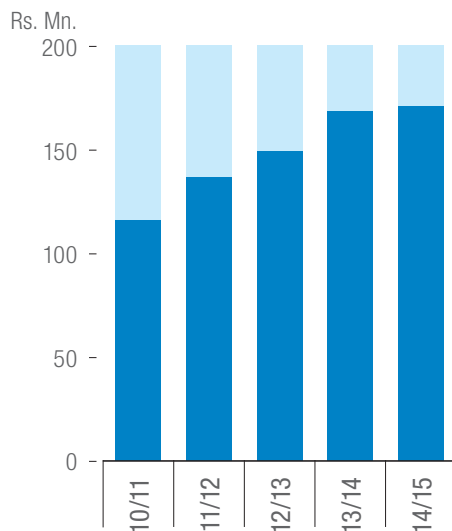
	2014/15		2013/14	
	Rs. Mn.	%	Rs. Mn.	%
Revenue	838		830	
Staff costs	123	15%	104	13%
Depreciation	62	7%	48	6%
Other Operating expenses - Direct	171	20%	169	20%
Other Operating Expenses - Indirect	175	21%	161	19%
Profit before tax	307	37%	348	42%

The Financial Review contd.

Cost of Sales

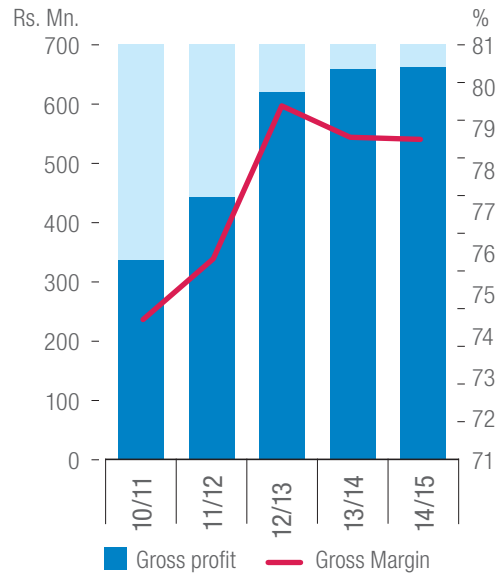
The Cost of Sales of the group increased from Rs. 169 million in the previous year to Rs. 171 million, an increase of 1%. This increase is in proportion to the higher sales value in Food & Beverage outlets.

Cost of sales are the direct operating costs, namely cost of rooms, food and beverage. Cost of Sales in relation to the revenue has been static at 20% with previous year.



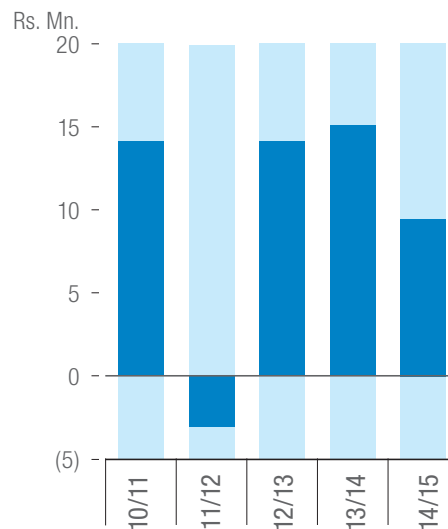
Gross Profit

Gross Profit of the Group for the year under review reached Rs. 666 million compared with Rs. 661 million in the previous year, an increase of 1 percent. The Group's gross margin percentage remained at 80 percent in the current year. The Company achieved a Gross Profit of Rs. 666 million as against Rs. 380 million in the previous year, an increase of 75 percent as a result of amalgamation of subsidiary during the year. Gross margin percentage of the Company was 80% in 2014/15 as against 76% in 2013/14, an increase of 4%.



Other Income

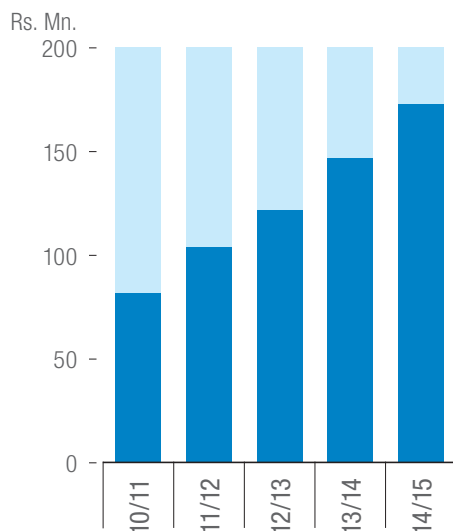
Other income of the Group decreased from Rs. 15 million in the previous year to Rs. 9 million for the year under review, the reduction is mainly due to last year's change in fair value of Biological Assets and marginal reduction of Sundry Income and Dividend Received.



Expenditure

Administrative Expenses

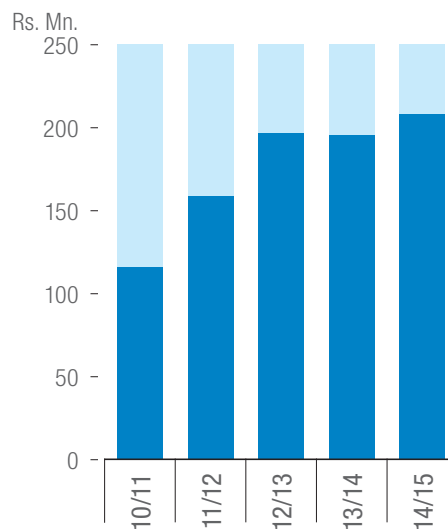
Administrative Expenses of the Group increased over prior year by 17 percent from Rs 146 million in 2013/14 to Rs 172 million in 2014/15. Administrative expenses of Company also escalated when compared to last year by 95 percent from Rs 87 million to Rs 170 million.



Operating Expenses

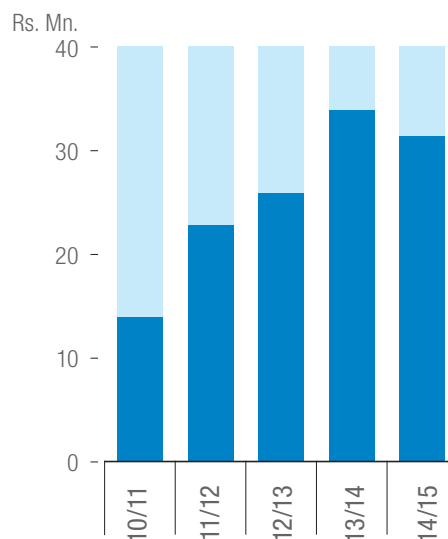
Operating Expenses of the Group increased by 6 percent over prior year from Rs 196 million to Rs 208 million.

This increase in the Group Operating Expenses is mainly due to the escalation in depreciation charge, provision for license fee and housekeeping expenses.



Selling & Distribution Expenses

Selling & distribution Expenses of the Group decreased over prior year by 9 percent from Rs 34 million in 2014 to Rs 32 million in 2015. This decrease was mainly due to the decreased sales promotion and advertising expenditure.

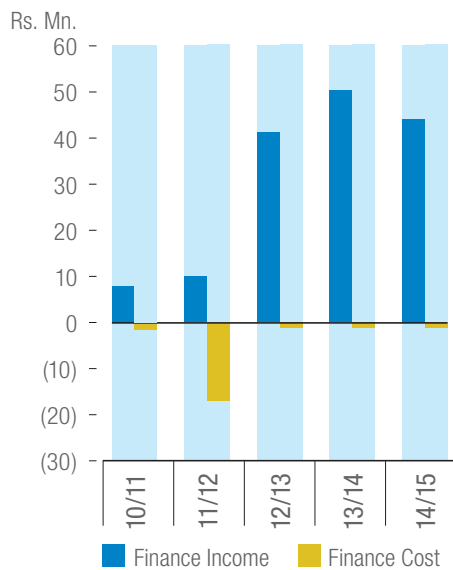


The Financial Review contd.

Finance Income and the Finance Costs

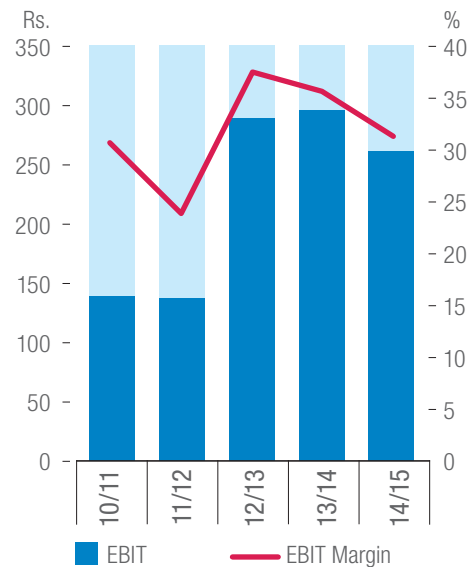
The Hotel enjoyed a surplus in cash flow during the year contributed by funds generated from its operations and efficient working capital management. Despite the significant drop in interest rates the hotel achieved a finance income of Rs. 44 million which include the favorable change in fair value of assets held for trading increasing from Rs. 1.8 million in the previous year to Rs. 16.6 million for the year under review. This represented a 12% drop from last year's finance income of Rs. 50 million.

There was a significant improvement in the Finance cost for the Group during the financial year under review, comprising of 43 percent reduction in Bank charges amounting to Rs. 265,826/- in comparison to Rs. 472,253/- recorded in the previous year.



Earnings Before Interest & Tax

Impressive earnings achieved through effective marketing of 'Grand', coupled with a series of cost / overheads management strategies adopted across the group resulted in Profit Before interest & tax of Rs 263 million in 2014/15 a slight drop from Rs 298 million achieved in 2013/14. The operational efficiencies created by the above resulted in the EBIT margin of 31%.



Income Tax Expenses

Income tax expenses of the Group was Rs 37 million in the current year as against Rs 54 million in 2013/14, income tax expenses for the company increased from Rs 25 million to Rs 37 million.

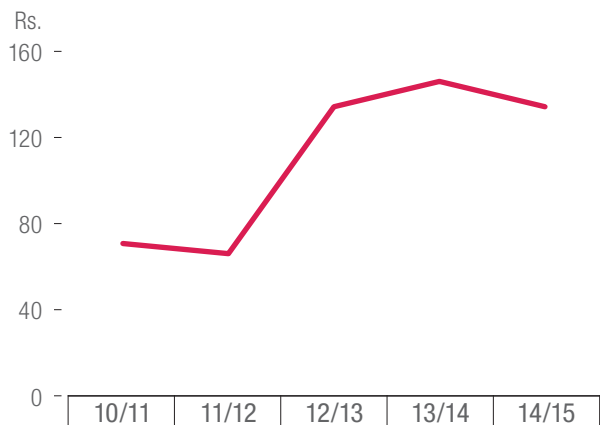
Profit for the Year

The Group recorded a profit for the year of Rs. 270 million after tax for the financial year 2014/15. This represents a reduction of Rs. 24 million or 8 percent over the preceding year mainly a result of reduced occupancies. The decrease in finance income by Rs. 6 million also contributed to the decline in net profit. Retained earnings as at 31st March 2015 was Rs. 1,231 million against last year figure of Rs. 1,003 million.



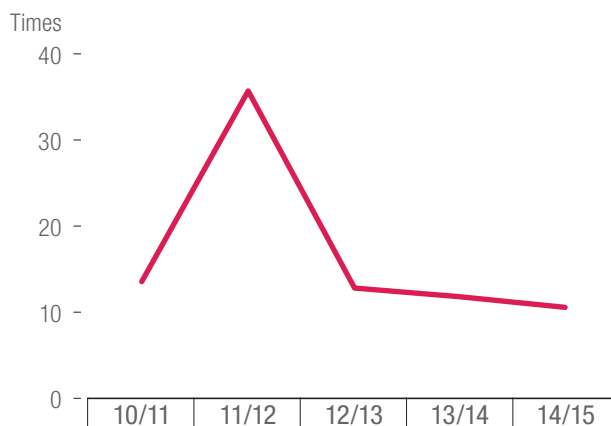
Earnings per Share

The Group's Earnings per Share (EPS) for the period under review was Rs. 135.28 for 2014/15 as against Rs. 146.58 in year 2013/14. Earnings per share of the company was Rs. 136.04 as against Rs. 103.90 in year 2014.



Price Earnings Ratio

The Price to Earnings ratio of the Company as at 31st March 2015 was 10.68 times against 12.03 times as at 31st March 2014.



Market Price

During the financial year under review, the Company's share price fluctuated between Rs. 1,225/- and Rs. 1,849.90, closing at Rs. 1,452.40.

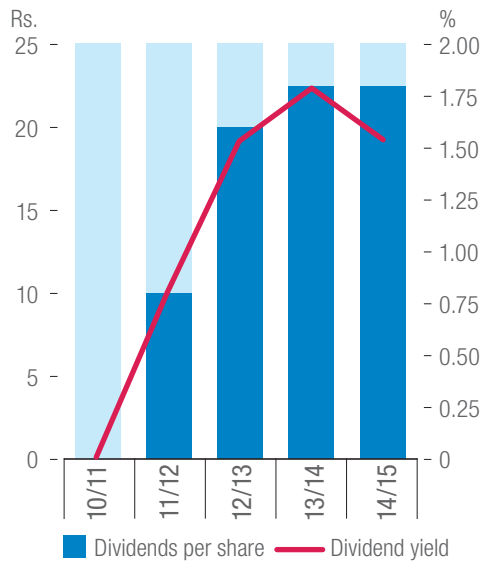


The Financial Review contd.

Dividend per Share

Company paid an interim dividend of Rs 22.50 per share amounting to Rs 45.1 million in respect of the year ended 31st March 2015, maintaining the same value as prior year.

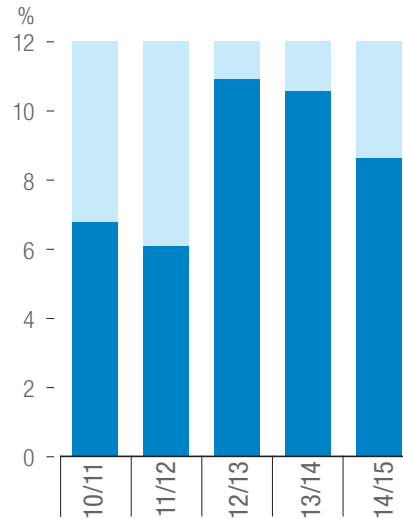
The dividend payout ratio increased by 8% amounting to 16.63% for 2014/15, in comparison 2013/14 achieved a pay out ratio of 15.35%. 2014/15 year recorded a dividend yield of 1.55%, whereas in 2013/14 the company achieved a dividend yield of 1.8%, the reduction of 14% was mainly due to the increase in market price from Rs. 1,250/- to Rs. 1,452/40.



As per the Companies Act No 07 of 2007, requires that a solvency test to be carried out prior to the payment of dividends. The Board of Directors obtained a certificate of solvency from the Auditors before declaring the interim dividend.

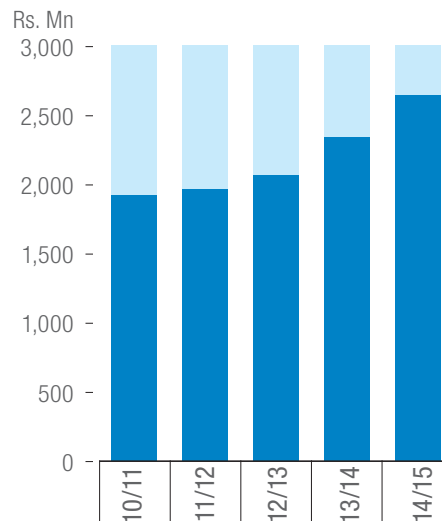
Return on Equity

Return on Group Equity for the financial period ended is 8.9 percent whilst in the previous year it was 10.9 percent. Return on Equity of the company was 10.0 percent compared to 10.4 percent in the previous year.



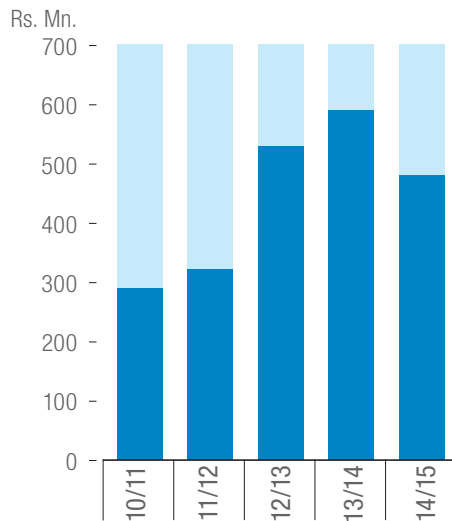
Non-Current Assets

Non current assets of the Group increased from Rs 2,351 million in 2014 to Rs 2,658 million 2015, an increase of Rs 307 million. Non Current assets of the Company increased from Rs 1,993 million to Rs 2,591 million, an increase of Rs 598 million.



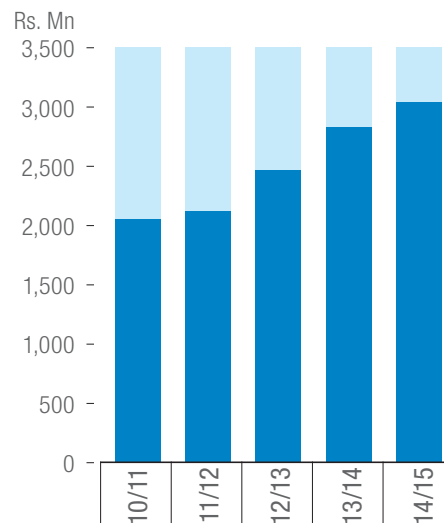
Current Assets

Current Assets of the Group decreased from Rs. 678 million in 2014 to Rs. 552 million as at 31st March 2015, an reduction of Rs. 126 million which is a 18 percent decrease. Current Assets of the Company reduced from Rs. 561 million to Rs. 473 million in 31st March 2015. The decrease is mainly due to the reduction in fixed deposits.



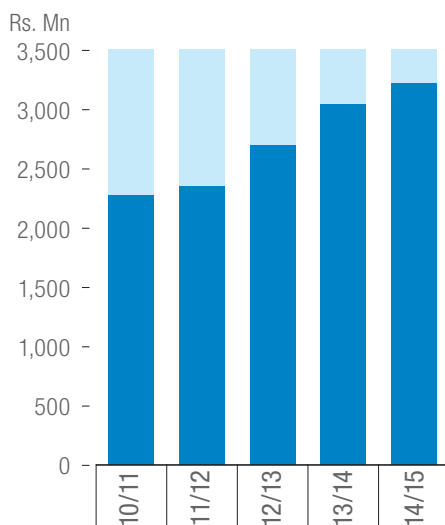
Total Equity

Total Group Equity has increased from Rs. 2,842 million in previous year to Rs. 3,041 million, this increase was due to increase in retained earnings. Total Company Equity increased by Rs. 810 million over the previous year and is at Rs. 2,905 million, the increase in retained earnings contributed to this.



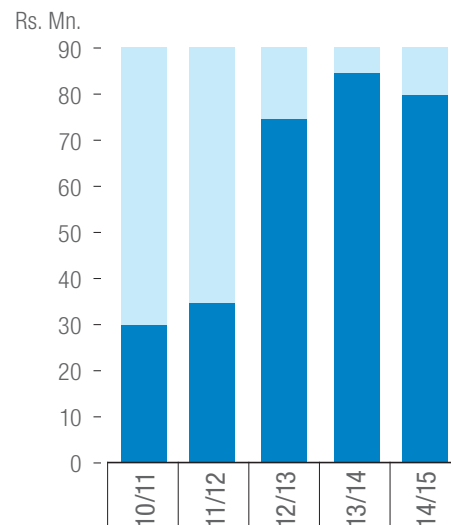
Total Assets

Total assets of the Group increased from Rs. 3,029 Million to Rs. 3,210 Million an increase of 6 percent. The total assets of the company increased by 20 percent from Rs. 2,554 million to 3,064 million for the year ended 31st March 2015.



Non-Current Liabilities

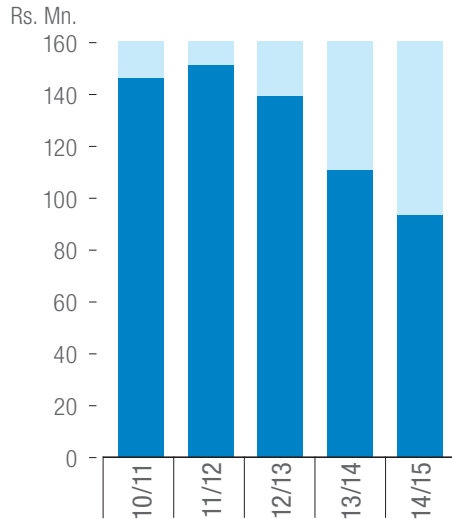
Non-Current Liabilities of the Group decreased from Rs. 77 million to Rs. 76 million. Non-Current liabilities of the Company increased from Rs. 53 million to Rs. 76 million.



The Financial Review contd.

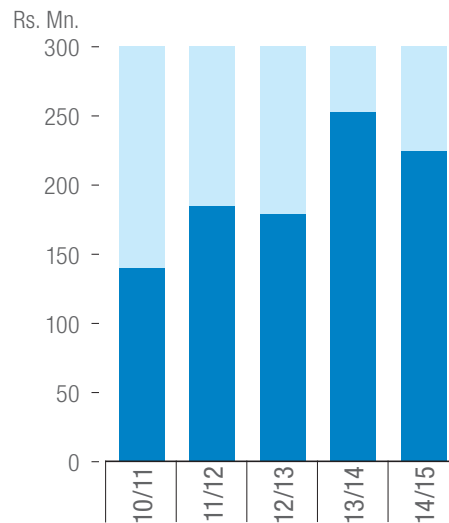
Current Liabilities

Current liabilities of the Group decreased from Rs. 110 million in 2014 to Rs. 93 million as at 31st March 2015, a decrease of Rs. 17 million. Current liabilities mainly decrease due to reduced tax liability and bank overdraft.



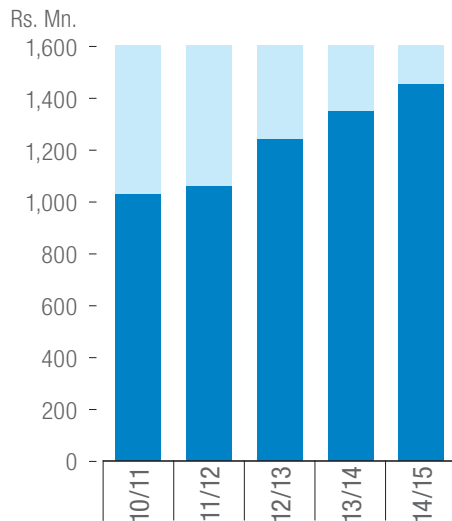
Operating Cash Flow

Group net operating cash flow during the financial year was Rs. 224 million against that of prior year Rs. 280 million. This reduction in Operating cash flow is mainly due to the fall in profit before tax. Decrease in Net Working Capital change to Rs. 41 million also contributed to this.



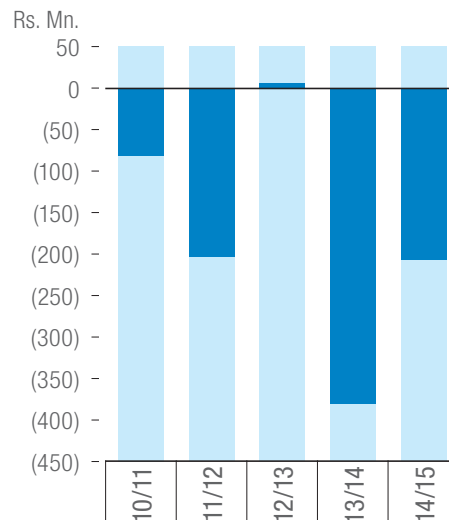
Net Asset per Share

Net Asset per share increased from Rs. 1,348.78 in the previous year to Rs. 1,448.41 as at 31st March 2015 at Group level, this is mainly due to the higher retained profits during the period under review. The Company net asset per share also increased from Rs. 1,045.40 to Rs. 1,449.79 for the year ended 31st March 2015.



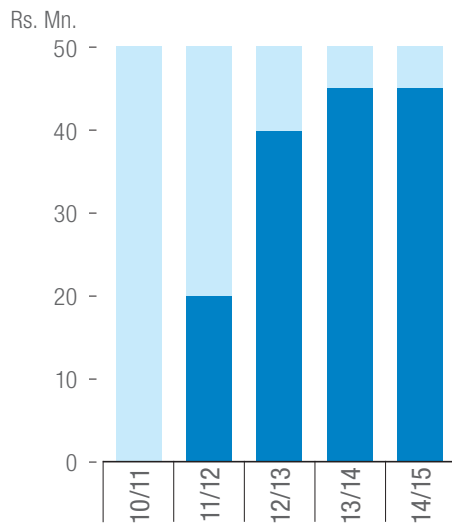
Investment Cash Flow

During the year the Group's net cash flow used in investment activities reached Rs. 209 million against Rs. 437 million last year. During the year under review Rs. 152 million worth of fixed deposits have been uplifted against last year's Rs. 225 million investment in the same.



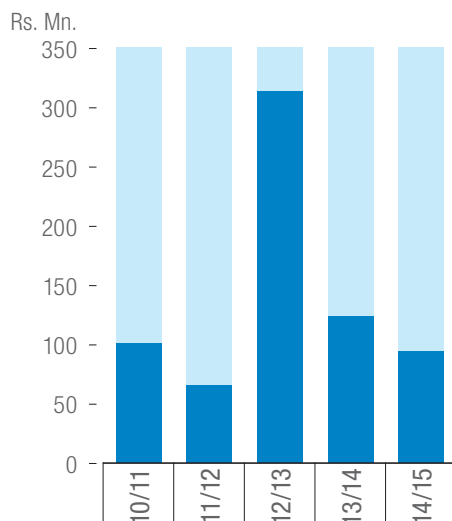
Financing Cash Flow

This year Grand Hotel paid a dividend of Rs. 22.50 per share, maintaining the same figure as last year. This being the first and final dividend for the financial year 2014/15 a sum of Rs. 45 million was paid out to shareholders. In comparison during 2013/14 as well an amount of Rs. 45 million was paid out as dividends.



Cash and Cash Equivalents

For the year under review the cash and cash equivalents of the Group decreased by Rs. 30 million from Rs. 125 million to Rs. 94 million. The reason being considerable cash outflows, due to investment in shares of Fair View Hotel during 2014/15.





Indian Restaurant & Coffee Bar

An amenably facilitated sanctuary for those who need to kick back, relax, have personal or professional rendezvous and to even take a breather. With an impressive variety on offer, a truly riveting and fulfilling experience is on offer. It's not just about the coffee... it's the experience!

Be enamored and dazzled by our authentic Indian cuisine prepped by culinary artisans of prestigious repute. From fantastic vegetarian dishes to bona fide delicacies unique to our neighboring continent.





Sustainability Report

Introduction from the Managing Director



"Boosting local economies by creating jobs, developing skills whilst preserving environment, and working with local suppliers builds trust."

I am pleased to introduce the Nuwara Eliya Hotels Company PLC Sustainability Report for 2014/15. We have experienced a challenging year, in a difficult business environment. I will continue to take a long-term view of our business, where the health and safety of our people, guests and neighbours, and our environmental performance remains amongst the top priorities for Grand Hotel.

Sustainability is integral to our business. We operate responsibly, investing to satisfy growing global and local leisure sector demands and to build a friendly hotel system for the future whilst actively participating in key discussions between business, civil society and government.

Operating Responsibly

We will continue to focus on operational performance while embedding sustainability within Grand Hotel. This means taking stringent steps to prevent harm to the people working in our operations, our neighbours and the environment. Running a safe and efficient business is at the core of good operational performance. We need to challenge ourselves to make sure we always do the right thing and seek solutions that share benefits with the communities where we operate. This can boost local economies by creating jobs, developing skills and encouraging enterprise by working with local suppliers, often helping them to build capacity. It increases trust and builds lasting, positive relationships.

Therefore, at Grand Hotel, doing the right thing is not only a matter of principle; it also makes good business sense. We will be looking at each part of Grand's business to ensure that we continue to improve our sustainability performance. We have made a lot of progress over the years, but expectations continue to rise – we must never be satisfied or complacent.

Working Together

The scale of the global challenges that the world faces is too great for one company, or one sector, to resolve. Global demand for travel is rising as populations grow, living standards increase and urbanisation intensifies. There will be greater stress on the essentials of energy, water and food, which is likely to be exacerbated by climate change.

At its best, businesses can deliver the creative solutions that the world desperately needs – low carbon prosperity for a planet that will have an estimated nine billion inhabitants by 2050. Meanwhile, the concept of Sustainability is increasingly seen as a 'need-to-have' by Corporate Boards and General Managers, rather

than a 'nice-to-have'. Sustainability carries with it a range of quantifiable, Bottom-line benefits that enhance competitiveness and resource efficiency.

I am pleased that within the Grand Hotel, we have established a committed "Grand Hotel Sustainability Committee" dedicated to looking at important environmental matters from energy efficiency to carbon mapping and overall stewardship of sustainability within our Organisation.

However, greater levels of collaboration and trust must be fostered among government, industry and civil society to create the urgent shift needed to help address these challenges. The government must provide the right frameworks to encourage economic investment in cleaner energy, while business can offer technology, know-how, transparency and pragmatic long-term views.

I would like to thank the members of the management team, consisting of experts in sustainability, for their help in developing this report. Their contribution is highly valued.

A handwritten signature in black ink, appearing to read "G. Ondaatje".

Gerard G. Ondaatje
Managing Director

20th May 2015

Scope and Boundaries of this Sustainability Report

The Sustainability Report 2014/15 of Nuwara Eliya Hotel PLC (Grand) describes the most relevant sustainability aspects of our operations, not the full range of our actions and data. The information in this report refers to the year 2014/15 unless otherwise stated. Unless otherwise indicated, achievements mentioned in this report cover the Grand Hotel which is owned and managed by the Nuwara Eliya Hotels PLC.

We have limited the reporting boundaries to areas in which the company has full control over data collection and information quality. Downstream impacts are generally excluded as we do not currently have reliable tools to measure their effect.

Financial data presented in our Sustainability Report 2014/15 is derived from audited annual accounts. Our financial reporting accounting principles is stated in Nuwara Eliya Hotels PLC 2014/15 Annual Report. The Sustainability Report 2014/15 has not been independently reviewed by auditors or any other third party.

Our responsible business policy is embedded at all levels of the organisation. We combine both a top-down and bottom-up approach to ensure maximum engagement in operations and the greatest impact for the Group as a whole.

We are committed to accountability, responsibility and the highest standards of corporate governance in all our activities. While our Board of Directors and Executive Management Team set policy and create strategy, they lead by example and are closely guided by our core corporate values of respect, integrity, teamwork, innovation, action and accountability.

Our dedicated Sustainability Committee is led by our Managing Director, Gerard Ondaatje and Board Members. This Committee monitors and updates our Corporate and Social Responsibility (CSR) Policy. Our CSR Policy sets out how we approach and see corporate governance and includes the following key points:

- Ensuring our governance structures are appropriate and support our capacity to manage, resource and achieve our CSR commitments and targets;
- Operating in a fair, transparent and open manner that reflects our business ethics and core values;
- Identifying, assessing and managing risks to the environment, employees, contractors and communities where we operate;
- Understanding the dynamics of the communities and cultures in which we operate through continued stakeholder engagement;
- Performing beyond the minimum standards of the relevant corporate, health, safety and environment laws by which our operations and activities are governed;
- Ensuring a culture of safety, environmental stewardship and the provision of positive outcomes for communities and our varied stakeholders; and,
- Ensuring employees, suppliers, contractors and business partners have access to training and resources which assist them in developing skills and knowledge that will enable them to carry out the CSR elements of their duties.

Our Strategy on Sustainability

We are committed to embed sustainability in our strategic management framework. We focus on green initiatives and green policies by monitoring and reducing consumption levels, converting environmental efforts into cost-reduction and revenue generating opportunities whilst promoting our corporate and social responsibilities mandate contained below. We will continue to look for eco-friendly procedures and policies and will endeavour to implement them into its business activities and community interest.

Nuwara Eliya Hotels Co. PLC (Grand) corporate responsibility policy sets out the principle and standards for the Company. All staff at our hotel are required to comply with the policy.

Sustainability Report contd.

The Scope

This report provides a summary of Nuwara Eliya Hotels Company PLC (Grand)'s sustainability approach, actions and performance for the 12 months ending 31 March 2015. The report was approved by the Nuwara Eliya Hotels Company PLC Board of Directors on 20th May 2015.

Nuwara Eliya Hotels Company PLC is the owner of Grand Hotel. In this report, unless otherwise stated, refers to 'Grand Hotel'. The information in this report covers all our hotel facilities.

Reporting Approach

Grand Hotel reports in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (G4). The GRI guidelines provide a globally accepted framework of principles and indicators for reporting an organisation's economic, environmental and social practices and performance. We self-declare that this report fulfills the requirements of Application Level. Where possible, we have also provided data in accordance with the GRI-G4 guidelines-food processing Supplement.

A GRI content index, which cross references the GRI indicators to the relevant sections of this report is also included herewith. To ensure inclusivity we acknowledge the importance of stakeholder participation in developing and implementing our response to sustainability reporting. We sought the opinions of stakeholders as part of the materiality process which helped to define the content of this report. More information on our diverse stakeholders, their issues and our responses can be found on pages 62 to 63.

Materiality

Issues are considered material if they have the potential to impact our ability to achieve our business strategy or our reputation, or are of material concern to our stakeholders. The materiality assessment process and material issues identified are discussed on pages 56 to 59.

Responsiveness

This report aims to respond to those issues identified as material for Grand Hotel and its stakeholders. The social, environmental, and economic aspects in the short and longer term are considered when strategic decisions are taken. The Business Principles of Grand Hotel, or core values, are derived from the strategic agenda and form the basis for managing the Company's corporate social responsibility.

People, Planet and Profits Concept of the Company

The sustainability concept adopted by the Company and reported herein connects the people, planet and profits concepts together.



People

We strive to offer added value to clients, employees, business partners, and the community. Grand Hotel works closely with its employees, clients, suppliers, and contractors on all aspects of corporate social responsibility. We seek to achieve a balance between the short and the long term interests, and to make economic, environmental, and social considerations an integral part of our strategic decision-making. We aim for open dialogue with the parties that will be affected by our activities as identified below and communicate in a timely and effective way.

1. **Guests:** We always do our utmost to exceed the guests' expectations. We work in partnership with our guests to deliver high-end projects within the timescale set, both safely and with respect for the environment. We will encourage our guests to work with us in developing suitable sustainable solutions. We aim to be the preferred supplier for CO₂-neutral solutions.
2. **The community:** We promote good contacts with the local community. By its very nature, our operations have an impact on the local community, occupiers, and other users of buildings and infrastructure, and society as a whole. We are therefore proactive in minimizing the level of nuisance in the local environment and seek to make a positive contribution to the local community.

Grand Hotel reports in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (G4). The GRI guidelines provide a globally accepted framework of principles and indicators for reporting an organisation's economic, environmental and social practices and performance.

3. **Employees:** We believe in our employees. We create a safe and inspiring environment for our employees to develop their skills, and in turn enabling them to contribute to the further development and growth of our organisation. The commitment to our employees is demonstrated by:
 - Health and safety – We consider health and safety to be a top priority for our company. We are committed to the continual improvement of our performance in health and safety for all our employees and all our stakeholders and everyone involved with our activities, including the general public;
 - Equality and diversity – We offer a challenging working environment where everyone feels valued and respected. We are committed to the principle of equal opportunities and we ensure that job applicants and employees do not face discrimination on the grounds of gender, marital status, race, skin color, ethnic origin, religious belief, sexual orientation, disability, or age;
 - Learning and development – We aim to create a learning culture and provide opportunities for our employees to fully apply their knowledge and skills in the service of the company. We will help our employees to continue their development in the interests of the company and its objectives.
4. **Supply chain partners:** We procure responsibly. We treat our supply chain partners honestly and responsibly. We work with suppliers, contractors to ensure that they operate in a safe and environmentally-conscious way. Together with our preferred partners, we promote and develop sustainable solutions and best practice for the sector.

The social, environmental, and economic aspects in the short and long term are considered when strategic decisions are taken. The Grand Hotel Business Principles, or core values, are derived from the strategic agenda and form the basis for managing the Company's corporate social responsibility.

There is a strategic need to focus more explicitly on Grand's responsibilities regarding its supply chain partners and its vision as to how sustainability and economic growth can go hand in hand. The Business Principles have been adjusted accordingly and support our strategic agenda 2014-2015.

Planet

We derive a vast amount of resources from the environment to sustain our operations. When we derive such resources, we have to be reasonable and have to recognise our responsibility to future generations to preserve such resources. The following initiatives are adopted in our sustainability approach in this regard.

5. **Energy:** We strive to reduce our impact on climate change. Our major impact to the climate is through our energy usage. We will improve our energy efficiency, reduce our CO₂ emissions, and work with our clients to develop CO₂- neutral solutions.
6. **Raw materials:** We are becoming more efficient in our use of materials. We believe in reducing our impact on the supply of food item and other materials used in our operations. We will work with our guests and suppliers to use alternative materials and methods in order to optimise the use of materials. We also promote measures to recycle and restrict waste.
7. **Environment:** We will limit our environmental impact. We take all possible reasonable measures to ensure that our activities are conducted in a way that minimises the impact on the local environment. We promote environmentally-friendly operations and seek opportunities to promote biodiversity on our construction sites.

Sustainability Report contd.

Profit

We cannot survive in business without economic value creation. Therefore, creating economic value is of utmost importance in achieving sustainability.

8. **Innovation:** We innovate to identify balanced sustainable solutions. Innovation is essential for our company's progress and to identify powerful sustainable solutions in the built environment. Together with our partners in the supply chain, from customers to contractors and suppliers, we will provide sustainable solutions in which economic, environmental, and community interests are well balanced. This approach ensures that we use materials efficiently and provide good value to our customers.
9. **Prosperity:** We believe that sustainability results in economic value and we choose to create value by working on effective and profitable solutions for our shareholders that contribute to a sustainable future. We believe that by applying these Business Principles, we create value for our shareholders, clients, employees, and for society as a whole.
10. **Image Building:** We build an image that brings in more business opportunities, getting us closer to achieving our targets and also to our optimum capacity. Thereby we strive to minimise our fixed costs of operations and maximise contribution from operations. We are then able to assure our stakeholders of the consolidation and growth of the Company, thus creating their confidence and trust.

Information on our responses to stakeholder concerns about specific material issues can be found on pages 62 to 63.

Business Ethics and Human Rights

The Managing Director's belief that "How we do business is as important as the business we do" describes our pledge to maintain an ethical workplace and the commitment of our associates to do the right thing. High ethical standards foster pride and confidence among our associates and help us to maintain our competitive advantage.

We have adopted the following goals and standards in our business ethics.

- We are committed to transparency as we enter new travel in different markets in different countries.
- We train our staff, managers on the company's policies, including human rights, ethics and supply chain policies and anti-corruption laws.
- Our anti-corruption training is mandatory for all managers, and non-managerial colleagues as appropriate, and we provide in-person training to managers in-house.
- Managers are held accountable for their conduct.
- We are committed to observing our fundamental values and ethical standards in everything we do in order to provide our stakeholders with the honest and ethical work environment they deserve.

Sustainability Reporting

We make our stakeholders aware of the company's ethical policies, compliance programs and related training programs. We educate our Principles of Responsible Business on employment, human rights, environment and supplier conduct as well as our Human Rights commitment and Policy Statement. Our Sustainability Reporting is therefore segregated into the following categories.



1. Our Guests

We are passionate and fully Committed to our vision. "Know Our Guests, Build Great Memories." We inform and make it easy for our guests to participate in Responsible Business Activities at our hotel.



2. Our People

Grand's success as a global leader in prestige hotel is highly dependent on our ability to attract and retain an engaged, diverse and high performing Workforce. In 2014/15, we focused on retaining employees through engaging with our people and targeted retention initiatives.



3. Environment

We are committed to becoming a role model amongst hospitality operators for environmental impact, awareness and reduction especially in the light of a sensitive natural environment that we operate which is a baseline of our brand image.



4. Health & Safety

Investing in programs that help our colleagues, guests and neighbours adopt and support healthy lifestyles.



5. Supply Chain

We strive to purchase products that have a reduced environmental impact during their lifecycle, from suppliers that demonstrate environmental and social responsibility.



6. Community

The on-going success of our operations is reliant on the constructive relationships we form with the communities in which we operate. Throughout the year we continued to deliver against targets set in the company's Reconciliation Action Plan, which includes a number of commitments relating to the areas of education, employment, governance, business development and cultural awareness.

We strive to purchase products that have a reduced environmental impact during their lifecycle, from suppliers that demonstrate environmental and social responsibility.

Sustainability Report contd.



1. Our Guests

The Grand Hotel Nuwara Eliya enjoys an unrivalled position in Sri Lanka that blend a glorious colonial past and contemporary settings. Meeting our immaculately dressed Doorman is the defining moment of the day as he courteously guides you to the check in lounge.

The Guests are served with warm towels and a Vanilla flavoured tea which rejuvenate them to a great degree. If a guest checks in during the evening hours he is complemented with a sumptuous vegetable soup instead.

While these traditions continue unhindered, the guests are ushered thro' the opulent corridors to the rooms by trendily dressed Front Desk Agents. The Grand Hotel offers 154 distinctively well-appointed rooms that include bravura Suites.

Grand Hotel beckons all guests to join our guided Hotel tour conducted by our Guest Relations Officers. The guests are caressed by the balmy breeze of Nuwara Eliya and continue their stride in and around the Hotel tirelessly. Lush landscapes festooned with beautiful flowers and verdant trees welcome you all the way through your journey. Grand Hotel brings to life the art and embellishments seen around the Hotel. Drawn from the inspiration of Sir Edward Barnes the architecture exudes regal opulence.

Late In the evening guests savour a luscious High Tea at the iconic Tea lounge rejoicing with their families experiencing the gracious hospitality by our professional staff. The High Tea provides a sensory journey venturing beyond the palate. Grand Hotel is of enduring value with an instilled ethic of personalised service.

Guests staying in our Suites can now take advantage of a PERSONALISED BUTLER SERVICE allowing every request to be catered to in a very respectful and unobtrusive manner. Available around the clock to guests staying in the Grand Hotel Suites whether it is ushering, unpacking luggage, pressing of garments, transportation, excursions or en suite dining the personalised Butlers will ensure that these services are synchronised extremely well.

The Guests celebrate Anniversaries, Birthdays in inimitable style. They are photographed furtively most of the time and copies are given at the time of departure as a pleasant surprise. Guests experience awe inspiring moments during their Anniversaries, Birthdays etc., The Guest Relations Officers culminate the day with cakes, well-crafted chocolates and bouquets. The Grand Hotel offers its guests every indulgence and caters to every whim.

Communication - Language Capability by Staff

We have employed staff with many language abilities.

No. of Employees	English	Sinhala	Tamil	Arabic	German	Hindi	Thai
5	-	✓	-	-	-	-	-
160	✓	✓	-	-	-	-	-
126	✓	✓	✓	-	-	-	-
1	✓	-	-	-	-	-	✓
1	✓	-	-	-	-	✓	-
65	-	✓	✓	-	-	-	-
1	✓	✓	-	-	✓	-	-
1	✓	✓	✓	✓	-	-	-
1	✓	✓	-	✓	-	-	-
1	✓	✓	-	✓	-	✓	-

Our multi lingual gregarious Front Desk Staff fuse well with guests all over the world. Guests travelling from the Middle Eastern countries feel at ease since the Staff converse well in Arabic language. Stupendous service and dedication towards guests surpass expectations since one of major clientele originating from the Middle Eastern continent is surprisingly chanced upon by our uniformed staff with a conversational ability in Arabic.

One of the grand treats of staying at The Grand Hotel is to experience the vernacular abilities of the Concierge. The Concierge understands the intentions and emotions of a guest splendidly. This is spontaneous than formulaic. Our Polyglots are considerate, attentive and communicate assertively. This shift fetches enormous number of repeat guests from the Middle Eastern region particularly requesting the Concierge by name. Concisely, there are colossal numbers of Guests who keep visiting Grand Hotel primarily because of the outstanding service and the language skills used by our staff.

Diverse options of delicious Cuisine will relish all guests regardless which restaurant they patronise. Each elegantly appointed restaurant provides a scrumptious cuisine with a soothing setting to appease the hunger.

Access for All

The Grand Hotel understands that each guest has different needs and we aim to make our hotel facilities available and accessible to all of our guests equally. In rare instances where this is not possible we will endeavour to offer a range of facilities for guests with a perspective on disability including:

- Designated car parking, accessible entrance, WC, accessible bedrooms.
- Induction loops can be arranged with advanced requests.
- Assistance dogs are welcome.



- Dedicated welcome desk and assistance with registration and portorage
- 02 dedicated accessible rooms with wet room facility for complete access, with 20 other rooms on the ground floor level
- Conference and banqueting facilities on ground floor with wide door access
- Magnolia All Day Dining Restaurant, Tea Lounge, the Garden Restaurant and Private Lounges have direct ground floor access.

SWOT Analysis of Food & Beverage Outlets at Grand Hotel

<p>Strengths</p> <ul style="list-style-type: none"> • All the restaurants are co-branded with the Grand Hotel Brand name which has a Global recognition. • Only place (Hotel) with a selection of specialty restaurants with Indian, Thai and other international cuisine served. • Renowned for serving best food among the round tour destinations. • Two of the outlets namely Grand Indian and Grand Thai restaurants are staffed with respective national Chefs. • Grand Tea Lounge serves 34 different varieties of specialty teas which is an icon for the tea country. • The Grand Coffee Bar is the only place in the region which serves an international brand "Nacha" Coffee with variety of specialty coffees. • 24 X 7 dining facility at Magnolia All Day Dining. • Grand Wine Bar offers more than 120 varieties of wines from all famous vineyards around the world. 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Limited seating capacity restricts the number of guests that could be entertained. • Frequent rainfall and cold weather restricts the movement of guests in the area. • During off peak seasons, relying on a small scale local clientele.
<p>Opportunities</p> <ul style="list-style-type: none"> • Growth in demand created by increasing room inventory in the area with new hotel facilities coming up. • Increasing interest and awareness among the local community of the high quality international cuisine. 	<p>Threats</p> <ul style="list-style-type: none"> • Difficulty in recruiting experienced specialized staff and retaining due to geographical location. • Depreciation of Rupee value and higher inflation results in escalation of cost of operation. • Increase in competitors.

- Overview
- Integrated Management Discussion
- Stewardship
- Financial Report
- Supplementary Information

Sustainability Report contd.



2. Our People

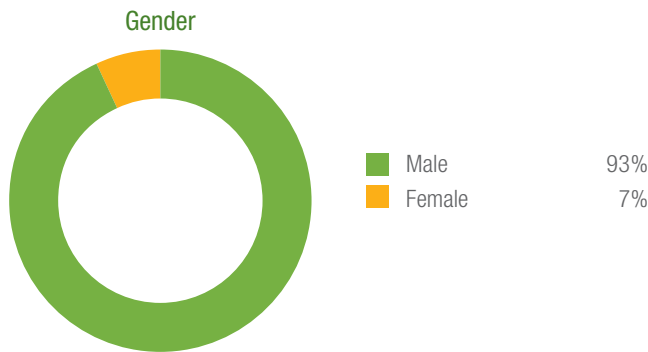
Promoting a positive Workplace Culture

Equal Opportunities

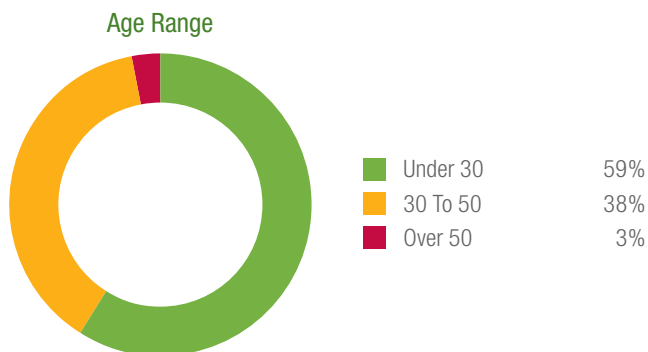
We are committed to give equal opportunities at all levels in our business, both at recruitment stage and through opportunities for promotion and development. At Group Level, we are working towards embedding a culture of performance management. This approach provides opportunities for employees and managers to discuss performance, opportunities for development and a chance to raise any issues or concerns. This reflects our commitment to treat everyone fairly and consistently, responding to their needs and supporting their career progression.

Hiring of Employees

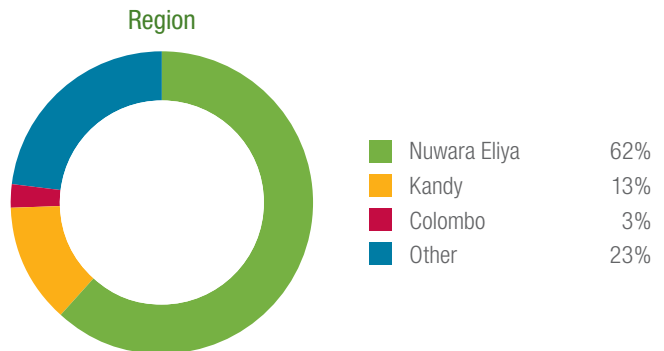
During the year the Hotel has hired 118 employees from different regions, age groups and gender as depicted below.



Age Range		
Under 30	30 To 50	Over 50
70	45	3
59%	38%	3%



Region			
Nuwara Eliya	Kandy	Colombo	Other
73	15	3	27
62%	13%	3%	23%

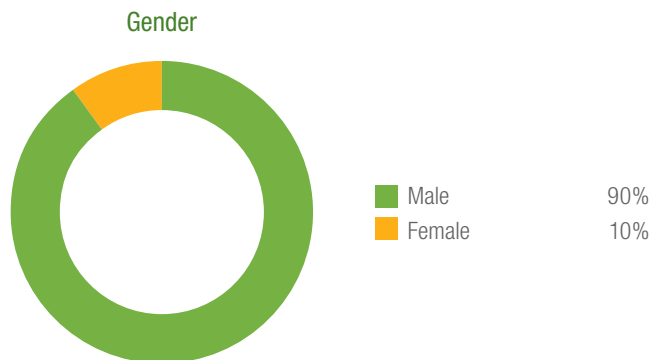


This shows that the Hotel was able to attract workers from all major regions of the island while giving priority to local youth in view of uplifting the quality of livelihood of the local community. Further attracting more employees from the region helped the company to maintain a low employee turnover and contributing in a productive way to the industry by giving the exposure and training to the rural youths.

Total staff cadre of the hotel at the end of the year is 370 and analysis of that too shows that the company has attracted diverse qualified employees.

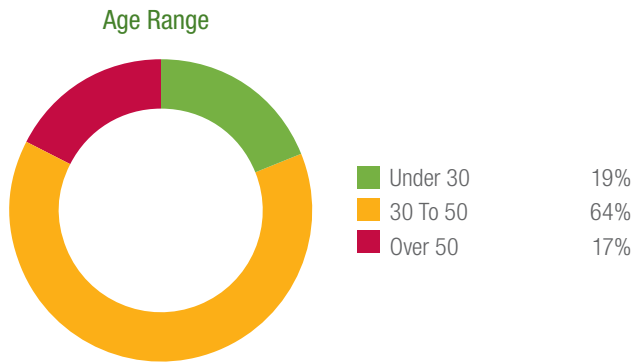
Total Staff Cadre

Gender	
Male	Female
327	36
90%	10%





Age Range		
Under 30	30 To 50	Over 50
69	232	62
19%	64%	17%



Performance Evaluation of Employees

The company conducts a regular performance evaluation on all employees annually. Based on the results of these evaluations, annual increments and promotions are awarded to employees. During the year 2014, annual performance appraisals carried out in the following manner and the percentage of employees receiving regular performance and career development reviews, by gender and by employee category is as follows.

Department	Male Employees	Female Employees	Total
House Keeping	40	3	43
Accounts	22	1	23
Kitchen	60	4	64
Farm/Garden	14	8	22
Human Resource	7	0	7
Grand Boutique	1	3	4
Front Office	20	5	25
Maintenance	23	0	23
Food & Beverage	32	1	33
	219	25	244

Average salaries of Employees by Gender

At the recruitment of employees, the company decides the basic salaries according to his/her previous experience and qualifications. When an employee joins as a Trainee, the company grants the minimum basic salary as per the Wages Board recommendation. However, when deciding the basic salaries, males and females are considered equally.

Below given is a chart describing the salary distribution among male and female non-executive staff by their location of operation. The assumed location for the purpose of this report is the respective departments defined in the administrative structure of the hotel.

Category	Male			Female		
	Nos	Total Salary	Average	Nos	Total Salary	Average
Accounts						
Supervisory / Clerical	21	280,019	13,334	1	13,620	13,620
Others	3	32,920	10,973	-	-	-
Head Office						
Supervisory / Clerical	1	19,328	19,328	-	-	-
Others	1	11,960	11,960	-	-	-
HR						
Supervisory / Clerical	2	28,300	14,150	1	11,000	11,000
Others	5	56,080	11,216	-	-	-
Grand Boutique						
Supervisory / Clerical	-	-	-	6	70,320	11,720
Others	1	12,920	12,920	-	-	-
Admin						
Supervisory / Clerical	2	50,000	25,000	-	-	-
Others	-	-	-	-	-	-
F&B						
Supervisory / Clerical	12	198,730	16,561	-	-	-
Others	42	512,400	12,200	2	21,320	10,660
Garden						
Supervisory / Clerical	1	21,000	21,000	-	-	-
Others	6	71,415	11,903	5	57,900	11,580
Farm						
Supervisory / Clerical	-	-	-	-	-	-
Others	7	81,510	11,644	3	33,480	11,160
Front Office						
Supervisory / Clerical	8	106,890	13,361	7	91,480	13,069
Others	14	174,776	12,484	-	-	-
Housekeeping						
Supervisory / Clerical	5	90,350	18,070	1	13,120	13,120
Others	39	467,083	11,976	-	-	-
Laundry						
Supervisory / Clerical	1	28,000	28,000	-	-	-
Others	11	135,932	12,357	3	36,160	12,053

Sustainability Report contd.

Category	Male			Female		
	Nos	Total Salary	Average	Nos	Total Salary	Average
Kitchen						
Supervisory / Clerical	16	338,862	21,179	1	16,340	16,340
Others	41	524,715	12,798	4	50,800	12,700
Kitchen Stewarding						
Supervisory / Clerical	2	38,200	19,100	-	-	-
Others	19	210,060	11,056	-	-	-
Maintenance						
Supervisory / Clerical	7	138,497	19,785	-	-	-
Others	17	218,539	12,855	-	-	-
	284	3,848,486	13,551	34	415,540	12,222

Grievance Handling Mechanism

Employees have the freedom to bring their grievances directly to the General Manager, Resident Manager and the Human Resource Manager in order to get reasonable solutions. It is noted that any grievances during the period had got resolved at the Head of Departments level, hence not got recorded under a formal grievance handling mechanism.

Incidents of Discrimination

Discrimination in a workplace can come in many forms, including sexual harassment, race, religion and ethnic discrimination. The Hotel has taken proper steps to prevent discrimination and encouraging harmony and cooperation among the employees through propagation of a culture of tolerance, accepting differences and fair thinking among employees. Therefore matters relating to discrimination did not arise during the period 2014/15 to address.

Security Personnel Trained in the Organisation's Human Rights Policies or Procedures that are Relevant to Operations

The Security services for the Hotel is provided by a sister company of the same group namely "Security Ceylon (Pvt) Limited. Therefore, the Company has retained a better control over the policy framework of its security services provider. The Security personnel of this Hotel is well aware of the Human rights policies and how to apply of same appropriately during issues relating to employees.

They have received comprehensive training in order to safeguard the company's movable and immovable property. In addition to this, they are always vigilant with regard to safety of the Hotel Guests. Most of the Security personnel are former Servicemen.

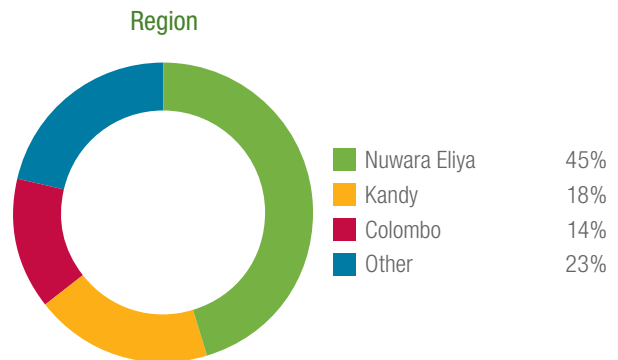
Grievances about Human Rights Impacts

The company has a process of grievance handling and all employees are made adequately aware of the procedures to be followed in case of them being subjected to any grievances. Neither during the period 2014/2015 nor period prior, the management did receive any grievances from employees.

Respect for Diversity and an Inclusive Culture

Our employees come from all over the country with different cultural backgrounds and have diverse skill sets and attributes that are necessary to run a diversified hotel operation, and more importantly, to explore future growth opportunities around the world. To benefit from diversity, an organisation needs to have an inclusive environment where everyone feels respected. We provide this by instilling the spirit of mutual respect, understanding and unity at the workplace. We value people's differences and our diverse culture means we respond to challenges more effectively as individuals, as communities, and as a business.

Region			
Nuwara Eliya	Kandy	Colombo	Other
163	65	51	84
45%	18%	14%	23%



Employee Benefits

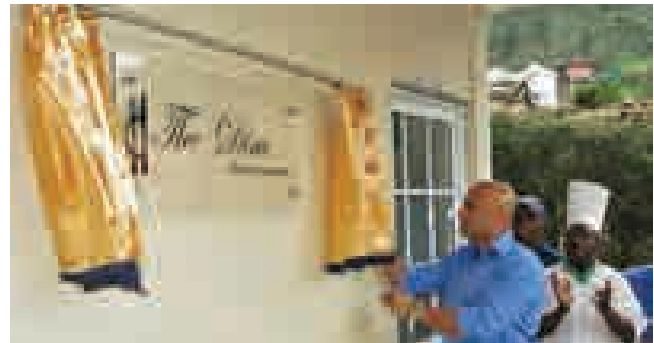
1. “Where Service Begins” – The new staff dining facility

The Dining Facility for the Staff, “The Dine” was constructed at a cost of approximately Rs.18 million and was declared open by the Managing Director, Mr. Gerard Ondaatjie on 12th May 2014. The new dining facility with the theme “Where Service begins” offers an excellent atmosphere for staff to relax and have their meals, while watching TV or listening to music. The buffet provided to the staff has also been upgraded while offering a selected a’ la carte choice of accompaniments such as Omelettes, fried fish, devilled chicken, beef and desserts such as watalappan, cream caramel or yoghurt at a very nominal rate for staff to order and consume.

Adjacent to the Dining facility is the Learning Centre consisting of a Training Room with seating capacity for 40 persons equipped with all the necessary training gears such as Multimedia projectors, OHPs, Flip charts etc. The Other room in the Learning Centre comprises of a Computer Laboratory equipped with three computers, wi-fi facilities to enable staff for self-learning. Within the same compound a library is also operational.



New Staff Dining Room



New Dining Room Opening



Sustainability Report *contd.*

2. Staff Welfare Day

The Grand Hotel Staff Welfare Society annually organises a family get together and this year it was held on 28th September at the Nuwara Eliya Municipal Council Grounds. Majority of the staff along with the families participated at this fun filled day which consisted of games, entertainment and delicious food. There were gifts for all the children and Prizes were awarded to the staff members who took part in the different individual and team events conducted during a span of two months. A special addition to this years' Welfare day was a 20 over Cricket Match organized between the Grand Hotel Cricket Team and the CSN Cricket Team. The match was telecasted on the CSN channel.

Cost of Staff Welfare Day	2013/14 Rs.	2014/15 Rs.
Staff day meals	282,500	320,000
Children's Gifts	196,500	125,245
Gifts for Staff	239,358	-
Staff day other expenses	64,064	139,000
Total Expenses incurred	782,422	699,165



Staff Family get-together



Staff sports day



3. Recognition of Service: Grand Excellence Awards

In the history of Grand Hotel in its existence for 123 years, an impressive Ceremony to recognise and appreciate the services rendered by the staff for a long period of time was held for the very first time on 24th October 2014 at the “Barnes Hall” amidst a large gathering of staff, the recipients, and their families. A theme song was composed for which the lyrics were written by a veteran journalist of Nuwara Eliya, Mr. Shelton Hettiarachchi and the music composed by the well-known and respected singer Visharada Rohana Weerasinghe, who in person sang the theme song at the Award Ceremony.

The Guest Speaker at the Ceremony was Prof. Sarath Wijesuriya, an eminent professor. There were 61 staff members who had completed more than 10 years of service and they were awarded trophies, Certificates and Cash prizes according to the category of years. (I.e. 10 years, 15 years, 20 years and 25 years) The idea of conducting this type of ceremony to recognise the staff was mooted by the Managing Director. The Employees of the year (Front Line and Back of the house) too were recognised at this ceremony.



