TAJ SAMUDRA COLOMBO

ANNUAL REPORT 2025 / 2026

TAJ

TAL LANKA HOTELS PLC
(Taj Samudra – Colombo)

ANNUAL REPORT – 2025/26

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CORPORATE INFORMATION

NAME OF THE COMPANY	TAL LANKA HOTELS PLC - PQ 183 A listed company with limited liability Incorporated in Sri Lanka on 14th June 1980
BOARD OF DIRECTORS	Mr. P. Verma - Chairman Mr. B. K. Chaudhary Mr. R. K. Chaudhary Mr. N. B. Weerasekera Mr. S. Datta Mr. C. Subramanian Ms. N. Jayatilake Mr. N. Shome Mr. P. Sengupta
COMPANY SECRETARY	Corporate Services (Private) Limited 216, De Saram Place, Colombo 10.
REGISTRARS	Business Intelligence (Private) Limited No. 08, Tickell Road, Colombo 08.
AUDITORS	Messrs KPMG Sri Lanka. Chartered Accountants 32 A, Sir Mohamed Macan Markar Mawatha, Colombo 04.
BANKERS	Hatton National Bank PLC City Office, Colombo 01.
	Standard Chartered Bank 37, York Street, Colombo 01.
	Nations Trust Bank PLC No. 242, Union Place, Colombo 02.
	Commercial Bank of Ceylon PLC No. 240, Panchikawatta Road, Colombo 10.
LAWYERS	Messrs F J & G De Saram 216, De Saram Place, Colombo 10.
REGISTERED OFFICE	25, Galle Face Centre Road, Colombo 03. Phone: 0094 112446622 Website: www.tajhotels.com
MANAGING COMPANY	TAL Hotels and Resorts Ltd, 2001, Central Plaza, 18, Harbour Road, Wanchai, Hong Kong.

NOTICE OF MEETING

Notice is hereby given that the Forty Six (46th) Annual General Meeting of TAL Lanka Hotels PLC will be held online via a virtual platform on 28th September 2026 at 11.00 a.m. and the business to be brought before the meeting will be as follows :

1. To receive and consider the Annual Report of the Board of Directors together with the Financial Statements of the Company for the year ended 31st March 2026 and the Report of the Auditors thereon.

2. To propose the following resolution as an ordinary resolution;

   "IT IS HEREBY RESOLVED THAT the age limit referred to in section 210 of the Companies Act No.07 of 2007 shall not apply to Mr. Binod Kumar Chaudhary who has reached the age of Seventy (70) prior to this Annual General Meeting and that he be re-appointed as a Director of the Company until the next Annual General Meeting of the Company."

3. To propose the following resolution as an ordinary resolution;

   "IT IS HEREBY RESOLVED THAT M/s KPMG, Chartered Accountants, be and are hereby re-appointed as the auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting to audit the financial statements of the Company and the Directors of the Company be and are hereby authorized to fix their remuneration as the auditors of the Company, for the aforesaid period."

By order of the Board
Corporate Services (Private) Limited
Secretaries
TAL Lanka Hotels PLC
Colombo, on this 28th August 2026

Note :

Any shareholder entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote / speak in his / her stead and a form of proxy is sent herewith for this purpose.

>>> NOTICE OF MEETING

Meeting Guidelines :

A) The meeting is to be held in line with the guidelines given by the Colombo Stock Exchange and as per the applicable laws.

B) The Annual General Meeting will be held in the manner set out below:

i. In order for us to forward the access information necessary for participation at the meeting, which shall include the meeting identification number, access password, and access telephone number, please forward the duly completed registration form including your e-mail address and contact telephone number to the registered address of the Company not less than 24 hours before the time appointed for the holding of the meeting so that the login information could be forwarded to the e-mail addresses so provided.

ii. If the Company is unable to post this Notice due to any situation beyond its control, then, this Notice will be published in one issue of a daily newspaper in the Sinhala, Tamil and English languages and if the circumstances permit, in one issue of the Gazette. The Annual Report, Notice of Meeting, Form of Proxy and Registration Form will also be published on the website of the Colombo Stock Exchange (https://www.cse.lk/pages/companyprofile/company-profile.component.html?symbol=TAJ.N0000) and may also be collected from the Company secretary's office via corporateservices@corporateservices.lk.

iii. Proxy forms are forwarded to the shareholders together with the Notice of Meeting and Registration form. Proxy forms have been published on the website of the Colombo Stock Exchange and may also be collected from the Company secretary's office via corporateservices@corporateservices.lk and should be duly completed as per the instructions given therein and sent to the registered address of the Company secretary's or e-mailed to corporateservices@corporateservices.lk not less than 24 hours before the time appointed for the holding of the meeting and the proxy so appointed shall participate at the meeting through audio or audio visual means only.

iv. The shareholders who are unable to participate at the Annual General Meeting via Zoom could send their queries, if any, to email address corporateservices@corporateservices.lk at any time before the meeting time and the responses to the same will be included in the minutes of the meeting.

v. Voting in respect of the items in specified in the agenda to be passed will be registered by using the audio or audio and visual means (Zoom) or a designated ancillary online application. All of such procedures will be explained to the shareholders prior to the commencement of the meeting.

vi. For any questions please contact Mr. Tharaka (Chief Accountant) on (+94 71685 0949) during office hours.

REVIEW OF THE BOARD OF DIRECTORS

On behalf of the Board of Directors, I am pleased to present the Annual Report of TAL Lanka Hotels PLC for the financial year ended March 31, 2026.

Economic outlook

Sri Lanka's economy continued its recovery during 2025, supported by improved macroeconomic stability, easing inflation, a gradual reduction in interest rates, stronger tourism earnings, and increased workers' remittances. Fiscal reforms, debt restructuring progress, and continued implementation of the IMF-supported economic programme helped restore investor confidence. While challenges such as external debt obligations and global economic uncertainties remain, the medium-term outlook is cautiously optimistic, with continued growth expected through economic reforms and private sector investment.

The following are key economic statistics for the period from 1st April 2025 to 31st March 2026 :

- GDP growth - Sri Lanka's economy has demonstrated strong resilience, recording a robust 5.0% (Full year 2025) GDP growth rate. This momentum has carried into early 2026, with Q1 registering a 5.1% growth rate, driven by expanding private sector credit and stable domestic consumption.

  The slight growth dip to 4.8% in Q4 2025 was due to Cyclone Ditwah hitting late in the year, which caused roughly $1.4 billion in agricultural and supply chain damages. However, Q1 2026 data show immediate recovery to 5.1% growth, showing high economic resilience

- Inflation - Sri Lanka entered a technical deflationary cycle in early 2025, bottoming out at -4.2% in February. This was primarily driven by major downward revisions in domestic electricity tariffs, fuel price cuts, and a strong currency appreciation (LKR) that lowered import costs.

  By the second half of 2025, inflation crept back into positive territory, stabilizing around 2.1% by December. This was due to base-effect adjustments and a gradual recovery in consumer demand.

  The primary catalysts for the 2026 uptick are ongoing supply disruptions and elevated global energy costs stemming from the Middle East conflict. Domestic fuel price adjustments directly pushed non-food inflation to 8.4%.

- Unemployment Rate - Sri Lanka's labor market has seen a notable recovery, with the unemployment rate tracking below historical averages as industrial and service sectors bounce back.

  The annual average unemployment rate for the full year 2025 settled at 3.9%, reflecting a stark improvement from the peak crisis levels seen in 2023 (which hit 5.2%).

- Foreign debt - Sri Lanka's total gross external debt stood at $54.52 Billion as of March 31, 2026. This reflects marginally decreased from the $54.80 billion recorded at the end of December 2025, primarily due to debt service payments and the valuation adjustments in exchange rates.

Industry Performance

Sri Lanka's hospitality and tourism industry demonstrated strong growth during the year, driven by increased international visitor arrivals, higher hotel occupancy rates, and improving average room rates. The sector benefited from enhanced global connectivity, destination marketing initiatives, and growing demand from key source markets. Luxury hotels continued to focus on service excellence, sustainability initiatives, and diversified guest experiences to remain competitive while contributing to the country's economic recovery.

Sri Lanka's tourism industry marked a historical resurgence in 2025, welcoming a total of 2,362,521 international tourists. This represents a robust 15.1% year-on-year increase from 2024 and surpassed the previous baseline record set in 2018.

Tourism Arrivals

Total tourism revenue for 2025 reached $3.22 Billion (approx. LKR 969 billion), operating as the primary engine for the country's external sector recovery and foreign exchange liquidity. The average duration of stay stabilized at 8.29 nights per visitor.

>>>REVIEW OF THE BOARD OF DIRECTORS

Despite high volume, total tourism earnings for the first half of 2026 dipped 12% year-on-year to $1.51 Billion (down from $1.71 billion in 1H 2025). This drop was heavily influenced by Middle East geopolitical conflicts, which disrupted regional air connectivity and slightly softened long-haul, high-spending European arrivals.

In response to these shifts, the Ministry of Tourism revised its initial ambitious full-year target of 3 million arrivals and $4 billion in revenue down to a more realistic 2.5 million arrivals and $3.5 billion in earnings for 2026.

The geographical breakdown of arrivals has shifted significantly, opening new demographic vectors for consumer spending:

- India: Continues to dominate as the absolute largest source market, generating roughly 22.5% of total arrivals (531,511 arrivals)

- United Kingdom: 8.9% of total arrivals (212,277 arrivals)

- Russian Federation: 7.9% of total arrivals (186,580 arrivals)

- Germany: 6.2% of total arrivals (147,966 arrivals)

- China: 5.5% of total arrivals (132,035 arrivals)

Conclusion

Sri Lanka's improving economic conditions and the continued recovery of the tourism sector provide a positive outlook for the hospitality industry. Although global economic and geopolitical uncertainties remain, ongoing economic reforms, sustainable tourism development, and increasing international visitors' confidence is expected to support long-term industry growth.

Nissanka Weerasekera
Director
15th April 2026

BOARD OF DIRECTORS

Mr. P. Verma
Non - Executive Non - Independent Director

Mr. Prabhat Verma is the Executive Vice President - Operations at The Indian Hotels Company Limited (IHCL) is an EXCOM member. In this role, Prabhat oversees the operations of 66 hotels in South India and 14 international hotels spread across the US, UK, UAE, Africa, Sri Lanka, and Maldives. Additionally, he is responsible for the ancillary businesses consisting of The Chambers - the CEOs Business Club, J Wellness Circle - Spa and Salon Division, and Khazana Luxury Lifestyle Stores.

Mr. Prabhat is also a Non-Independent Director on the board of Taj GVK, and Chairman of Taj Kerala Hotels & Resorts Limited.

Mr. Prabhat is a hotel management graduate from IHMCTAN Kolkata, an alumnus of the Executive Development Program at IIM Bangalore (2000), and an alumnus of the Advanced Management Program at INSEAD, Paris (2023). He joined IHCL in 1990 as a Management Trainee at the iconic flagship Taj Mahal Palace & Tower and worked there until 1999. Prabhat has been the General Manager of several leading hotels of IHCL, including Taj Malabar Resort & Spa, Cochin, and Taj Coromandel, Chennai. Between 2007 to 2013, he headed the UK operations for IHCL as the General Manager of Taj 51 Buckingham Gate Suites and Residences and St. James' Court, A Taj Hotel London.

A passionate hotelier, Mr.Prabhat has received numerous accolades from the industry. These include The Young General Manager of the Year - 5 Star Deluxe category in 2005 by FHRAI (The Federation of Hotel & Restaurant Associations of India) and the 'International Cooperation between the UK and India Award' (2012) at the House of Parliament by Asian Voice, London. Prabhat is also the recipient of the PATWA Award at ITB Berlin in 2018 and 2025.

Mr. B. K. Chaudhary
Non - Executive Non - Independent Director

Mr. Binod K. Chaudhary, a prominent Nepalese businessman, industrialist, and philanthropist, is the Chairman of CG Corp Global, a diversified multinational conglomerate headquartered in Nepal.

under his visionary leadership, CG Corp Global has evolved into a global enterprise with 261+ brands, 202+ companies, and more than 20,000 employees, with operations spanning 32 countries across five continents and encompassing 15 diverse business verticals. Driven by a strong vision for global growth and diversification, Mr. Chaudhary has successfully transformed CG Corp Global into a multi-dimensional business group with interests across a wide range of sectors. These include stainless steel, retail, trading, food and beverages, electronics, financial services, power, insurance, real estate, education, cement, Ayurveda, biotechnology, telecommunications, automobiles, and hospitality. His entrepreneurial achievements and contribution to business have earned him international recognition, including being the first Nepali entrepreneur to be featured on Forbes' billionaire list.

Mr. R. K. Chaudhary
Non- Executive Non-Independent Director

Mr. Rahul Chaudhary, the Managing Director of CG Corp Global and Chief Executive Officer of CG Hospitality Holdings, a multi- dimensional conglomerate with over 2261+ brands, 202+ companies, over 20,000 employees and spread across 32 countries under 15 different business verticals, covering over 5 continents. Rahul Chaudhary heads CG Hospitality Holding, the hospitality arms of CG Corp Global and CG Capital Partners. CG Hospitality Holdings is partners with and owns some of the most iconic assets globally with some of the leading hospitality brands such as Taj, Vivanta, Taj Safari, The Farm at San Benito Autograph Collection, Marriott International, Jetwing, Double Tree by Hilton, CHC, Fairmont, and The Zinc. CG Hospitality portfolio comprises of over 236 hotels & resorts in 12 countries and 143 destinations with over 15,000 keys. By 2031, the group is projected to expand significantly to over 650 hotels and 30,000 keys.

>>>BOARD OF DIRECTORS

Mr. N. B. Weerasekera
Non- Executive Independent Director

Mr. Nissanka Weerasekera served as the Regional Managing Partner for Central and South Asia of Aureos Capital, a leading international Private Equity (PE) fund manager focusing on small and mid-cap enterprises in emerging markets worldwide from 2003 until the acquisition of Aureos Capital by the Abraaj Group in 2012. He also functioned as the Group Operations Director of Aureos Capital while serving on the Board of Directors of the parent company of Aureos in the United Kingdom. After the acquisition of Aureos, he served as the Managing Director for Sri Lanka and Bangladesh of the Abraaj Group until his retirement in 2017. Mr. Weerasekera started his PE career in the mid-1990s as the CEO of the pioneer Sri Lankan Venture Capital (VC) firm PVIC and subsequently as the Managing Director of Nextventures, a VC firm spun off from PVIC. He has served as the nominee director of numerous investee companies of the aforementioned PE and VC firms including among others, MillenniumIT, Interblocks, ConceptNursery, TextCentric, e-Channelling, Richlife Dairies, Dutch Lanka Trailers, Asiri Central Hospital and Apollo Hospital Dhaka. In addition, he has served as an Independent Non-Executive Director of several public listed companies in Sri Lanka including among others, Dipped Products PLC, John Keells Hotels PLC, Sunshine Holdings PLC and Watawala Plantations PLC.

He currently serves as an Independent Non-Executive Director of ACL Cables PLC, TAL Lanka Hotels PLC, Lanka Ventures PLC and LVL Energy Fund PLC. He is also a Director of The Children's Heart Project of Sri Lanka.

He is a past-President of the Venture Capital Association of Sri Lanka, a past-Editor of the Sri Lanka Association of Economists and a past-Trustee of the National Trust of Sri Lanka.

He is a Fellow Member of the Chartered Institute of Management Accountants (FCMA), has an MA in Economics from the University of Colombo and a BSc (Hons) in Physics from the University of Peradeniya.

Mr. S. Datta
Executive Director

Mr. Samrat Datta serves as the Area Director for Taj Hotels in Sri Lanka and the Maldives and as the General Manager of Taj Samudra, Colombo. With over three decades of experience in luxury hospitality, he has successfully led some of the most prestigious hotels within the Taj portfolio, including Taj Palace New Delhi, Taj Bengal Kolkata, Taj Connemara Chennai, and Jai Mahal Palace Jaipur, in addition to international assignments with Taj Pamodzi Lusaka, Fairmont Dubai, and Shangri-La Muscat.

A respected hospitality leader, Mr. Datta is known for his strong business acumen, operational excellence, attention to detail, expertise in revenue management, and his ability to build enduring relationships with guests, associates, owners, and key stakeholders. Under his leadership, Taj Samudra has strengthened its market position through consistent growth, the successful delivery of high-profile international events, and strategic enhancements such as the relaunch of Navratna and Lattice. He has also provided critical leadership across Sri Lanka and the Maldives, navigating challenging market conditions while maintaining guest satisfaction, operational stability, and owner confidence.

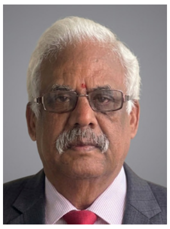
Mr. Datta has actively fostered partnerships with diplomatic missions, industry associations, chambers of commerce, and corporate leaders, creating valuable business opportunities across the region. A passionate mentor, he has developed a strong pipeline of future leaders within the organization through empowerment, coaching, and professional guidance.

His contributions have been recognized through several industry accolades, including Condé Nast Traveller's recognition of Taj Samudra among Asia's best hotels (2025) and the achievement of EarthCheck Platinum Certification by all Taj Hotels in the region.

Mr. Datta continues to champion excellence, innovation, sustainability, and responsible hospitality across the region.

>>>BOARD OF DIRECTORS

Mr. C. Subramanian
Non - Executive Independent Director



Mr. Chandrasekaran is a member of Institute of Chartered Accountants of India since 1981 with 45 years of diverse expertise in generating ethical organizational development and genuine results. Rich mix of technical accounting, operations and leadership skills complement advanced finance studies. A recognized entrepreneurial change agent; acknowledged for balanced judgement, stability, and capacity to steer consensus among core business disciplines with diverse agendas and visions Mr.Chandrasekarans diverse experience includes Automobile, Hospitality, BPO, Brewery, Electronics and Cement etc., industries and family offices.

Ms. Niloo Jayatilake
Independent Director

Ms. Jayatilake has over 35 years of experience in the investment and portfolio management field, managing private portfolios and unit trust funds covering fixed income and equity securities. Draws experience in risk management, compliance and internal audit. Worked as Head of Investments at Softlogic Holdings PLC Group and CEO of Softlogic Asset Management Ltd, a growing conglomerate in Sri Lanka with business interest in health care, retail, ICT, financial services, automobile and leisure. Prior to joining Softlogic Holdings, Head of Portfolio Management/ Director of Guardian Fund Management Ltd, part of the Carson Cumberbatch Group heading the investment team specializing in equity asset class. Started career in fund management in 1994 as a Management Trainee at Ceybank Unit Trust one of the first unit trust management companies in Sri Lanka promoted by Sri Lanka premier state bank - Bank of Ceylon.

Ms. Jayatilake has represented Sri Lanka in Golf and has won national colours as well as numerous national/international titles in the sport. She currently serves as Vice President of the National Olympic Committee of Sri Lanka and the Chairperson of the Gender Equity Committee of the National Olympic Committee of Sri Lanka (NOCSL). Served as member of the National Sports Selectors Committee appointed by the Ministry of Sports in 2024. Recently appointed to the Olympic Council of Asia (OCA) as executive board member representing South Asia.

Fellow Member of the Chartered Institute of Management Accountants, UK and Associate Member of the Institute of Chartered Secretaries and Administrators, UK. Also serves as Director of Eswaran Brothers Exports Ltd , Rajawella Holdings (Pvt) Ltd and Softlogic Asset Management (Pvt) Ltd.

Mr. N. Shome
Non - Executive Non - Independent Director

Mr. N. Shome is presently the Senior Vice President - Finance of The Indian Hotels Company Limited (IHCL) based at the Corporate Office, Mumbai. Mr. Shome is a Commerce Graduate and an Associate member of the Institute of Chartered Accountants of India and a Graduate member of the Institute of Cost & Works Accountants of India. He has over thirty years of experience in finance and having served IHCL from 2011 and Tata Group since 1989.

Mr. P. Sengupta
Non - Executive Non-Independent Director

Mr. P. Sengupta, the Global Head of CG Hospitality Holdings a hospitality arm of CG Corp Global. He is qualified Chartered Accountant (Institute of Chartered Accountants of India). He is qualified senior management professional with 25 years of experience in Hospitality Operations, Finance, M&A, Treasury, E-commerce / Digital Technology, Corporate Governance, Supply chain. Experience includes VP Finance and Head Supply Chain for Shangri-la Hotels and Resorts with global responsibilities.

CORPORATE SOCIAL RESPONSIBILITY

Guided by IHCL's Paathya ESG+ framework, Taj Samudra Colombo remains committed to embedding sustainability and responsible stewardship into every aspect of its operations. Our approach is founded on the belief that long-term business success must be achieved in harmony with environmental preservation, social responsibility, and inclusive economic growth.

Throughout the year, we continued to strengthen our commitment to minimizing environmental impact through responsible resource management, energy efficiency initiatives, waste reduction practices, and conservation efforts. We recognize the importance of safeguarding natural ecosystems and are dedicated to operating in a manner that supports a more sustainable future for generations to come.

At the same time, we strive to create meaningful value for the communities we serve. Through community engagement programmes, local partnerships, employee volunteering, and support for social development initiatives, Taj Samudra Colombo seeks to contribute positively to the well-being and resilience of society. We remain focused on fostering inclusive growth by creating opportunities, promoting diversity and equal participation, and supporting livelihoods across our value chain.