Grand excellence awards day, Chief guest



Them song by Dr. Rohana Weerasinghe



Grand excellence awards recipients and their families



Grand excellence awards recipients



Sustainability Report contd.

4. Annual Staff Trip

One of the most looked forward to events of the staff is the Annual Staff Trip, where the staff are provided a two day trip to a place of their choice. Majority of the staff participate in these trips, which is conducted in three batches so that the operation of the hotel is carried out without any hindrance. The staff trip for the year was to Yala, Kataragama and the Kiri Vehera. The night out was at “Aranya” in Yala.

	2013/2014	2014/2015
No. of Staff who participated in the trip	119	114
Expenditure	Rs. 406,050	Rs. 422,400



5. Staff Welfare and Concessionary Loans

The Hotel Welfare Society is playing a major role with regard to employee's basic requirements. The Society and its committee always welcome employees with new ideas relating to uplift the Society by generating more funds in order to provide more returns to the Members. Further, loans are granted to all employees on request from the Welfare Society. Maximum of Rupees Fifteen Thousand can be obtained by an employee at a concessionary rate of 7% interest per annum. This amount was increased from Rupees Ten Thousand to Rupees Fifteen Thousand in 2014.

Loans granted to the Members are as follows:

Year	Amount Disbursed (Rs.)	No. of beneficiaries
2010/11	1,110,000.00	60
2011/12	1,550,000.00	155
2012/13	1,520,000.00	152
2013/14	2,155,000.00	192
2014/15	2,580,000.00	172

In addition to this, the society has a scheme of granting an interest free distress relief loan for members. During the year 2013 / 14, the Society has increased the loan amount an employee can obtain from Rs. 10,000.00 to Rs. 25,000.00.

Distress Loans granted to the Members are as follows:

Year	Amount Disbursed (Rs.)	No. of beneficiaries
2010/11	140,000.00	14
2011/12	140,000.00	14
2012/13	70,000.00	7
2013/14	55,000.00	11
2014/15	515,000.00	22

6. Staff Health Care sponsored by the Company

All employees are covered under Workmen's Compensation Policy. Compensations shall be paid to an employee in respect of an injury caused due to an accident arising out of and in the course of employment or disease which is of an occupational origin. For all occupational accidents or diseases, the company bears the medical expenses.

All senior and junior Executives are covered under a Surgical & Hospital Expenses Insurance Policy. In addition to the employees, spouses and children too are covered under this scheme.

Details of Medical Benefits paid are as follows.

Rs. 101,941.00 – 2010/11
 Rs. 440,932.00 – 2011/12
 Rs. 326,030.00 – 2012/13
 Rs. Nil – 2013/14
 Rs. Nil – 2014/15

7. Provision for Retirement Gratuity

An employee who has completed five years' service shall be paid a gratuity on cessation of his/her employment irrespective of whether he/she has retired, resigned or his services have been terminated. For that, every financial year the relevant amount is provided in the company's



Financial Accounts in order to meet the liability in the event of any future payment of Gratuity. In addition, EPF benefits also being paid on cessation of employment within a period of one month as the company maintains a private Provident Fund. ETF withdrawal forms are forwarded by the company to the ETF board in order to claim the ETF benefits.

8. Parental Leave

Every female employee is allowed 84 working days leave with pay in the confinement results in of a live child. A female employee is entitled to utilise leave up to a maximum of 14 days prior to confinement and the balance of leave after confinement.

Entitlement

Male	Female	Total
N/A	84	84

Employees that took parental leave in 2014/15

Male	Female	Total
N/A	01	01

Employees who returned and were still employed 12 months after their return.

Male	Female	Total
N/A	NIL	NIL

Since the Hotel does not engage temporary and part time employees, disclosing of standard benefits for the same are not applicable.

Employer - Employee relations

Whilst recognizing that employees are our most important assets, there is no discrimination shown while recruiting employees to the team. We always closely monitor procedures of recruitment, Wage policy, conducting training programs, employee promotion policy, policies of employment termination, retirement, welfare activities and any other aspect of the employment relationship in order to give equal opportunities regardless of race, colour, sex and religion.

We always ensure the Safety and Hygiene of every employee and best occupational health and safety practices are always followed. Appropriate attention is always paid to occupational hazards specific to this industry and assured that a safe and hygienic work environment is provided. Effective regulations are implemented to prevent accidents and minimize health risks as much as possible.

In order to provide employees the duty meal, a newly built, restaurant themed dining hall with a show kitchen was opened in May 2014 with all modern facilities and named it as "The Dine". In addition to the Buffet Meal

served at the Dine, an ala carte menu also in operation at a very reasonable price. Evening and Morning Tea also served at the same venue. A hot and cold water filter has been installed to provide safe drinking water to the Staff. At all times, two staff members are allocated at "the Dine" in order to ensure the cleanliness and orderliness of the place.

Also, we give an opportunity of training facilities for the Students who are joining the Hotel through National Apprentice Industrial and Training Authority (NAITA) and from Sri Lanka Institute of Tourism and Hotel Management (SLITHM). Students enrol through NAITA are undergoing training for a period of Two and Half years and students from SLITHM is undergoing training for a period of six months. Presently our NAITA trainee cadre is fifteen. After completion of their training, to provide them employment opportunities on their requests, we absorb them in to our staff cadre to fill the vacant positions if any.

Promotions and increments are granted to our employees based on their performance. Annual performance appraisals are done on all employees in order to recognise the better performers. Based on the results of their appraisal, the company decides the levels of annual increments and promotions to the employees.

Holidays are granted to all employees as per Shop and Office Act. 14 days Annual Leave, 07 days Casual Leave and Weekly Holidays are granted. In addition, Medical leave is granted on the discretion of the Management.

Each and every employee is provided with accommodation on requirement. Bachelor employees are provided with Bachelor accommodation with all basic facilities. Depending on seniority, married employees are also provided with family accommodation. Bachelor and Married accommodation facilities are provided for the Executive Staff as well.

To give due recognition to the long staying employees, and to motivate the entire work force, the company organised a grand award ceremony in October 2014 for the employees who served the company for ten years and more. Here all eligible employees were awarded with cash awards and valuable mementos as follows.

No. of Years' Service	No. of Recipients	Amount Per Recipient Rs.	Total Amount Awarded Rs.
10 Years	16	10,000.00	160,000.00
15 Years	24	15,000.00	360,000.00
20 Years	13	20,000.00	260,000.00
25 Years	08	25,000.00	200,000.00
Total			980,000.00

Furthermore, to make the event more colourful, a celebrity musician and a key note speaker were invited to grace the occasion. The Hotel intends to repeat this awarding ceremony every three years in the future.

Sustainability Report contd.

Participating and Sponsoring Annual Religious Observances

Buddhist Religious Observances - “Annual Pirith Pinkama”

The Annual Pirith Pinkama was held on 17th March 2015 with the participation of 35 Buddhist Clergy representing all the temples in and around the Nuwara Eliya region. Conducting of all the four main religious observances annually portrays Grand Hotels’ belief in providing an equal opportunity and respect for all religions.

	2013/14 Rs.	2014/15 Rs.
Donation to the Temple	50,000	50,000
Offerings to the Clergy	61,126	37,000
Organising Expenses including Dana	52,838	36,961
Total Expenses incurred	163,964	123,961



Hindu Religious Observances - "Saraswathy Pooja"

The Annual Saraswathy Pooja to invoke Blessings on Grand Hotel, the Management and the Staff was held on 29th September with the Pooja being conducted by Kurukkal Krishnamoorthy. This year too saw a large gathering of school children, Managers of several financial institutions, senior officers of the Police Department, prominent businessmen of Nuwara Eliya devoutly participating in this religious observance to invoke blessings from Goddesses Durga, Luxmy and Saraswathy.

	2013/14 Rs.	2014/15 Rs.
Offering to the Clergy	9,000	10,000
Organising Expenses and Refreshments	67,920	70,930
Total Expenses incurred	76,920	80,930



Sustainability Report contd.

Muslim Religious Observances

The Muslim Religious observance was held on 12th May with the Managing Director, Mr. Gerard Ondaatje and Group Financial Controller Mr. M I Shahabdeen graced the occasion The Sermon, reciting of the Duwa were led by Moulavi Mohamed Raafi.

	2013/14 Rs.	2014/15 Rs.
Offering to the Clergy	10,000	10,000
Organising Expenses and Refreshments	13,255	14,212
Flower Arrangements	6,000	8,000
Total Expenses incurred	29,255	32,212





Christian Religious Observances - Annual Thanksgiving Mass

The Annual Thanksgiving Mass was celebrated on 7th November 2014 at the “Barnes Hall” amidst a large gathering of parishioners of the St. Xavier’s Church, Nuwara Eliya and other communities belonging to other Christian denominations. The Holy mass was concelebrated by Very Rev. Fr. Milroy Fonseka, Vicar of the Kandy Diocese. This year too, more than 600 people devoutly attended the Holy Mass which is one of the most sought after religious events of the Nuwara Eliya Parish.

	2013/14 Rs.	2014/15 Rs.
Offering to the Clergy / Church	53,925	48,500
Organising Expenses and Refreshments	72,124	48,500
Total Expenses incurred	126,049	97,000

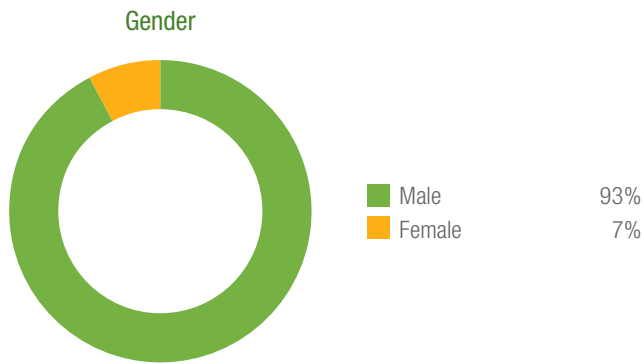


Sustainability Report contd.

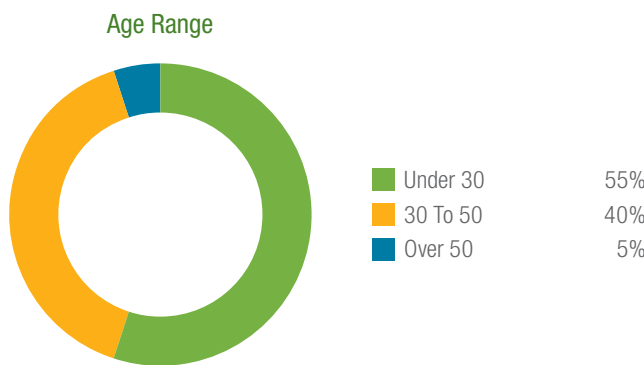
Employee Turnover

An analysis of the Company's Employee turnover shows a very much closer trend to the total composition of the different category of staff cadre of the Hotel. Most of the staff left during the year is due to finding better prospects in overseas employment and attraction of the growing tourism industry in the country. In total 98 employees left in this manner during the year.

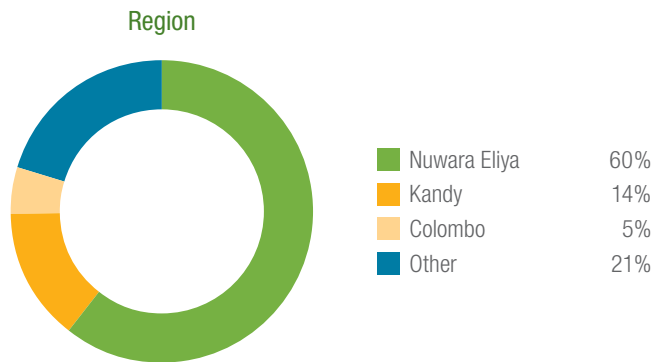
Gender	
Male	Female
91	7
93%	7%



Age Range		
Under 30	30 To 50	Over 50
54	39	5
55%	40%	5%



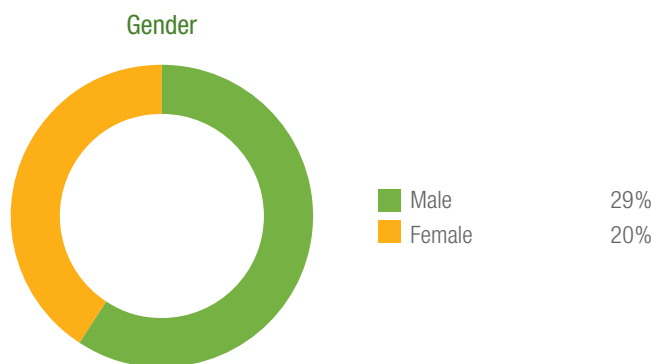
Region			
Nuwara Eliya	Kandy	Colombo	Other
59	14	5	20
60%	14%	5%	21%



Employee Turnover Rate

The Company's employment Turnover Rate during the year was 26%, Compared to last year 24%.

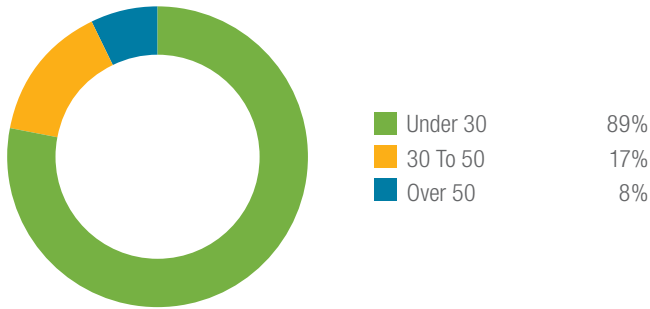
Gender	
Male	Female
29%	20%





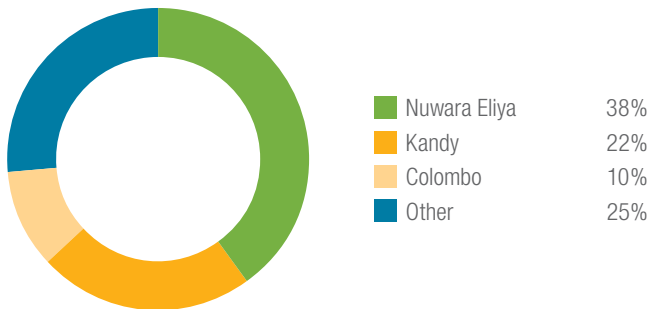
Age Range		
Under 30	30 To 50	Over 50
89%	17%	8%

Age Range



Region			
Nuwara Eliya	Kandy	Colombo	Other
38%	22%	10%	25%

Region



Sustainability Report contd.

Ensuring sustainability of Company performance through staff training

Training of the staff on all aspects of hotel operations including environmental protection, health and safety and guest relations is essential to ensure a sustainable operation.

In house Training programs are carried out from time to time by the Heads of Department and Executives which are a necessity in a dynamic and demanding entity. The Resident Manager of the Hotel is conducting training programs for all staff according to a pre scheduled time table periodically.

Following table contents shows the training hours carried out by the hotel during the year and average training hours per employee.

Month	No. of Hours	No. of Employees Attended						Employee Category					
		Total	Employee hrs	Male	Male hrs	Female	Female hrs	Managerial	Managerial hrs.	Supervisory	Supervisory hrs.	Others	Others hrs.
Apr-14	7.5	80	600	73	547.5	7	52.5	3	22.5	23	172.5	54	405
May-14	9	101	909	96	864	5	45	0	0	39	351	62	558
Jun-14	10.5	218	2289	200	2100	18	189	30	315	46	483	142	1491
Jul-14	10.5	116	1218	109	1144.5	7	73.5	32	336	29	304.5	55	577.5
Aug-14	11.5	97	1115.5	87	1000.5	10	115	19	218.5	27	310.5	51	586.5
Sep-14	18	135	2430	124	2232	11	198	24	432	26	468	85	1530
Oct-14	15	65	975	65	975	0	0	8	120	4	60	53	795
Nov-14	16.5	121	1996.5	114	1881	7	115.5	7	115.5	15	247.5	99	1633.5
Dec-14	10.5	127	1333.5	115	1207.5	12	126	6	63	24	252	97	1018.5
Jan-15	1.5	9	13.5	6	9	3	4.5	1	1.5	5	7.5	3	4.5
Feb-15	5.5	49	269.5	49	269.5	0	0	1	5.5	4	22	44	242
Mar-15	1.5	9	13.5	7	10.5	2	3	0	0	1	1.5	8	12
Total	118	1,127	13,163	1,045	12,241	82	922	131	1,630	243	2,680	753	8,854

	Training Hours
Average training hours per employee	11.68
Average training hours per male employee	11.71
Average training hours per female employee	11.24
Average training hours per managerial employee	12.44
Average training hours per supervisory employee	11.03
Average training hours per supervisory employee	11.76



The skills management program

The Company has introduced programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.

The company's skill management programme includes the following criteria in order to ensure its employees are awarded with lifelong skill uplifting.

- Regular on the job training sessions are conducted by the head of departments.
- Internal Training courses conducted by the Resident Manager.
- Arranging external training programs for specialised areas for selected employees locally and an overseas.
- The hotel has arranged two of its employees namely, Mr. Kelum Perera, Food & Beverage Executive and Mr. Chandana Udayasiri, Sous Chef a paid overseas exposure and training opportunity at the Le Meridien, Dubai in their respective fields.
- In addition Mr. M A M Riyad and Mr. Ransara Illangasinge, Accountants were enrolled on a five day seminar series on Accounting Standards conducted by the Chartered Institute of Sri Lanka.
- Arranging selected employees to engage in foreign employment in the same fields with assurance to re employ on return.
- Encouraging young employees to enroll in Hotel schools to get their theoretical knowledge upgraded, ensuring their future growth in the field.

Retiring employees are paid their due terminal benefits stipulated by the country's law within a month from the retirement or termination. This includes Employees Provident Fund (EPF) and Gratuity. The company maintains its Private Provident fund contributed to the respective accounts of the fund on a monthly basis. In addition the company contributes to the Employees Trust Fund (ETF) too for the employee to get the benefits the fund offers. EPF and ETF are contributed as a percentage of the salary of all employees and the Gratuity is paid based on the years of service and the amount of the salary the employee concerned drew at last.

Members of the senior management make sure to converse with every retiring employee to give them the support required mentally to adjust to their retired life. Further the company always considers the possibility of offering employment to a suitable member from their family to support their household. Likewise, the company has offered employment to widows and children of deceased employees to provide livelihood for their families.

Learning & Development at Grand

All training and development activities are planned for a period of 12 months commencing from 1st April 2014, and will be designed to achieve medium and long term objectives of the company.

The hotel carries out all its training activities based on the Learning and Development policy.

Learning & Development Policy

The Grand Hotel will provide opportunities for employees of all levels to develop their skills, knowledge and attitudes so that they achieve a level of professionalism and excellence in their respective disciplines. Periodic evaluations of competencies will be conducted to ascertain the level of conformity to the prescribed performance standards.

The following guidelines are laid out for the Training programs.

1. All Learning activities will be coordinated by the Executive Secretary (ES), and will be under the purview of the Resident Manager (RM).
2. All new recruits will be taken through an Induction Program which will be conducted through a period of 45 days.
3. Training Needs Analysis has to be done by the relevant Heads of Departments, and forwarded to the Executive Secretary.
4. A Learning Plan has to be developed with the training inputs for each respective department, and other target groups.
5. The Resource persons for the Learning programs will be sourced from within the hotel and when necessary from outside.
6. Designated Trainers will be appointed from each department. (Please see Role description of DT)
7. All Learning material including Power Point presentations, handouts, and videos will be made available to staff via 02 Computers located in the Learning Centre Library.
8. Nominating for learning sessions is the direct responsibility of the relevant HOD, and nominations should reach the Executive Secretary 05 days before the particular session.
9. Each staff member will be issued a Learning Record by the Executive Secretary, and they need to be updated and kept with the staff member and produced during their Performance Appraisal.
10. Where necessary, evaluation of Technical skills of staff will be conducted through written test/ practicals, etc., before the month of December of each year.

Sustainability Report contd.

Training Programs Conducted for the Financial Year 2014/15

Month of April

Date	Topic	Category	Male	Female	Total	Conducted by
1st	Role of Security	Security staff	07	01	08	Mr. Tyrone David
3rd	Role of Security	Security staff	07	-	07	Mr. Tyrone David
28th	Personal Grooming and Etiquette	All Staff	40	06	46	Mr. Tyrone David
29th	Personal Grooming and Etiquette	All Staff	19	-	19	Mr. Tyrone David

Month of May

Date	Topic	Category	Male	Female	Total	Conducted by
1st	Role of Concierge	FO staff	10	03	13	Mr. Tyrone David
3rd	Attributes of a waiter	FnB staff	15	-	15	Mr. Tyrone David
4th	Attributes of a waiter	FnB staff	19	01	20	Mr. Tyrone David
13th	Supervisory Techniques	Supervisory	21	01	22	Mr. Tyrone David
28th	Use of Chemicals	Laundry, HK & Kitchen Staff	31	-	31	External Resource Person from S & D Associates

Month of June

Date	Topic	Category	Male	Female	Total	Conducted by
1st	Upselling	FnB Staff	27	-	27	Mr. Lakshman Silva
2nd	Tourism Today and Tomorrow	All Staff	75	08	83	Mr. Tyrone David
3rd	Tourism Today and Tomorrow	All Staff	60	07	67	Mr. Tyrone David
17th	Presentation Skills for Managers	Executives	24	01	25	Mr. Tyrone David
25th	Maintenance Standards in Hotels	Maintenance staff	08	-	08	Mr. Jaliya Wijeratne
26th	Maintenance Standards in Hotels	Maintenance staff	08	-	08	Mr. Jaliya Wijeratne
29th	Grand Induction Program	All new Recruits	06	02	08	Mr. Tyrone David

Month of July

Date	Topic	Category	Male	Female	Total	Conducted by
11th	Laundry Operations	Laundry Staff	11	02	13	Mr. Haris
15th	Finance for Non Finance Managers	Executives	25	01	26	Mr. Nazeem Mohamed
24th	Why Food Hygiene is important	F&B, Stores & Maintenance	20	-	20	Mr. Tyrone David
30th	Telephone Etiquette	All Staff	32	02	34	Mr. Tyrone David
31st	Telephone Etiquette	All Staff	21	02	23	Mr. Tyrone David



Month of August

Date	Topic	Category	Male	Female	Total	Conducted by
01st	Grand Induction Program	All new Recruits	08	-	08	Mr. Tyrone David
19th	Key Result areas of HR	Executives	18	01	19	Mr. Tyrone David
26th	Grand Induction Program	All new Recruits	09	03	12	Mr. Tyrone David
21st	Clean of Guest Sanitation Facilities	HK staff	05	-	05	Mr. M S K Ranasinghe
22nd	Clean of Guest Sanitation Facilities	HK staff	06	-	06	Mr. V Jesudason
23rd	Clean of Guest Sanitation Facilities	HK staff	07	-	07	Mr. M S K Ranasinghe
24th	Clean of Guest Sanitation Facilities	HK staff	10	-	10	Mr. M S K Ranasinghe
25th	Clean of Guest Sanitation Facilities	HK staff	10	-	10	Mr. M S K Ranasinghe
28th	Grand Induction Program	All new Recruits	01	03	04	Mr. Tyrone David
29th	Grand Induction Program	All new Recruits	09	-	09	Mr. Tyrone David

Month of September

Date	Topic	Category	Male	Female	Total	Conducted by
8th	Service Etiquette	Front Line Staff	13	04	17	Mr. Tyrone David
9th	Service Etiquette	Front Line Staff	06	04	10	Mr. Tyrone David
14th	Introduction to wine	FnB Staff	12	-	13	Mr. Lakshman Silva
15th	Introduction to wine	FnB Staff	15	01	16	Mr. Lakshman Silva
17th	What is Cleaning and Cleaning Methods	HK Staff	15	-	15	Mr. M S K Ranasinghe
18th	What is Cleaning and Cleaning Methods	HK Staff	12	-	12	Mr. M S K Ranasinghe
23rd	Basic Concepts of Marketing	Executive	19	01	20	Mr. Tyrone David
25th	Role of Security	Security staff	07	-	07	Mr. Tyrone David
26th	Role of Security	Security staff	07	01	08	Mr. Tyrone David

Month of October

Date	Topic	Category	Male	Female	Total	Conducted by
19th	Coffee and its preparation	F&B staff	05	-	05	Mr. Namal Dissanayake
20th	Coffee and its preparation	F&B staff	12	-	12	Mr. Namal Dissanayake

Sustainability Report contd.

Month of November

Date	Topic	Category	Male	Female	Total	Conducted by
2nd	Spirits and Beer	F&B Staff	11	01	12	Mr. Tyrone David
3rd	Spirits and Beer	F&B Staff	12	-	12	Mr. Tyrone David
09th	Evaluation Test of Front Office Staff	All Front Office staff	11	07	18	Mr. Tyrone David
10th	Evaluation Test of Housekeeping staff	All HK staff	22	-	22	Mr. Tyrone David
11th	Evaluation Test of F&B Staff	All F&B Staff	27	02	29	Mr. Tyrone David
25th	Productivity	All Staff	31	06	37	Mr. Tyrone David
26th	Productivity	All Staff	34	03	37	Mr. Tyrone David

Month of December

Date	Topic	Category	Male	Female	Total	Conducted by
1st	Grand Induction Program	All Staff	19	-	19	Mr. Tyrone David
4th	Cuts of Vegetables	F&b & Kitchen staff	30	04	34	Sous Chef Attanayake & Chef de partie W M M Weerasinghe
5th	Cuts of Vegetables and Fish	F&b & Kitchen staff	22	02	24	Sous Chef Attanayake & Chef de partie W M M Weerasinghe

Month of January

Date	Topic	Category	Male	Female	Total	Conducted by
01st	Grand Induction Program	All Staff	07	-	07	Mr. Tyrone David
3rd	Quality Callers – Telephone Etiquette	Front Office	12	03	15	Mr. Tyrone David
04th	Quality Callers – Telephone Etiquette	Front Office	06	03	09	Mr. Tyrone David

Month of February

Date	Topic	Category	Male	Female	Total	Conducted by
12th	Basic Cleaning Methods	HK staff	14	01	15	Mr. M S K Ranasinghe
13th	Introduction about HK Department and Cleaning Agents	New Staff of HK	08	01	09	Mr. M S K Ranasinghe
14th	Greeting	HK Staff	09	-	-	Mr. Chandana
15th	Grand Induction Program	All Staff	10	01	11	Mr. Tyrone David
15th	How to clean Public Washrooms	New Staff of HK	04	01	05	Supvr. Wasantha



Specialised Training Programs

a. Butler Training – Conducted by Mr. Masthooq from the Maldives

A comprehensive two weeks training (Full time) for the six Butlers identified including the Chief Grand Master was held at the hotel from 28th September 8th October. After this training, the Butlers who are known as Grand Masters were taken through a 5 weeks cross exposure program covering all departments.

b. Coffee Training

A comprehensive full time training program was carried out by Trainers from Café Gallery (Pvt.) Limited, Thailand. The participants for this program were 08 staff members including an executive, who were selected to work in the newly opened Coffee Bar. The program consisted of areas such as Coffee, its origin, the culture, and specially the preparation of specialty coffees and coffee infused beverages. A module on customer care was also included.

Training Evaluation

The following forums and activities are carried out to evaluate the training program.

1. Daily briefings
2. Monthly management meeting
3. Year End written and practical test
4. Observations of actual on-the-job situations
5. Analysis of Guest comments.

The Evaluation of training activities can best be achieved through a multi-faceted approach, and at the Grand Hotel, the above mentioned activities are carried out for this purpose. The daily briefing is a forum where the previous day's performance is assessed, and a more comprehensive discussion is held at the monthly management meeting, where all guest comments and observations by the executive team are brought forward.

Sustainability Report contd.

Employee Safety

Worker Health and Safety Committee

The Company's Health and Safety Committee always liaises with the Manager of the Maintenance Section and the Deputy Engineer who are attached with the Management. Employees engaged in hazardous work are provided with suitable personal protective equipment such as gloves, goggles, ear protectors, respirators etc., as necessary.

6% out of the total work force representing the Health and Safety Committee.

A comprehensive training program is conducted by the Fire Department of the Municipality, Colombo with regard to Fire Safety annually.

In addition, all the Heads of Departments are advised to emphasize and train on occupational safety on a regular basis.

Employment Injury

- (a) The company has a system of recording and responding to occupational injuries etc. through the Heads of Department, where they have to give written notice of any industrial accident which results in receiving injuries or makes an employee unconscious as a result of heat exhaustion, electrical shock or inhalation of poisonous fumes or gases.
- (b) There were no cases recorded during the year of any work related fatalities to independent contractors to whom the Hotel is liable for general safety.

Date	Designation	Type of Injury	Gender		Department	No of Days Lost
			M	F		
21.05.2014	Cool Room Technician	Sprain	M	-	Maintenance	02
30.05.2014	Commi II	Fracture	M	-	Kitchen	07
17.06.2014	Commi II	Burn Injury	M	-	Kitchen	02
02.08.2014	Kitchen Helper	Chemical Splash	M	-	Kitchen Stewarding	05
03.11.2014	Kitchen Helper	Cut Injury	M	-	Kitchen Stewarding	11
06.11.2014	Pantry man	Chemical Splash	M	-	Kitchen	04
13.12.2014	Commi I	Fracture	M	-	Kitchen	36
14.12.2014	Kitchen Helper	Burn Injury	M	-	Kitchen Stewarding	07
01.02.2015	Kitchen Helper	Bruise	M	-	Kitchen Stewarding	05
20.02.2015	Utility Worker	Swelling	M	-	Utility Worker	03
Total						82



3. Environment

Environmental Policy

The Environmental policy of Grand is to understand the natural environment that it operates in and ensures sustainability with that environment while Hotel operations ensue.

Overview of the Strategy and Action Plan

At the beginning of 2012 Grand Hotel reviewed each area of their environmental policy. The main focus for 2014/15 is on reducing consumption and improving efficiency in our Energy and Waste Management processes. The strategy is to investigate and implement new technology or practices to reduce levels and to agree on-going best practice.

Improvement in Its Environmental Impact

The aim is to work towards continuous improvement in environmental management and performance by employees and to encourage support from customers. Approach to the environment is guided by a number of principles with which all hotels are required to comply.

Principles

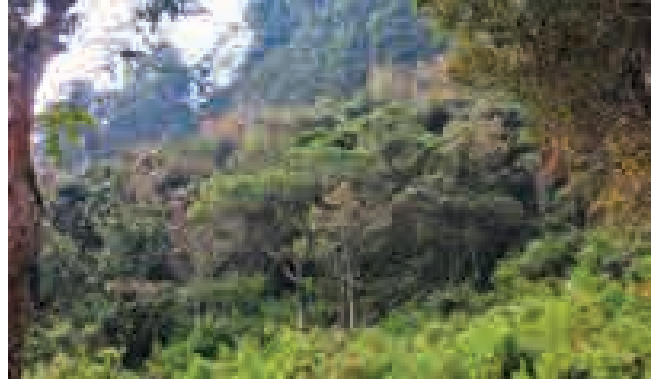
- The Managing Director, assisted by the Hotel's Green Team sets out the responsibility for environmental performance and develops and maintains an adequate system of management, measurement and improvements.
- The Green Team is made up of key individuals from all departments, the team regularly meets to discuss ideas and implementation.
- All actions comply with relevant regulations.
- Business is conducted with due regard to the environment, its habitats and biodiversity.
- The business operations are regularly assessed for compliance with policy, performance and achievement of targets.
- Environment considerations are taken into account in all major business decisions.
- Employees are encouraged to work in an environmentally responsible manner.
- Suppliers are encouraged to operate in an environmentally responsible manner, their products, goods method of delivery and usage are all consistently reviewed.
- Where appropriate, encourage support from customers by providing them with products and services that are environmentally responsible in use.
- Customers are made aware of all environmental policies in the specific areas where they are in direct contact.

The Sustainability Strategy Adopted

1. Understanding the environment.
2. Identifying the impact to the environment from our operations.
3. Controlling the impact to the Environment.
4. Contribution towards preserving the Environment.

Sustainability Report contd.

Understanding the Environment



Introduction

The Grand Hotel is a British Colonial style luxury hotel which is over 120 years old. Grand Hotel is situated in the high elms of Nuwara Eliya (known as “Little England”), has a heritage exceeding 150 years and was the residence of Sir Edward Barnes, Governor of Sri Lanka during 1830 to 1850. The Hotel has 154 elegantly designed Rooms including 3 Presidential Suites, 3 Junior Suites equipped with all modern amenities but maintaining the traditional colonial charm and beauty.

Geographic location & Climate

Location: Central Province / Nuwara Eliya District / Nuwara Eliya
Coordinates: 6058'06.00 N & 80045'54.00 E
Land extent: 15 Acres (0.06 Km²)
Temperature: mean = 160C
Annual rainfall: 1900mm
Altitude: 1,868m (6,128 ft.)

Protected Areas and Areas of High Biodiversity Value

The following protected areas are in close proximity to the hotel.

- Hakgala Strict Nature Reserve - 9 km
- Pidurutalga Forest Reserve - 2 km
- Bomburella Forest Reserve - 6 km
- Galwaysland National Park - 1.5 km

The Grand Hotel is blessed with an array of micro Ecosystems such as natural forests, water streams, farm land and home gardens which makes various habitats ideal for a diversity of life. The Hotel operation which is confined to about 4 acres of the entire land extent has very minimal or no negative effect on the diverse species of plant and animals and their habitats. On the contrary, the ongoing operation of the hotel has been beneficial to adjoining ecosystems as the hotel protects and manages these areas, which are visited by selected visitors as Birders, botanists, horticulturists and other special interest groups

Habitats Protected and Restored by Grand Hotel



As shown in the aerial image, the hotel maintains 02 patches of land with total extent of approximately 07 acres. The larger forest patch is located adjacent to the farm and is above 6,200ft above sea level, and features the characteristics of a cloud forest. The smaller patch is at a lower altitude, situated near the residential staff quarters and other private residences. These two areas are rich in biodiversity and are in fact are home to a number of endemic and IUCN Red listed species of Fauna and Flora.

Endangered & Endemic Species Found in Forest Patches Protected by the Hotel

Birds

Sri Lanka Jungle fowl, Sri Lanka Wood Pigeon, Sri Lanka Yellow Eared Bulbul, Sri Lanka White Eye, Sri Lanka Bush Warbler, Sri Lanka Scimitar Babbler, Sri Lanka Dull Blue Flycatcher

Reptiles

Rhino Horned Lizard, Black Lipped Lizard, Pygmy Lizard, Common Rough side Snake

Butterflies

Sri Lanka Tiger

Dragonflies

Sri Lanka Metallic-backed Reedling

Amphibians

Small Eared Shrub Frog, Bronzed Frog

Mammals

Purple faced Leaf Monkey, Leopard

Flora Species

Strobilanthes calycina, Cinnamomum ovalifolium, Neolitsea fuscata, Litsea ovalifolia

Fauna of the Grand Hotel Environment

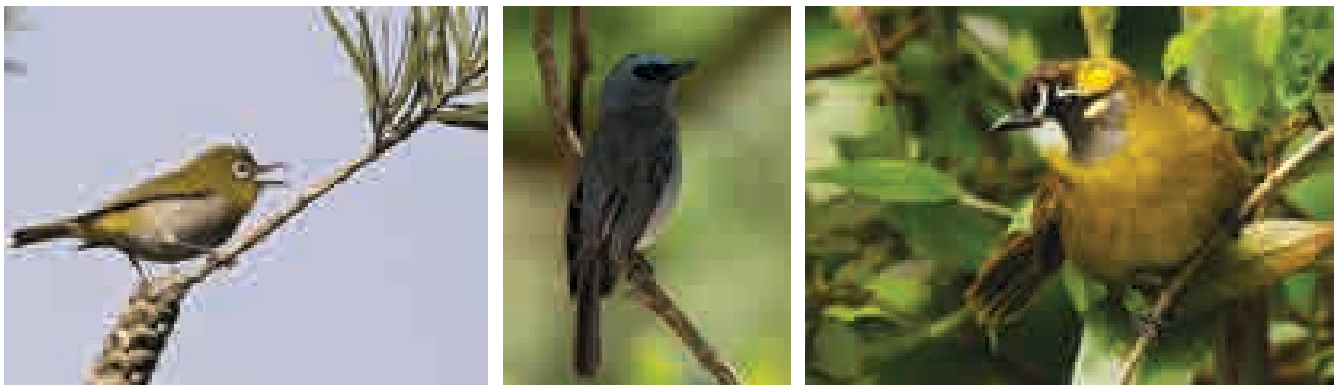
A total of 86 faunal species were recorded at the premises. This included both (28) invertebrates (Dragonflies, Butterflies) and (58) vertebrates (Amphibians, Reptiles, Birds, and Mammals). Among the recorded faunal species, 21 were endemic to the island. The information regarding the Species include the NCS (National Conservation Status) and the GCS (Global Conservation Status)

Sustainability Report contd.

Birds

As a tropical island Sri Lanka has recorded more than 480 bird species, which includes Resident and Migratory species. Nuwara Eliya is among one of the best places to watch some rare migrants and endemic birds in Sri Lanka.

The remaining natural forest adjacent to the farm and the Hotel garden provides a rich diversity of habitats for birds. Although this is not a recognized place to go for bird watching the Hotel does offer good opportunities to see nearly 7 endemic birds of Sri Lanka including rare threatened species. A total number of 40 bird species were recorded from the Hotel premises including the farm. Further, 8 migratory bird species were also recorded among the different habitat types found in the premises.



	Common Name	Family	Scientific Name	NCS	GCS	Remarks
01	Sri Lanka Junglefowl	Phasianidae	Gallus lafayetii	Least Concerned	Least Concerned	Endemic
02	Little Cormorant	Phalacrocoracidae	Phalacrocorax niger	Least Concerned	Least Concerned	
03	Brahminy Kite	Accipitridae	Haliastur Indus	Least Concerned	Least Concerned	
04	Crested Serpent Eagle	Accipitridae	Spilornis cheela	Least Concerned	Least Concerned	
05	Shikra	Accipitridae	Accipiter badius	Least Concerned	Least Concerned	
06	Common Pigeon	Columbidae	Columba livia		Least Concerned	
07	Sri Lanka Wood Pigeon	Columbidae	Columba torringtoni	Vulnerable	Vulnerable	Endemic
08	Spotted Dove	Columbidae	Stigmatopelia chinensis	Least Concerned	Least Concerned	
09	Emerald Dove	Columbidae	Chalcophaps indica	Least Concerned	Least Concerned	
10	Rose-ringed Parakeet	Psittacidae	Psittacula krameri	Least Concerned	Least Concerned	
11	Greater Coucal	Cuculidae	Centropus sinensis	Least Concerned	Least Concerned	
12	Scarlet Minivet	Camphephagidae	Pericrocotus flammeus	Least Concerned	Least Concerned	
13	Bar-winged Flycatcher-shrike	Camphephagidae	Hemipus picatus	Least Concerned	Least Concerned	
14	Brown Shrike	Laniidae	Lanius cristatus			Migrant
15	Large-billed Crow	Corvidae	Corvus macrohynchos	Least Concerned	Least Concerned	
16	Great Tit	Paridae	Parus major	Least Concerned		
17	Ashy Prinia	Cisticolidae	Prinia socialis	Least Concerned	Least Concerned	
18	Red-vented Bulbul	Pycnonotidae	Pycnonotus cafer	Least Concerned	Least Concerned	

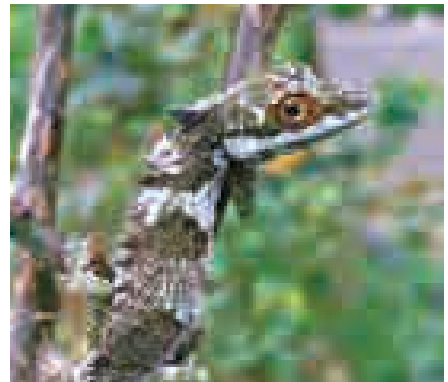
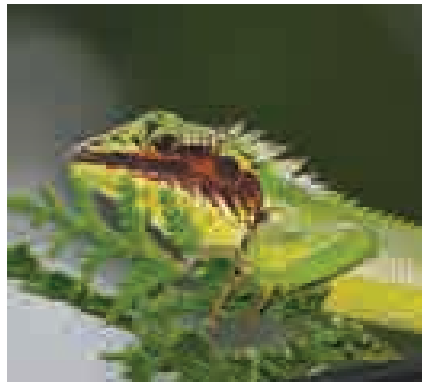


	Common Name	Family	Scientific Name	NCS	GCS	Remarks
19	Sri Lanka Yellow eared Bulbul	Pycnonotidae	Pycnonotus penicillatus	Vulnerable	Near Threatened	Endemic
20	Common Tailorbird	Sylviidae	Orthotomus sutorius	Least Concerned	Least Concerned	
21	Sri Lanka Bush Warbler	Sylviidae	Bradypterus palliseri	Endangered	Near Threatened	Endemic
22	Blyth's Reed Warbler	Sylviidae	Acrocephalus dumetorum			Migrant
23	Greenish Warbler	Sylviidae	Phylloscopus trochiloides			Migrant
24	Large-billed Leaf Warbler	Sylviidae	Phylloscopus magnirostris			Migrant
25	Sri Lanka Scimitar Babbler	Timaliidae	Pomatorhinus melanurus	Least Concerned	Least Concerned	Endemic
26	Dark-fronted Babbler	Timaliidae	Rhopocichla atriceps	Least Concerned	Least Concerned	
27	Sri Lanka White Eye	Zosteropidae	Zosterops ceylonensis	Near Threatened	Least Concerned	Endemic
28	Velvet-fronted Nuthatch	Sittidae	Sitta frontalis	Least Concerned	Least Concerned	
29	Common Myna	Sturnidae	Acridotheres tristis	Least Concerned	Least Concerned	
30	Pied Thrush	Turdidae	Zoothera wardii			Migrant
31	Indian Blue Robin	Muscicapidae	Luscinia brunnea			Migrant
32	Oriental Magpie Robin	Muscicapidae	Copsychus saularis	Least Concerned	Least Concerned	
33	Kashmir Flycatcher	Muscicapidae	Ficedula subrubra			Migrant
34	Sri Lanka Dull-blue Flycatcher	Muscicapidae	Eumyias sordidus	Vulnerable	Near Threatened	Endemic
35	Grey-headed Canary Flycatcher	Muscicapidae	Culicicapa ceylonensis			
36	Pale-billed Flowerpecker	Dicaeidae	Dicaeum erythrorhynchos	Least Concerned	Least Concerned	
37	Loten's Sunbird	Nectariniidae	Nectarinia lotenia	Least Concerned	Least Concerned	
38	House Sparrow	Passeridae	Passer domesticus	Least Concerned		
39	Scaly-breasted Munia	Estrildidae	Lonchura punctulata	Least Concerned	Least Concerned	
40	Grey Wagtail	Motacillidae	Motacilla cinerea			Migrant

Sustainability Report contd.

Reptiles

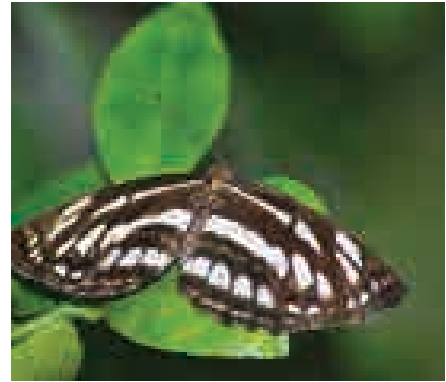
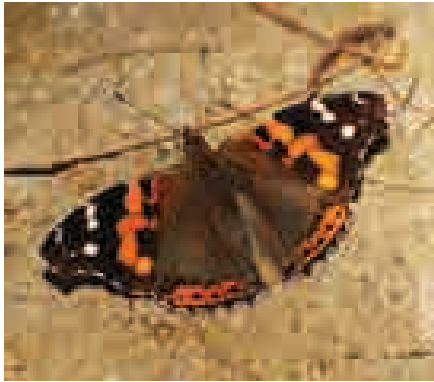
There are 208 species of reptiles recorded in Sri Lanka including 116 endemic species. In that six reptile species belonging to four families were recorded in the hotel area. The most notable observation is all four species are endemic & nationally endangered as per IUCN Red List of 2012.



		Family	Scientific Name	NCS	GCS	Remarks
01	Common Roughside Snake	Natricidae	<i>Aspidura trachyrocta</i>	Endangered	Least Concerned	Endemic
02	Rat Snake	Colubridae	<i>Ptyas mucosa</i>	Least Concerned		
03	Indian Cobra	Elapidae	<i>Naja naja</i>	Least Concerned		
04	Black-lipped Lizard	Agamidae	<i>Calotes nigrilabris</i>	Endangered		Endemic
05	Rhino-horned Lizard	Agamidae	<i>Ceratophora stoddartii</i>	Endangered		Endemic
06	Pygmy Lizard	Agamidae	<i>Cophotis ceylanica</i>	Endangered		Endemic

Butterflies

There are 245 species of Butterflies recorded in Sri Lanka of which 26 are Endemic. As the Grand Hotel situated in the hill country, about 24 butterfly species belonging to five families have been recorded from the various habitats within the premises. Among them some butterflies are migratory species and 2 endemic species.



		Family	Scientific Name	NCS	GCS	Remarks
01	Blue Mormon	Papilionidae	Papilio polymnestor	Least Concerned		
02	Blue Bottle	Papilionidae	Graphium sarpedon	Least Concerned		
03	Lime Butterfly	Papilionidae	Papilio demoleus	Least Concerned		
04	Common Mormon	Papilionidae	Papilio polytes	Least Concerned		
05	Common Albatross	Pieridae	Appias albina	Least Concerned		
06	Sri Lanka Lesser Albatross	Pieridae	Appias galene	Least Concerned		Endemic
07	Jezebel	Pieridae	Delias eucharis	Least Concerned		
08	Small Grass Yellow	Pieridae	Eurema brigitta	Least Concerned		
09	Sri Lanka Tiger	Nymphalidae	Parantica taprobana	Endangered	Near Threatened	Endemic
10	Indian Fritillary	Nymphalidae	Argynnis hyperbius	Endangered		
11	Indian Red Admiral	Nymphalidae	Vanessa indica	Endangered		
12	Painted Lady	Nymphalidae	Vanessa cardui	Vulnerable		
13	Chocolate Soldier	Nymphalidae	Junonia iphita	Least Concerned		
14	Common Sailor	Nymphalidae	Neptis hylas	Least Concerned		
15	Common Indian Crow	Nymphalidae	Euploea core	Least Concerned		
16	Common Evening Brown	Nymphalidae	Melanitis leda	Least Concerned		
17	Leopard	Nymphalidae	Phalanta phalantha	Least Concerned		
18	Glassy Tiger	Nymphalidae	Parantica aglea	Least Concerned		
19	Dark Cerulean	Lycaenidae	Jamides bochus	Least Concerned		
20	Red Pierrot	Lycaenidae	Talicauda nyseus	Least Concerned		
21	Lime Blue	Lycaenidae	Chilades lajus	Least Concerned		
22	Common Dartlet	Hesperiidae	Oriens goloides	Near Threatened		
23	Wallace's Swift	Hesperiidae	Borbo cinnara	Least Concerned		
24	Ceylon Snow Flat	Hesperiidae	Tagiades japetus	Least Concerned		

Sustainability Report contd.

Dragonflies

Out of 120 species of dragonflies recorded in Sri Lanka, 4 species belonging to 02 families were recorded which included one endemic damselfly species.



		Family	Scientific Name	NCS	GCS	Remarks
01	Sri Lanka Metallic-backed Reedling	Lestidae	Indolestes divisus	Endangered		Endemic
02	Mountain Reedling	Lestidae	Indolestes gracilis	Vulnerable		
03	Red-veined Darter	Libellulidae	Sympetrum fonscolombii	Endangered		
04	Paddy field Parasol	Libellulidae	Neurothemis intermedia	Near Threatened	Least Concerned	

Amphibians

A total of 5 amphibian species were recorded throughout the area and four of them are endemic to Sri Lanka.



		Family	Scientific Name	NCS	GCS	Remarks
01	Common Toad	Bufoinae	Duttaphrynus melanostictus	Least Concerned		
02	Parker's ramanella	Microhylidae	Ramanella palmata	Critically Endangered	Endangered	Endemic
03	Sri Lanka frog	Ranidae	Fejervarya greenii	Endangered	Endangered	Endemic
04	Bronzed frog	Ranidae	Hylarana temporalis	Near Threatened		Endemic
05	Small eared shrub frog	Ranidae	Pseudophilautus microtypanum	Critically Endangered	Endangered	Endemic

Mammals:

A total of 07 species of mammal were recorded at the hotel which included three species that are endemic to Sri Lanka.



		Family	Scientific Name	NCS	GCS	Remarks
01	Toque Monkey	Cercopithecidae	Macaca sinica opisthomelas	Least Concerned	Endangered	Endemic
02	Purple faced Leaf Monkey	Cercopithecidae	Semnopithecus vetulus monticola	Endangered	Endangered	Endemic
03	Sambar Deer	Cervidae	Rusa unicolor	Near Threatened	Vulnerable	
04	Leopard	Felidae	Panthera pardus	Endangered	Near Threatened	
05	Palm Squirrel	Sciuridae	Funambulus palmarum	Least Concerned	Least Concerned	
06	Dusky-striped Jungle Squirrel	Sciuridae	Funambulu sobscurus	Vulnerable	Vulnerable	Endemic
07	Giant Squirrel	Sciuridae	Ratufa macroua	Least Concerned	Near Threatened	

Sustainability Report contd.

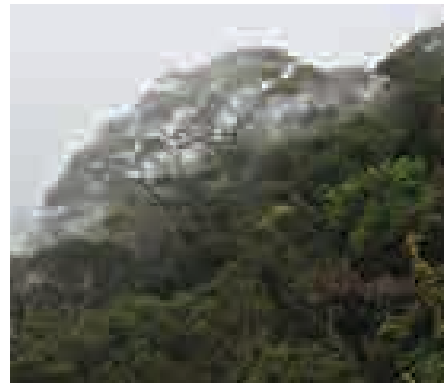
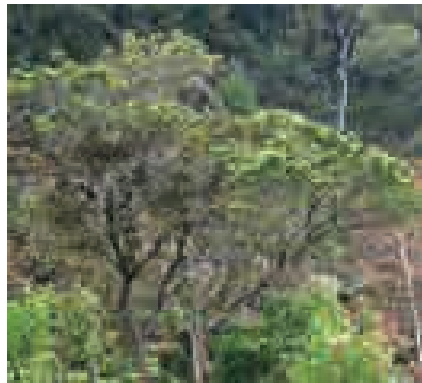
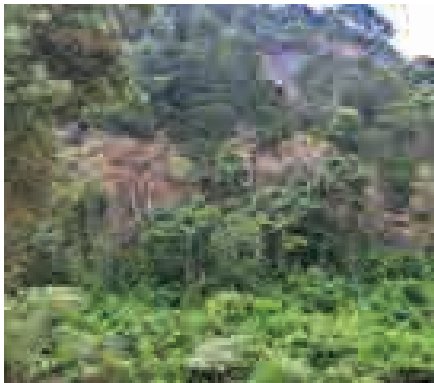
Flora of the Grand Hotel

In Sri Lanka the montane forests, also known as upper montane forests, occur at elevations beyond 1500 m above mean sea level. They share an average temperature of about 16 degrees Celsius and rainfall of above 2000 mm without any marked dry periods, and humidity above 80%.

It is characterized by a short canopy of about 13 m, with a dense shrub layer of about 3-4m. Gnarled and twisted trees with rounded (umbrella-shaped) crowns with tiny, leathery leaves to accommodate the strong winds that prevail.

A total of 49 flora species were recorded at the Grand Hotel and the Farm premises. This included both indigenous and introduced species. Among the recorded faunal species, 06 were endemic to the island. Among the recorded flora *Strobilanthes calycina*, *Cinnamomum ovalifolium*, *Neolitsea fuscata*, *Acacia mearnsii*, *Acacia melanoxylon* are the dominant trees and shrubs in the hotel.

The information regarding the Species includes the NCS (National Conservation Status) and the GCS (Global Conservation Status).



		Family	NCS	GCS	Remarks
01	<i>Strobilanthes calycina</i>	Acanthaceae	Least Concerned		Endemic
02	<i>Rauvolfia verticillata</i>	Apocynaceae			
03	<i>Zantedeschia aethiopia</i>	Araceae			Introduced
04	<i>Ageratina riparia</i>	Asteraceae			Introduced
05	<i>Erigeron karvinskianus</i>	Asteraceae			Introduced
06	<i>Bidens pilosa</i>	Asteraceae			Introduced
07	<i>Astroepatorium inulifolium</i>	Asteraceae			Introduced
08	<i>Jacaranda ovalifolia</i>	Bignoniaceae			Introduced
09	<i>Ipomoea indica</i>	Convolvulaceae			Introduced
10	<i>Cyperus papyrus</i>	Cyperaceae			Introduced
11	<i>Vaccinium leschenaultia</i>	Ericaceae	Vulnerable		
12	<i>Homalanthus populifolius</i>	Euphorbiaceae	Least Concerned		
13	<i>Glochidion pycnocarpum</i>	Euphorbiaceae			
14	<i>Ricinus communis</i>	Euphorbiaceae			Introduced
15	<i>Exacum macranthum</i>	Gentianaceae	Vulnerable		Endemic
16	<i>Aristea ecklonii</i>	Iridaceae			Introduced



		Family	NCS	GCS	Remarks
17	<i>Cinnamomum ovalifolium</i>	Lauraceae	Vulnerable		Endemic
18	<i>Neolitsea fuscata</i>	Lauraceae	Vulnerable		Endemic
19	<i>Litsea ovalifolia</i>	Lauraceae	Near Threatened		Endemic
20	<i>Lobelia leschenaultiana</i>	Lobeliaceae			
21	<i>Michelianilagirica</i>	Magnoliaceae	Vulnerable		
22	<i>Magnolia grandiflora</i>				Introduced
23	<i>Toona ciliata</i>	Meliaceae			Introduced
24	<i>Toonasinensis</i>	Meliaceae			Introduced
25	<i>Acacia mearnsii</i>	Mimosoideae			Introduced
26	<i>Acacia melanoxylon</i>	Mimosoideae			Introduced
27	<i>Psidiumguajava</i>	Myrtaceae			Introduced
28	<i>Psidiumcattleianum</i>	Myrtaceae			Introduced
29	<i>Callistemon lanceolatus</i>	Myrtaceae			
30	<i>Piper zeylanicum</i>	Piperaceae	Least Concerned		Endemic
31	<i>Polygonummolle</i>	Polygonaceae			Introduced
32	<i>Persicariachinensis</i>	Polygonaceae			Introduced
33	<i>Maesaindica</i>	Primulaceae	Least Concerned		
34	<i>Duchesneaindica</i>	Rosaceae			Introduced
35	<i>Rubusellipticus</i>	Rosaceae	Least Concerned		
36	<i>Rubusleucocarpus</i>	Rosaceae	Near Threatened		
37	<i>Prunuscerasoides</i>	Rosaceae			Introduced
38	<i>Prunuspersica</i>	Rosaceae			Introduced
39	<i>Photiniaintegrifolia</i>	Rosaceae	Least Concerned		
40	<i>Meliosmapinnata</i>	Sabiaceae	Vulnerable		
41	<i>Calceolaria chelidoniodes</i>	Scrophulariaceae			Introduced
42	<i>Solanumerianthum</i>	Solanaceae			Introduced
43	<i>Solanumjasminoides</i>	Solanaceae			Introduced
44	<i>Brugmansiaaurea</i>	Solanaceae			Introduced
45	<i>Cestrum elegans</i>	Solanaceae			Introduced
46	<i>Turpiniamalabarica</i>	Staphyleaceae	Least Concerned		
47	<i>Ternstroemiagymnanthera</i>	Theaceae	Least Concerned		
48	<i>Euryanitida</i>	Theaceae	Least Concerned		
49	<i>Alpiniaabundiflora</i>	Zingiberaceae	Least Concerned		

Sustainability Report contd.

Identifying the Impacts to the Environment from Our Operations

Energy Consumption

The primary source of energy used for the operation is Diesel and LP Gas, and Electricity. Diesel is used for Water heating, producing steam, transportation and for stand-by electricity supply, LP gas is used exclusively for cooking purposes, and electricity is used for illumination, heating and cooking and the operation of small hotel equipment. The energy consumption from these sources are given mega joules below.

Energy Consumption 2013 / 2014 and 2014 / 2015

	H/water Boiler	Laundry Boiler	Generator	Diesel Itrs.	Mega Joules	Electricity kwh	Joules	LP Gas Kg	Mega Joules	Total
2013/14	71,970	68,240	15,695	155,905	5,596,990	893,146	3,215,326	38,513	1,887,137	10,699,452
2014/15	80,609	92,356	31,152	204,117	7,327,800	1,119,293	4,029,455	43,064	2,110,136	13,467,391

	Diesel		Electricity		LP Gas		Total
	Diesel Itrs.	MJ	Electricity kwh	MJ	LP Gas Kg	MJ	MJ
2013/14	188,963	6,783,772	1,067,487	3,842,953	45,470	2,228,030	12,854,755
2014/15	204,117	7,327,800	1,119,293	4,029,455	43,064	2,110,136	13,467,391

Energy Consumption by Source – 2013/14 & 2014/15

	2013/14 (MJ)	2014/15 (MJ)
Diesel	6,783,772	7,327,800
Electricity	3,842,953	4,029,455
LP Gas	2,228,030	2,110,136
Total	12,854,755	13,467,391
Variance	612,636	

During the period in review, April 2014 to March 2015, the hotel has seen the creation of many new facilities and the improvements to existing facilities with a potential to affect a steep increase in the consumption of energy. However, careful planning and the mindful use of energy have resulted in only a modest increase in the overall energy consumption, in relation to the expansion. 03 restaurants and improving the illumination of the entire kitchen are among the energy hungry projects completed during this period. But the total energy used for year ending 31st March 2015 is 13,467,391 mega joules, which is a modest increase of 612,636 mega joules over the previous financial year.

The computations were made using procurement data for Diesel and LPG and the meter readings for electricity. The conversion formulas used were: Diesel – 01 Litre = 3.6 MJ, LPG – 01 Kg = 49 MJ and Electricity 01 Kilowatt Hour = 3.6 MJ.

Energy intensity

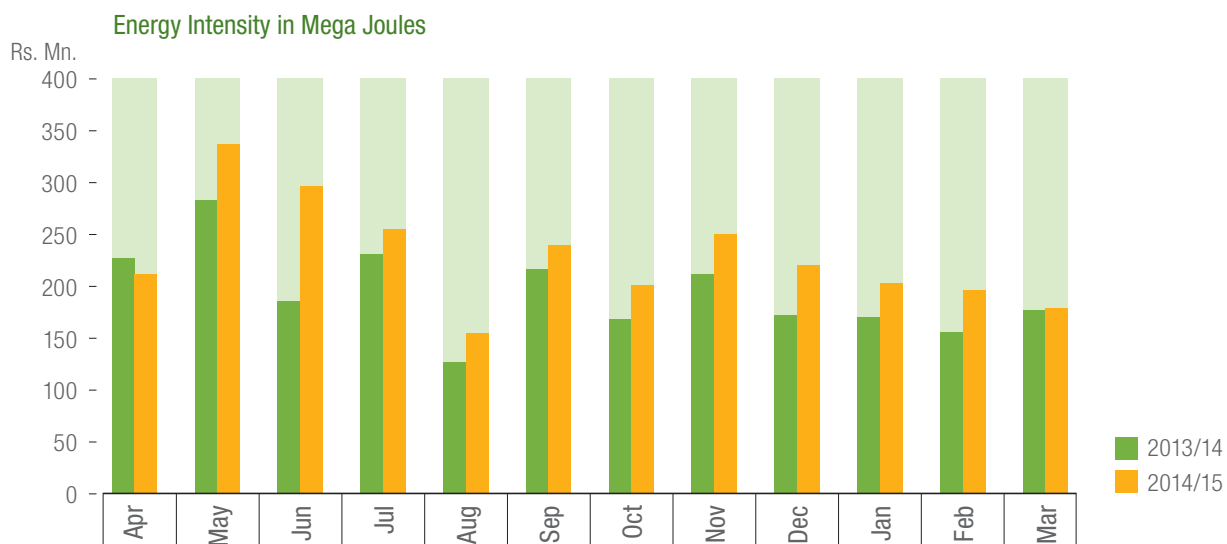
During the year in review the management has looked at ways of further reducing the consumption of energy, even though there were many additional areas made operational. The Thai Restaurant, the Coffee Bar and state-of-the-art staff restaurant were all made operational during the period in review. The ceiling and all light fixtures were redone in the hotel kitchen. Even with these new facilities and upgrades, the hotel was able to keep the energy consumption at a very manageable level, and in some months do better than the previous year.



Considering the nature of the operation, the number of guest nights was considered as the common denominator to compute the energy intensity. The monthly trend in the energy intensity shows an increase in the months with low occupancy a marked decrease in the months such as August and February which are high occupancy periods. This also demonstrates the fact that a substantial proportion of energy costs are fixed. For instance storage facilities, public area illumination, staff accommodation will consume energy irrespective of the occupancy. However, this index is extremely helpful in monitoring the energy usage on a monthly basis.

$$\text{Energy Intensity} = \frac{\text{Total number of energy consumed}}{\text{Total number of guest nights}}$$

Month	2013-2014			2014-2015		
	Mega Joules	Guest Nights	Energy Intensity	Mega Joules	Guest Nights	Energy Intensity
April	1,193,973	5,228	228	1,135,398	5344	212
May	802,823	2,824	284	863,443	2560	337
June	1,093,975	5,905	185	1,014,257	3410	297
July	961,411	4,155	231	1,029,419	4024	256
August	1,145,335	9,042	127	1,309,463	8436	155
September	1,031,579	4,743	217	1,014,958	4242	239
October	1,062,408	6,273	169	1,104,083	5450	203
November	1,057,422	5,002	211	990,367	3965	250
December	1,106,800	6,459	171	1,232,741	5562	222
January	1,243,725	7,328	170	1,334,320	6585	203
February	1,142,151	7,264	157	1,330,693	6800	196
March	1,013,152	5,733	177	1,108,250	6178	179
	12,854,755	69,956	184	13,467,391	62,556	215



Sustainability Report contd.

Energy Intensity Ratios for 2013/14 & 2014/15			
Year	MJ	Guest Nights	Energy Intensity
2013/14	12,854,755	69,956	183.75
2014/15	13,467,391	62,556	215.29

It must be noted that the service enhancements introduced during the period in review was not to increase the guest nights, but to add value to the guest experience of the hotel. Therefore a marginal increase from 183.75 to 215.29 in the intensity index is shown, which compared with the overall improvement in the guest experience is a commendable achievement.

Direct Greenhouse Gas (GHG) Emissions

The company measures the direct GHG emission on consumption of Electricity, Diesel and LP Gas. The emission levels of GHG during the last three years are as follows.

Carbon Foot Print in metric ton of CO ₂ e			
	2012/13	2013/14	2014/15
Electricity	631	632	630
Diesel	536	545	552
LP gas	132	129	125
Total	1,299	1,306	1306

The company does not deal in and monitors the biogenic CO₂ emissions and monitors direct GHG emissions which are applicable for the operation.

The base year selected is the financial year 2012/2013 as the company started monitoring and taken efforts in controlling the GHG emissions from the year 2012/2013.

The methodology and assumptions used in computing the GHG emission are as follows,

- Electricity 0.63 kg CO₂/kWh (assuming 70% thermal 30% hydro)
- LP Gas 2.9 kg CO₂/kg
- Diesel 2.7 kg CO₂/l

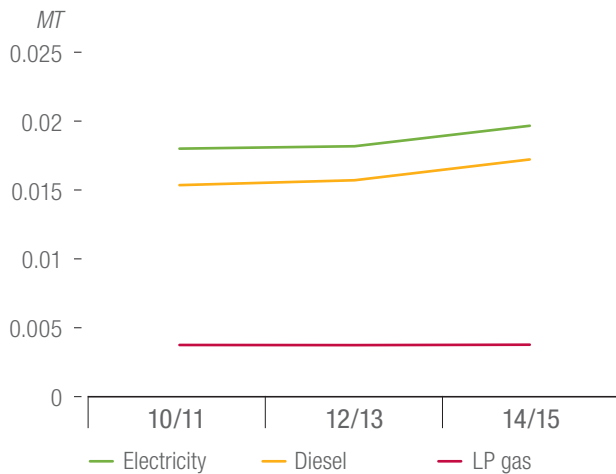
Greenhouse Gas (GHG) Emission Intensity

The company's GHG emission intensity ratios for the last three years are as follows.

Energy type	2012/13			2013/14			2014/15		
	GHG in metric ton	Occupancy Room Nights	Emission / Room night in metric ton CO ₂ e	GHG in metric ton	Occupancy Room Nights	Emission / Room night in metric ton CO ₂ e	GHG in metric ton	Occupancy Room Nights	Emission / Room night in metric ton CO ₂ e
Electricity	631	35,129	0.0180	632	34,782	0.0182	630	31,658	0.0199
Diesel	536	35,129	0.0153	545	34,782	0.0157	552	31,658	0.0174
LP gas	132	35,129	0.0038	129	34,782	0.0037	125	31,658	0.0039
	1,299	35,129	0.0370	1,306	34,782	0.0376	1,306	31,658	0.0413



Emission Intensity in Metric Ton of CO₂ e



The above emission intensity ratios are calculated by using the GHG emission by the energy type consumed as the numerator and the Occupied Room numbers as the denominator.

The company calculates the intensity ratio for the direct scope 1 emission during the respective years.

Waste Management at Grand Hotel

In keeping with the environmental policy of the Hotel, all waste matter is treated according to the concept of a waste hierarchy, which features prevention, minimisation, reuse, recycling, energy recovery and disposal. The most preferred action regarding waste will be prevention while disposal will be the least favoured option.



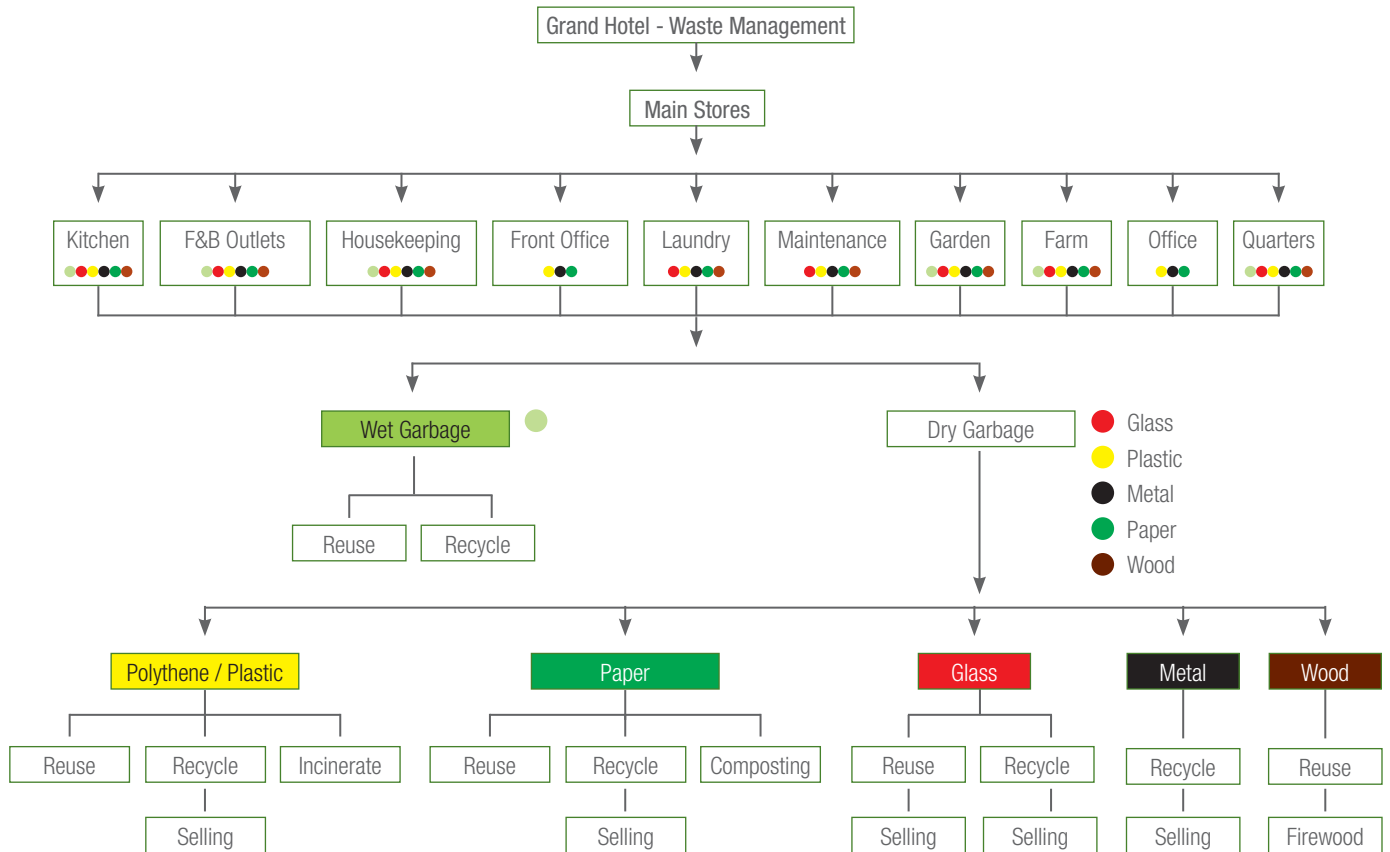
All waste produced by the Hotel operation is segregated at the site of production of waste or at the closest possible point. Liquid waste is treated by a Sewerage Treatment Plant, while all dry waste is sorted at the point of production and sent to the Waste Management Centre located at the back of the building. A part of the Wet Kitchen waste is used as Food for the 260 pigs in the Hotel farm, while other segregated waste material is taken away by the Municipality on a daily basis. The Hotel earns approximately Rs. 35,000/- per month by the disposal of waste, and uses the money to enhance and improve the working and living conditions of the staff members. All staff members are trained on the implementation of the Waste Management Plan, and the process is monitored daily and weekly, and reviewed by the management every month. The financial year 2014/15 has seen a significant decrease in the amount of waste that is sold to outside contractors due to the reduction in the use of polythene and cardboard as packaging items of supplies.

With the addition of 03 Food & Beverage outlets, namely the Grand Thai restaurant, Coffee Bar and The Dine staff restaurant the amount of waste has been kept at 164,111 kgs, due to the following process improvements.

- Minimising food wastage by increasing action stations in buffets. (A la minute preparation)
- Encouraging guests against wasting through notices in dining areas
- Minimising the use of polythene for packaging
- Ensuring better yields from suppliers of Fish, Meat and other perishables

Sustainability Report contd.

Hotel Waste Management



Waste Disposal - Comparison of 2013/14 & 2014/15

Month	Wet		Dry		Cardboard		Newspaper	
	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15
April	7,154	6,905	945	911	478	505	120	92
May	5,794	5,582	1,076	920	340	515	112	106
June	7,943	7,562	890	1,476	653	734	203	177
July	14,953	12,844	1,690	2,302	976	1,006	390	350
August	13,674	12,660	2,300	2,150	1,146	1,031	329	434
September	10,654	9,150	1,950	2,691	1,086	1,273	478	576
October	10,937	9,125	2,856	2,070	1,478	1,330	210	287
November	11,048	10,126	2,300	1,895	690	954	258	335
December	12,156	11,199	1,784	1,895	845	954	343	335
January	11,956	13,614	1,179	4,067	1,290	826.5	421	261
February	13,052	10,059	2,645	4,153	1,167	864	380	244
March	10,843	13,797	986	4,348	845	818	210	319
	130,164	122,623	20,601	28,878	10,994	10,811	3,454	3,516
Method of Disposal	Municipal Landfill				Recycle			

Grand Hotel - Waste Management Center



	Plastic Cans		Glass		Tin		Glass Bottles		Total	
	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15
	57	108	78	63	44	56	164	78	9,040	8,718
	140	123	56	77	124	60	75	103	7,717	7,486
	197	222	176	106	56	61	89	116	10,207	10,454
	397	559	144	157	127	138	196	234	18,873	17,590
	460	562	127	255	208	170	178	171	18,422	17,433
	521	541	206	257	105	138	203	251	15,203	14,876
	467	501	324	296	117	158	269	299	16,658	14,066
	489	535	265	267	195	177	304	256	15,549	14,545
	580	535	344	267	203	177	267	256	16,522	15,618
	520	623.5	134	196	165	198	256	33.5	15,921	19,820
	387	524	154	99	128	264	205	166	18,118	16,373
	489	353	211	108	195	163	285	236	14,064	20,142
	4,704	5,186	2,219	2,148	1,667	1,760	2,491	2,199	176,294	177,121
	Reuse						Recycle			

Sustainability Report contd.

	2013/14	2014/15
Waste Used for Landfill	150,765	151,501
Waste Sold to Contractor for Reuse	12,044	12,610
Waste Sold to Contractor for Recycling	13,485	13,010
	176,294	177,121

Re use of kitchen waste as farm feed

The Hotel operates a farm with a selection of crops including vegetables, fruits, herbs and flowers and farm animals including Milking Cows, Goats and Pigs. The Piggery accommodates more than 320 animals at any given time. This number of farm Pigs allows the hotel to reuse the food waste from the hotel kitchen and restaurants as pig-feed, which is by far the major proportion of feed used for Pigs. The Hotel farm records the weight of the kitchen waste received daily in Kilos. A daily average of 375 kg is received in this matter. During financial year of 2014 /2015 a total of 260,276 kg was used as input materials to the hotel kitchen, out of which 142,762 kg was used as pig feed. This represents a ratio of 54.85% of total input materials used as recycled input materials.

Perishable food items used per month - 2014/15

Meat & Fish	Veg & Fruit	Rice, Flour & Other Dry Foods			Total
		Rice (Kg)	Flour (Kg)	Other	
73,317	85,075	59,201	41,507	1,176	260,276

Percentage of total recycled input materials used

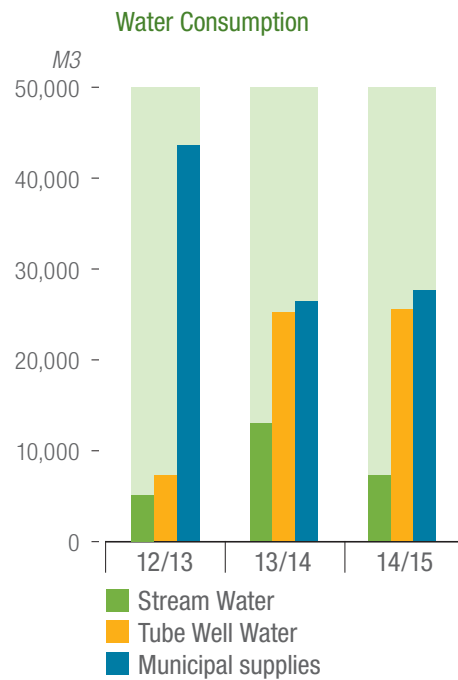
$$\frac{\text{Total recycled input materials used}}{\text{Total input materials used}} \times 100\%$$

$$\frac{142,762 \text{ kg (Total recycled materials used from April 2014 to March 2015)}}{260,276 \text{ Kg (Total input materials used from April 2014 to March 2015)}} \times 100\% = 54.85\%$$

Total water withdrawal by source

The company draws water for consumption from three different source viz, surface (natural stream), ground (Tube well) and Municipal water supplies. The hotel measures the volume of water drawn by different sources by fixing separate water meters. Below is the volume of water drawn from different sources in cubic meters.

	2012/13	2013/14	2014/15
Natural Stream Water	5,259	12,860	7,113
Tube Well Water	7,349	25,203	25,614
Municipal supplies	43,770	26,599	27,617
Water Consumption (M3)	56,378	64,662	60,344



The hotel has managed to reduce the water drawn from the Municipal supplies by increasing harvest from own sources of natural stream and the tube well.



Controlling the Impacts on the Environment

Reduction of Energy Consumption

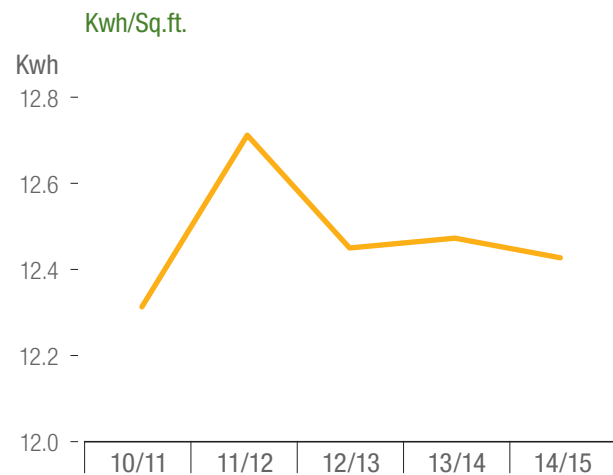
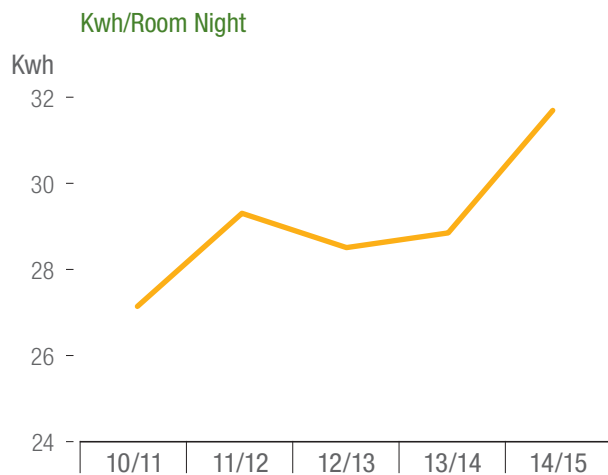
Electricity

Electricity is used in the hotel for illumination, operating machinery & equipment, heating and cooking purposes. By the nature of the industry, the hotel consumes its major amount of electricity on illumination. As such the company adopted following initiatives / methods to reduce the energy wastage in illumination.

- LED and CFL bulbs were introduced to replace in maximum possible way to minimise the usage of higher electricity consuming incandescent bulbs.
- Educating the staff continuously to change their behavior to conserve energy.
- Creating awareness among the guest to minimise the wastage of power.
- Usage of Power Key system to shut down the power when guests leave the hotel room.

An analysis of the electricity usage in the hotel is given below.

Financial Year	Kwh/year	Occupancy Room Nights	Total Floor Area Sq.ft.	Kwh/Room Night	Kwh/Sq.ft.
2010/2011	987,180	36,246	80,146	27.24	12.32
2011/2012	1,018,575	34,816	80,146	29.26	12.71
2012/2013	1,001,111	35,129	80,416	28.50	12.45
2013/2014	1,003,342	34,782	80,416	28.85	12.48
2014/2015	999,503	31,658	80,416	31.57	12.43

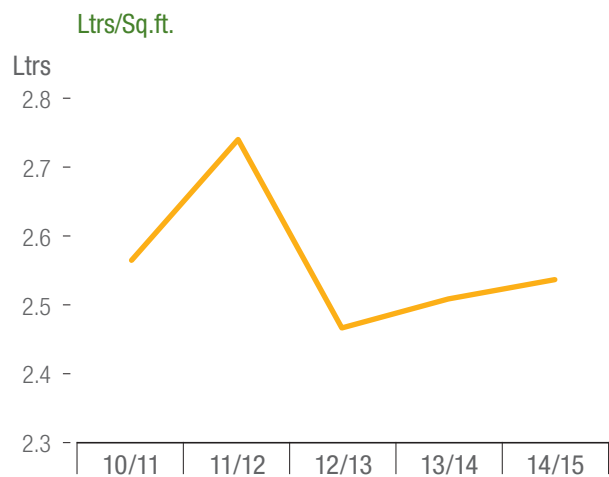
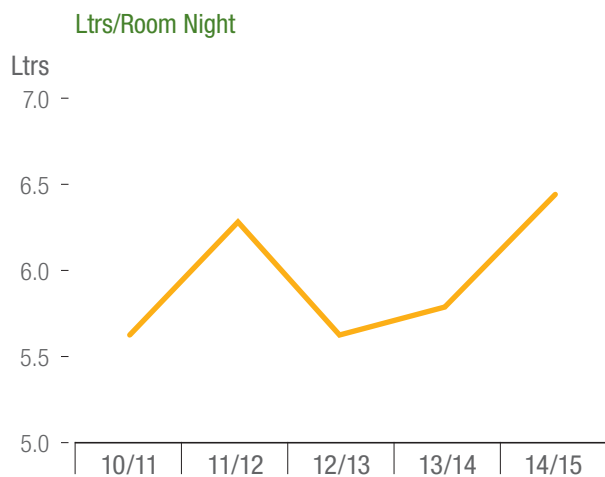


Sustainability Report contd.

Diesel

Diesel is mainly used in producing hot water, steam and backup electricity production in the hotel in addition to usage in goods and passenger transportation. The company follows a policy of having regular service agreements with the suppliers to maintain and service the machinery, plants and vehicles to keep them at an optimal performance level. By this the energy usage too optimised. Further a careful planning of using times and shifts of machinery too in place to minimise the energy consumption.

Financial Year	Total Consumption (l)	Occupancy Room Nights	Total Floor Area Sq.ft.	Ltrs/Room Night	Ltrs/Sq.ft.
2010/2011	205,790	36,246	80,146	5.68	2.57
2011/2012	219,085	34,816	80,146	6.29	2.73
2012/2013	198,628	35,129	80,416	5.65	2.47
2013/2014	202,027	34,782	80,416	5.81	2.51
2014/2015	204,265	31658	80,416	6.45	2.54

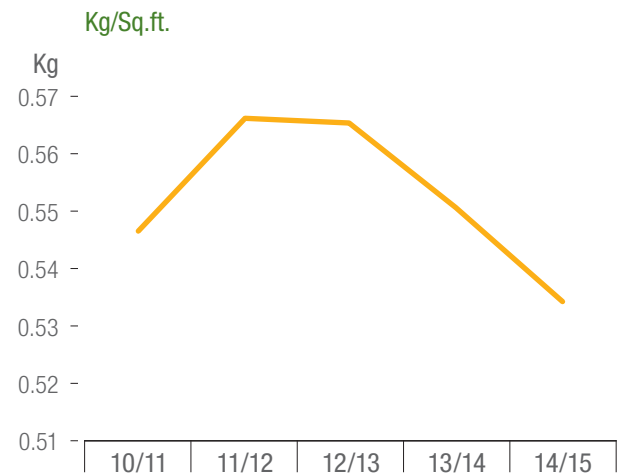
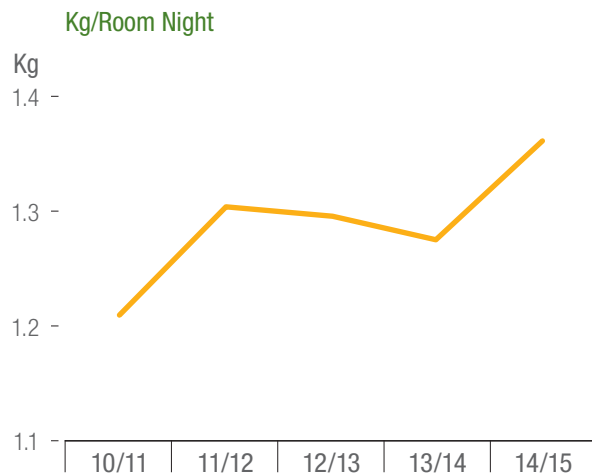




LP Gas

LP gas is used solely for cooking in the hotel kitchens. The hotel is having a service contract with a professional kitchen equipment gas line maintenance company to service all kitchen equipment and gas lines periodically. With this exercise, wastage of energy too minimised along with the safety and performance of the equipment.

Financial Year	Total Consumption (Kg)	Occupancy Room Nights	Total Floor Area Sq.ft.	Kg/Room Night	Kg/Sq.ft
2010/2011	43,880	36,246	80,146	1.21	0.55
2011/2012	45,400	34,816	80,146	1.30	0.57
2012/2013	45,504	35,129	80,416	1.30	0.57
2013/2014	44,350	34,782	80,416	1.28	0.55
2014/2015	43,041	31,658	80,416	1.36	0.54



The hotel measures its energy efficiency by converting the total consumption to per Room Night and per Square Feet Floor Area consumption as this would correlate with the activity level. Year 2011/2012 is taken as the base year for the comparisons as the hotel started its scheduled programs of Green initiatives since the year 2012/2013.

During the year, consumption of energy in general, is marginally high due to considerable enhancements took place to the guest and staff facilities of the hotel. Energy requirement of the enhanced restaurants, outlets and staff facilities have grown high. When compared with the additional energy requirements of these enhanced facilities the increase in energy consumption is minimal.

Sustainability Report contd.

Reduction of Greenhouse Gas (GHG) Emissions

The Greenhouse gas emissions in 2012/2013 period were 1,299 metric tons of CO₂e, which has marginally increased to 1,306 during the financial year of 2013/2014. The Hotel has been successful in maintaining the same GHG emission levels for the period between April 2014 and March 2015, although there were many additions and improvements to the scale of the operation. The addition of a Thai restaurant with a seating capacity of 42, and a banqueting room to accommodate 100 persons, construction of a brand new suite room, and an all new Coffee Bar with seating for 30 persons were all commissioned during the period in review. This period also saw a substantial increase in the Food & beverages activities, with seasonal and weekly promotions taking place in most outlets. The introduction of a world class staff restaurant with a dedicated kitchen was another energy intensive addition to the operation. While all these new services required energy for illumination, cooking and refrigeration, mindful designing and careful selection of equipment, resulted in the overall energy consumption and the resultant GHG emission to remain the same as the previous financial year.

Measures taken by Grand to Reduce Environmental Impacts

Greenhouse Gases

- Reduce the use of energy through awareness and through designing efficiency into new buildings, equipment, travel and transport and other working practices.
- Set a target for the reduction of energy consumption. Monitor with on line facility through the utility providers.

Water resources

- Reduce the use of water and materials through awareness and through designing efficiency into new buildings, equipment and working practices
- Set a target for the reduction of water consumption. Review this annually. This review has taken place for 2014 and a new initiative has been put forward for the hotel to have its own water borehole on site to provide for all its water needs in terms of the hotel. Exploration into this has already been identified in the farm site
- Dual flush toilets to save water.
- Waste water from guttering channelled to Fountains and water displays to avoid consumption from Main Supply.

Other waste

- Reduce, reuse or recycle solid waste where it is economically and environmentally sensible. When these options are not available, dispose of solid waste in the most environmentally responsible manner
- Set targets for the reduction of waste produced. Review this periodically.

The following is a selection of initiatives that Grand Hotel has adopted to help reduce, re-use and recycle:

- Dedicated recycling unit – 2 central areas of the hotel kitchen and housekeeping now have recycling areas in them with bins for recycling of products. With the commitment from the local authority to provide recycle bins this has now made the route to recycle much more efficient. The hotel now has 1100 litre containers for cardboard, paper, plastic, and cans with numerous glass bins, oil recycling this has cut the need for waste to land fill by approximately 50%
- Re-use of furniture and fittings after our refurbishments by donating to local charities and businesses.
- Installation of low energy light bulbs which is 99% complete throughout the hotel.
- Favour supplies derived from recycled materials or renewable resources
- Reclaiming of some building materials to use in building projects at the Hotel.
- A full induction cooking range has now been installed in the hotel's kitchen which is providing massive energy saving benefit in terms of consumption and cost. This has also reduced the extraction required and therefore the amounts of cold air brought in has been reduced.
- Highly efficient modern fully condensing gas boilers with weather compensation, night time setback controls are used for all space heating and water heating, these are serviced annually to ensure maximum efficiency
- All Garden waste is composted on site with a location designated for this
- Timing controls on lights, and sensors to ensure efficiency
- Minimal usage of chemical and sprays
- Bat boxes fitted to farm buildings to ensure continued breeding and safe environment.



Daily actions encouraged to ensure reduced usage of resources

On a day to day basis, the teams in all Grand Hotel takes the following actions in their contribution to helping the environment.

- Recycling of Paper, Plastic, Card board, Glass, CD's, Polythene Wrappers, Mobile Phones, Polystyrene, Waste Cooking Oil, Toner Cartridges and Dry Cleaning Coat Hangers
- Re-use towels on guest request
- Provide newspapers on request to avoid wastage and recycle any spares
- Daily monitor water/gas/electricity consumption to aid reducing consumption levels, this is now discussed as a point in weekly HOD meetings
- Bulk purchase of chemicals
- Chemical dosage dispensers
- Encourage cycle to work and have provided cycle rack facilities, reviewing government cycle to work initiatives
- Encourage local transport and provides information on their facilities
- Purchase recycled goods
- Provide environmental awareness and training as part of the new staff induction programme
- On-going environmental and awareness training
- All bedrooms have Thermostatic Radiator valves and are reset daily by Housekeeping Staff

Reduction of using hazardous substances

We work with our supplier partners to encourage use of environmentally friendly soaps and detergents for laundering bed linen and towels to reduce the use of hazardous or non-degradable chemicals. Where the use of such substances is unavoidable, we train staff in their handling and disposal and take precautions to minimise the impact of spillage.

- Reduce the use of ozone depleting substances in supplied packaging materials, refrigerants and fire suppression systems by specifying new equipment that is free of such materials and replacing existing systems as directed by legislation
- Working with our local communities
- Reduce as far as commercially practicable the level of harmful or nuisance emissions
- Collect used cooking oil and recycle it through a licensed contractor

- Carry on business in a responsible manner with due regard to the hotels' immediate environment, particularly at unsociable hours and in relation to noise, odour, lighting, litter, uncollected waste or deliveries and collections
- Maintain building exteriors, outdoor equipment and grounds to create a positive visual impact within the hotels' community
- Introduce contingency plans for major incidents to reduce their environmental impact.

Local Support for environment

A selection of actions of ways in which we support our local environment, services and suppliers:

- Provide information to guests on walks, wildlife, parks, Hakgala botanical Gardens and our nature programmes.
- Provide information to guests on walking & jogging tours running from the hotels
- Provide local transport services information to our staff and guests
- Use local produce for beverages, fish, meat, fruit, vegetables and dairy where possible
- Use organic cereal produce in our breakfast items
- Work closely with golf course to promote their facilities
- Grass from the 3 acres is used to supply the feed for our farm animals.

Reuse of materials as recycled inputs

The Grand Hotel is a resort designed to provide its customers a range of facilities and experiences which positions the property right up with the very best in Sri Lanka and perhaps, the region. 154 rooms inclusive of 07 Suites, 08 Food & Beverage outlets, allows the grand to cater to the needs of over 300 guests per day. Out of the materials used daily the food items represent the biggest proportion. The Food stores record the weight of food items released to the Kitchen on a daily basis. On average 737.3 kg of food is consumed, while the packaging and other non-renewable items average 2.4 kg per day.

Sustainability Report contd.

Contribution towards preserving the Environment

1. Initiatives by Grand Hotel to protect endangered and near threatened species.

The forest patch maintained by the Hotel (referred to in G4 EN13) consists of a variety of species of shrubs and trees planted to attract and sustain the endangered and near threatened species of Birds, Butterflies and Dragon flies.

Native plants such as Nelu, Hekerilla and wild tobacco are favourite haunts of the endemic birds such as the Sri Lanka White Eye and the Yellow Eared bulbul, and the Dull Blue Flycatcher. The multi-tiered analogue forestry practiced in this forest patch, provides sustenance, protection and sanctuary to a wide array animals including the elusive Jungle fowl, and occasional visits by the Sámbar and even the top predator the Leopard.

Pygmy Lizards are identified as endemic and endangered species confined only to Nuwara Eliya and Horton plains in the whole world. Fostering these species are done by planting hibiscus and cypress plants in the surroundings as these species dwell and breed in these plants. Also water fountains are made and maintained in the garden to give beauty as well as to facilitate breeding of Dragon Flies and Damsel Flies.

2. Tree Planting Campaign 2014

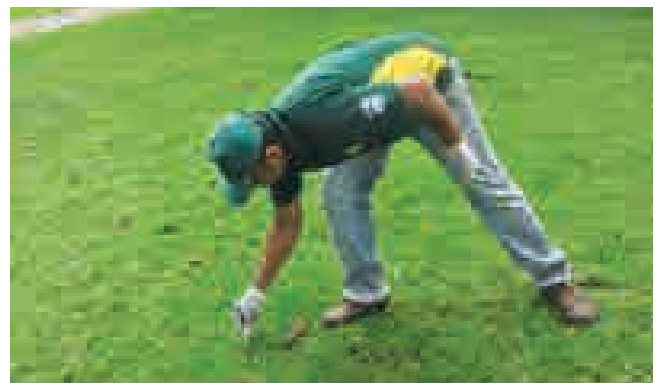
The Hotel has been conducting an Environmental Day each month to carry out a meaningful cleaning program or engage in an outside Environmental program conducted by Organizations such as the Nuwara Eliya Municipal Council or the Sri Lanka Army etc. The staff participates voluntarily for this program which is usually for a maximum time of 4 hours per program.

The program is navigated by the “Green Committee” which is headed by the Green Resources and Community Relations Executive and backed by an 8 member executive staff strength which meet every month and identify areas that need attention and those areas are addressed in these programs.

	2013/2014	2014/2015
No. of Environmental Day programs	11	07
No. of Participants	373	249
Cost for Refreshments (Rs.)	65,000	21,265
Cost for tools and other equipment (Ekel Broom, Gloves, mammotty, Hedge cutters, garden rake) (Rs.)	10,700	10,000
Total Expenses incurred (Rs.)	75,700	31,265

3. Environmental Day Program at Lake Gregory

An Environment day was organised on 15th October 2014, to clean and clear all the waste and dump that holiday makers scatter and leave around the Lake Gregory, which definitely pollutes the lake and its surroundings. The request was made by the Nuwara Eliya Municipal Council and our staff participated in this external environment day which was greatly appreciated.





4. Cleaning of the Grand Hotel Road

Another Environmental day was organised on 19th February 2015, where the staff participated in the cleaning of the Grand Hotel Road. This road houses Hotels as well as the Clubs. Every evening, there are many number of tourists who take an evening walk on this road enjoying the scenic beauty and maintaining the cleanliness of this road definitely boosts the image of Grand Hotel as well as the city of Nuwara Eliya too.



5. Grand Hotel “Garden Team” wins “Commercial Large” Category Award at the April Blooms 2014

Amidst growing public interest, April Blooms 2014, the premier flower show in the island, organised by the Municipal Council of Nuwara Eliya, saw many individuals and commercial entities giving their best with colourful and innovative entries. Following their success in the past years, Grand Hotel walked away with top honours for the Best Garden, Lawn and Fences & Hedges, in the large commercial category,

The awards ceremony was held under the patronage of First Lady, Shiranthi Rajapakse at the Victoria Park on 27th April, and was attended by a large and enthusiastic crowd.



Sustainability Report contd.

6. Promoting good environmental practices - Celebrating "Earth Hour 2015"

Earth Hour 2015 was observed by Grand Hotel, by switching off electricity in public areas from 6pm to 7pm. The 240 guests who were in- house were invited to walk into the Piano Lounge which was illuminated during the hour by two Bicycles fitted with Dynamos. Guests from Australia, Sweden, Bahrain, UAE , India and Sri Lanka participated in the initiative by taking turns to pedal for power, while enjoying the medley of instrumentals performed by the pianist. A cup of refreshing Green Tea completed the ambience for a truly memorable evening for the guests. "It is an enjoyable way to encourage conservation to people from many different cultures" said Mike Fogarty from Western Australia, who was one of the keen peddlers. This was yet another conservation initiative by The Grand Hotel, in keeping with its vision to be the best in the region preserving the beauty and Tranquility Of Nuwara Eliya.



Environmental Protection Expenditure and Investments

The environmental initiatives undertaken during the period in review has brought in far reaching benefits to the organisation both in terms of environmental mitigation and substantial cost-saving to the organisation.

Waste Water Treatment Plant

The waste water is treated in plant located 50 meters away, and is operated 24 hours. The power used for this operation is on average 3,250 Kwh per month, which is equivalent to Rs. 71,500/- while the only chemical used costs on average Rs. 2,200/-, while the labour input comes to approximately Rs. 4,000/-.

The total expenditure for a month for this plant is Rs. 77,700/-.

Expenditure		Rs.
Electricity	3,250 Kwh @ 22/-	71,500
Chlorine	06 kg p	2,200
Labour input		4,000
Total		77,700

Special attention was paid to the timely servicing of all equipment and vehicles by the development of a systematic Preventive Maintenance system. The total expenditure for environmental protection is Rs. 1,781,911.51.





Expenditure for Environmental Protection

During the year in review the preventive maintenance program of equipment and vehicles consuming substantial amounts of energy was further improved to ensure that timely and proper maintenance is carried out so that they operate at optimum efficiency. While most of the daily, weekly and monthly checking and testing is done by the in-house maintenance team, specialised routine procedures are carried out by reputed external contractors. The company spent in excess of Rs. 1.7 million for this program during the year 2014/2015.

	Expenditure for Environmental Protection	Rs.
7-Nov-2014	Generator Servicing	40,245
12-Oct-2014	Generator Servicing	40,245
7-Jun-2014	Generator Sound Proofing Expenses	660,000
7-Aug-2014	Boiler - Service Agreement	88,122
2014/2015	Waste Management Centre Expenses	12,500
9-Apr-2014	Vehicle Emission Testing Fees (KT - 4033)	1,110
16-May-2014	Vehicle Emission Testing Fees (PE - 0216)	1,200
16-May-2014	Vehicle Emission Testing Fees (HZ - 6243)	1,110
8-Jul-2014	Vehicle Emission Testing Fees (GI - 0375)	1,200
19-Aug-2014	Vehicle Emission Testing Fees (KP - 3095)	1,110
10-Oct-2014	Vehicle Emission Testing Fees (KJ - 1189)	1,110
20-Nov-2014	Vehicle Emission Testing (43-3726)	1,560
2014/2015	Waste Water Treatment Plant	932,400
	Total	1,781,911.51

Sustainability Report contd.



4. Health & Safety

Workplace Health and Safety

The health and safety of our employees is of paramount importance to us. We believe that being a good employer starts with providing a safe working environment. Therefore it has been the Group's practice to cultivate an Occupational Safety and Health (OSH) Culture among employees across the company.

Workplace Safety Programmes

Grand Hotel organises an "Annual Safety Week" to emphasise the importance of safety at the Hotel. This was themed "Personal and Process Safety = Zero Accidents" this year and was useful in implementing successful safety programmes at their respective work areas. The annual safety performance was also shared with employees and outside sub-contractors who work for the hotel. Grand Hotel believes that it is everyone's responsibility to take ownership of their own safety as well as the safety of others working within the Hotel. Chemical safety handling procedures and specific process safety procedures are also addressed on a regular basis. The safety and health policies and regulations of the Company are also included.

Other safety initiatives conducted at the hotel are as follows.

1. A bi-monthly "Safety Drive", a series of safety programmes carried out by different departments department which includes
 - (a) Electrical Safety at Work;
 - (b) Safe Use of Lifting Appliances and Vehicles;
 - (c) Enhance Process Safety; and Occupational Health & Safety.
2. Employees, contractors and specially our maintenance staff are educated on the importance of safety in their daily operations. New employees and contractors are required to attend a safety orientation training programme before they commence work at the hotel.
3. Safety training is also included as part of Grand Hotel training plan which includes courses such as "First Aid Training", "Safety for Lifting Supervisors" and the Fire Training.
4. Every year a large-scale emergency evacuation drill is organised in the hotel aimed at getting employees and contractors to appreciate their respective roles and responsibilities in an emergency evacuation situation.

Annual Fire training program

The Annual Fire Training program and Awareness for the Employees was held on 5th and 6th September 2014 with the participation of majority of the Staff. The first session of the program consisted of a Training (both Theoretical and Practical) on what is a Fire, causes of Fire, types of fire, Using of extinguishers for different types of Fire, and most importantly proper Evacuation methods, Administering of First Aid, etc while the Evening Session consisted of Practical Fire Extinguishing methods and in-depth training of the Fire Wardens selected from Each Department. Annually these trainings are conducted as a measure of ensuring maximum safety and protection for the Guests as well as wellbeing of the Employees. The Training was conducted by the Superintendent and other officials of the Fire Department of the Colombo Municipal Council.





Worker Health and Safety Committee

The Company's Health and Safety Committee always liaise with the Manager of the Maintenance Section and the Deputy Engineer who are attached with the Management. Employees engaged in hazardous work are provided with suitable personal protective equipment such as gloves, goggles, ear protectors, respirators etc., as necessary.

6% out of the total work force represents Health and Safety Committee.

A comprehensive training program is conducted by the Fire Department of Municipality, Colombo with regard to Fire Safety annually.

In addition, all the Heads of Departments are advised to emphasise and train on occupational safety on a regular basis.

Handling Employment Injuries

The company has a system of recording and responding to occupational injuries etc. through the Heads of Department, where they have to give written notice of any industrial accident which results in receiving injuries or makes an employee unconscious as a result of heat exhaustion, electrical shock or inhalation of poisonous fumes or gases.

There were no cases recorded during the year of any work related fatalities to independent contractors to whom the Hotel is liable for general safety.

Assuring Food Safety

Since the beginning, food quality and safety have been the cornerstones of the Grand Hotel's business. We are committed to serving good-tasting, quality food that starts with science-based food safety systems. This begins with our direct food suppliers and extends to the front counter of our restaurants.

We are diligent in our focus, day in and day out, implementing food safety practices that meet our stringent standards to serve safe, quality products to the customers we serve every day in all our restaurants. Food safety is central to Grand Hotel's training programs for restaurant managers and staff members, is integrated into our operational procedures, and is a significant component of the restaurant assessment process.

- Restaurant employees participate in operations training on a range of critical food safety measures such as cooking, food handling, product internal temperatures, sanitation, hand washing, equipment settings and many other requirements.
- Grand Hotel's Restaurant Operations and Training Manual details the procedures for proper food serving storage, preparation and holding.
- Grand Hotel' adopted accepted global food safety procedures in handling our operations with our restaurant.
- The hotel follows a food safety management system (FSMS) based on the HACCP principles to ensure that all food and beverage items served by the hotel are safe for consumption by guests, and staff members. All food handlers are trained in food safety and are subjected to a special medical screening annually to ensure that they are fit and suitable to work in food areas. The entire FSMS is guided by the Food Safety Policy of the Hotel.

Sustainability Report contd.

Guest Satisfaction Analysis

	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015
Repeat Guests	85	250	192	120	205
Guests Satisfied	20,200	23,722	21,744	17,835	23,791
Guests Dissatisfied	712	327	742	463	786
Total Questionnaire	20,912	24,049	22,486	18,298	24,587
Guest Satisfaction	97%	99%	97%	97%	97%
Guest Dissatisfaction	3%	1%	3%	3%	3%
Sri Lanka Guest Nights	7024	954	974	4300	4998
Sri Lankan Room Nights	3229	456	502	2260	2330
Total Room Nights	36,246	34,816	35,129	34,782	30690
Total Guest Nights	74,618	71,461	71,340	70,786	59,477

Food Safety Policy

At the Grand Hotel, we are committed to serve all Food and Beverages, free from any contamination, by ensuring all possible standards of hygiene/ controls, are maintained. Our Food Safety Management System is based on the Codex Alimentarius – CAC/RCP 1-1969, Rev 3 (1997) document, as well as section 2 of the Food Act No. 26 of 1980, and the Food (amendment) Act No. 20 of 1990.

A continuous awareness program on food hygiene and Sanitary Standards Operating Procedures (SSOP) will be carried out at all levels of employees.

We recognise the need of demonstrating our Food Safety practices to our clients/ customers, and any other internationally recognised monitoring bodies by maintaining all records and documents pertaining to Food Safety.

The safety of hotel guests is an important consideration in the overall the designing of operations and the developing of processes. Apart from Fire Safety, Food Safety, attention is paid to other areas such as floors, surfaces, landings, where injuries from falls and slips can occur. Notices alerting guests are prominently displayed in such areas. All guest rooms and guest areas are secured from unwanted and unauthorised entry, with secure door locks, emergency doors and in addition covered by a 24 hour CCTV surveillance system.

All staff are trained to be alert for any irregularities which have the potential to compromise guest safety. For instance, the movement of non-resident guests in certain areas such as guest rooms, corridors and elevators are monitored by staff on duty and the necessary action is taken by a Supervisor or Executive to ensure safety of guests, guests' belongings and hotel property.

The outer perimeter of the hotel is patrolled, 24 hours, by a specially trained team of security personnel, while ensuring the privacy and comfort of the guest. The Hotel considers security and privacy of guests as an important component of the Grand experience.

Assuring Guests' Health and Safety

Creating a healthy and pleasant environment in our Hotel is a top priority. A healthy experience in total guest comfort works through air quality, accessibility, food & drink solutions, the fitness and spa options available and choice of guest amenities.

- 88% of our rooms are non-smoking.
- 59% of our hotels are smoke-free.
- 2% of our guest rooms are adapted to the needs of disabled guests.
- 58% of hotels offer fair-trade products (tea, coffee, sugar, fruit, wine, etc.).
- Vegetarian options in each menu.
- Eliminate unsustainable ingredients from the menu.



5. Supply Chain

Responsible sourcing is a complex issue for a hotel company as we purchase everything from food and beverage, to linens, to amenities, to beds, to energy. Our suppliers span from multiple industries, countries, legal contexts and infrastructure challenges. Our procurement strategy depends largely upon the maturity of local markets and their ability to support our hotel brand with the quantity and quality of supplies necessary.

We recognise an opportunity to extend our commitment to ethical business practices and leverage our purchasing power and vast network of suppliers to improve social, economic and environmental practices. In 2014 we developed a responsible sourcing strategy, which defines the steps we will take toward supply chain responsibility in the next three years. To date, we have achieved the following:

- Developed a role within Grand Hotel Supply Management to oversee responsible sourcing, sustainability and special projects.
- Created a global responsible sourcing advisory group to create alignment across regions and share best practices.
- Oversaw the updating of our global Responsible Sourcing Policy to be inclusive of social, economic and environmental criteria.
- Integrated social, human rights and environmental clauses into our supplier registration platform and master supplier agreements.

In the coming years we will conduct analyses to understand our largest areas of opportunity and risk, consider training opportunities and continue to work closely with our suppliers to identify areas for collaboration related to responsible sourcing.

We work closely with suppliers to identify opportunities to source goods locally when possible. In our team and suppliers identify food products that could be sourced locally and form relationships with area farmers to collect and distribute products to our hotels. To enable farmers to support our hotels, our team has worked with suppliers to develop unique training for farmers related to handling and safety guidelines and insurance requirements – all of which are needed to supply our hotel.

Our supply chain management and Supplier engagement provides the opportunity to bring value to our hotel and guests from innovations and cross-fertilisation from the supply chain. With Lean planning techniques, we can incorporate schedules of supply chain partners, allowing for a reduction

in labour and equipment costs. Supply chain management requires sharing our Business Principles and Policies on Corporate Social Responsibilities (CSR) including our targets, and we require our major supply chain partners to share information on their carbon emissions with us. We operate in a network supply chain, of which the flow of natural, manufactured, and human sources.

Working with Suppliers

In 2014/15, we spent around Rs. 65 million on goods and services around the country. Our Supplier Principles set out a mandatory set of requirements for all suppliers and contractors. We assess suppliers who want to do business with Grand Hotel based on the level of potential risk, especially in the areas of anti-bribery and corruption, human rights including labor rights, safety and the environment. In 2014, we conducted assessments on our suppliers and contractors on their level of compliance with our policies. We purchase goods and services that support our approach to sustainability.



Sustainability Report contd.

Building Local Opportunities

Grand Hotel works to share the benefits of its projects and operations by creating jobs and helping local businesses and economies to develop. At the outset of a project we consider how we can make the best use of local suppliers and locally-produced materials, where possible. We work with suppliers who may need support to meet our standards. In these cases, we may provide training and then monitor the supplier's performance throughout the life of the contract. The training includes making sure that businesses have skilled employees, technical know-how and sustainability awareness.



Organisation for Sustainable Supply Management

Group Management sets the sustainability targets and the overall framework, whereas each division is responsible for the implementation and maintaining a sustainable supplier base. Group Supply Management leads a Sustainability Committee with representatives from each division. The Committee coordinates activities and follows up on progress. All divisions follow the same guidelines and processes, which are provided by the Group Supply Management. The divisions report to the Sustainability Steering Committee on a monthly basis.

We strive to purchase products that have a reduced environmental impact during their lifecycle, from suppliers that demonstrate environmental and social responsibility.

Grand Hotel suppliers are required to sign the Supplier Code of Conduct which becomes part of the supplier agreement. They also have the opportunity to profile their Responsible Business performance in Grand Hotel's central purchasing platform. Area and local hotel suppliers are also required to sign the Supplier Code of Conduct. Over half (55%) of our hotels actively check on the Responsible Business performance of their suppliers.

Suppliers and Contractors play an important role in our activities in the hotel. The construction and refurbishment projects employ a large number of workers. We have to maintain the property therefore we do number of maintenance projects in the hotel during the financial period. We select our project contractors very carefully before we award the contract projects. We check their previous track records, if they can fulfill our requirements only we award the job. They have to meet all compliance criteria to be eligible for selection.

Procurement practices are material to Grand Hotel due to the fact that more than 95 % of our requirement is procured through our supply chain, of which the majority are environmental friendly suppliers. Achieving zero harm on all our supplies, improving energy efficiency, reducing waste and supporting good labour practices in our supply chain, all rely on effective collaboration with our supply chain. Labour practices of our suppliers affect our reputation and are associated with the risk of losing work. Our suppliers have to improve their labour practices to be able to work for us and in doing so will have a good influence outside of our company as well.



To develop our supply chain and incorporate our values we seek added value, long term, mutually preferred relationships that can help improve our supply chain. The challenge is to select supply chain partners, products, and services that really make a difference. Suppliers are assessed against different themes (including safety and environmental issues). If the selection criteria is lower than required, we start a dialogue to improve their performance. If they are not willing and/or able to improve their performance they will be excluded from the future supplier list.

We collaborate with our supply chain partners to ensure they operate in a safe and environmentally responsible manner and they understand, support, and contribute to our sustainability objectives.



There is always a balance to be struck between working with long term suppliers who meet our needs in terms of costs, quality, safety, and environmental goals and supporting local suppliers and suppliers. In Nuwara Eliya 60% of our purchases were locally sourced in 2015.



Sustainability is becoming an integral part of our procurement processes. We seek added value, long term, mutually preferred relationships with partners who can help improve our safety performance, reduce our CO₂ emissions, and minimise waste. We also aim to collaborate in the early phases of our business to utilise their knowledge and expertise in delivering sustainable innovation and sustainable solutions for example as in our storage of goods and bringing to the location. The challenge is to select supply chain partners, products, and services that really make a difference.

We also expect these selected suppliers to regard and treat us as their preferred customer (regarding innovations, sustainable solutions, etc.). As we cannot do this with too many suppliers, we try to intensify collaboration with these preferred suppliers.

Sustainability is becoming an important criterion when selecting and evaluating suppliers. In many cases, the sustainable solution offers a lower Total Cost of due to, for instance, lower energy consumption during operation and waste efficiency. This is especially important for projects where life cycle costs are the main driving factor in our customers' decision making.

We ask our supply chain partners to comply with Grand Hotel Business Principles. We also ask our supply chain partners to adopt these principles for their own suppliers, as we want them to share our commitment to ethical working conditions and equal opportunities. We also expect them to respect the principles of human rights, treat their employees with respect and dignity, and ensure they do not employ child labour. Starting with our most significant and critical suppliers we have started dialogue to ensure this is being implemented through our supply chain.

Community Engagement

By its very nature, our construction and renovation work has an impact on the local community, occupiers and other users of buildings and infrastructure, and society as a whole. Community engagement affects our license to operate. It allows us to build faster, which directly leads to results.

Our impact on our surroundings immediately affects our employees and local suppliers. And our community engagement improves jobs and education in our environment-it contributes to society as well. This requires a constant focus on everything we do to minimise our negative impact and create value for local communities. Grand Hotel operating companies work primarily out of regional offices, which mean that they are close to their customers. It also means their employees are highly committed to projects in their local communities. We encourage our employees to report social, cultural, sporting, and educational initiatives, which Grand Hotel undertakes or supports.

We encourage our hotel to introduce waste reduction in their procurement processes and contracts with suppliers. Procurement plays a large part in reducing hotel and contractors waste, for example. Setting procurement criteria for sub-contractors ensures that our hotels only use companies that follow good practices in waste reduction In 2014/15.

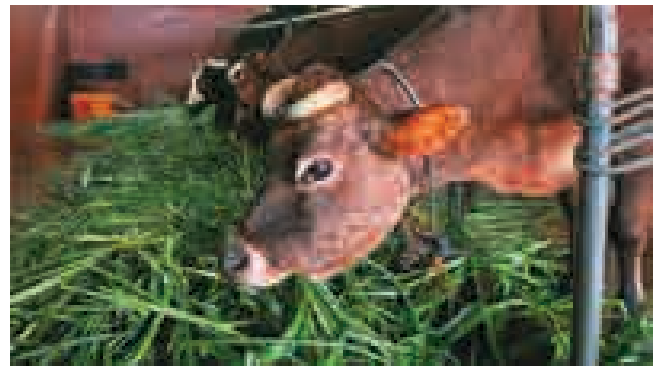
Sustainability Report contd.

Farm and Garden Produce

Our hotel sources our own farm produce. We cultivate vegetables in the 'Grand Farm' and we buy all our requirements. Any excess is sold at the welfare shop. There is a huge demand for our vegetables, the main reason being that we produce them without using pesticides and are basically chemical free. We use lot of organic fertiliser to cultivate vegetables. We cultivate in an environmentally friendly manner.



The Hotel operates a farm with a selection of crops including vegetables, fruits, herbs and flowers and farm animals including Milking Cows, Goats and Pigs. The Piggery accommodates more than 320 animals at any given time. These number of farm Pigs allows the hotel to reuse the food waste from the hotel kitchen and restaurants as pig-feed, which is by far the major proportion of feed used for Pigs.





The Hotel farm records the weight of the kitchen waste received daily in Kilos. A daily average of 375 kg is received in this matter. During financial year of 2014 /2015 a total of 260,276 kg was used as input materials to the hotel kitchen, out of which 142,762 kg was used as pig feed. This represents a ratio of 54.85% of total input materials used as recycled input materials.

Farm Produce Sourced

Items	2015		2014	
	Kg/Lit	Value (Rs.)	Kg/Lit	Value (Rs.)
Meat	3286.19	1,725,250.00	3609.7	1,895,137.00
Crop	8697.8	666,320.00	7150.5	547,752.00
Flowers	-	68,250.00	-	40,865.00
Dairy	3,918.9	254,730	5428.4	352,820.00
Total		2,714,550.00		2,836,580.00

Sustainability Report contd.



6. Community

Many of our operations have neighboring communities. We aim to share benefits with these communities by helping to develop local economies, creating local jobs and developing skills as well as supporting communities with investment programmes.

Community engagement is fundamental to our approach to sustainability within Grand Hotel. It helps to build people's trust and is the basis for operating responsibly. Our projects and operations also create business opportunities for people locally, which can help people build livelihoods.

Our major projects and facilities are required to have a social performance plan. This informs people about the social context for future operations and identifies any potential negative impacts on the community. The plans include community engagement activities, such as hosting our staff members participating for local meetings, which help us to monitor the impacts of our operations. It also identifies where we can support community development programmes.

The social performance process can lead to changes in our plans and operations, if needed (see diagram). We work together with our neighbors to minimize impacts and address concerns. Our social performance teams include experts in specialist areas, such as peoples' rights, cultural heritage and land acquisition, resettlement and livelihood restoration. We also train people as community liaison officers, who are often local residents, to monitor and respond to community feedback.

Our Community programme supports our enterprise development theme, encouraging thousands of young people to build a business of their own and we buy their cultivation for hotel consumption.

We often work in local organizations with other parties, including non-governmental organizations and government agencies, to implement development programmes (page 25). Alongside our strategic investment themes, we have locally tailored programmes in areas such as community development, education, and biodiversity and conservation. In 2014, we introduced a new measurement framework across in our region, which will help us in the longer term to measure and evaluate the impact of our community activities around Nuwara Eliya.

Contributions	2015	2014
Cash Contributions	804,400	802,601
In Kind Contributions	2,020,907	2,178,800
Fund Raising projects for needy People	514,229	104,343
Total	3,339,536	3,085,744

Donation of Refreshments, Lunch Packets and other Prepared Food items to various events

1. Donation of 500 Nos. of Ulundu Wadai and coffee for the devotees of the Maha Chithra Pawrnami Muthther Vizha 2014 on 9th May 2014 organized by Sri Muthumariamman Temple, Hawa Eliya. The value of these refreshments is Rs. 5,500/-.
2. Providing of 500 Nos. of Ulundu Wadai and Coffee (valued at Rs. 18,194/- for the devotees of the Sri Muththumariamman, Temple, Hawa Eliya on account of the Maha Sivarathri observance on 27th February 2015.
3. Around 780 school children, Undergraduates from Universities, Trainees from Vocational Training Schools, Sri Lanka Institute of Tourism and Hospitality, Mess Assistants and Sub Lieutenants from the Sri Lanka Navy, visited the Hotel as an Exposure tours, education tours etc and were provided an in depth knowledge on the hotel operations and also with refreshments.



Book Distribution 2015

The donation of School Books and other Stationery items required by children of the members of the Grand Hotel Staff Welfare Society was held on 18th December 2014. This effort by the Welfare Society is greatly appreciated by the members as it eases the burden of the members to purchase the school books required for the new academic year. The total value of the book packs given to the children were Rs. 378,510.50. A Book pack consists of Exercise Books, Drawing Books, Pens, Pencils, Colour Pencils, Mathematical Instrument Boxes, Bottle of Gum, Pair of Scissors, A4 Papers etc.

	2013/2014	2014/2015
No. of Children	236	278
Value of School Book pack	316,100	378,510
Total Expenses incurred	316,100	378,510



Sustainability Report contd.

The Grand Kiddies Party

The Grand Kiddies Party is the most sought after Kiddies Party of Nuwara Eliya and every year we keep on adding more features and entertainment for the kids as well as the parents. This year, we introduced a cookery demonstration for the parents (especially for the mothers), where our Pastry Chefs turned out some lovely and obviously tasty cupcakes and a Tiger Swiss Roll.

Giving the opportunity for children of Staff members also to participate in the Party, 50% of the Ticket Price was borne by the Grand Hotel Staff Welfare Society. This privilege has been offered to the Staff members for

the past six years and year by year we see an increase in the participation of the member children in this event. The Grand Kiddies Party was held on 13th December 2014 and there was a large participation of children as well as parents.

	2013/2014	2014/2015
No. of Children of Staff members who participated	36	08
Cost Incurred	Rs. 17,820	Rs. 4,400





Desabandu George Ondaatjie Annual Snooker Tournament – 2014

“Desabandu George Ondaatjie Annual Snooker Tournament” was held at the Grand Hotel Billiards Room on 26th and 27th April 2014 for the sixth consecutive year. This time the Organising Committee decided to restrict the entries to 80 for the convenience of managing the game and time. However, due to persistent requests and pleas we had to increase it to 136 Entries. The Winner of the Deshabandu George Ondaatjie Challenge Trophy was Mr. Murugesh Prathap of Castle Cue Club, Kandy, and the first runner up was Mr. Susantha Boteju of YMCA Colombo, the 2nd Runner up was Mr. Nimal de Silva of the Grand Hotel Sports Club and the 3rd Runner up was Mr. Shabbir Hazari of SSC. The Winner of the Tournament was awarded a handsome cash prize of Rs. 50,000 with the generous courtesy of His Excellency Tikiri Kobbekaduwa, Governor of the Central Province and was the Chief Guest of the Occasion.



	2013/2014	2014/2015
No of Entries	165	135
Prize Money	Rs. 110,000	Rs. 110,000
Cocktail Expenditure	Rs. 151,533	Rs. 58,780
Referee Fees	Rs. 28,000	Rs. 40,000
Purchasing of Trophies	Rs. 27,500	Rs. 4,900
Invitations and Certificates	Rs. 20,000	Rs. 20,400
Total Expenses incurred	Rs. 437,033	Rs. 238,486



Sustainability Report contd.

Give Life Give Blood - Blood Donation Campaign 2014

This year we conducted the Blood Donation Campaign for the fifth successive time, with a participation of 83 donors. The Blood Donation was conducted on 10th July 2014 and the participation was very encouraging. Although there were more than the 83 donors to donate blood, due to high restrictions of medical screening etc. blood was accepted only of 83 donors.

	2013/2014	2014/2015
No of Donors	73	83
No. of Pints	73	83
Cost of Refreshments (Expected no. of donors was 100)	Rs. 13,162	Rs. 18,730





Free Medical Camp

Due to the humungous success of the Medical Camp conducted in 2013, this year too, Grand Hotel organised the Medical Camp. A team of Specialist doctors led by Dr, Lakshman Weerasena, volunteered to conduct a Free Medical Camp for the residents of Nuwara Eliya, which saw over 780 persons of all ages and all walks of life making use of this opportunity. This year, we also got the assistance of the Eye Surgeon of the General Hospital of Nuwara Eliya who was able to screen more than 200 patients and most of the older patients were detected for having cataract. Vision Care Opticals too assisted this meritorious cause by providing 150 reading glasses free of charge for the patients who were given prescriptions and also their Optometrists were also on hand for screening etc.

This event which was organised by Grand Hotel with the assistance of the Rotary Club of Nuwara Eliya and other well-wishers was held at the Municipality Car Park on 18th October 2014.