Our people remain at the heart of this journey. By cultivating a culture of responsibility, continuous learning, and ethical business conduct, we empower our associates to become active participants in our sustainability agenda. Together with our stakeholders, we are committed to creating shared value and delivering positive, lasting impacts that extend beyond our business operations.

As we move forward, Taj Samudra Colombo will continue to align its actions with the principles of the Paathya ESG+ framework, ensuring that growth is balanced with responsibility and that every step we take contributes to a more sustainable, inclusive, and resilient future.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

1. The Board of Directors present herewith the Annual Report together with the audited financial statements of TAL Lanka Hotels PLC for the year ended 31 March 2026.

Formation

2. TAL Lanka Hotels PLC is a public limited liability company incorporated in Sri Lanka in 1980 and reregistered under the provisions of the Companies Act No 7 of 2007. The re-registration number is P Q 183.

   The Company is listed in the Diri Savi Board of the Colombo Stock Exchange. The Registered office and principal place of business is situated at No. 25, Galle Face Centre Road, Colombo 03.

   TAL Hotels & Resorts Ltd, which holds 62.55% of the shares, is the parent company of TAL Lanka Hotels PLC.

Principal and other activities

3. The principal activity of the Company is the hospitality trade and the Company owns the Taj Samudra Hotel.

Financial statements

4. The financial statements which include the statement of profit or loss, statement of financial position, cash flow statement, statement of changes in equity, and the notes to the financial statements of the Company for the year ended 31 March 2026 are set out on pages 33 to 85.

Independent Auditor's report

5. The auditor's report is set out on page 30-32

Changes in accounting policies

6. The accounting policies adopted in the preparation of the financial statements are given on pages 38 to 52. There were no changes in the accounting policies adopted in the previous year for the Company.

Review of business

7. The statement of financial position of the Company as at 31 March 2026 is set out on page 34 and assessment of the financial performance of the Company is set out in the statement of comprehensive income on page 33.

Dividend

8. No dividends have been declared during the year under review.

Reserves

9. Total reserves and their composition are set out in the statement of changes in equity on page 36 of the Company's financial statements.

Substantial shareholdings

10. TAL Hotels & Resorts Limited holds 62.55% of the stated capital of the Company.

    The details of the main shareholders of the Company and the percentages held by each of them are given below:

Name of shareholder	Holding percentage	No. of shares
TALHotels & Resorts LTD.	62.55	107,497,886
IHOCO BV.	23.44	40,287,858

As at 31 March 2026 the public holds 14.01% of the issued Share Capital of the Company.

>>>ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

Directors

11. The names of the Directors of the Company as at the end of the accounting period:

Mr. P. S. Verma - Chairman
Mr. B. K. Chaudhary
Mr. R. K. Chaudhary
Mr. N. B. Weerasekera
Ms. N. Jayatilake
Mr. C. Subramanian
Mr. N. Shome
Mr. S. Datta
Mr. P. Sengupta

All directors held office throughout the year ended 31 March 2026.

Interests Register

12. Particulars of entries made in the interests' register of the Company during the year under review are as follows:

(a) Directors' interest in contracts and proposed contracts with the Company

The Director's interest in the contracts of the Company is disclosed under Note 31 to the financial statements.

b) Directors' interests in shares of the Company

None of the Directors hold any shares in the Company.

(c) Remuneration and other benefits of directors

Please refer Note 31.3 of the financial statements.

(d) Particulars relating to authorization to disclose, make use of or act on company information.

No entries were made under this heading in the Interests Register.

(e) Particulars of indemnity given, or insurance affected directors or employees under section 218 of the Companies Act No. 7 of 2007.

No entries were made under this heading in the Interests Register.

Amounts payable to the firm holding office as auditor of the Company as audit fees

13. The remuneration payable by the Company to the independent auditors of the Company as audit fees is Rs.1,601,500/- (2025 Rs.1,455,900/-).

Amounts payable to the firm holding office as auditor of the Company for non-audit services

14. No remuneration is payable by the Company to the independent auditors of the Company as non-audit fees.

Auditor's relationship or any interest with the Company

15. The Directors are satisfied that, based on written representations made by the independent Auditors to the Board, the Auditors did not have any relationship or any interest with the Company and / or other companies in the group of companies to which TAL Lanka Hotels PLC belongs, that would impair their independence.

Corporate governance

16. The Directors place great emphasis on instituting and maintaining leading edge, internationally accepted Corporate Governance practices and principles with respect to the management and operations of the group of companies to which TAL Lanka Hotels PLC belongs, in order to develop and nurture long-term relationships with our key stakeholders.

The extent to which the Company has complied with the Corporate Governance Rules set out in the Listing Rules of the Colombo Stock Exchange has been set out in pages 18 to 24 of this Annual Report.

>>>ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

Statutory payments

17. The Directors confirm that to the best of their knowledge all taxes, duties, levies and all statutory payments by the Company and all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company as at Balance Sheet date have been paid, or where relevant provided for.

Environmental protection

18. The Company is sensitive to the needs of the environment and makes every endeavor to comply with the relevant environmental laws, regulations and best practices applicable in the country.

Donations

19. No donations have been made by the Company during the year.

Going concern

20. The Directors have reviewed the Company's business plans and are satisfied that the Company has adequate resources to continue as a going concern for the foreseeable future. As such the financial statements have been prepared on that basis.

Future developments

21. The Company plans to continue with the renovation/ development programs and is committed to enhance the image and positioning of the hotel in the market especially in view of growing economy and tourist arrivals in the country.

Post balance sheet events

22. No material events that require adjustments to the financial statements have taken place, subsequent to the date of the Balance Sheet other than those disclosed, if any, in Note 27 to the financial statements.

Auditors

23. The financial statements have been audited by the external Auditors of the Company, Messer's KPMG, Chartered Accountants

Nissanka Weerasekera
Director

Niloo Jayatilake
Director

Corporate Services (Private) Limited
Secretaries
Colombo
15th April 2026

CORPORATE GOVERNANCE

In view of the current economic downturn corporate governance and its reporting have become a pressing issue for many public listed companies. TAL Lanka Hotels PLC has addressed these concerns by putting in place the proper controls and monitoring systems that ensure a transparent corporate structure powered solely by business needs. This also guarantees a high level of disclosure in relation to going concerning reporting, risk management and internal controls.

We take our Corporate Governance initiative beyond mere compliance with the laws and regulations applicable to our business and Sri Lanka. As it is key component of our Environmental, Social and Governance strategy, we set an annual plan and work towards achieving it by adopting best practices based on the highest ethical standards.

The directives of corporate governance of the Company are outlined as :

- Adopting and adapting the principles, policies, and procedures that ensure our accountability to our stakeholders, which includes working through inherent conflict of interest and arriving at a consensus acceptable to all.
- Overseeing the interactions between the shareholders, Board of Directors, and Company Management who shape our corporate performance and the direction taken by the business, by determining the ways in which we could reach the most effective strategic decisions.
- Ensuring transparency, which both safeguards the interests of our shareholders as well as assures strong and balanced economic development for the Company.

GOVERNANCE STRUCTURE

Our Corporate Governance structure is designed to support business needs by ensuring diligence and effective engagement with Board committees and executive management on specific matters, supported by clearly documented mandates that demarcate the role of the Executive Management as trustee rather than the owner of shareholder capital. Our Corporate Governance structure also enables us to align the interests of our wider group of stakeholders and engage effectively with them.

TAL Lanka Hotels PLC also complies with all internal procedures and processes including the following :

a.) The Article of Association

b.) The Standard operation procedure and guidelines

c.) The IT framework, policies and procedures

d.) HR policies and procedures

e) Policies as required by section 9.2.1, these policies are disclosed in CSE website and the same can be provided on written request.

1. Policy on the matters relating to the Board of Directors
2. Policy on Board Committees
3. Policy on Corporate Governance, Nominations and Re-election
4. Policy on Remuneration
5. Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities
6. Policy on Risk management and Internal controls
7. Policy on Relations with Shareholders and Investors
8. Policy on Environmental, Social and Governance Sustainability
9. Policy on Control and Management of Company Assetsand Shareholder Investments
10. Policy on Corporate Disclosures
11. Policy on Whistleblowing
12. Policy on Anti-Bribery and Corruption

BOARD OF DIRECTORS

The Board of Directors is appointed by the shareholders and has the overarching leadership and oversight of the Company as the body that governs operations and delivers shareholder value in line with its strategic and business objectives.

The Directors ensure that the Company has a strong framework of governance in place that embeds its governance culture throughout the organisation with a view to building a successful and sustainable business. Within this framework, the Board fulfils to its shareholders as well as to the Company, three fiduciary duties, namely the duty of loyalty, the duty of care and the duty of disclosure.

>>> CORPORATE GOVERNANCE

APPOINTMENT OF DIRECTORS

All new Board appointments are communicated to the Colombo Stock Exchange (CSE), along with a background document about the new Director, giving details of the nature of the appointment, his experience, areas of speciality, qualification and board appointments held in other companies.

BOARD COMPOSITION

Board independence is essential to bring objectivity and transparency to the Executive Management in all its dealings on behalf of the Company. In order to ensure this, the Board of Directors appointed comprise three independent non-executive directors, five non-executive directors and one executive director of which the Chairman of the board is a non-executive director. This careful composition ensures the right balance of power and authority needed to execute the various functions of the Board.

BOARD COMMITMENT

The Directors are collectively responsible for ensuring effective and fiscally sound operations and programmes that support the organisation's mission. The Board recognises the importance of a comprehensive system of corporate governance and internal controls, and commits to maintaining the highest standards of integrity, transparency and professionalism in the governance of the Company. It is guided by the Code of Best Practice and the most recent principles of Corporate Governance to achieve this.

BOARD FUNCTIONS

To fulfill its fiduciary duty to act Bona fide for the benefit of the Company in general and its shareholders in particular, the Board has developed corporate governance guidelines that provide the framework for its functions as well as enable it to discharge the Company's corporate responsibility towards its stakeholders. These guidelines establish a solid foundation for management as well as provide oversight and the necessary authority to review and evaluate operations as and when required. They also enable the Board to make decisions that are independent of the senior management of the Company.

These corporate governance guidelines adhere to the Company's philosophy of responsibility, accountability, equity, transparency and fair disclosure. The Board meets regularly to review the Company's operations and takes responsibility for the following :

Area of responsibility	Board oversight on responsibility
Strategic responsibility	• Formulation of policies • Input into and final approval of the Company's corporate strategy including new capital investments and performance objectives • Monitoring senior management's performance and implementation of the corporate strategy and ensuring appropriate resources are available to enable implementation
Financial responsibility	• Approving and monitoring financial and other reporting • Approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures • Approving financial facilities whenever is required
Compliance and control responsibility	• Oversight of the Company, including its control and accountability systems • Reviewing and ratifying risk management and internal compliance and control systems, codes of conduct and legal compliance • Updating and maintaining organisational rules and policies to keep in step with changes in the power sector

>>> CORPORATE GOVERNANCE

BOARD MEETINGS

	15/7/2025	19/12/2025	13/2/2026	Total
Mr. P. S. Verma	✓	✓	✓	3/3
Mr. B. K. Chaudhary	Excused	Excused	Excused	0/3
Mr. R. K. Chaudhary	✓	Excused	Excused	1/1
Mr. P. Sen Gupta	✓	✓	✓	3/3
Mr. S. Datta	✓	✓	✓	3/3
Mr. N. Shome	✓	✓	✓	3/3
Mr. N. B. Weerasekera	✓	✓	✓	3/3
Ms. N. Jayatilake	✓	✓	✓	3/3
Mr. C. Subramanian	✓	✓	✓	3/3

BOARD BALANCE

All directors are satisfied with fit and proper criteria as required as per the listing rules of the Colombo Stock exchange. Further details of the companies in which the directors concerned serve as directors in other companies in Sri Lanka are listed below.

Name of the Director	Name of the company	Nature of Directorship
Mr. P. S. Verma	Lanka Island Resorts Limited	Director
Mr. S. Datta	Lanka Island Resorts Limited	Director
Mr. R. K. Chaudhary	& Beyond (Lanka) Pvt. Ltd	Director
Mr. R. K. Chaudhary	Jetwing Zinc Journey Pvt. Ltd	Director
Mr. R. K. Chaudhary	Royal Heritage Pvt. Ltd.	Director
Mr. R. K. Chaudhary	Seashells Hotels Pvt. Ltd.	Director
Mr. R. K. Chaudhary	Ceylon Holiday Holdings Pvt Ltd.	Director
Mr. R. K. Chaudhary	CHC Rest House Pvt. Ltd.	Director
Mr. R. K. Chaudhary	Zinc Hospitality Lanka (Private) Limited	Director
Mr. R. K. Chaudhary	CG Cement Lanka (Private) Limited	Director
Mr. R. K. Chaudhary	Zinc Boutique Journeys (Private) Limited	Director
Mr. R. K. Chaudhary	CG Hotels and Resorts Lanka (Private) Limited	Director
Mr. P. Sen Gupta	Jetwing Zinc Journey Pvt. Ltd	Director
Mr. P. Sen Gupta	Royal Heritage Pvt. Ltd.	Director

>>> CORPORATE GOVERNANCE

Name of the Director	Name of the company	Nature of Directorship
Mr. P. Sen Gupta	Seashells Hotels Pvt. Ltd.	Director
Mr. P. Sen Gupta	Ceylon Holiday Holdings Pvt Ltd.	Director
Mr. P. Sen Gupta	CHC Rest House Pvt. Ltd.	Director
Mr. P. Sen Gupta	Zinc Hospitality Lanka (Private) Limited	Director
Mr. N. B. Weerasekera	ACL Cables PLC	Director
Mr. N. B. Weerasekera	Lanka Ventures PLC	Director
Mr. N. B. Weerasekera	LVL Energy Fund PLC	Director
Mr. N. B. Weerasekera	The Children's Heart Project of Sri Lanka	Director
Ms. N. Jayatilake	Softlogic Asset Management (Pvt)	Director
Ms. N. Jayatilake	Rajawella Holdings (Pvt) Ltd	Director
Ms. N. Jayatilake	T W N J Associates (Pvt) Ltd	Director
Ms. N. Jayatilake	Eswaran Brothers Exports (Pvt) Ltd	Director

BOARD SUB-COMMITTEES

The Board has appointed sub-committees to discharge its functions, which serve as oversight mechanisms for enhancing its monitoring of compliance and risk management. TAL Lanka Hotels PLC has four Board Committees, namely the Audit Committee, Remuneration Committee, Nominations and Governance Committee, Related Party Transactions Review Committee, each has its own terms of reference and is mandated by the Listing rules of Colombo Stock Exchange and meets all prescribed criteria of the Rules. All four committees comprise non-executive independent Directors and a senior independent director is nominated as the chairperson of each committee. Sufficient resources are provided to enable the board Committees to undertake their specific roles.

The committees work in accordance with an annual work plan with fixed agenda items following key events of relevance to the annual financial reporting cycle. In addition, the committees request topics to be discussed at their meetings from time to time.

SHAREHOLDER COMMUNICATION

The Company considers constructive dialogue with all shareholders and investors to be essential from the perspective of sustainable growth and medium- to long-term enhancement of corporate value and implements various measures to promote such dialogue. Effective shareholder communication also allows TAL Lanka Hotels PLC to exercise greater control over its capital formation process.

In line with the rule of full and fair disclosure, TAL Lanka Hotels PLC communicates with its shareholders on the business strategies implemented. The financial results achieved as well as various other initiatives introduced to strengthen its reputation and performance into the future. These communications are timed, up-to-date and enable shareholders to understand the value of their investment as well as how their investment is being utilized to enhance their profitability as well as the accountability of the Board. Key points of communication are at the Annual General Meeting, via Annual Reports, Interim Financial Statements, press releases and announcements in the Colombo Stock Exchange. Shareholders are also invited to submit their written suggestions and concerns to the Board of Directors through the Company Secretary.

For any further information related to company communications and relation with shareholders and investors to be made to Mr.Tharaka, Chief accountant at +94 71 685 0949, email id Tharaka.Indiketiya@tajhotels.com between 9:30 am to 5:30 pm during weekdays.

Please refer page no 19 about the compliance status of rule no 9.4.2

>>> CORPORATE GOVERNANCE

COMPLIANCE

Compliance with corporate governance rules of the Colombo Stock Exchange. Level of compliance with the Listing Rules of the Colombo Stock Exchange Section 9, on Corporate Governance are given in the following table:

CSE Rule Reference	Corporate Governance Principles	Compliance Status
9.1 9.1.1	Applicability of Corporate Governance Rules; (a) All Entities which have listed its shares on the Main Market Segment of the Exchange; and/or Debt Securities on the Exchange shall comply with the requirements set out in Rules 9.2 to 9.16 on a continuous basis.	Complied
9.1.2	All Entities which have listed its shares on the Empower Board of the Exchange shall comply with the requirements set out in Rule 9.18 on a continuous basis.	N/A
9.1.3	Statement confirming the extent of compliance with the Corporate Governance Rules, in the Annual Report.	Complied
9.2	**Policies**	
9.2.1	List of Policies 1. Policy on the matters relating to the Board of Directors 2. Policy on Board Committees 3. Policy on Corporate Governance, Nominations and Re-election 4. Policy on Remuneration 5. Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities 6. Policy on Risk management and Internal controls 7. Policy on Relations with Shareholders and Investors 8. Policy on Environmental, Social and Governance Sustainability 9. Policy on Control and Management of Company Assets and Shareholder Investments 10.Policy on Corporate Disclosures 11. Policy on Whistleblowing 12.Policy on Anti-Bribery and Corruption	Complied
9.2.2	Any waivers from compliance with the Internal code of business conduct and ethics or exemptions granted	N/A
9.3	**Board Committees**	
9.3.1 (a)	Nominations and Governance Committee	Complied
9.3.1 (b)	Remuneration Committee	Complied
9.3.1 (c)	Audit Committee	Complied
9.3.1 (d)	Related Party Transactions Committee	Complied

>>> CORPORATE GOVERNANCE

CSE Rule Reference	Corporate Governance Principles	Compliance Status
9.3.2	Comply with the composition, responsibilities and disclosures required in respect of the above Board Committees.	Complied
9.3.3.	Chairperson of the Board of Directors shall not be the Chairperson of the Board Committees	Complied
9.4	Adherence to principles of democracy and Adoption of meeting procedures and the conduct of all General meetings with shareholders	
9.4.1	Maintain record of all resolutions and following information; (a) Number of shares in respect of which proxy appointments have been validly made (b) Number of votes in favor of the resolution (c) Number of votes against the resolution (d) Number of shares in respect of which the vote was directed to be abstained.	Complied
9.4.2	Communication and relations with shareholders and investors;	Complied
9.5 9.5.1	Policy on matters relating to the Board of Directors (a) Representation between Executive and Non-Executive Directors and cover at minimum board composition, the roles and functions of the Chairperson and Chief Executive Officer ("CEO"). (b) Where the role of Chairperson and CEO are combined; - Set out the rational for combining such positions - Terms of reference ("TOR") including the reference, powers and functions of the Senior Independent Director (SID) - Measures implemented to safeguard the interests of SID. (c) Diversity of the Board composition (in terms of experience, skills, competencies, age, gender, industry requirements and objective selection) (d) Maximum number of Directors and rationale for the same (e) Frequency of Board meetings (f) Mechanisms to ensure Directors are kept abreast of the Listing Rules (g) Minimum number of meetings (h) Requirements relating to trading in securities (i) Maximum number of directorships in Listed Entities that may be held by Directors (j) Recognition of the right	Complied
9.5.2	Compliance of the requirements of the policies referred to in 9.5.1 and the same be published in the Annual Report with explanations and proposed remedial actions for any non-compliances.	N/A

CSE Rule Reference	Corporate Governance Principles	Compliance Status
9.6	Chairperson and CEO	
9.6.1	The Chairperson shall be a Non-Executive Director and the position of the Chairperson and CEO shall not be held by the same individual, unless a SID is appointed.	Complied
9.6.2	Where the Chairperson and CEO is the same, Market Announcement to be made within one month from the implementation of the Rule and the same to include rationale for the appointment an Executive Director as Chairperson and/ or combining the positions of the Chairperson and CEO.	N/A
9.6.3	(a) Appointment of an Independent Director as the SID in the following instances: 1. Positions of CEO and the Chairperson are held by the same person. 2. The Chairperson is an Executive Director. 3. The Chairperson and CEO are close family members or related parties. NOTE: Immediate disclosure of such appointment with reasons, by way of a Market Announcement. (b) Independent Directors shall meet once a year or as often as deemed necessary at a meeting chaired by the SID without the presence of the other Directors. (c) SID shall chair a meeting of the Non-Executive Directors without the presence of the Chairperson at least annually, to appraise the performance of the Chairperson. (d) SID shall be entitled to cast a vote at meetings (e) SID shall submit a demonstration of the effectiveness of duties of the SID by way of an explanatory disclosure in the Annual Report.	
9.6.3	(a) Appointment of an Independent Director as the SID in the following instances: 1. Positions of CEO and the Chairperson are held by the same person. 2. The Chairperson is an Executive Director. 3. The Chairperson and CEO are close family members or related parties. NOTE: Immediate disclosure of such appointment with reasons, by way of a Market Announcement. (b) Independent Directors shall meet once a year or as often as deemed necessary at a meeting chaired by the SID without the presence of the other Directors. (c) SID shall chair a meeting of the Non-Executive Directors without the presence of the Chairperson at least annually, to appraise the performance of the Chairperson. (d) SID shall be entitled to cast a vote at meetings (e) SID shall submit a demonstration of the effectiveness of duties of the SID by way of an explanatory disclosure in the Annual Report.	
9.6.4	Rationale for appointment of SID in the Annual Report.	
9.7	Fitness of Directors and CEOs	
9.7.1	Ensure al the Directors and CEO are complied with the 'Fit and Proper Assessment Criteria'	Complied
9.7.2	Ensure the persons recommended by the Nominations and Governance Committee ("NGC") as Directors are fit and proper in terms of the rules made before such nominations and appointments.	Complied
9.7.3	Fit and Proper Assessment Criteria (a) Honesty, Integrity and Reputation (b) Competence and Capability (c) Financial Soundness	Complied