	2013/2014	2014/2015
No. of Patients screened	600	780
Accommodation charges for Specialists and Consultant Doctors who attended the Camp – 15	Rs. 388,400	Rs. 261,150
Cost of Medicines purchased from State Pharmaceuticals Corporation	Rs. 70,926	Rs. 126,649
Marquee (Only for Transportation)	Free of Charge	Rs. 20,000
Tips for erecting 100 x 40 Marquee	Rs. 5,000	Rs. 5,000
Refreshments for Doctors - Colombo to Nuwara Eliya	Rs. 5,100	Rs. 7,310
Stationery, Publicity and Meals	Rs. 17,740	Rs. 44,486
Transport Charges for Doctors	Rs. 31,250	Rs. 34,000
Total expenditure incurred	Rs. 518,416	Rs. 500,594



Sustainability Report *contd.*

Donating of Two Screens for the General Hospital, Nuwara Eliya

The General Hospital of Nuwara Eliya provides a priceless service with regard to providing medical attention and we have encountered this service especially when our Guests (some who have fallen sick during their stay) and staff are admitted to the Hospital. As a form of appreciation, on the request of the Director of the Hospital, two bed screens were turned out by our Maintenance Department which was handed over to the Director in person on 26th November 2014, for which they have appreciated our gesture in writing too.



Donation to the earth slip victims at Meeriyabedde

The devastation of the Meeriyabedde Earthslip claimed more than 14 lives and left hundreds homeless in an unexplainable and unimaginable manner. Donation of essential items such as clothing, dry rations, biscuits etc., to the earth slip victims of Meeriyabedde in the Badulla district was carried out on 1st November. The total contribution for this mission was Rs. 294,941/-.





Underprivileged Kiddies Party

The Underprivileged Kiddies Party was held on 6th December 2014 for the 7th Consecutive year successfully with the participation of 50 Children from Orphanages in and around Nuwara Eliya, single parent homes etc. Each child was given a School Bag, pair of School Shoes, A Toy, a Water Bottle and a Savings Till. A special Addition to this year's event which is noteworthy and priceless is a gift from one of our Guest's who was present at the Party last year and was so happy and amazed with the organising of this event that he had donated US\$ 1,001/- for this year's party. This money was utilised to open Savings Accounts for all the children at the rate of Rs. 2,500/- per kid. This generous donor is Mr. Dhirendra S Bana, an Indian National now residing in the United States of America.

The children were treated to some delicious and yummy food both sweet and spicy with ice creams, milk shakes etc. All the children were also given a pack of goodies to take home and share with their siblings or other children in their Homes.

	2013/2014	2014/2015
No. of Children	50	50
Expenses Incurred Cost of Shoes	Rs. 48,136	Rs. 41,653
Cost of Gifts	Rs. 30,340	Rs. 35,757
Hiring of Horse for Santa	Rs. 3,000	
Miscellaneous	Rs. 2,080	Rs. 7,492
Chocolate and Toffees	Rs. 700	Rs. 1,000
Cost of Food	Rs. 20,087	Rs. 40,427
Donation towards opening of Savings Books		Rs. 120,000
Total Expenses incurred	Rs. 104,343	Rs. 246,829



Overview

Integrated Management Discussion

Stewardship

Financial Report

Supplementary Information

Sustainability Report *contd.*

“Grand Sithuvam 2015” Art Competition among School Children of Nuwara Eliya

Grand Hotel Nuwara Eliya organised the “Grand Sithuvam” Art Competition among 25 schools within the Education Zone of Nuwara Eliya for 25 schools. The objective of the competition was to promote Art, as Art is a universal expression which transcends all barriers of Caste, creed language and ethnicity.

The Competition was held with the fullest cooperation, guidance and monitoring of the Zonal Director of Education, Mr. Amarasiri Piyadasa and the Deputy Director of Aesthetic Studies, Mrs. Hemalatha Bandara. The Competition was held under three age groups i.e. under 12 years, 12 – 16 years and under 19 years, and worked out in three stages, where the schools were given the liberty of selecting the best five students from each category and nominating them for the Competition. The Competition was held on 21st February 2015 in two locations, at the Our Lady’s School, for the under 12 years and the Grand Hotel Ballroom for the 12 – 16 years and under 19 years categories. Judging of the Competition was done by Mr. Nandalal Uduporuwa, Senior Lecturer of the Giragama Teacher Training College and Mr. S Gopalan, In-Services Advisor of the Hatton Zonal Education Department.

The Prize Giving was held on 7th March at the Grand Hotel Ballroom and the Winners of each Category received a Cash Prize of Rs. 7,000/-, plus a valuable Trophy and a Certificate, whilst the 1st Runner-up received a Cash Prize of Rs. 4,000/- plus a Certificate and the 2nd Runner up a cash prize of Rs. 3,000/- plus a Certificate. All the students who took part received Certificates of Participation. The Chief Guest for the Prize Giving was the Zonal Director of Education, Mr. Amarasiri Piyadasa and Board Director of The Nuwara Eliya Hotels Co PLC, Mr. Manil Galagoda, Mr. Nandalal Uduaporuwa, Head of the panel of Judges and the Deputy Director of Aesthetic Studies, Mrs. Hemalatha Bandara were the Guests of Honour.

The Exhibition was held prior to the Prize Giving on 6th and 7th March, a large number In-House Guests, as well as Students, and others had a glimpse of all the exhibits.



	2013/2014	2014/2015
No of Schools	22	25
No. of Entries	185	241
Prize Money	Rs. 55,500	Rs. 55,500
Trophies	Rs. 9,000	Rs. 13,500
Judges Fee	Rs. 14,000	Rs. 16,000
Printing, Stationery and Other Expenses	Rs. 24,335	Rs. 72,618
Refreshments	Rs. 15,675	Rs. 20,000
Total Expenditure Incurred	Rs. 118,510	Rs. 147,618



Stesha Dion Luke – Our Lady's School (Upper Section) – Under 12 Winner



Thanuri Kavindya Tennakoon – Good Shepherd Balika Maha Vidyalaya – Under 16 Winner



Hindusara Dilhan Silva – Gamini National School – Under 19 Winner



Sustainability Report contd.

Global Reporting Initiative (GRI) G4 Content Index

This report contains Standard Disclosures from the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines and is aligned with the GRI G4 Guidelines. Grand Hotel did not seek external assurance for this report;

Key: ● Full ○ Partial

General Standard Disclosure	Description	Reported	Reference
Strategy & Analysis			
G4 - 1	Provide a statement from the most senior decision maker of the organisation Managing Director about the relevance of sustainability to the organisation and the organisation's strategy for addressing sustainability.	●	Managing Director's Review (Pages 36 to 41) Our Strategic Priorities (Pages 60 to 61)
Organisation Profile			
G4 - 3	Report the Name of the organization	●	Corporate Information (Inner Back Cover)
G4 - 4	Report the primary brands, products, and services	●	Our Business Model (Pages 50 to 53)
G4 - 5	Report the location of the organisation's headquarters	●	Corporate Information (Inner Back Cover)
G4 - 6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report	●	Our Business Model (Pages 50 to 53)
G4 - 7	Report the nature of ownership and legal form.	●	Corporate Information (Inner Back Cover)
G4 - 8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	●	Our Business Model (Pages 50 to 53)
G4 - 9	Report the scale of the organization, including:		
	Total number of employees	●	Sustainability Report - Our People (Pages 92 to 112)
	Total number of operations	●	Operational Review (Pages 66 to 71)
	Net sales (for private sector organizations) or net revenues (for public sector organizations)	●	Financial Statements (Pages 234 to 276)
	Total capitalization broken down in terms of debt and equity (for private sector organizations)	●	Financial Statements (Pages 234 to 276)
	Quantity of products or services provided	●	Our Business Model (Pages 50 to 53)
G4 - 10	a. Report the total number of employees by employment contract and gender. b. Report the total number of permanent employees by employment type and gender. c. Report the total workforce by employees and supervised workers and by gender. d. Report the total workforce by region and gender. e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries)	●	Sustainability Report - Our People (Pages 92 to 112)

General Standard Disclosure	Description	Reported	Reference
G4 - 11	Report the percentage of total employees covered by collective bargaining agreements.	●	Grand Hotel employees are not unionized. Therefore, there are no collective bargaining agreements in place
G4 - 12	Describe the organization's supply chain.	●	Sustainability Report - Supply Chain (Pages 143 to 147)
G4 - 13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain including: Changes in the location of, or changes in, operations, including facility openings, closings, and expansions Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations). Changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination.	●	Notes to the Financial Statements Note 1.2 - Amalgamation (Page 242)
G4 - 14	Report whether and how the precautionary approach or principle is addressed by the organization	●	Sustainability Report - Identifying the impacts to the environment from our operations (Pages 124 to 127)
G4 - 15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	●	Sustainability Report - Local support for environment (Pages 135 to 139)
G4 - 16	List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization. Holds a position on the governance body Participates in projects or committees Provides substantive funding beyond routine membership dues Views membership as strategic	●	Grand Hotel is active in many organizations and associations, particularly those that focus on our core business Hoteliering. Some of our significant and strategic memberships include Member of the Tourist Hotels Association of Sri Lanka Member of the Employers Federation of Ceylon Member of the Ceylon Chamber of Commerce
Identified Material Aspects and Boundaries			
G4 - 17	a. List all entities included in the organization's consolidated financial statements or equivalent documents.	●	The Nuwara Eliya Hotels & Fair View Hotel (Pvt) Ltd
	b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.		N/A
G4 - 18	a. Explain the process for defining the report content and the Aspect Boundaries.	●	Our Material Issues (Pages 56 to 59)
	b. Explain how the organization has implemented the Reporting Principles for defining report content.		
G4 - 19	List all the material Aspects identified in the process for defining report content.	●	Our Material Issues (Pages 56 to 59)

Sustainability Report contd.

General Standard Disclosure	Description	Reported	Reference
G4 - 20	<p>For each material Aspect, report the Aspect Boundary within the organization, as follows: Report whether the Aspect is material within the organization If the Aspect is not material for all entities within the organization (as described in G4-17), select one of the following two approaches and report either: The list of entities or groups of entities included in G4-17 for which the Aspect is not material or The list of entities or groups of entities included in G4-17 for which the Aspects is material. Report any specific limitation regarding the Aspect Boundary within the organization.</p>	●	Our Material Issues (Pages 56 to 59)
G4 - 21	<p>For each material Aspect, report the Aspect Boundary outside the organization, as follows: Report whether the Aspect is material outside of the organization If the Aspect is material outside of the organization, identify the entities, groups of entities or elements for which the Aspect is material. In addition, describe the geographical location where the Aspect is material for the entities identified Report any specific limitation regarding the Aspect Boundary outside the organization</p>	●	Our Material Issues (Pages 56 to 59)
G4 - 22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	●	Notes to the Financial Statements (Pages 242 to 276)
G4 - 23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	●	There have been no significant changes to the report scope and aspect boundaries
Stakeholder Engagement			
G4 - 24	Provide a list of stakeholder groups engaged by the organization.	●	Our Stakeholders (Pages 62 to 63)
G4 - 25	Report the basis for identification and selection of stakeholders with whom to engage.	●	Our Stakeholders (Pages 62 to 63)
G4 - 26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	●	Our Stakeholders (Pages 62 to 63)
G4 - 27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	◐	Our Material Issues (Pages 56 to 59) Our Stakeholders (Pages 62 to 63)
Report Profile			
G4 - 28	Reporting period (such as fiscal or calendar year) for information provided.	●	31st March 2015
G4 - 29	Date of most recent previous report (if any).	●	31st March 2014
G4 - 30	Reporting cycle (such as annual, biennial).	●	We publish a comprehensive report aligned with the GRI Guidelines every year.
G4 - 31	Provide the contact point for questions regarding the report or its contents.	●	Corporate Information (Inner Back Cover)

General Standard Disclosure	Description	Reported	Reference
G4 - 32	<p>"In accordance" option:</p> <p>a. Report the 'in accordance' option the organization has chosen.</p> <p>b. Report the GRI Content Index for the chosen option.</p> <p>c. Report the reference to the External Assurance Report, if the report has been externally assured.</p> <p>GRI recommends the use of external assurance but it is not a requirement to be " in accordance with the guidelines.</p>	●	<p>Our Reporting Principles</p> <p>This report contains Standard Disclosures from the GRI Sustainability Reporting Guidelines.</p> <p>Note: Grand Hotel did not seek external assurance for this report</p>
G4 - 33	<p>Assurance:</p> <p>Report the organization's policy and current practice with regard to seeking external assurance for the report.</p> <p>If not included in the assurance report accompanying the sustainability report, the scope and basis of any external assurance provided.</p> <p>Report the relationship between the organization and the assurance providers.</p> <p>Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.</p>	●	Grand Hotel did not seek external assurance for this report.
Governance			
G4 - 34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision making on economic, environmental and social impacts	●	Corporate Governance (Pages 188 to 207)
G4 - 35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees	●	Sustainability Report (Pages 84 to 157) Corporate Governance (Pages 188 to 207)
G4 - 36	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body	●	Sustainability Report (Pages 84 to 157) Corporate Governance (Pages 188 to 207)
G4 - 37	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.	●	Sustainability Report (Pages 84 to 157) Corporate Governance (Pages 188 to 207)
G4 - 38	<p>Report the composition of the highest governance body and its committees by:</p> <ul style="list-style-type: none"> • Executive or non-executive • Independence • Tenure on the governance body • Number of each individual's other significant positions and commitments, and the nature of the commitments • Gender • Membership of under-represented social groups • Competencies relating to economic, environmental and social impacts • Stakeholder representation 	●	Corporate Governance (Pages 188 to 207)

Sustainability Report contd.

General Standard Disclosure	Description	Reported	Reference
G4 - 39	Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement)	●	Corporate Governance (Pages 188 to 207)
G4 - 40	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members, including: <ul style="list-style-type: none"> • Whether and how diversity is considered • Whether and how independence is considered • Whether and how expertise and experience relating to economic, environmental and social topics are considered • Whether and how stakeholders (including shareholders) are involved 	●	Corporate Governance (Pages 188 to 207)
G4 - 41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders, including, as a minimum: <ul style="list-style-type: none"> • Cross-board membership • Cross-shareholding with suppliers and other stakeholders • Existence of controlling shareholder • Related party disclosures 	●	Corporate Governance (Pages 188 to 207)
G4 - 42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	●	Corporate Governance (Pages 188 to 207)
G4 - 43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	●	Corporate Governance (Pages 188 to 207)
G4 - 44	<p>a. Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment.</p> <p>b. Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice.</p>	●	Corporate Governance (Pages 188 to 207)
G4 - 45	<p>a. Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes.</p> <p>b. Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.</p>	◐	Corporate Governance (Pages 188 to 207)

General Standard Disclosure	Description	Reported	Reference
G4 - 46	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics	●	Risk Management (Pages 210 to 216)
G4 - 47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	●	Sustainability Report (Pages 84 to 157)
G4 - 48	Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.	●	Managing Director
G4 - 49	Report the process for communicating critical concerns to the highest governance body	◐	Our Material Issues (Pages 56 to 59)
G4 - 50	Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them	◐	Our Material Issues (Pages 56 to 59)
G4 - 51	<p>a. Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration:</p> <p>Fixed pay and variable pay:</p> <ul style="list-style-type: none"> • Performance-based pay • Equity-based pay • Bonuses • Deferred or vested shares • Sign-on bonuses or recruitment incentive payments • Termination payments • Clawbacks • Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees <p>b. Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives.</p>	●	Sustainability Report (Pages 84 to 157)
G4 - 52	Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization.	●	Remuneration Committee Report (Page 220) Sustainability Report (Pages 84 to 157)
G4 - 53	Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable	◐	Sustainability Report (Pages 84 to 157)

Sustainability Report contd.

General Standard Disclosure	Description	Reported	Reference
G4 - 54	Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.		N/A
G4 - 55	Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country		N/A
Ethics and Integrity			
G4 - 56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	●	Corporate Governance (Pages 188 to 207)
G4 - 57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.	◐	Sustainability Report (Pages 84 to 157)
G4 - 58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines	◐	Sustainability Report (Pages 84 to 157)

Specific Standard Disclosures	Description	Reported	Reference
Economic Performance	Disclosures on Management Approach		
Direct Economic Value Generated and Distributed			
G4 - EC1	<p>Report the direct economic value generated and distributed (EVG&D) on an accruals basis including the basic components for the organization's global operations as listed below. If data is presented on a cash basis, report the justification for this decision and report the basic components as listed below:</p> <p>Direct economic value generated:</p> <ul style="list-style-type: none"> • Revenues <p>Economic value distributed:</p> <ul style="list-style-type: none"> • Operating costs • Employee wages and benefits • Payments to providers of capital • Payments to government (by country – see Guidance below) • Community investments <p>Economic value retained (calculated as 'Direct economic value generated' less 'Economic value distributed')</p> <p>To better assess local economic impacts, report EVG&D separately at country, regional, or market levels, where significant.</p> <p>Report the criteria used for defining significance.</p>	●	Our Economy (Page 47) Value Added Statement (Page 65)
G4 - EC3	<p>Coverage of the Organisation's Defined Benefit Plan Obligations</p> <p>a. Where the plan's liabilities are met by the organization's general resources, report the estimated value of those liabilities.</p> <p>b. Where a separate fund exists to pay the plan's pension liabilities, report:</p> <p>The extent to which the scheme's liabilities are estimated to be covered by the assets that have been set aside to meet them</p> <p>The basis on which that estimate has been arrived at When that estimate was made</p> <p>c. Where a fund set up to pay the plan's pension liabilities is not fully covered, explain the strategy, if any, adopted by the employer to work towards full coverage, and the time scale, if any, by which the employer hopes to achieve full coverage.</p> <p>d. Report the percentage of salary contributed by employee or employer.</p> <p>e. Report the level of participation in retirement plans (such as participation in mandatory or voluntary schemes, regional or country-based schemes, or those with financial impact)</p>	●	Sustainability Report (Pages 84 to 157)

Sustainability Report contd.

Specific Standard Disclosures	Description	Reported	Reference
Indirect Economic performance	Disclosures on Management Approach		
G4 - EC7	Development And Impact of Infrastructure Investments and Services Supported		N/A
Procurement Practices			
G4 - EC9	<p>Proportion of Spending on Local Suppliers at Significant Locations of Operation</p> <p>a. Report the percentage of the procurement budget used for significant locations of operation spent on suppliers local to that operation (such as percentage of products and services purchased locally).</p> <p>b. Report the organization's geographical definition of 'local'.</p> <p>c. Report the definition used for 'significant locations of operation'</p>	●	Sustainability Report - Supply Chain (Pages 143 to 147)
Environmental	Disclosures on Management Approach		
Energy	Energy Consumption Within the Organisation		
G4 - EN3	<p>a. Report total fuel consumption from non-renewable sources in joules or multiples, including fuel types used.</p> <p>b. Report total fuel consumption from renewable fuel sources in joules or multiples, including fuel types used.</p> <p>c. Report in joules, watt-hours or multiples, the total:</p> <p>Electricity consumption</p> <p>Heating consumption</p> <p>Cooling consumption</p> <p>Steam consumption</p> <p>d. Report in joules, watt-hours or multiples, the total:</p> <p>Electricity sold</p> <p>Heating sold</p> <p>Cooling sold</p> <p>Steam sold</p> <p>e. Report total energy consumption in joules or multiples.</p> <p>f. Report standards, methodologies, and assumptions used.</p> <p>g. Report the source of the conversion factors used.</p>	●	Sustainability Report - Environment (Pages 113 to 139)
G4 - EN5	<p>Energy Intensity</p> <p>a. Report the energy intensity ratio.</p> <p>b. Report the organization-specific metric (the ratio denominator) chosen to calculate the ratio.</p> <p>c. Report the types of energy included in the intensity ratio: fuel, electricity, heating, cooling, steam, or all.</p> <p>d. Report whether the ratio uses energy consumed within the organization, outside of it or both.</p>	●	Sustainability Report - Environment (Pages 113 to 139)

Specific Standard Disclosures	Description	Reported	Reference
G4 - EN6	<p>Reduction of Energy Consumption</p> <p>a. Report the amount of reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives, in joules or multiples.</p> <p>b. Report the types of energy included in the reductions: fuel, electricity, heating, cooling, and steam.</p> <p>c. Report the basis for calculating reductions in energy consumption such as base year or baseline, and the rationale for choosing it.</p> <p>d. Report standards, methodologies, and assumptions used.</p>	●	Sustainability Report - Environment (Pages 113 to 139)
Water			
G4 - EN8	<p>Total Water Withdrawal by Source</p> <p>a. Report the total volume of water withdrawn from the following sources: Surface water, including water from wetlands, rivers, lakes, and oceans Ground water Rainwater collected directly and stored by the organization Waste water from another organization Municipal water supplies or other water utilities</p> <p>b. Report standards, methodologies, and assumptions used</p>	●	Sustainability Report - Environment (Pages 113 to 139)
G4 - EN10	<p>Percentage and Total Volume of Water Recycled and Reused</p> <p>a. Report the total volume of water recycled and reused by the organization.</p> <p>b. Report the total volume of water recycled and reused as a percentage of the total water withdrawal reported under Indicator G4-EN8.</p> <p>c. Report standards, methodologies, and assumptions used.</p>	●	Sustainability Report - Environment (Pages 113 to 139)
Biodiversity			
G4 - EN13	<p>Habitats Protected or Restored</p> <p>a. Report the size and location of all habitat protected areas or restored areas, and whether the success of the restoration measure was or is approved by independent external professionals.</p> <p>b. Report whether partnerships exist with third parties to protect or restore habitat areas distinct from where the organization has overseen and implemented restoration or protection measures.</p> <p>c. Report on the status of each area based on its condition at the close of the reporting period.</p> <p>d. Report standards, methodologies, and assumptions used</p>	●	Sustainability Report - Environment (Pages 113 to 139)

Sustainability Report contd.

Specific Standard Disclosures	Description	Reported	Reference
G4 - EN14	<p>Total Number of IUCN Red List Species and National Conservation List Species With Habitats in Areas Affected by Operations, by Level of Extinction Risk</p> <p>a. Report the total number of IUCN Red List species and national conservation list species with habitats in areas affected by the operations of the organization, by level of extinction risk:</p> <p>Critically endangered Endangered Vulnerable Near threatened Least concerned Emissions</p>	●	Sustainability Report - Environment (Pages 113 to 139)
G4 - EN15	<p>Direct Greenhouse Gas (GHG) Emissions (Scope 1)</p> <p>a. Report gross direct (Scope 1) GHG emissions in metric tons of CO₂ equivalent, independent of any GHG trades, such as purchases, sales, or transfers of offsets or allowances.</p> <p>b. Report gases included in the calculation (whether CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃, or all).</p> <p>c. Report biogenic CO₂ emissions in metric tons of CO₂ equivalent separately from the gross direct (Scope 1) GHG emissions.</p> <p>d. Report the chosen base year, the rationale for choosing the base year, emissions in the base year, and the context for any significant changes in emissions that triggered recalculations of base year emissions.</p> <p>e. Report standards, methodologies, and assumptions used.</p> <p>f. Report the source of the emission factors used and the global warming potential (GWP) rates used or a reference to the GWP source.</p> <p>g. Report the chosen consolidation approach for emissions (equity share, financial control, operational control)</p>	●	Sustainability Report - Environment (Pages 113 to 139)
G4 - EN18	<p>Greenhouse Gas (GHG) Emissions Intensity Report the GHG emissions intensity ratio.</p> <p>b. Report the organization-specific metric (the ratio denominator) chosen to calculate the ratio.</p> <p>c. Report the types of GHG emissions included in the intensity ratio: direct (Scope 1), energy indirect (Scope 2), other indirect (Scope 3).</p> <p>d. Report gases included in the calculation</p>	●	Sustainability Report - Environment (Pages 113 to 139)

Specific Standard Disclosures	Description	Reported	Reference
G4 - EN19	<p>Reduction of Greenhouse Gas (GHG) Emissions</p> <p>a. Report the amount of GHG emissions reductions achieved as a direct result of initiatives to reduce emissions, in metric tons of CO2 equivalent.</p> <p>b. Report gases included in the calculation (whether CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, or all).</p> <p>c. Report the chosen base year or baseline and the rationale for choosing it.</p> <p>d. Report standards, methodologies, and assumptions used..</p> <p>e. Report whether the reductions in GHG emissions occurred in direct (Scope 1), energy indirect (Scope 2), other indirect (Scope 3) emission</p>	●	Sustainability Report - Environment (Pages 113 to 139)
Effluents and Waste			
G4 - EN23	<p>a. Report the total weight of hazardous and non-hazardous waste, by the following disposal methods:</p> <p>Reuse Recycling Composting Recovery, including energy recovery Incineration (mass burn) Deep well injection Landfill On-site storage Other (to be specified by the organization)</p> <p>b. Report how the waste disposal method has been determined: Disposed of directly by the organization or otherwise directly confirmed Information provided by the waste disposal contractor Organizational defaults of the waste disposal contractor</p>	●	Sustainability Report - Environment (Pages 113 to 139)
G4 - EN25	<p>Total Number and Volume of Significant Spills Report the total number and total volume of recorded significant spills.</p> <p>b. For spills that were reported in the organization's financial statements, report the additional following information for each such spill:</p> <ul style="list-style-type: none"> • Location of spill • Volume of spill • Material of spill, categorized by: <ul style="list-style-type: none"> • Oil spills (soil or water surfaces) • Fuel spills (soil or water surfaces) • Spills of wastes (soil or water surfaces) • Spills of chemicals (mostly soil or water surfaces) • Other (to be specified by the organization) • Report the impacts of significant spills. • Products and Services 		N/A

Sustainability Report contd.

Specific Standard Disclosures	Description	Reported	Reference
G4 - EN27	<p>Extent of Impact Mitigation of Environmental Impacts of Products and Services</p> <p>a. Report quantitatively the extent to which environmental impacts of products and services have been mitigated during the reporting period.</p> <p>b. If use-oriented figures are employed, report the underlying assumptions regarding consumption patterns or normalization factors</p>	●	Sustainability Report - Environment (Pages 113 to 139)
Compliance			
	<p>Monetary Value of Significant Fines and Total Number of Non-Monetary Sanctions for Non-Compliance With Environmental Laws and Regulations</p> <p>a. Report significant fines and non-monetary sanctions in terms of:</p> <ul style="list-style-type: none"> Total monetary value of significant fines Total number of non-monetary sanctions Cases brought through dispute resolution mechanisms <p>b. Where organizations have not identified any non-compliance with laws or regulations, a brief statement of this fact is sufficient Indicators</p>		N/A
G4 - EN31	<p>Total Environmental Protection Expenditures and Investments ay Type</p> <p>a. Report total environmental protection expenditures by:</p> <ul style="list-style-type: none"> Waste disposal, emissions treatment, and remediation costs Prevention and environmental management costs Labour Practices and Decent work Employment 	●	Sustainability Report - Environment (Pages 113 to 139)
G4 - LA1	<p>Total Number and Rates of New Employee Hires and Employee Turnover by Age Group, Gender and Region</p> <p>a. Report the total number and rate of new employee hires during the reporting period, by age group, gender and region.</p> <p>b. Report the total number and rate of employee turnover during the reporting period, by age group, gender and region.</p>	●	Sustainability Report - Our People (Pages 92 to 112)
G4 - LA2	<p>Benefits Provided to Full-Time Employees That are Not Provided to Temporary or Part-Time Employees, by Significant Locations of Operation</p> <p>a. Report the benefits which are standard for full-time employees of the organization but are not provided to temporary or part- time employees, by significant locations of operation. These include, as a minimum:</p> <ul style="list-style-type: none"> Life insurance Health care Disability and invalidity coverage Parental leave Retirement provision Stock ownership Others <p>b. Report the definition used for significant locations of operation</p> <p>Aspect: Occupational Health and Safety</p>	●	Sustainability Report - Our People (Pages 92 to 112)

Specific Standard Disclosures	Description	Reported	Reference
G4 - LA5	<p>Percentage of Total Workforce Represented in Formal Joint Management–Worker Health and Safety Committees That Help Monitor and Advise on Occupational Health And Safety Programs</p> <p>a. Report the level at which each formal joint management-worker health and safety committee typically operates within the organization.</p> <p>b. Report the percentage of the total workforce represented in formal joint management-worker health and safety committees</p>	●	Sustainability Report - Our People (Pages 92 to 112)
G4 - LA6	<p>Type of Injury and Rates of Injury, Occupational Diseases, Lost Days, and Absenteeism, and Total Number of Work-Related Fatalities, by Region and by Gender</p> <p>a. Report types of injury, injury rate (IR), occupational diseases rate (ODR), lost day rate (LDR), absentee rate (AR) and work- related fatalities, for the total workforce (that is, total employees plus supervised workers), by:</p> <p>Region Gender</p> <p>b. Report types of injury, injury rate (IR), occupational diseases rate (ODR), lost day rate (LDR), absentee rate (AR) and work- related fatalities for independent contractors working on-site to whom the organization is liable for the general safety of the working environment, by:</p> <p>Region Gender</p> <p>c. Report the system of rules applied in recording and reporting accident statistics.</p> <p>Training and Education</p>	●	Sustainability Report - Our People (Pages 92 to 112)
G4 - LA9	<p>Average Hours of Training Per Year Per Employee by Gender, and by Employee Category</p> <p>a. Report the average hours of training that the organization's employees have undertaken during the reporting period, by:</p> <p>Gender Employee category</p>	●	Sustainability Report - Our People (Pages 92 to 112)
G4 - LA10	<p>Programs for Skills Management and Lifelong Learning That Support the Continued Employability of Employees and Assist Them in Managing Career Endings</p> <p>a. Report on the type and scope of programs implemented and assistance provided to upgrade employee skills.</p> <p>b. Report on the transition assistance programs provided to facilitate continued employability and the management of career endings resulting from retirement or termination of employment</p>	●	Sustainability Report - Our People (Pages 92 to 112)

Sustainability Report contd.

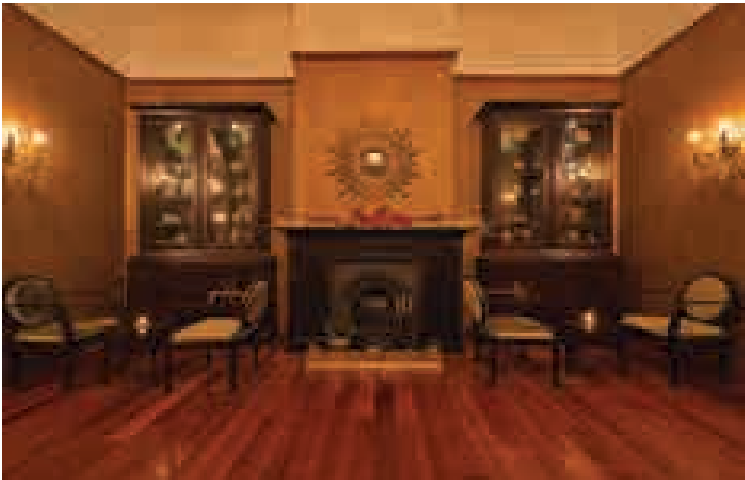
Specific Standard Disclosures	Description	Reported	Reference
G4 - LA11	<p>Percentage of Employees Receiving Regular Performance and Career Development Reviews, by Gender and by Employee Category</p> <p>a. Report the percentage of total employees by gender and by employee category who received a regular performance and career development review during the reporting period</p> <p>Diversity and Equal Opportunity</p>	●	Sustainability Report - Our People (Pages 92 to 112)
G4 - LA12	<p>Composition of Governance Bodies and Breakdown of Employees Per Employee Category According to Gender, Age Group, Minority Group Membership, and Other Indicators of Diversity</p> <p>a. Report the percentage of individuals within the organization's governance bodies in each of the following diversity categories:</p> <p>Gender Age group: under 30 years old, 30-50 years old, over 50 years old</p> <p>Minority groups Other indicators of diversity where relevant</p> <p>b. Report the percentage of employees per employee category in each of the following diversity categories:</p> <p>Gender Age group: under 30 years old, 30-50 years old, over 50 years old</p> <p>Minority groups Other indicators of diversity where relevant</p>	●	Sustainability Report - Our People (Pages 92 to 112)
Equal Remuneration for Women and Men			
G4 - LA13	<p>Ratio of Basic Salary and Remuneration of Women to Men by Employee Category, by Significant Locations of Operation</p> <p>a. Report the ratio of the basic salary and remuneration of women to men for each employee category, by significant locations of operation.</p> <p>b. Report the definition used for significant locations of operation</p>	●	Sustainability Report - Our People (Pages 92 to 112)
G4- LA14	<p>Percentage of New Suppliers That Were Screened Using Labor Practices Criteria</p> <p>a. Report the percentage of new suppliers that were screened using labor practices criteria</p>	●	Sustainability Report - Supply Chain (Pages 143 to 147)

Specific Standard Disclosures	Description	Reported	Reference
Human Rights			
G4- HR2	<p>Total Hours of Employee Training on Human Rights Policies or Procedures Concerning Aspects of Human Rights That Are Relevant to Operations, Including the Percentage of Employees Trained</p> <p>a. Report the total number of hours in the reporting period devoted to training on human rights policies or procedures concerning aspects of human rights that are relevant to operations.</p> <p>b. Report the percentage of employees in the reporting period trained in human rights policies or procedures concerning aspects of human rights that are relevant to operations.</p> <p>Non-discrimination</p> <p>Total Number of Incidents of Discrimination and Corrective Actions Taken:</p> <p>a. Report the total number of incidents of discrimination during the reporting period.</p> <p>b. Report the status of the incidents and the actions taken with reference to the following:</p> <p>Incident reviewed by the organization Remediation plans being implemented Remediation plans have been implemented and results reviewed through routine internal management review processes Incident no longer subject to action Security Practices</p>	●	Sustainability Report - Our People (Pages 92 to 112)
G4 - HR7	<p>Percentage of Security Personnel Trained in the Organisation's Human Rights Policies or Procedures That Are Relevant to Operations</p> <p>a. Report the percentage of security personnel who have received formal training in the organization's human rights policies or specific procedures and their application to security.</p> <p>b. Report whether training requirements also apply to third party organizations providing security personnel</p>		N/A
Supplier Human Rights Assessment			
G4 - HR10	<p>Percentage of New Suppliers That Were Screened Using Human Rights Criteria</p> <p>a. Report the percentage of new suppliers that were screened using human rights criteria.</p>	●	Sustainability Report - Supply Chain (Pages 143 to 147)

Sustainability Report contd.

Specific Standard Disclosures	Description	Reported	Reference
G4 - HR 12	<p>Number of Grievances About Human Rights Impacts Filed, Addressed, and Resolved Through Formal Grievance Mechanisms.</p> <p>a. Report the total number of grievances about human rights impacts filed through formal grievance mechanisms during the reporting period.</p> <p>b. Of the identified grievances, report how many were:</p> <p>Addressed during the reporting period Resolved during the reporting period</p> <p>c. Report the total number of grievances about human rights impacts filed prior to the reporting period that were resolved during the reporting period.</p>	●	Sustainability Report - Our People (Pages 92 to 112)
Society			
G4 - S01	<p>Percentage of Operations with Implemented Local Community Engagement, Impact Assessments, and Development Programs</p> <p>a. Report the percentage of operations with implemented local community engagement, impact assessments, and development programs, including the use of:</p> <ul style="list-style-type: none"> • Social impact assessments, including gender impact assessments, based on participatory processes • Environmental impact assessments and ongoing monitoring • Public disclosure of results of environmental and social impact assessments • Local community development programs based on local communities' needs • Stakeholder engagement plans based on stakeholder mapping • Broad based local community consultation committees and processes that include vulnerable groups • Works councils, occupational health and safety committees and other employee representation bodies to deal with impacts • Formal local community grievance processes 	●	Sustainability Report - Community (Pages 148 to 157)
G4 - S02	<p>Operations With Significant Actual and Potential Negative Impacts on Local Communities</p> <p>a. Report operations with significant actual and potential negative impacts on local communities, including:</p> <ul style="list-style-type: none"> • The location of the operations • The significant actual and potential negative impacts of operations 	●	Sustainability Report - Community (Pages 148 to 157)
G4 - S03	<p>Total Number and Percentage of Operations Assessed for Risks Related to Corruption And the Significant Risks Identified</p> <p>a. Report the total number and percentage of operations assessed for risks related to corruption.</p> <p>b. Report the significant risks related to corruption identified through the risk assessment</p>		N/A

Specific Standard Disclosures	Description	Reported	Reference
G4 - S04	<p>Communication and Training on Anti-Corruption Policies and Procedures</p> <p>a. Report the total number and percentage of governance body members that the organisation's anti-corruption policies and procedures have been communicated to, broken down by region.</p> <p>b. Report the total number and percentage of employees that the organisation's anti-corruption policies and procedures have been communicated to, broken down by employee category and region.</p> <p>c. Report the total number and percentage of business partners that the organisation's anti-corruption policies and procedures have been communicated to, broken down by type of business partner and region.</p> <p>d. Report the total number and percentage of governance body members that have received training on anti-corruption, broken down by region.</p> <p>e. Report the total number and percentage of employees that have received training on anti-corruption, broken down by employee category and region</p>		N/A
Public Policy			
G4 - S06	<p>Total Value of Political Contributions by Country and Recipient/Beneficiary</p> <p>a. Report the total monetary value of financial and in-kind political contributions made directly and indirectly by the organization by country and recipient/beneficiary.</p> <p>b. Report how the monetary value of in-kind contributions was estimated, if applicable.</p>		N/A
Supplier Assessment for Impacts on Society			
G4 - S09	<p>Percentage of New Suppliers That Were Screened Using Criteria for Impacts on Society</p> <p>a. Report the percentage of new suppliers that were screened using criteria for impacts on society.</p>	●	Sustainability Report - Supply Chain (Pages 143 to 147)
G4 - S010	<p>Significant Actual and Potential Negative Impacts on Society in the Supply Chain and Actions Taken</p> <p>a. Report the number of suppliers subject to assessments for impacts on society.</p> <p>b. Report the number of suppliers identified as having significant actual and potential negative impacts on society.</p> <p>c. Report the significant actual and potential negative impacts on society identified in the supply chain.</p> <p>d. Report the percentage of suppliers identified as having significant actual and potential negative impacts on society with which improvements were agreed upon as a result of assessment.</p> <p>e. Report the percentage of suppliers identified as having significant actual and potential negative impacts on society with which relationships were terminated as a result of assessment, and why.</p>	◐	Sustainability Report - Supply Chain (Pages 143 to 147)



Tea Lounge

A spectacular and diverse range of exotic teas and flavors served to refresh and reinvigorate our clientele. Absolute variety and astonishing quality; experience enchantment being nourished by an elixir that is world renowned.





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GRAND HOTEL
ESTABLISHED 1921

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Stewardship

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We are proud and privileged to have such pristine Stewardship; with unwavering focus, sedulous attention to detail, etching a suitable milieu whilst working with efficacy to ascertain favorable and profitable long term results on behalf of your Company, forging greater return for your investment.

Our First City Hotel

We believe & aspire to apply our established practices and strength together with our entrepreneurial Spirit, to build our first City Property, Fair View Hotel.



Our Investment
70.83%

Who Governs Us



Desabandu G.L.A. Ondaatjie

Chairman

Chairman Since 1987 Counts over 36 years' extensive experience.

He is a pioneer in the tourism sector and is the Founder of Mercantile Investments Group of Companies. He is presently the Chairman of several companies which include Royal Palms Beach Hotels PLC, Tangerine Beach Hotels PLC and Nilaveli Beach Hotels (Pvt) Ltd., which was the first planned hotel development on the East Coast of Sri Lanka. He has been the Past Chairman of the Tourist Hotels Association, Pacific Asia Travel Association Sri Lanka Chapter and Finance Houses Association. He has also been a Past Director of the Colombo Stock Exchange and Pacific Asia Travel Association – International. He was awarded the prestigious “Desabandu” title by the Government of Sri Lanka in 1994 for his pioneering efforts as an Entrepreneur, Financier and Hotelier. He was also the recipient of the “Pioneer Award” at the Presidential Awards for Travel & Tourism 2008.

He counts 36 years' extensive experience in the financial services, tourism and trading sectors.



Gerard G. Ondaatjie BS.c

Managing Director

He was appointed to the Board on 25th November 1996 and was appointed as Managing Director on 29th June 2001.

He is presently the Managing Director of Mercantile Investments and Finance PLC and Mercantile Fortunes (Pvt) Ltd., He is also the Executive Deputy Chairman of Nilaveli Beach Hotels (Pvt) Ltd., and a Director of several other companies which includes Royal Palms Beach Hotels PLC and Tangerine Beach Hotels PLC.

He has over 15 years experience in the Tourism, Financial Services and Trading Sectors.

He holds a B.Sc Degree in Accountancy from Arizona State University, U.S.A.



A.M. Ondaatjie MS.c, BS.c

Executive Director

She was appointed to the Board on 17th October 2000.

She is presently the Managing Director of Tangerine Tours (Pvt) Ltd., and Joint Managing Director of Royal Palms Beach Hotels PLC and Tangerine Beach Hotels PLC. She holds directorship in several other companies including Mercantile Investments and Finance PLC., Lighthouse Hotel PLC and Nilaveli Beach Hotels (Pvt) Ltd. She is presently the Vice President of the Tourist Hotels Association of Sri Lanka.

She has over 15 years experience in the Tourism, Financial Services and Manufacturing Sectors. She holds a Masters Degree from the University of Texas in Austin, U.S.A and B.Sc Degree from the Massachusetts Institute of Technology, U.S.A.



T. J. Ondaatjie BS.c

Executive Director

He was appointed to the Board on 17th October 2000.

He is presently the Managing Director of Nilaveli Beach Hotels (Pvt) Ltd and a Director of several other companies which include Mercantile Investments and Finance PLC., Tangerine Beach Hotels PLC and Royal Palms Beach Hotels PLC.

He holds a B.Sc Degree from Arizona State University, USA.

He has over 15 years experience in the Tourism and the Financial Services Sectors.

Who Governs Us contd.



J. H. P. Ratnayeke Attorney-at-Law, LLM

Independent Non Executive Director

He was appointed to the Board on 1st June 2005.

He is a Senior Partner and Founder of Paul Ratnayeke Associates. He is a Director of several companies including public quoted companies in some of which he is the Chairman or Deputy Chairman.

He graduated with Honours from the University of Ceylon (Colombo) and has been awarded an LLM Degree by the University of London.



L. N. de S. Wijeyeratne FCA

Independent Non Executive Director

He was appointed to the Board on 22nd January 2009.

He was the Group Finance Director of Richared Peries PLC from January 1997 to June 2008 and also held Senior Management positions at Aitken Spence & Company, Brook Bonds Ceylon and Zambia Consolidated Copper Mines Ltd. He has been a member of the Accounting Standards and Monitoring Board of Sri Lanka. He is presently a Director of several listed and unlisted Companies and also member of the Quality Assurance Board of the Institute of Chartered Accountants of Sri Lanka.

He is a fellow of the Institute of Chartered Accountants of Sri Lanka and counts over 35 years of experience in Finance and General Management both in Sri Lanka and overseas.



M. K. K. B. Galagoda

Non Executive Director

He was appointed to the Board on 8th April 2013.

Presently the Group Engineer of Mercantile Investments & Finance PLC and a Director at Nilaveli Beach Hotels (Pvt) Limited. He has over 25 years' experience in the hotel industry in Sri Lanka and overseas including in Ramada Group of Hotels and in the Holiday Inn Group.

He holds a Diploma in Electrical and Electronics Engineering from the University of Katubedda, Moratuwa.



S. K. Abeysundara

Independent Non-Executive Director

He was appointed to the Board on 8th April 2013.

He is a renowned Interior Designer with extensive experience in his field of expertise here in Sri Lanka and abroad. He was involved in initiating Taru ie an event management and interior designing company in Sri Lanka and is presently residing in the United Kingdom and attached to The Silk Road, UK.

Who Leads Us

Our Management Team oversees the implementation of the strategy set by the Board. Over the past year we have strengthened the management, building a team with extensive experience.

Palaka D. L. Perera

FCHSGA
General Manager

General Manager of the Hotel since 01st March 2008.

Having joined the Hospitality Industry in 1981 as a Trainee Banquet Waiter for a brief stint, he later re-joined the industry as a Management Trainee at 'Pegasus Reef Hotel' - Wattala, ending-up as Banquet Manager within 03 years. Later he served in the Sultanate of Oman as the Banquet Manager at 'Ruwi Novotel', Food & Beverage Manager at the 'Villa Ocean View' Hotel, Wadduwa & promoted as Asst. Manager in 06 months, Food & Beverage Manager (promoted) Resident Manager at the 'Riverina Hotel' - Beruwala, Resident Manager cum Food & Bev. Manager at 'Pegasus Reef Hotel' - Wattala, Resident Manager at 'Eden Resort & Spa' - Beruwala, Manager at 'Confifi Beach Hotel' - Beruwala, General Manager – 'Jet Wing Hotels' (cluster) Negombo, General Manager – 'Saman Villas', Bentota & General Manager – 'Bentota Beach Hotel' prior to joining the Grand Hotel.

He is a Graduate of the 'Ceylon Hotel School' (presently known as Sri Lanka Inst. of Tourism & Hotel Mngt.) having specialized in Food & Beverage Operations & holds a 'Fellow Membership' (FCHSGA) in the 'Ceylon Hotel School Graduates' Association.

Tyrone David

LCHSGA, AIPM
Resident Manager

A graduate of the Ceylon Hotel School, with 29 years experience in the industry and a specialization in Food & Beverage, Training and Human Resource Management.

He also possesses a National Diploma in HRM from the Institute of Personnel management (IPM) Sri Lanka and Bachelors Degree in Social Sciences from the Open University of Sri Lanka.

His Training experience includes work with a wide spectrum of organizations, ranging from lecturing at Rajarata University and the Sri Lanka Institute of Tourism and Hotel Management, to working as a Training Manager for the Jetwing Group of Hotels.

M. I. Shahabdeen

FCA, ACMA (UK), CGMA (UK), ASCMA, MIH (UK), ACQI (UK), CPA
Group Financial Controller

Group Financial Controller of Tangerine Group of Hotels since 02nd February 2005 with overall responsibility for the Group's Finance and Accounting, Taxation, Corporate Finance, Treasury and the Information Technology functions.

He has over three decades of finance and general management experience in Sri Lanka and abroad in Senior Management Positions in the Hoteliering Sector both in Five Star and Resort hotels and also in the Catering & Support Services Sector at Greyhound Services Saudi Arabia Ltd., a subsidiary of Greyhound Support Services Incorporated, USA. Prior to joining the Tangerine Group, he had been with Trans Asia Hotel PLC for a period of 17 years, holding senior management positions throughout. During this period, Trans Asia Hotels PLC was managed by Ramada International (Germany), General Hotel Management (Singapore) and by John Keells Holdings PLC and had the opportunity of experiencing to a wide and varied Five Star Hotel Management Systems and Procedures including to an array of three decades of exposure in the Information Technology. He is a Fellow of the Institute of Chartered Accountants, Sri Lanka, Associate of the Chartered Institute of Management Accountants, UK, Member of the Institute of Certified Public Accountants, Sri Lanka, Member of the Institute of Hospitality, UK, Associate of the Chartered Institute of Quality Assurance, UK, Associate of the Society of Certified Management Accountants, Sri Lanka and Member of the Sri Lanka Institute of Directors.

He is also a Director of Security Ceylon (Pvt) Limited.

Ravindra Fernando

MBA, M.Sc., AFA, FMAAT, CBA MCSI, ACMI
Group Accountant

Ravindra Fernando Joined Tangerine Group of Hotels on 1st June 2003 as Group Accountant With overall responsibility for the Group's Finance and Accounting function in addition He is involved in New City hotel Project.

Ravindra Fernando holds a Master of Business Administration degree from University of Lincoln UK, Master of Applied Finance degree from University of Sri Jayewardenepura, Associate Member of Institute of Financial Accountants UK, Fellow Member of Association of Accounting Technicians, Certified Business Accountant of CA Sri Lanka, Member of Chartered Securities & Investments UK, Associate Chartered Management Institute of UK.

He has over Three decades of experience and expertise in Financial and Auditing, Insurance, Leisure Sectors and held key positions as Finance Manager at Kandy Hotels Company PLC, the Accountant at Aitken Spence Hotels, Ceylinco Insurance PLC, and Commercial Credit PLC.

Nazeem Mohamed

CBA, AMA
Financial Controller/ Asst. Manager

Nazeem Mohamed is the Financial Controller and Assistant Manager of the Hotel. He heads the Finance Department at the Hotel while participating in administration of the hotel in the capacity of the Assistant Manager for the last 9 years.

He holds the title of Certified Business Accountant from the Institute of Chartered Accountants of Sri Lanka and is an Associate Management Accountant of the Institute of Certified Management Accountants of Sri Lanka. He has more than 18 years of experience in Audit, Accounting, Finance and Administration,

out of which 14 years is in the hospitality industry. Further, he is the honorary Secretary and the Treasurer to The Nuwara Eliya Hotels Company PLC, Employees Provident Association Fund.

A A Lakshman Silva

LCHSGA
Assistant Manager cum Food and Beverage Manager

He began his career in the Hospitality Industry in the year 1987 at Riverina Hotel. From there he joined Mount Lavinia Hotel and moved to Taj Samudra and Eden Resorts and Spa respectively. Lakshman thereafter moved overseas to take up a stint at the Dubai Grand – Best Western Hotel as Room Service and Coffee Shop in Charge. Later he joined the Le Meridien Dubai as Assistant Manager for Food and Beverage Outlets consisting of Antigo / Yalumba, Pearl Bar and Coffee Shop. Over the six years he has been working in Dubai, of which three and half years has been at Le Meriden Dubai.

During this period one of the most amazing and rewarded experiences is that he had worked with over twenty different nationalities from all parts of the world.

Subsequently he joined Grand Hotel in the capacity of Food and Beverage Manager in 2008; He was promoted to as an Assistant Manager in October 2013. His accurate approach to work with optimistic attitude and excellent interactive skills with people has added to Grand Hotel's continued pursuit to service excellence. He counts more than 25 years in the hospitality industry.

Lakshman is a Member of the Ceylon Hotel School Graduate's Association and holds it's "Licentiate Membership" (LCHSGA). He served as the Vice President of the Snooker and Billiard Association of Sri Lanka during the period 2010/2011 and also functions as Vice President of the Nuwara Eliya Cricket Association for the past five years.





The Magnolia - All Day Dining

Offering a sensational 24 hour Restaurant with a mouth watering range facilitated in an ala carte set up that caters to all palettes and tastes, whether it be traditional or of a modernly flare.





The Magnolia
RESTAURANT

Corporate Governance

Introduction from the Chairman

This section of our report sets out how we manage Nuwara Eliya Hotels Company PLC to ensure as far as possible that the values you would expect us to operate by are in place and adhered to, that commercial and operational risks are identified and controlled, that we have strategies and plans in place to optimise shareholder value over an appropriate time period and that a proper system of checks and balances is in place without inhibiting the efficient running of the Company. Our approach to governance remains unchanged from last year. It begins with the recognition that it is not a set of rules but the framework supporting the core values which defines what is and what is not acceptable. It is an expression of the way we want to conduct ourselves which informs actions and decisions whether or not there is a specific rule for the situation, and which supports the culture and behaviours that we wish to foster.

The main governance practices for the past year have been:

- Implementation of the Code of Best Practice on Corporate Governance 2013 issued by CA Sri Lanka & the Securities & Exchange Commission, was put in place in May 2013
- To manage a significant transition in balance and size of the Board, increasing its Non-Executive representation relative to Executive within an absolutely smaller Board; and
- To judge and oversee the execution of a number of significant business initiatives.

The Governance Framework, and perhaps more importantly the Corporate Culture and Human Relationships that underpin all Governance Frameworks, are operating as we hoped and we do not judge that any further material changes are needed.

The Board now comprises of eight Directors, three of whom (excluding the Chairman) are Non-Executive. This change in both size and balance is supporting the Board to bring a substantial focus on strategic and longer-term issues. We do not anticipate further substantial changes in size in the foreseeable future although the exact number of Directors may rise or fall slightly in line with the normal process of Board Development and Succession Planning.



G.L.A. Ondaatjie
Chairman

20th May 2015

In pursuance of its ongoing commitment to ensure that the Group is managed in an efficient, responsible and ethical manner and in the interest of all its stakeholders, "Grand" remains committed to achieving the highest standards of Corporate Governance by adhering to the relevant codes of best practice, principles of fairness, accountability, responsibility, transparency and integrity.

Governance Structure

The Board of Directors are responsible for both the Stewardship and Governance of the Company. At The Nuwara Eliya Hotels Co. PLC., our system of Corporate Governance lays the basis for responsible performance-oriented management and control which is geared towards sustainable value creation. Corporate Governance is a key element in improving organisational performance and sustainability as well as enhancing stakeholder confidence. We know that strong and sustainable performance cannot be achieved without sound governance. Across all aspects of our company, we continue to commit considerable resources to effective governance, recognizing that we are stewards for our shareholders, our guests, our employees and our communities. A good Corporate Governance structure influences how the objectives of the Company are set and achieved, risks identified and managed and organisational performance optimised, which will ultimately add value to all stakeholder groups of the company.

The Company is fully compliant with the Code of Best Practices on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka, and the Securities and Exchange Commission of Sri Lanka, as well as the rules on Corporate Governance published by the Colombo Stock Exchange.

This report sets out the Company's Corporate Governance processes for the financial year 2014/2015, and the extent of compliance with same.

Governance Framework

The Corporate Governance framework of the Group entails three components as summarised below and the ensuing discussion is sequenced to highlight the different segments that combine to ensure a robust and a sound Governance Framework.

Governance Structure

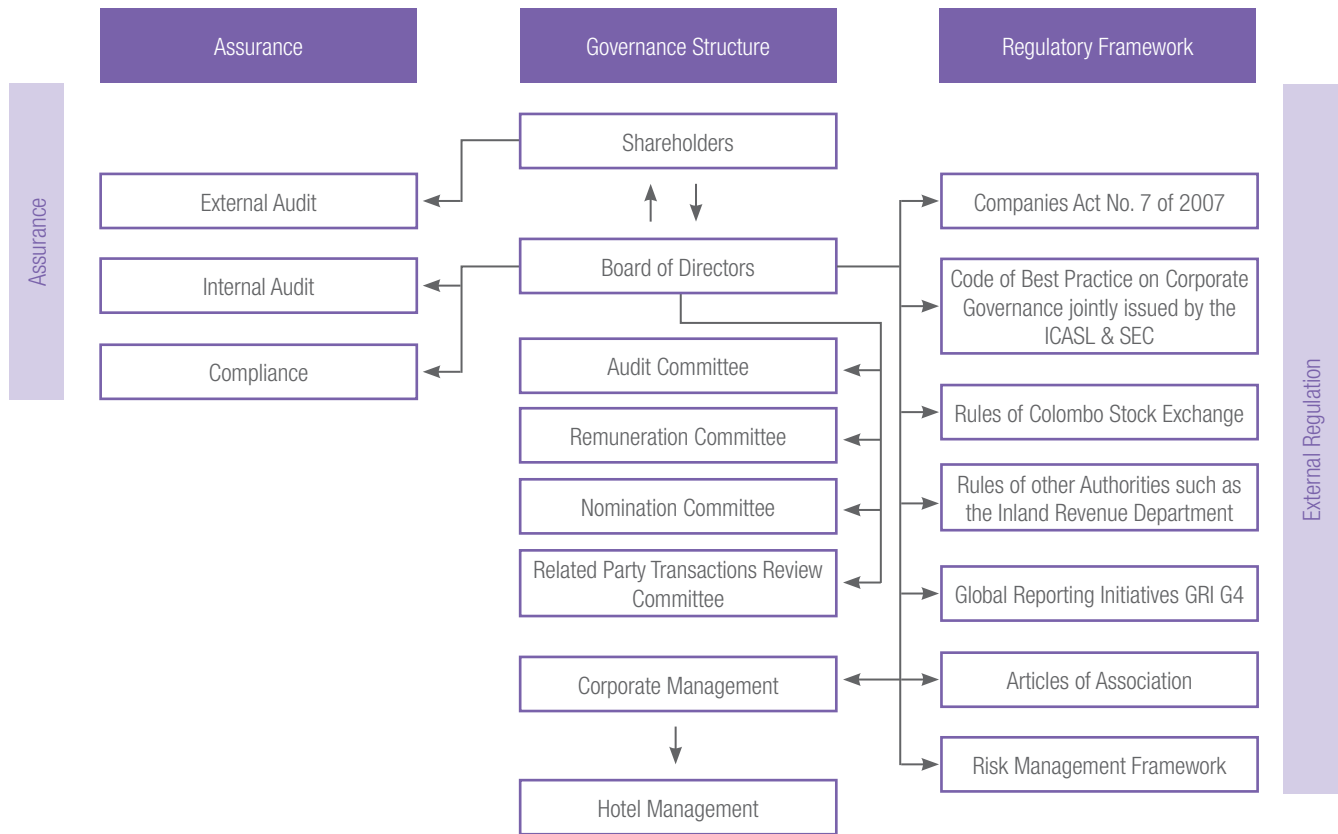
Components that are embedded within the Group in order to execute governance related initiatives, systems and processes.

Assurance

Supervisory module of the Group Corporate Governance Framework.

Regulatory Framework

Regulatory structure within which the Group operates towards conforming to established governance related laws, regulations and best practices.



Corporate Governance contd.

“Corporate Governance is concerned with holding the balance between economic and social goals and between individual and communal goals. The Corporate Governance framework is there to encourage the efficient use of resources and equally to require accountability for the stewardship of those resources. The aim is to align as nearly as possible the interests of individuals, corporations & society.”

(Sir. Adrian Cadbury in 'Global Corporate Governance Forum', World Bank, 2000)

Board of Directors

The Board is responsible for ensuring leadership through effective oversight and review, whilst setting the strategic direction and delivering sustainable shareholder value over the long term. The Board seeks to achieve this through setting out its strategy, monitoring its strategic objectives and providing oversight of its implementation by the management team. In establishing and monitoring its strategy, the Board considers the impact of its decisions on wider stakeholders including employees, suppliers and the environment. Effective Corporate Governance is central to the Group's ability to operate successfully, as a Board, we take seriously our responsibility for setting high standards of accountability & ethical behaviour.

A number of key decisions and matters are reserved for the Board's approval and are not delegated to management. These include matters relating to the Group's strategy, approval of major acquisitions, disposals, capital expenditure, financial results and overseeing the Group's systems of internal control, governance and risk management. The Board delegates certain responsibilities to the management, to assist it in carrying out its functions of ensuring independent oversight.

Board Composition and Directors' Independence

At the last Annual General meeting (AGM) of The Nuwara Eliya Hotels Co PLC held on June 30, 2014, the Board consisted of eight directors comprising of:

- Four Executive Directors (ED) – includes the Chairman and Managing Director
- Three Non-Executive Independent Directors (NED/ID)
- One Non-Executive Non Independent Director (NED/NID)

As at 31st March 2015, the Board consists of eight Directors comprising of:

- Four Executive Directors (ED) – includes the Chairman and Managing Director
- Three Non-Executive Independent Directors (NED/ID)
- One Non-Executive Non Independent Director (NED/NID)

Board 2013/14



Executive Directors	50%
Non Executive Independent Directors	37%
Non Executive Non Independent Directors	13%

Board 2014/15



Executive Directors	50%
Non Executive Independent Directors	37%
Non Executive Non Independent Directors	13%

Composition of the Board as at 31st March 2015 was as follows.

No. of Members	Executive	Non - Executive	Independent	Non - Independent	Gender Representation		Age Distribution			
					Male	Female	Below 50	50-60	60-70	70-80
08	04	04	03	05	07	01	04	01	02	01

Name of Director / Capacity	Significant Shareholding	Management	Material Business Relationship	Employee of the Company	Family Member Director	Nine years of continuous Service
Executive Directors						
Mr. G.L.A. Ondaatjie	Yes	Yes	Yes	No	Yes	Yes
Mr. Gerard G. Ondaatjie	Yes	Yes	Yes	Yes	Yes	Yes
Ms. Angeline Ondaatjie	Yes	Yes	Yes	No	Yes	Yes
Mr. T.J. Ondaatjie	Yes	Yes	Yes	No	Yes	Yes
Non-Executive Independent Directors						
Mr. J.H.P. Ratnayake	No	No	No	No	No	Yes
Mr. L. N. de S. Wijeyeratne	No	No	No	No	No	No
Mr. S.K. Abeyundara	No	No	No	No	No	No
Non-Executive Non-Independent Director						
Mr. M.K.K.K.B Galagoda	No	No	No	No	No	No

The presence of Non Executive Independent Directors, enables independent judgment. None of the Independent Directors have held executive responsibilities in their capacity as Independent Directors and have submitted a declaration confirming their Independence as at 31st March 2015 in accordance with section 07 of the CSE listing regulations on Corporate Governance. The biographical details of the Directors are set out on pages 180 to 183 of this report.