CSE Rule Reference	Corporate Governance Principles	Compliance Status
9.7.4	Declarations from Directors and CEO on an annual basis confirming the compliance of 9.7.3	Complied
	• Disclosures in the Annual Report (a) Statement by the Directors and CEO confirming the compliance of 9.7.3 (b) Non-compliances by a Director or CEO in terms of 9.7.3 and remedial actions taken to rectify the same.	Complied
9.8	**Board Composition**	
9.8.1	The Board of Directors shall, at a minimum, consist of 05 Directors.	Complied
9.8.2	Minimum number of Independent Directors: (a) At least two (2) Independent Directors or such number equivalent to one third of the total number of Directors (b) Any change to the ratio shall be rectified within 90 days from the date of change.	Complied
9.8.3	Criteria for determining independence of a Director A director shall not be considered independent: i. Employed during the period of three (03) years immediately preceding appointment as Director ii. A material business relationship directly or indirectly during the period of three (03) years immediately preceding appointment as Director iii. A close family member who is a Director or CEO during the preceding financial year iv. A significant shareholding v. Aggregate period of 9 years on the Board from the date of the first appointment vi. Employed in another company or business vii. Director of another company viii. Material business relationship or significant shareholding in another company or business ix. Above the age of 70 years	Complied
9.8.5	The Board of Directors shall require: (a) Each Independent Director to submit and dated declaration annually of his/her independence/ non-independence (b) Annual determination as to the independence/ non-independence of each Independent Director based on the Directors' declaration and publish the names of the Independent Directors in the Annual Report. (c) Immediate Market Announcement to be made if independence of an Independent Director has been impaired	Complied
9.9	Alternate Directors (a) Alternate Directors shall only be appointed in exceptional circumstances and for a maximum period of one (01) year from the date of appointment. (b) If an Alternate Director is appointed for a Non-Executive Director such alternate should not be an executive to the Listed Entity. (c) If an Alternate Director is appointed by an Independent Director, the person must meet the independence criteria specified. The Nominations and Governance Committee shall review and determine the qualifications before the appointment. (d) Immediate Market Announcement regarding the appointment of Alternate Director: Details of the exceptional circumstances leading to appointment, capacity, time period and statement of review by NGC must be included. (e) Attendance of any Alternate Director at any meeting shall be counted for the purpose of quorum,	N/A
9.10	**Disclosures relating to Directors**	

CSE Rule Reference	Corporate Governance Principles	Compliance Status
9.10.1	Disclosure of the policy on the maximum number of directorships permitted to hold in the manner specified in 9.5.1.	Complied
9.10.2	Market Announcement of appointment of new Director to the Board along with a brief resume of such Director, capacity and statement of review by NGC.	Complied
9.10.3	Imediate Market Announcement regarding changes to composition of the Board of Directors and Board Committees.	Complied
9.10.4	Disclosure of the following in relation to the Directors in the Annual Report: (a) Name, qualifications and brief profile (b) Nature of expertise in relevant functional areas (c) Director/ Close family members has any material business relationships with the Directors (d) Executive, Non-Executive, Independent (e) Total number and names of companies in Sri Lanka in which the Directors serve as a Key Management Personnel (f) Number of Board meetings attended during the year (g) Names of Board Committees in which the Director serves as a Chairperson or member (h) Details of attendance of Committee Meetings of the Audit, Related Party Transactions Review, Nomination and Governance and Remuneration Committees (i) TOR and powers of the SID	Complied
9.11	Nominations and Governance Committee ("NGC")	
9.11.1	NGC conforming to the requirements set out in 9.11	Complied
9.11.2	Establish and maintain a formal procedure for the appointment of new Directors and re-election of Directors to the Board through the NGC.	Complied
9.11.3	NGC shall have a written TOR defining scope, authority, duties and matters pertaining to the quorum of meetings.	Complied
9.11.4	Composition (a) Minimum of 03 Directors of the Listed Entity, out of which a minimum of 02 members shall be Independent Directors of the Listed Entity. Not comprise of Executive Directors of the Listed Entity. (b) An Independent Director shall be appointed as the Chairperson of NGC by the Board of Directors. (c) Chairperson and the members of NGC shall be identified in the Annual Report	Complied
9.11.5	Functions of the NGC	Complied
9.11.6	Disclosures in Annual Report – Refer Page number 29	Complied
9.12	Remuneration Committee	
9.12.1	The term 'remuneration' shall make a reference to cash and all non-cash benefits received.	Complied
9.12.2	Remuneration Committee will be conforming to the requirements set out in 9.12	Complied

CSE Rule Reference	Corporate Governance Principles	Compliance Status
9.12.3	Establish and maintain a formal and transparent procedure for developing policy of Executive Directors' remuneration and fixing the remuneration packages	Complied
9.12.4	Remuneration for Non-Executive Directors should be based on a policy of the principle of non-discriminatory pay practices	Complied
9.12.5	Written TOR defining scope, authority, duties and matters pertaining to the quorum of meetings.	Complied
9.12.6	Composition • Minimum of 03 Directors of the Listed Entity, out of which a minimum of 02 members shall be Independent Directors of the Listed Entity. Not comprise of Executive Directors of the Listed Entity. • An Independent Director shall be appointed as the Chairperson of Remuneration Committee by the Board of Directors.	Complied
9.12.7	Functions of the Remuneration Committee	Complied
9.12.8	Disclosures in Annual Report – Refer Page number 28	Complied
9.13	**Audit Committee**	
9.13.1 9.13..2	AC shall perform the Audit and Risk functions along with the risk functions set out in 9.13 • Written TOR defining scope, authority and duties	Complied
9.13..3	Composition • Minimum of 03 Directors of the Listed Entity, out of which a minimum of 02 members shall be Independent Directors of the Listed Entity. Not comprise of Executive Directors of the Listed Entity. • Quorum for a meeting shall require that the majority of those in attendance to be Independent Directors. • An Independent Director shall be appointed as the Chairperson of Remuneration Committee by the Board of Directors. The Chairperson shall be a member of a recognized professional accounting body.	Complied
9.13..4	Functions of the Audit Committee	Complied
9.13.5	Disclosures in Annual Report – Refer Page number 26	Complied
9.14	**Related Party Transactions Committee ("RPTC")**	
9.14.1	RPTC conforming to the requirements set out in 9.14	Complied
9.14.2	Composition • Minimum of 03 Directors of the Listed Entity, out of which a minimum of 02 members shall be Independent Directors of the Listed Entity. Not comprise of Executive Directors of the Listed Entity. • An Independent Director shall be appointed as the Chairperson of Remuneration Committee by the Board of Directors.	Complied
9.14.3	Functions of RPTC	Complied

CSE Rule Reference	Corporate Governance Principles	Compliance Status
9.14.4	General requirements	Complied
9.14.5	Review of RPT by the RPTC	Complied
9.14.6	Shareholder approval	Complied
9.14.7	Immediate disclosures of non-recurrent related party transactions and the contents of the Market Announcement	Complied
9.14.8	Disclosures in Annual Report – Refer Page number 27	Complied
9.14.9	Acquisition and disposal of assets from/ to Related Parties	N/A
9.14.10	Exempted Related party transactions	Complied
9.16	Definitions for the purpose of 9.14	Complied
9.17	Additional Disclosures – Refer page number 14	Complied

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible under Sections 150 (1), 151, 152 (1) & 153 of the Companies Act No. 7 of 2007, to ensure compliance with the requirements set out therein to prepare financial statements for each financial year giving a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit & loss of the Company for the financial year.

The Directors are also responsible, under Section 148, for ensuring that proper accounting records are kept to enable, determination of financial position with reasonable accuracy, preparation of financial statements and audit of such statements to be carried out readily and properly.

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

They also confirm that the financial statements have been prepared and presented in accordance with the Sri Lanka Accounting standards, Companies Act No 07 of 2007 and the listing rules of the Colombo Stock Exchange. Further, the financial statements provide the information required by the Companies Act and the listing rules of the Colombo Stock Exchange.

The Directors are of the opinion, based on their knowledge of the company, key operations and specific inquiries that adequate resources exist to support the Company on a going concern basis over the next year. These financial statements have been prepared on that basis.

The Directors have taken reasonable measures to safeguard the assets of the Company and, in that context, have instituted appropriate systems of internal control with a view to preventing and detecting fraud and other irregularities.

The external Auditors, Messrs KPMG deemed re- appointed in terms of Section 158 of the Companies Act were provided with every opportunity to undertake the inspections they considered appropriate to enable them to form their opinion on the Financial Statements. The report of the Auditors, shown on page 23 sets out their responsibilities in relation to the Financial Statements.

Compliance Report

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

Nissanka Weerasekera
Director
15th April 2026

REPORT OF THE AUDIT COMMITTEE

Composition of the Audit Committee

The Audit Committee, appointed by the Board of Directors of TAL Lanka Hotels PLC comprises of three Non- Executive independent Directors. The Committee is chaired by Mr. N. B. Weerasekera. The other two committee members comprise of Ms. N. Jayatilake and Mr. C. Subramanian.

Meetings

Four meetings of the Committee were held during the year.
The attendance of the members at these meetings is as follows:

Name of Director	Attendance and Meeting Dates				
	10/4/2025	9/7/2025	10/11/2025	30/1/2026	Total
Mr. Nissanka Weerasekera	✓	✓	✓	✓	4/4
Ms.Niloo Jayatilake	✓	✓	✓	✓	4/4
Mr. Chandrasekaran Subramanian	✓	✓	✓	✓	4/4
By Invitation					
Mr. Samrat Datta	✓	✓	✓	✓	4/4
Mr. Giridhar Hublisai	✓	✓			2/2
Mr. Gautam Sethi	✓	✓	✓	✓	4/4
Mr. Sridhar Swain		✓	✓	✓	3/3
Mr. Zubin Mehta				✓	1/1
Mr. Ashish Pathak		✓		✓	2/2

Mr. Samrat Datta, Area Director Sri Lanka and Maldives and Mr. Sridhar Swain / Mr.Giridhar Hubli Sai, Area Financial Controller Sri Lanka and Maldives/ Director of Finance – Taj Samudra attend the Audit committee meetings by invitation. The other officials of the Company attend the meetings by invitation on a need basis. The external auditors are present at the Audit Committee Meetings when matters pertaining to their functions come up for consideration.

Role of the Committee

The key purpose of the Audit Committee of TAL Lanka Hotels PLC is to assist the Board of Directors in fulfilling its responsibilities for;

1. The integrity of the Financial Statements in accordance with Sri Lanka Accounting Standards.
2. The Company's compliance with legal and regulatory requirements.
3. Ensuring the external auditor's independence.
4. The performance of the Company's internal audit functions in order to ensure that the Company's internal controls and risk management are adequate.
5. To make recommendations to the board pertaining to appointment, re-appointment and removal of external auditors and to approve the remuneration and terms of engagement of the external auditors.

Internal Audits

The Committee assess the effectiveness of the Internal Controls that have been designed to provide reasonable assurance to the Directors that assets are safeguarded and that the financial reporting system can be relied upon in preparation and presentation of Financial Statements. The function of Internal Audits is conducted by Messrs. PKF Sridhar & Santhanam LLP.

External Audits

The Committee meets the External Auditors at least once a year to review their findings, issues raised, as well as the effectiveness of the internal controls in place.

The Committee has recommended to the Board of Directors that Messrs. KPMG, Chartered Accountants, be re-appointed as the auditors of the Company for the financial year ending 31st March 2027, subject to the approval of the Shareholders at the Annual General Meeting. The Audit Committee is of the view that Messrs. KPMG, is an independent entity as per their declaration made to the Company and the Audit Committee concurs with their declaration.

Conclusion

The Audit Committee is of the view that adequate controls are in place to safeguard the Company's assets and that the financial position and the results disclosed in the Audited Financial Statements are free from any material misstatements.

Nissanka Weerasekera
Chairman
Audit Committee
15 th April 2026

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Related Party Transaction Review Committee (RPTRC) is appointed by the Board of Directors of TAL Lanka Hotels PLC in terms of the Listing Rules of the Colombo Stock Exchange on Related Party Transactions, as issued by the Securities and Exchange Commission of Sri Lanka (SEC).

Composition of the Committee

The committee comprises of the following three Non- Executive Independent Directors.

Mr. N. B. Weerasekera - Chairman

Ms. N. Jayatilake - Committee Member

Mr. C. Subramanian - Committee Member

Role of the Committee

The key duties of the committee;

- to develop a Related Party Transaction Policy as directed by the CSE and SEC and to recommend the adoption of same to the Board of Directors of the Company.
- to review in advance all related party transactions prior to the execution of the transaction,
- to update the Board of Directors on the related party transactions of each company of the Group,
- to make immediate market disclosures on applicable related party transactions, as required by Section 9 of the Continuing Listing Requirements of the CSE,
- to monitor all related party transactions of the entity which are transacted on normal commercial terms to make sure that they are not prejudicial to the interests of the entity and its minority shareholders.
- to make appropriate disclosures on Related Party Transactions in the Annual Report, as required by Section 9 of the Continuing Listing Requirements of the CSE

Meetings

Four meetings of the Committee were held during the year. The attendance of the members at these meetings is as follows:

Name of Director	Attendance and Meeting Dates				
	10/4/2025	9/7/2025	10/11/2025	30/1/2026	Total
Mr. Nissanka Weerasekera	✓	✓	✓	✓	4/4
Ms. Niloo Jayatilake	✓	✓	✓	✓	4/4
Mr. Chandrasekaran Subramanian	✓	✓	✓	✓	4/4
By Invitation					
Mr. Samrat Datta	✓	✓	✓	✓	4/4
Mr. Zubin Mehta				✓	1/1
Mr. Giridhar Hublisai	✓	✓			2/2
Mr. Gautam Sethi	✓	✓	✓	✓	4/4
Mr. Sridhar Swain		✓	✓	✓	3/3
Mr. Ashish Pathak		✓		✓	2/2

Disclosures

A detailed disclosure of the non-recurrent and recurrent related party transactions entered by the Company during the year under review are disclosed in Note 31.5 and 31.6 respectively to the financial statements given in page 73 of this report.

Declaration

It is declared affirmatively by the committee that the Company is in compliance with Rule 9 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions during the year under review.

Nissanka Weerasekera
Chairman
Related Party Transaction Review Committee
15th April 2026

REPORT OF THE REMUNERATION COMMITTEE

Composition of the Committee

The Remuneration Committee, appointed by the Board of Directors, currently consists of three Non- Executive Independent Directors as follows.

Mr. N. B. Weerasekera - Chairman

Ms. N. Jayatilake - Committee Member

Mr. C. Subramanian - Committee Member

The Remuneration Committee has been set up on 22nd December 2022 and will meet more often if required.

Role of the Committee

Its role is to make recommendations to the Board on the following.

- Remuneration policy and emoluments for certain Senior Executives.
- Employee benefits and long term incentive schemes.

Remuneration policy

The Company's remuneration policy is based on the following principles.

- To deliver improved shareholder value by ensuring that individual performance and rewards reflect and reinforce the business objectives of the Company.
- To support the recruitment, motivation and retention of highly qualified staff.
- To ensure that performance is the key factor in determining individual rewards.

The Committee is not responsible for setting the level of remuneration of Non-Executive Directors, which is determined by the Board.

Nissanka Weerasekera
Chairman
Remuneration Committee
15th April 2026

REPORT OF THE NOMINATIONS AND GOVERNANCE COMMITTEE

Composition of the Committee

The Nominations and Governance Committee, appointed by the Board of Directors, currently consists of three Non- Executive Independent Directors as follows.

Mr. N. B. Weerasekera - Chairman
Ms. N. Jayatilake - Committee Member
Mr. C. Subramanian - Committee Member

The Committee has been set up on 06th November 2023 and will meet more often if required.

Committee Duties

- The Nominations and Governance Committee evaluates and recommends the appointment of Directors to the Board and Committees considering the required skills, experience and qualifications necessary.

- Consider and recommend (or not recommend) the re- election of current directors considering the Board composition against pre-defined criteria on combined knowledge, experience, performance and contribution made by the Director to meet the strategic demands of the Company and the discharge of the Board's overall responsibilities and the number of directorships held by the Director in other listed and unlisted companies and other principle commitments.

- Establish and maintain a formal and transparent procedure to evaluate, select and appoint / re appoint Directors of the Company.

- Establish and maintain a set of criteria for selection of Directors such as academic / professional qualifications, skills, experience and key attributes required for eligibility taking into consideration the nature of the business of the Company and industry specific requirements.

- Establish and maintain a suitable process for the periodic evaluation of the performance of Board Directors of the Company to ensure their responsibilities are satisfactorily discharged.
- Consider if a Director is able to and has been adequately carrying out his or her duties as a Director, taking in to consideration the number of Listed Company Boards on which the Director is represented and other principal commitments.

- Develop succession plans for Board of Directors

- Review and recommend the overall corporate governance framework of the Company considering the Listing Rules and other applicable regulatory requirements and industry best practices. Review and update the corporate governance policies/ framework in line with regulatory and legal developments relating to same.

Nissanka Weerasekera
Chairman
Nominations and Governance Committee,
15th April 2026

INDEPENDENT AUDITOR'S REPORT

KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P.O. Box 186,
Colombo 00300, Sri Lanka.

Tel : +94 - 11 542 6426
Fax : +94 - 11 244 5872
+94 - 11 244 6058
Internet : www.kpmg.com/lk

TO THE SHAREHOLDERS OF TAL LANKA HOTELS PLC
Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of TAL Lanka Hotels PLC ("the Company"), which comprise the statement of financial position as at 31st March 2026, and the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information as set out on pages 33 to 85.

In our opinion, the accompanying financial statements of the Company give a true and fair view of the financial position of the Company as at 31st March 2026, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's financial statements of the current period. These matters were addressed in the context of our audit of the Company's financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

01. Management assessment of the Company's ability to continue as going concern

Refer Accounting Policies in Note 2.10 the financial statements

Risk Description	Our Audit Responses
The Company has reported net loss of Rs. 243,301,637/- during the year ended 31 March 2026 and as of that date, accumulated losses amounted to Rs. 4,371,806,347/-. Further, the Company's current liabilities exceeded its current assets by Rs. 1,898,003,356/- as at the reporting date. Further Company is having a serious loss of capital situation since the net assets are less than half of the stated capital as of 31 March 2026. In adopting the going concern basis of preparation of the financial statements, the directors have reviewed the Company's cash flow projections prepared by the management and letter of support provided by its immediate parent company, TAL Hotels & Resorts Limited, that confirms continuous financial support for the Company. The cash flow projections were based on management's assumptions and	Our audit procedures included • Obtaining and evaluating the appropriateness of management assessment of going concern. • Obtaining the Company's cash flow projections covering period of not less than twelve months from the reporting period end date and evaluating these key assumptions used in preparing the projections. • Obtaining a letter of support from the immediate parent company and evaluating their ability to provide the financial support in order to meet the liabilities of the Company as and when they fall due and payable. • Inspecting the facility agreements for the Company's long-term

Independent Auditor's Report (Contd.)

KPMG

Management assessment of the Company's ability to continue as going concern (Refer Accounting Policies in Note 2.10 to the financial statements.)	
Risk Description	**Our Audit Responses**
estimation of future cash inflows and outflows. We identified the management assessment of the Company's ability to continue as going concern as a key audit matter because the cash flow projections referred to above involve consideration of future events and circumstances which are inherently uncertain, and effect of those uncertainties may significantly impact the resulting accounting estimates. Therefore, the assessment requires the exercise of significant management judgement in assessing future cash inflows and outflows which could be subject to potential management bias.	loans to identify any financial covenants or similar terms and assessing the implication of these in the Company's liquidity. • Assessing the adequacy of disclosures in the financial statements in relation to the Company's ability to continue as going concern with reference to the requirements of the prevailing accounting standards.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual report but does not include the financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from

Independent Auditor's Report (Contd.)

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Report on Other Legal and Regulatory Requirements

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

However, it should be noted that the Company's net assets are less than half of the stated capital and therefore faces a serious loss of capital situation in terms of Section 220 of the Companies Act No. 07 of 2007.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2618.