Board Responsibilities

The Board of Directors is responsible;

- to Shareholders for the Governance of the Company
- for formulating of business strategies taking into consideration the Company's strengths, competencies and risks.
- in implementing and monitoring of such strategies.
- for reviewing and ratifying systems in operation relating to risk management, internal control, codes of conduct and compliance with the laws, statutes and regulations.
- for reviewing, monitoring and ratifying all capital expenditure, acquisitions and divestitures.
- for monitoring Senior Management performance.
- in ensuring that effective information and audit systems are in place.
- in ensuring that due attention is given to annual and interim Financial Statements prior to publication.
- to determine the quantum of the final dividend.
- to approve and monitor financial and other reporting

Corporate Governance contd.

Role and Function of the Board of Directors

The Board has overall control and oversight of the activities, the strategic direction and the governance of the Company and the Group. Its role includes control and oversight of the company's businesses, risk management and compliance, the performance of management, approving and monitoring financial and other reports and capital expenditure and reporting to shareholders.

The skills and knowledge of each Director is kept up to date by keeping them fully informed on important developments in the business activities of the Company and by providing them with access to;

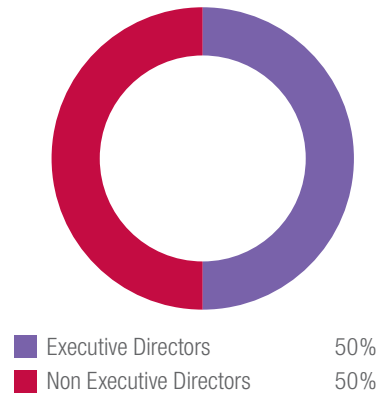
- Performance reports done periodically
- External and Internal Auditors
- Senior Management
- External professional advisory services
- Updates on proposed/ new regulations and industry best practices
- The services of the Company Secretary

Board Balance

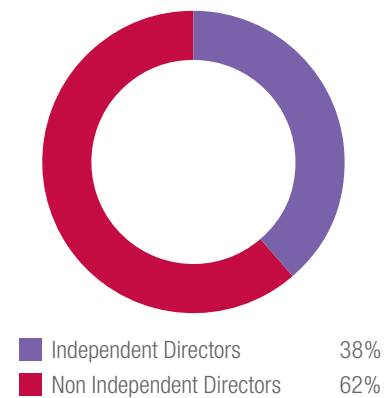
The present composition of the Board is at a healthy balance between executive expediency and independent judgment. The Board is comprised of experienced and influential individuals with diverse backgrounds and expertise. Their mix of skills and business experience is a major contributor to the proper functioning of the Board and its committees. The Non-Executive Directors possess vast experience in business and strong financial acumen, through their membership on external boards, and thereby are able to assess the financial reporting systems and internal controls, review and suggests any changes in keeping with best practice.

This year we continued to make progress in shaping our Board for the future, ensuring that diversity, in its broadest definition, is at its heart. From a practical perspective, our focus on diversity means we look hard at our mix of skills and experience.

Executive Vs. Non Executive Directors



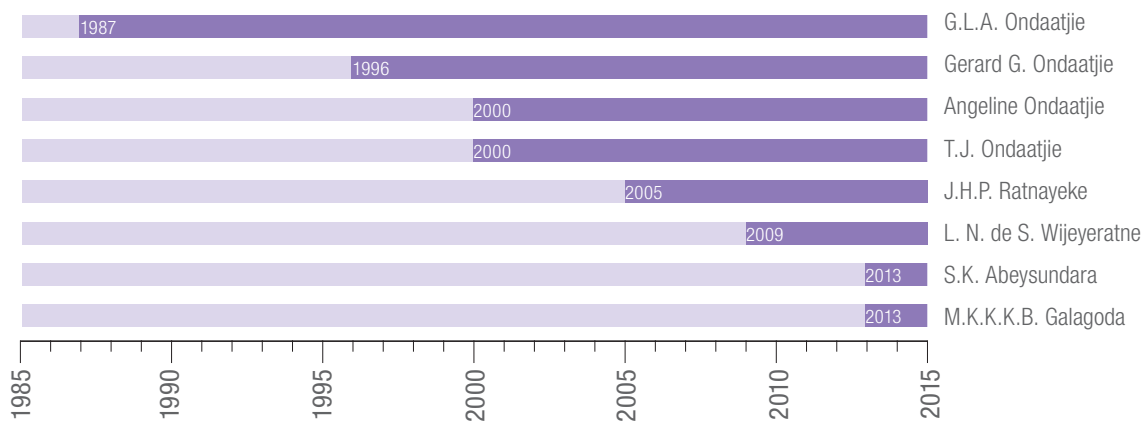
Independent Vs. Non Independent Directors



Board Experience

Name of Director	Board Experience			
	Tourism	Finance	Consumer	Legal
Executive Directors				
Mr. G.L.A. Ondaatjie	✓	✓	✓	-
Mr. Gerard G. Ondaatjie	✓	✓	✓	-
Ms. Angeline Ondaatjie	✓	✓	✓	-
Mr. T.J. Ondaatjie	✓	✓	✓	-
Non Executive Independent Directors				
Mr. J.H.P. Ratnayake	-	-	✓	✓
Mr. L. N. de S. Wijeyeratne	✓	✓	✓	-
Mr. S.K. Abeyesundara	-	-	✓	-
Non Executive Non Independent Director				
Mr. M.K.K.K.B. Galagoda	✓	-	✓	-
Percentage	75%	62.5%	100%	13%

Length of appointment of Executive & Non – Executive Directors



Name of Committee	Executive Members	Non - Executive Members	Independent Members	Non - Independent Members	Gender		Age Group		Nationality	
					Male	Female	30-50 Years	Over 50 Years	Sri Lankan	Foreign
Main Board	04	04	03	05	07	01	04	04	08	Nil
Audit Committee	Nil	03	03	Nil	03	Nil	Nil	03	03	Nil
Remuneration Committee	Nil	04	03	01	04	Nil	Nil	04	04	Nil
Nomination Committee	01	02	02	01	03	Nil	01	02	03	Nil
Related Party Transactions Review Committee	Nil	03	02	01	03	Nil	Nil	03	03	Nil

Corporate Governance contd.

Board Meetings, agenda and attendance

The Board meets as a practice as and when required. Agendas and papers are circulated in advance to enable informed deliberation at meetings and decisions are made by consensus. For the financial year 2014/15 there was a total of four Board Meetings. The Board met on key matters of importance to the Company, including the approval of strategic and operating plans, capital expenditure, financial statements by giving due attention to accounting standards and policies, ensuring compliance with legal and ethical standards, ensuring effective risk management and audit systems and addressing matters that have a material effect on the Company.

Name of Director	Attendance at Board Meetings					
	20 - May 2014	14 - Aug - 2014	09 - Dec -2014	10 - Mar -2015	Meetings Attended	Percentage Attended
Executive Directors						
Mr. G.L.A. Ondaatjie - Chairman	-	-	-	✓	1/4	25%
Mr. Gerard G. Ondaatjie	-	✓	✓	✓	3/4	75%
Ms. Angeline Ondaatjie	✓	✓	✓	-	3/4	75%
Mr. T.J. Ondaatjie	✓	✓	-	-	2/4	50%
Non Executive Independent Directors						
Mr. J.H.P. Ratnayake	✓	✓	✓	✓	4/4	100%
Mr. L. N. de S. Wijeyeratne	✓	✓	✓	✓	4/4	100%
Mr. S.K. Abeysundara	-	-	-	-	0/4	0%
Non Executive Non Independent Director						
Mr. M.K.K.K.B. Galagoda	✓	✓	✓	✓	4/4	100%

Obtaining independent professional advice

The Board has access to information that is required for effective and efficient discharge of their responsibilities.

The Group has established a procedure that enables the Directors to seek independent professional advice from external parties when necessary at the Company's expense.

Company Secretary

Mercantile Investments & Finance PLC functions as Secretaries to the Board. They ensure that appropriate Board processes are adopted, Board procedures and applicable rules and regulations adhered to and details and documents are made available to the Directors and Senior Management for effective decision making at the meetings.

Compliance with Legal Requirements

The Board is conscious of its responsibility to the Shareholders, the Government and the Society at large, in which it operates and is unequivocally committed to upholding ethical behavior in conducting its business. The Board, through the Company's Administrative and Finance Divisions, strives to ensure that the businesses of the Company and its subsidiary comply with the laws and regulations of the country. The Board of Directors ensures that all financial statements are prepared in accordance with the Sri Lanka Financial Reporting Standards and conform to the requirements of the Colombo Stock Exchange.

Nomination Committee

The main objective of the Nomination Committee is to identify suitable persons, having regard to their professional competence, experience in commercial management and personal qualities; for the appointment to the Board and to consider the appointment or re-appointment of any Director to the Board.

Shareholders must formally approve all new appointments at the first opportunity after their appointment, as provided by the Articles of Association of the Company.

The Nomination Committee of the Company comprises of two Independent Non Executive Directors and one Executive Director namely:

Mr. J.H.P.Ratnayake (NED) - Chairman
 Mr. L. N. de S. Wijeyeratne (NED)
 Mr. Gerard G. Ondaatjie (ED)

A report of the Nomination Committee is given on page 221.

The Nomination Committee met once during the financial year.

Attendance at Nomination Committee Meeting			
Name of Director	10 - Mar - 2015	Meetings Attended	Percentage Attended
J.H.P. Ratnayake - (NED /ID)	✓	1/1	100%
L. N. de S. Wijeyeratne - (NED/ID)	✓	1/1	100%
Gerard G. Ondaatjie (ED)	✓	1/1	100%

Audit Committee

The Audit Committee comprises of two Independent Non Executive Directors and a Consultant (Chartered Accountant).

The members of the Audit Committee are as follows:

Mr. J. H. P. Ratnayake - Chairman
 Mr. L. N. de S. Wijeyeratne
 Mr. Manil Jayasinghe - Consultant.

As prescribed in the listing rules of the Colombo Stock Exchange two members of the Audit Committee are members of a professional accounting body. Mr. L. N. de S. Wijeyeratne and Mr. Manil Jayasinghe are Fellows of the Institute of Chartered Accountants of Sri Lanka. The External and Internal Auditors, the General Manager and Group Financial Controller attend the Audit Committee meetings by invitation.

The Audit committee focuses principally in assisting the Board to fulfill its duties by providing an independent and objective view of the financial reporting process, internal controls, risk review and the audit function. The Audit Committee is assisted by the Internal Audit. Internal Controls have been designed to ensure transparency and good governance within the Company. The committee is responsible for the consideration and recommendation of External Auditors. A report of the Audit Committee is given on pages 217 to 219.

The Audit Committee met four (4) times during the year, holding one meeting per quarter according to a predetermined agenda.

Attendance at Audit Committee Meetings						
Name of Member	20-May 2014	14-Aug 2014	05-Nov 2014	06-Feb 2015	Meetings Attended	Percentage Attended
Mr. J.H.P. Ratnayake - (NED /ID)	✓	✓	-	✓	3/4	75%
Mr. L. N. de S. Wijeyeratne - (NED/ID)	✓	✓	✓	-	3/4	75%
Mr. Manil Jayasinghe - Consultant	-	✓	✓	✓	3/4	75%

Corporate Governance contd.

Remuneration Committee

The Remuneration Committee consists of two Non-Executive Independent Directors, One Non-Executive Non-Independent Directors and a Consultant (Chartered Accountant), namely:

- Mr. J.H.P.Ratnayeke - Chairman
- Mr. L. N. de S. Wijeyeratne
- Mr. M.K.K.K.B. Galagoda
- Mr. Manil Jayasinghe - Consultant

The Group Financial Controller assists the committee by providing the relevant information and participating in the analysis and deliberations.

The objective of the Remuneration Committee is to review and recommend the remuneration payable to the Executive Directors.

The aggregate remuneration paid to Directors is disclosed on page 253 of this report.

A report of the Remuneration Committee is given on page 220.

The Remuneration Committee met once during the financial year.

Attendance at Remuneration Committee Meeting			
Name of Director	10-Mar -2015	Meetings Attended	Percentage Attended
Mr. J.H.P. Ratnayeke - (NED /ID)	✓	1/1	100%
Mr. L. N. de S. Wijeyeratne - (NED/ID)	✓	1/1	100%
Mr. M.K.K.K.B. Galagoda - (NED/NID)	-	0/1	0%
Mr. Manil Jayasinghe - Consultant	-	0/1	0%

Related Party Transactions Review Committee

The Related Party Transactions Review Committee consists of two Non Executive Independent Directors and a Non Executive Non Independent Director, namely:

- Mr. J.H.P.Ratnayeke (NED / ID) - Chairman
- Mr. L. N. de S. Wijeyeratne(NED / ID)
- Mr. M.K.K.K.B. Galagoda – (NED / NID)

The Group Financial Controller assists the committee by providing the relevant information and participating in the analysis and deliberations.

The objective of the Related Party Transactions Review Committee is to be consistent with the Code of Best Practices on Related Party transactions issued by the Securities & Exchange Commission.

A report of the Related Party Transactions Review Committee is given on page 222.

The Related Party Transactions Review Committee met once during the financial year.

Attendance at Related Party Transactions Review Committee Meeting			
Name of Director	10 - Mar - 2015	Meetings Attended	Percentage Attended
Mr. J.H.P. Ratnayeke - (NED /ID)	✓	1/1	100%
Mr. L. N. de S. Wijeyeratne - (NED/ID)	✓	1/1	100%
Mr. M.K.K.K.B. Galagoda - (NED/NID)	✓	1/1	100%

Relationship with Stakeholders

The Board of Directors ensured that the top Management Team possesses right skills to deliver their best contribution towards the Company. The Board has empowered such employees to make operational decisions and also encourage them to make recommendations to the Board on areas of strategic importance. The Vision, Goals and Objectives of the Company have been formulated and all the employees have been briefed clearly of their specific job to achieve overall results for the Company.

The Company maintains sound relationship with regulatory authorities. The Shareholders have the right to voice their concerns to Board of Directors and exercise their votes at Annual General Meetings/ Extraordinary General Meetings of the Company. The notice of such meetings, and relevant documents as required by the Companies Act No. 07 of 2007 and Listing Rules of Colombo Stock Exchange are circulated to all the Shareholders within the timeframe stipulated in the relevant statutes.

Roles of Stakeholders

The Company ensures that all stakeholder rights are properly observed. Permanent procedures are carried out in line with the rules and regulations of the Colombo Stock Exchange, as well as the related laws.

Shareholders; the Company is committed to create long-term growth and returns to the shareholders and to conduct its business in a transparent manner.

Customers; the Company is committed to continuously develop a better quality service for the benefit and satisfaction of customers.

Creditors; the Company observes all of its obligations to its creditors.

Competitors; the Company abides by the framework of fair competition and will not destroy the reputation of competitors through false accusations.

Employees; the Company considers its employees as valuable assets and treats them fairly in regard to remuneration, work opportunities and the quality of the work environment.

Society and Environment; the Company is committed to conduct the business that benefits the society and economy and quality of environment.

Financial Reporting

The Board of Directors confirm the Financial Statements for the year ended 31st March 2015, of the Nuwara Eliya Hotels Co. PLC and the consolidated Financial Statement of the Company and its Subsidiary, that are incorporated in this report, have been prepared in accordance with the Sri Lanka Financial Reporting Standards and the Companies Act No. 7 of 2007. The Company has duly complied with all the reporting requirements prescribed by the regulatory authorities including the Colombo Stock Exchange and the Registrar of Companies. The Consolidated Financial Statements and the Financial Statements of the Company were audited by KPMG. Chartered Accountants.

The Independent Auditors' Report on the Financial Statements for the year ended 31st March 2015 is presented on page 233 of this Annual Report. The Annual Report of the Board of Directors is presented on pages 223 to 229 of the Annual Report.

Risk Review and Internal Control

The Board is responsible for the formulation of appropriate systems of internal controls for the Company and ensuring its effectiveness. The Board acknowledges its responsibilities for the system of internal control to facilitate the identification, assessment and management of risk, the protection of Shareholders' investments and the Group's assets. The Directors recognise that they are responsible for providing return to shareholders, which is consistent with the responsible assessment and mitigation of risk. The Board is aware that any internal control systems

contains inherent limitations and no system of internal control can provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human errors, loss, frauds or other irregularities. Therefore the Board takes appropriate action to minimize such situations.



There is an on-going process for identifying, evaluating and managing the significant risks faced by the Company which has been in place during the financial year and up to the date of approval of the Annual Report and Accounts. The Board regularly reviews this process.

The Company may be exposed to certain external and internal risks. The Company recognises the importance of controlling these risks and minimising the possibility of any negative impact to the Company. The control systems are designed to safeguard the Company's assets and maintain proper accounting records.

The Internal Audit Reports are reviewed and discussed at management level and thereafter forwarded to the Audit committee. Internal Audit Reports are structured in a way that it facilitates the resolution of the concerns highlighted and follow up action is monitored by the Board on an ongoing basis.

Corporate Governance contd.

Disclosure

The Board's Policy is to disclose all relevant information to stakeholders, within the bounds of prudent commercial judgment, in addition to preparing the Financial Statements in accordance with Sri Lanka Financial Reporting Standards, the Companies Act No.07 of 2007 and in conformity with Stock Exchange disclosure requirements.

Going Concern

The Board of Directors after reviewing the Financial Position and Cash Flow of the Company is confident that the Company has adequate resources to continue in operation for the foreseeable future. Accordingly, the "Going Concern Basis" has been adopted in the preparation of the Financial Statements.

Compliance Report

The Directors confirm that to the best of their knowledge all taxes and duties payable by the Company and all contribution levies and taxes payable on behalf of and in respect of the employees of the company and all other known statutory dues payable as at the date of the Statement of Financial Position, have been paid or are provided for in the accounts.

Other Information

The Annual Report contains statements from the Board including the responsibilities of the Directors for the preparation of the Financial Statements and the Directors are of the view that they have discharged their responsibilities as set out in this statement. The performance of the Company during the year under review and the future prospects of the Company are covered in the Managing Director's Review. A detailed review of the Hotel's Performance during the year is covered in the Integrated Management Discussion & Analysis.

Corporate Governance Compliance Table

Levels of compliance with the CSE's New Listing Rules- Section 7.10, Rules on Corporate Governance are given in the following table.

Rule No.	Subject	Applicable requirement	Compliance Status	Applicable Section in the Annual Report
7.10.1 (a)	Non-Executive Directors	Two or at least one third of the total number of Directors should be Non-Executive Directors	Compliant	Corporate Governance
7.10.2 (a)	Independent Directors	Two or one third of Non- Executive Directors, whichever is higher should be Independent	Compliant	Corporate Governance
7.10.2 (b)	Independent Directors	Each Non-Executive Director should submit a declaration of independence/non independence in the prescribed format	Compliant	Available with the Secretaries for review.
7.10.3 (a)	Disclosure relating to Directors	<ul style="list-style-type: none"> The Board shall annually make a determination as to the independence or otherwise of the Non Executive Directors 	Compliant	Corporate Governance
		<ul style="list-style-type: none"> Names of Independent Directors should be disclosed in the Annual Report. 	Compliant	Corporate Governance / Who Governs Us
7.10.3 (b)	Disclosure relating to Directors	The basis for the Board to determine a Director is independent, if criteria specified for independence is not met.	Compliant	Corporate Governance
7.10.3 (c)	Disclosure relating to Directors	A brief resume of each Director should be included in the Annual Report including the areas of Expertise	Compliant	Who Governs Us
7.10.3 (d)	Disclosure relating to Directors	Forthwith provide a brief resume of new Directors appointed to the Board with details specified in 7.10.3 (a),(b) and (c) to the Exchange	Compliant	Corporate Governance and Who Governs Us section in the Annual report
7.10.4 (a-h)	Determination of Independence	Requirements of meeting criteria	Compliant	Corporate Governance
7.10.5	Remuneration Committee	A listed company shall have a Remuneration Committee	Compliant	Corporate Governance
7.10.5 (a)	Composition of Remuneration Committee	Shall comprise of Non Executive Directors, a majority of whom will be independent	Compliant	Corporate Governance
7.10.5 (b)	Functions of Remuneration Committee	The Remuneration Committee shall recommend the remuneration of the Executive Directors	Compliant	Corporate Governance
7.10.5 (c)	Disclosure in the Annual Report relating to Remuneration Committee	<ul style="list-style-type: none"> Names of Directors comprising of the Remuneration Committee 	Compliant	Corporate Governance
		<ul style="list-style-type: none"> Statement of Remuneration Policy 	Compliant	Corporate Governance
		<ul style="list-style-type: none"> Aggregated Remuneration paid to Directors 	Compliant	Notes to the Financial Statements
7.10.6	Audit Committee	The Company shall have an Audit Committee	Compliant	Corporate Governance and The Audit Committee Report

Corporate Governance contd.

Rule No.	Subject	Applicable requirement	Compliance Status	Applicable Section in the Annual Report
7.10.6 (a)	Composition of Audit Committee	<ul style="list-style-type: none"> Shall comprise of Non- Executive Directors a majority of whom will be independent 	Compliant	Corporate Governance and The Audit Committee Report
		<ul style="list-style-type: none"> A Non-Executive Director shall be appointed as the Chairman of the Committee 	Compliant	Corporate Governance and The Audit Committee Report
		<ul style="list-style-type: none"> CEO (Managing Director) & Chief Financial Officer should attend Audit Committee Meetings 	Compliant	Corporate Governance and The Audit Committee Report
		<ul style="list-style-type: none"> The Chairman of the Audit Committee or one member should be a member of a professional accounting body 	Compliant	Corporate Governance and The Audit Committee Report
7.10.6 (b)	Audit Committee Functions	<p>Functions shall include: Overseeing of the</p> <ul style="list-style-type: none"> Preparation, presentation and adequacy of disclosures in the Financial Statements in accordance with Sri Lanka Financial Reporting Standards Compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements Processes to ensure that the Internal Controls and Risk Management are adequate to meet the requirements of the Sri Lanka Auditing Standards Assessment of the independence and performance of the External Auditors 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 Auditors 	Compliant	Corporate Governance, The Audit Committee Report and Financial Statements
7.10.6 (c)	Disclosure in the Annual Report relating to Audit Committee	<ul style="list-style-type: none"> Names of Directors comprising of the Audit Committee 	Compliant	Corporate Governance and The Audit Committee Report
		<ul style="list-style-type: none"> The Audit Committee shall make a determination of the independence of the Auditors and disclose the basis for such determination 	Compliant	Corporate Governance and The Audit Committee Report
		<ul style="list-style-type: none"> The Annual Report shall contain a Report of the Audit Committee setting out the manner of compliance with their functions 	Compliant	Corporate Governance and The Audit Committee Report

Adoption of Joint Code of Best Practice – Checklist

Code Ref	Subject	Applicable requirement	Adoption Status	Applicable Section in the Annual Report
A. 1	Directors - Board			
A. 1.1	Frequency of Board Meetings	Board should meet regularly at least once every quarter	Compliant	Corporate Governance
A. 1.2	Responsibilities of the Board	<ul style="list-style-type: none"> • Formulation and implementation of strategy • Skill adequacy of management and succession • Integrity of information, internal controls and risk management • Compliance with laws, regulations and ethical standards • Code of Conduct • Adoption of appropriate Accounting Policies 	Compliant	Corporate Governance
A. 1.3	Access to professional advice	Procedures to obtain independent professional advice	Compliant	Corporate Governance
A. 1.4	Company Secretary	<ul style="list-style-type: none"> • Ensures adherence to Board procedures and applicable rules and regulations • All Directors to have access to the services of Company Secretary 	Compliant Compliant	Corporate Governance
A. 1.5	Independent judgement	Directors should exercise independent judgement on issues of strategy, resources, performance and standard of business judgement	Compliant	Corporate Governance
A. 1.6	Dedication of adequate time and effort by Directors	Directors should devote adequate time and effort to discharge their responsibilities to the Company satisfactorily	Compliant	Corporate Governance
A. 1.7	Training of Directors	Directors should receive appropriate training, have skills and expand knowledge to effectively perform duties	Compliant	Corporate Governance
A. 2	Directors – Chairman & Chief Executive Officer			
A. 2	Division of responsibilities to ensure no individual has unfettered powers of decision	A balance of power and authority to be maintained by separating responsibility for conducting Board business from that of executive decision making.	Compliant	Corporate Governance
A. 3	Role of Chairman			
A. 3	Ensure good Corporate Governance	Chairman to preserve order and facilitate effective discharge of board functions by proper conduct of Board Meetings	Compliant	Corporate Governance
A. 4	Directors – Financial Acumen			
A. 4	Possession of adequate Financial Acumen	Board to ensure adequacy of financial acumen and knowledge within Board	Compliant	Corporate Governance

Corporate Governance contd.

Code Ref	Subject	Applicable requirement	Adoption Status	Applicable Section in the Annual Report
A. 5	Directors – Board balance			
A. 5.1	Composition of Board	The Board should include a sufficient number of Non Executive Independent Directors	Compliant	Corporate Governance
A. 5.2	Proportion of Independent Directors	Two or one third of the Non Executive Directors should be independent	Compliant	Corporate Governance
A. 5.3	Test of Independence	Independent Directors should be independent of management and free of any business or other relationships that could materially interfere with the exercise of unfettered and independent judgement	Compliant	Corporate Governance
A. 5.4	Declaration of Independence	Non Executive Directors should submit a signed and dated declaration of their independence / non independence	Compliant	Corporate Governance
A. 5.5	Annual determination of criteria of independence / non independence and declaration of same by Board	The Board should annually determine and disclose the names of Directors deemed to be independent	Compliant	Corporate Governance
A. 5.6	Appointment of Senior Independent Director	If the roles of Chairman and CEO (Managing Director) are combined, a Non Executive Director should be appointed as a Senior Independent Director	N/A	
A. 5.7	Availability of Senior Independent Directors to other Directors		N/A	
A. 5.8	Interaction between Chairman and Non Executive Independent Directors	The Chairman should meet the Non Executive Independent Directors at least once a year	Compliant	Corporate Governance
A. 5.9	Directors concerns to be recorded	When matters are not unanimously resolved, directors to ensure their concerns are recorded in Board Minutes.	N/A	
A. 6	Directors – Supply of information			
A. 6.1	Provision of adequate information to the Board	Management to ensure Board is provided timely and appropriate information	Compliant	Corporate Governance
A. 6.2	Adequacy of notice and formal agenda to be discussed at Board Meetings	Board Minutes, Agenda and Papers should be circulated at least seven days before the Board Meeting	Compliant	Corporate Governance
A. 7	Directors – Appointments to the board			
A. 7.1	Nomination Committee	Nomination Committee to make recommendations to the board on new Board appointments	Compliant	Corporate Governance
A. 7.2	Annual assessment of Board composition	Nomination Committee of Board should annually assess the composition of the Board	Compliant	Corporate Governance
A. 7.3	Disclosure of new Board appointments	Profiles of new Board appointments to be communicated to shareholders	Compliant	Who Governs Us

Code Ref	Subject	Applicable requirement	Adoption Status	Applicable Section in the Annual Report
A. 8	Directors – Re election			
A. 8.1	Appointment of Non Executive Directors	Appointment of Non Executive Directors should be for a specified term and re election should not be automatic	Compliant	Corporate Governance
A. 8.2	Shareholders approval of appointment of Directors	The appointment of all Directors should be subject to election by shareholders at the first opportunity	Compliant	Corporate Governance
A. 9	Directors – Appraisal of Board Performance			
A. 9.1	Annual appraisal of Board performance	The Board should annually appraise how effectively it has discharged its key responsibilities	Compliant	Corporate Governance
A. 9.3	Declaration of basis of performance evaluation	The Board should disclose how performance evaluations have been carried out	Compliant	Corporate Governance
A. 10	Directors – disclosure of information in respect of Directors			
A. 10.1	Biographical Profiles and relevant details of Directors to be disclosed	Annual Report should disclose the biographical details of Directors and attendance at Board / Committee Meetings	Compliant	Who Governs Us / Corporate Governance
A. 11	Directors – Appraisal of Chief Executive Officer			
A. 11.1	Short, medium and long term, financial and non financial objectives to be set	The Board should set out the short, medium and long term, financial and non financial objectives at the commencement of each year	Compliant	Corporate Governance
A. 11.2	Evaluation of CEO (Managing Director) performance	The performance of the CEO (Managing Director) should be evaluated by the Board at the end of the year	To be complied	
B. 1	Directors Remuneration – Remuneration Procedure			
B. 1.1	Appointment of Remuneration Committee	Remuneration Committee to make recommendations on Directors remuneration	Compliant	Corporate Governance
B. 1.2	Composition of Remuneration Committee	Board to appoint only Non Executive Directors to serve on Remuneration Committee	Compliant	Corporate Governance
B. 1.3	Disclosure of members of Remuneration Committee	The Annual Report should disclose the Chairman and Directors who serve on the Remuneration Committee	Compliant	Corporate Governance
B. 1.4	Remuneration of Non-Executive Directors	Board to determine the level of remuneration of Non Executive Directors	Compliant	Corporate Governance
B. 1.5	Access to professional advice	Remuneration Committee should have access to professional advice in order to determine appropriate remuneration for Executive Directors	Compliant	Corporate Governance

Corporate Governance contd.

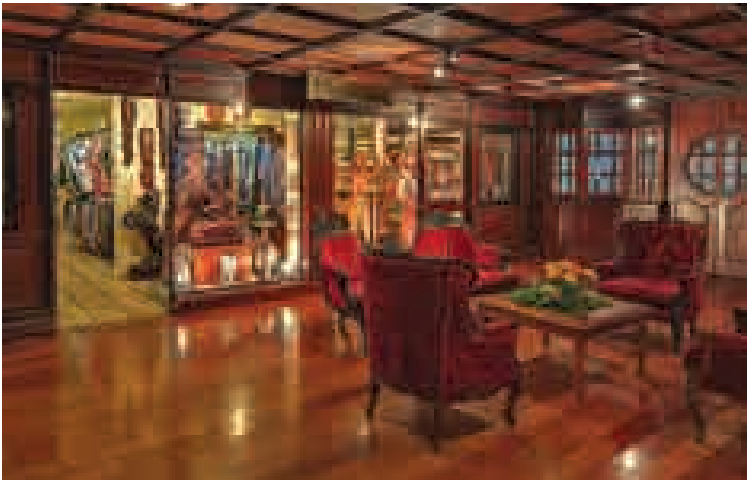
Code Ref	Subject	Applicable requirement	Adoption Status	Applicable Section in the Annual Report
B. 2	Directors Remuneration – Level and Make up of Remuneration			
B. 2.1	Remuneration packages for Executive Directors	Packages should be structured to attract, retain and motivate Executive Directors	Compliant	Corporate Governance
B. 2.2	Remuneration package	Packages should be comparable and relative to that of the other companies as well as the relative performance of the Company	Compliant	Corporate Governance
B. 2.3	Appropriateness of remuneration and conditions in relation to other Group Companies.	When determining annual increases, the Remuneration Committee should be sensitive to that of other group companies	Compliant	Corporate Governance
B. 2.4	Performance related elements of remuneration	Performance related elements of remuneration should be aligned with interests of the Company.	Compliant	Corporate Governance
B. 2.5	Share Options	Executive share options should not be offered at a discount	N/A	
B. 2.9	Remuneration packages of Non Executive Directors	Should reflect the commitment and responsibilities of role and in line with existing market practice	Compliant	Corporate Governance
B. 3	Directors Remuneration – Disclosure of Remuneration			
B. 3.1	Disclosure of details of remuneration	The annual report should disclose the remuneration paid to Directors	Compliant	Financial Statements – Note 8
C. 1	Relations with Shareholders			
C. 1.1	Proxy votes to be counted	The Company should count and indicate the level of proxies lodged for and against in respect of each Resolution	Compliant	Corporate Governance
C. 1.2	Separate resolutions	Separate resolutions should be proposed for substantially separate issues.	Compliant	Corporate Governance / Notice of Meeting
C. 1.3	Availability of committee Chairman at Annual General Meeting	The Chairman of Board Committees should be available to answer any queries at the Annual General Meeting	Compliant	Corporate Governance
C. 1.4	Notice of Annual General Meeting	15 working days notice to be given to Shareholders	Compliant	Notice of Meeting
C. 1.5	Procedure for voting at meetings	Company to circulate the procedure for voting with Notice of Meeting	Compliant	Notice of Meeting
C. 2	Major Transactions			
C. 2.1	Disclosure of major transactions	Transactions that have a value which are greater than half of the net assets of the company should be disclosed	No major transactions during the current period	Annual Report of the Board of Directors

Code Ref	Subject	Applicable requirement	Adoption Status	Applicable Section in the Annual Report
D. 1	Accountability and Audit – Financial Reporting			
D. 1.1	Presentation of public reports	Should be balanced, understandable and comply with statutory requirements	Compliant	Financial Statements
D. 1.2	Directors Report	The Directors Report should be included in the Annual Report and confirm that: <ul style="list-style-type: none"> • The Company has not contravened laws or regulations in conducting its activities. • Material interests in contracts have been declared by Directors • The Company has endeavoured to ensure equitable treatment to Shareholders • That the business is a “going concern” • That there is reasonable assurance of the effectiveness of the existing business systems following a review of the internal controls covering financial, operational and compliance 	Compliant	Annual Report of the Board of Directors / Financial Statements / Corporate Governance / Risk Management
D. 1.3	Respective responsibilities of Directors and Auditors	The Annual Report should contain separate statements setting out the responsibilities of the Directors for the preparation and presentation of the Financial Statements and the reporting responsibilities of the Auditors	Compliant	Statement of Directors Responsibilities / The Independent Auditors' Report
D. 1.4	Management Discussion and Analysis	Annual Report to include a section on Management Discussion and Analysis	Compliant	Integrated Management Discussion
D. 1.5	Going Concern	Directors to substantiate and report that the business is a going concern or qualify accordingly	Compliant	Annual Report of the Board of Directors
D. 1.6	Serious loss of capital	Directors to summon an Extra Ordinary General Meeting in the event that the net assets of the Company falls below 50% of the value of the shareholders funds.	N/A	
D. 2	Accountability and Audit – Internal Control			
D. 2.1	Effectiveness of system of Internal Controls	Directors to annually conduct a review of the effectiveness of the system of Internal Controls. The responsibility may be delegated to the Audit Committee	Compliant	Audit Committee Report / Risk Management

Corporate Governance contd.

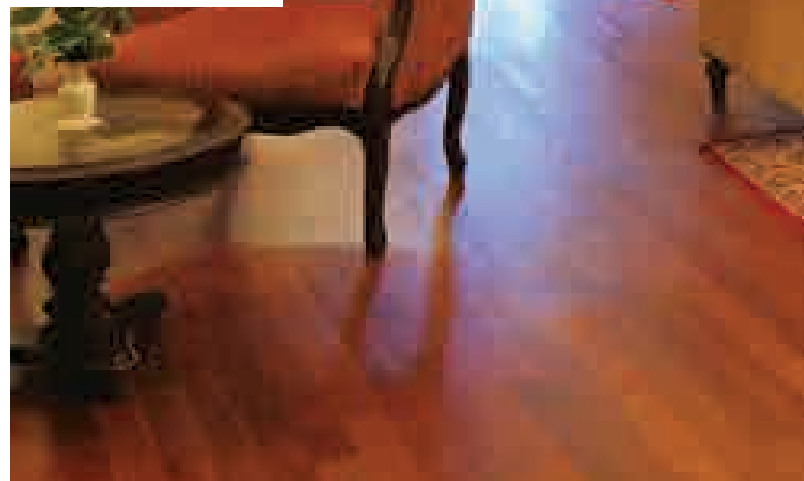
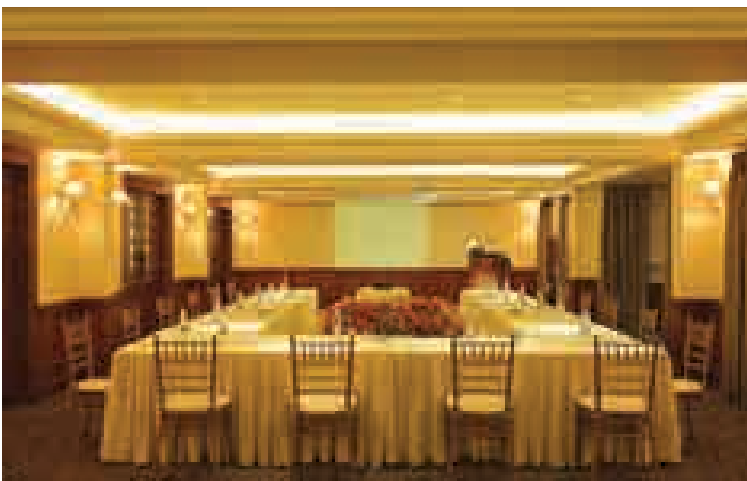
Code Ref	Subject	Applicable requirement	Adoption Status	Applicable Section in the Annual Report
D. 3	Audit Committee			
D. 3.1	Chairman and composition of Audit Committee	<ul style="list-style-type: none"> Should comprise of a minimum of two Independent, Non-Executive Directors Audit Committee Chairman should be appointed by the board 	Compliant	Audit Committee Report
D. 3.2	Duties of Audit Committee	Should include: <ul style="list-style-type: none"> Review of scope and results of Audit and its effectiveness Independence and objectivity of the Auditors 	Compliant	Corporate Governance
D. 3.3	Terms of reference / charter	The Audit Committee should have a written terms of reference which define the purpose of the committee and its duties and responsibilities	Compliant	Corporate Governance
D. 3.4	Disclosures	<ul style="list-style-type: none"> The Annual Report should disclose the names of Directors serving on the Audit Committee The Audit Committee should determine the independence of the Auditors and disclose the basis of such determination The Annual Report should contain a report by the Audit Committee setting out the manner of compliance during the period to which the report relates 	Compliant	Audit Committee Report / Corporate Governance
D. 4	Code of business conduct & Ethics			
D. 4.1	Adoption of Code of Business Conduct and Ethics	The Company must adopt a code of business conduct and ethics for Directors and members of the senior management team and promptly disclose any violation of the code	To be complied	
D. 4.2	Chairman's affirmation	The Annual Report must include an affirmation by the Chairman that he is not aware of any violation of the code of business conduct and ethics	To be complied	
D. 5	Corporate Governance Disclosures			
D. 5.1	Corporate governance Report	The Annual Report should include a report setting out the manner and extent to which the company has adopted the principles and provisions of the Code of Best Practice on Corporate Governance.	Compliant	Corporate Governance

Code Ref	Subject	Applicable requirement	Adoption Status	Applicable Section in the Annual Report
E.	Industrial Investors – Structured Dialogue			
E. 1	Structured dialogue with shareholders	A regular and structured dialogue should be conducted with shareholders and the outcome of such dialogue should be communicated to the Board by the Chairman	Compliant	Corporate Governance
E. 2	Evaluation of governance disclosures by institutional investors	Institutional investors should be encouraged to consider the relevant factors drawn to their attention with regard to board structure and composition	Compliant	Corporate Governance
F.	Other Investors – Investment / Divestment decisions			
F. 1	Individual Investors	Individual shareholders should be encouraged to carry out adequate analysis and seek professional advice when making their investment / divestment decisions	Compliant	Corporate Governance
F. 2	Shareholder voting	Individual shareholders should be encouraged to participate and exercise their voting rights	Compliant	Corporate Governance / Form of Proxy



Our Products

We take stock of the stringent standards we espouse with great pride providing innovation and versatility at every corner, every step of the way. From a state of the art Conference Room to a lush and magical Lobby, to a Bar for the more adventurous and Shopping facilities for those seeking something authentically Sri Lankan.





Risk Management

Overview

The Grand's Board regards Risk Management as a key process in the responsible pursuit of strategic objectives and the effective management of operations. Our management culture is underpinned by effective risk identification and mitigation processes which are applied on a day to day basis through the Risk Management framework including internal controls, monitoring mechanisms and relevant stakeholder engagement activities. The Board has overall accountability for ensuring that risk is effectively managed across the Organisation and, on behalf of the Board, the Audit Committee reviews the effectiveness of the Risk Process.

Our Risk Management process drives an ongoing risk assessment to identify and rank our key risks and opportunities according to their probability and potential to materially impact our operations. We acknowledge the importance of a robust, continuous materiality assessment process to ensure that matters impacting upon the organisation's ability to create value over the short, medium and long term are identified. Through materiality analysis we identify, quantify, prioritise, and respond to important stakeholder issues both positive and negative. A wide range of factors, both external and internal and encompassing regulatory, economic, social, political and global influences on the group together with legitimate stakeholder expectations, impact our daily business operations. These are deliberated upon at both the operational and board levels across the group, feeding into our strategic framework and the identification of risk impacts on the organisation.

During the year we have focused on a number of key areas:

1. Evolving risk descriptions

As time progresses, the nature of some of the Company's risks are evolving. Strategic, operational, financial, compliance and reputational risks are considered. Other risks inherent in the Hotel Industry generally are identified, monitored, recorded and appropriately managed.

2. Action plans for key risks

We continue to assess whether sufficient additional mitigating activities are underway to reduce the net risk position of the Company's key risks. By considering net risk we are able to identify when mitigating activities will result in a tangible risk reduction. We also continue to review the ongoing appropriateness of actions to ensure they are as relevant, timely and measurable as possible.

3. Influence of risk tolerance

Risk tolerance and appetite are important considerations in strategic decision-making at Board level. We also recognise the value in applying the concept of risk tolerance in discussions across all levels of the organisation. It is especially beneficial when determining the nature of mitigating activities and their role in addressing risk likelihood or impact.

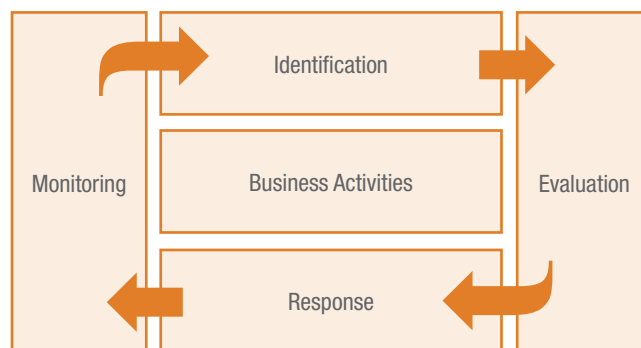
Risk Management is integral to Grand's strategy and to the achievement of its long-term goals.

Our management systems, organisational structures, processes, standards and code of conduct together form a system of internal control that governs how we conduct our business and manage its' associated risks.

Risk Management Framework

We continue to drive improvements to our Integrated Risk Management framework and the quality of risk information generated, whilst at the same time maintaining a simple and practical approach. We need to manage risks so we can meet our objectives, build shareholder value and promote our stakeholders interests.

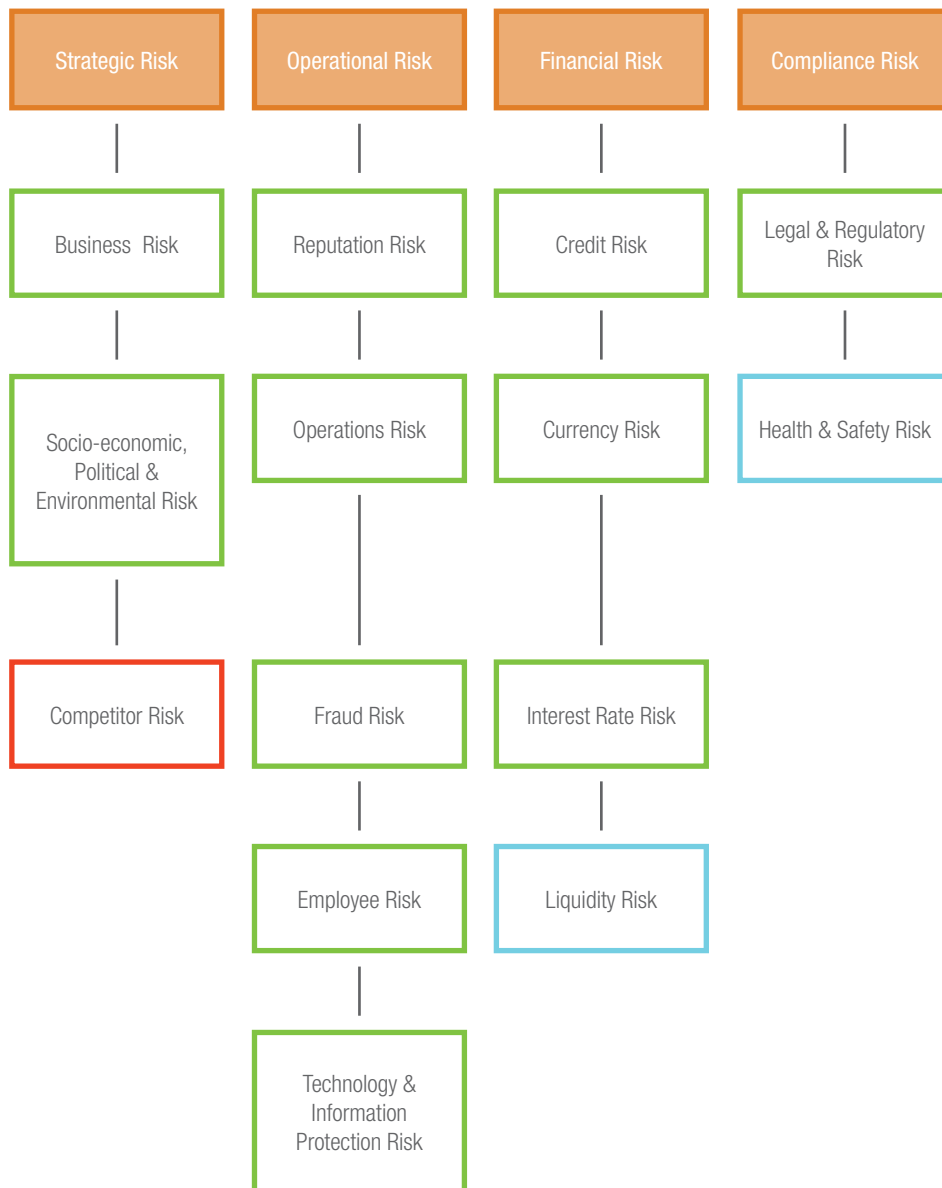
We have a group-wide Risk Management process. As an initial step of the framework it is important to identify before they can be managed. Subsequently risks are evaluated according to the likelihood of an event and its potential impact on the business. Impacts are quantified in terms of potential loss or damage. The loss to the company without mitigating actions, are compared against the net loss after mitigation action is taken against the risks. Risks and their corresponding action plans are reviewed by the management.



This framework is designed to balance corporate oversight with well defined Risk Management processes. Enhancements have continued to be made to the Risk Management framework through 2014/15.

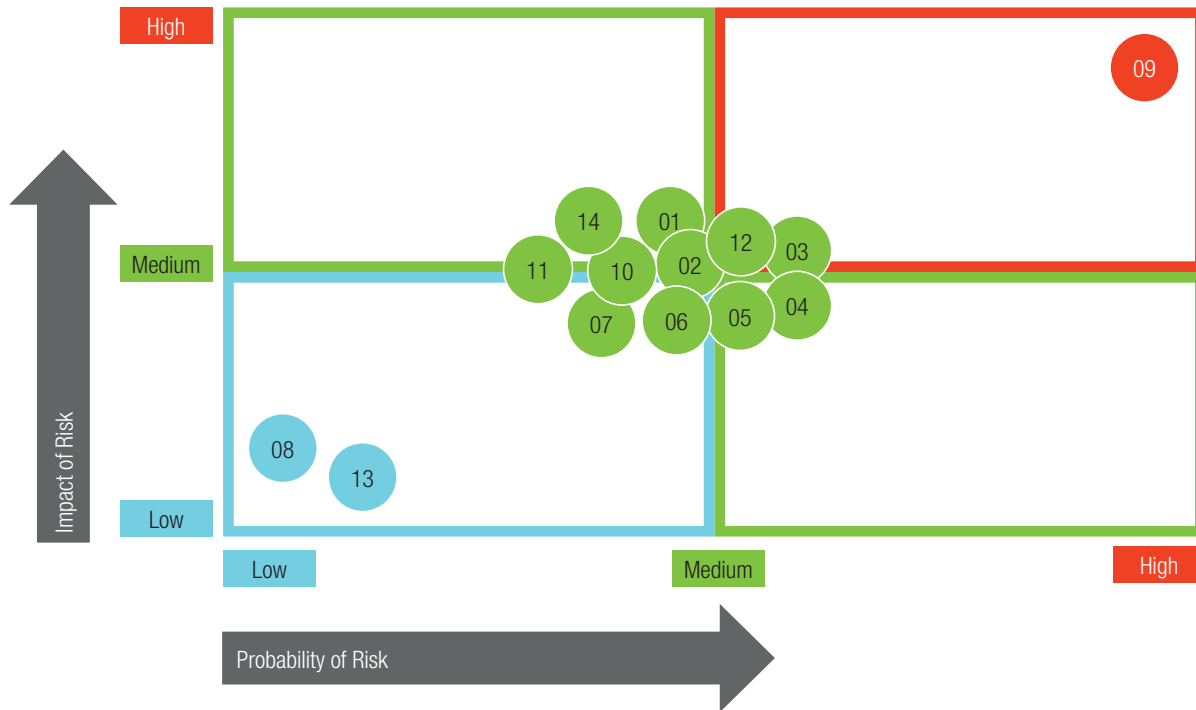
Risk categories and factors

The Risk Management process considers strategic, operational, financial and compliance risks. Other risks inherent in the hotel industry generally are also identified, monitored, recorded and appropriately managed. Risk indicators and levels of risk appetite are reviewed and approved by the Board on an annual basis or more frequently if required. Our risk appetite represents the amount and type of risk we are willing to accept in pursuit of our business objectives. Salient risks and their relevant mitigating strategies are subject to regular assessment.



Risk Management contd.

The categories of risks faced by the Company and their significance with regard to the threat they pose to its activities are shown below.



Item No.	1	2	3	4	5	6	7	8	9	10
Risk Category	Strategic	Operational	Financial	Compliance	Strategic	Operational	Financial	Compliance	Strategic	Operational
Risk	Business	Reputation	Credit	Legal & Regulatory	Socio-economic, Political & Environmental	Operations	Currency	Health & Safety	Competitor	Fraud

Item No.	11	12	13	14
Risk Category	Financial	Operational	Financial	Operational
Risk	Interest Rate	Employee	Liquidity	Technology & Information Protection

Our principal risks and uncertainties

As with any business, we face risks and uncertainties on a daily basis. It is the effective management of these that places us in a better position to be able to achieve our strategic objectives and to embrace opportunities as they arise.

To achieve a holistic view of the risks facing our business, both now and in the future, we consider those that are:

- external to our business;
- core to our day-to-day operation;
- related to business change activity; and
- those that could emerge in the future.

Indicated below are the risks deemed to have the most significant impacts on the Group's financial and operational performance, categorising according to the risk type and rating.

Key: ● Low ● Medium ● High

Strategic Risk	
Business Risk	Risk Management Strategies ● Risk Rating
<ul style="list-style-type: none"> • Risk of non-implementation of Strategic plans, Revenue improvement strategies & cost saving initiatives. • The performance of the Company could be adversely affected by local as well as global factors impacting the tourism in Sri Lanka 	<ul style="list-style-type: none"> • Meetings are held regularly by the Board of Directors and the Management team in order to formalise future strategies, revise and update current plans, taking into consideration the changing circumstances of the group and the changes taking place in the environment in which it operates. • Project feasibility studies are conducted for all major investments and professional advice is obtained from outside sources where necessary. • The Group has in place contingency and recovery plans to enable it to respond to major incidents or crisis.
Socio-Economic, Political & Environmental Risk	Risk Management Strategies ● Risk Rating
<ul style="list-style-type: none"> • Risks due to political and economic climate • Risk associated with natural and man-made disasters. Loss of assets resulting in a significant loss to the Company. 	<ul style="list-style-type: none"> • The macroeconomic situation is monitored and where necessary cost optimisation programmes are introduced and developing revenue management tools and guidelines to assist the Company to monitor local developments in supply and demand and to inform decisions on pricing and promotions. • Transferring risks to third parties through insurance policies. The adequacy of the policies are regularly reviewed and adjusted accordingly. • Contingency plans and disaster management systems are in place to safeguard the assets of the Company.
Competitor Risk	Risk Management Strategies ● Risk Rating
<ul style="list-style-type: none"> • Decline in market share and industry over capacity in a high growth competitive environment 	<ul style="list-style-type: none"> • The Management strives in nurturing long and well established relationships with major operators of charter traffic and individual clients. • Grand Hotel further participates in global and regional promotional events, in existing, potential and emerging markets. • Refurbishment of the hotel to meet the changing requirements of guests and thus benchmarking with global competition. • Measures have been initiated within the Hotel for the introduction of new services, improvement of quality, effective and efficient usage of resources.

Risk Management contd.

Operational Risk	
Reputation Risk	Risk Management Strategies ● Risk Rating
<ul style="list-style-type: none"> The Company's success depends on the continued strength and recognition of the brand – "Grand" on a local and regional basis. The "Grand" name is primary to its business as well as to the implementation of its strategy for expanding its business, including internationally maintaining, promoting and positioning "Grand". This will depend largely on the success of its ability to provide consistent, high quality services to its clients around the world. 	<ul style="list-style-type: none"> The brand of "Grand" with emphasis on maintaining quality standards and standards of performance, carries out ongoing reviews of guest comments in order to exceed customer expectations. Innovative service in keeping with the brand promise. Maintenance of the highest ethical standards at all times in all business activities. Proper adherence to statutory and environmental regulations.
Operations Risk	Risk Management Strategies ● Risk Rating
<ul style="list-style-type: none"> If we fail to deliver excellent standards of hygiene and safety in food. Potential losses as a result of inadequate internal controls, failures of internal processes, people and systems, natural and man-made disasters. 	<ul style="list-style-type: none"> The company has a stringent food safety policy Regular audits on all outlets are carried out to measure their performance against a range of health & safety standards including food standards Regular supplier assessments undertaken to ensure adherence to standards. Business continuity plans are in place to ensure the smooth operation of the business even at a time of disaster. Internal audits are carried out following on internal controls and compliance, whilst ensuring independence and objectivity.
Fraud Risk	Risk Management Strategies ● Risk Rating
<ul style="list-style-type: none"> The risk that the internal control weaknesses leading to corruption and employees abusing entrusted power for private gain and in turn leading to misappropriation of assets or fraudulent financial reports, have a risk on Company reputation, and consequent additional costs and could lead to the transgression of quality of service 	<ul style="list-style-type: none"> All major procurement decisions are taken on a collective basis, inclusive of the Project Managers, Group Financial Controller and Management. The Company has established stringent tender procedures and internal control measures to detect any deviation from the systems. Internal auditors are appointed to conduct regular reviews of the areas which are susceptible to misappropriation and fraud. Authority limits, segregation of responsibilities and duties have been implemented for the critical functions of the Company.
Employee Risk	Risk Management Strategies ● Risk Rating
<ul style="list-style-type: none"> Execution of the Company's strategy depends on its ability to attract, develop and retain employees with the appropriate skills, experience and aptitude 	<ul style="list-style-type: none"> As part of the performance appraisal process carried out in the Company, a clear vision has been set out on career development and succession plans enabling the Company to retain its employees. Regular training is carried out in order to infuse motivation, commitment and empowerment among the staff. Recruitment of high caliber staff, effective induction to the Group's corporate culture, having transparency in management actions, effective communication lines are developed in the Company's culture to foster good employee relationships.

Technology & Information Protection Risk	Risk Management Strategies ● Risk Rating
<ul style="list-style-type: none"> Failure to upgrade systems with developments in technology, leads to disruption of operations and loss of competitive advantage 	<ul style="list-style-type: none"> System procedures implemented and reviewed on a continuous basis. The reservations and management systems are upgraded continuously facilitating timely management information. Network and data protection systems are updated to ensure integrity and security of data. Documented business continuity and disaster recovery plans in the event of technical disruption or failure.
Financial Risk	
Credit Risk	Risk Management Strategies ● Risk Rating
<ul style="list-style-type: none"> The economic instability, high inflation rates and adverse foreign currency fluctuations could affect the Company in recovering cash from the clients of the Hotel 	<ul style="list-style-type: none"> The Company carries out actively, trade debtor balance reviews with review meetings held on a continuous basis. The Hotel transactions are based on cash terms and credit is provided only through established and reputed travel agents and tour operators. Credit control checks are carried out on parties to significant contracts, along with the continuing auditing & monitoring of those contracts.
Currency Risk	Risk Management Strategies ● Risk Rating
<ul style="list-style-type: none"> Risk from adverse exchange rate fluctuations 	<ul style="list-style-type: none"> Exchange rate movements are taken into consideration when entering into contracts with travel agents. Negotiation of room rates in stronger currencies, fixing the denominator in US dollars for sales contracts as it's accepted as a strong currency.
Interest Rate Risk	Risk Management Strategies ● Risk Rating
<ul style="list-style-type: none"> The probability of income losses arising from adverse interest rates 	<ul style="list-style-type: none"> Regular monitoring & forecasting of market interest rates is carried out to ensure appropriate steps are taken to maximise the return on financial investments and minimise cost of borrowing. Negotiations with banks and financiers are done to obtain best possible interest rates for investments.
Liquidity Risk	Risk Management Strategies ● Risk Rating
<ul style="list-style-type: none"> Unavailability of sufficient funds may interrupt the smooth function of the Company's day to day operations. 	<ul style="list-style-type: none"> The finance and treasury functions ensure that banking facilities are in place to cover its forecasted cash needs for at least a period of twelve months. The Company maintains a desired mixture of cash & cash equivalents.

Risk Management contd.

Compliance Risk	
Legal & Regulatory Risk	Risk Management Strategies ● Risk Rating
<ul style="list-style-type: none"> The Company encounters different legal and regulatory requirements including those for taxation, environmental, operational and competitive matters. It is exposed to the effect of administrative and regulatory risks which can include sudden changes in regulations, imposition of trade barriers and wage controls, limits on the export of currency and volatility of prices, taxes and currencies 	<ul style="list-style-type: none"> Processes are in place for the compliance of the relevant operational licenses, permits, certifications that have an impact on the operation of the business and other legal/ statutory/ regulatory statements/ declarations/ returns/ documentations as required by the relevant governing statutes/ regulations in ensuring continuity of the business. The Board and the Management seek professional advice from external consultants such as legal, tax consultants as and when needed
Health & Safety Risk	Risk Management Strategies ● Risk Rating
<ul style="list-style-type: none"> Noise, visual pollution and non - compliance with environmental practices. Falling debris caused by ongoing renovation work may cause the risk of injury to workmen and third parties, additional expenses, denting of corporate image, negative effect on future developments. 	<ul style="list-style-type: none"> The Company operates in line with the standard required by the local authorities & has obtained an Environment Protection License. Strong control measures are included in the construction contracts entered into by the Company. Eg. Meeting with the CMC approved sound levels, safety netting, monitoring etc. The Company has set up a formal process to carry out regular inspections by in-house staff and specialists in the relevant fields. Employees are trained to handle emergencies through structured fire drills, evacuation plans and other procedures. Details of progress made in improving the Company's management systems are contained in our Sustainability Report.

Audit Committee Report

Chairman

Mr. J.H.P. Ratnayake, (Attorney at Law)

Members

Mr. L. N. de S. Wijeyeratne (Chartered Accountant)

Mr. Manil Jayasinghe (Chartered Accountant) - Consultant

Responsibilities

The Audit Committee's responsibilities fall into four areas:

- (i) internal controls and risk management;
- (ii) financial reporting;
- (iii) internal audit; and
- (iv) external audit and compliance.

Governance

The Committee functioned throughout the financial year and all Committee members remained independent, as determined annually by the Board. Each member has been appointed as they have the experience and expertise necessary to meet the Committee's responsibilities.

Operation of the Audit Committee

The Audit Committee met on four occasions during the year. Details of the attendance at Audit Committee Meetings are set out in the Corporate Governance Report on pages 188 to 207 and this Report.

The Statutory Auditors, the Internal Auditors, the Group Financial Controller, the Financial Controller and the General Manager attended these meetings of the Audit Committee at the invitation of the Chairman of the Audit Committee.

The External Auditors are regularly invited by the Audit Committee to advise them of any matters which they consider should be brought to the Audit Committee's attention without the Managing Director's presence. The External Auditors may also request to meet the Audit Committee if they consider it necessary.

The Company Secretary acts as Secretary to the Audit Committee. The members of the Audit Committee can, where deemed necessary to discharge their responsibilities, obtain independent professional advice at the Company's expense.

The Audit Committee's duties include:

- Monitoring the financial reporting process.
- Monitoring the statutory audit of the Group's Financial Statements.
- Reviewing the Group's Financial Statements and the material financial reporting judgements contained therein.
- Monitoring the effectiveness of the Group's Internal Control and Risk Management systems.
- Reviewing and monitoring the independence of the External Auditors and their engagement for provision of additional services to the Group.
- Advising the Board on the appointment and removal of the External Auditors and the remuneration and terms of engagement of the External Auditors.

The minutes of the Audit Committee meetings are sent to the Board of Directors for acknowledgement. Significant issues arising therefrom are discussed by the Board of Directors.

Audit Committee Report contd.