CHARTERED ACCOUNTANTS
Colombo, Sri Lanka.
16th April 2026

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST MARCH,	Notes	2026 Rs.	2025 Rs.
Revenue	5	**3,703,712,401**	3,472,131,181
Direct cost		**(2,616,261,339)**	(2,545,571,486)
Gross profit		**1,087,451,062**	926,559,695
Other income	6	**10,433,898**	15,829,322
Marketing expenses		**(133,174,226)**	(136,053,158)
Administrative expenses		**(875,864,030)**	(857,270,122)
Profit / (Loss) from operations		**88,846,704**	(50,934,263)
Finance income	7.1	**1,174,906**	6,512,108
Finance expenses	7.2	**(407,907,115)**	(347,145,909)
Net finance expense	7	**(406,732,209)**	(340,633,801)
Loss before tax	8	**(317,885,505)**	(391,568,064)
Income tax benefit	9	**74,583,868**	63,724,655
Loss for the year		**(243,301,637)**	(327,843,409)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Re-measurement (loss) / gain on defined benefit liability	8.2.2	**(11,193,063)**	15,697,098
Equity investments at FVOCI - net change in fair value	14	**6,137,814**	5,448,627
Related tax	9.2	**1,516,575**	(6,343,718)
Other comprehensive (expense) / income for the year, net of tax		**(3,538,674)**	14,802,007
Total comprehensive expense for the year		**(246,840,311)**	(313,041,402)
Basic / Diluted loss per share	10	**(1.46)**	(2.35)

The Accounting Policies and Notes on Pages 38 to 85 form an integral part of these Financial Statements

Figures in brackets indicate deductions.

STATEMENT OF FINANCIAL POSITION

AS AT 31ST MARCH,	Notes	2026 Rs.	2025 Rs.
ASSETS			
Non - current assets			
Property, plant and equipment	11	3,125,754,225	3,263,280,165
Intangible assets	12	5,829,217	7,922,430
Right of use assets	13	712,311,747	725,502,699
Equity securities designated as at FVOCI	14	35,421,979	29,284,165
		3,879,317,168	4,025,989,459
Current assets			
Inventories	15	114,639,875	98,918,486
Trade and other receivables	16	173,455,702	156,222,478
Amounts receivable from related parties	17	913,383	1,714,433
Deposits, prepayments and advances	18	170,052,022	152,048,119
Current tax asset	9.7	21,043,798	16,019,335
Cash and cash equivalents	19	260,345,406	212,434,188
		740,450,186	637,357,039
Total assets		4,619,767,354	4,663,346,498
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	20	2,717,744,425	1,396,374,941
Revaluation reserve	21	1,009,132,701	1,134,952,197
Fair value reserve	22	14,933,921	10,637,451
Accumulated losses		(4,371,806,347)	(4,246,489,062)
		(629,995,300)	(1,704,524,473)

STATEMENT OF FINANCIAL POSITION (Contd.)

AS AT 31ST MARCH,	Notes	2026 Rs.	2025 Rs.
Non-current liabilities			
Loans and borrowings	23	**1,537,922,748**	3,239,806,313
Retirement benefit obligation	24	**137,223,889**	101,078,442
Deferred tax liability	9.6	**936,162,475**	1,012,262,918
		2,611,309,112	4,353,147,673
Current liabilities			
Trade and other payables	25	**985,014,816**	837,958,676
Amounts payable to related parties	26	**643,667,794**	463,188,533
Loans and borrowings	23	**852,208,968**	713,576,089
Bank overdraft	19	**157,561,964**	-
		2,638,453,542	2,014,723,298
Total liabilities		**5,249,762,654**	6,367,870,971
Total equity and liabilities		**4,619,767,354**	4,663,346,498

The Accounting Policies and Notes on Pages 38 to 85 form an integral part of these Financial Statements

I certify that these financial statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007.

Sridhar Swain
Director of Finance, Taj Samudra, Colombo

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 of Directors of TAL Lanka Hotels PLC.

Nissanka Weerasekera
Director

Niloo Jayatilake
Director

15th April 2026
Colombo

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST MARCH, 2026	Notes	Stated capital Rs.	Revaluation reserve Rs.	Fair value reserve Rs.	Accumulated losses Rs.	Total Rs.
Balance as at 01st April 2024		1,396,374,941	1,260,771,693	6,823,412	(4,055,453,117)	(1,391,483,071)
Total comprehensive expense for the year						
Loss for the year		-	-	-	(327,843,409)	(327,843,409)
Other comprehensive income						
Re-measurement gain on defined benefit liability, net of tax	9.2	-	-	-	10,987,968	10,987,968
Equity investments at FVOCI - net change in fair value, net of tax	9.2	-	-	3,814,039	-	3,814,039
Total other comprehensive income, net of tax		-	-	3,814,039	10,987,968	14,802,007
Total comprehensive expense for the year		-	-	3,814,039	(316,855,441)	(313,041,402)
Transfer of depreciation, net of deferred tax		-	(125,819,496)	-	125,819,496	-
Balance as at 31st March 2025		1,396,374,941	1,134,952,197	10,637,451	(4,246,489,062)	(1,704,524,473)
Balance as at 01st April 2025		1,396,374,941	1,134,952,197	10,637,451	(4,246,489,062)	(1,704,524,473)
Shares issued during the year	20.3	1,321,369,484	-	-	-	1,321,369,484
Total comprehensive expense for the year						
Loss for the year		-	-	-	(243,301,637)	(243,301,637)
Other comprehensive income						
Re-measurement loss on defined benefit liability, net of tax	9.2	-	-	-	(7,835,144)	(7,835,144)
Equity investments at FVOCI - net change in fair value, net of tax	9.2	-	-	4,296,470	-	4,296,470
Total other comprehensive expense, net of tax		-	-	4,296,470	(7,835,144)	(3,538,674)
Total comprehensive expense for the year		-	-	4,296,470	(251,136,781)	(246,840,311)
Transfer of depreciation, net of deferred tax		-	(125,819,496)	-	125,819,496	-
Balance as at 31st March 2026		2,717,744,425	1,009,132,701	14,933,921	(4,371,806,347)	(629,995,300)

The Accounting Policies and Notes on Pages 38 to 85 form an integral part of these Financial Statements

Figures in brackets indicate deductions.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST MARCH,	Notes	2026 Rs.	2025 Rs.
Cash flows from operating activities,			
Loss before tax		(317,885,505)	(391,568,064)
Adjustments for ;			
Gain on disposal of property, plant and equipment	6	(1,464,375)	(1,341,150)
Depreciation on property, plant and equipment	11	324,539,148	318,631,566
Amortisation of intangible asset	12	2,245,763	2,337,975
Amortisation of right of use assets	13	13,190,952	13,190,952
Provision for defined benefit plans	8.2.1	24,952,384	23,689,962
Impairment provision for trade and other receivables	16.1	4,584,029	1,216,339
Insurance claim on property, plant and equipment	6	(2,904,293)	(12,042,259)
Impairment provision for inventories	15.1	588,662	227,295
Interest income	7.1	(1,174,906)	(1,777,517)
Interest expense	7.2	220,027,900	347,145,909
Unrealised exchange loss / (gain)		152,630,181	(46,452,649)
Operating profit before working capital changes		419,329,940	253,258,359
(Increase) / decrease in inventories		(16,310,051)	13,955,826
Decrease in trade and other receivables		(21,817,253)	183,612,605
Decrease in amounts receivable from related companies		801,050	3,007,672
Increase in deposits, prepayments and advances		(18,003,903)	(45,079,713)
Increase in current tax asset		(5,024,463)	(4,450,701)
Increase in trade and other payables		147,056,140	96,037,591
Increase in amounts payable to related companies		180,479,261	142,934,705
Cash generated from operations		686,510,721	643,276,344
Interest paid		(228,277,533)	(267,147,338)
Net cash generated from operating activities		458,233,188	376,129,006
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		1,592,500	1,341,150
Insurance claim received on property, plant and equipment		2,904,293	12,042,259
Purchase of property, plant and equipment	11	(187,141,333)	(176,217,088)
Purchase of intangible assets	12	(152,550)	(5,943,916)
Interest received		1,174,906	1,777,517
Net cash used in investing activities		(181,622,184)	(167,000,078)
Cash flows from financing activities			
Borrowings obtained from related party	23.2	-	27,478,750
Bank loan obtained during the year	23.1	120,837,500	-
Bank loan repayments during the year	23.1	(507,099,250)	(275,785,726)
Net cash used in financing activities		(386,261,750)	(248,306,976)
Net decrease in cash and cash equivalents		(109,650,746)	(39,178,048)
Cash and cash equivalents at the beginning of the year		212,434,188	251,612,236
Cash and cash equivalents at the end of the year	19	102,783,442	212,434,188
Cash & cash equivalents at the end of the year			
Cash and cash equivalents	19	102,783,442	212,434,188
		102,783,442	212,434,188

The Accounting Policies and Notes on Pages 38 to 85 form an integral part of these Financial Statements

Figures in brackets indicate deductions.

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31ST MARCH 2026

1. CORPORATE INFORMATION

1.1. Reporting entity

TAL Lanka Hotels PLC (formerly known as Taj Lanka Hotels PLC) is a limited liability company domicile and incorporated in Sri Lanka in 1980 and listed on the Colombo Stock Exchange in 1982. The registered office and principal place of business is situated at No. 25, Galle Face Centre Road, Colombo 03.

1.2. Principal activities and nature of operations

TAL Lanka Hotels PLC is engaged in the hospitality trade. The Company owns the Taj Samudra Hotel located in Colombo.

1.3. Parent enterprise and Ultimate parent enterprise

The Company's immediate parent and ultimate parent is TAL Hotels & Resorts Limited, Hong Kong (formerly known as Taj Asia Limited) and Indian Hotels Company Limited respectively.

2. BASIS OF PREPARATION

2.1. Statement of compliance

Financial Statements of the Company have been prepared in accordance with the Sri Lanka Accounting Standards (the "Accounting Standards"), as issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). The Accounting Standards comprise:

- Sri Lanka Financial Reporting Standards (SLFRS);
- Sri Lanka Accounting Standards (LKAS);
- Statements of Recommended Practices (SoRPs);
- Statement of Alternate Treatment (SoATs); and
- Financial Reporting Guidelines issued by the CA Sri Lanka.

The Accounting Standards along with FAQs issued are available at the website of CA Sri Lanka www.casrilanka.com.

These Financial Statements, except for information on cash flows, have been prepared following accrual basis of accounting.

2.2. Statement of presentation

The Financial Statements of the Company have been presented in compliance with the requirements of the Companies Act No. 07 of 2007 and provide appropriate disclosures as required by the Listing Rules of the Colombo Stock Exchange.

2.3. Components of Financial Statements

These Financial Statements include the following components:

- a Statement of Profit or Loss and Other Comprehensive Income providing the information on the financial performance of the Company for the year under review.
- a Statement of Financial Position providing the information on the financial position of the Company as at the year-end.
- a Statement of Changes in Equity depicting all changes in shareholders' funds during the year under review of the Company.
- a Statement of Cash Flows providing the information to the users, on the ability of the Company to generate cash and cash equivalents and utilisation of those cash flows.
- Notes to the Financial Statements comprising Material accounting policies and other explanatory information.

2.4. Responsibilities for financial statements and approval of financial statements

The Board of directors are responsible for preparation and presentation of the financial statements of the Company as per the provision of Companies Act No. 07 of 2007 and Sri Lanka Accounting Standards. The directors' responsibility over financial statements for the year ended 31st March 2026 is set out in detail in the statement of directors' responsibility.

The financial statements of the Company for the year ended 31st March 2026 were authorized for issue in accordance with resolution of the Board of Directors on 15th April 2026.

2.5. Basis of preparation

The financial statements of the Company have been prepared on the historical cost basis, except for the following material items in the Statement of Financial Position.

Category	Items	Basis of measurement	Note
Assets	Financial instrument measured at fair value through other comprehensive income	Measured at fair value	14
	Building	Measured at cost at the time of acquisition and subsequently at revalued amounts which are the fair values at the date of revaluation	11
Liabilities	Retirement benefit obligations	Measured at the present value of the defined benefit obligation	24

2.6. Functional and Presentation Currency

Items included in the Financial Statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). Accordingly, these Financial Statements are presented in Sri Lankan Rupees (LKR), the Company's functional and presentation currency.

>>> ACCOUNTING POLICIES
FOR THE YEAR ENDED 31ST MARCH 2026

There was no change in the Company's presentation and functional currency during the year under review.

2.7. Materiality and aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard – LKAS 1 on 'Presentation of Financial Statements' and amendments to the LKAS 1 on 'Disclosure Initiative'.

Notes to the Financial Statements are presented in a systematic manner which ensures the understandability and comparability of Financial Statements of the Company. Understandability of the Financial Statements is not compromised by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

2.8. Use of estimates and judgments

The preparation of the financial statements in conformity with LKAS/SLFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in amounts recognised in the Financial Statements included in following notes.

Critical accounting assumptions and estimation uncertainties	Note
Fair value of buildings	2.8.1
Useful lifetime of the property, plant, and equipment	2.8.2
Impairment on non-financial assets	3.2.4.2
Measurement of defined benefit obligation: key actuarial assumptions	2.8.3
Provisions for liabilities, commitments, and contingencies	2.8.4
Impairment measurement of financial assets: determination of inputs into the ECL measurement model, including key assumptions and incorporation of forward-looking information	3.2.4.1
Income tax expense and deferred tax liability	3.16
Going concern basis	2.10

2.8.1. Fair value of buildings

The Company measures buildings at revalued amounts with changes in fair value being recognised in Equity through Other Comprehensive Income (OCI). Valuations are performed every five years to ensure that the fair value of a revalued asset does not differ materially from it carrying amount. The Company engages independent professional valuer Mr. P. B Kalugalagedara, Chartered Valuation Surveyor to assess fair value of buildings in terms of Sri Lanka Accounting Standard on "Fair Value Measurement" (SLFRS13). Based on the valuation techniques and inputs used, building was classified at level 3 in the fair value hierarchy.

The valuation techniques, significant unobservable inputs, key assumptions used to determine the fair value of the building, and sensitivity analysis are provided in Note 11.8 and 11.9.

>>> ACCOUNTING POLICIES
FOR THE YEAR ENDED 31ST MARCH 2026

2.8.2. Useful lifetime of the property, plant, and equipment

The Company reviews the residual values, useful lives, and methods of depreciation of property, plant, and equipment at each reporting date. Judgement of the Management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty. Refer Note 3.4.4 for more details.

2.8.3. Measurement of defined benefit obligation

The cost of defined benefit obligation is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases and mortality rates, etc. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Refer Note 24.4 for the assumptions used to determine defined benefit obligations. Sensitivity analysis to key assumptions is disclosed in Note 24.7.

2.8.4. Provisions for liabilities and contingencies

Management has made judgments as to the likelihood of any claim succeeding in making provisions. The time of concluding legal claims is uncertain, as is the amount of possible outflow of economic benefits. Timing and cost ultimately depend on the due process in respective legal jurisdictions. Refer Note 30.

2.9. Measurement of fair values

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

The Company regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, Company assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SLFRS, including the level in the fair value hierarchy in which such valuations should be classified. When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

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

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

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

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

2.10. Going Concern

The Company has reported net loss of Rs. 243,301,637/- during the year ended 31 March 2026 (31 March 2025: 327,843,409/-) and as of that date, accumulated losses amounted to Rs. 4,371,806,347/- (31 March 2025: Rs. 4,246,489,062/-). Further, the Company's current liabilities exceeded its current assets by Rs. 1,898,003,356/- (31 March 2025: LKR 1,377,366,259/-) as at the reporting date. Further Company is having a serious loss of capital situation since the net assets are less than half of the stated capital as of 31 March 2026.

Notwithstanding this, the Financial Statements have been prepared on the going concern basis due to reliance on a letter of support, dated 2nd April 2026, provided by the Directors of TAL Hotels and resort Limited, the Immediate Parent Company. Through this letter of support the Directors of TAL Hotels and Resorts Limited:

- Acknowledges that there are no current plans for the payables to be called for a minimum period of 12 months from the date of signing the Company's 31 March 2026 financial statements, however, should they be called within the 12 months period referred to above, payments will only be required to the extent that they do not impact the entity's ability to meet its financial obligations as and when they fall due and payable.

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- Confirm providing financial support to the Company to ensure it can pay its debts as and when they fall due and payable. This undertaking is provided for a minimum of 12 months period from the date of signing the Financial Statements for the period ended 31 March 2026.

Apart from reliance on parent support, Management in assessing the appropriateness of the use of going concern basis of accounting in the preparation of financial statements has conducted a comprehensive review of the Company's affairs including, but not limited to:

- The cash flow forecast of the Company for the period up to next 12 months.

- The Company's ability of settling the statutory payables and other liabilities when they fall due and payable.

- Revenue and profitability forecasts for the Company for not only the next financial year, but beyond 31 March 2027.

Further, based on the Company's assessment of the sources of funding available to the Company and strategies to improve performance and the financial position management believes it will be able to generate profits in future as a result of adding new facilities, renovation of restaurants and promotion campaign carried out during the year. Moreover, the Board of Directors have no plans to liquidate the Company or cease operations in the near future.

In view of the above, the Management continue to have a reasonable expectation that the Company has adequate resources to continue in operations for at least the next 12 months that the going concern basis of accounting remains appropriate.

2.11. Rounding

The amounts in the Financial Statements have been rounded-off to the nearest rupees, except where otherwise indicated as permitted by the Sri Lanka Accounting Standard - LKAS 1 on 'Presentation of Financial Statements'.

3. MATERIAL ACCOUNTING POLICIES

The Company has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise.
The Company did not have any changes to its accounting policies from those applied in the financial statements as at and for the year ended 31 March 2025.

3.1. Foreign currency

3.1.1. Foreign currency transactions

In preparing the Financial Statements, transactions in currencies other than the entity's functional currency (foreign currency) are recorded in the functional currency (i.e. Sri Lanka Rupees) using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to Sri Lanka Rupees at the foreign exchange rate prevailing as at the reporting date.

Non-monetary assets and liabilities which are stated at historical cost denominated in foreign currencies are translated to Sri Lanka Rupees at the exchange rate prevailing at the dates of the transactions. Non-monetary assets & liabilities that are stated at fair value denominated in foreign currencies are translated to Sri Lanka Rupees at the exchange rate prevailing at the dates that the values were determined.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences which are recognized in other comprehensive income.

3.2. Financial instruments

3.2.1. Recognition and initial measurement

Trade receivable and debt securities issues are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company become a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

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Financial Assets

3.2.2. Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI – equity investment.

Financial assets are not reclassified subsequent to their initial recognition unless the Company change its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL.

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets classified under amortised cost includes trade and other receivable, amount due from related party and cash and cash equivalents.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets – Business model assessment

The Company make an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;

- How the performance of the portfolio is evaluated and reported to the Company's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectation about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial Assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purpose of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value for money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs. (e.g. liquidity risk and administrative costs), as well as a profit margin,

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company consider the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual cash flow such that it would not meet this condition. In marking this assessment, the Company consider:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable-rate features;
- Prepayment and extension features; and
- Terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

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A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – subsequent measurement and gains and losses:

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Equity invest-ments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

3.2.3. Derecognition

3.2.3.1. Financial asset

The Company derecognize a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred in which the Company neither transfer nor retain substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enter into transactions whereby they transfer assets recognized in its statement of financial position but retain either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

3.2.3.2. Financial liabilities

The Company derecognize a financial liability when its contractual obligation are discharged or cancelled, or expire. The Company derecognize a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

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3.2.4.Impairment

3.2.4.1. Non-derivative financial assets

Financial instruments and contract assets

The Company recognises allowances for expected credit losses (ECLs) on financial assets measured at amortized cost. Loss allowances for trade receivables is always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or

- the financial asset is more than 180 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 180 days past due;
- The restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- It is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market or a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

3.2.4.2. Non-financial assets

The carrying amount of the Company's non-financial assets other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, or when annual impairment testing for an asset is required, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

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. An impairment loss is recognized 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.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its estimated recoverable amount.

Impairment losses are recognized in Profit or Loss. Impairment losses recognized in respect of CGUs are

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allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.3. Stated capital

Ordinary shares

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are approved.

3.4. Property, plant and equipment

3.4.1. Recognition and measurement

Property, Plant, and Equipment are recognized if it is probable that future economic benefits associated with the asset will flow to the Company and the cost can be reliably measured.

All property, plant and equipment are initially recorded at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour and any other costs directly attributable to bringing the assets to a working condition for their intended use.
If a significant part of an item of property, plant and equipment has different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

3.4.2. Subsequent Measurement

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which those are incurred.

Buildings are subsequently shown in the statement of financial position at market value, based on valuations done by external independent valuers, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair value at the end of reporting date every 5 years.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in the carrying amount arising on the revaluation is charged to profit or loss to the extent that the loss exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset. Each year the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost is transferred from revaluation reserve to retained earnings/ accumulated losses.

All other classes of assets included under property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

3.4.3. Subsequent cost

Subsequent cost is capitalized only if is probable that the future economic benefits associated with the expenditure will flow to the Company. The costs of day-to-day servicing of property, plant and equipment is recognized in profit or loss as incurred.

3.4.4. Depreciation

Depreciation is charged to profit or loss so as to write off the cost or valuation of assets, over the estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in such estimates accounted for prospectively.

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The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows;

	No of Years
Landscaping	93 years from 1987
Buildings	3 - 40
Hotel equipment	1 - 10
Plant, machinery and equipment	1 – 10
Hotel furniture and fittings	1 – 10
Office furniture and equipment	5 – 10
Motor vehicle	4

Depreciation of an asset begins when it is available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use.

Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.4.5. Derecognition

An item of property, plant and equipment is derecognized upon disposal of or when no future economic benefits are expected from its use or disposal. The gains or losses arising on derecognition (disposal or retirement) of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and are recognized net within 'other income' in the Statement of profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

3.4.6. Capital work-in-progress

Capital work-in-progress represents the accumulated cost of materials and other costs directly related to the construction of an asset. Capital work-in- progress is transferred to the respective asset accounts at the time it is substantially completed and ready for its intended use.