Key issues discussed in 2014/15 meetings

The Committee discussed, amongst others, the following matters:

Date	Key issues discussed
20th May 2014	<ul style="list-style-type: none"> Appraised the external auditors, KPMG and recommended their re-appointment. The external auditors agreed to issue a letter on independency to the Audit Committee. Made assessments of Audit Fees and recommended the fee increase. Assessed the annual internal audit review concluding that no major concerns had been identified and issues were mainly operational. The Internal Auditors Ernst & Young (EY) stated that the Hotel is well managed, hence no material issues. Reviewed the draft Audited Financial Statements for the year ended 31st March 2014 and made enquiries on key auditing and accounting items and control observations arising from the 2013/14 audit. The Audit Committee Report & the Corporate Governance Report for the Annual Report 2014 circulated among the committee member were approved.
14th August 2014	<ul style="list-style-type: none"> Considered and made recommendations on the first quarter Interim Financial Statements to the Board. Received an update on the accounting standard SLFRS 13 which is in force from 1st April 2014 and property plant & equipment should be carried at fair value. It was advised to obtain a confirmation from a valuer that the valuation is in accordance with the standard. Reviewed the Internal Audit Report and discussed concerns.
5th November 2014	<ul style="list-style-type: none"> Interim Accounts for the Half-Year Results were reviewed and approved by the Board. Considered and addressed the key matters arising from their internal audit review for the quarter ended 30th June 2014. The Internal auditors requested the company to document the procedures to conduct the system audit, since the front office procedures were already documented the Audit Committee requested the system audit to commence from the front office system.
6th February 2015	<ul style="list-style-type: none"> Discussed and reviewed the draft Interim Financial Statements for the quarter ended 31st Dec 2014 and was approved by the Board. Reviewed and made enquiries from EY on the key findings in their Internal Audit Report and discussed therein. Discussed the HR issues and steps that are taken to rectify them.

Attendance at Audit Committee Meetings

Name of Member	Attendance at Audit Committee Meetings									
	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter		Meetings Attended	
	2014/2015	2013/2014	2014/2015	2013/2014	2014/2015	2013/2014	2014/2015	2013/2014	2014/2015	2013/2014
	20-May-2014	17-May-2013	14-Aug-2014	06-Aug-2013	05-Nov-2014	06-Nov-2013	06-Feb-2015	06-Feb-2014		
Mr. J.H.P. Ratnayake - (NED /ID)	✓	✓	✓	✓	-	✓	✓	✓	3/4	4/4
Mr. L. N. de S. Wijeyeratne - (NED/ID)	✓	✓	✓	✓	✓	✓	-	✓	3/4	4/4
Mr. Manil Jayasinghe - Consultant	-	✓	✓	-	✓	✓	✓	-	3/4	2/4

Internal Control and Risk Management

The Board is responsible for the Group's system of internal control and risk management and for reviewing its effectiveness. The Audit Committee monitors and reviews each year the effectiveness of, and the framework for, the Group's system of internal control and risk management. The Audit Committee undertook a review of the effectiveness of, and the framework for, the Group's system of internal control and risk management, including financial, operational and compliance controls during the year. In addition to this review, the External Auditors and Internal Auditors provided the Audit Committee with comprehensive reports of the results of their testing of controls that were carried out as part of the external audit. The Committee monitors internal controls and risk management, on behalf of the Board, through quarterly reports from both the Head of Finance and from Ernst and Young Advisory Services. The Committee is advised immediately of any significant matter that compromises the Internal Controls to ensure that a proportionate and independent investigation is carried out to mitigate any risk. The Audit Committee also reviewed on a quarterly basis, the key risks that the Group faces and the actions being taken by management to mitigate and manage them.

External Auditor Independence

To ensure that the external auditors, KPMG's independence is safeguarded, lead audit partners rotate every seven years. The current lead audit partner has been in place for five years. The Committee reviews the independence and effectiveness of KPMG on an on-going basis and receives reports from them on their independence annually.

In addition to the Company policies and procedures which aim to ensure the external auditor's independence and effectiveness, KPMG also have their own protective policies and systems in place, which are explained in an Engagement Letter issued by KPMG on an annual basis. For the year ended 31 March 2015, the Committee was satisfied with the independence, objectivity and effectiveness of the relationship with KPMG as the external Auditor.

Non-Audit Services

KPMG provide non-audit services to the Company which are governed to safeguard their objectivity and independence by the Company's Audit and Non-Audit Services Pre-Approval Policy.

Internal Audit Function

The Committee is responsible for reviewing and monitoring the activities of the Internal Audit Function of the Company. The results of the reviews are analysed and discussed at the Audit Committee meetings.

The Audit Committee, having considered the External Auditors' performance during their period in office, recommends their re-appointment. A full breakdown of the audit and non-audit related fees are set out in note 8 to the Financial Statements on page 253.



J.H.P. Ratnayeke
Chairman - Audit Committee

20th May 2015

Remuneration Committee Report

This Annual Report which has been prepared in accordance with the Accounting Regulations under the Companies Act 2007, also meets the relevant requirements of the Listing Rules of the Securities and Exchange Commission. Accordingly, this report describes how the Board has applied the principles relating to the Directors' remuneration in the Combined Code on Corporate Governance (version effective 1st January 2013), and the corresponding requirements as per Companies Act 2007 through the remuneration committee.

Membership of the Remuneration Committee

The Committee comprises of the following members:

- J.H.P. Ratnayake – Independent Non-Executive Director
- L.N.de S. Wijeyeratne – Independent Non-Executive Director
- M.K.K.K.B. Galagoda – Non-Independent Non-Executive Director
- Manil Jayasinghe – Consultant (Chartered Accountant)

Remuneration Committee Meeting

Name of Member	2014/2015	2013/2014	Meetings Attended	
	10-Mar-15	06-Feb-14	2014/2015	2013/2014
Mr. J.H.P. Ratnayake - (NED /ID)	✓	✓	1/1	1/1
Mr. L. N. de S. Wijeyeratne - (NED/ID)	✓	✓	1/1	1/1
Mr. M.K.K.K.B. Galagoda - (NED/NID)	-	-	0/1	0/1
Mr. Manil Jayasinghe - Consultant	-	-	0/1	0/1

Scope and objectives of the committee

Attracting, retaining and motivating Directors of an appropriate calibre and experience are essential to the Company's future success and therefore primary objectives of the Committee. The other objectives of the remuneration policy are to:

- Pay a base salary, benefits and other perks which compares with other companies of comparable size and complexity but does not exceed relevant market levels in accordance with the remuneration policy;
- Use short-term and long-term increments to encourage Executive Directors to out-perform targets, thereby linking their rewards to the interests of shareholders and other stakeholders and giving them the opportunity to increase their earnings;
- Encourage Executive Directors to hold shares in the Company; and
- Facilitate effective succession planning;

The Remuneration Policy

The Executive Directors' remuneration packages comprised of the following:

- Base salary
- Company maintained car or allowance in lieu
- Performance linked bonus
- Private healthcare insurance, Life assurance

A review of the remuneration policy is set out below.

Review of Remuneration

During the year, the Committee conducted a review of all elements of the remuneration packages of Executive Directors and Key Management Personnel, particularly the performance-related elements. The Committee concluded, following consultation with the Managing Director, that fixed elements of the package should remain broadly unchanged and that a bonus potential of 100% of salary remained as an appropriate measure of short-term incentives.

Non-Executive Directors

The process for determining remuneration of the Non-Executive Directors has the objective of ensuring maximum benefit for Nuwara Eliya Hotels Company PLC by the retention of high quality resources in the Board. The Nomination and Remuneration Committee bears the responsibility of determining the appropriate remuneration for Non-Executive Directors. Non- Executive Directors' fees are reviewed periodically by the Nomination and Remuneration Committee with reference taken to the fees paid to the Non-Executive Directors of comparable companies. The Nomination and Remuneration Committee is subject to the direction and control of the Board. In forming a view of the appropriate level of Board fees to be paid to Non-Executive Directors, the Committee may also elect to receive advice from independent remuneration consultants, if necessary.

Details regarding the composition of the Committee and its main objectives are outlined in the Corporate Governance Statement.

Meetings of the Committee

The Committee met once during this year. The Committee's effectiveness review concluded that the Committee was provided with sufficient resources to carry out its duties, and no Director is involved in deciding his or her own remuneration. The Directors emoluments are disclosed in note 8 on page 253.



J.H.P. Ratnayake
Chairman - Remuneration Committee

20th May 2015

Nomination Committee Report

The Nomination Committee presents a separate report herewith in relation to the financial year ended 31st March 2015.

Composition of the Nomination Committee

The Committee comprises of the two independent Non-Executive Directors and the Executive Managing Director. External advisors may be invited to attend meetings when necessary. The Nomination Committee met once during the financial year 2014/15 and was attended as follows.

Nomination Committee Meeting

Name of Member	2014/2015	2013/2014	Meetings Attended	
	10-Mar-15	06-Feb-14	2014/2015	2013/2014
Mr. J.H.P. Ratnayeke - (NED /ID)	✓	✓	1/1	1/1
Mr. L. N. de S. Wijeyeratne - (NED/ID)	✓	✓	1/1	1/1
Mr. Gerard G. Ondaatjie - (ED)	✓	✓	1/1	1/1

There are written terms of reference for the Nominations Committee.

It is responsible for making recommendations to the Board for the appointment or replacement of additional Directors and ensuring there is an appropriate balance and diversity of skills, experience, knowledge and independence both now and in the future.

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

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

- Determination of the Board's structure, size and composition;
- Determination of the skills, experience and knowledge of the Board, and identifies candidates to fill Board vacancies and enhance its capability;
- Succession planning for Directors and other senior executives, taking into account the challenges and opportunities facing the business, and what skills and expertise are therefore needed on the Board in the future;

- Establishing the time commitment required from Non-Executive Directors;
- Determination of the leadership needs of the organization, both executive and non executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace; and
- Observing strategic issues and commercial changes affecting the Company and the market in which it operates.

Following the changes to the composition of the Board during the year, the Committee firmly believes that the current composition represents a strong, well balanced and diverse Board. The Board membership is made up of specialists in accounting, legal, engineering and architectural and possesses considerable knowledge, experience and skills to meet the current and future requirements of the Group.

The Board from time to time reviews the composition of the Board with particular regard to ensure that there are an appropriate number of Directors on the Board.



J.H.P. Ratnayeke
Chairman - Nomination Committee

20th May 2015

Related Party Transactions Review Committee Report

The Board Related Party Transactions Review Committee established by Nuwara Eliya Hotels Company PLC in January 2015 comprised of the following Directors of the Company.

J.H.P. Ratnayake – Independent Non-Executive Director
L.N.de S. Wijeyaratne – Independent Non-Executive Director
M.K.K.K.B. Galagoda – Non-Independent Non-Executive Director

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

The mandate of the Committee includes:

1. The Purpose

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

2. Composition

The Related Party Transactions Committee shall comprise of two Independent Directors and one Non Executive Director. Currently, the committee consists of three Directors. The head of the committee is Mr. J.H.P. Ratnayake - Independent Director.

3. Operation

The Related Party Transactions Committee held one meeting during the last quarter ending 31st March 2015 and shall hold meetings every quarter thereafter.

4. Responsibilities

- To seek and receive reports on Related Party Transactions between the Company and its affiliates.
- To review Related Party Transactions.
- To recommend corrective measures.



J.H.P. Ratnayake
Chairman - Related Party Transactions Review Committee

20th May 2015

Annual Report of the Board of Directors

The Directors have pleasure in submitting their report together with the Audited Financial Statements of the Company for the year ended 31st March 2015, which were approved by the Board of Directors on the 20th of May 2015. The details set out herein provide the pertinent information required by section 168 the Companies Act No. 07 of 2007 and the Colombo Stock Exchange Listing Rules.

Review of the year

A review of operational and financial performance and the future plans of the Group are described in greater detail in the Chairman's Message, Managing Director's Review, Integrated Management Discussion and the Financial Review of the Annual Report.

Principal Activity

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

Review of Performance

A review of the company's financial and operational performance during the year is contained in the Chairman's Message (pages 34 to 35), the Managing Director's Review (pages 36 to 41) and Integrated Management Discussion (pages 45 to 175). These reports together with the financial statements reflect the state of affairs of the Company and form an integral part of the report.

Future Developments

An overview of the future development plans of the Company is given in the Chairman's Message (pages 34 to 35), the Managing Director's Review (pages 36 to 41) and Integrated Management Discussion (pages 45 to 175).

Corporate Governance

The Board of Directors of the Company is responsible for the governance of the Company, which include setting out strategic aims, providing leadership and supervising management.

The Company being listed in the main board of the Colombo Stock Exchange (CSE), is fully compliant with the rules on Corporate Governance under the Listing Rules. In addition, the company is in compliance in most areas of the Code of Best Practice on Corporate Governance issued jointly by the Securities & Exchange Commission of Sri Lanka (SEC) and the Institute of Chartered Accountants of Sri Lanka (ICASL)

The Corporate Governance Policies are set out on pages 188 to 207.

Internal Controls

The Report on Corporate Governance and the Statement of Directors Responsibilities on pages 188 and 229 respectively, give a detailed description of the Company's internal control system.

Risk Management

The Board has established and adhere to a comprehensive risk management framework. The categories of risks faced by the Group are identified, the significance they pose are evaluated and mitigating strategies are adopted. A detailed overview of this process is outlined in the Risk Management report on pages 210 to 216.

Customers

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

Suppliers

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

Employment Policy

The number of permanent and contract employees as at 31st March 2015 are 363 (31st March 2014 – 343), the total remuneration paid during the year amounted to Rs. 106 Mn (2013/14 – Rs. 90 Mn.) As a socially responsible "Equal Opportunity Employer", the Company's recruitment and employment policies are non discriminatory. Our employment policies are reviewed periodically by the relevant committees and the Board of Directors.

Environment Policy

The Company is committed to environmental conservation and measures are taken in order to minimize any adverse impact resulting from its operations.

An Environmental Management System is in place to monitor and control any adverse environmental or social impacts. The Company's environmental and social practices are detailed on pages 84 to 175.

Compliance with laws and regulations

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

Annual Report of the Board of Directors contd.

Statutory Payments

The Directors to the best of their knowledge are satisfied that all statutory payments in relation to the Government and employees have been either duly paid or appropriately provided for, except as specified in Note 33 to the Financial Statements.

Revenue

The Revenue of the Company and the Group for the year ended 31st March 2015 was Rs. 837,810,742/- and Rs. 837,810,742/- respectively. (2014 - Rs. 503,244,948/- and Rs. 829,893,643/-).

Profit and Appropriations

	Company		Group	
	Rs. Millions		Rs. Millions	
	2014/15	2013/14	2014/15	2013/14
Profit before Taxation	310	233	307	348
Taxation	(37)	(25)	(37)	(54)
Profit after tax	273	208	270	293
Balance brought forward from previous year	546	382	1,003	752
Transferred from amalgamation of Subsidiary	458			
Actuarial Loss on Retirement Benefit Obligation	(1)	(1)	(1)	(1)
Amount available for appropriation	1,276	589	1,267	1,045
Appropriations				
Transferred to Retained Earnings	3	2	3	3
Dividends paid	(45)	(45)	(45)	(45)
Acquisition – of Non Controlling Interest	-	-	1	-
Retained Profit for the year	1,234	546	1,231	1,003

Provision for Taxation

A detailed statement of income tax and a reconciliation of the accounting profits with the taxable profits for the Group is disclosed in note 9 on page 253 in this Report.

Donations

During the year donations amounting to Rs. 148,544/- (2013/14 - Rs. 194,500/-) were made to various charities.

Dividend

The Board of Directors declared an interim dividend of Rs. 22.50 per share. The interim dividend would be the final dividend for the year ended 31st Mar 2015.

As per the Companies Act No 07 of 2007, requires that a solvency test to be carried out prior to the payment of dividends. The Board of Directors obtained a certificate of solvency from the Auditors, Messrs KPMG before declaring this dividend

Capital Expenditure

The total capital expenditure incurred on the acquisition of fixed assets during the year amounted to Rs. 205 Mn (2013/14 Rs. 376 Mn), details of which are given in Note 12 to the Financial Statements.

Property, Plant and Equipment

Details of property, plant and equipment of the Company and Group are shown in Notes 12 to the Financial Statements.

Stated Capital

The Stated Capital of the Company and Group as at 31st March 2015 is Rs. 80,171,740/- (2013/14 - Rs. 80,171,740/-) comprising of 2,003,870 ordinary shares and 5,800 participating cumulative preference shares.

Reserves

The total reserves of the Company as at 31st March 2015 stand at Rs. 1,591 Mn (2013/14 - Rs. 1,468 Mn), comprising of Revaluation Reserves of Rs. 1,563 Mn/-, and Available for Sale Reserves of Rs. 28 Mn. The total reserves of the Group as at 31st March 2015 stand at Rs 1,592 Mn (2013/14 - Rs. 1,620 Mn), comprising Revaluation Reserves of Rs. 1,563 Mn, and Available for Sale Reserves of Rs. 28 Mn.

Statement of Changes in Equity

The movement in equity is shown in the Statement of Changes in Equity on pages 237 to 239.

Contingent Liabilities

The details of contingent liabilities are disclosed in note 33 to the financial statements on page 269.

Events Occurring after the Reporting Date

No circumstances have arisen since the date of the Statement of Financial Position which would require adjustments to or disclosure in the Accounts, as disclosed in Notes to the Financial Statements Note 31 on page 269.

Changes in Accounting Policies

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

The significant accounting policies adopted in the preparation of these financial statements are given on pages 242 to 251.

Going Concern

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

Board of Directors

The Board of Directors of The Nuwara Eliya Hotels Co. PLC as at 31st March 2015 comprise of:

Name of Director	Executive/ Non-Executive	Independent/ Non-Independent	Year of Appointment	Position / Status
Mr. G.L.A. Ondaatjie	Executive Director	Non Independent	15h June 1987	Chairman of the Board
Mr. Gerard G. Ondaatjie	Executive Director	Non Independent	29th June 2001	Managing Director /Member Nomination Committee
Ms. Angeline Ondaatjie	Executive Director	Non Independent	17th Oct 2000	Exe. Director
Mr. T.J. Ondaatjie	Executive Director	Non Independent	17th Oct 2000	Exe. Director
Mr. J.H.P. Ratnayeke	Non Executive Director	Independent	1st Jun. 2005	Non Exe. Director / Chairman Audit Committee, Nominations Committee Remuneration Committee & Related Party Transactions Review Committee
Mr. L. N. de S. Wijeyeratne	Non Executive Director	Independent	22nd Jan 2009	Non Exe. Director / Member Audit committee, Nominations Committee, Remuneration Committee & Related Party Transactions Review Committee
Mr. S.K. Abeyesundara	Non Executive Director	Independent	8th Apr. 2013	Non Exe. Director
Mr. M.K.K.K.B. Galagoda	Non Executive Director	Non Independent	8th Apr 2013	Non Exe. Director / Member Related Party Transactions Review Committee and Remuneration Committee

The profiles of the Directors are given on pages 180 to 183 of the Annual Report.

The Board met four times during the year, the number of meetings of the Board and individual attendance by members are shown below.

Name of Director	Directorship Status	2014/2015 No. of Meetings	
		Held	Attended
Desabandu. G.L.A. Ondaatjie	Executive Director	4	1
Mr. Gerard G. Ondaatjie	Executive Director	4	3
Ms. Angeline Ondaatjie	Executive Director	4	3
Mr. T.J. Ondaatjie	Executive Director	4	2
Mr. J.H.P. Ratnayeke	Independent Non Executive Director	4	4
Mr. L. N. de S. Wijeyeratne	Independent Non Executive Director	4	4
Mr. S.K. Abeyesundara	Independent Non Executive Director	4	0
Mr. M.K.K.K.B. Galagoda	Non Executive Director	4	4

Annual Report of the Board of Directors contd.

New appointments to the Board

There were no new appointments to the Board for the financial year 2014/15.

Retirement and Re-Election / Re-appointment of Directors Recommended

In terms of Article 88 (i) of the Articles of Association of the Company, Mr. J.H.P. Ratnayeke and Ms. A.M. Ondaatjie retire by rotation, and being eligible offer himself/ herself for re-election.

Special Notice has been given of the intention to propose an ordinary resolution as set out in the notice of meeting to re-elect Mr. G.L.A. Ondaatjie as a Director of the company in terms of Section 211 of the Companies Act No. 7 of 2007.

Board Sub Committees

The Board while assuming the overall responsibility and accountability for the Management of the Company, has also appointed Board sub-committees to ensure more effective control over certain affairs of the Company, conforming to the Corporate Governance Standards of the Listing Rules of the Colombo Stock Exchange (CSE) and adopting best practices.

Accordingly, the following Directors serve as members of the Audit, Remuneration, Nomination and Related party Transactions Review Committees.

Audit Committee

Mr. J. H. P. Ratnayeke

Mr. L. N. de S. Wijeyeratne

The report of the audit committee is given on page 218 of this report.

Remuneration Committee

Mr. J. H. P. Ratnayeke

Mr. L. N. de S. Wijeyeratne

Mr. M. K. K. B. Galagoda

The report of the remuneration committee is given on page 220 of this report.

Nomination Committee

Mr. J. H. P. Ratnayeke

Mr. Gerard G. Ondaatjie

Mr. L. N. de S. Wijeyeratne

The report of the nomination committee is given on page 221 of this report.

Related Party Transactions Review Committee

Mr. J. H. P. Ratnayeke

Mr. L. N. de S. Wijeyeratne

Mr. M. K. K. B. Galagoda

The report of the related party transactions review committee is given on page 222 of this report.

Directors Meetings

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

Name of Director	Board Meetings		Audit Committee Meetings		Remuneration Committee Meetings		Nomination Committee Meetings		Related Party Transactions Review Committee Meetings	
	A	B	A	B	A	B	A	B	A	B
Mr. G.L.A. Ondaatjie	4	1	-	-	-	-	-	-	-	-
Mr. Gerard G. Ondaatjie	4	3	-	-	-	-	1	1	-	-
Ms. Angeline Ondaatjie	4	3	-	-	-	-	-	-	-	-
Mr. T.J. Ondaatjie	4	2	-	-	-	-	-	-	-	-
Mr. J.H.P. Ratnayeke	4	4	4	3	1	1	1	1	1	1
Mr. L.N. de S. Wijeyeratne	4	4	4	3	1	1	1	1	1	1
Mr. S.K. Abeyesundara	4	0	-	-	-	-	-	-	-	-
Mr. M.K.K.K.B. Galagoda	4	4	-	-	1	0	-	-	1	1

A = Number of meetings held in the period during the year where the Director held office

B = Number of meetings attended

Directors' Interest Register

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

Directors' Interest in Contracts

The Directors of the Company have made the general disclosures provided for in section 192 (2) of the Companies Act No 07 of 2007. The details of the transactions in which they have an interest are given in note 30 to the financial statements. – 'Related Party Disclosure'.

Directors' Remuneration

The aggregate emoluments paid to the Directors in respect of the Company and the Group for the financial year 2014/2015 amounted to Rs. 3,776 Mn given in note 8 to the Financial Statements on page 253.

Directors' Shareholding

The Directors of the Company held 837,548 ordinary shares (41.80%) and 3,155 7% cumulative participating preference shares as at 31st March 2015.

Annual Report of the Board of Directors contd.

Directors' Interest in Shares in the Company

The Directors' holding in shares as at the date of the Statement of Financial Position is as follows:

	2014/ 2015	2013/ 2014
Ordinary Shares		
Mr. G.L.A. Ondaatjie	601,420	601,420
Mr. G.G. Ondaatjie	213,182	213,182
Ms. A.M. Ondaatjie	11,323	11,323
Mr. T.J. Ondaatjie	11,323	11,323
Mr. J.H.P. Ratnayake	300	300
Mr. L.N. de S. Wijeyeratne	-	-
Mr. M.K.K.K.B. Galagoda	-	-
Mr. S.K. Abeyesundara	-	-
Preference Shares		
Mr. G.L.A. Ondaatjie	3,155	3,155

There is no Chief Executive Officer in the Company, Mr. Gerard G. Ondaatjie serves as the Managing Director.

Shareholders' Information

The distribution of shareholders is indicated on pages 293 to 296 in the Annual Report. There were 632 registered shareholders as at 31st March 2015.

Share Information

Information on share trading is given on page 294 of the Annual Report.

Public Holding

The number of ordinary shares held by the public as at 31st March 2015 was 217,155 (2013/14 – 217,155) which amounted to 10.84% (2013/14 – 10.84%) of the issued capital of the Company. The number of public shareholders was 620 as at 31st March 2015.

Financial Statements

The Financial Statements of the Company and the Group have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka (ICASL) and in compliance with the requirements of the Companies Act No. 7 of 2007.

The Financial Statements of the Company and the Group for the year ended 31st March 2015 signed by the Group Financial Controller, the Managing Director and another Director of the Company are given on pages 234 to 276 which form an integral part of the Annual Report of the Board.

Directors' Responsibility for Financial Reporting

The Directors are responsible for the preparation of the Financial Statements of the Company to reflect a true and fair view of the state of affairs. The Directors are of the view that these financial statements have been prepared in conformity with the requirements of the Companies Act No. 7 of 2007, the Sri Lanka Accounting Standards and the Listing Rules of the Colombo Stock Exchange.

The statement of directors' responsibility for financial reporting is given on page 229 and forms an integral part of this report.

Auditors

Messrs. KPMG, Chartered Accountants retire and being eligible offer themselves for re-election. A resolution to re-appoint them as Auditors and authorizing the Board to fix their remuneration will be proposed at the Annual General Meeting.

The amount payable to Auditors Messrs. KPMG for the year ended 31st March 2015 is Rs. 495,000/- as Audit Fees and Cost of Non-Audit Services of Rs. 92,310/- were also incurred by the Group.

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

Annual General Meeting

The Annual General Meeting will be held at Hotel OZO, Colombo 4, on Tuesday 30th June 2015 at 12.30 pm. The Notice of Meeting relating to the One Hundred & Twenty Third Annual General Meeting is given on page 300.

On Behalf of the Board


Gerard G. Ondaatjie
Managing Director


T.J. Ondaatjie
Director

(Sgd.)

Mercantile Investments & Finance PLC.
Secretaries

Colombo.
20th May 2015

Statement of Directors' Responsibilities

Statement of the Directors' Responsibilities in relation to the Financial Statements

The responsibilities of the Directors, in relation to the Financial Statements of the Company differ from the responsibilities of the Auditors, which are set out in the Independent Auditors' Report of the on page 233.

As per the provisions of the Companies Act No. 7 of 2007 the Directors are required to prepare Financial Statements for each financial year giving a true and fair view of the state of affairs of the Company as at the end of the financial year and of the results of its operations for the financial year.

The Directors consider that, in preparing these Financial Statements set out through page 234 to 276 appropriate Accounting Policies have been selected and applied in a consistent manner, supported by reasonable and prudent judgment and that all applicable Accounting Standards, as relevant, have been followed.

The Directors are confident that the Company has adequate resources to continue in operation and have applied the going concern basis in preparing these Financial Statements. Further, the Directors have a responsibility to ensure that the Company maintains sufficient accounting records to disclose with reasonable accuracy, the financial position of the Company and to ensure that the Financial Statements presented comply with the Companies Act No. 7 of 2007.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Company and in this regard to give proper consideration to the establishment of appropriate internal control systems to prevent and detect fraud and other irregularities.

The Directors are confident that they have discharged their responsibilities as set out in the statement. The Directors also confirm that to the best of their knowledge, all statutory payments payable by the Company as at the Reporting date have been paid or where relevant, provided for.

By Order of the Board

(Sgd)

Mercantile Investments & Finance PLC.

Secretaries

Colombo.
20th May 2015



Barnes Hall

A fine dining experience that offers traditional and contemporary cuisine with an innovative streak to give our esteemed clientele greater value as part of an iconic stay.





Barnes  Hall

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Financial Report

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Financial Calendar 2014/2015

Financial Statements

Interim Financial Statements - three months ended 30 June 2014 - August 14, 2014
Interim Financial Statements - six months ended 30 September 2014 - November 05, 2014
Interim Financial Statements - nine months ended 31 December 2014 - February 06, 2015
Interim Financial Statements - twelve months ended 31 March 2015 - May 20, 2015
Approval of Financial Statements - May 20, 2015
Dispatch of Annual Report 2014/2015 - June 04, 2015
Financial Year End - March 31, 2015

Dividends

Interim Dividend - March 19, 2015

123rd Annual General Meeting 2014/2015 - June 30, 2015

Independent Auditors' Report



KPMG
(Chartered Accountants)
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TO THE SHAREHOLDERS OF THE NUWARA ELIYA HOTELS COMPANY PLC

Report on the Financial Statements

We have audited the accompanying financial statements of The Nuwara Eliya Hotels Company PLC ("the Company"), and the consolidated financial statements of the Company and its subsidiary ("Group"), which comprise the statement of financial position as at 31st March 2015, and the statements of income, profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information set out on pages 234 to 276 of the annual report.

Board's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of

accounting policies used and the reasonableness of accounting estimates made by Board, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31st March 2015, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we state the following:

- a) The basis of opinion and scope and limitations of the audit are as stated above
- b) In our opinion:
 - 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,
 - The financial statements of the Company give a true and fair view of its financial position as at 31st March 2015, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.
 - The financial statements of the Company, and the Group comply with the requirements of sections 151 and 153 of the Companies Act No. 07 of 2007.

Chartered Accountants

Colombo
20th May 2015

KPMG, a Sri Lankan partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

M.R. Mihular FCA
T.J.S. Rajakerior FCA
Ms. S.M.B. Jayasekera ACA
G.A.U. Karunaratne ACA
R.H. Rajan ACA
P.Y.S. Perera FCA
W.W.J.C. Perera FCA
W.K.D.C. Abeyratne ACA
R.M.D.B. Rajapakse ACA
C.P. Jayatilake FCA
Ms. S. Joseph FCA
S.T.D.L. Perera FCA
Ms. B.K.D.T.N. Rodrigo ACA
Principals - S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA

Income Statement

For the Year Ended 31st March	Note	Company		Group	
		2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Revenue	5	837,810,742	503,244,948	837,810,742	829,893,643
Cost of Sales		(171,468,501)	(123,026,506)	(171,468,500)	(169,313,034)
Gross Profit		666,342,241	380,218,442	666,342,242	660,580,609
Other Income	6	8,730,051	61,070,047	8,730,051	15,029,343
Administrative Expenses		(169,752,359)	(86,624,222)	(171,859,960)	(146,357,775)
Selling and Distribution Expenses		(30,816,728)	(20,380,144)	(31,491,981)	(34,424,152)
Operating Expenses		(208,089,921)	(116,920,723)	(208,401,167)	(196,346,364)
Profit from Operations		266,413,284	217,363,400	263,319,185	298,481,661
Net Finance Income	7	43,553,343	15,917,805	43,546,894	49,709,157
Share of Loss of the Associates (Net of Tax)		-	-	-	(437,197)
Profit Before Tax	8	309,966,627	233,281,205	306,866,079	347,753,621
Income Tax Expenses	9	(37,229,721)	(24,958,457)	(37,229,721)	(54,545,712)
Profit for the Year		272,736,906	208,322,748	269,636,358	293,207,909
Profit Attributable to:					
Owners of the Company		272,736,906	208,322,748	271,213,688	293,865,298
Non Controlling Interest		-	-	(1,577,330)	(657,389)
Profit For the Year		272,736,906	208,322,748	269,636,358	293,207,909
Basic Earnings per Share	10	136.04	103.90	135.28	146.58

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the related notes, which form a part of the Financial Statements of the Group set out on pages 242 to 276.

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31st March	Company		Group	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Profit For the Year	272,736,906	208,322,748	269,636,358	293,207,909
Other Comprehensive Expense				
Surplus on Revaluation of Property, Plant and Equipment	-	-	1,700,225	-
Deferred Tax Reversal on Other Comprehensive Income	139,449	148,651	139,449	148,651
Actuarial Loss on Retirement Benefit Obligation	(1,162,075)	(1,238,757)	(1,162,075)	(1,238,757)
Net Change in Fair Value of Available for Sale Financial Assets	(25,569,995)	(1,250,000)	(25,569,995)	(13,750,000)
Other Comprehensive Expense for the Year	(26,592,621)	(2,340,106)	(24,892,396)	(14,840,106)
Total Comprehensive Income for the Year	246,144,285	205,982,642	244,743,962	278,367,803
Total Comprehensive Income Attributable to:				
Owners of the Company	246,144,285	205,982,642	245,621,179	279,025,192
Non Controlling Interest	-	-	(877,217)	(657,389)
Total Comprehensive Income for the Year	246,144,285	205,982,642	244,743,962	278,367,803

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the related notes, which form a part of the Financial Statements of the Group set out on pages 242 to 276.

Statement of Financial Position

As at 31st March	Note	Company		Group	
		2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Assets					
Non Current Assets					
Property, Plant and Equipment	12	1,947,376,828	1,665,078,791	2,353,723,181	2,263,061,980
Intangible Assets	13	2,901,549	908,928	2,901,549	2,855,552
Biological Assets	14	2,492,468	2,803,564	2,492,468	2,803,564
Investment Property	15	-	36,918,828	-	-
Investment in Subsidiaries	16	339,996,000	280,000,000	-	-
Available for Sale Investments	17	298,400,000	7,500,000	298,400,000	82,500,000
		2,591,166,845	1,993,210,111	2,657,517,198	2,351,221,096
Current Assets					
Inventories	18	29,751,513	28,901,985	29,751,520	29,256,672
Trade and Other Receivables	19	90,813,327	43,807,322	168,421,801	121,867,353
Amounts due from Related Companies	20	-	5,500,000	-	5,500,000
Held for Trading Investments	21	95,073,522	68,878,281	95,073,522	78,491,000
Loans and Receivables - Fixed Deposits		164,765,103	316,674,099	164,765,103	316,674,099
Cash in hand, at Bank and Short Term Deposits	22	92,742,200	97,157,433	94,430,568	125,883,368
		473,145,665	560,919,120	552,442,514	677,672,492
Total Assets		3,064,312,510	2,554,129,231	3,209,959,712	3,028,893,588
Equity and Liabilities					
Equity					
Stated Capital	23	80,171,740	80,171,740	80,171,740	80,171,740
Revaluation Reserve	24	1,562,701,366	1,462,044,457	1,563,700,962	1,566,176,366
Available for Sale Reserve	25	28,034,957	6,097,572	28,034,957	53,604,952
Retained Earnings		1,234,288,141	546,536,545	1,230,509,309	1,002,832,143
Equity Attributable to Owners of the Company		2,905,196,204	2,094,850,314	2,902,416,968	2,702,785,201
Non Controlling Interests		-	-	138,859,561	138,964,941
Total Equity		2,905,196,204	2,094,850,314	3,041,276,529	2,841,750,142
Non-Current Liabilities					
Deferred Tax Liability	26	58,118,282	38,586,880	58,118,282	62,956,600
Retirement Benefit Obligation	27	17,971,098	14,301,330	17,971,098	14,301,330
		76,089,380	52,888,210	76,089,380	77,257,930
Current Liabilities					
Trade and Other Payables	28	78,954,730	74,300,198	88,521,607	87,605,313
Current Tax Liability		2,864,398	7,233,312	2,864,398	19,704,663
Amounts due to Related Companies	29	1,207,798	323,865,404	1,207,798	1,529,428
Bank Overdraft		-	991,793	-	1,046,112
		83,026,926	406,390,707	92,593,803	109,885,516
Total Liabilities		159,116,306	459,278,917	168,683,183	187,143,446
Total Equity and Liabilities		3,064,312,510	2,554,129,231	3,209,959,712	3,028,893,588

The Financial Statements are to be read in conjunction with the related notes, which form a part of the Financial Statements of the Group set out on pages 242 to 276. It is certified that the Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007.



M. I. Shahabdeen
Group Financial Controller

The Board of Directors is responsible for the preparation and presentation of these Financial Statements. Approved and signed for and on behalf of the Board;



G. G. Ondaatjie
Managing Director



T. J. Ondaatjie
Director

Colombo, 20th May 2015

Statement of Changes in Equity

For the Year Ended 31st March	Stated Capital Rs.	Revaluation Reserve Rs.	Available for Sale Reserve Rs.	Retained Earnings Rs.	Total Rs.
Company					
Balance as at 1st April 2013	80,171,740	1,464,515,721	7,347,572	382,050,214	1,934,085,247
Profit for the Year	-	-	-	208,322,748	208,322,748
Other Comprehensive Income					
Actuarial Loss on Retirement Benefit Obligation	-	-	-	(1,238,757)	(1,238,757)
Net Change in Fair Value of					
Available for Sale Financial Assets	-	-	(1,250,000)	-	(1,250,000)
Deferred Tax Reversal on Other Comprehensive Income	-	-	-	148,651	148,651
Total Comprehensive Income for the Year	-	-	(1,250,000)	207,232,642	205,982,642
Transactions with Owners of the Company, Recognised Directly in Equity					
Transferred to Retained Earnings	-	(2,471,264)	-	2,471,264	-
Dividend Paid - Preference Shares	-	-	-	(130,500)	(130,500)
- Ordinary Shares	-	-	-	(45,087,075)	(45,087,075)
Total Transactions with Owners of the Company	-	(2,471,264)	-	(42,746,311)	(45,217,575)
Balance as at 31st March 2014	80,171,740	1,462,044,457	6,097,572	546,536,545	2,094,850,314
Balance as at 1st April 2014	80,171,740	1,462,044,457	6,097,572	546,536,545	2,094,850,314
Transferred due to Merger of Subsidiary	-	104,132,425	47,507,380	457,779,376	609,419,181
Profit for the Year	-	-	-	272,736,906	272,736,906
Other Comprehensive Income					
Actuarial Loss on Retirement Benefit Obligation	-	-	-	(1,162,075)	(1,162,075)
Net Change in Fair Value of					
Available for Sale Financial Assets	-	-	(25,569,995)	-	(25,569,995)
Deferred Tax Reversal on Other Comprehensive Income	-	-	-	139,449	139,449
Total Comprehensive Income for the Year	-	-	(25,569,995)	271,714,280	246,144,285
Transactions with Owners of the Company, Recognised Directly in Equity					
Transferred to Retained Earnings	-	(3,475,516)	-	3,475,516	-
Dividend Paid - Preference Shares	-	-	-	(130,500)	(130,500)
- Ordinary Shares	-	-	-	(45,087,076)	(45,087,076)
Total Transactions with Owners of the Company	-	(3,475,516)	-	(41,742,060)	(45,217,576)
Balance as at 31st March 2015	80,171,740	1,562,701,366	28,034,957	1,234,288,141	2,905,196,204

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the related notes, which form a part of the Financial Statements of the Group set out on pages 242 to 276.

Consolidated Statement of Changes in Equity

For the Year Ended 31st March	Attributable to the Equity holders of the Parent					Non Controlling Interest	Total
	Stated Capital Rs.	Revaluation Reserve Rs.	Available for Sale Reserve Rs.	Retained Earnings Rs.	Total Rs.		
Group							
Balance as at 1st April 2013	80,171,740	1,569,651,882	67,354,952	751,835,739	2,469,014,313	-	2,469,014,313
Profit for the Year	-	-	-	293,865,298	293,865,298	(657,389)	293,207,909
Other Comprehensive Income							
Actuarial Loss on Retirement							
Benefit Obligation	-	-	-	(1,238,757)	(1,238,757)	-	(1,238,757)
Net Change in Fair Value of							
Available for Sale Financial Assets	-	-	(13,750,000)	-	(13,750,000)	-	(13,750,000)
Deferred Tax Reversal on							
Other Comprehensive Income	-	-	-	148,651	148,651	-	148,651
Total Comprehensive Income for the Year	-	-	(13,750,000)	292,775,192	279,025,192	(657,389)	278,367,803
Transactions with Owners of the Company,							
Recognised Directly in Equity							
Transferred to Retained Earnings	-	(3,475,516)	-	3,475,516	-	-	-
Acquisition of Non Controlling Interest							
Without a Change in Control	-	-	-	(36,729)	(36,729)	-	(36,729)
Acquisition of Subsidiary	-	-	-	-	-	139,622,330	139,622,330
Dividend Paid - Preference Shares	-	-	-	(130,500)	(130,500)	-	(130,500)
- Ordinary Shares	-	-	-	(45,087,075)	(45,087,075)	-	(45,087,075)
Total Transactions with							
Owners of the Company	-	(3,475,516)	-	(41,778,788)	(45,254,304)	139,622,330	94,368,026
Balance as at 31st March 2014	80,171,740	1,566,176,366	53,604,952	1,002,832,143	2,702,785,201	138,964,941	2,841,750,142

For the Year Ended 31st March	Attributable to the Equity holders of the Parent					Non Controlling Interest	Total
	Stated Capital Rs.	Revaluation Reserve Rs.	Available for Sale Reserve Rs.	Retained Earnings Rs.	Total Rs.		
Balance as at 1st April 2014	80,171,740	1,566,176,366	53,604,952	1,002,832,143	2,702,785,201	138,964,941	2,841,750,142
Profit for the Year	-	-	-	271,213,688	271,213,688	(1,577,330)	269,636,358
Other Comprehensive Income							
Surplus on revaluation of							
Property, Plant and Equipment	-	1,000,112	-	-	1,000,112	700,113	1,700,225
Actuarial Loss on Retirement Benefit Obligation	-	-	-	(1,162,075)	(1,162,075)	-	(1,162,075)
Net Change in Fair Value of							
Available for Sale Financial Assets	-	-	(25,569,995)	-	(25,569,995)	-	(25,569,995)
Deferred Tax Reversal on							
Other Comprehensive Income	-	-	-	139,449	139,449	-	139,449
Total Comprehensive Income for the Year	-	1,000,112	(25,569,995)	270,191,062	245,621,179	(877,217)	244,743,962
Transactions with Owners of the Company,							
Recognised Directly in Equity							
Transferred to Retained Earnings	-	(3,475,516)	-	3,475,516	-	-	-
Dividend Paid - Preference Shares	-	-	-	(130,500)	(130,500)	-	(130,500)
- Ordinary Shares	-	-	-	(45,087,075)	(45,087,075)	-	(45,087,075)
Acquisition of Non Controlling Interest							
Without a Change in Control	-	-	-	(771,837)	(771,837)	771,837	-
Total Transactions with							
Owners of the Company	-	(3,475,516)	-	(42,513,896)	(45,989,412)	771,837	(45,217,575)
Balance as at 31st March 2015	80,171,740	1,563,700,962	28,034,957	1,230,509,309	2,902,416,968	138,859,561	3,041,276,529

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the related notes, which form a part of the Financial Statements of the Group set out on pages 242 to 276.

Cash Flow Statement

For the Year Ended 31st March	Company		Group	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Cash Flows from Operating Activities				
Profit Before Tax	309,966,627	233,281,205	306,866,079	347,753,621
Adjustments for:				
Depreciation	61,854,616	30,301,432	61,854,616	47,579,254
Amortisation of Intangible Asset	434,003	168,831	434,003	168,831
Impairment of Debtors	392,096	-	392,096	-
Provision for Retirement Benefit Obligation	3,681,597	3,025,048	3,681,597	3,025,048
Interest Expenses	259,376	382,980	265,826	425,953
Interest Income	(27,230,199)	(14,467,944)	(27,230,199)	(48,343,669)
Dividend Income	(5,226,896)	(47,820,013)	(5,226,896)	(6,414,857)
Share of Loss of Associate	-	-	-	437,197
Fair Value Gain / (Loss) on Biological Assets	786,279	(2,425,277)	786,279	(2,425,277)
Writing off Goodwill	-	-	-	42,215
Gain on Disposal of Held for Trading of Investments	-	(270,437)	-	(270,437)
Loss on Disposal of Property, Plant and Equipment	122,097	(110,000)	122,097	(210,000)
Fair Value Gain on Held for Trading Investments	(16,582,521)	(1,832,841)	(16,582,521)	(1,791,441)
Operating Profit Before Working Capital Changes	328,457,075	200,232,984	325,362,977	339,976,438
Working Capital Changes				
Increase in Inventories	(494,846)	(13,309,784)	(494,846)	(13,158,293)
(Increase) / Decrease in Trade and Other Receivables	(6,355,667)	15,977,032	(46,946,546)	29,540,604
Decrease / (Increase) in Amounts Due from Related Companies	5,500,000	56,844,243	5,500,000	(5,500,000)
Increase in Trade and Other Payables	1,518,738	9,479,367	916,294	7,096,269
(Decrease) / Increase in Amounts due to Related Companies	(321,629)	323,616,863	(321,630)	312,873
Cash Generated from Operations	328,303,671	592,840,705	284,016,249	358,267,890
Income Tax Paid	(58,768,855)	(42,294,874)	(58,768,855)	(77,073,931)
Interest Paid	(259,376)	(382,980)	(265,826)	(425,953)
Gratuity Paid	(1,173,904)	(1,102,515)	(1,173,904)	(1,102,515)
Net Cash Generated from Operating Activities	268,101,536	549,060,336	223,807,664	279,665,491
Cash Flows from Investing Activities				
Purchase of Property, Plant and Equipment	(34,800,688)	(38,716,316)	(152,013,805)	(87,849,150)
Proceeds from Disposal of Property, Plant and Equipment	125,749	110,000	125,749	210,000
Investment in Available for Sale Investments	(241,469,995)	-	(241,469,995)	-
Purchase of Intangible Assets	(480,000)	-	(480,000)	(1,946,624)
Proceeds on disposal of Held for Trading investments	-	4,875,187	-	4,875,187
Investment in Held for Trading investments	-	(24,774,400)	-	(24,774,399)
Dividend Received	5,226,896	47,820,013	5,226,896	6,414,857
Investment in Subsidiary	(140,000,000)	(160,000,000)	-	(160,000,000)
Investment in Fixed Deposits	151,908,997	(248,213,214)	151,908,997	(224,946,401)
Net change of Biological Assets	475,183	3,104,705	475,183	3,104,704
Interest Received	27,230,199	14,467,944	27,230,199	48,343,669
Net Cash used in Investing Activities	(231,783,659)	(401,326,081)	(208,996,776)	(436,568,157)

For the Year Ended 31st March	Company		Group	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Cash Flows from Financing Activities				
Dividend Paid	(45,217,576)	(45,217,575)	(45,217,576)	(45,217,575)
Net cash Used in Financing Activities	(45,217,576)	(45,217,575)	(45,217,576)	(45,217,575)
Net (Decrease) / Increase in Cash & Cash Equivalents	(8,899,699)	102,516,680	(30,406,688)	(202,120,240)
Cash & Cash Equivalents at the Beginning of the Year	96,165,640	(6,351,040)	124,837,256	303,762,135
Cash & Cash Equivalents on the merger (Note 35.4)	5,476,259	-	-	-
Cash & Cash Equivalents on Acquisition of Subsidiary	-	-	-	23,195,361
Cash & Cash Equivalents at the End of the Year	92,742,200	96,165,640	94,430,568	124,837,256
Analysis of Cash & Cash equivalents				
Cash at bank and in hand	92,742,200	97,157,433	94,430,568	125,883,368
Bank Overdraft	-	(991,793)	-	(1,046,112)
	92,742,200	96,165,640	94,430,568	124,837,256

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the related notes, which form a part of the Financial Statements of the Group set out on pages 242 to 276.

Notes to the Financial Statements

1. Corporate Information

1.1 Reporting Entity

The Nuwara Eliya Hotels Co. PLC is a quoted public Company with limited liability incorporated in 1891 and domiciled in Sri Lanka. The registered office of the Company is located at 236, Galle Road, Colombo 3, and the principal place of business is situated at Grand Hotel Road, Nuwara Eliya.

1.2 Merger between Grand Hotel (Private) Limited and The Nuwara Eliya Hotels Company PLC

Consequent to the decision taken by the Board of Directors on 6th February 2014, Grand Hotel (Private) Limited, fully owned subsidiary of the Group merged with the Company as at 1st April 2014 using the existing book values.

1.3 Companies in the Group

The consolidated Financial Statements of The Nuwara Eliya Hotels Co. PLC, for the year ended 31st March 2015 comprise the Company and its subsidiary, Fair View Hotel (Private) Limited.

1.4 Principal Activity and Nature of the Operations

The Principal Activity of the Company is the provision of Hotel Services. The Fair View Hotel (Private) Limited, is currently engaged in constructing a hotel for the provisioning of hotel services.

1.5 Number of Employees

Number of Employees of the Company at the end of the year was 370 (2013/14 - 343).

2. Basis of Preparation

2.1 Statement of Compliance

The Financial Statements of The Nuwara Eliya Hotels Co. PLC which comprise of the Statements of Income, Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Cash Flow Statement, Statement of Changes in Equity and Notes to the Financial Statements have been prepared in accordance with the Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka, Companies Act No. 07 of 2007 and the listing rules of the Colombo Stock Exchange.

2.2 Approval of Financial Statements

These Consolidated Financial Statements were authorised for issue in accordance with a resolution of the Board of Directors on 20th May 2015.

2.3 Going Concern

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

2.4 Basis of Measurement

The Consolidated Financial Statements are prepared based on the historical cost convention except for following:

Financial Assets Classified - Fair Value as Available for Sale

Financial Assets Classified as Held for Trading - Fair Value

Biological Assets - Fair Value less cost to sell

Land and Buildings - Revalued amounts, which is the Fair Value at the date of revaluation

Retirement Benefit Obligation - Actuarially valued and recognised at present value of the defined benefit obligation

2.5 Functional and Presentation Currency

Consolidated Financial Statements of the Company are presented in Sri Lankan Rupees, which is the Company's functional and presentation currency.

2.6 Use of Estimates and Judgments

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or the period of the revision and future periods if the revision affects both current and future periods.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements is included in the following Notes.

Note 26 - Measurement of Deferred Tax Liabilities/Assets

Note 27 - Measurement of Retirement Benefit Obligation

3. Significant Accounting Policies

Except for the changes set out in Note 3.1, the Group has consistently applied the accounting policies set out below to all periods presented in these Consolidated Financial Statements.

3.1 Changes in Accounting Policies

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1st January 2014.

- i. SLFRS 10 'Consolidated Financial Statements'
- ii. SLFRS 12 'Disclosure of Interests in Other Entities'
- iii. SLFRS 13 'Fair Value Measurements'

The Nature and the effects of the changes are explained below.

(a) Subsidiaries

As a result of SLFRS 10, the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates other entities. SLFRS 10 introduces a new control model that focuses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its over to affect those returns. In accordance with the transitional provisions of SLFRS 10, the Group reassessed its control conclusions as of 1st April 2014. However, the reassessment did not have an impact on the Group's Financial Statements.

(b) Interests in Other Entities

As a result of SLFRS 12, the Group has expanded disclosures about its interests in its Subsidiary.

(c) Fair Value Measurement

In accordance with the transitional provisions of SLFRS 13, the Group has applied the definition of fair value, as set out in the Note 37 prospectively. The change had no significant impact on the measurements of the Group's assets and liabilities, but the Group has included new disclosures in the Financial Statements, which are required under SLFRS 13. These new disclosure requirements are not included in the comparative information. However, to the extent that disclosures were required by other standards before the effective date of SLFRS 13, the Group has provided the relevant comparative disclosures under those standards.

3.2 Basis of Consolidation

(a) Business Combinations

Business Combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which the control is transferred to the Group. Control is the power to govern financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes in to consideration potential voting rights that currently are exercisable. The Group measures Goodwill at the acquisition date as:

- The Fair Value of the consideration transferred: plus
- The recognised amount of any non-controlling interests in the acquiree: plus
- If the business combination is achieved in stages, the Fair Value of the pre-existing equity interest in the acquiree: less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss. The consideration transferred does not include amounts related to the settlement of pre existing relationships. Such amounts generally are recognised in profit or loss.

(b) Acquisition of Non-Controlling Interests

For each business combination the Company elects to measure any Non-Controlling Interest at their proportionate share of the acquirer identifiable net assets, which are generally at Fair Value.

Acquisition of non-controlling interests is accounted for as transactions with owners in their capacity as owners and therefore no Goodwill is recognised as a result. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the Net Assets of the Subsidiary.

(c) Subsidiaries

Subsidiaries are those entities controlled by the Group. The Financial Statements of Subsidiaries are included in the consolidated Financial Statements from the date that control commences until the date that control ceases.

Notes to the Financial Statements contd.

(d) Loss of Control

On the Loss of Control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at Fair Value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence is retained.

(e) Transactions Eliminated on Consolidation

Intra-Group balances and any unrealized gains and losses or income and expenses arising from Intra-Group transactions are eliminated in full in the Consolidated Financial Statements. Unrealized losses resulting from Intra-Group transactions are eliminated unless there is evidence of impairment.

3.3 Foreign Currency Transactions

All Foreign Exchange Transactions in individual companies are translated at the rate of exchange prevailing at the time the transaction was effected. All monetary assets and liabilities in foreign currency at year end are translated at the rate prevailing on the reporting date. Non-monetary assets and liabilities which are carried in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at Fair Value are translated to functional currency using the exchange rate that was prevailing on the date the Fair Value was determined. The resulting gains or losses on translations are dealt with in the Statement of Comprehensive Income.

3.4 Financial Instruments

3.4.1 Initial Recognition of Financial Instruments

The Company shall recognize a Financial Asset or Financial Liability in its Statement of Financial Position when, and only when, the entity becomes a party to the contractual provisions of the instrument. i. e. all the financial assets and Liabilities except "Regular way trades" are initially recognised on the trade date. Regular way trade means purchases or sales of Financial Assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Those trades are initially recognizes on the settlement date.

3.4.2 Initial Measurement of Financial Instruments

The classification of Financial Instruments at initial recognition depends on their purpose and characteristics and the management's intention in acquiring them. All financial instruments are measured initially at their Fair Value plus transaction costs that are directly attributable to the acquisition or issue of such financial instrument, except in the case of financial

assets and financial liabilities at Fair Value through profit or loss as per the Sri Lanka Accounting Standard – LKAS 39 on "Financial Instruments : Recognition and Measurement".

Transaction costs in relation to financial assets and financial liabilities at Fair Value through profit or loss are dealt with through the Statement of Comprehensive Income.

3.4.3 Classification and Subsequent Measurement of Financial Assets

The Company classifies non-derivative Financial Assets into the following categories;

- (a) Loans and Receivables
- (b) Fair Value through Profit or Loss
- (c) Available for Sale

(a) Loans and Receivables

Loans and Receivables are financial assets with fixed or determinable payment that are not quoted in an active market.

Such assets are recognised at Fair Value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loan and receivables comprise of trade and other receivables, fixed deposits.

Cash and Cash Equivalents

Cash and Cash Equivalents comprise of cash balances and fixed deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their Fair Value, and are used by the Company in the management of its short-term commitments.

(b) Fair Value through Profit or Loss

A financial asset is classified as at Fair Value through Profit or Loss if it is classified as held for trading or is designated as such on initial recognition. Attributable transaction costs are recognised in Profit or Loss as incurred. Financial assets at Fair Value through Profit or Loss are measured at Fair Value and changes therein, which takes in to account any dividend income, are recognised in Profit or Loss.

Financial assets classified as at Fair Value through Profit or Loss comprise equity securities that otherwise would have been classified as available for sale.

(c) Available for Sale

Available for Sale Financial Assets are non-derivative financial assets that are designated as available for sale and are not classified in any of the previous categories. Subsequent to initial recognition, they are measured at Fair Value and changes therein, other than impairment losses on available for sale equity instruments are recognised in other comprehensive income and presented within equity in the Fair Value reserve. When an investment is derecognized, the cumulative gain or loss in other comprehensive incomes transferred to profit or loss.

Available for Sale Financial Assets comprise of investment in quoted and unquoted shares.

3.4.4 Classification and Subsequent Measurement of Financial Liabilities

At inception a Finance Liability is classified in to one of the following categories:

- i) At Fair Value through Profit or Loss (Held for Trading or Designated at Fair Value)
- ii) At Amortized Cost

The subsequent measurement of financial liabilities depends on their classification.

The Company classifies financial liabilities into the other financial liabilities category. Such finance liabilities are recognised initially at Fair Value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. Other financial liabilities comprise of:

- (a) Trade Payables
- (b) Other Payables

3.4.4.1 Amortized Cost Measurement

The Amortised Cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments and any impairment and plus/minus the cumulative amortization using the effective interest method of any difference between the initial amount recognised and the maturity amount.

3.4.4.2 Fair Value Measurement

Fair Value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

The Fair Value of financial instruments that are traded in an active market at each reporting date is determined by reference to quoted market prices or dealer price quotations, without any deduction for transaction costs.

For financial instruments not traded in an active market, the Fair Value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current Fair Value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

The fair value of equity and debt securities is determined by reference to their quoted closing bid price at the reporting date, or if unquoted, determined using a valuation technique.

3.4.5 Derecognition of Financial Instruments

The Company Derecognizes a Financial Asset when the right to receive cash flow from the asset have expired or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of the ownership of the financial assets are transferred or in which the Company neither retain substantially all risks and rewards of ownership and it does not retain control of the financial asset.

In transactions in which the Company neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Company continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

3.4.6 Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset or settle the liability simultaneously.

Notes to the Financial Statements contd.

3.5 Stated Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.6 Impairment

The Company assesses at each reporting date whether there is any objective evidence that financial assets or Group of financial assets is impaired. A financial asset or a Group of financial assets is deemed to be impaired if, and only if there is objective evidence of Impairment as a result of one or more events that has occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

Objective evidence that a financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

In addition for an investment in an equity security, a significant or prolonged decline in its Fair Value below its cost is an objective evidence of impairment.

(a) Impairment Losses on Financial Assets carried at Amortized Cost

Impairment Losses on Assets Carried at Amortised Cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognised in profit or loss and reflected in an allowance account against loans and advances. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

The Company considers evidence of impairment for loans and receivable on a specific asset basis. Therefore all loans and receivables are assessed individually and made specific impairment provisions.

(b) Impairment Losses on Available for Sale Financial Assets

Impairment Losses on Available for Sale Investment Securities are recognised by reclassifying the loss that was accumulated in Fair Value resale in equity. The cumulative loss that is reclassified from Other Comprehensive Income to Profit or Loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current Fair Value, less any impairment loss previously recognised in Profit

or Loss. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

If, in a subsequent period, the Fair Value of an impaired available for sale debt security increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the Fair Value of an impaired available for sale equity security is recognised in other comprehensive income.

(c) Impairment of Non-Financial Assets

The carrying amounts of the Company's Non-Financial Assets, other than inventories, investment property and biological assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or Cash Generating Unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its Fair Value less costs to sell. 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 or CGU. For impairment testing, assets are grouped together into the smallest Group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in the statement of comprehensive income. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any Goodwill allocated to CGU (if any) and then to reduce the carrying amounts of other assets in the CGU (Group of CGUs) on pro-rata basis. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.7 Property, Plant and Equipment

Property, Plant and Equipment are tangible items that are held for servicing, or for administrative purposes and are expected to be used during more than one period.

(a) Recognition

Property, Plant and Equipment are recognised if it is probable that future economic benefits associated with the assets will flow to the Company and cost of the asset can be reliably measured.

(b) Measurement

Items of Property, Plant and Equipment are stated at costs or valuation less accumulated depreciation (See Accounting Policy 3.6 (f) and Impairment Losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located.

Purchased software that is integrated to the functionality of the related equipment is capitalized as part of that equipment.

Expenditure on repairs or maintenance of Property, Plant and Equipment made to restore or maintain future economic benefits expected from the assets has been recognised as an expense when incurred.

(c) Subsequent Expenditure

Expenditure incurred to replace a component of an item of Property, Plant and Equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalized. The cost of replacing part of an item of Property, Plant and Equipment is recognised in the carrying amount of the item, if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The cost of the day-to-day servicing of Property, Plant and Equipment are recognised in profit or loss as incurred.

(d) Derecognition

An item of Property, Plant and Equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognizing of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset), is recognised in "Other Income" in profit/loss in the year the asset is derecognized.

When replacement costs are recognised in the carrying amount of an item of Property, Plant and Equipment, the remaining carrying amount of the replaced part is derecognized as required by LKAS 16 – Property, Plant and Equipment.

(e) Revaluation

The Company's land and buildings are revalued with sufficient regularity once in three years. The revaluation surplus, which realizes on the use by the Company, is transferred to retained earnings, annually, from the revaluation surplus.

(f) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of Property, Plant and Equipment as follows:

Depreciation is calculated using the straight line basis over the estimated useful life of the asset.

Asset	Rate
Buildings	1% - 10%
Plant, Machinery	3.6% - 10%
Farm Structure	15%
Motor Vehicles	25%
Furniture & Fittings	20%
Fixtures	5%
Electrical Installation	10%
Office Equipment	10%
Soft Furniture	25%
Crockery, Cutlery & Glassware	33%

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal Company that is classified as held for sale) and the date that the asset is derecognized.

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 Company allocates the amount initially recognised in respect of an item of Property, Plant and Equipment to its significant parts and depreciates separately each part.

A significant part of an item of Property, Plant and Equipment may have a useful life and a depreciation method that are the same as the useful life and the depreciation method of another significant part of that same item. Such parts may be grouped in determining the depreciation charge. To the extent that the Company depreciates separately some parts of an item of Property, Plant and Equipment, it also depreciates separately the remainder of the item. The remainder consists of the parts of the item that are individually not significant. If the Company has varying expectations for these parts, approximation techniques may be necessary to depreciate the remainder in a manner that faithfully represents the consumption pattern and/or useful life of its parts.

Notes to the Financial Statements contd.

The Company may choose to depreciate separately the parts of an item that do not have a cost that is significant in relation to the total cost of the item.

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

3.8 Intangible Assets

Intangible Assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Intangible assets are amortized on a straight line basis in profit or loss over their estimated useful lives, from the date that they are available for use. Amortization method, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

The cost incurred on the purchase of the General Inventory Control System, Front Office Management System and computerization have been recognised as intangible assets and amortized for a period of 10 years on a straight line basis. Disclosure of the intangible assets of the Company is provided in Note 13 to these Financial Statements.

3.9 Biological Assets

Biological Assets are measured at Fair Value less costs to sell, with any change therein recognised in profit or loss. Costs to sell include all costs that would be necessary to sell the assets, including transportation costs.

The Fair Value of livestock held for sale is based on the market price of livestock of similar age based on the circular issued by the Ministry of Farm, Fisheries & Livestock on weight, breed and genetic make-up.

3.10 Investment Property

Investment Property is a property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at Fair Value with any change therein recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investments property includes the cost of materials and direct labour, any other costs directly attributable to bring the investment property to a working condition for their intended use and capitalized borrowing cost.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When an Investment Property that was previously classified as Property, Plant and Equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

When the use of a property changes such that it is reclassified as Property, Plant and Equipment, its Fair Value at the date of reclassification becomes its cost for subsequent accounting.

An external, independent valuer, having appropriate recognised professional qualification and recent experience in the location and category of property being valued, values the Company's investment property every year.

The Fair Value is based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably.

In the absence of current prices in the active market, the valuations are prepared by considering the estimated rental value of the property.

3.11 Inventories

Inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. Accordingly, the costs of inventories are accounted as follows:

Food & Beverage	- At Weighted Average Cost
Other Consumables	- At Weighted Average Cost
Engineering Supplies	- At Weighted Average Cost
Fuel Stock	- At Weighted Average Cost
Grand Gift Boutique Inventories	- At Actual Cost on FIFO Basis

3.12 Liabilities and Provisions

3.12.1 Liabilities

Liabilities Classified as Current Liabilities on the Statement of Financial Position are those, which fall due for payment on demand or within one year from the reporting date.

Non-current liabilities are those balances that fall due for payment after one year from the date of financial position.

3.12.2 Provisions

A Provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.13 Retirement Benefit Obligation

(a) Defined Contribution Plans

A Defined Contribution Plan is a post employment plan under which the Company pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay a further amount. Obligations for contributions to defined contribution plans are recognised as expense in the profit and loss in the period during which related services are rendered by employees.

Employees' Provident Fund

The Company and Employees' contribute 12% & 9% respectively on the salary of each employee respectively to the Employees' Provident Fund.

The Employees' Provident Fund contribution is deposited in The Nuwara Eliya Hotels Employees' Provident Association, which is maintained by the Company.

Employees' Trust Fund

The Company contributes 3% of the salary of each employee to the Employees' Trust Fund.

(b) Defined Benefit Obligation – Retiring Gratuity

A Defined Benefit Obligation is a post employment benefit plan other than a defined contribution plan.

In accordance with previous Sri Lanka Accounting Standard 16 (Revised 2006) - "Employee Benefits" which became effective from the financial year commencing after 01st July 2007, the Company has adopted the actuarial valuation method and the valuation method used by the actuary is "Projected Unit Credit Method".

The Company continues to use actuarial valuation method under LKAS 19 "Employee Benefits" which is effective for financial period beginning on or after 1st January 2013.

However, under the payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continues service.

Any actuarial gains or losses arising are recognised immediately in other comprehensive come. The liability is not externally funded.

3.14 Capital Commitments and Contingent Liabilities

Contingent Liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefits is not probable or cannot be reliably measured.

Capital Commitments and Contingent Liabilities of the Company are disclosed in the respective Notes to the Financial Statements.

3.15 Events After the Reporting Date

The materiality of the Events After the Reporting Date has been considered and appropriate adjustments and provisions have been made in the Financial Statements wherever necessary.

Statement of Comprehensive Income

3.16 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the Fair Value of the consideration received or receivable net of trade discounts and sales taxes. The revenue of the Company is recognised on an accrual basis and matched with associated costs and expenses.

Following specific criteria are used for the purpose of recognition of revenue.

- Apartment Revenue is recognised based on the daily rooms occupation whilst other outlet sales are accounted for at the time of sales
- Food and Beverage Revenue is accounted at the time of the sale
- Rental Income is recognised on an accrual basis
- Interest Income is recognised on an accrual basis

Other income is recognised on an accrual basis. Net 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 from disposal, the carrying amount of such assets and the related selling expenses.

Notes to the Financial Statements contd.

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

3.17 Revenue Expenditure

Expenditure incurred in running of the business and in maintaining the Property, Plant and Equipment in a state of efficiency has been charged to revenue in arriving at the profit for the year. For the purpose of presentation of Statement of Comprehensive Income, the Directors are of the opinion that function of expense method present fairly the elements of the enterprise's performance, hence such a presentation method is adopted.

Expenditure incurred for the purpose of acquiring, expanding or improving assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earning capacity of the business has been treated as capital expenditure. Repairs and renewals are charged to revenue in the year in which the expenditure is incurred.

The profit incurred by the Company before taxation as shown in the Statement of Comprehensive Income is after making provision for all known liabilities and for the depreciation of Property, Plant and Equipment.

3.18 Segment Reporting

An operating segment is a component of an entity or Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

However, there are no distinguishable components to be identified as reportable segments for the Company in accordance with SLFRS 8.

3.19 Borrowing Costs

Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds.

Borrowing costs may include:

- (a) Interest expense calculated using the effective interest method as described in LKAS 39 on "Financial Instruments: Recognition and Measurement";
- (b) Finance charges in respect of finance Leases recognised in accordance with LKAS 17 Leases; and
- (c) Exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

The Company capitalizes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Then Company recognizes other borrowing costs as an expense in the period in which it incurs them.

3.20 Finance Income and Finance Costs

Finance income comprises interest income on funds invested and Fair Value gain on financial assets at Fair Value through profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance cost comprises of interest expenses on borrowings, impairment losses on financial assets and Fair Value through profit or loss.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest rate method.

3.21 Income Tax Expenses

An income tax expense comprises of current and deferred tax. An income tax expense is recognised directly in income statements except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

(a) Current Tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

(b) Deferred Tax

Deferred tax is provided using the balance sheet liability method, providing for the tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base of assets and liabilities, which is the amount attributed to those assets and liabilities for tax purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted by the reporting date.

Deferred tax assets including those related to temporary tax effects of income tax losses and credits available to be carried forward, are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied to the year in which deferred tax asset is realized 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 assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.22 Basic Earnings per Share

The Consolidated Financial Statements present basic Earnings per Share (EPS) data for its ordinary shareholders. The basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

3.23 Cash Flow Statement

Cash and cash equivalents comprise of cash balances, demand deposits and short-term highly liquid investments, with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their Fair Value and are used by the Company in the management of its short term commitments.

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

The Cash Flows Statements have been prepared using the “indirect method”.

Interest paid are classified as operating cash flows, interest and dividend received are classified as investing cash flows while dividends paid are classified as financing cash flows for the purpose of presenting of the cash flow statement.

4. Accounting Standards Issued But Not Effective As At Reporting Date

A number of new standards and amendments to standards which have been issued but not yet effective as at the Reporting date have not been applied in preparing these Consolidated Financial Statements. Accordingly, these Accounting Standards have not been applied in preparing these financial statements.

Sri Lanka Accounting Standard 9 – SLFRS 9 “Financial Instruments”

The objective of this SLFRS is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity’s future cash flows.

An entity shall apply this SLFRS to all items within the scope of LKAS 39 Financial Instruments: Recognition and Measurement. SLFRS 9 is effective for annual reporting periods beginning on or after 1st January 2018, with early adoption permitted.

Sri Lanka Accounting Standard 15 – SLFRS 15 “Revenue from Contracts with Customers”

SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including LKAS 18 Revenue, LKAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

IASB has deferred the adoption of IFRS 15 which corresponds to SLFRS 15 to be adopted from financial reporting periods beginning on or after 1st January 2018.

Sri Lanka Accounting Standard 14 – SLFRS 14 “Regulatory Deferral Accounts”

SLFRS 14 establishes the financial reporting requirements for regulatory deferral account balances that arise when an entity provides goods or services to customers at a price or rate that is subject to rate regulation. SLFRS 14 is effective for annual reporting periods beginning on or after 1st January 2016, with early adoption permitted.

Notes to the Financial Statements contd.

For the Year Ended 31st March	Company		Group	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
5. Revenue				
Apartment Sales	482,657,950	255,531,852	482,657,950	489,988,966
Food Sales	273,782,498	179,214,106	273,782,498	266,928,291
Bar Sales	52,937,299	46,319,566	52,937,299	46,570,051
Laundry Income	4,605,890	-	4,605,890	4,226,911
Gift Shop Sales	21,070,750	18,193,161	21,070,750	18,193,161
Telephone Income	75,256	90,624	75,256	90,624
Billiard Income	203,460	286,603	203,460	286,603
Farm Sales	2,477,639	3,609,036	2,477,639	3,609,036
	837,810,742	503,244,948	837,810,742	829,893,643
6. Other Income				
Vehicle Hire	64,498	23,363	64,498	639,726
Sundry Income	1,478,426	1,480,385	1,478,426	2,369,258
Gain on Foreign Currency Exchange	1,282,055	704,436	1,282,055	1,305,604
Profit on Sale of Property, Plant and Equipment	-	110,000	-	210,000
Dividend Income	5,226,896	47,820,013	5,226,896	6,414,857
Gain on Sale of Held for Trading Investments	-	270,437	-	270,437
Change in Fair Value of Biological Assets (Note 14)	(786,279)	2,425,277	(786,279)	2,425,277
Rental Income	1,464,455	8,236,136	1,464,455	1,394,184
	8,730,051	61,070,047	8,730,051	15,029,343
7. Net Finance Income				
Finance Income				
Interest Income	27,230,198	14,467,944	27,230,199	48,348,569
Net Change in Fair Value of Financial Assets Held for Trading	16,582,521	1,832,841	16,582,521	1,832,841
	43,812,719	16,300,785	43,812,720	50,181,410
Finance Costs				
Interest on Bank Overdraft	(259,376)	(382,980)	(265,826)	(430,853)
Net Change in Fair Value of Financial Assets Held for Trading	-	-	-	(41,400)
	(259,376)	(382,980)	(265,826)	(472,253)
Net Finance Income	43,553,343	15,917,805	43,546,894	49,709,157

For the Year Ended 31st March	Company		Group	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.

8. Profit Before Tax

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

Directors' Emoluments	3,776,074	3,533,200	3,776,074	3,533,200
Depreciation	61,854,617	30,301,432	61,854,617	47,579,254
Auditors' Remuneration				
- Audit Services	495,000	308,000	575,500	453,600
- Non Audit Services	90,000	92,310	90,000	92,310
Impairment in Goodwill on Acquisition (Note 32)	-	-	-	42,215
Personnel Costs (Note 8.1)	122,552,846	64,594,145	123,184,846	104,394,039

8.1 Personnel Costs

Salaries, Wages and Other Related Costs	105,170,328	54,480,063	105,802,328	89,697,418
Defined Benefit Plan Costs	3,681,597	3,025,048	3,681,597	3,025,048
Defined Contribution Plan Costs	13,700,921	7,089,034	13,700,921	11,671,573
	122,552,846	64,594,145	123,184,846	104,394,039

9. Income Tax Expense

Income Tax on Profit for the Year (Note 9.1)	41,928,590	24,633,353	41,928,590	50,393,739
Deferred Tax (Reversal) / Charge (Note 26.2)	(4,698,869)	325,104	(4,698,869)	(888,027)
Withholding Tax on Dividend	-	-	-	5,040,000
	37,229,721	24,958,457	37,229,721	54,545,712

9.1 Reconciliation Between Taxable Profit and Accounting Profit

Accounting Profit Before Tax	309,966,627	233,281,205	306,866,079	347,753,621
Aggregate Disallowed Expenses	89,410,011	37,365,367	89,410,011	58,854,496
Aggregate Allowable Income	(49,039,615)	(64,391,235)	(49,039,615)	(52,771,760)
Aggregate Allowed Expenses	(65,701,389)	(34,735,940)	(62,600,841)	(46,690,194)
Statutory Income from Business	284,635,634	171,519,397	284,635,634	307,146,163
Interest & Other Source of Income	27,230,198	14,467,944	27,230,199	48,343,569
Total Statutory Income	311,865,833	185,987,341	311,865,833	355,489,732
Taxable Income	311,865,833	185,987,341	311,865,833	355,489,732
Income Tax at 12%	34,156,276	20,582,329	34,156,276	36,857,540
Income Tax at 10%	147,858	-	147,858	-
Income Tax at 28%	7,624,456	4,051,024	7,624,456	13,536,199
Total Tax Expense for the Year	41,928,590	24,633,353	41,928,590	50,393,739

The profits and income of the Company arising on provision of tourism related services is liable for taxation at the rate of 12% (2014-12%) in terms of section 46 of Inland Revenue Act No. 10 of 2006 and amendments thereto. Qualified profit from agricultural undertakings under section 48A of the Inland Revenue Act No. 10 of 2006, shall be liable to income tax at the rate of 10% in accordance with the fifth schedule of the Act. Income from other sources are taxed at the rate of 28% (2014-28%).

Notes to the Financial Statements contd.

10. Basic Earnings per Share

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

	Company		Group	
	2015	2014	2015	2014
Amount Used as the Numerator				
Profit for the Year (Rs.)	272,736,906	208,322,748	271,213,688	293,865,298
Less : Preference Dividend Paid (Rs.)	(130,500)	(130,500)	(130,500)	(130,500)
Profit Attributable to Ordinary Shareholders (Rs.)	272,606,406	208,192,248	271,083,188	293,734,798
Amount Used as the Denominator				
Weighted Average Number of Ordinary Shares	2,003,870	2,003,870	2,003,870	2,003,870
Basic Earnings per Share (Rs.)	136.04	103.90	135.28	146.58

11. Dividend per Share

Dividend Declared and Paid During the Year (Rs.)

Final Dividend	45,087,076	45,087,075	45,087,076	45,087,075
Average Number of Ordinary Shares	2,003,870	2,003,870	2,003,870	2,003,870
Dividend per Share (Rs.)	22.50	22.50	22.50	22.50

12. Property, Plant and Equipment

Company	Balance as at 1-Apr-14 Rs.	Additions due to Merger Rs.	Additions Rs.	Disposals /Transfers Rs.	Balance as at 31-Mar-15 Rs.
Cost / Revaluation					
At Valuation					
Freehold Land	1,191,163,235	35,336,765	-	-	1,226,500,000
Buildings	422,488,226	215,909,998	36,945,614	-	675,343,838
Farm Structure	3,422,500	-	177,598	-	3,600,098
	1,617,073,961	251,246,763	37,123,212	-	1,905,443,936
At Cost					
Plant & Machinery	54,333,387	31,951,022	6,336,338	(32,800)	92,587,947
Motor Vehicles	6,219,476	18,014,714	5,032,143	-	29,266,333
Furniture and Fittings	52,464,385	11,757,296	7,653,112	(153,784)	71,721,009
Fixtures	2,562,346	3,002,012	181,727	-	5,746,085
Office Equipment	8,830,823	-	1,443,049	-	10,273,872
Electrical Installation	13,467,908	3,717,943	2,140,577	(416,984)	18,909,444
Soft Furniture	13,422,182	12,658,700	3,562,560	-	29,643,442
Crockery, Cutlery & Glassware	7,812,111	440,791	936,690	(1,306,200)	7,883,392
	159,112,618	81,542,478	27,286,196	(1,909,768)	266,031,524
Capital Work-in-Progress	221,287	30,337,792	9,172,459	(39,731,538)	-
Total at Cost/Revaluation	1,776,407,866	363,127,033	73,581,867	(41,641,306)	2,171,475,460
Accumulated Depreciation					
	Balance as at 1-Apr-14 Rs.	Additions due to Merger Rs.	Charge for the Year Rs.	Disposals /Transfers Rs.	Balance as at 31-Mar-15 Rs.
At Valuation					
Building	20,347,771	10,524,946	33,270,901	-	64,143,618
Farm Structure	825,963	-	848,163	-	1,674,126
	21,173,734	10,524,946	34,119,064	-	65,817,744
At Cost					
Plant & Machinery	25,329,175	14,293,072	6,280,998	(32,800)	45,870,445
Motor Vehicles	3,649,612	6,960,908	6,342,741	-	16,953,261
Furniture and Fittings	40,798,548	10,354,262	5,783,898	(153,784)	56,782,924
Fixtures	526,055	181,187	277,638	-	984,880
Office Equipment	2,039,607	-	967,421	-	3,007,028
Electrical Installation	5,709,381	704,130	1,701,728	(169,138)	7,946,100
Soft Furniture	8,859,822	9,117,566	3,908,957	-	21,886,345
Crockery, Cutlery & Glassware	3,243,141	440,792	2,472,172	(1,306,201)	4,849,905
	90,155,341	42,051,917	27,735,553	(1,661,923)	158,280,888
Total Depreciation on Cost/Revaluation	111,329,075	52,576,863	61,854,617	(1,661,923)	224,098,632
Net Book Value	1,665,078,791				1,947,376,828

Notes to the Financial Statements contd.

12. Property, Plant and Equipment (Continued)

Group	Balance as at 1-Apr-14 Rs.	Additions due to Merger Rs.	Revaluation Rs.	Additions Rs.	Disposals /Transfers Rs.	Balance as at 31-Mar-15 Rs.
Cost / Revaluation						
At Valuation						
Freehold Land	1,226,500,000	65,790,275	1,700,225	-	-	1,293,990,500
Buildings	638,398,225	-	-	36,945,614	-	675,343,839
Farm Structure	3,422,499	-	-	177,598	-	3,600,097
	1,868,320,724	65,790,275	1,700,225	37,123,212	-	1,972,934,436
At Cost						
Plant & Machinery	86,284,409	-	-	6,336,338	(32,800)	92,587,947
Motor Vehicles	24,234,190	-	-	5,032,143	-	29,266,333
Furniture & Fittings	64,221,681	-	-	7,653,112	(153,784)	71,721,009
Fixtures	5,564,358	-	-	181,727	-	5,746,085
Office Equipment	8,830,823	-	-	1,443,049	-	10,273,872
Electrical Installation	17,185,851	-	-	2,140,577	(416,984)	18,909,444
Soft Furniture	26,080,882	-	-	3,562,560	-	29,643,442
Crockery, Cutlery & Glassware	7,522,911	-	-	1,666,681	(1,306,201)	7,883,391
	239,925,105	-	-	28,016,187	(1,909,769)	266,031,523
Capital Work-in-Progress	318,722,090	(65,790,275)	-	139,552,582	(53,628,543)	338,855,854
Total at Cost/Revaluation	2,426,967,919	-	1,700,225	204,691,981	(55,538,312)	2,577,821,813
Accumulated Depreciation						
	Balance as at 1-Apr-14 Rs.	Additions due to Merger Rs.	Revaluation Rs.	Charge for the Year Rs.	Disposals/ /Transfers Rs.	Balance as at 31-Mar-15 Rs.
At Valuation						
Buildings	30,872,717	-	-	33,270,901	-	64,143,618
Farm Structure	825,963	-	-	848,163	-	1,674,126
	31,698,680	-	-	34,119,064	-	65,817,744
At Cost						
Plant & Machinery	39,622,247	-	-	6,280,998	(32,800)	45,870,445
Motor Vehicles	10,610,520	-	-	6,342,741	-	16,953,261
Furniture & Fittings	51,152,810	-	-	5,783,898	(153,784)	56,782,924
Fixtures	707,242	-	-	277,638	-	984,880
Office Equipment	2,039,608	-	-	967,421	-	3,007,029
Electrical Installation	6,413,511	-	-	1,701,728	(169,138)	7,946,101
Soft Furniture	17,977,388	-	-	3,908,957	-	21,886,344
Crockery, Cutlery & Glassware	3,683,933	-	-	2,472,172	(1,306,201)	4,849,904
	132,207,259	-	-	27,735,552	(1,661,923)	158,280,888
Total Depreciation on Cost/Revaluation	163,905,939	-	-	61,854,616	(1,661,923)	224,098,632
Net Book Value	2,263,061,980					2,353,723,181

12.1 Fully-Depreciated Assets

The initial cost of fully-depreciated Property, Plant and Equipment as at 31st March 2015 which are still in use as at Reporting Date are as follows:

	Company		Group	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Plant & Machinery	29,742,229	16,973,958	29,742,229	27,511,121
Motor Vehicles	2,637,333	2,637,333	2,637,333	2,637,333
Furniture & Fittings	56,083,097	37,340,551	56,083,097	51,791,799
Fixtures	60,000	60,000	60,000	60,000
Office Equipment	18,500	18,500	18,500	18,500
Electrical Installation	1,181,331	1,196,181	1,181,331	1,196,181
Soft Furniture	12,888,725	4,248,561	12,888,725	12,852,271
Crockery, Cutlery & Glassware	4,682,250	4,682,250	4,682,250	4,682,250
	107,293,465	67,157,334	107,293,465	100,749,455

12.2 Revaluation of Freehold Land and Buildings

Revaluation of Freehold Land and Buildings of the Company

Freehold land and buildings of the Company were revalued by Mr. K.C.B. Condegama (A.I.V), a professional valuer/assessor. The figures of the above mentioned assets were revalued on free hold market value basis as a going concern as at 31st March 2013. The fair value measurement for the freehold land and buildings of the Company has been categorized as a Level 3 fair value measurement based on the inputs to the valuation technique used. The Revaluation Surplus of the Company amounting to Rs. 173,344,985/- has been credited to the Revaluation Reserve during the year ended 31st March 2013.

Revaluation of Freehold Land of the Subsidiary

The fair value of the freehold land of the subsidiary was determined by the external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued namely Mr. P. P. T. Mohideen, a chartered valuation surveyor.

The fair value measurement for the freehold land of the subsidiary has been categorized as a Level 3 fair value measurement based on the inputs to the valuation technique used.

The subsidiary's entire freehold land was revalued on the effective date of 31st March 2015 and it does not include the value of the building under construction.

Valuation of the subsidiary's free hold land was made on the basis of the open market value and the revaluation surplus of Rs. 1,700,225/- was transferred to the Revaluation Reserve/Statement of Comprehensive Income respectively during the year ended 31st March 2015.

Valuation Technique

Market Comparison technique: The fair values are based on the market price of commercial properties of a similar location.

The estimated fair value would increase / (decrease) if, expected market prices of commercial properties of similar location were higher / (lower).

Notes to the Financial Statements contd.

12. Property, Plant and Equipment (Continued)

12.2 Revaluation of Freehold Land and Buildings (Continued)

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

	2015		2014		Carrying Value
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation	
	Rs.	Rs.	Rs.	Rs.	Rs.
Company					
Freehold Land	773,000	-	773,000	773,000	773,000
Buildings	112,587,459	5,538,564	107,048,895	112,587,459	108,197,746
Total	113,360,459	5,538,564	107,821,895	113,360,459	108,970,746
Group					
Freehold Land	66,563,275	-	66,563,275	773,000	773,000
Buildings	234,293,327	26,789,011	207,504,316	234,293,327	209,895,064
Total	300,856,602	26,789,011	274,067,591	235,066,327	210,668,064

	Company		Group	
	2015	2014	2015	2014
	Rs.	Rs.	Rs.	Rs.
13. Intangible Assets				
Cost				
Balance as at 1st April	1,688,301	1,688,301	1,688,301	1,688,301
Additions During the Year	2,426,624	-	2,426,624	1,946,624
Balance as at 31st March	4,114,925	1,688,301	4,114,925	3,634,925
Accumulated Amortisation				
Balance as at 1st April	779,373	610,542	779,373	610,542
Amortised During the Year	434,003	168,831	434,003	168,831
Balance as at 31st March	1,213,376	779,373	1,213,376	779,373
Net Book Value	2,901,549	908,928	2,901,549	2,855,552

The cost incurred on purchase of General Inventory Control System, Front Office Management System and Computerised Accounting Software have been recognised as intangible assets and amortized over a period of 10 years on a straight-line basis.

	Company		Group	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
14. Biological Assets				
Balance as at 1st April	2,803,564	3,673,097	2,803,564	3,673,097
Increase due to Purchases	1,731,244	123,400	1,731,244	123,400
Decrease due to Sales	(1,256,061)	(3,418,210)	(1,256,061)	(3,418,210)
Change in Fair Value Less Cost to Sell	(786,279)	2,425,277	(786,279)	2,425,277
Balance as at 31st March	2,492,468	2,803,564	2,492,468	2,803,564

Biological assets comprise of piggery, cattle & goat stock, which have been valued at reporting date by Dr. S.C.Kaduwela a consultant veterinary surgeon, based on the circular no 52/2011, issued by the Ministry of Farm, Livestock and Fisheries.

The Company has used the following significant criteria in determining the fair value of the above livestock as follows:

- a - Weight
- b - Pregnancy
- c - Age
- d - Rates as per 52/2011 Circular

14.1 Fair Value Hierarchy

The Fair Value measurements of Live stock have been categorised as Level 2 Fair Values based on observable market Sales data.

Valuation Technique

Type	Valuation Technique
Livestock comprises Cattle, Pigs and Goats characterised as commercial breeders	Market Comparison technique: The fair values are based on the market price of livestock of a similar age, weight and market value.

14.2 Sensitivity Analysis

Sensitivity Variation on Sales Price

Values as appearing in the statement of Financial Position are sensitive to sales price changes with regard to the average price applied. Simulations made for Livestock show that an increase or a decrease by 10% of the estimated future selling price has the following effect on the net present value of Biological Assets.

As at 31st March	Rs.	2015	Rs.
	-10%		+10%
Livestock	(1,056)	2,492,468	1,056
Total	(1,056)	2,492,468	1,056

Sensitivity Variation on Average Animal Weight

Values as appearing in the statement of Financial Position are sensitive to average animal weight changes. Simulations made for Livestock show that a increase or decrease by 10Kgs of average animal weight has the following effect on the net present value of Biological Assets.

As at 31st March	Rs.	2015	Rs.
	-10Kg		+10Kg
Livestock	(1,879)	2,492,468	1,879
Total	(1,879)	2,492,468	1,879

Notes to the Financial Statements contd.

	Company		Group	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
15. Investment Property				
Balance as at 1st April	36,918,828	36,918,828	-	-
Adjustment due to Merger	(36,918,828)	-	-	-
Balance as at 31st March	-	36,918,828	-	-

Land extent of 15,060 sq.ft owned by the Nuwara Eliya Hotels Company PLC had been leased out to Grand Hotel (Private) Limited to put up the hotel building. This building is located at Grand Hotel road, Nuwara Eliya. This had been identified as Investment property in Company's Statement of Financial Position. This was transferred to Property, Plant and Equipment on 1st April 2014 in accordance with LKAS 16 -Property, Plant and Equipment due to the merger of Grand Hotel (Private) Limited with the Company.

	Company		Group	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
16. Investment in Subsidiaries				
Fair View Hotel (Pvt) Ltd. (Note 16.1)	339,996,000	160,000,000	-	-
Grand Hotel (Pvt) Ltd. (Note 16.2)	-	120,000,000	-	-
	339,996,000	280,000,000	-	-

16.1 Investment in Subsidiary - Fair View Hotel (Private) Limited

Number of shares	33,999,600	16,000,000	-	-
Holding %	71%	59%	-	-
Cost of the Investment	339,996,000	160,000,000	-	-

16.2 Investment in Subsidiary - Grand Hotel (Private) Limited

Based on the Board Resolution which was passed on 6th February 2014, Grand Hotel (Private) Limited, a wholly owned subsidiary, was merged with the Nuwara Eliya Hotels Company PLC with effect from 1st April 2014 based on book values as at that date in accordance with section 242 of the Companies Act No. 07 of 2007.

16.3 Non-Controlling Interest (NCI) in Subsidiary

	Company	
	2015 Rs.	2014 Rs.
NCI Percentage (%)	29.17%	41.09%
Total Assets	485,643,197	347,511,358
Total Liabilities	9,566,878	9,304,715
Net Assets	476,076,319	338,206,643
Carrying Amount of NCI	138,859,561	138,964,941
Loss for the year	(3,830,549)	(1,525,840)
Total Comprehensive Income	(2,130,324)	(1,525,840)
Loss allocated to NCI	(877,217)	(657,389)
Cash Flows from Operating Activities	(43,323,647)	(29,778,734)
Cash Flows from Investing Activities	(118,183,342)	(106,943,824)
Cash Flows from Financing Activities	140,000,000	160,000,000
Net Increase in Cash and Cash Equivalents	(21,506,989)	23,277,442

	Company		Group	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Investment in Quoted Shares (Notes 17.1 and 17.3)	298,400,000	7,500,000	298,400,000	82,500,000
Investments in Unquoted Shares (Notes 17.2 and 17.4)	-	-	-	-
	298,400,000	7,500,000	298,400,000	82,500,000

	No. of Shares	2015		2014	
		Fair Value Rs.	Cost Rs.	Fair Value Rs.	Cost Rs.
17.1 Investment in Quoted Shares					
Company					
Royal Palms Beach Hotels PLC	2,750,000	99,000,000	28,895,047	7,500,000	1,402,428
John Keells Holding PLC	1,000,000	199,400,000	241,469,995	-	-
		298,400,000	270,365,042	7,500,000	1,402,428

Notes to the Financial Statements contd.

17. Available for Sale Investments (Continued)

	No. of Shares	2015 Cost Rs.	2014 Cost Rs.
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17.2 Investments in Unquoted Shares

Company

Ceylon Glass Manufacturing Co. Ltd	20,000	200,000	200,000
Less: Provision for Impairment Loss		(200,000)	(200,000)
		-	-

	No. of Shares	2015 Fair Value Rs.	2015 Cost Rs.	2014 Fair Value Rs.	2014 Cost Rs.
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17.3 Investments in Quoted Shares

Group

Royal Palms Beach Hotels PLC	2,750,000	99,000,000	28,895,047	82,500,000	28,895,047
John Keells Holding PLC	1,000,000	199,400,000	241,469,995	-	-
		298,400,000	270,365,042	82,500,000	28,895,047

	No. of Shares	2015 Cost Rs.	2014 Cost Rs.
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17.4 Investments in Unquoted Shares

Group

Ceylon Glass Manufacturing Co. Ltd.	20,000	200,000	200,000
Less: Provision for Impairment Loss		(200,000)	(200,000)
		-	-

	Company		Group	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.

18. Inventories

Food and Beverages	11,920,594	10,569,629	11,920,593	10,755,822
General	14,760,258	14,728,602	14,760,261	14,897,096
Grand Boutique	3,070,661	3,603,754	3,070,666	3,603,754
	29,751,513	28,901,985	29,751,520	29,256,672

	Company		Group	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
19. Trade and Other Receivables				
Trade Receivables	81,059,807	34,309,989	81,059,807	71,967,907
Less: Provision for impairment losses	(392,096)	-	(392,096)	-
	80,667,711	34,309,989	80,667,711	71,967,907
Other Receivables	7,227,781	2,792,867	7,227,781	6,254,113
Payments Made in Advance	2,254,929	6,041,560	80,163,403	42,982,427
Refundable Deposits	662,906	662,906	662,906	662,906
	90,813,327	43,807,322	168,421,801	121,867,353

20. Amounts due from Related Companies

Mercantile Fortunes (Private) Limited	-	5,500,000	-	5,500,000
	-	5,500,000	-	5,500,000

	2015		2014	
	No. of Shares	Fair Value Rs.	No. of Shares	Fair Value Rs.

21. Held for Trading Investments

Company	No. of Shares	Fair Value Rs.	No. of Shares	Fair Value Rs.
John Keells Hotels PLC	500,000	7,150,000	500,000	6,250,000
Overseas Realty (Ceylon) PLC	750,750	17,642,625	750,750	15,390,375
Dialog Axiata PLC	3,640,000	37,856,000	2,640,000	23,760,000
Ceylon Investment PLC	1,703	154,973	1,703	126,874
Ceylon Guardian Investment Trust PLC	566	104,144	566	100,691
The Light House Hotel PLC	520,123	31,207,380	506,323	22,480,741
Hunas Falls Hotels PLC	16,000	958,400	16,000	769,600
		95,073,522		68,878,281

Group	No. of Shares	Fair Value Rs.	No. of Shares	Fair Value Rs.
John Keells Hotels PLC	500,000	7,150,000	500,000	6,250,000
Overseas Realty (Ceylon) PLC	750,750	17,642,625	750,750	15,390,375
Dialog Axiata PLC	3,640,000	37,856,000	3,640,000	32,760,000
Ceylon Investment PLC	1,703	154,973	1,703	126,874
Ceylon Guardian Investment Trust PLC	566	104,144	566	100,691
The Light House Hotels PLC	520,123	31,207,380	520,123	23,093,460
Hunas Falls PLC	16,000	958,400	16,000	769,600
		95,073,522		78,491,000

Notes to the Financial Statements contd.

	Company		Group	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
22. Cash in Hand, at Bank and Short Term Deposits				
Cash in Hand	372,800	354,800	372,800	358,800
Cash at Bank and Short term Deposits	53,525,203	54,150,728	55,213,571	82,872,663
Fixed Deposit	38,844,197	42,651,905	38,844,197	42,651,905
	92,742,200	97,157,433	94,430,568	125,883,368
Bank Overdraft	-	(991,793)	-	(1,046,112)
Cash and Cash Equivalents for the Cash Flow Purpose	92,742,200	96,165,640	94,430,568	124,837,256

23. Stated Capital

2,003,870 Ordinary Shares	80,113,740	80,113,740	80,113,740	80,113,740
5,800 - 7% Participating Cumulative Preference Shares	58,000	58,000	58,000	58,000
	80,171,740	80,171,740	80,171,740	80,171,740

23.1 Cumulative Participating Preference Share

The cumulative participating preference shares are entitled to a cumulative dividend of 7% per annum on the amount of each such preference share prior to the payment of any dividend to Ordinary Share holders and Ordinary Shareholders shall have received a dividend for a likely amount from any balance remaining over for division, then the shareholders of such preference share shall be entitled to join with the Ordinary Share holders pari passu in the division of any then remaining balance.

	Company		Group	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
24. Revaluation Reserve				
Balance as at 1st April	1,462,044,457	1,464,515,721	1,566,176,366	1,569,651,882
Transferred due to Merger of Subsidiary	104,132,425	-	-	-
Transferred to Retained Earnings	(3,475,516)	(2,471,264)	(3,475,516)	(3,475,516)
Surplus on Revaluation of Property, Plant and Equipment of subsidiary	-	-	1,700,225	-
Transferred to Non-Controlling Interest	-	-	(700,113)	-
Balance as at 31st March	1,562,701,366	1,462,044,457	1,563,700,962	1,566,176,366

25. Available for Sale Reserve

Balance as at 1st April	6,097,572	7,347,572	53,604,952	67,354,952
Transferred due to Merger of Subsidiary	47,507,380	-	-	-
Net Change in Fair Value of Available for Sale Financial Assets	(25,569,995)	(1,250,000)	(25,569,995)	(13,750,000)
Balance as at 31st March	28,034,957	6,097,572	28,034,957	53,604,952

	Company		Group	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
26. Deferred Tax Liability				
Balance as at 1st April	38,586,880	38,410,427	62,956,600	63,993,278
Addition due to Merger of Subsidiary	24,369,720	-	-	-
(Reversal) / Charge for the Year (Note 26.2)	(4,838,318)	176,453	(4,838,318)	(1,036,678)
Balance as at 31st March	58,118,282	38,586,880	58,118,282	62,956,600

26.1 The deferred tax has been provided at an effective rate of 12%

The deferred tax asset/liability on each temporary difference which was recognised in the Financial Statements are disclosed below.

	2015		2014	
	Temporary Difference Rs.	Tax Effect Rs.	Temporary Difference Rs.	Tax Effect Rs.
Company				
On Property, Plant and Equipment	502,290,114	60,274,814	335,858,661	40,303,039
On Retirement Benefit Obligations	(17,971,098)	(2,156,532)	(14,301,330)	(1,716,160)
	484,319,016	58,118,282	321,557,331	38,586,879
Group				
On Property, Plant and Equipment	502,290,114	60,274,814	538,939,651	64,672,758
On Retirement Benefit Obligations	(17,971,098)	(2,156,532)	(14,301,330)	(1,716,159)
	484,319,016	58,118,282	524,638,321	62,956,599

	Company		Group	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
26.2 (Reversal) / Charge of Deferred Tax				
Recognised on Comprehensive Income	(4,698,869)	325,104	(4,698,869)	(888,027)
Recognised on Other Comprehensive Income	(139,449)	(148,651)	(139,449)	(148,651)
	(4,838,318)	176,453	(4,838,318)	(1,036,678)

Notes to the Financial Statements contd.

	Company		Group	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
27. Retirement Benefit Obligation				
Balance as at 1st April	14,301,330	11,140,040	14,301,330	11,140,040
Interest Cost	1,430,133	1,114,004	1,430,133	1,114,004
Current Service Cost	2,251,464	1,911,044	2,251,464	1,911,044
Actuarial Loss on Obligation	1,162,075	1,238,757	1,162,075	1,238,757
	19,145,002	15,403,845	19,145,002	15,403,845
Less: Payments During the Year	(1,173,904)	(1,102,515)	(1,173,904)	(1,102,515)
Balance as at 31st March	17,971,098	14,301,330	17,971,098	14,301,330

a) The retirement benefit obligation of the Company is based on the actuarial valuation carried out by Mr. M. Poopalanathan of Actuarial & Management Consultants (Pvt) Ltd.

b) The projected Unit Credit Method is used to determine the present value of the defined benefit obligation and the current service cost.

c) The key assumption used in determining the above were as follows;

1. Rate of Discount 9.5% (2013/14 - 10%)

2. Salary Increment 9.0% (2013/14 - 10%)

3. Staff Turnover Rates

Age	Rates
20-39	0.30
40-49	0.50
> 50	-

4. Staff Retirement Age 55 Years

d) The calculation of the Retirement Benefit Obligation is sensitive to the assumption set out above. The following table summarises how the impact on the Retirement Benefit Obligation at the end of the reporting period would have increased/ (Decreased) as a result of a change in respective assumption by one percent.

Discount Rate	Present Value of Defined Benefit Obligation (Rs.)
1% less	18,605,837
1% more	17,380,449
Salary Increment Rate	
1% less	17,308,772
1% more	18,671,675

	Company		Group	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
28. Trade and Other Payable				
Trade Payables	27,523,970	38,257,536	27,523,970	38,404,699
Accrued Expenses	26,510,760	20,712,702	36,008,173	31,864,714
Sundry Creditors	24,325,775	14,845,735	24,395,239	16,741,675
Deposits Received	594,225	484,225	594,225	594,225
	78,954,730	74,300,198	88,521,607	87,605,313

29. Amounts due to Related Companies

Tangerine Beach Hotels PLC	15,956	14,490	15,956	14,490
Royal Palms Beach Hotels PLC	158,325	-	158,325	151,145
Tangerine Tours (Private) Limited	222,105	307,643	222,105	469,126
Security Ceylon (Private) Limited	782,644	320,071	782,644	868,619
Grand Hotel (Private) Limited	-	323,223,200	-	-
Mercantile Investments & Finance PLC	28,768	-	28,768	26,048
	1,207,798	323,865,404	1,207,798	1,529,428

Notes to the Financial Statements contd.

30. Related Party Disclosure

30.1 Transaction with Related Parties

Name of the Related Party	Relationship	Nature of Transactions	Terms of Transactions	Amount		Balance as at 31st March	
				2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
a. Transactions with Subsidiaries							
Grand Hotel (Private) Limited	Subsidiary	Fund Received	Short term Advances	-	333,981,278	-	(323,223,200)
		Rental Income	As per Agreement	-	7,480,076	-	-
		Rental Expenses	As per Agreement	-	(429,320)	-	-
		Dividend		-	45,359,996	-	-
		Vehicle Expenses	Market Terms	-	(672,000)	-	-
		Transfer due to Merger		323,223,200	-	-	-
Fair View Hotel (Private) Limited	Subsidiary	Purchase of Shares		(179,996,000)	(160,000,000)	-	-
b. Transactions with other related companies							
Security Ceylon (Private) Limited	Other Related Company	Security Services	As per Agreement	(13,854,392)	(6,582,576)	(782,644)	(868,619)
		Security Staff Meals	Market Terms	3,031,692	2,676,308	-	-
		Settlements		10,908,675	-	-	-
Tangerine Beach Hotels PLC	Other Related Company	Salaries to Staff	Market Terms	(1,270,601)	(173,880)	(15,956)	(14,490)
		Settlements		1,301,047	-	-	-
Tangerine Tours (Private) Limited	Other Related Company	Salaries to Staff	Market Terms	(1,777,303)	(949,344)	(222,105)	(469,126)
		Administration Fee	As per Agreement	(1,341,000)	(672,000)	-	-
		Dividend Paid		(2,810,702)	(3,098,520)	-	-
		Settlements		3,365,324	-	-	-
		Revenue from Operations	As per Contract	28,724,745	12,737,149	-	-
Mercantile Investments & Finance PLC	Other Related Company	Repairs & Services to Fleet Vehicles	Market Terms	(1,631,733)	(1,331,265)	(28,768)	(26,048)
		Rent	As per Agreement	(1,368,356)	(1,224,480)	-	-
		Settlements		2,997,369	-	-	-
		Dividend Paid		(11,778,300)	(11,778,300)	-	-
		Fixed Deposit	Market Terms	(203,609,304)	(482,244,558)	203,609,304	482,244,558
		Interest Income	Market Terms	26,946,667	13,873,060	-	-
Royal Palms Beach Hotels PLC	Other Related Company	Salaries to Staff	Market Terms	(2,081,816)	(1,816,240)	(158,325)	(151,145)
		Settlements		2,074,636	-	-	-
Nilaweli Beach Hotels (Private) Limited	Other Related Company	Dividend Paid		(3,883,901)	(4,281,615)	-	-
Mercantile Fortunes (Private) Limited	Other Related Company	Payment for flooring	Market Terms	5,500,000	(5,897,247)	-	5,500,000

30.2 Transaction with Key Management Personnel

Key Management Personnel include members of the Board of Directors of the Company. Following transactions have been entered in to with the Key Management Personnel.

	2015 Rs.	2014 Rs.
Short-Term Employee Benefits	3,776,074	3,533,200
	3,776,074	3,533,200

31. Events Occurring After the Reporting Date

Subsequent to the date of financial position, no circumstances have arisen which would require adjustments to or disclosure in the Financial Statements.

32. Capital Commitments

There were no material capital commitments as at the date of financial position.

33. Contingent Liabilities

- One of the suppliers has filed a case against the Company in the District Court of Colombo to recover Rs. 415,949 due from the Company. The Company is defending the case on the basis that the work done is not up to the standard, and therefore, the Company is not liable to pay the amount claimed. The hearing of the case was postponed to 20th May 2015.
- The Municipality of Nuwara Eliya has filed three cases in the Magistrate Courts, Nuwara Eliya against the Company claiming 0.5% of total revenue of the Company as the Trade License Levy for the year 2012, 2013 & 2014. The Company is defending the case by putting forward the agreement reached outside courts in the year 2009 with the local authority, for a reduced rate of 0.25% of the total revenue as Trade License Levy. The next hearing of the case was postponed to 20th July 2015. However, The Company has provided for Rs. 2,830,864/- in the financial statements as at 31st March 2015 as Trade License Levy.

There were no contingent liabilities outstanding as at the reporting date other than those disclosed above.

34. Comparative Figures

Comparative figures of the financial statements have been reclassified to conform with the current year's presentation. Accordingly, the Company has reclassified the deferred tax reversal on actuarial loss of Rs. 148,651 for the year ended 31st March 2014 to other comprehensive income which was previously recognised in the profit or loss for better presentation.

Notes to the Financial Statements contd.

35. Merger of Grand Hotel (Private) Limited with the Company

Grand Hotel (Private) Limited., which is a fully owned subsidiary of the Group was merged with the Nuwara Eliya Hotels Company PLC with effect from 1st April 2014. The book values of Grand Hotel (Private) Limited, was merged with that of the Nuwara Eliya Hotels Company PLC at the date of merger on 1st April 2014. Accordingly, the investments in subsidiary of Rs. 120,000,000/- recorded in Nuwara Eliya Hotels Company PLC was set off against the stated capital of Grand Hotel (Private) Limited.

The comparative figures were restated in order for a better presentation for comparison. The Statement of Financial Position and the Statement of Income and Statement of Profit or Loss and Other Comprehensive Income of Nuwara Eliya Hotel Company PLC as at 31st March 2014 would be as follows.

35.1 Income Statement

For the Year Ended 31st March 2014

	Balances as previously reported	Balances after merging with Grand Hotel (Private) Limited	Impact
	Rs.	Rs.	Rs.
Revenue	503,244,948	829,893,642	(326,648,694)
Cost of Sales	(123,026,506)	(169,313,034)	46,286,528
Gross Profit	380,218,442	660,580,608	(280,362,166)
Other Income	61,070,047	14,389,831	46,680,216
Administrative Expenses	(86,624,222)	(144,371,486)	57,747,264
Selling and Distribution Expenses	(20,380,144)	(34,424,151)	14,044,007
Operating Expenses	(116,920,723)	(196,346,364)	79,425,641
Profit from Operations	217,363,400	299,828,438	(82,465,038)
Net Finance Income	15,917,805	49,709,157	(33,791,352)
Profit Before Tax	233,281,205	349,537,595	(116,256,390)
Income Tax Expenses	(24,958,457)	(54,366,648)	29,408,191
Profit for the Year	208,322,748	295,170,947	(86,848,199)

35.2 Statement of Profit or Loss and Other Comprehensive Income

Profit For the Year	208,322,748	295,170,947	(86,848,199)
Other Comprehensive Expense			
Deferred Tax Reversal on Other Comprehensive Income	148,651	148,651	-
Actuarial Loss on Retirement Benefit Obligations	(1,238,757)	(1,238,757)	-
Net Change in Fair Value of Available for Sale Financial Assets	(1,250,000)	(13,750,000)	12,500,000
Other Comprehensive Expense for the Year	(2,340,106)	(14,840,106)	12,500,000
Total Comprehensive Income for the Year	205,982,642	280,330,841	(74,348,199)

35.3 Statement of Financial Position

As at 31st March 2014

	Balances as previously reported	Balances after merging with Grand Hotel (Private) Limited	Impact
	Rs.	Rs.	Rs.
Assets			
Non Current Assets			
Property, Plant and Equipment	1,665,078,791	1,975,628,970	(310,550,180)
Intangible Assets	908,928	2,855,552	(1,946,624)
Biological Assets	2,803,564	2,803,564	-
Investment Property	36,918,828	-	36,918,828
Investment in Subsidiaries	280,000,000	199,996,000	80,004,000
Available for Sale Investments	7,500,000	82,500,000	(75,000,000)
	1,993,210,111	2,263,784,086	(270,573,976)
Current Assets			
Inventories	28,901,985	29,256,672	(354,687)
Trade and Other Receivables	43,807,322	85,713,845	(41,906,523)
Amounts Due from Related Companies	5,500,000	5,500,000	-
Held for Trading Investments	78,491,000	78,491,000	-
Loans and Receivables - Fixed Deposits	316,674,099	316,674,099	-
Cash and Cash Equivalents	97,157,433	102,688,008	(5,530,575)
	560,919,120	618,323,624	(57,404,504)
Total Assets	2,554,129,231	2,882,107,710	(327,978,479)
Equity and Liabilities			
Equity			
Stated Capital	80,171,740	80,171,740	-
Revaluation Reserve	1,462,044,457	1,566,176,366	(104,131,909)
Available for Sale Reserve	6,097,572	53,604,952	(47,507,380)
Retained Earnings	546,536,545	1,004,315,921	(457,779,376)
Equity Attributable to Owners of the Company	2,094,850,314	2,704,268,979	(609,418,665)
Non Controlling Interests	-	-	-
Total Equity	2,094,850,314	2,704,268,979	(609,418,665)
Non-Current Liabilities			
Deferred Taxation	38,586,880	62,956,600	(24,369,720)
Retirement Benefit Obligation	14,301,330	14,301,330	-
	52,888,210	77,257,930	(24,369,720)
Current Liabilities			
Trade and Other Payables	74,300,198	78,300,598	(4,000,400)
Current Tax Liability	7,233,312	19,704,663	(12,471,351)
Amounts due to Related Companies	323,865,404	1,529,428	322,335,976
Bank Overdraft	991,793	1,046,112	(54,319)
	406,390,707	100,580,801	305,809,906
Total Liabilities	459,278,917	177,838,731	281,440,186
Total Equity and Liabilities	2,554,129,231	2,882,107,710	(327,978,479)

Notes to the Financial Statements contd.

35. Merger of Grand Hotel (Private) Limited with the Company (Continued)

Rs.

35.4 Cash and Cash Equivalent Balance as at 1st April 2014

Cash in hand and Cash at Bank	5,530,578
Overdraft balance	(54,319)
	<u>5,476,259</u>

36. Financial Risk Management

36.1 Introduction and Overview

The Group has exposure to following risks arising from the financial instruments

- A. Credit risk
- B. Liquidity risk
- C. Market risk

This note presents information about the Group's exposure to each of the above risks, the group objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further both quantitative and qualitative disclosures are included throughout this note.

Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group risk management framework.

The Group risk management policies and processes are established to identify, assess, monitor and analyse the risks faced by the Group, for the purpose of setting appropriate risk limits and adherence to such limits. Risk management systems are reviewed regularly to reflect changes in market conditions and the Group activities.

The Audit Committee has been delegated the responsibility for reviewing the effectiveness of the risk management framework, oversee how management monitors compliance with the Group risk management processes/guidelines and procedures and reviews the adequacy of the risk management framework in relation to the risks. The Audit Committee is assisted in its overseeing role by outsourced Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

A. Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from receivable from customers and investment securities.

Exposure to Credit Risk

Carrying amount of financial assets represents the maximum credit exposure of those assets. The maximum exposure to credit risk at the reporting date was as follows;

As at 31st March	2015 Rs.	2014 Rs.
Trade and Other Receivables	168,421,802	121,867,353
Held for Trading Investments	95,073,522	78,491,000
Available for Sale Investments	298,400,000	82,500,000
Amount due from Related Companies	-	5,500,000
Cash and Cash Equivalents	94,430,568	125,883,368
	656,325,892	414,241,721

Trade and Other Receivables

The Group has a well established credit policy for domestic customers to minimise credit risk. A separate credit team has been established to evaluate and recommend the credit worthiness of the customers and a maximum 60 to 90 days credit limit has been granted to the customers.

The group maintains a history of credit loyal pattern of individual customers and reviews the credit worthiness annually to recommend the credit period and value limit to offer. In addition an ongoing evaluation is done on day to day dealings to prompt corrective measures in case of defaults in limits and settlement periods by debtors.

At these evaluations, customers graded as "High Risk" are placed on a restricted customer list and monitored by the credit team, and future sales are made on prepayment basis. Further, it is the group policy that credit transactions are entered only with corporate customers to minimise the risk.

As at 31st March	2015 Rs.	2014 Rs.
Debtors - Over 90 Days	547,343	610,494
Percentage of Debtors of Over 90 days	1%	1%

The group believes that unimpaired amounts that are due for more than 90 days are still collectible based on historic payment behaviour. Further for the last 5 years the Group has not experienced an impairment on trade receivable.

The maximum exposure to credit risk for trade and other receivables at the reporting date by the type of counter party was as follows,

	2015 Rs.	2014 Rs.
Individual Debtors	-	-
Corporate Debtors	81,059,807	71,967,907
	81,059,807	71,967,907

Held for Trading and Available for Sale Investments

The Company limits its exposure to credit risk by investing in selected quoted companies with Board approval.

Cash and Cash Equivalents

Cash and cash equivalents are held with banks and financial institution counterparties, which are rated B+++ to B+ based on approved rating agencies.

Notes to the Financial Statements contd.

36. Financial Risk Management (Continued)

36.1 Financial Risk Management (Continued)

B. Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures its liquidity by investing in short and medium term financial instruments to support operational and other funding requirements. Short and medium-term requirements are regularly reviewed and managed by the finance team.

Maturity Analysis of Non Derivative Financial Liabilities

The following are the remaining contractual maturities of financial liabilities, as at the reporting date

	Amount Rs.	0 - 6 months Rs.	6 - 12 months Rs.
31st March 2015			
Financial Liabilities (Non-Derivatives)			
Group			
Amount due to Related Companies	88,521,607	88,521,607	-
Tax Payables	2,864,398	2,864,398	-
	91,386,005	91,386,005	-
31st March 2014			
Financial Liabilities (Non-Derivatives)			
Group			
Bank Overdrafts	1,046,112	1,046,112	-
Amount due to Related Companies	87,605,313	87,605,313	-
Tax Payables	19,704,663	19,704,663	-
	108,356,088	108,356,088	-

C. Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity price which will affect the Group income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency Risk

The Group is exposed to currency risk, when it engages in operations where transactions of which are denominated in a currency other than Sri Lankan Rupee (LKR).

The Group minimises the currency risk by choosing stronger currencies when negotiating room rates and consider exchange rate movements when entering in to contracts with travel agents transactions of which are denominated in a currency other than that is exposed to currency risk, when it engages in operations where transactions of which are denominated in a currency other than the Sri Lankan Rupee (LKR).

Interest Rate Risk

Interest rate risk mainly arises as a result of Group having interest sensitive assets and liabilities, which are directly, impacted by changes in the interest rates.

At the reporting date, the interest bearing financial instruments were as follows,

	2015 Rs.	2014 Rs.
Fixed Deposits - More than 3 months Maturity	164,765,103	316,674,099
Fixed Deposits - Cash and Cash Equivalent	38,844,197	42,651,905
	203,609,300	359,326,004

The Group Mitigates interest rates by closely monitoring and selectively choosing of financial instruments to invest by the finance team.

36.2 Capital management

The Board policy is to maintain a strong capital base so as to maintain investor, creditor & market confidence and to sustain future development of the business. Capital consist of Ordinary Shares, Preference Shares, Capital Reserves and Revenue Reserves. The Board of Directors monitors the return on equity, return on capital as well as the amount of dividend to be paid to the shareholders.

37. Fair Value Measurement

37.1 Financial Instruments Measured at Fair Value - Fair Value Hierarchy

The following table analyses financial instruments measured at fair value at the Reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognised in the Statement of Financial Position.

	Level 1 Rs.	Company Level 2 Rs.	Level 3 Rs.	Level 1 Rs.	Group Level 2 Rs.	Level 3 Rs.
As at 31st March 2015						
Financial Assets Held for Trading	95,073,522	-	-	95,073,522	-	-
Financial Investments - Available for Sale	298,400,000	-	-	298,400,000	-	-
	393,473,522	-	-	393,473,522	-	-
As at 31st March 2014						
Financial Assets Held-for-Trading	68,878,281	-	-	78,491,000	-	-
Financial Investments - Available for Sale	7,500,000	-	-	82,500,000	-	-
	76,378,281	-	-	160,991,000	-	-

Notes to the Financial Statements contd.

37. Fair Value Measurement (Continued)

37.2 Financial Instruments Not measured at Fair Value

The Following table summarises the carrying amounts and the Company's and the Group's Estimate of Fair Values of those Financial Assets and Liabilities not presented on the Company's and the Group's Statement of Financial Position at Fair Value.

As at 31st March 2015	Company		Group	
	Carrying Amount Rs.	Fair Value Rs.	Carrying Amount Rs.	Fair Value Rs.
Assets				
Loans and Receivables- Fixed Deposits	164,765,103	164,765,103	164,765,103	164,765,103
Cash and Cash Equivalents	92,742,200	92,742,200	94,430,568	94,430,568
Trade and Other Receivables	90,813,327	90,813,327	168,421,802	168,421,802
Liabilities				
Trade and Other Payables	78,954,730	78,954,730	88,521,607	88,521,607

The following table sets out the fair values of financial instruments not carried at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorised.

As at 31st March 2015	Company			Group		
	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.
Assets						
Cash and Cash Equivalents	-	92,742,200	-	-	94,430,568	-
Loans and Receivables - Fixed Deposits	-	-	164,765,103	-	-	164,765,103
Trade and Other Receivables	-	-	90,813,327	-	-	168,421,802
	-	92,742,200	255,578,430	-	94,430,568	333,186,905
Liabilities						
Trade and Other Payables	-	-	78,954,730	-	-	88,521,607
	-	-	78,954,730	-	-	88,521,607

Cash and Cash Equivalents

The carrying amount of the Cash and Cash Equivalents and balances with banks approximate the fair value as these are short term in nature.

Loans and Receivables - Fixed Deposits

Fixed deposits are included in the Loans and Receivables are matured within one year from the reporting date. Hence the discounting impact would be immaterial. Therefore carrying amount approximate the fair value as at the reporting date.

Trade and Other Receivables

Trade and Other Receivables are expected to be settled within one year from the reporting date and hence the discounting impact would be immaterial. Therefore carrying amount approximate the fair value as at the reporting date.

Trade and Other Payables

Trade and other payables are expected to be settled within one year from the reporting date and hence the discounting impact would be immaterial. Therefore carrying amount approximate the fair value as at the reporting date.