3.5. Right to use Assets

3.5.1. Recognition

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in SLFRS 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative standalone prices.

However, for the leases of property, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

3.5.2. ROU assets

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The Company applies the cost model for the subsequent measurement of the ROU asset and accordingly, the right-of use asset is depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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3.5.2.1. Depreciation expenses

Depreciation expenses has been charged to income statement under other operating and administration expenses.

3.5.3.Lease Liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension, or termination option or if there is a revised in-substance fixed lease payment.

3.5.3.1. Interest expenses on lease liabilities

Interest expense is calculated by using the effective interest rate method and is recognised as finance expenses in the Income Statement.

3.5.4.Presentation of ROU asset and lease liabilities

The Company presents right-of-use assets that do not meet the definition of investment property in separate line as 'Right-of-use assets' and There is no lease liability at the end of the reporting date.

3.5.5.Short term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.6. Intangible assets

3.6.1.Recognition and measurement

An Intangible Asset is recognised if it is probable that future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably. Software acquired by the Company is stated at cost less accumulated amortisation and accumulated impairment losses.

Expenditure on internally developed software is recognised as an asset when the Company is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software and capitalised borrowing costs and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment.

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3.6.2.Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, are recognized in profit or loss as incurred.

3.6.3.Amortization

Amortization is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life of software is five years.

The estimated useful lives for the current and comparative years are as follows;

	No of Years
Software licenses	5

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.6.4.Derecognition

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognized in profit or loss when the asset is derecognized.

3.7. Inventories

Inventories are measured at the lower of cost and net releasable value. The cost of inventories is based on a weighted average principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

3.8. Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call 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.

3.9. Employee retirement benefits

3.9.1.Short-term employee benefits

The costs of all short-term employee benefits (that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service) are recognised during the period in which the employee renders the related service. The accruals for employee entitlements to benefits such as salaries, bonuses and annual leave represent the amounts which the Company has a present obligation to pay as a result of the employee's services and the obligation can be measured reliably. The accruals have been calculated at undiscounted amounts based on current salary levels at the reporting date.

3.9.2.Defined contribution plans - employees' Provident fund and employees' trust fund

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the profit or loss as in the periods during which services are rendered by employees.
All employees of the Company are members of the Employees' Provident Fund and the Employees Trust Fund, to which the Company contributes 12% and 3% respectively of such employees' basic or consolidated wage or salary.

3.9.3.Defined benefit plans

The Company has a Gratuity Cash Accumulation Policy with Life Insurance Corporation (Lanka) Limited to cover its employee's gratuity liability. The Defined Benefit Plans are administrated by LIC (Lanka) covering its employees. When an employee retires or exits from the Company, LIC (Lanka) Ltd will pay his/ her Gratuity to the employee on the date of payment of gratuity/exit. Gratuity of the employee is guaranteed for the past service of the employee subject to the available fund balance with them as contributed by the Company.

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One of the salient features of the policy is that in the event of any unfortunate death of an employee during his/her employment with the company, LIC (Lanka) will pay the applicable gratuity for the pending years of service of the employee with the Company from its own fund against a payment of a nominal premium by considering the future balance period of service of the employee.

The Defined Benefit Obligation recognized in the statement of financial position represents the present value of the Defined Benefit Obligation as reduced by the fair value of plan assets.

However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of five years of continued service. Liabilities are computed on the basis of half a month's salary for each year of completed service. The Company's obligations under the said Act is determined based on an actuarial valuation using the projected unit credit method carried out by a professional actuary.

Remeasurements of the defined benefit liability, which comprise actuarial gains and losses, are recognised immediately in OCI. The Company determines the interest expense on the defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then defined benefit liability, taking into account any changes in the defined benefit liability during the period as a result of benefit payments. Interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

3.9.4. Termination benefits

Termination benefits are recognized as an expense when the Company is demonstrably committed, without a realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

3.10. Borrowings

Bank and other borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. They are subsequently measured at amortised cost. Finance charges, including the transaction costs and any discount or premium on issue, are recognised in the profit or loss using the effective interest rate method.

Borrowings are classified as non-current when the repayment date is more than 12 months from the period-end date or where they are drawn on a facility with more than 12 months to expiry.

3.10.1. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset that normally takes a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time the assets are substantially ready for their intended use or sale. Income earned from temporarily investing specific borrowings pending their expenditure on a qualifying asset is deducted from the borrowing costs eligible to be added to the carrying amount. All other borrowing costs are recognized in profit or loss in the year in which they are incurred.

3.11. Provisions

Provisions are recognised when the Company has a binding present obligation. This may be either legal because it derives from a contract, legislation or other operation of law, or constructive because the Company created valid expectations on the part of third parties by accepting certain responsibilities. To record such an obligation, it must be probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation. The amount recognized as a provision and the indicated time range of the outflow of economic benefits are the best estimate (most probable outcome) of the expenditure required to settle the present obligation at the reporting date, considering the risks and uncertainties surrounding the obligation. Non-current provisions are discounted if the impact is material.

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3.12. Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation.

A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company. The Company does not recognize contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain. In the acquisition of subsidiaries by the Company under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date, irrespective of the extent of any minority interest.

Statement of Profit or Loss and Other Comprehensive Income

3.13. Revenue recognition

3.13.1. Revenue from contracts with Customers

SLFRS 15 established a Comprehensive framework for determining how much and when revenue is recognised. Revenue is measured based on the Consideration specified in a Contract with a Customer. The Company revenue is recognised when a Customer obtain control of the goods or Service.

Revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognition will not occur.

Type of service	Nature and timing of the satisfaction of performance obligation
Provision of accommodation	The main obligation in the customer contract is to provide rooms for guest's accommodation. This is represented in the Room Revenue reported in the financial statements. Revenue under this segment is recognised on the rooms occupied on a daily basis over the period of the stay. Invoice is raised to customer on completion of the duration of the stay.
Provision of Food and beverage	The following services are rendered under this performance obligation: i) Provision of BB/HB/FB meal for guests occupying the hotels which is part and partial of the contract entered into. Revenue is recognized at the time of sale and invoice to the customers on the completion of the duration of the stay. ii) Provision of extra food and beverages Revenue is recognised at the time of sale and invoice to the customers at the time of consumption.
Provision of Laundry, Telephone, Water sports, etc	These services are provided to customers as they are implied as business practices in the industry and create a valid expectation of the customer. Revenue is recognised at the time of provision of service and invoice is raised at the time of service is consumed.

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3.13.2. Other revenue

- Rent and shop income represents the rental income arising from renting space on the hotel premises. All revenue is recognised on a straight-line basis over the term of hire.

3.14. Expenditure recognition

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

For the purpose of presentation in profit or loss, the "function of expenses" method has been adopted, on the basis that it presents fairly the elements of the Company's performance.

3.15. Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance expenses comprise interest expense on borrowings classified as debt. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in income statement using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

3.16. Income tax expense

Income tax expense comprises both current and deferred tax. Income tax expense is recognized in income statement except to the extent that it relates to items recognized directly in equity, in which case is recognized in the statement of comprehensive income or statement of changes in equity, in which case it is recognized directly in the respective statements.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

3.16.1. Current taxation

Current Tax expenses are accounted in the same period to which the revenue and expenses relate. Provision for current income tax is made for the tax liability payable on taxable income after considering tax allowances, deductions and exemptions determined in accordance with the provisions of the Inland Revenue Act No 24 of 2017 and subsequent amendments.

3.16.2. Deferred taxation

Deferred Tax is recognised by providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred Tax is not recognised for, temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary difference to the extent that it is probable that future taxable profit will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary difference is insufficient to recognised a differed tax asset in full, then future taxable profits, adjusted for reversal of existing temporary differences, are considered, based on the business plans. Differed 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 realised; such reduction is reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates in enacted or substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities

3.16.3. Tax exposures

In determining the amount of current and deferred tax, the Company considers the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events.

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New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact the tax expense in the period that such a determination is made.

3.17. Related Party Transactions

Disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies decisions of the other, irrespective of whether a price is charged.

3.18. Segment reporting

A segment is a distinguishable component engaged in providing services and that is subject to risks and returns that are different to those of other segments. The Company does not have distinguishable components to be identified as a segment as all operations are treated as one segment.

3.19. Statement of cash flows

Cash flows are reported using the indirect method, whereby profit/ (loss) before tax is adjusted for the effects of transactions of noncash nature and any deferrals or accruals of past or future cash receipts or payments, as stipulated in LKAS 7- statement of cash flows. Cash flows for the year are classified by operating, investing and financing activities Cash and cash equivalents comprise of cash in hand, cash at bank and bank overdrafts.

3.20. Earnings Per Share

The Company presents basic Earnings Per Share (EPS) based on profit or loss attributable to the ordinary shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

4. NEW STANDARDS AND CHANGES TO ACCOUNTING STANDARDS NOT EFFECTIVE AS AT THE REPORTING DATE

A number of new standards are effective for annual periods beginning on or after 1 January 2026 and earlier application is permitted. However, the Company has not early adopted the new or amended standards in preparing these financial statements.

IFRS 18 Presentation and Disclosure in Financial Statement

IFRS 18 will replace IAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

General requirements for disclosure of sustainability related financial information (SLFRS S1) and climate related disclosures (SLFRS S2)

In June 2023 the International Sustainability Standards Board (ISSB) released its first two sustainability disclosure standards, IFRS S1 and IFRS S2. During the year, CA Sri Lanka issued the localised standards based on these IFRSs designated as SLFRS S1 SLFRS S2. These standards will become effective for the Company from 1 April 2026. No financial impact is expected on the Company except for additional disclosures.

NOTES TO THE FINANCIAL STATEMENTS

5. REVENUE

5.1 Revenue streams

The Company generates revenue primarily from provision of accommodation, food and beverages and other related services to customers. Other sources of revenue include income from renting the hotel spaces to provide other value added services to customers.

FOR THE YEAR ENDED 31ST MARCH	2026 Rs.	2025 Rs.
Revenue from contracts with customers	3,621,378,832	3,398,453,065
Other revenue		
- Rent income	82,333,569	73,678,116
Total Revenue	3,703,712,401	3,472,131,181

5.2 Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by major products and service lines and timing of revenue recognition.

	For The Year Ended 31 st March,	2026 Rs.	2025 Rs.
a.	Major products/service lines		
	Accommodation	1,926,141,911	1,748,878,180
	Food & beverage	1,598,081,003	1,566,760,241
	Banquet income	54,147,386	50,459,873
	Laundry revenue	22,555,940	19,396,032
	Telephone charges income	37,359	112,102
	Other Sources of Revenue	20,415,233	12,846,637
	Total Revenue from Contracts with Customers	3,621,378,832	3,398,453,065
b.	Timing of revenue recognition		
	Revenue recognised at a point in time	1,695,236,921	1,649,574,885
	Revenue recognised over time	1,926,141,911	1,748,878,180
	Total Revenue from Contracts with Customers	3,621,378,832	3,398,453,065
	Other revenue	82,333,569	73,678,116
	Revenue as reported in Note 5.1	3,703,712,401	3,472,131,181

5.3 Contract balances

The contract liabilities primarily relate to the advance consideration received from customers for future stay in hotels, for which revenue is recognised over the time. The following table provides information about receivables and contract liabilities from contracts with customers.

As at 31st March,	Note	2026 Rs.	2025 Rs.
Trade receivables	16	173,455,702	156,222,478
Contract liabilities	25	(73,946,432)	(44,420,425)
		99,509,270	111,802,053

6. OTHER INCOME

	2026	2025
Gain on disposal of property, plant and equipment	1,464,375	1,341,150
Dividend income	-	1,436,956
Promotional and sponsorship income	2,572,614	-
Insurance claims received	2,904,293	12,042,259
Other income from scrap sale	3,492,616	1,008,957
	10,433,898	15,829,322

NOTES TO THE FINANCIAL STATEMENTS

	FOR THE YEAR ENDED 31ST MARCH,	Notes	2026 Rs.	2025 Rs.
7.	NET FINANCE EXPENSE			
7.1	**Finance Income**			
	Interest income		1,174,906	1,777,517
	Net exchange gain		-	4,734,591
			1,174,906	6,512,108
7.2	**Finance Expense**			
	Interest expenses on bank borrowings		180,116,849	238,420,300
	Interest expenses on bank overdraft		11,742,395	-
	Interest expenses on intercompany borrowings		28,168,656	108,725,609
	Net exchange loss		187,879,215	-
			407,907,115	347,145,909
	Net finance expense		406,732,209	340,633,801
8.	LOSS BEFORE TAX			
	Loss before tax for the year is stated after charging all expenses including the following :			
	Directors fees		3,094,602	3,023,055
	Auditors' remuneration		1,601,500	1,455,900
	Depreciation on property, plant and equipment	11	324,539,148	318,631,566
	Amortisation of intangible assets	12	2,245,763	2,337,975
	Amortisation of right of use assets	13	13,190,952	13,190,952
	Management fee		172,976,382	153,986,461
	Legal fees		2,467,138	1,230,569
	Impairment provision for inventories	15.1	588,662	227,295
	Impairment provision for trade and other receivables	16.1	4,584,029	1,216,339
	Staff related costs	8.1	1,111,214,785	1,097,790,402
8.1	**Staff costs**			
	Salary cost and Other benefit		1,001,963,205	1,018,961,433
	Defined benefit plans	8.2.1	24,952,384	23,689,962
	Defined contribution plans		84,299,196	55,139,007
			1,111,214,785	1,097,790,402

NOTES TO THE FINANCIAL STATEMENTS

	FOR THE YEAR ENDED 31ST MARCH,	Notes	2026 Rs.	2025 Rs.
8.2	Defined benefit plan cost			
8.2.1	Amount recognized in Statement of Profit or Loss			
	Current service cost		13,833,755	12,286,979
	Interest cost on RBO		17,389,602	19,590,729
	Return on plan assets		(6,270,973)	(8,187,746)
			24,952,384	23,689,962
8.2.2	Amount recognized in other comprehensive income			
	Actuarial (gain)/loss on retirement benefit obligation		10,548,204	(16,769,924)
	Remeasurements of plan assets		644,859	1,072,826
			11,193,063	(15,697,098)
9.	INCOME TAX BENEFIT			
9.1	Amount recognised in Profit or Loss			
	Current tax expense			
	Tax on current year profit	9.3	-	-
			-	-
	Deferred tax expense			
	Reversal of temporary differences	9.6.2	(74,583,868)	(63,724,655)
			(74,583,868)	(63,724,655)
	Total income tax benefit recognised in Profit or Loss		(74,583,868)	(63,724,655)

9.2 Amounts recognised in OCI

	For the year ended 31st March 2026			For the year ended 31st March 2025		
Items that will not be reclassified to profit or loss	Before Tax	Tax (expense)/ benefit	Net of Tax	Before Tax	Tax (expense)	Net of Tax
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Remeasurements of defined benefit liability	(11,193,063)	3,357,919	(7,835,144)	15,697,098	(4,709,130)	10,987,968
Equity investments at FVOCI - net change in fair value	6,137,814	(1,841,344)	4,296,470	5,448,627	(1,634,588)	3,814,039
Total income tax recognised in OCI	(5,055,249)	1,516,575	(3,538,674)	21,145,725	(6,343,718)	14,802,007

NOTES TO THE FINANCIAL STATEMENTS

9. INCOME TAX (BENEFIT) (CONTD.)

9.3 Reconcilation of accounting loss to taxable income

FOR THE YEAR ENDED 31ST MARCH,	2026 Rs.	2025 Rs.
Accounting loss before tax	(317,885,505)	(391,568,064)
Other sources of income / exempt income	(1,174,906)	(3,214,473)
Aggregate disallowed expenses	582,226,081	737,759,323
Aggregate allowable deductions	(116,827,435)	(111,529,260)
Assessable income from business	146,338,235	231,447,526
Tax losses claimed during the year	(146,338,235)	(231,447,526)
Taxable income	-	-
Tax on current year profits	-	-

9.4 Tax Losses Carried Forward

Tax losses brought forward	1,400,465,267	2,020,791,275
Adjustments to prior year tax losses brought forward	21,719,430	5,395,956
Losses expired during the year	-	(394,274,438)
Tax losses claimed during the year	(146,338,235)	(231,447,526)
Tax Losses carried forward	1,275,846,462	1,400,465,267

9.5 Applicable Rates of Income Tax

TAL Lanka Hotels PLC, being a Company engaged in the promotion of tourism is liable for tax at a standard rate of 30% in terms of the Inland Revenue Act No. 24 of 2017 and its amendments thereto.

AS AT 31ST MARCH,	2026 Rs.	2025 Rs.
9.6 DEFERRED TAX LIABILITY		
Deferred tax assets	(68,089,496)	(57,678,455)
Deferred tax liabilities	1,004,251,971	1,069,941,373
Net Deferred Tax Liability	936,162,475	1,012,262,918

9.6.1 Analysis of recognised deferred tax assets / liabilities in the Statement of Financial Position

As at 31st March,	2026		2025	
	Temporary difference	Tax effect	Temporary difference	Tax effect
	Rs.	Rs.	Rs.	Rs.
Deferred tax assets on,				
Impairment provision for inventory	12,179,081	3,653,724	11,590,419	3,477,126
Impairment provision for trade receivables	18,331,683	5,499,505	13,747,654	4,124,296
Retirement benefit obligation	196,454,224	58,936,267	166,923,442	50,077,033
	226,964,988	68,089,496	192,261,515	57,678,455
Deferred tax liabilities on,				
Property, plant and equipment	2,613,860,643	784,158,193	2,825,772,178	847,731,653
Right to use land	712,311,747	213,693,524	725,502,699	217,650,810
Financial assets measured at FVOCI	21,334,179	6,400,254	15,196,365	4,558,910
	3,347,506,569	1,004,251,971	3,566,471,242	1,069,941,373
Net recognised deferred tax liability	3,120,541,581	936,162,475	3,374,209,727	1,012,262,918

NOTES TO THE FINANCIAL STATEMENTS

9.6 DEFERRED TAX LIABILITY (CONTD.)

9.6.2 Movement of deferred tax assets and liabilities

As at 31st March 2026

	Balance at 1 April 2025	Recognized/ (Reversal) in P & L	Recognised in OCI	Balance at 31 March 2026
	Rs.	Rs.	Rs.	Rs.
Property, plant and equipment	847,731,653	(63,573,460)	-	784,158,193
Right to use land	217,650,810	(3,957,286)	-	213,693,524
Impairment provision for inventory	(3,477,126)	(176,598)	-	(3,653,724)
Impairment provision for trade receivables	(4,124,296)	(1,375,209)	-	(5,499,505)
Retirement benefit obligation	(50,077,033)	(5,501,315)	(3,357,919)	(58,936,267)
Financial assets measured at FVOCI	4,558,910	-	1,841,344	6,400,254
	1,012,262,918	(74,583,868)	(1,516,575)	936,162,475

As at 31st March 2025

	Balance at 1 April 2024	Recognized/ (Reversal) in P & L	Recognised / (Reversal) in OCI	Balance at 31 March 2025
	Rs.	Rs.	Rs.	Rs.
Property, plant and equipment	916,774,514	(69,042,861)	-	847,731,653
Right to use land Revalued	207,523,247	10,127,563	-	217,650,810
Impairment provision for inventory	(3,408,938)	(68,188)	-	(3,477,126)
Impairment provision for trade receivables	(3,759,395)	(364,901)	-	(4,124,296)
Retirement benefit obligation	(50,409,895)	(4,376,268)	4,709,130	(50,077,033)
Financial assets measured at FVOCI	2,924,322	-	1,634,588	4,558,910
	1,069,643,855	(63,724,655)	6,343,718	1,012,262,918

9.6.3 Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Company can use the benefits therefrom.

As at 31st March,	2026		2025	
	Gross Amount	Tax effect	Gross Amount	Tax effect
	Rs.	Rs.	Rs.	Rs.
Carried forward tax losses	1,275,846,462	382,753,939	1,400,465,267	420,139,580
	1,275,846,462	382,753,939	1,400,465,267	420,139,580

NOTES TO THE FINANCIAL STATEMENTS

9.6 DEFERRED TAX LIABILITY (CONTD.)

9.6.4 Tax losses carried forward

Tax losses for which no deferred tax asset was recognised expire as follows.

	2026 Rs.	Expiry date	2025 Rs.	Expiry date
Expire	1,275,846,462	2027 - 2029	1,400,465,267	2027 - 2029

9.6.5 Applicable income tax rates as per the Department of Inland Revenue

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes based on the provision of the Inland Revenue Act No. 24 of 2017 and its amendments thereto. The deferred tax liability is calculated at the rate of 30% (2024/2025-30%) for the Company as at 31 March 2026.

9.7 CURRENT TAX ASSETS

As at 31st March,	2026 Rs.	2025 Rs.
Withholding tax recoverable	21,043,798	16,019,335
	21,043,798	16,019,335

10. LOSS PER SHARE

10.1 Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to the shareholders by the weighted average number of ordinary shares in issue during the year.