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Indicative Statement of Changes in Equity US \$ **292**

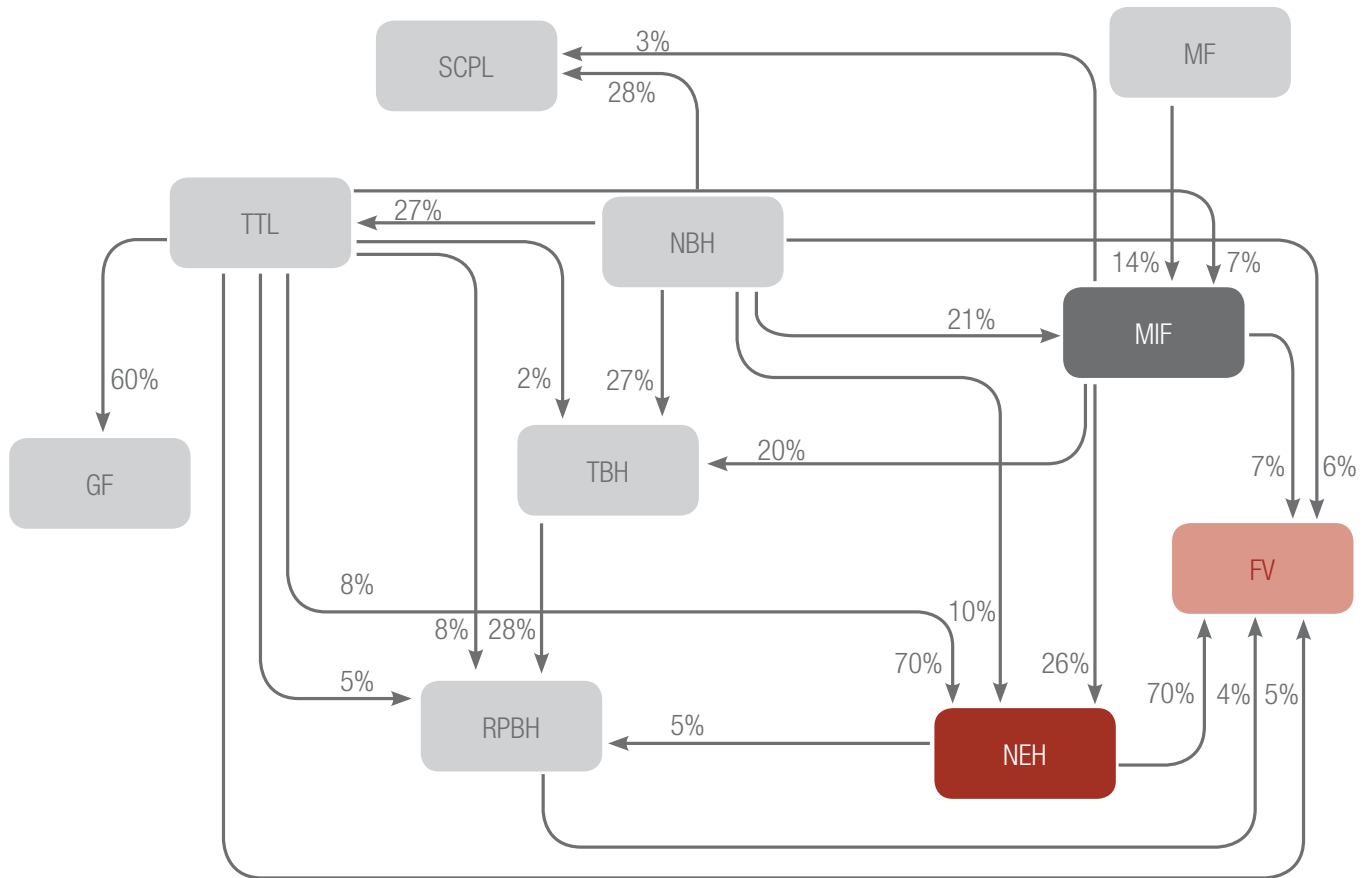
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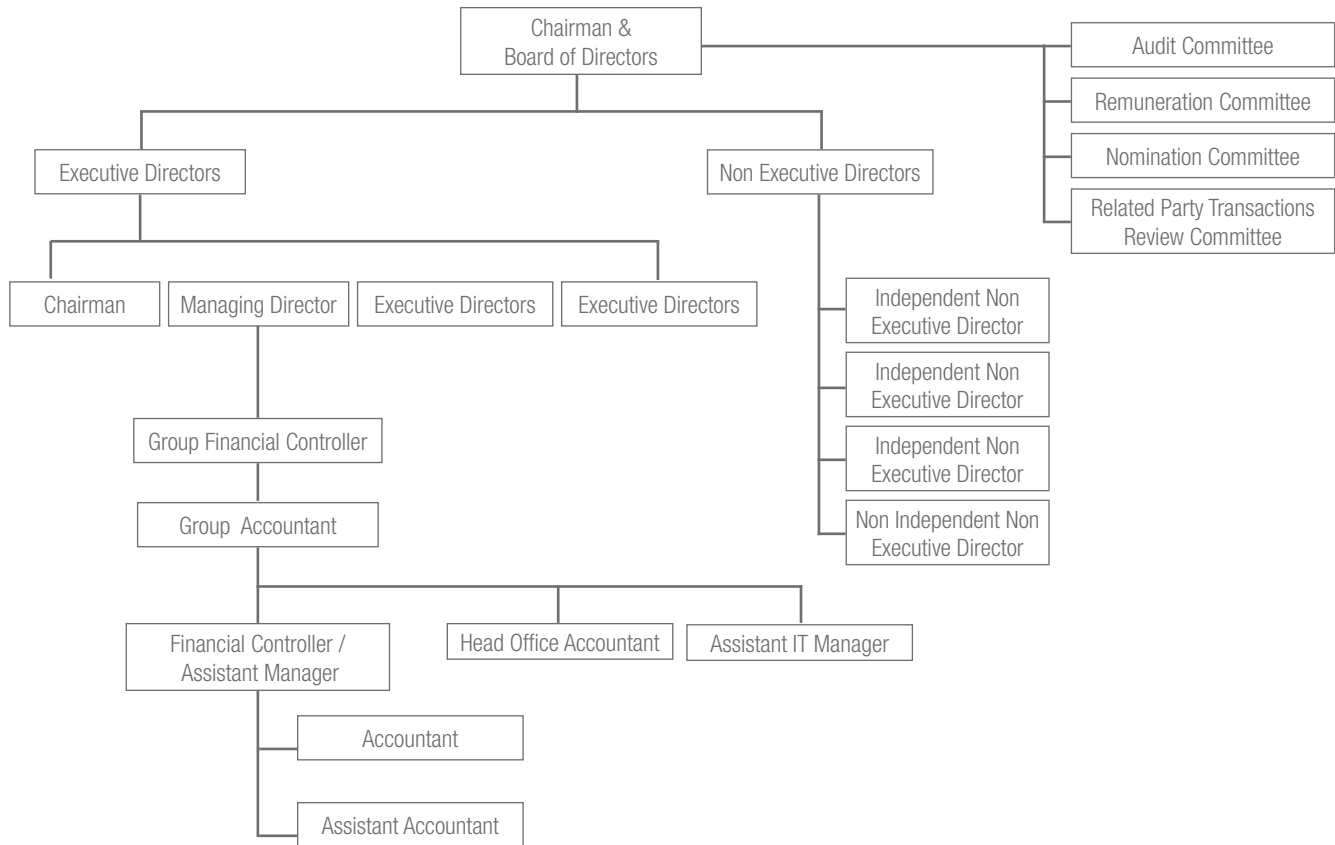
Corporate Information **Inner Back Cover**

Our Group Structure



- NEH - The Nuwara Eliya Hotels Co PLC
- TBH - Tangerine Beach Hotels PLC
- RPBH - Royal Palms Beach Hotels PLC
- FV - Fair View Hotel (Pvt) Ltd
- NBH - Nilaveli Beach Hotels (Pvt) Ltd
- TTL - Tangerine Tours (Pvt) Ltd
- SCPL - Security Ceylon (Pvt) Ltd
- MIF - Mercantile Investments & Finance PLC
- MF - Mercantile Fortunes (Pvt) Ltd
- GF - Global Films Ltd

Organisation Structure - Head Office



Overview

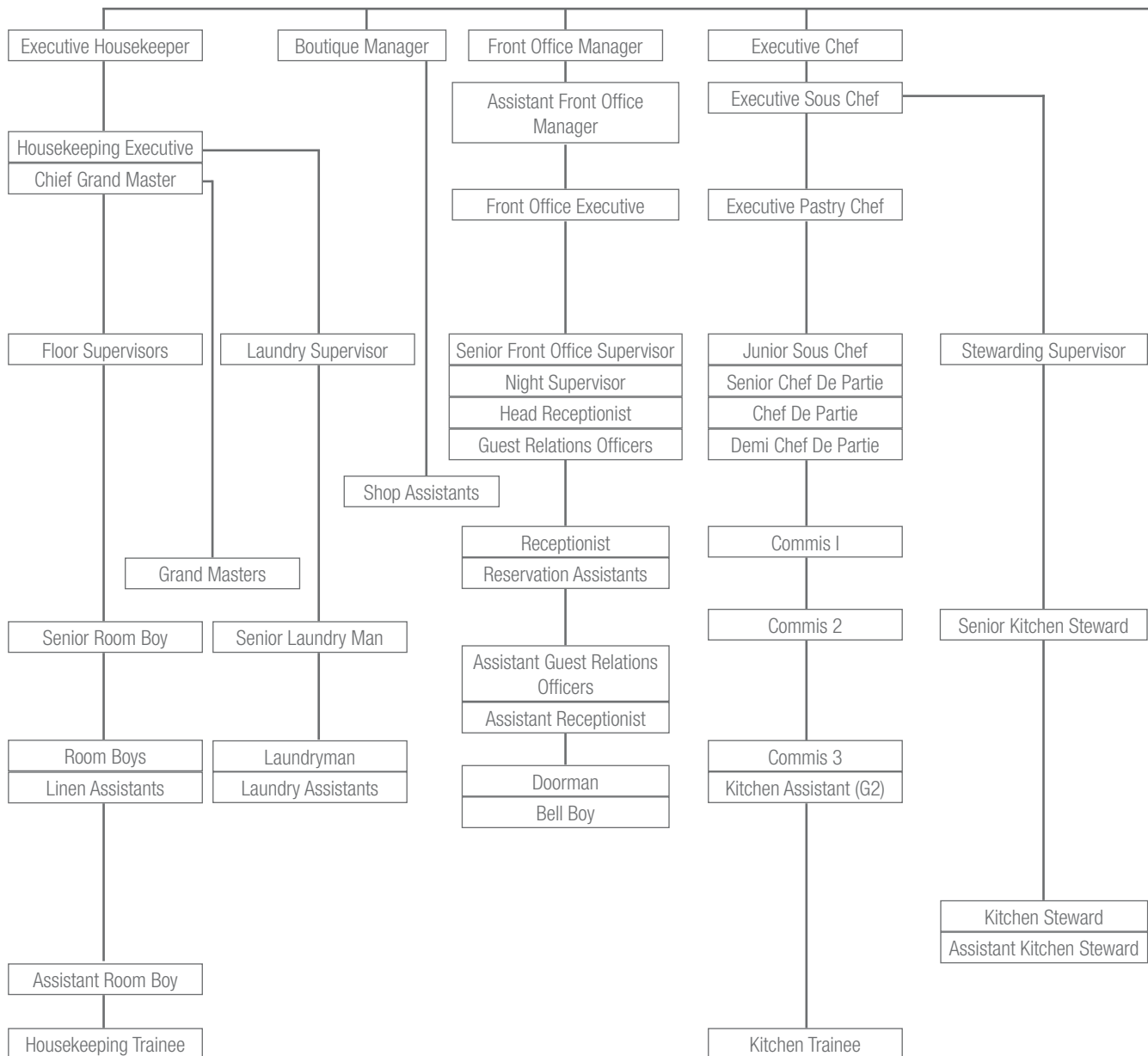
Integrated Management Discussion

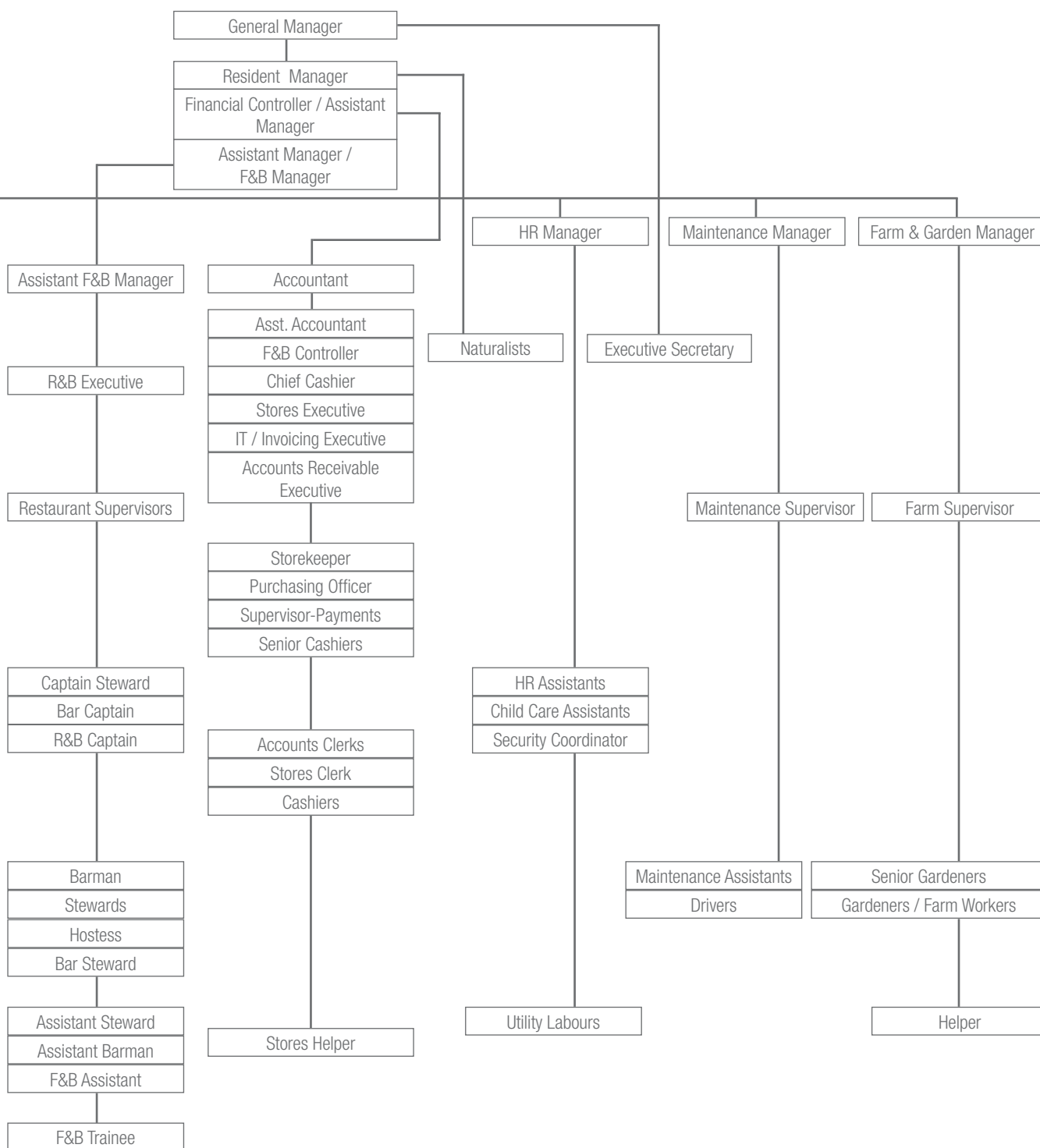
Stewardship

Financial Report

Supplementary Information

Organisation Structure - Hotel





Our Accolades

Our hotel is a national heritage property, which is probably the best accolade during its life time. We are indeed proud to be recognised over the years constantly by securing the following awards.



Awards Won by Grand Hotel

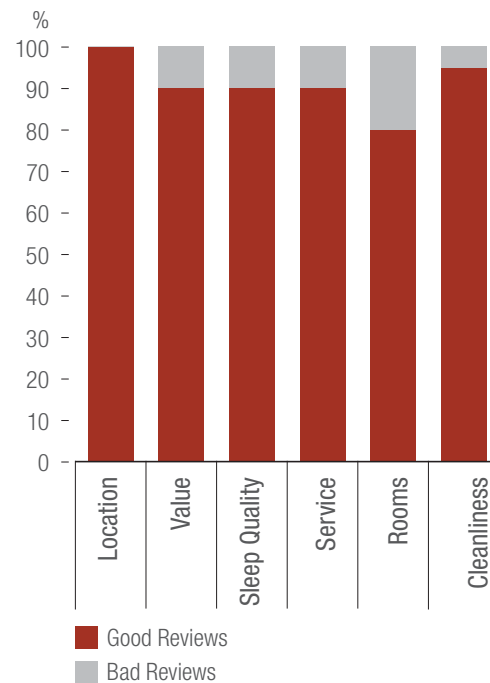
- Amidst growing public interest, April Blooms 2014, the premier flower show in the island, organized by the Municipal Council of Nuwara Eliya, saw many individuals and commercial entities giving their best with colourful and innovative entries. Following their success in the past years, Grand Hotel walked away with top honours for the Best Garden, Lawn and Fences & Hedges, in the large commercial category, April Blooms 2014 - (Annual Flower and Garden Competition)
 - Best Garden - Commercial Large - 1st Place
 - Best Lawn - Commercial Large - 1st Place
 - Best Fences & Hedges- Commercial Large - 1st Place
- Grand Hotel was the winner at the District level segment of the “Nagarayata Uyanwathu” contest, which was a concept initiated by the Governor of the Central Province, Hon Tikiri Kobbekaduwa, to develop the Home gardens, floriculture and landscaping covering the districts of Kandy, Matale and Nuwara Eliya urban areas in collaboration with the Governors’ Office of the Central Province and the Ministry of Agriculture of the Central Provincial Council, Provincial Department of Agriculture, Provincial Department of Education, Royal Botanical Gardens, Peradeniya, Department of Agrarian Development and the Kandy, Matale and Nuwara Eliya Municipal Councils.
- Compliance Award for the Best Annual Report in the Tourism and Hospitality Category conducted by the Institute of Chartered Accountants of Sri Lanka.
- Agoda.com, one of Asia’s leading hotel booking sites and part of Nasdaq-listed Priceline Group (Nasdaq:PCLN), announced the winners of its prestigious 2014 Gold Circle Awards, given to accommodations around the world that embody the best qualities of the online hospitality industry. Now in its sixth year, the Gold Circle Awards are awarded to properties based on aggregate customer reviews, competitiveness of pricing, utilisation of the custom-built Yield Control System (YCS) of Agoda.com, and a deep understanding of the complexities of the online booking industry and Grand Hotel was also a proud recipient of this Award.

Value Creation through Guest Reviews

Guests are a priority to us here at Grand, their comments good or bad are opportunities to us in striving to achieve excellence that adds value to our brand.

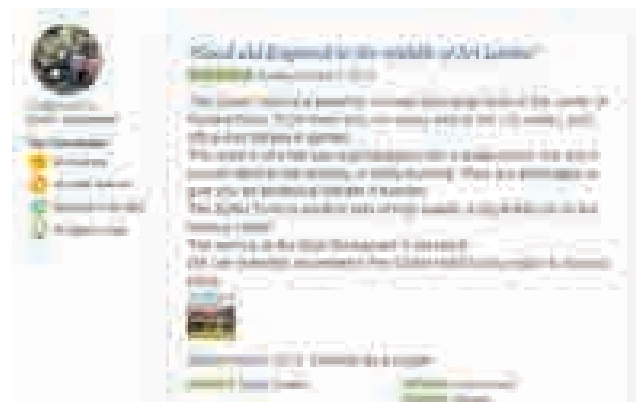
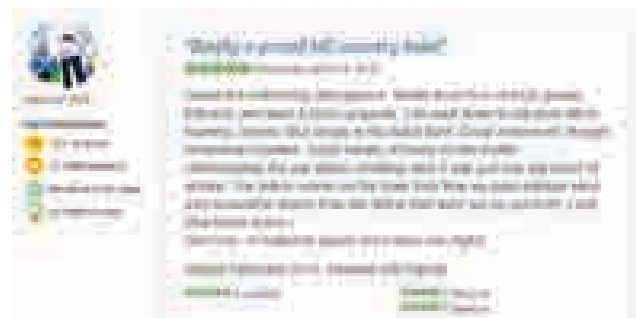
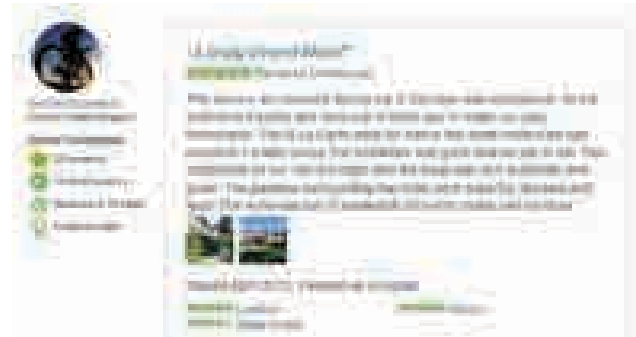
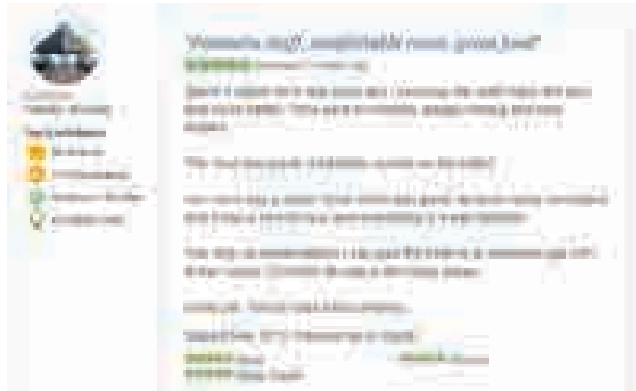
Some of the recent reviews and comments posted by our guests on popular websites namely trip advisor, agoda.com and booking.com have been taken into consideration.

Over 200 guest reviews were analysed out of which a sample of 20 comments are evaluated here according to the following categories; location, value, sleep quality, service, rooms and cleanliness. The good reviews of guests overrides in each category, which is clearly shown in the graph below.

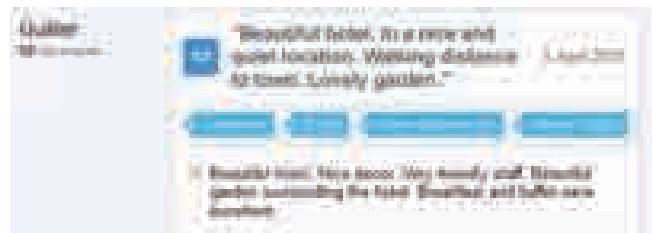


Our Accolades contd.

Reviews from Trip advisor site:



Reviews from Booking.com site:



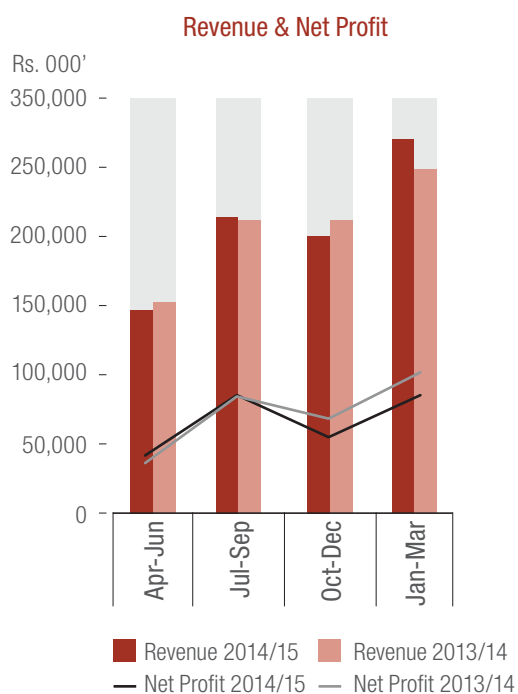
Reviews from agoda.com site:

<p>Lemuel A. Couples United States of America, March 10, 2014</p>	<p>Great stay Great food, location and amenities</p>	<p>10</p>
<p>Hazel C. Families with older children Singapore, December 11, 2014</p>	<p>Grand English Dame with Beautiful Gardens Architecture, majestic colonial garden</p>	<p>9</p>
<p>Dennis H. Couples United Kingdom, January 11, 2015</p>	<p>Superb colonial elegance Great location in the natural beauty of Florida Keys, beautiful gardens and excellent service</p>	<p>9.7</p>
<p>When we checked in, the room we were given was fine but a little small. As it was a true honeymoon for us we decided to splash out on a junior suite. We were the first to occupy a newly renovated suite and it was really excellent, spacious and comfortable with everything we needed. There was even a small outdoor patio with a table and chairs and umbrella. There was no DVD player and we asked if one could be made available. A DVD player was provided within minutes. When the suite of my wife's sandal broke, the front office sent it to the maintenance department who promptly sent it back to us exactly repaired. Throughout the whole stay every request we made was met with a "nothing is too much trouble" attitude from the staff. On one occasion we booked a packed picnic breakfast to take with us on an early morning trip but we found the promised sandwiches were missing. As an apology we were given two free High Teas, which are truly delicious. This was the only hiccup in an otherwise flawless performance by the hotel staff. There was no WiFi in the room but as we were there for a holiday and not for work, it wasn't a problem. We were able to sit in the lounge occasionally where there was a good WiFi connection to catch up on personal emails.</p>		
<p>Mohamed A. Families with young children Egypt, October 3, 2014</p>	<p>Very convenient and classy service, excellent food and the staff excellent</p>	<p>9.3</p>

Quarterly Income Statement

Group Income Statement for 2014/2015

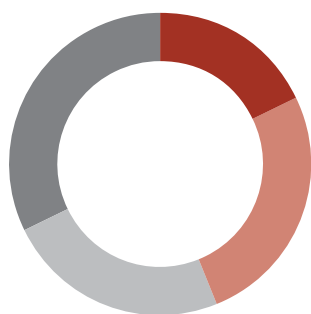
In Rs. '000s	1st Quarter Apr - Jun '14	2nd Quarter Jul - Sept '14	3rd Quarter Oct - Dec '14	4th Quarter Jan - Mar '15	Total
Revenue	147,801	216,070	201,624	272,316	837,811
Cost of sales	(32,921)	(42,491)	(45,337)	(50,720)	(171,469)
Gross profit	114,880	173,579	156,287	221,596	666,342
Other income	4,000	77	2,666	2,773	9,516
Administration & Operating expenses	(90,180)	(94,465)	(93,010)	(103,392)	(381,047)
Selling and Distribution expenses	(8,612)	(7,095)	(6,907)	(8,878)	(31,492)
Profit from operation	20,088	72,096	59,036	112,099	263,319
Finance income	26,010	29,032	4,685	(15,914)	43,813
Finance cost	(27)	(55)	(33)	(151)	(266)
Profit before tax	46,071	101,073	63,688	96,034	306,866
Income tax expenses	(5,108)	(14,219)	(8,142)	(9,761)	(37,230)
Net profit for the period	40,963	86,854	55,546	86,273	269,636



Group Income Statement for 2013/2014

In Rs. '000s	1st Quarter Apr - Jun '13	2nd Quarter Jul - Sept '13	3rd Quarter Oct - Dec '13	4th Quarter Jan - Mar '14	Total
Revenue	153,334	213,174	212,617	250,769	829,894
Cost of sales	(32,364)	(41,799)	(44,529)	(50,621)	(169,313)
Gross profit	120,970	171,375	168,088	200,148	660,581
Other income	2,699	4,159	1,258	6,913	15,029
Administration & Operating expenses	(86,186)	(78,016)	(87,264)	(91,238)	(342,704)
Selling and Distribution expenses	(7,492)	(8,422)	(11,072)	(7,438)	(34,424)
Profit from operation	29,990	89,097	71,010	108,385	298,482
Finance income	14,362	14,636	9,556	11,622	50,176
Finance cost	(646)	(4,265)	4,515	(71)	(467)
Share of Profit of Associate	-	-	-	(437)	(437)
Profit before tax	43,706	99,468	85,081	119,499	347,754
Income tax expenses	(7,531)	(14,424)	(16,398)	(16,193)	(54,546)
Net profit for the period	36,175	85,044	68,683	103,306	293,208

Revenue 2014/15



■ Apr - Jun / 14	18%
■ Jul - Sept / 14	26%
■ Oct - Dec / 14	24%
■ Jan - Mar / 15	32%

Revenue 2013/14



■ Apr - Jun / 14	18%
■ Jul - Sept / 14	26%
■ Oct - Dec / 14	26%
■ Jan - Mar / 15	30%

Real Estate Portfolio

Company and Location	Buildings (in Sq. Ft.)		Land in Acres		Net Book Value	
	2014/15	2013/14	Freehold Property		Rs.'000	Rs.'000
			2014/15	2013/14	2014/15	2013/14
Nuwara Eliya Hotels Co PLC Nuwara Eliya	168,560	115,808	19.10	19.10	1,905,444	1,617,073
Grand Hotel (Pvt) Ltd. Nuwara Eliya	-	52,752	-	-	-	215,910
Fair View Hotel (Pvt) Ltd. Wellawatte	25,872	25,872	0.11	0.11	352,127	245,124
Total	194,432	194,432	19.21	19.21	2,257,571	2,078,107



Indicative Statement of Total Comprehensive Income US \$

For the year ended 31st March	Company		Group	
	2015 US \$	2014 US \$	2015 US \$	2014 US \$
Revenue	6,391,599	3,897,030	6,391,599	6,426,534
Cost of sales	(1,308,121)	(952,693)	(1,308,121)	(1,311,127)
Gross profit	5,083,478	2,944,337	5,083,478	5,115,407
Other income/ (expenses)	72,599	472,914	72,599	116,384
Administrative expenses	(1,295,029)	(670,801)	(1,311,107)	(1,133,366)
Selling and Distribution expenses	(235,099)	(157,820)	(240,250)	(266,574)
Other operating expenses	(1,593,502)	(905,411)	(1,595,876)	(1,520,468)
Profit from operations	2,032,448	1,683,220	2,008,843	2,311,383
Net finance Income / (costs)	332,265	123,264	332,216	384,938
Share of profit of Associates	-	-	-	(3,386)
Profit before tax	2,364,713	1,806,484	2,341,059	2,692,936
Income tax expenses	(282,959)	(192,122)	(282,959)	(421,240)
Profit for the year	2,081,754	1,614,362	2,058,100	2,271,696
Other Comprehensive income				
Surplus on revaluation of Property, Plant and Equipment	-	12,971	-	-
Deferred tax adjustment on revaluation	-	-	-	-
Actuarial gain/(loss) on obligation	(8,865)	(9,478)	(8,865)	(105,203)
Net change in fair value of investments classified as AFS	(195,072)	(9,564)	(195,072)	(9,478)
Foreign Exchange Differences	(201,609)	(479,491)	(209,020)	(615,896)
Other comprehensive income for the year	(405,546)	(498,533)	(399,986)	(730,577)
Total comprehensive income for the year	1,676,208	1,115,829	1,658,114	1,541,119
Profit attributable to:				
Owners of the Company	2,081,754	1,614,362	2,064,793	2,276,786
Non Controlling Interest	-	-	(6,692)	(5,091)
Profit For the Year	2,081,754	1,614,362	2,058,100	2,271,696
Total comprehensive income attributable to:				
Owners of the Company	1,676,208	1,115,829	1,658,114	1,546,210
Non Controlling Interest	-	-	(1,374)	(5,091)
Total comprehensive income for the year	1,676,208	1,115,829	1,656,740	1,541,119
Exchange Rates	131.08	129.14	131.08	129.14

Figures in brackets indicate deductions.

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 LKAS. These financial statements should be read together with the auditors opinion and financial statements set out on pages 233 to 276.

The exchange rates prevailing at each year end have been used for the conversion of the consolidated statement of financial position and average rate have been used for conversion of consolidated statement of comprehensive income. Revaluation Surplus & related deferred tax were translated using the exchange rates at the date when the fair value was determined.

Indicative Statement of Financial Position US \$

As at 31st March	Company		Group	
	2015 US \$	2014 US \$	2015 US \$	2014 US \$
Assets				
Non Current Assets				
Property, Plant and Equipment	14,762,920	12,739,700	17,843,402	17,314,935
Intangible Assets	21,996	6,954	21,996	21,848
Biological Assets	18,895	21,450	18,895	21,450
Investment Property	-	282,470	-	-
Investment in Subsidiary	2,577,485	918,133	-	-
Investment in Associate	-	1,224,178	-	-
Available for Sale Investments	2,262,148	57,383	2,262,148	631,217
	19,643,445	15,250,269	20,146,442	17,989,450
Current Assets				
Inventories	225,544	221,132	225,544	223,846
Trade and Other Receivables	688,449	335,175	1,276,793	932,420
Amounts Due from Related Companies	-	42,081	-	42,081
Held for Trading Investments	720,745	526,995	720,745	600,543
Loans and Receivables - Fixed Deposits	1,249,072	2,422,908	1,249,072	2,422,908
Cash, Bank and Short Term Deposits	703,072	743,362	715,871	963,147
	3,586,882	4,291,654	4,188,026	5,184,946
Total Assets	23,230,328	19,541,923	24,334,468	23,174,396
Equity and Liabilities				
Equity				
Stated Capital	613,403	632,519	613,403	613,403
Revaluation Reserve	11,956,643	11,535,457	11,964,125	11,982,987
Available for Sale Reserve	215,066	48,405	215,066	410,137
Retained Earnings	9,238,967	3,811,548	9,200,668	7,672,778
Equity Attributable to Owners of the Company	22,024,079	16,027,929	21,993,262	20,679,305
Non Controlling Interests	-	-	1,062,432	1,063,236
Total Equity	22,024,079	16,027,929	23,055,694	21,742,541
Non-Current Liabilities				
Deferred Taxation	440,590	295,232	440,590	481,688
Employee Benefits	136,238	109,421	136,238	109,421
	576,828	404,653	576,828	591,109
Current Liabilities				
Trade and Other Payables	598,550	568,479	671,076	670,278
Current Tax Liability	21,715	55,343	21,715	150,763
Amounts due to Related Companies	9,156	2,477,930	9,156	11,702
Bank Overdraft	7,588	-	8,004	-
	629,421	3,109,340	701,947	840,746
Total Liabilities	1,206,249	3,513,993	1,278,775	1,431,855
Total Equity and Liabilities	23,230,328	19,541,923	24,334,468	23,174,396
Exchange Rates	131.91	130.70	131.91	130.70

Indicative Statement of Changes in Equity US \$

For the Year Ended 31st March	Stated Capital US \$	Revaluation Reserve US \$	Available for sale Reserve US \$	Retained Earnings US \$	Total US \$
Company					
Balance as at 1st April 2013	632,519	11,554,365	57,969	3,014,203	15,259,055
Profit for the Year	-	-	-	1,614,362	1,614,362
Other Comprehensive Income					
Actuarial Loss on Obligation	-	-	-	(9,478)	(9,478)
Net Change in Fair Value of					
Available for Sale Financial Assets	-	-	(9,564)	-	(9,564)
Foreign Exchange Differences	-	-	-	(479,491)	(479,491)
Total Comprehensive Income for the Year	-	-	(9,564)	1,125,393	1,115,829
Transactions with Owners of the Company, Recognised Directly in Equity					
Transferred to Retained Earnings	-	(18,908)	-	18,908	-
Dividend Paid - Preference Shares	-	-	-	(998)	(998)
- Ordinary Shares	-	-	-	(345,957)	(345,957)
Total Transactions with Owners of the Company	-	(18,908)	-	(328,048)	(346,955)
Balance as at 31st March 2014	632,519	11,535,457	48,405	3,811,548	16,027,929
Balance as at 1st April 2014					
Transferred from Amalgamation of Subsidiary	-	796,729	363,484	3,502,520	4,662,733
Profit for the Year	-	-	-	2,081,754	2,081,754
Other Comprehensive Income					
Actuarial Loss on Retirement Benefit Obligation	-	-	-	(8,865)	(8,865)
Net Change in Fair Value of					
Available for Sale Financial Assets	-	-	(195,072)	-	(195,072)
Foreign Exchange Differences	-	-	-	(201,609)	(201,609)
Total Comprehensive Income for the Year	-	796,729	168,412	5,373,800	6,338,941
Transactions with Owners of the Company, Recognised Directly in Equity					
Transferred to Retained Earnings	-	(26,348)	-	26,348	-
Dividend Paid - Preference Shares	-	-	-	(989)	(989)
- Ordinary Shares	-	-	-	(341,802)	(341,802)
Total Transactions with Owners of the Company	-	(26,348)	-	(316,443)	(342,791)
Balance as at 31st March 2015	613,403	11,956,643	215,066	9,238,967	22,024,079

Indicative Statement of Changes in Equity US \$

For the Year Ended 31st March	Attributable to the Equity holders of the Parent					Non Controlling US \$	Total US \$
	Stated Capital US \$	Revaluation Reserve US \$	Available for sale Reserve US \$	Retained Earnings US \$	Total Interest US \$		
	Group						
Balance as at 1st April 2013	632,519	12,383,841	531,400	5,931,643	19,479,403	-	19,479,403
Profit for the Year	-	-	-	2,276,786	2,276,786	(5,091)	2,271,696
Other Comprehensive Income							
Actuarial Loss on Obligation	-	-	-	(9,478)	(9,478)	-	(9,478)
Net Change in Fair Value of							
Available for Sale Financial Assets	-	-	(105,203)	-	(105,203)	-	(105,203)
Foreign Exchange Differences	-	-	-	(615,896)	(615,896)	-	(615,896)
Total Comprehensive Income for the Year	632,519	12,383,841	426,197	7,583,055	21,025,613	(5,091)	1,541,119
Transactions with Owners of the Company,							
Recognised Directly in Equity							
Transferred to Retained Earnings	-	(26,592)	-	26,592	-	-	-
Dividend Paid - Preference Shares	-	-	-	(998)	(998)	-	(998)
- Ordinary Shares	-	-	-	(344,966)	(344,966)	-	(344,966)
Acquisition of Non Controlling Interest							
Without a Change in Control	-	-	-	(281)	(281)	-	(281)
Acquisition of Subsidiary	-	-	-	-	-	1,068,266	1,068,266
Total Transactions with Owners of the Company	-	(26,592)	-	(319,654)	(346,246)	1,068,266	722,020
Balance as at 31st March 2014	632,519	12,357,250	426,197	7,263,401	20,679,367	1,063,175	21,742,542
Balance as at 1st April 2014	613,403	11,982,987	410,137	7,672,778	20,679,305	1,063,236	21,742,542
Profit for the Year	-	-	-	2,064,793	2,064,793	(6,692)	2,058,100
Other Comprehensive Income							
Surplus on revaluation of Property, Plant and Equipment	-	7,653	-	-	7,653	5,318	12,971
Actuarial Loss on Retirement Benefit Obligation	-	-	-	(8,865)	(8,865)	-	(8,865)
Net Change in Fair Value of							
Available for Sale Financial Assets	-	-	(195,072)	-	(195,072)	-	(195,072)
Foreign Exchange Differences	-	-	-	(209,020)	(209,020)	-	(209,020)
Total Comprehensive Income for the Year	-	7,653	(195,072)	1,846,907	1,659,488	(1,374)	1,658,114
Transactions with Owners of the Company,							
Recognised Directly in Equity							
Transferred to Retained Earnings	-	(26,514)	-	26,514	-	-	-
Dividend Paid - Preference Shares	-	-	-	(996)	(996)	-	(996)
- Ordinary Shares	-	-	-	(343,966)	(343,966)	-	(343,966)
Acquisition of Non Controlling Interest							
Without a Change in Control	-	-	-	(570)	(570)	570	-
Total Transactions with Owners of the Company	-	(26,514)	-	(319,017)	(345,532)	570	(344,962)
Balance as at 31st March 2015	613,403	11,964,125	215,066	9,200,668	21,993,262	1,062,432	23,055,694

Shareholders Information

Stock Exchange Listing

The Nuwara Eliya Hotels Co. PLC. is a public quoted company, the issued ordinary shares of which have been listed with the Colombo Stock Exchange.

The Stock Exchange Code for The Nuwara Eliya Hotels Co. PLC shares is "NEH-N-0000"

Distribution of Shareholders

There were 632 registered Shareholders as at 31st March 2015 (656 as at 31st March 2014), distributed as follows:

No. of Shares Held	As at 31st March 2015				As at 31st March 2014			
	No. of Shareholders	%	Shareholding	%	No. of Shareholders	%	Shareholding	%
1 - 1,000	594	93.99	39,052	1.95	617	94.05	42,313	2.11
1001 - 10,000	23	3.64	56,766	2.83	24	3.66	59,932	2.99
10001 - 100,000	10	1.58	264,564	13.20	10	1.52	258,137	12.88
100001 - 1,000,000	5	0.79	1,643,488	82.02	5	0.76	1,643,488	82.02
Over 1,000,000	-	-	-	-	-	-	-	-
Total	632	100	2,003,870	100.00	656	100.00	2,003,870	100.00

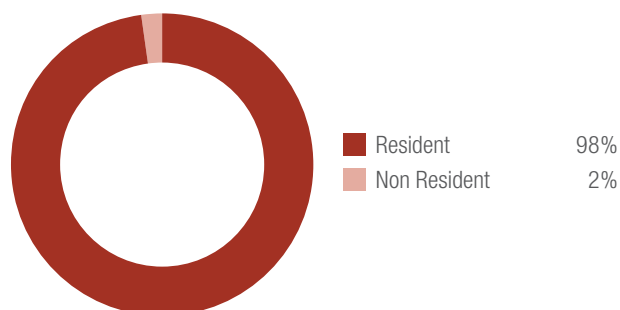
Composition of Shareholders

Category	As at 31st March 2015		As at 31st March 2014	
	Shareholding	%	Shareholding	%
Resident	1,968,798	98.25	1,968,798	98.25
Non Resident	35,072	1.75	35,072	1.75
Total	2,003,870	100.00	2,003,870	100.00

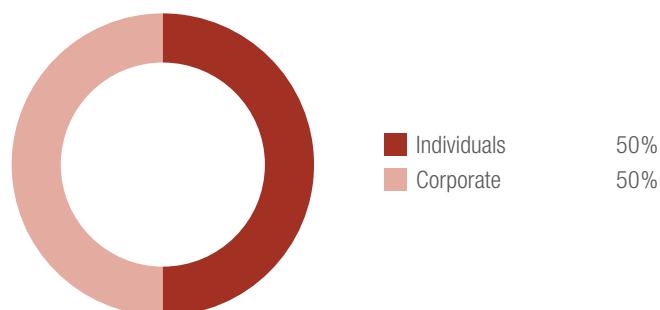
Individuals	1,003,716	50.09	1,008,440	50.32
Corporate	1,000,154	49.91	995,430	49.68
Total	2,003,870	100.00	2,003,870	100.00

Public Holding	31-Mar-2015	%	31-Mar-2014	%
No. of Ordinary Shares held	217,155	10.84	217,155	10.84

Composition of Shareholders



Composition of Shareholders



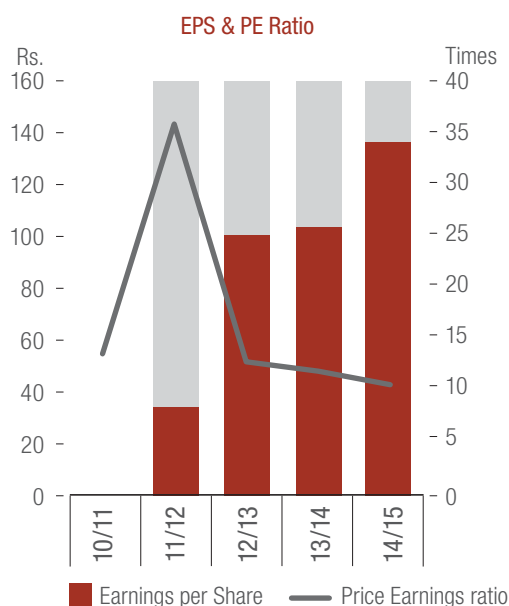
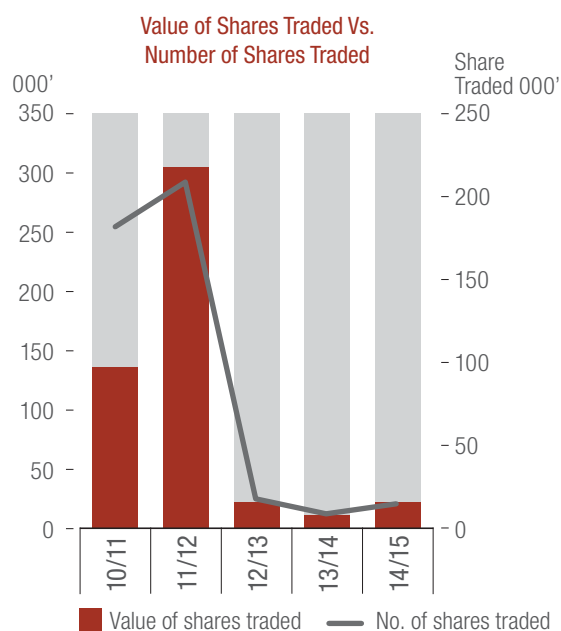
Shareholders Information contd.

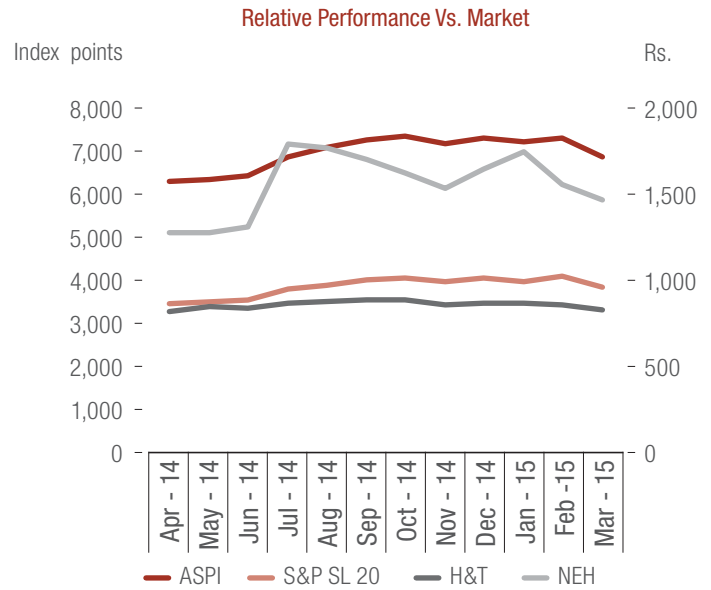
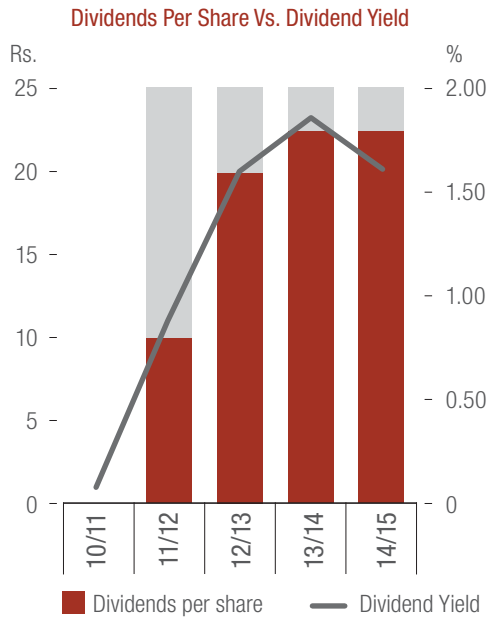
Market Information on Ordinary Shares of the Company

Share Information	2014/15	Date	2013/14	Date
Highest Price (Rs.)	1,849.90	20-Aug-14	1,500.00	1-Apr-13
Lowest Price (Rs.)	1,225.00	11-Apr-14	1,098.00	3-Oct-13
As at period end (Rs.)	1,452.40	26-Mar-15	1,250.00	28-Mar-14

Trading Statistics	2014/15	2013/14
No. of transactions	406	332
No. of shares traded	14,192	8,258
% of Total Shares in issue	0.01	0.00
Share turnover (Rs.)	22,109,134	10,677,955
Average daily turnover (Rs.)	92,507	43,942
Market Capitalisation (Rs.)	2,910,420,788	2,504,837,500

Ratios	2014/15	2013/14
Earnings per Share - Company (Rs.)	136.11	103.97
Price Earnings Ratio - Company (Times)	10.67	12.02
Net Asset per share - Company (Rs.)	1,049.79	1,045.40
Dividends per share (Rs.)	22.50	22.50
Dividend yield (%)	1.55%	1.80%





Directors' Shareholding

	As at 31st March 2015		As at 31st March 2014	
	Shareholding	%	Shareholding	%
G.L.A. Ondaatjie	601,420	30.01	601,420	30.01
G.G. Ondaatjie	213,182	10.64	213,182	10.64
A.M. Ondaatjie	11,323	0.57	11,323	0.57
T.J. Ondaatjie	11,323	0.57	11,323	0.57
J.H.P. Ratnayake	300	0.01	300	0.01
L.N. de Silva Wijeyeratne	-	0.00	-	0.00
M.K.K.K.B. Galagoda	-	0.00	-	0.00
S.K. Abeyesundara	-	0.00	-	0.00
	837,548	41.80	837,548	41.80

Shareholders Information contd.

Twenty Largest Shareholders of the Company

Name of Shareholder	31st March 2015		31st March 2014	
	No. of Shares	%	No. of Shares	%
G. L. A. Ondaatjie	601,420	30.01	601,420	30.01
Mercantile Investments & Finance Plc.	523,480	26.12	523,480	26.12
Gerard G. Ondaatjie	213,182	10.64	213,182	10.64
Nilaveli Beach Hotels (Pvt) Ltd.	190,294	9.50	190,294	9.50
Tangerine Tours (Pvt.) Ltd.	137,712	6.87	137,712	6.87
Security Ceylon (Pvt) Ltd.	60,842	3.04	60,842	3.04
Mercantile Fortunes (Pvt) Ltd.	36,759	1.83	36,759	1.83
J. R. De Silva	27,507	1.37	30,527	1.52
D. Grimshaw	25,481	1.27	25,481	1.27
C. G. Senanayake	22,724	1.13	22,724	1.13
The Ceylon Investors (Pvt) Ltd	20,256	1.01	20,811	1.04
J A de Silva & Co. Ltd	15,747	0.79	15,747	0.79
T. J. Ondaatjie	11,323	0.57	11,323	0.57
A. M. Ondaatjie	11,323	0.57	11,323	0.57
N. K. Punchihewa	10,002	0.50	7,642	0.38
R. A. L. White	6,761	0.34	5,531	0.28
Freudenberg Shipping Agencies Ltd	6,230	0.31	-	-
A. D. Dadabhoy	5,176	0.26	5,176	0.26
F. A. A. Mack	4,700	0.23	6,357	0.32
S. Abishek	3,900	0.19	3,900	0.19
	1,934,819	96.55	1,930,231	96.33
Shares held by Balance Shareholders	69,051	3.45	73,639	3.67
Total	2,003,870	100.00	2,003,870	100.00

Decade at a Glance

Year ended 31st March	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
	Rs.' 000	Rs.' 000	Rs.' 000	Rs.' 000	Rs.' 000	Rs.' 000	Rs.' 000	Rs.' 000	Rs.' 000	Rs.' 000

GROUP

Trading Results

Gross Turnover	837,811	829,894	772,904	582,216	455,808	293,200	219,437	201,634	172,508	169,992
Profit before Tax	306,866	347,754	333,548	149,028	148,449	57,959	1,326	17,381	7,659	29,480
Provision for Tax	(37,230)	(54,546)	(60,999)	(15,556)	(4,834)	(7,477)	(2,030)	(1,836)	(778)	1,882
Profit / (Loss) after Tax	269,636	293,208	272,549	133,472	143,615	50,482	(704)	15,545	6,881	31,362
Preference Dividend	(131)	(131)	(116)	(58)	(15)	-	-	-	(23)	-
Ordinary Dividend	(45,087)	(45,087)	(40,077)	(20,039)	(5,010)	-	-	-	(8,015)	-
Retained Profit / (Loss)	224,418	247,990	232,356	113,375	143,615	45,458	(704)	15,545	6,881	23,323

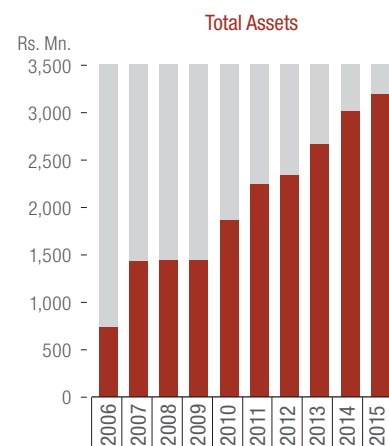
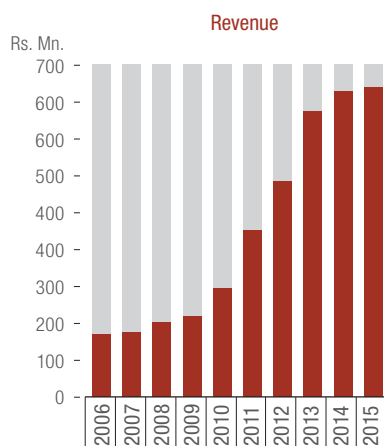
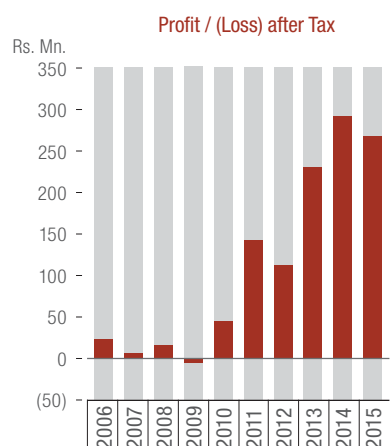
Balance Sheet

Share Capital	80,172	80,172	80,172	80,172	80,172	80,172	80,172	80,172	80,172	80,172
Reserves	2,822,244	2,622,612	2,388,842	2,045,238	1,973,112	1,666,167	1,306,135	1,306,769	1,291,224	598,967
Non Controlling interest	138,860	138,965	-	-	-	-	-	-	-	-
Shareholders' Funds	3,041,277	2,841,750	2,469,014	2,125,410	2,053,284	1,746,339	1,386,307	1,386,941	1,371,396	679,139

Non Current Assets	2,657,516	2,351,220	2,076,986	1,973,197	1,933,399	1,754,315	1,393,779	1,393,228	1,382,064	668,111
Current Assets	552,443	677,672	605,871	370,447	332,641	112,510	51,717	58,633	54,078	73,184
Current Liabilities	(92,593)	(109,885)	(138,710)	(151,278)	(146,541)	(42,839)	(29,489)	(33,402)	(33,018)	(41,023)
Net Current Assets	459,850	567,787	467,161	219,169	186,100	69,671	22,228	25,231	21,060	32,160
Non Current Liabilities	(76,090)	(77,258)	(75,133)	(66,957)	(66,216)	(77,648)	(29,700)	(31,519)	(31,729)	(21,132)
Net Assets	3,041,277	2,841,750	2,469,014	2,125,410	2,053,283	1,746,339	1,386,307	1,386,941	1,371,396	679,139

Ratios & Statistics

Gearing Ratio (Times)	0.00	0.00	0.00	0.01	0.04	0.01	0.00	0.01	0.00	0.01
Current Ratio (Times)	5.97	6.17	4.37	2.45	2.27	2.63	1.75	1.76	1.64	1.78
Earnings Per Share	135.28	146.58	135.95	66.58	71.67	25.18	(0.35)	7.76	3.43	15.64
Net Assets Per Share	1,448.41	1,348.78	1,232.12	1,060.65	1,024.66	871.48	691.81	692.13	684.37	338.91
Interest Cover (Times)	989.92	639.15	464.52	9.95	83.42	13.74	3.66	26.31	11.03	36.51
Return on S/Holders Fund (%)	9.29	10.85	11.04	6.28	6.99	2.89	(0.05)	1.12	0.50	4.62
Return on Total Assets (%)	8.40	9.68	10.60	5.70	6.34	2.70	(0.05)	1.07	0.48	4.23
Price Earning Ratio (Company)	10.68	12.03	12.81	35.91	19.04	40.39	(41.18)	(493.81)	(93.48)	610.70
Dividends per Share	22.50	22.50	20.00	10	-	2.5	-	-	-	1.00
Market Value per Share	1,452.40	1,250.00	1,300.00	1,233.20	980.00	405.50	270.00	690.00	650.25	625.00



Glossary of Financial Terms

Accounting Policies

The specific principles, bases, conventions, rules and practices adopted by an entity in preparing and presenting Financial Statements.

Accrual Basis

Recording Revenues & Expenses in the period in which they are earned or incurred regardless of whether cash is received or disbursed in that period.

Amortisation

The systematic allocation of the depreciable amount of an asset over its useful life.

Available for Sale

All assets not in any of the three categories namely, held to maturity, Fair Value through Profit or Loss and Loans Receivable. It is a residual category – does not mean that the entity stands ready to sell these all the time.

Capital Employed

Shareholders' Funds plus non current liabilities.

Contingent Liabilities

A condition or situation existing at the Balance Sheet date due to past events, where the financial effect is not recognised because:

- The obligation is crystallised by the occurrence or non occurrence of one or more future events or,
- A probable outflow of economic resources is not expected or,
- It is unable to be measured with sufficient reliability.

Current Ratio

Current Assets divided by Current Liabilities.

Capital Reserves

Reserves that are not available for distribution, which are identified for specific purposes.

Capital Expenditure

The total additions to Property, Plant and Equipment.

Cash Equivalents

High liquid investments that are readily convertible to cash, which has an insignificant risk of change in value.

Corporate Governance

Corporate Governance is the system by which the Company is directed and managed, and it influences the manner in which the objectives of the Company are formulated, communicated, accepted and achieved.

Debt/Equity Ratio

Non current interest bearing borrowings and preference share capital divided by the total shareholders' interest less preference share capital.

Dividend Payout Ratio

Ordinary dividend per share divided by earnings per share.

Dividend Yield Ratio

Ordinary dividend per share divided by market value per share.

Earnings per Share (EPS)

Profit attributable to Equity holders of the Company divided by the weighted average number of ordinary shares in issue during the period.

EPS Growth

Percentage of the increase in the EPS, over the previous year.

Equity

Total shareholders' funds.

Fair Value

The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair Value through Profit of Loss

A financial asset/liability, acquired/incurred principally for the purpose of selling or repurchasing it in the near term part, of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking, or a derivative. (except for a derivative that is a financial guarantee contract).

Interest cover

Profit before Interest and Tax over Finance Expenses.

Impairment

This occurs when the recoverable amount of an asset is less than its carrying amount.

Market Value per Share

The price at which an Ordinary Share can be purchased in the stock market.

Market Capitalisation

Number of ordinary shares in issue multiplied by the market price per share.

Net Assets

Total Assets less total Liabilities.

Net Assets per Share

Total Assets less total Liabilities divided by the number of Ordinary Shares in issue at the end of the period.

Price Earnings Ratio

Market price per share divided by Earnings per Share.

Related Parties

Parties where one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions, directly or indirectly.

Return on Equity

Profit attributable to shareholders as a percentage of Average Shareholders' Funds.

Shareholders' Funds

Total of issued and fully paid share capital, capital reserves and revenue reserves.

Total Debt

Long term loans plus short term loans and overdrafts.

Total Value Added

The difference between net revenue (including other income) and expenses, cost of materials & services purchased from external sources.

Notice of Meeting

NOTICE IS HEREBY GIVEN that the 123rd Annual General Meeting of The Nuwara Eliya Hotels Company PLC will be held at OZO Colombo, No. 36 - 38, Clifford Place, Colombo 04. on 30th June 2015 at 12.30 pm to transact the following business.

1. To receive and adopt the Report of the Directors and the Statement of Accounts for the year ended 31st March 2015, with the Report of the Auditors thereon.
2. To elect Mr. J. H. P. Ratnayeke who retires in terms of Article 88(i) of the Articles of Association as a Director of the Company.
3. To elect Ms. A. M. Ondaatjie who retires in terms of Article 88(i) of the Articles of Association as a Director of the Company.
4. To elect Mr. G. L. A. Ondaatjie in terms of Section 211 of the Companies Act No. 07 of 2007 and to pass the following resolution as an ordinary resolution for such purpose.

“Resolved that the age limit of 70 years referred to in Sections 210 of the Companies Act No. 07 of 2007 shall not be applicable to Mr. George Lawrence Andrew Ondaatjie who is 80 years of age and whose appointment as a Director of the Company be and is hereby approved and who is elected a Director of the Company notwithstanding the provisions of the said Section 210 of the Companies Act.”

5. To re-appoint Messrs. KPMG as Auditors of the Company for the ensuing year and authorise the Directors to determine their remuneration.
6. To authorize the Directors to determine payments for charitable and other purposes for year 2015/16.

By Order of the Board,

(Sgd.)

Mercantile Investments and Finance PLC

Secretaries

Colombo

20th May 2015

Notes: A member entitled to attend and vote at the meeting is entitled to appoint a proxy (whether a member or not) to attend and vote instead of him/her. A form of proxy is enclosed with the Report for this purpose and Shareholders who are unable to attend the meeting in person are requested to kindly complete and return such form of proxy in due time, in accordance with the instructions noted on the form of proxy.

Form of Proxy

I/We
of
being a member/members of THE NUWARA ELIYA HOTELS COMPANY PLC, do hereby appoint; of
..... or failing him/her

Mr. G. L. A. Ondaatjie	or failing him
Mr. G. G. Ondaatjie	or failing him
Ms. A. M. Ondaatjie	or failing her
Mr. T. J. Ondaatjie	or failing him
Mr. J. H. P. Ratnayeke	or failing him
Mr. L. N. de S. Wijeyeratne	or failing him
Mr. S. K. Abeysundara	or failing him
Mr. M. K. K. B. Galagoda	of Colombo

As my/our proxy to represent me/us and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to held on Tuesday the 30th of June 2015 at 12.30 pm at OZO Colombo, No. 36 - 38, Clifford Place, Colombo 04. and at any adjournment thereof, and at every poll which may be taken in consequence thereof.

	For	Against
1) To receive and adopt the Report of Directors and the Statement of Accounts for the year ended 31st March 2015, with the Report of the Auditors there on.	<input type="checkbox"/>	<input type="checkbox"/>
2) To elect Mr. J. H. P. Ratnayeke retiring in terms of Article 88(j) of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
3) To elect Ms. A. M. Ondaatjie retiring in terms of Article 88(j) of the Articles of Association of the Company	<input type="checkbox"/>	<input type="checkbox"/>
4) To elect Mr. G. L. A. Ondaatjie in terms of Section 211 of the Companies Act No. 7 of 2007.	<input type="checkbox"/>	<input type="checkbox"/>
5) To appoint Auditors and authorise Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
6) To authorise the Directors to determine payments for charitable and other purposes for the year 2015/16	<input type="checkbox"/>	<input type="checkbox"/>

As witness my/our hand thisday of2015

.....
Signature of Shareholder/s

Note: Please delete the inappropriate words.
(Instructions as to completion are noted on the reverse hereof)

Form of Proxy Contd.

Instructions as to Completion

1. Kindly perfect the Form of Proxy, after filling legibly your full name and address and by signing in the space provided and please fill in the date of signature.
2. Please indicate with an "X" in the boxes provided how your Proxy is to vote on each resolution. If no indication is given, the Proxy in his discretion will vote as he thinks fit.
3. If the Proxy Form is signed by an Attorney, the relative Power of Attorney should also accompany the proxy form for registration, if such Power of Attorney has not already been registered with the Company.
4. In the case of a Company/Corporation, the Proxy must be under its Common Seal, which should be affixed and attested in the manner prescribed by its Articles of Association.
5. The completed Form of Proxy should be deposited at the Registered Office of the Company at No. 236, Galle Road, Colombo 3, 48 hours before the time appointed for the meeting.

Investor Feedback Form

To request information or submit a comment / query to the Company, please complete the following and return the page to:

The Managing Director,
The Nuwara Eliya Hotels Co. PLC.
236, Galle Road,
Colombo 3.
Sri Lanka.

Name :

Permanent Mailing Address :

Contact Number (Tel) :
Country Code Area Code Number

E-mail :

Name of the Company (If Applicable) :

Designation (If Applicable) :

Company Address (If Applicable) :

Queries / Comments