For the Year ended 31st March	2026	2025
Loss attributable to shareholders (Rs.)	(243,301,637)	(327,843,409)
Weighted average number of shares in issue during the year (Nos.)	166,494,597	139,637,494
Basic loss per share	(1.46)	(2.35)

10.1.1 Weighted average number of shares in issue during the year

Opening number of ordinary shares	139,637,494	139,637,494
Weighted average number of ordinary shares in issue during the year	26,857,103	-
Closing Weighted average number of ordinary shares	166,494,597	139,637,494

On 2 June 2025, the Company raised additional share capital of Rs. 1,321,369,484 by issuing 32,228,524 ordinary shares through a private placement, via the capitalisation of amounts due to its major shareholders, TAL Hotels and Resorts Limited and IHOCO B.V.

10.2 Diluted loss per share

The calculation of diluted loss per share has been based on the loss attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

There were no potential dilutive ordinary shares outstanding of any time during the year. Therefore, diluted loss per share is the same as Basic loss per share above.

NOTES TO THE FINANCIAL STATEMENTS

11. PROPERTY, PLANT AND EQUIPMENT

AS AT 31ST MARCH 2025	Landscaping Rs.	Buildings Rs.	Plant & machinery Rs.	Hotel equipment Rs.	Hotel furniture & fittings Rs.	Office furniture & equipment Rs.	Motor vehicle Rs.	Capital work in progress Rs.	Total Rs.
Opening net book value	5,920,271	2,977,352,057	274,659,914	44,298,391	29,722,923	21,395,281	-	52,345,806	3,405,694,643
Additions during the year	-	-	79,717,003	8,670,310	10,676,792	1,810,100	-	75,342,883	176,217,088
Transfer from CWIP	-	116,640,680	4,009,025	-	7,038,984	-	-	(127,688,689)	-
Disposals during the year									
- Cost	-	-	(5,258,035)	-	-	(6,083,265)	-	-	(11,341,300)
- Accumulated depreciation	-	-	5,258,035	-	-	6,083,265	-	-	11,341,300
Depreciation charge for the year	(96,588)	(229,143,138)	(53,757,674)	(19,551,135)	(13,386,125)	(2,696,906)	-	-	(318,631,566)
Carrying value	5,823,683	2,864,849,599	304,628,268	33,417,566	34,052,574	20,508,475	-	-	3,263,280,165
As at 31st March 2025									
Cost / valuation	8,982,586	3,551,939,258	776,894,542	371,858,505	866,873,774	52,467,156	13,000,000	-	5,642,015,821
Accumulated depreciation	(3,158,903)	(687,089,659)	(472,266,274)	(338,440,939)	(832,821,200)	(31,958,681)	(13,000,000)	-	(2,378,735,656)
Carrying value	5,823,683	2,864,849,599	304,628,268	33,417,566	34,052,574	20,508,475	-	-	3,263,280,165

NOTES TO THE FINANCIAL STATEMENTS

11. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

AS AT 31ST MARCH 2026	Landscaping Rs.	Buildings Rs.	Plant & machinery Rs.	Hotel equipment Rs.	Hotel furniture & fittings Rs.	Office furniture & equipment Rs.	Motor vehicle Rs.	Capital work in progress Rs.	Total Rs.
Opening net book value	5,823,683	2,864,849,599	304,628,268	33,417,566	34,052,574	20,508,475	-	-	3,263,280,165
Additions during the year	-	1,127,215	25,975,738	-	4,719,502	3,789,804	-	151,529,074	187,141,333
Transfer / reclassification	1,253,538	40,866,574	65,047,127	-	28,020,409	2,878,036	-	(138,065,684)	-
Disposals during the year									
- Cost	-	-	-	-	(3,208,148)	(79,594)	-	-	(3,287,742)
- Accumulated depreciation	-	-	-	-	3,080,023	79,594	-	-	3,159,617
Depreciation charge for the year	(110,055)	(234,625,240)	(74,036,104)	-	(13,165,195)	(2,602,554)	-	-	(324,539,148)
Carrying value	**6,967,166**	**2,672,218,148**	**321,615,029**	**33,417,566**	**53,499,165**	**24,573,761**	-	**13,463,390**	**3,125,754,225**
As at 31st March 2026									
Cost / valuation	10,236,124	3,593,933,047	867,917,407	371,858,505	896,405,537	59,055,402	13,000,000	13,463,390	5,825,869,412
Accumulated depreciation	(3,268,958)	(921,714,899)	(546,302,378)	(338,440,939)	(842,906,372)	(34,481,641)	(13,000,000)	-	(2,700,115,187)
Carrying value	**6,967,166**	**2,672,218,148**	**321,615,029**	**33,417,566**	**53,499,165**	**24,573,761**	-	**13,463,390**	**3,125,754,225**

NOTES TO THE FINANCIAL STATEMENTS

11. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

11.1 Property, plant and equipment under construction

Capital work in progress represents the amount of expenditure recognised under property, plant and equipment during the renovation of Crystal building and Fire hydrant system.

11.2 Title restriction on property, plant and equipment

There are no restrictions that existed on the title of the PPE of the Company as at the reporting date except assets disclosed under note 11.6.

11.3 Acquisition of property, plant and equipment during the year

During the financial year, the Company acquired PPE to the aggregate value of Rs. 187.14 million (2024/2025 - Rs. 176.22 million) by means of cash.

11.4 Capitalisation of borrowing cost

There were no capitalised borrowing costs related to the acquisition of property, plant and equipment during the year 2025/2026 (2024/2025 – Nil).

11.5 Temporarily Idle property, plant and equipment

There are no temporarily idle property, plant or equipment as at the reporting date. (2024/2025 - Nil)

11.6 Property, plant and equipment pledged as security for liabilities

The value of the property, plant and equipment pledged as security against borrowings are disclosed in Note 28.

11.7 Valuation of Property, Plant and Equipment

The Company uses the revaluation model of measurement for buildings. The Company engaged P. B. Kalugalagedera & Associates, an accredited independent valuer, to determine the fair value of its buildings. Fair value is determined by reference to Direct capital comparison method. Valuations are based on open market rates, adjusted for any difference in the nature, location or condition of the specific property. The date of the most recent valuation was 31 March 2022. Further, there is no significant change in the fair value as at 31 March 2026.

11. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

11.8 The details of freehold buildings which are stated at valuation are as follows,

Location	No of Buildings	Square Feet	Method of Valuation	Effective date of Valuation	Name of the Independent Valuer	Revalued Amount	Net Book Value before revaluation	Revaluation Gain
Building								
No 25, Galle Face Centre Road, Colombo - 03	2	472,630	Direct capital comparison method	31-03-2022	Mr. P. B. Kalugalagedara Chartered Valuation Surveyor No.521/7, Thimbirigasyaya Road, Colombo 5.	3,429,179,000	2,782,917,510	646,261,490

11.9 Fair value measurement

(a) Fair value hierarchy

The fair value of the Building was determined by an external independent property valuer, having appropriate recognized professional qualifications and experience in the category of the property being valued. The valuer provides the fair value of the property. Based on the valuation techniques used it has been classified under Level 3 in fair value hierarchy.

(b) Valuation techniques and significant unobservable inputs used in measuring fair value

The following table shows the valuation techniques used in measuring fair value, as well as the significant unobservable inputs used.

Valuation techniques	Significant unobservable inputs	Range of Estimates for unobservable inputs	Interrelationship between key unobservable inputs & fair value measurements
Direct capital comparison method The valuation method considers the cost of producing substitute property with equal utility, by calculating the current cost of replacing the subject improvements and subtracting an approximate amount for depreciation.	Estimated constructed cost per square feet	Rs. 4,000 - Rs. 9,500 (Estimated Price per Square Foot)	Positive correlation sensitivity Estimated fair value would increase/ (decrease) if price per Square Foot would increase / (decrease).

NOTES TO THE FINANCIAL STATEMENTS

11. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

11.10 If Buildings were stated on the historical cost basis, their net book amounts would be as follows :

AS AT 31ST MARCH,	2026 Rs.	2025 Rs.
Cost	2,531,433,628	2,489,439,839
Accumulated depreciation	(2,055,361,311)	(1,960,231,233)
Carrying value	476,072,317	529,208,606

12. INTANGIBLE ASSETS

Cost		
Balance at the beginning of the year	37,782,994	31,839,078
Addition during the year	152,550	5,943,916
Balance at the end of the year	37,935,544	37,782,994
Accumulated amortization		
Balance at the beginning of the year	29,860,564	27,522,589
Amortization during the year	2,245,763	2,337,975
Balance at the end of the year	32,106,327	29,860,564
Carrying value as at 31st March	5,829,217	7,922,430

13. RIGHT OF USE ASSETS

Valuation	1,204,004,800	1,204,004,800
Accumulated amortisation		
Balance at the beginning of the year	478,502,101	465,311,149
Amortisation during the year	13,190,952	13,190,952
Balance at the end of the year	491,693,053	478,502,101
Carrying value as at 31st March	712,311,747	725,502,699

13.1 If the leasehold land was stated at historical cost, the net book value would be as follows :

Leasehold land		
Cost	83,000,000	83,000,000
Accumulated depreciation	(37,727,273)	(36,888,889)
Carrying value	45,272,727	46,111,111

Right of use assets is the land which the hotel (Taj Samudra Colombo) is located. The leasehold land is on a 99 years long term lease agreement entered with the Urban Development Authority, Sri Lanka, which commenced from 9 April 1981 and is being amortised on a straight line basis over a lease period.

13.2 Details of right of use assets

Property	Land extent (in acres)	Lease period	2026 Rs.	2025 Rs.
TAL Lanka Hotels PLC	11A 2R 07.94P	99 years from 9 April 1981	712,311,747	725,502,699

NOTES TO THE FINANCIAL STATEMENTS

	AS AT 31ST MARCH,	2026 Rs.	2025 Rs.
14.	EQUITY SECURITIES DESIGNATED AS AT FVOCI		
	Balance as at the beginning of the year	**29,284,165**	23,835,538
	Fair value gain on investments	6,137,814	5,448,627
	Balance as at the end of the year	35,421,979	29,284,165

14.1 Investment in ordinary shares of Lanka Island Resorts Ltd

The Company designated the investments shown above as equity securities at FVOCI because these equity securities represent investments that the Company intends to hold for the long term for strategic purposes. No strategic investments were disposed of during the year 2025/2026, and there were no transfers to any cumulative gain or loss within the equity relating to these investments.

The investment in ordinary shares of Lanka Island Resorts Ltd has been measured at fair value on a net assets value (Rs. 25.14/- per share) basis and the fair value gain has been classified as fair value reserve. Dividend received during the year is nil. (2024/2025 - Rs. 1,436,956/-).

	AS AT 31ST MARCH,	Note	2026 Rs.	2025 Rs.
15.	INVENTORIES			
	Food, beverages and tobacco		**61,522,498**	56,446,142
	Engineering items		**4,771,503**	2,688,095
	Other consumables		**60,524,955**	51,374,668
			126,818,956	110,508,905
	Impairment provision for inventories	15.1	**(12,179,081)**	(11,590,419)
			114,639,875	98,918,486
15.1	Impairment provision for inventories			
	Balance at the beginning of the year		**11,590,419**	11,363,124
	Impairment provision during the year		**588,662**	227,295
	Balance at the end of the year		**12,179,081**	11,590,419
16.	TRADE AND OTHER RECEIVABLES			
	Trade receivables		**189,959,086**	168,141,833
	Impairment Provision for trade receivables	16.1	**(16,503,384)**	(11,919,355)
			173,455,702	156,222,478
	Other receivables		**1,828,299**	1,828,299
	Impairment Provision for Other receivables	16.1	**(1,828,299)**	(1,828,299)
			-	-
			173,455,702	156,222,478

NOTES TO THE FINANCIAL STATEMENTS

16. TRADE AND OTHER RECEIVABLES (CONTD.)

	AS AT 31ST MARCH,	Note	2026 Rs.	2025 Rs.
16.1	Impairment provision for trade and other receivables			
	Balance at the beginning of the year		13,747,654	12,531,315
	Impairment Provision recognized during the year - Trade Receivables		4,584,029	1,216,339
	Balance at the end of the year		18,331,683	13,747,654
17.	AMOUNTS RECEIVABLE FROM RELATED PARTIES			
	Taj MG Road, Bengaluru		32,135	32,135
	Vivantha Colombo Airport Garden Hotel		106,602	266,562
	Ideal Ice Limited		-	16,025
	Taj Coral Reef Resort & Spa		63,750	-
	Vivanta Bengalaru Residency Road		308,200	308,200
	Lanka Island Resorts Limited		402,696	1,091,511
			913,383	1,714,433
18.	DEPOSITS, PREPAYMENTS AND ADVANCES			
	Deposits		43,373,350	42,069,390
	Prepayments		40,230,558	34,585,049
	Advances	18.1	86,448,114	75,393,680
			170,052,022	152,048,119

18.1 The Company has recorded Supplier Advances, Staff Advances and festival Advances under the Advances.

	AS AT 31ST MARCH,	Note	2026 Rs.	2025 Rs.
19.	CASH AND CASH EQUIVALENTS			
	Cash at bank		256,635,942	187,159,278
	Cheques in hand		-	1,572,522
	Cash in hand - Main cash		1,780,613	21,322,798
	- Petty cash		1,928,851	2,379,590
			260,345,406	212,434,188
	Bank overdraft		(157,561,964)	-
	Cash and cash equivalents in the statement of cash flows		102,783,442	212,434,188

NOTES TO THE FINANCIAL STATEMENTS

	AS AT 31ST MARCH,	Note	2026 Rs.	2025 Rs.
20.	STATED CAPITAL			
	Issued and fully paid			
	Ordinary shares		2,717,744,425	1,396,374,941
20.1	Movement in Stated capital			
	Balance at the beginning of the year		1,396,374,941	1,396,374,941
	Shares issued during the year	20.3	1,321,369,484	-
	Balance at the end of the year		2,717,744,425	1,396,374,941
20.2	Movement in Ordinary shares			
	No of Shares at the beginning of the year		139,637,494	139,637,494
	Shares issued during the year	20.3	32,228,524	-
	No of Shares at the end of the year		171,866,018	139,637,494

20.3 Shares issued during the year

On 2 June 2025, the Company raised additional share capital of Rs. 1,321,369,484 by issuing 32,228,524 ordinary shares through a private placement, via the capitalisation of amounts due to its major shareholders, TAL Hotels and Resorts Limited and IHOCO B.V.

Rights of ordinary shareholders

The shares of TAL Lanka Hotels PLC are quoted in the Colombo Stock Exchange. All issued shares are fully paid. All shares issued carry equal voting rights. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at the meetings of the Company.

	AS AT 31ST MARCH,	Note	2026 Rs.	2025 Rs.
21.	REVALUATION RESERVE			
	Balance at the beginning of year		1,134,952,197	1,260,771,693
	Depreciation transfer during the year		(125,819,496)	(125,819,496)
	Balance at the end of year		1,009,132,701	1,134,952,197

Nature and purpose of fair value reserve

The revaluation reserve relates to free hold building which has been revalued by the Company. On revaluation of an asset, any increase in the carrying amount is recognised in revaluation reserve in equity through OCI or used to reverse a previous loss on revaluation of the same asset, which was charged to the Income Statement. Any balance remaining in the revaluation reserve in respect of an asset, is transferred directly to retained earnings on retirement or disposal of the asset.

NOTES TO THE FINANCIAL STATEMENTS

	AS AT 31ST MARCH,	Note	2026 Rs.	2025 Rs.
22.	FAIR VALUE RESERVE			
	Balance at the beginning of year		10,637,451	6,823,412
	Changes in fair value	14	6,137,814	5,448,627
	Deferred tax relating to changes in fair value	9.6.2	(1,841,344)	(1,634,588)
	Balance at the end of year		14,933,921	10,637,451

Nature and purpose of fair value reserve

This represents the cumulative net change in fair value of equity securities designated at FVOCI until the investments are derecognized.

	AS AT 31ST MARCH,	Note	2026 Rs.	2025 Rs.
23.	LOANS AND BORROWINGS			
	Current			
	Bank borrowings	23.1	666,547,732	517,373,862
	Related party borrowings	23.2	185,661,236	196,202,227
			852,208,968	713,576,089
	Non-current			
	Bank borrowings	23.1	1,508,106,998	1,900,206,019
	Related party borrowings	23.2	29,815,750	1,339,600,294
			1,537,922,748	3,239,806,313
	Total borrowings		2,390,131,716	3,953,382,402
23.1	Movement in bank loans and borrowings			
	Balance at the beginning of the year		2,408,442,798	2,715,125,541
	Loan obtained during the year		120,837,500	-
	Loan repayments during the year		(507,099,250)	(275,785,726)
	Effect of movement in exchange rates		145,141,512	(30,897,017)
	Balance at the end of the year		2,167,322,560	2,408,442,798
	Interest payable on loan		7,332,170	9,137,083
	Total Loans as at 31 March		2,174,654,730	2,417,579,881
	Current		666,547,732	517,373,862
	Non-current		1,508,106,998	1,900,206,019
	Total Loans as at 31 March		2,174,654,730	2,417,579,881

NOTES TO THE FINANCIAL STATEMENTS

23. LOANS AND BORROWINGS (CONTD.)

23.1.1 Analysed by lending institution

Institution	Borrowing terms	Balance as at 31 March 2026 Rs.	Balance as at 31 March 2025 Rs.
Hatton National Bank PLC	**Term loan USD 9,845,600** The loan is repayable in 60 monthly installments. The monthly repayments commenced from April 2023. Interest is 01 M USD LIBOR + 3.6% (monthly review).	2,041,782,560	2,368,222,360
Hatton National Bank PLC	**Interest capitalised loan USD 919,851.44** The loan is repayable in 28 monthly installments. The monthly repayments commenced from April 2023. Interest is 01 M USD LIBOR + 3.6% (monthly review).	-	40,220,438
Hatton National Bank PLC	**Term loan USD 400,000** Facility to be repaid over a period of 60 months inclusive of an initial capital grace period of 18 months. Interest is 01 M USD SOFR + 3% (monthly review).	125,540,000	-
	Interest payable on bank loan	7,332,170	9,137,083
		2,174,654,730	2,417,579,881

AS AT 31 MARCH,	Note	2026 Rs.	2025 Rs.
23.2 Movement in Loans And Borrowings - Related party borrowings			
Balance at the beginning of the year		1,343,696,565	1,330,931,186
Loans received during the year		-	27,478,750
Settlement through issue of shares	20.3	(1,321,369,484)	-
Effect of movement in exchange rates		7,488,669	(14,713,371)
Balance at the end of the year		29,815,750	1,343,696,565
Interest payable on loan		185,661,236	192,105,956
Total Loans as at 31 March		215,476,986	1,535,802,521
Current		185,661,236	196,202,227
Non-current		29,815,750	1,339,600,294
Total Loans as at 31 March		215,476,986	1,535,802,521

NOTES TO THE FINANCIAL STATEMENTS

23. LONS AND BORROWINGS (CONTD.)

23.2.1 Analysed by lending institution

Institution	Loan amount	Borrowing terms	Balance as at 31st March 2026 Rs.	Balance as at 31st March 2025 Rs.
TAL Hotels and Resorts Limited	USD 699,962	03 M USD SOFR + 3.71%	-	206,033,815
	USD 700,000	03 M USD SOFR + 3.71%	-	206,045,000
	USD 250,000	03 M USD SOFR + 3.71%	-	73,587,500
	USD 500,000	03 M USD SOFR + 3.71%	-	147,175,000
	USD 500,000	03 M USD SOFR + 3.71%	-	147,175,000
	USD 1,000,000	03 M USD SOFR + 3.71%	-	294,350,000
	USD 95,000	03 M USD SOFR + 3.71%	**29,815,750**	27,963,250
	Interest payable on loan		**185,661,236**	151,016,939
	Payment Term Initially for a period of 3 years from date of first draw down and renewable thereafter. Bullet repayment at the end of the term or, if renewed, at the end of the renewal period.		**215,476,986**	1,253,346,504
IHOCO BV	USD 395,000	03 M USD SOFR + 3.71%	-	116,268,250
IHOCO BV	USD 425,000	03 M USD SOFR + 3.71%	-	125,098,750
	Interest payable on loan		-	41,089,017
	Payment Term Initially for a period of 3 years from date of first draw down and renewable thereafter. Bullet repayment at the end of the term or if renewed, at the end of the renewal period.		-	282,456,017
			215,476,986	1,535,802,521

23.3 Reconciliation of movements of liabilities to cash flows arising from financing activities

	Bank overdrafts Rs.	Loans and borrowings Rs.	Total Rs.
Balance at 1 April 2025		3,953,382,402	**3,953,382,402**
Changes from financing cash flows	-		
Proceeds from loans and borrowings		120,837,500	**120,837,500**
Repayment of borrowings	-	(507,099,250)	**(507,099,250)**
Total changes from financing cash flows	-	(386,261,750)	**(386,261,750)**
The effect of changes in foreign exchange rates	-	152,630,181	**152,630,181**
Other changes -Liability-related			
Change in bank overdraft	157,561,964	-	**157,561,964**
Interest expense	-	208,285,505	**208,285,505**
Interest paid	-	(216,535,138)	**(216,535,138)**
Loan conversion to equity		(1,321,369,484)	**(1,321,369,484)**
Total liability-related other changes	**157,561,964**	**(1,329,619,117)**	**(1,172,057,153)**
Balance at 31 March 2026	**157,561,964**	**2,390,131,716**	**2,547,693,680**

NOTES TO THE FINANCIAL STATEMENTS

	AS AT 31ST MARCH,	Note	2026 Rs.	2025 Rs.
24.	RETIREMENT BENEFIT OBLIGATIONS			
24.1	Net retirement benefit obligation			
	Present value of defined benefit obligation	24.2	196,454,224	166,923,442
	Fair value of plan assets	24.3	(59,230,335)	(65,845,000)
	Net retirement benefit obligation as at 31st March		137,223,889	101,078,442
24.2	Movement of the retirement benefit obligation			
	Balance at the beginning of year		166,923,442	168,032,981
	Amount recognised in Statement of Profit or Loss			
	- Current service cost		13,833,755	12,286,979
	- Interest cost		17,389,602	19,590,729
			31,223,357	31,877,708
	Amount recognized in other comprehensive income			
	- Actuarial gain arising from financial assumptions		(2,769,724)	(3,330,735)
	- Actuarial gain arising from demographic assumptions		-	(12,555,221)
	- Actuarial loss/(gain) arising from experience adjustment		13,317,928	(883,968)
			10,548,204	(16,769,924)
	Benefit payments during the year			
	- Regular benefit payments from the fund during the year		(17,672,311)	(16,217,323)
			(17,672,311)	(16,217,323)
	Transfers from related company		5,431,532	-
	Balance at the end of year		196,454,224	166,923,442
24.3	Movement of the plan asset			
	Balance at the beginning of year		65,845,000	74,947,403
	Benefit paid by the plan		(17,672,311)	(16,217,323)
	Transfers from related Company		5,431,532	-
	Net interest on plan assets		6,270,973	8,187,746
	Remeasurement of plan assets		(644,859)	(1,072,826)
	Balance at the end of year		59,230,335	65,845,000

The provision for retirement benefits obligations as at 31 March 2026 is based on the actuarial valuation carried out by an independent professional valuer, Messer's Navin V Iyer, Fellow, Institute of Actuaries of India, using "Projected Unit Credit" (PUC) method, the method recommended by the Sri Lanka Accounting Standard – LKAS 19 on "Employee Benefits".

Retirement benefit obligation of TAL Lanka Hotels PLC is partly funded externally through an employees' group gratuity plan at Life Insurance Corporation (Lanka) Limited.

NOTES TO THE FINANCIAL STATEMENTS

24. RETIREMENT BENEFIT OBLIGATIONS

24.4 The principal assumptions used for this purpose are as follows :

	2026	2025
Discount rate per annum	11.26%	11.00%
Annual salary increment rate	6.00%	6.00%
Staff turnover	5.00%	5.00%
Retirement age	60 years	60 years
Weighted average retirement age	10.78 years	7.39 years

Assumption regarding future mortality are based on A67-70 Mortality table, issued the Institute of Actuaries, London, United Kingdom.

A Long term treasury bond rate 11.26% p.a. (2024/2025 - 11.00%) was used to discount future liabilities taking in to considerate remaining working life of employees.

24.5 Maturity analysis of the payments

The following payments are expected on employee benefit liabilities in future years from the fund as follows,

As at 31st March,	2026 Rs.	2025 Rs.
1st following year	26,321,331	12,506,714
2nd following year	17,181,407	13,926,980
3rd following year	27,755,133	13,128,683
4th following year	17,067,736	24,650,035
5th following year	29,701,793	28,271,795
Sum of years 6 to 10	147,048,281	125,277,062
Years 11 and above	178,162,783	184,417,996

24.6 The composition of Plan Assets

Major categories of Plan Assets as follows,

Insurer-managed funds	100%	100%

24.7 Sensitivity of assumptions used in actuarial valuation

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

As at 31st March,	2026 Rs.	2025 Rs.
Project benefit obligation on current assumption	196,454,224	166,923,442
Effect of +1% change in discount rate	(10,229,813)	(9,856,994)
Effect of -1% change in discount rate	11,271,385	10,914,247
Effect of +1% change in salary growth rate	11,743,066	11,344,791
Effect of -1% change in salary growth rate	(10,809,117)	(10,391,040)

NOTES TO THE FINANCIAL STATEMENTS

	AS AT 31ST MARCH,	2026 Rs.	2025 Rs.
25.	TRADE AND OTHER PAYABLES		
	Trade payables	520,201,831	411,545,878
	Social security and other taxes payable	63,935,370	56,377,932
	Accrued expenses	164,618,256	171,227,908
	Advance received from customers	73,946,432	44,420,425
	Other payables	162,312,927	154,386,533
		985,014,816	837,958,676
26.	AMOUNTS PAYABLE TO RELATED PARTIES		
	Ginger Mumbai, Airport	-	13,815
	Taj The Trees - Mumbai	-	271,142
	Vivanta Jamshedpur - Mumbai	-	579,518
	The Indian Hotels Company Limited (Taj Holiday Villege Resort & Spa)	136,794	-
	The Indian Hotels Company Limited (Taj Connemara, Chennai)	76,667	-
	Oriental Hotels Limited (Vivanta By Taj - Surya, Coimba)	756,867	-
	The Indian Hotels Company Limited (Taj Usha Kiran Palace, Gwalior)	2,045,914	-
	The Indian Hotels Company Limited (Taj Lands end Mumbai)	218,392	1,224,685
	The Indian Hotels Company Limited (Taj West end)	848,573	848,573
	TAJ Exotica Maldives Resort (Pvt) Limited	1,463,645	1,343,422
	The Indian Hotels Company Limited	80,789,181	47,592,249
	TAL Hotels and Resorts Limited	557,331,761	411,315,129
		643,667,794	463,188,533

27. EVENTS AFTER THE REPORTING PERIOD

There have been no events occurring after the reporting date that require adjustments to or disclosure in the Financial Statements.

28. ASSETS PLEDGED AS SECURITY

The following assets have been pledged as security for the borrowings :

Nature of assets	Nature of liability	Value of pledged assets as at 31st March 2026 Rs.	2025 Rs.	Included under
All machinery and equipment, leasehold land, buildings, fixtures and fittings	Primary concurrent mortgage against loans obtained from HNB and interest thereon and	5,825,869,412	5,642,015,821	Property, plant and equipment
Leases hold land and building	Overdraft facility	712,311,747	725,502,699	Leasehold property

NOTES TO THE FINANCIAL STATEMENTS

29. COMMITMENTS

Capital commitments

The following commitment for capital expenditure approved by the directors as at 31 March 2026 have not been provided for in the financial statements.

Amount Approved but not incurred LKR 38,906,761

30. CONTINGENT LIABILITIES

30.1 Pending litigations

There were no contingent liabilities outstanding at the reporting date, except for pending litigation in relation to:

a) The writ application (759/2010) filed by the Company challenging, inter alia, the decision taken by Colombo Municipal Council to levy license fees equivalent to 1% of the total annual turnover as a pre-condition to the issue of the Annual Trade License for the years 2008, 2009 and 2010 in respect of the restaurant operated at hotel premises. Judgment was delivered on 19 September 2019 dismissing the application with costs. The matter has been appealed to the Supreme Court and the same is pending.

b) There are fifteen cases filed by the Colombo Municipal Council at the Maligakanda Magistrate Court for operating a restaurant without obtaining a requisite license in the 2010 (14148/M), 2011 (15619/M), 2012 (18608/M), 2013 (28129/14), 2014 (16019/15), 2015 (15737/16), 2016 (15725/17), 2017 (15588/18), 2018 (15264/19), 2019 (5216/20), 2020 (7572/21), 2021 (11758/22), 2022 (23068/23), 2023 (39382/24) and 2024 (33061/25).

All cases, apart from the one filed for 2024 (33061/25) have concluded in the Magistrate's Court with the Hon. Magistrate holding against the Company and fining the Company LKR 100/-, for each case, which fine has been paid, as of date. The cases filed for 2024 (33061/25) by the Colombo Municipal Council on the basis that the Company operated a restaurant in the year 2024 at its premises without obtaining a requisite license in terms of by-law No. 3 of the By-laws of Colombo Municipal Council relating to eating at houses published in the Government Gazette bearing No. 13,354 dated 19 October 1962. The matter is fixed for trial on 04 May 2026.

30.2 Bank guarantee

As at 31st March,

	Purpose	2026 Rs.	2025 Rs.
Airport and Aviation Services	Security deposit for rental	4,393,231	4,393,231

31. RELATED PARTY DISCLOSURES

31.1 Parent and ultimate controlling party

The Company's parent company is TAL Hotels & Resorts Limited, Hong Kong (formerly known as Taj Asia Limited).

NOTES TO THE FINANCIAL STATEMENTS

31.2 Key Management Personnel

Related Parties include Key Management Personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the company. Key Management Personnel include members of the Board of Directors of the Company. The directors during the year are as follows :

Mr. P. S. Verma

Mr. B. K. Chaudhary

Mr. R. K. Chaudhary

Mr. S. Datta

Mr. P. Sengupta

Mr. N. Shome

Mr. N. B Weerasekera

Ms. N. Jayatilake

Mr. C. Subramanian

31.3 Key Management Personnel compensation

For The Year ended 31 March	2026 Rs.	2025 Rs.
Directors fees	3,094,602	3,023,055

31.4 Related party transactions

Related Company	Relationship	Nature of Transactions	Net transactions during the year	Balance as at 31st March 2026	Balance as at 31st March 2025
			Debit/(Credit) Rs.	Debit/(Credit) Rs.	Debit/(Credit) Rs.
Taj The Trees - Mumbai	Group Company	Settlement of expenses	271,142	-	(271,142)
Vivanta Jamshedpur - Mumbai	Group Company	Settlement of expenses	579,518	-	(579,518)
Taj MG Road, Bengaluru	Group Company	Reimbursement expenses	-	32,135	32,135
Ideal Ice Limited	Group Company	Settlement of expenses	(16,025)	-	16,025
Vivanta Bengalaru Residency Road	Group Company	Reimbursement expenses	-	308,200	308,200

NOTES TO THE FINANCIAL STATEMENTS

31. RELATED PARTY DISCLOSURES (CONTD.)

Related Company	Relationship	Nature of Transactions	Net transactions during the year	Balance as at 31st March 2026	Balance as at 31st March 2025
			Debit/(Credit) Rs.	Debit/(Credit) Rs.	Debit/(Credit) Rs.
The Indian Hotels Co. Ltd	Parent Company	Reimbursement expenses Re Charged expenses	8,134,098 (41,331,030)	(80,789,181)	(47,592,249)
Lanka Island Resorts Ltd	Group Company	Reimbursement expenses Re charged expenses Settlement of dues	2,519,817 (825,026) (2,383,606)	402,696	1,091,511
TAJ Exotica Maldives Resort (Pvt) Limited	Group Company	Reimbursement expenses Re Charged expenses	(307,512) 187,289	(1,463,645)	(1,343,422)
TAJ Coral Reef & Spa (Pvt) Limited	Group Company	Reimbursement expenses Re charged expenses	187,289 (123,539)	63,750	-
Vivantha Colombo Airport Garden Hotel	Group Company	Reimbursement expenses Re charged expenses Settlement of expenses	5,101,422 (7,008,990) 1,747,608	106,602	266,562
TAL Hotels and Resorts Limited	Parent Company	Management fee Reimbursement Expenses Settlement of expenses Settlement through issue of shares Interest expense on loan Exchange difference	(172,976,382) (2,133,347) 29,093,097 1,078,968,552 (23,421,980) (17,677,054)	(557,331,761) (215,476,986)	(411,315,129) (1,253,346,504)
IHOCO B.V	Group Company	Settlement through issue of shares Interest expense on loan Interest paid on loan Exchange difference	242,400,939 (4,746,674) 46,892,783 (2,091,031)	-	(282,456,017)
The Indian Hotels Co. Ltd (Taj Lands end Mumbai)	Group Company	Reimbursement expenses	1,006,293	(218,392)	(1,224,685)
The Indian Hotels Co. Ltd (Taj West end)	Group Company	Reimbursement Expenses	-	(848,573)	(848,573)
The Indian Hotels Company Limited (Taj Holiday Village Resort & Spa)	Group Company	Re charged expenses	(136,794)	136,794	-
The Indian Hotels Company Limited (Taj Connemara, Chennai)	Group Company	Re charged expenses	(76,667)	76,667	-
Oriental Hotels Limited (Vivanta By Taj - Surya, Coimba)	Group Company	Re charged expenses	(756,867)	756,867	-
The Indian Hotels Company Limited (Taj Usha Kiran Palace, Gwalior)	Group Company	Re charged expenses	(2,045,914)	2,045,914	-

Transactions with related parties are carried out in the ordinary course of business have been reviewed and approved by the Related Party Transaction Review Committee of the Company. All these transactions were entered into with these related parties on an arm's length basis under normal commercial terms & conditions. There are no related parties or related party transactions other than those in note 17, 23 and 26 in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31. RELATED PARTY DISCLOSURES (CONTD.)

31.5 Non-recurrent related party transactions

There were non-recurrent related party transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the Company as per 31 March 2025 audited financial statements, which required additional disclosures in the 2026 Annual Report.

Name of the Related Party	Relationship	The rationale for entering into the transaction	Value of the related party transactions (Rs.)	Value of the related party transactions as a % of equity	Value of the related party transactions as a %of total Assets
TAL Hotels and Resorts Limited	Parent Company	Settlement through issue of shares	1,078,968,552	63%	23%
IHOCO B.V	Group Company	Settlement through issue of shares	242,400,939	14%	5%

31.6 Recurrent related party transactions

There were no recurrent related party transactions which in aggregate value exceeds 10% of the gross revenue of the Company as per 31 March 2025 audited financial Statements, which required additional disclosures in the 2026 Annual Report.

32. FINANCIAL INSTRUMENTS

32.1 Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

As at 31st March 2026

	Note	FVOCI – equity instruments Rs.	Financial assets at amortised cost Rs.	Other financial liabilities Rs.	Total carrying amount Rs.	Fair value Rs.
Financial assets measured at fair value						
Investments in equity securities	14	35,421,979	-	-	35,421,979	35,421,979
Financial assets not measured at fair value						
Trade and other receivables	16	-	173,455,702	-	173,455,702	-
Amounts due from related parties	17	-	913,383	-	913,383	-
Deposits	18	-	43,373,350	-	43,373,350	-
Cash and cash equivalents	19	-	260,345,406	-	260,345,406	-
Total financial assets		35,421,979	478,087,841	-	513,509,820	35,421,979

NOTES TO THE FINANCIAL STATEMENTS

32. FINANCIAL INSTRUMENTS (CONTD.)

32.1 Accounting classifications and fair values

As at 31st March 2026

	Note	FVOCI – equity instruments	Financial assets at amortised cost	Other financial liabilities	Total carrying amount	Fair value
		Rs.	Rs.	Rs.	Rs.	Rs.
Financial liabilities not measured at fair value						
Loans and borrowings	23	-	-	2,390,131,716	2,390,131,716	-
Trade and other payables	25	-	-	756,461,190	756,461,190	-
Amounts payable to related parties	26	-	-	643,667,794	643,667,794	-
Bank overdraft	19	-	-	157,561,964	157,561,964	-
Total financial liabilities		-	-	3,947,822,664	3,947,822,664	-

As at 31st March 2025

	Note	FVOCI – equity instruments	Financial assets at amortised cost	Other financial liabilities	Total carrying amount	Fair value
Financial assets measured at fair value						
Investments in equity securities	14	29,284,165	-	-	29,284,165	29,284,165
Financial assets not measured at fair value						
Trade and other receivables	16	-	156,222,478	-	156,222,478	-
Amounts due from related parties	17	-	1,714,433	-	1,714,433	-
Deposits	18	-	42,069,390	-	42,069,390	-
Cash and cash equivalents	19	-	212,434,188	-	212,434,188	-
Total financial assets		29,284,165	412,440,489	-	441,724,654	29,284,165
Financial liabilities not measured at fair value						
Loans and borrowings	23	-	-	3,953,382,402	3,953,382,402	-
Trade and other payables	25	-	-	610,352,836	610,352,836	-
Amounts payable to related parties	26	-	-	463,188,533	463,188,533	-
Total financial liabilities		-	-	5,026,923,771	5,026,923,771	-

NOTES TO THE FINANCIAL STATEMENTS

32. FINANCIAL INSTRUMENTS (CONTD.)

32.2 Measurement of fair values

The Company uses the following hierarchy for determining and disclosing the fair value of assets and liabilities by valuation techniques. The different levels have been defined as follows.

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

Level 2 : Use of inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

32.2.1 Fair value measurement hierarchy

AS AT 31ST MARCH 2026	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Total Rs.
Assets measured at fair value - Recurring				
- Unquoted equity securities	-	-	35,421,979	35,421,979
	-	-	35,421,979	35,421,979
AS AT 31ST MARCH 2025	**Level 1 Rs.**	**Level 2 Rs.**	**Level 3 Rs.**	**Total Rs.**
Assets measured at fair value - Recurring				
- Unquoted equity securities	-	-	29,284,165	29,284,165
	-	-	29,284,165	29,284,165

32.2.2 Reconciliation of fair value measurement of "Level 3" Financial Instruments

AS AT 31ST MARCH	2026 Rs.	2025 Rs.
Unquoted equity securities		
Balance at the beginning of the year	29,284,165	23,835,538
Fair value gain on investments	6,137,814	5,448,627
Balance at the end of the year	35,421,979	29,284,165

32.2.3 Transfers between levels of fair value hierarchy

There were no transfers between Level 1, Level 2 and Level 3 during the year.

NOTES TO THE FINANCIAL STATEMENTS

32. FINANCIAL INSTRUMENTS (CONTD.)

32.2.4 Unobservable inputs used in measuring Fair Value

The table below sets out information about significant unobservable inputs used as at 31 March 2025 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

Description	Significant unobservable inputs	Sensitivity of inputs to fair value
Investment in unquoted equities	Net assets value (NAV) per share	Estimated fair value would increase/ (decrease) if Net assets value (NAV) per share increase/ (decrease).

33. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks arising from financial instruments;

33.1. Credit risk

33.2. Liquidity risk

33.3. Market risk

Risk Management Framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company audit committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company audit committee is assisted in its oversight role by 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.

33.1 Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and through the use of other financial instruments.

The maximum exposure to credit risk at reporting date

The Company's maximum exposure to credit risk as at the year-end based on the carrying value of financial assets in the statement of financial position is given below. The maximum credit risk of the Company is limited to the carrying value of these financial assets as at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

33. FINANCIAL RISK MANAGEMENT (CONTD.)

33.1 Credit risk

The maximum exposure to credit risk at reporting date

As at 31st March,	Notes	2026 Rs.	2025 Rs.
Trade receivables	16	173,455,702	156,222,478
Amounts due from related parties	17	913,383	1,714,433
Deposits	18	43,373,350	42,069,390
Cash at bank	20	256,635,942	187,159,278
		474,378,377	387,165,579

33.1.(a) Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers various statistics of the Company's customer base, including the default risk, business relationships with due attention given to past performances, stability in the industry and creditworthiness, as these factors may have an influence on credit risk.

In monitoring customer credit risk customers are grouped according to their business volumes and consider separately for granting credit limits. Some customers are graded as "high risk" based on the credit worthiness established through past experience. Such customers are monitored carefully and future sales are made on a prepayment basis.

Impairment losses

Impairment for trade receivables is established based on expected credit loss method. The main component of this allowance is a specific loss component that relates to individually significant exposures based on aging of the outstanding's. The loss rate calculated based on the historical provision matrix is adjusted based on the future calibrated probability of default and the loss given default. Forward looking factors that affect customer default rates and macro-economic data such as GDP are considered in calculating the probability of default.

The aging of the trade receivable at the reporting date

	Gross Receivables		Impairment Allowance		Carrying Value	
As at 31 March	2026	2025	2026	2025	2026	2025
Less than 30 days	146,728,198	132,210,760	759,016	435,576	145,969,182	131,775,184
Past due						
31-60 days	6,551,862	18,683,104	127,529	275,714	6,424,333	18,407,390
61-90 days	1,086,812	2,244,969	56,661	101,903	1,030,151	2,143,066
91-120 days	21,734,052	3,312,904	2,494,259	352,533	19,239,793	2,960,371
121-150 days	974,882	455,091	182,639	74,546	792,243	380,545
More than 150 days	12,883,280	11,235,005	12,883,280	10,679,083	-	555,922
Total	189,959,086	168,141,833	16,503,384	11,919,355	173,455,702	156,222,478

NOTES TO THE FINANCIAL STATEMENTS

33. FINANCIAL RISK MANAGEMENT (CONTD.)

33.1.(a) Trade receivables

The movement in the allowance for impairment in respect of trade receivables during the year was:

As at 31 March,	2026 Rs.	2025 Rs.
Balance at the beginning of the year	**11,919,355**	10,703,016
Impairment provision - recognised for the year	4,584,029	1,216,339
Balance at the end of the year	16,503,384	11,919,355

33.1.(b) Amounts due from related parties

Amounts due from related Companies are expected to be settled 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. Based on historic default rate the Company believes that, apart from the above, no impairment allowance is necessary in respect of Amounts Due from Related Parties for past dues or past due by up to 365 days.

33.1.(c) Cash at bank

The Company is also exposed to credit risk through its cash at bank balances. The credit worthiness of the financial instruments are assessed using the credit ratings assigned to each Bank. This rating provides the Company the indication of the financial stability of the investment.

As at 31 March	2026 Rs.	2025 Rs.
Cash at Bank having credit ratings		
AAA(lka)	-	83,849,619
AA- (lka)	103,677,032	96,525,217
A(lka)	3,923,285	6,784,442
A+ (lka)	149,035,625	-
	256,635,942	187,159,278

33.2 Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company'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 Company's reputation.

The Company has ensured that it maintains sufficient liquidity reserves to meet all its operational and investment requirements by closely monitoring and forecasting future funding needs and securing funding sources for both regular and emergency requirements. Shortening the working capital cycle is one of the main practices preferred in ensuring that there is sufficient liquidity at a given time. Adequate short-term working capital facilities provided by banks are available, which are utilised in the event of a requirement. These facilities are available at favorable rates and have been mostly provided without collateral. The Company maintains a constant dialogue with the banking sector institutions to ensure that there are sufficient working capital facilities available whenever required and closely monitors their utilisation.

NOTES TO THE FINANCIAL STATEMENTS

33. FINANCIAL RISK MANAGEMENT (CONTD.)

33.2 Liquidity Risk

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

As at 31st March 2026	Contractual maturities				
	Carrying amount Rs.	Total Rs.	Less than 1 Year Rs.	1 - 2 Years Rs.	2 - 5 Years Rs.
Trade and other payables	756,461,190	756,461,190	756,461,190	-	-
Amounts payable to related parties	643,667,794	643,667,794	643,667,794	-	-
Loans and borrowings	2,390,131,716	2,638,333,266	981,310,435	909,802,373	747,220,458
Bank overdraft	157,561,964	157,561,964	157,561,964	-	-
	3,947,822,664	4,196,024,214	2,539,001,383	909,802,373	747,220,458

As at 31st March 2025	Contractual maturities				
	Carrying amount Rs.	Total Rs.	Less than 1 Year Rs.	1 - 2 Years Rs.	2 - 5 Years Rs.
Trade and other payables	610,352,836	610,352,836	610,352,836	-	-
Amounts payable to related parties	463,188,533	463,188,533	463,188,533	-	-
Loans and borrowings	3,953,382,402	4,556,843,181	897,852,710	1,722,918,351	1,936,072,120
	5,026,923,771	5,630,384,550	1,971,394,079	1,722,918,351	1,936,072,120

33.3 Market Risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to the changes in market prices. Mainly the changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return.

Market prices comprise of the following risks:

- Currency risk (foreign exchange risk)
- Interest rate risk

NOTES TO THE FINANCIAL STATEMENTS

33. FINANCIAL RISK MANAGEMENT (CONTD.)

33.3.1 Foreign currency risk

The foreign currency risk is the risk that the fair value or future cash flows of a financial instrument fluctuating due to changes in foreign exchange rates. The Company is exposed to foreign currency risk on revenue, purchases, borrowings and cash deposits denominated in currencies other than the functional currency of the Company. The currencies giving rise to this risk are primarily US Dollars.

Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows,

	As at 31st March 2026		As at 31st March 2025	
	Amount in USD	Amount in LKR	Amount in USD	Amount in LKR
Financial Assets				
Cash and Cash equivalents	565,896	177,606,471	262,686	77,467,902
	565,896	177,606,471	262,686	77,467,902
Financial liability				
Loans and borrowings	7,000,600	2,197,138,310	12,747,204	3,752,139,363
Interest payables on loans and borrowings	614,922	192,993,406	683,686	201,243,039
	7,615,522	2,390,131,716	13,430,890	3,953,382,402
Net finance liability exposure	7,049,626	2,212,525,245	13,168,204	3,875,914,500

The following significant exchange rates have been applied

	Average rate		Year-end spot rate	
	2026	2025	2026	2025
USD/LKR	303.57	297.76	313.85	294.35

Sensitivity to foreign exchange risk

The Company, as at the reporting date holds financial instruments denominated in currencies other than its functional / reporting currency. A reasonable possible strengthening or weakening of the Sri Lanka Rupee (LKR) against US Dollar (USD) as at the reporting date would have affected the measurement of USD denominated Assets and Liabilities and affected equity and profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Impact on Profit or Loss		Impact on Equity, net of tax	
	Strengthening Rs.	Weakening Rs.	Strengthening Rs.	Weakening Rs.
As at 31st March 2026 Impact of change in 1% USD rate	22,125,252	(22,125,252)	15,487,677	(15,487,677)
As at 31st March 2025 Impact of change in 1% USD rate	38,759,145	(38,759,145)	27,131,402	(27,131,402)

NOTES TO THE FINANCIAL STATEMENTS

33. FINANCIAL RISK MANAGEMENT (CONTD.)

33.3.2 Interest rate risks

Interest rate risk mainly arises as a result of the Company having interest sensitive assets and liabilities which are directly impacted by changes in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The management monitors the sensitivities on regular basis and ensures that such risks are managed on a timely manner.

Exposure to interest rate risk

The interest rate profile of the Company's interest bearing financial instruments as reported to the management of the Company is as follows,

	As at 31st March 2026		
	Variable interest rate Rs.	Fixed interest rate Rs.	Total Rs.
Financial liabilities			
Loans and borrowings	2,197,138,310	-	2,197,138,310
Bank overdraft	157,561,964	-	157,561,964
Maximum exposure	2,354,700,274	-	2,354,700,274

	As at 31st March 2025		
	Variable interest rate Rs.	Fixed interest rate Rs.	Total Rs.
Financial liabilities			
Loans and borrowings	3,752,139,363	-	3,752,139,363
Maximum exposure	3,752,139,363	-	3,752,139,363

Sensitivity analysis

The following table shows the estimated impact on profitability and equity by fluctuation of interest rates assuming that all other variables remain constant on the following financial assets. Floating rate instruments expose the Company to cash flow fluctuations.

	As at 31st March 2026		As at 31st March 2025	
	Variable-rate		Variable-rate	
	Impact on PBT Rs.	Impact on equity Rs.	Impact on PBT Rs.	Impact on equity Rs.
Increase in 100 basis points Financial liabilities				
Loans and borrowings	23,547,003	16,482,902	37,521,394	26,264,976
	23,547,003	16,482,902	37,521,394	26,264,976
Decrease in 100 basis points Financial liabilities				
Loans and borrowings	(23,547,003)	(16,482,902)	(37,521,394)	(26,264,976)
	(23,547,003)	(16,482,902)	(37,521,394)	(26,264,976)

NOTES TO THE FINANCIAL STATEMENTS

34. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's capital management objectives are:

- to ensure the Company’s ability to continue as a going concern

- to provide an adequate return to shareholders by pricing products and services in a way that reflects the level of risk involved in providing those goods and services.

The Company monitors capital on the basis of the carrying amount of equity, less cash and cash equivalents as presented in the statement of financial position.

Management assesses the Company’s capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Company’s various classes of debt. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or re-lease the property to reduce debt.

SHARE AND INVESTOR INFORMATION

TAL LANKA HOTELS PLC
Analysis of Share Holders According to the No. of Shares - 31.03.2026
(LOCAL : FOREIGN)

NO. OF SHARES HELD			NO. OF SHAREHOLDERS		TOTAL HOLDINGS		PERCENTAGE	
			LOCAL	FOREIGN	LOCAL	FOREIGN	LOCAL	FOREIGN
1	To	1000	8599	55	1,741,963	23,640	1.01%	0.01%
1001	To	10,000	808	18	2,652,624	77,003	1.54%	0.04%
10,001	To	100,000	102	5	2,646,256	198,023	1.54%	0.12%
100,001	To	1,000,000	11	1	2,809,217	343,029	1.63%	0.20%
1,000,001	&	Above	4	3	11,518,519	149,855,744	6.70%	87.19%
TOTAL			9524	82	21,368,579	150,497,439	12.43%	87.57%
GRAND TOTAL						171,866,018		

Analysis of Share Holders According to the No. of Shares -31.03.2026
(COMPANY: MEMBER)

NO. OF SHARES HELD			NO. OF SHAREHOLDERS		TOTAL HOLDINGS		PERCENTAGE	
			COMPANIES	MEMBERS	COMPANIES	MEMBERS	COMPANIES	MEMBERS
1	To	1000	73	8581	22,925	1,742,678	0.01%	1.01%
1001	To	10,000	35	791	203,516	2,526,111	0.12%	1.47%
10,001	To	100,000	32	75	1,026,390	1,817,889	0.60%	1.06%
100,001	To	1,000,000	9	3	2,660,849	491,397	1.55%	0.29%
1,000,001	&	Above	7	0	161,374,263	0	93.90%	0.00%
TOTAL			156	9450	165,287,943	6,578,075	96.17%	3.83%
GRAND TOTAL						171,866,018		100%

1.) HIGHEST AND LOWEST SHARE TRADING PRICES

Quarterly (01/01/2026 - 31/03/2026)

Date High	High (Rs.)	Date Low	Low (Rs.)	Close(Rs.)
20th January 2026	41.50	16th March 2026	30.10	34.30

Annually (01/04/2025 - 31/03/2026)

Date High	High (Rs.)	Date Low	Low (Rs.)	Close(Rs.)
27th August 2025	52.00	7th April 2025	18.20	34.30

SHARE AND INVESTOR INFORMATION

NO.25, GALLE FACE CENTRE ROAD, COLOMBO 3

TOP 25 SHAREHOLDER LIST AS AT 31.03.2026

	Registration No.	Name of Shareholder	NO. OF SHARES AS AT	% OF ISSUED CAPITAL AS AT
1	6625FC	TAL HOTELS AND RESORTS LIMITED	107,497,886	62.55
2	9937FC	IHOCO BV	40,287,858	23.44
3	2214LC	EMPLOYEE'S PROVIDENT FUND	6,937,742	4.04
4	00840SY	MOUGIN INVESTMENT COMPANY LIMITED	2,070,000	1.20
5	53LC	ASSOCIATED ELECTRICAL CORPORATION LTD	1,990,303	1.16
6	9575LC	SAMPATH BANK PLC/ MR. ARUNASALAM SITHAMPALAM	1,304,038	0.76
7	8242LC	PEOPLE'S LEASING AND FINANCE PLC/ L. P. HAPANGAMA	1,286,436	0.75
8	89LC	E. W. BALASURIYA & CO. (PVT) LTD ACC NO 01	901,658	0.52
9	7265FC	HALLSVILLE FRONTIER EQUITIES LTD.	343,029	0.20
10	8234LC	PEOPLE'S LEASING & FINANCE PLC/ L. H. L. M. P. HARADASA	328,885	0.19
11	5525LC	ASHAN DE ZOYSA AND COMPANY PVT LIMITED	265,000	0.15
12	572812353VN	MR. KANTHIMATHINATHAN MUTHUVINAYAGAM	232,232	0.14
13	11095LC	PEOPLE'S LEASING & FINANCE PLC/DR. H. S .D. SOYSA & MRS. G. SOYSA	225,455	0.13
14	4943LC	COMMERCIAL BANK OF CEYLON PLC A/C NO. 04	212,390	0.12
15	8392LC	PEOPLE'S LEASING & FINANCE PLC / MR.W.P.C.M.NANAYAKKARA	160,000	0.09
16	632110200XN	MR. NAWALAGE JOSEPH HIRAN MAHINDA COORAY	137,165	0.08
17	548060729VN	MRS. BINANTHI SHAMANI RASANAYAGAM	122,000	0.07
18	357LC	SENKADAGALA FINANCE PLC	114,432	0.07
19	24239LC	SEYLAN BANK PLC/GOLUHEWAGE BINDU RASITHA POOJITHA GUNAWARDANA	110,000	0.06
20	7491FI	MR. PRIYANK GUPTA	92,600	0.05
21	64218LC	SEYLAN BANK PLC/ANUJA CHAMILA JAYASINGHE	88,952	0.05
22	385LC	VYJAYANTHI & COMPANY LIMITED	87,700	0.05
23	702143160XN	MR. PERIYASAAMI PILLAI THEVARAJAH	78,900	0.05
24	628234167XN	DR. CARMEL CECILIA MIRANDA	75,000	0.04
25	94513LC	SENKADAGALA FINANCE PLC/ R. M. S. P. R. BANDARA	70,667	0.04
			165,020,328	96.02

SHARE AND INVESTOR INFORMATION

DIRECTORS' SHAREHOLDING AS AT 31ST MARCH 2026

Names of the Directors	CDS	NON CDS
MR. B. K. CHAUDHARY	NIL	NIL
MR. P. S. VERMA	NIL	NIL
MR. R. K. CHAUDHARY	NIL	NIL
MR. P. SEN GUPTA	NIL	NIL
MR. S. DATTA	NIL	NIL
MR. N. SHOME	NIL	NIL
MR. N. B. WEERASEKERA	NIL	NIL
MR. C. SUBRAMANIAN	NIL	NIL
MS. N. JAYATILAKE	NIL	NIL

SIX YEARS SUMMARY

Financial Year	2020-21 Rs. '000	2021-22 Rs. '000	2022-23 Rs. '000	2023-24 Rs. '000	2024-25 Rs. '000	2025-26 Rs. '000
Accommodation	67,871	481,785	1,023,910	1,953,902	1,748,878	1,926,142
Food and beverage	349,175	571,263	1,208,988	1,621,248	1,566,760	1,598,081
Shop rentals	32,937	41,772	53,603	62,813	73,678	82,334
Other	34,220	52,602	73,873	90,200	82,815	97,155
Total Revenue	**484,203**	**1,147,421**	**2,361,374**	**3,728,163**	**3,472,131**	**3,703,712**
Cost of sales / Direct Costs	-1,098,568	-1,409,814	-2,179,390	-2,779,529	-2,545,571	-2,616,261
Gross profit / (loss)	**-614,365**	**-262,393**	**181,985**	**948,633**	**926,560**	**1,087,451**
Other operating income	17,795	312	894	28,370	15,829	10,433
Marketing expenses	-41,267	-44,306	-66,198	-121,767	-136,053	-133,174
Administrative expenses	-250,977	-257,422	-581,733	-804,649	-857,270	-875,864
Operating profit / (loss)	**-888,815**	**-563,810**	**-465,052**	**50,587**	**-50,934**	**88,846**
Finance income	6,992	22,382	21,605	303,280	6,512	1,175
Finance expenses	-179,861	-1,114,927	-572,241	-348,097	-347,146	-407,907
Net Finance expenses	-172,869	-1,092,545	-550,636	-44,817	-340,634	-406,732
Profit / (loss) before tax	**-1,061,683**	**-1,656,355**	**-1,015,688**	**5,770**	**-391,568**	**-317,886**
Income tax expense	-33,523	-58,552	-275,506	90,283	63,725	74,584
Profit / (Loss) for the year	-1,095,206	-1,714,907	-1,291,194	96,052	-327,843	-243,302
Other comprehensive income						
Gain or Revaluation of building. net of tax	490,424	555,785	-	-	0	0
Re-measurement gain / (losses) on defined benefit plans, net of tax	-13,451	13,671	-8,440	-3,734	10,988	-7,835
Fair value gain / (loss) on investments in equity investments designated as at FVOCI	-5,011	2,587	-978	4,577	3,814	4,296
Deferred Tax on revaluation due to change of tax rate	-	-	-320,654	-	-	-
Deferred Tax on fair value Reserve due to change of tax rate	-	-	-921	-	-	-
Other comprehensive income/(expense) for the year	471,962	572,042	-330,993	843	14,802	-3,539
Total comprehensive income / (expense) for the year Operating results	**-623,244**	**-1,142,865**	**-1,622,187**	**96,895**	**-313,041**	**-246,841**
Share capital	1,396,375	1,396,375	1,396,375	1,396,375	1,396,375	2,717,744
Revaluation reserve	1,472,378	1,894,366	1,402,862	1,260,772	1,134,952	1,009,132
Fair Value reserve	1,560	4,146	2,247	6,823	10,637	14,934
Accumulated loss	-1,593,638	-3,161,077	-4,289,862	-4,055,453	-4,246,489	-4,371,806
Shareholders' funds	**1,276,675**	**133,810**	**-1,488,378**	**-1,391,483**	**-1,704,524**	**-629,995**
Assets employed						
Property,plant and equipment	4,502,112	4,768,522	4,390,347	4,148,705	3,996,705	3,843,895
Investments	156,117	826,823	17,298	23,836	29,284	35,422
Net current assets	-835,394	-1,180,053	-602,910	-1,197,650	-1,377,366	-1,898,004
	3,822,836	4,415,292	3,804,735	2,974,891	2,648,623	1,981,313
Long term liabilities	2,546,161	4,281,482	5,293,114	4,366,373	4,353,148	2,611,309
Key indicators						
Current ratio	0.206	0.29	0.54	0.41	0.32	0.28
Net assets per share	9.143	0.958	-10.659	-9.965	-12.21	-3.78
Market price per share	12.3	13.2	15.2	18.0	20.9	34.3
Earnings / (Loss) per share - basic	-7.843	-12.281	-9.25	0.69	-2.35	-1.46

Forms

Form of Proxy - TAL LANKA HOTELS PLC
Company Number PQ 183

I/We*...
(Full name of Shareholders**) NIC No./Reg No. of Shareholder (**) ....
..................................of..
....being a shareholder/ shareholders* of TAL LANKA HOTELS PLC hereby appoint,
....
.... of ....
....

or failing him /her, Mr. P. Verma (Chairman of the Company), or failing him, one of the Directors of the Company, as *my/our proxy to vote as indicated hereunder for *me/us and on *my/our behalf for/against the resolution and/or to speak at the forty six (46th) Annual General Meeting of the Company to be held on 28th September 2026, at 11.00 a.m. and at any adjournment thereof :

		For	Against
1.	To receive and consider the Annual Report of the Board of Directors together with the Financial Statements of the Company for the year ended 31st March 2026 and the Report of the Auditors thereon.	☐	☐
2.	To re-appoint Mr. Binod Kumar Chaudhary who has reached the age of Seventy (70) years prior to this Annual General Meeting and that he be re-appointed as a Director of the Company until the next Annual General Meeting of the Company.	☐	☐
3.	To re-apppoint Messrs KPMG, Chartered Accountants, as Auditors of the Company and to authorize the Directors to determine their remuneration.	☐	☐

Signed this.......................day of.......................Two Thousand and Twenty-Six.

....

*Signature of Shareholder

Notes : 1. *Please delete the inappropriate words
2. Instructions as to completion are noted as below.

INSTRUCTIONS ON COMPLETION OF THE FORM OF PROXY

1. To be valid, the completed form of proxy should be deposited at the Registered Office of the Company, No. 25, Galle Face Centre Road, Colombo 03 or emailed to corporateservices@corporateservices.lk no later than 24 hours before the time of the meeting.

2. In perfecting the form of proxy, please ensure that all details are legible.

3. Please indicate with an 'X' in the space provided, how your proxy is to vote on each resolution. If no indication is given, the proxy, at his discretion, may vote as he thinks fit.

4. In the case of a company/corporation, the letter of authorization must be signed by placing the common seal of the company/corporation and attested in the manner prescribed by its articles of association.

5. In the case of a proxy signed by the attorney, the Power of Attorney document must be deposited at the Registered Office, No 25, Galle Face Centre Road, Colombo 03, for registration or emailed to corporateservices@corporateservices.lk

Form of Request
ANNUAL REPORT 2025/2026

TAL LANKA HOTELS PLC (PQ 183)
25, Galle Face Centre Road, Colombo 03, Sri Lanka.

To: The Secretary,
Tal Lanka Hotels PLC,
25, Galle Face Centre Road,
Colombo 03.

I would like to receive the printed version of the Annual Report of Tal Lanka Hotels PLC. ☐

Full Name of Shareholder	
Number of Shares held as at Date	
Shareholder's NIC/Passport/Company Registration No.	
Address	
Contact Number	

……………………………………….
Signature

……………………………………….
Date

Notes:

1. Please complete the Form of Request by filling in legibly the required information, signing in the space provided, and filling in the date of signature.

2. Please forward the completed Form of Request to the address given above to reach the Company on or before 10th September 2026

3. In the event, the shareholder is a company/corporate, the Form of Request should be signed under common seal or by a duly authorized officer of the company in accordance with its articles of association.

Shareholder Registration Form

1. Full Name of the Shareholder :

……

……

2. Membership No. / CDS Account No :

……

3. Address of Shareholder :

……

……

4. NIC No./ P.P. No. / Co. Reg. No. of Shareholder :

……

5. Contact details of Shareholders

Telephone : Residence : …………………………………… Office : …………………………………… Mobile : ……………………………………

e-mail : ………

(Please print clearly)

6. Names / NIC No. of Joint holder/s (If any) :

i. Name : ………………………………………………………………………………………… NIC No. : ……………………………………………

ii. Name : ………………………………………………………………………………………… NIC No. : ……………………………………………

……………………………………………… ……………………………………… ………………………………………

Shareholder's Signature /Date 1st Joint holder's Signature/Date 1st Joint holder's Signature/Date

INSTRUCTIONS AS TO COMPLETION

i. Shareholders are advised to complete the form legibly in order to facilitate their participation through the online platform.

ii. The "Web Link" for participation at the AGM through the online platform will be forwarded to the Shareholder's above noted email address.

iii. In the case of a Company/Corporation, the Registration must be under its common seal which should be affixed and attested in the manner prescribed by its Articles of Association.

iv. In the case of the Registration form signed by an Attorney, the Power of Attorney must be deposited at the Registered Office of the Company for registration.

v. The duly completed Registration Form must be deposited at the Registered Office of the Company at No. 25, Galle Face Centre Road, Colombo 03, or e-mailed to corporateservices@corporateservices.lk 5 days prior to the date of the AGM.

TAJ
SAMUDRA
COLOMBO

Taj Samudra
No 25 Galle Face Center Rd,
Colombo 03.